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**Cross-Sectoral Coordination
Centre Republic of Latvia**

**Public Report on the
State-Owned Enterprises
and Shares in 2018**

STATE-OWNED ENTERPRISES* IN ECONOMY OF LATVIA IN 2018

*Information is compiled for **182 capital companies**, which include both groups and consolidated data. The State has a direct ownership in **96 capital companies**, of which **65** are **fully State-Owned Enterprises (100% owned by the State)**, **4** - **directly and effectively controlled by the State (>50% and <100% the State ownership)**, in **27** - has not direct and effective control (the State ownership <50%). State-Owned Enterprises have ownership in **52 companies**.

Total assets* of State-Owned Enterprises

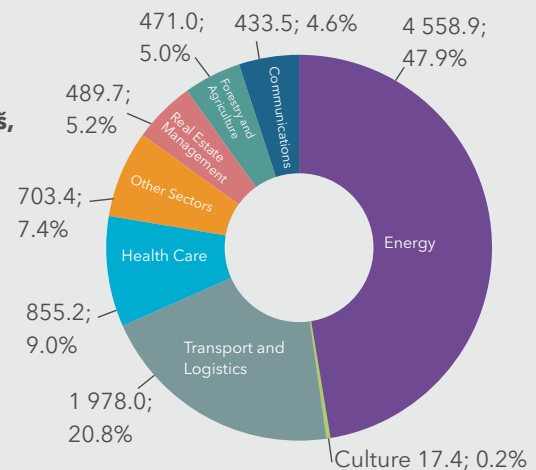
*Long-term investments and current assets

9.5 billion EUR

The 3 largest State-Owned Enterprises (Latvenergo, Latvijas dzelzceļš, Air Baltic Corporation) account for

56.4% of total assets

Total assets of State-Owned Enterprises by Sector, millions EUR, % of Total Assets



Total turnover of State-Owned Enterprises

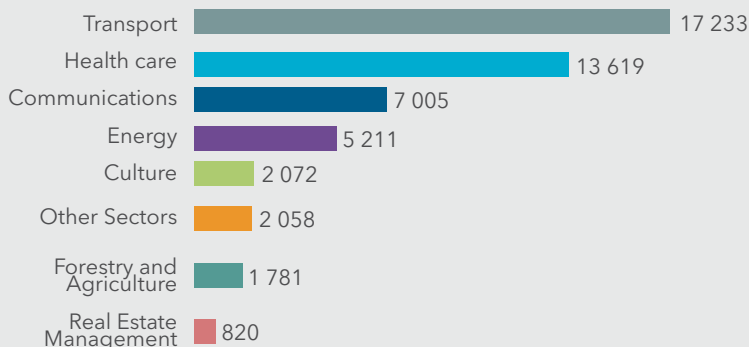
3.77 billion EUR

The 3 largest State-Owned Enterprises (Latvenergo, Air Baltic Corporation, Latvijas dzelzceļš) account for

43.6% of the total turnover.

49 799 or **5,3%** of all employees in Latvia **are employed in State-Owned Enterprises.**

The Number of Employees by Sector



37.7%

of the total number of employees in State-Owned Enterprises are employed in the 3 largest State-Owned Enterprises (Latvijas dzelzceļš, Rīgas Austrumu klīniskā universitātes slimnīca, Latvijas Pasts).

The State-Owned Enterprises earned

323.6 million EUR

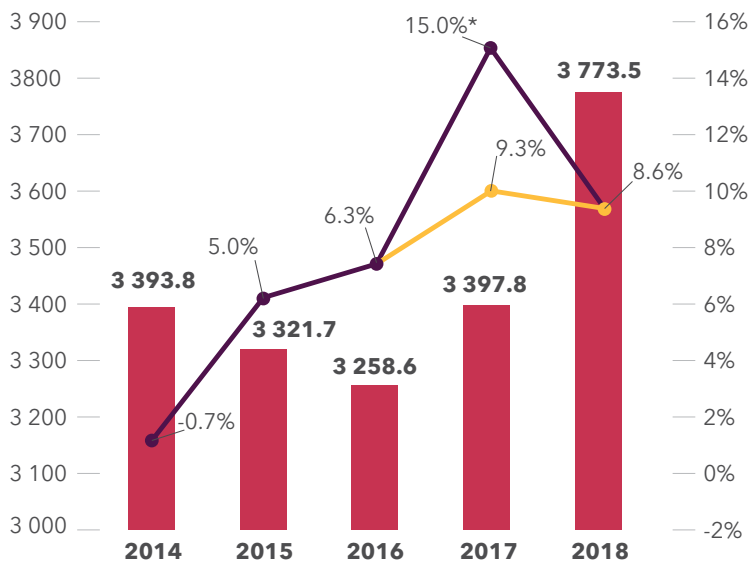
and paid in dividends **232.5 million EUR.**

The State-Owned Enterprises have to pay dividends to the owner (the State) for the use of capital, especially in cases where the activity of the State-Owned Enterprise is wholly or mainly commercial.

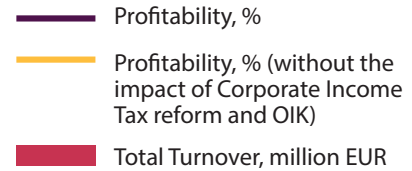
The 3 largest State-Owned Enterprises (Latvenergo, Latvijas valsts meži, Lattellecom), which paid the largest amount of dividends to the budget, account for

92.4% of the total dividends paid.

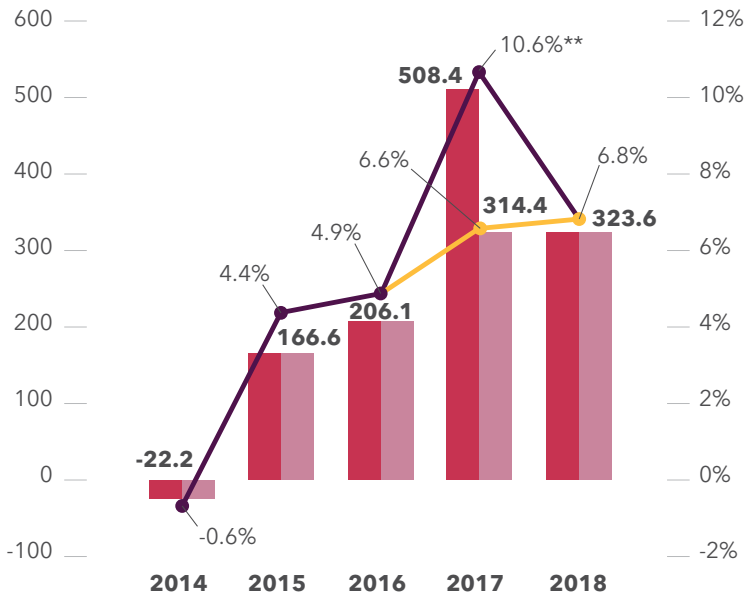
Total Turnover (million EUR) and Profitability (%)



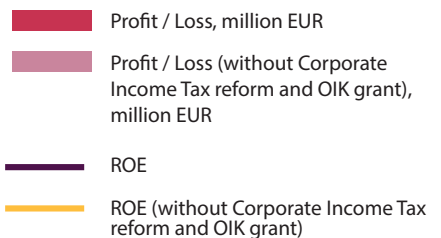
*The impact of the Corporate Income Tax Reform on the profits of the 25 largest State-Owned Enterprises and the total effect of the mandatory procurement public service obligation (OIK) grant is estimated at 5.7 percentage points, which **would reduce profitability to 9.3%.**



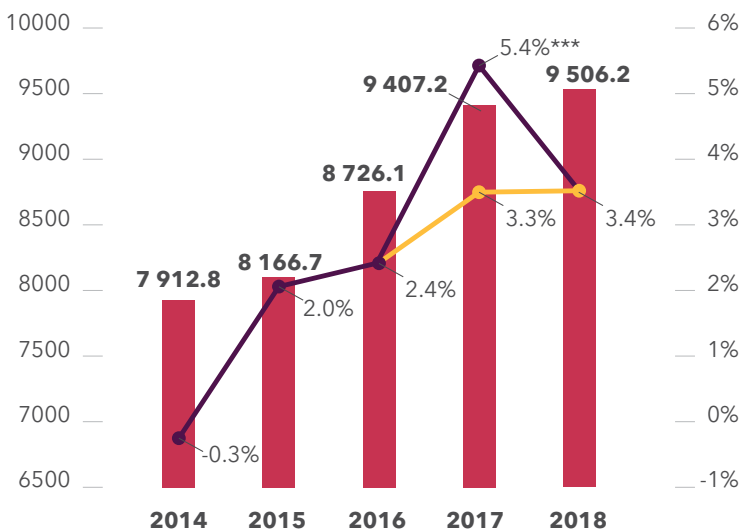
Total Profit (million EUR) and Return On Equity (ROE,%)



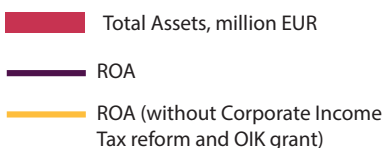
** The impact of the Corporate Income Tax Reform on the profits of the 25 largest State-Owned Enterprises and the total effect of the mandatory procurement public service obligation (OIK) grant is estimated at 4 percentage points, which **would reduce return on equity to 6.6%.**

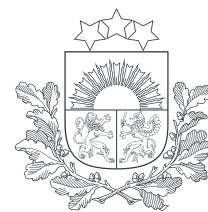


Total Assets (million EUR) and Return On Assets (ROA,%)



***The impact of the Corporate Income Tax Reform on the profits of the 25 largest State-Owned Enterprises and the total effect of the mandatory procurement public service obligation (OIK) grant is estimated at 2.1 percentage points, which **would reduce return on assets to 3.3%.**





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Centre Republic of Latvia**

**Public Report on the
State-Owned Enterprises
and Shares in 2018**

Rīga, 2019



This is the fifth annual report on state-owned enterprises and shares prepared by the Cross-Sectoral Coordination Centre. It provides information on the governance of state-owned enterprises and performance results in 2018.

Dear cooperation partners and citizens!

Only four years have passed since the beginning of Latvia's state-owned enterprise (SOE) governance reform, yet significant gains have been made in corporate governance. The Cross-Sectoral Coordination Centre (CSCC) continues to promote the adherence of Latvian SOEs to the principles of good corporate governance outlined in the OECD Guidelines in order to increase SOEs value and improve their professional management. This is done by ensuring the selection of professional council and board members and reinforcing the role of the councils in capital companies, as well as by actively working with shareholders to set challenging goals for the company. The CSCC also monitors the development of medium-term operational strategies and provides its opinions when proposals for dividend policy for SOEs are developed.

In order to gain a perspective on SOE management experience abroad and to prepare recommendations for Latvia, we have worked as experts in various OECD activities and participated in discussions on the corporate governance with partners and experts from other countries. We have also implemented a project funded by the European Commission to improve SOE governance that strengthens the capacity of CSCC, shareholders, SOEs and sectoral policy makers while indirectly benefitting the economy and society as a whole.

In 2018, the CSCC collaborated with the largest state-owned enterprises to strengthen the innovation ecosystem. This resulted in improving the ability of SOEs to identify investments in research and innovation as non-financial

objectives for medium-term strategies. Changes made to the Guidelines for Developing Medium-Term Operational Strategies can be considered an achievement. These elaborate non-financial objectives by describing the methodology used to determine return on capital and providing recommendations for incorporating R&D plans into strategies.

The CSCC constantly cooperates with stakeholders, incl. SOE boards and councils, municipalities and municipality enterprises, on governance issues, by explaining the application of the principles of governance and organizing discussions and seminars. In order to provide the public with convenient access to up-to-date information on SOEs, at the end of 2018, the CSCC appraised the compliance of publicly disclosed information on websites of holders of state capital and state-owned enterprises with statutory disclosure requirements and asked the entities address disclosure gaps.

We shall continue to strengthen the country as an active and informed owner and work hand in hand with our cooperation partners to improve the governance of state-owned enterprises so that they contribute more to the growth of the Latvian economy and international competitiveness!

Pēteris Vilks,
Head of the Cross-Sectoral
Coordination Centre

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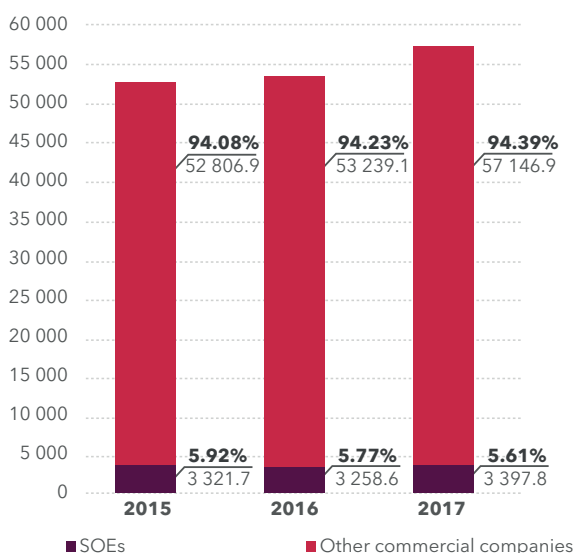
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Introduction

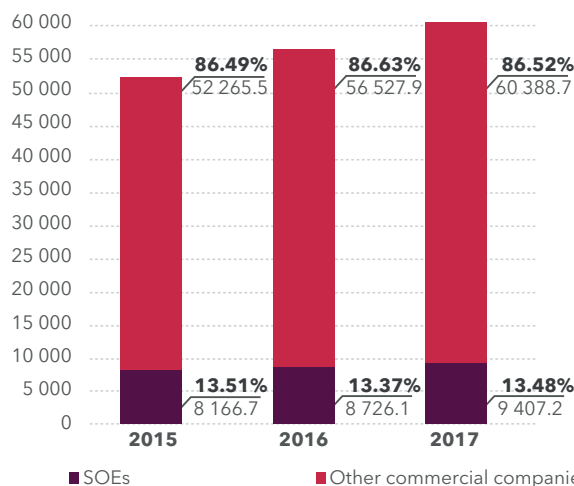
State-owned enterprises (SOEs) play an important role in the Latvian economy. SOEs not only eliminate market failures and perform strategically important tasks for society but also contribute to economic development in general, provide financial benefits to society and ensure accessible and high-quality services. To illustrate the role of SOEs in the national economy, their contribution in 2015, 2016 and 2017 will be examined below.

Figure 1. Turnover of SOEs from the total turnover of all commercial companies in 2015-2017, million EUR, %



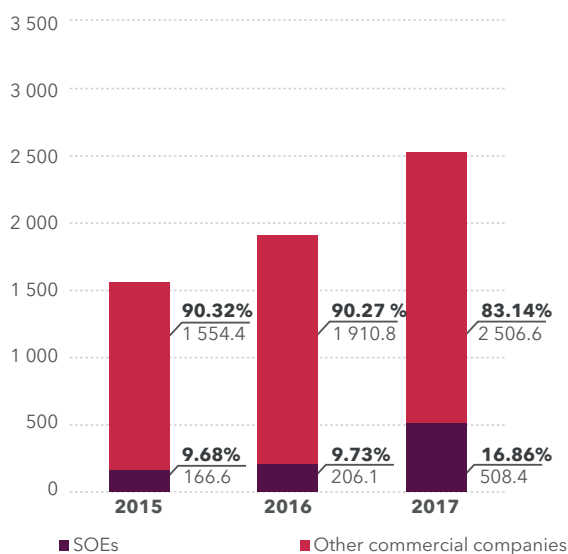
The total turnover achieved by all commercial companies in 2017 was more than EUR 60.5 billion¹, which is by EUR 4.05 billion more than in 2016 and represents an increase of 7.16%. The growth in 2016 compared to 2015 was EUR 369.1 million or respectively +0.66%, which indicates that the growth of commercial companies in 2017 was faster than in 2016. 5.61% of the total turnover of commercial companies was generated by SOEs, which compared to 2016 is an increase of EUR 139.2 million in financial terms but, at the same time, represents a slight decline as a percentage - minus 0.16 percentage points, which indicates that the turnover of private companies has grown slightly faster than the turnover of SOEs. Among the state-owned enterprises, the biggest drop in turnover in 2017 compared to 2016 was in SJSC Latvijas dzelzceļš (consolidated) and in SJSC Valsts nekustamie īpašumi - minus EUR 32.5 million and EUR 10.4 million respectively. Whereas, the biggest increase in turnover was in JSC Air Baltic Corporation (consolidated, EUR 58.7 million² increase), JSC Augstsprieguma tīkls (EUR 42.1 million increase), JSC Latvijas valsts meži (consolidated, EUR 18.9 million increase), LLC Latvijas Mobilais telefons (consolidated, EUR 14.4 million increase) and SJSC Latvijas Pasts (EUR 12.5 million increase). The assets of all SOEs that demonstrate the theoretical potential for generating income and profits, in 2017 represented 13.48%³ of the total assets held by all commercial companies in the country which totalled EUR 9.41 billion. That was an increase of 0.11 percentage points compared to 2016. In 2017, the assets of state-owned enterprises increased by EUR 681.1 million or 7.8%. In general, the turnover-to-asset ratio is better in private sector due to different objectives in relation to asset composition. One of the main objectives of the private sector is to maximize profits with the least possible involvement of assets and capita while many SOEs have to maintain and provide a base for the provision of public services (hospitals, public infrastructure) as well as large-scale infrastructure in the energy and transport sector. The functioning of these sectors is only possible with large capital investments (hydroelectric power stations, railway and aviation infrastructure, etc.).

Figure 2. Assets of SOEs from total assets of all commercial companies in 2015-2017, million EUR, %



Out of the total profits reported in the country in 2017 - EUR 3.02 billion⁴, 16.48% were represented by SOEs which demonstrated an increase of 7.13 percentage points on the total profits of all companies compared to the previous year. The overall profits of SOEs increased by EUR 302.3 million, or by 146.7% and reached EUR 508.4 million which includes approximately EUR 194.0 million⁵ that was a result of the reform of the Corporate Income Tax (hereinafter - CIT) related to reversed deferred CIT and the cumulative effect of limiting growth of mandatory procurement component (OIK) and the waiving of future revenue. Therefore, it should be considered that real operating profit increased by EUR 108.3 million or 52.6% and totalled EUR 314.4 million. Significant changes in the Corporate Income Tax Law were adopted by the Saeima in 2017, published in the official gazette "Latvijas Vēstnesis" No.156 (5983) on August 8, 2017, and became effective on January 1, 2018. In terms of return on turnover, SOEs performed in 2017 much better than the private sector - 14.96% (SOEs) and 4.39% (private sector) respectively, but in terms of return on assets slightly better - 5.40% (SOEs) and 4.15% (private sector) respectively.

Figure 3. Profit of SOEs from the total profit of all commercial companies in 2015-2017, million EUR, %



Aggregate performance indicators of SOE's have varied a lot in 2018 compared to 2017. Turnover has increased by EUR 375.7 million (+11.1%) while investments increased by EUR 117.7 million (+20.0%). Dividends paid to state budget increased as well totalling at EUR 232.5 million which is EUR 83.8 million more

1 http://data.csb.gov.lv/pxweb/lv/uzn/uzn_uznemfin_ikgad/UFG020.px

2 Data of the Consolidated Annual Report 2017, page 13

3 http://data.csb.gov.lv/pxweb/lv/uzn/uzn_uznemfin_ikgad/UFG050.px

4 http://data.csb.gov.lv/pxweb/lv/uzn/uzn_uznemfin_ikgad/UFG020.px

5 The valuation was performed for the 25 largest State Owned Enterprises by assets.

than in 2017 (56.4% increase). Total assets increased slightly to EUR 9.5 billion representing EUR 99.0 million or 1.1% increase compared to 2017. Aggregate profits decreased significantly amounting to EUR 323.6 million which is EUR 184.8 million or 36.3% less than in 2017. The aforementioned decrease was anticipated and the impact of the corporate tax law reform in 2017 together with cumulative effect of limiting growth of mandatory procurement component (OIK) and the waiving of future revenues was estimated to reduce profits of twenty-five largest companies to EUR 314.4 million. Taking this into account, it can be stated that SOEs' performance in 2018 was similar to 2017, by presenting slightly better performance results.

Table 1. Aggregate financial indicators of SOEs and companies with state-owned equity shares in 2015-2017

Principal financial indicators, million EUR				
	2015	2016	2017	2018
Turnover	3 321.7	3 258.6	3 397.8 ⁷	3 773.5
Profit/loss	166.6	206.1	508.4 ⁸	323.6
EBITDA	610.9 ⁹	713.8 ¹⁰	904.4 ¹¹	858.9
Total assets	8 166.7	8 726.1	9 407.2	9 506.2
Share capital	3 887.5	4 016.7	4 088.1	3 764.5
Equity	3 803.8	4 218.9	4 787.8	4 736.1
Investment	669.4 ¹²	598.6 ¹³	636.8 ¹⁴	706.3
Dividends paid to state budget	124.9	154.7	148.7	232.5
Contributions made to the state and local government budget	823.0 ¹⁵	876.7 ¹⁶	809.9 ¹⁷	790.2
Donations received	1.0	2.8	2.5	1.6
Donations made	5.1	5.3	5.2	5.0
Funding received from the state budget	541.7	602.0	1 043.3	693.8
Principal financial indicators				
Profit and turnover ratio, %	5.01%	6.32%	14.96% ¹⁸	8.58%
Return on assets, ROA, %	2.04%	2.36%	5.40% ¹⁹	3.40%
Return on equity, ROE, %	4.38%	4.88%	10.62%	6.83%
Total liquidity indicator	1.47	1.09	1.33	1.04
Liabilities-to-equity ratio	1.13	1.05	0.95	0.99
Other indicators				
Number of employees	52 723	52 120	51 018 ²⁰	49 799
Average gross remuneration per employee per year, thousand EUR	12.3	12.9 ²¹	13.6 ²²	15.3
Gender representation in management, f/m	n/a	65/160 (28.9%/71.1%)	67/157 ²³ (29.9%/70.1%)	67/158 (29.8%/70.2%)
Annual report in accordance with IFRS (yes/no)	n/a	26/49	20/56 ²⁴	20/55

The state budget funding has decreased significantly in 2018 - down by EUR 349.5 million or by 33.5%; however, it has to be taken into account that in 2017 JSC Latvenergo received a one-off budget financing of EUR 524.3 million which splits as follows: the earmarked grant of EUR 69.9 million to limit the increase of the mandatory procurement component (OIK) and the one-off compensation of EUR 454.4 million for the abandonment to receive 75% of annual electric power payments for cogeneration plants TEC-1 and TEC-2 in Riga. The compensation was financed through the right of the State to reduce the share capital of the parent company as a shareholder of the parent company. In March 2018, the parent company

reduced its share capital by EUR 454.4 million. Later, under the trilateral agreement, the parent company settled its commitments to the Ministry of Economics for the capital reduction by netting the grant to be received from the State. Pursuant to the terms of the same agreement, on the same date, the parent company netted with JSC Enerģijas publiskais tirgotājs⁶. Taking this into account, it can be considered that there is a general tendency for the regular state budget funding to increase. Contributions to the state and municipal budgets in the form of taxes, duties and dividends have slightly decreased - by EUR 19.7 million or by 2.4% compared to 2017. The aggregated equity, fixed capital and total donations received and made have decreased as well. EBITDA decreased by EUR 43.9 million or by 4.8% to EUR 867.2 million; however, EBITDA profitability has fallen from 26.8% in 2017 to 23.0% in 2018 while in 2015 and 2016 it was 15.7% and 21.5% respectively.

The investment volumes have increased compared to 2017, which is positive, as the renovation and modernization of fixed assets of major state-owned companies is ongoing. The ten largest state-owned companies have invested 87.0% of total investments in 2017, while in 2018 they have invested 84.7% of total investments which indicates that relatively smaller investments in small and medium-sized companies have become more significant.

In 2018, a number of important investment projects continued, such as phase 3 of the 330kV electricity line connection "Kurzeme Circle" included in the European decade development plan, the third Latvian-Estonian interconnection, the construction of new power line Riga TEC2 - Riga HES, the EUR 21.1 million worth reconstruction of Daugava HES hydroelectric power plants which will ensure their operation for the next 40 years, and the investment of EUR 95.1 million in the assets of the electricity distribution system with the aim to facilitate qualitative and secure energy supply and reduce the frequency and duration of blackouts due to planned and unplanned damages as well as ensure proper voltage quality while reducing SAIFI and SAIDI indicators in 2018 by 13% and 11%, respectively.

The investment project of the Riga International Airport was continued with a total investment of EUR 16.1 million, including EUR 7.2 million for infrastructure development, EUR 3.7 million for emergency, security and IT infrastructure, and EUR 1.7 million for passenger and aircraft infrastructure.

The National Airline purchased seven Airbus A220-300 aircrafts.

Investments into railway infrastructure have been made: purchase of infrastructure objects of Liepaja SEZ railway North Park in the amount of EUR 1.1 million, renovation of railway tracks (type B overhaul of 15.294 km, type A overhaul of 6.73 km) for EUR 9.6 million, the replacement of railroad switch points for EUR 2.1 million.

Investments have also been made in road maintenance: purchase of six multipurpose trucks with auxiliary equipment, incl. anti-slip sprayers for EUR 1.0 million, purchase of five trailed graders for EUR 0.4 million, construction of a warehouse for gritting materials of EUR 0.4 million, purchase of seven motor graders with auxiliary equipment for EUR 1.99 million and other necessary equipment.

In addition, investments were made in renovation and reconstruction of customer service centres, incl. development of construction projects. Various works are also underway to improve the infrastructure of the Bīķernieki Complex Sports Base (hereinafter - BKSB) - renovated central grandstands, engineering networks and additionally developed construction projects for further renovation of BKSB's car and motorcycle track and increase of safety level, thus ensuring a high-quality and nationally recognizable image of BKSB during international competitions.

Investments have been made in the development of information and communication technology service platforms: construction and expansion of data centres, development of trust services and electronic identity services, expansion of data transmission network, incl. construction of optical networks and development of next generation electronic communications networks in rural areas. State-of-the-art technologies are being introduced to improve the speed and availability of copper

⁶ Latvenergo Group Consolidated and Latvenergo JSC 2017 Annual Report, page 61.
^{7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24} Calculation adjustments have been made.

network data. In addition, EUR 24 million was invested in the development of mobile network infrastructure, installing or expanding more than 250 base stations during the year. Investments have been made to create co-operation zone facilities for Latvian start-up acceleration funds.

In 2018, an implementation project for new cash register systems for postal services was launched, 64 new cars were purchased, thus ensuring more stable delivery times, the implementation project for mobile terminals was launched. Within its framework, postmen and couriers were provided with devices and applications that help modernize and improve the mail delivery process.

Investments of EUR 31 million have also been made in forest infrastructure: road construction, renovation of forest drainage systems, construction of bridges, and development of wooden shield driveways. Investments have been made in the production of forest seedlings. In addition, investments were made in recreational and hunting infrastructure, as well as in objects of public interest (Tērvete Nature Park, Kalsnava Arboretum).

In the health care sector, SOEs made investments to acquire diagnostic equipment and medical equipment for laboratories and operating and manipulation rooms, as well as to make hospital repairs. In total, the health sector companies invested EUR 37.0 million.

Real estate companies have been constructing various buildings and renovating premises, such as the construction of a courthouse in Jēkabpils, Neretas Street 39, reconstruction and construction of the new courthouses in Kurzeme district (Ventspils, Katrīnas Street 14) and Zemgale district (Tukums, Pils Street 16). The following real estate development projects have been implemented: (1) reconstruction of premises for the CPCB at Citadeles Street 1, Riga (received 3rd place in the "Best Building of the Year 2018" nomination "Renovation"), (2) adaptation of building for the Court administration needs (Zemgale District Court) at Mazā Nometņu Street 39, Riga, (3) renovation of the facade and stairs of the Ministry of Culture at K.Valdemara Street 11a, Riga, (received 2nd place in the "Best Building in Latvia 2018" nomination "Restoration"), (4) Public Prosecutor's office optimization at Kalnciema Street 14, Riga, (5) restoration and renovation of Kļaušinieki House at Turaida Museum Reserve, Turaidas Street 12, Turaida, Krimulda parish (received 1st prize in the "Best Building of the Year 2018" nomination "Reconstruction"), (6) renovation and reconstruction works of A.Kalniņa Cēsis Music Secondary School, Lielā Kalēju Street 4, Cēsis, (received 3rd place in the competition "Latvian Construction Award of the Year 2018" in the nomination "Reconstruction") and (7) exterior repair at Skārņu Street 4, Riga. In addition, the implementation of 30 real estate development projects for state institutions was ensured and real estate development projects were implemented in the following sectors: energy efficiency, preservation of cultural heritage, development of border crossing points, office development, education, performing arts and museum infrastructure. The major real estate development projects in progress were: (1) restoration and reconstruction of Riga Castle at Convent Castle Square 3, Riga, (2) reconstruction of the annex "Future House" of the Museum of the Occupation of Latvia, (3) reconstruction of the new Riga Theatre complex on 25 Lāčplēša Street, Riga, (4) development of the "Terehova" border crossing, (5) establishment of "TabFab" Centre for Interdisciplinary Education, Culture and Creative Industries at 58A Miera Street, Riga, (6) energy efficiency improvement at Valmiera Drama Theatre, Lāčplēša Street 4, Valmiera, (7) the optimization of the location of prosecutor's offices at 7 Aspazijas Boulevard, Riga. In addition, digitalization of the construction process in real estate development projects has begun with the gradual introduction of Building Information Modelling (BIM) to increase project efficiency and quality control. For example, BIM has been used in full extent in the preparation of construction design documentation for the project "Optimization of Prosecutor's Office Placement at Aspazijas Boulevard 7, Riga" and some BIM elements have been applied in other real estate development projects.

In 2018, the first phase of the large-scale unified directing complex project, launched in 2017, was completed, as part of which the construction work was carried out including installing of audio and video equipment capable of providing four

television studios.

In 2018, the reconstruction of the stadium grandstands started in 2017 was continued. In 2018, one SOE from the sports industry completed the construction of nine open tennis courts with additional construction of grandstands, upgraded utilities infrastructure, performed land improvement and constructing parking lots and engineering communications. Also, in 2018, construction of a new indoor playground hall was commenced, which will meet the requirements of organizing international competitions and provide new sports and health services.

Compared to 2017, the number of employees has continued to decrease - in 2017 it decreased by 1.1 thousand employees or 2.1%, but in 2018 decreased by 1.2 thousand employees or 2.4%. Overall, 49.8 thousand people are employed in SOEs, which is a total of 5.27%²⁵ of the economically active population, a slight decrease of 0.12 percentage points compared to 2017. However, the decrease in 2018 is higher than in 2017 when the decline was 0.05 percentage points. It should be noted that the number of economically active population in the country continues to decrease by approximately -1.1 thousand people or 0.1% per year, reaching 945.1 thousand of population aged 15-64. Although the decline in employment in SOEs is negative from the point of view of national development, trends show that SOEs are trying to make their operations more efficient and more people are employed in other sectors in the private or public sector as overall unemployment in the country continues to decline reaching 7.6% (8.9% in 2017 and 9.9% in 2016)²⁶. Meanwhile, the average salary continues to grow steadily as in 2016 it increased by 2.3% compared to 2015, in 2017 by 5.4% compared to 2016 and in 2018 by 12.8% compared to 2017, which exceeds the increase of the average monthly wage in the country in 2018 (+8.4%)²⁷. The average gross salary in SOEs was 26.9% higher than in the country as a whole in 2018 and reached EUR 15.3 thousand per year²⁸.

1. 1. Governance of State-Owned Enterprises

Governance of State-owned enterprises is defined by the Law on Governance of Capital Shares of a Public Person and Capital Companies, which came into force on January 1, 2015. The highest decision-making body as regards the governance of state-owned shares and capital companies is the Cabinet of Ministers, which decides on:

- the acquisition, retention and termination of public participation in the capital company and the assessment of the terms of the participation;
- defining the general strategic objective;
- approval of the profit share to be disbursed in dividends both for the period of the medium-term strategy and the previous financial year if different from the law.

The tasks of the co-ordination institution are performed by the Cross-Sectoral Coordination Centre (hereinafter - CSCC), performing the coordination and supervision of the governance of state-owned companies and state-owned shares:

- draw up guidelines and regulations of the Cabinet of Ministers regarding corporate governance practices of SOEs;
- issue a statement to holders of State capital shares on the financial objectives set in the medium-term operational strategy of the capital company and on the financial indicators of the performance (profit share to be disbursed in dividends, profit indicators, return on capital, etc.), as well as on the conformity of such objectives with the non-financial objectives set in the

25 http://data1.csb.gov.lv/pxweb/lv/sociala/sociala__nodarb__aktivitate__ikgad/NBG010.px

26 Indicators are calculated for the 15-64 age group using data from http://data1.csb.gov.lv/pxweb/lv/sociala/sociala__nodarb__aktivitate__ikgad/NBG010.px

27 http://data.csb.gov.lv/pxweb/lv/sociala/sociala__dsamaksa__ikgad/DSG010.px

28 According to http://data.csb.gov.lv/pxweb/lv/sociala/sociala__dsamaksa__ikgad/DSG010.px = data the average monthly salary of employees in 2018 was 1004 euros

medium-term operational strategy;

- issue a statement to the Cabinet of Ministers on obtaining, maintaining or terminating State participation;
- provide advice to the Prime Minister, the Cabinet of Ministers, holders of capital shares of a public person (ministries), and management of capital companies, as well as organizes training on issues related to corporate governance of SOEs;
- ensure that current information is published regarding SOEs and capital companies under decisive influence of the State, as well as ensure the preparation of an annual public report on SOEs and State capital shares in the previous year;
- ensure regular exchange of information with the OECD Working Party on State Ownership and Privatization, participate in its work and facilitate the implementation of the OECD recommendations on governance of SOEs, as well as compliance of Latvian SOEs with good corporate governance practices recognized by developed countries.

In order to ensure efficient management of capital companies of public persons and capital shares, a collegial body - the Council of the Co-ordination institution (hereinafter - the Council) has been established, which reviews the draft guidelines drawn up by the Co-ordination Institution in the field of management of capital shares of a public person and coordinates them before approval, as well as in the cases specified by law, assesses the statement of the Co-ordination institution regarding the draft medium-term operational strategy of a capital company, if the holder of state capital shares or the council of a state-owned capital company (if such has been established) does not agree with the statement prepared by the Co-ordination institution and the holder of state capital shares or the council of a capital company has requested to examine the issue at the Council. It should be noted that up to now the Council has not had to deal with such issues. The Council shall also be entitled to provide proposals to the Co-ordination institution regarding other issues related to the management of capital shares of a public person. The Council consists of representatives of eight ministries and representatives from the Free Trade Union Confederation of Latvia, the Latvian Association of Local and Regional Governments, the Latvian Chamber of Commerce and Industry and the Employers' Confederation of Latvia. The representative of the Baltic Institute of Corporate Governance is invited to attend the Council meetings without voting rights.

A holder of State capital shares in a capital company shall be a ministry or other State administration institution appointed as the holder of State capital shares by the Cabinet of Ministers. The Cabinet shall determine the ministry, which is of significance in management of specific State capital shares in the respective sector (hereinafter - the sectoral ministry). If a ministry is the holder of State capital shares, decisions of the holder of capital shares shall be taken by the State Secretary of the ministry or another official of the ministry determined by an order of the State Secretary.

A holder of State capital shares or sectoral ministry:

- may propose obtaining or termination of state participation as well as obtaining or termination of decisive influence in a capital company. A conformity assessment of obtaining of participation or decisive influence with the conditions of Section 88, Paragraph one of the State Administration Structure Law in relation to participation of a public person in a capital company, as well as with the general strategic objective that the submitter of the proposal offers for the State to achieve through the participation in the capital company, shall be appended to the proposal;
- ensures that a medium-term strategy is drawn up;
- determines the profit share to be disbursed as dividends;
- assesses the performance results of the capital company;
- publishes on its website up-to-date information on the

companies in which it holds shares;

- ensures the nomination of a candidate for the position of a member of the supervisory board or executive board (if no supervisory board has been established in the capital company);
- makes decisions within the competence of the meeting of shareholders;
- decides on the approval of the annual report of the company; distribution of profit; election and revocation of the members and chairperson of the executive board, except cases where a supervisory board has been established in the company; election and revocation of the members of the Council (if any); election and revocation of the auditor; bringing a claim against a member of the executive board or supervisory board (if any) or withdrawal of claim against them, as well as to appointment of a representative of the company for the representation of the company in court; approval and amendment of the articles of association of the company; the amount of remuneration for an auditor, members of the Council (if any) and the members of the executive board (except for the cases when the Council is established); increase or decrease of equity capital; company reorganization; election and revocation of the liquidator; the approval of medium-term operational strategies, unless the Council has been established.

A Council may be established in a company only if its performance indicators conform to all the following criteria during the previous reporting year:

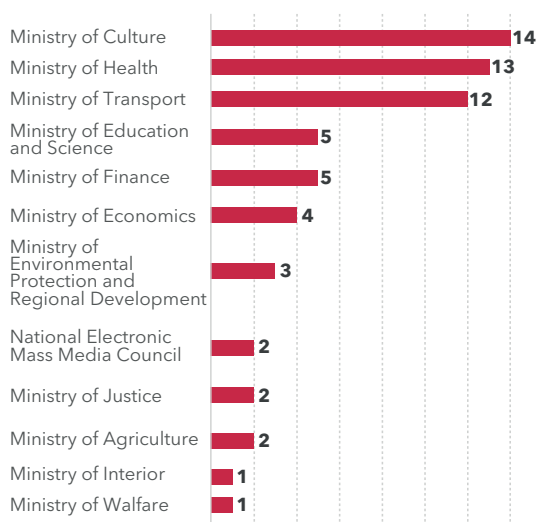
- 1) the net turnover exceeds EUR 21 million;
- 2) balance sheet total of exceeds EUR 4 million.

At the end of 2018, the Councils were operating in 13 SOEs. In accordance with the Law on Governance of Capital Shares of a Public Person and Capital Companies, the tasks of the Council are to:

- 1) elect and revoke the chairperson and the members of the executive board;
- 2) determine the remuneration for members of the executive board;
- 3) approve the medium-term operational strategy;
- 4) constantly supervise that the matters of the company are conducted in accordance with the requirements of laws and regulations, articles of association of the company, and decisions of the meeting of stockholders;
- 5) examine the annual account of the company, the report of the executive board and proposals of the executive board on profit distribution, to prepare a report of the supervisory board thereon, and to submit them to the shareholders' meeting;
- 6) represent the company in all claims brought by the company against members of the executive board and claims brought by members of the executive board against the company;
- 7) approve concluding of a transaction between the company and a member of the executive board or an auditor;
- 8) examine in advance all issues within the competence of the stockholder or the meeting of stockholders or the issues initiated by members of the executive board or members of the supervisory board recommended for examination at the meeting of stockholders, and to provide a statement on such issues;
- 9) submit proposals on improvement of the operation of the company to the stockholder.

Considering the Council's contribution to the governance of capital companies, in 2019 Councils will be established also in the three major hospitals - SLLC Bērnu klīniskā universitātes slimnīca, LLC Rīgas Austrumu klīniskā universitātes slimnīca, SLLC Paula Stradiņa Klīniskā universitātes slimnīca. As of January 1, 2020, the threshold for the councils will be lowered and it will be possible to set-up councils also in medium-sized companies.

Figure 4. Holders of state-owned shares in SOEs



1.1. Public Participation and General Strategic Objective

The general strategic objective is the objectives of the capital company specified by the highest decision-making body of the public person (for SOE's - the Cabinet of Ministers), which the public person wants to achieve through participation in the capital company and which arise from legal acts and policy planning documents. In turn, from the general strategic objective, sub-objectives are derived, which are defined in the medium-term operational strategy of each company. In 2018, the general strategic objective was approved for JSC Augstsprieguma tīkls and LLC Latvijas standarts.

The process of assessment of the state participation in the SLLC Latvijas Vēstnesis has been initiated. A conceptual decision has to be made by the Cabinet of Ministers whether SLLC Latvijas Vēstnesis has to retain the form of a capital company or needs to be transformed into a state agency.

The general strategic objective has not been approved and the need for state participation has not been assessed in LLC Bobsleja un kamaniņu trase Sigulda, SLLC Kultūras un sporta centrs Daugavas stadions, SLLC Rīgas Tūrisma un radošās industrijas tehnikums, LLC Sporta centrs Mežaparks, SLLC Tenisa centrs Lielupe, LLC Ludzas medicīnas centrs, SLLC Šampētera nams. The general strategic objective has not been defined for three capital companies that are inalienable by the law - SLLC Latvijas Radio, SLLC Latvijas Televīzija and SJSC Attīstības finanšu institūcija Altum, as well as for some limited liability companies under control of the Ministry of Transport.

The CSCC has developed and approved the guidelines for setting the general strategic objectives for public participation. They aim at providing guidance to the public bodies on how to set general strategic objectives for capital companies and how to re-evaluate existing strategic objectives. The guidelines provide an insight into the participation of a public person in a capital company and determine how to justify the need for a public participation in existing capital companies or in the foundation of new companies.

1.2. Strategy Development

In accordance with the Law on Governance of Capital Shares of a Public Person and Capital Companies, prior to approving a medium-term strategy (hereinafter - the Strategy), the draft strategy is sent to the CSCC for the provision of an opinion on whether the draft strategy is in accordance with the law and includes appropriate financial objectives that are aligned with non-financial objectives (non-financial objectives are set by the line ministry).

In 2018, the CSCC delivered 17 opinions on draft strategies. A total of 15 strategies were approved in 2018. Planning period of three to five years was chosen for the approved strategies. Many SOEs justified it by the revenue dependency on medium-term government budget planning, which is planned for a three-year period. A few others had delegation agreements that determined the duration of a strategy planning period.

By the second half of 2019, a total of 34 state-owned enterprises (including those under decisive influence) had strategies in place. The same number did not have a valid strategy as many strategies expired in 2018 or had not been submitted to the CSCC for the provision of opinion (including strategy of one SOE that has not received a decision from the Cabinet of Ministers on a dissenting dividend pay-out).

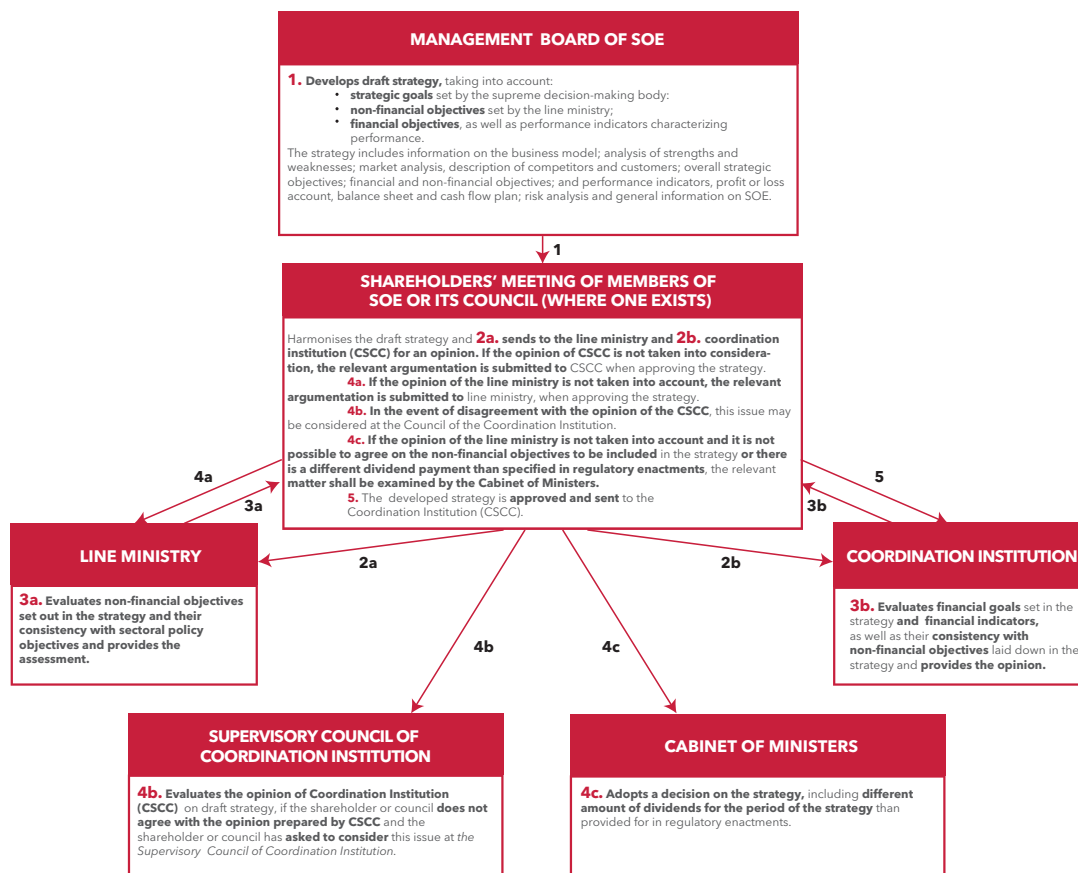
In 2018, SOE's of the Ministry of Health (13 companies in total) planned to submit new strategies; however, the CSCC started to receive drafts of new strategies only in 2019. At present, these companies do not have a valid strategy that has received the opinion of the CSCC. It is expected that these SOEs will also have to obtain a permit of the Cabinet of Ministers on a dissenting dividend pay-out.

In 2018 and the first half of 2019, strategies were approved for most of SOE's (10 out of 14) of the Ministry of Culture. These strategies provide for a different dividend pay-out ratio (0%) and have been subject to appropriate Cabinet decisions, as required by the Corporate Governance Law.

Most of the SOE's that do not have a valid strategy are in the process of development; however, some small SOE's, including those from sports and education industries have been unable to approve their strategies for several years.

On August 28, 2018, the CSCC updated its Guidelines for Developing the Medium-Term Operational Strategies for SOEs, explaining more broadly non-financial objectives and including a description about the choice of methodology to determine return on capital. The guidelines also provide that public capital companies will have to include R&D investment plans when planning investments and setting non-financial targets, which will thus allow for more informed decisions regarding planned innovations and potential risks in the implementation of development projects.

Figure 5. Process for harmonizing and validating the draft strategy



1.3. Dividend Policy

Dividends are planned based on a medium-term strategy (hereinafter – Strategy). Cabinet Regulation No. 806, “Procedures by Which State-owned Companies and Public-private Companies in which the State is a Shareholder Forecast and Determine the Amount of Profit to be Paid out in Dividends and Make Payments to the State Budget for the Use of State Capital” (hereinafter – Procedure) of December 22, 2015 state that the minimum expected dividend payable and the dividend pay-out are 50% of the net profit of the corporation.

The Saeima, when planning revenue in the state budget and adopting the annual state budget law, may determine the minimum amount of profit to be paid out in dividends each year at its discretion. In fact, since the entry into force of these rules, the State Budget Law has provided for a higher dividend pay-out than provided for in the Procedure, - up to 90% of net profit.

Pursuant to the Procedure, the Cabinet of Ministers may allow the capital company to determine in the strategy dissenting dividend pay-out from that specified in the Procedure or other legal acts.

Even if the capital company’s strategy has already been approved, the Cabinet of Ministers may decide on a different dividend pay-out.

In both cases, the proposal of the holder of state shares shall be justified on economic grounds or by special case in order to comply with the laws and regulations of the European Union and the Republic of Latvia, as well as international agreements binding on Latvia.

It should be noted that with regard to Sections 10 and 11 of the Procedure, concerning a proposal for a dividend pay-out differing from that provided for in the company’s strategy, this proposal must be submitted within five working days following

the approval of the company’s annual accounts. Section 11 of the Procedure sets out cases both for increase and decrease of dividends compared to the planned in strategy. So far, however, no proposal to increase the amount of dividends has been submitted to the CSCC for harmonization.

Another important assessment to be made when submitting a proposal for a dissenting dividend pay-out is the assessment of whether the dividend reduction qualifies as state aid.

The Cabinet of Ministers examines proposals on a dissenting dividend pay-out each year, and so far, under the existing Procedure, the proposals for SOE’s from the culture sector have been approved, as they are covered by the state aid exception, and proposals for several other state-owned companies for carrying out state-delegated tasks.

In some cases, the Cabinet has decided that it is necessary to obtain the opinion of the European Commission on whether the determination of a dissenting dividend pay-out qualifies as business aid. In such cases a decision may take several months.

However, this common dividend policy has its own exceptions. Considering that in 2017, 98% of the dividends received to the state budget were from four capital companies, in three of which the state owns 100% of shares (87% of the total dividend income), the state budget sets certain minimum of dividend income. The Law on the State Budget for 2018 stipulated that JSC Latvenergo shall pay EUR 94 217 866 into the state basic budget for the use of state capital (dividend income) in 2018 for the reporting year 2017, JSC Latvijas Valsts meži shall pay EUR 38 220 000 into the state basic budget for the use of state capital (dividend income) in 2018 for the reporting year 2017, but the share of profit of the JSC Latvijas loto to be paid out in dividends shall be determined in accordance with Section 44, Paragraph one of this Law²⁹ but not less than EUR 2 806 500

²⁹ <https://likumi.lv/ta/id/295569#p44>

from the profit of JSC Latvijas loto for the financial year 2017.

It should also be noted that the objective that the State wishes to achieve through its participation in a company is determined by the general strategic objective of each company, but that none of the state-owned companies is solely concerned with increasing government revenue, so dividend income is not the primary objective.

1.4. Nomination Committees and Nomination Processes

Valsts kapitālsabiedrību valdes un padomes locekļu atlases The procedure for the selection of members of the Board and Council of state-owned companies is laid down in the Law on Governance of the Companies and the Cabinet of Ministers Regulation No. 686 "Procedures for Nomination of Candidates for Board and Council Members' Positions in SOEs in which the State has the Right to Nominate Board or Council Members and Board Members in SOEs in which the Council is Established". The CSCC's recommendations for the organization and conduct of nomination processes are included in the "Guidelines for the Selection and Evaluation of Candidates for the Board and Council of a Capital Company, in which the State has the Right to Nominate a Board Member" developed in 2017. In total, two SOE's council member's and seven SOE's board member selection processes were commenced and completed with announcement of results in 2018, one nomination process for board member was started in 2017 and completed in 2018, three nomination processes ended without results, but one nomination process for a board member and one for council member continued in 2019.

Pursuant to the Law on Corporate Governance, nomination committees for nomination of members of the Board or Council are represented by voting representatives from the line ministry or the company's Council, one CSCC representative, external independent experts and, if necessary, non-voting observers. Certain aspects of the nomination process, such as the full assessment of competencies for candidates entering the final stage of the selection process and the use of recruitment firms or individual recruitment experts to assess those competencies, remain challenging. As in previous years, the participation of independent experts in the nomination committees is a significant contribution to the openness of the process of nomination. In 2018, representatives of various fields participated in the nomination committees of the Council and the Board of the State-owned companies, such as, Andris Grafts, Vice President of the Latvian Office of Baltic Institute of Corporate Governance; Yesnis Vētra, Chairman of the Council of Higher Education; Ilona Kiukucāne, Deputy Director General of the Employers' Confederation of Latvia, Adviser on Policy Planning; Irēna Liepiņa, President of the Latvian Communications Workers' Union; Zane Kreicberga, Member of the Board of the Latvian New Theatre Institute and Associate Professor of the Latvian Academy of Culture; Aivars Āboliņš, Chairman of the Board of the Latvian Trade Union "Enerģija"; Gundars Zalcmanis, Assistant Professor in Department of Automotive Engineering, Riga Technical University; Romualds Dovgjallo, Chairman of the Board, Latvian Meliorator Association; Ritvars Sudārs, Professor, Head of the Department of Environment and Water Management, Latvian University of Agriculture.

In 2018, the CSCC, together with industry experts, continued the discussion launched in 2017 on the formation of councils in large state-owned enterprises, especially in the large and mid-sized healthcare companies. The discussions resulted in an agreement on the necessary improvements to the legal framework regarding the criterion of an independent board member. Discussions started in 2018 and, in the first half of 2019, gained support of the Saeima. On June 13, 2019, significant amendments to the Law on Corporate Governance were adopted and will come into effect on January 1, 2020. The amendments to the Law on Corporate Governance stipulate that the same principles as for the selection of members of the board and council of state-owned companies will be applied in the process of nomination of the board and council members of municipal companies. The law also defines the criteria for the appointment of independent council members, as well as the requirement that at least half of the council members will have to be independent council members. Based on the amendments to the Law on Corporate Governance, henceforth the CSCC will centrally select members of the Council of State-owned companies.

1.5. Remuneration of the Members of the Board and the Council

The remuneration of the members of Board and Council of SOE's shall be determined in accordance with the Law on Governance of Capital Companies and Cabinet of Ministers Regulation No. 791 "Regulation on the Number of Members of the Board and Council of Public Companies and Public-private Companies According to the Characteristics of the Size of the Company, and the Maximum Monthly Remuneration of Members of the Board". To ensure that standards of good corporate governance are strengthened also in relation to the remuneration of directors and board members of public companies, the CSCC recommends using the principles contained in the Guidelines for determining the remuneration of board and council members of public and public-private companies developed by the CSCC in 2017. One of CSCC's functions is to advise public persons and capital companies of a public person on various issues affecting public capital and corporate governance. The CSCC has been approached not only by state-owned companies and holders of state-owned shares, but also by municipalities and municipal companies. Most often, they sought advice on the issue of determining the remuneration of board members in accordance with the legal framework. In 2018, the CSCC provided seven opinions on the determination of remuneration (including annual bonuses) for members of the Council and Board of SOEs.

1.6. Disclosure of Information in the Capital Companies of a Public Person

The scope of the information to be disclosed is set out in Section 29 (2) of the Law on Corporate Governance, which describes what information should be made public on the website of the holder of state-owned shares about companies in which it is a shareholder; Section 36, on the other hand, defines the information that should be made public on the website of the derived public persons about the capital companies in which they hold shares.

On 3 April 2018, amendments to the law came into force, adding requirements for capital companies to disclose information (Section 58). In order to specify the amount of information disclosed, in November 2018, the CSCC sent letters to all ministries, who are holders of state-owned shares, reminding them of the need to comply with disclosure requirements and asking them to check and state whether the holder of state-owned shares has provided on its website up-to-date information on the capital companies in which it is a shareholder in accordance with Section 29 (2) of the Law on Corporate Governance and whether the information referred to in Section 58 of the Law on Corporate Governance has been disclosed by the companies and their dependent companies and, if not provided, what is the planned date of disclosure. Replies were received from all shareholders except the Ministry of Education and Science. According to the shareholders' replies and websites of ministries and companies checked by the CSCC, the majority of shareholders and companies has published the required information and worked to comply with all legal requirements. Unfortunately, the CSCC initiative was only a recommendation, in order to provide information to the public.

On June 13, 2019, Amendments to the Law on Corporate Governance, which will enter into force on January 1, 2020, were adopted and they set out more extensive disclosures that state and municipal companies and their subsidiaries should make available on their websites, including a part of it for the last five years. This information will be comparable to the disclosure requirements for listed companies. The amendments stipulate that the CSCC will be obliged to verify and include in the annual report information on how shareholders (ministries and municipalities) and capital companies (state and large municipalities) comply with statutory disclosure requirements. For example, it will be required to publish information about the compliance of a member of the Council with the criteria for an independent member of the Council, information about the Supervisory Committees (if any) and the Audit Committee (if any), including bylaws, as well as information about the members of the committee (professional experience, education, positions in other capital companies, terms of office).

Amendments to the law in 2019 also determine the amount of information that will be included in this report in the future: information on state shareholdings in companies, their invested resources and returns, services provided by companies, contributions to the state budget and municipal budgets, state or local government grants received, information on the sectors in which state-owned companies are active, the nomination processes of board and council members, and other information needed to give a notion on state-owned companies.

In the future, municipalities will also have to prepare an annual consolidated report on the companies in which they hold shares. The CSCC has been preparing an annual report on state-owned shares since 2015.

The CSCC has created and regularly updates the website-database <http://www.valstskapitals.gov.lv>, which provides information on current issues in the governance of SOEs and allows to evaluate the performance of SOEs under the decisive influence of state (> 50% owned by the state) and to compare their ratios by year (general ratios, balance sheet ratios, profitability and financial ratios, information on payments made to and from the budget).

1.7. Trainings and Consultations to Capital Companies and Shareholders

In order to develop an ongoing reform and strengthen professional and sustainable governance of public and publicly owned companies, a project to improve the governance of public companies was implemented in 2018 in cooperation with the European Commission (EC) Structural Reform Support Service. KPMG, an internationally renowned consultancy firm, was engaged in the implementation of the EC project. As part of the project, a workshop for shareholder representatives on the assessment of the state-owned corporate governance framework was held on September 5, 2018 by KPMG.

As part of the same project, an event was held on November 8, 2018, which included a conference / seminar on future corporate governance solutions. The discussion was attended by representatives of 13 shareholders (ministries and other institutions) and almost all of 100% state-owned capital companies (members of the board and council), a total of about 100 members. The conclusions and proposals gained during the project regarding the classification of capital companies in groups and the setting of appropriate objectives, as well as the improvement of dividend policy were presented in this event. Proposals for improving the development of medium-term strategies as well as communication with shareholder were also presented, after which participants were involved in working groups that acted as shareholder and set financial and non-financial targets for capital companies. This provided a direct insight into the difficulties and challenges faced by management strategically planning the future of companies and setting goals, thus allowing for more accurate proposals.

There were also various individual meetings with shareholders, members of the boards and councils of SOEs on various topics, consulting or exchanging information on current events. Since the beginning of 2018, the CSCC has been a regular participant in the Innovation Initiative of Excellent Enterprises of Latvia, where forums, workshops and seminars are held to encourage companies to innovate.

One of the functions of the CSCC is to provide advice to public persons and capital companies of public persons on various issues related to management of capital shares and corporate governance as well as the application of regulatory enactments. The CSCC has been approached not only by state-owned capital companies and holders of state-owned shares, but also by municipalities and municipal companies. In 2018, the most frequently sought advice was on issues such as the competence of state-owned shareholders, aspects of determining the number and remuneration of board members, development of strategies, and the nomination process.

1.8. International Cooperation in Corporate Governance

The CSCC represents Latvia in the OECD Working Group on Corporate Governance and Privatization Practices and CSCC representative Vladislavs Vesperis is a member of the Bureau of

this working group. The main priorities of the Working Group in 2018 were:

- evaluation of the study and discussion on the implementation of fair and responsible business practices and anti-corruption measures in SOEs and the development of appropriate anti-corruption and bona fide business guidelines;
- development of a disclosure standard for SOEs involved in international transactions and operating internationally in the context of the principle of competition neutrality;
- evaluation and harmonization of the draft Privatization Primer;
- the OECD enlargement process, which included the consideration of the evaluation reports of Lithuania and Costa Rica in closed working group meetings. The working group conducted an evaluation of the governance of Argentina's state-owned enterprises to decide on Argentina's efforts to align it with the OECD Guidelines for Corporate Governance in Public Enterprises. Lithuania's report on planned and implemented reforms was welcomed, leading to the successful conclusion of the accession negotiations and accession to the OECD.

The CSCC representatives were also actively involved in the OECD activities in other countries. For example, in September 2018, V. Vesperis, Deputy Head of the Cross-Sectoral Coordination Centre, participated in the OECD Seminar on State-Owned Enterprise Reform in the Hydrocarbons Sector in Kiev(Ukraine) as one of the experts from OECD member countries. In October 2018, Dzintra Gasūne, Head of the Corporate Governance Department of the Cross-Sectoral Coordination Centre also shared Latvia's experience on corporate governance issues at the Central Asian Regional Experts' Seminar in Bishkek(Kyrgyzstan) organized by the European Bank for Reconstruction and Development (EBRD). Meanwhile, in 2018 the preparations for a visit of the Bulgarian public administration to Riga were launched to experience an exchange seminar on April 10 11, 2019, which was organized within the framework of the European Commission's TAIEX Program. In addition to the Latvian representatives, the seminar was attended by Hans Kristiansen, Senior Economist at the OECD Directorate for Economics, Lars Erik Fredriksson, Head of the Working Group on Corporate Governance and Privatization Practices, and representatives of the Lithuanian Corporate Governance Coordination Centre, providing their experience and expertise to Bulgarian Ministry of Finance to assist Bulgaria in establishing a corporate governance framework in line with the OECD guidelines and principles.

Significant priorities for Latvia in the future work of the OECD Working Group on Corporate Governance and Privatization are related to privatization issues, considering that a discussion has begun on the possible listing of SOE's shares on the stock exchange and a potential issue of bonds to raise capital. The promulgation and implementation of the OECD Anti-Corruption and Fair Entrepreneurship Guidelines at national level, in light of the findings of the OECD study on the implementation of honest business practices in SOEs, would also be a significant priority. Questions about the role of the state in the financial sector and the governance of municipal or other public-sector companies emerged as possible new priorities for further study while discussing the operational program 2019-2020 in the Working Group; it was considered whether these additional areas would be entirely dependent on possible additional funding allocations by the Member States. Given the significant volume of municipal SOEs in Latvia and the lack of well-established practice in the formation and governance of SOEs, Latvia could support the study of governance practices of municipal companies, as a possible priority for future work of the Working Group in particular from the point of view of justification for participation in company, information disclosure and ensuring the principles of corporate governance and competition neutrality.

At the beginning of 2018, an experience exchange project was completed within the framework of the Baltic-Nordic Public Sector Mobility Program, during which the governing bodies

of Swedish, Finnish and Norwegian state-owned companies and several state-owned companies from these countries were visited. In this project, the CSCC representatives were able to look at many governance issues of SOEs from the perspective of countries that have been working on these issues for decades. Public participation issues, the legislative framework, levels of governance, nomination processes, remuneration issues, setting of objectives, information disclosure in the annual report and many more issues were discussed during the project. There were also separate meetings with ministries and companies in the sectors of culture, health, energy, transport and forestry to discuss industry-specific issues.

1.9. Corporate Governance Improvement Initiatives in 2018

Through various projects and partners, the CSCC is studying the corporate governance development issues to improve the existing practices in Latvia and implement the best practices used elsewhere in the world.

As already mentioned in section 1.8 above, the CSCC representatives gained experience in the Baltic-Nordic Public Sector Mobility Program in three countries on the governance of SOEs, which is intended to be used to justify changes in the regulatory framework.

On May 24, 2018, the CSCC, in cooperation with the European Commission's (hereinafter – EC) Structural Reform Support Service, started the implementation of the project for assessing the governance of SOEs, which was formally completed in early 2019. For several months, KPMG Baltics, a consulting company, met with executives of SOEs, both individually and in broader discussions, to prepare an independent assessment of SOE governance. As a result, existing processes for goal setting, monitoring and performance evaluation were analysed and proposals for improving the governance of SOEs were made. Within the framework of the project, all SOEs were grouped according to the commercial or non-commercial nature of their activities and, accordingly, recommendations for financial and non-financial targets are available. This project also looked at examples of companies in Italy, France, Estonia and Sweden in corporate governance.

In 2018, great attention was paid to the development of state-owned enterprises through innovation. At the beginning of 2018, several largest Latvian state-owned enterprises with state-owned shares, with the support of the then Prime Minister Māris Kučinskis, were involved in shaping the innovation ecosystem, defining the challenges and goals they would like to achieve. As a result, on August 28, 2018, the updated "Guidelines for Developing Medium-Term Operational Strategies for SOEs" were approved. From now on, state-owned enterprises must include R&D investment plans into their strategies when planning investments and setting non-financial objectives.

Other areas of concern identified in the negotiations with large SOEs in respect to promotion of innovation were the low quality of R&D and innovation statistics, positioning of SOEs as innovation leaders; the regulatory environment for innovation and the promotion of innovation, a change in the mindset of the public administration as a contracting authority and a promoter of non-financial objectives, the fragmentation of innovation management between institutions and the lack of cooperation between businesses, universities and research institutions.

Regular meetings have been held to address these challenges and to foster mutual cooperation, and three Innovation Forums have been held since the launch of this initiative to introduce a wider range of partners to innovation initiatives by capital companies.

1.10. Development of Corporate Governance in 2019

In order to continue the ongoing reforms and to strengthen professional and sustainable governance of public and publicly owned companies, the CSCC prepared a project application in 2018 for the European Commission (EC) Structural Reform Support Service to continue the project implemented in 2018. The aim of the project is to develop a methodology for determining the optimal capital structures of commercially oriented state-owned companies. The project is

carried out to determine, on a systematic and quantitative basis, the optimal capital structure of commercial SOEs, where part of this capital structure can be covered, inter alia, by capital market instruments. This will enhance the quality of decision-making on raising capital. The project is expected to be completed by the end of 2020, and as a result, the methodology for capital structure assessment and the implementation of individual examples is expected.

It is planned to prepare a conceptual report in 2019, taking into account task No. 3.1.3 from the Financial Sector Development Plan 2017-2019, that was approved by Cabinet of Ministers' Order No. 126 "On the Financial Sector Development Plan 2017-2019" as of March 21, 2017 - "To develop and explain to the public a clear strategy and plan for increasing the proportion of private equity in state-owned assets as well as for raising additional financing on capital market". This report should also ensure the implementation of the Government Action Plan's Task 238.1.3) of the Cabinet of Ministers headed by Arturs Krišyēns Kariņš - "To individually assess the possibilities and capacity of raising capital of state-owned enterprises by issuing bonds and quoting stocks."

As regards the future plans, according to Task 238.1 of the Declaration of the Government Action Plan prepared by the Cabinet of Ministers headed by Arturs Krišyēns Kariņš - "Continuation of the implementation of the principles of good corporate governance included in the OECD guidelines in state-owned and municipal companies and promotion of the value of state-owned companies by strengthening the state as an active and informed owner and developing a clear corporate and corporate governance policy" - it is planned to prepare proposals by the end of 2019 for the classification of SOEs, taking into account their strategic importance, activities in a competitive environment, the proportion of tasks delegated by the State and, according to this classification, setting appropriate financial and non-financial targets, reporting results, dividend policy, and information disclosure. In developing this framework, it is planned to cooperate with interested parties - shareholders, boards and councils of capital companies and non-governmental organizations. Seminars or workshops are planned to facilitate the submission of proposals and the exchange of information. This report will also include a vision for the implementation of a more centralized governance model for SOEs.

On June 13, 2019, the amendments to the Law on Corporate Governance have been adopted, which will come into force on January 1, 2020, therefore it is planned to prepare a number of changes in the Cabinet of Ministers regulations and guidelines.

2. Governance of Local Government Capital Companies

In accordance with the Law on Corporate Governance, a decentralized approach is applied to the governance of local government companies. Taking into account the competence of the CSCC with regard to the governance of local government capital companies as provided for in this Law, the CSCC provides opinions and viewpoints, but at the moment it is not mandatory to receive them, and they are merely of an advisory nature. In 2018, the CSCC provided opinions on local government participation in capital companies, as well as opinions on the legal aspects of employment and remuneration determination of members of local government capital companies' boards. In order to eliminate the weaknesses identified by the State Audit Office and the Competition Council in the governance of local government capital companies, in 2018 the CSCC continued the discussion on the improvement of the regulatory framework for their operation and monitoring. The most important issues of the improvement of the regulatory framework are related to the implementation of the principles of corporate governance in local government companies in order to ensure more efficient use of their resources, prevent negative impact on competition and insufficiently justified participation of local government in companies. In 2018, work began on amendments to the Law on Corporate Governance, which was adopted by the Saeima on 13 June 2019 and will enter into force on 1 January 2020. These are the most significant amendments to the Law

on Corporate Governance since the adoption of the Law on Corporate Governance in 2014 and they set new requirements for the governance of local government companies. As pointed out by one of the participants of the discussions on the above-mentioned amendments - Andris Grafs, Vice-President of the Baltic Institute of Corporate Governance - the amendments were designed to respond to the chaos in the governance of Riga City Council companies. In order to reduce the influence of the politics on the governance of local government companies, with the entry into force of the amendments to the Law, the decisions of the shareholder in local governments will be taken by the executive director of the local government or by another official designated by the executive director, such as the head of the local government unit, who will be entrusted to manage shares. In the process of nomination of members of the board and council of local government companies the same principles will have to be applied as for the selection of the board and council members of SOEs. Thus, local governments will also be obliged to apply the principles set forth in the Cabinet regulations for the establishment of the nomination committee, the minimum requirements for the education and work experience of the board and council members, as well as other relevant transparency principles applied in the nomination process. In addition, in the process of selecting board and council members of large local government companies, a recruitment consultant will be required as compulsory obligation. In order to ensure the transparency of the activities of local government capital companies, they will also have to disclose information on all announced (shareholders') meetings, including agenda and decisions. It is important to note that the amendments to the Law on Corporate Governance impose an obligation on derived public persons to obtain the opinion of the CSCC prior to making a decision on the acquisition or obtaining decisive influence. In the future, local governments will have to determine the arrangements for coordinating the corporation's medium-term strategy before approving it. The CSCC, for its part, will monitor the compliance of local governments and large corporations with statutory disclosure requirements, and the results of this oversight will be further reflected in this report.

The CSCC hopes that, through the amendments to the Law on Corporate Governance, local government companies will also be better and more professionally managed and supervised in the future, moving closer to the OECD guidelines and corporate governance principles.

3. Methodology Used in the Report

To prepare a public report on state-owned enterprises and state-owned shares, data from the following sources was used: public reports (annual reports of companies, published activity reports of companies, other published information), reports on specific indicators prepared especially for the needs of this report and data, received from the State Revenue Service of the Republic of Latvia (SRS), which also serves as a verification mechanism for data quality. Indicators such as EBITDA, investments, real estate tax paid, other taxes and duties paid, excluding corporate income tax, personal income tax, value added and real estate taxes and compulsory state social insurance contributions, donations received and made, funding received from the budget, are derived from reports prepared specifically by capital companies. These figures have been calculated individually by the capital companies; thus, slight methodological differences are possible. The rest of the indicators, as well as raw data for the derived indicators, are derived from publicly available data sources. The indicators are based on a uniform methodology but may vary depending on the individual data interpretation (management reports) of each company. The reliability of these data has been further verified in a systematic and selective manner by comparing the obtained data and different public data, including the annual reports. In some cases, the reliability of these data has not been further verified by trusting the relevance of public data and prepared reports to the real situation.

Financial indicators such as profitability, ROA, ROE, liquidity and leverage are calculated from the publicly available information.

- Profitability - profit-turnover ratio expressed as a percentage.

- ROA - return on assets. Profit - total value of assets ratio, expressed as a percentage.
- ROE- return on equity. Profit - equity ratio, expressed as a percentage.
- Total liquidity - ratio of short-term assets (receivables, items, cash) and short-term creditors.
- Proportion of liabilities - all liabilities - equity ratio.

The contributions paid to the State and local government budgets shall include the balance of payments or the difference between the payments paid in the State budget and the reimbursement of the State budget for corporate income, personal income, value added and real estate taxes, and compulsory social security contributions. In addition, this includes the real estate tax paid and other taxes and duties paid, as well as dividends paid in the State budget.

The average gross remuneration is calculated using the personnel costs and the average number of employees presented in the annual reports. The indicator reflects the average gross remuneration per employee per year (also includes the remuneration of management board and council members). In individual cases, where social contributions are not separately specified in the publicly available report, gross remuneration is calculated using general employer rate of the state social insurance compulsory contributions. Such calculation makes a slight deviation from the real value, but the deviation is not statistically significant. Various financial benefits - accruing insurance, contributions at 3-rd tier pension scheme, different benefits - are not included in the calculation. Gross remuneration in each individual company is listed in accordance with the accounting principles and policies of the company and thus may contain different elements.

The general financial analysis of SOEs includes companies under the decisive influence of the State (50% + 1 share) and certain subsidiaries of state-owned enterprises and those under decisive influence of SOEs, including those that are important due to voting rights or economically significant companies with close to 50% shares (JSC RĪGJSC SILTUMS). In some cases, SOEs are included because their parent companies do not consolidate their results in their accounts. These companies are: LLC Latvijas Mobilais Telefons, LLC Lattelecom, LLC Veselības centrs "Bīķernieki", LLC Rīgas hematoloģijas centrs, LLC Latvijas Lauku konsultāciju un izglītības centrs, LLC Ludzas medicīnas centrs and JSC Reverta.

The list of capital companies included in the report's Annex "State-Owned Enterprises, Shares Owned by State, State-Owned Enterprises and Companies under the Effective Control of the State" includes different companies - SOEs, SOEs' dependent companies, public private capital companies with State participation, companies under the effective control of the State, as well as private capital companies with State participation which are not under the effective control of the State; however more information is provided on SOEs or companies under effective control of the State. The State owns a number of companies that serve the public interest and whose objectives are more social than commercial. This aspect makes financial analysis more difficult because valuation techniques and methods designed to evaluate typical commercial companies are to a great extent inappropriate to analyse and objectively assess the benefits for the society and the non-financial objectives achieved.

Some companies that can be described as commercial have disclosed less information justifying it with a business secret.

The financial analysis uses consolidated (group) financial information, including the results of operations of subsidiaries. The exceptions are SJSC Privatizācijas aģentūra³⁰ and LLC Rīgas Austrumu klīniskās universitātes slimnīca. In the case of SJSC Privatizācijas aģentūra, consolidated financial information has been used, not including JSC Reverta, which is included separately. In the case of LLC Rīgas Austrumu klīniskās universitātes slimnīca, data of all dependent companies (LLC Veselības centrs Bīķernieki, LLC Rīgas hematoloģijas centrs) is not included; instead, it is included separately. In the case of JSC Augstsprieguma tīkls (AST), data does not include JSC Conexus

30 On June 3, 2019, it changed its name to JSC "Publisko aktīvu pārvaldītājs Possessor (Privatizācijas aģentūra)" (in English - Public Asset Manager Possessor (Privatization Agency)), but on August 23, 2019, it changed its name to JSC "Publisko aktīvu pārvaldītājs Possessor" (in English - Public Asset Manager Possessor).

Baltic Grid, which is included separately, as PLLC Gazprom, which holds 34.10% of JSC Conexus Baltic Grid shares, has no voting and management rights and AST has 52.1% of the voting shares. The calculation of dividends paid to the State includes only dividends paid into the State budget.

The report's Annex "State-Owned-Enterprises, Shares Owned by State, State-Owned Enterprises and Companies under the Effective Control of the State" reflects both consolidated information and information from all subsidiaries.

To ensure continuity, the annual report and analysis are prepared on an annual basis, as well as measures are taken to improve the compliance of performance indicators of SOEs, including in the fields of finance and corporate governance. This report analyses the financial data of companies for the years 2017-2018 while in some sections data for the years 2015-2017 are analysed, as the statistics for the year 2018 and years 2014-2018, 2015-2018 or 2016-2018 were not yet available at the time of preparation of the report. The report does not analyse but merely outlines the non-financial objectives of SOEs and does not assess their impact on financial performance.

The report uses photographs submitted by SOEs. Their publication in the information materials developed by the CSCC without restrictions has been agreed.

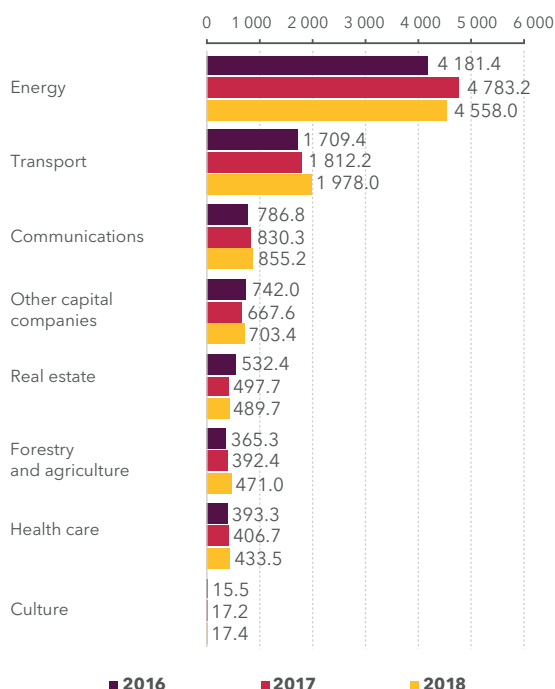
The report also uses the corporate identity submitted by SOEs in the form of a company's logo.

4. Performance of State-Owned Enterprises

4.1. Summary of SOE's performance

Total assets of SOEs

Figure 6. Total assets of SOEs by sector in 2016-2018, million EUR



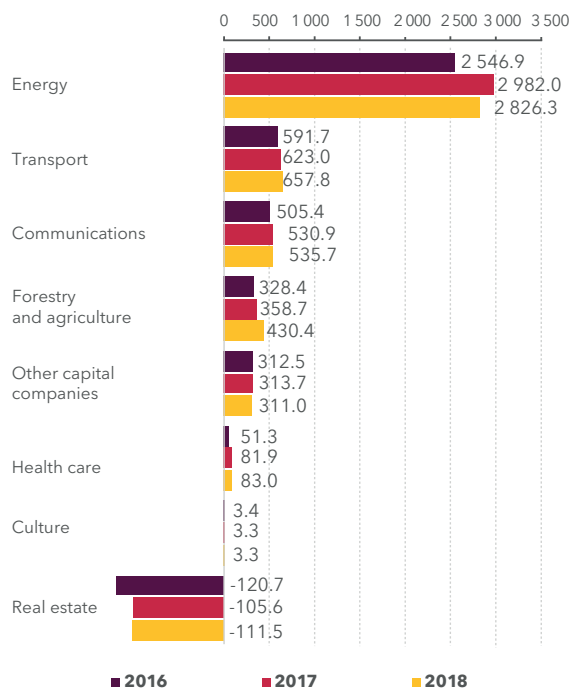
As regards the assets, we can see a total increase of 1.1% or EUR 99.0 million relative to the previous year. The largest increase is observed in the sectors of forestry and agriculture (EUR 78.6 million or 20.0%) and transport (EUR 165.8 million or 9.1%) due to big investment projects such as investments of JSC Latvijas valsts meži in renovation of forest roads and land reclamation systems and purchase of seven new aircrafts by JSC

31 Source: JSC "AIR BALTIC CORPORATION" Consolidated Annual Report 2018.

Air Baltic Corporation³¹. The biggest declines are observed in the energy (EUR 225.2 million or 6.5%) and real estate (EUR 7.9 million or 1.6%) sectors. The largest asset reduction in the energy sector was in JSC Latvenergo (consolidated, EUR 616.9 million), mainly due to one-off compensation in the amount of EUR 454.4 million for the refusal to receive 75% of the annual electric power payments for CHP plants in Riga – TEC 1 and TEC 2 and redemption of liabilities by reducing the share capital of the joint stock company. Asset reduction in the real estate sector is related to the continuing recovery of distressed assets of JSC Reverta (EUR 6.5 million) and repayment of principal of state loans in the amount of EUR 5 million in September 2018 as well as decrease of SJSC Valsts nekustamie īpašumi asset's (EUR 11.6 million). Likewise, in absolute terms, a considerable decrease in assets was observed in SJSC Latvijas dzelzceļš (consolidated, EUR 19.2 million) and SJSC Privatizācijas aģentūra (consolidated³² EUR 24.4 million). In absolute terms, a substantial increase in the assets was in JSC Rīgas siltums (consolidated, EUR 25.8 million) and JSC Attīstības finanšu institūcija Altum (consolidated, EUR 44.3 million). In connection with the 52.1% voting rights of JSC Augstspriegumu tīkls, JSC Conexus Baltic Grid (hereinafter – CBG) will additionally account for CBG asset of EUR 361.6 million in 2018.

Total equity of SOEs

Figure 7. Total equity of SOEs by sector in 2016-2018, million EUR



Total equity has decreased by 1.1% or EUR 51.8 million in all SOEs. The largest reductions are in the energy and real estate sectors - EUR 155.6 million or 5.2% and EUR 5.9 million or 5.6% decrease compared to the previous year, respectively. In turn, the largest increases are in the forestry and agriculture sector and in the transport sector – EUR 71.7 million or 20.0% and EUR 34.8 million or 5.6%, respectively.

In the energy sector, the largest decrease is in JSC Latvenergo (consolidated, EUR 526.8 million or 18.5%), which is related to the fact that on November 21, 2017, the Cabinet of Ministers issued an order "On the Reduction of Guaranteed Charges for Electric Capacity Installed in Cogeneration Power Plants Latvenergo JSC" and one-off compensation of EUR 454.4 million³³ was paid as compensation for refusal to receive 75% of the annual electric capacity payments for cogeneration plants Riga TEC-1 and TEC-2. The compensation was financed through the right of the State as a shareholder of the parent company to reduce the parent company's share capital. Later, under a trilateral agreement, the parent company settled its obligations

32 Without JSC "Reverta" whose financial results are not consolidated.

33 Latvenergo Group Consolidated and JSC Latvenergo Annual Report 2018, page 5.

to the Ministry of Economy for the capital reduction by netting the grant to be received from the State. According to the terms of the same contract, on the same date the parent company netted with JSC Energijas publiskais tirgotājs³⁴ In March 2018, the parent company reduced its share capital by EUR 454.4 million and in June 2018 increased it by EUR 489 thousand by making a material investment in the share capital with real estate in this amount, based on Cabinet of Ministers Order No. 765 "On Investment of State Real Estate in the Share Capital of Joint Stock Company Latvenergo"³⁵ In total, the share capital of JSC Latvenergo decreased from EUR 1,288.7 million on 31 December 2017 to EUR 834.8 million on 31 December 2018, while equity at the Group level decreased from EUR 2,846 million to EUR 2,320 million. In connection with the 52.1% voting rights of JSC Augstspriegumu tīkls, JSC Conexus Baltic Grid (hereinafter - CBG) will additionally account for CBG equity of EUR 309.8 million in 2018.

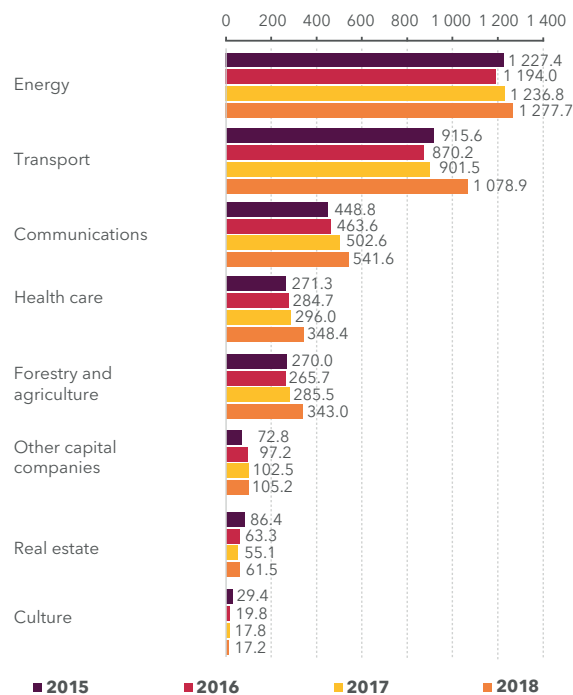
Equity in the real estate sector is still negative due to JSC Reverta - minus EUR 111.5 million (in 2017: minus EUR 105.6 million). JSC Reverta equity in 2017 is minus EUR 432 million, but in 2018 - minus EUR 333.5 million, because the company continued to suffer losses in the amount of EUR 1.5 million. However, the largest decrease in the real estate sector's equity was attributable to SJSC Valsts nekustamie īpašumi (hereinafter - VNI) - it decreased from EUR 280.3 million to EUR 276.0 million or by 1.6%. At the end of 2018, VNI has revalued all land and buildings in terms of fixed assets at market value, using valuations of internal valuers³⁶ based on the capitalization approach of future revenues or the comparable transaction approach based on market prices. As a result, the revaluation reserve for long-term investments has decreased by EUR 9.4 million from EUR 129.1 million to EUR 118.7 million.

In the transport sector, the largest increase in equity is for SJSC Starptautiskā lidosta "Rīga" (hereinafter - RIX) and SJSC Latvijas dzelzceļš (consolidated) (hereinafter - LDZ) - EUR 10.0 million and EUR 13.8 million, respectively. Both increases are attributable to earnings in 2018. RIX earned a profit of EUR 10.0 million in 2018 and LDZ - EUR 14.4 million. On the other hand, the largest changes in equity in the forestry and agriculture sectors are in SJSC Latvijas valsts meži (consolidated) and represent an increase by EUR 71.7 million or 20.1%, which is mainly due to the profit of EUR 108.9 million in 2018. The total profit effect on equity has been reduced due to a dividend payout of EUR 38.2 million in 2018.

In 2018, the share capital of SOEs was further increased and accordingly had a positive effect on equity in the health sector. Share capital was increased in the following hospitals: SLLC Slimnīca Ģintermuiža (in the amount of EUR 0.9 million), SLLC Paula Stradiņa klīniskā universitātes slimnīca (in the amount of EUR 4.3 million), SLLC Bērnu klīniskā universitātes slimnīca (in the amount of EUR 0.9 million), LLC Rīgas Austrumu klīniskā universitātes slimnīca (in the amount of EUR 3.2 million) and SLLC Daugavpils psihoneiroloģiskā slimnīca (in the amount of EUR 1.0 million).

Total turnover of SOEs

Figure 8. Turnover of SOEs by sector in 2015-2018, million EUR



Total turnover indicators have increased by 11.1% or EUR 75.7 million in 2018 compared to 2017. There is an increase in turnover in all sectors except the cultural sector. In the cultural sector, the turnover has decreased by EUR 0.6 million or 3.5%. The largest absolute increase is observed in the transport sector (EUR 177.4 million or 19.7%) and in the forestry and agriculture sector (EUR 57.5 million or 20.2%), which is also the largest percentage increase. In the transport sector, largest increase in turnover is represented by JSC Air Baltic Corporation (consolidated, hereinafter - ABC) (EUR 58.7 million or 17.1%)³⁷ The ABC has reached a new passenger record of 4.1 million passengers since in 2018, or 17% more than in 2017³⁸ and SJSC Latvijas dzelzceļš (consolidated) (EUR 46.4 million or 14.6%) due to increased freight volumes: in 2018, 4 260 thousand tons of freight were transported via the rail network, which is by 5 475 thousand tons, or 12.5% more than in 2017³⁹ In the forestry and agriculture sector, the largest increase in turnover is achieved by SJSC Latvijas valsts meži (consolidated) (EUR 57.4 million or 20.8%), which is related to higher sales volumes of timber and increase of market price in certain sectors of timber assortment. Significant growth is also observed in the energy (EUR 40.9 million or 3.3%) and health care sectors (EUR 52.4 million or 17.7%). In terms of individual companies, a significant increase in turnover is observed in JSC Augstsprieguma tīkls (turnover in 2018: EUR 193.9 million; increase by EUR 35.0 million or 22.0%), LLC Rīgas Austrumu klīniskā universitātes slimnīca (EUR 118.5 million EUR; increase by EUR 19.1 million or 19.2%), SLLC Paula Stradiņa klīniskā universitātes slimnīca (EUR 105.0 million; increase by EUR 15.3 million or 17.1%), SJSC Latvijas Pasts (89.1 million: increase by EUR 13.5 million or 17.9%) and SJSC Latvijas autoceļu uzturētājs (EUR 76.4 million, increase by EUR 13.7 million or by 21.9%). In absolute terms, the turnover of JSC Latvenergo (consolidated) has decreased the most, as the turnover in 2018 was EUR 878.0 million, which is a decrease of EUR 47.6 million or 5.1% compared to 2017. The main reasons for this were by 44% lower electricity generation at Daugava hydroelectric power plants and by 75% lower revenues from JSC Latvenergo CHP plants⁴⁰ The turnover of SLLC Jaunais Rīgas teātris has also decreased significantly - from EUR 3.2 million in 2017 to EUR 1.8 million in 2018, which is a decrease by EUR 1.5 million or by 45.6%, however, this decrease is due to the representation of grant revenue in annual accounts because in 2018, the grant is presented under 'Other operating income'

34 Latvenergo Group Consolidated and JSC Latvenergo Annual Report 2017, page 61.

35 Latvenergo Group Consolidated and JSC Latvenergo Annual Report 2018, page 52.

36 JSC "Valsts nekustamie īpašumi" Annual Report 2018, page 31.

37 Compared data from The Consolidated Annual Report 2018, page 16, prepared for the first time in accordance with the International Financial Reporting Standards (IFRS).

38 JSC "Air Baltic Corporation" Consolidated Annual Report 2018, page 7.

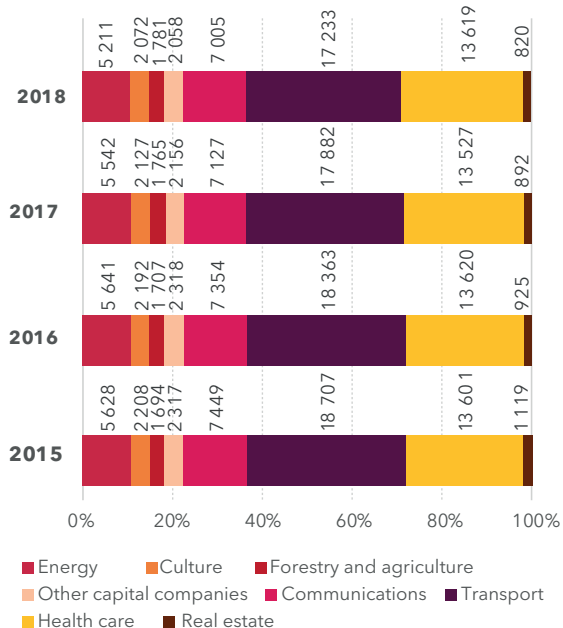
39 State Joint Stock Company "Latvijas dzelzceļš" Consolidated Annual Report 2018, page 7.

40 Latvenergo Group Consolidated and JSC Latvenergo Annual Report 2018, page 7.

instead of 'Net turnover' as in 2017. In absolute terms, the largest declines in turnover were for SJSC Valsts nekustamie īpašumi (turnover EUR 39.3 million in 2018; EUR 1.1 million or 2.7% decrease compared to 2017), JSC Attīstības finanšu institūcija Altum (consolidated) (EUR 14.4 million; EUR 1.1 million or 8.4% decrease), SLLC Latvijas Vides, ģeoloģijas un meteoroloģijas centrs (EUR 6.7 million; EUR 0.4 million or 6.1% decrease) and SJSC Privatizācijas aģentūra (consolidated⁴¹) (EUR 3.2 million; EUR 0.9 million or 22.2% decrease).

Number of employees and average remuneration

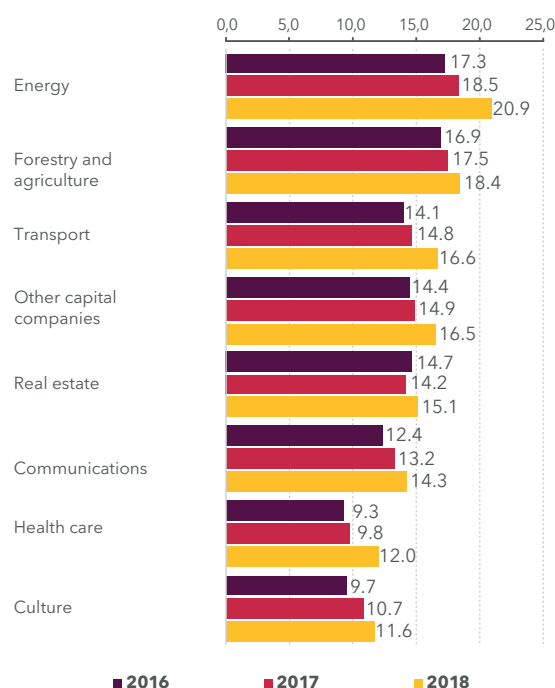
Attēls Nr. 9. Average number of employees in SOEs per year by sector in 2015-2018, number and percentage



There has been no significant change in the structure of employees. The distribution of employees by sector (total = 100%) is with relatively minor changes: the distribution of energy workers decreased from 10.9% in 2017 to 10.5% in 2018. The culture sector remains unchanged at 4.2%, the forestry and agriculture sectors experienced a slight increase from 3.5% to 3.6%, in other capital companies a decrease from 4.2% to 4.1%, and the communications sector shows a slight increase from 14.0% to 14.1%. There is a drop in the transportation sector from 35.1% to 34.6%, while health care sector demonstrates growth from 26.5% to 27.3%, and the real estate sector a drop from 1.7% to 1.6%.

For the third year in a row, there has been a decline in the number of employees in SOEs. In absolute terms it decreased by 603 employees in 2016, by 1,102 employees in 2017 and by 1,219 employees in 2018. The biggest changes are in the transport (-481 employed) and energy (-227 employed) sectors. In the transport sector, this can be explained by a significant reduction in the number of employees of SJSC Latvijas dzelzceļš (consolidated, -789 employees) for the third year in a row. In 2016, the number of employees decreased by 478 employees, in 2017 - by 593 employees. In the energy sector, the most significant reduction of employees took place in SJSC Latvenergo (consolidated) (-67 employees). Also, significant reduction in the number of employees in 2018 occurred in SLLC Bērnu klīniskā universitātes slimnīca (-104 employees), SJSC Latvijas Pasts (-152 employees), JSC Rīgas siltums (consolidated, -123 employees). In its turn, the largest increase in employees was in JSC Air Baltic Corporation (consolidated, +145 employees) and LLC Rīgas Austrumu klīniskā universitātes slimnīca (+186 employees).

Figure 10. Average gross remuneration per employee per annum in 2016-2018, thousand EUR⁴²



Information on the level of remuneration from capital companies has been collected and the analysis of remuneration information can be used to determine overall trends. Remuneration policy is determined in each corporation according to internally approved principles, depending on the nature of the activity of a capital company, labour market situation and available resources. Different principles for the variable part of the salary or the principles for the granting and payment of other additional benefits may be laid down. Remuneration policy is also influenced by the choice of business model, where capital companies with a higher share of outsourcing will often have a higher level of remuneration; the share of non-financial goals and the income generation model of the capital company are also important. Overall, remuneration level in all sectors has increased. The highest percentage increase was observed in health care (23.1%) and energy (12.9%), reaching an average salary of EUR 12.0 thousand and EUR 20.9 thousand, respectively. The leading position in the remuneration scale in 2018 is occupied by the energy and forestry and agriculture sectors. In its turn, the lowest level of remuneration in 2018, as in 2016 and 2017, is in the companies of the culture and health care sector. The average annual salary in state-owned companies in 2017 was EUR 15.3 thousand, which is by EUR 1.7 thousand or 12.8% more than in 2016, when the average salary was EUR 13.6 thousand.

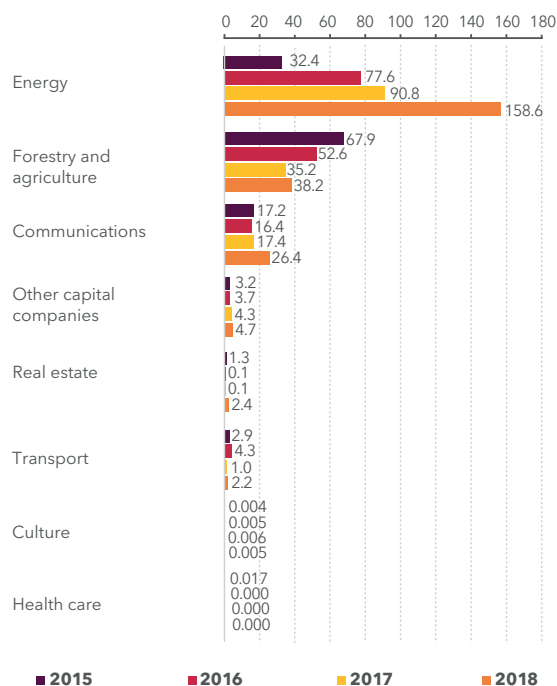
There were five state-owned capital enterprises, where the average salary decreased from 2.7% to 14.5%. In contrast, in the majority of SOEs, remuneration increased from 2.3% to 48.6%, excluding some SOEs with less than 10 employees, where the changes are more related to the reorganization of their activities and keeping only managerial staff.

41 Without JSC "Reverta" whose financial results are not consolidated.

42 Adjustments have been made to the remuneration calculations for 2016 and 2017.

Dividends

Figure 11. Dividends paid to the State for the previous reporting year in SOEs by sector in 2015-2018, million EUR



In total, the State has received EUR 232.5⁴³million in dividends in 2018, which is EUR 83.8 million or 56.4% more than in 2017. In comparison, dividends paid in 2017 amounted to EUR 148.7 million, which was EUR 6.0 million or 3.9% less than in 2016. Assessing the dividend pay-out as a whole, the leaders are traditionally the energy sector with 68.2% (61.1% in 2017 and 50.1% in 2016), the forestry sector with 16.4% (23.7% in 2017 and 34.0% in 2016) and the communications sector with 11.4% (11.7% in 2017 and 10.6% in 2016) of all dividends paid by capital companies. The contribution of other capital companies in the form of dividends is significantly smaller and does not even reach 5% of the total dividends paid - in 2018 it was 4.0%, in 2017 - 3.6%, in 2016 - 5.3%.

Taking into account that the energy, communications, forestry and agriculture sectors continued to perform successfully in 2017 in terms of profit and economy, among other due to the reform of the Enterprise Income Tax (EIT) Law, and this trend continued also in 2018, dividends were paid at or above the level planned by law. Sections 41, 42 and 43 of the Law "On the State Budget for 2018" lay down specific provisions and exact amounts for dividend pay-outs for three capital companies - JSC Latvenergo (hereinafter -- LE), JSC Latvijas valsts meži (hereinafter - LVM) and SJSC Latvijas Loto (hereinafter - LL). Section 41 of the Law required LE to pay EUR 94.2 million in 2018 for 2017; however, EUR 156.4 million were actually paid, by taking into account the high profit indicators due to the reform of the EIT Law. In 2017, LE paid EUR 90.1 million in dividends to the State. Section 42 of the Law required LVM to pay EUR 38.2 million in 2018 in dividends for 2017 and exactly that amount was paid. In 2017, LVM paid dividends in the amount of EUR 35.2 million. Sections 43 and 44 of the Law stipulated that LL, which was classified as other capital companies, to pay 80% but not less than EUR 2.8 million of the profit of and in 2018 were paid EUR 4.7 million which is 80% from the profit in 2017. In 2017, LL paid out EUR 4.2 million in dividends for 2016.

The leading position in the forestry sector is explained by the fact that the main production asset is forest land, which is not depreciated. As a result, less funds are accumulated for the renewal of fixed assets and the return on EBITDA is relatively the highest among the industries.

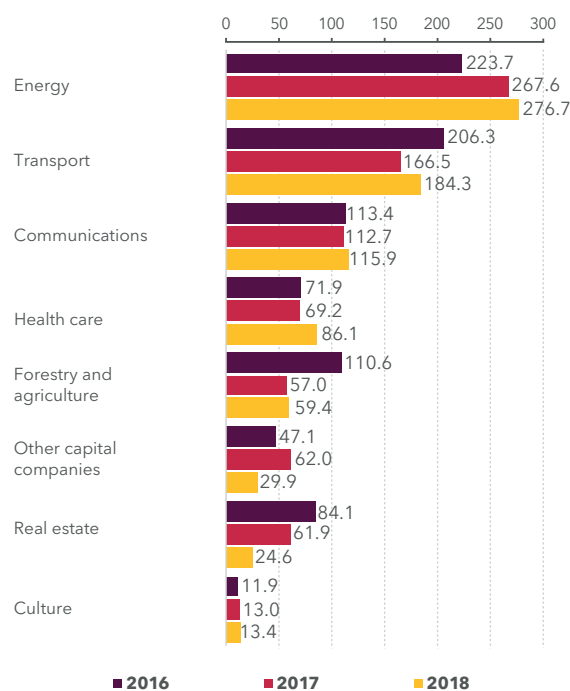
In the communications sector, both - LLC Lattelecom (as of April 1, 2019 the name is changed to LLC Tet, hereinafter

- Tet) and LLC LMT (hereinafter - LMT) continue to operate successfully, paying EUR 20.3 million and EUR 1.2 million⁴⁴ in dividends in 2018 respectively. In 2017, Tet paid out dividends - EUR 16.1 million, but LMT - EUR 1.2 million. In 2018, dividends were also paid by SJSC Latvijas Valsts radio un televīzijas centrs in the amount of EUR 4.8 million.

The dividend pay-out ratio in 2018 was 45.7%; for comparison - in 2017 it was 72.2%, but in 2016 - 92.9%.

SOEs' contributions to the State Budget

Figure 12. SOEs' contributions to the state budget by sector in 2016-2018, million EUR



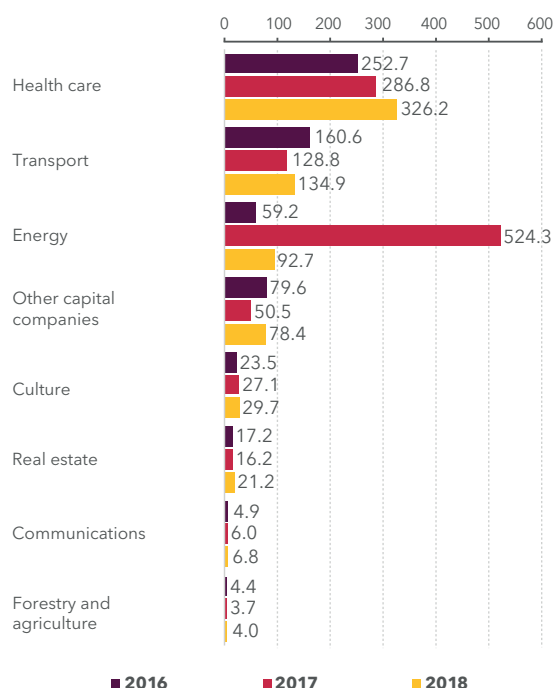
Contributions to the state and municipal budgets consist of taxes, levies and dividends. In total, in 2018, state-owned capital enterprises made EUR 790.2 million in contributions, which is EUR 19.7 million or 2.4% less than in 2017. The largest contributors, as in 2017 and 2016, were companies from the energy (EUR 276.7 million or 35.0% of the total contributions to the state budget) and transport (EUR 184.3 million or 23.3% of the total contributions) sectors. For comparison, in 2017 these indicators were EUR 267.6 million and 33.0% and EUR 166.5 million or 20.6%. The three largest contributors were JSC Latvenergo, SJSC Latvijas dzelzceļš and JSC Lattelecom, paying EUR 232.7 million or 29.4%, EUR 96.7 million or 12.2% and EUR 59.5 million or 7.5% respectively of the total contributions made by state-owned capital enterprises. In 2017, these companies paid EUR 238.7 million or 29.5%, EUR 95.6 million or 11.8% and EUR 64.6 million or 8.0%, respectively.

⁴³ Only those dividends, which are paid to the state budget, are included in the calculation of dividends paid to the state.

⁴⁴ Only the part of dividends paid directly to the state from the state owned enterprise is included in the sector calculation.

State Budget Funding received by SOEs

Figure 13. Funding received by SOEs from state budget by sector 2016-2018, million EUR



The funding from the State budget includes different types of revenue - compensation mechanisms such as earmarked grants to Latvenergo to fix a mandatory procurement component, payment for services purchased by State, such as health care services and maintenance of hospital facilities, or grants for theatres, orchestras and other SOEs from culture sector for the production of performances and concerts. Compared to 2017, the state budget financing decreased by EUR 349.5 million or 33.5% in 2018, which is mainly due to the one-off compensation for JSC Latvenergo in 2017 amounting to EUR 454.4 million for refusing to receive further 75% of annual electricity payments for CHP plants Riga TEC-1 and TEC-2. The compensation was financed through the right of the State to reduce the share capital of the parent company as a shareholder of the parent company. In March 2018, the parent company reduced its share capital by EUR 454.4 million. Later, under the trilateral agreement, the parent company settled its commitments to the Ministry of Economics for the capital reduction by netting the grant to be received from the State. Pursuant to the terms of the same agreement, on the same date, the parent company netted with JSC Enerģijas publiskais tirgotājs. Notwithstanding this one-off compensation, the total funding received from the state budget increased by EUR 104.9 million or 17.8% in 2018 for all other SOEs.

The largest recipients of state budget financing in 2018, unlike in 2017, were the SOEs from the healthcare sector, that were the largest recipients also in 2015 and 2016. In 2018, healthcare companies received EUR 326.2 million of state funding or 47.0% of the total financing received by state-owned companies; in comparison, in 2017 they received EUR 286.8 million or 27.5%, in 2016 - EUR 252.7 million or 42.0%, and in 2015 - EUR 238.1 million or 43.9%. According to the total state budget financing received in 2018, the transport companies rank the second with EUR 134.9 million or 19.4% of the total financing and the energy companies with EUR 92.7 million or 13.4% rank the third.

Among the capital companies individually, in 2018, LLC Rīgas Austrumu klīniskā universitātes slimnīca received EUR 111.5 million, SLLC Paula Stradiņa klīniskā universitātes slimnīca - EUR 98.9 million and JSC Latvenergo (consolidated) - EUR 92.7 million.

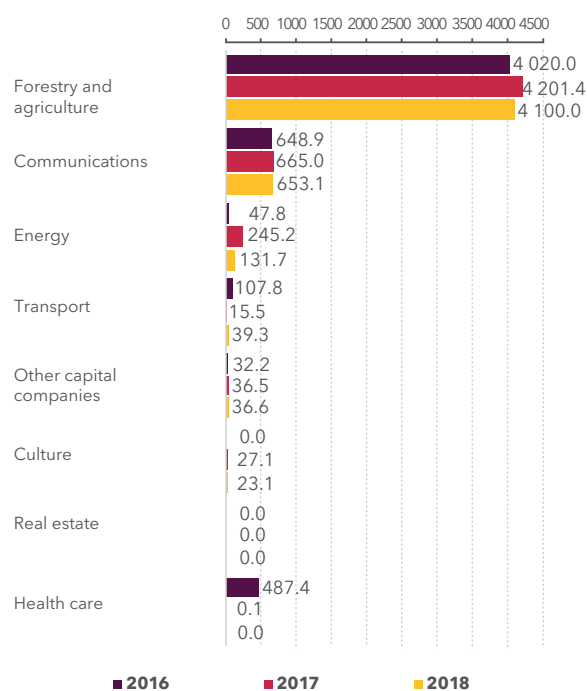
Significant budget funding is channelled to the transport

sector, where a large part of the aid is payment for public services such as, in accordance with the delegation agreement for the ordinary maintenance of national roads (EUR 61.0 million) and for the arrangement of water drainage systems of state roads (EUR 1.8 million), under a delegation agreement for the administration of the financing of the national road network, accounting and organization of public procurement (EUR 16.1 million), fee for project management services of RB Rail project (EUR 2.5 million), and funding for the organization of a public transport service. Compensation and grants have also been paid - compensation for public railway infrastructure charges (EUR 8.0 million), compensation for losses resulting from the fulfilment of the public transport service contract (EUR 10.3 million), compensation for the transportation of passengers entitled to deductions (EUR 2.0 million) and a grant for the construction of national public railway infrastructure.

A grant has also been provided to the media (EUR 22.7 million)⁴⁵ and to culture sector companies (EUR 29.7 million) for the carrying out of certain public administration tasks in the field of culture.

Donations made by SOEs

Figure 14. Donations made by SOEs by sector in 2016-2018, thousand EUR

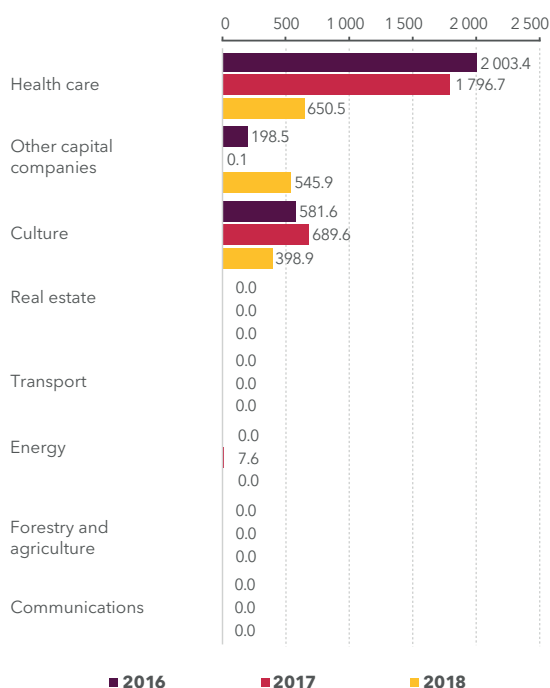


In 2018, the SOEs donated a total of EUR 5.0 million, which is by EUR 207.1 thousand or 4.0% less than in 2017. This represents a slight decrease for the second year in a row, as in 2017 the amount of donations decreased by EUR 155.1 thousand or 2.9% compared to 2016. The forestry sector with JSC Latvijas Valsts meži has been among the most active donors for several years in a row. It annually allocates approximately EUR 4 million to various donation programs - in 2018 EUR 4.1 million, in 2017 EUR 4.2 million and in 2016 - EUR 4.0 million were donated. The forestry sector is followed by the communications sector, where donations often serve as a marketing incentive. Other active donors to be mentioned are LLC Latvijas Mobilais Telefons, JSC Latvenergo, SJSC Latvijas dzelzceļš and SJSC Latvijas Loto.

⁴⁵ Includes general government grant

Donations received by SOEs

Figure 15. Donations received by SOEs by sector in 2016-2018, thousand EUR



In 2017, SOEs received donations in total of EUR 1.5 million, which is by EUR 898.7 thousand or 36.0% less than in 2016. The amount of donations received has also decreased for the second year in a row, as the donations received in 2017 were by EUR 289.4 thousand or 10.4% less than in 2016. As is the case each year, the leaders of donation recipients are capital companies in the healthcare (EUR 650.5 thousand) and culture (EUR 398.9 thousand) sectors. In the health sector, donations have mostly been aimed at improving the quality of health services and there have also been in-kind donations related to the provision of health services. In the cultural sector, donations have mostly been to support the creation of shows or concerts, and donations have also been in-kind, such as equipment for performing shows. In 2018, the media also received donations in the form of free movie licenses. The largest donations were received by SLLC Latvijas televīzija (EUR 545.9 thousand), SLLC Bērnu klīniskā universitātes slimnīca (EUR 538.6 thousand), SLLC Latvijas Nacionālais teātris (EUR 156.9 thousand), SLLC Latvijas Nacionālā opera un balets (EUR 128.3 thousand) and SLLC Paula Stradiņa klīniskā universitātes slimnīca (EUR 103.0 thousand).

4.2. Return on SOEs

For a large part of SOEs, the main purpose is to meet non-financial objectives. The main task of these companies is to carry out the functions that are important to the public.

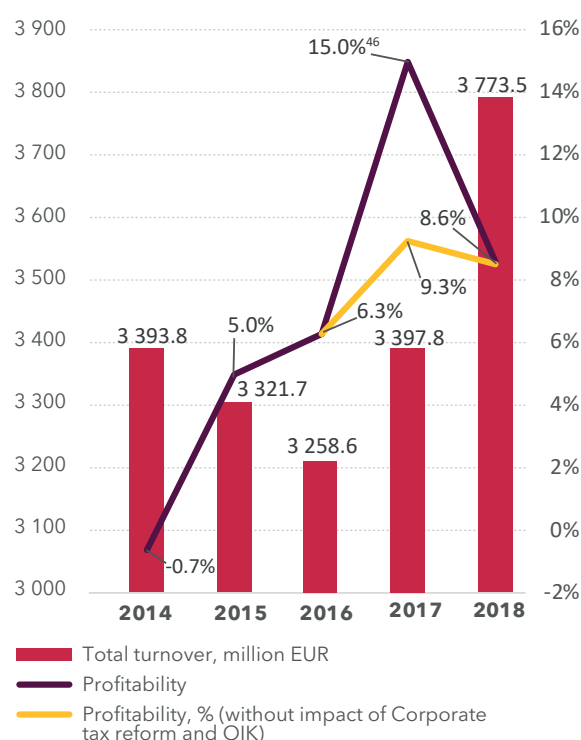
In the areas such as education (1 company), health care (16 companies, including LLC Veselības centrs Bīķernieki, LLC Rīgas hematoloģijas centrs) and culture (14 companies) representing 32 companies or about half of the state-owned companies, the main objectives are non-financial ones. The return on these companies is, of course, also measurable in financial terms; however, the public benefit stems directly from their high-quality contribution to the achievement of the sector's objectives.

Consequently, the presented financial data cannot be directly compared in an aggregated form to private companies, which, in general, have the most important financial objectives and tasks, because the costs of nonfinancial targets set for SOEs have to be taken into account. They may be determined in different ways, with state payment and without, with an inclusive rate of return or without.

In order to manage capital companies effectively, the

financial purpose of a non-commercial State capital company is, as a general rule, to work without losses or with small profits, ensuring financial stability. When analysing data for the last four years, we can see improvements in the return of capital companies. In 2014, the impact of the financial crisis was still apparent. During the crisis, the state acquired a number of illiquid assets from Parex banka, which was managed by a problematic asset management company Reverta, but later also by an unrealized LLC Hiponia, which managed the problematic assets of the restructured Hipotēku banka. The sale of these assets resulted in significant losses for the companies operating in this sector. In 2017, the number of capital companies with illiquid assets had significantly decreased; in addition, the one-off State compensation to Latvenergo in the amount of EUR 454.4 million for refusing to receive 75% of the annual electricity capacity payments to cogeneration plants in the energy sector also provided a slight improvement, and the overall profitability indicators have improved accordingly, reaching 15% per year. In 2018, this impact of compensation and the impact of the CIT reform was no longer so significant, therefore the profitability indicators decreased to 8.6%.

Figure 16. Total turnover of SOEs, million EUR and profitability, %, 2014-2018

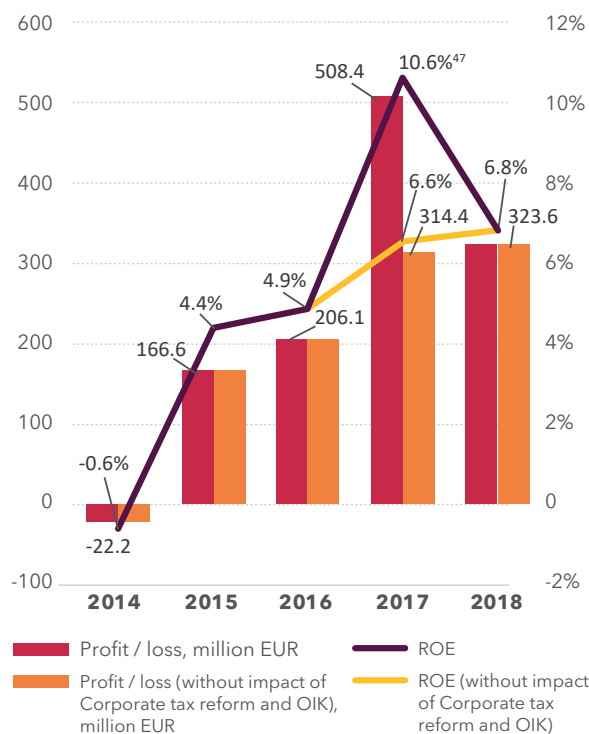


The limited impact of the effects of the old financial crisis and the problems of underfunding in some sectors, such as healthcare, over the period 2014-2018 and the negative profitability of the real estate sector 2014-2017 are also reflected in the financial results, when in 2014 the total profitability of state-owned capital enterprises was negative, but in the period from 2014 to 2018 the companies of the energy, forestry and communications sectors significantly compensated for this effect, when the profitability reached 5.0% in 2015, 6.3% in 2016, 15% in 2017, and 8.6% in 2018. In addition, it can be observed that the total turnover decreased by 2.1% in 2015 and by 1.9% in 2016, but in 2017 it has experienced a faster growth, reaching 4.1% growth and returning to the 2014 level. The turnover in 2018 increased by another 11.1%, which has several explanations. In the energy sector, although the turnover of JSC Latvenergo (consolidated) fell by EUR 47.6 million or 5.1%, it was offset by the good results of JSC Augstsprieguma tīkls (an increase in turnover of EUR 35.0 million) and the inclusion of JSC Conexus Baltic Grid in the balance sheet due to 52.1% voting rights, which gave an additional turnover of EUR 54.2 million. As a result, the turnover of energy companies has increased by EUR 40.9 million or 3.3%. The largest increases in turnover were observed in transport (EUR 177.4 million or 19.7%), forestry and agriculture (EUR 52.4 million or 17.7%) and healthcare (EUR 57.5 million or 20.2%) sectors. Positive trends were also observed

⁴⁶ The impact of the Corporate Income Tax Reform on the profits of the 25 largest State-Owned Enterprises and the total effect of the mandatory procurement public service obligation (OIK) grant is estimated at 5.7 percentage points, which would reduce profitability to 9.3%.

in the real estate sector (6.3 million EUR or 11.5% increase in turnover), thanks to the successful implementation of ERDF projects in the amount of EUR 7.1 million by SLLC Zemkopības ministrijas nekustamie īpašumi. The only sector where turnover decreased was culture (EUR 0.6 million or 3.5%), which was based on a change in accounting policy to include State aid under 'Other operating expenses' and not as a reduction in the amount of aid.

Figure 17. Profit of SOE, million EUR, and return on equity (ROE), %, 2014-2018⁴⁷



Profit and return on equity actually reflect a similar trend as turnover and profitability over the period 2014-2018. Illiquid assets have declined, while turnover and profitability have increased, resulting in a significant improvement in total equity return rates from -0.6% in 2014 to 6.8% in 2018, with a particularly good equity return rate reached in 2017 (10.6%), when this indicator was further improved by UIN reform and a one-off grant to JSC Latvenergo (consolidated) for refusal to receive 75% of the annual electric capacity payments to cogeneration plants in the future. The impact of the CIT reform was one-off and estimated at about EUR 191.8⁴⁸ million, while the one-off unconditional grant for refusing to continue to receive 75% of the annual electricity capacity payments for cogeneration plants in 2017 was EUR 140 million, while the one-time unconditional grant for refusing to receive 75% of the annual electricity capacity payments for cogeneration plants in 2017 was EUR 140 million, but at the same time the impairment of assets at Riga CHP by EUR 116.8 million was recognized and CIT increased by EUR 21 million, reducing the overall effect to EUR 2.2 million, while the second tranche of the grant, amounting to EUR 314.4 million and classified as deferred income, is assessed without any effect on future profits, as it will compensate for the decrease in revenue. Thus, in fact, in 2017, state capital companies had been operating economically with a profit of EUR 314.4 million and the return on equity was 6.6%, which is approximately at the same level as in 2018 - with EUR 9.2 million or 2.9% overall profit increase.

In terms of sectors, the profit leader has changed this year - the forestry sector (EUR 109.9 million in 2018; EUR 65.4 million in 2017, but deducting the impact of the CIT reform in was EUR 173 million in 2017) has overtaken the energy sector (EUR 97.8 million in 2018; EUR 330.1 million in 2017 or after CIT reform impact deduction EUR 60.2 million), followed in a constant order compared to 2017: communications sector (EUR 76.9 million in 2018; EUR 80.8 million in 2017 or EUR 67 million after CIT reform impact deduction) and the transport sector (EUR 40.5 million in 2018; EUR 52.2 million in 2017). The real

estate sector is facing a positive trend from year to year, with losses falling from EUR 53.0 million in 2016 to profit of EUR 7.1 million in 2018, which is due to the fact that the losses of JSC Reverta have decreased from 45.1 million EUR in 2016 to 1.5 million in 2018 and the SJSC State Real Estate has continued to operate successfully. The health sector continues to operate at a loss. LLC Rīgas Austrumu klīniskās universitātes slimnīca suffers annual losses - EUR 2.5 million in 2016, EUR 5.4 million in 2017, and EUR 5.9 million in 2018. In 2018, SLLC Paula Stradiņa klīniskā universitātes slimnīca (EUR 2.8 million loss in 2018, while EUR 6.4 thousand profit in 2017 and EUR 10.8 thousand profit in 2016) significant losses, which was not the case in previous years, and SLLC Bērnu klīniskā universitātes slimnīca (EUR 1.4 million loss in 2018; EUR 229.2 thousand loss in 2017 and EUR 12.3 thousand loss in 2016) also suffered.

Figure 18. Total profits of SOEs by sector, 2016-2018, million EUR

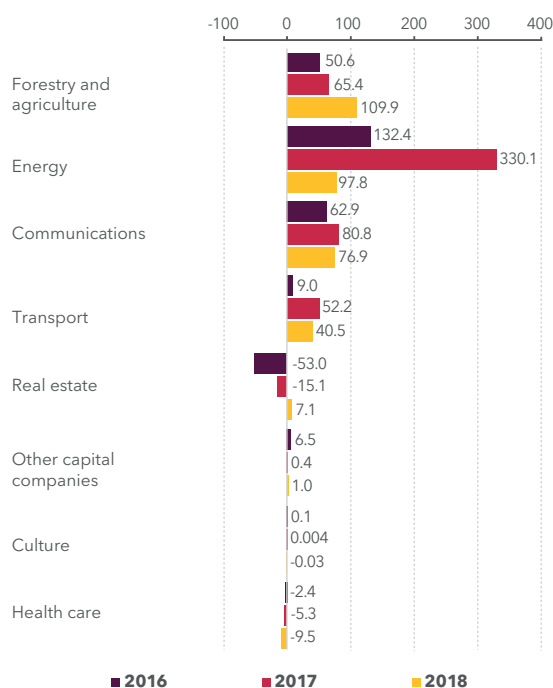
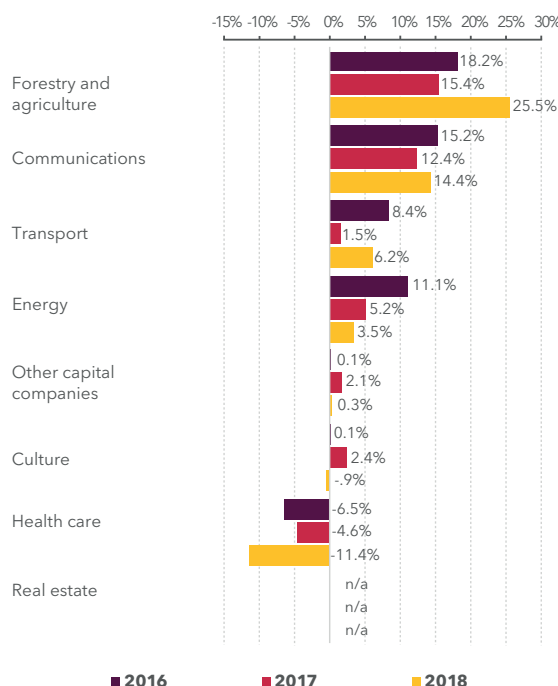


Figure 19. Return on equity indicators of SOEs by sector, 2016-2017, %



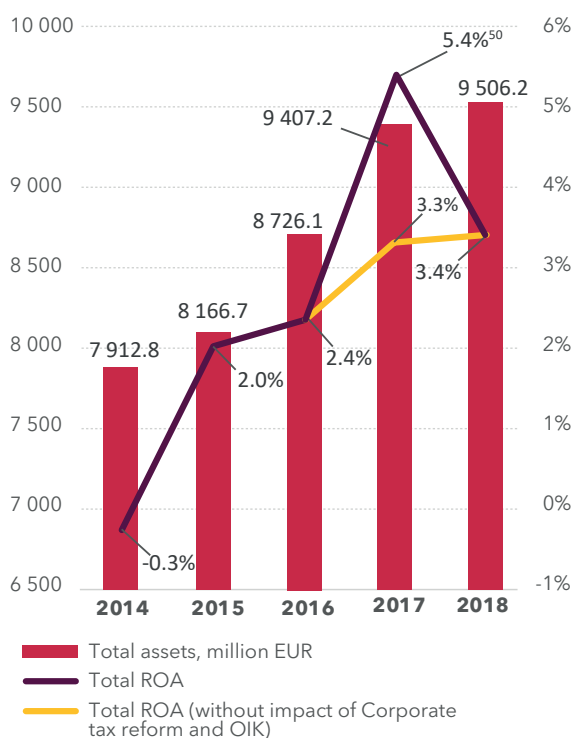
⁴⁷ The impact of the Corporate Income Tax Reform on the profits of the 25 largest State-Owned Enterprises and the total effect of the mandatory procurement public service obligation (OIK) grant is estimated at percentage points, which would reduce return on equity to 6.6%.

⁴⁸ The valuation was performed for 25 State-Owned Enterprises by the largest assets in 2017.

Assessing the return on equity by sector, the leaders in 2017 are the same but in a slightly changed order – the forestry (25.5% in 2018; 18.2% in 2017 or 16.8% after deduction of the impact of the CIT reform⁴⁹) communications (14.4% in 2018; 15.2% in 2017 or 12.6% after deduction of the impact of the CIT reform) and transport (6.2% in 2018; 8.4% in 2017 or 5.6% after deduction of the impact of the CIT reform), leaving behind the energy sector in 2018 (3.5% in 2018; 11.1% in 2017 or 5.8% after CIT deduction). As every year, the biggest loser is healthcare (-11.4% in 2018; -6.4% in 2017), while the real estate sector cannot be assessed, because it has negative equity for all years due to JSC Reverta (EUR 433.5 million in 2018). At the individual level, real estate corporations with positive equity have been operating with varying degrees of success, with both positive and negative returns on equity.

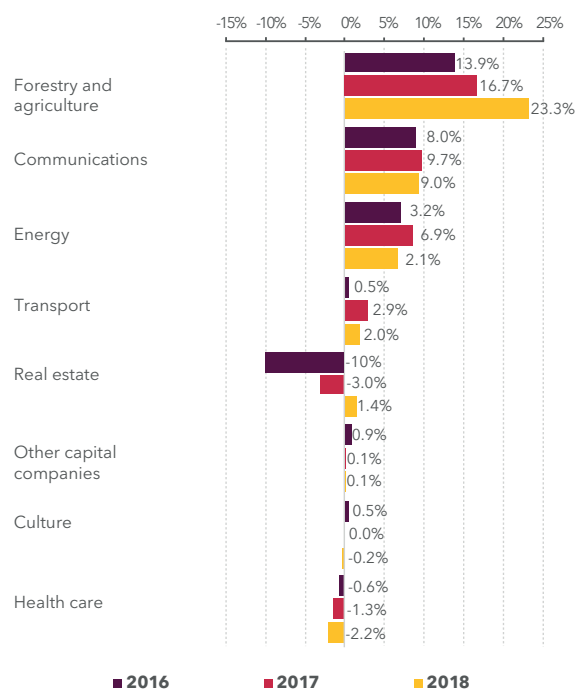
Assessing the return on total assets, a slight decrease in return on assets can be observed compared to 2017, but taking into account the impact of the CIT reform and the one-off grant from State in the energy sector, the return on assets is estimated at 3.3% in 2017, which shows that in 2018 the level of return on assets has remained at the level of 2017 with a slight positive trend, reaching 3.4% per year. The growth of assets in 2018 was 1.1%, but the return on assets, taking into account the impact of the CIT reform and the one-off State subsidy in the field of energy in 2017, has increased by 1.9%, therefore, it can be assessed that investments have been directed to slightly more profitable areas.

Figure 20. Total assets of SOEs, million EUR and return on assets (ROA), %, 2014-2018⁵⁰



The rate of return on assets varies widely across sectors. As in every year, the leading positions are constant: the forestry (23.3% in 2018; 16.7% in 2017 or 15.3% after deduction of the impact of the CIT reform), communications (9.0% in 2018; 9.7% in 2017 or 8.1% after deduction of the impact of the CIT reform) and energy (2.1% in 2018; 6.9% in 2017 or 3.6% after deduction of the impact of the CIT reform), followed by the transport sector (2.1% in 2018; 2.9% in 2017 or 1.9% after deduction of the impact of the CIT reform). In turn, health care has a negative return on assets for several years (-2.2% in 2018; 1.3% in 2017; 0.6% in 2016). This year, the real estate sector has started to show positive trends, compared to two previous years (1.4% in 2018; 3.0% in 2017; 10.0% in 2016). The return on assets in investment-intensive sectors such as energy, transport, forestry and communications need to be critically assessed, as investment is usually a longer-term goal that has a long-term rather than an immediate impact on a company's profits.

Figure 21. Return on Assets (ROA) of SOEs by sector, 2016-2018, %



⁴⁹ The equity is valued against 2017 in this calculation.

⁵⁰ The impact of the Corporate Income Tax Reform on the profits of the 25 largest State-Owned Enterprises and the total effect of the mandatory procurement public service obligation (OIK) grant is estimated at 2.1 percentage points, which would reduce return on assets to 3.3%.

5. Changes in SOEs, state-owned shares, shares owned by SOEs', companies under the effective control of the State and economic activity non-performing and insolvent companies in 2018 and changes in names

LLC TET (until 12.10.2018 LLC Lattelecom BPO, from 01.04.2019 LLC Lattelecom) has registered one new subsidiary - LLC Data Experts on August 7, 2018. In addition to LLC Data Experts, on January 10, 2018, another limited liability company was registered - LLC Overkill Ventures AIFP, where 35% of the capital is owned by LLC Lattelecom Technology (from 23.09.2019, LLC T2T). 11 new limited partnerships (LP) were also registered - LP Overkill Ventures Fund II AIF (SJSC Attīstības finanšu institūcija Altum 80% shares; LLC TET 16% shares), LP Commercialization Reactor Pre-seed Fund AIF (SJSC Attīstības finanšu institūcija Altum 100% shares), LP Buildit Latvia Pre-Seed Fund AIF (SJSC Attīstības finanšu institūcija Altum 100% shares), LP Overkill Ventures Fund I AIF (SJSC Attīstības finanšu institūcija Altum 100% shares), LP Commercialization Reactor Seed Fund AIF (SJSC Attīstības finanšu institūcija Altum 80% shares), LP Overkill Ventures Fund II AIF (SJSC Attīstības finanšu institūcija Altum 80% shares), LP Buildit Latvia Seed Fund AIF (SJSC Attīstības finanšu institūcija Altum 80% shares), Limited Partnership INEC1 AIF (SJSC Attīstības finanšu institūcija Altum 75% shares), Limited Partnership INEC2 AIF (SJSC Attīstības finanšu institūcija Altum 90% shares), LP AIF Imprimatur Seed Fund 2 (SJSC Attīstības finanšu institūcija Altum 90% shares), LP AIF Imprimatur Venture Fund 2 (SJSC Attīstības finanšu institūcija Altum 75% shares).

In 2018, ten companies were liquidated: insolvent LLC AGROLEASING S.I.A. (50% shareholder - SJSC Privatizācijas aģentūra, from 03.06.2019 JSC Publisko aktīvu pārvaldītājs Possessor (Privatizācijas aģentūra), from 23.08.2019 Publisko aktīvu pārvaldītājs Possessor; liquidated 04.07.2018), JSC DAUGAVPILS DZIRNAVNIĒKS (50% - SJSC Privatizācijas aģentūra; liquidated 04.04.2018), LLC NIF Projekts 1 (100% - JSC Reverta; liquidated 23.05.2018), LLC NIF Zemes īpašumi (100% - JSC Reverta; liquidated 28.02.2018), LLC NIF Dzīvojamie īpašumi (100% - JSC Reverta; liquidated on 26.06.2018), OOO Parex Leasing & Factoring (100% - JSC Reverta; liquidated in 2018), OU NIF Eesti (100% - JSC Reverta; liquidated in 2018), Carnella Maritime Corporation (100% - JSC Reverta; liquidated in 2018), LLC VENTSPILS EKSKURSIJU BIROJS (5% - SJSC Privatizācijas aģentūra; liquidated on 02.02.2018) and one state capital company - SLLC Vides projekti (100% - Ministry of Environmental Protection and Regional Development; liquidated on 25.07. 2018). The liquidation process of LLC Hiponia (100% shareholder - SJSC Privatizācijas aģentūra, from 03.06.2019 JSC Publisko aktīvu pārvaldītājs Possessor (Privatization Agency), from 23.08.2019 JSC Publisko aktīvu pārvaldītājs Possessor) is still ongoing.

In 2018, shares in four companies were sold, one of which was a state-owned company.

The shares in the state-owned capital enterprise LLC Sertifikācijas un testēšanas centrs were sold. At the end of 2018, SJSC Privatization Agency (PA) announced the sale of the state capital shares of LLC Sertifikācijas un testēšanas centrs in the form of an auction⁵¹. At the end of 2018, the Lithuanian company UAB Universal Trade acquired 80% of the state's shares in the auction. In addition, by acquiring a 20% state-owned share in LLC Sertifikācijas un testēšanas centrs in 2019, UAB Universal Trade became the sole owner of the company. The total sale price of the state capital shares was EUR 991.387.42. At the end of 2018, SJSC Privatization Agency sold a package of state capital shares of LLC Sertifikācijas un testēšanas centrs, which consisted of 268.638 capital shares or 80% of the company's share capital. With the participation of three bidders, the company UAB Universal Trade purchased a package of state capital shares in the auction for the price of EUR 793.111.12. The

starting price of the block of shares to be sold at the auction was set at EUR 333.111.12. In addition, at the beginning of 2019, the company UAB Universal Trade purchased 67.159 capital shares reserved for the employees and members of the executive body of LLC Sertifikācijas un testēšanas centrs or 20% of the company's share capital at the auction price of state capital shares. Pursuant to the provisions of the Cabinet of Ministers Order No. 596 of 4 December 2013, the purchaser of the capital package will have to ensure that the company's business profile is maintained within five years from the date of the purchase agreement - certification, testing and inspection of tractors and their components, tractor trailers, interchangeable towed machinery and agricultural and forestry machinery, certification of internal combustion engines for non-road mobile machinery, as well as certification of organic farming companies.

On November 26, 2018, PA also sold 8% of the state capital shares in the limited liability company Balt Alliance.

On October 19, 2018, the agreement on the sale of the share capital of LLC Tilžas Rapsis owned by LLC Hiponia was concluded⁵². LLC Hiponia owned 86% of the shares of LLC Tilžas Rapsis. On November 2, 2018, the agreement on the sale of the share capital of LLC Priekuļu rapsis owned by LLC Hiponia was concluded⁵³. LLC Hiponia owned 26% of the shares of LLC Priekuļu rapsis.

PA continued to ensure the alienation and management of the state capital shares in capital companies held by it in accordance with the Law On Governance of Capital Shares of a Public Person and Capital Companies, the Commercial Law and other regulatory enactments.

On 31 December 2018, PA held state capital shares in 21 capital companies, four of which are not engaged in economic activity or are in the process of insolvency (insolvent LLC Eiropas minerāls, insolvent JSC Latvijas zoovetapgāde, insolvent JSC Liepājas metalurģs and JSC Transinform, the operation of which has been terminated by the decision of the State Notary of the Enterprise Register of the Republic of Latvia of March 14, 2019). As of 31 December 2018, PA held state capital shares in 15 capital companies, as well as state capital shares in three capital companies were transferred for privatization⁵⁴. PA also held non-voting shares in one company - 0.93% of JSC Ceļu pārvalde.

There have been small changes in the amount of capital shares of LLC Liepājas sērkokociņi held by PA - until 11.06.2018 10.62% of capital shares, after 9.99935% of capital shares.

Changes have also taken place among the shareholders of LLC Rīgas hematoloģijas centrs. Until 5 June 2018, its shareholders were LLC Rīgas Austrumu klīniskā universitātes slimnīca with 50.96% and the Ministry of Health with 49.04%, but as of 5 June 2018, the sole shareholder is LLC Rīgas Austrumu klīniskā universitātes slimnīca.

There are also changes in the capital shares held by the Ministry of Culture (hereinafter - MoC) - as of 31 December 2018, the MoC held 7.35% of JSC Rīgas Kinostudija or 84.950 shares, which were transferred to JSC "Publisko aktīvu pārvaldītājs Possessor (Privatizācijas aģentūra) on 11 June 2018 (from 23.08.2019 JSC Publisko aktīvu pārvaldītājs Possessor).

The proportion of shares held by JSC Air Baltic Corporation in JSC Aviation Crew Resources has also decreased. Until Feb 21, 2018 it was 94.97%, then 93.66%, but as of 31.12.2018 - 93.31%.

By Decision No. 171 of the Cabinet of Ministers of 19 April 2018, JSC Augstsprieguma tīkls (hereinafter - AST) is permitted to terminate its participation in JSC Nord Pool and acquire a holding in the amount of 2% (two percent) in JSC Nord Pool Holding⁵⁵.

There have been changes in the distribution of shares and voting rights of JSC Conexus Baltic Grid. Pursuant to the decisions of the Cabinet of Ministers of 5 December and 19 December 2017, in 2017 the company acquired 34.36% of the shares of the Latvian natural gas transmission and storage system operator JSC Conexus Baltic Grid. In 2017, 18.31228% of shares were purchased from Uniper Ruhrgas International GmbH, 16.04581% - from LLC ITERA Latvija. Pursuant to the

51 Source: <https://www.possessor.gov.lv/news/>

52 Annual Report 2018 of LLC "Hiponia" in liquidation, page 23, <http://www.hiponia.lv/par-mums/finansu-informacija/>

53 Annual Report 2018 of LLC "Hiponia" in liquidation, page 23, <http://www.hiponia.lv/par-mums/finansu-informacija/>

54 Source: <https://www.possessor.gov.lv/news/202/>

55 Source: <http://ast.lv/lv/content/2018-gada-parskats>, page 53

above-mentioned decisions, the Treasury loans have been issued to the company for the purchase of shares. The loan matured on December 20, 2018; yearly interest rate was 1.25%. The interest rate was determined on the basis of the 12-month interest rate on financial resources raised by the Government of the Republic of Latvia in the financial and capital markets or the Treasury's indicative quotation rate valid on the last business day of the previous rate fixing period. In July 2018, the company repaid the loan issued by the Treasury⁵⁶. By Cabinet Order No. 243 of 6 June 2018, the 0.00029% shares held by the Ministry of Economics have been transferred to the Ministry of Finance, which had to invest them in the share capital of JSC Augstsprieguma tīkls. By decision of the AST Shareholders Meeting dated 11 July 2018 (Prot. No. 2, §1), the company's share capital was increased by making a cash investment in the amount of EUR 57.394.382 and 117 property shares of JSC Conexus Baltic Grid, which, in accordance with the opinion of the Company's shareholder, were valued at EUR 589. According to the information provided by the Ministry of Finance as a shareholder in AST, and taking into account that the public limited company Gazprom, which owns 34.10% of the shares in JSC Conexus Baltic Grid, has no voting and management rights, AST has 52.1% of the voting shares.

According to the information provided by the State Revenue Service of the Republic of Latvia, the share capital in 2018 compared to 2017 has changed for a total of 16 of the following companies: JSC Augstsprieguma tīkls, JSC Conexus Baltic Grid, JSC Latvenergo, JSC Sadales tīkls, LLC Rīgas Austrumu klīniskā universitātes slimnīca, SLLC Paula Stradiņa klīniskā universitātes slimnīca, SLLC Bērnu klīniskā universitātes slimnīca, SLLC Daugavpils psihoneiroloģiskā slimnīca, SLLC Slimnīca Ģintermuiža, SJSC Elektroniskie sakari, SJSC Privatizācijas aģentūra, LLC FeLM, LLC Eiropas dzelzceļa līnijas, LLC Sporta centrs Mežaparks, LLC Tenisa centrs Lielupe, LLC Liepājas sērkociņi.

In October 2017, JSC Latvenergo applied for a one-off compensation from the state, at the same time refusing to receive further 75% of the annual electricity capacity payments for cogeneration plants TEC-1 and TEC-2. On 21 November 2017, the Cabinet of Ministers adopted an Order "On Reduction of the Guaranteed Fee for the Installed Capacity of Cogeneration Power Plants in JSC Latvenergo", paying a one-time compensation in the amount of EUR 454.4 million, which was financed by reducing the share capital of JSC Latvenergo. The compensation was divided into two parts, stipulating that EUR 140 million should be recognized as "other income" in the income statement of JSC Latvenergo for 2017, but EUR 314.4 million as "deferred income" evenly distributed over the reporting periods until the fulfilment of JSC Latvenergo liabilities at the end of the support period on 23 September 2028⁵⁷. As at 31 December 2018, the registered share capital of JSC Latvenergo was EUR 834.791 thousand (31 December 2017: EUR 1.288.715 thousand) and consisted of 834.791 thousand ordinary shares (31 December 2017: 1.288.715 thousand) with a nominal value 1 EUR each (31.12.2017: 1 EUR). In March 2018, a reduction of the share capital in the amount of EUR 454.413 thousand was registered on the basis of a trilateral agreement between the Republic of Latvia, JSC Latvenergo and JSC Enerģijas publiskais tirgotājs on mutual offsetting of the grant received by JSC Enerģijas publiskais tirgotājs from the Republic of Latvia⁵⁸, which was concluded on November 28, 2017 after the adoption of the Cabinet of Ministers Order No. 685⁵⁹.

The names of 2 state-owned companies were changed in 2019. On June 3, 2019, SJSC Privatization Agency changed its name to JSC Public Asset Manager Possessor (Privatization Agency), but on August 23, 2019 to JSC Public Asset Manager Possessor. On June 14, 2019, JSC Straupes narkoloģiskā slimnīca changed its name to JSC Lielstraupes pils.

One state-owned capital company changed its name in 2019, rebranding it and regrouping its group companies. LLC Lattelecom changed its name to LLC Tet on April 1, 2019. The names of its subsidiaries have also been changed. LLC Lattelecom Technology changed its name to LLC T2T on September 23, 2019. LLC Lattelecom BPO changed its name to LLC TET on October 12, 2018 and to LLC Lattelecom on April

1, 2019. One of the subsidiaries of LLC Lattelecom (now - LLC Tet) - LLC Baltijas datoru akadēmija - has become a subsidiary of another subsidiary - LLC TET (until 12.10.2018 LLC Lattelecom BPO, from 01.04.2019 LLC Lattelecom) - on August 7, 2018. LLC TET (until 12.10.2018 LLC Lattelecom BPO, from 01.04.2019 LLC Lattelecom) has become the owner of LLC Helio Media (until 09.08.2019 LLC Media 360), which previously belonged to LLC Lattelecom Technology (from 23.09.2019 LLC T2T).

⁵⁶ Source: <http://ast.lv/lv/content/2018-gada-parskats>, page 57

⁵⁷ Source: <https://www.latvenergo.lv/lat/investoriem/parskati/>, Latvenergo Group Consolidated and JSC Latvenergo Annual Report 2018, page 5.

⁵⁸ Source: <https://www.latvenergo.lv/lat/investoriem/parskati/>, Latvenergo Group Consolidated and JSC Latvenergo Annual Report 2018, page 52.

⁵⁹ Source: <https://www.latvenergo.lv/lat/investoriem/parskati/>, Latvenergo Group Consolidated and JSC Latvenergo Annual Report 2018, page 35.

6. Description of State-Owned Enterprises





6.1. Energy

JSC Augstsprieguma tīkls (AST)

Reg. No 40003575567

Web: www.ast.lv

State ownership 100%

Related companies and shares:

JSC Conexus Baltic Grid (CBG) 34.36%



AST (*in English - High Voltage Network*) is an independent Latvian electricity transmission system operator, which ensures the security of electricity transmission network operations and the electricity supply of the Latvian electricity system, provides transmission system services on the basis of published transmission service tariffs, provides operational management of the transmission system and ensures secure, stable electricity transmission in the transmission system.

General strategic objective

To ensure the security of Latvia's energy supply, to provide a continuous, high-quality and accessible energy supply transmission service, and implement sustainable management of energy supply assets strategically important to the country, promote their integration into the European Union's internal energy market.

Most important events in 2018

- Realized investments in transmission assets of EUR 85 792 thousand.
- Requirements for the EU internal electricity market development and integration regulations (Code of Network) were implemented.
- The launch of the European Intraday Electricity Trading Single Platform (XBID).
- First AST Sustainability Report was prepared according to the Global Reporting Initiative (GRI) guidelines.

Most significant events planned in 2019

- To continue the implementation of the Development project included in the European Ten-Year Development Plan - "Kurzeme Ring" 3rd Stage, Latvia-Estonia 3rd Interconnection.
- In cooperation with the transmission system operators of the Baltic States to continue activities aimed at the synchronization of the Latvian transmission network with the transmission networks of continental Europe.
- To continue the improvement of AST business processes efficiency started in 2017 and the evaluation of cost optimization possibilities.

Principal financial objectives

- Profit: EUR 187 thousand excluding CBG dividends.
- Revenue from transmission system services: EUR 71 964 thousand.
- Liquidity: ≥ 1 .

Principal non-financial objectives

- The Average Transmission Service Availability Index (ASAI - Average Service Availability Index): $> 99.5\%$.
- The Average Interruption Time per Substation (CAIDI - Customer Average Interruption Duration Index) : $< 0.6\text{h}$.
- To do not allow power outages due to AST activity/inactivity to belong longer than specified in the contracts ($\geq 12\text{h} = 0$).

Governance

Shareholder - Ministry of Finance
 Representative of the Shareholder - Baiba Bāne
 Chair of the Supervisory Council - Vilnis Krēsliņš
 Members of the Supervisory Council - Jurijs Spiridonovs, Olga Bogdanova
 Chair of the Management Board - Varis Boks
 Members of the Management Board - Arnis Staltmanis, Imants Zviedris, Gatis Junghāns, Mārcis Kauliņš

Principal financial indicators, thousand EUR

	2017	2018
Turnover	158 861.7	193 866.5
Profit/loss	309.2	4 677.1
EBITDA	1 842.9	1 642.1
Total assets	188 721.7	192 999.6
Share capital	5 744.3	63 139.3
Equity	8 499.0	70 343.7
Investment	1 752.2	2 068.4
Dividends paid to state budget	299.5	247.4
Contributions made to the state and local government budget	22 393.5	23 332.1
Donations received	7.6	0.0
Donations made	0.8	2.7
Funding received from the state budget	7.6	7.7

Principal financial indicators

Profit and turnover ratio, %	0.19	2.41
Return on assets, ROA, %	0.16	2.42
Return on equity, ROE, %	3.64	6.65
Total liquidity indicator	1.25	3.82
Liabilities-to-equity ratio	20.90	1.70

Other indicators

Number of employees	539	548
Average gross remuneration per employee per year, thousand EUR	19.7	21.2
Gender representation in management, f/m	1/7	1/7
Annual report in accordance with IFRS (yes/no)	yes	yes

Results achieved

- The financial objectives were achieved and overachieved.
- Non-financial objectives were largely achieved. The performance of the CAIDI index was behind the plan (-23%) due to extreme unpredictable natural conditions.

JSC Latvenergo

Reg. No 40003032949
Web: www.latvenergo.lv
State ownership 100%
Related companies and shares:
JSC Sadales tīkls 100%
JSC Latvijas elektriskie tīkli 100%
UAB Elektrum Lietuva 100%
OÜ Elektrum Eesti 100%
JSC Enerģijas publiskais tirgotājs 100%
LLC Liepājas enerģija 51%
LLC Elektrum Latvija 100% pieder OÜ Elektrum Eesti

Latvenergo Group is the largest energy supply service provider in the Baltic, which deals with electricity and thermal energy production and trade, the provision of electricity distribution services and leasing of transmission assets.

General strategic objective

Sustainable, responsible and economically justifiable provision of goods and services in the energy sector, which is important for competitiveness and economic growth, as well as an efficient management of resources and infrastructure that is of strategic importance for the development and security of the state, by contributing to increasing energy security.

Most important events in 2018

- Natural gas trade in Lithuania was started.
- 100% availability of customer self-service options in the customer portal elektrum.lv and the mobile application was ensured.
- Work was begun on an e-mobility pilot project.
- Latvenergo Sustainability Report was prepared in accordance with the Global Reporting Initiative (GRI) guidelines.

Most significant events planned in 2019

- To continue the reconstruction of Daugava Hydropower plan (HPP) hydro units.
- To continue to implement the efficiency program underway.

Principal financial objectives

- Return on equity (ROE): 4.8%.
- Net borrowing to equity: 0.31.
- Dividend pay-out: EUR 94.2 million (74%).

Principal non-financial objectives

- The implementation of the efficiency improvement program - the expected benefit exceeds EUR 30 million.
- The implementation of the Strategic Development Program.

Results achieved

- Financial objectives were reached or exceeded.
- Within the efficiency program the number of employees was reduced by 120.
- EUR 21.1 million were invested in the reconstruction of the hydropower units of the Daugava HPP and three hydropower units were restored.
- A project to increase the efficiency of the Combined Heat and Power (CHP) plant operation was launched, which envisaged the establishment of a heat storage system.



Governance

Shareholder - Ministry of Economics
Representative of the Shareholder - Ēriks Eglītis
Chair of the Supervisory Council - Andris Ozoliņš
Members of the Supervisory Council - Andris Liepiņš,
Baiba Anda Rubesa, Mārtiņš Bičevskis, Martins Sedlackis
Chair of the Management Board - Āris Žīgurs
Members of the Management Board - Guntars Baļčūns,
Uldis Bariss, Kaspars Cikmačs

Principal financial indicators, thousand EUR*

	2017	2018
Turnover	925 627.0	878 008.0
Profit/loss	322 021.0	75 955.0
EBITDA	541 696.4	321 582.0
Total assets	4 415 725.0	3 798 819.0
Share capital	1 288 715.0	834 791.0
Equity	2 846 891.0	2 320 065.0
Investment	243 811.0	220 607.0
Dividends paid to state budget	90 142.0	156 418.0
Contributions made to the state and local government budget	238 680.8	232 692.5
Donations received	0.0	0.0
Donations made	242.6	126.0
Funding received from the state budget	524 262.9	92 651.0

Principal financial indicators

Profit and turnover ratio, %	34.79	8.65
Return on assets, ROA, %	7.29	2.00
Return on equity, ROE, %	11.31	3.27
Total liquidity indicator	3.20	1.47
Liabilities-to-equity ratio	0.54	0.63

Other indicators

Number of employees	4 075	3 508
Average gross remuneration per employee per year, thousand EUR	18.3	21.0
Gender representation in management, f/m	1/9	1/8
Annual report in accordance with IFRS (yes/no)	yes	yes

*Consolidated data

6.2. Forestry and Agriculture



LLC Latvijas Lauku konsultāciju un izglītības centrs (LLKC)

Reg. No 40003347699
 Web: www.llkc.lv
 State ownership 99.32%
 Related companies and shares:
 LLC Vējkalni 12.5%



LLKIC (*in English - Latvian Rural Advisory and Training Centre*) is the leading agricultural and rural business consultancy service in Latvia with 26 service points, covering the entire territory of the country. It provides advice in the field of agriculture, farming, fisheries, rural development, non-agricultural business.

General strategic objective

To provide rural entrepreneurs, organisations and citizens with advice and services related to the industry's production process, accounting and business planning, promote rural and fisheries development by promoting entrepreneurial start-ups and economic efficiency, and by carrying out studies, educating and informing the public, supporting innovation in the rural development and fisheries.

Most important events in 2018

- The sub-measure "Vocational Education and Skills Acquisition Measures" (EUR 515 035) of the Rural Development Program 2014-2020.
- The sub-measure "Support for the use of advisory services" (EUR 474 327) of the Rural Development Program 2014-2020.
- The participation in international projects to promote new innovations in the agricultural support and the acquisition of new production technologies (EUR 262 042).

Most significant events planned in 2019

- To continue the implementation of the programs launched and the provision of state-mandated functions.

Principal financial objectives

- Total liquidity: 1.1.
- Equity ratio: 0.28.
- Increase in equity: EUR 7 597.

Principal non-financial objectives

- The number of available LLKC service points: 26.
- The available number of LLKC service points in cooperation municipalities: 273.
- Service areas covered (agriculture, forestry, fisheries, rural development, non - agricultural): 5.

Results achieved

- LLKC operated without losses; existing human resources were used efficiently.
- The tasks delegated by the State were fulfilled and the deviations are insignificant.

Governance

Shareholder - Ministry of Agriculture
 Representative of the Shareholder - Liene Jansone
 Chair of the Management Board - Mārtiņš Cimermanis
 Members of the Management Board - Edgars Linde, Kaspars Žūriņš

Principal financial indicators, thousand EUR

	2017	2018
Turnover	9 079.8	9 171.9
Profit/loss	16.9	12.8
EBITDA	129.5	135.3
Total assets	5 574.2	5 088.1
Share capital	1 139.3	1 139.3
Equity	1 524.3	1 528.7
Investment	353.6	262.0
Dividends paid to state budget	6.3	8.4
Contributions made to the state and local government budget	4 437.9	4 131.9
Donations received	0.0	0.0
Donations made	1.4	0.0
Funding received from the state budget	3 737.7	3 975.8

Principal financial indicators

Profit and turnover ratio, %	0.19	0.14
Return on assets, ROA, %	0.30	0.25
Return on equity, ROE, %	1.11	0.84
Total liquidity indicator	1.19	1.17
Liabilities-to-equity ratio	2.39	2.09

Other indicators

Number of employees	442	437
Average gross remuneration per employee per year, thousand EUR	11.1	11.4
Gender representation in management, f/m	0/3	0/3
Annual report in accordance with IFRS (yes/no)	no	no

JSC Latvijas valsts meži (LVM)

Reg. No 40003466281

Web: www.lvm.lv

State ownership 100%

Related companies and shares:

LLC "Jaunmoku pils" 100%

LLC "Meža un koksnes produktu pētniecības un attīstības institūts" 40.21%

JSC "Latvijas Finieris" 0.94%

LATVIJAS VALSTS MEŽI

The principal activity of LVM (in English - Latvia's State Forests) is forestry, which is the company's main source of revenue. In addition to forestry LVM provides hunting and recreational services, produces bred seed and plants, offers resources of subterranean depths: sand, gravel, peat. LVM pursues state interests in the forest management ensuring the preservation and increase of forest values and obtaining maximum possible income for the owner - the State of Latvia.

General strategic objective

To implement a sustainable (economically viable, environmentally friendly, socially responsible) management of the state strategic assets, including the state forest property, transferred in the possession and the development of the necessary infrastructure, services and knowledge for it.

Most important events in 2018

- 289 km of forest roads were commissioned and put into the operation, including 121 km of roads rebuilt and 168 km newly built.
- 21.6 thousand hectares of forest drainage systems were restored, of which 18.1 thousand hectares were commissioned and put into the operation.

Most significant events planned in 2019

- 383 km of forest roads were commissioned and put into the operation.
- 18.1 thousand hectares of forest drainage system were commissioned and put into the operation.

Principal financial objectives

- EBITDA: EUR 118.17 million.
- Profit to be paid as dividends from the previous business year: 59%.
- Forest infrastructure book value (roads, bridges, drainage systems): EUR 224.02 million.

Principal non-financial objectives

- The forest area for the production and harvesting of wood, percentage of forest: >84%.
- The proportion of the artificial regeneration with selected reproductive material: ≥ 55%.
- Restored and rebuilt forest drainage systems (total): 201.6.

Results achieved

- The financial objectives were achieved (EBITDA was exceeded by 21%), dividends were paid as required by the law.
- The planned acquisition of the volume of land (33%) as well as research and innovation funding (25%) were not achieved.

Governance

Shareholder - Ministry of Agriculture

Representative of the Shareholder - Arvīds Ozols

Chair of the Supervisory Council - Jurgis Jansons

Members of the Supervisory Council - Arnis Muižnieks, Mārtiņš Gaigals, Irina Pilvere, Elmārs Švēde

Chair of the Management Board - Roberts Strīpnieks

Members of the Management Board - Gints Bumbieris, Arnis Melnis, Edvins Zakovics

Principal financial indicators, thousand EUR*

	2017	2018
Turnover	275 968.2	333 346.4
Profit/loss	65 348.5	109 891.0
EBITDA	100 343.7	141 051.9
Total assets	386 596.7	465 699.9
Share capital	292 374.6	307 863.1
Equity	357 022.3	428 693.4
Investment	28 255.2	39 725.0
Dividends paid to state budget	35 195.0	38 220.0
Contributions made to the state and local government budget	52 382.3	55 056.1
Donations received	0.0	0.0
Donations made	4 200.0	4 100.0
Funding received from the state budget	0.0	0.0

Principal financial indicators

Profit and turnover ratio, %	23.68	32.97
Return on assets, ROA, %	16.90	23.60
Return on equity, ROE, %	18.30	25.63
Total liquidity indicator	4.09	5.68
Liabilities-to-equity ratio	0.07	0.07

Other indicators

Number of employees	1 298	1 321
Average gross remuneration per employee per year, thousand EUR	19.9	20.9
Gender representation in management, f/m	1/8	1/8
Annual report in accordance with IFRS (yes/no)	yes	yes

*Consolidated data.

SLLC Meliorprojekts (MP)

Reg. No 50003017621

Web: www.meliorprojekts.lv

State ownership 100%

MP has no ownership of other capital companies.



MP was designed to promote the implementation of the Ministry of Agriculture policy on rural development, sustainable management of land and water resources and rural infrastructure, landscape conservation and landscaping, and to provide engineering and construction design services at economically reasonable prices, ensuring state control of state relevant functions in a specific sector of the economy - the hydromeliorative construction.

General strategic objective

To contribute to the preservation, enhancement and sustainable use of nature capital and to supporting a climate friendly economy, providing market research and design services in the context of market shortages in the field of the drainage and flood risk management.

Most important events in 2018

- The commencement of the RAIL Baltica airport section construction project.
- The development of a design for a current-streamed protective mole in Ogre.

Most significant events planned in 2019

- The start of RAIL Baltica sections construction projects.
- The start of the construction project of Ķekava bypass.
- Major updates of computer programs and upgrades of computers.

Principal financial objectives

- To participate in projects of the Rural Development Program and the Flood Prevention National Program: 12.

Principal non-financial objectives

- Projects for draining agricultural and forestry land and hydrotechnical structures: 30.
- Provision of archive storage and access to information.
- Drafting of the documentation of the industry technical regulations.

Results achieved

- Despite the increase in net turnover both in relation to the plan and the previous year MP ended the year with a loss.
- At the same time the MP fulfilled the state delegated tasks by operating in the regulated hydroelectric construction sector and not receiving any budget funding.

Governance

Shareholder - Ministry of Agriculture
Representative of the Shareholder - Arvīds Ozols
Chair of the Management Board - Zigurds Zēns

Principal financial indicators, thousand EUR

	2017	2018
Turnover	434.9	499.8
Profit/loss	-3.4	-0.8
EBITDA	-3.4	-0.8
Total assets	192.0	191.8
Share capital	115.7	115.7
Equity	157.4	156.6
Investment	1.5	5.8
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	177.4	213.1
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	0.0	0.0

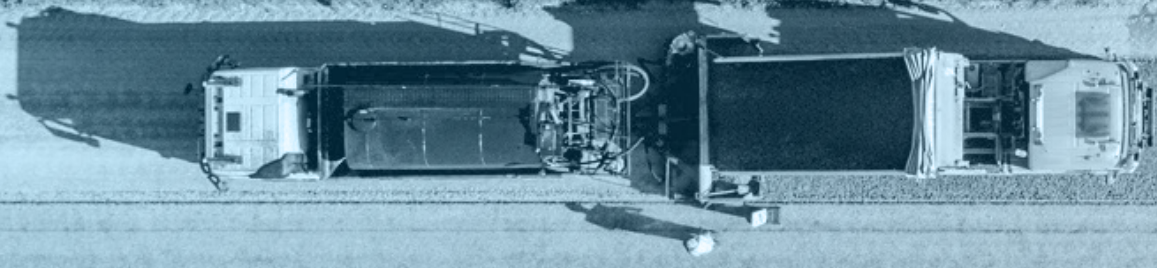
Principal financial indicators

Profit and turnover ratio, %	-0.77	-0.16
Return on assets, ROA, %	-1.75	-0.42
Return on equity, ROE, %	-2.13	-0.52
Total liquidity indicator	5.40	5.14
Liabilities-to-equity ratio	0.22	0.23

Other indicators

Number of employees	25	23
Average gross remuneration per employee per year, thousand EUR	9.9	10.9
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS (yes/no)	no	no

6.3. Transport





JSC Air Baltic Corporation (airBaltic)

Reg. No 40003245752
 Web: www.airbaltic.com
 State ownership 80.05%
 Related companies and shares:
 LLC Air Baltic Training 100%
 LLC Baltijas kravu centrs 100%
 JSC Aviation Crew Resources 93.31%
 LLC Loyalty Services (until 15.08.2018 - LLC PINS.CO) 100.00%
 LLC TravelLounge 100% (liquidation launched)
 LLC BLAKER 100%
 LLC VHITER 100%

airBaltic is the national airline of Latvia, founded in 1995, offering direct flights from Riga, Vilnius and Tallinn to more than 70 destinations in Europe, Russia, CIS and the Middle East.

General strategic objective

Not approved.

Most important events in 2018

- An order of additional 30 aircrafts with the option of ordering another 30 Airbus A220-300.
- The purchase of Airbus A220-300: 7 aircrafts.
- The removal of Boeing 737 from operations: 3 aircrafts.

Most significant events planned in 2019

- The purchase of Airbus A220-300: 6 planes.
- The removal of Boeing 737 from operations: 6 aircrafts.
- New destinations from Riga: Dublin, Dubrovnik, Kos, Lvov, Menorca, Stuttgart.

Principal financial objectives

- Net turnover: EUR 417.6 million.
- Profit: EUR 3.7 million.

Principal non-financial objectives

- The number of passengers carried: 4.2 million.
- New destinations from Riga: 8.
- Punctuality: 90%.
- The market share at Riga Airport: >53%.

Results achieved

- The number of passengers carried: 4.14 million.
- New destinations from Riga: Lisbon, Malaga, Bordeaux, Split, Gdansk, Kaliningrad, Sochi, Almaty.
- The market share at Riga Airport: 54%.



Governance

Shareholder - Ministry of Transport
 Representative of the Shareholder - Džineta Innusa
 Chair of the Supervisory Council - Nikolajs Sigurds Bulmanis
 Members of the Supervisory Council - Kaspars Briškens, Kaspars Āboliņš, Lars Thuesen
 Chair of the Management Board - Martin Alexander Gauss
 Members of the Management Board - Vitolds Jakovļevs, Martin Sedlacky

Principal financial indicators, thousand EUR

	2017 ⁶⁰	2018
Turnover	302 358.0	402 045.0
Profit/loss	4 703.0 ⁶¹	2 960.0
EBITDA	40 379.0	34 247.0
Total assets	388 611.0	569 409.0
Share capital	256 473.0	256 473.0
Equity	41 139.0	41 660.0
Investment	166 994.0	177 336.0
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	15 535.0	16 814.9
Donations received	0.0	0.0
Donations made	0.0	0.3
Funding received from the state budget	0.0	0.0

Principal financial indicators

Profit and turnover ratio, %	1.56	0.74
Return on assets, ROA, %	1.21	0.52
Return on equity, ROE, %	11.43	7.11
Total liquidity indicator	0.64	0.36
Liabilities-to-equity ratio	7.79	12.18

Other indicators

Number of employees	1 369	1 514
Average gross remuneration per employee per year, thousand EUR	29.2	30.8
Gender representation in management, f/m	0/7	0/7
Annual report in accordance with IFRS (yes/no)	no	yes

*Consolidated data

⁶⁰ Data according to Annual Report 2017

⁶¹ According to airBaltic's consolidated financial statement attached to the bond issue prospectus, in 2017 airBaltic posted a loss of 18.7 million EUR related to the write-off of the deferred corporate income tax asset. https://www.airbaltic.com/about/investors/final-prospectus-66072893_1-.pd

SLLC Autotransporta direkcija (ATD)

Reg. No 40003429317

Web: www.atd.lv

State ownership 100%

ATD has no ownership of other capital companies.



AUTOTRANSPORTA DIREKCIJA

ATD (*in English - Road Transport Directorate*) is the implementer of unified state policy in the field of passenger and cargo transportation. ATD's activities are related to the planning of public transport - passenger transportation by bus and train, the licensing of commercial freight and passenger transport and the licensing of international transport.

General strategic objective

To promote the development of freight and passenger transport, to increase the competitiveness of carriers and take care of the interests of carriers (published on the website of the Ministry of Transport).

Most important events in 2018

- The work on the implementation of the 2nd stage project of the Customer Electronic Services Environment was completed, introducing the possibility for ATD customers to pay for ATD services online, as well as introducing new electronic services.
- The technical solution for taxi carrier licensing activities was implemented by developing the state information system "Road Transport Information Database" as well as developing e-service for the provision of licensing application processing process included in ATD electronic customer service environment.
- A new version of the state information system "TACHOnet Information Database" was developed and introduced for productive use under the requirements defined by the Council of Europe.

Most significant events planned in 2019

- The development of the fare reductions system.
- The development of the e-environment by introducing electronic payment functionality and expanding the range of services available in the e-environment.
- The introduction of uniform model bus stop plates (1000 plates of the total number of the project base).

Principal financial objectives

- Turnover: EUR 3.9 million.
- EBIT: EUR 794 742.
- Return on equity, ROE: 17.5%.

Principal non-financial objectives

- Expanding the range of beneficiaries of fare reductions - the planned number of passengers carried from 01.01.2018 until 01.08.2018: 225 658, from 01.09.2018 until 31.12.2018: 478 686.
- The certification of taxi drivers and the establishment of the register: 4000 taxi drivers registered.
- The increase in the number of users of the public e-service system by 10%.

Governance

Shareholder - Ministry of Transport
Representative of the Shareholder - Ligita Austrupe
Chair of the Management Board - Kristiāns Godiņš
Members of the Management Board - Modris Jaunups

Principal financial indicators, thousand EUR

	2017	2018
Turnover	3 646.3	4 095.5
Profit/loss	773.2	1 049.4
EBITDA	1 112.0	1 260.5
Total assets	3 880.0	4 321.1
Share capital	200.9	200.9
Equity	3 573.1	4 004.0
Investment	164.5	189.3
Dividends paid to state budget	551.8	618.6
Contributions made to the state and local government budget	1 732.2	1 843.0
Donations received	0.0	0.0
Donations made	0.1	0.0
Funding received from the state budget	786.6	844.4

Principal financial indicators

Profit and turnover ratio, %	21.20	25.62
Return on assets, ROA, %	19.93	24.29
Return on equity, ROE, %	21.64	26.21
Total liquidity indicator	11.51	12.58
Liabilities-to-equity ratio	0.09	0.08

Other indicators

Number of employees	92	94
Average gross remuneration per employee per year, thousand EUR	20.1	22.0
Gender representation in management, f/m	0/2	0/2
Annual report in accordance with IFRS (yes/no)	no	no

Results achieved

- All non-financial and financial objectives were achieved.
- The objective for travel fare beneficiaries was exceeded by 191% from 01.01.2018 until 31.08.2018 and by 10% during the period from 01.09.2018 until 31.12.2018.
- The number of registered e-service users increased by 369.68%.

SJSC Ceļu satiksmes drošības direkcija (CSDD)

Reg. No 40003345734
 Web: www.csdd.lv
 State ownership 100%
 Related companies and shares:
 LLC Auteko & TUV Latvija 51%
 LLC Autests 20%
 LLC Scantest 20%
 LLC Venttests 50%



In accordance with the Road Traffic Law and articles of the Association of CSDD (*in English - Road Safety Directorate*), CSDD performs the registration of vehicles, the examination of driver's qualification and the issuance driving licenses, the provision of the technical inspection, performs the road safety audits and general supervision, as well as establishes and maintains a state register of vehicles and their drivers, informs and educates road users. CSDD also operates the Riga Motor Museum, its Bauska Branch and the Biķernieki Complex Sports Base.

General strategic objective

Maintain and develop high-quality and legitimate set of services (systems) for the registration of vehicles and inland waterway vessels and drivers, in the areas of technical supervision and monitoring of vehicles in accordance with national and public interests and increase the level of traffic safety in co-operation with other institutions involved (published on the website of the Ministry of Transport).

Most important events in 2018

- The first phase of the European Regional Development Fund (ERDF) co-financed project was completed with the installation of 70 electric charging stations (ECS) and the launch of the ECS network.
- The creation of the network of stationary technical devices (photo radars) of road traffic was completed successfully.
- In September 2018, the Monster Energy FIA World Rallycross Championship stage Neste World RX of Latvia was successfully completed on the Biķernieki track, which was recognized as the Sports Event of the Year 2018 in Latvia.

Most significant events planned in 2019

- The digital transformation of CSDD through the conversion and tailoring of CSDD processes and services for the customer service in the digital environment and remotely.
- The reconstruction of the customer service centre at 86 Bauskas Street, Riga to support changes in the registration process and to create a place to start the practice exam.
- Opening of the new technical inspection station in Tukums and the construction of CSDD Tukums customer service centre.

Principal financial objectives

- Net turnover: > EUR 46.4 million.
- EBIT margin: > 4%.
- Return on equity, ROE: > 5%.

Principal non-financial objectives

- The number of registered users on e.csdd.lv: 510 000.
- Customer Satisfaction: ≥98%.
- 40 fast charging stations were established on the TEN-T and its connecting roads.

Governance

Shareholder - Ministry of Transport
 Representative of the Shareholder - Džineta Innusa
 Chair of the Supervisory Council - Juris Bērziņš
 Members of the Supervisory Council - Kristiāns Godiņš, Andris Kēniņš
 Chair of the Management Board - Andris Lukstiņš
 Members of the Management Board - Aivars Aksenoks, Jānis Golubevs, Jānis Kancēvičs

Principal financial indicators, thousand EUR*

	2017	2018
Turnover	45 675.5	48 138.5
Profit/loss	4 768.3	4 027.3
EBITDA	8 301.6	9 129.7
Total assets	48 301.3	50 552.5
Share capital	23 117.3	23 117.3
Equity	41 683.3	44 814.2
Investment	4 062.7	6 486.0
Dividends paid to state budget	175.8	896.3
Contributions made to the state and local government budget	10 271.9	11 789.9
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	0.0	187.8

Principal financial indicators

Profit and turnover ratio, %	10.44	8.37
Return on assets, ROA, %	9.87	7.97
Return on equity, ROE, %	11.44	8.99
Total liquidity indicator	1.42	1.49
Liabilities-to-equity ratio	0.16	0.13

Other indicators

Number of employees	796	783
Average gross remuneration per employee per year, thousand EUR	17.3	18.1
Gender representation in management, f/m	0/7	0/7
Annual report in accordance with IFRS (yes/no)	yes	yes

*Consolidated data

Results achieved

- All non-financial and financial objectives were achieved.
- Parent company EBIT margin: 5.9%.
- ROE (parent company): 7.2%.
- The total number of established fast charging stations on TEN-T and its connecting roads: 70.

LLC Eiropas dzelzceļa līnijas (EDzL)

Reg. No 40103836785
Web: www.edzl.lv
State ownership 100%
Related companies and shares:
JSC RB Rail 33.33%



EdzL (in English - European Railway Lines) supervises the construction of the public railway infrastructure of the European Gauge railway in line with requirements of the economy and its development, interests of stable traffic, as well as environmental protection requirements, including collects, compiles and provides information to policy-makers for further sectoral policy-making.

General strategic objective

Pursuant to its competence and in cooperation with the responsible line ministry EdzL participates in accordance with the interests of Latvia in the joint venture (equity holdings are in proportion to the holdings of Estonia and Lithuania) - JSC "RB Rail" - established for the implementation of the Baltic states Rail Baltica project of the construction of railway infrastructure for public use (published on the website of the Ministry of Transport).

Most important events in 2018

- A design contract was concluded for Rail Baltica railway and station design at the airport.
- The cultural-historical research was completed.
- Working with cooperation partners.

Most significant events planned in 2019

- To conclude the design and construction contract for Rail Baltica railway line and station at Riga Central Station.
- The alienation of the property.
- The necessary expertise contracts were concluded.

Principal financial objectives

- Net turnover: EUR 4.4 million.
- Equity: 3.4 million EUR.
- Total liquidity ratio: 2.

Principal non-financial objectives

- The alienation of the real estate was started in Riga (the dispatch of design notices to affected real estate owners): 60.
- Number of employees: 40.
- Organized procurement procedures: 1.

Results achieved

- Financial objectives were not achieved.
- All non-financial objectives were exceeded.

Governance

Shareholder - Ministry of Transport
Representative of the Shareholder - Kaspars Ozoliņš
Member of the Management Board - Andris Linužs

Principal financial indicators, thousand EUR

	2017	2018
Turnover	1 459.1	2 477.1
Profit/loss	-1.1	-1.0
EBITDA	-1.1	-1.0
Total assets	2 961.7	3 593.9
Share capital	2 720.0	3 370.0
Equity	2 697.5	3 346.5
Investment	72.9	38.9
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	0.0	802.2
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	1 459.1	2 477.1

Principal financial indicators

Profit and turnover ratio, %	-0.07	-0.04
Return on assets, ROA, %	-0.04	-0.03
Return on equity, ROE, %	-0.04	-0.03
Total liquidity indicator	1.31	1.24
Liabilities-to-equity ratio	0.10	0.07

Other indicators

Number of employees	33	43
Average gross remuneration per employee per year, thousand EUR	33.0	43.7
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS (yes/no)	no	no

SJSC Latvijas autoceļu uzturētājs (LAU)

Reg. No 40003356530

Web: www.lau.lv

State ownership 100%

LAU has no ownership of other capital companies.



LATVIJAS AUTOCEĻU UZTURĒTĀJS

LAU (*in English - Latvia Road Maintainer*) is a strategic state road infrastructure maintenance company, which ensures the planning and execution of the complex daily road maintenance work of the state roads, the daily maintenance of the main roads of municipalities, transit streets and other roads, as well as produces building materials - dolomite macadam, crushed gravel and prepared sand. In accordance with the Delegation Agreement, LAU carries out a complex daily maintenance work of public roads.

General strategic objective

To ensure the planning and implementation of complex daily maintenance of state roads in an efficient and environmentally friendly manner throughout the territory of Latvia (published on the website of the Ministry of Transport).

Most important events in 2018

- 6 universal trucks with additional equipment (including anti-slip spreaders) and 5 trailed graders were purchased.
- The construction of the warehouse for the gritting material in Balvi and Liepāja.

Most significant events planned in 2019

- The implementation of a unified fleet management model.
- Maximizing the use of mineral resources.
- The introduction of a new remuneration model: promoting quality of service and operational efficiency.

Principal financial objectives

- Equity ratio: 68%.
- Return on assets, ROA: 2.4%.
- Debt-service coverage ratio (DSCR): 1.2.

Principal non-financial objectives

- The average evaluation during the winter and summer season of the quality of work performed during the day-to-day complex maintenance of the state road: good (4.0).
- The provision of other services: > 16% of the financial turnover.
- The average wage versus the average wage in the labour market / industry (code 81 in the public sector): 1.12.

Results achieved

- Financial and non-financial objectives were achieved.

Governance

Shareholder - Ministry of Transport
 Representative of the Shareholder - Dins Merirands
 Chair of the Supervisory Council - Uldis Reimanis
 Members of the Supervisory Council - Ivars Pāže, Normunds Narvaišs
 Chair of the Management Board - Raitis Nešpors
 Members of the Management Board - Vilnis Vitkovskis, Oskars Zemītis

Principal financial indicators, thousand EUR

	2017	2018
Turnover	62 646.3	76 381.9
Profit/loss	3 299.9	3 781.3
EBITDA	8 397.5	10 800.0
Total assets	61 832.8	62 846.4
Share capital	35 186.3	35 186.3
Equity	40 624.2	42 557.6
Investment	6 568.9	7 714.9
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	17 857.1	28 097.9
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	66 103.2	62 869.4

Principal financial indicators

Profit and turnover ratio, %	5.27	4.95
Return on assets, ROA, %	5.34	6.02
Return on equity, ROE, %	8.12	8.89
Total liquidity indicator	1.29	1.66
Liabilities-to-equity ratio	0.51	0.42

Other indicators

Number of employees	1 309	1 274
Average gross remuneration per employee per year, thousand EUR	16.1	17.9
Gender representation in management, f/m	1/6	0/6
Annual report in accordance with IFRS (yes/no)	yes	yes

SJSC Latvijas dzelzceļš (LDz)

Reg. No 40003032065

Web: www.ldz.lv

State ownership 100%

Related companies and shares:

LLC LDZ CARGO 100%

LLC LDZ ritošā sastāva seviss 100%

LLC LDZ infrastruktūra 100%

LLC LDZ apsardze 100%

JSC LatRailNet 100%

LLC LDZ Loģistika 100%



LATVIJAS DZELZCEĻŠ

LDz (in English – Latvian Railway) is the manager of public railway infrastructure. LDz carries out the distribution of railway infrastructure capacity, provides train services, ensures maintenance and restoration of relevant fixed assets, develops investment projects and invests in infrastructure development, by attracting funding from the EU funds and credit institutions.

General strategic objective

To provide railway infrastructure management and logistics services in line with interests of the Latvian economy. To be a leader in cargo turnover by rail infrastructure in the Baltics. To ensure competitive rail infrastructure in terms of quality and costs, transport and logistics services, and to develop environmentally friendly and an efficient rail transport by electrifying major routes and restoring traction parks.

Most important events in 2018

- The renovation of rail tracks "A" type major overhaul: 17.5 km; EUR 6.9 million.
- The renovation of rail tracks "B" type major overhaul: 14.7 km; EUR 2.8 million.
- Rail track switch gears were changed: 25 sets; EUR 2.1 million.
- LDz sustainability report was prepared.

Most significant events planned in 2019

- The purchase of the railway infrastructure at Eksportosta (in English – Export-port).
- The renovation of rail tracks "B" type major overhaul: 15.3 km; EUR 3.6 million.
- The renovation of rail tracks "A" type major overhaul: 6.7 km; EUR 3.2 million.

Principal financial objectives

- Net turnover: EUR 196.2 million.
- Return on equity, ROE: 0.38%.
- Profit: EUR 1.2 million.

Principal non-financial objectives

- Train-km (excluding the infrastructure capacity planned and used by LDz as the infrastructure manager): 15.5 million.
- Number of wagons processed at the station: 3.2 million.
- Number of the freight wagon technical inspections: 2.9 million.

Results achieved

- Financial and non-financial objectives were achieved.

Governance

Shareholder – Ministry of Transport
Representative of the Shareholder – Džineta Innusa
Chair of the Supervisory Council – Jānis Lange
Members of the Supervisory Council – Aigars Laizāns, Andris Maldups
Chair of the Management Board – Edvins Bērziņš
Members of the Management Board – Aivars Strakšas, Ēriks Šmuksts, Ainis Stūrmanis

Principal financial indicators, thousand EUR

	2017	2018
Turnover	318 638.0	365 044.0
Profit/loss	31 177.0	14 408.0
EBITDA	45 062.0	81 766.0
Total assets	1 010 735.0	991 496.0
Share capital	256 720.0	256 720.0
Equity	392 574.0	406 366.0
Investment	56 452.0	38 200.0
Dividends paid to state budget	0.0	616.0
Contributions made to the state and local government budget	95 565.0	96 705.8
Donations received	0.0	0.0
Donations made	7.7	39.0
Funding received from the state budget	590.0	2 000.0

Principal financial indicators

Profit and turnover ratio, %	9.78	3.95
Return on assets, ROA, %	3.08	1.45
Return on equity, ROE, %	7.94	3.55
Total liquidity indicator	0.92	1.06
Liabilities-to-equity ratio	1.55	1.43

Other indicators

Number of employees	11 189	10 400
Average gross remuneration per employee per year, thousand EUR	11.8	13.3
Gender representation in management, f/m	0/6	0/7
Annual report in accordance with IFRS (yes/no)	yes	yes

SJSC Latvijas gaisa satiksme (LGS)

Reg. No 40003038621

Web: www.lgs.lv

State ownership 100%

LGS has no ownership of other capital companies.



LGS's (in English - *Air Traffic of Latvia*) main activity is the use of the airspace of the Republic of Latvia and the organization of air traffic in pursuit of the public interest by providing safe air navigation services in compliance with the requirements of international and national air traffic control safety standards, while complying with the requirements of both military and civilian operators (published on the website of the Ministry of Transport).

General strategic objective

To ensure the safety of air navigation services and the requirements of international and national air traffic control safety standards, maintain optimal airspace capacity, and enable all airspace users to operate efficiently while complying with the requirements of both military and civilian operators (published on the website of the Ministry of Transport).

Most important events in 2018

- The contract for modernization of air traffic control system ATRACC was concluded.
- The contract for the design of the new air traffic control tower was concluded.
- The contract for modernization of A-SMGCS system was concluded.

Most significant events planned in 2019

- The modernization of "air-ground" aviation mobile communication system.
- The replacement of the radio towers and the modernization of the communication network.
- The modernization and expansion of the MSS-W RIX territorial surveillance system.

Principal financial objectives

- The unit cost of the specified route (national level): EUR 28.48.
- The unit cost of the specified route (LGS level): EUR 24.42.
- Net turnover: EUR 28.6 million.

Principal non-financial objectives

- Number of flights in Riga LIR: 253 590.
- Route ATFM delay (minutes per flight): 0.04.
- Violation of the minimum distance: $\leq 1.6 \times 10^{-5}$.
- Unauthorized departure on the runway - $\leq 1.4 \times 10^{-5}$.

Results achieved

- Financial objectives were partially achieved, but non-financial objectives were achieved.

Governance

Shareholder - Ministry of Transport
 Representative of the Shareholder - Džineta Innusa
 Chair of the Supervisory Council - Dins Merirands
 Members of the Supervisory Council - Zinta Zālīte - Rukmane, Edmunds Beļskis
 Chair of the Management Board - Dāvids Tauriņš
 Members of the Management Board - Elmārs Švēde, Ilze Aleksandroviča, Iveta Virse

Principal financial indicators, thousand EUR

	2017	2018
Turnover	27 742.6	30 208.3
Profit/loss	3 031.6	3 238.7
EBITDA	7 324.8	7 303.8
Total assets	34 797.2	38 414.4
Share capital	22 765.9	22 765.9
Equity	31 453.2	34 691.9
Investment	5 510.1	5 522.4
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	6 104.1	6 598.2
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	0.0	0.0

Principal financial indicators

Profit and turnover ratio, %	10.93	10.72
Return on assets, ROA, %	8.71	8.43
Return on equity, ROE, %	9.64	9.34
Total liquidity indicator	4.10	4.18
Liabilities-to-equity ratio	0.11	0.11

Other indicators

Number of employees	357	352
Average gross remuneration per employee per year, thousand EUR	30.3	34.3
Gender representation in management, f/m	3/4	3/4
Annual report in accordance with IFRS (yes/no)	yes	yes

SJSC Latvijas Jūras administrācija (LJA)

Reg. No 40003022705

Web: www.lja.lv

State ownership 100%

LJA has no ownership of other capital companies.



LATVIJAS JŪRAS ADMINISTRĀCIJA
MARITIME ADMINISTRATION OF LATVIA

In accordance with the regulatory enactments of Latvia, international legal norms and its competence, LJA (*in English - Maritime Administration of Latvia*) performs the functions laid down in the Maritime Administration and Marine Safety Law.

General strategic objective

To build advanced, sustainable, efficiently managed and Europe-wide regionally competitive maritime industry with stable growth in Latvia, with prospects of Latvia to become the leader in the Baltic Sea maritime industry (published on the website of the Ministry of Transport).

Most important events in 2018

- The implementation of 2nd stage ODIN of the project FAMOS (Finalizing the Motorways of the Sea - Surveying the Baltic Sea).

Most significant events planned in 2019

- Takeover and maintenance of SKLOIS (International Freight and Port Information Systems).

Principal financial objectives

- Liquidity: >3.
- Capital structure (assets versus equity):> 1.
- Net turnover: EUR 4.4 million.

Principal non-financial objectives

- Volume of measurements with multi-beam echolot, km²: 635.
- State control inspections of the port: 300.
- Port facilities inspections: 85.

Results achieved

- The financial objectives were partially achieved, but the non-financial objectives were exceeded.

Governance

Shareholder - Ministry of Transport
Representative of the Shareholder - Ligita Austrupe
Chair of the Management Board - Jānis Krastiņš
Members of the Management Board - Artūrs Brokovskis-Vaivods

Principal financial indicators, thousand EUR

	2017	2018
Turnover	3 871.5	4 349.3
Profit/loss	-174.8	-74.2
EBITDA	240.1	311.0
Total assets	4 953.8	5 080.6
Share capital	1 533.9	1 533.9
Equity	4 484.4	4 541.3
Investment	682.1	574.4
Dividends paid to state budget	5.6	0.0
Contributions made to the state and local government budget	1 365.5	1 583.0
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	0.0	0.0

Principal financial indicators

Profit and turnover ratio, %	-4.52	-1.71
Return on assets, ROA, %	-3.53	-1.46
Return on equity, ROE, %	-3.90	-1.63
Total liquidity indicator	3.15	3.16
Liabilities-to-equity ratio	0.10	0.12

Other indicators

Number of employees	107	110
Average gross remuneration per employee per year, thousand EUR	22.6	25.6
Gender representation in management, f/m	0/2	0/2
Annual report in accordance with IFRS (yes/no)	no	no

SJSC Latvijas valsts ceļi (LVC)

Reg. No 40003344207

Web: www.lau.lv

State ownership 100%

LVC has no ownership of other capital companies.



LVC (*in English - Latvian State Roads*) manages the national road network, administers the allocated funding, plans and directs the maintenance and development of the national road network, organizes the public procurement of works and services on the state road network, orders and manages drafting of standards and technical regulations of the national road network, maintains and improves the list of state and municipal roads, as well as oversees the municipal road network.

General strategic objective

To become the most competent and efficient provider of road management services while implementing the activities of the capital company - the state road network management, managing the funding of the national road network and managing and executing the control of related work programs, organizing procurement for the needs of the state, managing the state road construction programs and the supervision of construction, monitoring the traffic organization, as well as monitoring the municipal, merchant and private road construction, renovation, daily maintenance and periodical maintenance.

Most important events in 2018

- A total of 183 sites were completed on the state road network.
- Surfaces were renovated or rebuilt for a total length of 826 km including 156.3 km with EU co-financing.
- 25 bridges were renovated and rebuilt.
- A high level of readiness of the Public-Private Partnership (PPP) project "Construction of the Ķekava Bypass" was ensured
- Dangerous road sections reduction program was developed.

Most significant events planned in 2019

- It is planned to renovate or reconstruct the surface of ~ 307 km total length, including 75 km with EU co-financing.
- To renovate and reconstruct 21 bridges.
- The management of the procurement procedure of the Public-Private Partnership (PPP) project "Construction of the Ķekava Bypass".
- The development of the LVC information system.

Principal financial objectives

- Turnover: EUR 14.4 million.
- Return on equity: 1.6%.
- Return on ROA : 1.1%.

Principal non-financial objectives

- The management of the state road network, in possession the current existing road network: 20 075 km.
- The number of construction sites completed as a result of the project management of state road construction works: 183.
- Surfaces reconstructed and rebuilt as a result of the project management of state road construction works: 680 km.

Governance

Shareholder - Ministry of Transport
 Representative of the Shareholder - Dins Merirands
 Chair of the Management Board - Jānis Lange
 Members of the Management Board - Edgars Strods,
 Mārtiņš Laskowski

Principal financial indicators, thousand EUR

	2017	2018
Turnover	14 529.5	15 427.0
Profit/loss	59.5	96.0
EBITDA	625.2	778.3
Total assets	6 560.3	7 610.9
Share capital	4 155.6	4 155.6
Equity	4 322.3	4 370.7
Investment	945.4	1 103.2
Dividends paid to state budget	0.0	47.6
Contributions made to the state and local government budget	4 513.5	4 597.5
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	14 692.4	16 074.0

Principal financial indicators

Profit and turnover ratio, %	0.41	0.62
Return on assets, ROA, %	0.91	1.26
Return on equity, ROE, %	1.38	2.20
Total liquidity indicator	1.52	1.21
Liabilities-to-equity ratio	0.36	0.55

Other indicators

Number of employees	335	334
Average gross remuneration per employee per year, thousand EUR	24.6	25.5
Gender representation in management, f/m	0/3	0/3
Annual report in accordance with IFRS (yes/no)	no	no

Results achieved

- Financial objectives were exceeded.
- Non-financial objectives were achieved.

JSC Pasažieru vilciens (PV)

Reg. No 40003567907
Web: www.pv.lv
State ownership 100%
Related companies and shares:
JSC VRC Zasulauks 51%



PV (*in English - Passenger Train*) is the only provider of domestic public transport services that transports passengers by rail across the territory of Latvia. PV also carries out maintenance and capital repairs for the rolling stock required for the transportation.

General strategic objective

By upgrading the existing rolling stock, purchasing new trains and, in cooperation with SJSC "Latvijas dzelzceļš" by improving the infrastructure of the stations, PV will significantly improve the quality of its services over the next five years, which will allow PV to become the best passenger carrier in Latvia. It is planned to develop and implement a ticket discount system and to increase the speed and intensity of trains, thereby enhancing the competitiveness of PV in the market of transportation services (published on the website of the Ministry of Transport).

Most important events in 2018

- The evaluation of the procurement of new electric trains was completed and the winner was announced. The contract will be concluded in 2019.
- The ticket office modernization project continued.
- The results of the SKDS study showed that the majority or 90.1% of passengers were satisfied with the train traffic in Latvia and would also recommend to others to use this service.

Most significant events planned in 2019

- The purchase of new electric trains.
- The construction / reconstruction of the depot.
- The completion of the new ticket office system and the continuation of the work on expanding the range of e-tickets.

Principal financial objectives

- The cost per 1 seat km (excluding the infrastructure charge): EUR 0.017.
- The transportation coverage: 69%.
- Profit: EUR 940 thousand.
- Return on equity, ROE: 4.9%.

Principal non-financial objectives

- Number of passenger-km: 553 720 163.
- Number of trips: 17 383 820.
- Train accuracy: 98.6%.

Results achieved

- During the reporting year financial objectives were achieved.
- Non-financial objectives were exceeded.

Governance

Shareholder - Ministry of Transport
Representative of the Shareholder - Tālis Linkaitis
Chair of the Supervisory Council - Sandis Šteins
Members of the Supervisory Council - Lita Kalniņa, Inta Liepa
Chair of the Management Board - Rodžers Jānis Grigulis
Members of the Management Board - Inga Vagele,
Aldis Daugavanags

Principal financial indicators, thousand EUR

	2017	2018
Turnover	66 278.7	69 952.3
Profit/loss	1 078.2	1 010.9
EBITDA	4 598.8	5 057.3
Total assets	67 238.8	64 418.4
Share capital	20 868.0	20 868.0
Equity	16 014.8	17 025.7
Investment	1 974.3	1 706.2
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	-379.4	1 030.1
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	45 136.0	50 419.8

Principal financial indicators

Profit and turnover ratio, %	1.63	1.45
Return on assets, ROA, %	1.60	1.57
Return on equity, ROE, %	6.73	5.94
Total liquidity indicator	0.79	0.80
Liabilities-to-equity ratio	3.20	2.78

Other indicators

Number of employees	1 084	1 056
Average gross remuneration per employee per year, thousand EUR	13.0	13.9
Gender representation in management, f/m	3/3	3/3
Annual report in accordance with IFRS (yes/no)	yes	yes

SJSC Starptautiskā lidosta "Rīga" (RIX)

Reg. No 40003028055
Web: www.riga-airport.com

State ownership 100%

RIX has no ownership of other capital companies.



RIX (in English - Riga International Airport) is the main air traffic centre of the Baltic region, which ensures the implementation of public interests in the regular air transportation of international passengers, cargo and post to European and other cities of the world, as well as provides services in matters of national security related to military aircraft traffic in Latvia, ensuring aviation security processes in compliance with international and European requirements.

General strategic objective

To create, maintain and improve a positive customer experience, providing safe and high-quality services (published on the website of the Ministry of Transport).

Most important events in 2018

- The expansion of the passenger terminal - 6th stage construction design.
- The airport certification verification in accordance with the requirements of the Cabinet of Ministers Regulation No. 635 "Regulations on the Establishment, Certification and Operation of Civil Aviation Aerodromes" adopted on 01.08.2006 and the European Commission Regulation No. 139/2014 of February 12, 2014.
- The improvement and modernization of the passenger service and the freight infrastructure and the development of a secure and increased accessible infrastructure.
- Non-financial report RIX Yearbook 2018 was prepared.

Most significant events planned in 2019

- The expansion of the passenger terminal - 6th stage.
- The establishment of the cargo platform (5th platform) infrastructure.
- To implement the Common Decision-Making System (ACDM) in RIX to plan resources efficiently and use the airport infrastructure.

Principal financial objectives

- Net turnover: EUR 54.6 million.
- Profit: EUR 1.8 million.
- EBITDA: EUR 15.9 million.

Principal non-financial objectives

- Flights: 73 954.
- Passengers: 6 149 981.
- Cargo handled: 27 thousand t.

Results achieved

- The planned financial objectives were exceeded during the reporting year.
- Non-financial objectives were also exceeded.

Governance

Shareholder - Ministry of Transport
Representative of the Shareholder - Džineta Innusa
Chair of the Supervisory Council - Juris Kanels
Members of the Supervisory Council - Laila Odiņa
Chair of the Management Board - Ilona Līce
Members of the Management Board - Artūrs Savelļevs, Lauma Jenča, Normunds Feierbergs

Principal financial indicators, thousand EUR

	2017	2018
Turnover	54 639.2	60 787.2
Profit/loss	3 486.7	10 022.2
EBITDA	12 316.1	16 722.2
Total assets	182 315.1	180 210.0
Share capital	28 608.9	28 608.9
Equity	44 394.2	54 416.5
Investment	6 979.7	16 116.9
Dividends paid to state budget	304.7	0.0
Contributions made to the state and local government budget	13 970.6	14 416.8
Donations received	0.0	0.0
Donations made	7.7	0.0
Funding received from the state budget	42.8	44.1

Principal financial indicators

Profit and turnover ratio, %	6.38	16.49
Return on assets, ROA, %	1.91	5.56
Return on equity, ROE, %	7.85	18.42
Total liquidity indicator	1.18	1.11
Liabilities-to-equity ratio	3.11	2.31

Other indicators

Number of employees	1 211	1 273
Average gross remuneration per employee per year, thousand EUR	16.2	17.2
Gender representation in management, f/m	2/5	3/3
Annual report in accordance with IFRS (yes/no)	yes	yes



6.4. Communications

SJSC Elektroniskie sakari (VASES)

Reg. No 40003021907

Web: www.vases.lv

State ownership 100%

VASES has no ownership of other capital companies.



VASES manages the radio frequency spectrum, plans technical use of the radio frequency spectrum and determines radio frequency allocations for the operation of the radio equipment, provides electromagnetic compatibility and numbering services, performs activities to prevent the radio interference.

General strategic objective

To ensure a rational and efficient use of the radio frequency spectrum and numbering resources, managed in the electronic communications sector, to optimize the radio frequency management mechanism, to ensure a continuous monitoring of the radio frequency spectrum and an effective frequency resources planning.

Most important events in 2018

- In co-operation with the Ministry of Environmental Protection and Regional Development (MEPRD), the required financing was obtained for the establishment of a new state information system Numbering Database. The development of the first round of the Numbering Database was ensured.
- The organization of the International Information and Communication Technology Forum "5G Techritory".
- In cooperation with MEPRD and industry representatives a new price list for public paid services was developed and came into force on January 1, 2019.

Most significant events planned in 2019

- The replacement of fixed monitoring and bearing devices (concluded a contract about five monitoring points).
- VASES Expanding the functionality of the VASES integrated service provision environment (including providing e-access to radio frequency allocation licences, providing e-access to ≥60% of the total number of radio frequency allocation licences issued).

Principal financial objectives

- Turnover: EUR 6.7 million.
- Net profit: EUR 80.8 thousand.
- Commercial revenue: EUR 190.7 thousand.
- Return on assets, ROA: 0.6%.

Principal non-financial objectives

- The introduction of the electronic form of the radio frequency allocation licences.
- Introduction of using E-paraksts (in English - e-Signature).
- Customer satisfaction level: ≥80%.

Results achieved

- Successfully realized commercial services generating total revenue of EUR 363.5 thousand. The objective was exceeded by 190%.
- Customer satisfaction rate reached 91.4%.
- The financial objectives were achieved.

Governance

Shareholder - Ministry of Environmental Protection and Regional Development

Representative of the Shareholder - Rinalds Muciņš

Chair of the Management Board - Jānis Bārda

Members of the Management Board - Vija Ģēme, Kaspars Paupe

Principal financial indicators, thousand EUR

	2017	2018
Turnover	6 646.5	7 045.8
Profit/loss	450.6	83.7
EBITDA	1 119.6	1 156.2
Total assets	12 851.7	12 564.7
Share capital	8 721.6	8 995.6
Equity	9 696.8	9 619.5
Investment	1 553.0	1 510.5
Dividends paid to state budget	0.0	61.8
Contributions made to the state and local government budget	1 938.2	2 185.0
Donations received	0.0	0.0
Donations made	0.5	0.5
Funding received from the state budget	89.2	89.2

Principal financial indicators

Profit and turnover ratio, %	6.78	1.19
Return on assets, ROA, %	3.51	0.67
Return on equity, ROE, %	4.65	0.87
Total liquidity indicator	5.81	4.35
Liabilities-to-equity ratio	0.15	0.17

Other indicators

Number of employees	92	93
Average gross remuneration per employee per year, thousand EUR	36.0	40.3
Gender representation in management, f/m	1/2	1/2
Annual report in accordance with IFRS (yes/no)	no	no

LLC Lattelecom (TET)

(from 01.04.2019. LLC Tet)

Reg. No 40003052786

Web: www.tet.lv

State ownership 51%

Related companies and shares:

LLC Citrus Solutions 100%

LLC Lattelecom BPO 100% (from 01.04.2019. LLC Lattelecom)

LLC Lattelecom Technology 100% (from 23.09.2019. LLC "T2T")

LLC Latvijas Mobilais Telefons 23%

JSC Pirmais Slēgtais Pensiju Fonds 50%

TET Group's core business is the provision of fixed-line electronic communications services, information technology services, contact centre services to commercial companies and private clients, sales and service of electronic communications and data communication equipment, electricity trading services, TV content and advertising placement services, and the design, construction and maintenance of the electronic communications infrastructure.

General strategic objective

TET has no defined general strategic objective.

Most important events in 2018

- TET developed electricity services in the household sector reaching a market share of around 8%.
- TET switched to a new interactive TV platform Helio iTV.
- In the investment advisor's Prudentia and Nasdaq Riga annual TOP101 of Latvia's most valuable companies TET ranked the eighth.
- A study by the recruitment firm WorkingDay Latvia recognized TET as the third most coveted employer in Latvia.
- The medium-term strategy for the TEC from year 2019 to 2021 was developed.

Most significant events planned in 2019

- Rebranding to TET, further strengthening technology and entertainment company profile.
- It is planned further to develop the use of the artificial intelligence in the customer service (chatbot Anete), as well as to start offering customer service automation solutions using the artificial intelligence as a service to other companies.
- It is planned to develop big data and machine learning solutions to increase the efficiency of the company and to promote a personalized customer experience.

Galvenie finanšu rezultāti

- Revenue: EUR 212 million.
- EBITDA margin: 32%.
- ROCE (earnings before tax to the average annual capital employed): 15.1%.

Principal non-financial objectives

- The Group has no non-financial objectives.



Governance

Shareholder - JSC Publisko aktīvu pārvaldītājs Possessor
Representative of the Shareholder - The Management
Board of JSC Publisko aktīvu pārvaldītājs Possessor
(Vladimirs Loginovs, Alvis Mitenbergs, Juris Vaskāns)
Chair of the Supervisory Council - Gatis Kokins
Members of the Supervisory Council - Jānis Grēviņš,
Jānis Brazovskis, Justin Wesley Bancroft, Dan Olov Strömberg,
Hannu-Matti Mäkinen, Sven Johan Bertil Andersson
Chair of the Management Board - Juris Gulbis
Members of the Management Board - Gints Bukovskis,
Uldis Tatarčuks, Ingrida Rone, Gusts Muzikants

Principal financial indicators, thousand EUR

	2017	2018
Turnover ⁶²	199 632.0	211 943.0
Profit/loss	40 740.0	41 778.0
EBITDA	69 100.0	67 900.0
Total assets	324 153.0	329 226.0
Share capital	207 852.0	207 852.0
Equity	273 217.0	275 380.0
Investment	29 000.0	27 270.0
Dividends paid to state budget	16 149.2	20 283.7
Contributions made to the state and local government budget	64 649.2	59 477.9
Donations received	0.0	0.0
Donations made	19.9	126.8
Funding received from the state budget	246.0	323.0

Principal financial indicators

Profit and turnover ratio, %	20.41	19.71
Return on assets, ROA, %	12.57	12.69
Return on equity, ROE, %	14.91	15.17
Total liquidity indicator	1.91	1.90
Liabilities-to-equity ratio	0.19	0.20

Other indicators

Number of employees	1 745	1 760
Average gross remuneration per employee per year, thousand EUR	20.3	21.9
Gender representation in management, f/m	1/11	1/11
Annual report in accordance with IFRS (yes/no)	yes	yes

*Consolidated data

⁶² Total revenue

SJSC Latvijas Pasts (LP)

Reg. No 40003052790
Web: www.pasts.lv
State ownership 100%
Related companies and shares:
LLC Mailmaster 100%



LP's (in English - Latvia Post) core business is the provision of postal services, express postal services, financial intermediation, retail, press subscription and delivery service and related support activities.

General strategic objective

Promote the provision and development of up-to-date technology and postal services in line with customer needs. To improve the efficiency of the postal network while ensuring the accessibility for the population. To be the market leader among postal service providers on the Latvian market and to provide high-quality domestic and cross-border services (published on the website of the Ministry of Transport).

Most important events in 2018

- The project for the implementation of new cash register systems was launched. In 2018/2019 it was planned to modernize 600 workplaces at more than 400 places of the provision of postal services. The total investment in the modernization project exceeded EUR 2 million.
- 64 new cars have been acquired under the operating lease, which ensures a more stable delivery time.
- Launch of a mobile terminal deployment project to equip 1 300 postmen and 70 couriers with devices and applications designed to modernize the consignment delivery process.

Most significant events planned in 2019

- Preparations for the installation of a sorting line in 2020 with an investment budget of EUR 3.6 million.
- Launch of postal terminals for further development and modernization of postal services with a total investment of EUR 1.4 million.
- Revision of the tariffs for the universal postal service.

Principal financial objectives

- Net turnover: EUR 90.2 million.
- Profit: EUR 1 million.
- Return on equity, ROE: 6.3%.

Principal non-financial objectives

- Changing forms of non-profitable postal services provision places: 10.
- To modernize and responsibly provide payment services, to increase the turnover of payment services by 5.7% compared to the previous year.
- Employee turnover rate: <33%.

Results achieved

- 28 non-profitable postal service provision locations were changed to a such form, which functions are performed by a postman at a certain time of the day at a certain location by further reducing costs.
- Most financial and non-financial objectives were achieved.

Governance

Shareholder - Ministry of Transport
Representative of the Shareholder - Dins Merirands
Chair of the Supervisory Council - Aigars Vītols
Members of the Supervisory Council - Andris Ikvilds, Andris Nātriņš
Chair of the Management Board - Mārcis Vilcāns
Members of the Management Board - Kristaps Krūmiņš, Agris Timma, Anda Ozola

Principal financial indicators, thousand EUR

	2017	2018
Turnover	75 589.0	89 110.5
Profit/loss	1 694.5	2 010.9
EBITDA	4 292.8	3 815.0
Total assets	96 219.0	111 499.8
Share capital	10 578.5	10 578.5
Equity	15 500.3	14 915.4
Investment	1 050.1	3 288.6
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	15 991.7	16 592.6
Donations received	0.0	0.0
Donations made	0.8	0.0
Funding received from the state budget	4 932.5	5 877.5

Principal financial indicators

Profit and turnover ratio, %	2.24	2.26
Return on assets, ROA, %	1.76	1.80
Return on equity, ROE, %	10.93	13.48
Total liquidity indicator	1.08	1.03
Liabilities-to-equity ratio	5.10	6.37

Other indicators

Number of employees	4 100	3 948
Average gross remuneration per employee per year, thousand EUR	6.4	7.2
Gender representation in management, f/m	1/6	1/6
Annual report in accordance with IFRS (yes/no)	yes	yes

SJSC Latvijas Valsts radio un televīzijas centrs (LVRTC)

Reg. No 40003011203
 Web: www.lvrtc.lv
 State ownership 100%
 Related companies and shares:
 LLC Latvijas Mobilais Telefons 23%



The principal business activity of LVRTC (*in English - Latvia State Radio and Television Centre*) is the broadcasting of radio and television programs, eParaksts (digital signature) and other certification services, the provision of data transmission, data centres and infrastructure rental services. LVRTC also owns an ambitious optical network covering the entire territory of Latvia, and LVRTC owns and operates the highest tower in the European Union, which, at the same time, is the largest collocations, that is, the data exchange point in the Baltic States, of data transmission operators.

General strategic objective

To facilitate a certain quality level of electronic communication services and to provide end-user-oriented services, to create conditions for the use of innovative technologies, to develop the public private electronic communications network for the continuous and effective functioning of the state administration, providing a stable investment environment (published on the website of the Ministry of Transport).

Most important events in 2018

- Improving the availability of electronic communications infrastructure in rural areas.
- The development of e-signature and e-identity solution.
- The network, security platform and the logical unified data centre shared part of the project "The Logical Unified Data Centre".
- The reconstruction of Riga radio and television station and the improvement of the territory.

Most significant events planned in 2019

- Improving the availability of the electronic communications infrastructure in rural areas.
- The further development of e-signature and e-identity solution.
- The reconstruction of Riga radio and television station and the improvement of the territory.

Principal financial objectives

- EBITDA margin: 36%.
- The amount of the dividends payable with LMT dividends: EUR 3.2 million.
- Turnover per employee: EUR 88.2 thousand.
- Net profit: EUR 144.3 thousand.

Principal non-financial objectives

- To become the largest fibre trader in the Baltic region: 400 new miles sold.
- The number of contracts concluded with electronic communications companies for lease of the fibre network infrastructure section within the framework of the broadband project: 60.
- Racks commercialized in the data centre of all racks available for commercialization: 66%.

Governance

Shareholder - Ministry of Transport
 Representative of the Shareholder - Džineta Innusa
 Chair of the Management Board - Jānis Bokta
 Members of the Management Board - Aldis Lukašinskis, Indulis Šķibelis

Principal financial indicators, thousand EUR

	2017	2018
Turnover	16 498.0	17 251.8
Profit/loss	4 346.2	4 429.7
EBITDA	6 079.5	5 510.5
Total assets	113 604.2	120 394.1
Share capital	78 454.7	78 454.7
Equity	85 279.4	84 822.6
Investment	6 884.7	13 626.9
Dividends paid to state budget	0.0	4 840.6
Contributions made to the state and local government budget	4 400.2	9 897.9
Donations received	0.0	0.0
Donations made	1.4	1.4
Funding received from the state budget	932.7	828.2

Principal financial indicators

Profit and turnover ratio, %	26.34	25.68
Return on assets, ROA, %	3.83	3.68
Return on equity, ROE, %	5.10	5.22
Total liquidity indicator	6.53	5.08
Liabilities-to-equity ratio	0.33	0.42

Other indicators

Number of employees	245	240
Average gross remuneration per employee per year, thousand EUR	18.6	20.3
Gender representation in management, f/m	1/3	0/3
Annual report in accordance with IFRS (yes/no)	no	no

*Consolidated data

Results achieved

- The amount of dividends paid out with LMT EUR 4.8 million dividends.
- Number of km of new fibre sold: 1 609.

6.5. Real Estate Management





SLLC Šampētera nams (ŠN)

Reg. No 50003000771

Web: www.sampeteranams.lv

State ownership 100%

ŠN has no ownership of other capital companies.



ŠAMPĒTERA NAMS

ŠN (*in English - Šampēteris House*) ensures technically the functioning of the Ministry of Welfare and the management and maintenance of part of the real estate owned by the Ministry of Welfare.

General strategic objective

Not approved.

Most important events in 2018

- Ministry of Welfare real estate energy management system was certified according to LVS EN ISO 50001: 2012 standard requirements.
- Industrial safety certificate was received.
- 148 procurements were carried out, resulting in a total of 211 service provision contracts for ŠN, the Ministry of Welfare and its subordinate institutions

Most significant events planned in 2019

- The realization of construction works of the simplified facade renovation project of the building at 53 Ventspils Street, Riga within the framework of the operational program "The Growth and the Employment" 4.2.1 specific support objective "To Promote Energy Efficiency in State and Residential Buildings" 4.2.1.2 within the measure "To Promote Energy Efficiency in State Buildings".
- The maintenance of the real estate energy management system of the Ministry of Welfare according to the requirements of LVS EN ISO 50001: 2012 standard.
- To continue the initiated actions to implement the energy efficiency improvement measures within the framework of the program "The Growth and the Employment" 4.2.1 specific support objective "To Promote Energy Efficiency in State and Residential Buildings" 4.2.1.2 within the measure "To Promote Energy Efficiency in State Buildings".

Principal financial objectives

- To ensure positive cash flow from operating activities (total liquidity ratio): 1.1.

Principal non-financial objectives

- To ensure the efficiency in the use of administrative and industrial buildings and to maintain occupancy rates at current levels: 96.
- The energy management system development and the certification in the Ministry of Welfare real estate: 1.
- To ensure high-quality procurement by the central procurement institution by relieving institutions of their non - standard functions: 22.

Results achieved

- Financial objective was exceeded.
- Non-financial objectives were achieved.

Governance

Shareholder - Ministry of Welfare
Representative of the Shareholder - Indra Kārklīņa
Member of the Management Board - Inese Muhka

Principal financial indicators, thousand EUR

	2017	2018
Turnover	1 754.0	2 042.4
Profit/loss	164.9	-30.2
EBITDA	228.4	3.2
Total assets	1 673.6	5 020.2
Share capital	335.8	335.8
Equity	554.2	518.5
Investment	163.0	7.1
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	252.1	560.1
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	185.0	185.0

Principal financial indicators

Profit and turnover ratio, %	9.40	-1.48
Return on assets, ROA, %	9.85	-0.60
Return on equity, ROE, %	29.75	-5.82
Total liquidity indicator	1.10	1.02
Liabilities-to-equity ratio	2.02	8.68

Other indicators

Number of employees	17	18
Average gross remuneration per employee per year, thousand EUR	14.9	16.2
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS (yes/no)	no	no

SJSC Tiesu namu aģentūra (TNA)

Reg. No 40003334410

Web: www.tna.lv

State ownership 100%

TNA has no ownership of other capital companies.



The principal activity of TNA (*in English - Courthouse Agency*) is the management of the real estate that meets the requirements of the justice sector, the organization and the maintenance of a single judicial information system, while respecting the requirements of the justice sector and promoting public interest in the field of justice.

General strategic objective

To ensure an effective management of the infrastructure of the strategic importance and essential for the implementation of policies in the justice sector and to ensure the publication of the legal literature necessary for functions of the justice system institutions, while respecting the requirements of the justice sector and promoting the public interest in the field of justice.

Most important events in 2018

- The construction of the Justice House at 39 Neretas Street, Jēkabpils.
- The reconstruction of the Kurzeme region courthouse at 14 Katrīnas Street, Ventspils and the construction of the new courthouse.
- The reconstruction of Zemgale region courthouse at 16 Pils Street, Tukums and the construction of the new courthouse.

Most significant events planned in 2019

- The completion of the construction of the Justice House at 39 Neretas Street, Jēkabpils and the commissioning of the building.
- The reconstruction of Kurzeme region courthouse at 14 Katrīnas Street, Ventspils and the completion of the construction and the commissioning of the new courthouse.
- The reconstruction of the Zemgale region courthouse at 16 Pils street, Tukums and the completion of the construction and the commissioning of the new courthouse.

Principal financial objectives

- The increase of the net turnover in a year: 1 percentage point.
- Net profit: > EUR 90 000.
- The solvency ratio: >70%.

Principal non-financial objectives

- The construction of new and modern courthouses, number of construction objects: 3.
- The satisfaction of the Ministry of Justice and its subordinate institutions with the technical condition of the leased premises was assessed as "good" and "very good": 65%.
- Satisfaction of the Ministry of Justice and its subordinate institutions with the quality of information technology service provided by TNA: 97.1%.

Governance

Shareholder - Ministry of Justice
Representative of the Shareholder - Raivis Kronbergs
Member of the Management Board - Santa Sausiņa

Principal financial indicators, thousand EUR

	2017	2018
Turnover	6 840.5	7 315.3
Profit/loss	685.1	115.0
EBITDA	1 991.9	1 992.0
Total assets	58 254.2	62 270.0
Share capital	38 369.6	38 369.6
Equity	42 201.4	42 211.3
Investment	1 879.3	4 985.2
Dividends paid to state budget	46.1	101.7
Contributions made to the state and local government budget	1 906.3	2 170.9
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	0.0	0.0

Principal financial indicators

Profit and turnover ratio, %	10.02	1.57
Return on assets, ROA, %	1.18	0.18
Return on equity, ROE, %	1.62	0.27
Total liquidity indicator	1.56	0.33
Liabilities-to-equity ratio	0.38	0.48

Other indicators

Number of employees	107	115
Average gross remuneration per employee per year, thousand EUR	14.1	14.7
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS (yes/no)	no	no

Results achieved

- Financial objectives were achieved, an insignificant deviation in the solvency ratio (68%).
- Non-financial objectives were achieved, one insignificant deviation in satisfaction evaluation of the information technology service (93.1%).

SJSC Valsts nekustamie īpašumi (VNĪ)

Reg. No 40003294758

Web: www.vni.lv

State ownership 100%

VNĪ has no ownership of other capital companies.



The core activity of VNĪ (*in English - State Real Estate*) is the management, lease and sale of the state's real estate and provision of state institutions with the premises necessary for performing their functions.

General strategic objective

To provide purposeful and effective management, including the preservation and enhancement of the value, of real estate that is of the strategic importance for national security, necessary for state institutions to perform state functions, for the preservation of cultural heritage, for the development of the state or municipal administrative territory.

Most important events in 2018

- The medium-term operational strategy from 2018 to 2022 of VNI was approved.
- The recognition in the Bronze category of the Sustainability Index was received, VNI was included among the most valuable companies in Latvia Top 101, in which VNĪ was appreciated as one of the most valuable and the best-managed companies in Latvia.
- More than 30 real estate development projects were realized.
- Several awards were received at the show "Gada labākā būve Latvijā 2018" (*in English - "The Best Building of the Year 2018 in Latvia"*).

Most significant events planned in 2019

- To develop a Real Estate Portfolio Strategy that includes an offer for the optimal use of office space - meets clients' needs and provides a modern work environment as well as efficient and cost-effective maintenance of it.
- To evaluate and to prepare proposals for the development of the state real estate infrastructure for the development of border crossing points infrastructure for a secure future of Latvia, the optimization of the archive infrastructure of state institutions and the optimization of the infrastructure of state institutions: a united state office in Riga and regions.

Principal financial objectives

- Net turnover: EUR 38.8 million.
- EBITDA: EUR 13.3 million.
- Profitability: 8.6%.

Principal non-financial objectives

- Reputation index: 31.
- Customer satisfaction index: 71.
- To promote a responsible and trustworthy corporate culture of the corporation, ensuring transparency, sustainable development and financial stability. Sustainability index level: Bronze.

Results achieved

- Financial objectives were exceeded.
- Non-financial objectives were achieved.

Governance

Shareholder - Ministry of Finance
 Representative of the Shareholder - Baiba Bāne
 Chair of the Supervisory Council - Mārtiņš Bičevskis
 Members of the Supervisory Council - Inta Komisare, Ansis Grasmanis
 Chair of the Management Board - Ronalds Neimanis
 Members of the Management Board - Līga Ermane, Kitija Gruškevica, Sigita Janvāre, Andris Vārna

Principal financial indicators, thousand EUR

	2017	2018
Turnover	40 361.5	39 268.2
Profit/loss	8 971.5	8 472.9
EBITDA	17 741.4	17 174.3
Total assets	408 833.1	397 191.7
Share capital	135 474.1	135 474.1
Equity	280 317.6	275 955.4
Investment	3 855.2	11 989.5
Dividends paid to state budget	0.0	2 293.2
Contributions made to the state and local government budget	17 533.7	16 571.2
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	11 355.2	17 124.4

Principal financial indicators

Profit and turnover ratio, %	22.23	21.58
Return on assets, ROA, %	2.19	2.13
Return on equity, ROE, %	3.20	3.07
Total liquidity indicator	1.65	0.93
Liabilities-to-equity ratio	0.46	0.44

Other indicators

Number of employees	581	523
Average gross remuneration per employee per year, thousand EUR	12.8	15.0
Gender representation in management, f/m	4/4	4/4
Annual report in accordance with IFRS (yes/no)	no	no

SLLC Zemkopības ministrijas nekustamie īpašumi (ZMNĪ)

Reg. No 40003338357

Web: www.zmni.lv

State ownership 100%

ZMNĪ has no ownership of other capital companies.



The main activity of ZMNĪ (*in English - Ministry of Agriculture Real Estate*) is the operation and the maintenance of land reclamation systems of national significance, the maintenance of the land reclamation cadastre and the management of 29 real estate properties.

General strategic objective

To implement the maintenance of the managed state-owned properties of the strategic importance for the development of the territory of the state - land reclamation systems and hydro technical constructions - and the maintenance of land reclamation cadastre ensuring economically viable, environmentally friendly and socially responsible sustainability of agricultural and forestry land resources.

Most important events in 2018

- Within the framework of the EU project three polder pumping stations and four protecting dikes of 19.52 km were rebuilt, and 51.04 km of national water drain were restored.
- Within the framework of the EU support measure "Investment Support for the Development of the Agricultural and Forestry Infrastructure" 53 projects have been implemented for the restoration of national water drain.

Most significant events planned in 2019

- The continuation of the project of the specific support objective "To Reduce Flood Risks in Rural Areas" of the EU operational program "Growth and Jobs": to restore ten national water drains, three polder pumping stations and two protecting dikes.
- The continuation of the implementation of the EU support measure "The Investment Support for the Development of the Agricultural and Forestry Infrastructure" project. To implement 41 projects for the restoration of water drains of national importance.

Principal financial objectives

- Dividends: EUR 20.6 thousand.
- Profit: EUR 20 thousand.
- Return on equity, ROE: 0.6%.

Principal non-financial objectives

- To restore the value of national land reclamation systems: EUR 20 million.
- To contribute to sustainable land resource productivity as well as the infrastructure development, the length of regulated, maintained water drains: 1 399 km.

Results achieved

- One financial objective was achieved - paid dividends.
- Non-financial objectives were exceeded.

Governance

Shareholder - Ministry of Agriculture
Representative of the Shareholder - Jānis Šnore
Chair of the Management Board - Roberts Dilba
Member of the Management Board - Sergejs Zikins

Principal financial indicators, thousand EUR

	2017	2018
Turnover	6 176.0	12 853.5
Profit/loss	25.7	9.1
EBITDA	366.9	391.6
Total assets	19 082.9	21 921.9
Share capital	3 422.0	3 422.0
Equity	3 340.8	3 329.3
Investment	184.6	241.0
Dividends paid to state budget	15.7	20.6
Contributions made to the state and local government budget	3 179.6	4 971.8
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	4 636.9	3 850.4

Principal financial indicators

Profit and turnover ratio, %	0.42	0.07
Return on assets, ROA, %	0.13	0.04
Return on equity, ROE, %	0.77	0.27
Total liquidity indicator	1.57	1.91
Liabilities-to-equity ratio	4.71	5.58

Other indicators

Number of employees	151	154
Average gross remuneration per employee per year, thousand EUR	11.4	13.5
Gender representation in management, f/m	0/3	0/2
Annual report in accordance with IFRS (yes/no)	no	no

6.6. Health Care





SLLC Aknīstes psihoneiroloģiskā slimnīca (APNS)

Reg. No 40003453643

Web: www.aknistespons.lv

State ownership 100%

APNS has no ownership of other capital companies.

APNS (*in English - Aknīste Psychoneurological Hospital*) is a hospital specializing in the treatment and rehabilitation of long-term mentally ill, therapeutically resistant patients, providing highly qualified and professional patient-oriented overall psychiatric care for long-term mentally ill, therapeutically resistant patients, which is implemented through the National Health Service (NHS) and its own economic revenues.

General strategic objective

To become a highly qualified and professional leader in Latvia in the treatment and rehabilitation of long-term psychiatric, therapeutically resistant patients, which is oriented towards overall satisfaction of patients (effective 31.12.2018).

Most important events in 2018

- A new car was purchased for patient transportation and consultation with other professionals.
- The realization of the project was started - the restoration and the rebuilding of the 1st Medical building.
- The realization of the project was started - the reconstruction of the heating and ventilation systems of the 1st Medical building and the improvement of energy efficiency.

Most significant events planned in 2019

- The maintenance and the improvement of the personnel qualification.
- Support for the occupational safety and health measures.
- Support for the patient engagement and employment measures.
- Maintaining a positive therapeutic environment in hospital wards.
- The renovation and the reconstruction of the 1st medical building (construction works).
- The reconstruction of the heating and ventilation systems of the 1st Medical building and the improvement of energy efficiency.

Principal financial objectives

- Non-deficit budget.
- Positive cash flow from operating activities: EUR 192 thousand.
- Positive profitability.

Principal non-financial objectives

- The total number of stationary beds: 400.
- The ratio of practitioners (doctors) to nurses: 6/56.
- The proportion of working medical practitioners in the age group of 25 to 40 years from the total number of working medical practitioners: 9%.
- The average duration of the treatment in stationary: 265 days.
- The bed occupancy: 99%.

Governance

Shareholder - Ministry of Health
 Representative of the Shareholder - Daina Mūrmane-Umbraško
 Chair of the Management Board - Nata Gaibišele
 Member of the Management Board - Ilga Ģile

Principal financial indicators, thousand EUR

	2017	2018
Turnover	3 503.2	4 039.4
Profit/loss	0.5	1.4
EBITDA	224.3	226.9
Total assets	6 263.9	6 351.5
Share capital	4 066.2	4 066.2
Equity	4 151.1	4 152.5
Investment	240.8	76.2
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	1 024.5	1 170.6
Donations received	0.0	2.0
Donations made	0.0	0.0
Funding received from the state budget	3 602.7	4 039.4

Principal financial indicators

Profit and turnover ratio, %	0.01	0.03
Return on assets, ROA, %	0.01	0.02
Return on equity, ROE, %	0.01	0.03
Total liquidity indicator	2.73	2.58
Liabilities-to-equity ratio	0.51	0.53

Other indicators

Number of employees	299	304
Average gross remuneration per employee per year, thousand EUR	6.9	8.0
Gender representation in management, f/m	2/0	2/0
Annual report in accordance with IFRS (yes/no)	no	no

Results achieved

- Overall, the set non-financial and financial objectives were achieved.
- The number of practicing physicians increased - the ratio of practicing physicians to nurses increased: 7/54.

SLLC Bērnu klīniskā universitātes slimnīca (BKUS)

Reg. No 40003457128

Web: www.bkus.lv

State ownership 100%

BKUS has no ownership of other capital companies.



Bērnu klīniskā universitātes slimnīca

BKUS (in English - Children Clinical University Hospital) is the largest specialized paediatric medical institution in Latvia, which provides state-funded treatment, diagnostic and rehabilitation services for children as outpatient and in-patient in case of emergency, urgent (acute) and planned care, also offering paid services. BKUS provides social support services - interest education, social services, educational and scientific work.

General strategic objective

To ensure public health policy by providing high-quality, cost-effective and evidence-based health care services for children (effective 31.12.2018).

Most important events in 2018

- A new neonatal department was commissioned. The premises were renovated according to modern standards and principles of care with the appropriate technical equipment for the treatment of newborn patients, ensuring the first stage of the merger of BKUS housing facilities "Torņakalns" and "Gailezers".
- The realization of the delegated functions of the State Sports Medical Centre were started by providing the health care and the medical supervision to children with increased physical activity.
- The Rare Disease Coordination Centre started its work, where patients with rare diseases were provided with an access to state-funded molecular genetics tests, multidisciplinary councils' recommended therapies for rare diseases that were not treated in Latvia until now.

Most significant events planned in 2019

- The improvement of the resource and data accounting system, including personalized cost accounting for patients.
- The improvement of the integrated quality management and patient safety system including the use of indicators and clinical audits to provide the evidence of the quality of the treatment and the compliance with standards, as well as the certification under LVS - ISO 9001 is planned.

Principal financial objectives

- Net profit: EUR 6.2 thousand.
- Positive (balanced) cash flow.
- Positive profitability.
- Total liquidity: >1.

Principal non-financial objectives

- The average duration of the treatment: 5.5 days.
- The bed occupancy: 75%.
- The number of home-discharged patients re-admitted on the same or next day: ≤0.5%.

Governance

Shareholder - Ministry of Health

Representative of the Shareholder - Daina Mūrmane-Umbraško

Chair of the Management Board - Valts Ābols

Members of the Management Board - Ināra Bluķe, Zane Straume

Principal financial indicators, thousand EUR

	2017	2018
Turnover	37 363.0	43 272.0
Profit/loss	-229.2	-1 353.3
EBITDA	1 912.2	855.0
Total assets	60 729.4	63 103.6
Share capital	3 984.0	4 854.3
Equity	7 649.4	7 166.4
Investment	2 487.7	2 399.3
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	9 818.4	11 894.1
Donations received	1 741.9	538.6
Donations made	0.0	0.0
Funding received from the state budget	36 071.7	41 166.2

Principal financial indicators

Profit and turnover ratio, %	-0.61	-3.13
Return on assets, ROA, %	-0.38	-2.14
Return on equity, ROE, %	-3.00	-18.88
Total liquidity indicator	0.79	0.74
Liabilities-to-equity ratio	6.94	7.81

Other indicators

Number of employees	2 018	1 914
Average gross remuneration per employee per year, thousand EUR	9.2	12.0
Gender representation in management, f/m	2/2	2/1
Annual report in accordance with IFRS (yes/no)	yes	yes

Results achieved

- The team of BKUS neurosurgeons performed unique operations on the Baltic scale - vagus nerve stimulator surgery and other surgical operations for epilepsy patients.
- The training was conducted, the equipment was purchased, and the full spectrum arthroscopic surgery for children with knee joint pathology was started.

SLLC Bērnu psihoneiroloģiskā slimnīca "Ainaži" (BPNS "Ainaži")

Reg. No 44103017181

Web: www.ainazuslimnica.lv

State ownership 100%

BPNS "Ainaži" has no ownership of other capital companies.



BPNS "Ainaži" (in English - *Children's Psychoneurological Hospital "Ainaži"*) is the only specialized hospital in the country that provides high-quality and professional psychiatric help for children and adolescents with prolonged mental disorders and illnesses and the duration of treatment is as long as necessary.

General strategic objective

To increase the competitiveness of the company as a specialized hospital, to increase the quality of health care services provided, to ensure high cost-effectiveness of activities and rational availability of health care services for patients, as well as ensure integration of the hospital into the national health care system, to ensure that the company complies with the EU recommendations for the infrastructure of health care service providers. As well as to promote the future development of the capital company, to ensure the quality of services, cost-effectiveness and rational accessibility in psychiatric treatment, care and rehabilitation until the patient recovers or may receive treatment as outpatient. To continue to develop secondary outpatient department services and their availability for patients with both psychiatric and non-psychiatric diagnoses. (effective 31.12.2018)

Most important events in 2018

- The floor repair of sport therapy premises.
- The restoration of the protective layer of wooden parts of the hospital facade.
- The linking of the hydrotherapy unit ventilation ducts to air dehumidifier in the pool premises.

Most significant events planned in 2019

- The establishment of the surveillance / isolation premises (i.e. "safe rooms") for the patient safety.
- The demolition of in an emergency condition existing hospital building.
- The construction of a lightweight construction building for inventory warehouses needs.

Principal financial objectives

- Profit: EUR 4 632.
- The net cash flow from operating activities: EUR 119 137.
- Positive profitability: 0.37%.
- Total liquidity: 4.94.

Principal non-financial objectives

- Total number of stationary beds: 80.
- The average duration of the treatment: 105 days.
- The bed occupancy: 91%.

Results achieved

- BPNS "Ainaži" closed the year with a loss instead of the planned profit. Financial objectives were not met.
- Several non-financial objectives were not fulfilled, for example, the number of beds in in-patient health care was not decreased by 44%.

Governance

Shareholder - Ministry of Health
Representative of the Shareholder - Daina Mürmane-Umbraško
Member of the Management Board - Aigars Kišuro

Principal financial indicators, thousand EUR

	2017	2018
Turnover	1 046.9	1 213.3
Profit/loss	3.3	-39.9
EBITDA	56.2	12.4
Total assets	4 287.8	4 265.5
Share capital	1 683.4	1 683.4
Equity	2 093.4	2 053.4
Investment	4.2	0.3
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	357.1	396.3
Donations received	1.6	0.0
Donations made	0.1	0.0
Funding received from the state budget	2 670.1	1 213.3

Principal financial indicators

Profit and turnover ratio, %	0.32	-3.29
Return on assets, ROA, %	0.08	-0.94
Return on equity, ROE, %	0.16	-1.95
Total liquidity indicator	4.94	3.88
Liabilities-to-equity ratio	1.05	1.08

Other indicators

Number of employees	89	86
Average gross remuneration per employee per year, thousand EUR	7.6	9.4
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS (yes/no)	no	no

SLLC Daugavpils psihoneiroloģiskā slimnīca (DPNS)

Reg. No 50003407881
Web: www.dpns.gov.lv
State ownership 100%

DPNS has no ownership of other capital companies.



DPNS (*in English - Daugavpils Psychoneurological Hospital*) is one of the largest psychiatric treatment institutions in Latvia that provides residents of Daugavpils and surrounding regions with all necessary mental health care services, including mental health care services at home, outpatient mental health care services, inpatient mental health care services, including forced treatment based on a Court decision, and long-term social care and social rehabilitation services.

General strategic objective

To preserve, improve and restore the health of the population by providing patient-oriented, high-quality mental health care services to the population in the Latgale region.

Most important events in 2018

- The number of treating physicians was increased by attracting psychiatrists from the private sector; the agreement was reached on the formation of a group of occupational therapists at Daugavpils University.
- The realization of the Latvian-Lithuanian project LLI-368 "The Implementation of the Social Services Model Based on the Experience of Lithuania - Latvia" was started.
- A training program was developed for families of addicted people to comprehend the addiction problems.

Most significant events planned in 2019

- To continue further to develop the primary intervention program and the work of the multi-professional team.
- To carry out the construction works on DPNS 1st, 2nd building specified in the decision of the State Construction Control Bureau of Latvia and the opinions of the technical inspection of buildings.
- To carry out the energy efficiency measures in the administrative building.

Principal financial objectives

- Profit: EUR 1 986.
- The net cash flow from operating activities: EUR 45 471.
- Positive profitability: 0.02%.
- Total liquidity: 1.19.

Principal non-financial objectives

- Total number of stationary beds: 400.
- The proportion of working medical practitioners in the age group of 25 to 40 years from the total number of working medical practitioners: 15%.
- The average duration of the treatment in stationary: 96 days.

Results achieved

- The operation was successful, and the set financial objectives were achieved.
- The work of attracting young specialists was actively pursued and the proportion of medical practitioners working in the age group of 25 to 40 years reached 21% of the total number of medical practitioners working in the institution.

Governance

Shareholder - Ministry of Health
Representative of the Shareholder - Daina Mūrmane-Umbraško
Chair of the Management Board - Sarmīte Ķikuste

Principal financial indicators, thousand EUR

	2017	2018
Turnover	7 470.2	8 559.4
Profit/loss	3.5	2.1
EBITDA	467.8	435.5
Total assets	18 321.3	18 307.3
Share capital	504.9	1 485.4
Equity	1 024.5	2 007.1
Investment	154.6	83.3
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	267.7	2 945.6
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	7 047.6	8 084.4

Principal financial indicators

Profit and turnover ratio, %	0.05	0.02
Return on assets, ROA, %	0.02	0.01
Return on equity, ROE, %	0.34	0.11
Total liquidity indicator	0.90	1.31
Liabilities-to-equity ratio	16.88	8.12

Other indicators

Number of employees	603	607
Average gross remuneration per employee per year, thousand EUR	7.9	8.6
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS (yes/no)	no	no

SLLC Iekšlietu ministrijas poliklīnika (IMP)

Reg. No 40003400059

Web: www.poliklinika.iem.gov.lv

State ownership 100%

IMP has no ownership of other capital companies.



IMP (in English - Polyclinic of the Ministry of the Interior) contributes to the development of effective personnel policy in the home affairs system, in order to provide state security officials with a physically and psychologically appropriate state of health. Health checks carried out by the IMP provide the health status control system of the official from the recruitment, during the service and until the retirement from the service. In addition, IMP ensures that any public administration official who has suffered injury, mutilation or other damage to his/her health while discharging official duties is evaluated uniformly and objectively by the degree of severity of the health damage suffered.

General strategic objective

To participate in the provision of an appropriate personnel for the institutions of the system of the Ministry of Interior and the Prison Administration by exercising control of health status of officials by admitting officials to the service during the service, as well as upon retirement from the service, as well as provide high-quality ambulatory (outpatient) health care services to other natural persons.

Most important events in 2018

- The development of information technologies continued, which started with the introduction of the Smart Medical system.
- EUR 17.7 thousand were invested in the acquisition of fixed assets and software for the renovation and modernization of the infrastructure.
- The "e-veselības" (in English - "e-Health") system was successfully launched.

Most significant events planned in 2019

- To continue further to develop IMP into a modern, competitive company in the health care market.

Principal financial objectives

- Turnover: EUR 2.1 million.
- Equity: EUR 597 410.
- Net profit: EUR 204.

Principal non-financial objectives

- Number of the health examination of officials with special service ranks: 15 000.
- Number of the health examinations of officials' candidates with special service ranks: 1 250.
- Number of visits to family doctors: 21 500.
- Number of visits to specialists: 23 000.

Results achieved

- The year ended with a profit, the turnover increased.
- Most of the non-financial objectives were achieved, while the non-fulfilment was due to objective circumstances.

Governance

Shareholder - Ministry of the Interior
Representative of the Shareholder - Dimitrijs Trofimovs
Member of the Management Board - Didzis Āzens

Principal financial indicators, thousand EUR

	2017	2018
Turnover	2 155.7	2 212.2
Profit/loss	1.7	2.3
EBITDA	77.3	75.5
Total assets	829.4	808.4
Share capital	571.7	571.7
Equity	599.2	600.0
Investment	35.1	22.2
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	724.0	756.2
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	1 284.7	1 381.4

Principal financial indicators

Profit and turnover ratio, %	0.08	0.10
Return on assets, ROA, %	0.21	0.28
Return on equity, ROE, %	0.29	0.38
Total liquidity indicator	2.74	3.20
Liabilities-to-equity ratio	0.38	0.35

Other indicators

Number of employees	140	139
Average gross remuneration per employee per year, thousand EUR	12.0	12.5
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS (yes/no)	no	no

LLC Ludzas medicīnas centrs (LMC)

Reg. No 40003258973

Web: www.ludzahospital.lv

State ownership 57.95%

LMC has no ownership of other capital companies.



LMC (in English - Ludza Medical Centre) is a medical treatment institution providing stationary (in-patient) health services in the care department, primary ambulatory (outpatient) health services, secondary ambulatory (outpatient) health services, ambulatory (outpatient) laboratory services and short-term social care.

General strategic objective

Not approved.

Most important events in 2018

- The purchase of the ultrasound equipment.
- The fire detection alarm system installation.
- The government funding for 24-hour hospital care for chronic patients has been granted.

Most significant events planned in 2019

- The construction of the hospital's old block roof.
- The 12th stage of the design of the hospital's old housing new roof construction.
- The purchase of the dialysis machine and transesophageal probe.
- The purchase of boilers.

Principal financial objectives

- The amount of the loss: EUR -116 741.
- The cash flow from operating activities: EUR 128 776.
- Net profit margin: -5.5%.
- Total liquidity: 1.61.

Principal non-financial objectives

- Total number of stationary beds: 51.
- The average duration of the treatment in stationary: 7.5 days.
- The bed occupancy: 85.4%.

Results achieved

- LMC significantly exceeded all financial objectives. Compared to 2017 the turnover has increased by 20.6%, mainly due to the financial position "the financing for the provision of health care services", but the position "patient contributions, paid medical services" has increased by 9%.
- Non-financial objectives were mostly achieved except for one that has a minor deviation.

Governance

Shareholder - Ministry of Health

Representative of the Shareholder - Daina Mūrmane-Umbraško

Member of the Management Board - Juris Atstupens

Principal financial indicators, thousand EUR

	2017	2018
Turnover	2 113.5	2 549.0
Profit/loss	-120.2	88.0
EBITDA	158.0	361.2
Total assets	7 831.2	7 984.5
Share capital	7 321.7	7 321.7
Equity	6 848.2	6 936.3
Investment	41.9	148.5
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	609.4	696.1
Donations received	16.5	0.0
Donations made	0.0	0.0
Funding received from the state budget	5 908.4	2 026.2

Principal financial indicators

Profit and turnover ratio, %	-5.69	3.45
Return on assets, ROA, %	-1.54	1.10
Return on equity, ROE, %	-1.76	1.27
Total liquidity indicator	1.59	2.01
Liabilities-to-equity ratio	0.14	0.15

Other indicators

Number of employees	179	172
Average gross remuneration per employee per year, thousand EUR	7.0	8.3
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS (yes/no)	no	no

SLLC Nacionālais rehabilitācijas centrs "Vaivari" (Vaivari)

Reg. No 40003273900
Web: www.nrcvaivari.lv

State ownership 100%

Vaivari has no ownership of other capital companies.



Vaivari (in English - National Rehabilitation Center "Vaivari") is an object of national significance of the medical rehabilitation, health and social care, education and science - the largest medical institution of this kind in Latvia. One of the main areas of operations is the second stage medical rehabilitation.

General strategic objective

To devote all the material and intellectual resources of the company to provide specialized rehabilitation services in due time for the residents of Latvia who need them. The status of the National Centre imposes the obligation to be the leading centre for education and professional development of rehabilitation specialists in the country in order to promote further development of the rehabilitation industry.

Most important events in 2018

- The implementation of the European Regional Development Fund (ERDF) project "Improving Access to Quality Health Services in Vaivari by Developing Health Care Infrastructure" was started.
- The Ambulatory (Outpatient) Rehabilitation Clinic in Riga with the implementation and approval of new rehabilitation programs was established.
- The rehabilitation program for patients after spinal surgery in the Physical and Rehabilitation Medicine Section of the European Medical Specialist Association was accredited.

Most significant events planned in 2019

- To continue the implementation of the mentioned ERDF project.
- To expand the operations of the Riga Ambulatory (Outpatient) Clinic. To develop a rehabilitation day stationary service in Riga.
- To launch ERDF project - Improving energy efficiency in Vaivari buildings.
- To develop first-line prosthetics and rare disease rehabilitation programs.

Principal financial objectives

- Non-deficit budget: EUR 5 467.
- Cash flow from operating activities: EUR 1 060 344.
- Profitability: 0.05%.
- Total liquidity: 0.94.

Principal non-financial objectives

- Total number of stationary beds: 250.
- The average duration of the treatment in stationary: 12.5 days.
- The average waiting time for ambulatory (outpatient) consultation: 31 days.
- The bed occupancy: 80%.

Governance

Shareholder - Ministry of Health
Representative of the Shareholder - Daina Mūrmane-Umbraško
Chair of the Management Board - Anda Nulle
Member of the Management Board - Mārtiņš Oliņš

Principal financial indicators, thousand EUR

	2017	2018
Turnover	10 089.0	12 042.8
Profit/loss	6.0	3.9
EBITDA	1 396.2	1 432.5
Total assets	12 296.7	12 876.2
Share capital	793.7	793.7
Equity	1 950.0	1 953.8
Investment	522.6	3 077.8
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	2 613.4	2 661.8
Donations received	0.4	0.0
Donations made	0.0	0.0
Funding received from the state budget	9 278.8	10 984.9

Principal financial indicators

Profit and turnover ratio, %	0.06	0.03
Return on assets, ROA, %	0.05	0.03
Return on equity, ROE, %	0.31	0.20
Total liquidity indicator	0.91	0.58
Liabilities-to-equity ratio	5.31	5.59

Other indicators

Number of employees	437	456
Average gross remuneration per employee per year, thousand EUR	8.7	10.0
Gender representation in management, f/m	1/1	1/1
Annual report in accordance with IFRS (yes/no)	no	no

Results achieved

- The year ended without losses, although not all financial objectives were fulfilled.
- Non-financial objectives mostly were achieved.
- The bed occupancy over the year increased from 77% to 82%.

SLLC Paula Stradiņa klīniskā universitātes slimnīca (PSKUS)

Reg. No 40003457109

Web: www.stradini.lv

State ownership 100%

PSKUS has no ownership of other capital companies.



PAULA STRADIŅA KLĪNISKĀ UNIVERSITĀTĒS SLIMNĪCA

PSKUS (*in English - Paul Stradins Clinical University Hospital*) is a multi-profile hospital that provides full-scale emergency and planned medical assistance, as well as provides pre and post diploma education, conducts scientific research and ensures the approbation and implementation of new therapeutic methods and technologies in Latvia.

General strategic objective

To continue the development in order to become a medical, educational and scientific centre of national and international importance, reducing the average duration of the treatment for stationary patients to five days, to increase hospital bed occupancy to 85%, to increase fee revenues beyond 10% and to launch the construction of new hospital buildings (effective 31.12.2018.).

Most important events in 2018

- New programs were launched: the orthotopic liver transplantation, aortic valve transcatheter implantation, etc.
- New diagnostic and medical treatment methods were introduced: endobronchial cryotherapy, CO2 laser micro laryngeal surgery, minor invasive surgery of the cervical vertebrae, treatment of central nervous system lymphoma with chemotherapy drug - methotrexate, etc.
- New world-renowned technology introduced: LifePort Kidney Hypothermic Perfusion System.

Most significant events planned in 2019

- The increase of the share capital by cash investment of EUR 2 750 443.
- The investments in the infrastructure and equipment: the reinforcement and the improvement of the 21st section, the purchase of the linear electron accelerator, magnetic resonance equipment, etc.

Principal financial objectives

- Non-deficit budget: EUR 540.
- Cash flow from operating activities: EUR 4 115 848 .
- Profitability: 0.001%.
- Total liquidity: 0.59.

Principal non-financial objectives

- Total number of stationary beds: 827.
- The average duration of the treatment: 5.3 days.
- The bed occupancy: 79.1%.
- The stationary (inpatient) lethality: 3.9%.
- The clinical trials initiated: 50.

Governance

Shareholder - Ministry of Health

Representative of the Shareholder - Daina Mūrmāne-Umbraško

Members of the Management board - Ilze Kreicberga, Elita Buša, Jānis Komisars

Principal financial indicators, thousand EUR

	2017	2018
Turnover	89 638.4	104 982.6
Profit/loss	6.4	-2 755.5
EBITDA	3 913.8	3 156.2
Total assets	133 699.5	136 252.4
Share capital	40 829.2	45 088.6
Equity	29 150.5	30 654.4
Investment	21 265.0	12 502.5
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	19 152.8	22 279.4
Donations received	29.4	103.0
Donations made	0.0	0.0
Funding received from the state budget	84 994.7	98 909.2

Principal financial indicators

Profit and turnover ratio, %	0.01	-2.62
Return on assets, ROA, %	0.00	-2.02
Return on equity, ROE, %	0.02	-8.99
Total liquidity indicator	0.89	0.74
Liabilities-to-equity ratio	3.59	3.44

Other indicators

Number of employees	2 946	2 923
Average gross remuneration per employee per year, thousand EUR	11.5	14.3
Gender representation in management, f/m	3/0	2/1
Annual report in accordance with IFRS (yes/no)	yes	yes

Results achieved

- The year ended with EUR 2.8 million of losses instead of the planned non-deficit result.
- The contract with the National Health Service (NHS) was 100.9% fulfilled: the number of ambulatory (outpatient) admissions increased by 7.2% and the number of stationary treated patients (inpatients) increased by 10.3% compared to 2017.

SLLC Piejūras slimnīca (PJS)

Reg. No 40003343729

Web: www.piejurasslimnica.lv

State ownership 100%

PJS has no ownership of other capital companies.



P I E J Ū R A S
S L I M N Ī C A

PJS (*in English - Seaside Hospital*) is a certified medical institution providing specialized outpatient and inpatient assistance in oncology, haematology and psychiatry to residents of Liepāja, Ventspils, Kuldīga city and region.

General strategic objective

To continue to improve the quality of services by reaching the EU level in health care (effective as of 31.12.2018.).

Most important events in 2018

- The changes were made in the context of the comprehensive quality system; the plan "Comprehensive Quality Management and Patient Safety Plan 2018-2020" was approved.
- The training of young medical practitioners (medical personnel) was provided. Five sisters obtained a bachelor's degree. Eleven sanitary assistants qualified as nursing assistants. One person obtained Master's degree in Health Management.
- The hospital laboratory was closed; laboratory testing is provided by outsourcing.

Most significant events planned in 2019

- The development of ambulatory (outpatient) healthcare services through the establishment of day stationary care service for children with mental health problems.
- The development of alternative / complementary services for the rehabilitation and drug therapy by expanding the multidisciplinary rehabilitation team in the psychiatric clinic.
- The realization of the cross-border cooperation program "Successful Psychosocial and Sensory Rehabilitation for Children and Adults Suffering from Mental and Behavioural Disorders".

Principal financial objectives

- Non-deficit budget: EUR 4 981.
- Positive cash flow from operating activities: EUR 98 930.
- Total liquidity: 1.2.
- Profitability: 0.1%.

Principal non-financial objectives

- Total number of stationary beds: 160.
- The average duration of the treatment in stationary: 20 days.
- The bed occupancy: 73.6%.
- The ratio of practitioners (doctors) to nurses: 29/58.

Results achieved

- The year ended with a loss, but the investment plan was not fulfilled.

Governance

Shareholder - Ministry of Health

Representative of the Shareholder - Daina Mūrmane-Umbraško

Chair of the Management Board - Aigars Puks

Member of the Management Board - Evija Siliņa

Principal financial indicators, thousand EUR

	2017	2018
Turnover	3 455.4	3 749.8
Profit/loss	4.4	4.5
EBITDA	200.3	290.3
Total assets	10 318.0	10 180.1
Share capital	699.5	699.5
Equity	8 329.2	8 192.3
Investment	53.7	55.1
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	987.5	1 055.3
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	3 292.5	3 653.7

Principal financial indicators

Profit and turnover ratio, %	0.13	0.12
Return on assets, ROA, %	0.04	0.04
Return on equity, ROE, %	0.05	0.06
Total liquidity indicator	1.20	1.28
Liabilities-to-equity ratio	0.24	0.24

Other indicators

Number of employees	207	205
Average gross remuneration per employee per year, thousand EUR	9.4	10.5
Gender representation in management, f/m	1/1	1/1
Annual report in accordance with IFRS (yes/no)	no	no

LLC Rīgas Austrumu klīniskā universitātes slimnīca (RAKUS)

Reg. No 40003951628

Web: www.aslimnica.lv

State ownership 100%

Related companies and shares:

LLC Rīgas hematoloģijas centrs 100%

LLC Veselības centrs "Bīķernieki" 99.58%



RAKUS (in English - (Riga East Clinical University Hospital) is the largest medical institution in Latvia, which provides extensive diagnostic and treatment options. The hospital consists of five inpatients (stationary) - "Gaiļezers", "Latvijas Onkoloģijas centrs" (in English - "Latvian Oncology Centre"), "Bīķernieki", "Latvijas Infektoloģijas centrs" (in English - "Latvian Infectology Centre") and "Tuberkulozes un plaušu slimību centrs" (in English - "Tuberculosis and Lung Diseases Centre"), as well as "Patoloģijas centrs" (in English - "Pathology Centre").

General strategic objective

To ensure that RAKUS becomes the leading university hospital in the country in 3 - 4 years, retaining its leading position in this period or becoming the leading medical institution for oncology, haematology, general and thoracic surgery, traumatology, neurosurgery, vascular surgery, general therapy, respiratory and infectious diseases, cardiology, nephrology, urology, gynaecology, otorhinology, ophthalmology, rehabilitation and physical therapy, as well as in treatment of patients with neurological diseases, burns, frostbites, geriatric problem, possible microsurgical treatment of non-acute wounds and bedsores (effective as of 31.12.2018).

Most important events in 2018

- 1st stage of the ambulatory section reconstruction.
- The purchase of three linear accelerators and three computer tomographs, as well as the purchase and the replacement of ultrasound equipment, lithotripsy equipment, high intensity focused ultrasound equipment, angiographs and 3T magnetic resonance equipment.
- The establishment of a central parenteral preparation unit for cytostatic agents has been initiated.

Most significant events planned in 2019

- The restoration of inpatient (stationary) departments of hospital "Gaiļezers".
- 2nd stage of the ambulatory section reconstruction.
- The renewal of the water supply system of the Latvia's Oncology Centre.

Principal financial objectives

- Losses: EUR -2 million.
- Cash flow from operating activities: EUR -1.3 million.
- Profitability: -1.79%.
- Total liquidity: 0.65.

Principal non-financial objectives

- The average number of beds in the hospital: 1 995.
- Number of patients treated in stationary: 69 958.
- The average duration of the treatment: 7.83 days.
- The average bed occupancy around-the-clock stationary: 75.23%.

Governance

Shareholder - Ministry of Health

Representative of the shareholder - Daina Mūrmane-Umbraško

Chair of the Management Board - Imants Paeglītis

Members of the Management Board - Kaspars Plūme, Vilnis Lietuvietis

Principal financial indicators, thousand EUR

	2017	2018
Turnover	99 460.3	118 515.7
Profit/loss	-5 425.6	-5 908.7
EBITDA	1 493.6	767.2
Total assets	94 603.8	114 884.2
Share capital	26 822.8	29 998.2
Equity	-10 143.2	-12 072.2
Investment	2 980.8	17 429.3
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	22 573.5	28 985.2
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	91 153.7	111 501.4

Principal financial indicators

Profit and turnover ratio, %	-5.46	-4.99
Return on assets, ROA, %	-5.74	-5.14
Return on equity, ROE, %	n/a	n/a
Total liquidity indicator	0.67	0.67
Liabilities-to-equity ratio	n/a	n/a

Other indicators

Number of employees	4 236	4 422
Average gross remuneration per employee per year, thousand EUR	10.1	12.6
Gender representation in management, f/m	1/2	0/3
Annual report in accordance with IFRS (yes/no)	yes	yes

Results achieved

- The year ended with a loss that was more than twice as planned.
- RAKUS succeeded in reaching positive cash flow from operating activities and slightly to improve the liquidity ratio thanks to reaching the agreement with The National Health Service (NHS) to increase the ambulatory (outpatient) service order.

SLLC Rīgas psihiatrijas un narkoloģijas centrs (RPNC)

Reg. No 50003342481

Web: www.rpnc.lv

State ownership 100%

RPNC has no ownership of other capital companies.



Rīgas psihiatrijas un narkoloģijas centrs

RPNC (*in English - Riga Centre of Psychiatry and Narcology*) is the largest psychiatric and narcological treatment institution in Latvia and the oldest in the Baltics - opened on September 21, 1824. It is the only medical and forensic institution in Latvia that provides all kinds of forensic psychiatry and psychology expertise.

General strategic objective

To ensure the limitation of the mental health and addiction diseases in Riga and Riga region (including in the cities of Jūrmala, Tukums and Ogre), to provide accessible and high-quality and specialised professional psychiatric assistance in the diagnosis, treatment, prevention and rehabilitation of psychiatric and addictive diseases as well as the provision of expertise of the impact of narcotic and psychotropic substances and alcohol and the outpatient and inpatient narcological assistance (effective as of 31.12.2018).

Most important events in 2018

- The medium-term operational strategy draft of RPNC was developed for 2019 - 2021.
- The preparation of the construction project documentation for building lit. No.56 at 2 Tvaika Street, Riga for an energy efficiency improvement project.
- The renovation works of premises on the 1st and 2nd floor premises of the building lit. No. 001 at 1 Aptiekas Street, k-3, Riga.

Most significant events planned in 2019

- To continue the reorganization of the work of both Ambulatory Centres with stationary departments.
- To launch one international medicine clinical trial.
- The infrastructure improvement measures.

Principal financial objectives

- Non-deficit budget: EUR 5 thousand.
- Cash flow from operating activities: EUR 451 thousand.
- Profitability: 0.03%.
- Total liquidity: 1.57.

Principal non-financial objectives

- Number of stationary patients treated (inpatients): 7 450.
- Number of bed days: 181 875.
- The average duration of the treatment: 24 days.
- The number of ambulatory visits: 84 500.

Results achieved

- The operation of RPNC was successful and RPNC ended the year with a profit as well as the majority of financial and non-financial objectives were fulfilled.
- The average duration of the medical treatment was 23 days which was 8% less than planned. The difference from the planned one was due to the overwork of departments during certain months. The medical treatment process was made more efficient by increasing the number of the individual solutions.

Governance

Shareholder - Ministry of Health
 Representative of the Shareholder - Daina Mūrmane-Umbraško
 Chair of the Management Board - Iveta Ķiece
 Members of the Management Board - Irina Starkova, Imants Rezebergs

Principal financial indicators, thousand EUR

	2017	2018
Turnover	13 329.5	16 305.2
Profit/loss	89.4	338.6
EBITDA	496.7	837.2
Total assets	24 707.2	25 221.2
Share capital	11 818.7	11 818.7
Equity	17 653.9	17 992.5
Investment	227.6	306.9
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	3 980.8	4 989.6
Donations received	0.0	1.5
Donations made	0.0	0.0
Funding received from the state budget	19 127.6	14 947.0

Principal financial indicators

Profit and turnover ratio, %	0.67	2.08
Return on assets, ROA, %	0.36	1.34
Return on equity, ROE, %	0.51	1.88
Total liquidity indicator	1.74	1.87
Liabilities-to-equity ratio	0.40	0.40

Other indicators

Number of employees	928	947
Average gross remuneration per employee per year, thousand EUR	8.3	10.1
Gender representation in management, f/m	1/2	2/1
Annual report in accordance with IFRS (yes/no)	yes	yes

SLLC Slimnīca "Ģintermuiža"(ĢM)

Reg. No 40003407396

Web: www.gintermuiza.lv

State ownership 100%

ĢM has no ownership of other capital companies.



ĢINTERMUIŽA

The main activity of ĢM (*in English - Ģinter-manor*) is the provision of highly qualified, professional psychiatric and narcological services for the diagnosis, treatment, prevention and rehabilitation of acute and chronic diseases and disorders.

General strategic objective

The improvement of residents' addiction and mental health, ensuring equal access to quality addiction and mental health services for all residents (effective as of December 31, 2018).

Most important events in 2018

- The change of the organizational structure.
- The implementation of the electronic drug prescription and circulation system Palma Medical.
- The patient hospitalization procedures have been developed; the patient-related adverse event analysis has been initiated.

Most significant events planned in 2019

- The implementation of Mental Health Care Accessibility Plan 2019-2020 measures.
- The launch of the social rehabilitation program for children addicted to psychoactive substances.
- The initiation of the drug verification.
- The launch of the cross-border cooperation project ACCESSlife LLI365 "Development of Social Services and Social Inclusion Measures for Vulnerable Groups".

Principal financial objectives

- Non-deficit budget: EUR 0.
- Operating cash flow: EUR 322 343.
- Profitability: 0%.
- Total liquidity: 0.80.

Principal non-financial objectives

- Total number of stationary beds: 350.
- The ratio of practitioners (doctors) to nurses: 49/113.
- The average duration of the treatment in stationary: 33 days.

Results achieved

- It was possible to end the year without losses and slightly to improve financial results compared to the previous year.
- The number of medical practitioners (medical personnel) required by ĢM was inadequate resulting in 4.84% of doctors and 18.55% of nurses working overtime.
- The investment plan was not fulfilled due to the postponement of the completion of the INTERREG project to 2019.

Governance

Shareholder - Ministry of Health
Representative of the Shareholder - Daina Mūrmāne-Umbraško
Member of the Management Board - Artūrs Bērziņš

Principal financial indicators, thousand EUR

	2017	2018
Turnover	5 627.5	6 609.3
Profit/loss	7.2	0.4
EBITDA	231.1	216.1
Total assets	13 684.0	13 769.3
Share capital	2 099.2	2 955.1
Equity	2 231.7	3 087.9
Investment	79.7	90.4
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	1 829.4	2 135.8
Donations received	5.2	5.1
Donations made	0.0	0.0
Funding received from the state budget	5 314.6	7 161.4

Principal financial indicators

Profit and turnover ratio, %	0.13	0.01
Return on assets, ROA, %	0.05	0.003
Return on equity, ROE, %	0.32	0.01
Total liquidity indicator	0.51	0.82
Liabilities-to-equity ratio	5.13	3.46

Other indicators

Number of employees	497	490
Average gross remuneration per employee per year, thousand EUR	7.3	8.9
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS (yes/no)	no	no

SLLC Straupes narkoloģiskā slimnīca (SNS)

(from 14.05.2019. SLLC Lielstraupes pils)

Reg. No 40003342456

Web: www.straupesslimnica.lv

State ownership 100%

SNS has no ownership of other capital companies.

Until January 1, 2018, SNS's core business was the provision of inpatient medical care to residents and the rehabilitation of adolescents addicted to psychoactive substances.

Taking into account the fact that the building, in which the medical institution is located, is in a poor technical condition and the repair works require very large financial resources that are not available to the SNS, the medical institution cannot ensure the fulfilment of the mandatory requirements for medical institutions, the shareholder - Ministry of Health - on November 1, 2017 at the general meeting of shareholders made the decision to discontinue the provision of health services by SNS with effect from January 1, 2018.

General strategic objective

To be high-level professionals in narcology, to help alcohol addicts fight their addiction and return to the labour market and social life.

Most important events in 2018

- On February 22, 2018, the Cooperation Agreement (No.01-45/1, No. PN/4-20.13/18/3) was concluded between the Ministry of Health and the municipality of Pārgauja County on real estate owned / held by the Ministry of Health that was transferred to the capital company for the purpose of operating, management and administration.

Most significant events planned in 2019

- The municipality of Pārgauja County plans that the Ministry of Health will submit a draft order to the Cabinet of Ministers on transferring (free of charge) the shares of SLLC "Straupes narkoloģiskā slimnīca" (in English - Straupe Narcological Hospital) to the municipality of Pārgauja County after the registration of the real estate the Lielstraupe Castle in the Land Registry. The recording in the Land Registry is planned till September 2019.
- The municipality plans to maintain and renovate Lielstraupe Castle complex and to provide tourism services in order to preserve historical values.

Principal financial objectives

- Not set.

Principal non-financial objectives

- Not set.

Results achieved

- Operations were not performed.

Governance

Shareholder - Ministry of Health

Representative of the Shareholder - Daina Mūrmane-Umbraško

Member of the Management Board - Maruta Drubiņa

Principal financial indicators, thousand EUR

	2017	2018
Turnover	702.7	0.0
Profit/loss	20.2	-30.4
EBITDA	33.8	0.0
Total assets	215.5	55.5
Share capital	90.5	90.5
Equity	81.1	50.7
Investment	3.1	0.0
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	192.5	60.4
Donations received	1.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	512.3	14.8

Principal financial indicators

Profit and turnover ratio, %	2.88	n/a
Return on assets, ROA, %	9.38	-54.78
Return on equity, ROE, %	24.92	-59.87
Total liquidity indicator	1.22	11.76
Liabilities-to-equity ratio	1.66	0.09

Other indicators

Number of employees	55	1
Average gross remuneration per employee per year, thousand EUR	7.7	22.5
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS (yes/no)	no	no

SLLC Strenču psihoneiroloģiskā slimnīca (SPNS)

Reg. No 50003408181

Web: www.strencupns.lv

State ownership 100%

SPNS has no ownership of other capital companies.



The core activity of SPNS (*in English – Strenči Psychoneurological Hospital*) is the provision of health care services in psychiatry and narcology. SPNS is the only hospital in the country that, in addition to providing specialist help in narcology and psychiatry (including by court order), provides treatment services to mentally ill patients with tuberculosis and since 2013 palliative care to drug-resistant tuberculosis patients.

General strategic objective

Provide residents with high-quality mental health care services that comply with their needs, to develop community-based mental health care and oncologic health care. (effective as of 31.12.2018)

Most important events in 2018

- New profile of inpatient medical services - narcology - was opened.
- The residents training in narcology has been started (as a practical work base).
- The repair of the rehabilitation centre hall, the narcology and the third department inner premises.
- The purchase of functional beds, lockers and other medical care equipment.

Most significant events planned in 2019

- To increase the expenditure for the employee's remuneration.
- The insulation of the 3rd department.
- The purchase of the electroconvulsive therapy apparatus, training of doctors and commencement of the service provision.
- The reconstruction of the infrastructure (sewerage, water pipe system systems, walkways).
- To introduce the electronic prescribing and write-off of medications to patients.

Principal financial objectives

- Non-deficit budget: EUR 44 296.
- Cash flow from operating activities: EUR 405 thousand.
- Profitability: 0.70 %.
- Total liquidity: 1.1.

Principal non-financial objectives

- Average duration of the treatment in stationary: 28.5 days.
- Number of stationary beds: 335.
- Proportion of functional specialists among all employees: 0.86%.
- The bed occupancy: 94%.

Governance

Shareholder - Ministry of Health

Representative of the Shareholder - Daina Mūrmane-Umbraško

Member of the Management Board - Maija Ancverīņa

Principal financial indicators, thousand EUR

	2017	2018
Turnover	4 768.2	6 040.4
Profit/loss	16.2	-27.2
EBITDA	251.1	335.5
Total assets	7 264.9	6 902.9
Share capital	2 584.0	2 584.0
Equity	3 965.8	3 938.6
Investment	412.3	275.0
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	1 631.3	1 808.3
Donations received	0.7	0.3
Donations made	0.0	0.0
Funding received from the state budget	4 630.7	5 958.6

Principal financial indicators

Profit and turnover ratio, %	0.34	-0.45
Return on assets, ROA, %	0.22	-0.39
Return on equity, ROE, %	0.41	-0.69
Total liquidity indicator	1.48	1.82
Liabilities-to-equity ratio	0.83	0.75

Other indicators

Number of employees	331	342
Average gross remuneration per employee per year, thousand EUR	8.2	10.2
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS (yes/no)	no	no

Results achieved

- The year ended with a loss and most of the financial objectives had substantial non-fulfilment due to the non-fulfilment of the state budget revenue plan for stationary services.
- The work with inpatient services - the number of patients treated (4 323) significantly exceeded the number specified in the contract with the National Health Service (NHS) (4,050), however, in 2018 242 inpatient patient cards were not included and paid in NHS calculations for work performed in 2018.

SLLC Traumatoloģijas un ortopēdijas slimnīca (TOS)

Reg. No 40003410729

Web: www.tos.lv

State ownership 100%

TOS has no ownership of other capital companies.



**TRAUMATOĻĢIJAS
UN ORTOPĒDIJAS
SLIMNĪCA**

TOS (in English - Hospital of Traumatology and Orthopaedics) is the only specialized hospital in Latvia that provides high-quality medical assistance in cases of severe skeletal trauma, secondary medical care for the treatment of severe, complicated injuries, orthopaedic surgery in various types of skeletal and joint diseases.

General strategic objective

To maintain and improve the existing leader positions as the only specialized hospital in Latvia, which provides highly qualified medical assistance in cases of severe skeletal injuries, secondary medical care for the treatment of severe, traumatic complications, performs orthopaedic surgery in various types of skeletal and joint diseases, thus having an indispensable role in the provision of emergency medical care and health care (effective as of December 31, 2018).

Most important events in 2018

- The development and approval of the construction project for the reconstruction of the 3rd building within the framework of the European Regional Development Fund (ERDF) project No. 9.3.2.0 / 17 / I / 002.
- An energy efficiency improvement project has been launched, which foresees the insulation of the attic of the 3rd building, the renovation of the facade, the construction of the heating unit and the modernization of the heating system by 31.12.2021.
- The education and science group has been established.

Most significant events planned in 2019

- To begin rebuilding the unrepaired area of the 2nd floor of the 3rd building and the operation blocks located on the 3rd floor.
- To launch the project "The Creation of Multifunctional Surgery Theatre in the 4th Floor of the 1st Building".
- To implement the development of a joint microbiology and pathohistology laboratory for bone graft.

Principal financial objectives

- Non-deficit budget: EUR 182 125.
- Cash flow from operating activities: EUR 577 thousand.
- Profitability: 1.1 %.
- Total liquidity: 0.55.

Principal non-financial objectives

- Total number of stationary beds: 220.
- Proportion of functional specialists among all employees: 1.9 %.
- Average waiting time for outpatient specialist consultation: 9 days.
- Bed occupancy: 64.8%.

Governance

Shareholder - Ministry of Health
Representative of the Shareholder - Daina Mūrmane-Umbraško
Chair of the Management Board - Anita Vaivode
Members of the Management Board - Inese Rantiņa,
Modris Ciems

Principal financial indicators, thousand EUR

	2017	2018
Turnover	13 630.0	16 506.2
Profit/loss	325.5	197.5
EBITDA	901.5	886.9
Total assets	10 781.1	11 831.8
Share capital	3 947.0	3 947.0
Equity	5 553.7	5 692.3
Investment	0.0	520.1
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	2 992.9	3 732.5
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	10 375.9	13 554.4

Principal financial indicators

Profit and turnover ratio, %	2.39	1.20
Return on assets, ROA, %	3.02	1.67
Return on equity, ROE, %	5.86	3.47
Total liquidity indicator	0.58	1.09
Liabilities-to-equity ratio	0.93	1.07

Other indicators

Number of employees	473	522
Average gross remuneration per employee per year, thousand EUR	11.3	13.3
Gender representation in management, f/m	2/1	2/1
Annual report in accordance with IFRS (yes/no)	no	no

Results achieved

- TOS has been profitable; its equity has increased and its liabilities to equity have decreased.
- The liquidity ratio has been significantly improved compared to both the plan and the previous reporting year.
- The non-financial objectives set have been achieved.

6.7. Culture



SLLC Dailes teātris (DailesT)

Reg. No 40003783138

Web: www.dailesteatris.lv

State ownership 100%

DailesT has no ownership of other capital companies.



DAILES TEĀTRIS

DailesT (*in English - Dailes Theatre*) - a theatre with the most brilliant history of directing theatre in the culture of Latvia whose style was formed by its founder - the actor and director Eduards Smilģis for more than forty years. DailesT is the largest professional repertory theatre in Latvia with three stages. The Chamber Hall and the Small Hall are dedicated to close-up demanding psychological performances, experimental productions and searches for theatre aesthetics, but the 1000-seat Great Hall - for the widest range of performances for a variety of tastes.

General strategic objective

To promote an intellectually wholesome society, opportunities for cultural education and recreation, accessibility of theatre art and preservation of cultural identity of Latvia.

Most important events in 2018

- DailesT has produced 17 new productions.
- A project to increase the energy efficiency of the DailesT building has been launched.
- A new sound system has been installed in the DailesT Great Hall.

Most significant events planned in 2019

- Further realization of the building's energy efficiency improvement project.
- The development and launch of DailesT 100th anniversary program.

Principal financial objectives

- Ticket revenue: EUR 2.4 million.
- Profit: EUR 468.
- Rental income of the premises: EUR 260 thousand.

Principal non-financial objectives

- Number of visitors per year: 190 thousand.
- Number of performances per year: 480.
- Number of new productions per year: 16.
- Number of guest performances per year: 18.

Results achieved

- The financial objectives set by DailesT have been partially achieved; ticket revenues were 4% lower than planned.
- DailesT profit was EUR 1 662, which is 2.5 times higher than planned.
- DailesT non-financial objectives have been partially achieved because 474 performances per year were performed; there were 182.8 thousand visitors, as well as 16 guest performances.

Governance

Shareholder - Ministry of Culture
Representative of the Shareholder - Baiba Zakevica
Member of the Management Board - Andris Vītols

Principal financial indicators, thousand EUR

	2017	2018
Turnover	2 546.0	2 538.4
Profit/loss	-44.2	1.7
EBITDA	73.2	117.3
Total assets	971.1	905.6
Share capital	54.2	54.2
Equity	69.9	26.5
Investment	79.3	113.3
Dividends paid to state budget	1.7	0.0
Contributions made to the state and local government budget	1 312.3	1 379.5
Donations received	2.0	18.5
Donations made	0.2	0.0
Funding received from the state budget	1 882.1	1 980.2

Principal financial indicators

Profit and turnover ratio, %	-1.74	0.07
Return on assets, ROA, %	-4.55	0.18
Return on equity, ROE, %	-63.22	6.27
Total liquidity indicator	0.69	0.69
Liabilities-to-equity ratio	12.89	33.15

Other indicators

Number of employees	232	231
Average gross remuneration per employee per year, thousand EUR	9.6	9.9
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS (yes/no)	no	no

SLLC Daugavpils teātris (DT)

Reg. No 41503037608

Web: www.daugavpilsteatris.lv

State ownership 100%

DT has no ownership of other capital companies.

DT is the only Latvian professional theatre in Latgale region, which provides access to professional theatre art of various genres in Latvian, Russian and Latgalian languages, promoting the integration of society in the region.

General strategic objective

The creation, dissemination, preservation and popularization of cultural values in the field of theatre art.

Most important events in 2018

- Nominated for the Latvia's Theatre annual "Spēlmaņu nakts" (in English - "Players' Night") award in three nominations.
- Participated in six international theatre festivals with great and creative success.
- Thanks to funding from the Ministry of Culture, the material and technical facilities of the performance department have been significantly improved.
- Thanks to funding from the Ministry of Culture the material and technical facilities of the performance department have been significantly improved.

Most significant events planned in 2019

- 8 new performances will be staged.
- DT will continue to perform guest performances in cities of Latvia.
- DT plans to attend an international theatre festival in Saint Petersburg and an international youth theatre forum.

Principal financial objectives

- Profit: EUR 600.
- Ticket revenue: EUR 115 thousand.
- Other own revenue: EUR 10 thousand.
- Total (net) cash flow: EUR 957 thousand.

Principal non-financial objectives

- Number of new productions: 8.
- Number of performances: 110.
- Number of visitors per year: 22 thousand.
- Attendance (stage hall fill rate): 80%.

Results achieved

- Most of the set financial objectives were achieved, ticket sales revenues were 59% higher than planned.
- The profit was 31% lower than planned, which was influenced by the introduction of mandatory State social insurance contribution 5% rate from royalties in 2018.
- All of the set non-financial objectives were achieved and most of them have been exceeded, the number of visitors per year was 35% higher, the total number of performances increased by 26%.



Governance

Shareholder - Ministry of Culture
Representative of the Shareholder - Baiba Zakevica
Chair of the Management Board - Oļegs Šapoņņikovs
Member of the Management Board - Rita Štrode

Principal financial indicators, thousand EUR

	2017	2018
Turnover	176.0	214.4
Profit/loss	0.9	0.4
EBITDA	47.4	40.5
Total assets	202.4	201.8
Share capital	32.8	32.8
Equity	65.4	65.9
Investment	35.9	35.5
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	367.8	377.4
Donations received	11.6	0.0
Donations made	0.0	0.0
Funding received from the state budget	990.8	1 086.5

Principal financial indicators

Profit and turnover ratio, %	0.49	0.19
Return on assets, ROA, %	0.42	0.21
Return on equity, ROE, %	1.31	0.63
Total liquidity indicator	0.97	1.01
Liabilities-to-equity ratio	2.09	2.06

Other indicators

Number of employees	78	81
Average gross remuneration per employee per year, thousand EUR	8.3	8.8
Gender representation in management, f/m	1/1	1/1
Annual report in accordance with IFRS (yes/no)	no	no

SLLC Jaunais Rīgas teātris (JRT)

Reg. No 40003094953

Web: www.jrt.lv

State ownership 100%

JRT has no ownership of other capital companies.

JAUNAIS RĪGAS TEĀTRIS

Miera iela 58a

pie Dzemdību nama

JRT (*in English - The New Riga Theatre*) is a professional repertory theatre that offers its viewers a smart, attractive and unusual repertoire - a contemporary look at classics, Latvian original drama and works by foreign authors. JRT is currently staying in temporary premises at 58a Miera Street opposite the Maternity Hospital and plays performances on two stages while the historic building in centre of Riga is being reconstructed.

General strategic objective

The creation, dissemination of cultural values, preservation and popularization of Latvia's cultural identity in the field of theatre art.

Most important events in 2018

- JRT continued to adapt the planning of its artistic activities to the new premises as well as to adapt the complex of buildings at 58A Miera Street, Riga for a more comfortable and functional use for the requirements of the theatre.
- JRT has been able to maintain its operational scale and has produced 8 new productions, two of them in Latvian original drama.
- Maintaining the theatre's audience after moving to temporary premises, JRT has been able to maintain a high attendance rate and the average ticket price indicator.

Most significant events planned in 2019

- Expanding the new production program, providing a diverse repertoire, maintaining a number of performances and retaining the theatre audience at its new premises at 58A Miera Street, Riga.

Principal financial objectives

- Revenue from ticket sale: EUR 1.1 million.
- Other own revenue: EUR 24 thousand.
- Proportion of own revenue to total revenue: 44%.
- Proportion of own revenue to total expenditure: 44%.

Principal non-financial objectives

- Number of visitors per year: 75 thousand.
- Total number of performances per year: 300.
- Number of new productions per year: 6.

Results achieved

- All the financial objectives were achieved and exceeded; own revenue amounted to EUR 1.8 million that was 60% higher than planned.
- Ticket revenue exceeded planned by 9%. JRT achieved its non-financial objectives, the visits per year exceeded the planned by 28% and the annual average attendance was 93.8%.
- In 2018 JRT has given 39 performances abroad.

Governance

Shareholder - Ministry of Culture
Representative of the Shareholder - Mārcis Katajns
Member of the Management Board - Gundega Palma

Principal financial indicators, thousand EUR

	2017	2018
Turnover	3 241.3	1 762.3
Profit/loss	5.5	5.5
EBITDA	69.4	103.0
Total assets	1 514.6	1 595.8
Share capital	42.1	42.1
Equity	519.8	520.9
Investment	325.5	28.3
Dividends paid to state budget	0.0	4.4
Contributions made to the state and local government budget	1 017.6	965.1
Donations received	21.8	2.2
Donations made	2.2	1.3
Funding received from the state budget	1 709.2	1 654.5

Principal financial indicators

Profit and turnover ratio, %	0.17	0.31
Return on assets, ROA, %	0.36	0.35
Return on equity, ROE, %	1.05	1.06
Total liquidity indicator	1.46	2.03
Liabilities-to-equity ratio	1.51	1.68

Other indicators

Number of employees	90	87
Average gross remuneration per employee per year, thousand EUR	21.5	22.3
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS (yes/no)	no	no

SLLC Kremerata Baltica (KB)

Reg. No 40003487546

Web: www.kremeratabaltica.com

State ownership 100%

KB has no ownership of other capital companies.

K R E M E R A T A
B A L T I C A

In 1997 the distinguished violinist Gidons Krēmers founded the KB chamber orchestra, which consisted of famous young musicians from the three Baltic States - Latvia, Lithuania and Estonia. Within few years this group of talented musicians has evolved into one of the best international chamber orchestras in the world and has earned itself an excellent reputation by performing in major world concert halls. G. Krēmers and KB have toured around the world stepping on the world's most prestigious festival and concert hall stages.

General strategic objective

The preservation of national cultural heritage, strengthening and developing Latvia's national culture, updating and popularization in Latvia and abroad as well as ensuring the availability of world cultural achievements in Latvia.

Most important events in 2018

- KB has given 70 concerts including 9 of national importance within the framework of the program "Latvia 100".
- 9 new programs were prepared including several thematic programs with important works of Latvian composers.
- KB has continued its ideological program: to promote opportunities for Baltic listeners to hear world-class stars from the Baltics.

Most significant events planned in 2019

- Concerts in Berlin and New York as part of the "Latvia 100" program.
- An active KB series of concerts around the world dedicated to the Centenary of M. Veinberga.
- Concerts by G. Krēmers and KB in the Baltic States.
- Staging and premiere of the project "Šībrīza notikumu hronika" (in English - "Chronicle of Current Events") at the Musikgebouw Hall in Amsterdam.

Principal financial objectives

- Own revenue: EUR 280 thousand.
- Ticket sales revenue: EUR 9 thousand.
- Other own revenue: EUR 271 thousand.

Principal non-financial objectives

- Number of concerts per year: 65.
- Number of visitors per year: 30 thousand.
- Number of concerts per year abroad: 58.
- Concert hall attendance: 98%.

Governance

Shareholder - Ministry of Culture

Representative of the Shareholder - Dace Vilsone

Member of the Management Board - Ingrīda Zemzare

Principal financial indicators, thousand EUR

	2017	2018
Turnover	216.5	649.6
Profit/loss	0.1	2.1
EBITDA	3.0	3.7
Total assets	30.6	278.6
Share capital	2.8	2.8
Equity	0.6	2.6
Investment	1.2	7.3
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	155.0	215.7
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	427.1	438.4

Principal financial indicators

Profit and turnover ratio, %	0.06	0.33
Return on assets, ROA, %	0.44	0.77
Return on equity, ROE, %	23.68	82.23
Total liquidity indicator	0.98	0.97
Liabilities-to-equity ratio	52.75	106.16

Other indicators

Number of employees	25	25
Average gross remuneration per employee per year, thousand EUR	15.2	15.8
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS (yes/no)	no	no

Results achieved

- The financial objectives were partially achieved, own revenue exceeded the planned by 141% due to structural changes in the management.
- Ticket sale revenue was 9% lower than planned.
- All non-financial objectives of KB were achieved and exceeded. There were more concerts per year as additional concerts were provided due to increased demand. As the result, the number of visits per year exceed the planned by 10%.

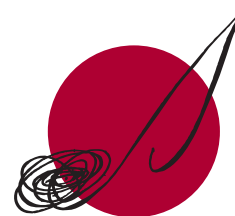
SLLC Latvijas koncerti (LK)

Reg. No 40003374610

Web: www.latvijaskoncerti.lv

State ownership 100%

LK has no ownership of other capital companies.



LATVIJAS KONCERTI

LK (*in English - Latvia's Concerts*) represents the interests of creative manifestations of Latvian professional musicians in Latvia and abroad. LK is one of the most important marketing components of the country's domestic and foreign cultural policy. LK is the only institution in Latvia that regularly ensures the availability of musical art of different genres in Latvia. LK regularly co-operates with the local governments of Latvia in organising music festivals and individual concerts. Around 400 events are organised by LK every year throughout Latvia.

General strategic objective

The preservation of national cultural heritage, strengthening and development of national culture of Latvia, updating and popularization in Latvia and abroad as well as ensuring the availability of world cultural achievements in Latvia.

Most important events in 2018

- The implementation of several projects within the framework of the program "Latvija-100" (in English - "Latvia-100") including the Centenary of Latvia launching event "Gaismas raksti" (in English - "Articles of Light") at the National Library of Latvia.
- Concerts in the framework of the Latvia's Ring cycle were provided in Rēzekne, Cēsis, Liepāja and Jelgava.
- Concert series "Dzimuši Latvijā" (in English - "Born in Latvia") including the Youth Symphony Orchestra concert of the Centenary of Latvia, the concert of Vienna Philharmonic and Eļina Garanča.

Most significant events planned in 2019

- The rehearsals and master classes of Youth Symphony Orchestra of the Latvia's Centenary.
- Provision of the Latvia's Ring cycle concerts at the Dailes Theatre in Riga.
- Organizing the Great Music Award Ceremony.

Principal financial objectives

- Profit: EUR 11 thousand.
- Profitability: 0.89%.
- The proportion of the planned own revenue to turnover: 27%.
- Total liquidity: 1.03.

Principal non-financial objectives

- Performances of compositions of Latvian composers: not less than 25 concerts a year.
- Ensuring the operation of the chamber orchestra "Sinfonietta Rīga", Latvia Radio Choir, Latvia Radio Big Band: not less than 100 concerts a year.
- Performances of new works by Latvian composers: not less than 10 concerts a year.

Governance

Shareholder - Ministry of Culture

Representative of the Shareholder - Baiba Zakevica

Member of the Management Board - Guntars Ķirsis

Principal financial indicators, thousand EUR

	2017	2018
Turnover	1 442.6	1 609.6
Profit/loss	15.1	11.8
EBITDA	89.8	74.6
Total assets	1 169.0	1 227.2
Share capital	42.8	42.8
Equity	186.3	198.1
Investment	118.3	57.3
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	1 074.0	1 100.9
Donations received	0.0	0.0
Donations made	7.2	15.9
Funding received from the state budget	3 281.1	3 736.3

Principal financial indicators

Profit and turnover ratio, %	1.04	0.73
Return on assets, ROA, %	1.29	0.96
Return on equity, ROE, %	8.08	5.94
Total liquidity indicator	1.07	1.05
Liabilities-to-equity ratio	5.21	5.20

Other indicators

Number of employees	118	118
Average gross remuneration per employee per year, thousand EUR	12.7	13.4
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS (yes/no)	no	no

Results achieved

- Financial objectives were achieved partly, profit was slightly higher than planned, but profitability was lower than planned.
- All non-financial goals were achieved and exceeded; LK has developed a quality state-wide concert life by organizing 354 concerts. Significant excess of the set objectives can be explained by the receipt of additional funds from the State Culture Capital Fund as well as funds for provision of events of Latvia's Centenary.

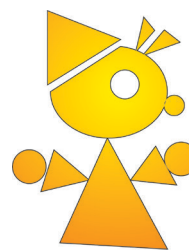
SLLC Latvijas Leļļu teātris (LLT)

Reg. No 40003782984

Web: www.lelluteatris.lv

State ownership 100%

LLT has no ownership of other capital companies.



LATVIJAS
LEĻĻU
TEĀTRIS

LLT (in English - *Latvia Puppet Theatre*) is a professional puppet theatre that stages performances for children, teenagers and adults in Latvian and Russian. LLT's diverse repertoire includes Latvian and world classical works, the world's most beautiful tales, performances with children's favourite literary heroes and contemporary literary works. LLT cooperates with schools, cultural centres and orphanages, as well as regions of Latvia, organizing collective visits and excursions to the theatre. LLT is actively involved in ensuring the availability of theatre services in the regions of Latvia by organizing off-site theatre performance.

General strategic objective

To promote an intellectually wholesome society, opportunities for cultural education and recreation, accessibility of theatre art and preservation of cultural identity of Latvia.

Most important events in 2018

- 10 new performances were staged, 6 of them in Latvian and 4 of them in Russian.
- LLT has been nominated for eight nominations at the Latvia's Theatre Annual "Spēlmaņu nakts" (in English - "Players' Night") Award and has received awards in four categories.
- Beyond repertoire activities have also been carried out, including participation in the "Muzeju nakts" (in English - "Museum Night") campaign.
- The LLT performance "Zelta zirgs" (in English - "Golden Horse") won the Grand Prix at the International Theatre Festival in Poland.

Most significant events planned in 2019

- To produce at least 10 new performances.
- LLT will continue the tradition of classical rope or cane puppet performances ensuring the preservation of this unique puppeteering technique in Western Europe.

Principal financial objectives

- Ticket revenue: EUR 550 thousand.
- Profit EUR: 1 458.
- Profitability: 1%.

Principal non-financial objectives

- Number of new productions per year: 10.
- Number of titles per year in the repertoire: 60.
- Total number of performances per year: 520.
- Number of visits per year: 68 thousand.
- Number of performances outside the premises of the theatre in Latvia: 25.

Results achieved

- The financial objectives were achieved, the profit was EUR 7 350, and it was well above the planned.
- Non-financial objectives were partially achieved, overall, 607 performances were shown, which was 25% more than planned.

Governance

Shareholder - Ministry of Culture
Representative of the Shareholder - Baiba Zakevica
Member of the Management Board - Vilnis Beķeris

Principal financial indicators, thousand EUR

	2017	2018
Turnover	616.6	713.8
Profit/loss	2.6	7.4
EBITDA	119.4	137.8
Total assets	451.1	478.2
Share capital	32.8	32.8
Equity	194.0	134.8
Investment	63.6	58.6
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	541.4	509.9
Donations received	0.3	0.0
Donations made	0.0	0.0
Funding received from the state budget	1 049.0	1 026.3

Principal financial indicators

Profit and turnover ratio, %	0.42	1.03
Return on assets, ROA, %	0.57	1.54
Return on equity, ROE, %	1.32	5.45
Total liquidity indicator	0.54	0.49
Liabilities-to-equity ratio	1.33	2.55

Other indicators

Number of employees	82	79
Average gross remuneration per employee per year, thousand EUR	11.1	13.0
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS (yes/no)	no	no

SLLC Latvijas Nacionālais simfoniskais orķestris (LNSO)

Reg. No 40003373615

Web: www.lns.lv

State ownership 100%

LNSO has no ownership of other capital companies.



LATVIJAS
NACIONĀLAIS
SIMFONISKAIS
ORĶESTRIS

LNSO (*in English - Latvian National Symphony Orchestra*) is one of the cornerstones of national culture with almost a hundred years of history. The mission of the LNSO is to offer the audience a wide range of symphonic music repertoire of distinguished artistic performance introducing the Latvian public to the core values and topicalities of world music and the foreign public to the treasures of Latvian music. One of the main directions of LNSO's activity is to attract a growing new audience through educational programs in a modern and creatively amazing way.

General strategic objective

To prepare and to make available to the public high-quality professional music concerts, to stage works of Latvian composers, to promote creativity in the field of Latvian symphonic music, as well as to popularize the symphonic music in Latvia and abroad.

Most important events in 2018

- Two large-scale premieres by Latvian composers - Ēriks Ešenvalds' "Vulkāna simfonija" (in English - "Volcano Symphony") and Pēteris Vasks' concert for the oboe symphony orchestra - were performed.
- With the financial support of the "Latvijas skolas soma" (in English - "School Bag of Latvia") many schools of Latvia have shown a song performance for teenagers called "Zenīts" (in English - "Zenith").
- LNSO continued its concert activity in Latvia outside the capital and for the first time LNSO organized its summer music festival for families in cooperation with Latgale Embassy GORS in Rēzekne.

Most significant events planned in 2019

- Work will continue to improve the artistic quality of musicians' performance.
- The LNSO will continue the work on developing and implementing international cooperation projects.

Principal financial objectives

- Revenue from ticket sale: EUR 181 thousand.
- Other own revenue: EUR 231 thousand.
- Investments for technical and technological sustainability: EUR 95 thousand.

Principal non-financial objectives

- Number of visits per year: 47 thousand.
- Total number of concerts per year: 55.
- Attendance at the theatre: 74%.

Results achieved

- All non-financial objectives were exceeded, there were 80 concerts in a year that is significantly higher than planned due to the LNSO being delegated to produce "Nakts koncerti Vecrīgā" (in English - "Night Concerts in the Old Town") and an active engagement in educational programs.
- Own revenue was 57% higher than expected, i.e. EUR 648 thousand because the financial objective was set based on the principle of prudence.

Governance

Shareholder - Ministry of Culture
Representative of the Shareholder - Dace Vilsone
Member of the Management Board - Indra Lūkina

Principal financial indicators, thousand EUR

	2017	2018
Turnover	690.6	648.1
Profit/loss	-12.1	8.7
EBITDA	35.5	51.4
Total assets	868.0	894.9
Share capital	52.8	52.8
Equity	130.2	138.9
Investment	25.9	61.7
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	852.1	895.5
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	2 169.5	2 359.0

Principal financial indicators

Profit and turnover ratio, %	-1.75	1.35
Return on assets, ROA, %	-1.39	0.98
Return on equity, ROE, %	-9.26	6.28
Total liquidity indicator	0.64	0.67
Liabilities-to-equity ratio	5.67	5.44

Other indicators

Number of employees	142	143
Average gross remuneration per employee per year, thousand EUR	12.4	13.5
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS (yes/no)	no	no

SLLC Latvijas Nacionālais teātris (LNT)

Reg. No 40003786149

Web: www.teatris.lv

State ownership 100%

LNT has no ownership of other capital companies.

LATVIJAS
NACIONĀLAIS
TEĀTRIS

LNT (*in English – National Theatre of Latvia*) is one of the leading professional repertory theatres in Latvia, proud of its traditions and 100 years of history. The LNT building is an architectural and art monument of national importance, in which the State of Latvia was proclaimed on November 18, 1918. The theatre considers the promotion of Latvian dramaturgy as one of its main tasks, so every season it starts with a new production of a Latvian author's work. The theatre also hosts national plays competitions.

General strategic objective

The creation, dissemination, preservation and promotion of cultural values in the field of theatrical arts.

Most important events in 2018

- Realization of the Centenary of Latvia projects entrusted to LNT.
- LNT received 9 awards at the Latvia's Theatre Annual "Spēlmaņu nakts" (in English - "Players' Night") Award.
- Successful realization of the project "Skolas soma" (in English - "School Bag"), which has led to a new theatre viewer visits.
- Works to implement the centenary of LNT program were commenced.
- In cooperation with the Riga City Council, work on the development and implementation of the project of the new extension of the theatre was realized.

Most significant events planned in 2019

- Successful realization of the Centenary of LNT and 100th season.
- The continuation of the successful cooperation with schools in Latvia within the framework of project "Skolas soma" (in English - "School Bag") will be continued.
- The continuation of cooperation with the Riga City Council in development and realization of LNT new extension project.

Principal financial objectives

- Ticket sale: EUR 1.70 million.
- Other own revenue: EUR 250 thousand.
- Proportion of own revenue to total revenue: 46%.
- Proportion of own revenue to total expenditure: 46%.

Principal non-financial objectives

- Total number of performances per year: 480.
- Annual visits per year: 168 thousand.
- Number of new productions per year: 15.
- Attendance at the theatre premises: 84%.

Governance

Shareholder - Ministry of Culture
Representative of the Shareholder - Baiba Zakevica
Member of the Management Board - Jānis Vimba

Principal financial indicators, thousand EUR

	2017	2018
Turnover	2 181.7	2 398.6
Profit/loss	-168.1	3.5
EBITDA	-168.1	3.3
Total assets	1 446.4	1 790.1
Share capital	52.8	52.8
Equity	401.7	606.0
Investment	82.7	222.5
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	1 284.1	1 364.1
Donations received	191.2	156.9
Donations made	0.3	0.0
Funding received from the state budget	2 193.1	2 221.8

Principal financial indicators

Profit and turnover ratio, %	-7.71	0.15
Return on assets, ROA, %	-11.62	0.20
Return on equity, ROE, %	-41.85	0.58
Total liquidity indicator	1.06	0.97
Liabilities-to-equity ratio	2.60	1.95

Other indicators

Number of employees	292	295
Average gross remuneration per employee per year, thousand EUR	7.5	7.8
Gender representation in management, f/m	1/0	0/1
Annual report in accordance with IFRS (yes/no)	no	no

Results achieved

- On the whole, all financial objectives were met and most of the financial indicators were achieved.
- Ticket sale was 20% higher than planned and other own revenues exceeded 3% of the planned, 2018 ended with a profit of EUR 3 528.
- Annual visits were 1% lower than planned, but all other non-financial objectives were met and exceeded, 18 new performances were staged.

SLLC Latvijas Nacionālā opera un balets (LNOB)

Reg. No 40103208907

Web: www.opera.lv

State ownership 100%

LNOB has no ownership of other capital companies.



LATVIAN NATIONAL
OPERA & BALLET

LNOB (*in English - Latvian National Opera and Ballet*) is a repertoire opera. LNOB honours the traditional values of classical and romantic operas and ballets, while tries to look for modern forms of expression. Classical opera performances, modern opera and ballet masterpieces, children's operas and Latvian original works are regularly performed on the stage of the Latvian National Opera. On average, the theatre has 200 performances during the season, as well as symphonic and chamber music concerts.

General strategic objective

Preservation of the national cultural heritage in the genre of opera and ballet, the strengthening and development, updating and popularization of Latvian national opera, ballet and music culture in Latvia and abroad, as well as ensuring accessibility of the achievements of world opera, ballet and music culture in Latvia.

Most important events in 2018

- Five new stage productions for the Big Stage and two small-format new stage productions for children were produced.
- Within the framework of the Centenary of Latvia LNOB Gala concerts dedicated to the 100th anniversary of the State of Latvia and Latvian National Opera were organized, as well as exchange guest performances with the Estonian National Opera and the Lithuanian National Opera and Ballet were organized within the framework of the Latvian Centenary events.
- Publication of the book "Latvian National Opera and Ballet 1918-2018 from the Sketch to the Performance" was realized.
- Reconstruction of the inner courtyard of the historic LNOB building was commissioned.

Most significant events planned in 2019

- Live broadcasts of LNOB premieres and productions in Latvian regions will be launched in cooperation with the Cultural Information Systems Centre.
- To work on two new productions for the 2020 repertoire.
- To produce five new productions.

Principal financial objectives

- Proportion of own revenue to total revenue: 30%.
- Ticket sales revenue: EUR 2.6 million.
- Other own revenue: EUR 1.10 million.

Principal non-financial objectives

- Number of new productions per year: 5.
- Total number of shows / concerts per year: 200.
- Number of show names: 30.
- Number of visitors per year: 150 thousand.

Governance

Shareholder - Ministry of Culture
Representative of the Shareholder - Dace Melbārde
Chair of the Management Board - Zigmaris Liepiņš
Members of the Management Board - Inese Eglīte, Daina Markova

Principal financial indicators, thousand EUR

	2017	2018
Turnover	3 907.8	3 865.5
Profit/loss	97.7	12.7
EBITDA	-6 934.2	-8 529.7
Total assets	7 944.8	7 795.4
Share capital	146.8	146.8
Equity	1 134.1	1 142.5
Investment	1 932.3	781.7
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	3 991.8	3 993.7
Donations received	436.7	128.3
Donations made	3.0	6.0
Funding received from the state budget	7 754.1	9 131.2

Principal financial indicators

Profit and turnover ratio, %	2.50	0.33
Return on assets, ROA, %	1.23	0.16
Return on equity, ROE, %	8.62	1.12
Total liquidity indicator	0.45	0.51
Liabilities-to-equity ratio	6.01	5.82

Other indicators

Number of employees	601	598
Average gross remuneration per employee per year, thousand EUR	10.6	11.5
Gender representation in management, f/m	2/1	2/1
Annual report in accordance with IFRS (yes/no)	no	no

Results achieved

- Most of the set financial objectives were exceeded, ticket sales revenue exceeded planned by 26%.
- LNOB closed 2018 with a profit of EUR 13 thousand.
- All non-financial objectives were exceeded including 275 performances were staged, which were attended by 175 thousand spectators that is 17% more than planned.

SLLC Liepājas simfoniskais orķestris (LSO)

Reg. No 42103049403

Web: www.lso.lv

State ownership 100%

LSO has no ownership of other capital companies.



LSO (*in English - Liepāja Symphony Orchestra*) is the oldest orchestra in the Baltic States. In Latvia it is still the only professional orchestra outside the capital city. LSO ensures the availability of symphonic music to various target groups of the society, especially in Kurzeme region, promoting the decentralization of cultural processes in Latvia and ensuring higher quality standard in the field of music art according to cultural policy priorities. In 2010, LSO received the status of the state orchestra. The LSO focuses on the music of Latvian composers and the promotion and popularization of Latvian compositions.

General strategic objective

To prepare and to make available to the public high-quality professional music concerts, to stage works of Latvian composers, to promote creativity in the field of Latvian symphonic music, as well as to popularize symphonic music in Latvia and abroad.

Most important events in 2018

- Large-scale concerts in the Great Amber Concert Hall with the conductor G. Rinkevičs and distinguished Latvian soloists, as well as concert tours in the regions of Latvia.
- Participation in the Latvian Song and Dance Festival of the Centenary of Latvia including performing at the Opening Concert, participation in the Major Symphonic Concert and recording for the soundtrack of the Major Dance Concert.
- Liepāja International Star Festival, Music Festival "Liepāja Summer" and Festival "Liepāja Summer at Rundāle Palace" and performances there.
- Within the framework of the project "Liepāja Concerts - Liepāja Symphony Orchestra dedication for Latvia on the 100th Birthday" three music albums of Latvian composers have been released.

Most significant events planned in 2019

- The realization of the cultural project "Suitu Sāga" dedicated to the Centenary of Latvia.
- The concert season in the "Great Amber" concert hall, including collaboration with distinguished soloists.
- Collaboration with distinguished pop culture artists.
- Regional concert activities throughout Latvia, including co-operation with Cēsis Art Festival and Sacred Music Festival.

Principal financial objectives

- Ticket sale: EUR 120 thousand.
- Other own revenue: EUR 200 thousand.

Principal non-financial objectives

- Total number of concerts per year: 58.
- Concerts featuring Latvian music: 22.
- Number of visitors per year: 27 thousand.

Governance

Shareholder - Ministry of Culture
 Representative of the Shareholder - Baiba Zakevica
 Member of the Management Board - Uldis Lipskis

Principal financial indicators, thousand EUR

	2017	2018
Turnover	204.7	307.9
Profit/loss	11.8	2.5
EBITDA	40.4	29.7
Total assets	365.1	390.5
Share capital	58.1	58.1
Equity	66.5	68.9
Investment	46.1	46.8
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	567.2	599.5
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	1 680.0	1 816.9

Principal financial indicators

Profit and turnover ratio, %	5.79	0.81
Return on assets, ROA, %	3.24	0.64
Return on equity, ROE, %	17.82	3.60
Total liquidity indicator	0.90	0.94
Liabilities-to-equity ratio	4.49	4.66

Other indicators

Number of employees	99	96
Average gross remuneration per employee per year, thousand EUR	12.0	13.7
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS (yes/no)	no	no

Results achieved

- Most of the financial objectives set were achieved and exceeded, the rest of own revenues were 54% higher than planned.
- All non-financial objectives were significantly exceeded.
- The attendance was 137% higher than planned due to huge attendance at Song Festival concerts as well as additionally performed concerts due to the high demand for pop music projects.

SLLC Mihaila Čehova Rīgas Krievu teātris (RKT)

Reg. No 40003793653

Web: www.trd.lv

State ownership 100%

RKT has no ownership of other capital companies.



RKT (*in English - Mikhail Chekhov Riga Russian Theatre*) is the oldest Russian drama theatre outside Russia and the only professional Russian theatre in Latvia. At present RKT repertoire includes Russian, Latvian and world classics as well as works by young playwrights, and performances of all genres are played, including children's and musical performances.

General strategic objective

The creation, dissemination, preservation and promotion of cultural values in the field of theatrical arts.

Most important events in 2018

- Three major new productions in the Great Hall were realized.
- Change in the corporate governance through the introduction of the joint liability for the work of two board members.
- The recognition of industry experts with five nominations for the Latvian Theatre annual "Players' Night" award.
- The financial stability was ensured and the foundations for improving the efficiency of the company's operations were established.
- The repertoire was expanded, and the recognition was increased through media and industry-internal activities.

Most significant events planned in 2019

- Four new productions in the Great Hall of the theatre.
- Getting started with the development and renewal of the troupe.
- Establishing international contacts with partners in China and Spain.

Principal financial objectives

- Ticket sales revenue: EUR 1.2 million.
- Other own revenue: EUR 60 thousand.
- Proportion of own revenue to total revenue: 50%.

Principal non-financial objectives

- Total number of performances per year: 325.
- Number of visits per year: 103 thousand.
- New productions per year: 6.
- Theatre attendance: 80%.

Results achieved

- RKT has achieved and exceeded all non-financial objectives.
- The total number of performances exceeded the planned by 42% due to the expansion of the theatre repertoire in three small playgrounds, 11 new productions were produced.
- The financial objectives set were partially achieved, ticket sales exceeded the planned by 13% and other own revenues exceeded planned by 98%.

Governance

Shareholder - Ministry of Culture

Representative of the Shareholder - Dace Vilsone

Members of the Management Board - Dana Bjorka, Ginta Kursīte

Principal financial indicators, thousand EUR

	2017	2018
Turnover	1 571.0	1 528.9
Profit/loss	61.3	29.5
EBITDA	122.9	94.4
Total assets	875.5	873.2
Share capital	32.8	32.8
Equity	203.7	184.1
Investment	37.5	68.8
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	790.8	814.6
Donations received	0.0	27.3
Donations made	0.0	0.0
Funding received from the state budget	1 185.6	1 340.0

Principal financial indicators

Profit and turnover ratio, %	3.90	1.93
Return on assets, ROA, %	7.00	3.38
Return on equity, ROE, %	30.08	16.00
Total liquidity indicator	0.42	0.46
Liabilities-to-equity ratio	3.30	3.74

Other indicators

Number of employees	174	128
Average gross remuneration per employee per year, thousand EUR	9.5	13.0
Gender representation in management, f/m	1/0	2/0
Annual report in accordance with IFRS (yes/no)	no	no

SLLC Rīgas cirks (RC)

Reg. No 40003027789

Web: www.cirks.lv

State ownership 100%

RC has no ownership of other capital companies.



RC (in English - Riga Circus) is an international, contemporary, multifunctional and rich in traditions circus arts centre that creates, organizes and hosts a variety of circus, music, dance and other interdisciplinary art form events, as well as promotes the development and accessibility of the circus in Latvia and the Baltic States. The RC building at 4 Merķeļa Street in Riga is one of the oldest circus buildings in Europe and the only permanent circus building in the Baltic States. The circus is included in the list of State protected cultural monuments.

General strategic objective

The development, updating and promotion of professional circus art in Latvia and abroad, as well as its accessibility to all members of the society.

Most important events in 2018

- The construction work for the facade reinforcement of the RC building has been completed and the design competition "Renovation of the historic building of the Riga Circus and the vision of the territory development" has been organized.
- An active work with the audience engagement by developing the strategy of the performances marketing and advertising.
- The RC School successfully completed two teaching semesters.
- The cycle "Talks about the Circus" was continued, all talks were also broadcasted live on the RC Facebook account and translated into Latvian / English.
- Regular in-service training masterclasses for professionals were organized to contribute to the development of circus and related performing arts genres.

Most significant events planned in 2019

- The project "Renovation of the historic building of Riga Circus, 1st stage" will be launched.
- RC will continue to develop a diverse program of performances, the circus arts education and the residency program.
- Investment in circus infrastructure to enhance a positive visitors experience by the start of the renovation work in late 2020.

Principal financial objectives

- Own revenue: EUR 64 thousand.
- Ticket sales: EUR 35 thousand.
- Revenue from the implementation of the education program: EUR 29 thousand.

Principal non-financial objectives

- Number of visits per year: 2 thousand.
- Total number of performances per year: 7.
- The attendance of the educational program: 1 thousand.

Governance

Shareholder - Ministry of Culture

Representative of the Shareholder - Dace Vilsone

Members of the Management Board - Ināra Polmane, Liene Pērkone

Principal financial indicators, thousand EUR

	2017	2018
Turnover	13.1	84.8
Profit/loss	31.2	-33.6
EBITDA	55.4	-14.3
Total assets	668.8	236.1
Share capital	3.1	3.1
Equity	64.6	31.0
Investment	181.6	417.2
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	63.1	200.1
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	721.2	542.2

Principal financial indicators

Profit and turnover ratio, %	238.98	-39.60
Return on assets, ROA, %	4.67	-14.23
Return on equity, ROE, %	48.35	-108.49
Total liquidity indicator	0.70	0.97
Liabilities-to-equity ratio	8.38	4.59

Other indicators

Number of employees	13	17
Average gross remuneration per employee per year, thousand EUR	8.8	7.5
Gender representation in management, f/m	1/0	2/0
Annual report in accordance with IFRS (yes/no)	no	no

Results achieved

- The financial objectives were partially achieved but the non-financial objectives were exceeded.
- The revenue was 2% lower than planned and the revenue from the implementation of the education program was 18% lower than planned, the year ended with a loss of 34 thousand.
- The total number of performances was 31 and the attendance exceeded 37% of the planned.

SLLC Valmieras drāmas teātris (VDT)

Reg. No 44103038376

Web: www.vdt.lv

State ownership 100%

VDT has no ownership of other capital companies.



VDT (*in English - Valmiera Drama Theater*) is the only professional theatre in Vidzeme region and the most important culture centre of city Valmiera. The main activity of VDT is providing professional theatre art services in the territory of Latvia as well as during guest performances abroad. The theatre repertoire is based on the contemporary interpretations of foreign and Latvian classics and original dramaturgy.

General strategic objective

To promote mentally wholesome, economically active society, opportunities for cultural education and recreation, the accessibility of the theatre art and the preservation of Latvian cultural identity.

Most important events in 2018

- VDT R.Suhanov's play "Good Children" received the Latvia's Theatre annual "Spēlmaņu nakts" (in English - "Players' Night") award.
- The Valmiera Summer Theatre Festival was organized, where seven new productions were performed.
- As a dedication to the Centenary of Latvia a show "Vidzemnieki" was created.
- VDT played 60 performances outside its permanent premises.
- VDT participated in two festivals outside Latvia.

Most significant events planned in 2019

- It is planned to produce 12 new performances including a musical performance will be staged as part of the cultural education project "Skolas soma" (in English - School's Bag).
- To continue to attract new directors as well as realize high quality projects for different audiences.
- The implementation of renovation projects of the fire extinguishing system and energy efficiency improvement projects in the theatre building.

Principal financial objectives

- The ticket revenue: EUR 580 thousand.
- Other own revenue: EUR 189 thousand.
- The proportion of the own revenue to total revenue: 41%.

Principal non-financial objectives

- New productions per year: 12.
- Total number of performances per year: 320.
- Number of visitors per year: 55 thousand
- Attendance: 76%.

Results achieved

- The financial and non-financial objectives were partially achieved, the year ended with a loss of EUR 100 thousand.
- VDT has staged 13 new productions and the total number of performances was 23% higher than planned.
- Annual number of visitors were 5% lower than planned.

Governance

Shareholder - Ministry of Culture
Representative of the Shareholder - Dace Vilsone
Member of the Management Board - Evita Ašeradena

Principal financial indicators, thousand EUR

	2017	2018
Turnover	721.3	644.7
Profit/loss	0.6	-90.7
EBITDA	78.3	-90.7
Total assets	525.4	485.7
Share capital	32.8	32.8
Equity	236.7	145.5
Investment	61.2	9.1
Dividends paid to state budget	0.2	0.5
Contributions made to the state and local government budget	571.7	588.4
Donations received	26.0	65.6
Donations made	0.0	0.0
Funding received from the state budget	1 093.5	1 163.4

Principal financial indicators

Profit and turnover ratio, %	0.08	-14.07
Return on assets, ROA, %	0.11	-18.68
Return on equity, ROE, %	0.24	-62.35
Total liquidity indicator	0.70	0.64
Liabilities-to-equity ratio	1.22	2.34

Other indicators

Number of employees	116	108
Average gross remuneration per employee per year, thousand EUR	8.7	9.9
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS (yes/no)	no	no

SLLC Valsts Akadēmiskais koris "Latvija" (VAKL)

Reg. No 40003373761

Web: www.koris.lv

State ownership 100%

VAKL has no ownership of other capital companies.



LATVIJA

VALSTS AKADĒMISKAIS KORIS

VAKL (in English - *Latvian Academic Choir "Latvia"*) is the only professional choir group in Latvia and the largest choir group in the Baltic States specializing in the production of large-format vocal instrumental works, which ensures the availability and development of choir music of various genres. VAKL's highest achievement is its collaborative concerts with the Amsterdam Royal Concertgebouw Orchestra and the conductor Maris Jansons as part of a world tour to mark the 125th anniversary of the orchestra. Since 1997 the artistic director and chief conductor of the choir is Māris Sirmāis.

General strategic objective

The preservation of the national cultural heritage in the choir music genre, strengthening, development, updating and popularization of the Latvian professional choir music culture in Latvia and abroad, as well as ensuring the availability of world choir music culture achievements in Latvia.

Most important events in 2018

- The closing concert of the series "Latvian Composers for the Latvia's Centenary" has been created and the concert recording has been performed throughout the territory of Latvia.
- Recording of R. Wagner's opera "Twilight of the Gods" in collaboration with NAXOS, Hong Kong.
- VAKL participated in the central concert dedicated to the jubilee of Latvia's Centenary in Rome, Italy.
- The 21st International Sacred Music Festival was successfully implemented.

Most significant events planned in 2019

- The concert at the Elbephilharmonie in Hamburg with Iveta Apkalna, under the direction of conductor M. Sirmāis.
- Concert tour in Canada.
- Concert in Zurich, Switzerland.

Principal financial objectives

- Ticket sales revenue: EUR 15 thousand.
- Profit or loss: EUR 2 thousand.
- Proportion of own revenue to turnover: 16.10%.

Principal non-financial objectives

- Total number of concerts per year: 45.
- Number of concerts including Latvian music per year: 12.
- Number of concerts per year abroad: 17.

Governance

Shareholder - Ministry of Culture
Representative of the Shareholder - Dace Vilsone
Member of the Management Board - Māris Ošlejs

Principal financial indicators, thousand EUR

	2017	2018
Turnover	286.7	222.2
Profit/loss	1.8	8.5
EBITDA	1.8	8.5
Total assets	208.6	258.8
Share capital	2.8	2.8
Equity	41.3	49.9
Investment	3.8	12.7
Dividends paid to state budget	4.6	0.0
Contributions made to the state and local government budget	395.9	372.5
Donations received	0.0	0.0
Donations made	14.3	0.0
Funding received from the state budget	1 011.9	1 178.5

Principal financial indicators

Profit and turnover ratio, %	0.63	3.84
Return on assets, ROA, %	0.87	3.30
Return on equity, ROE, %	4.39	17.13
Total liquidity indicator	1.19	1.15
Liabilities-to-equity ratio	4.05	4.19

Other indicators

Number of employees	65	66
Average gross remuneration per employee per year, thousand EUR	11.4	11.1
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS (yes/no)	no	no

Results achieved

- Most of the financial objectives were achieved and the results of some indicators were exceeded.
- The overall liquidity ratio was 8% lower than the projected, i.e. 1.25.
- All non-financial goals were met and exceeded, 46 concerts were played and the annual attendance was 41% higher than planned.
- 18 concerts were performed abroad promoting Latvian music culture.

6.8. Other Sectors





6.8.1. Certification, Conformity Assessment and Metrology

LLC Latvijas Nacionālais metroloģijas centrs (LNMC)

Reg. No 40003435328

Web: www.lnmc.lv

State ownership 100%

LNMC has no ownership of other capital companies.



LNMC's (in English - Latvian National Metrology Centre) core activity is the calibration services and verification of measuring instruments. LNMC also provides certification and electrical goods testing services.

General strategic objective

To perform reliable and accurate measurements, to provide the metrological services necessary for the public, mainly operating in the market segments where the competition is lacking, or other market participants do not provide services.

Most important events in 2018

- The modernization of the technical equipment in the field of electrical measurements and testing.
- New verification and calibration methods were developed and accredited according to the market demand.
- Acoustic measurement services have been launched.

Most significant events planned in 2019

- To develop new measurements by developing and accrediting new measurement methods.
- To improve and modernize measurement processes.
- Transition to the new standard LVS EN ISO / IEC 17025: 2017.

Principal financial objectives

- Return on Equity, ROE: -0.14.
- Cash balance at end of the year: EUR 493 084.
- Total liquidity: 3.2.

Principal non-financial objectives

- To upgrade and optimize technical equipment: 2 units. To ensure quality system supervision while maintaining the scope of accredited sphere: 26.
- To ensure that the service meets the requirements of the applicable standards and demonstrate the best measurement capabilities: 43.

Results achieved

- The financial objectives have been met with only a minor negative deviation from the planned cash balance.
- Non-financial objectives have been achieved.

Governance

Shareholder - Ministry of Economics
Representative of the Shareholder - Zaiga Liepiņa
Member of the Management Board - Iveta Blaua

Principal financial indicators, thousand EUR

	2017	2018
Turnover	1 107.4	1 111.3
Profit/loss	-21.8	-11.1
EBITDA	25.0	47.7
Total assets	1 120.9	1 115.7
Share capital	633.5	633.5
Equity	960.1	948.9
Investment	62.0	77.6
Dividends paid to state budget	1.8	0.0
Contributions made to the state and local government budget	685.8	639.9
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	151.3	155.1

Principal financial indicators

Profit and turnover ratio, %	-1.96	-1.00
Return on assets, ROA, %	-1.94	-1.00
Return on equity, ROE, %	-2.27	-1.17
Total liquidity indicator	3.95	3.71
Liabilities-to-equity ratio	0.17	0.18

Other indicators

Number of employees	80	73
Average gross remuneration per employee per year, thousand EUR	10.1	10.7
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS (yes/no)	no	no

LLC Latvijas standarts (LVS)

Reg. No 40203084591

Web: www.lvs.lv

State ownership 100%

LVS has no ownership of other capital companies.



LVS (*in English – Latvian Standard*) organizes the development of the Latvian national standards in technical standardization committees, adapts all standards published in the European standardisation organisations and international standards necessary for the economy, as well as ensures the establishment, maintenance, supplementing and dissemination of information related to standards and other documents related thereto in the field of standardisation.

LVS represents Latvia in European and international standardization organizations.

General strategic objective

To provide publicly available and reliable standardization services by organizing the development of Latvian national standards and the adaptation of European and international standards in accordance with international standardization principles, eliminating market failure and promoting the productivity, competitiveness, export ability and the integration into global value chains of Latvian companies.

Most important events in 2018

- Translation of European standards from English into Latvian, technical editing and presentation in accordance with the requirements of the EC, CEN and CENELEC Framework Partnership Agreement (FPA).
- Capacity building of information communication technology infrastructure, development of information services and process improvement.

Most significant events planned in 2019

- To ensure the availability of an online library of standards collections for certified construction professionals and to enhance the functionality of the information system.
- Implement digitization of the construction process by implementing Building Information Modelling (BIM) solutions at the design and construction stages.

Principal financial objectives

- Net turnover: EUR 169 thousand.
- Profit: EUR 58 thousand.
- Return on Equity, ROE: 37.95%.

Principal non-financial objectives

- Adapted European standards: 1 300.
- Registered users in the Standardization Information System: 2 000.
- The number of translated standards of project SA/CEN/ GROW/2017-02 and SA/ CLC/GROW/2017-02: 158 (2-year period).

Results achieved

- The financial objectives have been achieved with insignificant deviations in some indicators.
- Non-financial objectives have been exceeded.

Governance

Shareholder - Ministry of Economics

Representative of the Shareholder - Zaiga Liepiņa

Member of the Management Board - Ingars Pilmanis

Principal financial indicators, thousand EUR

	2017	2018
Turnover	69.1	159.1
Profit/loss	-1.9	63.8
EBITDA	16.1	97.6
Total assets	341.6	260.5
Share capital	11.5	11.5
Equity	95.2	158.9
Investment	1.8	14.6
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	71.2	177.1
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	87.8	232.0

Principal financial indicators

Profit and turnover ratio, %	-2.69	40.07
Return on assets, ROA, %	-0.55	24.48
Return on equity, ROE, %	-1.96	40.12
Total liquidity indicator	3.26	3.65
Liabilities-to-equity ratio	2.59	0.64

Other indicators

Number of employees	13	15
Average gross remuneration per employee per year, thousand EUR	9.9	14.7
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS (yes/no)	no	no



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6.8.2. Public Electronic Media

SLLC Latvijas Radio (LR)

Reg. No 40003080614
 Web: www.latvijasradio.lv
 State ownership 100%
 Related companies and shares:
 JSC "Kurzemes radio 0.6%



**Latvijas
Radio**

The main activity of LR LTV (*in English - Latvian Radio*) is the provision of free and comprehensive dissemination of information about events in Latvia and abroad, ensuring the development of the Latvian language and culture, the development of comprehensive musical programs and other activities in accordance with the statutes.

General strategic objective

Not approved.

Most important events in 2018

- Commissioning of the multimedia studio.
- Broadcasting content about Centenary of Latvia, 13th Saeima (in English - Parliament) elections, Latvian Song and Dance Festival, pastoral visit of His Holiness Pope Francis.

Most significant events planned in 2019

- Commissioning of the signal control centre.
- To continue broadcasting Latvia's Centenary program both by creating new programs and organizing activities outside the studio.
- To broadcast comprehensive coverage of the European Parliament elections.

Principal financial objectives

- Own business revenue: EUR 1.5 million.
- Revenue from advertisements and announcements: EUR 1.1 million.

Principal non-financial objectives

- Radio broadcasting time: 43 928 hours.
- LR market share (LR total listening time): 35%.
- Total audience of LR: 840 thousand.

Results achieved

- Financial objectives have been exceeded. Revenue from advertising and announcements exceeded 21%.
- All non-financial objectives have been achieved.

Governance

Shareholder - National Electronic Mass Media Council
 Chair of the Management Board - Una Klapkalne
 Members of the Management Board - Sanita Dika-Bokmeldere,
 Māriete Tukiša

Principal financial indicators, thousand EUR

	2017	2018
Turnover	9 174.2	9 979.6
Profit/loss	-174.3	162.6
EBITDA	205.7	535.6
Total assets	6 565.7	6 661.3
Share capital	824.7	824.7
Equity	5 168.6	5 213.5
Investment	181.4	338.8
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	2 437.9	2 639.9
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	7 903.0	8 573.5

Principal financial indicators

Profit and turnover ratio, %	-1.90	1.63
Return on assets, ROA, %	-2.65	2.44
Return on equity, ROE, %	-3.37	3.12
Total liquidity indicator	0.72	0.82
Liabilities-to-equity ratio	0.27	0.28

Other indicators

Number of employees	278	281
Average gross remuneration per employee per year, thousand EUR	16.5	18.1
Gender representation in management, f/m	3/0	3/0
Annual report in accordance with IFRS (yes/no)	no	no

SLLC Latvijas Televīzija (LTV)

Reg. No 40003080597

Web: www.ltv.lsm.lv

State ownership 100%

LTV has no ownership of other capital companies.



LATVIJAS TELEVIŽIJA

LTV (*in English - Latvian Television*) carries out public service functions of the public electronic media established by the law, creating a wide and diverse range of programs on two broadcast channels LTV1 and LTV7, the internet portal www.lsm.lv, as well as social networks in the public interest and for its needs. The National Electronic Media Council implements the supervision of LTV.

General strategic objective

Not approved.

Most important events in 2018

- Broadcasting of the events of Centenary of the Republic of Latvia and the Latvian Song and Dance Festival.
- Construction of the first stage of the unified broadcasting complex.
- Broadcasting of Winter Olympic Games.

Most significant events planned in 2019

- Launch of digital and medium-term strategies of LTV.
- Reducing the technological backwardness of LTV.

Principal financial objectives

- Net turnover: EUR 18.8 million.
- Amount of losses: EUR-400.7 thousand.
- EBITDA: EUR 1.4 million.

Principal non-financial objectives

- Unique audience ("weekly reach") reached by LTV channels: 41%.
- Internet platform LSM.LV average monthly reach of audience (internet reach) including LTV, LSM, Replay and other sections on domain lsm.lv: 24%.
- Satisfaction of LTV viewer with content: 70%.

Results achieved

- The planned turnover has been exceeded but other financial objectives have not been met.
- The non-financial objectives have been exceeded.

Governance

Shareholder - National Electronic Mass Media Council
Chair of the Management Board - Ivars Belte (till 28.12.2018.)
Members of the Management Board - Sergejs Ņesterovs (till 28.12.2018), Ivars Priede

Principal financial indicators, thousand EUR

	2017	2018
Turnover	18 322.5	19 556.2
Profit/loss	-233.1	-733.5
EBITDA	1 796.6	995.0
Total assets	15 515.3	14 704.5
Share capital	4 837.4	4 837.4
Equity	8 289.1	7 243.7
Investment	1 384.9	2 364.4
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	4 858.8	5 536.8
Donations received	0.0	545.9
Donations made	1.3	0.3
Funding received from the state budget	15 853.2	15 846.3

Principal financial indicators

Profit and turnover ratio, %	-1.27	-3.75
Return on assets, ROA, %	-1.50	-4.99
Return on equity, ROE, %	-2.81	-10.13
Total liquidity indicator	1.06	0.90
Liabilities-to-equity ratio	0.82	0.97

Other indicators

Number of employees	486	494
Average gross remuneration per employee per year, thousand EUR	16.5	17.7
Gender representation in management, f/m	0/3	0/1 ⁶³
Annual report in accordance with IFRS (yes/no)	no	no





6.8.3. Education and Sport

LLC Bobsleja un kamaniņu trase Sigulda (BKT)

Reg. No 40003005137

Web: www.bobtrase.lv

State ownership 100%

BKT has no ownership of other capital companies.



BKT (in English - Bobsleigh and luge track Sigulda) is a national sports centre. BKT organizes international and Latvian competitions in luge sport, bobsled and skeleton, provides training sessions for different level Latvian sports federations and training for foreign athletes and organizes entertainment trips.

BKT's operational goal is to ensure the management and development of the national sports base in line with international standards, to provide the athletes with appropriate conditions for preparing for Latvian and international sports competitions and promote the name of Latvia.

General strategic objective

Not approved.

Most important events in 2018

- Viessmann World Cup Round 9 and European Luge Championship (January 27 - January 28, 2018).
- 1st stage of World Cup in skeleton and bobsleigh (December 12 - December 9, 2018).
- Latvian Luge Championship (March 1 - March 2, 2018).

Most significant events planned in 2019

- Work on calculations of the speed and load of the racetrack and the development of the reconstruction project to use the track for bobsleigh 4-man competitions.
- The work will continue on the modernization of the video system and the modernization of the technical units - the car park necessary for transporting bobsleighs and sleighs.
- A certified energy management system in accordance with LVS EN ISO 50001: 2012 standard will be implemented in the sports centre.

Principal financial objectives

- Financial stability.
- Increase in net turnover.
- Loss reduction.
- Increase the revenue from sport events.

Principal non-financial objectives

- To ensure the management and development of the national sports centre in line with international standards.
- To provide conditions for qualitative preparation of athletes for Latvian and international sports competitions.
- To popularize the name of Latvia in the world.

Results achieved

- Own revenue increased by EUR 99.7 thousand, mainly due to changes in the training schedule and world-class competitions.
- Negative profitability.
- Liquidity and solvency ratios were good.

Governance

Shareholder - Ministry of Education and Science
Representative of the Shareholder - Edgars Severs
Chair of the Management Board - Dainis Dukurs

Principal financial indicators, thousand EUR

	2017	2018
Turnover	343.3	443.0
Profit/loss	-165.7	-255.9
EBITDA	525.9	181.1
Total assets	11 389.1	10 886.4
Share capital	10 840.9	10 840.9
Equity	8 923.0	8 667.1
Investment	52.4	28.6
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	275.2	246.5
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	314.4	314.4

Principal financial indicators

Profit and turnover ratio, %	-48.27	-57.75
Return on assets, ROA, %	-1.45	-2.35
Return on equity, ROE, %	-1.86	-2.95
Total liquidity indicator	1.51	1.20
Liabilities-to-equity ratio	0.28	0.26

Other indicators

Number of employees	37	32
Average gross remuneration per employee per year, thousand EUR	12.9	14.1
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS (yes/no)	no	no

SLLC Kultūras un sporta centrs Daugavas stadions (Daugavas stadions)

Reg. No 50003140671

Web: www.daugavasstadions.lv

State ownership 100%

Daugavas stadionam has no ownership of other capital companies.



Daugavas stadions (*in English - Culture and sports centre Daugava stadium*) is a multi-functional stadium in Riga where the national football and athletics competitions, as well as great dance performances of the Latvian Song and Dance Festivals take place.

The operational goal of the Daugavas stadions is to ensure the management and development of the national sports base - Daugavas stadions (Riga) - providing conditions for the training of athletes, high-level sports and cultural events, as well as providing people with the opportunity to engage in organized physical activities using the facilities offered by the sports centre.

General strategic objective

Not approved.

Most important events in 2018

- The completion of the 1st stage of the reconstruction of the Daugava Stadium - the reconstruction of the Western stands, the construction and commissioning of the North and South stands.
- The provision of the Major Latvian Song and Dance Festival Dance Concert for celebrations of the Centenary of Latvia.

Most significant events planned in 2019

- The beginning of the 2nd stage of Daugava stadium reconstruction - designing and construction of the ice hall.
- The launch of the design of the track and field athletics hall with multifunctionality.
- The commencement of the reconstruction of the Central Square of the stadium.
- Provision of UEFA level football games.

Principal financial objectives

- After the completion of the reconstruction project (2022) to ensure financial independence from the grant of the shareholder.

Principal non-financial objectives

- To provide adequate infrastructure for the development of various sports and organization of Latvian Song and Dance Festival concerts.
- To continue the implementation of the project "Establishment of Culture and Sports Quarter in the neighbourhood of Grīziņkalns".

Results achieved

- Daugava Stadium made losses in 2018.

Governance

Shareholder - Ministry of Education and Science
Representative of the shareholder - Edgars Severs
Member of the Management Board - Elmārs Martinsons

Principal financial indicators, thousand EUR

	2017	2018
Turnover	87.2	266.8
Profit/loss	-1 125.1	-231.1
EBITDA	-14.0	265.1
Total assets	17 751.1	23 675.6
Share capital	9 727.1	9 727.1
Equity	8 158.9	7 927.8
Investment	4 971.0	9 394.3
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	140.2	88.0
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	1 561.2	1 218.7

Principal financial indicators

Profit and turnover ratio, %	-1290.41	-86.62
Return on assets, ROA, %	-6.34	-0.98
Return on equity, ROE, %	-13.79	-2.92
Total liquidity indicator	0.86	0.51
Liabilities-to-equity ratio	1.18	1.99

Other indicators

Number of employees	14	14
Average gross remuneration per employee per year, thousand EUR	10.7	9.7
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS (yes/no)	no	no

SLLC Rīgas Tūrisma un radošās industrijas tehnikums (RTRIT)

Reg. No 40003480798

Web: www.rtrit.lv

State ownership 100%

RTRIT has no ownership of other capital companies.



RTRIT (in English - Riga Technical School of Tourism and Creative Industry) is currently one of the largest vocational education institutions in Latvia, where more than 2 000 students are educated. RTRIT offers vocational secondary and vocational education programs, both for primary and secondary school graduates in the departments of catering services, tourism and commercial activities, food production, interior and design, fashion and style, hospitality services. RTRIT implements continuing education and vocational training programs as well as the recognition of informal education.

General strategic objective

Not approved.

Most important events in 2018

- Procurement procedures have been started for the construction project No. 8.1.3.0/16/I/012 for RTRIT modernization.
- Implementation of 2nd phase project "Implementation of Initial Vocational Training Programs for Youth" of European Social Fund (ESF) operational program "Growth and Jobs" 7.2.1 specific support objective "Promote the Employment of Youth not Involved in Employment, Education or Training under the Youth Guarantee".

Most significant events planned in 2019

- Project No. 8.1.3.0/16/I/012 "Modernization of RTRIT within the Framework of the Specific Support Objective 8.1.3 "Increasing the Number of Modernized Vocational Education Institutions"" - It is planned to start the construction of the educational building, teaching workshops and sports hall.
- It is planned to involve up to 300 students in work-based learning and practice.

Principal financial objectives

- To implement the project to modernize RTIT within the framework of the specific objective 8.1.3 "To Increase the Number of Modernized Vocational Education Institutions": EUR 3.9 million.
- To implement ESF project for promoting employment of youth not involved in employment, education or training: EUR 461.4 thousand.

Principal non-financial objectives

- Number of enrolments in state budget places: 624.
- State budget contingent (as of December 31): 1855.
- Graduation of state budget places: 320.
- Professional development: 745.
- ESF project "Support to Reduce Early School Leaving", number of individual plans: 327.

Results achieved

- In 2018 revenues from various projects amounted to EUR 1.8 million under the programs funded by the cooperation partners.

Governance

Shareholder - Ministry of Education and Science
 Representative of the Shareholder - Dainis Bilmanis
 Member of the Management Board - Silva Ozoliņa

Principal financial indicators, thousand EUR

	2017	2018
Turnover	6 104.7	5 993.8
Profit/loss	81.3	94.3
EBITDA	466.2	395.4
Total assets	13 722.3	14 075.7
Share capital	6 637.0	6 637.0
Equity	6 660.7	6 690.0
Investment	294.0	590.3
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	1 508.5	1 849.0
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	5 221.8	5 366.6

Principal financial indicators

Profit and turnover ratio, %	1.33	1.57
Return on assets, ROA, %	0.59	0.67
Return on equity, ROE, %	1.22	1.41
Total liquidity indicator	1.56	1.56
Liabilities-to-equity ratio	1.06	1.10

Other indicators

Number of employees	337	322
Average gross remuneration per employee per year, thousand EUR	9.3	10.2
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS (yes/no)	no	no

LLC Sporta centrs Mežaparks (SCM)

Reg. No 40003044327

Web: www.scmezaparks.lv

State ownership 100%

SCM has no ownership of other capital companies.



SCM (in English - Sporta Centre Mežaparks) has been granted the status of the national sports base and its activities are directly governed by the Law on the Status of the National Sports Base, which stipulates that the capacity of the sports base must be based on sporting events, giving preference to recognised sports federations or professional sports education institutions. The operational goal of SCM is to provide a full-service training and competition sports base for the needs of high-class, youth athletes and the sports community.

General strategic objective

Not approved.

Most important events in 2018

- The energy efficiency project in SCM was implemented by attracting the European Regional Development Fund (ERDF) and state co-financing.
- Athletes and sports teams were attracted, and comprehensive services were provided creating opportunities for comprehensive training process and organization of sports events in one place.
- Company strategy for 2019-2023 was developed.

Most significant events planned in 2019

- To continue with the implementation of SCM energy efficiency project.
- The development of a business plan for receiving the loan from the Treasury for the realisation of the energy efficiency project.
- The organization of Latvian national team training camps and other sports events.

Principal financial objectives

- Revenue from sports centres services: EUR 75 thousand.
- Revenue from hotel services: EUR 124 thousand.
- Revenue from rent of premises and land: EUR 103.9 thousand.
- Revenue from parking and berth: EUR 16.2 thousand.

Principal non-financial objectives

- The organization of international competitions.
- The arrangement of fire safety protection for children and youth sports sailing centre according to the requirements of regulatory enactments.
- Creating the customer loyalty system.
- The preservation of 3 Star Hotel status.
- The implementation of bundled services.

Results achieved

- The funding available to sports organizations decreased resulting in reduced use of sports centre services and the corresponding revenue.
- The net turnover of services provided increased by 17% compared to 2017.

Governance

Shareholder - Ministry of Education and Science
Representative of the Shareholder - Edgars Severs
Member of the Management Board - Ieva Zunda

Principal financial indicators, thousand EUR

	2017	2018
Turnover	325.4	380.1
Profit/loss	1.1	1.3
EBITDA	61.9	77.4
Total assets	15 657.5	15 913.3
Share capital	15 604.4	15 811.1
Equity	15 228.1	15 436.0
Investment	35.9	111.2
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	81.4	102.4
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	68.5	68.5

Principal financial indicators

Profit and turnover ratio, %	0.34	0.33
Return on assets, ROA, %	0.01	0.01
Return on equity, ROE, %	0.01	0.01
Total liquidity indicator	2.36	1.81
Liabilities-to-equity ratio	0.03	0.03

Other indicators

Number of employees	15	18
Average gross remuneration per employee per year, thousand EUR	8.5	8.7
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS (yes/no)	no	no

LLC Tenisa centrs Lielupe (TCL)

Reg. No 40003030774

Web: www.tenisslielupe.lv

State ownership 100%

TCL has no ownership of other capital companies.

NACIONĀLAIS TENISA CENTRS

LIELUPE



National Sports Centre TCL (*in English - Tennis Centre "Lielupe"*) is the largest tennis centre in Latvia with nine open-air tennis courts, which holds national and international tennis competitions. The task of TCL is to ensure the maintenance and management of the main tennis base in the country. The sports facility is intended for the preparation of national teams, the preparation of youth teams for all age groups and the organization of national and international tennis tournaments.

General strategic objective

Not approved.

Most important events in 2018

- The reconstruction of TCL tennis courts - completion of open-air tennis court reconstruction.
- The reconstruction of TCL's existing hall of tennis courts.
- To start of construction of TCL's new hall of tennis courts.
- To increase of share capital by EUR 3.8 million.

Most significant events planned in 2019

- The completion and commissioning of TCL's existing hall of tennis courts.
- The completion and commissioning of TCL's new hall of tennis courts.
- The reconstruction of the water collector on O. Kalpaka Avenue, Jūrmala.
- The implementation of IT solution for automated tracking of tennis courts occupancy.

Principal financial objectives

- To ensure the financial independence from the shareholder's grant following the completion of the reconstruction project (in 2020).
- To provide outdoor tennis court services after the reconstruction.

Principal non-financial objectives

- To become the largest and the most modern tennis centre in Latvia, thus providing a modern training environment and opportunities for holding sports competitions in accordance with the requirements of the International Tennis Federation and the international sports federations of other sports.
- To start the reconstruction project of TCL - to complete the reconstruction of outdoor tennis courts in 2018.

Results achieved

- In the second half of 2018 TCL provided tennis facilities in the newly built outdoor tennis courts. There were 12 competitions held - two Latvian championships, three international tournaments, 3 children's and youth tournaments, four amateur tournaments.
- During the construction there were significantly lower revenues from the use of the sports complex and sports events.

Governance

Shareholder - Ministry of Education and Science
Representative of the Shareholder - Edgars Severs
Member of the Management Board - Elmārs Martinsons

Principal financial indicators, thousand EUR

	2017	2018
Turnover	216.0	129.6
Profit/loss	-364.3	-163.7
EBITDA	-79.2	-83.7
Total assets	15 711.7	22 060.0
Share capital	11 164.0	14 964.0
Equity	10 919.3	14 555.6
Investment	4 121.0	2 533.5
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	115.3	110.0
Donations received	0.1	0.0
Donations made	0.0	0.0
Funding received from the state budget	4 191.9	4 969.5

Principal financial indicators

Profit and turnover ratio, %	-168.65	-126.37
Return on assets, ROA, %	-2.32	-0.74
Return on equity, ROE, %	-3.34	-1.12
Total liquidity indicator	1.76	7.63
Liabilities-to-equity ratio	0.44	0.52

Other indicators

Number of employees	19	15
Average gross remuneration per employee per year, thousand EUR	10.3	11.8
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS (yes/no)	no	no



6.8.4. Other State-Owned Enterprises

JSC Attīstības finanšu institūcija Altum (ALTUM)

Reg. No 50103744891
 Web: www.altum.lv
 State ownership 100%
 Related companies and shares:
 KS Otrais Eko Fonds 33%
 KS Baltcap Latvia Venture Capital Fund 67%
 KS Imprimatur Capital Technology Venture Fund 67%
 KS Imprimatur Capital Seed Fund 100%
 KS ZGI-3 95%
 KS FlyCap investment Fund 95%
 KS Expansion Capital fund 95%
 Baltic Innovation Fund 20%
 KS Overkill Ventures Fund I AIF 100%
 KS Overkill Ventures Fund II AIF 80%
 KS Buildit Latvia Seed Fund AIF 80%
 KS Buildit Latvia Pre-Seed Fund AIF 100%
 KS Commercialization Reactor Pre-seed Fund 100%
 KS Commercialization Reactor Seed Fund 80%
 KS ZGI-4 AIF 60%
 KS INEC 1 75%
 KS INEC 2 90%
 KS Imprimatur Seed Fund 2 90%
 KS Imprimatur Venture Fund 2 75%

ALTUM (*in English - Development Finance Institution ALTUM*) is a Latvian state-owned enterprise, which provides financial instruments - loans, guarantees, investments in venture capital funds - to enterprises and households in areas that the state has identified as important and supportable, thus developing the economy and facilitating the mobilization of private capital and financial resources.

General strategic objective

Not approved.

Most important events in 2018

- Moody's credit rating of Baa1, which is one of the highest ratings for enterprises and credit institutions in Latvia, allowed ALTUM to successfully issue seven year bonds for EUR 10 million in nominal value for the expansion of the Land Fund operations managed by ALTUM.
- For the issue of bonds realized in March 2018, ALTUM received the award "Stock Exchange Event of the Year in Latvia" during Nasdaq Baltic Awards 2019 ceremony.

Most significant events planned in 2019

- Bond issue of EUR 70 million.
- Starting active investment activities for 4th Generation Venture Capital Funds.

Principal financial objectives

- Preserve Altum capital throughout the realization of the state support programs.
- Return on equity, ROE: 0.46%.
- Profit: EUR 1.01 million.

Principal non-financial objectives

- To promote the investment of financial resources in the development of the economy within the framework of state support programs: EUR 347 million.
- To provide excellent customer service.
- To introduce new state aid instruments.

Results achieved

- A number of new state aid instruments and services were introduced.



Governance

Shareholder - 40% Ministry of Finance, 30% Ministry of Economics and 30% Ministry of Agriculture
 Representatives of the Shareholder - Baiba Bāne, Ēriks Eglītis, Dace Lucaua
 Chair of the Supervisory Council - Līga Kļaviņa
 Members of the Supervisory Council - Jānis Šnore, Kristaps Soms
 Chair of the Management Board - Reinis Bērziņš
 Members of the Management Board - Jēkabs Krieviņš, Juris Vaskāns, Inese Zīle, Aleksandrs Bimbirulis

Principal financial indicators, thousand EUR

	2017 ⁶⁴	2018
Turnover	15 670.0	14 350.0
Profit/loss	8 709.0	4 092.0
EBITDA	9 126.0	4 712.0
Total assets	453 668.0	495 939.0
Share capital	204 862.0	204 862.0
Equity	222 848.0	221 590.0
Investment	4 645.6	5 575.4
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	3 178.4	3 683.1
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	13 093.8	33 269.7

Principal financial indicators

Profit and turnover ratio, %	55.58	28.52
Return on assets, ROA, %	1.92	0.83
Return on equity, ROE, %	3.91	1.85
Total liquidity indicator*	4.82	2.27
Liabilities-to-equity ratio	1.04	1.24

Other indicators

Number of employees	234	227
Average gross remuneration per employee per year, thousand EUR	22.5	26.2
Gender representation in management, f/m	2/6	2/6
Annual report in accordance with IFRS (yes/no)	yes	yes

*Consolidated data

** for 180 days

SJSC Latvijas Loto (LL)

Reg. No 40003083998
Web: www.latloto.lv
State ownership 100%
Related companies and shares:
LLC Latloto nams 100%



LATVIJAS
LOTO

LL (*in English - Latvia Loto*) is a state-owned enterprise that organizes licensed nationwide lotteries at internationally recognized levels of social responsibility, security and quality, guiding consumers to play in a socially responsible, safe and legal environment, and the profits of the enterprise are paid to the state budget, which allows the funding to be redirected to the needs of society.

General strategic objective

Organization of licensed games at internationally recognized levels of social responsibility, security and quality, ensuring a higher quality standard and protection of public interests and players in Latvia, eliminating the market shortcomings.

Most important events in 2018

- Received a license to organize interactive lotteries and successfully implemented 12 interactive lotteries.
- Increased the availability of lottery products by increasing the number of installed terminals to 870.
- LL ensured the continuation of the nationwide instant Centennial lottery project.

Most significant events planned in 2019

- Modernization of nationwide lottery on-line terminals (project implementation period from 2019 to 2021).
- To develop a portfolio of lottery products as well as explore opportunities to join new international lottery projects.
- To make public the results of the Check lottery organized by The State Revenue Service.

Principal financial objectives

- Net Turnover: EUR 31.9 million.
- EBITDA profitability: 18%.
- Dividends: EUR 2.6 million.
- Net profit rate: >8%

Principal non-financial objectives

- Compliance of LL operations with quality and safety standards and requirements of the laws and regulations of the Republic of Latvia.
- Compliance of LL operating processes with the requirements of Responsible Game standard.
- To increase the availability of nationwide lotteries at sales points throughout the territory of Latvia.

Results achieved

- All non-financial targets were achieved and the financial targets were significantly over fulfilled.
- LL has achieved the best results in its history and received the Sustainability Index acknowledgment for Platinum category.

Governance

Shareholder - Ministry of Finance
Representative of the Shareholder - Baiba Bāne
Chair of the Supervisory Council - Nils Sakss
Members of the Supervisory Council - Antra Duntava,
Ingars Eriņš
Chair of the Management Board - Maija Kubli
Members of the Management Board - Ēdgars Ledīņš, Jānis Pone

Principal financial indicators, thousand EUR

	2017	2018
Turnover	36 794.5	40 903.7
Profit/loss	5 811.1	6 504.4
EBITDA	10 862.7	10 857.9
Total assets	16 411.2	18 215.6
Share capital	1 400.0	1 400.0
Equity	10 295.1	12 058.8
Investment	450.7	670.0
Dividends paid to state budget	4 249.9	4 661.7
Contributions made to the state and local government budget	10 037.8	10 685.3
Donations received	0.0	0.0
Donations made	33.6	35.1
Funding received from the state budget	0.0	0.0

Principal financial indicators

Profit and turnover ratio, %	15.79	15.94
Return on assets, ROA, %	35.41	35.71
Return on equity, ROE, %	56.44	53.94
Total liquidity indicator	9.56	12.22
Liabilities-to-equity ratio	0.13	0.10

Other indicators

Number of employees	110	117
Average gross remuneration per employee per year, thousand EUR	18.3	19.0
Gender representation in management, f/m	2/4	2/4
Annual report in accordance with IFRS (yes/no)	no	no

SLLC Latvijas Proves birojs (LPB)

Reg. No 40103264961

Web: www.prove.lv

State ownership 100%

LPB has no ownership of other capital companies.



LATVIJAS PROVES BIROJS

LPB's 9 (in English - Assay Office of Republic of Latvia) purpose of foundation is to ensure the supervision of the State fineness in accordance with Section 5 of the Law "On Supervision of Official Fineness". The main activity of the LPB is assaying and marking of precious metals and precious stones. At the same time, LPB carries out market monitoring of precious metals, precious stones and their products, ensuring the protection of State and consumer interests and fair competition among entrepreneurs. By diversifying the services provided and in order to mitigate the negative effects of the market recession, the conducting of expertise of precious metals, precious stones and their products is being developed.

General strategic objective

To meet the interests of the public and the State by developing an orderly, safe and reliable market for precious metals, precious stones and their products, promoting an excellent business environment and the availability of testing services for all market participants in accordance with the highest quality standards.

Most important events in 2018

- LPB has ensured the process of centenary events of Latvia by stamping 16 775 products with the special LV100 distinctive stamp.
- Ensure the conduct of the meetings of the Standing Committee of the Convention on the Review and Marking of Precious Metal Products and the International Association of Assay Offices.
- LPB has improved its testing methods for synthetic diamonds using innovative UV fluorescence spectrometry.

Most significant events planned in 2019

- Improvement of the testing process with a wider range of services.
- Ensuring the fulfilment of the market supervision activities plan.
- Organization and quality control of the process of fabricating state awards

Principal financial objectives

- Turnover (without government grant): EUR 486 thousand.
- Profit: EUR 12 thousand.
- Total liquidity: 14.

Principal non-financial objectives

- Ensure assaying and stamping of precious metal products: 0.73 million pieces.
- Ensure testing and quality certification issuing of precious stones: 34 thousand articles.
- Ensure the market supervision of the precious metals market: 210 inspections.

Governance

Shareholder - Ministry of Finance
Representative of the Shareholder - Baiba Bāne
Chair of the Management Board - Pēters Brangulis

Principal financial indicators, thousand EUR

	2017	2018
Turnover	439.5	574.4
Profit/loss	12.9	10.9
EBITDA	80.3	81.9
Total assets	888.9	894.1
Share capital	836.3	836.3
Equity	856.4	857.0
Investment	65.2	152.2
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	151.2	200.1
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	81.2	95.6

Principal financial indicators

Profit and turnover ratio, %	2.93	1.90
Return on assets, ROA, %	1.45	1.22
Return on equity, ROE, %	1.50	1.27
Total liquidity indicator	15.03	10.90
Liabilities-to-equity ratio	0.04	0.04

Other indicators

Number of employees	18	18
Average gross remuneration per employee per year, thousand EUR	13.0	13.3
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS (yes/no)	no	no

Results achieved

- LPB achieved all non-financial and partially achieved the financial targets.
- Fully executed market supervision plan, in 2018 LPB assayed and stamped 0.80 million articles of precious metal with a total weight of 1 832 kg.

SLLC Latvijas Vēstnesis (LV)

Reg. No 40003113794

Web: www.lv.lv

State ownership 100%

LV has no ownership of other capital companies.



LATVIJAS VĒSTNESIS

Pursuant to the Law on Official Publications and Legal Information (OPTIL), LV (*in English - Latvia's Messenger*) implements a national policy in the field of official publication and the filing of information contained therein, including raising awareness of the rights and obligations of individuals specified in regulatory enactments, as well as ensuring the provision of official State information, the formal publication and the process of filing of the information contained therein.

General strategic objective

Not approved.

Most important events in 2018

- Ensuring that there are no delays and errors in official publications and their systematization.
- A new version of the LV Portal has been published, completing a major three-year internal project "Renewed LV Portal".
- In the context of the 100th anniversary of Latvia the implementation of the internal project "Vēstnesim 100", including the organization of an international conference "Speaking State. How to talk in the Next Century?"

Most significant events planned in 2019

- Creation of a Moneyval section on LV portal, gathering and publishing information on money laundering and terrorist financing on this portal.
- Ensuring quality work of the Justice Sector Discussion Platform "Tent of Justice" within the talk festival "Lampa" including live broadcast on LV portal.
- Publication of the results of the pilot project "Integration of verdicts on the "Likumi.lv" site" implemented in cooperation with the Constitutional Court and the Supreme Court.
- Organization of the opening event of E. Levit's book "Valstsgriba. Idejas un domas Latvijai 1985-2018" (*in English: State's Will: Ideas and thoughts for Latvia 1985-2018*).

Principal financial objectives

- Projected losses: EUR 723 thousand.
- Net Turnover: EUR 1.44 million.
- Profitability: <50%.

Principal non-financial objectives

- Average number of actual users of informative e-services provided by LV in Latvia: 298 thousand.
- Average monthly unique users of official publications ("vestnesis.lv"): 61 thousand.
- Average number of subscribers per year to the paper version of the journal "Jurista Vārds" (*in English - Lawyer's Name*): 1 145.

Governance

Shareholder - Ministry of Justice
Representative of the Shareholder - Raivis Kronbergs
Chair of the Management Board - Daina Ābele
Member of the Management Board - Dainis Mjartāns

Principal financial indicators, thousand EUR

	2017	2018
Turnover	1 568.9	1 458.4
Profit/loss	-254.5	-545.1
EBITDA	-149.5	-473.0
Total assets	2 591.0	2 114.7
Share capital	711.4	711.4
Equity	2 079.1	1 534.0
Investment	26.1	70.3
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	577.5	580.3
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	0.0	0.0

Principal financial indicators

Profit and turnover ratio, %	-16.22	-37.38
Return on assets, ROA, %	-9.82	-25.78
Return on equity, ROE, %	-12.24	-35.54
Total liquidity indicator	4.93	3.46
Liabilities-to-equity ratio	0.24	0.38

Other indicators

Number of employees	65	66
Average gross remuneration per employee per year, thousand EUR	16.5	18.1
Gender representation in management, f/m	1/1	1/1
Annual report in accordance with IFRS (yes/no)	no	no

Results achieved

- Most of the financial targets were achieved.
- LV ended 2018 with a loss, which was 25% lower than projected due to a significant decrease in the revenues from the publication of official announcements.
- LV's non-financial targets were achieved, including 3 557 legal acts and 105 482 formal notices were published and systematized during 2018.

SLLC Latvijas Vides, ģeoloģijas un meteoroloģijas centrs (LVĢMC)

Reg. No 50103237791

Web: www.lvģmc.lv

State ownership 100%

LVĢMC has no ownership of other capital companies.



LATVIJAS VIDES, ĢEOLOĢIJAS
UN METEOROĢIJAS CENTRS

LVĢMC (*in English - Latvian Centre for Environment, Geology and Meteorology*) provides the collection, compilation, accumulation, analysis and forecasting of environmental information, as well as provides this information to the public and state and municipal institutions. The main tasks of LVĢMC are to collect and process environmental information, to perform environmental monitoring and to inform the public about the state of the environment, to ensure geological supervision and rational use of subterranean depths, to manage radioactive waste, nuclear facilities and state-owned hazardous waste management facilities and to participate in the implementation of national policies on geology, meteorology, climatology, hydrology, air quality and the impact of cross-border air pollution.

General strategic objective

To provide high-quality services of strategic importance for the development of the country in the fields of geology, hydrology, air quality, climatology, meteorology and hazardous waste management, as well as to ensure efficient management of the infrastructure necessary for the provision of these services.

Most important events in 2018

- Continuation of implementation of E-commerce system to promote accessibility of products and services.
- Commencement of reconstruction of LVĢMC administrative building at 165 Maskavas Street, Riga.
- Exports of services to various institutions and businesses in 18 European countries.
- Two major projects have been launched - the Cohesion Fund project and the European Regional Development Fund (ERDF) project.

Most significant events planned in 2019

- Development of existing and new high value-added products and services.
- Improving customer service and product and service quality.
- Completion of the reconstruction of the administrative building.

Principal financial objectives

- EBITDA: EUR 19 thousand.
- Total liquidity indicator: 1.8.
- Net cash flow from investment activities: EUR -6.7 million.

Principal non-financial objectives

- Labour productivity monitoring system.
- Creation of E-commerce.
- Renovation and modernization of LVĢMC administrative building and workplace equipment.
- Hazardous waste accepted for disposal: 400 t.

Governance

Shareholder - Ministry of Environmental Protection and Regional Development

Representative of the Shareholder - Rinalds Mučiņš

Chair of the Management Board - Kristaps Treimanis

Member of the Management Board - Jānis Lapiņš

Principal financial indicators, thousand EUR

	2017	2018
Turnover	7 096.6	6 660.5
Profit/loss	-1 134.9	-1 114.3
EBITDA	276.1	243.9
Total assets	23 531.2	27 178.5
Share capital	27 151.0	27 151.0
Equity	19 711.2	18 596.9
Investment	285.7	2 750.3
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	1 815.5	2 109.3
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	6 293.0	8 170.5

Principal financial indicators

Profit and turnover ratio, %	-15.99	-16.73
Return on assets, ROA, %	-4.82	-4.10
Return on equity, ROE, %	-5.76	-5.99
Total liquidity indicator	2.78	1.29
Liabilities-to-equity ratio	0.19	0.46

Other indicators

Number of employees	294	266
Average gross remuneration per employee per year, thousand EUR	9.7	11.0
Gender representation in management, f/m	0/2	0/2
Annual report in accordance with IFRS (yes/no)	no	no

Results achieved

- The financial targets were partly met by significant deviations from the planned, as well as three of the four non-financial targets were reached.
- The loss for 2018 was EUR 1.1 million, which was 1.8% less than in the previous reporting year, losses were significantly affected by depreciation of fixed assets.
- Hazardous waste accepted for disposal represented 45.6% of the planned target based on the actual demand for this service.

SJSC Privatizācijas aģentūra (PA)

(from 23.08.2019. JSC "Publisko aktīvu pārvaldītājs Possessor")

Reg. No 40003192154

Web: www.pa.gov.lv

State ownership 100%

Related companies and shares:

JSC Reverta 96.89%

LLC Hiponia 100%

LLC FeLM 100%

LLC REAP 100%



PRIVATIZĀCIJAS AĢENTŪRA

PA (in English - Privatization Agency) was originally created to ensure centralized privatization of state property. The scope of public administration tasks delegated to PA has significantly changed and expanded over time complementing with privatization and alienation of state land, apartments and dwellings, servicing of privatization certificate accounts, governance and alienation of state-owned shares and governance of distressed assets.

General strategic objective

Ensure the professional governance of state capital shares and distressed assets as well as the alienation and privatization of assets held by PA that are not necessary for carrying out of state functions.

Most important events in 2018

- Approved medium-term action strategy for the period from 2018 to 2020.
- As a result of the management and realization of the portfolio of assets held by PA, revenues of EUR 2.57 million from privatization, divestment and debt capitalization of state assets, as well as from the lease of state property were transferred to the state budget and other state institutions.

Most significant events planned in 2019

- To make the brand change to correspond to the core business area and the specialization of PA.
- To ensure the development of the portfolio held by PA (privatization / divestment).
- To make changes to the financing model of PA, adapting it to existing activities and strategy.
- To implement the reconstruction project of the building at 31 Kr.Valdemara Street, Riga owned by PA.

Principal financial objectives

- Regulatory deductions: EUR 1.8 million.
- Normalized EBITDA: EUR 127.8 thousand.
- Normalized profit or loss: EUR 0.

Principal non-financial objectives

- Total value of concluded land and real estate purchase contracts: EUR 1.6 million.
- Total value of concluded apartment purchase agreements: EUR 576.5 thousand.
- Total value of privatized and divested capital shares contracts: EUR 806.6 thousand.
- Contributions to the state budget and other state institutions from privatization, divestment and lease: EUR 2.5 million.

Results achieved

- 290 privatization and divestment agreements were concluded or 39% more than projected for a total amount of EUR 3.29 million, 15% higher than foreseen in 2018 in the strategy.

Governance

Shareholder - Ministry of Economics

Representative of the Shareholder - Arvils Ašeradens

Chair of the Management Board - Vladimirs Loginovs

Members of the Management Board - Alvis Mitenbergs, Juris Vaskāns

Principal financial indicators, thousand EUR

	2017	2018
Turnover	4 140.7	3 220.8
Profit/loss	-8 881.3	-6 836.8
EBITDA	-7 895.1	-5 344.0
Total assets	67 602.4	43 204.8
Share capital	443 064.9	446 064.9
Equity	-12 908.1	-16 758.5
Investment	173.6	501.1
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	35 569.4	1 119.1
Donations received	0.0	0.0
Donations made	0.0	0.1
Funding received from the state budget	213.4	0.0

Principal financial indicators

Profit and turnover ratio, %	-214.49	-212.27
Return on assets, ROA, %	-13.14	-15.82
Return on equity, ROE, %	n/a	n/a
Total liquidity indicator	0.47	0.63
Liabilities-to-equity ratio	n/a	n/a

Other indicators

Number of employees	115	89
Average gross remuneration per employee per year, thousand EUR	21.7	23.8
Gender representation in management, f/m	0/3	0/3
Annual report in accordance with IFRS (yes/no)	no	no

*consolidated data

LLC Vides investīciju fonds (VIF)

Reg. No 40003339615

Web: www.lvif.gov.lv

State ownership 100%

VIF has no ownership of other capital companies.



VIF's objective is to finance environmentally friendly projects by pooling local and foreign resources, to grant long-term loans on preferential terms to private and municipal projects. VIF's principal activities relate to participation in the implementation of environmental protection projects, which improve the state of environment, the development and monitoring of environmental protection projects, and the promotion of environmental protection measures and investments.

General strategic objective

Not approved.

Most important events in 2018

- Organization of tenders for Auctioning Instrument of Emission Allowances (AIEA)
- The supervision of Financial Instrument for Climate Change (FICC).
- Implementation of Circular Public Procurement (CircularPP) projects.

Most significant events planned in 2019

- Financing of Energy Service Companies (ESCO) projects.
- Organization of tenders for Auctioning Instrument of Emission Allowances (AIEA)
- The supervision of Financial Instrument for Climate Change (FICC).

Principal financial objectives

- Turnover (Financial services and ESCO): EUR 88 510.
- Turnover (Administration of FICC/AIEA projects): EUR 144 158.
- Turnover (Management of collaborative projects): EUR 100 907.
- Profit or Loss: EUR -63 531.

Principal non-financial objectives

- Number of implemented ESCO projects: 2.
- Number of administered AIEA tenders: 2.
- Monitoring of implemented projects: 744.
- Number of new cross-border cooperation projects prepared: 4.
- Number of consultations provided to municipalities and commercial companies: 13.

Results achieved

- VIF did not fulfil their financial and non-financial targets.
- Losses exceeded expectations.

Governance

Shareholder - Ministry of Environmental Protection and Regional Development

Representative of the Shareholder - Rinalds Muciņš

Chair of the Management Board - Egils Zariņš

Principal financial indicators, thousand EUR

	2017	2018
Turnover	42.9	24.2
Profit/loss	-89.5	-76.9
EBITDA	-86.2	-74.8
Total assets	6 573.0	6 497.4
Share capital	6 299.3	6 299.3
Equity	6 383.9	6 307.0
Investment	1.8	0.0
Dividends paid to state budget	0.0	0.0
Contributions made to the state and local government budget	97.7	111.9
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	129.9	114.9

Principal financial indicators

Profit and turnover ratio, %	-208.76	-317.39
Return on assets, ROA, %	-1.36	-1.18
Return on equity, ROE, %	-1.40	-1.22
Total liquidity indicator	19.72	21.19
Liabilities-to-equity ratio	0.03	0.03

Other indicators

Number of employees	9	11
Average gross remuneration per employee per year, thousand EUR	20.4	18.6
Gender representation in management, f/m	1/1	0/1
Annual report in accordance with IFRS (yes/no)	no	no

Annex

State-Owned Enterprises, Shares Owned by State, State-Owned Enterprises and Companies under Effective Control of the State (prepared on 01.07.2019).

No.	Reg. No.	Name of the capital company	Sector	Turnover, 2018, EUR '000	Profit/loss, 2018, EUR '000	Total assets, 31.12.2018, EUR '000	Proportion of capital shares, holder or owner	Supplementary information
State -Owned Enterprises								
1	40003032949	JSC "Latvenergo" (concern)	Energy	878 008.0	75 955.0	3 798 819.0	100% Ministry of Economics	
2	40003032065	SJSC "Latvijas dzelzceļš" (consolidated)	Transport	365 044.0	14 408.0	991 496.0	100% Ministry of Transport	
3	40003466281	JSC "Latvijas valsts meži" (consolidated)	Forestry	333 346.4	109 891.0	465 699.9	100% Ministry of Agriculture	
4	40003575567	JSC "Augstsprieguma tīkls"	Energy	193 866.5	4 677.1	192 999.6	100% Ministry of Finance	
5	40003951628	LLC "Rīgas Austrumu klīniskā universitātes slimnīca"	Health care	118 515.7	-5 908.7	114 884.2	100% Ministry of Health	
6	40003457109	SLLC "Paula Stradiņa klīniskā universitātes slimnīca"	Health care	104 982.6	-2 755.5	136 252.4	100% Ministry of Health	
7	40003052790	SJSC "Latvijas Pasts"	Communications	89 110.5	2 010.9	111 499.8	100% Ministry of Transport	
8	40003356530	SJSC "Latvijas autoceļu uzturētājs"	Transport	76 381.9	3 781.3	62 846.4	100% Ministry of Transport	
9	40003567907	JSC "Pasažieru vilciens" (consolidated)	Transport	69 952.3	1 010.9	64 418.4	100% Ministry of Transport	
10	40003028055	SJSC "Starptautiskā lidosta "Rīga""	Transport	60 787.2	10 022.2	180 210.0	100% Ministry of Transport	
11	40003345734	SJSC "Ceļu satiksmes drošības direkcija" (consolidated)	Transport	48 138.5	4 027.3	50 552.5	100% Ministry of Transport	
12	40003457128	SLLC "Bērnu klīniskā universitātes slimnīca"	Health care	43 272.0	-1 353.3	63 103.6	100% Ministry of Health	
13	40003083998	SJSC "Latvijas Loto" (consolidated)	Other	40 903.7	6 504.4	18 215.6	100% Ministry of Finance	
14	40003294758	SJSC "Valsts nekustamie īpašumi"	Real estate management	39 268.2	8 472.9	397 191.7	100% Ministry of Finance	
15	40003038621	SJSC "Latvijas gaisa satiksme"	Transport	30 208.3	3 238.7	38 414.4	100% Ministry of Transport	
16	40003080597	SLLC "Latvijas televīzija"	Public electronic mass media	19 556.2	-733.5	14 704.5	100% National Electronic Mass Media Council	
17	40003011203	SJSC "Latvijas Valsts radio un televīzijas centrs"	Communications	17 251.8	4 429.7	120 394.1	100% Ministry of Transport	
18	40003410729	SLLC "Traumatoloģijas un ortopēdijas slimnīca"	Health care	16 506.2	197.5	11 831.8	100% Ministry of Health	
19	50003342481	SLLC "Rīgas Psihiatrijas un narkoloģijas centrs"	Health care	16 305.2	338.6	25 221.2	100% Ministry of Health	
20	40003344207	SJSC "Latvijas Valsts ceļi"	Transport	15 427.0	96.0	7 610.9	100% Ministry of Transport	
21	50103744891	JSC "Attīstības finanšu institūcija Altum" (consolidated)	Other	14 350.0	4 092.0	495 939.0	40% Ministry of Finance, 30% Ministry of Economics un 30% Ministry of Agriculture	
22	40003338357	SLLC "Ministry of Agriculture nekustamie īpašumi"	Real estate management	12 853.5	9.1	21 921.9	100% Ministry of Agriculture	
23	40003273900	SLLC "Nacionālais rehabilitācijas centrs "Vaivari""	Health care	12 042.8	3.9	12 876.2	100% Ministry of Health	
24	40003080614	SLLC "Latvijas radio"	Public electronic mass media	9 979.6	162.6	6 661.3	100% National Electronic Mass Media Council	
25	50003407881	SLLC "Daugavpils psihoneiroloģiskā slimnīca"	Health care	8 559.4	2.1	18 307.3	100% Ministry of Health	
26	40003334410	SJSC "Tiesu namu aģentūra"	Real estate management	7 315.3	115.0	62 270.0	100% Ministry of Justice	
27	40003021907	SJSC "Elektroniskie sakari"	Communications	7 045.8	83.7	12 564.7	100% Ministry of Environmental Protection and Regional Development	
28	50103237791	SLLC "Latvijas Vides, ģeoloģijas un meteoroloģijas centrs"	Other	6 660.5	-1 114.3	27 178.5	100% Ministry of Environmental Protection and Regional Development	
29	40003407396	SLLC "Slimnīca "Ģintermuiža""	Health care	6 609.3	0.4	13 769.3	100% Ministry of Health	
30	50003408181	SLLC "Strenču psihoneiroloģiskā slimnīca"	Health care	6 040.4	-27.2	6 902.9	100% Ministry of Health	
31	40003480798	SLLC "Rīgas Tūrisma un radošās industrijas tehnikums"	Education	5 993.8	94.3	14 075.7	100% Ministry of Education and Science	
32	40003022705	SJSC "Latvijas Jūras administrācija"	Transport	4 349.3	-74.2	5 080.6	100% Ministry of Transport	
33	40003429317	SLLC "Autotransporta direkcija"	Transport	4 095.5	1 049.4	4 321.1	100% Ministry of Transport	
34	40003453643	SLLC "Aknīstes psihoneiroloģiskā slimnīca"	Health care	4 039.4	1.4	6 351.5	100% Ministry of Health	
35	40103208907	SLLC "Latvijas Nacionālā opera un balets"	Culture	3 865.5	12.7	7 795.4	100% Ministry of Culture	

No.	Reg. No.	Name of the capital company	Sector	Turnover, 2018, EUR '000	Profit/loss, 2018, EUR '000	Total assets, 31.12.2018, EUR '000	Proportion of capital shares, holder or owner	Supplementary information
36	40003343729	SLLC "Piejūras slimnīca"	Health care	3 749.8	4.5	10 180.1	100% Ministry of Health	
37	40003192154	SJSC "Privatizācijas aģentūra" (consolidated)	Other	3 220.8	-6 836.8	43 204.8	100% Ministry of Economics	As of 03.06.2019. JSC "Publisko aktīvu pārvaldītājs Possessor (Privatizācijas aģentūra)". As of 23.08.2019. JSC "Publisko aktīvu pārvaldītājs Possessor".
38	40003783138	SLLC "Dailes teātris"	Culture	2 538.4	1.7	905.6	100% Ministry of Culture	
39	40103836785	LLC "Eiropas dzelzceļa līnijas"	Transport	2 477.1	-1.0	3 593.9	100% Ministry of Transport	
40	40003786149	SLLC "Latvijas Nacionālais teātris"	Culture	2 398.6	3.5	1 790.1	100% Ministry of Culture	
41	40003400059	SLLC "Iekšlietu ministrijas poliklīnika"	Health care	2 212.2	2.3	808.4	100% Ministry of the Interior	
42	50003000771	SLLC "Šampētera nams"	Real estate management	2 042.4	-30.2	5 020.2	100% Ministry of Welfare	
43	40003094953	SLLC "Jaunais Rīgas teātris"	Culture	1 762.3	5.5	1 595.8	100% Ministry of Culture	
44	40003374610	SLLC "Latvijas Koncerti"	Culture	1 609.6	11.8	1 227.2	100% Ministry of Culture	
45	40003793653	SLLC "Mihaila Čehova Rīgas Krievu teātris"	Culture	1 528.9	29.5	873.2	100% Ministry of Culture	
46	40003113794	SLLC "Latvijas Vēstnesis"	Other	1 458.4	-545.1	2 114.7	100% Ministry of Justice	
47	44103017181	SLLC "Bērnu psihoneiroloģiskā slimnīca "Ainaži" "	Health care	1 213.3	-39.9	4 265.5	100% Ministry of Health	
48	40003435328	LLC "Latvijas Nacionālais metroloģijas centrs"	Other	1 111.3	-11.1	1 115.7	100% Ministry of Economics	
49	40003782984	SLLC "Latvijas Leļļu teātris"	Culture	713.8	7.4	478.2	100% Ministry of Culture	
50	40003487546	SLLC "KREMERATA BALTICA"	Culture	649.6	2.1	278.6	100% Ministry of Culture	
51	40003373615	SLLC "Latvijas Nacionālais simfoniskais orķestris"	Culture	648.1	8.7	894.9	100% Ministry of Culture	
52	44103038376	SLLC "Valmieras drāmas teātris"	Culture	644.7	-90.7	485.7	100% Ministry of Culture	
53	40103264961	SLLC "Latvijas Proves birojs"	Other	574.4	10.9	894.1	100% Ministry of Finance	
54	50003017621	SLLC "Meliorprojekts"	Other	499.8	-0.8	191.8	100% Ministry of Agriculture	
55	40003005137	LLC "Bobsleja un kamanīpu trase "Sigulda" "	Sport	443.0	-255.9	10 886.4	100% Ministry of Education and Science	
56	40003044327	LLC "Sporta centrs "Mežaparks" "	Sport	380.1	1.3	15 913.3	100% Ministry of Education and Science	
57	42103049403	SLLC "Liepājas simfoniskais orķestris"	Culture	307.9	2.5	390.5	100% Ministry of Culture	
58	50003140671	SLLC "Kultūras un sporta centrs "Daugavas stadions" "	Sport	266.8	-231.1	23 675.6	100% Ministry of Education and Science	
59	40003373761	SLLC "Valsts Akadēmiskais koris "Latvija" "	Culture	222.2	8.5	258.8	100% Ministry of Culture	
60	41503037608	SLLC "Daugavpils teātris"	Culture	214.4	0.4	201.8	100% Ministry of Culture	
61	40203084591	LLC "Latvijas standarts"	Other	159.1	63.8	260.5	100% Ministry of Economics	
62	40003030774	LLC "Tenisa centrs "Lielupe" "	Sport	129.6	-163.7	22 060.0	100% Ministry of Education and Science	
63	40003027789	SLLC "Rīgas cirks"	Culture	84.8	-33.6	236.1	100% Ministry of Culture	
64	40003339615	SLLC "Vides investīciju fonds"	Other	24.2	-76.9	6 497.4	100% Ministry of Environmental Protection and Regional Development	
65	40003342456	SLLC "Lielstraupes pils"	Health care	0.0	-30.4	55.5	100% Ministry of Health	14.05.2019. renamed from SLLC "Straupes narkoloģiskā slimnīca"
Liquidated State-Owned Enterprise								
66	40003349929	SLLC "Vides projekti"	Other	n/a	n/a	n/a	100% Ministry of Environmental Protection and Regional Development	Terminated 25.07.2018.
State-Owned Enterprises effectively controlled by the State								
67	40003245752	JSC "Air Baltic Corporation" (consolidated)	Transport	402 045.0	2 960.0	569 409.0	80.05475% Ministry of Transport	
68	40003052786	LLC "Lattelecom" (consolidated)	Communications	211 943.0	41 778.0	329 226.0	50.99843% SJSC "Privatizācijas aģentūra"	On 01.04.2019. changed the name to LLC "Tet". The shareholder changed its name on 03.06.2019 to JSC "Publisko aktīvu pārvaldītājs Possessor (Privatizācijas aģentūra)", on 23.08.2019. changed its name to JSC "Publisko aktīvu pārvaldītājs Possessor".

No.	Reg. No.	Name of the capital company	Sector	Turnover, 2018, EUR '000	Profit/loss, 2018, EUR '000	Total assets, 31.12.2018, EUR '000	Proportion of capital shares, holder or owner	Supplementary information
69	40003347699	LLC "Latvijas Lauku konsultāciju un izglītības centrs"	Agriculture	9 171.9	12.8	5 088.1	99.32% Ministry of Agriculture	
70	40003258973	LLC "Ludzas medicīnas centrs"	Health care	2 549.0	88.0	7 984.5	57.94648% Ministry of Health	
Companies with direct State ownership of 20% to 50% (including)								
71	40003286750	JSC "Rīgas siltums" (consolidated)	Energy	151 696.2	3 873.0	204 610.8	48.995% Ministry of Economics	0.005% Latvenergo. Other shareholders: 49% Rīgas dome, 2% LLC "Energijas risinājumi. RIX".
72	40003212111	LLC "Latvijas Olimpiskā vienība"	Sport	2 784.8	165.1	1 051.6	29% Ministry of Education and Science	
73	41203024801	LLC "Starptautiskā Rakstnieku un tulkotāju māja"	Real estate management	765.6	0.0	543.6	33.33% Ministry of Culture	
74	50003021241	JSC "Rīgas Kinostudija"	Other	21.0	14.4	35.9	19.05999% Ministry of Culture	On 22.06.2017, the shareholders' meeting increased the share capital by EUR 134 804.60. On 11.06.2019, Ministry of Culture transferred to AS "Publisko aktīvu pārvaldītājs Possessor (Privatizācijas aģentūra)" all of its 84950 shares held by it for a face value of EUR 1.40.
Companies with direct State ownership of 20% to 50% (including) that were liquidated								
75	40003064639	MLLC "Agroleasing S.I.A"	Other	n/a	n/a	n/a	50% SJSC "Privatizācijas aģentūra"	Insolvency. Terminated 04.07.2018.
Companies with direct State ownership up to 20%								
76	40003044346	JSC "Rīgas sanitārā transporta autobāze" (consolidated)	Other	30 917.7	1 245.6	31 866.6	10% SJSC "Privatizācijas aģentūra"	
77	40003034263	JSC "Ceļu pārvalde" (consolidated)	Other	30 510.0	1 267.0	19 291.9	0.93% SJSC "Privatizācijas aģentūra"	Non - voting shares.
78	40003034051	JSC "Latvijas maiznieks"	Other	28 720.5	680.6	24 343.7	3.97% SJSC "Privatizācijas aģentūra"	
79	40003026603	JSC "Rīgas dzirnavnieks"	Other	23 728.8	258.3	22 790.6	3.68% SJSC "Privatizācijas aģentūra"	
80	41503002447	JSC "Daugavpils specializētais autotransporta uzņēmums"	Other	3 000.8	91.3	3 070.2	3.2% SJSC "Privatizācijas aģentūra"	
81	40003028394	Rēzeknes SEZ JSC "REBIR"	Other	2 457.4	-4 525.2	3 760.3	5% SJSC "Privatizācijas aģentūra"	
82	40003020723	JSC "Lopkopības izmēģinājumu stacija Latgale"	Other	1 640.9	330.0	6 621.1	4.77% SJSC "Privatizācijas aģentūra"	
83	40003025542	SLLC "Sertifikācijas un testēšanas centrs"	Other	1 037.0	11.8	459.6	19.99988% SJSC "Privatizācijas aģentūra"	On 20.12.2018, 80.00012% of share capital were sold. The remaining 19.99988% were sold on 07.02.2019.
84	40003028515	JSC "Jelgavas mašīnbūves rūpnīca"	Other	762.6	-149.3	3 045.8	3.68% SJSC "Privatizācijas aģentūra"	
85	40003019851	JSC "Latgales ciltslīetu un mākslīgās apsūklošanas stacija"	Other	202.3	0.7	469.4	4.91% SJSC "Privatizācijas aģentūra"	
86	40003017456	JSC "Pūres dārkopības izmēģinājumu stacija"	Other	160.5	-15.0	363.3	8.73% SJSC "Privatizācijas aģentūra"	Shares of the state capital were sold on 22.03.2019.
87	40003017121	JSC "Stendes selekcijas un izmēģinājumu stacija"	Other	59.7	-6.3	3 575.5	4.81% SJSC "Privatizācijas aģentūra"	
88	41703004525	LLC "UNI SAN"	Other	59.4	-152.5	557.3	5% SJSC "Privatizācijas aģentūra"	
89	40003047677	LLC "Sanatorija Dzimtene"	Health care	32.4	-26.8	55.1	10% SJSC "Privatizācijas aģentūra"	
90	40003000642	JSC "Latvijas Gāze" (consolidated)	Energy	344 902.0	25 185.0	412 479.0	0.00029% Ministry of Economics	
91	42103008388	LLC "Liepājas sērkokoņi"	Other	0.0	-5.2	466.7	9.99935% SJSC "Privatizācijas aģentūra"	Until 11.06.2018 10.62% of the shares.
Capital companies with direct public ownership up to 20% that were sold								
92	40003279227	LLC "Balt Alliance"	Other	2 310.1	132.0	4 035.4	8% SJSC "Privatizācijas aģentūra"	Sold on 26.11.2018.
Capital companies with direct public ownership up to 20% that are in insolvency process								
93	40003014197	IJSC "Liepājas metalurģis"	Other	0.0	478.8	626.4	2.5% SJSC "Privatizācijas aģentūra"	Insolvency from 13.11.2013.
94	40003020174	IJSC "Latvijas zoovetapgāde"	Other	0.0	-3.0	55.9	2.6% SJSC "Privatizācijas aģentūra"	Insolvency on 21.01.2016.

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95	40003044577	ILLC "Eiropas minerāls"	Other	n/a	n/a	n/a	6.89% SJSC "Privatizācijas aģentūra"	Insolvency on 21.10.2013. Liquidated on 17.09.2019.
Capital companies with direct State ownership up to 20% that have terminated economic activity, are in the process of liquidation or have been liquidated								
96	40003009764	JSC "Transinform"	Other	n/a	n/a	n/a	2.91% SJSC "Privatizācijas aģentūra"	Since 2007 does not perform an economic activity. Economic activity has been suspended by the decision of the chief notary of the Company Registry on 09.05.2019.
97	40003039881	IJSC "Daugavpils dzirnavnieks"	Other	n/a	n/a	n/a	5% SJSC "Privatizācijas aģentūra"	Insolvency on 29.12.2014. Liquidated on 04.04.2018.
98	41203005196	ILLC "Ventspils ekskursiju birojs"	Other	n/a	n/a	n/a	5% SJSC "Privatizācijas aģentūra"	SRS (State Revenue Service) decision on 17.12.2014. about termination of economic activity. Liquidated on 02.02.2018.
Subsidiaries 100% owned by State-Owned Enterprises								
99	40003857687	JSC "Sadales tīkls"	Energy	323 734.0	33 743.0	1 658 744.0	100% JSC "Latvenergo"	
100	40003788421	LLC "LDZ Cargo"	Transport	275 288.4	1 957.3	172 974.7	100% SJSC "Latvijas dzelzceļš"	
101	40003788351	LLC "LDZ ritošā sastāva serviss"	Transport	74 726.6	3 128.1	109 220.8	100% SJSC "Latvijas dzelzceļš"	
102	40103379313	JSC "Latvijas elektriskie tīkli"	Energy	43 288.0	13 394.0	551 193.0	100% JSC "Latvenergo"	
103	40003988480	LLC "LDZ Loģistika"	Transport	33 580.1	652.7	2 335.0	100% SJSC "Latvijas dzelzceļš"	
104	40003620112	LLC "LDZ apsardze"	Other	7 277.8	59.4	1 919.0	100% SJSC "Latvijas dzelzceļš"	
105	40003788258	LLC "LDZ infrastruktūra"	Transport	4 520.4	156.8	19 043.9	100% SJSC "Latvijas dzelzceļš"	
106	40103762700	JSC "Energijas publiskais tirgotājs"	Energy	2 791.9	0.0	91 571.7	100% JSC "Latvenergo"	
107	40103361063	JSC "LatRailNet"	Transport	1 240.9	7.1	252.7	100% SJSC "Latvijas dzelzceļš"	
108	40003665610	LLC "Jaunmoku pils"	Other	757.5	58.2	1 485.0	100% SJSC "Latvijas valsts meži"	
109	40003423460	LLC "LatLoto nams"	Other	583.1	37.2	236.9	100% SJSC "Latvijas Loto"	
110	40003266519	LLC "Mailmaster"	Communications	534.6	-59.3	417.6	100% SJSC "Latvijas Pasts"	
111	40103981332	LLC "FeLM"	Other	9.7	-2 733.6	11 553.3	100% SJSC "Privatizācijas aģentūra"	
112	40203106704	LLC "REAP"	Other	0.0	0.0	18 068.1	100% SJSC "Privatizācijas aģentūra"	Established on 17.11.2017, the management of assets taken over from LJSC "Reverta".
113	50103306171	LP "Imprimatur Capital Seed Fund"	Other	n/a	-1 419.2	3 034.2	100% SJSC "Attīstības finanšu institūcija Altum"	
114	40003510448	LLC "Rīgas hematoloģijas centrs"	Health care	0.0	-17.4	190.5	100% LLC "Rīgas Austrumu klīniskā universitātes slimnīca"	Until 05.06.2018. LLC "Rīgas Austrumu klīniskā universitātes slimnīca" owner of 50.96%, but Ministry of Health owner of 49.04%.
115	11399985	OÜ "Elektrum Eesti"	Other	n/a	250.0	n/a	100% JSC "Latvenergo"	
116	301506046	UAB "Elektrum Lietuva"	Other	n/a	548.0	n/a	100% JSC "Latvenergo"	
117	44103115707	LP "Commercialization Reactor Pre-seed Fund" AIF	Other	n/a	n/a	n/a	100% SJSC "Attīstības finanšu institūcija Altum"	Registered on 09.03.2018.
118	43603080677	LP "Buildit Latvia Pre-Seed Fund" AIF	Other	n/a	n/a	n/a	100% SJSC "Attīstības finanšu institūcija Altum"	Registered on 09.02.2018.
119	40203141610	LP "Overkill Ventures Fund I AIF"	Other	n/a	n/a	n/a	100% SJSC "Attīstības finanšu institūcija Altum"	Registered on 07.05.2018.
Shares under effective control owned by State-Owned Enterprises or capital companies under direct or indirect effective control of the State								
120	50003050931	LLC "Latvijas Mobilais Telefons" (consolidated)	Communications	216 228.4	28 586.7	281 536.8	23% SJSC "Latvijas Valsts radio un televīzijas centrs", 23% LLC "Lattelecom" un 5% SJSC "Privatizācijas aģentūra"	
121	40103148504	LLC "LMT Retail&Logistics"	Communications	89 603.1	5 224.7	45 725.9	100% LLC "Latvijas Mobilais Telefons"	

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122	40203041605	JSC "Conexus Baltic Grid"	Energy	54 174.0	13 306.0	361 563.0	34.35809% JSC "Augstsprieguma tīkls"	In 2017 18.31228% acquired from "Uniper Ruhrgas International GmbH", 16.04581% from LLC "ITERA Latvija." By the order of the Cabinet of Ministers No.243 on 06.06.2018 0.00029% shares held by the Ministry of Economics must be transferred to the Ministry of Finance, which must invest them in the share capital of JSC "Augstsprieguma tīkls". Given that PJSC "Gazprom", which owns 34.10% of JSC "Conexus Baltic Grid" shares, has no voting rights and management rights, AST has 52.1% of voting rights shares.
123	50003752271	LLC "CITRUS Solutions"	Other	30 444.7	528.2	17 150.9	100% LLC "Lattelecom"	The shareholder changed the name to LLC "Tet" on 01.04.2019.
124	40103587651	JSC "Aviation Crew Resources"	Other	26 497.1	349.4	11 084.9	93.31% JSC "Air Baltic Corporation"	Until 21.02.2018. - 94.97%, after that - 93.66% and 93.31%.
125	42103035386	LLC "Liepājas enerģija"	Energy	18 876.8	5 167.4	40 145.8	51% JSC "Latvenergo"	
126	40003582107	LLC "ZetCOM"	Other	11 807.0	2 475.1	7 172.1	100% LLC "Latvijas Mobilais Telefons"	In December 2018 a decision was made and in January 2019, an agreement was concluded about the reorganization of LLC "ZetCOM" in the form of a merger, as a result LLC "ZetCOM" was added to the Parent company of the concern. Liquidated on 27.05.2019.
127	40003201762	LLC "Auteko & TUV Latvija"	Other	6 976.7	1 438.5	5 465.5	51% SJSC "Ceļu satiksmes drošības direkcija"	
128	40003016728	LLC "Lattelecom Technology"	Communications	6 411.2	1 221.2	7 730.9	100% LLC "Lattelecom"	The shareholder changed the name on 01.04.2019 to LLC "Tet". On 01.04.2019 changed the name to LLC "T2T".
129	40103360903	LLC "Helio Media"	Communications	5 463.7	-468.5	4 322.8	100% LLC "TET"	Formerly owner LLC "Lattelecom Technology". Until 09.08.2018 the name was LLC "Media 360". The shareholder changed the name on 12.10.2018. from LLC "Lattelecom BPO" to LLC "TET", on 01.04.2019. to LLC "Lattelecom".
130	40103272422	LLC "Air Baltic training"	Other	3 447.3	47.4	4 435.1	100% JSC "Air Baltic Corporation"	
131	40103273540	LLC "Loyalty Services"	Other	3 382.1	17.4	2 148.3	100% JSC "Air Baltic Corporation"	On 15.08.2018 the name changed from LLC "PINS.CO" to LLC "Loyalty Services".
132	40003320463	LLC "Veselības centrs "Bīķernieki""	Health care	1 769.9	16.0	563.7	99.58% LLC "Rīgas Austrumu klīniskā universitātes slimnīca"	
133	40103419565	LLC "Rīgas vagonbūves uzņēmums Baltija"	Other	800.2	18.6	506.6	100% LLC LDZ Ritošā sastāva serviss"	
134	40003458674	LLC "BALTIJAS KRAVU CENTRS"	Other	773.3	4.9	386.6	100% JSC "Air Baltic Corporation"	
135	50003621571	JSC "VRC Zaslauks"	Other	125.8	-122.1	63.1	51% JSC "Pasažieru vilciens"	
136	40003754567	LLC "TET"	Communications	2.2	-36.7	4 599.7	100% LLC "Lattelecom"	Until 12.10.2018 the name was LLC "Lattelecom BPO". On 01.04.2019 changed the name to LLC "Lattelecom". The shareholder changed the name to LLC "Tet" on 01.04.2019.

No.	Reg. No.	Name of the capital company	Sector	Turnover, 2018, EUR '000	Profit/loss, 2018, EUR '000	Total assets, 31.12.2018, EUR '000	Proportion of capital shares, holder or owner	Supplementary information
137	40103697913	LP "Expansion Capital Fund AIF"	Other	n/a	-769.7	13 001.5	95% SJSC "Attīstības finanšu institūcija Altum"	
138	40103697951	LP "Flycap Investment Fund I AIF"	Other	n/a	478.2	8 815.0	95% SJSC "Attīstības finanšu institūcija Altum"	
139	40103266178	LP "BaltCap Latvia Venture Capital Fund"	Other	n/a	-1 631.8	8 731.9	67% SJSC "Attīstības finanšu institūcija Altum"	
140	40103697947	LP "Alternatīvo ieguldījumu fonds ZGI-3"	Other	n/a	-59.3	6 141.7	95% SJSC "Attīstības finanšu institūcija Altum"	
141	40103306235	LP "Imprimatur Capital Technology Venture Fund"	Other	n/a	-313.5	3 917.3	67% SJSC "Attīstības finanšu institūcija Altum"	On 13.09.2019. increased the share capital to 70.18%.
142	40003448943	JSC "Pirmais slēgtais pensiju fonds"	Other	n/a	0.0	172.1	50% LLC "Lattelecom" and subsidiaries; 48.15% JSC "Latvenergo" and subsidiaries; 1.85% JSC "Augstsprieguma tīkls"	
143	40103875320	LLC "Blaker"	Other	0.0	0.0	2.8	100% JSC "Air Baltic Corporation"	
144	40103875316	LLC "Vhiter"	Other	0.0	0.0	2.8	100% JSC "Air Baltic Corporation"	
145	40203141593	LP "Overkill Ventures Fund II AIF"	Other	n/a	n/a	n/a	80% SJSC "Attīstības finanšu institūcija Altum", 16% LLC "TET"	Registered on 07.05.2018. One of the shareholders changed the name from LLC "Lattelecom BPO" to LLC "TET" on 12.10.2018., on 01.04.2019. to LLC "Lattelecom".
146	44103115711	LP "Commercialization Reactor Seed Fund" AIF	Other	n/a	n/a	n/a	80% SJSC "Attīstības finanšu institūcija Altum"	Registered on 09.03.2018.
147	40203123846	LP "Buildit Latvia Seed Fund" AIF	Other	n/a	n/a	n/a	80% SJSC "Attīstības finanšu institūcija Altum"	Registered on 09.02.2018.
148	40203139743	LP "INEC1 AIF"	Other	n/a	n/a	n/a	75% SJSC "Attīstības finanšu institūcija Altum"	Registered on 23.04.2018.
149	44103116670	LP "INEC2 AIF"	Other	n/a	n/a	n/a	90% SJSC "Attīstības finanšu institūcija Altum"	Registered on 26.04.2018.
150	40203111495	"ZGI-4" AIF LP	Other	n/a	n/a	n/a	60% SJSC "Attīstības finanšu institūcija Altum"	Registered on 13.12.2017.
Shares under effective control owned by State-Owned Enterprises or capital companies under direct or indirect effective control of the State that have been sold or have changed the owner								
151	40003638985	LLC "Tilžas rapsis"	Agriculture	11.1	-26.9	69.0	86% LLC "Hiponia"	On 19.10.2018. the sales contract of share capital was concluded.
152	50003138501	LLC "Baltijas datoru akadēmija"	Other	2 375.2	375.2	1 276.9	100% LLC "TET"	Until 07.08.2018. 100% owner LLC "Lattelecom". The shareholder changed the name from LLC "Lattelecom BPO" to LLC "TET" on 12.10.2018. On 01.04.2019. to LLC "Lattelecom".
Shares under effective control owned by State-Owned Enterprises or capital companies under direct or indirect effective control of the State that are in the process of liquidation or have been liquidated								
153	40003426895	LLC "Hiponia"	Real estate management	651.8	-3 707.8	2 685.6	100% SJSC "Privatizācijas aģentūra"	Liquidation process on 02.07.2018.
154	40003074590	JSC "Reverta" (consolidated)	Real estate management	0,0	-1 507.0	3 302.0	96.89% SJSC "Privatizācijas aģentūra"	Liquidation period from 01.07.2017. to 31.12.2017.
155	40103350801	LLC "TravelLounge"	Other	0,0	0,0	46.2	100% JSC "Air Baltic Corporation"	Liquidation process on 21.07.2015
156	HE93438	"Regalite Holdings" Ltd	Financial services	n/a	n/a	n/a	100% JSC "Reverta"	In 2017 the liquidation was started.
157	11788043	OU "NIF Eesti"	Real estate management	n/a	n/a	n/a	100% JSC "Reverta"	In 2018 was liquidated.
158	1400551031	OOO "Parex Leasing & Factoring"	Financial services	n/a	n/a	n/a	100% JSC "Reverta"	In 2018 was liquidated.
159	Registered in the British Virgin Islands	"Carnella Maritime Corporation"	Financial services	n/a	n/a	n/a	100% JSC "Reverta"	In 2018 was liquidated.
160	40103253915	LLC "NIF Dzīvojamie īpašumi"	Real estate management	n/a	n/a	n/a	100% JSC "Reverta"	Liquidated on 26.06.2018.
161	40103255348	LLC "NIF Zemes īpašumi"	Real estate management	n/a	n/a	n/a	100% JSC "Reverta"	Liquidated on 28.02.2018.
162	50103300111	LLC "NIF projekts 1"	Real estate management	n/a	n/a	n/a	100% JSC "Reverta"	Liquidated on 23.05.2018.
163	40203137920	LP "AIF Imprimatur Seed Fund 2"	Other	n/a	n/a	n/a	90% SJSC "Attīstības finanšu institūcija Altum"	Registered on 17.04.2018. Liquidated on 15.05.2019.

No.	Reg. No.	Name of the capital company	Sector	Turnover, 2018, EUR '000	Profit/loss, 2018, EUR '000	Total assets, 31.12.2018, EUR '000	Proportion of capital shares, holder or owner	Supplementary information
164	50203137941	LP "AIF Imprimatur Venture Fund 2"	Other	n/a	n/a	n/a	75% SJSC "Attīstības finanšu institūcija Altum"	Registered on 17.04.2018. Liquidated on 14.05.2019.
Shares owned by State-Owned Enterprises or subsidiaries of State - Owned Enterprises with holding of 20% to 50% (including)								
165	40003348247	LLC "Scantest"	Other	3 357.0	1 152.5	2 072.9	20% SJSC "Ceļu satiksmes drošības direkcija"	
166	40003425353	LLC "Autests"	Other	1 905.1	347.6	2 325.4	20% SJSC "Ceļu satiksmes drošības direkcija"	
167	43603022749	LLC "Meža un koksnes produktu pētniecības un attīstības institūts"	Other	1 581.2	0.7	1 006.7	40% SJSC "Latvijas valsts meži"	
168	40003425118	LLC "Ventests"	Other	275.6	73.6	770.2	50% SJSC "Ceļu satiksmes drošības direkcija"	
169	40103845025	JSC "RB Rail"	Transport	0.0	-1 462.2	9 270.8	33.33% LLC "Eiropas dzelzceļa līnijas"	
170	40003837498	LP "Otrais Eko fonds"	Other	0.0	-0.3	2 237.4	33% SJSC "Attīstības finanšu institūcija Altum"	
171	No Reg. No., address: Luxemburg	"Baltic Innovation Fund"	Other	n/a	n/a	n/a	20% SJSC "Attīstības finanšu institūcija Altum"	Without reg. No., address: European Investment Fund, 37B, avenue J.F. Kennedy, L-2968 Luxembourg
172	40103326439	LLC "IT Kompetences centrs"	Other	n/a	n/a	n/a	18.5% LLC "Lattelecom Technology"	
173	40203116929	LLC "Overkill Ventures AIFP"	Other	n/a	n/a	n/a	35% LLC "Lattelecom Technology"	Registered on 10.01.2018.
174	40203015814	LLC "SWG Rīga Fund 1"	Other	n/a	n/a	n/a	27.12% LLC "Lattelecom Technology"	
175	40003527016	JSC "Rīgas vagonbūves rūpnīca"	Other	n/a	n/a	n/a	49% JSC "VRC Zaslauks"	
Shares owned by State-Owned Enterprises or subsidiaries of State-Owned Enterprises with holding of 20% to 50% (including) that have been sold								
176	40003685034	LLC "Priekuļu rapsis"	Agriculture	n/a	n/a	n/a	26% LLC "Hiponia"	On 02.11.2018 the sales of share capital contract was concluded.
Shares owned by State-Owned Enterprises or subsidiaries of State-Owned Enterprises with holding of up to 20%								
177	40003094173	JSC "Latvijas Finieris" (consolidated)	Other	250 881.8	9 885.8	325 454.1	0.94% SJSC "Latvijas valsts meži"	
178	40003034583	LLC "Strek"	Other	26 074.7	5 646.8	71 079.0	5.84% SJSC "Latvijas dzelzceļš"	The consolidated annual report is no longer prepared due to termination of ownership in subsidiary E6.
179	41203007892	LLC "Kurzemes radio"	Other	244.6	-6.4	87.8	0.58% SLLC "Latvijas radio"	
180	40003143445	LLC "Vējkalni"	Agriculture	0.0	83.2	187.4	12.5% LLC "Latvijas Lauku konsultāciju un izglītības centrs"	
181	400255276	Belarusian-Latvian joint venture "MIRIGO"	Other	n/a	n/a	n/a	3% SJSC "Latvijas dzelzceļš"	Due to the deterioration of the company's performance over the last few years and the absence of positive development trends, the fair value of long-term financial investments was decreased in the Belarusian-Latvian joint venture MIRIGO by EUR 410 119. There were no other changes in investments during the year.
182	919585099	JSC "Nord Pool"	Other	n/a	n/a	n/a	2% JSC "Augstsprieguma tīkls"	With the decision of the Cabinet of Ministers No. 171 on April 19, 2018 JSC "Augstsprieguma tīkls" was allowed to terminate the ownership in JSC "Nord Pool" and obtain 2% ownership in JSC "Nord Pool Holding" (Reg. No 919 422 505).
Shares owned by State-Owned Enterprises or subsidiaries of State-Owned Enterprises with holding of up to 20% that are in the process of liquidation or have been liquidated								
183	40103040660	LLC "BRC Novatēka"	Real estate management	n/a	n/a	n/a	7.01754% LLC "Hiponia"	Liquidated on 07.06.2019.

