



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, 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 Phone: 7270618.
Equity capital ¹ :	EUR 2 722 492 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, 2016: *VEF KOMUNIKĀCIJU SERVISS SIA - 45.52 % ; * Laila Līduma - 6.31 % ; * Tamāra Kampāne - 10.16 % ; * Gints Feņuks -24.49 % ; *Other shareholders - 13.51 %.
Chief executive officer:	Chairman of the Board of the Company: GINTS FENUKS
Members of the Board:	TAMĀRA KAMPĀNE MARTINS CAUNA MODRIS ZOMMERS
Members of the Supervisory Council:	EGILS ARAJS LAILA LIDUMA GUNTIS LIPINŠ ERVINS KAMPANS
Period of account:	01.01.2016. - 30.09.2016.
Qualified auditor:	Aleksejs Litvinovs. Certificate Nbr.190

¹ Paid-up and registered equity capital 2 722 492 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 EUR 1.40.



Report on the Management Board's responsibility to the non-audited financial statement of JSC „VEF” for the nine 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 September 30, 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 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
	30.09.2016	30.09.2015	31.12.2015
LONG-TERM INVESTMENTS			
Intangible assets			
Concessions, patents, licences	57	256	172
Total intangible assets	57	256	172
Fixed Assets			
Land, buildings and other property	5 516 244	5 511 686	5 501 253
Equipment and machinery			
Other fixed assets and inventory	12 146	36 104	29 905
Advance payments for fixed assets	0	0	31 400
Total fixed assets	5 528 390	5 547 790	5 562 558
Total long-term investments	5 528 447	5 548 046	5 562 730
Current assets			
Debtors			
Customers and client debts	53 273	65 767	12 901
Other debtors	12 170	11 891	31 337
Future period expenses	2 602	2 137	1 806
Future period income	0	0	52 107
Total debtors	68 045	79 795	98 151
Cash	109 001	115 684	83 634
Total Current assets	177 046	195 479	181 785
TOTAL ASSETS	5 705 493	5 743 525	5 744 515



LIABILITIES			
	EUR	EUR	EUR
	30.09.2016	30.09.2015	31.12.2015
Stockholder's Equity			
Common stock	2 722 492	2 722 492	2 722 492
Long-term investments revaluation reserve	805 396	801 562	805 396
Rezerve	44 477	44 477	44 477
Total accumulation			
Retained earnings from the previous years	-1 069 412	-1 104 359	-1 104 359
Retained earnings of the financial years	40 908	-6 713	34 947
Total stockholder's equity	2 543 861	2 457 459	2 502 953
PROVISIONS			
Other provisions	13 056	12 401	13 056
Total provisions	13 056	12 401	13 056
LIABILITIES			
Long-term liabilities			
Borrowings from credit institutions	2 713 298	2 853 641	2 713 298
Prepayments from buyers	39 608	45 999	39 608
Other liabilities	24 823	43 021	24 823
Deferred tax liability	243 205	202 900	193 783
Total long-term liabilities	3 020 934	3 145 561	2 971 512
Current liabilities			
Borrowings from credit institutions	35 086	35 086	140 343
Accounts payable	38 367	39 437	52 026
Taxes and social security payments	24 934	28 884	22 102
Other liabilities	12 476	11 348	10 331
Prepayments from buyers	13 056	8 573	13 995
Other loans	3 723	4 776	18 197
Total current liabilities	127 642	128 104	256 994
Total liabilities	3 148 576	3 273 665	3 228 506
TOTAL LIABILITIES&STOCKHOLDER'S EQUITY	5 705 493	5 743 525	5 744 515

**PROFIT AND LOSSES ACCOUNT FOR YEAR, WHICH ENDS ON SEPTEMBER
30.2016.**

		EUR 30.09.2016	EUR 30.09.2015	EUR 31.12.2015
1	2	3	4	5
Net turnover	1	947 360	814 652	1 135 245
Cost of goods sold	2	-671 911	-589 582	-799 676
Gross profit		275 449	225 070	335 569
Administrative expenses	3	-78 481	-66 930	-100 752
Other income from operations	4	1 182	5 990	6 095
Other expenses from operations	5	-2 036	-18 244	-25 712
Financial services income	6	0	0	0
Financial services expenses	7	-93 757	-93 022	-124 246
Profit before taxes		102 357	52 864	90 954
Other taxes	8	-12 027	-16 375	-21 922
Deferred tax		-49 422	-43 202	-34 085
Net profit		40 908	-6 713	34 947

Earnings per share (EPS)
on 30.09.2016-0.02 EUR

Earnings per share (EPS)
on 30.09.2015- 0.0000 EUR

Chairman of the Board

G.Feņuks

Member of the Board

T.Kampane


CASH FLOW STATEMENT FOR YEAR THAT ENDS ON SEPTEMBER 30, 2016

		2016 30.09.	2015 30.09.	2015 31.12.
		EUR	EUR	EUR
I.	CASH FLOW FROM OPERATING ACTIVITIES			
	Profit before outstanding items and taxes (+)	102 357	52 864	90 954
	<i>Adjustments:</i>			
	fixed assets depreciation (+)	61 543	79 207	99 673
	intangible assets depreciation (+)	114	251	335
	increase/decrease in provisions	0	0	655
	financial services income	93 757	93 022	124 246
	<i>Profit or losses before adjustments from current assets and liabilities</i>	257 771	225 344	315 863
	<i>Adjustments:</i>			
	debtors : increase (-); decrease (+)	30 106	26 592	-1 863
	liabilities: increase (-); decrease (+)	-29 499	1 493	12 882
	<i>Gross cash provided by operating activities</i>	258 378	253 429	326 882
	Payments for financial	-93 757	-93 022	-124 246
	Income tax payments	-12 027	-16 375	-21 922
	<i>Net cash provided by operating activities before outstanding items:</i>	152 594	144 032	180 714
	Cash flow from outstanding items (-/+)	0	0	0
	Net cash provided by operating activities :	152 594	144 032	180 714
II.	CASH FLOWS FROM INVESTING ACTIVITIES :			
	Fixed assets purchase	-7 496	0	-31 400
	Interest received		0	0
	Net cash used in investing activities :	-7 496	0	-31 400
III.	CASH FLOWS FROM FINANCING ACTIVITIES:			
	Expenses for borrowings repayment	-105 257	-105 257	-140 434
	Payment Līzings,	-14 474	-14 180	-18 956
	Net cash provided by financing activities :	-119 731	-119 437	-159 299
	Net cash flow	25 367	24 595	-9 985
	CASH AT BEGINNING OF YEAR	83 634	91 089	93 619
	CASH AT END OF YEAR	109 001	115 684	83 634

**STATEMENT OF CHANGES IN EQUITY FOR YEAR THAT ENDS ON
SEPTEMBER 30, 2016**

	30.09.2016 EUR	30.09.2015 EUR	31.12.2015 EUR
Stockholder's equity			
Balance at the beginning of the financial year	2 766 969	2 766 969	2 766 969
Increase from			
Decrease from denomination of shares from lats to euro	44 477	44 477	44 477
Balance at the end of the financial year	2 722 492	2 722 492	2 722 492
Long-term investments revaluation reserve			
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
Accumulations			
Balance at the beginning of the financial year	0	0	0
Increase from denomination of shares from lats to euro	44 477	44 477	44 477
Decrease from			
Balance at the end of the financial year	44 477	44 477	44 477
Retained earnings			
Balance at the beginning of the financial year	-1 069 412	-1 104 359	-1 104 359
Profit or losses of the financial year	40 908	-6 713	34 947
Dividendes			
Included in accumulations			
Balance at the end of the financial year	-1 028 504	-1 111 072	-1 069 412
Stockholder's equity (total)			
Balance at the beginning of the financial year	2 502 953	2 484 875	2 464 172
Balance at the end of the financial year	2 543 861	2 457 459	2 502 953

**(1) Net turnover**

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

Type of commercial operations	2016.09.30 EUR	2015.09.30 EUR
power supply, distribution and servicing	223 596	221 834
office renting service	490 630	430 784
utility services	233 134	162 034
Total	947 360	814 652

Distribution of net turnover by geographical markets

Country	2016.09.30 EUR	2015.09.30 EUR
Latvia	947 360	814 652
Total	947 360	814 652

(2) Cost of sales

	2016.09.30 EUR	2015.09.30 EUR
labor and social payments	127 629	126 738
depreciation	61 543	79 207
transport	6 825	5 999
residential services (electricity, water)	335 092	280 618
personnel training	106	229
telecommunication service	1 075	997
other costs tied to commercial operations	130 002	86 954
insurance (buildings)	3 953	4 069
land rent to LPA	5 380	4 520
depreciation of license	114	251
cash turnover expenses	192	0
Total	671 911	589 582



(3)	Costs of administration	2016.09.30	2015.09.30
		EUR	EUR
	labor and social payments	59 769	50 034
	telecommunication service	1 075	997
	office supplies	1 164	767
	cash turnover expenses	0	220
	transport expenses for administrative needs	6 825	5 999
	representative expenses	71	116
	legal assistance or raid	5 127	2 572
	NASDAQ RIGA annual fee	4 450	6 225
	Total	78 481	66 930
(4)	Other revenues from commercial operation	2016.09.30	2015.09.30
		EUR	EUR
	finances	348	1 560
	other revenues	834	4 430
	Total	1 182	5 990
(5)	Other costs of commercial operations	2016.09.30	2015.09.30
		EUR	EUR
	60% of representative costs	129	205
	donations to Latvian orphans fund	400	251
	allowances and bonuses	1 030	1 016
	provisions for doubtful debts	0	15 342
	finances	477	863
	Other expenses	0	567
	Total	2 036	18 244

**Payments of interest and similar expenses**

(6)		
	2016.09.30 EUR	2015.09.30 EUR
credit interests	93 036	91 824
Līzinga interest	721	1 198
Total	93 757	93 022

(7)		
	2016.09.30 EUR	2015.09.30 EUR
real estate tax (buildings,land)	12 027	16 375
Total	12 027	16 375