

A/S Latvijas tilti
ANNUAL REPORT

For 12 months period until 31 December 2014

A/S "LATVIJAS TILTI"
ANNUAL REPORT
for period ended 31 December 2014

CONTENTS

General Information	3
Report of the Management	4
Statement of the management responsibility	5
Financial statements	
Income statement	6
Balance sheet	7 - 8
Statement of changes in equity	9
Cash flow statement	10
Notes to the financial statements	11 - 29
Independent Auditor's Report	30 - 31

A/S "LATVIJAS TILTI"
ANNUAL REPORT
for period ended 31 December 2014

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	Jana Dalina street 15 Riga, LV-1013 Latvia
Type of operations	NACE2 42.11 - construction of roads and motorways, 42.13 - construction of bridges and tunnels, 42.91 - construction of hyrotechnical objects
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. 3) Branch in Estonia founded in 2014 for realization of Nehatu bridge design and construction project on the highway Tallinn-Narva, Estonia
Names and positions of the Board members	Genadijs Kamkalovs - chairman of the board Valērijs Gorjuns - member of the board Regīna Vitrjaka - member of the board Romāns Maizenbergs - member of the board Igoris Goļcovs - member of the board Andrejs Bočkarjovs - member of the board
Names and positions of the Council members	Artjoms Milovs - chairman of the council (from 27.06.2014) 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 Aleksandrs Milovs - chairman of the council (until 27.06.2014), per procura
Financial year	1 January, 2013 - 31 December, 2014
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 2014 the Company's net sales amounted to EUR 31 564 074 and profit before taxes EUR 82 763. Despite the reduction in net sales, the Company was able to optimize costs during the financial year. The Company has three registered branches abroad - in Lithuania, Estonia and Turkmenistan for realization of various construction projects. Turkmenistan branch didn't have significant economic activity during the financial year. Following projects were commenced and will continue next year: "The Construction of Panemunes-Sovetskias bypass road with bridge over the Neman River in Lithuania", "The reconstruction of Ventspils Free Port ships pier", "Renovation of Salu bridge" in Latvia, "The reconstruction of piers Nr. 67 and Nr. 68 in Klaipeda" in Lithuania and "Design and construction of Nehatu bridges on highway Tallinn-Narva, Estonia". The Company during the current financial year has fully completed following projects: "Ventspils Free Port pier Nr.12 construction, Ventspils" in Latvia, "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, "Reconstruction of Geležinio Vilko street from A. Goštauto street till M.K. Čiurlionio street in Vilnius", in Lithuania, as well as "Free Port of Ventspils 1st pier dismantling, Ventspils" in Latvia.

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.
- In 2014 using german drillmachine Bauer, new drilled piles construction technology was acquired.

Financial risk management

The policy of financial risk management of the Company is described in financial report's Notes 41.

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

Distribution of profit proposed by the Board

	2014
	EUR
Profit share to be distributed	20 591
Proposed profit distribution:	
Retained earnings	20 591

Future prospects

In 2014 significant attention was paid to analysis of purchase price of materials, construction equipment and lease of machinery. The steps were taken in the optimization of productivity, which will undoubtedly effect the financial results of 2015. In 2014 substantial investments were made in construction equipment, which has reduced the Company's expenses. The investments are planned to be continued in 2015. 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 2015 will not decrease.


Genadijs Kamkalovs
chairman of the board

Riga, 6 February 2015

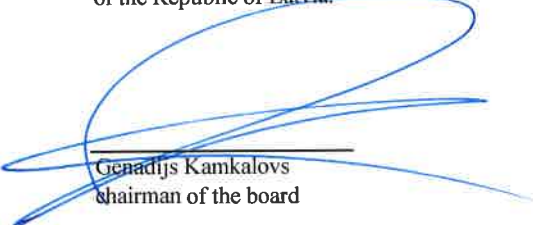
A/S "LATVIJAS TILTI"
ANNUAL REPORT
for period ended 31 December 2014

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 29 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, 6 February 2015

A/S "LATVIJAS TILTI"
ANNUAL REPORT
for period ended 31 December 2014

INCOME STATEMENT

	Notes	2014 EUR	2013 EUR
Net sales	(1)	31 564 074	40 402 836
Cost of sales	(2)	(31 154 136)	(39 639 440)
Gross profit or losses		<u>409 938</u>	<u>763 396</u>
Distribution expenses	(3)	(55 277)	(36 026)
Administrative expenses	(4)	(749 901)	(575 180)
Other operating income	(5)	1 447 023	676 990
Other operating expenses	(6)	(788 148)	(425 840)
Interest and similar income	(7)	24 998	78
Interest and similar expenses	(8)	(205 870)	(214 246)
Profit or losses before taxes		<u>82 763</u>	<u>189 172</u>
Corporate income tax	(9)	(41 341)	(41 809)
Other taxes	(10)	(20 831)	(21 029)
Net profit or losses		<u><u>20 591</u></u>	<u><u>126 334</u></u>
Earnings per share (in euro)	(11)	0,03	0,19

Notes on pages 11 to 29 are an integral part of these financial statements.


Genadijs Kamkalovs
chairman of the board

Riga, 6 February 2015

A/S "LATVIJAS TILTI"
ANNUAL REPORT
for period ended 31 December 2014

BALANCE SHEET

		31.12.2014. EUR	31.12.2013. EUR
	Notes		
<u>ASSETS</u>			
Non-current assets			
Intangible assets:			
Concessions, patents, licenses, trademarks and similar rights	(12)	14 732	17 465
Total intangible assets:		<u>14 732</u>	<u>17 465</u>
Fixed assets:			
Land and buildings	(12)	1 540 409	1 236 163
Equipment and machinery	(12)	4 429 054	4 727 734
Other fixed assets	(12)	1 862 941	1 431 629
Fixed assets under construction	(12)	101 242	444 896
Advances for fixed assets	(12)	582	9 458
Total fixed assets:		<u>7 934 228</u>	<u>7 849 880</u>
Investment property:			
Buildings	(13)	955 864	1 054 217
Investment properties under construction	(13)	208 214	-
Total investment property:		<u>1 164 078</u>	<u>1 054 217</u>
Non-current financial investments:			
Investments in subsidiaries	(14)	10 000	-
Investments in associates	(14)	16 008	16 008
Own shares	(14)	2 864	2 864
Total non-current financial investments:		<u>28 872</u>	<u>18 872</u>
Total non-current investments:		<u>9 141 910</u>	<u>8 940 434</u>
Current assets			
Inventories:			
Raw materials and consumables	(15)	1 998 629	2 744 198
Finished goods and work in progress	(16)	318 680	349 115
Advances for inventories		237 176	6 292
Total inventories:		<u>2 554 485</u>	<u>3 099 605</u>
Account receivable:			
Trade receivables	(17)	6 162 652	4 694 197
Receivables from group companies	(18)	3 815 445	5 073 067
Receivables from associates	(19)	10 672	14 344
Other receivables	(20)	477 409	713 655
Deferred expenses	(21)	45 447	61 900
Accrued income	(22)	2 157 575	3 754 741
Total receivables:		<u>12 669 200</u>	<u>14 311 904</u>
Cash and bank:	(23)	598 545	2 504 113
Total current assets:		<u>15 822 230</u>	<u>19 915 622</u>
<u>Total assets</u>		<u><u>24 964 140</u></u>	<u><u>28 856 056</u></u>

Notes on pages 11 to 29 are an integral part of these financial statements.

A/S "LATVIJAS TILTI"
ANNUAL REPORT
for period ended 31 December 2014

BALANCE SHEET

		31.12.2014. EUR	31.12.2013. EUR
	Notes		
<u>EQUITY AND LIABILITIES</u>			
Equity			
Share capital	(24)	954 747	954 747
Reserves:			
other reserves	(25)	42 661	42 661
Retained earnings			
previous year's retained earnings		4 824 112	4 697 778
current years profit or losses		20 591	126 334
Total equity:		<u>5 842 111</u>	<u>5 821 520</u>
Liabilities:			
Non-current liabilities:			
Loans from banks	(26)	5 773 522	1 703 788
Other borrowings	(27)	1 641 356	2 463 465
Deferred income tax liabilities	(9)	270 489	229 148
Total non-current liabilities:		<u>7 685 367</u>	<u>4 396 401</u>
Current liabilities:			
Loans from banks	(26)	-	1 980 465
Other borrowings	(27)	1 065 564	1 093 786
Advances from customers	(28)	342 266	44 613
Trade payables	(29)	7 904 379	11 005 942
Payables to group companies	(30)	473 231	2 593 422
Taxes and social insurance payments	(31)	169 042	200 457
Other liabilities	(32)	263 825	244 810
Deferred income		2 818	-
Accrued liabilities	(33)	1 215 537	1 442 380
Total current liabilities:		<u>11 436 662</u>	<u>18 638 135</u>
Total liabilities:		<u>19 122 029</u>	<u>23 034 536</u>
<u>Total equity and liabilities</u>		<u>24 964 140</u>	<u>28 856 056</u>

Notes on pages 11 to 29 are an integral part of these financial statements.


Genadijs Kamkalovs
chairman of the board

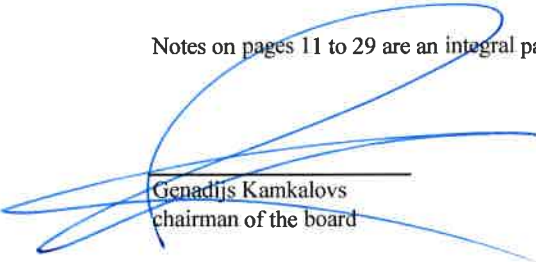
Riga, 6 February 2015

A/S "LATVIJAS TILTI"
ANNUAL REPORT
for period ended 31 December 2014

STATEMENT OF CHANGES IN EQUITY

	Share capital	Other reserves	Retained earnings	Total
	EUR	EUR	EUR	EUR
31.12.2012.	954 747	42 661	4 697 778	5 695 186
Profit for the year	-	-	126 334	126 334
31.12.2013.	954 747	42 661	4 824 112	5 821 520
Profit for the year	-	-	20 591	20 591
31.12.2014.	954 747	42 661	4 844 703	5 842 111

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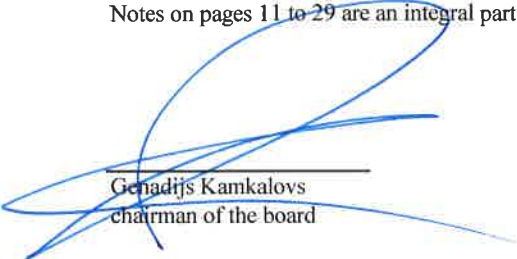
Riga, 6 February 2015

A/S "LATVIJAS TILTI"
ANNUAL REPORT
for period ended 31 December 2014

CASH FLOW STATEMENT

	Notes	2014 EUR	2013 EUR
Cash flow from operating activities			
Profit or losses before taxes		82 763	189 172
Adjustments for:			
depreciation of fixed, intangible assets and investment properties	(12), (13)	1 511 317	1 226 981
(profit)/losses from sales of fixed assets		-	(4 104)
write-off of fixed assets		21 135	26 013
changes in provisions		(179 932)	66 613
interest expenses	(8)	200 260	207 857
interest income	(7)	(24 977)	(78)
other taxes	(10)	(20 831)	(21 029)
Cash flow prior to changes in current assets and liabilities		1 589 735	1 691 425
Inventory (increase)/decrease		485 352	(212 206)
Account receivable (increase)/decrease		1 830 930	(3 481 208)
Account payable increase/(decrease)		(5 099 561)	4 116 196
Gross cash flow generated from operating activities		(1 193 545)	2 114 207
Corporate income tax paid	(31)	(29 000)	(22 766)
Net cash flow generated from operating activities		(1 222 545)	2 091 441
Cash flow from investing activities			
Acquisition of fixed, intangible assets and investment properties		(1 383 365)	(909 911)
Proceeds from sales of fixed assets		-	41 517
Loans issued		-	(9 001)
Loans repayment received		4 079	5 000
Loans interest received		32	78
Equity investments paid	(14b)	(10 000)	-
Net cash flow generated from investing activities		(1 389 254)	(872 317)
Cash flow from financing activities			
Loans received		500 000	2 650 001
Loans repaid		(500 000)	(2 650 001)
Interest paid		(203 940)	(220 589)
Cash received from overdrafts, net	(26)	2 089 269	1 721 991
Finance lease payments		(1 179 098)	(1 125 472)
Net cash flow generated from financing activities		706 231	375 930
Net increase / (decrease) in cash and cash equivalents		(1 905 568)	1 595 054
Cash and cash equivalents at the beginning of the financial year		2 504 113	909 059
Cash and Cash equivalents at the end of the financial year	(23)	598 545	2 504 113

Notes on pages 11 to 29 are an integral part of these financial statements.


Genadijs Kamkalovs
chairman of the board

Riga, 6 February 2015

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) Reclassification of comparatives

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

Reclassified income or expenses	2013	2013	Amount
	Adjusted	Prior adjustments	
	Name of line item	Name of line item	EUR
Net loss from exchange rate fluctuations	Other operating expenses	Interest and similar expenses	18 799
Net loss from sale of foreign currency	Other operating expenses	Interest and similar expenses	51 990

(3) Income recognition and net sales

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

Income is recognized according to the following principles:

Sales of goods - after significant ownership risk and rewards have been passed to the buyer;

Rendering of services - under the percentage of completion method;

Income from fines and penalties - at the moment of receiving the payments;

Interest income - on an accrual basis.

(4) Construction contracts

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

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

A/S "LATVIJAS TILTI"
ANNUAL REPORT
for period ended 31 December 2014

Construction contracts (continuation)

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

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

(5) Foreign currencies

Starting from the 1st January 2014 the national currency of the Latvian Republic is euro (EUR), as a result from this date the Company performed its accounting in euros. All assets, liabilities and components of equity are converted from the lats to the euros, applying flat rate 0.702804 LVL/EUR. This conversion has no impact on the income statement. Financial statement comparative indicators for the previous year also are converted, using flat rate 0.702804 LVL/EUR.

All transactions denominated in foreign currencies are converted into euro at the exchange rate set by the European Central Bank on the day of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into euro in accordance with the official exchange rate set by European Central Bank 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.

	31.12.2014.	31.12.2013.
	EUR	EUR
1 USD	1,2141	1,3791
1 LTL	3,4528	3,4528

(6) Fixed and intangible assets

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

Depreciation is calculated on a straight-line basis (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

A/S "LATVIJAS TILTI"
ANNUAL REPORT
for period ended 31 December 2014

Fixed and intangible assets (continuation)

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

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

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

If it is possible to conclude due to any kind of occurrence or circumstances that residual value of fixed or intangible assets could exceed its recoverable value, appropriate value of fixed or intangible asset is to be decreased until recoverable value. Recoverable value is prescribed as the highest from fair value less cost to sell or value in use.

(7) 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 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
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(8) 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.

(9) 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.

A/S "LATVIJAS TILTI"
ANNUAL REPORT
for period ended 31 December 2014

(10) 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.

(11) 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 .

(12) 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.

(13) 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) Grants

Grants or subsidies received for the acquisition of fixed assets or other non-current assets are recorded as deferred income and recognized as an income in the income statement on straight-line basis over the useful life of the assets acquired. Other subsidies or grants to cover the expenses are recognized as an income in the same period when the respective expenses have arisen and all material conditions in respect of the grants received has been fulfilled.

(16) 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.

A/S "LATVIJAS TILTI"
ANNUAL REPORT
for period ended 31 December 2014

(17) 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.

(18) 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.

A/S "LATVIJAS TILTI"
ANNUAL REPORT
for period ended 31 December 2014

II. OTHER NOTES

(1) Net sales	2014	2013
	EUR	EUR
By operating activities		
Income from construction works	30 731 464	40 277 779
Income from services and sale of construction products	832 610	125 057
	<u>31 564 074</u>	<u>40 402 836</u>
By location		
Income from sales of goods/services in Latvia	11 876 343	17 209 443
Income from sales of goods/services in Lithuania	19 361 503	23 193 393
Income from sales of goods/services in Estonia	326 228	-
	<u>31 564 074</u>	<u>40 402 836</u>
(2) Cost of sales		
Outsourced services	13 768 722	16 346 910
Raw materials and consumables	10 070 127	15 022 393
Salary expenses	3 597 441	3 808 316
Depreciation of fixed assets	1 408 581	1 130 687
Social insurance costs	878 830	961 998
Other costs	1 430 435	2 369 136
	<u>31 154 136</u>	<u>39 639 440</u>
(3) Distribution expenses		
Transportation costs	43 675	22 511
Advertising expenses	11 602	13 515
	<u>55 277</u>	<u>36 026</u>
(4) Administrative expenses		
Salary expenses	179 443	200 709
Expenses related to the ESF project	89 964	-
Transportation costs	83 356	78 911
Professional service costs	66 775	61 230
Office expenses	54 141	25 671
Social insurance costs	41 827	46 482
Communication expenses	33 754	35 819
Representation costs	13 497	22 824
Bank charges	13 235	18 802
Other administrative expenses	173 909	84 732
	<u>749 901</u>	<u>575 180</u>
(5) Other operating income		
Income from sale of materials	663 120	108 753
Income from leasing of investment properties (see Note 13)	273 191	273 191
Provisions for bad and doubtful debts, net change	156 790	-
Net income from exchange rate fluctuations	80 386	-
Net income from other services	53 544	138 588
Receivable ESF project funding	47 230	-
Net gain from disposal of fixed and current assets	9 913	185
Other income	162 849	156 273
	<u>1 447 023</u>	<u>676 990</u>

A/S "LATVIJAS TILTI"
ANNUAL REPORT
for period ended 31 December 2014

	2014	2013
	EUR	EUR
(6) Other operating expenses		
Cost of materials sold	613 511	105 705
Cost of leased investment property	99 051	104 151
Net loss from sale of foreign currency	6 322	51 990
Donations	6 000	11 383
Provisions for bad and doubtful debts, net change	-	72 892
Net loss from exchange rate fluctuations	-	18 799
Other expenses	63 264	60 920
	<u>788 148</u>	<u>425 840</u>
(7) Interest and similar income		
Interest income	24 983	78
Other income	15	-
	<u>24 998</u>	<u>78</u>
(8) Interest and similar expenses		
Interest charge, including bank's commissions for issued guarantees (see Note 39)	200 260	207 857
Penalties paid	5 610	6 389
	<u>205 870</u>	<u>214 246</u>
(9) Corporate income tax		
a) Components of corporate income tax		
Changes in deferred income tax	41 341	41 721
Corporate income tax according to the tax return	-	-
Corporate income tax correction for previous year	-	88
	<u>41 341</u>	<u>41 809</u>
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:		
	2014	2013
	EUR	EUR
Profit before taxes	82 763	189 172
Other taxes (real estate taxes)	(20 831)	(21 029)
Profit before corporate income tax	<u>61 932</u>	<u>168 143</u>
Theoretically calculated tax at 15% tax rate	<u>9 290</u>	<u>25 221</u>
Tax effects on:		
Non-deductible expenses for tax purposes	32 051	32 017
Tax discounts for donations and reinvested profit	-	(21 391)
Changes in classification of temporary differences	-	5 962
Total corporate income tax expenses	<u>41 341</u>	<u>41 809</u>

A/S "LATVIJAS TILTI"
ANNUAL REPORT
for period ended 31 December 2014

Corporate income tax (continuation)	2014	2013
	EUR	EUR
b) Movement and components of deferred tax		
Deferred tax liabilities (asset) at the beginning of the financial year	229 148	187 426
Deferred tax charged to the income statement	41 341	41 721
Deferred tax liabilities (asset) at the end of the financial year	<u>270 489</u>	<u>229 148</u>

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):

	31.12.2014.	31.12.2013.
	EUR	EUR
Temporary difference on depreciation of fixed, intangible assets and investment property	403 680	386 455
Gross deferred tax liabilities	<u>403 680</u>	<u>386 455</u>
Temporary difference on accruals for annual leave	(76 506)	(71 492)
Temporary difference on provision for doubtful receivables	(14 940)	(14 940)
Temporary difference on provision for impaired materials	(32 342)	(35 814)
Temporary difference on other accruals	(2 400)	-
Tax losses carried forward	(7 003)	(35 061)
Gross deferred tax assets	<u>(133 191)</u>	<u>(157 307)</u>
Net deferred tax liability (assets)	<u>270 489</u>	<u>229 148</u>

(10) Other taxes	2014	2013
	EUR	EUR
Real estate tax for land	3 129	3 129
Real estate tax for buildings	17 702	17 900
	<u>20 831</u>	<u>21 029</u>

(11) Earnings per Share (in euro)

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.

	2014	2013
Profit attributed to shareholders of the Company (euro)	20 591	126 334
Average annual number of shares	671 000	671 000
Earnings per share (in euro)	<u>0,03</u>	<u>0,19</u>

A/S "LATVIJAS TILTI"
ANNUAL REPORT
for period ended 31 December 2014

(12) Intangible and fixed assets

	Concessions, patents, licenses, trade marks and similar rights EUR	Fixed assets					Advances for fixed assets EUR	Total fixed assets EUR
		Land and buildings	Equipment and machinery	Other fixed assets	Fixed assets under construction			
		EUR	EUR	EUR	EUR	EUR		
Cost								
31.12.2013.	31 004	1 823 887	8 834 298	2 552 872	444 896	9 458	13 665 411	
Additions	1 883	-	96 373	721 525	659 998	582	1 478 478	
Disposals	(4 467)	-	(95 110)	(245 742)	-	-	(340 852)	
Reclassified from advance payments	-	-	6 100	3 358	-	(9 458)	-	
Reclassification from fixed assets under construction	-	405 944	456 426	141 282	(1 003 652)	-	-	
Reclassification from inventories	-	-	-	82 909	-	-	82 909	
31.12.2014.	28 420	2 229 831	9 298 087	3 256 204	101 242	582	14 885 946	
Depreciation								
31.12.2013.	(13 539)	(587 724)	(4 106 564)	(1 121 243)	-	-	(5 815 531)	
Calculated	(4 616)	(101 698)	(833 491)	(473 159)	-	-	(1 408 348)	
Disposals	4 467	-	71 022	201 139	-	-	272 161	
31.12.2014.	(13 688)	(689 422)	(4 869 033)	(1 393 263)	-	-	(6 951 718)	
Net carrying amount 31.12.2013.	17 465	1 236 163	4 727 734	1 431 629	444 896	9 458	7 849 880	
Net carrying amount 31.12.2014.	14 732	1 540 409	4 429 054	1 862 941	101 242	582	7 934 228	

a) Cadastral values

Cadastral value of freehold land as at December 31, 2014 is EUR 208 257 (31.12.2013: EUR 208 257). Cadastral value for the buildings (including investment property buildings) is EUR 953 431 (31.12.2013: EUR 953 431).

b) Joint ownership of real estate

In previous year the Company has sold conditional part of its 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 in materials accounted metal constructions, devices and other articles in amount of EUR 82 909 were transferred to fixed assets due to the changes in useful life estimates.

d) Fixed assets under finance lease

Net carrying amount of fixed assets acquired under finance lease as at December 31, 2014 is EUR 4 271 456 (31.12.2013 - EUR 4 808 720). The ownership of those assets will be transferred to the Company after the settlement of all lease liabilities (see Note 27).

A/S "LATVIJAS TILTI"
ANNUAL REPORT
for period ended 31 December 2014

Intangible and fixed assets (continuation)

e) Pledge of fixed assets

Information on pledged fixed assets is disclosed in the Note 26 and 39 to the financial statements.

(13) Investment property

	Buildings	Investment property under construction	Total
	EUR	EUR	EUR
Cost			
31.12.2013.	1 353 613	-	1 353 613
Additions	-	208 214	208 214
31.12.2014.	1 353 613	208 214	1 561 827
Depreciation			
31.12.2013.	(299 396)	-	(299 396)
Calculated	(98 353)	-	(98 353)
31.12.2014.	(397 749)	-	(397 749)
Net carrying amount 31.12.2013.	1 054 217	-	1 054 217
Net carrying amount 31.12.2014.	955 864	208 214	1 164 078

Information on pledged investment properties is disclosed in the Note 26 and 39 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 EUR 273 191 (2013: EUR 273 191) and direct investment property's operating expenses EUR 99 051 (2013: EUR 104 151).

(14) Equity investments

a) movement of investments

	Non-current			
	Investments in subsidiaries	Investments in associates	Own shares	Total
	EUR	EUR	EUR	EUR
Cost				
31.12.2013.	-	18 953	2 864	21 817
Purchase	10 000	-	-	10 000
31.12.2014.	10 000	18 953	2 864	31 817
Changes of value of investments				
31.12.2013.	-	(2 945)	-	(2 945)
31.12.2014.	-	(2 945)	-	(2 945)
Net carrying amount 31.12.2013.	-	16 008	2 864	18 872
Net carrying amount 31.12.2014.	10 000	16 008	2 864	28 872

A/S "LATVIJAS TILTI"
ANNUAL REPORT
for period ended 31 December 2014

b) investments in subsidiaries

Name	Address	Participating interest		Equity		Profit/(loss)	
		31.12.2013.	31.12.2014.	31.12.2013.	31.12.2014.	2013	2014
		%	%	EUR	EUR	EUR	EUR
General partnership Latvijas tilti & SZMA Rīga	Stopinu district, Rumbula, Granita street 15	70	70	-	no information	-	no information
LT EHITUS OU	Tulika 15/17-231, Tallinn, Estonia	-	100	-	no information	-	no information

Principal activity of general partnership Latvijas tilti & SZMA Rīga and LT Ehitus OU 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.

In November 2014 the Company has founded in Estonia subsidiary "LT Ehitus OU" with 100% investment capital. During financial year the subsidiary has not yet commenced substantial operating activities, as a result the Company didn't prepare consolidated financial statements for 2014 year.

c) investments in associates

Name	Address	Type of operations	Participating interest	
			31.12.2014.	31.12.2013.
			%	%
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
Mostotrijad 17	S.Peterburg Institutsķij 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

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

Due to "Mostotrijad 17" negative equity at the end of the previous reporting year the Company has impaired the investment's value of EUR 2 945 till zero.

	31.12.2014.	31.12.2013.
(15) Raw materials and consumables	EUR	EUR
Raw materials and consumables	2 155 925	2 905 910
(Provisions for impaired materials)	(215 612)	(238 755)
Spare parts and other materials	58 316	77 043
	1 998 629	2 744 198

A/S "LATVIJAS TILTI"
ANNUAL REPORT
for period ended 31 December 2014

	31.12.2014.	31.12.2013.
(16) Finished goods and work in progress	EUR	EUR
Metal constructions	177 607	78 607
Concrete products	93 767	270 508
Metal constructions in production process	47 306	-
	<u>318 680</u>	<u>349 115</u>

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."

	31.12.2014.	31.12.2013.
(17) Trade receivables	EUR	EUR
Retentions in Latvia, Lithuania and Turkmenistan	3 082 196	3 193 653
Book value of trade receivables in Lithuania	2 457 199	950 458
Book value of trade receivables in Latvia	424 898	552 306
Book value of trade receivables in Turkmenistan	450 233	439 657
(Provisions for bad and doubtful debts)	<u>(251 874)</u>	<u>(441 877)</u>
	<u>6 162 652</u>	<u>4 694 197</u>

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 EUR 450 233 and part of retentions in amount of EUR 387 079 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, that above mentioned debts will be paid by the end of 2014. At the end of the reporting period the debts were not settled, but taking into consideration the possibility to obtain receiving order and arbitration ruling to compulsory fulfillment of previously signed amicable arrangement and debtor's stable financial position, the management assesses these debts as fully recoverable, as a result no additional provisions were made.

	31.12.2014.	31.12.2013.
(18) Receivables from group companies	EUR	EUR
SIA TTS (Transportation Technology Systems) debt for construction services	1 483 128	1 203 341
AS LNK Industries debt for construction services	892 785	1 198 587
AS LNK Industries retentions	825 092	1 586 107
SIA Enfort debt for construction services	202 739	-
AS LNK Industries Eesti filiaal debt for construction services	187 742	-
SIA TTS (Transportation Technology Systems) advance for materials	90 000	477 051
SIA TTS (Transportation Technology Systems) debt for services	66 760	108 937
AS LNK Industries Eesti filiaal retentions	31 250	-
AS LNK Industries advance payment	20 000	-
SIA ENFORT retentions	11 834	-
SIA Aviatest debt for services	200	495 441
Other receivables from group companies	3 915	3 603
	<u>3 815 445</u>	<u>5 073 067</u>

	31.12.2014.	31.12.2013.
(19) Receivables from associates	EUR	EUR
Debts of general partnerships LT Celtniecība and TLTB	10 672	10 672
Retentions of general partnership LT Celtniecība	10 341	10 341
(Provisions for bad and doubtful debts)	(10 341)	(10 341)
Other receivables from associates	-	3 672
	<u>10 672</u>	<u>14 344</u>

A/S "LATVIJAS TILTI"
ANNUAL REPORT
for period ended 31 December 2014

	31.12.2014.	31.12.2013.
(20) Other receivables	EUR	EUR
Advance payments for works and services	319 272	618 327
(Provisions on advance payments for works and services)	(111 670)	(78 456)
VAT overpaid (see Note 31 for details)	148 330	-
Other receivables	90 429	111 563
(Provision for other receivables)	(5 462)	(5 462)
Corporate income tax overpaid (see Note 31 for details)	35 878	62 973
Current loans	632	4 710
	<u>477 409</u>	<u>713 655</u>
(21) Deferred expenses		
Prepayments of insurance payments	36 875	46 302
Other expenses	8 572	15 598
	<u>45 447</u>	<u>61 900</u>
(22) Accrued income		
Accrued income related to construction contracts (see Note a))	2 082 099	3 717 894
Other accrued income	75 476	36 847
	<u>2 157 575</u>	<u>3 754 741</u>
a) Construction contracts		
Costs incurred and profit recognised as income (minus recognized losses)	<u>1 620 992</u>	<u>3 151 028</u>
Gross amount of work-in-progress	<u>1 620 992</u>	<u>3 151 028</u>
where:		
Work-in-progress under assets (as "Accrued income")	2 082 099	3 717 894
Work-in-progress under liabilities (as "Accrued liabilities")	<u>(461 107)</u>	<u>(566 866)</u>
	<u>1 620 992</u>	<u>3 151 028</u>
Corresponding amounts:		
Contract revenue recognised in income statement (as "Net sales")	30 731 464	40 277 779
Advances received from customers (as "Advances from customers" and "Payables to group companies")	363 141	2 367 192
Retentions on construction contracts (as "Trade receivables", "Receivables from group companies" and Receivables from associates")	3 960 715	4 899 037
(23) Cash and bank	31.12.2014.	31.12.2013.
	EUR	EUR
Cash at bank on current accounts	567 320	2 490 327
Cash on hand	31 225	13 786
	<u>598 545</u>	<u>2 504 113</u>

(24) Share capital

As at December 31, 2014 the registered and fully paid share capital is EUR 954 747, composed of 671 000 ordinary shares with a nominal value of EUR 1.42 each. The share capital with voting rights is EUR 951 883, without voting rights personal shares - EUR 2 864.

(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.

A/S "LATVIJAS TILT"
ANNUAL REPORT
for period ended 31 December 2014

	31.12.2014.	31.12.2013.
	EUR	EUR
(26) Loans from banks		
Non-current		
AS Danske Bank overdraft balance *	5 773 522	1 703 788
	<u>5 773 522</u>	<u>1 703 788</u>
Current		
AS Danske Bank overdraft balance *	-	1 980 401
AS Citadele banka account balance	-	64
	<u>-</u>	<u>1 980 465</u>

* The Company has signed overdraft agreement with AS Danske Bank with overdraft limit of 6 millions EUR with repayment term until 1 December 2016 and variable interest rate. At the beginning of the year lat's overdraft part with the repayment term until 31 July 2014 was converted into euro and incorporated into a single overdraft with the limit of 6 millions EUR (in October 2014 overdraft's limit was raised from 5 to 6 millions EUR).

At 31 December 2014 the Company has used overdraft facilities in amount of EUR 5 773 522 (31.12.2013: Ls 1 391 834 (EUR 1 980 401) and EUR 1 703 788). Taking into consideration that EUR overdraft's repayment date was set in 2016, it is classified as non-current loan from bank.

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.

	31.12.2014.	31.12.2013.
	EUR	EUR
(27) Other borrowings		
Non-current		
Liabilities according to the finance lease agreements, payable from 2 to 5 years	1 641 356	2 463 465
	<u>1 641 356</u>	<u>2 463 465</u>
Current		
Liabilities according to the finance lease agreements, payable within 1 year	1 065 564	1 093 786
	<u>1 065 564</u>	<u>1 093 786</u>

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 six 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 June 2015 until November 2019.

	31.12.2014.	31.12.2013.
	EUR	EUR
In accordance with the agreements the minimum finance lease payments are:		
Payable within 1 year	1 118 870	1 166 994
Payable from 2 to 5 years	1 684 311	2 545 589
Finance lease gross liabilities	<u>2 803 181</u>	<u>3 712 583</u>
Future finance costs	(96 261)	(155 332)
Present value of finance lease liabilities	<u>2 706 920</u>	<u>3 557 251</u>

(28) Advances from customers		
Advances from customers in Lithuania	342 266	41 477
Advances from customers in Latvia	-	3 136
	<u>342 266</u>	<u>44 613</u>

(29) Trade payables		
Trade payables - Latvia, EU	6 338 328	9 687 385
Retentions	1 566 051	1 318 452
Trade payables - Turkmenistan	-	105
	<u>7 904 379</u>	<u>11 005 942</u>

A/S "LATVIJAS TILTI"
ANNUAL REPORT
for period ended 31 December 2014

(30) Payables to group companies	31.12.2014.	31.12.2013.
	EUR	EUR
Advances from AS LNK Industries for construction services, materials	294 176	2 364 056
Payable to AS LNK Industries for received works and services	91 472	1 756
Advances from SIA TTS (Transportation Technology Systems)	67 537	-
Payable to SIA TTS (Transportation Technology Systems) for received works and services	16 698	222 058
Payable to SIA LNK (Latvijas Novitātes Komplekss) for received services	1 920	4 761
Payable to SIA Enfort for received works and services	1 428	-
Payable to SIA Transporta aģentūra Irbe LNK for received services	-	791
	<u>473 231</u>	<u>2 593 422</u>

(31) Taxes and social insurance payments	31.12.2013.	Calculated	Calculated penalty and delay fees	(Paid)/ repaid	Transferred to/(from) other taxes & corrections	31.12.2014.
	EUR	EUR	EUR	EUR	EUR	EUR
VAT	10 108	(1 125 961)	-	977 145	358	(138 350)
Personal income tax	34 661	519 498	-	(516 859)	-	37 300
Social insurance payments	80 205	1 150 751	-	(1 077 425)	(57 593)	95 938
Corporate income tax	(55 565)	-	-	(29 000)	57 014	(27 551)
Real estate tax (land)	-	3 129	-	(3 129)	-	-
Real estate tax (buildings)	142	17 702	-	(17 702)	-	142
Natural resource tax	915	2 197	-	(2 149)	(319)	644
State risk duty	(163)	1 221	-	(1 043)	(40)	(25)
VAT abroad	28 911	1 617 015	-	(1 655 906)	-	(9 980)
Corporate income tax abroad	(7 408)	-	-	-	(919)	(8 327)
Other taxes abroad	45 515	408 757	-	(419 254)	-	35 018
Total	<u>137 321</u>	<u>2 594 309</u>	<u>-</u>	<u>(2 745 322)</u>	<u>(1 499)</u>	<u>(15 191)</u>
Hereof						
(Overpaid) - see Note 20 for details	(52 865)					(184 233)
Payables	190 186					169 042

(32) Other liabilities	31.12.2014.	31.12.2013.
	EUR	EUR
Salaries	225 168	208 855
Other liabilities	38 657	35 955
	<u>263 825</u>	<u>244 810</u>

(33) Accrued liabilities	31.12.2014.	31.12.2013.
	EUR	EUR
Accrued expenses for construction contracts (see Note 22)	461 107	566 866
Accrued unused annual leave expenses	560 047	539 486
Accrued liabilities for guarantee expenses (see Note 39)	18 750	26 450
Other accrued liabilities	175 633	309 578
	<u>1 215 537</u>	<u>1 442 380</u>

(34) Fees paid to auditors	2014	2013
	EUR	EUR
For the audit of financial statements	17 200	13 401
For the review of dependence statement	450	450
Remuneration for other assurance engagements	1 795	1 283
	<u>19 445</u>	<u>15 134</u>

A/S "LATVIJAS TILTI"
ANNUAL REPORT
for period ended 31 December 2014

(35) Average number of employees	2014	2013
Average number of employees during the financial year in Latvia	283	275
Average number of employees during the financial year in Lithuania	49	77
Average number of employees during the financial year in Turkmenistan	<u>2</u>	<u>4</u>
	<u>334</u>	<u>356</u>

(36) Remuneration to personnel	2014 EUR	2013 EUR
Employee pay in Latvia and abroad	4 005 011	4 009 025
Social insurance payments in Latvia and abroad	<u>973 200</u>	<u>1 008 480</u>
	<u>4 978 211</u>	<u>5 017 505</u>

(37) Remuneration to the management		
Board members		
· salary expenses	136 825	133 616
· other social insurance expenses	31 688	31 605
Council members		
· salary expenses	68 717	67 857
· other social insurance expenses	<u>16 358</u>	<u>16 382</u>
	<u>253 588</u>	<u>249 460</u>

(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 2014 the Company had economic transactions with the following companies that are directly or indirectly subsidiaries of SIA LNK (Latvijas Novitātes Komplekss) (further LNK) - SIA TTS (Transportation Technology Systems) (further TTS), AS LNK Industries, SIA Enfort, SIA Aviatest, SIA Transporta aģentūra Irbe LNK, SIA LNK Tulkojumi, AS LNK Industries Eesti filiaalas well as with other Company's related parties.

a) claims and liabilities

	Notes	31.12.2014.		31.12.2013.	
		Receivables EUR	Payables EUR	Receivables EUR	Payables EUR
Group companies					
LNK Industries Eesti filiaal AS	(18)	218 992	-	-	-
AS LNK Industries	(18),(30)	1 737 877	385 648	2 784 695	2 365 812
SIA TTS	(18),(30)	1 639 888	84 235	1 789 328	222 058
SIA Aviatest	(18)	200	-	495 441	-
SIA Enfort	(18),(30)	214 573	1 428	3 603	-
SIA Irbe	(30)	-	-	-	791
SIA LNK	(30)	-	1 920	-	4 761
Other group companies	(18)	<u>3 915</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>3 815 445</u>	<u>473 231</u>	<u>5 073 067</u>	<u>2 593 422</u>

A/S "LATVIJAS TILTI"
ANNUAL REPORT
for period ended 31 December 2014

b) transactions

		Sales to related parties		Purchases from related parties	
		2014 EUR	2013 EUR	2014 EUR	2013 EUR
Group companies					
SIA TTS	sale/purchase of goods	482	10 225	2 456 042	1 184 569
	other services	437 356	438 960	2 445	42 733
	construction services	41 991	2 339 487	-	363 601
	interest for guarantees	22 025	-	-	-
SIA Irbe	other services	-	-	11 358	3 988
AS LNK Industries	construction services	312 504	-	-	-
Eesti filiaal	other services	1 280	-	-	-
SIA LNK	other services	-	-	12 002	7 847
	loan interest	-	-	575	8 946
SIA LNK Tulkojumi	other services	-	-	33 405	-
SIA Aviatest	other services	396	77	-	-
	construction services	603 821	409 458	-	-
SIA Celtniecības kvalitātes aģentūra	construction and other services	-	-	10 540	7 684
AS LNK Industries	construction services	10 906 633	13 963 998	125 924	41 286
	sale/purchase of goods	61 888	95 702	-	-
	other services	31 372	1 043	19 896	1 612
	interest for guarantees	7 094	-	1 835	-
SIA Enfort	sale/purchase of goods	-	-	-	4 129
	construction services	250 959	4 121	-	16 965
	interest for guarantees	2 920	-	-	-
	other services	-	2 612	-	-
		<u>12 680 721</u>	<u>17 265 683</u>	<u>2 674 022</u>	<u>1 683 360</u>
Other related parties					
SIA Baltijas Loģistikas parks	other services	2 760	2 759	3 401	3 439
		<u>2 760</u>	<u>2 759</u>	<u>3 401</u>	<u>3 439</u>
		<u>12 683 481</u>	<u>17 268 442</u>	<u>2 677 423</u>	<u>1 686 799</u>

(39) 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 EUR 18 750 (31.12.2013: EUR 26 450) (see Notes 33).

The Company has available for use guarantee issuance agreement concluded between AS LNK Industries and AS Danske Bank with the guarantee limit of 26 millions EUR with term until 10 November 2020 and interest rates depending on the guarantee period.

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 EUR 10 400 001.

A/S "LATVIJAS TILTI"
ANNUAL REPORT
for period ended 31 December 2014

(40) Operating lease commitments

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 2014 income statement recognized the rental expenses of EUR 7 176 (2013: EUR 25 563).

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:	31.12.2014.	31.12.2013.
	EUR	EUR
Payable within 1 year	6 708	6 572
Payable from 2 to 5 years	13 171	19 529
	<u>19 879</u>	<u>26 101</u>

(41) 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 LTL, but considering held in 2015 Lithuanian national currency changeover to the euro at the current exchange rate, 3,4528 LTL/EUR, it do not lead to currency risk.

The Company's material foreign exchange open positions are:

	31.12.2014.	31.12.2013.
Financial assets, USD	828 238	865 334
Open position USD, calculated in euro, net	<u>682 183</u>	<u>634 099</u>

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.

A/S "LATVIJAS TILTI"
ANNUAL REPORT
for period ended 31 December 2014

(42) 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 2014.



Genadijs Kamkalovs
chairman of the board

Riga, 6 February 2015

The annual report has been approved by the general meeting of members 06 February 2015
