

Joint-Stock Company
"Liepājas Metalurģs "
Reg.nr. 40003014197

Consolidated
Annual Report

For the year ended 31 December 2009

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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 2009 incorporated in the consolidated annual report of "Liepājas Metalurgs" AS for the year 2009. The audited consolidated financial statement comprises the balance sheet as of 31 December 2009, the profit or loss account for the year 2009, the report on the changes in equity, and the cash flow statement for the year ended December 31, 2009, 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 presented 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.



BDO

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, 2009, and of the results of its financial performance and cash flows for the year 2009 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 2009, and have not disclosed any material discrepancies between the financial information presented in the management report and the consolidated financial statement for the year 2009.

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

D.Tunsts
International Liaison Partner



A.Putniņš
The responsible certified auditor
Certificate No.123

Rīga, Latvia
April 28, 2010

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-Hockey 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.

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.

LSEZ Ltd. "Elme-Messer-Metalurgs"

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

Ltd. "Metalurgs and Duna"

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

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-Hockey 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. In accordance with the International Valuation Standard, BDO "Invest Rīga" conducted revaluation of fixed assets on December 31, 2007 for the needs of JSC "Liepājas Metalurgs". 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. 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 Metalurģs" 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.

Joint-Stock Company "Liepājas Metalurgs" Management Statement Regarding the Consolidated Annual Report 2009.

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.

Reporting year, the company's net turnover LVL 169.2 mill. (approx. EUR 240.7 mill.) and a consolidated loss is LVL 12.2 mill. (approx. EUR 17.4 mill.) Net sales for the year 2008 decreased by 101,0 million LVL (approx. EUR 143.7 mill.) Net decrease in turnover is mainly due to lower sales price, but the profit reduction is due to the fact that the cost price fell more rapidly than 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;
- a new type of cargo uptake and cement handling terminal commissioning;
- 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.

Due to the global economic and financial crisis in the consolidation of the companies involved have concluded the reporting period for a loss.

Forecast and further development.

The major tasks for year 2009 include:

- To continue the meltshop modernization;
- A new terminal building for bulk cargoes;
- 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, 2009 as well as the results of its operations and cash flow for the year 2009. 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	31.12.2009. LVL	31.12.2009. EUR	31.12.2008. LVL	31.12.2008. EUR
1. LONG-TERM INVESTMENTS					
1. Other intangible assets		200288	284984	91770	130577
2. Advance payments for intangible investments		0	0	199554	283940
I.TOTAL:		200288	284984	291324	414517
II. Fixed assets					
1. Land, buildings and constructions, and long-term sites		53484845	76102078	54290367	77248233
2. Long-term investments in rented fixed assets		4819773	6857919	5892447	8384197
3. Technological equipment and machinery		34209753	48676093	36385010	51771205
4. Other fixed assets and inventory		3117575	4435910	3729797	5307023
5. Fixed assets formation and costs of unfinished construction sites		666770	948728	4509948	6417078
6. Advance payments for fixed assets		386277	549623	113286	161191
II. TOTAL:		96684993	137570350	104920855	149288927
III. Investment properties					
1. Investment properties		5232729	7445503	5015565	7136506
IV. Long-term financial investments					
1. Share in the capital of related companies (subsidiaries)		3268	4650	0	0
1.2. Share in the capital of associated companies		529843	753899	538263	765879
2. Other loans		745910	1061334	8000	11383
3. Deferred tax		0	0	167000	237620
IV. TOTAL:		1279021	1819883	713263	1014882
Section 1 total amount:		103397031	147120721	110941007	157854832
2. CURRENT ASSETS					
I. Stock (Inventories)					
1. Raw materials, basic and auxiliary materials		11079473	15764670	12525154	17821689
2. Unfinished products, Work in Process		1514799	2155365	3033039	4315626
3. Finished products and goods for sales		10124775	14406257	22197251	31583843
4. Incompleted orders		176633	251326	122897	174867
5. Advance payments for goods		2227398	3169302	1130335	1608322
6. Labour animals and productive animals		110	157	110	157
I. TOTAL:		25123188	35747076	39008786	55504502
II. Accounts receivable (Debtors)					
1. Trade accounts receivable		2317942	3298134	10706520	15234005
2. Debt of related companies enterprises		19264	27410	0	
3. Debt of associated enterprises		25746	36633	47543	67648
4. Other debtors (accounts receivable)		4286726	6099462	5427719	7722948
5. Prepaid expenses		114968	163585	120903	172029
II.TOTAL:	1	6764646	9625224	16302685	23196631
III. Short-term financial investmens		0	0	0	0
III. TOTAL:		0	0	0	0
IV. Cash		5597181	7964071	3064622	4360564
IV. TOTAL:		5597181	7964071	3064622	4360563
Section 2 total amount		37485015	53336371	58376093	83061697
TOTAL ASSETS		140882046	200457092	169317100	240916529

LIABILITIES AND SHAREHOLDERS' EQUITY	Enclosure Number	31.12.2009. LVL	31.12.2009. EUR	31.12.2008. LVL	31.12.2008. EUR
1. SHAREHOLDERS' EQUITY					
1. Share capital (fixed capital)		16981033	24161833	16981033	24161833
2. Long-term investments revaluation reserve		49979936	71115042	63089181	89767817
3. Reserves: a) reserves stipulated by law		0	0	0	0
3. Reserves: b) other reserves		44524829	63353124	38393389	54628871
3. TOTAL:		44524829	63353124	38393389	54628871
4. Retained earnings: a) undistributed profit from the previous years		7779	11069	507116	721561
4. Retained earnings: b) undistributed profit of the reporting year		-11827256	-16828669	6203615	8826949
4. Retained earnings: c) Minority shareholders		-376937	-536333	-267722	-380934
4. Retained earnings: b+c undistributed profit of the reporting year		-12204193	-17365002	5935893	8446015
section 1 total amount:		99289384	141276066	124906612	177726097
Minority shareholders		535430	761848	517393	736184
2. PROVISIONS					
1. Provisions for anticipated taxes		1389883	1977625	93366	132848
2. Other provisions		908198	1292249	1900400	2704026
section 2 total amount:		2298081	3269875	1993766	2836873
3. LIABILITIES (Accounts payable)					
I. Long-term Creditors (Accounts payable)		4086276	5814247	4260166	6061670
I. TOTAL:		4086276	5814247	4260166	6061670
II. Short-term Creditors (Accounts payable)					
1. Loans from credit institutions		15194083	21619232	15067560	21439206
2. Other loans		766410	1090503	7391259	10516814
3. Advance payments received from customers		8069009	11481165	2537190	3610096
4. Suppliers and contractors trade account payable		8644489	12300000	10201593	14515559
5. Accrued liabilities (payable bills of exchange)		108178	153923	243732	346799
6. Payable (debt) to associated companies		25886	36832	0	0
7. Taxes and state social insurance payments	3	974961	1387245	1029575	1464953
8. Other liabilities		889859	1266155	1153108	1640725
9. Unpaid dividends for previous years		0	0	15146	21551
II. TOTAL:		34672875	49335056	37639163	53555704
Section 3 total amount:	2	38759151	55149303	41899329	59617373
TOTAL LIABILITIES AND EQUITY		140882046	200457092	169317100	240916529

JSC "Liepājas Metalurgs"

Chairman of the Board

/V.Terentjevs/

Member of the Board

/I.Segals/

Member of the Board

/L.Ptičkins/

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 2008 LVL	12 months 2008 EUR
1	2	3	4	5	6	7
1	Net turnover	4, 5	169155100	240686023	270167199	384413292
2	Production costs of goods sold	6	-165419164	-235370265	-239664693	-341012136
3	Gross profit or loss (from turnover)		3735936	5315758	30502506	43401156
4	Sales costs	7	-12264611	-17450969	-15632508	-22243055
5	Administration costs	8	-5705536	-8118246	-8677362	-12346774
6	Other operating income	9	8404451	11958456	5022011	7145678
7	Other operating costs	10	-3997228	-5687543	-3196183	-4547759
8	Income from participation in capital of associated companies and subsidiaries		123674	175972	0	0
9	Interest income and other similar income		185430	263843	251722	358168
10	Interest payments and similar expenses		-918191	-1306468	-757000	-1077114
11	Profit or loss before extraordinary items and taxes		-10436075	-14849197	7513186	10690301
12	Profit or loss before taxes		-10436075	-14849197	7513186	10690301
13	Income tax for the reporting period		-37169	-52887	-1571544	-2236106
14	Deferred tax		-1463517	-2082397	230676	328222
15	Other taxes		-267432	-380521	-236425	-336402
16	Reporting period profit or loss after taxes for the consolidated financial statement		-12204193	-17365002	5935893	8446015

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 2008.	
	LVL	EUR	LVL	EUR
OPERATING CASH FLOW				
Cash received from buyers	154393640	219682358	273550413	389227171
Cash received from other business activities	542433	771813	1236469	1759337
VAT overpayment received	12664368	18019772	12613655	17947614
Interest income	181715	258557	416967	593291
Cash paid to suppliers and employees	-187526533	-266826218	-269942343	-384093350
Cash received from the core business activity	-19744377	-28093717	17875161	25434063
Interest payment	-935797	-1331519	-783941	-1115448
Corporate income tax payments	-255674	-363791	-21777	-30986
Other tax payments	-8518600	-12120876	-16238448	-23105230
Net cash flow from the core business activity	-29454448	-41909904	830995	1182399
CASH FLOW FROM INVESTMENT ACTIVITIES				
Acquisition of fixed assets	-898573	-1278554	-6321296	-8994394
Sale of fixed assets and intangible assets	199194	283428	26187	37261
Investments in associated and related companies	123674	175972	-72100	-102589
Interests received from loans	988	1406	52631	74887
Net cash flow from investment operations	-574717	-817749	-6314578	-8984835
CASH FLOW FROM FINANCING ACTIVITIES				
Short term borrowings, net value (credit line)	32274415	45922355	2618323	3725538
Long term borrowings	757979	1078507	2958969	4210234
Long-term debt repayment	-193257	-274980	0	0
Paid liabilities for financial leasing	-4624	-6579	-186269	-265037
Loans to associated companies	0	0	-8000	-11383
Subsidiaries of loans (and loan interest) repayment	-1093399	-1555767	-3758892	-5348421
Other long-term loans	0	0	590145	839701
Received funding	1195769	1701426	0	0
Other investments (sponsorship)	-98898	-140719	-438151	-623433
Net cash flow from financing activities	32837985	46724243	1776125	2527198
Result of foreign currency exchange rate fluctuations	-186503	-265370	-106713	-151839
Net growth of cash and its equivalents	2622318	3731222	-3814171	-5427076
Cash and its equivalents at the beginning of accounting period	2974863	4232849	6878793	9787641
Cash and its equivalents at the end of accounting period	5597181	7964071	3064622	4360564

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 31.12.2007.	16981033	63482225	21959004	17188774	53951	119664987
Profit in reserves			16434385	-17188774	1261505	507116
Undistributed profit of the reporting period				5935893		5935893
Reserves distribution						0
Minority shareholders		0			-808340	-808340
Increase of revaluation reserve		0				
Written-off revaluation reserve		-393044				-393044
As of 31.12.2008.	16981033	63089181	38393389	5935893	507116	124906612
Profit in reserves			6131440	-5935893	-499337	-303790
Undistributed profit of the review period				-11827256		-11827256
Minority shareholders				-376937		-376937
Reserves distribution						0
Increase of revaluation reserve						0
Written-off revaluation reserve		-13109245				-13109245
As of 31.12.2009	16981033	49979936	44524829	-12204193	7779	99289384

	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	90327068	31244848	24457422	76765	170267937
Profit in reserves			23384023	-24457422	1794960	721561
Reserves distribution				0		0
Undistributed profit of the reporting period				8446015		8446015
Minority shareholders					-1150164	-1150164
Increase of revaluation reserve		0				0
Written-off revaluation reserve		-559251				-559251
As of 31.12.2007.	24161833	89767817	54628871	8446015	721561	177726097
Profit in reserves			8724253	-8446015	-710493	-432255
Undistributed profit of the review period				-16828669		-16828669
Reserves distribution		0				0
Minority shareholders				-536333		-536333
Increase of revaluation reserve						0
Written-off revaluation reserve		-18652775				-18652775
As of 31.12.2008.	24161833	71115042	63353124	-17365002	11069	141276066

ENCLOSURES TO THE ANNUAL REPORT

ENCLOSURES TO BALANCE SHEET

1. ACCOUNTS RECEIVABLE (DEBTORS)

Accounts Receivable	As of 31.12.2009.		As of 31.12.2008.	
	LVL	EUR	LVL	EUR
Customers and affiliated companies' debts	2362952	3362178	10754063	15301653
Incl. Debts of buyers and customers	1988220	2828982	8186132	11647816
Incl. Debts of buyers with factoring activities	348986	496562	2520388	3586189
Incl. Debts of associated enterprises	25746	36633	47543	67648
(Doubtful debtors debt)	/247348/	/351945/	/158420/	/225411/
Other debtors	4286726	6099462	5427719	7722948
Incl. Provision for VAT and unpaid VAT	21715	30898	94753	134821
Incl. Advance payments	9213	13109	9845	14008
Incl. VAT budget overpayments	2252738	3205357	4005799	5699738
Incl. Company damages	115546	164407	0	0
Incl. Various debtors	32206	45825	60248	85725
Incl. Overpaid salaries	18	26	1133	1612
Unpaid part of capital		0		0
Incl. Other overpaid taxes	5202	7402	2736	3893
Incl. Advance prepayment for Corporate income tax	1810222	2575714	1212820	1725687
Incl. Security amounts in auction	10359	14740	10804	15373
Incl. Advance payments for services	29507	41985	29581	42090
Future periods payments	114968	163585	120903	172029
Incl. Press expenses	6837	9728	10839	15423
Incl. Various	13669	19449	7322	10418
Incl. Property insurance	65273	92875	52249	74344
Incl. Rent payments	19085	27156	703	1000
Incl. Publicity and Advertisement	397	565	10786	15347
Incl. Expenditure on audit	9707	13812	39004	55498
Total Debtors:	6764646	9625224	16302685	23196631

2. ACCOUNTS PAYABLE (CREDITORS)

CREDITORS	As of 31.12.2009.		As of 31.12.2008.	
	LVL	EUR	LVL	EUR
Long- term creditors	1947068	2770428	2292938	3262557
Other long-term borrowings	1924062	2737694	1767228	2514539
Other creditors	215146	306125	200000	284574
Short-term borrowings from credit institutions	1187828	1690127	726437	1033627
Other short-term borrowings-leasing	417424	593941	344995	490884
Borrowings from credit institutions (credit line)	13999273	19919171	14336498	20398999
Credit interests	6982	9934	4625	6581
Advance payments (from residents)	82169	116916	680630	968449
Advance payments (from non-residents)	7986840	11364249	1856560	2641647
Other borrowings (factoring)	348986	496562	3069151	4367008
Other borrowings (Cemex)	0	0	3977113	5658922
Debts to suppliers and contractors	8644489	12300000	10201593	14515559
Incl. Materials and gas	4132318	5879759	5618001	7993695
Incl. Services	1347056	1916688	2355026	3350900
Incl. Scrap, various services related to scrap delivery, processing	3151356	4483976	2201441	3132368
Incl. Fixed assets	984	1400	21039	29936
Incl. Medical department creditors	3481	4953	3751	5337
Incl. Other Creditors	9294	13224	2335	3322
Debts to associated enterprises	25886	36832	0	0
Accrued liabilities	108178	153923	243732	346799
Taxes and social security insurance payments	974961	1387245	1029575	1464953
Incl. State tax	619	881	766	1090
Incl. Residents' Income tax	300607	427725	391862	557569
Incl. Value added tax	60398	85939	15193	21618
Incl. Social tax	550112	782739	607867	864917
Incl. Nature resources tax	30048	42754	13811	19651
Incl. Real estate tax (buildings)	33177	47207	0	0
Incl. Real estate tax (land)	0	0	76	108
Other creditors (liabilities)	889859	1266155	1153108	1640725
Incl. Payments for salaries	856321	1218435	1112415	1582824
Incl. Deductions from salaries	32432	46147	40491	57614
Incl. Payments of the advance amount	80	114	0	0
Incl. Debt to accountable persons	1026	1460	202	287
Unpaid Dividends	0	0	15146	21551
Total Creditors:	38759151	55149303	41899329	59617374

3. TAXES AND SECURITY PAYMENTS

Tax Description	Balance as of 01.01.2009.		Recorded for year 2009		Paid or allocated to a different tax category for 12 months of 2009		Balance as of 31.12.2009.	
	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR
Real estate tax	-21	-30	198245	282077	200704	285576	-2480	-3529
Real estate tax (Land)	-1967 76	-2799 108	68472 300	97427 427	68488 376	97450 535	-1983 0	-2822 0
Income tax	391862	557569	3162204	4499411	3253460	4629257	300606	427724
Income tax	-649	-923	9	13	0	0	-640	-911
Social security tax	607867	864917	5800923	8253970	5858677	8336147	550113	782740
Business risk duty	766	1090	8484	12072	8630	12279	620	883
Corporate income tax	-1212820	-1725687	1153009	1640584	1750411	2490610	-1810222	-2575714
Corporate income tax	0	0	36878	52473	3701	5266	33177	
Nature resources tax	13811	19651	101078	143821	84842	120719	30047	42753
Packing tax	-99	-141	0	0	0	0	-99	-141
Value added tax	15193	21618	14473458	20593875	14428253	20529554	60398	85939
TOTAL	-185981	-264627	25003060	35576149	25657542	36507393	-840463	-1195871
Credit liabilities							941784	1340038
Tax overpayment							-1815424	-2583116

ENCLOSURES TO PROFIT AND LOSS STATEMENT

4. NET TURNOVER (REVENUE)

Product Description	For 12 months of year 2009		For 12 months of year 2008	
	LVL	EUR	LVL	EUR
Rolled steel	157884842	224649891	253530394	360741251
Other metal ware	133826	190417	1219627	
Services	127438	181328	189362	269438
Sold steam, gCal	23836	33916	22994	32718
Medical department	1055080	1501244	1168164	1662148
Transportation services	4316	6141	38934	55398
Stevedoring services	2382742	3390336	4155192	5912306
Broker services	1729442	2460774	2158311	3071000
Freightage services	51413	73154	534732	760855
Forwarder and other services	4742898	6748536	5714132	8130477
Sports	424493	603999	351302	499858
Publicity and Advertisement	82147	116885	59684	84923
Beton (concrete) wares	438707	624224	916357	1303859
Broken stone	1091	1552	15469	22010
Electric energy	72829	103626	92545	131680
TOTAL	169155100	240686023	270167199	384413292

5. NET TURNOVER BY GEOGRAPHIC MARKETS

Market	For 12 months of year 2009		For 12 months of year 2008	
	LVL	EUR	LVL	EUR
European Union countries	64807464	92212714	175232018	249332699
Other third countries	104347636	148473310	94935250	135080691
Total	169155100	240686023	270167268	384413390

6. PRODUCTION COSTS OF SOLD GOODS

Cost Description	12 months for year 2009		12 months for year 2008	
	LVL	EUR	LVL	EUR
Materials	116448217	165690885	174358965	248090456
Salaries and wages	13181823	18756044	17892935	25459353
Social benefits deduction	3107167	4421100	4195606	5969810
Depreciation	6582467	9366007	9269154	13188818
Other costs	26032238	37040538	33669230	47906998
Write-off of nonmaterial values	67252	95691	67153	95550
Write-off of rented fixed assets expenses	0	0	211306	300661
Total	165419164	235370265	239664349	341011646

7. SALES EXPENSES

Cost Description	31.12.2009.		31.12.2008.	
	LVL	EUR	LVL	EUR
Packing materials	120581	171571	129553	184337
Transportation costs	1515518	2156388	2345437	3337256
Freight	129339	184033	997904	1419889
Port handling charges	17358	24698	59697	84941
Advertising and marketing costs	50808	72293	102745	146193
Other sales costs	258085	367222	262744	373851
Logistics services costs	9980359	14200771	11547994	16431315
Costs related to L/C and factoring transactions	192563	273992	186434	265272
Total	12264611	17450969	15632508	22243055

8. ADMINISTRATION EXPENSES

Cost Description	31.12.2009.		31.12.2008.	
	LVL	EUR	LVL	EUR
Salaries and social costs	3952967	5624565	5669185	8066524
Communication costs	131637	187303	193226	274936
Office supplies and office maintenance costs (transportation, security, public relation and other)	906334	1289597	1327068	1888248
Legal and auditing fees	120929	172066	413211	587946
Presentation costs	169835	241653	197480	280989
Depreciation of fixed assets	226933	322897	569133	809803
Traveling expenses	107406	152825	141085	200746
Management training	4926	7009	19940	28372
Costs of bank account services	62297	88641	45136	64223
Costs related to stockholders	22272	31690	98521	140183
Operative leasing	0	0	3377	4805
Total	5705536	8118246	8677362	12346774

9. OTHER OPERATING INCOME

Income Description	31.12.2009.		31.12.2008.	
	LVL	EUR	LVL	EUR
Sale of current assets	637785	907486	1615496	2298644
Sale of fixed assets and liquidation	297412 341411	423179 485784	20513 33645	29187 47873
Written-off revaluation reserve of fixed assets	458680	652643	393044	559251
Currency exchange income	284871	405335	0	0
Written-off accumulated provisions	1001600	1425148	75430	107327
Received fine payments	42351	60260	48492	68998
Bad debt recovery	37145	52853	181492	258240
Other income from operating activity	3867276	5502638	1821065	2591142
Dotation (allowance)	1435920	2043130	832834	1185016
Total	8404451	11958456	5022011	7145678

10. OTHER OPERATING COSTS

Cost Description	31.12.2009.		31.12.2008.	
	LVL	EUR	LVL	EUR
Sales costs of current assets	384907	547673	1334559	1898906
Costs related to the sale and liquidation of fixed assets	53703 33215	76412 47261	213381 0	303614 0
Fixed Assets value reduction	141775	201728	67000	95332
Currency exchange loss	0	0	100672	143243
Costs of reserves formation	0	0	0	0
Provisions for bad debts	13195	18775	3718	5290
Written-off bad debtors	1802	2564	155786	221664
Compensation for damage and other allowances	297785	423710	336428	478694
Other costs	1606436	2285752	90539	128825
Costs of infrastructure maintenance	35378	50338	77313	110006
Costs not related to the operating activities	310816	442251	561963	799601
Training of new employees	34710	49388	24292	34564
Costs of auto maintenance	49584	70552	51419	73163
Costs of previous period	44239	62946	105305	0
Paid fines	29683	42235	73808	105019
Other costs and sponsorship	960000	1365957	0	0
Total	3997228	5687543	3196183	4547759

INFORMATION ON PERSONNEL

	JSC "Liepājas Metalurgs"	JSC "Liepājas port LM"	Ltd."Sport's club "Liepājas metalurgs""	Ltd. "Ice Hall Liepājas metalurgs"	JSC "Rūķis LM"	TOTAL in the consolidated annual report
1. Average number of employees						
12 mo. 2009	2318	262	127	18	36	2761
12 mo. 2008	2633	269	129	19	48	3098