

**2015 annual report of
the state joint-stock
company "Privatization Agency".**

State joint-stock company "Privatization Agency"
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State joint-stock company "Privatization Agency" Information about the Company

Full name of the company	State joint-stock company "Privatization Agency"
Legal status of the company	Corporation
Registration in the Enterprise Register: number, place and date	000319215 in Riga, April 22, 1994
Registration in the Commercial Register: number, place and date	40003192154 in Riga, November 1, 2004
Legal address	Cr. Valdemjra street 31 Riga LV-1887 Latvia
Financial reporting period	January 1, 2015 - December 31, 2015
News about subsidiaries	AS "Reverta" Brivibas street 148A-1, Riga, LV-1012 Equity share 84.15% SIA "Hiponia" 41/43 Elizabetes Street, Riga, LV-1010 Equity share 100% AS "Citadele banka" (until April 20, 2015) Republikas laukums 2A, Riga, LV-1010 Equity share 75% minus 1 share Limited liability company "FeLM" (from April 1, 2016) Cr. Valdemjra street 31-14 Riga, LV-1887 Equity share 100%
Auditors	SIA "Ernst & Young Baltic" Muits iela 1a, Riga, LV-1010 License No. 17 Diyna Krišjyne LR sworn auditor Certificate No. 124

State joint-stock company "Privatization Agency" Information about the Company

Shareholder's representative

According to Article 9, Part Five of the Law "On the Privatization of State and Municipal Property Objects", the representative of the shareholder of the state joint-stock company "Privatization Agency" is the Minister of Economy.

Dana Reizniece-Ozola	until 11.02.2016	Minister of Economy
Arvil Asheraden	from 11.02.2016	Minister of Economy

Board composition

According to the statutes, until January 12, 2015, the board of the state joint-stock company "Privatization Agency" consisted of two board members. According to the amendments made to the statutes, as of January 13, 2015, the board consists of three board members.

Vladimirs Loginovs	from 03.11.2014	chairman of the board
Girts Freibergs	from 03.11.2014 to 26.02.2015	member of the
Juris Vaskans	27.02.2015 from	board member of
Alvis Mittenberg	03.06.2015	the board member of the board

State joint-stock company "Privatization Agency" Management Report

Type of activity

The state joint-stock company "Privatization Agency" (hereinafter - the Company) carries out the tasks of state administration delegated to it - privatization of state-owned objects, state plots of land and apartment properties in the law "On Privatization of State and Local Government Property Objects", "On Privatization of State and Local Government Residential Houses" and Privatization of state and local government property and completion of the use of privatization certificates to the extent of competence specified in the law, expropriation of state capital shares in accordance with the procedure specified in the Law on the Management of Capital Shares of Public Persons and Capital Companies, as well as expropriation of residential houses, their supposed parts or apartment properties provided for in the Law on Expropriation of Property of Public Persons.

The purpose of the company's activity is to ensure the privatization and expropriation of state property and, by changing the owner of state-owned objects, to create a favorable environment for the operation of private capital in the interests of the development of Latvia's national economy and to narrow the state's activities as a merchant.

The company is a shareholder of AS "Reverta", a member of SIA "Hiponia" and until April 20, 2015 - also a shareholder of AS "Citadele banka". On December 31, 2015, the Company owned 84.15% of AS "Reverta" shares and 100% of the capital shares of SIA "Hiponia".

Brief description of the Company's activities during the reporting period

Key performance indicators

In 2015, the Company concluded purchase contracts for 149 state-owned objects for the total amount of 4.4 million. euros.

An overview of the performance indicators achieved in 2014 and 2015 is presented in Table 1 below.

Table 1

Performance indicators achieved by the company in 2014 and 2015

No. pk	The name of the operational performance indicator	2015	2014
1.	Contracts for the purchase of state real estate		
2.	Contracts for the purchase of built-up and unbuilt plots of land	9	9
3.	Contracts for the purchase of expropriated apartment properties, residential houses or parts thereof	42	62
4.	Contracts for the purchase of state capital shares, incl. on state capital shares held by VSAA (State Social Insurance Agency)	36	12
5.	Shares sold at the stock exchange auction (149,391 units)	32	10
			-
6.	Lease agreements for built-up and unbuilt plots of land and real estate or agreements on amendments to them have been concluded	1	91
7.	Notices on rent changes sent	50	394
8.	Privatization notices of built-up plots approved	52	94
9.	Contracts for the privatization of apartment properties and single-apartment residential houses concluded	167	176
10.	Auction rules and expropriation notices of apartment properties, residential houses or parts thereof approved	103	109
11.	Owned by local governments transferred apartment properties		
12.	Transferred for management to owners of privatized apartment properties residential houses	24	56
		26	41
13.	Approved regulations for the sale of state capital shares incl. on state capital shares held by VSAA	17	20
14.	Adopted decisions on the completion of privatization of state property objects, state capital shares, built-up (unbuilt-up) land plots	7	109
			208

Revenue

The company's revenues from the privatization, expropriation and lease of state capital shares and other state property were 7.59 million. euros, including:

- revenues from the

privatization of land plots, buildings and structures 5.44 million. euros;

State joint-stock company "Privatization Agency" Management Report

- revenues from the privatization and expropriation of state residential buildings 0.29 million. euros; -
revenues from the privatization and expropriation of state capital shares 0.25 million. euros; -
revenues from the sale of shares of state capital transferred to the special budget of state pensions held by VSAA 1.05 million.
euros; - revenues from leasing
state property 0.56 million. euros.

In 2015, the Company transferred revenues from privatization, expropriation and debt capitalization of state assets to the state budget and other state institutions in the amount of 7.769 million. euros, as well as revenues from the leasing of state properties in the amount of 0.419 million. euros.

Subsidiaries

On April 20, 2015, the Company completed the sale of AS "Citadele banka" shares, *Ripplewood* and a group of twelve international investors became shareholders of AS "Citadele banka" and EBRD (European Bank for Reconstruction and Development) retained approximately 25% of AS "Citadele" bank shares. Settlements with investors, AS "Citadele banka", EBRD and State Treasury were made on April 20, 2015. In order to ensure settlements with the State Treasury and EBRD, in May 2015 the Company's share capital was increased by 20,659,183 euros.

Regarding the Company's subsidiary AS "Reverta", the Cabinet of Ministers at the meeting of February 24, 2015 decided to continue the sales strategy "Combined solution", which provides that AS "Reverta" sells those assets, the total amount of costs of which are necessary for maintenance and management is higher for their projected increase in value in accordance with the restructuring plan approved by the European Commission. Taking into account the above, the investment of AS "Reverta" Company is classified as a long-term investment. Also, in 2015, the Company continued to manage SIA "Hiponia", which is classified as a long-term investment.

State capital shares have been transferred to the special budget for state pensions

On December 28, 2013, the Company concluded an agreement with VSAA on cooperation in the sale of state capital shares transferred to the special state pension budget. According to paragraph 13 of the Transitional Provisions of the Law on the Management of Capital Shares of Public Persons and Capital Companies, on July 1, 2015, the Company has taken over from VSAA the state capital shares in 29 capital companies transferred to the state special budget. On August 10, 2015, an agreement was concluded with VSAA on further cooperation after the State capital shares transferred to the special budget of state pensions were taken over by the Company.

In accordance with the above-mentioned regulation of the law and in accordance with the order of the Cabinet of Ministers of October 21, 2015 No. 642 "On state pensions transferred to the special budget of JSC "Latvijas kuņniecība", JSC "Valmieras stikla šciedra", JSC "Grindeks" and the insolvent JSC "Rygas alus" "Vyrpa" brewery and the sale of the state capital shares of JSC "Liepājas metalurģi" on December 28, 2015, the Company took over the state capital shares of VSAA in another 5 capital companies.

With the takeover of state capital shares in the Company's possession and their sale, the reform of the management of state capital companies continues, which provides for reducing the state's participation in companies in which the state has no strategic interests, as well as improving the management of companies with state participation in general. Revenues from the sale of state capital shares taken over from VSAA (minus sales costs) are credited to the special budget for state pensions.

Privatization certificate account servicing task

Based on the Cabinet of Ministers Regulation No. 773 of December 22, 2015 "Amendments to the Cabinet of Ministers Regulation No. 170 of April 7, 2015 "Regulations on the delegation of the task of servicing privatization certificate accounts", on December 30, 2015 between the Ministry of Economy and An agreement was concluded between the companies on the servicing of privatization certificate accounts, which stipulates that the Company fulfills the task of the state administration, maintains privatization certificate accounts, performs activities for transferring privatization certificate accounts and providing information on the operations carried out in privatization certificate accounts, based on the joint stock company "Development Financial Institution Altum" request and in accordance with the procedure prescribed by law.

Events after the end of the reporting period

On the basis of the task delegated by the state administration - to maintain privatization certificate accounts, to carry out activities for the transfer of privatization certificate accounts and to provide information about the operations performed in the privatization certificate accounts, on February 10, 2016, the Company concluded an agreement on the privatization certificate account

State joint-stock company "Privatization Agency" Management Report

centralized transfer from the liquidating joint-stock company "Latvijas Krājbanka" (hereinafter - Latvijas Krājbanka).
At the time of submitting the annual report, the Company has completed the privatization certificate account opened in Latvijas Krājbanka, the balance of privatization certificates registered in them, the privatization certificate account accounting system and the process of taking over the archive and successfully ensures the performance of the state administration task delegated to it.

In accordance with the decision of the Cabinet of Ministers of March 22, 2016, on April 1, 2016, the limited liability company "FeLM" (hereinafter - SIA FeLM) was established, the sole member of which is the Company. The purpose of the activity of SIA "FeLM" is the management of the claim against JSC "KVV Liepājas metalurģis". The share capital of SIA FeLM is 3,000 euros, divided into 3,000 capital shares. According to the NACE classification, the main activities of SIA FeLM are fund management, consulting in commercial activities and management sciences.

Vladimir Loginov
Chairman of the Board

Juris Vaskans
Member of the Board

Alvis Mittenberg
Member of the Board

Jolanta Roze
Head of the Financial Service

April 14, 2016

State joint-stock company "Privatization Agency"

Profit or loss statement

	Annex no.	2015	2014
		EUR	EUR
Net sales			
The other revenues of the company's economic activity	3 4	2,794,393,160,045	3,046,548,58,678
Personnel costs:			
Reward for work		(1,277,855)	(1,270,245)
Mandatory costs of state social insurance		(295,924)	(294,704)
Other social security costs		(28,825)	(27,235)
Depreciation and write-off of fixed assets and intangible assets		(64,618)	(46,193)
Other costs of economic activity	5	(1,330,550)	(10,200,891)
Writing off the value of long-term financial investments and short-term securities	6	-	(121,066,575)
Interest income and similar income		3,151,547	4,801,433
Interest payments and similar costs	78	(3,179,525)	(4,793,438)
Profit or loss before tax		(71,312)	(129,792,622)
Corporate income tax		-	-
Profit or (loss) for the reporting period		(71 312)	(129 792 622)

The appendix from pages 13 to 28 is an integral part of this financial report.

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State joint-stock company "Privatization Agency" Balance

	Annex no.	31.12.2015 EUR	31.12.2014 EUR
Active			
Long-term investments			
Intangible assets			
Concessions, patents, licenses, trademarks and similar rights		1 670	6,297
Total intangible assets	9	1 670	6,297
Fixed assets			
Land plots, buildings and structures		1,565,592	1,584,419
Other fixed assets and inventory		82,171	51,087
Total fixed assets	10	1,647,763	1,635,506
Long term financial investment			
Participation in the capital of related companies	11	1	1
Loans to related companies	12	-	64 332 881
Other loans	12	34 727 765	-
Long term financial investment		34 727 766	64,332,882
Long-term investments together		36 377 199	65,974,685
Current assets			
Savings			
Raw materials, basic materials and auxiliary materials		45	29
Stocks together		45	29
Debtors			
Trade payables	13	219,049	76 347
Debts of related companies	12	-	1,906,176
Other debts	12	992 502	-
Other debtors	14	2 736	962
payments of the next period	15	33,769	14,570
Debtors together		1,248,056	1,998,055
Short-term financial investments			
Participation in the capital of related companies	11	-	74,699,223
Other securities and investments	16	2,500,000	-
Total short-term financial investments		2,500,000	74,699,223
Funds		6,399,382	8,779,426
Total current assets		10,147,483	85,476,733
Total assets		46,524,682	151 451 418

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State joint-stock company "Privatization Agency" Balance

	Annex no.	31.12.2015 EUR	31.12.2014 EUR
Passive			
Equity			
Share capital (share capital)	17	443 064 930	422 405 747
Revaluations of long-term investments reserve		542 204	542 204
Other reserves			
Uncovered losses of previous years		1 (440,653,954)	1 (310,861,332)
Retained earnings for the reporting year		(71,312)	(129,792,622)
Total equity		2,881,869	(17,706,002)
Savings			
Other savings		6,000,000	6,000,000
		6,000,000	6,000,000
longterm creditors			
other loans	18	34,727,765	64 332 881
Long-term creditors together		34,727,765	64 332 881
short-term creditors			
other loans	18	992 502	3 165 418
Taxes and mandatory state social insurance contributions	19		15,989
Other creditors	20		2,522,262
Deferred earnings	21	27,444,339,253 1,414,775	2,738,022
Accrued liabilities	22	141 074	90 382 848
Short term creditors together		2,915,048	98,824,539
Creditors together		37,642,813	163 157 420
Total liabilities		46,524,682	151 451 418

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April 14, 2016

State joint-stock company "Privatization Agency"

Cash flow statement

	2015 EUR	2014 EUR
Cash flow from operating activities		
Profit or loss before tax	(71 312)	(129 792 622)
<i>Corrections:</i>		
Amortization of intangible assets and depreciation of fixed assets	64 618	46 193
Losses from write-downs of fixed assets	330	-
Interest income	(3 151 547)	(4,801,433)
Interest costs	3 179 525	4,793,438
Accumulated liabilities to the EBRD	-	88,179,616
Other savings	-	6,000,000
Writing off the value of long-term financial investments	-	32,886,959
Operating profit or loss before changes in working capital	21,614	(2,687,849)
Accounts receivable (increase) / decrease	751,221	(53 139)
Inventory balances (increase) / decrease	(16)	73
Short-term creditors' balances increase / (decrease)	(6,470,633)	1 449 772
Gross operating cash flow	(5,697,814)	(899,853)
Expenses for interest payments	(5,352,441)	(4,793,438)
Net operating cash flow	(11,050,255)	(5,693,291)
Cash flow from investing activities		
Proceeds from the sale of 75% of AS "Citadele banka" shares	74,699,223	-
Settlements with the EBRD	(76,974,500)	-
Income from the repayment of the subordinated loan of AS "Citadele banka".	18,400,000	-
Purchase of fixed assets and intangible investments	(72,578)	(16,141)
(Increase)/decrease in other securities and investments	(2,500,000)	391,290
Interest received on term deposits	-	7,995
Interest received on the loan issued	4,063,999	4,793,438
Net cash flow from investing activities	17,616,144	4,785,292
Cash flow from financing activities		
Increase of capital	20,659,183	-
Repayment of the principal amount of the Treasury loan	(29,605,116)	-
Net cash flow from financing activities	(8,945,933)	-
Increase / (decrease) in net cash and cash equivalents	(2,380,044)	(907,999)
Cash and cash equivalents at the beginning of the reporting period	8,779,426	9,687,425
Cash and cash equivalents at the end of the reporting period	6,399,382	8,779,426

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April 14, 2016

State joint-stock company "Privatization Agency" Statement of Changes in Equity

	Basic capital	Credited to reserves	Long-term investment will be revalued nas reserve	Retained earnings/ (losses) of previous periods	Retained earnings/ (losses) of the reporting period	Total equity
	EUR	EUR	EUR	EUR	EUR	EUR
31.12.2013	422 405 748 0		542 204	(317,289,491)	6,428,159	112 086 620
2013 profit transferred to previous year's	-	-	-	6,428,159	(6,428,159)	-
undistributed profit	-	-	-	-	(129 792 622)	(129 792 622)
Losses for the reporting year, Credited to the reserve	-	-	-	-	-	-
31.12.2014	422 405 747	1	542,204	(310,861,332)	(129,792,622)	(17,706,002)
Losses of 2014 were transferred to retained earnings of previous years	-	-	-	(129 792 622)	129,792,622	-
Losses of the reporting period	-	-	-	-	(71 312)	(71 312)
Increase of share capital	20,659,183	-	-	-	-	20,659,183
capital 31.12.2015	443 064 930	1	542 204	(440 653 954)	(71 312)	2,881,869

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April 14, 2016

State joint-stock company "Privatization Agency" Annex to the financial statement

(1) General information about the Company

The company was founded on April 22, 1994 as a non-profit organization, a state joint-stock company. On November 1, 2004, the Company was registered in the commercial register as a state joint-stock company "Privatization Agency". In accordance with the statutes and the NACE classification, the company performs the following commercial activities: real estate operations (68), business and management consulting (70.22), securities operations (66.12), fund management (66.30) and general public service activities (84.11).

The company operates in accordance with the laws "On Privatization of State and Municipal Property Objects", the Law on the Management of Capital Shares of Public Persons and Capital Companies, the Law on Privatization of State and Municipal Property and the Completion of Use of Privatization Certificates, the Commercial Law, other legal acts and statutes.

The procedure for financing the company is basically regulated by Cabinet of Ministers Regulation No. 976 of December 20, 2011 "The procedure for making deductions to the Privatization Agency for the privatization of state property, expropriation of state capital shares and other activities specified in regulatory acts, the reserve fund to be created and used, and payments to be made to the state in the budget" (hereinafter - Regulations No. 976). On December 1, 2015, new regulations of the Cabinet of Ministers No. 680 were approved and entered into force on December 9. "Procedure in which deductions must be made to the Privatization Agency for privatization of state property, expropriation of state capital shares and other activities specified in regulatory acts, as well as reserves to be created and used fund and payments to be made in the state budget" (hereinafter - Regulations No. 680), which replace Regulations No. 976.

The main activity of the company is ensuring the privatization of state-owned objects and state plots of land in accordance with the law "On the Privatization of State and Municipal Property Objects". In accordance with the first part of Article 8 of the said law, the Company manages and, within the scope of its competence, deals with the state properties handed over for privatization until their complete privatization. for completion, prepares state assets for privatization, organizes and carries out privatization of state assets.

With Cabinet of Ministers order No. 353 of May 29, 2009 "On the Liquidation of the State Agency for Construction, Energy and Housing", from July 1, 2009, the state-owned and the functions of privatization and management of state-owned residential houses (apartment properties), as well as in the cases specified in Article 9, Part 1.3 of the Law on Expropriation of Public Property (if the residential house or apartment property is in the possession of the Company) of state-owned and state-owned residential houses, their estimated part or the functions of organizing the expropriation of apartment properties.

The company is the institution carrying out the expropriation of state capital shares in accordance with the Law on the Management of Capital Shares and Capital Companies of Public Persons.

The company performs the functions specified in the regulatory acts related to the allocation, issuance, use and cancellation of privatization certificates, as well as other activities related to the supervision of the circulation of privatization certificates. Based on the Cabinet of Ministers Regulation No. 773 of December 22, 2015 "Amendments to the Cabinet of Ministers Regulation No. 170 of April 7, 2015 "Regulations on the delegation of the task of servicing privatization certificate accounts", on December 30, 2015 between the Ministry of Economy and An agreement was concluded between the companies on the servicing of privatization certificate accounts, which stipulates that the Company fulfills the tasks of the state administration - maintains privatization certificate accounts, performs activities for transferring privatization certificate accounts and providing information on the operations carried out in privatization certificate accounts, based on the "Development Financial Institution" of the joint-stock company Altum" request and in accordance with the procedure established by law.

The company is responsible for the collection of funds obtained as a result of privatization and other activities and settlements with the budget. These commitments are reflected in this financial statement.

(2) Summary of significant accounting principles

a) Guidelines for the preparation of the financial statement

The financial report has been prepared in accordance with the Law on Annual Reports.

The financial report is prepared in accordance with the principle of initial value accounting. The currency used in the financial statement is the euro (EUR).

State joint-stock company "Privatization Agency" Annex to the financial statement

The financial report covers the period from January 1, 2015 to December 31, 2015.

The profit or loss statement is prepared according to the turnover cost method. The cash flow statement is prepared using the indirect method.

b) Use of Estimates

When preparing the financial report, the management has to rely on certain estimates and assumptions, which affect the balances of the balance sheet and profit or loss statement items reflected in individual reports, as well as the amount of possible liabilities. Future events may affect the assumptions on which the relevant estimates are made. Any impact of changes in estimates is reflected in the financial statements at the time they are determined. The accounting estimation process includes assessments made based on the latest available information on bad debts, the fair values of financial assets or financial liabilities, as well as the useful life of depreciable assets or the learning model of future economic benefit associated with them .

c) Related parties

Related parties are the Company's subsidiary companies and associated companies, as well as the Company's shareholder - the state, who can control or have a significant influence on the Company, making decisions related to the core business, the Company's top management officials and a close family member of any of the above-mentioned persons, as well as companies , which these persons control or have significant influence over.

d) Participation in subsidiary companies

Participation in subsidiary companies (ie companies in which the Company owns more than 50% of the share capital or which it controls in some other way) is accounted for using the cost method. After initial recognition, investments in subsidiaries are carried at their original cost less impairment losses. If any events or changes in circumstances indicate that the balance sheet value of investments in subsidiary companies could be higher than the assessment in the previous year's balance sheet, the value of the respective investments in the subsidiary company is revised according to a higher value, which does not exceed the acquisition cost.

e) State properties in the possession of the company

According to the Law "On the Privatization of State and Local Government Property Objects", the Company takes possession of the state real estate to be privatized, but the state retains the property rights to the state property object until the ownership rights are transferred to a third party in accordance with the terms of the purchase agreement.

The company is the holder of state capital shares in capital companies in which the state-owned capital share has been transferred for privatization or sale, or the state capital share in the company has arisen as a result of object privatization, and confiscated capital shares are transferred to it.

According to Article 74 of the Law "On the Privatization of State and Local Government Residential Buildings", state residential buildings can be transferred to local governments or privatized to the Company in accordance with the procedures established by the Cabinet of Ministers.

State real estate and capital shares taken over by the Company are not included in the Company's assets.

f) Revenue and expenditure

In 2015, the company calculated regulatory deductions for the privatization, expropriation and lease of state-owned objects , as well as deductions in the reserve fund in accordance with Regulations No. 976. Starting from December 9, 2015 , regulatory deductions are calculated in accordance with Regulations No. 680. The Company's activities are financed from these deductions, incl. process of privatization of state property, process of allocation, cancellation and circulation of privatization certificates , expropriation expenses of state capital shares and state housing

State joint-stock company "Privatization Agency" Annex to the financial statement

organizational provision of the privatization, expropriation and management process in accordance with the conditions and procedures regulated by the Cabinet of Ministers.

The calculated regulatory deductions are recognized as revenues and credited to the net turnover in the period when the privatization, expropriation or lease agreement of the state-owned object is concluded and the subjects' payments for the concluded agreements are received.

The company's expenses are recognized in the expenses of the reporting period.

By the Cabinet of Ministers Regulation No. 172 of April 1, 2014 "Regulations on delegation of the task of administering the circulation of privatization certificates", the company is delegated to perform the tasks of the state administration, within the framework of which the allocation, issuance, use and deletion of privatization certificates, as well as other activities are controlled, related to the supervision of the circulation of privatization certificates. The Company's expenses for the performance of the state administration task are coordinated with the Ministry of Economy and are financed in accordance with the procedure established by the Agreement on the execution of the task of administering the circulation of privatization certificates concluded between the Ministry of Economy and the Company on April 17, 2014.

Expenses related to the financing of the process of privatization of residential houses, the maintenance of residential houses during their privatization, the organization of maintenance and management of privatized residential houses and the performance of the functions specified in Article 59 of the Law "On Privatization of State and Local Government Residential Houses" are covered by the Company from a grant from the general state basic budget revenues in accordance with the annual state budget law and the Company's funds. In 2015, the Company was not granted a grant for these purposes and the aforementioned expenses were covered from the reserve fund. Information about the funds available and used for financing is provided in point 3 of the appendix to the financial report.

Lease income

Income from the leased property of the Company is recognized in the income statement on a straight-line basis over the period of the lease agreement.

g) Financial risk management

The most important sources of financing for the Company are borrowings from the State Treasury, money that the Company receives in the form of regulatory deductions and from deductions in the reserve fund. The company also has several other financial tools at its disposal, such as other debtors, debts to suppliers and contractors and other creditors, which result directly from its economic activity. Derivative financial instruments are reflected at their acquisition cost.

The main financial risks related to the Company's financial instruments are credit risk, interest rate risk and liquidity risk.

Management has established appropriate procedures to control material risks.

Credit risk

The company is exposed to credit risk in connection with issued short-term and long-term loans and cash and its equivalents.

Currency risk

Based on the current structure of the Company's financial assets and liabilities, the currency risk is not significant.

Interest rate risk

The Company is exposed to interest rate risk in connection with its short-term and long-term borrowings. The company's interest risk is minimized by setting agreed interest rates in borrowing and loan agreements.

Liquidity risk

The company controls its liquidity risk by maintaining an adequate amount of cash and cash equivalents and by constantly monitoring the payments related to the purchase and lease agreements of state-owned objects, continuously monitoring them, thus reducing the increase in uncovered regulatory deductions.

State joint-stock company "Privatization Agency"

Annex to the financial statement

Value of financial assets and

liabilities The Company's financial assets and liabilities are valued at the lower of their purchase or fair value.

h) Lease

A lease in which the lessor retains a significant portion of the risks and rewards of ownership is classified as an operating lease. Lease payments and prepayments for leases are included in the income statement on a straight-line basis over the lease term.

i) Intangible assets and fixed assets

Intangible assets and fixed assets are listed at their purchase price less depreciation and impairment. Depreciation starts on the first day of the next month after the intangible investment or fixed asset is put into operation and ends on the first day of the next month after it is excluded from the composition of the intangible investment or fixed asset. Depreciation is calculated according to the straight-line method and written off during the period of useful use of the relevant intangible investments and fixed assets, applying the following annual depreciation rates:

	2015	2014
	%	%
Intangible assets	25-33.3	25-33.3
Fixed assets:		
Buildings	1	1
Other fixed assets and inventory: -		
vehicles - other fixed	20-25	20-25
assets	20-50	20-50

(j) Inventories

Inventories are stated at the lower of acquisition cost or market price. Inventories are valued using the FIFO method.

When necessary, the value of obsolete, slow-moving or damaged inventory is written off or provisioned.

k) Debtors

Receivables have been evaluated in accordance with the principle of prudence and are presented in the balance sheet at net value, deducting provisions for bad debts from the accounting value.

Provisions for bad debts are created by evaluating the debt recovery possibilities of each debtor.

l) Reserves

Provisions are recognized when the Company has a current obligation (legal or practice-related) caused by a past event, and there is a probability that the fulfillment of these obligations will require an outflow of resources containing economic benefits from the Company, and it is possible to estimate the amount of the obligation with sufficient reliability.

m) Liabilities to the state budget and other state institutions

Funds from the privatization, expropriation, lease and debt capitalization of state property are credited to the state budget in accordance with the procedure provided for in the Law "On the Privatization of State and Municipal Property Objects". From the funds received, the Company deducts regulatory deductions and deductions in the reserve fund in accordance with the aforementioned Regulations No. 976 and Regulations No. 680.

The company's obligations to the state budget for monetary revenues from the privatization, expropriation, lease and debt capitalization of state property are reflected in the balance sheet item "Other creditors" in the composition of short-term creditors.

State joint-stock company "Privatization Agency" Annex to the financial statement

n) Settlements for real estate tax for the state owned by the Company real estate

The first part of Article 2 of the Law "On real estate tax" stipulates that real estate tax is paid Latvian or foreign natural and legal persons and groups of such persons established on the basis of a contract or other agreement, or their representatives, who own or have real estate in legal possession. Local governments send real estate tax notices to the Company for real estate owned by the Company. The company pays real estate tax on the basis of the mentioned notifications. In case the real estate is leased, the Company collects the tax for the leased real estate from the lessee. The liabilities of state property lessees to the Company for real estate tax are reflected in the balance sheet item "Payables from buyers and customers" as part of current assets.

o) Events after the end of the reporting period

The annual report reflects such events after the end of the reporting period, which provide additional information about the Company's financial position on the balance sheet preparation date (corrective events). If events after the end of the reporting period are not corrective, they are reflected in the notes to the financial statements or in the management report only if they are material.

(3) Net turnover

	2015 EUR	2014 EUR
Regulatory deductions:		
Control of privatization and expropriation contracts	414,100	529,604
Sale of real estate	429 238	399,747
Preparation of state housing and apartment properties for privatization and expropriation	314 204	186 341
Administration of privatization and expropriation cases and assessment of state assets to be privatized or expropriated	127,845	9,545
Control of leases	98,298	98,525
Protection and management of state properties to be privatized and expropriated	64,381	37,511
Preparation of plots of land for privatization, registration and confirmation of property rights in the land register	15,437	42,092
Insurance services	3 338	3 765
Sale of objects to be privatized or liquidated and their property, and expropriation and privatization of state capital shares	1,444	251
Payment of legal costs	(4,666)	6 410
Statutory deductions total	1,463,619	1,313,791
Income from the sale of capital shares held by VSAA and reimbursement of expenses	41,453	61,614
The part of revenue of future periods recognized in the reporting period	1,289,321	1,671,143
Net turnover during the reporting period	2,794,393	3,046,548

According to Article 59, Part One, Clause 10 of the Law "On the Privatization of State and Local Government Residential Buildings", the Company's duty is to manage the state residential buildings in its possession until they are handed over to the management and management of apartment owners. The fifth part of Article 67 of the Law stipulates that the Company receives a grant from general revenues from the funds credited to the state basic budget in accordance with the annual state

budget law and uses it: 1) to finance the process of privatization of residential buildings; 2) for the maintenance of residential houses during their privatization process; 3) for organizing the maintenance and management of privatized residential houses; 4) for performing the functions specified in Article 59 of this L

In 2015, no grant was awarded to the Company for the performance of these tasks .

State joint-stock company "Privatization Agency" Annex to the financial statement

(4) Other operating income	2015 EUR	2014 EUR
Revenue from the provision of services	74 686	-
Recovered receivables for which provision had been made	37 353	18,560
Income from renting out premises	16 452	15,108
Reimbursed housing management expenses	8 704	1,037
Revenue from fines collected	6 607	8,043
Income from the reduction of provisions for extinguishment of liabilities and claims	2,454	6,819
Revenue from recovered real estate tax	2,202	6,656
Other income	11,587	2,455
	160,045	58,678
(5) Other costs of economic activity	2015 EUR	2014 EUR
Payment of <i>Altum</i> expenses	491 334	761 852
Security and management of objects transferred to privatization	144 014	70 255
Legal and other consultancy services	130 897	2 751 879
Maintenance of the information system	76 599	80 538
Preparation of real estate (including land) for privatization	43 895	28 095
Litigation expenses in the privatization of residential houses	40 763	2089
Public security Property assessment	37 299	33 456
Other subcontractor services	23 576	51 673
Total cost of subcontractor services:	55 093	123 707
	1 043 470	3 903 544
Creation of reserves for other doubtful receivables	81 420	34,593
Expenses for maintenance and repair of buildings and premises	80,989	90,350
Communication expenses	35 177	34,825
Real estate tax - Company building, land	25,645	25,645
Inventory and stationery	14,139	17 271
Computer equipment maintenance and rental expenses	13,867	49 541
Vehicle maintenance expenses	13,221	19 802
Audit expenses of the annual report	7,986	9,800
Employee training expenses	2 817	625
Business trip expenses	1 922	5 009
Representation expenses	1 727	3 554
Doubtful receivables are written off in expenses	1 328	211
Other expenses	6,842	6 121
Provisions for legal proceedings	-	6,000,000
Other costs in total:	287,080	6,297,347
	1,330,550	10,200,891

The expense item "Altum expense payment" includes payments to the joint-stock company "Development Finance Institution Altum" (until April 15, 2015 - VAS "Latvijas development finance institution Altum") in accordance with the orders of the Ministry of Economy.

The expense item "Security and management expenses of objects transferred to privatization" includes expenses for security and management in such objects to be privatized that are not leased, as well as management expenses of non-privatized housing stock.

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The expense item "Preparation of real estate (including land) for privatization" includes expenses for the preparation of objects (land together with buildings) and built-up plots of land for privatization, for the preparation of residential houses for privatization and expropriation, as well as for the identification and registration of the property of an ownerless or heirless

(6) Writing off the value of long-term financial investments and short-term securities

In 2014, the Company carried out a revaluation of long-term financial investments and a write-off of their value in the amount of 32,886,959 euros, recognized and wrote off in expenses a financial instrument, the purchase value of which was zero euros, but the real value - 88,179,616 euros. In 2014, an agreement was reached with the EBRD on the amount of State-guaranteed obligations, the payment procedure and schedule, and the relevant settlements were made in the first half of 2015. The total write-off of the value of long-term financial investments and short-term securities reflected in the 2014 profit or loss statement is 121,066,575 euros.

(7) Interest income and similar income

	2015 EUR	2014 EUR
Interest income from investment in subordinated capital	3 150 325	4,793,438
Interest income from deposits in credit institutions	1 222	
Interest income from the balance of funds in credit institutions	-	7,793,202
	<u>3 151 547</u>	<u>4,801,433</u>

(8) Interest payments and similar charges

	2015 EUR	2014 EUR
Interest expenses for borrowing from the State Treasury	<u>3,179,525</u>	<u>4,793,438</u>

(9) Intangible assets

	Concessions, patents, licenses, computer programs EUR
Initial value	
31.12.2014	711 617
	2 256
	-
Purchased Excluded 31.12.2015	<u>713,873</u>
Accumulated depreciation	
31.12.2014	705 320
Calculated during the reporting period	6 883
Excluded	-
on 31.12.2015	<u>712 203</u>
Balance value on	
31.12.2014	<u>6,297</u>
31.12.2015	<u>1 670</u>

State joint-stock company "Privatization Agency"

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(10) Fixed assets

	Land plots, buildings and structures EUR	Other fixed assets and inventory EUR	In total EUR
Initial value on 31.12.2014	4,022,880	506 429	4,529,309
Purchased	-	70,322	70,322
Excluded	-	(21,347)	(21,347)
31.12.2015	4,022,880	555,404	4,578,284
Accumulated depreciation on 31.12.2014	2,438,461	455 342	2,893,803
Calculated depreciation	18,827	38,908	57,735
Excluded	-	(21,017)	(21,017)
31.12.2015	2,457,288	473,233	2,930,521
Balance value 31.12.2014	1,584,419	51,087	1,635,506
31.12.2015	1,565,592	82 171	1,647,763

According to the data of the State Land Service, on December 31, 2015, the land plot in Riga, K. Valdemāra Street 31, with cadastral number 0100-019-0074 and an area of 1,252 m², has a cadastral value of 178,145 euros and administrative buildings have a cadastral value of 1,590 931 euros.

(11) Participation in the capital of related companies

Name of the company	%	Purchase value EUR	Revaluation value EUR	31.12.2015 investment in 2015 EUR
<u>Long term financial investment:</u>				
AS "Reverta"	84.15 out	293,635,264	-	-
SIA "Hiponia"	of 100	1	-	1
Total long-term financial investments:		293,635,265	-	1

Name of the company	% Recognized value on 31.12.2014	Revaluation of investment 2015 EUR	31.12.2015 EUR
<u>Short-term financial investments:</u>			
AS "Citadele banka"	75	74,699,223	-

AS "Reverta" shares owned by the Company on the date of conclusion of the agreement and those shares that will be owned in the future serve as collateral for the loan received from the Republic of Latvia for the Company, as well as the Company's claim against AS "Citadele banka" for the loan for the needs of subordinated capital.

The maximum amount of collateral is up to 412.6 million euros (290 million lats). On November 5, 2014, the contract for the purchase of AS "Citadele banka" shares was signed, and in 2015, the sale of shares was completed and the final settlements were made.

State joint-stock company "Privatization Agency"

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Financial information about subsidiaries:

Name of the company	Equity*		Profit/ (loss) for the reporting year*	
	31.12.2014 EUR'000	31.12.2013 EUR'000	2014 EUR'000	2013 EUR'000
AS "Reverta"	(307 672)	(247,283)	(60,389)	(126,036)
SIA "Hiponia"	4 353	(11,625)	(7,272)	(8,000)

*At the time of signing the annual report, audited data for 2015 is not available to the company.

(12) Other loans and debts

On April 20, 2015, the Company completed the sale of AS "Citadele banka" shares, therefore the loan to AS "Citadele banka" is further classified as "Other loans" instead of "Loans to related companies".

	2015 EUR	2014 EUR
Loan to AS "Citadele banka":		
- long-term part: principal amount	34,727,765	64 332 881
- short-term part: debt for calculated interest	992 502	1,906,176
	35,720,267	66 239 057

In 2009, the Company invested 88.22 million in the subordinated capital of AS "Parex banka". EUR (62 million lats) . After the sale of AS "Parex banka" shares, EBRD's investment in the bank's subordinated capital was reduced to 53.13 million. euros (37.34 million lats).

In June 2010 , during the transfer of assets and liabilities to the new credit institution, the subordinated loan issued by AS "Parex banka" was transferred to AS "Citadele banka". Simultaneously with the transfer of the subordinated loan issued by AS "Parex banka" to AS "Citadele banka", EBRD transferred and the Company obtained claim rights against AS "Citadele banka" in the amount of 11.2 million. in the amount of EUR resulting from the subordinated loan. As of December 31, 2014 , the Company's investment in the subordinated capital of AS "Citadele banka" was 64.33 million. euros.

In April 2015, AS "Citadele banka" repaid the part of the subordinated loan of 18.40 million. in the amount of EUR 11.2 million for the loan part . In the amount of EUR, mutual netting with the EBRD was carried out , as a result of which the Company's investment in the subordinated capital of JSC "Citadele banka" as of December 31, 2015 is 34.73 million. euros. The subordinated loan repayment deadline is December 20, 2017.

(13) Trade payables

	2015 EUR	2014 EUR
Other debts	1 178 139	1,036,502
Provisions for doubtful other debts	(959 090)	(960 155)
	219 049	76 347

State joint-stock company "Privatization Agency" Annex to the financial statement

(14) Other debtors	2015 EUR	2014 EUR
Claims against LAS "Latvijas Krājbanka"	10,419,143	10,419,143
Provisions for bad debts*	(10,419,143)	(10,419,143)
Overpayment of mandatory social security contributions	-	889
Overpayment of personal income tax	1 513	-
Settlements for interest income from deposits	1 222	-
Other receivables		
	1 2 736	73,962

* Provisions have been created in the amount of 100% of funds that were in November 2011 in JSC Latvijas Krājbanka, which is currently being liquidated.

(15) Deferral costs	2015 EUR	2014 EUR
Executive Officer Liability Insurance	18,250	-
Health insurance payments	10,350	9,625
Other payments	5,169	4,945
	33,769	14,570

(16) Other securities and investments	2015 EUR	2014 EUR
Short-term deposits in credit institutions	2,500,000	-
	2,500,000	-

(17) Share capital (share capital)

In May 2015, the Company's share capital was increased by 20,659,183 euros . The subscribed and paid-up share capital of the company on December 31 , 2015 is 443,064,930 euros, which consists of 443,064,930 shares with a nominal value of 1 euro. All shares of the Company are registered shares.

(18) Other borrowings

	2015 EUR	2014 EUR
Treasury loan:		
- long-term part: principal amount -		64 332 881
- short-term part: debt for calculated interest	34,727,765,992,502	3 165 418
	35,720,267	67,498,299

On May 21 , 2009, an agreement was concluded between the Company and the Republic of Latvia for a state loan to the Company in the amount of 322,991,901 euros (227,000,000 lats) . The contract provided for the full repayment and final settlement of each part of the loan issued within 7 years from the date of issuance of the relevant part of the loan

State joint-stock company "Privatization Agency"

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(according to the amendments of June 26, 2013, the loan repayment deadline is set for December 20, 2018).

The Company repaid part of the loan principal to the Republic of Latvia in 2009, receiving funds for the sale of JSC "Parex banka" shares to the EBRD.

According to the order of the Cabinet of Ministers of July 4, 2011, the Company's share capital was increased and the state loan and the calculated interest were partially paid, as a result of which the balance of the state loan was 64.33 million as of 31.12.2014. euros.

On March 18, 2015, amendments were made to the loan agreement of May 21, 2009 between the Company and the Republic of Latvia, which provides for the right of the Company to divert the income obtained from the sale of AS "Citadele banka" shares and the funds from the repayment of the subordinated loan invested by AS "Citadele banka" respectively for the repayment of obligations to EBRD, for repayment of state loan obligations and for covering the Company's actual expenses related to the management and sale of JSC "Citadele banka" and JSC "Reverta". In May 2015, the Company's share capital was increased, settlements were made with the state, as a result of which the loan balance as of December 31, 2015 was 64.33 million euros. The loan repayment deadline is December 20, 2018.

(19) Taxes and mandatory state social insurance contributions

Type of tax	31.12.2014 Calculated		Penalty money EUR	Paid EUR	31.12.2015 EUR
	EUR	EUR			
Value added tax (see point 19(a))	15,877	137,679	1 006	127 353	27 209
VSAO contributions	(889)	429,987	2	428,936	164
Personal income tax	41	239,869	-	241 423	(1 513)
Property tax	-	25,645	-	25,645	-
Natural resource tax	71	71	-	71	71
Business risk fee	-	272	-	272	-
Together, i.e. see:	15,100	833 523	1 008	823,700	25,931
- tax overpayment - tax liability	(889)				(1 513)
	15,989				27,444

Overpayment of taxes is shown in the item "Other debtors"

a) Value added tax

	31.12.2014	Calculated	Paid	31.12.2015
	EUR	EUR	EUR	EUR
About the lease of state properties	11,547	93 158	93 472	11 233
About the economic activity of the Company	4 330	45,527	33,881	15,976
In total:	15,877	138,685	127 353	27 209

State joint-stock company "Privatization Agency"
Annex to the financial statement

b) Corporate income tax

Comparison of the actual corporate income tax with the theoretically calculated one:

	2015	2014
	EUR	EUR
<i>Profit or loss before corporate income tax</i>	(71 312)	(129 792 622)
Theoretically calculated corporate income tax, 15%	(10,697)	(19,468,893)
Tax impact of permanent differences related to non-deductible expenses	795	13,227,658
Temporary differences on reduction of provisions and reserves amount	7 148	979
The temporary difference between the value of fixed assets in the balance sheet and the purposes of tax calculation	(13,096)	(11,583)
Temporary difference from unrealized income from revaluation of financial investments	-	4,933,044
Tax losses carried forward	15,850	1,318,795
Corporate income tax for the reporting year	-	-
Deferred tax		
Deferred tax is attributable to the following temporary differences:		
	2015	2014
	EUR	EUR
Deferred corporate income tax liabilities		
The temporary difference between the value of fixed assets in the balance sheet and the purposes of tax calculation	117 242	104 188
Gross deferred corporate income tax liabilities	117 242	104 188
Deferred corporate income tax asset		
Tax losses carried forward	(3,417,748)	(2,998,855)
Temporary differences on reduction of provisions and reserves amount	(7,605)	(6,899)
Gross deferred tax asset	(3,425,353)	(3,005,754)
Net deferred tax asset (unrecognized)	(3,308,111)	(2,901,566)

The company might not fully utilize the aforementioned tax losses, therefore, deferred tax assets in excess of tax liabilities are not recognized in this financial statement.

Tax losses carried forward:	Tax losses, EUR	Expiration date
2009 tax losses 2011 tax losses	905 235	indefinite
2012 tax losses 2014 tax losses	8,891,005	indefinite
	10,196,127	indefinite
	2,792,622	
In total	22,784,989	

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(20) Other creditors	2015	2014
	EUR	EUR
Liabilities to the state budget: -		
for privatization revenues - for state	13,766	1 186 215
property rental revenues (without VAT) - for expropriation of	68,059	118 827
capital shares - for expropriation and	11,950	12 618
privatization of housing	16,337	14 009
Settlements with VSAA for the sale of capital shares	1,002	524 782
Liabilities to other state institutions	25,176	486 963
Total liabilities to the state budget and other state institutions	136,290	2,343,414
Security deposit for participation in the auction	99 139	75 466
Salary	1 422	393
Other obligations	102 402	102 989
	339 253	2 522 262

(21) Deferred income

	2015	2014
	EUR	EUR
Balance at beginning of period		
Growth during the period		
Covering regulatory deductions from the reserve fund		
Covering expenses from the reserve fund*		
Included in the revenues of the reporting period (see clauses 2(f) and 3)		
Balance at end of period	2,738,022,478,859	(489,978,725,853)

* Expenses covered from reserve fund funds include expenses for canceling privatization certificates; ensuring the operation of the licensing commission for privatization certificate market brokerage companies, expenses for taxes and fees in accordance with Regulations No. 980..

(22) Accrued liabilities

	2015	2014
	EUR	EUR
Savings for employee bonuses	87,753	85,366
Savings for vacations*	50,702	45 992
Settlements of liabilities to the EBRD**	-	88 179 616
Settlements for services related to the sale of AS "Citadele banka" shares	-	2,061,884
Accrued liabilities for other services	2 619	5,724
Accumulated liabilities for consumed electricity	-	4 266
	141 074	90 382 848

* Reserves for unused vacations have been calculated taking into account the number of unused vacation days of each employee on December 31, 2015 and the average daily earnings in the last six months. **In 2014, the Company recognized and wrote off a financial instrument, the purchase value of which was zero euros, but the fair value - 88,179,616 euros. In 2014, an agreement was reached with the EBRD on the amount of State-guaranteed obligations, payment procedure and schedule, and the relevant settlements were made in the first half of 2015.

During the reporting year, the Company has had transactions with related parties as part of its economic activity, which are summarized in the table:

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(23) Transactions with related parties:

Subsidiaries:	Year	Interest income for a loan EUR	Loan repayment EUR	Interest income on deposit EUR	Related party debts EUR
AS "Citadele banka"	2015*	1,476,707	18,400,000	-	35,720,267
	2014	4,793,438	-	3,250	66 239 057

*Until April 20, 2015.

		Rent received EUR	Purchase fee received EUR	Related party debts EUR
SIA "Hiponia"	2015	745	-	90 370
	2014	533	4 811	-

(24) General remarks

a) Average number of employed persons

	2015 EUR	2014 EUR
The average number of persons employed by the Company during the reporting period, i.e. see state employees	66	67
	63	61

b) Personnel costs

	2015 EUR	2014 EUR
Board members:		
salary	105 672	82 406
state social insurance mandatory contributions	22 940	17 009
	128,612	99,415

(25) Information on state property in the possession of the Company

The managed portfolio of the company consists of state assets in its possession and custody as of December 31, 2015. The state of the Company's portfolio is dynamic - it decreases during the privatization and expropriation of property objects, but at the same time the Company's portfolio is supplemented by properties that it takes over in its possession and possession in accordance with the regulatory framework. Real estates in this appendix are reflected in their cadastral value, the value of capital shares is indicated in their nominal value.

a) Buildings, structures and land

	Objects, pcs.		Cadastral value of objects, euros	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Real estate - developed and undeveloped plots of land	709	741	18,797,126	20,236,606
In total	709	741	18,797,126	20,236,606

Since 2015, the estimated parts of the plot of land to be privatized, agreed to by each residential apartment owner, have been listed separately.

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b) In the holding of the capital share

	Capital shares, number of units		Value of capital shares, EUR	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Capital held	39		115 908 229	107 082 482
Capital shares of the heirless	46	7 50	489 290	569 860
In total	85	57	116 397 519	107 652 342

The value of capital shares is indicated in their nominal value, recalculating the value of capital shares expressed in lats according to the exchange rate from lats to euro approved by the Council of the European Union .

c) Non-privatized parts of residential buildings

According to the order of the Cabinet of Ministers of May 29, 2009 no. 353 "On the liquidation of the State Agency for Construction, Energy and Housing" residential houses and non-privatized parts of residential houses were transferred to the company.

As of December 31, 2015, the company owns 1,207 state apartment properties.

	Number of objects, pcs.		Cadastral value, EUR	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Real estate - apartment	1 207	1 336	5,461,936	5,289,574
In total	1 207	1 336	5,461,936	5,289,574

d) Accounts receivable for state property purchase and lease agreements

The Company does not assume credit risk and liquidity risk in relation to debts arising from the purchase and lease agreements of state property, and they should not be recognized as part of the Company's assets. The company administers the payments related to these contracts and brings lawsuits against buyers and lessees who do not make payments on time.

	31.12.2015	31.12.2014
	EUR	EUR
Long-term debts (in book value): purchase contracts	8,688,500	8,969,662
Short-term debts (in book value):		
- Purchase contracts	9,121,140	9,925,304
- Other debts	877 172	903 498
	18,686,812	19,798,464
Including doubtful and bad debts:		
- Debts in litigation	5,734,945*	11,932,650
- Insolvent receivables	3,563,856	3,023,489
- Overdue debts	198,834	219 479
	9,497,635	15,175,618

*In 2015, pending debts are indicated without calculated fines. The total amount of debts in legal proceedings with fines on December 31, 2015 is 7.6 million. euros. As of December 31, 2015, unsafe (doubtful) debts make up 51.1% of the total debt balance.

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Operating lease

In 2015, the company concluded an operating lease agreement for renting a car. As of December 31, 2015, the contract is valid and the mandatory payment in case of termination of the contract is one month's payment in the amount of 626 euros. At the beginning of 2015, the operation of the contract for renting computer equipment has been terminated and the rented computers have been purchased. The total rental costs in 2015 were 19,060 euros.

	31.12.2015	31.12.2014
	EUR	EUR
Less than one year 1 -	-	9,136
5 years	17,372	-
	<u>17,372</u>	<u>9 136</u>

(26) News about received guarantees

In 2009, a state guarantee of 126.6 million was issued. in the amount of EUR (89 million lats) for the Company's obligations arising from the concluded agreements with EBRD. On December 17, 2015, the state guarantee was completely released.

(27) Events after the last day of the reporting year

Based on the task delegated by the state administration - to maintain privatization certificate accounts, to carry out activities for the transfer of privatization certificate accounts and to provide information on the operations carried out in the privatization certificate accounts, on February 10, 2016, the Company concluded an agreement on the centralized transfer of privatization certificate accounts from the joint-stock company "Latvijas Krājbanka" in liquidation "(hereinafter – Latvijas Krājbanka)". At the time of submitting the annual report, the Company has completed the process of taking over the privatization certificate accounts opened in Latvijas Krājbanka, the balance of privatization certificates registered in them, the accounting system and archive of privatization certificate accounts, and successfully provides the state administration task delegated to it.

In accordance with the decision of the Cabinet of Ministers of March 22, 2016, on April 1, 2016, the limited liability company "FeLM" (hereinafter - SIA FeLM) was established, the sole member of which is the Company. The purpose of SIA FeLM's activity is the management of the claim against JSC "KVV Liepājas metalurģis". The share capital of SIA FeLM is 3,000 euros, which is divided into 3,000 capital shares. According to the NACE classification, the main activities of SIA FeLM are fund management, consulting in commercial activities and management sciences.

(28) Continuation of Business

In accordance with Article 57 of the Law on the Management of Shares of Public Persons and Capital Companies, the Company has developed a medium-term operational strategy for 2016-2018, which is yet to be approved at the shareholders' meeting, in accordance with the Company's core competences in the field of expropriation, privatization and management of state assets, its specific the scope of the implemented activities, as well as a vision of what is planned for the next three years. The company will continue to carry out the tasks of state administration related to the privatization, expropriation and management of state assets, which have been delegated to it and which correspond to its specialization.

Vladimir Loginov
Chairman of the Board

Alvis Mittenberg
Member of the Board

Juris Vaskans
Member of the Board

Jolanta Roze
Head of the Financial Service

April 14, 2016