



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, 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 Phone: 7270618.
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 December 31, 2015: *VEF KOMUNIKĀCIJU SERVISS SIA - 45.52 % ; * Laila Līduma - 6.31 % ; * Tamāra Kampāne - 10.16 % ; * Gints Feņuks -24.49 % ; *Other shareholders - 13.52 %.
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:	EGILS ARAJS LAILA LIDUMA GUNTIS LIPINŠ ERVINS KAMPANS
Period of account:	01.01.2016. - 31.12.2016.
Qualified auditor:	Aleksejs Litvinovs. Certificate Nbr.190

¹ Paid-up and registered equity capital 2 722 492 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 twelve 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 December 31, 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 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.

Joint stock venture 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 cash flow/turnover of the joint venture within twelve months of 2016 reached 1 297 712 EUR that is higher by 14% in comparison with the last period reported.

Despite the growth of net turnover, at the end of the reporting period the management board has executed also cost saving measures; thus, as the result the company concluded the year with not-audited profit of 165 792 EUR.

Currently the Company continues to provide full set of services and is in preparations for planned renovation of its real estate that is required since buildings are in use for more than fifteen years. Renovation plans are in the phase of approval and will require substantial investments which the Company is planning to cover from own reserves.

The Company is preparing to reconstruct premises previously used for production and convert these premises into office spaces to successfully attract new customers. To cover investments required for these activities the Company is also planning to use its own resources - only in the case of necessity bank financing will be attracted.

As of planned works for the next reporting period the Company is planning to invest in improving of roads and energy efficiency that are important for existing and new potential customers.

Board of JV 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 JSV „VEF”,

Gints Feņuks
Chairman of the Management Board



ASSETS		
	EUR	EUR
	31.12.2016	31.12.2015
LONG-TERM INVESTMENTS		
Intangible assets		
Concessions, patents, licences	56	172
Total intangible assets	56	172
Fixed Assets		
Land, buildings and other property	5 469 001	5 501 253
Other fixed assets and inventory	32 621	29 905
Advance payments for fixed asset	0	31 400
Total fixed assets	5 501 622	5 562 558
Total long-term investments	5 501 678	5 562 730
Current assets		
Debtors		
Customers and client debts	73 327	12 901
Other debtors	9 144	31 337
Future period expenses	2 572	1 806
Future period income	60 230	52 107
Total debtors	145 273	98 151
Cash	120 368	83 634
Total Current assets	265 641	181 785
TOTAL ASSETS	5 767 319	5 744 515



LIABILITIES		
	EUR	EUR
	31.12.2016	31.12.2015
Stockholder's Equity		
Common stock	2 722 492	2 722 492
Long-term investments revaluation reserve	795 436	805 436
Other reserves	44 477	44 477
Total accumulation		
Retained earnings from the previous years	-1 069 412	-1 104 359
Retained earnings of the financial years	165 792	34 947
Total stockholder's equity	2 658 785	2 502 953
PROVISIONS		
Other provisions	0	13 056
Total provisions	0	13 056
LIABILITIES		
Long-term liabilities		
Borrowings from credit institutions	2 572 955	2 713 298
Prepayments from buyers	0	39 608
Other liabilities	0	24 823
Deferred tax liability	209 954	193 783
Total long-term liabilities	2 782 909	2 971 512
Current liabilities		
Borrowings from credit institutions	140 343	140 343
Accounts payable	56 025	52 026
Taxes and social security payments	28 824	22 085
Other liabilities	10 083	10 331
Prepayments from buyers	50 979	13 995
Other loans	23 670	18 198
Accrued liabilities	15 701	0
Total current liabilities	325 625	256 978
Total liabilities	3 108 534	3 227 885
TOTAL LIABILITIES&STOCKHOLDER'S EQUITY	5 767 319	5 745 071

**PROFIT AND LOSSES ACCOUNT FOR YEAR, WHICH ENDS ON DECEMBER
31.2016.**

		EUR 31.12.2016	EUR 31.12.2015
1	2	4	4
Net turnover	1	1 297 712	1 135 245
Cost of goods sold	2	-876 849	-799 676
Gross profit		420 863	335 569
Administrative expenses	3	-108 103	-100 752
Other income from operations	4	24 892	6 095
Other expenses from operations	5	-19 336	-25 712
Financial services expenses	6	-120 317	-124 246
Profit before taxes		197 999	90 954
Other taxes	7	-16 036	-21 922
Deferred tax	8	-16 171	-34 085
Net profit		165 792	34 947

Earnings per share (EPS)
on 31.12.2016-0.09 EUR

Chairman of the Board

G.Feņuks

Member of the Board

T.Kampane

**CASH FLOW STATEMENT FOR YEAR THAT ENDS ON DECEMBER 31, 2016**

	2016 31.12.	2015 31.12.
	EUR	EUR
I. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before outstanding items and taxes (+)	197 999	90 954
<i>Adjustments:</i>		
fixed assets depreciation (+)	86 537	99 673
intangible assets depreciation (+)	116	335
increase/decrease in provisions	0	655
Fixed asset income	0	0
financial services income	120 317	124 246
<i>Profit or losses before adjustments from current assets and liabilities</i>	404 969	315 863
<i>Adjustments:</i>		
debtors : increase (-); decrease (+)	-47 122	-1 863
liabilities: increase (-); decrease (+)	-25 067	-12 882
<i>Gross cash provide by operating activities</i>	332 780	326 882
Payments for financial	-120 317	-124 246
Real estate tax payments	-16 036	-21 922
<i>Net cash provided by operating activities before outstanding items:</i>	196 427	180 714
Cash flow from outstanding items (-/+)		
Net cash provided by operating activities :	196 427	180 714
II. CASH FLOWS FROM INVESTING ACTIVITIES :		
Fixed assets purchase	0	-31 400
Interest received	0	0
Net cash used in investing activities :	0	-31 400
III. CASH FLOWS FROM FINANCING ACTIVITIES:		
Expenses for borrowings repayment	-140 343	-140 343
Payment Līzings,	-19 350	-18 956
Net cash provided by financing activities :	-159 693	-159 299
IV. Exchange rate fluctuation result :	0	0
Net cash flom	36 734	-9 985
CASH AT BEGINNING OF YEAR	83 634	93 619
CASH AT END OF YEAR	120 368	83 634



**STATEMENT OF CHANGES IN EQUITY FOR YEAR THAT ENDS ON
DECEMBER 31, 2016**

	31.12.2016 EUR	31.12.2015 EUR
Stockholder's equity		
Balance at the beginning of the financial year	2 722 492	2 722 492
Increase from		
Decrease from		
Balance at the end of the financial year	2 722 492	2 722 492
Long-term investments revaluation reserve		
Balance at the beginning of the financial year	805 396	805 396
Increase from		
Decrease from	9 960	
Balance at the end of the financial year	795 436	805 396
Accumulations		
Balance at the beginning of the financial year	44 477	44 477
Increase from		
Decrease from		
Balance at the end of the financial year	44 477	44 477
Retained earnings		
Balance at the beginning of the financial year	-1 069 412	-1 104 359
Profit or losses of the financial year	165 792	34 947
Dividendes		
Included in accumulations		
Balance at the end of the financial year	-903 620	-1 069 412
Stockholder's equity (total)		
Balance at the beginning of the financial year	2 502 953	2 464 172
Balance at the end of the financial year	2 658 785	2 502 953

**(1) Net turnover**

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

Type of commercial operations	2016.12.31 EUR	2015.12.31 EUR
Electricity distribution and servicing	318 072	299 521
office renting service	658 376	585 184
Facilities management and utilities	321 264	250 540
Total	1 297 712	1 135 245

Distribution of net turnover by geographical markets

Country	2016.12.31 EUR	2015.12.31 EUR
Latvia	1 297 712	1 135 245
Total	1 297 712	1 135 245

(2) Cost of sales

	2016.12.31 EUR	2015.12.31 EUR
Personnel costs and social tax	171 490	161 173
depreciation	86 537	99 673
transport	9 550	7 863
residential services (electricity, water)	422 728	393 631
personnel training	106	229
telecommunication service	1 443	1 385
other costs tied to commercial operations	172 229	122 654
insurance costs (buildings)	5 221	5 362
land rent to LPA	7 173	6 027
bank charges	256	371
depreciation of license	116	335
travel expenses	0	0
Total	876 849	799 676



(3)	Costs of administration	2016.12.31	2015.12.31
		EUR	EUR
	Salaries and social tax for administration	80 939	78 079
	telecommunication service	1 443	1 386
	office supplies	1 412	1 042
	transport expenses for administrative needs	9 550	7 836
	representative expenses	96	127
	audit cost	1 400	1 400
	legal assistance or raid	6 143	3 768
	NASDAQ Riga annual fee	7 120	7 114
	Total	108 103	100 752
(4)	Other revenues from commercial operation	2016.12.31	2015.12.31
		EUR	EUR
	finances	620	1 623
	Long-term revaluation decrease	9 960	0
	Other income	13 897	4 472
	Income from TP26 dismantling	415	0
	Total	24 892	6 095
(5)	Other costs of commercial operations	2016.12.31	2015.12.31
		EUR	EUR
	60% of representative costs	174	231
	donations to Latvian orphans fund	1 201	851
	other expenses	17 321	3 156
	Bad debts write-off costs	0	20 484
	finances	640	990
	exchange losses	0	0
	Total	19 336	25 712

**Payments of interest and similar expenses**

(6)		2016.12.31	2015.12.31
		EUR	EUR
	credit interests	119 427	122 726
	Lizings interests	890	1 520
	Total	120 137	124 246

(7)	Deferred tax	2016.12.31	2015.12.31
		EUR	EUR
	Deferred tax at beginning of period	193 783	159 698
	Deferred tax at end of period	209 954	193 783
	Total	-16 171	-34 085

(8)	Other taxes	2016.12.31	2015.12.31
		EUR	EUR
	real estate tax (buildings,land)	16 036	21 922
	Total	16 036	21 922