

**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 2014
(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	from 19.04.10. from 27.06.12. from 27.06.12. from 08.11.13.
Accounting period	1 January 2014 – 30 September 2014	
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	AS „Latvo”, reģ. Nr. 40003184975 Ganību dambis 31, Riga, the Republic of Latvia Fixed capital EUR 5 495 420 Shares – 98.5 %	

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR 9 MONTHS OF THE YEAR 2014

No.	Items	Note	30.09.14. EUR	30.09.13. EUR
1	Net turnover	1	26632358	27217883
2	Production costs of the goods sold	2	(21848679)	(20142232)
3	Gross profit or loss		4783679	7075651
4	Selling expenses	3	(644796)	(551787)
5	Administration expenses	4	(2253414)	(2270703)
6	Other operating income	5	198054	801868
7	Other operating expenses	6	(125782)	(1513904)
8	Other interest income and similar income		27	120
9	Other interest payments and similar expenses	7	(322705)	(323187)
10	Profit or loss before extraordinary items and taxes		1635063	3218058
11	Profit or loss before tax		1635063	3218058
12	Other taxes	8	(102580)	(99291)
13	Profit or loss of the accounting period		1532483	3118767

EPS (earnings per share)	0,26	0.54
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR 9 MONTHS OF THE YEAR 2014

A S S E T S	Note	30.09.14. EUR	30.09.13. EUR
1. LONG-TERM INVESTMENTS			
I. Intangible investments	9		
1. Development costs		877208	
2. Concessions, licences and similar rights		347285	176667
3. Other intangible investments		27393	1500
I. Total		1251886	178167
II. Fixed assets	9		
1. Land plots, buildings, constructions		13157006	6157435
2. Equipment and machinery		4807023	3986727
3. Other fixed assets and inventory		251228	174753
4. Creation of fixed assets		652806	476809
5. Advance payments for fixed assets		393833	437001
II. Total		19261896	11232725
III. Long-term financial investments			
1. Own shares		14551	14551
2. Other long-term debtors	10	7042568	6970138
3. Deferred tax assets			2817
III. Total		7057119	6987506
I. PART TOTAL AMOUNT		27570901	18398398
2. CURRENT ASSETS			
I. Stocks			
1. Raw materials, direct materials and auxiliary materials		3503858	3124793
2. Unfinished products		2238877	2212604
3. Finished products and goods for sale		598118	720195
4. Prepayments for goods		596287	386653
I. Total		6937140	6444245
II. Debtors			
1. Debts of buyers and customers	11	4342986	4336176
2. Other debtors	12	267900	151840
3. Deferred expenses	13	9606	34852
II. Total		4620492	4522868
IV. Cash	14	1894	15849
II. PART TOTAL AMOUNT		11559526	10982962
B A L A N C E		39130427	29381360

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR 9 MONTHS OF THE YEAR 2014

LIABILITIES	Note	30.09.14. EUR	30.09.13. EUR
1. SHAREHOLDERS' EQUITY			
1. Share capital (capital stock)	15	8118607	8251241
2. Reserve for revaluation of long-term investments	16	6892268	295004
3. Other provisions		407137	274503
4. Undivided profit:			
a) Undivided profit of previous years		4113439	821930
b) Undivided profit of the accounting year		1532483	3118767
1. PART TOTAL AMOUNT		21063934	12761445
2. PROVISIONS			
1. Other provisions	17	407577	1266578
2. PART TOTAL AMOUNT		407577	1266578
3. CREDITORS			
I. Long-term creditors			
1. Loans from credit institutions	18	6745112	7145001
2. Other loans	19	489000	762001
3. Debts to suppliers and contractors	20		71508
4. Other creditors	21	1093199	1070897
5. Deferred tax liabilities		1622639	386872
I. Total		9949950	9436279
II. Short-term creditors			
1. Loans from credit institutions	18	3194672	2290448
2. Other loans	19		
3. Advance payments received from buyers	22	15277	69415
4. Debts to suppliers and contractors	20	3067344	1662004
5. Taxes and social security payments	23	719129	1304416
6. Other creditors	21	712544	590775
II. Total		7708966	5917058
3. PART TOTAL AMOUNT		17658916	15353337
BALANCE		39130427	29381360

CONSOLIDATED CASH FLOW STATEMENT FOR 9 MONTHS OF 2014 (prepared by indirect method)

I. Cash flow from operating activities

	Items	30.09.14. EUR	30.09.13. EUR
1	Profit or loss before extraordinary items and taxes	1635063	3218058
	ADJUSTMENTS		
	Depreciation of fixed assets	1237419	571782
	Amortization of intangible investment value	70318	28578
	Gain from sales of fixed assets	(4876)	(455202)
	Profit or loss from fluctuations of currency exchange rates	(82077)	453091
	Consolidation difference		2447
	Amounts written off fixed assets		181679
	Reserve for revaluation of long-term investments	(298)	(2526)
2	Profit or loss before adjustments influenced by changes of balance of current assets and short-term liabilities	2855549	3997907
	ADJUSTMENTS		
	Increase or decrease of balance of receivables	(1236465)	(3349554)
	Increase or decrease of balance of inventories	34958	(65078)
	Increase or decrease of balance of debts to be paid to suppliers, contractors and other creditors	804054	(1969585)
	Increase or decrease of accruals		575414
	Expenses for tax payments	(102580)	(99291)
3	Gross cash flow from operating activities	2355516	(910187)
4	Expenses from company tax payments	(37794)	
5	Cash flow before extraordinary items	2317722	(910187)
I	NET CASH FLOW FROM OPERATING ACTIVITIES	2317722	(910187)

II. Cash flow from investing activities

	Items	30.09.14. EUR	30.09.13. EUR
1	Purchase of fixed assets and intangible investments	(2244003)	(434380)
2	Income from sales of fixed assets and intangible investments	4876	455202
3	Repaid loans	198015	84825
II	NET CASH FLOW FROM INVESTING ACTIVITIES	(2041112)	105647

III. Cash flow from financing activities

	Items	30.09.14. EUR	30.09.13. EUR
1	Loans received	895753	2197889
2	Expenses for repayment of loans	(1113000)	(1316605)
3	Expenses for repurchase of leased fixed assets		(78498)
III	NET CASH FLOW FROM FINANCING ACTIVITIES	(217247)	802786

IV. Summary of cash inflow and outflow

	Items	30.09.14. EUR	30.09.13. EUR
I	Net cash flow from operating activities	2317722	(910187)
II	Net cash flow from investing activities	(2041112)	105647
III	Net cash flow from financing activities	(217247)	802786
	Result of fluctuations of currency exchange rates	(70824)	(74394)
	Net cash flow of the accounting period	(11461)	(76148)
	Cash and its equivalents in the beginning of the accounting period	13355	91997
	Cash and its equivalents at the end of the accounting period	1894	15849

**CONSOLIDATED STATEMENT OF CHANGES OF SHAREHOLDERS' EQUITY
FOR 9 MONTHS OF 2014, EUR**

Kind of changes	Share capital	Reserve for revaluation of long-term investments	Other provisions	Undivided profit	Total
1. Balance as of 31.12.2012.g.	8251241	297530	274503	821930	9645204
2. Long-term investment revaluation reserve decrease		(2526)			(2526)
3. Income or loss of the accounting period in accordance with the profit and loss account				3118767	3118767
4. Balance as of 30.09.2013.g.	8251241	295004	274503	3940697	12761445
5. Balance as of 31.12.2013.g.	8251241	6892566	274503	4113439	19531749
6. Long-term investment revaluation reserve decrease		(298)			(298)
7. Share denomination from lat to euro	(132634)		132634		
8. Income or loss of the accounting period in accordance with the profit and loss account				1532483	1532483
9. Balance as of 30.09.2014.g.	8118607	6892268	407137	5645922	21063934

NOTES

GENERAL INFORMATION

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'.

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 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:

- 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.

	30.09.2014., EUR	30.09.2013., EUR
Unfinished construction objects	167915	167915
Costs of capital asset creation	484891	308894
Total	652806	476809

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 EUR 218 352 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 eiro (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 takes 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 years. In 2013 warranty repair costs accounted is only 1.73% 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:

Notes to the consolidated financial statements (cont.)

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 rouble, major part of its costs are in euros, while all received loans are in euros.

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 9 MONTHS OF THE YEAR 2014

Note No. 1 – Net turnover

Country	30.09.14. EUR	30.09.13. EUR
Latvia	449314	218826
Russia	25699986	25824681
Ukraine	73080	211609
Byelorussia	168492	252292
United Kingdom		25543
Slovenia		58783
Slovakia	106441	322272
Azerbaijan	84788	283527
Kazakhstan	13773	
Poland	7023	
Germany	29189	
Other	272	20350
Total	26632358	27217883

Note No. 2 – Production costs of products sold

Indicators	30.09.14. EUR	30.09.13. EUR
Salaries	5136269	4916462
Social insurance contributions	1188173	1158783
Costs of materials	11805149	10115181
Energy resources	1070509	1167187
Depreciation of capital assets and intangible assets	1060013	504596
Business trip costs	61839	120543
Repair costs and remuneration for works from outside	198192	420867
Costs of production quality control	1094314	1359195
Development costs		72838
Losses due to rejects	50641	41690
Environmental protection costs	13000	49816
Other costs	170580	215074
Total	21848679	20142232

Notes to consolidated comprehensive income statement (cont.)

Note No. 3 – Selling costs

Indicators	30.09.14. EUR	30.09.13. EUR
Packing material and package	98229	57936
Transportation expenses	388400	363621
Salaries	122582	97000
Social insurance contributions	28496	23121
Other selling costs	7089	10109
Total	644796	551787

Note No. 4 – Administrative costs

Indicators	30.09.14. EUR	30.09.13. EUR
Communications costs	19881	20008
Reimbursement for legal services	5222	14461
Cash circulation and expense and extra costs	34847	19306
Transportation expenses	20776	13847
Representation expenses	4919	4912
Salaries	1304648	1482176
Social insurance contributions	274368	344941
Energy resources	43284	39700
Depreciation of capital assets	227517	57450
Business trip costs	23223	38206
Security services	143259	145242
Audit services	17332	
Consulting services	56686	
Other administrative costs	77452	90454
Total	2253414	2270703

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

Indicators	30.09.14. EUR	30.09.13. EUR
Profit gained as a result of other sales (materials, lease, other)	83879	177951
Sale of capital assets	4876	455202
Income related to maintenance of social sphere	22256	20390
Decrease in revaluation reserve of capital assets	298	2526
Income from fluctuations of exchange rates	82077	
Joint financing of project		137344
Other income	4668	8455
Total	198054	801868

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

Indicators	30.09.14. EUR	30.09.13. EUR
Penalty and contractual penalties	6408	48791
Costs related to maintenance of social sphere	51322	48213
Costs not related to operating activities of the Company	66485	70344
Loss from fluctuations of exchange rates		453091
Removal of capital assets		181679
Write-off of bad debtors	485	13263
Loss from previous year	763	7042
General accrual		549463
Provision for the court's decision		90829
Re-accreditation costs		31000
Other costs	319	20009
Total	125782	1513904

Notes to the consolidated financial statements (cont.)

Note No. 7 – Other interest payments and similar costs

Indicator	30.09.14. EUR	30.09.13. EUR
Loan agreements	257085	299949
Leasing agreements		452
Credit line agreements	64912	22786
Other	708	
Total	322705	323187

Note No. 8 – Other taxes

Indicators	30.09.14. EUR	30.09.13. EUR
Real estate tax on premises (buildings)	88075	86132
Real estate tax on land	14505	13159
Total	102580	99291

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 01.01.14.		203593	80384	13962666	9285691	561948	573952	244501
Purchase	877208	234020			933243	120678	1108041	149332
Removed					(45197)	(2966)	(1029187)	
Remaining amount as at 30.09.14.	877208	437613	80384	13962666	10173737	679660	652806	393833
Depreciation								
Remaining amount as at 01.01.14.		36926	36075	153687	4863457	394406		
Calculated		53402	16916	651973	548454	36992		
Removed					(45197)	(2966)		
Remaining amount as at 30.09.14.		90328	52991	805660	5366714	428432		
Remaining value								
01.01.14.		166667	44309	13808979	4422234	167542	573952	244501
30.09.14.	877208	347285	27393	13157006	4807023	251228	652806	393833

*In 2014 assessed value of the premises accounted for EUR 7 828 802 , assessed value of the plot accounted for EUR 1 934 015.

Note No. 10 – Other long-term debtors

Rādītāji	30.09.14. EUR	30.09.13. EUR
Long-term loan of the subsidiary (daughter) company (until 01.12.15.)	7042568	6970138
Total	7042568	6970138

Note No. 11 – Debts of customers and clients

Indicators	30.09.14. EUR	30.09.13. EUR
Debts of customers and clients (for the goods and services)	4342986	4336176
Total	4342986	4336176

Notes to the consolidated financial statements (cont.)

Note No. 12 – Other debtors

Indicators	30.09.14. EUR	30.09.13. EUR
Taxes paid in advance	51091	1697
Overpaid taxes	163301	131075
Rental debts	5891	6066
Processing of goods	44017	
Other	3600	13002
Total	267900	151840

Note No. 13 – Costs of the following periods

Indicators	30.09.14. EUR	30.09.13. EUR
Insurance	2936	1854
Expenses for development of new techniques		24280
Software service	2401	
Certification	3802	
Other	467	8718
Total	9606	34852

Note No. 14 – Cash

Indicators	30.09.14. EUR	30.09.13. EUR
Current accounts in banks	1894	15849

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	30.09.14. EUR	30.09.13. 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

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.

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.

Notes to the consolidated financial statements (cont.)

Note No. 17 – Other provisions

Indicators	30.09.14. EUR	30.09.13. EUR
Holiday provisions	397853	398544
Other provisions	9724	868034
Total	407577	1266578

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

Indicators	30.09.14. EUR	30.09.13. EUR
Latvian credit institutions, loan agreement, including	7371601	7771490
Long-term debt	6745112	7145001
Short-term debt	626489	626489
Latvian credit institutions, credit line agreement, including	2568183	1663959
Short-term debt	2568183	1663959

As on 30/09/2014 all assets of parent Company have been pledged as security for a loan.

Note No. 19 – Other loans

Indicators	30.09.14. EUR	30.09.13. EUR
Other loans, including	489000	762001
Long-term debt	489000	762001

Note No. 20 – Debts to suppliers and contractors

Indicators	30.09.14. EUR	30.09.13. EUR
Long-term creditors, including		71508
Local suppliers		71508
Short-term creditors, including	3067344	1662004
Local suppliers	1494439	673155
Foreign suppliers	1572905	988849

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

Indicators	30.09.14. EUR	30.09.13. EUR
Long-term creditors, including	1093199	1070897
Other creditors	45965	23663
Settlement of the debts of other companies	1047234	1047234
Short-term creditors, including	712544	590775
Salary debt	582118	581252
Support payments	4680	4725
Trade union membership fee	879	673
Earnest	120000	
Other	4867	4125

Notes to the consolidated financial statements (cont.)

Note No. 22 – Advances received from customers

Indicators	30.09.14. EUR	30.09.13. EUR
Local customers	1336	793
Foreign customers	13941	68622
Total	15277	69415

Note No. 23 – Taxes and social insurance contributions

Indicators	30.09.14. EUR	30.09.13. EUR
Personal income tax	277802	608427
Mandatory social insurance contributions	249888	693671
Income tax	188975	
Natural resources tax	2139	1979
State business risk fee	325	339
Total	719129	1304416

As for 30.09.2014 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

27 November 2014