

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

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

**ANNUAL REPORT FOR 9 MONTHS
OF THE YEAR 2010
(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	Mihails Morozs (from 19.04.2010)
Board Members	Igors Ruļovs (from 12.05.2009) Aleksandra Dormidontova (from 19.04.2010) Anatolijs Ostaščenko (from 19.04.2010) Aleksandrs Suvorkins (from 19.04.2010)
Accounting period	1 January 2010 – 30 September 2010
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 9 MONTHS OF 2010

No.	Items	Line code	Note	30.09.10. LVL	30.09.09. LVL	30.09.10. EUR	30.09.09. EUR
1	Net turnover	010	1	10120144	8204400	14399668	11673809
2	Production costs of the goods sold	020	2	(9590363)	(8709268)	(13645857)	(12392172)
3	Gross profit or loss	030		529781	(504868)	753811	(718363)
4	Selling expenses	040	3	(281251)	(344848)	(400184)	(490674)
5	Administration expenses	050	4	(1357033)	(1605751)	(1930884)	(2284778)
6	Other operating income	060	5	470560	159433	669547	226853
7	Other operating expenses	070	6	(312938)	(500828)	(445272)	(712614)
8	Other interest income and similar income	100	7	8	23041	11	32784
9	Other interest payments and similar expenses	120	8	(435087)	(413956)	(619073)	(589006)
10	Profit or loss before extraordinary items and taxes	130		(1385960)	(3187777)	(1972044)	(4535798)
11	Profit or loss before tax	160		(1385960)	(3187777)	(1972044)	(4535798)
12	Other taxes	190	9	(34508)	(68443)	(49100)	(97386)
13	Profit or loss of the accounting period	200		(1420468)	(3256220)	(2021144)	(4633184)

EPS (earnings per share)	(0,24)	(0,56)	(0,35)	(0,80)
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BALANCE SHEET FOR 9 MONTHS OF 2010

A S S E T S	Line code	Note	30.09.10. LVL	30.09.09. LVL	30.09.10. EUR	30.09.09. EUR
1. LONG-TERM INVESTMENTS		10				
I. Intangible investments						
1. Development costs	010		170636	341271	242793	485585
2. Concessions, licences and similar rights	020		30	176	43	250
3. Other intangible investments	021		125	1309	178	1863
I. Total	050		170791	342756	243014	487698
II. Fixed assets						
1. Land plots, buildings, constructions	060		4253893	4310430	6052744	6133189
2. Equipment and machinery	080		2979669	3201329	4239687	4555081
3. Other fixed assets and inventory	090		29775	44687	42366	63584
4. Creation of fixed assets	100		600685	648219	854698	922333
II. Total	120		7864022	8204665	11189495	11674187
III. Long-term financial investments						
1. Participation in capital of affiliated companies	150		59927	59927	85268	85268
III. Total	210		59927	59927	85268	85268
I. PART TOTAL AMOUNT	220		8094740	8607348	11517777	12247153
2. CURRENT ASSETS						
I. Stocks						
1. Raw materials, direct materials and auxiliary materials	230		2059021	2016709	2929723	2869518
2. Unfinished products	240		1270539	1579860	1807814	2247938
3. Finished products and goods for sale	250		70925	406122	100917	577860
4. Prepayments for goods	270		250718	354865	356740	504927
I. Total	290		3651203	4357556	5195194	6200243
II. Debtors						
1. Debts of buyers and customers	300	11	3964546	5394135	5641041	7675163
2. Debts of affiliated companies	320		329	215	468	306
3. Other debtors	330	12	104409	31686	148561	45085
4. Deferred expenses	360	13	53409	51999	75994	73988
II. Total	370		4122693	5478035	5866064	7794542
III. Securities and participation in capitals						
1. Other securities	400	14	1641438	1641438	2335556	2335556
III. Total	410		1641438	1641438	2335556	2335556
IV. Cash	420	15	7253	6248	10320	8890
II. PART TOTAL AMOUNT	430		9422587	11483277	13407134	16339231
B A L A N C E	440		17517327	20090625	24924911	28586384

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

BALANCE SHEET FOR 9 MONTHS OF 2010

LIABILITIES	Line code	Note	30.09.10. LVL	30.09.09. LVL	30.09.10. EUR	30.09.09. EUR
1. SHAREHOLDERS' EQUITY						
1. Share capital (capital stock)	450	16	5799005	5799005	8251241	8251241
2. Reserve for revaluation of long-term investments	470		264632	185108	376537	263385
3. Other provisions	510		192922	192922	274503	274503
4. Undivided profit:						
a) Undivided profit of previous years	530		(2380080)	1810813	(3386549)	2576555
b) Undivided profit of the accounting year	540		(1420468)	(3256220)	(2021144)	(4633184)
1. PART TOTAL AMOUNT	550		2456011	4731628	3494588	6732500
2. PROVISIONS						
1. Other provisions	580	17	184707	200153	262814	284792
2. PART TOTAL AMOUNT	590		184707	200153	262814	284792
3. CREDITORS						
I. Long-term creditors						
1. Loans from credit institutions	620	18				
2. Other loans	630	19	553886	818198	788109	1164191
3. Deferred tax liabilities	731		248198	254776	353154	362514
I. Total	740		802084	1072974	1141263	1526705
II. Short-term creditors						
1. Loans from credit institutions	770	18	7349775	8429907	10457788	11994677
2. Other loans	780	19	111782	102376	159051	145668
3. Advance payments received from buyers	790	20	149070	133	212108	189
4. Debts to suppliers and contractors	800	21	2969365	2442957	4225026	3476015
5. Debts to affiliated companies	830		4111	4277	5849	6086
6. Taxes and social security payments	840	22	2920284	2427150	4155190	3453523
7. Other creditors	850	23	570138	679070	811234	966229
II. Total	890		14074525	14085870	20026246	20042387
3. PART TOTAL AMOUNT	900		14876609	15158844	21167509	21569092
BALANCE	910		17517327	20090625	24924911	28586384

CASH FLOW STATEMENT FOR 9 MONTHS OF 2010 (prepared by indirect method)

I. Cash flow from operating activities

	Items	30.09.10. LVL	30.09.09. LVL	30.09.10. EUR	30.09.09. EUR
1	Profit or loss before extraordinary items and taxes	(1385960)	(3187777)	(1972044)	(4535798)
	ADJUSTMENTS				
	Depreciation of fixed assets	262732	287260	373834	408734
	Amortization of intangible investment value	595	3403	847	4842
	Gain from sales of fixed assets	(7128)		(10142)	
	Profit or loss from fluctuations of currency exchange rates	(304271)	173846	(432939)	247361
	Amounts written off fixed assets	440	2802	626	3987
	Reserve for revaluation of long-term investments		(2392)		(3404)
2	Profit or loss before adjustments influenced by changes of balance of current assets and short-term liabilities	(1433592)	(2722858)	(2039817)	(3874278)
	ADJUSTMENTS				
	Increase or decrease of balance of receivables	1211381	1863207	1723640	2651105
	Increase or decrease of balance of inventories	306247	2089319	435750	2972833
	Increase or decrease of deferred expenses	122575	125435	174409	178478
	Increase or decrease of balance of debts to be paid to suppliers, contractors and other creditors	1473861	(943991)	2097115	(1343178)
	Expenses for tax payments	(86190)	(71403)	(122637)	(101597)
3	Gross cash flow from operating activities	1594282	339709	2268460	483363
4	Expenses for corporate income tax payments				
5	Cash flow before extraordinary items	1594282	339709	2268460	483363
I	NET CASH FLOW FROM OPERATING ACTIVITIES	1594282	339709	2268460	483363

II. Cash flow from investing activities

	Items	30.09.10. LVL	30.09.09. LVL	30.09.10. EUR	30.09.09. EUR
1	Purchase of fixed assets and intangible investments	(12384)	(34567)	(17621)	(49184)
2	Income from sales of fixed assets and intangible investments	7128		10142	
II	NET CASH FLOW FROM INVESTING ACTIVITIES	(5256)	(34567)	(7479)	(49184)

III. Cash flow from financing activities

	Items	30.09.10. LVL	30.09.09. LVL	30.09.10. EUR	30.09.09. EUR
1	Expenses for repayment of loans	(1478509)	(677772)	(2103729)	(964383)
2	Expenses for repurchase of leased fixed assets	(197443)	(152952)	(280936)	(217631)
III	NET CASH FLOW FROM FINANCING ACTIVITIES	(1675952)	(830724)	(2384665)	(1182014)

IV. Summary of cash inflow and outflow

	Items	30.09.10. LVL	30.09.09. LVL	30.09.10. EUR	30.09.09. EUR
I	Net cash flow from operating activities	1594282	339709	2268460	483363
II	Net cash flow from investing activities	(5256)	(34567)	(7479)	(49184)
III	Net cash flow from financing activities	(1675952)	(830724)	(2384665)	(1182014)
	Result of fluctuations of currency exchange rates	16991	8558	24176	12176
	Net cash flow of the accounting period	(69935)	(517024)	(99509)	(735659)
	Cash and its equivalents in the beginning of the accounting period	77188	523272	109829	744549
	Cash and its equivalents at the end of the accounting period	7253	6248	10320	8890

STATEMENT OF CHANGES OF SHAREHOLDERS' EQUITY FOR 9 MONTHS OF 2010, LVL

Kind of changes	Share capital	Reserve for revaluation of long-term investments	Other provisions	Undivided profit	Total
1. Balance as of 31.12.2008.g.	5799005	187500	192922	1810813	7990240
2. Income or loss of the accounting period that is not included in the profit and loss account:					
a) decrease of fixed assets		(2392)			(2392)
b) increase of fixed assets					
3. Income or loss of the accounting period in accordance with the profit and loss account				(3256220)	(3256220)
4. Balance as of 30.09.2009.g.	5799005	185108	192922	(1445407)	4731628
5. Balance as of 31.12.2009.g.	5799005	264632	192922	(2380080)	3876479
6. Income or loss of the accounting period that is not included in the profit and loss account:					
a) decrease of fixed assets					
b) increase of fixed assets					
7. Income or loss of the accounting period in accordance with the profit and loss account				(1420468)	(1420468)
8. Balance as of 30.09.2010.g.	5799005	264632	192922	(3800548)	2456011

STATEMENT OF CHANGES OF SHAREHOLDERS' EQUITY FOR 9 MONTHS OF 2010, EUR

Kind of changes	Share capital	Reserve for revaluation of long-term investments	Other provisions	Undivided profit	Total
1. Balance as of 31.12.2008.g.	8251241	266788	274503	2576555	11369087
2. Income or loss of the accounting period that is not included in the profit and loss account:					
a) decrease of fixed assets		(3403)			(3403)
b) increase of fixed assets					
3. Income or loss of the accounting period in accordance with the profit and loss account				(4633184)	(4633184)
4. Balance as of 30.09.2009.g.	8251241	263385	274503	(2056629)	(6732500)
5. Balance as of 31.12.2009.g.	8251241	376537	274503	(3386549)	5515732
6. Income or loss of the accounting period that is not included in the profit and loss account:					
a) decrease of fixed assets					
b) increase of fixed assets					
7. Income or loss of the accounting period in accordance with the profit and loss account				(2021144)	(2021144)
8. Balance as of 30.09.2010.g.	8251241	376537	274503	(5407693)	3494588

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 30.09.2010 AS "RER" has an investment in the associated company SIA "Lovato-REZ".

No. of registration certificate and date of registration	Name	Registered office	Investment, %	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 30.09.2010. : 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 2009 warranty repair costs accounted for LVL 41 094 (EUR 58 471), which is only 0.38% 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 rouble, 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 9 MONTHS OF 2010

Note No. 1 – Net turnover

Country	30.09.10. LVL	30.09.09. LVL	30.09.10. EUR	30.09.09. EUR
Latvia	3319333	1951335	4722985	2776500
Russia	6526476	5915638	9286339	8417195
Ukraine	95895	55158	136446	78483
Sweden	72771	60303	103544	85803
British Virdzin Islands		210841		300000
Estonia	60828		86550	
Byelorussia	27131		38604	
Other	17710	11125	25200	15828
Total	10120144	8204400	14399668	11673809

Note No. 2 – Production costs of products sold

Indicators	30.09.10. LVL	30.09.09. LVL	30.09.10. EUR	30.09.09. EUR
Salaries	2294255	2565907	3264431	3650957
Social insurance contributions	540829	605233	769530	861169
Costs of materials	5450155	4359172	7754872	6202543
Energy resources	596223	571189	848349	812729
Depreciation of capital assets and intangible assets	242972	259797	345718	369658
Business trip costs	22010	14370	31317	20447
Repair costs and remuneration for works from outside	115170	115598	163872	164481
Development costs	119445	127977	169955	182095
Expenses of product's certification	45676		64991	
Other costs	163628	90025	232822	128093
Total	9590363	8709268	13645857	12392172

Note No. 3 – Selling costs

Indicators	30.09.10. LVL	30.09.09. LVL	30.09.10. EUR	30.09.09. EUR
Packing material and package	138849	128994	197564	183542
Transportation expenses	99357	164918	141372	234657
Salaries	34508	40868	49100	58150
Social insurance contributions	8314	9770	11830	13901
Other selling costs	223	298	318	424
Total	281251	344848	400184	490674

Note No. 4 – Administrative costs

Indicators	30.09.10. LVL	30.09.09. LVL	30.09.10. EUR	30.09.09. EUR
Communications costs	20545	22579	29233	32127
Cash circulation and expense and extra costs	24302	5188	34579	7382
Transportation expenses	12232	12050	17405	17146
Representation expenses	3305	4777	4703	6797
Salaries	882477	1044818	1255652	1486642
Social insurance contributions	207759	239183	295614	340327
Energy resources	25408	50564	36152	71946
Depreciation of capital assets	23891	37023	33994	52679
Business trip costs	22584	41907	32134	59628
Security services	98284	110742	139846	157572
Year's payment to Stock Exchange of Riga	5220	5000	7427	7114
Other administrative costs	31026	31920	44145	45418
Total	1357033	1605751	1930884	2284778

Notes (cont.)

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

Indicators	30.09.10. LVL	30.09.09. LVL	30.09.10. EUR	30.09.09. EUR
Profit gained as a result of other sales (materials, lease, other)	135569	113717	192897	161805
Penalty and contractual penalties	94	13629	134	19392
Remaining amounts of removal of capital assets, materials	7128		10142	
Deposited salaries	1880		2675	
Income related to maintenance of social sphere	20950	26380	29809	37535
Decrease in revaluation reserve of capital assets		2392		3404
Income from fluctuations of exchange rates	304271		432939	
Other income	668	3315	951	4717
Total	470560	159433	669547	226853

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

Indicators	30.09.10. LVL	30.09.09. LVL	30.09.10. EUR	30.09.09. EUR
Penalty and contractual penalties	223800	85027	318439	120983
Costs related to maintenance of social sphere	31778	42902	45216	61044
Costs not related to operating activities of the Company	55349	190885	78755	271605
Losses from converting currency		212		302
Losses from fluctuations of exchange rates		173634		247059
Removal of capital assets	440	2802	626	3987
Other costs	1571	5366	2236	7635
Total	312938	500828	445272	712615

Note No. 7 – Other interest payments and similar costs

Indicator	30.09.10. LVL	30.09.09. LVL	30.09.10. EUR	30.09.09. EUR
Loan agreements	166405	72901	236773	103729
Leasing agreements	27227	53178	38740	75665
Credit line agreements	241455	287877	343560	409612
Total	435087	413956	619073	589006

Note No. 8 – Other taxes

Indicators	30.09.10. LVL	30.09.09. LVL	30.09.10. EUR	30.09.09. EUR
Real estate tax on premises (buildings)	20404	58344	29032	83016
Real estate tax on land	14104	10099	20068	14370
Total	34508	68443	49100	97386

Joint Stock Company "Rīgas Elektromašīnbūves rūpnīca"
Non-audited Annual Report for 9 months of the year 2010

Notes (cont.)

NOTES TO BALANCE SHEET FOR THE 9 MONTHS OF 2010

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

	Initial value				Depreciation				Remaining value	
	Remaining amount as at 01.01.10	Purchase	Removed	Remaining amount as at 30.09.10	Remaining amount as at 01.01.10	Calculated	Removed	Remaining amount as at 30.09.10	01.01.10	30.09.10
Intangible investments										
Devel.costs	170636			170636					170636	170636
Licenses and other	1137		(836)	301	1041	66	(836)	271	96	30
Software	10765			10765	10111	529		10640	654	125
Total	182538		(836)	181702	11152	595	(836)	10911	171386	170791
Capital assets										
Land, premises, buildings*	6980378			6980378	2684028	42457		2726485	4296350	4253893
Equipment and machinery	5904076	41642	(28276)	5917442	2755661	210139	(28027)	2937773	3148415	2979669
Other capital assets	269623	447	(4748)	265322	229969	10136	(4558)	235547	39654	29775
Creation of capital assets	630390	10920	(40625)	600685					630390	600685
Total	13784467	53009	(73649)	13763827	5669658	262732	(32585)	5899805	8114809	7864022
Long-term fin. investm.										
Partnership in capital of associated companies	59927			59927					59927	59927
Total	59927			59927					59927	59927
In total	14026932	53009	(74485)	14005456	5680810	263327	(33421)	5910716	8346122	8094740

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

	Initial value				Depreciation				Remaining value	
	Remaining amount as at 01.01.10	Purchase	Removed	Remaining amount as at 30.09.10	Remaining amount as at 01.01.10	Calculated	Removed	Remaining amount as at 30.09.10	01.01.10	30.09.10
Intangible assets										
Devel.costs	242793			242793					242793	242793
Licenses and other	1618		(1190)	428	1481	94	(1190)	385	137	43
Software	15317			15317	14386	753		15139	931	178
Total	259728		(1190)	258538	15867	847	(1190)	15524	243861	243014
Capital assets										
Land, premises, buildings*	9932183			9932183	3819028	60411		3879439	6113155	6052744
Equipment and machinery	8400743	59251	(40233)	8419761	3920952	299001	(39879)	4180074	4479791	4239687
Other capital assets	383639	636	(6756)	377519	327216	14422	(6485)	335153	56423	42366
Creation of capital assets	896964	15538	(57804)	854698					896964	854698
Total	19613529	75425	(104793)	19584161	8067196	373834	(46364)	8394666	11546333	11189495
Long-term fin. investm.										
Partnership in capital of associated companies	85268			85268					85268	85268
Total	85268			85268					85268	85268
In total	19958525	75425	(105983)	19927967	8083063	374681	(47554)	8410190	11875462	11517777

Notes (cont.)

* In 2009 assessed value of the premises accounted for LVL 7 784 197 (EUR 11 075 914), while assessed value of the plot accounted for LVL 3 965 648 (EUR 5 642 609).

Note No. 10 – Debts of customers and clients

Indicators	30.09.10. LVL	30.09.09. LVL	30.09.10. EUR	30.09.09. EUR
Debts of customers and clients	3974943	5403859	5655835	7688999
Provisions for doubtful debtors	(10397)	(9724)	(14794)	(13836)
Total	3964546	5394135	5641041	7675163

Note No. 11 – Other debtors

Indicators	30.09.10. LVL	30.09.09. LVL	30.09.10. EUR	30.09.09. EUR
Demand calculations for personnel	1339	9534	1905	13566
Taxes paid in advance	1090	1631	1551	2321
Overpaid taxes	76999	233	109560	332
Rental debts	22442	15671	31932	22298
Other	2539	4617	3613	6568
Total	104409	31686	148561	45085

Note No. 12 – Costs of the following periods

Indicators	30.09.10. LVL	30.09.09. LVL	30.09.10. EUR	30.09.09. EUR
Press subscription	114		162	
Insurance	685	8483	975	12071
Expenses for development of new techniques	51190	42659	72837	60698
Annual anti-virus program licenses	893	857	1270	1219
Other	527		750	
Total	53409	51999	75994	73988

Note No. 13 – Other securities and partnership in capitals

Indicators	30.09.10. LVL	30.09.09. LVL	30.09.10. EUR	30.09.09. EUR
Short-term debt	1641438	1641438	2335556	2335556

Note No. 14 – Cash

Indicators	30.09.10. LVL	30.09.09. LVL	30.09.10. EUR	30.09.09. EUR
Current accounts in banks	7253	6248	10320	8890

Note No. 15 – Stock capital (fixed capital)

Total number of stocks of AS "RER" is 5,799,005 shares. A nominal value of each share is LVL 1.00. The Company's fixed capital is LVL 5,799,005, which is split into: 5,799,005 regular voting shares.

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

Indicators	30.09.09. LVL	30.09.08. LVL	30.09.09. EUR	30.09.08. 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
Total	5799005	5799005	8251241	8251241

Notes (cont.)

Note No. 16 – Other provisions

Indicators	30.09.10. LVL	30.09.09. LVL	30.09.10. EUR	30.09.09. EUR
Holiday provisions	184707	200153	262814	284792

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

Indicators	30.09.10. LVL	30.09.09. LVL	30.09.10. EUR	30.09.09. EUR
Latvian credit institutions, loan agreement, including	2402887	614483	3419000	874331
Short-term debt	2402887	614483	3419000	874331
Latvian credit institutions, credit line agreement, including	4946888	7815424	7038788	11120346
Short-term debt	4946888	7815424	7038788	11120346

Note No. 18 – Other loans

Indicators	30.09.10. LVL	30.09.09. LVL	30.09.10. EUR	30.09.09. EUR
Leasing agreements, including	665668	920574	947160	1309859
Long-term debt	553886	818198	788109	1164191
Short-term debt	111782	102376	159051	145668

Note No. 19 – Advances received from customers

Indicators	30.09.10. LVL	30.09.09. LVL	30.09.10. EUR	30.09.09. EUR
Foreign customers	149070	133	212108	189
Total	149070	133	212108	189

Note No. 20 – Debts to suppliers and contractors

Indicators	30.09.10. LVL	30.09.09. LVL	30.09.10. EUR	30.09.09. EUR
Local suppliers	2195148	1888372	3123414	2686912
Foreign suppliers	774217	554585	1101612	789103
Total	2969365	2442957	4225026	3476015

Note No. 21 – Taxes and social insurance contributions

Indicators	30.09.10. LVL	30.09.09. LVL	30.09.10. EUR	30.09.09. EUR
Personal income tax	1209431	928835	1720866	1321613
Mandatory social insurance contributions	1709639	1473809	2432597	2097041
Natural resources tax	1015	1318	1444	1875
Real estate tax on land		3393		4828
Real estate tax on premises (buildings)		19602		27891
State business risk fee	199	193	283	275
Total	2920284	2427150	4155190	3453523

Notes (cont.)

Note No. 22 – Other creditors

Indicators	30.09.10. LVL	30.09.09. LVL	30.09.10. EUR	30.09.09. EUR
Salary debt	547472	654581	778982	931385
Support payments	3249	2466	4623	3509
Trade union membership fee	12105	14115	17224	20084
Other	7312	7908	10405	11251
Total	570138	679070	811234	966229

On behalf of the Board of the Company,

Chairperson of the Board

Mihails Morozs

16 November 2010