

**JOINT STOCK COMPANY  
“RĪGAS ELEKTROMAŠĪNBŪVES RŪPNĪCA”  
(RIGA ELECTRIC MACHINERY FACTORY)**

Reg. No. 40003042006  
Ganību dambis 31, Riga, LV-1005

**ANNUAL REPORT FOR 3 MONTHS  
OF THE YEAR 2009  
(NON-AUDITED)**

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## INFORMATION ABOUT THE COMPANY

Name of the Company	AS (Joint Stock Company) "Rīgas elektromašīnbūves rūpnīca" (AS "RER")
Legal status of the Company	Joint Stock Company
Registration No. in the Register of Enterprises, date and place of registration	No. 000304200, Riga, 29 November 1991
Unified Registration No. in the Commercial Register, date and place of registration	No. 40003042006, Riga, 29 September 2004
Registered office	Ganību dambis 31, Riga, LV-1005, the Republic of Latvia
Institution in charge of the Company	General meeting of shareholders
Chair of the Board	Grigorijs Uspenskis (from 29.08.2006)
Board Members	Aleksejs Maksimovs (from 25.07.2008)
	Vladimirs Antjufejevs (from 15.05.2006)
	Anatolijs Ostaščenko (from 07.05.2007)
	Andrejs Zujevs (from 07.05.2007)
Accounting period	1 January 2009 – 31 March 2009
Auditor	SIA "Rīgas audits", licence No. 103 Skolas iela 11-501, Riga, LV-1010, Latvia Certified auditor Jānis Mežiels Certified auditor's certificate No. 127
Associated companies	SIA "Lovato – REZ", Reg. No. 000307218 Ganību dambis 31, Riga, the Republic of Latvia Fixed capital LVL 115,200 (EUR 163915) Shares – 50 %

**PROFIT AND LOSS ACCOUNT FOR 3 MONTHS OF 2009**

No.	Items	Line code	Note	31.03.09. LVL	31.03.08. LVL	31.03.09. EUR	31.03.08. EUR
1	Net turnover	010	1	4121337	4655994	5864134	6624883
2	Production costs of the goods sold	020	2	(4231777)	(4012418)	(6021276)	(5709156)
3	<b>Gross profit or loss</b>	030		<b>(110440)</b>	<b>643576</b>	<b>(157142)</b>	<b>915727</b>
4	Selling expenses	040	3	(164350)	(198281)	(233849)	(282128)
5	Administration expenses	050	4	(601685)	(879495)	(856121)	(1251409)
6	Other operating income	060	5	39707	39115	56498	55656
7	Other operating expenses	070	6	(292466)	(129814)	(416142)	(184709)
8	Other interest income and similar income	100		1	8	1	11
9	Other interest payments and similar expenses	120	7	(99887)	(120902)	(142126)	(172028)
10	Profit or loss before extraordinary items and taxes	130		(1229120)	(645793)	(1748881)	(918880)
11	Profit or loss before tax	160		(1229120)	(645793)	(1748881)	(918880)
12	Other taxes	190	9	(22814)	(20788)	(32461)	(29579)
13	Profit or loss of the accounting period	200		<b>(1251934)</b>	<b>(666581)</b>	<b>(1781342)</b>	<b>(948459)</b>

EPS (earnings per share)	(0,22)	(0,11)	(0,31)	(0,16)
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**BALANCE SHEET FOR 3 MONTHS OF 2009**

<b>A S S E T S</b>	<b>Line code</b>	<b>Note</b>	<b>31.03.09. LVL</b>	<b>31.03.08. LVL</b>	<b>31.03.09. EUR</b>	<b>31.03.08. EUR</b>
<b>1. LONG-TERM INVESTMENTS</b>		9				
<b>I. Intangible investments</b>						
1. Development costs	010		341271		485585	
2. Concessions, licences and similar rights	020		333	694	474	987
3. Other intangible investments	021		3319	6999	4723	9959
<b>I. Total</b>	<b>050</b>		<b>344923</b>	<b>7693</b>	<b>490782</b>	<b>10946</b>
<b>II. Fixed assets</b>						
1. Land plots, buildings, constructions	060		4338774	4369331	6173519	6216998
2. Equipment and machinery	080		3303612	2038551	4700616	2900597
3. Other fixed assets and inventory	090		60465	104627	86034	148871
4. Creation of fixed assets	100		724059	1648921	1030243	2346203
5. Prepayments for fixed assets	110			119202		169609
<b>II. Total</b>	<b>120</b>		<b>8426910</b>	<b>8280632</b>	<b>11990412</b>	<b>11782278</b>
<b>III. Long-term financial investments</b>						
1. Participation in capital of affiliated companies	150		59927	59927	85268	85268
<b>III. Total</b>	<b>210</b>		<b>59927</b>	<b>59927</b>	<b>85268</b>	<b>85268</b>
<b>I. PART TOTAL AMOUNT</b>	<b>220</b>		<b>8831760</b>	<b>8348252</b>	<b>12566462</b>	<b>11878492</b>
<b>2. CURRENT ASSETS</b>						
<b>I. Stocks</b>						
1. Raw materials, direct materials and auxiliary materials	230		2519001	2574248	3584216	3662825
2. Unfinished products	240		2009535	1495364	2859311	2127711
3. Finished products and goods for sale	250		438786	1450985	624336	2064566
4. Prepayments for goods	270		294771	39191	419421	55764
<b>I. Total</b>	<b>290</b>		<b>5262093</b>	<b>5559788</b>	<b>7487284</b>	<b>7910866</b>
<b>II. Debtors</b>						
1. Debts of buyers and customers	300	10	7761874	5591685	11044152	7956251
2. Debts of affiliated companies	320			804		1144
3. Other debtors	330	11	344692	105515	490452	150134
4. Deferred expenses	360	12	134776	2257	191769	3211
<b>II. Total</b>	<b>370</b>		<b>8241342</b>	<b>5700261</b>	<b>11726373</b>	<b>8110740</b>
<b>III. Securities and participation in capitals</b>						
1. Other securities	400	13	1600000	1600000	2276595	2276595
<b>III. Total</b>	<b>410</b>		<b>1600000</b>	<b>1600000</b>	<b>2276595</b>	<b>2276595</b>
<b>IV. Cash</b>	<b>420</b>	<b>14</b>	<b>64385</b>	<b>15221</b>	<b>91612</b>	<b>21658</b>
<b>II. PART TOTAL AMOUNT</b>	<b>430</b>		<b>15167820</b>	<b>12875270</b>	<b>21581864</b>	<b>18319859</b>
<b>B A L A N C E</b>	<b>440</b>		<b>23999580</b>	<b>21223522</b>	<b>34148326</b>	<b>30198351</b>

Appendices to financial statements on pages 9 – 17 are an integral part of the financial statements.

**BALANCE SHEET FOR 3 MONTHS OF 2009**

<b>LIABILITIES</b>	<b>Line code</b>	<b>Note</b>	<b>31.03.09. LVL</b>	<b>31.03.08. LVL</b>	<b>31.03.09. EUR</b>	<b>31.03.08. EUR</b>
<b>1. SHAREHOLDERS' EQUITY</b>						
1. Share capital (capital stock)	450	15	5799005	5799005	8251241	8251241
2. Reserve for revaluation of long-term investments	470		187436	194851	266697	277248
3. Other provisions	510		192922	192922	274503	274503
4. Undivided profit:						
a) Undivided profit of previous years	530		1810813	2775263	2576555	3948843
b) Undivided profit of the accounting year	540		(1251934)	(666581)	(1781342)	(948459)
<b>1. PART TOTAL AMOUNT</b>	<b>550</b>		<b>6738242</b>	<b>8295460</b>	<b>9587654</b>	<b>11803376</b>
<b>2. PROVISIONS</b>						
1. Other provisions	580	16	200153	412822	284792	587393
<b>2. PART TOTAL AMOUNT</b>	<b>590</b>		<b>200153</b>	<b>412822</b>	<b>284792</b>	<b>587393</b>
<b>3. CREDITORS</b>						
<b>I. Long-term creditors</b>						
1. Loans from credit institutions	620	17		657746		935888
2. Other loans	630	18	822619	10832	1170481	15413
3. Deferred tax liabilities	731		254776	227367	362514	323514
<b>I. Total</b>	<b>740</b>		<b>1077395</b>	<b>895945</b>	<b>1532995</b>	<b>1274815</b>
<b>II. Short-term creditors</b>						
1. Loans from credit institutions	770	17	8528576	6351844	12135070	9037860
2. Other loans	780	18	234458	1032183	333604	1468664
3. Advance payments received from buyers	790	19	2531	21533	3601	30639
4. Debts to suppliers and contractors	800	20	3905945	2760235	5557659	3927461
5. Debts to affiliated companies	830			3162		4499
6. Taxes and social security payments	840	21	2214633	746013	3151139	1061481
7. Other creditors	850	22	1097647	704325	1561812	1002163
<b>II. Total</b>	<b>890</b>		<b>15983790</b>	<b>11619295</b>	<b>22742885</b>	<b>16532767</b>
<b>3. PART TOTAL AMOUNT</b>	<b>900</b>		<b>17061185</b>	<b>12515240</b>	<b>24275880</b>	<b>17807582</b>
<b>BALANCE</b>	<b>910</b>		<b>23999580</b>	<b>21223522</b>	<b>34148326</b>	<b>30198351</b>

## CASH FLOW STATEMENT FOR 3 MONTHS OF 2009 (prepared by indirect method)

### I. Cash flow from operating activities

	Items	31.03.09. LVL	31.03.08. LVL	31.03.09. EUR	31.03.08. EUR
1	Profit or loss before extraordinary items and taxes	(1229120)	(645793)	(1748881)	(918880)
	<b>ADJUSTMENTS</b>				
	Depreciation of fixed assets	97208	72392	138315	103005
	Amortization of intangible investment value	1237	967	1760	1376
	Profit or loss from fluctuations of currency exchange rates	239845	30642	341269	43600
	Amounts written off fixed assets	95	914	135	1301
	Reserve for revaluation of long-term investments	(64)	(4587)	(91)	(6527)
2	Profit or loss before adjustments influenced by changes of balance of current assets and short-term liabilities	<b>(890799)</b>	<b>(545465)</b>	<b>(1267493)</b>	<b>(776125)</b>
	<b>ADJUSTMENTS</b>				
	Increase or decrease of balance of receivables	(787782)	1376137	(1120913)	1958067
	Increase or decrease of balance of inventories	1124688	(935730)	1600287	(1331424)
	Increase or decrease of deferred expenses	42658	6882	60697	9792
	Increase or decrease of balance of debts to be paid to suppliers, contractors and other creditors	621163	1731447	883835	2463627
	Expenses for tax payments	(48589)	(20788)	(69136)	(29579)
3	Gross cash flow from operating activities	<b>61339</b>	<b>1612483</b>	<b>87277</b>	<b>2294358</b>
4	Expenses for corporate income tax payments		(41143)		(58541)
5	Cash flow before extraordinary items	<b>61339</b>	<b>1571340</b>	<b>87277</b>	<b>2235817</b>
I	<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>61339</b>	<b>1571340</b>	<b>87277</b>	<b>2235817</b>

### II. Cash flow from investing activities

	Items	31.03.09. LVL	31.03.08. LVL	31.03.09. EUR	31.03.08. EUR
1	Purchase of fixed assets and intangible investments	(22616)	(1307553)	(32180)	(1860480)
II	<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(22616)</b>	<b>(1307553)</b>	<b>(32180)</b>	<b>(1860480)</b>

### III. Cash flow from financing activities

	Items	31.03.09. LVL	31.03.08. LVL	31.03.09. EUR	31.03.08. EUR
1	Expenses for repayment of loans	(442545)	(219247)	(629685)	(311960)
2	Expenses for repurchase of leased fixed assets	(25280)	(10006)	(35970)	(14237)
III	<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(467825)</b>	<b>(229253)</b>	<b>(665655)</b>	<b>(326197)</b>

### IV. Summary of cash inflow and outflow

	Items	31.03.09. LVL	31.03.08. LVL	31.03.09. EUR	31.03.08. EUR
I	Net cash flow from operating activities	61339	1571340	87277	2235817
II	Net cash flow from investing activities	(22616)	(1307553)	(32180)	(1860480)
III	Net cash flow from financing activities	(467825)	(229253)	(665655)	(326197)
	Result of fluctuations of currency exchange rates	(29785)	(31026)	(42379)	(44148)
	Net cash flow of the accounting period	<b>(458887)</b>	<b>3508</b>	<b>(652937)</b>	<b>4992</b>
	Cash and its equivalents in the beginning of the accounting period	<b>523272</b>	<b>11713</b>	<b>744549</b>	<b>16666</b>
	Cash and its equivalents at the end of the accounting period	<b>64385</b>	<b>15221</b>	<b>91612</b>	<b>21658</b>

**STATEMENT OF CHANGES OF SHAREHOLDERS' EQUITY FOR 3 MONTHS OF 2009, LVL**

Kind of changes	Share capital	Reserve for revaluation of long-term investments	Other provisions	Undivided profit	Total
<b>1. Balance as of 31.12.2007.g.</b>	<b>5799005</b>	<b>199438</b>	<b>192922</b>	<b>2775263</b>	<b>8966628</b>
2. Income or loss of the accounting period that is not included in the profit and loss account:					
a) decrease of fixed assets		(4587)			(4587)
b) increase of fixed assets					
3. Income or loss of the accounting period in accordance with the profit and loss account				(666581)	(666581)
<b>4. Balance as of 31.03.2008.g.</b>	<b>5799005</b>	<b>194851</b>	<b>192922</b>	<b>2108682</b>	<b>8295460</b>
<b>5. Balance as of 31.12.2008.g.</b>	<b>5799005</b>	<b>187500</b>	<b>192922</b>	<b>1810813</b>	<b>7990240</b>
6. Income or loss of the accounting period that is not included in the profit and loss account:					
a) decrease of fixed assets		(64)			(64)
b) increase of fixed assets					
7. Income or loss of the accounting period in accordance with the profit and loss account				(1251934)	(1251934)
<b>8. Balance as of 31.03.2009.g.</b>	<b>5799005</b>	<b>187436</b>	<b>192922</b>	<b>558879</b>	<b>6738242</b>

**STATEMENT OF CHANGES OF SHAREHOLDERS' EQUITY FOR 3 MONTHS OF 2009, EUR**

Kind of changes	Share capital	Reserve for revaluation of long-term investments	Other provisions	Undivided profit	Total
<b>1. Balance as of 31.12.2007.g.</b>	<b>8251241</b>	<b>283775</b>	<b>274503</b>	<b>3948843</b>	<b>12758362</b>
2. Income or loss of the accounting period that is not included in the profit and loss account:					
a) decrease of fixed assets		(6527)			(6527)
b) increase of fixed assets					
3. Income or loss of the accounting period in accordance with the profit and loss account				(948459)	(948459)
<b>4. Balance as of 31.03.2008.g.</b>	<b>8251241</b>	<b>277248</b>	<b>274503</b>	<b>3000384</b>	<b>11803376</b>
<b>5. Balance as of 31.12.2008.g.</b>	<b>8251241</b>	<b>266788</b>	<b>274503</b>	<b>2576555</b>	<b>11369087</b>
6. Income or loss of the accounting period that is not included in the profit and loss account:					
a) decrease of fixed assets		(91)			(91)
b) increase of fixed assets					
7. Income or loss of the accounting period in accordance with the profit and loss account				(1781342)	(1781342)
<b>8. Balance as of 31.03.2009.g.</b>	<b>8251241</b>	<b>266697</b>	<b>274503</b>	<b>795213</b>	<b>9587654</b>



## NOTES

### ACCOUNTING POLICY

#### Basis for report preparation

Annual report has been prepared in accordance with the Laws of the Republic of Latvia "On Accounting" and "On the Annual Accounts of Undertakings", as well as pursuant to the existing Accounting standards of Latvia.

Profit and loss account has been prepared according to the turnover cost method. Cash flow statement has been prepared in accordance with the indirect method. The annual report presents fairly and clearly financial position of the Company, as well as its assets and liabilities.

#### Accounting principles applied

Annual report items have been assessed according to the following accounting principles:

- Assuming the Company will continue its activities;
- The same valuation methods as previous year have also been used this year;
- The annual report includes the profit made to the date of balance sheet only;
- All losses made over the accounting year or previous years have been taken into account;
- All depreciation amounts have been calculated and taken into account, regardless of whether the accounting year was ended with profit or loss;
- All costs and income pertaining to the accounting year have been taken into account, irrespective of the date of payment, as well as the date when invoice has been received or issued. The costs and income over the reporting period have been coordinated.

#### Income recognition and net turnover

Net turnover is a total amount of the value of products sold and services rendered over the year without discounts and value added tax. Income from the sale of products is recognized as soon as the most significant title is conferred on the customer and risks to the products and remuneration can be assessed properly. Income from service rendering is recognized as soon as the service is rendered. Other types of income are recognized as follows:

- Income from rent – at the moment it is generated;
- Income from penalty and delay payments – at the moment they are received;
- Dividends – at the moment legal rights to the dividends are established.

#### Capital assets and intangible assets

Capital assets and intangible assets have been reflected on the balance sheet in their purchase prices, excluding depreciation.

Depreciation of capital assets and intangible assets has been calculated according to the straight-line method. No depreciation of land has been calculated. In order to calculate depreciation of capital assets and intangible assets the following depreciation norms (% a year) approved by the Management has been used:

Intangible assets:

- |            |     |
|------------|-----|
| - Licences | 20% |
| - Software | 50% |

Capital assets:

- |                                      |             |
|--------------------------------------|-------------|
| - Premises, buildings                | 1.1 – 1.9 % |
| - Equipment and machinery            | 2 – 20 %    |
| - Other capital assets and inventory | 10 – 50 %   |

Repair or maintenance costs of capital assets have been included in the profit and loss account of the period during which they have been incurred. Repair (renovation) and modernization costs that increase value of the capital assets or prolong period of using them have been capitalized and written off during the period they were used effectively.

#### Unfinished construction and costs of capital asset creation

Unfinished construction reflects costs of capital asset creation and costs of construction objects. The unfinished construction has been given in its initial value. The initial value includes construction costs and other direct costs. Depreciation of the unfinished construction has not been calculated, since the relevant assets have not been finished and put into operation.

Notes (cont.)

Accounting policy (cont.)

#### Long-term financial investments

As at 31.03.2009 AS "RER" has an investment in the associated company SIA "Lovato-REZ".

No. of registration certificate and date of registration	Name	Registered office	Invest ment, %	Amount invested	Part of the profit for 1996-2001	Total Column 5 + column 6	Founders
1	2	3	4	5	6	7	8
000307218 04.1992	SIA "Lovato-REZ"	Ganību dambis 31, Rīga, the Republic of Latvia	50	57,600.00 LVL 81,957.00 EUR	2,327.00 LVL 3,311.00 EUR	59,927.00 LVL 85,268.00 EUR	1. AS "RER", Latvia 2. "Lovato" S.A., Italy

#### Financial leasing

In cases capital assets have been acquired on conditions of financial leasing, leasing interest payments and payments considered as such have been included in the profit and loss account of the period they were incurred.

#### Receivables

Evaluation of the remaining amounts of materials and primary materials has been carried out by employing the FIFO method.

Inventory of low value has been recorded on the basis of purchase cost price written off 100% after having been put into operation.

Remaining amounts of finished products and unfinished products have been assessed according to their cost prices.

#### Debts of debtors

Debts of debtors have been reflected on the balance sheet in their net values subtracting special provisions for doubtful debtors. Special provisions for doubtful debtors are created for those cases when the Management believes that the debtors are not likely to repay their debts.

#### Currency unit and recalculation of foreign currency

Indicators reflected in the annual report have been given in the national currency of the Republic of Latvia – lats (LVL). All transactions carried out in foreign currencies have been recalculated in lats according to the exchange rate of the Bank of Latvia set on day when the relevant transaction is takes place. Profit made or loss incurred as a result of fluctuations of exchange rates has been reflected in the profit and loss account of the corresponding period.

Data of the Financial report that are represented in EUR are recalculated in conformity with the exchange rate set by the Bank of Latvia as of 31.03.2009. : 1 EUR – 0.702804.

#### Long-term and short-term items

Long-term items comprise amounts whose terms of receipt, payment or write-off fall due later than after the end of the corresponding accounting year. Amounts to be received, paid or written off in a year are given in the short-term items.

#### Other securities

Short-term investments in securities not quoted in stock exchange have been given in their purchase values.

#### Long-term investment revaluation reserve

Long-term invest revaluation reserve is reduced if the revaluated object has been removed or sold.

Notes (cont.)

Accounting policy (cont.)

### Provisions

Provisions are recognized if the Company has liabilities due to some event in the past and there is a possibility that in order to meet those liabilities resources promising economic gains could be diverted from the Company and if amount of liabilities can be assessed properly.

*Holiday provisions* are calculated by multiplying the average earnings of an employee by the average number of holidays not taken by an employee.

*Provisions for warranty repairs.* A warranty period of the Company's basic products is 2 years. In 2008 warranty repair costs accounted for LVL 90596 (EUR 128906), which is only 0.40% of the net turnover. Since amount of the warranty repair costs is of no high importance, provisions for warranty repairs are not created.

### Deferred tax

Deferred corporate income tax have been calculated according to the liability method regarding all temporary differences between values of assets and liabilities reflected in the annual report and their values for tax calculation. Deferred tax has been calculated by using the tax rate of 15% laid down the Law. The said temporary differences have mainly occurred because of using different rates when calculating depreciation of capital assets in financial accounting and tax calculation, as well as due to holiday provisions.

### Financial risk

#### *Currency risk*

The Company's financial assets and liabilities that are at the foreign currency risk include cash, debts of customers and clients, debts to suppliers and contractors and short-term and long-term loans.

A significant part of the Company's income is in lats and euros, major part of its costs are in lats, while all received loans are in euros.

From 1 January 2005 the Bank of Latvia has set the official fixed lat to euro exchange rate, which is 0.702804.

As long as the Bank of Latvia maintains the said fixed exchange rate the Company's profit and loss made as a result of fluctuations of the exchange rate will not be significant.

#### *Interest rate risk*

The Company is at the interest rate risk due to its short-term and long-term loans and financial leasing transactions.

#### *Liquidity risk*

The Company has control over its liquidity risk by ensuring the appropriate financing with the help of a credit line granted by a Latvian credit institution.

#### *Credit risk*

The Company is at the credit risk due to its debts of customers and clients. It is characteristic of the Company that credit risk concentrates on a separate business partner or a group of business partners of similar type.

Notes (cont.)

## NOTES TO PROFIT AND LOSS ACCOUNT FOR 3 MONTHS OF 2009

### Note No. 1 – Net turnover

Country	31.03.09. LVL	31.03.08. LVL	31.03.09. EUR	31.03.08. EUR
Latvia	925537	2171020	1316920	3089084
Russia	2967787	2465044	4222780	3507442
BVI	210841		300000	
Ukraine	4065	6478	5784	9217
Sweden	13107	13452	18650	19140
Other				
<b>Total</b>	<b>4121337</b>	<b>4655994</b>	<b>5864134</b>	<b>6624883</b>

### Note No. 2 – Production costs of products sold

Indicators	31.03.09. LVL	31.03.08. LVL	31.03.09. EUR	31.03.08. EUR
Salaries	1246347	1472056	1773392	2094547
Social insurance contributions	293525	344715	417648	490485
Costs of materials	2124356	1877623	3022686	2671617
Energy resources	365067	192540	519444	273960
Depreciation of capital assets and intangible assets	87073	42840	123894	60956
Business trip costs	5167	15287	7352	21751
Repair costs and remuneration for works from outside	27676	21816	39379	31041
Other costs	82566	45541	117481	64799
<b>Total</b>	<b>4231777</b>	<b>4012418</b>	<b>6021276</b>	<b>5709156</b>

### Note No. 3 – Selling costs

Indicators	31.03.09. LVL	31.03.08. LVL	31.03.09. EUR	31.03.08. EUR
Packing material and package	58751	65703	83595	93487
Transportation expenses	79309	93961	112847	133694
Salaries	21169	31163	30121	44341
Social insurance contributions	5024	7363	7149	10477
Other selling costs	97	91	137	129
<b>Total</b>	<b>164350</b>	<b>198281</b>	<b>233849</b>	<b>282128</b>

### Note No. 4 – Administrative costs

Indicators	31.03.09. LVL	31.03.08. LVL	31.03.09. EUR	31.03.08. EUR
Communications costs	6137	8284	8732	11787
Office costs		878		1249
Cash circulation and expense and extra costs	2335	5553	3322	7901
Transportation expenses	1203	6540	1712	9306
Representation expenses	1590	2440	2262	3472
Salaries	399405	578179	568302	822675
Social insurance contributions	93320	135511	132782	192815
Costs of materials	2489	4934	3542	7020
Energy resources	13043	38005	18559	54076
Repair costs		1225		1743
Depreciation of capital assets	13467	18347	19162	26105
Business trip costs	17009	16428	24202	23375
Security services	41863	45022	59566	64061
Other administrative costs	9824	18149	13978	25824
<b>Total</b>	<b>601685</b>	<b>879495</b>	<b>856121</b>	<b>1251409</b>

Notes (cont.)

**Note No. 5 – Other income from operating activities of the Company**

Indicators	31.03.09. LVL	31.03.08. LVL	31.03.09. EUR	31.03.08. EUR
Profit gained as a result of other sales (materials, lease, other)	22635	18331	32207	26083
Remaining amounts of removal of capital assets, materials	465	2705	662	3849
Income related to maintenance of social sphere	11365	11397	16171	16216
Decrease in revaluation reserve of capital assets	64	4588	91	6528
Income from fluctuations of exchange rates		1816		2584
Other income	5178	278	7367	396
<b>Total</b>	<b>39707</b>	<b>39115</b>	<b>56498</b>	<b>55656</b>

**Note No. 6 – Other costs of operating activities of the Company**

Indicators	31.03.09. LVL	31.03.08. LVL	31.03.09. EUR	31.03.08. EUR
Penalty and contractual penalties		9173		13052
Costs related to maintenance of social sphere	19365	55232	27554	78588
Costs not related to operating activities of the Company	33161	31012	47184	44126
Losses from converting currency	212	32458	302	46184
Removal of capital assets	95	914	135	1301
Losses from fluctuations of exchange rates	239633		340967	
Loss from previous year		1025		1458
<b>Total</b>	<b>292466</b>	<b>129814</b>	<b>416142</b>	<b>184709</b>

**Note No. 7 – Other interest payments and similar costs**

Indicator	31.03.09. LVL	31.03.08. LVL	31.03.09. EUR	31.03.08. EUR
Loan agreements	12991	25322	18485	36030
Leasing agreements	1143	3539	1626	5036
Credit line agreements	85753	92041	122015	130963
<b>Total</b>	<b>99887</b>	<b>120902</b>	<b>142126</b>	<b>172029</b>

**Note No. 8 – Other taxes**

Indicators	31.03.09. LVL	31.03.08. LVL	31.03.09. EUR	31.03.08. EUR
Real estate tax on premises (buildings)	19448	18095	27672	25747
Real estate tax on land	3366	2693	4789	3832
<b>Total</b>	<b>22814</b>	<b>20788</b>	<b>32461</b>	<b>29579</b>

Joint Stock Company "Rīgas Elektromašīnbūves rūpnīca"  
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Notes (cont.)

**NOTES TO BALANCE SHEET FOR THE 3 MONTHS OF 2009**

**Note No. 9 – Statement of movement of long-term investments, LVL**

	Initial value				Depreciation				Remaining value	
	Remaining amount as at 01.01.09	Purchase	Removed	Remaining amount as at 31.03.09	Remaining amount as at 01.01.09	Calculated	Removed	Remaining amount as at 31.03.09	01.01.09	31.03.09.
<b>Intangible investments</b>										
Devel.costs	341271			341271					341271	341271
Licences and other	1137			1137	720	84		804	417	333
Software	10265	500		10765	6294	1152		7446	3971	3319
<b>Total</b>	<b>352673</b>	<b>500</b>		<b>353173</b>	<b>7014</b>	<b>1236</b>		<b>8250</b>	<b>345659</b>	<b>344923</b>
<b>Capital assets</b>										
Land, premises, buildings*	7284609			7284609	2931607	14228		2945835	4353002	4338774
Equipment and machinery	5848019	16686	(582)	5864123	2489285	71808	(582)	2560511	3358734	3303612
Other capital assets	264678	6062		270740	198603	11672		210275	66075	60465
Creation of capital assets	724287	1062	(1290)	724059					724287	724059
Advance payments for capital assets	36856		(36856)						36856	
<b>Total</b>	<b>14158449</b>	<b>23810</b>	<b>(38728)</b>	<b>14143531</b>	<b>5619495</b>	<b>97708</b>	<b>(582)</b>	<b>5716621</b>	<b>8538954</b>	<b>8426910</b>
<b>Long-term fin. investm.</b>										
Partnership in capital of associated companies	59927			59927					59927	59927
<b>Total</b>	<b>59927</b>			<b>59927</b>					<b>59927</b>	<b>59927</b>
<b>In total</b>	<b>14571049</b>	<b>24310</b>	<b>(38728)</b>	<b>14556631</b>	<b>5626509</b>	<b>98944</b>	<b>(582)</b>	<b>5724871</b>	<b>8944540</b>	<b>8831760</b>

**Note No. 9 – Statement of movement of long-term investments, EUR**

	Initial value				Depreciation				Remaining value	
	Remaining amount as at 01.01.09	Purchase	Removed	Remaining amount as at 31.03.09	Remaining amount as at 01.01.09	Calculated	Removed	Remaining amount as at 31.03.09	01.01.09	31.03.09
<b>Intangible assets</b>										
Devel.costs	485585			485585					485585	485585
Licences and other	1618			1618	1025	119		1144	593	474
Software	14606	711		15317	8956	1638		10594	5650	4723
<b>Total</b>	<b>501809</b>	<b>711</b>		<b>502520</b>	<b>9981</b>	<b>1757</b>		<b>11738</b>	<b>491828</b>	<b>490782</b>
<b>Capital assets</b>										
Land, premises, buildings*	10365065			10365065	4171301	20245		4191546	6193764	6173519
Equipment and machinery	8320982	23742	(828)	8343896	3541934	102174	(828)	3643280	4779048	4700616
Other capital assets	376603	8625		385228	282587	16607		299194	94016	86034
Creation of capital assets	1030568	1511	(1836)	1030243					1030568	1030243
Advance payments for capital assets	52441		(52441)						52441	
<b>Total</b>	<b>20145659</b>	<b>33878</b>	<b>(55105)</b>	<b>20124432</b>	<b>7995822</b>	<b>139026</b>	<b>(828)</b>	<b>8134020</b>	<b>12149837</b>	<b>11990412</b>
<b>Long-term fin. investm.</b>										
Partnership in capital of associated companies	85268			85268					85268	85268
<b>Total</b>	<b>85268</b>			<b>85268</b>					<b>85268</b>	<b>85268</b>
<b>In total</b>	<b>20732736</b>	<b>34589</b>	<b>(55105)</b>	<b>20712220</b>	<b>8005803</b>	<b>140783</b>	<b>(828)</b>	<b>8145758</b>	<b>12726933</b>	<b>12566462</b>

Notes (cont.)

\* In 2008 assessed value of the premises decreased and accounted for LVL 9920904 (EUR 14116175), while assessed value of the plot increased significantly and accounted for LVL 16372912 (EUR 23296555).

**Note No. 10 – Debts of customers and clients**

Indicators	31.03.09. LVL	31.03.08. LVL	31.03.09. EUR	31.03.08. EUR
Debts of customers and clients	7771476	5603734	11057814	7973395
Provisions for doubtful debtors	(9602)	(12049)	(13662)	(17144)
<b>Total</b>	<b>7761874</b>	<b>5591685</b>	<b>11044152</b>	<b>7956251</b>

**Note No. 11 – Other debtors**

Indicators	31.03.09. LVL	31.03.08. LVL	31.03.09. EUR	31.03.08. EUR
Demand calculations for personnel	695	4409	989	6273
Taxes paid in advance	4006	2075	5700	2952
Overpaid taxes	260711	88876	370958	126459
Advance payments for services		5859		8337
Interest income (bill of exchange)	18400		26181	
Rental debts	12680		18042	
Other	48200	4296	68582	6113
<b>Total</b>	<b>344692</b>	<b>105515</b>	<b>490452</b>	<b>150134</b>

**Note No. 12 – Costs of the following periods**

Indicators	31.03.09. LVL	31.03.08. LVL	31.03.09. EUR	31.03.08. EUR
Press subscription	140		199	
Insurance	3617		5147	
Expenses for development of new techniques	127977		182095	
Annual anti-virus program licences	1585	1585	2255	2255
Other	1457	672	2073	956
<b>Total</b>	<b>134776</b>	<b>2257</b>	<b>191769</b>	<b>3211</b>

**Note No. 13 – Other securities and partnership in capitals**

Indicators	31.03.09. LVL	31.03.08. LVL	31.03.09. EUR	31.03.08. EUR
Simple bill of exchange	1600000	1600000	2276595	2276595

**Note No. 14 – Cash**

Indicators	31.03.09. LVL	31.03.08. LVL	31.03.09. EUR	31.03.08. EUR
Current accounts in banks	64385	15221	91612	21658

**Note No. 15 – Stock capital (fixed capital)**

Total number of stocks of AS "RER" is 5799005 shares. A nominal value of each share is LVL 1.00.  
The Company's fixed capital is LVL 5799005, which is split into: 5799005 regular voting shares.

Composition of shareholders according to the database of the Latvian Central Depository:

Indicators	31.03.09. LVL	31.03.08. LVL	31.03.09. EUR	31.03.08. EUR
Residents, including	199525	199525	283898	283898
- physical entities	174322	174322	248037	248037
- legal entities	25203	25203	35861	35861
Non-residents, including	5599480	5599480	7967343	7967343
- Russia	1011027	1011027	1438562	1438562
- Canada	5119	5119	7284	7284
- Estonia (nominal shareholder)	4583334	4583334	6521497	6521497
<b>Total</b>	<b>5799005</b>	<b>5799005</b>	<b>8251241</b>	<b>8251241</b>

Notes (cont.)

**Note No. 16 – Other provisions**

Indicators	31.03.09. LVL	31.03.08. LVL	31.03.09. EUR	31.03.08. EUR
Holiday provisions	200153	412822	284792	587393

**Note No. 17 – Long-term and short-term loans from credit institutions**

Indicators	31.03.09. LVL	31.03.08. LVL	31.03.09. EUR	31.03.08. EUR
<b>Latvian credit institutions, loan agreement, including</b>	<b>802834</b>	<b>2192478</b>	<b>1142330</b>	<b>1871771</b>
Long-term debt		657746		935888
Short-term debt	802834	657742	1142330	935883
<b>Latvian credit institutions, credit line agreement, including</b>	<b>7725742</b>	<b>5694102</b>	<b>10992740</b>	<b>8101977</b>
Short-term debt	7725742	5694102	10992740	8101977

**Note No. 18 – Other loans**

Indicators	31.03.09. LVL	31.03.08. LVL	31.03.09. EUR	31.03.08. EUR
<b>Leasing agreements, including</b>	<b>1057077</b>	<b>1043015</b>	<b>1504085</b>	<b>1484077</b>
Long-term debt	822619	10832	1170481	15413
Short-term debt	234458	1032183	333604	1468664

**Note No. 19 – Advances received from customers**

Indicators	31.03.09. LVL	31.03.08. LVL	31.03.09. EUR	31.03.08. EUR
Local customers	2531	18769	3601	26706
Foreign customers		2764		3933
<b>Total</b>	<b>2531</b>	<b>21533</b>	<b>3601</b>	<b>30639</b>

**Note No. 20 – Debts to suppliers and contractors**

Indicators	31.03.09. LVL	31.03.08. LVL	31.03.09. EUR	31.03.08. EUR
Local suppliers	3073688	2047473	4373464	2913292
Foreign suppliers	832257	712762	1184195	1014169
<b>Total</b>	<b>3905945</b>	<b>2760235</b>	<b>5557659</b>	<b>3927461</b>

**Note No. 21 – Taxes and social insurance contributions**

Indicators	31.03.09. LVL	31.03.08. LVL	31.03.09. EUR	31.03.08. EUR
Personal income tax	826243	173720	1175638	247181
Mandatory social insurance contributions	1384299	544553	1969680	774829
Natural resources tax	3834	6621	5455	9421
Real estate tax on land		2693		3832
Real estate tax on premises (buildings)		18081		25727
State business risk fee	257	345	366	491
<b>Total</b>	<b>2214633</b>	<b>746013</b>	<b>3151139</b>	<b>1061481</b>



Notes (cont.)

**Note No. 22 – Other creditors**

Indicators	31.03.09. LVL	31.03.08. LVL	31.03.09. EUR	31.03.08. EUR
Salary debt	1076270	691770	1531394	984299
Support payments	3180	1436	4525	2043
Trade union membership fee	13380	9224	19038	13125
Other	4817	1895	6855	2696
<b>Total</b>	<b>1097647</b>	<b>704325</b>	<b>1561812</b>	<b>1002163</b>

Chair of the Board

G. Uspenskis

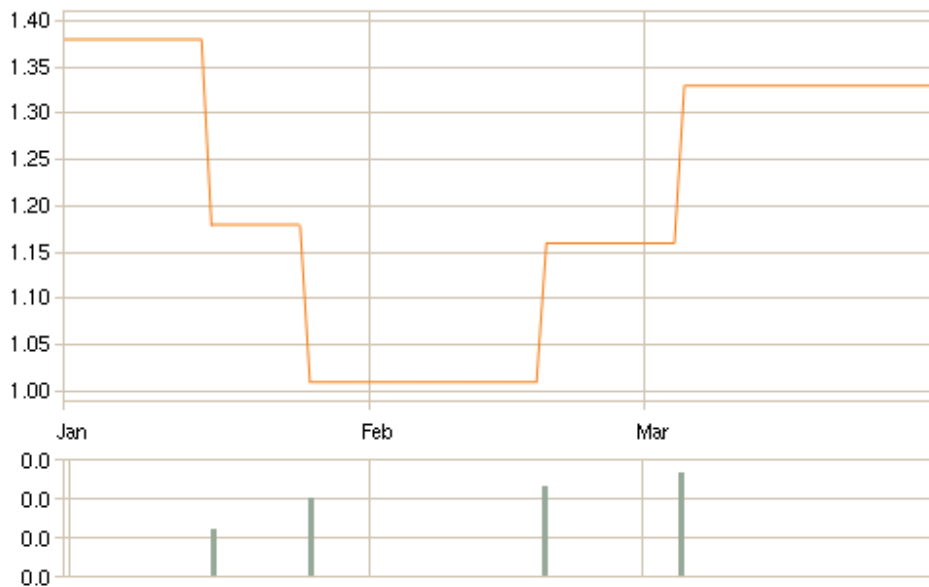
22 May 2009

## Shares

JSC "Rīgas elektromašīnbūves rūpnīca" shares are listed on NASDAQ OMX Riga Secondary market (till May 21, 2007 Free list) since October 8, 2005:

ISIN	LV0000101012
Ticker	RER1R
Nominal value	1,00 LVL
Total number of securities	5 799 005
Number of listed securities	2 798 400
Indexes	B20GI, B20PI, OMXBGI, OMXBPI, OMXRGI

### JSC "Rīgas elektromašīnbūves rūpnīca" share price development for the period 01.01.09 – 31.03.09



Open	1,38 LVL
Max	1,33 LVL
Min	1,01LVL
Last	1,33 LVL
Change	- 3,62%
Deals	4
No of shares traded	35
Turnover	40,90 LVL