



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

**Report for the first quarter of 2012**

**(Not audited)**

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## Information about the company

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| 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, Rīga, 22.04.1998</i>   |
| Registration number in Commercial Register, place and date         | <i>40003030454, Rīga, 30.06.2004</i>   |
| Address  | <i>2, Klijanu street, Rīga, Latvia, LV-1013</i>  |
| Management Board   | <i>Alfreds Auzinsh - Chairman (since 1998)<br/>Zigurds Kalninsh (since 1998)<br/>Maksims Araslanovs (since 2003)</i>   |
| Supervisory Board  | <i>Eriks Kazha - Chairman<br/>Gunars Lubis – Deputy Chairman<br/>Viktors Rojs<br/>Kristina Kazha (up to 18.04.2012)<br/>Nina Kazha<br/>Galina Kraveca (since 18.04.2012)</i>   |
| Reporting period   | <i>01.01.2012 - 31.03.2012</i>   |
| Main shareholders  | Basing on the list of shareholders prepared on April 10,2012:<br><ol style="list-style-type: none"> <li><i>1. JSC „Baltijas Holdings”-43.9 %<br/>Reg.Nr.40003148033, 2, Klijanu street,<br/>Rīga</i></li> <li><i>2. „Tehprojekts”,Ltd.- 43.9%<br/>Reg.Nr. 40103020397, 12,Unijas street,<br/>Rīga</i></li> <li><i>3. Other physical and legal persons<br/>12.2%</i></li> </ol> |

The company was found 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. JSC “Rīgas autoelektroaparātu rūpnīca” has maintained 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.

Average number of employees in the reporting quarter is 35.

## **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 March 31, 2012 and the results of its operations and cash flows for the period ended on March 31, 2012.

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,

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Alfreds Auzinsh  
Chairman of the Board

May 30, 2012

*JSC „Rīgas autoelektroaparātu rūpnīca”  
Report for the first quarter of 2012*

**BALANCE SHEET**

**For the first quarter of 2012**

K=0,702804

| ASSETS  | Notes | Row code        | LVL                                   | LVL                                      | EUR                                   | EUR                                      | LVL                                   | LVL                                      | EUR                                   | EUR                                      |
|---|-------|-----------------|---------------------------------------|--|---------------------------------------|--|---------------------------------------|--|---------------------------------------|--|
|   |       |                 | At the end of the period<br>31.03.12. | At the beginning of the year<br>1.01.12. | At the end of the period<br>31.03.12. | At the beginning of the year<br>1.01.12. | At the end of the period<br>31.03.11. | At the beginning of the year<br>1.01.11. | At the end of the period<br>31.03.11. | At the beginning of the year<br>1.01.11. |
| <b>A. LONG-TERM INVESTMENTS</b>                     |       |                 |                                       |  |                                       |  |                                       |  |                                       |  |
| <b>1. Fixed assets</b>                              |       |                 |                                       |  |                                       |  |                                       |  |                                       |  |
| 1.1. Land, buildings and constructions              | 1     | 010             | 407255                                | 409229                                   | 579472                                | 582280                                   | 415272                                | 417249                                   | 590879                                | 593692                                   |
| 1.2. Equipment and machinery                        |       | 020             | 9790                                  | 11520                                    | 13930                                 | 16392                                    | 18337                                 | 25304                                    | 26091                                 | 36004                                    |
| 1.3. Other fixed assets and inventory               |       | 030             | 282                                   | 346                                      | 401                                   | 492                                      | 554                                   | 674                                      | 788                                   | 959                                      |
| <b>1. TOTAL</b>                                     |       | <b>040</b>      | <b>417327</b>                         | <b>421095</b>                            | <b>593803</b>                         | <b>599164</b>                            | <b>434163</b>                         | <b>443227</b>                            | <b>617758</b>                         | <b>630655</b>                            |
| <b>2. Long-term financial investments</b>           |       |                 |                                       |  |                                       |  |                                       |  |                                       |  |
| 2.1. Other securities and investments               |       | 050             | 200                                   | 200                                      | 285                                   | 285                                      | 200                                   | 200                                      | 285                                   | 285                                      |
| <b>2. TOTAL</b>                                     |       | <b>060</b>      | <b>200</b>                            | <b>200</b>                               | <b>285</b>                            | <b>285</b>                               | <b>200</b>                            | <b>200</b>                               | <b>285</b>                            | <b>285</b>                               |
| <b>A. TOTAL</b>                                     |       | <b>070</b>      | <b>417527</b>                         | <b>421295</b>                            | <b>594088</b>                         | <b>599449</b>                            | <b>434363</b>                         | <b>443427</b>                            | <b>618043</b>                         | <b>630940</b>                            |
| <b>B. CURRENT ASSETS</b>                            |       |                 |                                       |  |                                       |  |                                       |  |                                       |  |
| <b>1. Inventory</b>                                 |       |                 |                                       |  |                                       |  |                                       |  |                                       |  |
| 1.1. Raw materials, basic materials and consumables |       | 080             | 252537                                | 247309                                   | 359328                                | 351889                                   | 255766                                | 262497                                   | 363922                                | 373500                                   |
| 1.2. Work in progress                               |       | 090             | 41498                                 | 28834                                    | 59046                                 | 41027                                    | 36108                                 | 35628                                    | 51377                                 | 50694                                    |
| 1.3. Finished goods and goods for sale              |       | 100             | 537259                                | 572896                                   | 764451                                | 815158                                   | 673033                                | 686289                                   | 957640                                | 976501                                   |
| 1.4. Advance payments for goods                     | 2     | 110             | 13279                                 | 15454                                    | 18894                                 | 21989                                    | 41388                                 | 26035                                    | 58890                                 | 37044                                    |
| <b>1. TOTAL</b>                                     |       | <b>120</b>      | <b>844573</b>                         | <b>864493</b>                            | <b>1201719</b>                        | <b>1230063</b>                           | <b>1006295</b>                        | <b>1010449</b>                           | <b>1431829</b>                        | <b>1437739</b>                           |
| <b>2. Debtors</b>                                   |       |                 |                                       |  |                                       |  |                                       |  |                                       |  |
| 2.1. Purchasers' debts                              | 3.1.  | 130             | 102239                                | 73684                                    | 145473                                | 104843                                   | 131581                                | 176721                                   | 187223                                | 251451                                   |
| 2.2. Other debtors                                  | 3.2.  | 140             | 302330                                | 236491                                   | 430177                                | 336496                                   | 231076                                | 215867                                   | 328792                                | 307151                                   |
| 2.3. Short term loans                               |       | 150             | 75640                                 | 75640                                    | 107626                                | 107626                                   | 75640                                 | 75640                                    | 107626                                | 107626                                   |
| 2.4. Next period costs                              |       | 160             | 2021                                  | 166                                      | 2875                                  | 236                                      | 1983                                  | 195                                      | 2821                                  | 278                                      |
| <b>2. TOTAL</b>                                     |       | <b>170</b>      | <b>482230</b>                         | <b>385981</b>                            | <b>686151</b>                         | <b>549201</b>                            | <b>440280</b>                         | <b>468423</b>                            | <b>626462</b>                         | <b>666506</b>                            |
| <b>3. Cash</b>                                      |       | <b>3. TOTAL</b> | <b>407730</b>                         | <b>489497</b>                            | <b>580147</b>                         | <b>696492</b>                            | <b>73625</b>                          | <b>113664</b>                            | <b>104759</b>                         | <b>161729</b>                            |
| <b>B. TOTAL</b>                                     |       | <b>190</b>      | <b>1734533</b>                        | <b>1739971</b>                           | <b>2468017</b>                        | <b>2475756</b>                           | <b>1520200</b>                        | <b>1592536</b>                           | <b>2163050</b>                        | <b>2265974</b>                           |
| <b>TOTAL ASSETS</b>                                 |       | <b>200</b>      | <b>2152060</b>                        | <b>2161266</b>                           | <b>3062105</b>                        | <b>3075205</b>                           | <b>1954563</b>                        | <b>2035963</b>                           | <b>2781093</b>                        | <b>2896914</b>                           |

*JSC „Rīgas autoelektroaparātu rūpnīca”  
Report for the first quarter of 2012*

**BALANCE SHEET**

**For the first quarter of 2012**

K=0,702804

| LIABILITIES  | Notes | Row code   | LVL                                   | LVL                                      | EUR                                   | EUR                                      | LVL                                   | LVL                                      | EUR                                   | EUR                                      |
|--|-------|------------|---------------------------------------|--|---------------------------------------|--|---------------------------------------|--|---------------------------------------|--|
|  |       |            | At the end of the period<br>31.03.12. | At the beginning of the year<br>1.01.12. | At the end of the period<br>31.03.12. | At the beginning of the year<br>1.01.12. | At the end of the period<br>31.03.11. | At the beginning of the year<br>1.01.11. | At the end of the period<br>31.03.11. | At the beginning of the year<br>1.01.11. |
| <b>A. Equity</b>   |       |            |                                       |  |                                       |  |                                       |  |                                       |  |
| 1. Share capital   | 5     | 210        | 3565509                               | 3565509                                  | 5073262                               | 5073262                                  | 3565509                               | 3565509                                  | 5073262                               | 5073262                                  |
| <b>TOTAL</b>   |       | <b>220</b> | <b>3565509</b>                        | <b>3565509</b>                           | <b>5073262</b>                        | <b>5073262</b>                           | <b>3565509</b>                        | <b>3565509</b>                           | <b>5073262</b>                        | <b>5073262</b>                           |
| 2. Retained profit:                                      |       |            |                                       |  |                                       |  |                                       |  |                                       |  |
| a) brought forward from previous years                   |       | 230        | -1939628                              | -1939628                                 | -2759842                              | -2759842                                 | -1596630                              | -1596630                                 | -2271800                              | -2271800                                 |
| b) for the accounting year                               |       | 240        | -33332                                |  | -47427                                |  | -90819                                |  | -129223                               |  |
| <b>A. TOTAL</b>  |       | <b>250</b> | <b>1592549</b>                        | <b>1625881</b>                           | <b>2265993</b>                        | <b>2313420</b>                           | <b>1878060</b>                        | <b>1968879</b>                           | <b>2672239</b>                        | <b>2801462</b>                           |
| <b>B.PROVISIONS</b>                                      |       |            |                                       |  |                                       |  |                                       |  |                                       |  |
| 1. Other provisions                                      | 6     | 260        | 9144                                  | 9674                                     | 13011                                 | 13765                                    | 7824                                  | 8235                                     | 11133                                 | 11718                                    |
| <b>B. TOTAL</b>  |       | <b>270</b> | <b>9144</b>                           | <b>9674</b>                              | <b>13011</b>                          | <b>13765</b>                             | <b>7824</b>                           | <b>8235</b>                              | <b>11133</b>                          | <b>11718</b>                             |
| <b>C.CREDITORS</b>                                       |       |            |                                       |  |                                       |  |                                       |  |                                       |  |
| <b>1. Short term creditors</b>                           |       |            |                                       |  |                                       |  |                                       |  |                                       |  |
| 1.1. Advance payments from customers                     |       | 280        | 5271                                  | 0  | 7500                                  |  |                                       |  |                                       |  |
| 1.2. Accounts payable to suppliers and contractors       | 7.1.  | 290        | 160315                                | 131376                                   | 228108                                | 186931                                   | 55906                                 | 47377                                    | 79547                                 | 67411                                    |
| 1.3. Taxes and State mandatory social insurance payments | 7.2.  | 300        | 7306                                  | 10907                                    | 10395                                 | 15520                                    | 2661                                  | 3545                                     | 3786                                  | 5044                                     |
| 1.4. Other creditors                                     | 7.3.  | 310        | 10300                                 | 11659                                    | 14655                                 | 16589                                    | 10112                                 | 7927                                     | 14388                                 | 11279                                    |
| 1.5. Next period income                                  | 7.4.  | 320        | 367175                                | 367175                                   | 522443                                | 522443                                   |                                       |  |                                       |  |
| 1.6. Accrued obligations                                 |       | 330        |                                       | 4594                                     |                                       | 6537                                     |                                       |  |                                       |  |
| <b>C.TOTAL</b>   |       | <b>340</b> | <b>550367</b>                         | <b>525711</b>                            | <b>783101</b>                         | <b>748020</b>                            | <b>68679</b>                          | <b>58849</b>                             | <b>97721</b>                          | <b>83734</b>                             |
| <b>TOTAL LIABILITIES</b>                                 |       | <b>350</b> | <b>2152060</b>                        | <b>2161266</b>                           | <b>3062105</b>                        | <b>3075205</b>                           | <b>1954563</b>                        | <b>2035963</b>                           | <b>2781093</b>                        | <b>2896914</b>                           |

*JSC „Rīgas autoelektroaparātu rūpnīca”  
Report for the first quarter of 2012*

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**PROFIT OR LOSS ACCOUNT**  
**For the first quarter of 2012**

K=0.702804

| Item  | Row code   | LVL                       | LVL                       | EUR                       | EUR                       |
|---|------------|---------------------------|---------------------------|---------------------------|---------------------------|
|   |            | The first quarter of 2012 | The first quarter of 2011 | The first quarter of 2012 | The first quarter of 2011 |
| 1   | 2          | 3                         | 4                         | 5                         | 6                         |
| Net turnover  | 010        | 39574                     | 13723                     | 56309                     | 19526                     |
| Production costs of goods sold                      | 020        | 90891                     | 66838                     | 129326                    | 95101                     |
| <b>Gross profit or loss</b>                         | <b>030</b> | <b>-51317</b>             | <b>-53115</b>             | <b>-73017</b>             | <b>-75575</b>             |
| Sales costs   | 040        | 796                       | 2764                      | 1133                      | 3933                      |
| Administrative expenses                             | 050        | 28888                     | 39122                     | 41104                     | 55666                     |
| Other income from economic activities               | 060        | 90635                     | 36058                     | 128962                    | 51306                     |
| Other costs of economic activities                  | 070        | 36120                     | 24571                     | 51394                     | 34961                     |
| Other interest income and similar income            | 080        | 0                         | 0                         | 0                         | 0                         |
| Interest payments and similar expenses              | 090        |                           | 9                         |                           | 13                        |
| Profit or loss before extraordinary items and taxes | 100        | -26486                    | -83523                    | -37686                    | -118842                   |
| <b>Profit or loss before taxes</b>                  | <b>110</b> | <b>-26486</b>             | <b>-83523</b>             | <b>-37686</b>             | <b>-118842</b>            |
| Other taxes (Real estate tax)                       | 120        | 6846                      | 7296                      | 9741                      | 10381                     |
| <b>Profit or loss for the accounting year</b>       | <b>130</b> | <b>-33332</b>             | <b>-90819</b>             | <b>-47427</b>             | <b>-129223</b>            |

|                           |               |               |               |               |
|---------------------------|---------------|---------------|---------------|---------------|
| <b>Earnings per share</b> | <b>-0,009</b> | <b>-0,025</b> | <b>-0,013</b> | <b>-0,036</b> |
|---------------------------|---------------|---------------|---------------|---------------|

**STATEMENT OF CASH FLOWS for the first quarter of 2012**

**I. Cash flow from operating activities**

K=0.702804

| No        | ITEMS   | 2012          | 2011          | 2012           | 2011          |
|-----------|---|---------------|---------------|----------------|---------------|
|           |   | Q 1           | Q 1           | Q 1            | Q 1           |
|           |   | LVL           | LVL           | EUR            | EUR           |
| 1         | Income from sales and services  | 11933         | 59994         | 16979          | 85364         |
| 2         | Payments to suppliers, to employees and other expenses for production | -123519       | -104833       | -175751        | -149164       |
| 3         | Other income or expenses for economic activities                      | 18879         | 6607          | 26862          | 9401          |
| 4         | Cash flow from gross operating activities                             | -92707        | -38232        | -131910        | -54399        |
| 5         | Real estate tax payments  | -6846         | -7297         | -9741          | -10383        |
| <b>I.</b> | <b>Net cash flow from operating activities</b>                        | <b>-99553</b> | <b>-45529</b> | <b>-141651</b> | <b>-64782</b> |

**II. Cash flow from investment activities**

| No         | ITEMS                                      | 2012         | 2011        | 2012         | 2011         |
|------------|--|--------------|-------------|--------------|--------------|
|            |  | Q 1          | Q 1         | Q 1          | Q 1          |
|            |  | LVL          | LVL         | EUR          | EUR          |
| 1          | Sales of intangible and fixed assets       | 16418        | 7929        | 23361        | 11282        |
| <b>II.</b> | <b>Net cash from investment activities</b> | <b>16418</b> | <b>7929</b> | <b>23361</b> | <b>11282</b> |

**III. Cash flow from financing**

| No          | ITEMS                               | 2012     | 2011      | 2012     | 2011       |
|-------------|-------------------------------------|----------|-----------|----------|------------|
|             |                                     | Q 1      | Q 1       | Q 1      | Q 1        |
|             |                                     | LVL      | LVL       | EUR      | EUR        |
| 1           | Received interest for deposit       |          | -9        |          | -13        |
| <b>III.</b> | <b>Net cash flow from financing</b> | <b>0</b> | <b>-9</b> | <b>0</b> | <b>-13</b> |



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**SUMMARY OF CASH INCOME AND EXPENDITURE**

| No  | ITEMS  | 2012          | 2011          | 2012           | 2011          |
|-----|--|---------------|---------------|----------------|---------------|
|     |  | Q 1           | Q 1           | Q 1            | Q 1           |
|     |  | LVL           | LVL           | EUR            | EUR           |
| I   | The result from operating activities                               | -99553        | -45529        | -141651        | -64782        |
| II  | The result from investment activities                              | 16418         | 7929          | 23361          | 11282         |
| III | The result from financing  | 0             | -9            | 0              | -13           |
| IV  | The result from currency rate fluctuations                         | 1368          | -2430         | 1946           | -3457         |
|     | Cash increase or decrease  | <b>-81767</b> | <b>-40039</b> | <b>-116344</b> | <b>-56970</b> |
|     | Cash and cash equivalents at the beginning of the reporting period | <b>489497</b> | <b>113664</b> | <b>696491</b>  | <b>161729</b> |
|     | Cash and cash equivalents at the end of the reporting period       | <b>407730</b> | <b>73625</b>  | <b>580147</b>  | <b>104759</b> |

## STATEMENT OF EXCHANGES IN EQUITY

| LVL   | 31.03.2012 | At the end<br>of 2011 | 31.03.2011 | At the end<br>of 2011 |
|---|------------|-----------------------|------------|-----------------------|
| <b>Share capital</b>  | 3565509    | 3565509               | 3565509    | 3565509               |
| <b>Retained profit</b>  |            |                       |            |                       |
| Retained profit brought forward from previous years                 | -1939628   | -1596630              | -1596630   | -1703607              |
| Correction  |            |                       |            | 106977                |
| Profit of the accounting year                                       | -33332     | -342998               | -90819     |                       |
| Total profit in the balance sheet at the end of the accounting year | -1972960   | -1939628              | -1687449   | -1596630              |
| <b>Equity</b>   |            | 1625881               |            |                       |
| In the balance sheet of the previous period                         | 1625881    | 1968879               | 1968879    | 1861902               |
| Correction  | 0          |                       | 0          | 106977                |
| In the balance sheet at the end of the accounting period            | 1592549    | 1625881               | 1878060    | 1968879               |

| EUR   | 31.03.2012 | At the end<br>of 2011 | 31.03.2011 | At the end<br>of 2011 |
|---|------------|-----------------------|------------|-----------------------|
| <b>Share capital</b>  | 5073262    | 5073262               | 5073262    | 5073262               |
| <b>Retained profit</b>  |            |                       |            |                       |
| Retained profit brought forward from previous years                 | -2759842   | -2271800              | -2271800   | -2424014              |
| Correction  |            |                       |            | 152214                |
| Profit of the accounting year                                       | -47427     | -488042               | -129223    |                       |
| Total profit in the balance sheet at the end of the accounting year | -2807269   | -2759842              | -2401023   | -2271800              |
| <b>Equity</b>   |            |                       |            |                       |
| In the balance sheet of the previous period                         | 2313420    | 2801462               | 2801462    | 2649248               |
| Correction  |            |                       |            | 152214                |
| In the balance sheet at the end of the accounting period            | 2265993    | 2313420               | 2672239    | 2801462               |

## NOTES TO FINANCIAL STATEMENTS

The report of the first quarter of 2012 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, produced in 2012, is evaluated in production costs.

The stock of finished goods, produced in previous years, is valued in accordance with the lowest market price.

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 the first quarter of 2012

**1. Buildings, constructions and land are registered in Land Register** and the property belongs to „RAR”. **Balance sheet –row code 010**

|   |                    |                    |            |
|---|--------------------|--------------------|------------|
| Balance value on March31, 2011:         | 407255 LVL         | on January 1, 2012 | 409229 LVL |
| including: buildings and constructions- | 294959 LVL         |                    | 296933 LVL |
| land -                                  | 112296 LVL         |                    | 112296 LVL |
| <b>Cadastral value on 01.01.2012</b>    | <b>2281525 LVL</b> |                    |            |
| Cadastral value of the buildings -      | 1559531 LVL        |                    |            |
| Cadastral value of the land -           | 721994 LVL         |                    |            |

### 2. Advance payments for goods. Balance sheet –row code 110

| <i>Advance payment</i> | <i>Total in LVL<br/>31.03.2012</i> | <i>Total in LVL<br/>01.01.2012</i> |
|------------------------|------------------------------------|------------------------------------|
| For services           | 1080                               |                                    |
| For materials          | 629                                | 12081                              |
| For outfit             | 11570                              | 3373                               |
| <b>TOTAL</b>           | <b>13279</b>                       | <b>15454</b>                       |

### 3. Debtors

#### 3.1. Purchasers' debts. Balance sheet –row code 130

| <i>Business partner</i> | <i>Debt</i>   | <i>Total in LVL<br/>31.03.2012</i> | <i>Total in LVL<br/>01.01.2012</i> |
|-------------------------|---------------|------------------------------------|------------------------------------|
| Enterprises of Russia   | For the goods | 25034                              |                                    |
| Enterprises of Belarus  | For the goods | 11994                              | 11994                              |
| Enterprises of Latvia   | For the goods | 61381                              | 56864                              |
| Enterprises of Ukraine  | For the goods | 3830                               | 4826                               |
| <b>TOTAL</b>            |               | <b>102239</b>                      | <b>73684</b>                       |

Customers' debts are real. According to the signed contracts customers shall pay for the delivered production in 30 up to 60 days. Enterprises of Belarus fall behind the term of payment.

**3.2. Other debtors. Balance sheet –row code 140**

| <i>Debt</i>              | <i>Total in LVL<br/>31.03.2012</i> | <i>Total in LVL<br/>01.01.2012</i> |
|--------------------------|------------------------------------|------------------------------------|
| Agreement of lease       | 36                                 | 36                                 |
| For materials and outfit | 100353                             | 42474                              |
| For the equipment        | 34859                              | 34859                              |
| For real estate          | 158131*                            | 158131                             |
| Overpaid taxes           | 7760                               |                                    |
| VAT on unpaid invoices   | 421                                |                                    |
| Other debts              | 770                                | 991                                |
|                          | <b>302330</b>                      | <b>236491</b>                      |

- Term of payment - within three years

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

| <i>Currency</i> | <i>Balance<br/>in<br/>currency</i> | <i>Exchange rate<br/>of the Bank of<br/>Latvia</i> | <i>Balance LVL<br/>As on March 31, 2012</i> | <i>Balance LVL<br/>As on January 1, 2012</i> |
|-----------------|------------------------------------|--|---|--|
| LVL             |                                    |  | 372561.71                                   | 376875.77                                    |
| USD             | 20054.23                           | 0.528  | 10588.64                                    | 35733.76                                     |
| EUR             | 10121.45                           | 0.702804   | 7113.40                                     | 892.14                                       |
| RUR             | 970333.25                          | 0.018  | 17466.00                                    | 75995.67                                     |
| <b>Total</b>    |                                    |  | <b>407729.75</b>                            | <b>489497.34</b>                             |

367175 LVL is an advance payment from „Vides investīciju fonds” within the KPFI project.

**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.

**8. Other provisions. Balance sheet row code – 260**

In accordance with the law „On the annual reports” provisions for vacations of 2011 are calculated in total 9674 LVL. The balance of the provisions for vacations on March 31, 2012 was 9144 LVL.

**7. Short term creditors.**

**7.1. Accounts payable to suppliers and contractors. Balance sheet row code – 290**

| <i>Substantiation</i>            | <i>Total in LVL<br/>31.03.2012</i> | <i>Total in LVL<br/>01.01.2012</i> |
|----------------------------------|------------------------------------|------------------------------------|
| For electric power               | 2335                               |                                    |
| For water supply                 | 214                                | 212                                |
| For materials and sub-components | 124016                             | 106853                             |
| Payments to Stock exchange       | 762                                | 762                                |
| Agreement of lease               | 19915                              | 11777                              |
| Different services               | 13073                              | 11772                              |
| <b>Total</b>                     | <b>160315</b>                      | <b>131376</b>                      |

**7.2. Taxes and State mandatory social insurance payments. Balance sheet row code – 300**

| <i>Tax</i>                | <i>Total in LVL<br/>31.03.2012</i> | <i>Total in LVL<br/>01.01.2012</i> |
|---------------------------|------------------------------------|------------------------------------|
| Personal income tax       | 2640                               | 2799                               |
| Social security payments  | 4447                               | 4750                               |
| Business risk fee         | 9                                  | 8                                  |
| VAT                       |                                    | 3350                               |
| Cars' tax for enterprises | 210                                |                                    |
| <b>Total</b>              | <b>7306</b>                        | <b>10907</b>                       |

**7.3. Other creditors. Balance sheet row code – 310**

| <i>Debt</i>     | <i>Total in LVL<br/>31.03.2012</i> | <i>Total in LVL<br/>01.01.2012</i> |
|-----------------|------------------------------------|------------------------------------|
| Salary          | 8966                               | 9672                               |
| Other creditors | 1334                               | 1987                               |
| <b>Total</b>    | <b>10300</b>                       | <b>11659</b>                       |

**7.4. Next period income. Balance sheet row code 320**

Received advance for KPFI project 367175 LVL

**Notes to profit or loss account**

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

|                                  | <i>Net<br/>turnover<br/>Total:</i> | <i>Including</i>  |              |                             |
|----------------------------------|------------------------------------|---|--------------|-----------------------------|
|                                  |                                    | <i>Control and<br/>measuring devices<br/>for vehicles</i> | <i>Locks</i> | <i>Different<br/>orders</i> |
| <b>The first quarter of 2012</b> | <b>39574</b>                       | <b>35872</b>  | <b>0</b>     | <b>3702</b>                 |
| <b>%</b>                         | <b>100</b>                         | <b>90.6</b>   | <b>0.0</b>   | <b>9.4</b>                  |

|                                  |              |              |            |            |
|----------------------------------|--------------|--------------|------------|------------|
| <b>The first quarter of 2011</b> | <b>13723</b> | <b>13597</b> | <b>118</b> | <b>8</b>   |
| <b>%</b>                         | <b>100</b>   | <b>99.1</b>  | <b>0.8</b> | <b>0.1</b> |

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

|                                      | <i>Net turnover<br/>Total:</i> | <i>Including</i> |                |                |             |               |
|--------------------------------------|--------------------------------|------------------|----------------|----------------|-------------|---------------|
|                                      |                                | <i>Russia</i>    | <i>Belarus</i> | <i>Ukraine</i> | <i>EU</i>   | <i>Latvia</i> |
| <b>The first<br/>quarter of 2012</b> | <b>39574</b>                   | <b>25034</b>     | <b>0</b>       | <b>3830</b>    | <b>6932</b> | <b>3778</b>   |
| <b>%</b>                             | <b>100</b>                     | <b>63.3</b>      | <b>0.0</b>     | <b>9.7</b>     | <b>17.5</b> | <b>9.5</b>    |

|                                      |              |            |             |             |             |             |
|--------------------------------------|--------------|------------|-------------|-------------|-------------|-------------|
| <b>The first<br/>quarter of 2011</b> | <b>13723</b> | <b>866</b> | <b>1205</b> | <b>6862</b> | <b>2929</b> | <b>1860</b> |
| <b>%</b>                             | <b>100</b>   | <b>6.3</b> | <b>8.8</b>  | <b>50.0</b> | <b>21.3</b> | <b>13.6</b> |

*JSC „Rīgas autoelektroaparātu rūpnīca”  
Report for the first quarter of 2012*

| Row code   | Item   | Q 1, 2012 LVL | Q 1, 2011 LVL |
|------------|--|---------------|---------------|
| <b>020</b> | <b>Production costs of goods sold, total:</b><br>including   | <b>90891</b>  | <b>66838</b>  |
|            | -costs of materials and sub-components including transport expenses, custom fees and import duties | 25015         | 6630          |
|            | -salaries and social security payments   | 46833         | 33320         |
|            | - electric power   | 9157          | 9930          |
|            | -contracts (for repairing works and maintenance of different systems)                              | 1675          | 7299          |
|            | -amortization  | 3768          | 9062          |
|            | -write off of value of current assets  | 1533          | 142           |
|            | -operating costs   | 2910          | 455           |
| <b>040</b> | <b>Sales costs, total:</b>   | <b>796</b>    | <b>2764</b>   |
|            | Incl. - salaries and social security payments  |               | 836           |
|            | - wrapping and transport costs   | 717           | 1795          |
|            | - other expenses   | 79            | 133           |
| <b>050</b> | <b>Administrative expenses, total :</b>  | <b>28888</b>  | <b>39122</b>  |
|            | including - salaries and social security payments  | 16065         | 22671         |
|            | - communication expenses   | 792           | 983           |
|            | - expenses due to annual report  |               | 2000          |
|            | - bank services  | 1152          | 363           |
|            | - security costs   | 7445          | 7446          |
|            | - other administrative expenses  | 3434          | 5659          |
| <b>060</b> | <b>Other income from economic activities</b>   | <b>90635</b>  | <b>36058</b>  |
|            | including – income of foreign exchange rate revaluations   | 3216          |               |
|            | - income from sales of fixed assets  | 10531         | 6848          |
|            | - sales of materials   | 57879         | 20413         |
|            | - sales of scrap metal   | 18917         | 384           |
|            | - income from rent charges   | 89            | 7881          |
|            | - other income   | 3             | 532           |
| <b>70</b>  | <b>Other costs of economic activities:</b>   | <b>36120</b>  | <b>24571</b>  |
|            | including- exchange rate of foreign currency   |               | 2741          |
|            | - changes of material stock's value  | 35086         | 13075         |
|            | - other expenses   | 1034          | 8755          |

Chairman of the Board \_\_\_\_\_ A.Auzinsh

Members of the Board \_\_\_\_\_ Z.Kalninsh

\_\_\_\_\_ M.Araslanov

May 30, 2012