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 September 30, 2013

CONTENTS

GENERAL INFORMATION

Title of enterprise	Joint stock company VEF
Legal type of enterprise	Public joint stock company
Registred:	On April 15, 1991 in the Register of Enterprises of the Republic of Latvia, re-registred 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]:	Ls 1 944 637 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 September 30, 2013: *VEF KOMUNIKĀCIJU SERVISS SIA - 45.52 % ; * Laila Līduma - 6.31 %; * Tamāra Kampāne - 9.50 % ; * Gints Feņuks -24.44 % ; *Other shareholders - 14.23 %.
Chief executive officer:	Chairman of the Board of the Company: GINTS FENUKS
Members of the Board:	TAMĀRA KAMPĀNE MARTINS CAUNA
Members of the Supervisory Council:	MODRIS ZOMMERS ANDRIS DENINŠ INTS KALNINŠ GUNTIS LIPINŠ ARNIS ZEKUNDE
Period of account:	01.01.2013. - 30.09.2013.
Qualified auditor:	Aleksejs Litvinovs. Certificate Nbr.190

[1] Paid-up and registred 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).

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Report on the Management Board's responsibility to the non-audited financial statement of JSC „VEF" for the nine months of 2013.

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 September 30, 2013.

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

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ASSETS	Final balance		Beginning balance	
	LVL	LVL	EUR	EUR
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
			0.702804	0.702804
LONG-TERM INVESTMENTS				
Intangible assets				
Concessions,patents,licences	705	1 000	1 003	1 423
Total intangible assets	**705**	**1 000**	**1 003**	**1 423**
Fixed Assets				
Land,buildings and other property	3 953 513	3 993 453	5 625 342	5 682 172
Equipment and machinery				
Other fixed assets and inventory	109 110	84 524	155 250	120 267
Advance payments for fived assets				
Total fixed assets	**4 062 623**	**4 077 977**	**5 780 592**	**5 802 439**
Total long-term investments	**4 063 328**	**4 078 977**	**5 781 595**	**5 803 862**
Current assets				
Inventory				
Goods for sale	13	11	19	16
Total inventory	**13**	**11**	**19**	**16**
Debtors				
Customers and client debts	77 696	43 836	110 523	62 373
Other debtors	9 571	9 307	13 618	13 242
Future period expenses	1 290	588	1 836	837
Future period income				
Total debtors	**88 537**	**53 731**	**125 977**	**76 452**
Cash	27 042	20 606	38 477	29 319
Total Current assets	**115 592**	**74 348**	**164 473**	**105 787**
TOTAL ASSETS	**4 178 920**	**4 153 325**	**5 946 068**	**5 909 649**

LIABILITIES	Final balance		Beginning balance	
	LVL	LVL	EUR	EUR
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
			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	-768 646	-793 982	-1 093 685	-1 129 735
Retained earnings of the financial years	8 681	25 538	12 352	36 337
Total stockholder's equity	**1 748 013**	**1 739 534**	**2 478 198**	**2 475 133**
PROVISIONS				
Other provisions	10 193	9 185	14 503	13 069
Total provisions	**10 193**	**9 185**	**14 503**	**13 069**
LIABILITIES				
Long-term liabilities				
Borrowings from credit institutions	2 151 118	2 235 454	3 060 765	3 180 764
Prepayments from buyers	24 903	26 487	35 434	37 688
Other liabilities				
Deferred tax liability	49 424	25 596	70 324	36 420
Total long-term liabilities	**2 225 445**	**2 287 535**	**3 166 523**	**3 254 872**
Current liabilities				
Borrowings from credit institutions	21 084	21 084	30 000	30 000
Accounts payable	55 834	21 067	79 445	29 976
Taxes and social security payments	16 060	32 924	22 851	46 847
Other liabilities	7 970	5 534	11 340	7 874
Prepayments from buyers	34 549	32 903	49 159	46 817
Other loans	59 772	3 557	85 048	5 061
Total current liabilities	**195 269**	**117 069**	**277 843**	**166 575**
Total liabilities	**2 420 714**	**2 404 606**	**3 444 366**	**3 421 447**
TOTAL LIABILITIES&STOCKHOLDER'S EQUITY	**4 178 920**	**4 153 325**	**5 946 068**	**5 909 649**

PROFIT AND LOSSES ACCOUNT FOR YEAR, WHICH ENDS ON SEPTEMBER 30.2013.

		LVL 30.09.2013	LVL 30.09.2012	EUR 30.09.2013 - 0.702804	EUR 30.09.2012 - 0.702804
1	2	4	4	4	4
Net turnover	1	583 622	664 762	830 419	945 871
Cost of goods sold	2	-409 257	-479 802	-582 320	-682 697
Gross profit		**174 365**	**184 960**	**248 099**	**263 174**
Administrative expenses	3	-53 555	-44 426	-76 202	-63 213
Other income from operations	4	2 346	1 187	3 338	1 689
Other expenses from operations	5	-11 443	-2 049	-16 282	-2 915
Finansial services income	6	0	2	0	3
Finansial services expenses	7	-84 792	-95 353	-120 648	-135 675
Profit before taxes		**26 921**	**44 321**	**38 305**	**63 063**
Other taxes	8	-4 770	-11 177	-6 787	-15 903
Deferred tax		-13 470	-7 606	-19 166	-10 823
Net profit		**8 681**	**25 538**	**12 352**	**36 337**

Earnings per share (EPS) EPS on 30.09.2013-0.0044 LVL-0.0044 EUR

Earnings per share (EPS) EPS on 30.09.2012-0.0131 LVL-0.0131 EUR

Chairman of the Board G.Feņuks Member of the Board T.Kampane

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CASH FLOW STATEMENT FOR YEAR THAT ENDS ON SEPTEMBER 30, 2013

		2013 30.09. LVL	2012 30.09. LVL	2013 30.09. EUR 0.702804	2012 30.09. EUR 0.702804
I.	**CASH FLOW FROM OERATING ACTIVITIES**				
	Profit before outstanding items and taxes (+)	26 921	44 321	38 305	63 063
	Adjustments:				
	fixed assets depreciation (+)	62 175	56 692	88 467	80 665
	intangible assets depreciation (+)	222	221	316	315
	increase/decrease in provisions	9 167		13 044	
	profit or losses from exchange rates fluctuation (+/-)	474	679	674	966
	finansial service income				
	finacial services income	84 792	95 353	120 648	135 675
	Profit or losses before adjustments from current assets and liabilities	**183 751**	**197 266**	**261 454**	**280 684**
	Adjustments:				
	debtors : increase (-); decrease (+)	-34 806	-2 168	-49 524	-3 085
	inventory: increase (-); decrease (+)	-2	-11	-3	-16
	liabilities: increase (-); decrease (+)	-14 527	-49 736	-20 670	-70 768
	Gross cash provide by operating activities	**134 416**	**145 351**	**191 257**	**206 815**
	Payments for financial	-84 792	-95 353	-120 648	-135 675
	Income tax payments	-4 770	-11 177	-6 787	-15 903
	Net cash provided by operating activities before outstanding items:	**44 854**	**38 821**	**63 821**	**55 237**
	Cash flow from outstanding items (-/+)				
	Net cash provided by operating activities :	**44 854**	**38 821**	**63 821**	**55 237**
II.	**CASH FLOWS FROM INVESTING ACTIVITIES :**				
	Fixed assets purchase	-826	-2 061	-1 175	-2 932
	Interest received				
	Net cash used in investing activities :	**44 028**	**36 760**	**62 646**	**52 305**
III.	**CASH FLOWS FROM FINANCING ACTIVITIES:**				
	Expenses for borrowings repayment	-21 084	-21 084	-30 000	-30 000
	Payment LPA for long term buy out of land				
	Payment SEB Līzings,Swedlīzings	-16 034	-2 636	-22 814	-3 751
	Net cash provided by financing activities :	**6 910**	**13 040**	**9 832**	**18 554**
IV.	**Exchange rate fluctuation result :**	-474	-679	-674	-966
	Net cash flom	**6 436**	**12 361**	**9 158**	**17 588**
	CASH AT BEGINNING OF YEAR	**20 606**	**8 245**	**29 319**	**11 732**
	CASH AT END OF YEAR	**27 042**	**20 606**	**38 477**	**29 319**

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STATEMENT OF CHANGES IN EQUITY FOR YEAR THAT ENDS ON SEPTEMBER 30, 2013

	30.09.2013 LVL	30.09.2012 LVL	30.09.2013 EUR 0.702804	30.09.2012 EUR 0.702804
Stockholder's eguity				
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	563 341	801 562	801 562
Increase from				
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	-768 646	-793 982	-1 093 685	-1 129 735
Profit or losses of the finacial year	8 681	25 538	12 352	36 337
Dividendes				
Included in accumulations				
Balance at the end of the financial year	-759 965	-768 444	-1 081 333	-1 093 398
Stockholder's eguity (total)				
Balance at the beginning of the financial year	**1 739 534**	**1 713 996**	**2 475 133**	**2 438 797**
Balance at the end of the financial year	**1 748 013**	**1 739 534**	**2 487 198**	**2 475 133**

(1) Net turnover

Turnover consists of revenues that the Company gained in the first nine months of 2013 from its core business-service provision without VAT

Type of commercial operations	**2013.09.30 LVL**	**2012.09.30 LVL**	**2013.09.30 EUR**	**2012.09.30 EUR**
power supply, distribution and servicing	127 492	107 241	181 405	152 590
water supply and sewage services	0	381	0	542
office renting service	314 222	315 585	447 097	449 037
utility services	141 908	121 278	201 917	172 563
ferrous and non-ferrous waste and scrap sales revenue	0	120 277	0	171 139
Total	**583 622**	**664 762**	**830 419**	**945 871**

Distribution of net turnover by geographical markets

Country	**2013.09.30 LVL**	**2012.09.30 LVL**	**2013.09.30 EUR**	**2012.09.30 EUR**
Latvia	583 622	664 762	830 419	945 871
Total	**583 622**	**664 762**	**830 419**	**945 871**

(2) Cost of sales

	2013.09.30 LVL	**2012.09.30 LVL**	**2013.09.30 EUR**	**2012.09.30 EUR**
labor and social payments	92 830	84 031	132 085	119 565
depreciation	62 175	56 692	88 467	80 665
transport	7 011	5 928	9 976	8 436
residential services (electricity, water)	188 969	173 449	268 878	246 796
personnel training	157	156	223	222
telecommunication service	704	859	1 002	1 222
other costs tied to commercial operations	51 143	60 600	72 770	86 227
insurance (buildings)	2 765	2 801	3 924	3 985
land rent to LPA	3 281	3 938	4 668	5 603
depreciation of license	222	221	316	314
cash turnover expenses	0	145	0	206
purchare costs and delivery of materials	0	90 982	0	129 456
Total	**409 257**	**479 802**	**582 320**	**682 697**

(3) Costs of administration

	2013.09.30 LVL	2012.09.30 LVL	2013.09.30 EUR	2012.09.30 EUR
labor and social payments	39 191	31 908	55 764	45 401
telecommunication service	704	859	1 002	1 222
office supplies	1 223	954	1 740	1 357
cash turnover expenses	152	0	216	0
transport expenses for administrative needs	7 011	5 928	9 976	8 436
representative expenses	23	69	33	98
legal assistance or raid	876	331	1 246	471
RFB annual fee	4 375	4 377	6 225	6 228
Total	**53 555**	**44 426**	**76 202**	**63 213**

(4) Other revenues from commercial operation

	2013.09.30 LVL	2012.09.30 LVL	2013.09.30 EUR	2012.09.30 EUR
disposal of fixed assets				
fines	1 100	1 187	1 565	1 689
other revenues				
insurance recompense	1 246		1 773	
revenues from changes in currency rates				
Total	**2 346**	**1 187**	**3 338**	**1 689**

(5) Other costs of commercial operations

	2013.09.30 LVL	2012.09.30 LVL	2013.09.30 EUR	2012.09.30 EUR
60% of representative costs	42	125	60	178
donations to Latvian orphans fund	250	152	356	216
allowances and bonuses	713	676	1 015	962
provisions for doubtful debts	9 167	0	13 043	0
fines	797	417	1 134	593
exchange losses	474	679	674	966
Total	**11 443**	**2 049**	**16 282**	**2 915**

(6) Other revenues from interests or similar sources

	2013.09.30 LVL	2012.09.30 LVL	2013.09.30 EUR	2012.09.30 EUR
interest from balances of accounts	0	2	0	3
Total	**0**	**2**	**0**	**3**

(7) Payments of interest and similar expenses

	2013.09.30 LVL	2012.09.30 LVL	2013.09.30 EUR	2012.09.30 EUR
credit interests	83 720	95 108	119 123	135 326
Swedbank līzings	422		600	
SEB Līzings	650	245	925	349
Total	**84 792**	**95 353**	**120 648**	**135 675**

(8) Other taxes

	2013.09.30 LVL	2012.09.30 LVL	2013.09.30 EUR	2012.09.30 EUR
real estate tax (buildings,land)	4 770	11 177	6 787	15 903
Total	**4 770**	**11 177**	**6 787**	**15 903**