

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

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

**ANNUAL REPORT FOR 3 MONTHS
OF THE YEAR 2011
(NON-AUDITED)**

CONTENT

Information about the Company	3
Profit and loss account	4
Balance sheet	5
Cash flow statement	7
Statement of changes in equity	8
Notes to financial statements	9

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	Nikolajs Erohovs (from 15.03.2011)
Board Members	Igors Ruļovs (from 12.05.2009)
	Aleksandra Dormidontova (from 19.04.2010)
	Mihails Morozs (from 19.04.2010)
	Aleksandrs Suvorkins (from 19.04.2010)
Accounting period	1 January 2011 – 31 March 2011
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 2011

No.	Items	Line code	Note	31.03.11. LVL	31.03.10. LVL	31.03.11. EUR	31.03.10. EUR
1	Net turnover	010	1	5044116	1862585	7177130	2650220
2	Production costs of the goods sold	020	2	(4222581)	(2182249)	(6008191)	(3105061)
3	Gross profit or loss	030		821535	(319664)	1168939	(454841)
4	Selling expenses	040	3	(122280)	(61833)	(173989)	(87980)
5	Administration expenses	050	4	(424523)	(451766)	(604042)	(642805)
6	Other operating income	060	5	125947	348362	179206	495674
7	Other operating expenses	070	6	(137144)	(62175)	(195138)	(88467)
8	Other interest income and similar income	100	7	10362		14744	
9	Other interest payments and similar expenses	120	8	(152460)	(145643)	(216931)	(207231)
10	Profit or loss before extraordinary items and taxes	130		121437	(692719)	172789	(985650)
11	Profit or loss before tax	160		121437	(692719)	172789	(985650)
12	Other taxes	190	9	(29401)	(8563)	(41834)	(12184)
13	Profit or loss of the accounting period	200		92036	(701282)	130955	(997834)

EPS (earnings per share)	0.02	(0,12)	0.02	(0,17)
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BALANCE SHEET FOR 3 MONTHS OF 2011

A S S E T S	Line code	Note	31.03.11. LVL	31.03.10. LVL	31.03.11. EUR	31.03.10. EUR
1. LONG-TERM INVESTMENTS		10				
I. Intangible investments						
1. Development costs	010		136508	170636	194233	242793
2. Concessions, licences and similar rights	020			60		85
3. Other intangible investments	021		7707	297	10966	423
I. Total	050		144215	170993	205199	243301
II. Fixed assets						
1. Land plots, buildings, constructions	060		4237433	4282198	6029324	6093019
2. Equipment and machinery	080		2840144	3116273	4041161	4434057
3. Other fixed assets and inventory	090		27383	36161	38962	51452
4. Creation of fixed assets	100		604361	594797	859928	846320
II. Total	120		7709321	8029429	10969375	11424848
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		7913463	8260349	11259842	11753417
2. CURRENT ASSETS						
I. Stocks						
1. Raw materials, direct materials and auxiliary materials	230		1910004	2187243	2717691	3112166
2. Unfinished products	240		1384680	1863453	1970222	2651455
3. Finished products and goods for sale	250		120165	161686	170979	230058
4. Prepayments for goods	270		255914	256539	364133	365022
I. Total	290		3670763	4468921	5223025	6358701
II. Debtors						
1. Debts of buyers and customers	300	11	5831361	4573956	8297279	6508153
2. Debts of affiliated companies	320			527		750
3. Other debtors	330	12	132742	36737	188877	52272
4. Deferred expenses	360	13	56417	128927	80274	183447
II. Total	370		6020520	4740147	8566430	6744622
III. Securities and participation in capitals						
1. Other securities	400	14		1964792		2795647
III. Total	410			1964792		2795647
IV. Cash	420	15	9050	11115	12877	15815
II. PART TOTAL AMOUNT	430		9700333	11184975	13802332	15914785
B A L A N C E	440		17613796	19445324	25062174	27668202

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

BALANCE SHEET FOR 3 MONTHS OF 2011

LIABILITIES	Line code	Note	31.03.11. LVL	31.03.10. LVL	31.03.11. EUR	31.03.10. EUR
1. SHAREHOLDERS' EQUITY						
1. Share capital (capital stock)	450	16	5799005	5799005	8251241	8251241
2. Reserve for revaluation of long-term investments	470		224120	264632	318894	376537
3. Other provisions	510		192922	192922	274503	274503
4. Undivided profit:						
a) Undivided profit of previous years	530		(4243532)	(2380080)	(6038002)	(3386549)
b) Undivided profit of the accounting year	540		92036	(701282)	130955	(997834)
1. PART TOTAL AMOUNT	550		2064551	3175197	2937591	4517898
2. PROVISIONS						
1. Other provisions	580	17	184531	184707	262564	262814
2. PART TOTAL AMOUNT	590		184531	184707	262564	262814
3. CREDITORS						
I. Long-term creditors						
1. Other loans	630	19	292474	553886	416153	788109
2. Deferred tax liabilities	731		295432	248198	420362	353154
I. Total	740		587906	802084	836515	1141263
II. Short-term creditors						
1. Loans from credit institutions	770	18	7322922	8005168	10419579	11390328
2. Other loans	780	19	912266	507389	1298038	721950
3. Advance payments received from buyers	790	20	24898	250	35427	356
4. Debts to suppliers and contractors	800	21	2796321	3095512	3978806	4404515
5. Debts to affiliated companies	830		5365	2689	7634	3826
6. Taxes and social security payments	840	22	3146828	2745575	4477533	3906601
7. Other creditors	850	23	568208	926753	808487	1318651
II. Total	890		14776808	15283336	21025504	21746227
3. PART TOTAL AMOUNT	900		15364714	16085420	21862019	22887490
BALANCE	910		17613796	19445324	25062174	27668202

CASH FLOW STATEMENT FOR 3 MONTHS OF 2011 (prepared by indirect method)

I. Cash flow from operating activities

	Items	31.03.11. LVL	31.03.10. LVL	31.03.11. EUR	31.03.10. EUR
1	Profit or loss before extraordinary items and taxes	121437	(692719)	172789	(985650)
	ADJUSTMENTS				
	Depreciation of fixed assets	83283	88117	118501	125379
	Amortization of intangible investment value	77	393	110	559
	Profit or loss from fluctuations of currency exchange rates	(23816)	(305053)	(33887)	(434051)
	Other interest income and similar income	(10031)		(14273)	
	Amounts written off fixed assets	8589	107	12221	152
	Reserve for revaluation of long-term investments	(40512)		(57643)	
2	Profit or loss before adjustments influenced by changes of balance of current assets and short-term liabilities	139027	(909155)	197818	(1293611)
	ADJUSTMENTS				
	Increase or decrease of balance of receivables	(1178167)	371735	(1676381)	528931
	Increase or decrease of balance of inventories	52036	(505650)	74041	(719475)
	Increase or decrease of deferred expenses	15040	47057	21400	66956
	Increase or decrease of balance of debts to be paid to suppliers, contractors and other creditors	322991	1563984	459575	2225349
	Expenses for tax payments	(22499)	(23076)	(32013)	(32834)
3	Gross cash flow from operating activities	(671572)	544895	(955560)	775316
4	Cash flow before extraordinary items	(671572)	544895	(955560)	775316
I	NET CASH FLOW FROM OPERATING ACTIVITIES	(671572)	544895	(955560)	775316

II. Cash flow from investing activities

	Items	31.03.11. LVL	31.03.10. LVL	31.03.11. EUR	31.03.10. EUR
1	Purchase of fixed assets and intangible investments	(18768)	(2844)	(26704)	(4047)
2	Interest income received	205198		291970	
II	NET CASH FLOW FROM INVESTING ACTIVITIES	186430	(2844)	265266	(4047)

III. Cash flow from financing activities

	Items	31.03.11. LVL	31.03.10. LVL	31.03.11. EUR	31.03.10. EUR
1	Loans received	773853		1101094	
2	Expenses for repayment of loans	(262656)	(507157)	(373726)	(721619)
3	Expenses for repurchase of leased fixed assets	(55169)	(97667)	(78498)	(138968)
III	NET CASH FLOW FROM FINANCING ACTIVITIES	456028	(604824)	648870	(860587)

IV. Summary of cash inflow and outflow

	Items	31.03.11. LVL	31.03.10. LVL	31.03.11. EUR	31.03.10. EUR
I	Net cash flow from operating activities	(671572)	544895	(955560)	775316
II	Net cash flow from investing activities	186430	(2844)	265266	(4047)
III	Net cash flow from financing activities	456028	(604824)	648870	(860587)
	Result of fluctuations of currency exchange rates	(3747)	(3300)	(5333)	(4696)
	Net cash flow of the accounting period	(32861)	(66073)	(46757)	(94014)
	Cash and its equivalents in the beginning of the accounting period	41911	77188	59634	109829
	Cash and its equivalents at the end of the accounting period	9050	11115	12877	15815

STATEMENT OF CHANGES OF SHAREHOLDERS' EQUITY FOR 3 MONTHS OF 2011, LVL

Kind of changes	Share capital	Reserve for revaluation of long-term investments	Other provisions	Undivided profit	Total
1. Balance as of 31.12.2009.g.	5799005	264632	192922	(2380080)	3876479
2. 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					
3. Income or loss of the accounting period in accordance with the profit and loss account				(701282)	(701282)
4. Balance as of 31.03.2010.g.	5799005	264632	192922	(3081362)	3175197
5. Balance as of 31.12.2010.g.	5799005	264632	192922	(4243532)	2013027
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		(40512)			(40512)
7. Income or loss of the accounting period in accordance with the profit and loss account				92036	92036
8. Balance as of 31.03.2011.g.	5799005	224120	192922	(4151496)	2064551

STATEMENT OF CHANGES OF SHAREHOLDERS' EQUITY FOR 3 MONTHS OF 2011, EUR

Kind of changes	Share capital	Reserve for revaluation of long-term investments	Other provisions	Undivided profit	Total
1. Balance as of 31.12.2009.g.	8251241	376537	274503	(3386549)	5515732
2. 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					
3. Income or loss of the accounting period in accordance with the profit and loss account				(997834)	(997834)
4. Balance as of 31.03.2010.g.	8251241	376537	274503	(4384383)	4517898
5. Balance as of 31.12.2010.g.	8251241	376537	274503	(6038002)	2864279
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		(57643)			(57643)
7. Income or loss of the accounting period in accordance with the profit and loss account				130955	130955
8. Balance as of 31.03.2011.g.	8251241	318894	274503	(5907047)	2937591

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 31.03.2011 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 31.03.2011. : 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 2010 warranty repair costs accounted for LVL 17707 (EUR 25195), which is only 0.13% 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 ruble, 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 been 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 2011

Note No. 1 – Net turnover

Country	31.03.11. LVL	31.03.10. LVL	31.03.11. EUR	31.03.10. EUR
Latvia	988881	682909	1407051	971693
Russia	3472192	1130639	4940484	1608754
Georgia	409875		583200	
Ukraine	107521	32440	152989	46158
Sweden	4510	16597	6417	23615
Belarus	40781		58026	
Other	20356		28963	
Total	5044116	1862585	7177130	2650220

Note No. 2 – Production costs of products sold

Indicators	31.03.11. LVL	31.03.10. LVL	31.03.11. EUR	31.03.10. EUR
Salaries	949904	575236	1351592	818487
Social insurance contributions	224923	135401	320037	192658
Costs of materials	2552438	1024874	3631792	1458264
Energy resources	322798	249846	459300	355499
Depreciation of capital assets and intangible assets	73703	76586	104870	108972
Business trip costs	10046	3642	14294	5182
Repair costs and remuneration for works from outside	42522	54871	60503	78074
Development costs	17064	42659	24280	60698
Other costs	29183	19134	41523	27225
Total	4222581	2182249	6008191	3105059

Note No. 3 – Selling costs

Indicators	31.03.11. LVL	31.03.10. LVL	31.03.11. EUR	31.03.10. EUR
Packing material and package	60152	25629	85589	36467
Transportation expenses	43943	23439	62525	33351
Salaries	14569	10275	20730	14620
Social insurance contributions	3464	2475	4929	3522
Other selling costs	152	15	216	20
Total	122280	61833	173989	87980

Note No. 4 – Administrative costs

Indicators	31.03.11. LVL	31.03.10. LVL	31.03.11. EUR	31.03.10. EUR
Communications costs	3965	5667	5642	8063
Cash circulation and expense and extra costs	4143	6229	5895	8863
Transportation expenses	3556	5346	5060	7607
Representation expenses	1476	967	2100	1376
Salaries	281989	288499	401234	410497
Social insurance contributions	66269	68178	94292	97009
Energy resources	11323	11729	16111	16689
Depreciation of capital assets	7973	8236	11345	11719
Business trip costs	4169	12195	5932	17352
Security services	30725	31944	43718	45452
Year's payment to Stock Exchange of Riga		2500		3557
Other administrative costs	8935	10276	12713	14621
Total	424523	451766	604042	642805

Notes (cont.)

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

Indicators	31.03.11. LVL	31.03.10. LVL	31.03.11. EUR	31.03.10. EUR
Profit gained as a result of other sales (materials, lease, other)	45326	34205	64493	48669
Penalty and contractual penalties	259	94	369	134
Remaining amounts of removal of capital assets, materials		248		353
Income related to maintenance of social sphere	7308	8762	10398	12467
Decrease in revaluation reserve of capital assets	40512		57643	
Income from fluctuations of exchange rates	23816	305053	33887	434051
Other income	8726		12416	
Total	125947	348362	179206	495674

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

Indicators	31.03.11. LVL	31.03.10. LVL	31.03.11. EUR	31.03.10. EUR
Penalty and contractual penalties	100426	25193	142893	35846
Costs related to maintenance of social sphere	14621	14251	20804	20277
Costs not related to operating activities of the Company	13472	21286	19169	30287
Removal of capital assets	8589	107	12221	152
Loss from previous year	36	1338	51	1905
Total	137144	62175	195138	88467

Note No. 7 - Other interest income and similar income

Indicator	31.03.11. LVL	31.03.10. LVL	31.03.11. EUR	31.03.10. EUR
Interest income (short-term loans)	10031		14273	
Other interest income	331		471	
Total	10362		14744	

Note No. 8 – Other interest payments and similar costs

Indicator	31.03.11. LVL	31.03.10. LVL	31.03.11. EUR	31.03.10. EUR
Loan agreements	60997	56961	86791	81048
Leasing agreements	7231	9655	10289	13738
Credit line agreements	84232	79027	119851	112445
Total	152460	145643	216931	207231

Note No. 9 – Other taxes

Indicators	31.03.11. LVL	31.03.10. LVL	31.03.11. EUR	31.03.10. EUR
Real estate tax on premises (buildings)	24142	4209	34351	5989
Real estate tax on land	5259	4354	7483	6195
Total	29401	8563	41834	12184

Joint Stock Company "Rīgas Elektromašīnbūves rūpnīca"
Non-audited Annual Report for 3 months of the year 2011

Notes (cont.)

NOTES TO BALANCE SHEET FOR THE 3 MONTHS OF 2011

Note No. 10 – Statement of movement of long-term investments, LVL

	Initial value				Depreciation				Remaining value	
	Remaining amount as at 01.01.11	Purchase	Removed	Remaining amount as at 31.03.11	Remaining amount as at 01.01.11	Calculated	Removed	Remaining amount as at 31.03.11	01.01.11	31.03.11.
Intangible investments										
Devel.costs	136508			136508					136508	136508
Licences and other	301			301	286	15		301	15	
Software	10765	7706		18471	10702	62		10764	63	7707
Total	147574	7706		155280	10988	77		11065	136586	144215
Capital assets										
Land, premises, buildings*	6992345		(735)	6991610	2740678	14234	(735)	2754177	4251667	4237433
Equipment and machinery	5917086		(372997)	5544089	3004034	65932	(366021)	2703945	2913052	2840144
Other capital assets	267340	1287	(5875)	262752	236513	3117	(4261)	235369	30827	27383
Creation of capital assets	594586	11062	(1287)	604361					594586	604361
Total	13771357	12349	(380894)	13402812	5981225	83283	(371017)	5693491	7790132	7709321
Long-term fin. investm.										
Partnership in capital of associated companies	59927			59927					59927	59927
Total	59927			59927					59927	59927
In total	13978858	20055	(380894)	13618019	5992213	83360	(371017)	5704556	7986645	7913463

Note No. 10 – Statement of movement of long-term investments, EUR

	Initial value				Depreciation				Remaining value	
	Remaining amount as at 01.01.11	Purchase	Removed	Remaining amount as at 31.03.11	Remaining amount as at 01.01.11	Calculated	Removed	Remaining amount as at 31.03.11	01.01.11	31.03.11
Intangible assets										
Devel.costs	194233			194233					194233	194233
Licences and other	428			428	407	21		428	21	
Software	15317	10965		26282	15228	88		15316	89	10966
Total	209978	10965		220943	15635	109		15744	194343	205199
Capital assets										
Land, premises, buildings*	9949211		(1046)	9948165	3899633	20253	(1045)	3918841	6049578	6029324
Equipment and machinery	8419255		(530727)	7888528	4274356	93811	(520800)	3847367	4144899	4041161
Other capital assets	380391	1831	(8360)	373862	336528	4436	(6064)	334900	43863	38962
Creation of capital assets	846020	15740	(1832)	859928					846020	859928
Total	19594877	17571	(541965)	19070483	8510517	118500	(527909)	8101108	11084360	10969375
Long-term fin. investm.										
Partnership in capital of associated companies	85268			85268					85268	85268
Total	85268			85268					85268	85268
In total	19890123	28536	(541965)	19376694	8526152	118609	(527909)	8116852	11363971	11259842

In 2010 assessed value of the premises accounted for LVL 5 740 348 (EUR 8 167 779), assessed value of the plot accounted for LVL 2 319 907 (EUR 3 300 930).

Notes (cont.)

Note No. 11 – Debts of customers and clients

Indicators	31.03.11. LVL	31.03.10. LVL	31.03.11. EUR	31.03.10. EUR
Debts of customers and clients	5842125	4584781	8312595	6523556
Provisions for doubtful debtors	(10764)	(10825)	(15316)	(15403)
Total	5831361	4573956	8297279	6508153

Note No. 12 – Other debtors

Indicators	31.03.11. LVL	31.03.10. LVL	31.03.11. EUR	31.03.10. EUR
Demand calculations for personnel		7111		10118
Taxes paid in advance	1343	2679	1911	3812
Overpaid taxes	99678		141829	
Rental debts	26237	21505	37332	30599
Other	5484	5442	7805	7743
Total	132742	36737	188877	52272

Note No. 13 – Costs of the following periods

Indicators	31.03.11. LVL	31.03.10. LVL	31.03.11. EUR	31.03.10. EUR
Insurance	1110	381	1579	542
Expenses for development of new techniques	51191	127977	72838	182095
Software service	2835		4034	
Other	1281	569	1823	810
Total	56417	128927	80274	183447

Note No. 14 – Other securities and partnership in capitals

Indicators	31.03.11. LVL	31.03.10. LVL	31.03.11. EUR	31.03.10. EUR
Short-term loan		1964792		2795647

Note No. 15 – Cash

Indicators	31.03.11. LVL	31.03.10. LVL	31.03.11. EUR	31.03.10. EUR
Current accounts in banks	9050	11115	12877	15815

Note No. 16 – 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	31.03.11. LVL	31.03.10. LVL	31.03.11. EUR	31.03.10. 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. 17 – Other provisions

Indicators	31.03.11. LVL	31.03.10. LVL	31.03.11. EUR	31.03.10. EUR
Holiday provisions	184531	184707	262564	262814

Note No. 18 – Long-term and short-term loans from credit institutions

Indicators	31.03.11. LVL	31.03.10. LVL	31.03.11. EUR	31.03.10. EUR
Latvian credit institutions, loan agreement, including	2374576	3058320	3378717	4351597
Short-term debt	2374576	3058320	3378717	4351597
Latvian credit institutions, credit line agreement, including	4948346	4946848	7040862	7038731
Short-term debt	4948346	4946848	7040862	7038731

Note No. 19 – Other loans

Indicators	31.03.11. LVL	31.03.10. LVL	31.03.11. EUR	31.03.10. EUR
Leasing agreements, including	553571	765444	787661	1089129
Long-term debt	292474	553886	416153	788109
Short-term debt	261097	211558	371508	301020
Other loans, including	651169	295831	926530	420930
Short-term debt	651169	295831	926530	420930

Note No. 20 – Advances received from customers

Indicators	31.03.11. LVL	31.03.10. LVL	31.03.11. EUR	31.03.10. EUR
Local customers	582		828	
Foreign customers	24316	250	34599	356
Total	24898	250	35427	356

Note No. 21 – Debts to suppliers and contractors

Indicators	31.03.11. LVL	31.03.10. LVL	31.03.11. EUR	31.03.10. EUR
Local suppliers	2196791	2028791	3125752	2886708
Foreign suppliers	599530	1066721	853054	1517807
Total	2796321	3095512	3978806	4404515

Note No. 22 – Taxes and social insurance contributions

Indicators	31.03.11. LVL	31.03.10. LVL	31.03.11. EUR	31.03.10. EUR
Personal income tax	1281153	1109464	1822916	1578625
Mandatory social insurance contributions	1799011	1587992	2559764	2259509
Value added tax		10132		14417
Natural resources tax	1788	3352	2544	4769
Real estate tax on land	5260	8065	7484	11475
Real estate tax on premises (buildings)	59402	26377	84521	37531
State business risk fee	214	193	304	275
Total	3146828	2745575	4477533	3906601

Notes (cont.)

Note No. 23 – Other creditors

Indicators	31.03.11. LVL	31.03.10. LVL	31.03.11. EUR	31.03.10. EUR
Salary debt	549181	908887	781414	1293230
Support payments	3843	5273	5468	7503
Trade union membership fee	11025	12593	15687	17918
Other	4159		5918	
Total	568208	926753	808487	1318651

Company on behalf of the Board,

Chairperson of the Board

Nikolais Erohovs

24 May 2011