



Cross-Sectoral  
Coordination Centre  
Republic of Latvia



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Public Report  
on the State-Owned Enterprises  
and Shares in 2014

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Riga, 2015

Public Report  
on the State-Owned Enterprises  
and Shares in 2014

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# Introduction

The annual public report (hereinafter the annual report) has been drafted by the Cross-Sectoral Coordination Centre (hereinafter the CSCC) pursuant to Paragraph 5 of Part 2 of Section 22 of the Law<sup>1</sup> On Governance of Shares<sup>2</sup> and Enterprises owned by Public Entities<sup>3</sup>. Starting from 1 June 2015, the CSCC is providing coordination and supervision of the corporate governance of state-owned companies (SOEs)<sup>4</sup> and state-owned shares.

Data that have been received from the holders of state-owned shares, national registers, national statistics and the annual reports of state-owned companies are used as a source of information in this annual report.

This annual report, as it has been prepared, clearly shows that SOEs have great importance and influence in the national economy, and they are one of the largest employers in the country. The owners of SOEs are taxpayers, so the State<sup>5</sup> has the responsibility for their active and professional management to ensure as large a financial return as possible and the performance of strategic objectives. The *raison d'être* of SOEs is the public benefit provided by them and their involvement in the economic growth of the country. The goal of the State is increasing the value of assets owned by it and their profitability in the future. This objective can be achieved through various means, including by significantly improving corporate governance, operations management, operational efficiency, by optimising capital structure and by culling the assets that are inessential. Many models in other countries prove that SOEs can operate effectively, bring benefits to their customers and compete successfully in the market, and their operational results may even exceed the operational results of privately-owned companies. Modern and effectively functioning SOEs can make a substantial contribution to the national budget.

Preparation of the annual public reports may be mentioned as one of the means of good governance and transparency of SOEs. In 2015, the annual report regarding the shares and capital companies owned by the state is being prepared for the first time since 2010, when the first such report was developed, and it reflects the existing situation in relation to SOEs and shares owned by the state, as well as the results of operation of SOEs.

The annual report consists of a summary of the financial indicators on use of capital of the State in 2013 and 2014 as well as the sections regarding the investment of SOEs in energy, forest and agriculture, transport, communications, real estate, health care, culture, education and sports and other sectors. This report also provides information on the role of the SOEs in implementing sectoral policy objectives, the most substantial investments in fixed assets and major projects implemented by the SOEs in 2014, as well as information on the projects in the process of implementation and planned ones, their objectives and the expected impact on the future development of the respective SOE. The report provides an assessment of the non-financial goals achieved by SOEs in 2014, and the final part of the report contains the conclusions and proposals for further action to be taken with respect to SOEs.

Overall, this annual report summarises information gathered on 198 SOEs. The report contains information on those SOEs where all shares, or voting shares, are owned by the state, companies which are partly public and partly private, subsidiaries as well as SOEs effectively controlled by the State, where shares or voting shares are owned by the State and another entity (hereinafter SOEs).

SOEs have provided a substantial contribution to the growing economy of Latvia in 2014. The SOEs had a turnover of 3,563.6 million euros and the net profit of those reached 17.1 million euros. The value of profit of SOEs were influenced in 2014 by conditions in the real estate sector and the performance of SOEs of category "Other". The total value of assets continued to grow steadily and it reached 11,084.5 million euros in 2014. Total dividends of SOEs for the previous year paid into the national budget amounted to 109.5 million euros. The total number of those employed in SOEs was 53,763 people.

The annual report on SOEs and shares owned by the state is one of the first steps that the CSCC is preparing in order to develop a transparent view with respect to the governance of SOEs, thereby benefitting taxpayers by facilitating higher returns on the capital invested by the State in the longer term and while also paying out higher dividends.

1 in this report, we use the literal translation of the law called *Publiskas personas kapitāla daļu un kapitālsabiedrību pārvaldības likums*. Note that the name of this law in English has been translated in various ways including, for example, *The Law on Governance of Capital Shares and Capital Companies of Public Persons and the Public Persons Capital Shares and Companies Law*.

2 shares are often translated from Latvian to English as "capital shares" - in this report, the word shares is used in place of the phrase "capital shares". And this should be distinguished from the expression "share capital" which has a different meaning.

3 many translations of Latvian to English render "public entity" as "public person" - in this report, the phrase "public entity" is used in place of "public person"

4 SOEs (state-owned enterprises) are also given other names in translations of Latvian to English including, for example, "state capital companies" and "state-owned capital companies"

5 The State of Latvia or Latvian State is referred to as the "State" with a capital "S" in this report

## Financial summary about the financial indicators of use of State capital

The State is a significant owner of assets in Latvia. The analysed SOEs are operating in many areas. In this annual report, the SOEs have been grouped into nine sectors: energy, forestry, transport, communications, real estate, health care, culture, education and sports as well as others. These groups have been used to analyse trends of the sectors and activities of the SOEs subject to the specific characteristics of the sector.

**Table 1. Financial indicators characterising equity shares invested by the State and the SOEs.**

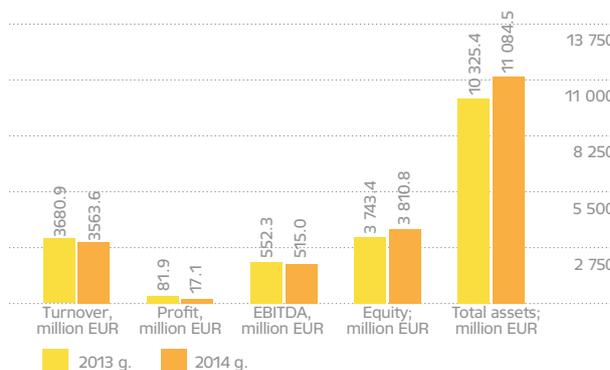
<b>Principal financial indicators</b>		
<b>Principal financial indicators</b>	<b>2013</b>	<b>2014</b>
Turnover, million EUR	3 680.9	3 563.6
Profit / loss; million EUR	81.9	17.1
EBITDA; million EUR	552.3	515.0
EBIT; million EUR	116.2	70.9
Total assets; million EUR	10 325.4	11 084.5
Share capital; million EUR	3 586.8	3 900.0
Equity capital; million EUR	3 743.4	3 810.8
<b>Factors</b>		
Profit and turnover ratio,%	2.2 %	0.5 %
EBITDA and turnover ratio,%	15.0 %	14.5 %
Return on assets; ROA,%	0.8 %	0.2 %
Return on equity, ROE,%	2.2 %	0.4 %
Total liquidity indicator	4.4	6.1
Liabilities-to-equity ratio	3.5	3.8
<b>Other indicators</b>		
Number of employees on average per year	53 587	53 763
Gross remuneration average per employee, in thousands of euros	13.2	13.7
Investment in fixed assets; million EUR	616.7	665.8
Dividends paid into the national budget from the profits of the previous year; million EUR	145.0	109.5
Funding received directly or indirectly from the national budget; million EUR	364.0	553.6

### Role of SOEs in the national economy of Latvia

In terms of value added, the key sectors of national economy in which SOEs are operating are public services, trade and other services as well as transport. Of all SOEs, the largest contribution to the total value added is provided by the transport and forestry sectors as well as by public services.

Almost all Latvian SOEs where the State is a major shareholder are working only in the internal market. The largest SOEs are operating in sectors where there is a monopoly. These SOEs are the major suppliers in the sector and also in many cases they are the only ones. Quite often, they have major cost advantages in comparison with both existing and potential competitors. However, there are several sectors in which the SOEs are operating in an environment with relatively strong competition, for example telecommunications, real estate, financial services and training of agricultural businessmen.

**Figure 1. Main financial indicators characterising the operation of SOEs**

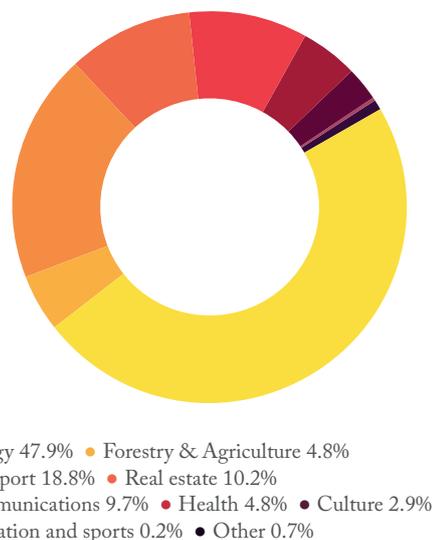


### Total amount of assets of SOEs

The total balance sheet value of SOEs increased in 2014 by 7.4% and on 31 December 2014 it was 11.1 billion euros. This figure only includes the assets listed on the balance sheets of SOEs and it does not include forests (the owner of Latvia's forests is the State as represented by the Ministry of Agriculture, and the value of the country's forests is not reflected in the assets of JSC Latvijas Valsts meži), real estate and roads. The energy sector has the highest proportion (48%) in the assets of SOEs, excluding the financial sector, because, due to the business model, the operation of the financial institutions may be compared to other sectors only according to equity, not assets.

According to the balance sheet value of the assets, the four largest SOEs on 31 December 2014 were Latvenergo Group (3.487 billion euros), JSC Citadele banka (2.855 billion euros), Latvijas dzelzceļš Group<sup>6</sup> (972 million euros) and JSC Attīstības finanšu institūcija<sup>7</sup> (444 million euros).

**Figure 2. Total assets of SOEs by sector in 2014**



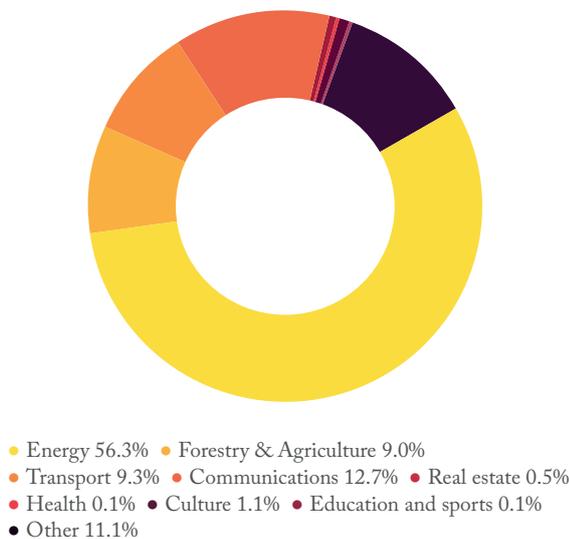
<sup>6</sup> The Latvian Railway

<sup>7</sup> The Finance Development Institution

Equity<sup>8</sup> Capital

The total value of the equity capital of SOEs increased in 2014 by 1.8%, and on 31 December 2014 it reached 3.81 billion euros. The main reason for growth is the contributions made by the State to increase the equity capital of the banks to provide for the capital adequacy ratios. On 31 December 2014, Latvenergo Group was the largest SOE going by the equity balance sheet value – it was 2.02 billion euros, or 53% of the total equity capital of the state-owned enterprises. The energy sector forms 56.3% of the total equity capital of SOEs. In terms of equity capital, the second and third largest SOEs are Latvijas dzelzceļš Group and JSC Latvijas Valsts meži with a proportion of 9.4% and 8.9% respectively in the overall equity capital of SOEs.

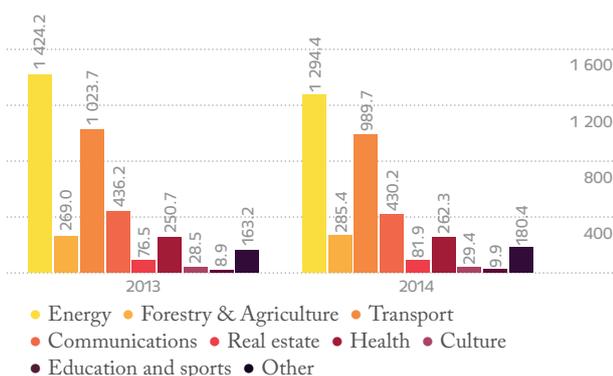
Figure 3. Distribution of equity capital of SOEs by sector in 2014



Turnover

The total turnover of SOEs in Latvia fell by 3.2% from 3,680.5 million euros in 2013 to 3,563.1 million euros in 2014. In terms of turnover, the largest sectors are transport and energy – together they form almost two thirds of the total turnover of SOEs (64.2%). In the transport sector, about 74.5% of turnover is formed by Latvijas dzelzceļš and Air Baltic Corporation. With 1,010.8 million euros, Latvenergo Group was the largest SOE in terms of turnover in 2014 and it formed 28.4% of the total turnover of SOEs.

Figure 4. Net turnover of SOEs, million EUR by sector



EBITDA and EBIT

The total EBITDA of SOEs in 2014 was 515 million euros and the total EBITDA was 14.5%.

In 2014, the greatest contribution to total EBITDA was from Latvenergo Group, the Latttelecom Group and JSC Latvijas Valsts meži as well as Latvijas Mobilais Telefons.

While the scene is different when sectors are compared according to EBIT, this could be a more suitable indicator to compare capital intensive and labour-intensive sectors. In general, the weighted average EBIT profitability of SOEs in 2014 was 2%. The largest EBIT contribution is from the forestry and communications sector, followed by energy.

Return on equity<sup>9</sup>

The total return on equity (ROE) of SOEs in 2014 was 0.4%. The forestry and communications sectors had the highest ROE values.

The lowest ROE values in 2014 were in the real estate and health care sectors. The results from the real estate sector were adversely affected by the financial performance of the restructured companies LLC Hiponia and JSC Reverta for this reporting period.

The highest return on equity indicator in 2014 was in JSC Latvijas Loto – 57.7%. The second highest indicator was in JSC Latvijas Valsts meži – 22.1%.

Although during the past year ROE declined from 19.6% in 2013 to 17% in 2014, the SOE Latvijas Mobilais Telefons (LMT) has one of the highest indicators of profitability.

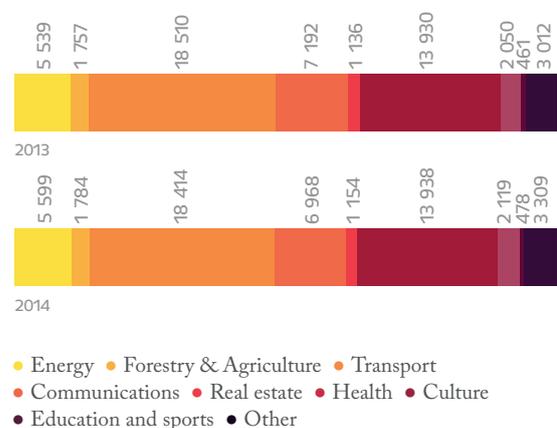
Number of employees

In 2014, around 53.8 thousand people worked in SOEs or 5% of all persons employed in Latvia.

The largest number of employees in the country is in the transport sector (18,414 people), followed by health (13,938 people) and communications (6,968 people) sectors.

The largest SOEs are Latvijas dzelzceļš which employs 12,316 people, Latvijas pasta with 4,189 people, and 4,558 people are working in Latvenergo Group and 4,789 people in JSC Rīgas Austrumu klīniskā universitātes slimnīca. On some other SOEs in the sector designated as “other”, no data about the number of employees was available.

Figure 5. Number of employees in SOEs by sector, average per annum



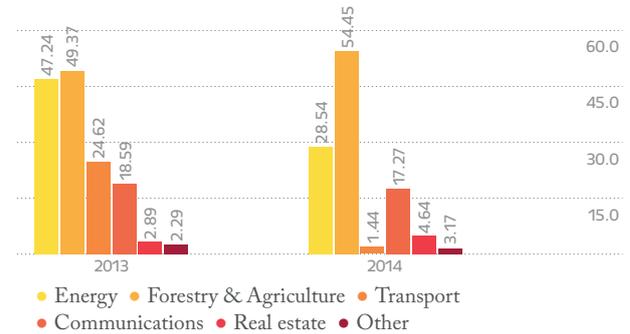
<sup>8</sup> The equity capital is the owner's capital (*pašu kapitāls* in Latvian)

<sup>9</sup> Return on Equity = Net Income/Shareholder's Equity

## Dividends

Although the amount of dividends paid by SOEs in recent years has increased, the analysis performed within this annual report demonstrates that by improving governance and the operational efficiency of the existing SOEs so as to reach the indicators of comparable companies, dividends paid to the State could increase.

**Figure 6. Dividends paid by SOEs for the previous year, million EUR**



## Methodology used in the report

The report lists and analyses most of the state-owned shares in the SOEs and it is intended as a first step toward effective management of state-owned assets. To ensure continuity, the annual report and analysis should be prepared each year, measures should be taken to improve the performance indicators of SOEs, including the financial indicators, the field of corporate governance must be improved as well. This report analyses the financial data of SOEs from 2013–2014.

### Analysis of SOEs

The Annex to the annual report includes various enterprises: SOEs, their dependent companies, Public-Private SOEs, subsidiaries and SOEs effectively controlled by the State, as well as private SOEs where the State has no controlling power; besides, there are many SOEs that serve the public and objectives which are social rather than financial. This circumstance makes financial analysis more complicated because the evaluation techniques and methods are intended for the assessment of commercial companies, and are not so well suited to analysing the benefits for the general public. Analysing would be made easier by a clear state ownership policy that would separate the commercial assets from non-commercial ones and would define the financial and non-financial goals of all SOEs.

The financial indicator summary tables in this annual report have displayed and analysed those SOEs where the State owns, directly or indirectly, more than 50% of the equity shares. The state-owned minority shares in enterprises are reflected in the assessment section only. The Annex includes a full list of SOEs and the proportion of state-owned shares in them. The analysis did not cover individual enterprises with a very small proportion of state-owned shares, except in cases when the enterprise had an important role in the development of the national economy,

such as LLC<sup>10</sup> Rigas Siltums, LLC Latvijas Mobilais Telefons, LLC Biroju centrs Ezerparks. The report only took into account dividends for the previous reporting year which were actually received in the national budget.

### Data collection methodology

The financial information provided in this annual report has not been additionally audited and it has been received from the representatives of the shareholders, from annual reports audited by sworn auditors<sup>11</sup> and published by the SOEs and from other publicly available data and registers. Data required for the report were not available regarding several SOEs categorised as *Other* (these are SOEs in which the State holds less than 20% of the shares).

Financial reports of the SOEs have been prepared by using different standards: some have been prepared according to international financial reporting standards (IFRS), others according to the Latvian legislation that applies to accounting. In general, Latvian legislation is in conformity with the IFRS; however, there are some disparities that could also affect the assessment of assets and liabilities. Latvian legislation, for example, is not so strict with respect to the disclosure of financial information.

Where the consolidated financial reports for all SOEs were not available in terms of the IFRS, then summarised financial data have been used. Mutual transactions between the SOEs were not excluded from the calculations because the justification required for that is not available in the financial reports. The SOEs may have used different accounting principles, for example, fixed assets have been counted both in the acquisition price and the results of re-valuation, investment in property – both by the purchase price and the true value. Determining loss in relation to the loss of value of long-term assets, savings policy, etc. varies as well.

<sup>10</sup> Limited Liability Company

<sup>11</sup> This is the commonly used phrase used in Latvia to describe certified public accountants



# Energy

## Energy

In this report, the energy sector has been divided into two large groups: electricity and the centralised supply of heating. The energy sector makes up approximately 3% of the GDP in Latvia. Latvia's energy policy is focused on enhancing the security of energy supply by reducing the country's dependence on external supplies, by diversifying their supply routes and sources as well as by strengthening the security of the power supply networks and systems.

Operation of the sector is governed by the Energy Law, the Electricity Market Law, the Subsidised Electricity Tax Law and the Law On Regulators of Public Utilities.

Development of the energy sector is closely linked to the liberalisation of the market, which has demanded significant changes in SOEs of the energy sector and investment in the operation of the SOE. Liberalisation of the electricity market was completed in 2014, and, as of 1 January 2015, the market has been fully open to free competition. Complete liberalisation of the natural gas market is scheduled by April 2017 by separating the transmission and storage system operator from the activities related to natural gas distribution or trade, as well as by providing the opportunity for all natural gas users to freely choose the company selling them natural gas. Gradual opening of the market is planned for households by maintaining the right to receive natural gas at the rates set forth by the regulator.

Along with connecting the Latvian electricity market to the market of the Nordic region, cross-border trade has been facilitated and competition has been introduced into the electricity market. The electricity exchange *Nord Pool Spot* has been operating in Latvia since 2013, thus increasing Latvian electricity market liquidity as well as providing for the setting of electricity prices in a transparent manner. It is expected that the new electricity transmission interconnections with the Nordic countries and increasing capacity of the existing interconnections will strengthen energy security and will result in reduced prices for electricity. In this manner, competition in the Baltic market will continue to grow.

**Table 3. Main financial indicators of the energy sector**

Main financial indicators, EUR '000		
Overall indicators of the sector	2013	2014
Turnover	1 424 241.2	1 294 355.7
Profit/loss	56 184.0	33 540.2
EBITDA	272 650.0	254 708.8
EBIT	72 656.9	53 573.4
Total assets	3 785 953.1	3 730 011.0
Share capital	1 360 670.8	1 361 105.8
Equity	2 150 297.5	2 145 649.0
<b>Factors</b>		
Profit and turnover ratio,%	3.9 %	2.6 %
EBITDA and turnover ratio,%	19.1 %	19.7 %
Return on assets; ROA,%	1.5 %	0.9 %
Return on equity; ROE,%	2.6 %	1.6 %
Total liquidity indicator	1.7	2.3
Liabilities to equity ratio	1.4	2.7
<b>Other indicators</b>		
Number of employees on average per year	5 539	5 599
Gross remuneration, average per employee	19.0	18.6
Investment in fixed assets	245 043.7	192 312.5
Dividends from the profits of the previous year paid into the national budget	47 239.8	28 540.4
Funding directly or indirectly received from the national budget	0.0	29 265.1

**Table 2. State-owned equity shares and existing SOEs in the energy sector**

State-owned equity shares in the energy sector in 2014						
Name of the SOE	Field of operation	Turnover, 2014, EUR '000	Profit/loss, 2014, EUR '000	Total assets, 31.12.2014, EUR '000	Number of employees	Capital share proportion
JSC Latvenergo concern	Electricity and thermal energy production, transmission, distribution and trade in Latvia, trade in electricity, IT and telecommunications services	1 010 757.0	29 790.0	3 486 576.0	4 558	100 %
JSC Rīgas siltums	Thermal energy production, transmission and supply in Riga; technical maintenance of heat supply systems	173 096.0	2 751.9	165 943.0	970	48.99 %; 0.005 % JSC Latvenergo
JSC Augstsprieguma tīkls	The independent electricity transmission system operator of the Republic of Latvia	110 502.8	998.3	77 492.0	71	100 %

## Electricity

The key elements of the Latvian electricity market are electricity generation, transmission, distribution and trade. The total turnover of electricity generation, distribution, transmission and trade in 2014, compared to 2013, fell by 0.3% and it was 1,109 million euros.<sup>12</sup>

### Electricity generation

The Latvian electricity market is supplied by the local electricity generation SOEs and by electricity imported from other countries. While there are 209 electricity producers currently registered in Latvia, only 77 of which are active in producing electricity.

Of the total volume of electricity delivered to end users in 2014, 64% of the electricity was produced from renewable energy resources; the biggest share was held by hydro energy (50%) and wind energy (7%), while 27% of the total electricity volume was produced from fossil fuels (natural gas).

The largest electricity producer is JSC Latvenergo with a capacity of 2,569 MWh. Most of the electricity consumed is produced in power plants: Riga TEC-1, Riga TEC-2 and the hydro power plant on the Daugava, which is the largest source of generation in the Baltic States. In 2014, the electricity wholesale market transactions took place through the *Nord Pool Spot* exchange; the remaining electricity is delivered to the market directly from the producer to the consumer, where the market players agree on the price.

### Electricity trade

The Latvenergo Group successfully maintained the position of electricity sales leader in the Baltics in 2014. The market share of the Latvenergo Group accounted for 35% of the total Baltic electricity market.

The volume of electricity sold by the Latvenergo Group in the Baltic States in 2014, compared to the previous year, increased by 9% and amounted to 8,688 GWh. The volume of electricity sold by the Latvenergo Group in Latvia was 5,636 GWh (market share 80%), in Lithuania – 1,739 GWh (18%) and in Estonia – 1,314 GWh (17%). The amount of electricity sold outside Latvia formed more than one third of the total amount of electricity sold and reached 3,053 GWh. Of the total retail sales, volume of electricity in 2014, the Latvenergo Group sold the largest portion, or almost 80%, in an open electricity market, and about 20% at the regulated electricity rate in Latvia.

Overall, at the end of 2014 the Latvenergo Group was selling electricity to approximately 876.2 thousand customers, of which 841.8 thousand customers were in Latvia, 4.6 thousand customers in Lithuania and 29.8 thousand customers in Estonia. The largest number of customers, or more than 96%, was in the household segment, less than one percent were customers of the industrial segment and approximately three percent were other clients (trade, governmental and local government institutions, etc.).

### Electricity transmission

JSC Augstsprieguma tīkls is managing the transmission network that is receiving electricity from the hydro power plants and thermal power plants of Latvia as well as from Lithuania, Estonia and Russia, and is transferring it further to the SOEs of the distribution network. It is servicing all 330 kV and 110 kV

power lines in the territory of Latvia, providing for the operation, maintenance and repair of equipment installed in the substations and distribution points.

In 2014, the total length of the electricity transmission networks in Latvia reached 1,381 km for 330 kV voltage lines and 3,891 km for 110 kV voltage lines.

### Electricity distribution

To ensure the supply of electricity to user objects, of which there are more than one million in Latvia, the provision of quality distribution system services plays a major role. The functions of the distribution system operator in Latvia are performed by 11 SOEs, the largest of which is JSC Sadales tīkls, a SOE of the Latvenergo Group. It provides for electricity supply to more than 99% of electricity users in the country and the connection of power equipment of new electricity users to the electricity network, and it is also performing monitoring of the use of electricity, accounting of electricity consumption and activities to reduce losses in the distribution network.

The total length of the electricity distribution network in Latvia in 2014 reached 94,609 km. About one third (35,648 km) of the distribution system is constituted by the medium-voltage 6–20 kV network and about two thirds, 58,961 km, by the low voltage 0.4 kV network. The supply of electrical installations for users connected to the electricity network is provided for by 26,764 transformer substations (6-20/ 0.4 kV).

**Table 4. Main financial indicators of the Latvenergo Group**

<b>Main financial indicators, EUR '000</b>		
<b>Overall indicators of the group</b>	<b>2013</b>	<b>2014</b>
Turnover	1 099 893	1 010 757
Profit/loss	46 149	29 790
EBITDA	248 694	236 838
EBIT	61 091	49 243
Total assets	3 575 358	3 486 576
Share capital	1 288 011	1 288 446
Equity	2 021 714	2 020 801
<b>Factors</b>		
Profit and turnover ratio,%	4.2 %	2.9 %
EBITDA and turnover ratio,%	22.6 %	23.4%
Return on assets; ROA,%	1.3 %	0.9 %
Return on equity; ROE,%	2.3 %	1.5 %
Total liquidity indicator	1.6	1.3
Liabilities to equity ratio	0.8	0.7
<b>Other indicators</b>		
Number of employees on average per year	4 504	4 558
Gross remuneration, average per employee	15.7	16.1
Investment in fixed assets	224 868	177 607
Dividends from the profits of the previous year paid into the national budget	40 619	23 605
Funding directly or indirectly received from the national budget	0	29 264.5

<sup>12</sup> See the Report of the Public Utilities Commission for 2014, page 24

## Heat supply

The supply of heat to consumers in Latvia is provided for by using centralised heat supply systems, local heat supply and individual heat supply. Most of the thermal energy produced in the centralised heat supply systems is produced in Riga, 90% of which is produced in a highly efficient cogeneration process.

In the structure of centralised heat supply consumers in 2014, central heating accounted for 65 – 70% and the hot water supply for 30–35%. Out of the total final consumption of centralised thermal energy of 2014, 69.5% was sold to households, 25.0% to services, 4.2% to industry and construction and 1.3% to agriculture. The distribution of final consumption of centralised thermal energy by region was as follows: Riga Region – 54.9%, Pieriga region – 11.7%, Vidzeme – 6.5%, Kurzeme – 9.8%, Zemgale – 7.6% and Latgale – 9.5%, all of which was produced in 631 boiler houses and 175 cogeneration plants.

The heat capacity of heat generating equipment installed in the plants of the Latvenergo Group amounted to 1,844 MWh in 2014. JSC Latvenergo owns two large thermal power stations that are operating in cogeneration mode: Riga TEC-1 and Riga TEC-2. In 2014, thermal energy output in Riga TEC reached 2,236 GWh, which corresponds to 90% of the total thermal energy produced by the Latvenergo Group, thus providing for 70% of the heat required for Riga City. The remaining amount of thermal energy is in heat sources belonging to JSC Rīgas siltums: five heating plants as well as several dozen small and medium boiler houses. JSC Rīgas siltums is performing thermal energy production, transmission and trade as well as providing for technical maintenance of internal heat supply systems in the buildings of thermal energy users. JSC Rīgas siltums transmits and distributes 76% of all thermal energy required for Riga.

**Table 5. Main financial indicators of JSC Rīgas siltums**

<b>Main financial indicators, EUR '000</b>		
<b>Overall indicators of the SOE</b>	<b>2013</b>	<b>2014</b>
Turnover	217 281.2	173 096.0
Profit/loss	7 273.1	2 751.9
EBITDA	20 688.4	16 551.9
EBIT	8 331.8	3 055.6
Total assets	167 169.4	165 943.0
Share capital	66 968.3	66 968.3
Equity	117 904.7	115 656.6
<b>Factors</b>		
Profit and turnover ratio,%	3.3 %	1.6 %
EBITDA and turnover ratio,%	9.5 %	9.6 %
Return on assets; ROA,%	4.4 %	1.7 %
Return on equity; ROE,%	6.2 %	2.4 %
Total liquidity indicator	0.9	1.0
Liabilities to equity ratio	0.4	0.4
<b>Other indicators</b>		
Number of employees on average per year	973	970
Gross remuneration, average per employee	15.1	16.2
Investment in fixed assets	19 986.4	12 837.6
Dividends from the profits of the previous year paid into the national budget	0.0	2 449.7
Funding directly or indirectly received from the national budget	0.0	0.0

## Joint Stock Company Augstsprieguma tīkls

Joint Stock Company Augstsprieguma tīkls is the independent transmission system operator of the Republic of Latvia that provides transmission system services and ensures balancing and stability in the transmission system. The electricity transmission system includes interconnected networks and facilities, including transnational connections, the voltage of which is 110 kilovolts (kV) and higher and which are used for the transmission of electricity from the electricity producers to the respective distribution system or users.

Pursuant to the issued licence No. E12001 and Part One of Section 11 of the Electricity Market Law, Augstsprieguma tīkls is the only transmission system operator in Latvia and the area of operation of its licence is the entire territory of Latvia. Considering the operational results of Augstsprieguma tīkls, the profit share payable to the state for using capital of the state was 2,485,701 euros.

**Table 6. Main financial indicators of JSC Augstsprieguma tīkls**

<b>Main financial indicators, EUR '000</b>		
<b>Overall indicators of the SOE</b>	<b>2013</b>	<b>2014</b>
Turnover	107 067.1	110 502.8
Profit/loss	2 761.9	998.3
EBITDA	3 267.6	1 318.8
EBIT	3 234.2	1 274.7
Total assets	43 425.7	77 492.0
Share capital	5 691.5	5 691.5
Equity	10 678.9	9 191.5
<b>Factors</b>		
Profit and turnover ratio,%	2.6 %	0.9 %
EBITDA and turnover ratio,%	3.1 %	1.2 %
Return on assets; ROA,%	6.4 %	1.3 %
Return on equity; ROE,%	25.9 %	10.9 %
Total liquidity indicator	2.7	4.5
Liabilities to equity ratio	3.0	7.0
<b>Other indicators</b>		
Number of employees on average per year	62	71
Gross remuneration, average per employee	26.0	23.6
Investment in fixed assets	189.2	1 867.9
Dividends paid to the national budget	6 620.8	2 485.7
Funding directly or indirectly received from the national budget	0.0	0.6

The image is a full-page background with a green tint. It depicts a landscape of rolling hills and a field. In the foreground, there is a field of low-lying vegetation, possibly a pasture or a field of young plants. The middle ground shows rolling hills with a distinct horizontal line, possibly a road or a change in terrain. The background consists of more rolling hills under a clear sky. The overall color palette is various shades of green, from light to dark.

# Forestry and agriculture

## Forestry

Forest with the land that it grows on is one of the main natural resources in Latvia that creates an environment for promoting employment and welfare of the population as well as providing for the conservation of biological diversity so characteristic to Latvia.

In Latvia, forests occupy 3.383 million hectares and cover 52% of the territory of the country, of which about half of the forests are owned by the state.

Forests and forest lands are strategically important resources because the companies of the forestry sector in rural areas are those that often provide for jobs and income of residents. Over 54 thousand people are directly employed in the sector, while in the timber industry about 80% of jobs are located in Latvia's regions. The forest sector accounts for five percent in the gross domestic product.

Latvian forests are of great ecological value and they are also an important resource for the local wood processing industry and the export product.

Latvian wood processing sector is based on local resources, part of which is exported as raw materials. So, in future the potential of the forestry sector allows the further increasing of its contribution to the national economy by providing for the supply of timber evenly and in an increasing amount.

The task of the forest policy defined in the Forest Law and the Forest and Related Sector Development Guidelines for 2015–2020 is to ensure sustainable forest land management and to balance the economic, social and environmental objectives.

**Table 8. Financial indicators of the forestry sector**

<b>Main financial indicators, EUR '000</b>		
<b>Overall indicators of the sector</b>	<b>2013</b>	<b>2014</b>
Turnover	261 165.9	277 382.4
Profit/loss	60 414.4	75 555.5
EBITDA	96 332.5	116 167.9
EBIT	72 330.0	89 756.2
Total assets	350 009.1	368 230.4
Share capital	259 412.4	265 462.1
Equity	319 033.0	340 141.2
<b>Factors</b>		
Profit and turnover ratio,%	23.1 %	27.2 %
EBITDA and turnover ratio,%	36.9 %	41.9 %
Return on assets; ROA,%	17.3 %	20.5 %
Return on equity; ROE,%	18.9 %	22.2 %
Total liquidity indicator	3.6	4.6
Liabilities to equity ratio	0.6	0.4
<b>Other indicators</b>		
Number of employees on average per year	1 282	1 300
Gross remuneration, average per employee	14.5	14.8
Investment in fixed assets	40 543.4	31 264.0
Dividends from the profits of the previous year paid into the national budget	49 366.4	54 447.3
Funding directly or indirectly received from the national budget	0.0	0.0

**Table 7. State-owned equity shares and existing SOEs in the forestry sector**

<b>State-owned equity shares in the forestry sector in 2014</b>						
<b>Name of the SOE</b>	<b>Field of operation</b>	<b>Turnover, 2014, EUR '000</b>	<b>Profit/loss, 2014, EUR '000</b>	<b>Total assets, 31.12.2014, EUR '000</b>	<b>Number of employees</b>	<b>Capital share proportion</b>
JSC Latvijas Valsts meži	Forestry	275 717.1	75 453.8	367 097.7	1 272	100 %
LLC Meža un koksnes produktu pētniecības un attīstības institūts	Product research, development and testing services	1 665.2	101.7	1 132.6	28	40.22% SJSC Latvijas Valsts meži

## JSC Latvijas Valsts meži

The state has assigned the JSC Latvijas Valsts meži (hereinafter LVM) to manage and operate 1.63 million hectares of land in the Republic of Latvia, including 1.60 million hectares of forest land, of which 1.41 million hectares is forest.

The task of LVM is to promote national interests in forest management by ensuring the conservation and enhancement of the value of the forest as well as to gain the maximum possible revenue from forest management.

The core activity of LVM is forestry. At the same time, this SOE is also involved in hunting and recreation services, obtaining seeds and planting material for quality reforestation, and making available sand, gravel and peat for the market.

The main product of the SOE is timber.

The purpose of activity of LVM is to provide for sustainable management of the state-owned forest. Upon balancing the different public interests, LVM is planning such forest management that provides for maximum value added and new job opportunities currently and in the future. The strategic environmental objectives of LVM are as follows: saving natural diversity; building a careful attitude of society to the forest environment; reducing the impact of economic activity on the environment; increasing the contribution of forests managed by LVM for minimising global climate change. The strategic economic objectives are as follows: providing for a stable profit and positive cash flow from economic activities; increasing the value of assets of this state-owned enterprise and stands of trees managed by it; increasing customer service quality; becoming a stable and reliable partner for its customers, suppliers and service providers; increasing the efficiency of business processes and enhancing the efficiency of service providers; promoting and developing the production of timber products with high value added, as well as high end services and knowledge.

This SOE is managing about half of the total forest area of Latvia. Upon developing the functional zoning of the territory of LVM, 5% of the managed areas have been designated as recreation areas, the main objective of managing of which is recreation and environmental research. More than 75 thousand hectares of all of the land area of LVM have been designated for recreation. There are more than 400 recreational sites, 59 places which have been designated for sightseeing and as tourist attractions, 41 nature trails of 70 km in length developed in the state-owned forests of Latvia, including 8 boardwalk trails through marshland (Vasenieku Marsh Trail, Tirumnieku Marsh Trail, Dunikas Marsh Trail, Niedrāju-Pilkas Marsh Trail, Čužu Marsh Trail, Planču Marsh Trail, a trail in the marsh around Purezers and Lake Bezdiņeņa), and 8 viewing towers, which are available to any visitor free-of-charge.

LVM owns a subsidiary that is an SOE: (100%) LLC Jaunmoku pils, which provides tourist and business services, as well as 40.22% of the shares in LLC Meža un kokneses produktu pētniecības un attīstības institūts and 31 shares in JSC Latvijas Finieris.

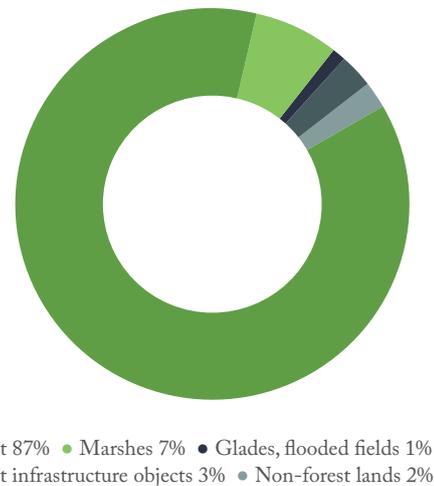
## Results of activities and performance indicators of LVM

In accordance with the LVM strategy approved in 2010, 0.32 million hectares, or 20% of all land in the possession of LVM, are managed as nature conservation areas, including 0.23 million hectares of those are forest areas. Economic activity with the goal of producing high-quality timber is planned in 1.17 million hectares of forest, of which 0.18 million hectares are managed in compliance with the additional conditions concerning environmental protection, recreation and environmental research.

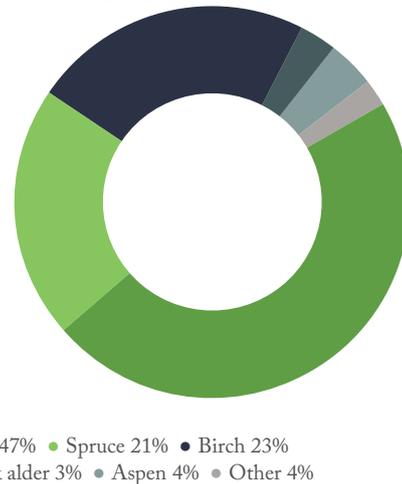
The territory managed by LVM is mostly, or by 87%, occupied by forest, 7% of the areas managed are marshes, 3% is land under forest infrastructure objects. Non-forest land occupies a relatively small part or 1.9% of the possessed territories.

More than half of the forest area managed by LVM is coniferous: 47% are pine stands and 21% are spruce stands. The rest of the forest has deciduous trees, of which birch (23%) are the most common.

**Figure 7. Distribution of forest area managed by LVM**  
Distribution of forest areas



## Main species managed by LVM



**Table 9. Current figures and facts of LVM operations**

Topicalities	Measuring unit	Figures, 2014
Round timber assortment sales	million m <sup>3</sup>	4.83
Growing tree sales	million m <sup>3</sup>	0.84
Fuel woodchip sales	million loose m <sup>3</sup>	0.31
Fuel woodchip sales	million MWh	0.27
Forest restoration	thousand ha	18.7
including artificial restoration	thousand ha	8.9
Forest (coppice) care	thousand ha	39.9
Land registration in the Land Register	thousand ha	94.6
Forest road construction	km	297

\*Source: [www.lvm.lv](http://www.lvm.lv)

**Table 10. Financial indicators of SJSC Latvijas Valsts meži**

<b>Main financial indicators, EUR '000</b>		
<b>Overall indicators of the SOE</b>	<b>2013</b>	<b>2014</b>
Turnover	259 894.4	275 717.1
Profit/loss	60 497.0	75 453.8
EBITDA	96 170.5	115 850.6
EBIT	72 256.0	89 645.7
Total assets	348 860.1	367 097.7
Share capital	258 002.7	264 052.4
Equity capital	318 499.7	339 506.2
<b>Factors</b>		
Profit and turnover ratio,%	23.3 %	27.4 %
EBITDA and turnover ratio,%	37.0 %	42.0 %
Return on assets; ROA,%	17.3 %	20.6 %
Return on equity; ROE,%	19.0 %	22.2 %
Total liquidity indicator	5.6	6.9
Liabilities to equity ratio	0.0	0.0
<b>Other indicators</b>		
Number of employees on average per year	1 257	1 272
Gross remuneration, average per employee	16.8	18.0
Investment in fixed assets	40 021.7	31 255.5
Dividends from the profits of the previous year paid into the national budget	49 366.4	54 447.3
Funding directly or indirectly received from the national budget	0.0	0.0

LLC Meža un koksnes produktu pētniecības un attīstības institūts

LLC Meža un koksnes produktu pētniecības un attīstības institūts (MeKA) was founded in December 2004.

The purpose of MeKA is to combine the efforts of higher education institutions and businesses of the sector to increase competitiveness of the forestry sector in the Baltics.

## Agriculture

The involvement of the State in the sector of agriculture and research is rather small. The State owns LLC Latvijas Lauku konsultāciju un izglītības centrs and SLLC Meliorprojekts. Most of the turnover of this sector (94%) is provided by LLC Latvijas Lauku konsultāciju un izglītības centrs.

### LLC Latvijas Lauku konsultāciju un izglītības centrs

LLC Latvijas Lauku konsultāciju un izglītības centrs (hereinafter LLKC) has been operating since 1991. The share capital of this SOE is 844,326 euros and the Ministry of Agriculture is a holder of 99.08% of the shares; the rest of the share capital in the amount of 0.92% belongs to the non-governmental organisation Latvijas Zemnieku federācija.

LLKC provides accounting, attraction of funding and educational services for a charge as well as advice on agricultural and forestry sectors to rural businesses. In the area of public-funded services, every year LLKC enters into an agreement with the Ministry of Agriculture regarding the performance of certain functions. The agreements set forth a specific amount of free seminars and training, organising trips for exchange of experience, summarising statistical data on farms, rural business promotion events and other activities.

The mission of LLKC is to ensure the operation and coordination of the rural advisory and information exchange system.

The recipients of LLKC services are small and medium agricultural companies, owners of forestry, fishery and other companies of rural business areas and their employees, representatives of public organisations of farmers, local action groups, members of cooperatives, home producers and residents of rural areas.

### SLLC Meliorprojekts

State Limited Liability Company Meliorprojekts was founded in 1956. The SOE is collecting and storing the technical documentation of the original construction project and engineering research documents regarding Latvian land reclamation systems and hydro-technical structures and is providing for its availability to the administration of the sector, construction designing and land reclamation cadastre.

SLLC Meliorprojekts deals with land reclamation and cultural and technical work, small HPP and watermill renovation, designing of fish ponds, water bodies and hydro-technical structures as well as construction site surveying and surveying and delineating the land borders on the ground. It is also performing hydrological calculations and preparing the water body use regulations.

The goal of SLLC Meliorprojekts is to ensure the implementation of the policy of the Ministry of Agriculture in the areas of rural development, land and water resource sustainable management and rural infrastructure, landscape conservation and environmental improvements, and to provide engineering research and construction designing services for economically justifiable and reasonable prices, and to ensure control of the state corresponding to the public interest over the implementation of nationally important functions in a specific sector of the national economy – in construction of land-reclamation systems.

The recipients of services of SLLC Meliorprojekts are governmental and local government institutions, farms, forestries, SOEs and individuals.

**Table 12. Financial indicators of the agricultural sector**

<b>Main financial indicators, EUR '000</b>		
<b>Overall indicators of the sector</b>	<b>2013</b>	<b>2014</b>
Turnover	7 801.2	8 003.4
Profit/loss	279.3	15.6
EBITDA	572.9	290.2
EBIT	332.1	58.8
Total assets	3 757.3	4 844.9
Share capital	960.0	960.0
Equity capital	1 333.7	1 344.3
<b>Factors</b>		
Profit and turnover ratio,%	3.6 %	0.2 %
EBITDA and turnover ratio,%	7.3 %	3.6 %
Return on assets; ROA,%	7.4 %	0.3 %
Return on equity; ROE,%	20.9 %	1.2 %
Total liquidity indicator	1.8	1.4
Liabilities to equity ratio	0.9	1.4
<b>Other indicators</b>		
Number of employees on average per year	475	484
Gross remuneration, average per employee	8.1	8.7
Investment in fixed assets	230.2	151.5
Dividends from the profits of the previous year paid into the national budget	7.2	5.2
Funding directly or indirectly received from the national budget	149.9	315.2

**Table 11. State-owned equity shares and existing SOEs in the agricultural sector**

<b>State-owned equity shares in the agricultural sector in 2014</b>						
<b>Name of the SOE</b>	<b>Field of operation</b>	<b>Turnover, 2014, EUR '000</b>	<b>Profit/loss, 2014, EUR '000</b>	<b>Total assets, 31.12.2014, EUR '000</b>	<b>Number of employees</b>	<b>Capital share proportion</b>
LLC Latvijas Lauku konsultāciju un izglītības centrs	Professional further education of specialists of the sector and residents, and consulting	7 544.6	9.9	4 573.1	454	99.08 %
SLLC Meliorprojekts	Drainage system design; engineering research and construction design services in hydro-drainage construction	458.8	5.7	271.7	30	100 %



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# Transport and logistics

## Transport and logistics

The transport and logistics sector is vital to ensuring the economic growth of Latvia, taking into account that in 2014 the contribution of the transport and logistics sector accounted for 10% of the GDP and it employs 9% of the working population<sup>13</sup>. SJSC Starptautiskā lidosta "Rīga" is implementing the most ambitious infrastructure project in the history of the airport by performing construction works for a total amount of 81.5 million euros; in addition, phase 1 of stage 5 of the passenger terminal expansion was completed in September 2015 and further expansion of the terminal is planned by constructing aircraft docks, luggage handling premises and other activities, while simultaneously providing for a connection to a *RailBaltica* railway station in the territory of the airport.

While there is a 133.65 million euros worth Krievu Sala infrastructure development project completed in the port of Riga, which is by far the most ambitious port infrastructure project implemented in Latvia. The main goal of the Krievu Sala project is to move the handling of bulk cargo from the city centre to the opposite bank of the Daugava by constructing four bulk cargo handling berths with a total length of 1,180 metres with a depth at the piers of 15.5 metres. A road and railway access and connections from the engineering networks of public utilities to the port territory have been constructed. The total capacity of the project is 20 million tonnes of bulk cargo per annum with the prospect of receiving vessels with a draft of up to 17 metres.

In December 2014, SJSC Latvijas dzelzceļš completed so far the largest railway infrastructure construction project, the construction of the second track in the section Skrīveri-Krustpils, allowing a significant increase in train passing capacity, speed and security in the direction from Krustpils to Riga. There were 56 km of track with relevant utilities and systems constructed within the project by investing a total of 107.4 million euros.

<sup>13</sup> Source: FMPProg\_111114\_DP; Operational programme "Growth and Employment"

**Table 14. Financial indicators of the transport sector**

Main financial indicators, EUR '000		
Overall indicators of the sector	2013	2014
Turnover	1 023 660.2	989 675.8
Profit/loss	9 104.5	14 729.9
EBITDA	103 713.3	120 161.4
EBIT	1 344.7	15 150.5
Total assets	1 283 723.7	1 462 713.0
Share capital	300 662.8	394 513.8
Equity	340 027.7	353 434.2
Factors		
Profit and turnover ratio,%	0.9 %	1.5 %
EBITDA and turnover ratio,%	10.1 %	12.1 %
Return on assets; ROA,%	0.7 %	1.0 %
Return on equity; ROE,%	2.7 %	4.2 %
Total liquidity indicator	2.4	5.1
Liabilities to equity ratio	0.5	0.6
Other indicators		
Number of employees on average per annum	18 510	18 414
Gross remuneration average per employee	19.4	18.1
Investment in fixed assets	195 397.0	252 951.3
Dividends paid into the national budget from the profit of the previous year	24 618.2	1 436.6
Funding directly or indirectly received from the national budget	87 187.0	208 660.9

**Table 13. State-owned equity shares and existing SOEs in the transport sector**

State-owned equity shares in the transport sector in 2014						
Name of the SOE	Field of activity	Turnover, 2014, EUR '000	Profit/loss, 2014, EUR '000	Total assets, 31.12.2014, EUR '000	Number of employees	Proportion of capital shares
SJSC Latvijas dzelzceļš (concern)	Rail transport and infrastructure, real estate management, electricity transmission and IT	440 898.0	1 161.0	972 032.0	12 316	100 %
JSC Air Baltic Corporation	Passenger and freight transportation by air	296 157.3	10 668.0	121 671.2	1 053	99.80 %
SJSC Latvijas autoceļu uzturētājs	Road network maintenance	63 843.3	1 540.2	62 967.4	1 368	100 %
JSC Pasažieru vilciens	Domestic passenger transportation by rail	61 731.7	-1 087.5	37 073.0	965	100 %
SJSC Starptautiskā lidosta "Rīga"	Servicing planes, passengers and freight in the airport terminal and airfield maintenance	44 885.5	134.7	185 610.2	1 162	100 %
SJSC Ceļu satiksmes drošības direkcija	Vehicle registration and technical inspection, drivers' training and other services	37 284.7	1 333.7	38 795.8	610	100 %
SJSC Latvijas gaisa satiksme	Aviation navigation services	24 631.3	215.1	30 169.7	363	100 %
SJSC Latvijas Valsts ceļi	National road administration	12 132.2	43.6	5 569.7	334	100 %
SJSC Latvijas Jūras administrācija	Maritime transportation	4 321.3	39.1	4 625.6	149	100 %
SLLC Autotransporta direkcija	Road transport carrier licensing and supervision	3 790.6	684.8	3 520.0	92	100 %
LLC Eiropas dzelzceļa līnijas	European track gauge infrastructure implementation and management in Latvia	0.0	-2.7	678.4	2	100 %

## Road traffic sub-sector. Roads

### SJSC Latvijas autoceļu uzturētājs

SJSC Latvijas autoceļu uzturētājs (hereinafter LAU) is dealing, throughout the country, with the maintenance, construction and repair of national and local government roads and engineering constructions and communications associated with them, as well as the production of construction materials: dolomite chips, crushed gravel and prepared sand.

A Delegation Agreement with the Ministry of Transport has been entered into on 18 December 2013, which provides that as of 1 January 2014 the Ministry of Transport shall delegate to LAU a public administration task – the planning and performance of integrated daily maintenance works on national roads. The agreement has been entered into for the next seven years, until 31 December 2020.

The daily national road maintenance services are funded from the principal national budget programme 23.00.00 “National Road Fund” sub-programme 23.06.00 “Management, maintenance and renewal of national roads”, according to the amount of funds granted for the current year.

During the report period, the structure of revenue from economic activity is as follows: 82% is revenue from the performance of public administration tasks delegated by the MoT and 18% is revenue from other economic activities, i.e. revenue from works on local government roads, from main street maintenance works, from other road works and from products – sale of construction materials, etc.

In 2014, the company was operating according to the standards of the international quality management system ISO 9001: 2008 and the work safety and occupational health system OHAS 18001 : 2007.

**Table 15. Financial indicators of LAU**

Main financial indicators, EUR '000		
Overall indicators of the SOE	2013	2014
Turnover	66 512.6	63 843.3
Profit/loss	1 195.7	1 540.2
EBITDA	8 097.4	8 409.5
EBIT	2 019.8	2 266.2
Total assets	65 786.1	62 967.4
Share capital	35 186.3	35 186.3
Equity	40 380.7	41 105.6
Factors		
Profit and turnover ratio,%	1.8 %	2.4 %
EBITDA and turnover ratio,%	12.2 %	13.2 %
Return on assets; ROA,%	1.8 %	2.4 %
Return on equity; ROE,%	3.0 %	3.7 %
Total liquidity indicator	1.0	1.2
Liabilities to equity ratio	0.6	0.5
Other indicators		
Number of employees on average per annum	1 438	1 368
Gross remuneration average per employee	14.1	15.3
Investment in fixed assets	6 125.1	2 349.8
Dividends paid into the national budget from the profit of the previous year	2 394.6	0.0
Funding directly or indirectly received from the national budget	0,0	62 690,6

### SJSC Latvijas Valsts ceļi

State Joint Stock Company Latvijas Valsts ceļi (hereinafter LVC) is performing the administration of national roads, administration of funding for the national road network and accounting, management and control of performance of the programme of the national road daily maintenance works, monitoring of organisation of traffic, organising public procurement, management of the national road construction programme, management of projects co-funded by the European Union Cohesion Fund and the Regional Development Fund and construction supervision as well as monitoring of the construction, reconstruction, daily maintenance and periodic maintenance of local government roads.

The total length of roads and streets in the country is 73,592 km. The average density of the road network is 1.139 km per 1km<sup>2</sup> (data as to 31.12.2014). The total length of national roads supervised by LVC is 20,131 km. The average density of the national road network is 0.312 km per 1 km<sup>2</sup>.

26%, or 2,273 km of roads with black cover should be classified as being in poor condition and they require complete reconstruction of the surface (in 2013 – 28%, or 2,448 km).

**Table 16. Financial indicators of LVC**

Main financial indicators, EUR '000		
Overall indicators of the SOE	2013	2014
Turnover	10 979.8	12 132.2
Profit/loss	7.7	43.6
EBITDA	654.6	698.9
EBIT	43.6	101.7
Total assets	5 263.1	5 569.7
Share capital	4 155.6	4 155.6
Equity	4 219.6	4 256.0
Factors		
Profit and turnover ratio,%	0.1 %	0.4 %
EBITDA and turnover ratio,%	6.0 %	5.8 %
Return on assets; ROA,%	0.1 %	0.8 %
Return on equity; ROE,%	0.2 %	1.0 %
Total liquidity indicator	2.0	1.7
Liabilities to equity ratio	0.2	0.2
Other indicators		
Number of employees on average per annum	320	334
Gross remuneration average per employee	24.8	26.4
Investment in fixed assets	899.0	797.8
Dividends paid into the national budget from the profit of the previous year	46.6	6.9
Funding directly or indirectly received from the national budget	13 288.5	14 524.8

57% of national roads are with gravel cover. On the background of paved roads, the condition of gravel roads during the last decade has not been considered to be very critical. However, in recent years, with increasing amounts of logging activities in the country and upon the renewal of passenger transportation by bus, the deferred periodic works for the gravel cover maintenance start causing ever increasing problems for motorists. 41% of roads with gravel cover should be classified as being in poor condition and they require a complete reconstruction of the cover (in 2013 – 42%)

LVC is supervising 971 bridges, 907 of which are of reinforced concrete, 14 of stone, 43 of metal, and 7 are wooden bridges. The total length of bridges is 31,173 metres. The condition of bridges in the road network should be assessed especially critically. The condition of 40% of bridges in the national road network should be rated as bad and of 16% as very bad, and there are various restrictions (load, dimensions and distance) introduced on 54 bridges already. Despite the efforts of planning and performing periodic bridge maintenance activities (renovation of hydro insulation and carriageway, replacement of rails, etc.) in larger amounts, these data have remained almost unchanged since 2001. Bridges on the main roads are in a relatively better condition because these bridges are granted higher priority due to larger traffic intensity.

Out of the funds allocated by the national budget to the national road fund programme in 2014, special purpose grants were issued to local governments for funding local government roads and streets in the amount of 43 million euros, which is 16.9 million euros more if compared to 2013.

Together with the funds granted for implementing projects co-funded by the EU, the funding available for national roads in 2014 was 208.8 million euros, which is by 17.7 million euros less than in 2013.

## Road traffic sub-sector. Traffic safety

### SJSC Ceļu satiksmes drošības direkcija

In the traffic sub-sector, the services within the traffic safety area are provided by SJSC Ceļu satiksmes drošības direkcija (hereinafter CSDD). CSDD is registering vehicles, boats, motor boats, water bikes, rowing boats and is issuing them registration documents and national registration plates; granting and revoking the right to drive vehicles and issuing drivers' licences; providing for and maintaining the National Register of Vehicles and Drivers; performing the state technical vehicle inspection, technical control of vehicles on the roads and vehicle and their component conformity assessment, road safety audits and general monitoring as well as providing for the operation and development of the Riga Motor Museum and the Biķernieku Sports Complex.

For the purpose of developing the network of technical inspection stations as well as implementing the vehicle technical monitoring national policy in a long-term perspective, companies have been formed with the participation of CSDD that are currently accredited to perform the state technical vehicle inspection:

- LLC Auteko & TÜV Latvija (CSDD equity share proportion 51%);
- LLC Scantest (CSDD equity share proportion 20%);
- LLC Venttests (CSDD equity share proportion 50%);
- LLC Autests (CSDD equity share proportion 20%).

The most substantial investment in fixed assets and major projects implemented by CSDD in 2014 (euros):

- reconstruction of the Riga Motor Museum with the customer service centre building (7,464,704 euros);
- reconstruction of the CSDD Rēzekne Department of Building building (250,693 euros);
- renovation works in the Biķernieku Sports Complex (488,743 euros);
- new construction work of the CSDD Jūrmala Department of Building (744,129 euros);
- construction works for the development of foundations for 27 stationary speed control devices (radars).

A road use fee collection system was developed in 2014 and its operation is provided for in cooperation with the SJSC Latvijas Valsts ceļi.

Approximately 5,000 young people participate in contests and competitions on road safety organised by CSDD annually. Competitions are organised for different age and interest groups: a Young Traffic Participant forum for cyclists; I Want to Be Mobile for scooter drivers; New Driver of the Year for those to become drivers.

During the reconstruction, the Riga Motor Museum was moved to temporary premises where exhibits of the Museum are accessible to visitors. Performance of other functions of the Museum was ensured for in the envisaged amount as well.

The Biķernieku Sports Complex was made available for competitions and training in various kinds of sports as well as for people's sports events. The Speedway Stadium of the complex was renewed and the possibility was ensured to hold a Grand Prix event.

**Table 17. Financial indicators of CSDD**

<b>Main financial indicators, EUR '000</b>		
<b>Overall indicators of the SOE</b>	<b>2013</b>	<b>2014</b>
Turnover	34 590.2	37 284.7
Profit/loss	1 633.0	1 333.7
EBITDA	4 149.4	5 140.8
EBIT	1 997.4	1 623.5
Total assets	33 601.6	38 795.8
Share capital	23 117.3	23 117.3
Equity	27 675.2	29 001.7
<b>Factors</b>		
Profit and turnover ratio,%	4.7 %	3.6 %
EBITDA and turnover ratio,%	12.0 %	13.8 %
Return on assets; ROA,%	4.9 %	3.4 %
Return on equity; ROE,%	5.9 %	4.6 %
Total liquidity indicator	2.0	0.8
Liabilities to equity ratio	0.2	0.3
<b>Other indicators</b>		
Number of employees on average per annum	604	610
Gross remuneration average per employee	13.6	14.4
Investment in fixed assets	4 048.5	10 490.9
Dividends paid into the national budget from the profit of the previous year	1 806.5	0.0
Funding directly or indirectly received from the national budget	0.0	0.0

## Railway sub-sector

### SJSC Latvijas dzelzceļš

The railway sector is of substantial importance for the national economy of Latvia and the balance of payments, since the railway provides service mainly for export. In recent years the transport and storage sector, a large portion of which is attributable to the railway sector, constitutes more than 10% of the total GDP. The railway sector creates a direct impact on port activities and the development of other transport and logistics services. It should be noted that the railway sector creates intermediate consumption demand in other sectors, such as energy production and supply, construction, financial services. Rail transport provides for the largest cargo turnover (tonne-kilometres) every year compared to other kinds of transport. Rail transport provides for 15% of national passenger transportation services, an important role is played by the transport system of Riga node.

This sub-sector includes the SJSC Latvijas dzelzceļš (hereinafter LDZ), which is the public railway infrastructure manager and the leading company of the group. The group includes:

- LLC LDZ Cargo, a freight transport company;
- LLC LDZ infrastruktūra, a track repair company;
- LLC LDZ ritošā sastāva serviss, a rolling stock maintenance and repair company;
- LLC LDZ apsardze, a security service company;
- JSC LatRailNet, an infrastructure manager function company;
- LLC LDZ Cargo Logistika, a subsidiary of LLC LDZ Cargo.

The consolidated revenue of the concern in 2014 was 440.9 million euros. Compared to 2013, the consolidated revenue has increased by 1.9 million euros, or 0.4%, because of increased cargo transportation volume that forms the most significant portion of the consolidated net turnover of the concern.

Most of revenue of the concern is provided for by LLC LDZ CARGO, which is an important SOE in the transport and storage industry land sector in Latvia and the largest rail cargo carrier in the Baltic states.

In 2014, operations of the concern resulted in gross profit of 24.9 million euros, which has increased by 15.4 million euros compared to 2013. While profit after taxes is 1.2 million euros, which is 2.3 million euros less than in 2013 and which was affected by the formation of accruals, corporate income tax and currency exchange rate fluctuations.

**Table 18. Financial indicators of the LDZ concern**

<b>Main financial indicators, EUR '000</b>		
<b>Overall indicators of the concern</b>	<b>2013</b>	<b>2014</b>
Turnover	439 030	440 898
Profit/loss	3 478	1 161
EBITDA	78 800	80 000
EBIT	6 866	6 080
Total assets	859 047	972 032
Share capital	163 529	256 720
Equity	356 905	358 066
<b>Factors</b>		
Profit and turnover ratio,%	0.8 %	0.3 %
EBITDA and turnover ratio,%	17.9 %	18.1 %
Return on assets; ROA,%	0.4 %	0.1 %
Return on equity; ROE,%	1.0 %	0.3 %
Total liquidity indicator	0.8	0.8
Liabilities to equity ratio	1.4	1.7
<b>Other indicators</b>		
The number of employees on average per annum *	12 392	12 316
Gross remuneration average per employee	12.4	12.7
Investment in fixed assets	131 655.8	173 568.6
Dividends paid into the national budget from the profit of the previous year	19 740.1	0.0
Funding directly or indirectly received from the national budget	31 957.1	84 233.5

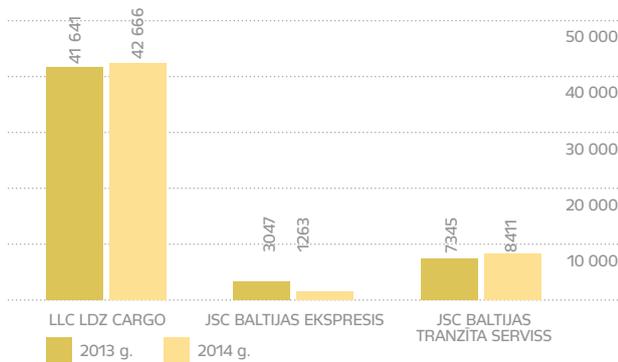
\* Data of LDZ

Characteristics of the market situation in the sector

LDZ ensures use of the railway capacity for the carriage of cargo and passengers. Provision of the capacity service is the main kind of principal activity of LDZ. The railway infrastructure is used for transportation by cargo freight and passenger carriers.

Considering the specifics of the sector, the number of SOEs operating in the railway transport sector and using the public railway infrastructure in Latvia, is small. The main ones are LLC LDZ CARGO, SJSC Pasažieru vilciens, JSC Baltijas Tranzīta serviss, JSC Baltijas Ekspresis and LLC Gulbenes–Alūksnes bānītis. The largest cargo carrier (user of public infrastructure) is JSC LDZ CARGO (76% of all km travelled by cargo trains).

Figure 8. Cargo transported by rail and the major carriers



\* Source: SAMZino\_060314\_finrad; Information report "On provisional performance in 2014 and planned financial indicators, expected results and performance indicators for 2015 of SOEs where the Ministry of Transport is a holder of the state-owned equity shares"

Figure 9. Structure of rail cargo transportation volume



\*Source: SAMZino\_060314\_finrad; Information report "On provisional performance in 2014 and planned financial indicators, expected results and performance indicators for 2015 of SOEs where the Ministry of Transport is a holder of the state-owned equity shares"

The main rail cargo flow path is along the East-West corridor, in the direction from Russia, Belarus, other CIS countries, Central Asian countries and the Far East to the ports of Latvia.

The carriage of passengers by rail inland is provided for by JSC Pasažieru vilciens.

Passengers opting for rail transport on international routes have other alternatives: road transport and air transport. In the transport sector in general, international passenger transportation is still dominated by air transport.

## Passenger land transportation sub-sector

### SLLC Autotransporta direkcija

The purpose of operation of the State Limited Liability Company Autotransporta direkcija (hereinafter ATD) is to provide for exercise of the state administration functions in the area of road transport in the country. To this end, the company is maintaining and developing a quality and legally justified set of services in the area of passenger and cargo transportation according to the interests of the state, public and carriers in ensuring fair and equal competition of carriers by at the same time protecting the interests of Latvian carriers according to the provisions of international and European Union law.

**Table 19. Financial indicators of ATD**

<b>Main financial indicators, EUR '000</b>		
<b>Overall indicators of the SOE</b>	<b>2013</b>	<b>2014</b>
Turnover	3 852.1	3 790.6
Profit/loss	987.1	684.8
EBITDA	1 341.5	1 076.1
EBIT	1 160.3	853.4
Total assets	3 824.5	3 520.0
Share capital	200.9	200.9
Equity	3 457.7	3 254.1
<b>Factors</b>		
Profit and turnover ratio,%	25.6 %	18.1 %
EBITDA and turnover ratio,%	34.8 %	28.4 %
Return on assets; ROA,%	25.8 %	19.5 %
Return on equity; ROE,%	28.5 %	21.0 %
Total liquidity indicator	11.0	16.0
Liabilities to equity ratio	0.1	0.1
<b>Other indicators</b>		
Number of employees on average per annum	87	92
Gross remuneration average per employee	22.2	24.9
Investment in fixed assets	295.4	114.7
Dividends paid into the national budget from the profit of the previous year	592.9	888.4
Funding directly or indirectly received from the national budget	647.3	647.3

### JSC Pasažieru vilciens

Principal activity of the Joint Stock Company Pasažieru vilciens (hereinafter PV) is domestic carriage of passengers by rail. The goal of PV is to provide for efficient, safe, environmentally friendly and competitive high-quality passenger and luggage transportation services by rail in the territory of Latvia by meeting the needs of customers.

PV is continuing the work on stabilising the current financial situation of the SOE, because due to the national budget consolidation measures taken during the years of the crisis the amount of state funding for the transportation of passengers by rail was reduced significantly, resulting in breaking the balance between the amount of transportation objectively necessary for the country and the ability of the state to provide for the compensation of losses generated by the order of such amount. Parallel to the solutions of this issue at the national level, measures for developing a new business model have been initiated in the company that will be focused on the improvement of the organisation of transportation and more effective use of human resources available to the SOE, which, in the long term, will enable a reduction in the proportion of national funding in the net turnover of the SOE thereby increasing the efficiency of passenger transportation by rail.

The planned indicators and projected financial results for 2015 have been prepared based on the approved action plan of PV for the reduction of estimated losses, according to which the operation of ticket offices has been optimised in 2014, changes to train schedules have been made and the respective changes in the organisation of the work of conductors have been started.

PV has closed the report period of the first half of 2015 with profit of 717,709 euros. The company closed the respective period a year ago with losses amounting to 4.0 million euros. Positive financial data that the company is demonstrating for the second quarter already clearly indicate that the situation in the company has been stabilised. The rate of decrease in the number of passengers is slowing down. PV has managed to significantly reduce the costs of the company and significantly improve the efficiency of use of resources.

**Table 20. Financial indicators of PV**

<b>Main financial indicators, EUR '000</b>		
<b>Overall indicators of the SOE</b>	<b>2013</b>	<b>2014</b>
Turnover	67 916.0	61 731.7
Profit/loss	-528.5	-1 087.5
EBITDA	1 087.6	5 068.7
EBIT	-856.3	-505.9
Total assets	33 220.0	37 073.0
Share capital	20 868.0	20 868.0
Equity	15 884.5	14 796.9
<b>Factors</b>		
Profit and turnover ratio,%	-0.8 %	-1.8 %
EBITDA and turnover ratio,%	1.6 %	8.2 %
Return on assets; ROA,%	-1.6 %	-2.9 %
Return on equity; ROE,%	-3.3 %	-7.3 %
Total liquidity indicator	0.4	0.6
Liabilities to equity ratio	1.5	1.1
<b>Other indicators</b>		
Number of employees on average per annum	937	965
Gross remuneration average per employee	10.7	10.0
Investment in fixed assets	3 939.7	4 373.2
Dividends paid into the national budget from the profit of the previous year	0.0	0.0
Funding directly or indirectly received from the national budget	41 211.7	46 467.4

## Aviation sub-sector

### SJSC Starptautiskā lidosta "Rīga"

The types of activity of SJSC Starptautiskā lidosta "Rīga" (hereinafter the Airport) are as follows: air transport ancillary activities, cargo loading and unloading, storage and warehouse facilities, other types of land transport ancillary activities, other types of air transport ancillary activities, construction of highways, roads, airfields and sport facilities, activities of travel agencies and agents not classified elsewhere; activity associated with servicing tourists.

The Airport is one of the biggest transport infrastructure nodes in Latvia that provides for regular flight service: 99% of flights in Latvia are performed from the Airport.

Air transport facilitates the development of other sectors, especially tourism, thus contributing to economic growth, increasing the number of jobs and growth of GDP. To develop the Airport as a cost-effective flight hub in Eurasia, it is essential to ensure the harmonious development of all elements of the air transport system: optimum management system, policy and regulation, infrastructure SOEs: SJSC Latvijas gaisa satiksme as well as the carrier, JSC Air Baltic Corporation.

The Airport provides the necessary infrastructure and services to enable the airlines to offer regular passenger traffic to their customers, the transportation of cargo and mail in civil aircraft to the cities of European and other countries of the world. The Airport offers a wide range of services that provides for a complete service for passengers and airlines: ground handling services, terminal services, terrestrial service, Airport security services and infrastructure services.

Airport revenue is formed by the provision of services directly related to aviation and *non-aviation* services. *Non-aviation* services offered by the Airport allow the differentiation of the sources of revenue, thus reducing the dependence on changes in demand in the area of aviation services. The Airport offers the following *non-aviation* services: rental of premises, parking services, rental of other infrastructure in the territory, utilities, servicing of business customers, advertising services, etc.

The Airport has made investment in the modernisation of Airport infrastructure, thus ensuring an increase in the quality of services provided and their amount. Currently, International Airport Riga is the largest airport in the Baltic states according to the number of passengers served and the number of flights.

There were 83 destinations during the summer season and 66 destinations during the winter season available from the Airport in 2014. There were 15 new destinations opened during the year.

By servicing nearly 66 thousand aircraft and 33 thousand tonnes of cargo last year the Airport is the largest air transport hub in the Baltic states: 46 percent of air passengers in the region are transported via Riga.

**Table 21. Financial indicators of the Airport**

<b>Main financial indicators, EUR '000</b>		
<b>Overall indicators of the SOE</b>	<b>2013</b>	<b>2014</b>
Turnover	47 315.8	44 885.5
Profit/loss	301.4	134.7
EBITDA	8 041.8	8 955.7
EBIT	2 426.5	2 832.6
Total assets	123 642.3	185 610.2
Share capital	28 608.9	28 608.9
Equity	41 274.9	40 868.4
<b>Factors</b>		
Profit and turnover ratio,%	0.6 %	0.3 %
EBITDA and turnover ratio,%	17.0 %	20.0 %
Return on assets; ROA,%	0.2 %	0.1 %
Return on equity; ROE,%	0.7 %	0.3 %
Total liquidity indicator	1.1	1.8
Liabilities to equity ratio	2.0	3.5
<b>Other indicators</b>		
Number of employees on average per annum	1 126	1 162
Gross remuneration average per employee	13.6	14.1
Investment in fixed assets	36 214.2	46 978.8
Dividends paid into the national budget from the profit of the previous year	0.0	541.2
Funding directly or indirectly received from the national budget	82.4	97.4

## SJSC Latvijas Gaisa Satiksme

SJSC Latvijas Gaisa Satiksme (hereinafter LGS) is operating in the field of civil aviation and its purpose and mission is to provide air navigation services and offer safe services to all airspace users. The conditions of service provision are defined in the Latvian Aeronautical Information Publication (AIP).

During the period of its existence, LGS has continually progressed to provide flight navigation services corresponding to the European level. The main priorities are the provision of aviation safety and the quality of services provided.

Despite a positive trend in 2014, the increasing risks posed by the general state of the global economy as well as the economic and political conditions in Europe are taken into account. The geopolitical situation in Eastern Europe, the plans of *Ryanair* and *airBaltic* may be mentioned as the main factors influencing revenue performance.

The most important external factors affecting the development of the SOE are joining the European Union, NATO and the EIROCONTROL, the national policy in the field of transport, the programme Single European Sky as well as the European ATM Master Plan.

**Table 22. Financial indicators of LGS**

Main financial indicators, EUR '000		
Overall indicators of the SOE	2013	2014
Turnover	24 221.4	24 631.3
Profit/loss	315.2	215.1
EBITDA	5 236.9	5 331.6
EBIT	569.4	319.2
Total assets	30 418.2	30 169.7
Share capital	22 765.9	22 765.9
Equity	27 399.9	27 615.0
Factors		
Profit and turnover ratio,%	1.3 %	0.9 %
EBITDA and turnover ratio,%	21.6 %	21.6 %
Return on assets; ROA,%	1.0 %	0.7 %
Return on equity; ROE,%	1.2 %	0.8 %
Total liquidity indicator	3.4	4.1
Liabilities to equity ratio	0.1	0.1
Other indicators		
Number of employees on average per annum	368	363
Gross remuneration average per employee	36.0	37.1
Investment in fixed assets	3 288.0	5 641.0
Dividends paid into the national budget from the profit of the previous year	0.0	0.0
Funding directly or indirectly received from the national budget	0.0	0.0

## JSC Air Baltic Corporation

JSC Air Baltic Corporation (hereinafter *airBaltic*) is a joint stock company founded in 1995 in accordance with the laws of the Republic of Latvia. Since December 2011 the main shareholder of *airBaltic* has been the state, represented by the Ministry of Transport, with 99.8% of shares.

To improve the performance of the company, stabilising of *airBaltic* and taking it over under the ownership of the state was

performed. The airline restructuring plan presented in March 2012 is being implemented and within the next five years it envisages making consolidation of about 330 million euros and achieving that the operations of *airBaltic* will already be profitable in 2014. On 10 July 2012, Bombardier Aerospace and the Latvian national airline signed a letter of intent regarding the purchase of ten CS300 planes and obtaining the right to purchase ten more CS300 planes.

The direct and indirect contribution of *airBaltic* to the national economy of Latvia is measured in the amount of approximately 1.5% of the gross domestic product.

The *airBaltic* fleet consists of 25 planes: 5 *Boeing 737-500*, 8 *Boeing 737-300* and 12 *Q400 NextGen*.

*airBaltic* offers flights from Riga to the following destinations: Amsterdam, Athens, Baku, Barcelona, Berlin, Billund, Brussels, Budapest, Burgas, Zurich, Düsseldorf, Dubrovnik, Frankfurt, Hamburg, Helsinki, Kiev, Copenhagen, Larnaca, London, Moscow, Milan, Minsk, Munich, Nice, Olby, Aalborg, Olesund, Oslo, Palanga, Palma de Mallorca, Paris, Poprad, Prague, Rhodes, Rijeka, Rome, Riga, Thessaloniki, St. Petersburg, Stockholm, Tallinn, Tbilisi, Tel Aviv, Turku, Warsaw, Venice, Verona, Vienna, Vilnius, Salzburg.

*airBaltic* is operating flights from Vilnius to Amsterdam, Berlin, Brussels and Paris; from Tallinn to Paris, Vienna and Berlin, as well as from Frankfurt and Dortmund to Heringsdorf.

*airBaltic* provided for and improved the air routes, thus providing the residents of Latvia, the geographic periphery of the European Union, with advantages not only for the development of tourism, but also mobility for business transactions and export development for all companies in Latvia.

The most significant investments in fixed assets are related to the maintenance of the fleet and optimising its costs in the long run. Total investment made in 2014 amounts to 8,364,536 euros.

**Table 23. Financial indicators of *airBaltic***

Main financial indicators, EUR '000		
Overall indicators of the SOE	2013	2014
Turnover	325 095.0	296 157.3
Profit/loss	2 020.5	10 668.0
EBITDA	-4 039.2	4 968.6
EBIT	-12 780.3	1 512.4
Total assets	124 363.3	121 671.2
Share capital	676.7	676.7
Equity	-181 124.4	-170 200.5
Factors		
Profit and turnover ratio,%	0.6 %	3.6 %
EBITDA and turnover ratio,%	-1.2 %	1.7 %
Return on assets; ROA,%	1.6 %	8.8 %
Return on equity; ROE,%	-1.1 %	-6.3 %
Total liquidity indicator	0.3	0.5
Liabilities to equity ratio	-1.4	-1.5
Other indicators		
Number of employees on average per annum	1 086	1 053
Gross remuneration average per employee	29.9	27.4
Investment in fixed assets	8 550.4	8 364.5
Dividends paid into the national budget from the profit of the previous year	0.0	0.0
Funding directly or indirectly received from the national budget	0.0	0.0

## Maritime sub-sector

### SJSC Latvijas Jūras administrācija

SJSC Latvijas Jūras administrācija (hereinafter LJA) provides navigation and hydrographic services, provides for the certification and examining of seafarers of Latvia, performs the registration of vessels and their technical audits, it produces and distributes navigation maps and related data.

To enable safe shipping, LJA is performing hydrographic measurements on the main clearways in the EEA and territorial waters, in port access areas and small port navigation areas (the ports of Riga and Ventspils are performing the necessary depth measurements by using their own resources). The total area of surveyed clearways is more than 7,500 square kilometres. In the performance of the requirements of HELCOM Copenhagen 2001 and Moscow 2010 declarations, the main clearways are surveyed in the sea, the main clearway surveying plan is developed as well as it is expected to reflect the obtained results in the sea navigation maps. Work is in progress on the clearways of the second category and it is expected to be completed by 2022. A new hydrographic surveying cutter was purchased in 2014, work has also been started on the systematisation of depth measurement data and development of a new database.

At the end of 2014 there were 1,566 units registered in the Ship Register of Latvia: ships, fishing vessels and recreational ships. The largest national shipowner is JSC Latvijas kuģniecība with a fleet of 16 tankers and their total capacity of 778,156 t (all ships are registered in foreign countries, the flag of the Marshall Islands).

The number of active seafarers in 2014 was 13,000, of which 1,000 were certified to work on fishing vessels and inland water vessels, 12,000 persons were certified to work in the commercial fleet. 47% of the commercial fleet seafarers were certified as ship officers while 53% were certified as regular seamen. 94% of the employed seafarers of Latvia are working on ships flying foreign flags, but 6% are working on vessels flying the flag of Latvia, which is primarily cargo ships of local importance, ancillary port fleet or fishing vessels.

The state port control is the verification of conformity of foreign ships coming into the ports of Latvia to the requirements of international conventions. Until 2011, the cooperation within the framework of the Paris Memorandum of Understanding stipulated that each Member State shall check 25% of incoming

ships, and Latvia, in carrying out its obligations, examined more than 500 vessels each year. A new inspection regime (NIR) was introduced in 2011, which, based on a database covering the movement of all vessels, establishes the target to examine all vessels entering the European and the Paris Memorandum area. As a result, there has been a significant increase in the number of inspections in Latvia in 2014 – 309 inspections as opposed to 204 inspections in 2013.

#### Main financial indicators, EUR '000

Galvenie finanšu rādītāji, EUR '000		
Overall indicators of the SOE	2013	2014
Turnover	4 147.3	4 321.3
Profit/loss	-305.6	39.1
EBITDA	343.3	514.2
EBIT	-101.6	70.1
Total assets	4 557.7	4 625.6
Share capital	1 553.9	1 533.9
Equity	3 954.6	3 993.7
Factors		
Profit and turnover ratio,%	-7.4 %	0.9 %
EBITDA and turnover ratio,%	8.3 %	11.9 %
Return on assets; ROA,%	-6.7 %	0.8 %
Return on equity; ROE,%	-7.7 %	1.0 %
Total liquidity indicator	2.1	2.6
Liabilities to equity ratio	0.2	0.2
Other indicators		
Number of employees on average per annum	152	149
Gross remuneration average per employee	16.9	16.9
Investment in fixed assets	380.8	272.0
Dividends paid into the national budget from the profit of the previous year	37.4	0.0
Funding directly or indirectly received from the national budget	0.0	0.0



# Communications

## Communications

The telecommunications market of Latvia is seeing steady growth. SJSC Latvijas Valsts radio un televīzijas centrs, which is one of the leading electronic communication service providers in Latvia, provides for quality and reliable telecommunication solutions for mobile communication, internet and telecommunications operators represented in Latvia. In 2014, investment accounted for 31.8 million euros and construction of the main optical network infrastructure was continued within the project "Development of the next generation communications network in rural regions". The SOE has launched the development of a high-speed data transmission network and intends to raise the interest of transit and global operators for using optical networks and the data centre as well as to increase the number of network connections with partner networks in other countries. In turn, LLC Lattelecom, in which the shareholding of the state constitutes 51%, is the market leader in internet and television services, and at the same time in 2014 the SOE has made investments in fixed assets in the amount of 30.6 million euros for the development of the principal network, development of the cloud computing platform and in the terminal equipment of the clients. Availability of the optical network of LLC Lattelecom is a major factor ensuring that Latvia holds leading positions in the European Union in the availability of internet with high download speeds.

**Table 26. Financial indicators of the communications sector**

<b>Main financial indicators, EUR '000</b>		
<b>Overall indicators of the sector</b>	<b>2013</b>	<b>2014</b>
Turnover	436 170.3	430 181.1
Profit/loss	66 753.1	59 879.3
EBITDA	132 096.7	132 428.8
EBIT	66 532.5	65 090.8
Total assets	737 115.0	754 904.3
Share capital	300 139.7	306 423.8
Equity	478 490.8	484 539.2
<b>Factors</b>		
Profit and turnover ratio,%	15.3 %	13.9 %
EBITDA and turnover ratio,%	30.3 %	30.8 %
Return on assets; ROA,%	9.1 %	7.9 %
Return on equity; ROE,%	14.0 %	12.4 %
Total liquidity indicator	3.2	2.7
Liabilities to equity ratio	1.7	1.4
<b>Other indicators</b>		
Number of employees on average per annum	7 192	6 968
Gross remuneration average per employee	17.7	18.2
Investment in fixed assets	69 451.3	111 768.1
Dividends paid into the national budget from the profit of the previous year	18 586.6	17 266.1
Funding directly or indirectly received from the national budget	5 601.8	7 599.8

**Table 25. State-owned equity shares and existing SOEs in the communications sector**

<b>State-owned equity shares in the communications sector in 2014</b>						
<b>Name of the SOE</b>	<b>Field of activity</b>	<b>Turnover, 2014, EUR '000</b>	<b>Profit/loss, 2014, EUR '000</b>	<b>Total assets, 31.12.2014, EUR '000</b>	<b>Number of employees</b>	<b>Proportion of capital shares</b>
LLC Lattelecom (concern)	IT, telecommunications and TV services	188 014.0	30 079.0	323 624.0	1 912	51% - SJSC Privatizācijas aģentūra
LLC Latvijas Mobilais Telefons (consolidated)	IT and telecommunications services	161 177.1	22 077.8	230 277.1	506	23% - SJSC LVRTC 23% - LLC Lattelecom, 5% - SJSC Privatizācijas aģentūra
SJSC Latvijas Pasts	Postal services	61 429.9	1 714.4	94 298.4	4 189	100 %
SJSC Latvijas Valsts radio un televīzijas centrs	Provision for quality and safe telecommunications solutions	14 018.3	6 001.4	95 217.3	262	100 %
SJSC Elektroniskie sakari	Provision for data transfer radio frequency spectrum and numbering	5 541.8	6.7	11 487.6	99	100 %

## ICT and the telecommunications sub-sector

### LLC Lattelecom

LLC Lattelecom (hereinafter Lattelecom) operates in the ICT and telecommunications sector in circumstances of free competition.

Availability of the Lattelecom optical network is a key factor that has helped Latvia hold leading positions in Europe in the availability of internet with high download speeds, thus already achieving the goals of *Europe 2020* now.

The initiatives of the SOE “Connect, Latvia”, “e-index”, and others help bridge the digital divide and increase the use of ICT solutions in the communication of public administration and companies with the population.

Export of Data Centre Dattum helps increase the overall proportion of export of high value added services from Latvia.

Investment was made in the development of the principal network (the biggest project was “Cloud computing platform”) as well as in the terminal equipment of clients. All investment has been made to ensure quality core business and future development.

On 1 January 2014 Lattelecom won the right to provide the terrestrial TV service for a charge until 2021. The acquisition of broadcasting rights as well as the decision of the LNT and TV3 channels to end major growth in numbers of terrestrial TV customers created by free broadcasting.

In 2014, Lattelecom introduced a new service for building managers and utility providers, telemetry, which provides for the transmission of information from various equipment involved in the provision of utilities and ensures its demonstration in an electronic form.

The service eDati was opened for individuals in August 2014, where, upon registration, anyone receives data storage space of 10 GB free of charge.

Lattelecom owns 23% of the share capital of the mobile telecommunications service operator LLC Latvijas Mobilais Telefons.

The Lattelecom Group owns 50% of the share capital in JSC Pirmais Slēgtais Pensiju Fonds. It is the only closed private pension fund registered in Latvia, the shareholders of which are employers.

Lattelecom owns 100% of the share capital in LLC Lattelecom Technology, LLC Lattelecom BPO and LLC Citrus Solutions as well as indirectly in LLC Baltijas Datoru Akadēmija and LLC BPO Baltic.

**Table 27. Financial indicators of the Lattelecom concern**

<b>Main financial indicators, EUR '000</b>		
<b>Overall indicators of the concern</b>	<b>2013</b>	<b>2014</b>
Turnover	188 211	188 014
Profit/loss	28 149	30 079
EBITDA	69 000	71 800
EBIT	32 309	36 050
Total assets	319 701	323 624
Share capital	207 852	207 852
Equity	260 705	260 533
<b>Factors</b>		
Profit and turnover ratio,%	15.0 %	16.0 %
EBITDA and turnover ratio,%	36.7 %	38.2 %
Return on assets; ROA,%	8.8 %	9.3 %
Return on equity; ROE,%	10.8 %	11.5 %
Total liquidity indicator	1.1	1.4
Liabilities to equity ratio	0.2	0.2
<b>Other indicators</b>		
Number of employees on average per annum	2 030	1 912
Gross remuneration average per employee	23.6	23.7
Investment in fixed assets	32 716	30 298
Dividends paid into the national budget from the profit of the previous year	14 451	14 581
Funding directly or indirectly received from the national budget	1 164.4	1 465.2

## LLC Latvijas Mobilais telefons

LLC Latvijas Mobilais telefons (hereinafter LMT) is the largest mobile communications operator both by number of customers and turnover, and also by network coverage. As a leader in innovation, LMT was the first to introduce 4 G on the market and is still the only one also offering 4 G+ possibilities.

**Figure 10. Shareholders of LMT**



- TeliaSonera AB 24.5%
- Sonera Holding B.V. 24.5%
- SJSC Latvijas Valsts radio un televīzijas centrs 23.0%
- LLC Lattelecom 23.0%
- Republic of Latvia 5.0%

\*Source: [www.lmt.lv](http://www.lmt.lv)

Thanks to the new services and large investment in the development of the 4 G network, in 2014 LMT managed to reach a record-high number of clients, 1,113,197, which is by 30 thousand more than the previous year. The consumption of data services and the number of LMT internet users have grown rapidly as well.

By installing one base station per working day on average, in 2014 LMT expanded the 4 G network twice, thus enabling 77% of the population of Latvia to access the latest generation high-speed internet. As a result, the number of 4 G users increased last year by 100 thousand, and the amount of LMT internet data in the 4 G network has grown 6.5 times. In 2014, LMT invested 28.7 million euros in network development, but overall

90 million euros has been invested in the development of the data transmission network. Currently, LMT has already installed 618 4 G base stations.

The growth in LMT customer numbers and use of services has been facilitated not only by the wide 4 G coverage, but also by the increase in the number of smartphones sold.

Consequently the business results of LMT increased in 2014, as shown by the increase in EBITDA profitability by a percentage point, to 31.1%. The turnover of the SOE in 2014 was 161.2 million euros. Voluminous investments of LMT show a rapid growth in services and users, and they also affect the profit, which was 22.1 million in 2014.

**Table 28. Financial indicators of the LMT group**

Main financial indicators, EUR '000		
Overall indicators of the LMT group	2013	2014
Turnover	172 041.4	161 177.1
Profit/loss	25 650.0	22 077.8
EBITDA	51 800.0	50 100.0
EBIT	29 683.6	26 086.9
Total assets	226 386.3	230 277.1
Share capital	817.0	817.0
Equity	130 653.4	129 764.9
Factors		
Profit and turnover ratio,%	14.9 %	13.7 %
EBITDA and turnover ratio,%	30.1 %	31.1 %
Return on assets; ROA,%	11.3 %	9.6 %
Return on equity; ROE,%	19.6 %	17.0 %
Total liquidity indicator	0.7	0.6
Liabilities to equity ratio	0.7	0.8
Other indicators		
Number of employees on average per annum	506	506
Investment in fixed assets	25 010.2	39 523.2
Dividends paid into the national budget from the profit of the previous year	1 949.9	1 141.8
Funding directly or indirectly received from the national budget	0.0	0.0

## Electronic communications sub-sector

### SJSC Latvijas Valsts radio un televīzijas centrs

SJSC Latvijas Valsts radio un televīzijas centrs (hereinafter LVRTC) is one of the leading providers of electronic communications services in Latvia, providing high-quality and secure telecommunications solutions and infrastructure lease services to the most important mobile communications, internet and telecommunications operators represented in Latvia as well as to the governmental institutions.

LVRTC is the main radiobroadcasting and terrestrial television broadcast network operator in the country: it broadcasts these programmes from the studios to the transmitters and distributing on air as well as by planning, designing and operating the transmission systems.

Since 1 June 2009 LVRTC has taken over all obligations in provision of certification services from SJSC Latvijas Pasts and has become the official provider of this service. Upon the performance of the shareholder's assignment, as a result of reorganisation, since 27 August 2010 LVRTC has been merged with the SJSC Valsts informācijas tīkla aģentūra (VITA) by assuming all obligations arising from transactions concluded by VITA.

According to Section 13 of the Electronic Media Law, the task of LVRTC is to ensure the distribution of radio programmes of those electronic media that do not have their own technical means for distribution as well as to ensure the distribution of radio programmes of the public electronic media in the entire territory of the country in analogue format, and to provide the television programmes made by the electronic media on terrestrial broadcast in digital format to the end users free of charge.

The type of activity of LVRTC is broadcasting radio and television programmes, e-Signature and other certification services, data transmission, the provision of data centre and infrastructure lease services.

As long as LVRTC is the main radiobroadcasting and terrestrial television broadcast network operator in Latvia, and it also owns a major optical network covering the whole territory of Latvia, the customers of LVRTC are not only the best-known radio organisations in Latvia and the leading electronic communications operators, but also internationally known electronic communications operators.

LVRTC is one of 27 trusted certification service providers registered in the European Union that has been published on the EU USPS list, and is the only such one registered in Latvia.

LVRTC operates in the electronic communications sector and, according to the approved strategy of the SOE, by 2020 it wants to become the primary supplier of electronic communications services to governmental authorities and telecommunications operators. To implement this vision, at the end of 2014 LVRTC completed the construction of its own main optical network. In 2014, LVRTC has created interconnections with the operator of the Lithuanian optical network, which enables connection with Lithuania and further to Western European countries, as well as with the underwater sea cable operator that provides the connection with Sweden (Stockholm). These connections enable the creation, via LVRTC, of the linkage between Western Europe and Scandinavia where the major international electronic communications data flow exchange points are located.

A long-standing direction of activities of LVRTC is provision of radio and television broadcasting services for the electronic media and electronic communications merchants. A new agreement with LLC Lattelecom entered into force on 1 January 2014, pursuant to which LVRTC is ensuring paid services of terrestrial broadcasting of digital TV programmes in the territory of Latvia for a period of eight years, for a total sum of 35 million euros. On the same date changes took place in the content of free television broadcasting as well – according to the decision of the owners, the MTG Group programmes TV3 and LNT were moved to the paid television programme distribution networks, while the broadcasting of three new television programmes was started in the free digital television programme distribution network in addition to the two programmes of Latvian Television. The annual revenue from ensuring the free digital television programme distribution network amounts to 1.2 million euros.

LVRTC is currently the only provider of reliable certification services in Latvia. Hence the achievements of LVRTC in this field also largely characterise the situation in the local market. A stable market growth of around 30% in all major indicators (revenue, e-signing intensity, document examination) was observed in 2014. It is substantial in the electronic document circulation that the possibility of cross-border signing of electronic documents between the three Baltic states was introduced in 2014. It means that circulation of electronic documents is possible between residents or organisations of all Baltic states.

**Table 29. Financial indicators of LVRTC**

<b>Main financial indicators, EUR '000</b>		
<b>Overall indicators of the SOE</b>	<b>2013</b>	<b>2014</b>
Turnover	12 607.4	14 018.3
Profit/loss	8 544.2	6 001.4
EBITDA	3 742.7	5 265.3
EBIT	-467.5	758.2
Total assets	69 303.7	95 217.3
Share capital	78 454.7	78 454.7
Equity	65 137.9	71 095.6
<b>Factors</b>		
Profit and turnover ratio,%	67.8 %	42.8 %
EBITDA and turnover ratio,%	29.7 %	37.6 %
Return on assets; ROA,%	12.3 %	6.3 %
Return on equity; ROE,%	13.1 %	8.4 %
Total liquidity indicator	8.4	1.9
Liabilities to equity ratio	0.1	0.3
<b>Other indicators</b>		
Number of employees on average per annum	256	262
Gross remuneration average per employee	15.0	15.3
Investment in fixed assets	7 275.7	39 116.2
Dividends paid into the national budget from the profit of the previous year	0.0	0.0
Funding directly or indirectly received from the national budget	56.8	741.0

## SJSC Elektroniskie sakari

State Joint Stock Company Elektroniskie sakari (hereinafter SJSC ES) is managing the radio frequency spectrum and numbering, providing for access to the frequency spectrum, increasing the efficiency of spectrum use, preventing unauthorised and improper use of the spectrum and reducing the events of interference for radio equipment.

The result of the activities of SJSC ES is essentially important for the existence of many economic sectors, for ensuring public safety and order, for merchants to attract investment and generate income. The most substantial investment activities implemented in 2014 amounted to 2.9 million euros, including:

- expansion of the mobile radio monitoring system was performed for the improvement and development of the radio frequency spectrum monitoring system: 6 new measuring laboratories were introduced;
- renewal of technological equipment and hardware: 23 pieces of new measuring equipment were purchased;
- improvement of the information technology system by introducing the solutions meeting modern requirements;
- commissioning of the administrative building.

The principal tasks of SJSC ES were successfully performed in 2014: management of the radio frequency spectrum and numbering database maintenance were ensured; maintenance of the caller's location information database (until 01.02.2014) and supervision of the installation and construction of electronic communications networks (until 08.04.2014) was ensured, and also technical projects for arranging electronic communications network antennae, radio equipment, broadcasting devices and mobile communications base stations were reviewed and accepted.

Table 30. Financial indicators of SJSC ES

Main financial indicators, EUR '000		
Overall indicators of the SOE	2013	2014
Turnover	5 451.9	5 541.8
Profit/loss	-127.0	6.7
EBITDA	634.3	829.9
EBIT	-128.8	36.8
Total assets	11 856.8	11 487.6
Share capital	2 437.5	8 721.6
Equity	9 230.6	9 237.3
Factors		
Profit and turnover ratio,%	-2.3 %	0.1 %
EBITDA and turnover ratio,%	11.6 %	15.2 %
Return on assets; ROA,%	-1.1 %	0.1 %
Return on equity; ROE,%	-1.4 %	0.1 %
Total liquidity indicator	5.0	8.4
Liabilities to equity ratio	0.1	0.1
Other indicators		
Number of employees on average per annum	100	99
Gross remuneration average per employee	27.4	28.3
Investment in fixed assets	1 970.5	826.0
Dividends paid into the national budget from the profit of the previous year	0.0	0.0
Funding directly or indirectly received from the national budget	89.2	89.2

## SJSC Latvijas Pasts

Based on the Postal Law, the obligations of providing the universal postal service (UPS) have been set forth for SJSC Latvijas Pasts until 31 December 2019, and company has been determined as the designated postal operator that, according to the obligations specified in the documents of the Universal Postal Union, is representing the Republic of Latvia in postal operation issues in relationships with designated postal operators of other countries.

SJSC Latvijas Pasts, as the provider of the UPS, offers the opportunity for every resident of Latvia to receive continuously and on the same terms, a defined set of public services of certain quality and for an affordable price. These services are vital to the entire public, because they prevent the isolation of an individual from the public and are also available on the same conditions in economically less favourable regions (low population density, low purchasing power).

In 2014, SJSC Latvijas Pasts continued to provide the UPS by strictly adhering to the quality requirements set forth by the Public Utilities Commission with respect to frequency, speed and regularity of mail consignment delivery as well as the density and number of postal network access points.

Investment in the total amount of 2 million euros was made in 2014, of which the largest investment was made for renewal of the vehicle fleet (969 thousand euros), software development and enhancement (490 thousand euros), computer hardware renewal (149 thousand euros), repairs and reconstruction of places of postal service provision (128 thousand euros), for technical equipment and machinery (114 thousand euros).

Table 31. Financial indicators of SJSC Latvijas Pasts

Main financial indicators, EUR '000		
Overall indicators of the SOE	2013	2014
Turnover	57 858.6	61 429.9
Profit/loss	4 536.9	1 714.4
EBITDA	6 919.7	4 433.6
EBIT	5 136.2	2 159.1
Total assets	109 867.1	94 298.4
Share capital	10 578.5	10 578.5
Equity	12 763.9	13 908.3
Factors		
Profit and turnover ratio,%	7.8 %	2.8 %
EBITDA and turnover ratio,%	12.0 %	7.2 %
Return on assets; ROA,%	4.1 %	1.8 %
Return on equity; ROE,%	35.5 %	12.3 %
Total liquidity indicator	1.0	1.1
Liabilities to equity ratio	7.5	5.6
Other indicators		
Number of employees on average per annum	4 300	4 189
Gross remuneration average per employee	4.8	5.4
Investment in fixed assets	2 478.9	2 004.6
Dividends paid into the national budget from the profit of the previous year	2 185.4	1 542.9
Funding directly or indirectly received from the national budget	4 291.5	5 304.4



# Real estate

## Real estate

The Latvian State is the largest real estate owner and in 2015 alone there were 3,151 new titles registered in the name of the state or local government.

Although as of the end of 2014 there were 241 units of property of institutions transferred for centralised management to the SJSC Valsts nekustamie īpašumi (hereinafter VNĪ), or they were in the process of transfer, decentralised real estate management remains in Latvia. Management of state-owned real estate is implemented through VNĪ and SOEs established by the institutions or departments within the institutions. The largest possessors of real estate, whose estate is managed by VNĪ, include the Ministry of Education and Science, the Ministry of Health, the Ministry of the Interior and state universities.

The main challenges in the field of real estate management in the future will be the adequacy of funding and arrangement of the model of funding for the maintenance and development of state-owned real estate, further improvement of the state-owned real estate management model, moving towards greater centralisation of the management of state-owned real estate, and optimisation of use of the state-owned real estate portfolio.

**Table 33. Financial indicators of SOEs of the sector**

Main financial indicators, EUR '000		
Overall indicators of the sector	2013	2014
Turnover	76 492.6	81 901.3
Profit/loss	-128 848.7	-65 048.9
EBITDA	-106 738.6	-42 915.6
EBIT	-120 545.4	-56 974.6
Total assets	937 151.8	794 396.8
Share capital	661 320.6	662 981.1
Equity	51 739	-21 414
<b>Factors</b>		
Profit and turnover ratio,%	-168.4 %	-79.4 %
EBITDA and turnover ratio,%	-139.5 %	-52.4 %
Return on assets; ROA,%	-13.7 %	-8.2 %
Total liquidity indicator	1.1	1.3
Liabilities to equity ratio	2.3	3.6
<b>Other indicators</b>		
Number of employees on average per annum	1 136	1 154
Gross remuneration average per employee	12.4	13.3
Investment in fixed assets	16 162.5	14 372.6
Dividends for the previous year paid into the national budget	2 894.2	4 638.6
Funding directly or indirectly received from the national budget	3 834.5	14 894.2

**Table 32. State-owned equity shares and existing SOEs in the real estate sector**

State-owned equity shares in the real estate sector in 2014						
Name of the SOE	Field of activity	Turnover, 2014, EUR '000	Profit/loss, 2014, EUR '000	Total assets, 31.12.2014, EUR '000	Number of employees	Proportion of capital shares
SJSC Valsts nekustamie īpašumi	Real estate (including state-owned) administration, management and development	48 915.8	1 310.3	343 074.0	564	100%
JSC Reverta (group)	Real estate management, problem credit recovery.	9 475.0	-60 389.0	228 820.0	105	84.15% SJSC Privatizācijas aģentūra
LLC Hiponia	Management of real estate that has been taken over, development of real estate portfolio for alienation.	3 375.3	-7 272.2	86 877.3	57	100% SJSC Privatizācijas aģentūra
SJSC Tiesu namu aģentūra	Management of real estate of the Ministry of Justice	6 111.3	82.1	49 883.4	102	100%
LLC Biroju centrs Ezerparks	Real estate administration, management and development	4 719.0	919.5	76 268.5	n/a	31.50% SJSC Valsts nekustamie īpašumi
SLLC Zemkopības ministrijas nekustamie īpašumi	Management of real estate of the Ministry of Agriculture; maintenance of state-owned reclamation systems and those of national importance	4 539.0	3.1	7 002.6	150	100%
Other SOEs	-	4 766.0	297.2	2 471.0	168	-

## State Joint Stock Company Valsts nekustamie īpašumi

VNĪ is one of the largest SOEs in the Republic of Latvia that is performing the administration, management and development of the state-owned real estate with a priority to provide the governmental institutions with high-quality premises appropriate for the performance of the relevant functions as well as it is organising real estate administration and management, leasing and renting free premises to legal entities and individuals. VNĪ has the greatest experience in managing cultural and historical heritage sites in Latvia. 100% of shares in VNĪ are owned by the State and the holder of shares is the Ministry of Finance of the Republic of Latvia.

The principal directions of activity of VNĪ are the alienation, leasing, renting and managing of real estate as well as developing new construction projects of national importance and implementing various real estate target projects.

During the period from 2015 to 2018 VNĪ is planning to attract and make investment in the state-owned real estate in the amount of approximately 305 million euros.

In 2014, VNĪ was a shareholder in three affiliated companies:

1. Subsidiary company LLC VNĪ pilis (shareholding 100%) is managing Mežotne and Igate palaces as well as providing hospitality services in Igate and Mežotne palaces;

2. Subsidiary company LLC Veselibas aprūpes nekustamie īpašumi (shareholding 100%), based on the authorisation from VNĪ, is performing management of real estate of the Ministry of Health and its subordinated institutions;

3. The principal type of activity of the associated company LLC Biroju Centrs Ezerparks (shareholding 31.50%) is construction of the State Revenue Service administrative building at Talejas iela 1, Riga and its management after its commissioning.

### Real estate portfolio characteristics

The real estate portfolio managed by VNĪ consists of three substantially different parts:

1. Real estate owned by VNĪ: currently they are buildings of various functions and land plots beneath them, ranging from individual residential areas, commercial areas, office premises up to undeveloped land plots as well as land plots that are leased to the private sector with the construction right;

2. State-owned property units that are required or could be useful in the future for public functions, such as healthcare real estate, real estate that is required to provide for the functions of the Ministry of the Interior, real estate with cultural functions, and similar property;

3. Land plots with buildings or state-owned land units on which there are buildings belonging to other persons.

**Table 34. Classification of real estate managed by VNĪ as of 31.12.2014**

VNĪ:	Number of RE	Land (m <sup>2</sup> )*	Buildings/constructions (m <sup>2</sup> )*	Cadastral value (euros)
<b>VNĪ:</b>				
- structures with land	114	1 362 629	436 407	122 769 178
- land plots	17	203 260		1 370 612
<b>State, represented by the MoF:</b>				
- structures with land	341	4 915 021	1 052 642	148 597 784
- land plots	185	2 125 990		6 515 592
<b>Built-up land plots:</b>				
- built-up land plots:	4 144	8 958 706		39 058 658
Total	4 803**	17 565 606	1 489 049	318 311 824

Source: VNĪ consolidated and individual parent company annual report for 2014

Notes.

1. \* – State-owned portion of the area.

2. \*\* - the total sum of individual sections does not match the total number of RE, because there are 2 real estates that include several land plots, one of which is built up, but the other is not.

The total number of real estates managed by VNĪ as to 31.12.2014 is 4,803 units, of which 114 real estates are buildings with land owned by VNĪ and 17 are land plots without buildings owned by VNĪ.

On 31.12.2014, the indicator of the total free space in premises managed by VNĪ is 30%. Such increases in the indicator of free space in real estate is explained mainly by the fact that during the reporting period several completely empty real properties were taken over as well as the period of several large-scale contracts have expired and have not been extended yet as of the moment of drafting the report.

The total area of land managed by VNĪ as to 31.12.2014 is 17,565,606 m<sup>2</sup>, which is a reduction by 1.7% in relation to the previous year, because the alienation process was implemented successfully during 2014.

The indicator of land managed by VNĪ and not leased as to 31.12.2014 is 37%, which is a reduction by 3 percentage points compared to the previous year. The proportion of land managed by VNĪ and not leased is directly affected by the quantity of land taken over during the period and their structure as well as by the land alienation and leasing process.

**Table 35. Financial indicators of the VNĪ Group**

Main financial indicators, EUR '000		
Overall indicators of the concern	2013	2014
Turnover	47 985.5	51 719.7
Profit/loss	5 082.1	2 499.8
Total assets	352 453.3	344 369.2
Share capital	133 755.4	135 415.9
Equity	235 448.2	229 905.3
<b>Factors</b>		
Profit and turnover ratio,%	10.6 %	4.8 %
Return on assets; ROA,%	1.4 %	0.7 %
Return on equity; ROE,%	2.2 %	1.1 %
Total liquidity indicator	2.1	1.5
Liabilities to equity ratio	0.5	0.5
<b>Other indicators</b>		
Number of employees on average per annum	626	654
Gross remuneration average per employee	9.6	10.5
Investment in fixed assets	3 928.3	4 055.5
Dividends for the previous year paid into the national budget	2 881.1	4 595.8
Funding directly or indirectly received from the national budget	1 339.1	12 464.9

## The largest and the most significant development projects

In 2014, VNĪ continued operations to provide the national budget authorities with the premises specifically adapted to their needs, mainly by renovating, restoring or building new property according to the requirements of certain national budget authorities.

The most important construction projects in 2014:

- 1) Restoration and reconstruction of Riga Palace at Pils laukums 3, Riga;
- 2) border crossing point Vientuļi, Viļaka Municipality;
- 3) The New Riga Theatre, Lāčplēša iela 25, Riga;
- 4) Tobacco factory building complex, Miera iela 58A, Riga;
- 5) SFRS depot in Cēsis;
- 6) a new building of the SRS at Talejas iela 1, Riga;
- 7) Tetera House (the Corner House);
- 8) renovation of buildings of the Rainis and Aspazija Museum;
- 9) renovation of the memorial museums;
- 10) energy efficiency improvement measures for the Latvian National Archive building.

**LLC VNĪ pils.** In October 2014 the Cabinet of Ministers decided to liquidate or reorganise the subsidiary of VNĪ, LLC VNĪ pils, by merging it with VNĪ after the directions for the development of both palaces specified in the concept developed by VNĪ regarding further operation of Mežotne Palace and Igate Palace will be implemented, but not later than by 31 December 2016. The concept envisages that Mežotne Palace should attract a five-star hotel operator, but Igate Palace should be leased or sold. The long-term development scenario of Mežotne Palace envisages the development of operations performed so far according to the cultural and historic status of Mežotne Palace by making immediate investment for the preservation of technical condition of buildings of the complex and by attracting a cooperation partner, a five-star hotel operator. Until the cooperation partner is attracted, VNĪ pils will continue performing the duties of the authorised person. It is planned to let out Igate Palace for a long term.

**LLC Veselības aprūpes nekustamie īpašumi.** The current VNĪ and Limited Liability Company Veselības aprūpes nekustamie īpašumi reorganisation plan (hereinafter the reorganisation plan) and the draft reorganisation agreement were approved by the VNĪ Board resolution of 23 September 2014. The responsible persons assigned to perform the activities required for its implementation have been specified in the reorganisation plan. As to the date of signing the annual report, the reorganisation process has been stopped and is not performed in accordance with the approved reorganisation plan because alternative solutions for further reorganisation or cooperation between VNĪ the VANĪ are being considered.

**LLC Biroju centrs Ezerparks** was founded on 12 June 2008 with the aim of building and managing office buildings that are suitable for the needs of the State Revenue Service central structural units and other governmental authorities (institutions).

The shareholders of the SOE are SJSC Valsts nekustamie īpašumi (owns 3,200,000 shares of the company) and LLC Mežaparks SPV (owns 6,958,731 shares of the company).

### State Joint Stock Company Tiesu namu aģentūra

State Joint Stock Company Tiesu namu aģentūra is a commercial company, 100% of the shares of which are owned by the state, and the holder of the state-owned shares is the Ministry of Justice.

The purposes of operation of SJSC Tiesu namu aģentūra are as follows:

- 1) real estate management corresponding to the requirements of the justice sector, the provision of the Ministry of Justice, its subordinated authorities and courts with the premises required for the exercise of their functions, development of real estate projects – implementing the projects for the construction of new court houses meeting the specific requirements of the courts;
- 2) provision of the information technology services to courts, the Ministry of Justice and its subordinated institutions, including the introduction of the principle of a unified data centre in the Ministry of Justice and management and servicing of information technology infrastructure of its subordinated institutions;
- 3) publishing high-quality legal literature, including indexation, systematisation and publishing of court judgments.

### LLC Zemkopības ministrijas nekustamie īpašumi

Zemkopības ministrijas nekustamie īpašumi (ZMNĪ) is managing the following properties:

- 1) the administrative building of the MoA central structures at Republikas laukums 2, Riga;
- 2) real estate property that is a property investment in the equity capital of ZMNĪ;
- 3) real properties received for management in Daugavpils, Dobeļe, Lubāna, Riga, Tukums, etc.

ZMNĪ is also operating and maintaining the state-owned reclamation systems (polder pumping stations and associated engineering structures, including the protective dams of the polders) and reclamation systems of national importance (regulated drainage) in the entire territory of the country, ensuring operation of the reclamation hydrometric posts as well as maintenance of the national information system, the Reclamation Cadastre Information System. ZMNĪ is providing for the reconstruction/renovation projects for the state-owned reclamation systems.

The goal of ZMNĪ is quality administration and management of real estate of the Ministry of Agriculture, maintenance and operation of the state-owned reclamation systems and reclamation systems of national importance; protecting infrastructure, agricultural lands, forest lands and populated areas from flooding, provision of the reclamation cadastral and hydrometric data to the public.

ZMNĪ is publishing the reclamation cadastre data about the lands reclaimed and reclamation systems built in the territory of the country on a publically available website [www.melioracija.lv](http://www.melioracija.lv).

### LLC Jaunmoku pils

Since 2000, the LLC Jaunmoku pils is managed by SJSC Latvijas Valsts meži (holder of 100% of equity shares).

The mission of the museum is to identify, preserve, study and promote evidence about the forest management traditions in Latvia and considerate use of the forest wealth as well as to provide for the conservation of the cultural and historic heritage by exploring the history of Jaunmoku Palace complex from the earliest times to the present day.

The recipients of services of the Jaunmoku Palace complex are as follows: groups of students (15%), residents of Latvia (35%), foreign tourists (15%), companies of Latvia (23%), state and local government institutions and organisations (12%).

## LLC Šampētera nams

The SOE is administrating and managing real estate possessed by the Ministry of Welfare that are used by the institutions subordinate to the Ministry to perform their functions, including the state social care centres. Limited Liability Company Šampētera nams is also providing support to the de-institutionalisation process implemented by the Ministry of Welfare as well as consulting and providing conclusions regarding the quality of the provision of social services in infrastructure issues.

## Other real estate sector information

### LLC Hiponia

LLC Hiponia was established as a subsidiary of Latvijas Hipotēku un zemes banka (LHZB) to implement projects in the real estate field. As a result of the financial crisis, LLC Hiponia focused on managing the problematic assets of LHZB. In 2013 it received a loan from the Treasury, and SJSC Privatizācijas aģentūra purchased 100% of equity shares of LLC Hiponia from LHZB. The funds to repay the loan from the Treasury are earned by developing the asset portfolio. LLC Hiponia has to repay the loan from the Treasury and has to terminate its activity by 31.12.2018.

**Table 36. Financial indicators of LLC Hiponia**

Main financial indicators, EUR '000		
Overall indicators of the SOE	2013	2014
Turnover	2 155.0	3 375.3
Profit/loss	-7 999.5	-7 272.2
EBITDA	-1 708.1	-1 454.1
EBIT	-1 751.4	-1 504.3
Total assets	108 531.6	86 877.3
Share capital	37 568.8	37 568.8
Equity	11 625	4 353
<b>Factors</b>		
Profit and turnover ratio,%	-371.2 %	-215.5 %
EBITDA and turnover ratio,%	-79.3 %	-43.1 %
Return on assets; ROA,%	-7.4 %	-8.4 %
Return on equity; ROE,%	-68.8 %	-167.1 %
Total liquidity indicator	1.4	1.3
Liabilities to equity ratio	8.0	19.0
<b>Other indicators</b>		
Number of employees on average per annum	55	55
Gross remuneration average per employee	20.3	23.6
Investment in fixed assets	30.6	111.8
Dividends for the previous year paid into the national budget	0.0	0.0
Funding directly or indirectly received from the national budget	0.0	0.0

## JSC Reverta (concern)

JSC Reverta is the largest manager of problem assets in the Baltic states. The operation of the SOE focuses on three main directions: loan restructuring, debt recovery and real estate management. Since 1 August 2010, Reverta has recovered 604.9 million euros from the development and sale of problem assets. JSC Reverta will end its operation in 2017.<sup>14</sup>

**Table 37. Financial indicators of JSC Reverta**

Main financial indicators, EUR '000		
Overall indicators of the concern	2013	2014
Turnover	13 176	9 475
Profit/loss	-126 036	-60 389
EBITDA	-125 620	-59 832
EBIT	-125 786	-59 901
Total assets	350 659	228 820
Share capital	442 552	442 552
Equity	-247 283	-307 672
<b>Factors</b>		
Profit and turnover ratio,%	-956.6 %	-637.4 %
EBITDA and turnover ratio,%	-953.4 %	-631.5 %
Return on assets; ROA,%	-35.9 %	-26.4 %
<b>Other indicators</b>		
Number of employees on average per annum	131	115
Gross remuneration average per employee	35.3	35.0
Investment in fixed assets	77	57
Dividends for the previous year paid into the national budget	0	0
Funding directly or indirectly received from the national budget	0	0

Joint Stock Company Reverta has closed 2014 with better performance than in 2013 by refunding 85.2 million euros to the Treasury during the report period, which is 27.3 million euros more than during the previous year. Of all funds recovered last year, 60 million euros have been channelled into repayment of the base amount of state investment, whereas 25.2 million euros have been paid as interest for the use of support from the state.

In the first half of 2014 the results of Reverta were positively influenced both by overall economic indicators of Latvia and the considerable activity in the real estate field, for example, Reverta implemented one of the most complex and largest real estate transactions in Latvia. A sports complex Skonto was sold thereby recovering 13.8 million euros for the state, which completely covered not only credit obligations, but also the site maintenance costs.

The total assets of Reverta on 31 December 2014 represented 228.8 million euros compared to 350.7 million euros the year before. Since 1 August 2010 to 31 December last year the state has received in total more than half a billion euros from Reverta. This amount consists of payments to the Treasury in the amount of 313.4 million euros as well as repayment of the syndicated loan guaranteed by the state and the accrued interest in the amount of 244.6 million euros. In payments of various taxes and duties, the state has received about 15 million euros. Since 1 August 2010, the aggregate of 17.2 million euros have been paid for the subordinated obligations.

<sup>14</sup> According to European Commission resolution No. SA.36612 - 2014/C (ex 2013/NN) of 9 July 2014



A photograph of a white lab coat with a stethoscope resting on the chest. A hand is resting on the chest area. The entire image is overlaid with a semi-transparent red filter. The text 'Health care' is written in white, sans-serif font, oriented vertically on the right side of the image.

# Health care

## Health care

The health care sector in Latvia is basically organised and managed by the state. Most health care institutions are owned by the state or local governments and their legal form is quite diverse. Diverse ownership structure and legal status creates an incoherent financial approach and requirements.

The table below provides details about those state-owned health care SOEs, the turnover of which in 2014 reached 6 million euros. Net turnover of the three largest state-owned health care SOEs forms 77.7% of the total turnover in the sector.

Health, being one of the core values, is the foundation of the quality of human life, welfare of the family and society, because only a healthy society can provide for a productive economy, and thereby the sustainable development of the country as well<sup>15</sup>.

In the context of the health care system, the financial aspect is one of the most significant challenges that significantly impedes the achievement of the public health objectives. The health care system in Latvia is receiving substantially less funds from the national budget than in other EU countries. If public expenditure for the health sector in Latvia in 2014 was 3.07% of GDP (which, moreover, is the lowest rate since 2004), then other EU countries are allocating significantly more to health care: from 4.5% to 9% of GDP.

In 2014, the Ministry of Health is the holder of state-owned capital shares in 14 SOEs (direct decisive influence in

13 SOEs) – both in multi-profile health care institutions that provide emergency medical assistance, advice and inpatient assistance, provide for full investigation of the patient, and also in the so-called specialised hospitals.

Upon analysing the information about the health care services provided by the SOEs, compliance with public policy objectives in the field of public health is largely observed – by increasing the proportion of outpatient services, reducing the proportion of inpatient (undeniably, more cost-intensive) service. In 2014, the SOEs of the health sector provided inpatient health care services to 166,523 patients, which is by 3,767 patients or 2.2% less than in 2013. The outpatient health care services were provided to 1,204,844 patients, which is by 46,974 patients or 4.1% more than in 2013<sup>16</sup>.

To enhance the availability of health care services to the population, starting from January 2015 the patient's contribution in the hospital and the patient's co-payment for surgery has been reduced as well as a new procedure has been defined on how a portion of services provided in the hospital is accounted and paid for (the DRG system). Payment for the services provided is estimated taking into account the complexity of the patient's state of health. Thus, by increasing the cost effectiveness of treatment, it is planned to also provide for greater stability of operation of the Clinical University Hospitals.

**Table 38. State-owned equity shares and existing SOEs in the health sector**

State-owned equity shares in the health care sector in 2014						
Name of the SOE	Field of activity	Turnover, 2014, EUR '000	Profit/loss, 2014, EUR '000	Total assets, 31.12.2014, EUR '000	Number of employees	Proportion of capital shares
LLC Rīgas Austrumu klīniskā universitātes slimnīca	Multi-profile hospital that is providing outpatient and inpatient medical assistance and is conducting research	87 979.4	-8 735.8	101 444.0	4 789	100 %
SLLC Paula Stradiņa klīniskā universitātes slimnīca	Outpatient, inpatient and tertiary medical assistance	83 157.7	147.3	103 841.5	2 993	100 %
SLLC Bērnu klīniskā universitātes slimnīca	Outpatient and inpatient medical assistance and emergency assistance to children	32 576.0	141.4	60 696.0	2 030	100 %
SLLC Traumatoloģijas un ortopēdijas slimnīca	Specialised hospital for bone and soft tissue trauma treatment; orthopaedic and spinal surgery	11 464.9	76.2	11 055.6	456	100 %
SLLC Rīgas Psihiatrijas un narkoloģijas centrs	Outpatient, inpatient and tertiary medical assistance to persons found to have mental illness or behavioural disorders. Performing expertise of the impact of alcohol and drugs	11 347.6	2.1	25 950.4	886	100 %
SLLC Nacionālais rehabilitācijas centrs "Vaivari"	Medical assistance to persons in need of the second stage of medical rehabilitation	8 280.4	86.5	9 788.9	452	100 %
SLLC Daugavpils psihoneiroloģiskā slimnīca	Inpatient and secondary outpatient medical assistance and care to persons found to have mental illnesses or behavioural disorders.	6 699.6	20.0	18 508.4	597	100 %
Other SOEs of the health care sector	-	20 797.2	44.5	45 974.9	1 735	-

<sup>15</sup> 14 October 2014 Ddeceree of the Cabinet of Ministers No. 589 "Regarding the public health guidelines for 2014-2020". Available at: <http://likumi.lv/doc.php?id=269591> (researched on 23.11.2015)

<sup>16</sup> Information report regarding the performance of the task assigned in Paragraph 4 of the Protocol Resolution of the meeting of the Cabinet of Ministers of 27 March 2012 (minutes No. 17 20. §, Information report "About the proposals for the model of management of SOEs in the health sector that ensures a balanced SOE budget planning and development and improvement of efficiency of operation, thus preventing the situation when debts are formed repeatedly").

### General information about the SOEs

The Ministry of Health, as the holder of state-owned capital shares, must ensure that the SOEs where the Ministry of Health is the holder of state-owned capital shares (hereinafter the SOEs) would reach (by 31 December 2016):

- 1) a non-deficit budget;
- 2) a positive (balanced) cash flow (considering that there is a shift in the annual schedule in relation to the implementation of the European Regional Development Fund and the state-guaranteed loan projects between the moment when the funding is received and the moment when the received funds are spent, and the investment and funding activity cash flow for the report year does not reflect the operational result of the SOE and, on that basis, the information reflected in this report is only about the principal activity (including other economic activities) cash flow);
- 3) a positive profitability indicator;
- 4) a liquidity ratio defined not lower than 1.00.

According to Paragraph 25 of the 13 April 2004 Regulation of the Cabinet of Ministers No. 286 "By-laws of the Ministry of Health", the Ministry of Health is a holder of the state-owned capital shares in the following SOEs:

- 1) SLLC Bērnū psihoneiroloģiskā slimnīca "Ainaži";
- 2) SLLC Aknīstes psihoneiroloģiskā slimnīca;
- 3) SLLC Bērnū klīniskā universitātes slimnīca;
- 4) SLLC Daugavpils psihoneiroloģiskā slimnīca;
- 5) SLLC Slimnīca "Ģintermuiža";
- 6) SLLC Piejūras slimnīca;
- 7) LLC Rīgas Austrumu klīniskā universitātes slimnīca;
- 8) SLLC Rīgas psihiatrijas un narkoloģijas centrs;
- 9) SLLC Paula Stradiņa Klīniskā universitātes slimnīca;
- 10) SLLC Straupes narkoloģiskā slimnīca;
- 11) SLLC Strenču psihoneiroloģiskā slimnīca;
- 12) SLLC Traumatoloģijas un ortopēdijas slimnīca;
- 13) SLLC Nacionālais rehabilitācijas centrs "Vaivari".

LLC Rīgas Austrumu klīniskā universitātes slimnīca is the only SOE having the following subsidiaries under its decisive influence:

- 1) LLC Veselības centrs "Bīķernieki";
- 2) LLC Rīgas Hematoloģijas centrs.

**Table 39. Summary of performance indicators of SOEs in the health care sector**

No.	Name	Net profit/loss, euros (criterion: non-deficit budget)	Net profit profitability indicator, % (criterion: positive profitability indicator)	Principal activity (including other economic activity) cash flow, euros (criterion: positive cash flow)	Common liquidity factor (criterion: liquidity factor not less than 1.00)
1.	SLLC Bērnū psihoneiroloģiskā slimnīca "Ainaži"	44 857	4.1	43 035	3.7
2.	SLLC Aknīstes psihoneiroloģiskā slimnīca	31 752	1.0	247 010	1.9
3.	SLLC Strenču psihoneiroloģiskā slimnīca	119 218	2.7	319 166	6.4
4.	SLLC Daugavpils psihoneiroloģiskā slimnīca	20 030	0.3	450 480	2.0
5.	SLLC Slimnīca "Ģintermuiža"	8 453	0.2	22 377	0.9
6.	SLLC Piejūras slimnīca	-96 041	-3.1	85 644	1.5
7.	SLLC Rīgas psihiatrijas un narkoloģijas centrs	2 090	0.0	808 253	2.3
8.	SLLC Traumatoloģijas un ortopēdijas slimnīca	76 176	0.7	231 946	0.8
9.	SLLC Straupes narkoloģiskā slimnīca	-27 412	-4.8	2 545	1.1
10.	SLLC Nacionālais rehabilitācijas centrs "Vaivari"	86 522	1.0	3 244 633	0.5
11.	SLLC Bērnū klīniskā universitātes slimnīca	141 359	0.4	698 644	1.4
12.	SLLC Paula Stradiņa klīniskā universitātes slimnīca	147 333	0.2	1 222 041	3.4
13.	LLC Rīgas Austrumu klīniskā universitātes slimnīca	-8 735 834	-9.9	-1 238 321	0.9
14.	LLC Rīgas Hematoloģijas centrs	-64 254	-46.5	-72 728	26.1

**Table 40. Financial indicators of the health care sector**

<b>Main financial indicators, EUR '000</b>		
<b>Overall indicators of the company</b>	<b>2013</b>	<b>2014</b>
Turnover	250 710.5	262 302.9
Profit/loss	-5 069.4	-8 217.8
EBITDA	12 554.4	9 699.4
EBIT	-5 303.8	-8 441.7
Total assets	366 927.0	377 259.7
Share capital	53 561.0	53 561.0
Equity	53 654.8	43 011.9
<b>Factors</b>		
Profit and turnover ratio,%	-2.0 %	-3.1 %
EBITDA and turnover ratio,%	5.0 %	3.7 %
Return on assets; ROA,%	-1.4 %	-2.2 %
Return on equity; ROE,%	-9.4 %	-19.1 %
Total liquidity indicator	5.1	3.8
Liabilities to equity ratio	8.1	5.7
<b>Other indicators</b>		
Number of employees on average per annum	13 930	13 938
Gross remuneration average per employee	8.3	9.1
Investment in fixed assets	32 276.5	42 186.8
Dividends paid into the national budget	24.8	2.6
Funding directly or indirectly received from the national budget	219 190.7	229 886.9

**Table 41. Financial indicators of SLLC Paula Stradiņa Klīniskā universitātes slimnīca**

<b>Main financial indicators, EUR '000</b>		
<b>Overall indicators of the SOE</b>	<b>2013</b>	<b>2014</b>
Turnover	81 921.2	83 157.7
Profit/loss	12.1	147.3
EBITDA	5 611.2	5 433.6
EBIT	440.0	574.3
Total assets	97 013.7	103 841.5
Share capital	19 366.8	19 366.8
Equity	8 885.3	9 045.4
<b>Factors</b>		
Profit and turnover ratio,%	0.0 %	0.2 %
EBITDA and turnover ratio,%	6.8 %	6.5 %
Return on assets; ROA,%	0.0 %	0.1 %
Return on equity; ROE,%	0.1 %	1.6 %
Total liquidity indicator	3.0	3.4
Liabilities to equity ratio	9.6	11.2
<b>Other indicators</b>		
Number of employees on average per annum	2 990	2 993
Gross remuneration on average per employee	11.3	11.9
Investment in fixed assets	7 412.9	11 622.9
Dividends paid into the national budget	0.0	0.0
Funding directly or indirectly received from the national budget	72 879.1	73 369.5

**Table 42. Financial indicators of LLC Rīgas Austrumu klīniskā universitātes slimnīca**

<b>Main financial indicators, EUR '000</b>		
<b>Overall indicators of the SOE</b>	<b>2013</b>	<b>2014</b>
Turnover	85 879.5	87 979.4
Profit/loss	-5 634.2	-8 735.8
EBITDA	1 085.0	-2 251.7
EBIT	-6 624.5	-10 315.8
Total assets	100 020.7	101 444.0
Share capital	15 681.4	15 681.4
Equity	1 983.7	-6 775.0
<b>Factors</b>		
Profit and turnover ratio,%	-6.6 %	-9.9 %
EBITDA and turnover ratio,%	1.3 %	-2.6 %
Return on assets; ROA,%	-5.6 %	-8.6 %
Return on equity; ROE,%	-284.0 %	-
Total liquidity indicator	2.3	0.9
Liabilities to equity ratio	48.7	-
<b>Other indicators</b>		
Number of employees on average per annum	4 780	4 789
Gross remuneration average per employee	9.5	10.1
Investment in fixed assets	11 786.3	22 584.9
Dividends paid into the national budget	0.0	0.0
Funding directly or indirectly received from the national budget	71 069.1	74 073.6

**Table 43. Financial indicators of SLLC Bērnu klīniskā universitātes slimnīca**

<b>Main financial indicators, EUR '000</b>		
<b>Overall indicators of the SOE</b>	<b>2013</b>	<b>2014</b>
Turnover	29 441.9	32 576.0
Profit/loss	245.8	141.4
EBITDA	1 834.4	1 837.4
EBIT	355.0	257.7
Total assets	60 032.1	60 696.0
Share capital	3 984.0	3 984.0
Equity	7 777.2	7 918.6
<b>Factors</b>		
Profit and turnover ratio,%	0.8 %	0.4 %
EBITDA and turnover ratio,%	6.2 %	5.6 %
Return on assets; ROA,%	0.4 %	0.2 %
Return on equity; ROE,%	3.2 %	1.8 %
Total liquidity indicator	2.0	1.4
Liabilities to equity ratio	6.7	6.5
<b>Other indicators</b>		
Number of employees on average per annum	2 101	2 030
Gross remuneration average per employee	8.3	10.2
Investment in fixed assets	3 703.5	1 566.3
Dividends paid into the national budget	0.0	0.0
Funding directly or indirectly received from the national budget	28 743.4	31 871.2

## Other information about the health care sector

The goal of the action line No. 7 “Provision for and maintenance of physical fitness, health and social care of staff” in the Operational Strategy of the Ministry of the Interior for 2014-2016 is to enhance the capacity of the officials of the Ministry of the Interior and the Prison Administration holding special ranks to implement the national security, internal affairs and criminal punishment enforcement policy measures by ensuring the correspondence of health, psychological condition and physical fitness of the officials to the performance of service duties, as well as providing for the social guarantees set forth in the legal acts governing the social area.

To attain the above goal, SLLC Iekšlietu ministrijas poliklinika is performing health checks of the officials, thus providing for the functioning of the control system for the officials' health condition upon recruitment, during service and until retirement of the officials from service.

**Table 44. Principal indicators of SLLC Iekšlietu ministrijas poliklinika**

<b>Name of the SOE</b>	SLLC Iekšlietu ministrijas poliklinika
<b>Field of activity</b>	Health care
<b>Turnover, 2014, EUR '000</b>	1 846.8
<b>Profit/loss, 2014, EUR '000</b>	19.3
<b>Total assets, 31.12.2014, EUR '000</b>	810.2
<b>Number of employees</b>	129
<b>Proportion of capital shares</b>	100 %





# Culture

## Culture

Culture is an important and integral part of the social of residents of Latvia. The vast offer of SOEs of the Ministry of Culture provides the society of Latvia with access to diverse and quality professional dramatic and choir art, opera and ballet. Not only national identity and strengthening Latvian language is promoted by means of art; there are also educational and social programmes implemented for public education and the promotion of integration processes.

There are 15 SOEs operating in the cultural sector with a total turnover of 29.4 million euros in 2014.

To make diverse and rich tangible and intangible cultural heritage available in Latvia, the State is supporting the operation of theatres, concert organisations, opera and ballet established by the state, by ensuring sustainable operation of cultural institutions. In 2014, SOEs of the Ministry of Culture – theatres, concert organisations, opera and ballet – were visited by 1,237,613<sup>17</sup> people, and the largest audiences – 194,892 – were gathered by SLLC Dailes teātris.

To promote the achievements of Latvian theatre arts abroad and to learn from international experience in the field of theatre arts, the SOEs of the Ministry of Culture, theatres, staged more than 15 performances outside Latvia. The theatre arts offer in 2014 was also highly valued by critics. For example, the play “Everything is her” of SLLC Daugavpils earned the highest evaluation of the jury in the “Spēlmaņu nakts” competition in the nomination of Performances for Children and Young People, SLLC Latvijas Nacionālais teātris received five “Spēlmaņu nakts” awards in 2014, including the *Grand Prix* for the play entitled “Ezeriņš”, and SLLC Latvijas Leļļu teātris, when participating in the 27th International Theatre Festival Valise (Lomża, Poland) with the play “Sleeping Dragon Tales”, won the jury prize for the best scenic narrative.

Year by year SLLC Latvijas Nacionālā opera un balets (LNOB) is strengthening the development of the opera and ballet sector in Latvia and beyond its borders. In 2014, SLLC Latvijas Nacionālā opera un balets was visited by 158,915 spectators, which is 12.84% of the total number of visitors to SOEs of the Ministry of Culture. The contribution of the LNOB to the implementation of the project “Riga – Cultural Capital of Europe 2014” should be particularly emphasised as four new performances were staged within its framework.

The SOEs of the Ministry of Culture, concert organisations, are successfully providing for the availability of professional music of different genres and the recognition of the musical culture of Latvia abroad. More than 600 concerts took place in

2014, of which more than 120 were given in foreign countries. The concert organisations have not only participated in implementing of the cultural programme of “Riga – Cultural Capital of Europe 2014”, but also they have gained international recognition.

To develop professional circus arts, SLLC Rīgas Cirks is staging diverse circus productions and is continuing active work in the circus studio. The students of this studio have participated in international festivals in Latvia and abroad and received both an audience award and the Silver and *Grand Prix* Awards in different genres. In 2014 SLLC Rīgas Cirks was represented in the professional artists’ competition–festival for the first time and won the Bronze Award.

SLLC Starptautiskā Rakstnieku un tulkotāju māja is continuing to operate successfully in the field of intercultural dialogue as well as working on the inclusion of the Latvian literary processes into international circulation. For example, 180 residency applications of writers were received in 2014, of which, upon the approval of the expert’ commission, creative residency was implemented by 99 writers.

**Table 46. Financial indicators of the cultural sector**

Main financial indicators, EUR '000		
Overall indicators of the sector	2013	2014
Turnover	28 505.2	29 420.8
Profit/loss	-143.4	269.7
EBITDA	1 133.8	1 699.5
EBIT	-91.8	363.1
Total assets	13 370.7	13 934.5
Share capital	244.2	265.1
Equity	4 276.6	2 785.4
<b>Factors</b>		
Profit and turnover ratio,%	-0.5 %	0.9 %
EBITDA and turnover ratio,%	4.0 %	5.8 %
Return on assets; ROA,%	-1.1 %	1.9 %
Return on equity; ROE,%	-3.4 %	9.7 %
Total liquidity indicator	1.3	1.2
Liabilities to equity ratio	11.4	15.6
<b>Other indicators</b>		
Number of employees on average per annum	2 050	2 119
Gross remuneration average per employee	8.5	9.3
Investment in fixed assets	2 350.0	1 493.1
Dividends paid into the national budget	0.0	1.1
Funding directly or indirectly received from the national budget	19 415.9	22 050.4

<sup>17</sup> Information provided by the Ministry of Culture

**Table 45. State-owned equity shares and existing SOEs in the cultural sector**

State-owned equity shares in the cultural sector in 2014						
Name of the SOE	Field of activity	Turnover, 2014, EUR '000	Profit/loss, 2014, EUR '000	Total assets, 31.12.2014, EUR '000	Number of employees	Proportion of capital shares
SLLC Latvijas Nacionālā opera un balets	Opera	11 107.5	126.5	6 401.7	593	100 %
SLLC Latvijas Nacionālais teātris	Theatre	3 929.7	2.0	1 270.4	251	100 %
SLLC Dailes teātris	Theatre	3 561.9	-13.2	961.0	226	100 %
SLLC Mihaila Čehova Rīgas Krievu teātris	Theatre	2 492.1	-134.0	460.6	185	100 %
SLLC Jaunais Rīgas teātris	Theatre	2 278.6	27.3	998.9	100	100 %
SLLC Latvijas Koncerti	Concert organisation	1 192.2	41.9	1 161.0	104	100 %
SLLC Valsts Akadēmiskais koris "Latvija"	Choir	1 020.0	1.8	331.4	65	100 %
SLLC Rīgas cirks	Circus	899.1	141.6	362.8	62	100 %
Other SOEs/SOEs in the sector	-	2 939.7	75.7	1 986.6	533	-



# Education and sports

## Education and sports

There are seven SOEs operating in the education and sports sector, the total turnover of which in 2014 was 10 million euros. Since the sectors fulfil the social function and provide public benefit, the funding from the state plays an essential role in ensuring their activities.

**Table 47. State-owned equity shares and existing SOEs in the education sector**

**State-owned equity shares in the education sector in 2014**

Name of the SOE	Field of activity	Turnover, 2014, EUR '000	Profit/loss, 2014, EUR '000	Total assets, 31.12.2014, EUR '000	Number of employees	Proportion of capital shares
SLLC Rīgas Tūrisma un radošās industrijas tehnikums	Educational institution	4 604.9	21.6	13 324.9	298	100 %
SLLC Bulduru dārzkopības vidusskola	Educational institution	1 910.3	503.8	6 021.6	96	100 %

**Table 48. State-owned equity shares and existing SOEs in the sports sector**

**State-owned equity shares in the sports sector in 2014**

Name of the SOE	Field of activity	Turnover, 2014, EUR '000	Profit/loss, 2014, EUR '000	Total assets, 31.12.2014, EUR '000	Number of employees	Proportion of capital shares
SLLC Bobsleja un kamaniņu trase "Sigulda"	National sports base	656.3	-53.4	6 549.6	35	100 %
SLLC Kultūras un sporta centrs "Daugavas stadions"	National sports base	270.6	1.6	940.7	19	100 %
LLC Sporta centrs "Mežaparks"	National sports base	226.5	-9.7	15 713.1	15	99.99 %
LLC Tenisa centrs "Lielupe"	National sports base	219.8	53.5	12 014.6	15	99.99 %
LLC Latvijas Olimpiskā vienība	Sports organisation	2 057.7	-71.2	700.7	n/a	29 %

## Education sector

In July 2015, the government conceptually approved the transformation of the State Limited Liability Company *Bulduru Dārzkopības vidusskola* (hereinafter the Secondary School) into a vocational education institution subordinate to the Ministry of Education and Science. The Secondary School is the only educational institution in Latvia that is implementing horticultural education programmes. The state budget allocations for the implementation of vocational training programmes has declined in recent years as the number of trainees has decreased. It is possible to ensure the learning process in the Secondary School for approximately 1,000 students, but since the number of students is not sufficient<sup>18</sup>, the Secondary School cannot exist as an independent educational institution while keeping the status of a state-owned SOE. The Secondary School has poor performance in working with debtors, and the stability of its economic operations is endangered by other started and unfinished court proceedings.

Currently,<sup>19</sup> the State LLC *Rīgas Tūrisma un radošās industrijas tehnikums* (hereinafter the Technical College) is one of the 17 vocational education competence centres in the country as well as being the second educational institution – a State Limited Liability Company under the responsibility of the Ministry of Education and Science. In 2014, the profit of the Technical College was 21,605 euros. The budget of the Technical College in 2014 was formed by the grant from the national budget of 4,026,833 euros, own production and revenue in the amount of 578,035 euros, as well as revenue from other economic activity and projects in the amount of 1,755,282 euros.

**Table 49. Financial indicators of the education sector**

<b>Main financial indicators, EUR '000</b>		
<b>Overall indicators of the sector</b>	<b>2013</b>	<b>2014</b>
Turnover	5 480.4	6 515.2
Profit/loss	-54.4	525.4
EBITDA	695.0	1 508.1
EBIT	9.3	588.2
Total assets	18 911.4	19 346.5
Share capital	8 735.0	8 735.0
Equity	7 379.8	7 905.1
<b>Factors</b>		
Profit and turnover ratio,%	-1.0 %	8.1 %
EBITDA and turnover ratio,%	12.7 %	23.1 %
Return on assets; ROA,%	-0.3 %	2.7 %
Return on equity; ROE,%	-0.7 %	6.6 %
Total liquidity indicator	0.3	0.8
Liabilities to equity ratio	1.6	1.4
<b>Other indicators</b>		
Number of employees on average per annum	373	394
Gross remuneration average per employee	3.5	3.5
Investment in fixed assets	7 840.6	3 144.0
Dividends paid into the national budget	0.0	0.0
Funding directly or indirectly received from the national budget	5 155.2	5 653.2

<sup>18</sup> According to the data of the MES, as to 1 January 2015, there were 223 students studying in the education programmes funded from the national budget.

<sup>19</sup> December 2015

## Sports. High achievements in sports. Healthy lifestyles

The national sports centres are providing athletes with the necessary conditions and a suitable environment for training so that high-class athletes are able to properly prepare for the Olympics, World Championships, European Championships and other international competitions and tournaments, where high results are achieved. For example, the activities of LLC *Latvijas Olimpiskā vienība* in the field of sports medicine helped Latvian athletes to win two silver and two bronze medals in the 2014 Winter Olympics in Sochi (Russia); medals (the first three places) have also been won on several occasions in summer sports in the World and European Championships. At the same time sports bases are offering facilities for the athletes from abroad, for example, athletes from more than 20 countries are using the Bobsleigh and Luge Track "Sigulda" as their training base.

SOEs, the field of operation of which is associated with the sports sector, also provide an important contribution to the formation of a positive image of Latvia in the world by organising both local and international sports competitions and championships. For example, four international tournaments took place in the "Lielupe" tennis centre in 2014, while three international competitions will be held at the Bobsleigh and Luge Track "Sigulda" in the 2015 – 2016 season. It should be further noted that the State is investing in the development of the infrastructure of the national sport centre for it to meet the requirements and regulations of international sports federations and so that international competitions can be organised there.

National sports centres focus not only on sports with high achievements, they create the opportunity for each resident of Latvia to participate in different sports activities, thus promoting an active lifestyle and healthy habits, simultaneously enhancing human securitability through forming a healthy lifestyle as a basis for the quality of life and longevity.

**Table 50. Financial indicators of the sports sector**

<b>Main financial indicators, EUR '000</b>		
<b>Overall indicators of the sector</b>	<b>2013</b>	<b>2014</b>
Turnover	3 396.1	3 430.8
Profit/loss	-207.8	-79.1
EBITDA	197.5	409.1
EBIT	-235.3	2.3
Total assets	32 228.5	35 918.7
Share capital	31 506.9	31 506.8
Equity	30 103.5	29 928.4
<b>Factors</b>		
Profit and turnover ratio,%	-6.1 %	-2.3 %
EBITDA and turnover ratio,%	5.8 %	11.9 %
Return on assets; ROA,%	-0.6 %	-0.2 %
Return on equity; ROE,%	-0.7 %	-0.3 %
Total liquidity indicator	5.9	11.8
Liabilities to equity ratio	0.3	1.1
<b>Other indicators</b>		
Number of employees on average per annum	88	84
Gross remuneration average per employee	8.5	10.1
Investment in fixed assets	273.1	3 332.0
Dividends paid into the national budget	0.0	11.0
Funding directly or indirectly received from the national budget	1 604.1	10 891.0

## Other SOEs

### Certification, conformity assessment and metrology

There are three SOEs in the field of certification, conformity assessment and metrology. Basically, the SOEs are dealing with the certification, calibration and testing of measuring instruments, metrology centre activities and other issues.

**Table 51. State-owned equity shares and existing SOEs in the field of certification, conformity assessment and metrology**

<b>State-owned equity shares in the certification, conformity assessment and metrology sector in 2014</b>						
<b>Name of the SOE</b>	<b>Field of activity</b>	<b>Turnover, 2014, EUR '000</b>	<b>Profit/loss, 2014, EUR '000</b>	<b>Total assets, 31.12.2014, EUR '000</b>	<b>Number of employees</b>	<b>Proportion of capital shares</b>
LLC Latvijas Nacionālais metroloģijas centrs	Certification	1 210.8	9.3	1 168.6	81	100 %
LLC Standartizācijas, akreditācijas un metroloģijas centrs	Certification	734.8	56.3	670.9	38	100 %
SLLC Sertifikācijas un testēšanas centrs	Certification	656.1	-2.5	447.9	28	100% SJSC Privatizācijas aģentūra

**Table 52. Financial indicators of the field of certification, conformity assessment and metrology**

<b>Main financial indicators, EUR '000</b>		
<b>Overall indicators of the sector</b>	<b>2013</b>	<b>2014</b>
Turnover	2 316.5	2 601.7
Profit/loss	-10.3	63.1
EBITDA	188.2	219.8
EBIT	16.2	126.7
Total assets	2 009.4	2 287.4
Share capital	1 132.2	1 132.2
Equity	1 655.4	1 724.6
<b>Factors</b>		
Profit and turnover ratio,%	-0.4 %	2.4 %
EBITDA and turnover ratio,%	8.1 %	8.4 %
Return on assets; ROA,%	-0.5 %	2.8 %
Return on equity; ROE,%	-0.6 %	3.7 %
Total liquidity indicator	6.1	7.2
Liabilities to equity ratio	0.3	0.5
<b>Other indicators</b>		
Number of employees on average per annum	145	147
Gross remuneration average per employee	12.1	13.6
Investment in fixed assets	84.3	146.8
Dividends paid to the national budget from the profit of the previous year	16.8	7.7
Funding directly or indirectly received from the national budget	429.9	511.1

#### LLC Latvijas Nacionālais metroloģijas centrs

Operation of LLC Latvijas Nacionālais metroloģijas centrs (hereinafter the Centre) is aimed at the provision of high-level and accurate metrological services according to the requirements of the legislation of the Republic of Latvia and international legal acts and standards.

The Centre ensures compliance with the public interest in relation to the unity of measurements and the metrology system customised for the interests and needs of the national economy.

As a result of the achievement of the objectives, the Centre can continue to provide the accredited metrological services in accordance with the requirements of the Republic of Latvia and international regulatory documents in the field of metrology, as well as according to the interests and needs of the national economy.

In 2014, the Centre has made investment into the purchase of laboratory equipment. After the purchase of the equipment the Centre improved measurement capabilities in the field of the verification and calibration of pressure gauges. Upon increasing the best measurement capabilities, the Centre is able to compete in the market of the metrology service provision with high-precision and quality measurements, thus increasing the number of services provided.

In 2014, the Centre has made investment into the purchase of computers, thus ensuring the improvement of information processing and the speed of circulation of documents, as well as operative processing of measurement information.

#### LLC Standartizācijas, akreditācijas un metroloģijas centrs

LLC Standartizācijas, akreditācijas un metroloģijas centrs was founded through a merger of three institutions: Latvijas standarts, Latvijas Nacionālais akreditācijas birojs and Latvijas metroloģijas birojs.

LLC Standartizācijas, akreditācijas un metroloģijas centrs (hereinafter SAMC) provides businesses, the government and consumers with reliable conformity assessment services, including standardisation, accreditation and metrology. SAMC is stimulating free cross-border movement of products and services, increasing the competitiveness (exporting capability) of Latvian entrepreneurs and creating the base for the receipt of safe products and services according to international requirements.

A Standardisation office management and support structure automation information technology project was developed and implemented in 2014 by developing a single system for external and internal users in customer service and marketing, reducing the amount of work to be carried out manually, providing for functionality of the administrative processes and the possibility to link the sales process with financial and accounting records. The aim of the project is to improve the availability of European standardisation services by using online platforms.

An e-comment website for standards projects, [viedoklis.lvs.lv](http://viedoklis.lvs.lv) started its operation in 2014, where entrepreneurs and industry experts have the opportunity to express their views on the draft Latvian and European standards.

#### SLLC Sertifikācijas un testēšanas centrs

SLLC Sertifikācijas un testēšanas centrs is a state-owned SOE founded in 2004 that aims to provide certification and laboratory services in the regulated and non-regulated sphere. The SOE is performing the tasks delegated to it: it is performing conformity assessment of the tractors used in agriculture and logging as well as the certification of organic farming.

In accordance with the 4 December 2013 ordinance of the Cabinet of Ministers No. 596 "Regarding selling of the state-owned capital shares of the State-Owned Limited Liability Company Sertifikācijas un testēšanas centrs" 236,000 capital shares have been transferred from the Ministry of Agriculture to the Joint Stock Company Privatizācijas aģentūra for selling. As to 31 December 2014 the state-owned capital shares have not been sold.

### Financial services

In the financial services sector, the state owns the shares in JSC Citadele banka and JSC Attīstības finanšu institūcija.

JSC Citadele banka is a credit institution that was founded on 30 June 2010. It started independent operation on 1 August 2010, after the successful completion of the restructuring of Parex Banka. In May 2011, the State made a decision regarding the sale of shares belonging to it, and implemented the process to attract a stable long-term investor for the bank. Up to the moment of sale of the shares (the agreement with the investors was signed on 5 November 2014, while the deal was closed on 20 April 2015) the operation of JSC Citadele banka was influenced

by restrictions set forth in the decisions of the European Commission.

JSC Attīstības finanšu institūcija is a state-owned joint stock company registered in the Republic of Latvia (hereinafter AFI). As of 31 December 2014, the holder of 100% of the shares of AFI was the Ministry of Finance. On 11 September 2014 the capital shares of LLC Latvijas Garantiju aģentūra (LGA) and the capital shares of SJSC Lauku attīstības fonds (LAF) and SJSC Latvijas attīstības finanšu institūcija ALTUM (ALTUM) were transferred to AFI. Accordingly, since 11 September 2014 AFI, together with LGA, LAF and ALTUM, is forming a concern where AFI, as a parent company, owns all capital shares of LGA, LAF and ALTUM (the Concern).

**Table 53. State-owned equity shares and existing SOEs in the financial services sector**

**State-owned equity shares in the financial services sector in 2014**

Name of the SOE	Field of activity	Turnover, 2014, EUR '000	Profit/loss, 2014, EUR '000	Total assets, 31.12.2014, EUR '000	Number of employees	Proportion of capital shares
JSC Citadele banka (concern)	Banking and financial services	111 909.0	32 405.0	2 854 595 .0	1 583	75% SJSC Privatizācijas aģentūra
JSC Attīstības finanšu institūcija (concern)	Financial services within the State aid programme	5 620.0	95.0	443 702.0	298	40% - Ministry of Finance; 30% - Ministry of Economics; 30% - Ministry of Agriculture.

## JSC Citadele banka

On 16 September 2014, upon completion of the tender procedure, the Latvian Government decided to sell the state-owned 75% of shares in the Citadele bank to the company Ripplewood Advisors LLC (Ripplewood) and the group of international investors consisting of 12 investors. SJSC Privatizācijas aģentūra signed the share sale agreement on 5 November 2014.

At the closing of the transaction, approvals were received from the Latvian Financial and Capital Market Commission and the Lithuanian and Swiss banking regulators. The European Bank for Reconstruction and Development (EBRD) will retain its share package of 25% of shares in the Citadele bank. According to the terms of the transaction, the EBRD and the new investors have committed themselves to increase the bank's capital.

In 2014, Joint Stock Company Citadele banka and its subsidiaries (the Citadele Group) expanded its activities as well as improved the quality of services and performance indicators.

In 2014, the net profit of Citadele Group rose by 138% to 32.4 million euros (for the bank: by 91% to 29.2 million euros).

On 31 December 2014, the total assets of Citadele Group were 2.85 billion euros, which is a 12% increase compared to 2013 (for the bank: by 9% to 2.33 billion euros). The average return on assets last year was 1.2% compared to 0.6% in 2013 (for the bank: 1.3% compared to 0.8%).

On 31 December 2014, the value of equity of Citadele Group was 176.7 million euros, increasing by 23% compared to 2013 (for the bank: by 21% to 173.3 million euros). The average return on equity of the Group increased significantly from 9.8% in 2013 to 20.2% last year (for the bank: from 11.1% to 18.5%).

**Table 54. Financial indicators of the group and the bank in 2014**

Million euros	Group			Bank		
	2014.	2013.	Changes	2014.	2013.	Changes
	Audited	Audited		Audited	Audited	
Net interest income	62.5	55.3	13 %	52.1	45.5	15 %
Net commission income	33.4	32.2	4 %	24.4	23.9	2 %
Income from principal activity	111.9	107.5	4 %	90.1	88.4	2 %
Administrative income	(-61.4)	(-62.6)	-2 %	(-45.2)	(-46.6)	-3%
Accruals for impairment, net	(-8.6)	(-20.1)	-57 %	(-10.6)	(-21.7)	-51 %
Net profit for the report period	32.4	13.6	138 %	29.2	15.3	91 %

Million euros	Group			Bank		
	2014	2013	Changes	2014	2013	Changes
	Audited	Audited		Audited	Audited	
Total assets	2 855	2 542	12 %	2 331	2 141	9 %
Average return on assets (ROA)	1.20 %	0.56 %	0.64 pp	1.31 %	0.76 %	0.55 pp
Loans to businesses and individuals	1 076	1 056	2 %	941	925	2 %
Customer deposits	2.517	2.247	12 %	1.949	1.851	5 %
Loan and deposit ratio	43 %	47 %	(4 pp)	48 %	50 %	(2 pp)
Capital	177	143	23 %	173	144	21 %
Average return on equity (ROE)	20.24 %	9.77 %	10.47 pp	18.46 %	11.14 %	7.32 pp

## Subsidiaries of JSC Citadele banka

The subsidiary of the bank in Lithuania, AB Citadel banka, closed 2014 with a profit of 0.3 million euros. The goal of AB Citadel banka was to actively increase the number of customers, especially the segment of small and medium-sized enterprises, as well as increasing the total business volumes by strengthening the positions of Citadele banka in the Lithuanian market.

A subsidiary of Citadele banka in Switzerland, AP Anlage&Privatbank AG, made a 0.6 million euros profit. At the same time, the loan portfolio of the Baltic leasing SOEs reached the amount of 100 million euros.

A subsidiary of Citadele banka, IPAS Citadele Asset Management, which is one of the leading capital management companies in the Baltic states, changed its name to IPAS CBL Asset Management, where CBL is the abbreviation of the name, Citadele Bank Latvia.

IPAS CBL Asset Management increased the amount of capital under its administration to 594 million euros thereby improving the results achieved in 2013 by 7%.

A subsidiary company of IPAS CBL Asset Management, IJSC Citadele Life, increased the accrual portfolio of its clients last year by about 8 million euros and attracted more than 1,200 new customers. Upon the change of the name of the parent company, the insurance company also changed its name to IJSC CBL Life.

The clients' accrual portfolio of another subsidiary of IPAS CBL Asset Management, JSC Citadele atklātais pensiju fonds, increased during 2014 by 3.2 million euros and attracted 2,400 new customers. In connection with the change of name of the parent company, this company also changed its the name – to JSC CBL atklātais pensiju fonds.

## JSC Attīstības finanšu institūcija

Joint Stock Company Attīstības finanšu institūcija (hereinafter AFI) was established on 27 December 2013. AFI is a SOE (a group of SOEs) that contributes to the economic development of Latvia by effectively and professionally providing state aid:

- 1) within specific state aid programmes;
- 2) to specific target groups;
- 3) in the form of financial instruments (loans, guarantees, investment in venture capital funds, etc.);
- 4) implementing other functions delegated by the state.

The role of the development financial institution is to:

- 1) supplement the financial market;
- 2) correct market imperfections and failures;
- 3) operate in particularly defined areas and segments according to the delegation of the State;
- 4) implement programmes in cooperation with private market players.

In order to ensure effective operation of AFI in implementation of support and development programmes, as well as the state policy on the national economy, on 30 October 2014 the Saeima (Latvian Parliament) adopted the Development Financial Institution Law that entered into force on 1 March 2015. Based on the 6 August 2014 Decree of the Cabinet of Ministers No. 409 "Regarding the investment of shares and capital shares of the

State Joint Stock Company Latvijas Attīstības finanšu institūcija ALTUM, Limited Liability Company Latvijas Garantiju aģentūra and State Joint Stock Company Lauku attīstības fonds into the share capital of the Joint Stock Company Attīstības finanšu institūcija", the process of development of a single AFI was started.

Development of a single AFI took place in two stages. The first stage included transferring capital shares of LAF, LGA and ALTUM to the Company by creating a development financial institution concern. This stage was successfully completed on 11 September 2014, when all shares of ALTUM, LGA and LAF were invested in the share capital of the Company as a property investment. The paid-up share capital of the Company after making the property investment is 204.86 million euros. Reorganisation of AFI, ALTUM, LGA and LAF took place during the second stage by forming a single development financial institution. To implement this goal, on 28 October 2014 ALTUM, LGA and LAF have signed a reorganisation agreement that provides for the merging of these SOEs with JSC Attīstības finanšu institūcija. This stage was successfully completed on 15 April 2015.

**Table 55. Financial indicators of JSC Attīstības finanšu institūcija**

Main financial indicators, EUR '000		
Overall indicators of the group of SOEs	2013	2014
Turnover	-	5 620.0
Profit/loss	-	95.0
EBITDA	-	306.0
EBIT	-	19.0
Total assets	-	443 702.0
Share capital	-	204 862.3
Equity	-	212 604
<b>Factors</b>	-	
Profit and turnover ratio,%	-	1.7 %
EBITDA and turnover ratio,%	-	5.4 %
Return on assets; ROA,%	-	0.04 %
Return on equity; ROE,%	-	0.02 %
Total liquidity indicator	-	138.0 <sup>20</sup>
Liabilities to equity ratio	-	1.1
<b>Other indicators</b>	-	
Number of employees on average per annum	-	298
Gross remuneration average per employee	-	19.2
Investment in fixed assets	-	4 822.0
Dividends from the profits of the previous year paid into the national budget	-	0.0
Funding directly or indirectly received from the national budget	-	0.0

<sup>20</sup> Ratio of liquid assets specified in the table (up to 1 year) to the total financial liabilities, off-balance and contingent obligations (up to 1 year).

**Table 56. Financial indicators of ALTUM, LGA and LAF**

Name of the SOE	Field of activity	Turnover, 2013, EUR '000	Turnover, 2014, EUR '000	Profit/loss, 2013, EUR '000	Profit/loss, 2014, EUR '000	Total assets, 31.12.2014, EUR '000	Number of employees in 2013	Number of employees in 2014
SJSC Latvijas Attīstības finanšu institūcija ALTUM	Financial services within the State aid programme	14 236.0	12 974.0	-4 166.0	1 752.0	252 713.0	356	252
SJSC Lauku attīstības fonds	Granting loan guarantees and loans for rural entrepreneurs	360.3	592.2	1 373.9	79.4	51 486.4	8	8
LLC Latvijas Garantiju aģentūra	Provision of loan guarantees, provision of venture capital funding	5 807.2	6 149.6	1 504.8	2 596.7	129 757.2	21	24

#### SJSC Latvijas Attīstības finanšu institūcija ALTUM

State Joint Stock Company Latvijas Attīstības finanšu institūcija ALTUM (hereinafter ALTUM) is the new name of SJSC Latvijas Hipotēku un zemes banka. ALTUM started operating under the new name on 1 January 2014.

The goal of ALTUM is to effectively and professionally provide support for specific target groups in the form of financial instruments (loans, guarantees, investments in venture capital funds, etc.) by means of state aid financial instruments and by also supplementing it within particular programmes with non-financial support (consulting, training, mentoring, etc.), as well as to exercise other functions delegated by the state.

ALTUM is continuing to implement the entrepreneurship state support programmes started by Hipotēku banka by funding the development of small and medium SOEs, facilitating business start-up and supporting other business areas. At the same time ALTUM is participating in the development of new state support programmes for entrepreneurship.

The funding from ALTUM is intended for the areas of business in which the financial market is not providing funding in sufficient amount, for clients and projects where funding from credit institutions is not available. ALTUM is not providing commercial services and not competing with commercial banks.

ALTUM, as a development financial institution, is conducting crediting activities within the state support programmes. In 2014, ALTUM implemented the following state support programmes:

- Merchant competitiveness improvement programme and micro-loans;
- Support for starting self-employment and commercial activity, or Start-Up Programme;
- Loans for facilitating the development of tiny (micro), small and medium merchants and agricultural service cooperatives, or SME growth loans;
- Current asset loan programme for farmers;
- Latvia and Switzerland micro-crediting programme;
- Lending programme for the acquisition of agricultural land.

In 2014, ALTUM granted 1,220 loans for starting and development of business for a total amount of 48.1 million euros.

#### SJSC Lauku attīstības fonds

Until 15 April 2015 SJSC Lauku attīstības fonds (hereinafter LAF) operated as an independent institution and implemented various kinds of rural business support programmes. LAF offered credit guarantees for loans granted by credit institutions to rural entrepreneurs if they did not have sufficient loan collateral, and also ensured, through credit institutions, granting of Credit

Fund loans to aid applicants. Via Latvijas Attīstības finanšu institūcija Altum, LAF pro ensured the granting of loans to rural entrepreneurs for the purchase of agricultural land for the production of agricultural produce.

The operational objective of LAF is to make its support measures available to all rural entrepreneurs, thus ensuring the development of rural entrepreneurs and increasing their operational efficiency, the establishment of new production facilities, preservation of the environment and diversification of the rural economy.

By guaranteeing short-term and long-term loans of rural entrepreneurs and by issuing loans LAF contributed to a balanced and sustainable development of rural areas in Latvia and offered support for the increase of efficiency of agricultural production, increasing the well-being of rural life, diversification of employment as well as improving the quality and export of agricultural products, and the preservation and arrangement of the environment. LAF is providing guarantees for a range of activities: modernisation of farms, creating value added of agricultural products, support for young farmers, vocational training and information events, development and adaptation of agricultural and forestry infrastructure, fishing and aquaculture activities, measures for rural and agricultural development as well as guarantees behind the guarantor's pledge for the benefit of merchants that have applied to the Rural Support Service for aid under the measures for the implementation of the common agricultural policy.

The single institution, JSC Attīstības finanšu institūcija Altum, is taking over all rights and obligations of LAF as well as providing for the continuity of support programmes implemented by LAF and cooperation with customers.

#### LLC Latvijas Garantiju aģentūra

Until 15 April 2015 LLC Latvijas Garantiju aģentūra operated as an independent, full-spectrum development financial institution by helping entrepreneurs to attract funding in the event of insufficient collateral, in order to foster the creation, growth and expansion of the operation. LGA issued credit guarantees, provided mezzanine loans, underwrote export transaction risks as well as indirectly, through attracting financial intermediaries, provided venture capital funding and micro-loans.

The single institution JSC Attīstības finanšu institūcija Altum is taking over all rights and obligations of LGA as well as providing for the continuity of support programmes implemented by LGA and cooperation with customers.

## Public electronic media

The share capital of public electronic media SOEs is formed by the property invested by the state. The National Electronic Media Council is the holder of state-owned capital shares in the respective SOEs and it is performing the functions of the meeting of its shareholders.

The main task of public electronic media is the development and distribution of programmes on the basis of public commissioning.

The publicly commissioned package is vast aggregate of varied programmes intended for the public and is funded and monitored by the public. The principles and procedure of operation are governed by the Electronic Media Law.

Public media have a substantial role in the competition of opinions and critical evaluation of decisions, which, not being motivated by commercial success, are capable of providing a platform for quality public discussion.

**Table 58. Financial indicators of the public electronic media sector**

<b>Main financial indicators, EUR '000</b>		
<b>Overall indicators of the sector</b>	<b>2013</b>	<b>2014</b>
Turnover	23 648.8	26 446.8
Profit/loss	1 367.8	14.9
EBITDA	2 885.5	1 764.8
EBIT	1 299.3	-34.3
Total assets	22 343.7	25 765.0
Share capital	5 662.1	5 662.1
Equity	13 857.1	14 217.0
<b>Factors</b>		
Profit and turnover ratio,%	5.8 %	0.1 %
EBITDA and turnover ratio,%	12.2 %	6.7 %
Return on assets; ROA,%	6.1 %	0.1 %
Return on equity; ROE,%	9.9 %	0.1 %
Total liquidity indicator	1.7	1.2
Liabilities to equity ratio	0.5	0.7
<b>Other indicators</b>		
Number of employees on average per annum	665	708
Gross remuneration average per employee	17.3	20.5
Investment in fixed assets	3 513.3	4 474.0
Dividends paid to the national budget from the profit of the previous year	0.0	0.0
Funding directly or indirectly received from the national budget	18 422.8	20 250.4

**Table 57. State-owned equity shares and existing SOEs in the public electronic media sector**

<b>Public electronic media in 2014</b>						
<b>Name of the SOE</b>	<b>Field of activity</b>	<b>Turnover, 2014, EUR '000</b>	<b>Profit/loss, 2014, EUR '000</b>	<b>Total assets, 31.12.2014, EUR '000</b>	<b>Number of employees</b>	<b>Proportion of capital shares</b>
SLLC Latvijas televīzija	Public media – Latvian television	17 270.3	-132.9	18 098.5	453	100 %
SLLC Latvijas radio	Public media - Latvian radio	9 176.4	147.9	7 666.5	255	100 %

## SLLC Latvijas televīzija

SLLC Latvijas televīzija (hereinafter LTV), as a public media, is a facilitator of an inclusive society: it provides for the presence of different public groups in the content, and the availability of content to people with special needs.

One of the priority tasks of LTV in 2014 was to ensure the maximum quality of programme content and competitiveness in the Latvian electronic media environment. Programmes and news programmes developed in 2014 showed that the task has been accomplished. The public is increasingly trusting LTV and this is also confirmed by the audience surveys – in the 2014 autumn season, LTV1, after a five-year break, had returned to the position of the third most viewed TV channel in Latvia with a viewing time share of 9.2%, thus overtaking the LNT channel.

Strengthening national identity, language, culture and social memory, forming a democratic and cohesive society, membership of the European and international community, the motivation of children and young people to achieve and be involved – these have been the main goals of LTV as a public media, in 2014.

**Table 59. Financial indicators of LTV**

<b>Main financial indicators, EUR '000</b>		
<b>Overall indicators of the SOE</b>	<b>2013</b>	<b>2014</b>
Turnover	16 257.1	17 270.3
Profit/loss	1 363.0	-132.9
EBITDA	2 548.9	1 267.7
EBIT	1 300.0	-148.3
Total assets	15 999.8	18 098.5
Share capital	4 837.5	4 837.5
Equity	9 036.0	8 903.1
<b>Factors</b>		
Profit and turnover ratio,%	8.4 %	-0.8 %
EBITDA and turnover ratio,%	15.7 %	7.3 %
Return on assets; ROA,%	8.5 %	-0.7 %
Return on equity; ROE,%	15.1 %	-1.5 %
Total liquidity indicator	2.1	1.3
Liabilities to equity ratio	0.7	0.9
<b>Other indicators</b>		
Number of employees on average per annum	432	453
Gross remuneration average per employee	15.8	19.7
Investment in fixed assets	3 335.5	4 090.9
Dividends paid to the national budget from the profit of the previous year	0.0	0.0
Funding directly or indirectly received from the national budget	12 403.6	13 074.6

## SLLC Latvijas radio

The principal line of development of Latvian Radio in 2014 was marked by qualitative and quantitative growth in the offer of content on different platforms and by the extension of broadcast areas. The additional funding granted for the improvement of the Latvian Radio 4 broadcast network and its expansion in Latgale region has allowed the installation of new transmitters and the

improvement of the operation of the existing ones, thus achieving 52% of territory coverage for LR4 and enabling it to reach 78% of the population of Latvia. In turn, upon developing broadcasting in major cities of Latvia, from 31 March 2014 the existing internet platform Pieci.lv was joined by a fully operational FM radio station Latvijas Radio 5 – Pieci.lv (LR5).

At the same time the development of the content offer of different kinds and forms on the internet was continued: a website version was updated, multiple music streams were created, the offer of videos made by pieci.lv on *Youtube.com* and of audio materials by young journalists on *Soundcloud* was extended, thereby ensuring a reliable recognition of pieci.lv on social networks. Pieci.lv has been able to offer not only entertainment by reflecting the largest music activities in Latvia, such as *Piens Fest Spēle* and *Positīvus* festivals, but also by drawing the attention of the general public and young people to topics of social relevance by organising a campaign – the *Dod pieci* charity marathon. Additional funding granted in 2014 has enabled the portal lsm.lv to substantially increase the volume and quality of content in Russian as well as to start the creation of content in English. The amount of content created by Latvian Radio and LTV has increased in the portal as well, and work has been carried out on the development of original materials and projects by journalists from lsm.lv. According to the data of Gemius, at the end of 2014, the audience of the portal lsm.lv reached 200,000 unique visitors per month. Target grants have been allocated for reflecting special events: elections to the *Saeima* and the European Parliament, Riga – the Cultural Capital of Europe, preparations for the Presidency of Latvia in the Council of the European Union in 2015, The Winter Olympic Games in Sochi, the Students' Song Festival Gaudeamus, etc.

**Table 60. Financial indicators of SLLC Latvijas radio**

<b>Main financial indicators, EUR '000</b>		
<b>Overall indicators of the SOE</b>	<b>2013</b>	<b>2014</b>
Turnover	7 391.7	9 176.4
Profit/loss	4.8	147.9
EBITDA	336.7	497.0
EBIT	-0.7	114.0
Total assets	6 343.9	7 666.5
Share capital	824.7	824.7
Equity	4 821.0	5 314.0
<b>Factors</b>		
Profit and turnover ratio,%	0.1 %	1.6 %
EBITDA and turnover ratio,%	4.6 %	5.4 %
Return on assets; ROA,%	0.1 %	1.9 %
Return on equity; ROE,%	0.1 %	2.8 %
Total liquidity indicator	1.3	1.1
Liabilities to equity ratio	0.3	0.4
<b>Other indicators</b>		
Number of employees on average per annum	233	255
Gross remuneration average per employee	18.8	21.3
Investment in fixed assets	177.8	383.1
Dividends paid into the national budget from the profit of the previous year	0.0	0.0
Funding directly or indirectly received from the national budget	6 019.1	7 175.8

## Other SOEs

The Latvian State also owns equity shares in other SOEs that were not possible to include in any of the sections described above. These SOEs may be divided into two groups. The first group includes state-owned companies that perform public functions, while in legal terms they are commercial companies; and there are also SOEs that are fully owned by the state, but are operating under free market conditions and are competing directly with the private sector. The second group includes SOEs where the state owns capital shares due to historical reasons, and the holder of such shares is SJSC Privatizācijas aģentūra.

**Table 62. Financial indicators of SOEs of other sectors**

<b>Main financial indicators, EUR '000</b>		
<b>Overall indicators of the company</b>	<b>2013</b>	<b>2014</b>
Turnover	29 761.2	33 857.0
Profit/loss	8 569.0	-126 663.0
EBITDA	13 014.8	-121 872.2
EBIT	10 912.4	-123 668.4
Total assets	230 426.6	196 598.4
Share capital	456 282.0	456 282.0
Equity	148 081.3	18 204.9
<b>Factors</b>		
Profit and turnover ratio,%	28.8 %	-374.1 %
EBITDA and turnover ratio,%	43.7 %	-360.0 %
Return on assets; ROA,%	3.7 %	-64.4 %
Return on equity; ROE,%	5.8 %	-695.8 %
Total liquidity indicator	7.8	4.8
Liabilities to equity ratio	0.9	-0.8
<b>Other indicators</b>		
Number of employees on average per annum	565	573
Gross remuneration average per employee	14.3	14.7
Investment in fixed assets	918.8	1 029.9
Dividends paid into the national budget	2 271.7	3 157.8
Funding directly or indirectly received from the national budget	3 022.6	3 658.6

**Table 61. Other State-owned equity shares and SOEs**

<b>State-owned equity shares in other sectors in 2014</b>						
<b>Name of the SOE</b>	<b>Field of activity</b>	<b>Turnover, 2014, EUR</b>	<b>Profit/loss, 2014, EUR</b>	<b>Total assets, 31.12.2014, EUR</b>	<b>Number of employees</b>	<b>Proportion of capital shares</b>
SJSC Latvijas Loto	Organisation of lotteries on a national level	21 888.42	3 516.34	11 177.87	98	100 %
SLLC Latvijas Vides, ģeoloģijas un meteoroloģijas centrs	Environmental monitoring, geological exploration of subsoil	5 947.02	-523.98	20 979.99	295	100 %
SJSC Privatizācijas aģentūra	Completion of the state property privatisation process, provision of the equity share and property alienation process.	3 046.55	-129 792.62	151 451.42	67	100 %
Other SOEs*	-	2 974.99	137.28	12 989.14	113	-

\* The following SOEs were included: SLLC Latvijas Vēstnesis, SLLC Latvijas Proves birojs, SLLC Vides investīciju fonds, SLLC Vides projekti.

## State Joint Stock Company Latvijas Loto

State Joint Stock Company Latvijas Loto (hereinafter Latvijas Loto) is the National Lottery company of Latvia and its sole owner is the state. Latvijas Loto is organising the lotteries Eurojackpot, Viking Lotto, SuperBingo, LatLoto 5 of 35 and Keno, with two supplementary games: Joker and Joker 7, as well as nine scratch card lotteries: Karnevāls, Lasis, Sapnis, Momentloto, Kurš Kuru?, Blūzs, Sprints, Moments and Bagātību sala. Number lotteries and scratch cards can be purchased in more than 720 lottery outlets throughout Latvia.

The idea of operation of Latvijas Loto is based on the essence of the lottery sector: attracting free funds of the population, a portion of which is paid in winnings and a portion going to the national budget as additional funding.

Under Section 63 of the Gambling and Lotteries Law, lotteries on a national scale are organised by a state-owned SOE, the State Joint Stock Company Latvijas Loto, where all shares are owned by the State and shall not be alienated or privatised.

According to the above, Latvijas Loto is organising lotteries on the national scale with monopoly rights by providing for the highest service organisation and quality assurance, safety and social accountability standards. Consequently, the role of the SOE in the operation of the sector is to:

- 1) ensure a more stable, more secure and more transparent lottery market operating environment while at the same time stimulating the restriction of the operation of illegal online gambling operators and the reduction of their market share;
- 2) offer safe and socially responsible services to the players, ensure the implementation of the principle of a responsible game in the lottery market, thus reducing the risk of dependence;
- 3) provide for the development of SJSC Latvijas Loto as a state-owned SOE;
- 4) ensure that the funds from organising lotteries go to the national budget for the needs of society;
- 5) guide the consumers to legitimate gambling, in a strictly controlled environment, thus reducing money laundering risks in the sector.

**Table 63. Financial indicators of Latvijas Loto**

<b>Main financial indicators, EUR '000</b>		
<b>Overall indicators of the company</b>	<b>2013</b>	<b>2014</b>
Turnover	19 449.8	21 888.4
Profit/loss	2 923.0	3 516.3
EBITDA	5 686.6	6 827.2
EBIT	5 331.4	6 455.9
Total assets	10 054.7	11 177.9
Share capital	284.6	284.6
Equity	5 609.4	6 093.2
<b>Factors</b>		
Profit and turnover ratio,%	15.0%	16.1%
EBITDA and turnover ratio,%	29.2%	31.2%
Return on assets; ROA,%	29.1%	31.5%
Return on equity; ROE,%	52.1%	57.7%
Total liquidity indicator	9.3	7.2
Liabilities to equity ratio	0.2	0.2
<b>Other indicators</b>		
Number of employees on average per annum	95	98
Gross remuneration average per employee	12.7	13.3
Investment in fixed assets	211.9	285.3
Dividends paid into the national budget from the profit of the previous year	1 796.4	2 977.0
Funding directly or indirectly received from the national budget	0.0	0.0

## State Joint Stock Company Privatizācijas aģentūra

State Joint Stock Company Privatizācijas aģentūra (hereinafter the Agency) is performing the public administration tasks it has been delegated:

- 1) privatisation of the state property, state-owned land plots and apartment property within the scope of competence defined in the laws On the Privatisation of State and Local Government Property Objects, On the Privatisation of State and Local Government Residential Houses and the State and Local Government Property Privatisation and Privatisation Certificate Use Completion Law;
- 2) alienation of equity shares as determined by the law On State and Local Government Capital Shares and SOEs (in force until 31.12.2014) and the Law On the Governance of Capital Shares and SOEs of a Public Person (in force as of 01.01.2015);
- 3) alienation of residential houses, their undivided shares in apartment property as set forth in the Public Person's Property Alienation Law.

The objective of the Agency is to ensure the completion of the privatisation of state property and, upon changing the ownership of state property, to create a favourable environment for the operation of private capital in the interests of the national economy of Latvia, as well as to reduce the activities performed by the state as a merchant.

The Agency is a shareholder in the Joint Stock Company Reverta, Joint Stock Company Citadele banka (until 20.04.2015) and LLC Hiponia. On 31 December 2014 the Agency owned 84.15% of shares in JSC Reverta, 75% minus one share in JSC Citadele banka and 100% of equity shares in LLC Hiponia.

The payments received by the Agency during the report year under agreements on privatisation and alienation of the state property, including land plots and apartments, amount to 8.53 million euros (10.4 million euros in 2013). The largest payments have been received for the privatisation of state-owned land plots. In 2014, the Agency has entered into 139 (127 in 2013) purchase agreements for a total of 5.39 million euros (4.13 million euros in 2013), including:

- 70 land plot purchase agreements for a total of 1.67 million euros (70 pcs., 0.37 million euros in 2013);
- 9 agreements on the purchase of state-owned real estate units and their adjacent land plots for a total of 2.95 million euros (15 pcs., 3.33 million euros in 2013);
- 2 capital share alienation agreements for a total of 0.01 million euros (7 pcs., 0.23 million euros in 2013);
- in cooperation with the State Social Insurance Agency (SSIA), 10 purchase agreements on the sale of state-owned capital shares held by the SSIA as transferred to the state pension special budget for a total of 0.55 million euros;

- 48 apartment alienation agreements for a total of 0.21 million euros (35 pcs., 0.2 million euros in 2013).

During the report period, 31 apartment privatisation agreements and 145 accelerated privatisation purchase agreements were entered into.

There were 19,628 privatisation certificates (61,238 in 2013) and 185 property compensation certificates (1,592 in 2013) transferred into the certificate accumulation accounts for the privatised state property in 2014. Their total par value is 0.79 million euros (2.50 million euros in 2013).

In 2014, the Agency transferred into the national budget and to other governmental institutions the proceeds from the privatisation of state property, its alienation and debt capitalisation in the amount of 5.90 million euros (7.82 million euros in 2013) as well as the revenue from letting state-owned properties of 0.52 million euros (0.74 million euros in 2013).

**Table 64. Financial indicators of SJSC Privatizācijas aģentūra**

<b>Main financial indicators, EUR '000</b>		
<b>Overall indicators of the SOE</b>	<b>2013</b>	<b>2014</b>
Turnover	2 380.7	3 046.5
Profit/loss	6 428.2	-129 792.6
EBITDA	6 304.6	-129 754.4
EBIT	6 252.1	-129 800.6
Total assets	185 614.7	151 451.4
Share capital	422 405.7	422 405.7
Equity	112 087	-17 706
<b>Factors</b>		
Return on assets; ROA,%	3.5 %	-85.7 %
Total liquidity indicator	13.0	0.9
Liabilities to equity ratio	0.7	-
<b>Other indicators</b>		
Number of employees on average per annum	64	67
Gross remuneration average per employee	24.1	23.8
Investment in fixed assets	43.1	16.1
Dividends paid into the national budget	0.0	0.0
Funding directly or indirectly received from the national budget	0.0	0.0

## Cooperation of SSIA and SJSC Privatizācijas aģentūra in selling State-owned equity shares

On 28 December 2013, the State Social Insurance Agency (hereinafter the SSIA) and SJSC Privatizācijas aģentūra entered into the agreement regarding cooperation in selling state-owned equity shares held by the SSIA as transferred to the state pension special budget in 37 companies. The proportion of shares for sale in the share of the companies ranged from 0.82% to 14.75%. Within the cooperation agreement, the state-owned equity shares were sold in JSC Autobāze LVA, JSC DHB, JSC Dobeles dzirnavnieks, JSC Mēbeļu nams, JSC NIDL, JSC Talsu autotransports, JSC Hanzas maiznīca, JSC Putnu fabrika "Ķekava", LLC Antikvariāts Planēta, LLC Latvijas ķīmija, LLC LEMF, LLC Neurožu klinika as well as a portion of the share package in JSC Valmieras stikla šķiedra, for a total of 1.6 million euros. The cooperation agreement was terminated on 10 August 2015 by entering into the agreement with the SSIA on future cooperation because on 1 July 2015 the SJSC Privatizācijas aģentūra, pursuant to the Law On Governance of Capital Shares and SOEs of a Public Person, took over the holding of the shares transferred to the state pension special budget from the SSIA. Management and alienation of the above state-owned equity shares is carried out in accordance with provisions of the Law On Governance of Capital Shares and SOEs of a Public Person.

State-owned equity shares held by SJSC Privatizācijas aģentūra (*as of 01.07.2015*):

- LLC Latt telecom (51%)
- LLC Latvijas mobilais telefons (5%)
- LLC Liepājas sērkokociņi (10.62%)
- LLC Sertifikācijas un testēšanas centrs (100%)
- ILLC Agroleasing S.I.A. (50%)
- IJSC RAF-inženieru tehniskais centrs (6.83%)
- JSC Auto-remonts (5.05%)
- LLC Balt Aliance (8%)
- JSC B.L.B. Baltijas terminālis (3.64%)
- JSC Ceļu pārvalde (0.93%)
- JSC Daugavpils specializētais ATU (3.2%)
- JSC Jelgavas mašīnbūves rūpnīca (3.68%)
- JSC Komunālprojekts (14.75%)
- JSC Latgales CMAS (4.91%)
- JSC Latvijas maiznieks (5.65%)
- JSC Latvijas Nacionālais autopārvaldātāju centrs (5%)
- JSC Latvijas zoovetapgāde (2.6%)
- JSC Lielplatone (5%)
- JSC Lopkopības Izmēģinājumu stacija Latgale (4.77%)
- JSC Pūres dārzkopības izmēģinājumu stacija (8.73%)
- JSC REBIR, Rēzeknes SEZ (5%)
- JSC Rēzeknes autobusu parks (5%)
- JSC Rīgas dzirnavnieks (3.68%)
- JSC Rīgas sanitārā transporta autobāze (10%)
- LLC Sanatorija Dzimentene (10%)
- JSC Stendes selekcijas un izmēģinājumu stacija (4.81%)
- JSC Transinform (2.91%)
- LLC UNI SAN (5%)
- JSC Daugavpils dzirnavnieks (5%) (insolvent company)
- JSC Dzelzceļtransports (5%) (insolvent company)
- LLC Eiropas minerāls (6.89%) (insolvent company)
- JSC Jēkabpils labība (5%) (insolvent company)
- JSC Madona AB (5%) (insolvent company)
- LLC Garantiju aģentūra (0.34%) (bankruptcy proceedings started)
- LLC Ventpils ekskursiju birojs (5%) (termination of activity registered)

## SLLC Latvijas Vides, ģeoloģijas un meteoroloģijas centrs

State Limited Liability Company Latvijas Vides, ģeoloģijas un meteoroloģijas centrs (hereinafter LVĢMC) was registered in the Commercial Register in 2009. LVĢMC was established after liquidation of the State Agency Latvijas Vides, ģeoloģijas un meteoroloģijas aģentūra and the Hazardous Waste Management State Agency and the foundation of the State Limited Liability Company Latvijas Vides, ģeoloģijas un meteoroloģijas centrs.

Until the establishment of LVĢMC, the State Agency Latvijas Vides, ģeoloģijas un meteoroloģijas aģentūra was operating to collect and process environmental information, to perform environmental monitoring and inform the public about the state of environment, to ensure geological monitoring of subsoils and rational use of subsoils as well as to implement the state public policy in the field of geology, meteorology, climatology, hydrology, air quality and cross-border air pollution effect, which started its work on 1 January 2005 by merging the State Agency Latvijas Hidrometeoroloģijas aģentūra, the Latvian Environment Agency and the State Geological Service.

The turnover of LVĢMC in 2014 was 5.947 million euros, which is by 27.1% more than in 2013. State funding for the performance of state administration functions delegated to LVĢMC composes 52.7% of the total turnover of LVĢMC.

There were 1,355 agreements regarding the services provided by LVĢMC for a charge (preparation and delivery of meteorological and hydrological forecasts, testing of environmental samples, preparation of hydrometeorological, air quality, geological and hydrogeological information, etc.) in force during 2014. There were 3,923 requests for information received and 2,506 certifications prepared.

**Table 65. Financial indicators of LVĢMC**

<b>Main financial indicators, EUR '000</b>		
<b>Overall indicators of the SOE</b>	<b>2013</b>	<b>2014</b>
Turnover	4 679.6	5 947.0
Profit/loss	-1 007.8	-524.0
EBITDA	580.6	689.0
EBIT	-876.3	-465.4
Total assets	21 669.0	20 980.0
Share capital	25 303.6	25 303.6
Equity	20 389.6	19 865.6
<b>Factors</b>		
Profit and turnover ratio,%	-21.5%	-8.8%
EBITDA and turnover ratio,%	12.4%	11.6%
Return on assets; ROA,%	-4.7%	-2.5%
Return on equity; ROE,%	-4.9%	-2.6%
Total liquidity indicator	4.9	1.8
Liabilities to equity ratio	0.1	0.1
<b>Other indicators</b>		
Number of employees on average per annum	290	295
Gross remuneration average per employee	7.5	8.2
Investment in fixed assets	248.2	367.7
Dividends paid into the national budget from the profit of the previous year	0.0	0.0
Funding directly or indirectly received from the national budget	2 607.3	3 132.2

## SLLC Latvijas Vēstnesis

The Ministry of Justice is a holder of the state-owned capital shares (100%) in the Limited Liability Company Latvijas Vēstnesis (hereinafter SLLC Latvijas Vēstnesis).

Pursuant to the Official Publication and Legal Information Law, SLLC Latvijas Vēstnesis is implementing the national policy in the field of official publications and systematisation of information contained therein, including promoting awareness of the rights and duties of individuals set out in legal acts. SLLC Latvijas Vēstnesis is also providing official information of the State and ensuring the process of systematisation of official publications and the information contained therein.

SLLC Latvijas Vēstnesis is the publisher of the official gazette, Latvijas Vēstnesis.

SLLC Latvijas Vēstnesis provides for the official publications on the website *www.vestnesis.lv* as set forth by the State and the systematisation of legal acts on the *www.likumi.lv* website. SLLC Latvijas Vēstnesis is also the publisher of the specialised magazine Jurista Vārds (in the paper and electronic format) as well as the one maintaining an official publication – the *Par likumu un valsti* portal aimed at providing information and explanations related to legislation. SLLC Latvijas Vēstnesis is publishing legal literature covering a broad range of topics: the issues of state law, criminal law, administrative law, international and European law as well as case law.

No funds from the national budget are granted to SLLC Latvijas Vēstnesis for the implementation of functions set forth by law. The costs of implementing the state functions set out in the by law are covered from own revenue of SLLC Latvijas Vēstnesis that is formed by the fee for the official publication, the fee for transfer the information of the official publication for repeated use, the fee for subscription to or sale of the SLLC Latvijas Vēstnesis products, and the charge for placing advertisements in those products. 95% of revenue of SLLC Latvijas Vēstnesis is formed by revenue from fees for the publication of official notices.

## SLLC Latvijas Proves birojs

SLLC Latvijas Proves birojs (hereinafter the Bureau) is performing the testing of precious metals, precious stones and their products by determining the precious metal hallmark, precious stones and their quality indicators, compliance with product safety requirements, it is registering the place of economic operations with precious metals, precious stones and their products and personal stamps of the precious metal product manufacturers, as well as performing inspections in places where economic operations with precious metals, precious stones and their products are carried out, and is drafting administrative violation protocols regarding violations established in the labelling, mandatory hallmarking, storage and meeting the product safety requirements in regard to precious metals, precious stones and their product.

The non-financial goal of the Bureau is the catering for the interests of consumers and the State in the sector of trade in and production of precious metals, precious stones and their products as well as ensuring conditions for fair competition in business.

In 2014, the Bureau worked towards the attainment of its objectives: hallmarking of 713 thousand products of precious metal (+11%), testing of 31.2 thousand products with precious stones (+15%); it also carried out 150 inspections in the places of economic operations with precious stones, precious metals and their products (violations have been established in 21% of cases).

There were 1,079 products found in 2014 that did not meet the product safety requirements, thus preventing their release into circulation.

## Development of SOE governance in 2015

Latvia is gearing to become a full member of the Organisation for Economic Cooperation and Development (OECD) in 2016 by ensuring good corporate governance and increasing the country's international competitiveness.

The Law On Governance of Capital Shares and SOEs of Public Persons has entered into force on 1 January 2015, and its purpose is to promote efficient management of shares belonging to a public entity and SOEs of public entities, rational and economically justified use of resources of SOEs of public entities, adherence to the principles of good corporate governance, as well as assuring compliance with the conditions for participation of the public entity.

Part One of Section 3 of the Law On Governance of Capital Shares and SOEs of a Public Person lays down procedures whereby:

- 1) a public entity obtains, terminates and changes the scale of participation in SOEs;
- 2) obligations of the public entity as of a shareholder (stockholder) of an SOE are fulfilled and rights are exercised;
- 3) SOEs of a public entity and public-private SOEs, as well as subsidiary companies are managed;
- 4) SOEs of a public entity are established, operate and are liquidated;
- 5) SOEs of a public entity are reorganised;
- 6) shares of a public entity are alienated;
- 7) an SOE of a public entity becomes a private SOE or a public-private SOE;
- 8) an SOE of a public entity is restructured into an institution or a public agency.

Starting from 1 June 2015, in accordance with the 26 May 2015 Decree of the Cabinet of Ministers No. 273 "Regarding the State-Owned SOE and State-Owned Capital Share Management Coordination Institution", the tasks of the

institution coordinating the governance of a state-owned SOE and state-owned capital shares are performed by the CSCC. The most important tasks of the coordination institution in 2015 was the development of regulations of the Cabinet of Ministers arising from the law and the development of SOE governance guidelines as well as cooperation with the Organisation for Economic Cooperation and Development, thus promoting the accession of Latvia in this prestigious organisation.

In 2015, to improve the efficiency of management of SOEs and state-owned capital shares, substantial improvements are envisaged for the procedure for selecting and nominating members of the management board and supervisory council; the introduction of a dividend policy aimed at long-term development of SOEs; the establishment of a common system for the development of medium-term business strategies of SOEs; the evaluation of their performance; and making the information regarding the operation of SOEs public. This will allow improvement of the corporate governance of SOEs, promote the increase in capital return and the value of SOEs, defining clear financial and non-financial targets, as well as creating, for each state-owned enterprise, a dividend policy balanced from the perspective of interests of the state and development needs of the SOE.

The public annual aggregated report about the SOEs and state-owned shares during the previous year is one of the components of good corporate governance by providing transparent information about the shares and SOEs owned by the state, the depiction of their effective governance as well as provision of transparent financial indicators of SOEs. According to Paragraph 5 of Part Two of Section 22 and the provisions of Part One of Section 30 of the Law On Governance of Capital Shares and SOEs of a Public Person, the CSCC will be preparing the public annual aggregated report each year and will file it with the Cabinet of Ministers and the *Saeima* by 30 August of the current year.

Annex. SOEs, state-owned equity shares, equity shares belonging to the SOEs and SOEs effectively controlled by the State. (prepared as to 01.12.2015)

No.	Name of the SOE	Sector	Turnover, 2014, EUR '000	Profit/loss, 2014, EUR '000	Total assets, 31.12.2014, EUR '000	Proportion of capital shares	Additional information
1.	JSC Latvenergo (group)	Energy	1 010 757.0	29 790.0	3 486 576.0	100 %	
2.	SJSC Latvijas dzelzceļš (group)	Transport	440 898.0	1 161.0	972 032.0	100 %	
3.	LLC LDZ Cargo	Transport	365 506.5	1 701.7	186 605.0	100% SJSC Latvijas dzelzceļš	
4.	JSC Sadales tīkls	Energy	303 830.6	5 805.9	1 289 427.4	100% JSC Latvenergo	
5.	JSC Air Baltic Corporation	Transport	296 157.3	10 668.0	121 671.2	99.80 %	
6.	JSC Latvijas Valsts meži	Forestry	275 717.1	75 453.8	367 097.7	100 %	
7.	LLC Lattelecom (group)	Communications	188 014.0	30 079.0	323 624.0	51% SJSC Privatizācijas aģentūra	
8.	JSC Rīgas siltums	Energy	173 096.0	2 751.9	165 943.0	48.99% Ministry of Economics; 0.005% JSC Latvenergo	
9.	LLC Latvijas Mobilais Telefons (consolidated)	Communications	161 177.1	22 077.8	230 277.1	23% LLC Lattelecom; 23% SJSC Latvijas Valsts radio un televīzijas centrs; 5% SJSC Privatizācijas aģentūra	
10.	LLC LDZ ritošā sastāva serviss	Transport	116 871.6	1 666.2	63 322.4	100% SJSC Latvijas dzelzceļš	
11.	JSC Citadele banka (group)	Other sectors (financial services)	111 909.0	32 405.0	2 854 595.0	75% SJSC Privatizācijas aģentūra	
12.	JSC Augstsprieguma tīkls	Energy	110 502.8	998.3	77 492.0	100 %	
13.	LLC Rīgas Austrumu klīniskā universitātes slimnīca	Health care	87 979.4	-8 735.8	101 444.0	100 %	
14.	SLLC Paula Stradiņa klīniskā universitātes slimnīca	Health care	83 157.7	147.3	103 841.5	100 %	
15.	SJSC Latvijas autoceļu uzturētājs	Transport	63 843.3	1 540.2	62 967.4	100 %	
16.	JSC Latvijas elektriskie tīkli	Energy	61 864.5	11 846.4	430 789.0	100% JSC Latvenergo	
17.	JSC Pasažieru vilciens	Transport	61 731.7	-1 087.5	37 073.0	100 %	
18.	SJSC Latvijas Pasts	Communications	61 429.9	1 714.4	94 298.4	100 %	
19.	SJSC Valsts nekustamie īpašumi	Real estate	48 915.8	1 310.3	343 074.0	100 %	
20.	SJSC Starptautiskā lidosta "Rīga"	Transport	44 885.5	134.7	185 610.2	100 %	
21.	SJSC Ceļu satiksmes drošības direkcija	Transport	37 284.7	1 333.7	38 795.8	100 %	
22.	SLLC Bērnu klīniskā universitātes slimnīca	Health care	32 576.0	141.4	60 696.0	100 %	
23.	SJSC Latvijas gaisa satiksme	Transport	24 631.3	215.1	30 169.7	100 %	
24.	LLC LDZ infrastruktūra	Transport	23 940.0	889.5	22 917.3	100% SJSC Latvijas dzelzceļš	
25.	LLC Citrus Solutions	Communications	23 693.4	686.1	9 641.0	100% LLC Lattelecom	
26.	SJSC Latvijas Loto	Other sectors (other)	21 888.4	3 516.3	11 177.9	100 %	
27.	LLC Lattelecom Technology	Communications	19 618.7	2 205.2	11 694.6	100% LLC Lattelecom	

No.	Name of the SOE	Sector	Turnover, 2014, EUR '000	Profit/loss, 2014, EUR '000	Total assets, 31.12.2014, EUR '000	Proportion of capital shares	Additional information
28.	SLLC Latvijas televīzija	Other sectors (public electronic media)	17 270.3	-132.9	18 098.5	100% National Electronic Media Council	
29.	SJSC Latvijas Valsts radio un televīzijas centrs	Communications	14 018.3	6 001.4	95 217.3	100 %	
30.	SJSC Latvijas Attīstības finanšu institūcija ALTUM	Other sectors (financial services)	12 974.0	1 752.0	252 713.0	100% SJSC Attīstības finanšu institūcija	
31.	SJSC Latvijas Valsts ceļi	Transport	12 132.2	43.6	5 569.7	100 %	
32.	SLLC Traumatoloģijas un ortopēdijas slimnīca	Health care	11 464.9	76.2	11 055.6	100 %	
33.	SLLC Rīgas Psihiatrijas un narkoloģijas centrs	Health care	11 347.6	2.1	25 950.4	100 %	
34.	SLLC Latvijas Nacionālā opera un balets	Culture	11 107.5	126.5	6 401.7	100 %	
35.	LLC LDZ Cargo loģistika	Transport	9 942.1	105.1	1 353.5	100% LLC LDZ Cargo	
36.	JSC Aviation Crew Resources	Transport	9 810.3	16.0	4 456.6	100% JSC Air Baltic Corporation	
37.	JSC Reverta (group)	Real estate	9 475.0	-60 389.0	228 820.0	84.15% SJSC Privatizācijas aģentūra	
38.	SLLC Latvijas radio	Other sectors (public electronic media)	9 176.4	147.9	7 666.5	100% National Electronic Media Council	
39.	JSC VRC Zasulauks	Transport	8 405.8	1 031.9	3 092.0	51% JSC Pasażieru vilciens	
40.	SLLC Nacionālais rehabilitācijas centrs "Vaivari"	Health care	8 280.4	86.5	9 788.9	100 %	
41.	LLC Latvijas Lauku konsultāciju un izglītības centrs	Agriculture	7 544.6	9.9	4 573.1	99.08 %	
42.	LLC LDZ apsardze	Transport	6 819.8	30.8	1 571.1	100% SJSC Latvijas dzelzceļš	
43.	SLLC Daugavpils psihoneiroloģiskā slimnīca	Health care	6 699.6	20.0	18 508.4	100 %	
44.	LLC Latvijas Garantiju aģentūra	Other sectors (financial services)	6 149.6	2 596.7	129 757.2	100% SJSC Attīstības finanšu institūcija	
45.	SJSC Tiesu namu aģentūra	Real estate	6 111.3	82.1	49 883.4	100 %	
46.	SLLC Latvijas Vides, ģeoloģijas un meteoroloģijas centrs	Other sectors (other)	5 947.0	-524.0	20 980.0	100 %	
47.	SJSC Attīstības finanšu institūcija (group)	Other sectors (financial services)	5 620.0	95.0	443 702.0	40% Ministry of Finance; 30% Ministry of Economics; 30% Ministry of Agriculture	
48.	SJSC Elektroniskie sakari	Communications	5 541.8	6.7	11 487.6	100 %	
49.	LLC Auteko & TUV Latvija	Transport	5 226.3	759.2	3 858.4	51% SJSC Ceļu satiksmes drošības direkcija	
50.	SLLC Slimnīca Ģintermuiža	Health care	5 019.8	8.5	14 542.4	100 %	
51.	LLC Biroju centrs Ezerparks	Real estate	4 719.0	919.5	76 268.5	31.5% SJSC Valsts nekustamie īpašumi	
52.	SLLC Rīgas Tūrisma un radošās industrijas tehniskums	Education	4 604.9	21.6	13 324.9	100 %	

No.	Name of the SOE	Sector	Turnover, 2014, EUR '000	Profit/loss, 2014, EUR '000	Total assets, 31.12.2014, EUR '000	Proportion of capital shares	Additional information
53.	SLLC Zemkopības ministrijas nekustamie īpašumi	Real estate	4 539.0	3.1	7 002.6	100 %	
54.	SLLC Strenču psihoneiroloģiskā slimnīca	Health care	4 365.8	119.2	7 204.5	100 %	
55.	SJSC Latvijas Jūras administrācija	Transport	4 321.3	39.1	4 625.6	100 %	
56.	LLC Lattelecom BPO	Communications	4 035.9	507.1	1 912.1	100% LLC Lattelecom	
57.	LLC COALITION REWARDS	Transport	4 019.4	-3 012.5	2 910.8	100% LLC Baltic Airlines	
58.	SLLC Latvijas Nacionālais teātris	Culture	3 929.7	2.0	1 270.4	100 %	
59.	SLLC Autotransporta direkcija	Transport	3 790.6	684.8	3 520.0	100 %	
60.	SLLC Dailes teātris	Culture	3 561.9	-13.2	961.0	100 %	
61.	LLC Hiponia	Real estate	3 375.3	-7 272.2	86 877.3	100% SJSC Privatizācijas aģentūra	
62.	SLLC Aknīstes psihoneiroloģiskā slimnīca	Health care	3 225.4	31.8	7 031.5	100 %	
63.	SLLC Piejūras slimnīca	Health care	3 142.3	-96.0	10 926.6	100 %	
64.	SJSC Privatizācijas aģentūra	Other sectors (other)	3 046.5	-129 792.6	151 451.4	100 %	
65.	SLLC Mihaila Čehova Rīgas Krievu teātris	Culture	2 492.1	-134.0	460.6	100 %	
66.	LLC Air Baltic Training	Transport	2 354.8	90.3	995.8	100% LLC Baltic Airlines	
67.	LLC Veselības aprūpes nekustamie īpašumi	Real estate	2 319.2	160.2	418.4	100% SJSC Valsts nekustamie īpašumi	
68.	SLLC Jaunais Rīgas teātris	Culture	2 278.6	27.3	998.9	100 %	
69.	LLC Scantest	Transport	2 120.2	584.6	953.0	20% SJSC Ceļu satiksmes drošības direkcija	
70.	LLC Latvijas Olimpiskā vienība	Sports organisation	2 057.7	-71.2	700.7	29 %	
71.	SLLC Latvijas Vēstnesis	Other sectors (other)	1 945.4	104.9	2 965.2	100 %	
72.	SLLC Bulduru dārzkopības vidusskola	Education	1 910.3	503.8	6 021.6	100 %	Cabinet resolution for transformation into the institution of 19.06.2015
73.	SLLC Iekšlietu ministrijas poliklīnika	Health care	1 846.8	19.3	810.2	100 %	
74.	LLC Meža un koksnes produktu pētniecības un attīstības institūts	Forestry	1 665.2	101.7	1 132.6	40.22% SJSC Latvijas valsts meži	
75.	LLC Veselības centrs "Biķernieki"	Health care	1 397.7	8.6	588.3	99.58% LLC Rīgas Austrumu klīniskā universitātes slimnīca	
76.	LLC Autests	Transport	1 386.8	274.8	1 614.6	20% SJSC Ceļu satiksmes drošības direkcija	
77.	LLC Latvijas Nacionālais metroloģijas centrs	Other sectors (certification)	1 210.8	9.3	1 168.6	100 %	
78.	SLLC Latvijas Koncerti	Culture	1 192.2	41.9	1 161.0	100 %	
79.	JSC LatRailNet	Transport	1 177.9	24.1	233.0	100% SJSC Latvijas dzelzceļš	
80.	SLLC Bērnu psihoneiroloģiskā slimnīca "Ainaži"	Health care	1 091.2	44.9	4 446.7	100 %	

No.	Name of the SOE	Sector	Turnover, 2014, EUR '000	Profit/loss, 2014, EUR '000	Total assets, 31.12.2014, EUR '000	Proportion of capital shares	Additional information
81.	SLLC Valsts Akadēmiskais koris "Latvija"	Culture	1 020.0	1.8	331.4	100 %	
82.	JSC Enerģijas publiskais tirgotājs	Energy	948.2	0.0	132 938.1	100% JSC Latvenergo	
83.	SLLC Rīgas cirks	Culture	899.1	141.6	362.8	100 %	
84.	LLC Baltijas kravu centrs	Transport	779.2	108.9	2 800.9	100% JSC Air Baltic Corporation	
85.	SLLC KREMERATA BALTICA	Culture	739.5	0.7	54.3	100 %	
86.	LLC Standartizācijas, akreditācijas un metroloģijas centrs	Other sectors (certification)	734.8	56.3	670.9	100 %	
87.	LLC LatLoto nams	Other sectors (other)	733.0	76.8	233.1	100% SJSC Latvijas Loto	
88.	SLLC Šampētera nams	Real estate	711.9	-4.6	470.2	100 %	
89.	LLC Jaunmoku pils	Real estate	695.2	93.5	1 411.2	100% SJSC Latvijas valsts meži	
90.	SLLC Bobsleja un kamanīņu trase "Sigulda"	Sports (national sports base)	656.3	-53.4	6 549.6	100 %	
91.	SLLC Sertifikācijas un testēšanas centrs	Other sectors (certification)	656.1	-2.5	447.9	100% SJSC Privatizācijas aģentūra	
92.	LLC Mailmaster	Transport	638.7	13.2	478.2	100% SJSC Latvijas Pasts	
93.	SLLC Valmieras drāmas teātris	Culture	623.6	2.7	467.0	100 %	
94.	SJSC Lauku attīstības fonds	Other sectors (financial services)	592.2	79.4	51 486.4	100% SJSC Attīstības finanšu institūcija	
95.	LLC VNĪ pils	Real estate	585.2	25.6	114.4	100% SJSC Valsts nekustamie īpašumi	
96.	SLLC Straupes narkoloģiskā slimnīca	Health care	570.0	-27.4	159.8	100 %	
97.	SLLC Latvijas Leļļu teātris	Culture	532.2	11.5	288.3	100 %	
98.	SLLC Latvijas Nacionālais simfoniskais orķestris	Culture	528.3	5.1	726.7	100 %	
99.	SLLC Latvijas Proves birojs	Other sectors (other)	499.6	21.7	671.8	100 %	
100.	SLLC Meliorprojekts	Agriculture	458.8	5.7	271.7	100 %	
101.	SLLC Namzinis	Real estate	454.4	22.6	56.7	100 %	Insolvency proceedings completed on 03.11.2015
102.	LLC Piensaimnieku laboratorija	Other sectors (other)	393.8	-4.4	393.6	5.56% SJSC Privatizācijas aģentūra	The State-owned equity share purchase agreements have entered into force on 21.10.2014
103.	LLC Training Centre Holdings	Transport	342.9	-7.2	2 974.6	100% JSC Air Baltic Corporation	
104.	LLC Baltic Airlines	Transport	312.5	300.0	11 222.6	100% JSC Air Baltic Corporation	
105.	SLLC Kultūras un sporta centrs "Daugavas stadions"	Sports (national sports base)	270.6	1.6	940.7	100 %	
106.	LLC Sporta centrs "Mežaparks"	Sports (national sports base)	226.5	-9.7	15 713.1	99.99 %	

No.	Name of the SOE	Sector	Turnover, 2014, EUR '000	Profit/loss, 2014, EUR '000	Total assets, 31.12.2014, EUR '000	Proportion of capital shares	Additional information
107.	LLC Tenisa centrs "Lielupe"	Sports (national sports base)	219.8	53.5	12 014.6	99.99 %	
108.	LLC Venttests	Transport	210.2	35.7	574.5	50% SJSC Ceļu satiksmes drošības direkcija	
109.	LLC Starptautiskā Rakstnieku un tulkotāju māja	Culture	191.6	-0.5	20.3	33.30 %	
110.	SLLC Liepājas simfoniskais orķestris	Culture	188.0	25.9	307.8	100 %	
111.	LLC Rīgas hematoloģijas centrs	Health care	138.1	-64.3	264.9	49% Ministry of Health; 51% LLC Rīgas Austrumu kliniskā universitātes slimnīca	
112.	SLLC Daugavpils teātris	Culture	136.4	30.3	122.2	100 %	
113.	SLLC Vides investīciju fonds	Other sectors (other)	131.9	10.9	6 831.6	100 %	
114.	LLC Agroleasing S.I.A	Other sectors (other)	4.3	-0.8	1 472.7	50% SJSC Privatizācijas aģentūra	Ongoing insolvency proceedings
115.	LLC Eiropas dzelzceļa līnijas	Transport	0.0	-2.7	678.4	100 %	
116.	LLC Liepājas sērkociņi	Other sectors (other)	0.0	4.9	654.2	10.62% SJSC Privatizācijas aģentūra	
117.	JSC IT Latvija	Transport	0.0	-0.3	54.0	78% SJSC Latvijas Pasts	
118.	JSC Lavijas Pasta nodaļu tīkls	Transport	0.0	0.0	n/a	100% SJSC Latvijas Pasts	
119.	Elektrum Eesti OU	Energy	n/a	n/a	n/a	100% JSC Latvenergo	
120.	Elektrum Lietuva UAB	Energy	n/a	n/a	n/a	100% JSC Latvenergo	
121.	LLC Liepājas enerģija	Energy	n/a	n/a	n/a	51% JSC Latvenergo	
122.	JSC Latvijas Gāze	Energy	n/a	n/a	n/a	0.0106% Ministry of Economics	
123.	JSC Nordic Energy Link	Energy	n/a	n/a	n/a	25% JSC Latvenergo	
124.	LLC Streck	Transport	n/a	n/a	n/a	5.84% SJSC Latvijas dzelzceļš	
125.	LLC Mirigo	Transport	n/a	n/a	n/a	3% SJSC Latvijas dzelzceļš	
126.	JSC RB Rail	Transport	n/a	n/a	n/a	33.33% LLC Eiropas dzelzceļa līnijas	
127.	LLC Rīgas Vagonbūves kapitālsabiedrība "Baltija"	Transport	n/a	n/a	n/a	25% LLC LDZ ritošā sastāva serviss	
128.	LLC TravelLounge	Transport	n/a	n/a	n/a	100% LLC Baltic Airlines	Liquidation proceedings started on 21.07.2015
129.	LLC Baltijas Datoru Akadēmija	Communications	n/a	n/a	n/a	100% LLC Lattelecom Technology	
130.	LLC BPO Baltic	Communications	n/a	n/a	n/a	100% LLC Lattelecom BPO	
131.	LLC Baltcom TV	Communications	n/a	n/a	n/a	0.04% SJSC Latvijas Valsts radio un televīzijas centrs	
132.	LLC BRC Novatēka	Real estate	n/a	n/a	n/a	7.02% LLC Hiponia	
133.	LLC Tilžas rapsis	Real estate	n/a	-5.9	n/a	86.01% LLC Hiponia	
134.	LLC Priekuļu rapsis	Real estate	n/a	-13.2	n/a	26.27% LLC Hiponia	

No.	Name of the SOE	Sector	Turnover, 2014, EUR '000	Profit/loss, 2014, EUR '000	Total assets, 31.12.2014, EUR '000	Proportion of capital shares	Additional information
135.	OOO Parex Leasing & Factoring	Real estate	n/a	n/a	n/a	100% JSC Reverta	
136.	Regalite Holdings Limited	Real estate	n/a	n/a	n/a	100% JSC Reverta	
137.	UAB NIF Lietuva	Real estate	n/a	n/a	n/a	100% JSC Reverta	
138.	OU NIF Eesti	Real estate	n/a	n/a	n/a	100% JSC Reverta	
139.	LLC NIF Dzīvojamie Īpašumi	Real estate	n/a	n/a	n/a	100% JSC Reverta	
140.	LLC NIF Komerccīpašumi	Real estate	n/a	n/a	n/a	100% JSC Reverta	
141.	LLC NIF Zemes Īpašumi	Real estate	n/a	n/a	n/a	100% JSC Reverta	
142.	LLC NIF Projekts 1	Real estate	n/a	n/a	n/a	100% JSC Reverta	
143.	LLC NIF Projekts 6	Real estate	n/a	n/a	n/a	100% JSC Reverta	
144.	LLC NIF Projekts 7	Real estate	n/a	n/a	n/a	100% JSC Reverta	
145.	LLC NIF Projekts 8	Real estate	n/a	n/a	n/a	100% JSC Reverta	
146.	Carnella Maritime Corp	Real estate	n/a	n/a	n/a	100% JSC Reverta	
147.	JSC Rīgas Kinostudija	Culture	n/a	n/a	n/a	24.10 %	
148.	LP ZGI fonds	Other sectors (financial services)	n/a	n/a	n/a	64.77% SJSC Attīstības finanšu institūcija Altum	
149.	LP Imprimatur Capital Technology Venture Fund	Other sectors (financial services)	n/a	n/a	n/a	67% SJSC Attīstības finanšu institūcija Altum	
150.	LP Imprimatur Capital Seed Fund	Other sectors (financial services)	n/a	n/a	n/a	100% SJSC Attīstības finanšu institūcija Altum	
151.	LP BaltCap Latvia Venture Capital Fund	Other sectors (financial services)	n/a	n/a	n/a	66.67% SJSC Attīstības finanšu institūcija Altum	
152.	LP Otrais Eko fonds	Other sectors (financial services)	n/a	n/a	n/a	33.3% SJSC Attīstības finanšu institūcija Altum	
153.	Invento LP	Other sectors (financial services)	n/a	n/a	n/a	49.54% SJSC Attīstības finanšu institūcija Altum	
154.	Expansion Capital Fund LP	Other sectors (financial services)	n/a	n/a	n/a	95.24% SJSC Attīstības finanšu institūcija Altum	
155.	ZG-3 LP	Other sectors (financial services)	n/a	n/a	n/a	95.24% SJSC Attīstības finanšu institūcija Altum	
156.	Flycap Investment Fund LP	Other sectors (financial services)	n/a	n/a	n/a	95.24% SJSC Attīstības finanšu institūcija Altum	
157.	Baltic Innovation Fund	Other sectors (financial services)	n/a	n/a	n/a	20% SJSC Attīstības finanšu institūcija Altum	
158.	JSC Pirmais Slēgtais Pensiju Fonds	Other sectors (financial services)	n/a	n/a	n/a	50% LLC Lattelecom group; 48.15% JSC Latvenergo group; 1.85% JSC Augstsprieguma tīkli	
159.	LLC Riska investīciju sabiedrība	Other sectors (financial services)	n/a	n/a	n/a	100% SJSC Attīstības finanšu institūcija Altum	
160.	LLC Rīgas centra Namu pārvalde	Other sectors (financial services)	n/a	n/a	n/a	100% SJSC Attīstības finanšu institūcija Altum	Ongoing insolvency proceedings

No.	Name of the SOE	Sector	Turnover, 2014, EUR '000	Profit/loss, 2014, EUR '000	Total assets, 31.12.2014, EUR '000	Proportion of capital shares	Additional information
161.	LLC Kurzemes radio	Other sectors (public electronic media)	n/a	n/a	n/a	0.58% SLLC Latvijas radio	
162.	JSC Latvijas finieris	Other sectors (other)	n/a	n/a	n/a	0.94% SJSC Latvijas valsts meži	
163.	SLLC Vides projekti	Other sectors (other)	n/a	n/a	n/a	100 %	Insolvency proceedings terminated on 14.11.2014; due to the death of the administrator, has not been excluded from the ROE
164.	JSC Komunālprojekts	Other sectors (other)	n/a	n/a	n/a	14.75% SJSC Privatizācijas aģentūra	
165.	LLC Sanatorija Dzimtene	Other sectors (other)	n/a	n/a	n/a	10% SJSC Privatizācijas aģentūra	
166.	JSC Latvijas Kuģniecība	Other sectors (other)	n/a	n/a	n/a	10% State Social Insurance Agency	
167.	JSC Rīgas sanitārā transporta autobāze	Other sectors (other)	n/a	n/a	n/a	10% SJSC Privatizācijas aģentūra	
168.	JSC Pūres dārzkopības izmēģinājumu stacija	Other sectors (other)	n/a	n/a	n/a	8.73% JSC Privatizācijas aģentūra	
169.	LLC Balt Aliance	Other sectors (other)	n/a	n/a	n/a	8% SJSC Privatizācijas aģentūra	
170.	LLC Eiropas minerāls	Other sectors (other)	n/a	n/a	n/a	6.89% SJSC Privatizācijas aģentūra	Ongoing insolvency proceedings
171.	IJSC RAF-inženieru tehniskais centrs	Other sectors (other)	n/a	n/a	n/a	6.83% SJSC Privatizācijas aģentūra	Ongoing insolvency proceedings
172.	JSC AUTO-REMONTŠ	Other sectors (other)	n/a	n/a	n/a	5.05% SJSC Privatizācijas aģentūra	
173.	Rezekne SEZ JSC REBIR	Other sectors (other)	n/a	n/a	n/a	5% SJSC Privatizācijas aģentūra	
174.	LLC Ventpils ekskursiju birojs	Other sectors (other)	n/a	n/a	n/a	5% SJSC Privatizācijas aģentūra	Liquidation proceedings started on 04.02.2015
175.	JSC Daugavpils dzirnavnieks	Other sectors (other)	n/a	n/a	n/a	5% SJSC Privatizācijas aģentūra	Ongoing insolvency proceedings
176.	JSC Rīgas alus darītava "Vārpa"	Other sectors (other)	n/a	n/a	n/a	5% State Social Insurance Agency	Ongoing insolvency proceedings
177.	JSC Madona – AB	Other sectors (other)	n/a	n/a	n/a	5% SJSC Privatizācijas aģentūra	Ongoing insolvency proceedings
178.	JSC Dzelzceļtransports	Other sectors (other)	n/a	n/a	n/a	5% SJSC Privatizācijas aģentūra	Ongoing insolvency proceedings
179.	JSC Jēkabpils labība	Other sectors (other)	n/a	n/a	n/a	5% SJSC Privatizācijas aģentūra	Ongoing insolvency proceedings
180.	LLC UNI SAN	Other sectors (other)	n/a	n/a	n/a	5% SJSC Privatizācijas aģentūra	
181.	JSC Latvijas Nacionālais Autopārvadātāju Centrs	Other sectors (other)	n/a	n/a	n/a	5% SJSC Privatizācijas aģentūra	

No.	Name of the SOE	Sector	Turnover, 2014, EUR '000	Profit/loss, 2014, EUR '000	Total assets, 31.12.2014, EUR '000	Proportion of capital shares	Additional information
182.	JSC Lielplatone	Other sectors (other)	n/a	n/a	n/a	5% SJSC Privatizācijas aģentūra	
183.	JSC Rēzeknes autobusu parks	Other sectors (other)	n/a	n/a	n/a	5% SJSC Privatizācijas aģentūra	
184.	JSC Latgales CMAS	Other sectors (other)	n/a	n/a	n/a	4.91% SJSC Privatizācijas aģentūra	
185.	JSC Stendes Selekcijas un izmēģinājumu stacija	Other sectors (other)	n/a	n/a	n/a	4.81% SJSC Privatizācijas aģentūra	
186.	JSC Lopkopības Izmēģinājumu Stacija "Latgale"	Other sectors (other)	n/a	n/a	n/a	4.77% SJSC Privatizācijas aģentūra	
187.	JSC Latvijas Maiznieks	Other sectors (other)	n/a	n/a	n/a	5.65% SJSC Privatizācijas aģentūra	
188.	JSC Rīgas dzirnavnieks	Other sectors (other)	n/a	n/a	n/a	3.68% SJSC Privatizācijas aģentūra	
189.	JSC Jelgavas mašīnbūves rūpnīca	Other sectors (other)	n/a	n/a	n/a	3.68% SJSC Privatizācijas aģentūra	
190.	JSC B.L.B. Baltijas terminālis	Other sectors (other)	n/a	n/a	n/a	3.64% SJSC Privatizācijas aģentūra	
191.	JSC Daugavpils specializētais autotransporta uzņēmums	Other sectors (other)	n/a	n/a	n/a	3.18% SJSC Privatizācijas aģentūra	
192.	JSC Transinform	Other sectors (other)	n/a	n/a	n/a	2.91% SJSC Privatizācijas aģentūra	
193.	JSC Latvijas zoovetapgāde	Other sectors (other)	n/a	n/a	n/a	2.6% SJSC Privatizācijas aģentūra	Legal protection process
194.	JSC Liepājas metalurģs	Other sectors (other)	n/a	n/a	n/a	2.5% State Social Insurance Agency	Ongoing insolvency proceedings
195.	JSC Valmieras stikla šķiedra	Other sectors (other)	n/a	n/a	n/a	2.41% State Social Insurance Agency	
196.	JSC Grindeks	Other sectors (other)	n/a	n/a	n/a	2.29% State Social Insurance Agency	
197.	JSC Ceļu pārvalde	Other sectors (other)	n/a	n/a	n/a	0.93% SJSC Privatizācijas aģentūra	
198.	LLC Garantiju aģentūra	Other sectors (other)	n/a	n/a	n/a	0.34% SJSC Privatizācijas aģentūra	Bankruptcy proceedings started

