

JSC "VEF Radiotehnika RRR"
Unified Registration No. 40003286712
Address: Kurzemes prospekts 3, Riga, LV-1067

Measurement units: Ls (LVL)

2012 12 Months Report

Submission date: _____

Date of receipt: _____

Riga, Latvia

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JSC "VEF Radiotehnika RRR"
unified Reg.Nr.40003286712
Financial Statements for the period from 01.01.2012 to 31.12.2012.

INFORMATION about the COMPANY

Full name of the Company	<i>JSC "VEF Radiotehnika RRR"</i>		
Legal status of the Company	<i>Public Joint-Stock Company</i>		
Unified Registration Nr., place and date of issue	<i>40003286712 11.12.1998</i>		
Legal address of the Company	<i>Kurzemes prospekts 3, Riga, LV-1067</i>		
Telephone	<i>67418087</i>		
Postal address	<i>Kurzemes prospekts 3, Riga, LV-1067</i>		
Bank name and Company's bank accounts	<i>JSC "SEB Latvijas Unibanka" LV57UNLA0050006466330 (LVL) LV55UNLA0050006466366 (EUR) Nordea bank Finland PLC LV06NDEA0000082922737 JSC GE Money Bank LV49BATR0051701822200</i>		
Council members of the JSC			
Chairman of the Council	<i>Janis Salenieks</i>		
Council Member	<i>Jurijs Malejevs</i>		
Council Member	<i>Inga Spruga</i>		
Council Member	<i>Ausma Smiltiece</i>		
Council Member	<i>Vjaceslavs Mihailovins</i>		
Boar members of the JSC			
Chairman of the Board	<i>Eduards Malejevs</i>		
Board Member	<i>Boriss Livca</i>		till 01.05.2013
Board Member	<i>Ēriks Ertmanis</i>		from 14.08.2012
Board Member	<i>Olga Romanko</i>		till 14.08.2012
Reporting year	<i>from</i>	<i>01.01.2012</i>	<i>till 31.12.2012</i>
Previous reporting period	<i>from</i>	<i>13.12.2011</i>	<i>till 31.12.2011</i>
Chief Accountant	<i>Olga Romanko</i>		
Telephone:	<i>67852054</i>		
Auditor:	<i>JSC BDO Reg.No.40003035771 Pulkveža Brieža street 19, Riga Licence No 112</i>		
	<i>Aivars Putniņš</i>	<i>Valda Zītare</i>	
	<i>Certified auditor</i>	<i>Certified auditor</i>	
	<i>Certificate Nr.123</i>	<i>Certificate Nr.62</i>	

Management Report

Principal activities

During the first 6 months of 2012, the main JSC "VEF Radiotehnika RRR" activities were:

1. Purchase and sales of acoustic systems and their enclosures;
2. Purchase and sales of electronic assemblies and nodes;
3. Purchase and sales of printed pallets, galvanization services;
4. Real estate renting services.

All of the above-mentioned activities have been performed also in year 2011. New types of activities have not been acquired.

Due to encashment order from State Revenue Service, in the second half-year of the 2012 the manufacturing process was stopped and the Company dealt exclusively with renting of real estate property and equipment. In December 2012 the State Revenue Service encashment order was canceled.

During the second quarter of 2013 it is planned to restore the developing of acoustic systems and their enclosures and to restore the organizing the production, producing and selling.

Current year activities of the Company

The current year results of the Company are the following:

Result before extraordinary items and taxes:	-424853 LVL
Other taxes:	-66830 LVL
Net result:	-491683 LVL

Net turnover in year 2012 was LVL 1 017 690 and it has fallen by 23% in comparison with the year 2011.

There were no other significant events which could directly influence performance for the reporting period.

The company's current liabilities exceeded its current assets.

Total liabilities did not exceed total assets of the Company.

Company's profitability:

Gross profit margin (%)	-48.31
Operating profit margin (%)	-35.22
Gross profit margin (%)	-0.61

Financial profitability (%)

Return on capital	-4.43
Return on equity	-6.97

2012 was a year of significant challenges for JSC "VEF Radiotehnika RRR" when a decision was made to make important adjustments of the results of the previous years to create solid foundations for sustainable growth in future.

Significant losses incurred due to recognizing impairment of Company's assets as loss.

Future prospects and going concern

As mentioned above, the result of the year 2012 is loss in amount of LVL 491 683, which is associated with a significant reduction in the sales market sector, as well as recognizing impairment of the Company's assets. At the end of the year current liabilities of the Company exceeded current assets by LVL 1 410 107. The management of the Company considers that the existing situation is temporary and takes actions to restore the income in the previous level. If the current situation becomes permanent and will not be dissolved, the Company may be forced to sell non-profile assets.

To absorb the losses and settle with the creditors, the possibility of selling the company-owned non-profile assets that are engaged in

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business but the possession of which increases the real estate tax burden, will be considered. Non-profile assets are now considered the administrative building, warehouses, land. The sales of non-profile assets would stabilize the Company and will enable further development of the Company in chosen directions.

The repayment of loan from SEB bank with the maturity date of the principal amount on 30 June 2013 is planned to be extended till it will be possible to refinance the loan with another bank. Negotiations with other banks are in process.

In year 2013 it is planned to complete the clearance process - putting into operation - of the fixed assets under construction.

JSC "VEF Radiotehnika RRR" largest creditors are State Revenue Service and JSC "Latvenergo". Taking into account that during the year 2012 the Company has paid LVL 108 867 to the state budget, on 21 December 2012 the Company and the State Revenue Service agreed on a schedule of repayment of the delayed tax payments, and JSC "VEF Radiotehnika RRR" is fulfilling the obligations on timely basis. Repayment plan of debts to JSC "Latvenergo" is at the stage of negotiating.

The Annual Report has been prepared considering the going concern principle because in year 2012 JSC "VEF Radiotehnika RRR" has signed contracts for the sale of the acoustic systems with several companies: Russian electronics trading company "MediaMarkt-Saturn", Byelorussian company "Patio" that serves the electronics shops "5.Elements". Cooperation in production of enclosures with the Italian company RCF Spa has been revoked.

Post balance sheet events

From the end of the During the period from the last day of the financial year to the date of signing this report there have been no significant events having impact on the year-end results.

Proposals concerning covering of loss

The loss for year 2012 will be covered by future profits from the sales of non-profile assets.

Chairman of the Board

Eduards Malejevs

Member of the Board

Ēriks Ertmanis

2013.22.05

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Notification of 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 preparation of the report for the period ended December 31, 2012, the corresponding accounting principles have been applied, their use was consistent and the protective and logical decisions had been made.

Management is responsible for application of the necessary accounting principles, safeguarding company's assets as well as protection from misrepresentation and unlawful activities.

Chairman of the Board

Eduards Malejevs

Member of the Board

Ēriks Ertmanis

2013.22.05

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PROFIT AND LOSS STATEMENT
FOR THE PERIOD ENDED
31.12.2012 (per turnover (period) costs method)

	Note	2012	2012	2011	2011
		LVL	EUR	LVL	EUR
Net turnover	1	1 017 690	1 448 042	1 320 179	1 878 445
Cost of sales	2	(1 023 926)	(1 456 915)	(1 282 981)	(1 825 517)
Gross profit or loss		(6 236)	(8 873)	37 198	52 928
Selling expenses	3	(23 132)	(32 914)	(74 610)	(106 160)
Administrative expenses	4	(113 230)	(161 112)	127 741	181 759
Other operating income	5	170 411	242 473	526 434	749 048
Other operating expenses	6	(386 583)	(550 058)	(179 200)	(254 979)
Interest income and similar income	7	369	525	143	203
The long-term financial investment. and short-term securities write-down.				(520)	(740)
Interest expense and similar expenses	8	(66 452)	(94 553)	(81 114)	(115 415)
Profit or loss before extraordinary items and taxes		(424 853)	(604 512)	100 590	143 126
Deferred corporate income tax for the reporting period	9	-	-	(14 747)	(20 983)
Other taxes	10	(66 830)	(95 091)	(80 896)	(115 105)
Profit or loss for the period		(491 683)	(699 603)	4 947	7 038
Earnings per share (EPS coefficient)		(0.193)	(0.274)	0.002	0.003

Attachments from 12 to 28 pages are an integral part of these financial statements

Chairman of the Board

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Member of the Board

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2013.22.05

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BALANCE SHEET as at 31.12.2012.

ASSETS	Note nr.	2012 LVL	2012 EUR	2011 LVL	2011 EUR
1. Non-current assets					
I. Intangible assets:					
Concessions, patents, licenses, trade marks and similar rights	12		-	1	1
Total intangible assets:		-	-	1	1
II. Fixed assets:					
Land, buildings and constructions		3 179 812	4 524 465	5 878 624	8 364 528
Equipment and vehicles		1 188 124	1 690 548	1 316 358	1 873 009
Other fixed assets		43 763	62 269	50 848	72 350
Construction of fixed assets and unfinished construction objects		973 767	1 385 546	973 767	1 385 546
Total fixed assets:	13	5 385 466	7 662 828	8 219 597	11 695 433
V. Long-term financial investments:					
Other loans and other long-term debtors	14	2 663 596	3 789 956		
Other long-term receivables (PR. 12000075)		197 760	281 387	151 828	216 032
Other long-term receivables (PR. 12000075)		118 088	168 024	223 580	318 126
Deferred taxation assets		17 328	24 656	17 328	24 656
Total long-term financial investments:	15	333 176	474 067	392 736	558 814
Total non-current assets:		8 382 238	11 926 851	8 612 334	12 254 248
2. Current assets					
I. Inventory:					
Raw materials	16	185 865	264 462	246 619	350 907
Work in process	17		-	1 031	1 467
Finished goods	17	115 579	164 454	143 361	203 984
Advance payments for materials	18	6 215	8 843	37 137	52 841
Total inventory:		307 659	437 759	428 148	609 199
III. Receivables:					
Trade receivables	19	187 418	266 672	322 865	459 396
Associate company debts	20	254 907	362 700	355 489	505 815
Other receivables	21	125 713	178 873	69 588	99 015
Deferred expenses	22	29 146	41 471	27 394	38 978
Total receivables:		597 184	849 716	775 336	1 103 204
V. Cash	23	429	610	97 085	138 140
Total current assets:		905 272	1 288 085	1 300 569	1 850 543
TOTAL ASSETS:		9 287 510	13 214 936	9 912 903	14 104 790

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BALANCE SHEET as at 31.12.2012.

LIABILITIES AND SHAREHOLDERS' EQUITY	Note nr.	2012		2011	
		LVL	EUR	LVL	EUR
I. Shareholders' equity:					
Share capital	24	2 549 084	3 627 020	2 549 084	3 627 020
Reserves:	26	5 089 982	7 242 392	5 117 910	7 282 130
Retained earnings:					
a) previous years' retained earnings	25	- 348 407	- 495 738	- 353 354	- 502 777
b) current year profit/(loss)	25	- 491 683	- 699 603	4 947	7 039
Total shareholders' equity:		6 798 976	9 674 071	7 318 587	10 413 411
2. Provisions:					
Total provisions:		12 427	17 682	7 963	11 330
3. Liabilities:					
I. Non-current liabilities:					
Loans from lending institutions	27		-	1 435 060	2 041 906
Other loans	28		-	5 647	8 035
Deferred income	29	160 728	228 695		-
Total non-current liabilities:		160 728	228 695	1 440 707	2 049 941
II. Current liabilities:					
Loans from lending institutions	30	1 441 377	2 050 895	144 728	205 929
Other loans	31	9 665	13 752	69 200	98 463
Advances from customers	32	866	1 232	41 058	58 420
Trade accounts payable	33	455 239	647 747	350 862	499 232
Debt to associated companies	34	94 390	134 305	46 180	65 708
Taxes and social security liabilities	35	243 408	346 338	360 976	513 623
Other liabilities	36	26 323	37 454	44 647	63 527
Deferred income	37		-	46 798	66 588
Accrued liabilities	38	44 111	62 764	41 197	58 618
Total current liabilities:		2 315 379	3 294 487	1 145 646	1 630 108
Total liabilities:		2 476 107	3 523 182	2 586 353	3 680 049
TOTAL LIABILITIES :		9 287 510	13 214 936	9 912 903	14 104 790

Attachments from 12 to 28 pages are an integral part of these financial statements

Chairman of the Board

Eduards Malejevs

Member of the Board

Ēriks Ertmanis

2013.22.05

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CASH FLOW STATEMENT FOR THE PERIOD ENDED
31.12.2012 (indirect method)

I. Cash flow from operating activities

	2012	2012	2011	2011
	LVL	EUR	LVL	EUR
<i>Profit or loss before extraordinary items and taxes</i>	- 424 853	- 604 511	100 590	143 127
<i>Adjustments for:</i>				
a) depreciation of fixed assets	185 048	263 300	194 029	276 078
b) depreciation current assets.	1	1	176	250
c) savings (excluding provisions for unsecured receivables)	4 463	6 350	(8 526)	(12 131)
d) gains or losses from foreign currency exchange rate	1 586	2 257	1 426	2 029
d) profit or loss from the exchange rate fluctuations		-	520	740
f) income from subsidies, grants, gifts or donations	(46 798)	(66 588)	(181 347)	(258 034)
g) other income from interest or similar income	(369)	(525)	(143)	(203)
h) profit/loss from sale of fixed assets	(80 541)	(114 600)	(266 773)	(379 584)
i) interest payments and similar activities	66 452	94 553	81 114	115 415
k) proceeds from fixed asset depreciation of revalued	(27 928)	(39 738)	(13 967)	(19 873)
<i>Profit or loss before current assets and short-term liabilities corrections</i>	(322 939)	(459 500)	(92 901)	(132 186)
<i>Adjustments for:</i>				
a) trade receivables increase (-) or decrease (+)	240 852	342 702	147 337	209 642
b) inventory increase (-) or decrease (+)	60 565	86 176	177 489	252 544
c) accounts payable to suppliers and other creditors increase (+) or decrease (-)	103 511	147 283	(46 347)	(65 946)
Gross cash flow from operating activities	81 989	116 660	185 578	264 054
Interest payments	(72 814)	(103 605)	(75 543)	(107 488)
Expenses in the company's tax payments:	(21 000)	(29 880)	(74 590)	(106 132)
Cash flow before extraordinary items	(11 825)	(16 825)	35 445	50 434
Net cash flow from operating activity	(11 825)	(16 825)	35 445	50 434
II. Cash flow from investing activities				
Fixed assets and intangible investments acquisitions	(49 129)	(69 904)		-
Income from fixed assets sale	99 677	141 828	129 624	184 438
Interest received	366	521	143	203
Net cash flow from investing activities	50 914	72 444	129 767	184 642
III. Cash flow from financing activities				
Loans received	38 800	55 207	56 601	80 536
Loans repaid	(149 901)	(213 290)	(106 546)	(151 601)
Rented asset buy-out expenses	(24 644)	(35 065)	(18 769)	(26 706)
Net cash flow from financing activities	(135 745)	(193 148)	(68 714)	(97 771)
IV. Foreign exchange rate differences			(10)	(14)
V. Net cash flow for the year	(96 656)	(137 529)	96 488	137 290
VI. Cash and cash equivalents at the beginning of the period	97 085	138 140	597	849
VII. Cash and cash equivalents at the end of the period	429	610	97 085	138 140

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Chairman of the Board

Eduards Malejevs

Member of the Board

Ēriks Ertmanis

2013.22.05

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STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR 2012 12 months Report

	Subscribed share capital	Investment revaluation reserve	Statutory reserves	Profit for the year	Previous year's retained earnings	Total share capital and reserves
	LVL	LVL	LVL	LVL	LVL	LVL
Balance as on December 31, 2010	2 549 084			16 835	- 370 189	2 195 730
Profit carried over				- 16 835	16 835	
Profit for the year				4 947		4 947
Fixed assets revaluation reserve		5 117 910				5 117 910
Balance as on December 31, 2011	2 549 084	5 117 910	-	4 947	- 353 354	7 318 587
Profit carried over				- 4 947	4 947	
Profit for the year				- 491 683		- 491 683
Fixed assets revaluation reserve		- 27 928				- 27 928
Balance as on December 31, 2012	2 549 084	5 089 982	-	- 491 683	- 348 407	6 798 976

	Subscribed share capital	Investment revaluation reserve	Statutory reserves	Profit for the year	Previous year's retained earnings	Total share capital and reserves
	EUR	EUR	EUR	EUR	EUR	EUR
Balance as on December 31, 2010	3 627 020			23 954	- 559 116	3 100 289
Profit carried over				- 23 954	23 954	
Profit for the year				7 039	-	7 039
Fixed assets revaluation reserve		7 282 130				7 282 130
Balance as on December 31, 2011	3 627 020	7 282 130	-	7 039	535 162	3 107 328
Profit carried over				- 7 039	7 039	
Profit for the year				- 699 602		- 699 602
Company reserves buildup		- 39 738				- 39 738
Balance as on December 31, 2012	3 627 020	7 242 392	-	- 699 602	- 495 738	9 674 072

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Chairman of the Board

Eduards Malejevs

Member of the Board

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2013.22.05

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Notes to the Financial Statements

1. Accounting Policies

Data in the Financial Statements is in the national currency of Latvian Republic - Lats (LVL), shortened - Ls.

General Principles

The Annual Report is prepared in accordance with 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.

Financial Statements provides true and fair view of the Company's assets, liabilities, financial standing and profits or losses.

Accounting policies ensure that the Financial Statements provide information, which is:

1. Acceptable to Financial Statements' users for making decisions;

2. Is valid in the way that it:

* correctly reflects Company's results and financial standing - not only the legal form but also the economic nature, is neutral,

i.e. non-biased nor deliberate;

* fully represents all real aspects.

Changes to the accounting policies

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

Should the application of the new external legislation and the Latvian Accounting Standard requirements' or voluntary accounting policy affect the reporting period or any previous periods, the LAS Nr.4 shall be applied.

Changes to the accounting policy are to be applied with reversed date effect, thus the Company shall change every balance entry of affected share capital item for all previous periods shown in the Financial Statements, as well as in other comparative tables for all shown periods in a way, as if the new accounting policy had always been used, except when it is not practically possible to evaluate the influence of the change in the accounting policy for the previous period or its overall influence.

Error correction

Literal errors for the previous periods are to be corrected by the Company with reversed date effect 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 starting figures for the latter reporting period's.

Adapted accounting principles

Items of the Annual Report are valued in accordance with the following accounting principles:

a) it is assumed that the Company continues operations;

b) the same valuation methods as for the previous reporting year shall be used;

c) item valuation is performed with due attention, taking into account the following provisions:

- only profit received prior to the Balance Sheet date is used;

- all foreseen risk amounts and losses which have arisen in the reporting year or in the previous years, are included, even when they became known between the Balance Sheet date and the Annual Report preparation date;

- all value depreciations and reductions are considered and calculated regardless of whether the reporting year had profits or losses;

d) all incomes and expenses related to the reporting year are included in the Profit and Loss Statement regardless of payment date, invoice receipt or issuance dates. Expenses are compared with incomes in the corresponding reporting period;

e) assets and liabilities items are valued separately;

f) reporting year's beginning balance is matching the previous year's ending balance;

g) all items which may influence Annual Report's users decision making or valuation, are included;

h) operating activities for the reporting period are reflected taking into account their economic meaning and contents, not legal form.

Reporting period: from 01.01.2012. to 31.12.2012

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Transactions in foreign currency

Data in the Financial Statements is in the national currency of Latvian Republic - Lats (LVL).

All monetary assets and liabilities are translated at the Bank of Latvia rate of exchange on last day of the reporting year.

Differences in exchange rates, arising from foreign currency transactions or when representing asset and liability items, between the exchange rate originally recorded, are to be reflected by their starting net value in the Profit and Loss Statement. Profit or loss, resulted due to the fluctuation of the foreign currency rate, is reflected in the Profit and Loss Statement for the corresponding period.

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

	31.12.2012	31.12.2011	31.12.2010
USD	0.531	0.544	0.535
EUR	0.702804	0.702804	0.702804

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.

Company's non-current liabilities (long-term liabilities) are also those which pay-off term is less than one year but:

- * original liability term was longer than one year;

Intangible assets and fixed assets depreciation

Intangible asset is an asset that:

is believed to bring operating benefits to the Company, related to this asset; which costs can be evaluated.

Only acquired for reward/compensation "concessions, patents, licenses, trade marks and similar rights" can be shown.

In the Balance Sheet all intangible assets are shown at the historical cost less depreciation.

Depreciation is calculated by straight-line method, using the following depreciation rates:

Intangible assets

Software	20-35	%
Licenses	20	%
Trade Marks	20	%
Non-material value	20	%

Intangible asset with specified useful life is systematically depreciated during the rounded up useful life period.

Intangible asset with unlimited useful life is checked for value decrease every year.

Computer software and licenses, commercial licenses, trade marks, patents, certificates and advance payments for the non-material investments are considered as intangible assets. Intangible assets are shown using their net value, computer software used together with licenses and ownership rights.

Fixed Assets:

Fixed assets are physical objects with useful life over 12 calendar months and acquisition value of 50,- LVL and more.

Work tools, production accessories and obligatory work clothes, shoes and other items are not classified as fixed assets, regardless of their acquisition value or useful life.

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

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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.		

Unfinished construction object's historic cost is increased by the interest paid on the loan taken for construction of the fixed asset and on other costs arising in relation to the given object until it is completed and accepted for usage.

Unfinished construction object's historic cost is, however, not increased by the interest paid on the loan taken for construction of the fixed asset should the construction work during the periods when the construction is not taking place.

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.

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.

Long-term financial investments

Long-term financial investments are purchase of a company (or shares of it), long-term loans, long-term investments.

Long-term investments are investments with pay-off date of over one year and are outside the reporting year.

Investments in subsidiaries and related Company shareholding.

Investments in subsidiaries and in capital of the related companies are treated as costs. Company recognises incomes only when they are received from the related company as distribution of its profits. Should the investment exceed the profit received, then it is reflected as investment expenditure reduction. Should there be sufficient ground to believe that the capital value of the company has decreased, then losses from the decrease are calculated as the difference between the original investment and the ending value of the investment. The ending value is calculated as the larger of the following indicators: investment's true value, from which the sales costs are deducted and company's usage value. Losses resulting from investment value's decrease can be reversed, if after the last time the losses from value decrease were recognised they have changed which was used for determining the decreased value.

Inventory valuation

Received and issued goods management

is performed with help of computer software "IC". Uninterrupted inventory method is applied in monitoring wholesale movement of goods. During the reporting year, warehouse management software reflected every movement of inventory- sale, internal movement, return of goods to the supplier, return of goods from buyers. The goal of annual inventory is to check the correctness of inventory movement management system. 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 (Customs' duties, transport costs, delivery services etc) proportion which is related to the stocks valued.

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 receivable are valued on precautionary basis in the balance sheet, showing only real debtors. Actual accounts receivable amounts comply with the contracts and other documents presented. The accounts receivable comparison is performed and bad debts are written off as well as provisions for doubtful debts have been made, based on evaluation of individual client's financial standing and operating activity analysis.

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.

Debtor and creditor liabilities are checked in the 4th quarter of every reporting year, and reconciliation statement is issued.

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The debtor and creditor mutual reconciliation has been performed with mutual reconciliation acts.

Differences, discovered during comparison of accounting data are to be resolved in the annual report for the reporting year.

Net turnover

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

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;

Incomes are recognised, using the following methods:

- * interest, based on the proportional division of time, taking into account actual profitability;
- * royalties are recognised in accordance with accumulation principle in connection with the corresponding agreement;
- * dividends are recognised when the Company has legal grounds to receive them.

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

All significant cost items are processed per accumulation principle.

Cash and cash equivalents

Cash and cash equivalents consist from cash on hand and current balances in the bank accounts.

Financial Asset's or Liability's real value

The real value of financial assets and liabilities reflect the cash quantity, for which the asset can be sold or liabilities can be paid off between two independent parties. Should in Management's view, financial asset and liability real value is different from the Balance Sheet values, then that real value of assets and liabilities can be separately reflected in the Notes to the Financial Statements.

Accounts Payable

Accounts payable are shown in the Balance Sheet on the basis of corresponding documents and entries in the accounting registers, which are compared with creditors' own data.

These liabilities are correspondingly separated into long-term debts (liabilities) and short-term liabilities. Short-term liabilities - liabilities which arise during the usual operating of the company and which should be settled not later than 12 months after the Balance Sheet date. Long-term liabilities - liabilities, settlement of which should start not earlier than one year after end of the reporting year. Loan or leasing liabilities are divided accordingly into short-term and long-term parts.

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 dividing the total salaries for 2012 by 12 months.

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 Bank of Latvia 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,

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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 economical 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.

Reclassification of subjects (items)

In 2012, due to changes in legislation and opinion of management, no changes have been made in classification of items in comparison with 2011 report.

Chairman of the Board

Eduards Malejevs

Member of the Board

Ēriks Ertmanis

2013.22.05

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2. Notes to the Profit and Loss statement entries

Note Nr.1

Net Turnover

Net turnover is income from main activity of the Company, sale of goods and supply of services from which trade discounts and other assigned discounts are subtracted, as well as value added tax and other taxes directly related to sales.

Type of activity	2012	2012	2011	2011
	LVL	EUR	LVL	EUR
Income from exports of finished goods	151 703	215 854	422 960	601 818
Income from rent of premises	262 015	372 814	363 997	517 921
Income from sale of finished goods in the local market	52 315	74 438	158 852	226 026
Income from utility services	476 394	677 848	341 774	486 301
Income from sale of materials	75 263	107 090	132 596	188 667
Total	1 017 690	1 448 044	1 420 179	2 020 733

Division of net turnover by geographical markets

LV	865 987	1 232 188	880 153	1 252 345
EE	1 599	2 275	4 328	6 158
DE	38	54	2 055	2 924
RU	21 990	31 289	28 500	40 552
PL		-	600	854
FI	5 620	7 997		-
IT	63 355	90 146	354 213	504 000
BY	8 153	11 601	10 965	15 602
CZ	49 679	70 687	37 985	54 048
GB	1 269	1 806		-
LT		-	1 380	1 964
	1 017 690	1 448 044	1 320 179	1 878 448

Note Nr. 2

Cost of goods sold

Costs of production or purchasing in order to perform sale of goods or supply of services

Cost type

Cost type	2012	2012	2011	2011
	LVL	EUR	LVL	EUR
Personnel costs	21 592	30 723	33 624	47 843
Provisions for leave and social security	938	1 335	992	1 411
Depreciation of fixed assets	75 955	108 074	85 112	121 103
Depreciation of fixed assets (project 124000075)	109 093	155 225	109 093	155 225
Write-off of cost of turnaround means	40 697	57 907	46 076	65 560
Changes in finished goods inventory	194 458	276 689	409 347	582 448
Changes in purchased materials and goods inventory	75	107	122 363	174 107
Services for productions	2 854	4 061	49 505	70 439
Ongoing maintenance and repair	31 164	44 342	24 374	34 681
Real estate property maintenance	531 389	756 098	384 908	547 675
Other costs	15 711	22 355	19 571	27 847
Total	1 023 926	1 456 916	1 282 981	1 825 517

Notes to the Profit and Loss statement entries (continued)

Note Nr. 3

Sales costs

Cost type

Cost type	2012	2012	2011	2011
	LVL	EUR	LVL	EUR
Commissions paid			9921	14116
Goods' transport costs	13 939	19 833	28 838	41 033
Sales costs	7 421	10 559	25 490	36 269
Advertising costs	1 772	2 521	10 361	14 742
Total	23 132	32 913	74 610	106 160

Note Nr. 4

Administrative costs

Cost type

2012	2012	2011	2011
LVL	EUR	LVL	EUR

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Personnel costs	57 529	81 856	83 737	119 147
Provisions for leave and social security	3 525	5 016 -	7 534 -	10 720
Representation costs	1 284	1 827	2 822	4 015
Office expenses	3 496	4 974	4 066	5 785
Communication expenses	7 679	10 926	7 213	10 263
Bank expenses	12 066	17 168	6 749	9 603
Transport costs	13 055	18 576	15 256	21 707
Accounting and legal expenses	3 557	5 061	7 574	10 777
Consulting services	3 340	4 752	-	-
Other administrative costs	7 699	10 955	7 858	11 181
Total	113 230	161 111	127 741	181 758

Note Nr. 5

Other incomes from operating activity

Type on income	2012	2012	2011	2011
	LVL	EUR	LVL	EUR
Receivables from grant financing (project 124000075)	46 798	66 588	181 347	258 034
Sale of fixed assets (neto income0)	80 541	114 600	266 773	379 584
Other income	29 754	42 336	16 493	23 467
Debt write-off	-	-	61 821	87 963
Revenue from goods are posted to	13 318	18 950	-	-
Total	170 411	242 474	526 434	749 048

Note Nr. 6

Other incomes/expenses from operating activity

Type of income/expense	2012	2012	2011	2011
	LVL	EUR	LVL	EUR
Net profits from Exchange rate fluctuations on net	2 716	3 865	1 873	2 665
Net profit from the net of the exchange rate of purchase/sales	109 753	156 164	67 334	95 808
Net interest	145 040	206 373	27 317	38 869
Provisions for unsecured debts	16 827	23 943	-	-
Previous years ' expenditure	16 277	23 160	-	-
With economic activity related expenditure	684	973	4 647	6 612
With economic activity in the associated costs (losses)	95 286	135 580	78 029	111 025
Total	386 583	550 058	179 200	254 979

Note Nr. 7

Other interest and similar income

Type of income	2012	2012	2011	2011
	LVL	EUR	LVL	EUR
Interest received on account balances	369	525	143	203
Total	369	525	143	203

Notes to the Profit and Loss statement entries (continued)

Note Nr. 8

Other interest and similar expenses

Type of expense	2012	2012	2011	2011
	LVL	EUR	LVL	EUR
The rest of the securities	-	-	520	740
Total	-	-	520	740

Note Nr. 9

Deferred Corporate Income Tax

	2012	2012	2011	2011
	LVL	EUR	LVL	EUR
Loan interest paid	-	-	-	-
Total:	66 452	94 553	81 114	115 415

Note Nr. 10

Other taxes

	2012	2012	2011	2011
	LVL	EUR	LVL	EUR
Deferred corporate income tax	-	-	-	-
Total:	-	-	-	-

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	2012	2012	2011	2011
	LVL	EUR	LVL	EUR
FA and intangible assets net book value financial accounting	1 703 753	2 424 222	1 721 782	2 449 875
FA and intangible assets net book value for tax purposes	-323 955	-460 946	-355 239	-505 460
	1 379 798	1 963 276	1 366 543	1 944 415
Vacation accruals	-12 427	-17 682	-7 963	-11 330
Tax deductible losses	-1 468 035	-2 088 826	-1 474 102	-2 097 458
Provisions for bad debts		0		0
	-100 664	-143 232	-115 522	-164 373
Temporary difference	x 15%	x 15%	x 15%	x 15%
	-15100	-21485	-17328	-24656
The difference from last year	2228	3171	14747	20983
Note Nr. 11	2012	2012	2011	2011
	LVL	EUR	LVL	EUR
Real estate tax, land	11 815	16 811	13 813	19 654
Real estate tax for buildings and structures	55 015	78 279	67 083	95 451
Total:	66 830	95 090	80 896	115 105

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Notes to the Financial Statements

Notes to the Balance Sheet as on December 31, 2012.

12. Intangible assets

	Computer software	Patents and trade marks	Other licenses	Pre-payments for intangible assets	Intangible assets total, LVL	Intangible assets total, EUR
Historical cost						
31.12.2011.	7 363	-	-	-	7 363	10 477
Purchased	-	-	-	-	-	-
Relocated	-	-	-	-	-	-
Written-off	-	-	-	-	-	-
31.12.2012.	7 363	-	-	-	7 363	10 477
Depreciation						
31.12.2011.	7 362	-	-	-	7 362	10 475
Calculated	1	-	-	-	1	1
Written-off	-	-	-	-	-	-
31.12.2012.	7 363	-	-	-	7 363	10 477
Net book value						
31.12.2011.	1	-	-	-	1	1
Net book value						
31.12.2012.	-	-	-	-	-	-

Intangible assets are shown in the Balances Sheet as per their net book value.

13. Fixed Assets

	Land	Buildings and constructions	Technological equipment	Other fixed assets	Total LVL	Total EUR
Historical cost						
31.12.2011.	3 135 687	3 159 801	582 655	225 552	7 103 695	10 107 647
Reclassified	82 876	2 984 640			3 067 516	4 364 682
Purchased			35 231	13 521	48 752	69 368
Written-off			147 035	21 423	168 458	239 694
31.12.2012.	3 052 811	175 161	470 851	217 650	3 916 473	5 572 639
Depreciation						
31.12.2011.	-	416 865	357 228	174 704	948 796	1 350 015
Calculated		35 216	29 179	11 560	75 955	108 074
Purchased		403 920			403 920	574 726
Written-off			121 842	12 376	134 218	190 975
31.12.2012.		48 160	264 565	173 888	486 613	692 388
Net book value						
31.12.2011.	3 135 687	2 742 937	225 427	50 848	6 154 899	8 757 633
Net book value						
31.12.2012.	3 052 811	127 001	206 286	43 762	3 429 861	4 880 253

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Notes to the Balance Sheet (continued)

	Technological equipment (project 124000075)		Pre-payments for fixed assets	construction of fixed assets	Total LVL	Total EUR
Historical cost						
31.12.2011.	1 827 372	-	-	973 767	2 801 139	3 985 662
Purchased	-	-	-	-	-	-
Written-off	-	-	-	-	-	-
31.12.2012.	1 827 372	-	-	973 767	2 801 139	3 985 662
Depreciation						
31.12.2011.	736 441	-	-	-	736 441	892 636
Calculated	109 093	-	-	-	109 093	155 225
Written-off	-	-	-	-	-	-
31.12.2012.	845 534	-	-	-	845 534	1 203 086
Net book value						
31.12.2011.	1 090 931	-	-	973 767	2 064 698	2 937 801
Net book value						
31.12.2012.	981 838	-	-	973 767	1 955 605	2 782 575

Assets in the balance sheet are presented in the remainder of the value of the real estate cadastre value 4 517871 LVL.

According to 30.06.2011 g. Ober Haus Real State Company report on real estate market values were revalued fixed .

assets: land and buildings

Residue of fixed assets on December 31, 2012 were checked during inventory January 14, 2013.

Buildings, constructions, technological equipment and cars are insured.

Financial leasing: the fixed assets

FA name	The lessor shall	FA original value	FA net book value	A leasing contract is not paid, the amount	The leasing period
A/m Jaguar Daimler Super Eight	Citadele Līzings	67 898	18 147	9 666	30.06.2013

Dismantled and scrapped, sold, fixed assets and intangible investments result:

	2012	2012	2011	2011
	LVL	EUR	LVL	EUR
Original value	168 457	239 693	376 927	536 319
Accumulated depreciation	134 218	190 975	182 421	259 562
Net book value	34 239	48 718	194 506	276 757
Sales income	80 541	114 600	292 346	415 971

Long-term financial investments:

	2012	2012	2011	2011
	LVL	EUR	LVL	EUR
Original value				
Reclassified	3 067 516	4 364 682		
31.12.2012	3 067 516	4 364 682		
Depreciation				
Reclassified	403 920	574 726		
31.12.2012	403 920	574 726		
Balance sheet value 31.12.2011				
Balance sheet value 31.12.2012				
Total	2 663 596	3 790 005		

15.Long-term financial investments

	2012	2012	2011	2011
	LVL	EUR	LVL	EUR
Expenses for disposal of project No. 124000075	197 760	281 387	223 580	318 126
Other loans	118 088	168 024	151 828	216 032
Deferred tax assets	17 328	24 656	17 328	24 656
Total	333 176	474 067	392 736	558 814

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16. Raw materials

	2012	2012	2011	2011
	LVL	EUR	LVL	EUR
Raw materials	72 296	102 868	156 661	222 909
Inventory in use	113 569	161 594	89 958	127 999
	185 865	264 462	246 619	350 908

17. Stock

	2012	2012	2011	2011
	LVL	EUR	LVL	EUR
Unfinished goods			-	1 031
Finished goods and goods in warehouse	115 579	164 454	143 361	203 984
Total	115 579	164 454	144 392	205 451

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18. Advance payments for goods		2012	2012	2011	2011
		LVL	EUR	LVL	EUR
Advance payments for materials		1 946	2 769	13 818	19 661
Advance payments to non-residents		4 269	6 074	23 319	33 180
Goods in bonded storage		-	-	-	-
Total		6 215	8 843	37 137	52 841

19. Trade receivables		2012	2012	2011	2011
		LVL	EUR	LVL	EUR
Receivables (non-residents)		16 013	22 784	81 306	115 688
Receivables (residents)		221 442	315 084	241 559	343 707
The savings are not safe for customers		- 50 037	- 71 196	-	-
Book value of purchases and customers, total	Total	187 418	266 672	322 865	459 395
Provisions for doubtful debts		-	-	-	-
Net trade receivables, total		187 418	266 672	322 865	459 395

20. Associated companies debts		2012	2012	2011	2011
		LVL	EUR	LVL	EUR
Trade accounts payable		9 556	13 597	355 489	505 815
Loans		229 307	326 274	-	-
Advance payments for services		16 044	22 829	-	-
Total		254 907	362 700	355 489	505 815

21. Other receivables		2012	2012	2011	2011
		LVL	EUR	LVL	EUR
VAT confirmed (unpaid invoices)		-	-	-	-
Settlements with employees		11 915	16 954	19 007	27 045
Tax pre-payments for customs procedures		-	-	735	1 046
Loans to employees		5 094	7 248	5 094	7 248
Provisions for loan officers		- 5 094	- 7 248	-	-
Other loans		113 798	161 920	44 437	63 228
Others		-	-	315	448
Total		125 713	178 874	69 588	99 015

22. Deferred expenses		2012	2012	2011	2011
		LVL	EUR	LVL	EUR
Insurance expenses		3 326	4 732	1 190	1 693
Expenses for repairs of buildings and premises		-	-	-	-
Expenses for implementation of project Nr.124000075		25 820	36 739	25 820	36 739
Expenses for reconstruction of block I-2		-	-	-	-
Other expenses		-	-	384	546
Total		29 146	41 471	27 394	38 978

23. Cash and cash equivalents		2012	2012	2011	2011
		LVL	EUR	LVL	EUR
Cash on hand		16	23	25 035	35 622
Cash in bank accounts		413	588	72 050	102 518
Total		429	611	97 085	138 140

Notes to the Balance Sheet (continued)

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24. Information about company's share capital

On 31.12.2012 company's share capital consisted of 2549084 registered and fully paid shares with nominal value of 1 Ls.

Larges shareholders of JSC "VEF Radiotehnika RRR" are:

Shareholders	Number of shares		Value			
			LVL		EUR	
	2012.12.31.	2011.12.31.	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Baltlains Intern Ltd.	0	622338	0	622338	0	885507
Jekaterina Malejeva	270000	270000	270000	270000	384175	384175
Eduards Malejevs	941880	715282	941880	715282	1340175	1017755
Jurijs Malejevs	864512	531006	864512	531006	1230090	755553
Inga Sprūga	330086	267852	330086	267852	469670	381119
Others (<5%)	142606	142606	142606	142606	202910	202910
Total:	2549084	2549084	2549084	2549084	3627020	3627019

25. 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.

	2012	2012	2011	2011
	LVL	EUR	LVL	EUR
Previous years' retained earnings/losses	-348 407 -	495 738	-353 353 -	502 776
Current year profit/loss	-491 683 -	699 602	4 947	7 039
Total	- 840 090 -	1 195 340 -	348 406 -	495 737
	2012	2012	2011	2011
	LVL	EUR	LVL	EUR

26. Long term investment revaluation reserve

Preliminary value	5 117 910	7 282 130	5 131 877	7 302 003
proceeds of the revalued asset depreciation	-27 928	-39 738	-13 967	-19 873
Total	5 089 982	7 242 392	5 117 910	7 282 130

27. Long-term loans from lending institutions

	2012	2012	2011	2011
	LVL	EUR	LVL	EUR
Loan from JSC SEB Banka (EUR)			1 435 060	2 041 906
Total	-	-	1 435 060	2 041 906

In accordance with Loan Agreement Nr.KD04277 from 24.11.2005, obligations are secured with primary pledge of the real estate property located in Riga at the address Kurzemes prospekts 3 (Landbook section Nr.18732) and primary commercial pledge on fixed assets, purchased under Project Nr.124000075 for the amount of 1813461 LVL.

28. Other loans (long-term)

	2012	2012	2011	2011
	LVL	EUR	LVL	EUR
Financial lease from SIA CITADELE Lizins un Faktoringas			5 647	8 035
Total	-	-	5 647	8 035

29. Deferred income (long-term)

	2012	2012	2011	2011
	LVL	EUR	LVL	EUR
Individual income tax	45000	64029.23		
State social security payments	55572	79071.83		
Real estate tax	58682	83496.96		
Natural resources tax	1 474	2 097		
Total	160 728	228 695	-	-

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30. Short-term loans from lending institutions	2012	2012	2011	2011
	LVL	EUR	LVL	EUR
Credit line from JSC SEB Banka (LVL)	7 346	10 452	-	-
Loan from JSC SEB Banka (EUR)	1 434 031	2 040 442	144 728	205 929
Total	1 441 377	2 050 894	144 728	205 929

In accordance with Loan Agreement Nr.KD04277AND kd08128, obligations are secured with primary pledge of the real estate property located in Riga at the address Kurzemes prospekts 3 (Landbook section Nr.18732) and primary commercial pledge on fixed assets, purchased under Project Nr.124000075 for the amount of 1813461 LVL.

31. Other loans (short-term)	2012	2012	2011	2011
	LVL	EUR	LVL	EUR
Financial lease from SIA CITADELE Līzins un Faktoring	9 665	13 752	14 364	20 438
Financial lease from SIA DnB Nord Līzings (EUR)	-	-	11 995	17 067
Financial lease from SIA SEB līzings (EUR)	-	-	2 305	3 280
Settlement of debts to personnel	-	-	24 484	34 838
Other loans	-	-	16 052	22 840
Total	9 665	13 752	69 200	98 463

32. Advances from customers	2012	2012	2011	2011
	LVL	EUR	LVL	EUR
Advances from non-residents	45	64	39 956	56 852
Advances from residents	821	1 168	1 102	1 568
Total	866	1 232	41 058	58 420

33. Due to suppliers and providers (short-term)	2012	2012	2011	2011
	LVL	EUR	LVL	EUR
Trade accounts payable to non-residents	14 286	20 327	25 822	36 741
Trade accounts payable to residents	440 953	627 420	325 040	462 490
Total	455 239	647 747	350 862	499 232

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34. the Debt to associated companies	2012	2012	2011	2011
	LVL	EUR	LVL	EUR
Advance payments received from customers	8 314	11 830	29 302	41 693
Loans	38 800	55 207	6 186	8 802
Payment for services	47 276	67 268	10 692	15 213
Kopā	94 390	134 305	46 180	65 708

Notes to the Balance Sheet (continued)

35. Taxes and social insurance payments	2012	2012	2011	2011
	LVL	EUR	LVL	EUR
Personal Income Tax	9 085	12 927	60 220	85 685
State Social Insurance payments	11 027	15 690	110 998	157 936
Value Added Tax	83 023	118 131	50 538	71 909
Real estate tax for building and constructions	139 523	198 523	137 074	195 039
Nature resources tax	746	1 061	2 121	3 018
Corporate risk tax	4	6	17	24
Total	243 408	346 338	360 968	513 611

36. Other liabilities	2012	2012	2011	2011
	LVL	EUR	LVL	EUR
Salaries	11 745	16 712	27 272	38 805
Advance settlement amounts	795	1 131	3 224	4 587
Security	11 507	16 373	11 823	16 823
Other creditors	2 276	3 238	2 328	3 312
Total	26 323	37 454	44 647	63 527

37. Deferred income (short-term)	2012	2012	2011	2011
	LVL	EUR	LVL	EUR
Income from grant financing (project Nr.124000075)		-	46 798	66 588
Total	-	-	46 798	66 588

38. Accumulated obligated	2012	2012	2011	2011
	LVL	EUR	LVL	EUR
Current expense	44 111	62 764	41 197	58 618
Total	44 111	62 764	41 197	58 618

Chairman of the Board Eduards Malejevs

Member of the Board Ēriks Ertmanis

2013.22.05

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Notes to the Financial Statements

General Notes

1. Average number of employees during the year

Average number of employees during the year

Year 2012	Year 2011
24	33

2. Total personnel costs

- salaries

- Social security payments

- Corporate risk tax

- including:

Management salaries

- salaries

- Social security payments

- Corporate risk tax

- total:

	2012	2012	2011	2011
	LVL	EUR	LVL	EUR
	79 121	112 579	117 361	166 988
- salaries	64 291	91 478	95 027	135 211
- Social security payments	14 759	21 000	22 232	31 633
- Corporate risk tax	71	101	101	144
- including:				
Management salaries				
- salaries	16 989	24 173	15 810	22 496
- Social security payments	5 686	8 090	3 573	5 084
- Corporate risk tax	9	13	9	13
- total:	22 684	32 276	19 392	27 593

3. taxes, duties and compulsory social insurance contributions in motion

Type of tax	(-) underpayment, (+) overpayment			(-) underpayment, (+) overpayment		
	31.12.2011.	Correction	Calculated	Paid	NAP long	31.12.2012.
Value added tax	41799	-591	19 417	2 335		58 290
delay's money	8739		15 994			24 733
Personal income tax	60219	-17898	13 267	23 248	27 102	5 238
delay's money		17898	8 985	5 139	17 898	3 847
State social security obligatory payments	110999	-31855	21 498	56 193	35 023	9 426
delay's money		31855	13 081	22 786	20 549	1 601
Business risk duty	25		74	95		4
delay's money			3	3		-
Nature resources tax	2121	-610	191	350	864	488
delay's money		610	319	61	610	258
Real estate tax	137074	-25112	65 685	21 000	33 570	123 076
delay's money		25112	16 447		25 112	16 447
	360 976	(591)	174 961	131 210	160 728	243 408
Tax overpayment	315	-315				
Tax debt	360 660					243 408
The penalty is calculated	8 739	75 475	54 829	27 989	64 169	46 886

4. transactions with related parties

Related persons are society's subsidiary and associated companies, as well as its members/shareholders, who can control the company or which have significant impact on society, with core business decisions, the company or its parent the company's senior management officials and any of the aforementioned individuals a close family member, as well as the company, which is controlled by that person, or which have a significant impact on them.

The company's shareholders is significant impact on the, SIA "Baltain" ID.No 40003173740, SIA "Imanta Retail Park" TRK. No 40103265172, SIA "albatross" and "reg. No. 40003761361.

The goods are sold to related parties and bought from associated person of normal (normal). Outstanding commitments at the end of the year is no way of ensuring, and settlement is made in cash. For any related party receivables is delivered or received any of the warranty in 2012

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Related party		Sales to related parties	Purchases from related parties	Loans provided	Loans received	Amounts owed by related parties	Amounts owed to related parties
The company, which have a significant impact of the company:							
SIA Imanta Retail Park"	2011	526 838	10 174	-	-	352 010	-
	2012	201 720	41 700	217 279	-	242 879	-
SIA "Baltlains"	2011	-	-	2 553	-	-	-
	2012	-	442	12 028	-	12 028	-
SIA "Albatross un parteri"	2011	52 764	-	-	12 943	3 479	46 180
	2012	14 516	53 497	-	38 800	-	94 390
TOTAL	2011	579 602	10 174	2 553	12 943	355 489	46 180
TOTAL	2012	216 236	95 639	229 307	38 800	254 907	94 390

Information on the reimbursement of certified auditors commercial company total in the reference year

AS BDO

For annual year 2012- 2 100 LVL

Together 2 100 LVL

Annual report is accepted and signed from page 1 till 28

Chairman of the Board

Eduards Malejevs

Member of the Board

Ēriks Ertmanis

2013.22.05