



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 March 31, 2014



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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: 67270618.
Equity capital <sup>1</sup> :	EUR 2 766 969 registered and paid up capital.
Core businesses:	*Power supply - distribution of power; *Letting and renting of real-estate property
Name of the holder of shares And share capital (%) <sup>2</sup> :	As on march 31. 2014 ; *VEF KOMUNIKĀCIJU SERVISS SIA” 45.52 % ; * Laila Līduma 6.31 % ; * Tamāra Kampāne 9.50 % ; * Gints Feņuks 24.44 % ; *Other shareholders 14.23 % .
Chief executive officer:	Chairman of the Board of the Company: GINTS FEŅUKS TAMĀRA KAMPĀNE
Members of the Board:	MĀRTIŅŠ CAUNA MODRIS ZOMMERS ANDRIS DENIŅŠ
Members of the Supervisory Council:	INTS KALNIŅŠ GUNTIS LIPIŅŠ ARNIS ZEKUNDE 01.01.2014. - 31.03.2014.
Period of account:	Aleksejs Ļitvinovs. Certificate Nbr.190
Qualified auditor:	

<sup>1</sup> Paid-up and registered equity capital EUR 2 766 969

<sup>2</sup> The company`s capital consists of the 623 528 bearer shares and 1 321 109 registered shares nominal value of shares EUR 1.422872



## **Report on the Management Board's responsibility to the non-audited financial statement of JSC „VEF” for the three months of 2014**

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 March 31, 2014.

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



ASSETS		
	EUR	EUR
	31.03.2014	31.03.2013
<b>LONG-TERM INVESTMENTS</b>		
<b>Intangible assets</b>		
Concessions, patents, licences	793	1 214
<b>Total intangible assets</b>	<b>793</b>	<b>1 214</b>
<b>Fixed Assets</b>		
Land, buildings and other property	5 596 929	5 653 757
Equipment and machinery		
Other fixed assets and inventory	120 775	149 530
Advance payments for fixed assets		
<b>Total fixed assets</b>	<b>5 717 704</b>	<b>5 803 287</b>
<b>Total long-term investments</b>	<b>5 718 497</b>	<b>5 804 501</b>
<b>Current assets</b>		
<b>Inventory</b>		
Goods for sale		
<b>Total inventory</b>	<b>0</b>	<b>0</b>
<b>Debtors</b>		
Customers and client debts	101 021	98 044
Other debtors	7 471	13 043
Future period	0	0
Future period expenses	1 968	2 737
<b>Total debtors</b>	<b>110 460</b>	<b>113 824</b>
<b>Cash</b>	<b>32 395</b>	<b>20 938</b>
<b>Total Current assets</b>	<b>142 855</b>	<b>134 762</b>
<b>TOTAL ASSETS</b>	<b>5 861 352</b>	<b>5 939 263</b>



LIABILITIES		
	EUR	EUR
	31.03.2014	31.03.2013
<b>Stockholder's Equity</b>		
Common stock	2 766 969	2 766 969
Long-term investments revaluation reserve	801 562	801 562
<b>Total accumulation</b>		
Retained earnings from the previous years	-1 092 219	-1 093 685
Retained earnings of the financial years	4 317	16 466
<b>Total stockholder's equity</b>	<b>2 480 629</b>	<b>2 491 312</b>
<b>PROVISIONS</b>		
Other provisions	12 585	14 503
<b>Total provisions</b>	<b>12 585</b>	<b>14 503</b>
<b>LIABILITIES</b>		
<b>Long-term liabilities</b>		
Borrowings from credit institutions	2 993 984	3 060 765
Prepayments from buyers	32 106	32 105
Other liabilities	61 977	
Deferred tax liability	122 741	58 969
<b>Total long-term liabilities</b>	<b>3 210 808</b>	<b>3 151 839</b>
<b>Current liabilities</b>		
Borrowings from credit institutions	46 781	89 999
Accounts payable	47 555	48 928
Taxes and social security payments	31 636	26 653
Other liabilities	9 560	8 469
Other borrowings	13 963	56 067
Prepayments from buyers	7 835	51 492
<b>Total current liabilities</b>	<b>157 330</b>	<b>281 609</b>
<b>Total liabilities</b>	<b>3 368 138</b>	<b>3 433 448</b>
<b>TOTAL LIABILITIES&amp;STOCKHOLDER'S EQUITY</b>	<b>5 861 352</b>	<b>5 939 263</b>

**PROFIT AND LOSSES ACCOUNT FOR YEAR, WHICH ENDS  
ON MARCH 31.2014.**

		EUR 31.03.2014 -	EUR 31.03.2013 -
1	2	4	4
Net turnover		319 008	299 850
Cost of goods sold	1	-230 640	-203 740
<b>Gross profit</b>		<b>88 368</b>	<b>96 110</b>
Selling expenses			
Administrative expenses	2	-30 777	-28 453
Other income from operations	3	491	427
Other expenses from operations	4	-753	-983
Financial services income	5	0	0
Financial services expenses	6	-38 305	-39 431
<b>Profit before taxes</b>		<b>19 024</b>	<b>27 671</b>
Other taxes	7	-3 395	-3 394
Deferred tax		-11 312	-7 811
<b>Net profit</b>		<b>4 317</b>	<b>16 466</b>

Earnings per share (EPS) on

**31.03.2014- 0.00156 EUR****31.03.2013 -0.00595 EUR**

Chairman of the Board

G.Feņuks

Member of the Board

T.Kampāne

**CASH FLOW STATEMENT FOR YEAR THAT ENDS ON MARCH 31, 2014**

	<b>2014 31.03.</b>	<b>2013 31.03.</b>
	<b>EUR</b>	<b>EUR</b>
<b>I. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before outstanding items and taxes (+)	<b>19 024</b>	<b>27 671</b>
<i>Adjustments:</i>		
fixed assets depreciation (+)	31 428	27 136
intangible assets depreciation (+)	105	105
increase/decrease in provisions	0	0
profit or losses from exchange rates fluctuation (+/-)	0	279
financial services income	38 305	39 431
<i>Profit or losses before adjustments from current assets and liabilities</i>	<b>88 862</b>	<b>94 621</b>
<i>Adjustments:</i>		
debtors : increase (-); decrease (+)	3 346	-27 834
inventory: increase (-); decrease (+)	0	0
liabilities: increase (-); decrease (+)	-5 397	-15 223
<i>Gross cash provide by operating activities</i>	<b>86 811</b>	<b>51 563</b>
Payments for financial	-38 305	-39 430
<i>Net cash provided by operating activities before outstanding items:</i>	<b>48 506</b>	<b>12 133</b>
Cash flow from outstanding items (-/+)		
<b>Net cash provided by operating activities :</b>	<b>48 506</b>	<b>12 133</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES :</b>		
Fixed assets purchase	0	0
<b>II. Interest received</b>	<b>0</b>	<b>0</b>
<b>Net cash used in investing activities :</b>	<b>0</b>	<b>0</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
<b>III. Expenses for borrowings repayment</b>	<b>-20 000</b>	<b>-30 000</b>
Expenses on lease liabilities	-4 611	
	<b>-24 611</b>	<b>-30 000</b>
<b>Net cash provided by financing activities :</b>		
<b>Exchange rate fluctuation result :</b>	<b>0</b>	<b>-279</b>
<b>IV. Net cash flom</b>	<b>23 895</b>	<b>-18 145</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>8 500</b>	<b>39 083</b>
<b>CASH AT END OF YEAR</b>	<b>32 395</b>	<b>20 938</b>



**STATEMENT OF CHANGES IN EQUITY FOR YEAR THAT ENDS ON  
MARCH 31, 2014**

	31.03.2014 EUR	31.03.2013 EUR
<b>Stockholder's equity</b>		
Balance at the beginning of the financial year	2 766 969	2 766 969
Increase from		
Decrease from		
Balance at the end of the financial year	2 766 969	2 766 969
<b>Long-term investments revaluation reserve</b>		
Balance at the beginning of the financial year	801 562	801 562
Increase from		
Decrease from		
Balance at the end of the financial year	801 562	801 562
<b>Accumulations</b>		
Balance at the beginning of the financial year		
Increase from		
Decrease from		
Balance at the end of the financial year		
<b>Retained earnings</b>		
Balance at the beginning of the financial year	-1 092 219	-1 093 685
Profit or losses of the financial year	4 317	16 466
Dividendes		
Included in accumulations		
Balance at the end of the financial year	-1 087 902	-1 077 219
<b>Stockholder's equity (total)</b>		
Balance at the beginning of the financial year	2 476 312	2 452 800
Balance at the end of the financial year	2 480 629	2 491 312

**(1) Net turnover**

Turnover consists of revenues that the Company gained in the first three months of 2014 from its core business-service provision without VAT

Type of commercial operations	2014.03.31	2013.03.31
	EUR	EUR
power supply, distribution and servicing	75 441	62 757
Rental income	164 162	145 904
utility services	79 405	91 189
<b>Total</b>	<b>319 008</b>	<b>299 850</b>

**Distribution of net turnover by geographical markets**

Country	2014.03.31	2013.03.31
	EUR	EUR
Latvia	319 008	299 850
<b>Total</b>	<b>319 008</b>	<b>299 850</b>

**(2) Cost of sales**

	2014.03.31	2013.03.31
	EUR	EUR
labor and social payments	44 577	40 125
depreciation	31 533	27 241
transport	2 781	2 910
residential services (electricity, water....)	121 500	108 845
personnel training	78	64
telecommunication service	240	283
other costs tied to commercial operations	26 957	21 105
insurance (buildings)	1 467	1 299
land rent to LPA	1 507	1 868
<b>Total</b>	<b>230 640</b>	<b>203 740</b>

**(3) Costs of administration**

	<b>2014.03.31</b>	<b>2013.03.31</b>
	<b>EUR</b>	<b>EUR</b>
labor and social payments	21 131	20 304
telecommunication service	240	282
office supplies	492	424
cash turnover expenses	58	78
transport expenses for administrative needs	2 781	2 910
representative expenses 40%	9	9
legal assistance or raid	1 620	0
RFB annual fee	4 446	4 446
<b>Total</b>	<b>30 777</b>	<b>28 453</b>

**(4) Other revenues from commercial operation**

	<b>2014.03.31</b>	<b>2013.03.31</b>
	<b>EUR</b>	<b>EUR</b>
finances	171	427
repayment VAT	320	
<b>Total</b>	<b>491</b>	<b>427</b>

**(5) Other costs of commercial operations**

	<b>2014.03.31</b>	<b>2013.03.31</b>
	<b>EUR</b>	<b>EUR</b>
60% of representative costs	16	17
foreign currency loss	0	279
allowances and bonuses	330	249
finances	407	438
<b>Total</b>	<b>753</b>	<b>983</b>



(6) **Payments of interest and similar expenses**

	2014.03.31	2013.03.31
	EUR	EUR
credit interests	37 698	39 214
Interest to Swedbank Līzings	162	214
interest to SEB Līzings	445	3
<b>Total</b>	<b>38 305</b>	<b>39 431</b>

(7) **Other taxes**

	2014.03.31	2013.03.31
	EUR	EUR
real estate tax (buildings ,land)	3 395	3 394
<b>Total</b>	<b>3 395</b>	<b>3 394</b>