



MESSAGE
FROM THE AEB BOARD AND THE AUDITING COMMISSION
ON THE FINANCIAL ACTIVITIES OF THE ASSOCIATION OF EUROPEAN
BUSINESSES IN 2018

Moscow, April, 2019

To: Members of the Association of European Businesses

From the day when the foundation of the Association of European Businesses ("the Association" or "the AEB") was created more than 23 years ago the Association continues to pursue its goal - to assist its members in the Russian business environment and to represent their common interests in Russia through organizing events, professional meetings and establishing government relations.

During the year 2018 the Association has adjusted its strategy to the changing and challenging economic and financial situation and has demonstrated its viability.

The Association today provides good opportunities for constructive discussions on the essential economic issues of cooperation between the Russian Federation, the European Union (EU) and the Eurasian Economic Union (EAEU).

Innovative, dynamic, a catalyst for change – the AEB has consolidated its membership and build on its reputation. The AEB's contacts with the Russian authorities, EU Commission, Eurasian Economic Commission and EU countries at the highest levels contributed to a continuing dialogue with AEB's stakeholders. The Association continued input into development and upgrade of the new Russian laws and regulations has been substantially improved.

The strong engagement of our members and partners is fundamental to the sustainable development of the AEB. The changing business environment in 2018 brings new challenges in this process. The situation in regarding the membership status in 2018, which numbered 524 companies, was rather stable compared to 2017, when 528 companies had been members of the AEB. This is a slight decrease of 4 members in total or relative 1%.

The Non-Profit Partnership "Association of European Businesses in Russia – EU-Representation" was established in 2011 by AEB NP to represent and promote the interests of its members in the European Union. The NP AEB is 50% shareholder, and the AEB Business LLC is 50% shareholder as well.

The Limited Liability Company "Ecopole" has been founded in 2016 by the AEB Business LLC and Russian Union of Crop Protection Products (CPP) manufacturers. Its aim is to provide the secure recycling of CPP containers for manufacturers and customers. The AEB Business LLC is a 50% shareholder of Ecopole LLC.

During the year of 2018 the AEB managed its commercial projects, as it was in 2017, through its wholly owned subsidiary, the limited liability company "AEB Business LLC" founded in 2006.

Total revenue based on the consolidated IFRS Financial Statements for the year 2018 amounted to 2,810 K'EUR (2,958 K'EUR in 2017), a decrease of (148) K'EUR compared to 2017. The expenditures decreased by 161 K'EUR from 2,844 in 2017 to 2,683 K'EUR in 2018.

During the year 2018 the AEB incurred a net profit after tax in the amount of 477 K'EUR (in 2017: 314 K'EUR), including 127 K'EUR from operating activities (2017: 114 K'EUR) and 234 K'EUR of foreign currency exchange gains (2017: 456 K'EUR), according to its Consolidated Statement of Comprehensive Income for the year ended December 31, 2018 and December 31, 2017.

Total net increase in cash and cash equivalents for the year ended December 31, 2018 was 493 K'EUR (increase of 1'500 K'EUR in 2017, due to investment in 2016 of the AEB funds in short term Euro denominated deposits with the original maturity of 12 months and returned in 2017). The net cash from operating activities in 2018 was positive and amounted to 519 K'EUR (in 2017: 173 K'EUR).

The consolidated Financial Statements of the Association were prepared in accordance with International Financial Reporting Standards ("IFRS"). They were audited by an independent auditor – Alinga Consulting Group. The auditor has issued an unqualified opinion on the consolidated financial statements. This should give AEB members confidence and ensure transparency as to the financial status of the Association.

The Auditing Commission has met 4 times during 2018. In total, the Commission has now 3 members. The CEO and COO of the AEB, as well as the Financial Manager have been present in these meetings for clarification and discussion purposes. The meetings have been constructive, inquisitive and critical. Issues, which have been discussed, include the quarterly financial information, currency developments, corporate governance, internal controls and performance of the auditor, as well as general issues regarding the activities of the association.

The AEB Board and the Auditing Commission are committed to deliver further improvements in order to maintain the highest possible standard of the AEB's statutory and business activities.

signed by



Johan Vanderplaetse

Chairman, Board

signed by



Rene Pischel

Chairman, Auditing Commission