



Joint stock company
„Rīgas autoelektroaparātu rūpnīca”
(reg.Nr. 4 0003030454)

Report for nine months of 2011

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Information about the company

Name of the company	<i>Rīgas autoelektroaparātu rūpnīca</i>
Legal form	<i>Joint stock company</i>
Registration number in the Register of Enterprises, place and date	<i>000303045, Riga, 22.04.1998</i>
Registration number in Commercial Register, place and date	<i>40003030454, Riga, 30.06.2004</i>
Address	<i>2, Klijanu street, Riga, Latvia, LV-1013</i>
Board	<i>Alfrēds Auziņš - Chairman (since 1998) Zigurds Kalniņš (since 1998) Maksym Araslanov (since 2003)</i>
Council	<i>Ēriks Kaža - Chairman Gunārs Lubis Viktors Rojs Kristina Kaža Ņina Kaža</i>
Reporting period	<i>01.01.2011 - 30.09.2011</i>
Main shareholders	Basing on the list of shareholders prepared on April 30,2011: <ol style="list-style-type: none"> <i>1. JSC „Baltijas Holdings”-43.9 % Reg.Nr.40003148033, 2, Klijanu street, Riga</i> <i>2. „Tehprojekts”,Ltd.- 43.9% Reg.Nr. 40103020397, 12,Unijas street, Riga</i> <i>3. Other physical and legal persons 12.2%</i>

The company was founded in 1946 under the Ministry of Automotive industry of the USSR as a manufacturer of electric equipment and other goods for automobiles and agricultural machinery. At now the joint stock company “Rīgas autoelektroaparātu rūpnīca” has the same profile of production - production of control and measuring devices for motorcars and tractors. The following technological processes are used in the manufacturing: metal machining and punching, moulding of plastics, electroplating and paint coating and assembling of finished products.

The company has introduced quality management system corresponding to ISO 9001:2008. JSC „ Rīgas autoelektroaparātu rūpnīca” does not have a constant dealer or branch abroad. Average number of employees in the reporting period is 45.

Statement of Management Responsibility

The Management Board of JSC „Rīgas autoelektroaparātu rūpnīca” (the Company) is responsible for the preparation of the financial statements of the Company.

The financial statements on pages 4 to 13 are prepared in accordance with underlying accounting records and source documents and present fairly the financial position of the Company as on September 30, 2011 and the results of its operations and cash flows for the period ended on September 30, 2011.

The financial statements are prepared in accordance with laws “On accountancy”, “On the annual reports” and Latvian Accounting Standards on a going company basis. Appropriate accounting policies have been applied on a consistent basis. Judgements and estimates made by the Management Board in the preparation of the financial statements have been prudent and reasonable.

The Management Board of JSC “Rīgas autoelektroaparātu rūpnīca” is responsible for the maintenance of proper accounting records, the safeguarding of the Company’s assets and the prevention and detection of fraud and other irregularities in the Company. The Management Board is also responsible for operating the Company in compliance with the legislation of the Republic of Latvia.

On behalf of the Board,

Zigurds Kalninsh
Member of the Board

November 28, 2011

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BALANCE SHEET

For 9 months of 2011

K=0,702804

ASSETS	Notes	Row code	LVL	LVL	EUR	EUR	LVL	LVL	EUR	EUR
			At the end of the period 30.09.11.	At the beginning of the year 1.01.11.	At the end of the period 30.09.11.	At the beginning of the year 1.01.11.	At the end of the period 30.09.10.	At the beginning of the year 1.01.10.	At the end of the period 30.09.10.	At the beginning of the year 1.01.10.
A. LONG-TERM INVESTMENTS										
1. Fixed assets										
1.1. Land, buildings and constructions	1	010	472187	480176	671862	683229	482520	489554	686564	696573
1.2. Equipment and machinery		020	13412	25304	19084	36004	42736	120518	60808	171482
1.3. Other fixed assets and inventory		030	427	674	607	959	803	1471	1143	2093
2. TOTAL		040	486026	506154	691553	720192	526059	611543	748515	870148
2. Long-term financial investments										
2.1. Other securities and investments		050	200	200	285	285				
3. TOTAL		060	200	200	285	285				
A. TOTAL		070	486226	506354	691838	720477	526259	611543	748799	870148
B. CURRENT ASSETS										
1. Inventory										
1.1. Raw materials, direct and auxiliary mat.		080	256679	262497	365221	373500	298280	261494	424414	372073
1.2. Work in progress		090	32039	35628	45587	50694	50594	50786	71989	72262
1.3. Finished goods and goods for sale		100	716613	686289	1019649	976501	777922	1053684	1106883	1499257
1.4. Advance payments for goods	2	110	3481	26035	4953	37045	20964	26292	29829	37410
1. TOTAL		120	1008812	1010449	1435410	1437740	1147760	1392256	1633115	1981002
2. Receivables										
2.1. Trade receivables	3.1.	130	112402	176721	159933	251451	119831	98594	170504	140287
2.2. Other receivables	3.2.	140	94624	63533	134638	90399	66236	26764	94246	38082
2.3. Short term loans		150	83640	75640	119009	107626	35843	154617	51000	220000
2.4. Deferred expenses		160	754	195	1073	278	208	1737	296	2471
2. TOTAL		170	291420	316089	414653	449754	222118	281712	316046	400840
3. Cash		3. TOTAL	52967	113664	75365	161729	178561	51010	254069	72580
B. TOTAL		190	1353199	1440202	1925428	2049223	1548439	1724978	2203230	2454422
TOTAL ASSETS		200	1839425	1946556	2617266	2769700	2074698	2336521	2952029	3324570

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BALANCE SHEET		For nine months of 2011		K=0,702804						
			LVL	LVL	EUR	EUR	LVL	LVL	EUR	EUR
LIABILITIES	Notes	Row code	At the end of the period 30.09.11.	At the beginning of the year 1.01.11.	At the end of the period 30.09.11.	At the beginning of the year 1.01.11.	At the end of the period 30.09.10.	At the beginning of the year 1.01.10.	At the end of the period 30.09.10.	At the beginning of the year 1.01.10.
A. Equity capital										
1. Share capital	5	210	3565509	3565509	5073262	5073262	3565509	3565509	5073262	5073262
TOTAL		220	3565509	3565509	5073262	5073262	3565509	3565509	5073262	5073262
2. Retained profit:										
a) brought forward from previous years		230	-1703607	-1703607	-2424015	-2424015	-1371975	-1371975	-1952145	-1952145
b) for the current year		240	-203772		-289941		-215052		-305991	
A. TOTAL		250	1658130	1861902	2359306	2649247	1978482	2193534	2815126	3121117
B. CREDITORS										
1. Current liabilities										
1.1. Advance payments from customers		260	25380	17570	36113	25000	17570	20129	25000	28641
1.2. Trade creditors	6.1.	270	121544	47377	172942	67412	61115	67904	86959	96619
1.3. Taxes and social security payments	6.2.	280	12860	3545	18298	5044	2297	22731	3268	32343
1.4. Other creditors	6.3.	290	17013	7927	24207	11279	15234	25604	21676	36431
1.5. Accrued liabilities	6.4.	300	4498	8235	6400	11718	0	6619	0	9419
2. TOTAL		310	181295	84654	257960	120453	96216	142987	136903	203453
B. TOTAL		320	181295	84654	257960	120453	96216	142987	136903	203453
TOTAL LIABILITIES		330	1839425	1946556	2617266	2769700	2074698	2336521	2952029	3324570

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PROFIT OR LOSS ACCOUNT
For nine months of 2011

K=0.702804

Item	Row code	LVL	LVL	EUR	EUR
		Nine months of 2011	Nine months of 2010	Nine months of 2011	Nine months of 2010
1	2	3	4	5	6
Net turnover	010	242801	576476	345475	820251
Cost of sales	020	312540	598952	444704	852232
Gross profit or loss	030	-69739	-22476	-99229	-31981
Selling expenses	040	11004	21825	15657	31054
Administrative expenses	050	124667	185206	177385	263524
Other operating income	060	69281	64574	98578	91881
Other operating expenses	070	45753	30607	65101	43550
Interest receivable and similar income	080	0	1083	0	1541
Interest expense and similar expense	090	0		0,00	
Profit or loss before extraordinary items and taxes	100	-181882	-194457	-258794	-276687
Profit or loss before taxes	110	-181882	-194457	-258794	-276687
Other taxes (Real estate tax)	120	21890	20595	31147	29304
Profit or loss for the period	130	-203772	-215052	-289941	-305991

Earnings per share

-0,057

-0,060

-0,081

-0,086

STATEMENT OF CASH FLOWS for nine months of 2011

I. Cash flow from operating activities

K=0.702804

No	ITEMS	2011	2010	2011	2010
		9 months	9 months	9 months	9 months
		LVL	LVL	EUR	EUR
1	Income from sales and services	322214	560970	458469	798188
2	Payments to suppliers, to employees and other expenses for production	-385633	-537081	-548706	-764198
3	Other income or expenses for economic activities	23038	9271	32780	13192
4	Cash flow from gross operating activities	-40381	33160	-57457	47182
5	Real estate tax payments	-21890	-27475	-31147	-39093
I.	Net cash flow from operating activities	-62271	5685	-88604	8089

II. Cash flow from investment activities

No	ITEMS	2011	2010	2011	2010
		9 months	9 months	9 months	9 months
		LVL	LVL	EUR	EUR
1	Purchase of parts of enterprises		-200		-285
2	Sales of intangible and fixed assets	12892	3582	18344	5097
3	Given loans	-15000	-13353	-21343	-19000
4	Repaid loans	7000	132127	9960	188000
5	Received interest		1054		1500
II.	Net cash from investment activities	4892	123210	6961	175312

III. Cash flow from financing

No	ITEMS	2011	2010	2011	2010
		9 months	9 months	9 months	9 months
		LVL	LVL	EUR	EUR
1	Received interest for deposit		30		43
III.	Net cash flow from financing	0	30	0	43

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**SUMMARY OF CASH INCOME AND
EXPENDITURE**

No	ITEMS	2011	2010	2011	2010
		9 months	9 months	9 months	9 months
		LVL	LVL	EUR	EUR
I.	The result from operating activities	-62271	5685	-88604	8089
II.	The result from investment activities	4892	123210	6961	175312
III.	The result from financing	0	30		43
IV.	The result from currency rate fluctuations	-3318	-1374	-4721	-1955
V.	Cash increase or decrease	-60697	127551	-86364	181489
VI.	Cash and cash equivalents at the beginning of the reporting period	113664	51010	161729	72580
VII.	Cash and cash equivalents at the end of the reporting period	52967	178561	75365	254069

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STATEMENT OF EXCHANGES IN EQUITY

for six months of 2011

(LVL)

	Share capital	Reserves	Profit from previous years	Profit of the reporting year	Total
On December 31, 2009	3565509	0	-698239	-673736	2193534
Losses of 2009 carried forward			-673736	673736	0
Profit (+) or losses (-) of the first quarter of 2010				-331632	-331632
On December 31, 2010	3565509	0	-1371975	-331632	1861902
Losses of 2010 carried forward			-331632	331632	0
Profit (+) or losses (-) of the nine months of 2011				-203772	-203772
On Sept. 30, 2011	3565509	0	-1703607	-203772	1658130

On Sept. 30, 2010	3565509	0	-1371975	-215052	1978482
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K=0.702804

EUR

	Share capital	Reserves	Profit from previous years	Profit of the reporting year	Total
On December 31, 2009	5073262	0	-993505	-958640	3121117
Losses of 2009 carried forward			-958640	958640	0
Profit (+) or losses (-) of the first quarter of 2010				-471870	-471870
On December 31, 2010	5073262	0	-1952145	-471870	2649247
Losses of 2010 carried forward			-471870	471870	0
Profit (+) or losses (-) of nine months of 2011				-289941	-289941
On Sept. 30, 2011	5073262	0	-2424015	-289941	2359306

On Sept. 30, 2010	5073262	0	-1952145	-305991	2815126
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NOTES TO FINANCIAL STATEMENTS

The report for nine months of 2011 is prepared in accordance with the law „On accountancy”, „On the annual reports” and Latvian accounting standards.

Profit or loss account is prepared in accordance with methods of turnover expenses.

Statement of cash flows is prepared using the direct method.

The stock of finished goods is evaluated in production costs.

The financial statements include comparable information of the same period of the previous year.

The financial statements are presented in the national currency of Latvia, the lat (LVL) and in euro (EUR).

Balance sheet for nine months of 2011

1. Buildings, constructions and land are registered in Land Register and is the property of „RAR”. **Balance sheet –row code 030**

Balance value on Sept. 30, 2011:	472187 LVL	on January 1, 2010	480176 LVL
including: buildings and constructions-	339113 LVL		347102 LVL
land -	133074 LVL		133074 LVL
Cadastral value on 01.01.11.	2564309LVL		
Cadastral value of the buildings -	1696319LVL		
Cadastral value of the land -	867990 LVL		

2. Advance payments for goods. Balance sheet –row code 100

Stock of finished goods for sale is increased as precurse to fulfil contracts for 2011.

3. Receivables

3.1. Trade receivables. Balance sheet –row code 130

<i>Business partner</i>	<i>Debt</i>	<i>Total in LVL 30.09.2011</i>	<i>Total in LVL 01.01.2011</i>
Enterprises of Russia	For the goods	40375	156453
Enterprises of Ukraine	For the goods	13652	
Enterprises of Belarus	For the goods	11994	10789
Enterprises of Latvia	For the goods	46381	9479
TOTAL		112402	176721

Customers' debts are real. According to the signed contracts customers shall pay for the delivered production in 30 up to 45 days. Enterprises of Belarus fall behind the term of payment.

3.2. Other receivables. Balance sheet –row code 140

<i>Debt</i>	<i>Total in LVL 30.09.2011</i>	<i>Total in LVL 01.01.2011</i>
Agreement of lease	36	3356
For materials and outfit	51349	12982
For the equipment	34859	33639
Overpaid taxes	7053	12307
VAT on unpaid invoices	596	1165
Other debts	731	84
	94624	63533

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4. Cash and cash equivalents. Balance sheet –row code 180

<i>Currency</i>	<i>Balance in currency</i>	<i>Exchange rate of the Bank of Latvia</i>	<i>Balance LVL As on Sept 30, 2011</i>	<i>Balance LVL As on January 1, 2011</i>
LVL			14333.18	22903.60
USD	11391.21	0.516	5877.86	58384.51
EUR	2160.19	0.702804	1518.19	31240.71
RUR	1916452.73	0.0163	31238.18	1135.55
Total			52967.41	113664.37

5. Share capital. Balance sheet –row code - 210

Share capital is 3565509 LVL. Nominal value of a share is 1.00 LVL.
There are 1802723 registered shares and 1762786 bearer's shares.
All the shares have equal rights.

6. Current liabilities.

6.1. Trade creditors. Balance sheet row code – 270

<i>Substantiation</i>	<i>Total in LVL 30.09.2011</i>	<i>Total in LVL 01.01.2011</i>
For electric power	3272	6373
For water supply	219	210
For materials and sub-components	96853	37118
Different services	21200	3676
	121544	47377

6.2. Taxes and social security payments. Balance sheet row code – 280

<i>Tax</i>	<i>Total in LVL 30.09.2011</i>	<i>Total in LVL 01.01.2011</i>
Personal income tax	4532	2061
Social security payments	7787	1474
Other	540	
Total	12859	3545

Term for payment – October, 2011

6.3. Other creditors. Balance sheet row code – 290

<i>Debt</i>	<i>Total in LVL 30.09.2011</i>	<i>Total in LVL 01.01.2011</i>
Salary	15411	6453
Other creditors	1602	1474
Total	17013	7927

6.4. Accrued liabilities. Balance sheet row code – 300

In accordance with the law „On the annual reports” provisions for vacations of 2010 are calculated in total 8235 LVL. The balance of the provisions for vacations on September 30, 2011 was 4498 LVL.

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Notes to profit or loss account

Breakdown of net turnover by kind of production: (LVL and %)

	<i>Net turnover Total:</i>	<i>Including</i>		
		<i>Control and measuring devices for vehicles</i>	<i>Locks</i>	<i>Different orders</i>
Nine months of 2011	242801	231324	1525	9952
%	100	95.3	0.6	4.1

Nine months of 2010	576476	571628	3426	1422
%	100	99.2	0.6	0.2

Breakdown of net turnover by geographical markets: (LVL and %)

	<i>Net turnover Total:</i>	<i>Including</i>				
		<i>Russia</i>	<i>Belarus</i>	<i>Ukraine</i>	<i>EU</i>	<i>Latvia</i>
Nine months of 2011	242801	96202	1205	93300	17301	34793
%	100	39.6	0.5	38.5	7.1	14.3

Nine months of 2010	576476	291827	22455	243600	8946	9648
%	100	50.6	3.9	42.3	1.5	1.7

In 2011 the security costs are classified as administrative expenses. To ensure comparability of data the items of 2010 are recalculated

Items	In the report of 2010		In the report of 2011	
	LVL	EUR	LVL	EUR
Cost of sales	618071	879435	598952	852232
Administrative expenses	166087	236321	185206	263524

Row code	Item	9 months of 2011 LVL	9 months of 2010 LVL
020	Cost of sales in total:		
	including	312540	598952
	-costs of materials and sub-components including transport expenses, custom fees and import duties	120797	196613
	-salaries and social security payments	116034	219000
	- electric power	25383	70357
	-contracts (for repairing works and maintenance of different systems)	12745	14395
	Amortization	19331	87353
	Operating costs	18250	11234

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040	Selling expenses, total:	11004	21825
	Incl. - salaries and social security payments	5745	7622
	- wrapping and transport costs	4786	13074
	- other expenses	473	1129
050	Administrative expenses, total :	124667	185206
	including - salaries and social security payments	67960	56858
	- communication expenses	3284	3861
	- expenses due to annual report	2000	2000
	- bank services	8523	1420
	- security costs	22336	19119
	- other administrative expenses	20564	101948
060	Other operating income	69281	64574
	including – income of foreign exchange rate revaluations		
	- income from sales of fixed assets	12083	31879
	- sales of materials	44013	12633
	- income from rent charges	8059	14648
	- other income	5126	5414
70	Other operating expenses	45753	30607
	Incl. - from sales of foreign currency and losses of foreign exchange rate revaluation	684	7720
	- electric power for tenants	7155	
	- other expenses	37914	22887

Members of the
Board:

_____ Z.Kalninch

_____ M.Araslanov

November 28, 2011