



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

Report for the first quarter 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 - 31.03.2014</i>
Main shareholders	<i>Basing on the list of shareholders prepared on April 10,2014: 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 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 31.

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, 2014 and the results of its operations and cash flows for the period ended on March 31, 2014.

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, 2014

*JSC „Rīgas autoelektroaparātu rūpnīca”
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BALANCE SHEET

For the first quarter of 2014

EUR

ASSETS	Notes	Row code	At the end of the period 31.03.14.	At the beginning of the year 1.01.14.	At the end of the period 31.03.13.	At the beginning of the year 1.01.13.
A. LONG-TERM INVESTMENTS						
1. Fixed assets						
1.1. Land, buildings and constructions	1	010	1976012	1985036	3141411	3163911
1.2. Equipment and machinery		020	0	0	3214	5142
1.3. Other fixed assets and inventory		030	24	56	200	250
1.4. Payments on account for intangible investments	2	040	385000		0	
1. TOTAL		050	2361036	1985092	3144825	3169303
2. Long-term financial investments						
2.1. Other securities and investments		060	256	256	285	285
2. TOTAL		070	256	256	285	285
A. TOTAL		080	2361292	1985348	3145110	3169588
B. CURRENT ASSETS						
1. Inventory						
1.1. Raw materials, basic materials and consumables		090	335408	356838	323008	321427
1.2. Work in progress		100	97466	100655	100564	110186
1.3. Finished goods and goods for sale		110	623264	624989	695562	671847
1.4. Advance payments for goods	3	120	63794	59022	60065	92144
1. TOTAL		130	1119932	1141504	1179199	1195604
2. Debtors						
2.1. Purchasers' debts	4	140	70479	72774	53011	37646
2.2. Other debtors	5	150	695251	709166	245509	281726
2.3. Short term loans		160	27134	26941		17452
2.4. Next period costs		170	194	172	2897	203
2. TOTAL		180	793058	809053	301417	337027
3. Cash		3. TOTAL	190	56190	108982	30556
B. TOTAL		200	1969180	2003929	1589598	1563187
TOTAL ASSETS		210	4330472	3989277	4734708	4732775

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BALANCE SHEET

For the first quarter of 2014

EUR

LIABILITIES	Notes	Row code	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.
A. Equity						
1. Share capital	6	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	-88838	406139	-5519	
A. TOTAL		270	2635495	2724333	3258152	3263671
B.PROVISIONS						
1.Other provisions		280	13592	15569	13107	18597
B. TOTAL		290	13592	15569	13107	18597
C.CREDITORS						
1. Long term creditors						
1.1.Other loans	7	300	336999	57181	471817	472237
1.2.Next period income	8	310	1002109	1002109	756471	756471
1.TOTAL		320	1339108	1059290	1228288	1228708
2. Short term creditors						
2.1. Advance payments from customers		330	3045	5245	71141	71141
2.2. Accounts payable to suppliers and contractors		340	188447	137889	130775	95889
2.3. Taxes and State mandatory social insurance payments	9	350	9071	8819	7062	8271
2.4. Other creditors		360	13992	14506	10770	22074
2.5.Next period income	8	370	123583	18443	13864	18486
2.6. Accrued obligations		380	4139	5183	1549	5938
2.TOTAL		390	342277	190085	235161	221799
C.TOTAL		400	1681385	1249375	1463449	1450507
TOTAL LIABILITIES		410	4330472	3989277	4734708	4732775

**PROFIT OR LOSS ACCOUNT
For the first quarter of 2014**

EUR

Item	Row code	The first quarter of 2014	The first quarter of 2013
1	2	3	4
Net turnover	010	186037	65297
Production costs of goods sold	020	232794	94345
Gross profit or loss	030	-46757	-29048
Sales costs	040	2951	2958
Administrative expenses	050	23418	32830
Other income from economic activities	060	7364	144914
Other costs of economic activities	070	8941	72791
Other interest income and similar income	080	194	93
Interest payments and similar expenses	090	4874	4124
Profit or loss before extraordinary items and taxes	100	-79383	3256
Profit or loss before taxes	110	-79383	3256
Other taxes (Real estate tax)	120	9455	8775
Profit or loss for the accounting year	130	-88838	-5519

Earnings per share

-0,025

-0,002

STATEMENT OF CASH FLOWS for the first quarter of 2014

I. Cash flow from operating activities

No	ITEMS	2014	2013
		Q 1	Q1
		EUR	EUR
1	Income from sales and services	188047	48975
2	Payments to suppliers, to employees and other expenses for production	-183413	-141498
3	Other income or expenses for economic activities	7950	48625
4	Cash flow from gross operating activities	12584	-43898
5	Real estate tax payments	-9455	-8775
I.	Net cash flow from operating activities	3129	-52673

II. Cash flow from investment activities

No	ITEMS	2014	2013
		Q 1	Q1
		EUR	EUR
1	Purchase of intangible and fixed assets	-385000	-94
2	Sales of intangible and fixed assets		139000
II.	Net cash from investment activities	-385000	138906

III. Cash flow from financing

No	ITEMS	2014	2013
		Q 1	Q1
		EUR	EUR
1	Received loan	385000	
2	Received as financing of KPFI 10/51 project	109750	
3	Repaid loans	-109750	-7114
III.	Net cash flow from financing	385000	-7114

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SUMMARY OF CASH INCOME AND EXPENDITURE

No	ITEMS	2014	2013
		Q 1	Q1
		EUR	EUR
I	The result from operating activities	3129	-52673
II	The result from investment activities	-385000	138906
III	The result from financing	385000	-7114
IV	The result from currency rate fluctuations	-311	-693
	Cash increase or decrease	2818	78426
	Cash and cash equivalents at the beginning of the reporting period	53372	30556
	Cash and cash equivalents at the end of the reporting period	56190	108982

STATEMENT OF EXCHANGES IN EQUITY

EUR	31.03. 2014.	31.12. 2013.	31.03. 2014.	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	-88838	406139	-5519	4774
Total profit in the balance sheet at the end of the accounting year	2437767	-2348929	-2760587	-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	2635495	2724333	3258152	3263671

NOTES TO FINANCIAL STATEMENTS

1. General principles

The report for the first quarter 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 quarter 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 March 31, 2014:	1976012 EUR	on January 1, 2014:	1985036 EUR
including: buildings and constructions-	1887186 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		

2. Payments on account for intangible investments. Balance sheet – row code 040

Payment on account 385000 EUR is made to ensure the project KPFI-15.2/94 on improvement of the effectiveness of expenditure of energy in production building which will be carried out partly attracting investments of Climate changes financial instrument.

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

<i>Advance payment</i>	<i>EUR</i> <i>31.03.2014</i>	<i>EUR</i> <i>01.01.2014</i>	<i>EUR</i> <i>31.03.2013</i>	<i>EUR</i> <i>01.01.2013</i>
For materials	5142	370	333	50051
For outfit	58652	58652	59732	42093
TOTAL	63794	59022	60065	92144

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

<i>Business partner</i>	<i>EUR</i> <i>31.03.2014</i>	<i>EUR</i> <i>01.01.2014</i>	<i>EUR</i> <i>31.03.2013</i>	<i>EUR</i> <i>01.01.2013</i>
Enterprises of Russia	17954	50586	36240	22295
Enterprises of Belarus	15351	15351	15351	15351
Enterprises of Ukraine	26130	6837		
Enterprises of Latvia	11044		1420	
TOTAL	70479	72774	53011	37646

5. Other debtors. Balance sheet –row code 150

<i>Debt</i>	<i>EUR 31.03.2014.</i>	<i>EUR 01.01.2014.</i>	<i>EUR 31.03.2013.</i>	<i>EUR 01.01.2013.</i>
Agreement of lease	11359	10013	8667	8667
For materials and outfit	63817	71504	125525	48437
For the equipment	44132	44132	59282	44132
For real estate	569149	569149	36194	169194
Overpaid taxes	6794	14368	15841	11259
Other debts				37
TOTAL	695251	709166	245509	281726

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 loans. Balance sheet row code – 300

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

8. Next period income. Balance sheet row code 310 and 370

In 2012 and 2013 the financing 1038996 EUR (730210.58 LVL) was received for KPFI-10/51 project - reconstruction of office building improving effectiveness of expenditure of thermal energy. 18443 EUR of them will be included in the income of 2014 and 1002109 EUR are long term next period income.

Payment on account 109750 EUR is received for KPFI-15.2/94 project.

9. Taxes and State mandatory social insurance payments. Balance sheet row code – 350

<i>Tax</i>	<i>Date of payment</i>	<i>EUR 31.03.2014</i>	<i>EUR 31.03.2013</i>
Personal income tax	April, 2014	3194	2396
Social security payments	April, 2014	5808	4471
Business risk fee	April, 2014	12	10
Cars' tax for enterprises	April, 2014	57	185
Total:		9071	7062

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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>Demise of real estate</i>
The first quarter of 2014	186037	175670	9128	1239
%	100	94.4	4.9	0.7

The first quarter of 2013	65297	62884	1174	1239
%	100	96.3	1.8	1.9

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

	<i>Net turnover Total:</i>	<i>Including</i>			
		<i>Russia</i>	<i>Ukraine</i>	<i>EU</i>	<i>Latvia</i>
The first quarter of 2014	186037	40903	128972	5795	10367
%	100	22.0	69.2	3.1	5.7

The first quarter of 2013	65297	45158	10474	7252	2413
%	100	69.2	16.0	11.1	3.7

Row code	Item	Q 1, 2014 EUR	Q 1, 2013 EUR
020	Production costs of goods sold, total:		
	including	232794	94345
	-costs of materials and sub-components including transport expenses, custom fees and import duties	134284	32662
	-salaries and social security payments	58891	33287
	- electric power	13791	8719
	-services related to the process of production	6384	1333
	-inventory and outfit	46	57
	- amortization	9055	14146
	-operating costs	10343	4141

040	Sales costs, total:	2951	2958
	Incl. - wrapping and transport costs	2646	2766
	- other expenses	305	192

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050	Administrative expenses, total :	23418	32830
	including - salaries and social security payments	19914	22591
	- communication expenses	407	758
	- bank services	413	241
	- payments to Stock exchange	889	1779
	- expenses due to shareholders' meeting	224	532
	- other administrative expenses	1571	6929

060	Other income from economic activities	7364	144914
	- income from sales of fixed assets	2200	18522
	- sales of materials and outfit	553	83584
	- sales of scrap metal		38187
	- next period income referable to first quarter of 2014	4611	4621

70	Other costs of economic activities:	8941	72791
	including- exchange rate of foreign currency	454	3803
	- expenses due to substitution of devices during guarantee period	135	
	- residual value of written-off fixed assets		10331
	- changes of material stock	515	56447
	-for development od design documentation	7835	
	- other expenses	2	2210

Chairman of the Board _____ E.Kazha

Members of the Board _____ G.Lubis

_____ M.Araslanov

May 29, 2014