



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, 2020  
In accordance with the Law of the Republic of Latvia



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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 <sup>1</sup> :	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, 2020: *VEF KOMUNIKĀCIJU SERVISS SIA- 45.52 % ; *Laila Līduma – 6.31 % ; * Tamāra Kampāne -12.54 % ; * Gints Feņuks - 24.50 % ; *Other shareholders - 11.13 %.
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 MĀRTIŅŠ CAUNA  MODRIS ZOMMERS
Members of the Supervisory Council:	LAILA LĪDUMA ERVINS KAMPĀNS GUNTIS LIPIŅŠ EGILS ARAJS
Period of account:	01.01.2020. - 30.06.2020.
Qualified auditor:	GUNTA DARKEVICA . Certificate Nbr.165

<sup>1</sup> 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 2020**

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, 2020.

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 540 566 EUR that is less by 11 % in comparison with the last period reported.

Currently the Company continues to provide full set of services and is in preparations for planned renovation of its real estate that is required since buildings are in use for more than fifteen years. Renovation plans are in the phase of approval and will require substantial investments which the Company is planning to cover from own revenues executing renovation activities in several consecutive steps within following three years.

The Company is preparing to reconstruct premises previously used for production and reprofile to successfully attract tenants. To cover investments required for these activities the Company is planning partly to use its own resources – but mainly bank financing will be attracted.

As of planned works for the next reporting period the Company is planning to invest in improving of roads and energy efficiency that are important for existing and new potential customers.

During the current emergency situation caused by the outbreak of COVID-19 virus, the Company is actively following recent developments, frequently communicating with own customers and financial institutions, and evaluating possible actions how to support own customers with a significant reduction in customer flow. Regarding decisions that might be taken and might have a considerable impact on Company's activities and results.

Board of JSV 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 electricity distribution markets.

Currently the Management Board and Supervisory Board are carefully monitoring market situation both locally and regionally, following to demands and requirements imposed by the Latvian Government that might influence further business prospects of the Company.

Company operations are influenced by various financial risks including credit risk and interest rate volatility. Company's management tries to minimize potential negative impacts of financial risks. Financial resources that potentially expose the Company towards acknowledged levels of credit risks, are mainly free cash and debtor and creditor debts. Debtor and creditor debts are stated as recoverable amounts. Company's partners in cash transactions are local financial institutions. Company adheres to strict management of liquidity risks ensuring meeting credit obligations within set due dates. Company's management believes that the Company will generate enough cash in order not to jeopardize its liquidity.

Meanwhile Company acknowledges possible decrease in financial results if due to COVID-19 spread overall markets both locally and globally will be hit by recession; thus, influencing financial well-being of Company's customers and/or attraction of new customers.

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

Gints Fenuks  
Chairman of the Management Board



## ASSETS

	EUR 30.06.2020	EUR 30.06.2019	EUR 31.12.2019
<b>LONG-TERM INVESTMENTS</b>			
<b>Intangible assets</b>			
Concessions, patents, licences	30	38	35
<b>Total intangible assets</b>	<b>30</b>	<b>38</b>	<b>355 470 312</b>
<b>Fixed Assets</b>			
Land, buildings and other property	5 470 312	5 529 510	5 499 911
Other fixed assets and inventory	126 816	111 878	92 985
Advance payments for fixed assets	0	0	0
<b>Total fixed assets</b>	<b>5 597 128</b>	<b>5 641 388</b>	<b>5 592 896</b>
<b>Long-term financial investments</b>			
Investments in subsidiaries	3 000	3 000	3 000
Loans to subsidiaries	60 000	60 000	60 000
<b>Long-term financial investments, total</b>	<b>63 000</b>	<b>63 000</b>	<b>63 000</b>
<b>Total long-term investments</b>	<b>5 660 158</b>	<b>5 704 426</b>	<b>5 655 931</b>
<b>Current assets</b>			
<b>Debtors</b>			
Customers and client debts	19 877	19 101	23 901
Other debtors	21 345	29 493	24 799
Future period expenses	4 235	1 725	4 830
Future period income	20 684	28 148	37 262
<b>Total debtors</b>	<b>66 141</b>	<b>78 467</b>	<b>90 792</b>
<b>Cash</b>	<b>398 967</b>	<b>307 940</b>	<b>370 392</b>
<b>Total Current assets</b>	<b>465 108</b>	<b>386 407</b>	<b>461 184</b>
<b>TOTAL ASSETS</b>	<b>6 125 266</b>	<b>6 090 833</b>	<b>6 117 115</b>

**LIABILITIES**

	EUR 30.06.2020	EUR 30.06.2019	EUR 31.12.2019
<b>Stockholder's Equity</b>			
Common stock	2 722 492	2 722 492	2 722 492
Rezerve	44 477	44 477	44 477
Long-term investments revaluation reserve	649 285	657 470	649 285
<b>Total accumulation</b>			
Retained earnings from the previous years	40 907	-81 389	-81 389
Retained earnings of the financial years	37 304	100 785	122 296
<b>Total stockholder's equity</b>	<b>3 494 465</b>	<b>3 443 835</b>	<b>3 457 161</b>
<b>LIABILITIES</b>			
<b>Long-term liabilities</b>			
Borrowings from credit institutions	2 150 174	2 318 174	2 150 174
Prepayments from buyers	47 273	47 273	47 273
Other liabilities	108 850	84 331	61 594
<b>Total long-term liabilities</b>	<b>2 306 297</b>	<b>2 449 778</b>	<b>2 259 041</b>
<b>Current liabilities</b>			
Borrowings from credit institutions	126 000	84 000	168 000
Accounts payable	13 911	29 425	34 658
Taxes and social security payments	23 558	18 425	30 891
Other liabilities	14 215	13 983	13 699
Prepayments from buyers	32 930	19 877	32 930
Accrued liabilities	98 250	22 573	99 514
Other loans	15 640	8 937	21 221
<b>Total current liabilities</b>	<b>324 504</b>	<b>197 220</b>	<b>400 913</b>
<b>Total liabilities</b>	<b>2 630 801</b>	<b>2 646 998</b>	<b>2 659 954</b>
<b>TOTAL LIABILITIES&amp;STOCKHOLDER'S</b>	<b>6 125 266</b>	<b>6 090 833</b>	<b>6 117 115</b>

**EQUITY**

**PROFIT AND LOSSES ACCOUNT FOR YEAR, WHICH ENDS ON JUNE  
30.2020.**

		EUR 30.06.2020	-	EUR 30.06.2019	-
Net turnover	1	540 566		599 553	
Cost of goods sold	2	-395 973		-379 957	
<b>Gross profit</b>		<b>144 593</b>		<b>219 596</b>	
Administrative expenses	3	-44 782		-57 511	
Other income from operations	4	1 532		4 518	
Other expenses from operations	5	-864		-816	
Financial services income					
Financial services expenses	6	-63 175		-65 002	
<b>Profit before taxes</b>		<b>37 304</b>		<b>100 785</b>	
Other taxes	7	0		0	
<b>Net profit</b>		<b>37 304</b>		<b>100 785</b>	
Earnings per share (EPS) 30.06.19				0.05	
Earnings per share (EPS) 30.06.20		0.02			

Chairman of the Board

G.Feņuks

Member of the Board

T.Kampāne





## CASH FLOW STATEMENT FOR YEAR THAT ENDS ON JUNE 30, 2020

	2020 30.06.	2019 30.06.	2019 31.12.
	EUR	EUR	EUR
<b>I. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before outstanding items and taxes (+)	37304	100 785	122 296
<i>Adjustments:</i>			
fixed assets depreciation (+)	49 549	44 087	92 578
Intangible assets depreciation (+)	3	4	7
financial services income	63 175	65 002	129 531
<b><i>Profit or losses before adjustments from current assets and liabilities</i></b>	<b>150 031</b>	<b>209 878</b>	<b>344 412</b>
<i>Adjustments:</i>			
debtors : increase (-); decrease (+)	-3 924	-3 607	15 932
liabilities: increase (-); decrease (+)	- 392	8 044	45 101
<b><i>Gross cash provide by operating activities</i></b>	<b>145 715</b>	<b>214 315</b>	<b>405 445</b>
Payments for financial	-63 175	-65 002	-129 531
<b><i>Net cash provided by operating activities before outstanding items:</i></b>	<b>82 540</b>	<b>149 313</b>	<b>275 914</b>
Cash flow from outstanding items (-/+)			
<b>Net cash provided by operating activities:</b>	<b>82 540</b>	<b>149 313</b>	<b>275 94</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES :</b>			
Fixed assets purchase	-5 889	-111 353	-86 458
Investments in related companies	0	0	0
Loans to subsidiaries'	0	0	0
<b>Net cash used in investing activities:</b>	<b>-5 889</b>	<b>-111 353</b>	<b>-86 458</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Expenses for borrowings repayment	-42 000	-60 000	-144 000
Expenses on leasing liabilities	-6 076	-13 358	-18 402
<b>Net cash provided by financing activities:</b>	<b>-46 076</b>	<b>-73 358</b>	<b>-162 402</b>
<b>Net cash flow</b>	<b>28 575</b>	<b>-35 398</b>	<b>27 054</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>370 392</b>	<b>343 338</b>	<b>343 338</b>
<b>CASH AT END OF YEAR</b>	<b>398 967</b>	<b>307 940</b>	<b>370 392</b>

**STATEMENT OF CHANGES IN EQUITY FOR YEAR THAT ENDS ON  
JUNE 30, 2020**

	30.06.2020 EUR	30.06.2019 EUR	31.12.2019 EUR
<b>Stockholder's equity</b>			
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
<b>Long-term investments revaluation reserve</b>			
Balance at the beginning of the financial year	649 285	657 470	657 470
Increase from			
Decrease from			-8 185
Balance at the end of the financial year	649 285	657 470	649 285
<b>Accumulations</b>			
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
<b>Retained earnings</b>			
Balance at the beginning of the financial year	40 907	-81 389	-81 389
Profit or losses of the financial year	37 304	100 785	122 296
Dividendes			
Included in accumulations			
Balance at the end of the financial year	78 211	19 396	40 907
<b>Stockholder's equity (total)</b>			
Balance at the beginning of the financial year	3 457 161	3 343 050	3 343 050
Balance at the end of the financial year	3 494 465	3 3 443 835	3 457 161

**(1) Net turnover**

Turnover consists of revenues that the Company gained in the first six months of 2020 from its core business-service provision without VAT

Type of commercial operations	2020.06.30 EUR	2019.06.30 EUR
power supply, distribution and servicing	59 697	72 110
office renting service	356 895	366 970
utility services	123 974	151 473
<b>Total</b>	<b>540 566</b>	<b>590 553</b>

**Distribution of net turnover by geographical markets**

Country	2020.06.30 EUR	2019.06.30 EUR
Latvia	540 566	590 553
<b>Total</b>	<b>540 566</b>	<b>590 553</b>

**(2) Cost of sales**

	2020.06.30 EUR	2019.06.30 EUR
personnel	126 413	100 043
depreciation	49 549	44 087
transport	7 508	7 446
other outstanding costs	110 026	146 523
personnel training	0	106
telecommunication service	455	419
other costs tied to commercial operations	87 417	69 801
insurance (buildings)	2 507	2 116
land rent to AS Possessor	3 550	3 653
real estate tax (buildings ,land)	7 978	4 090
cash turnover expenses	567	491
business travel expenses	0	1 178
depreciation of license	3	4
<b>Total</b>	<b>395 973</b>	<b>379 957</b>



<b>(3) Costs of administration</b>	<b>2020.06.30</b>	<b>2019.06.30</b>
	<b>EUR</b>	<b>EUR</b>
personnel	31 147	44 686
telecommunication service	454	419
office supplies	297	346
transport expenses for administrative needs	7 509	7 446
represent, personal cost	705	484
legal assistance or raid	2 000	1 460
NASDAQ Rīga annual fee	2 670	2 670
<b>Total</b>	<b>44 782</b>	<b>57 511</b>
<b>(4) Other revenues from commercial operation</b>	<b>2020.06.30</b>	<b>2019.06.30</b>
	<b>EUR</b>	<b>EUR</b>
finances	0	518
other revenues	1 532	4 000
<b>Total</b>	<b>1 532</b>	<b>4 518</b>
<b>(5) Other costs of commercial operations</b>	<b>2020.06.30</b>	<b>2019.06.30</b>
	<b>EUR</b>	<b>EUR</b>
allowances and bonuses	864	774
finances	0	42
other expenses	0	0
<b>Total</b>	<b>864</b>	<b>816</b>
<b>(6) Payments of interest and similar expenses</b>	<b>2020.06.30</b>	<b>2019.06.30</b>
	<b>EUR</b>	<b>EUR</b>
credit interests	62 499	64 299
leasing	676	703
<b>Total</b>	<b>63 175</b>	<b>65 002</b>