



Association
of European
Businesses

MESSAGE
FROM THE AEB BOARD AND THE AUDITING COMMISSION
ON THE FINANCIAL ACTIVITIES OF THE ASSOCIATION OF EUROPEAN
BUSINESSES IN 2016

Moscow, April, 2017

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 20 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, establishing and maintaining government relations.

During the year 2016 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 partnership between the Russian Federation and the European Union.

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

The strong engagement of our members and partners is fundamental to the sustainable development of the AEB. The changing business environment in 2016 brings new challenges in this process. The situation in regarding the membership status in 2016, which numbered 534 companies, was rather stable comparing 2015, when 545 companies had been members of the AEB. This is a slight decrease of 11 members in total or relative 2%.

Total revenue based on the consolidated IFRS Financial Statements for the year 2016 amounted to 2,990 K'EUR (2,908 K'EUR in 2015), an increase of 82 K'EUR comparing to 2015. The expenditures relatively decreased by 180 K'EUR from 2,742 in 2015 to 2,562 K'EUR in 2015.

During the year 2016 the AEB incurred a net deficit of revenue over expenditures after tax in the amount of (31) K'EUR, including 393 K'EUR from operating activities and 424 K'EUR of foreign currency exchange loss (248 K'EUR in 2015, including respectively 70 and 278 K'EUR gains) in its Consolidated Statement of Comprehensive Income for the year ended December 31, 2016 and December 31, 2015.

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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" founded in 2016 by the AEB Business LLC and Russian Union of crop protection products (CPP) manufacturers. Its aim is to provide the secure utilization of CPP containers for manufacturers and customers. The AEB Business LLC is 50% shareholder of Ecopole LLC.

During 2016 the AEB managed its commercial projects, as it was in 2015, through its wholly owned subsidiary, the limited liability company "AEB Business LLC" founded in 2006.

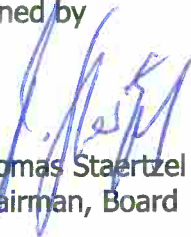
Total net decrease in cash and cash equivalents for the year ended December 31, 2016 was (351) K'EUR (increase of 1,122 K'EUR in 2015), due to investment in 2016 of the AEB funds in short term Euro denominated deposits with the original maturity of 12 months. In the AEB Consolidated Statement of Financial Position as of December 31, 2016 short term deposits are reported as a separate heading in the amount of 1,400 K'EUR (in 2015 500 K'EUR). The net cash from operating activities in 2016 was positive and amounted to 351 K'EUR due to cash inflow from prepaid in 2015 membership fees for 2016 (in 2015 441 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 committee has met 4 times since the election of 3 new members in 2016. In total the committee has now 5 members and is at its full strength. The CEO and COO of the association, as well as the financial manager are present in these meetings for clarification and discussion purposes. The meetings are constructive, inquisitive and critical. Issues which have been discussed includes 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 the further improvements in order to maintain the highest possible standard of the AEB's business activities.

signed by



Thomas Staertzel
Chairman, Board

signed by



Gerard Uijtendaal
Chairman, Auditing Commission

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