JOINT STOCK COMPANY RB RAIL

(UNIFIED REGISTRATION NUMBER 40103845025)

ANNUAL REPORT

FOR THE PERIOD FROM 12 NOVEMBER 2014
THROUGH 31 DECEMBER 2015

(1^{st} financial year)

PREPARED IN ACCORDANCE WITH
THE LAW OF THE REPUBLIC OF LATVIA ON ANNUAL REPORTS

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

Riga, 2016

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of RB Rail SIA

Report on the Financial Statements

We have audited the accompanying financial statements for the period from 12 November 2014 through 31 December 2015 on pages 9 to 22 of RB Rail AS which comprise the balance sheet as of 31 December 2015 and the income statement, statement of changes in equity and cash flows for the period from 12 November 2014 through 31 December 2015 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Law of the Republic of Latvia on Annual Reports, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of RB Rail AS as of 31 December 2015, and of its financial performance and of its financial performance and its cash flows for the period from 12 November 2014 through 31 December 2015 in accordance with the Law of the Republic of Latvia on Annual Reports.

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Report on the Management Report

We have read the Management Report for the period from 12 November 2014 through 31 December 2015 set out on pages 7 to 8 of the accompanying annual report for the period from 12 November 2014 through 31 December 2015 and did not identify material inconsistencies between the financial information contained in the Management Report and that contained in the financial statements for the period from 12 November 2014 through 31 December 2015.

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Licence No. 155

Kaspars Rutkis
Certified auditor of Latvia
Certificate No. 171
Chairman of the Board

Riga, 31 March 2016

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General information

Name of the company	RB Rail AS
Legal status of the company	Joint Stock Company
Unified registration number, place and date of registration	LV40103845025 Riga, 12 November 2014
Registered office	Riga, Gogola iela 3 LV-1050, Latvia
Visiting office	Riga, Krisjana Valdemara iela 21 LV-1010, Latvia
Major shareholders	Rail Baltic Estonia OÜ (33.33%) Registration No. 12734109 Harju tn 11, Tallinn, Harju maakond, 15072, Estonia Eiropas dzelzcela linijas SIA (33.33%) Registration No. 40103836785 Gogola street 3, Rīga, LV-1050, Latvia Rail Baltica statyba UAB (33.33%) Registration No. 303227458 Mindaugo str. 12, Vilnius, LT-03105, Lithuania
Reporting period	12 November 2014 - 31 December 2015
Auditors	Grant Thornton Baltic SIA Blaumana iela 22 Riga, LV - 1011 Latvia Certified auditor in charge: Kaspars Rutkis Certificate No.155

INFORMATION ABOUT THE COMPANY'S MANAGEMENT

Members of the Management Board

Name	Position	Elected	Released
Baiba Anda Rubesa	Member of the Management Board	29.10.2015	-
Edvins Berzins	Member of the Management Board	12.11.2014	28.10.2015

Members of the Supervisory Board

Name	Position	Elected	Released
Dainius Budrys	Chairman of the Supervisory Board	12.11.2014	-
Anti Moppel	Vice-Chairman of the Supervisory Board	12.11.2014	-
Edvins Berzins	Vice-Chairman of the Supervisory Board	13.01.2016	-
Indrek Orav	Member of the Supervisory Board	12.11.2014	-
Kaspars Briskens	Member of the Supervisory Board	12.11.2014	-
Vaidotas Balynas	Member of the Supervisory Board	12.11.2014	-
Ugis Magonis	Member of the Supervisory Board	12.11.2014	15.09.2015
Aivars Straksas	Member of the Supervisory Board	16.09.2015	13.01.2016

Management report

31 March 2016

The Goal of the Global Project Rail Baltic/Rail Baltica

Rail Baltic/Rail Baltica is a rail transport project with the goal to fully integrate the Baltic States into the core European rail network. Starting in the Baltic countries, when completed, Rail Baltic/Rail Baltica will include five European Union countries - Poland, Lithuania, Latvia, Estonia and Finland.

The beginning for Rail Baltic/Rail Baltica joint venture, RB Rail AS, is based on the joint declaration of the Prime Ministers of Estonia, Latvia and Lithuania of 21 June 2014, in approving the Shareholders' Agreement where Rail Baltica is defined as a fast conventional double track 1435 mm gauge electrified continuous railway line with a maximum design speed of 240 km/h for a route that spans Tallinn-Pärnu-Riga-Panevezys-Kaunas to the Lithuanian-Polish border, including a connection from Kaunas to Vilnius.

The Business of the Company

The joint stock company AS RB Rail (further on - the Company) was created as a joint venture by Estonia, Latvia and Lithuania to design, construct and market Rail Baltic/Rail Baltica.

The Grant Agreement

Rail Baltic/Rail Baltica will be predominantly financed by grants from the European Union, co-financed by the States, in particular in the framework of the Connecting Europe Facility (CEF).

On 24 November 2015, the Company signed a Grant Agreement (number INEA/CEF/TRAN/M2014/1045990; further - Grant Agreement) under the Connecting Europe Facility/Transport sector, with the European Innovation and Networks Executive Agency (further-INEA) for the action entitled "Development of a 1435 mm standard gauge railway line in the Rail Baltic/ Rail Baltica (RB) corridor through Estonia, Latvia and Lithuania". The action runs from 1 March 2015 until 31 December 2020.

The Grant for the action received a maximum amount of EUR 442.2 million, with total estimated eligible costs of EUR 540.4 million.

The CEF financing under the Grant Agreement is earmarked for first stage implementation measures towards Rail Baltic/Rail Baltica construction: activities that were started during 2015 and will be completed by 2020. The activities encompass preparation for Rail Baltic/Rail Baltica construction and the initiation of the construction phase.

The Company is the Grant Agreement's central coordinator, as it received the mandate to receive the Grant Agreement financing from INEA to ensure distribution between three EU member country beneficiaries: the Ministry of Economic Affairs and Communication of the Republic of Estonia, the Ministry of Transport of the Republic of Latvia and the Ministry of Transport and Communications of the Republic of Lithuania.

The Implementing bodies under the Grant Agreement are the Estonian Technical Regulatory Authority, Rail Baltic Estonia OÜ, SIA Eiropas Dzelzcela līnijas, AB Lietuvos gelezinkeliai, and UAB Rail Baltic statyba.

Financial Performance and the Financial Position for the Reporting Period

The reporting period from 12 November 2014 through 31 December 2015 was the Company's first year of operations. In this period, the Company's Shareholders established the Company with Share capital of EUR 1,950,000. The Share capital was increased by 3 EUR and 1,949,997 EUR as a share premium on 8 July 2015.

On 26 November 2014 the first pre-financing payment from INEA was received in the amount of

EUR 9.4 million. The action under the Grant Agreement consists of 41 activities, from which 8 were started in 2015. Activities started in 2015 include a Cost-Benefit analysis of the project as well as a study for the inter-beneficiary agreement.

Total CEF eligible expenses incurred under the Grant Agreement were 3 tangible assets acquired under the Grant Agreement.

At the end of reporting period the Company had three employees.

The Company closed the year with a loss of 679,854 EUR.

The ability to cover losses with future profits depends on the conclusion between the Shareholders regarding the Contracting scheme, as this will determine the role of the Company in the Rail Baltic/Rail Baltica project.

Future Development of the Company

To fulfill AS RB Rail's mission, in 2016 there are significant milestones to reach:

- Significant progress in attaining the Company's strategic milestone goals on time and in good quality;
- Shareholders' agreement on the Contracting Scheme to determine the role of the Company and then flesh out the split of responsibilities between the Company and national entities;
- Establish a transparent, legally adequate framework for timely, efficient and transparent project activity fulfilment as well as gain credibility with INEA partners on project sustainability - including further grant financing stages - to effectively and sustainably acquire CEF financing in full;
- Strengthen administrative capacity: transparent and professional establishment of the Management Board and other personnel by attracting qualified and experienced professionals, avoiding the politicization of management.

In 2016 the Company will continue to work with CEF activities such as the Cost-Benefit analysis, finalizing the inter-beneficiary agreement, project implementation support measures, as well as strategic public relations and branding. In the first half of 2016 three additional activities will be initiated: preparation of a long term Business Plan, preparation of Common Technical Standards, and a Commercialization plan with relevant market studies. According to the Grant Agreement Latvian and Estonian beneficiaries will commence their earmarked activities as well.

The Company's Risk management policy is disclosed in Note 19 and Subsequent events are disclosed in Note 20.

B. Rubesa

Baiba Anda Rubesa
Member of the Management Board

31 March 2016

The annual report was approved by the shareholders' meeting on ______ ____________ 2016.

Income statement

	Notes	2015 EUR
Net turnover	3	-
Direct CEF project related costs	4	(119 341)
Gross Profit / (Loss)		**(119 341)**
Indirect CEF project related costs	5	(488 896)
Income from CEF co-financing		101 439
Administrative expense	6	(173 056)
(Loss) before taxes		**(679 854)**
Net (loss) for the year		**(679 854)**

The accompanying notes form an integral part of these financial statements.

Baiba Anda Rubesa
Member of the Management Board

31 March 2016

Balance sheet

	Notes	31.12.2015 EUR
NON-CURRENT ASSETS		
Non-current financial assets		
CEF project related tangible assets	8	35 993
Office equipment	8	4 831
TOTAL		**40 824**
TOTAL NON-CURRENT ASSETS		**40 824**
CURRENT ASSETS		
Receivables		
Other receivables	9	54 976
Prepaid expense	10	2 415
TOTAL		**57 391**
Cash and cash equivalents	11	**12 635 807**
TOTAL CURRENT ASSETS		**12 693 198**
TOTAL ASSETS		**12 734 022**

The accompanying notes form an integral part of these financial statements.

B. Rubesa

Baiba Anda Rubesa
Member of the Management Board

31 March 2016

Balance sheet

		Notes	31.12.2015
EQUITY			EUR
Share capital		12	1 950 003
Share premium		12	1 949 997
Retained earnings/ (Accumulated loss):			
for the period			(679 854)
	TOTAL EQUITY		3 220 146
LIABILITIES			
Non-current liabilities			
CEF advances attributable to other beneficiaries		15	2 216 237
Non-current portion of deferred revenue		15	266 551
			2 482 788
Current liabilities			
CEF advances attributable to other beneficiaries		15	6 196 950
Current portion of deferred revenue		15	671 218
Trade payables			96 965
Taxes and social insurance contributions		16	15 135
Other liabilities		13	23 429
Accrued liabilities		14	27 391
	TOTAL		**7 031 088**
TOTAL EQUITY AND LIABILITIES			**12 734 022**

The accompanying notes form an integral part of these financial statements.

A. Rubesa

Baiba Anda Rubesa
Member of the Management Board

31 March 2016

Cash flow statement

Profit or (loss) before tax	**(679 854)**
Adjustments for:	
Decrease/ (increase) in deferred revenue	(937 769)
Increase/ (decrease) in accrued expense	27 391
Operating profit or (loss) before working capital changes	***(1 590 232)***
(Increase)/ decrease in receivables	(57 391)
Increase/ (decrease) in advances received	971 859
Cash generated from operations	***(675 764)***
Net cash flows to/ from operating activities	**(675 764)**
Cash flows to/ from investing activities	
Purchase of tangible assets	(40 824)
Net cash flows to/ from investing activities	**(40 824)**
Cash flows to/ from financing activities	
Paid in share capital	1 950 003
Share premium	1 949 997
Cash recieved from EU	9 452 395
Net cash flows to/ from financing activities	**13 352 395**
Change in cash and cash equivalents	12 635 807
Cash at the end of the year	**12 635 807**

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity

	Share capital	Share premium	Retained earnings	Loss for the period	Total
Balance as at 12 November 2014	-	-	-	-	-
Issue of share capital	1 950 003	1 949 997			3 900 000
Profit/ (loss) for the reporting year	-	-	-	(679 854)	(679 854)
Balance as at 31 December 2015	**1 950 003**	**1 949 997**	**-**	**(679 854)**	**3 220 146**

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

1. Corporate information

RB Rail AS (hereinafter - the Company) was registered with the Republic of Latvia Enterprise Register on 12 November 2014. The registered office of the Company is at Gogola iela 3, Riga, the visiting Office is at Valdemara iela 21, Riga. The shareholders of the Company are Rail Baltic Estonia OÜ, Eiropas dzelzcela linijas SIA and Rail Baltica statyba UAB.

The core business activity of the Company is to design, construct and market Rail Baltic/Rail Baltica railway line.

The financial statements of the Company for the period from 12 November 2014 through 31 December 2015 were approved by a resolution of the Company's shareholders on meeting ______ ______________ 2016.

2. Summary of significant accounting policies

Basis of preparation

The financial statements of RB Rail AS have been prepared in accordance with the Law of the Republic of Latvia on Annual Reports and Law on Accounting.

The financial statements are prepared on a historical cost basis. The monetary unit used in the financial statements is *euro* (EUR), the monetary unit of the Republic of Latvia. The financial statements cover the period from 12 November 2014 through 31 December 2015.

The profit and loss statement is prepared in accordance with turnover cost method. The cash flow statement is prepared using indirect cash flow method.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense, and disclosure of contingencies. Future events occur which cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

Intangible assets

Intangible non-current assets are stated at cost and amortised over their estimated useful lives on a straight-line basis. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Losses from impairment are recognised where the carrying value of intangible non-current assets exceeds their recoverable amount.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

CEF project related tangible assets	- over 3 years
Office equipment	- over 3 years

Depreciation is calculated starting with the following month after the asset is put into operation or engaged in commercial activity. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

2. Summary of significant accounting policies (continued)

To the extent that the Company depreciates separately some parts of plant, property and equipment, it also depreciates separately the remainder of the item. The remainder consists of the parts that are individually insignificant. The depreciation for the remainder is determined using approximation techniques to faithfully represent its useful life.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the higher of an asset's net selling price and its value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognised in the income statement in the cost of sales caption.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognised.

Trade and other receivables

Trade and other receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when recovery is deemed impossible.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

Loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of provisions to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, less value added tax and sales-related discounts. The following specific recognition criteria must also be met before revenue is recognised:

Rendering services

Revenue from rendering services is recognised at the moment when services are performed.

Income from CEF co-financing

Income from CEF co-financing is recognized when direct eligible costs are incurred, applying CEF co-financing rate in the grant agreement:

INEA/CEF/TRAN/M2014/1045990 - 85 %

Deferred Revenue

Deferred revenue is recognised when funds from European Union are received as direct pre-financing payments. Deferred revenue is recognised in accordance with Cabinet Regulation No. 537 (Adopted 15 June 2004) of the Republic of Latvia. Deferred revenue is classified as non-current deferred revenue when co-financing will be used for acquisition for non-current assets, or co-financing will be acquired during next years of operations.

Corporate income tax

Corporate income tax includes current and deferred taxes. Current corporate income tax is applied at the rate of 15% on taxable income generated by the Company during the taxation period.

Deferred corporate income tax arising from temporary differences in the timing of the recognition of items in the tax returns and these financial statements is calculated using the liability method. The deferred corporate income tax asset and liability are determined on the basis of the tax rates that are expected to apply when the timing differences reverse. The principal temporary timing differences arise from differing rates of accounting and tax amortisation and depreciation on the Company's non-current assets, the treatment of temporary non-taxable provisions and reserves, as well as tax losses carried forward for the subsequent years.

Subsequent events

Post-period-end events that provide additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

3. Net turnover

Net turnover depends on conclusion between Shareholders on Contracting scheme, as this will determine the role of the Company in the Rail Baltic/Rail Baltica project.

4. Direct CEF project related costs

	2015 EUR
Contracting scheme development	74 000
Direct project management expenses	29 382
Strategic public relations, branding, communication and marketing activities	13 359
CEF certified audit	2 600
TOTAL:	**119 341**

5. Indirect CEF project related costs

	2015 EUR
Supervisory Board expense	296 391
Management Board expense	134 944
Administrative coordinator expense	27 510
Communication and public relations	21 392
Office rent and maintenance expense	4 117
Other indirect expense	4 542
TOTAL:	**488 896**

6. Administrative expense

	2015 EUR
CEF application preparation	77 470
Recruitment services	37 009
Legal services	26 520
Legal and tax advisory	13 920
Accounting policy development and accounting services	11 767
Financial statements audit	2 300
Other professional services	4 070
TOTAL:	**173 056**

7. Corporate income tax

	2015 EUR
Profit/ (loss) before tax	(679 854)
Tax at the applicable tax rate of 15%	(101 978)
Permanent differences	243
Actual corporate income tax for the reporting period:	-

In accordance with changes in the Law of Republic of Latvia On Corporate income tax made in 2011, accrued tax losses may be utilised in chronological order from next period taxable income without time restrictions. Tax loss as at 31 December 2015 is EUR 675 526.

8. Property, plant and equipment

	CEF project related tangible assets	Office equipment	TOTAL
As at 12 November 2014			
Carrying amount as at 31 December	-	-	-
Year 2015			
Additions	35 993	4 831	40 824
Depreciation charge	-	-	-
Carrying amount as at 31 December	**35 993**	**4 831**	**40 824**
As at 31 December 2015			
Cost	35 993	4 831	40 824
Accumulated depreciation	-	-	-
Carrying amount as at 31 December	**35 993**	**4 831**	**40 824**

9. Other receivables

	31.12.2015 EUR
Value added tax receivable	37 934
Advances to suppliers	13 500
Security deposit for office rent	3 542
TOTAL:	**54 976**

10. Prepaid expense

	31.12.2015 EUR
Insurance	1 667
Travel expense	748
TOTAL:	**2 415**

11. Cash

	31.12.2015 EUR
Company's operational account	3 183 412
CEF financing account	9 452 395
TOTAL:	**12 635 807**

12. Share capital

The share capital of the Company is EUR 1 950 003 and consists of 1 950 003 shares. The share capital is fully paid up. The par value of each share is EUR 1. As at 31 December 2015, the share premium amounted to EUR 1 949 997.

As at 31 December 2015, the shares were distributed as follows:

	%	Number of shares	Share premium
Rail Baltic Estonia OU	33.33	650 001	649 999
Eiropas dzelzcela linijas SIA	33.33	650 001	649 999
Rail Baltica statyba UAB	33.33	650 001	649 999
TOTAL:	**100**	**1 950 003**	**1 949 997**

13. Other Liabilities

	31.12.2015 EUR
Remuneration to employees	21 580
Advances to employees	428
Other liabilities	1 421
TOTAL:	**23 429**

14. Accrued liabilities

	31.12.2015 EUR
Accured liabilities for Professional services	12 020
Accured liabilities for Travel expense	7 691
Accured liabilities for Audit services	4 900
Accured liabilities for Unused vacations	2 705
Other accrued liabilities	76
TOTAL:	**27 391**

15. Deferred Revenue and CEF advances attributable to Other Beneficiaries

Total direct prefinancing payment received as at year end amounts to EUR 9 452 395. Dedicated bank account is used to account for CEF co-financing direct payments (see note 11). Direct prefinancing payments are recognized proportionate between the beneficiaries: the Company's portion of planned eligble costs as deferred revenue, according to forecasted activities in 2016.

Deferred revenue

On 24 November 2015 the Company has concluded a Grant Agreement number INEA/CEF/TRAN/M2014/1045990 (further on the Grant Agreement) under the Connecting Europe Facility (further on CEF), Transport sector, with the European Innovation and Networks Executive Agency (further on INEA) for the action entitled "Development of a 1435 mm standard gauge railway line in the Rail Baltic/ Rail Baltica (RB) corridor trough Estonia, Latvia and Lithuania". The action runs from 1 March 2015 until 31 December 2020. The grant for the action is of maximum amount of EUR 442.2 million, total estimated eligible costs are EUR 540.4 million.

The CEF financing under the Grant Agreement is eligible for implementation of the first stage of Rail Baltic/ Rail Baltica construction: activities that were started during 2015 and will be completed till 2020: preparation for Rail Baltic/Rail Baltica construction and initiation of construction phase.

Non-current and current deferred revenue comprises the direct pre-financing payment received and allocated to RB Rail AS as the beneficiary, proportionate to the expected direct eligible expenses according to the Grant Agreement for 2016, progress of the Action in 2015.

	31.12.2015 EUR
Non-current portion of deferred revenue	266 551
Current portion of deferred revenue	671 218
TOTAL:	**937 769**

CEF advances attributable to other beneficiaries

The Company is the Grant Agreement central coordinator, which has been mandated to receive the Grant Agreement financing from the INEA and ensure distribution between three EU member country beneficiaries: Ministry of Economic Affairs and Communication of the Republic of Estonia, Ministry of Transport of the Republic of Latvia, Ministry of Transport and Communications of the Republic of Lithuania.

The Implementing bodies under the Grant Agreement are Estonian Technical Regulatory Authority, Rail Baltic Estonia OÜ, Eiropas Dzelzcela līnijas SIA, Lietuvos gelezinkeliai AB, and Rail Baltic statyba UAB.

	Non-current portion	Current portion
Ministry of Economic Affairs and Communication of the Republic of Estonia	1 892 184	5 290 847
Ministry of Transport of the Republic of Latvia	324 053	906 103
Ministry of Transport and Communications of the Republic of Lithuania	-	-
TOTAL:	**2 216 237**	**6 196 950**

16. Taxes

	31.12.2015 EUR	Calculated EUR	Paid / (Refunded) EUR	12.11.2014 EUR
Statutory social insurance contributions Latvia	(6 730)	(78 492)	71 762	-
Statutory social insurance contributions Estonia	(1 925)	(27 608)	25 683	-
Personal income tax	(6 479)	(73 404)	66 925	-
Risk duty	(1)	(9)	8	-
Value added tax	37 934	73 652	(35 719)	-
TOTAL:	**22 799**	**(105 861)**	**128 660**	-
TOTAL PAYABLE:	**(15 135)**			-
TOTAL RECEIVABLE:	**37 934**			-

Value added tax receivable is included in Other receivables (see Note 9).

17. Personnel expense and number of employees

		2015 EUR
Remuneration to Supervisory Board		219 696
Statutory social insurance contributions for Supervisory Board		51 495
Remuneration to Management Board		78 301
Statutory social insurance contributions for Management Board		18 302
Remuneration to employees		37 816
Statutory social insurance contributions for employees		8 581
Unemployment risk duty and other personnel expense		9
	TOTAL:	414 200

Key management personnel compensation

		2015 EUR
Members of Supervisory Board and Management Board		
Remuneration to Supervisory Board		219 696
Statutory social insurance contributions for Supervisory Board		51 495
Remuneration to Management Board		78 301
Statutory social insurance contributions for Management Board		18 302
	TOTAL:	367 794

The average number of employees during the reporting year was 2.

Personnel expense is included in the following income statement captions:

	2015 EUR
Indirect CEF project related costs	395 306
Direct CEF project related costs	18 894
TOTAL:	414 200

18. Related party disclosures

Related parties are defined as subsidiaries and associates of the Company as well as shareholders that have the ability to control the Company or exercise significant influence over the Company in making financial and operating decisions, members of the key management personnel of the Company or its shareholders, and close members of the families of any individual referred to previously, and entities over which these persons exercise significant influence or control.

The Company is controlled by Rail Baltic Estonia OÜ, Eiropas dzelzcela linijas SIA and Rail Baltica statyba UAB, each of them owning 33.33% of the Company's shares.

Terms and conditions of transactions with related parties

There are no outstanding balances at year and there were no transactions with related parties during 2015.

19. *Financial risks*

The main financial risk arising from the Company's financial instruments are liquidity risk.

Liquidity risk

The Company manages its liquidity risk by maintaining an adequate level of cash and cash equivalents.

20. Subsequent events

On 16 February 2016 the Company applied to INEA for further CEF financing in amount of 210.7 million EUR. Together with EU member state co-financing total project estimate amounts to 248 million EUR.

As of the last day of the reporting year until the date of signing these financial statements, there have been no other events that could produce a substantial impact on the results of the year.