



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, 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: 7270618.
Equity capital ¹ :	EUR 2 766 969 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, 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
Members of the Board:	TAMĀRA KAMPĀNE MĀRTIŅŠ CAUNA MODRIS ZOMMERS
Members of the Supervisory Council:	ANDRIS DENIŅŠ INTS KALNIŅŠ GUNTIS LIPIŅŠ ARNIS ZEKUNDE
Period of account:	01.01.2014. - 30.06.2014.
Qualified auditor:	ALEKSEJS LITVINOVS . Certificate Nbr.190

¹ Paid-up and registered equity capital 2 766 969 EUR 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 EUR 1 .422872 .



Report on the Management Board's responsibility to the non-audited financial statement of JSC „VEF” for the six 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 June 30, 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



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 2014 makes 606 362 EUR , which is 42 558 EUR it is more 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 proceed 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.

Given that one of the biggest tenant the State Revenue Service is freed from JSC VEF leased building Brīvības gatve 214, the period of expected future decline in sales, and will require significant Additional resources in the form of loan, the building renovation and new tenants attraction.

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

Gints Feņuks
Chairman of the Management Board



ASSETS	Final balance	
	EUR	EUR
	30.06.2014	30.06.2013
LONG-TERM INVESTMENTS		
Intangible assets		
Concessions, patents, licences	688	1 108
Total intangible assets	688	1 108
Fixed Assets		
Land, buildings and other property	5 582 722	5 639 550
Equipment and machinery		
Other fixed assets and inventory	103 567	171 311
Advance payments for fixed assets		
Total fixed assets	5 686 289	5 810 861
Total long-term investments	5 686 977	5 811 969
Current assets		
Inventory		
Goods for sale	0	19
Total inventory	0	19
Debtors		
Customers and client debts	101 784	91 986
Other debtors	11 468	13 107
Future period expenses	1 967	1 862
Future period income	0	0
Total debtors	115 219	106 955
Cash	58 056	16 201
Total Current assets	173 275	123 175
TOTAL ASSETS	5 860 252	5 935 144



LIABILITIES	Final balance	
	EUR	EUR
	30.06.2014	30.06.2013
Stockholder's Equity		
Common stock	2 766 969	2 766 969
Long-term investments revaluation reserve	801 562	801 562
Total accumulation		
Retained earnings from the previous years	- 1 092 219	-1 093 685
Retained earnings of the financial years	5 850	36 200
Total stockholder's equity	2 482 162	2 511 047
PROVISIONS		
Other provisions	12 585	14 503
Total provisions	12 585	14 503
LIABILITIES		
Long-term liabilities		
Borrowings from credit institutions	2 993 984	3 060 765
Prepayments from buyers	32 106	35 434
Other liabilities	61 977	
Deferred tax liability	137 992	66 781
Total long-term liabilities	3 226 059	3 162 980
Current liabilities		
Borrowings from credit institutions	46 781	60 000
Accounts payable	36 975	28 862
Taxes and social security payments	21 075	24 409
Other liabilities	11 137	8 776
Prepayments from buyers	14 145	34 959
Other loans	9 333	89 608
Total current liabilities	139 446	246 614
Total liabilities	3 365 505	3 409 594
TOTAL LIABILITIES&STOCKHOLDER'S EQUITY	5 860 252	5 935 144

**PROFIT AND LOSSES ACCOUNT FOR YEAR, WHICH ENDS ON JUNE
30.2014.**

		EUR 30.06.2014 -	EUR 30.06.2013 -
1	2		4
Net turnover	1	606 362	563 804
Cost of goods sold	2	-434 816	-373 828
Gross profit		171 546	189 976
Administrative expenses	3	-56 130	-50 576
Other income from operations	4	2 159	1 530
Other expenses from operations	5	-2 196	-2 102
Financial services income			
Financial services expenses	6	-75 689	-80 217
Profit before taxes		39 690	58 611
Other taxes	7	-7 278	-6 787
Deferred tax		-26 562	-15 624
Net profit		5 850	36 200

Earnings per share (EPS) EPS
on 30.06.2014 - 0.002 EUR

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

Chairman of the Board

G.Feņuks

Member of the Board

T.Kampane

**CASH FLOW STATEMENT FOR YEAR THAT ENDS ON JUNE 30, 2014**

	2014	2013
	30.06.	30.06.
	EUR	EUR
I. CASH FLOW FROM OERATING ACTIVITIES		
Profit before outstanding items and taxes (+)	39 690	58 611
<i>Adjustments:</i>		
fixed assets depreciation (+)	62 844	57 022
intangible assets depreciation (+)	210	211
increase/decrease in provisions		
profit or losses from exchange rates fluctuation (+/-)	0	-598
financial service income		
finacial services income	75 689	80 217
<i>Profit or losses before adjustments from current assets and liabilities</i>	178 433	195 463
<i>Adjustments:</i>		
debtors : increase (-); decrease (+)	-8 264	-12 506
inventory: increase (-); decrease (+)		
liabilities: increase (-); decrease (+)	-15 682	-49 271
<i>Gross cash provide by operating activities</i>	154 487	133 686
Payments for financial	-75 689	-80 217
Income tax payments		
<i>Net cash provided by operating activities before outstanding items:</i>	78 798	53 469
Cash flow from outstanding items (-/+)		
Net cash provided by operating activities :	78 798	53 469
II. CASH FLOWS FROM INVESTING ACTIVITIES :		
Fixed assets purchase		
Interest received		
Net cash used in investing activities :	0	0
III. CASH FLOWS FROM FINANCING ACTIVITIES:		
Expenses for borrowings repayment	-20 000	-60 000
Expenses on leasing liabilities	-9 242	
Net cash provided by financing activities :	-29 242	-60 000
IV. Exchange rate fluctuation result :	0	-598
Net cash flom	49 556	-7 129
CASH AT BEGINNING OF YEAR	8 500	23 329
CASH AT END OF YEAR	58 056	16 200



**STATEMENT OF CHANGES IN EQUITY FOR YEAR THAT ENDS ON
JUNE 30, 2014**

	30.06.2014 EUR	30.06.2013 EUR
Stockholder's equity		
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
Long-term investments revaluation reserve		
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
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	-1 092 219	-1 093 685
Profit or losses of the financial year	5 850	36 200
Dividends		
Included in accumulations		
Balance at the end of the financial year	-1 086 369	-1 057 485
Stockholder's equity (total)		
Balance at the beginning of the financial year	2 476 312	2 461 601
Balance at the end of the financial year	2 482 162	2 511 047



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(1) Net turnover

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

Type of commercial operations	2014.06.30 EUR	2013.06.30 EUR
power supply, distribution and servicing	146 399	120 798
office renting service	319 070	296 838
utility services	140 893	146 169
ferrous and non-ferrous metal trading		0
Total	606 362	563 804

Distribution of net turnover by geographical markets

Country	2014.06.30 EUR	2013.06.30 EUR
Latvia	606 362	563 804
Total	606 362	563 804

(2) Cost of sales

	2014.06.30 EUR	2013.06.30 EUR
personnel	90 142	81 364
depreciation	62 844	57 022
transport	5 242	6 325
other outstanding costs	218 284	181 056
personnel training	237	223
telecommunication service	623	647
other costs tied to commercial operations	49 456	40 610
insurance (buildings)	2 965	2 635
land rent to LPA	3 013	3 735
depreciation of license	210	211
travel expenses	1 800	0
Total	434 816	373 828



(3) Costs of administration	2014.06.30	2013.06.30
	EUR	EUR
personnel	41 902	36 165
telecommunication service	622	646
office supplies	1 073	1 013
cash turnover expenses	137	161
transport expenses for administrative needs	5 243	6 325
representative expenses	15	28
legal assistance or raid	1 802	902
NASDAQ OMX Riga annual fee	5 336	5 336
Total	56 130	50 576

(4) Other revenues from commercial operation	2014.06.30	2013.06.30
	EUR	EUR
finances	1 510	687
other revenues	649	842
Total	2 159	1 529

(5) Other costs of commercial operations	2014.06.30	2013.06.30
	EUR	EUR
losses from currency conversion	0	598
60% of representative costs	27	51
donations to Latvian orphans fund	400	0
allowances and bonuses	661	554
finances	1 108	899
Total	2 196	2 102



Payments of interest and similar expenses		
(6)	2014.06.30	2013.06.30
	EUR	EUR
credit interests	74 493	79 375
lizing	1 196	842
Total	75 689	80 217

Other taxes		
(7)	2013.06.30	2013.06.30
	EUR	EUR
real estate tax (buildings,land)	7 278	6 787
Total	7 278	6 787