



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

Report for nine months of 2012

(Not audited)

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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>
Management Board	<i>Alfreds Auzinsh - Chairman (since 1998 up to 26.07.2012) Zigurds Kalninsh (since 1998) Maksims Araslanovs (since 2003)</i>
Supervisory Board	<i>Eriks Kazha - Chairman Gunars Lubis – Deputy Chairman Viktors Rojs Kristina Kazha (up to 18.04.2012) Nina Kazha Galina Kraveca (since 18.04.2012)</i>
Reporting period	<i>01.01.2012 - 30.09.2012</i>
Main shareholders	Basing on the list of shareholders prepared on April 30,2012: <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 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 period is 30.

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 14 are prepared in accordance with underlying accounting records and source documents and present fairly the financial position of the Company as on September 30, 2012 and the results of its operations and cash flows for the period ended on September 30, 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,

Zigurds Kalninsh
Member of the Board

October 29, 2012

*JSC „Rīgas autoelektroaparātu rūpnīca”
Report for nine months of 2012*

BALANCE SHEET

For nine months of 2012

K=0,702804

ASSETS	Notes	Row code	LVL	LVL	EUR	EUR	LVL	LVL	EUR	EUR
			At the end of the period 30.09.12.	At the beginning of the year 1.01.12.	At the end of the period 30.09.12.	At the beginning of the year 1.01.12.	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.
A. LONG-TERM INVESTMENTS										
1. Fixed assets										
1.1.Land, buildings and constructions	1	010	1066363	409229	1517298	582280	410371	417249	583906	593692
1.2.Equipment and machinery		020	6331	11520	9008	16392	13412	25304	19084	36004
1.3.Other fixed assets and inventory		030	211	346	300	492	427	674	607	959
1.4.Costs of unfinished building objects	2	040	798453		1136096					
1. TOTAL		050	1871358	421095	2662702	599164	424210	443227	603597	630655
2.Long-term financial investments										
2.1.Other securities and investments		060	200	200	285	285	200	200	285	285
2. TOTAL		070	200	200	285	285	200	200	285	285
A. TOTAL		080	1871558	421295	2662987	599449	424410	443427	603882	630940
B. CURRENT ASSETS										
1. Inventory										
1.1. Raw materials, basic materials and consumables		090	217879	247309	310014	351889	256679	262497	365221	373500
1.2. Work in progress		100	70984	28834	101001	41027	32039	35628	45587	50694
1.3. Finished goods and goods for sale		110	486979	572896	692909	815158	716613	686289	1019649	976501
1.4. Advance payments for goods	3	120	48562	15454	69097	21989	3481	26035	4953	37044
1. TOTAL		130	824404	864493	1173021	1230063	1008812	1010449	1435410	1437739
2. Debtors										
2.1. Purchasers' debts	4	140	14772	73684	21019	104843	112402	176721	159933	251451
2.2. Other debtors	5	150	315787	236491	449324	336496	246957	215867	351388	307151
2.3. Short term loans		160	40000	75640	56915	107626	83640	75640	119009	107626
2.4. Next period costs		170	725	166	1032	236	754	195	1073	278
2. TOTAL		180	371284	385981	528290	549201	443753	468423	631403	666506
3. Cash		3. TOTAL	55904	489497	79544	696492	52967	113664	75365	161729
B.TOTAL		200	1251592	1739971	1780855	2475756	1505532	1592536	2142178	2265974
TOTAL ASSETS		210	3123150	2161266	4443842	3075205	1929942	2035963	2746060	2896914

*JSC „Rīgas autoelektroaparātu rūpnīca”
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BALANCE SHEET

For nine months of 2012

K=0,702804

LIABILITIES	Notes	Row code	LVL	LVL	EUR	EUR	LVL	LVL	EUR	EUR
			At the end of the period 30.09.12.	At the beginning of the year 1.01.12.	At the end of the period 30.09.12.	At the beginning of the year 1.01.12.	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.
A. Equity										
1. Share capital	7	220	3565509	3565509	5073262	5073262	3565509	3565509	5073262	5073262
2. Long-term investment revaluation reserve	8	230	664485	0	945477	0	0	0	0	0
TOTAL		240	4229994	3565509	6018739	5073262	3565509	3565509	5073262	5073262
2. Retained profit:										
a) brought forward from previous years		250	-1939628	-1939628	-2759842	-2759842	-1596630	-1596630	-2271800	-2271800
b) for the accounting year		260	100679		143253		-202662		-288362	
A. TOTAL		270	2391045	1625881	3402150	2313420	1766217	1968879	2513100	2801462
B.PROVISIONS										
1. Other provisions	9	280	4989	9674	7099	13765	4498	8235	6400	11718
B. TOTAL		290	4989	9674	7099	13765	4498	8235	6400	11718
C.CREDITORS										
1.Long- term creditors										
1.1. Other loans	10	300	58943	0	83868	0	0	0	0	0
1. TOTAL		310	58943	0	83868	0	0	0	0	0
2. Short term creditors										
2.1. Advance payments from customers		320	13341	0	18982		7810		11113	
2.2. Accounts payable to suppliers and contractors	11	330	245305	131376	349038	186931	121544	47377	172942	67411
2.3. Taxes and State mandatory social insurance payments	12	340	34405	10907	48954	15520	12860	3545	18298	5044
2.4. Other creditors	13	350	7947	11659	11308	16589	17013	7927	24207	11279
2.5. Next period income	14	360	367175	367175	522443	522443				
2.6. Accrued obligations		370		4594		6537				
2. TOTAL		380	668173	525711	950725	748020	159227	58849	226560	83734
C.TOTAL		390	727116	525711	1034593	748020	159227	58849	226560	83734
TOTAL LIABILITIES		400	3123150	2161266	4443842	3075205	1929942	2035963	2746060	2896914

*JSC „Rīgas autoelektroaparātu rūpnīca”
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PROFIT OR LOSS ACCOUNT
For nine months of 2012

K=0.702804

Item	Row code	LVL	LVL	EUR	EUR
		Nine months of 2012	Nine months of 2011	Nine months of 2012	Nine months of 2011
1	2	3	4	5	6
Net turnover	010	258261	242801	367472	345475
Production costs of goods sold	020	196919	311430	280191	443125
Gross profit or loss	030	61342	-68629	87281	-97650
Sales costs	040	1630	11004	2319	15657
Administrative expenses	050	82318	124667	117128	177385
Other income from economic activities	060	221339	69281	314937	98578
Other costs of economic activities	070	80597	45753	114679	65101
Other interest income and similar income	080	3082	0	4385	0
Interest payments and similar expenses	090		0		
Profit or loss before extraordinary items and taxes	100	121218	-180772	172477	-257215
Profit or loss before taxes	110	121218	-180772	172477	-257215
Other taxes (Real estate tax)	120	20539	21890	29224	31147
Profit or loss for the accounting year	130	100679	-202662	143253	-288362

Earnings per share **0,028** **-0,057** **0,040** **-0,081**

STATEMENT OF CASH FLOWS for nine months of 2012

I. Cash flow from operating activities

K=0.702804

No	ITEMS	2012	2011	2012	2011
		9 months	9 months	9 months	9 months
		LVL	LVL	EUR	EUR
1	Income from sales and services	261001	322214	371371	458469
2	Payments to suppliers, to employees and other expenses for production	-295400	-385633	-420317	-548706
3	Other income or expenses for economic activities	119696	23038	170312	32780
4	Cash flow from gross operating activities	85297	-40381	121366	-57457
5	Real estate tax payments	-20539	-21890	-29224	-31147
I.	Net cash flow from operating activities	64758	-62271	92142	-88604

II. Cash flow from investment activities

No	ITEMS	2012	2011	2012	2011
		9 months	9 months	9 months	9 months
		LVL	LVL	EUR	EUR
1	Purchase of fixed assets	-651108		-926443	
2	Sales of intangible and fixed assets	55147	12892	78467	18344
3	Given loans		-15000		-21343
4	Repaid loans	35640	7000	50711	9960
5	Received interest	3076		4377	
II.	Net cash from investment activities	-557245	4892	-792888	6961

III. Cash flow from financing

No	ITEMS	2012	2011	2012	2011
		9 months	9 months	9 months	9 months
		LVL	LVL	EUR	EUR
1	Received loans	138989		197763	
2	Repaid loans	-78650		-111909	
III.	Net cash flow from financing	60339	0	85854	0

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**SUMMARY OF CASH INCOME AND
EXPENDITURE**

No	ITEMS	2012	2011	2012	2011
		9 months	9 months	9 months	9 months
		LVL	LVL	EUR	EUR
I	The result from operating activities	64758	-62271	92142	-88604
II	The result from investment activities	-557245	4892	-792888	6961
III	The result from financing	60339	0	85854	0
IV	The result from currency rate fluctuations	-1445	-3318	-2056	-4721
	Cash increase or decrease	-433593	-60697	-616948	-86364
	Cash and cash equivalents at the beginning of the reporting period	489497	113664	696492	161729
	Cash and cash equivalents at the end of the reporting period	55904	52967	79544	75365

STATEMENT OF EXCHANGES IN EQUITY

LVL	30.09.2012	At the end of 2011	30.09.2011	At the end of 2011
Share capital	3565509	3565509	3565509	3565509
Long-term investment revaluation reserve				
In the balance sheet of the previous period	0	0	0	0
Exchanges of long-term investment revaluation reserve	664485	0	0	0
In the balance sheet at the end of the accounting period	664485	0	0	0
Retained profit				
Retained profit brought forward from previous years	-1939628	-1596630	-1596630	-1703607
Correction				106977
Profit of the accounting year	100679	-342998	-202662	
Total profit in the balance sheet at the end of the accounting year	-1838949	-1939628	-1799292	-1596630
Equity				
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	2391045	1625881	1766217	1968879

EUR	30.09.2012	At the end of 2011	30.09.2011	At the end of 2011
Share capital	5073262	5073262	5073262	5073262
Long-term investment revaluation reserve				
In the balance sheet of the previous period	0	0	0	0
Exchanges of long-term investment revaluation reserve	945477	0	0	0
In the balance sheet at the end of the accounting period	945477	0	0	0
Retained profit				
Retained profit brought forward from previous years	-2759842	-2271800	-2271800	-2424014
Correction				152214
Profit of the accounting year	143253	-488042	-288362	
Total profit in the balance sheet at the end of the accounting year	-2616589	-2759842	-2560162	-2271800
Equity				
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	3402150	2313420	2513100	2801462

NOTES TO FINANCIAL STATEMENTS

The report of nine months of 2012 is prepared in accordance with the law „On accountancy”, „On the annual reports” Regulations No.488 issued by the Cabinet of Ministers of the Republic of Latvia “Regulations on enforcement policies of the law on annual reports” and Regulations No.481 issued by the Cabinet of Ministers of the Republic of Latvia “Regulations on content and preparation procedures of the cash flow statement and statement of changes in equity”.

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 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 nine months 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 Sept. 30, 2012:	1066363 LVL	on January 1, 2012	409229 LVL
including: buildings and constructions-	677136 LVL		296933 LVL
land -	389227 LVL		112296 LVL
Cadastral value on 01.01.2012	2281525 LVL		
Cadastral value of the buildings -	1559531 LVL		
Cadastral value of the land -	721994 LVL		

At the beginning of the year the balance value of real estate is much lower than cadastral value. Therefore the real estate on Klijanu street 2B is revaluated in conformity with actual value determined by certified estimator.

Increase in value is stated in long-term investment revaluation reserves.

2.Costs of unfinished building objects . Balance sheet –row code 040

In 2012 JSC „RAR” will invest 1,1 million LVL in reconstruction of office building improving effectiveness of expenditure of thermal energy and establishing ventilation system attracting investments of Climate changes financial instrument.

3.Advance payments for goods. Balance sheet –row code 120

<i>Advance payment</i>	<i>Total in LVL 30.09.2012</i>	<i>Total in LVL 01.01.2012</i>	<i>Total in LVL 30.09.2011</i>	<i>Total in LVL 01.01.2012</i>
For services	1454			
For materials	16403	12081	107	172
For outfit	30705	3373	3374	25863
TOTAL	48562	15454	3481	26035

4. Purchasers’ debts. Balance sheet –row code 140

<i>Business partner</i>	<i>Total in LVL 30.09.2012</i>	<i>Total in LVL 01.01.2012</i>	<i>Total in LVL 30.09.2011</i>	<i>Total in LVL 01.01.2011</i>
Enterprises of Russia			40375	156453
Enterprises of Belarus	10788	11994	11994	10789
Enterprises of Latvia	3984	56864	46381	9479
Enterprises of Ukraine		4826	13652	
TOTAL	14772	73684	112402	176721

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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.

5. Other debtors. Balance sheet –row code 150

<i>Debt</i>	<i>Total in LVL 30.09.2012</i>	<i>Total in LVL 01.01.2012</i>	<i>Total in LVL 30.09.2011</i>	<i>Total in LVL 01.01.2011</i>
Agreement of lease	36	36	36	3356
For materials and outfit	77795	42474	51349	12982
For the equipment	79167	34859	34859	33639
For real estate	158131*	158131	158131	158131
Overpaid taxes	357		1851	7675
Other debts	301	991	731	84
	315787	236491	246957	215867

- Term of payment - within one and a half year

6. Cash and cash equivalents. Balance sheet –row code 190

<i>Currency</i>	<i>Balance in currency</i>	<i>Exchange rate of the Bank of Latvia</i>	<i>Balance LVL As on Sept. 30, 2012</i>	<i>Balance LVL As on January 1, 2012</i>
LVL			13402.96	376875.77
USD	73901.67	0.546	40350.31	35733.76
EUR	3049.02	0.702804	2142.87	892.14
RUR	467.34	0.0175	8.18	75995.67
Total			55904.32	489497.34

7. Share capital. Balance sheet –row code - 220

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. Long-term investment revaluation reserve. Balance sheet row code 230

Increase in value due to revaluation of real estate is stated in long-term investment revaluation reserves.

9. Other provisions. Balance sheet row code – 280

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 September 30, 2012 was 4989 LVL.

10. Other loans.

Reconstruction of office building is implemented attracting investments of Climate changes financial instrument. „RAR” is financing 35% of the project attaching credits of shareholders.

11. Accounts payable to suppliers and contractors. Balance sheet row code – 330

<i>Substantiation</i>	<i>Total in LVL 30.09.2012</i>	<i>Total in LVL 01.01.2012</i>	<i>Total in LVL 30.09.2011</i>	<i>Total in LVL 01.01.2011</i>
For electric power	4956		3272	6373
For water supply	343	212	219	210
For materials and sub-components	67434	106853	96853	37118
Payments to Stock exchange	756	762	762	762
Agreement of lease	25923	11777	8104	
Construction works	137178			
Different services	8715	11772	12334	2914
Total	245305	131376	121544	47377

12. Taxes and State mandatory social insurance payments. Balance sheet row code – 340

<i>Tax</i>	<i>Total in LVL 30.09.2012</i>	<i>Total in LVL 01.01.2012</i>
Personal income tax	1896	2799
Social security payments	3216	4750
Business risk fee	6	8
VAT	29067	3350
Cars' tax for enterprises	220	
Total	34405	10907

Taxes for the current month. There are no tax debts.

13. Other creditors. Balance sheet row code – 350

<i>Debt</i>	<i>Total in LVL 30.09.2012</i>	<i>Total in LVL 01.01.2012</i>
Salary	6545	9672
Other creditors	1402	1987
Total	7947	11659

14. Next period income. Balance sheet row code 360

Received advance for KPFI project 367175 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>Other metal ware</i>	<i>Different orders</i>
Nine months of 2012	258261	97316	0	152347	8598
%	100	37.7	0.0	59.0	3.3

Nine months of 2011	242801	231324	1525	0	9952
%	100	95.3	0.6	0.0	4.1

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>
9 months of 2012	258261	66109	0	12623	17520	162009
%	100	25.6	0.0	4.9	6.8	62.7

9 months of 2011	242801	96202	1205	93300	17301	34793
%	100	39.6	0.5	38.5	7.1	14.3

Row code	Item	9 months, 2012 LVL	9 months, 2011 LVL
020	Production costs of goods sold, total:		
	including	196919	311430
	-costs of materials and sub-components including transport expenses, custom fees and import duties		
	-salaries and social security payments	78607	120797
	- electric power	123780	116034
	-contracts (for repairing works and maintenance of different systems)	25168	25383
	-amortization	3138	12745
	- changes of ready made goods' stock value	15541	18221
	-operating costs	-59596	

040	Sales costs, total:	1630	11004
	Incl. - salaries and social security payments		5745
	- wrapping and transport costs	1424	4786
	- other expenses	206	473

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050	Administrative expenses, total :	82318	124667
	including - salaries and social security payments	50719	67960
	- communication expenses	2449	3284
	- expenses due to annual report		2000
	- bank services	545	8523
	- security costs	21307	22336
	- other administrative expenses	7298	20564

060	Other income from economic activities	221339	69281
	including – income of foreign exchange rate revaluations		
	- income from sales of fixed assets	74205	12083
	- sales of materials and outfit	83087	44013
	- sales of scrap metal	63777	4594
	- income from rent charges	267	8059
	- other income	3	532

70	Other costs of economic activities:	80597	45753
	including- exchange rate of foreign currency	606	684
	- changes of material stock's value	58951	28534
	- other expenses	21040	16535

Members of the Board _____ Z.Kalninh

_____ M.Araslanov

October 29, 2012