

Name of enterprise (business company): **JSC "Latvijas tilti" [Bridges]**

Registration No.: **50003030441**

Address: **15 Granitu St., Stopiņi Civil Parish, Riga Region LV-1057**

Telephone: **7251822**

Managing Authority: **Riga Regional Department of State Incomes Board**

Tax Inspectorate:

Type of primary activity: building

Unit of measurement: **Ls**

Annual report, 2005

Riga 2006

JSC "Latvijas tilti" [Bridges]


Data on the enterprise

Name of the enterprise	JSC "Latvijas tilti"
Legal status of the enterprise	<i>Public Joint-stock Company</i>
Unified Registration Number	50003030441
Date of registration with Enterprise Register	<i>October 07, 1991</i>
Date of registration with Commercial Register	<i>June 29, 2004</i>
Legal address	<i>15 Granīta St., Stopiņi Civil Parish, District of Riga, LV-1057</i>
Mailing address	<i>15 Granīta St., Stopiņi Civil Parish, District of Riga, LV-1057</i>

Management Report.

During the reporting year JSC "Latvijas tilti" work volumes, compared to the previous period, have grown 1,5 times. The increase in profit was achieved by successfully realized construction projects both inside Latvia and outside the country. Construction of several new traffic cross-overs and bridges was begun in 2005 (bridges over Lielupe and Vitrupe; traffic cross-overs VIA- Baltika main road). The main construction object last year was Dienvidu bridge over the river Daugava, whose launch is planned in 2008. Significant investments for purchase of new equipment for mechanization of welding, assembling and construction works were made during the reporting period. The turnover of JSC "Latvijas tilti" production complex has increased as well as the cement production plant and the reinforced concrete construction production plant have successfully operated in production of posts and metal constructions.

In 2006 JSC "Latvijas tilti" paid a lot of attention to a new direction of the activities of the company - to the civil construction - "0" cycle land works, foundation arrangement; in these works we can compete with many Latvian companies.



Anatolijs Guborevičs
Chairman of the board - director

JSC "Latvijas tilti"

PROFIT & LOSS ACCOUNT

	as of December 31, 2005		as of December 31, 2004	
	EUR 0,702804		EUR 0,703	
	LVL	EUR	LVL	EUR
1.Net turnover	7714320	10976488	5028245	7152553
2.Manufacturing cost of products sold	(7255811)	(10324089)	(5007319)	(7122787)
3.Gross profit	458509	652400	20926	29767
4.Cost of sales	(9362)	(13321)	(5962)	(8481)
5.Administration expenses	(111639)	(158848)	(107252)	(152563)
6.Other incomes from enterprise's business activity	137778	196040	274737	390807
7.Other expenses for enterprise's business activity	(33112)	(47114)	(57738)	(82131)
8.Incomes from participation in capitals of subsidiaries and associated enterprises	-	-	58212	82805
9.Other interest-bearing income, and similar incomes	571	812	946	1346
10.Depreciation of long-term financial investments and short-term securities value	-	-	(12926)	(18387)
11 Interest payments, and similar expenses	(36325)	(51686)	(32963)	(46889)
12.Profit or loss before taxes	406420	578284	137980	196273
13.Profit or loss before unforeseen destructions and taxes.	406420	578284	137980	196273
14.Postponed tax liabilities	(27317)	(38869)	(24503)	(34855)
15.The profit tax of the enterprise	(33422)	(47555)	-	-
16.Other taxes	(11094)	(15785)	(9807)	(13950)
17.Profit or loss for accounting period after taxes	334587	476074	103670	147468
Dividend "profit on the action" (EPS)	0,499	0,709	0,154	0,220

Chairman of the board


signature

A.Guborevičs

name, surname

Balance

	as of December 31, 2005		as of December 31, 2004	
ASSETS				
	LVL	EUR 0,702804 EUR	LVL	EUR 0,703 EUR
I.LONG-TERM INVESTMENTS				
INTANGIBLE INVESTMENTS				
Licenses and other intangible investments	4772	6790	2657	3780
Subtotal intangible investments	4772	6790	2657	3780
II.FIXED ASSETS				
Plots of land, buildings, perennial plants	718880	1022874	759855	1080875
Equipment and machinery	478946	681479	246415	350519
Other fixed assets and inventory	169083	240583	75244	107033
Cost of fixed assets formation and unfinished construction objects	3295	4688	570	811
Subtotal fixed assets	1370204	1949625	1082084	1539238
III.LONG-TERM FINANCIAL INVESTMENTS				
Participation in related enterprises' capital	29422	41864	59574	84743
Participation in associated enterprises' capital	6250	8893	500	711
Own stock and shares	2013	2864	2013	2863
Subtotal long-terms financial investments	37685	53621	62087	88317
Total intangible investments	1412661	2010036	1146828	1631334
CIRCULATING ASSETS				
I.INVENTORIES				
Raw materials, basic materials and auxiliary materials	474484	675130	308267	438502
Unfinished products	476302	677717	4900	6970
Finished products, and goods for sale	150043	213492	344695	490320
Advance payments for goods	38513	54799	48273	68667
Subtotal inventories	1139342	1621138	706135	1004459
II.DEBTORS				
Debts of purchasers and customers	622390	885581	471368	670509
Other debtors	233987	332934	99618	141704
Deferred expenses	21173	30126	7857	11176
Accumulated debtors	1418472	2018304	-	-
Subtotal debtors	2296022	3266945	578843	823390
III.SECURITIES AND PARTICIPATION IN CAPITALS				
Other securities and participation in capitals	4	6	4	6
Subtotal securities and participation in capitals	4	6	4	6
IV.CASH	13249	18852	9196	13081
Total intangible investments	3448617	4906940	1294178	1840936
TOTAL ASSETS	4861278	6916975	2441006	3472270

Balance

	as of December 31, 2005		as of December 31, 2004	
		EUR 0,702804		EUR 0,703
LIABILITIES	LVL	EUR	LVL	EUR
OWN CAPITAL				
Stock or share capital (fixed capital)	671000	954747	671000	954481
Reserves:				
a) statutory reserves	29982	42661	29982	42649
b) other reserves	-	-	101	144
Undistributed profit:				
a) undistributed profit for preceding years	381181	542372	307562	437499
b) undistributed profit for accounting year	334587	476074	103670	147468
Subtotal own capital	1416750	2015854	1112315	1582240
CREDITORS				
LONG-TERM DEBTS				
Other loans	163019	231955	6192	8808
Provisions for anticipated taxes	51820	73733	24503	34855
Subtotal long-term debts	214839	305688	30695	43663
SHORT-TERM DEBTS				
Loans from credit institutions	542305	771630	518108	736996
Other loans	58959	83891	18146	25812
Advance payments received from purchasers	423987	603279	130468	185587
Debts to suppliers and contractors	568021	808221	531391	755890
Debts to related enterprises	500	711	500	711
Taxes and social insurance payments	313838	446551	27855	39623
Other creditors	51931	73891	26528	37735
Deferred revenues	-	-	712	1013
Accumulated liabilities	1270148	1807258	44288	62999
Subtotal short-term debts	3229689	4595433	1297996	1846367
Total creditors	3444528	4901122	1328691	1890030
TOTAL LIABILITIES	4861278	6916975	2441006	3472270

Chairman of the Board

signature

A.Guborevičs

name, surname

Name of the enterprise: "Latvijas tilti" JSC

Unified Reg. No. LV50003030441

Address: 15 Granīta St., Stopiņi Civil Parish, District of Riga, LV-1057

Report on changes in owner's capital

	Fixed capital		Statutory reserves		Other reserves		Undistributed profit		Owner's capital total	
	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR
The rest 31.12.2003 before change of accounting policy	671000	995549	29982	44484	0	0	396914	588893	1097896	1628926
EUR 0.674										
Influence of change of accounting policy	-	-	-	-	-	-	12197	17350	12197	17350
Adjusting rest 31.12.2003	671000	995549	29982	44484	0	0	409111	606990	1110093	1647022
EUR 0.674										
Profit for reporting year	-	-	-	-	-	-	103670	147468	103670	147468
Distribution of profit	-	-	-	-	101	144	(89352)	(127101)	(89251)	(126957)
Influence of change of accounting policy	-	-	-	-	(101)	(144)	(42248)	(60097)	(42349)	(60240)
Adjusting rest 31.12.2004	671000	954481	29982	42649	0	0	381181	542220	1082163	1539350
EUR 0.703										
Profit for reporting period	-	-	-	-	-	-	334587	476074	334587	476074
Distribution of profit	-	-	-	-	-	-	-	-	-	-
The rest 31.12.2005	671000	954747	29982	42661	0	0	715768	1018446	1416750	2015854
EUR 0.702804										

Chairman of the board


signature

A. Guborevičs

name, surname

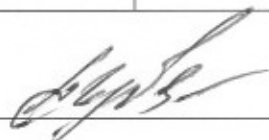
Name of the company: „Latvijas tilti” JSC
 Unified reg. no. LV50003030441
 Address: Riga district, Stopinu reg.Granite street 15, LV 1057

REPORT ON THE CASH FLOW 2005

	2005 LVL	0.702804 EUR	2004 LVL	0.703 EUR
I. Cash flow from the basic activities				
<i>Profit or losses before extra items and taxes</i>	406420	578284	137980	196273
<i>Corrections for:</i>				
- depreciation of capital assets	156713	222982	106500	151494
- write-off of non-material investment value	4797	6826	50040	71181
- accumulation creation (except accumulations of unsafe investments)	48555	69087	34447	49000
- profit or losses due to fluctuations of foreign currencies	(555)	(790)	302	430
- income from participation in the capitals of the daughter and associated companies of the concern	0	0	(58212)	(82805)
- other interest income and similar income	(571)	(812)	0	0
- interest payment and similar expenses	32858	46752	32121	45691
- corporate income tax	(33422)	(47555)	0	0
- influence of the accounting policy	(48768)	(69391)	0	0
<i>Profit or losses before current asset and short-term liability surplus change impact corrections</i>	566027	805383	303178	431263
<i>Corrections for:</i>				
- debtor debt surplus increase (-) or decrease (+)	(1717179)	(2443326)	326821	464895
- accumulation surplus increase (-) or decrease (+)	(433207)	(616398)	38980	55448
- increase (+) or decrease (-) of debts to be paid to suppliers, contractors and other creditors	1818128	2586963	(363829)	(517538)
<i>Gross cash flow from basic activity</i>	233769	332623	305150	434068
Expenses for interest payment	0	0	0	0
Expenses for corporate income tax payments	0	0	0	0
<i>Cash flow before extra items</i>	233769	332623	305150	434068
Cash flow from extra items				
<i>Basic activity net cash flow</i>	233769	332623	305150	434068
II. Investing activity cash flow				
Purchase of capital assets and non-material investments	(452107)	(643291)	(208578)	(296697)
Income from sales of capital assets and non-material investments	2563	3647	0	0
Income from debt payment	571	812	0	0
Dividends received	24366	34670	0	0
Net cash flow from investments	(462107)	(643291)	(208578)	(296697)
III. Cash flow from financial activities				
Expenses for loan payment	221837	315646	(88034)	(125226)
Net cash flow from financial activities	221837	315646	(88034)	(125226)
IV. Foreign currency rate fluctuation				

	results	555	790	(302)	(402)
V.	Review on annual net cash flow	4063	5767	8236	11716
VI.	Money and its equivalent in the beginning of the period	9196	13085	960	1366
VII.	Money and its equivalents in the end of the period	13249	18852	9196	13081

Chairman of the board-director _____



A. Guborevics

JSC "Latvijas tilti "[Bridges]

Accounting policies

General principles

This Annual Report is draw up according to the Republic of Latvia laws "On Accountancy", "On Enterprise Annual Reports", as well as Latvian Accounting Standards Nos. 1, 2, 3, and 4.

The Profit&Loss Account is drawn up according to the turnover costs scheme.

The Cash Flow Report is drawn up according to indirect method.

Converting foreign currencies to Latvian lats

Assets and liabilities in foreign currencies are converted to lats according to the exchange rate established by the Bank of Latvia for the closing day of the reporting year. Either profit or loss resulting from fluctuations in foreign currencies exchange rates, are reflected in Profit&Loss Account for the corresponding period.

	31.12.05.	31.12.04.
	Ls	Ls
1 EUR	0.702804	0.703
1 USD	0.593	0.516
1000 BYR	0.275	0.237
1 MDL	0.0463	0.0416

Fixed assets

All fixed assets are evaluated at their starting value, gradually deducting their wear and tear. The wear and tear is calculated according to linear method throughout the period of suitable use of the relevant fixed assets.

Inventories

Inventories are evaluated according to the requirements of law "On Enterprise Annual Reports" at their purchase costs and production prime cost.

Investments in subsidiaries and associated enterprises

According to the law "On Enterprise Annual Reports", investments in subsidiaries are adjusted correspondingly to the changes in the value of share in subsidiaries' equity.

Other investments

Long-term investments, except for investments in subsidiaries and associated enterprises, are accounted at their purchase costs.

Investments in the subsidiaries and associated companies

Compared with the previous reporting year, the accounting policy is changed in relation to investments in the concern's subsidiaries and associated companies, as described in the Chapter "Change in the accounting policy" of the Annex "Accounting Policy". Other accounting and evaluation methods being applied at the enterprise are left unchanged.

Starting with the reporting year 2005, the contributions in capital of the concern's subsidiaries and associated companies are shown in the separate Financial Report at their acquisition cost.

Annex

Change in the accounting policy

In 2005, according to the amendments as of May 25, 2005 made in the Law "On enterprises' annual reports", which came in force on June 24, 2005, the enterprise changed the method of accounting contributions in capital of the concern's subsidiaries and associated companies in the separate financial report prepared by the enterprise. Up to 2005, such contributions were accounted by the owner's capital method. Starting with the reporting year 2005, the contributions in capital of the concern's subsidiaries and associated companies are shown in the enterprise's separate financial report at their acquisition cost.

The new accounting policy has been applied retroactively, correspondingly adjusting the comparative indices in such the way, so that the new accounting policy would be applied from the moment of acquisition of the relevant contributions. The influence exerted by the accounting policy upon the comparative indices is disclosed in the Report on changes in owner's capital, and in the corresponding annexes to the Financial Report as well.

JSC "Latvijas tilti "[Bridges]

Influence exerted by the change in accounting policy

Long-term financial investments in the subsidiary LTM "Poduri" of Moldova:

		Owner's capital method		Acquisition cost method	
		Balance Sheet	Profit&Loss Account	Balance Sheet	Profit&Loss Account
2002:	Investments	291	470	291	-
	Annual profit	470		-	-
2003:	Annual profit	101	101	-	-
2004:	Annual profit	43,518	43,518	-	
2005:	Dividend	(24,366)	-	-	(24,366)
The result of change in the accounting policy				291	

Long-term financial investments in the subsidiary "Mostdorstroj" of Byelarus:

		Owner's capital method		Acquisition cost method	
		Balance Sheet	Profit&Loss Account	Balance Sheet	Profit&Loss Account
2002:	Investments	12,768	-	12,768	-
	Annual profit	10	10	-	-
2003:	Annual profit	(12,778)	(12,778)	-	-
2004:	Investments	15,863	-	15,863	-
	Losses covering	(15,863)	(15,863)	-	-
	Annual profit	14,694	14,694	-	-
The result of change in the accounting policy				28,631	

JSC "Latvijas tilti "[Bridges]

Long-term financial investments in the subsidiary PS "LT&UZ Būve" of Latvia:

		Owner's capital method		Acquisition cost method	
		Balance Sheet	Profit&Loss Account	Balance Sheet	Profit&Loss Account
2002:	Investments	500	-	500	-

JSC "Latvijas tilti" [Bridges]

Explanations

(1) Net turnover

	2005	2004
	Ls	Ls
Revenues from construction Latvija	6.320.534	4.104.103
Revenues from construction with VAT 0%	233.086	660.184
Revenues from sales of services and building structures Latvija	728.116	263.958
Revenues from sales building structures with VAT 0%	432.584	-
TOTAL:	<u>7.714.320</u>	<u>5.028.245</u>

(2) Production costs

	2005	2004
	Ls	Ls
Material costs (raw materials, materials, services from outside)	1.862.297	1.085.060
Labour payment	684.078	505.152
Social tax	153.135	133.826
Co-operation	4.116.649	2.617.421
Other costs	439.652	665.860
TOTAL:	<u>7.255.811</u>	<u>5.007.319</u>

(3) Selling costs

	2005	2004
	Ls	Ls
Transport services	9.362	5.962
TOTAL:	<u>9.362</u>	<u>5.962</u>

JSC "Latvijas tilti" [Bridges]

(4)Administrative overheads

	2005	2004
	Ls	Ls
Administration salaries, social tax	59.744	58.344
Expenses for communications	13.173	14.712
Chancellery costs	5.092	5.262
Expenses for Annual Report and Audit	1.243	3.112
Legal services	3.334	4.942
Bank services	7.463	6.074
Representation expenses	1.802	876
Training of workers expenses	2.996	3.734
Motor transport maintenance costs	5.218	4.896
Other administrative overheads	11.574	5.300
TOTAL:	111.639	107.252

(5)Other revenues from the enterprise economic activity

	2005	2004
	Ls	Ls
Revenues from selling materials	79.189	157.029
Revenues from services	30.453	55.387
Revenues from realization of a fixed capital	-	431
From fluctuations in foreign currencies exchange rates	555	4.038
Difference between nominal and selling cost of certificates	712	36.832
Revenues from interruption of the contract	415	14.513
Dividends	24.366	-
Other revenues	2.088	6.507
TOTAL:	137.778	274.737

JSC "Latvijas tilti" [Bridges]

(6) Other expenditure from the enterprise economic activity

	2005	2004
	Ls	Ls
The grant to funeral	770	1.342
The grant to a mutilation	493	576
Losses from interruption of the contract	-	7.094
Sponsorship	11.100	-
Write- off of the residual rest a fixed capital	2.234	875
Result of converting	15.330	10.794
Other expenditure	3.185	37.057
TOTAL:	33.112	57.738

(7) Payment of percent and similar revenues

	2005	2004
	Ls	Ls
Revenues from percent	571	-
Revenues from sanctions of contracts	-	946
TOTAL:	571	946

(8) Payment of percent and similar expenditure

	2005	2004
	Ls	Ls
Percent for a duty	32.858	32.121
The paid penal money	3.467	842
TOTAL:	36.325	32.963

JSC "Latvijas tilti" [Bridges]

(9)Other taxes

	2005	2004
	Ls	Ls
Calculated land real property tax	3.921	3.921
Calculated buildings and facilities real property tax	7.173	5.886
TOTAL:	11.094	9.807

(10)Intangible investments

Other intangible investments Ls

Initial cost	
31.12.04	8.901
It is got	3.540
It is written off	-
31.12.05.	12.441
Used	
31.12.04	6.244
It is counted for 2005.	1.425
It is excluded	-
31.12.05.	7.669
Residual value 31.12.04	2.657
Residual value 31.12.05	4.772

JSC "Latvijas tilti" [Bridges]

(11)Fixed assets

	Land, buildings and facilities Ls	Equipment and machinery Ls	Other fixed assets Ls	Formation of fixed assets Ls	TOTAL Ls
Acquisition value as of 31.12.04	1.043.353	1.084.622	214.509	570	2.343.054
It is got	-	309.595	135.885	185.951	631.431
It is written off	(402)	(13.223)	(9.754)	(183.226)	(206.605)
Acquisition value as of 31.12.05	1.042.951	1.380.994	340.640	3.295	2.767.880
Used 31.12.04	283.498	838.207	139.265	-	1.260.970
It is counted for 2005	40.850	73.333	41.105	-	155.288
It is excluded	(277)	(9.492)	(8.813)	-	(18.582)
31.12.05.	324.071	902.048	171.557	-	1.397.676
Residual value as of 31.12.04	759.855	246.415	75.244	570	1.082.084
Residual value as of 31.12.04	718.880	478.946	169.083	3.295	1.370.204

(12)Participation in subsidiaries capital

	Share of participation - subsidiary purchase price	
	Ls	%
"Mostdorstroj", Byelorussia	28.631	100
LTM "Poduri", Moldova	291	65.78
Partnership with unlimited liability "LT&UZ-Be", Latvia	500	50
	29.422	

JSC "Latvijas tilti" [Bridges]

Participation in associated enterprises capital

	Share of participation - purchase price	
	Ls	%
Partnership with unlimited liability "Dienvidu tilts" [South Bridge], Latvia	6.250	12.5

Share of participation - purchase price		
	Ls	%
"TCT- tilti, ceļi un tīkli" Latvia	0	50
"Binders" un partneri" Latvia	0	3.8

(13) Payment in the advance payment for the goods (appendix 1.)

(14) Stocks

	31.12. 05	31.12.04
	Ls	Ls
Raw material, the basic materials, auxiliary materials	474.484	308.267
Not finished manufacture	476.302	4.900
Finished manufacture	150.0430	344.695
Payment in the advance payment for the goods	38.513	48.273
TOTAL:	1.139.342	706.135

JSC "Latvijas tilti" [Bridges]

(15)Debts of purchasers and customers (appendix 2.)

	31.12.05.	31.12.04.
	Ls	Ls
Debts of purchasers and customers	466.356	300.089
Deferred payments	156.034	171.279
	<u>622.390</u>	<u>471.368</u>

(16)Other debtors (appendix 3.)

	31.12.05.	31.12.04.
	Ls	Ls
Other debtors	23.249	18.974
Overpaid VAT	209.204	76.280
Overpaid real property tax	395	-
Overpaid enterprise income tax	1.039	4.364
	<u>233.987</u>	<u>99.618</u>

(17)Deferred expenses

	31.12.05.	31.12.04.
	Ls	Ls
Expenses for communications	392	342
The periodic literature	234	57
Insurance premiums –objects	4.094	4.579
Insurance premiums -transport, the equipment	4.238	2.001
Insurance premiums- health	3.927	-
Riga Stock Exchange	5.000	-
Others	3.288	878
	<u>21.173</u>	<u>7.857</u>

JSC "Latvijas tilti" [Bridges]

(18)The saved up debtors (appendix 4.)

(19)Securities and participation in capital

	31.12.05.	31.12.04.
	Ls	Ls
Certificates of privatization	4	4
	<u>4</u>	<u>4</u>

(20)Money

	31.12.05.	31.12.04.
	Ls	Ls
Cash at Cashier's Desk	103	9.196
Money with bank	13.146	-
Money total:	<u>13.249</u>	<u>9.196</u>

(21) Creditors

	31.12.05	31.12.04
	Ls	Ls
Long-term debts		
Others debts- Ltd "Hanza Līzings", Ltd "Nord/lb Līzings"	163.019	6.192
Postponed tax liabilities	51.820	-
Long-term debts total	214.839	6.192
Short-term debts		
Depts from credit establishment	542.305	518.108
Others debts - SIA "Hanza Līzings", SIA "Nord/lb Līzings"	58.959	18.146
	601.264	536.254

JSC "Latvijas tilti" [Bridges]

(22)The received advance payments from buyers (appendix 5.)

(23) Debts to suppliers and businessmen (appendix 6.)

(24)Taxes and social insurance payments

	31.12.05.	31.12.04.
	Ls	Ls
State social insurance obligatory premiums	29.965	16.813
Population income tax	19.720	10.895
The profit tax of the enterprise	33.422	-
VAT	230.579	-
Other taxes	152	147
	<u>313.838</u>	<u>27.855</u>

(25)Other debets to creditors

	31.12.05.	31.12.04.
	Ls	Ls
Settlements on wages	50.917	26.521
Other creditors – settlement parties	1.014	7
	<u>51.931</u>	<u>26.528</u>

JSC "Latvijas tilti" [Bridges]

Average quantity of workers at the enterprise

	2005.	2004.
Average quantity of workers at the enterprise	170	165
	<u>170</u>	<u>165</u>

Payment for a management

	2005 Ls	2004 Ls
Members of Advice		
The counted payment	33.211	29.698
The paid payment	22.398	20.715
Members of Board		
The counted payment	16.880	16.694
The paid payment	11.055	11.582



Anatolijs Guborevičs
Chairman of the Board - Director