



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, 2019
In accordance with the Law of the Republic of Latvia



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, 2019: *VEF KOMUNIKĀCIJU SERVISS SIA- 45.52 % ; *Laila Līduma – 6.31 % ; * Tamāra Kampāne -11.68 % ; * Gints Feņuks - 24.50 % ; *Other shareholders - 11.99 %.
Subsidiary company	Ltd . “VEF Projekts “ (100%) Brīvības gatve 214, Rīga.
Chief executive officer:	Chairman of the Board of the Company: GINTS FENUKS
Members of the Board:	TAMĀRA KAMPĀNE MĀRTINŠ CAUNA MODRIS ZOMMERS
Members of the Supervisory Council:	LAILA LĪDUMA ERVINS KAMPĀNS GUNTIS LIPINŠ EGILS ARAJS
Period of account:	01.01.2019. - 30.06.2019.
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 2019

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, 2019.

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 599 553 EUR that is less by 8.73 % 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 30.06.2019	EUR 30.06.2018	EUR 31.12.2018
LONG-TERM INVESTMENTS			
Intangible assets			
Concessions, patents, licences	38	45	42
Total intangible assets	38	45	42
Fixed Assets			
Land, buildings and other property	5 529 510	5 501 529	5 472 362
Other fixed assets and inventory	111 878	54 014	93 719
Advance payments for fixed assets	0	0	5 762
Total fixed assets	5 641 388	5 555 543	5 571 843
Long-term financial investments			
Investments in subsidiaries	3 000	0	3 000
Loans to subsidiaries	60 000	0	60 000
Long-term financial investments, total	63 000	0	63 000
Total long-term investments	5 704 426	5 555 588	5 634 885
Current assets			
Debtors			
Customers and client debts	19 101	56 329	8 383
Other debtors	29 493	41 204	22 372
Future period expenses	1 725	2 866	5 312
Future period income	28 148	0	38 793
Total debtors	78 467	100 399	74 860
Cash	307 940	295 812	343 338
Total Current assets	386 407	396 211	418 198
TOTAL ASSETS	6 090 833	5 951 799	6 053 083

**LIABILITIES**

	EUR	EUR	EUR
	30.06.2019	30.06.2018	31.12.2018
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	657 470	665 655	657 470
Total accumulation			
Retained earnings from the previous years	-81 389	-318 072	-318 072
Retained earnings of the financial years	100 785	144 963	236 683
Total stockholder's equity	3 443 835	3 259 515	3 343 050
LIABILITIES			
Long-term liabilities			
Borrowings from credit institutions	2 318 174	2 432 612	2 318 174
Prepayments from buyers	47 273	30 547	47 273
Other liabilities	84 331	0	57 117
Total long-term liabilities	2 449 778	2 463 159	2 422 564
Current liabilities			
Borrowings from credit institutions	84 000	77 562	144 000
Accounts payable	29 425	40 087	45 778
Taxes and social security payments	18 425	28 590	20 992
Other liabilities	13 983	10 014	13 139
Prepayments from buyers	19 877	17 086	25 658
Accrued liabilities	22 573	24 986	24 457
Other loans	8 937	30 800	13 445
Total current liabilities	197 220	229 125	287 469
Total liabilities	2 646 998	2 692 284	2 710 033
TOTAL LIABILITIES&STOCKHOLDER'S	6 090 833	5 951 799	6 053 083

EQUITY

**PROFIT AND LOSSES ACCOUNT FOR YEAR, WHICH ENDS ON JUNE
30.2019.**

		EUR 30.06.2019	EUR 30.06.2018
Net turnover	1	599 553	656 880
Cost of goods sold	2	-379 957	-417 091
Gross profit		219 596	239 789
Administrative expenses	3	-57 511	-54 671
Other income from operations	4	4 518	15 594
Other expenses from operations	5	-816	-1 502
Financial services income			
Financial services expenses	6	-65 002	-54 247
Profit before taxes		100 785	144 963
Other taxes	7	0	0
Net profit		100 785	144 963
Earnings per share (EPS) 30.06.18			0.07
Earnings per share (EPS) 30.06.19		0.05	

Chairman of the Board

G.Feņuks

Member of the Board

T.Kampāne

**CASH FLOW STATEMENT FOR YEAR THAT ENDS ON JUNE 30, 2019**

	2019	2018	2018
	30.06.	30.06.	31.12.
	EUR	EUR	EUR
I. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before outstanding items and taxes (+)	100 785	144 963	236 683
<i>Adjustments:</i>			
fixed assets depreciation (+)	44 087	33 413	76 244
intangible assets depreciation (+)	4	4	7
financial services income	65 002	54 247	112 374
Profit or losses before adjustments from current assets and liabilities	209 878	232 627	425 308
<i>Adjustments:</i>			
debtors : increase (-); decrease (+)	-3 607	-13 792	-11 809
liabilities: increase (-); decrease (+)	8 044	22 267	99 856
Gross cash provide by operating activities	214 315	241 102	513 355
Payments for financial	-65 002	-54 247	-112 374
Net cash provided by operating activities before outstanding items:	149 313	186 855	400 981
Cash flow from outstanding items (-/+)			
Net cash provided by operating activities :	149 313	186 855	400 981
II. CASH FLOWS FROM INVESTING ACTIVITIES :			
Fixed assets purchase	-111 353	-30 867	-84 236
Investments in related companies	0	0	-3 000
Loans to subsidiaries'	0	0	-60 000
Net cash used in investing activities :	-111 353	-30 867	-147 236
III. CASH FLOWS FROM FINANCING ACTIVITIES:			
Expenses for borrowings repayment	-60 000	-62 781	-110 781
Expenses on leasing liabilities	-13 358	9 455	-11 686
Net cash provided by financing activities :	-73 358	-72 236	-122 467
Net cash flom	-35 398	83 752	131 278
CASH AT BEGINNING OF YEAR	343 338	212 060	212 060
CASH AT END OF YEAR	307 940	295 812	343 338

**STATEMENT OF CHANGES IN EQUITY FOR YEAR THAT ENDS ON
JUNE 30, 2019**

	30.06.2019	30.06.2018	31.12.2018
	EUR	EUR	EUR
Stockholder's equity			
Balance at the beginning of the financial year	2 722 492	2 722 492	2 722 492
Increase from			
Decrease from denomination of shares from lats to euro			
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	657 470	673 774	665 655
Increase from			
Decrease from			-8 185
Balance at the end of the financial year	657 470	673 774	657 470
Accumulations			
Balance at the beginning of the financial year	44 477	44 477	44 477
Increase from denomination of shares from lats to euro			
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	-81 389	-570 644	-318 072
Profit or losses of the financial year	100 785	89 109	236 683
Dividendes			
Included in accumulations			
Balance at the end of the financial year	19 396	-481 535	-81 389
Stockholder's equity (total)			
Balance at the beginning of the financial year	3 343 050	2 870 099	3 114 552
Balance at the end of the financial year	3 344 835	2 959 208	3 343 050

**(1) Net turnover**

Turnover consists of revenues that the Company gained in the first six months of 2019 from its core business-service provision without VAT

Type of commercial operations	2019.06.30 EUR	2018.06.30 EUR
power supply, distribution and servicing	72 110	157 313
office renting service	366 970	339 019
utility services	151 473	160 548
Total	590 553	656 880

Distribution of net turnover by geographical markets

Country	2019.06.30 EUR	2018.06.30 EUR
Latvia	590 553	656 880
Total	590 553	656 880

(2) Cost of sales

	2019.06.30 EUR	2018.06.30 EUR
personnel	100 043	90 6401
depreciation	44 087	33 413
transport	7 446	5 678
other outstanding costs	146 523	206 366
personnel training	106	53
telecommunication service	419	635
other costs tied to commercial operations	69 801	63 170
insurance (buildings)	2 116	2 606
land rent to LPA	3 653	3 694
real estate tax (buildings ,land)	4 090	9 728
cash turnover expenses	491	206
business travel expenses	1 178	899
depreciation of license	4	4
Total	379 957	417 092



(3) Costs of administration	2019.06.30	2018.06.30
	EUR	EUR
personnel	44 686	42 000
telecommunication service	419	635
office supplies	346	570
transport expenses for administrative needs	7 446	5 678
represent, personal cost	484	49
legal assistance or raid	1 460	2 179
NASDAQ Rīga annual fee	2 670	3 560
Total	57 511	54 671
(4) Other revenues from commercial operation	2019.06.30	2018.06.30
	EUR	EUR
finances	518	674
other revenues	4 000	14 920
Total	4 518	15 594
(5) Other costs of commercial operations	2019.06.30	2018.06.30
	EUR	EUR
60% of representative costs	0	39
allowances and bonuses	774	727
finances	42	0
other expenses	0	736
Total	816	1 502
(6) Payments of interest and similar expenses	2019.06.30	2018.06.30
	EUR	EUR
credit interests	64 299	54 221
leasing	703	26
Total	65 002	54 247