



**Joint Stock Company
VEF**
(Latvian Unified registration number 40003001328)

Financial Statement
for year 2014
in accordance with the Law of the Republic of Latvia

Audited

Riga
2015



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INFORMATION ABOUT THE COMPANY

Company name	Joint Stock Company "VEF"
Legal status	Joint Stock Company
Registration number, place and date	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
Legal address	Brivibas str.8, Riga, LV-1039, Latvia
Post address	Brivibas str.8, Riga, LV-1039, Latvia
NACE code	68.20; 35.13;
Chairman of the Board	Gints Fenuks
Member of the Board	Martins Cauna Tamara Kampane
Members of the Council	Gints Lipins Andris Denins Ints Kalnins Modris Zommers Arnis Zekunde
Financial year	from 2014.01.01 till 2014.12.31
Information about shareholders	Fixed capital in amount of 1.944.637 LVL (registered payment 31.12.2014)
Information about shareholders	VEF Komunikaciju Serviss Ltd. - (45,52%); Laila Liduma - (6.31 %); Tamara Kampane - (9,70 %); Gints Fenuks - (24.49 %); Other shareholders together - (13.98 %).
Auditor:	Qualified (sworn) auditor Aleksejs Litvinovs Certificate No. 190 Qualified auditors company Ltd. "DOMA AUDITS " Licence No. 166



MANAGEMENT REPORT

The Joint Stock Company “VEF” is a publicly traded company, dealing with management and administration of its real estate, rendering space rental and electrical services to consumers on the VEF territory.

According to the balance statement of the Company, the revenue from the economic activity during 12 months of 2014 makes 1 160 451 EUR, which is 2.7% more than previous reporting period, however, in 2014 year closed with a loss 12 143 EUR, which is the result of lease and maintenance decrease, taking into account that one of the largest tenant the “State Revenue Department” vacated JSC VEF premises on Brivibas gateway 214, as well as the growth of production costs, based on the growth of market electricity price over the reporting period.

The company's capital is 2 766 969 EUR. That consists of the 623.528 bearer shares and 1.321.109 registered shares. Nominal value of a common share is 1.42287 EUR.

The Company's customer interested public location, representative state buildings, as well as the legendary company's "good name". The Company's development depends from real estate market trends and the bank's credit policies.

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

Gints Feņuks
Chairman of the Management Board

The annual report was approved at the Shareholders' meeting on 24 april, 2015



Report on the Management Board's responsibility to the audited financial statement of JSC „VEF” for the twelve months of 2014

Management Board of JSC „VEF” (hereinafter – the Company) is responsible for preparation of the financial statements of the Company. The financial statements audited.

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 December 31, 2014.

Accounting principles used in preparation of the financial statements have not been changed comparing to the previous reporting period. During preparation of the financial statements decisions taken by the Management Board and estimations made have been cautious and well-founded. The information included in the 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



PROFIT AND LOSS CALCULATION FOR THE PERIOD, WHICH ENDS ON THE
2014.12.31 (turnover method)

	Appendix	2014	2013
		EUR	EUR
Net turnover	2	1 160 451	1 129 393
Production costs	3	-848 220	-817 400
Gross profit		312 231	311 993
Administration costs	4	-102 287	-104 156
Other income from operating activity	5	10 947	45 446
Other operating expenses	6	-17 332	-16 539
Interest payable and similar charges	7	-150 452	-160 645
Profit or loss from economic activity before taxes		53 107	76 099
Deferred tax	8	-48 269	-60 271
Other taxes	9	-16 981	-14 362
Profit or loss of the financial year		-12 143	1 466

Appendix from 11 till 23 page is an integral part of this financial statement.

Gints Fenuks
Chairman of the Board _____
signature

01 April, 2015

Tamara Kampane
Member of the Board _____
signature

01 April, 2015

**BALANCE SHEET ON THE** **2014.12.31**

ASSETS	Appendix	2014	2013
		EUR	EUR
Fixed assets			
Intangible assets			
Concessions, patents, licences,		507	899
Intangible assets total	10	507	899
Tangible (fixed) assets			
Land and buildings		5554307	5611135
Other fixtures and fittings, tools and equipment		72690	137996
Total tangible assets	11	5626997	5749131
Fixed Assets total		5627504	5750030
Current assets			
Debtors			
Trade debtors	12	31236	39946
Other debtors	13	9683	6333
Deferred expenses	14	1796	1656
Accrued income		53573	49303
Total debtors		96288	97238
Cash funds	15	93619	8500
Current Assets total		189907	105738
Total assets		5817411	5855768

**BALANCE SHEET ON THE 2014.12.31**

LIABILITIES	Appendix	2014	2013
		EUR	EUR
Equity capital			
Company capital	16	2766969	2766969
Long term investment adjustment reserve	17	801562	801562
Undistributed profit/losses:	18		
a) losses from prior years		-1092216	-1093685
b) profit of financial year		-12143	1466
Equity capital total		2464172	2476312
Provisions			
Other provisions	19	12401	12585
Provisions total		12401	12585
Creditors			
Long term creditors			
Borrowings from credit institutions	20	2853641	2993984
Advance payments from customers		38118	32106
Other borrowings		43021	61978
Deferred income tax liabilities	21	159698	111429
Long term creditors total		3094478	3199497
Short term creditors			
Borrowings from credit institutions	20	140343	66781
Other borrowings		18956	18574
Debts to suppliers of goods and services	22	54908	47737
Advance payments from customers	23	5921	9695
Taxes and contributions to social security	24	15929	14825
Other creditors	25	10303	9762
Short term creditors total		246360	167374
Creditors total		3340838	3366871
Total liabilities		5817411	5855768

Appendix from 11 till 23 page is an integral part of this financial statement.

Gints Fenuks
Chairman of the Board

signature

01 April, 2015

Tamara Kampane
Member of the Board

signature

01 April, 2015



CASH FLOW FOR THE PERIOD, WHICH ENDS ON THE
2014.12.31 (indirect method)

	Appendix	2014 EUR	2013 EUR
Cash flow from operating activities			
Profit or loss from operating activity before extraordinary items and taxes		53 107	76 099
Adjustments:			
tangible asset depreciation and amortization (+)	11	119 518	119 927
intangible asset depreciation (+)	10	392	420
increase in provision (except provision for doubtful accounts) (+)		-184	-1 918
profit or loss from currency rate fluctuations (-/+)		0	962
interest payable and similar charges	7	150 452	160 645
income from sales of fixed and intangible assets		-7 666	
Profit or loss before adjustments of current assets and short term liabilities		315 619	356 135
Adjustments:			
adjustments of debtors: increase (-); decrease (+)		950	2 545
adjustments of creditors: increase (-); decrease (+)		-18 234	-56 367
Cash flow from operating activities		298 335	302 213
Interest paid	7	-150 452	-160 645
Cash flow before extraordinary items		147 883	141 668
Net operating cash flow		147 883	141 668
Investing cash flow (expenses "-"):			
Acquisition of fixed and intangible assets	11	0	-1 175
income from sales of fixed and intangible assets		10 283	0
Received insurance compensation		128	1 773
Net investing cash flow		10 411	598
Financing cash flow (expenses "-"):			
Repaid borrowings		-66 781	-119 999
Expenditure on lease liabilities		-6 394	-27 402
Net financing cash flow		-73 175	-147 401
Result from exchange rate fluctuations		0	-962
Net cash flow of financial year		85 119	-6 097
Cash and its equivalents at beginning of period		8 500	14 597
Cash and its equivalents at end of period	15	93 619	8 500

Appendix from 10 till 22 page is an integral part of this financial statement.

Gints Fenuks
Chairman of the Board

signature

01 April, 2015

Tamara Kampane
Member of the Board

signature

01 April, 2015

**REPORT OF CHANGES IN EQUITY CAPITAL**
for period ending on 2014.12.31

	Company capital	Long term investment adjustment reserve	Profit or losses from prior years	Profit or losses of financial year	Equity capital total
	EUR	EUR	EUR	EUR	EUR
2012.12.31	2 766 969	801 562	-1 129 735	36 050	2 474 846
2012 financial year result moved to profit or losses from prior years	0	0	36 050	-36 050	0
Profit or losses of financial year	0	0	0	1 466	1 466
2013.12.31	2 766 969	801 562	-1 093 685	1 466	2 476 312
2014 financial year result moved to profit or losses from prior years	0	0	1 466	-1 466	0
Profit or losses of financial year	0	0	0	-12 143	-12 143
Correction			3		3
2014.12.31	2 766 969	801 562	-1 092 216	-12 143	2 464 172

Appendix from 11 till 23 page is an integral part of this financial statement.

Gints Fenuks
Chairman of the Board

signature

01 April, 2015

Tamara Kampane
Member of the Board

signature

01 April, 2015



ACCOUNTING POLICY

General principles

Annual Report prepared in accordance with generally accepted accounting principles in Latvia, the law "On accountancy", the law "Annual reports law" and Regulations issued by the Cabinet of Ministers on 21.06.2011 No.488 and No.481 and JSC "VEF" regulations "About making year statement".

Profit and loss statement have been prepared in accordance with the turnover cost approach.

The cash flow statement prepared on the operating cash flow as measured by indirect method.

Compared with the previous reporting year, the used accounting and valuation methods no changed.

Revenue recognition and net sales

Net turnover is the total value of the sold production (services) during the year without discounts and value added tax.

Other revenues are recognized as follows:

- revenue from rents - as they were incurred;
- revenue from penalties and default fees - at the time of receipt.

Fixed assets

Fixed assets are presented in the acquisition or revaluation cost less depreciation. Depreciation is calculated on a straight-line method over the asset's useful period of usage. The following rates of depreciation is set by management, to write down fixed asset value to its estimated residual value at the useful end of period:

	(the year)
Buildings and structures	100
Other fixtures and fittings, tools and vehicles	4

The increase in value because of revaluation is reflected in equity capital item "*Long term investment adjustment reserve*", but decrease in value is written-off from the increase of this reserve made in previous years regarding the corresponding fixed asset, the excess is included in profit or loss statement of the period.

Debtors

Accounts receivable in balance sheet are stated in net worth from the initial value minus reserves for doubtful and bad debts. Specific provision for doubtful and bad debts are created when management believes that the recovery of these specially segregated receivables are doubtful.

Corporate income tax

The year of account corporate income tax expenses are calculated in accordance with Latvia laws and regulations.

Deferred tax is calculated according to the liability method according to all temporary differences between assets and liabilities in the financial statements and their values for the tax calculation purposes. In deferred tax calculations is used the tax rate which is expected during periods when temporary differences levels off. Temporary differences arise mainly from using different rates of depreciation of fixed assets, as well as from the tax losses to be carried over to future tax periods. In cases where the total deferred tax result would be reflected in the balance sheet assets, its included in financial statements only if there is prospective that there will be available taxable profits, which will be subject to the deductible temporary differences that created deferred tax assets.

Estimated time of using fixed assets

Fixed assets are presented in the acquisition or revaluation cost less depreciation. Depreciation is calculated on a straight-line method over the asset's useful period of usage. The following rates of depreciation is set by management, to write down fixed asset value to its estimated residual value at the useful end of period.

Provisions



Provision for doubtful debtors is formed as an calculation, applying to each debtor's individual valuation method or use the percentage assessment method depending on when the debt was incurred.

Provision for employee leave is formed as an calculation, based on unused vacation time of the reporting year and norms of social security contributions.

Foreign currency revaluation in EUR

Company accounting is carried out in euro. Foreign currency transactions are translated into euros from the European Central Bank's official exchange rate of the financial transaction. Assets and liabilities denominated in foreign currencies are translated into euro at the European Central Bank rates the last date of the end. Foreign currency exchange rate fluctuation profit or loss are recognized in the income statement.

Cash and cash equivalents

Cash and cash equivalents in cash flow statement consists of cash in hand, current account balances.

The annual review key points is assessed accounting to principles:

- The assumption is that the company will operate in the future.
- Used the same methods as used in the previous year.
- Assessment carried out with the proper precautions:
 - report includes only the profit on the balance sheet date;
 - is taken into account all the expected risks and the losses incurred in the reporting year or previous years, even if they become known during the period between the annual reports ending date and the date of making the annual report;
 - calculated and taken into consideration any reduction in value and depreciation amounts, regardless of whether the reporting year is closed with profit or losses.
- Taken into consideration with the current year revenues and related expenses, regardless of the date of payment and receipt of an invoice or the date of the statement. Cost-ordinated with revenues during the reporting period.
- Active and passive components of items valued separately.
- Beginning balance for the year coincides with the previous year's closing balance sheet.
- Listing all items that materially affect the annual general users of the assessment or decision-making, minor items are combined and the detail provided in the annex.
- Economic transactions in the annual report presented in the light of their economic substance and nature, rather than legal form.

Long-term investments

- Evaluated according to their initial value, that is the purchase cost or production cost.
- Acquisition or production costs of the investment object is gradually written off (depreciated) for intended use period, if administration period of object is limited. A plot of land acquisition costs are not subject to write-off (amortization).

Current assets

- Asset evaluation based on the purchase or production cost.
- suitable for the evaluation of the balance sheet date are evaluated according to the lowest market price or production cost
- Debt balances on the balance sheet is shown accordingly to appropriate supporting documents and accounting records, and they are coordinated with their own accounts receivable records at the date of making balance sheet. In dispute cases balances in balance sheet is shown according to the records. The accruals is made for a questionable amount of doubtful debts.



Reporting Period

Reporting period is 12 months from 2014.01.01 till 2014.12.31

Long-term and short-term positions

Long-term liabilities is recognized if receipt, payment, or retirement shall be the later of one year after the year end.
Amounts receivable, payable or depreciable during the year is presented as a short-term positions.

(2) Net turnover

Turnover consists of revenues that the Company gained in the first six months of 2014 from its core business-service provision without VAT

Activity	2014 EUR	2013 EUR
Office rent	619 801	610 973
Facilities management and utilities	226 250	267 904
Electricity distribution and servicing	314 400	250 495
Ferrous and non-ferrous metal trading income	0	21
Total	1 160 451	1 129 393

Allocation of salesmarkets

State	2014 EUR	2013 EUR
Latvia	1 160 451	1 129 393
Total	1 160 451	1 129 393

(3) Production costs

	2014 EUR	2013 EUR
Utility services expenses (energy and other services)	426 017	392 841
Personnel costs and social tax	173 550	175 922
Metal purchasing and delivery expenses of materials	0	19
Depreciation	119 518	119 927
Other operating costs	102 738	101 596
Transport expenses	10 073	13 446
Charges for land rent	6 027	6 027
Insurance costs (building)	5 605	5 233
Expenses for telecommunication	1 594	1 413
Depreciation of license	392	420
Bank charges	249	273
Travel expenses	1 908	0
Personnel training	549	283
Total	848 220	817 400

(4) Administration costs

	2014	2013
	EUR	EUR
Salaries and social tax for administration	77 371	76 077
Transportation expenses for administration	10 073	13 446
Annual fee RFB	7 114	7 114
Expenses for telecommunication	1 594	1 414
Office expenses	1 417	1 884
Lawyers' service fees	3 404	2 899
Audit costs	1 281	1 281
Other administration expenses 40%	33	41
Total	102 287	104 156

(5) Other income from operating activity

	2014	2013
	EUR	EUR
Fines	2 441	2 481
Profit from sale of fixed assets: (10283-2617)	7 666	0
Received insurance compensation	128	1 773
Proceeds from creditor write-off	528	39 274
Income from savings for vacations reduction	184	1 918
Total	10 947	45 446

(6) Other operating expenses

	2014	2013
	EUR	EUR
Fines payment of income tax	12	53
Exchange losses	0	962
Insurance compensation	1 330	1 291
Fines by electric energy distribution networks	1 917	2 053
Offerings to Latvian orphans fund	1 103	360
Bad debts write-off costs	12 911	11 682
Other expenses	0	63
60% Representation expenses	59	75
Total	17 332	16 539

(7) Interest payable and similar charges

2014	2013
EUR	EUR

Bank interest	148 233	158 478
Leasing interest	2 219	2 167
Total	150 452	160 645

(8) Deferred tax

	2014	2013
	EUR	EUR
Deferred tax at beginning of period	111 429	51 158
Deferred tax at end of period	159 698	111 429
Deferred tax for period	-48 269	-60 271

(9) Other taxes

	2014	2013
	EUR	EUR
Real estate tax (buildings, land)	16 981	14 362
Total	16 981	14 362

**(10) Intangible assets**

	Concessions, patents, licences, brand names and other rights	Intangible assets total
	EUR	EUR
Aquisition cost		
2013.12.31	2 207	2 207
2014.12.31	2 207	2 207
Depreciation		
2013.12.31	1 308	1 308
Calculated depreciation	392	392
2014.12.31	1 700	1 700
Balance sheet on 2013.12.31	927	927
Balance sheet on 2014.12.31	507	507



(11) Tangible (fixed) assets

	Land and buildings **	Machinery, equipment and vehicles	Other fixtures and fittings, tools and equipment	Total tangible assets
	EUR	EUR	EUR	EUR
Acquisition cost				
2013.12.31	6 126 816	0	292 530	6 419 346
Acquisitions	0	0	0	0
Written-off	0	0	-52 994	-52 994
2014.12.31	6 126 816	0	239 536	6 366 352
Depreciation				
#1.12.2013	515 681	0	154 534	670 215
Calculated depreciation	56 827	0	62 691	119 518
Written-off depreciation	0	0	-50 377	-50 377
Correction	1	0	-2	-1
2014.12.31	572 509	0	166 846	739 355
Balance sheet on 2013.12.31	5 611 135	0	137 996	5 749 131
Balance sheet on 2014.12.31	5 554 307	0	72 690	5 626 997

Note *

Address of property **

Cadastral value

Riga (land)

EUR 251 276

Riga (building)

EUR 802 748

* The Company still uses fixed assets, that have no balance value, but they are in inventory lists.
The total acquisition value of such fixed assets is: 16 997 EUR.

**(12) Trade debtors**

	2014	2013
	EUR	EUR
Trade debtors	31 236	39 946
Balance value	31236	39946

Allocation of currency:

	2014	2013
	EUR	EUR
EUR	31 236	39 946
Total	31236	39 946

(13) Other debtors

	2014	2013
	EUR	EUR
VAT on advances	6 978	6 268
Advance purchase of fuel	317	38
Advance services provider	2 364	0
URDVN tax overpaid	24	27
Total	9 683	6 333

(14) Deferred expenses

	2014	2013
	EUR	EUR
Ground rent for the 1st quarter in 2015	1 507	1 507
Subscriptions 2015.	289	149
Total	1796	1656

(15) Cash funds**(31.12.2014)****Allocation of currency:**

	2014	2013
	EUR	EUR
EUR	93 619	8500
Total	93619	8500

(16) Company capital



Company capital is divided on shares	1 944 637
per value each EUR	1,4228717
	2766969

(17) Long term investment adjustment reserve

	2014	2013
	EUR	EUR
Long term investment adjustment reserve	801562	801562
Total	801562	801562

(18) Undistributed profit/losses:

Losses of previous years (2013 including)	-1 092 216 EUR
Profit of financial year	-12143 EUR
Losses of financial year	-1 104 359 EUR

(19) Other provisions

Type of provision	Residual	Increase	Decrease	Residual
	2013.12.31	2014	2014	2014.12.31
	EUR	EUR	EUR	EUR
Provisions for unused vacation	12 585	0	184	12 401
Total	12 585	0	184	12 401

(20) Borrowings from credit institutions

Allocation of currency:	2014	2013
	EUR	EUR
EUR (long term)	2 853 641	2 993 984
EUR (short-term)	140 343	66 781
Total	2 993 984	3060765

Main points of agreement/contract

Company name / name, surname	Principal amount, EUR	% rate	Term
SEB Banka	4 466 086	3.7638%	148 233 22.05.2022.

(21) Deferred income tax liabilities

2014	2013
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	EUR	EUR
Calculated deferred tax	159 698	111 429

Temporary changes	Residual 2013.12.31	Increase	Decrease	Residual 2014.12.31
	EUR	EUR	EUR	EUR
Fixed assets residual for taxes	1 956 834	0	217 096	1 739 738
Fixed assets residual in finance accounts	-5 261 241	0	122 527	-5 138 714
Provisions for unused vacation	12 585	0	184	12 401
Accrued tax losses	2 548 962	0	227 186	2 321 919
Total	-742 859	0	566 993	-1 064 656

(22) Debts to suppliers of goods and services

Allocation of currency:	2014	2013
	EUR	EUR
EUR	54 908	47 737
Total	54908	47 737

(23) Advance payments from customers

	2014	2013
	EUR	EUR
Long term	38 118	32 106
Short term	5 921	9 685
	44 039	41 791

(24) Taxes and contributions to social security

Type of tax	Residual 2013.12.31	Calculated	Paid	Residual 2014.12.31
	EUR	EUR	EUR	EUR
Value added tax	5 426	247 243	245 095	7574
Social security contributions	5 569	66 854	67 315	5108
Personal income tax	3 830	41 451	42 034	3247
Real estate tax (buildings,land)	0	16 981	16 981	0
State duties	-27	77	74	-24
Company car tax	0	2331	2331	0
Total	14 798	374937	373830	15905

During the financial year has been calculated and paid payment penalty: PIT- 8 EUR, VAT-4 EUR.



Inter alia:	2014	2013
	EUR	EUR
Tax overpayment	24	27
Tax debt	15 929	14 825

(25) Other creditors

	2014	2013
	EUR	EUR
Salaries for December	10 303	9 699
Deductions from wages	0	63
Total	10 303	9 762

(27) Other borrowings

	2014	2013
	EUR	EUR
Swedbanka leasing	12 911	17 239
long term	8 406	12 911
short term	4 505	4 328
SEB Leasing	49 066	63 313
long term	34 615	49 067
short term	14 451	14 246

(28) Employees

	2014	2013
Average amount of company's employees during year	18	22

(29) Information about remuneration to Members of the Board and executives

The remuneration of Member of the Board during year 2014 was 46 101 EUR.

(29) Financial risk management

The significant financial tools of Company are borrowings from credit institutions, legal persons and related parties, finance lease, money and short-term deposits. The main task of these financial tools is to provide Company's economic activity with funding. The Company also faces with other financial tools, such as trade debtors, other debtors, debts to suppliers and other creditors, which result directly from economic activity.

Interest rate risk

The Company has interest rate risk mainly because of its borrowings.

Credit risk

The Company has credit risk due to its trade debtors, given short-term loans and money and its equivalents. Company controls its credit risk by evaluating constantly debt repayment history of clients and by setting individual terms for each client. Moreover the Company follows non-stop the rest of debtors debts to diminish the possibility of irrecoverable debt emergence.



Liquidity risk

Company controls its liquidity risk by keeping appropriate amount of money or money equivalents.

(30) Information about off- balance liabilities and pledged assets

None.

(31) Details of the lease or rent agreements, mortgages, guarantees and other contracts that have an important role for the Company

The Joint Stock Company “VEF” is a publicly traded company, dealing with management and administration of its real estate, rendering space rental and electrical services to consumers on the VEF territory.

There were signed with the major customers long-term rental agreement.

As well as the Company has rent:

land in the Brivibas str. 214, rental agreement with JSC "Privatizācijas aģentūra" .

Pledge agreement No.KD03702/2 AS SEB banka, registered No.100093834 on 18.10.2006 - the claim secured in amount of EUR 5 805 912.

(32) Information about remuneration to auditor

Concluded agreement with DOMA AUDITS Ltd. for 1 281 EUR (not including VAT).

Gints Fenuks
Chairman of the Board

signature

01 April, 2015

Tamara Kampane
Member of the Board

signature

01 April, 2015

INDEPENDENT AUDITORS' REPORT

To the Shareholders of AS "VEF"

Report on the Financial Statements

We have audited the accompanying financial statements of AS "VEF" (01.01.2014 - 31.12.2014) set out on pages 6. to 23. of the accompanying annual report, which comprise the balance sheet as of 31 December 2014 and the profit and loss account and the statements of changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Law of the Republic of Latvia on Annual Reports, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of AS "VEF" as of 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with the Law of the Republic of Latvia on Annual Reports.

Report on Other Legal and Regulatory Requirements

We have read the management report for 2014 set out on page 5 of the accompanying annual report for 2014 (01.01.2014 - 31.12.2014) and did not identify material inconsistencies between the financial information contained in the management report and that contained in the financial statements for 2014.

SIA „DOMA AUDITS”
Licence No. 166

Aleksejs Ļitvinovs
Chairman of the Board

Rīga,
April 01, 2015

Aleksejs Ļitvinovs
Certified auditor of Latvia
Certificate No. 190

