



ZIŅAS PAR UZNĒMUMU

Title of enterprise	Joint stock company VEF
Legal type of enterprise	Public joint stock company
Registered:	On April 15, 1991 in the Register of Enterprises of the Republic of Latvia, re-registered on December 7, 2000 with Nbr. 000300132 On April 14, 2004 registered in the Commercial Register, Nbr. 40003001328
Taxpayers' Reg. Nbr.	LV 40003001328
Legal address	Brīvības gatve 214, Rīga, LV-1039, Republic of Latvia phone: 7270618, fax: 7552201
Equity capital ¹ :	Ls 1829908 as on March 31, 2007
Core businesses:	*Power supply - distribution of power; *Letting and renting of real-estate property
Shareholders ² :	As on March 31, 2007: *VEF KOMUNIKĀCIJU SERVISS SIA- 44.87% or 821 071 shares; *FUND ADMINISTRATE LLC - 14.34% or 262 326 shares; *State Social Insurance Agency - 5.33 % or 97 582 shares; *Other shareholders - 35.46% or 648 929 shares:
Capital investments in other enterprises:	No
Chief executive officer:	Chairman of the Board of the Company: GINTS FEŅUKS (personal code 260568-11802)
Members of the Board:	TAMĀRA KAMPĀNE (personal code 270952-10924) AIVARS VĪTOLIŅŠ (personal code 260158-13123)
Members of the Supervisory Council:	PĒTERIS AVOTIŅŠ (personal code 300670-11300) ANDRIS DENIŅŠ (personal code 230757-11563) INTS KALNIŅŠ (personal code 201169-11286) GUNTIS LIPIŅŠ (personal code 190547-10703) JĀNIS LĀMA (personal code 120776-11669)
Period of account:	01.03.2007. - 31.12.2007.
Qualified auditor:	Mara Liguta. Certificate Nbr.55

¹ Paid-up and registered equity capital

² Equity capital of the Company is divided into 1 829 908 common shares
Nominal value of a common share is 1 LVL (one Latvian lat).



VEF JSC

FINANCIAL STATEMENTS

2007 31.03.

ASSETS	Comm.	Final balance		Beginning balance	
	Nr.	LVL	LVL	EUR	EUR
		31.03.2007	31.03.2006	31.03.2007	31.03.2006
				0.702804	0.702804
LONG-TERM INVESTMENTS					
Intangible assets					
Concessions, patents, licences		88	93	125	132
Total intangible assets		88	93	125	132
Fixed Assets					
Land, buildings and other property		4 305 077	3609942	6125573	5136485
Equipment and machinery		31 267	61951	44489	88148
Other fixed assets and inventory		16 347	9896	23260	14081
Construction in progress			335062		476750
Total fixed assets		4 352 691	4016851	6193322	5715464
Total long-term investments		4 352 779	4016944	6193446	5715596
Current assets					
Inventory					
Goods for sale			13388		19049
Total inventory			13388		19049
Debtors					
Customers and client debts		59 170		84 192	
Other debtors		46 282	251008	65853	357152
Future period expenses		18 570	5852	26423	8327
Accrued income					
Total debtors		124 022	256860	176468	365479
Cash		162 599	109620	231358	155976
Total Current assets		286 621	379868	407826	540504
TOTAL ASSETS		4 666 392	4396812	6601272	6256100

LIABILITIES	Comm.	Final balance		Beginning balance	
	Nr.	LVL	LVL	EUR	EUR
		31.03.2007	31.03.2006	31.03.2007	31.03.2006
				0.702804	0.702804
Stockholder's Equity					
Common stock		1 829 908	1829908	2603724	2603724
Long-term investments revaluation reserve		432 868	432868	615916	615916
Accumulations :					
other accumulations			586037		833856
Total accumulation					
Retained earnings from the previous years		-956 252	-1 556 132	-1360624	-2214176
Retained earnings of the financial years		40 223	4703	57232	6692
Total stockholder's equity		1 346 747	1 297 384	1916248	1846011
PROVISIONS					
Other provisions		5 398		7681	
Total stockpiles		5 398		7681	
LIABILITIES					
Long-term liabilities					
Borrowings from credit institutions		2 918 920	2 617 367	4153249	3724178
Prepayments from buyers		32 882	27733	46787	39460
Other liabilities		170860	227561	243112	323790
Deferred tax liability		40733		57958	
Total long-term liabilities		3 163 395	2 872 661	4501106	4087428
Current liabilities					
Borrowings from credit institutions		53 302		75842	
Prepayments from buyers					
Accounts payable		33 140	196986	47154	280286
Taxes and social security payments		488		694	
Other liabilities		16 392	4109	23324	5847
Future period income		20 538	25672	29223	36528
Total current liabilities		123 860	226 767	176237	322661
Total liabilities		3 287 255	3 099 428	4677343	4410089
TOTAL LIABILITIES&STOCKHOLDER'S EQUITY					
		4 639 400	4 396 812	6601272	6256100

Chairman of the Board

Gints Feņuks

Member of the Board

Tamāra Kam



" VEF" JSC, LV40003001328

PROFIT AND LOSSES ACCOUNT FOR YEAR, WHICH ENDS ON MARCH 31, 2007.

			LVL 31.03.2007	LVL 31.03.2006	EUR 31.03.2007 - 0.702804	EUR 31.03.2006 - 0.702804
1	2	3	4	5	4	5
Net turnover		010	211 533	163 630	300 984	232 825
Cost of goods sold	1	020	-108 451	- 94 307	-154 312	- 134 187
Gross profit		030	103 082	69 323	146 672	58 638
Selling expenses		040				
Administrative expenses	2	050	-15 554	- 19 877	-22 131	- 28 282
Other income from operations	3	060	1 158	4 333	1 648	6 165
Other expenses from operations	4	070	-614	- 360	-874	- 512
Income from securities and long-term loans	5	090		57		81
Financial services income	6	100	694	93	987	132
Long-term financial investments and short-term securities value depreciation		110		- 3 200		- 4 553
Financial services expenses	7	120	-39 567	- 40 981	-56 299	- 58 311
Profit before taxes		130	49 199	12 531	70 003	17 830
Other taxes		160	-8 976	- 7 828	-12 771	- 11 138
Deferred tax					-57 958	
Net profit		190	40 223	4 703	57 232	6 692

Earnings per share (EPS)

EPS on 31.03.2007. - 0.02198 LVL-0.03019

EPS on 31.03.2006. - 0.00257 LVL-0.00366

EUR

EUR

Chairman of the Board

Member of
Board

G.Feņuks

T.Kampane



"VEF" JSC, LV40003001328

**STATEMENT OF CHANGES IN EQUITY FOR YEAR,
WHICH ENDS ON MARCH 31, 2007.**

		31.03.2007 LVL	31.03.2006 LVL	31.03.2007 EUR 0.702804	31.03.2006 EUR 0.702804
Stockholder's equity					
	Balance at the beginning of the financial year	1829908	1829908	2603724	2603724
	Increase from				
	Decrease from				
	Balance at the end of the financial year	1829908	1829908	2603724	2603724
Long-term investments revaluation reserve					
	Balance at the beginning of the financial year	432868	432868	615916	615916
	Increase from				
	Decrease from				
	Balance at the end of the financial year	432868	432868	615916	615916
Accumulations					
	Balance at the beginning of the financial year		586037		833855
	Increase from				
	Decrease from				
	Balance at the end of the financial year		586037		833855
Retained earnings					
	Balance at the beginning of the financial year	-956252	-1556132	-1360624	-2214176
	Profit or losses of the financial year	40223	4703	57232	6692
	Dividendes				
	Included in accumulations				
	Balance at the end of the financial year	-916029	-1551429	-1303392	-2207484
Stockholder's equity (total)					
	Balance at the beginning of the financial year	1297384	1292681	1846011	1822867
	Balance at the end of the financial year	1346747	1297384	1916248	1846011

Chairman of the Board _____ Gints Feņuks
 Member of the Board _____ Tamāra Kampāne



JSK "VEF", LV40003001328

CASH FLOW STATEMENT FOR YEAR, WHICH ENDS ON MARCH 31, 2007.

	2007 31.03.	2006 31.03.	2007 31.03. EUR	2006 31.03. EUR
	LVL	LVL	0.702804	0.702804
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before outstanding items and taxes (+)	49 199	12 531	70 003	17 830
Adjustments:				
fixed assets depreciation (+)	16 582	14 835	23 594	21 109
intangible assets depreciation (+)				
increase/decrease in provisions				
profit or losses from exchange rates fluctuation (+/-)				
income from long-term securities and loans				
financial service income	694	93	987	132
long-term financial investments and short-term securities value depreciation				
financial services income	-39 567	-40 981	-56 299	-58 311
Profit or losses before adjustments from current assets and liabilities	26 908	-13 522	38 285	-19 240
Adjustments:				
debtors : increase (-); decrease (+)	132 838	25 408	189 011	36 152
inventory: increase (-); decrease (+)				
liabilities: increase (-); decrease (+)	187 827	1 475 795	267 254	2 099 867
		972		1 383
Gross cash provide by operating activities	347 573	1 488 653	494 552	2 118 162
Payments for financial	-39 567	-40 981	-56 299	-58 310
Income tax payments				
Net cash provided by operating activities before outstanding items:	308 006	1 447 672	438 251	2 059 852
Cash flow from outstanding items (-/+)				
Net cash provided by operating activities :	308 006	1 447 672	1 206 624	2 059 852
CASH FLOWS FROM INVESTING ACTIVITIES :				
Fixed assets purchase	-201 242	-1 257 502	-286 342	-1 789 264
Interest received		93		132
Net cash used in investing activities :	-201 242	-1 257 409	-286 342	-1 789 132
CASH FLOWS FROM FINANCING ACTIVITIES:				
Income from investments in fixed capital				
Borrowings received				
Grants and donations received				
Expenses for borrowings repayment	-53 502	-99 152	-76 127	-141 081
Net cash provided by financing activities :	-53 502	-99 152	-76 127	-141 081
Exchange rate fluctuation result :	-283			
Net cash flow	52 979	91 111	75 383	129 639
CASH AT BEGINNING OF YEAR	109 620	18 509	155 975	26 336
CASH AT END OF YEAR	162 599	109 620	231 358	155 975

Gints Feņuks

paraksts

Tamāra Kampāne

paraksts

**JSC VEF
FINANCIAL STATEMENTS' APPENDIXES
FOR YEAR, WHICH ENDS ON MARCH 31, 2007**

1. ACCOUNTING AND ASSESSMENT METHODS – COMMON PRINCIPLES

Basis for financial statements preparation

Financial statements are being prepared in compliance with Latvian laws “On bookkeeping” and “On the Annual Accounts of Undertakings”.

Profit and losses account is prepared according to the turnover method. Accounting policy provides the financial statements give information that is appropriate for their users to make decisions and conclusions. The policy is reliable. The financial statements correctly reveal the financial condition and operating results of the company – showing not only legal side of transactions, but also their economical matter, and are complete in all essential aspects.

Accounting principles used

The items of the financial statements are valued according to the following accounting principles:

- a) it is assumed that the company will operate in the future;
- b) assessment methods used are the same as used in the previous financial year;
- c) assessment is made with mere caution:
 - only profit earned before the date of the annual report is included in the financial statements
 - all projected risk amounts and losses that appeared in the financial year or in the previous years are taken into account, even those which became known in the period of time between the date of the annual report and the day when the financial statements are drawn up
 - all value decreases and depreciation amounts are calculated and taken into account, regardless of the financial year result (profit or losses)
- d) revenues and expenditures connected with the financial year are taken into account, regardless of payment date and invoice receiving or writing out date;
- e) assets and liabilities and net worth items have been assessed independently;
- f) the initial balance sheet of the financial year coincides with the previous financial year final balance sheet;
- g) all items that have an essential influence on the financial statements' users evaluation or decision taking have been taken into account, non-significant items have been combined and they are shown in details in the appendixes to the financial statements;
- h) business operations during the financial year are shown by their economical content and nature instead of their legal form.

Financial year

Financial year is 03 months, from 01.01.2007 to 31.03.2007.

Money and foreign currency revaluation

Amounts shown in these financial statements are in Latvian national currency – lats (LVL).

All monetary assets and liabilities are recalculated to lats, using the official exchange rate of the Latvian Bank that is set on the last day of the financial year.

JSC VEF
FINANCIAL STATEMENTS' APPENDIXES
FOR YEAR, WHICH ENDS ON MARCH 31, 2007

Long-term and short-term items

Long-term items include amounts, whose receiving, discarding or payment terms become due more than 1 year after the end of the respective financial year. Amounts that are due to be received, paid or discarded during the next year, are included in short-term items.

Fixed assets and nonmaterial investment depreciation

Fixed assets and non-material investments are shown by purchase price minus depreciation. Depreciation is calculated on the straight-line basis, using as a basis the following rates:

Fixed assets	
Property	1%
Equipment and machinery	20%
Other fixed assets	25%

Income tax

Income tax for the financial year consists of calculated tax and deferred tax. Income tax is included in the profit and losses account.

Income tax for the financial year is calculated according to the law "On the income tax of Undertakings", determining taxable income and using 15% rate, set by the law.

Deferred income tax is calculated for the difference between assets and liabilities value in the financial statements and assets and liabilities value for tax purposes. Deferred income tax is calculated using 15% rate, set by the law. The above-mentioned difference mainly comes from the different fixed assets depreciation rates used in the financial and tax accounting. Increase of provisions for bad receivables is not taken into account, calculating deferred income tax, due to mere caution principle.

Credit line

There is a credit line opened in JSC "SEB Latvijas Unibanka". It is included in the long-term liabilities and the balance at the end of the financial year is 2 972 222 LVL (4 229 091 EUR).