



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

**Report for the first 6 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 - 30.06.2014</i>
Main shareholders	<p>Basing on the list of shareholders prepared on April 30,2014:</p> <ol style="list-style-type: none"><li><i>1. JSC „Baltijas Holdings”-43.9 % Reg.Nr.40003148033, 2, Klijanu street, Riga</i></li><li><i>2. „Tehprojekts”,Ltd.- 43.9% Reg.Nr. 40103020397, 12,Unijas street, Riga</i></li><li><i>3. Other physical and legal persons 12.2%</i></li></ol>

## **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 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.

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

Net turnover of the enterprise in six months of 2014 is 263007 EUR. It has remained approximately at the same level as in such the period of 2013.

The products of the enterprise are specific and are intended mainly for complete set of automobiles and agricultural machinery in Russia, the 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.

88% of net turnover in six months of 2014 is export, including 28, 3% to Russia and 57% to Ukraine.

The result of economic activities in this period is a loss 114168 EUR. Partly it has been affected by political and consequently by economical situation in Russia and in the Ukraine.

In 2014 JSC „Rīgas autoelektroaparatu rupnica” 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. These investments stopped the deterioration and dilapidation of building structure and utilities as well as reduced the costs for energy. It has become possible to maintain adequate microclimate in premises. While implementing the project, JSC „Rīgas autoelektroaparatu rupnica” has obtained two new central heating boilers and a ventilation system that will ensure heating and hot water supply in long-term applying system of renewable energy resources and thus ensuring growth of economic efficiency.

The construction work within the framework of the project was paid partly using the bank loan of 352806, 52 EUR.

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

The board predicts that the volumes of sales in 2014 will be bigger than in 2013. There is a contract signed with the company of Belarus for the sale of the existing stock of the products. 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. Cooperation with the existing customers in Russia and in the Ukraine will also continue.

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. Until 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.

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

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

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

August 25, 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 15 are prepared in accordance with underlying accounting records and source documents and present fairly the financial position of the Company as on June 30, 2014 and the results of its operations and cash flows for the period ended on June 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 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

August 25, 2014

*JSC „Rīgas autoelektroaparātu rūpnīca”  
Report for the first 6 months of 2014*

**BALANCE SHEET**

**For six months of 2014**

**EUR**

ASSETS	Notes	Row code	At the end of the period 30.06.14.	At the beginning of the year 1.01.14.	At the end of the period 30.06.13.	At the beginning of the year 1.01.13.
<b>A. LONG-TERM INVESTMENTS</b>						
<b>1. Fixed assets</b>						
1.1. Land, buildings and constructions	1	010	2708855	1985036	3129389	3163911
1.2. Equipment and machinery		020	546871	0	1285	5142
1.3. Other fixed assets and inventory		030	5	56	145	250
<b>1. TOTAL</b>		<b>040</b>	<b>3255731</b>	<b>1985092</b>	<b>3130819</b>	<b>3169303</b>
<b>2. Long-term financial investments</b>						
2.1. Other securities and investments		050	256	256	285	285
<b>2. TOTAL</b>		<b>060</b>	<b>256</b>	<b>256</b>	<b>285</b>	<b>285</b>
<b>A. TOTAL</b>		<b>070</b>	<b>3255987</b>	<b>1985348</b>	<b>3131104</b>	<b>3169588</b>
<b>B. CURRENT ASSETS</b>						
<b>1. Inventory</b>						
1.1. Raw materials, basic materials and consumables		080	319598	356838	321640	321427
1.2. Work in progress		090	105850	100655	100873	110186
1.3. Finished goods and goods for sale		100	680126	624989	671923	671847
1.4. Advance payments for goods	2	110	60535	59022	58921	92144
<b>1. TOTAL</b>		<b>120</b>	<b>1166109</b>	<b>1141504</b>	<b>1153357</b>	<b>1195604</b>
<b>2. Debtors</b>						
2.1. Purchasers' debts	3	130	84751	72774	66829	37646
2.2. Other debtors	4	140	691830	709166	207302	281726
2.3. Short term loans		150		26941	71595	17452
2.4. Next period costs		160	143	172	1941	203
<b>2. TOTAL</b>		<b>170</b>	<b>776724</b>	<b>809053</b>	<b>347667</b>	<b>337027</b>
<b>3. Cash</b>	5	180	123744	53372	72337	30556
<b>B. TOTAL</b>		<b>190</b>	<b>2066577</b>	<b>2003929</b>	<b>1573361</b>	<b>1563187</b>
<b>TOTAL ASSETS</b>		<b>200</b>	<b>5322564</b>	<b>3989277</b>	<b>4704465</b>	<b>4732775</b>

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**BALANCE SHEET**

**For six months of 2014**

**EUR**

LIABILITIES	Notes	Row code	At the end of the period 30.06.13.	At the beginning of the year 1.01.13.	At the end of the period 30.06.12.	At the beginning of the year 1.01.12.
<b>A. Equity</b>						
1. Share capital	6	210	5073262	5073262	5073262	5073262
2. Long-term investment revaluation reserve		220	0	0	945477	945477
<b>TOTAL</b>		<b>230</b>	<b>5073262</b>	<b>5073262</b>	<b>6018739</b>	<b>6018739</b>
2. Retained profit:						
a) brought forward from previous years		240	-2348929	-2755068	-2755068	-2755068
b) for the accounting year		250	-114168	406139	15950	
<b>A. TOTAL</b>		<b>260</b>	<b>2610165</b>	<b>2724333</b>	<b>3279621</b>	<b>3263671</b>
<b>B.PROVISIONS</b>						
1. Other provisions		270	12169	15569	8759	18597
<b>B. TOTAL</b>		<b>280</b>	<b>12169</b>	<b>15569</b>	<b>8759</b>	<b>18597</b>
<b>C.CREDITORS</b>						
<b>1. Long term creditors</b>						
1.1. Other loans	7	290	318942	57181	200560	472237
1.2. Next period income	8	300	1002109	1002109	1020509	756471
<b>1.TOTAL</b>		<b>310</b>	<b>1321051</b>	<b>1059290</b>	<b>1221069</b>	<b>1228708</b>
<b>2. Short term creditors</b>						
2.1. Loans from credit institutions	7	320	352807			
2.2. Prepayments from customers		330	3045	5245	11060	71141
2.3. Accounts payable to suppliers and contractors	9	340	633691	137889	152797	95889
2.4. Taxes and State mandatory social insurance payments	10	350	8641	8819	9001	8271
2.5. Other creditors		360	12649	14506	11552	22074
2.6. Next period income	8	370	366688	18443	9264	18486
2.7. Accrued obligations		380	1658	5183	1342	5938
<b>2.TOTAL</b>		<b>390</b>	<b>1379179</b>	<b>190085</b>	<b>195016</b>	<b>221799</b>
<b>C.TOTAL</b>		<b>400</b>	<b>2700230</b>	<b>1249375</b>	<b>1416085</b>	<b>1450507</b>
<b>TOTAL LIABILITIES</b>		<b>410</b>	<b>5322564</b>	<b>3989277</b>	<b>4704465</b>	<b>4732775</b>



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**PROFIT OR LOSS ACCOUNT  
For 6 months of 2014**

**EUR**

Item	Row code	Six months of 2014	Six months of 2013
1	2	3	4
Net turnover	010	263007	271529
Production costs of goods sold	020	326458	223913
<b>Gross profit or loss</b>	<b>030</b>	<b>-63451</b>	<b>47616</b>
Sales costs	040	5634	3052
Administrative expenses	050	51171	66488
Other income from economic activities	060	68141	153571
Other costs of economic activities	070	31499	91319
Other interest income and similar income	080	313	542
Interest payments and similar expenses	090	11969	7369
Profit or loss before extraordinary items and taxes	100	-95270	33501
<b>Profit or loss before taxes</b>	<b>110</b>	<b>-95270</b>	<b>33501</b>
Other taxes (Real estate tax)	120	18898	17551
<b>Profit or loss for the accounting year</b>	<b>130</b>	<b>-114168</b>	<b>15950</b>

**Earnings per share**

**-0,032**

**0,004**

**STATEMENT OF CASH FLOWS for six months of 2014**

**I. Cash flow from operating activities**

No	ITEMS	2014	2013
		6 months	6 months
		EUR	EUR
1	Income from sales and services	267828	189626
2	Payments to suppliers, to employees and other expenses for production	315306	267699
3	Other income or expenses for economic activities	18035	53459
4	Cash flow from gross operating activities	29443	24614
5	Real estate tax payments	18898	17551
<b>I.</b>	<b>Net cash flow from operating activities</b>	<b>-48341</b>	<b>-42165</b>

**II. Cash flow from investment activities**

No	ITEMS	2014	2013
		6 months	6 months
		EUR	EUR
1	Purchase of intangible and fixed assets	875800	
2	Sales of intangible and fixed assets	11474	173025
3	Given loans		71143
<b>II.</b>	<b>Net cash from investment activities</b>	<b>-864326</b>	<b>101882</b>

**III. Cash flow from financing**

No	ITEMS	2014	2013
		6 months	6 months
		EUR	EUR
1	Received loan	737806	42686
2	Received as financing of KPFI projects	357466	264038
3	Repaid loans	110750	322992
4	Paid interest	1204	
<b>III.</b>	<b>Net cash flow from financing</b>	<b>983318</b>	<b>-16268</b>

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**SUMMARY OF CASH INCOME AND EXPENDITURE**

No	ITEMS	<b>2014</b>	<b>2013</b>
		<b>6 months</b>	<b>6 months</b>
		EUR	EUR
I	The result from operating activities	-48341	-42165
II	The result from investment activities	-864326	101882
III	The result from financing	983318	-16268
IV	The result from currency rate fluctuations	-279	-1668
	Cash increase or decrease	<b>70372</b>	<b>41781</b>
	Cash and cash equivalents at the beginning of the reporting period	<b>53372</b>	<b>30556</b>
	Cash and cash equivalents at the end of the reporting period	<b>123744</b>	<b>72337</b>

## STATEMENT OF EXCHANGES IN EQUITY

EUR	30.06. 2014.	31.12. 2013.	30.06. 2013.	31.12. 2012.
<b>Share capital</b>	5073262	5073262	5073262	5073262
<b>Long-term investment revaluation reserve</b>				
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
<b>Retained profit</b>				
Retained profit brought forward from previous years	-2348929	-2755068	-2755068	-2759842
Profit of the accounting year	-114168	406139	15950	4774
Total profit in the balance sheet at the end of the accounting year	-2463097	-2348929	-2739118	-2755068
<b>Equity</b>				
In the balance sheet of the previous period	2724333	3263671	3263671	3263671
In the balance sheet at the end of the accounting period	2610165	2724333	3279621	3263671

## NOTES TO FINANCIAL STATEMENTS

### 1. General principles

The report for the first six 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 six 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 June 30, 2014:	2708855 EUR	on January 1, 2014:	1985036 EUR
including: buildings and constructions-	2620029 EUR		1896210 EUR
land -	88826 EUR		88826 EUR
<b>Cadastral value on 01.01.2014</b>	<b>2068715 EUR</b>		
Cadastral value of the buildings -	1647534 EUR		
Cadastral value of the land -	421181 EUR		

In 2014 JSC „Rīgas autoelektroaparatu 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 autoelektroaparatu 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.

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

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

<i>Advance payment</i>	<i>EUR</i> <i>30.06.2014</i>	<i>EUR</i> <i>01.01.2014</i>	<i>EUR</i> <i>30.06.2013</i>	<i>EUR</i> <i>01.01.2013</i>
For materials	1883	370	269	50051
For outfit	58652	58652	58652	42093
<b>TOTAL</b>	<b>60535</b>	<b>59022</b>	<b>58921</b>	<b>92144</b>

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

<i>Business partner</i>	<i>EUR 30.06.2014</i>	<i>EUR 01.01.2014</i>	<i>EUR 30.06.2013</i>	<i>EUR 01.01.2013</i>
Enterprises of Russia	33413	50586	49799	22295
Enterprises of Belarus	15351	15351	15351	15351
Enterprises of Ukraine		6837		
Enterprises of Latvia	35987		1679	
TOTAL	84751	72774	66829	37646

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

<i>Debt</i>	<i>EUR 30.06.2014.</i>	<i>EUR 01.01.2014.</i>	<i>EUR 30.06.2013.</i>	<i>EUR 01.01.2013.</i>
Agreement of lease	9116	10013	9565	8667
For materials and outfit	63696	71504	121628	48437
For the equipment	44132	44132	59282	44132
For real estate	569149	569149		169194
Overpaid taxes	5070	14368	13695	11259
Other debts	667		3132	37
TOTAL	<b>691830</b>	<b>709166</b>	<b>207302</b>	<b>281726</b>

**5.Cash. Balance sheet row code – 180**

109750,00 EUR is financial security for advance payment from „Vides investīciju fonds” within the KPFI project. This money temporarily is blocked.

**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. Loans. Balance sheet row code – 290 and 320**

Reconstruction of buildings is implemented attracting investments of Climate changes financial instrument. „RAR” is financing 35% of the project attaching credits of other enterprises – 318942 EUR as well as loan from credit institution – 352806,62 EUR.

**8. Next period income. Balance sheet row code 300 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. 9222 EUR of them will still be included in the income of 2014 and 1002109 EUR are long term next period income.  
366688 EUR are received for KPFI-15.2/94 project.

**9. Accounts payable to suppliers and contractors. Balance sheet row code 340**

64% or 406450 EUR from total amount are accounts within the project KPFI-15.2/94.

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

<i>Tax</i>	<i>Date of payment</i>	<i>EUR 30.06.2014.</i>	<i>EUR 01.01.2014.</i>	<i>EUR 30.06.2013</i>	<i>EUR 01.01.2013.</i>
Personal income tax	July, 2014	3070	3074	3421	3023
Social security payments	July, 2014	5502	5677	5570	5178
Business risk fee	July, 2014	12	11	10	13
Cars' tax for enterprises	July, 2014	57	57		57
<b>Total:</b>		<b>8641</b>	<b>8819</b>	<b>9001</b>	<b>8271</b>

**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>
6 months of 2014	263007	230787	29741		2479
%	100	87.7	11.3		1.0
6 months 2013	271529	171605	1508	95937	2479
%	100	63.2	0.6	35.3	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>EU</i>	<i>Latvia</i>
6 months of 2014	263007	74316	150109	6362	32220
%	100	28.3	57.1	2.4	12.2
6 months 2013	271529	146446	10472	14738	99873
%	100	53.9	3.9	5.4	36.8

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

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

August 25, 2014 \_\_\_\_\_ M.Araslanov