

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

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

**CONSOLIDATED FINANCIAL INFORMATION  
FOR 9 MONTHS OF THE YEAR 2019  
(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	Mikhail Barbarovich Stanislav Vodolazskii	from 28.03.19. until 27.03.19.
Vice-Chairperson of the Council	Stanislav Vodolazskii Kirill Nuzhyn	from 28.03.19. until 27.03.19.
Council Members	Liubov Akimova Alexey Kostennikov Alexey Shestakov Andrey Sarkisov Natalia Sarkisova Sergey Bolysov	from 28.03.19. from 28.03.19. from 28.03.19. until 27.03.19. until 27.03.19. until 27.03.19.
The parent Company Board:		
Chairperson of the Board	Mikalai Yerokhau	from 15.03.11.
Board Members	Aleksandrs Popadins Ilja Šestakovs Tamāra Rogova Armantas Jasaitis Grigorijs Kapustins	from 08.11.13. from 30.01.15. from 17.01.19. from 17.01.19. until 17.01.19.
The quantity of shares which belong to the members of Council and to the members of Board (%)	Owns no shares	
Accounting period	1 January 2019 – 30 September 2019	
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 2019**

Items	01.01.19. - 30.09.19. EUR	01.01.18. - 30.09.18. EUR
Net turnover	54 914 467	27 398 599
Production costs of the goods sold	(44 888 419)	(23 260 291)
<b>Gross profit or loss</b>	<b>10 026 048</b>	<b>4 138 308</b>
Selling expenses	(727 383)	(447 501)
Administration expenses	(1 900 417)	(1 810 229)
Other operating income	556 886	300 630
Other operating expenses	(1 136 983)	(545 623)
Income from other securities and loans which make long-term financial investments	-	35 182
Other interest payments and similar income	-	1
Other interest payments and similar expenses	(179 093)	(248 385)
Profit or loss before corporate income tax	6 639 058	1 422 383
Corporate income tax	(56 611)	(22 059)
<b>Profit or loss of the accounting period</b>	<b>6 582 447</b>	<b>1 400 324</b>

Attributable to:

Non-controlling interest	(36)	-
Equity holders of a parent company	6 582 483	1 400 324

Earnings per share	1,135	0,241
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**Other comprehensive income / loss**

Long-term investment revaluation reserve decrease	(7 323)	(2 919)
<b>Total other comprehensive income / loss</b>	<b>(7 323)</b>	<b>(2 919)</b>

<b>Total comprehensive income</b>	<b>6 575 124</b>	<b>1 397 405</b>
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Attributable to:

Non-controlling interest	(36)	-
Equity holders of a parent company	6 575 160	1 397 405

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR 9 MONTHS OF THE YEAR 2019**

A S S E T S	30.09.19. EUR	31.12.18. EUR
<b>LONG-TERM INVESTMENTS</b>		
<b>Intangible investments</b>		
Development costs	817 200	1 159 885
Concessions, patents, licences and similar rights	223 082	301 516
Other intangible investments	20 426	11 485
<b>Total intangible assets</b>	<b>1 060 708</b>	<b>1 472 886</b>
<b>Fixed assets</b>		
Real estate (land, buildings and structures)	15 953 417	16 136 712
Technology devices and equipment	5 959 231	5 980 824
Other fixed assets and inventory	269 878	234 743
Expense of tangible assets and construction in progress	1 205 305	549 972
Advance payments for fixed assets	1 646 586	529 665
<b>Total fixed assets</b>	<b>25 034 417</b>	<b>23 431 916</b>
<b>Long-term financial investments</b>		
Own shares	10 289	10 289
Other securities and investments	570	570
<b>Total long-term financial investments</b>	<b>10 859</b>	<b>10 859</b>
<b>TOTAL LONG-TERM INVESTMENTS</b>	<b>26 105 984</b>	<b>24 915 661</b>
<b>CURRENT ASSETS</b>		
<b>Inventories</b>		
Raw materials, direct materials and auxiliary materials	4 559 631	4 309 973
Work in progress	2 682 089	2 587 995
Finished products and goods for sale	632 720	2 309 442
Advance payments for inventories	1 184 241	2 475 566
<b>Total inventories</b>	<b>9 058 681</b>	<b>11 682 976</b>
<b>Receivables</b>		
Trade receivables	10 929 338	2 583 814
Other receivables	6 893 175	7 108 120
Prepaid expenses	15 434	44 264
<b>Total receivables</b>	<b>17 837 947</b>	<b>9 736 198</b>
<b>Cash</b>	1 585 029	1 262 638
<b>TOTAL CURRENT ASSETS</b>	<b>28 481 657</b>	<b>22 681 812</b>
<b>TOTAL ASSETS</b>	<b>54 587 641</b>	<b>47 597 473</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR 9 MONTHS OF THE YEAR 2019**

<b>LIABILITIES</b>	<b>30.09.19. EUR</b>	<b>31.12.18. EUR</b>
<b>EQUITY CAPITAL</b>		
Share capital (equity capital)	8 118 607	8 118 607
Long-term investment revaluation reserve	13 488 370	13 495 693
Other reserves	407 137	407 137
Retained earnings or uncovered losses of previous years	9 115 523	5 502 092
Profit or loss of the reporting year	6 582 483	3 613 431
Participatory share of minority stockholders	84 882	84 918
<b>TOTAL EQUITY CAPITAL</b>	<b>37 797 002</b>	<b>31 221 878</b>
<b>PROVISIONS</b>		
Other provisions	158 247	158 247
<b>TOTAL PROVISIONS</b>	<b>158 247</b>	<b>158 247</b>
<b>CREDITORS</b>		
<b>Long-term liabilities</b>		
Borrowings from credit institutions	6 937 500	-
Deferred income	1 491 633	1 373 945
<b>Total long-term liabilities</b>	<b>8 429 133</b>	<b>1 373 945</b>
<b>Short-term liabilities</b>		
Borrowings from credit institutions	2 875 000	5 683 067
Advance payments from customers	165 895	2 939 838
Trade payables	3 587 237	4 812 994
Taxes and mandatory state social insurance contributions	440 863	421 187
Other liabilities	648 871	553 664
Deferred income	98 073	45 333
Accrued liabilities	387 320	387 320
<b>Total short-term liabilities</b>	<b>8 203 259</b>	<b>14 843 403</b>
<b>TOTAL CREDITORS</b>	<b>16 632 392</b>	<b>16 217 348</b>
<b>TOTAL LIABILITIES</b>	<b>54 587 641</b>	<b>47 597 473</b>

**CONSOLIDATED CASH FLOW STATEMENT FOR 9 MONTHS OF THE YEAR 2019, EUR**  
(prepared by indirect method)

**Cash flow from operating activities**

Items	01.01.19. - 30.09.19.	01.01.18. - 30.09.18.
Profit or loss before extraordinary items and taxes	6 639 058	1 422 383
<b>ADJUSTMENTS</b>		
Depreciation of fixed assets	1 156 229	1 282 300
Amortization of intangible investment value	431 231	461 557
Income from sales of fixed assets	(1 980)	(3 020)
Profit or loss from fluctuations of currency exchange rates	(13 959)	343 375
Income from other securities and loans which make long-term financial investments	-	(35 182)
Amounts written off fixed assets	3 897	1 793
Long-term investment revaluation reserve decrease	(7 323)	(2 919)
Profit or loss before adjustments influenced by changes of balance of current assets and short-term liabilities	<b>8 207 153</b>	<b>3 470 287</b>
<b>ADJUSTMENTS</b>		
Increase or decrease of balance of receivables	(7 890 057)	(2 867 870)
Increase or decrease of balance of inventories	1 332 970	(844 549)
Increase or decrease of balance of debts to be paid to suppliers, contractors and other creditors	(3 770 455)	1 189 860
<b>Gross cash flow from operating activities</b>	<b>(2 120 389)</b>	<b>947 728</b>
Corporate tax paid	(56 611)	(22 059)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(2 177 000)</b>	<b>925 669</b>

**Cash flow from investing activities**

Items	01.01.19. - 30.09.19.	01.01.18. - 30.09.18.
Acquisition of an affiliate	-	(570)
Proceeds from investment properties	-	129 444
Purchase of fixed assets and intangible investments	(1 664 759)	(1 258 144)
Income from sales of fixed assets and intangible investments	1 980	3 020
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(1 662 779)</b>	<b>(1 126 250)</b>

**Cash flow from financing activities**

Items	01.01.19. - 30.09.19.	01.01.18. - 30.09.18.
Loans received	10 000 000	1 116 923
Expenses for repayment of loans	(5 870 567)	(1 250 000)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>4 129 433</b>	<b>(133 077)</b>

**Summary of cash inflow and outflow**

Items	01.01.19. - 30.09.19.	01.01.18. - 30.09.18.
Net cash flow from operating activities	(2 177 000)	925 669
Net cash flow from investing activities	(1 662 779)	(1 126 250)
Net cash flow from financing activities	4 129 433	(133 077)
Result of fluctuations of currency exchange rates	32 737	(340 123)
Net cash flow of the accounting period	<b>322 391</b>	<b>(673 781)</b>
Cash and its equivalents in the beginning of the accounting period	<b>1 262 638</b>	<b>715 764</b>
Cash and its equivalents at the end of the accounting period	<b>1 585 029</b>	<b>41 983</b>

**CONSOLIDATED STATEMENT OF CHANGES OF SHAREHOLDERS' EQUITY FOR 9 MONTHS OF THE YEAR 2019, EUR**

Kind of changes	Share capital	Reserve for revaluation of long-term investments	Other provisions	Undivided profit	Participatory share of minority stockholders	Total
<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>	-	(2 919)	-	1 400 324	-	1 397 405
<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>
<b>As at 01.01.2019</b>	<b>8 118 607</b>	<b>13 495 693</b>	<b>407 137</b>	<b>9 115 523</b>	<b>84 918</b>	<b>31 221 878</b>
Profit or loss for the accounting period	-	-	-	6 582 483	(36)	6 582 447
Other comprehensive income	-	(7 323)	-	-	-	(7 323)
<i>Total comprehensive income</i>	-	(7 323)	-	6 582 483	(36)	6 575 124
<b>As at 30.09.2019</b>	<b>8 118 607</b>	<b>13 488 370</b>	<b>407 137</b>	<b>15 698 006</b>	<b>84 882</b>	<b>37 797 002</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 2019.

In preparing those financial information for 9 months of the year 2019, 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

Mikalai Yerokhau

27 November 2019