



MESSAGE
FROM THE AEB BOARD AND THE AUDITING COMMISSION
ON THE FINANCIAL ACTIVITIES OF THE ASSOCIATION OF EUROPEAN
BUSINESSES IN 2017

Moscow, 11 April, 2018

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 and establishing government relations.

During the year 2017 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 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 between the stakeholders. The Association continues' input into development and upgrade of the new 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 2017 brings new challenges in this process. The situation in regarding the membership status in 2017, which numbered 528 companies, was rather stable comparing 2016, when 535 companies had been members of the AEB. This is a slight decrease of 7 members in total or relative 2%.

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.

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During 2017 the AEB managed its commercial projects, as it was in 2016, 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 2017 amounted to 3,041 K'EUR (2,990 K'EUR in 2016), an increase of 51 K'EUR comparing to 2016. The expenditures relatively increased by 282 K'EUR from 2,562 in 2016 to 2,844 K'EUR in 2017.

During the year 2017 the AEB incurred a net profit after tax in the amount of 314 K'EUR (2016: 31K'EUR loss), including 184 K'EUR from operating activities (2016: 393 K'EUR) and 130 K'EUR of foreign currency exchange gains (2016: 424 K'EUR loss), in its Consolidated Statement of Comprehensive Income for the year ended December 31, 2017 and December 31, 2016.

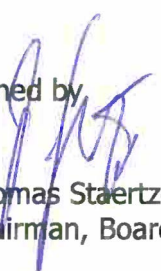
Total net increase in cash and cash equivalents for the year ended December 31, 2017 was 1,500 K'EUR (decrease of (339) K'EUR in 2016), due to investment in 2016 of the AEB funds in short term Euro denominated deposits with the original maturity of 12 months and returned in 2017. In the AEB Consolidated Statement of Financial Position as of December 31, 2016 short term deposits are reported as a separate heading in the amount of 1,400. The net cash from operating activities in 2017 was positive and amounted to 173 K'EUR (in 2016 351 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 during 2017 and was strengthened by a new member in 2017. In total the Committee has now 5 members and is at its full strength. 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 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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