

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

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

**CONSOLIDATED ANNUAL REPORT FOR 9 MONTHS
OF THE YEAR 2013
(NON-AUDITED)**

DRAWN-UP IN COMPLIANCE WITH THE INTERNATIONAL FINANCIAL REPORTING
STANDARDS

CONTENT

Information about the parent 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 PARENT 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	
The parent Company Council :		
Chairperson of the Council	Oleg Domskiy	from 12.07.12
	Mikhail Khromov	until 12.07.12.
Vice-Chairperson of the Council	Andrey Petrov	from 12.07.12.
	Oleg Domskiy	until 12.07.12.
Council Members	Andrey Isaev	
	Ekaterina Chamkina	from 12.07.12.
	Sergey Goncharov	from 12.07.12.
	Andrey Petrov	until 12.07.12.
	Yaroslav Kolesnik	until 12.07.12.
The parent Company Board:		
Chairperson of the Board	Nikolajs Erohovs	from 15.03.11.
Board Members	Aleksandrs Suvorkins	from 19.04.10.
	Fedor Dudkin	until 27.06.12.
	Rita Kargina	until 27.06.12.
	Olga Pētersone	from 27.06.12.
	Maxim Savenkov	from 27.06.12.
	Mihails Morozs	until 22.11.12.
	Aleksandrs Popadins	from 08.11.13.
Accounting period	1 January 2013 – 30 September 2013	
Auditor	SIA "Rīgas audits", licence No. 103 Skolas iela 11-501, Riga, LV-1010, Latvia Certified auditor Ē. Figurnovs Certified auditor's certificate No. 38	
Subsidiary (daughter) companies	SIA „LatTransKomplekt”, reģ. Nr. 40103287324 Ganību dambis 31, Riga, the Republic of Latvia Fixed capital LVL 2 000 (2 846 EUR) Shares – 100 % Liquidated from 15.07.13.	
	AS „Latvo”, reģ. Nr. 40003184975 Ganību dambis 31, Riga, the Republic of Latvia Fixed capital LVL 3 925 300 (5 585 199 EUR) Shares – 98.5 %	

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR 9 MONTHS OF 2013

No.	Items	Note	30.09.13. LVL	30.09.12. LVL	30.09.13. EUR	30.09.12. EUR
1	Net turnover	1	19128837	19793595	27217883	28163748
2	Production costs of the goods sold	2	(14156041)	(14325439)	(20142232)	(20383263)
3	Gross profit or loss		4972796	5468156	7075651	7780485
4	Selling expenses	3	(387798)	(415893)	(551787)	(591762)
5	Administration expenses	4	(1595859)	(1646412)	(2270703)	(2342633)
6	Other operating income	5	563556	476193	801868	677562
7	Other operating expenses	6	(1063978)	(728447)	(1513904)	(1036487)
8	Other interest income and similar income		84		120	
9	Other interest payments and similar expenses	7	(227137)	(374329)	(323187)	(532622)
10	Profit or loss before extraordinary items and taxes		2261664	2779268	3218058	3954543
11	Profit or loss before tax		2261664	2779268	3218058	3954543
12	Other taxes	8	(69782)	(83645)	(99291)	(119016)
13	Profit or loss of the accounting period		2191882	2695623	3118767	3835527

EPS (earnings per share)	0.38	0.46	0.54	0.66
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CONSOLIDATED BALANCE SHEET FOR 9 MONTHS OF 2013

A S S E T S	Note	30.09.13. LVL	30.09.12. LVL	30.09.13. EUR	30.09.12. EUR
1. LONG-TERM INVESTMENTS					
I. Intangible investments	9				
1. Development costs			68254		97717
2. Concessions, licences and similar rights		124162		176667	
3. Other intangible investments		1054	6992	1500	9949
I. Total		125216	75246	178167	107066
II. Fixed assets	9				
1. Land plots, buildings, constructions		4327470	4172416	6157435	5936813
2. Equipment and machinery		2801888	2730880	3986727	3885692
3. Other fixed assets and inventory		122817	32290	174753	45945
4. Creation of fixed assets		335103	777439	476809	1106196
5. Advance payments for fixed assets		307126		437001	
II. Total		7894404	7713025	11232725	10974646
III. Long-term financial investments					
1. Own shares		10227		14552	
2. Other long-term debtors	10	4898641		6970138	
3. Deferred tax assets		1979		2816	
III. Total		4910847		6987506	
I. PART TOTAL AMOUNT		12930467	7788271	18398398	11081712
2. CURRENT ASSETS					
I. Stocks					
1. Raw materials, direct materials and auxiliary materials		2196117	2023877	3124793	2879718
2. Unfinished products		1555027	1315533	2212604	1871835
3. Finished products and goods for sale		506156	637964	720195	907741
4. Prepayments for goods		271741	420964	386653	598978
I. Total		4529041	4398338	6444245	6258272
II. Debtors					
1. Debts of buyers and customers	11	3047482	5546262	4336176	7891620
2. Other debtors	12	106714	121834	151840	173353
3. Deferred expenses	13	24494	20208	34852	28753
II. Total		3178690	5688304	4522868	8093726
IV. Cash	14	11139	48128	15849	68480
II. PART TOTAL AMOUNT		7718870	10134770	10982962	14420478
B A L A N C E		20649337	17923041	29381360	25502190

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

CONSOLIDATED BALANCE SHEET FOR 9 MONTHS OF 2013

LIABILITIES	Note	30.09.13. LVL	30.09.12. LVL	30.09.13. EUR	30.09.12. EUR
1. SHAREHOLDERS' EQUITY					
1. Share capital (capital stock)	15	5799005	5799005	8251241	8251241
2. Reserve for revaluation of long-term investments		207330	212791	295004	302773
3. Other provisions		192922	192922	274503	274503
4. Undivided profit:					
a) Undivided profit of previous years		577656	(3719278)	821930	(5292056)
b) Undivided profit of the accounting year		2191882	2695623	3118767	3835527
1. PART TOTAL AMOUNT		8968795	5181063	12761445	7371988
2. PROVISIONS					
1. Other provisions	16	890156	456791	1266578	649955
2. PART TOTAL AMOUNT		890156	456791	1266578	649955
3. CREDITORS					
I. Long-term creditors					
1. Loans from credit institutions	17	5021535	5341873	7145001	7600801
2. Other loans	18	535537	744502	762001	1059331
3. Debts to suppliers and contractors	21	50256		71508	
4. Other creditors	19	752631	792785	1070897	1128031
5. Deferred tax liabilities		271895	215995	386872	307333
I. Total		6631854	7095155	9436279	10095496
II. Short-term creditors					
1. Loans from credit institutions	17	1609736	740800	2290448	1054063
2. Other loans	18		55169		78498
3. Advance payments received from buyers	20	48785	7618	69415	10839
4. Debts to suppliers and contractors	21	1168063	1435488	1662004	2042515
5. Taxes and social security payments	22	916749	2557360	1304416	3638795
6. Other creditors	19	415199	393597	590775	560041
II. Total		4158532	5190032	5917058	7384751
3. PART TOTAL AMOUNT		10790386	12285187	15353337	17480247
BALANCE		20649337	17923041	29381360	25502190

CONSOLIDATED CASH FLOW STATEMENT FOR 6 MONTHS OF 2013 (prepared by indirect method)

I. Cash flow from operating activities

	Items	30.09.13. LVL	30.09.12. LVL	30.09.13. EUR	30.09.12. EUR
1	Profit or loss before extraordinary items and taxes	2261664	2779268	3218058	3954543
	ADJUSTMENTS				
	Depreciation of fixed assets	401851	250738	571782	356768
	Amortization of intangible investment value	20085	5279	28578	7511
	Gain from sales of fixed assets	(319918)	(8433)	(455202)	(11999)
	Profit or loss from fluctuations of currency exchange rates	318434	147425	453091	209767
	Consolidation difference	1720	(3240)	2447	(4610)
	Amounts written off fixed assets	127685	789	181679	1123
	Reserve for revaluation of long-term investments	(1775)	(2067)	(2526)	(2942)
2	Profit or loss before adjustments influenced by changes of balance of current assets and short-term liabilities	2809746	3169759	3997907	4510161
	ADJUSTMENTS				
	Increase or decrease of balance of receivables	(2407618)	(1901285)	(3425732)	(2705285)
	Increase or decrease of balance of inventories	(45737)	729866	(65078)	1038506
	Increase or decrease of deferred expenses	53538	51712	76178	73580
	Increase or decrease of balance of debts to be paid to suppliers, contractors and other creditors	(1384232)	(57126)	(1969585)	(81283)
	Increase or decrease of accruals	404403	200856	575414	285792
	Expenses for tax payments	(69782)	(122827)	(99291)	(174767)
3	Gross cash flow from operating activities	(639682)	2070955	(910187)	2946704
4	Cash flow before extraordinary items	(639682)	2070955	(910187)	2946704
I	NET CASH FLOW FROM OPERATING ACTIVITIES	(639682)	2070955	(910187)	2946704

II. Cash flow from investing activities

	Items	30.09.13. LVL	30.09.12. LVL	30.09.13. EUR	30.09.12. EUR
1	Stocks or shares purchase from related undertakings		(936000)		(1331808)
2	Purchase of fixed assets and intangible investments	(305284)	(264919)	(434380)	(376946)
3	Income from sales of fixed assets and intangible investments	319918	9048	455202	12874
4	Repaid loans	59615		84825	
II	NET CASH FLOW FROM INVESTING ACTIVITIES	74249	(1191871)	105647	(1695880)

III. Cash flow from financing activities

	Items	30.09.13. LVL	30.09.12. LVL	30.09.13. EUR	30.09.12. EUR
1	Loans received	1544685	240000	2197889	341489
2	Expenses for repayment of loans	(925315)	(834668)	(1316605)	(1187626)
3	Expenses for repurchase of leased fixed assets	(55169)	(165506)	(78498)	(235494)
III	NET CASH FLOW FROM FINANCING ACTIVITIES	564201	(760174)	802786	(1081631)

IV. Summary of cash inflow and outflow

	Items	30.09.13. LVL	30.09.12. LVL	30.09.13. EUR	30.09.12. EUR
I	Net cash flow from operating activities	(639682)	2070955	(910187)	2946704
II	Net cash flow from investing activities	74249	(1191871)	105647	(1695880)
III	Net cash flow from financing activities	564201	(760174)	802786	(1081631)
	Result of fluctuations of currency exchange rates	(52285)	(115643)	(74394)	(164544)
	Net cash flow of the accounting period	(53517)	3267	(76148)	4649
	Cash and its equivalents in the beginning of the accounting period	64656	44861	91997	63831
	Cash and its equivalents at the end of the accounting period	11139	48128	15849	68480

CONSOLIDATED STATEMENT OF CHANGES OF SHAREHOLDERS' EQUITY FOR 9 MONTHS OF 2013, LVL

Kind of changes	Share capital	Reserve for revaluation of long-term investments	Other provisions	Undivided profit	Total
1. Balance as of 31.12.2011.g.	5799005	214858	192922	(3719278)	2487507
2. Decrease of fixed assets		(2067)			(2067)
3. Income or loss of the accounting period in accordance with the profit and loss account				2695623	2695623
4. Balance as of 30.09.2012.g.	5799005	212791	192922	(1023655)	5181063
5. Balance as of 31.12.2012.g.	5799005	209105	192922	577656	6778688
6. Decrease of fixed assets		(1775)			(1775)
7. Income or loss of the accounting period in accordance with the profit and loss account				2191882	2191882
8. Balance as of 30.09.2013.g.	5799005	207330	192922	2769538	8968795

CONSOLIDATED STATEMENT OF CHANGES OF SHAREHOLDERS' EQUITY FOR 9 MONTHS OF 2013, EUR

Kind of changes	Share capital	Reserve for revaluation of long-term investments	Other provisions	Undivided profit	Total
1. Balance as of 31.12.2011.g.	8251241	305715	274503	(5292056)	3539403
2. Decrease of fixed assets		(2942)			(2942)
3. Income or loss of the accounting period in accordance with the profit and loss account				3835527	3835527
4. Balance as of 30.09.2012.g.	8251241	302773	274503	(1456529)	7371988
5. Balance as of 31.12.2012.g.	8251241	297530	274503	821930	9645204
6. Decrease of fixed assets		(2526)			(2526)
7. Income or loss of the accounting period in accordance with the profit and loss account				3118767	3118767
8. Balance as of 30.09.2013.g.	8251241	295004	274503	3940697	12761445

NOTES

GENERAL INFORMATION

Since 31.08.2012 after acquiring 100% shares of "LatTransKomplekt" Ltd, reg.No.40103287324, JSC "Riga Electric Machine Building Works" has become a holding company.

In December 2012 JSC "Riga Electric Machine Building Works" acquired 98.5% shares of JSC "Latvo", reg. No. 40003184975 capitalizing debt obligations of JSC "Latvo" to JSC 'Riga Electric Machine Building Works'.

On July 15, 2013 the procedure of reorganization of the subsidiary company 'LatTransKomplekt' Ltd by means to its takeover by the parent company, the Holding JSC 'Riga Electric Machine Building' was completed. As a result, LatTransKomplekt Ltd has been wound up and cancelled from the LR Commercial Register.

Consolidated financial reports include the balance data of both (the Holding) JSC "Riga Electric Machine Building Works" (hereinafter referred to as JSC "RER") and its subsidiary companies of "LatTransKomplekt" Ltd, "Latvo" JSC.

The main activities of the holding company are electric machinery and equipment manufacturing.

ACCOUNTING POLICY

Principles of preparing the financial statement

The holding company's financial statement was prepared in compliance with the International Financial Reporting Standards (IFRS). To apply these standards there were not made any significant changes in the Holding's financial principles.

The balance data of the consolidated financial report of the holding company, the parent company's financial report and the subsidiary company's financial reports are identical. Processing the financial report the subsidiary company of the Holding applies the same accounting methods and other regulations of valuation as the parent company of the Holding does.

In the course of consolidation all both mutual transactions and residual values that are in the frames of the Holding have been excluded.

The share of JSC 'RER' in the own capital of the subsidiary company as well as the investment of JSC 'RER' into the subsidiary company's capital have been mutually excluded. The negative equity arisen out from that mutual exclusion is included into the calculations of consolidated profit or of loss.

The share belonging to the minority group of shareholders of subsidiary company JSC 'Latvo' is not separately displayed because such shareholders of the minority group are shareholders of the parent company.

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.

Notes (cont.)

Accounting policy (cont.)

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.

	30.09.2013., LVL	30.09.2012., LVL	30.09.2013., EUR	30.09.2012., EUR
Unfinished construction objects	118011	118011	167915	167915
Costs of capital asset creation	217092	659428	308894	938281
Total	335103	777439	476809	1106196

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. The reserves at the amount of LVL 164109 have been established for stocks of slow-turnover.

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.

Notes (cont.)

Accounting policy (cont.)

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 30.09.2013. : 1 EUR – 0.702804.

	30.09.2013.g., LVL	30.09.2012.g., LVL
1 EUR	0.702804	0.702804
1 USD	0.521	0.546
1 RUB	0.0161	0.0175

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.

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 2012 warranty repair costs accounted for LVL 113 446 (EUR 68 571), which is only 0.43% 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.

Risk management

Risk management is an integral part of management process of the holding companies. Risk management in the holding companies is controlled by the Council and the Board of the parent company. In its activities holding companies follows the general principles of risk management listed below:

- The Company undertakes no major and uncontrollable risks regardless of related asset yield;
- Risk management methods applied by the Company are cautious, compliant with types and specifics of commercial activity of the Company and ensure efficient reduction of overall risk;
- Risk management is based upon awareness of all employees of the company about transactions and related risks being under their competence;
- The Company constantly enforces internal control after processes of commercial activities aimed to prevent risks related to compliance and consequence of financial and operative information, possibility of asset fraudulence and protection, efficiency of actions and information system and their compliance with regulatory documents, procedures and agreements.

Notes (cont.)

The most substantial risks holding companies is exposed to in the course of commercial activities, are financial risks:

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

Liquidity risk

The Holding 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 Holding 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 TO CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR 9 MONTHS OF 2013

Note No. 1 – Net turnover

Country	30.09.13. LVL	30.09.12. LVL	30.09.13. EUR	30.09.12. EUR
Latvia	153792	1266322	218826	1801814
Russia	18149689	18138770	25824681	25809145
Ukraine	148720	147767	211609	210253
Byelorussia	177312	82099	252292	116816
United Kingdom	17952	150592	25543	214273
Slovenia	41313		58783	
Slovakia	226494		322272	
Azerbaijan	199264		283527	
Other	14301	8045	20350	11447
Total	19128837	19793595	27217883	28163748

Note No. 2 – Production costs of products sold

Indicators	30.09.13. LVL	30.09.12. LVL	30.09.13. EUR	30.09.12. EUR
Salaries	3455309	3591258	4916462	5109900
Social insurance contributions	814397	847968	1158783	1206550
Costs of materials	7108990	8170023	10115181	11624895
Energy resources	820304	855505	1167187	1217274
Depreciation of capital assets and intangible assets	354632	210794	504596	299933
Business trip costs	84718	46613	120543	66324
Repair costs and remuneration for works from outside	295787	93074	420867	132432
Costs of production quality control	955248	281330	1359195	400297
Development costs	51191	51191	72838	72838
Other costs	215465	177683	306580	252820
Total	14156041	14325439	20142232	20383263

Notes (cont.)

Note No. 3 – Selling costs

Indicators	30.09.13. LVL	30.09.12. LVL	30.09.13. EUR	30.09.12. EUR
Packing material and package	40718	63271	57936	90027
Transportation expenses	255554	244738	363621	348231
Salaries	68172	87649	97000	124713
Social insurance contributions	16249	20063	23121	28547
Other selling costs	7105	172	10109	244
Total	387798	415893	551787	591762

Note No. 4 – Administrative costs

Indicators	30.09.13. LVL	30.09.12. LVL	30.09.13. EUR	30.09.12. EUR
Communications costs	14062	17158	20008	24414
Reimbursement for legal services	10163	27444	14461	39049
Cash circulation and expense and extra costs	13568	7149	19306	10172
Transportation expenses	9732	13013	13847	18516
Representation expenses	3452	4475	4912	6367
Salaries	1041679	1091037	1482176	1552406
Social insurance contributions	242426	252731	344941	359604
Energy resources	27901	27004	39700	38423
Depreciation of capital assets	40376	30958	57450	44049
Business trip costs	26851	18184	38206	25874
Security services	102077	109829	145242	156273
Other administrative costs	63572	47430	90454	67486
Total	1595859	1646412	2270703	2342633

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

Indicators	30.09.13. LVL	30.09.12. LVL	30.09.13. EUR	30.09.12. EUR
Profit gained as a result of other sales (materials, lease, other)	125065	177857	177951	253068
Sale of capital assets	319918	8433	455202	11999
Income related to maintenance of social sphere	14330	18066	20390	25706
Decrease in revaluation reserve of capital assets	1775	2067	2526	2941
Income from fluctuations of exchange rates		9193		13080
Writing off debts to suppliers and contractors		249015		354316
Joint financing of project	96526		137344	
Other income	5942	11562	8455	16452
Total	563556	476193	801868	677562

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

Indicators	30.09.13. LVL	30.09.12. LVL	30.09.13. EUR	30.09.12. EUR
Penalty and contractual penalties	34417	124881	48791	177690
Costs related to maintenance of social sphere	33884	30785	48213	43803
Costs not related to operating activities of the Company	49438	52737	70344	75038
Loss from fluctuations of exchange rates	318434	156618	453091	222847
Removal of capital assets	127685	789	181679	1123
Write-off of bad debtors	9321	34476	13263	49055
Loss from previous year	4949		7042	
General accrual	386165	316719	549463	450651
Provision for the court's decision	63835		90829	
Re-accreditation costs	21787		31000	
Other costs	14063	11442	20009	16280
Total	1063978	728447	1513904	1036487

Joint Stock Company "Rīgas Elektromašīnbūves rūpnīca"
Non-audited Consolidated Annual Report for 9 months of the year 2013

Notes (cont.)

Note No. 7 – Other interest payments and similar costs

Indicator	30.09.13. LVL	30.09.12. LVL	30.09.13. EUR	30.09.12. EUR
Loan agreements	210805	365238	299949	519687
Leasing agreements	318	9091	452	12935
Credit line agreements	16014		22786	
Total	227137	374329	323187	532622

Note No. 8 – Other taxes

Indicators	30.09.13. LVL	30.09.12. LVL	30.09.13. EUR	30.09.12. EUR
Real estate tax on premises (buildings)	60534	63920	86132	90950
Real estate tax on land	9248	19725	13159	28066
Total	69782	83645	99291	119016

NOTES TO CONSOLIDATED BALANCE SHEET FOR THE 9 MONTHS OF 2013

Note No. 9 – Statement of movement of intangible assets and capital assets, LVL

	Initial value				Depreciation				Initial value	
	Remaining amount as at 01.01.13	Purchase	Removed	Remaining amount as at 30.09.13	Remaining amount as at 01.01.13	Calculated	Removed	Remaining amount as at 30.09.13	01.01.13.	30.09.13.
Intangible assets										
Licenses and other	2526	140560		143086	2526	16398		18924		124162
Software	26382		(691)	25691	21297	3686	(346)	24637	5085	1054
Total	28908	140560	(691)	168777	23823	20084	(346)	43561	5085	125216
Capital assets										
Land, premises, buildings*	7370117		(135452)	7234665	2861906	56734	(11445)	2907195	4508211	4327470
Equipment and machinery	6047795	87278	(20011)	6115062	3006170	323578	(16574)	3313174	3041625	2801888
Other capital assets	308234	88984	(4172)	393046	251372	21538	(2681)	270229	56862	122817
Creation of capital assets	346884	135109	(146890)	335103					346884	335103
Advance payments for fixed assets		307126		307126						307126
Total	14073030	618497	(306525)	14385002	6119448	401850	(30700)	6490598	7953582	7894404

*In 2013 assessed value of the premises accounted for LVL 5 556 751 (EUR 7 906 544), assessed value of the plot accounted for LVL 1 214 517 (EUR 1 728 102).

Joint Stock Company "Rīgas Elektromašīnbūves rūpnīca"
Non-audited Consolidated Annual Report for 9 months of the year 2013

Notes (cont.)

Note No. 9 – Statement of movement of intangible assets and capital assets, EUR

	Initial value				Depreciation				Initial value	
	Remaining amount as at 01.01.13	Purchase	Removed	Remaining amount as at 30.09.13	Remaining amount as at 01.01.13	Calculated	Removed	Remaining amount as at 30.09.13	01.01.13.	30.09.13.
Intangible assets										
Licenses and other	3594	199999		203593	3594	23332		26926		176667
Software	37538		(983)	36555	30303	5244	(492)	35055	7235	1500
Total	41132	199999	(983)	240148	33897	28576	(492)	61981	7235	178167
Capital assets										
Land, premises, buildings*	10486732		(192731)	10294001	4072126	80725	(16285)	4136566	6414606	6157435
Equipment and machinery	8605237	124185	(28473)	8700949	4277395	460410	(23583)	4714222	4327842	3986727
Other capital assets	438577	126613	(5936)	559254	357671	30646	(3816)	384501	80906	174753
Creation of capital assets	493571	192243	(209005)	476809					493571	476809
Advance payments for fixed assets		437001		437001						437001
Total	20024117	880042	(436145)	20468014	8707192	571781	(43684)	9235289	11316925	11232725

Note No. 10 – Other long-term debtors

Rādītāji	30.09.13. LVL	30.09.12. LVL	30.09.13. EUR	30.09.12. EUR
Long-term loan	4898641		6970138	
Total	4898641		6970138	

Note No. 11 – Debts of customers and clients

Indicators	30.09.13. LVL	30.09.12. LVL	30.09.13. EUR	30.09.12. EUR
Debts of customers and clients (for the goods and services)	3047482	5546262	4336176	7891620
Total	3047482	5546262	4336176	7891620

Note No. 12 – Other debtors

Indicators	30.09.13. LVL	30.09.12. LVL	30.09.13. EUR	30.09.12. EUR
Taxes paid in advance	1193	1571	1697	2235
Overpaid taxes	92120	98254	131075	139803
Rental debts	4263	18309	6066	26051
Other	9138	3700	13002	5264
Total	106714	121834	151840	173353

Note No. 13 – Costs of the following periods

Indicators	30.09.13. LVL	30.09.12. LVL	30.09.13. EUR	30.09.12. EUR
Insurance	1303	1589	1854	2261
Expenses for development of new techniques	17064	17064	24280	24280
Other	6127	1555	8718	2212
Total	24494	20208	34852	28753

Note No. 14 – Cash

Indicators	30.09.13. LVL	30.09.12. LVL	30.09.13. EUR	30.09.12. EUR
Current accounts in banks	11139	48128	15849	68480

Note No. 15 – Parent Company's 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	30.09.13. LVL	30.09.12. LVL	30.09.13. EUR	30.09.12. EUR
Residents, including	199135	199135	283343	283343
- physical entities	173927	173927	247475	247475
- legal entities	25208	25208	35868	35868
Non-residents, including	5599870	5599870	7967898	7967898
- Russia	1011027	1011027	1438562	1438562
- Canada	5119	5119	7284	7284
- British Virgin Islands	3249563	3249563	4623712	4623712
- Belize	1333771	1333771	1897785	1897785
- Lithuania	390	390	555	555
Total	5799005	5799005	8251241	8251241

Note No. 16 – Other provisions

Indicators	30.09.13. LVL	30.09.12. LVL	30.09.13. EUR	30.09.12. EUR
Holiday provisions	280098	257348	398544	366173
Other provisions	610058	199443	868034	283782
Total	890156	456791	1266578	649955

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

Indicators	30.09.13. LVL	30.09.12. LVL	30.09.13. EUR	30.09.12. EUR
Latvian credit institutions, loan agreement, including	5461834	6082673	7771490	8654864
Long-term debt	5021535	5341873	7145001	7600801
Short-term debt	440299	740800	626489	1054063
Latvian credit institutions, credit line agreement, including	1169437		1663959	
Short-term debt	1169437		1663959	

As on 30/09/2013 all assets of parent Company have been pledged as security for a loan.

Note No. 18 – Other loans

Indicators	30.09.13. LVL	30.09.12. LVL	30.09.13. EUR	30.09.12. EUR
Leasing agreements, including		110338		156996
Long-term debt		55169		78498
Short-term debt		55169		78498
Other loans, including	535537	689333	762001	980831
Long-term debt	535537	689333	762001	980831

Note No. 19 – Long-term and short-term other creditors

Indicators	30.09.13. LVL	30.09.12. LVL	30.09.13. EUR	30.09.12. EUR
Long-term creditors, including	752631	792785	1070897	1128031
Other creditors	16631	56785	23663	80797
Settlement of the debts of other companies	736000	736000	1047234	1047234
Short-term creditors, including	415199	393597	590775	560041
Salary debt	408506	387253	581252	551011
Support payments	3321	3154	4725	4488
Trade union membership fee	473	2136	673	3039
Other	2899	1054	4125	1503

Notes (cont.)

Note No. 20 – Advances received from customers

Indicators	30.09.13. LVL	30.09.12. LVL	30.09.13. EUR	30.09.12. EUR
Local customers	557	7371	793	10488
Foreign customers	48228	247	68622	351
Total	48785	7618	69415	10839

Note No. 21 – Debts to suppliers and contractors

Indicators	30.09.13. LVL	30.09.12. LVL	30.09.13. EUR	30.09.12. EUR
Long-term creditors, including	50256		71508	
Local suppliers	50256		71508	
Short-term creditors, including	1168063	1435488	1662004	2042515
Local suppliers	473096	914352	673155	1301006
Foreign suppliers	694967	521136	988849	741509

Note No. 22 – Taxes and social insurance contributions

Indicators	30.09.13. LVL	30.09.12. LVL	30.09.13. EUR	30.09.12. EUR
Personal income tax	427605	1002575	608427	1426535
Mandatory social insurance contributions	487515	1505899	693671	2142701
Income tax		41090		58466
Natural resources tax	1391	6964	1979	9909
Real estate tax on land				
Real estate tax on premises (buildings)		596		848
State business risk fee	238	236	339	336
Total	916749	2557360	1304416	3638795

As for 30.09.2013 the Holding Company has no current tax debts. Tax liabilities have been restructured.

On behalf of the Holding Company,

Chairperson of the Board

Nikolajs Erohovs

28 November 2013