Limited Liability Company
(*Sabiedrība ar ierobežotu atbildību*)
Citrus Solutions
Annual report for 2014
PREPARED IN ACCORDANCE WITH LATVIAN STATUTORY REQUIREMENTS
AND INDEPENDENT AUDITORS' REPORT

CONTENTS

Information on the Company

Name of the Company:	***Citrus Solutions***
Legal status:	Limited Liability Company (*Sabiedrība ar ierobežotu atbildību*)
Number, place and date of registration	50003752271, Riga, 28 June 2005
Legal address:	Ūnijas iela 52, Riga, LV – 1084, Latvia
Shareholder:	SIA *Lattelecom* (100%) Dzirnavu iela 105, Riga, LV – 1011, Latvia Reg No. 40003052786
Board:	Miks Stūrītis – Chairman of the Board (as of 12 March 2011) Jūlija Grinberga – Board Member (as of 2 May 2012) Gusts Muzikants – Board Member (as of 17 December 2012) Zane Jozepa – Board Member (as of 17 December 2012)
Reporting year:	1 January 2014 – 31 December 2014
Previous reporting year:	1 January 2013 – 31 December 2013
Auditors and address:	Deloitte Audits Latvia SIA Licence No. 43 Grēdu iela 4a Riga, LV -1019 Latvia Elīna Sedliņa Sworn Auditor Certificate No. 179

Management report

The Board of SIA *Citrus Solutions* (hereinafter *Citrus Solutions* or the Company) provides the management report for the reporting year ended 31 December 2014.

OVERVIEW OF THE COMMERCIAL OPERATIONS

The year 2014 was the ninth full year of operation of *Citrus Solutions*. The key lines of business remained the same - designing construction and servicing of engineering systems and infrastructure. In 2014 *Citrus Solutions* has increased the range of engineering systems, providing heating, ventilation and conditioning (AVK) solutions to its clients.

Among the clients of *Citrus Solutions* are construction organisations and design offices, operators of landline and mobile communications, state and municipal companies, private and corporate investors, water and heating supply companies.

According to the clients' needs, *Citrus Solutions* offers integrated solutions that include full range of establishment and development services of infrastructure - starting with assessment of the existing situation and designing and implementation and maintenance of the project.

The key lines of business of *Citrus Solutions* include solutions for telecommunication infrastructure and buildings' management systems, all types of security systems, external and internal solutions of electronic networks, production automatics, design and construction of data centres, as well as other technical solutions and engineering communications constructions related to low intensity current and electric networks and common management thereof.

In 2014 *Citrus Solutions* conducted the largest project for external clients *VAS Latvijas Valsts Radio un televīzijas centrs Design and construction of optical network* in Vidzeme and Kurzeme planning regions. In 2014, the project of integrated security systems and telecommunication networks commenced in 2013 was completed at the building of the State Revenue Service, which is the largest project of engineering networks since the Company was established. The projects implemented in 2014 by *Citrus Solutions* represent the Company's ability to integrate various solutions, as well as manage full range of construction of the internal networks and equipment provision at the construction object. Management of complex integrated projects and ability to adopt to the changing client needs, especially providing the best solutions and alternatives during the project implementation, has been appreciated by the clients.

In 2014, the Company employed on average 266 employees, 170 out of which are highly qualified engineers and technical specialists. Trainings were organised for the managers on the operating level to improve their planning, delegation, communication and management skills. Employees' qualification was improved in such spheres as development, design and construction of telecommunication electrical equipment, ventilation systems, security systems and solutions for automatics. Several certificates related to the Company's operations were obtained. The Company's employees, as well as technical resources are located in the entire territory of Latvia, including in the largest towns of Latvia.

To provide the necessary range of services for the clients, *Citrus Solutions* has concluded cooperation contracts with partners in Latvia and abroad on supply of equipment, cables, systems and technical materials, as well as for performing the construction works. Within the framework of stabilising the range of partners within one proposal, the clients are offered design and construction of different equipment, telecommunication, electricity supply and other infrastructures.

The Company has certified the key processes of business: client servicing, construction and maintenance of networks, which is verified by *ISO 9001:2008 quality certificate*. In 2014 within the re-certification of *ISO 9001:2008* the quality certificate was extended for three more years. Since 2006, the Company has *Certificate of industrial operations* verifying the Company's rights to perform work that contains state secrets, classified information of international organisations or foreign countries and the Company's ability to ensure protection of such information. Since 2011, the Company has *Railway security certificate* allowing to perform works at the protected areas of railway. Moreover, the Company is a member of the *Strategic partnership of construction development* and one of the founders of the *Council of sustainable construction*.

MANAGEMENT REPORT (continued)

SHARE CAPITAL

As at the end of 2014, *Citrus Solutions* share capital is EUR 1 071 000 that consists of 752 703 shares, with the nominal value of LVL 1. Registration of the share capital in the euro currency with the Register of Enterprises had not been conducted as at 31 December 2014 therefore the registered share capital is LVL 752 703. SIA *Lattelecom* is the sole shareholder of *Citrus Solutions*.

SHARES IN OTHER COMPANIES

Citrus Solutions holds 1.85% shares of *Pirmais slēgtais pensiju fonds*. The Company is only a formal shareholder, as all the risk arising from the operations of the pension fund and income is owned by the employees of *Citrus Solutions* – participants of the pension program.

OPERATING RESULTS

Citrus Solutions net sales during the reporting year amounted to EUR 23.7 million.

Design and construction of the broad band optical network infrastructure for LVRT (the Latvian State Radio and Television Centre) in Vidzeme and Kurzeme planning regions is the largest project in 2014.

Citrus Solutions continued cooperating with VAS "Starptautiskā lidosta "Rīga"", performing modernisation of security systems and implementation of other projects in the territory and commercial zone of the airport.

The contract concluded in 2014 with VNĪ (*AS Valsts nekustamie īpašumi*) on provision of low current networks (systems) guarantee and technical maintenance project at the building of the State Revenue Service.

The Company completed several street and road reconstruction projects: in Daugavpils, Ludza, Rēzekne, Jēkabpils, Līvāni, as well as in Gulbene, Alūksne and from Inčukalns to Valmiera.

Normalised EBITDA profit index of *Citrus Solutions* [1] in 2014 was EUR 1.15 million, the profit margin of EBITDA was 4.8%.

The amount of capital investments during the reporting year reached EUR 188 000, which was used to restore the production means. EUR 2.9 million were paid in different taxes in 2014.

PROFIT DISTRIBUTION SUGGESTED BY THE BOARD

The Board suggests to distribute the profit of EUR 686 103 in dividends to the shareholders.

MANAGEMENT OF THE COMPANY

According to the Commercial Law, the Company's statutes stipulate two-level management procedure, which, according to the decision of the Company's Shareholders' meeting of 11 November 2008 is realised by the Shareholders' meeting and Board.

In 2014, Board Members were: Miks Stūrītis (Chairman of the Board), Jūlija Grinberga, Zane Jozepa and Gusts Muzikants.

INVOLVEMENT

Board Members of *Citrus Solutions* and their family members or companies under their management do not hold shares or share option contracts at *Citrus Solutions* or *Lattelecom* group companies. Board Members are not interested in contracts or agreements related to *Citrus Solutions*.

THE BOARD'S RESPONSIBILITY FOR THE ANNUAL REPORT

The Board is responsible for preparation of the Company's financial statements on the bsis of the initial accounting of the Company for each reporting period.

The financial statements give a fair view of the Company's financial position as at the end of the reporting year and cash flow for the reporting year.

[1] Normalised EBITDA (profit from the operating activities before interest, taxes, depreciation, amortisation, losses from disposal of fixed assets and termination benefits) has been referred to as an index widely used in telecommunications industry and investors' environment, although it is not a common accounting term and it should not be explained as an alternative to profit and cash flow from operating activity.

MANAGEMENT REPORT (continued)

THE BOARD'S RESPONSIBILITY FOR THE ANNUAL REPORT (continued)

The Board confirms that the accounting methods used in the preparation of the 2014 financial statements set out on pages 7 to 26 have been consistently applied, and reasonable and prudent judgements and estimates have been applied. The Board confirms that the requirements of the Latvian legislation have been met and the financial statements have been prepared on the going concern basis.

The Board is responsible for appropriate accounting and measures to retain the Company's resources, disclose and prevent fraud and other deficiencies.

RISK MANAGEMENT

Operations of *Citrus Solutions* are subject to several risks caused by business environment and market in which the Company operates. The key risks to which future operations of *Citrus Solutions* are exposed include strategic risks as changed in construction market development, decrease or increase in construction prices, the Company's competitiveness and ability to adopt the range of provided services to the demand in negative market conditions.

Operating risks are related to ability to implement large and complex projects.

The third group of key risks include financial risks related to liquidity. Management of financial risks in relation to the Company's liquidity and interest rate fluctuations and credit risk of cooperation partners is based on the financial risk management policy of *Lattelecom* and it has been set out in Note 29 to the financial statements. *Financial risk management*.

Citrus Solutions identifies, evaluates risks and develops operating plans to prevent, reduce or transfer risks to third parties that might have an adverse effect on, property, staff, finances or operating results of *Citrus Solutions*. To avoid a financial losses in case any of the risks would materialise, part of those have been insured. Currently *Citrus Solutions* has insurance cover in such spheres as property, commercial termination, civil third party liability, construction specialists' civil third party liability and employees' insurance.

SUBSEQUENT EVENTS

No significant subsequent events have occurred that would materially impact the financial statement presentation.

FURTHER DEVELOPMENT OF THE COMPANY

In future years, the Company's development is related to obtaining and implementation of projects of external clients (outside *Lattelecom* group), which will be the key priority for the Company.

Ability to offer integrated solutions to clients has served as a competitive advantage of the Company that will help to obtain new contracts with a higher added value.

AUDITORS

Audit of the financial statements set out on pages 7 to 26 was conducted in line with the International Standards on Auditing by SIA "Deloitte Audits Latvia".

On behalf of the Board

Chairman of the Board /signature/ /Miks Stūrītis/

Riga, 26 January 2015

Profit and loss statement
(according to the period costing method)

	Note	2014 EUR	2013 EUR
NET SALES	1	**23 693 430**	**22 337 556**
Other operating income	2	38 017	42 063
Cost of materials:			
a) cost of raw and other materials;		(701 516)	(735 524)
b) other external costs		(14 392)	(112 096)
		(715 908)	(847 620)
Personnel costs:			
a) remuneration;		(4 503 106)	(4 263 459)
b) contributions to the pension fund from the Company's resources;		(20 655)	(27 742)
c) compulsory state social security contributions		(1 058 252)	(1 057 409)
d) other social contribution costs		(218 163)	(204 827)
		(5 800 176)	(5 553 437)
Amortization/depreciation:			
a) depreciation and amortisation of fixed assets and intangible investments	7,8	(156 320)	(181 255)
b) write off of current assets	3	(158 082)	(101 122)
Other operating expenses	4	(16 035 964)	(14 677 647)
Other interest and similar income	5	11 292	259
Interest and similar expenses	5	(12 311)	(12 561)
PROFIT BEFORE TAX		**863 978**	**1 006 236**
Corporate income tax	6	277 195	(604 797)
Deferred tax	6	(455 070)	414 853
PROFIT FOR THE REPORTING YEAR		**686 103**	**816 292**

The accompanying notes on pages 12 to 26 form an integral part of these financial statements.

On behalf of the Board

Chairman of the Board /signature/ /Miks Stūrītis/

Riga, 26 January 2015

Balance Sheet

ASSETS	Note	31 December 2014 EUR	31 December 2013 EUR
LONG-TERM INVESTMENTS			
Intangible assets			
Other intangible assets		50 485	16 381
Intangible assets		-	3 119
Total intangible assets	7	**50 485**	**19 500**
Fixed assets			
Constructions		5 774	-
Equipment and machinery		3 835	5 286
Other fixed assets		344 926	355 042
Construction in progress		67 316	60 683
Total fixed assets	8	**421 851**	**421 011**
Long term financial investments			
Deferred tax asset	6	366 683	821 753
Total long term financial investments		**366 683**	**821 753**
Total long term investments		**839 019**	**1 262 264**
CURRENT ASSETS			
Stock			
Raw materials	9	1 494 956	2 581 592
Total stock		**1 494 956**	**2 581 592**
Receivables			
Trade receivable	10	1 838 022	2 395 012
Due from related parties	23c	1 296 222	1 879 037
Other receivables	11	357 717	229 045
Prepaid expenses	12	6 896	16 511
Accrued income	13	3 696 979	4 044 735
Total receivables		**7 195 836**	**8 564 340**
Cash	14	**111 160**	**165 395**
Total current assets		**8 801 952**	**11 311 327**
TOTAL ASSETS		**9 640 971**	**12 573 591**

The accompanying notes on pages 12 to 26 form an integral part of these financial statements.

Balance Sheet

LIABILITIES	Note	31 December 2014 EUR	31 December 2013 EUR
SHAREHOLDERS' EQUITY			
Share capital	15	1 071 000	1 071 000
Profit for the reporting year		686 103	816 292
Total equity		**1 757 103**	**1 887 292**
PROVISIONS			
Other provisions	16	879 672	366 749
Total provisions		**879 672**	**366 749**
LIABILITIES			
Long-term liabilities			
Deferred income	17	-	10 302
Total long-term liabilities		**-**	**10 302**
Short-term liabilities			
Customer advances		975 828	425 514
Trade payables	18	2 270 726	1 495 958
Due to related parties	23c	1 960 185	2 550 104
Taxes and compulsory state social security contributions	19	156 149	712 112
Other liabilities	20	1 787	2 473
Deferred income	21	10 301	15 252
Accrued liabilities	22	1 629 220	5 107 835
Total short term liabilities		**7 004 196**	**10 309 248**
Total liabilities		**7 004 196**	**10 319 550**
TOTAL LIABILITIES		**9 640 971**	**12 573 591**

The accompanying notes on pages 12 to 26 form an integral part of these financial statements.

On behalf of the Board

Chairman of the Board /signature/ /Miks Stūrītis/

Riga, 26 January 2015

Statement of Changes to the Shareholders' Equity

	Share capital EUR	Retained earnings EUR	Total EUR
Balance as at 31 December 2012	**1 071 000**	**104 870**	**1 175 870**
Dividends paid	-	(104 870)	(104 870)
Profit for the reporting year year	-	816 292	816 292
Balance as at 31 December 2013	**1 071 000**	**816 292**	**1 887 292**
Dividends paid	-	(816 292)	(816 292)
Profit for the reporting year year	-	686 103	686 103
Balance as at 31 December 2014	**1 071 000**	**686 103**	**1 757 103**

The accompanying notes on pages 12 to 26 form an integral part of these financial statements.

On behalf of the Board

Chairman of the Board /signature/ /Miks Stūrītis/

Riga, 26 January 2015

Statement of Cash Flow

(according to the indirect method)

	Note	2014 EUR	2013 EUR
Cash flows from operating activities			
Profit before tax		863 978	1 006 236
Adjustments for:			
- amortization of intangible assets;	7	9 066	4 247
- depreciation of fixed assets;	8	147 254	177 008
- (gains) / losses of the sales of fiaxed assets;	2,4	(5 353)	14 001
- allowances (except for doubtful debt allowance);	16	512 923	50 673
- net exchange rate fluctuations;		(11 703)	2 164
- interest income;	5	-	(259)
- interest payments;	5	12 311	12 472
Profit before adjustments for the effect of changes to current assets and short term liabilities		1 528 476	1 266 542
(Increase)/decrease of receivables		1 564 388	(2 238 105)
(Increase)/decrease of stock		1 086 636	(743 937)
Increase/(decrease) of accounts payable to suppliers, contractors and other creditors		(2 200 045)	2 089 231
Gross cash flows from operating activities		1 979 455	373 731
Interest paid		(13 039)	(12 930)
Corporate income tax paid	19	(458 330)	(73 793)
Net cash flows from operating activities		**1 508 086**	**287 008**
Cash flows from investing activities			
Purchase of fixed and intangible assets		(187 394)	(312 024)
Income from disposal of fixed and intangible assets		5 678	1 137
Interest received		-	290
Net cash flows from investing activities		**(181 716)**	**(310 597)**
Cash flows from financing activities			
Loans received		3 698 661	3 527 733
Repayment of loans		(4 274 677)	(3 255 865)
Dividends paid		(816 292)	(104 870)
Net cash flows from financing activities		**(1 392 308)**	**166 998**
Result of fluctuations in the foreign exchange rates		11 703	(2 164)
Net (decrease) / increase of cash and cash equivalents		**(54 235)**	**141 245**
Cash and cash equivalents at the beginning of the reporting year		165 395	24 150
Cash and cash equivalents at the end of the reporting year	14	**111 160**	**165 395**

The accompanying notes on pages 12 to 26 form an integral part of these financial statements.

On behalf of the Board

Chairman of the Board /signature/ /Miks Stūrītis/
Riga, 26 January 2015

Notes to the financial statements

Accounting policies

GENERAL INFORMATION

The Limited Liability Company *Citrus Solutions* (hereinafter *Citrus Solutions* or the Company) was established and registered with the Commercial Registry of the Republic of Latvia on 28 June 2005 under the common registration number 50003752271, its legal address is Ūnijas iela 52, Rīga. The Company's parent company is *Lattelecom*, holding 100% of the Company's share capital. The Board Members of the Company are Miks Stūrītis (Chairman of the Board), Jūlija Grinberga (Board Member), Gusts Muzikants (Board Member), Zane Jozepa (Board Member). The key lines of business of *Citrus Solutions* are construction and servicing of telecommunication infrastructure for corporate clients. The number of employees at *Citrus Solutions* as at the end of the reporting year was 262.

ACCOUNTING AND ASSESSMENT PRINCIPLES

Basis of the preparation

The financial statements have been prepared in accordance with the law "On Accounting" and "Annual Reports Law" of the Republic of Latvia.

The financial statements are prepared on the historical cost basis.

All amounts disclosed in the financial statements are provided in euro (EUR), if not stated otherwise.

During the changeover to EUR, the official currency exchange rate set by the Bank of Latvia was used - 1 EUR / 0.702804 Latvian lat effective as of 1 January 2005. Until 1 January 2014 when Latvia joined the Eurozone and Latvian lat was replaced with EUR, the Company conducted its accounting and prepared the financial statements in Latvian lats. Since 1 January 2014, the Company conducts accounting in EUR currency.

The reporting period is the calendar year. The balances as at 31 December 2014, represent the financial position of the Company at the end of the day.

The profit and loss statement was prepared according to the period costing method.

The cash flow statement is prepared applying the direct method.

Amounts whose terms of receipt, payment or write off are due more than one year after the balance sheet date are classified as long-term. Amounts to be received, paid or written off within one year of the balance sheet date are classified as short term.

Accounting principles

The financial statements were prepared in accordance with the following policies:

a) assumption that the Company will continue as a going concern;
b) Consistent valuation principles with those used in the prior year;
c) items were valued in accordance with the principle of prudence:
    - the financial statements reflect only the profit generated to the date of the balance sheet;
    - all expected risk amounts and losses incurred during the reporting year or prior years have been taken into consideration even if discovered in the period of time between the balance sheet date and the date of preparation of the financial statements;
    - all impairments and depreciation have been taken into consideration irrespective of whether the financial result was a loss or profit;
d) income and expenses incurred during the reporting year have been taken into consideration irrespective of the payment date or date when the invoice was issued or received. Expenses were matched with revenue for the reporting period;
e) assets and liabilities have been valued separately.
f) the opening balance agrees with the prior year closing balance;
g) all material items, which would influence the decision-making process of users of the financial statements, have been recognised and insignificant items have been combined and their details disclosed in the notes;
h) business transactions are recorded taking into account their economic contents and substance, not the legal form.

Accounting policy (continued)

Related parties

The Company considers that related parties are the group parent company and subsidiaries in the group, as well as other companies which may have a significant impact on the Company's activities.

Other related parties of the Company are the senior managers of the Company, their close family members, and companies under the control or significant influence of such individuals.

Foreign currency revaluation

Transactions in foreign currency are translated into euro on the basis of the reference exchange rate published by the European Central Bank (hereinafter "ECB") that is effective at the beginning of the day when the transaction takes place, however, the last available foreign currency exchange rate that can be used in accounting is applied, if the transaction date is a working day in Latvia but it does not have a published foreign currency exchange rate to be used in accounting, as according to the calendar of foreign currency exchange rate publishing source it is a holiday. Profit or loss resulting from these transactions, as well as resulting from revaluation of monetary assets and liabilities denominated in the local currency is recognized in the profit or loss.

At the last day of the year, financial assets and liabilities in foreign currency are revalued on the basis of exchange rate set by the ECB effective on 31 December and fluctuations of currency rate are disclosed in profit or loss.

Euro exchange rate against currencies in which the Company has had transactions:

	31 December 2014	**31 December 2013**
LTL	3.45280	3.45280
USD	1.21410	1.37910
SEK	9.39300	8.85910

Intangible assets

Intangible assets include trade marks, software licences, capitalised project groups' staff expenses and service expenses related to implementation of software. If a software is an integral part of equipment and it cannot operate without the specific program, software is recognised under fixed assets.

Intangible assets are recognised at cost, less accumulated amortisation and accrued impairment losses. Intangible assets are amortized over their useful life on a straight-line basis (over 3 to 5 years).

If the cost of intangible asset is larger than the expected recoverable amount, which is the highest of the net realisable value and value in use of an intangible asset, its book value is immediately reduced to the recoverable value, including the difference in the profit or loss statement.

On each balance sheet date, it is assessed whether certain indications exist that would show that the value of an asset might be decreased. The recoverable value of intangible assets not ready for use is determined every year regardless of the fact whether indications exist that would show that the value of an asset might be decreased. For purposes of impairment assessment, intangible assets are divided in groups so that they would represent as small unit as possible for which it is possible to determine the amount of cash flow.

Fixed assets

Fixed assets are carried at cost less accumulated depreciation and impairment. Depreciation of fixed assets is calculated applying the linear method, allocating the acquisition costs of fixed assets unitl the expected disposal value to the forecase length of useful life of fixed assets:

	Useful life in years
Buildings	7
Energy equipment	10
Other fixed assets	3 – 5

Accounting policy (continued)

Fixed assets (continued)

Useful life of fixed assets is reviewed at least once a year. Impact caused by changes in the useful life is disclosed in the profit or loss statement in the period when the changes incurred and in next periods.

If the cost of fixed asset is larger than the expected recoverable amount, which is the highest of the net realisable value and value in use of a fixed asset, its book value is immediately reduced to the recoverable value, including the difference in the profit or loss statement.

Current maintenance and repair costs of tangible assets are recognized in the profit and loss statement as incurred.

Profit and losses on disposals are determined by comparing proceeds from sales with the respective carrying amount and included in the profit from operating activities.

Accounting of lease contracts

Lease transactions that transfer all risks and rewards characteristic of property rights tot he object to the lessor are classified as finance lease transactions. All other lease transactions are classified as operating lessee.

(i) Lease as a lessor

If the Company's assets are involved in the operating lease, income from operating lease is included in the profit and loss statement on a straight-line basis over the period of lease. The initial direct costs arising from the lease transaction are included in the carrying value of the leased asset and recognized in the profit and loss statement of the period when income from the sales is recognised.

When the Company is a lessor, it discloses the leased asset in the balance sheet as a receivable equal to the current value of lease payments. Income from lease is disclosed in the profit or loss statements in the lease contract period applying a constant periodical interest rate for the balance of claims.

(ii) Lease as a lessee

Payments made in line with the operating lease contract are included in the profit and loss statement on a straight-line basis over the period of lease.

If the Company is a lessee under financial lease terms, the Company shall include the asset within the fixed assets and finance lease liabilities at the lowest of the fixed asset's fair value in the beginning of the lease or the current value of minimum lease payment. Each lease payment is divided in reduction of liabilities and financial payment that is calculated applying consistent interest rate to the remaining value of liabilities. Interest payments are recognized in the profit and loss statement over the period of lease. Leased fixed asset is amortised over the shortest of the lease terms or use ful life.

Stock

Stock is evaluated by the lowest of the acquisition costs or net realisable value. Acquisition cost is determined applying the average weighted stock evaluation method. When net realizable value of stock is lower than the average weighted acquisition cost, provisions are recognized to write down the value of such inventories to their net realisable value.

Receivables

Receivables represent amounts to be repaid in less than one year and reflected in the balance sheet less doubtful or bad debt allowance.

Allowances for doubtful debts are recognized when the company's management believe that the recoverability of these liabilities is uncertain.

Accounting policy (continued)

Receivables (continued)

Doubtful debt allowances are calculated based on the ageing analysis and information on the financial position of the respective debtor, and managements' assessment of the recoverability of receivables. Doubtful debt allowances are recognized when the Company's management believe that the recoverability of these liabilities is uncertain. Allowances for doubtful trade receivables are calculated based on the analysis of ageing of receivables. In the reporting year the following allowance rates were applied:

Age of receivables (delay in days)	1 – 30	31 – 90	91 – 180	181 – 365	> 365
Rate of allowance, %	2	15	60	85	100

Receivables are written off when their recoverability is considered impossible.

Cash and cash equivalents

Cash and cash equivalents are bank account balances, cash in transit and bank deposits, the initial term of which do not exceed three months.

Loans

Loans are recognised at cost that is the fair value of the received compensation less transaction costs directly attributable to receipt of a loan. In the next periods loans are carried at amortized cost in accordance with the effective interest rate method. Income or losses are recognised in the profit or loss statement as interest income or expenses when liabilities are excluded from the balance sheet on the basis of amortisation process. Part of loans repayment term of which exceeds 12 months is included in the long-term liabilities.

Provisions

Provisions are recognised in cases when the Company, as a result of past events, has current legal liabilities or caused as a result of practice and it is expected that resources of economic value will be necessary to settle these liabilities and it possible to estimate the amount of these liabilities reliably.

Provisions are recognised in the balance sheet, indicating the amount of expenses as precisely as possible, which is necessary to settle liabilities in the amount disclosed at the balance sheet date. Provisions are used only in relation to expenses for which they were initially recognised and those are reduced in case the possible outflow of resources cannot be estimated.

As at the end of the reporting year, provisions for guarantee repairs have been recognised, assessing provisions of contracts concluded with clients and the respective projects. Provisions are recognised as proportion of income of implemented projects for the guarantee period stipulated in the contract.

Accrued liabilities

Accrued liabilities are clearly known amounts payable to or by trade receivables for goods or services received in the reporting year, if a support documentation has not been received as at the balance sheet date.

As at the end of the reporting year, the accrued expenses on unused vacations, accrued expenses for bonuses for performance results in the reporting year, termination benefits and other accrued expenses for which services have been received in the reporting year have been recognised. The accrued expenses for unused vacations are calculated multiplying the number of unused vacation days of an employee with the average employee's daily salary. The accrued expenses for bonuses are recognised on the basis of the assessment of the Company's and individual goals completion in line with the bonus system implemented in the Company. The accrued expenses for termination benefits are recognised in line with termination rates determined by the trade union on the basis of the annual salary and time an employee has worked for the Company. The compulsory state social security contributions are added to the accrued expenses for unused vacations, bonuses and termination benefits.

Contingent liabilities and assets

Contingent liabilities are not disclosed in the financial statements. Information on the contingent liabilities is disclosed in the notes, except for cases when the probability of outflow of resources that include economic benefits is immaterial. Contingent assets are not disclosed in the financial statements but information is disclosed in the notes, if inflow of economic benefits is probable.

Accounting policy (continued)

Pension fund

As of 2012, the amount of payments to the pension fund, within prescribed limit, is chosen by each employee independently.
Payments to the pension fund are accounted as expenses in the period when the respective employee has provided the services stipulated in the labour contract.
The Company holds 1.85% of AS *Pirmais Slēgtais Pensiju Fonds* shares, however, the Company is a formal shareholder. Investment in the share capital of the fund was written off as expenses as at the date of establishment, as risks and rewards related to the pension fund are related only to the participants of the pension plan – employees of the Company.

Income taxes

Income taxes represent the Corporate Income Tax and Deferred tax for the reporting year.

Corporate Income Tax for the reporting year is calculated applying the tax rate of 15% stipulated in the law.
For accrued expenses for which as at the date of submission of the Corporate Income Tax declaration no external supporting documents were received, the Company adjusts the taxable income. The adjusted amounts are determined according to account balances of the accrued liabilities, reducing those by the amount of expenses on the basis of the external supporting documents

Deferred tax asset and liabilities
Deferred tax is calculated applying the liability method to all temporary differences between assets and liabilities used for tax purposes and their book value. To determine the amount of the deferred assets and liabilities, tax rates, expected in the periods when the respective asset will be used or liabilities settled, are used on the basis of tax rates prescribed in the balance sheet date. Temporary differences arise mainly of the depreciation of fixed assets, provisions and accrued liabilities.
Deferred tax assets are recognised only to the extent that it is probable that a taxable profit can be obtained in future as regards which the deductible temporary differences can be used.

Revenue recognition

Revenue is recognised when goods are delivered and services are provided.
Revenue from sales of goods are recognised as at the delivery, if material risks and rewards related to property rights are transferred to the buyer and the seller does not retain further management rights usually related to property rights and real control over the goods sold.
Revenue for the services provided are recognised when the services are provided, on the basis of time spent.
Interest income is recognized in the profit and loss statement applying the effective interest rate method.

Long-term contracts

Long-term contract is a specific contract on establishment of the object or set of assets. Set of assets includes assets closely related or mutually dependent upon the project, technology and function, or due to their final purpose or use.
Long-term contracts are contract prescribing that works are commenced in one financial reporting period and accomplished in other, although the total term for accomplishment can be less than 12 months.
If the result of a long-term contract can be estimated reliable, revenue and expenses related to such contract are recognised in the profit or loss statement as income and expenses, considering the stage of accomplishment of the contractual works in per cent as at the balance sheet date. If the result of a long-term contract cannot be estimated reliably, revenue is recognized to the extent it is possible to recover the expenses related to the contract and a part of the expected profit is not recognized. Expenses related to contract are recognised when incurred. The stage of completion is assessed in per cent, on the basis of costs of work accomplished. Expected losses from the contract are recognised as expenses in the profit or loss statement.

Dividends

Dividends are recognised in the financial statements in the period when the Company's management verifies payment of dividends.

Accounting policy (continued)

Subsequent events
Amounts presented in the financial statements are adjusted considering events after the balance sheet date, which provide additional information on the Company that was true as at the balance sheet date (adjusting events). Subsequent events not considered adjusting are represented in the notes to the financial statements, if they are material.

Comparatives
If classification of certain items of the financial statements is changed to provide a more fair view on the Company's financial position, its operating results and cash flows, the comparative indices have been adjusted in line with the new classification.

Application of assessments and key assumptions
When preparing the financial statements, the management, according to the regulatory enactments of Latvia, has to base on certain estimates and assumptions related to recognition of assets, liabilities, revenues and expenses and contingent liabilities. Estimates are mainly related to recognition of revenues from long-term contracts, useful life of fixed assets, provisions for guarantee repairs, doubtful debt allowances and obsolete stock, as well as assessment of the impairment of fixed assets. Although estimates are based on comprehensive management information on current events and activities, actual results may differ from these estimates.

1. NET SALES

	2014 EUR	2013 EUR
Income from construction of engineering systems and infrastructure	19 935 782	18 052 595
Income from servicing and maintenance services provided to electronic communication network	2 987 703	3 518 776
Income from disposal of fixed assets	769 945	766 185
Total	**23 693 430**	**22 337 556**

2. OTHER OPERATING INCOME

	2014 EUR	2013 EUR
Income from lease of fixed assets	22 315	36 070
Gain on disposal of fixed assets	5 353	-
Other income	10 349	5 993
Total	**38 017**	**42 063**

3. IMPAIRMENT OF CURRENT ASSETS

	2014 EUR	2013 EUR
Provision for slow-moving goods	(150 971)	(54 771)
Written-off provisions for doubtful receivables, net	13 641	21 077
Loss from bad debts written-off	(11 238)	(34 374)
Expenses on write-off of stock	(9 514)	(33 054)
Total	**(158 082)**	**(101 122)**

4. OTHER OPERATING EXPENSES

	2014 EUR	Adjusted 2013 EUR
Construction services and expenses for materials of engineering systems and infrastructure	(13 196 160)	(11 797 524)
Car lease, maintenance costs	(1 185 851)	(1 212 618)
Maintenance services and expenses for materials of networks and equipment	(544 553)	(604 160)
Office and administrative expenses	(388 761)	(363 231)
Lease and maintenance of premises and public utilities	(303 141)	(308 674)
IT services	(209 573)	(209 915)
Business trip and training expenses	(82 440)	(49 812)
Communication services	(69 829)	(71 485)
Advertising	(27 579)	(24 352)
Loss from sales of fixed assets	-	(14 001)
Other operating expenses	(28 077)	(21 875)
Total	**(16 035 964)**	**(14 677 647)**

In the reporting year, the item "Expenses for materials: b) other external expenses" net result of the stock-taking was separated and transferred to the profit or loss statement from the item "Other operating expenses". The comparatives were adjusted.

5. INTEREST INCOME AND EXPENSES

	2014 EUR	2013 EUR
Other interest and similar income		
procentu ieņēmumi	-	259
Net profit from the fluctuation of currency exchange rates	11 292	-
Total	**11 292**	**259**
Interest and similar expenses		
for loans	(12 311)	(12 472)
net loss on currency exchange fluctuations	-	(89)
Total	**(12 311)**	**(12 561)**

6. INCOME TAXES

	2014 EUR	2013 EUR
Corporate income tax:		
- in the reporting year	(77 020)	(628 212)
- adjustment of the previous year*	354 215	23 415
Deferred tax	(455 070)	414 853
Total	**(177 875)**	**(189 944)**

* Adjustment of Corporate Income Tax for the previous year is related to the accrued expenses the external supporting documents of which were not received as at the date of the annual report and therefore those were assumed to be expenses not deductible in the calculation of the Corporate Income Tax, as at the date of submission of the Corporate Income Tax declaration, the external supporting documents were received and the taxable income adjustment was not necessary.

The said adjustment does not have an impact on the total corporate and deferred tax expenses as the deferred tax assets is recognised for the amount of accrued liabilities adjusted in the tax calculation.

Actual income tax versus the calculated theoretically:

	2014 EUR	2013 EUR
Profit before tax	**863 978**	**1 006 236**
Theoretical corporate income tax, 15%	129 597	150 935
Tax adjustments for:		
non-deductible expenses determining taxable income	50 423	42 043
others	(2 145)	(3 034)
Total	**177 875**	**189 944**

Changes in deferred tax

	2014 EUR	2013 EUR
Balance at the beginning of the year	821 753	406 900
Deferred tax income	(455 070)	414 853
Balance at the end of the year	**366 683**	**821 753**

Deferred tax assets and liabilities are offset as income tax refers to the same tax administration institution.

The Balance Sheet item “Deferred tax assets” include the following amounts:

	31.12.2014 EUR	31.12.2013 EUR
From temporary differences between the balance sheet value and for tax purposes	(12 918)	(2 376)
From accrued liabilities and provisions	379 601	824 129
Deferred tax asset	**366 683**	**821 753**

7. INTANGIBLE ASSETS

	Other intangible assets EUR	Establishment of intangible assets EUR	Total EUR
Acquisition cost			
31 December 2013	**46 633**	**3 119**	**49 752**
Additions	-	40 051	40 051
Put into operations	43 170	-43 170	-
31 December 2014	**89 803**	**-**	**89 803**
Amortisation			
31 December 2013	**(30 252)**	**-**	**(30 252)**
Amortisation	(9 066)	-	(9 066)
31 December 2014	**(39 318)**	**-**	**(39 318)**
Balance as at 31 December 2013	**16 381**	**3 119**	**19 500**
31 December 2014	**50 485**	**-**	**50 485**

Capital investments in intangible assets in 2014 amounted to EUR 40 051 (in 2013: EUR 19 983).
In 2014, the period of useful life of the Company's intangible assets was not changed.

8. FIXED ASSETS

	Constructions EUR	Equipment and machinery EUR	Other fixed assets EUR	Construction in progress EUR	Total EUR
Acquisition cost					
31 December 2013	**-**	**141 173**	**3 104 417**	**60 683**	**3 306 273**
Additions	-	-	-	148 419	148 419
Put into operations	6 382	-	135 404	(141 786)	-
Disposed in the reporting year	-	(4 538)	(52 476)	-	(57 014)
31 December 2014	**6 382**	**136 635**	**3 187 345**	**67 316**	**3 397 678**
Depreciation					
31 December 2013	**-**	**(135 887)**	**(2 749 375)**	**-**	**(2 885 262)**
Depreciation	(608)	(1 452)	(145 194)	-	(147 254)
Disposed in the reporting year	-	4 539	52 150	-	56 689
31 December 2014	**(608)**	**(132 800)**	**(2 842 419)**	**-**	**(2 975 827)**
Balance as at 31 December 2013	**-**	**5 286**	**355 042**	**60 683**	**421 011**
31 December 2014	**5 774**	**3 835**	**344 926**	**67 316**	**421 851**

Capital investments in fixed assets in 2014 amounted to EUR 148 419 (in 2013: EUR 337 336).
In 2014, the period of useful life of the Company's fixed assets was not changed.
In its operating activities, the Company uses also completely depreciated intangible assets and fixed assets. The acquisition cost of these intangible assets and fixed assets is EUR 2 627 394 (in 2013: EUR 2 574 297).

9. STOCK

	31.12.2014. EUR	31.12.2013. EUR
Materials	1 728 762	2 664 427
Provision for obsolete and slow-moving goods	(233 806)	(82 835)
Total stock	**1 494 956**	**2 581 592**

Movement of provision for obsolete and slow-moving goods

	2014 EUR	2013 EUR
Provisions at the beginning of the year	82 835	28 065
Provisions recognised in the reporting year	150 971	54 770
Provisions at the end of the reporting year	**233 806**	**82 835**

10. TRADE ACCOUNTS RECEIVABLE

	31.12.2014. EUR	31.12.2013. EUR
Receivables - clients in Latvia	2 278 246	2 848 877
Doubtful debt allowance	(440 224)	(453 865)
Total trade receivables	**1 838 022**	**2 395 012**

Bad and doubtful debt allowance movement

	2014 EUR	2013 EUR
Provisions at the beginning of the year	453 865	474 942
Provisions (written-off) in the reporting year, net	(13 641)	(21 077)
Provisions at the end of the reporting year	**440 224**	**453 865**

11. OTHER RECEIVABLES

	31.12.2014. EUR	31.12.2013. EUR
Overpaid taxes (Note 19)	236 963	9 984
Payments to staff	46 908	54 526
Advance payments to suppliers in Latvia	73 122	90 102
Advance payments to suppliers abroad	724	74 433
Total other receivables	**357 717**	**229 045**

12. PREPAID EXPENSES

	31.12.2014. EUR	31.12.2013. EUR
Prepaid expenses	6 896	16 511
Total prepaid expenses	**6 896**	**16 511**

13. ACCRUED INCOME

	31.12.2014. EUR	31.12.2013. EUR
Accrued income*	3 696 979	4 044 735
Total accrued income	**3 696 979**	**4 044 735**

*Accrued income for the construction projects in progress are recognised on the basis of percentage of completion at the balance sheet date

14. CASH

	31.12.2014. EUR	31.12.2013. EUR
Cash in banks	111 160	165 395
Total cash	**111 160**	**165 395**

15. SHARE CAPITAL

As at the end of 2014, *Citrus Solutions* share capital is EUR 1 071 000 that consists of 752 703 shares, with the nominal value of LVL 1. Registration of the share capital in the euro currency with the Register of Enterprises was not conducted therefore the registered share capital is LVL 752 703. SIA *Lattelecom* is the sole shareholder of *Citrus Solutions*. The Company's share capital is paid up with a material investment.

16. PROVISIONS

Provision for warranty repairs

	2014 EUR	2013 EUR
Provisions at the beginning of the year	366 749	316 076
Provisions recognised in the reporting year, net	512 923	50 673
Provisions at the end of the reporting year	**879 672**	**366 749**

17. LONG-TERM LIABILITIES

Deferred income

	31.12.2014. EUR	31.12.2013. EUR
Security systems maintenance services	-	10 302
Total long-term liabilities	**-**	**10 302**

18. TRADE PAYABLES

	31.12.2014. EUR	31.12.2013. EUR
Amounts payable to suppliers in Latvia	2 119 869	966 894
Amounts payable to suppliers abroad	150 857	529 064
Total accounts payable to suppliers and contractors	**2 270 726**	**1 495 958**

19. TAXES AND COMPULSORY STATE SOCIAL CONTRIBUTIONS

(a) Tax payments in Latvia

	Balance 31.12.2013 EUR	Calculated in 2014 EUR	(Paid) / repaid in 2014 EUR	Adjusted in 2014 EUR	Balance as at 31.12.2014 EUR
Corporate income tax (Note 6)	539 641	77 020	(458 330)	(354 215)	(195 884)
Corporate income tax from non-residents	231	1 669	(1 900)	-	-
Value added tax	(9 984)	(341 053)	309 958	-	(41 079)
Compulsory state social security contributions	172 137	1 519 251	(1 535 441)	-	155 947
Business risk state duty	103	1 188	(1 194)	-	97
Personal income tax	-	889 353	(889 353)	-	-
Total taxes	**702 128**	**2 147 428**	**(2 576 260)**	**(354 215)**	**(80 919)**
incl. tax liabilities	712 112				156 044
overpaid taxes	(9 984)				(236 963)

(b) Tax payments in Lithugnia

	Balance as at 31.12.2013 EUR	Calculated in 2014 EUR	Paid in 2014 EUR	Adjustment In 2014 EUR	Balance as at 31.12.2014 EUR
Value added tax	-	105	(2 574)	2 574	105
Total taxes	**-**	**105**	**(2 574)**	**2 574**	**105**
incl. tax liabilities	-				105
Total taxes and compulsory state social security contributions	**702 128**				**80 814**
incl. tax liabilities	712 112				156 149
overpaid taxes	(9 894)				(236 963)

20. OTHER LIABILITIES

	31.12.2014. EUR	31.12.2013. EUR
Payments to the pension fund	1 635	2 220
Payments with credit card	-	150
Other	152	103
Total other liabilities	**1 787**	**2 473**

21. DEFERRED INCOME

	31.12.2014. EUR	31.12.2013. EUR
Security systems maintenance services	10 301	15 252
Total deferred income	**10 301**	**15 252**

22. ACCURED LIABILITIES

	31.12.2014. EUR	Adjusted 31.12.2013. EUR
Accrued bonuses for the performance of the reporting year	602 475	565 762
Accrued expenses for construction of engineering systems and infrastructure	421 052	3 966 212
Accrued expenses on unused vacations	285 198	288 215
Accrued expenses for termination benefits	170 762	163 613
Accrued expenses for servicing and maintaining electronic communication network	49 066	10 479
Other accrued expenses	100 667	113 554
Total accrued liabilities	**1 629 220**	**5 107 835**

In the reporting year, the item “Accrued expenses for servicing and maintaining electronic communication network” was separated from the item “Other accrued expenses”. The comparatives were adjusted.

23. RELATED PARTY TRANSACTIONS

SIA *Citrus Solutions*, SIA *Lattelecom BPO* and SIA *Lattelecom Technology* are subsidiaries SIA *Lattelecom*. Moreover, SIA *Lattelecom* indirectly owns subsidiary of SIA *Lattelecom Technology* - SIA *Baltijas Datoru Akadēmija* – and SIA *Lattelecom BPO* subsidiary – SIA *BPO Baltic.*
Significant transaction with related parties of *Citrus Solutions* are as follows:

(a) Revenues from goods sold and services provided

		2014 EUR	2013 EUR
Lattelecom	(construction and maintenance services and sales of materials for electronic communication networks)	8 602 769	10 546 659
Lattelecom Technology	(electric installation)	1 098	-
Total		**8 603 867**	**10 546 659**

(b) Expenses for received services and goods

		2014 EUR	2013 EUR
Lattelecom	(purchase or materials, lease of premises and transport, administrative, accounting services, communications, IT and other services)	(3 026 798)	(1 194 744)
BPO Baltic	(payroll accounting, book-keeping services, accounting and credit monitoring services)	(22 676)	(89 354)
Lattelecom Technology	(IT services)	(2 158)	(6 715)
Lattelecom BPO	(advertising services)	(515)	(524)
Baltijas Datoru Akadēmija	(system training expenses)	-	(904)
Total		**(3 052 147)**	**(1 292 241)**

(c) Receivables/payables

	31.12.2014. EUR	31.12.2013. EUR
Due from related parties		
Lattelecom	1 292 187	1 879 037
Lattelecom Technology	4 035	-
Total due from related parties	**1 296 222**	**1 879 037**
Due to related parties		
Lattelecom	158 437	165 072
BPO Baltic	152	4 833
Lattelecom Technology	121	2 708
Loan from *Lattelecom,* principal	1 801 475	2 377 491
Total due to related companies	**1 960 185**	**2 550 104**

During the reporting year *Citrus Solutions* used credit line from the parent company *Lattelecom*, which was issued until June 2015 and is available in the amount of EUR 5 691 487 As at the end of the reporting year, the balance of the credit line was EUR 1 801 475 (in 2013: EUR 2 377 491). The interest rate applied to the credit line is linked to the inter-bank one-month credit interest rate EURIBOR.
Assets of Citrus Solutions are not pledged as a security for loan and available credit resources.

24. INFORMATION ON OUTSTANDING LONG-TERM CONTRACTS

	2014 EUR	2013 EUR
Recognised revenues	10 312 093	9 137 326
Recognised expenses	(8 993 913)	(8 205 931)
Total	**1 318 180**	**931 395**

25. NUMBER OF EMPLOYEES

	2014	2013
Number of employees as at end of the reporting year	262	284
Average number of employees	266	271

26. REMUNERATION TO MANAGEMENT

	2014 EUR	2013 EUR
Board Members:		
- remuneration	274 353	311 578
- compulsory state social security contributions	28 962	75 059
Total	**303 315**	**386 637**

Board Members and their family members or companies under their management do not hold shares or share option contracts in *Citrus Solutions*.

27. REMUNERATION TO THE COMMERCIAL COMPANY OF SWORN AUDITORS

	2014 EUR	2013 EUR
Audit of the annual report	6 500	7 641
Total	**6 500**	**7 641**

28. CONTINGENT LIABILITIES

Bank guarantees
According to contracts concluded with AS “Swedbank” and AS “SEB banka” on issuance of guarantees, on 31 December 2014, the Company had guarantees in the amount of EUR 1 427 980 (in 2013: EUR 1 857 024).

Stock liabilities
Stock purchase transactions for which contracts have been signed but the actual performance has not been performed and liabilities have not been included in the financial statements, are as follows:

	2014 EUR	2013 EUR
Liabilities for raw materials	52 278	148 041
Total	**52 278**	**148 041**

29. FINANCIAL RISK MANAGEMENT

Management of financial risks in relation to the Company’s liquidity, currency and interest rate fluctuations and credit risk of the transaction partners in the *Lattelecom* group companies is centralised.

Financing and liquidity risk
The group’s cash management policy stipulates provision of sufficient group companies’ liquidity, as well as their ability to finance their operations without any financing limits. According to the group policy, allocation of the necessary financing to *Citrus Solutions* is organised by the parent company *Lattelecom*. The Company has access to the credit line provided by *Lattelecom* in the amount of EUR 5.69 million until June 2015.

Currency risk
The group’s policy is to limit the net currency fluctuation risk as to the all known and expected transactions in foreign currency and *Citrus Solutions* does not disclose currency positions related to such transactions. The Company is not engaged in any speculative transactions that may increase the currency risk.
Citrus Solutions is exposed to immaterial currency rate fluctuation risk as the main currency of the Company is euro
As at 31 December 2014 *Citrus Solutions* did not have any significant liabilities in foreign currency.

Interest rate risk

Considering that the loan of *Citrus Solutions* issued by the parent company has a floating interest rate that is stipulated for 1 month period, the Company is exposed to interest rate fluctuations risk. The measures for management the interest rate risk in the group are centralised and based on the assessment of the impact of the interest rate risk on the group's financial indices.

Credit risk

Financial instruments that potentially expose the Company to a certain level of credit risk concentration primarily represent trade receivables and cash in bank. The Company's policy ensures that goods and services are sold to clients with appropriate credit history. Trade receivables are recognised less the doubtful debts. According to the group's cash management policy, financial institutions with appropriate credit reputation are the Company's partners in the transactions of derivatives and cash. The parent company is strictly monitoring and limiting the credit risk that is allowed for the group companies with each separate financial institution.

Fair value

For financial assets and liabilities with a remaining life of less than a year, the book value approximately corresponds with their fair value. For the debt liabilities for which interest payments have to be made, market interest rates are applied and it is considered that the book value of these liabilities comply with their fair value.

In 2014 the Company did not have any contracts on derivative financial instruments for hedging financial risks.

30. SUBSEQUENT EVENTS

No significant subsequent events have occurred since the last day of the reporting year that would materially impact the Company's financial position as at 31 December 2014.

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Deloitte Audits Latvija SIA
Grēdu iela 4a
Rīga, LV-1019
Latvia
Tel.: (+371) 6707 4100
Fax: (+371) 6707 4103
www.deloitte.com/lv

Independent Auditors' Report

To the shareholders of SIA Citrus Solutions

Report on the financial statements

We have audited the financial statements attached to the annual report for 2014 of SIA Citrus Solutions, as set out on pages 7 to 26. Audited financial statements comprise the balance sheet as at 31 December 2014, and the income statement, statement of changes in equity and cash flow statement and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Annual Reports Law of the Republic of Latvia, 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 the financial statements based on our audit. We conducted out audit in accordance with the International Standards on Auditing. These Standards require that we comply with ethical requirements and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' judgement, including the assessment of risks of material misstatements 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 principles 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 audit opinion.

Opinion

In our opinion the aforementioned financial statements give a true and fair view of the financial position of SIA Citrus Solutions as of 31 December 2014, and of its financial performance and its cash flows for the year ended in accordance with the Annual Accounts Act of the Republic of Latvia.

Report on compliance with other legal and regulative requirements

We have also read the Management Report for 2014 as set out on page 4 to 6 in the attached annual report for 2014 and have not identified any material inconsistencies between the financial information contained in the management report and that contained in the financial statements for 2014.

Deloitte Audits Latvia SIA
Licence No. 43
/signature/
Inguna Staša
Board Member
Rīga, Latvia
26 January 2015

/signature/
Elīna Sedliņa
Certified Auditor of the Republic of Latvia
Certificate No. 179