

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

Quarterly Report

For 3 months of the year 2009

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Joint-Stock Company "Liepājas Metalurgs" Management Statement Regarding the Financial Statements for 3 months of 2009.

The Company's loss from business activities in the reporting period was 3.3 mill LVL (EUR 4.7 mill.), which was a profit of 0.8 LVL (EUR 1.1 mill.) in Q1 2008.

The Net Turnover in the reporting period was 42.5 million LVL (EUR 60.5 mill.), and it was 46 million LVL (EUR 65.5 mill.) in the first quarter 2008.

The decrease of net turnover and profit was primarily related to the economic and financial crisis and reduction of sale prices.

The Company invested LVL 235 thousand (EUR 334.4 thousand) in its development during the reporting period. JSC "Liepājas Metalurgs" continue the activities concerning the steel melting production practice and related to its modernization program coordination and financing.

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 financial statement.

The Financial Statement represents the true picture for the Company financial position as of March 31, 2009 as well as the results of its operations and cash flow for 3 months of 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/

INFORMATION ABOUT THE COMPANY

1. Full name of the Company: Joint-Stock Company "Liepājas Metalurgs"
2. Legal status of the Company: Public Joint-Stock Company
3. Registration number of the State
Registration, place, date: 40003014197
The Republic of Latvia Commercial Register, 07-Aug-2003
4. Taxpayer registration number: 40003014197
5. Legal address of the Company: Brīvības street 93, Liepāja LV-3401, LATVIA
6. Office address and phone number: Brīvības street 93, Liepāja LV-3401, LATVIA
Phone: +371 634 55921
7. Type of business activity: Steel production
8. Year of account: 2009, 3 months
9. Director: Leons Ptičkins
Position: Managing Director and a Member of the Board
10. Information on the major stockholders: The biggest stockholders are:

Sergejs Zaharjins	
Proportion (%) of stocks (shares)	49%
Iļja Segals	
Proportion (%) of stocks (shares)	20.80%
Kirovs Lipmans	
Proportion (%) of stocks (shares)	18%
11. Council: Sergejs Zaharjins
Aleksejs Zaharjins
Kirovs Lipmans
Māris Pomerancis
Guntis Vilnītis
Andris Deniņš
12. Members of the Board: Valērijs Terentjevs
Iļja Segals
Leons Ptičkins
13. The name of the bank, code, operating
account number: AS SEB Unibanka
Konta Nr.LV96UNLA 0012002467028
14. Chief Accountant: Ligita Bērzupe
15. Average number of employees: 2488

BALANCE SHEET

ASSETS	Enclosure Number	31.03.2009. LVL	31.03.2009. EUR	31.03.2008. LVL	31.03.2008. EUR
I.LONG-TERM INVESTMENTS					
I. Intangible investments					
1. Other intangible investments		75455	107363	75040	106772
2. Advance payments for intangible investments		0	0	0	0
I. TOTAL:		75455	107363	75040	106772
II. Fixed assets					
1. Land, buildings and constructions and long-term sites		50666138	72091420	51752034	73636510
2. Long-term investments in rented fixed assets		0	0	0	0
3. Technological equipment and machinery		29425793	41869131	32515828	46265855
4. Other fixed assets and inventory		2795675	3977887	3331511	4740313
5. Fixed assets formation and costs of unfinished construction sites		753025	1071458	1256138	1787323
6. Advance payments for fixed assets		124465	177098	163627	232820
II. TOTAL:		83765096	119186994	89019138	126662822
III. Investment properties					
1. Investment properties		4800789	6830907	4882333	6946934
IV. Long-term financial investments					
1. Share in the related companies (subsidiaries)		9069006	12904033	9068906	12903891
2. Loans to the related companies (subsidiaries)		41765	59426	44793	63735
3. Share in the capital of associated companies		649843	924643	627843	893340
4. Other loans		167000	237620	0	0
IV. TOTAL:	1	9927614	14125722	9741542	13860966
Section 1 total amount:		98568954	140250986	103718053	147577494
2. CURRENT ASSETS					
I. Stock (Inventories)					
1. Raw materials, basic and auxiliary materials		19250412	27390869	17722356	25216641
2. Unfinished products, Work-in-Process		619326	881222	1322533	1881795
3. Finished products and goods for sales		16277505	23160803	23339129	33208589
4. Incompleted orders		3989	5676	6107	8689
5. Advance payments for goods		1343395	1911479	2300013	3272624
I. TOTAL:		37494627	53350048	44690138	63588338
II. Accounts receivable (Debtors)					
1. Trade accounts receivable		9091096	12935464	8828243	12561458
2. Debt of related companies (subsidiaries)		256883	365512	287103	408511
3. Debt of associated enterprises		44322	63065	10190	14499
4. Other debtors (accounts receivable)		2583968	3676655	2486236	3537595
5. Shortterm loans		0	0	0	0
6. Prepaid expenses		90458	128710	140447	199838
II. TOTAL:	2	12066727	17169406	11752219	16721901
III. Short-term financial investments					
III. TOTAL:		0	0	0	0
IV. Cash		3514696	5000962	2215045	3151725
IV. TOTAL:		3514696	5000962	2215045	3151725
Section 2 total amount		53076050	75520415	58657402	83461964
TOTAL ASSETS		151645004	215771401	162375455	231039458

LIABILITIES AND SHAREHOLDERS' EQUITY	Enclosure Number	31.03.2009. LVL	31.03.2009. EUR	31.03.2008. LVL	31.03.2008. EUR
1. SHAREHOLDERS' EQUITY					
1. Share capital (fixed capital)		16981033	24161833	16981033	24161833
2. Long-term investments revaluation reserve		62966795	89593678	63256120	90005350
3. Reserves: a) reserves stipulated by law		0	0	0	0
3. Reserves: b) other reserves		38393389	54628871	21959004	31244848
TOTAL:		38393389	54628871	21959004	31244848
4. Retained earnings a) undistributed profit from the previous years		6131440	8724253	16434385	23384023
4. Retained earnings b) undistributed profit of the reporting year		-3318670	-4722042	822452	1170244
section 1 total amount:		121153987	172386593	119452994	169966298
2. PROVISIONS					
1. Provisions for anticipated taxes		0	0	148242	210929
2. Other provisions		1831600	2606132	1907030	2713459
section 2 total amount:	3	1831600	2606132	2055272	2924389
3. LIABILITIES (Accounts Payable)					
I. Long-term Creditors (Accounts Payable).		0	0	0	0
I. TOTAL:		0	0	0	0
II. Short-term Creditors (Accounts payable)					
1. Loans from credit institutions		15574839	22160999	4519733	6431001
2. Other loans		2670415	3799658	1009455	1436325
3. Advance payments received from customers		3445072	4901896	25269705	35955551
4. Suppliers and contractors trade account payable		4988260	7097655	7884014	11217941
5. Accrued liabilities (Payable bills of exchange)		0	0	0	0
6. Payable (debt) to related companies (subsidiaries)		248919	354180	35186	50065
7. Payable (debt) to associated companies		0	0	25137	35767
8. Taxes and state social insurance payments		783536	1114871	951351	1353651
9. Other liabilities		948376	1349417	1172608	1668471
II. TOTAL:	4	28659417	40778677	40867189	58148771
Section 3 total amount:		28659417	40778677	40867189	58148771
TOTAL LIABILITIES AND EQUITY		151645004	215771401	162375455	231039458

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	3 months 2008 LVL	3 months 2008 EUR
1	2	3	4	5	6	7
1	Net turnover	5, 6	42493673	60463049	45982056	65426571
2	Production costs of goods sold	7	-41892261	-59607317	-40386721	-57465127
3	Gross profit or loss (from turnover)		601412	855732	5595335	7961444
4	Sales costs	8	-1974921	-2810059	-1593285	-2267040
5	Administration costs	9	-1334978	-1899503	-1850312	-2632757
6	Other operating income	10	560743	797865	579982	825240
7	Other operating costs	11	-1006452	-1432052	-1399003	-1990602
8	Interest income and other similar income	12	44246	62956	24227	34472
9	Interest payments and similar expenses		-145743	-207374	-137810	-196086
10	Profit or loss before extraordinary items and taxes		-3255693	-4632434	1219134	1734671
11	Profit or loss before taxes		-3255693	-4632434	1219134	1734671
12	Income tax for the reporting period		0	0	-342000	-486622
13	Other taxes		-62977	-89608	-54682	-77805
14	Reporting period profit or loss after taxes		-3318670	-4722042	822452	1170244

The JSC "Liepājas Metalurgs" demonstrated profit at the rate of -0.20 per share.
 In the Financial Statements the LVL amounts were converted into EUR by applying the Bank of Latvia exchange rate at EUR 0.702804.

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 period		3 months 2008	
	LVL	EUR	LVL	EUR
OPERATING CASH FLOW				
Cash received from buyers	44017313	62630994	62744580	89277494
Cash received from other business activities	312740	444989	141743	201682
Interest received from operating activity	43859	62406	23597	
VAT overpayment received	4070482	5791774	3887586	5531537
Cash paid to suppliers and employees	-46929912	-66775249	-56699392	-80675967
<i>Cash received from the core business activity</i>	<i>1514482</i>	<i>2154914</i>	<i>10098114</i>	<i>14368322</i>
Interest payment	-145744	-207375	-170037	-241941
Corporate income tax payment	0	0	0	0
Other tax payments	-1914287	-2723785	-2744265	-3904737
Net cash flow from the core business activity	-545549	-776246	7183812	10221644
CASH FLOW FROM INVESTMENT ACTIVITIES				
Acquisition of fixed assets and intangible assets	-118340	-168383	-665355	-946715
Sale of fixed assets and intangible assets	130000	184973	0	0
Investments in or related companies	0	0	-50000	-71144
Net cash flow from investment operations	11660	16591	-715355	-1017858
CASH FLOW FROM FINANCING ACTIVITIES				
Short-term borrowings in net value (credit line)	2011425	2862000	-6405356	-9114000
Loans to associated companies	0	0	22000	31303
Repayment of loans and interests from related companies	622	885	599	852
Other investments (sponsorship)	-545365	-775984	-555727	-790728
Net cash flow from financial activities	1466682	2086900	-6938484	-9872573
Result of foreign currency exchange rate fluctuations	-7722	-10987	-31941	-45448
Net growth of cash and its equivalents	925071	1316257	-501968	-714236
Cash and its equivalents at the beginning of accounting period	2589625	3684704	2717013	3865961
Cash and its equivalents at the end of accounting period	3514696	5000962	2215045	3151725

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Revaluation reserve of long term investments	Reserves stated by Statute	Other reserves	Retained Earnings of the reporting year	Retained Earnings of the previous year	Equity capital TOTAL
	LVL	LVL	LVL	LVL	LVL	LVL	LVL
As of 31.12.2007.	16981033	63409841	0	21959004	16434385	0	118784263
Previous year profit put in reserves				16434385	-16434385		0
Undistributed profit of the reporting period					6131440		6131440
Increase of fixed capital							0
Increase of revaluation reserve							0
Written-off revaluation reserve		-393044					-393044
As of 31.12.2008.	16981033	63016797	0	38393389	6131440	0	124522659
Previous year profit put in reserves							0
Undistributed profit of the review period					-3318670		-3318670
Reserves distribution							0
Increase of revaluation reserve							0
Written-off revaluation reserve		-50003					-50003
As of 31.03.2009.	16981033	62966794	0	38393389	2812770	0	121153986

	Share capital	Revaluation reserve of long term investments	Reserves stated by Statute	Other reserves	Retained Earnings of the reporting year	Retained Earnings of the previous years	Equity capital TOTAL
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
As of 31.12.2007.	24161833	90224075	0	31244848	23384023	0	169014779
Previous year profit put in reserves				23384023	-23384023	0	0
Undistributed profit of the reporting period					8724253		8724253
Increase of fixed capital							0
Increase of revaluation reserve		0					0
Written-off revaluation reserve		-559251					-559251
As at 31.12.2008.	24161833	89664824	0	54628871	8724253	0	177179781
Previous year profit put in reserves							0
Undistributed profit of the review period					-4722042		-4722042
Reserves distribution							0
Increase of revaluation reserve							0
Written-off revaluation reserve		-71148					-71148
As of 31.03.2009.	24161833	89593676	0	54628871	4002211	0	172386591

ENCLOSURES TO THE ANNUAL REPORT

ACCOUNTING POLICY

Basis for Preparation of the Annual Report

The Annual Report is prepared in accordance with the law "On Accounting" and "On Annual Report", as well as with the Latvian Accounting Standards (LAS): 1. LAS, "Financial Statements Preparation Principles", 2. LAS, "Cash Flow Statement", 3. LAS, "Events After the Balance Sheet Date", 4. LAS "Changes in Accounting Policies, Amendments in Accounting Estimates and Prior Period Errors", 5. LAS "Long-term Agreements", 6. LAS "Income", 7. LAS "Fixed Assets", 8. LAS "Provisions, Potential Liabilities and Assets", 9. LAS "Investment Properties", and is also in compliance with the European Union (EU) International Standards on preparation of the Financial Statements. Profit and Loss Statement is prepared using the turnover method. The Cash Flow Statement has been presented, by establishing the cash flow from the core activity by the direct method. As compared to the previous reporting year, the Company's methods used for reporting and valuation have not changed.

Accounting Principles Applied

The items of the Annual Report are evaluated by applying the following accounting principles:

- a) The assumption that the Company will continue its operations as a going concern;
- b) By applying the same valuation methods that were used in the previous year;
- c) The concept of prudence, which implies that valuation of items has been performed with due caution:
 - The Annual Report reflects only the profit earned by the closing date of the Balance;
 - The Report has been presented, taking into account all predictable risk amounts and losses incurred in the reporting year or in the previous years, also where they have become known in the period of time between the date of drawing up the Balance and the respective Annual Report;
 - All amounts that reduce the value, as well as depreciation amounts have been calculated and taken into account, irrespective of whether the reporting year has been completed with profit or losses;
- d) Revenues and expenditures related to the reporting year have been taken into account, irrespective of the date on which the payment was effected and the date of the receipt or drawing of the invoice. The expenditures are coordinated with revenues in the reporting period;
- e) Breakdowns of the Assets and Liabilities items have been calculated separately;
- f) Elements of the opening balance sheet items in the accounting year coincide with those presented in the closing balance of the previous year;
- g) All items, which could essentially affect the assessment or decision-making by the users of this Annual Report, have been presented;
- h) Business transactions in the Annual Report are reflected taking into account their economic nature and essence, not their legal form.

Use of Estimates

In the preparation of the Financial Statements, the management is obliged to base its opinion on definite estimates and assumptions, which impact the balances of the Balance Sheet and Profit and Loss Account items in the particular statements as well as the possible amount of liabilities. Future events can affect assumptions, based on which the respective estimates are

made. Any impact of changes of estimates is reflected in the financial statement at the date when they are identified.

Recognition of Income and Net Turnover (Revenue)

Net turnover is the total sum of the value of goods sold and of the services rendered during the year net of discounts and value added tax.

Other income is recognized as follows:

- a) Income from rent/lease – on the date it is created;
- b) Income from fines and late payments – at the date of the receipt;

Long-Term Intangible Assets and Fixed (Capital) Assets

Intangible assets and fixed assets are recorded at historical cost or revalue amount net of accumulated depreciation and accumulated impairment losses. Joint-Stock Company capitalizes Fixed Assets, which have a value greater than 500 LVL. These fixed assets are recorded as low value assets. The gradual depreciation/amortization application is not necessary or useful in this case, since it is immaterial in relation to the operating activity performance results. Those costs associated with low value assets are reflected in the Profit and Loss statement. At the moment of acquisition, such assets are not accounted for in the balance sheet.

Land depreciation is not calculated. Depreciation is calculated at the time of useful life of a particular asset, by using the straight-line method and applying the following depreciation rates fixed by the management:

Intangible assets	
Licenses and computer software	20 %
Fixed (Capital) Assets:	
Buildings and Structures	5 %
Technological Equipment and Machinery operated in harsh working environment or at the maximum load level	35 %
Transportation Vehicles and Equipment	20 %
Computers and Data Storage Equipment	35 %
Other Fixed Assets	30 %

Intangible assets consist of licences and computer software, which were achieved against pay. The value of intangible assets is amortized by depreciation.

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”. The Financial Statements record the revaluation based on the market valuation methods, i.e. the accumulated depreciation is liquidated as of the revaluation date and a defined value is accepted as its new report value.

Expenditures for current repairs and maintenance are incorporated in the Profit and Loss Statement for the period, in which they are incurred.

Construction in progress

Construction in progress represents tangible non-current assets under construction and is stated at historical cost. This includes the cost of construction and other direct expenses. Construction in progress is not depreciated as long as the respective assets are not completed and put into operation.

Profit or loss from exclusion of fixed assets are calculated as a difference between book value of fixed assets and income gained as a result of their sale, and income from the

respective fixed asset revaluation reserve write-off, and are included in the Profit and Loss Statement for the period in which it was created.

The real estate of the Company located in str.Brivibas 3/7, str.Brivibas 93, str.Brivibas 93^a, str.Brivibas 95^a, str.Brivibas 95^b, str.Brivibas 97^a and str.Brivibas 99^a are as credit line security for the bank.

Investment Properties

Investment properties refer to land and buildings kept by the company in order to receive rent from the lease of these property sites, as well as gain income resulting from an increase of value of the said real estate, instead of using it for industrial purposes, supply of goods or services, administrative functions or sale as part of daily business transactions.

Investment properties are initially valued at their cost value, including the cost of the respective transaction. After their initial recognition, investment properties are evaluated in their actual value, which corresponds to the current price of a similar property in similar location and condition and with similar lease contract terms. In cases, when such information is not available, the most recent possible prices in a less active market are used or current value for anticipated cash flow in the future is calculated, which is substantiated with the effective lease contracts and rates of rent for similar properties in the market. Actual value of property is established annually by a certified real estate appraiser from "BDO Invest Rīga".

Beginning from year 2006, profit or losses from adjustments of actual value of investment properties are reflected in the Profit and Loss Statement. Prior to year 2006, the changes in actual value of fixed assets were reflected in the long-term assets revaluation reserve under owner's equity.

The real estate which is being constructed and developed to use it as investment property is stated at historical cost and included in fixed assets as fixed assets under construction as long as it is not completed and put into operation as investment property.

Investments in Subsidiaries and Associated Companies

Investments in subsidiaries (i.e., in companies, in which the Company is holding more than 50% of share capital or which it is controlling in some other way) and associated companies (i.e., companies, in which the Company exercises significant influence but does not hold the controlling interest, in which it has a 20-50% stake of share capital) are entered in accounts by applying the cost method. After initial recognition, investments in subsidiaries and associated companies are entered in accounts in their initial value, less the losses due to reduction of value. The Company recognizes the revenues from its holding in equity only to the extent to which the Company receives the share of accumulated profit of the subsidiary or associated company, which is gained after the date of acquisition of capital shares/parts. The received part of profit, which exceeds such profit, is considered as recovery of investment and is regarded as reduction of initial value of investments. Dividends from affiliated companies are not received. The Company investments in related companies were LVL 9069006,- (EUR 12904033,-) and in associated companies were LVL 649843,- (EUR 924643,-).

Changes in Accounting Policy

The Company's accounting policy and valuation methods have not been changed.

Currency Unit and Conversion of Foreign Currency

Values presented in these financial statements are expressed in the Latvian national currency – lats (LVL).

All transactions in foreign currencies are converted into LVL according to the official currency rate fixed by the Bank of Latvia on the date the particular transaction is performed. Assets and liabilities expressed in foreign currencies are converted into LVL according to the currency rate fixed by the Bank of Latvia on the last date of the accounting period. Profit or losses due to foreign currency rate fluctuations are reflected in the Profit and Loss account for the respective accounting period in net value.

Cash and Its Equivalents

The Cash Flow Statement reflects cash and cash equivalents in the cash office, current bank account balances and short-term deposits. The Cash Flow Statement is prepared by using the direct method.

Long-Term and Short-Term Items

Long-term items incorporate amounts with a term of receipt, payment or write-off longer than one year since the end of the respective accounting year. The amounts to be received, paid or written off within one year's time are presented in short-term items.

Capitalization of Loan Payments and Other Payments

The value of incomplete construction sites is increased by the loan interest used for the formation of fixed assets and other direct costs incurred with regard to the particular construction site until putting the newly constructed object into use. Initial value of the respective fixed asset is not increased by the loan interest used for the formation of fixed assets in the periods, in which active development work on the unfinished construction site is not performed.

Accounts Receivable

Accounts receivable are presented in the balance sheet in their net value, by deducting specific provisions for bad and doubtful debts from initial value. Specific provisions for bad and doubtful debts are formed in cases when the management considers that recovery of these specifically separated accounts receivable is unlikely. On a conservative basis, only the actual account receivable debt is presented in the Balance Sheet. The Accounts Receivable balances are recorded based on the corresponding entries in the accounting registers.

Financial Leasing

The Company does not practice financial leasing. JSC "Liepājas Metalurgs" uses such forms of short-term financing as factoring. The commercial contracts often have payment terms up to 90 days. The bank acts as an intermediary between the supplier and buyer by purchasing wire-invoices from the supplier and inquiring corresponding payments from the buyer. The Company operates under a recourse factoring agreement, where the Company is held responsible in front of the bank in such cases when the buyer fails to deliver the payment.

Creditor Obligations

Creditor Obligations are reflected in the costs and comply with proper documentation and entries in the accounting registers. Short-term creditors include those with payment terms within a 12-month period after the end of the reporting period.

Credited advance payment is presented as loans (other loans).

Research and Development Costs

Research costs are recognized in the Profit and Loss Statement for the period in which they were incurred. Development costs related to sale or development of an asset for own needs are capitalised in the balance sheet under intangible assets, which are recognized only in that case when the Company can prove that the completion of this intangible assets is technically possible in a way to enable its further sale or use to produce business benefits.

Evaluation of Stock

Stock is evaluated by using the weighted average cost method. First-in-first-out (FIFO) method is used in the inventory accounting. Obsolete, slow-turnover or damaged stock is written-off. Inventories in the shops are written-off based on the production average costs. The stock inventory amount is checked during an annual cycle count.

Finished goods, work-in-process and service balances are reflected in the costs.

Provisions for Unused Vacations

Reserves for unused vacations are established by taking a fraction of 1/12 from the next year anticipated wages expenses from the approved wage reserve in the 2009 budget of the Joint-Stock Company.

Corporate Income Tax

Corporate income tax in the reporting period includes current and deferred taxes. The corporate income tax has been stated in the Profit or Loss Statement.

Corporate income tax for the reporting period has been calculated in accordance with the requirements of the law of the Republic of Latvia "On corporate income tax", applying a 15% rate fixed by the law.

Deferred tax

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The temporary differences are related with the differences in the depreciation rates of reporting and tax depreciation and amortization on the Company's non-current assets, as well as with accruals for unused annual leave and with tax losses carried forward. The deferred tax was calculated by applying a 15% tax rate fixed by the law.

Reclassification of Items

The classification of items in the financial reports was not changed.

Number of Employees

The average number of LM employees for 3 months of the year 2009 was 2488.

ENCLOSURES TO BALANCE SHEET

1. INVESTMENT CHANGES

Long-Term Financial Investments (LVL)

Company Name, Address, Registration Number	Ownership in % and LVL	
	31.03.2009.	31.03.2008.
Related Companies (Subsidiaries)		
JSC "Liepājas osta LM" (Liepāja's Port LM) Sliežu iela 7/1, Liepāja; 40003154754	95.17 7749206	95.17 7749206
"Sports Club Liepājas metalurgs", Ltd. Brīvības iela 93, Liepāja; 40003348213	95 1900	95 1900
"Ice-Hockey Hall "Liepājas metalurgs"", Ltd. Brīvības iela 93, Liepāja; 40003421648	95 1900	90 1800
"Rūķis LM", Ltd. Brīvības iela 93, Liepāja; 42103038147	100 1316000	100 1316000
Total Investments in Related Companies, LVL	9069006	9068906
Associated Companies		
"Elme Messer Metalurgs", Ltd. Brīvības iela 93, Liepāja; 40003461570	49 432343	49 432343
"SMA LM Mineral", Ltd. Brīvības iela 93, Liepāja; 42103037781	50 13000	50 13000
JSC "Sātiņi LM" Brīvības iela 93, Liepāja; 42103037207	50 84500	50 62500
"Metalurgs & Duna", Ltd. Stūrmaņa 1, Liepāja; 42103019610	50 120000	50 120000
Total Investments in Associated Companies, LVL	649843	627843

Long-Term Financial Investments: Quarterly Movement Report for 3 months of the year 2009 (LVL)

	Share in the capital of related companies (subsidiaries)	Share in the capital of associated companies	Long-Term Loans
Beginning value on 31.12.2008.	9069006	649843	41913
Invested (loans provided)			
Repaid loans			148
Moved to another item (or written-off)			
Accumulated saving			
The balance on 31.03.2009.	9069006	649843	41765

Long-Term Financial Investments (EUR)

Company Name, Address, Registration Number	Ownership in % and EUR	
	31.03.2009.	31.03.2008.
Related Companies (Subsidiaries)		
JSC "Liepājas osta LM" (Liepāja's Port LM) Sliežu iela 7/1, Liepāja; 40003154754	95.17 11026127	95.17 11026127
"Sports Club Liepājas metalurgs", Ltd. Brīvības iela 93, Liepāja; 40003348213	95 2703	95 2703
"Ice-Hockey Hall "Liepājas metalurgs"", Ltd. Brīvības iela 93, Liepāja; 40003421648	95 2704	90 2562
"Rūķis LM", Ltd. Brīvības iela 93, Liepāja; 42103038147	100 1872499	100 1872499
Total Investments in Related Companies, EUR	12904033	12903891
Associated Companies		
"Elme Messer Metalurgs", Ltd. Brīvības iela 93, Liepāja; 40003461570	49 615169	49 615169
"SMA LM Mineral", Ltd. Brīvības iela 93, Liepāja; 42103037781	50 18498	50 18498
JSC "Sātiņi LM" Brīvības iela 93, Liepāja; 42103037207	50 120232	50 88929
"Metalurgs & Duna", Ltd. Stūrmaņa 1, Liepāja; 42103019610	50 170745	50 170745
Total Investments in Associated Companies, EUR	924644	893341

Long-Term Financial Investments: Quarterly Movement Report for 3 months of the year 2009 (EUR)

	Share in the capital of related companies (subsidiaries)	Share in the capital of associated companies	Long-Term Loans
Beginning value on 31.12.2008.	12904033	924644	59636
Invested (loans provided)			
Repaid loans			210
Moved to another item (or written-off)			
Accumulated saving			
The balance on 31.03.2009.	12904033	924644	59426

2. ACCOUNTS RECEIVABLE (DEBTORS)

DEBTORS	As of 31.03.2009.		As of 31.03.2008.	
	LVL	EUR	LVL	EUR
Customers and affiliated companies debts	9392301	13364040	9125536	12984468
Incl. Debts of buyers and customers	6619544	9418763	8306757	11819450
Incl. Debts of buyers with factoring activities	2471552	3516702	521486	742008
Incl. Debts of related companies (subsidiaries)	256883	365512	287103	408511
Incl. Debts of associated enterprises (doubtful debtors debt)	44322 /154498/	63065 /219831/	10190 /59744/	14499 /85008/
Other debtors	2583968	3676655	2486236	3537595
Incl. Accrued and unpaid VAT	0	0	24708	35156
Incl. Advance payments	3809	5420	8077	11493
Incl. VAT budget overpayments	656023	933437	1968763	2801297
Incl. Debt for caused damages to the enterprise	24871	35388	120	171
Incl. Various debtors	29875	42508	54055	76913
Incl. Overpaid salaries	331	471	110	157
Incl. Advance prepayment for services	15222	21659	6660	9476
Incl. Advance prepayment for Corporate income tax	1841771	2620604	401697	571563
Incl. Overpaid taxes	2066	2940	11464	16312
Incl. Security deposit	10000	14229	10582	15057
Future periods payments	90458	128710	140447	199838
Incl. Press expenses	7442	10589	6579	9361
Incl. Miscellaneous	23453	33371	21179	30135
Incl. Property insurance	59563	84751	71439	101649
Incl. Publicity and Advertisement	0	0	41250	58693
Total Debtors:	12066727	17169406	11752219	16721901

3. PROVISIONS

	Provisions for anticipated vacations (4318)		Provisions for doubtful debtors (4319)		Other provisions (4316)		Tax provisions	
	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR
On 31.12.2008.	1831600	2606132	154498	219831	0	0	0	0
Increase	0	0	0	0	0	0	0	0
Decrease	0	0	0	0	0	0	0	0
Written-off as bad debt	0	0	0	0	0	0	0	0
Repriced	0	0	0	0	0	0	0	0
On 31.03.2009.	1831600	2606132	154498	219831	0	0	0	0

4. ACCOUNTS PAYABLE (CREDITORS)

CREDITORS	As of 31.03.2009.		As of 31.03.2008.	
	LVL	EUR	LVL	EUR
Short-term borrowing from credit institutions (credit line)	15574839	22160999	4519733	6431001
Credit interests	0	0	0	0
Advance payments (residents)	197113	280467	152879	217527
Advance payments (non residents)	3247959	4621429	25116826	35738024
Other borrowing (factoring)	2670415	3799658	1009455	1436325
Debts to suppliers and contractors	4988260	7097655	7884014	11217941
Incl. Materials and gas	3639791	5178956	5030689	7158026
Incl. Services	826828	1176470	887541	1262857
Incl. Scrap, various services related to scrap delivery, processing	507284	721800	1787328	2543139
Incl. Fixed assets	11248	16004	155030	220588
Incl. Medical department creditors	2247	3197	4029	5733
Incl. Other Creditors	862	1227	19397	27599
Debts to related enterprises (subsidiaries)	248919	354180	35186	50065
Debts to associated enterprises	0	0	25137	35767
Taxes and social insurance payments	783536	1114871	951351	1353651
Incl. State tax	628	894	667	949
Incl. Residents' Income tax	263943	375557	365652	520276
Incl. VAT for the previous period	1235	1757	42	60
Incl. Social Security tax	504749	718193	560490	797505
Incl. Nature resources tax	12981	18470	24500	34860
Other creditors (liabilities)	948376	1349417	1172608	1668471
Incl. Payments for salaries	912253	1298019	1136966	1617757
Incl. Deductions from salaries	36123	51398	35642	50714
Total Creditors:	28659417	40778677	40867189	58148771

ENCLOSURES TO PROFIT AND LOSS STATEMENT

5. NET TURNOVER (REVENUE)

Product Description	For 3 months of year 2009		For 3 months of year 2008	
	LVL	EUR	LVL	EUR
Rolled steel	42063107	59850409	45435161	64648410
Consumer goods	45627	64921	199192	283425
Services	51565	73370	62462	88875
Sold steam, gCal	6743	9594	6422	9138
Medical department	310780	442200	264616	376515
Transportation services	15851	22554	14203	20209
TOTAL	42493673	60463049	45982056	65426571

6. NET TURNOVER BY GEOGRAPHIC MARKETS

Market	For 3 months of year 2009		For 3 months of year 2008	
	LVL	EUR	LVL	EUR
European Union countries	21343971	30369735	29744796	42323032
Other third countries	21149702	30093315	7012998	9978597
Total	42493673	60463049	36757794	52301629

7. PRODUCTION COSTS OF SOLD GOODS

Cost Description	For 3 months of year 2009		For 3 months of year 2008	
	LVL	EUR	LVL	EUR
Materials	27186052	38682267	29238574	41602743
Salaries and wages	4209462	5989525	3409530	4851324
Social benefits deductions	989508	1407943	801330	1140190
Depreciation	2732911	3888582	1764499	2510656
Other costs	6774328	9639000	5172788	7360214
Total	41892261	59607317	40386721	57465127

8. SALES COSTS

Cost Description	For 3 months of year 2009		For 3 months of year 2008	
	LVL	EUR	LVL	EUR
Packing materials	27040	38474	32597	46381
Transportation costs	668640	951389	418781	595872
Freight	544566	774848	730680	1039664
Port handling charges	572799	815020	278581	396385
Advertising and marketing costs	7196	10239	9309	13246
Other sales costs (insurance, storage/warehousing, depreciation, and other)	82161	116905	117298	166900
Costs related to factoring	72519	103185	6039	8593
Total	1974921	2810059	1593285	2267040

9. ADMINISTRATION COSTS

Costs Description	For 3 months of year 2009		For 3 months of year 2008	
	LVL	EUR	LVL	EUR
Salaries and social costs	826658	1176228	1100955	1566518
Communication costs	21096	30017	24091	34278
Office supplies and office maintenance costs	266724	379514	343752	489115
Legal and auditing fees	26413	37582	124063	176526
Presentation costs	26232	37325	34560	49174
Depreciation of fixed assets	138602	197213	135970	193468
Management traveling expenses	23480	33409	22605	32164
Management training	1889	2688	4421	6291
Costs for bank account services	3884	5526	2580	3671
Costs related to stockholders	0	0	57315	81552
Total	1334978	1899503	1850312	2632757

10. OTHER OPERATING INCOME

Income Description	For 3 months of year 2009		For 3 months of year 2008	
	LVL	EUR	LVL	EUR
Sale of current assets	161701	230080	357236	508301
Sale of fixed assets and liquidation	130000 1427	184973 2030	24 4509	34 6416
Received fines	30550	43469	8332	11855
Written-off revaluation reserve of fixed assets	50003	71148	153722	218727
Bad debt recovery	37145	52853	9674	13765
Other income from operating activity	149917	213313	46485	66142
Total	560743	797865	579982	825240

11. OTHER OPERATING COSTS

Costs Description	For 3 months of year 2009		For 3 months of year 2008	
	LVL	EUR	LVL	EUR
Sales costs of current assets	147641	210074	207443	295165
Costs related to the sale and liquidation of fixed assets	14544 16558	20694 23560	0 88797	0 126347
Currency exchange loss	55057	78339	130245	185322
Provisions for bad debts	215	306	0	0
Paid compensations and other benefits	81331	115724	141784	201740
Other costs	107865	153478	88966	126587
Paid fines	114	162	16083	22884
Sponsorship	554307	788708	551180	784258
Costs not related to the operating activities	0	0	29151	41478
Costs of infrastructure maintenance	13506	19217	25235	35906
Training costs of the new staff	4581	6518	3035	4318
Costs of previous period	177	252	106422	151425
Costs of representative auto maintenance	10556	15020	10662	15171
Total	1006452	1432052	1399003	1990602

12. INTEREST INCOME

Income	For 3 months of year 2009		For 3 months of year 2008	
	LVL	EUR	LVL	EUR
Income from loans to business persons	386	549	630	896
Income from bank accounts	1130	1608	864	1229
Income from deposit investments	42730	60799	22733	32346
Total Interest Income	44246	62956	24227	34472