



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 March 31, 2012



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## **Report on the Management Board's responsibility to the non-audited financial statement of JSC „VEF” for the three months of 2012**

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 march 31, 2012.

Middle-term financial statements are prepared according to the EU approved International Standards of financial reports and observing principle of continuing business activity. 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



## 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: 67270618.
Equity capital <sup>1</sup> :	Ls 1 944 637 registered and paid up capital.
Core businesses:	*Power supply - distribution of power; *Letting and renting of real-estate property *Ferrous and non-ferrous waste and scrap purchase.
Name of the holder of shares And share capital (%) <sup>2</sup> :	As on march 31. 2012 ; *VEF KOMUNIKĀCIJU SERVISS SIA- 45.52377 % ; *JSC Goldinvest Asset Management – 21.92579 % ; *State Social Insurance Agency - 5.01801 % ; * Tamāra Kampāne - 9.50748 % ; * Gints Feņuks - 7.01432 % ; *Other shareholders - 11.01063 % .
Chief executive officer:	Chairman of the Board of the Company: GINTS FEŅUKS
Members of the Board:	TAMĀRA KAMPĀNE PĒTERIS AVOTIŅŠ  AIVARS VĪTOLIŅŠ
Members of the Supervisory Council:	ANDRIS DENIŅŠ INTS KALNIŅŠ GUNTIS LIPIŅŠ JĀNIS LĀMA
Period of account:	01.01.2012. - 31.03.2012.
Qualified auditor:	Mara Liguta. Certificate Nbr.55

<sup>1</sup> Paid-up and registered equity capital Ls 1 944 137

<sup>2</sup> The company`s capital consists of the 623 528 bearer shares and 1 321 109 registered shares  
Nominal value of a common share is 1 LVL (one Latvian lat).



ASSETS	Final balance		Beginning balance	
	LVL	LVL	EUR	EUR
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
			<b>0.702804</b>	<b>0.702804</b>
<b>LONG-TERM INVESTMENTS</b>				
<b>Intangible assets</b>				
Concessions, patents, licences	1 148	273	1 633	388
<b>Total intangible assets</b>	<b>1 148</b>	<b>273</b>	<b>1 633</b>	<b>388</b>
<b>Fixed Assets</b>				
Land, buildings and other property	4 008 548	4 140 830	5 703 650	5 891 870
Equipment and machinery				
Other fixed assets and inventory	100 927	42 184	143 606	60 021
Advance payments for fixed assets				
<b>Total fixed assets</b>	<b>4 109 475</b>	<b>4 183 014</b>	<b>5 847 256</b>	<b>5 951 891</b>
<b>Total long-term investments</b>	<b>4 110 623</b>	<b>4 183 287</b>	<b>5 848 889</b>	<b>5 952 280</b>
<b>Current assets</b>				
<b>Inventory</b>				
Goods for sale				
<b>Total inventory</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Debtors</b>				
Customers and client debts	49 321	49 937	70 177	71 054
Other debtors	9 301	11 778	13 234	16 760
Future period				
Future period expenses	1 813	620	2 580	881
<b>Total debtors</b>	<b>60 435</b>	<b>62 335</b>	<b>85 991</b>	<b>88 695</b>
<b>Cash</b>	<b>27 468</b>	<b>2 899</b>	<b>39 084</b>	<b>4 125</b>
<b>Total Current assets</b>	<b>87 903</b>	<b>65 234</b>	<b>125 075</b>	<b>92 820</b>
<b>TOTAL ASSETS</b>	<b>4 198 526</b>	<b>4 248 521</b>	<b>5 793 964</b>	<b>6 045 100</b>



LIABILITIES	Final balance		Beginning balance	
	LVL	LVL	EUR	EUR
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
			<b>0.702804</b>	<b>0.702804</b>
<b>Stockholder's Equity</b>				
Common stock	1 944 637	1 944 637	2 766 969	2 766 969
Long-term investments revaluation reserve	563 341	438 390	801 562	623 773
<b>Total accumulation</b>				
Retained earnings from the previous years	-793 982	-860 928	-1 129 735	-1 224 990
Retained earnings of the financial years	9 842	10 661	14 004	15 169
<b>Total stockholder's equity</b>	<b>1 723 838</b>	<b>1 532 760</b>	<b>2 452 800</b>	<b>2 180 921</b>
<b>PROVISIONS</b>				
Other provisions	9 185	9 122	13 069	12 979
<b>Total provisions</b>	<b>9 185</b>	<b>9 122</b>	<b>13 069</b>	<b>12 979</b>
<b>LIABILITIES</b>				
<b>Long-term liabilities</b>				
Borrowings from credit institutions	2 250 213	2 294 490	3 201 765	3 264 765
Prepayments from buyers	23 642	25 103	33 639	35 718
Other liabilities				
Deferred tax liability	22 491	150 492	32 002	214 131
<b>Total long-term liabilities</b>	<b>2 296 346</b>	<b>2 470 085</b>	<b>3 267 406</b>	<b>3 514 614</b>
<b>Current liabilities</b>				
Borrowings from credit institutions	44 277	59 036	63 001	84 001
Accounts payable	18 998	57 472	27 032	81 775
Taxes and social security payments	53 337	78 150	75 892	111 198
Other liabilities	4 785	5 558	6 808	7 908
Other borrowings	11 387		16 202	
Prepayments from buyers	36 373	36 338	51 754	51 704
<b>Total current liabilities</b>	<b>169 157</b>	<b>236 554</b>	<b>240 689</b>	<b>336 586</b>
<b>Total liabilities</b>	<b>2 465 503</b>	<b>2 706 639</b>	<b>3 508 095</b>	<b>3 851 200</b>
<b>TOTAL LIABILITIES&amp;STOCKHOLDER'S EQUITY</b>	<b>4 198 526</b>	<b>4 248 521</b>	<b>5 973 964</b>	<b>6 045 100</b>

**PROFIT AND LOSSES ACCOUNT FOR YEAR, WHICH ENDS ON MARCH  
31.2012.**

		<b>LVL 31.03.2012</b>	<b>LVL 31.03.2011</b>	<b>EUR 31.03.2012 - 0.702804</b>	<b>EUR 31.03.2011 - 0.702804</b>
<b>1</b>	<b>2</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>5</b>
Net turnover		240 874	221 249	342 733	314 809
Cost of goods sold	1	-170 832	-152 796	-243 072	-217 409
<b>Gross profit</b>		<b>70 042</b>	<b>68 453</b>	<b>99 661</b>	<b>97 400</b>
Selling expenses					
Administrative expenses	2	-17 183	-16 046	-24 449	-22 831
Other income from operations	3	904	828	1 286	1 178
Other expenses from operations	4	-337	-1 211	-479	-1 723
Financial services income	5	2		3	
Financial services expenses	6	-35 277	-34 570	-50 195	-49 189
<b>Profit before taxes</b>		<b>18 151</b>	<b>17 454</b>	<b>25 827</b>	<b>24 835</b>
Other taxes	7	-3 811	-5 043	-5 423	-7 176
Deferred tax		-4 498	-1 750	-6 400	-2 490
<b>Net profit</b>		<b>9 842</b>	<b>10 661</b>	<b>14 004</b>	<b>15 169</b>

**Earnings per share (EPS) on**  
**31.03.2012- 0.00506 LVL**  
**- 0.00506 EUR**

**31.03.2011 -0.00548 LVL**  
**-0.00548 EUR**

Chairman of the Board

G.Feņuks

Member of the Board

T.Kampane



**CASH FLOW STATEMENT FOR YEAR THAT ENDS ON MARCH 31, 2012**

	2012 31.03.	2011 31.03.	2012 31.03. EUR 0.702804	2011 31.03. EUR 0.702804
	LVL	LVL		
<b>I. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before outstanding items and taxes (+)	18 151	17 454	25 827	24 835
<i>Adjustments:</i>				
fixed assets depreciation (+)	23 751	13 644	33 795	19 414
intangible assets depreciation (+)	74	16	105	23
increase/decrease in provisions				
profit or losses from exchange rates fluctuation (+/-)		27		38
financial service income	2		3	
financial services income	35 277	34 570	50 195	49 189
<b><i>Profit or losses before adjustments from current assets and liabilities</i></b>	<b>77 255</b>	<b>65 711</b>	<b>109 924</b>	<b>93 498</b>
<i>Adjustments:</i>				
debtors : increase (-); decrease (+)	1 900	11 476	2 704	16 329
inventory: increase (-); decrease (+)		-221		-315
liabilities: increase (-); decrease (+)	-4 550	-15 319	-6 474	-21 797
<b><i>Gross cash provide by operating activities</i></b>	<b>74 605</b>	<b>61 647</b>	<b>106 153</b>	<b>87 716</b>
Payments for financial	-35 277	-34 570	-50 195	-49 189
Income tax payments		-5 043		-7 176
<b><i>Net cash provided by operating activities before outstanding items:</i></b>	<b>39 328</b>	<b>22 034</b>	<b>55 958</b>	<b>31 352</b>
Cash flow from outstanding items (-/+)				
<b>Net cash provided by operating activities :</b>	<b>39 328</b>	<b>22 034</b>	<b>55 958</b>	<b>31 352</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES :</b>				
Fixed assets purchase				
Interest received				
<b>Net cash used in investing activities :</b>				
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Expenses for borrowings repayment	-14 759	-14 759	-21 000	-21 000
Expenses on the purchase of land.		-11 260		-16 022
<b>Net cash provided by financing activities :</b>	<b>-14 759</b>	<b>-26 019</b>	<b>-21 000</b>	<b>-37 022</b>
<b>IV. Exchange rate fluctuation result :</b>		-27		-38
<b>Net cash flow</b>	<b>24 569</b>	<b>-4 012</b>	<b>34 958</b>	<b>-5 708</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>2 899</b>	<b>6 911</b>	<b>4 125</b>	<b>9 833</b>
<b>CASH AT END OF YEAR</b>	<b>27 468</b>	<b>2 899</b>	<b>39 083</b>	<b>4 125</b>



**STATEMENT OF CHANGES IN EQUITY FOR YEAR THAT ENDS ON  
MARCH 31, 2012**

	<b>31.03.2012 LVL</b>	<b>31.03.2011 LVL</b>	<b>31.03.2012 EUR 0.702804</b>	<b>31.03.2011 EUR 0.702804</b>
<b>Stockholder's equity</b>				
Balance at the beginning of the financial year	1 944 637	1 944 637	2 766 969	2 766 969
Increase from				
Decrease from				
Balance at the end of the financial year	1 944 637	1 944 637	2 766 969	2 766 969
<b>Long-term investments revaluation reserve</b>				
Balance at the beginning of the financial year	563 341	438 390	801 562	623 773
Increase from				
Decrease from				
Balance at the end of the financial year	563 341	438 390	801 562	623 773
<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	-793 982	-860 928	-1 129 735	- 1 224 990
Profit or losses of the financial year	9 842	10 661	14 004	15 169
Dividendes				
Included in accumulations				
Balance at the end of the financial year	-784 140	-850 267	-1 115 731	- 1 209 821
<b>Stockholder's equity (total)</b>				
Balance at the beginning of the financial year	<b>1 713 996</b>	<b>1 515 784</b>	<b>2 438 797</b>	<b>2 156 766</b>
Balance at the end of the financial year	<b>1 723 838</b>	<b>1 532 760</b>	<b>2 452 800</b>	<b>2 180 921</b>

**(1) Net turnover**

Turnover consists of revenues that the Company gained in the first three months of 2012 from its core business-service provision without VAT

Type of commercial operations	2012.03.31	2011.03.31	2012.03.31	2011.03.31
	LVL	LVL	EUR	EUR
power supply, distribution and servicing	40 612	31 522	57 786	44 832
water supply and sewage services	89	131	127	186
office renting service	100 537	102 437	143 051	145 755
utility services	58 314	54 423	82 973	77 437
black and nonferrous metal scrap and scrap purchase	41 322	32 736	58 796	46 579
<b>Total</b>	<b>240 874</b>	<b>221 249</b>	<b>342 733</b>	<b>314 809</b>

**Distribution of net turnover by geographical markets**

Country	2011.03.31	2011.03.31	2012.03.31	2011.03.31
	LVL	LVL	EUR	EUR
Latvia	240 874	221 249	342 733	314 809
<b>Total</b>	<b>240 874</b>	<b>221 249</b>	<b>342 733</b>	<b>314 809</b>

**(2) Cost of sales**

	2012.03.31	2011.03.31	2012.03.31	2011.03.31
	LVL	LVL	EUR	EUR
personnel	30 035	25 006	42 736	35 580
depreciation	23 751	13 644	33 795	19 414
transport	2 995	1 563	4 261	2 224
other outstanding costs	68 077	61 104	96 765	86 943
personnel training	0	193	0	275
telecommunication service	234	223	333	317
other costs tied to commercial operations	18 168	22 463	25 851	31 962
insurance (buildings)	929	1 291	1 322	1 837
land rent to LPA	1 313	766	1 868	1 090
costs for the purchase and devility of goods	30 035	26 527	42 736	37 745
other cost	74	16	105	23
<b>Total</b>	<b>170 832</b>	<b>152 796</b>	<b>243 072</b>	<b>217 409</b>



(3) Costs of administration	2012.03.31	2011.03.31	2012.03.31	2011.03.31
	LVL	LVL	EUR	EUR
personnel	10 424	10 391	14 832	14 785
telecommunication service	234	222	333	319
office supplies	302	196	430	279
cash turnover expenses	44	45	63	64
transport expenses for administrative needs	2 995	1 562	4 261	2 223
representative expenses	59	13	84	18
legal assistance or raid	0	492	0	700
RFB annual fee	3 125	3 125	4 446	4 446
audit cost				
<b>Total</b>	<b>17 183</b>	<b>16 046</b>	<b>24 449</b>	<b>22 831</b>

  

(4) Other revenues from commercial operation	2012.03.31	2011.03.31	2012.03.31	2011.03.31
	LVL	LVL	EUR	EUR
disposal of fixed assets				
finances	904	828	1 286	1 178
other revenues				
insurance recompense				
revenues from changes in currency rates				
<b>Total</b>	<b>904</b>	<b>828</b>	<b>1 286</b>	<b>1 178</b>

  

(5) Other costs of commercial operations	2012.03.31	2011.03.31	2012.03.31	2011.03.31
	LVL	LVL	EUR	EUR
60% of representative costs	108	21	154	30
foreign currency loss		27		38
allowances and bonuses	175	176	249	251
finances	54	987	77	1 404
provisions for bad debtors'				
<b>Total</b>	<b>337</b>	<b>1 211</b>	<b>479</b>	<b>1 723</b>



<b>Other revenues from interests or similar sources</b>					
(6)		2012.03.31	2011.03.31	2012.03.31	2011.03.31
		LVL	LVL	EUR	EUR
	interest from balances of accounts	2	0	3	0
	<b>Total</b>	<b>2</b>	<b>0</b>	<b>3</b>	<b>0</b>
<b>Payments of interest and similar expenses</b>					
(7)		2012.03.31	2011.03.31	2012.03.31	2011.03.31
		LVL	LVL	EUR	EUR
	credit interests	35 161	34 437	50 030	49 000
	interest to LPA for long term buy-out of land				
	interest to SEB Līzings	116	133	165	189
	<b>Total</b>	<b>35 277</b>	<b>34 570</b>	<b>50 195</b>	<b>49 189</b>
<b>Other taxes</b>					
(8)		2012.03.31	2011.03.31	2012.03.31	2011.03.31
		LVL	LVL	EUR	EUR
	real estate tax (buildings ,land)	3 811	5 043	5 423	7 176
	<b>Total</b>	<b>3 811</b>	<b>5 043</b>	<b>5 423</b>	<b>7 176</b>