



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, 2016



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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
Equity capital ¹ :	EUR 2 722 492 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, 2016: *VEF KOMUNIKĀCIJU SERVISS SIA- 45.52 % ; *Laila Līduma – 6.31 % ; * Tamāra Kampāne -10.16 % ; * Gints Feņuks - 24.50 % ; *Other shareholders - 13.51 %.
Chief executive officer:	Chairman of the Board of the Company: GINTS FENUKS
Members of the Board:	TAMĀRA KAMPĀNE MĀRTINŠ CAUNA MODRIS ZOMMERS
Members of the Supervisory Council:	LAILA LĪDUMA ERVINS KAMPĀNS GUNTIS LIPINŠ EGILS ARAJS
Period of account:	01.01.2016. - 30.06.2016.
Qualified auditor:	ALEKSEJS LITVINOVS . Certificate Nbr.190

¹ Paid-up and registered equity capital 2 722 492 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 .40 .



Report on the Management Board's responsibility to the non-audited financial statement of JSC „VEF” for the six months of 2016

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, 2016.

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 Fenuks
Chairman of the Management Board



Management report

Joint Stock Company VEF is a publicly traded company that is doing business by managing its own real estate property, renting business spaces, and also electricity distribution services for business located in VEF territory.

Net sales for the reporting period resulted in 616 626 EUR and it is about 13 % higher than in the previous reporting period.

The Company focuses its activities in a direction to preserve the cash flow/turnover.

Board of JSC VEF holds to the strategic plans of the company according to economic developments in the country and following to the trends of the real estate rent markets.

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

Gints Fenuks
Chairman of the Management Board



ASSETS	EUR 30.06.2016	EUR 30.06.2015	EUR 31.12.2016
LONG-TERM INVESTMENTS			
Intangible assets			
Concessions, patents, licences	59	339	172
Total intangible assets	59	339	172
Fixed Assets			
Land, buildings and other property	5 499 344	5 525 893	5 501 253
Other fixed assets and inventory	18 252	44 872	29 905
Advance payments for fixed assets	31 400	0	31 400
Total fixed assets	5 548 996	5 570 765	5 562 558
Total long-term investments	5 549 055	5 571 104	5 562 730
Current assets			
Debtors			
Customers and client debts	49 830	87 551	12 901
Other debtors	11 346	6 188	31 337
Future period expenses	1 793	1 874	1 806
Future period income	0	0	52 107
Total debtors	62 969	95 613	98 151
Cash	107 226	104 412	83 634
Total Current assets	170 195	200 025	181 785
TOTAL ASSETS	5 719 250	5 771 129	5 744 515

**LIABILITIES**

	EUR 30.06.2016	EUR 30.06.2015	EUR 31.12.2016
Stockholder's Equity			
Common stock	2 722 492	2 722 492	2 722 492
Rezerve	44 477	44 477	44 477
Long-term investments revaluation reserve	805 396	801 562	8005 396
Total accumulation			
Retained earnings from the previous years	-1 069 412	- 1 104 359	-1 104 359
Retained earnings of the financial years	24 448	-4 108	34 947
Total stockholder's equity	2 527 401	2 460 064	2 502 953
PROVISIONS			
Other provisions	13 056	12 401	13 056
Total provisions	13 056	12 401	13 056
LIABILITIES			
Long-term liabilities			
Borrowings from credit institutions	2 713 298	2 853 641	2 713 298
Prepayments from buyers	39 608	53 149	39 608
Other liabilities	24 823	43 021	24 823
Deferred tax liability	231 309	187 833	193 783
Total long-term liabilities	3 009 038	3 137 644	2 971 512
Current liabilities			
Borrowings from credit institutions	70 172	70 172	140 343
Accounts payable	38 883	36 661	52 026
Taxes and social security payments	27 269	27 747	22 102
Other liabilities	11 398	10 616	10 331
Prepayments from buyers	12 836	6 298	13 995
Other loans	9 197	9 526	18 197
Total current liabilities	169 755	161 020	256 994
Total liabilities	3 178 793	3 298 664	3 228 506

TOTAL LIABILITIES&STOCKHOLDER'S	5 719 250	5 771 129	5 744 515
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EQUITY



**PROFIT AND LOSSES ACCOUNT FOR YEAR, WHICH ENDS ON JUNE
30.2016.**

		EUR 30.06.2016	-	EUR 30.06.2015	-	EUR 31.12.2015	-
Net turnover	1	616 626		538 314		1 135 245	
Cost of goods sold	2	-427 328		-389 166		-799 676	
Gross profit		189 298		149 148		335 569	
Administrative expenses	3	-57 315		-47 956		-100 752	
Other income from operations	4	1 239		5 615		6 095	
Other expenses from operations	5	-1 349		-1 574		-25 712	
Financial services income							
Financial services expenses	6	-61 881		-70 289		-124 246	
Profit before taxes		69 992		34 944		90 954	
Other taxes	7	-8 018		-10 917		-34 085	
Deferred tax		-37 526		-28 135		-21 922	
Net profit		24 448		-4 108		34 947	
Earnings per share (EPS)		0.001		0.002		0.013	

Chairman of the Board

G.Feņuks

Member of the Board

T.Kampane



CASH FLOW STATEMENT FOR YEAR THAT ENDS ON JUNE 30, 2016

	2016 30.06.	2015 30.06.	2015 31.12.
	EUR	EUR	EUR
I. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before outstanding items and taxes (+)	69 992	34 944	90 954
<i>Adjustments:</i>			
fixed assets depreciation (+)	40 938	56 232	99 673
intangible assets depreciation (+)	113	168	335
increase/decrease in provisions			
profit or losses from exchange rates fluctuation (+/-)			
financial service income			
financial services income	61 881	70 289	124 246
<i>Profit or losses before adjustments from current assets and liabilities</i>	172 924	161 633	315 863
<i>Adjustments:</i>			
debtors : increase (-); decrease (+)	35 182	19 606	-1 863
liabilities: increase (-); decrease (+)	-27 322	15 009	12 882
<i>Gross cash provide by operating activities</i>	180 784	196 248	326 882
Payments for financial	-61 881	-70 289	-124 246
Income tax payments	-8 018		-21 922
<i>Net cash provided by operating activities before outstanding items:</i>	110 885	125 959	180 714
Cash flow from outstanding items (-/+)			
Net cash provided by operating activities :	110 885	125 959	180 714
II. CASH FLOWS FROM INVESTING ACTIVITIES :			
Fixed assets purchase	-7 496	0	-31 400
Interest received	0	0	0
	-7 496		-31 400
Net cash used in investing activities :		0	
III. CASH FLOWS FROM FINANCING ACTIVITIES:			
Expenses for borrowings repayment	-70 172	-70 172	-140 343
Expenses on leasing liabilities	-9 625	-9 431	-18 956
Net cash provided by financing activities :	-79 797	-79 603	-159 299
Net cash from	23 592	46 356	-9 985
CASH AT BEGINNING OF YEAR	83 634	58 056	93 619
CASH AT END OF YEAR	107 226	104 412	83 634

**STATEMENT OF CHANGES IN EQUITY FOR YEAR THAT ENDS ON
JUNE 30, 2016**

	30.06.2016 EUR	30.06.2015 EUR	31.12.2015 EUR
Stockholder's equity			
Balance at the beginning of the financial year	2 766 969	2 766 969	2 766 969
Increase from			
Decrease from denomination of shares from lats to euro	44 477	44 477	44 477
Balance at the end of the financial year	2 722 492	2 722 492	2 722 492
Long-term investments revaluation reserve			
Balance at the beginning of the financial year	805 396	801 562	801 562
Increase from			3 834
Decrease from			
Balance at the end of the financial year	805 396	801 562	805 396
Accumulations			
Balance at the beginning of the financial year	0	0	0
Increase from denomination of shares from lats to euro	44 477	44 477	44 477
Decrease from			
Balance at the end of the financial year	44 477	44 477	44 477
Retained earnings			
Balance at the beginning of the financial year	-1 069 412	-1 104 359	-1 104 359
Profit or losses of the financial year	24 448	-4 108	34 947
Dividendes			
Included in accumulations			
Balance at the end of the financial year	-1 044 964	-1 108 467	-1 069 412
Stockholder's equity (total)			
Balance at the beginning of the financial year	2 502 953	2 482 162	2 464 172
Balance at the end of the financial year	2 527 401	2 460 064	2 502 953

**(1) Net turnover**

Turnover consists of revenues that the Company gained in the first six months of 2016 from its core business-service provision without VAT

Type of commercial operations	2016.06.30 EUR	2015.06.30 EUR
power supply, distribution and servicing	150 999	154 818
office renting service	326 123	283 088
utility services	139 504	100 408
Total	616 626	538 314

Distribution of net turnover by geographical markets

Country	2016.06.30 EUR	2015.06.30 EUR
Latvia	616 626	538 314
Total	616 626	538 314

(2) Cost of sales

	2016.06.30 EUR	2015.06.30 EUR
personnel	82 768	75 328
depreciation	40 938	56 232
transport	5 476	4 037
other outstanding costs	219 337	195 759
personnel training	105	229
telecommunication service	693	634
other costs tied to commercial operations	71 488	50 991
insurance (buildings)	2 824	2 775
land rent to LPA	3 586	3 013
depreciation of license	113	168
Total	427 328	434 816



(3)	Costs of administration	2016.06.30	2015.06.30
		EUR	EUR
	personnel	42 006	35 527
	telecommunication service	692	634
	office supplies	1 066	454
	cash turnover expenses	154	157
	transport expenses for administrative needs	5 476	4 037
	representative expenses	14	72
	legal assistance or raid	4 347	1 739
	NASDAQ OMX Riga annual fee	3 560	5 336
	Total	57 315	47 956
(4)	Other revenues from commercial operation	2016.06.30	2015.06.30
		EUR	EUR
	finances	435	1 221
	other revenues	804	4 394
	Total	1 239	5 615
(5)	Other costs of commercial operations	2016.06.30	2015.06.30
		EUR	EUR
	60% of representative costs	25	130
	donations to Latvian orphans fund	200	0
	allowances and bonuses	687	891
	finances	437	553
	Total	1 349	1 574



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

	2016.06.30	2015.06.30
	EUR	EUR
credit interests	61 360	69 453
līzings	521	836
Total	61 881	70 289

(7) **Other taxes**

	2016.06.30	2015.06.30
	EUR	EUR
real estate tax (buildings,land)	8 018	10 917
Total	8 018	10 917