



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, 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
Equity capital <sup>1</sup> :	EUR 2 722 492 registered and paid up capital.
Core businesses:	*Power supply - distribution of power; *Letting and renting of real-estate property
Name of the holder of shares And share capital (%) <sup>2</sup> :	As on march 31. 2016 ; *VEF KOMUNIKĀCIJU SERVISS SIA” 45.52 % ; * Laila Līduma 6.31 % ; * Tamāra Kampāne 10.16 % ; * Gints Feņuks 24.50 % ; *Other shareholders 13.51 % .
Chief executive officer:	Chairman of the Board of the Company: GINTS FEŅUKS TAMĀRA KAMPĀNE
Members of the Board:	MĀRTIŅŠ CAUNA MODRIS ZOMMERS ANDRIS DENIŅŠ
Members of the Supervisory Council:	INTS KALNIŅŠ GUNTIS LIPIŅŠ ARNIS ZEKUNDE 01.01.2016. - 31.03.2016.
Period of account:	Aleksejs Ļitvinovs. Certificate Nbr.190
Qualified auditor:	

<sup>1</sup> Paid-up and registered equity capital EUR 2 722 492

<sup>2</sup> The company's capital consists of the 623 528 bearer shares and 1 321 109 registered shares nominal value of shares EUR 1.40



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



ASSETS			
	EUR	EUR	EUR
	31.03.2016	31.03.2015	31.12.2015
<b>LONG-TERM INVESTMENTS</b>			
<b>Intangible assets</b>			
Concessions, patents, licences	88	423	172
<b>Total intangible assets</b>	<b>88</b>	<b>423</b>	<b>172</b>
<b>Fixed Assets</b>			
Land, buildings and other property	5 511 858	5 540 100	5 501 253
Equipment and machinery	0	0	0
Other fixed assets and inventory	24 444	58 781	29 905
Advance payments for fixed assets	31 400	0	31 400
<b>Total fixed assets</b>	<b>5 567 702</b>	<b>5 598 881</b>	<b>5 562 558</b>
<b>Total long-term investments</b>	<b>5 567 790</b>	<b>5 599 304</b>	<b>5 562 730</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>Debtors</b>			
Customers and client debts	77 886	82 510	12 901
Other debtors	16 430	11 120	31 337
Future period	0	0	52 107
Future period expenses	2 092	1 874	1 806
<b>Total debtors</b>	<b>96 408</b>	<b>95 504</b>	<b>98 151</b>
<b>Cash</b>	<b>84 629</b>	<b>99 169</b>	<b>83 634</b>
<b>Total Current assets</b>	<b>181 037</b>	<b>194 673</b>	<b>181 785</b>
<b>TOTAL ASSETS</b>	<b>5 748 827</b>	<b>5 793 977</b>	<b>5 744 515</b>



LIABILITIES			
	EUR	EUR	EUR
	31.03.2016	31.03.2015	31.12.2015
<b>Stockholder's Equity</b>			
Common stock	2 722 492	2 766 969	2 722 492
Long-term investments revaluation reserve	805 396	801 562	805 396
Other reserves	44 477	0	44 477
<b>Total accumulation</b>			
Retained earnings from the previous years	-1 069 412	-1 104 359	-1 104 359
Retained earnings of the financial years	18 791	-2 230	34 947
<b>Total stockholder's equity</b>	<b>2 521 744</b>	<b>2 461 942</b>	<b>2 502 953</b>
<b>PROVISIONS</b>			
Other provisions	13 056	12 401	13 056
<b>Total provisions</b>	<b>13 056</b>	<b>12 401</b>	<b>13 056</b>
<b>LIABILITIES</b>			
<b>Long-term liabilities</b>			
Borrowings from credit institutions	2 713 298	2 853 641	2 713 298
Prepayments from buyers	39 608	38 118	39 608
Other liabilities	24 824	43 021	24 823
Deferred tax liability	209 998	171 860	193 783
<b>Total long-term liabilities</b>	<b>2 987 727</b>	<b>3 106 640</b>	<b>2 971 512</b>
<b>Current liabilities</b>			
Borrowings from credit institutions	105 257	105 257	140 343
Accounts payable	49 683	48 376	52 026
Taxes and social security payments	37 245	28 744	22 102
Other liabilities	8 597	10 445	10 331
Other borrowings	14 021	14 251	18 197
Prepayments from buyers	11 497	5 921	13 995
<b>Total current liabilities</b>	<b>226 300</b>	<b>212 994</b>	<b>256 994</b>
<b>Total liabilities</b>	<b>3 214 027</b>	<b>3 319 634</b>	<b>3 228 506</b>
<b>TOTAL LIABILITIES&amp;STOCKHOLDER'S</b>	<b>5 748 827</b>	<b>5 793 977</b>	<b>5 744 515</b>
<b>EQUITY</b>			



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

		<b>EUR 31.03.2016 -</b>	<b>EUR 31.03.2015 -</b>
<b>1</b>	<b>2</b>	<b>4</b>	<b>4</b>
Net turnover		323 486	285 807
Cost of goods sold	1	-225 063	-210 138
<b>Gross profit</b>		<b>98 423</b>	<b>75 669</b>
Selling expenses			
Administrative expenses	2	-29 181	-25 812
Other income from operations	3	1 476	617
Other expenses from operations	4	-568	-716
Financial services income	5	0	0
Financial services expenses	6	-31 135	-34 368
<b>Profit before taxes</b>		<b>39 015</b>	<b>15 390</b>
Other taxes	7	-4 009	-5 458
Deferred tax		-16 215	-12 162
<b>Net profit</b>		<b>18 791</b>	<b>-2 230</b>

**Earnings per share (EPS) on**

**31.03.2015 – 0 EUR**

**31.03.2016 -0.001 EUR**

Chairman of the Board

G.Feņuks

Member of the Board

T.Kampāne



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

	<b>2016 31.03.</b>	<b>2015 31.03.</b>	<b>2015 31.12.</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>I. CASH FLOW FROM OERATING ACTIVITIES</b>			
Profit before outstanding items and taxes (+)	<b>39 015</b>	<b>15 390</b>	<b>90 954</b>
<i>Adjustments:</i>			
fixed assets depreciation ( +)	20 458	28 116	99 763
intangible assets depreciation (+)	84	84	335
increase/decrease in provisions	0	0	655
profit or losses from exchange rates fluctuation (+/-)	0	0	0
finacial services income	31 135	34 368	124 246
<i>Profit or losses before adjustments from current assets and liabilities</i>	<b>90 692</b>	<b>77 958</b>	<b>315 863</b>
<i>Adjustments:</i>			
debtors : increase (-); decrease (+)	1753	14 956	-1 863
inventory: increase (-); decrease (+)	0	0	0
liabilities: increase (-); decrease (+)	8 430	48 020	12 882
<i>Gross cash provide by operating activities</i>	<b>100 875</b>	<b>140 934</b>	<b>326 882</b>
Real iestate tax paid	-4 009	0	-21 922
Payments for financial	-31 135	-34 368	-124 246
<i>Net cash provided by operating activities before outstanding items:</i>	<b>65 731</b>	<b>106 566</b>	<b>180 714</b>
Cash flow from outstanding items (-/+)	0	0	0
<b>Net cash provided by operating activities :</b>	<b>65 731</b>	<b>106 566</b>	<b>18 714</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES :</b>			
Fixed assets purchase	-24 849	0	-31 400
<b>II. Interest received</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net cash used in investing activities :</b>	<b>-24 849</b>	<b>0</b>	<b>-31 400</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
<b>III. Expenses for borrowings repayment</b>	<b>-35 086</b>	<b>-35 086</b>	<b>-140 343</b>
Expenses on lease liabilities	-4 801	-4 706	-18 956
<b>Net cash provided by financing activities :</b>	<b>-39 887</b>	<b>-39 792</b>	<b>-159 299</b>
<b>Exchange rate fluctuation result :</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>IV. Net cash flom</b>	<b>995</b>	<b>66 774</b>	<b>-9 985</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>83 634</b>	<b>32 395</b>	<b>93 619</b>
<b>CASH AT END OF YEAR</b>	<b>84 629</b>	<b>99 169</b>	<b>83 634</b>



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

	<b>31.03.2016 EUR</b>	<b>31.03.2015 EUR</b>	<b>31.12.2015 EUR</b>
<b>Stockholder's equity</b>			
Balance at the beginning of the financial year	2 722 492	2 766 969	2 766 969
Increase from			
Decrease from			-44 477
Balance at the end of the financial year	2 722 492	2 766 969	2 722 492
<b>Long-term investments revaluation reserve</b>			
Balance at the beginning of the financial year	805 396	801 562	801 562
Increase from			3 834
Decrease from			
Balance at the end of the financial year	805 396	801 562	805 396
<b>Accumulations</b>			
Balance at the beginning of the financial year	44 477	0	0
Increase from			
Decrease from			
Balance at the end of the financial year	44 477	0	0
<b>Retained earnings</b>			
Balance at the beginning of the financial year	-1 069 412	-1 104 359	-1 104 359
Profit or losses of the financial year	18 791	-2 230	34 947
Dividendes			
Included in accumulations			
Balance at the end of the financial year	-1 050 621	-1 106 589	-1 069 412
<b>Stockholder's equity (total)</b>			
Balance at the beginning of the financial year	2 502 953	2 480 629	2 464 172
Balance at the end of the financial year	2 521 744	2 461 942	2 502 953

**(1) Net turnover**

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

Type of commercial operations	2016.03.31	2015.03.31		
	EUR	EUR		
power supply, distribution and servicing	81 001	86 346		
Rental income	159 525	133 822		
utility services	82 960	65 639		
<b>Total</b>	<b>323 486</b>	<b>285 807</b>		

**Distribution of net turnover by geographical markets**

Country	2016.03.31	2015.03.31		
	EUR	EUR		
Latvia	323 486	285 807		
<b>Total</b>	<b>323 486</b>	<b>285 807</b>		

**(2) Cost of sales**

	2016.03.31	2015.03.31		
	EUR	EUR		
labor and social payments	39 628	36 881		
depreciation	20 458	28 116		
cash turnover expenses	90	98		
transport	1 796	1 909		
residential services (electricity, water....)	128 541	112 923		
personnel training	106	70		
telecommunication service	352	294		
other costs tied to commercial operations	30 795	26 953		
intangible asset depreciation	84	84		
insurance (buildings)	1 420	1 304		
land rent to LPA	1 793	1 506		
<b>Total</b>	<b>225 063</b>	<b>210 138</b>		

**(3) Costs of administration**

	2016.03.31	2015.03.31		
	EUR	EUR		
labor and social payments	21 770	17 836		
telecommunication service	352	294		
office supplies	486	288		
transport expenses for administrative needs	1 795	1 909		
representative expenses 40%	7	8		
legal assistance or raid	2 991	1 031		
NASDAQ annual fee	1 780	4 446		
<b>Total</b>	<b>29 181</b>	<b>25 812</b>		

**(4) Other revenues from commercial operation**

	2016.03.31	2015.03.31		
	EUR	EUR		
finances	257	617		
other income	1 219	0		
<b>Total</b>	<b>1 476</b>	<b>491</b>		

**(5) Other costs of commercial operations**

	2016.03.31	2015.03.31		
	EUR	EUR		
60% of representative costs	13	15		
allowances and bonuses	343	339		
finances	212	362		
<b>Total</b>	<b>568</b>	<b>716</b>		

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

	2016.03.31	2015.03.31		
	EUR	EUR		
credit interests	30 855	33 933		
Interest to Swedbank Līzings	70	115		
interest to SEB Līzings	210	320		
<b>Total</b>	<b>31 135</b>	<b>34 368</b>		

**(7) Other taxes**

	2016.03.31	2015.03.31		
	EUR	EUR		
real estate tax (buildings ,land)	4 009	5 458		
<b>Total</b>	<b>4 009</b>	<b>5 458</b>		