

**JOINT-STOCK COMPANY VEF RADIOTEHNIKA RRR**  
**FINANCIAL STATEMENTS TO THE EIGHT MONTHS ENDED SEPTEMBER 30,**  
**2005**  
**REG. NR. 40003286712**

UNAUDITED  
FINANCIAL STATEMENTS

Riga

**JSC VEF RADIOTEHNIKA RRR**  
**FINANCIAL STATEMENTS TO THE EIGHT MONTHS ENDED SEPTEMBER 30, 2005**

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**JSC VEF RADIOTEHNIKA RRR**  
**FINANCIAL STATEMENTS TO THE EIGHT MONTHS ENDED SEPTEMBER 30, 2005**

**Information about the Company**

Company Name	JSC "VEF RADIOTEHNIKA RRR"
Legal status of the company	Public Joint-Stock Company
Registration Nr., place and date	Nr. 000328671 Riga, December 11, 1998
Address	Kurzemes prospekts 3, Riga, LV-1067 Latvia
Names, Surnames & positions of Board Members	Eduards Malejevs – president Jurijs Malejevs – vice president Inga Spruga – financial director
Reporting Period	January 1 – September 30, 2005.
Auditor's Name, personal identity code and address	Auditing Company "Finansists" LTD Meistaru iela 10/12, Riga, LV-1050, Sworn Auditor Nelli Jermolicka Certificate Nr. 102

**JSC VEF RADIOTEHNIKA RRR**  
**FINANCIAL STATEMENTS TO THE EIGHT MONTHS ENDED SEPTEMBER 30, 2005**

***MANAGEMENT REPORT***

**Types of Activity**

Main activities of JSC “VEF Radiotehnika RRR” in the first nine months of 2005 were:

1. Development of acoustic systems and casings for them, organisation of production, production and sales, including exports;
2. TV-set accessory (TV stands) production and exports;
3. Production and sales of electronic nodes;
4. Production and sales of printed circuit boards;
5. Real Estate Property Letting services.

All above stated activities have also existed in 2004. No new activities commenced.

**Activity of the Company during the reporting period.**

First nine months of 2005 JSC “VEF Radiotehnika RRR” has performed development of acoustic systems, organisation of production of TV-set accessory (TV stands), organisation of production, production and sales both in Latvia and abroad of electronic block and node and printed circuit boards. Joint-Stock Company continued development of new product models. In marketing, the Company has increased its efforts in the Baltics and CIS regions. The volume of property letting has increased noticeably.

Exports have constituted 59.6 percent from the total sales volume.

As a result of operating activity, first nine months year 2005 profit is LVL 27186

**Future Perspectives.**

2005 is planned as a potential investment year, because on March 17, 2005, Latvian Investment and Development Agency has accepted application for funding of modernisation and development of audio equipment, and on April 4, 2005, the funding agreement for one million Lats has been signed. In accordance with the accepted project and signed agreement, Joint-Stock Company will invest LVL 1 774 000 in upgrading and development of the production facility, where 38 various units of production equipment will be acquired. As a result, the above-mentioned upgrade will improve the work environment, improve technical level and quality, increase work scope and volume, widen technological production opportunities, ensure compliance with a great number of EU standards' requirements.

**Chairman of the Board :**  
**November 21, 2005**

**E.Malejevs**

**JSC VEF RADIOTEHNIKA RRR**  
**FINANCIAL STATEMENTS TO THE EIGHT MONTHS ENDED SEPTEMBER 30, 2005**

**Profit or loss account for the six months ended September 30, 2005**  
**(using turnover method)**

		For 9 months of 2005	For 9 months of 2004	For 9 months of 2005	For 9 months of 2004
	Note	LVL	LVL	EUR	EUR
1. Net turnover	1	1296791	1373169	1845167	1953843
2. Cost of goods sold	2	(1040457)	(1028265)	(1480437)	(1463089)
3. Gross profit		256334	344904	364730	490754
4. Selling expenses	3	(31326)	(31522)	(44573)	(44852)
5. Administrative expenses	4	(117299)	(121208)	(166901)	(172464)
6. Other operating income	5	296370	5852	421697	8327
7. Other operating expenses	6	(299086)	(25833)	(425561)	(36757)
8. Interest payments and similar expenses	7	(62762)	(47369)	(89302)	(67400)
9. Profit or loss before tax		42231	124824	60090	177608
10. Other taxes	8	(15045)	(15873)	(21407)	(22585)
11. Profit or loss for the period		27186	108951	38683	155023
12. Earnings per share (EPS coefficient)		0.011	0,043	0.011	0.043

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E.Malejevs

Chairman of the Board

November 21, 2005

**JSC VEF RADIOTEHNIKA RRR**  
**FINANCIAL STATEMENTS TO THE EIGHT MONTHS ENDED SEPTEMBER 30, 2005**

**Balance Sheet as on September 30, 2005**

	Note	30.09.05	30.09.04	30.09.05	30.09.04
<u>Assets</u>		LVL	LVL	EUR	EUR
1	2	3	4	5	6
Non-current assets					
I. Intangible Assets					
1. Conceptual frameworks, licenses, trade marks, computer programmes		2293	1729	3263	2460
I Sub-total:		2293	1729	3263	2460
II. Fixed Assets:					
1. Land, buildings, constructions		1317218	1467435	1874232	2087972
2. Equipment and vehicles		167668	199682	238570	284122
3. Other fixed assets and fixtures		147415	126373	209753	179813
4. Advance payments for and unfinished construction of fixed assets		38052	38052	54143	54143
Total non-current assets:		1670353	1831542	2376698	2606050
III. Long-term financial investments					
1. Loans to related entities		3006	120018	4278	170770
2. Other loans		1120	1120	1593	1593
Sub-total long term financial investments:		4126	121138	5871	172363
Sub-total non-current assets:	9	1676772	1954409	2385832	2780873
Current Assets					
I. Inventory:					
1. Raw materials		241787	190918	344032	271652
2. Work in progress		225282	134159	320547	190891
3. Advance payments		147219	253442	209474	360615
Sub-total inventory:		614288	578519	874053	823158
II. Receivables:					
1. Trade receivables	10	454503	542140	646700	771396
2. Other receivables	11	135608	236700	192952	336794
3. Deferred expenses	12	2097	2698	2984	3840
Sub-total receivables:		592208	781538	842636	1112030
Other shares and shareholding		14	14	20	20
III. Total:		14	14	20	20
IV. Cash	13	25257	14613	35937	20792
Sub-total current assets:		1231767	1374684	1752646	1956000
Total Assets		2908539	3329093	4138478	4736873

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November 21, 2005

**JSC VEF RADIOTEHNIKA RRR**  
**FINANCIAL STATEMENTS TO THE EIGHT MONTHS ENDED SEPTEMBER 30, 2005**

**Balance Sheet as on September 30, 2005**

	Note	30.09.05	30.09.04	30.09.05	30.09.04
<b><u>Liabilities &amp; Shareholders' Equity</u></b>		LVL	LVL	EUR	EUR
1	2	3	4	5	6
I Shareholders' equity:					
1. Share capital	14	2549084	2549084	3627019	3627019
2. Retained Earnings					
a) retained profit for previous year		(525389)	(569217)	(747561)	(809922)
b) retained profit for the year		27186	108951	38683	155023
I Total Shareholders' equity:		2050881	2088818	2918141	2972120
III Liabilities					
1. Long-term liabilities					
1. Loans from lending institutions	15		554156		788493
4. Other loans	16	30555	45913	43476	65328
11. Other accounts payable		1514	1514	2154	2154
Sub-total long-term liabilities:		32069	601583	45630	855975
2. Short-term liabilities:					
1. Loans from lending institutions		116608	124374	165918	176968
2. Other loans		18942	101729	26952	144747
3. Advances from suppliers		255547	12711	363611	18086
4. Due to suppliers		255331	221606	363303	315318
5. Taxes and social security payments	17	59920	17483	85258	24876
6. Other accounts payable	18	15380	13009	21884	18510
7. Deferred income	19	103861	147780	147781	210273
8. Accrued liabilities					
2. Sub-total short-term liabilities:		825589	638692	1174707	908778
III Total Liabilities:		857658	1240275	1220337	1764753
Total Liabilities & Shareholders' Equity		2908539	3329093	4138478	4736873

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November 21, 2005

**JSC VEF RADIOTEHNIKA RRR**  
**FINANCIAL STATEMENTS TO THE EIGHT MONTHS ENDED SEPTEMBER 30, 2005**

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**for the six months ended September 30, 2005**

	Share Capital	Retained Earnings	Total	Share Capital	Retained Earnings	Total
	LVL	LVL	LVL	EUR	EUR	EUR
As of December 31, 2003	2549084	(569217)	1979867	3627019	(809922)	2817097
Profit for 9 months of 2004	0	108951	108951	0	155023	155023
Balance as of September 30, 2004	2549084	(460266)	2088818	3627019	(654899)	2972120
As of December 31, 2004	2549084	(525389)	2023695	3627019	(747561)	2879458
Profit for 9 months of 2005	0	27186	27186	0	38683	38683
Balance as of September 30, 2005	2549084	(498203)	2050881	3627019	(708878)	2918141

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November 21, 2005



**JSC VEF RADIOTEHNIKA RRR**  
**FINANCIAL STATEMENTS TO THE EIGHT MONTHS ENDED SEPTEMBER 30, 2005**

**Profit or loss account for the six months ended September 30, 2005**  
**(using indirect method)**

	For 9months of 2005	For 9 months of 2004	For 9 months of 2005	For 9 months of 2004
	LVL	LVL	EUR	EUR
1. Cash flow from operating activity				
Profit or loss before taxation	42231	124824	60090	177608
<u>Corrections:</u>				
– Depreciation	95760	89939	136254	127972
– Other taxation	(15045)	(15873)	(21407)	(22585)
Cash flow from operating activity before changes in operating assets	122946	198890	174937	282995
Accruals increase / decrease	(48373)	(9648)	(68828)	(13728)
Accounts receivables increase / decrease	80939	(213297)	115166	(303494)
Account payables increase / decrease	321105	(44061)	456890	(62693)
1. Net cash flow from operating activity	476617	(68116)	678165	(96920)
2. Cash flow from investment activity				
Acquisition of fixed assets	(40282)	(29567)	(57316)	(42070)
Income from realization of fixed assets	149791	0	213133	
Loans received	18273	130635	26000	185876
2. Net cash flow from investment activity	127782	101068	181817	143806
3. Cash flow from financing activity				
Repayment of loans received	(591027)	(24270)	(840956)	(34533)
3. Net cash flow from financing activity.	(591027)	(24270)	(840956)	(34533)
Cash flow summary				
1. Cash flow from operating activity	476617	(68116)	678165	(96920)
2. Cash flow from investing activity	127782	101068	181817	143806
3. Cash flow from financing activity	(591027)	(24270)	(840956)	(34533)
Net cash and cash equivalent increase / decrease	13372	8682	19026	12353
Cash and cash equivalents at the beginning of the period	11885	5931	16911	8439
Cash and cash equivalents at the end of the period	25257	14613	35937	20792

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Chairman of the Board

November 21, 2005

**JSC VEF RADIOTEHNIKA RRR**  
**FINANCIAL STATEMENTS TO THE EIGHT MONTHS ENDED SEPTEMBER 30, 2005**

**Notes to Financial Statements**

**Accounting Policies**

**(1) General Principles**

These Financial Statements have been prepared in accordance with provisions as set in the Republic Of Latvia laws "On Accounting", "On Company Annual Accounts" and the accounting standards issued by the Accounting Board of the Finance Ministry of the Republic of Latvia and which have been in force during the reporting period. Financial Statements have been prepared using historical cost basis.

Profit and Loss Statement has been prepared using turnover and expenses method.

Cash Flow Statement has been prepared using indirect method in accordance with the Standard Nr.2 of the Republic of Latvia.

When compared to the previous reporting period, company's accounting and valuation policies have not changed.

Financial Statements have been prepared on the basis of continuing operations of the company and give true and fair view of the company's assets, liabilities, financial state and profit.

**Net Turnover**

Net turnover for the services rendered and goods sold for half year is shown without Value Added Tax.

**(2) Exchange of foreign currency into Lats**

JSC VEF Radiotehnika RRR accounting is done in Latvian Lat. All transactions in foreign currencies are converted into Lats as per official exchange rate as set by the Bank of Latvia on the day of the transaction.

Foreign currency denominated assets and liabilities which occurred in foreign currency are recalculated in Latvian Lats, as per official exchange rate as set by the Bank of Latvia effective on the last day of the reporting period – September 30, 2005.

Profit or loss resulting from the foreign currency exchange is accordingly reflected in the Profit & Loss Statement.

For informative purposes, all monetary assets and liabilities are converted into euro using the exchange rate as set by the Bank of Latvia on September 30, 2005.

	30.09.2005.
	LVL
1 USD	0.583
1EUR	0.702804
1GBP	1.031
1SEK	0.075
1RUB	0.0204
1EEK	0.0449

**(3) Fixed Assets**

Fixed assets are shown using their historical or revaluation cost, less depreciation. Depreciation is calculated using straight-line method for the useful life of the asset and on the basis of the rates as set by the joint-stock company.

Depreciation rates depend on the type of asset and are as follows:

	%
Buildings	5
Computing equipment	15
Other equipment, fixtures and transportation vehicles	10

**JSC VEF RADIOTEHNIKA RRR**  
**FINANCIAL STATEMENTS TO THE EIGHT MONTHS ENDED SEPTEMBER 30, 2005**

Accounting policies (continued)

**(4) Inventories**

Inventories are valued using FIFO method using lower cost value. In the event of necessity, the value of outdated, low turnover or broken inventories are written-off.

Inventories are checked during inventory process. Decrease in inventories is written off as deferred expenses.

**(5) Accounts receivable**

Accounts receivable are shown in the Balance Sheet using net value, by subtracting bad and unrecoverable debts from the total value. Special provisions for bad and unrecoverable debts are done in cases the management of the Company believes that recovery of such debts is doubtful.

Debts are written off, when their recovery is seen as impossible.

**(6) Hire-purchase**

Fixed assets, which are acquired using hire-purchase and the Company undertakes risks related to these assets and their return, are valued as if they are acquired with immediate payment. Leasing interest and related payments are shown for the period in which they have been acquired.

**(7) Other investments**

Long-term investments, excluding investments in daughter and related entities are shown using their acquisition value, which is adjusted depending on events of their increase or decrease.

Land is valued at its cadastral value.

**(8) Taxation**

Corporate Income Tax calculations for the reporting period are included in the Financial Statements on the basis of calculations performed by the management and in accordance with the tax legislation of the Republic of Latvia.

Corporate Income Tax is calculated, applying 15% rate to the tax applicable transactions concluded during the taxation period.

**(9) Cash and cash equivalents**

Cash and cash equivalents shown in the Cash Flow Statement Cash represents cash on hand and cash in bank accounts.

**(10) True value of financial assets and liabilities**

True value reflect value for which the asset or liability can be realised under normal market conditions. In case when the management believes that the shown value of such asset or liability is different to the actual value, the true value is separately shown in the Notes to the Financial Statements.

**JSC VEF RADIOTEHNIKA RRR**  
**FINANCIAL STATEMENTS TO THE EIGHT MONTHS ENDED SEPTEMBER 30, 2005**

Notes to the Financial Statements (continued)

**Profit & Loss Account**

**(1) Net Turnover**

	For 9 months of 2005	For 9 months of 2004	For 9 months of 2005	For 9 months of 2004
	LVL	LVL	EUR	EUR
Income from export sales of finished goods	394309	484466	561051	689333
Income from premises rent	306945	309988	436743	441073
Income from sales of finished goods in the local market	267466	176841	380570	251622
Income from utility services	210112	237592	298962	338063
Income from galvanic services	66407	0	94489	0
Income from sale of materials	51552	164282	73352	233752
Net turnover total:	1296791	1373169	1845167	1953843

**(2) Cost of goods sold**

	For 9 months of 2005	For 9 months of 2004	For 9 months of 2005	For 9 months of 2004
	LVL	LVL	EUR	EUR
Fittings and materials	217893	3324	310034	4730
Personnel	156117	54711	222134	77847
Depreciation of fixed assets	95760	89939	136254	127972
Change in finished goods' inventory	24012	29147	34166	41472
Change in value of purchased materials and parts	167333	656509	238093	934128
Other expenses	1804	5914	2567	8415
Production services	136216	15821	193818	22511
Maintenance of real estate	232891	170237	331374	242225
Write-off of current assets	8431	2663	11997	3789
Total:	1040457	1028265	1480437	1463089

**(3) Selling expenses**

	For 9 months of 2005	For 9 months of 2004	For 9 months of 2005	For 9 months of 2004
	LVL	LVL	EUR	EUR
Goods' transportation expenses	25382	21799	36115	31017
Goods' transport insurance	0	50	0	71
Selling expenses	335	1789	477	2546
Bonuses and discounts	22	0	31	0
Advertising expenses	5587	3137	7950	4464
Membership fees	0	4747	0	6754
Total:	31326	31522	44573	44852

**JSC VEF RADIOTEHNIKA RRR**  
**FINANCIAL STATEMENTS TO THE EIGHT MONTHS ENDED SEPTEMBER 30, 2005**

**(4) Administrative expenses**

	For 9 months of 2005	For 9 months of 2004	For 9 months of 2005	For 9 months of 2004
	LVL	LVL	EUR	EUR
Personnel	58881	79949	83780	113757
Representation expenses	2070	1607	2946	2288
Office costs	5775	5542	8217	7886
Professional fees	2110	2821	3002	4014
Communication services	20965	17460	29830	24843
Cash turnover expenses	8024	3787	11417	5388
Transportation costs	18808	10042	26761	14288
Other administrative expenses	666	0	948	0
Total:	117299	121208	166901	172464

**(5) Other income from operating activity**

	For 9 months of 2005	For 9 months of 2004	For 9 months of 2005	For 9 months of 2004
	LVL	LVL	EUR	EUR
Income from realisation of low-value items	0	1453	0	2068
Income of other periods, referring to the account period	43919	0	62491	0
Income from realization of real property	248000	0	352872	0
Other income	4451	4399	6334	6259
Total	296370	5852	421697	8327

**(6) Other expenses from operating activity**

	For 9 months of 2005	For 9 months of 2004	For 9 months of 2005	For 9 months of 2004
	LVL	LVL	EUR	EUR
Business trips	23427	11558	33334	16446
Expenses not related to operating activity	16185	2082	23029	2962
Written off value of real property	100221	0	142601	0
Land rent	122	289	174	411
Write-off of bad debts	132176	0	188069	0
Insurance payments	5100	2303	7257	3277
Real estate servicing	1811	0	2577	0
Other expenses	20044	9601	28520	13661
Total:	299086	25833	425561	36757

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

	For 9 months of 2005	For 9 months of 2004	For 9 months of 2005	For 9 months of 2004
	LVL	LVL	EUR	EUR
Long-term loan interest	37503	36150	53362	51437
Net losses from foreign currency exchange rates	23958	10170	34089	14471
Penalties	1301	1049	1851	1492
Total:	62762	47369	89302	67400

**JSC VEF RADIOTEHNIKA RRR**  
**FINANCIAL STATEMENTS TO THE EIGHT MONTHS ENDED SEPTEMBER 30, 2005**

**Other taxes**

	For 9 months of 2005 LVL	For 9 months of 2004 LVL	For 9 months of 2005 EUR	For 9 months of 2004 EUR
Real estate property tax for land	5280	10646	7513	15148
Real estate property tax for buildings and constructions	9765	5227	13894	7437
Total:	15045	15873	21407	22585

**Balance Sheet**

**(9) Non-current assets, LVL**

Type of non-current asset	Beginning value				Depreciation				Balance value	
	31.12.04	Purchase	Disposal	30.09.05	31.12.04	Calculation	Disp.	30.09.05	31.12.04	30.09.05
Intangible assets	5255	1429	0	6684	4324	67	0	4391	931	2293
Land plots, buildings, constructions and temporary constructions	1816888	13091	120158	1709821	365796	48756	21949	392603	1451092	1317218
Equipment and Machinery	338500	0	313	338187	145436	25388	305	170519	193064	167668
Other fixed assets and fixtures	224294	25763	3082	246975	79022	21616	1078	99560	145272	147415
Construction of fixed assets and costs related to unfinished construction	38052	0	0	38052	0	0	0	0	38052	38052
Fixed assets total	2417734	38854	123553	2333035	590254	95760	23332	662682	1827480	1670353
Financial investments	16626	2500	15000	4126	0	0	0	0	16626	4126
TOTAL non-current assets	2439615	42783	138553	2343845	594578	95827	23332	667073	1845037	1676772

**JSC VEF RADIOTEHNIKA RRR**  
**FINANCIAL STATEMENTS TO THE EIGHT MONTHS ENDED SEPTEMBER 30, 2005**

**(9) Ilgtermiņa ieguldījumi, EUR**

Type of non-current asset	Beginning value			Depreciation				Balance value		
	31.12.04	Purchase	Disposal	30.09.05.	31.12.04.	Calculation	Disposal	30.09.05	31.12.04.	30/09.05.
Intangible assets	7477	2034	0	9511	6153	95	0	6248	1324	3263
Land plots, buildings, constructions and temporary constructions	2585199	18627	170969	2432857	520481	69374	31230	558625	2064718	1874232
Equipment and Machinery	481642	0	445	481197	206937	236124	434	242627	274705	238570
Other fixed assets and fixtures	319142	36658	4385	351415	112439	30757	1534	141662	206703	209753
Construction of fixed assets and costs related to unfinished construction	54143	0	0	54143	0	0	0	0	54143	54143
Fixed assets total	3440126	55285	175799	3319612	839857	136255	33198	942914	2600270	2376698
Financial investments	23657	3557	21343	5871	0	0	0	0	23657	5871
<b>TOTAL non-current assets</b>	<b>3471260</b>	<b>60876</b>	<b>197142</b>	<b>3334994</b>	<b>846010</b>	<b>136350</b>	<b>33198</b>	<b>949162</b>	<b>2625250</b>	<b>2385832</b>

**Cadastral value of land**

		30.09.2005.	
		Cadastral value	
Cadastral number	Location	LVL	EUR
01000802171	Riga	6683	9509
01000762088	Riga	50	71
01000800135	Riga	7618	10839
01000800135	Riga	443145	630539
01000802032	Riga	11596	16500
01000802267	Riga	1495	2127

**Long-term financial investments**

**Other loans**

	30.09.05		30.09.04	
	LVL	EUR	LVL	EUR
Latvian-German Joint Venture Limited Liability Company "HamrigInternational"	520	740	520	740
JSC "Latvijas universālā birža"	500	712	500	712
Confederation of Manufacturers	100	141	100	141
<b>Total:</b>	<b>1120</b>	<b>1593</b>	<b>1120</b>	<b>1593</b>

**JSC VEF RADIOTEHNIKA RRR**  
**FINANCIAL STATEMENTS TO THE EIGHT MONTHS ENDED SEPTEMBER 30, 2005**

**(10) Accounts receivable**

	30.09.2005..	30.09.2004..	30.09.05.	30.09.04.
	LVL	LVL	EUR	EUR
Accounting value of trade debtors	454503	542140	646700	771396

**(11) Other debtors**

	30.09.05. LVL	30.09.04. LVL	30.09.05. EUR	30.09.04. EUR
VAT overpayment	6042	65982	8597	93884
Customs related taxes paid in advance	3588	2460	5105	3500
VAT, included in the unpaid invoices	3135	3622	4461	5154
Overpayment of real estate property tax	111	63	158	90
Advance reconciliations with personnel	53070	39846	75512	56696
Other debtors	8178	6079	11636	8650
Short-term loans to company employees	1267	1067	1803	1518
Loan to Limited Liability Company "AUDEX"	0	37284	0	53050
Natural Resource Tax overpayment	351	316	499	450
Other loans	59866	79981	85181	113802
Total:	135608	236700	192952	336794

**(12) Deferred expenses**

	30.09.2005. LVL	30.09.2004. LVL	30.09.2005 EUR	30.09.2004. EUR
Pre-payment for transport insurance	326	2155	1830	3067
Exhibition expenses	1712	377	2439	537
Press subscriptions	59	166	313	236
Total:	2097	2698	2984	3840

**(13) Cash in hand and in bank accounts**

	30.09.2005. LVL	30.09.2004 LVL	30.09.2005 EUR	30.09.2004 EUR
Cash	390	804	555	1144
Bank	24867	13809	35382	19648
Total:	25257	14613	35937	20792



**JSC VEF RADIOTEHNIKA RRR**  
**FINANCIAL STATEMENTS TO THE EIGHT MONTHS ENDED SEPTEMBER 30, 2005**

**(14) Share Capital**

As on September 30, 2005, registered and paid-up capital consists of 2549084 shares with nominal value 1 LVL.

The largest shareholders of the JSC are:

	No. of shares		Values		Weight % %
		LVL	EUR		
	30.09.05	30.09.04	30.09.05	30.09.04	
SIA "SMKR"	1223560	1223560	1740969	1740969	48,0
Riga City Council	47052	47052	66949	66949	1.85
State Social Security Agency	192694	192694	274179	274179	7.56
Other (<5%)	242035	242035	344385	344385	9.49
Jurijs Malejevs	421871	421871	600268	600268	16.55
Eduards Malejevs	421872	421872	600269	600269	16.55
<b>Total:</b>	<b>2549084</b>	<b>2549084</b>	<b>3627019</b>	<b>3627019</b>	<b>100</b>

**(15) Long-term loans from lending institutions**

	30.09.2005. LVL	30.09.2004. LVL	30.09.2005. EUR	30.09.2004. EUR
Loans	0	554156	0	788493
<b>Total:</b>	<b>0</b>	<b>554156</b>	<b>0</b>	<b>788493</b>

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**(16) Other long-term liabilities**

	30.09.2005. LVL	30.09.2004. LVL	30.09.2005. EUR	30.09.2004. EUR
Financial leasing "Hansa lizings"	0	14752	0	20990
Financial leasing "Hansa lizings"	15477	24483	22022	34836
Financial leasing "Unilizings"	15078	6678	21454	9502
<b>Total:</b>	<b>30555</b>	<b>45913</b>	<b>43476</b>	<b>65328</b>

- Financial leasing "Hansa lizings" – motor vehicle Ford Transit 31521.00 USD. Term – 15.10.2008
- Financial leasing "Unilizings" – motor vehicle ToyotaRAV44WDAT 22033.90 EUR. Term- 15.08.2008.

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**FINANCIAL STATEMENTS TO THE EIGHT MONTHS ENDED SEPTEMBER 30, 2005**

**(17) Taxes and social security payments**

Taxes or payment types	Balanced on 31.12.2004		Calculation for 9 months of 2005		Paid in the 9months of 2005		Balance on 30.09.2005	
	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR
Resident income tax	(5336)	(7592)	36738	52274	15251	21700	(26823)	(38166)
State social security insurance payments	(9956)	(14166)	55577	79079	32477	46211	(33056)	(47034)
Value Added Tax	88082	125329	224530	319477	142490	202745	6042	8597
State entrepreneurship risk fee	(53)	(76)	280	398	345	491	12	17
Real estate property tax on buildings	(15)	(21)	9765	13894	9739	13857	(41)	(58)
Real estate property tax on land	58	83	5280	7513	5333	7588	111	158
Nature Resource tax on packaging	(205)	(292)	111	158	324	461	8	11
Nature Resource tax on environmentally harmful goods	338	481	0	0	0	0	338	481
Nature Resource tax on extraction	(78)	(111)	65	92	148	210	5	7
Excise Tax					54	77	54	77
Total:	(15643)	(22258)	332346	472885	206161	293340	(59920)	(85258)
Total	88478	125893					6570	9348

**(18) Other Liabilities**

	30.09.2005. LVL	30.09.2004 LVL	30.09.2005 EUR	30.09.2004 EUR
Wages	13585	8841	19330	12580
Debt to personnel for advance reconciliations	302	3545	430	5044
Retained wages	483	483	687	687
Other creditors	1010	140	1437	199
Total:	15380	13009	21884	18510

**(19) Deferred Income**

	30.09.2005. LVL	30.09.2004 LVL	30.09.2005 EUR	30.09.2004. EUR
Rent payments	1384	1384	1969	1969
Privatisation certificate price difference	102477	146396	145812	208303
Total	103861	147780	147781	210273

**General Information**

**(1) Average number of employees**

	30.09.2005	30.09.2004
Average number of employees :	92	75

Chairman of the Board: Eduards Malejevs

November 21, 2005.