

**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 2012
(NON-AUDITED)**

DRAWN-UP IN COMPLIANCE WITH THE INTERNATIONAL FINANCIAL REPORTING
STANDARDS

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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, Riga, 29 November 1991
Unified Registration No. in the Commercial Register, date and place of registration	No. 40003042006, Riga, 29 September 2004
Registered office	Ganību dambis 31, Riga, LV-1005, the Republic of Latvia
Institution in charge of the Company	General meeting of shareholders
Chair of the Board	Nikolajs Erohovs (from 15.03.2011)
Board Members	Olga Pētersone (from 27.06.2012.g.) Maxim Savenkov (from 27.06.2012.g.) Mihails Morozs (from 19.04.2010) Aleksandrs Suvorkins (from 19.04.2010)
Accounting period	1 January 2012 – 30 September 2012
Auditor	SIA "Rīgas audits", licence No. 103 Skolas iela 11-501, Riga, LV-1010, Latvia
Subsidiary (daughter) company	SIA „LATTRANSKOMPLEKT”, reģ. Nr. 40103287324 Ganību dambis 31, Riga, the Republic of Latvia Fixed capital LVL 2 000 (2 846 EUR) Shares – 100 %

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR 9 MONTHS OF 2012

No.	Items	Line code	Note	30.09.12. LVL	30.09.11. LVL	30.09.12. EUR	30.09.11. EUR
1	Net turnover	010	1	19793595	16761312	28163748	23849198
2	Production costs of the goods sold	020	2	(14325439)	(14001177)	(20383263)	(19921880)
3	Gross profit or loss	030		5468156	2760135	7780485	3927318
4	Selling expenses	040	3	(415893)	(467768)	(591762)	(665574)
5	Administration expenses	050	4	(1646412)	(1434354)	(2342633)	(2040902)
6	Other operating income	060	5	476193	315875	677562	449450
7	Other operating expenses	070	6	(728447)	(508071)	(1036487)	(722920)
8	Other interest income and similar income	100	7		10362		14744
9	Other interest payments and similar expenses	120	8	(374329)	(452876)	(532622)	(644384)
10	Profit or loss before extraordinary items and taxes	130		2779268	223303	3954543	317732
11	Profit or loss before tax	160		2779268	223303	3954543	317732
12	Other taxes	190	9	(83645)	(88205)	(119016)	(125504)
13	Profit or loss of the accounting period	200		2695623	135098	3835527	192228

EPS (earnings per share)	0.46	0,02	0.66	0.03
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CONSOLIDATED BALANCE SHEET FOR 9 MONTHS OF 2012

A S S E T S	Line code	Note	30.09.12. LVL	30.09.11. LVL	30.09.12. EUR	30.09.11. EUR
1. LONG-TERM INVESTMENTS		10				
I. Intangible investments						
1. Development costs	010		68254	136508	97717	194233
2. Other intangible investments	021		6992	5797	9949	8248
I. Total	050		75246	142305	107066	202481
II. Fixed assets						
1. Land plots, buildings, constructions	060		4172416	4209022	5936813	5988899
2. Equipment and machinery	080		2730880	2735216	3885692	3891862
3. Other fixed assets and inventory	090		32290	28437	45945	40462
4. Creation of fixed assets	100		777439	616813	1106196	877646
II. Total	120		7713025	7589488	10974646	10798869
III. Long-term financial investments						
1. Participation in capital of affiliated companies	150			59927		59927
III. Total	210			59927		59927
I. PART TOTAL AMOUNT	220		7788271	7791720	11081712	11086618
2. CURRENT ASSETS						
I. Stocks						
1. Raw materials, direct materials and auxiliary materials	230		2023877	1839295	2879718	2617081
2. Unfinished products	240		1315533	1520729	1871835	2163802
3. Finished products and goods for sale	250		637964	58728	907741	83562
4. Prepayments for goods	270		420964	418210	598978	595059
I. Total	290		4398338	3836962	6258272	5459504
II. Debtors						
1. Debts of buyers and customers	300	11	5546262	4201387	7891620	5978036
2. Other debtors	330	12	121834	215160	173353	306146
3. Deferred expenses	360	13	20208	229912	28753	327136
II. Total	370		5688304	4646459	8093726	6611318
IV. Cash	420	14	48128	130977	68480	186363
II. PART TOTAL AMOUNT	430		10134770	8614398	14420478	12257185
B A L A N C E	440		17923041	16406118	25502190	23343803

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

CONSOLIDATED BALANCE SHEET FOR 9 MONTHS OF 2012

LIABILITIES	Line code	Note	30.09.12. LVL	30.09.11. LVL	30.09.12. EUR	30.09.11. EUR
1. SHAREHOLDERS' EQUITY						
1. Share capital (capital stock)	450	15	5799005	5799005	8251241	8251241
2. Reserve for revaluation of long-term investments	470		212791	214873	302773	305737
3. Other provisions	510		192922	192922	274503	274503
4. Undivided profit:						
a) Undivided profit of previous years	530		(3719278)	(4243532)	(5292056)	(6038002)
b) Undivided profit of the accounting year	540		2695623	135098	3835527	192228
1. PART TOTAL AMOUNT	550		5181063	2098366	7371988	2985707
2. PROVISIONS						
1. Other provisions	580	16	456791	184531	649955	262564
2. PART TOTAL AMOUNT	590		456791	184531	649955	262564
3. CREDITORS						
I. Long-term creditors						
1. Loans from credit institutions	620	17	5341873	6677341	7600801	9501000
2. Other loans	630	18	744502	292474	1059331	416153
3. Other creditors	700	22	792785		1128031	
4. Deferred tax liabilities	731		215995	295432	307333	420362
I. Total	740		7095155	7265247	10095496	10337515
II. Short-term creditors						
1. Loans from credit institutions	770	17	740800	158131	1054063	225000
2. Other loans	780	18	55169	799103	78498	1137021
3. Advance payments received from buyers	790	19	7618	106328	10839	151291
4. Debts to suppliers and contractors	800	20	1435488	2341280	2042515	3331341
5. Taxes and social security payments	840	21	2557360	2859258	3638795	4068358
6. Other creditors	850	22	393597	593874	560041	845006
II. Total	890		5190032	6857974	7384751	9758017
3. PART TOTAL AMOUNT	900		12285187	14123221	17480247	20095532
BALANCE	910		17923041	16406118	25502190	23343803

CONSOLIDATED CASH FLOW STATEMENT FOR 9 MONTHS OF 2012 (prepared by indirect method)

I. Cash flow from operating activities

	Items	30.09.12. LVL	30.09.11. LVL	30.09.12. EUR	30.09.11. EUR
1	Profit or loss before extraordinary items and taxes	2779268	223303	3954543	317732
	ADJUSTMENTS				
	Depreciation of fixed assets	250738	247678	356768	352414
	Amortization of intangible investment value	5279	2007	7511	2856
	Gain from sales of fixed assets	(8433)	(980)	(11999)	(1394)
	Profit or loss from fluctuations of currency exchange rates	147425	(37434)	209767	(53264)
	Negative consolidation difference	(3240)		(4610)	
	Other interest income and similar income		(10031)		(14273)
	Amounts written off fixed assets	789	9051	1123	12878
	Reserve for revaluation of long-term investments	(2067)	(49758)	(2941)	(70799)
2	Profit or loss before adjustments influenced by changes of balance of current assets and short-term liabilities	3169759	383836	4510162	546150
	ADJUSTMENTS				
	Increase or decrease of balance of receivables	(1901285)	149227	(2705285)	212331
	Increase or decrease of balance of inventories	729866	48133	1038506	68487
	Increase or decrease of deferred expenses	51712	(158455)	73580	(225461)
	Increase or decrease of balance of debts to be paid to suppliers, contractors and other creditors	(57126)	(187602)	(81203)	(266934)
	Increase or decrease of accruals	200856		285792	
	Expenses for tax payments	(122827)	(119018)	(174767)	(169347)
3	Gross cash flow from operating activities	2070955	116121	2946705	165226
4	Cash flow before extraordinary items	2070955	116121	2946705	165226
I	NET CASH FLOW FROM OPERATING ACTIVITIES	2070955	116121	2946705	165226

II. Cash flow from investing activities

	Items	30.09.12. LVL	30.09.11. LVL	30.09.12. EUR	30.09.11. EUR
1	Stocks or shares purchase from related undertakings	(936000)		(1331808)	
2	Purchase of fixed assets and intangible investments	(264919)	(63811)	(376946)	(90795)
3	Income from sales of fixed assets and intangible investments	9048	980	12874	1394
4	Interest income received		205198		291970
II	NET CASH FLOW FROM INVESTING ACTIVITIES	(1191871)	142367	(1695880)	202569

III. Cash flow from financing activities

	Items	30.09.12. LVL	30.09.11. LVL	30.09.12. EUR	30.09.11. EUR
1	Loans received	240000	777553	341489	1106358
2	Expenses for repayment of loans	(834668)	(819611)	(1187626)	(1166201)
3	Expenses for repurchase of leased fixed assets	(165506)	(182137)	(235494)	(259158)
III	NET CASH FLOW FROM FINANCING ACTIVITIES	(760174)	(224195)	(1081631)	(319001)

IV. Summary of cash inflow and outflow

	Items	30.09.12. LVL	30.09.11. LVL	30.09.12. EUR	30.09.11. EUR
I	Net cash flow from operating activities	2070955	116121	2946705	165226
II	Net cash flow from investing activities	(1191871)	142367	(1695880)	202569
III	Net cash flow from financing activities	(760174)	(224195)	(1081631)	(319001)
	Result of fluctuations of currency exchange rates	(115643)	54773	(164545)	77935
	Net cash flow of the accounting period	3267	89066	4649	126729
	Cash and its equivalents in the beginning of the accounting period	44861	41911	63831	59634
	Cash and its equivalents at the end of the accounting period	48128	130977	68480	186363

CONSOLIDATED STATEMENT OF CHANGES OF SHAREHOLDERS' EQUITY FOR 9 MONTHS OF 2012, LVL

Kind of changes	Share capital	Reserve for revaluation of long-term investments	Other provisions	Undivided profit	Total
1. Balance as of 31.12.2010.g.	5799005	264632	192922	(4243532)	2013027
2. Income or loss of the accounting period that is not included in the profit and loss account:					
a) decrease of fixed assets		(49759)			49759)
b) increase of fixed assets					
3. Income or loss of the accounting period in accordance with the profit and loss account				135098	135098
4. Balance as of 30.09.2011.g.	5799005	214873	192922	(4108434)	2098366
5. Balance as of 31.12.2011.g.	5799005	214858	192922	(3719278)	2487507
6. Income or loss of the accounting period that is not included in the profit and loss account:					
a) decrease of fixed assets		(2067)			(2067)
b) increase of fixed assets					
7. Income or loss of the accounting period in accordance with the profit and loss account				2695623	2695623
8. Balance as of 30.09.2012.g.	5799005	212791	192922	(1023655)	5181063

CONSOLIDATED STATEMENT OF CHANGES OF SHAREHOLDERS' EQUITY FOR 9 MONTHS OF 2012, EUR

Kind of changes	Share capital	Reserve for revaluation of long-term investments	Other provisions	Undivided profit	Total
1. Balance as of 31.12.2010.g.	8251241	376537	274503	(6038002)	2864279
2. Income or loss of the accounting period that is not included in the profit and loss account:					
a) decrease of fixed assets		(70800)			(70800)
b) increase of fixed assets					
3. Income or loss of the accounting period in accordance with the profit and loss account				192228	192228
4. Balance as of 30.09.2011.g.	8251241	305737	274503	(5845774)	2985707
5. Balance as of 31.12.2011.g.	8251241	305715	274503	(5292056)	3539403
6. Income or loss of the accounting period that is not included in the profit and loss account:					
a) decrease of fixed assets		(2942)			(2942)
b) increase of fixed assets					
7. Income or loss of the accounting period in accordance with the profit and loss account				3835527	3835527
8. Balance as of 30.09.2012.g.	8251241	302773	274503	(1456529)	7371988

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.

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 company 'LATTRANSKOMPLEKT' Ltd.

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.

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.

Comparable Information

On 30.09.11 the non-consolidated data of JSC 'Riga Electric Machine Building Works' were submitted.

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.

Notes (cont.)

Accounting policy (cont.)

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.

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.

Notes (cont.)
Accounting policy (cont.)

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 2011 warranty repair costs accounted for LVL 10 070 (EUR 14 328), which is only 0.04% 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.

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 been significant.

Notes (cont.)

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 TO CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR 9 MONTHS OF 2012

Note No. 1 – Net turnover

Country	30.09.12. LVL	30.09.11. LVL	30.09.12. EUR	30.09.11. EUR
Latvia	1266322	3067658	1801814	4364884
Russia	18138770	12802531	25809145	18216360
Ukraine	147767	238935	210253	339974
Sweden		4510		6417
Byelorussia	82099	78478	116816	111664
United Kingdom	150592		214273	
Georgia		541440		770400
Other	8045	27760	11447	39499
Total	19793595	16761312	28163748	23849198

Note No. 2 – Production costs of products sold

Indicators	30.09.12. LVL	30.09.11. LVL	30.09.12. EUR	30.09.11. EUR
Salaries	3591258	3299575	5109900	4694872
Social insurance contributions	847968	752287	1206550	1070408
Costs of materials	8170023	8645300	11624895	12301154
Energy resources	855505	746724	1217274	1062493
Depreciation of capital assets and intangible assets	210794	224244	299933	319070
Business trip costs	46613	35882	66324	51055
Repair costs and remuneration for works from outside	374404	153515	532729	218432
Development costs	51191	51191	72838	72838
Expenses of product's certification	24412	17314	34735	24636
Other costs	153271	75145	218085	106922
Total	14325439	14001177	20383263	19921880

Note No. 3 – Selling costs

Indicators	30.09.12. LVL	30.09.11. LVL	30.09.12. EUR	30.09.11. EUR
Packing material and package	63271	192597	90027	274041
Transportation expenses	244738	209383	348231	297925
Salaries	87649	52894	124713	75261
Social insurance contributions	20063	12597	28547	17924
Other selling costs	172	297	244	423
Total	415893	467768	591762	665574

Notes (cont.)

Note No. 4 – Administrative costs

Indicators	30.09.12. LVL	30.09.11. LVL	30.09.12. EUR	30.09.11. EUR
Communications costs	17158	17130	24414	24374
Reimbursement for legal services	27444	2089	39049	2972
Cash circulation and expense and extra costs	7149	11332	10172	16124
Accounting services	10333		14703	
Transportation expenses	13013	10641	18516	15141
Representation expenses	4475	3555	6367	5058
Salaries	1091037	963453	1552406	1370870
Social insurance contributions	252731	224186	359604	318988
Energy resources	27004	27492	38423	39118
Depreciation of capital assets	30958	23627	44049	33618
Business trip costs	18184	12030	25874	17117
Security services	109829	103959	156273	147920
Other administrative costs	37097	34860	52783	49602
Total	1646412	1434354	2342633	2040902

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

Indicators	30.09.12. LVL	30.09.11. LVL	30.09.12. EUR	30.09.11. EUR
Profit gained as a result of other sales (materials, lease, other)	177857	181130	253068	257725
Penalty and contractual penalties		259		369
Sale of capital assets	8433	980	11999	1394
Income related to maintenance of social sphere	18066	17102	25706	24334
Decrease in revaluation reserve of capital assets	2067	49758	2941	70799
Income from fluctuations of exchange rates	9193	37434	13080	53264
Inventory surplus		2271		3231
Writing off debts to suppliers and contractors	249015		354316	
Other income	11562	26941	16452	38334
Total	476193	315875	677562	449450

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

Indicators	30.09.12. LVL	30.09.11. LVL	30.09.12. EUR	30.09.11. EUR
Penalty and contractual penalties	124881	311818	177690	443677
Costs related to maintenance of social sphere	30785	32601	43803	46387
Costs not related to operating activities of the Company	52737	51104	75038	72714
Re-accreditation costs		92722		131932
Loss from fluctuations of exchange rates	156618		222847	
Removal of capital assets	789	8589	1123	12221
Write-off of bad debtors	34476	229	49055	326
Inventory deficit		9585		13638
General accrual	316719		450651	
Other costs	11442	1423	16280	2025
Total	728447	508071	1036487	722920

Note No. 7 - Other interest income and similar income

Indicator	30.09.12. LVL	30.09.11. LVL	30.09.12. EUR	30.09.11. EUR
Interest income (short-term loans)		10031		14273
Other interest income		331		471
Total		10362		14744

Notes (cont.)

Note No. 8 – Other interest payments and similar costs

Indicator	30.09.12. LVL	30.09.11. LVL	30.09.12. EUR	30.09.11. EUR
Loan agreements	365238	199764	519687	284239
Leasing agreements	9091	20212	12935	28759
Credit line agreements		232900		331386
Total	374329	452876	532622	644384

Note No. 9 – Other taxes

Indicators	30.09.12. LVL	30.09.11. LVL	30.09.12. EUR	30.09.11. EUR
Real estate tax on premises (buildings)	63920	72425	90950	103051
Real estate tax on land	19725	15780	28066	22453
Total	83645	88205	119016	125504

NOTES TO CONSOLIDATED BALANCE SHEET FOR THE 9 MONTHS OF 2012

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

	Initial value				Depreciation				Remaining value	
	Remaining amount as at 01.01.12	Purchase	Removed	Remaining amount as at 30.09.12	Remaining amount as at 01.01.12	Calculated	Removed	Remaining amount as at 30.09.12	01.01.12	30.09.12
Intangible investments										
Devel.costs	68254			68254					68254	68254
Licenses and other	301			301	301			301		
Software	23732	2700		26432	14057	5383		19440	9675	6992
Total	92287	2700		94987	14358	5383		19741	77929	75246
Capital assets										
Land, premises, buildings*	7018451			7018451	2797590	48445		2846035	4220861	4172416
Equipment and machinery	5493513	239597	(22059)	5711051	2812605	188839	(21273)	2980171	2680908	2730880
Other capital assets	267997	11742	(6941)	272798	232844	13351	(5687)	240508	35153	32290
Creation of capital assets	766559	236138	(225258)	777439					766559	777439
Total	13546520	487477	(254258)	13779739	5843039	250635	(26960)	6066714	7703481	7713025
In total	13638807	490177	(254258)	13874726	5857397	256018	(26960)	6086455	7781410	7788271

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

	Initial value				Depreciation				Remaining value	
	Remaining amount as at 01.01.12	Purchase	Removed	Remaining amount as at 30.09.12	Remaining amount as at 01.01.12	Calculated	Removed	Remaining amount as at 30.09.12	01.01.12.	30.09.12
Intangible assets										
Devel.costs	97117			97117					97117	97117
Licenses and other	428			428	428			428		
Software	33768	3842		37610	20001	7660		27661	13767	9949
Total	131313	3842		135155	20429	7660		28089	110884	107066
Capital assets										
Land, premises, buildings*	9986356			9986356	3980612	68931		4049543	6005744	5936813
Equipment and machinery	7816565	340916	(31387)	8126094	4001976	268695	(30269)	4240402	3814589	3885692
Other capital assets	381325	16707	(9876)	388156	331307	18996	(8092)	342211	50018	45945
Creation of capital assets	1090715	335994	(320513)	1106196					1090715	1106196
Total	19274961	693617	(361776)	19606802	8313895	356622	(38361)	8632156	10961066	10974646
In total	19406274	697459	(361776)	19741957	8334324	364282	(38361)	8660245	11071950	11081712

Notes (cont.)

In 2012 assessed value of the premises accounted for LVL 5 681 775 (EUR 8 084 437), assessed value of the plot accounted for LVL 2 061 090 (EUR 2 932 667).

Note No. 11 – Debts of customers and clients

Indicators	30.09.12. LVL	30.09.11. LVL	30.09.12. EUR	30.09.11. EUR
Debts of customers and clients (for the goods and services)	5546262	4201387	7891620	5978036
Total	5546262	4201387	7891620	5978036

Note No. 12 – Other debtors

Indicators	30.09.12. LVL	30.09.11. LVL	30.09.12. EUR	30.09.11. EUR
Demand calculations for personnel		1671		2378
Taxes paid in advance	1571	1170	2235	1665
Overpaid taxes	98254	184465	139803	262470
Rental debts	18309	26005	26051	37002
Other	3700	1849	5264	2631
Total	121834	215160	173353	306146

Note No. 13 – Costs of the following periods

Indicators	30.09.12. LVL	30.09.11. LVL	30.09.12. EUR	30.09.11. EUR
Press subscription	228	269	324	383
Insurance	1589	1521	2261	2164
Expenses for development of new techniques	17064	225407	24280	320726
Annual anti-virus program licenses	1029	752	1464	1070
Other	298	1963	424	2793
Total	20208	229912	28753	327136

Note No. 14 – Cash

Indicators	30.09.12. LVL	30.09.11. LVL	30.09.12. EUR	30.09.11. EUR
Current accounts in banks	48128	130977	68480	186363

Note No. 15 – 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	30.09.12. LVL	30.09.11. LVL	30.09.12. EUR	30.09.11. 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. 16 – Other provisions

Indicators	30.09.12. LVL	30.09.11. LVL	30.09.12. EUR	30.09.11. EUR
Holiday provisions	257348	184531	366173	262564
Other provisions	199443		283782	
Total	456791	184531	649955	262564

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

Indicators	30.09.12. LVL	30.09.11. LVL	30.09.12. EUR	30.09.11. EUR
Latvian credit institutions, loan agreement, including	6082673	6835472	8654864	9726000
Long-term debt	5341873	6677341	7600801	9501000
Short-term debt	740800	158131	1054063	225000

Note No. 18 – Other loans

Indicators	30.09.12. LVL	30.09.11. LVL	30.09.12. EUR	30.09.11. EUR
Leasing agreements, including	110338	426603	156996	607001
Long-term debt	55169	292474	78498	416153
Short-term debt	55169	134129	78498	190848
Other loans, including	689333	664974	980831	946173
Long-term debt	689333		980831	
Short-term debt		664974		946173

Note No. 19 – Advances received from customers

Indicators	30.09.12. LVL	30.09.11. LVL	30.09.12. EUR	30.09.11. EUR
Local customers	7371	499	10488	710
Foreign customers	247	105829	351	150581
Total	7618	106328	10839	151291

Note No. 20 – Debts to suppliers and contractors

Indicators	30.09.12. LVL	30.09.11. LVL	30.09.12. EUR	30.09.11. EUR
Local suppliers	914352	1913643	1301006	2722868
Foreign suppliers	521136	427637	741509	608473
Total	1435488	2341280	2042515	3331341

Note No. 21 – Taxes and social insurance contributions

Indicators	30.09.12. LVL	30.09.11. LVL	30.09.12. EUR	30.09.11. EUR
Personal income tax	1002575	1134956	1426535	1614897
Mandatory social insurance contributions	1505899	1695849	2142701	2412976
Corporate income tax	41090		58466	
Natural resources tax	6964	1263	9909	1797
Real estate tax on land		4822		6861
Real estate tax on premises (buildings)	596	22125	848	31481
State business risk fee	236	243	336	346
Total	2557360	2859258	3638795	4068358

Notes (cont.)

Note No. 22 – Long-term and short-term other creditors

Indicators	30.09.12. LVL	30.09.11. LVL	30.09.12. EUR	30.09.11. EUR
Long-term creditors, including	792785		1128031	
Interest	56785		80797	
Settlement of the debts of other companies	736000		1047234	
Short-term creditors, including	393597	593874	560041	811234
Salary debt	387253	580429	551011	825876
Support payments	3154	2469	4488	3513
Trade union membership fee	2136	10976	3039	15617
Other	1054		1503	
Total				

On behalf of the Board of the Company,

Chairperson of the Board

Nikolajs Erohovs

21 November 2012