# Freeport of Riga Authority

Condensed annual report for the year ended 31 December 2008

# CONTENTS

|                              | PAGE  |
|------------------------------|-------|
| INDEPENDENT AUDITORS' REPORT | 3     |
| FINANCIAL STATEMENTS:        |       |
| BALANCE SHEET                | 4 – 5 |
| STATEMENT OF ACTIVITIES      | 6     |



Ernst & Young Baltic SIA Muitas iela 1 LV-1010 Rīga Latvija

Tälr.: 6704 3801 Fakss: 6704 3802 Riga@lv.ey.com www.ey.com/lv

Vienotais reģistrācijas Nr. 40003593454 PVN maksātāja Nr. LV 40003593454 Ernst & Young Baltic SIA Muitas St. 1 LV-1010 Riga Latvia

Phone.: +371 6704 3801 Fax: +371 6704 3802 Riga@lv.ey.com www.ey.com/lv

Code of legal entity 40003593454 VAT payer code LV 40003593454

#### INDEPENDENT AUDITORS' REPORT

To the Freeport of Riga Authority Board

#### Report on the Financial Statements

We have audited the financial statements of the Freeport of Riga Authority for the year ended 31 December 2008, from which the condensed financial statements of the Freeport of Riga Authority were derived, in accordance with International Standards on Auditing issued by the International Federation of Accountants. In our report dated 5 June 2009 we expressed an unqualified opinion on the financial statements of the Freeport of Riga Authority for the year ended 31 December 2008, from which the condensed financial statements were derived.

In our opinion, the accompanying condensed financial statements are consistent, in all material respects, with the financial statements of the Freeport of Riga Authority for the year ended 31 December 2008 from which they were derived.

For a better understanding of the Freeport of Riga Authority financial position as of 31 December 2008 and the results of its operations for the year then ended and of the scope of our audit, the accompanying condensed financial statements should be read in conjunction with the financial statements of the Freeport of Riga Authority for the year ended 31 December 2008, from which the condensed financial statements were derived, and our audit report thereon.

SIA Ernst & Young Baltic Licence No. 17

Diāna Krišjāne

Chairperson of the Board Latvian Certified Auditor Certificate No. 124

Riga, 30 June 2009

## BALANCE SHEET AS AT 31 DECEMBER 2008

| Non-current assets  | ASSETS   | 31/12/2008<br>LVL | 31/12/2007<br>LVL |
|---|--|-------------------|-------------------|
| Other intangible assets Prepayments for intangible assets     92,126     82,650 are 1425       Prepayments for intangible assets     92,126     83,075       Tangible assets     92,126     83,075       Tangible assets     101,167,170     97,497,122       Leas chold improvements     2,833     8,286       Equipment and machinery     12,999,751     3,884,636       Other fixtures and fittings, tools and equipment     1,214,246     1,273,501       Construction in progress     10,329,395     5,242,509       Prepayments for tangible assets     10,19,298     7,450,300       Total tangible assets     126,732,693     115,356,354       Non-current financial assets     126,732,693     115,356,354       Other securities and investments     1,210,227     1,330,251       Total non-current receivables     1,210,227     1,330,251       Total non-current assets     128,035,046     116,769,680       Current assets       Inventories     576,597     470,525       Rea materials     576,597     470,525       Prepayments for goods <t< th=""><th>Non-current assets</th><th></th><th></th></t<>  | Non-current assets                               |                   |                   |
| Prepayments for intangible assets     425       Total intangible assets     92,126     83,075       Tangible assets     92,126     83,075       Tangible assets     101,167,170     97,497,122       Leasehold improvements     2,833     8,286       Equipment and machinery     12,999,751     3,884,636       Other fixtures and fittings, tools and equipment     1,214,246     1,273,501       Construction in progress     103,293,95     5,242,509       Prepayments for tangible assets     1,019,298     7,450,300       Total tangible assets     1,210,298     7,450,300       Total tangible assets     1,210,227     1,330,251       Other securities and investments     1,210,227     1,330,251       Other loans and non-current receivables     1,210,227     1,330,251       Total non-current financial assets     1,210,227     1,330,251       Total non-current assets     128,035,046     116,769,680       Current assets     116,769,680       Current assets     2,301     1,905       Total inventories     2,301     1,905       Trade receivables <td></td> <td></td> <td>00 (50</td>  |  |                   | 00 (50            |
| Total intangible assets     92,126     83,075       Tangible assets     101,167,170     97,497,122       Leaschold improvements     2,833     8,286       Equipment and machinery     12,999,751     3,884,636       Other fixtures and fittings, tools and equipment     1,214,246     1,273,501       Construction in progress     10,329,395     5,242,509       Prepayments for tangible assets     1,019,298     7,450,300       Total tangible assets     126,732,693     115,356,354       Non-current financial assets     126,732,693     115,356,354       Non-current financial assets     1,210,227     1,330,251       Other loans and non-current receivables     1,210,227     1,330,251       Total non-current financial assets     128,035,046     116,769,680       Current assets     128,035,046     116,769,680       Current assets     576,597     470,525       Prepayments for goods     23,101     1,905       Total inventories     599,698     472,430       Receivables     2,003,896     1,945,328       Other receivables     4,034,145     2,513,376   |  | 92,126            |                   |
| Tangible assets     101,167,170     97,497,122       Leasehold improvements     2,833     8,286       Equipment and machinery     12,999,751     3,884,636       Other fixtures and fittings, tools and equipment     12,14,246     1,273,501       Construction in progress     10,329,395     5,242,509       Prepayments for tangible assets     1,019,298     7,450,300       Total tangible assets     126,732,693     115,356,354       Non-current financial assets     1,210,227     1,330,251       Other securities and investments     1,210,227     1,330,251       Total non-current financial assets     1,210,227     1,330,251       Total non-current sasets     128,035,046     116,769,680       Current assets     128,035,046     116,769,680       Current assets     23,101     1,905       Total inventories     599,698     472,430       Receivables     2,003,896     1,945,328       Other receivables     2,003,896     1,945,328       Other receivables     4,034,145     2,513,376       Prepaid expense     334,525     277,512  <   |  |                   | 11,000            |
| Land, buildings and constructions     101,167,170     97,497,122       Leasehold improvements     2,833     8,286       Equipment and machinery     12,999,751     3,884,636       Other fixtures and fittings, tools and equipment     1,214,246     1,273,501       Construction in progress     10,329,395     5,242,509       Prepayments for tangible assets     1,019,298     7,450,300       Total tangible assets     126,732,693     115,356,354       Non-current financial assets     0ther securities and investments     -       Other loans and non-current receivables     1,210,227     1,330,251       Total non-current financial assets     1,210,227     1,330,251       Total non-current assets     128,035,046     116,769,680       Current assets     118,035,046     116,769,680       Current assets     23,101     1,905       Total inventories     576,597     470,525       Prepayments for goods     23,101     1,905       Total inventories     599,698     472,430       Receivables       Trade receivables     2,003,896     1,945,328   | Total intangible assets                          | 92,126            | 83,075            |
| Land, buildings and constructions     101,167,170     97,497,122       Leasehold improvements     2,833     8,286       Equipment and machinery     12,999,751     3,884,636       Other fixtures and fittings, tools and equipment     1,214,246     1,273,501       Construction in progress     10,329,395     5,242,509       Prepayments for tangible assets     1,019,298     7,450,300       Total tangible assets     126,732,693     115,356,354       Non-current financial assets     0ther securities and investments     -       Other loans and non-current receivables     1,210,227     1,330,251       Total non-current financial assets     1,210,227     1,330,251       Total non-current assets     128,035,046     116,769,680       Current assets     118,035,046     116,769,680       Current assets     23,101     1,905       Total inventories     576,597     470,525       Prepayments for goods     23,101     1,905       Total inventories     599,698     472,430       Receivables       Trade receivables     2,003,896     1,945,328   | Tangible assets                                  |                   |                   |
| Equipment and machinery     12,999,751     3,884,636       Other fixtures and fittings, tools and equipment     1,214,246     1,273,501       Construction in progress     10,329,395     5,242,509       Prepayments for tangible assets     1,019,298     7,450,300       Total tangible assets       Other securities and investments     126,732,693     115,356,354       Non-current financial assets       Other loans and non-current receivables     1,210,227     1,330,251       Total non-current financial assets     128,035,046     116,769,680       Current assets       Inventories       Raw materials     576,597     470,525       Prepayments for goods     23,101     1,905       Total inventories     599,698     472,430       Receivables       Other receivables     2,003,896     1,945,328       Other receivables     4,034,145     2,513,376       Prepaid expense     334,525     277,512       Total receivables     6,372,566     4,736,216       Cash     8,693,842     13,845,048  <   |  | 101,167,170       | 97,497,122        |
| Other fixtures and fittings, tools and equipment     1,214,246     1,273,501       Construction in progress     10,329,395     5,242,509       Prepayments for tangible assets     1,019,298     7,450,300       Total tangible assets     126,732,693     115,356,354       Non-current financial assets       Other securities and investments     -     -       Other loans and non-current receivables     1,210,227     1,330,251       Total non-current assets     128,035,046     116,769,680       Current assets       Inventories       Raw materials     576,597     470,525       Prepayments for goods     23,101     1,905       Total inventories     599,698     472,430       Receivables       Trade receivables     2,003,896     1,945,328       Other receivables     2,003,896     1,945,328       Other receivables     334,525     277,512       Total receivables     6,372,566     4,736,216       Cash     8,693,842     13,845,048       Total current assets     15,666,106     19,053,694  | Leasehold improvements                           |                   | 8,286             |
| Construction in progress Prepayments for tangible assets     10,329,395 1,019,298 7,450,300     5,242,509 7,450,300       Total tangible assets     126,732,693     115,356,354       Non-current financial assets Other securities and investments Other loans and non-current receivables     1,210,227 1,330,251       Total non-current financial assets     1,210,227 1,330,251       Total non-current assets     128,035,046     116,769,680       Current assets       Inventories Raw materials Prepayments for goods     576,597 2,3101 1,905     470,525 2,905       Prepayments for goods     23,101 1,905     1,995       Total inventories     599,698 472,430     472,430       Receivables Other receiv | Equipment and machinery                          | 12,999,751        | 3,884,636         |
| Prepayments for tangible assets     1,019,298     7,450,300       Total tangible assets     126,732,693     115,356,354       Non-current financial assets     2     1,210,227     1,330,251       Other loans and non-current receivables     1,210,227     1,330,251       Total non-current financial assets     128,035,046     116,769,680       Current assets     128,035,046     116,769,680       Inventories     2     470,525       Prepayments for goods     23,101     1,905       Total inventories     599,698     472,430       Receivables     2,003,896     1,945,328       Trade receivables     2,003,896     1,945,328       Other receivables     4,034,145     2,513,376       Prepaid expense     334,525     277,512       Total receivables     6,372,566     4,736,216       Cash     8,693,842     13,845,048       Total current assets     15,666,106     19,053,694  | Other fixtures and fittings, tools and equipment |                   |                   |
| Total tangible assets   126,732,693   115,356,354     Non-current financial assets   Other securities and investments   1,210,227   1,330,251     Total non-current financial assets   1,210,227   1,330,251     Total non-current assets   128,035,046   116,769,680     Current assets     Inventories     Raw materials   576,597   470,525     Prepayments for goods   23,101   1,905     Total inventories   599,698   472,430     Receivables   2,003,896   1,945,328     Other receivables   2,003,896   1,945,328     Other receivables   4,034,145   2,513,376     Prepaid expense   334,525   277,512     Total receivables   6,372,566   4,736,216     Cash   8,693,842   13,845,048     Total current assets   15,666,106   19,053,694  | Construction in progress                         |                   |                   |
| Non-current financial assets     Other securities and investments   1,210,227   1,330,251     Other loans and non-current receivables   1,210,227   1,330,251     Total non-current financial assets   128,035,046   116,769,680     Current assets     Inventories     Raw materials   576,597   470,525     Prepayments for goods   23,101   1,905     Total inventories   599,698   472,430     Receivables     Trade receivables   2,003,896   1,945,328     Other receivables   4,034,145   2,513,376     Prepaid expense   334,525   277,512     Total receivables   6,372,566   4,736,216     Cash   8,693,842   13,845,048     Total current assets   15,666,106   19,053,694   |  | 1,019,298         | 7,450,300         |
| Other securities and investments     1,210,227     1,330,251       Total non-current financial assets     1,210,227     1,330,251       Total non-current assets     128,035,046     116,769,680       Current assets       Inventories       Raw materials     576,597     470,525       Prepayments for goods     23,101     1,905       Total inventories     599,698     472,430       Receivables     2,003,896     1,945,328       Other receivables     4,034,145     2,513,376       Prepaid expense     334,525     277,512       Total receivables     6,372,566     4,736,216       Cash     8,693,842     13,845,048       Total current assets     15,666,106     19,053,694   | Total tangible assets                            | 126,732,693       | 115,356,354       |
| Other securities and investments     1,210,227     1,330,251       Total non-current financial assets     1,210,227     1,330,251       Total non-current assets     128,035,046     116,769,680       Current assets       Inventories       Raw materials     576,597     470,525       Prepayments for goods     23,101     1,905       Total inventories     599,698     472,430       Receivables     2,003,896     1,945,328       Other receivables     4,034,145     2,513,376       Prepaid expense     334,525     277,512       Total receivables     6,372,566     4,736,216       Cash     8,693,842     13,845,048       Total current assets     15,666,106     19,053,694   | Non current financial assets                     |                   |                   |
| Other loans and non-current receivables     1,210,227     1,330,251       Total non-current financial assets     1,210,227     1,330,251       Total non-current assets     128,035,046     116,769,680       Current assets       Inventories       Raw materials     576,597     470,525       Prepayments for goods     23,101     1,905       Total inventories     599,698     472,430       Receivables     2,003,896     1,945,328       Other receivables     4,034,145     2,513,376       Prepaid expense     334,525     277,512       Total receivables     6,372,566     4,736,216       Cash     8,693,842     13,845,048       Total current assets     15,666,106     19,053,694  |  | _                 | <u>~</u>          |
| Total non-current financial assets     1,210,227     1,330,251       Total non-current assets     128,035,046     116,769,680       Current assets       Inventories       Raw materials     576,597     470,525       Prepayments for goods     23,101     1,905       Total inventories     599,698     472,430       Receivables       Trade receivables     2,003,896     1,945,328       Other receivables     4,034,145     2,513,376       Prepaid expense     334,525     277,512       Total receivables     6,372,566     4,736,216       Cash     8,693,842     13,845,048       Total current assets     15,666,106     19,053,694  |  | 1 210 227         | 1 330 251         |
| Total non-current assets     128,035,046     116,769,680       Current assets       Inventories       Raw materials     576,597     470,525       Prepayments for goods     23,101     1,905       Total inventories     599,698     472,430       Receivables       Trade receivables     2,003,896     1,945,328       Other receivables     4,034,145     2,513,376       Prepaid expense     334,525     277,512       Total receivables     6,372,566     4,736,216       Cash     8,693,842     13,845,048       Total current assets     15,666,106     19,053,694   |  |                   |                   |
| Current assets     Inventories   Raw materials   576,597   470,525     Prepayments for goods   23,101   1,905     Total inventories   599,698   472,430     Receivables   2,003,896   1,945,328     Other receivables   4,034,145   2,513,376     Prepaid expense   334,525   277,512     Total receivables   6,372,566   4,736,216     Cash   8,693,842   13,845,048     Total current assets   15,666,106   19,053,694  |  |                   |                   |
| Inventories     Raw materials   576,597   470,525     Prepayments for goods   23,101   1,905     Total inventories   599,698   472,430     Receivables   2,003,896   1,945,328     Other receivables   4,034,145   2,513,376     Prepaid expense   334,525   277,512     Total receivables   6,372,566   4,736,216     Cash   8,693,842   13,845,048     Total current assets   15,666,106   19,053,694   | Total non-current assets                         | 120,022,010       | 110,702,000       |
| Raw materials   576,597   470,525     Prepayments for goods   23,101   1,905     Total inventories   599,698   472,430     Receivables     Trade receivables   2,003,896   1,945,328     Other receivables   4,034,145   2,513,376     Prepaid expense   334,525   277,512     Total receivables   6,372,566   4,736,216     Cash   8,693,842   13,845,048     Total current assets   15,666,106   19,053,694   | Current assets                                   |                   |                   |
| Raw materials   576,597   470,525     Prepayments for goods   23,101   1,905     Total inventories   599,698   472,430     Receivables     Trade receivables   2,003,896   1,945,328     Other receivables   4,034,145   2,513,376     Prepaid expense   334,525   277,512     Total receivables   6,372,566   4,736,216     Cash   8,693,842   13,845,048     Total current assets   15,666,106   19,053,694   | Inventories                                      |                   |                   |
| Prepayments for goods     23,101     1,905       Total inventories     599,698     472,430       Receivables     2,003,896     1,945,328       Other receivables     4,034,145     2,513,376       Prepaid expense     334,525     277,512       Total receivables     6,372,566     4,736,216       Cash     8,693,842     13,845,048       Total current assets     15,666,106     19,053,694   |  | 576,597           | 470,525           |
| Total inventories     599,698     472,430       Receivables       Trade receivables     2,003,896     1,945,328       Other receivables     4,034,145     2,513,376       Prepaid expense     334,525     277,512       Total receivables     6,372,566     4,736,216       Cash     8,693,842     13,845,048       Total current assets     15,666,106     19,053,694  |  |                   | 1,905             |
| Trade receivables   2,003,896   1,945,328     Other receivables   4,034,145   2,513,376     Prepaid expense   334,525   277,512     Total receivables   6,372,566   4,736,216     Cash   8,693,842   13,845,048     Total current assets   15,666,106   19,053,694  |  |                   |                   |
| Trade receivables   2,003,896   1,945,328     Other receivables   4,034,145   2,513,376     Prepaid expense   334,525   277,512     Total receivables   6,372,566   4,736,216     Cash   8,693,842   13,845,048     Total current assets   15,666,106   19,053,694  | Dagaiyahlas                                      |                   |                   |
| Other receivables   4,034,145   2,513,376     Prepaid expense   334,525   277,512     Total receivables   6,372,566   4,736,216     Cash   8,693,842   13,845,048     Total current assets   15,666,106   19,053,694  |  | 2 003 896         | 1 945 328         |
| Prepaid expense     334,525     277,512       Total receivables     6,372,566     4,736,216       Cash     8,693,842     13,845,048       Total current assets     15,666,106     19,053,694  |  |                   |                   |
| Total receivables     6,372,566     4,736,216       Cash     8,693,842     13,845,048       Total current assets     15,666,106     19,053,694  |  |                   |                   |
| Total current assets 15,666,106 19,053,694  |  |                   |                   |
| Total current assets 15,666,106 19,053,694  |  | 21212 222         |                   |
|   | Cash   | 8,693,842         | 13,845,048        |
| TOTAL ASSETS 143,701,152 135,823,374  | Total current assets                             | 15,666,106        | 19,053,694        |
|   | TOTAL ASSETS                                     | 143,701,152       | 135,823,374       |

30 June 2009 For the Freeport of Riga Authority:

Leonīds Loginovs Chief Executive Officer

## BALANCE SHEET AS AT 31 DECEMBER 2008

| EQUITY AND LIABILITIES                 | 31/12/2008<br>LVL | 31/12/2007<br>LVL<br>As adjusted |
|--|-------------------|----------------------------------|
| Equity                                 |                   |                                  |
| Non-current assets revaluation reserve | 712,372           | 712,372                          |
| Reserves                               |                   |                                  |
| a) statutory reserves                  | 45,931,069        | 33,251,352                       |
| b) other reserves                      | 71,519,828        | 71,183,650                       |
| Surplus                                | 7,385,972         | 12,679,717                       |
| Total equity                           | 125,549,241       | 117,827,091                      |
| Liabilities                            |                   |                                  |
| Non-current liabilities                |                   |                                  |
| Loans from credit institutions         | 12,910,435        | 10,979,790                       |
| Trade payables                         | 584,000           | 570,000                          |
| Deferred income                        | 191,016           | 148,639                          |
| Total non-current liabilities          | 13,685,451        | 11,698,429                       |
| Current liabilities                    |                   |                                  |
| Loans from credit institutions         | 1,413,957         | 1,642,977                        |
| Prepayments received from customers    | 9,833             | 257,826                          |
| Trade payables                         | 1,750,553         | 2,397,649                        |
| Other liabilities                      | 452,956           | 1,339,630                        |
| Taxes payable                          | 46,104            | 165,269                          |
| Deferred income                        | 29,012            | 26,988                           |
| Accrued liabilities                    | 764,045           | 467,515                          |
| Total current liabilities              | 4,466,460         | 6,297,854                        |
| Total liabilities                      | 18,151,911        | 17,996,283                       |
| TOTAL EQUITY AND LIABILITIES           | 143,701,152       | 135,823,374                      |

30 June 2009 For the Freeport of Riga Authority:

Leonīds Loginovs Chief Executive Officer

# STATEMENT OF ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2008

|  | 2008<br>LVL                           | 2007<br>LVL<br>As adjusted |
|--|---------------------------------------|----------------------------|
| Operating revenue                          | 27,603,820                            | 24,420,288                 |
| Cost of sales                              | (1,877,426)                           | (808,889)                  |
| Gross surplus                              | 25,726,394                            | 23,611,399                 |
| Administrative expense                     | (18,048,371)                          | (16,158,711)               |
| Other operating income                     | 413,568                               | 6,631,180                  |
| Other operating expense                    | (249,708)                             | (1,427,026)                |
| Income from investments in other companies | \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ | 374,414                    |
| Interest receivable and similar income     | 307,996                               | 155,057                    |
| Interest payable and similar expense       | (677,910)                             | (417,390)                  |
| Surplus before taxes                       | 7,471,969                             | 12,768,923                 |
| Other taxes                                | (85,997)                              | (89,206)                   |
| Net surplus                                | 7,385,972                             | 12,679,717                 |

30 June 2009

For the Freeport of Riga Authority:

Leonīds Loginovs Chief Executive Officer