

Rīga, 31st of July, 2002

**AAS BALTIJAS TRANSPORTA
APDROŠINĀŠANA
Rīga, Latvia**

Auditor report
to the audit of financial statements
for year 2001 and
management letter for year 2001

Table of contents

MAIN BODY		Page
1.	ASSIGNMENT DESCRIPTION	5
2.	GENERAL INFORMATION	6
2.1	Legal aspects	6
2.1.1	Company legal status	6
2.1.2	Shareholders	8
2.2	Tax related information	9
3.	COMMENTS AND REMARKS	10
3.1	Financial statements	10
3.1.1	Balance sheet and income statement	10
3.1.1.1	Classification	10
3.1.1.2	Accounting and valuation methods	10
3.1.2	Annexes	10
4.	AUDIT RESULT AND AUDITOR'S OPINION	11
4.1	Accounting	11
4.2	Financial statements	11
4.3	Auditor's opinion	12

EXPLANATORY COMMENTS Page

BALANCE SHEET AS AT DECEMBER 31, 2001 14

INCOME STATEMENT FOR YEAR 2001 32

ANNEXES Annex
No.

FINANCIAL STATEMENTS

Balance sheet as at December 31, 2001 1

Technical result for year 2001 2

Non-technical result for year 2001 3

Cash-Flow statement for year 2001 4

Changes in equity capital 5

GENERAL PROVISIONS 6

MAIN BODY

1. ASSIGNMENT DESCRIPTION

According to the agreement No 01/CL/1112 concluded in 9th of August, year 2001 between

AAS BALTIJAS TRANSPORTA APDROŠINĀŠANA Rīga

- hereinafter also referred to as company and Rödl & Partner SIA the audit of financial statements (annexes 1-5) as at December 31, 2001 has been carried out based on the laws of Republic of Latvia and auditor's opinion and audit report prepared in English and Latvian.

The audit was conducted in accordance with Latvian regulations on audit of annual financial statements as well as in Latvia accepted international auditing standards, which are stipulated in the laws "On certified auditors", "On insurance companies" and "On insurance companies and their supervision" and other laws of the Republic of Latvia.

All the necessary information and explanations were provided to us, unless otherwise referred to in this report.

The Executive Board has confirmed the completeness of the financial statements.

We conducted the audit in October and November, 2001 and March and April, 2002 at the company's premises. The audit report was subsequently completed in our office.

2. GENERAL INFORMATION

2.1 Legal aspects

2.1.1 Company legal status

Company

The company was registered as

AAS BALTIJAS TRANSPORTA APDROŠINĀŠANA

in the Enterprise Register on November 1, 1993 with registration No. 000315984.

Statutes

Auditor was provided with a copy of the statutes registered on April 7, 1995 with latest amendments to the statutes registered in the Enterprise Register on May 19, 1998. We do not know about any changes in the statutes after this date.

Legal address

is K. Valdemara street 63, Riga, Latvia.

Business aspects of the company

according to the statutes:

- insurance and pension financing, excluding social insurance;
- other types of insurance, excluding life-insurance;
- complementary activities to insurance and pension financing.

Share capital

In compliance with amendments to the statutes registered on May 19, 1998 share capital amounts to LVL 1.050.000, which is divided into 10.000 ordinary shares and 500 shares of employees. Share par value is Ls 100.

According to the balance sheet, the share capital is paid.

Financial year

is the calendar year.

Management

President of the company for the financial year:

Dandzbergs Gints

Members of the Board:

Dandzbergs Gints
Galanders Andrejs
Neimanis Aivars
Širokovs Alberts
Dandzbergs Marts
Dambeniēks Agris
Dandzbergs Pauls

Candidate of member of the Board:

Voronovs Jānis

Members of the Council:

Rimars Aleksandrs
Pavlovs Igors
Para Viktors
Kolosovs Oļegs
Ikaunieks Antons
Nikolajeva Natālija

2.1.2 Shareholders

The company is an affiliated company to Transventa SIA, which holds 24,38 % of the shares.

The shareholders are:

	LVL	%
Transventa shipping agency SIA	256 000	24,38%
BMGS AS	138 400	13,18%
Transporta Informācijas Aģentūra AS	97 500	9,29%
Rīgas Transporta Flote AS	91 800	8,74%
N.Nikolajeva	78 600	7,49%
A.Rimars	78 700	7,50%
Latvijas tirdzniecības flotes jūrnieku arodbiedrība	54 100	5,15%
Rīgas Kuģniecības Kompānija SIA	22 200	2,11%
I.Dandzberga	22 200	2,11%
Latshipagent SIA	20 000	1,90%
A.Ikaunieks	19 200	1,83%
Rīnūži AS	400	0,04%
Lattur SIA	4 000	0,38%
Magnāts SIA	1 000	0,10%
G.Dandzbergs	101 000	9,62%
M.Dandzbergs	12 900	1,23%
A.Neimanis	5 300	0,50%
A.Galanders	5 600	0,53%
A.Dambenīks	4 300	0,41%
Other personnel	36 800	3,50%
	1.050.000	100,00%

2.2 Tax related information

Tax calculation

Within the scope of preparing tax return for the financial year 2000, necessary corrections are made. The Company taxable income for year 2001 amounts to LVL 380.334,00.

Tax audit

During the audit tax calculation methods have been checked.

3. COMMENTS AND REMARKS

3.1 Financial statements

Financial statements are attached to this report as annexes 1 - 5.

The balance sheet and the income statement have been prepared in accordance with the regulations of the law "On insurance companies and their supervision" and other laws of the Republic of Latvia.

3.1.1 Balance sheet and income statement

Applied accounting and valuation methods are presented in complementary comments.

3.1.1.1 Classification

The financial statements have been prepared in conformity with regulations of the Republic of Latvia for the classification of balance sheet and income statement for insurance companies.

3.1.1.2 Accounting and valuation methods

Financial statements have been prepared in accordance with generally accepted accounting and valuation methods.

Applied accounting and valuation methods are described in this report's explanatory comments.

3.1.2 Annexes

The annexes contain all remarks and explanatory comments, which are requested by the legislation of the Republic of Latvia.

4. AUDIT RESULT

4.1 Accounting

Accounting of the company corresponds to the requirements of the legislation of the Republic of Latvia.

Calculation and booking is computerized. Received and issued invoices are registered in current accounts. On the basis of subsidiary accounts a balance is prepared at the end of each month.

Vouchers and receipts are presented properly, explained sufficiently and stored correctly.

Evidence was shown for assets, liabilities, capital, accruals and income.

4.2 Financial statements

As a result of our audit we have reached a conclusion that the financial statements are prepared in accordance with requirements of the legislation.

4.3 AUDITOR'S OPINION

In accordance with the agreement, we have carried out the audit of AAS "BALTIJAS TRANSPORTA APDROŠINĀŠANA" financial statements and accounting documentation for the period from 01.01.2001 to 31.12.2001. The report for the above named period includes the balance sheet as at December 31, 2001 and profit or loss account, cash flow statement, overview on the own equity movement and annexes. The management of the company has responsibility for the named financial statements. Our responsibility is to express an opinion based on our audit.

We conducted the audit in accordance with the current legislation of the Republic of Latvia and International Audit Standards. The company representatives provided auditor with all required information and explanations. The procedure envisaged to audit figures represented in the financial statements and their covering accounting documents applying random method in order to obtain a reasonable assurance that there are no fundamental errors in the financial statements, accounting principles used are correct and the financial statement are prepared correctly. We consider the audit gives a sufficient base to state the opinion.

According to our opinion, the financial statements in all essential issues present a true and fair view on the company's financial situation as at December 31, 2001, the results of operating activities and cash flow in the period from 01.01.2001 to 31.12.2001. Financial statements are prepared according to requirements of the current legislation of the Republic of Latvia on "Insurance companies and their supervision" and the norms of Ministry on conduction of the annual report No 421.

Riga, 24th of April, 2002

Rödl & Partner SIA
auditors

Seal

Sandra Armane
managing director

Iveta Rutkovska
sworn auditor
certificate no 43

EXPLANATORY COMMENTS

BALANCE SHEET AS AT DECEMBER 31, 2001

ASSETS

	31.12.2001 LVL	Prior year LVL
I. INTANGIBLE ASSETS AND FOUNDATION EXPENSES	3.911	6.257

The **amount** of the balance sheet item contains:

	31.12.2001 LVL
Computer software	3.911
	3.911

The **book value** has changed as follows during the reporting period:

	31.12.2001 LVL
Amount as at January 1, 2001	6.257
Acquisitions	79
Depreciation	(2.425)
Amount as at December 31, 2001	3.911

Confirmation

Computer software and similar rights are evidenced by contracts and other purchase documents.

Valuation

Computer software and similar rights are valued at their acquisition costs less depreciation.

Depreciation is on a linear basis.

II. INVESTMENTS

	31.12.2001 LVL	Prior year LVL
1. Land and buildings	1.437.172	1.209.376

The **amount** of the balance sheet item contains:

	31.12.2001 LVL
Property in Riga, on Valdemara str. 63	565.940
Property in Riga, on Sporta str. 18	367.046
Property in Tukums	107.655
Property in Daugavpils	94.725
Property in Liepaja	87.006
Property in Talsi	74.320
Property in Jelgava	65.451
Property in Riga, on Valdemara str.76	33.611
Property in Liepaja	22.491
Property in Rezekne	11.820
Property in Saldus	7.107
	1.437.172

The **book value** has changed as follows during the reporting period:

	31.12.2001 LVL
Amount as at January 1, 2001	1.209.376
Acquisitions	331.433
Write-offs	(48.665)
Depreciation	(54.972)
	1.437.172

Confirmation

Contracts, repairs expenses and other documents evidence buildings value.

Valuation

Buildings are valued at their acquisition costs less depreciation.

Depreciation is on a linear basis – 5% per year.

	31.12.2001 LVL	Prior year LVL
2. Other investments	3.552.163	3.767.653
2.1. Deposits in banks	1.894.094	1.852.656
2.2. Securities with fixed interest	1.240.865	1.215.007
2.3. Investment funds	14.375	15.272
2.4. Other loans	204.781	548.564
2.5. Shares and securities with variable interest	4.894	4.894
2.6. Loans secured by mortgage	141.088	77.396
2.7. Other investments	52.066	53.864
	3.552.163	3.767.653

To 2.1.:

The **amount** of the balance sheet item contains:

	31.12.2001 LVL
Latvijas Unibanka	664.858
Hansabanka	538.472
Baltijas Tranzītu Banka	197.908
Pirmā banka	156.085
Latvijas Hipotēku un zemes banka	140.360
Saules Investīcijas	84.070
Vereinsbanka-Rīga	70.250
Nordea	32.091
Latvijas Krājbanka	10.000
	1.894.094

To 2.2.:

The **amount** of the balance sheet item contains the following securities and mortgage bonds:

	31.12.2001 LVL
Latvijas Unibanka	556.927
Hansabanka	218.459
Nordea	160.000
Saules Investīcijas	135.012
Pirmā banka	100.000
Latvijas Hipotēku un zemes banka	60.553
Rietumu Banka	9.914
	1.240.865

To 2.3.:

The **amount** of the balance sheet item contains investment in Hanza Investīcijas.

To 2.4.:

The **amount** of the balance sheet item contains loans to legal and natural persons:

	31.12.2001 LVL
<u>Legal persons</u>	
Centreks SIA	39.183
Korta SIA	28.000
Voyage SIA	15.085
Akva SIA	12.707
Rīgas Līzings AS	9.981
Other legal persons under 9000 LVL	12.015
Subtotal	116.971
<u>Natural persons</u>	
A.Zekunde	16.382
L.Grīfelde	14.369
A.Širokovs	10.866
D.Svikša	6.865
A.Bērziņš	5.735
A.Tugushi	3.828
G.Kazradzis	3.694
V.Dansberga	3.283
Other natural persons under 3000 LVL	22.788
	204.781

To 2.5.:

The **amount** of the balance sheet item contains 2.826,21 ordinary vouchers LVL 1,73 each and 2,24 restitution vouchers LVL 2,15 each.

To 2.6.:

The **amount** of the balance sheet item contains mortgage secured loans:

	31.12.2001 LVL
BTA Īpašumi SIA	62.848
MVM SIA	4.330
Aivars SIA	1.250
J.Maļinovskis	14.316
V.Dūcis	14.158
J.Mozga	12.441
L.Neimane	7.900
M.Gorodcovs	5.539
J.Voronovs	5.287
L.Vekters	4.000
J.Avotiņš	2.450
J.Radzinska	3.170
A.Širokovs	2.113
V.Noriņš	1.286
	<hr/>
	141.088
	<hr/>

To 2.7.:

The **amount** of the balance sheet item contains investments in the following companies and other loans to natural persons:

	31.12.2001 LVL
Other loan to Bērziņa	16.666
Rīgas Autoserviss SIA	16.410
Ezra SK AS	12.500
TIA AS	6.000
BTA Īpašumi SIA	490
	<hr/>
	52.066
	<hr/>

III. DEBTORS

	31.12.2001 LVL	Prior year LVL
1. Debtors from insurance transactions	1.971.375	1.659.096
1.1. Insurance policy holders	1.966.837	1.658.517
1.2. Intermediates	4.538	579
	1.971.375	1.659.096

To 1.1.:

The **amount** of the balance sheet item contains subscribed but unpaid premiums.

To 1.2.:

The **amount** of the balance sheet item contains debtors from operations with intermediates.

	31.12.2001 LVL	Prior year LVL
2. Debtors from reinsurance transactions	4.608	88.814

The **amount** of the balance sheet item contains accounts receivable from Harding Maughan Hambly insurance broker company.

	31.12.2001 LVL	Prior year LVL
3. Other debtors	149.906	752.265

The **amount** of the balance sheet item contains:

	31.12.2001 LVL
Autobalt	29.720
Centreks SIA	24.207
CVN AS	20.106
BTA Invest	10.920
Balta AAS	6.415
Advance statements with JP	6.300
Rall SIA	4.013
Transportation information agency	3.981
Marčella MP	3.548
Other under Ls 3.500	40.696
	149.906

Confirmation

Other debtors are partly confirmed by computer open-item listings at the cut-off date, partly by administrative decisions, contracts, legal documents and other documents.

Valuation

Other debtors are valued at their nominal value. Accumulations are made for debtors that are doubtful. The evaluation of the debtors is on individual basis.

	31.12.2001 LVL
Other debtors gross	212.118
Accumulations	(62.212)
Other Debtors Net	149.906

IV. OTHER ASSETS

	31.12.2001 LVL	Prior year LVL
1. Material assets	552.739	529.608
1.1. Office equipment and computers		444.367
1.2. Vehicles		92.528
1.3. Inventory		15.844
		<u>552.739</u>

To 1.1.:

The **book value** of office equipment and computers has changed as follows during the reporting period:

	31.12.2001 LVL
Amount as at January 1, 2001	361.122
Acquisitions	243.233
Depreciation	<u>(159.988)</u>
Amount as at December 31, 2001	<u>444.367</u>

To 1.2.:

The **book value** of vehicles has changed as follows during the reporting period:

	31.12.2001 LVL
Amount as at January 1, 2001	155.448
Acquisitions	0
Excluded	(19.630)
Depreciation	<u>(43.290)</u>
Amount as at December 31, 2001	<u>92.528</u>

Confirmation

Material assets are evidenced by contracts, payment orders and other documents.

Valuation

Material assets are valued at their acquisition costs less depreciation.
Depreciation is on a linear basis.

	31.12.2001 LVL	Prior year LVL
2. Cash and money in bank accounts	1.235.520	763.540

The **amount** of the balance sheet item contains:

	31.12.2001 LVL
<u>Cash</u>	48.778
<u>Bank accounts</u>	
Latvijas Unibanka	560.347
Hansabanka	259.592
Pirmā banka	212.793
National Westminster Bank	67.471
Pasta Norēķinu sistēma	46.284
Latvijas Hipotēku un zemes banka	18.011
Latvijas Krājbanka	10.001
Nordea (Latvija)	4.986
Rietumu Banka	3.782
Baltijas Tranzītu banka	2.432
Baltijas Starptautiskā Banka	538
RB Security	425
Nordea	80
	1.186.742
	1.235.520

Confirmation

Cashbook and bank statements confirm cash and bank accounts.

Valuation

Cash and bank accounts are valued at their nominal value.

V. CUMULATED INCOME AND EXPENSES

	31.12.2001 LVL	Prior year LVL
1. Other advance payments and capitalised expenses	92.382	57.501

The **amount** of the balance sheet item contains:

	31.12.2001 LVL
Newsletters, advertising and insurance referring to the next period	12.960
Accumulated interest and rent	46.121
Other advance accounts	33.301
	92.382

Confirmation

Other advance payments and capitalised expenses are confirmed by respective documents.

Valuation

Other advance payments and capitalised expenses are valued at their nominal value.

LIABILITIES AND SHAREHOLDERS' EQUITY

	31.12.2001 LVL	Prior year LVL
I. CAPITAL SUBSCRIBED AND SURPLUS	1.615.386	1.562.704
1. Capital subscribed	1.050.000	1.050.000
2. Share premium account	31.564	31.564
3. Legal reserves	102.918	66.518
4. Reserves provided by statutes	199.722	50.693
5. Retained earnings brought forward from previous financial year	7	0
6. Retained earnings of the current financial year	231.175	363.929
	1.615.386	1.562.704

To 1.:

Capital paid as at December 31, 2001 is LVL 1.050.000.

Confirmation

Capital paid is confirmed by according payment documents.

Valuation

Capital paid is valued at its nominal value.

To 2.:

The **amount** of the balance sheet item contains paid share premiums.

To 3.:

The **amount** of the balance sheet item contains allocations from the profit:

	31.12.2001 LVL
Amount as at January 1, 2001	66.518
Year 2000 profit allocation 10%	<u>36.400</u>
Amount as at December 31, 2001	<u>102.918</u>

To 4.:

The **amount** of the balance sheet item contains allocations from the profit:

	31.12.2001 LVL
Amount as at January 1, 2001	50.693
Year 2000 profit allocation	<u>149.029</u>
Amount as at December 31, 2001	<u>199.722</u>

To 5.:

According to the shareholder's decision, the profit of previous year is allocated as follows:

	31 December 2001 LVL
Amount as at January 1, 2001	363.929
Formation of reserves provided by statutes	(149.029)
Formation of legal reserves	(36.400)
Dividends	(178.500)
Corrections	<u>7</u>
Amount as at December 31, 2001	<u>7</u>

	31.12.2001 LVL	Prior year LVL
II. TECHNICAL RESERVES	5.227.586	4.844.009
		31.12.2001 LVL
1. Unearned premiums and unknown risk		2.331.315
2. Life insurance		0
3. Capitalised claims for insurance		729.099
4. Reserves for gratification and bonuses		199.200
5. Equalization reserves		883.352
6. Other technical reserves		1.084.620
		5.227.586

	31.12.2001 LVL	Prior year LVL
III. LIABILITIES	2.135.403	2.410.199
		31.12.2001 LVL
1. Liabilities from direct insurance transactions		633.183
2. Liabilities from reinsurance transactions		1.093.111
3. Salaries		49.552
4. Social insurance payments		33.696
5. Taxes		17.524
6. Other liabilities		308.337
		2.135.403

To: 1

The **amount** of the balance sheet item contains:

	31.12.2001 LVL
Vehicle CASKO insurance	73.080
Ship CASKO insurance	21.789
Cargo insurance	120.722
Medical insurance	175.764
ERGO Latvija	83.189
Property insurance	76.448
Legal CA insurance	55.387
Baltijas Garantās	7.352
Financial risks insurance	6.086
ATU Poland	3.891
Other under Ls 3.500	9.475
	<hr/>
	633.183
	<hr/>

Confirmation

Insurance premiums are confirmed by an open-item listing, which corresponds to the accounts.

Valuation

The balance item consists of amounts payable to insurance companies.

To 2.:

The **amount** of the balance sheet item contains:

	31.12.2001 LVL
QBE Insurance Group Inc	480.826
General Cologne Re	268.001
Avicos JSC	170.678
Swiss Reinsurance Company	68.799
AON Risk Services of Washington, INC	45.045
Bayerische Ruck	34.965
Preventa	11.393
Oranta-Dnepr	5.489
Other under LVL 5.000	7.915
	<hr/> 1.093.111 <hr/>

Confirmation

Reinsurance premiums are confirmed by an open-item listing, which corresponds to the accounts.

Valuation

The amount of the balance sheet item contains reinsurance premiums payable to other insurance companies.

To 3.:

The **amount** of the balance sheet item contains:

	31.12.2001 LVL
Agents	48.658
Administration	894
	<hr/> 49.552 <hr/>

To 4.:

The **amount** of the balance sheet item contains:

	31.12.2001 LVL
Social tax	33.696
	33.696

Confirmation

Social liabilities are confirmed by salary calculations.

Valuation

Social liabilities are valued at their payable amounts.

To 5.:

The **amount** of the balance sheet item contains:

	31.12.2001 LVL
Personal income tax	13.533
Property tax	2.140
Corporate income tax	1.851
	17.524

Confirmation

Tax liabilities are confirmed by tax calculations.

Valuation

Taxes are valued at their payable amounts.

To 6.:

The **amount** of the balance sheet item contains:

	31.12.2001 LVL
State Traffic department	86.857
Latvian Privatisation Agency	39.640
Overseas Transportation Holding LLC	34.050
FKTK	17.764
Shareholders	12.661
Lattelekom SIA	11.285
Autoekspertīze SIA	7.727
UVT Inshurans Uzbekistan	7.724
Daugavpils Būvmehānizācija	5.075
RL Grupa SIA	4.500
Rīgas Autoserviss SIA	4.394
ADI SIA	4.237
Latvijas Mobilais Telefons SIA	4.171
Other liabilities under Ls 4.000	68.252
	<hr/>
	308.337
	<hr/>

Confirmation

Other liabilities are confirmed by an open-item computer listing, which corresponds to the accounts.

Valuation

Other liabilities are valued at their payable amounts.

	31.12.2001 LVL	Prior year LVL
IV. CUMULATED EXPENSES AND ADVANCE PAYMENTS RECEIVED	21.400	17.198
		31.12.2001 LVL
1. Non paid dividends		21.400
		21.400

To 1.:

The **amount** of the balance sheet item contains year 2000 non-paid dividends and management gratification.

INCOME STATEMENT FOR YEAR 2001

TECHNICAL RESULT

	2001 LVL	Prior year LVL
1. Earned premiums	7.356.614	5.754.899
1.1. Insurance premiums, gross	12.128.454	11.364.906
1.2. Reinsurance	(4.647.537)	(4.981.985)
Unearned premiums, net	7.480.917	6.382.921
1.3. Change in unearned premium reserves, gross	(164.492)	(1.073.232)
1.4. Reinsurance, net	40.189	445.210
Change in unearned premium reserves, net	(124.303)	(628.022)
Earned premiums, total	7.356.614	5.754.899

Composition:

	Gross premiums LVL	Thereof reinsurance LVL	Net premiums LVL
Vehicle legal CA insurance	4.029.611	(1.017.311)	3.012.300
Vehicle CASCO insurance	2.461.720	(1.528.538)	933.182
Health insurance	1.914.558		1.914.558
Cargo insurance	856.344	(677.549)	178.795
Property insurance	802.999	(492.487)	310.512
Voluntary CA	347.550	(281.911)	65.639
Warranty insurance	277.761	(18.789)	258.972
Ship CASCO insurance	268.132	(110.754)	157.378
Accidental insurance	264.868	(68.585)	196.283
Help insurance	252.914	(31.836)	221.078
Aeroplane insurance	230.705	(182.233)	48.472
Financial losses insurance	193.826	(91.174)	102.652
Aeroplane owner's insurance	141.018	(119.870)	21.148
Credit insurance	38.722	(4.496)	34.226
Ship owner's insurance	31.929	(19.864)	12.065
Vehicle owner's CA insurance	15.273	(2.140)	13.133
Railroad transport insurance	524		524
	12.128.454	(4.647.537)	7.480.917

	2001 LVL	Prior year LVL
2. Transferred investment income from non-technical result	178.928	219.996

	2001 LVL	Prior year LVL
3. Other technical income, net	54.373	7.439

The **amount** of the technical result item contains commissions from other insurance companies.

	2001 LVL	Prior year LVL
4. Claims	(4.198.861)	(3.127.428)
4.1. Paid claims, gross	(6.227.177)	(4.150.145)
4.2. Reinsurance	2.166.528	1.339.667
Claims, net	(4.060.649)	(2.810.478)
4.3. Change in reserves for capitalised claims, gross	(279.715)	(568.794)
4.4. Reinsurance	141.503	251.844
Change in reserves for capitalised claims, net	(138.212)	(316.950)
Claims total	(4.198.861)	(3.127.428)

Composition:

	Gross claims	Thereof reinsurer	Net premium
	LVL	LVL	LVL
Vehicle CASCO insurance	(2.218.942)	1.265.521	(1.045.000)
Health insurance	(1.426.551)		(1.542.740)
Vehicle legal CA insurance	(1.251.107)	296.166	(1.015.186)
Cargo insurance	(442.542)	266.026	(22.513)
Property insurance	(341.135)	215.792	(147.200)
Ship CASCO insurance	(195.348)	92.754	(77.065)
Financial losses insurance	(133.829)		(133.829)
Accidental insurance	(96.316)		(124.012)
Help insurance	(50.714)	3.462	(47.207)
Warranty insurance	(24.930)		(29.133)
Aeroplane owner's CA insurance	(22.021)	22.252	231
Aeroplane CASCO insurance	(12.923)	8.064	(399)
General CA insurance	(10.655)	6.083	(5.052)
Credit insurance	(106)		(106)
Ship owner's CA insurance	(58)	(9.592)	(9.650)
Railroad transport insurance	0		0
Vehicle owner's CA insurance	0		0
	(6.227.177)	2.166.528	(4.198.861)

	2001 LVL	Prior year LVL
5. Change in other technical reserves, net that are not included in other positions	(100.503)	(82.532)
6. Gratification and bonuses, net	(161.675)	(17.473)

	2001 LVL	Prior year LVL
7. Operating expenses	(2.549.264)	(2.100.705)
7.1. client attraction expenses		(1.908.041)
7.2. administrative expenses		(1.724.051)
7.3. reinsurance provisions and participation in income		1.082.828
		(2.549.264)

To 7.1.:

Amount of the income statement item contains:

	2001 LVL
Intermediates services	(1.373.857)
Agent salaries	(527.985)
Commissions paid for reinsurance	(6.199)
	(1.908.041)

To 7.2.:

Amount of the income statement item contains:

	2001 LVL
Administration salaries	(716.521)
Advertising	(220.598)
Communication expenses	(195.729)
Office expenses	(174.416)
Car maintenance	(89.111)
Business trip expenses	(77.499)
Representation expenses	(63.531)
Preparation of insurance policies	(52.936)
Expenses of economical activities	(41.281)
Security fees	(35.794)
Other under 15.000	(56.635)
	(1.724.051)

	2001 LVL	Prior year
8. Other technical expense, net	(357.817)	(384.364)
		2001 LVL
Depreciation of fixed assets		(258.250)
Payments to Insurance Supervising body		(46.777)
Repair expenses		(24.578)
Repair of leased property		(13.185)
Insurance payments		(10.212)
Depreciation of intangible assets		(2.425)
Office maintenance		(2.390)
		(357.817)
	2001 LVL	Prior year LVL
9. Changes in reserves	(20.558)	
	2001 LVL	Prior year LVL
Technical result	201.237	269.832

NON-TECHNICAL RESULT

	2001 LVL	Prior year LVL
1. Technical balance	201.237	269.832

	2001 LVL	Prior year LVL
2. Investment income	234.219	290.967

	2001 LVL
2.1. income from land and buildings	14.087
2.2. income from other investments	220.132
	234.219

To 2.2.:

The **amount** of the non-technical result item contains income from loans, deposits and other investments.

	2001 LVL	Prior year LVL
3. Investment expenses	(17.178)	(20.046)
		2001 LVL
3.1. Investment administration expenses		(17.178)
		(17.178)
	2001 LVL	Prior year LVL
4. Transferred investment income from technical result	(178.928)	(219.996)
	2001 LVL	Prior year LVL
5. Other income	358.735	230.061
		2001 LVL
Profit from currency fluctuations		215.412
Regress claims		126.688
Policy alteration fines, registration		11.017
Other		5.618
		358.735

	2001 LVL	Prior year LVL
6. Other expenses	(259.615)	(97.184)
		2001 LVL
Loss from currency fluctuations		(123.339)
Accumulations for expenses		(89.850)
Sponsorship		(22.396)
Partnership in associations and clubs		(12.790)
Amortization of assets		(1.741)
Gifts to employees		(1.430)
Fines paid		(614)
Other		(7.455)
		(259.615)
	2001 LVL	Prior year LVL
7. Profit from insurance operations	338.470	453.634
	2001 LVL	Prior year LVL
8. Extraordinary income		7.770
	2001 LVL	Prior year LVL
9. Extraordinary expenses		(8.249)
	2001 LVL	Prior year LVL
10. Net profit before taxes	338.470	453.155

	2001 LVL	Prior year LVL
11. Income tax	(87.290)	(73.762)

	2001 LVL	Prior year LVL
12. Other taxes	(20.005)	(15.464)

	2001
Property tax	(17.569)
Tax on land	(2.436)
	(20.005)

	2001 LVL	Prior year LVL
13. Net income	231.175	363.929

ANNEXES

Baltijas Transporta Apdrošināšana AAS, Riga
BALANCE SHEET as at December 31, 2001

ASSETS	2001 LVL	2000 LVL
I. INTANGIBLE ASSETS AND FOUNDATION EXPENSES		
1. Intangible assets	3.911	6.257
II. INVESTMENTS		
1. Land and buildings	1.437.171	1.209.376
2. Other investments		
2.1 deposits in banks	1.894.094	1.852.656
2.2 securities with fixed interest	1.240.865	1.215.007
2.3 investment funds	14.375	15.272
2.4 other loans	204.781	548.564
2.5 stock and other securities with changing interest	4.894	4.894
2.6 loans secured by mortgage	141.088	77.396
2.7 other investments	52.066	53.864
	3.552.163	3.767.653
	4.989.334	4.977.029
III. DEBTORS		
1. Debtors from insurance transactions		
1.1 Insurance policy holders	1.966.837	1.658.517
1.2 Intermediates	4.538	579
2. Debtors from reinsurance transactions	4.608	88.814
3. Other debtors	149.906	752.265
	2.125.889	2.500.175
IV. OTHER ASSETS		
1. Material assets	552.739	529.608
2. Cash and money in bank accounts	1.235.520	763.540
	1.788.259	1.293.148
V. CUMULATED INCOME AND EXPENSES		
1. Newsletters, advertising and insurance referring to the next period	12.960	
2. Accumulated interest and rent	46.121	57.501
3. Other advance accounts	33.301	
	92.382	
TOTAL ASSETS	8.999.775	8.834.110

Baltijas Transporta Apdrošināšana AAS, Riga
BALANCE SHEET as at December 31, 2001

LIABILITIES AND SHAREHOLDERS' EQUITY	2001 LVL	2000 LVL
I. CAPITAL SUBSCRIBED AND SURPLUS		
1. Capital subscribed	1.050.000	1.050.000
2. Share premium account	31.564	31.564
3. Legal reserves	102.918	66.518
4. Reserves provided by statutes	199.722	50.693
5. Retained earnings		
5.1. Retained earnings brought forward from previous financial years	7	363.929
5.2. Retained earnings of the current financial year	231.175	
	1.615.386	1.562.704
II. TECHNICAL RESERVES		
1. Unearned premiums and unknown risk		
a) gross amount	4.038.472	3.873.980
b) reinsurance	(1.707.157)	(1.666.968)
	2.331.315	2.207.012
2. Capitalized claims for insurance		
a) gross amount	1.196.349	916.634
b) reinsurance	(467.250)	(325.747)
	729.099	590.887
3. Reserves for gratification and bonuses	199.200	182.532
4. Equalization reserves	883.352	862.794
5. Other technical reserves		
a) gross amount	1.168.500	1.022.718
b) reinsurance	(83.880)	(21.934)
	1.084.620	1.000.784
	5.227.586	4.844.009
III. LIABILITIES		
1. Liabilities from direct insurance transactions	633.183	369.499
2. Liabilities from reinsurance transactions	1.093.111	1.515.441
3. Salaries	49.552	32.365
4. Social insurance payments	33.696	26.379
5. Taxes	17.524	40.375
6. Other liabilities	308.336	426.140
	2.135.403	2.410.199
IV. CUMULATED EXPENSES AND ADVANCE PAYMENTS RECEIVED		
1. Cumulated investment income and rent		1.674
2. Non paid dividends	21.400	15.524
	21.400	17.198
TOTAL LIABILITIES	8.999.775	8.834.110

Baltijas Transporta Apdrošināšana AAS, Riga
INCOME STATEMENT
for year 2001

	2001 LVL	2000 LVL
TECHNICAL RESULT		
1. Earned premium		
1.1 Insurance premium, gross	12.128.454	11.364.906
1.2 Reinsurance	(4.647.537)	(4.981.985)
1.3 Change in unearned premium reserves	(164.492)	(1.073.232)
1.4 Reinsurance	40.189	445.210
	<u>7.356.614</u>	<u>5.754.899</u>
2. Transferred investment income from non-technical result	178.928	219.996
3. Other technical income, net	54.373	7.439
4. Claims		
4.1 Paid claims, gross	(6.227.177)	(4.150.145)
4.2 Reinsurance	2.166.528	1.339.667
4.3 Change in reserves for capitalized claims, gross	(279.715)	(568.794)
4.4 Reinsurance	141.503	251.844
	<u>(4.198.861)</u>	<u>(3.127.428)</u>
5. Change in other technical reserves, net that are not included in other positions	(100.503)	(82.532)
6. Gratification and bonuses, net	(161.675)	(17.473)
7. Operating expenses		
7.1 Client attraction expenses	(1.908.041)	(1.664.149)
7.2 Administrative expenses	(1.724.051)	(1.334.419)
7.3 Reinsurance provisions and participation in income	1.082.828	897.863
	<u>(2.549.264)</u>	<u>(2.100.705)</u>
8. Other technical expenses, net	(357.817)	(384.364)
9. Changes in reserves	(20.558)	
Technical result	<u>201.237</u>	<u>269.832</u>

Baltijas Transporta Apdrošināšana AAS, Riga
INCOME STATEMENT
for year 2001

	2001 LVL	2000 LVL
NON-TECHNICAL RESULT		
1. Technical balance	201.237	269.832
2. Investment income		
2.1 Income from land and buildings	14.087	105.149
2.2 Income from other investments	220.132	185.818
	234.219	290.967
3. Investment expenses	(17.178)	(20.046)
4. Transferred investment income to technical result	(178.928)	(219.996)
5. Other income	358.735	230.061
6. Other expense	(259.615)	(97.184)
7. Profit from insurance operations	338.470	453.634
8. Extraordinary income		7.770
9. Extraordinary expense		(8.249)
10. Net profit before taxes	338.470	453.155
11. Income tax	(87.290)	(73.762)
12. Other taxes	(20.005)	(15.464)
	231.175	363.929
13. Net income	231.175	363.929

Cash-Flow statement

No.	2001 LVL	Previous year LVL
1. Received premiums, gross	10 140 389	10 048 829
2. Amends stand, gross	(5 401 268)	(3 735 401)
3. Money paid to reinsurer	(1 951 661)	(2 075 024)
4. Money received from reinsurer	240 604	188 205
5. Premiums for reinsurance	805 936	404 220
6. Conciliators' commission	(810 343)	(644 510)
7. Administrative expenses	(1 342 333)	(1 244 030)
8. Taxes paid	(664 754)	(487 997)
9. Money paid to State Traffic office	(522 251)	(704 179)
10. Money used elsewhere	(168 745)	(640 337)
11. Total cash flow from insurance operations (1-10)	325 574	1 109 776
12. Money received from investments:		
12.1. Land and buildings;		
12.2. Floating interest securities;		
12.3. Fixed interest securities;	82 865	54 176
12.4. Loans granted by mortgage;		
12.5. Other loans;	26 663	11 088
12.6. Deposits in credit institutions;	47 497	99 345
12.7. Other investments;	9 127	5 423
Together:	166 152	170 032
13. Money received from investment realisation:		
13.1. Land and buildings;		
13.2. Floating interest securities;		
13.3. Fixed interest securities;	440 785	412 167
13.4. Loans granted by mortgage;	16 480	6 817
13.5. Other loans;	1 806 667	957 434
13.6. Deposits in credit institutions;	27 797 798	17 284 140
13.7. Other investments;		
Together:	30 061 730	18 660 558
14. Money spent in investment authority		
14.1. Land and buildings;	(181 741)	(125 794)
14.2. Floating interest securities;		(9 231)
14.3. Fixed interest securities;	(445 414)	(1 017 843)
14.4. Loans granted by mortgage;	(21 508)	(8 000)
14.5. Other loans;	(1 571 717)	(1 338 310)
14.6. Deposits in credit institutions;	(27 768 524)	(17 255 511)
14.7. Other investments;		(16 926)
Together:	(29 988 904)	(19 771 615)
15. Total cash flow form investing operations (12-14)	238 978	(941 025)
16. Total from investment and insurance operations	564 552	168 751
Break-over:	564 552	168 751

17. Stand dividends	(144 217)	(146 964)
18. Other earned money	238 037	18 684
19. Other spent money	(190 721)	(21 390)
20. Total cash flow from financing operations	<u>(96 901)</u>	<u>(149 670)</u>
21. Changes in foreign currencies – increase / decrease	4 329	10 199
22. Clean growth of money and its equivalent	471 980	29 280
23. Money and its equivalent in the start of the period	<u>763 540</u>	<u>734 260</u>
24. Money and its equivalent at the end of the period	<u>1 235 520</u>	<u>763 540</u>

Changes in equity capital

	Equity capital	Share premium	Backlog stated in law	Other backlog stated in statutes	Retained profit / loss	Equity capital and backlog together
	LVL	LVL	LVL	LVL	LVL	LVL
31st of December, 2000	1 050 000	31 564	66 518	50 693	363 929	1 562 704
Increase / decrease in backlog stated by law			36 400			36 400
Increase / decrease in backlog stated by statutes				149 029		149 029
Profit for the current year					231 175	231 175
Dividends					(363 922)	(363 922)
31st of December, 2001	1 050 000	31 564	102 918	199 722	231 182	1 615 386

General Provisions

A. General provisions.

These provisions are valid for agreements on audit, consultations and other orders concluded by **Rödl & Partner SIA** or **Rödl & Partner Grāmatvedība SIA** (hereinafter – the executor) and client. General provisions are annex to agreement on charge.

B. Volume and execution of the order.

1. Subject of the order is a service parties have agreed on, not a definite result of commercial performance. The order is carried out according to the current standards of Latvia. The executor has the rights to use services of competent persons during the order execution.
2. The order execution includes audit actions purposely aimed of accounting forgery and other illegalities only in case, if during the audit such cause comes up or there is a written agreement on it.
3. Tax legislation observance is not examined within the order, if only the audit is particularly aimed at it.
4. If there are any amendments in legislation after the professional conclusion is given, the executor is not obliged to inform the client about amendments and their consequences.

C. Clients obligation in information providing.

1. The client shall provide submission of all necessary documents to the executor for the order execution in due time, and inform about all processes and circumstances relevant to the order without execution without any special inducements. It refers also to documents, processes and circumstances discovered during auditor's performance.
2. By the executor requirement, the client shall confirm writing completeness of submitted documents and provided information. Signing a written form prepared by the executor makes the confirmation.

D. Protection of the executors intellectual property.

1. The client guarantees all conclusions, reports and other written documents prepared by the executor within the order, to be used only for his own personal purposes.

E. Propagation of executors professional statements.

1. Further delegation of the executor professional statements to a third person is allowed only with the clients written consent.

F. Responsibility.

1. The executor material responsibility for a gross negligence or intentional sabotage shall be Ls 70.000,00 maximum in each separate case. The maximum amount of guarantees shall not exceeded Ls 200.000,00 within a year.
2. As a separate loss causing case shall be regarded the total amount of loss reimbursement arisen of incorrect professional performance.
3. Claim on loss reimbursement shall be submitted only within 12 months, the latest 5 years after the plaintiff has affirmative information on case of loss causing.

G. Charge.

1. The executor has rights to require recompense his expenses in addition to his charge or charges; value added tax shall be calculated additionally. He has also rights to require adequate advance payments from charge amount and other expenses, as well to provide services only after receipt of required amounts.

H. Preservation and delivery of documents.

1. The executor keeps all received and prepared documents within the order, as well as correspondence made during the order execution, for 7 years.
2. According to the client's requirement the executor shall deliver all documents received during the order execution from the client or other documents received within the order, after the orders fulfilment.

I. Applicable legislation.

1. The legislation of the Republic of Latvia shall be applied for the order, its execution and requirements consequent from these regulations.