

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

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

**ANNUAL REPORT FOR 9 MONTHS
OF THE YEAR 2011
(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, Rīga, 29 November 1991
Unified Registration No. in the Commercial Register, date and place of registration	No. 40003042006, Rīga, 29 September 2004
Registered office	Ganību dambis 31, Rīga, 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	Fjodors Dudkins (from 21.06.2011) Rita Kargina (from 21.06.2011) Mihails Morozs (from 19.04.2010) Aleksandrs Suvorkins (from 19.04.2010)
Accounting period	1 January 2011 – 30 September 2011
Auditor	SIA "Rīgas audits", licence No. 103 Skolas iela 11-501, Rīga, LV-1010, Latvia Certified auditor Jānis Mežiels Certified auditor's certificate No. 127
Associated companies	SIA "Lovato – REZ", Reg. No. 000307218 Ganību dambis 31, Rīga, the Republic of Latvia Fixed capital LVL 115,200 (EUR 163915) Shares – 50 %

PROFIT AND LOSS ACCOUNT FOR 9 MONTHS OF 2011

No.	Items	Line code	Note	30.09.11. LVL	30.09.10. LVL	30.09.11. EUR	30.09.10. EUR
1	Net turnover	010	1	16761312	10120144	23849198	14399668
2	Production costs of the goods sold	020	2	(14001177)	(9590363)	(19921880)	(13645857)
3	Gross profit or loss	030		2760135	529781	3927318	753811
4	Selling expenses	040	3	(467768)	(281251)	(665574)	(400184)
5	Administration expenses	050	4	(1434354)	(1357033)	(2040902)	(1930884)
6	Other operating income	060	5	315875	470560	449450	669547
7	Other operating expenses	070	6	(508071)	(312938)	(722920)	(445272)
8	Other interest income and similar income	100	7	10362	8	14744	11
9	Other interest payments and similar expenses	120	8	(452876)	(435087)	(644384)	(619073)
10	Profit or loss before extraordinary items and taxes	130		223303	(1385960)	317732	(1972044)
11	Profit or loss before tax	160		223303	(1385960)	317732	(1972044)
12	Other taxes	190	9	(88205)	(34508)	(125504)	(49100)
13	Profit or loss of the accounting period	200		135098	(1420468)	192228	(2021144)

EPS (earnings per share)	0.02	(0,24)	0.03	(0,35)
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BALANCE SHEET FOR 9 MONTHS OF 2011

A S S E T S	Line code	Note	30.09.11. LVL	30.09.10. LVL	30.09.11. EUR	30.09.10. EUR
1. LONG-TERM INVESTMENTS		10				
I. Intangible investments						
1. Development costs	010		136508	170636	194233	242793
2. Concessions, licences and similar rights	020			30		43
3. Other intangible investments	021		5797	125	8248	178
I. Total	050		142305	170791	202481	243014
II. Fixed assets						
1. Land plots, buildings, constructions	060		4209022	4253893	5988899	6052744
2. Equipment and machinery	080		2735216	2979669	3891862	4239687
3. Other fixed assets and inventory	090		28437	29775	40462	42366
4. Creation of fixed assets	100		616813	600685	877646	854698
II. Total	120		7589488	7864022	10798869	11189495
III. Long-term financial investments						
1. Participation in capital of affiliated companies	150		59927	59927	59927	85268
III. Total	210		59927	59927	59927	85268
I. PART TOTAL AMOUNT	220		7791720	8094740	11086618	11517777
2. CURRENT ASSETS						
I. Stocks						
1. Raw materials, direct materials and auxiliary materials	230		1839295	2059021	2617081	2929723
2. Unfinished products	240		1520729	1270539	2163802	1807814
3. Finished products and goods for sale	250		58728	70925	83562	100917
4. Prepayments for goods	270		418210	250718	595059	356740
I. Total	290		3836962	3651203	5459504	5195194
II. Debtors						
1. Debts of buyers and customers	300	11	4201387	3964546	5978036	5641041
2. Debts of affiliated companies	320			329		468
3. Other debtors	330	12	215160	104409	306146	148561
4. Deferred expenses	360	13	229912	53409	327136	75994
II. Total	370		4646459	4122693	6611318	5866064
III. Securities and participation in capitals						
1. Other securities	400	14		1641438		2335556
III. Total	410			1641438		2335556
IV. Cash	420	15	130977	7253	186363	10320
II. PART TOTAL AMOUNT	430		8614398	9422587	12257185	13407134
B A L A N C E	440		16406118	17517327	23343803	24924911

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

BALANCE SHEET FOR 9 MONTHS OF 2011

LIABILITIES	Line code	Note	30.09.11. LVL	30.09.10. LVL	30.09.11. EUR	30.09.10. EUR
1. SHAREHOLDERS' EQUITY						
1. Share capital (capital stock)	450	16	5799005	5799005	8251241	8251241
2. Reserve for revaluation of long-term investments	470		214873	264632	305737	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		135098	(1420468)	192228	(2021144)
1. PART TOTAL AMOUNT	550		2098366	2456011	2985707	3494588
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. Loans from credit institutions	620	18	6677341		9501000	
2. Other loans	630	19	292474	553886	416153	788109
3. Deferred tax liabilities	731		295432	248198	420362	353154
I. Total	740		7265247	802084	10337515	1141263
II. Short-term creditors						
1. Loans from credit institutions	770	18	158131	7349775	225000	10457788
2. Other loans	780	19	799103	111782	1137021	159051
3. Advance payments received from buyers	790	20	106328	149070	151291	212108
4. Debts to suppliers and contractors	800	21	2341280	2969365	3331341	4225026
5. Debts to affiliated companies	830			4111		5849
6. Taxes and social security payments	840	22	2859258	2920284	4068358	4155190
7. Other creditors	850	23	593874	570138	845006	811234
II. Total	890		6857974	14074525	9758017	20026246
3. PART TOTAL AMOUNT	900		14123221	14876609	20095532	21167509
BALANCE	910		16406118	17517327	23343803	24924911

CASH FLOW STATEMENT FOR 9 MONTHS OF 2011 (prepared by indirect method)

I. Cash flow from operating activities

	Items	30.09.11. LVL	30.09.10. LVL	30.09.11. EUR	30.09.10. EUR
1	Profit or loss before extraordinary items and taxes	223303	(1385960)	317732	(1972044)
	ADJUSTMENTS				
	Depreciation of fixed assets	247678	262732	352414	373834
	Amortization of intangible investment value	2007	595	2856	847
	Gain from sales of fixed assets	(980)	(7128)	(1394)	(10142)
	Profit or loss from fluctuations of currency exchange rates	(37434)	(304271)	(53264)	(432938)
	Other interest income and similar income	(10031)		(14273)	
	Amounts written off fixed assets	9051	440	12878	626
	Reserve for revaluation of long-term investments	(49758)		(70799)	
2	Profit or loss before adjustments influenced by changes of balance of current assets and short-term liabilities	383836	(1433592)	546150	(2039817)
	ADJUSTMENTS				
	Increase or decrease of balance of receivables	149227	1211381	212331	1723640
	Increase or decrease of balance of inventories	48133	306247	68487	435750
	Increase or decrease of deferred expenses	(158455)	122575	(225461)	174409
	Increase or decrease of balance of debts to be paid to suppliers, contractors and other creditors	(187602)	1473861	(266934)	2097115
	Expenses for tax payments	(119018)	(86190)	(169347)	(122637)
3	Gross cash flow from operating activities	116121	1594282	165226	2268460
4	Cash flow before extraordinary items	116121	1594282	165226	2268460
I	NET CASH FLOW FROM OPERATING ACTIVITIES	116121	1594282	165226	2268460

II. Cash flow from investing activities

	Items	30.09.11. LVL	30.09.10. LVL	30.09.11. EUR	30.09.10. EUR
1	Purchase of fixed assets and intangible investments	(63811)	(12384)	(90795)	(17621)
2	Income from sales of fixed assets and intangible investments	980	7128	1394	10142
3	Interest income received	205198		291970	
II	NET CASH FLOW FROM INVESTING ACTIVITIES	142367	(5256)	202569	(7479)

III. Cash flow from financing activities

	Items	30.09.11. LVL	30.09.10. LVL	30.09.11. EUR	30.09.10. EUR
1	Loans received	777553		1106358	
2	Expenses for repayment of loans	(819611)	(1478509)	(1166201)	(2103729)
3	Expenses for repurchase of leased fixed assets	(182137)	(197443)	(259158)	(280936)
III	NET CASH FLOW FROM FINANCING ACTIVITIES	(224195)	(1675952)	(319001)	(2384665)

IV. Summary of cash inflow and outflow

	Items	30.09.11. LVL	30.09.10. LVL	30.09.11. EUR	30.09.10. EUR
I	Net cash flow from operating activities	116121	1594282	165226	2268460
II	Net cash flow from investing activities	142367	(5256)	202569	(7479)
III	Net cash flow from financing activities	(224195)	(1675952)	(319001)	(2384665)
	Result of fluctuations of currency exchange rates	54773	16991	77935	24175
	Net cash flow of the accounting period	89066	(69935)	126729	(99509)
	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	130977	7253	186363	10320

STATEMENT OF CHANGES OF SHAREHOLDERS' EQUITY FOR 9 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				(1420468)	(1420468)
4. Balance as of 30.09.2010.g.	5799005	264632	192922	(3800548)	2456011
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		(49759)			(49759)
7. Income or loss of the accounting period in accordance with the profit and loss account				135098	135098
8. Balance as of 30.09.2011.g.	5799005	214873	192922	(4108434)	2098366

STATEMENT OF CHANGES OF SHAREHOLDERS' EQUITY FOR 9 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				(2021144)	(2021144)
4. Balance as of 30.09.2010.g.	8251241	376537	274503	(5407693)	3494588
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		(70800)			(70800)
7. Income or loss of the accounting period in accordance with the profit and loss account				192228	192228
8. Balance as of 30.09.2011.g.	8251241	305737	274503	(5845774)	2985707

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 30.09.2011 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

Since March 12, 2010 "Lovato-REZ" Ltd is in the process of winding up.

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 30.09.2011. : 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 17 707 (EUR 25 195), 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 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 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 9 MONTHS OF 2011

Note No. 1 – Net turnover

Country	30.09.11. LVL	30.09.10. LVL	30.09.11. EUR	30.09.10. EUR
Latvia	3067658	3319333	4364884	4722985
Russia	12802531	6526476	18216360	9286339
Ukraine	238935	95895	339974	136446
Sweden	4510	72771	6417	103544
Estonia		60828		86550
Byelorussia	78478	27131	111664	38604
Georgia	541440		770400	
Other	27760	17710	39499	25200
Total	16761312	10120144	23849198	14399668

Note No. 2 – Production costs of products sold

Indicators	30.09.11. LVL	30.09.10. LVL	30.09.11. EUR	30.09.10. EUR
Salaries	3299575	2294255	4694872	3264431
Social insurance contributions	752287	540829	1070408	769530
Costs of materials	8645300	5450155	12301154	7754872
Energy resources	746724	596223	1062493	848349
Depreciation of capital assets and intangible assets	224244	242972	319070	345718
Business trip costs	35882	22010	51055	31317
Repair costs and remuneration for works from outside	153515	115170	218432	163872
Development costs	51191	119445	72838	169955
Expenses of product's certification	17314	45676	24636	64991
Other costs	75145	163628	106922	232822
Total	14001177	9590363	19921880	13645857

Note No. 3 – Selling costs

Indicators	30.09.11. LVL	30.09.10. LVL	30.09.11. EUR	30.09.10. EUR
Packing material and package	192597	138849	274041	197564
Transportation expenses	209383	99357	297925	141372
Salaries	52894	34508	75261	49100
Social insurance contributions	12597	8314	17924	11830
Other selling costs	297	223	423	318
Total	467768	281251	665574	400184

Note No. 4 – Administrative costs

Indicators	30.09.11. LVL	30.09.10. LVL	30.09.11. EUR	30.09.10. EUR
Communications costs	17130	20545	24374	29233
Cash circulation and expense and extra costs	11332	24302	16124	34579
Transportation expenses	10641	12232	15141	17405
Representation expenses	3555	3305	5058	4703
Salaries	963453	882477	1370870	1255652
Social insurance contributions	224186	207759	318988	295614
Energy resources	27492	25408	39118	36152
Depreciation of capital assets	23627	23891	33618	33994
Business trip costs	12030	22584	17117	32134
Security services	103959	98284	147920	139846
Other administrative costs	36949	36246	52574	51572
Total	1434354	1357033	2040902	1930884

Notes (cont.)

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

Indicators	30.09.11. LVL	30.09.10. LVL	30.09.11. EUR	30.09.10. EUR
Profit gained as a result of other sales (materials, lease, other)	181130	135569	257725	192897
Penalty and contractual penalties	259	94	369	134
Remaining amounts of removal of capital assets, materials	980	7128	1394	10142
Deposited salaries		1880		2675
Income related to maintenance of social sphere	17102	20950	24334	29809
Decrease in revaluation reserve of capital assets	49758		70799	
Income from fluctuations of exchange rates	37434	304271	53264	432939
Inventory surplus	2271		3231	
Other income	26941	668	38334	951
Total	315875	470560	449450	669547

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

Indicators	30.09.11. LVL	30.09.10. LVL	30.09.11. EUR	30.09.10. EUR
Penalty and contractual penalties	311818	223800	443677	318439
Costs related to maintenance of social sphere	32601	31778	46387	45216
Costs not related to operating activities of the Company	51104	55349	72714	78755
Re-accreditation costs	92722		131932	
Removal of capital assets	8589	440	12221	626
Write-off of bad debtors	229		326	
Inventory deficit	9585		13638	
Loss from previous year	36		51	
Other costs	1387	1571	1974	2236
Total	508071	312938	722920	445272

Note No. 7 - Other interest income and similar income

Indicator	30.09.11. LVL	30.09.10. LVL	30.09.11. EUR	30.09.10. EUR
Interest income (short-term loans)	10031		14273	
Other interest income	331	8	471	11
Total	10362	8	14744	11

Note No. 8 – Other interest payments and similar costs

Indicator	30.09.11. LVL	30.09.10. LVL	30.09.11. EUR	30.09.10. EUR
Loan agreements	199764	166405	284239	236773
Leasing agreements	20212	27227	28759	38740
Credit line agreements	232900	241455	331386	343560
Total	452876	435087	644384	619073

Note No. 9 – Other taxes

Indicators	30.09.11. LVL	30.09.10. LVL	30.09.11. EUR	30.09.10. EUR
Real estate tax on premises (buildings)	72425	20404	103051	29032
Real estate tax on land	15780	14104	22453	20068
Total	88205	34508	125504	49100

Notes (cont.)

NOTES TO BALANCE SHEET FOR THE 9 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 30.09.11	Remaining amount as at 01.01.11	Calculated	Removed	Remaining amount as at 30.09.11	01.01.11	30.09.11
Intangible investments										
Devel.costs	136508			136508					136508	136508
Licenses and other	301			301	286	15		301	15	
Software	10765	7726		18491	10702	1992		12694	63	5797
Total	147574	7726		155300	10988	2007		12995	136586	142305
Capital assets										
Land, premises, buildings*	6992345		(735)	6991610	2740678	42645	(735)	2782588	4251667	4209022
Equipment and machinery	5917086	25467	(455460)	5487093	3004034	196328	(448485)	2751877	2913052	2735216
Other capital assets	267340	8391	(20660)	255071	236513	8705	(18584)	226634	30827	28437
Creation of capital assets	594586	47007	(24780)	616813					594586	616813
Total	13771357	80865	(501635)	13350587	5981225	247678	(467804)	5761099	7790132	7589488
Long-term fin. investm.										
Partnership in capital of associated companies	59927			59927					59927	59927
Total	59927			59927					59927	59927
In total	13978858	88591	(501635)	13565814	5992213	249685	(467804)	5774094	7986645	7791720

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 30.09.11	Remaining amount as at 01.01.11	Calculated	Removed	Remaining amount as at 30.09.11	01.01.11	30.09.11
Intangible assets										
Devel.costs	194233			194233					194233	194233
Licenses and other	428			428	407	21		428	21	
Software	15317	10993		26310	15228	2834		18062	89	8248
Total	209978	10993		220971	15635	2855		18490	194343	202481
Capital assets										
Land, premises, buildings*	9949211		(1046)	9948165	3899633	60678	(1046)	3959265	6049578	5988900
Equipment and machinery	8419255	36236	(648061)	7807430	4274356	279350	(638137)	3915569	4144899	3891861
Other capital assets	380391	11939	(29397)	362933	336528	12386	(26443)	322471	43863	40462
Creation of capital assets	846020	66885	(35259)	877646					846020	877646
Total	19594877	115060	(713763)	18996174	8510517	352414	(665626)	8197305	11084360	10798869
Long-term fin. investm.										
Partnership in capital of associated companies	85268			85268					85268	85268
Total	85268			85268					85268	85268
In total	19890123	126053	(713763)	19302413	8526152	355269	(665626)	8215795	11363971	11086618

Notes (cont.)

* 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).

Note No. 11 – Debts of customers and clients

Indicators	30.09.11. LVL	30.09.10. LVL	30.09.11. EUR	30.09.10. EUR
Debts of customers and clients	4211356	3974943	5992221	5655835
Provisions for doubtful debtors	(9969)	(10397)	(14185)	(14794)
Total	4201387	3964546	5978036	5641041

Note No. 12 – Other debtors

Indicators	30.09.11. LVL	30.09.10. LVL	30.09.11. EUR	30.09.10. EUR
Demand calculations for personnel	1671	1339	2378	1905
Taxes paid in advance	1170	1090	1665	1551
Overpaid taxes	184465	76999	262470	109560
Rental debts	26005	22442	37002	31932
Other	1849	2539	2631	3613
Total	215160	104409	306146	148561

Note No. 13 – Costs of the following periods

Indicators	30.09.11. LVL	30.09.10. LVL	30.09.11. EUR	30.09.10. EUR
Press subscription	269	114	383	162
Insurance	1521	685	2164	975
Expenses for development of new techniques	225407	51190	320726	72837
Annual anti-virus program licenses	752	893	1070	1270
Other	1963	527	2793	750
Total	229912	53409	327136	75994

Note No. 14 – Other securities and partnership in capitals

Indicators	30.09.11. LVL	30.09.10. LVL	30.09.11. EUR	30.09.10. EUR
Short-term debt		1641438		2335556

Note No. 15 – Cash

Indicators	30.09.11. LVL	30.09.10. LVL	30.09.11. EUR	30.09.10. EUR
Current accounts in banks	130977	7253	186363	10320

Note No. 16 – 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	30.09.11. LVL	30.09.10. LVL	30.09.11. EUR	30.09.10. 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	30.09.11. LVL	30.09.10. LVL	30.09.11. EUR	30.09.10. EUR
Holiday provisions	184531	184707	262564	262814

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

Indicators	30.09.11. LVL	30.09.10. LVL	30.09.11. EUR	30.09.10. EUR
Latvian credit institutions, loan agreement, including	6835472	2402887	9726000	3419000
Long-term debt	6677341		9501000	
Short-term debt	158131	2402887	225000	3419000
Latvian credit institutions, credit line agreement, including		4946888		7038788
Short-term debt		4946888		7038788

Note No. 19 – Other loans

Indicators	30.09.11. LVL	30.09.10. LVL	30.09.11. EUR	30.09.10. EUR
Leasing agreements, including	426603	665668	607001	947160
Long-term debt	292474	553886	416153	788109
Short-term debt	134129	111782	190848	159051
Other loans, including	664974		946173	
Short-term debt	664974		946173	

Note No. 20 – Advances received from customers

Indicators	30.09.11. LVL	30.09.10. LVL	30.09.11. EUR	30.09.10. EUR
Local customers	499		710	
Foreign customers	105829	149070	150581	212108
Total	106328	149070	151291	212108

Note No. 21 – Debts to suppliers and contractors

Indicators	30.09.11. LVL	30.09.10. LVL	30.09.11. EUR	30.09.10. EUR
Local suppliers	1913643	2195148	2722868	3123414
Foreign suppliers	427637	774217	608473	1101612
Total	2341280	2969365	3331341	4225026

Note No. 22 – Taxes and social insurance contributions

Indicators	30.09.11. LVL	30.09.10. LVL	30.09.11. EUR	30.09.10. EUR
Personal income tax	1134956	1209431	1614897	1720866
Mandatory social insurance contributions	1695849	1709639	2412976	2432597
Natural resources tax	1263	1015	1797	1444
Real estate tax on land	4822		6861	
Real estate tax on premises (buildings)	22125		31481	
State business risk fee	243	199	346	283
Total	2859258	2920284	4068358	4155190

Notes (cont.)

Note No. 23 – Other creditors

Indicators	30.09.11. LVL	30.09.10. LVL	30.09.11. EUR	30.09.10. EUR
Salary debt	580429	547472	825876	778982
Support payments	2469	3249	3513	4623
Trade union membership fee	10976	12105	15617	17224
Other		7312		10405
Total	593874	570138	845006	811234

On behalf of the Board of the Company,

Chairperson of the Board

Nikolajs Erohovs

21 November 2011