



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

**JOINT STOCK COMPANY VEF**  
(Unified registration number 40003001328)

**NON- AUDITED FINANCIAL STATEMENTS**  
For the period ended on December 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: 7270618.
Equity capital <sup>1</sup> :	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 December 31, 2014: *VEF KOMUNIKĀCIJU SERVISS SIA - 45.52 % ; * Laila Līduma - 6.31 % ; * Tamāra Kampāne - 9.70 % ; * Gints Feņuks -24.49 % ; *Other shareholders - 13.98 %.
Chief executive officer:	Chairman of the Board of the Company: GINTS FENUKS
Members of the Board:	TAMĀRA KAMPĀNE MARTINS CAUNA  MODRIS ZOMMERS
Members of the Supervisory Council:	ANDRIS DENINŠ INTS KALNINŠ GUNTIS LIPINŠ ARNIS ZEKUNDE
Period of account:	01.01.2014. - 31.12.2014.
Qualified auditor:	Aleksejs Litvinovs. Certificate Nbr.190

<sup>1</sup> Paid-up and registered equity capital 2 766 969 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 twelve 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 December 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 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 public joint stock company, dealing with management and administration of their real estate, leasing of premises and electrical services to consumers in VEF territory.

According to the balance statement of the Company, the revenue from the economic activity during 12 months of 2014 makes 1 160 451 EUR, which is 2.7% more than previous reporting period, however, in 2014 year closed with a loss 3 491 EUR, which is the result of lease and maintenance decrease, taking into account that one of the largest tenant the “State Revenue Department” vacated JSC VEF premises on Brīvības gateway 214, as well as the growth of production costs, based on the growth of market electricity price over the reporting period.

In the next period is expected relevant decline of sales, and will be necessary significant additional resources in loan format for the building renovation and new tenants involvement.

For the moment Joint Stock Company continues to provide it's volume of services.

The Board of Joint Stock Company “VEF” follows the Company's strategic plans of the previous year, according to the economic situation in the country and situation in the lease market.

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

Gints Feņuks

Chairman of the Management Board



ASSETS		
	EUR	EUR
	31.12.2014	31.12.2013
<b>LONG-TERM INVESTMENTS</b>		
<b>Intangible assets</b>		
Concessions, patents, licences	507	899
<b>Total intangible assets</b>	<b>507</b>	<b>899</b>
<b>Fixed Assets</b>		
Land, buildings and other property	5 554 307	5 611 135
Other fixed assets and inventory	72 690	137 996
<b>Total fixed assets</b>	<b>5 626 997</b>	<b>5 749 131</b>
<b>Total long-term investments</b>	<b>5 627 504</b>	<b>5 750 030</b>
<b>Current assets</b>		
<b>Debtors</b>		
Customers and client debts	31 236	39 946
Other debtors	9 684	6 333
Future period expenses	1 796	1 656
Future period income	53 571	49 303
<b>Total debtors</b>	<b>96 287</b>	<b>97 238</b>
<b>Cash</b>	93 765	8 500
<b>Total Current assets</b>	<b>190 052</b>	<b>105 738</b>
<b>TOTAL ASSETS</b>	<b>5 817 556</b>	<b>5 855 768</b>



LIABILITIES		
	EUR	EUR
	31.12.2014	31.12.2013
<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	-3 491	1 466
<b>Total stockholder's equity</b>	<b>2 472 821</b>	<b>2 476 312</b>
<b>PROVISIONS</b>		
Other provisions	12 401	12 585
<b>Total provisions</b>	<b>12 401</b>	<b>12 585</b>
<b>LIABILITIES</b>		
<b>Long-term liabilities</b>		
Borrowings from credit institutions	2 853 641	2 993 984
Prepayments from buyers	38 118	32 106
Other liabilities	43 021	61 977
Deferred tax liability	151 511	111 429
<b>Total long-term liabilities</b>	<b>3 086 291</b>	<b>3 199 497</b>
<b>Current liabilities</b>		
Borrowings from credit institutions	140 343	66 781
Accounts payable	54 916	47 736
Taxes and social security payments	15 604	14 825
Other liabilities	10 303	9 762
Prepayments from buyers	5 921	9 695
Other loans	18 956	18 574
<b>Total current liabilities</b>	<b>246 043</b>	<b>167 374</b>
<b>Total liabilities</b>	<b>3 332 334</b>	<b>3 366 870</b>
<b>TOTAL LIABILITIES&amp;STOCKHOLDER'S EQUITY</b>	<b>5 817 556</b>	<b>5 855 768</b>

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

		<b>EUR 31.12.2014</b>	<b>EUR 31.12.2013</b>
<b>1</b>	<b>2</b>	<b>4</b>	<b>4</b>
Net turnover	1	1 160 451	1 129 393
Cost of goods sold	2	-848 074	-817 400
<b>Gross profit</b>		<b>312 377</b>	<b>311 993</b>
Administrative expenses	3	-102 293	-104 156
Other income from operations	4	11 267	45 446
Other expenses from operations	5	-17 327	-16 359
Financial services expenses	6	-150 452	-160 645
<b>Profit before taxes</b>		<b>53 572</b>	<b>76 099</b>
Other taxes	7	-16 981	-14 362
Deferred tax	8	-40 082	-60 271
<b>Net profit</b>		<b>-3 491</b>	<b>1 466</b>

Earnings per share (EPS)  
on 31.12.2013-0.0045 EUR

Chairman of the Board

G.Feņuks

Member of the Board

T.Kampane



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

	<b>2014</b> <b>31.12.</b>	<b>2013</b> <b>31.12.</b>
	<b>EUR</b>	<b>EUR</b>
<b>I. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before outstanding items and taxes (+)	53 572	76 099
<i>Adjustments:</i>		
fixed assets depreciation (+)	119 518	119 927
intangible assets depreciation (+)	392	420
increase/decrease in provisions	-184	-1 918
profit or losses from exchange rates fluctuation (+/-)	0	962
financial services income	150 452	160 645
<i>Profit or losses before adjustments from current assets and liabilities</i>	<b>323 750</b>	<b>356 135</b>
<i>Adjustments:</i>		
debtors : increase (-); decrease (+)	949	2 546
liabilities: increase (-); decrease (+)	-3 755	-56 367
<i>Gross cash provide by operating activities</i>	<b>320 944</b>	<b>302 313</b>
Payments for financial	-150 452	-160 645
<i>Net cash provided by operating activities before outstanding items:</i>	<b>170 492</b>	<b>141 668</b>
Cash flow from outstanding items (-/+)		
<b>Net cash provided by operating activities :</b>	<b>170 492</b>	<b>141 668</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES :</b>		
Fixed assets purchase	0	-1 175
Interest received	128	1 773
<b>Net cash used in investing activities :</b>	<b>128</b>	<b>598</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Expenses for borrowings repayment	-66 781	-119 999
Payment SEB Līzings, Swedlīzings	-18 574	-18 645
<b>Net cash provided by financing activities :</b>	<b>-85 355</b>	<b>-147 401</b>
<b>IV. Exchange rate fluctuation result :</b>	<b>0</b>	<b>-962</b>
<b>Net cash flow</b>	<b>85 265</b>	<b>-6 097</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>8 500</b>	<b>14 597</b>
<b>CASH AT END OF YEAR</b>	<b>93 765</b>	<b>8 500</b>



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

	31.12.2014 EUR	31.12.2013 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	-3 491	1 466
Dividendes		
Included in accumulations		
Balance at the end of the financial year	-1 095 710	-1 092 219
<b>Stockholder's equity (total)</b>		
Balance at the beginning of the financial year	2 476 312	2 474 846
Balance at the end of the financial year	2 472 821	2 476 312

**(1) Net turnover**

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

Type of commercial operations	2014.12.31 EUR	2013.12.31 EUR
Electricity distribution and servicing	314 400	250 495
office renting service	619 801	610 973
ferrous and non-ferrous metal trading income	0	21
Facilities management and utilities	226 250	267 904
<b>Total</b>	<b>1 160 451</b>	<b>1 129 393</b>

**Distribution of net turnover by geographical markets**

Country	2014.12.31 EUR	2013.12.31 EUR
Latvia	1 160 451	1 129 393
<b>Total</b>	<b>1 160 451</b>	<b>1 129 393</b>

**(2) Cost of sales**

	2014.12.31 EUR	2013.12.31 EUR
Personnel costs and social tax	173 550	175 922
depreciation	119 518	119 927
transport	10 073	13 446
residential services ( electricity, water )	426 016	392 841
personnel training	549	283
telecommunication service	1 594	1 413
other costs tied to commercial operations	102 593	101 596
insurance costs (buildings)	5 605	5 233
land rent to LPA	6 027	6 027
bank charges	249	273
scrap metal buying expenses	0	19
depreciation of license	392	420
travel expenses	1 908	0
<b>Total</b>	<b>848 074</b>	<b>817 400</b>



(3)	<b>Costs of administration</b>	<b>2014.12.31</b>	<b>2013.12.31</b>
		<b>EUR</b>	<b>EUR</b>
	Salaries and social tax for administration	77 731	76 077
	telecommunication service	1 594	1 414
	office supplies	1 417	1 884
	transport expenses for administrative needs	10 073	13 446
	representative expenses	33	41
	audit cost	1 281	1 281
	legal assistance or raid	3 410	2 899
	RFB annual fee	7 114	7 114
	<b>Total</b>	<b>102 293</b>	<b>104 156</b>
(4)	<b>Other revenues from commercial operation</b>	<b>2014.12.31</b>	<b>2013.12.31</b>
		<b>EUR</b>	<b>EUR</b>
	finances	2 441	2 481
	profit from sale of fixed assets ( 10283-2617)	7 666	0
	Proceeds from creditor write-off	528	39 274
	Income from savings for vacations reduction	184	1 918
	Other income	320	0
	insurance recompense	128	1 773
	<b>Total</b>	<b>11 267</b>	<b>45 446</b>
(5)	<b>Other costs of commercial operations</b>	<b>2014.12.31</b>	<b>2013.12.31</b>
		<b>EUR</b>	<b>EUR</b>
	60% of representative costs	59	75
	donations to Latvian orphans fund	1 103	360
	other expenses	3 254	3 280
	Bad debts write-off costs	12 911	11 682
	finances		
	exchange losses	0	962
	<b>Total</b>	<b>17 327</b>	<b>16 359</b>

**Payments of interest and similar expenses**

(6)	2014.12.31	2013.12.31
	EUR	EUR
credit interests	148 233	158 478
Swedbank līzings	584	773
SEB Līzings	1 635	1 394
<b>Total</b>	<b>150 452</b>	<b>16 645</b>

(7) Deferred tax	2014.12.31	2013.12.31
	EUR	EUR
Deferred tax at beginning of period	111 429	51 158
Deferred tax at end of period	151 511	111 429
<b>Total</b>	<b>-40 082</b>	<b>-60 271</b>

(8) Other taxes	2014.12.31	2013.12.31
	EUR	EUR
real estate tax (buildings, land)	16 981	14 362
<b>Total</b>	<b>16 981</b>	<b>14 362</b>