

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

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

**CONSOLIDATED ANNUAL REPORT
FOR 3 MONTHS OF THE YEAR 2015
(NON-AUDITED)**

DRAWN-UP IN COMPLIANCE WITH THE INTERNATIONAL FINANCIAL REPORTING
STANDARDS

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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.
Vice-Chairperson of the Council	Andrey Petrov	from 12.07.12.
Council Members	Andrey Isaev Ekaterina Chamkina Sergey Goncharov	from 01.07.02. from 12.07.12. from 12.07.12.
The parent Company Board:		
Chairperson of the Board	Nikolajs Erohovs	from 15.03.11.
Board Members	Aleksandrs Suvorkins Olga Pētersone Maxim Savenkov Aleksandrs Popadins Nikolajs Čudinovs Ilja Šestakovs	until 30.01.15. from 27.06.12. until 30.01.15. from 08.11.13. from 30.01.15. from 30.01.15.
Accounting period	1 January 2015 – 31 March 2015	
Auditor	SIA "Rīgas audits", licence No. 103 Skolas iela 11-501, Riga, LV-1010, Latvia Certified auditor J. Mežiels Certified auditor's certificate No. 127	
Subsidiary (daughter) companies	AS „Latvo”, reģ. Nr. 40003184975 Ganību dambis 31, Riga, the Republic of Latvia Fixed capital 5 495 420 EUR Shares – 98.5 %	

MANAGEMENT REPORT

Business activities of the Holding Company in the first quarter of 2015 year

Basic business activities of the Holding Company are manufacturing of electric machines and machinery (NACE code 2711). The main types of products are as follows:

- Electrical equipment for electric trains;
- Electric equipment for passenger cars;
- Electric equipment for metro cars;
- Cast products.

Taking into consideration a sharp drop of Russian Ruble rate in relation to Euro (RUB/EUR) that provides its adverse affect in 2014, all first quarter of 2015 year the management of concern provided renewal of sale agreements with buyers of the Russian market to currency of euro in contracts. Furthermore since 2015 there is no more exchange rate risk.

For the period of renewal of agreements of delivery of goods to the Russian market were suspended and renewed only at the end of the quarter. As a result of it net turnover for the first quarter 2015 was only EUR 2,4 mln., and also is planned to reach the net turnover near EUR 20.mln. in 2015.

The first quarter of 2015 concern closed with profit EUR 1 622 after tax.

With the purpose to provide financial stability of concern the Board of JSC "Riga electric machine building works" has approved an arrangement of measures that provide optimization of all costs. This plan was reduced to practice in the first quarter of 2015. This arrangement of measures forecasted all types of costs, including reduction in the number of employees till 35% - 50%.

Dismissal of employees took place at the initiative of their and with the permission of the employer. Compensation was paid to the dismissed employees at the amount of EUR 0.7 mln.

Generally for 2015 is planned to get profit not less than EUR 0,5 mln.

On behalf of the Holding Company,

Chairperson of the Board

Nikolajs Erohovs

29 May 2015

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR THE 3 MONTHS OF THE YEAR 2015

No.	Items	Note	31.03.15. EUR	31.03.14. EUR
1	Net turnover	1	2361236	9827826
2	Production costs of the goods sold	2	(2764364)	(8084671)
3	Gross profit or loss		(403128)	1743155
4	Selling expenses	3	(60939)	(213345)
5	Administration expenses	4	(470025)	(763856)
6	Other operating income	5	1114038	47358
7	Other operating expenses	6	(41097)	(409849)
8	Other interest income and similar income		8	25
9	Other interest payments and similar expenses	7	(104233)	(109506)
10	Profit or loss before extraordinary items and taxes		34624	293982
11	Profit or loss before tax		34624	293982
12	Other taxes	8	(33002)	(34193)
13	Profit or loss of the accounting period		1622	259789

Earnings per share	0.0003	0.04
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR 3 MONTHS OF THE YEAR 2015

A S S E T S	Note	31.03.15. EUR	31.03.14. EUR
1. LONG-TERM INVESTMENTS			
I. Intangible investments	9		
1. Development costs		2190766	373319
2. Concessions, patents, licences and similar rights		493883	390687
3. Other intangible investments		16436	38350
I. Total		2701085	802356
II. Fixed assets	9		
1. Land plots, buildings, constructions		12546413	13591799
2. Equipment and machinery		4878340	4756085
3. Other fixed assets and inventory		223278	157928
4. Creation of fixed assets		1185410	976041
5. Prepayments for fixed assets		901635	
II. Total		19735076	19481853
III. Long-term financial investments			
1. Own shares		14551	14551
2. Other long-term debtors	10	8191578	6573709
III. Total		8206129	6588260
I. PART TOTAL AMOUNT		30642290	26872469
2. CURRENT ASSETS			
I. Stocks			
1. Raw materials, direct materials and auxiliary materials		3154962	3429551
2. Unfinished products		2233226	2132810
3. Finished products and goods for sale		658071	576729
4. Prepayments for goods		210730	522996
I. Total		6256989	6662086
II. Debtors			
1. Debts of buyers and customers	11	2304766	5049047
2. Other debtors	12	164374	219719
3. Deferred expenses	13	7596	17989
II. Total		2476736	5286755
IV. Cash	14	28232	27817
II. PART TOTAL AMOUNT		8761957	11976658
B A L A N C E		39404247	38849127

Appendices to financial statements on pages 10 – 18 are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR 3 MONTHS OF THE YEAR 2015

LIABILITIES	Note	31.03.15. EUR	31.03.14. EUR
1. SHAREHOLDERS' EQUITY			
1. Share capital (capital stock)	15	8118607	8251241
2. Reserve for revaluation of long-term investments	16	6787883	6892505
3. Other provisions		407137	274503
4. Undivided profit:			
a) Undivided profit of previous years		4765821	4113439
b) Undivided profit of the accounting year		1622	259789
1. PART TOTAL AMOUNT		20081070	19791477
2. PROVISIONS			
1. Other provisions	17	201510	407577
2. PART TOTAL AMOUNT		201510	407577
3. CREDITORS			
I. Long-term creditors			
1. Loans from credit institutions	18	6556322	6494003
2. Other loans	19	489000	652000
3. Debts to suppliers and contractors	20	648680	682114
4. Other creditors	21	1104357	1085844
5. Deferred income	22	892653	
6. Deferred tax liabilities		1664156	1622639
I. Total		11355168	10536600
II. Short-term creditors			
1. Loans from credit institutions	18	4160522	4030284
2. Advance payments received from buyers	23	18013	12181
3. Debts to suppliers and contractors	20	1992036	2652414
4. Taxes and social security payments	24	1250284	801669
5. Other creditors	21	345644	616925
II. Total		7766499	8113473
3. PART TOTAL AMOUNT		19121667	18650073
BALANCE		39404247	38849127

CONSOLIDATED CASH FLOW STATEMENT FOR 3 MONTHS OF THE YEAR 2015
(prepared by indirect method)

I. Cash flow from operating activities

	Items	31.03.15. EUR	31.03.14. EUR
1	Profit or loss before extraordinary items and taxes	34624	293982
	ADJUSTMENTS		
	Depreciation of fixed assets	425994	393520
	Amortization of intangible investment value	105866	15959
	Gain from sales of fixed assets	(3968)	
	Profit or loss from fluctuations of currency exchange rates	(872905)	360262
	Reserve for revaluation of long-term investments		(61)
2	Profit or loss before adjustments influenced by changes of balance of current assets and short-term liabilities	(310389)	1063662
	ADJUSTMENTS		
	Increase or decrease of balance of receivables	(3566)	(1676758)
	Increase or decrease of balance of inventories	108034	310012
	Increase or decrease of balance of debts to be paid to suppliers, contractors and other creditors	138264	1239852
	Increase or decrease of accruals	(199807)	
	Expenses for tax payments	(33002)	(34193)
3	Gross cash flow from operating activities	(300466)	902575
4	Expenses from company tax payments	(55711)	
5	Cash flow before extraordinary items	(356177)	902575
I	NET CASH FLOW FROM OPERATING ACTIVITIES	(356177)	902575

II. Cash flow form investing activities

	Items	31.03.15. EUR	31.03.14. EUR
1	Purchase of fixed assets and intangible investments	(608217)	(1510005)
2	Income from sales of fixed assets and intangible investments	3968	
3	Income from repayment of loans		181438
II	NET CASH FLOW FROM INVESTING ACTIVITIES	(604249)	(1328567)

III. Cash flow from financing activities

	Items	31.03.15. EUR	31.03.14. EUR
1	Loans received	325314	910256
2	Expenses for repayment of loans	(285000)	(380000)
III	NET CASH FLOW FROM FINANCING ACTIVITIES	40314	530256

IV. Summary of cash inflow and outflow

	Items	31.03.15. EUR	31.03.14. EUR
I	Net cash flow from operating activities	(356177)	902575
II	Net cash flow from investing activities	(604249)	(1328567)
III	Net cash flow from financing activities	40314	530256
	Result of fluctuations of currency exchange rates	912475	(89802)
	Net cash flow of the accounting period	(7637)	14462
	Cash and its equivalents in the beginning of the accounting period	35869	13355
	Cash and its equivalents at the end of the accounting period	28232	27817

CONSOLIDATED STATEMENT OF CHANGES OF SHAREHOLDERS' EQUITY FOR 3 MONTHS OF THE YEAR 2015, EUR

Kind of changes	Share capital	Reserve for revaluation of long-term investments	Other provisions	Undivided profit	Total
1. Balance as of 31.12.2013.g.	8251241	6892566	274503	4113439	19531749
2. Long-term investment revaluation reserve decrease		(61)			(61)
3. Income or loss of the accounting period in accordance with the profit and loss account				259789	259789
4. Balance as of 31.03.2014.g.	8251241	6892505	274503	4373228	19791477
5. Balance as of 31.12.2014.g.	8118607	6787883	407137	4765821	20079448
6. Long-term investment revaluation reserve decrease					
7. Income or loss of the accounting period in accordance with the profit and loss account				1622	1622
8. Balance as of 31.03.2015.g.	8118607	6787883	407137	4767443	20081070

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

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

Consolidated financial reports include the balance data of both (the Holding) JSC "Riga Electric Machine BuildingWorks" (hereinafter referred to as JSC "RER") and its subsidiary company of "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.

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 to the consolidated financial statements (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:

- Development costs	33.3% - 20%
- 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 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.

	31.03.15. EUR	31.03.14. EUR
Unfinished construction objects	252605	252605
Costs of capital asset creation	932805	723436
Total	1185410	976041

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. Remaining amounts of receivables have been audited at the annual inventory.

Provisions for stocks of slow-turnover are individually made for every type of stocks.

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 euro (EUR). All transactions carried out in foreign currencies have been recalculated in euros according to the exchange rate of the Bank of Latvia set on day when the relevant transaction is taken place.

Notes to the consolidated financial statements (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.

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 2-3 years. In 2014 warranty repair costs accounted is only 0.09% 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 assets fraudulence and protection, efficiency of actions and information system and their compliance with regulatory documents, procedures and agreements.

Notes to the consolidated financial statements (cont.)
Accounting policy (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 Holding Company's income was in euro and USA dollar, major part of its costs was in euro. All received loans were in euro.

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 COMPREHENSIVE INCOME STATEMENT FOR 3 MONTHS OF THE YEAR 2015

Note No. 1 – Net turnover

Country	31.03.15. EUR	31.03.14. EUR
Latvia	78285	77800
Russia	1874316	9690405
Belarus	5975	59093
Slovakia	15289	
Uzbekistan	385442	
Other	1929	528
Total	2361236	9827826

Note No. 2 – Production costs of products sold

Indicators	31.03.15. EUR	31.03.14. EUR
Salaries	785171	1768178
Social insurance contributions	179923	410035
Costs of materials	1014592	4420858
Energy resources	243468	579730
Depreciation of fixed assets and intangible investments, write-off of intangible investments value	407996	339162
Business trip costs	7835	15077
Repair costs and remuneration for works from outside	100891	90532
Costs of production quality control		396870
Losses due to rejects	1852	11074
Environmental protection costs	3429	6521
Other costs	19207	46634
Total	2764364	8084671

Notes to consolidated comprehensive income statement (cont.)

Note No. 3 – Selling costs

Indicators	31.03.15. EUR	31.03.14. EUR
Packing material and package	7962	29195
Transportation expenses	23133	133087
Salaries	22126	38905
Social insurance contributions	5180	9017
Other selling costs	2538	3141
Total	60939	213345

Note No. 4 – Administrative costs

Indicators	31.03.15. EUR	31.03.14. EUR
Communications costs	4523	5193
Reimbursement for legal services		1540
Cash circulation and expense and extra costs	13989	16859
Transportation expenses	5665	4646
Salaries	279437	438025
Social insurance contributions	60952	98910
Energy resources	8605	19344
Depreciation of fixed assets	70415	75554
Business trip costs	9593	9725
Security services	11349	46194
Inspection audit services		17332
Consulting services for the projects of the European funds		14229
Other administrative costs	5497	16305
Total	470025	763856

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

Indicators	31.03.15. EUR	31.03.14. EUR
Profit gained as a result of other sales (lease, other)	29824	34135
Sale of capital assets	3968	
Income related to maintenance of social sphere	7514	9312
Profit from fluctuations of exchange rates	872905	
Decrease in revaluation reserve of fixed assets		61
Decrease in holiday provision	199807	
Other income	20	3850
Total	1114038	47358

Notes to consolidated comprehensive income statement (cont.)

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

Indicators	31.03.15. EUR	31.03.14. EUR
Penalty and contractual penalties	10062	534
Costs related to maintenance of social sphere	15174	23318
Costs not related to operating activities of the Company	15281	24518
Loss from fluctuations of exchange rates		360262
Other costs	580	1217
Total	41097	409849

Note No. 7 – Other interest payments and similar costs

Indicator	31.03.15. EUR	31.03.14. EUR
Loan agreements	78971	88133
Credit line agreements	21595	21373
Other	3667	
Total	104233	109506

Note No. 8 – Other taxes

Indicators	31.03.15. EUR	31.03.14. EUR
Real estate tax on premises (buildings)	27992	29358
Real estate tax on land	5010	4835
Total	33002	34193

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

	Intangible investments			Capital assets				
	Development costs	Licences and similar rights	Other intangible investments	Land, premises, buildings*	Equipment and machinery	Other capital assets	Creation of capital assets	Prepayments for capital assets
Initial value								
Remaining amount as at 01.01.15.	1997102	634447	80384	13779279	10200603	670297	1273371	1013049
Purchase	262351				431280	2547	345280	40992
Removed					(45557)		(433241)	(152406)
Write-off of value	(68687)							
Remaining amount as at 31.03.15.	2190766	634447	80384	13779279	10586326	672844	1185410	901635
Depreciation								
Remaining amount as at 01.01.15.		108863	58470	1020823	5555675	433483		
Calculated		31701	5478	212043	197868	16083		
Removed					(45557)			
Remaining amount as at 31.03.15.		140564	63948	1232866	5707986	449566		
Remaining value								
01.01.15.	1997102	525584	21914	12758456	4644928	236814	1273371	1013049
31.03.15.	2190766	493883	16436	12546413	4878340	223278	1185410	901635

*In 2015 assessed value of the premises accounted EUR 7 464 275, assessed value of the plot accounted for EUR 2 004 062.

Notes to the consolidated financial statements (cont.)

Note No. 10 – Other long-term debtors

Rādītāji	31.03.15. EUR	31.03.14. EUR
Long-term loan of the subsidiary (daughter) company (until 31.12.17.)	8191578	6573709
Total	8191578	6573709

Note No. 11 – Debts of customers and clients

Indicators	31.03.15. EUR	31.03.14. EUR
Debts of customers and clients (for the goods and services)	2304766	5049047
Total	2304766	5049047

Note No. 12 – Other debtors

Indicators	31.03.15. EUR	31.03.14. EUR
Taxes paid in advance	93481	7427
Overpaid taxes	51666	189614
Rental debts	6201	7720
Processing of goods	9697	
Other	3329	14958
Total	164374	219719

Note No. 13 – Costs of the following periods

Indicators	31.03.15. EUR	31.03.14. EUR
Insurance	2784	1984
Certification	3420	
Computer's network service		7915
Other	1392	8090
Total	7596	17989

Note No. 14 – Cash

Indicators	31.03.15. EUR	31.03.14. EUR
Current accounts in banks	28232	27817

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 EUR 1.40. The Company's fixed capital is EUR 8 118 607, which is split into: 5 799 005 regular voting shares. Composition of shareholders according to the database of the Latvian Central Depository:

Indicators	31.03.15. EUR	31.03.14. EUR
Residents, including	274111	283343
- physical entities	237567	247475
- legal entities	36544	35868
Non-residents, including	7844496	7967898
- Russia	1415438	1438562
- Canada	7167	7284
- British Virgin Islands	4549388	4623712
- Belize	1867279	1897785
- Lithuania	3823	555
- Estonia	1401	
Total	8118607	8251241

Notes to the consolidated financial statements (cont.)

Note No. 16 – Reserve for revaluation of long-term investments

In 2013 the parent Company carried out revaluation of immovable property. Immovable property was evaluated according to its market value. Evaluation was carried out by independent evaluator BIZNESA KONSULTANTU GRUPA (BUSINESS CONSULTING GROUP) Ltd. Market value of immovable property was determined by means of income method. Revaluation is processed for whole group of capital assets 'Land plots, buildings and constructions'.

As result of evaluation increase of active value was ascertained at the amount of EUR 7 938 940 that was included into equity capital position 'Long-term investment revaluation reserve', from which deferred tax effect was deducted at the amount of EUR 1 216 335.

Note No. 17 – Other provisions

Indicators	31.03.15. EUR	31.03.14. EUR
Holiday provisions	192594	397853
Other provisions	8916	9724
Total	201510	407577

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

Indicators	31.03.15. EUR	31.03.14. EUR
Latvian credit institutions, loan agreement, including	7752811	7690492
Long-term debt	6556322	6494003
Short-term debt	1196489	1196489
Latvian credit institutions, credit line, including	2964033	2833795
Short-term debt	2964033	2833795

As on 31.03.2015 all assets of parent Company have been pledged as security for a loan.

Note No. 19 – Other loans

Indicators	31.03.15. EUR	31.03.14. EUR
Other loans, including	489000	652000
Long-term debt	489000	652000

Note No. 20 – Debts to suppliers and contractors

Indicators	31.03.15. EUR	31.03.14. EUR
Long-term creditors, including	648680	682114
Foreign suppliers	648680	682114
Short-term creditors, including	1992036	2652414
Local suppliers	754243	1765886
Foreign suppliers	1237793	886528

Note No. 21 – Long-term and short-term other creditors

Indicators	31.03.15. EUR	31.03.14. EUR
Long-term creditors, including	1104357	1085844
Other creditors	57123	38610
Settlement of the debts of other companies	1047234	1047234
Short-term creditors, including	345644	616925
Salary debt	255712	606117
Support payments	2131	4610
Trade union membership fee	357	807
Earnest	77885	
Other	9559	5391

Notes to the consolidated financial statements (cont.)

Note No. 22 – Deferred income

Indicators	31.03.15. EUR	31.03.14. EUR
Support for the project implementation in the frames of the Centre of Competence	32610	
Support for the project implementation in the frames of the European Regional Fund of Development (ERAF) "Investments of high-level added value"	860043	
Total	892653	

Note No. 23 – Advances received from customers

Indicators	31.03.15. EUR	31.03.14. EUR
Local customers	1725	1131
Foreign customers	16288	11050
Total	18013	12181

Note No. 24 – Taxes and social insurance contributions

Indicators	31.03.15. EUR	31.03.14. EUR
Personal income tax	519614	304468
Mandatory social insurance contributions	648485	264188
Income tax	78189	226769
Natural resources tax	3827	5898
State business risk fee	169	346
Total	1250284	801669

* As for 31.03.2015 the Holding Company has no current tax debts.

On behalf of the Holding Company,

Chairperson of the Board

Nikolajs Erohovs

29 May 2015

MANAGEMENT CONFIRMATION REPORT

Consolidated financial statements are prepared to the best of our knowledge, in accordance with International Financial Reporting Standards adopted by the European Union. These financial statements give a true and fair view of the financial position of the Group and of its financial performance for the period ended 31 March 2015.

In preparing those financial statements, management selected suitable accounting policies, made judgments and estimates that are reasonable and prudent, prepared the financial statements on the going concern basis to presume that the Group will continue in business.

The Management Board is responsible for organizing accounting, they are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Holding Company,

Chairperson of the Board

Nikolajs Erohovs

29 May 2015