



Pārresoru koordinācijas
centrs



Cross-Sectoral Coordination Centre
Republic of Latvia

Public Report on the
State-Owned Enterprises and
Shares in 2017

Rīga, 2018



Pārresoru koordinācijas
centrs



This is the fourth annual report on the 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 2017.

Dear cooperation partners and citizens,

The changes already made in the field of governance of state-owned enterprises (SOEs) have been positively assessed by the Organisation for Economic Cooperation and Development (OECD). In March 2017, the OECD Working Party on State Ownership and Privatisation Practices decided to conclude the post-accession monitoring process. In 2017, the Cross Sectoral Coordination Centre (CSCC) actively analysed internationally recognised best practices and other countries' experience in governance in order to adapt it to Latvia's needs. In addition, in order to obtain a comprehensive view of the necessary improvements to the legal framework of SOE governance, the CSCC surveyed the members of SOEs' management boards and councils, representatives of shareholders and members of the council of the Coordination Institution. In the light of the information collected, the CSCC is continuously working to develop recommendations for the Cabinet of Ministers on improving the governance.

In order to enhance an open and fair selection of the management, the CSCC has developed guidelines precisely explaining the selection, assessment of candidates for the post of members of management board and council of SOEs, as well as the determination of remuneration for members of management board and council. In order to promote business development-friendly and prudent governance, the amendments have been produced to the Law on Governance of Capital Shares of a Public Person and Capital Companies, by defining clearer allocation of responsibilities for producing

and executing the decisions of the supreme decision-making body of a public person, disclosing the information, as well as defining the procedure for determining the share of profit to be paid in dividends. The CSCC has also encouraged to include the return on equity criteria, which have been set in compliance with the methodology of the guidelines, when drafting medium-term performance strategies for SOEs.

I would like to remind that, in 2017, the CSCC published a website-database on SOE governance, which collects information on the legal framework and changes therein, performance results of SOEs and developments in matters of governance. The CSCC will further improve cooperation with the public and stakeholders in governance matters, including the disclosure of information. Therefore, in order to provide the people with easy access to up-to-date information on SOEs, the CSCC is participating in the Open Governance Partnership initiative, with a commitment to improve the usability of the existing database on SOEs by the end of 2019, by conducting a survey and improving the functionality of information search and reproduction.

I would like to thank you for your involvement in improving the management of public assets and look forward to future support and recommendations for sustainable and professional corporate governance in Latvia!

Pēteris Vilks,
Head of the Cross-Sectoral Coordination Centre

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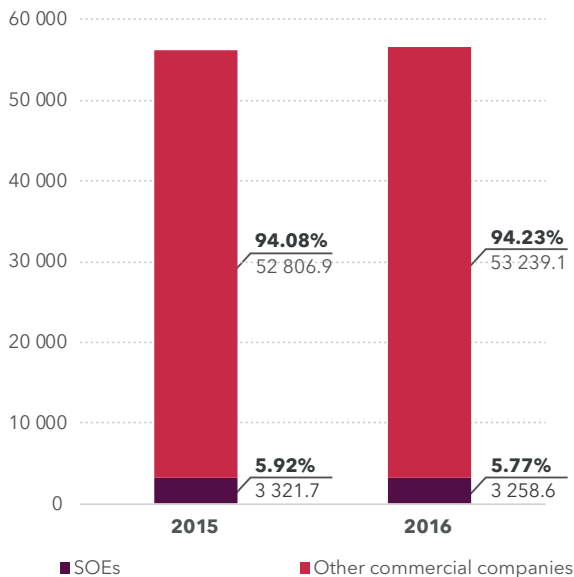
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Introduction

State-owned enterprises (SOEs) play an important role in the Latvian economy. SOEs not only eliminate the market failures and carry out the tasks of strategic importance for society but also contribute to economic development, provide financial benefits to the public, as well as accessible and high-quality services. To illustrate the SOEs' role in the national economy, their contribution in 2015 and 2016 will be further demonstrated.

Figure 1. Turnover of SOEs from total turnover of all commercial companies in 2015 and 2016, million EUR, %



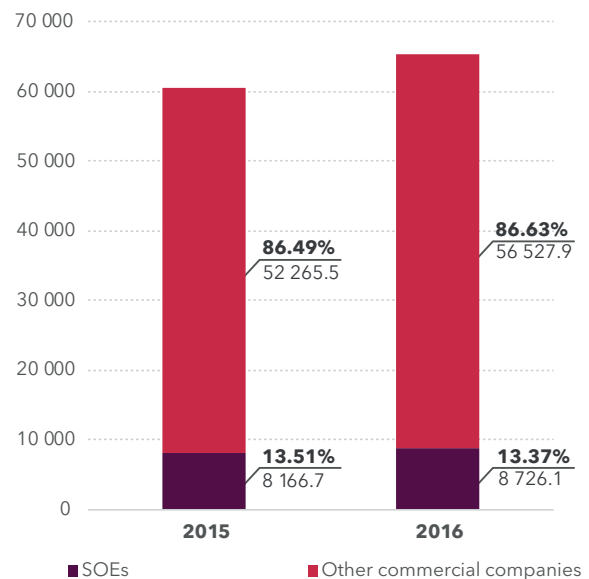
The total turnover of all commercial companies in 2016 was more than EUR 56.5 billion¹, which is by EUR 369.1 million more than in 2015 and represents an increase of 0.66%. 5.77% of the total turnover of all commercial companies was generated by SOEs, which represents a slight decline in both financial terms – minus EUR 63.2 million and as percentage – minus 0.15 percentage points.

SJSC Latvijas Dzelzsceļš and SJSC Valsts nekustamie īpašumi experienced the largest drop in turnover among SOEs in 2016 compared to 2015. The turnover rates were affected by external circumstances because the decline in turnover was due to reduced freight transport volumes and number of construction projects realized, which were affected by delays in the procurement process and the fulfilment of contracts. In 2016, SOEs achieved the non-financial objectives set, which required financial considerations to be balanced with non-financial objectives. It resulted in lower turnover rates.

The assets of all SOEs that demonstrate the theoretical potential for generating income and profits, in 2016 represented 13.37%² of the total assets held by all commercial companies in the country (EUR 8.72 billion). It represented a slight drop in the total asset structure of commercial companies – minus 0.14 percentage points compared to 2015.

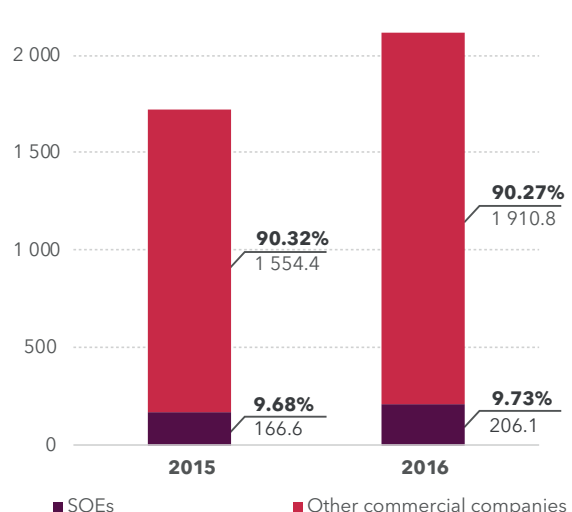
In 2016, the SOEs' assets increased by EUR 559.4 million or 6.85%. In general, turnover and asset ratio is better in private sector, which can be explained by differences in asset composition and objectives. One of the main objectives of the private sector is to make the most of the profits possible with the lowest possible involvement of assets and capital. Second factor – asset composition - many SOEs 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 through major capital investments (hydroelectric power stations, railway, aviation infrastructure, etc.).

Figure 2. Assets of SOEs from total assets of all commercial companies in 2015 and 2016, million EUR, %



Of the total profits reported in the country in 2016 - EUR 2.11 billion³, 9.73% were represented by SOEs, which demonstrated a slight increase of 0.05 percentage points of total profits of all commercial companies compared to 2015. The overall profits of SOEs increased by EUR 39.5 million or by 23.7%. As regards the profit against the turnover, the results of SOEs are on average better than of the private sector - 6.32% and 3.59 % respectively in 2016. When assessing the profit against assets the results are slightly worse than in the private sector taking into account the differences in asset composition (the aforementioned 2nd factor)- 2.36% and 3.38 % respectively.

Figure 3. Profit of SOEs from the total profit of all commercial companies in 2015 and 2016, million EUR, %



In 2017, the SOEs' indicators, except for investments, dividends and contributions paid to the state and local government budgets and the number of employees, show an upward trend, compared to 2016. It can be explained by the fact that Latvia maintains overall economic growth and by substantial changes to the Corporate Income Tax Law (hereinafter - the CIT), adopted by the Saeima in 2017, published on 8 August 2017 in the official gazette Latvijas

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

2 http://data.csb.gov.lv/pxweb/lv/uzn/uzn_uznemfin_ikgad/UFG010.px or http://data.csb.gov.lv/pxweb/lv/uzn/uzn_uznemfin_ikgad/UFG050.px

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

Vēstnesis No.156 (5983), and became effective on 1 January 2018. In this context, the substantial increase in profit in 2017 should be carefully and analytically considered, for example, the profit of JSC Latvenergo increased by EUR 191.4 million or 146.6% in 2017 resulting in EUR 322 million; however, 77.9% or EUR 149.1 million of this increase is the result of the deferred tax reversed as the result of the CIT reform; consequently, the profit increased by EUR 42.3 million or by 32.4%, as the result of economic activity. The impact of the CIT reform on the results of the twenty-five largest commercial companies is estimated at EUR 191.8 million, which would reduce the actual economic profits of SOEs in 2017 to EUR 314.5 million, the ROA to 3.34% and ROE to 6.57%. The CIT reform will have a single substantial impact; therefore a drop in profit indicators is projected in 2018 relative to 2017.

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

Principal financial indicators, million EUR			
	2015	2016	2017
Turnover	3 321.7	3 258.6	3 392.5
Profit/loss	166.6	206.1	508.5
EBITDA	522.7	630.4	779.5
Total assets	8 166.7	8 726.1	9 407.2
Share capital	3 887.5	4 016.7	4 088.1
Equity	3 803.8	4 218.9	4 787.8
Investment	624.4	549.6	546.2
Dividends paid to the state budget	124.9	154.7	148.7
Contributions made to the state and local government budget	785.9	836.0	800.5
Donations received	1.0	2.8	2.5
Donations made	5.1	5.3	5.2
Funding received from the state budget	541.7	602.0	1 122.6
Principal financial indicators			
Profit and turnover ratio, %	5.01	6.32	14.99
Return on assets; ROA, %	2.04	2.36	5.41
Return on equity, ROE, %	4.38	4.88	10.62
Total liquidity indicator	1.47	1.09	1.33
Liabilities-to-equity ratio	1.13	1.05	0.95
Other indicators			
Number of employees	52 723	52 120	51 014
Average gross remuneration per employee per year, thousand EUR	12.3	12.5	13.4
Gender representation in management, f/m	n/a	65/160 (28.9%/71.1%)	68/157 (30.2%/69.8%)
Annual report in accordance with IFRS (yes / no)	n/a	26/49	28/47

The investment volumes have remained at the level of 2016. In 2017, a number of important investment projects continued, such as phase 3 of the 330 kV electricity line connection "Kurzeme Circle" included in the European decade development plan, the third interconnection of Latvia - Estonia, construction of the power line Riga TEC2 - Riga HES, completion of the reconstruction of Daugava HES plants, aircraft fleet renewal with five airplanes, further construction of Rail Baltica public use railway infrastructure, acquisition of road maintenance transport (dumpers with equipment, motor-graders, salt-sand distributors), development and harmonisation of the Latvian rail network electrification project and purchase of new electric trains, reconstruction of road surface of 840 km, extension of the airport passenger terminal, improvement of the availability of electronic

communications infrastructure in rural areas, construction of additional 220 access points and 2200 km of the optical cable route, restoration of the Riga Palace, construction of a storage for the museum, reconstruction of theater buildings, reconstruction of hospital blocks, construction of a tennis hall, design and construction of air traffic service tower.

The number of employees has fallen by 1.1 thousand or 2.1% compared to 2016. In total, 51 thousand people are employed in SOEs, representing a total of 5.39%⁴ of economically active population, and there is a slight drop of 0.05% compared to 2016. It should be noted that the number of economically active people per year is also decreasing by approximately 10.9 thousand inhabitants or by 1.1%. The average wage continues to grow steadily; it increased by 2.1% in 2016 compared to 2015, and by 7.3% in 2017 compared to 2016, which also represents an increase in average monthly wages in the country - 7.9%⁵. The average gross wage in SOEs was by 21% higher than in the country as a whole in 2017 and amounted to EUR 13.4 thousand per year⁶.

The Cross-Sectoral Coordination Centre (hereinafter - the CSCC) prepares an annual public report (hereinafter - annual report) pursuant to Section 22, Paragraph two, Clause 5 of the Law on Governance of Capital Shares of a Public Person and Capital Companies (hereinafter - Law on the Governance of Capital Companies). The CSCC coordinates and supervises the governance of SOEs and state-owned shares:

- Develops guidelines and Cabinet regulations with respect to corporate governance of SOEs;
- Provides the holders of state-owned capital shares with the opinion on medium-term financial objectives of SOEs and financial operational indicators (share of profit to be paid in dividends, profit indicators, return on capital etc.) as well as their coherence with the non-financial objectives set out in the SOE's medium-term strategy;
- Provides the Cabinet of Ministers with the opinion on the validity of state ownership in a capital company - continuation of state ownership, divestment or acquisition thereof;
- Provides consultations to the Prime Minister, the Cabinet of Ministers, holders of state-owned capital shares (ministries) and management of SOEs and responsible employees, as well as organizes training on governance of capital companies of public persons;
- Ensures that up-to-date information about SOEs and capital companies effectively controlled by the State is published, as well as an annual consolidated report on state-owned capital shares and SOEs is developed;
- Ensures regular exchange of information with the Working Party on State Ownership and Privatisation Practices of the Organization for Economic Cooperation and Development (OECD), participates in its meetings and promotes the implementation of OECD recommendations on governance of SOEs, as well as compliance of operations of Latvia's SOEs with the best corporate governance practices of developed countries.

In order to ensure governance of capital shares of a public person and capital companies, a collegial institution - the Council of the Coordination Institution for Governance of State-Owned Shares and SOEs (hereinafter - Council of the Coordination Institution) was set up, which, prior to approval, examines and coordinates the draft guidelines developed by the institution in the field of governance of capital shares of a public person, as well as evaluates the opinion of the Coordination Institution, in cases stipulated by the law, if the holder of state-owned capital shares or a supervisory council of a SOE (if any) disagrees with it or has asked to consider the issue at the Council of the Coordination Institution. It should be noted that the Coordination Institution has not had to

⁴ http://data1.csb.gov.lv/pxweb/lv/sociala/sociala__nodarb__aktivitate__ikgad/NBG010.px

⁵ http://data1.csb.gov.lv/pxweb/lv/sociala/sociala__dsamaksa__ikgad/DSG010.px

⁶ According to: http://data1.csb.gov.lv/pxweb/lv/sociala/sociala__dsamaksa__ikgad/DSG010.px datiem strādājošo mēneša vidējās darba samaksa 2017.gadā bija 926 euro.

consider such issues. Council of the Coordination Institution is entitled to submit proposals to the Coordination Institution also on other issues relating to administration of capital shares of a public person. The Coordination Institution is composed of representatives of eight ministries and representatives of the Free Trade Union Confederation of Latvia, the Latvian Association of Local and Regional Governments and the Employers' Confederation of Latvia, as well as representatives delegated by the Latvian Chamber of Commerce and Industry, and a representative of the Baltic Corporate Governance Institute shall be invited to attend the meetings of the Council without the right to vote.

In 2017, work continued on improving the regulatory framework and guidelines for the management of capital shares and capital companies of a public person (see chapter 1.3 **Work on regulatory acts**).

In the first half of 2017, the CSCC organised training for shareholders and representatives of SOEs on the use of financial indicators in the planning and performance assessment of SOE, while in the autumn of the same year - the conference "What has been Achieved and what Remains to be Done: Assessment of Public SOEs Governance Reform". It referred to the work done and focused on the aspects of the reform, which still need to be addressed (see chapter 1.6 **Training, consultations to capital companies and shareholders**).

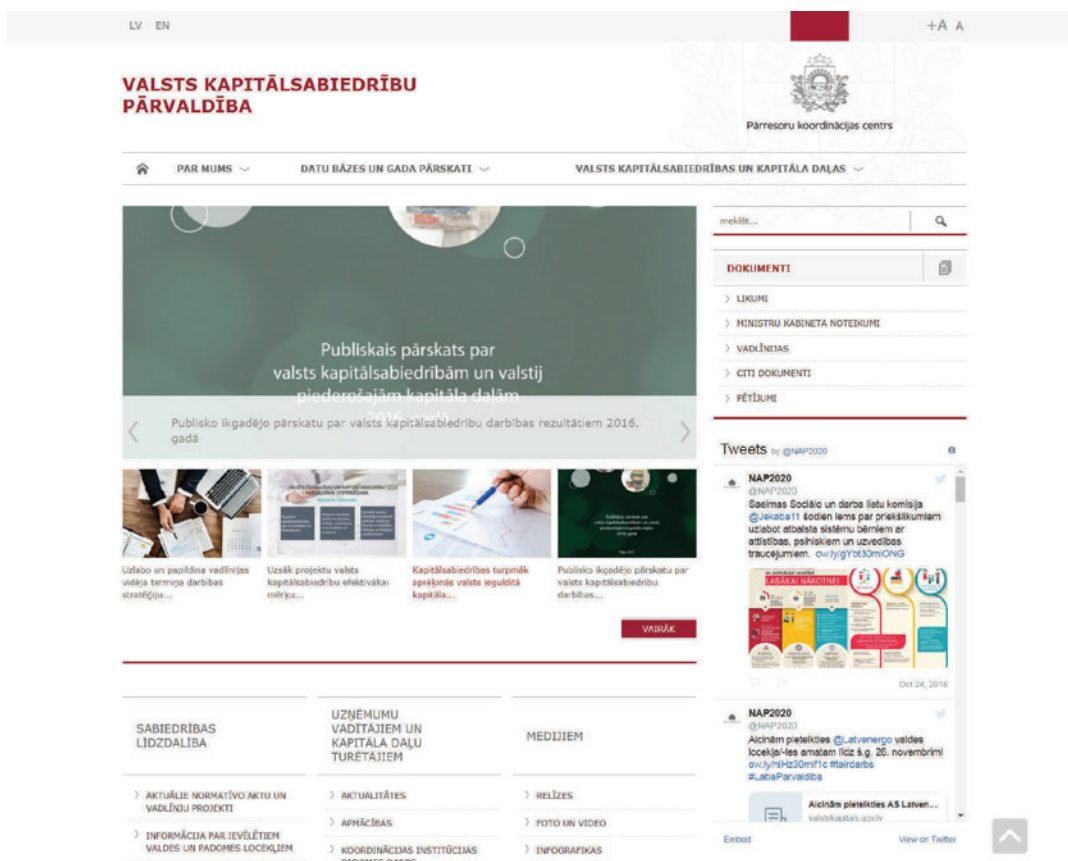
In September 2017, the people involved in the SOE governance were surveyed in the form of questionnaires on the activities, benefits and necessary improvements to the councils, including the review of the criteria for independent board members, the establishment of councils not only in large companies. The respondents were requested to assess

the compliance of remuneration for members of management board and council, the changes required in governance and activities of the CSCC (see chapter 1.6 **Training, consultations to capital companies and shareholders**).

By compiling both the data of the survey and the information obtained through day-to-day work, the CSCC prepared an informative report "On the Proposals to Improve the SOE Governance", as well as an informative material on the solutions to combat shadow economy in work of SOEs, which was considered by the Council for Combating the Shadow Economy on 12 July 2017. Similarly, the informative report "Development of Latvia's National Capital Market and its Role in Latvia's Economic Growth" devoted to the diversification of the capital structure of SOEs was discussed at the conference on 1 December 2017.

The CSCC continues to maintain and further develop the website www.valstskapitals.lv published in 2017, which publishes up-to-date information on the governance of SOEs, as well as an interactive database on SOEs and state-owned capital shares. In the database, it is possible to select and analyze different metrics about SOEs, including by analyzing groups of SOEs or individual SOEs, by selecting one or more indicators, and there is an option to convert these data into a Microsoft Excel format that provides for convenient data processing and calculation. In the database, you can also obtain different data displays in graphics by selecting SOEs and their performance figures according to parameters previously selected by the user.

Figure 4. Website www.valstskapitals.lv



1 Governance of State-Owned Enterprises

1.1 Strategy development

In accordance with the Law on Governance of Capital Shares of a Public Person and Capital Companies (hereinafter - the Law on Governance of Capital Companies), the draft strategy for approval of a medium-term strategy (hereinafter - strategy) is sent to the CSCC for the provision of an opinion.

In 2017, the CSCC delivered 21 opinion on draft strategies (in addition, 10 more opinions were delivered on re-submitted strategies in 2016 or 2017). A total of 13 strategies were approved in 2017. 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 strategies planning period.

By the second half of 2018, the CSCC has received in total 50 strategies, including those approved before 2016 and those for which a Cabinet decision on a different proportion of the profit to be paid in dividends was not received.

In 2017, a number of SOEs of the Ministry of Culture started work on the development of new strategies. Three of them managed to approve their strategies in 2017. These strategies set a different proportion of profit to be paid in

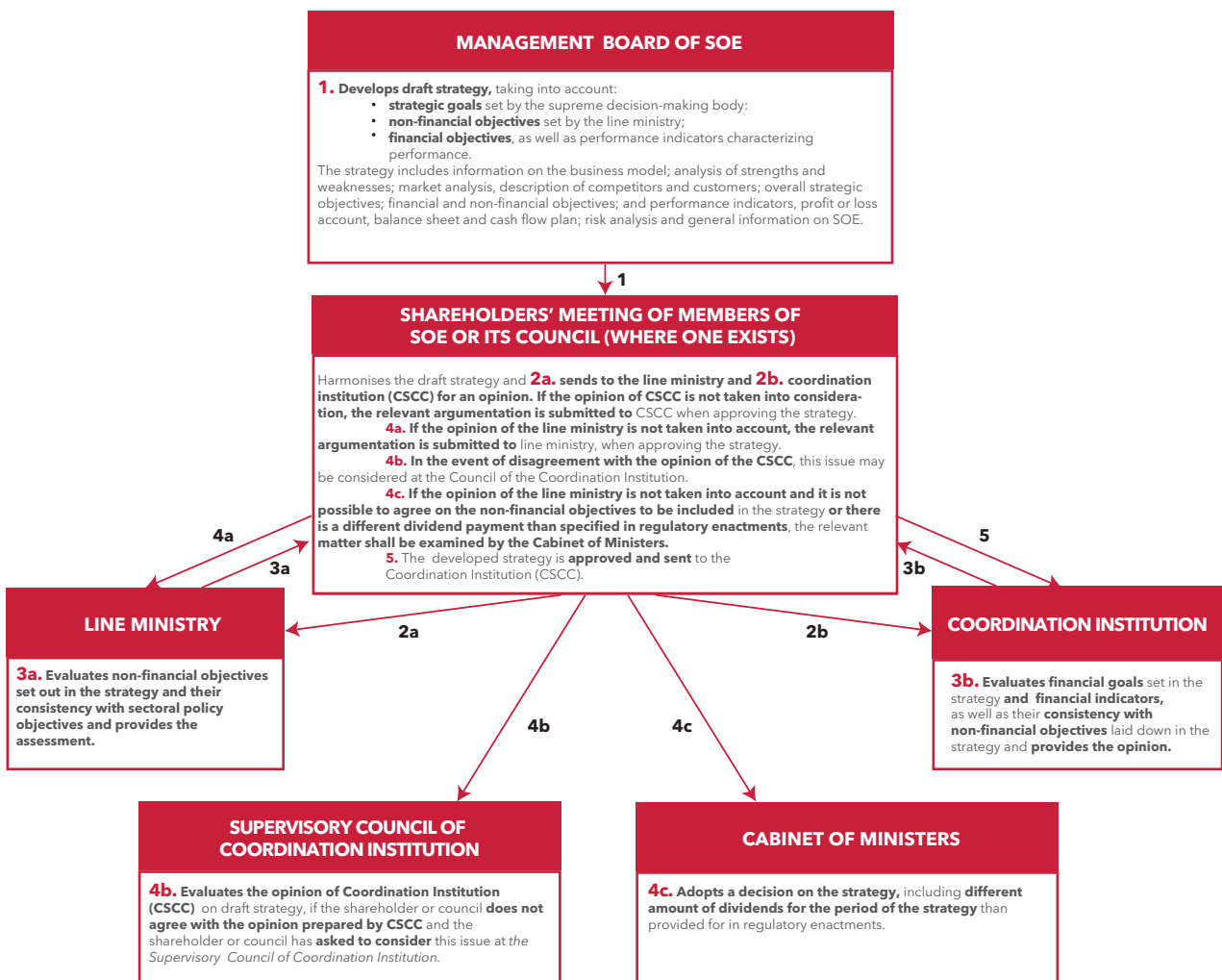
dividends (0%) and, in accordance with the provisions of the Law on Governance of Capital Companies, the relevant Cabinet decisions have been taken regarding this matter.

In 2018, the SOEs of the Ministry of Health, whose strategies were approved in 2012 and are effective by the end of 2018, plan to develop new strategies. It is expected that these SOEs will also have to obtain a permit of the Cabinet of Ministers to pay a different profit proportion to be paid in dividends.

In 2017, work was launched on a methodology for calculating financial objectives, in particular, for determining effective capital returns. The methodology was included in the guidelines, stipulating that information on similar companies in Latvia or abroad should be used to determine capital returns, so that it can be determined whether the set targets are consistent with industry trends. The methodology also explained that the specific nature of the business and the impact of the non-financial objectives should be taken into account when setting the financial objectives.

The work on the methodology was completed on 28 August 2018, when, following the examination at the Council of the Coordination Institution, the Head of the CSCC approved the updated guidelines for the development of SOEs' medium-term operational strategies.

Figure 5. Process for harmonising and validating the draft strategy



1.2 Nomination commissions and nomination processes

According to the competence assigned by the Law on Governance of Capital Companies, representatives of the CSCC as members of the nomination commission participated in all processes of selection and evaluation of members of the SOEs' board (22) and council (2). In accordance with the legal framework, the nomination commission includes representatives from the line ministry or the SOE's council, the CSCC, independent experts and observers, if necessary. Most often, representatives from non-governmental organisations such as the Latvian Employers' Confederation, the Baltic Corporate Governance Institute, the association Latvijas Jaunā teātra institūts and other participated in the nomination commissions. There are currently councils in the twelve largest SOEs, and discussions are ongoing on the necessity of setting up councils in major state hospitals - LLC Rīgas Austrumu klīniskā universitātes slimnīca, SLLC Bērnu klīniskā universitātes slimnīca and SLLC Paula Stradiņa klīniskā universitātes slimnīca. Procedures for the selection of board and council members are specified in the Law on Governance of Capital Companies and Cabinet Regulation No. 686 "Procedures for Nominating Candidates for the Posts of Board and Council Members in Capital Companies, in which the State as a Participant (shareholder) has the Right to Nominate the Members of the Board or Council, and Members of the Board of SOEs where the Council has been Established" of 1 December 2015. The "Guidelines for the Selection and Evaluation of Candidates for the Post of the Member of Management Board and Council of the Capital Company where the State as the Shareholder has the Right to Nominate Members of the Management Board or Council" should also be used to promote the best practice. There are ongoing discussions and, according to the OECD recommendations, Latvia should review the criteria for the independent council member, in particular whether a council member can be regarded as independent if he/she has been an official or employee of the shareholder for the past two years or is currently or has been an official or employee in a subordinate institution of the shareholder, in another capital company of the same shareholder or its dependent company, an official in another public administration institution, an official in the institution of the political party, as well as other restrictions.

In 2017, the issue of confidentiality of information in relation to the disclosure of the identity of the candidates was raised. Cases were found where information about participants in the nomination process or those who have been successful has been disseminated to the mass media before the nomination process has been completed. In accordance with the regulatory enactments for the nomination processes, the information obtained in the selection and evaluation process regarding the applicants may not be transferred or disclosed to third parties, as well as other activities, which would be against existing regulatory framework for the protection of personal data provided for in the regulatory enactments, may not be carried out. Like in previous years, sufficient publicity and informative measures on the nomination process and application opportunities, proportionate and adequate requirements for the job and the deadline for applying to expand the range of potential candidates, as well as ensuring the confidentiality of applicants, are important prerequisites for the successful organisation of the nomination process and the recruitment of candidates. The cases where found where no candidate or a very small number of candidates apply to vacant posts. In such cases, the nomination commission extended the deadline for application or revised the requirements of the competition regulations and launched a new competition. The assessment of a impeccable reputation, the full assessment of competences for candidates entering the final phase of the selection, the use of recruitment companies or individual recruitment experts directly for the assessment of competencies are still challenging aspects of the nomination process.

1.3 Work on regulatory enactments

At the meeting of the Cabinet of Ministers of 20 June 2017, the amendments made by the CSCC to the Law on Governance of Capital Companies were supported. Amendments to the Law were necessary in order to determine the allocation of responsibilities in the preparation and execution of decisions of the supreme decision-making body of a public person, the disclosure of information, the procedures for taking decisions on determining the profit proportion to be paid in dividends. The amendments to the Law came into force on 3 April 2018.

In 2017, the CSCC identified the practices and necessary improvements in the process of evaluating annual performance for SOEs under the effective control of the State, with a view to developing in 2018 the amendments to Cabinet Regulation No. 95 "Procedures for Evaluating the Performance and Financial Performance for a Capital Company under the effective control of the State" of 9 February 2016.

At the end of 2017, work was launched on an informative report on the proposals to improve the SOEs governance. Within the framework of the report, the need and the possibility to amend the regulatory enactments related to the governance of SOEs is being evaluated to facilitate the introduction of OECD recommendations, as well as to improve the overall governance of capital companies of a public person.

In 2017, the CSCC approved two guidelines on the governance of capital companies, which had been accepted by the Council of the Coordination Institution:

- "Guidelines on the Selection and Evaluation of Candidates for the Management Board of a Capital Company, in Capital Companies where the State as a Member (Shareholder) has the Right to Nominate Members of the Management Board or Council." The guidelines contain recommendations for good corporate governance practice in the implementation of the nomination process.
- "Guidelines on Determining the Remuneration for the Members of the Management Board and Council of the Public Private Capital Companies". The guidelines contain conclusions drawn from the study carried out to determine remuneration of the members of management board and council. The study, commissioned by the CSCC, was carried out in 2016 by a limited liability company Civitta Latvija. The results of study are published in www.valstskapitals.lv and are available for use.

1.4 Work of councils in SOEs

By the end of 2016, the supervisory councils were set up in 12 SOEs (JSC Latvijas Valsts meži, JSC Latvenergo, SJSC Valsts nekustamie īpašumi, JSC Augstsprieguma tīkls, JSC Latvijas loto, JSC Latvijas dzelzceļš, SJSC Starptautiskā lidosta "Rīga", SJSC Latvijas autoceļu uzturētājs, SJSC Latvijas Pasts, SJSC Ceļu satiksmes un drošības direkcija, SJSC Latvijas gaisa satiksme, JSC Pasažieru vilciens). In the past, the council was established only for the Development and Financial Institution JSC Altum. By setting-up the councils, the largest commercially-oriented SOEs met one of the OECD' recommendations. In 2017, however, a discussion was launched in the public space on the possible formation of councils in major state hospitals (SLLC Bērnu klīniskā universitātes slimnīca, LLC Rīgas Austrumu klīniskā universitātes slimnīca, SLLC Paula Stradiņa Klīniskā universitātes slimnīca), because their financial indicators (net turnover and balance sheet total), allow for establishing the councils according to the criteria laid down in the Law on Governance of Capital Companies. This was also indicated in a survey conducted by the CSCC in September 2017. The participants of the survey assessed the activities and benefits of established councils and proposed

the necessary improvements, including the review of the criteria of the independent members of the Council. Decisions on the formation of councils at major hospitals have not yet been taken on the grounds that hospital funding is mainly composed of public funding and remuneration of council members can create an additional financial burden.

The most pressing duties of the councils in 2017 were the participation in the development of the drafts of SOEs medium-term operation strategies, the initiation of nomination processes for members of management board, the appointment and withdrawal of management board members, as well as the evaluation of the results of the SOEs and annual performance of the SOEs. The councils also engaged in analyzing the processes of the operation of SOEs and in the development of efficiency plans for SOEs. Another positive contribution of the councils was unloading shareholder's representative, since, before the councils were set up, the representative of the shareholder fulfilled the duties falling within the competence of the council in addition to his/her official duties.

1.5 Cooperation with OECD

In 2017, two meetings of the OECD Working Party on State Ownership and Privatisation Practices were held. At the meeting of the Working Party on 23-24 March 2017, the Latvian representatives provided the OECD Working Party on State Ownership and Privatisation Practices with information on the SOE governance reforms, which were completed in 2016 following the accession to OECD, including the process and results of establishing the councils in large SOEs, the progress of the implementation of international financial reporting standards, the development of strategies for SOEs, the evaluation of performance, the availability of information on SOEs and the findings of the annual report on state-owned shares and SOEs. The Latvian report was prepared on the basis of an informative report developed by the CSCC "Informative Report on the Implementation of Recommendations of the Working Party of the Organisation for Economic Cooperation and Development for Latvia", which was examined at the meeting of the Cabinet of Ministers on 31 January 2017. The report highlighted that the process of setting up boards of SOEs has been successful. Professional council members were selected for 12 large SOEs, and more than four fifths of them also met the requirements for an independent council member. The information was provided on the progress in developing operational strategies for SOEs, preparing the aggregated annual report, strengthening the capacity of the coordination institution and the transition to international financial reporting standards in SOEs. The Working Party positively assessed the report of Latvia and the answers to the questions raised, and took the decision that after the accession, the monitoring process in the field of SOE governance has been successfully completed, and Latvia has demonstrated clear steps in the implementation of the recommendations and informing of the future steps to be taken to improve the SOE governance. At the meeting of the Working Party, the Latvian representatives also expressed their views on other topical issues, such as fair business and anti-corruption practices and the activities of SOEs on international markets. The CSCC provided information and explanations to the OECD secretariat on other items on the agenda, such as the number and distribution of SOEs by sector. This information was included in the OECD report "The Size and Distribution of SOEs in OECD and Partner Countries", as well as comments and proposals to improve the "SOE Compendium Report" on the model for governance of SOEs in Latvia.

At the meeting of the Working Party on 23-24 October 2017, the CSCC's representative, Vladislavs Vesperis, was elected to the Bureau of Working Party, which means that Latvia will be further more actively involved in planning and directing the activities of the Working Party, as well as in preparing the meetings of the Working Group. The representative of Latvia

also participated in a separate sub-group for the development of a report on privatization practices and guidelines for the Privatization Process, providing that information on the successes and failures of the privatization process in the OECD Member States and partner countries will be aggregated and recommendations will be made regarding the organization and management of the privatisation process. The representative of Latvia participated in discussions on the initial draft of the Task Force's Action Programme for 2019-2020, which included a number of new proposals, including the possible development of research reports on the activities and corporate governance of SOEs - financial institutions, as well as regional and local level local governments' participation in companies and the governance of these companies. At the invitation of the OECD secretariat, the Latvian representative prepared questions to the Argentinian delegation on the assessment of the governance of Argentine's SOEs and compliance with the OECD corporate governance guidelines, mainly by raising questions about the future Law on Corporate Governance and its content, plans for the reorganisation of the portfolio of companies and the justification for the policy of the state's participation in companies, as well as evaluation of performance results. The representative of Latvia also expressed the view and participated in discussions on the SOE governance reports of Lithuania and Costa Rica, encouraging clarification of the recommendations of the working group for improvement of corporate governance of these countries.

In 2018, the CSCC intends to continue participation in the preparation of a manual on the principles of privatisation practice, the development of fair business and anti-corruption guidelines, as well as other topics of the Working Party. In cooperation with the OECD Secretariat and representatives of other OECD delegations, it is also planned to participate in international cooperation projects, including the development of guidelines for corporate governance of Ukrainian SOEs. Having regard to the conclusions of the OECD study on Fair Business and Corruption Prevention Practice, the development of guidelines for fair business and anti-corruption practices, as well as the functioning of SOEs on international markets and in other countries, will be a priority issue of future cooperation.

1.6. Training, consultations to capital companies, shareholders

In 2017, the CSCC continued to comply with the Law on Governance of Capital Companies - organised the training on corporate governance matters for members of management boards, supervisory councils, officials and employees, as well as officials and employees of shareholders of a public person whose duties are related to the governance of shares of a public person.

In May 2017, the training on corporate governance was organised in the form of seminars - "Use of Financial Indicators in the Planning and Performance Assessment of a Capital Company". It was attended by the members of management boards and councils of SOEs, as well as by shareholders. The seminars were organized in five groups of 25 participants and were well attended.

In order to inform all the parties concerned about the achievements and progress with the public capital company governance reform, and to identify challenges and highlight future developments, a conference "Achievements and What Remains to be Done: Assessment of the Public Capital Company Governance Reform" was organised in November of the same year involving more than 100 participants. The panel discussion was devoted to the following matters:

- setting the financial and non-financial objectives of SOEs, by planning medium-term activities and developing strategies;
- role of supervisory councils in SOE governance;
- future challenges and steps in SOE governance.

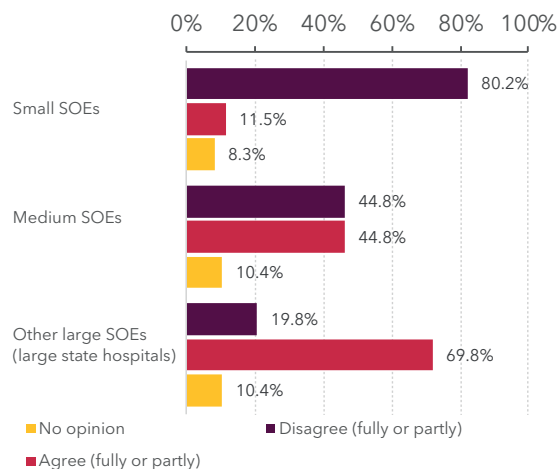
Both CSCC experts and current members of management boards and councils of SOEs, as well as researchers were invited to participate in the conference. They presented different views, which allowed considering the matters from different aspects.

In order to identify the opinions of individuals involved in the governance of public capital companies on the current implementation of the abovementioned governance and to receive proposals for improvement, a broad survey of participants on the governance of SOEs was carried out. The survey took place on 14-27 September 2017. Individual invitations were sent to 239 participants; 96 individual questionnaire replies were obtained, with each respondent being authorized in Google. 63.5% of respondents expressed their views as members of management board of the company, 20.8% as members of councils of companies, 9.4% as the employees of the shareholder and 3.1% as members of the council of a coordination institution and representatives of public shareholders.

One of the objectives of the survey conducted by the CSCC was to identify views on the possibility to extend the independence criteria laid down in Clause 6 of Cabinet Regulation No. 686 of 1 December 2015 "Procedures for Nominating Candidates for the Positions of the Board and Council Members in Capital Companies in which the State as a Participant (shareholder) has the Right to Nominate Members of the Board or Council, and the Members of the Board of State-owned Enterprises in which the Council has been established. The survey results demonstrated that the majority of respondents believe that the existing criteria for an independent board member are sufficient to ensure the independence of a council member in the decision-making of the council. This opinion was fully supported or rather supported by 62.5% of respondents, while 30.2% disagreed fully or rather disagreed. 7.3% of respondents were of the other opinion. Their explanations indicated, in most cases, that the respondent had no experience in the functioning of the council or that he/she was even not aware of the existence of such criteria, and therefore did not have the opportunity to express the support or opposition. The survey offered the respondents an opportunity to express their views on possible independence criteria that could be included in addition to existing ones, for example, "a member of the council is not a member of the management board, a member of council, an official or employee of another capital company held by the same shareholder, its dependent capital company or parent company", "member of the council neither directly nor indirectly represents the shareholder". In most cases a similar distribution of responses was observed in different respondents' groups, but it also revealed the criteria on which the views were opposing. Thus, for example, when assessing the criterion "a member of the council is not a member of management board, council, official or employee in other capital company held by the same shareholder, its dependent capital company or a parent company", the members of management board of capital companies were more inclined to support the introduction of such a criterion (35 in favor of / 26 against) while the members of the councils had the opposite opinion (7 in favor of / 13 against).

In the survey conducted by the CSCC, respondents were asked whether they support the formation of councils in groups of companies of different size in those companies where they had not been established until now. From the summary of responses shown in the figure 6, it can be concluded that unequivocal support was given to the opinion that the councils should be formed in the remaining large SOEs (hospitals).

Figure 6. Survey on the establishment of councils



The analysis of the opinion by groups of respondents (members of management board, council members, responsible employees of the shareholder, responsible employees of the public shareholder, representatives of the state shareholder and members of the council of the coordination institution) showed that such views had 95% support among the members of already established councils. In all other groups 62-67% of respondents expressed the support with the least support expressed by the members of management boards.

As regards the establishment of a council in medium-size companies, respondents' views were already much more reticent. The members of the existing councils supported the setting up of such councils with a majority of 80%, while only 32.8% of members of management boards responded positively, and many noted that there were difficulties in responding because there was no experience in working with the councils and, consequently, no confidence in their usefulness.

For the purposes of identifying foreign practices, in autumn 2017 and early 2018, the CSCC's employees got familiar with the experience of Norway, Sweden and Finland in the field of governance of state-owned companies within the framework of the project "Exchange of Knowledge, Experience and Good Practices in Corporate Governance of State-Owned Enterprises" of the mobility program of Nordic and Baltic States "Public Administration". They met with institutions supervising the SOEs, line ministries, as well as representatives of major SOEs.

In 2017, the CSCC has provided approximately 30 views and opinions on the application of the Law on the Governance of Capital Companies and the regulatory enactments underlying it, including the competence of state shareholders, the number of members of management board and the aspects of the determination of remuneration.

1.7. Development of SOE governance in 2018

In order to develop the reform that has already been started and strengthen professional and sustainable SOEs governance, in 2018, the CSCC launched the SOEs strengthening project in cooperation with the European Commission's Structural Reform Support Service. Within the framework of the project and in cooperation with companies, shareholders and ministries, it is planned to assess the compatibility of the existing uniform regulation and governance practice with the needs of SOEs of different profiles, internationally recognized practices and solutions, by setting individually justified financial objectives and dividend policy.

In the light of the results of the survey conducted in 2017, the CSCC intends to bring the informative report "On the Proposals to Improve the Governance of State-Owned Enterprises" further for the discussion, including the possibility of clarifying the eligibility criteria of an independent council member, as well as to assess the possibility of setting up councils in a larger number of SOEs, incl. medium-sized companies.

The CSCC has approved changes to the guidelines "Guidelines for the Development of Medium Term Operational Strategies for State-Owned Enterprises" in order to include the methodology agreed by the council of the coordinating institution and examined by the Cabinet of Ministers to determine the desired capital return, in order to ensure that financial objectives set are adequate and comparable with the private sector, costs of non-financial objectives are calculated and their impact on financial objectives is acknowledged.

It is planned to prepare the changes and necessary improvements in the process of evaluation of the annual performance of SOEs, which are under the effective control of the State in order to develop in 2018 the amendments to Cabinet Regulation No. 95 of 9 February 2016 "Procedures for the Assessment of Performance and Financial Indicators for a Capital Company, under the effective control of the State".

The discussion on the more active use of the financial and capital markets will continue, including examining the possibility of bond emission for SOEs, as well as the possibility of quoting SOEs on the stock exchange, while maintaining the decisive influence of the State on these companies. This issue is subject to political decision making policy in the governance of state-owned companies.

In 2018, it is planned to continue to accumulate and publish the financial information on SOEs, state-owned shares, shares owned by SOEs and companies under the effective control of the State. Given that information on the results of SOEs, such as turnover, investment, liquidity, return on assets and equity, employment and average remuneration, has already been collected and accumulated, it is possible to analyze these indicators in depth by assessing the SOEs' success, by developing and evaluating the rationale for strategic decisions, including taking into account the trends of development of national economy and sectors concerned.

2 Methodology Used in the Report

To collect the data used in the public report on SOEs and state-owned shares the public reports have been used (annual reports of companies, activity reports published by companies, other published information), reports by companies on specific indicators developed specifically for the purposes of the report, and information obtained from the State Revenue Service (SRC) of the Republic of Latvia, which also serves as a verification mechanism for data quality. Indicators such as EBITDA, investment in fixed assets, dividends paid, total contributions made to state and local government budgets, donations received and made, funding received from the budget, were derived from reports developed specifically by companies. These figures have been calculated on an individual basis by the company, thereby allowing for minor methodological differences in the calculation. Other indicators, as well as output data for derived indicators, are derived from publicly available data sources. These indicators are based on a uniform methodology but may vary according to the individual data interpretations of each company (management reports). The reliability of these data has not been further verified by trusting the relevance of public data and compliance of the reports to the real situation.

Financial indicators such as profitability, ROA, ROE, liquidity and leverage are calculated from 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 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 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 those companies which are under the effective control of the State (50% + 1 share) and individual SOEs' dependent companies and companies under the effective control or economically significant companies with close to 50% shares (JSC Rīgas Siltums). These companies are: LLC Latvijas Mobilais Telefons, LLC Lattelcom, 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 the effective control of the State. The State owns a number of companies that serve the public interests 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 big extent inappropriate to analyze and objectively assess the benefits for the society and the non-financial objectives achieved.

Some of companies that can be described as commercial have disclosed less information justifying it with a business secret. Respecting the commercial business policy of those companies, the information may be reported to a lesser extent.

The financial analysis uses consolidated (group) financial information, including the performance results of subsidiaries. SJSC Privatizācijas aģentūra and LLC Rīgas Austrumu klīniskās universitātes slimnīca make an exception. 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, the analysis uses the information of these companies, which does not include the information of all dependent companies (LLC Veselības centrs "Bīķernieki", LLC Rīgas hematoloģijas centrs), but includes them separately. The calculation of dividends paid to the State includes only the 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 the 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 2016-2017, while some sections analyze data for the years 2015-2017 or 2014-2017. The report does not analyse, but merely indicates the non-financial objectives of companies, nor does it assess their impact on financial indicators.

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 capital company's logo.

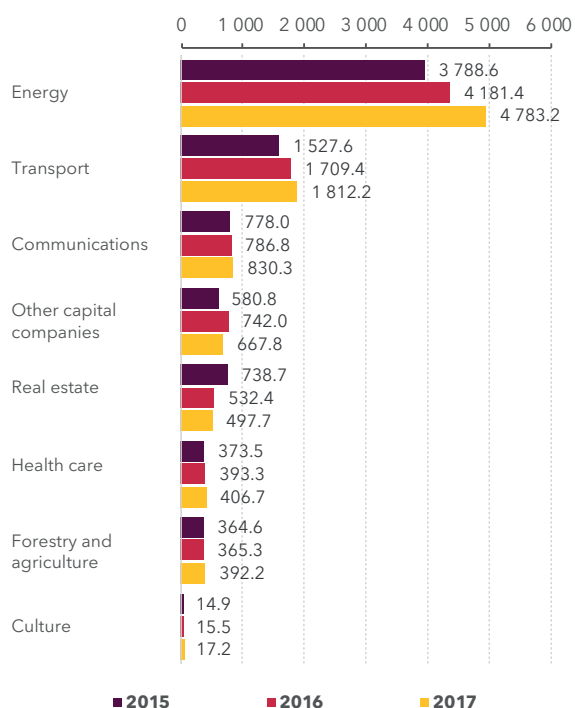
3 Performance of State-Owned Enterprises

3.1 Summary of the SOEs' performance

Total assets of SOEs

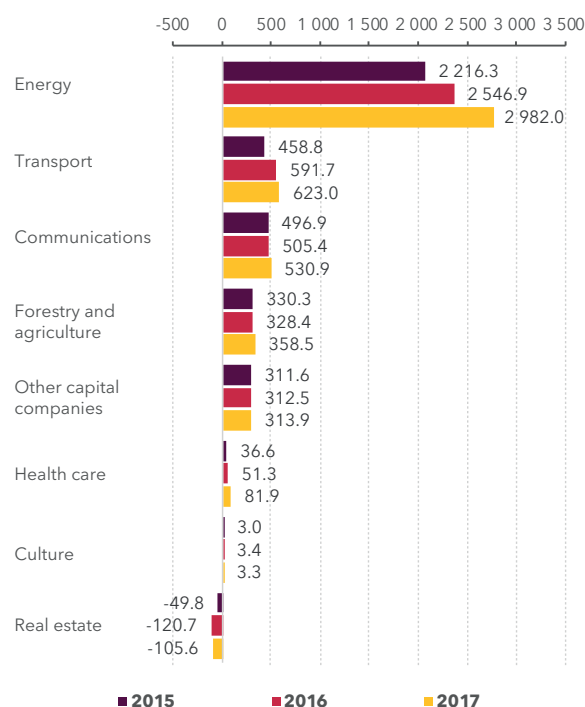
As regards the assets, we can see a total increase of 7.8% relative to the previous year. The largest increase is observed in the sectors of energy (+14.4%) and culture (+11.6%) due to major investment projects in the field of energy, construction and reconstruction of cultural establishments. The largest decline is observed in sectors of real estate (-6.5%) and other capital companies (-10.0%). In the real estate sector, this is explained by the continued recovery, re-evaluation, sale and transfer of JSC Reverta's problematic assets to LLC REAP and by changes in asset accounting methodologies for LLC Hiponia and SJSC Privatizācijas aģentūra, by including and assessing them in the consolidated financial statement of the JSC Privatizācijas aģentūra. The assets of JSC Reverta decreased by EUR 49.1 million while the assets of LLC Hiponia by EUR 24 million, amounting to EUR 18.5 million in 2017, which will be further included in the consolidated report of JSC Privatizācijas aģentūra. In this context, the total decline in the real estate sector would be measured at -3.1%. In the case of other capital companies, the largest reduction is made by JSC Privatizācijas aģentūra. In this case, it can be explained by the repayment of the principal amount of the loan to JSC Citadele banka, loans taken over (LLC REAP, LLC FeLM and LLC Hiponia) and decrease in their value and the sale of investment properties.

Figure 7. Total assets of SOEs by sector, million EUR



Total equity of SOEs

Figure 8. Total equity of SOEs by sector, million EUR



Total equity has increased by 13.5% in all SOEs. The energy and transport sectors present the greatest growth, EUR +435.0 million and EUR +31.2 million respectively.

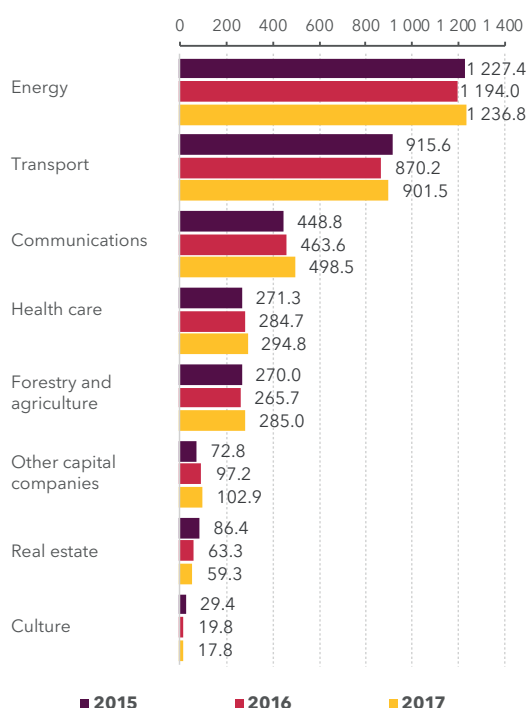
The major growth in the energy sector results from JSC Latvenergo (EUR 428.2 million and +17.7%), due to the reform of the Corporate Income Tax (CIT) Law, which entered into force in 2018, and due to the receipt of one-off compensation from the State, while refusing to receive 75% of the annual electric power payments in the future. The CIT will no longer have to be paid for the profits realized, but it will be paid for profits distributed in dividends. As of 1 January 2018, the distributed and relatively distributed profit shall be subject to a rate of 20 per cent of gross amount, or 20/80 of net costs. The CIT for dividend payment is recognized in the profit or loss account as a cost during the reporting period when the dividends are declared while for other notional profit items, at the time when the costs are incurred within the accounting year. It will, in fact, remove from 1 January 2018 any temporary differences between the asset and liability values for the calculation purposes of the financial accounting and the tax, which means that the balance sheet of 31 December 2017 no longer recognizes the deferred tax assets or liabilities. In accordance with International Accounting Standards, the previously established deferred tax liabilities are reversed when accounting deferred tax revenue in the 2017 profit or loss account or balance sheet in equity reserves, depending on how they were initially recognized. In the case of Latvenergo Group, it had a significant impact on both the reserves included in the equity capital and the figures for retained earnings, since in the reserves (fixed asset revaluation) the deferred corporate income tax was reversed and in the profit and loss statement was also reported as a change in deferred tax, which in turn increased the retained earnings. A minor factor affecting retained earnings was the unconditional grant of EUR 140.0 million by the State for the refusal to receive 75% of the annual electric power payments to the cogeneration plants of Riga TEC-1 and TEC-2 under the heading "Other revenues from economic activity". However, at the same time, the decrease in the value of assets of Riga TEC was also recognized by EUR 116.8 million and the increase of CIT - by

EUR 21 million, reducing the overall positive effect on profits to EUR 2.2 million. The total one-off grant of the State was set at EUR 454.4 million in accordance with the decision taken by the Cabinet of Ministers on 21 November 2017, but EUR 314.4 million has been determined as revenue for subsequent periods and will be linearly attributable to the revenue until the fulfilment of the conditions during the aid period until 23 September 2028.⁷

In the health sector, equity capital increased because the State took over the loan agreement commitments to banks in a number of hospitals through an increase in companies' share capital. The major increase in share capital of this kind was for the SLLC Rīgas psihiatrijas un narkoloģijas centrs - EUR 7.4 million, for the LLC Paula Stradiņa klīniskā universitātes slimnīca - EUR 5.4 million, for LLC Aknīstes psihoneiroloģiskā slimnīca - EUR 3.8 million. The share capital was also increased by EUR 11 million for LLC Rīgas Austrumu klīniskā universitātes slimnīca. In addition, on 3 February 2017, the State acquired a participation in LLC Ludzas medicīnas centrs and a share capital increased in that company after the takeover of the loan agreement commitments to the bank in the amount of EUR 4.2 million.

Total turnover of SOEs

Figure 9. Turnover of SOEs by sector, million EUR



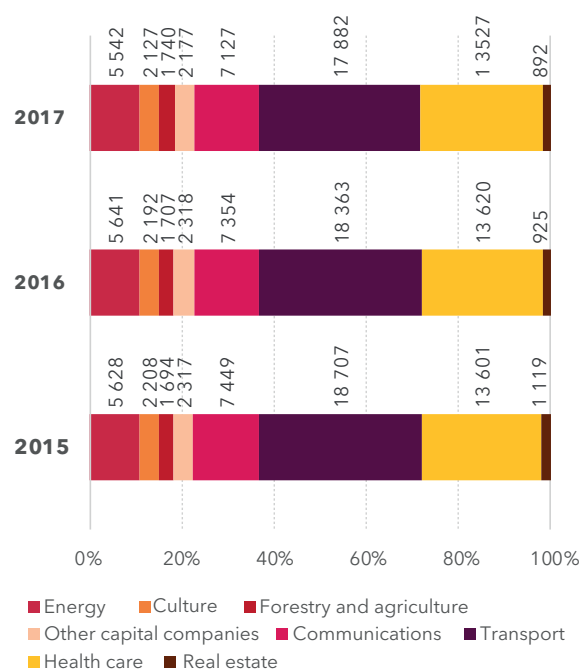
Total turnover rates have increased by 4.1% or EUR 133.9 million. The largest absolute increase is observed in the energy and communications sectors: EUR +42.8 million and EUR +34.9 million respectively, while the highest percentage increase is observed in the communications, forestry and agricultural sectors - +7.5% and +7.3%, respectively. The decrease can be observed in two sectors - the real estate and culture - by 12.9% or EUR -8.1 million and by 10.1% or EUR -2 million respectively. The decrease in turnover in the sector of culture is due to changes in accounting methodology as national grants are further listed under Other revenues from economic activity. For example, the turnover of LLC Latvijas Nacionālais teātris decreased by EUR 2.1 million compared to 2016, while revenues from main activities experienced an increase of EUR 323 277.

On an individual basis, the largest increase in total was for JSC Air Baltic Corporation (AirBaltic) - EUR +52.5 million, JSC Augstsprieguma tīkls (AST) EUR +42.1 million and JSC Latvijas valsts meži EUR +18.9 million, while the major decrease was for JSC Latvijas dzelzceļš EUR -32.5 million, JSC Valsts nekustamie īpašumi EUR -10.4 million and JSC Latvenego EUR -6.0 million. The increase for AirBaltic is largely due to the fact that the year 2017 was successful for the entire aviation industry in Europe, as demand for air transport increased in most countries. In 2017, AirBaltic supplemented its fleet with five new CS300 aircraft, thus increasing the number of seats by 19%, while the number of passengers increased by 22% and reached a record-high number - 3.5 million passengers per year.⁸

The increase for AST is attributable to SPRK Council Decision No 18 "On the Certification of the Electricity Transmission System Operator" of 30 January 2013. In accordance with the decision, the company has taken over from JSC Latvijas elektriskie tīkli such commercial activities as the maintenance and development of the assets of transmission system, and ensures the construction, re-construction and renewal of the assets of the transmission system. Pursuant to Section 21.2 of the Electricity Market Law, the transmission system asset owner JSC Latvijas elektriskie tīkli finances capital investments in the transmission system assets, on which the decisions are taken by JSC Augstsprieguma tīkls. In this context, in 2017, the revenue heading "Transmission Asset Reconstruction and Renewal" increased by EUR 37.5 million.⁹

Number of employees and average remuneration

Figure 10. Average number of employees in SOEs per year by sector, number and percentage



There have been no significant changes in the employee structure and, a decrease can be observed for the second consecutive year, which has increased from 1.1% in 2016 to 2.1% in 2017. In absolute terms, the number of employees decreased by 1106. There are relatively minor changes in the distribution of employees by sector. The major changes are in the transport and communications sectors resulting in a corresponding reduction of 481 and 227 employees.

In the transport sector, this is due to a significant reduction of 593 employees in the SJSC Latvijas dzelzceļš (LDz) for the second year in a row. In 2016, the number of

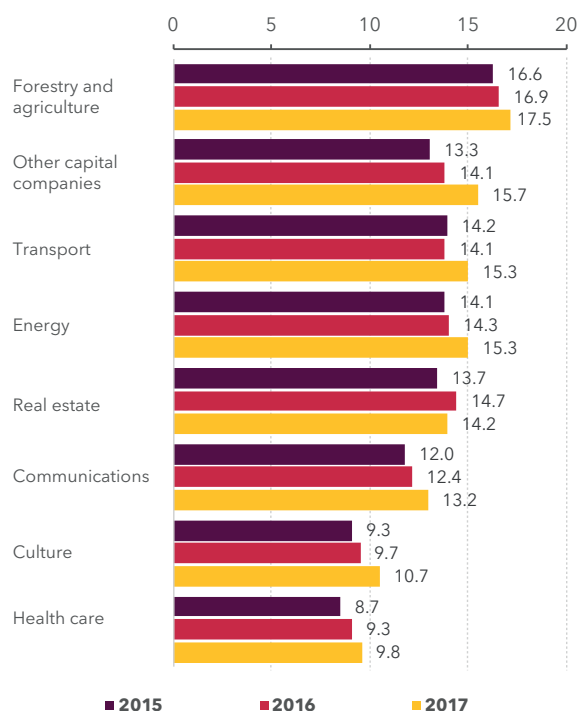
7 Consolidated annual report of Latvenego Group and annual report of JSC Latvenego

8 Annual report of JSC Air Baltic Corporation 2017

9 Annual report of JSC Augstsprieguma tīkls 2017

employees fell by 478. However, the most significant reduction in the number of employees in the communication sector took place in SJSC Latvijas Pasts (LP) - 153 employees.

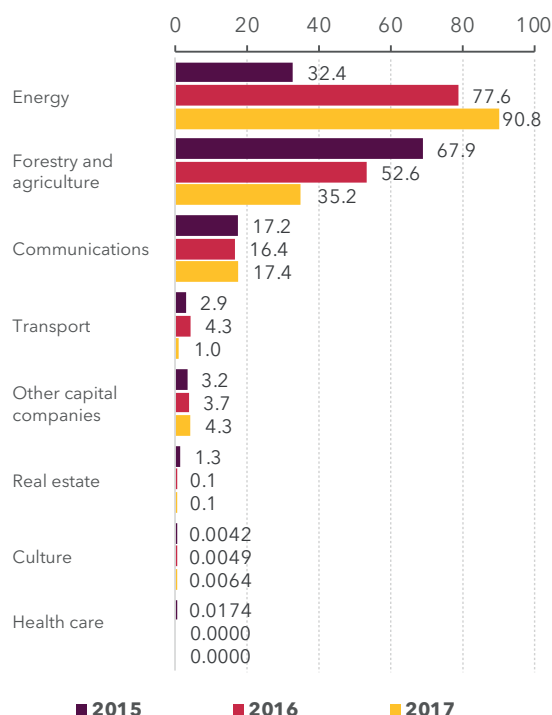
Figure 11. Average gross remuneration per employee per year in SOEs by sector, thousand EUR



Information on the level of remuneration in companies and the analysis of this information can be used to identify common trends. The remuneration policy in each company is determined in line with internally-approved principles, depending on the nature of the activity of the company, the situation in the labor market and the resources available. Different principles for the variable part of the salary or the principles for the allocation and payment of other additional benefits may be laid down. Similarly, the remuneration policy is influenced by the choice of a business model, where companies with a higher share of outsourcing will often have higher rates of remuneration. The share of non-financial objectives and the income model of a company are also important. The level of remuneration in all sectors has increased, with the exception of the real estate sector, where average remuneration has decreased by EUR 0.5 thousand or by 3.6%. The largest percentage increase is observed in the sectors of other capital companies and culture - +11.8% and +9.8% respectively. Just like in 2016, the forestry sector is in the leading position on the remuneration scale, while the lowest level of remuneration is in companies of the culture and health care sectors. The average remuneration in SOEs in 2017 was EUR 13.4 thousand.

Dividends

Figure 12. Dividends paid to the State for the previous reporting year in SOEs by sector, million EUR



In 2017, the State has received EUR 148.7¹⁰ million in dividends which is by 3.9% or EUR 6.0 million less than in 2016. The average of total profit in 2017 reached 72.2% of 2016 earnings, while in 2016 it was 92.9%. When assessing the payment of dividends to the State, the traditional leaders are the energy, forestry and communications sectors - 61%, 24% and 12%, respectively. The contribution of other companies in the form of dividends is significantly lower and below 5% of the total dividends paid.

Given that the energy, the communications, the forestry and agricultural sectors continued to operate successfully in 2016 and 2017, incl. impact of the CIT Law reform, dividends were paid in the planned amount and the energy and forestry sectors had a dividend payment under Section 41 and Section 42 of the Law on State Budget for 2017. In case of Latvenergo - EUR 90.1 million, and in case of JSC Latvijas valsts meži - EUR 35.2 million.

The forestry industry's leadership can be explained by the fact that the main production asset is forest land for which no depreciation is calculated. As a result, fewer funds are accumulated for a fixed asset renewal and EBITDA earnings are relatively the highest among sectors.

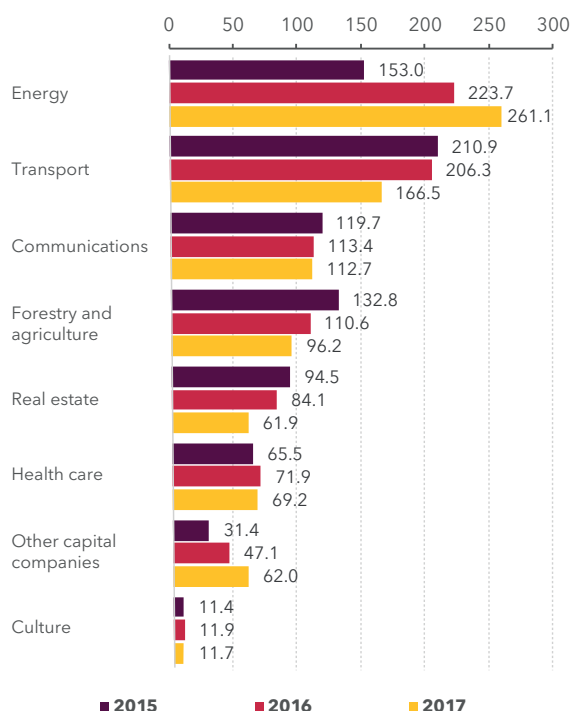
In the communications sector, both LLC Lattelecom and LLC Latvijas Mobilais Telefons have successfully continued to operate and paid in dividends EUR 16.1 million and EUR 12.4¹¹ million respectively.

¹⁰ Calculations of dividends paid to the State include only those dividends, which were paid to the state budget

¹¹ Sector's calculation includes only the share of dividends paid directly to the state from LLC "Latvijas Mobilais Telefons" - EUR 1.2 million

SOEs' contributions to the state budget

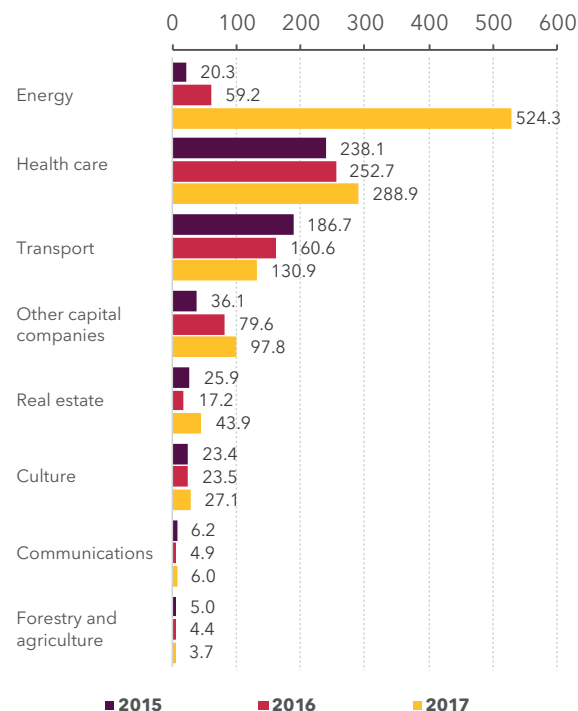
Figure 13. SOEs' contributions to the state budget by sector, million EUR



Contributions to state and local government budgets consist of taxes, levies and dividends. SOEs have contributed EUR 841.3 million, which is by EUR 27.6 million or 3.2% less than in 2016. Like in 2016, the largest contributors were SOEs of the energy and transport sectors, representing 31.0% and 19.8% respectively of the total contributions made to the State budget. Three major taxpayers were JSC Latvenergo, SJSC Latvijas dzelzceļš and JSC Latvijas valsts meži, paying EUR 238.7 million or 28.4% of the total contributions made by SOEs, EUR 95.6 million or EUR 11.4% and EUR 91.6 million or 10.9% respectively.

State budget funding received by SOEs

Figure 14. Funding received by SOEs from the state budget by sector, million EUR



The funding from the State budget includes different types of revenue:

- the compensation mechanisms, e.g. the compensation paid to JSC Latvenergo for establishing the mandatory procurement component and, in compliance with the Order of the Cabinet of Ministers No 685 "On Reducing the Guarantee Commitments Towards JSC Latvenergo for Electric Power in Electric Cogeneration Plants", a single government grant for the abandonment of 75% of the annual electric power payments to cogeneration plants;
- fees for services purchased by the State, such as health care services for hospitals or the production of shows for theatres.

In 2017, the state budget funding increased by EUR 520.6 million or 86.5% compared to 2016, and reached EUR 1 112.6 million. The largest beneficiary in 2017, unlike in 2016, was the energy sector - 46.7% of total funding received, rather than the health care sector - which received 25.7% of the total funding. In 2016, the energy sector received only 9.8% of the total funding, while the health sector accounted for 42.0%, leaving the transport sector with 26.7% in the second place. The state budget funding for the energy sector was exclusively received by JSC Latvenergo and the state budget funding of EUR 524.3 million in 2017 was divided 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 in 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

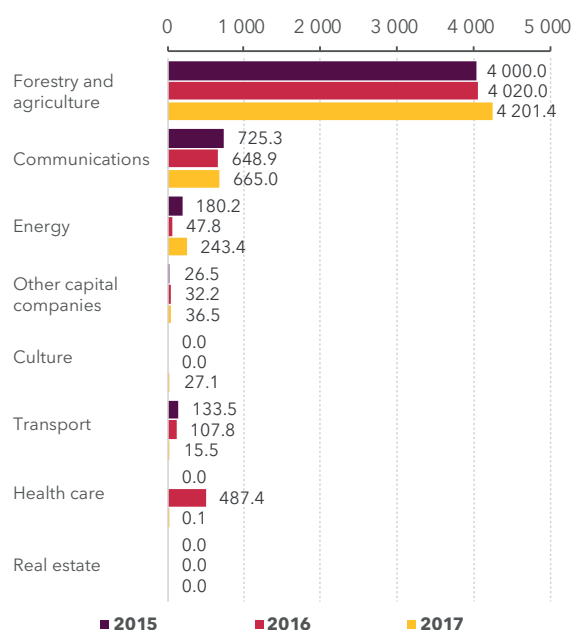
agreement, on the same date, the parent company netted with JSC Enerģijas publiskais tirgotājs.¹²

The health sector, in turn, benefits from grants for both public services and support for the modernisation of facilities and, compared to 2016, it increased by EUR 36.2 million or by 14.3%.

Significant budget funding is channeled to the transport sector, where a large part of the aid is for public service, such as, in accordance with the delegation agreement for the day-to-day maintenance of national roads (EUR 53.5 million) and the work carried out on the local government roads (EUR 3.2 million), in accordance with the delegation agreement for the administration of public road network construction funding, accounting and organising the procurements for the State purposes (EUR 14.5 million), compensation for the transportation of passengers entitled to deductions for use of public transport, as well as payments to JSC Pasažieru vilciens (compensation for damage resulting from the fulfilment of the public transport service contract - EUR 6.9 million, compensation for public railway infrastructure charges - EUR 35.8 million, compensation for the losses for the transportation of passengers entitled to deductions for use of public transport - EUR 2.4 million), as well as the funding channeled by SLLC Autotransporta direkcija envisaged for coach service providers, incl. to cover losses.

Donations made by SOEs

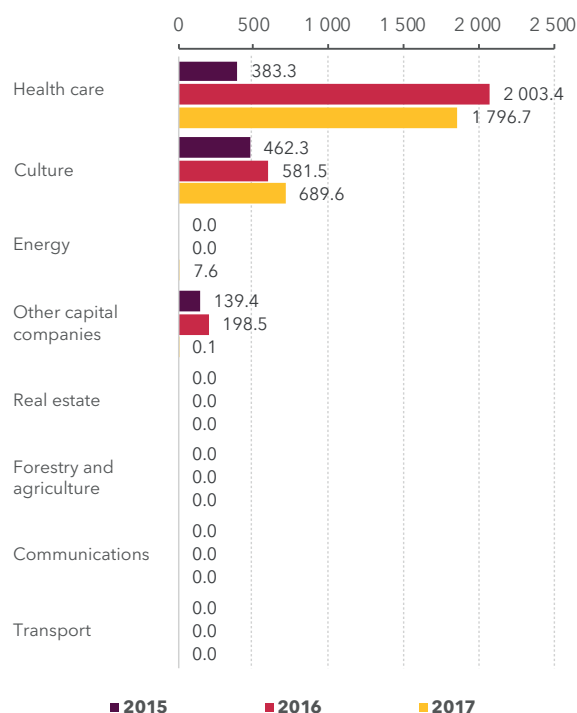
Figure 15. Donations made by SOEs by sector, thousand EUR



In 2017, the SOEs donated a total of EUR 5.2 million, i.e. by EUR 155.1 thousand or 2.9% less than in 2016. For several years, the most active donors have been the forestry sector and the JSC Latvijas Valsts meži, which has allocated around EUR 4 million annually to various donation programs (in 2017, EUR 4.2 million was channeled for donations). The forestry sector is followed by a communication sector where donations often serve as a marketing incentive. Among the active donating SOEs are LLC Latvijas Mobilais Telefons, JSC Latveņero and SJS Latvijas Loto.

Donations received by SOEs

Figure 16. Donations received by SOEs by sector, thousand EUR



In 2017, the SOEs received donations in total of EUR 2.5 million, representing EUR 289.4 thousand or by 10.4% less than in 2016. The leading recipients of the donations, as has been the case every year, are the capital companies from health care and culture sectors. Donations have largely been aimed at rebuilding health-care infrastructure and facilities or realizing projects in the field of culture. The largest donations were received by the SLLC Bērnu klīniskā universitātes slimnīca (EUR 1.7 million), the SLLC Latvijas Nacionālā opera un balets (EUR 436.7 thousand) and the SLLC Nacionālais teātris (EUR 191.2 thousand).

3.2 Return on SOEs

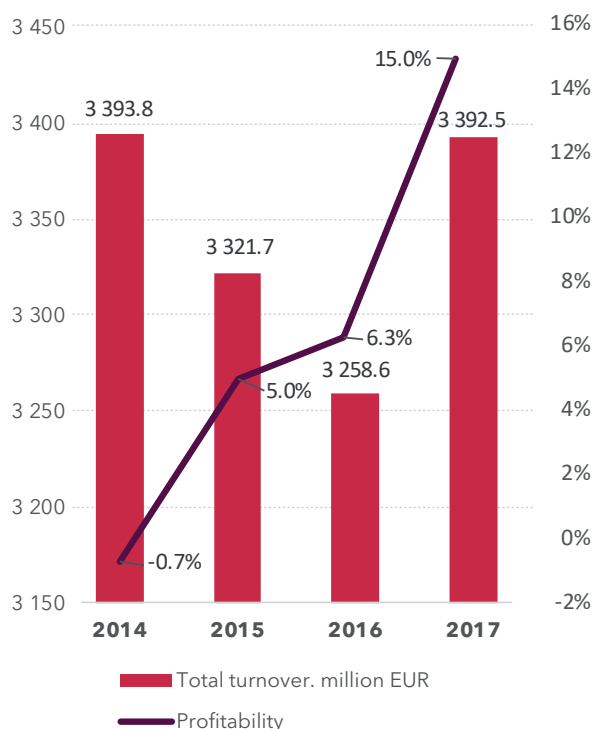
For a large part of SOEs, the main purpose is to meet non-financial objectives. The main task of these companies is to carry out the functions that are important to the public.

In areas such as education (1 company), health care (17 companies, incl. the LLC Veselības centrs "Bīķernieki", LLC Rīgas hematoloģijas centrs) and culture (14 companies), which represent 32 companies or a half of the SOEs, the main objectives are non-financial. 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 non-financial 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.

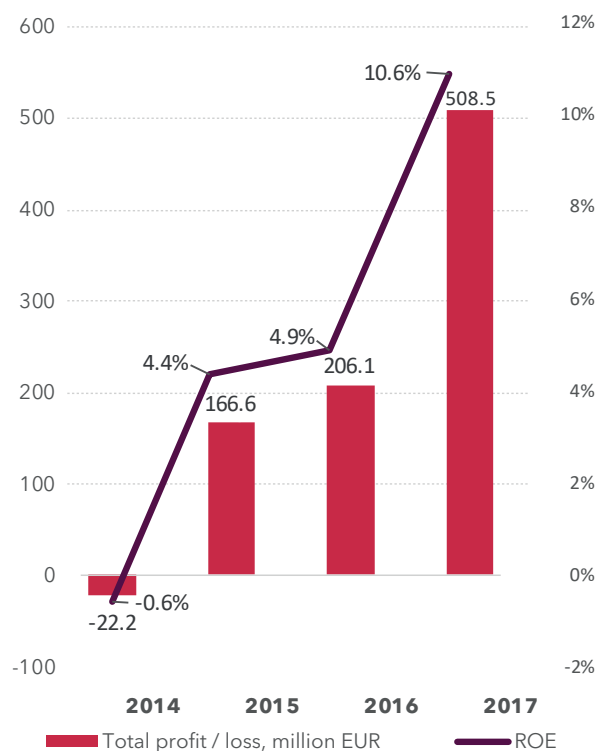
To ensure that the companies function effectively, the financial objective of non-commercial SOE is, as a general rule, to work without losses or with small profits, ensuring financial stability. When analyzing the data for the last 4 years, we can see improvements in the return on companies. In 2014, the impact of the financial crisis was still apparent. During the crisis, a number of non-liquid assets of Parex banka, which was managed by the problematic asset management company JSC Reverta, but later also the unsold company LLC Hiponia, which managed the problematic assets of the restructured Hipotēku banka, became state owned. The disposal of these assets represented significant losses for companies operating in the sector. In 2017, the number of companies with non-liquid assets has decreased significantly; in addition, also one-off government grant for the abandonment of 75% of the annual payments for electric power payments to cogeneration plants has contributed to a slight improvement in the energy sector and overall profitability rates reaching 15% per year.

Figure 17. Total turnover of SOEs, million EUR and profitability, %, 2014-2017



The impact of the financial crisis and the financing problems of certain sectors, such as health care, are also evident in financial results, when in 2014 the total profitability of SOEs was negative, while in 2015, 2016 and 2017 the companies from the energy, forestry and communications sectors greatly offset negative impact of unprofitable sectors when profitability reached 5.0 %, 6.3% and 15% respectively. In addition, total turnover fell in 2015 and 2016 by 2.1% and 1.9%, respectively, while in 2017 it has seen a faster upturn, reaching 4.1% growth and returning to 2014 levels. An increase in turnover was observed in all sectors, except for the real estate and culture.

Figure 18. Profit of SOEs, million EUR, return on equity (ROE), %, 2014-2017



Profit and return on equity actually reflect a similar trend as turnover and profitability over the period 2014-2017. The non-liquid assets have decreased, turnover and profitability have increased, additional profit indicators have been improved by the CIT reform and a one-off grant from the State for the abandonment of 75% of annual payments for electric power to cogeneration plants, which has led to a significant improvement in the total equity return rates - from -0.6% in 2014 to 10.6% in 2017. The impact of the CIT reform will be one-off and to be evaluated at around EUR 191.8¹³ million. The single unconditional grant for the abandonment of 75% of the annual payment for electric power to cogeneration plants amounted to EUR 140 million in 2017; however a reduction in the value of assets of Riga TEC of EUR 116.8 million was also recognised and the CIT increased by EUR 21 million, by reducing the overall effect to EUR 2.2 million. The second part of the grant, which amounts to EUR 314.4 million and is classified as revenue from subsequent periods, is to be assessed without any impact on future profits, because it will offset the decline in revenue. Thus, in fact, in 2017, SOEs have operated with a profit of EUR 314.5 million and the return on equity rate is 6.6%.

In sectoral terms, the trend has been constant for years: in terms of profit, the leaders are the energy sector (EUR 330.1 million in 2017), the communications sector (EUR 80.8 million) and the forestry sector (EUR 65.4 million), while the major losses are in the healthcare sector (EUR -5.3 million) and real estate sector (EUR -15.1 million). Apart from the CIT reform¹⁴ and the one-off unconditional state grant for the abandonment of future capacity payments¹⁵, in 2017, the energy sector earned EUR 173 million, the communications sector - EUR 67 million and the forestry and agriculture sectors - EUR 60.2 million.

13, 14 Assessment was made for 25 capital companies with largest assets in 2017
15 Applies only to JSC Latvenergo

Figure 19. Total profits of SOEs by sector, 2015-2017, million EUR

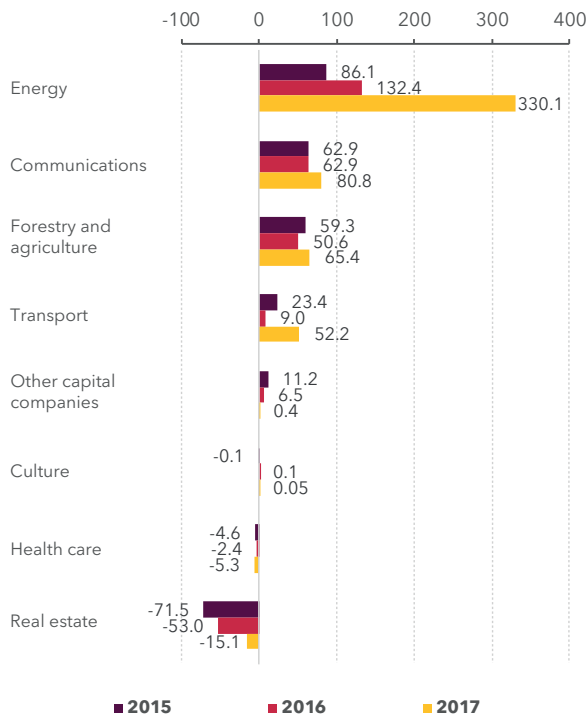
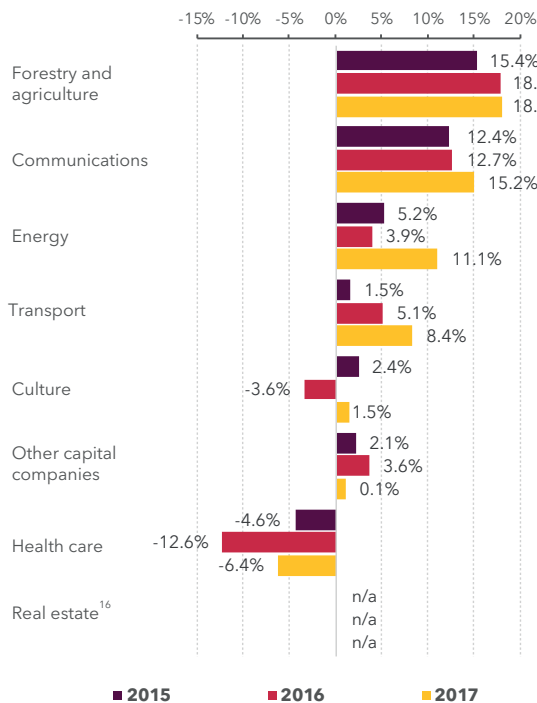


Figure 20. Return on equity indicators of SOEs by sector, 2015-2017, million EUR



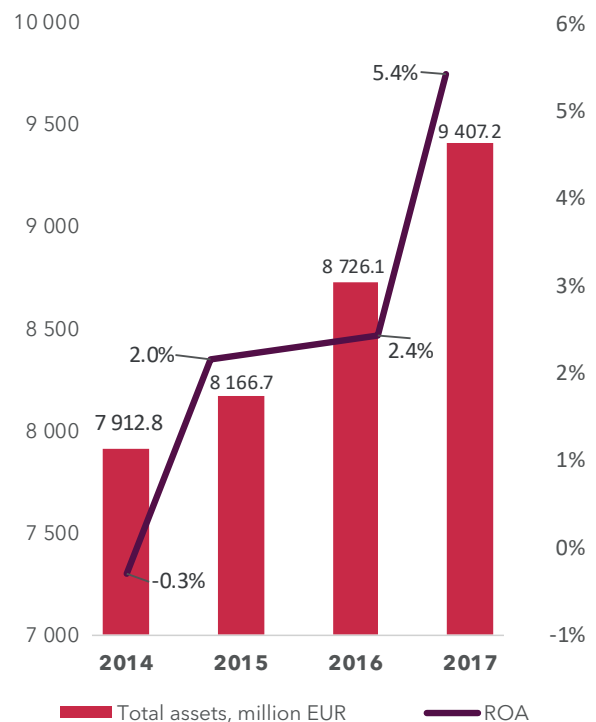
When assessing the equity return rates across sectors, the leaders in 2017 are the same but in changed order: forestry (18.2%), communications (15.2%) and energy (11.1%). Biggest losses were in health care sector (-6.4%); however, it is not possible to evaluate the real-estate sector because it has negative equity across the years. When assessing the effects of the CIT reform and a single state grant in the energy sector,

16 Equity is negative and therefore it is not possible to calculate ROE for the real estate sector

the equity return¹⁷ is valued at 16.8% in the forestry sector, 12.6% in the communications sector and 5.8% in the energy sector.

An annual increase in return on assets up to 5.4% in 2017 may be observed when measuring the profit against total assets. When assessing the return on assets without the impact of the CIT reform and the one-off state grant in the energy sector, the return on assets is valued at 3.3%, which represents a decrease against 2016. In 2017, the assets increased by 7.8%, however, the return on assets without the effects of the CIT reform and the impact of the one-off State grant for the energy sector have decreased, so it should be considered that the investment has been driven to less profitable areas.

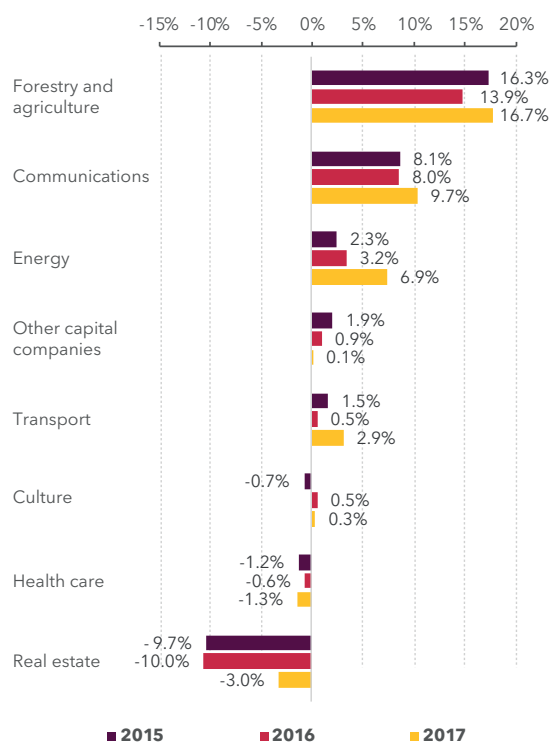
Figure 21. Total assets of SOEs, million EUR and return on assets (ROA), %, 2014-2017



The rate of return on assets varies greatly across sectors. The leadership positions are taken by the forestry sector (16.7% in 2017), communications (9.7%) and energy sector (6.9%), while health care (-1.3%) and real estate sectors (-3.0%) have had negative asset returns for years. When assessing the level of return on assets without the CIT reform and the small impact of the one-off government grant in the energy sector, the return on assets indicators are as follows: forestry (15.3%), communications (8.1%) and energy (3.6%), which are closer to 2016 levels. The return on assets in investment-intensive sectors such as energy, transport, forestry and communications should be critically assessed, since investment is usually a longer-term objective, which has a long-term rather than immediate effect on the profits of a company.

17 The 2017 profits and equity values are used for calculation of the return on equity ratio

Figure 22. Return on assets of SOEs by sector, 2015-2017, %



3.3 Regarding 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 2017

Summary of changes

Changes in the composition of shareholders have occurred:

- in one company with a direct State ownership of up to 20% and it has become a subsidiary of a SOE with state ownership of between 20% and 50% (inclusive);
- two companies became 100% owned SOEs after receiving the donation in form of capital shares;
- the State has acquired shares to ensure effective control in one company, which until then belonged to the local government;
- one SOE was transferred without compensation to an educational institution;
- two subsidiary companies 100% owned by SOEs were reorganized and added to the parent company;
- the minority capital shares of five companies with direct State ownership and the 100% share of the subsidiary company owned by a company under the effective control of the state were sold;
- one SOE was reorganized by dividing it into two SOEs, one of which was transformed into a state agency in 2018;
- one SOE founded one new subsidiary with 100% holding; the share capital has slightly increased for one subsidiary under the effective control of State belonging to company under the effective control of the State;

- one company with direct minority holding of the State was liquidated;
- five subsidiaries which were 100% owned by a SOE or were under State's effective control were liquidated;
- one company under the effective control of SOE was liquidated;
- 100% of owners changed for one company from the company under the effective control of the state to the subsidiary of the same company under the effective control of state.

Detailed changes

Changes have been made to the composition of shareholder of JSC Conexus Baltic Grid (Conexus), established on 22 December 2016, which manages the single natural gas transmission system and Inčukalns' underground gas storage facility. On 15 December 2017, the Latvian electricity transmission system operator JSC Augstspriegumu tīkls (AST) purchased 18.31% of the shares from the German Energy company Uniper Ruhrgas International GmbH (Uniper) and on 19 December 2017 - 16.05% of the shares from ITERA Latvija. Thus, AST is the largest shareholder of Conexus, and owns 34.36% of the shares. By order No 243 of the Cabinet of Ministers of 6 June 2018, the holding of a 0.00029% stake held by the Ministry of Economics had to be transferred to the Ministry of Finance, which is allowed to invest it in the share capital of AST.¹⁸

On 13 November 2017, there were changes in the composition of shareholders of LLC Tenisa centrs Lielupe, when the association Latvijas Olimpiskā komiteja made a donation in the amount of 141 capital share¹⁹, and thus the Ministry of Education and Science became 100% shareholder instead of former 99.999%. A similar donation was also made with the capital shares of LLC Sporta centrs "Mežaparks" at the end of 2017. The association Latvijas Olimpiskā komiteja has made a donation of 142 capital shares²⁰ and thus the Ministry of Education and Science has become 100% shareholder instead of 99.999%.

On 31 January 2017, the structure of ownership of LLC Ludzas medicīnas centrs changed - 57.95% of the capital shares were taken over by the State of Latvia, covering the State guaranteed loan, the remaining 42.05% of the capital shares remained owned by Ludza's local government. On 3 February 2017, the share capital was increased by EUR 4 242 680, when the Ministry of Health made a cash contribution to the company's share capital amounting to EUR 4 242 680 of the principal amount of the State-guaranteed loan and thus removed the commitments towards the Ministry of Finance, which had been established on behalf of the State as a result of the takeover of the loans guaranteed and received a corresponding number of new capital shares, with a nominal value of EUR 1 per share.

On 9 August 2016, the Cabinet of Ministers approved the draft law regarding the transfer of LLC Bulduru Dārzkopības vidusskola and capital shares without compensation to the Latvia University of Agriculture and the Law on Limited Liability Company Bulduru Dārzkopības vidusskola, adopted by the Saeima on 15 December 2016, entered into force on 15 January 2017.

In 2017, the owners of LLC Media 360 (on 9 August 2018, the name was changed to "HELIO MEDIA") changed from LLC Lattelecom Technology to LLC Lattelecom BPO.

On 8 November 2017, JSC Air Baltic Corporation became 100% owner of shares in LLC PINS.CO (on 15 August 2018 the name was changed to LLC Loyalty Services).

18 <https://likumi.lv/ta/id/299484-par-akciju-sabiedribas-conexus-baltic-grid-valsts-akciju-turetaja-mainu>

19 <https://likumi.lv/doc.php?id=294350>

20 <https://likumi.lv/doc.php?id=294350>

On 10 May 2017, LLC Biroju centrs "Ezerparks" was reorganised, by adding it to the parent company SJSC Valsts nekustamie īpašumi, which owned 100% of its shares. On 21 November 2017, the process of reorganisation of LLC VNĪ pilis was also completed, adding it to the parent company with a 100% holding – JSC Valsts nekustamie īpašumi. The participation and reorganisation process was initiated on 10 January 2017, with a permit of the Cabinet of Ministers (Cabinet Order No. 22).²¹

In 2017, the 10% of shares of state-owned JSC Latvijas Kuģniecība" (LK) were sold. SJSC Privatizācijas aģentūra (PA) sold the state-owned LK shares in the compulsory share repurchase expressed by the company's largest shareholder - Vitol Netherlands B.V. in accordance with the Cabinet decision. Total revenue from the sale of all state-owned shares of 20 million at the price of the mandatory share repurchase offer of EUR 0.71 per share was EUR 14.2 million.²² Similarly, the capital shares of JSC Komunālprojekts (14.75% of state-owned shares held by the PA, sold on 04.10.2017), JSC Lielplatone (5% of state-owned capital shares held by the PA, sold on 09.11.2017), JSC AUTO-REMONTS (5.05% of state-owned shares held by the PA, sold on 30.10.2017) and shares of LLC Garantiju aģentūra (0.34% of the state-owned capital shares held by the PA, sold on 04.10.2017) were sold in 2017. LLC NIF projekts 10 100% owned by JSC Reverta was also sold on 20 January 2017.

On 31 December 2017, the SJSC Privatization Agency held state-owned shares of 25 capital companies (which is by 6 less than in the previous year), of which 7 (which is by 1 less than in the previous year) do not carry out economic activities or are in insolvency proceedings - insolvent LLC Agroleasing, insolvent Daugavpils dzirnavnieks (liquidated on 4 April 2018), insolvent LLC Eiropas minerāls, insolvent JSC Latvijas zoovetapgāde, insolvent JSC Liepājas metalurģs and LLC Ventspils ekskursiju birojs (liquidated on 2 February 2018), economic activities from 2007 are not carried out also by JSC Transinform. SJSC Privatizācijas aģentūra also holds a 51% state-owned capital share of Lattelecom, where the State has no clear effective control, since the founding agreement between the State and the other holder Telia Company AB (state's equity participation - 49% owned capital shares) provides for a special arrangement for the adoption of certain decisions (including the appointment of a management body, distribution of profit etc.), LLC Latvijas Mobilais Telefons (state's equity participation - 5% state-owned share capital) and LLC Sertifikācijas un testēšanas centrs (state's equity participation - 100% state-owned share capital).

On 1 August 2017, LLC Standartizācijas, akreditācijas un metroloģijas centrs was reorganised, by dividing into two capital companies - LLC Latvijas standarts (registered on 01.08.2017) and LLC Latvijas nacionālais akreditācijas birojs (registered on 01.08.2017), which was liquidated on 28 February 2018, by transforming it into a state agency.

On 17 November 2017, LLC REAP was established with the sole operational purpose of managing assets taken over from JSC Reverta, which is in the process of liquidation, including claim rights. In order to ensure the management of the assets taken over, including claim rights, a divestiture cession agreement has been signed between the Ministry of Finance and REAP on the ceding the right to claim against Reverta. At present, the divestiture in the cession took over some of the previously committed and outstanding State aid deposits of EUR 356 million were taken over.

On 18 May 2017, the MAS Rīgas alus darītava "Vārpa" was liquidated, in which the State owned 5% of the shares held by SJSC Privatizācijas aģentūra. On 8 September 2017, LLC Baltic Contact Centre, with 100% of shares owned by JSC Air Baltic Corporation, was liquidated. In 2017, a number of capital companies 100% owned belonging to Reverta 100% were also liquidated. LLC NIF Komerģpašumi (liquidated on 21.06.2017), LLC NIF projekts 6 (liquidated on 03.10.2017) and

LLC NIF projekts 7 (liquidated on 03.10.2017), LLC NIF projekts "(liquidated on 10.01.2017). On 19 December 2017, limited partnership ZGI Fonds owned by 65% by SJSC Attīstības finanšu institūcija Altum, was liquidated.

Due to the death of the administrator in 2017, the liquidation process of SJSC Vides projekti was not completed and the necessary formalities were continued to ensure that the capital company is excluded from the Commercial Register. The liquidation was registered on 25 July 2018.

21 <https://likumi.lv/ta/id/288055-par-atlaju-izbeigt-lidzdalibu-un-uzsakt-reorganizaciju>

22 source: <https://www.pa.gov.lv/news/>

4. Description of State-Owned Enterprises





4.1 Energy

JSC Augstsprieguma tīkls (AST)

Reg. No 40003575567
Web: www.ast.lv
State ownership 100%
Related companies and shares:
JSC Conexus Baltic Grid 34.36%



AST is an independent transmission system operator in Latvia that provides continuous and high-quality electricity transmission services, carries out the sustainable management and development of energy supply assets, facilitates integration into the internal market of the European Union.

General strategic objective

Ensure the security of Latvia's energy supply, 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 (confirmed on 10 July 2018).

Most important events in 2017

- Capital investments in transmission assets of EUR 62 732.7 thousand, incl. major investment projects launched in the European Decade Development Plan: phase 3 of the 330 kV electricity management line link "Kurzeme Circle", Latvia - Estonia direct interconnection of Estonia and construction of a new electricity interconnector in Riga TEC2 -Riga HES.

Most significant events planned in 2018

- Continue the development project that is included in the European Decade Development Plan: phase 3 of the 330 kV electricity management line link "Kurzeme Circle", Latvia - Estonia Direct interconnection of Estonia, construction and realization of Riga TEC2-Riga HES.

Principal financial objectives

- Return on equity: $\geq 2.0\%$.
- Profit: EUR 191 thousand.
- Profit before interest payments, taxes, depreciation and transmission system asset lease payments, EBITDAR: EUR 45 975 thousand.

Principal non-financial objectives

- Ensure the average transmission service availability index of (ASAI) >99.5 .
- Provide average duration of the power supply interruption to the substation (CAIDI) ≤ 0.6 h.
- Ensure a transmission loss level of no more than 2.8% of the amount of electricity received in the network.
- Customer Satisfaction Index, Performance Index - not less than 8.

Results achieved

- AST worked with profit of EUR 309 thousand that is by 62% more than planned. Overall financial and non-financial goals are met and over met.

Governance

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

Principal financial indicators, thousand EUR

	2016	2017
Turnover	116 788.6	158 861.7
Profit/loss	352.4	309.2
EBITDA	1 540.0	1 842.9
Assets	114 697.1	188 721.7
Share capital	5 691.5	5 744.3
Equity	8 660.8	8 499.0
Investment	2 032.9	1 752.2
Dividends paid to the state budget	155.3	299.5
Contributions made to state and local government budget	13 013.2	22 393.5
Donations received	0.0	7.6
Donations made	0.0	0.8
Funding received from the state budget	0.0	7.6

Principal financial indicators

Profit and turnover ratio, %	0.30	0.19
Return on assets, ROA, %	0.31	0.16
Return on equity, ROE, %	4.07	3.64
Total liquidity indicator	5.31	1.25
Liabilities-to-equity ratio	11.97	20.90

Other indicators

Number of employees	525	539
Average gross remuneration per employees per year, thousand EUR	17.2	19.7
Gender representation in management, f/m	1/7	1/7
Annual report in accordance with IFRS	yes	yes

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%

Latvenergo Group is the largest energy supply service provider in the Baltic, which deals with electricity and thermal energy production and trade, 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 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 2017

- Total investments in 2017 - EUR 243.8 million, of which 65% are invested in network assets.
- As regards investments in environmentally friendly projects, in 2017, EUR 41.8 million was invested in the reconstruction of Daugava HES hydro aggregates. The first reconstructed Pļaviņu HES hydro unit was put into service.
- EUR 34.7 million has been invested in the energy infrastructure project "Kurzeme Circle", enabling the operation of Lietuva-Swedish Sea cable NordBalt to be used more effectively and integrating the Baltic States into the Nordic electricity market.

Most significant events planned in 2018

- Strengthening market position in home markets (Baltic) while considering geographic and/or product expansion (starting retail sales of natural gas on home markets and developing new products).
- Completion of the reconstruction of Daugava HES plants. Development of customer-specific, functional, secure and efficient network.

Principal financial objectives

- ROE: 5.8%.
- Net loans/equity: <0.50.
- Net loans/EBITDA: <3.0.
- Share of profits to be paid in dividends: EUR 102 million (94%).

Principal non-financial objectives

- The Group has no non-financial goals.

Results achieved

- All financial objectives have been achieved, while dividends were paid according to the statutory requirements.
- Profit is by EUR 197 million higher than planned, of which EUR 149.1 million is the result of the tax reform. The production of electricity by 2 TWh more than previously in Daugava HES has had a significant impact (fact 4.3 TWh, budget 2.3 TWh). In 2017, Daugava HES demonstrated the largest power generation capacity since 1998.



Governance

Shareholder - Ministry of Economics
Chair of Supervisory Council - Andris Ozoliņš
Members of Supervisory Council - Andris Liepiņš, Baiba Anda Rubesa, Mārtiņš Bičevskis, Martin Sedlacký
Chair of Management Board - Āris Žīgurs
Members of Management Board - Guntars Balčūns, Uldis Bariss, Māris Kuņickis, Guntis Stafeckis (before 01.03.2018)

Principal financial indicators, thousand EUR

	2016	2017
Turnover	931 619.0	925 627.0
Profit/loss	130 593.0	322 021.0
EBITDA	393 399.0	541 696.4
Assets	3 901 231.0	4 415 725.0
Share capital	1 288 715.0	1 288 715.0
Equity	2 418 713.0	2 846 891.0
Investment	200 677.0	243 811.0
Dividends paid to the state budget	78 790.0	91 535.0
Contributions made to state and local government budget	210 725.5	238 680.8
Donations received	0.0	0.0
Donations made	47.8	242.6
Funding received from the state budget	59 189.0	524 262.9 ²³

Principal financial indicators

Profit and turnover ratio, %	14.02	34.79
Return on assets, ROA, %	3.35	7.29
Return on equity, ROE, %	5.40	11.31
Total liquidity indicator	1.62	3.20
Liabilities-to-equity ratio	0.61	0.54

Other indicators

Number of employees	4 176	4 075
Average gross remuneration per employees per year, thousand EUR	17.2	18.3
Gender representation in management, f/m	1/9	1/9
Annual report in accordance with IFRS	yes	yes

²³ Grant to limit the increase of the mandatory procurement component and grant for the reduction of the Riga TEC capacity support intensity

4.2 Forestry and agriculture



LLC Latvijas Lauku konsultāciju un izglītības centrs (LLKIC)

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



LLKIC 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

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 agriculture, forestry and fisheries.

Most important events in 2017

- Further provision of the state delegated functions.
- Continued Baltic Sea Region Programme -Reducing nitrogen loss from livestock production, by promoting the use of slurry acidification techniques in the Baltic Sea Region.
- Started Latvia-Lithuania cross-border cooperation program and the Baltic Sea Region program Baltic For Bio.

Most significant events planned in 2018

- Continue the implementation of the programmes launched and the provision of the delegated state functions.

Principal financial objectives

- Total liquidity: 1.13.
- Equity ratio: 0.28.
- Equity growth: up to EUR 2 316.

Principal non-financial objectives

- Improve access to quality services for rural residents, entrepreneurs and organisations of Latvia.
- Improve staffing.
- Raise social responsibility.

Results achieved

- All non-financial and part of financial objectives have been achieved.
- Equity ratio growth is lagging behind the plan by 4%. It is due to the additional support for flood-affected areas.

Governance

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

Principal financial indicators, thousand EUR

	2016	2017
Turnover	8 673.8	9 079.8
Profit/loss	12.6	16.9
EBITDA	111.3	129.5
Assets	5 525.8	5 574.2
Share capital	1 139.3	1 139.3
Equity	1 513.8	1 524.3
Investment	294.4	353.6
Dividends paid to the state budget	6.8	6.3
Contributions made to state and local government budgets	3 478.8	4 437.9
Donations received	0.0	0.0
Donations made	0.0	1.4
Funding received from the state budget	4 359.9	3 737.7

Principal financial indicators

Profit and turnover ratio, %	0.15	0.19
Return on assets, ROA, %	0.23	0.30
Return on equity, ROE, %	0.83	1.11
Total liquidity indicator	1.03	1.19
Liabilities-to-equity ratio	2.38	2.39

Other indicators

Number of employees	440	442
Average gross remuneration per employee per year, thousand EUR	10.6	11.1
Gender representation in management, f/m	0/3	0/3
Annual report in accordance with IFRS	no	no

AS 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 40.22%

JSC Latvijas Finieris 0.94%



LATVIJAS VALSTS MEŽI

The principal activity of LVM 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 manages 1.63 million hectare land of Republic of Latvia. LVM implements the state's interest in forest management by ensuring the preservation, increasing and maximising the potential income for the owner - the state of Latvia

General strategic objective

Implement the sustainable (economically viable, environmentally friendly, socially responsible) management of strategic assets in state's holding, including the forest of the state, and the development of the necessary infrastructure, services and knowledge.

Most important events in 2017

- Completed construction works for forest road sites of 245 km, of which 227 km of forest roads have been put into service during the reference year, including 129 km of roads being rebuilt and 99 km constructed anew.
- 12.6 thousand ha of forest melioration systems were put into service, of which 12.4 thousand ha systems were rebuilt and 0.2 thousand ha renewed.

Most significant events planned in 2018

- It is planned to put into use 264 km of forest roads and 18.5 thousand ha forest drainage systems.

Principal financial objectives

- Increase long-term profit and ensure positive cash flow from economic activity: EBITDA EUR 75.4 million, dividends 70%.
- Increase the value of the assets and tree stands to be managed by the company: forest infrastructure balance EUR 227.3 million, forest capital value for any period of 5 years over a 120-year cycle of EUR 2 451 million.

Principal non-financial objectives

- Increase value of assets and tree stands to be managed by the company.
- Function as a stable and predictable partner for customers, suppliers and service providers, develop a customer-focused attitude.
- Promote and develop high value-added product manufacturing, services and knowledge.

Governance

Shareholder - Ministry of Agriculture
Chair of Supervisory Council - Jurgis Jansons
Members of Supervisory Council - Irina Pilvere, Arnis Muižnieks, Elmārs Švēde, Mārtiņš Gaigals
Chair of Management Board - Roberts Strīpnieks
Members of Management Board - Arnis Melnis, Gints Bumbieris, Edvīns Zakovics

Principal financial indicators, thousand EUR

	2016	2017
Turnover	257 062.9	275 968.2
Profit/loss	50 603.5	65 348.5
EBITDA	88 172.4	100 109.5
Assets	359 801.4	386 596.7
Share capital	276 955.8	292 374.6
Equity	326 868.8	357 022.3
Investment	25 517.9	28 115.2
Dividends paid to the state budget	52 614.9	35 195.0
Contributions made to state and local government budgets	107 109.8	91 593.1
Donations received	0.0	0.0
Donations made	4 020.0	4 200.0
Funding received from the state budget	0.0	0.0

Principal financial indicators

Profit and turnover ratio, %	19.69	23.68
Return on assets, ROA, %	14.06	16.90
Return on equity, ROE, %	15.48	18.30
Total liquidity indicator	3.32	4.09
Liabilities-to-equity ratio	0.08	0.07

Other indicators

Number of employees	1 267	1 298
Average gross remuneration per employee per year, thousand EUR	19.1	19.9
Gender representation in management, f/m	1/8	1/8
Annual report in accordance with IFRS	yes	yes

Results achieved

- LVM ended the year 2017 with profit of EUR 100.1 million before interest, CIT, depreciation deductions (EBITDA), exceeding the planned level by 33 %.
- Total costs are less than planned. It is mainly due to lower fuel prices and shorter distances on average for transportation of assortment.
- Forestry works performed according to the situation in nature, in the aggregate costs of forest works do not exceed the planned level.

VSIA Meliorprojekts (MP)

Reg. No 50003017621

Web: www.meliorprojekts.lv

State ownership 100%

MP has no ownership in other capital companies



The main activity of MP is the development and expertise of agricultural, forest and populated areas' land drainage systems and construction projects for hydrotechnical structures and the maintenance of the basis of Latvia land reclamation cadastre.

General strategic objective

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 drainage and flood risk management.

Most important events in 2017

- Participation in the EU funded (EAFRD, ERDF) construction project development.

Most significant events planned in 2018

- Participation in the EU funded (EAFRD, ERDF) construction project development.

Principal financial objectives

- Participation in 15 Rural Development and Flood Risk Prevention Projects of National Program.

Principal non-financial objectives

- Ensure participation in at least 30 projects for drainage and hydro-technical structures of agricultural and forest lands.
- Maintain an archive facility and ensure access to information.
- Develop draft documentation for sectoral technical regulations.

Results achieved

- In 2017, the MP slightly exceeded the projected turnover, but the increase in spending did not make it possible to make a profit.
- Participation in 33 projects for drainage and hydro-technical structures of agricultural and forest land is ensured.

Governance

Shareholder - Ministry of Agriculture
Chair of Management Board - Juris Kalniņš

Principal financial indicators, thousand EUR

	2016	2017
Turnover	411.0	434.9
Profit/loss	4.2	-3.4
EBITDA	18.7	-3.4
Assets	266.9	192.0
Share capital	115.7	115.7
Equity	164.3	157.4
Investment	2.5	1.5
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	177.5	177.4
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, %	1.01	-0.77
Return on assets, ROA, %	1.56	-1.75
Return on equity, ROE, %	2.54	-2.13
Total liquidity indicator	2.54	5.40
Liabilities-to-equity ratio	0.63	0.22

Other indicators

Number of employees	28	25
Average gross remuneration per employee per year, thousand EUR	7.9	9.9
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS	no	no



4.3 Transport



AS 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%
 LLC BLAKER 100%
 LLC VHITER 100%
 LLC PINS.CO 100%
 LLC Travellounge 100% (liquidation launched)
 JSC Aviation Crew Resources 93.66%
 (94.97% until 21.02.2018)
 Liquidated: LLC Baltic Contact Centre 100% (08.09.2017)

airBaltic is the national airline of Latvia, founded in 1995, offering direct flights from Riga, Vilnius and Tallinn to more than 60 destinations in Europe, Russia, CIS and the Middle East.

General strategic objective

Continue to offer flights from Riga to the most important European and worldwide destinations. According to airBaltic approved strategic plan "Destination 2025" airBaltic has developed a strategy based on the principles such as fleet renewal with capacious aircrafts and medium-distance flight structure, increasing air traffic flow over the next 7 years, limited and sustainable cost structure with the lowest possible costs of flying crew and balanced corporate governance functions.

Most important events in 2017

- Fleet renewal: the third-to-seventh CS300 series aircraft received from a total of 20 aircrafts ordered.
- Strategic plan "Destination 2025" for the period up to 2025 was approved.

Most significant events planned in 2018

- Fleet renewal: it is planned to receive the eighth to fourteenth CS 300 aircraft from a total of 20 aircrafts ordered.

Principal financial objectives

- Average income per passenger: EUR 88.40.

Principal non-financial objectives

- Number of passengers: 3 400 thousand.
- Average seat occupancy: 74.1%.

Results achieved

- Financial and non-financial objectives have been achieved. Passengers - 3 523 thousand, average seat occupancy - 75.9%, average passenger revenue - EUR 88.60.
- Achieved profit of EUR 4.6 million, which is more than 300% compared to 2016, and the fifth consecutive year when airBaltic is working on profits.
- Five new CS300 aircrafts have been added to the fleet and the number of seats offered increased by 19% while the number of passengers carried increased by 22%.



Governance

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

Principal financial indicators, thousand EUR

	2016	2017
Turnover	249 832.0	302 358.0
Profit/loss	120.0	4 703.0
EBITDA	10 974.0	798.2
Assets	287 870.0	388 611.0
Share capital	256 473.0	256 473.0
Equity	59 624.0	41 139.0
Investment	133 689.0	166 994.0
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	20 107.0	15 535.0
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, %	0.05	1.56
Return on assets, ROA, %	0.04	1.21
Return on equity, ROE, %	0.20	11.43
Total liquidity indicator	1.27	0.64
Liabilities-to-equity ratio	3.41	7.79

Other indicators

Number of employees	1 256	1 369
Average gross remuneration per employee per year, thousand EUR	27.1	36.5
Gender representation in management, f/m	0/7	0/7
Annual report in accordance with IFRS	no	no

SLLC Autotransporta direkcija (ATD)

Reg. No 40003429317

Web: www.atd.lv

State ownership 100%

ATD has no ownership in other capital companies



AUTOTRANSPORTA DIREKCIJA

ATD is a single national policy performer in the field of passenger and freight transport in accordance with the interests of the state, the public and carriers in order to ensure fair and equal competition between carriers, while protecting the interests of Latvian carriers in accordance with international and European Union law. The activities of the ATD relate to the planning of public transport, passenger transport by bus and train, the issuing of licenses for commercial carriage of goods and passengers and the issuing of licenses for international transport.

General strategic objective

Promote the development of freight and passenger transport, increase the competitiveness of carriers and take care of the interests of carriers.

Most important events in 2017

- Development, implementation and provision of a guarantee for the electronic customer service environment, e-services and website supplements.
- Development and maintenance of a geospatial information system for the representation of public transport routes.

Most significant events planned in 2018

- Establish an information system to ensure uniform accounting arrangements for passengers who are subject to transportation fee concessions and to implement control measures on the actual application of these facilities on the part of carriers.
- Ensure that the electronic customer service environment is supplemented with online payment facilities and implement an electronic service to manage the licensing process for taxi drivers, by ensuring that this process is carried out fully electronically.

Principal financial objectives

- Provide a net turnover of EUR 3.4 million.
- Provide a profit of at least EUR 268.7 thousand.
- Provide a return on equity of at least 8.77%.

Principal non-financial objectives

- The level of satisfaction of public transport passengers at least 38%.
- The level of customer satisfaction of individual services at least 70%.

Governance

Shareholder - Ministry of Transport
Chair of Management Board - Kristiāns Godiņš
Member of Management Board - Modris Jaunups

Principal financial indicators, thousand EUR

	2016	2017
Turnover	3 441.7	3 646.3
Profit/loss	649.1	773.2
EBITDA	982.5	1 112.0
Assets	3 626.8	3 880.0
Share capital	200.9	200.9
Equity	3 351.7	3 573.1
Investment	187.7	164.5
Dividends paid to the state budget	464.4	551.8
Contributions made to state and local government budgets	1 740.3	1 732.2
Donations received	0.0	0.0
Donations made	0.4	0.1
Funding received from the state budget	884.9	786.6

Principal financial indicators

Profit and turnover ratio, %	18.86	21.20
Return on assets, ROA, %	17.90	19.93
Return on equity, ROE, %	19.37	21.64
Total liquidity indicator	11.88	11.51
Liabilities-to-equity ratio	0.08	0.09

Other indicators

Number of employees	93	92
Average gross remuneration per employee per year, thousand EUR	21.0	20.1
Gender representation in management, f/m	0/2	0/2
Annual report in accordance with IFRS	no	no

Results achieved

- Net turnover: EUR 3.6 million.
- Profit: EUR 773.2 thousand.
- Return on equity: 21.6%.
- The level of satisfaction of public transport passengers at least 38%.
- Level of customer satisfaction of individual services at least 76%.

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, CSDD is involved in registering vehicles, examination of driver's qualification and issuing driving licenses, providing technical inspection, conducting road safety audits and general supervision, as well as establishing and maintaining a national register of vehicles and their driver, informing and educating 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.

Most important events in 2017

- 20 stationary speed cams have been installed.
- Reconstruction of the plinth of the CSDD Riga City Division was launched.
- Heavy vehicles technical inspection station has been reconstructed on Maskavas street 448, Riga.

Most significant events planned in 2018

- Installation of 40 stationary speed cams with the development of relevant building projects, building of foundations and connection to electric cables.
- Complete work on the plinth of CSDD Riga City Division and build a lift at CSDD Riga City Division.

Principal financial objectives

- Net turnover of EUR 44.3 million.
- Return on equity (ROE) at 5.7%.

Principal non-financial objectives

- Ensure the service quality according to the Quality Standard with customer satisfaction above 90%.
- Reduce the number of drivers of new vehicles involved with the victims below 210 and install a total of 60 speed cams.
- Reach the number of visitors to Riga Motormuseum - 175 thousand.
- Provide at least 16 international sports competitions per year.



Governance

Shareholder- Ministry of Transport
 Chair of Supervisory Council - Juris Bērziņš
 Members of Supervisory Council - Kristiāns Godiņš,
 Andris Ķēniņš
 Chair of Management Board - Andris Lukstiņš
 Members of Management Board - Imants Paeglītis
 (until 07.01.2018), Jānis Golubevs, Jānis Kancēvičs

Principal financial indicators, thousand EUR

	2016	2017
Turnover	43 654.4	45 675.5
Profit/loss	3 959.5	4 768.3
EBITDA	8 860.2	6 801.8
Assets	47 703.2	48 301.3
Share capital	23 117.3	23 117.3
Equity	37 504.3	41 683.3
Investment	6 728.3	3 372.4
Dividends paid to the state budget	411.7	592.3
Contributions made to state and local government budgets	12 108.2	10 271.9
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, %	9.07	10.44
Return on assets, ROA, %	8.30	9.87
Return on equity, ROE, %	10.56	11.44
Total liquidity indicator	1.25	1.42
Liabilities-to-equity ratio	0.27	0.16

Other indicators

Number of employees	794	796
Average gross remuneration per employee per year, thousand EUR	16.3	17.3
Gender representation in management, f/m	0/7	0/7
Annual report in accordance with IFRS	yes	yes

Results achieved

- Turnover - EUR 45.7 million and return on equity (ROE) - 11.44%.
- 60 stationary speed cams have been installed and the number of new drivers involved with the victims has decreased to 206.
- Customer satisfaction rate - is 98%.

LLC Eiropas dzelceļa līnijas (EDzL)

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



EDzL 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, incl. collects, compiles and provides information to policy-makers for further sectoral policy-making.

General strategic objective

The implementation of the Rail Baltica public-use railway infrastructure project (purpose of establishing a capital company).

Most important events in 2017

- Change of EDzL management: appointed a new Member of the Management Board.
- Medium-term operational strategy approved.
- Participation in the implementation of Rail Baltica public use railway infrastructure project in Latvia.

Most significant events planned in 2018

- Continue the implementation of activities while implementing the Rail Baltica public use railway infrastructure project in Latvia.

Principal financial objectives

- Turnover: EUR 4 million.
- Liquidity: 2.00.

Principal non-financial objectives

- Develop a plan for the disposal of property
- Expropriation of real estate in Riga (sending out design notices to the owners of affected real estate)

Results achieved

- Major financial objectives have not been achieved mainly due to the delays in the deadlines of the project phases.
- Main strategic non-financial objectives have been achieved.

Governance

Shareholder - Ministry of Transport
Member of Management Board - Andris Linužs

Principal financial indicators, thousand EUR

	2016	2017
Turnover	400.5	1 459.1
Profit/loss	-0.4	-1.1
EBITDA	-0.4	-1.1
Assets	2 156.7	2 961.7
Share capital	2 040.0	2 720.0
Equity	2 018.5	2 697.5
Investment	72.1	72.9
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	110.9	0.0
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	428.5	1 459.1

Principal financial indicators

Profit and turnover ratio, %	-0.1	-0.07
Return on assets, ROA, %	-0.02	-0.04
Return on equity, ROE, %	-0.02	-0.04
Total liquidity indicator	1.58	1.31
Liabilities-to-equity ratio	0.07	0.10

Other indicators

Number of employees	14	33
Average gross remuneration per employee per year, thousand EUR	17.1	32.2
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS	no	no

SJSC Latvijas autoceļu uzturētājs (LAU)

Reg. No 40103836785
 Web: www.lau.lv
 State ownership 100%
 LAU has no ownership of other capital companies



LATVIJAS AUTOCEĻU UZTURĒTĀJS

LAU is a strategic state road infrastructure maintenance company, which ensures the planning and execution of the complex road maintenance work of the state roads, the daily maintenance work of 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

Ensure the planning and implementation of complex daily maintenance of state roads in an efficient and environmentally friendly manner throughout the territory of Latvia.

Most important events in 2017

- Significant capital investments have been made: 22 wheeled tractors with equipment, 9 frontal loaders with equipment.

Most significant events planned in 2018

- Evaluation of business processes.
- Car fleet optimization.
- Planned capital investment: 18 freight equipment-fitted tippers, 7 motor equipment-fitted graders, 23 salt-sand spreaders

Principal financial objectives

- Equity to total assets ratio: 61.49%.
- Liabilities to equity ratio: 62.63%.

Principal non-financial objectives

- The planning and carrying out of day-to-day maintenance work of the national road complex focused on public mobility and road safety.
- To be stable and trusted partners for their clients (local governments, Latvijas Valsts ceļi, Latvijas valsts meži, etc.), while maintaining the share of additional services.

Results achieved

- Projected financial indicators have been reached. Deviations only in the performance of individual indicators.
- Attainment of the most important non-financial objectives has been ensured.

Governance

Shareholder- Ministry of Transport
 Chair of Supervisory Council- Uldis Reimanis
 Members of Supervisory Council - Ivars Pāže,
 Normunds Narvaišs
 Chair of Management Board - Raitis Nešpors
 Members of Management Board - Vilnis Vitkovskis,
 Oskars Zemītis, Anastasija Udaloņa (until 05.04.2018)

Principal financial indicators, thousand EUR

	2016	2017
Turnover	64 482.9	62 646.3
Profit/loss	2 021.3	3 299.9
EBITDA	8 895.5	8 397.5
Assets	63 001.4	61 832.8
Share capital	35 186.3	35 186.3
Equity	38 739.2	40 624.2
Investment	10 433.7	6 568.9
Dividends paid to the state budget	2 700.4	0.0
Contributions made to state and local government budgets	20 890.4	17 857.1
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	64 657.0	66 103.2

Principal financial indicators

Profit and turnover ratio, %	3.1	5.3
Return on assets, ROA, %	3.2	5.3
Return on equity, ROE, %	5.2	8.1
Total liquidity indicator	1.24	1.29
Liabilities-to-equity ratio	0.61	0.51

Other indicators

Number of employees	1 343	1 309
Average gross remuneration per employee per year, thousand EUR	16.5	16.1
Gender representation in management, f/m	1/7	1/6
Annual report in accordance with IFRS	yes	yes

VAS 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 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

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 develop environmentally friendly and efficient rail transport, electrifying major routes and restoring traction parks.

Most important events in 2017

- In 2017, the total amount of capital investments made by the company amounted to EUR 26.3 million. Financial resources are invested in the renewal, modernization, acquisition of fixed assets, non-material investments and introduction of new products. The major capital investments in projects.

"Rail Tract Renewal", "A Type" Capital Repairs", "Rail Tract Renewal "B Type" Capital Repairs" and "Change of Switch Blades".

Most significant events planned in 2018

- Electrification of the Latvian Railway Network (Stage 1).

Principal financial objectives

- Net turnover: EUR 188.5 million.
- Profit: EUR 1 million.

Principal non-financial objectives

- Volume of services delivered, train-km: 15 499 469.
- Volume of services delivered, number of wagons processed by all stations: 3 383 643.
- Volume of services delivered: number of technical inspections of freight wagons: 3 151 336.

Results achieved

- Expected financial and non-financial targets have overall been achieved with insignificant deviations.

Governance

Shareholder- Ministry of Transport
Chair of Supervisory Council - Aigars Laizāns (until 02.02.2018)
Member of Supervisory Council - Andris Maldups
Chair of Management Board - Edvins Bērziņš
Members of the Management Board - Aivars Strakšas, Ēriks Šmuksts, Ainis Stūrmanis

Principal financial indicators, thousand EUR

	2016	2017
Turnover	351 121.0	318 638.0
Profit/loss	1 055.0	31 177.0
EBITDA	60 044.0	51 833.6
Assets	1 026 369.0	1 010 735.0
Share capital	256 720.0	256 720.0
Equity	357 020.0	392 574.0
Investment	47 771.0	26 272.9
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	127 207.0	95 565.0
Donations received	0.0	0.0
Donations made	106.5	7.7
Funding received from the state budget	32 794.1	590.0

Principal financial indicators

Profit and turnover ratio, %	0.3	9.8
Return on assets, ROA, %	0.1	3.1
Return on equity, ROE, %	0.3	7.9
Total liquidity indicator	1.08	0.92
Liabilities-to-equity ratio	1.83	1.55

Other indicators

Number of employees	11 782	11 189
Average gross remuneration per employee per year, thousand EUR	11.5	11.8
Gender representation in management, f/m	0/6	0/6
Annual report in accordance with IFRS	yes	yes

SJSC Latvijas gaisa satiksme (LGS)

Reg. No 40003038621

Web: www.lgs.lv

State ownership 100%

LGS has no ownership in other capital companies



LGS's 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.

General strategic objective

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.

Most important events in 2017

- Construction of the Babite RRC warehouse with the construction of internal access routes.
- Riga FIR, analysis of the current airspace structure. Development of PBN airspace elements and procedures. Validation and implementation (Part II).

Most significant events planned in 2018

- Modernisation of the ATRACC system (2018-2020).
- Upgrading the "SMR" airfield surveillance radar.
- Design and construction of a new ATS tower (design).

Principal financial objectives

- Net turnover: EUR 25.7 million
- Profit: EUR 329 thousand.

Principal non-financial objectives

- Number of flights in Riga LIR: 247 644.
- Level of efficiency of safety management.
- Application of the severity classification of risk analysis instruments based on the risk analysis instrument.
- Breach of airspace.
- Violation of minimum separation.
- Unauthorized departure on the runway.

Results achieved

- All objectives of the reporting year have been achieved and, in some cases, exceeded.

Governance

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

Principal financial indicators, thousand EUR

	2016	2017
Turnover	24 526.9	27 742.6
Profit/loss	335.7	3 031.6
EBITDA	5 228.5	7 324.8
Assets	31 287.4	34 797.2
Share capital	22 765.9	22 765.9
Equity	28 421.6	31 453.2
Investment	6 738.5	5 510.1
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	5 999.0	6 104.1
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, %	1.4	10.9
Return on assets, ROA, %	1.1	8.7
Return on equity, ROE, %	1.2	9.6
Total liquidity indicator	3.71	4.10
Liabilities-to-equity ratio	0.10	0.11

Other indicators

Number of employees	353	357
Average gross remuneration per employee per year, thousand EUR	28.9	30.3
Gender representation in management, f/m	3/4	3/4
Annual report in accordance with IFRS	yes	yes

SJSC Latvijas Jūras administrācija (LJA)

Reg. No 4003022705
 Web: www.lja.lv
 State ownership 100%
 LJA has no ownership in 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 performs the functions provided for in the Maritime Administration and Marine Safety Law.

General strategic objective

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.

Most important events in 2017

- Implementation of the project FAMOS (Finalizing the Motorways the Sea-Surveying the Baltic sea) (stage 2 - Odin) within the framework of CEF funding.

Most significant events planned in 2018

- Implementation of the project FAMOS (Finalizing the Motorways the Sea- Surveying the Baltic sea) (stage 2 - Odin) within the framework of CEF funding.

Principal financial objectives

- Net turnover: EUR 4.3 million.
- Profit: 0 EUR.

Principal non-financial objectives

- Port state inspections: 300.
- Latvian flag ship inspections: 240.
- Inspections of fishing boats: 200.
- Certification of seafarers: 5 600

Results achieved

- No major financial objectives were achieved in the reporting year. LJA ended the reporting year with losses.
- Some non-financial objectives were met. Certification of seafarers was by 18% less than planned and by 5% less port state control inspections were carried out.

Governance

Shareholder - Ministry of Transport
 Chair of Management Board - Jānis Krastiņš
 Member of Management Board - Artūrs Brokovskis-Vaivods

Principal financial indicators, thousand EUR

	2016	2017
Turnover	4 163.5	3 871.5
Profit/loss	6.6	-174.8
EBITDA	488.3	240.1
Assets	5 412.9	4 953.8
Share capital	1 533.9	1 533.9
Equity	4 514.1	4 484.4
Investment	208.0	682.1
Dividends paid to the state budget	44.5	5.6
Contributions made to state and local government budgets	1 418.9	1 365.5
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, %	0.2	-4.5
Return on assets, ROA, %	0.1	-3.5
Return on equity, ROE, %	0.1	-3.9
Total liquidity indicator	2.82	3.15
Liabilities-to-equity ratio	0.19	0.10

Other indicators

Number of employees	107	107
Average gross remuneration per employee per year, thousand EUR	22.8	22.6
Gender representation in management, f/m	0/2	0/2
Annual report in accordance with IFRS	no	no

SJSC Latvijas Valsts ceļi (LVC)

Reg. No 40003344207

Web: www.lvceli.lv

State ownership 100%

LVC has no ownership in other capital companies



LVC 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

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 municipal, merchant and private road construction, renovation, daily maintenance and periodical

Most important events in 2017

- As a result of state road construction works, the construction works have been completed in a total of 126 sites.
- Restored or rebuilt road surface of 500 km, incl. 116.6 km with EU co-financing.
- Restored or rebuilt 28 bridges.

Most significant events planned in 2018

- It is planned to rebuild or restore road surface of ~840 km, incl. 147 km with the EU co-financing.
- Total investment EUR 307 million, incl. EUR 124 million EU co-financed projects.

Principal financial objectives

- Net turnover: EUR 12.9 million.
- Profit: EUR 42.7 thousand.

Principal non-financial objectives

- The management of the national road network and the linked road connections, as well as a set of measures relating to land updates, registration, technical monitoring and data retention and maintenance.
- Management of State road construction projects.

Results achieved

- Financial targets were exceeded in the reporting year.
- Ensuring that the most important non-financial objectives are met, black road surface coverings are restored and reconstructed for 500.54 km. Number of construction sites: 156.

Governance

Shareholder - Ministry of Transport
Chair of Management Board - Jānis Lange
Members of Management Board - Edgars Strods,
Mārtiņš Lazdovskis

Principal financial indicators, thousand EUR

	2016	2017
Turnover	13 176.1	14 529.5
Profit/loss	54.8	59.5
EBITDA	559.3	625.2
Assets	6 385.7	6 560.3
Share capital	4 155.6	4 155.6
Equity	4 262.8	4 322.3
Investment	416.0	945.4
Dividends paid to the state budget	52.0	0.0
Contributions made to state and local government budgets	6 642.8	4 513.5
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	15 865.1	14 692.4

Principal financial indicators

Profit and turnover ratio, %	0.4	0.4
Return on assets, ROA, %	0.9	0.9
Return on equity, ROE, %	1.3	1.4
Total liquidity indicator	1.73	1.52
Liabilities-to-equity ratio	0.36	0.36

Other indicators

Number of employees	334	335
Average gross remuneration per employee per year, thousand EUR	24.1	24.6
Gender representation in management, f/m	0/3	0/3
Annual report in accordance with IFRS	no	no

JSC Pasažieru vilciens (PV)

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



PV is the only provider of domestic public transport services that transports passengers by rail across the territory of Latvia. In order to provide passenger services, on average, 22 lines of electric trains and 15 diesel trains run on a daily basis. PV also carries out maintenance and capital repairs for the rolling stock required for 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 increase the speed and intensity of trains, thereby enhancing the competitiveness of PV in the market of transportation services.

Most important events in 2017

- Capital repairs of 6 electric train wagons, 21 diesel train wagons, 1 hydro transmission overhaul for a total amount of EUR 1.5 million.
- Investment in technical repairs workshop on Kandavas street 42a, Riga: EUR 160 593.

Most significant events planned in 2018

- Purchase of new electric trains
- Construction of depot.

Principal financial objectives

- Costs per 1 seat km (excluding infrastructure charge): EUR 0.0154.
- Share of revenues for passenger transport: 31%.

Principal non-financial objectives

- Number of passengers-km: 548 431 200.
- Number of trips: 17 149 955.
- Capacity of trains - number of trips against the number of seats (all passengers): 53.9%.

Results achieved

- Slightly exceeded the financial objectives of the reporting year.
- Slightly exceeded the non-financial objectives of the reporting year.

Governance

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

Principal financial indicators, thousand EUR

	2016	2017
Turnover	64 931.7	66 278.7
Profit/loss	433.0	1 078.2
EBITDA	6 678.2	4 598.8
Assets	55 234.9	67 238.8
Share capital	20 868.0	20 868.0
Equity	14 936.7	16 014.8
Investment	47 457.8	1 974.3
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	-3 201.7	-379.4
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	45 927.7	47 195.9

Principal financial indicators

Profit and turnover ratio, %	0.7	1.6
Return on assets, ROA, %	0.8	1.6
Return on equity, ROE, %	2.9	6.7
Total liquidity indicator	0.36	0.79
Liabilities-to-equity ratio	2.70	3.20

Other indicators

Number of employees	1 116	1 084
Average gross remuneration per employee per year, thousand EUR	12.0	13.0
Gender representation in management, f/m	3/3	3/3
Annual report in accordance with IFRS	yes	yes

SJSC Starptautiskā lidosta "Rīga" (RIX)

Reg. No 40003028055

Web: www.riga-airport.com

State ownership 100%

RIX has no ownership in other capital companies



RIX 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

Create, maintain and improve a positive customer experience, providing safe and high-quality services.

Most important events in 2017

- Replacement of road transport, equipment and platform in accordance with the approved plan for 2015-2020. Total investments: EUR 1.8 million.
- Reconstruction of the business hall. Total investments: EUR 1.5 million.

Most significant events planned in 2018

- Implementation of the Round 6 of the expansion of the passenger terminal. Planned investments: EUR 44.5 million.
- EU funds projects for 2014-2020 : EUR 23.05 million.

Principal financial objectives

- Net turnover: EUR 50.3 million.
- Profit: EUR 554 thousand.

Principal non-financial objectives

- Flights performed: 68 936.
- Passengers transported: 5 580 993.

Results achieved

- Financial targets have been exceeded in the reporting year.
- Planned non-financial targets have been exceeded by 9% in the reporting year.

Governance

Shareholder- Ministry of Transport
 Chair of Supervisory Council - Juris Kanels
 Members of Supervisory Council - Raitis Nešpors, Tālis Linkaits
 Chair of Management Board - Ilona Līce
 Members of Management Board - Artūrs Saveljevs, Lauma Jenča, Normunds Feierbergs

Principal financial indicators, thousand EUR

	2016	2017
Turnover	50 447.1	54 639.2
Profit/loss	358.5	3 486.7
EBITDA	16 869.9	12 316.1
Assets	180 395.6	182 315.1
Share capital	28 608.9	28 608.9
Equity	41 341.9	44 394.2
Investment	17 342.0	6 979.7
Dividends paid to the state budget	1 035.8	304.7
Contributions made to state and local government budgets	13 281.5	13 970.6
Donations received	0.0	0.0
Donations made	0.9	7.7
Funding received from the state budget	42.8	42.8

Principal financial indicators

Profit and turnover ratio, %	0.7	6.4
Return on assets, ROA, %	0.2	1.9
Return on equity, ROE, %	0.9	7.9
Total liquidity indicator	0.95	1.18
Liabilities-to-equity ratio	3.36	3.11

Other indicators

Number of employees	1 171	1 211
Average gross remuneration per employee per year, thousand EUR	14.5	16.2
Gender representation in management, f/m	3/4	2/5
Annual report in accordance with IFRS	yes	yes





4.4 Communications

SJSC Elektroniskie sakari (VASES)

Reg. No 40003021907
 Web: www.vases.lv
 State ownership 100%
 VASES has no ownership in 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 radio equipment, provides electromagnetic compatibility and numbering services and performs activities to prevent radio interference.

General strategic objective

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

Most important events in 2017

- Development and implementation of VASES integrated service provision work environment (USMA) of EUR 783.8 thousand.
- Development of mobile measuring laboratories (replacement of end-of-life laboratories for RUN RD and RKD) EUR 206.5 thousand.

Most significant events planned in 2018

- Development of price lists for VASES services and approval at the Cabinet of Ministers.
- Results of the annual customer satisfaction survey: satisfaction above 80%.
- Building of a radio monitoring tower in the Kurzeme region (EUR 100 thousand).
- The first round of establishment of the numbering database.

Principal financial objectives

- Turnover: EUR 6.738 million.
- Profit: EUR 75 100.
- Return on equity (ROE): 0.8%.

Principal non-financial objectives

- Develop the public infrastructure in line with the development guidelines and the investment plan (actually 59.9%).
- Improve and simplify the process of issuing authorisations for the use of radio frequencies.

Results achieved

- Some financial objectives are significantly exceeded (profit, ROE).
- Customer satisfaction rate: 92.1%.
- 11 informational seminars have been organised according to the plan.
- The quality management system of VASES has been audited and certified as compliant with ISO 9001: 2015 standards.

Governance

Shareholder – Ministry of Environmental Protection and Regional Development
 Chair of Management Board – Jānis Bārda
 Members of Management Board – Vija Ģēme, Kaspars Paupe

Principal financial indicators, thousand EUR

	2016	2017
Turnover	6 521.5	6 646.5
Profit/loss	66.5	450.6
EBITDA	959.2	1 119.6
Assets	12 897.5	12 851.7
Share capital	8 721.6	8 721.6
Equity	9 302.8	9 696.8
Investment	2 128.8	1 553.0
Dividends paid to the state budget	44.5	0.0
Contributions made to state and local government budgets	1 630.8	1 938.2
Donations received	0.0	0.0
Donations made	0.0	0.5
Funding received from the state budget	89.2	85.3

Principal financial indicators

Profit and turnover ratio, %	1.02	6.78
Return on assets, ROA, %	0.52	3.51
Return on equity, ROE, %	0.71	4.65
Total liquidity indicator	5.85	5.81
Liabilities-to-equity ratio	0.21	0.15

Other indicators

Number of employees	90	92
Average gross remuneration per employee per year, thousand EUR	34.7	36.0
Gender representation in management, f/m	1/2	1/2
Annual report in accordance with IFRS	no	no

LLC Lattelecom (LTC)

Reg. No 40003052786

Web: www.lattelecom.lv

State ownership 51%

Related companies and shares:

LLC Lattelecom Technology 100%

LLC Lattelecom BPO 100%

LLC Citrus Solutions 100%

LLC Latvijas Mobilais Telefons 23%

JSC Pirmais Slēgtais Pensiju Fonds 40.75%

LTC offers integrated electronic communications and IT services, provides telecommunications, network design and construction services.

General strategic objective

General strategic objective for LTC is not defined.

Most important events in 2017

- On 9 February 2017, LTC started offering tet electricity service.
- Customer service and sales started work on robotisation: in October, Chatbot Anete, the first Latvian-speaking chatbot to serve customers, was presented.

Most significant events planned in 2018

- LTC will continue work on innovation, both by developing its own new services and in the status of a partner of the Altum Accelerators Fund, in support of start-ups.

Principal financial results

- LTC Group's revenue - EUR 195.5 million, i.e. by EUR 2 million more than in the previous year.
- LTC Group's profit - EUR 40.7 million, i.e. by EUR 8.5 million more than in the previous year. Return on capital (ROCE - return on capital employed): 15.3%.

Principal non-financial objectives

- The Group has no non-financial goals.

Results achieved

- The year 2017 was successful for LTC, mainly due to a successful LTC's commercial strategy, the creation and development of new business lines. LTC ranks the sixth in the annual "TOP101" by investment consultant Prudentia and the Nasdaq Riga exchange.
- The study by the Recruitment company WorkingDay identified LTC as the second most coveted employer in Latvia for the fifth consecutive time.



Governance

Shareholder - SJSC Privatizācijas aģentūra
 Chair of Supervisory Council - Gatis Kokins
 Members of Supervisory Council - Jānis Grēviņš,
 Jānis Brazovskis, Justin Wesley Bancroft,
 Dan Olov Strömberg, Hannu-Matti Mäkinen,
 Sven Johan Bertil Andersson
 Chair of Management Board - Juris Gulbis
 Members of Management Board - Gints Bukovskis,
 Uldis Tatarčuks, Ingrīda Rone, Gusts Muzikants

Principal financial indicators, thousand EUR

	2016	2017
Turnover	188 991.0	195 539.0
Profit/loss	32 191.0	40 740.0
EBITDA	69 100.0	69 100.0
Assets	321 720.0	324 153.0
Share capital	207 852.0	207 852.0
Equity	264 010.0	273 217.0
Investment	32 153.0	29 000.0
Dividends paid to the state budget	15 466.8	16 149.2
Contributions made to state and local government budgets	49 422.0	56 490.5
Donations received	0.0	0.0
Donations made	31.3	19.9
Funding received from the state budget	268.0	0.0

Principal financial indicators

Profit and turnover ratio, %	17.03	20.83
Return on assets, ROA, %	10.01	12.57
Return on equity, ROE, %	12.19	14.91
Total liquidity indicator	1.71	1.91
Liabilities-to-equity ratio	0.22	0.19

Other indicators

Number of employees	1 839	1 745
Average gross remuneration per employee per year, thousand EUR	19.8	20.3
Gender representation in management, f/m	2/11	1/11
Annual report in accordance with IFRS	yes	yes

SJSC Latvijas Pasts (LP)

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



LP's 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 in line with customer needs postal services. 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.

Most important events in 2017

- Acquisition of customer flow management systems to improve customer service.
- Mail Settlement System Development - Mobile SMS service introduced, accelerated billing deadlines.
- Mobile application for the provision of the function of issuing the consignments.

Most significant events planned in 2018

- Replacement of outdated cash systems to new ones.
- Project for automation and modernization of sorting of postal consignments.

Principal financial objectives

- Net turnover: EUR 64.6 million.
- Profit: EUR 2.5 million.
- EBITDA: EUR 4.9 million.
- Return on equity (ROE): 12.9%.

Principal non-financial objectives

- Optimisation of 32 post offices.
- Modernise and provide payment services in a responsible manner.
- Retail sales management corresponding to demand and customer flow.
- Increase the efficiency of delivery work.

Results achieved

- Quality ratio of domestic postal consignments (D+1, priority Class A letter correspondence) - 94.4% (by 4.4% points more).
- Financial objectives have been partially achieved.
- A significant increase in revenues from transit parcel shipments, which is explained by the fact that LP has become one of the transit channels of global ecommerce company Alibaba to third countries."

Governance

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

Principal financial indicators, thousand EUR

	2016	2017
Turnover	63 115.4	75 589.0
Profit/loss	3 630.6	1 694.5
EBITDA	6 237.1	4 292.8
Assets	85 680.6	96 219.0
Share capital	10 578.5	10 578.5
Equity	13 431.3	15 500.3
Investment	356.9	1 050.0
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	17 961.1	15 991.7
Donations received	0.0	0.0
Donations made	0.0	0.8
Funding received from the state budget	2 886.0	4 932.5

Principal financial indicators

Profit and turnover ratio, %	5.75	2.24
Return on assets, ROA, %	4.24	1.76
Return on equity, ROE, %	27.03	10.93
Total liquidity indicator	1.07	1.08
Liabilities-to-equity ratio	5.25	5.10

Other indicators

Number of employees	4 253	4 100
Average gross remuneration per employee per year, thousand EUR	6.1	6.4
Gender representation in management, f/m	1/6	1/6
Annual report in accordance with IFRS	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 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 data exchange point in the Baltic States.

General strategic objective

Contribute to the quality of a certain level of electronic communication services and provide end-user-oriented services, create conditions for the use of innovative technologies, develop the public private electronic communications network for the continuous and effective functioning of public administration, providing a stable investment environment.

Most important events in 2017

- E-Signature and E-Identity solution development project (EUR 2.1 million).
- Data centre migration project (EUR 1.6 million).

Most significant events planned in 2018

- Improvement of the availability of electronic communications infrastructure in rural areas by building additional 220 access points and optical cable routes of 2 200 km (EUR 9.1 million).

Principal financial objectives

- Increase in turnover by 20% compared to 2016.
- Return on equity: 0.16%.
- Net profit: EUR 0.1 million.

Principal non-financial objectives

- The RRTS exchange point to become one of the leading POP (point of presence) in the region. Number of international operators at the end of the year: 6.
- To become the largest fibre trader in the Baltic region. Number of km sold again: 300 km.
- Connect and create fibre crossings at the borders of Latvia-Russia. Total number of transitions at the end of the year: 1.

Results achieved

- Financial objectives have been partially achieved.
- Non-financial objectives have been basically achieved and exceeded. Zaķusala TV tower reconstruction project has been launched.

Governance

Shareholder – Ministry of Transport
 Chair of Management Board – Jānis Bokta
 Members of Management Board – Inga Sprinķe,
 Indulis Šķibelis, Aldis Lukašinskis

Principal financial indicators, thousand EUR

	2016	2017
Turnover	15 126.1	16 498.0
Profit/loss	4 612.0	4 346.2
EBITDA	9 944.1	240.1
Assets	106 996.8	113 604.2
Share capital	78 454.7	78 454.7
Equity	80 852.4	85 279.4
Investment	3 512.8	682.1
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	4 741.4	4 400.2
Donations received	0.0	0.0
Donations made	0.0	1.4
Funding received from the state budget	1 670.2	932.7

Principal financial indicators

Profit and turnover ratio, %	30.49	26.34
Return on assets, ROA, %	4.31	3.83
Return on equity, ROE, %	5.70	5.10
Total liquidity indicator	8.01	6.53
Liabilities-to-equity ratio	0.32	0.33

Other indicators

Number of employees	245	245
Average gross remuneration per employee per year, thousand EUR	16.6	18.6
Gender representation in management, f/m	1/3	1/3
Annual report in accordance with IFRS	no	no



4.5 Real Estate



SLLC Šampētera nams (ŠN)

Reg. No 50003000771

Web: www.sampeteranams.lv

State ownership 100%

ŠN has no ownership in other capital companies



ŠAMPĒTERA NAMS

ŠN 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 2017

- Management of 16 real estates.
- 117 procurements carried out, of which 35 centralised.
- Visual surveys have been carried out for real estate. Construction works at 6 real estate sites were completed and 1145 minor repairs were carried

Most significant events planned in 2018

- Development and certification of the electricity management system.
- Implementation of energy efficiency improvement measures in the real estate of the Ministry of Welfare.

Principal financial objectives

- Profit: EUR 133 906.

Principal non-financial objectives

- Ensure high-quality and professional support for the implementation of welfare sector policy.
- Manage the real estate in possession of the Ministry of Welfare in a balanced, well-considered manner that complies with regulatory enactments.
- Provide high-quality centralised procurement for an institution by exempting the institutions from non-representative functions.

Results achieved

- Profit greater than planned for the reporting year.
- Most important non-financial objectives have been met.
- The land in question was purchased.

Governance

Shareholder – Ministry of Welfare

Member of Management Board - Inese Muhka

Principal financial indicators, thousand EUR

	2016	2017
Turnover	1 205.0	1 754.0
Profit/loss	0.2	164.9
EBITDA	39.2	228.4
Assets	948.1	1 673.6
Share capital	335.8	335.8
Equity	391.3	554.2
Investment	4.9	163.0
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	264.5	252.1
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, %	0.02	9.4
Return on assets, ROA, %	0.02	9.9
Return on equity, ROE, %	0.06	29.8
Total liquidity indicator	1.17	1.10
Liabilities-to-equity ratio	1.42	2.02

Other indicators

Number of employees	16	17
Average gross remuneration per employee per year, thousand EUR	14.1	14.9
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS	no	no

SJSC Tiesu namu aģentūra (TNA)

Reg. No 40003334410

Web: www.tna.lv

State ownership 100%

TNA has no ownership in other capital companies



The principal activity of TNA is the management of real estate that meets the requirements of the justice sector, organization and 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

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

Most important events in 2017

- Designing and construction of the court building in Jēkabpils, Neretas street 39 was launched.
- Designing and construction of an extension to court building in Ventspils, Katrīnes street 14 was launched.
- Development of renovation project and renovation of court building in Tukums, Pils street 16 was launched.

Most significant events planned in 2018

- Continue the designing and construction of the court building in Jēkabpils, Neretas street 39.
- Continue the designing and construction of an extension to court building in Ventspils, Katrīnes street 14.
- Continue the development of renovation project and renovation of court building in Tukums, Pils street 16.

Principal financial objectives

- Increase in net turnover compared to 2016: not less than by 2%.
- Net profit: EUR 90 thousand.

Principal non-financial objectives

- Designing and construction of new and modern courthouses.
- Integration of the Ministry of Justice and its subordinate authorities into the single information technology infrastructure.
- A collection of judgments, volumes of findings in law and collections of regulatory enactments are published.

Results achieved

- Major financial objectives have been significantly exceeded.
- Non-financial objectives have been achieved and in individual positions have been slightly exceeded.

Governance

Shareholder – Ministry of Justice
Member of Management Board – Santa Sausiņa

Principal financial indicators, thousand EUR

	2016	2017
Turnover	6 476.6	6 840.5
Profit/loss	54.3	685.1
EBITDA	1 966.9	1 991.9
Assets	47 952.5	58 254.2
Share capital	27 169.6	38 369.6
Equity	30 365.9	42 201.4
Investment	1 844.4	516.5
Dividends paid to the state budget	77.1	46.1
Contributions made to state and local government budgets	1 913.6	1 906.3
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, %	0.84	10.02
Return on assets, ROA, %	0.11	1.18
Return on equity, ROE, %	0.18	1.62
Total liquidity indicator	1.24	1.56
Liabilities-to-equity ratio	0.58	0.38

Other indicators

Number of employees	108	107
Average gross remuneration per employee per year, thousand EUR	13.6	14.1
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS	no	no

SJSC Valsts nekustamie īpašumi (VNĪ)

Reg. No 40003294758

Web: www.vni.lv

State ownership 100%

31.12. 2017. VNĪ has no ownership in other capital companies

LLC VNĪ pilis 100% (reorganized on

21.11.2017, by annexing VNĪ)

LLC Biroju centrs Ezerparks 100% (reorganized on

10.05.2017, by annexing VNĪ)



The core activity of VNĪ is the management, lease and sale of state's real estate. Provision of state institutions with the premises necessary for the discharge of their functions.

General strategic objective

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

Most important events in 2017

- Riga Castle, front of the castle and eastern block on Pils laukums 3, Riga construction and reimbursement of resettlement costs.
- Reconstruction and adapting the buildings for the needs of the New Riga Theatre (in Latvian: Jaunais Rīgas teātris) in Riga, Miera street 58A.
- Renovation of museums of Rainis and Aspazija in Riga, Baznīcas street 30; in Jūrmala, J.Pliekšana street 5/7; in Tadenava, Dunava parish.

Most significant events planned in 2018

- Restoration and reconstruction of Riga Castle in Riga, Pils laukums 3 (Stage II of the construction – provision of the convent).
- Construction of the museum storage complex in Riga, Pulka street 8 (stage I of the development - stage 1 of the construction, i.e. construction of museum storage complex (building) and communication networks).
- Reconstruction of the New Riga Theatre in Riga, Lāčplēša street 25.

Principal financial objectives

- Net turnover: EUR 39.3 million.
- Profit: EUR 2.9 million.

Principal non-financial objectives

- Increase the quality and usability of national real estate.
- Ensure the inclusion of commercial national real estate assets in the VNĪ property portfolio.
- Increase satisfaction and quality of services for real estate development service customers.

Results achieved

- Financial objectives of the reporting year have been met and, under certain headings, exceed the planned.
- Non-financial objectives have been partially met.

Governance

Shareholder – Ministry of Finance
 Chair of Supervisory Council – Mārtiņš Bičevskis
 Members of Supervisory Council – Inta Komisāre, Ansis Grasmanis
 Chair of Management Board – Ronalds Neimanis
 Members of Management Board – Līga Ermāne, Kitija Gruškevica, Andris Vārna, Sigita Janvāre

Principal financial indicators, thousand EUR		
	2016 ²⁴	2017 ²⁵
Turnover	50 747.4	40 361.5
Profit/loss	-8 024.8	8 971.5
EBITDA	4 011.7	17 741.4
Assets	413 107.6	408 833.1
Share capital	135 474.1	135 474.1
Equity	252 209.5	280 317.6
Investment	3 678.3	3 855.2
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	16 040.8	17 533.7
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	14 676.5	39 285.4

Principal financial indicators		
Profit and turnover ratio, %	-15.8	22.2
Return on assets, ROA, %	-1.9	2.2
Return on equity, ROE, %	-3.2	3.2
Total liquidity indicator	1.26	1.65
Liabilities-to-equity ratio	0.64	0.46

Other indicators		
Number of employees	588	581
Average gross remuneration per employee per year, thousand EUR	11.9	12.8
Gender representation in management, f/m	3/3	4/4
Annual report in accordance with IFRS	no	no

²⁴ Data of the Consolidated Annual Report

²⁵ Non-consolidated data of the annual report because no consolidated annual report needs to be prepared after the reorganization of LLC "VNĪ pilis" and LLC "Biroju centrs Ezerparks", by adding them to parent company.

SLLC Zemkopības ministrijas nekustamie īpašumi (ZMNĪ)

Reg. No 40003338357

Web: www.zmni.lv

State ownership 100%

ZMNĪ has no ownership in other capital companies



The main activity of ZMNĪ is the operation and maintenance of amelioration systems of national significance, maintenance of the amelioration cadastre and management of 29 real estate properties.

General strategic objective

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

Most important events in 2017

- Implementation of the project of the specific support objective of the EU's "Growth and Jobs" Action Programme "Combating Flood Risks in Rural Areas": commissioned Renovation of Rudulis protective dam; work on the renewal of polder pumping stations and restoration of the potash watercourse has been started and will continue; restoration of dams - a total of 17 projects.
- Implementation of the EU support measure "Aid for Investment in the Development of Agricultural and Forestry Infrastructure". It is planned to put 36 sites into operation and to start construction works at 48 sites within its framework.

Most significant events planned in 2018

- Restore the value of national amelioration systems by implementing the project launched in the previous year.

Principal financial objectives

- Profit: EUR 20 thousand.
- Total liquidity: above 1.
- Return on equity (ROE): 0.6%.

Principal non-financial objectives

- Ensuring the quality of life of the population in poldered land areas.
- Promoting sustainable land resource productivity as well as infrastructure development.

Results achieved

- Profit in the reporting year exceeds the planned by 29%, other objectives have been achieved also.
- Activities that contribute to the implementation of key non-financial objectives have been met and new projects have been launched.

Governance

Shareholder - Ministry of Agriculture
Chair of Management Board - Roberts Dīlba
Members of Management Board - Pēteris Kalniņš,
Sergejs Zikins

Principal financial indicators, thousand EUR

	2016	2017
Turnover	4 843.5	6 176.0
Profit/loss	18.5	25.7
EBITDA	332.9	366.9
Assets	11 400.8	19 082.9
Share capital	3 422.0	3 422.0
Equity	3 343.0	3 340.8
Investment	52.4	184.6
Dividends paid to the state budget	12.7	15.7
Contributions made to state and local government budgets	2 152.3	3 179.6
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	2 517.0	4 636.9

Principal financial indicators

Profit and turnover ratio, %	0.38	0.42
Return on assets, ROA, %	0.16	0.13
Return on equity, ROE, %	0.55	0.77
Total liquidity indicator	1.03	1.57
Liabilities-to-equity ratio	2.41	4.71

Other indicators

Number of employees	143	151
Average gross remuneration per employee per year, thousand EUR	10.6	11.4
Gender representation in management, f/m	0/3	0/3
Annual report in accordance with IFRS	no	no



4.8 Health Care



SLLC Aknīstes psihoneiroloģiskā slimnīca (APNS)

Reg. No. 40003453643

Web: www.agnistesps.lv

State ownership 100%

APNS has no ownership in other capital companies

APNS is a hospital specializing in the treatment and rehabilitation of long-term mentally disorder, therapeutically resistant patients, providing highly qualified and professional patient-oriented overall psychiatric care for long-term mentally disorder, therapeutically resistant patients, implemented through the National Health Service and its own economic revenues.

General strategic objective

Become a highly qualified and professional leader in the treatment and rehabilitation of long-term psychiatric, therapeutically resistant patients in Latvia, oriented towards overall satisfaction of patients.

Most important events in 2017

- Reconstruction of heating main (about 200 m).
- Improvement of the ventilation system of the 3rd treatment block, stage 2.
- Reconstruction of the heating and ventilation systems of the 1st treatment block and improvement of energy efficiency.

Most significant events planned in 2018

- Renovation and reconstruction of the 1st treatment block . A procurement procedure for construction works will be carried out and renovation and reconstruction will be carried out in order to meet the requirements and fire safety norms of the State Construction Office.
- Reconstruction of the heating and ventilation systems of the 1st treatment block and improvement of energy efficiency. All ongoing works will be continued to implement energy efficiency measures.

Principal financial objectives

- Net profit: EUR 1 000.
- Positive profitability ratio: 0.03 %.
- Liquidity ratio: not less than 2.55.

Principal non-financial objectives

- Improve the availability of health care services.
- Total number of hospital beds: 400.
- Ensure efficient planning and delivery of health services. Bed load: 99%.
- Ensure the provision of high-quality health services. Number of complaints: 2.

Results achieved

- Financial objectives have been partially achieved. Net profit and profitability are positive, higher liquidity ratio than planned.
- Most of non-financial objectives have been attained.

Governance

Shareholder – Ministry of Health

Chair of Management Board - Nata Gaibišele

Member of Management Board - Ilga Ģile

Principal financial indicators, thousand EUR

	2016	2017
Turnover	3 415.4	3 503.2
Profit/loss	1.0	0.5
EBITDA	218.1	224.3
Assets	6 285.3	6 263.9
Share capital	277.5	4 066.2
Equity	361.8	4 151.1
Investment	73.1	240.8
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	1 030.0	1 024.5
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	3 602.7	3 602.7

Principal financial indicators

Profit and turnover ratio, %	0.03	0.01
Return on assets, ROA, %	0.02	0.01
Return on equity, ROE, %	0.27	0.01
Total liquidity indicator	0.23	2.73
Liabilities-to-equity ratio	16.37	0.51

Other indicators

Number of employees	298	299
Average gross remuneration per employee per year, thousand EUR	6.9	6.9
Gender representation in management, f/m	2/0	2/0
Annual report in accordance with IFRS	no	no



BKUS 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

Ensure public health policy by providing high-quality, cost-effective and evidence-based health care services for children.

Most important events in 2017

- Several improvements have been introduced to treatment and care services, their quality and improving patients' security.
- According to the survey, patients' satisfaction with health care services has improved.

Most significant events planned in 2018

- Ensuring the execution of a public order for hospital and ambulatory health care services, working together with the National Health Service on the establishment, accounting and monitoring of a system of indicative quality and efficiency indicators.
- Achieving the financial and non-financial objectives defined in the BKUS strategy.
- Recruitment of personal resources, maintenance and development of competences.

Principal financial objectives

- Ensure net profit: EUR 4 728.
- Ensure positive net profit margin: 0.01%.
- Liquidity ratio: 1.07.

Principal non-financial objectives

- Total number of hospital beds: 396.
- Bed load: 75%.
- Proportion of patients who rate the health care services as 'good' (survey data): 75%.

Results achieved

- Draft BKUS strategy has been prepared, strategic priorities, objectives and action lines are identified.
- Gross profit profitability ratio has been increased.
- Financial and non-financial objectives have been partially achieved.

Governance

Shareholder - Ministry of Health
Chair of Management Board - Valts Ābols
Members of Management Board - Aigars Pētersons,
Zane Straume, Ināra Bluķe

Principal financial indicators, thousand EUR

	2016	2017
Turnover	35 225.2	36 170.6
Profit/loss	-2.3	-194.8
EBITDA	2 136.0	1 102.0
Assets	60 158.0	60 729.4
Share capital	3 984.0	3 984.0
Equity	7 844.3	7 649.4
Investment	2 421.3	2 487.7
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	9 828.1	9 818.4
Donations received	1 867.4	1 741.9
Donations made	0.0	0.0
Funding received from the state budget	35 152.3	36 071.7

Principal financial indicators

Profit and turnover ratio, %	-0.01	-0.54
Return on assets, ROA, %	0.00	-0.32
Return on equity, ROE, %	-0.03	-2.55
Total liquidity indicator	0.94	0.79
Liabilities-to-equity ratio	6.67	6.94

Other indicators

Number of employees	2 087	2 018
Average gross remuneration per employee per year, thousand EUR	8.9	9.2
Gender representation in management, f/m	2/2	2/2
Annual report in accordance with IFRS	yes	yes

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

Reg. No 44103017181

Web: www.ainazuslimnica.lv

State ownership 100%

BPNS "Ainaži" has no ownership in other capital companies



BPNS "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

Increase the competitiveness of the company as a specialized hospital, increase the quality of health care services provided, 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, ensure that the company complies with the EU recommendations for the infrastructure of health care service providers. Promote the future development of the capital company, ensure quality of services, cost-effectiveness and rational accessibility in psychiatric treatment, care and rehabilitation until the patient recovers or may receive treatment as outpatient. Continue to develop secondary outpatient services and availability for patients with both psychiatric and non-psychiatric diagnoses.

Most important events in 2017

- The average duration of treatment has been reduced by six days against the scheduled and this is an indicative of the importance of rehabilitation services provided to hospital patients in addition to treatment.

Most significant events planned in 2018

- Continue to improve the quality of current services.
- Attract additional medical staff-psychiatrists.

Principal financial objectives

- Balanced budget. Profit: EUR 1 703.
- Positive (balanced) net cash flow in the reporting year: EUR 3 825.
- Total liquidity ratio: 5.1.

Principal non-financial objectives

- Improve the availability and quality of health services.
- Ensure efficiency in the planning and delivery of health services.

Results achieved

- Financial operation was successful as the profit has been attained.
- Non-financial objectives have partially been met due to staff recruitment problems.

Governance

Shareholder – Ministry of Health
Member of Management Board – Aigars Kišuro

Principal financial indicators, thousand EUR

	2016	2017
Turnover	1 046.8	1 046.9
Profit/loss	47.1	3.3
EBITDA	105.5	56.2
Assets	4 319.0	4 287.8
Share capital	60.2	1 683.4
Equity	409.0	2 093.4
Investment	38.1	4.2
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	351.4	357.1
Donations received	2.7	1.6
Donations made	0.0	0.1
Funding received from the state budget	1 148.7	1 148.7

Principal financial indicators

Profit and turnover ratio, %	4.50	0.32
Return on assets, ROA, %	1.09	0.08
Return on equity, ROE, %	11.52	0.16
Total liquidity indicator	4.35	4.94
Liabilities-to-equity ratio	9.56	1.05

Other indicators

Number of employees	88	89
Average gross remuneration per employee per year, thousand EUR	8.0	7.6
Gender representation in management, f/m	1/0	0/1
Annual report in accordance with IFRS	no	no

SLLC Daugavpils psihoneiroloģiskā slimnīca (DPNS)

Reg. No 50003407881

Web: www.dpns.gov.lv

State ownership 100%

DPNS has no ownership in other capital companies



DPNS 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

Develop a multidisciplinary psychiatric health care centre based on DPNS – to provide all-spectrum mental health care assistance to residents of Daugavpils city and surrounding regions and to become industry leader in the treatment, care and rehabilitation of mental health.

Most important events in 2017

- Rebuilding the administrative building aimed at developing Family house within the framework of Lat-Lit program (stage II).

Most significant events planned in 2018

- Reconstruction works will be carried out in the block 1 and 2 of the DPND to maintain the infrastructure in line with requirements of regulatory acts. Insulation of the roof and facade of the day centre.

Principal financial objectives

- Ensure balanced budget: EUR 4 321.
- Ensure positive net cash flow in the reporting period: EUR 452 600.
- Positive profitability ratio: 0.06.

Principal non-financial objectives

- Development of outpatient and home mental health services.
- Total number of hospital beds: 412.
- Average duration of treatment in hospital: 31.50 days.

Results achieved

- The planned values for financial objectives have not been achieved. Non-financial objectives have been achieved and exceeded.

Governance

Shareholder – Ministry of Health

Chair of Management Board – Sarmīte Ķikuste

Principal financial indicators, thousand EUR

	2016	2017
Turnover	7 748.8	7 470.2
Profit/loss	44.2	3.5
EBITDA	533.5	467.8
Assets	18 241.2	18 321.3
Share capital	504.9	504.9
Equity	1 027.9	1 024.5
Investment	186.0	154.6
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	2 485.1	267.7
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	7 355.5	7 047.6

Principal financial indicators

Profit and turnover ratio, %	0.57%	0.05%
Return on assets, ROA, %	0.24%	0.02%
Return on equity, ROE, %	4.30%	0.34%
Total liquidity indicator	1.07	0.90
Liabilities-to-equity ratio	16.75	16.88

Other indicators

Number of employees	605	603
Average gross remuneration per employee per year, thousand EUR	7.9	7.9
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS	no	yes

SLLC Iekšlietu ministrijas poliklinika (IMP)

Reg. No 40003400059

Web: www.poliklinika.iem.gov.lv

State ownership 100%

IMP has no ownership in other capital companies



IMP 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

Participate in the provision of 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 outpatient health care services to other natural persons.

Most important events in 2017

- Long-term investment has been made for the purchase of fixed assets, infrastructure renewal and modernization.
- Further development of outpatient clinics' information technologies with the deployment of the Smart Medical system, by adding new users, new data processing and information analysis capabilities to ensure the full circulation, storage and use of medical information through "e-health".

Most significant events planned in 2018

- Continue to develop an IMP as a modern, competitive business on the healthcare market.

Principal financial objectives

- Turnover: EUR 2.1 million.
- Return on equity (ROE): 0.48%.
- Total liquidity ratio: 2.9.

Principal non-financial objectives

- Check the compliance of the state of health of officials with special service ranks for the performance of service duties: 15 000 inspections.
- Evaluate the degree of severity of health disorders for an official with a special service rank who, while performing his/her duties, suffered in the accident: 250 inspections.
- Provide health care services - number of visits to family doctors: 21 500.

Results achieved

- All financial and non-financial objectives have been achieved or almost achieved.

Governance

Shareholder - Ministry of the Interior
Member of Management Board - Didzis Āzens

Principal financial indicators, thousand EUR

	2016	2017
Turnover	2 111.8	2 155.7
Profit/loss	11.2	1.7
EBITDA	75.6	77.3
Assets	821.8	829.4
Share capital	556.4	571.7
Equity	591.6	599.2
Investment	115.8	35.1
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	692.9	724.0
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	1 234.4	1 284.7

Principal financial indicators

Profit and turnover ratio, %	0.53	0.08
Return on assets, ROA, %	1.36	0.21
Return on equity, ROE, %	1.89	0.29
Total liquidity indicator	2.54	2.74
Liabilities-to-equity ratio	0.39	0.38

Other indicators

Number of employees	137	140
Average gross remuneration per employee per year, thousand EUR	11.8	12.0
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS	no	no

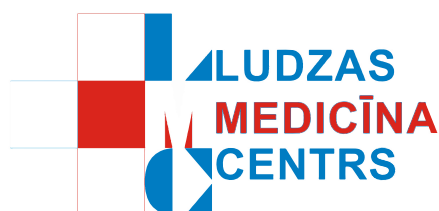
LLC Ludzas medicīnas centrs (LMC)

Reg. No 40003258973

Web: www.ludzahospital.lv

State ownership 57.95%

LMC has no ownership in other capital companies



A medical treatment institution providing in-patient health services in the care department, primary outpatient health services, secondary outpatient health services, outpatient laboratory services and short-term social care.

General strategic objective

Not approved.

Most important events in 2017

- On 31 January 2017, the ownership structure of LMC changed. 58% of the capital shares were taken over by the State of Latvia, covering the state guaranteed loan, the rest of the 42% capital shares remain in ownership of Ludza local government.

Most significant events planned in 2018

- Further implementation of agreements on the provision of inpatient and outpatient health care services concluded with the National Health Service. Further cooperation with the National Health Service, insurance structures, family doctors and local government institutions on the provision of health care services to residents.

Principal financial objectives

- Positive cash flow from principal activity: EUR 124 850,
- Loss: EUR 180 thousand.
- Total liquidity ratio: 1.12.
- Net profitability ratio: -8.4%.

Principal non-financial objectives

- Average number of beds in overnight hospitals: 47.
- Average waiting time for an outpatient specialist consultation: 15 days.
- Average duration of treatment in hospital: 7.27 days.

Results achieved

- Nearly all financial and non-financial targets have been met, in some cases exceeding the expected indicators.

Governance

Shareholder- Ministry of Health

Member of Management Board - Juris Atstupens

Principal financial indicators, thousand EUR

	2016 ²⁶	2017
Turnover	n/a	2 113.5
Profit/loss	n/a	-120.2
EBITDA	n/a	158.0
Assets	n/a	7 831.2
Share capital	n/a	7 321.7
Equity	n/a	6 848.2
Investment	n/a	41.9
Dividends paid to the state budget	n/a	0.0
Contributions made to state and local government budgets	n/a	609.4
Donations received	n/a	16.5
Donations made	n/a	0.0
Funding received from the state budget	n/a	5 909.1

Principal financial indicators

Profit and turnover ratio, %	n/a	-5.69
Return on assets, ROA, %	n/a	-1.54
Return on equity, ROE, %	n/a	-1.76
Total liquidity indicator	n/a	1.59
Liabilities-to-equity ratio	n/a	0.14

Other indicators

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

²⁶ Given that the State of Latvia has been holding ownership of 57.95% LMC's capital shares since 31 January 2017, the financial data of LMC for 2016 are not presented in this report

SLLC Nacionālais rehabilitācijas centrs "Vaivari" (Vaivari)

Reg. No 40003273900

Web: www.nrcvaivari.lv

State ownership 100%

Vaivari has no ownership in other capital companies



Vaivari is an object of medical rehabilitation, health and social care, education and science of national significance – the largest medical institution of this kind in Latvia.

General strategic objective

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 2017

- Improved provision of healthcare services, as demonstrated by the average waiting time for an outpatient specialist consultation - 26 days.
- An agreement has been concluded with the CFLA on project "Improving the Accessibility of the Quality Health Care Services" at the National Rehabilitation Centre Vaivari by Developing Healthcare Infrastructure".
- Further implementation of interrelated projects financed by the EU funds at the Vaivari centre of technical aids.

Most significant events planned in 2018

- Continue to provide state-funded health protection services.
- Continue the successful process of developing and accrediting rehabilitation programmes.

Principal financial objectives

- Profit: EUR 4 852.
- Positive net profitability: 0.05%.
- Cash flow from principal activity: EUR 116 thousand.
- Liquidity ratio:1.

Principal non-financial objectives

- Total number of hospital beds: 250.
- Share of physical and rehabilitation doctors of all employees: 4%. Ensure efficiency in the planning and delivery of health services. Bed load: 78%.

Results achieved

- In principle, financial and non-financial objectives have been achieved or substantially exceeded. Decreased queues for rehabilitation services – 5% for sub-acute patients, 9% for chronic patients. Access to ambulatory rehabilitation services has increased significantly – by 37 %.

Governance

Shareholder – Ministry of Health

Chair of Management Board – Anda Nulle

Member of Management Board – Mārtiņš Oliņš

Principal financial indicators, thousand EUR

	2016	2017
Turnover	9 643.1	10 089.0
Profit/loss	5.6	6.0
EBITDA	1 318.8	1 396.2
Assets	10 655.0	12 296.7
Share capital	793.7	793.7
Equity	1 614.3	1 950.0
Investment	1 851.5	522.6
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	2 439.1	2 613.4
Donations received	0.0	0.4
Donations made	0.0	0.0
Funding received from the state budget	8 744.0	9 278.8

Principal financial indicators

Profit and turnover ratio, %	0.06	0.06
Return on assets, ROA, %	0.05	0.05
Return on equity, ROE, %	0.34	0.31
Total liquidity indicator	0.79	0.91
Liabilities-to-equity ratio	5.60	5.31

Other indicators

Number of employees	422	437
Average gross remuneration per employee per year, thousand EUR	8.6	8.7
Gender representation in management, f/m	1/1	1/1
Annual report in accordance with IFRS	no	no

SLLC Paula Stradiņa klīniskā universitātes slimnīca (PSKUS)

Reg. No 40003457109

Web: www.stradini.lv

State ownership 100%

PSKUS has no ownership in other capital companies



PSKUS 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

Continue the development in order to become a medical, educational and scientific centre of national and international importance, reducing the average length of treatment for stationary patients to five days, increasing hospital bed loading to 85%, increasing revenues beyond 10% and launch the construction of new hospital buildings.

Most important events in 2017

- Work continued on the implementation of stage 1 and stage 2 projects of hospital's block A.
- Participation in the implementation of three international projects.
- 39 new clinical trials have been initiated.

Most significant events planned in 2018

- Improve the availability of healthcare services by ensuring efficiency in the planning and provision of health services.

Principal financial objectives

- Balanced budget, profit: EUR 844.
- Positive net profitability and cash flow from principal activity: EUR 3.5 million.
- Total liquidity coefficient: 0.82.

Principal non-financial objectives

- Total number of hospital beds: 860.
- Average waiting time for an outpatient expert consultation: 65 days.
- Bed loading: 81.45%.
- Proportion of patients evaluating health services as 'good' (survey data): 87%.

Results achieved

- Reduced number of patients who have been released home and are re-hospitalised on the same or next day.
- The completion of the first phase of the reform of the remuneration system, aimed at establishing uniform principles for the setting the base rates, defining minimum wages for specific position groups and promoting the establishment of a transparent and fair remuneration system. The new base rates entered into force on 01.01.2018.
- Financial and non-financial objectives have basically been achieved.

Governance

Shareholder – Ministry of Health

Chair of Management Board – Ilze Kreicberga

Members of Management Board – Elita Buša, Arta Biruma

Principal financial indicators, thousand EUR

	2016	2017
Turnover	87 034.7	89 638.4
Profit/loss	10.8	6.4
EBITDA	3 748.2	3 913.8
Assets	130 990.5	133 699.5
Share capital	35 429.2	40 829.2
Equity	23 795.7	29 150.5
Investment	32 423.4	21 265.0
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	22 659.5	19 152.8
Donations received	100.1	29.4
Donations made	487.4	0.0
Funding received from the state budget	76 394.0	84 994.7

Principal financial indicators

Profit and turnover ratio, %	0.01	0.01
Return on assets, ROA, %	0.01	0.00
Return on equity, ROE, %	0.05	0.02
Total liquidity indicator	1.56	0.89
Liabilities-to-equity ratio	4.48	3.59

Other indicators

Number of employees	2 992	2 946
Average gross remuneration per employee per year, thousand EUR	11.0	11.5
Gender representation in management, f/m	3/0	3/0
Annual report in accordance with IFRS	yes	yes

VSIA Piejūras slimnīca (PJS)

Reg. No 40003343729

Web: www.piejurasslimnica.lv

State ownership 100%

PJS has no ownership in other capital companies



P I E J Ū R A S
S L I M N Ī C A

PJS was established on 29 August 2005, by merging Liepājas onkoloģiskā slimnīca and Liepājas psihoneiroloģiskā slimnīca. SJSC Piejūras slimnīca is a certified medical institution that provides specialized outpatient and inpatient care in oncology, menatology and psychiatry.

General strategic objective

Continue to improve the quality of services by reaching the EU level in healthcare.

Most important events in 2017

- Continued to implement international cooperation in the health sector by participating in the implementation of clinical studies.

Most significant events planned in 2018

- Further improvement of accessibility of services and quality by reaching the average EU level in health care.
- Continue activities in the field of personnel resources by attracting new experts and other medical practitioners in cooperation with educational institutions.

Principal financial objectives

- Balanced budget: EUR 4 770.
- Positive cash flow from principal activity: EUR 83 thousand.
- Positive profitability ratio: 0.14%.
- Total liquidity ratio: 1.2.

Principal non-financial objectives

- Total number of hospital beds: 160.
- Average waiting time for an outpatient expert consultation: 9 days.
- Bed loading: 74.1%.

Results achieved

- Planned financial and non-financial objectives have almost been achieved, positive net profitability ratio.
- Long-term investment - EUR 53 696.

Governance

Shareholder - Ministry of Health
Chair of Management Board - Aigars Puks
Member of Management Board - Evija Siliņa

Principal financial indicators, thousand EUR

	2016	2017
Turnover	3 185.7	3 455.4
Profit/loss	2.5	4.4
EBITDA	297.0	200.3
Assets	10 580.3	10 318.0
Share capital	699.5	699.5
Equity	8 466.2	8 329.2
Investment	114.3	53.7
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	907.5	987.5
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	3 005.4	3 292.5

Principal financial indicators

Profit and turnover ratio, %	0.08	0.13
Return on assets, ROA, %	0.02	0.04
Return on equity, ROE, %	0.03	0.05
Total liquidity indicator	1.32	1.20
Liabilities-to-equity ratio	0.25	0.24

Other indicators

Number of employees	212	207
Average gross remuneration per employee per year, thousand EUR	8.6	9.4
Gender representation in management, f/m	1/1	1/1
Annual report in accordance with IFRS	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 50.96%

LLC "Veselības centrs "Bīķernieki" 99.58%



RAKUS is the largest emergency multi-profile healthcare institution, providing medical care in all major specialties and providing full patient examination.

General strategic objective

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.

Most important events in 2017

- Contracts have been concluded with the National Health Service regarding the provision of hospital and out-patient services.
- Agreement has been concluded between RAKUS and CFLA on the implementation of the RAKUS infrastructure development projects.

Most significant events planned in 2018

- Maintain the structure of the state-paid medical services, within the limits of the funds; to justify the need for changes in external factors affecting financial indicators of RAKUS as the university hospital and multi-profile stationary hospital of national and strategic importance.
- Continue to increase the volume of fee-based medical services and promote the development of medical tourism.

Principal financial objectives

- Balanced budget.
- Positive cash flow from principal activity.
- Positive profitability ratio.
- Total liquidity ratio: >1.

Principal non-financial objectives

- Total number of hospital beds: 2 040.
- Average waiting time for an outpatient expert consultation: 35 days.
- Bed loading: 76%.

Results achieved

- Financial operation has not been successful and the year was concluded with losses of EUR 5.4 million.
- Liquidity ratio was also below the planned. Non-financial objectives have partially been achieved.

Governance

Shareholder - Ministry of Health
Chair of Management Board - Egita Pole
Members of Management Board - Kaspars Plūme,
Artūrs Bērziņš

Principal financial indicators, thousand EUR

	2016	2017
Turnover	97 371.6	99 460.3
Profit/loss	-2 493.1	-5 425.6
EBITDA	4 573.6	830.0
Assets	93 776.9	94 603.8
Share capital	15 681.4	26 822.8
Equity	-11 887.5	-10 143.2
Investment	4 488.1	2 980.8
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	20 914.2	22 573.5
Donations received	14.9	0.0
Donations made	0.0	0.0
Funding received from the state budget	83 078.9	93 910.5

Principal financial indicators

Profit and turnover ratio, %	-2.56	-5.46
Return on assets, ROA, %	-2.66	-5.74
Return on equity, ROE, %	n/a ²⁷	n/a ²⁸
Total liquidity indicator	0.49	0.67
Liabilities-to-equity ratio	n/a ²⁹	n/a ³⁰

Other indicators

Number of employees	4 413	4 236
Average gross remuneration per employee per year, thousand EUR	9.1	10.1
Gender representation in management, f/m	1/3	1/2
Annual report in accordance with IFRS	yes	yes

^{27, 28, 29, 30} indicators are not calculated because equity is negative

SLLC Rīgas psihiatrijas un narkoloģijas centrs (RPNC)

Reg. No 50003342481

Web: www.rpnc.lv

State ownership 100%

RPNC has no ownership in other capital companies



Rīgas psihiatrijas un narkoloģijas centrs

The principal activity of RPNC is the provision of health care services in psychiatry and narcology. RPNC is the only medical and forensic institution in Latvia, which performs all kinds of forensic psychiatry and psychology expertise.

General strategic objective

Ensure the limitation of the mental health and addiction diseases in Riga and Riga region (incl. in the cities of Jūrmala, Tukums and Ogre), provide accessible, high quality and specialised professional psychiatric assistance in the diagnosis, treatment, prevention and rehabilitation of psychiatric and addictive diseases, as well as in the provision of expertise of the impact of narcotic and psychotropic agents and alcohol, outpatient and inpatient narcological assistance.

Most important events in 2017

- Share capital of RPNC has been increased by EUR 7 386 271.64 with the objective to waive commitments towards the Ministry of Finance as a result of the takeover of state guaranteed loans from the Nordic Investment Bank.

Most significant events planned in 2018

- Invest in increasing energy efficiency of building No.056 on Tvaika street 2, Riga.

Principal financial objectives

- Balanced budget.
- Positive cash flow from principal activity.
- Positive net profitability ratio.

Principal non-financial objectives

- Total number of hospital beds – 536.
- Bed load: 95%.
- Average duration of treatment in hospital: 25 days.
- Number of complaints: 2.

Results achieved

- Overall financial and non-financial objectives have been met.

Governance

Shareholder – Ministry of Health
Chair of Management Board – Jānis Buģins
Members of Management Board – Irina Starkova,
Imants Rezebergs

Principal financial indicators, thousand EUR

	2016	2017
Turnover	12 686.9	13 329.5
Profit/loss	7.5	89.4
EBITDA	500.7	496.7
Assets	24 691.7	24 707.2
Share capital	4 432.4	11 818.7
Equity	9 524.7	17 653.9
Investment	210.5	227.6
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	3 849.7	3 980.8
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	11 819.7	19 127.6

Principal financial indicators

Profit and turnover ratio, %	0.06	0.67
Return on assets, ROA, %	0.03	0.36
Return on equity, ROE, %	0.08	0.51
Total liquidity indicator	1.37	1.74
Liabilities-to-equity ratio	1.59	0.40

Other indicators

Number of employees	917	928
Average gross remuneration per employee per year, thousand EUR	8.2	8.3
Gender representation in management, f/m	1/2	1/2
Annual report in accordance with IFRS	yes	yes

SLLC Slimnīca "Ģintermuiža" (ĢM)

Reg.No 40003407396

Web: www.gintermuiza.lv

State ownership 100%

ĢM has no ownership in other capital companies



ĢINTERMUIŽA

The main activity of ĢM 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

Provide the residents with high-quality mental health care services in compliance with their needs and develop community-based mental health care.

Most important events in 2017

- ĢM continues to implement social rehabilitation and long-term social care and rehabilitation programs - "Social Rehabilitation of Psychoactive Substance Dependent Adults" and "Long-term Social Care and Social Rehabilitation for Adults" (disability groups I and II) with severe mental disorders.

Most significant events planned in 2018

- Continue to provide in-patient and out-patient psychiatric and narcological assistance and the implementation of long-term social care and social rehabilitation programs implemented in the previous reporting period.

Principal financial objectives

- Balanced budget.
- Positive (balanced) cash flow, cash flow from principal activity: >0.
- Positive net profitability ratio.

Principal non-financial objectives

- Total number of hospital beds - 360.
- Bed load: 92%.
- Average duration of treatment in hospital: 34 days.
- Number of complaints: 5.

Results achieved

- Almost all financial and non-financial objectives have been met.

Governance

Shareholder - Ministry of Health

Member of Management Board - Uldis Čāčus

Principal financial indicators, thousand EUR

	2016	2017
Turnover	5 920.7	5 627.5
Profit/loss	4.5	7.2
EBITDA	253.0	231.1
Assets	13 782.8	13 684.0
Share capital	2 099.2	2 099.2
Equity	2 224.4	2 231.7
Investment	30.9	79.7
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	1 799.3	1 829.4
Donations received	7.8	5.2
Donations made	0.0	0.0
Funding received from the state budget	5 132.4	5 314.6

Principal financial indicators

Profit and turnover ratio, %	0.08	0.13
Return on assets, ROA, %	0.03	0.05
Return on equity, ROE, %	0.20	0.32
Total liquidity indicator	0.68	0.51
Liabilities-to-equity ratio	5.20	5.13

Other indicators

Number of employees	494	497
Average gross remuneration per employee per year, thousand EUR	7.3	7.3
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS	no	no

SLLC Straupes narkoloģiskā slimnīca (SNS)

Reg. No 40003342456

Web: www.straupesslimnica.lv

State ownership 100%

SNS has no ownership in other capital companies

SNS provides medical assistance to alcohol addicted patients, terminating systematic and regular alcohol consumption of the patients, restoring their ability to work. The main activity of SNS is the provision of in-patient medical assistance to the public and the rehabilitation of adolescents dependent on psychoactive substances. Doctors in SNS also prescribe therapy for continued restraint in the future.

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 2017

- The expected performance indicators of the financial and non-financial objectives relating to the provision of in-patient health care have been achieved.

Most significant events planned in 2018

- In the light of the fact that the building in which the medical treatment institution is located is in poor technical condition, as well as the repairs require very large financial resources which are not at the disposal of SNS, the medical treatment institution cannot ensure the fulfilment of the mandatory requirements for medical treatment institutions, the shareholder - Ministry of Health has taken a decision at the meeting of shareholders on 3 November 2017 to stop providing healthcare services to the public starting from 1 January 2018.

Principal financial objectives

- Ensure balanced budget.
- Ensure positive cash flow from principal activity.
- Ensure positive profitability ratio.

Principal non-financial objectives

- Total number of hospital beds - 33.
- Bed load: 66%.
- Average duration of treatment in hospital: 3.8 days.

Results achieved

- The reporting year has been successful; net turnover has increased and net profit has increased, which is mainly related to decrease in immaterial costs due to economy measures.
- Non-financial objectives have been met.

Governance

Shareholder - Ministry of Health

Chair of Management Board - Maija Ancverīņa

Principal financial indicators, thousand EUR

	2016	2017
Turnover	620.9	702.7
Profit/loss	-7.0	20.2
EBITDA	5.7	33.8
Assets	129.4	215.5
Share capital	90.5	90.5
Equity	60.9	81.1
Investment	8.3	3.1
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	185.3	192.5
Donations received	6.3	1.0
Donations made	0.0	0.0
Funding received from the state budget	428.4	512.3

Principal financial indicators

Profit and turnover ratio, %	-1.12	2.88
Return on assets, ROA, %	-5.39	9.38
Return on equity, ROE, %	-11.46	24.92
Total liquidity indicator	0.99	1.22
Liabilities-to-equity ratio	1.13	1.66

Other indicators

Number of employees	60	55
Average gross remuneration per employee per year, thousand EUR	6.1	7.7
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS	no	no

SLLC Strenču psihoneiroloģiskā slimnīca (SPNS)

Reg. No 50003408181

Web: www.strencupns.lv

State ownership 100%

SPNS has no ownership in other capital companies



The main activity of SPNS is the provision of health care services in psychiatry and narcology.

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.

Most important events in 2017

- SPNS has carried out targeted work in line with the medium-term strategy and mission – to heal the human psyche.
- The quality management system standard ISO 9001: 2015 certificate has been obtained.
- The Bronze Category Assessment of the Institute for Corporate Sustainability and Responsibility in the Sustainability Index.

Most significant events planned in 2018

- Continue economic activity and implement the plans and development measures.

Principal financial objectives

- Ensure a balanced budget.
- Ensure positive cash flow from principal activity.
- Ensure positive profitability ratio.

Principal non-financial objectives

- Total number of hospital beds – 335.
- Bed load: 95%.
- Average duration of treatment in hospital: 37 days.
- Number of complaints: 0.

Results achieved

- All financial and non-financial goals have been achieved.

Governance

Shareholder – Ministry of Health

Member of Management Board – Maija Ancverīņa

Principal financial indicators, thousand EUR

	2016	2017
Turnover	4 656.7	4 768.2
Profit/loss	18.9	16.2
EBITDA	305.3	251.1
Assets	7 174.1	7 264.9
Share capital	295.6	2 584.0
Equity	1 661.1	3 965.8
Investment	486.1	412.3
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	1 479.5	1 631.3
Donations received	4.2	0.7
Donations made	0.0	0.0
Funding received from the state budget	4 824.5	7 037.1

Principal financial indicators

Profit and turnover ratio, %	0.41	0.34
Return on assets, ROA, %	0.26	0.22
Return on equity, ROE, %	1.14	0.41
Total liquidity indicator	0.34	1.48
Liabilities-to-equity ratio	3.32	0.83

Other indicators

Number of employees	342	331
Average gross remuneration per employee per year, thousand EUR	9.6	10.1
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS	no	no

SLLC Traumatoloģijas un ortopēdijas slimnīca (TOS)

Web: www.tos.lv

State ownership 100%

TOS has no ownership in other capital companies



**TRAUMATOĻĢIJAS
UN ORTOPĒDIJAS
SLIMNĪCA**

TOS 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

Maintaining and improving the existing leader positions as the only specialized hospital in Latvia providing highly qualified medical assistance in cases of severe skeletal injuries, secondary medical care for the treatment of severe, traumatic complications, performing orthopaedic surgery in various types of skeletal and joint diseases, thus having an indispensable role in the provision of emergency medical care and healthcare centre.

Most important events in 2017

- The agreement has been concluded with CFLA No. 9.3.2.0/17/I/002 on the implementation of the project "Improvement of the Availability of High-Quality Health-Care services in TOS by Developing the Infrastructure of Health Care".

Most significant events planned in 2018

- Launch the implementation of the project "Improvement of the Availability of High-Quality Health-Care services by Developing the Infrastructure of Health Care"

Principal financial objectives

- Balanced budget; net profit: EUR 2 734.
- Profitability ratio: 0.83%.
- Revenue from fee-based services: EUR 2.4 milion.
- Liquidity ratio: 1.02

Principal non-financial objectives

- 6 530 patients.
- Total number of hospital beds - 220, bed load 60.31 %.
- Received complaints: 0.

Results achieved

- A set of measures related to the development of TOS and the improvement of infrastructure have been taken, thereby significantly improving the quality of patient care in clinical departments and the overall functioning of the TOS.
- Almost all financial objectives have been met.

Governance

Shareholder - Ministry of Health
Chairperson of Management Board - Anita Vaivode
Members of Management Board - Inese Rantiņa,
Modris Ciems

Principal financial indicators, thousand EUR

	2016	2017
Turnover	12 424.6	13 630.0
Profit/loss	0.5	325.5
EBITDA	746.9	901.5
Assets	10 826.6	10 781.1
Share capital	3 947.0	3 947.0
Equity	4 882.6	5 553.7
Investment	431.6	0.0
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	2 796.5	2 992.9
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	9 324.0	10 375.9

Principal financial indicators

Profit and turnover ratio, %	0.00	2.39
Return on assets, ROA, %	0.00	3.02
Return on equity, ROE, %	0.01	5.86
Total liquidity indicator	0.54	0.58
Liabilities-to-equity ratio	1.21	0.93

Other indicators

Number of employees	461	473
Average gross remuneration per employee per year, thousand EUR	11.0	11.3
Gender representation in management, f/m	2/1	2/1
Annual report in accordance with IFRS	no	no





4.7 Culture

SJSC Dailes teātris (DailesT)

Reg. No 40003783138

Web: www.dailesteatris.lv

State ownership 100%

DailesT has no ownership in other capital companies



DAILES TEĀTRIS

DailesT is the largest professional repertory theatre in Latvia with three stages. The Chamber Hall and the Small Hall are provided for close-up demanding psychological works, experimental productions and quest for theatre aesthetics, while the 1000-seat Grand Hall - for the widest range of performances for different tastes, attracting broad audience: dramas, comedies, tragedies, musical performances, children's shows and concerts.

General strategic objective

Ensuring national cultural needs, raising its spiritual level and self-esteem, provision of diversity and accessibility of professional theatre art for all members of society, as well as fulfilment of tasks delegated by the public administration.

Most important events in 2017

- Improvement of the sound system in the Grand Hall of Dailes T launched.
- Dailes T featured 491 performances, i.e. by 22 shows more than in 2016.
- The most visited play was "Adventures of Tom Sawyer" for children and youth audience that was attended by 22 thousand viewers.

Most significant events planned in 2018

- DailesT will dedicate two plays to Latvia's centenary - "White Crow with Black Feathers". "Planet 86".
- Improve the lighting in the Small Hall of DailesT.

Principal financial objectives

- Ensure stable revenue from ticket sales: EUR 2.1 million.
- Revenue from rental of premises: EUR 260 thousand.
- Other own revenues: EUR 130 thousand.

Principal non-financial objectives

- Number of visitors per year: > 180 000.
- Number of visitors (per year) of plays intended for children and the youth up to the age of 17: > 15 000.
- Measures promoting access to theatre services for different social groups (students, pensioners, families with children, etc.).

Results achieved

- Non-financial objectives of DailesT have been met and for some positions exceeded.
- Attendance of children's and youth performances by 84% exceeded the planned, since an additional play "Tricks of Niķis and Rīķis" was staged in December.
- Financial goals have been partially achieved. Revenue from tickets sale were by 8% higher than expected, while other own revenues were by 24% less than expected.

Governance

Shareholder - Ministry of Culture

Member of Management Board - Andris Vītols

Principal financial indicators, thousand EUR

	2016	2017
Turnover	2 549.6	2 546.0
Profit/loss	2.0	0.0
EBITDA	113.2	117.1
Assets	867.8	971.1
Share capital	54.2	54.2
Equity	72.4	69.9
Investment	172.4	79.3
Dividends paid to the state budget	0.3	1.7
Contributions made to state and local government budgets	1 223.7	1 312.3
Donations received	3.0	2.0
Donations made	0.0	0.2
Funding received from the state budget	1 662.2	1 882.1

Principal financial indicators

Profit and turnover ratio, %	0.08	0.001
Return on assets, ROA, %	0.23	0.003
Return on equity, ROE, %	2.73	0.04
Total liquidity indicator	0.61	0.69
Liabilities-to-equity ratio	10.98	12.89

Other indicators

Number of employees	233	232
Average gross remuneration per employee per year, thousand EUR	8.9	9.6
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS	no	no

SJSC Daugavpils teātris (DT)

Reg. No 41503037608

Web: www.daugavpilsteatris.lv

State ownership 100%

DT has no ownership in other capital companies



DT is the only professional theatre in Latgale, which provides access to professional theatre art for the residents of Latgale, as well as preserves and maintains the Latgalian cultural values, including the language.

General strategic objective

Meeting the cultural needs of the people, raising their mental level and self-awareness, ensuring the diversity and accessibility of the professional theatre for all members of the society, as well as the fulfilment of delegated public administration tasks.

Most important events in 2017

- DT has maintained 35 performances in repertoire and supplemented the repertoire with 8 plays.
- DT received a record large number of nominations in "Spēlmaņu nakts" (Players' Night) (10 nominants in 8 categories), incl. 4 awards of "Spēlmaņu nakts" (Players' Night).

Most significant events planned in 2018

- At least 9 new plays will be staged, including the dance performance for children.
- Reconstruction of storage premises for decorations and costumes.
- Plans to visit several international festivals in Lithuania, Russia, Belarus etc.

Principal financial objectives

- Revenue from ticket sales: EUR 125 thousand.
- Other own revenue and rental of premises: EUR 137 thousand.

Principal non-financial objectives

- Total number of performances in a year: 110.
- New performances: 8.
- Number of visitors per year: 22 000.
- Attendance (% of the hall): 80%.

Results achieved

- All non-financial objectives have been met and for some positions even exceeded. Revenue from the sales of tickets amounted to EUR 147 312.
- Other own revenues exceeded the planned by 17% as the demand for rental of premises increased

Governance

Shareholder – Ministry of Culture
Chair of Management Board – Oļegs Šapošņikovs
Member of Management Board – Rita Strode

Principal financial indicators, thousand EUR

	2016	2017
Turnover	169.3	176.0
Profit/loss	0.1	0.9
EBITDA	32.3	47.4
Assets	236.9	202.4
Share capital	32.8	32.8
Equity	64.7	65.4
Investment	41.6	35.9
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	304.3	367.8
Donations received	19.0	11.6
Donations made	0.0	0.0
Funding received from the state budget	907.3	990.8

Principal financial indicators

Profit and turnover ratio, %	0.07	0.49
Return on assets, ROA, %	0.05	0.42
Return on equity, ROE, %	0.19	1.31
Total liquidity indicator	0.92	0.97
Liabilities-to-equity ratio	2.66	2.09

Other indicators

Number of employees	74	78
Average gross remuneration per employee per year, thousand EUR	8.0	8.3
Gender representation in management, f/m	1/1	1/1
Annual report in accordance with IFRS	no	no

SLLC Jaunais Rīgas teātris (JRT)

Reg. No 40003094953

Web: www.jrt.lv

State ownership 100%

JRT has no ownership in other capital companies



JRT is a professional repertoire theatre, offering its visitors contemporary view to classics, Latvian original dramaturgies and works by foreign authors. The professional success of the theatre has been highlighted in dramatic theatre shows where the main prizes have been awarded. The quality of JRT performances has also been recognized internationally. JRT has become a serious player on the international stage, regularly representing the country at various major theatre festivals.

General strategic objective

Ensure the cultural needs of the people, raising their mental level and self-awareness, ensuring the diversity and accessibility of the professional theatre art for all members of the public, as well as the fulfilment of delegated public administration tasks.

Most important events in 2017

- Activities of JRT were transferred to temporary premises in the complex of former tobacco factory. The permanent premises of the theatre were transferred to reconstruction.
- 420 performances were played, which were attended by 107 101 visitors. The average attendance of performances was 94%.
- JRT maintained 26 performances in its repertoire and staged 5 new performances; two of which in Latvian original dramaturgy

Most significant events planned in 2018

- Extension of new performances program, ensuring a diverse repertoire in new premises on Miera street 58A, Riga.

Principal financial objectives

- Revenue from ticket sales: EUR 1.05 million.
- Other own revenues: EUR 80 thousand.

Principal non-financial objectives

- Number of visitors: 70 000 a year.
- Total number of performances per year: 350.
- Number of new performances per year: 8.
- Performances abroad: 4.

Results achieved

- In the light of cautious forecasts regarding financial and non-financial objectives of JRT, revenue from the ticket sales exceed 39.50 % of what was planned.
- Other own revenues exceeded 550.47% of the planned due to foreign activities.
- Number of guest performances abroad: 19.
- Total number of performances was by 20% larger than planned.

Governance

Shareholder – Ministry of Culture

Member of Management Board – Gundega Palma

Principal financial indicators, thousand EUR

	2016	2017
Turnover	2 856.8	3 241.3
Profit/loss	7.0	5.5
EBITDA	59.2	69.4
Assets	1 372.9	1 514.6
Share capital	42.1	42.1
Equity	520.2	519.8
Investment	25.4	325.5
Dividends paid to the state budget	2.7	0.0
Contributions made to state and local government budgets	1 013.6	1 017.6
Donations received	10.1	21.8
Donations made	0.0	2.2
Funding received from the state budget	1 213.7	1 709.2

Principal financial indicators

Profit and turnover ratio, %	0.24	0.17
Return on assets, ROA, %	0.51	0.36
Return on equity, ROE, %	1.34	1.05
Total liquidity indicator	2.26	1.46
Liabilities-to-equity ratio	1.08	1.51

Other indicators

Number of employees	100	90
Average gross remuneration per employee per year, thousand EUR	19.2	21.5
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS	yes	yes

SJSC Kremerata Baltica (KB)

Reg. No 40003487546

Web: www.kremeratabaltica.com

State ownership 100%

KB has no ownership in other capital companies

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

KB - a long-term educational project was a gift of the outstanding violinist Gidons Krēmers to himself on his 50th birthday. It's the way how the outstanding person passes on his wisdom to young musicians and inspires the promotion of musical growth in the region, by neither compromising artistic nor professional standards. Over a period of few years, this group of talented musicians has developed into one of the best international chamber orchestras in the world and has provided themselves with an outstanding reputation by performing in the world's most notable concert halls. During these 20 years, KB has performed in more than 1.500 concerts in more than 50 different countries.

General strategic objective

Meeting the cultural needs of the people, raising their mental level and self-awareness, ensuring the diversity and accessibility of the professional theatre art for all members of the public, as well as the fulfilment of delegated public administration tasks.

Most important events in 2017

- Active KB's 20th anniversary season: 70 concerts, of which 12 - in the Baltic States, 50 - abroad and 8 - concerts of chamber music.
- 25 different programs have been prepared, including many thematic programs for outstanding international festivals.
- The KB's CD with M.Veinbergs music received the Grammy nomination and the latest record of the chamber symphony was among the three finalists of the International Classical Music Award ICMA "Record of the Year 2018".

Most significant events planned in 2018

- A series of active concerts dedicated to the 100th anniversary season of the Baltic States in the United States, Canada, Europe and Asia.
- Concerts by Gidons Krēmers and KB in Paris in co-operation with d'Orsay museum.
- Premiere of "Lost Time Preludes" project in the Embassy of Latgale Gors and Vidzeme concert hall Cēsis.

Principal financial objectives

- Revenue from ticket sales: EUR 13 thousand.
- Other own revenues: EUR 197 thousand.

Principal non-financial objectives

- Number of concerts per year: 50.
- Number of visitors per year: 30 thousand.
- Number of concerts abroad: 38.
- Attendance of concert halls: 95%.

Governance

Shareholder - Ministry of Culture

Member of Management Board - Ingrīda Zemzare

Principal financial indicators, thousand EUR

	2016	2017
Turnover	150.0	216.5
Profit/loss	0.7	0.1
EBITDA	3.8	3.0
Assets	26.9	30.6
Share capital	2.8	2.8
Equity	1.0	0.6
Investment	0.0	1.2
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	139.3	155.0
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	363.9	427.1

Principal financial indicators

Profit and turnover ratio, %	0.47	0.06
Return on assets, ROA, %	2.63	0.44
Return on equity, ROE, %	68.21	23.68
Total liquidity indicator	0.96	0.98
Liabilities-to-equity ratio	24.97	52.75

Other indicators

Number of employees	25	25
Average gross remuneration per employee per year, thousand EUR	13.5	15.2
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS	yes	yes

Results achieved

- All financial and non-financial objectives have been met.
- Number of concerts per year has exceeded 40% of the planned, incl. number of concerts abroad exceeded 32%.
- Revenue from ticket sales were by 25 % higher than planned.

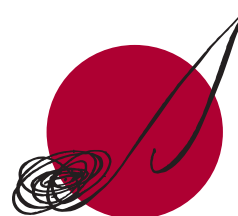
SLLC Latvijas koncerti (LK)

Reg. No 40003374610

Web: www.latvijaskoncerti.lv

State ownership 100%

LK has no ownership in other capital companies



LATVIJAS KONCERTI

LK 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

Meeting the cultural needs of the people, raising their mental level and self-awareness, ensuring the diversity and accessibility of the professional theatre art for all members of the public, as well as the fulfilment of delegated public administration tasks.

Most important events in 2017

- 376 concerts were organized, including The Great Music Award ceremony, the Cabinet of Ministers Award Ceremony, five concerts on public holidays etc.
- Concert lecture cycle for "really young" preschool children and parents, cycle "Music for You" for education of school-age children and the youth.
- Implementation of multiple projects within the framework of program Latvia 100, incl. 16 concerts within the framework of concert cycle "Latvia's Ring"

Most significant events planned in 2018

- The Vienna Classics Festival, the Ancient Music Festivals, Riga Festival, the Autumn Chamber Music Festival, the European Christmas Festival.
- To ensure multiple reproduction of programs produced by LK residing musician groups in different cities of Latvia.
- To continue the implementation of Latvia's centenary projects.

Principal financial objectives

- Revenue from tickets sales: EUR 320 thousand.
- Other own revenues: EUR 450 thousand.

Principal non-financial objectives

- Number of visitors per year: 85 thousand.
- Total number of concerts per year: 234.
- Number of concerts for children and youth up to 17 years of age: 35.
- Attendance of concert halls: 70%.

Governance

Shareholder- Ministry of Culture

Member of Management Board - Guntars Ķīrisis

Principal financial indicators, thousand EUR

	2016	2017
Turnover	1 230.6	1 442.6
Profit/loss	14.1	15.1
EBITDA	85.9	89.8
Assets	993.1	1 169.0
Share capital	42.8	42.8
Equity	171.3	186.3
Investment	96.9	118.3
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	931.9	1 074.0
Donations received	4.9	0.0
Donations made	0.0	7.2
Funding received from the state budget	2 806.8	3 281.1

Principal financial indicators

Profit and turnover ratio, %	1.15	1.04
Return on assets, ROA, %	1.42	1.29
Return on equity, ROE, %	8.25	8.08
Total liquidity indicator	1.14	1.07
Liabilities-to-equity ratio	4.73	5.21

Other indicators

Number of employees	114	118
Average gross remuneration per employee per year, thousand EUR	11.6	12.7
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS	no	no

Results achieved

- All financial and non-financial objectives have been exceeded.
- There was an opportunity to host additional concerts through additional funding and the number of concerts for children and youth audience exceeded 200% of the planned.
- Other own revenues by 32% higher than planned.

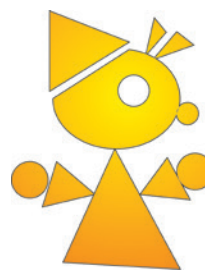
SLLC Latvijas Leļļu teātris (LLT)

Reg. No 40003782984

Web: www.lelluteatris.lv

State ownership 100%

LLT has no ownership in other capital companies



LATVIJAS
LEĻĻU
TEĀTRIS

LLT is a professional puppet theatre that stages performances for children, adolescents and adults in Latvian and Russian. The performances are produced for two halls - Grand Hall (230 seats) and Small Hall (80 seats). The theatre cooperates with schools, cultural centres, and orphanages, as well as regions of Latvia by organizing collective visits and theatre tours for children. LLT actively participates in providing theatre services in the regions of Latvia by organizing off-site performances.

General strategic objective

Meeting the cultural needs of the people, raising their mental level and self-awareness, ensuring the diversity and accessibility of the professional theatre art for all members of the public, as well as the fulfilment of delegated public administration tasks.

Most important events in 2017

- The agreement has been concluded on LLT's premises on Kr.Barona street 16/18 between LLT and SJSC Valsts Nekustamie īpašumi on the management of the real estate and the use of the part of real estate.
- The play "Zelta zirgs" (Golden Horse) after Rainis' was staged by director of the Brazilian oringin Duda Paiva (the Netherlands).
- In parallel to working on plays, LLT carried out the activities outside the repertoire, by participating in the campaign "Museum Night".

Most significant events planned in 2018

- To stage at least 10 new performances.
- Participation of artists and directors in various international theatre festivals, masterclasses and courses in Latvia and abroad.
- Participation of play "Zelta Zirgs" by Duda Paiva in festivals Valise" (Poland) and "Unidram" (Germany).

Principal financial objectives

- Revenue from ticket sales: EUR 568 386.
- Other own revenues: EUR 20 480.

Principal non-financial objectives

- Number of visitors per year: 64 thousand.
- Total number of plays per year: 500.
- Number of new plays per year: 10.
- Attendance of the hall: 73.7%.

Results achieved

- All financial and non-financial objectives have been exceeded. Other own revenues exceed 16% of the planned.
- The repertoire was supplemented with 12 new plays.
- Number of performances per year exceeded 21% of the planned.

Governance

Shareholder - Ministry of Culture

Member of Management Board - Vilnis Beķeris

Principal financial indicators, thousand EUR

	2016	2017
Turnover	575.7	616.6
Profit/loss	2.1	2.6
EBITDA	132.8	119.4
Assets	477.1	451.1
Share capital	32.8	32.8
Equity	193.2	194.0
Investment	29.2	63.6
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	285.5	541.4
Donations received	0.0	0.3
Donations made	0.0	0.0
Funding received from the state budget	608.8	1 049.0

Principal financial indicators

Profit and turnover ratio, %	0.37	0.42
Return on assets, ROA, %	0.44	0.57
Return on equity, ROE, %	1.09	1.32
Total liquidity indicator	0.65	0.54
Liabilities-to-equity ratio	1.47	1.33

Other indicators

Number of employees	81	82
Average gross remuneration per employee per year, thousand EUR	11.4	11.6
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS	no	no

SLLC Latvijas Nacionālais simfoniskais orķestris (LNSO)

Reg. No 40003373615

Web: www.lns.lv

State ownership 100%

LNSO has no ownership in other capital companies



LATVIJAS
NACIONĀLAIS
SIMFONISKAIS
ORĶESTRIS

LNSO is one of the core values of the country's classical music circle. The focus of the orchestra is mainly on the 19th and 20th century symphonic world masterpieces, the classical values created by Latvian composers and newly created compositions, as well as concerts and operas playbacks.

LNSO places great emphasis on education programmes for young people, has successfully implemented a series of chamber music programs for several years, and celebrates the end of summer with the concerts at festival "LNSO vasarnīca".

General strategic objective

Meeting the cultural needs of the people, raising their mental level and self-awareness, ensuring the diversity and accessibility of the professional theatre art for all members of the public, as well as the fulfilment of delegated public administration tasks.

Most important events in 2017

- LNSO has actively continued work on programs for audience of different age - Concert Discussions with Goran Gora. "Lenesons", "Discussions before the Concert", as well as a new educational cycle "My First Concert".
- Thanks to the funding allocated to the centenary of Latvia, R.Dubra's oratorio "Maria" was performed in the celebration of 4 May and, A.Maskats' "The Song of the Baltics" in December.
- LNSO performed in 16 concerts in France within the cycle of guest concerts; 9 of which also comprised the music by Latvian composers.

Most significant events planned in 2018

- Work on improving artistic quality of musicians' performance will continue.
- Further international co-operation, especially in relation to Latvia's centenary program.

Principal financial objectives

- Revenue from ticket sales: EUR 180 thousand.
- Other own revenues: EUR 230 thousand.

Principal non-financial objectives

- Number of visits per year: 50 thousand.
- Total number of concerts per year: 70.
- Attendance in hall: 73.7%
- Number of concerts with Latvian music per year: 7.

Results achieved

- Latvian music was performed in 37 concerts because many co-operation partners chose to include it in their concerts.
- Revenue from ticket sales exceed 40% of the planned.
- Other own revenues exceeded 91%, because the revenue from concerts increased, as well as revenue from rental of premises and musical instruments.

Governance

Shareholder - Ministry of Culture
Member of Management Board - Indra Lūkina

Principal financial indicators, thousand EUR

	2016	2017
Turnover	626.0	690.6
Profit/loss	29.1	-12.1
EBITDA	-74.4	35.5
Assets	728.0	868.0
Share capital	52.8	52.8
Equity	67.2	130.2
Investment	80.8	25.9
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	780.2	852.1
Donations received	9.9	0.0
Donations made	0.0	0.0
Funding received from the state budget	1 846.3	2 169.5

Principal financial indicators

Profit and turnover ratio, %	4.66	-1.75
Return on assets, ROA, %	4.00	-1.39
Return on equity, ROE, %	43.40	-9.26
Total liquidity indicator	0.65	0.64
Liabilities-to-equity ratio	9.84	5.67

Other indicators

Number of employees	141	142
Average gross remuneration per employee per year, thousand EUR	11.8	12.4
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS	no	no

SLLC Latvijas Nacionālais teātris (LNT)

Reg. No 40003786149

Web: www.teatris.lv

State ownership 100%

LNT has no ownership in other capital companies

LATVIJAS
NACIONĀLAIS
TEĀTRIS

LNT is one of the leading professional repertoire theatres in Latvia, which is proud of its traditions and history of nearly 100 years. LNT's building is the monument of national art and architecture. The state of Latvia was proclaimed in this building on 18 November 1918.

Promotion of Latvian dramaturgy is considered as one of the main tasks of the theatre, therefore every season begins with staging of Latvian author's work. The theatre also organizes national play competitions.

General strategic objective

Meeting the cultural needs of the people, raising their mental level and self-awareness, ensuring the diversity and accessibility of the professional theater art for all members of the public, as well as the fulfilment of delegated public administration tasks.

Most important events in 2017

- 24 nominations and 3 awards of the LNT's award "Spēlmaņu nakts" (Players' Night). The special prize was given to the play "An Incident with the Dog at Night" (director V.Stilis) by the children's audience.
- LNT has performed 594 plays on three stages, there are 46 plays in its repertoire, of which 19 are new plays.
- The number of visitors of the youth and children's plays has increased significantly - 33 069 visitors or 20% of all visitors.

Most significant events planned in 2018

- LNT will continue the five-year cycle and will prepare for theatre's centenary.
- With the support of the Riga City Council, chairs will be changed in the Grand Hall that will make it more comfortable for the spectators, but will decrease the number of seats in the hall.
- The work will continue on the improvement and modernization of technical equipment of the theatre.

Principal financial objectives

- Revenue from ticket sales: EUR 1.65 million
- Other own revenues and rental of premises: EUR 235 thousand.

Principal non-financial objectives

- Number of visits per year: 170 thousand.
- Total number of performances per year: 520.
- Number of new performances per year: 16.
- Attendance at the theatre's premises: 82%.

Governance

Shareholder- Ministry of Culture

Members of Management Board - Ojārs Rubenis (until 14.12.2017), Dace Vilsone (from 14.12.2017)

Principal financial indicators, thousand EUR

	2016	2017
Turnover	4 229.8	2 181.7
Profit/loss	6.6	-168.1
EBITDA	126.5	-168.1
Assets	1 478.1	1 446.4
Share capital	52.8	52.8
Equity	502.7	401.7
Investment	87.5	82.7
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	1 235.9	1284.1
Donations received	198.0	191.2
Donations made	0.0	0.3
Funding received from the state budget	1 841.4	2 193.1

Principal financial indicators

Profit and turnover ratio, %	0.16	-7.71
Return on assets, ROA, %	0.45	-11.62
Return on equity, ROE, %	1.32	-41.85
Total liquidity indicator	1.30	1.06
Liabilities-to-equity ratio	1.79	2.60

Other indicators

Number of employees	340	292
Average gross remuneration per employee per year, thousand EUR	6.2	7.5
Gender representation in management, f/m	0/1	1/0
Annual report in accordance with IFRS	no	no

Results achieved

- Number of visits per year was by 3% lower than planned while other non-financial objectives have been exceeded.
- Other own revenues exceeded 24% because there were very good results for donation attracting.
- Revenue from the sales of tickets exceeded 9% of the planned.

SLLC Latvijas Nacionālā opera un balets (LNOB)

Reg. No 40103208907

Web: www.opera.lv

State ownership 100%

LNOB has no ownership in other capital companies



LATVIJAS NACIONĀLĀ
OPERA UN BALETS

LNOB 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

Meeting the cultural needs of the people, raising their mental level and self-awareness, ensuring the diversity and accessibility of the professional theatre art for all members of the public, as well as the fulfilment of delegated public administration tasks.

Most important events in 2017

- 6 new performances supplemented the repertoire of the LNOB, including 4 operas, new performance of the Latvian opera - The Rose of Turaida by Z.Liepiņš and reinstatement of one opera.
- The reconstruction of the inner courtyard of the LNOB's historical building was completed.

Most significant events planned in 2018

- Exchange guest performance program with the National Opera of Estonia.
- Within the framework of LV 100, world premiere of the original ballet "Antonija#Silmači", author of the music - J. Karlsons, choreographer - A.Leimanis.
- Publishing of the book "Latvijas Nacionālā opera un balets 1918.-2018. No skices līdz izrādei" (in English: Latvian National Opera and Ballet 1918 - 2018. From the sketch to the show.).

Principal financial objectives

- Share of own revenues in total revenues: 30%.
- Revenue from ticket sales: EUR 2.7 million.
- Other own revenues: EUR 1.15 million.

Principal non-financial objectives

- Number of new performances per year: 5.
- Total number of performances/concerts per year: 200.
- Number of performances for children and youth: 45.
- Number of visitors per year: 150 thousand.

Governance

Shareholder - Ministry of Culture
Chair of Management Board - Zigmars Liepiņš
Members of Management Board - Inese Eglīte,
Daina Markova

Principal financial indicators, thousand EUR

	2016	2017
Turnover	3 825.6	3 907.8
Profit/loss	92.5	97.7
EBITDA	-6 563.1	-6 934.2
Assets	7 007.7	7 944.8
Share capital	146.8	146.8
Equity	1 170.0	1 134.1
Investment	1 408.8	1 932.3
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	3 772.7	3 991.8
Donations received	278.4	436.7
Donations made	0.0	3.0
Funding received from the state budget	7 381.0	7 754.1

Principal financial indicators

Profit and turnover ratio, %	2.42	2.50
Return on assets, ROA, %	1.32	1.23
Return on equity, ROE, %	7.91	8.62
Total liquidity indicator	0.72	0.45
Liabilities-to-equity ratio	4.98	6.01

Other indicators

Number of employees	615	601
Average gross remuneration per employee per year, thousand EUR	9.7	10.6
Gender representation in management, f/m	2/1	2/1
Annual report in accordance with IFRS	no	no

Results achieved

- Non-financial objectives have been exceeded, 39 titles of performances (by 30% more than planned) that ensures attraction of additional visitors, number of visitors per total number of seats - 96%.
- Changes in the sponsors' structure caused the reduction in other own revenues by 23%, while the share of own revenues of the total revenues was 33.5%.
- Revenue from the ticket sales was by 12% higher than planned.

VSIA Liepājas simfoniskais orķestris (LSO)

Reg. No 42103049403

Web: www.lso.lv

State ownership 100%

LSO has no ownership in other capital companies



LSO is the oldest orchestra in the Baltic States. This is the only professional orchestra outside the capital city of Latvia. In 2010, LSO acquired the status of the national orchestra. LSO has a special focus on the music of Latvian composers and promoting the works by Latvian authors. Over the last seasons, all the pieces of the monumental 12 Liepāja concerts cycle proposed by the LSO have been commissioned for assessment to the audience and specialists. LSO has also received several Latvian Grand Music Awards and has become the winner of the Latvian Music Records Annual Award for six times. The orchestra has also received other major awards.

General strategic objective

Meeting the cultural needs of the people, raising their mental level and self-awareness, ensuring the diversity and accessibility of the professional theatre art for all members of the public, as well as the fulfilment of delegated public administration tasks.

Most important events in 2017

- Liepāja International Stars Festival with 5 concerts has received recognition and the Great Music Award in 2017 in nomination "Concert of the Year".
- Ģintars Rinkevičs becomes the chief conductor by performing Carmina Burana in the Great Amber hall.
- Participation in the centenary's performance "Kurzeme Ring".

Most significant events planned in 2018

- Participation in the projects dedicated to Latvia's centenary - a series of Liepāja concert records, participation in the events of the Song and Dance Festival and representation of the Latvian culture in India.
- Work on increasing net turnover and optimizing the costs.

Principal financial objectives

- Revenue from ticket sales: EUR 103 thousand.
- Other own revenues: EUR 147 thousand.

Principal non-financial objectives

- Number of visits per year: 27 thousand.
- Total number of concerts: 50.
- Concerts in Latvia outside permanent premises: 17.
- Concerts including the Latvian music: 12.

Governance

Shareholder - Ministry of Culture

Member of Management Board - Uldis Lipkis

Principal financial indicators, thousand EUR

	2016.gads	2017.gads
Turnover	308.1	204.7
Profit/loss	-7.0	11.8
EBITDA	18.5	40.4
Assets	334.1	365.1
Share capital	58.1	58.1
Equity	54.6	66.5
Investment	53.0	40.9
Dividends paid to the state budget	0.2	0.0
Contributions made to state and local government budgets	486.7	567.2
Donations received	5.1	0.0
Donations made	0.0	0.0
Funding received from the state budget	1 454.5	1 680.0

Principal financial indicators

Profit and turnover ratio, %	-2.26	5.79
Return on assets, ROA, %	-2.08	3.24
Return on equity, ROE, %	-12.74	17.82
Total liquidity indicator	0.86	0.90
Liabilities-to-equity ratio	5.12	4.49

Other indicators

Number of employees	99	99
Average gross remuneration per employee per year, thousand EUR	11.3	12.0
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS	no	yes

Results achieved

- 22 concerts were performed, which included the Latvian music, i.e. by 83% more than planned.
- Number of visits per year amounted to 25090, i. e. by 7% less than planned.
- Revenues from the sales of tickets were by 20% lower than planned.
- The year was concluded with profit: EUR 11 843.

SLLC Mihaila Čehova Rīgas Krievu teātris (RKT)

Reg. No 40003793653

Web: www.trd.lv

State ownership 100%

RKT has no ownership in other capital companies



RKT is the oldest Russian drama theatre outside Russia's borders. Currently, the repertoire of the RKT includes works of Russian, Latvian and world classics, and also new playwrights. Performances of all genres, including children's and musical performances are played in the Grand and Small Halls. The theatre often performs guest shows and participates in festivals.

General strategic objective

Meeting the cultural needs of the people, raising their mental level and self-awareness, ensuring the diversity and accessibility of the professional theatre art for all members of the public, as well as the fulfilment of delegated public administration tasks.

Most important events in 2017

- 7 new performances were staged, of which there was a new performance of Latvian original dramaturgy "Girl in the Café" and the play for children, which was developed according to "Thumbelina" by Hans Christian Andersen.
- Two performances were nominated for four nominations of the "Spēlmaņu nakts" (Players' Night) Award and the award for lifetime contribution was presented to RKT's actress N. Neznamova.

Most significant events planned in 2018

- To continue work on new performances of different genres.
- RKT's studio for children and the youth "Challenge" will undertake work.
- Due to changes in management of RKT, a number of measures making activities of the society more effective will be launched, for example, a new accounting program will be introduced, a website and governance processes will be updated.

Principal financial objectives

- Revenue from ticket sales: EUR 1.3 million.
- Other own revenues: EUR 98 thousand.

Principal non-financial objectives

- Number of visits per year: 92 573.
- Total number of performances per year: 300.
- Number of new performances per year: 6.
- Attendance in the theatre's premises: 70%.

Governance

Shareholder - Ministry of Culture
Member of Management Board - Baiba Zakevica

Principal financial indicators, thousand EUR

	2016	2017
Turnover	1 401.5	1 571.0
Profit/loss	-98.5	61.3
EBITDA	-110.8	122.7
Assets	945.1	875.5
Share capital	32.8	32.8
Equity	191.5	203.7
Investment	3.4	36.0
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	764.3	790.8
Donations received	8.1	0.0
Donations made	0.0	0.0
Funding received from the state budget	1 138.3	1 185.6

Principal financial indicators

Profit and turnover ratio, %	-7.03	3.90
Return on assets, ROA, %	-10.42	7.00
Return on equity, ROE, %	-51.41	30.08
Total liquidity indicator	0.38	0.42
Liabilities-to-equity ratio	3.93	3.30

Other indicators

Number of employees	156	174
Average gross remuneration per employee per year, thousand EUR	10.1	9.5
Gender representation in management, f/m	0/1	1/0
Annual report in accordance with IFRS	no	no

Results achieved

- RKT has met and exceeded all financial and non-financial objectives.
- Due to an increase in attendance of the theatre, topicality of new performances, intense schedule of new performances, and increased number of performances abroad, the profit was by 189% higher than planned.
- Other own revenues were by 42% higher than planned, which is related to additional revenues from the rental of premises that were not planned.

SLLC Rīgas cirks (RC)

Reg. No. 40003027789

Web: www.cirks.lv

State ownership 100%

RC has no ownership in other capital companies



A multifunctional art centre that is rich in tradition and promotes the development and accessibility of the circus in Latvia and the Baltic States. RC's building on Merķeļa street 4, in Riga is one of the oldest circus buildings in Europe. Guest artists from different countries and Latvian circus artists participate in circus performances.

General strategic objective

Meeting the cultural needs of the people, raising their mental level and self-awareness, ensuring the diversity and accessibility of the professional theatre art for all members of the public, as well as the fulfilment of delegated public administration tasks.

Most important events in 2017

- The Riga Circus School was established in August.
- Following the changes in management, different activities were launched in May, incl. "Discussions about the Circus" with different audiences, which is an important component in the transformation process.
- RC organized regular upskilling master classes for professionals.
- RC's performances are held outside the premises of the circus.

Most significant events planned in 2018

- Continue the activities of RC to ensure performances of professional circus outside the premises of the circus as long as they are not suitable for circus artists.
- Draft contest on the renovation of the historical building and territory development of RC.
- Develop the Riga Circus School by increasing the number of students and ensure access to high-quality master classes and professionals of stage art.
- RC has to develop the action lines already taken by continuing the implementation of the developed strategy - a diverse programme of shows, an area of circus art education and a residencies' program.

Principal financial objectives

- Realization of tickets was not planned as there was no further operational strategy of the organization.
- Other own revenues: EUR 3 thousand

Principal non-financial objectives

- There were no non-financial goals set because there was no operational strategy of RC.

Governance

Shareholder - Ministry of Culture

Member of Management Board - Ināra Kehre

Principal financial indicators, thousand EUR

	2016	2017
Turnover	131.7	13.1
Profit/loss	26.4	31.2
EBITDA	34.0	55.4
Assets	236.4	668.8
Share capital	3.1	3.1
Equity	96.4	64.6
Investment	28.1	0.0
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	120.5	63.1
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	372.8	721.2

Principal financial indicators

Profit and turnover ratio, %	20.02	238.98
Return on assets, ROA, %	11.15	4.67
Return on equity, ROE, %	27.34	48.35
Total liquidity indicator	1.96	0.70
Liabilities-to-equity ratio	1.43	8.38

Other indicators

Number of employees	30	13
Average gross remuneration per employee per year, thousand EUR	6.1	8.8
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS	no	no

Results achieved

- In December, the activities were launched outside the circus building. The five performances were attended by 652 visitors.
- Revenue from ticket sales: EUR 82 812 .
- The circus school was launched to promote the circus art; it provided additional own revenues.
- Other own revenues: EUR 6 071.

SLLC Valmieras drāmas teātris (VDT)

Reg. No. 44103038376

Web: www.vdt.lv

State ownership 100%

VDT has no ownership in other capital companies



VALMIERAS TEĀTRIS

VDT is Valmiera's most important cultural centre. The theatre's repertoire is based on a modern interpretation of foreign and Latvian classics and original dramaturgy. The theatre regularly receives nominations and titles of laureates at the Latvia's annual theatre award ceremony Spēlmaņu nakts (Players' Night) and recognition at international festivals. In August 2016, the Valmiera Summer Theatre Festival was held for the first time in Valmiera. The program was based only on works generated especially for the festival by the professionals known at national and international level. In May 2017, Indra Roga became the artistic director of the theater.

General strategic objective

Meeting the cultural needs of the people, raising their mental level and self-awareness, ensuring the diversity and accessibility of the professional theatre art for all members of the public, as well as the fulfilment of delegated public administration tasks.

Most important events in 2017

- VDT continued to develop the tradition of the Valmiera Summer Festival and created the "little brother" of the festival – the festival of theatre art for families and children.
- Significant investment has been made to technical facilities, thus improving the visual and sound quality of performances, and other equipment.
- The cooperation project with SJSC Valsts nekustamie īpašumi was launched on the increasing the energy efficiency of VDT building and the development of decorations workshop. It is planned to implement the project within five years.

Most significant events planned in 2018

- Realise the Latvia's State Centenary Program.
- Stage 12 new performances and further attract new directors.

Principal financial objectives

- Revenue from ticket sales: EUR 575 thousand.
- Other own revenues and rental of premises: EUR 125 thousand.

Principal non-financial objectives

- Number of visits per year: 56 thousand.
- Total number of concerts per year: 320.
- Number of new performances: 11.
- Attendance at the concert hall premises: 78%.

Governance

Shareholder – Ministry of Culture

Member of Management Board – Evita Ašeradena

Principal financial indicators, thousand EUR

	2016	2017
Turnover	655.5	721.3
Profit/loss	0.2	0.6
EBITDA	91.0	78.3
Assets	526.5	525.4
Share capital	32.8	32.8
Equity	236.3	236.7
Investment	58.8	61.2
Dividends paid to the state budget	0.9	0.2
Contributions made to state and local government budgets	510.0	571.7
Donations received	45.0	26.0
Donations made	0.0	0.0
Funding received from the state budget	1 007.4	1 093.5

Principal financial indicators

Profit and turnover ratio, %	0.03	0.08
Return on assets, ROA, %	0.04	0.11
Return on equity, ROE, %	0.09	0.24
Total liquidity indicator	0.58	0.70
Liabilities-to-equity ratio	1.23	1.22

Other indicators

Number of employees	119	116
Average gross remuneration per employee per year, thousand EUR	7.8	8.8
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS	no	no

Results achieved

- VDT concluded the year 2017 with profit of EUR 5 777.
- VDT performed 69 plays outside its permanent premises (19% of the total number of performances) while the total number of performances per year was 365, i.e. by 14% higher than planned.
- Other own revenues were by 139% higher than planned because the revenue from short-term rental of premises for other theatres' performances increased and the allocation of additional funding to the project "Valmiera Summer Theatre Festival. Children", which was not previously planned.

SLLC Valsts Akadēmiskais koris "Latvija" (VAKL)

Reg. No. 40003373761

Web: www.koris.lv

State ownership 100%

VAKL has no ownership in other capital companies



VAKL is the only professional choir in Latvia specializing in large-format vocal instrument music, which provides the access to and the development of various genres of choir music. Since 1998, VAKL has launched the annual Spiritual Music Festival, which brought together such world-famous composers as Arvo Pärt, Giya Kancheli, John Tavener, Sophie Gabaidylin, Valenty Silvestrov, John Rutter, Krzysztof Penderecki, and others. Since 1997, Artistic Director and Chief Conductor of VAKL is Māris Sirmais.

General strategic objective

Meeting the cultural needs of the people, raising their mental level and self-awareness, ensuring the diversity and accessibility of the professional theatre art for all members of the public, as well as the fulfilment of delegated public administration tasks.

Most important events in 2017

- Successful participation in XX International Sacred Music Festival.
- First performance of R.Dubra's oratorio "Maria" in Embassy of Latgale "Gors".
- 24 concerts abroad - in Italy (Bolzano, Trento), in Nantes (France), in the new hall of Elba philharmonic in Hamburg (Germany); in Lucerne (Switzerland).

Most significant events planned in 2018

- XXI International Sacred Music Festival.
- Grand concert on 4 May "Latvian Composers for the Centenary of Latvia".

Principal financial objectives

- Revenue from ticket sales: EUR 20 thousand.
- Other own revenues and rental of premises: EUR 180 thousand.

Principal non-financial objectives

- Number of visitors per year: 22 thousand.
- Total number of concerts per year: 45.
- Number of concerts with Latvian music: 11.
- Number of concerts abroad per year: 17.

Results achieved

- All non-financial objectives of VAKL have been met.
- Other own revenues by 32% higher than planned because the demand for the choir's services abroad increased.
- Revenue from ticket sales by 25% lower than planned because the increase in total revenues on external markets contributed to fewer activities in Latvia.
- The year was concluded with a profit: EUR 1 815.

Governance

Shareholder - Ministry of Culture
Member of Management Board - Māris Ošlejs

Principal financial indicators, thousand EUR

	2016	2017
Turnover	1 100.1	286.7
Profit/loss	5.4	1.8
EBITDA	5.4	1.8
Assets	222.6	208.6
Share capital	2.8	2.8
Equity	44.1	41.3
Investment	4.8	3.8
Dividends paid to the state budget	0.9	4.6
Contributions made to state and local government budgets	309.5	395.9
Donations received	0.0	0.0
Donations made	0.0	14.3
Funding received from the state budget	924.4	1 011.9

Principal financial indicators

Profit and turnover ratio, %	0.49	0.63
Return on assets, ROA, %	2.42	0.87
Return on equity, ROE, %	12.22	4.39
Total liquidity indicator	1.21	1.19
Liabilities-to-equity ratio	4.05	4.05

Other indicators

Number of employees	65	65
Average gross remuneration per employee per year, thousand EUR	9.4	11.4
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS	no	no

4.8 Other Sectors



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4.8.1 Certification, Conformity Assessment and Metrology

SLLC Latvijas Nacionālais metroloģijas centrs (LNMC)

Reg.No. 40003435328

Web: www.lnmc.lv

State ownership 100%

LNMC has no ownership in other capital companies



LNMC's core activity is the calibration services and verification of measuring instruments. LNMC also provides certification and electrical testing services.

General strategic objective

Perform reliable and high-precision measurements, provide metrology services to the public, mainly operating in market segments where there is insufficient competition or other market players do not provide services.

Most important events in 2017

- Investments of EUR 23 756 made in technology equipment.
- Acquisition of new optical measurement microscope.

Most significant events planned in 2018

- Investment of EUR 69 782 in restoration of technological equipment.

Principal financial objectives

- Return on equity (ROE): 3.91%.
- Total liquidity ratio: 3.20.

Principal non-financial objectives

- Analyze the market of metrological services in Latvia in order to develop the services necessary for society in the field of metrology.
- Maintain and extend a set of services that meet the standards.

Results achieved

- The planned financial objectives have been exceeded.
- The scope of services to be provided has been maintained and expanded. New services needed on the metrology market have been identified.

Governance

Shareholder - Ministry of Economics

Member of Management Board - Iveta Blaua

Principal financial indicators, thousand EUR

	2016	2017
Turnover	1 153.5	1 107.4
Profit/loss	2.2	-21.8
EBITDA	74.6	25.0
Assets	1 156.5	1 120.9
Share capital	633.5	633.5
Equity	983.7	960.1
Investment	38.3	62.0
Dividends paid to the state budget	2.4	1.8
Contributions made to state and local government budgets	709.7	685.8
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	149.8	151.3

Principal financial indicators

Profit and turnover ratio, %	0.19	-1.96
Return on assets, ROA, %	0.19	-1.94
Return on equity, ROE, %	0.22	-2.27
Total liquidity indicator	4.06	3.95
Liabilities-to-equity ratio	0.18	0.17

Other indicators

Number of employees	82	80
Average gross remuneration per employee per year, thousand EUR	10.4	10.1
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS	no	no

LLC Latvijas standarts (LVS)

Reg.No. 40203084591

Web: www.lvs.lv

State ownership 100%

LVS has no ownership in other capital companies



LVS 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

Not approved.

Most important events in 2017

- The agreement between the European Commission and the European Standardisation Committee (CEN) and European Electro technical Standardisation (CENELEC) on the translation of standards.
- The twinning project "Support to Georgia's National Standard and Metrology Agency in Further Implementation of comprehensive and in-depth Requirements for the EU-Georgia Free Trade Area.

Most significant events planned in 2018

- To continue the project on translation of standards launched in 2017 and participation in the Twinning project.

Principal financial objectives

- Revenues from fee-based services: EUR 57 600.
- Liquidity ratio: at least 1.

Principal non-financial objectives

- Adapt all published European standards: 1300.
- Register 1850 users in the Standardisation Information System.

Results achieved

- Revenues from fee-based services are by 1% less than planned while liquidity by 220% higher than planned.
- Planned non-financial targets have been slightly exceeded.

Governance

Shareholder - Ministry of Economics

Member of Management Board - Ingars Pilmanis

Principal financial indicators, thousand EUR

	2017 ³¹
Turnover	69.1
Profit/loss	-1.9
EBITDA	16.1
Assets	341.6
Share capital	11.5
Equity	95.2
Investment	1.8
Dividends paid to the state budget	0.0
Contributions made to state and local government budgets	71.2
Donations received	0.0
Donations made	0.0
Funding received from the state budget	87.8

Principal financial indicators

Profit and turnover ratio, %	-2.69
Return on assets, ROA, %	-0.55
Return on equity, ROE, %	-1.96
Total liquidity indicator	3.26
Liabilities-to-equity ratio	2.59

Other indicators

Number of employees	13
Average gross remuneration per employee per year, thousand EUR	9.8
Gender representation in management, f/m	0/1
Annual report in accordance with IFRS	no

³¹ Registered in the Latvian Enterprise Register on 01.08.2017, by reorganizing LLC "Standartizācijas, akreditācijas un metroloģijas centrs".

SLLC Sertifikācijas un testēšanas centrs (STC)

Reg.No. 40003025542

Web: www.stc.lv

State ownership 100%

STC has no ownership in other capital companies



The core business of STC is, historically and according to its core competence, various conformity assessment services and adult vocational training. STC carries out certification for organizations of biological farming, assessment of compliance for agricultural and forestry machinery, and offers various educational and training programs, for those working mainly in the agricultural and forestry sectors.

General strategic objective

Not approved.

Most important events in 2017

- Facade and constructions repairs of the office building on Dārza street 12, Priekulji.

Most significant events planned in 2018

- Facade and constructions repairs of the office building on Dārza street 12, Priekulji.
- The purchase of testing laboratory equipment to ensure the services.

Principal financial objectives

- Ensure professional execution of the service delegated by the state, conformity assessment of the agricultural and forestry tractor technologies: EUR 45 587.
- Ensure an increase of 8% in the turnover from principal activity.
- Contribute to educating current customers and attract new customers by organizing training for at least 12 890 EUR.

Principal non-financial objectives

- Ensure professional execution of the state delegated service - conformity assessment of the tractor technology for agriculture and forestry, at least 330 tested units.
- Retain the number of BL's certification customers at the current amount in Latvia, at least 1577 clients.
- Organize and promote the STC's conformity assessment services in CIS and Baltic States, to obtain a permit for BL's operation in 4 countries - Russia, Belarus, Ukraine, Uzbekistan.

Results achieved

- Increase in the turnover from principal activity by 10.4%.
- The turnover of the training centre: EUR 71 792.
- The conformity assessed for 492 units.
- The number of certification clients in Latvia: 1 597.

Governance

Shareholder - SJSC Privatizācijas aģentūra
Member of Management Board - Ēriks Nordens

Principal financial indicators, thousand EUR

	2016	2017
Turnover	852.7	959.6
Profit/loss	49.2	12.1
EBITDA	78.6	36.6
Assets	464.3	500.9
Share capital	335.8	335.8
Equity	427.4	397.8
Investment	14.8	16.0
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	357.3	356.8
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	44.2	45.6

Principal financial indicators

Profit and turnover ratio, %	5.77	1.27
Return on assets, ROA, %	10.59	2.42
Return on equity, ROE, %	11.51	3.05
Total liquidity indicator	5.09	2.31
Liabilities-to-equity ratio	0.09	0.26

Other indicators

Number of employees	30	32
Average gross remuneration per employee per year, thousand EUR	12.2	13.5
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS	no	no





4.8.2 Public Electronic Mass Media

SLLC Latvijas Radio (LR)

Reg.No. 40003080614
Web: www.latvijasradio.lsm.lv
State ownership 100%
Related companies and shares:
LLC Kurzemes radio 0.58%



**Latvijas
Radio**

The main activity of LR 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

In accordance with the third part of Section 5 of the Electronic Media Law, the main task of public electronic media is the development and distribution of public procurement programs.

Most important events in 2017

- Building of multi-media studio: EUR 11 thousand.

Most significant events planned in 2018

- LR will implement a comprehensive programme of Latvia's centenary, both by creating new programmes and organizing off-site events.

Principal financial objectives

- Own revenue from entrepreneurship: EUR 1.6 million.
- Revenue from advertising: EUR 1.3 million.

Principal non-financial objectives

- The broadcasting volume of radio programs: 52 560 hours.
- The market share of LR (total time of listening of LR programs): $\geq 35\%$.
- The total audience of LR: ≥ 600 thousand.

Results achieved

- LR has successfully implemented the objectives and tasks of public procurement.
- LR has managed to maintain a stable audience in linear environment.
- The total audience of LR: 672 thousand.

Governance

Shareholder - National Electronic Mass Media Council
Chair of Management Board - Una Klapkalne
Members of Management Board - Mārīte Tukiša,
Sanita Dika-Bokmeldere

Principal financial indicators, thousand EUR

	2016	2017
Turnover	8 592.6	9 174.2
Profit/loss	-120.4	-174.3
EBITDA	253.8	205.7
Assets	6 847.4	6 565.7
Share capital	824.7	824.7
Equity	4 978.5	5 168.6
Investment	524.2	5 805.5
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	2 402.7	2 437.9
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	7 407.9	7 903.0

Principal financial indicators

Profit and turnover ratio, %	-1.40	-1.90
Return on assets, ROA, %	-1.76	-2.65
Return on equity, ROE, %	-2.42	-3.37
Total liquidity indicator	0.85	0.72
Liabilities-to-equity ratio	0.38	0.27

Other indicators

Number of employees	279	278
Average gross remuneration per employee per year, thousand EUR	15.5	16.6
Gender representation in management, f/m	1/2	3/0
Annual report in accordance with IFRS	no	no

VSIA Latvijas Televīzija (LTV)

Reg.No. 40003080597

Web: www.ltv.lsm.lv

State ownership 100%

LTV has no ownership in other capital companies

**LATVIJAS
TELEVĪZIJA**



LTV 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

Become the most demanded media (TV and web) in the industry, the leader in reaching audiences and a quality benchmark in the field of broadcast content. The vision - LTV is a responsible, independent and outstanding company that inspires, informs, educates and entertains the community.

Most important events in 2017

- The construction of data centre's infrastructure.
- The purchase of video cameras.
- The construction of a single production infrastructure.

Most significant events planned in 2018

- Further construction of a single production infrastructure (investment of EUR 1.3 million).
- Broadcasting of Latvia's centenary events and implementation of projects.
- Broadcasting of the Winter Olympic Games.
- Broadcasting of the World Football Championship and World Hockey Championship.

Principal financial objectives

- Successful implementation of the advertising sales strategy - to retain revenues from advertising at least in the amount of 2016: EUR 2.6 million.

Principal non-financial objectives

- Unique audience reached by LTV channels ("weekly reach"), Av WkRch: >39%.
- The share of total viewing time of LTV channels (CSOV%, 4+): >16%.
- Time share of watching LTV1 for audience 35-64: >9%.
- Average audience reached by internet platform LSM.LV per month (internet reach), incl. LTV, LSM, Replay and other chapters in domain lsm.lv: 21%, and audience: at least 220 000 unique users.
- LTV viewers' satisfaction with quality and content: >70%.

Results achieved

- All tasks set forth for LTV and LSM.lv in the public order have been implemented. Not only the objectives relating to an increase in the audience and revenues from advertising have been met but also the loyalty of the audience and satisfaction with the content of public media has increased.

Governance

Shareholder - National Electronic Mass Media Council
Chair of Management Board - Ivars Belte
Members of Management Board - Ivars Priede,
Sergejs Nesterovs

Principal financial indicators, thousand EUR

	2016	2017
Turnover	17 671.6	18 322.5
Profit/loss	-7.4	-233.1
EBITDA	1 800.5	1 796.6
Assets	14 504.6	15 515.3
Share capital	4 837.4	4 837.4
Equity	8 053.5	8 289.1
Investment	865.9	1 384.9
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	4 500.2	4 858.8
Donations received	198.5	0.0
Donations made	0.0	1.3
Funding received from the state budget	12 346.6	15 853.2

Principal financial indicators

Profit and turnover ratio, %	-0.04	-1.27
Return on assets, ROA, %	-0.05	-1.50
Return on equity, ROE, %	-0.09	-2.81
Total liquidity indicator	1.38	1.06
Liabilities-to-equity ratio	0.67	0.82

Other indicators

Number of employees	487	486
Average gross remuneration per employee per year, thousand EUR	17.9	19.9
Gender representation in management, f/m	0/3	0/3
Annual report in accordance with IFRS	no	no





4.8.3 Education and Sports

SLLC Bobsleja un kamaniņu trase "Sigulda" (BKT)

Reg.No. 40003005137

Web: www.bobtrase.lv

State ownership 100%

BKT has no ownership in other capital companies



BKT 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 2017

- Stage 6 of the Viessmann World Cup in Luge Sport.
- World Championship in Skeleton for Juniors.
- 32.FIL Junior World Championship in Luge Sport and Latvian Championship in Luge Sport.

Most significant events planned in 2018

- The finish zone will be completely rebuilt. The video system will be modernized. The time-taking equipment will be changed and modernized and the technical units will also be upgraded.

Results achieved

- BKT's own revenues decreased by EUR 59 149. It is mainly due to changes in training schedule and the omission of world class competitions in the calendar of events.

Governance

Shareholder - Ministry of Education and Science
Chair of Management Board - Dainis Dukurs

Principal financial indicators, thousand EUR

	2016	2017
Turnover	402.5	343.3
Profit/loss	-25.4	-165.7
EBITDA	525.9	525.9
Assets	11 821.6	11 389.1
Share capital	4 714.8	10 840.9
Equity	9 005.4	8 923.0
Investment	73.3	52.4
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	220.9	275.2
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, %	-6.30	-48.27
Return on assets, ROA, %	-0.21	-1.45
Return on equity, ROE, %	-0.28	-1.86
Total liquidity indicator	2.08	1.51
Liabilities-to-equity ratio	0.31	0.28

Other indicators

Number of employees	37	37
Average gross remuneration per employee per year, thousand EUR	11.8	12.9
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS	no	no

SLLC Kultūras un sporta centrs "Daugavas stadions" (Daugavas stadions)

Reg. No.50003140671

Web: www.daugavasstadions.lv

State ownership 100%

Daugavas stadions has no ownership in other capital companies

NACIONĀLAIS STADIONS

DAUGAVA



Daugavas stadions 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 2017

- Project "Development of the Culture and Sports Block in Grīziņkalns Neighbourhood" was launched. Total eligible costs of the project: EUR 48.8 million.

Most significant events planned in 2018

- Implementation of the project "Development of the Culture and Sports Block in Grīziņkalns Neighbourhood" dedicated to Latvia's centenary.
- Opening of the renovated Daugavas stadions.

Principal financial objectives

- Ensure the management and development of the property transferred to the capital company to ensure that, by 2022, the capital company becomes a self-financing organisation and ensures the increase in profits.
- Attract external financing (including funding from the European Union Structural Funds) to improve the infrastructure under management and increase revenues.

Principal non-financial objectives

- Provide the appropriate conditions and infrastructure for the development of various sports and the Latvian Song and Dance Celebration concerts.

Results achieved

- International athletics competitions took place in reserve fields of the Daugava stadium - the Winter Championship in javelin-throwing, as well as training in various athletics disciplines and training for children and youth football teams.
- Concluded the year with significant losses mainly due to reduced period for use of buildings which were dismantled in 2017 to ensure the implementation of the project.

Governance

Shareholder - Ministry of Education and Science
Member of Management Board - Elmārs Martinsons

Principal financial indicators, thousand EUR

	2016	2017
Turnover	231.5	87.2
Profit/loss	-447.1	-1 125.1
EBITDA	169.9	-14.0
Assets	9 854.5	17 751.1
Share capital	9 727.1	9 727.1
Equity	9 284.0	8 158.9
Investment	9 715.3	0.0
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	80.4	140.2
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	226.0	48 990.2

Principal financial indicators

Profit and turnover ratio, %	-193.18	-1 290.41
Return on assets, ROA, %	-4.54	-6.34
Return on equity, ROE, %	-4.82	-13.79
Total liquidity indicator	1.19	0.86
Liabilities-to-equity ratio	0.06	1.18

Other indicators

Number of employees	23	14
Average gross remuneration per employee per year, thousand EUR	9.4	10.7
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS	no	no

SLLC Rīgas Tūrisma un radošās industrijas tehnikums (RTRIT)

Reg. No. 40003480798

Web: www.rtrit.lv

State ownership 100%

RTRIT has no ownership in other capital companies



RTRIT 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 2017

- RTRIT continued the implementation of projects with the support of the funding allocated from the European Social Fund and continued to deliver services in 2 buildings in Riga and in one building in Preiļi.
- In cooperation with employers, 12 vocational initial education module programs have been developed, and the content of 128 educational programs has been updated.
- Within the framework of the European Structural funds, the employees of RTRIT improved qualification in different courses and used the internship opportunities in companies in Latvia and abroad.

Most significant events planned in 2018

- Reconstruction and renovation of the training block, reconstruction and renovation of the service hotel on A.Deglava street 41A, Riga.
- Continue the projects launched within Erasmus + and fulfill all the conditions set forth in the project's financial contracts under the cooperation agreements.

Principal financial objectives

- With the aid of the European Structural Funds, to carry out various projects for the implementation of the educational programme, including promoting the participation of students in the working environment; to improve professional competence of the employed etc.

Principal non-financial objectives

- Number of students in state-funded programs at the end of the year: 1 700.
- Number of students admitted to state-funded programs: 725.
- Number of graduates of state-funded programs: 280.

Governance

Shareholder - Ministry of Education and Science
Member of Management Board - director - Silva Ozoliņa

Principal financial indicators, thousand EUR

	2016	2017
Turnover	5 683.4	6 104.7
Profit/loss	68.9	81.3
EBITDA	332.0	466.2
Assets	13 759.7	13 722.3
Share capital	6 637.0	6 637.0
Equity	6 041.4	6 660.7
Investment	208.4	294.0
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	1 364.3	1 508.5
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	5 001.4	5 221.8

Principal financial indicators

Profit and turnover ratio, %	1.21	1.33
Return on assets, ROA, %	0.50	0.59
Return on equity, ROE, %	1.14	1.22
Total liquidity indicator	1.44	1.56
Liabilities-to-equity ratio	1.28	1.06

Other indicators

Number of employees	343	337
Average gross remuneration per employee per year, thousand EUR	7.3	8.2
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS	no	no

Results achieved

- The European Structural Fund funds have been used to promote the modernisation of the training process, to increase the quality of vocational education.
- A number of non-financial targets have not been achieved due to a decrease in the number of young people starting education in a vocational secondary education institution.

LLC Sporta centrs "Mežaparks" (SCM)

Reg.No. 40003044327

Web: www.scmzaparks.lv

State ownership 100%

SCM has no ownership in other capital companies



SCM 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 2017

- SCM continued to provide current services – gyms, strength training facilities, tennis and beach volleyball fields, hotels, conference room services; office, storage room and land rentals; site and building management, parking, berthing and other services.

Most significant events planned in 2018

- Improving energy efficiency of buildings on 11 Roberta Feldmaņa street, Riga (insulation of building using the ERDF co-funding).
- The construction of two parking lots and the maintenance of parking lots.
- Renovation of the hotel and other premises on 11 Roberta Feldmaņa street, Riga.

Principal financial objectives

- Revenue from hotel services: EUR 103.7 thousand.
- Revenue from the services of the sports centre: EUR 74.1 thousand.
- Revenue from the berth and parking-lot services: EUR 18 thousand.
- Revenue from rental of premises and land: EUR 101 thousand.

Principal non-financial objectives

- Provide all-inclusive services.
- Create a sporting environment in SCM territory.
- Public access to sports base for every citizen with the possibility to engage in physical and health-enhancing activities.

Results achieved

- SCM has managed to work without losses for already the third year in a row.
- The necessary conditions for maintaining the status of the National Sports Base were met, which provides tax reliefs and allows to qualify for a government grant.

Governance

Shareholder – Ministry of Education and Science
Member of Management Board – Ieva Zunda

Principal financial indicators, thousand EUR

	2016	2017
Turnover	297.0	325.4
Profit/loss	0.4	1.1
EBITDA	0.0	61.9
Assets	15 664.9	15 657.5
Share capital	15 604.4	15 604.4
Equity	15 227.0	15 228.1
Investment	0.0	35.9
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	0.0	81.4
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, %	0.12	0.34
Return on assets, ROA, %	0.00	0.01
Return on equity, ROE, %	0.00	0.01
Total liquidity indicator	2.82	2.36
Liabilities-to-equity ratio	0.03	0.03

Other indicators

Number of employees	15	15
Average gross remuneration per employee per year, thousand EUR	7.6	7.8
Gender representation in management, f/m	1/0	1/0
Annual report in accordance with IFRS	no	no

SIA Tenisa centrs "Lielupe" (TCL)

Reg. No. 40003030774

Web: www.tenisslielupe.lv

State ownership 100%

TCL has no ownership in other capital companies

NACIONĀLAIS TENISA CENTRS

LIELUPE



The National Sports Base TCL is the largest tennis centre in Latvia, comprising 8 open and 5 closed tennis courts and holding national and international tennis competitions. TCL's operational objective is to organize sports events and promote the development of different sports, providing athletes with the conditions that meet the requirements and rules of international sports federations.

General strategic objective

Not approved.

Most important events in 2017

- On 13 November, the Latvian Olympic Committee gifted its 141 shares to the Ministry of Education and Science.
- From 2017- 2019, the reconstruction of TCL is being carried out in four stages. At the end of summer, the construction works of stage 1 were launched.

Most significant events planned in 2018

- The construction works of stage 2 and 3 will be launched, during which a new closed hall will be constructed. With an aid of European Structural Fund energy efficiency improvements will be made in the existing hall and both tennis halls - the new hall and the reconstructed hall will be connected.

Principal financial objectives

- The ability to work successfully and not to demand further government grants for economic activities following the completion of reconstruction projects in 2020.

Principal non-financial objectives

- Become the largest and most up-to-date tennis centre in the Baltic States, thereby providing a modern training environment and sports competitions in line with the requirements of the International Tennis Federation and other international sports federations.

Results achieved

- TCL completed the year with losses of EUR 364 313, mainly due to the write-off of residual value of fixed assets demolished during the construction to costs and as the result, the time of use of the courts and its impact on revenue.

Governance

Shareholder - Ministry of Education and Science

Member of Management Board - Elmārs Martinsons

Principal financial indicators, thousand EUR

	2016	2017
Turnover	234.5	216.0
Profit/loss	-5.5	-364.3
EBITDA	21.2	-79.2
Assets	11 871.1	15 711.7
Share capital	11 164.0	11 164.0
Equity	11 283.6	10 919.3
Investment	48.1	0.0
Dividends paid to the state budget	7.1	0.0
Contributions made to state and local government budgets	120.2	115.3
Donations received	0.0	0.1
Donations made	0.0	0.0
Funding received from the state budget	36.0	4 157.0

Principal financial indicators

Profit and turnover ratio, %	-2.35	-168.65
Return on assets, ROA, %	-0.05	-2.32
Return on equity, ROE, %	-0.05	-3.34
Total liquidity indicator	0.57	1.76
Liabilities-to-equity ratio	0.05	0.44

Other indicators

Number of employees	16	19
Average gross remuneration per employee per year, thousand EUR	9.6	10.3
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS	no	no





4.8.4 Other State-Owned Enterprises

SJSC 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 ZGI Fonds 65%
 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%

ALTUM is a national development financial institution that in the form of financial instruments (loans, guarantees, investment in risk capital funds, etc.) provides state aid to certain target groups.

General strategic objective

Not approved.

Most important events in 2017

- A new mechanism for issue of guarantees has been introduced - the authorization guarantees.
- The selection of managers for three equity funds, two seed capital funds and venture capital fund has been carried out.
- Extended activities for issuing credit guarantees by offering the authorization and export guarantees to EU states. The limits of guarantees have been extended while the review time of guarantees has been reduced, the guarantee portfolio has increased by 23.9% by volume (EUR 35.2 million) and 63% by number of transactions.

Most significant events planned in 2018

- Launch 4th generation venture capital fund active investment operations (Acceleration Fund, Seed and Venture Capital Fund, Growth Risk Capital Fund).
- Encourage effective operations of the Energy Efficiency Loan Program.
- Ensure the most economically viable exit from the real estate funds.

Principal financial objectives

- Return on equity (ROE): 0.88%.
- Equity (end of the year): EUR 204 million.
- Capital adequacy ratio: 27.09%.

Principal non-financial objectives

- Increase activity from EUR 392 million in 2015 to EUR 767 million in 2018.
- Encourage investment of financial resources of EUR 1043 million in national economy development within the framework of state aid programs, EUR 347 million per year.
- Ensure excellent customer service.

Results achieved

- All financial objectives have been met.
- Volume of activity increased by 3.8%, amounting to EUR 453 million.
- Highest customer rating (100%) according to the results of "The Secret Customer" survey.



Governance

Shareholder - 40% Ministry of Finance, 30% Ministry of Economics and 30% Ministry of Agriculture;
 Chair of Supervisory Council - Līga Kļaviņa
 Members of Supervisory Council - Jānis Šnore, Kristaps Soms
 Chair of Management Board - Reinis Bērziņš
 Members of Management Board - Jēkabs Krieviņš, Juris Vaskāns, Inese Zīle, Aleksandrs Bimbirulis

Principal financial indicators, thousand EUR

	2016	2017
Turnover	15 353.9	15 670.0
Profit/loss	2 170.0	6 945.0
EBITDA	2 835.0	6 274.8
Assets	443 126.0	451 686.0
Share capital	204 862.0	204 862.0
Equity	210 094.0	222 486.0
Investment	3 676.0	4 645.6
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	2 538.7	3 178.4
Donations received	0.0	0.0
Donations made	0.0	1.6
Funding received from the state budget	48 411.9	8 340.8

Principal financial indicators

Profit and turnover ratio, %	14.13	44.32
Return on assets, ROA, %	0.49	1.54
Return on equity, ROE, %	1.03	3.12
Total liquidity indicator	1.58	1.62
Liabilities-to-equity ratio	1.03	0.96

Other indicators

Number of employees	242	230
Average gross remuneration per employee per year, thousand EUR	22.7	22.9
Gender representation in management, f/m	2/6	2/6
Annual report in accordance with IFRS	yes	yes

SJSC Latvijas Loto (LL)

Reg. No. 40003083998
Web: www.latloto.lv
State ownership 100%
Related companies and shares:
LLC Latloto nams 100%



LATVIJAS
LOTO

The main activity of LL is the organization of licensed, national-level lotteries, by encouraging the consumers to play in a socially responsible, safe and legal environment. Organisation of games is the main source of revenue for LL.

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 2017

- The most important national instant lottery project in the history of LL - Centenary's Lottery - has been introduced.
- LL prepared and established the rules for obtaining an interactive lottery license at the Lotteries and Gambling Supervisory Inspection.
- An ambitious trade project of lottery products launched in the trade network of the co-operation partner Maxima Latvija.

Most significant events planned in 2018

- In order to ensure stable turnover, it is planned to introduce a number of new instant lotteries, as well as increase the prize fund of number-drawing SuperBingo and LatLoto 5 from 35.

Principal financial objectives

- Net turnover: EUR 25.7 million.
- Net profit: >9%.
- ROA: >20%.

Principal non-financial objectives

- Compliance of LL activities with quality and safety standards and regulatory requirements of the Republic of Latvia.
- Compliance of LL's operational processes with the Responsible Game standard requirements.
- Participation in the Sustainability Index initiative, demonstrating the sustainability of the business and the high standards of corporate responsibility.

Results achieved

- All non-financial targets have been achieved, as well as the proof of compliance with the Gold category of the Sustainability Index.
- All the financial objectives of LL have been achieved and under some headings even significantly exceeded.
- Net turnover by 42.7% higher than planned, the increase was boosted by the instant lottery project Centenary's Lottery.

Governance

Shareholder - Ministry of Finance
Chair of Supervisory Council - Nils Sakss
Members of Supervisory Council - Antra Duntava,
Ingars Eriņš
Chair of Management Board - Maija Kubli
Board Members of Management Board - Edgars Lediņš,
Jānis Pone

Principal financial indicators, thousand EUR

	2016	2017
Turnover	29 413.6	36 794.5
Profit/loss	5 012.1	5 811.1
EBITDA	9 509.2	10 862.7
Assets	14 436.1	16 411.2
Share capital	1 400.0	1 400.0
Equity	8 813.0	10 295.1
Investment	420.9	450.7
Dividends paid to the state budget	3 624.5	4 249.9
Contributions made to state and local government budgets	8 330.8	10 037.8
Donations received	0.0	0.0
Donations made	30.0	33.6
Funding received from the state budget	0.0	0.0

Principal financial indicators

Rentabilitāte (peļņa/apgrozījumu), %	17.04	15.79
Return on assets, ROA, %	34.72	35.41
Return on equity, ROE, %	56.87	56.44
Total liquidity indicator	8.32	9.56
Liabilities-to-equity ratio	0.15	0.13

Other indicators

Number of employees	104	110
Average gross remuneration per employee per year, thousand EUR	16.7	18.3
Gender representation in management, f/m	2/4	2/4
Annual report in accordance with IFRS	no	no

VSIA Latvijas Proves birojs (LPB)

Reg. No. 40103264961
Web: www.prove.lv
State ownership 100%
LPB has no ownership in other capital companies



LATVIJAS PROVES BIROJS

LPB's 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 expertise of precious metals, precious stones and their products is being carried out.

General strategic objective

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 2017

- Product safety testing has been ensured in line with the requirements of the REACH Regulation - investment - EUR 90 000.
- The method for precious stone testing, including a method for identifying embedded synthetic diamonds has been improved.
- LPB actively participate in work of the Convention on the Testing and Marking of precious metals - the employees have participated in various sittings of the committee. Continues cooperation with the Lithuanian and Estonian authorities.

Most significant events planned in 2018

- Latvia's centenary planned events (use of the special annual distinguishing mark).
- Ensure the conduct of the meetings of the Standing Committee and the International Association of Supervisors of the Convention on the Review and Marking of Precious Metal Products in Riga.

Principal financial objectives

- Profit or loss: EUR 12 thousand.
- Return on equity (ROE): 1.6%.
- EBITDA: EUR 76 thousand.

Principal non-financial objectives

- A total of 201 inspections in sites of economic activity in Riga and outside Riga.
- Compulsory assaying and marking of precious metals and precious stone products: EUR 720 thousand.
- Expertise for precious metals, precious stone and their articles: 1 600.

Governance

Shareholder - Ministry of Finance
Chair of Management Board - Pēters Brangulis

Principal financial indicators, thousand EUR

	2016	2017
Turnover	487.1	439.5
Profit/loss	19.1	12.9
EBITDA	74.3	80.3
Assets	898.0	888.9
Share capital	836.3	836.3
Equity	859.7	856.4
Investment	193.3	65.2
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	27.0	151.2
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	52.2	81.2

Principal financial indicators

Profit and turnover ratio, %	3.92	2.93
Return on assets, ROA, %	2.13	1.45
Return on equity, ROE, %	2.22	1.50
Total liquidity indicator	12.91	15.03
Liabilities-to-equity ratio	0.04	0.04

Other indicators

Number of employees	18	18
Average gross remuneration per employee per year, thousand EUR	11.6	13.0
Gender representation in management, f/m	0/1	0/1
Annual report in accordance with IFRS	no	no

Results achieved

- All financial and non-financial objectives have been achieved.
- Net turnover is by 6% lower than planned because the number of state awards was lower than planned (due to accumulations in previous years).
- LPB concluded the year with profit of EUR 12 857.

SLLC Latvijas Vēstnesis (LV)

Reg. No. 40003113794

Web: www.lv.lv

State ownership 100%

LV has no ownership in other capital companies

LATVIJAS VĒSTNESIS



Pursuant to the Law on Official Publications and Legal Information (OPTIL), LV 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.

LV is the official publisher of the publication "Latvijas Vēstnesis" and the specialised journal "Jurista vārds" and other legal literature, maintains the "Official Publications State Information System" and the websites www.vestnesis.lv, www.likumi.lv, www.lvportals.lv and www.juristavards.lv.

General strategic objective

Taking into account that, in accordance with Clause 3 of the Transitional Provisions of the Official Journal and the Law on Official Publications and Legal Information (OPLI), the transformation of LV into a state agency was planned in 2017, the company has no general strategic objective.

Most important events in 2017

- Ongoing internal project "Renewed LV portal".
- Within the framework of festival "Lampa", the journal "Jurista vārds" in co-operation with the sworn lawyers' office "FORT" organized a discussion "Society and Court: Negotiate or Disassociate?"
- The external function audit was completed, which was carried out by the auditing company "PwC Latvija" and no indications were found that the existing resources have been inefficiently used.

Most significant events planned in 2018

- It is projected that the number of official notifications will reduce, as well as LV revenues will further reduce.

Principal financial objectives

- Projected losses: EUR 260.2 thousand.
- Avoid increasing the costs of state functions above EUR 1.9 million.

Principal non-financial objectives

- Implement the principle laid down in Article 90 of the Satversme (Constitution) "Everyone has the right to know about his or her rights".
- Improve the content and functionality of official publications and state information systems for systematization of legal acts www.vestnesis.lv and www.likumi.lv.
- Stabilize (and to the extent possible - increase) the market share of services provided.
- Publish at least five publications devoted to the field of law.

Governance

Shareholder - Ministry of Justice
Chair of Management Board - Daina Ābele
Member of Management Board - Dainis Mjartāns

Principal financial indicators, thousand EUR

	2016	2017
Turnover	1 779.1	1 568.9
Profit/loss	-17.5	-254.5
EBITDA	117.4	-149.5
Assets	2 852.1	2 591.0
Share capital	711.4	711.4
Equity	2 333.6	2 079.1
Investment	56.5	26.1
Dividends paid to the state budget	74.4	0.0
Contributions made to state and local government budgets	632.1	577.5
Donations received	0.0	0.0
Donations made	2.2	0.0
Funding received from the state budget	0.0	0.0

Principal financial indicators

Profit and turnover ratio, %	-0.98	-16.22
Return on assets, ROA, %	-0.61	-9.82
Return on equity, ROE, %	-0.75	-12.24
Total liquidity indicator	5.30	4.93
Liabilities-to-equity ratio	0.22	0.24

Other indicators

Number of employees	65	65
Average gross remuneration per employee per year, thousand EUR	15.8	16.5
Gender representation in management, f/m	1/1	1/1
Annual report in accordance with IFRS	no	no

Results achieved

- Non-financial objectives of LV were met. The number of unique users of the official publication ("vestnesis.lv") per month was by 19.8% larger, i.e. 60.5 thousand users were reached according to Google Analytics data.
- The financial objectives set by LV were achieved, the cost of state functions was by 2% lower than expected.
- LV concluded the year with losses of EUR 254 529, which is by EUR 5 669 less than expected.

SJSC Latvijas Vides, ģeoloģijas un meteoroloģijas centrs (LVĢMC)

Reg. No. 50103237791

Web: www.lvģmc.lv

State ownership 100%

LVĢMC has no ownership in other capital companies



LATVIJAS VIDES, ĢEOLOĢIJAS
UN METEOROĢIJAS CENTRS

LVĢMC ensures the collection, accumulation, provision and analysis of environmental information and weather forecasting, as well as provides this information to the public and to state and local government authorities. The main tasks of the LVĢMC are to collect and process environmental information, to carry out environmental monitoring and to inform the public about the state of the environment, to ensure geological monitoring and rational use of subterranean depths, to manage radioactive waste, nuclear facilities and state-owned hazardous waste management facilities, as well as the implementation of the State policy on geology, meteorology, as well as in the field of climatology, hydrology, air quality and transboundary air pollution impacts.

General strategic objective

Provide 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 efficient management of the infrastructure necessary for the provision of these services.

Most important events in 2017

- E-Commerce System Development has been launched to promote the availability of products and services.
- The register of contaminated and potentially contaminated sites (Project CB39 INSURE- Innovative Sustainable Remediation) has been developed.

Most significant events planned in 2018

- The Cohesion Fund project aimed at providing the public and the authorities with timely, high-quality and comprehensive information on the state of the environment by developing the functioning of the national environmental monitoring and control system.
- The start of reconstruction of the administrative building on Maskavas street 165, Riga.
- ERDF project "Development and Improvement of Information Systems for Geospatial and Daugava Basin Flood Data", activity - Creating Centralized Public Administration ICT platforms, the optimization and development of the public administration processes.

Principal financial objectives

- EBITDA: EUR 323.2 thousand.
- Total liquidity ratio: 1.8.
- Investment activities net cash flow: EUR 140 thousand.

Principal non-financial objectives

- Introduction of the labour productivity monitoring system and initiation of monitoring.
- Development of the e-commerce system was launched.
- Hazardous waste accepted for storage - 120 t.

Governance

Shareholder - Ministry of Environmental Protection and Regional Development
Chair of Management Board - Kristaps Treimanis
Member of Management Board - Jānis Lapiņš

Principal financial indicators, thousand EUR

	2016	2017
Turnover	6 547.5	7 096.6
Profit/loss	-591.0	-1 134.9
EBITDA	790.8	276.1
Assets	22 881.0	23 531.2
Share capital	25 303.6	27 151.0
Equity	18 998.7	19 711.2
Investment	285.6	285.7
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	1 890.3	1 815.5
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	4 259.0	6 293.0

Principal financial indicators

Profit and turnover ratio, %	-9.03	-15.99
Return on assets, ROA, %	-2.58	-4.82
Return on equity, ROE, %	-3.11	-5.76
Total liquidity indicator	2.16	2.78
Liabilities-to-equity ratio	0.20	0.19

Other indicators

Number of employees	293	294
Average gross remuneration per employee per year, thousand EUR	9.3	9.7
Gender representation in management, f/m	0/2	0/2
Annual report in accordance with IFRS	no	no

Results achieved

- All non-financial objectives of LVĢMC have almost been achieved, volume of hazardous waste accepted - 393.2 t.
- The year was concluded with losses - EUR 1.1 million.

SJSC Privatizācijas aģentūra (PA)

Reg. No. 40003192154
Web: www.pa.gov.lv
State ownership 100%
Related companies and shares:
JSC Reverta 96.89%
LLC Hiponija 100%
LLC FeLM 100%
LLC REAP 100%



PA ensures the professional management of state-owned capital shares and problematic assets (subsidiaries), as well as the disposal and privatisation of assets held by the PA, which are not necessary for the exercise of state functions.

General strategic objective

Ensure the professional management of state-owned capital shares and problematic assets, as well as the disposal and privatisation of assets held by the PA which are not necessary for the exercise of state functions.

Most important events in 2017

- Major projects have been successfully advanced, PA has founded a new subsidiary LLC "REAP" in compliance with the task assigned by the Cabinet of Ministers.
- Intensity of the asset portfolio development has been significantly increased by concluding 258 purchase contracts or by 86% more than planned. The total value of contracts concluded was by 133% higher than laid down in the PA's strategy.

Most significant events planned in 2018

- Pursuant to the non-financial objectives set out in the PA strategy, to continue work on the development of a portfolio held (privatization and expropriation), as well as to change the PA brand and ensure compliance with the General Data Protection Regulation.

Principal financial objectives

- Volume of regulatory deductions: EUR 2.4 million.
- Normalized EBITDA: EUR 101.3 thousand.
- Normalized profit: EUR 19.1 thousand.

Principal non-financial objectives

- Reduce the portfolio of land plots and real estate facilities by facilitating the completion of privatisation.
- Ensure the expropriation, management of residential houses and apartments and completion of privatisation.
- Ensure the management, privatisation and expropriation of state-owned capital shares in holding, as well as the management of problematic assets in accordance with the decisions of the Cabinet of Ministers and the European Commission.

Results achieved

- PA has achieved or exceeded nearly all eleven performance indicators of non-financial objectives laid down in the strategy, as well as the performance indicators relating to the achievement of the financial objective.

Governance

Shareholder - Ministry of Economics
Chair of Management Board - Vladimirs Loginovs
Members of Management Board - Juris Vaskāns,
Alvis Mitenbergs

Principal financial indicators, thousand EUR

	2016	2017
Turnover	5 900.2	4 140.7
Profit/loss	47.4	-8 881.3
EBITDA	4 289.1	-7 895.1
Assets	157 946.3	67 602.4
Share capital	443 064.9	443 064.9
Equity	-4 019.0	-12 908.1
Investment	231.0	173.6
Dividends paid to the state budget	0.0	0.0
Contributions made to state and local government budgets	23 203.1	35 569.4
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	21.7	213.4

Principal financial indicators

Profit and turnover ratio, %	0.80	-214.49
Return on assets, ROA, %	0.03	-13.14
Return on equity, ROE, %	n/a ³²	n/a ³³
Total liquidity indicator	2.13	0.47
Liabilities-to-equity ratio	n/a ³⁴	n/a ³⁵

Other indicators

Number of employees	125	115
Average gross remuneration per employee per year, thousand EUR	20.0	24.6
Gender representation in management, f/m	0/3	0/3
Annual report in accordance with IFRS	no	no

32, 33, 34, 35 Indicator is not calculated, because equity is negative.

LLC Vides investīciju fonds (VIF)

Reg. No. 40003339615

Web: www.lvif.gov.lv

State ownership 100%

VIF has no ownership in 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 projects, and the promotion of environmental protection measures and investments.

General strategic objective

Not approved.

Most important events in 2017

- Ensuring the monitoring and evaluating the implementation of projects co-financed by the Climate Change Financial Instrument (CCFI) and management of cross-border cooperation projects.

Most significant events planned in 2018

- Ensure the supervision of the implementation of projects co-financed by the Instrument for Climate Change (CCFI) and the Instrument for the Financing of Emission Allowances (EAAI).
- It is planned to start providing financial services within the framework of the ESCO project.

Principal financial objectives

- Turnover (Financial services and ESCO): EUR 61 467
- Turnover (Administering the EAAI projects): EUR 73 315.
- Turnover (Monitoring of CCFI projects): EUR 49 903.
- Turnover (Management of co-operation projects): EUR 130 269.
- Profit: EUR - 83 198.

Principal non-financial objectives

- Contribute to reducing energy consumption by making available the funding for energy efficient environmental projects (ESCO) of the public sector.
- Ensure supervision of the implementation and after-implementation monitoring of the projects of the Climate Change Financial Instrument (CCFI).

Results achieved

- The amount of financial resources administered in the field of projects co-financed by the Instrument for the Auctioning of Emission Allowances (EAAI) amounted to almost EUR 33 million in 2 tenders.

Governance

Shareholder - Ministry of Environmental Protection and Regional Development

Members of Management Board - Egils Zariņš, Alda Ozola

Principal financial indicators, thousand EUR

	2016	2017
Turnover	76.3	42.9
Profit/loss	-77.9	-89.5
EBITDA	-71.5	-86.2
Assets	6 662.3	6 573.0
Share capital	6 299.3	6 299.3
Equity	6 473.4	6 383.9
Investment	0.0	1.8
Dividends paid to the state budget	0.8	0.0
Contributions made to state and local government budgets	112.9	97.7
Donations received	0.0	0.0
Donations made	0.0	0.0
Funding received from the state budget	108.9	129.9

Principal financial indicators

Profit and turnover ratio, %	-102.20	-208.76
Return on assets, ROA, %	-1.17	-1.36
Return on equity, ROE, %	-1.20	-1.40
Total liquidity indicator	17.44	19.72
Liabilities-to-equity ratio	0.03	0.03

Other indicators

Number of employees	12	9
Average gross remuneration per employee per year, thousand EUR	16.8	20.4
Gender representation in management, f/m	0/2	1/1
Annual report in accordance with IFRS	no	no

Annex

State-Owned Enterprises, Shares Owned by State, State-Owned Enterprises and Companies under Effective Control of the State (prepared on 01.07.2018)

No.	Name of the capital company	Sector	Turnover, 2017, EUR '000	Profit/ loss, 2017, EUR '000	Total assets, 31.12.2017, EUR '000	Proportion of capital shares, holder or owner	Supplementary information
State-Owned Enterprises							
1	JSC "Latvenergo" (consolidated)	Energy	925 627.0	322 021.0	4 415 725.0	100% Ministry of Economics	
2	SJSC "Latvijas dzelzceļš" (consolidated)	Transport	318 638.0	31 177.0	1 010 735.0	100% Ministry of Transport	
3	JSC "Latvijas valsts meži" (consolidated)	Forestry	275 968.2	65 348.5	386 596.7	100% Ministry of Agriculture	
4	JSC "Augstsprieguma tīkls"	Energy	158 861.7	309.2	188 721.7	100% Ministry of Finance	
5	LLC "Rīgas Austrumu klīniskā universitātes slimnīca"	Health care	99 460.3	-5 425.6	94 603.8	100% Ministry of Health	
6	SLLC "Paula Stradiņa klīniskā universitātes slimnīca"	Health care	89 638.4	6.4	133 699.5	100% Ministry of Health	
7	SJSC "Latvijas Pasts"	Communications	75 589.0	1 694.5	96 219.0	100% Ministry of Transport	
8	JSC "Pasažieru vilciens" (consolidated)	Transport	66 278.7	1 078.2	67 238.8	100% Ministry of Transport	
9	SJSC "Latvijas autoceļu uzturētājs"	Transport	62 646.3	3 299.9	61 832.8	100% Ministry of Transport	
10	SJSC "Starptautiskā lidosta Rīga"	Transport	54 639.2	3 486.7	182 315.1	100% Ministry of Transport	
11	SJSC "Ceļu satiksmes drošības direkcija" (consolidated)	Transport	45 675.5	4 768.3	48 301.3	100% Ministry of Transport	
12	SJSC "Valsts nekustamie īpašumi"	Real estate management	40 361.5	8 971.5	408 833.1	100% Ministry of Finance	
13	SJSC "Latvijas Loto" (consolidated)	Other	36 794.5	5 811.1	16 411.2	100% Ministry of Finance	
14	SLLC "Bērnu klīniskā universitātes slimnīca"	Health care	36 170.6	-194.8	60 729.4	100% Ministry of Health	
15	SJSC "Latvijas gaisa satiksme"	Transport	27 742.6	3 031.6	34 797.2	100% Ministry of Transport	
16	SLLC "Latvijas televīzija"	Public electronic mass media	18 322.5	-233.1	15 515.3	100% National Electronic Mass Media Council	
17	SJSC "Latvijas Valsts radio un televīzijas centrs"	Communications	16 498.0	4 346.2	113 604.2	100% Ministry of Transport	
18	JSC "Attīstības finanšu institūcija Altum" (consolidated)	Other	15 670.0	6 945.0	451 686.0	40% Ministry of Finance, 30% Ministry of Economics un 30% Ministry of Agriculture	
19	SJSC "Latvijas Valsts ceļi"	Transport	14 529.5	59.5	6 560.3	100% Ministry of Transport	
20	SLLC "Traumatoloģijas un ortopēdijas slimnīca"	Health care	13 630.0	325.5	10 781.1	100% Ministry of Health	
21	SLLC "Rīgas Psihiatrijas un narkoloģijas centrs"	Health care	13 329.5	89.4	24 707.2	100% Ministry of Health	
22	SLLC "Nacionālais rehabilitācijas centrs Vaivari"	Health care	10 089.0	6.0	12 296.7	100% Ministry of Health	
23	SLLC "Latvijas radio"	Public electronic mass media	9 174.2	-174.3	6 565.7	100% National Electronic Mass Media Council	
24	SLLC "Daugavpils psihoneiroloģiskā slimnīca"	Health care	7 470.2	3.5	18 321.3	100% Ministry of Health	
25	SLLC "Latvijas Vides, ģeoloģijas un meteoroloģijas centrs"	Other	7 096.6	-1 134.9	23 531.2	100% Ministry of Environmental Protection and Regional Development	
26	SJSC "Tiesu namu aģentūra"	Real estate management	6 840.5	685.1	58 254.2	100% Ministry of Transport	
27	SJSC "Elektroniskie Communications"	Communications	6 646.5	450.6	12 851.7	100% Ministry of Environmental Protection and Regional Development	
28	SLLC "Ministry of Agriculture nekustamie īpašumi"	Real estate management	6 176.0	25.7	19 082.9	100% Ministry of Agriculture	
29	SLLC "Rīgas Tūrisma un radošās industrijas tehnikums"	Education	6 104.7	81.3	13 722.3	100% Ministry of Education and Science	
30	SLLC "Slimnīca Ģintermuiža"	Health care	5 627.5	7.2	13 684.0	100% Ministry of Health	
31	SLLC "Strenču psihoneiroloģiskā slimnīca"	Health care	4 768.2	16.2	7 264.9	100% Ministry of Health	
32	SJSC "Privatizācijas aģentūra" (consolidated)	Other	4 140.7	-8 881.3	67 602.4	100% Ministry of Economics	

No.	Name of capital company	Sector	Turnover, 2017, EUR '000	Profit/ loss, 2017, EUR '000	Total assets, 31.12.2017, EUR '000	Proportion of capital shares, holder or owner	Supplementary information
33	SLLC "Latvijas Nacionālā opera un balets"	Culture	3 907.8	97.7	7 944.8	100% Ministry of Culture	
34	SJSC "Latvijas Jūras administrācija"	Transport	3 871.5	-174.8	4 953.8	100% Ministry of Transport	
35	VLLC "Autotransporta direkcija"	Transport	3 646.3	773.2	3 880.0	100% Ministry of Transport	
36	SLLC "Aknīstes psihoneiroloģiskā slimnīca"	Health care	3 503.2	0.5	6 263.9	100% Ministry of Health	
37	SLLC "Piejūras slimnīca"	Health care	3 455.4	4.4	10 318.0	100% Ministry of Health	
38	SLLC "Jaunais Rīgas teātris"	Culture	3 241.3	5.5	1 514.6	100% Ministry of Culture	
39	SLLC "Dailes teātris"	Culture	2 546.0	0.0	971.1	100% Ministry of Culture	
40	SLLC "Latvijas Nacionālais teātris"	Culture	2 181.7	-168.1	1 446.4	100% Ministry of Culture	
41	SLLC "Iekšlietu ministrijas poliklinika"	Health care	2 155.7	1.7	829.4	100% Ministry of the Interior	
42	SLLC "Šampētera nams"	Real estate management	1 754.0	164.9	1 673.6	100% Ministry of Welfare	
43	SLLC "Mihaila Čehova Rīgas Krievu teātris"	Culture	1 571.0	61.3	875.5	100% Ministry of Culture	
44	SLLC "Latvijas Vēstnesis"	Other	1 568.9	-254.5	2 591.0	100% Ministry of Justice	
45	LLC "Eiropas dzelzceļa līnijas"	Transport	1 459.1	-1.1	2 961.7	100% Ministry of Transport	
46	SLLC "Latvijas Koncerti"	Culture	1 442.6	15.1	1 169.0	100% Ministry of Culture	
47	LLC "Latvijas Nacionālais metroloģijas centrs"	Other	1 107.4	-21.8	1 120.9	100% Ministry of Economics	
48	SLLC "Bērnu psihoneiroloģiskā slimnīca Ainaži"	Health care	1 046.9	3.3	4 287.8	100% Ministry of Health	
49	SLLC "Sertifikācijas un testēšanas centrs"	Other	959.6	12.1	500.9	100% SJSC "Privatizācijas aģentūra"	
50	SLLC "Valmieras drāmas teātris"	Culture	721.3	0.6	525.4	100% Ministry of Culture	
51	SLLC "Straupes narkoloģiskā slimnīca"	Health care	702.7	20.2	215.5	100% Ministry of Health	
52	SLLC "Latvijas Nacionālais simfoniskais orķestris"	Culture	690.6	-12.1	868.0	100% Ministry of Culture	
53	SLLC "Latvijas Leļļu teātris"	Culture	616.6	2.6	451.1	100% Ministry of Culture	
54	SLLC "Latvijas Proves birojs"	Other	439.5	12.9	888.9	100% Ministry of Finance	
55	SLLC "Meliorprojekts"	Other	434.9	-3.4	192.0	100% Ministry of Agriculture	
56	LLC "Bobsleja un kamaniņu trase Sigulda"	Sport	343.3	-165.7	11 389.1	100% Ministry of Education and Science	
57	LLC "Sporta centrs Mežaparks"	Sport	325.4	1.1	15 657.5	100% Ministry of Education and Science	Until 13.12.2017, the State owned 99.999%, a gift of 142 shares was received from the association "Latvijas Olimpiskā komiteja".
58	SLLC "Valsts Akadēmiskais koris Latvija"	Culture	286.7	1.8	208.6	100% Ministry of Culture	
59	SLLC "KREMERATA BALTICA"	Culture	216.5	0.1	30.6	100% Ministry of Culture	
60	LLC "Tenisa centrs Lielupe"	Sport	216.0	-364.3	15 711.7	100% Ministry of Education and Science	Until 07.12.2017, the State owned 99.999%, a gift of 141 share was received from the association "Latvijas Olimpiskā komiteja".
61	SLLC "Liepājas simfoniskais orķestris"	Culture	204.7	11.8	365.1	100% Ministry of Culture	
62	SLLC "Daugavpils teātris"	Culture	176.0	0.9	202.4	100% Ministry of Culture	
63	SLLC "Cultures un sporta centrs Daugavas stadions"	Sports	87.2	-1 125.1	17 751.1	100% Ministry of Education and Science	
64	LLC "Latvijas standarts"	Other	69.1	-1.9	341.6	100% Ministry of Economics	Registered with the Enterprise Register on 01.08.2017, by reorganizing LLC "Standartizācijas, akreditācijas un metroloģijas centrs".
65	SLLC "Vides investīciju fonds"	Other	42.9	-89.5	6 573.0	100% Ministry of Environmental Protection and Regional Development	
66	SLLC "Rīgas cirks"	Culture	13.1	31.2	668.8	100% Ministry of Culture	

No..	Name of the capital company	Sector	Turnover, 2017, EUR '000	Profit/ loss, 2017, EUR '000	Total assets, 31.12.2017, EUR '000	Proportion of capital shares, holder or owner	Supplementary information
Alienated State-Owned Enterprise							
67	SLLC "Bulduru Dārzkopības vidusskola"	Education	n/a	n/a	n/a	100% Ministry of Education and Science	From 15.01.2017, is owned by the Latvia University of Agriculture.
Liquidated State-Owned Enterprise							
68	SLLC "Vides projekti"	Other	n/a	n/a	n/a	100% Ministry of Environmental Protection and Regional Development	Liquidated 25.07.2018.
Reorganised State-Owned Enterprises							
69	LLC "Standartizācijas, akreditācijas un metroloģijas centrs"	Other	n/a	n/a	n/a	100% Ministry of Economics	Reorganised.
State-Owned Enterprises effectively controlled by the State							
70	JSC "Air Baltic Corporation" (consolidated)	Transport	302 358.0	4 703.0	388 611.0	80.05475% Ministry of Transport	
71	LLC "Lattelecom" (consolidated)	Communications	195 539.0	40 740.0	324 153.0	51% SJSC "Privatizācijas aģentūra"	
72	LLC "Latvijas Lauku konsultāciju un Edukācijas centrs"	Agriculture	9 079.8	16.9	5 574.2	99.32% Ministry of Agriculture	
73	LLC "Ludzas medicīnas centrs"	Health care	2 113.5	-120.2	7 831.2	57.94648% Ministry of Health	Holding acquired on 03.02.2017.
Companies with direct State ownership of 20% to 50% (including)							
74	JSC "Rīgas siltums"	Energy	152 320.4	7 757.9	178 776.7	48.995% Ministry of Economics	0.005% JSC "Latvenergo". Other owners of capital shares: 49% Riga City Council, 2% LLC "Enerģijas risinājumi. RIX".
75	LLC "Latvijas Olimpiskā vienība"	Sports	2 693.1	-37.4	935.7	29% Ministry of Education and Science	
76	LLC "Starptautiskā Rakstnieku un tulkotāju māja"	Real estate management	619.1	1.3	241.7	33.33% Ministry of Culture	
77	JSC "Rīgas Kinostudija"	Other	n/a	n/a	n/a	24.31248% Ministry of Culture	
Companies with direct State ownership of 20% to 50% (including), which are liquidated							
78	ILLC "Agroleasing S.I.A"	Other	n/a	n/a	n/a	50% SJSC "Privatizācijas aģentūra"	Insolvency. Liquidated on 04.07.2018.
Companies with direct State ownership up to 20%							
79	JSC "Latvijas Gāze" (consolidated)	Energy	330 956.0	26 048.0	400 091.0	0.00021% Ministry of Economics	
80	JSC "Rīgas sanitārā transporta autobāze" (consolidated)	Other	26 509.8	1 144.4	30 632.4	10% SJSC "Privatizācijas aģentūra"	
81	JSC "Ceļu pārvalde" (consolidated)	Other	26 219.3	1 183.3	17 403.0	0.93% SJSC "Privatizācijas aģentūra"	
82	JSC "Latvijas maiznieks"	Other	26 185.8	469.3	26 305.9	3.97% SJSC "Privatizācijas aģentūra"	
83	JSC "Rīgas dzirnavnieks"	Other	23 878.1	726.9	21 835.3	3.68% SJSC "Privatizācijas aģentūra"	
84	JSC "Daugavpils specializētais autotransporta uzņēmums"	Other	2 788.0	66.3	2 870.8	3.2% SJSC "Privatizācijas aģentūra"	
85	Rēzeknes SEZ JSC "REBIR"	Other	2 415.3	74.1	8 216.4	5% SJSC "Privatizācijas aģentūra"	
86	LLC "Balt Alliance"	Other	1 903.4	-203.9	4 072.6	8% SJSC "Privatizācijas aģentūra"	
87	JSC "Lopkopības izmēģinājumu stacija Latgale"	Other	1 736.8	781.6	5 690.8	4.77% SJSC "Privatizācijas aģentūra"	
88	JSC "Jelgavas mašīnbūves rūpnīca"	Other	675.5	-216.2	3 233.9	3.68% SJSC "Privatizācijas aģentūra"	
89	JSC "Stendes selekcijas un izmēģinājumu stacija"	Other	261.0	-29.2	3 933.0	4.81% SJSC "Privatizācijas aģentūra"	
90	LLC "UNI SAN"	Other	232.1	-62.4	666.3	5% SJSC "Privatizācijas aģentūra"	

No.	Name of the capital company	Sector	Turnover, 2017, EUR '000	Profit/ loss, 2017, EUR '000	Total assets, 31.12.2017, EUR '000	Proportion of capital shares, holder or owner	Supplementary information
91	JSC "Latgales ciltslietu un mākslīgās apsūklošanas stacija"	Other	229.5	-325.3	439.9	4.91% SJSC "Privatizācijas aģentūra"	
92	JSC "Pūres dārzkopības izmēģinājumu stacija"	Other	159.3	-4.7	332.6	8.73% SJSC "Privatizācijas aģentūra"	
93	LLC "Sanatorija Dzimtene"	Health care	47.1	2.9	69.2	10% SJSC "Privatizācijas aģentūra"	
94	LLC "Liepājas sērkokociņi"	Other	0.0	-232.7	425.4	9.99935% SJSC "Privatizācijas aģentūra"	Until 11.06.2018 10.62% capital shares.

Companies with direct State ownership up to 20%, which are in insolvency proceedings

95	IJSC "Latvijas zoovetapgāde"	Other	n/a	-77.1	58.9	2.6% SJSC "Privatizācijas aģentūra"	Insolvency from 21.01.2016.
96	ILLC "Eiropas minerāls"	Other	n/a	n/a	n/a	6.89% SJSC "Privatizācijas aģentūra"	Insolvency from 21.10.2013.
97	IJSC "Liepājas metalurģis"	Other	n/a	-47.2	842.0	2.5% SJSC "Privatizācijas aģentūra"	Insolvency from 13.11.2013.

Companies with direct State ownership up to 20%, which have terminated economic activity, are in the process of liquidation or have been liquidated

98	IJSC "Daugavpils dzirnavnieks"	Other	16.3	608.9	719.3	5% SJSC "Privatizācijas aģentūra"	Insolvency from 29.12.2014; liquidated on 04.04.2018.
99	ILLC "Ventpils ekskursiju birojs"	Other	n/a	n/a	n/a	5% SJSC "Privatizācijas aģentūra"	Decision of the State Revenue Service of 17.12.2014 on the termination of activity. Liquidated on 02.02.2018.
100	JSC "Transinform"	Other	n/a	n/a	n/a	2.91% SJSC "Privatizācijas aģentūra"	Does not perform economic activity from 2007.

Companies with direct State ownership up to 20%, which have been sold

101	JSC "Komunālprojekts"	Other	n/a	n/a	n/a	14.75% SJSC "Privatizācijas aģentūra"	Sold on 04.10.2017.
102	LLC "Garantiju aģentūra"	Other	n/a	n/a	n/a	0.34% SJSC "Privatizācijas aģentūra"	Sold on 04.10.2017.
103	JSC "AUTO-REMONTŠ"	Other	n/a	n/a	n/a	5.05% SJSC "Privatizācijas aģentūra"	Sold on 30.10.2017.
104	JSC "Lielplatone"	Other	n/a	n/a	n/a	5% SJSC "Privatizācijas aģentūra"	Sold on 09.11.2017.
105	JSC "Latvijas Kuģniecība" (consolidated)	Transport	n/a	n/a	n/a	10% SJSC "Privatizācijas aģentūra"	Sold on 21.08.2017.

Subsidiaries 100% owned by State-Owned Enterprises

106	JSC "Sadales tīkls"	Energy	324 114.0	124 268.0	1 626 641.0	100% JSC "Latvenergo"	
107	LLC "LDZ Cargo"	Transport	235 346.6	12 585.5	169 897.0	100% SJSC "Latvijas dzelzceļš"	
108	LLC "LDZ ritošā sastāva serviss"	Transport	63 183.9	1 529.9	105 746.4	100% SJSC "Latvijas dzelzceļš"	
109	JSC "Latvijas elektriskie tīkli"	Energy	48 935.0	50 463.0	475 612.0	100% JSC "Latvenergo"	
110	LLC "LDZ Loģistika"	Transport	27 104.9	163.8	1 614.1	100% SJSC "Latvijas dzelzceļš"	
111	LLC "LDZ infrastruktūra"	Transport	12 712.9	775.2	19 738.7	100% SJSC "Latvijas dzelzceļš"	
112	LLC "LDZ apsardze"	Other	6 534.4	31.7	1 527.3	100% SJSC "Latvijas dzelzceļš"	
113	JSC "Energijas publiskais tirgotājs"	Energy	2 461.2	0.0	640 376.4	100% JSC "Latvenergo"	
114	JSC "LatRailNet"	Transport	1 197.9	4.7	260.4	100% SJSC "Latvijas dzelzceļš"	
115	LLC "Jaunmoku pils"	Other	718.4	93.5	1 428.3	100% JSC "Latvijas valsts meži"	
116	LLC "LatLoto nams"	Other	710.3	43.4	229.1	100% SJSC "Latvijas Loto"	
117	LLC "Mailmaster"	Communications	511.0	-32.2	487.0	100% SJSC "Latvijas Pasts"	
118	OŪ "Elektrum Eesti"	Other	n/a	n/a	n/a	100% JSC "Latvenergo"	
119	UAB "Elektrum Lietuva"	Other	n/a	n/a	n/a	100% JSC "Latvenergo"	
120	LP "Imprimatur Capital Seed Fund"	Other	n/a	-1 616.1	4 480.6	100% SJSC "Attīstības finanšu institūcija Altum"	
121	LLC "Rīgas hematoloģijas centrs"	Health care	0.0	-12.2	244.5	100% LLC "Rīgas Austrumu universitātes slimnīca"	Until 05.06.2018, LLC "Rīgas Austrumu klīniskā universitātes slimnīca" owner of 50.96%, while 49.04% - the Ministry of Health.
122	LLC "REAP"	Other	0.0	0.0	20 688.0	100% SJSC "Privatizācijas aģentūra"	
123	LLC "FeLM"	Other	0.0	-99.8	14 915.5	100% SJSC "Privatizācijas aģentūra"	

No.	Name of the capital company	Sector	Turnover, 2017, EUR '000	Profit/ loss, 2017, EUR '000	Total assets, 31.12.2017, EUR '000	Proportion of capital shares, holder or owner	Supplementary information
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Subsidiaries 100% owned by State-Owned Enterprises, which have been reorganized

124	LLC "VNĪpilis"	Real estate management	202.6	-53.4	119.3	100% SJSC "Valsts nekustamie īpašumi"	Reorganised 21.11.2017.
125	LLC "Biroju centrs Ezerparks"	Real estate management	n/a	n/a	n/a	100% SJSC "Valsts nekustamie īpašumi"	Reorganised 10.05.2017.

Shares under effective control owned by State-Owned Enterprises or companies under direct or indirect effective control of the State

126	LLC "Latvijas Mobilais Telefons" (consolidated)	Communications	204 271.0	33 533.5	283 438.3	23% SJSC "Latvijas Valsts radio un televīzijas centrs", 23% LLC "Lattelecom" and 5% SJSC "Privatizācijas aģentūra"	
127	LLC "LMT Retail&Logistics"	Communications	81 789.5	4 611.3	37 233.4	100% LLC "Latvijas Mobilais Telefons"	
128	LLC "CITRUS Solutions"	Other	20 219.4	-487.5	12 442.9	100% LLC "Lattelecom"	
129	LLC "Liepājas enerģija"	Energy	17 386.8	4 798.6	40 708.6	51% JSC "Latvenergo"	
130	JSC "Aviation Crew Resources"	Other	16 955.8	33.9	6 982.8	93.66% JSC "Air Baltic Corporation"	Until 21.02.2018 - 94.97%.
131	LLC "ZetCOM"	Other	11 264.7	1 732.2	5 767.9	100% LLC "Latvijas Mobilais Telefons"	
132	LLC "Lattelecom Technology"	Communications	7 444.4	822.5	7 698.9	100% LLC "Lattelecom"	
133	LLC "Auteko & TUV Latvija"	Other	6 805.0	1 348.5	5 049.8	51% SJSC "Ceļu satiksmes drošības direkcija"	
134	LLC "Media 360"	Communications	4 929.7	-408.2	4 232.3	100% LLC "Lattelecom BPO"	Former owner LLC "Lattelecom Technology". On 09.08.2018 the name was changed to LLC "HELIO MEDIA".
135	LLC "PINS.CO"	Other	4 697.9	-2 964.4	3 232.9	100% JSC "Air Baltic Corporation"	Until 08.11.2017 95.43%. On 15.08.2018 the name was changed to LLC "Loyalty Services".
136	LLC "Air Baltic training"	Other	3 019.4	261.4	1 990.3	100% JSC "Air Baltic Corporation"	
137	LLC "Baltijas datoru akadēmija"	Other	2 030.7	171.3	721.9	100% LLC "Lattelecom BPO"	Until 07.08.2018 100% owner LLC "Lattelecom".
138	LLC "Lattelecom BPO"	Communications	1 727.7	210.5	524.0	100% LLC "Lattelecom"	
139	LLC "Veselības centrs Biķernieki"	Health care	1 637.7	10.0	613.1	99.58% LLC "Rīgas Austrumu klīniskā universitātes slimnīca"	
140	LLC "BALTIJAS KRAVU CENTRS"	Other	747.0	71.3	430.1	100% JSC "Air Baltic Corporation"	
141	JSC "VRC Zaslauks"	Other	121.4	-150.3	192.2	51% JSC "Pasažieru vilciens"	
142	LLC "Rīgas vagonbūves uzņēmums Baltija"	Other	51.2	-42.9	709.4	100% LLC "LDZ Ritošā sastāva serviss"	
143	LLC "Tilžas rapsis"	Lauksaimniecība	18.6	-30.0	97.1	86% LLC "Hiponia"	
144	LP "AIF Imprimatur Capital Technology Venture Fund"	Other	n/a	-383.5	3 904.0	67% SJSC "Attīstības finanšu institūcija Altum"	
145	LLC "Elektrum Latvija"	Other	0.0	-0.1	2.6	100% OÜ "Elektrum Eesti"	
146	JSC "Pirmais slēgtais pensiju fonds"	Other	n/a	0.0	165.8	50% LLC "Lattelecom", 48.15% JSC "Latvenergo" and 1.85% JSC "Augstsprieguma tīkls"	
147	LP "Flycap Investment Fund I AIF"	Other	n/a	n/a	n/a	95% SJSC "Attīstības finanšu institūcija Altum"	
148	LLC "Blaker"	Other	n/a	n/a	2.8	100% JSC "Air Baltic Corporation"	
149	LP "Expansion Capital Fund AIF"	Other	n/a	-285.8	13 737.7	95% SJSC "Attīstības finanšu institūcija Altum"	
150	LLC "Vhiter"	Other	n/a	n/a	2.8	100% JSC "Air Baltic Corporation"	
151	LP "BaltCap Latvia Venture Capital Fund"	Other	n/a	-3 604.8	10 282.9	67% SJSC "Attīstības finanšu institūcija Altum"	
152	LP alternatīvo ieguldījumu fonds "ZGI-3"	Other	n/a	-335.3	7 474.4	95% SJSC "Attīstības finanšu institūcija Altum"	

Shares under effective control owned by State-Owned Enterprises or companies under direct or indirect effective control of the State that have been sold

153	LLC "NIF projekts 10"	Real estate management	n/a	n/a	n/a	100% JSC "Reverta"	Sold on 20.01.2017.
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No.	Name of the capital company	Sector	Turnover, 2017, EUR '000	Profit/ loss, 2017, EUR '000	Total assets, 31.12.2017, EUR '000	Proportion of capital shares, holder or owner	Supplementary information
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Shares under effective control owned by State-Owned Enterprises or companies under direct or indirect effective control of the State , which are being liquidated or have been liquidated

154	LLC "Hiponia"	Real estate management	1 115.4	-8 771.2	18 469.1	100% SJSC "Privatizācijas agentūra"	In liquidation process starting from 28.02.2018.
155	LLC "NIF Zemes īpašumi"	Real estate management	632.5	358.7	27.6	100% JSC "Reverta"	Liquidated on 28.02.2018.
156	LLC "NIF Dzīvojamie īpašumi"	Real estate management	2.4	-498.7	4 573.6	100% JSC "Reverta"	Liquidated on 26.06.2018.
157	OOO "Parex Leasing & Factoring"	Financial services	n/a	n/a	n/a	100% JSC "Reverta"	Liquidated on 2018.
158	LLC "Baltic Contact Centre"	Other	0.0	0.0	13.4	100% JSC "Air Baltic Corporation"	Liquidated on 08.09.2017.
159	LP "ZGI fonds"	Other	n/a	n/a	n/a	65% SJSC "Attīstības finanšu institūcija Altum"	Liquidated on 19.12.2017.
160	UAB "NIF Lietuva"	Real estate management	n/a	n/a	n/a	100% JSC "Reverta"	Liquidation launched in 2017.
161	LLC "NIF projekts 1"	Real estate management	0.0	1 432.4	7.7	100% JSC "Reverta"	Liquidated on 23.05.2018.
162	Regalite Holdings Ltd	Financial services	n/a	n/a	n/a	100% JSC "Reverta"	Liquidation launched in 2017.
163	JSC "Reverta" (consolidated)	Real estate management	0.0	24 981.8	9 808.5	96.89% SJSC "Privatizācijas agentūra"	Liquidation period 01.07.2017-31.12.2017.
164	OU "NIF Eesti"	Real estate management	n/a	n/a	n/a	100% JSC "Reverta"	Liquidated in 2018.
165	LLC "NIF Komercīpašumi"	Real estate management	n/a	n/a	n/a	100% JSC "Reverta"	Liquidated on 21.06.2017.
166	LLC "NIF projekts 8"	Real estate management	n/a	n/a	n/a	100% JSC "Reverta"	Liquidated on 10.01.2017.
167	"Carnella Maritime Corporation"	Financial services	n/a	n/a	n/a	100% JSC "Reverta"	Liquidated in 2018.
168	LLC "NIF projekts 7"	Real estate management	n/a	n/a	n/a	100% JSC "Reverta"	Liquidated on 03.10.2017.
169	LLC "TravelLounge"	Other	0.0	0.0	46.2	100% JSC "Air Baltic Corporation"	Liquidation process 21.07.2015.
170	LLC "NIF projekts 6"	Real estate management	n/a	n/a	n/a	100% JSC "Reverta"	Liquidated on 03.10.2017.

Shares owned by State-Owned Enterprises or subsidiaries of State-Owned Enterprises with holding of 20% to 50% (including)

171	JSC "Conexus Baltic Grid"	Energy	51 444.0	17 021.0	362 988.0	34.35809% JSC "Augstsprieguma tīkls"	In 2017 18.31228% were acquired from "Uniper Ruhrgas International GmbH", 16.04581% from LLC "ITERA Latvija." By the decision of the CoM No. 243 of 06.06.2018, 0.00029% shares in holding need to be transferred to the Ministry of Finance that has to invest them in the equity of JSC "Augstsprieguma tīkls".
172	LLC "Scantest"	Other	2 827.5	786.3	1 828.5	20% SJSC "Ceļu satiksmes drošības direkcija"	
173	JSC "RB Rail"	Transport	2 646.7	-753.0	10 915.2	33.33% LLC "Eiropas dzelzceļa līnijas"	
174	LLC "Meža un koksnes produktu pētniecības un attīstības institūts"	Other	1 846.0	116.1	1 104.5	40% JSC "Latvijas valsts meži"	
175	LLC "Autests"	Other	1 817.7	396.3	1 854.1	20% SJSC "Ceļu satiksmes drošības direkcija"	
176	LLC "Venttests"	Other	261.1	57.4	704.9	50% SJSC "Ceļu satiksmes drošības direkcija"	
177	LLC "Priekuļu rapsis"	Agriculture	108.4	-0.5	153.9	26% LLC "Hiponia"	
178	Baltic Innovation Fund	Other	n/a	n/a	n/a	20% SJSC "Attīstības finanšu institūcija Altum"	
179	LP "Otrais Eko fonds"	Other	0.0	-149.4	2 237.6	33% SJSC "Attīstības finanšu institūcija Altum"	

No.	Name of the capital company	Sector	Turnover, 2017, EUR '000	Profit/ loss, 2017, EUR '000	Total assets, 31.12.2017, EUR '000	Proportion of capital shares, holder or owner	Supplementary information
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Shares owned by State-Owned Enterprises or subsidiaries of State-Owned Enterprises with holding of up to 20%

180	JSC "Latvijas Finieris" (consolidated)	Other	229 058.7	13 076.3	316 634.5	0.94% JSC "Latvijas valsts meži"	
181	LLC "Strek" (consolidated)	Transport	21 883.0	8 293.7	67 939.4	5.84% SJSC "Latvijas dzelzceļš"	
182	LLC "Kurzemes radio"	Other	220.8	-8.3	93.7	0.58% SLLC "Latvijas radio"	
183	LLC "BRC Novatēka"	Real estate management	n/a	n/a	n/a	7.01754% LLC "Hiponia"	
184	LLC "Vējkalni"	Agriculture	n/a	n/a	n/a	12.5% LLC "Latvijas Lauku konsultāciju un Educations centrs"	
185	Belarus-Latvia joint venture "MIRIGO"	Other	n/a	n/a	n/a	3% SJSC "Latvijas dzelzceļš"	

