

“Liepajas autobusu parks” JSC

NON – REVISED

FINANCIAL STATEMENT

for the period ended on March 31, 2013

CONTENTS

General information	3
Management report	4
Statement of Management responsibility	5
Profit and Loss Statement	6
Balance Sheet	7
Statement of Changes in Equity	9
Cash flow statement	10
Notes to the Financial Statements	11 - 14

General Information

Name of the Company	JSC "LIEPĀJAS AUTOBUSU PARKS"
Legal status of the Company	Joint Stock Company
Unified registration number, place and date of registration	40003015652 Riga , 3 September 1991
Address	Cukura street 8/16, Liepāja, LV-3402 Latvia
Names and addresses of the shareholders	Liepāja city council (34,85%) Rožu 6, Liepāja, LV-3401 Latvia LTD LAP1R (49.49%) Vaļņu Street 4-5, Ryga , LV-1050 Latvia Other physical persons (15.66%)
Names and positions of the members of the Board	Māris Ārbergs - chairman of the board Laima Kutuzova – member of the board Oskars Špickopfs - member of the board (till 31.01.2013)
Names and positions of the member of the Council	Edgars Dupats - chairman of the council Ronalds Fricbergs – Deputy chairman of the council Mārtiņš Tīdens - member of the council Harijs Krongorns– member of the council Madara Šķēle - member of the council
Reporting period	01.01.2013 - 31.03.2013

A/S “Liepājas autobusu parks” management report

Type of operations

The main type of activity of the joint-stock company “Liepājas autobusu parks” is public transportation of passengers via city, district and long-distance routes. The Company also provides bus-station services and ensures irregular passenger transportation.

In its activity the joint-stock company “Liepājas autobusu parks” is governed by the standard ISO9001:2008.

Performance of the Company during the first quarter of 2013

During the first quarter of 2013 net turnover amounted to LVL 1 771 721 and in comparison to the respective period of 2012 it represents increase of sales in the amount of LVL 338 299 or 23.6 %. Total income from passenger transportation during the first quarter of 2013 amounted to LVL 1 771 721 which included direct income from passenger transportation in the amount of LVL 1 364 229, in comparison to the respective period of 2012 the above mentioned revenues increased by LVL 219 543 or 19.18%, which is connected with regular passenger transportation in regional intercity routes "Centrs 1" A and B items and local regional transportation with contracts from January 1st 2013.

Sold production costs in first three months of 2013 amounted LVL 1 787 004, which comparing to respective period of 2012, has increased for LVL 447 217 or 33.38%, what is explained with increase of transportation amount.

In 31st March of 2013 in Company worked 319 people (in 31st March of 2012 were 245 people).

Research and development

During the reporting year the Company continued its work on improvement of production facilities and equipment modernization. During the reporting year the Company invested LVL 257 500. Investments have been made in rolling stock restoring and purchasing telematics equipment.

Risk management

The Company was not exposed to significant risk of currency fluctuations because all settlements were mostly performed in lats. In previous years the Company received a loan with a floating interest rate. Therefore, the Company was exposed to the floating interest rate risk.

Liability Report of the Board

Administration of the Joint Stock Company "Liepajas Autobusu Parks" (hereafter – Company) is responsible for the Annual Financial Reports.

Financial reports are prepared on the grounds of accounting entries and source documents. There are financial results and money flow of the first 3 months 2013 and an actual concept of financial situation of the Company on March 31, 2013 given in these reports.

The above-mentioned financial reports are prepared in conformity with International Standards of the Financial Reports, based on a principle of business continuation. Appropriate preparation methods were consequently used in the process of making the reports.

Valuations and decisions taken by the Administration during the preparation process of the financial reports were considerate and grounded.

Administration of the Joint Stock Company "Liepajas Autobusu Parks" is responsible for provision of an appropriate accounting system, preservation of the Company's assets, as well as for exposure and prevention of fraud and other violations within the Company. The Administration is also responsible for fulfillment of the legislation demands of the Republic of Latvia.

On behalf of the Board,

Chairman of the Board _____ M. Ārbergs

"LIEPĀJAS AUTOBUSU PARKS" JSC
Periodic Report for the year ended 31 March 2013

Profit and loss statement for the year from 1 January to 31 March 2013

No.	Name of the indicator	Notes	31.03.2013		31.03.2012	
			LVL	EUR	LVL	EUR
1	Net sales	1	1 771 721	2 520 932	1 433 422	2 039 576
2	Cost of sales	2	(1 787 004)	(2 542 678)	(1 339 787)	(1 906 345)
3	Gross profit		(15 283)	(21 746)	93 635	133 231
4	Distribution costs	3	(286)	(407)	(1 530)	(2 177)
5	Administration costs	4	(76 789)	(109 261)	(55 715)	(79 275)
6	Other operating income	5	90 598	128 910	25 595	36 418
7	Other operating expenses	6	(37 628)	(53 540)	(2 308)	(3 284)
8	Interest and similar income	7	1 503	2 139	1 507	2 144
9	Interest and similar expenses	8	(5 010)	(7 129)	(7 803)	(11 103)
10	Profit before tax		(42 895)	(61 034)	53 381	75 954
11	Corporate income tax		-	-	(8 007)	(11 393)
12	Current year's profit		(42 895)	(61 034)	45 374	64 561
Profit per share			(0.07)	(0.10)	0.07	0.10

EUR exchange rate on 31.03.2013. - 0.702804
EUR exchange rate on 31.03.2012. - 0.702804

Balance sheet for the period ended 31 March 2013

ASSETS	Notes	31.03.2013		31.03.2012	
		LVL	EUR	LVL	EUR
LONG-TERM INVESTMENTS					
I Intangible assets					
1. Concessions, patents, licenses, trademarks and similar rights		397	565	809	1 151
I Total intangible assets:		397	565	809	1 151
II Fixed assets					
1. Equipment and machinery		1 703 437	2 423 773	1 951 632	2 776 922
2. Other fixed assets and inventory		59 113	84 110	50 660	72 083
3. Advance payments for fixed assets		50 451	71 785	-	-
II Total fixed assets:		1 813 001	2 579 668	2 002 292	2 849 005
III Long-term financial investments					
1. Participating interest in subsidiaries		1 268 100	1 804 344	668 100	950 621
2. Loans to subsidiaries	2	37 091	52 775	38 995	55 485
III Total long-term financial investments		1 305 191	1 857 119	707 095	1 006 106
TOTAL LONG-TERM INVESTMENTS		3 118 589	4 437 352	2 710 196	3 856 262
CURRENT ASSETS					
I Inventories:					
1. Raw materials and consumables	1	112 933	160 689	103 061	146 643
Total inventories:		112 933	160 689	103 061	146 643
II Debtors:					
1. Trade debtors	3	543 442	773 248	460 739	655 573
2. Accounts receivable from related parties	2	19 086	27 157	13 142	18 699
3. Other debtor	4	32 915	46 834	34 448	49 016
4. Deferre expenses	5	33 245	47 303	32 065	45 624
5. Accrued income		73 911	105 166	40 029	56 956
Total debtors:		702 599	999 708	580 423	825 867
III Cash	6	487 657	693 874	904 326	1 286 740
TOTAL CURRENT ASSETS:		1 303 189	1 854 271	1 587 810	2 259 250
TOTAL ASSETS		4 421 778	6 291 623	4 298 006	6 115 512

EUR exchange rate on 31.03.2013. - 0.702804
 EUR exchange rate on 31.03.2012. - 0.702804

Balance sheet for the period ended 31 March 2013

LIABILITIES	Notes	31.03.2013		31.03.2012	
		LVL	EUR	LVL	EUR
EQUITY					
1. Share capital	7	627 441	892 768	627 441	892 768
2. Share premium		230	327	230	327
3. Retained earnings					
a) prior years' retained earnings		2 064 597	2 937 657	1 894 806	2 696 066
b) current year's profit		(42 895)	(61 034)	45 374	64 561
TOTAL EQUITY		2 649 373	3 769 718	2 567 851	3 653 722
CREDITORS					
Long-term creditors:					
1. Loans from credit institutions	8	528 870	752 514	776 200	1 104 434
2. Deferre tax liability	9	138 640	197 267	151 228	215 178
Total long-term creditors:		667 510	949 781	927 428	1 319 612
Short-term creditors:					
1. Loans from credit institutions		247 330	351 919	245 592	349 445
2. Debt to suppliers and contractors		460 224	654 840	267 512	380 636
3. Accounts payable to related parties		39 188	55 760	19 462	27 692
4. Taxes and social insurance payments		86 720	123 391	67 637	96 239
5. Other creditors	10	91 643	130 396	66 846	95 114
6. Deferred income	11	104 322	148 437	57 460	81 759
7. Accrued liabilities		75 468	107 381	78 218	111 293
Total short-term creditors:		1 104 895	1 572 124	802 727	1 142 178
TOTAL CREDITORS		1 772 405	2 521 905	1 730 155	2 461 790
TOTAL EQUITY AND LIABILITIES		4 421 778	6 291 623	4 298 006	6 115 512

EUR exchange rate on 31.03.2013. - 0.702804

EUR exchange rate on 31.03.2012. - 0.702804

"LIEPĀJAS AUTOBUSU PARKS" JSC
Periodic Report for the year ended 31 March 2013

Statement of changes in equity LVL

	Share capital	Share premium	Long-term investments revaluation reserve	Prior years' retained earnings	Current year's profit	Total
	LVL	LVL	LVL	LVL	LVL	LVL
As at 31.03.2011	627 441	230	570 697	1 366 276	47 522	2 612 166
Disposal of revalued fixed assets	-	-	(570 697)	-	-	(570 697)
Prior years' retained earnings	-	-	-	528 530	(47 522)	481 008
Profit for the year	-	-	-	-	45 374	45 374
As at 31.03.2012	627 441	230	-	1 894 806	45 374	2 567 851
Disposal of revalued fixed assets	-	-	-	-	-	-
Prior years' retained earnings	-	-	-	169 791	(45 374)	124 417
Profit for the year	-	-	-	-	(42 895)	(42 895)
As at 31.03.2013	627 441	230	-	2 064 597	(42 895)	2 649 373

Statement of changes in equity EUR

	Share capital	Share premium	Long-term investments revaluation reserve	Prior years' retained earnings	Current year's profit	Total
	EUR	EUR	EUR	EUR	EUR	EUR
As at 31.03.2011	892 768	327	812 029	1 944 036	67 617	3 716 777
Disposal of revalued fixed assets	-	-	(812 029)	-	-	(812 029)
Prior years' retained earnings	-	-	-	752 030	(67 617)	684 413
Profit for the year	-	-	-	-	64 561	64 561
As at 31.03.2012	892 768	327	-	2 696 066	64 561	3 653 722
Disposal of revalued fixed assets	-	-	-	-	-	-
Prior years' retained earnings	-	-	-	241 591	(64 561)	177 030
Profit for the year	-	-	-	-	(61 034)	(61 034)
As at 31.03.2013	892 768	327	-	2 937 657	(61 034)	3 769 718

Exchange rate EUR on 31.03.2013 - 0.702804

Exchange rate EUR on 31.03.2012 - 0.702804

"LIEPĀJAS AUTOBUSU PARKS" JSC
Periodic Report for the year ended 31 March 2013

Cash flow statement for the period ended 31.03.2013

	31.03.2013		31.03.2012	
	LVL	EUR	LVL	EUR
I Cash flow from operating activities				
1. Profit before taxes	(42 895)	(61 034)	53 381	75 954
<u>Adjustments for:</u>				
a) fixed assets depreciation	125 418	178 454	126 613	180 154
b) intangibles write-off	63	90	144	204
c) other interest income and similar income	(1 503)	(2 139)	(1 507)	(2 144)
d) interest payments and similar payments	5 010	7 129	7 803	11 103
e) net profit on fixed assets disposal	(35 759)	(50 881)	(3 742)	(5 324)
2. Profit before adjustment of working capital and short-term liabilities	50 334	71 619	182 692	259 947
<u>Adjustments for:</u>				
a) trade debtors' increase or decrease	(122 747)	(174 653)	(251 202)	(357 428)
b) stock increase or decrease	(349)	(497)	16 437	23 388
c) trade creditors' increase	304 259	432 922	90 703	129 059
3. Gross cash flow from operating activities	231 497	329 391	38 630	54 966
4. Corporate income tax payments	(7 066)	(10 054)	(8 892)	(12 653)
5. Net cash flow from operating activities	224 431	319 337	29 738	42 313
<u>Cash flow from investing activities</u>				
1. Acquisition of fixed assets and intangibles	(210 750)	(299 870)	(52 073)	(74 093)
2. Proceeds from sales of fixed assets and intangibles	72 662	103 389	6 004	8 543
3. Loans issued	4 101	5 835	(10 053)	(14 304)
4. Interest payments received	1 506	2 143	1 461	2 079
5. Net cash flow from investing activities	(132 481)	(188 503)	(54 661)	(77 775)
<u>Cash flow from financing activities</u>				
1. Repaid loans	(61 603)	(87 653)	(61 144)	(87 000)
2. Interest payments received	(5 010)	(7 129)	(7 803)	(11 103)
3. Net cash flow from financing activities	(66 613)	(94 782)	(68 947)	(98 103)
Net cash flow of the reporting year	25 337	36 052	(93 870)	(133 565)
Cash and cash equivalents at the beginning of the reporting year	462 320	657 822	998 196	1 420 305
Cash and cash equivalents at the end of reporting year	487 657	693 874	904 326	1 286 740

Exchange rate on 31.03.2013 EUR 0.702804

Exchange rate on 31.03.2012 EUR 0.702804

Notes

Notes (Profit and loss Statement)

	<u>31.03.2013</u>		<u>31.03.2012</u>	
	LVL	EUR	LVL	EUR
1. Net turnover				
Income from passenger transportation	1 364 229	1 941 123	1 144 686	1 628 742
Grants	407 492	579 809	288 736	410 834
Total	1 771 721	2 520 932	1 433 422	2 039 576

2. Cost of goods sold

	<u>31.03.2013</u>		<u>31.03.2012</u>	
	LVL	EUR	LVL	EUR
Fuel and oil materials expenses	634 795	903 232	509 270	724 626
Spare parts, tools and tire costs	82 189	116 945	103 925	147 872
Salary expenses	419 766	597 273	327 758	466 358
State social insurance payments	99 046	140 930	77 125	109 739
Depreciation of the fixed assets	125 481	178 543	126 757	180 359
Current bus repair and materials	43 062	61 272	23 202	33 013
Public facilities	39 483	56 179	39 926	56 810
Business trip expenses	6 255	8 900	3 562	5 068
Outsourced services	75 009	106 728	32 651	46 458
Vehicle insurance	6 750	9 605	7 274	10 350
IT expenses	6 250	8 893	5 330	7 584
Bus rent	143 782	204 583	3 645	5 186
Technical assistance and bus maintenance services from related parties	45 707	65 035	40 079	57 027
Other operating expenses	59 429	84 560	39 283	55 895
Total	1 787 004	2 542 678	1 339 787	1 906 345

3. Distribution costs

	<u>31.03.2013</u>		<u>31.03.2012</u>	
	LVL	EUR	LVL	EUR
Commercial	286	407	1530	2177
Total	286	407	1530	2177

4. Administrative expenses

	<u>31.03.2013</u>		<u>31.03.2012</u>	
	LVL	EUR	LVL	EUR
Salary expenses	51 699	73 561	39 086	55 614
State social insurance payments	11 913	16 951	8 874	12 627
Transportation costs and business trips	3 205	4 560	1 843	2 622
Communication expenses	1 008	1 434	940	1 337
Legal services	3 325	4 731	3 461	4 925
Other administrative expenses	5 639	8 024	1 511	2 150
Total	76 789	109 261	55 715	79 275

Notes (continued)

5. Other operating income

	<u>31.03.2013</u>		<u>31.03.2012</u>	
	LVL	EUR	LVL	EUR
Insurance remuneration	2 068	2 943	423	602
Bus station revenues from ticket sales and parking facilities	12 758	18 153	14 771	21 017
Proceeds from fixed assets disposal	72 662	103 389	6 004	8 543
Other income	3 110	4 425	4 397	6 256
Total	90 598	128 910	25 595	36 418

6. Other operating expenses

	<u>31.03.2013</u>		<u>31.03.2012</u>	
	LVL	EUR	LVL	EUR
Other expenses	726	1033	46	65
Expenses from liquidation of the fixed assets	36 902	52 507	2 262	3 219
Total	37628	53540	2308	3284

7. Other Interest incomes and similar incomes

	<u>31.03.2013</u>		<u>31.03.2012</u>	
	LVL	EUR	LVL	EUR
SIA LAPserviss interest	838	1193	806	1147
Bank interest	665	946	701	997
Total	1 503	2 139	1507	2144

8. Interest payable and similar expenses

	<u>31.03.2013</u>		<u>31.03.2012</u>	
	LVL	EUR	LVL	EUR
Credit interest payments	5 010	7 129	7 803	11 103
Total	5 010	7 129	7 803	11 103

EUR exchange rate on 31.03.2013. - 0.702804

EUR exchange rate on 31.03.2012. - 0.702804

"LIEPĀJAS AUTOBUSU PARKS" JSC
Periodic Report for the year ended 31 March 2013

Notes (Balance sheet)

1. Inventories	31.03.2013		31.03.2012	
	LVL	EUR	LVL	EUR
Fuel, grease	54 393	77 394	40 458	57 567
Spare parts	45 403	64 603	39 384	56 038
Materials	6 020	8 566	5 631	8 012
Bus tickets	7 117	10 127	17 588	25 025
Total	112 933	160 689	103 061	146 643

2. Receivables from related parties	31.03.2013		31.03.2012	
	LVL	EUR	LVL	EUR
Loans to subsidiary with repayment term up to 5 years	37 091	52 775	38 995	55 485
Total long-term receivables from subsidiary	37 091	52 775	38 995	55 485

Short-term loans to subsidiary	16 404	23 341	12 654	18 005
Other receivables	2 682	3 816	488	694
Total short-term receivables from subsidiary	19 086	27 157	13 142	18 699
Total receivables from subsidiary	56 177	79 932	52 137	74 184

The Company has issued a long-term loan with the maturity in 2016 in the amount of LVL 52 000 to its subsidiary.

3. Consumer and customer debts	31.03.2013		31.03.2012	
	LVL	EUR	LVL	EUR
Consumer and customer debts net book value	543 442	773 248	460 739	655 573
Total	543 442	773 248	460 739	655 573

4. Other debtors	31.03.2013		31.03.2012	
	LVL	EUR	LVL	EUR
VAT overpaid	12 081	17 190	16 115	22 930
Corporate income tax overpayment	20 117	28 625	17 289	24 600
Advance payment persons debts	716	1 019	1 044	1 485
Total	32 915	46 834	34 448	49 015

Notes (continued)

5. Deferred expenses

	<u>31.03.2013</u>		<u>31.03.2012</u>	
	LVL	EUR	LVL	EUR
Health insurance	12 043	17 135	11 450	16 292
Vehicle insurance	11 821	16 820	15 254	21 704
Bus rent	1 577	2 244	1 577	2 244
Bus station services	6 687	9 515	-	-
Other expenses	1 117	1 589	3 784	5 384
Total	33 245	47 303	32 065	45 624

6. Cash and cash in bank

	<u>31.03.2013</u>		<u>31.03.2012</u>	
	LVL	EUR	LVL	EUR
Cash	180	256	399	568
Deposits	70 280	100 000	421 682	600 000
Cash in bank	400 143	569 352	472 778	672 702
Cash in transit	17 054	24 266	9 467	13 470
Total	487 657	693 874	904 326	1 286 740

7. Share capital

As at 31.03.2013 the subscribed and fully paid share capital consists of 627 441 ordinary shares with a nominal value of LVL 1,00 each.

8. Loans from credit institutions

	<u>31.03.2013</u>		<u>31.03.2012</u>	
	LVL	EUR	LVL	EUR
Loan from JSC Swedbank- long-term part	481 431	685 014	665 508	946 933
Loan from JSC NORDEA - long - term part	47 439	67 500	110 692	157 501
Total	528 870	752 514	776 200	1 104 434

9. Deferred tax liability

	<u>31.03.2013</u>		<u>31.03.2012</u>	
	LVL	EUR	LVL	EUR
Deffered income tax liability	138 640	197 267	151 228	215 178
Total	138 640	197 267	151 228	215 178

10. Other creditors

	<u>31.03.2013</u>		<u>31.03.2012</u>	
	LVL	EUR	LVL	EUR
Wages	85 243	121 290	61 670	87 749
Deduction from wages	1 388	1 975	984	1 400
Bus terminal incomes	5 012	7 131	4 192	5 965
Total	91 643	130 396	66 846	95 114

11. Deferred income

	<u>31.03.2013</u>		<u>31.03.2012</u>	
	LVL	EUR	LVL	EUR
Monthly tickets for April	495	704	886	1 261
Subsidies received in advance	103 827	147 733	56 574	80 498
Total	104 322	148 437	57 460	81 759