

INDEPENDENT AUDITORS' REPORT
Translation from Latvian

**POTAPOVIČA
ANDERSONE**

To the Shareholders of AS VEF Radiotehnika RRR

Ūdens iela 12-45, Rīga, LV-1007, Latvija
T +371 67607902 F +371 67807092
www.p-a.lv

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of AS VEF Radiotehnika RRR set out on pages 6 to 23 of the accompanying annual report, which comprise the balance sheet as of 31 December 2014 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with International Standards on Auditing. Because of the matters described in the Basis for disclaimer of opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

1. As at 31 December 2014 the Company's balance sheet contains fixed assets and investment properties with carrying value of 6 904 thousand euro and related non-current asset revaluation reserve of 3 064 thousand euro. Gross and net loss for the reporting year, as well as the fact that the real estate price for the disposal transaction anticipated in 2015 is considerably below the carrying value of the real estate, demonstrate that significant indicators of impairment of non-current investments exist. The management of the Company has not performed impairment test on its non-current assets. During our audit we were not able to obtain sufficient and reliable information, which would allow us to determine impairment to be recognised by the Company and its impact on value of non-current assets, non-current assets revaluation reserve and net result for 2014.
2. As at 31 December 2014 the Company's balance sheet contains amount receivable from a related party SIA "Imanta Retail Park", amounting to 372 thousands euro and consisting of non-current lending and current trade receivables. During our audit we were not able to obtain sufficient and reliable information, which would allow us to determine whether the receivable is fully recoverable or an impairment should be recognised in the Company's financial statements for 2014, which would impact the receivable's value in the balance sheet and net result for 2014.
3. The Company's net turnover for the reporting year has decreased by 32% and its financial performance resulted in gross and net loss. Net loss represents 76% of the net turnover. As at 31 December 2014 the Company has no free cash and its current liabilities, including liabilities towards credit institution, considerably, by 2 034 thousand euro, exceed its current assets. On 5 January 2015 Riga city Kurzemes region court announced commencement of legal protection process, setting legal protection process period until 5 January 2017. We consider that a significant uncertainty exists on whether the Company will be able to resolve its liquidity issues that may cast significant doubt on the Company's ability to continue as a going concern. During our audit we were not able to obtain sufficient and reliable information, which would allow us to conclude, whether it was appropriate to use going concern assumption in the preparation of the Company's financial statements for the year ended 31 December 2014.

The matters described in the Basis for disclaimer of opinion paragraph section 1 and 3 existed also in relation to financial statements for 2013, on which we issued a disclaimer of opinion dated 18 July 2014.

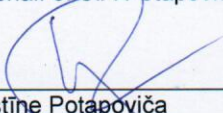
Disclaimer of opinion

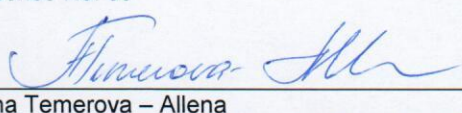
Because of the significance of the matters described in the Basis for disclaimer of opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on AS VEF Radiotehnika RRR financial statements for the year ended 31 December 2014.

Report on Other Legal and Regulatory Requirements

We have read the management report for 2014 set out on page 4 of the accompanying annual report for 2014 and have not identified material inconsistencies between the financial information contained in the management report and that contained in the financial statements for 2014.

On behalf of SIA Potapoviča un Andersone, Certified Auditors Company licence No. 99


Kristīne Potapoviča
Chairperson of the Board


Anna Temerova – Allena
Responsible Certified Auditor, Certificate Nr. 154

31 July 2015, Riga