Joint stock company

Liepājas autobusu parks

Consolidated financial statements for 2013

NONAUDITED

CONTENTS

Information on the Group

The Group's parent company

Name of the company	Liepājas autobusu parks
Legal status of the company	Joint stock company
Registration number, place and date	40003015652, Riga, 3 September 1991
Address	Cukura iela 8/16, Liepāja, LV 3402, Latvia
Full name and address of the shareholders	Liepāja City Council (34.85%), Rožu iela 6, Liepāja, LV – 3401, Latvia
	LAP1R SIA (49.99%), Vaļņu iela 4-5 ,Riga , LV – 1050, Latvia
	Other natural persons (15.16 %)
Given name, surname and position of the Board members	Māris Ārbergs - Chairman of the Board
	Laima Kutuzova - Member of the Board
	Oskars Špickopfs - Member of the Board (until 31 January 2013)
Given name, surname and position of the Council members	Edgars Dupats - Chairman of the Council
	Ronalds Fricbergs - Deputy Chairman of the Council
	Madara Šķēle - Member of the Council
	Mārtiņš Tīdens – Member of the Council
	Harijs Krongorns – Member of the Council
Reporting period	1 January 2013 - 31 December 2013

Information on the Group

Consolidated subsidiaries

Parent company	Subsidiaries	Share of investment in the subsidiary as at 31.12.2013	Date of investment	Registered office of the subsidiaries	Type of operations of the subsidiary
AS Liepājas autobusu parks	LAP Serviss SIA	100%	14.10.2011	Cukura iela 8/16, Liepāja, LV 3402, Latvia	Real estate facility management and motor vehicle maintenance services
AS Liepājas Autobusu parks	SIA Rumba Tours	100%	28.09.2012	Cukura iela 8/16, Liepāja, LV 3402, Latvia	Transport services
AS Liepājas Autobusu parks	SIA Baltic Taxi	68.12%	20.09.2012	Šampētera iela 139A, Riga, LV 1046, Latvia	Taxi services
SIA Baltic Taxi	SIA Baltic Taxi Auto	100%	01.02.2012	Šampētera iela 139A, Riga, LV 1046, Latvia	Taxi services

Management report of A/S Liepājas autobusu parks

Type of operations

The joint stock company AS Liepājas autobusu parks is principally engaged in providing public passenger transportation services on urban, regional and regional inter-city routes. During the reporting year the Group's parent company provided passenger transportation services to tour and sight-seeing operators, taxi services as well as bus station related services.

The operations of the joint stock company Liepājas autobusu parks are ISO 9001:2008 compliant.

The operations of the Group's companies during the reporting year

In 2012, the Group's net revenue totalled LVL 10 206 017, whereof the revenue of AS Liepājas autobusu parks and the subsidiary companies of AS Liepājas autobusu parks accounted for LVL 7 379 701 and LVL 2 826 316, respectively.

By setting up and acquiring companies the Group seeks to expand its operations in the transport industry and aims to become a leading transport company in Latvia in the future. In 2014, the Group has continued implementing the strategy that was successfully commenced in 2012.

In 2013, the solvency ratio (equity/assets ratio) of the Group was 0.35 which suggests that the equity of the Group accounts more than third of their total assets.

In 2013, the Group's acid liquidity ratio (cash/short-term liabilities) was 0.33 which suggests that a third of current liabilities can be covered by cash.

In 2013, the overall liquidity ratio of the Group (current assets/short-term liabilities) was 0.78.

The Group's solvency, acid liquidity and overall liquidity ratios suggest that the Group is capable of covering 80% of liabilities within a short term and that the liabilities (including bank loans and leases) account for 65% of the Group's total assets; the remainder is represented by the Group's equity.

In 2013, the average number of the Group's employees was 740.

In 2013, the highest and lowest price registered for the share of AS Liepājas autobusu parks at the Stock Exchange "NASDAQ OMX Riga" was LVL 3.50 and LVL 1.56 respectively, and the year's first and last transaction price was LVL1.75 LVL and LVL1.56, respectively.

The Group's net earnings per share was LVL 0.067 and LVL0.296 in 2013 and 2012, respectively.

In 2013, the Group's parent company carried on work involving the upgrading of production facilities and equipment as well as improving the structure of production and human resource organisation focusing on the measures aimed at improving the company's position in tenders in which passenger transportation contracts are awarded.

In 2013, the Group's parent company purchased seven used buses to be used for city passenger transportation and six used interurban buses for passenger transportation on regional routes.

SIA Baltic Taxi is performing business in Riga and Liepaja providing good quality taxi services on a 24-7 basis and progressively improving and developing range of servises and its quality. During the reporting year SIA Baltic Taxi has become more friendly and safer for children transportation, because new "Safe BABY" motor vehicles have special equipment. Company has established customer loyalty cards to make registration and payments more comfortable to proceed. These improvements has upgraded and increased corporate customers service quality and quantity. SIA Baltic Taxi has new and modern motor vehicle fleet that is regulary restored to provide its quality standards.

During the reporting period SIA Baltic Taxi carried on its economic operations and successfully delivered on the objectives set by its shareholders, as well as achieved its ambitious strategic goals and has become the largest, most recognizable and most popular company providing taxi services in Latvia. At the end of the reporting period it had 174 motor vehicles.

The financial accounting, planning, management and control processes of SIA Baltic Taxi are being optimised and renewed. During the financial year SIA Baltic Taxi has concluded many strategic contracts that allow SIA Baltic Taxi to optimize the costs relating to customer service.

Management report of A/S Liepājas autobusu parks (continued)

The operations of the Group's companies in 2013 (continued)

SIA LAP service is primarily engaged in providing real estate facility management services and providing vehicle maintenance services, as well as the provision of transport services.

The main activity of SIA “Rumba Tours” is a rent of busses and microbuses for irregular passenger and tourism transportation by offering busses of various comfort levels in line with client’s wishes.

The Board of AS Liepājas autobusu parks represents that the internal risk control procedures are effective and internal control has been carried out in compliance with the said control procedures throughout 2012. The statement on corporate governance has been prepared and will be submitted to NASDAQ OMX Riga along with the audited financial statements.

The Group's research and development activities

During the reporting year the Group’s companies carried on the work involving the upgrading of production facilities and equipment as well as on improving the structure of production and human resource organisation.

The Group's exposure to risks

The Group’s companies does not have a major foreign exchange exposure because its settlements occur principally in lats. The Group’s companies has raised loans in prior years; the loans have a floating interest rate therefore the Group’s companies are exposed to the floating interest rate risk. The performance of the Group’s companies is affected by the central and local government subsidies that are granted in accordance with the Cabinet regulation.

Overseas branches and representative offices

The Group does not have overseas branches or representative offices.

Events after the reporting period

There have been no major changes in the business strategy.

Chairman of the Board M.Ārbergs

Member of the Board L.Kutuzova

Liepaja, 28 February 2014

Statement of management`s responsibility

The management of AS Liepājas Autobusu Parks ("the joint stock company") is responsible for the preparation of the consolidated financial statements.

Based on the information available to the Board of the joint stock company, the consolidated financial statements are prepared on the basis of the relevant primary documents and in accordance with the requirements of the Consolidated Annual Accounts Act of the Republic of Latvia, the effective Latvian Accounting Standards and other requirements set out in the regulatory requirements and present a true and fair view of the Group's assets, liabilities and financial position as at 31 December 2013 and its profit and cash flows for 2013.

The management of the Group confirms that the accounting policies and management estimates have been applied consistently and appropriately. The management of the Group confirms that the financial statements have been prepared on the basis of the principles of prudence and going concern.

The management of the Group confirms that is responsible for maintaining proper accounting records and for monitoring, controlling and safeguarding the Group's assets. The management of the Group is responsible for detecting and preventing errors, irregularities and/or deliberate data manipulation. The management of the Group is responsible for ensuring that the Group operates in compliance with the laws of the Republic of Latvia.

The management report presents fairly the Group's business development and operational performance.

Chairman of the Board M.Ārbergs

Member of the Board L.Kutuzova

Liepaja, 28 February 2014

Consolidated income statement for 2013

	Notes	2013 LVL	2013 EUR	2012 LVL	2012 EUR
Revenue	1	10 206 017	14 521 854	6 419 525	9 134 161
Cost of goods sold	2	(9 620 649)	(13 688 950)	(5 972 264)	(8 497 763)
Gross profit		**585 368**	**832 904**	**447 261**	**636 398**
Selling expense	3	(31 516)	(44 843)	(21 213)	(30 183)
Administrative expenses	4	(617 036)	(877 963)	(351 520)	(500 170)
Other operating income	5	339 264	482 730	208 232	296 287
Other operating expenses	6	(82 230)	(117 003)	(15 602)	(22 200)
Other interest and similar income	7	930	1 323	3 380	4 809
Interest and similar expenses	8	(116 375)	(165 587)	(44 230)	(62 934)
Profit before taxes		**73 845**	**105 072**	**226 308**	**322 007**
Corporate income tax for the reporting period	9	(4 834)	(6 878)	(32 322)	(45 990)
Other taxes	26	(10 909)	(15 522)	(11 696)	(16 642)
Profit for the reporting year		**58 102**	**82 672**	**182 290**	**259 375**
Minority share		**(16 215)**	**(23 072)**	**3 239**	**4 609**
Profit for the reporting year after minority share		**41 887**	**59 600**	**185 529**	**263 984**
Basic earnings per share		**0,067**	**0,095**	**0.296**	**0.421**
Adjusted earnings per share		**0,067**	**0,095**	**0.296**	**0.421**

EUR exchange rate ruling as at 31.12.2012 and 31.12.2013 was 0.702804.

The notes on pages 13 to 35 are an integral part of these financial statements.

Comprehensive income statement for 2013

	2013 LVL	2013 EUR	2012 LVL	2012 EUR
Profit for the year	**41 887**	**59 600**	**185 529**	**263 984**
Other comprehensive income	-	-	-	-
Total comprehensive income	**41 887**	**59 600**	**185 529**	**263 984**

Chairman of the Board M.Ārbergs

Member of the Board L.Kutuzova

Liepaja, 28 February 2014

Consolidated balance sheet as at 31 December 2013 (1)

	Notes	31.12.2013 LVL	31.12.2013 EUR	31.12.2012 LVL	31.12.2012 EUR
Assets					
Non-current investments					
Intangible assets					
Concessions, patents, licenses, trade marks and similar rights		400	569		603
Goodwill		809 316	1 151 553		809 316
Total intangible assets	10	**809 716**	**1 152 122**	**809 919**	**1 152 411**
Property, plant and equipment:					
Land plots, buildings and perrenial plantings		96 370	137 122	154 905	220 410
Plant and machinery		2 051 089	2 918 437	1 618 715	2 303 224
Other property, plant and equipment		2 317 427	3 297 402	1 182 360	1 682 347
Creation of property, plant and equipment		23 903	34 011	-	-
Advance payments for property, plant and equipment		1 710	2 433	97 193	138 293
Total property, plant and equipment:	11	**4 490 499**	**6 389 405**	**3 053 173**	**4 344 274**
Investment properties:	12	**526 491**	**749 129**	**489 431**	**696 398**
Non-current financial investments					
Investments in associated companies	13	-	-	1 000	1 423
Other securities and investments	13	954	1 357	954	1 357
Deferred tax asset	30	111 585	158 771	120 340	171 228
Total non-current financial investments		**112 539**	**160 128**	**122 294**	**174 008**
Total non-current assets:		**5 939 245**	**8 450 784**	**4 474 817**	**6 367 091**
Current assets					
Inventories:					
Raw materials, basic materials and consumables		134 946	192 011	122 941	174 929
Total inventories:	14	**134 946**	**192 011**	**122 941**	**174 929**
Trade and other receivables:					
Trade receivables	15	551 484	159 054	702 137	999 051
Other receivables	16	111 784	159 054	29 891	42 531
Prepayments	17	82 016	116 699	67 848	96 539
Accrued income	18	51 078	72 677	54 577	77 655
Receivables:		**796 362**	**1 133 122**	**854 453**	**1 215 776**
Current financial investments:					
Other securities and investments	19	-	-	70 280	100 000
Total current financial investments		**-**	**-**	**70 280**	**100 000**
Cash:	20	**681 692**	**969 960**	**834 912**	**1 187 973**
Total current assets:		**1 613 000**	**2 295 093**	**1 882 586**	**2 678 678**
Total assets		**7 552 245**	**10 745 877**	**6 357 403**	**9 045 769**

The notes on pages 13 to 35 are an integral part of these financial statements.

Consolidated balance sheet as at 31 December 2013 (2)

	Notes	31.12.2013 LVL	31.12.2013 EUR	31.12.2012 LVL	31.12.2012 EUR
Equity and liabilities					
Equity:					
Share capital	21	627 441	892 768	627 441	892 768
Share premium account		230	327	230	327
Retained earnings					
a) retained earnings b/f		2 080 335	2 960 050	1 893 806	2 696 066
b) profit for the reporting year		41 887	59 600	185 529	263 984
Minority interest		(131 783)	(187 510)	(147 998)	(210 582)
Total equity:		**2 618 110**	**3 725 235**	**2 560 008**	**3 642 563**
Provisions					
Other provisions	22	29 451	41 905	65 685	93 461
		29 451	**41 905**	**65 685**	**93 461**
Liabilities:					
Non-current liabilities:					
Borrowings from credit institutions	23	342 228	486 947	590 907	840 785
Other borrowings	24	2 334 421	3 321 582	1 333 405	1 897 265
Deferred tax liabilities	30	153 331	218 170	157 252	223 749
Total non-current liabilities:		**2 829 980**	**4 026 699**	**2 081 564**	**2 961 799**
Current liabilities:					
Borrowings from credit institutions	23	248 679	353 838	246 896	351 301
Other borrowings	24	843 142	1 199 683	365 841	520 545
Trade payables	25	511 457	727 738	558 481	794 647
Taxes and mandatory national social insurance contributions	26	147 211	209 462	180 067	256 212
Other payables	27	134 084	190 785	100 545	143 063
Deferred income	28	42 507	60 482	39 367	56 014
Accrued liabilities	29	147 624	210 050	158 949	226 164
Total current payables:		**2 074 704**	**2 952 038**	**1 650 146**	**2 347 946**
Total equity and liabilities		**7 552 245**	**10 745 877**	**6 357 403**	**9 045 769**

The notes on pages 13 to 35 are an integral part of these financial statements.

Chairman of the Board M.Ārbergs

Member of the Board L.Kutuzova

Liepaja, 28 February 2014

Consolidated statement of changes in equity for 2013

	Share capital	Share premium account	Prior year retained earnings	Profit for the reporting year	Minority interest	Total
	LVL	LVL	LVL	LVL	LVL	LVL
As at 31 December 2011	**627 441**	**230**	**1 366 276**	**528 530**	**-**	**2 522 477**
Retained earnings b/f	-	-	528 530	(528 530)	-	-
Minority interest takeover resulting from the acquisition of a subsidiary	-	-	-	-	(144 759)	(144 759)
Profit for the reporting year	-	-	-	185 529	(3 239)	182 290
As at 31 December 2012	**627 441**	**230**	**1 894 806**	**185 529**	**(147 998)**	**2 560 008**
Retained earnings b/f	-	-	185 529	(185 529)	-	-
Profit for the reporting year	-	-	-	41 887	16 215	58 102
As at 31 December 2013	**627 441**	**230**	**2 080 335**	**41 887**	**(131 783)**	**2 618 110**

	Share capital	Share premium account	Prior year retained earnings	Profit for the reporting year	Minority interest	Total
	EUR	EUR	EUR	EUR	EUR	EUR
As at 31 December 2011	**892 768**	**327**	**1 944 036**	**752 030**	**-**	**3 589 161**
Retained earnings b/f	-	-	752 030	(752 030)	-	-
Minority interest takeover resulting from the acquisition of a subsidiary	-	-	-	-	(205 973)	(205 973)
Profit for the reporting year	-	-	-	263 984	(4 609)	259 375
As at 31 December 2012	**892 768**	**327**	**2 696 066**	**263 984**	**(210 582)**	**3 642 563**
Retained earnings b/f	-	-	263 984	(263 984)	-	-
Profit for the reporting year	-	-	-	59 600	23 072	82 672
As at 31 December 2013	**892 768**	**327**	**2 960 050**	**59 600**	**(187 510)**	**3 725 235**

The notes on pages 13 to 35 are an integral part of these financial statements.

Consolidated cash flow statement for 2013

	Note	2013 LVL	2013 EUR	2012 LVL	2012 EUR
Cash flows from operating activities					
Profit before taxes		**73 845**	**105 072**	**226 308**	**322 008**
Adjustments:					
a) depreciation of property, plant and equipment		1 093 585	1 556 031	629 624	911 684
b) write-offs of the value of intangible assets		308	438	534	760
c) depreciation of investment properties		17 613	25 061	14 952	21 275
d) creation of provisions (except for provisions for doubtful debts)		25 052	35 646	7 727	10 995
e) other interest income and similar income		(930)	(1 323)	(3 380)	(4 809)
f) interest expenses and similar expenses		116 375	165 587	42 230	60 088
g) profit on the investment and disposal of investments in subsidiaries and associates		108	154	-	-
h) profit on the investment and disposal of property, plant and equipment		(148 602)	(211 442)	(10 552)	(15 014)
Profit before adjustments related to the changes in curreent asset and current liability balances		**1 177 354**	**1 675 224**	**907 443**	**1 291 176**
Adjustments:					
a) increase of receivables		71 530	101 778	(267 305)	(380 341)
b) (increase)/decrease of inventories		(12 005)	(17 082)	(3 557)	(5 061)
c) increase in trade and other payables		(115 812)	(164 786)	40 373	57 446
Gross cash flows from operating activities		**1 121 067**	**1 595 134**	**684 068**	**973 342**
Corporate income tax expense		(13 431)	(19 111)	(19 864)	(28 264)
Other tax expenses		(10 909)	(15 522)	(11 696)	(16 642)
Net cash flows from operating acitivity		**1 096 727**	**1 560 501**	**652 508**	**928 436**
Cash flows from investing activities					
Investments in subsidiaries and associates sold		892	1 269	-	-
Purchase of property, plant and machinery and intangible assets		(386 664)	(550 173)	(355 148)	(505 330)
Proceeds from sale of fixed assets and intangible assets		232 517	330 841	40 890	58 181
Term deposits deployed/closed		70 280	100 000	(70 280)	(100 000)
Interest received		922	1 312	3 380	4 810
Net cash received as a result of acquisition of a subsidiary		-	-	40 044	56 978
Net cash flows from investing activities		**(82 053)**	**(116 751)**	**(341 114)**	**(485 361)**
Cash flows from financing activities					
Proceeds from borrowings		20 000	28 458	37 885	53 905
Repayment of borrowings		(561 364)	(798 749)	(315 098)	(448 344)
Expenses related to the buyout of a leased asset		(530 698)	(755 115)	(175 010)	(249 017)
Interest paid		(95 832)	(136 357)	(38 912)	(55 367)
Net cash flows from financing activities		**(1 167 894)**	**(1 661 763)**	**(491 135)**	**(698 823)**
Net cash flows for the reporting year		**(153 220)**	**(218 013)**	**(179 741)**	**(255 748)**
Cash and cash equivalents at the beginning of the reporting year		834 912	1 187 973	1 014 653	1 443 721
Cash and cash equivalents at the end of the reporting year	**20**	**681 692**	**969 960**	**834 912**	**1 187 973**

The notes on pages 13 to 35 are an integral part of these financial statements.

Notes
Accounting policies

(a) Basis of preparation

These financial statements have been prepared based on the accounting policies and measurement principles as set out below.

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). Having regard to the EU's approval procedure, these Notes also list the standards and interpretations that are not yet approved for application by the EU because the said standards and interpretations, if approved, may affect the Group's financial statements in future periods. The valuation od assets and liabilities and net profit data of the group have not been affected in the result of transfer of IFRS.

The financial statements have been prepared under the historical cost convention. Where reclassification is performed which does not affect the prior year retained earnings and equity, the information on the performed reclassification is presented in the relevant Notes to the financial statements.

The preparation of financial statements in accordance with IFRS requires the use of significant estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the information on contingent assets and liabilities at the balance sheet date and the revenues and costs for the reporting period. Although these estimates are based on the information available to the management regarding the current events and actions, the actual results may differ from the estimates used. Critical assumptions and judgements are described in the relevant sections of the Notes to the financial statements.

(b) Basis of consolidation

The consolidated financial statements have been prepared under the cost method. The companies included in the consolidation are the Group's parent company AS Liepājas autobusu parks and the subsidiaries in which the Group's parent company holds, directly or indirectly, more than a half of the voting rights, or the right to control their financial and operating policies is acquired otherwise. Where the Group owns more than a half of the share capital of another company without controlling the company, the respective company is not consolidated. The subsidiaries of the Group are consolidated from the moment the Group has taken over control, and the consolidation is terminated when the control cease to exist. Where the date of the share purchase agreement or the date of the decision of shareholders on making further investments is fundamentally different from the date of on which share ownership changes or the registration date as recorded in the Register) of Enterprises, the date of agreement shall be considered the date of the share purchase or the date of the investment, unless the agreement provides otherwise. The Group's all inter-company transactions and balances and unrealised profit on transactions between group companies are eliminated; unrealised losses are eliminated as well, except for the cases when the expenses are not recoverable. Where necessary, the accounting and measurement methods applied by the Group's subsidiaries have been changed to bring them in compliance with the Group's accounting and measurement methods.
In these statements the minority interest in the share capital of the Group's consolidated subsidiaries and their income statement have been presented separately.

(c) Accounting principles applied

The items in the financial statements have been measured based on the following accounting principles:

a) It is assumed that the company will continue as a going concern;
b) The measurement methods applied in the previous reporting year have been used;
c) The measurement of the items has been performed prudently meeting the following criteria:
   - Only profits accruing up to the balance sheet date have been included in the report;
   - All possible contingencies and losses arising in the reporting year or the previous year have been recognised, even if they became known in the period between the balance sheet date and the issuance of the annual report;
   - All impairment and depreciation charges have been calculated and recognised irrespectively of whether the company has operated profitably or not during the reporting year;

Notes (continued)
Accounting policies (continued)

(c) Accounting principles applied (continued)

d) All income and expenses relating to the accounting year irrespective of the date of the payments made or the dates of receipt or payment of invoices have been recognised. Revenues are matched with expenses in the reporting year.
e) Assets and liabilities are presented at their gross amounts;
f) The opening balances of the reporting period reconcile with the closing balances of the previous reporting period;
g) All items which may materially affect the assessment or decision-making of the users of the financial statements are presented, immaterial items have been aggregated and their breakdown is presented in the Notes;
h) Business transactions are presented based on their economic substance rather than their legal form.

Asset and liability recognition is performed on historical cost basis. All financial assets and liabilities are classified as held to maturity or loans and receivables.

(d) Recognition of revenue and expenses

Net revenue represents the total value of goods sold and services provided during the year net of value added tax. Other revenue has been recognised as follows:
- Revenue from lease is recognised on an accruals basis;
- Revenue from fines and penalties is recognised on a cash basis;
- Revenue from services is recognised on an accruals basis;
- Revenue from insurance benefits is recognised on a cash basis or when their receipt is probable.

Expenses are recognised on an accruals basis in the period they refer to, irrespective of any payments on account. Loan financing expenses are charged to expenses in the period to which they refer to and are presented in the income statement item “Interest and similar expenses”.

(e) Foreign currency translation into LVL

(e1) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statement items are denominated in Latvian lats (LVL), which is the Group's functional and presentation currency. According to the requirements of the Riga Stock Exchange all balances should be presented in euro (EUR) at the Bank of Latvia exchange rate - EUR 1 = LVL 0.702804.

***(e2)* Transactions and balances**

All transactions in foreign currencies are translated into the functional currency using the exchange rates at the date of the respective transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement of the respective period. At the balance sheet date the rates set by the Bank of Latvia were:

	31.12.2013	**31.12.2012**
	LVL	**LVL**
1 EUR	0.702804	0.702804

Notes (continued)
Accounting policies (continued)

(f) Intangible assets, property, plant and equipment (continued)

At the end of the reporting period the intangible assets and property, plant and equipment presented in the balance sheet are carried at acquisition cost net of amortisation or depreciation. Amortisation or depreciation is charged on a straight-line basis over the useful life of the respective intangible assets or property, plant and equipment so that the cost of intangible assets or property, plant and equipment is reduced to its estimated residual value at the end of its useful life, using the following rates set by the management:

	years	**%**
Software	5	20
Buildings and structures	20	5
Plant and machinery	5	20
Motor vehicles	3 - 8	6-33
Computers and equipment	3	33.33
Other property, plant and machinery	5	20

Interest expenses on borrowings to finance the property, plant and equipment under construction and other direct charges related to the particular property, plant and equipment are capitalised up to the time the constructed object is put into operation. Capitalisation of the borrowing costs is suspended during extended periods in which no active development of property, plant and equipment is carried out. Leasehold improvements are amortised on a straight-line basis over the shorter of the estimated useful life of the leasehold improvement and the term of the lease. Current repair and maintenance expenses are charged to income statement in the period when the respective costs are incurred.

Low value inventory is recorded at cost and fully charged to expenses at the moment of being put into operation.

(g) Investment property

Investment property includes land plots, buildings, structures or parts thereof held by the company (as an owner or as a lessee under a finance lease) to earn rentals or for capital appreciation rather than to be used in the production or supply of goods or services or for administrative purposes or held for sale in the ordinary course of business. The company measures investment property at cost.

During the period, the initial cost of unfinished construction included in the investment property is increased by the borrowing costs and other direct costs incurred in financing the object in the period necessary to prepare the newly created asset for its intended use. The initial value of the respective investment property is not increased by the borrowing costs in the periods in which no active development of unfinished construction occurs. The costs pertaining to the current repairs and maintenance of the investment property are charged to the profit and loss of the period in which they are incurred.

Land is not depreciated. Depreciation on the buildings that are classified as investment property is charged using a straight-line method over the useful life of the building so that the acquisition cost is written off to its residual value over the estimated remaining value at the end of the useful lives, using the following rates:

	% p.a.
Buildings	5

Notes (continued)
Accounting policies (continued)

(h) Impairment of assets
Intangible assets which are not put into operation or which do not have a useful life are not amortised; their value is reviewed annually. The value of the assets subject to depreciation or amortisation is reviewed whenever any events or circumstances support that their carrying value may not be recoverable. Impairment losses are recognised in the amount representing the difference between the carrying value of the asset and its recoverable value. Recoverable amount is the higher of the respective asset's fair value less the costs to sell and the value in use. In order to determine impairment, assets are grouped based on the smallest group of assets that independently generates cash flow (cash generating units).

(i) Segments
A geographical segment provides products or services within a particular economic environment that is subject to other economic environments characterized by different risks and benefits. A business segment is a share of assets and operations, providing products and services that are subject to other business segments of different risks and benefits.

(j) Inventories
Inventories are stated at the lower of cost or market price. Inventories are measured using the weighted average cost method. If necessary, the value of outdated, slow-moving or damaged inventories is written-off.

(k) Trade and other receivables
Trade and other receivables are carried at book value determined by deducting special provisions for doubtful debts from the historical cost. Special provisions for doubtful and bad debts are made when the Group's management believes that the recovery of such specifically identified debts is doubtful. Based on the age analysis of trade receivables general provisions for doubtful and bad debts are made in addition to special provisions.

(l) Sale and leaseback
Where the property, plant and equipment are acquired under a sale and leaseback arrangement and the Group takes over the related risks and rewards, the property, plant and equipment items are measured at the value at which they could be purchased for an immediate payment. Leasing interest is charged to the profit and loss in the period in which it arises.

(m) Operating leases

Group company is a lessor
The type of lease in which the lessor retains a significant part of the risks and rewards pertaining to ownership, is classified as operating lease. Lease payments and prepayments for a lease (net of any financial incentives received from the lessor) are charged to the profit and loss under a straight-line method over the lease term.

Group company is a lessee
The assets that are leased out under an operating lease arrangement are recorded within property, plant and equipment at historical less depreciation. Depreciation is charged on a straight-line basis over the useful life of the respective property, plant and equipment so that the cost of the fixed asset item is reduced to its estimated residual value at the end of its useful life, using the following rates set out for similar fixed assets of the Group. Rental income from operating lease including advances received is recognised on a straight-line basis over the period of the lease.

Notes (continued)
Accounting policies (continued)

(n) Subsidies

The grants received for the purposes of specific capital expenditure are accounted for as deferred income that is gradually recognised in revenue over the useful life of the property, plant and equipment acquired using the subsidies received. The subsidies received for the purposes of securing core operations are expensed on a pro-rata basis by reference to the compensation of subsidised expenditure.

(o) Taxes

The corporate income tax expense is included in the financial statements based on the management's calculations made in accordance with the requirements of Latvian tax legislation. Deferred tax is provided for using liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation of property, plant and equipment at different rates and tax losses carried forward to the future taxation periods. Deferred tax assets are recognised only to the extent that recovery is probable.

(p) Provisions for unused annual leave

The amount of provision for unused annual leave is determined by multiplying the average daily pay of employees during the reporting year by the number of accrued but unused annual leave days the end of the reporting year.

(q) Loans

Loans are recognised when cash has been disbursed to the borrower. Loans are measured at amortized cost, which is determined using the effective interest method. Interest income calculated using the effective interest method is credited to profit and loss.

(r) Borrowings

Initially borrowings are recognised at the proceeds received net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost which is determined using the effective interest method. The difference between the proceeds received, net of transaction costs and the redemption value of the borrowing is gradually recognized in the profit and loss account over the term of the borrowing.

(s) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, balances of current accounts with banks and short-term deposits with a maturity term of up to 90 days.

(t) Share capital

Ordinary shares are classified as equity. The costs that are directly relating to the issue of new shares are deducted from the share premium account.

(u) Payment of dividends

Dividends due to the shareholders are recognized in the financial statements as a liability in the period in which the shareholders approve the disbursement of dividends.

(v) Earnings per share

Earnings per share are calculated by dividing the net profit or loss for the year attributable to the shareholders with the weighted-average number of shares outstanding during the year.

Notes (continued)
Accounting policies (continued)

(w) Financial risk management

(w1) Financial risk factors

The activities of the Group expose it to different financial risks:
(w1.1) foreign currency risk;
(w1.2) credit risk;
(w1.3) liquidity risk;
(w1.4) cash flow and interest rate risk.

The Group's overall risk management is focused on the uncertainty of financial markets and aims to reduce its adverse effects on the Group's financial indicators. The Finance Director is responsible for risk management. The Finance Director identifies, assesses and seeks to find solutions to avoid financial risks acting in close cooperation with other structural units of the Group's companies.

(w1.1) Foreign exchange risk
The Group's companies operate mainly in the local market and its exposure to foreign exchange risk is low. Foreign currency risk mainly arises from the fluctuation of the lats and the euro exchange rates at the time of settling of the liabilities or at the time of currency translation. The Finance Director performs analysis of net open positions of each foreign currency and monitors the currency conversion results. No further risk prevention mechanisms are used on the account that the overall currency risk has been assessed as low.

(w1.2) Credit risk
The Group has a credit risk concentration due to the amount owed by customers for the services provided. It is the policy of the Group to ensure that services are provided on credit terms only with the customers which have appropriate credit history or some other payment guarantee exists. Where it is not possible to gain reasonable assurance regarding the customer's credit performance, prepayment for services is requested from the customer. The financial position of customers is monitored on a regular basis and the assigned credit limit may be modified by reference to the customer's credit history, regularity and timeliness of the customer's payments on account.

(w1.3) Liquidity risk
The Group complies with the prudence principle in the management of its liquidity risk and maintains sufficient funds. The management of the Group has an oversight responsibility of the liquidity reserves and make current forecasts based on anticipated cash flows. Most of the Group's liabilities are short-term liabilities. The management is of the opinion that the Group will be able to secure sufficient liquidity by its operating activities.

(w1.4) Cash flow interest rate risk
As the Group has borrowings and finance lease obligations, the Group's cash flows related to financing costs to some extent depend on the changes in market rates of interest. The Group's interest payment related cash flows depend on the current market rates of interest. Risk minimization measures are not taken because the available bank products do not provide an effective control of risks.

(w2) Accounting for derivative financial instruments
The company does not actively use derivative financial instruments in its operations. Derivative financial instruments are initially recognized at fair value on the date of the contract, and are thereafter measured at fair value at the balance sheet date. Derivative financial instruments are carried as assets if their fair value is positive and as liabilities if fair value is negative. Any gains or losses arising due to the changes in the fair value of the derivative financial instrument are not classified hedges and are recognized directly in the profit and loss. The fair value of the forward contracts is calculated by reference to the current forward exchange rates which are appropriate for the contracts with similar maturity.

Notes (continued)
Accounting policies (continued)

(w) Financial risk management (continued)

(w3) Fair value
The carrying value of financial assets and liabilities approximates their fair value.

(w4) Management of the capital structure
In order to ensure the continuation of the Group's activities, while maximizing the return to stakeholders capital management, optimization of the debt and equity balance is performed. The Group's capital structure consists of creditors, including borrowings and finance lease liabilities, cash and equity, comprising issued share capital, retained earnings and share premium. At year-end the ratios were as follows:

	31.12.2013 LVL	31.12.2012 LVL	31.12.2013 EUR	31.12.2012 EUR
Debt	3 768 470	2 537 049	5 362 050	3 609 896
Monetary funds	681 692	834 912	969 960	1 187 973
Net debts	**3 086 778**	**1 702 137**	**4 392 090**	**2 421 923**
Equity	2 618 110	2 560 008	3 725 235	3 642 563
Debt/equity ratio	**1.40**	**0.99**	**1.40**	**0.99**
Net debt/equity ratio	**1.18**	**0.66**	**1.18**	**0.66**

(x) Related parties
Related parties include the shareholders, members of the Board of the parent company of the Group, their close familty members and companies in which the said persons have control or significant influence.

(y) Significant assumptions and estimates
The preparation of financial statements in accordance with International Financial Reporting Standards as adopted by the EU and Latvian law requires the management to rely on estimates and assumptions that affect the reported amounts of assets and liabilities and off-balance sheet assets and liabilities at the date of financial statements, as well as the revenues and expenses reporting in the reporting period. Actual results may differ from these estimates.

The following judgements and key assumptions concerning the future are critical, and other causes of inaccuracies in the calculations as at the date of financial statements, with a significant risk of causing a material change in the balance sheet value of assets and liabilities within the next financial year:

- The companies of the Group review the useful lives of their property, plant and equipment at the end of each reporting period. The management makes estimates and uses assumptions with respect to the useful lives of property, plant and equipment. These assumptions may change and the calculations may therefore change.

- The companies of the Group review the value of property, plant and equipment and intangible assets whenever any events or circumstances support that the carrying value may not be recoverable. Impairment loss is recognised in the amount equalling the difference between the carrying value of the asset and its recoverable value. Recoverable amount is the higher of an asset's fair value less the costs to sell and the value in use. The Group's companies are of the view that considering the anticipated volumes of services no material adjustments due to impairment are required the asset values.
- In measuring inventories the management relies on its expertise, past experience, background information, and potential assumptions and possible future circumstances. In assessing the impairment of the value of inventories consideration is given to the possibility to sell the item of inventories and the net realisable value.

Notes (continued)
Accounting policies (continued)

(y) Significant assumptions and estimates (continued)

- The Group's management, based on estimates, make provisions for the impairment of the value of receivables. The Group's management is of the opinion that the provisions for receivables presented in the financial statements accurately reflect the expected cash flows from these receivables and that these estimates have been made based on the best available information.

- The Group is composed with caution savings potential future payment obligations in cases where disputes the validity of such legal obligation, or there are legal disputes about the amount of such liabilities.

(z) Subsequent events
Post-period-end events that provide additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the financial statements. Post-period-end events that are not adjusting events are disclosed in the notes when material.

(aa) Contingencies
Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

Notes (continued)

(1) Net revenue

Net revenue by type of revenue

	2013 LVL	2013 EUR	2012 LVL	2012 EUR
Revenue from passenger transportation	5 725 581	8 146 768	4 500 201	6 403 209
Subsidies	1 642 785	2 337 472	1 182 096	1 681 971
Taxi services	2 741 765	3 901 180	666 114	947 795
Facility management and other services	95 886	136 434	71 114	101 186
	10 206 017	**14 521 854**	**6 419 525**	**9 134 161**

Net revenue by geographical markets and type of operation

Passenger transportation - Latvia	10 095 988	14 365 297	6 335 084	9 014 012
One-off passenger transportation	14 143	20 123	13 327	18 963
Other services in Latvia	95 886	136 434	71 114	101 186
	10 206 017	**14 521 854**	**6 419 525**	**9 134 161**

(2) Cost of goods sold

Cost of fuel and lubricants	2 794 162	3 975 734	1 981 584	2 819 540
Cost of spare parts, tools and tires	437 626	622 686	479 445	682 189
Salaries and wages	2 118 836	3 014 832	1 542 313	2 194 513
National social insurance mandatory contributions	501 394	713 419	363 833	517 688
Reduction in the provisions for unused annual leaves	14 373	20 452	(2 866)	(4 078)
Depreciation of property, plant and equipment	1 098 738	1 563 363	645 010	917 767
Cost of regular repairs of transport and materials	655 690	932 963	167 941	238 959
Public facilities and rent	173 436	246 777	137 932	196 260
Business trips and work-related travel costs	20 165	28 692	20 476	29 135
Services provided by business partners	319 751	454 964	129 726	184 583
Insurance of motor vehicles	191 786	272 887	69 902	99 462
Software licence lease	25 707	36 578	21 362	30 395
Bus lease	464 959	661 577	-	-
Other operating expenses	804 026	1 144 026	415 605	591 350
	9 620 649	**13 688 950**	**5 972 264**	**8 497 763**

(3) Selling expense

Advertising	**31 516**	**44 843**	**21 213**	**30 183**

Notes (continued)

(4) Administrative expenses

	2013 LVL	2013 EUR	2012 LVL	2012 EUR
Salaries	276 541	393 482	202 375	287 954
National social insurance mandatory contributions	63 828	90 819	46 294	65 871
Communication	68 071	96 856	13 398	19 064
Membership fees	590	840	300	427
Transportation costs and business trip expenses	10 680	15 196	9 819	13 971
Audit fee*	12 034	17 123	7 635	10 864
Legal services	28 735	40 886	12 103	17 222
Accounting services	49 172	69 966	9 200	13 090
Increase/(decrease) of provisions for unused annual leaves	679	966	7 831	11 143
Deprecation of fixed assets	12 768	18 167	9	13
Other administrative costs	98 498	140 150	42 556	60 551
	621 596	**884 451**	**351 520**	**500 170**

In 2012 accounts Increase/(decrease) of provisions for unused annual leaves and Deprecation of fixed assets in the total amount of LVL 7 840 were included in the Other administrative costs. Preparing 2013 accounts the respective expenses are disclosed separately. The comparatives are duly reclassified.
In 2012 accounts IncreaseTransportation costs and business trip expense in the total amount of LVL 9 819 were included in the Membership fees. Preparing 2013 accounts the respective expenses are disclosed separately. The comparatives are duly reclassified.
* The companies belonging to the Group received additional services worth LVL 500 from the auditors during the reporting year.

(5) Other operating income

Proceeds from insurance relating to the motor vehicles that were damaged in accidents	22 028	31 343	66 605	94 770
Bus ticket and bus station entry permit revenue	55 319	78 712	65 132	92 674
Fines received	-	-	35 018	49 826
Income from advertising	17 411	24 774	7 116	10 125
Revenue from sale of property, plant and equipment	148 602	211 442	10 552	15 014
Other income	95 904	136 459	23 809	33 878
	339 264	**482 730**	**208 232**	**296 287**

In 2012 accounts revenue from lease of property, plant and equipment in the total amount of LVL 354 were disclosed separately. Preparing 2013 accounts the respective expenses are included under „Other expenses”. The comparatives are duly reclassified.

(6) Other operating expenses

Fines	29 530	42 017	14 519	20 659
Net losses on foreign exchange fluctuations	4 414	6 281	237	337
Other expenses	48 286	68 705	846	1 204
	82 230	**117 003**	**15 602**	**22 200**

(7) Other interest and similar income

Bank interest	**930**	**1 323**	**3 380**	**4 809**

(8) Interest and similar expenses

Interest on the borrowings	**116 375**	**165 587**	**44 230**	**62 934**

Notes (continued)

(9) Corporate income tax for the reporting period

	2013 LVL	2013 EUR	2012 LVL	2012 EUR
Deferred tax (see Note 28)	4 834	6 878	17 114	24 351
Corporate income tax for the reporting year	-	-	15 208	21 639
	4 834	**6 878**	**32 322**	**45 990**
The corporate income tax differs from the theoretical tax amount:				
Profit before taxes	**73 845**	**105 072**	**226 308**	**322 0007**
Theoretically calculated tax	11 077	15 761	33 946	48 301
Expenses non-deductible from the taxable income	(6 243)	(8 883)	(1 624)	(2 311)
Tax expenses	**4 834**	**6 878**	**32 322**	**45 990**

At 31 December 2013, the accumulated corporate income tax losses totalled LVL 1 443 787. Under Latvian tax legislation, the tax losses that had originated by 2007 tax year can be offset against taxable income chronologically over the next eight years.The tax losses that have originated in later taxation periods can be offset chronologically against the taxable income of future years.

LVL	Total
Corporate income tax losses of 2009	107 813
Corporate income tax losses of 2010	444 169
Corporate income tax losses of 2011*	273 941
Corporate income tax losses of 2013	617 865
Corporate income tax losses	**1 443 787**

* Corporate tax losses for 2011 have been revised in accordance with the State Revenue Service adjustments. The subsidiary of the Group has contested the adjustments made by the State Revenue Service, however, the adjustments have been included in the financial statements based on the prudence priciple and used for the purposes of the deferred tax calculation.

(10) Intangible assets

	Goodwill	Concessions, patents, licences, trade marks and similar rights	Total
Historical cost	**LVL**	**LVL**	**LVL**
31.12.2012	**809 316**	**4 734**	**814 050**
Additions	-	105	105
Disposal	-	(2 884)	(2 884)
31.12.2013	**809 316**	**1 955**	**811 271**
Amortisation			
31.12.2012	**-**	**4 131**	**4 131**
Charge for 2013	-	308	308
Disposal	-	(2 884)	(2 884)
31.12.2013	**-**	**1 555**	**1 555**
NBV as at 31.12.2013	**809 316**	**400**	**809 716**
NBV as at 31.12.2012	**809 316**	**603**	**809 919**

Notes (continued)

(10) Intangible assets

	Goodwill	Concessions, patents, licences, trade marks and similar rights	Total
Historical cost	**EUR**	**EUR**	**EUR**
31.12.2012	**1 151 553**	**6 736**	**1 158 289**
Additions	-	149	149
Disposal	-	(4 103)	(4 103)
31.12.2013	**1 151 553**	**2 782**	**1 154 335**
Amortisation			
31.12.2012	**-**	**5 878**	**5 878**
Charge for 2013	-	438	438
Disposal		(4 103)	(4 103)
31.12.2013	**-**	**2 213**	**2 213**
NBV as at 31.12.2013	**1 151 553**	**569**	**1 152 122**
NBV as at 31.12.2012	**1 151 553**	**858**	**1 152 411**

The company's goodwill arose as a result of the acquisition of the subsidiary company SIA Baltic Taxi. The management of the Group has assessed the recoverable value of the goodwill and conlcuded that no irrecoverable impairment of the goodwill has to be recognised as at 31 December 2013.

(11) Property, plant and equipment

	Buildings and land	Plant and machinery	Other property, plant and equipment	Advance payments for property, plant and equipment	Property, plant and equipment under construction	Total
	LVL	**LVL**	**LVL**	**LVL**	**LVL**	**LVL**
Cost or revalued value						
31.12.2012	**161 420**	**4 330 962**	**2 106 271**	**97 193**	**-**	**6 695 846**
Additions	-	852 215	1 793 381	-	23 903	2 669 499
Disposal	-	(251 045)	(657 106)	-	-	(908 151)
Reclassified	(57 241)	95 483	-	(95 483)	-	(57 241)
31.12.2013	**104 179**	**5 027 615**	**3 242 546**	**1 710**	**23 903**	**8 399 953**
Depreciation						
31.12.2012	**6 515**	**2 712 247**	**923 911**	**-**	**-**	**3 642 673**
Charge for 2013	3 904	505 455	584 232	-	-	1 093 591
On disposals	-	(241 176)	(583 066)	-	-	(824 242)
Reclassified	(2 610)	-	42	**-**	-	(2 568)
31.12.2013	**7 809**	**2 976 526**	**925 119**	**-**	**-**	**3 909 454**
NBV at 31.12.2013	**96 370**	**2 051 089**	**2 317 427**	**1 710**	**23 903**	**4 490 499**
NBV at 31.12.2012	**154 905**	**1 618 715**	**1 182 360**	**97 193**	**-**	**3 053 173**

Notes (continued)

(11) Property, plant and equipment (continued)

	Buildings and land	Plant and machinery	Other property, plant and equipment	Advance payments for property, plant and equipment	Property, plant and equipment under construction	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Cost or revalued value						
31.12.2012	**229 680**	**6 162 404**	**2 996 953**	**138 293**	**-**	**9 527 330**
Additions	-	1 212 593	2 551 752	-	34 011	3 798 356
Disposal	-	(357 205)	(934 978)	-	-	(1 292 183)
Reclassified	(81 447)	135 860	-	(135 860)	-	(81 447)
31.12.2013	**148 233**	**7 153 652**	**4 613 727**	**2 433**	**34 011**	**11 952 056**
Depreciation						
31.12.2012	**9 270**	**3 859 180**	**1 314 606**	**-**	**-**	**5 183 056**
Charge for 2013	5 555	719 198	831 287	-	-	1 556 040
On disposals	-	(343 163)	(829 628)	-	-	(1 172 791)
Reclassified	(3 714)	-	60	-	-	(3 654)
31.12.2013	**11 111**	**4 235 215**	**1 316 325**	**-**	**-**	**5 562 651**
NBV at 31.12.2013	**137 122**	**2 918 437**	**3 297 402**	**2 433**	**34 011**	**6 389 405**
NBV at 31.12.2012	**220 410**	**2 303 224**	**1 682 347**	**138 293**	**-**	**4 344 274**

The property, plant and equipment of the parent company of the Group have been pledged as loan collateral – see Note 23.

(12) Investment property

	Investment property
	LVL
Historical cost	
31.12.2012	**504 383**
Reclassified	57 333
31.12.2013	**561 716**
Depreciation	
31.12.2012	**14 952**
Charge for 2013	17 613
Reclassified	2 660
31.12.2013	**35 225**
NBV as at 31.12.2013	**526 491**
NBV as at 31.12.2012	**489 431**

Notes (continued)

(12) Investment property (continued)

	Investment property EUR
Historical cost	
31.12.2012	**717 672**
Reclassified	81 578
31.12.2013	**799 250**
Depreciation	
31.12.2012	**21 274**
Charge for 2013	25 061
Reclassified	3 786
31.12.2013	**50 150**
NBV as at 31.12.2013	**749 129**
NBV as at 31.12.2012	**696 398**

(13) Investments in associated companies

	Investments in associated companies	Investments in associated companies	Other investments	Other investments
	LVL	EUR	LVL	EUR
Historical cost				
31.12.2012	**1000**	**1 423**	**954**	**1 357**
Sold	(1 000)	(1 423)	-	-
NBV as at 31.12.2013	**-**	**-**	**954**	**1 357**

(13a) Investment in the Group's associated company

Name	Acquisition cost of investment in the Group's associate		Share of investment in the Group's associate	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	LVL	LVL	%	%
Taxi Media SIA	-	1 000	-	50

(13c) Other investments

Other investments include an investment (9%) in SIA Recipio Baltics.

(14) Inventories

	31.12.2013 LVL	31.12.2013 EUR	31.12.2012 LVL	31.12.2012 EUR
Fuel, lubricants	72 053	102 522	61 025	86 830
Spare parts	53 801	76 552	40 555	57 705
Materials	8 576	12 203	7 226	10 282
Value of the motor vehicles excluded from property, plant and equipment	-	-	29 379	41 802
Provision for the recoverable value of the motor vehicles	-	-	(22 379)	(31 842)
Bus tickets	-	-	5 567	7 921
Advances paid for goods	516	734	1 568	2 231
	134 946	**192 011**	**122 941**	**174 929**

Notes (continued)

(15) Trade receivables

	31.12.2013 LVL	31.12.2013 EUR	31.12.2012 LVL	31.12.2012 EUR
The carrying value of trade receivables	460 974	655 907	553 533	787 607
Provisions for bad and doubtful trade receivables	(29 490)	(41 960)	(9 918)	(14 112)
Guarantee collateral in accordance with the regulations on the awarding of the contract to provide public transport services	120 000	170 745	158 522	225 556
	551 484	**784 692**	**702 137**	**999 051**

(16) Other receivables

Overpaid VAT (see Note 26)	37 658	53 582	15 712	22 356
Overpaid CIT	26 483	37 682	13 053	18 571
Other receivables	43 462	61 841	-	-
Amounts receivable in respect of advances to employees	4 181	5 949	1 126	1 604
	111 784	**159 054**	**29 891**	**42 531**

(17) Prepayments

Subscription of periodicals	70	100	70	100
Insurance	45 584	64 860	36 356	51 730
Passenger transportation licences	1 073	1 527	10 301	14 657
Annual leave pay for the January of the next year	-	-	486	692
Bus station services	7 505	10 679	-	-
Taxi coupons for the next year	-	-	455	647
Lease of the city bus	1 582	2 251	1 582	2 251
Other expensess	26 202	37 282	18 598	26 462
	82 016	**116 699**	**67 848**	**96 539**

(18) Deferred income

Ministry of Transport	36 371	51 751	-	-
Insurance benefit	10 805	15 374	36 279	51 620
Kurzemes planning district	-	-	3 246	4 619
Cost compensation	-	-	10 047	14 296
Other deferred income	3 902	5 552	5 005	7 120
	51 078	**72 677**	**54 577**	**77 655**

(19) Other securities

Deposit for a contractual term of more than 3 months as of the balance sheet date	**-**	**-**	**70 280**	**100 000**

(20) Cash on hand and in bank

Cash in transit	16 681	23 735	15 122	21 517
Cash in bank	648 353	922 523	818 800	1 165 047
Cash on hand	16 658	23 702	990	1 409
	681 692	**969 960**	**834 912**	**1 187 973**

(21) Share capital

On 31 December 2013, the Group's parent company's issued and fully paid-up share capital consisted of 627,441 shares with a nominal value of LVL 1 per share.

Information pursuant to the requirements set out in Section 56.[1] Information to be additionally included in the financial statements of the Financial instrument market act:

Regulatory requirements	Compliance
Information on the capital structure, share categories, the rights and obligations arising from each category of the shares and the percentage share of the share capital, by specifying separately the number of the shares which are not included in regulated markets	All shares are circulated in the regulated market, all shares are ordinary registered shares with a nominal value of LVL 1
Details on the restriction applicable to share transfers or the need to get the consent of the company or other shareholders for the alienation of shares	None
Persons who have directly or indirectly acquired a substantial holding in the company, as well as their interests	Liepaja City Council (34,85%) LAP1R SIA (49.49%)
Shareholders who have special control rights; a description of the rights	N/a
The manner in which the company will use the voting rights arising from the shares if they are not used by the shareholders	Such category of shares does not exist
Restrictions on voting rights in cases when the maximum amount of the voting rights has been set regardless of the number of voting rights as well as the rights of shareholders to the share of profits which is not related to the pro-rated number of shares, and other similar restrictions;	N/a
Shareholders' agreement, which is known to the company and can result in restrictions on the transfer of the shareholders' equity or voting rights to other persons, including the terms and conditions providing for a prior approval of such transfer;	N/a
Terms and conditions governing the appointment of Board members and changed in the composition of the Board and modification of Articles of Association	Articles of Association
The authority of the members of the Board, including the authority to issue or redeem shares	The authority of the members of the Board are determined on the basis of the company's Articles of Association. The members of the Board are not authorised to issue or redeem shares without the authorisation of the shareholders' meeting
All significant agreements and contracts concluded by the target company under which in the event of the change of control they will become effective, the term of which will expire or which will be modified, as well as the effects of their entry into force, termination or amendment. If disclosure of such information would harm the commercial company, the Commission is entitled to withhold the said information upon the company's request	N/a
All agreements between the capital company and its members of the Board providing for the payment of compensation in the event of the loss of the office, when they are dismissed without sufficient case or when they are dismissed after expressing the offer to redeem the shares.	N/a

Notes (continued)

(22) Provisions

	31.12.2013 LVL	31.12.2013 EUR	31.12.2012 LVL	31.12.2012 EUR
Provisions for contingent liabilities	**29 451**	**41 905**	**65 685**	**93 461**

(23) Borrowings from credit institutions

	31.12.2013 LVL	31.12.2013 EUR	31.12.2012 LVL	31.12.2012 EUR
Borrowing from AS Swedbank	342 228	486 947	527 655	750 785
Borrowing from AS NORDEA	-	-	63 252	90 000
Total non-current liabilities:	**342 228**	**486 947**	**590 907**	**840 785**
Borrowing from AS Swedbank	185 427	263 839	183 644	261 301
Borrowing from AS NORDEA	63 252	89 999	63 252	90 000
Total current borrowings:	**248 679**	**353 838**	**246 896**	**351 301**
Total borrowings from credit institutions	**590 907**	**840 785**	**837 803**	**1 192 086**

In 2008, the parent company of the Group received a further loan of EUR 409,000 as a result of which the credit liabilities against AS Swedbank increased. The loan matures on 19 February 2015. The loan is repayable based on the schedule set by the Bank, EUR 46,940 once a quarter, beginning 19 August 2008. The loan matures on 19 May 2015. The amount of interest due is calculated at the rate of 3-month EURIBOR plus +0.8% per annum, payable monthly.

The loan has been secured by a commercial pledge. The object of the commercial pledge:

1. All Pledgor's property, plant and equipment pledging of which is not clearly prohibited, and a pool of assets at the moment of pledging, as well as the future items of the pool of assets.
2. All Pledgor's intangible assets, rights to demand payment, securities, bonds and other participation in the share capital of companies and inventories pledging of which is not prohibited, and a pool of assets at the moment of pledging, as well as the future items of the pool of assets.

On 12 September 2011, the Group's parent company was issued with a loan under the loan agreement No. 11-033894-IN; as a result of which the credit liabilities towards AS Swedbank increased by LVL447,367. The loan is repayable in accordance with the Bank's loan repayment schedule, on or before 12th day of the month, beginning from the 12th day of the month following the disbursement of the loan principal. The last day of issuing the principal of the loan was 12 November 2011. The last day of repayment of the loan has been set at 12 September 2019. Fixed interest at 3.35% are payable on the 12th day of each month, beginning from the 12th day of the month following the disbursement of the loan principal. The lender is eligible to change the fixed interest rate every 2 years.

The loan has been secured by a commercial pledge under contract No. 033894-IN/1. The object of the commercial pledge:

1. MAN LIONS REGIO, year of make – 2011, chassis No. WMAR12ZZ7BTO17335, the national registration number HS4003.
2. MAN LIONS REGIO, year of make – 2011, chassis No. WMAR12ZZ0BTO17337, the national registration number HS4005.
3. MAN LIONS REGIO, year of make – 2011, chassis No. WMARWMAR12ZZ9BTO17336, the national registration number HS4006.
4. MAN LIONS REGIO, year of make – 2011, chassis No. WMARWMARWMAR12ZZ2BTO17338, the national registration number HS4038.

On 30 October 2009 the parent company of the Group raised a loan of EUR 450,000 (four hundred and fifty thousand euro) from Nordea Bank Finland Plc. The loan matures on 30 October 2014. The loan is repayable in accordance with the Bank's loan repayment schedule, once in every 3 months, beginning from the 30 January 2010. The interest on loan amounts to 3.465%, consisting of the base rate of EURIBOR 3M and additional rate of 2,8%.

The loan has been secured by a commercial pledge. The pledge consists of movable objects, i.e. the motor vehicles owned by the pledgee - three VOLVO 9800/B7 R buses. The commercial pledge amounts to EUR 585,000 (five hundred eighty-five thousand euro).

Notes (continued)

(24) Other borrowings

	31.12.2013 LVL	31.12.2013 EUR	31.12.2012. LVL	31.12.2012. EUR
Borrowing from SIA Baltic Airlines	167 632	238 519	172 662	245 676
Borrowings with a maturity term of more than 5 years	**167 632**	**238 519**	**172 662**	**245 676**
Borrowing from SIA JS Advisory	100 000	142 287	311 891	443 781
Borrowing from SIA Baltijas aviācijas sistēmas	325 131	462 620	382 135	543 729
Finance lease obligations with a term of 1 – 5 years	1 741 658	2 478 156	466 717	664 079
Borrowings with a maturity term of 1 than 5 years	**2 166 789**	**3 083 063**	**1 160 743**	**1 651 589**
Finance lease obligations with a term of up to 1 year	843 142	1 199 683	365 841	520 545
Total current borrowings:	**843 142**	**1 199 683**	**365 841**	**520 545**
Total non-current borrowings and finance lease obligations	**2 334 421**	**3 321 582**	**1 333 405**	**1 897 265**
Total current borrowings and finance lease obligations	**843 142**	**1 199 683**	**365 841**	**520 545**
Total other borrowings	**3 177 563**	**4 521 265**	**1 699 246**	**2 417 810**

The non-current borrowing from SIA Baltic Airlines matures on 31 December 2019, fixed interest rate is charged applicable only to the principal, interest due at the end of maturity term. The company does not have other non-current borrowings with a maturity term of more than 5 years. Interest accrued as at 31 December 2012 - LVL 11 017.

Uz bilances datumu visas procentu saistības apmaksātas.Under the effective terms of financing effective during the reporting period the calculated interest totals LVL 6,467. As at the balance sheet date all interest obligations have been settled.

Borrowing from SIA Baltijas Aviācijas Sistēmas matures on 31 December 2015. The interest on the borrowing is charged at the rate - 3 month EURIBOR + a fixed rate. As at 31 December 2012 accrued interest amounted to LVL 31 805.

The Group's companies have acquired property, plant and equipment under a lease terms. All finance lease obligations are denominated in EUR. Collateral for the lease are the motor vehicles and the guarantee issued by the private person of a shareholder. The financial obligations have varying maturities the term of which is less than 5 years. The following interest is charged on lease obligation:

- SIA PrivatLīzings – a fixed interest rate,
- SIA UniCredit Leasing – a 3 month floating EURIBOR + a fixed interest rate,
- SIA LKB Līzings – a 3 month floating EURIBOR + a fixed interest rate,
- SIA Nordea Finance Latvia – a 3 month floating EURIBOR + a fixed interest rate.
- SIA Swedbank līzings- a 3 month EURIBOR + 2%.

On 3 Septembr 2012 guarantee agreement between AS Liepājas Autobusu Parks and SIA SwedBank Līzings on securing a guarantee for the obligations of SIA LAP Serviss.

Notes (continued)

(25) Trade payables

	31.12.2013 LVL	31.12.2013 EUR	31.12.2012 LVL	31.12.2012 EUR
Short-term payables for the received spare parts, materials, fuel	214 703	305 495	237 367	337 743
Other payables (contractual revenue from transportation)	296 754	422 243	321 114	456 904
	511 457	**727 738**	**558 481**	**794 647**

(26) Taxes and mandatory national social insurance contributions

	VAT LVL	CIT LVL	NRT LVL	RET LVL	NSIMC LVL	PIT LVL	Risk duty LVL	Total LVL
Underpaid at 31.12.2012	**37 271**	**-**	**222**	**-**	**91 886**	**50 510**	**178**	**180 067**
(Overpaid) at 31.12.2012	**(15 712)**	**(13 053)**	**-**	**-**	**-**	**-**	**-**	**(28 765)**
Corections of 2012	-	-	-	-	21	23	(1)	43
Charge for 2013	(389 666)	-	802	10 909	824 189	437 435	2 323	885 992
Fines	478	-	-	-	368	570	2	1 418
Transferred to other taxes	321 441	2 610	-	-	(315 753)	(8 298)	-	-
Paid in 2013	41 953	(16 040)	(780)	(10 909)	(526 967)	(440 623)	(2 319)	(955 685)
Underpayment at 31.12.2013	**33 423**	**-**	**244**	**-**	**73 744**	**39 617**	**183**	**147 211**
(Overpayment) at 31. 12. 2013	**(37 658)**	**(26 483)**	**-**	**-**	**-**	**-**	**-**	**(64 141)**

	VAT EUR	CIT EUR	NRT EUR	RET EUR	NSIMC EUR	PIT EUR	Risk duty EUR	Total EUR
Underpaid at 31.12.2012	**53 032**	**-**	**316**	**-**	**130 742**	**71 869**	**253**	**256 212**
(Overpaid) at 31.12.2012	**(22 356)**	**(18 571)**	**-**	**-**	**-**	**-**	**-**	**(40 927)**
Corections of 2012	-	-	-		29	33	(1)	61
Charge for 2013	(554 445)	-	1 141	15 522	1 172 715	622 414	3 305	1 260 652
Fines	680	-	-	-	524	811	3	2 018
Transferred to other taxes	457 369	3 714	457 369	-	(449 276)	(11 807)	-	-
Paid in 2013	59 695	(22 825)	59 693	(15 522)	(749 806)	(626 950)	(3 300)	(1 359 818)
Underpaid at 31.12.2013	**47 557**	**-**	**47 556**	**-**	**104 928**	**56 370**	**260**	**209 462**
(Overpaid) at 31.12 2013	**(53 582)**	**(37 682)**	**(53 582)**	**-**	**-**	**-**	**-**	**(91 264)**

* See Note 16.

(27) Other payables

	31.12.2013 LVL	31.12.2013 EUR	31.12.2012 LVL	31.12.2012 EUR
Salaries and wages	103 712	147 569	93 456	132 976
Withholdings from salaries and wages	1 715	2 440	1 666	2 371
Other payables	22 498	32 012	-	-
Revenue of bus stations	6 159	8 764	5 423	7 716
	134 084	**190 785**	**100 545**	**143 063**

Notes (continued)

(28) Deferred income

	31.12.2013 LVL	31.12.2013 EUR	31.12.2012 LVL	31.12.2012 EUR
Revenue of monthly tickets for the January of the next year	-	-	348	495
Offsetting of losses for the January of the next year	41 952	59 692	39 019	55 519
Other deferred income	555	790	-	-
	42 507	**60 4827**	**39 367**	**56 014**

(29) Accrued liabilities

Provision for annual the leave costs	106 072	150 927	93 525	133 740
NSIMC - provision for the annual leave costs	25 035	35 622	22 530	32 057
Accrued liabilities for the audit costs	4 912	6 989	1 948	2 772
Other accrued liabilities	11 605	16 512	40 946	57 595
	147 624	**210 050**	**158 949**	**226 164**

(30) Deferred tax liability

	2013 LVL	2013 EUR	2012 LVL	2012 EUR
Deferred tax liability at the beginning of the reporting year	**157 252**	**223 749**	**143 221**	**203 785**
Deferred tax asset at the beginning of the reporting year	**(120 340)**	**(171 228)**		
Transferred at the acquisition of the subsidiary	-	-	(123 423)	(175 615)
Decrease of the deferred tax liability in the reporting period (see Note 9)	4 834	6 878	17 114	24 351
Deferred tax liability at the end of the reporting year	**153 331**	**218 170**	**157 252**	**223 749**
Deferred tax asset at the end of the reporting year	**(111 585)**	**(158 771)**	**(120 340)**	**(171 228)**

Deferred tax has been calculated by reference to the following temporary differences between the carrying values of assets and liabilities and their values for corporate income tax purposes:

	31.12.2013 LVL	31.12.2013 EUR	31.12.2012 LVL	31.12.2012 EUR
Temporary difference relating to property, plant and equipment depreciation	279 529	397 734	197 720	281 330
Temporary difference of accruals for annual leave pay, bonuses and other liabilities	(21 165)	(30 115)	(20 765)	(29 546)
Tax losses c/f	(216 618)	(308 220)	(140 043)	(199 263)
Net deferred tax liability	**41 746**	**59 399**	**36 912**	**52 521**
Deferred tax liability at the end of the reporting year	**153 331**	**218 170**	**157 252**	**223 749**
Deferred tax asset at the end of the reporting year	**(111 585)**	**(158 771)**	**(120 340)**	**(171 228)**

Notes (continued)

(31) The average number of employees in the Group

	2013	2012
The average number of employees during the reporting year:	**740**	**730**

(32) Management remuneration

	2013 LVL	2013 EUR	2012 LVL	2012 EUR
Remuneration of the Board of the parent company of the Group				
- remuneration	9 350	13 304	66 783	95 024
- national social insurance mandatory contributions	2 252	3 204	16 088	22 891
Total	**11 602**	**16 508**	**82 871**	**117 915**
Remuneration of the Council of the Group's parent company Atlīdzība koncerna mātes sabiedrības padomei:				
- Council remuneration	35 612	50 671	42 418	60 355
- national social insurance mandatory contributions	6 411	9 122	7 171	10 203
Total	**42 023**	**59 793**	**49 589**	**70 558**

(33) Information by segment and revenue

Based on the nature of the services the Group's operations can be divided as follows. The 2012 comparative data the taxi services segment only covers a three month period corresponding to the period of owning the subsidiary.

EUR, thousand	Passanger transportation		Taxi services		Facility management and other services		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Assets	4 188	3,557	2 455	1,835	909	965	7 552	6,357
Assets of the segment	(2 662)	(1,539)	(2 059)	(2,090)	(213)	(168)	(4 934)	(3,797)
Income	7 396	5,682	2 742	666	68	71	10 206	6,419
Net performance of the segment	(18)	160	51	(10)	25	32	58	182
Net financial income (expenses)	(37)	(23)	(75)	(17)	(3)	(1)	(115)	(41)
Profit/(loss) before taxes	(28)	170	62	(7)	40	63	74	226
Corporate income tax	11	(10)	(11)	(3)	(5)	(19)	(5)	(32)
Other information								
Purchases of property, plant and equipment and intangible assets (NBV)	2 929	1,765	1 239	913	849	864	5 017	3,542
Depreciation and amortisation during the reporting period	(566)	(498)	(493)	(109)	(52)	(37)	(1 111)	(644)

Notes (continued)

(33) Information by segment and revenue (continued)

EUR, thousand	Passanger transportation		Taxi services		Facility management and other services		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Assets	5 960	5,061	3 493	2,611	1 293	1,373	10 746	9,045
Assets of the segment	(3 787)	(2,190)	(2 930)	(2,974)	(304)	(239)	(7 021)	(5,403)
Income	10 524	8,085	3 901	948	97	101	14 522	9,133
Net performance of the segment	(25)	228	73	(14)	35	46	83	259
Net financial income (expenses)	(53)	(33)	(107)	(24)	(4)	(1)	(164)	(58)
Profit/(loss) before taxes	(41)	242	89	(10)	57	90	105	322
Corporate income tax	16	(14)	(16)	(4)	(7)	(27)	(7)	(46)
Other information								
Purchases of property, plant and equipment and intangible assets (NBV)	4 167	2,511	1 764	1 299	1 208	1,229	7 139	5,040
Depreciation and amortisation during the reporting period	(805)	(709)	(702)	(155)	(75)	(53)	(1 582)	(916)

The operations of the Group cover one geographical segment - that of Latvia.

(34) Guarantees

The parent company of the Group has received Guarantee No. 11-042217-GF issued on 09 November 2011. The amount and currency of the guarantee is LVL 120,000 (one hundred twenty thousand Latvian lats). The guarantee is secured on the funds of LVL 120,000 (one hundred twenty thousand Latvian lats). The guarantee is effective until 1 April 2014. The recipient of the guarantee is the Liepaja City Municipality agency Liepāja sabiedriskais transports (Registration No.90009569239).

(35) Off-balance sheet assets and liabilities

On 24 January 2012 the subsidiary of the Group acquired, under an assignment transaction, a right to demand the payment of LVL 597,383 (EUR 850,000) against a legal person. Remuneration for the assignment is directly related to the recovered amount. The defendant against the payment demand can be enforced is also one of the creditors of the company, the company is therefore of the opinion that the rights to demand the payment will be realised profitably at least partly.

(36) Lease agreements

As at 31 December 2013 the subsidiary of the Group has concluded 72 sub-lease agreements for vehicle rental. The agreements are concluded with legal entities with the purpose to outsource taxi services under the brand-name of the subsidiary. The sub-lease agreements have indefinite maturity and can be cancelled at one month’s notice.

(37) Litigations

The subsidiary of the group is involved in litigations, mainly connected with the claims of the employees/former employees of the company against the company. The Company has submitted counterclaims. The total value of employee.former employee claims amounts to LVL 58 thousand, counterclaims cubmitted – LVL 6.5 thousand. The current stage of litigation diffrers in each specific case. The Company has not made any provisions for potential litigation expenses as considers the claims to be ungrounded.

Notes (continued)

(37) Litigations (continued)

The subsidiary of the Group has submitted a claim against the State Revenue Service in connection with its charge for additional tax liabilities in the amount of LVL 13 399. The Company also plans to submit additional claim for LVL 52 thousand in case positive solution for additional tax charges on SRS audit completed in 2013 and referring to prior periods is not reached. Both the amounts are 100% provided for in the accounts based on prudence principle.

(38) Events after the reporting period

During the period since the last day of the reporting period there have been no events that could materially affect the financial position of the company at 31 December 2013.