

JOINT-STOCK COMPANY
“LIEPĀJAS AUTOBUSU PARKS”

ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2009

NON-AUDITED

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JOINT-STOCK COMPANY „LIEPĀJAS AUTOBUSU PARKS”
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General Information

Name of the Company	JSC „LIEPĀJAS AUTOBUSU PARKS”
Legal status of the company	Joint-stock company
Unified registration number, place, date	40003015652 Riga, 3 September 1991
Address	Cukura Street 8/16, Liepaja, LV - 3402 Latvia
Names and addresses of the stockholders	Liepaja City Council (34,85%) Rožu Street 6, Liepaja, LV - 3401 Latvia State Social Insurance Agency (3,54%) Lāčplēša Street 70a, Riga, LV - 1011 Latvia LAP1R LLC (49.49%) Valņu Street 4 – 5, Riga, LV 1050 Latvia Other physical persons (12.12%)
Names and positions of the members of the board	Gundars Kristapsons – Chairman of the board Laima Kutuzova – Member of the board
Names and positions of the members of the council	Ronalds Fricbergs – Deputy chairman of the council Edgars Dupats- Member of the council Janis Leimanis – Chairman of the council Ivars Muravskis - Member of the council Oskars Špickopfs - Member of the council

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General Information (**continued**)

Financial year	1 January 2009 – 31 December 2009
Name and address of the auditor	“ZVĒRINĀTU REVIDENTU FIRMA KAPITĀLS” LLC Sworn auditors company's licence No. 25 Graudu Street 23 Liepāja LV-3401 Latvia Responsible sworn auditor: Marija Jansone Certificate No. 25

Management Report

In the year 2009 JSC “Liepājas autobusu parks” continued to carry out passengers city, region and long-distance transportations, as well as provided bus services in the tourism and excursion transportations, operated one of the non-primary route networks bus (minibus) route in the city. Provided bus terminal services.

From 1 January 2009 till 31 December 2009 net turnover was LVL 7 047 445. After-tax profit in the reporting period is LVL 298 968,51.

The company continued a modernisation of the means of production and equipment, realization of the work organization and cost reduction actions.

Taking into account the increase of the value-added tax from 5% to 10%, as well as the increase of the excise tax from 1 February 2009, the ticket price was increased in the city transport (from LVL 0,30 to LVL 0,35), but from 1 March 2009 the regional local routes tariff was increased (from LVL 0,03 per kilometer to LVL 0,035 per kilometer).

On 19 March 2009 JSC “Liepājas autobusu parks” bus driver Petras Nemanis received an award of the Liepaja city – honour resident of the Liepaja and of the 2008 year in the nomination „service sphere”.

Starting from 1 January 2009 JSC “Liepājas autobusu parks” in addition to the existing transportation services provides regular passenger bus transportations of the regional intercity route network parts in the „Center 1” route part.

Starting from 12 January 2009 eight new buses „Volvo” began to run in the Liepaja city transportations. Cardinal changes in the strategy of entrepreneurship did not happen.

Gundars Kristapsons
Chairman of the board

Laima Kutuzova
Member of the board

Liepaja, _____ 2010

The annual report was approved by the general stockholder’s meeting on _____
2009

Chairman of the general stockholder’s meeting _____

Statement of Management Responsibility

The Management of JSC „Liepājas Autobusu Parks” („joint-stock company”) is responsible for the preparation of the Annual report.

Based on the information, that is available to the board of the joint-stock Company, financial statements are prepared in accordance with basic accounting documents, Latvian Law on Annual Reports, Latvian accounting standards in force and other requirements of the laws and regulations and provide true and fair view on the assets, liabilities, financial position of the joint-stock Company on 31 December 2009 and profit and cash flows 2009.

The management of the joint-stock company confirms that appropriate and consequent accounting policy and management estimates are used. The management of the joint-stock Company confirms, that, during the preparation of the financial statement, the precautionary principle was used, as well as going concern principle.

The management of the joint-stock company confirms that it is responsible for the provision of the appropriate accounting, as well as review, control and maintenance of the assets of the joint - stock company. The management of the joint-stock company is responsible for fraud, weaknesses and/or exploration and elimination of the informed data distortion. The management of the joint-stock company is responsible for the provision of the joint-stock company's activity in accordance with the requirements if the laws and regulations of the Republic of Latvia.

The Management Report contains a clear view on the business development of the joint-stock Company and operating results.

Gundars Kristapsons
Chairman of the board

Laima Kutuzova
Member of the board

Liepāja, _____ 2010

JOINT-STOCK COMPANY „LIEPĀJAS AUTOBUSU PARKS”
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Profit and Loss Statement 2009

	Note	2009 LVL	2009 EUR	2008 LVL	2008 EUR
1. Net Turnover	1	7 047 445	10 027 611	5 763 374	8200542
2. Costs of Goods Sold	2	(6 559 193)	(9 332 891)	(5 303 84)	(754668)
3. Gross Profit		488 252	694 720	460 090	654649
4. Distribution Costs	3	(3 294)	(4 687)	(5 854)	(8329)
5. Administrative Expenses	4	(226 394)	(322 130)	(123 798)	(176148)
6. Other Operating Incomes	5	144 147	205 103	243 892	347027
7. Other Operating Expenses	6	(25 826)	(36 746)	(64 145)	(91270)
10. Interest receivable and similar incomes	7	15 782	22 456	826	1175
12. Interest payable and similar expenses	8	(19 733)	(28 078)	(13 452)	(19140)
16. Profit Before Tax		372 934	530 638	497 559	707962
17. Corporate Income Tax for the Reporting Year	9	(20 281)	(28 857)	(84 524)	(120266)
17.a Deferred Tax	9	(43246)	(61 534)	8 464	12043
18. Other Taxes		(10 438)	(14 852)	(8 840)	(12578)
19. Profit for the Reporting Year		298 969	425 395	412 659	587160
Profit per Share		0.476	0.678	0.658	0.936

Notes from 14 to 24 pages are the integral part of this financial statement.

Gundars Kristapsons
Chairman of the board

Laima Kutuzova
Member of the board

_____ 2010

JOINT-STOCK COMPANY „LIEPĀJAS AUTOBUSU PARKS”
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Balance Sheet for the year ended 31 December 2009

(1)

	Note	31.12.2009 LVL	31.12.2009 EUR	31.12.2008 LVL	31.12.2008 EUR
Assets					
Long-term investments					
I. Intangible Assets					
2. Concessions, patents, licences, trade marks and similar rights		2 508	3569	1 016	1 445
Total intangible assets:	10	2 508	3569	1 016	1 445
II. Fixed assets:					
1. Land, buildings, constructions and perennial plantations		950 479	1 352 410	993 958	1 414 274
3. Equipment and machinery		2 037 515	2 899 123	1 062 349	1 511 586
4. Other fixed assets and equipment		19 503	27 750	18 227	25 934
5. Construction in progress				-	
6. Advance payments for fixed assets		3 444	4 900	428 710	609 999
Total fixed assets:	11	3 010 941	4 284 183	2 503 244	3 561 795
Total long-term investments		3 013 449	4 287 752	2 504 260	3 563 240
Current assets					
I. Inventories:					
1. Raw materials and consumables		113 657	161 719	117 890	167 742
Total Inventories:	12	113 657	161 719	117 890	167 742
III. Debtors:					
1. Trade debtors	13	120 667	171 694	81 467	115 917
4. Other debtors	14	96 123	136 770	18 459	26 265
7. Deferred expenses	15	29 533	42 022	21 306	30 315
8. Accrued income		472 505	672 314	158 624	225 702
Total debtors:		718 828	1 022 800	279 856	398 199
Cash	16	363 489	517 198	387 006	550 659
Total current assets:		1 195 974	1 701 717	784 752	1 116 601
Total assets		4 209 423	5 989 469	3 289 012	4 679 842

Notes from 14 to 24 pages are the integral part of this financial statement.

JOINT-STOCK COMPANY „LIEPĀJAS AUTOBUSU PARKS”
NON-AUDITED ANNUAL REPORT 2009

Balance Sheet for the year ended 31 December 2009

(2)

	Note	31.12.2009 LVL	31.12.2009 EUR	31.12.2008 LVL	31.12.2008 EUR
Liabilities					
Equity:					
1. Share capital	17	627 441	892 768	627 441	892 768
2. Share premium		230	327	230	327
3. Revaluation reserves for long-term investments		574 727	817 763	576 485	820 264
5. Reserves:					
c) statutory reserves		5 013	7132	5 013	7 132
d) other reserves		578 567	823 226	578 567	823 226
6. Retained earnings					
a) for the previous period		293 585	417 734	195 503	278 175
b) for the reporting period		298 969	425 395	412 659	587 160
Total Equity:		2 378 532	3 384 345	2 395 898	3 409 055
Creditors:					
Long-term creditors:					
3. Loans from credit institutions	18	842 820	1 199 225	223 538	318 065
15. Deferred tax liability	24	181 259	257 908	143 267	203 850
Total creditors:		1 024 079	1 457 133	366 805	521 916
Short-term creditors:					
3. Loans from credit institutions	18	195 211	277 760	131 959	187 760
6. Debts to suppliers and contractors	19	281 566	400 635	95 035	135 222
10. Taxes and social insurance payments	20	70 993	101 013	103 699	147 550
11. Other creditors	21	81 425	115 857	72 049	102 516
12. Deferred income	22	78 939	112 320	79 110	112 563
15. Accrued liabilities	23	98 678	140 406	44 457	63 256
Total short-term creditors:		806 812	1 147 991	526 309	748 870
Total liabilities		4 209 423	5 989 469	3 289 012	4 679 842

Notes from 14 to 24 pages are the integral part of this financial statement.

Gundars Kristapsons
Chairman of the board

Laima Kutuzova
Member of the board

_____ 2010

JOINT-STOCK COMPANY „LIEPĀJAS AUTOBUSU PARKS”
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Statement of Changes in Equity 2009, LVL

	Share capital	Share premiu m	Revaluation reserves for long-term investments	Statutory reserves	Other reserves	Retained earnings for the previous period	Retained earnings for the reporting period	Total
	LVL	LVL	LVL	LVL	LVL	LVL	LVL	LVL
31 December 2007	627 441	230	611 119	5 013	578 567	18 523	176 980	2 017 873
Sharing profit of the previous year						1 611	(1 611)	-
Revaluation of the fixed assets			(40745)					(40745)
Deferred Corporate Income Tax sharing			6 111					6 111
Profit for the Reporting Year							135 089	135 089
31 December 2008	627 441	230	576 485	5 013	578 567	195 503	412 659	2 395 898
Sharing profit of the previous year						412 659	(412 659)	-
Dividends						(314 577)		(314 577)
Eliminated revaluated fixed assets			(7 870)					(7870)
Deferred Corporate Income Tax sharing			6 111					6 111
Profit for the Reporting Year							298 969	298 969
31 December 2009	627 441	230	574 727	5 013	578 567	293585	298969	2378532

Notes from 14 to 24 pages are the integral part of this financial statement.

JOINT-STOCK COMPANY „LIEPĀJAS AUTOBUSU PARKS”
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Statement of Changes in Equity 2009, EUR

	Share capital	Share premium	Revaluation reserves for long-term Investments	Statutory reserves of the joint- stock company	Other Reserves	Retained earnings for the previous period	Retained earnings for the reporting period	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
31 December 2007	892768	327	869543	7132	823226	26355	251819	2871174
Sharing profit of the previous year						251819	(251819)	-
Revaluation of the fixed assets			(57974)					(57974)
Deferred Corporate Income Tax sharing			8695					8695
Profit for the Reporting Year							587160	587160
31 December 2008	892768	327	820264	7132	823226	278175	587160	3409055
Sharing profit of the previous year						587160	(587160)	-
Dividends						(447601)		(447601)
Eliminated revaluated fixed assets			(11196)					(11196)
Deferred Corporate Income Tax sharing			8695					8695
Profit for the Reporting Year							425395	425395
31 December 2009	892768	327	817763	7132	823226	417734	425395	3384345

Notes from 14 to 24 pages are the integral part of this financial statement.

JOINT-STOCK COMPANY „LIEPĀJAS AUTOBUSU PARKS”
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Cash Flow Statement 2009

	Note	2009 LVL	2009 EUR	2008 LVL	2008 EUR
I Cash flow from operating activities					
1. Cash receipts from the sale of goods and the rendering of services		7 233 278	10 292 027	6 161 918	8 767 619
2. Cash payments to suppliers, employees, other operating expenses		(6 237 773)	(8 875 551)	(5 042 89)	(7 17 538)
3. Other cash receipts and payments of operating activity		(111 712)	(158 952)	(108 939)	(155 006)
4. Gross operating cash flow		883 793	1 257 524	1 010 390	1 437 655
5. Cash payments to interest		(19 733)	(28 078)	(13 452)	(19 140)
6. Cash payments on corporate income tax		(128 340)	(182 611)	(84 748)	(120 585)
7. Net operating cash flow		735 720	1 046 835	912 190	1 297 929
II Cash flow from investing activities					
1. Cash payments to acquire fixed and intangible assets		(1 155 053)	(1 643 492)	(932 782)	(1 327 229)
2. Cash received from sales of fixed and intangible assets		10 877	15 477	5 918	8 420
3. Cash flow from interest received		15 782	22 456	856	1 217
4. Net investing cash flow		(1 128 394)	(1 605 560)	(926 008)	(1 317 590)
III Cash flow from financing activities					
1. Loans received		814 492	1 158 918	287 445	408 997
2. Loans repaid		(131 958)	(187 759)	(148 487)	(211 277)
3. Dividends paid		(313 721)	(446 385)	-	-
4. Net financing cash flow		368 813	524 774	138 958	197 719
IV Foreign currency exchange rate fluctuations		344	489	-	-
V Components of cash and cash equivalents net increase or decrease		(23517)	(33 462)	125 140	178 058
VI Components of cash and cash equivalents at the beginning of the reporting year		387 006	550 659	261 866	372 601
VII Components of cash and cash equivalents at the end of the reporting year		363 489	517 198	387 006	550 659

Notes from 14 to 24 pages are the integral part of this financial statement.

Notes to the Financial Statement
Accounting Policy

(a) General principles

The annual Report is prepared in accordance with the Law on Accounting and Law on Annual Reports of the Republic of Latvia. Profit and Loss Statement is prepared in accordance with turnover cost method. Cash Flow Statement is prepared using the direct method. Compared with the previous year, the accounting and evaluation methods, used by the joint-stock company, didn't change.

(b) Net turnover

Net turnover is the total value of the provided services and goods sold during the year, excluding the value-added tax. Other incomes are accepted as following:

- incomes from rent – historical costs;
- incomes from fines and penalty payments – on cash basis;
- incomes from servicing - historical costs;
- incomes from insurance compensation - on cash basis.

(c) Foreign currency revaluation to lats

The accounting in JSC „Liepājas autobusu parks” is made in Latvian lats. All transactions in the foreign currency are revaluated to lats after the official exchange rate defined by the Latvian Bank at the date of transaction. Assets and liabilities in the foreign currency are revaluated to lats after the official exchange rate defined by the Latvian Bank at the last day of the reporting year. The profit or loss, that derive from the foreign currency exchange rate fluctuations, are disclosed in the profit and loss statement in the corresponding period.

	31.12.2009 LVL	31.12.2008 LVL
1 EUR	0.702804	0.702804

(d) Intangible Assets and Fixed Assets

All intangible assets and fixed assets are initially evaluated at purchase value. The joint-stock company revaluated all fixed assets in 2002. Revaluation takes place not rarely than once in 10 years.

The amount of change (increase) after the revaluation is recorded in the Equity position „Revaluation reserves for long-term investments”, the amount of change (decrease) is written off from the reserve and previous years increase, the surplus is recorded in the profit and loss statement in the reporting year.

Intangible assets and fixed assets are recorded in purchase or revaluated value, counting off the amortized or depreciated costs. Amortization of depreciation is calculated on a straight-line basis over the estimated useful life of the intangible asset or fixed asset to depreciate the value of intangible asset or fixed asset till estimated residual value at the end of the useful life, using the following rates defined by the management:

	% per year
Buildings and constructions	5
Technological equipment	10-20
Other equipment, transport	10-20

The initial costs of the construction in progress is increased during the period by the loan interest of fixed asset establishment and other direct expenses that are relevant to the particular object till it is put into operation. The initial cost of the particular fixed asset is not increased by the loan interest during the periods when development operations of the construction in progress are not made actively. Repair costs of the rented fixed assets are depreciated on a straight-line basis in the shortest period of the basic improvement useful life and rent period. Current repair and maintenance costs of the fixed asset are recorded in the profit and loss statement in the period they appeared.

Notes to the Financial Statement (**continued**)
Accounting Policy (**continued**)

(e) Inventories

Inventories are recorded at the lower of product cost and market value. Inventories are evaluated using the weighted average method. In case of need outdated, slow turnover or damaged inventory's value is depreciated.

(f) Debtors

Debtors are recorded in the balance sheet in the net value, initial costs less an allowance for any uncollectible amounts. The allowance for any uncollectible amounts are made in the cases, when the management of the joint-stock company supposes, that the collection of these amounts is problematic. Following the lapse in days of the consumers and customers debts, in addition to the special accruals the general accruals are made for the bad or doubtful debts.

(g) Lease with redemption rights

In cases when fixed assets are leased with redemption rights and the joint-stock Company retains all the risks and benefits, these fixed assets are recorded in the value, if they are purchased with the prompt payment. Lease interest payments are recorded in the profit and loss statement in the period they appeared.

(h) Operating lease

The joint-stock company is a lessee

Rent, when the lessor retains a significant part of ownership of the inherent risks and benefits, is classified as operating lease. The lease payments and prepayments (less the received financial incentives from the lessor) are recorded in the profit and loss statement on a straight-line basis over the lease term.

The joint-stock company is a lessor

Assets that are leased under operating lease are recorded within the fixed assets in the purchase value less depreciation. Depreciation is calculated on a straight-line basis over the estimated useful life of the fixed asset to depreciate the value of fixed asset till estimated residual value at the end of the useful life, using the rates defined for the similar fixed assets of the Group. Rental income from operating lease and received prepayments from customers are recorded in the profit and loss statement on a straight-line basis over the lease term.

(i) Investments in the subsidiaries and associates

Investments in capitals of the subsidiaries and associates are recorded in the purchase value less losses from regular depreciation of the value.

If there is an objective evidence that the investment's in subsidiaries or associates balance value is decreased, the losses from regular depreciation are calculated as the difference between the investment balance value and its retrievable value. The retrievable value is determined as the greater of two figures - the investment's fair value less costs to sell and value in use. Losses from investment's regular depreciation of the value can be turned over if after the last time the losses from depreciation of the value were recognized, those estimates were changed, that were used to determine the depreciation of the value.

(j) Grants

The received grants of specific types of capital investments are recorded as deferred revenue that are gradually included in the revenue over the estimated useful life of the received or purchased using the grant fixed asset. The grants for the basic activity are depreciated in proportion to how these expenses are recompensed.

Notes to the Financial Statement **(continued)**
Accounting Policy **(continued)**

(k) Taxes

The Corporate Income Tax costs of the reporting year are included in the financial statement basing on the management's calculations in accordance with the law's and regulation's on taxes of the Republic of Latvia.

Deferred tax is calculated using the liability method on all temporary differences between assets and liabilities in the financial statement and its values for the tax calculation purposes. Temporary differences primarily arise from the use of different rates of depreciation of the fixed assets, as well as tax losses that are transferred to subsequent tax periods. In cases, when the calculation result of the the total deferred tax would be recorded in the balance sheet, it is included in the financial statement only when the retrieval of its safe recovery is expected.

(l) Accruals for unused leaves

The amount of accruals is determined by multiplying the average employee salary during the reporting year for one day and accumulated unused leave days by the end of the reporting year.

(m) Loans

Loans are recognized at the moment, when cash is paid by the borrower. Loans are recorded in amortized purchase value, which is determined using the effective interest rate. Interest income, calculated using the effective interest rate method, are included in profit or loss statement.

(n) Borrowings

Initial borrowings are recognized in the amount of cash received less costs related to receipt of the borrowing. In the subsequent periods borrowings are recorded in amortized purchase value, which is determined using the effective interest rate. The difference between the amount received in cash less costs related to receipt of the borrowing and borrowing repayment value is gradually included in the profit and loss statement during the borrowing period.

(o) Cash and cash equivalents

Cash and cash equivalents for the cash flow statement's purpose consist of the cash, current balances in the account and short-term deposits with initial term up to 90 days.

(p) Related parties

Related parties are considered to be stockholders, members of the board, their close members of the family and the companies, in which those persons have control or significant influence.

JOINT-STOCK COMPANY „LIEPĀJAS AUTOBUSU PARKS”
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Notes to the Financial Statement (**continued**)

(1) Net turnover

Breakdown of the net turnover by the income

	2009 LVL	2009 EUR	2008 LVL	2008 EUR
Income from passenger transportation	3 402 718	4 841 632	3 691 182	5 252 078
Grants	3 644 727	5 185 979	2 072 192	2 948 464
	7 047 445	10 027 611	5 763 374	8 200 542

Breakdown of the net turnover by the geographical markets and activity aspects

Passenger transportations - Latvia	7 044 252	10023 068	5 707 298	8 120 753
Passenger transportations - Lithuania	-	-	4 667	6 641
Passenger transportations - Russia	-	-	40 691	57 898
Irregular passenger transportations	3 193	4 543	10 718	15 250
	7 047 445	10 027 611	5 763 374	8 200 542

(2) Costs of goods sold

Fuel and oil costs	1 375 613	1 957 321	1 664 460	2 368 313
Spare parts, tools and tire costs	270 702	385 174	516 342	7 346 88
Wages	1 536 401	2 186 102	1 464 517	2 083 820
State social insurance payments	332 398	472 960	350 122	498 179
Other wage related costs	9 805	13 951	11 082	15 768
Increase/(decrease) of the accruals for unused leaves	42 191	60 032	(66 085)	(94 030)
Depreciation of the fixed assets	623 881	887 703	579 590	824 683
Bus current repair and materials	122 021	173 620	181 242	257 884
Public utilities	108 154	153 889	91 602	130 338
Business trips and travel expenses	28 141	40 041	30 196	42 965
Partner's services	194 399	276 605	118 783	169 013
Road transport insurance	40 515	57 648	23 854	33 942
Bus tickets and monthly tickets sale	25 004	35 577	32 084	45 651
Rental of software licenses	19 538	27 800	35 484	50 488
Bus rental	232 692	331 091	-	-
Loss compensation to subcontractors	1 202 341	1 710 778	-	-
Other operating expenses	395 397	562 599	270 011	384 191
	6 559 193	9 332 891	5 303 284	7 545 893

(3) Distribution costs

Commercial	3 294	4 687	5854	8 329
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(4) Administrative expenses

Wages	159 782	227 349	84 404	120 096
State social insurance payments	36 424	51 827	18 320	26 067
Transport and business trips expenses	5 645	8 032	6 656	9 471
Communication expenses	5 406	7 692	6 405	9 113
Workshops visits	407	579	159	226
Audit expenses*	2 500	3 557	5 000	7 114
Legal services	14 604	20 780	1 616	2 299
Other administrative expenses	1 626	2 314	1 238	1 762
	226 394	322 130	123 798	176 148

* During the reporting year the joint-stock company didn't receive other services from auditors.

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Notes to the Financial Statement (**continued**)

(5) Other operating incomes

	2009 LVL	2009 EUR	2008 LVL	2008 EUR
Incomes from fixed assets leasing	55 056	78 338	66 594	94 755
Insurance recompense for damaged transport vehicles	4 549	6 473	6 200	8 822
Incomes from ticket sales and entry the bus terminal	41 319	58 792	45 809	65 180
Net income from exchange rate fluctuations	344	489	-	
Incomes from decrease of the revaluation reserves for long-term investments	7 870	11 198	40 744	57 973
Received fines	2 161	3 075	3 589	5 107
Incomes from advertising	6 430	9 149	10 706	15 233
Incomes from sales of scrap	8 928	12 703	5 918	8 421
Other incomes	17 490	24 886	64 332	91 536
	144 147	205 103	243 892	347 027

(6) Other operating expenses

Expenses from liquidation of the fixed assets	16 928	24 085	51 885	73 826
Fines	7 229	10 286	6 270	8 921
Net expenses from exchange rate fluctuations	-	-	4 528	6 443
Expenses not related to the operating activity	1 669	2 375	1 462	2 080
	25 826	36 746	64 145	91 270

(7) Other interest incomes and similar incomes

Bank interest	15 782	22 456	826	1 175
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(8) Interest payable and similar expenses

Credit interest payments	19 733	28 078	13 452	19 140
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(9) Corporate Income Tax for the reporting year

Deferred tax	43 246	61 534	(8 464)	(12 043)
Corporate Income Tax for the reporting year	20 281	28 857	84 524	120 266
	63 527	90 391	76 060	108223

Notes to the Financial Statement (**continued**)

(10) Intangible assets

	Concessions, patents, licences, trade marks and similar rights LVL
Initial cost	
31.12.2008.	4 652
Purchased	2 140
31.12.2009.	6 792
Depreciation	
31.12.2008.	3 636
Calculated for 2009	648
31.12.2009.	4 284
Residual balance value 31.12.2009.	2 508
Residual balance value 31.12.2008.	1 016

(10) Intangible assets

	Concessions, patents, licences, trade marks and similar rights EUR
Initial cost	
31.12.2008.	6 619
Purchased	3 045
31.12.2009.	9 664
Depreciation	
31.12.2008.	5 174
Calculated for 2009	922
31.12.2009.	6 096
Residual balance value 31.12.2009.	3 568
Residual balance value 31.12.2008.	1 446

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(11) Fixed assets

	Land, buildings, constructi ons and perennial plantations LVL	Equipment and machinery LVL	Other fixed assets and equipment LVL	Constructio n in progress LVL	Advance payments for fixed assets LVL	Total LVL
Purchase or revaluated value						
31.12.2008.	1 250 897	2 413 988	46 095	-	428 710	4 139 690
Purchased	-	1 557 552	15 571	-	3 444	1 576 567
Depreciated	-	(216 123)	(5 579)	-	-	(221 702)
Regrouped	-		-		(428 710)	(428 710)
31.12.2009.	1 250 897	3 755 417	56 088		3 444	5 065 846
Depreciation						
31.12.2008.	256 939	1 351 639	27 868	-	-	1 636 446
Calculated for 2009	43 479	565 458	14 296	-	-	623 233
For depreciated	-	(199 195)	(5 579)	-	-	(204 774)
31.12.2009.	300 418	1 717 902	36 585			2 054 905
Closing net carrying amount 31.12.2009.	950 479	2 037 515	19 503	-	3 444	3 010 941
Closing net carrying amount 31.12.2008.	993 958	1 062 349	18 227	-	428 710	2 503 244

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(11) Fixed assets

	Land, buildings, constructions and perennial plantations EUR	Equipment and machinery EUR	Other fixed assets and equipment EUR	Construction in progress EUR	Advance payments for fixed assets EUR	Total EUR
Purchase or revaluated value						
31.12.2008.	1 779 866	3 434 795	65 587	-	609 999	5 890 248
Purchased		2 216 197	22 156		4 900	2 243 253
Depreciated		(307 515)	(7 938)			(315 454)
Regrouped					(609 999)	(609 999)
31.12.2009.	1 779 866	5 343 477	79 805		4 900	7 208 048
Depreciation						
31.12.2008.	365 591	1 923 209	39 653			2 328 453
Calculated for 2009	61 865	804 574	20 341			886 780
For depreciated		(283 429)	(7 938)			(291 367)
31.12.2009.	427 456	2 444 354	52 056			2 923 866
Closing net carrying amount 31.12.2009.	1 352 410	2 899 123	27 750		4 900	4 284 183
Closing net carrying amount 31.12.2008.	1 414 275	1 511 586	25 935		609 999	3 561 795

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Notes to the Financial Statement (**continued**)

(11) Fixed assets (continued)

The fixed assets of the joint-stock company were evaluated by the independent evaluators in 2002, using the market prices. The amount of change resulting after the revaluation was recorded in the Equity position „Revaluation reserves for long-term investments.”

Cadastral value of the joint-stock company's land and buildings was respectively LVL 461 745 and LVL 839 148 in 2009.

(12) Inventories

	31.12.2009 LVL	31.12.2009 EUR	31.12.2008 LVL	31.12.2008 EUR
Fuel, grease	44 810	63 758	19 386	27 583
Spare parts	53 533	76 171	85 606	121 806
Materials	15 314	21 790	12 898	18 352
	113 657	161 719	117 890	167 742

(13) Consumer and customer debts

Consumer and customer debts registered value	125 069	177 957	85 869	122 180
Accruals for bad or doubtful debts	(4 402)	(6 263)	(4 402)	(6 263)
	120 667	171 694	81 467	115 917

(14) Other debtors

Value-added tax overpayment (see 20 note to the financial statement)	22 580	32 129	18 065	25 704
Corporate Income Tax Overpayment	73 225	104 190	-	-
Advance statements persons debts	318	452	394	5 601
	96 123	136 771	18 459	26 265

(15) Deferred expenses

Press subscription	267	380	257	366
Assurance	24 793	35 277	14 141	20 120
Passenger transportation permits for January	208	296	-	-
Tickets, monthly tickets for the next year January	3 107	4 421	-	-
Leave money for the next year January	1 158	1 648	4 408	6 272
Fixed annual fee for the Riga Stock Exchange second list of stock issuers	-	-	2 500	3 557
	29 533	42 022	21 306	30 315

(16) Cash and cash in bank

Cash in the road	3 401	4 839	14 840	21 115
Cash in bank	359 897	512 087	371 402	528 457
Cash	191	272	764	1 087
	363 489	517 198	387 006	550 659

(17) Share capital

Issued on 31 December 2009 and fully paid share capital consists of 627 441 shares with a nominal value of LVL 1,00 per share.

Notes to the Financial Statement (**continued**)

(18) Loans from credit institutions

	31.12.2009 LVL	31.12.2009 EUR	31.12.2008 LVL	31.12.2008 EUR
Loan from JSC Swedbank – long-term part	589 810	839 224	223 538	318 065
Loan from JSC NORDEA – long-term part	253 010	360 001	-	-
Loan from JSC Swedbank – short-term part	131 959	187 761	131 959	187 760
Loan from JSC NORDEA – short-term part	63 252	89 999	-	-
Total loans from credit institutions	1 038 031	1 476 985	355 497	505 825

Commercial pledge

1. All pledge's fixed assets, which pledge is not definitely prohibited, as the client community at the time of the mortgage, as well as the object community's next components.
2. All pledge's intangible assets, claims, securities, bonds and other participation in the companies capital, inventories, which pledge is not definitely prohibited, as the object community at the time of the mortgage, as well as the object community's next components.

In 2008 the joint-stock company received an additional credit for EUR 409 000, increasing the credit liabilities to JSC Swedbank. Credit payment date is 19 February 2015. A credit is payable in accordance with the timetable set by the Bank once in a quarter € 46 940, starting from 19 August 2008. On 19 May 2015 the joint-stock company pays the remaining unpaid amount of the credit. Interest is payable using the rate 3M EURIBOR + 0.8 % per annum monthly.

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Notes to the Financial Statement (continued)

(19) Debts to suppliers and contractors

	31.12.2009 LVL	31.12.2009 EUR	31.12.2008 LVL	31.12.2008 EUR
Short-term creditors for received spare parts, materials	107 197	152 530	74 387	105 843
Payables to subcontractors	160 445	228 293	-	-
Short-term creditors for received services	-	-	19 011	19 011
Other creditors (road transport incomes by contract)	13 924	19 812	1 637	1 637
	281 566	400 635	95 035	95 035

(20) Taxes and social insurance payments LVL

	Value-Added Tax LVL	Corporate Income Tax LVL	Real Estate Tax LVL	Natural Resources Tax LVL	State Social Insurance Payments LVL	Personal Income Tax LVL	Business Risk Fee LVL	Total LVL
Debt 31.12.2008.	-	34 833	-	60	42 995	25 744	67	103 699
(Overpayment) 31.12.2008.	(18 065)	-	-	-	-	-	-	(18 065)
Calculated for 2009	(194 378)	20 245	10 438	239	544 791	293 887	897	676 119
Fines	(7 004)	-	-	-	(74)	-	-	(7 078)
Redirected to other taxes	269 941	-	-	-	(269 941)	-	-	-
Prior year adjustments	-	(36)	-	-	-	-	-	(36)
Paid in 2009	(87 082)	(128 339)	(10 438)	(219)	(272 677)	(294 034)	(890)	(793 679)
Debt 31.12.2009.	-	-	-	80	45 242	25 597	74	70 993
(Overpayment) 31.12.2009.	(22 580)	(73 225)	-	-	-	-	-	(95 805)

Taxes and social insurance payments EUR

	Value-Added Tax EUR	Corporate Income Tax EUR	Real Estate Tax EUR	Natural Resources Tax EUR	State Social Insurance Payments EUR	Personal Income Tax EUR	Business Risk Fee EUR	Total EUR
Debt 31.12.2008.	-	49 563	-	85	61 176	36 630	95	147 549
(Overpayment) 31.12.2008.	(25 704)	-	-	-	-	-	-	(25 704)
Calculated for 2009	(276 575)	28 806	14 852	340	775 168	418 164	1 276	962 031
Fines	(9 966)	-	-	-	105	-	-	10 071
Redirected to other taxes	384 091	-	-	-	(384 091)	-	-	-
Prior year adjustments	-	51	-	-	-	-	-	51
Paid in 2009	(123 907)	(182 610)	(14 852)	(312)	(387 984)	(418 373)	(1 266)	(1 129 304)
Debt 31.12.2009.	-	-	-	113	64 374	36 421	105	101 013
(Overpayment) 31.12.2009.	(32 129)	(104 190)	-	-	-	-	-	(136 319)

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(21) Other creditors

	31.12.2009 LVL	31.12.2009 EUR	31.12.2008 LVL	31.12.2008 EUR
Wages	75 455	107 363	71 291	101 438
Deductions from wages	1 128	1 605	758	1 078
Bus terminal incomes	4 842	6 889	-	-
	81 425	115 857	72 049	102 516

(22) Deferred income

Monthly tickets sales for the next year January	58 989	83 934	52 688	74 968
Loss cover for next year January	19 950	28 386	26 422	37 595
	78 939	112 320	79 110	112 563

(23) Accrued liabilities

Accruals for leave expenses	72 551	103 231	30 360	43 198
Accruals for leave expenses (state social insurance payments)	17 477	24 868	7 314	10 407
Accrued liabilities for audit expenses	2 500	3 557	5 000	7 114
Other accrued liabilities	6 150	8 751	1 783	2 537
	98 678	140 406	44 457	63 256

(24) Deferred tax liabilities

Deferred tax liabilities at the beginning of the reporting year	143 267	203 850	157 842	224 589
Change of deferred tax liabilities from revaluation reserves for long-term investments			(6 111)	(8695)
Decrease of the deferred tax liabilities in the reporting year (see 9 note to the financial statement)	37 992	54 058	(8 464)	(12 043)
Deferred tax liabilities at the end of the reporting year	181 259	257 908	143 267	203 851

Deferred tax is calculated from the following temporary differences between assets and liabilities balance values and its values for the Corporate Income Tax calculation purpose:

Temporary difference in the fixed asset's depreciation	189 112	269 082	149 818	213 172
Temporary difference in the accruals for leaves, Premium wages and other liabilities	(7 853)	(11 174)	(6 551)	(9 321)
Deferred tax liabilities	181 259	257 908	143 267	203 851

(25) The average number of persons employed in the joint-stock company

	2009	2008
The average number of persons employed in the reporting year:	291	283

Notes to the Financial Statement (**continued**)

(26) Management reward

	31.12.2009 LVL	31.12.2009 EUR	31.12.2008 LVL	31.12.2008 EUR
Reward to the board:				
- reward	9 000	12 806	7 940	11 298
- social insurance payments	2 168	3 085	1 913	2 722
Total	11 168	15 891	9 853	14 020
Reward to the council:				
- transferred amount to Liepaja City Council for the shareholder's reward (including employers' rate of state social insurance payments)	7 719	10 983	6 719	9 560
- reward of Members of the council	28 178	40 094	4 872	6 933
- social insurance payments	6 788	9 658	1 108	1 577
Total	42 685	60 735	12 699	18 070

(27) Events after the balance sheet date

As of the last day of the reporting year there have been no events that materially affected the financial position of the joint-stock company.