



INDEPENDENT AUDITORS' REPORT

To the shareholders of JSC'' RIGA ELECTRIC MACHINERY FACTORY''

Report on the Financial Statements

We have audited the accompanying 2011 financial statements of JSC'' RIGA ELECTRIC MACHINERY FACTORY'' (further ''the Company''), which are set out on pages 6 through 20 of the accompanying 2011 Annual Report and which comprise the balance sheet as at 31 December 2011, the income statement, the statement of changes in equity and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Law of the Republic of Latvia on Financial Statements of Companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements give a true and fair view of the financial position of the Company as of 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with the Republic of Latvia Annual Accounts Law .

Report on Other Legal and Regulatory Requirements

Furthermore, we have read the Management Report for the year ended 31 December 2011 ,included on pages 4 through 5 of the accompanying 2011 Annual Report) and have not noted any material inconsistencies between the financial information included in it and the financial statements for the year ended 31 December 2011.

Riga, 27 April 2012

“Rigas Audits” Ltd, certificate No 103,

Board of chairman , certificated auditor,

certificate No 127



Janis Meziels
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