BAKER TILLY
BALTICS

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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) set out on pages 6 to 28 of the annual report. These financial statements comprise the balance sheet as at 31 December 2013, and the income statement, statement of cash flow and statement of changes in equity for the year then ended, 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 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 above mentioned financial statements give a true and fair view of the financial position of the Company as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with the Law of the Republic of Latvia On Annual Reports.

Report on Other Legal and Regulatory Requirements

We have read the management report for 2013 as set on page 4 and did not identify material inconsistencies between the financial information contained in the management report and that contained in the financial statements.

Baker Tilly Baltics SIA
Licence No. 80

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

Riga, 29 April 2014

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A/S LATVIJAS TILTI

ANNUAL REPORT

For 12 months period until 31 December 2013

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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, Rumbula, LV- 1057 Latvia
Type of operations	NACE2 42.91 - construction of hydrotechnical objects, 42.13 - construction of bridges and tunnels
Parent company	SIA LNK (Latvijas Novitātes Komplekss) - 89,69%
Branches abroad	1) Branch in Turkmenistan founded in 2010 for realization of construction works of road crossing on motorway, that connects Turkmenbashi city airport and National tourism area "Avaza". 2) Branch in Lithuania founded in 2011 for realization of Klaipeda sea port reconstruction project.
Names and positions of the Board members	Valērijs Gorjuns - chairman of the board (until 19.06.2013) Genadijs Kamkalovs - chairman of the board (from 19.06.2013) Valērijs Gorjuns - member of the board (from 20.06.2013) Regīna Vitrjaka - member of the board Romāns Maizenbergs - member of the board Igors Goļcovs - member of the board Andrejs Bočkarjovs - member of the board
Names and positions of the Council members	Aleksandrs Milovs - chairman of the council Vadims Milovs - vice chairman of the council Andrejs Subočs - member of the council Davids Lipkins - member of the council Jevgenijs Locovs - member of the council
Financial year	1 January, 2013 - 31 December, 2013
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 AS LATVIJAS TILTI is construction of bridges and other objects, production of concrete constructions.

Performance of the Company during the financial year

In 2013 the Company's net sales amounted to Ls 28 395 275. Following projects were commenced and will continue next year: "Ventspils Free Port pier Nr.12 construction, Ventspils", "Reconstruction of pier Nr.7, extending along the pier Nr.6. Reconstruction of piers Nr.8 and Nr.9 with defined construction phase - Phase I construction: reconstruction of pier Nr.8 in the northern part (90m) in Klaipeda", in Lithuania, as well as" Free Port of Ventspils 1st pier dismantling, Ventspils ". The Company as a responsible partner together with Lithuanian company "Kauno Keliai" has continued construction works in project "Reconstruction of Geležinio Vilko street from A. Goštauto street till M.K. Čiurlionio street in Vilnius, Lithuania" and continuing cooperation in September 2013 new project "The Construction of Panemunes-Sovetskas bypass road with bridge over the Neman River in Lithuania" was launched. During the reporting period the Company has finished main works in projects "The construction works of cargo-passenger terminal Nr. 80, 81 in Klaipeda's sea port", "Short-term fertilizer storage and handling complex in Riga freeport, Kundzinsala" and "Bulk handling terminal in Riga freeport, Kundzinsala".

During reporting period the Company has actively performed in all directions:
- maintenance, construction and repair works of bridges
- concrete product manufacturing
- hydro construction - construction of wharfs and piers, including construction of platforms on piles in open aquatorium.

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

	2013 **Ls**
Profit share to be distributed	**88 788**
Proposed profit distribution:	
Retained earnings	88 788

Future prospects

In 2013 significant attention was paid to analysis of purchase price of materials, lease of construction equipment and machinery, the steps were taken in the optimization of productivity, which will undoubtedly effect the financial results of 2014. In 2013 substantial investments were made in construction equipment, which has reduced the Company's expenses. The investments are planned to be continued in 2014. Much attention will be paid to an active market research, as well as further application of experience in Lithuania and other European Union countries. Parallel to the bridge works the focus will be put on concrete structures workload for the project needs. Reviewing the workload in connection with signed and planned contracts it can be said now that the Company's turnover in the 2014 will not decrease, but will even increase.

Genadijs Kamkalovs
chairman of the board

Riga, 29 April 2014

STATEMENT OF THE MANAGEMENT RESPONSIBILITY

The Management is responsible for the preparation of the financial statements in accordance with the Laws of the Latvian Republic On Accounting and On the Annual Reports. The financial statements give a true and fair view of the financial position of the Company at the end of the reporting year, and the results of its operations and cash flow for the year then ended.

The Management certifies that proper accounting methods were applied to preparation of these financial statements on page 6 to page 28 and decisions and assessments were made with proper discretion and prudence. The accounting policies applied have been consistent with the previous period. The Management confirms that the financial statements have been prepared on going concern basis.

The Management is responsible for accounting records and for safeguarding the Company's assets and preventing and detecting of fraud and other irregularities in the Company. It is also responsible for operating the Company in compliance with the legislation of the Republic of Latvia.

Genadijs Kamkalovs
chairman of the board

Riga, 29 April 2014

INCOME STATEMENT

	Notes	2013 Ls	2012 Ls
Net sales	(1)	28 395 275	17 675 966
Cost of sales	(2)	(27 858 757)	(16 949 181)
Gross profit or losses		**536 518**	**726 785**
Distribution expenses	(3)	(25 319)	(17 767)
Administrative expenses	(4)	(404 239)	(431 742)
Other operating income	(5)	475 791	273 736
Other operating expenses	(6)	(249 531)	(248 582)
Interest and similar income	(7)	55	1 439
Interest and similar expenses	(8)	(200 324)	(204 501)
Profit or losses before taxes		**132 951**	**99 367**
Corporate income tax	(9)	(29 384)	(19 184)
Other taxes	(10)	(14 779)	(15 013)
Net profit or losses		**88 788**	**65 171**
Earnings per share (in Lats)	(11)	0,13	0,10

Notes on pages 11 to 28 are an integral part of these financial statements.

Genadijs Kamkalovs
chairman of the board

Riga, 29 April 2014

BALANCE SHEET

	Notes	31.12.2013. Ls	31.12.2012. Ls
ASSETS			
Non-current assets			
Intangible assets:			
Concessions, patents, licenses, trademarks and similar rights	(12)	12 275	5 979
Total intangible assets:		**12 275**	**5 979**
Fixed assets:			
Land and buildings	(12)	868 780	936 230
Equipment and machinery	(12)	3 322 670	2 811 003
Other fixed assets	(12)	1 006 155	554 640
Fixed assets under construction	(12)	312 675	-
Advances for fixed assets	(12)	6 647	2 748
Total fixed assets:		**5 516 927**	**4 304 621**
Investment property:			
Buildings	(13)	740 909	514 356
Investment properties under construction	(13)	-	155 308
Advances for investment properties	(13)	-	31 347
Total investment property:		**740 909**	**701 011**
Non-current financial investments:			
Investments in associates	(14)	11 250	13 320
Own shares	(14)	2 013	2 013
Total non-current financial investments:		**13 263**	**15 333**
Total non-current investments:		**6 283 374**	**5 026 944**
Current assets			
Inventories:			
Raw materials and consumables	(15)	1 928 633	1 607 130
Finished goods and work in progress	(16)	245 359	584 930
Advances for inventories		4 422	85 856
Total inventories:		**2 178 414**	**2 277 916**
Account receivable:			
Trade receivables	(17)	3 299 101	4 280 083
Receivables from group companies	(18)	3 565 371	1 417 644
Receivables from associates	(19)	10 081	7 500
Other receivables	(20)	501 560	620 727
Deferred expenses	(21)	43 503	60 873
Accrued income	(22)	2 638 847	1 268 487
Total receivables:		**10 058 463**	**7 655 314**
Current financial investments:			
Other securities and participation interest	(14)	-	4
Total current financial investments:		**-**	**4**
Cash and bank:	(23)	**1 759 901**	**638 890**
Total current assets:		**13 996 778**	**10 572 124**
Total assets		**20 280 152**	**15 599 068**

Notes on pages 11 to 28 are an integral part of these financial statements.

BALANCE SHEET

	Notes	31.12.2013. Ls	31.12.2012. Ls
EQUITY AND LIABILITIES			
Equity			
Share capital	(24)	671 000	671 000
Reserves:			
other reserves	(25)	29 982	29 982
Retained earnings			
previous year's retained earnings		3 301 618	3 236 447
current years profit or losses		88 788	65 171
Total equity:		**4 091 388**	**4 002 600**
Liabilities:			
Non-current liabilities:			
Loans from banks	(26)	1 197 429	-
Other borrowings	(27)	1 731 333	1 482 094
Deferred income tax liabilities	(9)	161 046	131 724
Total non-current liabilities:		**3 089 808**	**1 613 818**
Current liabilities:			
Loans from banks	(26)	1 391 879	1 379 086
Other borrowings	(27)	768 717	558 738
Advances from customers	(28)	31 354	12 075
Trade payables	(29)	7 735 020	5 387 082
Payables to group companies	(30)	1 822 667	1 741 411
Taxes and social insurance payments	(31)	140 883	109 547
Other liabilities	(32)	172 053	148 277
Deferred income		22 672	-
Accrued liabilities	(33)	1 013 711	646 433
Total current liabilities:		**13 098 956**	**9 982 649**
Total liabilities:		**16 188 764**	**11 596 467**
Total equity and liabilities		**20 280 152**	**15 599 068**

Notes on pages 11 to 28 are an integral part of these financial statements.

Genadijs Kamkalovs
chairman of the board

Riga, 29 April 2014

STATEMENT OF CHANGES IN EQUITY

	Share capital	Other reserves	Retained earnings	Total
	Ls	Ls	Ls	Ls
31.12.2011.	**671 000**	**29 982**	**3 236 447**	**3 937 429**
Profit for the year	-	-	65 171	65 171
31.12.2012.	**671 000**	**29 982**	**3 301 618**	**4 002 600**
Profit for the year	-	-	88 788	88 788
31.12.2013.	**671 000**	**29 982**	**3 390 406**	**4 091 388**

Notes on pages 11 to 28 are an integral part of these financial statements.

Genadijs Kamkalovs
chairman of the board

Riga, 29 April 2014

CASH FLOW STATEMENT

	Notes	2013 Ls	2012 Ls
Cash flow from operating activities			
Profit or losses before taxes		**132 951**	**99 367**
Adjustments for:			
depreciation of fixed, intangible assets and investment properties	(12), (13)	862 327	756 868
(profit)/losses from sales of fixed assets		(2 884)	17 493
write-off of fixed assets		18 282	-
changes in provisions		46 816	66 720
interest expenses	(8)	146 083	105 365
interest income	(7)	(55)	(1 439)
other taxes	(10)	(14 779)	(15 013)
Cash flow prior to changes in current assets and liabilities		**1 188 741**	**1 029 361**
Inventory (increase)/decrease		(149 139)	(414 878)
Account receivable (increase)/decrease		(2 446 607)	(2 185 217)
Account payable increase/(decrease)		2 892 879	1 895 228
Gross cash flow generated from operating activities		**1 485 874**	**324 494**
Corporate income tax paid	(31)	(16 000)	(151 004)
Net cash flow generated from operating activities		**1 469 874**	**173 490**
Cash flow from investing activities			
Acquisition of fixed, intangible assets and investment properties		(639 489)	(988 150)
Proceeds from sales of fixed assets		29 178	104 677
Loans issued		(6 326)	(781 629)
Loans repayment received		3 514	781 629
Loans interest received		55	576
Net cash flow generated from investing activities		**(613 068)**	**(882 897)**
Cash flow from financing activities			
Loans received		1 862 431	1 632 804
Loans repaid		(1 862 431)	(1 632 804)
Interest paid		(155 031)	(121 351)
Cash received from overdrafts, net	(26)	1 210 222	1 379 086
Finance lease payments		(790 986)	(639 175)
Net cash flow generated from financing activities		**264 205**	**618 560**
Net increase / (decrease) in cash and cash equivalents		**1 121 011**	**(90 847)**
Cash and cash equivalents at the beginning of the financial year		**638 890**	**729 737**
Cash and Cash equivalents at the end of the financial year	(23)	**1 759 901**	**638 890**

Notes on pages 11 to 28 are an integral part of these financial statements.

Genadijs Kamkalovs
chairman of the board

Riga, 29 April 2014

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 and On the Annual Reports.

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) 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.

(3) 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".

(4) Foreign currencies

The Company performs its accounting in Latvian Lats. All transactions denominated in foreign currencies (including carried out by the Company's branches abroad) are converted into Lats at the exchange rate set by the Bank of Latvia on the day of transaction.

Foreign currencies (continuation)

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.

	31.12.2013. Ls	31.12.2012. Ls
1 USD	0,515	0,531
1 EUR	0,702804	0,702804
1 LTL	0,204	0,204

(5) 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 (except for sheet pilings, which are depreciated according to the intensity of use and the actual use in the relevant period) 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 Ls 150 with useful life exceeding 1 year. Depreciation for improvements and other low costs items with the value less than 150 Ls 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 fair value less cost to sell or value in use.

(6) Investment property

Investment property is property (land, building or part of building) held by the owner or by lessee under a finance lease to earn rentals or for capital appreciation rather than use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. For the land with uncertain future use (if the Company has not determined that it will use the land as owner occupied or short term sale in the ordinary course of business, it is assumed that land is held for capital appreciation), it is classified as investment property.

Investment property (continuation)

Investment property initially recognized at costs. Subsequently investment properties are stated at cost less depreciation and impairment losses. Depreciation of buildings is calculated on a straight-line basis applying the following rates of depreciation, based on their estimated useful life:

	Depreciation % per annum
Buildings	2-10

(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.

The initial value of the assets obtained in construction process is determined by its estimated market value, with a corresponding reduction of cost of sales in the reporting year.

(10) Accounts 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

	2013 Ls	2012 Ls
By operating activities		
Income from construction works	28 307 384	17 300 104
Income from services and sale of construction products	87 891	375 862
	28 395 275	**17 675 966**
By location		
Income from sales of goods/services in Latvia	12 094 865	9 272 527
Income from sales of goods/services in Lithuania	16 300 410	8 403 439
	28 395 275	**17 675 966**

(2) Cost of sales

Raw materials and consumables	10 557 798	7 007 302
Outsourced services	11 488 674	5 231 194
Salary expenses	2 676 500	2 298 878
Depreciation of fixed assets	794 651	745 633
Social insurance	676 096	576 760
Other costs	1 665 038	1 089 414
	27 858 757	**16 949 181**

(3) Distribution expenses

Transportation costs	15 821	4 226
Advertising expenses	9 498	13 541
	25 319	**17 767**

(4) Administrative expenses

Salary expenses	141 059	141 230
Transportation costs	55 459	52 400
Professional service costs	43 033	31 860
Social insurance costs	32 668	33 587
Communication expenses	25 174	21 093
Office expenses	18 042	15 792
Representation costs	16 041	44 326
Cash turnover expenses	13 214	18 510
Other administrative expenses	59 549	72 943
	404 239	**431 742**

(5) Other operating income

Income from leasing of investment properties (see Note 13)	192 000	60 000
Net income from other services	97 400	10 506
Income from sale of materials	76 432	80 528
Net gain from disposal of fixed and current assets	130	21 928
Received ESF project funding	-	3 373
Other income	109 829	97 401
	475 791	**273 736**

(6) Other operating expenses	2013 Ls	2012 Ls
Expenses from sale of materials	74 290	119 898
Cost of leased investment property	73 198	8 485
Provisions for bad and doubtful debts, net change	51 229	68 324
Donations	8 000	21 500
Expenses related to the ESF project	-	5 735
Other expenses	42 814	24 641
	249 531	**248 582**

(7) Interest and similar income

Interest income	55	1 439
	55	**1 439**

(8) Interest and similar expenses

Interest charge, including bank's commissions for issued guarantees (see Note 40)	146 083	105 365
Net loss from sale of foreign currency	36 539	45 050
Net loss from exchange rate fluctuations	13 212	16 414
Penalties paid	4 490	37 672
	200 324	**204 501**

(9) Corporate income tax

a) Components of corporate income tax

Changes in deferred income tax	29 322	(11 012)
Corporate income tax according to the tax return	-	30 196
Corporate income tax correction for previous year	62	-
	29 384	**19 184**

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:

	2013 Ls	2012 Ls
Profit before taxes	132 951	99 367
Other taxes (real estate taxes)	(14 779)	(15 013)
Profit before corporate income tax	118 172	84 355
Theoretically calculated tax at 15% tax rate	**17 726**	**12 653**
Tax effects on:		
Non-deductible expenses for tax purposes	37 743	27 203
Non-taxable income	(15 241)	(10 297)
Tax discounts for donations and reinvested profit	(15 034)	(20 353)
Previous year's error in deferred tax and corporate tax calculation	-	6 948
Changes in classification of temporary differences	4 190	(2 047)
Other permanent differences	-	(84 923)
Changes in unrecognized deferred tax asset	-	90 000
Total corporate income tax expenses	**29 384**	**19 184**

Corporate income tax (continuation)

b) Movement and components of deferred tax	**2013 Ls**	**2012 Ls**
Deferred tax liabilities (asset) at the beginning of the financial year	131 724	142 736
Deferred tax charged to the income statement	29 322	(11 012)
Deferred tax liabilities (asset) at the end of the financial year	**161 046**	**131 724**

The deferred 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):

	31.12.2013. Ls	**31.12.2012. Ls**
Temporary difference on depreciation of fixed, intangible assets and investment property	271 602	249 249
Gross deferred tax liabilities	**271 602**	**249 249**
Temporary difference on accruals for annual leave	(50 245)	(47 189)
Temporary difference on provision for doubtful receivables	(10 500)	-
Temporary difference on provision for impaired materials	(25 170)	(25 832)
Tax losses carried forward	(24 641)	(44 504)
Gross deferred tax assets	**(110 556)**	**(117 525)**
Net deferred tax liability (assets)	**161 046**	**131 724**

(10) Other taxes	**2013 Ls**	**2012 Ls**
Real estate tax for land	2 199	2 199
Real estate tax for buildings	12 580	12 813
	14 779	**15 013**

(11) Earnings per Share (in Lats)

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.

	2013	**2012**
Profit attributed to shareholders of the Company (lats)	88 788	65 171
Average annual number of shares	671 000	671 000
Earnings per share (in lats)	**0,13**	**0,10**

(12) 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	Advances for fixed assets	Total fixed assets
	Ls	Ls	Ls	Ls	Ls	Ls	Ls
Cost							
31.12.2012.	14 215	1 294 326	5 217 291	1 438 266	-	2 748	7 952 631
Additions	7 941	4 691	1 041 178	535 309	312 675	6 647	1 900 500
Disposals	(366)	(17 182)	(49 689)	(435 209)	-	-	(502 080)
Reclassified from advance payments	-	-	-	2 748	-	(2 748)	-
Reclassification from other asset items	-	-	-	253 055	-	-	253 055
31.12.2013.	21 790	1 281 835	6 208 780	1 794 169	312 675	6 647	**9 604 106**
Depreciation							
31.12.2012.	(8 236)	(358 096)	(2 406 288)	(883 626)	-	-	(3 648 010)
Calculated	(1 645)	(72 141)	(529 006)	(191 274)	-	-	(792 421)
Disposals	366	17 182	49 184	286 886	-	-	353 252
31.12.2013.	(9 515)	(413 055)	(2 886 110)	(788 014)	-	-	**(4 087 179)**
Net carrying amount 31.12.2012.	**5 979**	**936 230**	**2 811 003**	**554 640**	**-**	**2 748**	**4 304 621**
Net carrying amount 31.12.2013.	**12 275**	**868 780**	**3 322 670**	**1 006 155**	**312 675**	**6 647**	**5 516 927**

a) Cadastral values

Cadastral value of freehold land as at December 31, 2013 is Ls 146 364 (31.12.2012: Ls 146 364). Cadastral value for the buildings (including investment property buildings) is Ls 670 075 (31.12.2012: Ls 677 579).

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 rights to use all buildings and on 76 200 m2 land plot's part from total 177 500 m2 land plot.
In July 2010 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 existing communication facilities, road and entrance area and other rights.

c) Reclassification of materials to fixed assets

In the beginning of reporting year sheet pilings and formwork in amount of Ls 253 055 were transferred to fixed assets due to the useful life estimates changes. For sheet pilings the depreciation method was chosen depending on the asset's intensity of use (annual depreciation amount is determined by the asset's expected capacity and its actual use during the relevant period). For formwork linear depreciation method was selected.

d) Fixed assets under finance lease

Net carrying amount of fixed assets acquired under finance lease as at December 31, 2013 is Ls 3 379 588 (31.12.2012 - Ls 2 503 286). The ownership of those assets will be transferred to the Company after the settlement of all lease liabilities (see Note 27).

Intangible and fixed assets (continuation)

e) Pledge of fixed assets

Information on pledged fixed assets is disclosed in the Note 26 and 40 to the financial statements.

(13) Investment property

	Buildings	Investment property under construction	Advances for investment properties	Total
	Ls	Ls	Ls	Ls
Cost				
31.12.2012.	681 919	155 308	31 347	868 574
Additions	155 865	-	(31 347)	124 518
Reclassified from investment property under construction	155 308	(155 308)	-	-
Disposals	(41 767)	-	-	(41 767)
31.12.2013.	951 325	-	-	**951 325**
Depreciation				
31.12.2012.	(167 563)	-	-	(167 563)
Calculated	(68 261)	-	-	(68 261)
Disposals	25 408	-	-	25 408
31.12.2013.	(210 416)	-	-	**(210 416)**
Net carrying amount 31.12.2012.	**514 356**	**155 308**	**31 347**	**701 011**
Net carrying amount 31.12.2013.	**740 909**	**-**	**-**	**740 909**

Information on pledged investment properties is disclosed in the Note 26 and 40 to the financial statements.

The Company has chosen the cost model for the evaluation of investment properties. The Company has not performed the market value evaluation of the investment properties by independent valuer, but by the management estimates it could not be lower than the cost.

The Company leases out to the group company SIA TTS (Transportation Technology Systems) metal constructions workshop premises together with painting and shot cameras. The agreement of production premises lease was signed for 5 years, till 30 June 2017. During the reporting year the rental income from investment properties was Ls 192 000 (2012: Ls 60 000) and direct investment property's operating expenses Ls 73 198 (2012: Ls 8 485).

(14) Equity investments

a) movement of investments

	Non-current		Current		
	Investments in subsidiaries	Investments in associates	Own shares	Other securities and investment	Total
	Ls	Ls	Ls	Ls	Ls
Cost					
31.12.2012.	-	13 320	2 013	4	15 337
Disposals	-	-	-	(4)	(4)
31.12.2013.	-	13 320	2 013	-	15 333
Changes of value of investments					
31.12.2012.	-	-	-	-	-
Revaluation	-	(2 070)	-	-	(2 070)
31.12.2013.	-	(2 070)	-	-	(2 070)
Net carrying amount 31.12.2012.	**-**	**13 320**	**2 013**	**4**	**15 337**
Net carrying amount 31.12.2013.	**-**	**11 250**	**2 013**	**-**	**13 263**

b) investments in subsidiaries

Name	Address	Participating interest		Equity		Profit/(loss)	
		31.12.2012.	31.12.2013.	31.12.2012.	31.12.2013.	2012	2013
		%	%	Ls	Ls	Ls	Ls
General partnership Latvijas tilti & SZMA Rīga	Stopinu district, Rumbula, Granita street 15	70	70	-	-	-	-

Principal activity of general partnership Latvijas tilti & SZMA Rīga is construction services.

In June 2011 new general partnership Latvijas tilti & SZMA Rīga was founded without share capital with 70% AS Latvijas tilti participation. General partnership was founded for the realization of project "Riga Ukrainian secondary school buildings in Riga, Visvalza Street 4, reconstruction with design", which 70% execution was ordered to the Company. During the reporting year the general partnership has not performed any activities.

c) investments in associates

Name	Address	Type of operations	Participating interest	
			31.12.2013.	31.12.2012.
			%	%
AS Transport Systems	E.Melngaiļa street 1a, Riga	Construction of roads and highways	12,5	12,5
General partnership TLTB	E.Melngaiļa street 1a, Riga	Construction of residential and non-residential buildings	25	25
Mostootrjad 17	S.Peterburg Institutskij pr.,21, Russia	Construction services	50	50
General partnership LT Celtniecība	Stopinu district, Rumbula, Granita street 15	Construction services	50	50
General partnership LNK Industries partnership	Bieķensalas street 6, Riga	Construction of residential and non-residential buildings	33	33
General partnership LNK Industries Group	Sporta street 7, k-1, Riga	Construction of residential and non-residential buildings	50	50
General partnership LNK Industries EKO	Sporta street 7, k-1, Riga	Civil engineering, construction projects	34,39	34,39

c) investments in associates (continuation)

The Company is also a member in other general partnerships, but during the year they have not performed any activities.

Due to "Mostotrjad 17" negative equity at the end of the reporting year the Company has impaired the investment's value of Ls 2 070 till zero.

(15) Raw materials and consumables	**31.12.2013. Ls**	**31.12.2012. Ls**
Raw materials and consumables	2 042 285	1 709 734
(Provisions for impaired materials)	(167 798)	(172 211)
Spare parts and other materials	54 146	69 607
	1 928 633	**1 607 130**

(16) Finished goods and work in progress		
Concrete products	190 114	107 555
Metal constructions	55 245	477 375
	245 359	**584 930**

Considering that Company's existing inventory may be used in construction projects or sold, it is classified in a joint item "Finished goods and work in progress."

(17) Trade receivables	**31.12.2013. Ls**	**31.12.2012. Ls**
Retentions in Latvia, Lithuania and Turkmenistan	2 244 512	1 469 131
Book value of trade receivables in Lithuania	667 986	2 487 173
Book value of trade receivables in Latvia	388 163	251 460
Book value of trade receivables in Turkmenistan	308 993	347 065
(Provisions for bad and doubtful debts)	(310 553)	(274 746)
	3 299 101	**4 280 083**

Provisions for bad and doubtful debts have been made 20-100 % of their book value.

Part of the debts of the Turkmenistan project in amount of Ls 308 993 and part of retentions in amount of Ls 242 026 derived from rendered construction services and supplied materials in 2011. Part of the debts at the end of the 2012 became due and on the precautionary principle provisions in the amount of 20% were made.
In April 2014 within the case held in International commercial arbitration at the Russian Federation Chamber of Commerce, an amicable arrangement was signed, under which above mentioned debts will be paid by the end of 2014. The management assesses these debts as fully recoverable, as a result no additional provisions were made.

(18) Receivables from group companies	**31.12.2013. Ls**	**31.12.2012. Ls**
AS LNK Industries retentions	1 114 722	584 889
SIA TTS (Transportation Technology Systems) debt for construction services	845 713	-
AS LNK Industries debt for construction services	842 372	740 077
SIA TTS (Transportation Technology Systems) advance for materials	335 273	-
SIA Aviatest debt for services	348 198	69 938
SIA TTS (Transportation Technology Systems) retentions	76 561	-
Other receivables from group companies	2 532	22 739
	3 565 371	**1 417 644**

(19) Receivables from associates	31.12.2013. Ls	31.12.2012. Ls
Debts of general partnerships LT Celtniecība and TLTB	7 500	7 500
Retentions of general partnership LT Celtniecība	7 268	7 268
(Provisions for bad and doubtful debts)	(7 268)	(7 268)
Other receivables from associates	2 581	-
	10 081	**7 500**

(20) Other receivables		
Advance payments for works and services	434 563	307 056
(Provisions on advance payments for works and services)	(55 139)	(42 976)
Corporate income tax overpaid (see Note 31 for details)	44 258	198 983
Other receivables	78 407	4 876
(Provision for other receivables)	(3 839)	(2 650)
Current loans	3 310	444
VAT overpaid (see Note 31 for details)	-	77 825
Payments to personnel	-	74 453
Advance payments of operating lease agreements, current part	-	2 716
	501 560	**620 727**

(21) Deferred expenses		
Prepayments of insurance payments	32 541	48 592
Other expenses	10 962	12 281
	43 503	**60 873**

(22) Accrued income		
Accrued income related to construction contracts (see Note a))	2 612 951	1 234 598
Other accrued income	25 896	33 889
	2 638 847	**1 268 487**

a) Construction contracts

Costs incurred and profit recognised as income	2 214 555	1 234 598
Gross amount of work-in-progress	**2 214 555**	**1 234 598**
where:		
Work-in-progress under assets (as "Accrued income")	2 612 951	1 234 598
Work-in-progress under liabilities (as "Accrued liabilities")	(398 396)	-
	2 214 555	**1 234 598**
Corresponding amounts:		
Contract revenue recognised in income statement (as "Net sales")	28 307 384	17 300 104
Advances received from customers (as "Advances from customers" and "Payables to group companies")	1 692 822	1 184 849
Retentions on construction contracts (as "Trade receivables", "Receivables from group companies" and Receivables from associates")	3 443 063	1 476 399

(23) Cash and bank	31.12.2013. Ls	31.12.2012. Ls
Cash at bank on current accounts	1 750 212	638 059
Cash on hand	9 689	831
	1 759 901	**638 890**

(24) Share capital

As at December 31, 2013 the registered and fully paid share capital is Ls 671 000, composed of 671 000 ordinary shares with a nominal value of Ls 1 each. The share capital with voting rights is Ls 668 987, without voting rights personal shares - Ls 2 013.

(25) 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. These reserves expected to be reclassified to retained earnings.

(26) Loans from banks	31.12.2013. Ls	31.12.2012. Ls
Non-current		
AS Danske Bank overdraft balance *	1 197 429	-
	1 197 429	**-**
Current		
AS Danske Bank overdraft balance *	1 391 834	1 379 071
AS Citadele banka account balance	45	15
	1 391 879	**1 379 086**

* The Company has signed overdraft agreement with AS Danske Bank with overdraft limit of 1,5 millions LVL and 5 millions EUR (until November 2013 2,8 millions EUR) with repayment terms until 31 July 2014 and 1 December 2016 respectively (during current year repayment terms were prolonged from 31.07.2013 and 01.10.2013 respectively) and variable interest rates. At 31 December 2013 the Company has used overdraft facilities in amount of Ls 1 391 834 (31.12.2012: Ls 1 163 751) and EUR 1 703 788 (31.12.2012: EUR 306 365). Taking into consideration, that during reporting period EUR overdraft repayment date was set in 2016, it is classified as non-current part of loans from banks.

As security in case of claims that may arise from the signed overdraft agreements the Company has pledged all its assets as a unity at the moment of pledge as well as future components of this unity to AS Danske Banks, including real estates, mechanical transport equipment, receivables claim rights etc. The maximum amount of claims secured by mortgage commercial pledge is Ls 2 600 250.

(27) Other borrowings	31.12.2013. Ls	31.12.2012. Ls
Non-current		
Liabilities according to the finance lease agreements, payable from 2 to 5 years	1 731 333	1 482 094
	1 731 333	**1 482 094**
Current		
Liabilities according to the finance lease agreements, payable within 1 year	768 717	558 738
	768 717	**558 738**

As disclosed in Note 12 the Company has acquired assets under finance lease from SIA "DnB Līzings": trucks and auto vehicles, technological equipment and other fixed assets. In the financial year twenty three new financial lease agreements were concluded. Interest payments of average interest rate 3 months Euribor + 2-3% per annum are due on monthly basis. Financial lease repayment dates are starting from July 2014 until December 2018.

In accordance with the agreements the minimum finance lease payments are:	31.12.2013. Ls	31.12.2012. Ls
Payable within 1 year	820 168	575 500
Payable from 2 to 5 years	1 789 050	1 600 530
Finance lease gross liabilities	**2 609 218**	**2 176 030**
Future finance costs	(109 168)	(135 198)
Present value of finance lease liabilities	**2 500 050**	**2 040 832**

	31.12.2013. Ls	31.12.2012. Ls
(28) Advances from customers		
Advances from customers in Latvia	2 204	12 075
Advances from customers in Lithuania	29 150	-
	31 354	**12 075**

(29) Trade payables

Trade payables - Latvia, EU	6 808 333	5 021 377
Retentions	926 613	365 631
Trade payables - Turkmenistan	74	74
	7 735 020	**5 387 082**

(30) Payables to group companies

Advances from AS LNK Industries for construction services, materials	1 661 468	1 172 774
Payable to SIA TTS (Transportation technology Systems) for received works and services	156 063	269 629
Payable to SIA LNK (Latvijas Novitātes Komplekss) for received services	3 346	2 441
Payable to AS LNK Industries for received works and services	1 234	-
Payable to SIA Irbe for received services	556	-
Payable to SIA Enfort for received works and services	-	296 567
	1 822 667	**1 741 411**

(31) Taxes and social insurance payments

	31.12.2012.	Calculated	Calculated penalty and delay fees	(Paid)/ repaid	Transferred to/(from) other taxes	31.12.2013.
	Ls	Ls	Ls	Ls	Ls	Ls
VAT	(77 825)	(939 381)	-	739 242	285 068	7 104
Personal income tax	17 313	376 499	1 236	(323 688)	(47 000)	24 360
Social insurance payments	10 394	786 179	-	(344 976)	(395 228)	56 369
Corporate income tax	(193 614)	12 063	-	(16 000)	158 500	(39 051)
Real estate tax (land)	-	2 199	-	(2 199)	-	-
Real estate tax (buildings)	100	12 580	-	(12 580)	-	100
Natural resource tax	333	1 988	-	(1 338)	(340)	643
State risk duty	122	825	-	(62)	(1 000)	(115)
VAT abroad	59 586	1 418 737	-	(1 458 004)	-	20 319
Corporate income tax abroad	(5 369)	-	-	-	162	(5 207)
Other taxes abroad	21 699	360 791	-	(350 502)	-	31 988
Total	**(167 261)**	**2 032 480**	**1 236**	**(1 770 107)**	**162**	**96 510**
Hereof						
(Overpaid) - see Note 20 for details	**(276 808)**					**(44 373)**
Payables	**109 547**					**140 883**

The calculated corporate income tax amount in Latvia consists of the calculated withholding tax from payments to non-residents in amount of Ls 12 001 and tax correction for previous year in amount of Ls 62.

In reporting year the Company has also used the corporate income tax allowance for reinvested profit (see Note 9 for details).

(32) Other liabilities	31.12.2013. Ls	31.12.2012. Ls
Salaries	146 784	130 036
Other liabilities	25 269	18 241
	172 053	**148 277**

(33) Accrued liabilities

Accrued expenses for construction contracts (see Note 22)	398 396	-
Accrued unused annual leave expenses	379 153	345 454
Accrued liabilities for guarantee expenses (see Note 40)	18 589	26 081
Other accrued liabilities	217 573	274 898
	1 013 711	**646 433**

(34) Fees paid to auditors	2013 Ls	2012 Ls
For the audit of financial statements	9 418	8 000
For the review of dependence statement	316	300
Remuneration for other assurance engagements	902	548
	10 636	**8 848**

(35) Average number of employees	2013	2012
Average number of employees during the financial year in Latvia	275	243
Average number of employees during the financial year in Lithuania	77	67
Average number of employees during the financial year in Turkmenistan	4	4
	356	**314**

(36) Remuneration to personnel	2013 Ls	2012 Ls
Employee pay in Latvia and abroad	2 817 559	2 205 361
Social insurance payments in Latvia and abroad	708 764	553 796
	3 526 323	**2 759 157**

(37) Remuneration to the management

Board members		
· salary expenses	93 906	69 614
· other social insurance expenses	22 212	11 189
Council members		
· salary expenses	47 690	46 742
· other social insurance expenses	11 513	16 546
	175 321	**144 091**

(38) Transactions with related parties

The parent company of the Company, who owns 89,69% of shares of the Company, is SIA LNK (Latvijas Novitātes Komplekss), which is registered in Latvia.

In 2013 the Company had economic transactions with the following companies that are directly or indirectly subsidiaries of SIA LNK (Latvijas Novitātes Komplekss) - SIA TTS (Transportation Technology Systems) (further TTS), SIA Irbe, SIA Aviatest, AS LNK Industries, as well as with other Company's related parties.

Transactions with related parties (continuation)

a) claims and liabilities

	Notes	31.12.2013. Receivables Ls	31.12.2013. Payables Ls	31.12.2012. Receivables Ls	31.12.2012. Payables Ls
Group companies					
AS LNK Industries	(18),(30)	1 957 094	1 662 702	1 324 967	1 172 774
SIA TTS	(18),(30)	1 257 547	156 063	22 739	269 629
SIA Aviatest	(18)	348 198	-	69 938	-
SIA Enfort	(18),(30)	1 836	-	-	296 567
GP Latvijas tilti & SZMA	(18)	696	-	-	-
SIA Irbe	(30)	-	556	-	-
SIA LNK	(30)	-	3 346	-	2 441
		3 565 371	**1 822 667**	**1 417 644**	**1 741 411**

b) transactions

		Sales to related parties 2013 Ls	Sales to related parties 2012 Ls	Purchases from related parties 2013 Ls	Purchases from related parties 2012 Ls
Group companies					
SIA TTS	sale/purchase of goods	7 186	161 976	832 520	987 993
	other services	308 503	95 957	30 033	43 752
	construction services	1 644 201	17 682	255 540	-
SIA Irbe	other services	-	-	2 803	3 520
SIA LNK	purchase of fixed assets	-	-	-	176
	other services	-	-	5 515	1 750
	loan interest	-	531	6 287	1 345
SIA Aviatest	sale/purchase of goods	-	2 000	-	3 362
	other services	54	295 582	-	288
	loan interest	-	-	-	14
	construction services	287 769	120 367	-	-
SIA Celtniecības kvalitātes aģentūra	construction and other services	-	-	5 400	-
AS LNK Industries	construction services	9 813 954	6 197 627	29 016	-
	sale/purchase of goods	67 260	-		-
	other services	733	31 859	1 133	-
	loan interest	-	8	-	-
SIA Enfort	purchase/sale of goods	-	-	2 902	-
	construction services	2 896	-	11 923	374 282
	other services	1 836	-	-	-
		12 134 392	**6 923 589**	**1 183 072**	**1 416 483**
Other related parties					
SIA Mūkusalas biroji	loan interest	-	-	-	14
SIA Baltijas Loģistikas parks	other services	1 939	1 939	2 417	2 461
		1 939	**1 939**	**2 417**	**2 475**
		12 136 331	**6 925 528**	**1 185 489**	**1 418 957**

(39) Contingent liabilities

The Company until November 2013 was a defendant in a law suit, which has arisen from subcontractor's claim against the Company for the breach of sub-contract agreement and the total claim is Ls 62 580. In November 2013 Riga Regional Court's judgment has entered into force, by which subcontractor's claim against the Company was fully rejected.
The Company's balance sheet contains the debts of this subcontractor to the Company in amount of Ls 14 607, for which 100% provision was made.

(40) Guarantee liabilities, guarantee issuance agreements, pledge of assets

In accordance with signed agreements with customers the Company provides free remove of work defects and in certain cases provides bank guarantees and insurance. Accruals for potential liabilities and expenses in the period of guarantee at the end of the reporting period are in amount of Ls 18 589 (31.12.2012: Ls 26 081) (see Notes 33).

The Company has signed guarantee issuance agreement with AS Danske Bank with the guarantee limit of 8 millions EUR with term until 31.07.2016 and interest rates depending on the guarantee period. In November 2013 guarantee issuance agreement was combined with the group company's AS LNK Industries guarantee issuance agreement with joint guarantee limit of 26 millions EUR and repayment term until 10 November 2020.

As security in case of claims that may arise from the signed guarantee and overdraft agreements the Company has pledged its real estate: land plot and buildings, all its assets as a unity at the moment of pledge as well as future components of this unity, as well as several Company's motor vehicles to AS Danske Bank. The maximum amount of claims secured by mortgage commercial pledge in relation to guarantee issuance agreement is Ls 7 309 162.

(41) Operating lease commitments

The Company uses several auto vehicles, received under operating lease agreements from SIA DnB Līzings. At the end of reporting period the Company has in force two operating lease agreements with repayment dates in September 2016 and July 2018. In 2013 income statement recognized the rental expenses of Ls 17 966 (2012: Ls 12 285).

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:	**31.12.2013. Ls**	**31.12.2012. Ls**
Payable within 1 year	6 572	6 516
Payable from 2 to 5 years	19 529	5 097
	26 101	**11 612**

(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 in LTL currency, and trade receivables in USD and LTL currency.

At the end of the year the Company has an open position in euro, but considering held in 2014 Latvian national currency changeover to the euro at the current exchange rate, 0.702804 LVL/EUR, it do not lead to currency risk.

Financial risk management (continuation)

The Company's material foreign exchange open positions are:

	31.12.2013.	31.12.2012.
Financial assets, USD	865 334	1 041 566
Open position USD, calculated in lats, net	**459 492**	**553 072**
Financial assets, LTL	23 447 422	21 318 580
Financial liabilities, LTL	(17 735 035)	(10 760 749)
Open position LTL, net	5 712 387	10 557 831
Open position LTL, calculated in lats, net	**1 165 327**	**2 153 798**

Interest rate risks

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

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 2013.

Genadijs Kamkalovs
chairman of the board

Riga, 29 April 2014

The annual report has been approved by the general meeting of members ____ _____ 2014

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