



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, 2013



## **CONTENTS**

**General information**

**Report on the Management Board's responsibility**

**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 phone: 67270618.
Equity capital <sup>1</sup> :	Ls 1 944 637 registered and paid up capital.
Core businesses:	*Power supply - distribution of power; *Letting and renting of real-estate property *Ferrous and non-ferrous waste and scrap purchase.
Name of the holder of shares And share capital (%) <sup>2</sup> :	As on march 31. 2013 ; *VEF KOMUNIKĀCIJU SERVISS SIA” 45.52 % ; “ SIA NĪPA ” 23.74 % ; *State Social Insurance Agency 4.99 % ; * Tamāra Kampāne 9.50 % ; * Gints Feņuks 7.01 % ; *Other shareholders 9.24 % .
Chief executive officer:	Chairman of the Board of the Company: GINTS FEŅUKS
Members of the Board:	TAMĀRA KAMPĀNE MĀRTIŅŠ CAUNA MODRIS ZOMMERS
Members of the Supervisory Council:	ANDRIS DENIŅŠ INTS KALNIŅŠ GUNTIS LIPIŅŠ ARNIS ZEKUNDE
Period of account:	01.01.2013. - 31.03.2013.
Qualified auditor:	Aleksejs Ļitvinovs. Certificate Nbr.190

<sup>1</sup> Paid-up and registered equity capital Ls 1 944 137

<sup>2</sup> 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).



## **Report on the Management Board's responsibility to the non-audited financial statement of JSC „VEF” for the three 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 March 31, 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 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	Final balance		Beginning balance	
	LVL	LVL	EUR	EUR
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
			<b>0.702804</b>	<b>0.702804</b>
<b>LONG-TERM INVESTMENTS</b>				
<b>Intangible assets</b>				
Concessions, patents, licences	853	1 148	1 214	1 633
<b>Total intangible assets</b>	<b>853</b>	<b>1 148</b>	<b>1 214</b>	<b>1 633</b>
<b>Fixed Assets</b>				
Land, buildings and other property	3 973 483	4 008 548	5 653 757	5 703 650
Equipment and machinery				
Other fixed assets and inventory	105 090	100 927	149 530	143 606
Advance payments for fixed assets				
<b>Total fixed assets</b>	<b>4 078 573</b>	<b>4 109 475</b>	<b>5 803 287</b>	<b>5 847 256</b>
<b>Total long-term investments</b>	<b>4 079 426</b>	<b>4 110 623</b>	<b>5 804 501</b>	<b>5 848 889</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>0</b>
<b>Debtors</b>				
Customers and client debts	68 906	49 321	98 044	70 177
Other debtors	9 167	9 301	13 043	13 234
Future period				
Future period expenses	1 924	1 813	2 737	2 580
<b>Total debtors</b>	<b>79 997</b>	<b>60 435</b>	<b>113 824</b>	<b>85 991</b>
<b>Cash</b>	<b>14 715</b>	<b>27 468</b>	<b>20 938</b>	<b>39 084</b>
<b>Total Current assets</b>	<b>94 712</b>	<b>87 903</b>	<b>134 762</b>	<b>125 075</b>
<b>TOTAL ASSETS</b>	<b>4 174 138</b>	<b>4 198 526</b>	<b>5 939 263</b>	<b>5 793 964</b>



LIABILITIES	Final balance		Beginning balance	
	LVL	LVL	EUR	EUR
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
			<b>0.702804</b>	<b>0.702804</b>
<b>Stockholder's Equity</b>				
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
<b>Total accumulation</b>				
Retained earnings from the previous years	-768 646	-793 982	-1 093 685	-1 129 735
Retained earnings of the financial years	11 572	9 842	16 466	14 004
<b>Total stockholder's equity</b>	<b>1 750 904</b>	<b>1 723 838</b>	<b>2 491 312</b>	<b>2 452 800</b>
<b>PROVISIONS</b>				
Other provisions	10 193	9 185	14 503	13 069
<b>Total provisions</b>	<b>10 193</b>	<b>9 185</b>	<b>14 503</b>	<b>13 069</b>
<b>LIABILITIES</b>				
<b>Long-term liabilities</b>				
Borrowings from credit institutions	2 151 118	2 250 213	3 060 765	3 201 765
Prepayments from buyers	22 563	23 642	32 105	33 639
Other liabilities				
Deferred tax liability	41 444	22 491	58 969	32 002
<b>Total long-term liabilities</b>	<b>2 215 125</b>	<b>2 296 346</b>	<b>3 151 839</b>	<b>3 267 406</b>
<b>Current liabilities</b>				
Borrowings from credit institutions	63 252	44 277	89 999	63 001
Accounts payable	34 387	18 998	48 928	27 032
Taxes and social security payments	18 732	53 337	26 653	75 892
Other liabilities	5 952	4 785	8 469	6 808
Other borrowings	39 404	11 387	56 067	16 202
Prepayments from buyers	36 189	36 373	51 492	51 754
<b>Total current liabilities</b>	<b>197 916</b>	<b>169 157</b>	<b>281 609</b>	<b>240 689</b>
<b>Total liabilities</b>	<b>2 413 041</b>	<b>2 465 503</b>	<b>3 433 448</b>	<b>3 508 095</b>
<b>TOTAL LIABILITIES&amp;STOCKHOLDER'S EQUITY</b>	<b>4 174 138</b>	<b>4 198 526</b>	<b>5 939 263</b>	<b>5 973 964</b>



**PROFIT AND LOSSES ACCOUNT FOR YEAR, WHICH ENDS ON MARCH  
31.2013.**

		<b>LVL 31.03.2013</b>	<b>LVL 31.03.2012</b>	<b>EUR 31.03.2013 - 0.702804</b>	<b>EUR 31.03.2012 - 0.702804</b>
<b>1</b>	<b>2</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>5</b>
Net turnover		210 736	240 874	299 850	342 733
Cost of goods sold	1	-143 189	-170 832	-203 740	-243 072
<b>Gross profit</b>		<b>67 547</b>	<b>70 042</b>	<b>96 110</b>	<b>99 661</b>
Selling expenses					
Administrative expenses	2	-19 997	-17 183	-28 453	-24 449
Other income from operations	3	300	904	427	1 286
Other expenses from operations	4	-691	-337	-983	-479
Financial services income	5	0	2	0	3
Financial services expenses	6	-27 712	-35 277	-39 431	-50 195
<b>Profit before taxes</b>		<b>19 447</b>	<b>18 151</b>	<b>27 671</b>	<b>25 827</b>
Other taxes	7	-2 385	-3 811	-3 394	-5 423
Deferred tax		-5 490	-4 498	-7 811	-6 400
<b>Net profit</b>		<b>11 572</b>	<b>9 842</b>	<b>16 466</b>	<b>14 004</b>

**Earnings per share (EPS) on  
31.03.2013- 0.00595 LVL  
- 0.00595 EUR**

**31.03.2012 -0.00506 LVL  
-0.00506 EUR**

Chairman of the Board

G.Feņuks

Member of the Board

T.Kampane

**CASH FLOW STATEMENT FOR YEAR THAT ENDS ON MARCH 31, 2013**

	2013 31.03. LVL	2012 31.03. LVL	2013 31.03. EUR 0.702804	2012 31.03. EUR 0.702804
<b>I. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before outstanding items and taxes (+)	19 447	18 151	27 671	25 827
<i>Adjustments:</i>				
fixed assets depreciation (+)	19 071	23 751	27 136	33 795
intangible assets depreciation (+)	74	74	105	105
increase/decrease in provisions				
profit or losses from exchange rates fluctuation (+/-)	196		279	
financial service income		2		3
financial services income	27 712	35 277	39 431	50 195
<i>Profit or losses before adjustments from current assets and liabilities</i>	<b>66 500</b>	<b>77 255</b>	<b>94 621</b>	<b>109 924</b>
<i>Adjustments:</i>				
debtors : increase (-); decrease (+)	-19 562	1 900	-27 834	2 704
inventory: increase (-); decrease (+)				
liabilities: increase (-); decrease (+)	-10 699	-4 550	-15 223	-6 474
<i>Gross cash provide by operating activities</i>	<b>36 239</b>	<b>74 605</b>	<b>51 563</b>	<b>106 153</b>
Payments for financial	-27 712	-35 277	-39 430	-50 195
Income tax payments				
<i>Net cash provided by operating activities before outstanding items:</i>	<b>8 527</b>	<b>39 328</b>	<b>12 133</b>	<b>55 958</b>
Cash flow from outstanding items (-/+)				
<b>Net cash provided by operating activities :</b>	<b>8 527</b>	<b>39 328</b>	<b>12 133</b>	<b>55 958</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES :</b>				
Fixed assets purchase				
Interest received				
<b>Net cash used in investing activities :</b>				
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Expenses for borrowings repayment	-21 084	-14 759	-30 000	-21 000
Expenses on the purchase of land.				
<b>Net cash provided by financing activities :</b>	<b>-21 084</b>	<b>-14 759</b>	<b>-30 000</b>	<b>-21 000</b>
<b>IV. Exchange rate fluctuation result :</b>	-196		-279	
<b>Net cash flom</b>	<b>-12 753</b>	<b>24 569</b>	<b>-18 145</b>	<b>34 958</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>27 468</b>	<b>2 899</b>	<b>39 083</b>	<b>4 125</b>
<b>CASH AT END OF YEAR</b>	<b>14 715</b>	<b>27 468</b>	<b>20 938</b>	<b>39 083</b>





**STATEMENT OF CHANGES IN EQUITY FOR YEAR THAT ENDS ON  
MARCH 31, 2013**

	<b>31.03.2013 LVL</b>	<b>31.03.2012 LVL</b>	<b>31.03.2013 EUR 0.702804</b>	<b>31.03.2012 EUR 0.702804</b>
<b>Stockholder's equity</b>				
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
<b>Long-term investments revaluation reserve</b>				
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
<b>Accumulations</b>				
Balance at the beginning of the financial year				
Increase from				
Decrease from				
Balance at the end of the financial year				
<b>Retained earnings</b>				
Balance at the beginning of the financial year	-768 646	-793 982	-1 093 685	- 1 129 735
Profit or losses of the financial year	11 572	9 842	16 466	14 004
Dividendes				
Included in accumulations				
Balance at the end of the financial year	-757 074	-784 140	-1 077 219	- 1 115 731
<b>Stockholder's equity (total)</b>				
Balance at the beginning of the financial year	<b>1 723 838</b>	<b>1 713 996</b>	<b>2 452 800</b>	<b>2 438 797</b>
Balance at the end of the financial year	<b>1 750 406</b>	<b>1 723 838</b>	<b>2 491 312</b>	<b>2 452 800</b>

**(1) Net turnover**

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

Type of commercial operations	2013.03.31	2012.03.31	2013.03.31	2012.03.31
	LVL	LVL	EUR	EUR
power supply, distribution and servicing	44 106	40 612	62 757	57 786
Rental income	102 542	100 537	145 904	143 051
utility services	64 088	58 314	91 189	82 973
ferrous an non-ferrous waste and scrap sales revenue	0	41 322	0	58 796
<b>Total</b>	<b>210 736</b>	<b>240 874</b>	<b>299 850</b>	<b>342 733</b>

**Distribution of net turnover by geographical markets**

Country	2013.03.31	2012.03.31	2013.03.31	2012.03.31
	LVL	LVL	EUR	EUR
Latvia	210 736	240 874	299 850	342 733
<b>Total</b>	<b>210 736</b>	<b>240 874</b>	<b>299 850</b>	<b>342 733</b>

**(2) Cost of sales**

	2013.03.31	2012.03.31	2013.03.31	2012.03.31
	LVL	LVL	EUR	EUR
labor and social payments	28 200	25 326	40 125	36 036
depreciation	19 145	23 825	27 241	33 900
transport	2 045	2 995	2 910	4 261
residential services (electricity, water....)	76 497	68 077	108 845	96 765
personnel training	45	0	64	0
telecommunication service	198	234	283	333
other costs tied to commercial operations	14 833	18 168	21 105	25 851
insurance (buildings)	913	929	1 299	1 322
land rent to LPA	1 313	1 313	1 868	1 868
ferrous an non-ferrous waste and scrap selling cost	0	30 035	0	42 736
<b>Total</b>	<b>143 189</b>	<b>170 832</b>	<b>203 740</b>	<b>243 072</b>



(3) Costs of administration	2013.03.31	2012.03.31	2013.03.31	2012.03.31
	LVL	LVL	EUR	EUR
labor and social payments	14 270	10 424	20 304	14 832
telecommunication service	198	234	282	333
office supplies	298	302	424	430
cash turnover expenses	55	44	78	63
transport expenses for administrative needs	2 045	2 995	2 910	4 261
representative expenses 40%	6	59	9	84
legal assistance or raid	0	0	0	0
RFB annual fee	3 125	3 125	4 446	4 446
<b>Total</b>	<b>19 997</b>	<b>17 183</b>	<b>28 453</b>	<b>24 449</b>

**Other revenues from commercial operation**

(4)	2013.03.31	2012.03.31	2013.03.31	2012.03.31
	LVL	LVL	EUR	EUR
finances	300	904	427	1 286
<b>Total</b>	<b>300</b>	<b>904</b>	<b>427</b>	<b>1 286</b>

**Other costs of commercial operations**

(5)	2013.03.31	2012.03.31	2013.03.31	2012.03.31
	LVL	LVL	EUR	EUR
60% of representative costs	12	108	17	154
foreign currency loss	196		279	
allowances and bonuses	175	175	249	249
finances	308	54	438	77
<b>Total</b>	<b>691</b>	<b>337</b>	<b>983</b>	<b>479</b>

**Other revenues from interests or similar sources**

	2013.03.31	2012.03.31	2013.03.31	2012.03.31
	LVL	LVL	EUR	EUR
interest from balances of accounts	0	2	0	3
<b>(6) Total</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>3</b>

**Payments of interest and similar expenses**

	2013.03.31	2012.03.31	2013.03.31	2012.03.31
	LVL	LVL	EUR	EUR
credit interests	27 560	35 161	39 214	50 030
Interest to Swedbank Līzings	150		214	
<b>(7) interest to SEB Līzings</b>	<b>2</b>	<b>116</b>	<b>3</b>	<b>165</b>
<b>Total</b>	<b>27 712</b>	<b>35 277</b>	<b>39 431</b>	<b>50 195</b>

**Other taxes**

	2013.03.31	2012.03.31	2013.03.31	2012.03.31
	LVL	LVL	EUR	EUR
real estate tax (buildings ,land)	2 385	3 811	3 394	5 423
<b>(8) Total</b>	<b>2 385</b>	<b>3 811</b>	<b>3 394</b>	<b>5 423</b>