

**AS "VEF Radiotehnika RRR"**

**Unified Registration No. 40003286712**

**Address: Kurzemes prospekts 3, Riga, LV-1067**

**ANNUAL REPORT**

**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**AS “VEF Radiotehnika RRR”  
Annual accounts for the year ended September 30, 2018**

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**AS "VEF Radiotehnika RRR"**  
**Annual accounts for the year ended September 30, 2018**

**GENERAL INFORMATION**

<b>Full name of the Company</b>	<i>AS "VEF Radiotehnika RRR"</i>
<b>Legal status of the Company</b>	<i>Public Joint-Stock Company</i>
<b>Registration No., place and date of issue</b>	<i>40003286712 1998.12.11</i>
<b>Legal address of the Company</b>	<i>Kurzemes prospekts 3, Riga, LV-1067</i>
<b>Phone number</b>	<i>67418087</i>
<b>NACE code</b>	<i>26.40      Manufacture of electronic devices 68.20      Real estate management with remuneration                  or based on agreements</i>
<b>Council members</b>	
Chairman of the Council	<i>Eduards Maļejevs</i>
Council Member	<i>Inārs Kļaviņš</i>
Council Member	<i>Martiņš Perts</i>
Council Member	<i>Genādijs Hotejevs</i>
Council Member	<i>Vjačeslavs Mihailovins</i>
<b>Board members</b>	
Chairman of the Board	<i>Ēriks Ertmanis</i>
Board Member	<i>Olga Romaņko</i>
<b>Reporting year</b>	<i>from    2018.01.01    till    2018.09.30</i>
<b>Previous reporting year</b>	<i>from    2017.01.01    till    2017.12.31</i>
<b>Chief Accountant</b>	<i>Olga Romaņko</i>
<b>Phone number</b>	<i>67852054</i>
<b>Auditor</b>	<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"**  
**Annual accounts for the year ended September 30, 2018**

**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:	6 962 EUR
Net result:	6 962 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 AS "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

Ēriks Ertmanis

Member of the Board

Olga Romaņko

November 30, 2018

**AS “VEF Radiotehnika RRR”  
Annual accounts for the year ended September 30, 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 30 September 2018, 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

Ēriks Ertmanis

Member of the Board

Olga Romāņko

November 30, 2018

**AS "VEF Radiotehnika RRR"**  
**Annual accounts for the year ended September 30, 2018**

**Profit or loss account for the year ended September 30, 2018**

	Notes	2018 EUR	2017 EUR
Net sales	1	193 084	788 941
b) other operating activities		193 084	788 941
Cost of sales	2	(177 227)	(674 186)
<b>Gross loss</b>		<b>15 857</b>	<b>114 755</b>
Selling expenses	3	(3 141)	(22 897)
Administrative expenses	4	(42 592)	(64 020)
Other operating income	5	38 545	1 342 987
Other operating expenses	6	(7 902)	(145 761)
Interest expenses and similar expenses	7	(87)	(114)
<b>Profit before taxes</b>		<b>6 962</b>	<b>1 224 950</b>
<b>Current year's profit / (loss)</b>		<b>6 962</b>	<b>1 224 950</b>
Profit/ (loss) per share		<b>0,003</b>	<b>0,481</b>

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

Chairman of the Board

Ēriks Ertmanis

Member of the Board/Chief Accountant

Olga Romaņko

November 30, 2018

**AS "VEF Radiotehnika RRR"**  
**Annual accounts for the year ended September 30, 2018**

**Balance sheet as at 30.09.2018**

ASSETS	Note	<u>2018</u>	<u>2017</u>
		EUR	EUR
<b>I. Non-current assets</b>			
<b>II. Fixed assets:</b>			
<b>I. Real estate renting services</b>			
Land, buildings and constructions		261 442	266 902
Equipment and vehicles		148 594	208 368
Other fixed assets		20 930	21 818
<b>Total fixed assets:</b>	<b>8</b>	<b><u>430 966</u></b>	<b><u>418 840</u></b>
<b>Total long-term financial investments:</b>		<b><u>430 966</u></b>	<b><u>418 840</u></b>
<b>2. Current assets</b>			
<b>I. Inventory:</b>			
Raw materials	<b>9</b>	23 687	35 078
Work in progress	<b>10</b>	29 940	14 870
Finished goods and goods for sale	<b>10</b>	40 633	14 003
Advance payments for materials	<b>11</b>	16 893	16 078
<b>Total inventory:</b>		<b><u>111 153</u></b>	<b><u>80 659</u></b>
<b>III. Receivables:</b>			
Trade receivables	<b>12</b>	94 976	157 476
Receivables from related parties	<b>13</b>	159 232	320 927
Other receivables	<b>14</b>	23 797	7 878
Prepaid expenses	<b>15</b>	848	429
<b>Total receivables:</b>		<b><u>278 853</u></b>	<b><u>486 710</u></b>
<b>V. Cash</b>	<b>16</b>	<b><u>362</u></b>	<b><u>5 351</u></b>
<b>Total current assets:</b>		<b><u>390 368</u></b>	<b><u>572 720</u></b>
<b>TOTAL ASSETS:</b>		<b><u>821 334</u></b>	<b><u>1 069 808</u></b>

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

**AS "VEF Radiotehnika RRR"**  
**Annual accounts for the year ended September 30, 2018**

**Balance sheet as at 30.09.2018**

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	2018	2017
		EUR	EUR
<b>1. Shareholders' equity:</b>			
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	6 962	1 224 950
<b>Total shareholders' equity:</b>		<b>548 700</b>	<b>541 738</b>
<b>3. Liabilities:</b>			
<b>I. Non-current liabilities:</b>			
Trade accounts payable	22	-	47 206
Taxes and social security liabilities	24	18 868	18 868
<b>Total non-current liabilities:</b>		<b>18 868</b>	<b>66 074</b>
<b>II. Current liabilities:</b>			
Loans from other creditors	20	5 584	6 029
Advances from customers	21	1 365	1 507
Trade accounts payable	22	179 291	208 008
Payables to related parties	23	-	163 931
Taxes and social security liabilities	24	44 479	35 048
Other creditors	25	9 450	20 522
Accrued liabilities	26	13 597	26 951
<b>Total current liabilities:</b>		<b>253 766</b>	<b>461 996</b>
<b>Total liabilities:</b>		<b>272 634</b>	<b>528 070</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY:</b>		<b>821 334</b>	<b>1 069 808</b>

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

Chairman of the Board

Ēriks Ertmanis

Member of the Board/Chief Accountant

Olga Romāņko

November 30, 2018



**AS "VEF Radiotehnika RRR"**  
**Annual accounts for the year ended September 30, 2018**

**Cash flow statement for the year ended September 30, 2018 (indirect method)**

<b>I. Cash flow from operating activities</b>	Note	<u><b>2018</b></u>	<u><b>2017</b></u>
		<u><b>EUR</b></u>	<u><b>EUR</b></u>
<i>Loss before extraordinary items and taxes</i>		<u><b>6 962</b></u>	<u><b>1 224 950</b></u>
<i>Adjustments for:</i>			
a) depreciation of fixed assets and investment properties		57 067	80 725
h) profit/loss from sale of fixed assets		(36 555)	(3 352)
i) interest payments and similar activities		87	114
<i>Loss before working capital and current liabilities adjustments</i>		<u><b>27 561</b></u>	<u><b>1 302 437</b></u>
<i>Adjustments for:</i>			
a) debtors increase (-) or decrease (+)		62 500	(89 506)
b) inventory increase (-) or decrease (+)		(30 494)	22 423
c) accounts payable to suppliers and other creditors increase (+) or decrease (-)		(41 872)	(1 132 470)
<i>Gross cash flow from operating activities</i>		<u><b>17 695</b></u>	<u><b>102 884</b></u>
Interest payments		(87)	(114)
Real estate tax payments			(34 176)
<i>Cash flow before extraordinary items</i>		<u><b>17 608</b></u>	<u><b>(68 594)</b></u>
<i>Net cash flow from operating activity</i>		<u><b>17 608</b></u>	<u><b>(68 594)</b></u>
 <b>II. Cash flow from investing activities</b>			
Acquisition of fixed assets and intangibles		-	(71 818)
Proceeds from disposal of fixed assets and intangibles		15 750	15 750
<b>Net cash flow from investing activities</b>		<u><b>15 750</b></u>	<u><b>(56 068)</b></u>
 <b>III. Cash flow from financing activities</b>			
Loans repaid		(38 347)	(7 568)
<b>Net cash flow from financing activities</b>		<u><b>(38 347)</b></u>	<u><b>(7 568)</b></u>
 <b>V. Net cash flow for the year</b>		<u><b>-4 989</b></u>	<u><b>4 958</b></u>
<b>VI. Cash and cash equivalents at the beginning of the period</b>		<u><b>5 351</b></u>	<u><b>393</b></u>
<b>VII. Cash and cash equivalents at the end of the period</b>	<b>16</b>	<u><u><b>362</b></u></u>	<u><u><b>5 351</b></u></u>

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

Chairman of the Board

Ēriks Ertmanis

Member of the Board / Chief Accountant

Olga Romāņko

November 30, 2018

**AS "VEF Radiotehnika RRR"**  
**Annual accounts for the year ended September 30, 2018**

**Statement of changes in equity for the year ended September 30, 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
<b>Balance as on December 31, 2016</b>	<b>3 568 718</b>	<b>58 302</b>	<b>60 649</b>	<b>(1 004 681)</b>	<b>(3 465 753)</b>	<b>(782 765)</b>
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
<b>Balance as on December 31, 2017</b>	<b>3 568 718</b>	<b>58 302</b>	<b>160 202</b>	<b>1 224 950</b>	<b>(4 470 434)</b>	<b>541 738</b>
Loss carried over			-	(1 224 950)	1 224 950	-
Change in share capital	(3 313 810)				3 313 810	-
Profit for the year	-		-	6 962	-	6 962
<b>Balance as on September 30, 2018</b>	<b>254 908</b>	<b>58 302</b>	<b>160 202</b>	<b>6 962</b>	<b>68 326</b>	<b>548 700</b>

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

Chairman of the Board

Ēriks Ertmanis

Member of the Board / Chief Accountant

Olga Romāņko

November 30, 2018

**AS "VEF Radiotehnika RRR"**  
**Annual accounts for the year ended September 30, 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 2018 there have been no changes in classification of items in comparison with the 2017.

**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:

	2018.09.30	2017.12.31
RUB	76,1422	69,392
USD	1,1576	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.

**AS "VEF Radiotehnika RRR"**  
**Annual accounts for the year ended September 30, 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 September 30, 2018**

**(1) Net Turnover**

<b>Type of activity</b>	<b>2018</b>	<b>2017</b>
	<b>EUR</b>	<b>EUR</b>
Income from exports of finished goods	5 374	78 095
Income from rent of premises	1 325	995
Income from sale of finished goods in the local market	30 879	82 361
Income from utilities service provided to third parties	96 006	586 682
Income from sale of materials	59 500	40 808
<b>Total</b>	<b>193 084</b>	<b>788 941</b>

<b>(2) Cost of goods sold</b>	<b>2018</b>	<b>2017</b>
<b>Cost type</b>	<b>EUR</b>	<b>EUR</b>
Personnel costs	1 937	30 657
Depreciation of fixed assets	29 954	43 511
Depreciation of fixed assets (project 124000075)	27 113	37 214
Write-off of low-value inventory	386	226
Change in stocks of finished goods	(36 634)	(82 679)
Change in stock of purchased materials and goods	39 098	219 638
Ongoing maintenance and repair	6 985	26 701
Real estate maintenance, including utilities	103 627	392 343
Other taxes	3 696	4 928
Other costs	1 065	1 647
<b>Total</b>	<b>177 227</b>	<b>1 088 940</b>

<b>(3) Selling expenses</b>	<b>2018</b>	<b>2017</b>
<b>Cost type</b>	<b>EUR</b>	<b>EUR</b>
Goods' transportation costs	932	8 459
Commissions paid	1 562	12 588
Other selling expenses (marketing)	647	1 459
Advertising costs	-	391
<b>Total</b>	<b>3 141</b>	<b>22 897</b>

<b>(4) Administrative expenses</b>	<b>2018</b>	<b>2017</b>
<b>Cost type</b>	<b>EUR</b>	<b>EUR</b>
Personnel costs	32 085	39 850
Provisions for annual leave and social security	-	(809)
Representation costs	1 059	3 035
Office expenses	1 625	2 843
Communication expenses	1 560	2 293
Bank expenses	711	1 785
Accounting and legal expenses	287	7 223
Other administrative costs	5 265	7 800
<b>Total</b>	<b>42 592</b>	<b>64 020</b>

**(5) Other operating income**

<b>Type on income</b>	<b>2018</b>	<b>2017</b>
	<b>EUR</b>	<b>EUR</b>
Net income from sale of real estate	36 555	3 352
Debt write-off	-	1 327 778
Other income	1 990	11 847
<b>Total</b>	<b>38 545</b>	<b>1 342 987</b>

**AS "VEF Radiotehnika RRR"**  
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**(6) Other operating expenses**

<b>Type of income/expense</b>	<b>2018</b>	<b>2017</b>
	<b>EUR</b>	<b>EUR</b>
Net loss from foreign exchange rate fluctuations	4 381	1 929
Penalties	3 521	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
<b>Total</b>	<b>7 902</b>	<b>145 761</b>

**(7) Interest expense and similar expenses**

<b>Type of costs</b>	<b>2018</b>	<b>2017</b>
	<b>EUR</b>	<b>EUR</b>
Loan interest paid	87	114
<b>Total</b>	<b>86</b>	<b>114</b>

**(8) Fixed Assets**

	<b>Real estate</b>	<b>Technological equipment</b>	<b>Other fixed assets</b>	<b>Total EUR</b>
<b>Historical cost</b>				
<b>01.01.2018</b>	<b>325 089</b>	<b>2 263 692</b>	<b>67 942</b>	<b>2 656 723</b>
Acquired	-	-	-	-
Disposed	(2 128)	(66754)	(34 700)	(103 582)
<b>30.09.2018.</b>	<b>322 961</b>	<b>2 196 938</b>	<b>33 242</b>	<b>2 553 141</b>
<b>Depreciation</b>				
<b>01.01.2018</b>	<b>58 187</b>	<b>2 055 324</b>	<b>46 124</b>	<b>2 159 635</b>
Depreciation charge	3 332	52 847	888	57 067
Disposed	-	(59 827)	(34 700)	(94 527)
<b>30.09.2018.</b>	<b>61 519</b>	<b>2 048 344</b>	<b>12 323</b>	<b>2 122 175</b>
<b>Net book value</b>				
<b>01.01.2017</b>	<b>266 902</b>	<b>208 368</b>	<b>21 818</b>	<b>497 088</b>
<b>Net book value</b>				
<b>30.09.2018.</b>	<b>261 442</b>	<b>148 594</b>	<b>20 930</b>	<b>430 966</b>

**(9) Raw materials**

	<b>2018</b>	<b>2017</b>
	<b>EUR</b>	<b>EUR</b>
Raw materials	23 687	35 708
<b>Total</b>	<b>23 687</b>	<b>35 708</b>

**(10) Work in progress and finished goods**

	<b>2018</b>	<b>2017</b>
	<b>EUR</b>	<b>EUR</b>
Work in progress	29 940	14 870
<b>Total</b>	<b>29 940</b>	<b>14 870</b>
Finished goods and in warehouse	81 238	54 635
Provision for decrease in value	(40 605)	(40 632)
<b>Total</b>	<b>40 633</b>	<b>14 003</b>

**AS "VEF Radiotehnika RRR"**  
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<b>(11) Advance payments for goods</b>	<b>2018</b>	<b>2017</b>
	<b>EUR</b>	<b>EUR</b>
Advance (non-residents)	12 834	13 187
Advance (residents)	4 062	2 891
<b>Total</b>	<b>16 893</b>	<b>16 078</b>

<b>(12) Trade receivables</b>	<b>2018</b>	<b>2017</b>
	<b>EUR</b>	<b>EUR</b>
Receivables(non-residents)	45 583	60 819
Receivables (residents)	54 201	101 465
Provisions for doubtful debtors	(4 808)	(4 808)
<b>Total</b>	<b>94 976</b>	<b>157 476</b>

<b>(13) Receivables from related parties</b>	<b>2018</b>	<b>2017</b>
	<b>EUR</b>	<b>EUR</b>
Payments for goods	-	11 767
<b>Short-term loans</b>	<b>159 232</b>	<b>309 160</b>
<b>Total current receivables:</b>	<b>159 232</b>	<b>320 927</b>
<b>Total</b>	<b>159 232</b>	<b>320 927</b>

<b>(14) Other receivables</b>	<b>2018</b>	<b>2017</b>
	<b>EUR</b>	<b>EUR</b>
Settlements with employees	4 530	362
Other debtors	19 267	7 516
Loans to employees	7 248	7 248
Provision for loans to employees	(7 248)	(7 248)
<b>Total</b>	<b>23 797</b>	<b>7 878</b>

<b>(15) Deferred expenses</b>	<b>2018</b>	<b>2017</b>
	<b>EUR</b>	<b>EUR</b>
Insurance costs	637	7
Other expenses	211	422
<b>Total</b>	<b>848</b>	<b>429</b>

<b>(16) Cash and cash equivalents</b>	<b>2018</b>	<b>2017</b>
	<b>EUR</b>	<b>EUR</b>
Cash in bank accounts	362	5 351
<b>Total</b>	<b>362</b>	<b>5 351</b>

**(17) Information on the Company's share capital**

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. On 9 January 2018, the extraordinary meeting of shareholders of AS "VEF Radiotehnika RRR" decided to reduce the equity capital of the Company. At 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 Article 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.

**AS "VEF Radiotehnika RRR"**  
**Annual accounts for the year ended September 30, 2018**

AS "VEF Radiotehnika RRR" major shareholders are:

	Number of shares		EUR	
	2018.09.30		2018.09.30	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
<b>Total:</b>	<b>2 549 084</b>		<b>254 908</b>	<b>3 568 718</b>

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

Chairman of the Council Eduards Maļejevs owns 741 880 shares;  
Chairman of the Board Eriks Ertmanis owns 200 000 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.

	<b>2018</b>	<b>2017</b>
	<b>EUR</b>	<b>EUR</b>
Previous years' accumulated loss	(3 245 484)	(4 470 434)
Correction	3 313 810	
Current year's profit/(loss)	6 962	1 224 950
<b>Total</b>	<b>75 288</b>	<b>(3 245 484)</b>

**(19) Long-term investment revaluation reserve**

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

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**

	<b>2018</b>	<b>2017</b>
	<b>EUR</b>	<b>EUR</b>
Leasing	584	1 029
Other loans	5 000	5 000
<b>Total</b>	<b>5 584</b>	<b>6 029</b>

**(21) Advances from customers**

	<b>2018</b>	<b>2017</b>
	<b>EUR</b>	<b>EUR</b>
Advances from non-residents	1 365	1 507
<b>Total</b>	<b>1 365</b>	<b>1 507</b>



**AS "VEF Radiotehnika RRR"**  
**Annual accounts for the year ended September 30, 2018**

**(22) Trade accounts payable**

	<b>2018</b>	<b>2017</b>
	<b>EUR</b>	<b>EUR</b>
<b>Long-term part:</b>		
Trade accounts payable to non-residents	-	47 206
<b>Long-term part total</b>	<b>-</b>	<b>47 206</b>
<b>Short-term part:</b>		
Trade accounts payable to non-residents	3 197	-
Trade accounts payable to residents	176 094	208 009
<b>Short-term part total</b>	<b>179 291</b>	<b>208 009</b>
<b>Trade accounts payable total</b>	<b>179 291</b>	<b>255 215</b>

**(23) Payables to related parties**

	<b>2018</b>	<b>2017</b>
	<b>EUR</b>	<b>EUR</b>
<b>Short-term part:</b>		
Loans	-	163 931
Payment for services	-	-
<b>Short-term part total</b>	<b>-</b>	<b>163 931</b>
<b>Payables to related parties total</b>	<b>-</b>	<b>163 931</b>

**(24) Taxes and social insurance payments**

	<b>2018</b>	<b>2017</b>
	<b>EUR</b>	<b>EUR</b>
<b>Long-term part</b>		
Taxes and social insurance payments	18 868	18 868
<b>Short-term part:</b>		
01.01.2018	35 048	243 902
Changes in the reference year	(9 437)	(208 854)
30.09.2018	25 611	35 048
<b>Total</b>	<b>44 479</b>	<b>53 916</b>

**(25) Other creditors**

	<b>2018</b>	<b>2017</b>
	<b>EUR</b>	<b>EUR</b>
Salaries	6 666	14 899
Advance settlement amounts	-	364
Security	2 784	5 259
<b>Total</b>	<b>9 450</b>	<b>20 522</b>

**(26) Accrued liabilities**

	<b>2018</b>	<b>2017</b>
	<b>EUR</b>	<b>EUR</b>
Current expense	159	13 513
Provision for unused vacation leave	13 438	13 438
<b>Total</b>	<b>13 597</b>	<b>26 951</b>

**(30) Average number of employees during the year**

	<b>2018</b>	<b>2017</b>
Average number of employees during the year	12	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..

**AS "VEF Radiotehnika RRR"**  
**Annual accounts for the year ended September 30, 2018**

<b>Related party</b>		<b>Sales to related parties</b>	<b>Purchases from related parties</b>	<b>Loans received</b>	<b>Amounts owed by related Parties as at 30 September</b>	<b>Amounts owed to related parties as at 30 September</b>
SIA Imanta Retail Park"	2018	126 826	132 061	-	159 232	-
	2017	375 323	398 428	-	320 927	156 963
E.Maļejevs	2018	-	-	-	-	-
	2017	-	-	6 968	-	6 968
<b>TOTAL</b>	<b>2018</b>	<b>126 826</b>	<b>132 061</b>	<b>6 968</b>	<b>159 232</b>	<b>-</b>
<b>TOTAL</b>	<b>2017</b>	<b>375 323</b>	<b>398 428</b>	<b>6 968</b>	<b>320 927</b>	<b>163 931</b>

**Post balance sheet events**

On 9 January 2018, the extraordinary meeting of shareholders of AS "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

Ēriks Ertmanis

Member of the Board/Chief Accountant

Olga Romaņko

November 30, 2018