CONTENTS

INFORMATION ON THE COMPANY

Name of the company	LATVIJAS TILTI
Legal status of the company	Joint stock company
Number, place and date of registration	Register of the companies Nr. 50003030441 Riga, 7 October 1991 Commercial register Riga, 29 June 2004
Address	Granita street, 15 Stopinu district, Rmbula, LV- 1057 Latvia
Type of operations	Construction
Parent company	SIA Zinātniskās ražošanas apvienība "LNK" (Latvijas Novitātes Komplekss) (further SIA ZRA "LNK") - 89,69%
Names and positions of the Board members	Sergejs Brovkins - chairman of the board Vladimirs Muhomors - member of the board Regīna Vitrjaka - member of the board
Names and positions of the Council members	Aleksandrs Milovs - chairman of the council Vadims Milovs - vice chairman of the council Boris Rozentāls - member of the council Andrejs Subočs - member of the council Igors Goļcovs - member of the council
Financial year	1 January, 2010 - 31 December, 2010
Auditor's name and address:	Baker Tilly Baltics SIA License No. 80 Kronvalda boulevard 10 Riga LV-1010 Latvia Certified auditor in charge Eriks Bahirs Certificate No.136

REPORT OF THE MANAGEMENT

Type of operations

Principal activity of JSC Latvijas tilti is construction of bridges and other objects, production of concrete and metal constructions.

Performance of the Company during the financial year

In 2010 the Company's net sales amounted to Eur 31 935 554. During the reporting period the construction works of road crossing on motorway, that connects Turkmenbashi city airport and National tourism area "Avaza" have begun in accordance with signed agreement with Russian company's branch ZAO "PO Vozrozdenije" in Turkmenistan. For the realization of the project the branch of the Company was established under name - Branch "JSC "Latvijas tilti" in Turkmenistan". The amount of performed works in Turkmenistan in 2010 amounts to Eur 3 319 008 from total Company's net sales volume.
During reporting year the construction works of Ventspils autotransport bridge over river Venta were completed. In August 2010 the agreement was signed and works were already started in reconstruction of Klaipeda's sea port.

During reporting period the Company has actively performed in all directions:
- maintenance, construction and repair works of bridges
- concrete product manufacturing
- production of metal constructions
- hydro construction.

Research and development

Much attention was paid to the price analysis of purchased materials and lease of construction equipment and machinery. The measures for work optimization and productivity improvement were taken.
Parallel to the bridge construction, special attention was paid to the occupancy of concrete and metal structures departments.
The average number of employees during the year amounted to 246 people, compared with 250 people in 2009. This indicates that the Company's management seeks to keep skilled workers and pays great attention to training of professionals, helping to get certificates to those assistants of building managers, who have appropriate expertise, education and work experience.

Financial risk management

The policy of financial risk management of the Company is described in financial report's Notes 42

Post balance sheet events

In the time period between the last day of the financial year and the date of signing the financial statements by the Board there have been no important events that would have a significant effect on the financial results of the year or the financial position of the Company.

Distribution of profit proposed by the Board

	2010 **Eur**
Profit share to be distributed	**2 837 336**
Proposed profit distribution:	
Retained earnings	2 837 336

Future prospects

Evaluating the activity's opportunities for the 2011th year, the Company plans to complete the construction of road crossing in Turkmenistan, to continue hydro construction works in Lithuania. Much attention will be paid and markets will be explored for the possibilities of the Company's experience application in other countries of European Union.

Regīna Vitrjaka	Vladimirs Muhomors
board member	board member

Riga, 1 May 2011

INCOME STATEMENT

	Notes	2010 Eur	2009 Eur
Net sales	(1)	31 935 554	32 617 588
Cost of sales	(2)	(27 165 348)	(23 799 876)
Gross profit or losses		**4 770 206**	**8 817 712**
Distribution expenses	(3)	(99 298)	(28 436)
Administrative expenses	(4)	(1 077 770)	(1 047 615)
Other operating income	(5)	1 348 399	174 628
Other operating expenses	(6)	(1 664 191)	(650 281)
Gain from investments in subsidiaries and associated companies	(7)	30 817	150 896
Interest and similar income	(8)	189 579	87 639
Interest and similar expenses	(9)	(109 736)	(134 999)
Profit or losses before taxes		**3 388 006**	**7 369 543**
Corporate income tax	(10)	(528 758)	(947 116)
Other taxes	(11)	(21 912)	(19 022)
Net profit or losses		**2 837 336**	**6 403 404**
Earnings per share (in Lats)	(12)	4,23	9,54

Notes on pages 12 to 26 are an integral part of these financial statements.

Regīna Vitrjaka
board member

Vladimirs Muhomors
board member

Riga, 1 May 2011

BALANCE SHEET

	Notes	31.12.2010. Eur	31.12.2009. Eur
ASSETS			
Non-current assets			
Intangible assets:			
Concessions, patents, licenses, trademarks and similar rights	(13)	327	1 488
Total intangible assets:		**327**	**1 488**
Fixed assets:			
Land and buildings	(13)	1 082 121	768 004
Equipment and machinery	(13)	2 744 095	3 175 150
Other fixed assets	(13)	460 333	469 068
Fixed assets under construction	(13)	-	30 928
Total fixed assets:		**4 286 549**	**4 443 149**
Non-current financial investments:			
Investments in associates	(14)	18 953	19 664
Other loans and non-current receivables	(15)	9 540	-
Own shares	(14)	2 864	2 864
Total non-current financial investments:		**31 357**	**22 528**
Total non-current investments:		**4 318 234**	**4 467 166**
Current assets			
Inventories:			
Raw materials and consumables	(16)	1 364 230	1 306 024
Finished goods and goods for sale	(17)	381 870	986 355
Advances for inventories		724 903	119 123
Total inventories:		**2 471 003**	**2 411 502**
Account receivable:			
Trade receivables	(18)	4 970 713	1 590 848
Receivables from group companies	(19)	47 649	4 000 000
Receivables from associates	(20)	12 094	-
Other receivables	(21)	791 740	1 216 072
Deferred expenses	(22)	155 321	52 130
Accrued income	(23)	1 834 220	2 762 772
Total receivables:		**7 811 737**	**9 621 821**
Current financial investments:			
Other securities and participation interest	(14)	6	6
Total current financial investments:		**6**	**6**
Cash and bank:	(24)	**759 963**	**3 293 719**
Total current assets:		**11 042 709**	**15 327 047**
Total assets		**15 360 942**	**19 794 213**

Notes on pages 12 to 26 are an integral part of these financial statements.

BALANCE SHEET

	Notes	31.12.2010. Eur	31.12.2009. Eur
EQUITY AND LIABILITIES			
Equity			
Share capital	(25)	954 747	954 747
Reserves:			
legal reserves	(26)	42 661	42 661
Retained earnings			
a) previous year's retained earnings		1 521 192	1 514 593
b) current years profit or losses		2 837 336	6 403 404
Total equity:		**5 355 936**	**8 915 405**
Liabilities:			
Non-current liabilities:			
Other borrowings	(27)	1 287 690	1 988 818
Deferred income tax liabilities	(10)	217 443	390 904
Total non-current liabilities:		**1 505 133**	**2 379 722**
Current liabilities:			
Other borrowings	(27)	434 542	499 124
Advances from customers	(28)	1 151 725	1 836 116
Trade payables	(29)	3 703 166	3 507 931
Payables to group companies	(30)	102 310	343 619
Taxes and social insurance payments	(31)	580 344	984 700
Other liabilities	(32)	242 104	228 603
Accrued liabilities	(33)	2 285 681	1 098 993
Total current liabilities:		**8 499 873**	**8 499 086**
Total liabilities:		**10 005 005**	**10 878 808**
Total equity and liabilities		**15 360 942**	**19 794 213**

Notes on pages 12 to 26 are an integral part of these financial statements.

Regīna Vitrjaka
board member

Vladimirs Muhomors
board member

Riga, 1 May 2011

STATEMENT OF CHANGES IN EQUITY

	Share capital	Legal reserves	Retained earnings	Total
	Eur	**Eur**	**Eur**	**Eur**
31.12.2008.	**954 747**	**42 661**	**7 004 387**	**8 001 794**
Dividends	-	-	(5 489 794)	(5 489 794)
Profit for the year	-	-	6 403 404	6 403 404
31.12.2009.	**954 747**	**42 661**	**7 917 997**	**8 915 405**
Dividends	-	-	(6 396 805)	(6 396 805)
Profit for the year	-	-	2 837 336	2 837 336
31.12.2010.	**954 747**	**42 661**	**4 358 528**	**5 355 936**

Notes on pages 12 to 26 are an integral part of these financial statements.

Regīna Vitrjaka
board member

Vladimirs Muhomors
board member

Riga, 1 May 2011

CASH FLOW STATEMENT

	Note	2010 Eur	2009 Eur
Cash flow from operating activities			
Profit or losses before taxes		**3 388 006**	**7 369 543**
Adjustments for:			
depreciation of fixed and intangible assets		691 709	603 952
profit from disposal of fixed assets		(2 597)	(2 019)
write-off of long-term financial investments		43 309	9 391
interest expenses		37 231	106 422
interest income		(32 975)	(87 639)
other taxes		(21 912)	(19 022)
Cash flow prior to changes in current assets and liabilities		**4 102 771**	**7 980 628**
Inventory (increase)/decrease		(59 502)	443 619
Account receivable (increase)/decrease		(2 780 946)	922 537
Account payable increase/(decrease)		1 642 256	(1 009 782)
Gross cash flow generated from operating activities		**2 904 579**	**8 337 002**
Corporate income tax paid		(1 834 223)	(14 229)
Net cash flow generated from operating activities		**1 070 356**	**8 322 773**
Cash flow from investing activities			
Acquisition of fixed and intangible assets		(518 803)	(16 182)
Proceeds from sales of fixed assets		17 534	2 019
Loans issued		-	(4 019 998)
Loans repayment received		4 021 912	1 323 134
Loans interest received		32 975	87 639
Dividends received		30 817	150 896
Net cash flow generated from investing activities		**3 584 435**	**(2 472 492)**
Cash flow from financing activities			
Loans received		349 999	-
Loans repaid		(250 000)	-
Interest paid		(37 231)	(106 422)
Dividends paid		(6 396 805)	(5 489 795)
Finance lease payments		(854 511)	(561 928)
Net cash flow generated from financing activities		**(7 188 548)**	**(6 158 145)**
Net increase / (decrease) in cash and cash equivalents		**(2 533 756)**	**(307 864)**
Cash and cash equivalents at the beginning of the financial year		**3 293 719**	**3 601 585**
Cash and Cash equivalents at the end of the financial year	(24)	**759 963**	**3 293 719**

Notes on pages 12 to 26 are an integral part of these financial statements.

Regīna Vitrjaka
board member

Vladimirs Muhomors
board member

Riga, 1 May 2011

NOTES TO THE FINANCIAL STATEMENTS

I. ACCOUNTING POLICIES

(1) General principles

Financial statements are prepared in accordance with the Laws of the Latvian Republic On Accounting, On the Annual Reports and effective Latvian Accounting Standards.

The financial statements have been prepared according to the historical cost accounting principle. The income statement is prepared in accordance with the turnover method. The cash flow statement has been prepared under indirect cash flow method.

(2) Reclassification of comparatives

Certain items have been classified differently than in previous year financial statements. Reclassification does not have the impact on the financial results. The previous year comparatives have been reclassified accordingly and are comparable.

Name of items reclassified	2009 Adjusted	2009 Prior adjustments	Amount
	Name of line item	Name of line item	Eur
Net loss from sale of foreign currency	Interest and similar expenses	Other operating expenses	28 577
Advances for inventories	Advances for inventories	Other receivables	119 123
Trade payables of SIA "Transporta kompānija Irbe LNK" (further SIA Irbe LNK) and SIA "kompānija TTS-Avio" (further SIA TTS-Avio)	Payables to group companies	Trade payables	343 619
Residual values of cars	Other fixed assets	Equipment and machinery	278 244
Provision for doubtful debt of other receivables	Trade receivables	Other receivables	17 264
Accrued expenses for uncompleted construction works	Accrued income	Uncompleted work	187 550

(3) Income recognition and net sales

Net sales contains the total value of goods and services sold during the year excluding discounts and value added tax.

Income is recognized according to the following principles:
Sales of goods - after significant ownership risk and rewards have been passed to the buyer;
Rendering of services - under the percentage of completion method;
Income from fines and penalties - at the moment of receiving the payments;
Interest income - on an accrual basis;
Dividends - at the moment of acquiring legal rights to receive them.

(4) Construction contracts

Contract costs are recognised when incurred. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The Company apply the percentage of completion method to determine the appropriate amount to recognize in a given period. The stage of completion is measured by reference to the contract costs incurred up to balance sheet date as a percentage of total estimated costs for each contract or carrying out surveys of work performed to date. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories or other assets, depending on their nature.

The Company presents as an asset the gross amount due from the customers for contract work for all contracts in progress for which costs incurred plus recognized profit (less recognized losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within "trade receivables".

The Company presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognized profit (less recognized losses). Advances received from customers are included within "advances from customers".

(5) Foreign currencies

Items shown in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). Financial statements are presented in Latvian lat (Ls), which is the Company’s functional and presentation currency.

In accordance with the Riga Stock Exchange requirements all balances are presented in Euro (EUR). For the purposes of disclosures translation is performed applying the official exchange rate adopted by the Bank of Latvia EUR / LVL (1 EUR = LVL 0.702804) for the period from 1 January 2010 to 31 December 2010.

Monetary assets and liabilities denominated in foreign currencies are translated into Lats in accordance with the official exchange rate set by Bank of Latvia for the last day of the financial year. The profit or loss resulting from the exchange rate fluctuations of the foreign currency are recognized in the income statements in the respective period on net amount.

	31.12.2010.	**31.12.2009.**
	Ls	**Ls**
1 USD	0,535	0,484
1 EUR	0,702804	0,702804
1 LTL	0,203	0,204

(6) Fixed and intangible assets

Intangible and fixed assets are initially recognized at the purchase cost. Purchase cost includes costs, directly related to the acquisition of intangible and fixed assets. In financial statements the intangible and fixed assets are recognized at purchase cost less depreciation.

Depreciation is calculated on a straight-line basis applying the following rates of depreciation set by the management, based on the estimated useful life of the fixed assets:

	Depreciation % per annum
Intangible assets	10-40
Buildings	2-10
Technological equipment	8-30
Other machinery and equipment, transport vehicles	5-50

The Company capitalizes its fixed assets valued over Eur 213 with useful life exceeding 1 year. Depreciation for improvements and other low costs items with the value less than Eur 213 is recognized in full after its ready for use.

If sufficient evidence is acquired that the future economic benefit associated with subsequent costs will flow to the Company, which exceeds the return set previously, costs are capitalized as additional costs to the fixed asset. Capitalizing the cost of replaced parts, the carrying amount of the part replaced is derecognized and charged to the income statement. All other repair and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Net gains or losses from disposal of fixed assets is calculated, as the difference between the carrying amount of the fixed asset, write-off of related assets revaluation reserve (if any) and proceeds from sale, and recognized in the income statements during the period when disposal are incurred.

If it is possible to conclude due to any kind of occurrence or circumstances that residual value of fixed or intangible assets could exceed its recoverable value, appropriate value of fixed or intangible asset is to be decreased until recoverable value. Recoverable value is prescribed as the highest from actual value of investigation, discharging purchase costs or usage values.

(7) Lease-to-buy (financial lease)

In cases when leased assets are received with lease-to-buy (financial lease) conditions, under which all risks and rewards of ownership are transferred to the Company, are recognized as Company's assets. Assets under the finance lease are recognized at the inception of lease at the lower of fair value of the leased assets or the present value of the minimum lease payments. Lease interest payments are included in income statement by method to produce a constant periodic rate of interest on the remaining balance of the liability.

(8) Lease without redemption rights (operating lease)

In cases, when the material part of the risks and rewards of ownership of the leased assets are remained to the lessor, the transaction is classified as operating lease. Lease payments and prepayment for lease are included in income statement on a straight-line basis over the lease period.

(9) Inventories

Inventories are stated at the lower of purchase or production cost and net realizable value. Purchase costs consists of purchase value and overheads, which have been acquired, by delivering inventories at their current position and value. The costs of materials and other expenses that are directly connected with the production of the appropriate item as well as a respective part of overhead expenses are included in the production cost of inventories. Selling expenses has not included in cost. Cost is stated on the weighted average method. When the net realizable value of inventories is lower than its costs, the difference is recognized as provisions for the decrease of value.

(10) Account receivable

Receivables are recognized in the balance sheet at their net value, less provisions made for doubtful and bad debts. Provisions for doubtful receivables are established when the management of the Company considers that it is probable that the total amount of receivables will not be collected .

(11) Investments in group and associates, other financial investments

Non-current financial investments, including investments in subsidiaries and associates, are stated at cost less impairment losses.

(12) Accrued liabilities for unused annual leave

Amount of accumulated unused annual leave is determined by multiplying the average day rate of employees for the last six months of the financial year by the amount of accrued but unused annual leave at the end of the reporting year.

(13) Taxation

Corporate income tax for the reporting period is included in the financial statements based on the management's calculations prepared in accordance with the tax legislation of appropriate country.

Deferred tax is calculated according to the liability method with respect to all temporary differences between the values of assets and liabilities in the financial statements and their tax basis. The deferred tax liability is calculated based on the tax rates that are expected to be applied when the temporary differences reverse. The temporary differences arise from different fixed asset depreciation rates, impairment of assets as well as from tax losses carried to the next taxation periods. In cases, when the total result of the deferred tax calculation is to be reflected as assets, it is recognized in the financial statements only if a future taxable profit will be available against which the temporary differences can be utilised.

(14) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash, the balances of the current bank account and other current liquid financial assets with maturities up to 90 days.

(15) Group companies

Group companies are considered parent, subsidiaries of the parent and subsidiaries of subsidiaries, providing that the parent company has a control over its subsidiaries.

(16) Associates

An associated company is an entity within a significant influence of the Company. The significant influence is provided by holding no less than 20% and no more than 50% of the share capital or voting rights.

(17) Related parties

Related parties are considered Group companies, Board and Council members, their close family members and Companies, in which the previously mentioned persons/Group companies have significant influence or control.

II. OTHER NOTES

(1) Net sales

	2010	2009
	Eur	Eur
By operating activities		
Income from construction works	31 633 586	32 128 152
Income from services and sale of construction products	301 968	489 435
	31 935 554	**32 617 588**
By location		
Income from sales of goods/services in Latvia	28 051 239	32 617 588
Income from sales of goods/services to EU	565 307	-
Income from sales of goods/services to Turkmenistan	3 319 008	-
	31 935 554	**32 617 588**

(2) Cost of sales

Outsourced services	7 912 870	9 907 587
Raw materials and consumables	13 342 222	8 677 863
Salary expenses	3 683 408	3 557 251
Social insurance	871 587	890 143
Depreciation of fixed assets	689 260	603 952
Other costs	665 999	163 080
	27 165 348	**23 799 876**

(3) Distribution expenses

Transportation costs	95 012	22 648
Advertising expenses	4 286	5 788
	99 298	**28 436**

(4) Administrative expenses

Research expenditure	303 925	437 550
Salary expenses	249 989	266 041
Transportation costs	96 909	84 503
Social insurance costs	59 376	62 007
Professional service costs	94 156	32 700
Office expenses	25 804	20 440
Rent expenses	24 314	19 478
Cash turnover expenses	10 684	38 580
Representation costs	6 528	1 227
Other administrative expenses	206 084	85 089
	1 077 770	**1 047 615**

(5) Other operating income

Income from sale of materials and services	1 265 302	152 811
Net gain from disposal of fixed assets	2 597	-
Other income	80 500	21 817
	1 348 399	**174 628**

(6) Other operating expenses

	2010 Eur	2009 Eur
Expenses from sale of materials and services	964 751	-
Provisions for doubtful debts	270 262	308 106
Donations	199 899	276 416
Net losses from disposal of fixed assets	-	2 019
Other expenses	229 279	63 740
	1 664 191	**650 281**

(7) Income from investments in subsidiaries and associated companies

Dividends received from general partnerships	30 817	150 896
	30 817	**150 896**

(8) Interest and similar income

Net income on foreign exchange transactions	91 041	-
Net income from exchange rate fluctuations	61 185	-
Interest income	33 006	87 639
Other income	4 347	-
	189 579	**87 639**

(9) Interest and similar expenses

Interest charge, including bank's commissions for issued guarantees (see Note 40)	103 730	104 020
Penalties paid	6 006	2 402
Net loss from sale of foreign currency	-	28 577
	109 736	**134 999**

(10) Corporate income tax

a) Components of corporate income tax

Changes in deferred income tax	(173 462)	34 489
Corporate income tax according to the tax return (Latvia)	478 458	912 627
Corporate income tax according to the tax return (abroad)	223 762	-
	528 758	**947 116**

The actual corporate tax expenses consisting of corporate income tax as per tax return and changes in deferred tax differ from the theoretically calculated tax amount for:

	2010 Eur	2009 Eur
Profit before taxes	3 388 006	7 369 543
Other taxes (real estate taxes)	(21 912)	(19 022)
Profit before corporate income tax	3 366 094	7 350 520
Theoretically calculated tax at 15% tax rate	**504 914**	**1 102 578**
Tax effects on:		
Non-deductible expenses for tax purposes	172 897	38 160
Non-taxable income	(4 623)	(22 635)
Tax discounts for donations	(157 936)	(228 157)
Non-deductable income tax paid abroad	70 674	-
Previous year's mistake in deferred tax calculation	(57 170)	57 170
Total corporate income tax expenses	**528 758**	**947 116**

b) Movement and components of deferred tax	**2010 Eur**	**2009 Eur**
Deferred tax liabilities (asset) at the beginning of the financial year	390 904	356 415
Deferred tax charged to the income statement	(173 462)	34 489
Deferred tax liabilities (asset) at the end of the financial year	**217 443**	**390 904**

The deferred company income tax has been calculated from the following temporary differences between value of assets and liabilities in the financial statements and their tax base (tax effect 15% from temporary differences):

	31.12.2010. Eur	**31.12.2009. Eur**
Temporary difference on depreciation of fixed and intangible assets	382 504	390 904
Gross deferred tax liabilities	**382 504**	**390 904**
Temporary difference on accruals for annual leave	(87 019)	-
Temporary difference on provision for impaired materials	(58 726)	-
Temporary difference on revenue recognition	(19 317)	-
Net deferred tax liability (assets)	**217 443**	**390 904**

(11) Other taxes	**2010 Eur**	**2009 Eur**
Real estate tax for land	3 576	7 739
Real estate tax for buildings	18 337	11 283
	21 912	**19 022**

(12) Earnings per Share (in Eur)

Since the Company has not executed any transactions that could cause changes in the share capital, which would change the amount of earning per share, the adjusted earnings per share is equivalent to the basic earnings per share.

Earnings per share are calculated by dividing the net profit of the reporting year by the average number of shares in the reporting year.

	2010	**2009**
Profit attributed to shareholders of the Company (Eur)	2 837 336	6 403 404
Average annual number of shares	671 000	671 000
Earnings per share (in Eur)	**4,23**	**9,54**

(13) Intangible and fixed assets

	Concessions, patents, licenses, trade marks and similar rights	Fixed assets				
		Land and buildings	Equipment and machinery	Other fixed assets	Fixed assets under construction	Total fixed assets
	Eur	Eur	Eur	Eur	Eur	Eur
Cost/revaluation						
31.12.2009.	12 850	1 282 373	5 177 755	1 272 979	30 928	7 764 035
Additions	-	-	144 501	66 633	381 061	592 195
Disposals	-	(15 179)	(85 035)	(29 153)	(30 928)	(160 295)
Reclassification between fixed assets	-	381 061	-	-	(381 061)	0
31.12.2010.	12 850	1 648 255	5 237 221	1 310 459	0	**8 195 935**
Depreciation						
31.12.2009.	(11 362)	(514 371)	(2 002 605)	(803 911)	-	(3 320 887)
Calculated	(1 161)	(56 615)	(561 704)	(72 229)	-	(690 548)
Disposals	-	4 852	71 183	26 014	-	102 050
31.12.2010.	(12 523)	(566 134)	(2 493 126)	(850 126)	0	**(3 909 386)**
Net carrying amount 31.12.2009.	**1 488**	**768 004**	**3 175 150**	**469 068**	**30 928**	**4 443 149**
Net carrying amount 31.12.2010.	**327**	**1 082 121**	**2 744 095**	**460 333**	**0**	**4 286 549**

a) Cadastral values

Cadastral value of freehold land as at December 31, 2010 is Eur 208 610 (31.12.2009: Eur 238 412). Cadastral value for the buildings is Eur 1 219 928 (31.12.2009: Eur 1 222 406).

b) Joint ownership of real estate

In previous year the Company has sold conditional part of it's real estate (land plot and buildings on it), that amounted to about 19% from whole real estate. In the same year parties have signed written agreement stating the Company's exclusive owbership rights on all buildings and on 76 200 m2 land plot's part from total 177 500 m2 land plot.
During current year the additional agreement was signed on joint usage of real estate, in accordance to which parties agree on rights to use separately and independently each land plot's exisiting communication facilities, road and entrance area and other rights.

c) Fixed assets under finance lease

Net carrying amount of fixed assets acquired under finance lease as at December 31, 2010 is Eur 1 823 592 (31.12.2009 - Eur 2 566 189). The ownership of those assets will be transferred to the Company after the settlement of all lease liabilities (see notes 27).

d) Effect of changes in estimates

In reporting year the Company has changed accounting estimates on depreciable fixed assets value, determining that starting from 2010 the liquidation values of fixed assets are zero. This change of accounting estimate has affected Income statement in 2010 in comparision with 2009 by Eur 103 821, having increased current year's depreciation expenses.

Information on pledged fixed assets is disclosed in the Note 40 to the financial statements.

(14) Equity investments

a) movement of investments

	Non-current		Current	
	Investments in associates	Own shares	Other securities and investments	Total
	Eur	Eur	Eur	Eur
Cost				
31.12.2009.	19 664	2 864	6	22 534
Disposals	(711)	-	-	(711)
31.12.2010.	18 953	2 864	6	21 823
Net carrying amount 31.12.2009.	**19 664**	**2 864**	**6**	**22 534**
Net carrying amount 31.12.2010.	**18 953**	**2 864**	**6**	**21 823**

c) investments in associates

Name	Address	Type of operations	Participating interest 31.12.2009. %	Participating interest 31.12.2010. %
AS "Transport Systems"	E.Melngaiļa street 1a, Rīga	Designing, construction services	12,5	12,5
General partnership TLTB	E.Melngaiļa street 1a, Rīga	Construction services	25	25
"Mostootrjad 17"	S.Peterburg Institutskij pr.,21, Russia	Construction services	50	50
General partnership LT&UZBūve	Stopiņu nov., Rumbula, Granīta 15	Construction services	50	-

Investment in general partnership LT&UZBūve in amount of Eur 711 was written-off in the reporting year, settling against debt for unpaid shares in this partnership, as there was no acitivity in this partnership during reporting year and the partnership was intented to be liquidated in the next reporting period.

(15) Other loans and non-current receivables

	31.12.2010. Eur	31.12.2009. Eur
Advance payments of operating lease agreements, non-current part (see Notes 21)	9 540	-
	9 540	**0**

In 2010 the Company has concluded two new lease agreements with SIA "DnB Nord Līzings" for 2 auto vehicles with a lease period of 36 months. Under these agreement terms the Company had to carry out first payments in amount of 15-25% of the purchase price. The Company depreciates these payments over the lease period and the amount of Eur 9 540 is the non-current part of first payments payable in 2012 and further years.

(16) Raw materials and consumables

	31.12.2010. Eur	31.12.2009. Eur
Raw materials and consumables	1 708 960	1 260 410
Accruals for impaired materials	(391 506)	-
Spare parts and other materials	46 775	45 614
	1 364 230	**1 306 024**

(17) Finished goods and goods for sale	31.12.2010. Eur	31.12.2009. Eur
Metal constructions	248 744	633 542
Concrete products	133 127	352 812
	381 870	**986 355**

(18) Trade receivables		
Book value of trade receivables in Latvia	2 545 997	996 299
Book value of trade receivables in Turkmenistan	1 466 984	-
Retentions	1 487 806	855 699
(Provisions for bad and doubtful debts)	(530 074)	(261 151)
	4 970 713	**1 590 848**

Provisions for bad and doubtful debts have been made 50-100 % of their book value.

(19) Receivables from group companies	31.12.2010. Eur	31.12.2009. Eur
Loan to SIA ZRA "LNK" *	-	4 000 000
Receivables from SIA TTS-Avio **	47 649	-
	47 649	**4 000 000**

*In previous year issued loan to parent company SIA ZRA "LNK" in amount of EUR 4 millions with 1,2% interest rate and repayment term of 31 December 2010 was fully settled in September of reporting year.

**The receivable from SIA TTS-Avio consist of debt for sold metal constructions.

(20) Receivables from associates	31.12.2010. Eur	31.12.2009. Eur
Debts of general partnerships LT Celtniecība and TLTB	12 094	-
	12 094	**0**

(21) Other receivables		
Corporate income tax overpaid (see Note 31 for details)	668 874	-
Advance payments for works and services	106 152	1 160 669
Provisions for bad and doubtful advance payments for services	(46 953)	(46 953)
Payments to personnel	39 727	-
Input VAT accepted	7 658	70 922
Current loans	6 323	28 235
Advance payments of operating lease agreements, current part (see also Notes 15)	5 677	868
Other receivables	5 622	2 331
Provision for bad and doubtful other receivables	(1 339)	-
	791 740	**1 216 072**

(22) Deferred expenses		
Prepayments of insurance payments	112 482	44 961
Other expenses	42 838	7 168
	155 321	**52 130**

(23) Construction contracts

	31.12.2010. Eur	31.12.2009. Eur
Costs incurred and profit recognised as income	664 699	2 762 772
Gross amount of work-in-progress	**664 699**	**2 762 772**
where:		
Work-in-progress under assets (as "Accrued income")	1 834 220	2 762 772
Work-in-progress under liabilities (as "Accrued liabilities")	(1 169 521)	-
	664 699	**2 762 772**
Corresponding amounts:		
Contract revenue recognised in income statement (as "Net sales")	31 633 586	32 128 152
Advances received from customers (as "Advances from customers")	1 151 725	1 836 116
Retentions on construction contracts (as "Trade receivables")	1 487 806	855 699

(24) Cash and bank

	31.12.2010. Eur	31.12.2009. Eur
Cash at bank on current accounts	676 014	3 258 946
Cash on hand	83 949	34 774
	759 963	**3 293 719**

(25) Share capital

As at December 31, 2010 the registered and fully paid share capital is Ls 671 000 (Eur 954 747), composed of 671 000 ordinary shares with a nominal value of 1 Ls each. The share capital with voting rights is Ls 668 987 (Eur 951 883), without voting rights personal shares - Ls 2 013 (Eur 2 864).

(26) Reserves

According to the Latvian statutory requirements the Company in the previous periods created the legal reserves. This legal requirements are no more effective in the reporting year. Legal reserves expected to be reclassified to retained earnings.

(27) Other borrowings

	31.12.2010. Eur	31.12.2009. Eur
Non-current		
Liabilities according to the finance lease agreements, payable from 2 to 5 years	1 151 492	1 418 077
Liabilities according to the finance lease agreements, payable over 5 years	136 199	570 741
	1 287 690	**1 988 818**
Current		
Liabilities according to the finance lease agreements, payable within 1 year	434 542	499 124
	434 542	**499 124**

As disclosed in Note 13 the Company has acquired assets under finance lease from SIA "DnB Nord Līzings": trucks and auto vehicles, technological equipment and others. Interest payments of average interest rate 3-6 months Euribor + 0,9%-3% per annum are due on monthly basis. Financial lease repayment dates are starting from June 2011 until March 2017.

In case of breaking an agreement the Company may have a duty to pay extra payments in accordance with the terms of the agreement.

In accordance with the agreements the minimum finance lease payments are:	31.12.2010. Eur	31.12.2009. Eur
Payable within 1 year	478 075	540 869
Payable from 2 to 5 years	1 233 401	1 533 716
Payable over 5 years	140 652	584 997
Finance lease gross liabilities	**1 852 128**	**2 659 582**
Future finance costs	(129 895)	(171 641)
Present value of finance lease liabilities	**1 722 233**	**2 487 942**

(28) Advances from customers

Advances from customers in Latvia	200 089	1 836 116
Advances from customers in Lithuania	951 637	-
	1 151 725	**1 836 116**

(29) Trade payables

Trade payables - Latvia, EU	2 997 769	3 291 081
Trade payables - Turkmenistan	303 594	-
Retentions	401 803	216 850
	3 703 166	**3 507 931**

(30) Payables to group companies

Loan from SIA ZRA LNK *	100 000	-
Payable to SIA Irbe LNK for received services	1 899	1 982
Payable to SIA ZRA LNK for received services	230	-
Payable to SIA TTS-Avio for received works and services	181	341 637
	102 310	**343 619**

During reporting year the Company has received several loans from parent company SIA ZRA LNK, which balance as at 31 December 2010 is Eur 100 000. The loan is repayable until October 2011 with interest rate of 1,2% per annum.

(31) Taxes and social insurance payments

	31.12.2009.	Calculated	Calculated penalty and delay fees	(Paid)/ repaid	Transferred to other taxes	31.12.2010.
	Eur	Eur	Eur	Eur	Eur	Eur
VAT	103 394	2 621 387	114	(2 615 096)	-	109 799
Personal income tax	84 008	978 182	528	(1 001 915)	-	60 802
Social insurance payments	111 308	1 435 047	-	(1 463 454)	-	82 902
Corporate income tax	685 550	478 458	1 342	(1 834 223)	-	(668 874)
Real estate tax (land)	-	3 576	-	(3 576)	-	0
Real estate tax (buildings)	-	18 337	-	(18 337)	-	0
Natural resource tax	376	3 873	-	(2 608)	-	1 641
State risk duty	64	1 070	1	(1 069)	-	67
VAT abroad	-	425 228	-	(375 217)	-	50 011
Corporate income tax abroad	-	223 776	-	(10 149)	-	213 627
Other taxes abroad	-	109 830	-	(48 335)	-	61 495
Total	**984 700**	**6 298 763**	**1 985**	**(7 373 978)**	**0**	**(88 530)**
Hereof						
(Overpaid) - see Note 21 for details						**(668 874)**
Payables	**984 700**					**580 344**

(32) Other liabilities	31.12.2010. Eur	31.12.2009. Eur
Salaries	174 894	226 705
Other liabilities	67 211	1 898
	242 104	**228 603**

(33) Accrued liabilities

Accrued expenses for construction contracts (see Notes 23)	1 169 521	-
Accrued unused annual leave expenses	580 122	378 104
Accrued liabilities for guarantee expenses (see Notes 40)	39 018	-
Other accrued liabilities	497 021	720 889
	2 285 681	**1 098 993**

(34) Fees paid to auditors	2010 Eur	2009 Eur
For the audit of financial statements	8 395	3 513
For the review of dependence statement	142	-
For tax consulting	249	-
	8 786	**3 513**

(35) Average number of employees	2010	2009
Average number of people employed during the financial year	246	250

(36) Remuneration to personnel	2010 Eur	2009 Eur
Employee pay	3 933 397	3 823 292
Social insurance payments	930 964	952 150
	4 864 361	**4 775 442**

(37) Remuneration to the management

Board members		
· salary expenses	106 530	116 745
· other social insurance expenses	25 663	28 124
Council members		
· salary expenses	123 982	127 899
· other social insurance expenses	29 867	30 811
	286 042	**303 579**

(38) Transactions with related parties

The parent company of the Company, who owns 89,69% of shares of the Company, is SIA ZRA "LNK", which is registered in Latvia.

In 2010 the Company had economic transactions with the following group companies that are directly or indirectly subsidiaries of SIA ZRA "LNK": SIA "TTS-Avio", SIA "Irbe LNK". The Company had also transactions with the related company SIA "Alojas Biznesa Centrs (ABC)" (Latvia) that is not a member of the Group.

a) claims and liabilities

	Notes	31.12.2010. Receivables Eur	31.12.2010. Payables Eur	31.12.2009. Receivables Eur	31.12.2009. Payables Eur
Group companies					
SIA TTS-Avio		47 649	181	-	341 637
SIA ZRA LNK		-	100 230	4 000 000	-
SIA Irbe LNK		-	1 899	-	1 982
		47 649	**102 310**	**4 000 000**	**343 619**

b) transactions

	Notes	Sales to related parties 2010 Eur	Sales to related parties 2009 Eur	Purchases from related parties 2010 Eur	Purchases from related parties 2009 Eur
Group companies					
SIA TTS-Avio - goods for sale		39 380	182 495	104 458	180
SIA TTS-Avio - other services		-	947	-	573 921
SIA Irbe LNK - other services		-	55	98 735	12 208
SIA Irbe LNK - loan interest		363	579	-	-
SIA ZRA LNK - loan interest		32 612	34 058	230	-
		72 355	**218 134**	**203 423**	**586 309**
Other related parties					
SIA Alojas Biznesa Centrs (ABC)		10 245	-	-	-
		10 245	**0**	**0**	**0**
		82 600	**218 134**	**203 423**	**586 309**

(39) Contingent liabilities

Ventspils freeport administration has raised claim against the Company about payment of calculated penalty for failure to meet the deadline of reconstruction works of Ventspils autotransport bridge over river Venta. The amount of calculated penalty payment is equal to Ventspils freeport administration withheld deferred payment amount from completed construction works - Eur 538 thousands. The outcome of the case is not clearly stated at this moment. The financial statements include partial provisions for contingent liabilities.

(40) Guarantee liabilities and pledge of assets

In accordance with signed agreements with customers the Company provides free remove of work defects. Accruals for potential liabilities and expenses in the period of guarantee at the end of the reporting period are in amount of Eur 39 018 (see Notes 33).

In previous year the Company has signed collaboration agreement with AS Swedbank for issue of guarantee in total amount of EUR 2,8 millions, which term was prolonged until 1 July 2011 and interest rate was amended from 2% to 1,5% per annum.
During reporting period the Company has signed new guarantee agreement with AS Swedbank in favour for state authorities of Klaipeda sea port directorate (for construction project) with term until 31 January 2012. Guarantee amount was lately amended to EUR 2,6 millions and interest rate of 1,5% per annum.

As security in case of claims that may arise from the signed guarantee agreements the Company has pledged its real estate: land plot and buildings, as well as all its assets as a unity to AS Swedbank. The balance amount of pledged assets at the end of the reporting period is Eur 15 378 017 (31.12.2009: Eur 19 794 213). The maximum amount of claims secured by commercial pledge is Eur 12 810 001.

(41) Operating lease commitments

The Company uses several auto vehicles, received under operating lease agreements from SIA DnB Nord Līzings. At the end of reporting period the Company has in force six operating lease agreements with repayment dates starting from September 2011 and until September 2013. In 2010 income statement recognized the rental expenses of Eur 23 089 (2009: Eur 21 073).

In case of breaking an agreement the Company may have a duty to pay extra payments for lease object ransom or other payments in accordance with the terms of the agreement.

In accordance with the rental agreements, the Company has following non-cancellable lease liabilities:	**31.12.2010.**	**31.12.2009.**
	Eur	**Eur**
Payable within 1 year	21 399	23 089
Payable from 1 to 5 years	14 942	36 340
	36 340	**59 429**

(42) Financial risk management

Financial risks, related to the financial instruments of the Company, mainly, are foreign currency risks, interest rate risk, liquidity risk and credit risk. The Management of the Company seeks to minimize potential adverse effects of the financial risks on the Company's financial position. The Company does not use derivative financial instruments to hedge certain risk exposures.

Foreign currency risks

The company is subject to foreign currency exchange rate fluctuations, mainly due to its loans and other liabilities performed with euro, USD and LTL currency, and trade receivables is euro, USD and LTL currency.

Since 2005 the Bank of Latvia has stated a fixed currency exchange rate for lats against euro, i.e. 0.702804, and ensure that the market rate will not differ from the official rate by more than 1%. As far as the Bank of Latvia maintains the above mentioned exchange corridor, the Company will not have a significant currency exchange risks in respect of assets and liabilities nominated in euro.

The companies foreign exchange open position is:

	31.12.2010.	**31.12.2009.**
Financial assets, EUR	601 756	7 185 591
Financial liabilities, EUR	(1 893 362)	(2 877 980)
Open position EUR, net	**(1 291 607)**	**4 307 611**
Financial assets, USD	2 964 287	-
Financial liabilities, USD	(65 038)	-
Open position USD, net	2 899 249	0
Open position USD, calculated in eur, net	**2 207 014**	**0**
Financial assets, LTL	163 206	-
Financial liabilities, LTL	(3 436 048)	-
Open position LTL, net	(3 272 842)	0
Open position LTL, calculated in eur, net	**(945 337)**	**0**

Interest rate risks

The Company is subject to the interest rate risk, mainly with respect to its variable interest rate financial lease agreements.

Credit risk

The Company is subject to the credit risk with respect to the debts of its buyers and customers, issued short-term loans and money and its equivalents. The Company manages its credit risk constantly reviewing the repayment history of the client debts and stating the credit conditions for each client separately. The Company also monitoring the balances of trade receivables to decrease the risk of non-recoverability of debts.

The Company has no significant concentration of credit risk on any separate business partner or group of partners corresponding to the similar description.

Liquidity risk

The Company manages its liquidity risk, maintaining the appropriate amount of cash and cash equivalents.

(43) Subsequent events

There are no subsequent events since the last date of the financial year until the date of signing of financial statements, which would have a significant effect on the financial position of the Company as at 31 December 2010.

Regīna Vitrjaka	Vladimirs Muhomors
board member	board member

Riga, 1 May 2011

The annual report has been approved by the general meeting of members ____ ______________ 2011

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Latvijas Tilti AS

Report on the Financial Statements

We have audited the accompanying financial statements of Latvijas Tilti AS (the Company) included in the Annual report as set out on pages 6 to 26. The period of financial statements is from 1 January 2010 till 31 December 2010 (the Financial year). These financial statements include the balance sheet as at 31 December 2010, and the income statement, cash flow statement, statement of changes in equity for the Financial year, and summary of significant accounting policy and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Law on Annual reports of the Republic of Latvia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 risk 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 above mentioned financial statements give a true and fair view of the financial position of the Company as at the end of the Financial year, and of its financial performance and cash flow for the Financial year in accordance with Law on Annual reports of the Republic of Latvia.

Report on Other Legal and Regulatory Requirements

We have read the Management Report for the Financial year as set on pages 4 to 5 and did not identify material inconsistencies of the financial information presented in the Management Report and that contained in the financial statements.

Baker Tilly Baltics SIA
Certified auditors' company
License No. 80

Eriks Bahirs
Certified Auditor
Certificate No.136
Chairman of the Board

Riga, 1 May 2011

This report is English translation of the original Latvian. In the event of discrepancies between the two reports, the Latvian version prevails.