

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

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

**CONSOLIDATED FINANCIAL INFORMATION
FOR 3 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 – 31 March 2019	
Subsidiary (daughter) companies	AS „Latvo”, reg. No. 40003184975 Ganību dambis 53, Riga, the Republic of Latvia Shares – 98.7 %	
Auditor	SIA "Grant Thornton Baltic Audit", licence No.183 Blaumaņa iela 22, Riga, LV-1011, Latvija Certified auditor Silvija Gulbe Certified auditor's certificate No. 142	

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR THE 3 MONTHS OF THE YEAR 2019

Items	01.01.19. - 31.03.19. EUR	01.01.18. - 31.03.18. EUR
Net turnover	16 089 885	7 569 250
Production costs of the goods sold	(13 403 623)	(6 584 366)
Gross profit or loss	2 686 262	984 884
Selling expenses	(226 526)	(133 422)
Administration expenses	(653 952)	(531 606)
Other operating income	94 721	121 981
Other operating expenses	(128 567)	(36 268)
Other interest payments and similar expenses	(51 652)	(84 303)
Profit or loss before corporate income tax	1 720 286	321 266
Corporate income tax	(21 098)	-
Profit or loss after calculating the corporate income tax	1 699 188	321 266
Profit or loss of the accounting period	1 699 188	321 266

Attributable to:

Non-controlling interest	10	-
Equity holders of a parent company	1 699 178	321 266

Earnings per share	0,293	0,055
--------------------	-------	-------

Other comprehensive income / loss

Long-term investment revaluation reserve decrease	(114)	(2 494)
Total other comprehensive income / loss	(114)	(2 494)

Total comprehensive income	1 699 074	318 772
-----------------------------------	------------------	----------------

Attributable to:

Non-controlling interest	10	-
Equity holders of a parent company	1 699 064	318 772

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR 3 MONTHS OF THE YEAR 2019

A S S E T S	31.03.19. EUR	31.12.18. EUR
LONG-TERM INVESTMENTS		
Intangible investments		
Development costs	1 045 505	1 159 885
Concessions, patents, licences and similar rights	267 571	301 516
Other intangible investments	15 631	11 485
Prepayments for intangible investments	6 050	-
Total intangible assets	1 334 757	1 472 886
Fixed assets		
Real estate (land, buildings and structures)	16 050 539	16 136 712
Technology devices and equipment	6 012 484	5 980 824
Other fixed assets and inventory	230 113	234 743
Expense of tangible assets and construction in progress	650 672	549 972
Advance payments for fixed assets	520 413	529 665
Total fixed assets	23 464 221	23 431 916
Long-term financial investments		
Own shares	10 289	10 289
Other securities and investments	570	570
Total long-term financial investments	10 859	10 859
TOTAL LONG-TERM INVESTMENTS	24 809 837	24 915 661
CURRENT ASSETS		
Inventories		
Raw materials, direct materials and auxiliary materials	4 538 456	4 309 973
Work in progress	2 467 335	2 587 995
Finished products and goods for sale	1 102 513	2 309 442
Advance payments for inventories	1 994 980	2 475 566
Total inventories	10 103 284	11 682 976
Receivables		
Trade receivables	4 820 307	2 583 814
Other receivables	7 049 703	7 108 120
Prepaid expenses	34 629	44 264
Total receivables	11 904 639	9 736 198
Cash	1 730 035	1 262 638
TOTAL CURRENT ASSETS	23 737 958	22 681 812
TOTAL ASSETS	48 547 795	47 597 473

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR 3 MONTHS OF THE YEAR 2019

LIABILITIES	31.03.19. EUR	31.12.18. EUR
EQUITY CAPITAL		
Share capital (equity capital)	8 118 607	8 118 607
Long-term investment revaluation reserve	13 495 579	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	1 699 178	3 613 431
Participatory share of minority stockholders	84 928	84 918
TOTAL EQUITY CAPITAL	32 920 952	31 221 878
PROVISIONS		
Other provisions	158 247	158 247
TOTAL PROVISIONS	158 247	158 247
CREDITORS		
Long-term liabilities		
Deferred income	1 603 344	1 373 945
Total long-term liabilities	1 603 344	1 373 945
Short-term liabilities		
Borrowings from credit institutions	5 154 055	5 683 067
Advance payments from customers	2 996 805	2 939 838
Trade payables	4 280 692	4 812 994
Taxes and mandatory state social insurance contributions	426 742	421 187
Other liabilities	591 305	553 664
Deferred income	28 333	45 333
Accrued liabilities	387 320	387 320
Total short-term liabilities	13 865 252	14 843 403
TOTAL CREDITORS	15 468 596	16 217 348
TOTAL LIABILITIES	48 547 795	47 597 473

CONSOLIDATED CASH FLOW STATEMENT FOR 3 MONTHS OF THE YEAR 2019, EUR
(prepared by indirect method)

Cash flow from operating activities

Items	01.01.19. - 31.03.19.	01.01.18. - 31.03.18.
Profit or loss before extraordinary items and taxes	1 720 286	321 266
ADJUSTMENTS		
Depreciation of fixed assets	382 412	442 811
Amortization of intangible investment value	150 492	149 480
Income from sales of fixed assets	-	(1 400)
Profit or loss from fluctuations of currency exchange rates	9 959	(6 989)
Amounts written off fixed assets	1 400	77
Changes to the reserve for revaluation of long-term investments	(114)	(2 494)
Profit or loss before adjustments influenced by changes of balance of current assets and short-term liabilities	2 264 435	902 751
ADJUSTMENTS		
Increase or decrease of balance of receivables	(1 655 880)	(3 044 193)
Increase or decrease of balance of inventories	1 099 106	388 611
Increase or decrease of balance of debts to be paid to suppliers, contractors and other creditors	(260 241)	709 814
Gross cash flow from operating activities	1 447 420	(1 043 017)
Expenses for company tax payments	(21 098)	-
NET CASH FLOW FROM OPERATING ACTIVITIES	1 426 322	(1 043 017)

Cash flow form investing activities

Items	01.01.19. - 31.03.19.	01.01.18. - 31.03.18.
Proceeds from investment properties	-	90 000
Purchase of fixed assets and intangible investments	(431 682)	(263 789)
Income from sales of fixed assets and intangible investments	-	1 400
NET CASH FLOW FROM INVESTING ACTIVITIES	(431 682)	(172 389)

Cash flow from financing activities

Items	01.01.19. - 31.03.19.	01.01.18. - 31.03.18.
Loans received	-	1 103 520
Expenses for repayment of loans	(529 012)	(450 000)
NET CASH FLOW FROM FINANCING ACTIVITIES	(529 012)	653 520

Summary of cash inflow and outflow

Items	01.01.19. - 31.03.19.	01.01.18. - 31.03.18.
Net cash flow from operating activities	1 426 322	(1 043 017)
Net cash flow from investing activities	(431 682)	(172 389)
Net cash flow from financing activities	(529 012)	653 520
Result of fluctuations of currency exchange rates	1 769	13 174
Net cash flow of the accounting period	467 397	(548 712)
Cash and its equivalents in the beginning of the accounting period	1 262 638	715 764
Cash and its equivalents at the end of the accounting period	1 730 035	167 052

CONSOLIDATED STATEMENT OF CHANGES OF SHAREHOLDERS' EQUITY FOR 3 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
As at 01.01.2018	8 118 607	13 691 758	407 137	5 590 381	-	27 807 883
Profit or loss for the accounting period	-	-	-	321 266	-	321 266
Other comprehensive income	-	(2 494)	-	-	-	(2 494)
<i>Total comprehensive income</i>	-	<i>(2 494)</i>	-	<i>321 266</i>	-	<i>318 772</i>
As at 31.03.2018	8 118 607	13 689 264	407 137	5 911 647	-	28 126 655
As at 01.01.2019	8 118 607	13 495 693	407 137	9 115 523	84 918	31 221 878
Profit or loss for the accounting period	-	-	-	1 699 178	10	1 699 188
Other comprehensive income	-	(114)	-	-	-	(114)
<i>Total comprehensive income</i>	-	<i>(114)</i>	-	<i>(1 699 178)</i>	<i>10</i>	<i>1 699 074</i>
As at 31.03.2019	8 118 607	13 495 579	407 137	10 814 701	84 928	32 920 952

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 2019.

In preparing those financial information for 3 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 Board

Mikalai Yerokhau

29 May 2019