



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, 2018



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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 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, 2018: *VEF KOMUNIKĀCIJU SERVISS SIA- 45.52 % ; *Laila Līduma – 6.31 % ; * Tamāra Kampāne -11.68 % ; * Gints Feņuks - 24.50 % ; *Other shareholders - 11.99 %.
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:	01.01.2018. - 30.06.2018.
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 2018

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, 2018.

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 656 880 EUR that is higher by 4.78 % 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 30.06.2018	EUR 30.06.2017	EUR 31.12.2017
LONG-TERM INVESTMENTS			
Intangible assets			
Concessions, patents, licences	45	52	49
Total intangible assets	45	52	49
Fixed Assets			
Land, buildings and other property	5 501 529	5 440 431	5 530 695
Other fixed assets and inventory	54 014	23 078	27 393
Advance payments for fixed assets	0	0	0
Total fixed assets	5 555 543	5 463 509	5 558 088
Total long-term investments	5 555 588	5 463 561	5 558 137
Current assets			
Debtors			
Customers and client debts	56 329	47 348	11 488
Other debtors	41 204	30 048	20 073
Future period expenses	2 866	4 324	5 318
Future period income	0	0	49 728
Total debtors	100 399	81 720	86 607
Cash	295 812	204 509	212 060
Total Current assets	396 211	286 229	298 667
TOTAL ASSETS	5 951 799	5 749 790	5 856 804

**LIABILITIES**

	EUR	EUR	EUR
	30.06.2018	30.06.2017	31.12.2017
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	665 655	673 774	665 655
Total accumulation			
Retained earnings from the previous years	-318 072	-570 644	-570 644
Retained earnings of the financial years	144 963	89 109	252 572
Total stockholder's equity	3 259 515	2 959 208	3 114 552
LIABILITIES			
Long-term liabilities			
Borrowings from credit institutions	2 432 612	2 572 955	2 432 612
Prepayments from buyers	30 547	30 547	30 547
Other liabilities		0	0
Total long-term liabilities	2 463 159	2 603 502	2 463 159
Current liabilities			
Borrowings from credit institutions	77 562	70 172	140 343
Accounts payable	40 087	34 322	50 320
Taxes and social security payments	28 590	22 731	32 782
Other liabilities	10 014	10 132	9 234
Prepayments from buyers	17 086	16 380	16 353
Accrued liabilities	24 986	19 501	24 986
Other loans	30 800	13 842	5 075
Total current liabilities	229 125	187 080	279 093
Total liabilities	2 692 284	2 790 582	2 742 252
TOTAL LIABILITIES&STOCKHOLDER'S	5 951 799	5 749 790	5 856 804

EQUITY

**PROFIT AND LOSSES ACCOUNT FOR YEAR, WHICH ENDS ON JUNE
30.2018.**

		EUR 30.06.2018	-	EUR 30.06.2017	-
Net turnover	1	656 880		625 511	
Cost of goods sold	2	-417 091		-435 868	
Gross profit		239 789		189 643	
Administrative expenses	3	-54 671		-52 949	
Other income from operations	4	15 594		1 950	
Other expenses from operations	5	-1 502		-949	
Financial services income					
Financial services expenses	6	-54 247		-48 586	
Profit before taxes		144 963		89 109	
Other taxes	7	0		0	
Net profit		144 963		89 109	
Earnings per share (EPS)		0.07		0.05	

Chairman of the Board

G.Feņuks

Member of the Board

T.Kampane

**CASH FLOW STATEMENT FOR YEAR THAT ENDS ON JUNE 30, 2018**

	2018	2017	2017
	30.06.	30.06.	31.12.
	EUR	EUR	EUR
I. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before outstanding items and taxes (+)	144 963	89 109	258 354
<i>Adjustments:</i>			
fixed assets depreciation (+)	33 413	38 114	70 739
intangible assets depreciation (+)	4	4	7
financial services income	54 247	48 586	105 483
Profit or losses before adjustments from current assets and liabilities	232 627	175 813	434 583
<i>Adjustments:</i>			
debtors : increase (-); decrease (+)	-13 792	65 826	60 939
liabilities: increase (-); decrease (+)	22 267	-28 912	-12 204
Gross cash provide by operating activities	241 102	212 727	483 318
Payments for financial	-54 247	-48 586	-105 483
Net cash provided by operating activities before outstanding items:	186 855	164 141	377 835
Cash flow from outstanding items (-/+)			
Net cash provided by operating activities :	186 855	164 161	377 835
II. CASH FLOWS FROM INVESTING ACTIVITIES :			
Fixed assets purchase	-30 867	0	-127 205
Net cash used in investing activities :	-30 867	0	-127 205
III. CASH FLOWS FROM FINANCING ACTIVITIES:			
Expenses for borrowings repayment	-62 781	-70 172	-140 343
Expenses on leasing liabilities	9 455	-9 828	-18 595
Net cash provided by financing activities :	-72 236	-80 000	-158 938
Net cash flom	83 752	84 141	91 692
CASH AT BEGINNING OF YEAR	212 060	120 368	120 368
CASH AT END OF YEAR	295 812	204 509	212 060

**STATEMENT OF CHANGES IN EQUITY FOR YEAR THAT ENDS ON
JUNE 30, 2018**

	30.06.2018 EUR	30.06.2017 EUR	31.12.2017 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	665 655	673 774	673 774
Increase from			
Decrease from			-8 119
Balance at the end of the financial year	665 655	673 774	665 655
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	-318 072	-570 644	-570 644
Profit or losses of the financial year	144 963	89 109	252 572
Dividendes			
Included in accumulations			
Balance at the end of the financial year	-173 109	-481 535	-318 072
Stockholder's equity (total)			
Balance at the beginning of the financial year	3 114 552	2 870 099	2 870 099
Balance at the end of the financial year	3 259 515	2 959 208	3 114 552

**(1) Net turnover**

Turnover consists of revenues that the Company gained in the first six months of 2018 from its core business-service provision without VAT

Type of commercial operations	2018.06.30 EUR	2017.06.30 EUR
power supply, distribution and servicing	157 313	165 527
office renting service	339 019	341 871
utility services	160 548	118 113
Total	656 880	625 511

Distribution of net turnover by geographical markets

Country	2018.06.30 EUR	2017.06.30 EUR
Latvia	656 880	625 511
Total	656 880	625 511

(2) Cost of sales

	2018.06.30 EUR	2017.06.30 EUR
personnel	90 6401	88 821
depreciation	33 413	38 114
transport	5 678	6 169
other outstanding costs	206 366	221 780
personnel training	53	78
telecommunication service	635	777
other costs tied to commercial operations	63 170	58 266
insurance (buildings)	2 606	2 651
land rent to LPA	3 694	3 586
real estate tax (buildings ,land)	9 728	15 445
cash turnover expenses	206	177
business travel expenses	899	0
depreciation of license	4	4
Total	417 092	435 868



(3) Costs of administration	2018.06.30	2017.06.30
	EUR	EUR
personnel	42 000	39 189
telecommunication service	635	777
office supplies	570	119
transport expenses for administrative needs	5 678	6 169
representative expenses	49	116
legal assistance or raid	2 179	3 019
NASDAQ Rīga annual fee	3 560	3 560
Total	54 671	52 949

(4) Other revenues from commercial operation	2018.06.30	2017.06.30
	EUR	EUR
finances	674	835
other revenues	14 920	1 115
Total	15 594	1 950

(5) Other costs of commercial operations	2018.06.30	2017.06.30
	EUR	EUR
60% of representative costs	39	210
allowances and bonuses	727	699
finances	0	40
other expenses	736	
Total	1 502	949

(6) Payments of interest and similar expenses	2018.06.30	2017.06.30
	EUR	EUR
credit interests	54 221	48 344
leasing	26	242
Total	54 247	48 586