



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



JOINT STOCK COMPANY VEF
(Unified registration number 40003001328)

NO AUDITED FINANCIAL STATEMENTS
For the period ended on December 31, 2012



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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: 67270618
Equity capital ¹ :	Ls 1 944 637 paid and registered equity 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 (%)	As on december 31, 2012: *VEF KOMUNIKĀCIJU SERVISS SIA - 45.52 % ; *SIA „NĪPA ” - 23.74 % ; *State Social Insurance Agency - 4.99 % ; * Tamāra Kampāne - 9.50 % ; * Gints Feņuks - 7.01 % ; *Other shareholders - 9.24 %.
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. - 31.12.2012.
Qualified auditor:	Mara Liguta. Certificate Nbr.55

¹ Paid-up and registered equity capital 1 944 637 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 1 LVL (one Latvian lat).



Report on the Management Board's responsibility to the no audited financial statement of JSC „VEF” for the twelve months of 2012

Management Board of JSC „VEF” (hereinafter – the Company) is responsible for preparation of the financial statements of the Company. The financial statements no audited.

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, 2012.

Accounting principles used in preparation of the financial statements have not been changed comparing to the previous reporting period. During preparation of the financial statements decisions taken by the Management Board and estimations made have been cautious and well-founded. The information included in the 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



Management Report

The Joint Stock Company “VEF” is a publicly traded company, dealing with management and administration of its real estate, rendering space rental and electrical services to consumers on the VEF territory, as well as trading in ferrous and non-ferrous scrap metal/ as well as electronic and electrical equipment and devices collection and sorting according B category permit operating conditions.

According to the balance statement of the Company, the revenue from the economic activity in 12 months of 2012 makes LVL 866 490 , which is 11 470 LVL more than over the previous reporting period.

The Company continues to provide a full scope of its services, while maintaining the jobs and implementing the fund-saving programme, by reducing the outsourcing volumes and prices, as well as diversifying markets and risks.

The Board of Joint Stock Company “VEF” follows the Company’s strategic plans of the previous year, guiding from the economic situation in the country and in particular from the situation in the space rental market. This year the plan is to enhance the monitoring of the market in the rental segment and to react to the changes of the situation, to take also an active tenant attraction for the free spaces within the property of the Company, through enlargement and renovation of the area without any additional fund borrowing, as to increase the turnover of the ferrous and non-ferrous metal trading and expand the operation of any B class licence under.

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

Gints Fenuks
Chairman of the Management Board



ASSETS	Final balance		Beginning balance	
	LVL	LVL	EUR	EUR
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
			0.702804	0.702804
LONG-TERM INVESTMENTS				
Intangible assets				
Concessions, patents, licences	927	1 222	1 319	1 739
Total intangible assets	927	1 222	1 319	1 739
Fixed Assets				
Land, buildings and other property	3 983 467	4 023 407	5 667 963	5 724 792
Equipment and machinery				
Other fixed assets and inventory	88 763	109 212	126 298	155 935
Advance payments for fixed assets				
Total fixed assets	4 072 230	4 132 619	5 794 261	5 880 187
Total long-term investments	4 073 157	4 133 841	5 795 580	5 881 926
Current assets				
Inventory				
Goods for sale	0	0	0	0
Total inventory	0	0	0	0
Debtors				
Customers and client debts	23 596	9 175	33 574	13 055
Other debtors	11 255	29 519	16 014	42 002
Future period	33 885	28 710	48 213	40 851
Future period expenses	1 505	1 394	2 142	1 983
Total debtors	70 241	68 798	99 944	97 891
Cash	10 259	17 990	14 597	25 598
Total Current assets	80 500	86 788	114 541	123 488
TOTAL ASSETS	4 153 657	4 220 629	5 910 121	6 005 414



LIABILITIES	Final balance		Beginning balance	
	LVL	LVL	EUR	EUR
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
			0.702804	0.702804
Stockholder's Equity				
Common stock	1 944 637	1 944 637	2 766 969	2 766 969
Long-term investments revaluation reserve	563 341	563 341	801 562	801 562
Total accumulation				
Retained earnings from the previous years	-793 982	-860 928	- 1 129 735	-1 224 990
Retained earnings of the financial years	28 087	66 946	39 964	95 256
Total stockholder's equity	1 742 083	1 713 996	2 478 761	2 2438 797
PROVISIONS				
Other provisions	9 185	9 185	13 069	13 069
Total provisions	9 185	9 185	13 069	13 069
LIABILITIES				
Long-term liabilities				
Borrowings from credit institutions	2 151 454	2 250 213	3 061 243	3 201 765
Prepayments from buyers	25 103	25 103	35 718	35 718
Other liabilities		0		0
Deferred tax liability	38 118	17 993	52 814	25 602
Total long-term liabilities	2 213 675	2 293 309	3 149 776	3 63 085
Current liabilities				
Borrowings from credit institutions	84 000	59 036	119 521	84 000
Other loans	15 787	11 387	22 463	16 202
Accounts payable	33 962	28 227	48 324	40 163
Taxes and social security payments	15 342	61 910	21 830	88 090
Other liabilities	4 933	5 625	7 019	8 004
Future period income	0	0	0	0
Prepayments from buyers	34 690	37 954	49 359	54 004
Total current liabilities	188 714	204 139	268 516	290 464
Total liabilities	2 402 389	2 497 448	3 418 292	3553 548
TOTAL LIABILITIES&STOCKHOLDER'S EQUITY	4 153 657	4 220 629	5 910 121	6 005 414

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

		LVL 31.12.2012	LVL 31.12.2011	EUR 31.12.2012 - 0.702804	EUR 31.12.2011 - 0.702804
1	2	4	5	4	5
Net turnover		866 490	855 020	1 232 904	1 216 584
Cost of goods sold	1	-517 258	-594 678	-878 279	-846 151
Gross profit		249 232	260 342	354 625	370 443
Selling expenses					
Administrative expenses	2	-60 852	-59 177	-86 585	-84 201
Other income from operations	3	3 538	37 203	5 034	52 935
Other expenses from operations	4	-6 190	-146 244	-8 808	-208 086
Financial services income	5	0	0	0	0
Financial services expenses	6	-124 297	-135 752	-176 859	-193 158
Profit before taxes		61 431	-43 628	87 408	-62 077
Other taxes	7	-14 219	-20 175	-20 232	-28 706
Deferred tax		-19 125	130 749	-27 212	186 039
Net profit		28 087	66 946	39 964	95 256
Earnings per share (EPS)					
EPS on 31.12.2012					
-0.0144 LVL- 0.0144 EUR					

Chairman of the Board

G.Feņuks

Member of the Board

T.Kampāne



CASH FLOW STATEMENT FOR YEAR THAT ENDS ON DECEMBER 31, 2012

	2012 31.12.	2011 31.12.	2012 31.12. EUR 0.702804	2011 31.12. EUR 0.702804
	LVL	LVL		
I. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before outstanding items and taxes (+)	61 431	-43 628	87 408	-62 077
<i>Adjustments:</i>				
fixed assets depreciation (+)	75 907	63 480	108 006	90 324
intangible assets depreciation (+)	295	218	420	310
increase/decrease in provisions		63		90
profit or losses from exchange rates fluctuation (+/-)	1 121	20	1 595	28
financial service income				
long-term investment increase in the amount of revaluation reserve (+/-)		124 951		177 789
financial services income	124 297	135 752	176 859	193 158
Profit or losses before adjustments from current assets and liabilities	263 051	280 856	374 288	399 622
<i>Adjustments:</i>				
debtors : increase (-); decrease (+)	-1 443	8 846	-2 053	12 587
inventory: increase (-); decrease (+)	0	0		0
liabilities: increase (-); decrease (+)	-40 189	-39 026	-57 184	-55 529
Gross cash provide by operating activities	221 419	250 676	315 051	356 680
Payments for financial	-124 297	-135 752	-176 859	-193 158
Net cash provided by operating activities before outstanding items:	97 122	114 924	138 192	163 522
Cash flow from outstanding items (-/+)				
Net cash provided by operating activities :	97 122	114 924	138 192	163 522
II. CASH FLOWS FROM INVESTING ACTIVITIES :				
Fixed assets purchase	-17 134	-18 071	-24 380	-25 713
Interest received	0	0	0	0
Net cash used in investing activities :	-17 134	-18 071	-24 380	-25 713
III. CASH FLOWS FROM FINANCING ACTIVITIES:				
Expenses for borrowings repayment	-73 494	-59 036	-104 573	-84 001
Payments LPA for long term buy out of land	0	-11 260	0	-16 022
SEB Līzings	-13 104	-9 255	-18 645	-13 169
Net cash provided by financing activities :	-86 598	-79 551	-123 218	-113 192
IV. Exchange rate fluctuation result :	-1 121	-20	-1 595	-28
Net cash flom	-7 731	17 282	-11 000	24 590
CASH AT BEGINNING OF YEAR	17 990	708	25 597	1 007
CASH AT END OF YEAR	10 259	17 990	14 597	25 597



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

	31.12.2012 LVL	31.12.2011 LVL	31.12.2012 EUR 0.702804	31.12.2011 EUR 0.702804
Stockholder's equity				
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
Long-term investments revaluation reserve				
Balance at the beginning of the financial year	563 341	438 390	801 562	623 773
Increase from		124 951		177 789
Decrease from				
Balance at the end of the financial year	563 341	563 341	801 562	801 562
Accumulations				
Balance at the beginning of the financial year				
Increase from				
Decrease from				
Balance at the end of the financial year				
Retained earnings				
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	28 087	66 946	39 964	95 256
Balance at the end of the financial year	-765 895	-793 982	-1 089 771	-1 129 735
Stockholder's equity (total)				
Balance at the beginning of the financial year	1 713 996	1 522 099	2 438 797	2 165 752
Balance at the end of the financial year	1 742 083	1 713 996	2 478 761	2 438 797



**JSC VEF
FINANCIAL STATEMENTS' APPENDIXES
FOR YEAR, WHICH ENDS ON DECEMBER 31, 2012**

1. ACCOUNTING AND ASSESSMENT METHODS – COMMON PRINCIPLES

Basis for financial statements preparation

Financial statements are being prepared in compliance with Latvian laws “On bookkeeping” and “On the Annual Accounts of Undertakings”.

Profit and losses account is prepared according to the turnover method. Accounting policy provides the financial statements give information that is appropriate for their users to make decisions and conclusions. The policy is reliable. The financial statements correctly reveal the financial condition and operating results of the company – showing not only legal side of transactions, but also their economical matter, and are complete in all essential aspects.

Accounting principles used

The items of the financial statements are valued according to the following accounting principles:

- a) it is assumed that the company will operate in the future;
- b) assessment methods used are the same as used in the previous financial year;
- c) assessment is made with mere caution:
 - only profit earned before the date of the annual report is included in the financial statements
 - all projected risk amounts and losses that appeared in the financial year or in the previous years are taken into account, even those which became known in the period of time between the date of the annual report and the day when the financial statements are drawn up
 - all value decreases and depreciation amounts are calculated and taken into account, regardless of the financial year result (profit or losses)
- d) revenues and expenditures connected with the financial year are taken into account, regardless of payment date and invoice receiving or writing out date;
- e) assets and liabilities and net worth items have been assessed independently;
- f) the initial balance sheet of the financial year coincides with the previous financial year final balance sheet;
- g) all items that have an essential influence on the financial statements' users evaluation or decision taking have been taken into account, non-significant items have been combined and they are shown in details in the appendixes to the financial statements;
- h) Business operations during the financial year are shown by their economical content and nature instead of their legal form.

Financial year

Financial year is 12 months, from 01.01.2012 to 31.12.2012.

Money and foreign currency revaluation

Amounts shown in these financial statements are in Latvian national currency – lats (LVL).

All monetary assets and liabilities are recalculated to lats, using the official exchange rate of the Latvian Bank that is set on the last day of the financial year.

Long-term and short-term items

Long-term items include amounts, whose receiving, discarding or payment terms become due more than 1 year after the end of the respective financial year. Amounts that are due to be received, paid or discarded during the next year, are included in short-term items.



Fixed assets and nonmaterial investment depreciation

Fixed assets and non-material investments are shown by purchase price minus depreciation. Depreciation is calculated on the straight-line basis, using as a basis the following rates:

Fixed assets	
Property	1%
Other fixed assets	25%

Income tax

Income tax for the financial year consists of calculated tax and deferred tax. Income tax is included in the profit and losses account.

Income tax for the financial year is calculated according to the law "On the income tax of Undertakings", determining taxable income and using 15% rate, set by the law.

Deferred income tax is calculated for the difference between assets and liabilities value in the financial statements and assets and liabilities value for tax purposes. Deferred income tax is calculated using 15% rate, set by the law. The above-mentioned difference mainly comes from the different fixed assets depreciation rates used in the financial and tax accounting. Increase of provisions for bad receivables is not taken into account, calculating deferred income tax, due to mere caution principle.

**(1) Net turnover**

Turnover consists of revenues that the Company gained in the first twelve months of 2010 from its core business-service provision without VAT

Type of commercial operations	2012.12.31	2011.12.31	2012.12.31	2011.12.31
	LVL	LVL	EUR	EUR
power supply, distribution and servicing	150 300	131 345	213 858	186 887
water supply and sewage services	525	550	747	783
office renting service	420 034	406 523	597 655	578 430
utility services	175 323	185 033	249 462	263 278
ferrous an non-ferrous waste and scrap purchase	120 308	131 569	171 182	187 205
Total	866 490	855 020	1 232 904	1 216 584

Distribution of net turnover by geographical markets

Country	2012.12.31	2011.12.31	2012.12.31	2011.12.31
	LVL	LVL	EUR	EUR
Latvia	866 490	855 020	1 232 904	1 216 584
Total	866 490	855 020	1 232 904	1 216 584

(2) Cost of sales

	2012.12.31	2011.12.31	2012.12.31	2011.12.31
	LVL	LVL	EUR	EUR
personnel	112 032	105 616	159 407	150 278
depreciation	75 907	63 480	108 006	90 324
transport	7 554	6 645	10 748	9 455
other outstanding costs	243 103	219 929	345 904	312 931
travel expenses	378		538	
personnel training	156	148	222	210
telecommunication service	1 108	1 084	1 577	1 542
other costs tied to commercial operations	76 537	83 235	108 902	118 432
insurance (buildings)	3 730	4 222	5 307	6 007
land rent to LPA	5 250	2 935	7 470	4 176
depreciation of license	295	218	420	310
bank service	194	204	276	290
cost of price	91 014	106 963	129 501	152 195
Total	617 258	594 678	878 279	846 151



(3) Costs of administration	2012.12.31	2011.12.31	2012.12.31	2011.12.31
	LVL	LVL	EUR	EUR
personnel	44 851	42 997	63 819	61 179
telecommunication service	1 108	1 084	1 577	1 542
office supplies	1 174	944	1 670	1 343
transport expenses for administrative needs	7 553	6 645	10 747	9 455
representative expenses	81	75	115	107
legal assistance or raid	1 084	1 532	1 542	2 180
RFB annual fee	5 000	5 000	7 114	7 114
auditor cost		900		1 281
Total	60 852	59 177	86 585	84 201

(4) Other revenues from commercial operation	2012.12.31	2011.12.31	2012.12.31	2011.12.31
	LVL	LVL	EUR	EUR
disposal of fixed assets				
finances	1 236	4 548	1 759	6 471
other revenues	2 261	31 214	3 217	44 414
income from currency conversion		0		0
insurance recompense	41	1 441	58	2 050
Total	3 538	37 203	5 034	52 935

(5) Other costs of commercial operations	2012.12.31	2011.12.31	2012.12.31	2011.12.31
	LVL	LVL	EUR	EUR
losses from changes in currency rates	1 121	20	1 595	28
60% of representative costs	144	129	205	184
donations to Latvian orphans fund	467	403	665	573
allowances and bonuses	701	701	997	997
finances	3 607	8 898	5 133	12 661
torn down 19 korp. Bērzaunes 7a		131 032		186 442
other costs	150	5 061	213	7 201
Total	6 190	146 244	8 808	208 086



(6) **Other revenues from interests or similar sources**

	2012.12.31 LVL	2011.12.31 LVL	2012.12.31 EUR	2011.12.31 EUR
interest from balances of accounts	0	5	0	7
Total	0	5	0	7

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

	2012.12.31 LVL	2011.12.31 LVL	2012.12.31 EUR	2011.12.31 EUR
SEB Līzings	264	661	376	941
credit interests	123 851	135 091	176 224	192 217
Swedbank līzings	182	0	259	0
Total	124 297	135 752	176 859	193 158

(8) **Other taxes**

	2012.12.31 LVL	2011.12.31 LVL	2012.12.31 EUR	2011.12.31 EUR
real estate tax (buildings,land)	14 219	20 175	20 232	28 706
Total	14 219	20 175	20 232	28 706