

JSC "VEF Radiotehnika RRR"

Unified Registration No. 40003286712

Address: Kurzemes prospekts 3, Riga, LV-1067

ANNUAL REPORT

FOR THE YEAR ENDED 30.09. 2015

JSC "VEF Radiotehnika RRR"
Annual accounts for the year ended 30.September 2015

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JSC "VEF Radiotehnika RRR"
Annual accounts for the year ended 30. September 2015

GENERAL INFORMATION

Full name of the Company	<i>JSC "VEF Radiotehnika RRR"</i>
Legal status of the Company	<i>Public Joint-Stock Company</i>
Registration No., place and date of issue	<i>40003286712 1998.12.11</i>
Legal address of the Company	<i>Kurzemes prospekts 3, Riga, LV-1067</i>
NACE code	<i>26.40 Manufacture of electronic devices 68.32 Real estate management with remuneration or based on agreements</i>
Council members of the JSC	
Chairman of the Council	<i>Janis Salenieks till 2015.10.12</i>
Council Member	<i>Jurijs Malejevs till 2015. 10.12</i>
Council Member	<i>Inga Spruga till 2015.10.12</i>
Council Member	<i>Inārs Kļaviņš</i>
Council Member	<i>Jekaterina Maļejeva till 2015. 10. 12</i>
Chairman of the Council	<i>Boris Līvcha from 2015.10.12</i>
Council Member	<i>Olga Romaņko from 2015.10.12</i>
Council Member	<i>Genadijs Hotejevs from 2015.10.12</i>
Council member	<i>Vjacheslavs From Mihailovins 2015.10.12</i>
Board members of the JSC	
Chairman of the Board	<i>Eduards Malejevs</i>
Board Member	<i>Ēriks Ertmanis</i>
Administrator of legal protection	<i>Vigo Krastiņš</i>
Reporting year	<i>from 2015.01.01 till 2015.09.30</i>
Previous reporting year	<i>from 2014.01.01 till 2014.12.31</i>
Chief Accountant	<i>Olga Romanko</i>
Auditor	<i>SIA Potapoviča un Andersone Certified Auditors Company Licence No. 99 Udens Street 12-45, Riga, LV-1007</i>
	<i>Responsible certified auditor: Anna Temerova-Allena Certificate No. 154</i>

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Management report

Principal activities

During year 2015, the main activities of JSC "VEF Radiotehnika RRR" were:

1. Purchase and sales of acoustic systems and their enclosures;
2. Real estate renting services.

All of the above-mentioned activities have been performed also in year 2014. New types of activities have not been performed. By the end of 2015 it is planned to restore acoustic systems development, organisation of production and sales.

Operations of the Company during the reporting year

Reporting year results of the Company are the following:

Result before extraordinary items and taxes:	-249 936 EUR
Deferred corporate income tax:	0 EUR
Other taxes:	-54278 EUR
Net result:	-304214 EUR

Net turnover in year 2015 was EUR 598 446.

The Company's current liabilities exceed its current assets.

As at September 19, 2014 Riga Kurzeme District Court decided to initiate AS VEF Radiotehnika RRR legal protection proceedings and to set the term for the development and coordination of the the legal protection plan till 19 November 2014. As at 24 November the Company received decision of Riga Kurzeme District Court to extend the term of the development and coordination of the the legal protection plan till 19 December 2014.

As at January 5, 2015 Riga Kurzeme District Court announced AS VEF Radiotehnika RRR legal protection process implementation, approved the legal protection process action plan, set the legal protection implementation period till January 5, 2017 and appointed an administrator of legal protection- certified administrator Vigo Krastiņš, p.c. 111278-12318, certificate No.00164, place of practice Blaumaņa Street 10, Riga.

The repayment term of the loan from AS SEB banka ended as at 19 December 2014. Payments for repayment of the loan is made in accordance with the Riga Kurzeme District Court judgment on the legal protection process action plan dated as at 5 January 2015. All payments to creditors are made according to the approved legal protection process plan.

To absorb the accumulated losses and settle payments to creditors, it is considered to sell the Company owned by non-profile assets that are engaged in business, but possession of those assets causes the Company additional property tax charge. Currently as non-profile assets are considered - administrative buildings and a few plots of land.

As at April 30, 2015 the Company concluded an agreement on the structure of the transaction with "Pārupes būmaņi". As a result of the agreement the Company will be able to pay the debts to the State revenues service and partially repay of liabilities to the SEB bank. On October 21, 2015 was completed sale of the administrative building with the land (cadastre number 01000802326). The above mentioned property was sold to SIA "Pārupes būmaņi" for the EUR 945'000 in accordance with the legal protection process action plan. The received funds partially covered claims of secured creditors and real estate tax in accordance with the legal protection process action plan.

Post balance sheet events

Except as disclosed in the Note 40, from the last day of the financial year to the date of signing this report there have been no other significant events which would impact the year-end results of which would need to be additionally disclosed in the financial statements.

Proposals concerning covering the loss

It is planned to cover year 2015 loss with future periods' profits from income generated by renewed production process and with proceeds from disposal of non-profile assets.

Chairman of the Board

Eduards Malejevs

Member of the Board

Ēriks Ertmanis

30 November, 2015

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Statement of the management's responsibility

Company's management is responsible for the preparation of the financial statements for each reporting period on the basis of the accounting principles and which reflect true and fair view of the company's financial situation as well as operating results.

The management confirms that in the preparation of the annual report for the period ended 30 September 2015, appropriate accounting principles were consistently applied and justified and prudent decisions were made.

Management is responsible for application of appropriate accounting principles, safeguarding of the company's assets as well as prevention of fraud and other unlawful activities.

The management of the company confirms, that is has provided information and explanations required for the audit.

Chairman of the Board

Eduards Malejevs

Member of the Board

Ēriks Ertmanis

30 November, 2015

JSC "VEF Radiotehnika RRR"
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Profit or loss account for the year ended 30 September 2015
(by turnover cost method)

	Notes	2015 EUR	2014 EUR
Net sales	1	598 446	818 666
Cost of sales	2	(727 739)	(1 053 667)
Gross profit / (loss)		(129 293)	(235 001)
Selling expenses	3	(1 483)	(3 440)
Administrative expenses	4	(55 790)	(264 581)
Other operating income	5	12 030	107 539
Other operating expenses	6	(8 802)	(152 667)
Interest income and similar income	7	-	-
Interest expenses and similar expenses	8	(66 598)	(69 838)
Profit / (loss) before taxes		(249 936)	(617 988)
Deferred corporate income tax for the reporting year	9		(69 288)
Other taxes	10	(54 278)	(72371)
Current year's profit / (loss)		(304 214)	(621 071)
Profit/ (loss) per share		(0.119)	(0.244)

Notes on pages from 11 to 23 are integral part of these financial statements.

Chairman of the Board

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Member of the Board

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30 November, 2015

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Balance sheet as at 30.09.2015

ASSETS	Note	2015	2014
		EUR	EUR
1. Non-current assets			
II. Fixed assets:			
Land, buildings and constructions		1 417 332	1 419 426
Equipment and vehicles		1 202 937	1 368 449
Other fixed assets		24 882	26 410
Total fixed assets:	11	2 645 151	2 814 285
III. Investment properties:			
Total investment properties:	12	3 937 356	4 089 284
Loans to related parties	18	309 160	309 160
Total non-current financial investments:		309 160	309 160
Total non-current assets:		6 891 667	7 212 729
2. Current assets			
I. Inventory:			
Raw materials	13	11 677	1 350
Finished goods	14	-	-
Advance payments for materials			
	15	968	458
Total inventory:		12 645	1 808
III. Receivables:			
Trade receivables	16	157 485	122 424
Receivables from related parties	17	44 370	62 839
Other receivables	18	59 425	22 918
Deferred expenses	19	155	413
Total receivables:		261 435	208 594
V. Cash	20	1 785	1062
Total current assets:		275 865	211 464
TOTAL ASSETS:		7 167 532	7 424 193

Balance sheet as at 30.09.2015

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	2015	2014
		EUR	EUR
1. Shareholders' equity:			
Share capital	21	3 627 020	3 627 020
Non-current assets revaluation reserve	23	3 063 860	3 063 860
Accumulated losses:			
a) accumulated losses of previous years	22	(3 508 844)	(2 887 773)
b) current year loss	22	(304 214)	(621 071)
Total shareholders' equity:		2 877 822	3 182 036
2. Provisions:			
Other provisions	24	12 705	12 705
Total provisions:		12 705	12 705
3. Liabilities:			

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I. Non-current liabilities:

Loans from credit institutions	26	690 485	690 485
Deferred tax	35	391 027	391 027
Trade creditors	29	530 403	522 009
Accounts payable to affiliated companies	30	189 936	189 936
Taxes and social security liabilities	25, 37	-	
Deferred income	34	193 837	193 837
Total non-current liabilities:		<u>1 995 688</u>	<u>1 987 294</u>

II. Current liabilities:

Loans from credit institutions	26	756 360	796 360
Other loans	27	10 893	-
Advances from customers	28	10 568	568
Trade accounts payable	29	776 136	740 184
Payables to related parties	30	78 804	15 188
Taxes and social security liabilities	31, 37	485 171	491 633
Other liabilities	32	31 825	31 514
Accrued liabilities	33	24 171	59 322
Deferred income	34	107 389	107 389
Total current liabilities:		<u>2 281 317</u>	<u>2 242 158</u>
Total liabilities:		<u>4 277 005</u>	<u>4 229 452</u>
TOTAL LIABILITIES :		<u>7 167 532</u>	<u>7 424 193</u>

Notes on pages from 11 to 23 are integral part of these financial statements.

Chairman of the Board

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30 November, 2015

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Cash flow statement for the year ended 30 September 2015 (indirect method)

I. Cash flow from operating activities	Note	2015	2014
		EUR	EUR
Loss before extraordinary items and taxes		(249 936)	(617 988)
Adjustments for:			
a) depreciation of fixed assets and investment properties		258 536	339 474
c) provisions (excluding provisions for doubtful receivables)		-	(9 766)
d) gains or losses from foreign currency exchange rate fluctuations		(1 016)	(805)
g) other income from interest or similar income		-	-
h) profit/loss from sale of fixed assets		525	-
i) interest payments and similar activities		66 598	69 838
k) depreciation of revalued fixed assets		-	(33 950)
Loss before working capital and current liabilities adjustments		74 707	(253 197)
Adjustments for:			
a) debtors increase (-) or decrease (+)		(15 797)	(45 914)
b) inventory increase (-) or decrease (+)		(10 327)	19 941
c) accounts payable to suppliers and other creditors increase (+) or decrease (-)		35 952	351 938
Gross cash flow from operating activities		84 535	72 768
Interest payments		(44 737)	(72 610)
Real estate tax payments		(61 600)	(12 926)
Cash flow before extraordinary items		(21 802)	(12 768)
Net cash flow from operating activity		(21 802)	(12 768)
II. Cash flow from investing activities			
Acquisition of fixed assets and intangibles		(1 475)	(33 496)
Proceeds from disposal of fixed assets and intangibles		64 000	-
Interest received		-	-
Net cash flow from investing activities		62 525	(33 496)
III. Cash flow from financing activities			
Loans received		-	77 083
Loans repaid		(40 000)	(30 605)
Financial lease payments		-	-
Net cash flow from financing activities		(40 000)	46 478
IV. Foreign exchange rate differences			-
V. Net cash flow for the year		723	214
VI. Cash and cash equivalents at the beginning of the period		1 062	848
VII. Cash and cash equivalents at the end of the period	20	1785	1 062

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30 November, 2015

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Statement of changes in equity for the year ended 30. September 2015

	Share capital	Non-current assets revaluation reserve	Result of the reporting year	Previous year's retained earnings	Total shareholders' equity
	EUR	EUR	EUR	EUR	EUR
Balance as on December 31, 2013	3 627 020	3 551 415	(580 761)	(2 306 980)	4 290 694
Loss carried over	-	-	580 761	(580 761)	-
Loss for the year	-	-	(621 071)		(621 071)
Company reserves build-up	-	(487 555)	-	-	(487 555)
Correction of previous years				(32)	(32)
Balance as on December 31, 2014	3 627 020	3 063 860	(621 071)	(2 887 773)	3 182 036
Loss carried over	-	-	621 071	(621 071)	-
Loss for the year	-	-	(304 214)	-	(304 214)
Correction of previous years	-	-	-		
Company reserves build-up	-		-	-	
Balance as on September 30, 2015	3 627 020	3 063 860	(304 214)	(3 508 844)	2 877 822

Notes on pages from 11 to 23 are integral part of these financial statements.

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30 November, 2015

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Notes

Accounting policies and methods

National currency of Latvian Republic - *euro*, shortened – EUR is used in the data in the Financial Statements.

General Principles

The Annual Report is prepared in accordance with the corresponding laws of the Republic of Latvia - "Law On Accounting" and "Law on Annual Reports", the Cabinet Regulation No 488 "Application of Law on Annual Reports" the Cabinet Regulation No 481 "Contents and procedure for the preparation of the cash flow report and report of changes in shareholders' equity".

Profit and Loss Statement is prepared using turnover (period) costs method.

Cash Flow Statement is prepared using indirect method.

Changes to the accounting policies

Compared to the previous year, the accounting policy has not changed.

Reclassifications

In 2015 there have been no changes in classification of items in comparison with the year 2014.

Correction of errors

Significant errors of the previous periods are corrected by the Company retrospectively in the first financial statement after the error has been discovered.

1) by correcting comparable indicators for the periods in which the error has occurred, or

2) should the error get discovered prior the latter financial reporting period, by amending the asset, liability and share capital opening balances for the latest period presented.

Transactions in foreign currency

Since the Republic of Latvia joined the Eurozone 1 January 2014, the Company maintains its accounts in euros. Comparative figures have been converted from the Latvian lats to the euro using the official exchange rate of € 1: 0.702804 lats. At the end of the reporting year foreign currency cash balance and balances of advances and loans denominated in foreign currencies as well as other debtors' or creditors' debts payable in foreign currencies are translated from the foreign currency to the euro in accordance with the foreign exchange rates in force on the last date of the reporting year. The resulting profit or loss is charged to the profit and loss account.

Currency rates at the last reporting date for the past two years have been the following:

	2015.09.30	2014.12.31
USD	1.1203	1.214

Long-term and short-term items

The following amount are shown in the current assets:

* that shall be used or realised during the usual working cycle of the Company;

* that are mainly for trading purposes or are of short-term nature and can be realised within 12 months after the Balance Sheet date;

* that are cash or cash equivalents, possessing unlimited usage options.

Other assets are classified as long-term.

The following current liabilities are shown:

* that will be paid off during the usual working cycle of the Company;

* that will be paid off within 12 months after the Balance Sheet date;

Other liabilities are classified as long-term.

Fixed Assets

Fixed assets are physical objects with useful life over 12 calendar months and acquisition value of 70 EUR and more. All fixed assets are valued by their acquisition value.

Fixed assets are shown using their acquisition or revaluations value, less depreciation. Depreciation is calculated using the straight-line method, reducing the net book value of the asset at the end of useful life using the following rates:

* Buildings and constructions	1-5	%
* Technological equipment	10-20	%
* Transport vehicles	10-20	%
* Furniture	10-20	%
* Other fixed assets	10-20	%
* Mobile phones	35	%
* Computers and other data storage units	15-35	%

* Depreciation on land plots is not calculated.

Fixed assets depreciation are calculated from acquisition costs less residual value. If the residual value is immaterial, it is not considered. Repairs and maintenance are charged to the profit and loss account during the period in which they are incurred. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognised.

Interest costs on borrowing to finance the fixed assets under construction and other direct charges related to the particular fixed asset under construction are capitalised, during the period of time that is required to complete and prepare the asset for its intended use, as part of the cost of the asset. Capitalisation of the borrowing costs is suspended during extended periods in which active developments are interrupted.

Investment property

Investment property is land, buildings, parts of buildings and constructions that the Company (as an owner or lessee in finance lease agreement) holds with the intention to gain rental (lease) income or gain increase in value of the investment by means of market value increase of the asset. The property is not utilized for production purposes. Service provision, administrative needs or other ordinary business activities of the company. Investment properties are initially recognised at acquisition cost, including transaction costs. After initial recognition investment properties are valued at revalued amounts (please see fixed assets recognition and depreciation accounting policy). Investment property is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognised. Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

Rent

In cases when fixed assets are rented, repair and improvement costs are reflected in the account "Long-term investments in rented fixed assets" and are gradually written off during the rental period.

Lease in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any financial incentives received from the lessor) are charged to the profit and loss account on a straight-line basis over the period of the lease.

Hire-purchase (Financial leasing)

In cases when fixed asset are taken on financial lease basis along with risks and returns, these fixed assets are recorded in immediate purchase cost basis. Leasing interest payment and related costs are included in the Profit and Loss Statement for the corresponding period, when they occurred.

In cases when fixed assets are acquired under financial lease terms and all risks and benefits have been assumed, then these fixed assets are recognised at the value, at which they could have been acquired with immediate payment. Lease interest payments and any related payments are included in the income statement when incurred.

Inventory valuation

Inventories are valued using FIFO method.

In case of necessity, outdated, slow turnover or damaged inventories' values decrease is written-off, or provisions are made. Unused material values and stocks at the end of reporting period are valued on historic cost basis, with addition of additional costs

Write-off of purchased inventory's values:

Inventory items are recorded in the actual volumes at historical cost in the sub account specially dedicated for these purposes. Inventory balances are checked during annual inventory.

Debtors

Accounts receivables are shown in the Balance Sheet on a net (purchase) value, with special provisions for doubtful debts subtracted. The necessary amount of provisions has been set by analysing each debtor and by performing debt comparison. Bad debts are written off when the likelihood of recovering the debt becomes unrealistic and impossible.

Net turnover

Turnover is the total of goods sold during the year less Value Added Tax.

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably. Revenue from sale of goods outside Latvia is recognised based on the terms of delivery.

Income and expenses acknowledgement

1. Income from sale of goods is recognised when the transaction complies with the following requirements:

- a) The Company has handed over to the buyer distinctive risks and rewards together with ownership rights of the goods;
- b) The Company no longer executes holding rights or control related to the ownership rights over the goods sold;
- c) can credibly evaluate the income amount;
- d) it is believed that as a result of the transaction, the Company will receive commercial benefits;
- e) can credibly evaluate costs arisen or arising related to the transaction.

Sale of goods is reflected, considering transaction's economic nature, not only legal form.

2. Result of the service supply transaction can credibly calculate, if the following conditions are met:

- a) can credibly evaluate the income amount;
- b) it is believed that as a result of the transaction, the Company will receive commercial benefits;
- c) can credibly evaluate, what is service supply volume in percentage at the Balance Sheet date;
- d) can credibly evaluate costs arisen or arising related to the transaction.

3. Incomes which arise if other parties use Company's assets and thus receive interest, royalties or dividends, can be recognised using the following methods, if:

- a) it is believed that as a result of the transaction, the Company will receive commercial benefits;
- b) can credibly evaluate the income amount;

4. Incomes from rent - at the moment of coming into existence;

All significant cost items are processed per accumulation principle.

Reserves

Reserves are formed in order to cover certain liabilities, which are related to the reporting period or previous periods, can be foreseen at the time of preparation of the Annual Report or known not to exceed these amounts. The level of the reserves is set in accordance with the methods, adopted by the Company.

Provisions for unused vacations

Amount of the provisions is calculated by multiplying the average wage of employees in the last six months per day by the amount of accrued but unused annual leave at the end of the reporting year.

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Annual accounts for the year ended 30. September 2015

Loans received and loans issued

Loans received and loans issued are initially shown in their original amount, which is stated in corresponding Loan Agreement at the transaction date. Amounts of loans issued from the lending institutions are to be compared with the written statements with acceptance from lending institutions at the end of the reporting year. For loans received in foreign currency, the remaining principal amount is calculated per European Central bank exchange rate on the last day of the reporting year.

Deferred Liabilities

All invoices, received or issues after the reporting year yet related to the expenses which have arisen during the reporting year, the costs of which are known at the end of the reporting year, are treated as deferred liabilities. Deferred liabilities are shown in the Balance Sheet in a separate row.

Taxes

Corporate Income Tax for the reporting year is included in the Financial Statements, based on the known tax rates at the date of the Balance Sheet, in accordance with calculations performed in compliance with the tax legislation of the Republic of Latvia.

Deferred tax is calculated in accordance with the liabilities method in relation to all temporary discrepancies between assets and liability amounts in the Financial Statements and their values for the purpose of tax calculations. Tax rate used for calculation of deferred tax, is a rate which is expected to be during the period in which the temporary discrepancies are resolved based on the tax rates effective on the date of the Balance Sheet. Temporary discrepancies mainly arise due to usage of different fixed asset depreciation rates, as well as from tax losses, which are transferred to the future taxation periods. The total deferred tax result is shown in the Asset part of the Balance Sheet and is to be entered in the Financial Statements only in cases when the return of the tax is definite. The reconciliation of tax liability data with State Revenue Service is performed.

Calculations

Preparation of the Financial Statements Management is basing on the known calculations and approaches, which affect certain definitions and amounts in the Financial Statements. Thus actual results may differ from these calculations. Legislation of the Republic of Latvia states that when preparing Financial Statements, Company's management has to evaluate and to draft assumptions, which affect both Balance Sheet and off-Balance Sheet assets and liabilities on the Balance Sheet date, as well as shown incomes and expenses for the reporting period. Actual results may differ from these assumptions (for example, deferred Corporate Income Tax liabilities, vacation provisions etc).

Possible liabilities and assets

In these Financial Statements possible liabilities are not displayed but are reflected in the Notes to Financial Statements. As liabilities are recognised only when, if possibility that the funds will be paid out becomes founded. Possible assets in these Financial Statements are not recognised. Possible assets are shown in the Financial Statements only when there is enough proof that the economic benefits will reach the company.

Events after the end of the reporting year

Certain events which give additional information about Company's financial standing at the Balance Sheet date (correcting factors) have been considered during the preparation of the Financial Statements. If post Balance Sheet date events are not correcting factors, they are included in the Financial Statements only if they are substantial.

Related parties

The following sides are treated as "related parties": shareholders of the Company, Board Members, their close family members and companies which are under control or significant influence to the aforementioned related parties.

JSC "VEF Radiotehnika RRR"
Annual accounts for the year ended 30.September 2015

(1) Net Turnover

	2015	2014
Type of activity	EUR	EUR
Income from exports of finished goods	-	18 932
Income from rent of premises	83 882	115 034
Income from sale of finished goods in the local market	565	2 779
Income from utility services	509 700	676 799
Income from sale of materials	4 299	5 122
Total	598 446	818 666

Division of net turnover by geographical markets

Latvia	598 446	799 734
Russia	-	18 932
Total	598 446	818 666

(2) Cost of goods sold

	2015	2014
Cost type	EUR	EUR
Personnel costs	923	17 842
Provisions for leave and social security	-	(7 458)
Depreciation of fixed assets	142 118	184 248
Depreciation of fixed assets (project 124000075)	116 418	155 226
Write-off of miscellaneous items	61	2 307
Changes in finished goods inventory	-	40 045
Changes in purchased materials and goods inventory	4 107	2 135
Production services	198	-
Ongoing maintenance and repair	9 781	41 001
Real estate property maintenance	452 046	617 510
Other costs	2 087	811
Total	727 739	1 053 667

(3) Selling expenses

	2015	2014
Cost type	EUR	EUR
Goods' transportation costs		1 800
Commissions paid	1 195	-
Sales costs	285	830
Advertising costs	3	810
Total	1 483	3 440

JSC "VEF Radiotehnika RRR"
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	2015	2014
	EUR	EUR
(4) Administrative expenses		
Cost type		
Personnel costs	23 771	46 148
Provisions for leave and social security	-	(2 309)
Representation costs	446	1 119
Office expenses	1 199	1 280
Communication expenses	6 142	9 783
Bank expenses	544	4 061
Transportation costs	-	757
Accounting and legal expenses	12 272	12 686
Consulting services	9 137	168 599
Other administrative costs	2 279	22 457
Total	55 790	264 581
(5) Other operating income		
Type on income		
Debt write-off	11 453	68 195
Amortization of long-term investment revaluation reserves	-	33 950
Other income	577	5 394
Total	12 030	107 539
(6) Other operating expenses		
Type of income/expense		
Net loss from foreign exchange rate fluctuations	1 016	805
Penalties	7 506	127 644
Bad debts written off	-	8 822
Provisions for unsecured debts	-	3 071
Previous years ' expenditure	-	167
Expenditures not related to economic activity	280	12 158
Total	8 802	152 667
(7) Interest income and similar income		
Type of income		
Interest received	-	-
Total	-	-
(8) Interest expense and similar expenses		
Type of costs		
Loan interest paid	66 598	69 838
Total	66 598	69 838

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	2015	2014
	EUR	EUR
(9) Corporate income tax for the reporting year		
Deferred tax (Note No. 35)	-	(69 288)
Current corporate income tax	-	-
Total	-	(69 288)
Loss before taxation	-	(617 988)
Theoretically calculated tax	-	(92 698)
Non-deductible expenses and non-taxable income net difference	-	23 410
Other correction	-	-
Tax charge	-	(69 288)

Accumulated tax losses carried forward for corporate income tax purposes amount to 2 617 292 EUR as at 31 December 2014. In accordance with the legislation of the Republic of Latvia, tax losses that have been incurred until 2007 can be covered chronologically from the taxable income of the subsequent eight years. Annual taxable income from later periods of taxation:

	Amount of loss	Expiry term
	EUR	
2007 loss for corporate income tax purposes	1 091 651	2015
2008 loss for corporate income tax purposes	519 048	-
2009 loss for corporate income tax purposes	332 712	-
2010 loss for corporate income tax purposes	115 226	-
2013 loss for corporate income tax purposes	214 309	-
2014 loss for corporate income tax purposes	344 347	-
Total	2 617 292	-

	2015	2014
	EUR	EUR
(10) Other taxes		
Real estate tax, land	6 934	9 246
Real estate tax, buildings and structures	47 344	63 125
Total	54 278	72 371

(11) Fixed Assets

	Land	Buildings and constructions	Technological equipment	Other fixed assets	Total EUR
Historical cost					
31.12.2014.	1 318 131	150 356	3 370 659	211 807	5 050 953
Acquired	-	-		1 475	1 475
Disposed*		-			
30.09.2015.	1 318 132	150 356	3 370 659	2 13 282	5 052 428
Depreciation					
31.12.2014.	-	49 062	2 002 210	185 397	2 236 669
Calculated	-	2 093	165 512	3 003	170 608
Disposed	-	-	-	-	-
30.09.2015.	-	51 155	2 167 722	188 400	2 407 277
Net book value					
31.12.2014.	1 318 132	101 294	1 368 449	26 410	2 814 285
Net book value					
30.09.2015.	1 318 132	99 201	1 202 937	24 882	2 645 151

Cadastre value of real estate (including investment property) is 5 085 152 EUR on 31.12.2014 (31.12.2013: 5 085 152 EUR). Buildings, constructions, technological equipment and cars are insured.
See Note No. 26 for information on the pledged assets.
*See Note No. 12.

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(12) Investment properties

	EUR
Historical value	
31.12.2014	6 232 817
Written-off	(64 000)
30.09.2015	6 168 817
Depreciation	
31.12.2014	2 143 533
Calculated	87 928
Impairment	-
30.09.2015	2 231 461
Carrying value 31.12.2014	4 089 284
Carrying value 30.09.2015	3 937 356

Investment property consists of land and buildings that are leased to the manufacturing companies.

During the reporting year the land from fixed assets was reclassified to investment property, because it is planned to sell the land in 2015.

Since the Company currently is negotiation real estate disposal deal with a buyer. The expected selling price is below current revalued value of the respective asset, then an impairment of 539 644 EUR has been recognised. The impairment is attributed to long-term investment revaluation reserve.

The Company's income from the rent of investment properties was 115 034 EUR (in 2013- 179 814 EUR).

The Company's maintenance costs of investment properties was 38 117 EUR (in 2013 - 87 365 EUR).

See Note No. 26 for information on the pledged assets.

(13) Raw materials

	2015	2014
	EUR	EUR
Raw materials	4 753	-
Inventory in use	14 725	9151
Provision for inventory loss	(7 801)	(7 801)
Total	11 677	1 350

(14) Work in progress and finished goods

	2015	2014
	EUR	EUR
Finished goods and goods in warehouse	44 982	44 982
Provision for decrease in value	(44 982)	(44 982)
Total	-	-

(15) Advance payments for goods

	2015	2014
	EUR	EUR
Advances (residents)	968	458
Total	968	458

(16) Trade receivables

	2015	2014
	EUR	EUR
Receivables (non-residents)	7 299	18 660
Receivables (residents)	288 670	242 548
Provisions for doubtful debtors	(138 784)	(138 784)
Total	157 485	122 424

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(17) Receivables from related parties

	2015	2014
	EUR	EUR
Loans (non-current)	309 160	309 160
Payments for good	44 370	68 839
Advance payments for services	3 353	3 353
Provisions for receivables from related parties	(3 353)	(2 353)
Total current receivables:	44 370	62 839
Total	353 530	434 395

On 12 November 2012 the Company issued non-interest bearing unsecured loan of EUR 309 160 SIA Imanta Retail Park, LV40103265172, with maturity on 10 November 2013. On 11 November 2013 the maturity date was changed to 12 November 2018. According to SIA "Imanta Retail Park" audited 2014 annual report, the Company's net result is loss, its net cash flow is negative and its short-term liabilities far exceed its current assets.

(18) Other receivables

	2015	2014
	EUR	EUR
Settlements with employees	3 162	245
Settlements with management	40 681	22 673
Loans to employees	7 248	7 248
Provision for loans to employees	(7 248)	(7 248)
Other receivables	15 582	
Total	59 425	22 918

(19) Deferred expenses

	2015	2014
	EUR	EUR
Insurance costs	155	344
Other costs	-	69
Total	155	413

(20) Cash and cash equivalents

	2015	2014
	EUR	EUR
Cash on hand	-	-
Cash in bank accounts	1785	1 062
Total	1 785	1 062

(21) Information on company's share capital

As at 31 December 2014 the subscribed and fully paid share capital consists of 2 549 084 ordinary shares with a nominal value of 1.42 EUR each. Share capital is presented according to the official exchange rate, converting from lats to euro, therefore value of one share is not expressed in full euro. Re-registration of the share capital to euro at the moment of approval of the annual report was not made. The mandatory capital re-registration deadline is 30 June 2016.

Shareholders	Number of shares		Value			
			LVL		EUR	
	2015.09.30	2014.12.31	2015.09.30	2014.12.31	2015.09.30	2014.12.31
Eduards Malejevs	941 880	941 880	941 880	941 880	1 340 175	1 340 175
Jurijs Malejevs	864 512	864 512	864 512	864 512	1 230 090	1 230 090
Armands Malejevs	330 086	-	330 086	-	469 670	-
Inga Sprūga	-	330 086	-	330 086	-	469 670
Jekaterina Malejeva	270 000	270 000	270 000	270 000	384 175	384 175
Others (<5%)	142 606	142 606	142 606	142 606	202 910	202 910
Total:	2 549 084	2 549 084	2 549 084	2 549 084	3 627 020	3 627 020

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(22) Retained earnings/losses

In accordance with decisions of Shareholders' meetings, losses of previous year remain uncovered, those shall be covered from the next years' profits.

	2015	2014
	EUR	EUR
Previous years' retained losses	(3 508 844)	(2 887 773)
Correction of the previous years	-	-
Current year loss	(304 214)	(621 071)
Total	(3 813 058)	(3 508 844)

(23) Long term investment revaluation reserve

	2015	2014
	EUR	EUR
Opening balance	3 063 863	3 551 418
Disposed non-current assets	-	-
Depreciation charge for the reporting year	-	(33 950)
Impairment of non-current assets	-	(539 644)
Deferred corporate income tax part	-	86 039
Closing balance	3 063 863	3 551 418

The Company's fixed assets (land and buildings) were revalued according to Ober Haus Real Estate Company report on the real estate market value dated with 30.06.2011.

In August 2015 part of the fixed assets (warehouses) will be sold and the revaluation reserve will be reduced accordingly.

(24) Other provisions

	Provision for unused vacation leave
	EUR
As at 31 December 2014	12 705
Decrease	-
As at 30 September 2015	12 705

(25) Taxes payable (non-current)

	2015	2014
	EUR	EUR
Real estate tax	-	-
Total	-	-

According to the decision No.PIP-14-12914-nd (dated August 29, 2014) Riga City Council Municipal Revenue Administration decision No. PIP-12-15096-nd (dated 3 December 2012) on tax aid measure and the extension of the payment term allocation was cancelled. Tax debts were recorded in the short-term debts. Please refer to Note 37.

(26) Loans from credit institutions

	2015	2014
	EUR	EUR
Loan from AS SEB Banka – long term part	690 485	690 485
Loan from AS SEB Banka – short term part	796 360	796 360
Total	1 486 845	1 486 845

In accordance with Loan Agreement No. KD04277 and KD08128, the obligations are secured with primary pledge of the real estate property located in Riga at the address Kurzemes prospekts 3 (Land book section No. 18732) and primary commercial pledge on fixed assets, purchased under Project Nr.124000075 for the amount of 4 784 000 EUR.

The residual value of pledged fixed assets and investment property as at 31.12.2014 is 6 903 569 EUR (31.12.2013.: 7 749 183 EUR).

The loan interest rate applied is 3-month EURIBOR plus fixed rate 4.5%.

As at 10 December 2014 AS "SEB banka" announced that the loan maturity is 19 December 2014.

According to the approved legal protection plan 700 000 EUR was repaid to to AS SEB banka on October 28, 2015 and it is planned to repay 690 485 EUR in 2016.

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(27) Other loans (short-term)	2015	2014
	EUR	EUR
Other loans	-	-
Total	-	-

Other loans represent non- interest bearing loan from Latvian resident, legal person.

Within the framework of the legal protection plan it was agreed with the issuer on the loan payment rescheduling, setting the maturity on 5 January 2017, that is after the implementation of the legal protection plan.

The loan received during the reporting period was reclassified to long-term creditors and included in position "Trade accounts payable".

(28) Advances from customers	2015	2014
	EUR	EUR
Advances from residents	10 568	568
Total	10 568	568

(29) Trade accounts payable	2015	2014
	EUR	EUR
Long-term part:		
Trade accounts payable to non-residents	150 000	150 000
Trade accounts payable to residents	380 403	372 009
Long-term part total	530 403	522 009
Short-term part:		
Trade accounts payable to non-residents	8 036	7 419
Trade accounts payable to residents	768 100	732 765
Short-term part total	776 136	740 184

Within the framework of the legal protection plan it was agreed with suppliers on delay of payments, setting the repayment term on 5 January 2017, which is after the implementation of the legal protection plan.

Trade payables (who agreed on delay of payments) was reclassified to long-term creditors and included in position "Trade accounts payable".

(30) Payables to related parties	2015	2014
	EUR	EUR
Long-term part:		
Loans	142 099	142 099
Payment for services	47 837	47 837
Long-term part total	189 936	189 936
Short-term part:		
Loans	-	-
Payment for services	78 804	15 188
Short-term part total	78 804	15 188

Within the framework of the legal protection plan it was agreed to transfer the creditor claims to long-term.

(31) Taxes and social insurance payments	2015	2014
	EUR	EUR
Personal Income Tax	58 499	60 007
State Social Insurance payments	79 405	81 026
Value Added Tax	59 749	55 754
Real estate tax for land, building and constructions	285 67987	293 002
Nature resources tax	1 792	1 792
Corporate risk tax	47	52
Total	485 171	491 633

On October 28, 2015 according to the approved legal protection plan following taxes were paid:

Personal Income Tax: 57 187 EUR

State Social Insurance payments: 77 574 EUR

VAT: 48 122 EUR

Nature resources tax: 1 792 EUR

Corporate risk tax: 38 EUR

(32) Other liabilities	2015	2014
	EUR	EUR
Salaries	8 586	14 201
Advance settlement amounts	-	59

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Security	23 239	17 254
Other creditors	-	-
Total	31 825	31 514

(33) Accrued liabilities

	2015	2014
	EUR	EUR
Current expense	22 789	59 322
	22 789	59 322

(34) Deferred income

	2015	2014
	EUR	EUR
Legal protection plan fine		
Long term part:		
Financial and Capital Market Commission	3 550	3 550
Latvenergo AS	73 489	73 489
Riga City Council Finance Department	108 100	108 100
AS Rīgas siltums	8 698	8 698
Long term part total	193 837	193 837
Short-term part:		
The State Revenue Service	107 389	107 389
Short-term part total	107 389	107 389

According to the legal protection plan it is planned to exclude fines and periodic penalty payments.

In case of successful implementation of legal protection plan, the Company will be extinguished fine and periodic penalty payments.

(35) Deferred tax

	2 015	2014
	EUR	EUR
Deferred tax liability opening balance	391 027	546 354
Deferred tax change during the reporting year (refer to Note 9) charged to the income statement		(69 288)
Deferred tax change during the reporting year charged to the revaluation reserve		(86 039)
Deferred tax liability closing balance	391 027	391 027

Deferred tax has been calculated from the following temporary differences between the assets and liabilities balance sheet and tax values:

	2 015	2014
	EUR	EUR
Temporary difference on fixed assets depreciation	513 619	513 619
Land revaluation effect	279 825	279 825
Provision for slow moving inventory	(7 917)	(7 917)
Provision for unused vacation leave	(1 906)	(1 906)
Tax loss carried forward	(392 594)	(392 594)
Deferred tax liability	391 027	391 027

(36.1.) Average number of employees during the year

	2015	2014
Average number of employees during the year	11	15

(36.2.) Total personnel costs

	2015	2014
	EUR	EUR
- Salaries	20 283	52 129
- Social security payments	4 378	11 795
- Corporate risk duty	33	66
- including:		
Management salaries		
- Salaries	9 876	17 075
- Social security payments	2 476	5 397

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- Corporate risk duty

- total:

6	9
12 358	22 481

(37) Taxes and social insurance payments

	31.12.2014.	NAP non-current	Calculated	Paid	Fine written off	30.06.2015.
Type of tax						
Value added tax	55 754	-	13 867	(9 872)	-	59 749
penalties resulting from the tax audit		-	-	-	(2 194)	-
delay payments		-			(28 054)	-
Personal income tax	60 008	-	3 639	(5 148)		58 499
delay payments		-			(33 843)	-
State social security obligatory payments	81 026	-	6 327	(7 948)		79 405
delay payments		-			(42 242)	-
Business risk duty	52	-	34	(39)		47
delay payments		-	2	-	(2)	-
Natural resource tax	1 792	-	-	-		1792
delay payments		-			(1 054)	-
Real estate tax	293 001	-	54 279	(61 601)		285 679
delay payments		-			(108 100)	-
	491 633		78 148	(84 608)	(215 489)	485 171
Tax overpayment	-					-
Tax debt	491 633					485 171
Including delay payments					(215 489)	-

See also Note No. 34 Deferred income.

(38) Transactions with related parties

The company's shareholders have significant impact on SIA "Imanta Retail Park", "Albatross" Tukuma rajonā.

The goods are sold to related parties and bought from related parties on normal (market based) prices. Outstanding commitments at the end of the year are in no way secured and settlement is made in cash. No guaranties have been received or issued in respect of related party transactions neither in 2014 or 2015.

Related party		Sales to related parties	Purchases from related parties	Loans issued	Loans received	Amounts owed by related Parties as at 31 December	Amounts owed to related parties as at 31 December
SIA Imanta Retail Park"	2014	324 725	7 915	-	-	371 999	-
	2015	238 370	18 022	309 160	-	353 530	5 207
"Albatross" Tukuma rajonā	2014	5 963	10 206	-	77 083	-	168 367
	2015	8 145	56 737	-	77 083	-	187 678
TOTAL	2014	333 081	58 356	309 160	77 083	371 999	168 367
TOTAL	2015	144 016	26 809	6 000	77 083	353 530	268 740

Balance sheet item "other receivables" includes a claim against the Company's management 23 289 EUR.

During the financial year the company "Albatross Tukuma rajonā" took over the obligations to the company from "Albatross and Partners" SIA.

(39) Remuneration to certified auditors

Certified auditors fees in respect of year 2014 financial statements audit is 4 356 euro.

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(40) Post balance sheet events

As at September 19, 2014 Riga Kurzeme District Court decided to initiate AS VEF Radiotehnika RRR legal protection proceedings. As at January 5, 2015 Riga Kurzeme District Court announced AS VEF Radiotehnika RRR legal protection process implementation, approved the legal protection process action plan, set the legal protection implementation period till January 5, 2017 and appointed an administrator of legal protection- certified administrator Vigo Krastiņš.

The repayment term of the loan from AS SEB banka ended as at 19 December 2014. All payments to creditors are made according to the legal protection process plan approved as at 5 January 2015.

As at April 30, 2015 the Company concluded an agreement on the structure of the transaction with "Pārupes būmaņi". As a result of the agreement the Company will be able to pay the debts to the State revenues service and partially repay of liabilities to the SEB bank. On October 21, 2015 was completed sale of the administrative building with the land (cadastre number 01000802326). The above mentioned property was sold to SIA "Pārupes būmaņi" for the EUR 945'000 in accordance with the legal protection process action plan. The received funds partially covered claims of secured creditors and real estate tax in accordance with the legal protection process action plan.

Except as disclosed above, from the last day of the financial year to the date of signing this report there have been no other significant events which would impact the year-end results of which would need to be additionally disclosed in the financial statements.

(41) Going concern

The Company's result of the year is net loss of EUR 127 206, net turnover has significantly decreased in 2014, that is related with rental income reduction and the fact that the Company has not resumed production and sales. As at the end of the reporting year current liabilities of the Company exceed current assets by 2 005 452 EUR.

The legal protection process action plan that was approved on 5 January 2015 involves partial disposal of real estate owned by the Company, to start the settlement of tax debts, bank loans and other creditors. The alienation of the real estate is in process. See notes No.12 and No.34. In addition, the legal protection process action plan provides restoring the production process and the attraction of an investor.

The management of the Company considers that the existing situation is temporary and takes actions to restore the income at the previous level. The Company's financial statements for the year 2015 have been prepared applying the going concern principle.

Chairman of the Board

Eduards Malejevs

Member of the Board

Ēriks Ertmanis

30 November, 2015