

INVESTMENT FUND

“CBL Baltic Sea Equity Fund”

(previously - “Citadele Baltic Sea Equity Fund”)

ANNUAL REPORT FOR 2014

(the 2nd financial year)

**PREPARED IN ACCORDANCE WITH FCMC REGULATIONS ON “ANNUAL ACCOUNTS OF INVESTMENT FUNDS”
AND INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EUROPEAN UNION**

Riga, 2015

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IF "CBL Baltic Sea Equity Fund"
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General information on the investment fund

Name of fund:	CBL Baltic Sea Equity Fund (previously - "Citadele Baltic Sea Equity Fund")
Type of fund:	Investment fund
Registration date of fund:	07 March 2013 (re-registration date 30 March 2015)
Date of the commencement of fund's operations:	20 November 2013
Registration number:	FL127-06.03.04.098/41
Name of the investment management company:	"CBL Asset Management" IPAS
Registered office of the investment management company:	Republikas laukums 2a, Riga, LV-1010, Latvia
Registration number of the investment management company:	40003577500
License number of the investment management company:	06.03.07.098/285
Name of the custodian bank:	"Citadele banka" AS
Registered office:	Republikas laukums 2a, Riga, LV-1010, Latvia
Registration number:	40103303559
Names and positions of Council Members and Board Members of the investment management company:	<p><i>Council of the investment management company:</i> Chairperson of the Council – Juris Jākobsons – appointed on 30.09.2010. Deputy Chairperson of the Council – Vladimirs Ivanovs –appointed on 01.11.2012. Member of the Council – Philip Nigel Allard – appointed on 01.11.2012 Member of the Council – Philip Nigel Allard – released on 25.06.2014 Member of the Council- Aldis Paegle – appointed on 04.07.2014.</p> <p><i>Board of the investment management company:</i> Chairperson of the Board – Uldis Upenieks – appointed on 01.11.2012. Member of the Board – Zigurds Vaikulis – appointed on 30.03.2007.</p>
The related rights and obligations of the management of the investment fund:	All the duties of the Council and Board members stated in the legislation of the Republic of Latvia and the Statutes of the investment management company are performed by the Council and Board members.
Names of Fund managers (members of the investment committee):	Kristiāna Janvare – appointed on 07.03.2007 Andris Kotāns – appointed on 07.03.2007 Elchin Jafarov – appointed 07.03.2007 Igors Lahtadirs – appointed on 21.11.2013
The related rights and obligations of the management of the Fund:	All the duties of the Fund managers stated in the legislation of the Republic of Latvia, Statutes of the investment management company and Fund prospectus are performed by the Fund managers.
Auditor:	KPMG Baltics SIA Vesetas iela 7, Rīga Riga, LV-1013 Licence No. 55 Latvia

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Investment management company's report

The assets of the fund "CBL Baltic Sea Equity Fund" (previously - "Citadele Baltic Sea Equity Fund") (hereinafter - the Fund) are managed by the asset management company "CBL Asset Management" having its registered office at Republikas laukums 2a, Riga, LV- 1010 (hereinafter - the Company) and registration number 40003577500.

The Company holds a licence No. 06.03.07.098/285 for investment operations, last re-registered on 14 February 2014.

On 20 November 2013 "Citadele Baltic Sea Countries Equity Fund" (ISIN LT0000950008) registered in Lithuania was merged with "CBL Baltic Sea Equity Fund" (ISIN LV0000400794) registered in Latvia via cross-border merger. After the merger "Citadele Baltic Sea Countries Equity Fund" registered in Lithuania ceased to exist but all investors received the same number of shares of the fund registered in Latvia.

The Fund aims to achieve long-term capital appreciation by investing principally in the shares of issuers which are registered or operate in the Baltic Sea region. The Fund derives income in the form of share appreciation and dividends. The Fund's base currency is euro.

In 2014 success of the European stock markets was based on numerous factors. Both the macroeconomic policy of the European Central Bank (ECB) and the falling oil prices brought positive trends. At the same time the ECB could not positively change the Eurozone inflation levels, which continued to show downturn almost on monthly basis. Geopolitical conflict between Ukraine and Russia had also its negative impact, as a result bringing large losses to both the local stock markets (Ukrainian and Russian) and certain Eastern European stock markets. Moreover, as a result of the conflict several companies in Europe faced problems caused by sanctions, such as for example, import prohibition for certain goods to Russia or temporary loss of market.

Due to increasing geopolitical tensions and low inflation, over the year sentiment indicators continued to stay low, thus representing the sentiment of German and broadly European entrepreneurs. Neither the reduced ECB rates, nor the LTRO programme could stop the inflation fall and achieve more rapid economic recovery in the region, thus giving way to speculations regarding the implementation of a fresh quantitative easing programme. Despite of that, financial results published by the European companies at the end of the year indicated certain recovery in the region, where the falling euro significantly supported local exporters. The European companies managed to end the last quarter convincingly, beating both the revenue and earnings forecasts. Moreover, in contrast to previous years, company managements' guidance for 2015 appeared to be significantly less cautious, thus buoying hopes for positive share price dynamics in the following months.

As a result, the value of STOXX Europe 600 index, being the gauge of the regional equity market including the largest European companies, increased by 4.4% in 2014. At the same time, the US stock market gauge S&P500 index increased by 11.4 %. As regards the Fund's investments in the equity markets of the region, in 2014 the most rapid increase in value in their quoted currencies was experienced by the Danish market, increasing by 20.9%. That was followed by the Swedish, Finnish, Norwegian and German stock markets, gaining 9.9%, 5.4%, 4.0% and 2.7% respectively. On the other hand the most rapid downturn was experienced by the Polish stock market which lost 3.5% of its value. The Baltic stock market index, which includes Latvian, Lithuanian and Estonian companies, during the same period lost 4.4% of its value. The Russian RTS index lost almost half of its value - 45.2%.

At the end of the reporting year the Fund's net assets amounted to EUR 2,865,001. The value of the Fund's unit decreased by EUR 1.29 up to EUR 41.07. The Fund's return in 2014 was -3.05% in EUR terms (applying the central bank rate) and -3.00% in the Fund's base currency - euro, based on the closing exchange rates in the financial markets.

In 2014 the most positive contribution was provided by the investment in Marine Harvest, the Norwegian salmon grower and Valmieras Stikla Šķiedra, a Latvian company, gaining more than 80.0% over the year. Other companies positively contributing to the Fund's financial results were the Finnish - Kone, Swedish - Investor AB and Danish - Coloplast. The most negative contribution was provided by investments in Russian companies - Sberbank, Mail.ru and Lukoil, as well as Norwegian energy sector companies Statoil and Subsea7. Also Deutsche Lufthansa negatively contributed to the Fund's results. From the sector perspective, Transportation and Consumer Goods had the greatest contribution, while Energy and IT sectors had the most negative contribution.

In 2014 Transportation, Financial Service and Energy sectors experienced the greatest changes structure-wise. While the weights of the first two sectors increased by 8.41 percentage points (from 16.38% to 24.79%) and 5.03

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Investment management company's report

percentage points (from 7.91% to 12.94%) respectively, the weight of the latter sector decreased by 6.69 percentage points or from 10.53% to 3.84%. At the end of the year Transportation sector had the greatest weight in the Fund, followed by Consumer Staples, Financial Services and Pharmacy. At the end of 2014 sectors with the smallest weight in the Fund were Utilities, Telecommunications, IT and Energy. The cash position in the Fund's portfolio decreased from 10.07% to 3.81% by the end of the reporting year. Country wise, the exposure to Danish and German companies increased the most - 5.3 and 4.7 percentage points respectively (from 8.6% to 13.9% and 31.9% to 36.6%). The increased focus on the German issuers indicate the Manager's preference to elevate the Fund's exposure to the sectors, which gain the most from the region's recovery, cheap euro and low oil prices. In Fund manager's opinion, the German market is the most suitable for such strategy. However, decrease of the exposure to Russian from 10.7% to 1.1% or by 9.6 percentage points in the Fund has to be mentioned as one the most significant changes. Besides decrease in the weight of Baltics in the Fund compared to 2013 has to be also mentioned. In both cases the reason behind such move was the necessity to diminish the exposure to the specific region due to heightened geopolitical conflicts. Geographically, the Fund's structure in 2014 was dominated by the German issuers. As the second, third and fourth country with the largest exposition by the end of 2014 was Denmark (13.9%), Sweden (12.2%) and Norway (10.4%) respectively. The smallest weights in the Fund belonged to Russian (1.1%) and Polish (3.6%) shares. At the end of 2014, four German issuers with Daimler leading the way, were among the top five largest exposures. Also the increase in the weight of Danish Maersk – industry leader, has to be mentioned, while the financial sector proportion was increased by adding SEB Bank and Danske Bank. At the same time exposure to Energy sector was reduced by selling the Norwegian companies - Seadrill and Subsea7.

During the reporting period management costs amounted to EUR 70,835 or 2.22% of the average value of net assets during the period, which does not exceed the maximum value of 4.00% provided in the Fund's prospectus.

Looking forward, the Manager believes that the European shares have the potential both in the absolute and relative sense based on the forecasted economic growth, recovery of European peripheries, as well as improvements in credit availability (both for the entrepreneurs and consumers), weaker euro and lower oil prices, which will promote purchasing power. However, regardless of the mentioned positive factors, the Manager sees potential risks that could threaten the positive return of the European shares. These risks include both the unimpressive inflation forecasts for the Eurozone (entrepreneurs refrain from investing into company development) and the geopolitical risks of the region (Russia-West tension, Greek financial instability and elections in the region where eurosceptics gain significant support). Increasing multiples can trigger stock market corrections both in absolute and relative sense.



Uldis Upenieks
Chairperson of the Board



Andris Kotāns
Member of the Investment
Committee



Igors Lantadirs
Member of the Investment
Committee



Elchin Jafarov
Member of the Investment
Committee

Riga, 24 April 2015

OIF "CBL Baltic Sea Equity Fund"
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Statement of responsibility of the Board of the investment management company

The Board of the investment management company (hereinafter - the Company) is responsible for the preparation of the financial statements of the investment fund "CBL Baltic Sea Equity Fund" (previously – "Citadele Baltic Sea Equity Fund") (hereinafter - the Fund).

The financial statements on pages 8 to 23 are prepared based on source documents and present fairly the financial position of the Fund as at 31 December 2014 and the results of its operations for the respective periods then ended.

The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union, as set out in the Regulations of the Financial and Capital Market Commission (FCMC) on Annual Accounts of Investment Funds, on a going concern basis. Appropriate accounting methods have been consistently applied in the reporting period. Prudent and reasonable judgments and estimates have been made by the Management in the preparation of the financial statements.

The Board of the Company is responsible for the maintenance of proper accounting records, the safeguarding of the assets of "CBL Baltic Sea Equity Fund" and the prevention and detection of fraud and other irregularities in the Fund. The Board is also responsible for operating the Fund in compliance with the Law of the Republic of Latvia on Investment Management Companies, regulations of the Financial and Capital Market Commission (FCMC), and other laws and regulations of the Republic of Latvia.



Uldis Upenieks
Chairperson of the Board

Riga
24 April 2015



CUSTODIAN BANK REPORT

For holders of IF "Citadele Baltic Sea Equity fund"
Investment fund applications

With this Citadele Bank JSC, which is registered in LR Enterprise register on June 30, 2010 with No. 40103303559 and located at 2a Republikas square, Riga, certifies, that:

According to the law "On investment companies" of Republic of Latvia, regulations of Financial and Capital Market Commission (FCMC), other requirements of LR legislation and contract with Custodian bank, which is concluded on the February 05, 2013, Citadele Bank JSC, (further in the text - Custodian) carries out functions of custodian bank for the IF "Citadele Baltic Sea Equity fund" (further in the text – Fund) founded by IPAS "CBL Asset Management";

Custodian is responsible for fulfilling of Custodian bank contract and requirements of LR legislation related to custodian banks. The main obligations of the Custodian are the following:

- to store assets of the Fund, as well as documents, which confirm title according to the requirements of LR legislation;
- to ensure maintenance of the Fund account, reception and execution of Company's orders, as well as performance of transactions according with requirements of LR legislation and current market practice;
- to ensure the Company with regular reports on assets of the Fund and its value (prices of the securities);
- to follow the correctness of the value of the Fund and its certificates set by the Company and its conformity with LR legislation acts;
- to follow the correctness and legal status of issuing, sales and repurchasing of investment certificates performed by the Company;

Issuing, sales and repurchasing of the investment certificates is performed according to the requirements of the law "On investment companies", fund prospect and Fund management regulations; Storage of the Fund assets is performed according to the requirements of the law "On investment companies" and Custodian bank contract;

Calculation of the net value of the Fund assets is performed according to the requirements of the law "On investment companies", regulations of Financial and Capital Market Commission (FCMC), Fund prospect and Fund management regulations;

Orders of the Company, as well as transactions with the assets of IF "Citadele Baltic Sea Equity fund" are performed according to the requirements of the law "On investment companies", Fund prospect and Fund management regulations and Custodian bank contract .

In the accounting period no mistakes and illegal matters were observed in performance of the Company with Fund assets. Citadele bank JSC is very satisfied with co-operation in performing of the functions of Custodian bank.



Guntis Belavskis
Chairman of the Board, p.p.

Riga, February 23, 2015

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Statement of financial position
(EUR)

Note		31.12.2014	31.12.2013
	Assets		
3	Demand deposits with credit institutions	109,067	336,620
4	Financial assets held for trading Shares	2,761,806	3,012,100
	Total assets	2,870,873	3,348,720
	Liabilities		
5	Accrued expenses	(5,872)	(5,551)
	Total liabilities	(5,872)	(5,551)
	Net assets	2,865,001	3,343,169

The accompanying notes on pages 12 to 23 form an integral part of these financial statements.




Uldis Upenieks
Chairperson of the Board

Riga
24 April 2015

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Statement of comprehensive income
(EUR)

Note	2014	2013
Income		
Dividend income	91,635	3,758
Total income	91,635	3,758
Expenses		
Investment management company fee	(64,262)	(6,581)
Custodian bank fee	(5,784)	(592)
Other fund management expenses	(789)	(61)
Total expenses	(70,835)	(7,234)
Increase in investment value		
6 Realized (decrease)/ increase in investments	(235,861)	53,617
7 Non-realized increase of investments	136,396	2,903,635
Total (decrease) / increase in investment	(99,465)	2,957,252
Loss from revaluation of foreign exchange	(29,750)	(11,294)
Comprehensive (losses)/income	(108,415)	2,942,482

The accompanying notes on pages 12 to 23 form an integral part of these financial statements.




Uldis Upenieks
Chairperson of the Board

Riga
24 April 2015

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Statement of changes in net assets
(EUR)

	2014	2013
Net assets as at the beginning of the period	3,343,169	-
Comprehensive (losses)/income	(108,415)	2,942,482
Transactions with investment certificates		
<i>Inflow from sale of investment certificates</i>	309,959	465,246
<i>Outflow on redemption of investment certificates</i>	(679,712)	(64,559)
Net asset (decrease)/increase from transactions with investment certificates	(369,753)	400,687
(Decrease)/increase in net assets for the period	(478,168)	3,343,169
Net assets as at the end of the period	2,865,001	3,343,169
Issued investment certificates as at the beginning of the reporting period	78,925	-
Issued investment certificates as at the end of the reporting period	69,767	78,925
Net asset value per investment certificate as at the beginning of the reporting period	42.36	-
Net asset value per investment certificate as at the end of the reporting period	41.07	42.36

The accompanying notes on pages 12 to 23 form an integral part of these financial statements.



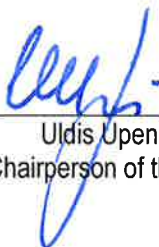
Uldis Upenieks
Chairperson of the Board

Riga
24 April 2015

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Statement of Cash Flows
(EUR)

	2014	2013
Dividend income	91,635	3,758
Investment management expenses	(70,513)	(1,684)
Acquisition of financial assets	(727,970)	(119,515)
Disposal/sale of financial assets	844,168	53,534
Foreign currency translation result	478	(9)
Increase/ (decrease) in cash from operating activities	137,798	(63,916)
Inflow from sale of investment certificates	309,959	465,246
Outflow on redemption of investment certificates	(679,712)	(64,559)
Increase/ (decrease) in cash from financing activities	(369,753)	400,687
(Decrease)/increase in cash	(231,955)	336,771
Cash at the beginning of the reporting period	336,620	-
Result of revaluation of cash denominated in foreign	4,402	(151)
Cash at the end of the reporting period	109,067	336,620

The accompanying notes on pages 12 to 23 form an integral part of these financial statements.


Uldis Upenieks
Chairperson of the Board

Riga
24 April 2015

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Appendices
(EUR)

1. General information

Name of fund:	"CBL Baltic Sea Equity Fund" (previously - "Citadele Baltic Sea Equity Fund")
Type of fund:	Investment fund
Fund's business activity:	Investments mainly in equity shares of corporate entities incorporated or mainly operating in the region of the Baltic Sea.
Name of the investment management company:	"CBL Asset Management" IPAS (hereinafter - the Company) Republikas laukums 2a, Riga, LV-1010, Latvia

2. Summary of significant accounting policies

Basis of preparation

IF "CBL Baltic Sea Equity Fund" (previously - "Citadele Baltic Sea Equity Fund") financial statements are prepared in accordance with International Financial Reporting Standards as adopted in the European Union, as set out in the Regulations of the Financial and Capital Market Commission (hereinafter - FCMC) No 99 on Annual Accounts of Investment Funds.

The financial statements are prepared on a historical cost basis, except for the fair value basis for trading and available-for-sale financial instruments.

The functional and presentation currency in the financial statements is euro (EUR), the monetary unit of the Republic of Latvia. The financial statements cover the period from the 1 January 2014 to 31 December 2014.

Functional and Presentation Currency

Due to the change of the official currency of Latvia, from 1 January 2014 the functional and presentation currency of the Fund is euro which replaced the national currency of Latvia, the lat. Comparative financial information of previous periods presented in lats, were translated into euros using the official exchange rate of LVL 0.702804 to EUR 1. As the Latvian lat was previously pegged to the euro at the same exchange rate, the change in the functional and presentation currency had no effect on the Fund's financial position, financial performance or cash flows. The opening balances as at 1 January 2014 agree with the published prior period closing balances after conversion from lats to euro. The amounts disclosed in the financial statements are provided in euros, which represent the functional and presentation currency of the Fund. The opening balances as at 1 January 2014 agree with the published prior period closing balances after conversion to euros.

Critical accounting estimates and judgements

IFRS as adopted by EU requires that in preparing the financial statements, the management makes estimates and assumptions that affect the reported amounts of assets and liabilities and required disclosure at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. It also requires investment management company's management to make assumptions and exercise its judgement in the process of applying the Fund's accounting policies.

Income and expense recognition

All significant interest income and expenses are disclosed on an accrual basis.

Interest income and expenses are recognized in the comprehensive income statement based on the effective interest rate of on the asset/liability. Interest income and expenses include discount or premium amortization or other difference between the book value of an interest bearing instrument and its value on the maturity date calculated based on the effective interest rate method.

Dividend income is recognised at the moment of receipt. In some situations dividend income can be recognized when share price decreases after the issuer's announcement on payment of dividends.

Remuneration to investment management company of the Fund and the custodian bank is calculated at a fixed rate of the Fund's assets and is accrued daily, but paid out once a month.

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Foreign currency revaluation

Transactions in foreign currencies are translated into euros at the foreign exchange rate published by the European Central Bank as at the transaction date. All monetary assets and liabilities denominated in foreign currencies are translated to euros according to the exchange rate of the European Central Bank on the last day of the reporting year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value in the foreign currency are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Any gain or loss resulting from exchange rates fluctuations is included in the statement of comprehensive income as gain or loss from the revaluation of foreign currency positions.

The exchange rates established by the European Central Bank (foreign currency unit to EUR) and mainly applied when preparing the statement financial position of the Fund can be specified as follows:

<u>Currency</u>	<u>31.12.2014</u>	<u>31.12.2013</u>
DKK	7.4453	7.4608
NOK	9.0420	8.3967
PLN	4.2732	4.1586
SEK	9.3930	8.9988
LTL	3.4528	3.4451
RUB	72.337	45.0515
USD	1.2141	1.3647
LVL	-	0.702804

Cash

Cash comprises Fund's demand deposits with credit institutions.

Financial Instruments

Financial instruments are classified at fair value through profit or loss and loans and receivables. The classification depends on the purpose of financial instrument acquisition. The management determines classification of financial instruments at the moment of their initial recognition.

Financial assets and liabilities at fair value through profit or loss

Financial instruments at fair value through profit or loss include financial assets held for trading. All financial assets at fair value through profit and loss, belonging to the Fund, are classified as financial assets held for trading.

SFPS states the hierarchy of valuation techniques based on if the technique employs market data that can be monitored or market data that cannot be monitored. The Fund classifies all financial assets using valuation techniques listed in the 1st category of this hierarchy. Prices quoted in active market (unadjusted) are used in the valuation. This level includes shares quoted in stock exchange as well as other financial instruments sold in the stock exchange.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active markets. Loans and receivables include deposits with credit institutions. Deposits with credit institutions are carried at amortized cost, using effective interest rate less provisions for impairment, if applicable.

Impairment provisions are created when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of receivables. The amount of provisions for impairment is the difference between the amortized cost and the recoverable amount.

Investments in securities

All investments in securities are classified as held-for-trading securities, i.e. securities are acquired for generating a profit from short-term fluctuations in price or dealer's margin.

Held for trading securities are recognised at fair value based on available market prices. The result of re-measuring trading securities at fair value is included in the comprehensive income statement as increase/ (decrease) in investment.

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Securities are revaluated on the basis of Bloomberg's available financial information on the bid prices of securities. Unlisted securities are evaluated on the basis of the custodian bank's information on transactions, but in case such information is not available, respective securities are evaluated at their amortised cost. Securities purchase and sale transactions are recognised on the date of settlements. The cost of securities sold is defined using FIFO (first in, first out) method.

Derivatives

For currency risk management purposes, the Fund is involved in forward foreign exchange transactions - forwards and swaps. For the accounting purposes, all derivatives are classified as held-for-trading and accounted as follows.

Subsequent to initial recognition and measurement, outstanding forward foreign exchange contracts are carried in the statement of financial position at their fair value. The fair value of these instruments is recognised in the statement of financial position under "Derivatives". The notional amounts of these instruments are reported in the notes of the financial statements.

Gains or losses from changes in assets and liabilities arising on forward foreign exchange contracts are recognised in the statement of comprehensive income as foreign currency revaluation result.

Fair value of financial assets and liabilities

The fair value of financial assets and liabilities represents the amount at which an asset could be exchanged or a liability settled on an arm's length basis. The fair value of liabilities represent default risk.

When available, the Fund measures the fair value of an instrument using quoted prices in an active market for that instrument. Market is considered active if transitions with assets or liabilities occur often enough and in the sufficient amount to be able to obtain information on the prices.

If a price quoted in active market is not available, the Fund applies valuation methods in which there are observable market data used as much as possible but unobservable input data usage is reduced to minimum. The selected valuation method includes all factors that would be considered by the market participants when determining the transaction price.

During the initial recognition the best evidence of fair value of a financial instrument is the transaction price, i.e. fair value of price received or paid. If the Fund determines that the fair value as at the initial recognition differs from the transaction price and fair value cannot be confirmed by identical quoted price of asset or liabilities in active market or valuation methods using only observable data, results, financial instrument is initially assessed in the fair value that is adjusted to represent difference between the fair value as at the date of initial recognition and transaction price. Later this difference is recognized in the profit or loss considering the expected period of use but not later than as at the date when the value can be completely based on observable market data or the transaction is completed.

Portfolios of financial assets and financial liabilities exposed to market risk and credit risk managed by the Fund on the basis of net exposure either to market risk or credit risk are evaluated considering price that would be paid to sell the net long position (or paid to transfer the net short position) for certain risks. These adjustments on the portfolio level are attributed to certain assets and liabilities on the basis of relative risk adjustments as regards each separate instrument in the portfolio.

IFRS 7 states the hierarchy of valuation techniques based on if the technique employs market data that can be monitored or market data that cannot be monitored. The Fund classifies all financial assets using valuation techniques listed in the 1st category of this hierarchy. Prices quoted in active market (unadjusted) are used in the valuation technique. This level includes shares quoted in stock exchange as well as debt securities and other financial instruments sold in the stock exchange.

Operating Segments

By managing the Fund, the manager of the Fund analyses its return per one unit and does not divide in separate segments, whose results of operations would be assessed separately. Therefore these financial statements do not contain detail analysis of segments.

Taxes

The Fund's income is subject to income tax in the country of its origin. The Fund's income is exempt from income taxes. The Fund is not a Latvian corporate income tax payer.

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(EUR)

Change in accounting policies

The Fund has applied the accounting policies described in the note to all reporting periods disclosed in these financial statements, except for the following changes.

The Fund has adopted the following new standards and amendments to standards, including the consequent amendments in other standards the initial application date of which was 1 January 2013.

- (i) IFRS 10 "Consolidated financial statements" (2011)
- (ii) IFRS 11 Joint Arrangements
- (iii) IFRS 12 Disclosure of interests in other entities;
- (iv) Amendments to IAS 32 as regards Offsetting Financial Assets and Financial Liabilities
- (v) Amendments to IAS 36 as regards disclosures about recoverable amount of non-financial assets
- (vi) Amendments to IAS 39 as regards renewal of financial instruments and continuing of hedge accounting.

New Standards and Interpretations

Several new standards, amendments to standards and interpretations effective after 1 January 2014 that have not been applied to these financial statements. Standards and interpretations application of which will not affect the financial statements are listed below.

- (i) IAS 19 Employee Benefits (effective for annual periods beginning on or after 01 February 2015)
- (ii) IFRIC 21 Levies (effective for annual periods beginning on or after 17 June 2014)
- (iii) Annual amendments to IFRS.

3. Demand deposits with credit institutions

	31.12.2014	31.12.2013	% of Fund's net assets as at 31.12.2014
Demand deposits with credit institutions, AS "Citadele banka"	109,067	336,620	3.81%
Total demand deposits with credit institutions	109,067	336,620	3.81%

The Fund receives interest on demand deposits at fixed rates.

4. Shares

	31.12.2014	31.12.2013	% of Fund's net assets as at 31.12.2014
Equity shares			
OECD region equity shares	2,536,050	2,446,822	88.52%
Non - OECD region equity shares	66,466	403,042	2.32%
Latvia	159,290	162,236	5.56%
Total shares	2,761,806	3,012,100	96.40%

All shares are classified as securities held for trading. As at 31 December 2014, all the Fund's shares were traded on regulated markets.

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(EUR)

The table below presents shares by the issuer's country of residence:

Financial instrument	ISIN code	Currency	Amount	Cost (EUR)	Carrying amount as at 31.12.2014	% of Fund's net assets as at 31.12.2014
Financial instruments traded on regulated markets				657,346	2,734,366	95.44%
German issuers				167,903	1,049,219	36.63%
DAIMLER AG	DE0007100000	EUR	1,700	17,956	117,691	4.12%
SIEMENS AG	DE0007236101	EUR	1,050	2	98,678	3.45%
ALLIANZ SE	DE0008404005	EUR	700	2	96,670	3.38%
DEUTSCHE POST AG	DE0005552004	EUR	3,500	2	94,938	3.31%
BAYER AG	DE000BAY0017	EUR	700	2	79,436	2.77%
VOLKSWAGEN AG	DE0007664039	EUR	400	2	74,000	2.58%
LINDE AG	DE0006483001	EUR	470	2	72,391	2.53%
BASF SE	DE000BASF111	EUR	870	17,387	60,987	2.13%
MUENCHENER RUECKVERSICHERUNGS AG	DE0008430026	EUR	330	50,896	54,821	1.91%
SAP AG	DE0007164600	EUR	900	2	52,497	1.83%
HUGO BOSS AG	DE000A1PHFF7	EUR	500	2	50,839	1.77%
HEIDELBERGCEMENT AG	DE0006047004	EUR	850	46,927	49,921	1.74%
DEUTSCHE LUFTHANSA AG	DE0008232125	EUR	3,300	1	45,755	1.60%
HENKEL AG & CO KGAA	DE0006048432	EUR	420	2	37,506	1.31%
OSRAM LICHT AG	DE000LED4000	EUR	1,000	34,716	33,005	1.15%
DEUTSCHE BANK AG	DE0005140008	EUR	1,200	2	30,084	1.05%
Danish issuers				138,671	397,592	13.87%
AP MOELLER - MAERSK A/S	DK0010244508	DKK	55	94,455	91,454	3.19%
COLOPLAST A/S	DK0060448595	DKK	1,200	2	83,731	2.92%
NOVO NORDISK A/S	DK0060534915	DKK	1,900	0	67,524	2.36%
DSV A/S	DK0060079531	DKK	2,150	2	54,549	1.90%
TDC A/S	DK0060228559	DKK	8,000	2	50,781	1.77%
DANSKE BANK A/S	DK0010274414	DKK	2,200	44,210	49,553	1.73%
Swedish issuers				144,545	350,029	12.22%
INVESTOR AB	SE0000107419	SEK	2,800	2	85,136	2.97%
ASSA ABLOY AB	SE0000255648	SEK	1,850	67,154	81,874	2.86%
ATLAS COPCO AB	SE0000101032	SEK	2,300	2	53,821	1.88%
TELEFONAKTIEBOLAGET LM ERICSSON	SE0000108656	SEK	5,000	2	50,383	1.76%
SKANDINAVISKA ENSKILDA BANKEN AB	SE0000148884	SEK	4,600	43,199	48,777	1.70%
INVESTMENT AB KINNEVIK	SE0000164626	SEK	1,100	34,186	30,038	1.05%
Norwegian issuers				62,041	269,810	9.42%
STATOIL ASA	NO0010096985	NOK	5,400	2	78,175	2.73%
GJENSIDIGE FORSIKRING ASA	NO0010582521	NOK	5,000	2	67,629	2.36%
DNB ASA	NO0010031479	NOK	4,600	2	56,521	1.97%
MARINE HARVEST ASA	NO0003054108	NOK	3,000	27,349	33,975	1.19%
TELENOR ASA	NO0010063308	NOK	2,000	34,686	33,510	1.17%
Finnish issuers				59,537	210,355	7.34%
KONE OYJ	FI0009013403	EUR	2,000	59,533	75,160	2.62%
FORTUM OYJ	FI0009007132	EUR	4,000	2	71,880	2.51%
KESKO OYJ	FI0009000202	EUR	2,100	2	63,315	2.21%

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Financial instrument	ISIN code	Currency	Amount	Cost (EUR)	Carrying amount as at 31.12.2014	% of Fund's net assets as at 31.12.2014
Latvian				6	159,290	5.56%
OLAINFARM	LV0000100501	EUR	11,000	2	64,790	2.26%
VALMIERAS STIKLA SKIEDRA JSC	LV0000100485	EUR	15,000	2	55,800	1.95%
GRINDEKS	LV0000100659	EUR	6,000	2	38,700	1.35%
Estonian issuers				16,808	127,289	4.44%
OLYMPIC ENTERTAINMENT GROUP	EE3100084021	EUR	41,000	2	69,290	2.42%
TALLINK GROUP LTD	EE3100004466	EUR	86,436	16,806	57,999	2.02%
Polish issuers				34,025	104,316	3.64%
KGHM POLSKA MIEDZ	PLKGHM000017	PLN	1,500	2	37,577	1.31%
POWSZECHNY ZAKLAD						
UBEZPIECZEN	PLPZU0000011	PLN	320	2	36,087	1.26%
POWSZECHNA KASA						
OSZCZEDNOSCI BANK POLSKI	PLPKO0000016	PLN	3,700	34,021	30,652	1.07%
Lithuanian issuers				33,809	34,500	1.20%
LINAS AGRO AB	LT0000128092	EUR	50,000	33,809	34,500	1.20%
Russian issuers				1	31,966	1.12%
LUKOIL	US6778621044	USD	1,000	1	31,966	1.12%
Financial instruments not traded on regulated markets				30,547	27,440	0.96%
Norwegian issuers				30,547	27,440	0.96%
KONGSBERG	NO0003033102	NOK	43,000	30,547	27,440	0.96%
Total shares:				687,893	2,761,806	96.40%

5. Accrued expenses

	31.12.2014	31.12.2013
Accrued commission fees payable to investment management company	(5,112)	(5,036)
Accrued commission fees payable to custodian bank	(460)	(454)
Accrued fees payable for professional services	(300)	(61)
Total accrued liabilities	(5,872)	(5,551)

6. Realized (decrease) / increase in investments

	2014	2013
Proceeds from sales of investments in the reporting period	848,617	53,618
Cost of investments sold during the reporting period	(159,592)	(1)
Decrease in disposed investment recognized in prior reporting periods	(924,886)	-
Total realized (decrease)/ increase in investment	(235,861)	53,617

7. Unrealized gains

	2014	2013
From shares	136,396	2,903,635
Total unrealised gains	136,396	2,903,635

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8. Change in investments

The table below presents change in investments during the reporting year:

	31.12.2013	Increase during the reporting period	decrease during the reporting period	Foreign exchange revaluation result	Fair value revaluation result	31.12.2014
Financial assets held for trading						
Shares	3,012,100	727,970	(844,168)	(34,631)	(99,465)	2,761,806
Total investments	3,012,100	727,970	(844,168)	(34,631)	(99,465)	2,761,806

The table below presents change in investments during 2013:

	20.11.2013 (incorporation)	Increase during the reporting period	decrease during the reporting period	Foreign exchange revaluation result	Fair value revaluation result	31.12.2013
Financial assets held for trading						
Shares	-	119,516	(53,534)	(11,133)	2,957,251	3,012,100
Total investments	-	119,516	(53,534)	(11,133)	2,957,251	3,012,100

9. Pledged assets

During the reporting period, no guarantees or collaterals have been issued by the Fund, neither has it pledged or otherwise caused any encumbrance or lien on its assets.

10. Fair values of financial assets and liabilities

The management of the investment management company believes that the carrying amounts of financial assets and liabilities approximate to their fair values. The fair value is determined according to the market quotation method, based on available quotes of stock exchanges and brokers. All shares owned by the Fund are sold on regulated markets and classified at fair value in the 1st category of the fair value technique hierarchy.

11. Risk management

Investment process risk can be defined as probability of undesirable result occurrence that might materialize in the certain market economy in the certain time period. Risk management is characterized as risk identification, measurement and its possible assessment. Investment process may be impacted by currency exchange rate risk, interest rate risk, price change risk, as well as a result of liquidity and other - including operational risks. The investment strategy of the Fund is aimed at minimising the above mentioned risks, however, the Company cannot guarantee that these risks can be completely avoided in the future.

Risk management structure

Risk identification and measurement are the responsibility of an independent unit - the Risk Management Division which prepares and presents information about risks to the Fund Manager. Fund Manager decides specifically whether it would be necessary to minimise risks.

The risk measurement process employs several models based on historical data and adjusted to consider for the current economic situation. Specific models are used to forecast changes in risk factors in ordinary and extraordinary market situations.

To mitigate the investment risks, the Fund Manager follows the risk diversification and hedging principles to reduce investment risks developed in line with the management policy. When investing on behalf of the Fund, the Fund Manager acquires sufficient information on potential or current investment objects, as well as supervises financial and economic position of issuers of the securities in which the Fund's property has been or is to be invested.

The Company, when developing the Fund's investment strategy and stating limits, performs an analysis of the Fund's investments by maturity, geographic and currency profile, as well as assesses the risks inherent to each of the above factors.

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The Fund Manager acts in strict compliance with the Prospectus of the Fund, Fund Management Regulations, as well as regulations and restrictions imposed by legislation of the Republic of Latvia.

Market risk

Market risk is a risk that the Fund's value will reduce as a result of changes in any of the following market factors: securities prices (equity price risk), exchange rates (currency risk), interest rates (interest rate risk) etc. Evaluated below are the sources of market risk, however they cannot be eliminated completely.

Equity price risk

Changes in equity prices depend on the following two groups of factors: changes in stock indices of a respective country (for instance, RENCASIA Central Asia region companies' stock index) and the financial position of issuer (prospects of earnings profit). The first factor is usually referred to as systematic risk and the second - as specific risk.

Systematic risk is managed on the basis of forecasts of the overall economic development in specific geographic regions and industries. Specific risk management is performed by conducting a detailed analysis of the issuer's financial position and profitability, as well as other factors affecting the equity price, based on the published issuer's reports and mass media information. Equity price deviations and correlations are also a matter of particular focus. Therefore it is possible to calculate the total price risk exposure for all shares in the portfolio only based equity price history.

Currency risk

Currency risk arises when the nominal value of Fund's securities or other instruments differs from the Fund's currency (EUR). Exchange rate fluctuations may result in a gain or loss, depending on the trend of the fluctuations and the Fund's currency position. Currency risk is minimised by the diversification effect, which arises in situations when the Fund has several currencies, and changes in exchange rates of those currencies are not closely interrelated.

Effect of the currency exchange rate changes on the Fund's value is represented in the tables below. Changes in exchange rates are annualised standard deviation of a respective rate.

Effect of currency exchange rate (2014)				Effect of currency exchange rate (2013)			
Currency	Density in Fund (% of net assets)	Exchange rate against EUR	Effect on Fund value	Currency	Density in Fund (% of net assets)	Exchange rate against EUR	Effect on Fund value
EUR	56.61%	0.00%	0.00%	EUR	51.57%	0.00%	0.00%
NOK	10.38%	7.66%	0.80%	NOK	11.83%	8.32%	0.98%
USD	3.19%	6.27%	0.20%	USD	10.74%	7.38%	0.79%
SEK	12.23%	6.21%	0.76%	SEK	10.11%	7.15%	0.72%
DKK	13.91%	0.48%	0.07%	DKK	8.60%	0.41%	0.03%
LTL	0.04%	0.00%	0.00%	LVL	4.85%	1.15%	0.06%
PLN	3.64%	5.34%	0.19%	PLN	2.30%	6.39%	0.15%
Total	100.00%		2.02%	Total	100.00%		2.74%

The table below shows the Fund's assets and liabilities by currency profile as at 31 December 2014:

	EUR	USD	SEK	NOK	Other currencies	Total
Assets						
Demand deposits with credit institutions	47,090	59,435	311	167	2,064	109,067
Financial assets held for trading						
Shares	1,580,653	31,966	350,029	297,250	501,908	2,761,806
Total assets	1,627,743	91,401	350,340	297,417	503,972	2,870,873

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Liabilities						
Accrued expenses	(5,872)	-	-	-	-	(5,872)
Total liabilities	(5,872)	-	-	-	-	(5,872)
Net assets	1,621,871	91,401	350,340	297,417	503,972	2,865,001
<i>% of net assets</i>	<i>56.61%</i>	<i>3.19%</i>	<i>12.23%</i>	<i>10.38%</i>	<i>17.59%</i>	<i>100%</i>

As at 31 December 2014 all other currencies are as follows: DKK – EUR 398,481, LTL – EUR 1,171, PLN – EUR 104,317 and RUB – EUR 3.

The table below shows the Fund's assets and liabilities by currency profile as at 31 December 2013:

	EUR	USD	SEK	NOK	Other currencies	Total
Assets						
Demand deposits with credit institutions	330,750	895	-	4,153	822	336,620
Financial assets held for trading						
Shares	1,398,742	358,293	337,887	391,193	525,985	3,012,100
Total assets	1,729,492	359,188	337,887	395,346	526,807	3,348,720
Liabilities						
Accrued expenses	(5,551)	-	-	-	-	(5,551)
Total liabilities	(5,551)	-	-	-	-	(5,551)
Net assets	1,723,941	359,188	337,887	395,346	526,807	3,343,169
<i>% of net assets</i>	<i>51.57%</i>	<i>10.74%</i>	<i>10.11%</i>	<i>11.83%</i>	<i>15.75%</i>	<i>100%</i>

As at 31 December 2013 all other currencies are as follows: DKK – EUR 287,740, LVL – EUR 162,235 and PLN – EUR 76,832.

Risk concentration

The issuer's industry and geographic position are additional risk factors, which can affect the price of the issuer's securities or the issuer's solvency. Therefore, it is vital to identify concentration risk, i.e. to which extent the Fund's value depends on changes in specific regions or industries. Risk concentration by geographic profile (based on the country most affecting the issuer's solvency) and industry profile is presented in the table below.

The table below shows the Fund's assets and liabilities by geographic profile as at 31 December 2014:

	Latvia	OECD region countries	Other Non - OECD region countries	Total
Assets				
Demand deposits with credit institutions	109,067	-	-	109,067
Financial assets held for trading				
Shares	159,290	2,536,050	66,466	2,761,806
Total assets	268,357	2,536,050	66,466	2,870,873
Liabilities				
Accrued expenses	(5,872)	-	-	(5,872)
Total liabilities	(5,872)	-	-	(5,872)
Net assets	262,485	2,536,050	66,466	2,865,001

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The table below shows the Fund's assets and liabilities by geographic profile as at 31 December 2013:

	Latvia	OECD region countries	Other Non - OECD region countries	Total
Assets				
Demand deposits with credit institutions	336,620	-	-	336,620
Financial assets held for trading				
Shares	162,236	2,446,822	403,042	3,012,100
Total assets	498,856	2,446,822	403,042	3,348,720
Liabilities				
Accrued expenses	(5,551)	-	-	(5,551)
Total liabilities	(5,551)	-	-	(5,551)
Net assets	493,305	2,446,822	403,042	3,343,169

The table below shows the Fund's assets and liabilities by geographic profile as at 31 December 2013 (based on the issuer's country of incorporation):

Country	Carrying amount as at 31.12.2014	Carrying amount as at 31.12.2013	% of Fund's net assets as at 31.12.2014
Germany	1,049,219	1,066,551	36.62%
Denmark	397,592	286,918	13.88%
Sweden	350,029	337,887	12.22%
Norway	297,250	391,193	10.38%
Latvia	262,485	493,305	9.16%
Finland	210,355	122,712	7.34%
Estonia	127,289	164,729	4.44%
Poland	104,316	76,832	3.64%
Lithuania	34,500	44,749	1.20%
Russia	31,966	358,293	1.12%
Total	2,865,001	3,343,169	100.00%

The following table shows the Fund's securities portfolio by industry profile:

Sector	Carrying amount as at 31.12.2014	Carrying amount as at 31.12.2013	% of Fund's net assets 31.12.2014
Logistics	710,028	547,434	24.79%
Consumer services	372,265	481,856	12.99%
Financial services	370,381	264,252	12.94%
Pharmacy	334,181	311,727	11.66%
Raw materials	220,876	246,176	7.71%
Commercial banks	215,587	257,334	7.52%
Raw materials	169,296	179,449	5.91%
Energy resources	110,141	351,774	3.84%
IT services	102,880	157,180	3.59%
Telecommunication services	84,291	148,308	2.94%
Public utilities	71,880	66,610	2.51%
Total	2,761,806	3,012,100	96.40%

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Liquidity risk

Liquidity risk is a risk that the Fund will have difficulties in meeting its financial obligations. The Fund Manager strives to maintain such asset structure which would ensure a possibility of selling securities in due time and with no significant losses.

Investments in the Caspian Sea region market are associated with an increased risk that various assets may have a temporarily illiquid market. This may give rise to a situation that financial instruments or other assets cannot be sold at all or can be sold at a lower value.

Table below shows the Fund's assets and liabilities by maturity profile as at 31 December 2014:

	Within 1 month	1-6 months	No maturity	Total
Assets				
Demand deposits with credit institutions	109,067	-	-	109,067
Financial assets held for trading				
Shares	-	-	2,761,806	2,761,806
Total assets	109,067	-	2,761,806	2,870,873
Liabilities				
Accrued expenses	(5,572)	(300)	-	(5,872)
Total liabilities	(5,572)	(300)	-	(5,872)
Net assets	103,495	(300)	2,761,806	2,865,001
<i>Net position %</i>	3.61%	(-0.01%)	96.40%	100.00%

Table below shows the Fund's assets and liabilities by maturity profile as at 31 December 2013:

	Within 1 month	1-6 months	No maturity	Total
Assets				
Demand deposits with credit institutions	336,620	-	-	336,620
Financial assets held for trading				
Shares	-	-	3,012,100	3,012,100
Total assets	336,620	-	3,012,100	3,348,720
Liabilities				
Accrued expenses	(5,490)	(61)	-	(5,551)
Total liabilities	(5,490)	(61)	-	(5,551)
Net assets	331,130	(61)	3,012,100	3,343,169
<i>Net position %</i>	9.90%	0.00%	90.10%	100.00%

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12. Information on holders of investment certificates

The table below specifies the proportion of investment certificates held by related parties and other individuals out of total investment certificates issued:

	31.12.2014	31.12.2013	% of total certificates as at 31.12.2014
Investment certificates held by related parties	105	19	0.15%
Investment certificates held by other persons	69,662	78,906	99.85%
Issued investment certificates as at the end of the reporting period	69,767	78,925	100.00%

13. Related party transactions

The majority of the Fund's investments are acquired with the mediation of the custodian bank. The Custodian bank receives remuneration as the custodian bank, as disclosed in the statement of comprehensive income (see also Note 5), as well as Citadele banka AS is holding the Fund's resources (see Note 3).

The remuneration paid to the investment management company during the reporting period is disclosed in the statement of comprehensive income (see also Note 5).

During the reporting year the related parties purchased 86 of the Fund's investment certificates (2013: 0). Transactions with the Fund's investment certificates are calculated taking into account only the investment certificates held by those related parties, who have been classified as the Fund's related parties both as of 31 December 2014 and 31 December 2013.

14. Dynamics of net asset value

	31.12.2014	31.12.2013
Fund's net assets (EUR)	2,865,001	3,343,169
Number of Fund's shares	69,767	78,925
Value of Fund's shares	41.07	42.36
Fund's profitability**	(-3.05%)	8.12%
Fund's net assets (EUR)*	2,863,837	3,339,965
Number of Fund's shares	69,767	78,925
Value of Fund's shares	41.05	42.32
Fund's profitability**	(-3.00%)	7.22%

* The net asset value in euro is determined, based on exchange rates fixed at financial markets at the end of each day.

** Profitability is calculated supposing that a year consists of 365 days.

15. Subsequent events

On 30 March 2015 IPAS „CBL Asset Management“ changed the title of its investment fund from „Citadele Baltic Sea Equity Fund“ to „CBL Baltic Sea Equity Fund“.



Independent Auditors' Report

To the shareholders of Investment fund “ CBL Baltic Sea Equity Fund”

Report on the Financial Statements

We have audited the accompanying separate financial statements of Investment fund “CBL Baltic Sea Equity Fund” (“the Fund”), which is managed by the investment management company “CBL Asset Management” (“the Manager”). These financial statements comprise the separate statement of financial position as at 31 December 2014, the separate statements of comprehensive income, changes in net assets and cash flows for the year ended 31 December 2014, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 23.

Management's Responsibility for the Financial Statements

Management of investment managing company is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance 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 our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Fund'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 Fund's internal controls. 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 our opinion.



Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Investment fund "CBL Baltic Sea Equity Fund" as at 31 December 2014 and of its financial performance and its cash flows for the year ended 31 December 2014 in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

In addition, our responsibility is to assess whether the accounting information included in the investment management company's report, as set out on pages 4 to 5, the preparation of which is the responsibility of management, is consistent with the financial statements. Our work with respect to the investment management company's report was limited to the aforementioned scope and did not include a review of any information other than drawn from the financial statements of the Fund. In our opinion, the investment management company's report is consistent with the financial statements.

KPMG Baltics SIA
Licence No 55

Ondrej Fikrle
Partner pp. KPMG Baltics SIA
Riga, Latvia
24 April 2015

Inga Lipšāne
Sworn Auditor
Certificate No. 112

This report is an English translation of the original Latvian. In the event of discrepancies between the two reports, the Latvian version prevails.