

**JOINT STOCK COMPANY  
“RĪGAS ELEKTROMAŠĪNBŪVES RŪPNĪCA”**

Reg. No. 40003042006  
Ganību dambis 53, Rīga, LV-1005

**CONSOLIDATED FINANCIAL INFORMATION  
FOR 9 MONTHS OF THE YEAR 2018  
(NON-AUDITED)**

DRAWN-UP IN COMPLIANCE WITH THE INTERNATIONAL FINANCIAL REPORTING  
STANDARDS ADOPTED BY THE EUROPEAN UNION

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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 53, 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	Stanislav Vodolazskii	from 22.07.16.
Vice-Chairperson of the Council	Kirill Nuzhin	from 11.11.15.
Council Members	Andrey Sarkisov Natalia Sarkisova Sergey Bolysov Maksim Gordyukov	from 15.07.15. from 15.07.15. from 20.06.17. until 02.05.17.
The parent Company Board:		
Chairperson of the Board	Nikolajs Erohovs	from 15.03.11.
Board Members	Aleksandrs Popadins Ilja Šestakovs Grigorijs Kapustins Olga Pētersone	from 08.11.13. from 30.01.15. from 18.10.16. until 12.10.17.
The quantity of shares which belong to the members of Council and to the members of Board (%)	Owns no shares	
Accounting period	1 January 2018 – 30 September 2018	
Subsidiary (daughter) companies	AS „Latvo”, reģ. Nr. 40003184975 Ganību dambis 53, Riga, the Republic of Latvia Shares – 98.7 %	
Auditor	SIA "Grant Thornton Baltic Audit", licence Nr.183 Blaumaņa iela 22, Riga, LV-1011, Latvija Certified auditor Silvija Gulbe Certified auditor's certificate No. 142	

**CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR THE 9 MONTHS OF THE YEAR 2018**

Items	01.01.18. - 30.09.18. EUR	01.01.17. - 30.09.17. EUR
Net turnover	27 398 599	21 480 924
Production costs of the goods sold	(23 260 291)	(17 451 630)
<b>Gross profit or loss</b>	<b>4 138 308</b>	<b>4 029 294</b>
Selling expenses	(447 501)	(514 773)
Administration expenses	(1 810 229)	(1 720 671)
Other operating income	300 630	271 934
Other operating expenses	(545 623)	(191 945)
Income from other securities and loans which make long-term financial investments	35 182	-
Other interest payments and similar expenses	1	2
Profit or loss before corporate income tax	(248 385)	(291 356)
Profit or loss after calculating the corporate income tax	1 422 383	1 582 485
Profit or loss of the accounting period	(22 059)	-
	<b>1 400 324</b>	<b>1 582 485</b>

Earnings per share	0,241	0,272
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Attributable to:

Equity holders of a parent company	1 400 324	1 582 485
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**Other comprehensive income / loss**

Long-term investment revaluation reserve decrease	(2 919)	(1 435)
<b>Total other comprehensive income / loss</b>	<b>(2 919)</b>	<b>(1 435)</b>

<b>Total comprehensive income</b>	<b>1 397 405</b>	<b>1 581 050</b>
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Attributable to:

Equity holders of a parent company	1 397 405	1 581 050
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR 9 MONTHS OF THE YEAR 2018**

A S S E T S	30.09.18. EUR	31.12.17. EUR
<b>LONG-TERM INVESTMENTS</b>		
<b>Intangible investments</b>		
Development costs	1 274 820	1 581 122
Concessions, patents, licences and similar rights	335 462	327 352
Other intangible investments	15 488	24 470
Prepayments for intangible investments	-	3 625
<b>Total intangible assets</b>	<b>1 625 770</b>	<b>1 936 569</b>
<b>Fixed assets</b>		
Real estate (land, buildings and structures)	14 935 543	15 266 356
Technology devices and equipment	5 643 442	6 088 719
Other fixed assets and inventory	220 424	257 612
Expense of tangible assets and construction in progress	1 534 716	901 770
Advance payments for fixed assets	372 526	177 139
<b>Total fixed assets</b>	<b>22 706 651</b>	<b>22 691 596</b>
<b>Long-term financial investments</b>		
Other securities and investments	570	-
Own shares	10 289	14 551
Other loans and long-term receivables	6 579 442	6 835 781
<b>Total long-term financial investments</b>	<b>6 590 301</b>	<b>6 850 332</b>
<b>TOTAL LONG-TERM INVESTMENTS</b>	<b>30 922 722</b>	<b>31 478 497</b>
<b>CURRENT ASSETS</b>		
<b>Inventories</b>		
Raw materials, direct materials and auxiliary materials	3 782 735	3 677 582
Work in progress	2 978 399	2 019 058
Finished products and goods for sale	535 464	755 409
Advance payments for inventories	4 265 428	3 400 671
<b>Total inventories</b>	<b>11 562 026</b>	<b>9 852 720</b>
<b>Receivables</b>		
Trade receivables	2 460 793	505 753
Other receivables	395 350	297 420
Prepaid expenses	14 022	4 888
<b>Total receivables</b>	<b>2 870 165</b>	<b>808 061</b>
<b>Short-term financial investments</b>		
Other securities and interest in capital	-	90 000
<b>Total short-term financial investments</b>	<b>-</b>	<b>90 000</b>
<b>Cash</b>	41 983	715 764
<b>TOTAL CURRENT ASSETS</b>	<b>14 474 174</b>	<b>11 466 545</b>
<b>TOTAL ASSETS</b>	<b>45 396 896</b>	<b>42 945 042</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR 9 MONTHS OF THE YEAR 2018**

<b>LIABILITIES</b>	<b>30.09.18. EUR</b>	<b>31.12.17. EUR</b>
<b>EQUITY CAPITAL</b>		
Share capital (equity capital)	8 118 607	8 118 607
Long-term investment revaluation reserve	13 688 839	13 691 758
Other reserves	407 137	407 137
Retained earnings or uncovered losses of previous years	5 590 381	5 070 363
Profit or loss of the reporting year	1 400 324	520 018
<b>TOTAL EQUITY CAPITAL</b>	<b>29 205 288</b>	<b>27 807 883</b>
<b>PROVISIONS</b>		
Other provisions	169 396	169 396
<b>TOTAL PROVISIONS</b>	<b>169 396</b>	<b>169 396</b>
<b>CREDITORS</b>		
<b>Long-term liabilities</b>		
Borrowings from credit institutions	3 202 067	3 202 067
Deferred income	1 355 014	1 306 115
<b>Total long-term liabilities</b>	<b>4 557 081</b>	<b>4 508 182</b>
<b>Short-term liabilities</b>		
Borrowings from credit institutions	2 995 253	3 128 330
Advance payments from customers	3 693 100	4 541 164
Trade payables	3 169 885	1 475 130
Taxes and mandatory state social insurance contributions	688 801	497 531
Other liabilities	528 812	445 146
Deferred income	62 333	45 333
Accrued liabilities	326 947	326 947
<b>Total short-term liabilities</b>	<b>11 465 131</b>	<b>10 459 581</b>
<b>TOTAL CREDITORS</b>	<b>16 022 212</b>	<b>14 967 763</b>
<b>TOTAL LIABILITIES</b>	<b>45 396 896</b>	<b>42 945 042</b>

**CONSOLIDATED CASH FLOW STATEMENT FOR 9 MONTHS OF THE YEAR 2018, EUR**  
(prepared by indirect method)

**Cash flow from operating activities**

Items	01.01.18. - 30.09.18.	01.01.17. - 30.09.17.
Profit or loss before extraordinary items and taxes	1 422 383	1 582 485
<b>ADJUSTMENTS</b>		
Depreciation of fixed assets	1 282 300	1 834 322
Amortization of intangible investment value	461 557	566 407
Income from sales of fixed assets	(3 020)	(3 490)
Profit or loss from fluctuations of currency exchange rates	343 375	(10 133)
Income from other securities and loans which make long-term financial investments	(35 182)	-
Amounts written off fixed assets	1 793	766
Long-term investment revaluation reserve decrease	(2 919)	(1 435)
Profit or loss before adjustments influenced by changes of balance of current assets and short-term liabilities	<b>3 470 287</b>	<b>3 968 922</b>
<b>ADJUSTMENTS</b>		
Increase or decrease of balance of receivables	(2 867 870)	201 125
Increase or decrease of balance of inventories	(844 549)	(194 219)
Increase or decrease of balance of debts to be paid to suppliers, contractors and other creditors	1 189 860	(732 018)
Corporate tax paid	(22 059)	-
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>925 669</b>	<b>3 243 810</b>

**Cash flow from investing activities**

Items	01.01.18. - 30.09.18.	01.01.17. - 30.09.17.
Acquisition of an affiliate	(570)	-
Proceeds from investment properties	129 444	680 500
Purchase of fixed assets and intangible investments	(1 258 144)	(1 258 739)
Income from sales of fixed assets and intangible investments	3 020	3 490
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(1 126 250)</b>	<b>(574 749)</b>

**Cash flow from financing activities**

Items	01.01.18. - 30.09.18.	01.01.17. - 30.09.17.
Loans received	1 116 923	65 000
Expenses for repayment of loans	(1 250 000)	(2 411 452)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(133 077)</b>	<b>(2 346 452)</b>

**Summary of cash inflow and outflow**

Items	01.01.18. - 30.09.18.	01.01.17. - 30.09.17.
Net cash flow from operating activities	925 669	3 243 810
Net cash flow from investing activities	(1 126 250)	(574 749)
Net cash flow from financing activities	(133 077)	(2 346 452)
Result of fluctuations of currency exchange rates	(340 123)	19 772
Net cash flow of the accounting period	<b>(673 781)</b>	<b>342 381</b>
Cash and its equivalents in the beginning of the accounting period	<b>715 764</b>	<b>88 409</b>
Cash and its equivalents at the end of the accounting period	<b>41 983</b>	<b>430 790</b>

**CONSOLIDATED STATEMENT OF CHANGES OF SHAREHOLDERS' EQUITY FOR 9 MONTHS OF THE YEAR 2018, EUR**

Kind of changes	Share capital	Reserve for revaluation of long-term investments	Other provisions	Undivided profit	Total
<b>As at 01.01.2017</b>	<b>8 118 607</b>	<b>11 801 574</b>	<b>407 137</b>	<b>5 070 363</b>	<b>25 397 681</b>
Profit or loss for the accounting period	-	-	-	1 582 485	1 582 485
Other comprehensive income	-	(1 435)	-	-	(1 435)
<i>Total comprehensive income</i>	-	<i>(1 435)</i>	-	<i>1 582 485</i>	<i>1 581 050</i>
<b>As at 30.09.2017</b>	<b>8 118 607</b>	<b>11 800 139</b>	<b>407 137</b>	<b>6 652 848</b>	<b>26 978 731</b>
<b>As at 01.01.2018</b>	<b>8 118 607</b>	<b>13 691 758</b>	<b>407 137</b>	<b>5 590 381</b>	<b>27 807 883</b>
Profit or loss for the accounting period	-	-	-	1 400 324	1 400 324
Other comprehensive income	-	(2 919)	-	-	(2 919)
<i>Total comprehensive income</i>	-	<i>(2 919)</i>	-	<i>1 400 324</i>	<i>1 397 405</i>
<b>As at 30.09.2018</b>	<b>8 118 607</b>	<b>13 688 839</b>	<b>407 137</b>	<b>6 990 705</b>	<b>29 205 288</b>



## MANAGEMENT CONFIRMATION REPORT

Consolidated financial information are prepared to the best of our knowledge, in accordance with International Financial Reporting Standards adopted by the European Union. These financial information give a true and fair view of the financial position of the Group and of its financial performance for the period ended 30 September 2018.

In preparing those financial information for 9 months of the year 2018, management selected suitable accounting policies, made judgments and estimates that are reasonable and prudent, prepared the financial information 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 Group,

Chairperson of the Board

Nikolajs Erohovs

28 November 2018