

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

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

**CONSOLIDATED FINANCIAL INFORMATION
FOR 9 MONTHS OF THE YEAR 2017
(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 Andrey Petrov	from 22.07.16. until 22.07.16.
Vice-Chairperson of the Council	Kirills Nužins	from 11.11.15.
Council Members	Andrey Sarkisov Natalia Sarkisova Sergey Bolysov Maksim Gordyukov Ivgeny Sokolsky	from 15.07.15. from 15.07.15. from 20.06.17. until 02.05.17. until 22.07.16.
The parent Company Board:		
Chairperson of the Board	Nikolajs Erohovs	from 15.03.11.
Board Members	Olga Pētersone Aleksandrs Popadins Ilja Šestakovs Grigorijs Kapustins Nikolajs Čudinovs	until 12.10.17. from 08.11.13. from 30.01.15. from 18.10.16. until 06.09.16.
Accounting period	1 January 2017 – 30 September 2017	
Subsidiary (daughter) companies	AS „Latvo”, reģ. Nr. 40003184975 Ganību dambis 53, Riga, the Republic of Latvia Shares – 98.7 %	
Associated companies	SIA „RER-Termināls”, reģ. Nr. 40203010535 Ganību dambis 53, Riga, the Republic of Latvia Shares – 29.82 %	
Auditor	SIA "Grant Thornton Baltic", licence Nr.155 Blaumaņa iela 22, Riga, LV-1011, Latvija Certified auditor Kaspars Rutkis Certified auditor's certificate No. 171	

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR THE 9 MONTHS OF THE YEAR 2017

Items	01.01.17. - 30.09.17. EUR	01.01.16. - 30.09.16. EUR
Net turnover	21 480 924	13 649 193
Production costs of the goods sold	(17 451 630)	(11 721 212)
Gross profit or loss	4 029 294	1 927 981
Selling expenses	(514 773)	(341 219)
Administration expenses	(1 720 671)	(1 520 307)
Other operating income	271 934	353 888
Other operating expenses	(191 945)	(115 770)
Other interest and similar income	2	-
Other interest payments and similar expenses	(291 356)	(303 899)
Profit or loss before corporate income tax	1 582 485	674
Profit or loss after calculating the corporate income tax	1 582 485	674
Profit or loss of the accounting period	1 582 485	674

Earnings per share	0.272	0.000116
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Attributable to:
Equity holders of a parent company

	1 582 485	674
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Other comprehensive income / loss

Long-term investment revaluation reserve decrease	(1 435)	(40 823)
Total other comprehensive income / loss	(1 435)	(40 823)

Total comprehensive income	1 581 050	(40 149)
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Attributable to:
Equity holders of a parent company

	1 581 050	(40 149)
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR 9 MONTHS OF THE YEAR 2017

A S S E T S	30.09.17. EUR	31.12.16. EUR
LONG-TERM INVESTMENTS		
Intangible investments		
Development costs	1 690 346	1 758 126
Concessions, patents, licences and similar rights	176 873	271 976
Other intangible investments	31 832	55 787
Prepayments for intangible investments	142 557	13 200
Total intangible assets	2 041 608	2 099 089
Fixed assets		
Real estate (land, buildings and structures)	14 730 212	15 473 398
Technology devices and equipment	6 158 527	7 009 406
Other fixed assets and inventory	260 048	214 848
Expense of tangible assets and construction in progress	1 440 642	847 697
Advance payments for fixed assets	73 117	90 979
Total fixed assets	22 662 546	23 636 328
Long-term financial investments		
Own shares	14 551	14 551
Other loans and long-term receivables	7 789 428	7 789 428
Total long-term financial investments	7 803 979	7 803 979
TOTAL LONG-TERM INVESTMENTS	32 508 133	33 539 396
CURRENT ASSETS		
Inventories		
Raw materials, direct materials and auxiliary materials	3 225 479	3 095 221
Work in progress	2 979 100	2 419 467
Finished products and goods for sale	319 080	814 752
Advance payments for inventories	314 665	146 848
Total inventories	6 838 324	6 476 288
Receivables		
Trade receivables	1 249 737	1 900 484
Amounts owed by associated companies	2 207	-
Other receivables	299 394	193 190
Prepaid expenses	4 472	8 835
Total receivables	1 555 810	2 102 509
Short-term financial investments		
Shareholding in the capital of subsidiary companies	-	940 000
Other securities and interest in capital	340 000	-
Total short-term financial investments	340 000	940 000
Cash	430 790	88 409
TOTAL CURRENT ASSETS	9 164 924	9 607 206
TOTAL ASSETS	41 673 057	43 146 602

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR 9 MONTHS OF THE YEAR 2017

LIABILITIES	30.09.17. EUR	31.12.16. EUR
EQUITY CAPITAL		
Share capital (equity capital)	8 118 607	8 118 607
Long-term investment revaluation reserve	11 800 139	11 801 574
Other reserves	407 137	407 137
Retained earnings or uncovered losses of previous years	5 070 363	4 602 447
Profit or loss of the reporting year	1 582 485	467 916
TOTAL EQUITY CAPITAL	26 978 731	25 397 681
PROVISIONS		
Other provisions	6 312	6 312
TOTAL PROVISIONS	6 312	6 312
CREDITORS		
Long-term liabilities		
Borrowings from credit institutions	5 052 067	5 552 067
Trade payables	-	184 647
Deferred income tax liability	2 449 107	2 449 107
Deferred income	1 306 115	1 518 712
Total long-term liabilities	8 807 289	9 704 533
Short-term liabilities		
Borrowings from credit institutions	2 912 827	4 759 279
Advance payments from customers	206 425	39 603
Trade payables	1 571 572	1 834 519
Taxes and mandatory state social insurance contributions	429 704	767 746
Other liabilities	448 545	387 610
Deferred income	62 333	-
Accrued liabilities	249 319	249 319
Total short-term liabilities	5 880 725	8 038 076
TOTAL CREDITORS	14 688 014	17 742 609
TOTAL LIABILITIES	41 673 057	43 146 602

CONSOLIDATED CASH FLOW STATEMENT FOR 9 MONTHS OF THE YEAR 2017, EUR
(prepared by indirect method)

Cash flow from operating activities

Items	01.01.17. - 30.09.17.	01.01.16. - 30.09.16.
Profit or loss before extraordinary items and taxes	1 582 485	674
ADJUSTMENTS		
Depreciation of fixed assets	1 834 322	1 828 744
Amortization of intangible investment value	566 407	547 149
Income from sales of fixed assets	(3 490)	(6 031)
Profit or loss from fluctuations of currency exchange rates	(10 133)	(4 807)
Amounts written off fixed assets	766	933
Reserve for revaluation of long-term investments	(1 435)	(47 595)
Other income	-	(3 812)
Profit or loss before adjustments influenced by changes of balance of current assets and short-term liabilities	3 968 922	2 315 255
ADJUSTMENTS		
Increase or decrease of balance of receivables	201 125	(221 212)
Increase or decrease of balance of inventories	(194 219)	(250 825)
Increase or decrease of balance of debts to be paid to suppliers, contractors and other creditors	(732 018)	(730 965)
Gross cash flow from operating activities	3 243 810	1 112 253
Corporate tax paid	-	(98 904)
NET CASH FLOW FROM OPERATING ACTIVITIES	3 243 810	1 013 349

Cash flow from investing activities

Items	01.01.17. - 30.09.17.	01.01.16. - 30.09.16.
Proceeds from investment properties	680 500	100 000
Purchase of fixed assets and intangible investments	(1 258 739)	(854 094)
Income from sales of fixed assets and intangible investments	3 490	6 031
NET CASH FLOW FROM INVESTING ACTIVITIES	(574 749)	(748 063)

Cash flow from financing activities

Items	01.01.17. - 30.09.17.	01.01.16. - 30.09.16.
Loans received	65 000	1 545 237
Expenses for repayment of loans	(2 411 452)	(1 802 692)
NET CASH FLOW FROM FINANCING ACTIVITIES	(2 346 452)	(257 455)

Summary of cash inflow and outflow

Items	01.01.17. - 30.09.17.	01.01.16. - 30.09.16.
Net cash flow from operating activities	3 243 810	1 013 349
Net cash flow from investing activities	(574 749)	(748 063)
Net cash flow from financing activities	(2 346 452)	(257 455)
Result of fluctuations of currency exchange rates	19 772	25 446
Net cash flow of the accounting period	342 381	33 277
Cash and its equivalents in the beginning of the accounting period	88 409	439
Cash and its equivalents at the end of the accounting period	430 790	33 716

CONSOLIDATED STATEMENT OF CHANGES OF SHAREHOLDERS' EQUITY FOR 9 MONTHS OF THE YEAR 2017, EUR

Kind of changes	Share capital	Reserve for revaluation of long-term investments	Other provisions	Undivided profit	Minority stockholders	Total
As at 01.01.2016	8 118 607	11 842 471	407 137	4 602 447	-	24 970 662
Profit or loss for the accounting period				674		674
Other comprehensive income		(40 823)				(40 823)
<i>Total comprehensive income</i>		<i>(40 823)</i>		<i>674</i>		<i>(40 149)</i>
Minority stockholders changes					100 000	100 000
As at 30.09.2016	8 118 607	11 801 648	407 137	4 603 121	100 000	25 030 513
As at 01.01.2017	8 118 607	11 801 574	407 137	5 070 363	-	25 397 681
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>
As at 30.09.2017	8 118 607	11 800 139	407 137	6 652 848	-	26 978 731

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 2017.

In preparing those financial information for the period ended 30 September 2017, 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 2017