

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

Consolidated  
Quarterly Report

For 3 months of the year 2009

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## 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. 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 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 Quarterly Report for 3 months of the year 2009.**

The Company’s non-audited Net Turnover in the reporting period was LVL 44,8 million (EUR 63.7 mill.), and it was 48,9 million LVL (EUR 69.6 mill.) in the first quarter 2008.

The Company’s loss from business activities in the reporting period was 3.2 million LVL (EUR 4.6 mill.), which was a profit of 0.7 million LVL (EUR 1 mill.) in the same period in previous year.

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

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.

JSC “Liepājas Metalurgs”

Chairman of the Board

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/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 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/

### BALANCE SHEET

ASSETS	Enclosure Number	31.03.2009. LVL	31.03.2009. EUR	31.03.2008. LVL	31.03.2008. EUR
<b>1. LONG-TERM INVESTMENTS</b>					
<b>I. Intangible investments</b>					
1. Concessions, patents, licenses, trademarks and similar rights		84729	120559	82601	117531
2. Other intangible assets		0	0	0	0
3. Goodwill		182924	260277	249442	354924
4. Advance payments for intangible investments		0	0	9987	14210
<b>ITOTAL:</b>		<b>267653</b>	<b>380836</b>	<b>342030</b>	<b>486665</b>
<b>II. Fixed assets</b>					
1. Land, buildings and constructions, and long-term sites		53643120	76327283	54788408	77956881
2. Long-term investments in rented fixed assets		5886726	8376056	5102514	7260223
3. Technological equipment and machinery		34657618	49313348	36585550	52056548
4. Other fixed assets and inventory		3531551	5024944	3628463	5162838
5. Fixed assets formation and costs of unfinished construction sites		4642762	6606055	5047962	7182603
6. Advance payments for fixed assets		124465	177098	163627	232820
<b>II. TOTAL:</b>		<b>102486242</b>	<b>145824785</b>	<b>105316524</b>	<b>149851913</b>
<b>III. Investment properties</b>					
Investment properties		<b>4800789</b>	<b>6830907</b>	<b>4882333</b>	<b>6946934</b>
<b>IV. Long-term financial investments</b>					
1. Share in the capital of related companies (subsidiaries)		0	0	0	0
2. Share in the capital of associated companies		658263	936624	636263	905321
3. Deferred Tax		167000	237620	0	0
4. Other loans		8000	11383	9920	14115
<b>IV. TOTAL:</b>		<b>833263</b>	<b>1185626</b>	<b>646183</b>	<b>919436</b>
<b>Section 1 total amount:</b>		<b>108387947</b>	<b>154222154</b>	<b>111187070</b>	<b>158204948</b>
<b>2. CURRENT ASSETS</b>					
<b>I. Stock (Inventories)</b>					
1. Raw materials, basic and auxiliary materials		19386101	27583937	17815822	25349631
2. Unfinished products, Work in Process		619326	881222	1322533	1881795
3. Finished products and goods for sales		16465350	23428082	23480091	33409160
4. Incompleted orders		3989	5676	6107	8689
5. Advance payments for goods		1366217	1943952	2358084	3355251
6. Labour animals and productive animals		110	157	160	228
<b>I. TOTAL:</b>		<b>37841093</b>	<b>53843025</b>	<b>44982797</b>	<b>64004754</b>
<b>II. Accounts receivable (Debtors)</b>					
1. Trade accounts receivable		9661883	13747621	9784012	13921395
2. Debt of associated enterprises		44322	63065	10190	14499
3. Other debtors (accounts receivable)		3506452	4989232	2894225	4118111
4. Short-term loans to co-owners and management of the company		0	0	0	0
5. Prepaid expenses		298120	424187	159060	226322
<b>II. TOTAL:</b>	<b>1</b>	<b>13510777</b>	<b>19224104</b>	<b>12847487</b>	<b>18280327</b>
<b>III. Short-term financial investments</b>					
<b>III. TOTAL:</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>IV. Cash</b>		4117449	5858602	6168044	8776336
<b>IV. TOTAL:</b>		<b>4117449</b>	<b>5858602</b>	<b>6168044</b>	<b>8776336</b>
<b>Section 2 total amount</b>		<b>55469319</b>	<b>78925730</b>	<b>63998328</b>	<b>91061417</b>
<b>TOTAL ASSETS</b>		<b>163857266</b>	<b>233147885</b>	<b>175185398</b>	<b>249266364</b>



LIABILITIES AND SHAREHOLDERS' EQUITY	Enclosure Number	31.03.2009. LVL	31.03.2009. EUR	31.03.2008. LVL	31.03.2008. EUR
<b>1. SHAREHOLDERS' EQUITY</b>					
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
<b>3. TOTAL:</b>		<b>38393389</b>	<b>54628871</b>	<b>21959004</b>	<b>31244848</b>
4. Retained earnings: a) undistributed profit from the previous years		6447444	9173886	16949760	24117336
4. Retained earnings: b) undistributed profit of the reporting year		-3139708	-4467402	741683	1055320
4. Retained earnings: c) Minority shareholders		-66367	-94432	-43999	-62605
4. Retained earnings: b+c undistributed profit of the reporting year		<b>-3206075</b>	<b>-4561834</b>	<b>697684</b>	<b>992715</b>
Section 1 total amount:		<b>121582586</b>	<b>172996434</b>	<b>119843601</b>	<b>170522082</b>
Minority shareholders		394444	561243	406459	578339
<b>2. PROVISIONS</b>					
1. Provisions for anticipated taxes		91574	130298	155336	221023
2. Other provisions		1899414	2702623	1952109	2777601
Section 2 total amount:		<b>1990988</b>	<b>2832921</b>	<b>2107445</b>	<b>2998624</b>
<b>3. LIABILITIES (Accounts payable)</b>					
<b>I. Long-term Creditors (Accounts payable)</b>					
1. Loans from credit institutions		2372718	3376074	2311834	3289443
2. Other loans		1767228	2514539	143720	204495
3. Debts to suppliers and contractors		0	0	0	0
4. Other liabilities		215146	306125	276513	393443
<b>I. TOTAL:</b>		<b>4355092</b>	<b>6196738</b>	<b>2732067</b>	<b>3887381</b>
<b>II. Short-term Creditors (Accounts payable)</b>					
1. Loans from credit institutions		17018192	24214706	9297851	13229650
2. Other loans		6907873	9829018	4361046	6205209
3. Advance payments received from customers		3640992	5180665	25306941	36008533
4. Suppliers and contractors trade account payable		5967598	8491127	8640581	12294439
5. Accrued liabilities (payable bills of exchange)		10650	15154	10924	15543
6. Payable (debt) to associated companies		0	0	25137	35767
7. Taxes and state social insurance payments		913931	1300407	1145602	1630045
8. Other liabilities		1074921	1529475	1292598	1839201
9. Deferred income		0	0	0	0
10. Unpaid dividends for previous years		0	0	15146	21551
<b>II. TOTAL:</b>		<b>35534157</b>	<b>50560550</b>	<b>50095826</b>	<b>71279939</b>
Section 3 total amount:	2	<b>39889249</b>	<b>56757288</b>	<b>52827893</b>	<b>75167320</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>163857267</b>	<b>233147886</b>	<b>175185398</b>	<b>249266364</b>

JSC "Liepājas Metalurgs"  
 Chairman of the Board

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/V.Terentjevs/

Member of the Board

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/I.Segals/

Member of the Board

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/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	<b>Net turnover</b>	3, 4	<b>44799144</b>	<b>63743439</b>	<b>48865216</b>	<b>69528938</b>
2	<b>Production costs of goods sold</b>	5	<b>-43646322</b>	<b>-62103121</b>	<b>-42659784</b>	<b>-60699404</b>
3	<b>Gross profit or loss (from turnover)</b>		<b>1152822</b>	<b>1640318</b>	<b>6205432</b>	<b>8829534</b>
4	<b>Sales costs</b>	6	<b>-2394667</b>	<b>-3407304</b>	<b>-2557613</b>	<b>-3639155</b>
5	<b>Administration costs</b>	7	<b>-1950174</b>	<b>-2774848</b>	<b>-2153667</b>	<b>-3064392</b>
6	<b>Other operating income</b>	8	<b>699379</b>	<b>995127</b>	<b>667132</b>	<b>949243</b>
7	<b>Other operating costs</b>	9	<b>-467653</b>	<b>-665410</b>	<b>-898856</b>	<b>-1278957</b>
8	<b>Interest income and other similar income</b>		<b>43886</b>	<b>62444</b>	<b>62105</b>	<b>88367</b>
9	<b>Interest payments and similar expenses</b>		<b>-223671</b>	<b>-318255</b>	<b>-227571</b>	<b>-323804</b>
10	<b>Profit or loss before extraordinary items and taxes</b>		<b>-3140078</b>	<b>-4467928</b>	<b>1096962</b>	<b>1560836</b>
11	<b>Income tax for the reporting period</b>		<b>0</b>	<b>0</b>	<b>-342000</b>	<b>-486622</b>
12	<b>Other taxes</b>		<b>-65997</b>	<b>-93905</b>	<b>-57278</b>	<b>-81499</b>
13	<b>Reporting period profit or loss after taxes for the consolidated financial statement</b>		<b>-3206075</b>	<b>-4561834</b>	<b>697684</b>	<b>992715</b>

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

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/V.Terentjevs/

Member of the Board

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/I.Segals/

Member of the Board

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/L.Ptičkins/

**CASH FLOW STATEMENT**  
**(by direct method)**

	Reporting period		3 months of the year 2008	
	LVL	EUR	LVL	EUR
<b>OPERATING CASH FLOW</b>				
Cash received from buyers	46507692	66174484	65804365	93631176
Cash received from other business activities	313834	446546	165742	235830
VAT overpayment received	4070482	5791774	3887586	5531537
Cash paid to suppliers and employees	-49381738	-70263883	-61699343	-87790256
<i>Cash received from the core business activity</i>	1510270	2148921	8158350	11608286
Interest payments	-223049	-317370	-258585	-367933
Received interest	42770	60856	38276	54462
Corporate income tax payments	-3783	-5383	-4760	-6773
Other tax payments	-2244971	-3194306	-3245001	-4617220
<b>Net cash flow from the core business activity</b>	<b>-918763</b>	<b>-1307282</b>	<b>4688280</b>	<b>6670821</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
Long-term credit to students of JSC "LM" and other loans	0	0	0	0
Other loans granted	0	0	-1664	-2368
Acquisition of fixed assets	-121281	-172567	-681692	-969960
Sale of fixed assets and intangible assets	130000	184973	0	0
Investments in associated and related companies	0	0	-27440	-39044
Interests received from the loan	494	703	0	0
<b>Net cash flow from investment operations</b>	<b>9213</b>	<b>13109</b>	<b>-710796</b>	<b>-1011372</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Short term borrowings, net value (credit line)	2031424	2890456	-6405356	-9114000
Long term borrowings	79780	113517	1849956	2632250
Paid liabilities for financial leasing	-84401	-120092	0	0
Loans to associated companies	0	0	0	0
Repayment of loans of associated and related companies	0	0	22599	32155
Other long-term loans	0	0	0	0
Loan repayments	-76169	-108379	-106298	-151248
Other investments (sponsorship)	-32602	-46388	41372	58867
Subsidies	143877	204719	24380	34690
<b>Net cash flow from financing activities</b>	<b>2061909</b>	<b>2933832</b>	<b>-4573347</b>	<b>-6507287</b>
Result of foreign currency exchange rate fluctuations	-9773	-13906	-31761	-45192
<b>Net growth of cash and its equivalents</b>	<b>1142586</b>	<b>1625753</b>	<b>-627624</b>	<b>-893028</b>
Cash and its equivalents at the beginning of accounting period	2974863	4232849	6795668	9669364
Cash and its equivalents at the end of accounting period	<b>4117449</b>	<b>5858602</b>	<b>6168044</b>	<b>8776336</b>

### 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
<b>As of 31.12.2007.</b>	<b>16981033</b>	<b>63482225</b>	<b>21959004</b>	<b>17188774</b>	<b>53951</b>	<b>119664987</b>
Profit in reserves			16434385	-17188774	1261505	<b>507116</b>
Reserves distribution						<b>0</b>
Undistributed profit of the reporting period				5935893		<b>5935893</b>
Minority shareholders		0			-808340	<b>-808340</b>
Increase of revaluation reserve		0				<b>0</b>
Written-off revaluation reserve		-393044				<b>-393044</b>
<b>As of 31.12.2008.</b>	<b>16981033</b>	<b>63089181</b>	<b>38393389</b>	<b>5935893</b>	<b>507116</b>	<b>124906612</b>
Profit in reserves				-5935893	5935893	<b>0</b>
Undistributed profit of the review period				-3206075		<b>-3206075</b>
Reserves distribution						<b>0</b>
Minority shareholders					4435	<b>4435</b>
Increase of revaluation reserve						<b>0</b>
Written-off revaluation reserve		-122386				<b>-122386</b>
<b>As of 31.03.2009.</b>	<b>16981033</b>	<b>62966795</b>	<b>38393389</b>	<b>-3206075</b>	<b>6447444</b>	<b>121582586</b>

	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
<b>As of 31.12.2007.</b>	<b>24161833</b>	<b>90327068</b>	<b>31244848</b>	<b>24457422</b>	<b>76765</b>	<b>170267937</b>
Profit in reserves			23384023	-24457422	1794960	<b>721561</b>
Reserves distribution						<b>0</b>
Undistributed profit of the reporting period				8446015		<b>8446015</b>
Minority shareholders					-1150164	<b>-1150164</b>
Increase of revaluation reserve		0				<b>0</b>
Written-off revaluation reserve		-559251				<b>-559251</b>
<b>As of 31.12.2008.</b>	<b>24161833</b>	<b>89767817</b>	<b>54628871</b>	<b>8446015</b>	<b>721561</b>	<b>177726097</b>
Profit in reserves				-8446015	8446015	<b>0</b>
Undistributed profit of the review period				-4561834		<b>-4561834</b>
Minority shareholders					6310	<b>6310</b>
Increase of revaluation reserve						<b>0</b>
Reserves distribution						<b>0</b>
Written-off revaluation reserve		-174140				<b>-174140</b>
<b>As of 31.03.2009.</b>	<b>24161833</b>	<b>89593678</b>	<b>54628871</b>	<b>-4561834</b>	<b>9173886</b>	<b>172996434</b>

## ENCLOSURES TO THE ANNUAL REPORT

### ENCLOSURES TO BALANCE SHEET

#### 1. ACCOUNTS RECEIVABLE (DEBTORS)

Accounts Receivable	As of 31.03.2009.		As of 31.03.2008.	
	LVL	EUR	LVL	EUR
<b>Customers and affiliated companies' debts</b>	<b>9706205</b>	<b>13810685</b>	<b>9794202</b>	<b>13935894</b>
Incl. Debts of buyers and customers	7190331	10230919	9262526	13179387
Incl. Debts of buyers with factoring activities	2471552	3516702	521486	742008
Incl. Debts of associated enterprises	44322	63065	10190	14499
(Doubtful debtors debt)	/154498/	/219830/	/59744/	/85008/
<b>Other debtors</b>	<b>3506452</b>	<b>4989232</b>	<b>2894225</b>	<b>4118111</b>
Incl. Provision for VAT and unpaid VAT	29806	42410	25612	36443
Incl. Advance payments	11417	16245	28427	40448
Incl. VAT budget overpayments	1531098	2178556	2320560	3301859
Incl. Various debtors	49876	70967	71649	101947
Incl. Overpaid salaries	1289	1834	150	213
Incl. Other overpaid taxes	6943	9879	28258	40208
Incl. Advance prepayment for Corporate income tax	1850801	2633453	401697	571563
Incl. Debt for caused damages to the enterprise	0	0	120	171
Incl. Security amounts in auction	10000	14229	10592	15071
Incl. Advance payments for services	15222	21659	7160	10188
<b>Future periods payments</b>	<b>298120</b>	<b>424187</b>	<b>159060</b>	<b>226322</b>
Incl. Press expenses	7720	10985	6724	9567
Incl. Various	24889	35414	34778	49485
Incl. Property insurance	62741	89272	76308	108577
Incl. Payment for services	202313	287865	0	0
Incl. Publicity and Advertisement	457	650	41250	58693
<b>Total Debtors:</b>	<b>13510777</b>	<b>19224104</b>	<b>12847487</b>	<b>18280327</b>

**2. ACCOUNTS PAYABLE (CREDITORS)**

CREDITORS	As of 31.03.2009		As of 31.03.2008	
	LVL	EUR	LVL	EUR
<b>Long- term creditors (credit institutions)</b>	<b>2372718</b>	<b>3376074</b>	<b>2311834</b>	<b>3289443</b>
<b>Other long-term borrowings</b>	<b>1767228</b>	<b>2514539</b>	<b>143720</b>	<b>204495</b>
<b>Other long-term creditors</b>	<b>215146</b>	<b>306125</b>	<b>276512</b>	<b>393441</b>
<b>Short-term borrowings from credit institutions</b>	<b>1443353</b>	<b>2053706</b>	<b>9297851</b>	<b>13229650</b>
<b>Borrowings from credit institutions (credit line)</b>	<b>15574839</b>	<b>22160999</b>	<b>0</b>	<b>0</b>
<b>Short term debt from leasing "Hansalizings", "Unilizings")</b>	<b>3423</b>	<b>4870</b>	<b>63946</b>	<b>90987</b>
<b>Advance payments (from residents)</b>	<b>393033</b>	<b>559236</b>	<b>190115</b>	<b>270509</b>
<b>Advance payments (from non-residents)</b>	<b>3247959</b>	<b>4621429</b>	<b>25116826</b>	<b>35738024</b>
<b>Other borrowings (factoring)</b>	<b>2927337</b>	<b>4165225</b>	<b>1009455</b>	<b>1436325</b>
<b>Other borrowings (Cemex)</b>	<b>3977113</b>	<b>5658922</b>	<b>3287645</b>	<b>4677897</b>
<b>Debts to suppliers and contractors</b>	<b>5967598</b>	<b>8491127</b>	<b>8640581</b>	<b>12294439</b>
Incl. Materials and gas	3672472	5225457	5105716	7264779
Incl. Services	1767209	2514512	1555401	2213136
Incl. Scrap, various services related to scrap delivery, processing	507284	721800	1787328	2543139
Incl. Fixed assets	11248	16004	165804	235918
Incl. Medical department creditors	2247	3197	4029	5733
Incl. Other Creditors	7138	10156	22303	31734
<b>Debts to associated enterprises</b>	<b>0</b>	<b>0</b>	<b>25137</b>	<b>35767</b>
<b>Accrued liabilities</b>	<b>10650</b>	<b>15154</b>	<b>10924</b>	<b>15543</b>
<b>Taxes and social security insurance payments</b>	<b>913931</b>	<b>1300407</b>	<b>1145603</b>	<b>1630046</b>
Incl. Value added tax	18314	26058	28421	40439
Incl. State tax	678	965	858	1221
Incl. Residents' Income tax	296003	421174	424886	604558
Incl. Real estate tax	0	0	5252	7473
Incl. Social Security tax	585882	833635	659887	938935
Incl. Packing tax	73	104	0	0
Incl. Nature resources tax	12981	18470	24517	34885
Incl. Enterprise's Income tax	0	0	1782	2536
<b>Other creditors (liabilities)</b>	<b>1074921</b>	<b>1529475</b>	<b>1292598</b>	<b>1839201</b>
Incl. Payments for salaries	1035944	1474016	1255744	1786763
Incl. Deductions from salaries	37370	53173	36454	51869
Incl. Debt to accountable persons	1607	2287	400	569
<b>Unpaid Dividends</b>	<b>0</b>	<b>0</b>	<b>15146</b>	<b>21551</b>
<b>Total Creditors:</b>	<b>39889249</b>	<b>56757288</b>	<b>52827893</b>	<b>75167320</b>

## ENCLOSURES TO PROFIT AND LOSS STATEMENT

### 3. NET TURNOVER (REVENUE)

Product Description	For 3 months of year 2009		For 3 months of year 2008	
	LVL	EUR	LVL	EUR
Rolled steel	42059772	59845664	45435161	64648410
Consumer goods	45627	64921	199192	283425
Services	35756	50876	65502	93201
Sold steam, gCal	4551	6475	6384	9084
Medical department	310780	442200	263874	375459
Transportation services	2740	3899	11662	16594
Stevedoring services	903294	1285272	1018748	1449548
Broker services	436647	621293	498395	709152
Freightage services	0	0	86240	122708
Forwarder and other services	813902	1158078	1108375	1577076
Sports	88924	126527	76971	109520
Publicity and Advertisement	23290	33139	9651	13732
Beton (concrete) wares	73861	105095	85061	121031
<b>TOTAL</b>	<b>44799144</b>	<b>63743439</b>	<b>48865216</b>	<b>69528938</b>



#### 4. 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	23649442	33650124	40533242	57673607
Other third countries	21149702	30093315	8331974	11855331
<b>Total</b>	<b>44799144</b>	<b>63743439</b>	<b>48865216</b>	<b>69528938</b>

#### 5. PRODUCTION COSTS OF SOLD GOODS

Cost Description	3 months for year 2009		3 months for year 2008	
	LVL	EUR	LVL	EUR
Materials	27398732	38984883	29412692	41850490
Salaries and wages	4265823	6069719	3734317	5313454
Social benefits deduction	1016506	1446358	877840	1249054
Depreciation	2931732	4171479	1929819	2745885
Other costs	8016714	11406756	6689083	9517708
Write-off of nonmaterial values	16815	23926	16033	22813
<b>Total</b>	<b>43646322</b>	<b>62103121</b>	<b>42659784</b>	<b>60699404</b>

#### 6. SALES EXPENSES

Cost Description	For 3 months of year 2009		For 3 months of year 2008	
	LVL	EUR	LVL	EUR
Packing materials	25895	36845	29388	41815
Transportation costs	701301	997861	437068	621892
Freight	65102	92632	553733	787891
Port handling charges	0	0	17612	25060
Advertising and marketing costs	7808	11110	9573	13621
Other sales costs	76492	108838	186063	264744
Sports organizing costs	259985	369925	121779	173276
Logistics services costs	1185565	1686907	1196358	1702264
Costs related to L/C and factoring transactions	72519	103185	6039	8593
<b>Total</b>	<b>2394667</b>	<b>3407304</b>	<b>2557613</b>	<b>3639155</b>

**7. ADMINISTRATION EXPENSES**

Cost Description	For 3 months of year 2009		For 3 months of year 2008	
	LVL	EUR	LVL	EUR
Salaries and social costs	1413305	2010952	1374376	1955561
Communication costs	29617	42141	35068	49897
Office supplies and office maintenance costs	274400	390436	355441	505747
Legal and auditing fees	34051	48450	127458	181356
Presentation costs	26232	37325	34560	49174
Depreciation of fixed assets	138602	197213	135970	193468
Traveling expenses	23580	33551	22742	32359
Management training	1889	2688	4421	6291
Costs of bank account services	7670	10913	4941	7030
Costs related to stockholders	0	0	57315	81552
Operative leasing	828	1178	1375	1956
<b>Total</b>	<b>1950174</b>	<b>2774848</b>	<b>2153667</b>	<b>3064392</b>

**8. OTHER OPERATING INCOME**

Income Description	3 months of year 2009		3 months of year 2008	
	LVL	EUR	LVL	EUR
Sale of current assets	144771	205991	345844	492092
Sale of fixed assets and liquidation	130000 1427	184973 2030	394 4533	561 6450
Written-off revaluation reserve of fixed assets	50003	71148	153722	218727
Bad debt recovery	37145	52853	9674	13765
Received fine payments	41124	58514	8332	11855
Dotation (allowance)	143877	204719	90747	129121
Other income from operating activity	151032	214899	53886	76673
<b>Total</b>	<b>699379</b>	<b>995127</b>	<b>667132</b>	<b>949243</b>

**9. OTHER OPERATING COSTS**

Cost Description	3 months of year 2009		3 months of year 2008	
	LVL	EUR	LVL	EUR
Sales costs of current assets	99311	141307	185041	263290
Costs related to the sale and and liquidation of fixed assets	14544 16558	20694 23560	0 88797	0 126347
Costs of previous period	17234	24522	106422	151425
Currency exchange loss	53029	75453	172633	245635
Bad debt write-off	215	306	0	0
Compensation for damage and other allowances	81331	115724	141784	201740
Paid fines	1409	2005	23891	33994
Costs of infrastructure maintenance	13506	19217	25235	35906
Other costs	109730	156132	91756	130557
Costs of representative auto maintenance	12260	17444	10662	15171
Training of new employees	6845	9740	3035	4318
Costs not related to the operating activities	41681	59307	49600	70574
<b>Total</b>	<b>467653</b>	<b>665410</b>	<b>898856</b>	<b>1278957</b>