



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

Report for the first quarter of 2013

(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>
Board	<i>Eriks Kazha - Chairman (since 11.04.2013) Zigurds Kalninsh (since 1998 up to 05.02.2013) Gunars Lubis (since 11.04.2013) Maksym Araslanov (since 2003)</i>
Council	<i>Eriks Kazha – Chairman (up to 11.04.2013) Edgars Lubis – Chairman (since 11.04.2013) Gunars Lubis – Deputy Chairman (up to 11.04.2013) Viktors Rojs (Member of Council; since 11.04.2013 – Deputy Chairman) Zane Sproge (since 11.04.2013) Nina Kazha Galina Kraveca</i>
Reporting period	<i>01.01.2013 - 31.03.2013</i>
Main shareholders	<i>Basing on the list of shareholders prepared on April 11,2013: 1. JSC „Baltijas Holdings”-43.9 % Reg.Nr.40003148033, 2, Klijanu street, Riga 2. „Tehprojekts”,Ltd.- 43.9% Reg.Nr. 40103020397, 12,Unijas street, Riga 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 quarter is 28.

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 March 31, 2013 and the results of its operations and cash flows for the period ended on March 31, 2013.

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,

Eriks Kazha
Chairman of the Board

May 29, 2013

*JSC „Rīgas autoelektroaparātu rūpnīca”
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BALANCE SHEET

For the first quarter of 2013

K=0,702804

ASSETS	Notes	Row code	LVL	LVL	EUR	EUR	LVL	LVL	EUR	EUR
			At the end of the period 31.03.13.	At the beginning of the year 1.01.13.	At the end of the period 31.03.13.	At the beginning of the year 1.01.13.	At the end of the period 31.03.12.	At the beginning of the year 1.01.12.	At the end of the period 31.03.12.	At the beginning of the year 1.01.12.
A. LONG-TERM INVESTMENTS										
1. Fixed assets										
1.1. Land, buildings and constructions	1	010	2207796	2223609	3141411	3163911	407255	409229	579472	582280
1.2. Equipment and machinery		020	2259	3614	3214	5142	9790	11520	13930	16392
1.3. Other fixed assets and inventory		030	141	176	200	250	282	346	401	492
1. TOTAL		040	2210196	2227399	3144825	3169303	417327	421095	593803	599164
2. Long-term financial investments										
2.1. Other securities and investments		050	200	200	285	285	200	200	285	285
2. TOTAL		060	200	200	285	285	200	200	285	285
A. TOTAL		070	2210396	2227599	3145110	3169588	417527	421295	594088	599449
B. CURRENT ASSETS										
1. Inventory										
1.1. Raw materials, basic materials and consumables		080	227011	225900	323008	321427	252537	247309	359328	351889
1.2. Work in progress		090	70677	77439	100564	110186	41498	28834	59046	41027
1.3. Finished goods and goods for sale		100	488844	472177	695562	671847	537259	572896	764451	815158
1.4. Advance payments for goods	2	110	42214	64759	60065	92144	13279	15454	18894	21989
1. TOTAL		120	828746	840275	1179199	1195604	844573	864493	1201719	1230063
2. Debtors										
2.1. Purchasers' debts	3	130	37256	26458	53011	37646	102239	73684	145473	104843
2.2. Other debtors	4	140	172545	197998	245509	281726	302330	236491	430177	336496
2.3. Short term loans		150		12265		17452	75640	75640	107626	107626
2.4. Next period costs		160	2036	143	2897	203	2021	166	2875	236
2. TOTAL		170	211837	236864	301417	337027	482230	385981	686151	549201
3. Cash		180	76593	21475	108982	30556	407730	489497	580147	696492
3. TOTAL	5									
B. TOTAL		190	1117176	1098614	1589598	1563187	1734533	1739971	2468017	2475756
TOTAL ASSETS		200	3327572	3326213	4734708	4732775	2152060	2161266	3062105	3075205

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BALANCE SHEET

For the first quarter of 2013

K=0,702804

LIABILITIES	Notes	Row code	LVL	LVL	EUR	EUR	LVL	LVL	EUR	EUR
			At the end of the period 31.03.13.	At the beginning of the year 1.01.13.	At the end of the period 31.03.13.	At the beginning of the year 1.01.13.	At the end of the period 31.03.12.	At the beginning of the year 1.01.12.	At the end of the period 31.03.12.	At the beginning of the year 1.01.12.
A. Equity										
1. Share capital	6	210	3565509	3565509	5073262	5073262	3565509	3565509	5073262	5073262
2. Long-term investment revaluation reserve		220	664485	664485	945477	945477	0	0	0	0
TOTAL		230	4229994	4229994	6018739	6018739	3565509	3565509	5073262	5073262
2. Retained profit:										
a) brought forward from previous years		240	-1936273	-1936273	-2755068	-2755068	-1939628	-1939628	-2759842	-2759842
b) for the accounting year		250	-3879		-5519		-33332		-47427	
A. TOTAL		260	2289842	2293721	3258152	3263671	1592549	1625881	2265993	2313420
B.PROVISIONS										
1.Other provisions	7	270	9212	13070	13107	18597	9144	9674	13011	13765
B. TOTAL		280	9212	13070	13107	18597	9144	9674	13011	13765
C.CREDITORS										
1. Long term creditors										
1.1.Other loans	8	290	331595	331890	471817	472237	0	0	0	0
1.2.Next period income	9	300	531651	531651	756471	756471				
1.TOTAL		310	863246	863541	1228288	1228708	0	0	0	0
2. Short term creditors										
2.1. Advance payments from customers		320	49998	49998	71141	71141	5271		7500	
2.2. Accounts payable to suppliers and contractors	10	330	91909	67391	130775	95889	160315	131376	228108	186931
2.3. Taxes and State mandatory social insurance payments	11	340	4963	5813	7062	8271	7306	10907	10395	15520
2.4. Other creditors	12	350	7569	15514	10770	22074	10300	11659	14655	16589
2.5.Next period income	9	360	9744	12992	13864	18486	367175	367175	522443	522443
2.6. Accrued obligations		370	1089	4173	1549	5938		4594		6537
2.TOTAL		380	165272	155881	235161	221799	550367	525711	783101	748020
C.TOTAL		390	1028518	1019422	1463449	1450507	550367	525711	783101	748020
TOTAL LIABILITIES		400	3327572	3326213	4734708	4732775	2152060	2161266	3062105	3075205

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PROFIT OR LOSS ACCOUNT
For the first quarter of 2013

K=0.702804

Item	Row code	LVL	LVL	EUR	EUR
		The first quarter of 2013	The first quarter of 2012	The first quarter of 2013	The first quarter of 2012
1	2	3	4	5	6
Net turnover	010	45891	39574	65297	56309
Production costs of goods sold	020	66306	90891	94345	129326
Gross profit or loss	030	-20415	-51317	-29048	-73017
Sales costs	040	2079	796	2958	1133
Administrative expenses	050	23073	28888	32830	41104
Other income from economic activities	060	101846	90635	144914	128962
Other costs of economic activities	070	51158	36120	72791	51394
Other interest income and similar income	080	65	0	93	0
Interest payments and similar expenses	090	2898	0	4124	0
Profit or loss before extraordinary items and taxes	100	2288	-26486	3256	-37686
Profit or loss before taxes	110	2288	-26486	3256	-37686
Other taxes (Real estate tax)	120	6167	6846	8775	9741
Profit or loss for the accounting year	130	-3879	-33332	-5519	-47427

Earnings per share

-0,009

-0,025

-0,013

-0,036

STATEMENT OF CASH FLOWS for the first quarter of 2013

I. Cash flow from operating activities

K=0.702804

No	ITEMS	2013	2012	2013	2012
		Q 1	Q 1	Q 1	Q 1
		LVL	LVL	EUR	EUR
1	Income from sales and services	34420	11933	48975	16979
2	Payments to suppliers, to employees and other expenses for production	-99446	-123519	-141498	-175751
3	Other income or expenses for economic activities	34174	18879	48625	26862
4	Cash flow from gross operating activities	-30852	-92707	-43898	-131910
5	Real estate tax payments	-6167	-6846	-8775	-9741
I.	Net cash flow from operating activities	-37019	-99553	-52673	-141651

II. Cash flow from investment activities

No	ITEMS	2013	2012	2013	2012
		Q 1	Q 1	Q 1	Q 1
		LVL	LVL	EUR	EUR
1	Purchase of intangible and fixed assets	-66		-94	
2	Sales of intangible and fixed assets	97690	16418	139000	23361
II.	Net cash from investment activities	97624	16418	138906	23361

III. Cash flow from financing

No	ITEMS	2013	2012	2013	2012
		Q 1	Q 1	Q 1	Q 1
		LVL	LVL	EUR	EUR
1	Repayment of loan	-5000		-7114	
III.	Net cash flow from financing	-5000	0	-7114	0

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SUMMARY OF CASH INCOME AND EXPENDITURE

No	ITEMS	2013	2012	2013	2012
		Q 1	Q 1	Q 1	Q 1
		LVL	LVL	EUR	EUR
I	The result from operating activities	-37019	-99553	-52673	-141651
II	The result from investment activities	97624	16418	138906	23361
III	The result from financing	-5000	0	-7114	0
IV	The result from currency rate fluctuations	-487	1368	-693	1946
	Cash increase or decrease	55118	-81767	78426	-116344
	Cash and cash equivalents at the beginning of the reporting period	21475	489497	30556	696491
	Cash and cash equivalents at the end of the reporting period	76593	407730	108982	580147

STATEMENT OF EXCHANGES IN EQUITY

LVL	31.03.2013	At the end of 2012	31.03.2013	At the end of 2012
Share capital	3565509	3565509	3565509	3565509
Long-term investment revaluation reserve				
In the balance sheet of the previous period	664485	664485	0	0
In the balance sheet at the end of the accounting period	664485	664485	0	0
Retained profit				
Retained profit brought forward from previous years	-1936273	-1939628	-1939628	-1596630
Profit of the accounting year	-3879	3355	-33332	-342998
Total profit in the balance sheet at the end of the accounting year	-1940152	-1936273	-1972960	-1939628
Equity				
In the balance sheet of the previous period	2293721	2293721	1625881	1625881
In the balance sheet at the end of the accounting period	2289842	2293721	1592549	1625881

EUR	31.03.2013	At the end of 2012	31.03.2013	At the end of 2012
Share capital	5073262	5073262	5073262	5073262
Long-term investment revaluation reserve				
In the balance sheet of the previous period	945477	945477	0	0
In the balance sheet at the end of the accounting period	945477	945477	0	0
Retained profit				
Retained profit brought forward from previous years	-2755068	-2759842	-2759842	-2271800
Profit of the accounting year	-5519	4774	-47427	-488042
Total profit in the balance sheet at the end of the accounting year	-2760587	-2755068	-2807269	-2759842
Equity				
In the balance sheet of the previous period	3263671	3263671	2313420	2313420
In the balance sheet at the end of the accounting period	3258152	3263671	2265993	2313420

NOTES TO FINANCIAL STATEMENTS

The report of the first quarter of 2013 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, produced in 2013, 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 2013

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

Balance value on March 31, 2013:	2207796 LVL	on January 1, 2013:	2223609 LVL
including: buildings and constructions-	1818569 LVL		1834382 LVL
land -	389227 LVL		389227 LVL
Cadastral value on 01.01.2013	1920085 LVL		
Cadastral value of the buildings -	1542885 LVL		
Cadastral value of the land -	377200 LVL		

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

<i>Advance payment</i>	<i>Total in LVL 31.03.2013</i>	<i>Total in LVL 01.01.2013</i>	<i>Total in LVL 31.03.2012</i>	<i>Total in LVL 01.01.2012</i>
For services			1080	
For materials	234	35176	629	12081
For outfit	41980	29583	11570	3373
TOTAL	42214	64759	13279	15454

3. Purchasers' debts. Balance sheet –row code 130

<i>Business partner</i>	<i>Total in LVL 31.03.2013</i>	<i>Total in LVL 01.01.2013</i>	<i>Total in LVL 31.03.2012</i>	<i>Total in LVL 01.01.2012</i>
Enterprises of Russia	25469	15669	25034	
Enterprises of Belarus	10789	10789	11994	11994
Enterprises of Latvia	998		61381	56864
Enterprises of Ukraine			3830	4826
TOTAL	37256	26458	102239	73684

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

4. Other debtors. Balance sheet –row code 140

<i>Debt</i>	<i>Total in LVL 31.03.2013</i>	<i>Total in LVL 01.01.2013</i>	<i>Total in LVL 31.03.2012</i>	<i>Total in LVL 01.01.2012</i>
Agreement of lease	6091	6091	36	36
For materials and outfit	88220	34042	100353	42474
For the equipment	41664	31016	34859	34859
For real estate	25437	118910	158131	158131
Overpaid taxes	11133	7913	8181	
Other debts		26	770	991
	172545	197998	302330	236491

5. Cash. 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 March 31, 2013</i>	<i>Balance LVL As on January 1, 2013</i>
LVL			10415.44	5065.75
USD	27057.73	0.547	14800.58	2071.93
EUR	73087.09	0.702804	51365.90	14337.20
RUR	635.66	0.0177	11.25	0.65
Total			76593.17	21475.53

6. 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.

7. Other provisions. Balance sheet row code – 270

In accordance with the law „On the annual reports” provisions for vacations of 2012 are calculated in total 13070 LVL. The balance of the provisions for vacations on March 31, 2013 was 9212 LVL.

8. Other loans. Balance sheet row code – 290

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

9. Next period income. Balance sheet row code 300 and 360

The financing 544643,56 LVL was received for KPFI-10/51 project - reconstruction of office building improving effectiveness of expenditure of thermal energy. 12992,40 LVL of them will be included in the income of 2013 and 531651,16 LVL are long term next period income.

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

<i>Substantiation</i>	<i>Total in LVL 31.03.2013</i>	<i>Total in LVL 01.01.2013</i>	<i>Total in LVL 31.03.2012</i>	<i>Total in LVL 01.01.2012</i>
For electric power		2900	2335	
For water supply	473	911	214	212
For materials and sub-components	86162	58288	124016	106853
Payments to Stock exchange	756	756	762	762
Agreement of lease	3898		19915	11777
Different services	620	4536	13073	11772
Total	91909	67391	160315	131376

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

<i>Tax</i>	<i>Total in LVL 31.03.2013</i>	<i>Total in LVL 01.01.2013</i>	<i>Total in LVL 31.03.2012</i>	<i>Total in LVL 01.01.2012</i>
Personal income tax	1684	2125	2640	2799
Social security payments	3142	3639	4447	4750
Business risk fee	7	9	9	8
VAT				3350
Cars' tax for enterprises	130	40	210	
Total	4963	5813	7306	10907

There are no debts for tax payments.

12. Other creditors. Balance sheet row code – 350

<i>Debt</i>	<i>Total in LVL 31.03.2013</i>	<i>Total in LVL 01.01.2013</i>	<i>Total in LVL 31.03.2012</i>	<i>Total in LVL 01.01.2012</i>
Salary	6454	7456	8966	9672
Other creditors	1115	8058	1334	1987
Total	7569	15514	10300	11659

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Notes to profit or loss account

As from 2013 net turnover includes income from demise of real estate.

In the first quarter of 2012 income from this branch was inessential – only 0,2% of net turnover. Therefore data for 2012 are not recalculated.

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>Different orders</i>	<i>Demise of real estate</i>
The first quarter of 2013	45891	44195	825	871
%	100	96.3	1.8	1.9
The first quarter of 2012	39574	35872	3702	
%	100	90.6	9.4	

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>
The first quarter of 2013	45891	31737	0	7361	5097	1696
%	100	69.2	0.0	16.0	11.1	3.7
The first quarter of 2012	39574	25034	0	3830	6932	3778
%	100	63.3	0.0	9.7	17.5	9.5

Row code	Item	Q 1, 2013 LVL	Q 1, 2012 LVL
020	Production costs of goods sold, total: including	66306	90891
	-costs of materials and sub-components including transport expenses, custom fees and import duties	22955	25015
	-salaries and social security payments	23394	46833
	- electric power	6128	9157
	-contracts (for repairing works and maintenance of different systems)	937	1675
	-inventory and outfit	40	1533
	- amortization	9942	3768
	-operating costs	2910	2910

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040	Sales costs, total:	2079	796
	Incl. - wrapping and transport costs	1944	717
	- other expenses	135	79

050	Administrative expenses, total :	23073	28888
	including - salaries and social security payments	15877	16065
	- communication expenses	533	792
	- bank services	169	1152
	- payments to Stock exchange	1250	1250
	- security costs	3682	7445
	- expenses due to shareholders' meeting	374	430
	- other administrative expenses	1188	1754

060	Other income from economic activities	101846	90635
	including – income of foreign exchange rate revaluations		3216
	- income from sales of fixed assets	13017	10531
	- sales of materials	58743	57879
	- sales of scrap metal	26838	18917
	- next period income referable to first quarter of 2013	3248	
	- other income		92

70	Other costs of economic activities:	51158	36120
	including- exchange rate of foreign currency	2673	
	- residual value of written-off fixed assets	7261	
	- changes of material stock	39671	35086
	- other expenses	1553	1034

Chairman of the Board _____ E.Kazha

Members of the Board _____ G.Lubis

_____ M.Araslanov

May 29, 2013