



JSC VEF, Brīvības gatve 214, Rīga, LV-1039

JOINT STOCK COMPANY VEF
(Unified registration number 40003001328)

NON- AUDITED FINACIAL STATEMENTS
For the period ended on June 30, 2013



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GENERAL INFORMATION

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.
Equity capital ¹ :	Ls 1 944 637 paid and registered equity capital.
Core businesses:	*Power supply - distribution of power; *Letting and renting of real-estate property
Name of the holder of shares and share capital (%)	As on June 30, 2013: *VEF KOMUNIKĀCIJU SERVISS SIA- 45.52 % ; SIA "NĪPA " – 23.74 % ; *State Social Insurance Agency - 4.99 % ; * Tamāra Kampāne - 9.50 % ; * Gints Feņuks - 7.01 % ; *Other shareholders - 9.24 %.
Chief executive officer:	Chairman of the Board of the Company: GINTS FEŅUKS
Members of the Board:	TAMĀRA KAMPĀNE MĀRTINŠ CAUNA MODRIS ZOMMERS
Members of the Supervisory Council:	ANDRIS DENIŅŠ INTS KALNIŅŠ GUNTIS LIPIŅŠ ARNIS ZEKUNDE
Period of account:	01.01.2013. - 30.06.2013.
Qualified auditor:	ALEKSEJS LITVINOVS . Certificate Nbr.190

¹ Paid-up and registred equity capital 1 944 637 common shares
The company's capital consists of the 623 528 bearer shares and 1 321 109 registered shares
Nominal value of a common share is 1 LVL (one Latvian lat).



Report on the Management Board's responsibility to the non-audited financial statement of JSC „VEF” for the six months of 2013

Management Board of JSC „VEF” (hereinafter – the Company) is responsible for preparation of the middle-term financial statements of the Company. The middle-term financial statements are not audited.

Middle-term financial statements are prepared based on justifying documents and represent true and clear overview on the Company's Assets and Equity and Liabilities, its financial standing and results of activity as well as cash flows within the reporting period ended on June 30, 2013.

Accounting principles used in preparation of the middle-term financial statements have not been changed comparing to the previous reporting period. During preparation of the middle-term financial statements decisions taken by the Management Board and estimations made have been cautious and well-founded. The information included in the middle-term management's report is true.

The Management Board of the Company is responsible for ensuring the corresponding accounting system, securing the assets of the Company, as well as for prevention and exposure of fraud and other violation within the Company.

On behalf of the Management Board of JSC „VEF”,

Gints Feņuks
Chairman of the Management Board



Management report

The Joint Stock Company “VEF” is a publicly traded company, dealing with management and administration of its real estate, rendering space rental and electrical services to consumers on the VEF territory, as well as trading in ferrous and non-ferrous scrap metal.

According to the balance statement of the Company, the revenue from the economic activity in 06 months of 2013 makes LVL 396 244 (563 804 EUR), which is 67 751 LVL (96 401 EUR) it is less than over the previous reporting period.

Company focused its business to the preservation and optimization of the existing volumes of cash flow and followed this target over the period in the accounting period.

The Company continues to provide a full scope of its services, while maintaining the jobs and implementing the fund-saving programme, by reducing the outsourcing volumes and prices, as well as diversifying markets and risks.

The Board of Joint Stock Company “VEF” follows the Company’s strategic plans of the previous year, guiding from the economic situation in the country and in particular from the situation in the space rental market. This year the plan is to enhance the monitoring of the market in the rental segment and to react to the changes of the situation, to take also an active tenant attraction for the free spaces within the property of the Company, through enlargement and renovation of the area without any additional fund borrowing.,

On behalf of the Management Board of JSC „VEF”,

Gints Feņuks
Chairman of the Management Board



ASSETS	Final balance		Beginning balance	
	LVL	LVL	EUR	EUR
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
			0.702804	0.702804
LONG-TERM INVESTMENTS				
Intangible assets				
Concessions, patents, licences	779	1 074	1 108	1 528
Total intangible assets	779	1 074	1 108	1 528
Fixed Assets				
Land, buildings and other property	3 963 498	4 003 437	5 639 550	5 696 378
Equipment and machinery				
Other fixed assets and inventory	120 398	91 998	171 311	130 901
Advance payments for fixed assets				
Total fixed assets	4 083 896	4 095 435	5 810 861	5 827 279
Total long-term investments	4 084 675	4 096 509	5 811 969	5 828 807
Current assets				
Inventory				
Goods for sale	13	0	19	0
Total inventory	13	0	19	0
Debtors				
Customers and client debts	64 648	56 575	91 986	80 499
Other debtors	9 212	9 305	13 107	13 240
Future period expenses	1 309	500	1 862	712
Future period income				
Total debtors	75 169	66 380	106 955	94 451
Cash	11 386	16 396	16 201	23 329
Total Current assets	86 568	82 776	123 175	117 780
TOTAL ASSETS	4 171 243	4 179 285	5 935 144	5 946 587



LIABILITIES	Final balance		Beginning balance	
	LVL	LVL	EUR	EUR
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
			0.702804	0.702804
Stockholder's Equity				
Common stock	1 944 637	1 944 637	2 766 969	2 766 969
Long-term investments revaluation reserve	563 341	563 341	801 562	801 562
Total accumulation				
Retained earnings from the previous years	-768 646	-793 982	-1 093 685	-1 129 735
Retained earnings of the financial years	25 442	16 027	36 200	22 804
Total stockholder's equity	1 764 774	1 730 023	2 511 047	2 461 601
PROVISIONS				
Other provisions	10 193	9 185	14 503	13 069
Total provisions	10 193	9 185	14 503	13 069
LIABILITIES				
Long-term liabilities				
Borrowings from credit institutions	2 151 118	2 235 455	3 060 765	3 180 766
Prepayments from buyers	24 903	23 642	35 434	33 640
Other liabilities				
Deferred tax liability	46 934	28 473	66 781	40 513
Total long-term liabilities	2 222 955	2 287 570	3 162 980	3 254 919
Current liabilities				
Borrowings from credit institutions	42 168	42 168	60 000	60 000
Accounts payable	20 284	21 299	28 862	30 306
Taxes and social security payments	17 155	40 578	24 409	57 737
Other liabilities	6 168	5 895	8 776	8 388
Prepayments from buyers	24 569	36 373	34 959	51 754
Other loans	62 977	6 194	89 608	8 813
Total current liabilities	173 321	152 507	246 614	216 998
Total liabilities	2 396 276	2 440 077	3 409 594	3 471 917
TOTAL LIABILITIES&STOCKHOLDER'S EQUITY	4 171 243	4 179 285	5 935 144	5 946 587



**PROFIT AND LOSSES ACCOUNT FOR YEAR, WHICH ENDS ON JUNE
30.2013.**

		LVL 30.06.2013	LVL 30.06.2012	EUR 30.06.2013 - 0.702804	EUR 30.06.2012 - 0.702804
1	2	4	4	4	4
Net turnover		396 244	463 995	563 804	660 205
Cost of goods sold	1	-262 728	-337 925	-373 828	-480 824
Gross profit		133 516	126 070	189 976	179 381
Administrative expenses	2	-35 545	-30 297	-50 576	-43 109
Other income from operations	3	1 075	1 037	1 530	1 476
Other expenses from operations	4	-1 477	-984	-2 102	-1 400
Financial services income	5		2		3
Financial services expenses	6	-56 377	-66 197	-80 217	-94 190
Profit before taxes		41 192	29 631	58 611	42 161
Other taxes	7	-4 770	-7 622	-6 767	-10 845
Deferred tax		-10 980	-5 982	-15 624	-8 512
Net profit		25 442	16 027	36 200	22 804

Earnings per share (EPS) EPS
on 30.06.2013-0.013 LVL-
0.013 EUR

Earnings per share (EPS) EPS
on 30.06.2012-0.0082 LVL-
0082 EUR

Chairman of the Board

G.Feņuks

Member of the Board

T.Kampane

**CASH FLOW STATEMENT FOR YEAR THAT ENDS ON JUNE 30, 2013**

	2013 30.06. LVL	2012 30.06. LVL	2013 30.06. EUR 0.702804	2012 30.06. EUR 0.702804
I. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before outstanding items and taxes (+)	41 192	29 631	58 611	42 161
<i>Adjustments:</i>				
fixed assets depreciation (+)	40 075	37 778	57 022	53 753
intangible assets depreciation (+)	148	148	201	211
increase/decrease in provisions				
profit or losses from exchange rates fluctuation (+/-)	-420	-313	-598	-445
financial service income		2		3
financial services income	56 377	66 197	80 217	94 190
<i>Profit or losses before adjustments from current assets and liabilities</i>	137 372	133 443	195 463	189 872
<i>Adjustments:</i>				
debtors : increase (-); decrease (+)	-8 789	-16 445	-12 506	-23 399
inventory: increase (-); decrease (+)				
liabilities: increase (-); decrease (+)	-34 628	-9 068	-49 271	-12 903
<i>Gross cash provide by operating activities</i>	93 955	107 930	133 686	153 571
Payments for financial	-56 377	-66 197	-80 217	-94 190
Income tax payments				
<i>Net cash provided by operating activities before outstanding items:</i>	37 578	41 733	53 469	59 381
Cash flow from outstanding items (-/+)				
Net cash provided by operating activities :	37 578	41 733	53 469	59 381
II. CASH FLOWS FROM INVESTING ACTIVITIES :				
Fixed assets purchase		-607		-864
Interest received		2		3
Net cash used in investing activities :	0	-605	0	-861
III. CASH FLOWS FROM FINANCING ACTIVITIES:				
Expenses for borrowings repayment	-42 168	-31 626	-60 000	-45 000
Payment LPA for long term buy out of land				
Net cash provided by financing activities :	-42 168	-31 626	-60 000	-45 000
IV. Exchange rate fluctuation result :	-420	-313	-598	-445
Net cash from	-5 010	9 189	-7 129	13 075
CASH AT BEGINNING OF YEAR	16 396	7 207	23 329	10 254
CASH AT END OF YEAR	11 386	16 396	16 200	23 329



**STATEMENT OF CHANGES IN EQUITY FOR YEAR THAT ENDS ON
JUNE 30, 2013**

	30.06.2013 LVL	30.06.2012 LVL	30.06.2013 EUR 0.702804	30.06.2012 EUR 0.702804
Stockholder's equity				
Balance at the beginning of the financial year	1 944 637	1 944 637	2 766 969	2 766 969
Increase from				
Decrease from				
Balance at the end of the financial year	1 944 637	1 944 637	2 766 969	2 766 969
Long-term investments revaluation reserve				
Balance at the beginning of the financial year	563 341	563 341	801 562	801 562
Increase from				
Decrease from				
Balance at the end of the financial year	563 341	563 341	801 562	801 562
Accumulations				
Balance at the beginning of the financial year				
Increase from				
Decrease from				
Balance at the end of the financial year				
Retained earnings				
Balance at the beginning of the financial year	-768 646	-793 982	-1 093 685	-1 129 735
Profit or losses of the financial year	25 442	16 027	36 200	22 804
Dividendes				
Included in accumulations				
Balance at the end of the financial year	-743 204	-777 955	-1 057 485	-1 106 931
Stockholder's equity (total)				
Balance at the beginning of the financial year	1 730 023	1 540 385	2 461 601	2 191 770
Balance at the end of the financial year	1 764 774	1 730 023	2 511 047	2 461 601



Annex of the annual report of six

(1) Net turnover

Turnover consists of revenues that the Company gained in the first six months of 2013 from its core business-service provision without VAT

Type of commercial operations	2013.06.30	2012.06.30	2013.06.30	2012.06.30
	LVL	LVL	EUR	EUR
power supply, distribution and servicing	84 897	70 930	120 798	100 567
office renting service	208 619	207 888	296 838	295 798
utility services	102 728	91 534	146 169	130 241
ferrous and non-ferrous metal trading	0	93 643	0	133 242
Total	396 244	463 995	563 804	660 205

Distribution of net turnover by geographical markets

Country	2013.06.30	2012.06.30	2013.06.30	2012.06.30
	LVL	LVL	EUR	EUR
Latvia	396 244	463 995	563 804	660 205
Total	396 244	463 995	563 804	660 205

(2) Cost of sales

	2013.06.30	2012.06.30	2013.06.30	2012.06.30
	LVL	LVL	EUR	EUR
personnel	57 183	53 160	81 364	75 640
depreciation	40 075	37 778	57 022	53 753
transport	4 455	4 082	6 325	5 808
other outstanding costs	127 247	123 715	181 056	176 031
personnel training	157	156	223	222
telecommunication service	455	545	647	775
other costs tied to commercial operations	28 541	41 953	40 610	59 694
insurance (buildings)	1 852	1 872	2 635	2 664
land rent to LPA	2 625	2 625	3 735	3 735
depreciation of license	148	148	211	211
purchaser costs and delivery of materials	0	71 891	0	102 292
Total	262 728	337 925	373 828	480 824

**(3) Costs of administration**

	2013.06.30	2012.06.30	2013.06.30	2012.06.30
	LVL	LVL	EUR	EUR
personnel	25 417	20 847	36 165	29 663
telecommunication service	454	546	646	777
office supplies	712	708	1 013	1 007
cash turnover expenses	113	96	161	137
transport expenses for administrative needs	4 445	4 081	6 325	5 807
representative expenses	20	65	28	92
legal assistance or raid	634	202	902	287
RFB annual fee	3 750	3 752	5 336	5 339
Total	35 545	30 297	50 576	43 109

(4) Other revenues from commercial operation

	2013.06.30	2012.06.30	2013.06.30	2012.06.30
	LVL	LVL	EUR	EUR
finances	483	1 037	687	1 476
other revenues	592		842	
Total	1 075	1 037	1 529	1 476

(5) Other costs of commercial operations

	2013.06.30	2012.06.30	2013.06.30	2012.06.30
	LVL	LVL	EUR	EUR
losses from currency conversion	420	313	598	445
other expenses				
60% of representative costs	36	120	51	171
donations to Latvian orphans fund				
allowances and bonuses	389	351	554	499
finances	632	200	899	285
Total	1 477	984	2 102	1 400

**(6) Other revenues from interests or similar sources**

	2013.06.30 LVL	2012.06.30 LVL	2013.06.30 EUR	2012.06.30 EUR
interest from balances of accounts		2		3
Total		2		3

(7) Payments of interest and similar expenses

	2013.06.30 LVL	2012.06.30 LVL	2013.06.30 EUR	2012.06.30 EUR
credit interests	55 785	66 001	79 375	93 911
lizing	592	196	842	279
Total	56 377	66 197	80 217	94 190

(8) Other taxes

	2013.06.30 LVL	2012.06.30 LVL	2013.06.30 EUR	2012.06.30 EUR
real estate tax (buildings,land)	4 770	7 622	6 787	10 845
Total	4 770	7 622	6 787	10 845