

JOINT-STOCK COMPANY „SALDUS MEŽRŪPNIECĪBA”

(SINGLE REGISTRATION NUMBER 40003020121)

ANNUAL REPORT FOR THE YEAR 2014

PREPARED IN ACCORDANCE WITH
THE LAW OF THE REPUBLIC OF LATVIA ON ANNUAL REPORTS

AND INDEPENDENT AUDITORS' STATEMENT

Saldus, 2015

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Information about the Company

Name of the Company	Saldus Timber Wood Industry (Saldus mežrūpniecība)
Legal status of the Company	Joint Stock Company
Registration number, place, and date	40003020124 August 26, 1991, Rīga
Address	Kuldīgas iela 86C, Saldus, Saldus rajons, LV 3801
The main areas of activities of the Company	Forestry, commercial timber preparation and related services; production of board lumber, etc.
NACE code	022; 494; 521; 16
Members of the Board: name, surname, position	Janis Bertrāns (<i>Jānis Bertrāns</i>) – Chancellor of the Board Janis Mierkalns (<i>Jānis Mierkalns</i>) – member of the Board Gatis Zommers (<i>Gatis Zommers</i>) – member of the Board
Members of the Council: name, surname, position	Uldis Mierkalns (<i>Uldis Mierkalns</i>) – Chairman of the Council Lolita Burkovska (<i>Lolita Burkovska</i>) – Deputy Chairman of the Board Maris Elleris (<i>Māris Elleris</i>) – member of the Council Janis Leimanis (<i>Jānis Leimanis</i>) – member of the Council Martins Knipšis (<i>Mārtiņš Knipšis</i>) – member of the Council
Subsidiary enterprise	
1. Name of the company	<i>Pukuli Sports Premises (Pakuļu sporta bāze) (100%)</i>
Legal status of the company	Limited Liability Company
NUMBER AND DATE OF REGISTRATION IN THE COMMERCIAL REGISTER	48503009010 November 21, 2002
Address	“Mežvidi”, Novadnieku pag. Saldus rajons LV 3801
The main areas of activities of the company	Hunting and related services. Organisation of training and competitive shooting using hunting weapons.
Owner of the company	Saldus Timber Wood Industry(Saldus mežrūpniecība), JSC – 100%
Reporting year	January 1 – December 31, 2014
2. Name of the company	Woodworking Centre No.3 (<i>Деревообрабатывающий комбинат № 3</i>) (100%)
Legal status of the company	Limited Liability Company
Registration number, date, place	(ООО - Общество с ограниченной ответственностью) 1066027046337 October 9, 2006
Address	Russia: 180005, Россия, г. Псков, Зональное шоссе, д. 44-А
The main areas of activities of the company	Woodworking, production of board lumber
Owner of the company	Saldus Timber Wood Industry(Saldus mežrūpniecība), JSC – 100%
Reporting year	January 1 – December 31, 2014
3. Name of the company	Saldus (<i>Салдус</i>) (100%)
Legal status of the company	Limited Liability Company
Registration number, date, place	(ООО - Общество с ограниченной ответственностью) 1056000426371 21. December 2005
Address	Russia: 180005, Россия, г. Псков, Зональное шоссе, д. 44-А
The main areas of activities of the company	Purchase of lumber
Owner of the company	Saldus Timber Wood Industry (Saldus mežrūpniecība), JSC – 100%
Reporting year	January 1 – December 31, 2014
Name and address of the Auditor	Svetlana Koļesņikova Sworn Auditor (Certificate of Latvian Sworn Auditor No.22)

Management announcement

To Report of economic activity for the 2014

Business description in the framework of report period

The core businesses of the commercial company are logging and primary wood processing – lumber production.

In its economic activities, company complies with FSC and environmental protection requirements. For the compliance with these requirements, company takes corresponding monitoring and improvement measures on regular basis, but the share of these costs in production cost is not significant.

Profit of A/s „Saldus mežrūpniecība” for the year 2014 are 505 973 EUR at the net turnover of 51 224 851 EUR, which means profit on one share issued of 1.31 EUR.

The financial report is prepared on the base of information that is at share company board's disposal and in compliance with requirements of effective normative acts, it provides true and clear picture on assets, liabilities, financial position and profit or losses of the share company. There is true information included in the announcement. Members of council have decided to leave the profit undistributed.

Forecasts for financial statements and operational plans of 2015

Management of the company continues work on internal restructuring of the company aimed at adjusting to existing market situation and improvement of economic situation and financial indicators of the company. Management policy is not based on wide ranging economic activities, rather than on development of economic activities in two interrelated areas, by increasing production volumes, increasing productivity of work.

Business and financial risk management policy

In order to increase competitiveness of the company in this economic situation, the production volumes are being increased by more rational use of company resources, by organization of long-term cooperation with providers of resources and by searching for new markets and analyzing client's solvency. The increase of production volumes is being based on the existing, already concluded realization agreements and already signed letters of intent.

The interests of the commercial company are the care for social protection and welfare of its employees, because only thus the development of society can be sustainable.

In order to reduce financial risks, commercial company carries out planning of budget and cash flow, where different scenarios for development are foreseen. The management carries out monitoring and control of economic activities and actual finance flow on regular basis in the companies of the holding. Credit institutions that carry out assessing of financial risks of the holding on regular basis, when they are determining credit rating of the holding, can be regarded as additional guarantors of the assessing of risks.

April 30, 2015

Board:

Jānis Bertrāns
Chancellor of the Board

Jānis Mierkalns
member of the Board

Gatis Zommers
member of the Board

Statement of Management Responsibility

Management is responsible for preparing financial statements based on the initial accounting records of each year of account, which truly reflects the company's financial position at the end of the year of account, as well as results of operations and cash flows for the period.

The Management confirms that, in preparing this report for the period ending on 31 December 2014, proper accounting methods were used, their application was consistent, reasonable and prudent decisions were taken. The Management confirms that the relevant International Accounting Standards have been observed and the financial statements have been prepared in accordance with the principle of continuation. The Management is responsible for keeping proper accounting records, the company's resources conservation as well as fraud prevention and prevention of other irregularities.

Profit or loss calculation

	Note	31.12.2014 EUR	31.12.2013 EUR
Net turnover	4	51 224 851	43 440 099
Production costs of the sold production	5	-49 047 843	-43 192 441
Gross profit		2 177 008	247 658
Selling costs	6	-45 050	-58 864
General administration costs	7	-369 691	-335 436
Other income from company's economic activity	8	152 755	503 746
Other expenditures from company's economic activity	8	-629 331	-571 164
Profit or loss from economic activity		1 285 691	-214 060
Other interest income and the like income	9	39 781	92 542
Other interest payments and the like payments	9	-566 909	-356 086
Profit or loss before extraordinary items and taxes		758 563	-477 604
Company's income tax			
Company's deferred income tax	10	-232 275	603 211
Other taxes	11	-20 315	-19 845
Profit or (loss)		505 973	105 762
Profit/loss on share		1.31	0.27
EUR per share			

The annex is an integral part of this financial statement

Board:

Jānis Bertrāns
 Chancellor of the Board

Jānis Mierkalns
 member of the Board

Gatis Zommers
 member of the Board

Balance sheet

ASSETS

	Note	31.12.2014 EUR	31.12.2013 EUR
LONG-TERM INVESTMENTS			
Intangible investments			
Concessions, patents, licences, trademarks and the like items		36 701	4 155
TOTAL	12	36 701	4 155
Fixed assets			
Land, premises and buildings		5 963 855	6 040 304
Equipment and machinery		9 678 507	11 455 322
Other fixed assets		77 498	80 354
Unfinished constructions		2 596 177	42 198
TOTAL	13	18 316 037	17 618 178
Biological assets			
Long-term financial investments			
Participation in the capital of related companies	14	1 009 149	1 009 149
Investment in associated companies	15	8 540	8 540
Loans to the related companies	16	969 555	1 012 392
Deferred tax assets	10	108 974	341 249
TOTAL		2 096 218	2 371 330
TOTAL LONG-TERM INVESTMENTS		21 355 173	20 925 584
CURRENT ASSETS			
Stocks			
Raw materials, direct materials, auxiliary materials		2 689 650	2 037 249
Biological assets		555 511	493 174
Unfinished production		1 678 795	631 039
Finished production and goods for sale		1 351 877	1 033 253
Advance payments for goods		108 535	24 407
TOATL	17	6 384 368	4 219 122
Noncurrent assets held for sale			
Fixed assets held for sale		306 288	76 289
Debtors			
Debts of buyers and customers	18	4 618 803	3 940 150
Debts of subsidiaries	18	361 065	449 639
Other debtors			
Expenditures of the next periods	20	49 112	25 119
TOTAL		5 100 991	4 450 575
Money and its equivalents			
	21	4 086	28 254
TOTAL CURRENT ASSETS		11 795 733	8 774 240
TOTAL ASSETS		33 150 906	29 699 824

*Reclassification of inventories: Raw material (round timber in forest and in sawmill) is reclassified from unfinished goods to raw materials, note 17.

The annex is an integral part of this financial statement.

Board:

Jānis Bertrāns
 Chancellor of the Board

Jānis Mierkalns
 member of the Board

Gatis Zommers
 member of the Board

Balance sheet (continuation)

		31.12.2014	31.12.2013
	Note	EUR	EUR
Shareholders'equity			
Share capital	22	541 990	550 845
Increase of price of the issue of shares		2 828	2 827
Reserves from revaluation of long-term investments		1 600 057	1 110 312
Other reserves		3 741 168	3 732 314
Retained earnings from the previous year		2 266 903	2 161 133
Retained earnings from the year of account		505 973	105 762
Total shareholders'equity		8 658 919	7 663 193
Accruals for holiday			
	28	244 479	222 149
TOTAL		244 479	222 149
Long-term liabilities			
Long-term loans from credit institutions	23	14 822 296	13 733 431
Other creditors	27	1 355 438	1 316 667
Deferred company's income tax		0	0
Long-term part of incomes from next periods		1 566 885	2 031 921
TOTAL		17 744 619	17 082 019
Short-term liabilities			
Short-term loans from credit institutions	23	1 583 645	1 562 660
Short-term part of financial lease	24	25 551	0
Debts to suppliers and contractors	25	4 098 362	2 368 143
Advance payments received from buyers	29	107 650	91 654
Taxes payable	26	85 413	119 887
Other creditors	27	137 173	103 245
Incomes from the next periods short-term part	30	465 095	486 874
TOTAL		6 502 889	4 732 463
Total liabilities		24 247 508	21 814 482
Total shareholders'equity and liabilities		33 150 906	29 699 824

The annex is an integral part of this financial statement

Board:

Jānis Bertrāns
 Chancellor of the Board

Jānis Mierkalns
 member of the Board

Gatis Zommers
 member of the Board

Cash flow statement

	2014	2013
	EUR	EUR
I. Cash flow from basic activity		
Profit (+) or loss (-) before extraordinary items and taxes:	758 563	-477 604
wear and tear of fixed assets and intangible investments (+)	2 320 114	1 969 545
elimination of fixed assets and intangible investments	0	6
revaluation of long-term investments	68 610	-35 743
revaluation of biological assets	-234 041	45 297
Accruals (except accruals for doubtful debts)	22 330	66 282
profit (-) or loss (+) from fluctuations of exchange rate	0	17 247
Interest income	-37 816	-40 116
Income from finansation recognition	-486 816	1 468 841
Interest expenditure	426 351	267 655
Profit or loss before the corrections of the impact of balance changes of current assets and short-term liabilities	2 837 295	3 281 408
increase (+) or decrease (-) of debtors debt	-470 389	-2 529 197
increase (+) or decrease (-) of the reserves of accruals	-2 385 578	-1 013 701
increase (+) or decrease (-) of the remainder of debts payable to suppliers, contractors and other creditors	2 033 998	-5 043 857
Gross cash flow from basic activity	2 015 326	-5 305 347
Expenditures to pay interest payments	-424 333	-266 638
Net cash flow from basic activity	1 590 993	-5 571 985
II. Cash flow from investments		
Income from selling fixed assets and intangible investments	181 468	89 641
Acquisition of fixed assets and intangible investments	-215 044	-3 375 039
Expenditures for advance payments for fixed assets and unfinished	-2 575 730	0
Loans issued	-180 027	-128 310
Net cash flow from investments	-2 789 333	-3 413 709
III. Cash flow from financing activities		
Recieved loans	2 827 817	10 314 076
Expenditures for paying back loans	-1 653 645	-1 304 423
Expenditures for redemption of asset that was hired	0	-10 551
Cash flow from financing activities	1 174 172	8 999 102
	0	0
IV. Fluctuations of exchange rate	0	0
V. Net cash flow of the year of account increase (+), decrease (-)	-24 168	13 409
VI. Money and its equivalents balance at the beginning of the year of account	28 254	14 845
VII. Money and its equivalents balance at the end of the year of account	4 086	28 254

Cash flow statement is prepared according to indirect method in accordance with rules of The Cabinet of Ministers no. 481.

The annex is an integral part of this financial statement

Board:

Jānis Bertrāns Chancellor of the Board	Jānis Mierkalns member of the Board	Gatis Zommers member of the Board
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Statement on the changes in own capital

	Share capital	Share premium	Reserves from revaluation of long-term investments	Other reserves	Previous years retained earnings	Retained profit/loss of the year of account	Total own capital
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
December 31, 2012	550 845	2 827	1 141 843	3 732 314	617 754	1 543 379	7 588 962
Distribution of profit of the year 2012	0	0	0	0	1 543 379	-1 543 379	0
Investment revaluation reserve	0	0	-31 531	0	0	0	-31 531
Profit of the year of account	0	0	0	0	0	105 762	105 762
December 31, 2013	550 845	2 827	1 110 312	3 732 314	2 161 133	105 762	7 663 193
Adjustments for the transition to the euro	0	1	0	-1	8	0	8
Distribution of profit of the year 2013	0	0	0	0	105 762	-105 762	0
Investment revaluation reserve	0	0	489 745	0	0	0	489 745
Change in share capital	-8 855	0	0	8 855	0	0	0
Profit of the year of account	0	0	0	0	0	505 973	505 973
December 31 2014	541 990	2 828	1 600 057	3 741 168	2 266 903	505 973	8 658 919

The annex is an integral part of this financial statement

Board:

Jānis Bertrāns
Chancellor of the Board

Jānis Mierkalns
member of the Board

Gatis Zommers
member of the Board

Annex to the financial statement

1. Corporative information

The joint stock company „Saldus mežrūpniecība” (hereinafter - the Company) was registered with the Republic of Latvia Enterprise Register on 26 August 1991 and with the Republic of Latvia Commercial Register on 8 May 2004. Company main economic activity will be logging and production of sawn timber.

2. Important accounting principles

Basis of preparation

The financial statements present only the financial position of JSC „Saldus mežrūpniecība” as a stand-alone entity; the financial position of companies belonging to the JSC „Saldus mežrūpniecība Group (i.e. JSC „Saldus mežrūpniecība and its subsidiaries) is presented in a separate set of consolidated financial statements.

The financial statements of JSC „Saldus mežrūpniecība have been prepared in accordance with the Law on Accounting and Law on Annual Reports of the Republic of Latvia.

The financial statements are prepared on a historical cost basis. The monetary unit used in the financial statements is euro (EUR, the monetary unit of the Republic of Latvia. The financial statements cover the period 1 January 2014 through 31 December 2014.

Use of calculations (continuation)

When preparing financial statements, the management have to base on certain calculations and assumptions, which influence the remainders of the balance and the profit or loss posts shown in particular statements as well as the amount of possible liabilities. Future events may have an impact on assumptions which were taken into consideration when separate calculations were made. Any influence of calculations is shown in the financial statement at the moment of their determination.

Decrease of the value of assets

At the end of each year the Holding audits if there are no signs of the decrease of the value of assets. If there are such signs or if the Holding has to carry out the annual audit of the decrease of the value of assets, the Holding establishes the recoverable amount for each asset. The recoverable amount is the biggest amount of selling value from which is subtracted expenditures related to the selling value and use-values. In order to determine the decrease of value, assets are grouped in the lowest possible level for which it is possible to separately determine cash flows (cash flow generating assets). If the balance value of assets is bigger than its recoverable amount, the decrease of the value of asset is acknowledged and the assets are written of to its recoverable amount. Losses from the decrease of value are shown in profit or loss calculation as expenditures from other economic activity

Currency unit and Foreign currency translation

In accordance with the requirements of the “Law on the Procedure for Introduction of Euro” all amounts in these financial statements are expressed in the Latvian national currency – euro (EUR). The comparative figures as at 31 December 2013 have been translated from lats to euro in accordance with the rate set by the European Union Council 1 EUR = 0.702804 LVL and the clause 6 of the “Law on the Procedure for Introduction of Euro” on conversion principles.

Foreign currency transactions until 31 December 2013 were translated into lats applying the official exchange rate established by the Bank of Latvia at the transaction date. Starting from 1 January 2014 the foreign currency transactions have been translated into euro applying the rate determined by the conversation procedure between central banks of the European System of Central Banks and other central banks and which is published on the European Central Bank’s website. All monetary assets and liabilities denominated in foreign currencies have been translated into lats at the official exchange rate established by the Bank of Latvia at the last day of the calendar year – 31 December 2013. On the Euro implementation day 1 January 2014 all monetary assets and liabilities were translated into euro in accordance with the exchange rate set by the European Union Council, considering the rounding principles determined by clause 6 of the “Law on the Procedure for introduction of Euro”. On the last day of the reporting year all monetary assets and liabilities were translated into euro in accordance with the rates published on the European Central Bank’s website

	31.12.2014	31.12.2013
	EUR	EUR
1 RUB	0.0144	0.0221
1 USD	0.8224	0.7327

Intangible investment

Intangible assets include software licences used in the company, intangible value and other intangible assets.

Intangible assets are accounted for their cost value which is depreciated for the useful life of assets on a straight line basis. Should any events or conditions indicate that accounting value of intangible assets be non-recoverable, the value of respective intangible assets is revalued in order to establish decrease of accounting value of intangible assets. Losses resulting from decrease of value are accounted when the accounting value of intangible assets increases the recoverable amount.

Software licences used in the company are accounted for their cost value less depreciation accrued.

Depreciation is calculated for the whole period of useful life by a straight line method. Costs associated with maintenance of software are accounted as costs in the income statement. See Paragraph 12 of the Annex.

Property, plant and equipment

Depreciation is calculated starting from the next month following launch of assets for use or operation. Depreciation is calculated separately for each part of property, plant and equipment the costs of which are significant against total costs of this asset. When property, plant and equipment is sold or depreciated, the initial cost and depreciation accrued is excluded from accounting and loss or profit from sale of assets is reflected in the income statement.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Buildings	10-20 years
Equipment and machinery	2-10 years
Forestry equipment	3- 5 years
Timber processing lines	3-10 years
Other property, plant and equipment	2-10 years
Data processing and storage equipment, software	2-5 years

The cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenses incurred after the assets have been put into operation, such as repair and maintenance and overhaul costs, are normally charged to the income statement in the period when incurred. In situations where it can be clearly demonstrated that the expenses have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, such expenses are capitalised as an additional cost of property, plant and equipment.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable value. As possible certified valuers have performed revaluation of the property, plant and equipment by applying the depreciated replacement cost model.

Construction in progress represents assets under construction and is stated at historical cost. This includes the cost of construction and other direct expenses. Construction in progress is not depreciated as long as the respective assets are not completed and put into operation.

In accordance with the accounting policies - land of forests are valued using the revaluation method. A plot shall be performed on a regular basis depending on changes in value. If the asset (the land of forests), the revalued value is not significantly different from its balance sheets value, they are revalued every five years by ordering evaluation to the certified forests assessor. In case of radical changes in the real estate market valuation may be ordered more frequently. Last evaluation is made on 29.04.2014.

Movement of company property, plant and equipment is shown in the Paragraph 13 of the Annex.

Biological assets

In 2008 the company management decided to change accountancy policies for forest stands, complying with IAS 41 Agriculture. According to the new accountancy policy the forest stands are evaluated as biologic assets. The evaluation is based on the actual data from the State Forest Service (SFS). The forest stands are initially accounted at their purchase value, but after the first development the

remaining part of the forest stand is accounted at its fair value. The fair value is determined by calculating the net present value of the cash flows from the biologic assets at 2014 applying discount rate of 6%. The felling area's cubic meter average purchasing price is set to be the average felling area's cubic meter price during 2014. The difference between the accounting value and the value established in reevaluation is recognized as income or outcome during the accounting period, depending whether the value has increased or decreased during the reevaluation. It appears in the profit and loss account as net turnaround or production costs of sales. Biologic assets which development are not possible in one year time are shown in the balance sheet as long-term investments (held with intention for sale) or as non-current assets.

Investments in subsidiaries

Investments in subsidiaries (i.e. where the Company holds more than 50% interest of the share capital or otherwise controls the company) are stated in accordance with the cost method. Following initial recognition, investments in subsidiaries are carried at cost less any accumulated impairment losses. The carrying values of investments in subsidiaries are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The Company recognises income from the investment only to the extent that the Company receives distributions from accumulated profits of the investee arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognised as a reduction of the cost of the investment

Reserves

Unfinished products

Reserves are accounted in their lowest cost value and net selling value. Cost is calculated by applying the FIFO method- first in, first out. Net selling value is the calculated selling price which is normally used in business by subtracting the expenditures needed to finish and sell products.

Raw materials are accounted in their purchase costs.

Finished and unfinished products are accounted in their direct costs (raw materials and labour) by adding indirect expenditures needed for their production (salaries, electricity, wear and tear and other related costs which would be used in usual production volumes).

Finished products are accounted in their lowest cost or net selling value. Net selling value is the calculated selling price in normal business activity by subtracting expenditures which will be needed to finish and sell the products.

The company regularly estimates if the value of reserves has not decreased due to aging or damage. Corresponding loss is included in the profit or loss calculation as production costs of sold products. When damaged products are physically destroyed, the value of reserves and the value of appropriate reserves are written off.

Debts of buyers and customers

Debts of buyers and customers in the balance sheet are shown according to their initial amount except for reserves for insecure debts. Reserves for insecure debts are calculated when it is unlikely that the whole amount of debt could be recovered. Debts are written off when the recovery of it is believed impossible.

Cash and cash equivalents

Cash and cash equivalents comprise balances of current account with banks and other highly liquid investments with original maturities up to 90 days.

Accruals

Accruals are acknowledged if the Holding has an obligation (legal or arising from practise) caused by a past event or if there is a probability that in order to meet the liabilities the Holding will have to use its funds and when it is possible to plausibly enough estimate the amounts of these liabilities. If the Holding anticipates that expenditures needed to make accruals will be fully or partly paid back, refund of these expenditures is acknowledged as a separate asset only when it is practically clear that these expenditures will be refunded. Expenditures related to accruals in the profit or loss calculation are shown, except for the sums which will be needed to reimburse expenditures.

Credits and loans

Credits and loans initially are shown in their initial value, which is calculated by subtracting or adding to the real value of credit or loan expenditures related to the receiving or granting the loan.

Property revaluation surplus

The revaluation surplus is included in other comprehensive income and accrued amount is reflected in equity under the heading "Investment revaluation reserve".

Deferred income

Government grants related to assets, including non-monetary grants, are accounted for at fair value, presented as deferred income in the statement of financial position, which are recognised as income from the different exercises on a systematic and rational, over the life of the related assets.

Lease

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property. Lease payments are apportioned between the finance charges and reduction of the principal lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income as interest payments.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term and are accounted in the income statement for the whole lease period according to straight-line basis.

More detailed information on this finance lease is available in Note 24.

Income recognition

Incomes are recognised in proportion to assurance that the Holding shall gain profit and in the amount that it will be possible to determine it. With income recognition the following conditions are taken into consideration:

Rendering of services

Company income is mainly derived from rendering of transport services, and timber processing related services. Income from provision of services is accounted according to the volume of respective service rendered. Revenue is recognised in the period when the services are rendered.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which is when the Company has delivered products to the buyer and the buyer has accepted products according to the contract provisions and satisfactory evidence is acquired as to receipt of debtors receivables.

Interests

Interest is recognised according to savings method.

Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

Income from lease

Income from lease (investments in properties) is accounted for the lease agreements in force and for the whole period of lease.

Corporate income tax

Corporate income tax includes current and deferred taxes. Current corporate income tax is applied at the rate of 15% set in legislative acts of the Republic of Latvia on taxable income generated by the Company during the taxation period.

Deferred corporate income tax arising from temporary differences in the timing of the recognition of items in the tax returns and these financial statements is calculated using the liability method. The deferred corporate income tax asset and liability are determined on the basis of the tax rates that are expected to apply when the timing differences reverse. The principal temporary timing differences arise from differing rates of accounting and tax amortisation and depreciation on the Company's non-current assets, the treatment of temporary non-taxable provisions and reserves, as well as temporary difference in interest or securities in excess of set limits and tax

losses carried forward for the subsequent five years. Asset of deferred corporate income tax is only reflected in the financial statements if sufficient evidence is acquired as to the planned recoverability of it.

Associated persons

Associated persons are Holding's parent company's subsidiary companies and shareholders who can significantly influence the activity of the Holding's parent company, the members of council and board, their close relatives and companies in which the said persons have significant impact or control.

Possible liabilities and assets

In this financial statement the possible liabilities are not acknowledged. As liabilities they are acknowledged only when the possibility that funds will be spent becomes pretty plausible. Possible assets in this financial statement are not acknowledged, but they are shown only when plausibility that economic gains related to a transaction will reach the Holding is pretty grounded.

Share capital

Company is a joint stock company. Company share capital is EUR 541 990. And consist of 387 136 public bearer shares. All shares are denominated and are dematerialised registered shares. More detailed information on spread of share capital is given in the Note 22.

Accruals and deferred liabilities

Accrual and deferred liabilities are accounted for cost and expense to be recognised at the moment of occurrence.

Events after the end of the year of account

After the year of account, in the financial statement are shown the events which give additional information about the Holding's financial situation on the date of drawing up the balance sheet (correcting events). If the events after the end of the year of account are not correcting, they are shown in the notes of the annex to the financial statement only if they are significant.

3. Segments of the Holding activities

	Logging		Timber processing		Other		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Net turnover	7 487 688	6 293 153	41 643 003	32 999 612	2 094 159	4 147 334	51 224 850	43 440 099
Production costs of the sold production	-7 289 354	-5 814 547	-39 667 575	-32 425 681	-2 090 915	-4 952 213	-49 047 844	-43 192 442
Selling costs	-5 123	-2 657	-34 441	-15 061	-5 486	-41 147	-45 050	-58 864
General administration costs	-7 099	-8 359	-16 955	-18 006	-345 636	-309 071	-369 690	-335 436
Other income/expenditures from company's economic activity	36 579	-5 114	-149 505	-126 456	-363 649	64 155	-476 575	-67 417
Profit or loss from economic activity	222 691	462 476	1 774 527	414 407	-711 527	-1 090 942	1 285 691	-214 060
Other interest income/payments and the like income	-7 482	-7 378	-191 428	-91 004	-328 218	-165 163	-527 128	-263 544
Company's deferred income tax	0	0	0	0	-232 275	603 211	-232 275	603 211
Other taxes	0	0	-8 067	-8 082	-12 248	-11 763	-20 315	-19 845
Income from segments activities	39 733	-13 601	-309 836	-221 611	270 103	235 212	0	0
Profit or (loss)	254 942	441 497	1 265 196	93 710	-1 014 165	-429 445	505 973	105 762
Segment assets	4 845 766	4 302 604	26949874	22 561 704	1 355 265	2 835 516	33 150 906	29 699 824
Segment liabilities	4926795	3 998 177	26810884	22 296 424	1 413 227	3 405 222	33 150 906	29 699 824

The Holding shows information through particular segments.

The above table shows the Holding's profit or loss posts and the distribution of assets and liabilities through segments:

The management of the Holding believe that it is not useful to prepare cash flow statements through different segments.

Segment descriptions:

Logging

Income in this segment mainly arises from selling of round timber, obtained in logging, and timber transportation in the territory of Latvia and from the income from logging services.

Timber processing

Income in this segment mainly arises from selling of sawn timber which was obtained in the production process and from rendering of different services which are related to timber processing.

Other

Collected lease payments for the use of the company's real estate and other income which is not related to the company's economic activity.

4. Net turnover through geographical segments

Since the economic activity of the Holding is mainly performed in Latvia and all significant assets are situated in Latvia, the management believe that it is not useful to prepare a statement through geographical segments as the amount of income from different geographical segments does not exceed 10 % of total income.

	2014	2013
	EUR	EUR
Income from sales, int. Al.	48 096 323	40 831 337
Latvia	48 096 323	40 823 160
Other countries	0	0
Income from rendering of services, int. Al.	2 641 712	2 121 932
Latvia	2 641 712	2 121 932
Financing of the EU structural funds	486 816	486 830
	51 224 851	43 440 099

5. Production cost of products sold

	2014	2013
	EUR	EUR
<u>Production cost of products sold</u>		
Salary of employees	2 285 180	2 012 483
Social insurance costs	533 294	481 760
Reserve for vacation pays	15 440	63 662
Doubtful debtors reserve	0	2 493
Depreciation of property, plant and equipment	2 270 271	1 908 055
Costs of purchase of materials	641 959	439 656
Stem fee (purchase of cutting rights)	5 060 679	4 075 347
Purchase costs of sawn timber	32 309 462	28 701 568
WIP inventory adjustment	-266 646	0
Electricity and heating costs	1 514 071	1 053 046
Production related contractors expenses	2 044 536	1 896 362
Production equipment maintenance costs	814 347	923 011
Fuel costs	993 479	831 774
Revaluation of biological assets	-286 709	-43 075
Production equipment maintenance costs	1 066 868	836 013
Other services received	51 612	10 286
	49 047 843	43 192 441

6. Cost of sale

	2014	2013
	EUR	EUR
Advertisement costs, market research, marketing	10 655	10 104
Transportation costs of goods	21 862	33 920
Other production costs	12 533	14 840
	45 050	58 864

7. General and administration costs

	2014	2013
	EUR	EUR
Salaries to employees	90 815	77 686
Social insurance costs	21 468	18 715
Unused vacation pay reserve	1 883	2 618
Maintenance of administration capital assets	49 843	61 491
Expense associated with maintenance of administration	49 885	32 052
Office maintenance costs	91 100	82 694
Annual report expenses	9 735	4 695
Banking expenses	54 962	55 485
	369 691	335 436

8. Other operating income and expense

	2014	2013
	EUR	EUR
<u>Other income</u>		
Income from services	0	293 483
Net income from sale of long term investment	404	81 993
Income from lease of fixed assets	133 844	101 311
Financing of the EU structural funds and LAD	18 507	26 959
	152 755	503 746
<u>Other expense</u>		
Dues paid for land plots used in production	10 972	20 636
Security costs	94 556	298 217
Employee training expenses	31 160	646
Provisions for doubtful accounts receivable	264 407	0
Other expense for provision of economic activities	228 236	251 665
	629 331	571 164

9. Financial income/ (expense), net

	2014	2013
	EUR	EUR
<u>Income</u>		
Income from currency exchange	0	2 427
Income from exchange rate fluctuations	0	0
Income from the interest due	37 816	40 116
Income from doubtful debtors accruals reduction	0	49 165
Other income	1 965	834
	39 781	92 542
<u>Expense</u>		
Currency exchange expenses	37 562	0
Exchange rate fluctuations expenses	153 145	17 247
Donations	0	726

Fines paid	24 905	25 397
Other expense	32 056	44 297
Loan interest calculated	319 241	266 636
Financial lease interest recognised	0	1 783
	566 909	356 086

10. Deferred corporate income tax:

	2014	2013
	EUR	EUR
<u>Liabilities of the deferred company income tax</u>		
The residual value of capital assets in accounting (excluding the value of land, advance payments and unfinished construction)	8 072 584	15 898 253
Residual value of capital assets needed for taxes	8 072 584	11 337 333
Tax losses not covered	1 016 709	992 065
Accruals for holidays	36 672	33 322
A biological asset revaluation	-83 327	0
Temporary difference	-5 740 535	-4 560 920
Liabilities of deferred tax	-861 080	-684 138
Assets of deferred tax	108 974	341 249
Expenses of deferred tax 15%	-232 275	603 211

A rate of 15% is applied to calculations of deferred tax.

11. Other taxes

	2014	2013
	EUR	EUR
Real estate tax	20 315	19 845
	20 315	19 845

12. Intangible investment

		Software
		EUR
As at 31.12.2013.		81 554
	Cost	39 394
2014	Liquidity	0
	Impairment	0
As at 31.12.2013		120 947
Amortisation accrued 31.12.2013.		77 399
	Amortisation	6 847
2014	Wear and tear of liquid assets	0
	Impairment	0
Amortisation accrued 31.12.2013		84 246
As at 31.12.2013		4 155
As at 31.12.2014		36 701

Amortisation rate (by linear method)

5 year

13. Capital assets

	Land, buildings and systems	Equipment and machinery	Other fixed assets	Unfinished fixed assets	Advance payments for fixed assets	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Accounting value 31.12.2013	7 694 676	17 666 720	214 205	42 198	0	25 617 799
2014						
Purchase	19 071	147 015	31 317	2 553 979	0	2 751 381
Liquidity	0	-520 396	-7 698	0	0	-528 093
Reconstruction	0	0	0	0	0	0
Reshuffles	259 745	0	0	0	0	259 745
Accounting value 31.12.2014	7 973 492	17 293 339	237 824	2 596 177	0	28 100 832
Accured wear and tear 31.12.2013	1 654 372	6 211 398	133 851	0	0	7 999 621
2014						
Wear and tear	355 265	1 923 829	34 173	0	0	2 313 267
Wear and tear of liquid assets	0	-520 396	-7 698	0	0	-528 093
Reshuffles	0	0	0	0	0	0
Accured wear and tear 31.12.2014	2 009 637	7 614 831	160 326	0	0	9 784 794
Residual value 31.12.2013	6 040 304	11 455 322	80 354	42 198	0	17 618 178
Residual value 31.12.2014	5 963 855	9 678 507	77 498	2 596 177	0	18 316 037

Cadastral value of lands and buildings of the company at the balance date amounts to 1 364 549 EUR.

14. Investment in related companies

	Shares owned %	Investment value	Depreciation of value	Accounting value of investment as at 31.12.2014
		EUR	EUR	EUR
SIA Pakuļu sporta bāze	100	207 739	-155 328	52 411
ООО Салдус	100	7 385	0	7 385
ООО Деревообрабатывающий комбинат № 3	100	530 899	418 454	949 353
total loans to related companies:		746 023	263 126	1 009 149

Certified evaluator has made an assessment to subsidiar companies real estate on 28.04.2014 in total value EUR 1 728 899.

15. Investment in associated companies

	Shares owned %	Investment value	Depreciation of value	Accounting value of investment as at 31.12.2014
		EUR	EUR	EUR
SIA Saldus enerģija	20	8 540	0	8 540
total investment in associated companies:		8 540	0	8 540

16. Loans in related companies

	2014	2013
	EUR	EUR
SIA Pakuļu sporta bāze	306 217	307 030
ООО «Салдус»	16 129	24 749
ООО «Деревообрабатывающий комбинат № 3»	647 209	680 613
total loans to related companies:	969 555	1 012 392

	EUR	EUR
Accounting value as at 31.12.2014	1 012 392	899 283
Amounts lended in 2014 (+)	180 028	128311
Deleted loan in 2014(-)	-180 840	
Exchange rate fluctuations change	-42 025	-15 202
Outstanding loan amount as at 31.12.2012	969 555	1 012 392

Shareholder's equity of subsidiary enterprise at 31.12.2014 -750026 EUR.

Subsidiary enterprise loss of the account year – 33 6067 EUR.

17. Inventories

	2014	2013
	EUR	EUR
Materials, spare parts, inventory	104 192	70 577
Raw materials (round timber in forest and in mill)	2 585 458	1 966 672
Total raw materials:	2 689 650	2 037 249
Biological assets	555 511	493 174
Unfinished goods (in forest)	52 308	106 687
Timber in production	1 626 487	524 352
Total unfinished goods:	1 678 795	631 039
Ready sawn materials products	1 351 877	1 033 253
Total ready products and goods for sale	1 351 877	1 033 253
Advance payments for goods	108 535	24 407

No non-marketable stock was recorded as per inventory performed at 31.12.2014.

*Reclassification of inventories: Raw material (round timber in forest and in sawmill) is reclassified from unfinished goods to raw materials.

18. Trade receivables

	2014	2013
	EUR	EUR
Accounting value of trade receivables	4 618 803	3 940 150
Debts of associated companies	361 065	449 639
Spread by currencies:		
EUR	117 070	
RUB	16 867 849	

Balance of outstanding debts are reflected in the balance sheet for their net value. In 2014 bad debt provisions have been written off for amount of 264 407 EUR, which have been declared as insolvent or wound up. Bad debt provisions have been created on grounds of assessment of financial status and operational activities of clients considering repayment of debts according to agreements signed and potential for recovery of debt. Reserves are made for debtors which for duration of 2 years do not reply to verification notes and cannot be found at given addresses, which have not made any payments within a year, as well as debtors regarding which insolvency procedure has been started.

19. Other debtors

	2014	2013
	EUR	EUR
Surplus VAT payment	67 733	30 757
VAT paid in advance on boarder	0	627
Guarantee payments made	4 237	4 237
Other debtors	41	46
In total other debtors	72 011	35 667

20. Expenditures of the next periods

	2014	2013
	EUR	EUR
Insurance	14 976	13 614
Licence fees	1 455	684
Other	32 681	10 821
In total expenditure of the next periods	49 112	25 119

21. Money and its equivalents

	2014	2013
	EUR	EUR
Fixed-term deposits*		
Money in accounts	4 086	28 254
Money in cash		
Nauda ceļā		
Money total	4 086	28 254

Currency division	2014		2013	
	Currency	EUR	Currency	EUR
LVL	0	0	6079	8649
EUR	3822	3822	16292	16293
USD	320	264	4520	3312
		4 086		28 254

22. Share capital, reserves and profit per share

Changes in share capital and distribution of shares among shareholders are shown in the following way:

	%	2014	2013
Shares of closed issue		number	number
SIA Saldus mežrūpniecības uzņēmums	44.39	171 833	171 833
SIA Juridiskais birojs Merkants	27.21	105 327	100 655
SIA Pienjāņi	12.12	46 928	
SIA JL Index	5.00	19 357	61 915
the other shareholders (each 5%)	11.28	43 691	52 733
Total:	100	387 136	387 136

*Shares of public offering consist of 387136 shares the holder and controller of which is the joint-stock company Latvian Central Depository, consequently these shares are available in the market.

All shares are signed, issued and fully paid.

Profit per share is calculated in the following way: profit of the year of account is divided with the weighted-average number of shares in circulation in the period of account which is 387 136.

A nominal value of each share is 1.40 euro.

In compliance with the statutes, the profit which remains after dividends are paid and included in undividable reserves is included in other reserves and used for the further development of the company.

	2014	2013
	EUR	EUR
Profit of the period of account	505 973	105 762
Number of shares 31.12.2014	387 136	387 136
Basic profit per share per year	1.31	0.27

23. Loans from credit institutions

	% rate in force	The repayment term	2014	2013
			EUR	EUR
Long-term:				
Nordea Bank AB Latv. Fil creditline	The Base rate EONIA +	20.05.2015	7 829 915	7 586 976
Nordea Bank AB Latv. Fil creditline	The Base rate EONIA +	30.11.2016	1 498 556	1 985 790
Nordea Bank AB Latv. Fil creditline	The Base rate EONIA +	30.11.2016	748 650	997 117
Nordea Bank AB Latv. Fil	Fixed + %	31.07.2017	454 976	417 038

Nordea Bank AB Latv. Fil	Fixed + %	31.07.2017	1 579 130	2 135 813
Nordea Bank AB Latv. Fil (2012)	3 mon.Euribor + %	28.02.2018	279 583	401 583
Nordea Bank AB Latv. Fil (2012)	3 mon.Euribor + %	05.03.2018	145 613	209 114
Nordea Bank AB Latv. Fil (2014)	1 mon.Euribor + 1.5%	12.08.2019	1 375 410	0
The Latvian Guarantee Agency	1 mon.Euribor +1.5 %	26.08.2024	910 463	0
			14 822 296	13 733 431
Short-term:				
Nordea Bank AB Latv. Fil creditline	The Base rate EONIA +	up to 12 mon.	499 992	499 992
Nordea Bank AB Latv. Fil creditline	The Base rate EONIA +	up to 12 mon.	250 000	250 000
Nordea Bank AB Latv. Fil	Fixed + %	up to 12 mon.	91 470	70 485
Nordea Bank AB Latv. Fil	Fixed + %	up to 12 mon.	556 683	556 683
Nordea Bank AB Latv. Fil	3 mon.Euribor + %	up to 12 mon.	122 000	122 000
Nordea Bank AB Latv. Fil	3 mon.Euribor + %	up to 12 mon.	63 500	63 500
			1 583 645	1 562 660
Total			16 405 941	15 296 091

As the collateral for the claims raised due to the loan agreement signed the Company has mortgaged real estate.

24. Liabilities of financial lease and other loans

	% rate in force	2014 EUR	2013 EUR
Short-term:			
Nordea finance Latvija SIA	3 mon. Euribor+%	25 551	0
		25 551	0

25. Debts to suppliers and contractors

	2014 EUR	2013 EUR
Debts to suppliers and contractors	4 098 362	2 368 143
	4 098 362	2 368 143

26. Taxes payable

	31.12.2013 EUR	Paid in 2014 EUR	Calculated in 2014 EUR	Fine EUR	Taxes recognized as other taxes EUR	31.12.2014 EUR
VAT	30757	39509	-68563	89	-71007	67733
VAT on the boarder	627	0	0	0	-627	0
Peoples Income Tax	-71061	545134	533616	6463	0	-66005
Compulsory Payments of Social Insurance Tax	-48684	761707	801679	2293	71684	-19266
Natural Resources Tax	-142	200	150	0	-50	-142
Property Tax	0	20318	20316	0	0	2
Risk due	44	850	856	0	0	38
Total	-88459	1367718	1288054	8845	0	-17639
Debt on taxes	-119887					-85413
Overpaid taxes	31428					67774

According to tax requirements of the Republic of Latvia the corporate income tax is paid in advance. Therefore after the end of reporting year when the actual tax is calculated the payable tax or overpayment of tax is established.

27. Other liabilities

	2014	2013
	EUR	EUR
<u>Short-term</u>		
Salary payments	132 310	98 918
Contributions to private pension funds	3 042	3 042
Payments for deductions from wages	1 230	1 285
Received advances	475	0
Advance payments to employees	116	0
	137 173	103 245
<u>Long-term:</u>		
Other creditors	1 246 667	1 316 667
Nordea Finance Latvia	108 771	0
	1 355 438	1 316 667

Loans from other creditors have been secured by mortgage on real estate, in total cadastral value 209 162 EUR.

28. Accrued for holidays

	2014	2013
	EUR	EUR
Accrued for holidays	244 479	222 149
	244 479	222 149

29. Accrued liabilities

	2014	2013
	EUR	EUR
Accrued liabilities	107 650	91 654
	107 650	91 654

30. Incomes from the next periods.

	2014	2013
	EUR	EUR
<u>Long-term:</u>		

Project No. 124000041	0	1 320
Project No.L-APV-10-0015	1 566 885	2 030 600
	1 566 885	2 031 921
Short-term		
Project No. 124000041	1 316	16 012
Project No..04/415034/0002/023	0	7 083
Project No.L-APV-10-0015	463 717	463 717
Other income	62	63
	465 095	486 874

31. Personnel costs

	2014	2013
	EUR	EUR
Average number of employees	198	177
Total personnel costs		
Wages	2 317 848	2 090 169
Social tax	538 546	500 474
Unemployment risk due	877	768
	2 857 271	2 591 411
including:		
wages of production workers		
wages	2 247 283	1 974 233
social tax	522 299	472 546
unemployment risk due	851	743
	2 770 433	2 447 522
administration wages		
wages	70 565	55 462
social tax	16 247	13 361
Unemployment risk due	26	17
	86 838	68 840
incl. remuneration to company management - board		
wages	75 470	60 473
Social tax	16 216	14 567
Unemployment risk due	9	9
	91 695	75 049

32. Transactions with associated persons

Subsidiary	Type of transaction		Income from subsidiaries	Debts of subsidiaries	Credits to subsidiaries
			EUR	EUR	EUR
OOO Saldus	debt and sales of ready production	2013	742	174 142	0
		2014	671	107 010	0
OOO DOK Nr.3	debt and sales of ready production	2013	27 968	1 174 262	0
		2014	23 065	917 392	0
SIA Pakuļu sporta bāze	debt and sales of ready	2013	11 407	480 788	0

	production	2014	14 080	330 905	0
SIA SEZ Laskana	debt, dividends and sales of ready production	2013	29 789	0	0
		2014	0	0	0
SIA Saldus MRU	debt, dividends and sales of ready production	2013	0	13 166	104 136
		2014	0	0	0
SIA Pata AB	sales of ready production and services	2013	78439411	4 417 426	798 804
		2014	48470811	4 018 726	235 815
SIA PATA	sales of ready production and services	2014	19270	1 757	0
SIA Saldus Energija	debt, dividends and sales of ready production	2013	0	0	0
		2014	1021514	371 147	0
		2013	78 509 317	6 259 784	902 940
		2014	49 549 411	5 746 937	235 815

33. Expenditures due to the environment protection

The basic economic activity of the Holding is production of timber. As a wrapping material is used polyethylene plastic. In order to secure qualitative and environmentally friendly economic activity and to reduce ecological and financial risks related to financial losses and significant loss of funds arising from penalty fee payments, there has been concluded agreement with Green Belt Ltd. on collection, transportation, recycling and regeneration of used wrapping material so that it corresponds with the requirements of normative acts, planning and organization of the said work. During maintenance work various oil filters and oils are replaced. They are collected in special places and then handed over to BAO Ltd. on which there has been concluded a special agreement on collection of hazardous waste. In this way the Holding meets all environment protection requirements determined by appropriate acts and regulations so that there could be reduced impact of hazardous substances on the environment and significantly decreased possible losses, int.al. unplanned taxes and decreased ecological risks in all objects.

34. Financial instruments

The main financial instruments of the Holding are granted and received short-term loans, money, short-term deposits and financial lease. The main objective of these financial instruments is to secure the financing of Holding's economic activity. Also, the holding comes in touch with some other financial instruments, for example, debts of buyers and customers and debts of other debtors, debts to suppliers and constructors and other debtors which directly arise from its economic activity.

Financial risks

The main financial risks related to the Holding's financial instruments are: credit risk, currency risk, interest risk and liquidity risk.

Credit risk

The parent company of the Holding and the Holding itself is subjected to credit risks which arise from the debts of buyers and customers, short and long-term loans.

The Holding controls its credit risks by constantly estimating the history of how debtors pay back their debts and by establishing crediting conditions for each customer separately. Besides, the company constantly monitors the reminders of debtors' debts in order to decrease the possible of arising of unrecoverable debts.

Foreign currency risk

To the financial assets which are under foreign currency risk belong money and its equivalents, debts of buyers and customers, advance payments for construction work, short-term loans, debts to suppliers and contractors, long-term debts to financial institutions and leasing companies.

The holding does not use any financial instruments to administrate currency fluctuations risks.

Interest risk

The companies which belong to the Holding are subjected to the interest risk; mainly they are loans from crediting institutions and leasing companies.

The management of the Holding think that the financial assets and liabilities of the Holding on December 31, 2014 were not subjected to any important interest rate risks as the deviance from the real value of particular financial assets and liabilities was not significant.

Liquidity risk

The Holding is controlling its liquidity risk by securing relevant financing, by using credit lines.

Real value

All financial assets and liabilities of the Holding which are not shown in their real value- money, debtors, other debtors, received and granted loans, debts to suppliers and contractors and the balance value of other debts correspond with their real value.

35. Events after the year of account

Except from what was said in the management statement in the period from the last day of the year of account until the date of signing this financial statement there have not occurred any events due to which there should have been done any amendments or corrections in this financial statement.

Auditor's statement