



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

**Report for 12 months 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</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 - 31.12.2013</i>
Main shareholders	<i>Basing on the list of shareholders prepared on October 31,2013: 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>

## **Management report**

### **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, electroplating and paint coating 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).

JSC “Rīgas autoelektroaparātu rūpnīca” has neither foreign mission nor branch.

### **Economic activities in the reporting period**

Net turnover of the enterprise in 2013 is 398238 LVL (566642 EUR). It has increased by 56,4% if compared with 2012 due to larger deliveries to the enterprises of Russia and Ukraine.

Average number of employees in the reporting period is 29.

The result of economic activities in this period is profit 287987 LVL (409769 EUR). It is gained from sale of part of real estate.

The products of the enterprise are specific and are intended mainly for complete set of automobiles and agricultural machinery in Russia, Ukraine and Belarus. Therefore the production and delivery volumes are depending on the planned production volumes of automobiles’ producers and from the per cent of the production of our enterprise in total delivery volumes. 56% of net turnover in 2013 is export to Russia and 17% to Ukraine.

### **Future prospects and further development**

The board predicts that the volumes of sales in 2014 will be much bigger than in 2013. The collaboration with Ukraine will enlarge. The deliveries to Russian company GAZ are also scheduled bigger than in the previous year. The company is working to renew mutual collaboration with Belarus. A further perspective is to perform assembly works of other goods besides the production of electrical appliances for automobiles and tractors. The negotiations with potential customers in the countries of European Union are going on.

The real estate that belongs to the company is much bigger than it is necessary for the process of production. Great activities are carried out to enhance the efficiency of the estate. In 2014 JSC „Rīgas autoelektroaparātu rūpnīca” will invest 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. These investments will stop the deterioration and dilapidation of building structure and utilities as well as reduce the costs for energy. It will become possible to maintain adequate microclimate in premises. After carrying out of the activities of the project JSC „Rīgas autoelektroaparātu rūpnīca” will have obtained a new central heating boiler that will ensure heating and hot water supply in long-term applying system of renewable energy resources and thus ensuring growth of economic efficiency.

**Risks for the economic activities of the company**

- 1) Developing and introducing of new technologies is an expensive process. If it is necessary to obtain new machinery, equipment, punch press or introduce new technologies, it may cost from tens of thousands EUR up to hundred of thousands EUR. It is hard to return this money because the new product takes part in a tender where design, functions, quality as well as price are evaluated. As the products are intended for complete set of definite automobiles there is a risk that a contract will not be signed for any of reasons.
- 2) The price depends on three main factors – costs of production, demand and prices of competitors. If the level of prices for materials and services remain lower for the internal market of NVS (Commonwealth of Independent States) it may create essential problems for competitiveness of goods manufactured by the company. Besides, even if the prices are equal the automobile and tractor producers prefer local suppliers. The only possibility to stay in the market is to offer products of higher quality for low prices.
- 3) The activities of the company are subjected to the fluctuations of foreign currencies' exchange rate because different currencies are used in the deals with the purchasers as well as with the suppliers.  
Besides, problems may occur because of political situation in the countries of collaboration partners as it is now confirmed by the situation in Ukraine.

Chairman of the Board: \_\_\_\_\_

E.Kazha

Members of the Board: \_\_\_\_\_

G.Lubis

\_\_\_\_\_

M. Araslanov

February 27, 2014

## **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 6 to 16 are prepared in accordance with underlying accounting records and source documents and present fairly the financial position of the Company as on December 31, 2013 and the results of its operations and cash flows for the period ended on December 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,

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Eriks Kazha  
Chairman of the Board

February 27, 2014

*JSC „Rīgas autoelektroaparātu rūpnīca”  
Report for 12 months of 2013*

**BALANCE SHEET**

**For 12 months of 2013**

K=0,702804

ASSETS	Notes	Row code	LVL	LVL	EUR	EUR	LVL	LVL	EUR	EUR
			At the end of the period 31.12.13.	At the beginning of the year 1.01.13.	At the end of the period 31.12.13.	At the beginning of the year 1.01.13.	At the end of the period 31.12.12.	At the beginning of the year 1.01.12.	At the end of the period 31.12.12.	At the beginning of the year 1.01.12.
<b>A. LONG-TERM INVESTMENTS</b>										
<b>1. Fixed assets</b>										
1.1. Land, buildings and constructions	1	010	1395091	2223609	1985036	3163911	2223609	409229	3163911	582280
1.2. Equipment and machinery		020		3614	0	5142	3614	11520	5142	16392
1.3. Other fixed assets and inventory		030	39	176	56	250	176	346	250	492
<b>1. TOTAL</b>		<b>040</b>	<b>1395130</b>	<b>2227399</b>	<b>1985092</b>	<b>3169303</b>	<b>2227399</b>	<b>421095</b>	<b>3169303</b>	<b>599164</b>
<b>2. Long-term financial investments</b>										
2.1. Other securities and investments		050	180	200	256	285	200	200	285	285
<b>2. TOTAL</b>		<b>060</b>	<b>180</b>	<b>200</b>	<b>256</b>	<b>285</b>	<b>200</b>	<b>200</b>	<b>285</b>	<b>285</b>
<b>A. TOTAL</b>		<b>070</b>	<b>1395310</b>	<b>2227599</b>	<b>1985348</b>	<b>3169588</b>	<b>2227599</b>	<b>421295</b>	<b>3169588</b>	<b>599449</b>
<b>B. CURRENT ASSETS</b>										
<b>1. Inventory</b>										
1.1. Raw materials, basic materials and consumables		080	250787	225900	356838	321427	225900	247309	321427	351889
1.2. Work in progress		090	70741	77439	100655	110186	77439	28834	110186	41027
1.3. Finished goods and goods for sale		100	439245	472177	624989	671847	472177	572896	671847	815158
1.4. Advance payments for goods	2	110	41482	64759	59024	92144	64759	15454	92144	21989
<b>1. TOTAL</b>		<b>120</b>	<b>802255</b>	<b>840275</b>	<b>1141506</b>	<b>1195604</b>	<b>840275</b>	<b>864493</b>	<b>1195604</b>	<b>1230063</b>
<b>2. Debtors</b>										
2.1. Purchasers' debts	3	130	51146	26458	72774	37646	26458	73684	37646	104843
2.2. Other debtors	4	140	498473	197998	709263	281726	197998	236491	281726	336496
2.3. Short term loans	5	150	18934	12265	26941	17452	12265	75640	17452	107626
2.4. Next period costs	6	160	121	143	172	203	143	166	203	236
<b>2. TOTAL</b>		<b>170</b>	<b>568674</b>	<b>236864</b>	<b>809150</b>	<b>337027</b>	<b>236864</b>	<b>385981</b>	<b>337027</b>	<b>549201</b>
<b>3. Cash</b>	7	180	37510	21475	53372	30556	21475	489497	30556	696492
<b>B. TOTAL</b>		<b>190</b>	<b>1408439</b>	<b>1098614</b>	<b>2004028</b>	<b>1563187</b>	<b>1098614</b>	<b>1739971</b>	<b>1563187</b>	<b>2475756</b>
<b>TOTAL ASSETS</b>		<b>200</b>	<b>2803749</b>	<b>3326213</b>	<b>3989376</b>	<b>4732775</b>	<b>3326213</b>	<b>2161266</b>	<b>4732775</b>	<b>3075205</b>

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**BALANCE SHEET**

**For 12 months of 2013**

K=0,702804

LIABILITIES	Notes	Row code	LVL	LVL	EUR	EUR	LVL	LVL	EUR	EUR
			At the end of the period 31.12.13.	At the beginning of the year 1.01.13.	At the end of the period 31.12.13.	At the beginning of the year 1.01.13.	At the end of the period 31.12.12.	At the beginning of the year 1.01.12.	At the end of the period 31.12.12.	At the beginning of the year 1.01.12.
<b>A. Equity</b>										
1. Share capital	8	210	3565509	3565509	5073262	5073262	3565509	3565509	5073262	5073262
2. Long-term investment revaluation reserve	9	220	0	664485	0	945477	664485	0	945477	0
<b>TOTAL</b>		<b>230</b>	<b>3565509</b>	<b>4229994</b>	<b>5073262</b>	<b>6018739</b>	<b>4229994</b>	<b>3565509</b>	<b>6018739</b>	<b>5073262</b>
2. Retained profit:										
a) brought forward from previous years		240	-1936273	-1936273	-2755068	-2755068	-1939628	-1939628	-2759842	-2759842
b) for the accounting year		250	287987		409769		3355		4774	
<b>A. TOTAL</b>		<b>260</b>	<b>1917223</b>	<b>2293721</b>	<b>2727963</b>	<b>3263671</b>	<b>2293721</b>	<b>1625881</b>	<b>3263671</b>	<b>2313420</b>
<b>B.PROVISIONS</b>										
1. Other provisions	10	270	10942	13070	15569	18597	13070	9674	18597	13765
<b>B. TOTAL</b>		<b>280</b>	<b>10942</b>	<b>13070</b>	<b>15569</b>	<b>18597</b>	<b>13070</b>	<b>9674</b>	<b>18597</b>	<b>13765</b>
<b>C.CREDITORS</b>										
<b>1. Long term creditors</b>										
1.1. Other loans	11	290	40187	331890	57181	472237	331890	0	472237	0
1.2. Next period income	12	300	704286	531651	1002109	756471	531651	0	756471	0
<b>1. TOTAL</b>		<b>310</b>	<b>744473</b>	<b>863541</b>	<b>1059290</b>	<b>1228708</b>	<b>863541</b>	<b>0</b>	<b>1228708</b>	<b>0</b>
<b>2. Short term creditors</b>										
2.1. Advance payments from customers		320	3686	49998	5245	71141	49998		71141	
2.2. Accounts payable to suppliers and contractors	13	330	96909	67391	137889	95889	67391	131376	95889	186931
2.3. Taxes and State mandatory social insurance payments	14	340	6198	5813	8819	8271	5813	10907	8271	15520
2.4. Other creditors	15	350	10195	15514	14506	22074	15514	11659	22074	16589
2.5. Next period income	12	360	12962	12992	18443	18486	12992	367175	18486	522443
2.6. Accrued obligations	16	370	1161	4173	1652	5938	4173	4594	5938	6537
<b>2. TOTAL</b>		<b>380</b>	<b>131111</b>	<b>155881</b>	<b>186554</b>	<b>221799</b>	<b>155881</b>	<b>525711</b>	<b>221799</b>	<b>748020</b>
<b>C. TOTAL</b>		<b>390</b>	<b>875584</b>	<b>1019422</b>	<b>1245844</b>	<b>1450507</b>	<b>1019422</b>	<b>525711</b>	<b>1450507</b>	<b>748020</b>
<b>TOTAL LIABILITIES</b>		<b>400</b>	<b>2803749</b>	<b>3326213</b>	<b>3989376</b>	<b>4732775</b>	<b>3326213</b>	<b>2161266</b>	<b>4732775</b>	<b>3075205</b>



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**PROFIT OR LOSS ACCOUNT**  
**For 12 months of 2013**

K=0.702804

Item	Row code	LVL	LVL	EUR	EUR
		12 months of 2013	12 months of 2012	12 months of 2013	12 months of 2012
1	2	3	4	5	6
Net turnover	010	398238	254600	566642	362263
Production costs of goods sold	020	413860	330128	588870	469729
<b>Gross profit or loss</b>	<b>030</b>	<b>-15622</b>	<b>-75528</b>	<b>-22228</b>	<b>-107466</b>
Sales costs	040	5117	1684	7281	2396
Administrative expenses	050	91486	113956	130173	162145
Other income from economic activities	060	491657	313706	699565	446363
Other costs of economic activities	070	57978	93774	82495	133428
Other interest income and similar income	080	936	6566	1332	9342
Interest payments and similar expenses	090	9733	4590	13849	6531
Profit or loss before extraordinary items and taxes	100	312657	30740	444871	43739
<b>Profit or loss before taxes</b>	<b>110</b>	<b>312657</b>	<b>30740</b>	<b>444871</b>	<b>43739</b>
Other taxes (Real estate tax)	120	24670	27385	35102	38965
<b>Profit or loss for the accounting year</b>	<b>130</b>	<b>287987</b>	<b>3355</b>	<b>409769</b>	<b>4774</b>

**Earnings per share**

**0,081**

**0,001**

**0,115**

**0,001**

**STATEMENT OF CASH FLOWS for 12 months of 2013**

**I. Cash flow from operating activities**

K=0.702804

No	ITEMS	2013	2012	2013	2012
		12 months	12 months	12 months	12 months
		LVL	LVL	EUR	EUR
1	Income from sales and services	326794	279591	464986	397822
2	Payments to suppliers, to employees and other expenses for production	-419727	-469415	-597218	-667917
3	Other income or expenses for economic activities	75781	180177	107827	256369
4	Cash flow from gross operating activities	-17152	-9647	-24405	-13726
5	Real estate tax payments	-24670	-27385	-35102	-38965
<b>I.</b>	<b>Net cash flow from operating activities</b>	<b>-41822</b>	<b>-37032</b>	<b>-59507</b>	<b>-52691</b>

**II. Cash flow from investment activities**

No	ITEMS	2013	2012	2013	2012
		12 months	12 months	12 months	12 months
		LVL	LVL	EUR	EUR
1	Purchase of intangible and fixed assets		-1124966		-1600682
2	Sales of intangible and fixed assets	124128	150383	176618	213976
3	Given loans	-50000		-71143	
4	Repaid loans		35640		50711
5	Received interest		3076		4377
<b>II.</b>	<b>Net cash from investment activities</b>	<b>74128</b>	<b>-935867</b>	<b>105475</b>	<b>-1331618</b>

**III. Cash flow from financing**

No	ITEMS	2013	2012	2013	2012
		12 months	12 months	12 months	12 months
		LVL	LVL	EUR	EUR
1	Repayment of loan	30000	408754	42686	581604
2	Received as financing of KPFI 10/51 project	185567	177468	264038	252514
3	Repaid loans	-229492	-78650	-326538	-111909
<b>III.</b>	<b>Net cash flow from financing</b>	<b>-13925</b>	<b>507572</b>	<b>-19814</b>	<b>722209</b>

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**SUMMARY OF CASH INCOME AND EXPENDITURE**

No	ITEMS	2013	2012	2013	2012
		12 months	12 months	12 months	12 months
		LVL	LVL	EUR	EUR
I	The result from operating activities	-41822	-37032	-59507	-52691
II	The result from investment activities	74128	-935867	105475	-1331618
III	The result from financing	-13925	507572	-19814	722209
IV	The result from currency rate fluctuations	-2346	-2695	-3338	-3835
	Cash increase or decrease	<b>16035</b>	<b>-468022</b>	<b>22816</b>	<b>-665935</b>
	Cash and cash equivalents at the beginning of the reporting period	<b>21475</b>	<b>489497</b>	<b>30556</b>	<b>696491</b>
	Cash and cash equivalents at the end of the reporting period	<b>37510</b>	<b>21475</b>	<b>53372</b>	<b>30556</b>

## STATEMENT OF EXCHANGES IN EQUITY

LVL	31.12. 2013.	31.12. 2012.	31.12. 2011.
<b>Share capital</b>	3565509	3565509	3565509
<b>Long-term investment revaluation reserve</b>			
In the balance sheet of the previous period	664485	0	0
Exchanges of long-term investment revaluation reserve	-664485	664485	0
In the balance sheet at the end of the accounting period	0	664485	0
<b>Retained profit</b>			
Retained profit brought forward from previous years	-1936273	-1939628	-1596630
Profit of the accounting year	287987	3355	-342998
Total profit in the balance sheet at the end of the accounting year	-1648286	-1936273	-1939628
<b>Equity</b>			
In the balance sheet of the previous period	2293721	1625881	1625881
In the balance sheet at the end of the accounting period	1917223	2293721	1625881

EUR	31.12. 2013.	31.12. 2012.	31.12. 2011.
<b>Share capital</b>	5073262	5073262	5073262
<b>Long-term investment revaluation reserve</b>			
In the balance sheet of the previous period	945477	0	0
Exchanges of long-term investment revaluation reserve	-945477	945477	0
In the balance sheet at the end of the accounting period	0	945477	0
<b>Retained profit</b>			
Retained profit brought forward from previous years	-2755068	-2759842	-2271800
Profit of the accounting year	409769	4774	-488042
Total profit in the balance sheet at the end of the accounting year	-2345299	-2755068	-2759842
<b>Equity</b>			
In the balance sheet of the previous period	3263671	2313420	2313420
In the balance sheet at the end of the accounting period	2727963	3263671	2313420

## NOTES TO FINANCIAL STATEMENTS

The report of 12 months 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 12 months 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 December 31, 2013:	1395091 LVL	on January 1, 2013:	2223609LVL
including: buildings and constructions-	1332664 LVL		1834382LVL
land -	62427 LVL		389227 LVL
<b>Cadastral value on 01.01.2013</b>	<b>1920085 LVL</b>		
Cadastral value of the buildings -	1542885 LVL		
Cadastral value of the land -	377200LVL		

On December 2013, JSC „RAR” sold the parts of the property on Klijanu 2B.

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

<i>Advance payment</i>	<i>Total in LVL 31.12.2013</i>	<i>Total in LVL 31.12.2012</i>
For materials	261	35176
For outfit	41221	29583
TOTAL	41482	64759

### 3.Purchasers’ debts. Balance sheet –row code 130

<i>Business partner</i>	<i>Total in LVL 31.12.2013</i>	<i>Total in LVL 31.01.2012</i>
Enterprises of Russia	35552	15669
Enterprises of Belarus	10789	10789
Enterprises of Ukraine	4805	
TOTAL	51146	26458

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.

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

<i>Debt</i>	<i>Total in LVL 31.12.2013</i>	<i>Total in LVL 31.12.2012</i>
Agreement of lease	7037	6091
For materials and outfit	50253	34042
For the equipment	31016	31016
For real estate	400000	118910
Overpaid taxes	10167	7913
Other debts		26
<b>TOTAL</b>	<b>498473</b>	<b>197998</b>

**5. Short term loans. Balance sheet row code 150**

Residue of the loan is 25838, 84 EUR, accrued interest is 1101, 39 EUR

**6. Next period costs. Balance sheet row code 160**

Next period costs 121 LVL include magazine subscription and motor insurance.

**7. 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 December 31, 2013</i>	<i>Balance LVL As on January 1, 2013</i>
LVL			6136.62	5065.75
USD	57435.35	0.515	29579.15	2071.93
EUR	1323.74	0.702804	930.33	14337.20
RUR	55360.41	0.0156	863.62	0.65
<b>Total</b>			<b>37509.72</b>	<b>21475.53</b>

**8. 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.

**9. Long-term investment revaluation reserve. Balance sheet –row code - 220**

On 2012 the real estate on Klijanu street 2B was revaluated in conformity with actual value determined by certified estimator. Increase in value was stated in long-term investment revaluation reserves. On 2013 this state was sold.

**10. Other provisions. Balance sheet row code – 270**

In accordance with the law „On the annual reports” provisions for vacations of 2013 are calculated in total 10942 LVL.

The provisions for vacations of 2012 were calculated 13070 LVL.

**11. Other loans. Balance sheet row code – 290**

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

**12. Next period income. Balance sheet row code 300 and 360**

The financing 730210.58 LVL was received for KPFI-10/51 project - reconstruction of office building improving effectiveness of expenditure of thermal energy. 12962,32 LVL of them were included in the income of 2013, 12962,32 LVL will be included in the income of 2014 and 704285,94 LVL are long term next period income.

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

<i>Substantiation</i>	<i>Total in LVL 31.12.2013</i>	<i>Total in LVL 01.01.2013</i>
For electric power		2900
For water supply	244	911
For materials and sub-components	92488	58288
Payments to Stock exchange	756	756
Different services	3421	4536
<b>Total</b>	<b>96909</b>	<b>67391</b>

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

Item	Dec.31,2012 Overpaid (-) Debt(+)	Calculated in 2013	Fine	Paid in 2013	Received repay- ment	Dec.31,2013 Overpaid (-) Debt(+)
Personal income tax	2124.58	25458.52	0.03	25423.32		2159.81
Social security payments	3639.49	46567.92		46217.61		3989.80
Real estate tax	0	24669.98	35.54	24705.52		0
Business risk fee	8.50	90.75		91.00		8.25
Value added tax	-7913.04	-41536.64		3311.96	42603.85	-10157.79

There are no debts for tax payments.

In 2007 JSC „RAR” signed contract with „Zaļa josta”, Ltd for recovery of used wrapping materials and was exempted from natural resource tax for wrapping materials.

**15. Other creditors. Balance sheet row code – 350**

<i>Debt</i>	<i>Total in LVL 31.12.2013</i>	<i>Total in LVL 01.01.2013</i>
Salary	7854	7456
Other creditors	2341	8058
<b>Total</b>	<b>10195</b>	<b>15514</b>

**16. Accrued liabilities. Balance sheet row code 370**

1161 LVL for different services received in December 2013.

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**Notes to profit or loss account**

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

In 2012 income from this branch was inessential – only 0,5% 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>Other metal ware</i>	<i>Demise of real estate</i>
2013	398238	301809	25516	67425	3488
%	100	75.8	6.4	16.9	0.9

2012	254600	135430	9048	110122	
%	100	53.2	3.6	43.2	

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

	<i>Net turnover Total:</i>	<i>Including</i>			
		<i>Russia</i>	<i>Ukraine</i>	<i>EU</i>	<i>Latvia</i>
2013	398238	221562	67109	13030	96537
%	100	55.6	16.9	3.3	24.2

2012	254600	81778	18487	24185	130150
%	100	32.1	7.3	9.5	51.1

<b>Row code</b>	<b>Item</b>	<b>6 months of 2013 LVL</b>	<b>6 months of 2012 LVL</b>
<b>020</b>	<b>Production costs of goods sold, total:</b>		
	including	<b>413860</b>	<b>330128</b>
	-costs of materials and sub-components including transport expenses, custom fees and import duties	162700	95934
	-salaries and social security payments	113580	150910
	-provisions for vacations	8798	5184
	-electric power	30069	28657
	-services related to the process of production	24784	5450
	-inventory and outfit	1499	6016
	-amortization	37646	17591
	-operating costs	34784	20386



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<b>040</b>	<b>Sales costs, total:</b>	<b>5117</b>	<b>1684</b>
	Incl. - wrapping and transport costs	4537	1427
	- other expenses	580	257
<b>050</b>	<b>Administrative expenses, total :</b>	<b>91486</b>	<b>113956</b>
	including - salaries and social security payments	61247	68462
	- provisions for vacations	508	2488
	- communication expenses	1448	3366
	- expenses due to annual report		2000
	- bank services	3289	717
	- payments to Stock exchange	5000	5000
	- security costs	13497	26107
	- expenses due to shareholders' meeting	374	771
	- other administrative expenses	6123	5045
<b>060</b>	<b>Other income from economic activities</b>	<b>491657</b>	<b>313706</b>
	including - income from currency exchange rate revaluations		72
	- income from sales of fixed assets	10687	89697
	- sale of estate	377128	
	- sales of materials	59036	83782
	- sales of scrap metal	30431	82177
	-changes of ready made goods' stock value		51592
	- next period income referable to first quarter of 2013	12962	
	- other income	1413	6386
<b>70</b>	<b>Other costs of economic activities:</b>	<b>57978</b>	<b>93774</b>
	including- exchange rate of foreign currency	439	
	- expenses due to substitution of devices during guarantee period		769
	- electric power for renters		5051
	- changes of material stock	39843	59349
	- other expenses	17696	28605

Chairman of the Board \_\_\_\_\_ E.Kazha

Members of the Board \_\_\_\_\_ G.Lubis

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

February 27, 2014