



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

Report for the year 2014

(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>
Main activities	<i>NACE 2712 manufacture of electric equipment NACE 6820 renting and operating of own real estate</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 - 31.12.2014</i>
Main shareholders	Basing on the list of shareholders prepared on October 31,2014: <ol style="list-style-type: none"> <i>1. JSC „Baltijas Holdings”-43.9 % Reg.Nr.40003148033, 2, Klijanu street, Riga</i> <i>2. „Tehprojekts”,Ltd.- 43.9% Reg.Nr. 40103020397, 12,Unijas street, Riga</i> <i>3. Other physical and legal persons 12.2%</i>
Certified auditor	<i>Aivars Rutkis Licence No 18</i>

Management report

The company “Rīgas autoelektroaparātu rūpnīca” 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).

Economic activities in the reporting period

Net turnover of the enterprise in 2014 is 649497 EUR. It has increased by 14.6 % if compared with 2013 due to a contract signed with the company of Belarus for the sale of the existing stock of the products.

Average number of employees in the reporting period is 29.

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. 89.4 % of net turnover in 2014 is export, including 22.6 % to Russia, 30.0% to the Ukraine and 18.7% to Belarus.

The result of economic activities in this period is losses 299553 EUR. Partly it has been affected by political and consequently by economical situation in Russia and in the Ukraine.

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

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. 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 autoelektroaparātu rūpnīca” 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.

In 2014 JSC „Rīgas autoelektroaparātu rūpnīca” started activities to improve the effectiveness of expenditure of energy in administrative building. The project was finished on January 31, 2015. Total investments are 1.2 million euro. Financing from Climate changes financial instrument is scheduled 0.71 million euro.

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

Within the framework of the project the bank loan is 330955 EUR.

Events after the balance sheet date

There have not been any significant or extraordinary events between the last day of the reporting year and the day when the management signed the report that could essentially influence data or financial position of the company.

Future prospects and further development

The board predicts that the volumes of sales in 2015 will be the same as in 2014. Cooperation with the existing customers in Russia, in the Ukraine and in Belarus will continue. Political situation in these countries do not allow scheduling increase of deliveries

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 restore buildings and enhance the efficiency of the estate. In 2015 renovation work is expected to be completed.

Risks for the economic activities of the company

The activities of the company are subjected to the fluctuations of foreign currencies' exchange rate because not only EUR but also US dollars are used in the deals with the purchasers as well as with the suppliers. The risk factor is not only fluctuations of the US dollar exchange rate against EUR, but also the exchange rate of local currency in purchasers' countries against EUR and US dollar which burden their settlement on the production.

Besides, problems may occur because of political situation in the countries of collaboration partners as it is now confirmed by the situation in Ukraine.

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

The board of JSC „RAR” proposes to cover the losses of 2014 in the coming years.

Chairman of the Board:



E.Kazha

Members of the Board:



G.Lubis



M. Araslanov

February 26, 2015

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 22 are prepared in accordance with underlying accounting records and source documents and present fairly the financial position of the Company as on December 31, 2014 and the results of its operations and cash flows for the period ended on December 31, 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,



Eriks Kazha
Chairman of the Board

February 26, 2015

Corporate Governance report

JSC „Rīgas autoelektroaparātu rūpnīca” Corporate Governance Report of the year 2014 is prepared according to NASDAQ Riga, JSC Corporate governance principles and recommendations on their implementation, issued in 2010. The report is worked out in accordance with the principle “observe or explain”.

The report is made by the Board of JSC „Rīgas autoelektroaparātu rūpnīca” and revised by the Council of JSC „Rīgas autoelektroaparātu rūpnīca”.

This report is prepared and submitted to NASDAQ OMX together with JSC “Rīgas autoelektroaparātu rūpnīca” audited annual financial report of 2014 and published at the official web site of NASDAQ Riga.

On behalf of JSC “RAR”



E.Kazha
Chairman of the Board

February 26, 2015

JSC „Rīgas autoelektroaparātu rūpnīca”
Report for the year 2014

BALANCE SHEET

For 2014

EUR

ASSETS	Notes	31.12.2014.	31.12.2014.
A. LONG-TERM INVESTMENTS			
1. Fixed assets			
1.1. Land, buildings and constructions	1	2686355	1985036
1.2. Equipment and machinery		562255	0
1.3. Other fixed assets and inventory		2370	56
1.4. Costs of unfinished building objects	2	749144	
1. TOTAL		4000124	1985092
2. Long-term financial investments			
2.1. Participation in the capital of related companies	3	35000	
2.2. Participation in the capital of associated companies	4	11325	
2.3. Other securities and investments		256	256
2. TOTAL		46581	256
A. TOTAL		4046705	1985348
B. CURRENT ASSETS			
1. Inventory			
1.1. Raw materials, basic materials and consumables		271761	356838
1.2. Work in progress		83654	100655
1.3. Finished goods and goods for sale		405440	624989
1.4. Advance payments for goods		58802	59022
1. TOTAL		819657	1141504
2. Debtors			
2.1. Purchasers' debts	5	172622	72774
2.2. Other debtors		564575	709166
2.3. Short term loans			26941
2.4. Next period costs	6	114	172
2.5. Accrued income		12777	
2. TOTAL		750088	809053
3. Cash	7	110538	53372
3. TOTAL			
B. TOTAL		1680283	2003929
TOTAL ASSETS		5726988	3989277

*JSC „Rīgas autoelektroaparātu rūpnīca”
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BALANCE SHEET

For 2014

EUR

LIABILITIES	Notes	31.12.2014.	31.12.2014.
A. Equity			
1. Share capital	8	5073262	5073262
2. Long-term investment revaluation reserve	9	56815	0
TOTAL		5130077	5073262
2. Retained profit:			
a) brought forward from previous years		-2348929	-2755068
b) for the accounting year		-299553	406139
A. TOTAL		2481595	2724333
B.PROVISIONS			
1.Other provisions	10	15927	15569
B. TOTAL		15927	15569
C.CREDITORS			
1. Long term creditors			
1.1.Other loans			57181
1.2.Next period income		1639376	1002109
1.TOTAL		1639376	1059290
2. Short term creditors			
2.1.Loans from credit institutions		330955	
2.2.Other loans	11	588011	
2.3.Prepayments from customers		106553	5245
2.4. Accounts payable to suppliers and contractors	12	476979	137889
2.5. Taxes and State mandatory social insurance payments	13	5561	8819
2.6. Other creditors		7974	14506
2.7.Next period income	14	68359	18443
2.8. Accrued obligations	15	5698	5183
2.TOTAL		1590090	190085
C.TOTAL		3229466	1249375
TOTAL LIABILITIES		5726988	3989277

**PROFIT OR LOSS ACCOUNT
For 2014**

EUR

Item	Notes	2014	2013
1	2	3	4
Net turnover	16	649497	566642
Production costs of goods sold		871873	590233
Gross profit or loss		-222376	-23591
Sales costs		9400	7281
Administrative expenses		108124	132411
Other income from economic activities		206744	709905
Other costs of economic activities		98955	92864
Other interest income and similar income		313	1332
Interest payments and similar expenses		29971	13849
Profit or loss before extraordinary items and taxes		-261769	441241
Profit or loss before taxes		-261769	441241
Other taxes (Real estate tax)		37784	35102
Profit or loss for the accounting year		-299553	406139

Earnings per share

-0,084

0,114

STATEMENT OF CASH FLOWS for 2014

I. Cash flow from operating activities

No	ITEMS	2014	2013
		EUR	EUR
1	Income from sales and services	585041	464986
2	Payments to suppliers, to employees and other expenses for production	567985	597218
3	Other income or expenses for economic activities	49818	107827
4	Cash flow from gross operating activities	66874	-24405
5	Real estate tax payments	37784	35102
I.	Net cash flow from operating activities	29090	-59507

II. Cash flow from investment activities

No	ITEMS	2014	2013
		EUR	EUR
1	Purchase of shares	46116	
2	Purchase of intangible and fixed assets	1785775	
3	Sales of intangible and fixed assets	172793	176618
4	Given loans		71143
II.	Net cash from investment activities	-1659098	105475

III. Cash flow from financing

No	ITEMS	2014	2013
		EUR	EUR
1	Received loan	1313260	42686
2	Received as financing of KPFI projects	837137	264038
3	Repaid loans	432518	326538
4	Paid interest	30374	
III.	Net cash flow from financing	1687505	-19814

SUMMARY OF CASH INCOME AND EXPENDITURE

No	ITEMS	2014	2013
		EUR	EUR
I	The result from operating activities	29090	-59507
II	The result from investment activities	-1659098	105475
III	The result from financing	1687505	-19814
IV	The result from currency rate fluctuations	-331	-3338
	Cash increase or decrease	57166	22816
	Cash and cash equivalents at the beginning of the reporting period	53372	30556
	Cash and cash equivalents at the end of the reporting period	110538	53372

STATEMENT OF EXCHANGES IN EQUITY

EUR	31.12. 2014.	31.12. 2013.	31.12. 2012.
Share capital	5073262	5073262	5073262
Long-term investment revaluation reserve			
In the balance sheet of the previous period	0	945477	0
Exchanges of long-term investment revaluation reserve	56815	-945477	945477
In the balance sheet at the end of the accounting period	56815	0	945477
Retained profit			
Retained profit brought forward from previous years	-2348929	-2755068	-2759842
Profit of the accounting year	-299553	406139	4774
Total profit in the balance sheet at the end of the accounting year	-2648482	-2348929	-2755068
Equity			
In the balance sheet of the previous period	2724333	3263671	3263671
In the balance sheet at the end of the accounting period	2481595	2724333	3263671

NOTES TO FINANCIAL STATEMENTS

1. General principles

The report for the year 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).

2. Accounting policy

The accounting policy of the Company was developed to ensure that the information:

- is applicable for decision making;
- is credible and fairly presents the results of activities and the financial position;
- reveals economic essence of a deal;
- is not prejudiced;
- is prudent;
- keeps going concern principle;
- is complete in all essential aspects.

The reporting period is

January 1, 2014 till December 31, 2014.

Accounts in 2014 are kept according to the approved chart of accounts of the enterprise.

2.1. The synthetic register of accounting is general ledger. The entries in it are made from the grouping reports of economic operations. Registers of analytic accounting are accounting entry books, lists and cards.

2.2. Software developed by “Bilance”, Ltd. is used to compile accounting registers.

2.3. Balances of assets on 31.12.2014 were checked-up in an inventory from 01.01.2015 until 31.01.2015.

2.4. Depreciation of fixed assets is calculated using the straight-line method applying the depreciation rates set by management.

Kind of fixed assets	Rate of depreciation	
	In financial accounts	
Buildings, constructions and transmission devices	From 1,0% to 8,3 %	
	Years	Months
Equipment and machinery		
Loading devices and machinery	2	24
Technological equipment and machinery, working in adverse conditions	4	48
Technological equipment for production, laboratory equipment (measurement equipment)	5	60
Thermal technical equipment, pumps and compressors, ventilation equipment	7	84
Power units, electric motors, telecommunication equipment	8	96
Vehicles (cars, trucks and trailers)	5	60
Other fixed assets and inventory		
Office equipment and inventory	10	120
Computers, software, xeroxes and electronic cash-registers	5	60
Inventory used in production and for transportation and storage of goods	3	36
Other inventory	5	60

2.5. Stock of materials and purchased parts is estimated using weighted average prices.

2.6. The stock of finished goods is valued in accordance with the lowest market price.

2.7. Foreign currency in bank accounts and in treasury is translated into EUR in accordance with the European Central Bank exchange rate for the last day of reporting period.

Foreign currency	31.12.2014	31.12.2013
USD	1.2141	1.365
RUR	72.337	45.052

2.8. All debts are real and reconciled with debtors and creditors. Debts in foreign currency are translated into EUR in accordance with the European Central Bank exchange rate for the last day of reporting period. The resulting profit or loss is revealed in profit or loss account of the period.

2.9. In compliance with the law „On annual reports” deferred taxation liabilities are to be calculated for the beginning of the reporting year and at the end of it and included in balance sheet. Changes in liabilities of deferred income tax are to be revealed in profit or loss account.

Deferred income tax is calculated by liability method including all temporary differences between asset and liability values in financial statements and their values in the calculations for taxes.

Persuant to the precautionary principle, if in the result of calculations deferred taxation asset arises, it is not included in the balance sheet.

2.10. Amount of provisions for vacations is calculated by multiplying the average wage per day of each of the employees in the reporting year by the amount of his accrued but not used vacation days at the end of the reporting year.

Balance sheet for the year 2014

1. Buildings, constructions and land are registered in Land Register and the property belongs to „RAR”.

Balance value on December 31, 2014:	2686355 EUR	on January 1, 2014:	1985036 EUR
including: buildings and constructions-	2597529 EUR		1896210 EUR
land -	88826 EUR		88826 EUR
Cadastral value on 01.01.2015	2067250 EUR		
Cadastral value of the buildings -	1646069 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.

Statement of changes in fixed assets in 2014

	Land	Buildings and constructions	Equipment and machinery	Other fixed assets and inventory	Unfinished building objects	Total
	EUR	EUR	EUR	EUR		EUR

Historical or re-valued cost

Historical or re-valued cost on January 1, 2014	88826	2085341	1416753	121538	0	3712458
Obtained and renovated		741868	546871		749144	2037883
Disposals			226000			226000
Revaluation			54445	2370		56815
Historical or revalued cost on December 31, 2014	88826	2827209	1792069	123908	749144	5581156

*JSC „Rīgas autoelektroaparātu rūpnīca”
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Depreciation

On January 1, 2014	0	189131	1416753	121482	0	1727366
Charge for the year		40549	39061	56		79666
Disposals			226000			226000
On December 31, 2014	0	229680	1229814	121538	0	1581032

Net book value on January 1, 2014	88826	1896210	0	56	0	1985092
Net book value on December 31, 2014	88826	2597529	562255	2370	749144	4000124

The equipment involved in production process is reevaluated.

2.Costs of unfinished building objects.

In 2014 JSC „Rīgas autoelektroaparātu rūpnīca” started activities to improve the effectiveness of expenditure of energy in administrative building. The project was finished on January 31, 2015. Total investments are 1.2 million euro. Financing from Climate changes financial instrument is scheduled 0.71 million euro.

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

3. Participation in the capital of related companies.

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

4. Other securities and investments.

JSC „Rīgas autoelektrokomponentu rūpnīca” owns 27,5% of parts of joint venture in Belarus, limited liability company „ETON-AVTO”.

5.Purchasers' and other debts.

All the debts are receivable within a year.

6. Next period costs.

Next period costs include magazine subscriptions, accumulated guarantee deposit for mobile communications and domain usage rights in 2015.

7.Cash.

106553 EUR is financial security for advance payment from „Vides investīciju fonds” within the KPFI project. This money temporarily is blocked.

8. Share capital.

Share capital is 5073262 EUR (3565509 LVL). Nominal value of a share is 1.42 EUR (1.00LVL).

Information pursuant to the requirements set out in Financial Instrument Market Law section 56.¹ -information to be additionally included in the financial statements

Regulatory requirements	Compliance
Information on the capital structure, share categories, the rights and obligations arising from each category of the shares and the percentage of the share capital, by specifying separately the number of the shares which are not included in regulated markets	Total amount of issued shares is 3565509. 1762786 are bearer' shares, which are circulated in the regular market. 1802723 are registered shares, which are not involved in regular markets. All the shares have equal rights.
Details on the restrictions applicable to share transfers or the need to get the consent of the company or other shareholders for the alienation of the shares	None
Persons who have directly or indirectly acquired a substantial holding in the company, as well as their interests	JSC "Baltijas Holdings" 43,9% Ltd. "Tehprojekts" 43,9%
Shareholders who have special control rights; description of the rights	None
The manner in which the company will use the voting rights arising from the shares of employees if they are not used by employees themselves	Such category of shares does not exist
Shareholders' agreement, which is known to the company and can result in restrictions on the transfer of the shareholders' equity or voting rights to other persons, including the terms and conditions providing for a prior approval of such transfer	None
Terms governing the election of Board members, changes in the composition of the Board and amendments of Articles of Association	In accordance with the Articles of Association and legislative requirements
The authority of the members of the board, including the authority to issue or to repurchase shares	The authority of the members of the board are determined in the Commercial Law. The members of the Board are not authorised to issue or to repurchase shares without the authorisation of the shareholders' meeting
All significant agreements and contracts, concluded by the company under which in the case of change of the control they will become effective, the term of which will expire or which will be modified, as well as the effect of their entry into force, termination or amendment	None
All agreements between the company and its members of the board, providing for the payment of compensation in the event of the loss of the office, when they are dismissed without sufficient cause or when they are dismissed after expressing the offer to repurchase the shares.	None

9. Long-term investment revaluation reserve.

The equipment involved in production process is reevaluated.

10. Other provisions.

In accordance with the law „On the annual reports” provisions for vacations of 2014 are calculated in total 15927 EUR. The provisions for vacations of 2013 were calculated 15569 EUR.

11. Loans.

Reconstruction of buildings is implemented attracting investments of Climate changes financial instrument (KPMF). „RAR” is financing the projects attaching credits of other enterprises – 588011 EUR, as well as loan from credit institution – 330955 EUR (including financial security). Interest rate for financial security is set 1,5% and for credit 5,5%. Interest is payable once a month. The loan repayment term is 01.04.2015.

13.Accounts payable to suppliers and contractors.

All the debts are payable within a year.

13. Taxes and State mandatory social insurance payments.

<i>Tax</i>	<i>Date of payment</i>	<i>Total in EUR 31.12.2014</i>	<i>Total in EUR 01.01.2014</i>
Personal income tax	January, 2015	1981	3073
Social security payments	January, 2015	3515	5677
Business risk fee	January, 2015	8	12
VAT			
Cars' tax for enterprises	January, 2015	57	57
Total:		5561	8819

Item	31.12.2013 Overpaid - Debt +	Calculated in 2014	Fine	Paid in 2014	Received repay- ment	Redirected	31.12.2014 Overpaid - Debt +
Personal income tax	3073	36092		37184			1981
Social security payments	5677	64928		67080		10	3515
Real estate tax	0	37784	33	37817			0
Business risk fee	12	133		137		0	8
Value added tax	-14368	-37486		9730	59140	-10	-2434

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.

14. Next period income.

The financing 1038996 EUR (730211 LVL) was received for KPMF-10/51 project (the year 2012) - reconstruction of office building improving effectiveness of expenditure of thermal energy. 18444 EUR (12962 LVL) were included in the income of 2013 and 18444 EUR were included in the income of 2014. Respectively 18444 EUR will be included in the income of 2015 and 983665 EUR are long term next period income.

The financing 730583 EUR was received for KPMF-15.2/94 project (the year 2014). 24957 EUR are included in the income of 2014. Respectively 49915 EUR will be included in the income of 2015 and 655711 EUR are long term next period income.

15. Accrued liabilities.

5698 EUR for different services received in December 2014.

16. Net turnover.

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>
2014	649497	580197	64277		5023
%	100	89.3	9.9		0.8
2013	566642	429436	36306	95937	4963
%	100	75.8	6.4	16.9	0.9

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

	<i>Net turnover Total:</i>	<i>Including</i>				
		<i>Russia</i>	<i>Ukraine</i>	<i>Belarus</i>	<i>EU</i>	<i>Latvia</i>
2014	649497	146607	194724	121458	117868	68840
%	100	22.6	30.0	18.7	18.1	10.6
2013	566642	315254	95488		18540	137360
%	100	55.5	16.9		3.3	24.2

	<u>2014</u>	<u>2013</u>
17. Production costs of goods sold, total:		
including	871873	590233
-costs of materials and sub-components including transport expenses, custom fees and import duties	384101	231502
-salaries and social security payments	303421	161610
-provisions for vacations	4245	12518
-electric power	39583	44176
-services related to the process of production	15919	35264
-inventory and outfit	4390	2133
-amortization	79665	53565
-operating costs	40549	49465

*JSC „Rīgas autoelektroaparātu rūpnīca”
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18. Sales costs, total:	9400	7281
Incl. - wrapping and transport costs	8316	6456
- other expenses	1084	825
 19. Administrative expenses, total :	 108124	 132411
including - salaries and social security payments	84364	87147
- provisions for vacations	3830	723
- communication expenses	1725	2060
- bank services	3031	4680
- payments to Stock exchange	7114	7114
- expenses due to shareholders' meeting	366	532
- other administrative expenses	7694	30155
 20. Other income from economic activities	 206744	 709905
- income from sales of fixed assets	49867	25546
-remuneration for the use of intellectual property	30000	
- sale of estate		536605
- sales of materials	28484	84001
- sales of scrap metal	20265	43299
- next period income referable to first quarter of 2013	43401	18443
- other income	34727	2011
 21. Other costs of economic activities:	 98955	 92864
including- exchange rate of foreign currency	23040	625
- expenses due to substitution of devices during guarantee period	135	
- residual value of written-off fixed assets		10340
- changes of material stock	56695	56691
- other expenses	19085	25208

22. Deffered income tax

There aroused assets of deferred income tax in 2014.

	31.12.2014.	31.12.2013.
Temporary difference on fixed assets depriciation	248029	51683
Temporary difference on provisions for unused vacations	-54	319
Tax loss	-331316	-282092
Total	-83341	-230090

Persuant to the precautionary principle, assets of deferred income tax are not included in the balance sheet.

23. Deals with related companies

All the bussines deals between related companies were concluded in market prices.

24. Management remuneration

	<i>In 2014</i>		<i>In 2013</i>	
	<i>Salary</i>	<i>Mandatory state social insurance contributions</i>	<i>Salary</i>	<i>Mandatory state social insurance contributions</i>
Council	34200	8068	33580	8089
Board	18810	4437	16394	3858

25. Average number of employees during the financial year

Average number of employees in the reporting period is 29.

Average number of employees in 2013 also was 29.

26. Pledged assets.

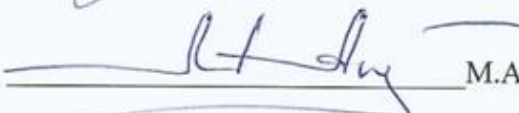
To get a bank guarantee to repay the advance payment received from the Ministry of Environmental Protection and Regional Development and credit, real estate on Klijanu street 2 is pledged as security.

Chairman of the Board


E.Kazha

Members of the Board


G.Lubis


M.Araslanov

February 26, 2015

INDEPENDENT AUDITORS' REPORT

To the Shareholders of JSC "Rigas autoelektroaparatu rupnica"

Report on the Financial Statements

We have audited the accompanying financial statements of JSC "Rigas autoelektroaparatu rupnica" set out on pages 8. to 22. of the accompanying annual report, which comprise the balance sheet as of 31 December 2014 and the profit and loss account and the statements of changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Law of the Republic of Latvia on Annual Reports, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of JSC "Rigas autoelektroaparatu rupnica" as of 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with the Law of the Republic of Latvia on Annual Reports.

Other Matter

Comparative figures for the year 2013 are based on the Company's financial statement for the year ended on 31 December 2013, which were audited by other independent auditors.

Report on Other Legal and Regulatory Requirements

We have read the management report for 2014 set out on pages 4. to 5. of the accompanying annual report for 2014 and did not identify material inconsistencies between the financial information contained in the management report and that contained in the financial statements for 2014.



Aivars Rutkis

Certified auditor of Latvia, Certificate No.18

Dainu iela 5-9, Dobeles nov., LV-3701
26.03.2015.