



JSC VEF, Brīvības gatve 214, Rīga, LV-1039

JOINT STOCK COMPANY VEF
(Unified registration number 40003001328)

NON- AUDITED FINANCIAL STATEMENTS
For the period ended on March 31, 2009

**Prepared in accordance with International Financial Reporting
Standards (IFRS), as adopted by the European Union (EU)**



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



Report on the Management Board's responsibility to the non-audited financial statement of JSC „VEF” for the three months of 2009

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, 2009.

Middle-term financial statements are prepared according to the EU approved International Standards of financial reports and observing principle of continuing business activity. 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



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: 7270618, fax: 7552201
Equity capital ¹ :	Ls 2 281 922 as on march 31, 2009 Ls 1 829 908 paid and registered equity capital Ls 114 229 subscribed and paid-up amount of equity capital Ls 337 785 subscribed but not paid-up amount of equity capital
Core businesses:	*Power supply - distribution of power; *Letting and renting of real-estate property
Shareholders ² :	Ls 1 944 137 as on march 31, 2009 subscribed and paid-up amount of equity capital *VEF KOMUNIKĀCIJU SERVISS SIA- 45.54 % or 885 272 shares; *Komunikāciju Centrs” SIA – 21.93 % or 426 377 shares; *State Social Insurance Agency - 5.02 % or 97 582 shares; * Tamāra Kampāne - 9.41 % or 182 945 shares; * Gints Feņuks - 7.02 % or 136 403 shares ; *Other shareholders - 11.08 % or 215 558 shares:
Chief executive officer:	Chairman of the Board of the Company: GINTS FEŅUKS
Members of the Board:	TAMĀRA KAMPĀNE AIVARS VĪTOLIŅŠ
Members of the Supervisory Council:	PĒTERIS AVOTIŅŠ ANDRIS DENIŅŠ INTS KALNIŅŠ GUNTIS LIPIŅŠ JĀNIS LĀMA
Period of account:	01.01.2009. - 31.03.2009.
Qualified auditor:	Mara Liguta. Certificate Nbr.55

¹ Paid-up equity capital Ls 1 944 137

² Equity capital of the Company is divided into 2 281 922 common shares
Nominal value of a common share is 1 LVL (one Latvian lat).



ASSETS	Final balance		Beginning balance	
	LVL	LVL	EUR	EUR
	31.03.2009	31.03.2008	31.03.2009	31.03.2008
			0.702804	0.702804
LONG-TERM INVESTMENTS				
Intangible assets				
Concessions, patents, licences	78	83	111	118
Total intangible assets	78	83	111	118
Fixed Assets				
Land, buildings and other property	4 222 924	4 264 001	6 008 680	6 067 127
Equipment and machinery	10 326	20 796	14 693	29 590
Other fixed assets and inventory	14 241	14 268	20 263	20 301
Advance payments for fixed assets	46 726	104 599	66 484	148 831
Total fixed assets	4 294 217	4 403 664	6 110 120	6 265 849
Total long-term investments	4 294 295	4 403 747	6 110 231	6 265 967
Current assets				
Inventory				
Goods for sale				
Total inventory	0	0	0	0
Debtors				
Customers and client debts	80 888	61 420	115 093	87 393
Other debtors	53 739	24 252	76 464	34 508
Future period				
Future period expenses	4 490	6 350	6 389	9 035
Subscribed but not paid-up amount of equity capital	337 785		480 624	
Total debtors	476 902	92 022	678 570	130 936
Cash	9 036	11 003	12 857	15 656
Total Current assets	485 938	103 025	691 427	146 592
TOTAL ASSETS	4 780 233	4 506 772	6 801 658	6 412 559



LIABILITIES	Final balance		Beginning balance	
	LVL	LVL	EUR	EUR
	31.03.2009	31.12.2008	31.03.2009	31.03.2008
			0.702804	0.702804
Stockholder's Equity				
Common stock	2 281 922	1 829 908	3 246 882	2 603 724
Long-term investments revaluation reserve	438 390	438 390	623 773	623 773
Total accumulation				
Retained earnings from the previous years	-901 554	-928 449	-1 282 796	-1 321 064
Retained earnings of the financial years	19 696	13 823	28 025	19 669
Total stockholder's equity	1 838 453	1 353 672	2 615 883	1 926 102
PROVISIONS				
Other provisions	10 168	7 701	14 468	10 958
Total provisions	10 168	7 701	14 468	10 958
LIABILITIES				
Long-term liabilities				
Borrowings from credit institutions	2 492 507	2 705 714	3 546 518	3 849 884
Prepayments from buyers	66 232	33 814	94 240	48 113
Other liabilities	69 444	119 215	98 810	169 628
Deferred tax liability	140 291	153 152	199 616	217 916
Total long-term liabilities	2 768 474	3 011 895	3 939 184	4 285 541
Current liabilities				
Borrowings from credit institutions	53 302	53 302	75 842	75 842
Accounts payable	54 941	31 843	78 174	45 308
Taxes and social security payments	26 440	14 682	37 621	20 891
Other liabilities	18 078	17 246	25 723	24 539
Future period income	10 377	16 431	14 764	23 379
Total current liabilities	163 138	133 504	232 124	189 959
Total liabilities	2 941 780	3 145 399	4 185 775	4 475 500
TOTAL LIABILITIES&STOCKHOLDER'S EQUITY	4 780 233	4 506 772	6 801 658	6 412 559

**PROFIT AND LOSSES ACCOUNT FOR YEAR, WHICH ENDS ON MARCH
31.2009.**

		LVL 31.03.2009	LVL 31.03.2008	EUR 31.03.2009 0.702804	-	EUR 31.03.2008 0.702804	-
1	2	4	5	4		5	
Net turnover		228 133	229 790	324 604		326 962	
Cost of goods sold	1	-150 996	-128 075	-214 848		-182 234	
Gross profit		77 137	101 715	109 756		144 728	
Selling expenses							
Administrative expenses	2	-17 483	-17 743	-24 876		-25 246	
Other income from operations	3	3 750	957	5 336		1 362	
Other expenses from operations	4	-307	-958	-437		-1 363	
Financial services income	5	138	3 964	196		5 640	
Financial services expenses	6	-34 599	-44 494	-49 230		-63 309	
Profit before taxes		28 636	43 441	40 745		61 812	
Other taxes	7	-6 980	-7 134	-9 932		-10 151	
Deferred tax		-1 960	-22 484	-2 789		-31 992	
Net profit		19 696	13 823	28 025		19 668	
Earnings per share (EPS)							
EPS on 31.03.2009-0.01076							
LVL- 0.01531 EUR							

Chairman of the Board

G.Feņuks

Member of the Board

T.Kampane



CASH FLOW STATEMENT FOR YEAR THAT ENDS ON MARCH 31, 2009

	2009 31.03.	2008 31.03.	2009 31.03. EUR 0.702804	2008 31.03. EUR 0.702804
	LVL	LVL		
I. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before outstanding items and taxes (+)	28 636	43 441	40 745	61 812
<i>Adjustments:</i>				
fixed assets depreciation (+)	14 900	15 135	21 201	21 535
intangible assets depreciation (+)	1	1	1	1
increase/decrease in provisions				
profit or losses from exchange rates fluctuation (+/-)	1	27	1	38
financial service income	138	3 964	196	5 640
financial services income	33 233	44 494	47 286	63 309
Profit or losses before adjustments from current assets and liabilities	76 909	18 074	109 432	25 717
<i>Adjustments:</i>				
debtors : increase (-); decrease (+)	-384 880	32 000	-547 635	45 532
inventory: increase (-); decrease (+)				
liabilities: increase (-); decrease (+)	126 076	-103 901	179 390	-147 838
Gross cash provide by operating activities	-181 895	-53 827	-258 813	-76 589
Payments for financial	-33 233	-44 494	-47 286	-63 309
Income tax payments				
Net cash provided by operating activities before outstanding items:	-215 128	-98 321	-306 100	-139 898
Cash flow from outstanding items (-/+)				
Net cash provided by operating activities :	-215 128	-98 321	-306 100	-139 898
II. CASH FLOWS FROM INVESTING ACTIVITIES :				
Fixed assets purchase		-201 242		-286 342
Interest received	138		196	
Net cash used in investing activities :	138	-201 242	196	-286 342
III. CASH FLOWS FROM FINANCING ACTIVITIES:				
Income from investments in fixed capital				
Borrowings received				
Grants and donations received				
Expenses for borrowings repayment	-53 302	-53 302	-76 127	-76 127
Subscribed and paid-up amount of equite capital.	114 728		163 243	
Net cash provided by financing activities :	61 426	-53 302	87 401	-76 127
IV. Exchange rate fluctuation result :	1	-283	1	-403
Net cash flom	-153 563	52 979	218 500	75 383
CASH AT BEGINNING OF YEAR	162 599	109 620	231 358	155 975
CASH AT END OF YEAR	9 036	162 599	12 858	231 358

**STATEMENT OF CHANGES IN EQUITY FOR YEAR THAT ENDS ON
MARCH 31, 2009**

	31.03.2009 LVL	31.03.2008 LVL	31.03.2009 EUR 0.702804	31.03.2008 EUR 0.702804
Stockholder's equity				
Balance at the beginning of the financial year	1 829 908	1 829 908	2 603 724	2 603 724
Increase from	452 014		643 158	
Decrease from				
Balance at the end of the financial year	2 281 922	1 829 908	3 246 882	2 603 724
Long-term investments revaluation reserve				
Balance at the beginning of the financial year	438 390	432 868	623 773	615 916
Increase from		5 522		7 857
Decrease from				
Balance at the end of the financial year	438 390	432 390	623 773	623 773
Accumulations				
Balance at the beginning of the financial year				
Increase from				
Decrease from				
Balance at the end of the financial year				
Retained earnings				
Balance at the beginning of the financial year	-901 554	-928 449	-1 282 796	- 1 321 064
Profit or losses of the financial year	19 696	13 823	28 025	19 669
Dividends				
Included in accumulations				
Balance at the end of the financial year	- 881 858	-914 626	- 1 254 771	- 1 301 396
Stockholder's equity (total)				
Balance at the beginning of the financial year	1 353 672	1 346 747	2 587 858	1 916 248
Balance at the end of the financial year	1 838 453	1 353 672	2 615 883	1 926 102



**JSC VEF
FINANCIAL STATEMENTS' APPENDIXES
FOR YEAR, WHICH ENDS ON MARCH 31, 2009**

1. ACCOUNTING AND ASSESSMENT METHODS – COMMON PRINCIPLES

Basis for financial statements preparation

Financial statements are being prepared in compliance with Latvian laws “On bookkeeping” and “On the Annual Accounts of Undertakings”.

Profit and losses account is prepared according to the turnover method. Accounting policy provides the financial statements give information that is appropriate for their users to make decisions and conclusions. The policy is reliable. The financial statements correctly reveal the financial condition and operating results of the company – showing not only legal side of transactions, but also their economical matter, and are complete in all essential aspects.

Accounting principles used

The items of the financial statements are valued according to the following accounting principles:

- a) it is assumed that the company will operate in the future;
- b) assessment methods used are the same as used in the previous financial year;
- c) assessment is made with mere caution:
 - only profit earned before the date of the annual report is included in the financial statements
 - all projected risk amounts and losses that appeared in the financial year or in the previous years are taken into account, even those which became known in the period of time between the date of the annual report and the day when the financial statements are drawn up
 - all value decreases and depreciation amounts are calculated and taken into account, regardless of the financial year result (profit or losses)
- d) revenues and expenditures connected with the financial year are taken into account, regardless of payment date and invoice receiving or writing out date;
- e) assets and liabilities and net worth items have been assessed independently;
- f) the initial balance sheet of the financial year coincides with the previous financial year final balance sheet;
- g) all items that have an essential influence on the financial statements' users evaluation or decision taking have been taken into account, non-significant items have been combined and they are shown in details in the appendixes to the financial statements;
- h) business operations during the financial year are shown by their economical content and nature instead of their legal form.

Financial year

Financial year is 03 months, from 01.01.2009 to 31.03.2009.

Money and foreign currency revaluation

Amounts shown in these financial statements are in Latvian national currency – lats (LVL).

All monetary assets and liabilities are recalculated to lats, using the official exchange rate of the Latvian Bank that is set on the last day of the financial year.

Long-term and short-term items

Long-term items include amounts, whose receiving, discarding or payment terms become due more than 1 year after the end of the respective financial year. Amounts that are due to be received, paid or discarded during the next year, are included in short-term items.



Fixed assets and nonmaterial investment depreciation

Fixed assets and non-material investments are shown by purchase price minus depreciation. Depreciation is calculated on the straight-line basis, using as a basis the following rates:

Fixed assets	
Property	1%
Equipment and machinery	20%
Other fixed assets	25%

Income tax

Income tax for the financial year consists of calculated tax and deferred tax. Income tax is included in the profit and losses account.

Income tax for the financial year is calculated according to the law "On the income tax of Undertakings", determining taxable income and using 15% rate, set by the law.

Deferred income tax is calculated for the difference between assets and liabilities value in the financial statements and assets and liabilities value for tax purposes. Deferred income tax is calculated using 15% rate, set by the law. The above-mentioned difference mainly comes from the different fixed assets depreciation rates used in the financial and tax accounting. Increase of provisions for bad receivables is not taken into account, calculating deferred income tax, due to mere caution principle.

Credit line

There is a credit JSC "SEB banka". It is included in the long-term and short-term liabilities and the balance at the end of the financial period is 2 545 809 LVL (3 622 360 EUR).

**(1) Net turnover**

Turnover consists of revenues that the Company gained in the first three months of 2009 from its core business-service provision without VAT

Type of commercial operations	2009.03.31	2008.03.31	2009.03.31	2008.03.31
	LVL	LVL	EUR	EUR
power supply, distribution and servicing	36 517	48 866	51 959	69 530
water supply and sewage services	1 695	4 186	2 412	5 956
office renting service	133 166	134 666	189 478	191 613
utility services	56 755	42 072	80 755	59 863
Total	228 133	229 790	324 604	326 962

Distribution of net turnover by geographical markets

Country	2009.03.31	2008.03.31	2009.03.31	2008.03.31
	LVL	LVL	EUR	EUR
Latvia	228 133	229 790	324 604	326 962
Total	228 133	229 790	324 604	326 962

(2) Cost of sales

	2009.03.31	2008.03.31	2009.03.31	2008.03.31
	LVL	LVL	EUR	EUR
personnel	21 033	20 103	29 927	28 604
depreciation	14 900	15 135	21 201	21 535
transport	2 629	1 682	3 741	2 393
other outstanding costs	82 426	51 998	117 282	73 987
personnel training	90	102	128	145
telecommunication service	314	349	447	497
other costs tied to commercial operations	9 179	11 465	13 061	16 313
insurance (buildings)	1 281	1 115	1 823	1 587
maintenance of buildings 1 and 1a	14 807	17 454	21 068	24 835
land rent to LPA	4 336	8 671	6 120	12 338
depreciation of license	1	1	1	1
other cost				
Total	150 996	128 075	214 848	182 234

**(3) Costs of administration**

	2009.03.31	2008.03.31	2009.03.31	2008.03.31
	LVL	LVL	EUR	EUR
personnel	12 957	13 844	18 436	19 698
telecommunication service	314	349	447	496
office supplies	429	493	610	702
cash turnover expenses	75	57	107	81
transport expenses for administrative needs	2 629	1 681	3 741	2 392
representative expenses	18	69	26	98
legal assistance or raid	436		620	
RFB annual fee	625	1 250	889	1 779
audit cost				
Total	17 483	17 743	24 876	25 246

(4) Other revenues from commercial operation

	2009.03.31	2008.03.31	2009.03.31	2008.03.31
	LVL	LVL	EUR	EUR
disposal of fixed assets				
fines	290	66	413	94
1/5 of revenue from writing-off PS				
purchase	1 078	269	1 534	383
1/5 from financial support given for Gold equipment	2 381	595	3 388	847
other revenues				
insurance recompense				
revenues from changes in currency rates	1	27	1	38
Total	3 750	957	5 336	1 362

(5) Other costs of commercial operations

	2009.03.31	2008.03.31	2009.03.31	2008.03.31
	LVL	LVL	EUR	EUR
losses from changes in currency rates				
40% of representative costs	12	46	17	65
donations to Latvian orphans fund		100		142
allowances and bonuses	175	812	249	1 156
fines	120		171	
other costs				
Total	307	958	437	1 363



(6) **Other revenues from interests or similar sources**

	2009.03.31	2008.03.31	2009.03.31	2008.03.31
	LVL	LVL	EUR	EUR
interest from balances of accounts	138	3 964	196	5 640
Total	138	3 964	196	5 640

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

	2009.03.31	2008.03.31	2009.03.31	2008.03.31
	LVL	LVL	EUR	EUR
credit interests	33 233	42 338	47 286	60 241
interest to LPA for long term buy-out of land	1 366	2 156	1 944	3 068
Total	34 599	44 494	49 230	63 309

(8) **Other taxes**

	2009.03.31	2008.03.31	2009.03.31	2008.03.31
	LVL	LVL	EUR	EUR
real estate tax (buildings)	6 980	6 683	9 932	9 509
real estate tax (land)		451		642
Total	6 980	7 134	9 932	10 151