



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 June 30, 2017



CONTENTS

General information

Report on the Management Board's responsibility

Management report

Balance sheet

Income statement

Cash flow statement

Statement of changes in equity

Notes to the financial statement



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 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 June 30, 2017: *VEF KOMUNIKĀCIJU SERVISS SIA- 45.52 % ; *Laila Līduma – 6.31 % ; * Tamāra Kampāne -10.41 % ; * Gints Feņuks - 24.50 % ; *Other shareholders - 13.26 %.
Chief executive officer:	Chairman of the Board of the Company: GINTS FENUKS
Members of the Board:	TAMĀRA KAMPĀNE MĀRTIŅŠ CAUNA MODRIS ZOMMERS
Members of the Supervisory Council:	LAILA LĪDUMA ERVINS KAMPĀNS GUNTIS LIPIŅŠ EGILS ARAJS
Period of account:	01.01.2017. - 30.06.2017.
Qualified auditor:	GUNTA DARKEVICA . Certificate Nbr.165

¹ Paid-up and registered equity capital 2 722 492 EUR 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 six months of 2017

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 June 30, 2017.

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 Fenuks
Chairman of the Management Board



Management report

Joint stock venture VEF is a publicly traded company that is doing business by managing its own real estate property, renting business spaces, and also providing electricity distribution services for business located in the VEF territory.

Net cash flow/turnover of the joint venture within the reported year reached 625 511 EUR that is higher by 1.44 % in comparison with the last period reported.

Currently the Company continues to provide full set of services and is executing the planned renovation of its real estate that is required since buildings are in use for more than fifteen years. Renovation works have been started and the necessary substantial investments the Company is covering from own reserves.

The Company is preparing to reconstruct premises previously used for production and convert these premises into office spaces to successfully attract new customers. To cover investments required for these activities the Company is also planning to use its own resources - only in the case of necessity bank financing will be attracted. As of planned works for the next reporting period the Company is planning to invest in improving roads and energy efficiency that are important for existing and new potential customers.

The Board of JV VEF holds to the strategic plans of the company according to economic developments in the country and following to the trends of the real estate rent and energy markets.

Company's operations are impacted by different financial risks including credit risks, volatility of interest rates. Company's management tries to minimize negative effects of potential financial risks to Company's financial results. Company's management strongly believes that the Company will have enough financial resources in order not to jeopardize its liquidity.

Equity capital of the Company is 2 722 492 EUR. The Company's equity capital consists of 623 528 bearer shares and 1 321 109 nominal shares. Nominal value of each share is 1.40 EUR.

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

Gints Fenuks
Chairman of the Management Board



ASSETS	EUR 30.06.2017	EUR 30.06.2016	EUR 31.12.2016
LONG-TERM INVESTMENTS			
Intangible assets			
Concessions, patents, licences	52	59	56
Total intangible assets	52	59	56
Fixed Assets			
Land, buildings and other property	5 440 431	5 499 344	5 469 001
Other fixed assets and inventory	23 078	18 252	32 621
Advance payments for fixed assets	0	31 400	0
Total fixed assets	5 463 509	5 548 996	5 501 622
Total long-term investments	5 463 561	5 549 055	5 501 678
Current assets			
Debtors			
Customers and client debts	47 348	49 830	73 367
Other debtors	30 048	11 346	9 144
Future period expenses	4 324	1 793	4 085
Future period income	0	0	0
Total debtors	81 720	62 969	147 546
Cash	204 509	107 226	120 368
Total Current assets	286 229	170 195	267 914
TOTAL ASSETS	5 749 790	5 719 250	5 796 592

**LIABILITIES**

	EUR	EUR	EUR
	30.06.2017	30.06.2016	31.12.2016
Stockholder's Equity			
Common stock	2 722 492	2 722 492	2 722 492
Rezerve	44 477	44 477	44 477
Long-term investments revaluation reserve	673 774	805 396	673 774
Total accumulation			
Retained earnings from the previous years	-570 644	-1 069 412	-875 629
Retained earnings of the financial years	89 109	24 448	304 985
Total stockholder's equity	2 959 208	2 527 401	2 870 099
PROVISIONS			
Other provisions	0	13 056	0
Total provisions	0	13 056	0
LIABILITIES			
Long-term liabilities			
Borrowings from credit institutions	2 572 955	2 713 298	2 572 955
Prepayments from buyers	30 547	39 608	30 547
Other liabilities	0	24 823	0
Deferred tax liability	0	231 309	0
Total long-term liabilities	2 603 502	3 009 038	2 603 502
Current liabilities			
Borrowings from credit institutions	70 172	70 172	140 343
Accounts payable	34 322	38 883	54 625
Taxes and social security payments	22 731	27 269	27 297
Other liabilities	10 132	11 398	10 083
Prepayments from buyers	16 380	12 836	20 472
Accrued liabilities	19 501	0	19 501
Other loans	13 842	9 197	23 670
Total current liabilities	187 080	169 755	295 991
Total liabilities	2 790 582	3 178 793	2 899 493
TOTAL LIABILITIES&STOCKHOLDER'S EQUITY	5 749 790	5 719 250	5 769 592

**PROFIT AND LOSSES ACCOUNT FOR YEAR, WHICH ENDS ON JUNE
30.2017.**

		EUR 30.06.2017	-	EUR 30.06.2016	-
Net turnover	1	625 511		616 626	
Cost of goods sold	2	-435 868		-427 328	
Gross profit		189 643		189 298	
Administrative expenses	3	-52 949		-57 315	
Other income from operations	4	1 950		1 239	
Other expenses from operations	5	-949		-1 349	
Financial services income					
Financial services expenses	6	-48 586		-61 881	
Profit before taxes		89 109		69 992	
Other taxes	7	0		-8 018	
Deferred tax		0		-37 526	
Net profit		89 109		24 448	
Earnings per share (EPS)		0 .05		0.001	

Chairman of the Board

G.Feņuks

Member of the Board

T.Kampane

**CASH FLOW STATEMENT FOR YEAR THAT ENDS ON JUNE 30, 2017**

	2017 30.06.	2016 30.06.	2016 31.12.
	EUR	EUR	EUR
I. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before outstanding items and taxes (+)	89 109	69 992	304 985
<i>Adjustments:</i>			
fixed assets depreciation (+)	38 114	40 938	-45 085
intangible assets depreciation (+)	4	113	116
increase/decrease in provisions	0		0
profit or losses from exchange rates fluctuation (+/-)	0		0
financial services income	48 586	61 881	120 317
<i>Profit or losses before adjustments from current assets and liabilities</i>	175 813	172 924	380 333
<i>Adjustments:</i>			
debtors : increase (-); decrease (+)	65 826	35 182	-49 395
liabilities: increase (-); decrease (+)	-28 912	-27 322	-8 472
<i>Gross cash provide by operating activities</i>	212 727	180 784	322 466
Payments for financial	-48 586	-61 881	-120 317
Income tax payments	0	-8 018	0
<i>Net cash provided by operating activities before outstanding items:</i>	164 141	110 885	202 149
Cash flow from outstanding items (-/+)			
Net cash provided by operating activities :	164 161	110 885	202 149
II. CASH FLOWS FROM INVESTING ACTIVITIES :			
Fixed assets purchase	0	-7 496	-5 722
Interest received	0	0	0
	0	-7 496	-5 722
Net cash used in investing activities :			
III. CASH FLOWS FROM FINANCING ACTIVITIES:			
Expenses for borrowings repayment	-70 172	-70 172	-140 343
Expenses on leasing liabilities	-9 828	-9 625	-19 350
Net cash provided by financing activities :	-80 000	-79 797	-159 693
Net cash flom	84 141	23 592	36 734
CASH AT BEGINNING OF YEAR	120 368	83 634	83 634
CASH AT END OF YEAR	204 509	107 226	120 368

**STATEMENT OF CHANGES IN EQUITY FOR YEAR THAT ENDS ON
JUNE 30, 2017**

	30.06.2017 EUR	30.06.2016 EUR	31.12.2016 EUR
Stockholder's equity			
Balance at the beginning of the financial year	2 722 492	2 766 969	2 722 492
Increase from			
Decrease from denomination of shares from lats to euro		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	673 774	805 396	805 396
Increase from			
Decrease from			-131 622
Balance at the end of the financial year	673 774	805 396	673 774
Accumulations			
Balance at the beginning of the financial year	44 477	0	44 477
Increase from denomination of shares from lats to euro		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	-570 644	-1 069 412	-1 069 412
Profit or losses of the financial year	89 109	24 448	498 768
Dividendes			
Included in accumulations			
Balance at the end of the financial year	-481 535	-1 044 964	-570 644
Stockholder's equity (total)			
Balance at the beginning of the financial year	2 870 099	2 502 953	2 502 953
Balance at the end of the financial year	2 959 208	2 527 401	2 870 099

**(1) Net turnover**

Turnover consists of revenues that the Company gained in the first six months of 2017 from its core business-service provision without VAT

Type of commercial operations	2017.06.30	2016.06.30
	EUR	EUR
power supply, distribution and servicing	165 527	150 999
office renting service	341 871	326 123
utility services	118 113	139 504
Total	625 511	616 626

Distribution of net turnover by geographical markets

Country	2017.06.30	2016.06.30
	EUR	EUR
Latvia	625 511	616 626
Total	625 511	616 626

(2) Cost of sales

	2017.06.30	2016.06.30
	EUR	EUR
personnel	88 821	82 768
depreciation	38 114	40 938
transport	6 169	5 476
other outstanding costs	221 780	219 337
personnel training	78	105
telecommunication service	777	693
other costs tied to commercial operations	58 266	71 488
insurance (buildings)	2 651	2 824
land rent to LPA	3 586	3 586
real estate tax (buildings ,land)	15 445	0
cash turnover expenses	177	
depreciation of license	4	113
Total	435 868	427 328



(3) Costs of administration	2017.06.30	2016.06.30
	EUR	EUR
personnel	39 189	42 006
telecommunication service	777	692
office supplies	119	1 066
cash turnover expenses	0	154
transport expenses for administrative needs	6 169	5 476
representative expenses	116	14
legal assistance or raid	3 019	4 347
NASDAQ Rīga annual fee	3 560	3 560
Total	52 949	57 315

(4) Other revenues from commercial operation	2017.06.30	2016.06.30
	EUR	EUR
finances	835	435
other revenues	1 115	804
Total	1 950	1 239

(5) Other costs of commercial operations	2017.06.30	2016.06.30
	EUR	EUR
60% of representative costs	210	25
donations to Latvian orphans fund	0	200
allowances and bonuses	699	687
finances	40	437
Total	949	1 349



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

	2017.06.30	2016.06.30
	EUR	EUR
credit interests	48 344	61 360
lizing	242	521
Total	48 586	61 881

(7) **Other taxes**

	2017.06.30	2016.06.30
	EUR	EUR
real estate tax (buildings,land)	0	8 018
Total	0	8 018