

Joint-Stock Company

"Liepājas Metalurģs "

Reg.nr. 40003014197

Consolidated
Annual Report

For the year ended 31 December 2008

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INDEPENDENT AUDITOR'S REPORT

To shareholder of "Liepājas Metalurgs" AS

Report on the financial statement

We have performed the audit of the consolidated financial statement of "Liepājas Metalurgs" AS, registration No.40003014197, and its subsidiaries (hereinafter – Group) for the year 2008 incorporated in the consolidated annual report of "Liepājas Metalurgs" AS for the year 2008, which is presented on pages from 11 to 36. The audited consolidated financial statement comprises the balance sheet as of 31 December 2008, the profit or loss account for the year 2008, the report on the changes in equity, and the cash flow statement for the year ended December 31, 2008, as well as a summary on the relevant accounting principles, as well as other explanatory information presented in the Appendix.

Management responsibility on the presentation of the financial statement

The management of "Liepājas Metalurgs" AS is responsible for drawing up of the financial statement and accuracy of the information contained in the said report pursuant to the International Financial Reporting Standards. This responsibility implies establishment, implementation and maintenance of such internal control that is to ensure the drawing up and true and fair presentation of the financial report that is free from material misstatement resulting from fraudulent activity or errors, selection and use of an appropriate accounting policy, as well as preparation of accounting estimates suitable in the particular conditions.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We performed the audit in accordance with the International Standards on Audit recognized in Latvia. These standards stipulate ethical norms to be observed by the auditor and require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

The audit includes procedures undertaken to obtain audit evidence on the amounts presented in the financial statements and the information disclosed. The procedures are selected based on the auditor's professional judgement, including assessment of risk of fraudulent misrepresentation or material discrepancies in the financial statement. When performing risk assessment, the auditor takes into account internal control established to ensure the drawing up of the financial statements and accurate presentation of information in the reports aimed at determining the most appropriate procedures in the particular situation, rather than expressing an opinion on the efficiency of control. The audit also includes general evaluation of whether the applied accounting principles and relevant management assumptions, as well as the information presented in the financial statements are reasonably justified.



We believe that the disclosures made in the course of our audit are sufficient and adequate to express our auditor's opinion.

Opinion

In our opinion, the consolidated financial statement presents fairly, in all material respects the financial position of the Group as of December 31, 2008, and of the results of its financial performance and cash flows for the year 2008 in accordance with the International Financial Reporting Standards.

Report on the conformity of the management report

We have familiarised ourselves with the management report for the year 2008, which is presented on pages from 8 to 10, and have not disclosed any material discrepancies between the financial information presented in the management report and the consolidated financial statement for the year 2008.

BDO Invest Riga" JSC
Certified auditors Commercial Company
Licence No. 112

D.Tunst
International Liaison Partner



A.Putniņš
The responsible certified auditor
Certificate No.123

Rīga, Latvia
April 27, 2009

INFORMATION ABOUT THE COMPANY

JSC "Liepājas Metalurgs" is a public joint-stock company, which operates in compliance with the Republic of Latvia law. The Company was registered in the Business Register of the Republic of Latvia on August 6, 1991 and it was reregistered in the Commercial Register of the Republic of Latvia on August 7, 2003 under the unified register No. 40003014197. The main activities of the Company are production of steel, rolled products and hardware, commerce and mediator activity, transport services, sports and medical services.

JSC "Liepājas Metalurgs" has an ownership in various companies. In 2006 the Company further diversified its holding investing in several new companies. At the same time the Joint-Stock Company is not registered as a holding company (corporation).

Companies included in consolidation:

LSEZ JSC "Liepājas osta LM" (Liepāja's Port LM)

number of shares - 95.17%.
Business type - stevedoring services, cargo, ship broker service, ship agency.

Ltd. "Sport Club Liepājas metalurgs"

number of shares - 95%.
Business type - organization of sporting events, promotion of healthy living, organization of recreation and social events.

Ltd. "Ice Hall Liepājas metalurgs"

number of shares - 95%.
Business type - operation of the sport hall and stadium.

Ltd. "Rūķis LM"

number of shares - 100%.
Construction materials production, waste and crushed slag processing.

Ltd. "Metalurgs and Duna"

number of shares - 50%. sale of electricity and rentals of premises.

Companies not included in consolidation:

Ltd. "SMA LM Mineral"

number of shares - 50%.
production of lime, services.

JSC "Sātiņi LM"

number of shares - 50%.
limestone extraction, processing, and realization.

Ltd. "Elme-Messer-Metalurgs"

number of shares - 49%.
production of industrial gas.

JSC "Liepājas tranzīta ekspresis"

number of shares - 24%.
transport agents, realization of oil/fuel products, rail transport services (is decided to close).

Minority shareholders

Minority shareholders of the companies involved in the consolidation are:

LSEZ JSC "Liepājas osta LM" (Liepāja's Port LM)	4.83% of shares - physical person.
Ltd. "Sport Club Liepājas metalurgs"	5% of shares - Ltd. "Pērle LM"
Ltd. "Ice Hall Liepājas metalurgs"	5% shares - Liepājas City Council

Basis for the Preparation of the Financial Statements Report

The Annual Report is prepared in accordance with the law "On Accounting" and "On Annual Report" and is also in compliance with the European Union (EU) International Standards on preparation of the Financial Statements.

Companies included in consolidation have prepared their Quarterly Reports for the same period and applying the same accounting principles.

The following IFRS have been used in the preparation of the consolidation:

IAS 1	Preparation of the Financial Statements Report
IAS 2	Inventories (Stocks)
IAS 8	Accounting Policy, Changes in Accounting Reports and Errors
IAS 10	Events After the Annual Report Date
IAS 16	Fixed (Capital) Assets
IAS 21	Impact from the Foreign Currency Exchange Rate Fluctuation
IAS 27	Consolidated and Non-Consolidated Financial Statements I Reports
IAS 39	Financial Tools: Recognition and Valuation

Assuming that the Company will continue its operations as a going concern, the valuation was conducted for:

- Production equipment inventory based on the average weighted prices
- Purchased goods according to the purchase price
- Finished goods margin after actual cost
- Fixed assets according to the purchase price and additional payments, which are connected to the erection and commissioning

The Profit and Loss Statement is prepared using the turnover method. Prior to the preparation of the consolidated Quarterly Report, differences in the accounting methods used by the companies included in the consolidation were considered. The Profit and Loss report includes all income and expenses that resulted from the accounting year regardless of their payment date. Any internal transactions between the companies that are a part of the consolidation were excluded.

Net Turnover is a total amount equal to the product annual sales and services offered, excluding VAT.

Cash Flow Statement is conducted by using direct method.

Depreciation of fixed assets is calculated at the time of useful life of a particular asset, by using the straight-line method. In the Balance Sheet all fixed assets are recorded at historical cost. Land depreciation is not calculated.

Revaluation of fixed assets is performed periodically. As a result of this revaluation the value increase was recorded, which is shown in the Shareholders Equity item called "Long-Term Assets Revaluation Reserve".

Purchased computer software belongs to the **intangible assets** item. The value of the acquired intangible assets is depleting, while calculating their depreciation. Conducting a subsidiary reorganization and during the acquisition process a nonmaterial positive value appears.

Investment properties include buildings and land that the Company leases in order to generate additional earnings and increase the property value. These properties are not used in production, goods transport services, or for the need of administration. Investment properties are appraised based on their true value, which reflects the current market value. The appraisal is performed by the certified and licensed property appraiser - in this case by BDO "Invest Rīga". Corresponding profit or loss caused by the true value adjustments to the Investment Properties has been reflected in the Profit and Loss Statement.

The cash flow statement reflects cash and cash equivalents in the cash office, current bank account balances, and short-term deposit.

Values presented in the Annual Report and accounting are expressed in the Latvian national currency - lats (LVL). All foreign currency activities are recalculated by the official currency exchange rate of the Bank of Latvia on the transaction corresponding date. Assets and liabilities reported in a foreign currency are recalculated into Latvian Lats based on the official exchange rate at the Bank of Latvia on the last day of the reporting period. Foreign currency exchange profit or loss is reflected in the proper period Profit and Loss statement.

Accounts receivable (debtors) are presented in their book value, by deducting specific provisions for bad and doubtful debts. Following the conservative approach, the balance sheet includes only the actual accounts receivable dues. JSC "Liepājas Metalurgs" uses such forms of short-term financing as factoring. The Company operates under a recourse factoring agreement, where the Company is held responsible in front of the bank in cases when the buyer fails to deliver the payment.

Accounts Payable obligations are reflected in costs. Credited advance payment is presented as loans (other loans).

Provisions are formed by savings for the unused vacation and social payments, as well as the deferred corporate income.

Joint-Stock Company "Liepājas Metalurgs" Management Statement Regarding the Consolidated Annual Report 2008.

Business type.

Steel production, ship chartering and ship agency, stevedoring, cargo handling and loading port services, construction materials production, sport arena management, athletic stadium and other sports and cultural activities.

Summary of business operations during the reporting period.

The Company's Net Turnover in the reporting year is LVL 270.2 mill. (approx. EUR 384.5 mill.) and the consolidated profit is LVL 5.9 mill. (approx. EUR 8.4 mill.) The Net Turnover is 34.6 million LVL (approx. EUR 49.2 mill.) more than in 2007, while Profit is 11.3 million (approx. EUR 16.1 mill.) less. The net turnover increase was primarily attributed to the sales price increase, and the profit level was chiefly affected by the costs increase exceeding the increase in the sales price.

Technical development of the Company.

The Company's technical development during the reporting period was primarily directed at:

- the continuation of activities concerning the steel melting production practice and related to its modernization program coordination and financing
- new cargo types development and infrastructure construction for the cement transit terminal
- installment of the new technology and its integration for making street paving and curbs products
- practice and training facilities were provided to the professional, amateur, and youth and children football teams as well as to hockey and basketball teams

Use of profit.

Companies involved in the consolidation will invest their profits in the renovation of equipment and modernization of technology as well as in the development of the infrastructure.

Forecast and further development.

The major tasks for year 2009 include:

- To continue the meltshop modernization;
- To continue construction of the new terminal;
- Bring new production processes to the concrete type of products business;
- To continue working with youth by involving them in sports and preparing new players for the national football, hockey and basketball teams.

JSC "Liepājas Metalurgs"

Chairman of the Board

/V.Terentjevs/

Member of the Board

/I.Segals/

Member of the Board

/L.Ptičkins/

Statement Regarding the Management Responsibility.

The JSC "Liepājas metalurgs" (in this text – the Company) Council and Board are responsible for the preparation of the Company and its affiliated enterprises (in this text – the Consolidated Group) consolidated financial statements.

The Financial Statements represent the true picture for the Consolidated Group financial position as of December 31, 2008 as well as the results of its operations and cash flow for the year 2008. The above-mentioned financial statements are prepared in accordance with the requirements of the International Accounting Standards for the financial statements, which are acceptable in the European Union. During the preparation of the financial statements the management:

- has been using and applying the appropriate accounting methods
- has been issuing justified and conservative conclusions and estimates
- has been adhering in accordance with the principle of the management's continuation

In the name of the JSC "Liepājas metalurgs",

Chairman of the Board	_____	/V.Terentjevs/
Member of the Board	_____	/I.Segals/
Member of the Board	_____	/L.Ptičkins/

BALANCE SHEET

ASSETS	Enclosure Number	31.12.2008. LVL	31.12.2008. EUR	31.12.2007. LVL	31.12.2007. EUR
1. LONG-TERM INVESTMENTS					
I. Intangible investments					
1. Concessions, patents, licenses, trademarks and similar rights		0	0	0	0
2. Other intangible assets		91770	130577	83823	119269
3. Goodwill		199554	283940	266072	378586
4. Advance payments for intangible investments		0	0	9113	12967
I.TOTAL:		291324	414517	359008	510822
II. Fixed assets					
1. Land, buildings and constructions, and long-term sites		54290367	77248233	55682644	79229264
2. Long-term investments in rented fixed assets		5892447	8384197	5038619	7169309
3. Technological equipment and machinery		36385010	51771205	37904358	53933042
4. Other fixed assets and inventory		3729797	5307023	3821622	5437678
5. Fixed assets formation and costs of unfinished construction sites		4509948	6417078	3055970	4348254
6. Advance payments for fixed assets		113286	161191	367797	523328
II. TOTAL:		104920855	149288927	105871010	150640876
III. Investment properties					
1. Investment properties		5015565	7136506	4882333	6946934
IV. Long-term financial investments					
1. Share in the capital of related companies (subsidiaries)		0	0	0	0
2. Share in the capital of associated companies		538263	765879	488823	695532
3. Other loans		8000	11383	9920	14115
4. Deferred tax		167000	237620	0	0
IV. TOTAL:		713263	1014882	498743	709647
Section 1 total amount:		110941007	157854832	111611094	158808279
2. CURRENT ASSETS					
I. Stock (Inventories)					
1. Raw materials, basic and auxiliary materials		12525154	17821689	15783773	22458286
2. Unfinished products, Work in Process		3033039	4315626	2884425	4104167
3. Finished products and goods for sales		22197251	31583843	12660532	18014314
4. Incompleted orders		122897	174867	305204	434266
5. Advance payments for goods		1130335	1608322	3555008	5058321
6. Labour animals and productive animals		110	157	160	228
I. TOTAL:		39008786	55504502	35189102	50069581
II. Accounts receivable (Debtors)					
1. Trade accounts receivable		10706520	15234005	10076301	14337285
2. Debt of associated enterprises		47543	67648	32101	45676
3. Other debtors (accounts receivable)		5427719	7722948	3878529	5518650
6. Short-term loans to co-owners and management of the company		0	0	11970	17032
7. Prepaid expenses		120903	172029	156202	222255
II.TOTAL:	1	16302685	23196631	14155103	20140897
III. Short-term financial investmens					
III. TOTAL:		0	0	0	0
IV. Cash		3064622	4360564	6878793	9787641
IV. TOTAL:		3064622	4360564	6878793	9787641
Section 2 total amount		58376093	83061697	56222998	79998119
TOTAL ASSETS		169317100	240916529	167834092	238806398

LIABILITIES AND SHAREHOLDERS' EQUITY	Enclosure Number	31.12.2008. LVL	31.12.2008. EUR	31.12.2007. LVL	31.12.2007. EUR
1. SHAREHOLDERS' EQUITY					
1. Share capital (fixed capital)		16981033	24161833	16981033	24161833
2. Long-term investments revaluation reserve		63089181	89767817	63482225	90327068
3. Reserves: a) reserves stipulated by law		0	0	0	0
3. Reserves: b) other reserves		38393389	54628871	21959004	31244848
3. TOTAL:		38393389	54628871	21959004	31244848
4. Retained earnings: a) undistributed profit from the previous years		507116	721561	53951	76765
4. Retained earnings: b) undistributed profit of the reporting year		6203615	8826949	17358517	24698945
4. Retained earnings: c) Minority shareholders		-267722	-380934	-169743	-241523
4. Retained earnings: b+c undistributed profit of the reporting year		5935893	8446015	17188774	24457422
section 1 total amount:		124906612	177726097	119664987	170267937
Minority shareholders		517393	736184	212095	301784
2. PROVISIONS					
1. Provisions for anticipated taxes		93366	132848	161472	229754
2. Other provisions		1900400	2704026	1961763	2791337
section 2 total amount:		1993766	2836873	2123235	3021091
3. LIABILITIES (Accounts payable)					
I. Long-term Creditors (Accounts payable)					
1. Loans from credit institutions		2292938	3262557	1816827	2585112
2. Other loans		1767228	2514539	818653	1164838
3. Debts to suppliers and contractors		0	0	0	0
4. Other liabilities		200000	284574	200000	284574
I. TOTAL:		4260166	6061670	2835480	4034525
II. Short-term Creditors (Accounts payable)					
1. Loans from credit institutions		15067560	21439206	15805889	22489754
2. Other loans		7391259	10516814	4398273	6258179
3. Advance payments received from customers		2537190	3610096	8683302	12355226
4. Suppliers and contractors trade account payable		10201593	14515559	11441710	16280087
5. Accrued liabilities (payable bills of exchange)		243732	346799	137484	195622
6. Payable (debt) to associated companies		0	0	12515	17807
7. Taxes and state social insurance payments	3	1029575	1464953	1199675	1706984
8. Other liabilities		1153108	1640725	1304301	1855853
9. Deferred income		0	0	0	0
10. Unpaid dividends for previous years		15146	21551	15146	21551
II. TOTAL:		37639163	53555704	42998295	61181062
Section 3 total amount:	2	41899329	59617374	45833775	65215586
TOTAL LIABILITIES AND EQUITY		169317100	240916529	167834092	238806398

JSC "Liepājas Metalurgs"
 Chairman of the Board

/V.Terentjevs/

Member of the Board

/I.Segals/

Member of the Board

/L.Ptičkīns/

PROFIT AND LOSS STATEMENT

No.	Parameter designation	Enclosure Number	At the end of the report period LVL	At the end of the report period EUR	12 months 2007 LVL	12 months 2007 EUR
1	2	3	4	5	6	7
1	Net turnover	4, 5	270167199	384413292	235421551	334974689
2	Production costs of goods sold	6	-239664693	-341012136	-195818134	-278624103
3	Gross profit or loss (from turnover)		30502506	43401156	39603417	56350586
4	Sales costs	7	-15632508	-22243055	-16564673	-23569406
5	Administration costs	8	-8677362	-12346774	-9242132	-13150369
6	Other operating income	9	5022011	7145678	8529672	12136630
7	Other operating costs	10	-3196183	-4547759	-3319224	-4722830
8	Interest income and other similar income		251722	358168	91727	130516
9	Interest payments and similar expenses		-757000	-1077114	-612031	-870842
10	Profit or loss before extraordinary items and taxes		7513186	10690301	18486756	26304284
11	Income tax for the reporting period		-1571544	-2236106	-2264307	-3221819
12	Deferred tax		230676	328222	1374425	1955631
13	Other taxes		-236425	-336402	-408100	-580674
14	Reporting period profit or loss after taxes for the consolidated financial statement		5935893	8446015	17188774	24457422

In the Financial Statements the LVL amounts were converted into EUR by applying the Bank of Latvia exchange rate at EUR 0.702804 (divide).

JSC "Liepājas Metalurgs"
 Chairman of the Board

/V.Terentjevs/

Member of the Board

/I.Segals/

Member of the Board

/L.Ptičkins/

CASH FLOW STATEMENT
(by direct method)

	Reporting year		12 months of the year 2007.	
	LVL	EUR	LVL	EUR
OPERATING CASH FLOW				
Cash received from buyers	273967380	389820462	243233648	346090301
Cash received from other business activities	1236469	1759337	1301425	1851761
VAT overpayment received	12613655	17947614	11068311	15748788
Cash paid to suppliers and employees	-269942343	-384093350	-235861892	-335601237
Cash received from the core business activity	17875161	25434063	19741492	28089612
Interest payment	-783941	-1115448	-567119	-806938
Corporate income tax payments	-21777	-30986	-25829	-36751
Other tax payments	-16238448	-23105230	-16169592	-23007257
Net cash flow from the core business activity	830995	1182399	2978952	4238667
CASH FLOW FROM INVESTMENT ACTIVITIES				
Long-term credit to students of JSC "LM" and other loans	0	0	12452	17718
Other loans granted	0	0	262	373
Acquisition of fixed assets	-6321296	-8994394	-8687353	-12360990
Sale of fixed assets and intangible assets	26187	37261	182095	259098
Investments in associated and related companies	-72100	-102589	-3474280	-4943455
Interests received from loans	52631	74887	0	0
Net cash flow from investment operations	-6314578	-8984835	-11966824	-17027257
CASH FLOW FROM FINANCING ACTIVITIES				
Short term borrowings, net value (credit line)	2618323	3725538	1816748	2585000
Long term borrowings	2958969	4210234	11068769	15749439
Paid liabilities for financial leasing	-186269	-265037	-74813	-106449
Loans to associated companies	-8000	-11383	-22000	-31303
Repayment of loans of associated and related companies	22000	31303	-920852	-1310254
Other long-term loans	0	0	0	0
Loan repayments	-3780892	-5379725	9542	13577
Other investments (sponsorship)	-438151	-623433	-279135	-397173
Subsidies	590145	839701	17895	25462
Net cash flow from financing activities	1776125	2527198	11616154	16528298
Result of foreign currency exchange rate fluctuations	-106713	-151839	-23605	-33587
Net growth of cash and its equivalents	-3814171	-5427076	2604677	3706121
Cash and its equivalents at the beginning of accounting period	6878793	9787641	4274116	6081519
Cash and its equivalents at the end of accounting period	3064622	4360564	6878793	9787641

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Revaluation reserve of long-term investments	Other reserves	Retained Earnings of the reporting year	Retained Earnings of the previous years	Equity capital TOTAL
	LVL	LVL	LVL	LVL	LVL	LVL
As of 01.01.2007	16981033	25346868	12491727	9637520	18	64457166
Profit in reserves			9467277	-9637520	170243	0
Undistributed profit of the reporting period				17188774		17188774
Reserves distribution						0
Minority shareholders		0			-116310	-116310
Increase of revaluation reserve		38605653				
Written-off revaluation reserve		-470296				-470296
As of 31.12.2007	16981033	63482225	21959004	17188774	53951	119664987
Profit in reserves			16434385	-17188774	1261505	507116
Undistributed profit of the review period				5935893		5935893
Minority shareholders					-808340	-808340
Reserves distribution						0
Increase of revaluation reserve						0
Written-off revaluation reserve		-393044				-393044
As of 31.12.2008	16981033	63089181	38393389	5935893	507116	124906612

	Share capital	Revaluation reserve of long term investments	Other reserves	Retained Earnings of the reporting year	Retained Earnings of the previous years	Equity capital TOTAL
	EUR	EUR	EUR	EUR	EUR	EUR
As of 01.01.2007.	24161833	36065344	17774126	13712956	26	91714284
Profit in reserves			13470722	-13712956	242234	0
Reserves distribution						0
Undistributed profit of the reporting period				24457422		24457422
Minority shareholders					-165494	-165494
Increase of revaluation reserve		54930895				54930895
Written-off revaluation reserve		-669171				-669171
As of 31.12.2007.	24161833	90327068	31244848	24457422	76765	170267937
Profit in reserves			23384023	-24457422	1794960	721561
Undistributed profit of the review period				8446015		8446015
Reserves distribution		0				0
Minority shareholders					-1150164	-1150164
Increase of revaluation reserve						0
Written-off revaluation reserve		-559251				-559251
As of 31.12.2008.	24161833	89767817	54628871	8446015	721561	177726097

ENCLOSURES TO THE ANNUAL REPORT

ENCLOSURES TO BALANCE SHEET

1. ACCOUNTS RECEIVABLE (DEBTORS)

Accounts Receivable	As of 31.12.2008.		As of 31.12.2007.	
	LVL	EUR	LVL	EUR
Customers and affiliated companies' debts	10754063	15301653	10108402	14382960
Incl. Debts of buyers and customers	8186132	11647816	7851170	11171208
Incl. Debts of buyers with factoring activities	2520388	3586189	2225131	3166076
Incl. Debts of associated enterprises	47543	67648	32101	45676
(Doubtful debtors debt)	/158420/	/225411/	/220349/	/313528/
Other debtors	5427719	7722948	3878529	5518650
Incl. Provision for VAT and unpaid VAT	94753	134821	158060	224899
Incl. Advance payments	9845	14008	10598	15080
Incl. VAT budget overpayments	4005799	5699738	3435854	4888780
Incl. Various debtors	60248	85725	34803	49520
Incl. Overpaid salaries	1133	1612	55	78
Incl. Other overpaid taxes	2736	3893	20200	28742
Incl. Advance prepayment for Corporate income tax	1212820	1725687	190278	270741
Incl. Security amounts in auction	10804	15373	11337	16131
Incl. Advance payments for services	29581	42090	17344	24678
Short-term loans to employees	0	0	11970	17032
Future periods payments	120903	172029	156202	222255
Incl. Press expenses	10839	15423	9584	13637
Incl. Various	7322	10418	15514	22074
Incl. Property insurance	52249	74344	20220	28770
Incl. Rent payments	39004	55498	59659	84887
Incl. Publicity and Advertisement	703	1000	41250	58693
Incl. Payment for services	10786	15347	9975	14193
Total Debtors:	16302685	23196631	14155103	20140897

2. ACCOUNTS PAYABLE (CREDITORS)

CREDITORS	As of 31.12.2008.		As of 31.12.2007.	
	LVL	EUR	LVL	EUR
Long-term creditors	2292938	3262557	1816827	2585112
Other long-term borrowings	1767228	2514539	818653	1164838
Other long-term creditors	200000	284574	200000	284574
Short-term borrowings from credit institutions	726437	1033627	4848572	6898896
Borrowings from credit institutions (credit line)	14336498	20398999	10925088	15545000
Credit interests	4625	6581	32229	45858
Short term debt from leasing "Hansalizing", "Unilizing"	344995	490884	1441204	2050649
Advance payments (from residents)	680630	968449	773511	1100607
Advance payments (from non-residents)	1856560	2641647	7909791	11254619
Other borrowings (factoring)	3069151	4367008	2957069	4207530
Other borrowings (Cemex)	3977113	5658922	0	0
Debts to suppliers and contractors	10201593	14515559	11441710	16280087
Incl. Materials and gas	5618001	7993695	6935149	9867828
Incl. Services	2355026	3350900	2078767	2957819
Incl. Scrap, various services related to scrap delivery, processing	2201441	3132368	2235121	3180291
Incl. Fixed assets	21039	29936	187351	266576
Incl. Medical department creditors	3751	5337	3919	5576
Incl. Other Creditors	2335	3322	1403	1996
Debts to related enterprises (subsidiaries)	0	0	0	0
Debts to associated enterprises	0	0	12515	17807
Accrued liabilities	243732	346799	137484	195622
Taxes and social security insurance payments	1029575	1464953	1199675	1706984
Incl. Value added tax	15193	21618	13233	18829
Incl. State tax	766	1090	801	1140
Incl. Residents' Income tax	391862	557569	486171	691759
Incl. Real estate tax (land)	76	108	2677	3809
Incl. Social Security tax	607867	864917	667504	949773
Incl. Real estate tax (buildings)	0	0	0	0
Incl. Nature resources tax	13811	19651	23456	33375
Incl. Packing tax	0	0	3504	4986
Incl. Enterprise's Income tax	0	0	2329	3314
Other creditors (liabilities)	1153108	1640725	1304301	1855853
Incl. Payments for salaries	1112415	1582824	1268085	1804322
Incl. Deductions from salaries	40491	57614	35621	50684
Incl. Debt to accountable persons	202	287	595	847
Deferred Income	0	0	0	0
Unpaid Dividends	15146	21551	15146	21551
Total Creditors:	41899329	59617374	45833775	65215586

3. TAXES AND SECURITY PAYMENTS

Tax Description	Balance as of 01.01.2008.		Recorded for year 2008		Paid or allocated to a different tax category for 12 months of 2008		Balance as of 31.12.2008.	
	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR
Real estate tax	2391	3402	176043	250487	178455	253919	-21	-30
Land tax	0	0	62119	88387	64086	91186	-1967	-2799
to District Regional Authorities	0	0	100	142	24	34	76	108
Income tax	486171	691759	4921997	7003371	5016306	7137560	391862	557569
Income tax	0	0	0	0	649	923	-649	-923
Social security tax	667504	949773	7376374	10495634.6	7436011	10580490	607867	864917
Business risk duty	801	1140	9628	13699	9663	13749	766	1090
Corporate income tax	-187949	-267427	1578659	2246229	2603530	3704489	-1212820	-1725687
Nature resources tax	23456	33375	79197	112687	88842	126411	13811	19651
Packing tax	3405	4845	84	120	3588	5105	-99	-141
Excise tax	0	0	21967	31256	21967	31256	0	0
Value added tax	13233	18829	4662741	6634483	4660781	6631694	15193	21618
TOTAL	1009012	1435695	18888909	26876496	20083902	28576818		
Credit liabilities							1029575	1464953
Tax overpayment							-1215556	-1729580

ENCLOSURES TO PROFIT AND LOSS STATEMENT

4. NET TURNOVER (REVENUE)

Product Description	For 12 months of year 2008		For 12 months of year 2007	
	LVL	EUR	LVL	EUR
Rolled steel	253530394	360741251	217491995	309463229
Other metal ware	1219627	1735373	2726506	
Services	189362	269438	249397	354860
Sold steam, gCal	22994	32718	16752	23836
Medical department	1168164	1662148	994131	1414521
Transportation services	38934	55398	93621	133211
Stevedoring services	4155192	5912306	2436399	3466683
Broker services	2158311	3071000	1982153	2820350
Freightage services	534732	760855	1427503	2031154
Forwarder and other services	5714132	8130477	6469799	9205695
Sports	351302	499858	297327	423058
Publicity and Advertisement	59684	84923	49299	70146
Beton (concrete) wares	916357	1303859	1071409	1524478
Broken stone	15469	22010	0	0
Organization of cultural events	0	0	21005	29887
Electric energy	92545	131680	94255	134113
TOTAL	270167199	384413292	235421551	334974689

5. NET TURNOVER BY GEOGRAPHIC MARKETS

Market	For 12 months of year 2008		For 12 months of year 2007	
	LVL	EUR	LVL	EUR
European Union countries	175231949	249332601	182713727	259978212
Other third countries	94935250	135080691	52707824	74996477
Total	270167199	384413292	235421551	334974689

6. PRODUCTION COSTS OF SOLD GOODS

Cost Description	12 months for year 2008		12 months for year 2007	
	LVL	EUR	LVL	EUR
Materials	174358965	248090456	144396302	205457428
Salaries and wages	17892935	25459353	16108980	22921014
Social benefits deduction	4195606	5969810	3756948	5345655
Depreciation	9269154	13188818	6571733	9350734
Other costs	33669574	47907488	24917318	35454149
Write-off of nonmaterial values	67153	95550	66853	95123
Write-off of rented fixed assets expenses	211306	300661	0	0
Total	239664693	341012136	195818134	278624103

7. SALES EXPENSES

Cost Description	For 12 months of year 2008		For 12 months of year 2007	
	LVL	EUR	LVL	EUR
Packing materials	129553	184337	145841	207513
Transportation costs	2345437	3337256	1827386	2600136
Freight	997904	1419889	2226823	3168484
Port handling charges	59697	84941	17848	25395
Advertising and marketing costs	102745	146193	311849	443721
Other sales costs	262744	373851	354884	504954
Logistics services costs	11547994	16431315	11584046	16482613
Costs related to L/C and factoring transactions	186434	265272	95996	136590
Total	15632508	22243055	16564673	23569406

8. ADMINISTRATION EXPENSES

Cost Description	For 12 months of year 2008		For 12 months of year 2007	
	LVL	EUR	LVL	EUR
Salaries and social costs	5669185	8066524	5891499	8382848
Communication costs	193226	274936	229754	326910
Office supplies and office maintenance costs (transportation, security, public relation and other)	1327068	1888248	1652059	2350668
Legal and auditing fees	413211	587946	670703	954324
Presentation costs	197480	280989	197589	281144
Depreciation of fixed assets	569133	809803	424065	603390
Traveling expenses	141085	200746	131681	187365
Management training	19940	28372	15828	22521
Costs of bank account services	45136	64223	18389	26165
Costs related to stockholders	98521	140183	10218	14539
Operative leasing	3377	4805	347	494
Total	8677362	12346774	9242132	13150369

9. OTHER OPERATING INCOME

Income Description	12 months of year 2008		12 months of year 2007	
	LVL	EUR	LVL	EUR
Sale of current assets	1615496	2298644	1445324	2056511
Sale of fixed assets and liquidation	20513 33645	29187 47873	168926 19529	240360 27787
Written-off revaluation reserve of fixed assets	393044	559251	470297	669172
Costs of reserve establishment	0	0	372959	530673
Written-off accumulated provisions	75430	107327	2987734	4251162
Received fine payments	48492	68998	42755	60835
Bad debt recovery	181492	258240	222698	316871
Other income from operating activity	1821065	2591142	2064817	2937970
Dotation (allowance)	832834	1185016	734633	1045289
Total	5022011	7145678	8529672	12136630

10. OTHER OPERATING COSTS

Cost Description	12 months of year 2008		12months of year 2007	
	LVL	EUR	LVL	EUR
Sales costs of current assets	1334559	1898906	1112574	1583050
Costs related to the sale and liquidation of fixed assets	213381	303614	169852	241678
Fixed Assets value reduction	67000	95332	304534	433313
Currency exchange loss	100672	143243	264546	376415
Costs of reserves formation	0	0	6772	9636
Provisions for bad debts	3718	5290	49451	70362
Written-off bad debtors	155786	221664	308181	438502
Compensation for damage and other allowances	336428	478694	301766	429374
Other costs	90539	128825	114477	162886
Costs of infrastructure maintenance	77313	110006	49005	69728
Costs not related to the operating activities	561963	799601	481500	685113
Training of new employees	24292	34564	64744	92122
Costs of auto maintenance	51419	73163	0	0
Costs of previous period	105305	149836	0	0
Paid fines	73808	105019	91822	130651
Total	3196183	4547759	3319224	4722830