

AS "VEF Radiotehnika RRR"

Unified Registration No. 40003286712

Address: Kurzemes prospekts 3, Riga, LV-1067

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2018

**AS “VEF Radiotehnika RRR”
Annual accounts for the year ended 31 March 2018**

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GENERAL INFORMATION

Full name of the Company	<i>AS "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>
Phone number	<i>67418087</i>
NACE code	<i>26.40 Manufacture of electronic devices 68.20 Real estate management with remuneration or based on agreements</i>
Council members	
Chairman of the Council	<i>Boriss Livča</i>
Council Member	<i>Inārs Kļaviņš</i>
Council Member	<i>Olga Romaņko</i>
Council Member	<i>Genādijs Hotejevs</i>
Council Member	<i>Vjačeslavs Mihailovins</i>
Board members	
Chairman of the Board	<i>Eduards Maļejevs</i>
Board Member	<i>Ēriks Ertmanis</i>
Reporting year	<i>from 2018.01.01 till 2018.03.31</i>
Previous reporting year	<i>from 2017.01.01 till 2017.12.31</i>
Chief Accountant	<i>Olga Romaņko</i>
Phone number	<i>67852054</i>
Auditor	<i>SIA Grant Thornton Baltic Certified Auditors Company License No. 155 Blaumana Street 22, Riga, LV-1011</i>
	<i>Responsible certified auditor: Ingrida Latimira Certificate No. 47</i>

AS "VEF Radiotehnika RRR"
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Management report

Types of activi

The main activities of AS "VEF Radiotehnika RRR" in 2018 were:

1. Real estate renting services;
2. Manufacturing of acoustic systems; purchase and sale of their enclosures.

When compared with the previous reporting period, no new main activities have been included.

In the future ,it is planned to restore acoustic systems development, organization 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:	984 EUR
Net result:	984 EUR

In 2018, the Company delivered its products and services for its customers abroad, incl. Hungary, Italy, Russia, Estonia , the respective markets development activities are implemented by our highly-skilled sales and distribution specialists.

Thus, the management of the Company considers that it is appropriate to design its Financial Statement for 2018 on an ongoing concern basis.

Management of financial risks

In most cases, the company`s financial assets consist of debts of its buyers and customers, given in euros. Its financial liabilities mostly consist of debts to the Company`s suppliers for goods and services, given in various currencies, thus the Company is subject to the currency risk. Funds of the Company are placed in the Latvian financial institutions. There is no substantial difference between the book value and the fair value of the financial assets and liabilities. The Company did not use any financial derivatives in the reporting period.

Post balance sheet events

On 9 January 2018, the extraordinary meeting of shareholders of JSC "VEF Radiotehnika RRR" decided to reduce the equity capital of the Company, the meeting also approved the rules for equity capital reduction and the amendments to the Articles of Association of the Company by specifying the reduced equity capital. The equity capital of the Company is reduced by EUR 3,313,809.20. The equity capital is reduced in accordance with Section 262, Paragraph one, Clause 3 of Commercial Law-by reducing the nominal value of stock of the Company. Following the reduction, the Company`s equity is EUR 254,908.40.

Apart from the above information, no other events have occurred since the date of the reporting year which could considerably affect the report assessment or which would require additional explanation in this financial statement.

Chairman of the Board

Eduards Maļejevs

Member of the Board

Ēriks Ertmanis

31 May, 2018

AS “VEF Radiotehnika RRR”
Annual accounts for the year ended 31 March 2018

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 31 March 2017, 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 Maļejevs

Member of the Board

Ēriks Ertmanis

31 May, 2018

AS "VEF Radiotehnika RRR"
Annual accounts for the year ended 31 March 2018

Profit or loss account for the year ended 31 March 2018

	Notes	2018 EUR	2017 EUR
Net sales	1	99 447	788 941
b) other operating activities		99 447	788 941
Cost of sales	2	(84 530)	(674 186)
Gross loss		14 917	114 755
Selling expenses	3	(2 748)	(22 897)
Administrative expenses	4	(11 153)	(64 020)
Other operating income	5	1 990	1 342 987
Other operating expenses	6	(1 960)	(145 761)
Interest expenses and similar expenses	7	(62)	(114)
Profit before taxes		984	1 224 950
Current year's profit / (loss)		984	1 224 950
Profit/ (loss) per share		-	0,481

Notes on pages from 11 to 18 are integral part of these financial statements.

Chairman of the Board

Eduards Maļejevs

Member of the Board

Ēriks Ertmanis

Chief Accountant

Olga Romanko

31 May, 2018

AS "VEF Radiotehnika RRR"
Annual accounts for the year ended 31 March 2018

Balance sheet as at 31.03.2018

ASSETS	Note	<u>2018</u>	<u>2017</u>
		EUR	EUR
I. Non-current assets			
II. Fixed assets:			
I. Real estate renting services			
Land, buildings and constructions		263 663	266 902
Equipment and vehicles		189 209	208 368
Other fixed assets		21 494	21 818
Total fixed assets:	8	<u>474 366</u>	<u>418 840</u>
Total long-term financial investments:		<u>474 366</u>	<u>418 840</u>
2. Current assets			
I. Inventory:			
Raw materials	9	40 698	35 078
Work in progress	10	14 870	14 870
Finished goods and goods for sale	10	14 984	14 003
Advance payments for materials	11	14 906	16 078
Total inventory:		<u>85 458</u>	<u>80 659</u>
III. Receivables:			
Trade receivables	12	148 919	157 476
Receivables from related parties	13	337 410	320 927
Other receivables	14	28 443	7 878
Prepaid expenses	15	1 597	429
Total receivables:		<u>516 369</u>	<u>486 710</u>
V. Cash	16	<u>3 759</u>	<u>5 351</u>
Total current assets:		<u>605 586</u>	<u>572 720</u>
TOTAL ASSETS:		<u>1 079 952</u>	<u>1 069 808</u>

Notes on pages from 11 to 20 are integral part of these financial statements.

AS "VEF Radiotehnika RRR"
Annual accounts for the year ended 31 March 2018

Balance sheet as at 31.03.2018

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	2018	2017
		EUR	EUR
1. Shareholders' equity:			
Share capital	17	254 908	3 568 718
Long term investment revaluation reserve	19	160 202	160 202
Reserves		58 302	58 302
Retained earnings/ (accumulated loss):			
a) accumulated loss of previous years	18	68 326	(4 470 434)
b) current year profit/ (loss)	18	984	1 224 950
Total shareholders' equity:		542 722	541 738
3. Liabilities:			
I. Non-current liabilities:			
Trade accounts payable	22	47 206	47 206
Taxes and social security liabilities	24	18 868	18 868
Total non-current liabilities:		66 074	66 074
II. Current liabilities:			
Loans from other creditors	20	5 823	6 029
Advances from customers	21	1 030	1 507
Trade accounts payable	22	223 439	208 008
Payables to related parties	23	140 312	163 931
Taxes and social security liabilities	24	41 899	35 048
Other creditors	25	19 510	20 522
Accrued liabilities	26	39 143	26 951
Total current liabilities:		471 156	461 996
Total liabilities:		537 230	528 070
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY:		1 079 952	1 069 808

Notes on pages from 11 to 18 are integral part of these financial statements.

Chairman of the Board

Eduards Maļejevs

Member of the Board

Ēriks Ertmanis

Chief Accountant

Olga Romanko

31 May, 2018

AS "VEF Radiotehnika RRR"
Annual accounts for the year ended 31 March 2018

Cash flow statement for the year ended 31 March 2018 (indirect method)

I. Cash flow from operating activities	Note	2018	2017
		EUR	EUR
<i>Loss before extraordinary items and taxes</i>		984	1 224 950
<i>Adjustments for:</i>			
a) depreciation of fixed assets and investment properties		20 593	80 725
h) profit/loss from sale of fixed assets		(2 128)	(3 352)
i) interest payments and similar activities		62	114
<i>Loss before working capital and current liabilities adjustments</i>		19 511	1 302 437
<i>Adjustments for:</i>			
a) debtors increase (-) or decrease (+)		(29 659)	(89 506)
b) inventory increase (-) or decrease (+)		(4 799)	22 423
c) accounts payable to suppliers and other creditors increase (+) or decrease (-)		23 866	(1 132 470)
<i>Gross cash flow from operating activities</i>		8 919	102 884
Interest payments		(62)	(114)
Real estate tax payments			(34 176)
<i>Cash flow before extraordinary items</i>		8 857	(68 594)
<i>Net cash flow from operating activity</i>		8 857	(68 594)
II. Cash flow from investing activities			
Acquisition of fixed assets and intangibles		-	(71 818)
Proceeds from disposal of fixed assets and intangibles		2 128	15 750
Net cash flow from investing activities		2 128	(56 068)
III. Cash flow from financing activities			
Loans repaid		(12 577)	(7 568)
Net cash flow from financing activities		(12 577)	(7 568)
V. Net cash flow for the year		(1 592)	4 958
VI. Cash and cash equivalents at the beginning of the period		5 351	393
VII. Cash and cash equivalents at the end of the period	16	3 759	5 351

Notes on pages from 11 to 18 are integral part of these financial statements.

Chairman of the Board

Eduards Malejevs

Member of the Board

Ēriks Ertmanis

Chief Accountant

Olga Romanko

31 May.,2018

AS "VEF Radiotehnika RRR"
Annual accounts for the year ended 31 March 2018

Statement of changes in equity for the year ended 31 March 2018

	Share capital	Reserve	Long term investment revaluation reserve	Result of the reporting year	Previous year's retained earnings/ (accumulated loss)	Total shareholders' equity
	EUR	EUR	EUR	EUR	EUR	EUR
Balance as on December 31, 2016	3 568 718	58 302	60 649	(1 004 681)	(3 465 753)	(782 765)
Loss carried over	-		-	1 004 681	(1 004 681)	-
Current year profit/(loss)	-		-	1 224 950	-	1 224 950
Change in revaluation reserve	-		99 553		-	99 553
Balance as on December 31, 2017	3 568 718	58 302	160 202	1 224 950	(4 470 434)	541 738
Loss carried over			-	(1 224 950)	1 224 950	-
Change in share capital	(3 313 810)				3 313 810	-
Profit for the year	-		-	984	-	984
Balance as on March 31, 2018	254 908	58 302	160 202	984	68 326	542 722

Notes on pages from 11 to 18 are integral part of these financial statements.

Chairman of the Board

Eduards Maļejevs

Member of the Board

Ēriks Ertmanis

Chief Accountant

Olga Romanko

31 May, 2018

AS "VEF Radiotehnika RRR"
Annual accounts for the year ended 31 March 2018

Notes

Accounting policies and methods

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 been changed.

Reclassifications

In 2017 there have been no changes in classification of items in comparison with the 2016.

Transactions in foreign currency

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:

	2018.03.31	2017.12.31
RUB	70.8897	69.392
USD	1.2321	1,1993

Long-term and short-term items

The following amount are shown in the current assets:

- * that shall be used or realized during the usual working cycle of the Company;
- * that are mainly for trading purposes or are of short-term nature and can be realized 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	5-20	%
* 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 derecognized.

Interest costs on borrowing to finance the fixed assets under construction and other direct charges related to the particular fixed asset under construction are capitalized, 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. Capitalization 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 recognized 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 derecognized 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 derecognized. 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.

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.

Inventory items are recorded in the actual volumes at historical cost in the sub account specially dedicated for these purposes.

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Annual accounts for the year ended 31 March 2018

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 analyzing 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 recognized 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 recognized based on the terms of delivery.

Income and expenses acknowledgement

1. Income from sale of goods is recognized 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 recognized 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.

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

In the reporting year, the corporate income tax is calculated pursuant to the requirements under the Law "On Corporate Income Tax" in relation to the taxable income; thus, the applicable tax rate is 15%.

Starting from 2018, the corporate income tax will be calculated for distributed profit by applying a tax rate of 20%. The corporate income tax will be accepted at the time when the shareholders of the Company adopt their decision on profit distribution or when such expenses are further development of the Company (deemed profit distribution).

Tax liabilities are compared with State Revenue Service data.

Estimates and assumptions

The preparation of annual accounts requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense, and disclosure of contingencies. Thus actual results may differ from these calculations. Legislation of the Republic of Latvia states that when preparing annual accounts, 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 income and expenses for the reporting period. Actual results may differ from these estimates (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 recognized only when, if possibility that the funds will be paid out becomes founded. Possible assets in these Financial Statements are not recognized. 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.

AS "VEF Radiotehnika RRR"
Annual accounts for the year ended 31 March 2018

(1) Net Turnover

Type of activity	2018	2017
	EUR	EUR
Income from exports of finished goods	4 594	78 095
Income from rent of premises	297	995
Income from sale of finished goods in the local market	6 194	82 361
Income from utilities service provided to third parties	88 362	586 682
Income from sale of materials	-	40 808
Total	99 447	788 941

(2) Cost of goods sold	2018	2017
Cost type	EUR	EUR
Personnel costs	1 064	30 657
Depreciation of fixed assets	11 511	43 511
Depreciation of fixed assets (project 124000075)	9 082	37 214
Write-off of low-value inventory	226	226
Change in stocks of finished goods	(3 628)	(82 679)
Change in stock of purchased materials and goods	760	219 638
Ongoing maintenance and repair	-	26 701
Real estate maintenance, including utilities	64 055	392 343
Other taxes	1 232	4 928
Other costs	228	1 647
Total	84 530	1 088 940

(3) Selling expenses	2018	2017
Cost type	EUR	EUR
Goods' transportation costs	932	8 459
Commissions paid	1 562	12 588
Other selling expenses (marketing)	254	1 459
Advertising costs	-	391
Total	2 748	22 897

(4) Administrative expenses	2018	2017
Cost type	EUR	EUR
Personnel costs	8 866	39 850
Provisions for annual leave and social security	-	(809)
Representation costs	491	3 035
Office expenses	595	2 843
Communication expenses	444	2 293
Bank expenses	322	1 785
Accounting and legal expenses	263	7 223
Other administrative costs	172	7 800
Total	11 153	64 020

(5) Other operating income

Type on income	2018	2017
	EUR	EUR
Net income from sale of real estate	-	3 352
Debt write-off	-	1 327 778
Other income	1 990	11 847
Total	1 990	1 342 987

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(6) Other operating expenses

Type of income/expense	2018	2017
	EUR	EUR
Net loss from foreign exchange rate fluctuations	596	1 929
Penalties	1 364	28 274
Bad debts written off	-	109 719
Provisions for unsecured debts	-	4 808
Previous year expenses	-	773
Expenditures not related to economic activity	-	258
Total	1 960	145 761

(7) Interest expense and similar expenses

Type of costs	2018	2017
	EUR	EUR
Loan interest paid	62	114
Total	62	114

(8) Fixed Assets

	Real estate	Technological equipment	Other fixed assets	Total EUR
Historical cost				
01.01.2018	325 089	2 263 692	67 942	2 656 723
Acquired	-	-	-	-
Disposed	(2 128)	-	-	(2 128)
Reclassified	-	-	-	-
31.03.2018.	322 961	2 263 692	67 942	2 654 595
Depreciation				
01.01.2018	58 187	2 055 324	46 124	2 159 635
Depreciation charge	1 111	19 159	324	20 594
Disposed	-	-	-	-
Reclassified	-	-	-	-
31.03.2018.	59 298	2 074 483	46 448	2 180 229
Net book value				
01.01.2017	266 902	208 368	21 818	497 088
31.03.2018.	263 663	189 209	21 494	474 366

(9) Raw materials

	2018	2017
	EUR	EUR
Raw materials	40 698	35 708
Total	40 698	35 708

(10) Work in progress and finished goods

	2018	2017
	EUR	EUR
Work in progress	14 870	14 870
Total	14 870	14 870
Finished goods and in warehouse	55 589	54 635
Provision for decrease in value	(40 605)	(40 632)
Total	14 984	14 003

AS "VEF Radiotehnika RRR"
Annual accounts for the year ended 31 March 2018

(11) Advance payments for goods

	2018	2017
	EUR	EUR
Advance (non-residents)	11 651	13 187
Advance (residents)	3 255	2 891
Total	14 906	16 078

(12) Trade receivables

	2018	2017
	EUR	EUR
Receivables(non-residents)	53 444	60 819
Receivables (residents)	100 283	101 465
Provisions for doubtful debtors	(4 808)	(4 808)
Total	148 919	157 476

(13) Receivables from related parties

	2018	2017
	EUR	EUR
Payments for goods	28 250	11 767
Short-term loans	309 160	309 160
Total current receivables:	337 410	320 927
Total	337 410	320 927

*On 12 November 2012 the Company issued non-interest bearing unsecured loan of EUR 309 160 to the related company SIA "Imanta Retail Park" with maturity on 10 November 2013. On 11 November 2013 the maturity date was changed to 12 November 2018, because SIA "Imanta Retail Park" was subordinated loan in relation to its loan from AS ABLV Bank.

(14) Other receivables

	2018	2017
	EUR	EUR
Settlements with employees	20	362
Other debtors	28 423	7 516
Settlements with management	-	-
Loans to employees	7 248	7 248
Provision for loans to employees	(7 248)	(7 248)
Total	28 443	7 878

(15) Deferred expenses

	2018	2017
	EUR	EUR
Insurance costs	1 286	7
Other expenses	311	422
Total	1 597	429

(16) Cash and cash equivalents

	2018	2017
	EUR	EUR
Cash in bank accounts	3 759	5 351
Total	3 759	5 351

(17) Information on the Company's share capital

As at 31 December 2017 the subscribed and fully paid share capital consists of 2 549 084 ordinary shares with a nominal value of 1.40 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 e Denomination of share capital from lats to euro was registered on August 08, 2016.

On 9 January 2018, the extraordinary meeting of shareholders of JSC "VEF Radiotehnika RRR" decided to reduce the equity capital of the Comp : m the meeting also approved the rules for equity capital reduction and the amendments to the Articles of Association of the Company by specif : red : reduced equity capital. The equity capital of the Company is reduced by EUR 3,313,809,20. The equity capital is reduced in accordance with Sec 2, Pa 262, Paragraph one, Clause 3 of Commercial Law-by reducing the nominal value of stock of the Company. Following the reduction, mpany's E qu I equity is UR 254,908.40.

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AS "VEF Radiotehnika RRR" major shareholders are:

	Number of shares		EUR	
	2018.03.31		2018.03.31	2017.12.31
Eduards Maļejevs	741 880		74 188	1 038 632
Jurijs Maļejevs	864 512		86 451	1 210 317
Armands Maļejevs	264 519		26 452	370 327
Inga Sprūga	65 567		6 557	91 794
Jekaterina Maļejeva	270 000		27 000	378 000
Ēriks Ertmanis	200 000		20 000	280 000
Others (<5%)	142 606		14 261	199 648
Total:	2 549 084		254 908	3 568 718

AS"VEF Radiotehnika RRR" shares are listed on the list of shares are quoted on the AS Nasdag Riga second list.

Chairman of Board Eduards Maļejevs own 741 880 shares;
Member of the Board Ēriks Ertmanis owns 200 00 shares;
Members of the Council Genadijs Hotejevs owns 1 624 shares;
Member of the Council Vjacheslavs Mihailovins owns 695 shares.

(18) Retained earnings/(accumulated loss)

In accordance with decisions of Shareholders' meetings, the accumulated loss of previous years to be covered with the next years' profits.

	2018	2017
	EUR	EUR
Previous years' accumulated loss	(3 245 484)	(4 470 434)
Correction	3 313 810	
Current year's profit/(loss)	984	1 224 950
Total	69 310	(3 245 484)

(19) Long-term investment revaluation reserve

	2018	2017
	EUR	EUR
Opening balance	160 202	60 679
Deferred corporate income tax part	-	99 523
Closing balance	160 202	160 202

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 29.08.2016.

The Company's fixed assets (land and buildings) were revalued according to VCG ekspertu group Company report on the real estate market value dated with 17.05.2017

(20) Other loans	2018	2017
	EUR	EUR
Leasing	823	1 029
Other loans	5 000	5 000
Total	5 823	6 029

(21) Advances from customers	2018	2017
	EUR	EUR
Advances from non-residents	800	1 507
Advances from residents	230	-
Total	1 030	1 507

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(22) Trade accounts payable

	2018	2017
	EUR	EUR
Long-term part:		
Trade accounts payable to non-residents	47 206	47 206
Long-term part total	47 206	47 206
Short-term part:		
Trade accounts payable to non-residents	626	-
Trade accounts payable to residents	222 813	208 009
Short-term part total	223 439	208 009
Trade accounts payable total	270 645	255 215

(23) Payables to related parties

	2018	2017
	EUR	EUR
Short-term part:		
Loans	131 877	163 931
Payment for services	8 435	-
Short-term part total	140 312	163 931
Payables to related parties total	140 312	163 931

(24) Taxes and social insurance payments

	2018	2017
	EUR	EUR
Long-term part		
Taxes and social insurance payments	18 868	18 868
Short-term part:		
01.01.2018	35 048	243 902
Changes in the reference year	6 851	(208 854)
31.03.2018	41 899	35 048
Total	60 767	53 916

(25) Other creditors

	2018	2017
	EUR	EUR
Salaries	14 251	14 899
Advance settlement amounts	-	364
Security	5 259	5 259
Total	19 510	20 522

(26) Accrued liabilities

	2018	2017
	EUR	EUR
Current expense	25 705	13 513
Provision for unused vacation leave	13 438	13 438
Total	39 143	26 951

(30) Average number of employees during the year

	2017	2016
Average number of employees during the year	13	15

(31) Transactions with related parties

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

The goods are sold to related parties and bought from related parties on market based prices. Outstanding commitments at the end of the year not secured and settlement is made in cash. No guaranties have been received or issued in respect of related party transactions neither in 2018..

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Related party		Sales to related parties	Purchases from related parties	Loans received	Amounts owed by related Parties as at 31 December	Amounts owed to related parties as at 31 December
SIA Imanta Retail Park"	2018	34 346	12 798	-	337 410	133 344
	2017	375 323	398 428	-	320 927	156 963
"Albatross" Tukuma rajonā	2018	-	-	-	-	-
	2017	-	-	-	-	-
E.Maļejevs	2018	-	-	6 968	-	6 968
	2017	-	-	6 968	-	6 968
TOTAL	2018	34 346	12 798	6 968	337 410	140 312
TOTAL	2017	375 323	398 428	6 968	320 927	163 931

Post balance sheet events

On 9 January 2018, the extraordinary meeting of shareholders of JSC "VEF Radiotehnika RRR" decided to reduce the equity capital of the Company, the meeting also approved the rules for equity capital reduction and the amendments to the Articles of Association of the Company by specifying the reduced equity capital. The equity capital of the Company is reduced by EUR 3,313,809.20. The equity capital is reduced in accordance with Section 262, Paragraph one, Clause 3 of Commercial Law-by reducing the nominal value of stock of the Company. Following the reduction, the Company's equity is EUR 254,908.40.

Apart from the above information, no other events have occurred since the date of the reporting year which could considerably affect the report assessment or which would require additional explanation in this financial statement.

Chairman of the Board

Eduards Maļejevs

Member of the Board

Ēriks Ertmanis

Chief Accountant

Olga Romanko

31 May, 2018