

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

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

**CONSOLIDATED FINANCIAL INFORMATION
FOR 3 MONTHS OF THE YEAR 2017
(NON-AUDITED)**

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

CONTENT

Information about the parent Company	3
Consolidated comprehensive income statement	4
Consolidated statement of financial position	5
Consolidated cash flow statement	7
Consolidated statement of changes in equity	8
Management confirmation report	9

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 Maksim Gordyukov Ivgeny Sokolsky	from 15.07.15. from 15.07.15. 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	from 27.06.12. from 08.11.13. from 30.01.15. from 18.10.16. until 06.09.16.
Accounting period	1 January 2017 – 31 March 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 3 MONTHS OF THE YEAR 2017

Items	Note	01.01.17. - 31.03.17. EUR	01.01.16. - 31.03.16. EUR
Net turnover		5 866 903	3 752 474
Production costs of the goods sold		(5 198 700)	(3 418 004)
Gross profit or loss		668 203	334 470
Selling expenses		(165 122)	(135 137)
Administration expenses		(528 265)	(493 003)
Other operating income		254 015	244 510
Other operating expenses		(30 586)	(77 004)
Other interest payments and similar expenses		(115 054)	(99 506)
Profit or loss before corporate income tax		83 191	(225 670)
Profit or loss after calculating the corporate income tax		83 191	(225 670)
Profit or loss of the accounting period		83 191	(225 670)

Earnings per share	0.014	(0.038)
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Attributable to:

Equity holders of a parent company	83 191	(225 670)
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Other comprehensive income / loss

Long-term investment revaluation reserve decrease	-	(2 363)
Total other comprehensive income / loss	-	(2 363)

Total comprehensive income	83 191	(228 033)
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Attributable to:

Equity holders of a parent company	83 191	(228 033)
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR 3 MONTHS OF THE YEAR 2017

A S S E T S	Note	31.03.17. EUR	31.12.16. EUR
LONG-TERM INVESTMENTS			
Intangible investments			
Development costs		1 729 908	1 758 126
Concessions, patents, licences and similar rights		240 275	271 976
Other intangible investments		47 802	55 787
Prepayments for intangible investments		13 200	13 200
Total intangible assets		2 031 185	2 099 089
Fixed assets			
Real estate (land, buildings and structures)		15 173 227	15 473 398
Technology devices and equipment		6 714 785	7 009 406
Other fixed assets and inventory		241 327	214 848
Expense of tangible assets and construction in progress		1 031 458	847 697
Advance payments for fixed assets		-	90 979
Total fixed assets		23 160 797	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		32 995 961	33 539 396
CURRENT ASSETS			
Inventories			
Raw materials, direct materials and auxiliary materials		3 313 931	3 095 221
Work in progress		2 578 626	2 419 467
Finished products and goods for sale		651 205	814 752
Advance payments for inventories		428 383	146 848
Total inventories		6 972 145	6 476 288
Receivables			
Trade receivables		846 437	1 900 484
Other receivables		312 316	193 190
Prepaid expenses		6 842	8 835
Total receivables		1 165 595	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		10 617	88 409
TOTAL CURRENT ASSETS		8 488 357	9 607 206
TOTAL ASSETS		41 484 318	43 146 602

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR 3 MONTHS OF THE YEAR 2017

LIABILITIES	Note	31.03.17. EUR	31.12.16. EUR
EQUITY CAPITAL			
Share capital (equity capital)		8 118 607	8 118 607
Long-term investment revaluation reserve		11 801 574	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		83 191	467 916
TOTAL EQUITY CAPITAL		25 480 872	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	184 647
Deferred income tax liability		2 449 107	2 449 107
Deferred income		1 306 115	1 518 712
Total long-term liabilities		8 991 936	9 704 533
Short-term liabilities			
Borrowings from credit institutions		3 747 769	4 759 279
Advance payments from customers		330 738	39 603
Trade payables		1 761 004	1 834 519
Taxes and mandatory state social insurance contributions		473 688	767 746
Other liabilities		442 680	387 610
Accrued liabilities		249 319	249 319
Total short-term liabilities		7 005 198	8 038 076
TOTAL CREDITORS		15 997 134	17 742 609
TOTAL LIABILITIES		41 484 318	43 146 602

CONSOLIDATED CASH FLOW STATEMENT FOR 3 MONTHS OF THE YEAR 2017, EUR
(prepared by indirect method)

Cash flow from operating activities

Items	01.01.17. - 31.03.17.	01.01.16. - 31.03.16.
Profit or loss before extraordinary items and taxes	83 191	(225 670)
ADJUSTMENTS		
Depreciation of fixed assets	613 374	608 107
Amortization of intangible investment value	188 802	159 337
Income from sales of fixed assets	(810)	(936)
Profit or loss from fluctuations of currency exchange rates	(20 925)	40 304
Amounts written off fixed assets	627	760
Reserve for revaluation of long-term investments	-	(2 480)
Profit or loss before adjustments influenced by changes of balance of current assets and short-term liabilities	864 259	579 422
ADJUSTMENTS		
Increase or decrease of balance of receivables	750 138	973 992
Increase or decrease of balance of inventories	(214 322)	(358 097)
Increase or decrease of balance of debts to be paid to suppliers, contractors and other creditors	(238 844)	(719 133)
Gross cash flow from operating activities	1 161 231	476 184
NET CASH FLOW FROM OPERATING ACTIVITIES	1 161 231	476 184

Cash flow from investing activities

Items	01.01.17. - 31.03.17.	01.01.16. - 31.03.16.
Proceeds from investment properties	600 000	-
Purchase of fixed assets and intangible investments	(350 347)	(277 523)
Income from sales of fixed assets and intangible investments	810	936
NET CASH FLOW FROM INVESTING ACTIVITIES	250 463	(276 587)

Cash flow from financing activities

Items	01.01.17. - 31.03.17.	01.01.16. - 31.03.16.
Loans received	65 000	1 500 000
Expenses for repayment of loans	(1 576 509)	(1 690 327)
NET CASH FLOW FROM FINANCING ACTIVITIES	(1 511 509)	(190 327)

Summary of cash inflow and outflow

Items	01.01.17. - 31.03.17.	01.01.16. - 31.03.16.
Net cash flow from operating activities	1 161 231	476 184
Net cash flow from investing activities	250 463	(276 587)
Net cash flow from financing activities	(1 511 509)	(190 327)
Result of fluctuations of currency exchange rates	22 023	(4 745)
Net cash flow of the accounting period	(77 792)	4 525
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	10 617	4 964

CONSOLIDATED STATEMENT OF CHANGES OF SHAREHOLDERS' EQUITY FOR 3 MONTHS OF THE YEAR 2017, EUR

Kind of changes	Share capital	Reserve for revaluation of long-term investments	Other provisions	Undivided profit	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				(225 670)	(225 670)
Other comprehensive income		(2 363)			(2 363)
<i>Total comprehensive income</i>		<i>(2 363)</i>		<i>(225 670)</i>	<i>(228 033)</i>
As at 31.03.2016	8 118 607	11 840 108	407 137	4 376 777	24 742 629
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				83 191	83 191
Other comprehensive income					-
<i>Total comprehensive income</i>				<i>83 191</i>	<i>83 191</i>
As at 31.03.2017	8 118 607	11 801 574	407 137	5 153 554	25 480 872

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 31 March 2017.

In preparing those financial information, 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

30 May 2017