

JOINT-STOCK COMPANY VEF RADIOTEHNIKA RRR
FINANCIAL STATEMENTS TO THE SIX MONTHS ENDED JUNE 31, 2005
REG. NR. 40003286712

**UNAUDITED
FINANCIAL STATEMENTS**

Riga

JSC VEF RADIOTEHNIKA RRR
FINANCIAL STATEMENTS TO THE SIX MONTHS ENDED JUNE 30, 2005

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JSC VEF RADIOTEHNIKA RRR
FINANCIAL STATEMENTS TO THE SIX MONTHS ENDED JUNE 30, 2005

Information about the Company

Company Name	JSC "VEF RADIOTEHNIKA RRR"
Legal status of the company	Public Joint-Stock Company
Registration Nr., place and date	Nr. 000328671 Riga, December 11, 1998
Address	Kurzemes prospekts 3, Riga, LV-1067 Latvia
Names, Surnames & positions of Board Members	Eduards Malejevs – president Jurijs Malejevs – vice president Inga Spruga – financial director
Reporting Period	January 1 – June 30, 2005.
Auditor's Name, personal identity code and address	Auditing Company "Finansists" LTD Meistaru iela 10/12, Riga, LV-1050, Sworn Auditor Nelli Jermolicka Certificate Nr. 102

JSC VEF RADIOTEHNIKA RRR
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MANAGEMENT REPORT

Types of Activity

Main activities of JSC "VEF Radiotekhnika RRR" in the first half of 2005 were:

1. Development of acoustic systems and casings for them, organisation of production, production and sales, including exports;
2. TV-set accessory (TV stands) production and exports;
3. Production and sales of electronic nodes;
4. Production and sales of printed circuit boards;
5. Real Estate Property Letting services.

All above stated activities have also existed in 2004. No new activities commenced.

Activity of the Company during the reporting period.

First half of 2005 JSC "VEF Radiotekhnika RRR" has performed development of acoustic systems, organisation of production of TV-set accessory (TV stands), organisation of production, production and sales both in Latvia and abroad of electronic block and node and printed circuit boards. Joint-Stock Company continued development of new product models. In marketing, the Company has increased its efforts in the Baltics and CIS regions. The volume of property letting has increased noticeably.

Exports have constituted 52 percent from the total sales volume.

As a result of operating activity, first half year 2005 profit is LVL 34662.

Future Perspectives.

2005 is planned as a potential investment year, because on March 17, 2005, Latvian Investment and Development Agency has accepted application for funding of modernisation and development of audio equipment, and on April 4, 2005, the funding agreement for one million Lats has been signed. In accordance with the accepted project and signed agreement, Joint-Stock Company will invest LVL 1 774 000 in upgrading and development of the production facility, where 38 various units of production equipment will be acquired. As a result, the above-mentioned upgrade will improve the work environment, improve technical level and quality, increase work scope and volume, widen technological production opportunities, ensure compliance with a great number of EU standards' requirements.

Chairman of the Board :
August 29, 2005


E. Malejevs

JSC VEF RADIOTEHNIKA RRR
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Profit or loss account for the six months ended June 30, 2005
(using turnover method)

		For 6 months of 2005	For 6 months of 2004	For 6 months of 2005	For 6 months of 2004
	Note	LVL	LVL	EUR	EUR
1. Net turnover	1	886834	940880	1261851	1338752
2. Cost of goods sold	2	(700873)	(714487)	(997252)	(1016623)
3. Gross profit		185961	226393	264599	322129
4. Selling expenses	3	(21922)	(17449)	(31192)	(24828)
5. Administrative expenses	4	(73302)	(78485)	(104299)	(111674)
6. Other operating income	5	44687	5852	63584	8326
7. Other operating expenses	6	(59425)	(14670)	(84554)	(20874)
8. Interest payments and similar expenses	7	(31589)	(34321)	(44948)	(48834)
9. Profit or loss before tax		44410	87320	63190	124245
10. Other taxes	8	(9748)	(10160)	(13871)	(14456)
11. Profit or loss for the period		34662	77160	49319	109789
12. Earnings per share (EPS coefficient)		0.014	0,030	0.014	0.030


E. Malejevs

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August 29, 2005

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FINANCIAL STATEMENTS TO THE SIX MONTHS ENDED JUNE 30, 2005

Balance Sheet as on June 30, 2005

	Note	30.06.05	30.06.04	30.06.05	30.06.04
<u>Assets</u>		LVL	LVL	EUR	EUR
1	2	3	4	5	6
Non-current assets					
I. Intangible Assets					
1. Conceptual frameworks, licenses, trade marks, computer programmes		1981	1729	2819	2460
I Sub-total:		1981	1729	2819	2460
II. Fixed Assets:					
1. Land, buildings, constructions		1418405	1483779	2018209	2111227
2. Equipment and vehicles		176139	208099	250623	296098
3. Other fixed assets and fixtures		140244	131161	199549	186625
4. Advance payments for and unfinished construction of fixed assets		38052	38052	54143	54143
Total non-current assets:		1772840	1861091	2522524	2648093
III. Long-term financial investments					
1. Loans to related entities		18006	120018	25620	170770
2. Other loans		1120	1120	1594	1594
Sub-total long term financial investments:		19126	121138	27214	172364
Sub-total non-current assets:	9	1793947	1983958	2552557	2822917
Current Assets					
I. Inventory:					
1. Raw materials		258249	192912	367455	274489
2. Work in progress		232402	310037	330679	441143
3. Advance payments		126607	124954	180145	177794
Sub-total inventory:		617258	627903	878279	893426
II. Receivables:					
1. Trade receivables	10	468591	429240	666744	610753
2. Other receivables	11	205200	258036	291974	367152
3. Deferred expenses	12	3220	2679	4582	3812
Sub-total receivables:		677011	689955	963300	981717
Other shares and shareholding		14	14	20	20
III. Total:		14	14	20	20
IV. Cash	13	15132	6355	21531	9043
Sub-total current assets:		1309415	1324227	1863130	1884206
Total Assets		3103362	3308185	4415687	4707123


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FINANCIAL STATEMENTS TO THE SIX MONTHS ENDED JUNE 30, 2005

Balance Sheet as on June 30, 2005

	Note	30.06.05	30.06.04	30.06.05	30.06.04
Liabilities & Shareholders' Equity		LVL	LVL	EUR	EUR
1	2	3	4	5	6
I Shareholders' equity:					
1. Share capital	14	2549084	2549084	3627019	3627019
2. Retained Earnings					
a) retained profit for previous year		(525389)	(569217)	(747561)	(809922)
b) retained profit for the year		34662	77160	49319	109789
I Total Shareholders' equity:		2058357	2057027	2928777	2926886
III Liabilities					
1. Long-term liabilities					
1. Loans from lending institutions	15	460895	554156	655795	788493
4. Other loans	16	29437	45913	41885	65328
11. Other accounts payable		1514	1514	2154	2154
Sub-total long-term liabilities:		491846	601583	699834	855975
2. Short-term liabilities:					
1. Loans from lending institutions		142473	136519	202721	194249
2. Other loans		8655	96126	12315	136775
3. Advances from suppliers		7357	9256	10469	13170
4. Due to suppliers		243183	204694	346019	291253
5. Taxes and social security payments	17	33432	18567	47569	26419
6. Other accounts payable	18	14198	18996	20202	27029
7. Deferred income	19	103861	165417	147781	235367
8. Accrued liabilities					
2. Sub-total short-term liabilities:		553159	649575	787076	924262
III Total Liabilities:		1045005	1251158	1486910	1780237
Total Liabilities & Shareholders' Equity		3103362	3308185	4415687	4707123


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August 29, 2005

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FINANCIAL STATEMENTS TO THE SIX MONTHS ENDED JUNE 30, 2005

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
for the six months ended June 30, 2005

	Share Capital	Retained Earnings	Total	Share Capital	Retained Earnings	Total
	LVL	LVL	LVL	EUR	EUR	EUR
As of December 31, 2003	2549084	(569217)	1979867	3627019	(809922)	2817097
Profit for 6 months of 2004	0	77160	77160	0	109789	109789
Balance as of June 30, 2004	2549084	(492057)	2057027	3627019	(700133)	2926886
As of December 31, 2004	2549084	(525389)	2023695	3627019	(747561)	2879458
Profit for 6 months of 2005	0	34662	34662	0	49319	49319
Balance as of June 30, 2005	2549084	(490727)	2058357	3627019	(698242)	2928777


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August 29, 2005

JSC VEF RADIOTEHNIKA RRR
FINANCIAL STATEMENTS TO THE SIX MONTHS ENDED JUNE 30, 2005

Profit or loss account for the six months ended June 30, 2005
(using indirect method)

	For 6 months of 2005	For 6 months of 2004	For 6 months of 2005	For 6 months of 2004
	LVL	LVL	EUR	EUR
1. Cash flow from operating activity				
Profit or loss before taxation	44410	87320	63190	124245
Corrections:				
– Depreciation	63362	59492	90156	84649
– Other taxation	(9748)	(10160)	(13870)	(14456)
Cash flow from operating activity before changes in operating assets	98024	136652	139476	194438
Accruals increase / decrease	(51343)	(59032)	(73055)	(83995)
Accounts receivables increase / decrease	(3864)	(121713)	(5498)	(173182)
Account payables increase / decrease	33098	174342	47094	248066
1. Net cash flow from operating activity	75915	130249	108017	185327
2. Cash flow from investment activity				
Acquisition of fixed assets	(9772)	(30151)	(13904)	(42901)
Issued loans	(2500)	0	(3557)	0
2. Net cash flow from investment activity	(12272)	(30151)	(17461)	(42901)
3. Cash flow from financing activity				
Repayment of loans received	(60396)	(99674)	(85936)	(141823)
3. Net cash flow from financing activity.	(60396)	(99674)	(85936)	(141823)
Cash flow summary				
1. Cash flow from operating activity	75915	130249	108017	185327
2. Cash flow from investing activity	(12272)	(30151)	(17461)	(42901)
3. Cash flow from financing activity	(60396)	(99674)	(85936)	(141823)
Net cash and cash equivalent increase / decrease	3247	424	4620	603
Cash and cash equivalents at the beginning of the period	11885	5931	16911	8439
Cash and cash equivalents at the end of the period	15132	6355	21531	9042


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August 29, 2005

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FINANCIAL STATEMENTS TO THE SIX MONTHS ENDED JUNE 30, 2005

Notes to Financial Statements

Accounting Policies

(1) General Principles

These Financial Statements have been prepared in accordance with provisions as set in the Republic Of Latvia laws "On Accounting", "On Company Annual Accounts" and the accounting standards issued by the Accounting Board of the Finance Ministry of the Republic of Latvia and which have been in force during the reporting period. Financial Statements have been prepared using historical cost basis.

Profit and Loss Statement has been prepared using turnover and expenses method.

Cash Flow Statement has been prepared using indirect method in accordance with the Standard Nr.2 of the Republic of Latvia.

When compared to the previous reporting period, company's accounting and valuation policies have not changed.

Financial Statements have been prepared on the basis of continuing operations of the company and give true and fair view of the company's assets, liabilities, financial state and profit.

Net Turnover

Net turnover for the services rendered and goods sold for half year is shown without Value Added Tax.

(2) Exchange of foreign currency into Lats

JSC VEF Radiotekhnika RRR accounting is done in Latvian Lat. All transactions in foreign currencies are converted into Lats as per official exchange rate as set by the Bank of Latvia on the day of the transaction.

Foreign currency denominated assets and liabilities which occurred in foreign currency are recalculated in Latvian Lats, as per official exchange rate as set by the Bank of Latvia effective on the last day of the reporting period – June 30, 2005.

Profit or loss resulting from the foreign currency exchange is accordingly reflected in the Profit & Loss Statement.

For informative purposes, all monetary assets and liabilities are converted into euro using the exchange rate as set by the Bank of Latvia on June 30, 2005.

	30.06.2005.
	LVL
1 USD	0.583
1EUR	0.702804
1GBP	1.059
1SEK	0.0746
1RUB	0.0204
1EEK	0.0449

(3) Fixed Assets

Fixed assets are shown using their historical or revaluation cost, less depreciation. Depreciation is calculated using straight-line method for the useful life of the asset and on the basis of the rates as set by the joint-stock company.

Depreciation rates depend on the type of asset and are as follows:

	%
Buildings	5
Computing equipment	15
Other equipment, fixtures and transportation vehicles	10

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Accounting policies (continued)

(4) Inventories

Inventories are valued using FIFO method using lower cost value. In the event of necessity, the value of outdated, low turnover or broken inventories are written-off.

Inventories are checked during inventory process. Decrease in inventories is written off as deferred expenses.

(5) Accounts receivable

Accounts receivable are shown in the Balance Sheet using net value, by subtracting bad and unrecoverable debts from the total value. Special provisions for bad and unrecoverable debts are done in cases the management of the Company believes that recovery of such debts is doubtful

Debts are written off, when their recovery is seen as impossible.

(6) Hire-purchase

Fixed assets, which are acquired using hire-purchase and the Company undertakes risks related to these assets and their return, are valued as if they are acquired with immediate payment. Leasing interest and related payments are shown for the period in which they have been acquired.

(7) Other investments

Long-term investments, excluding investments in daughter and related entities are shown using their acquisition value, which is adjusted depending on events of their increase or decrease.

Land is valued at its cadastral value.

(8) Taxation

Corporate Income Tax calculations for the reporting period are included in the Financial Statements on the basis of calculations performed by the management and in accordance with the tax legislation of the Republic of Latvia.

Corporate Income Tax is calculated, applying 15% rate to the tax applicable transactions concluded during the taxation period.

(9) Cash and cash equivalents

Cash and cash equivalents shown in the Cash Flow Statement Cash represents cash on hand and cash in bank accounts.

(10) True value of financial assets and liabilities

True value reflect value for which the asset or liability can be realised under normal market conditions. In case when the management believes that the shown value of such asset or liability is different to the actual value, the true value is separately shown in the Notes to the Financial Statements.

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FINANCIAL STATEMENTS TO THE SIX MONTHS ENDED JUNE 30, 2005

Notes to the Financial Statements (continued)

Profit & Loss Account

(1) Net Turnover

	For 6 months of 2005	For 6 months of 2004	For 6 months of 2005	For 6 months of 2004
	LVL	LVL	EUR	EUR
Income from export sales of finished goods	266690	350216	379466	498312
Income from premises rent	214725	191790	305526	272893
Income from sales of finished goods in the local market	216629	63292	308235	90057
Income from utility services	156512	174103	222697	247726
Income from galvanic services	30018	0	42712	0
Income from sale of materials	2260	161479	3215	229764
Net turnover total:	886834	940880	1261851	1338752

(2) Cost of goods sold

	For 6 months of 2005	For 6 months of 2004	For 6 months of 2005	For 6 months of 2004
	LVL	LVL	EUR	EUR
Fittings and materials	204895	1595	291539	2269
Personnel	102176	30615	145383	43561
Depreciation of fixed assets	63295	59492	90061	84649
Change in finished goods' inventory	(13150)	29147	(18710)	41473
Change in value of purchased materials and parts	19896	453540	28309	645329
Other expenses	4054	4599	5768	6544
Production services	130868	15781	186208	22455
Maintenance of real estate	183762	119649	261470	170245
Write-off of current assets	5077	69	7224	98
Total:	700873	714487	997252	1016623

(3) Selling expenses

	For 6 months of 2005	For 6 months of 2004	For 6 months of 2005	For 6 months of 2004
	LVL	LVL	EUR	EUR
Goods' transportation expenses	16570	10421	23577	14828
Goods' transport insurance	0	34	0	48
Selling expenses	1798	1771	2558	2520
Bonuses and discounts	16	0	23	0
Advertising expenses	3538	1951	5034	2776
Membership fees	0	3272	0	4656
Total:	21922	17449	31192	24828

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(4) Administrative expenses

	For 6 months of 2005	For 6 months of 2004	For 6 months of 2005	For 6 months of 2004
	LVL	LVL	EUR	EUR
Personnel	40621	52752	57799	75059
Representation expenses	1053	1103	1498	1569
Office costs	4182	3756	5950	5344
Professional fees	1459	1729	2076	2460
Communication services	14334	11617	20395	16530
Cash turnover expenses	2132	2449	3034	3485
Transportation costs	8854	5079	12598	7227
Other administrative expenses	667	0	949	0
Total:	73302	78485	104299	111674

(5) Other income from operating activity

	For 6 months of 2005	For 6 months of 2004	For 6 months of 2005	For 6 months of 2004
	LVL	LVL	EUR	EUR
Income from realisation of low-value items	0	1453	0	2068
Other income	44687	4399	63584	6258
Total	44687	5852	63584	8326

(6) Other expenses from operating activity

	For 6 months of 2005	For 6 months of 2004	For 6 months of 2005	For 6 months of 2004
	LVL	LVL	EUR	EUR
Business trips	10408	6298	14809	8961
Expenses not related to operating activity	11231	681	15980	969
Land rent	122	205	174	292
Write-off of bad debts	19540	0	27804	0
Insurance payments	2530	1192	3599	1696
Real estate servicing	1811	0	2577	0
Other expenses	13783	6294	19611	8956
Total:	59425	14670	84554	20874

(7) Interest payments and similar expenses

	For 6 months of 2005	For 6 months of 2004	For 6 months of 2005	For 6 months of 2004
	LVL	LVL	EUR	EUR
Long-term loan interest	28222	23923	40156	34039
Net losses from foreign currency exchange rates	2537	9271	3610	13191
Penalties	830	1127	1182	1604
Total:	31589	34321	44948	48834

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(8) Other taxes

	For 6 months of 2005 LVL	For 6 months of 2004 LVL	For 6 months of 2005 EUR	For 6 months of 2004 EUR
Real estate property tax for land	6228	6676	8862	9499
Real estate property tax for buildings and constructions	3520	3484	5009	4957
Total:	9748	10160	13871	14456

Balance Sheet

(9) Non-current assets, LVL

Type of non-current asset	Beginning value				Depreciation				Balance value	
	31.12.04	Purchase	Disposal	30.06.05	31.12.04	Calculation	Disposal	30.06.05	31.12.04	30.06.05
Intangible assets	5255	1117	0	6372	4324	67	0	4391	931	1981
Land plots, buildings, constructions and temporary constructions	1816888	0	0	1816888	365796	32687	0	398483	1451092	1418405
Equipment and Machinery	338500	0	0	338500	145436	16925	0	162361	193064	176139
Other fixed assets and fixtures	224294	8655	0	232949	79022	13683	0	92705	145272	140244
Construction of fixed assets and costs related to unfinished construction	38052	0	0	38052	0	0	0	0	38052	38052
Fixed assets total	2417734	8655	0	2426789	590254	63295	0	653549	1827480	1772840
Financial investments	16626	2500	0	19126	0	0	0	0	16626	19126
TOTAL non-current assets	2439615	12272	0	2451887	594578	63362	0	657940	1845037	1793947

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(9) Ilgtermiņa ieguldījumi, EUR

Type of non-current asset	Beginning value			Depreciation				Balance value		
	31.12.04	Purchase	Disposal	31.12.04	Purchase	Disposal	31.12.04	Purchase	Disposal	31.12.04
Intangible assets	7477	1590	0	9067	6153	95	0	6248	1324	2819
Land plots, buildings, constructions and temporary constructions	2585199	0	0	2585199	520481	46509	0	566990	2064718	2018209
Equipment and Machinery	481642	0	0	481642	206937	24082	0	231019	274705	250623
Other fixed assets and fixtures	319142	12315	0	331457	112439	19469	0	131908	206703	199549
Construction of fixed assets and costs related to unfinished construction	54143	0	0	54143	0	0	0	0	54143	54143
Fixed assets total	3440126	12315	0	3452441	839857	90060	0	929917	2600270	2522524
Financial investments	23657	3557	0	27214	0	0	0	0	23657	27214
TOTAL non-current assets	3471260	17462	0	3488722	846010	901155	0	936165	2625250	2552557

Cadastral value of land

		30.06..2005.	
		Cadastral value	
Cadastral number	Location	LVL	EUR
01000802171	Riga	6683	9509
01000762088	Riga	50	71
01000800135	Riga	7618	10839
01000800135	Riga	443145	630539

Long-term financial investments

Other loans

	30.06.05		30.06.04	
	LVL	EUR	LVL	EUR
Latvian-German Joint Venture Limited Liability Company "HamrigInternational"	520	740	520	740
JSC "Latvijas universālā birža"	500	712	500	712
Confederation of Manufacturers	100	142	100	142
Total:	1120	1594	1120	1594

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FINANCIAL STATEMENTS TO THE SIX MONTHS ENDED JUNE 30, 2005

(10) Accounts receivable

	30.06.2005..	30.06.2004..	30.06.05.	30.06.04.
	LVL	LVL	EUR	EUR
Accounting value of trade debtors	468591	429240	666744	610753

(11) Other debtors

	30.06.05. LVL	30.06.04. LVL	30.06.05. EUR	30.06.04. EUR
VAT overpayment	60469	93326	86040	132791
Customs related taxes paid in advance	3134	2883	4459	4102
VAT, included in the unpaid invoices	3135	4822	4461	6861
Overpayment of real estate property tax	164	10	234	14
Advance reconciliations with personnel	38334	32270	54545	45916
Other debtors	8333	44556	11857	63398
Short-term loans to company employees	1067	1067	1518	1518
Loan to Limited Liability Company "AUDEX"	37284	37284	53050	53050
Natural Resource Tax overpayment	346	387	492	551
Other loans	52934	41431	75318	58951
Total:	205200	258036	291974	367152

(12) Deferred expenses

	30.06.2005. LVL	30.06.2004. LVL	30.06.2005 EUR	30.06.2004. EUR
Pre-payment for transport insurance	1286	2136	1830	3039
Exhibition expenses	1714	377	2439	537
Press subscriptions	220	166	313	236
Total:	3220	2679	4582	3812

(13) Cash in hand and in bank accounts

	30.06.2005. LVL	30.06.2004 LVL	30.06.2005 EUR	30.06.2004 EUR
Cash	77	457	110	650
Bank	15055	5898	21421	8393
Total:	15132	6355	21531	9043

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FINANCIAL STATEMENTS TO THE SIX MONTHS ENDED JUNE 30, 2005

(14) Share Capital

As on June 30, 2005, registered and paid-up capital consists of 2549084 shares with nominal value 1 LVL.

The largest shareholders of the JSC are:

	No. of shares		Values		Weight % %
		LVL	EUR		
	30.06.05	30.06.04	30.06.05	30.06.04	
SIA "SMKR"	1223560	1223560	1740969	1740969	48,0
Riga City Council	47052	47052	66949	66949	1.85
State Social Security Agency	192694	192694	274179	274179	7.56
Other (<5%)	242035	242035	344385	344385	9.49
Jurijs Malejevs	421871	421871	600269	600269	16.55
Eduards Malejevs	421872	421872	600269	600269	16.55
Total:	2549084	2549084	3627020	3627020	100

(15) Long-term loans from lending institutions

	30.06.2005.	30.06.2004.	30.06.2005	30.06.2004.
	LVL	LVL	EUR	EUR
Loans	460895	554156	655795	788493
Total:	460895	554156	655795	788493

- As per Loan Agreement, concluded on July 7, 2003 with JSC Parekss Banka, principal amount is 270000LVL with repayment term until June 12, 2011. Collateral – mortgage in favour of JSC Parekss Banka on real estate located in Riga, with address Kurzemes prospektā 3, which consists of 177331 m2 land plot; guarantee from Limited Liability Company "Specializēto Metālkonstrukciju rūpnīcas", guarantee from Eduards Malejevs, Jurijs Malejevs and Inga Spruga.
- As per Loan Agreement, concluded on December 13, 2002 with JSC Parekss Banka, principal amount is 600000 USD with repayment term until December 07, 2010. Collateral – mortgage in favour of JSC Parekss Banka on real estate located in Riga, with address Kurzemes prospektā 3, which consists of administrative building and catering building; guarantee from Limited Liability Company "BALTLAINS", guarantee from Limited Liability Company "Specializēto Metālkonstrukciju rūpnīcas", guarantee from Eduards Malejevs, Jurijs Malejevs and Inga Spruga.

(16) Other long-term liabilities

	30.06.2005.	30.06.2004.	30.06.2005	30.06.2004
	LVL	LVL	EUR	EUR
Financial leasing "Hansa lizings"	8659	14752	12321	20990
Financial leasing "Hansa lizings"	20778	24483	29564	34836
Financial leasing "Unilizings"	0	6678	0	9502
Total:	29437	45913	41885	65328

- Financial leasing "Hansa lizings" – motor vehicle Ford Transit 31521.00 USD. Term – 15.10.2008
- Financial leasing "Hansa lizings" – Plywood press 18703.70 EUR. Term – 30.11.2005

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(17) Taxes and social security payments

Taxes or payment types	Balanced on 31.12.2004		Calculation for 6 months of 2005		Paid in the 6 months of 2005		Balance on 30.06.2005	
	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR
Resident income tax	(5336)	(7592)	24338	34630	7756	11036	(21918)	(31186)
State social security insurance payments	(9956)	(14166)	36985	52625	35477	50479	(11464)	(16312)
Value Added Tax	88082	125329	123592	175856	95979	136566	60469	86039
State entrepreneurship risk fee	(53)	(76)	175	249	195	278	(33)	(47)
Real estate property tax on buildings	(15)	(21)	6228	8862	6228	8862	(15)	(21)
Real estate property tax on land	58	83	3520	5008	3626	5159	164	234
Nature Resource tax on packaging	(205)	(292)	75	107	288	410	8	11
Nature Resource tax on environmentally harmful goods	338	481	0	0	0	0	338	481
Nature Resource tax on extraction	(78)	(111)	22	31	98	139	(2)	(3)
Excise Tax					49	70	49	70
Total:	(15643)	(22258)	194935	277368	60126	85553	(33432)	(47569)
Total	88478	125893					61028	86835

(18) Other Liabilities

	30.06.2005. LVL	30.06.2004 LVL	30.06.2005 EUR	30.06.2004 EUR
Wages	12308	8279	17513	11780
Debt to personnel for advance reconciliations	387	10199	551	14512
Retained wages	483	483	687	687
Other creditors	1020	35	1451	50
Total:	14198	18996	20202	27029

(19) Deferred Income

	30.06.2005. LVL	30.06.2004 LVL	30.06.2005 EUR	30.06.2004. EUR
Rent payments	1384	19021	1969	27064
Privatisation certificate price difference	102477	146396	145812	208303
Total	103861	169665	147781	235367

General Information

(1) Average number of employees

	30.06.2005	30.06.2004
Average number of employees :	92	63

Chairman of the Board:

Eduards Malejevs

August 29, 2005.