



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

Report for the first 9 months of 2014

(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 Gunars Lubis Maksym Araslanov</i>
Council	<i>Edgars Lubis – Chairman Viktors Rojs Deputy Chairman Zane Sproge Nina Kazha Galina Kraveca</i>
Reporting period	<i>01.01.2014 - 30.09.2014</i>
Main shareholders	Basing on the list of shareholders prepared on April 30,2014: <i>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>

Information about the company and its basic activities

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 and assembling of finished products.

The company has introduced quality management system corresponding to ГОСТ ISO-9001: 2011 (ISO 9001:2008), ГОСТ Р ИСО/ТУ 16949-2009 (ISO/TS 16949:2009).

Average number of employees in the reporting period is 32.

Statement of Management Responsibility

The Management Board of JSC „Rīgas autoelektroraparātu 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, 2014 and the results of its operations and cash flows for the period ended on September 30, 2014.

The financial statements are prepared in accordance with laws “On accountancy” and “On the annual reports” 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 autoelektroraparātu 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

November 28, 2014

*JSC „Rīgas autoelektroaparātu rūpnīca”
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BALANCE SHEET

For nine months of 2014

EUR

ASSETS	Notes	Row code	At the end of the period 30.09.14.	At the beginning of the year 1.01.14.	At the end of the period 30.09.13.	At the beginning of the year 1.01.13.
A. LONG-TERM INVESTMENTS						
1. Fixed assets						
1.1. Land, buildings and constructions		010	2697606	1985036	3117366	3163911
1.2. Equipment and machinery		020	527340	0		5142
1.3. Other fixed assets and inventory		030		56	98	250
1.4. Costs of unfinished building objects		040	418707			
1. TOTAL		050	3643653	1985092	3117464	3169303
2. Long-term financial investments						
2.1. Other securities and investments		060	35256	256	285	285
2. TOTAL		070	35256	256	285	285
A. TOTAL		080	3678909	1985348	3117749	3169588
B. CURRENT ASSETS						
1. Inventory						
1.1. Raw materials, basic materials and consumables		090	306864	356838	324423	321427
1.2. Work in progress		100	94478	100655	100122	110186
1.3. Finished goods and goods for sale		110	485144	624989	636402	671847
1.4. Advance payments for goods		120	59133	59022	71465	92144
1. TOTAL		130	945619	1141504	1132412	1195604
2. Debtors						
2.1. Purchasers' debts		140	171291	72774	102477	37646
2.2. Other debtors		150	560407	709166	177870	281726
2.3. Short term loans		160		26941	44051	17452
2.4. Next period costs		170	93	172	990	203
2. TOTAL		180	731791	809053	325388	337027
3. Cash		3. TOTAL	190	232933	28072	30556
B. TOTAL		200	1910343	2003929	1485872	1563187
TOTAL ASSETS		210	5589252	3989277	4603621	4732775

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BALANCE SHEET

For nine months of 2014

EUR

LIABILITIES	Notes	Row code	At the end of the period 30.09.13.	At the beginning of the year 1.01.13.	At the end of the period 30.09.12.	At the beginning of the year 1.01.12.
A. Equity						
1. Share capital		220	5073262	5073262	5073262	5073262
2. Long-term investment revaluation reserve		230	0	0	945477	945477
TOTAL		240	5073262	5073262	6018739	6018739
2. Retained profit:						
a) brought forward from previous years		250	-2348929	-2755068	-2755068	-2755068
b) for the accounting year		260	-181270	406139	-40325	
A. TOTAL		270	2543063	2724333	3223346	3263671
B. PROVISIONS						
1. Other provisions		280	9665	15569	2507	18597
B. TOTAL		290	9665	15569	2507	18597
C. CREDITORS						
1. Long term creditors						
1.1. Other loans		300	327520	57181	197271	472237
1.2. Next period income		310	1002109	1002109	1020509	756471
1. TOTAL		320	1329629	1059290	1217780	1228708
2. Short term creditors						
2.1. Loans from credit institutions		330	459360			
2.2. Other loans		340	468900			
2.3. Prepayments from customers		350	345	5245	11245	71141
2.4. Accounts payable to suppliers and contractors		360	297688	137889	121252	95889
2.5. Taxes and State mandatory social insurance payments		370	8894	8819	8324	8271
2.6. Other creditors		380	13834	14506	12706	22074
2.7. Next period income		390	456152	18443	4654	18486
2.8. Accrued obligations		400	1722	5183	1807	5938
2. TOTAL		410	1706895	190085	159988	221799
C. TOTAL		420	3036524	1249375	1377768	1450507
TOTAL LIABILITIES		430	5589252	3989277	4603621	4732775

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**PROFIT OR LOSS ACCOUNT
For 9 months of 2014**

EUR

Item	Row code	Nine months of 2014	Nine months of 2013
1	2	3	4
Net turnover	010	538526	405783
Production costs of goods sold	020	686121	379808
Gross profit or loss	030	-147595	25975
Sales costs	040	7775	3344
Administrative expenses	050	75653	96597
Other income from economic activities	060	127841	158832
Other costs of economic activities	070	28353	89235
Other interest income and similar income	080	313	1007
Interest payments and similar expenses	090	21707	10636
Profit or loss before extraordinary items and taxes	100	-152929	-13998
Profit or loss before taxes	110	-152929	-13998
Other taxes (Real estate tax)	120	28341	26327
Profit or loss for the accounting year	130	-181270	-40325

Earnings per share

-0,051

-0,011

STATEMENT OF CASH FLOWS for nine months of 2014

I. Cash flow from operating activities

No	ITEMS	2014	2013
		9 months	9 months
		EUR	EUR
1	Income from sales and services	459085	292675
2	Payments to suppliers, to employees and other expenses for production	444734	420518
3	Other income or expenses for economic activities	34585	69736
4	Cash flow from gross operating activities	48936	-58107
5	Real estate tax payments	28341	26326
I.	Net cash flow from operating activities	20595	-84433

II. Cash flow from investment activities

No	ITEMS	2014	2013
		9 months	9 months
		EUR	EUR
1	Purchase of shares	35000	
2	Purchase of intangible and fixed assets	1637250	
3	Sales of intangible and fixed assets	170107	175379
4	Given loans		71143
II.	Net cash from investment activities	-1502143	104236

III. Cash flow from financing

No	ITEMS	2014	2013
		9 months	9 months
		EUR	EUR
1	Received loan	1313260	42686
2	Received as financing of KPFI projects	464020	264038
3	Repaid loans	98112	326538
4	Paid interest	17776	
III.	Net cash flow from financing	1661392	-19814

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SUMMARY OF CASH INCOME AND EXPENDITURE

No	ITEMS	2014	2013
		9 months	9 months
		EUR	EUR
I	The result from operating activities	20595	-84433
II	The result from investment activities	-1502143	104236
III	The result from financing	1661392	-19814
IV	The result from currency rate fluctuations	-283	-2473
	Cash increase or decrease	179561	-2484
	Cash and cash equivalents at the beginning of the reporting period	53372	30556
	Cash and cash equivalents at the end of the reporting period	232933	28072

STATEMENT OF EXCHANGES IN EQUITY

EUR	30.09. 2014.	31.12. 2013.	30.09. 2013.	31.12. 2012.
Share capital	5073262	5073262	5073262	5073262
Long-term investment revaluation reserve				
In the balance sheet of the previous period	0	945477	945477	0
Exchanges of long-term investment revaluation reserve	0	-945477		945477
In the balance sheet at the end of the accounting period	0	0	945477	945477
Retained profit				
Retained profit brought forward from previous years	-2348929	-2755068	-2755068	-2759842
Profit of the accounting year	-181270	406139	-40325	4774
Total profit in the balance sheet at the end of the accounting year	-2530199	-2348929	-2795393	-2755068
Equity				
In the balance sheet of the previous period	2724333	3263671	3263671	3263671
In the balance sheet at the end of the accounting period	2543063	2724333	3223346	3263671

NOTES TO FINANCIAL STATEMENTS

1. General principles

The report for the first nine months of 2014 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 financial statements include comparable information of the same period of the previous year.

The financial statements are presented in euro (EUR).

Balance sheet for the first nine months of 2014

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

Balance value on September 30, 2014:	2697606 EUR	on January 1, 2014:	1985036 EUR
including: buildings and constructions-	2608780 EUR		1896210 EUR
land -	88826 EUR		88826 EUR
Cadastral value on 01.01.2014	2068715 EUR		
Cadastral value of the buildings -	1647534 EUR		
Cadastral value of the land -	421181 EUR		

In 2014 JSC „Rīgas autoelektroaparātu rūpnīca” invested 1, 3 million euro to improve the effectiveness of expenditure of energy in production building attracting 0, 73 million euro as investments of Climate changes financial instrument. After carrying out of the activities of the project JSC „Rīgas autoelektroaparātu rūpnīca” obtained two new central heating boilers that will ensure heating and hot water supply in long-term applying system of renewable energy resources and new ventilation system.

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

Till January 31, 2015 JSC „Rīgas autoelektroaparātu rūpnīca” will invest 1,2 million euro to improve the effectiveness of expenditure of energy in administrative building, attracting 0, 71 million euro as investments of Climate changes financial instrument.

To get a bank guarantee to repay the advance payment received from the Ministry of Environmental Protection and Regional Development, part of real estate on Klijanu street 2 is pledged as security.

3.Other securities and investments. Balance sheet –row code 060

A new enterprise JSC „Rīgas autoelektrokomponentu rūpnīca” is created. 100% of shares belong to JSC „Rīgas autoelektroaparātu rūpnīca”.

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

<i>Advance payment</i>	<i>EUR 30.09.2014</i>	<i>EUR 01.01.2014</i>	<i>EUR 30.09.2013</i>	<i>EUR 01.01.2013</i>
For services	11		3001	
For materials	470	370	9812	50051
For outfit	58652	58652	58652	42093
TOTAL	59133	59022	71465	92144

5. Purchasers' debts. Balance sheet –row code 140

<i>Business partner</i>	<i>EUR 30.09.2014</i>	<i>EUR 01.01.2014</i>	<i>EUR 30.09.2013</i>	<i>EUR 01.01.2013</i>
Enterprises of Russia	29963	50586	77692	22295
Enterprises of Belarus	112053	15351	15351	15351
Enterprises of Ukraine		6837		
Enterprises of Latvia	29275		9434	
TOTAL	171291	72774	102477	37646

6. Other debtors. Balance sheet –row code 150

<i>Debt</i>	<i>EUR 30.09.2014.</i>	<i>EUR 01.01.2014.</i>	<i>EUR 30.09.2013.</i>	<i>EUR 01.01.2013.</i>
Agreement of lease	9148	10013	9123	8667
For materials and outfit	55826	71504	102807	48437
For the equipment	44132	44132	59282	44132
For real estate	450149	569149		169194
Overpaid taxes	967	14368	6658	11259
Other debts	185			37
TOTAL	560407	709166	177870	281726

7. Cash. Balance sheet row code – 190

216303,47 EUR is financial security for advance payments from „Vides investīciju fonds” within the KPFI projects. This money temporarily is blocked.

8. 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.

9. Loans. Balance sheet row code – 300, 330 and 340

Reconstruction of buildings is implemented attracting investments of Climate changes financial instrument (KPFI). „RAR” is financing the projects attaching credits of other enterprises – 796420 EUR as well as loan from credit institution – 459360 EUR (including financial security).

10. Next period income. Balance sheet row code 310 and 390

Financing within the KPFI projects which will be gradually included in next period income.

11. Taxes and State mandatory social insurance payments. Balance sheet row code – 370

<i>Tax</i>	<i>Date of payment</i>	<i>EUR 30.09.2014.</i>	<i>EUR 01.01.2014.</i>	<i>EUR 30.09.2013</i>	<i>EUR 01.01.2013.</i>
Personal income tax	October, 2014	3154	3074	2877	3023
Social security payments	October, 2014	5671	5677	5380	5178
Business risk fee	October, 2014	12	11	10	13
Cars' tax for enterprises	October, 2014	57	57	57	57
Total:		8894	8819	8324	8271

Notes to profit or loss account

Net turnover is income from basic economic activities of the Company. It consists of total value of sold goods and delivered services without discounts and value added tax. Production costs of sold goods are expenses for used materials, all kind of services and energy, costs for personnel, amortization of tangible assets and writing- off of intangible assets as well as other expenses (expenses for labour safety, certification of the goods etc.)

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

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

	<i>Net turnover Total:</i>	<i>Including</i>			
		<i>Control and measuring devices for vehicles</i>	<i>Different orders</i>	<i>Other metal ware</i>	<i>Demise of real estate</i>
9 months of 2014	538526	496909	37873		3744
%	100	92.3	7.0		0.7
9 months 2013	405783	285705	20417	95937	3724
%	100	70.4	5.0	23.7	0.9

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

	<i>Net turnover Total:</i>	<i>Including</i>				
		<i>Russia</i>	<i>Ukraine</i>	<i>Belarus</i>	<i>EU</i>	<i>Latvia</i>
9 months of 2014	538526	104278	174281	100782	117868	41317
%	100	19.3	32.4	18.7	21.9	7.7
9 months 2013	405783	237516	33503		14738	120026
%	100	58.5	8.3		3.6	39.6

Chairman of the Board _____ E.Kazha

Members of the Board _____ G.Lubis

November 28, 2014 _____ M.Araslanov