

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

**Consolidated
Quarterly Report**

For 3 months of the year 2010

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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 JSC "BDO". Corresponding profit or loss caused by the true value adjustments to the Investment Properties has been reflected in the Profit and Loss Statement.

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

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

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

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

Provisions are formed by savings for the unused vacation and social payments.

Joint-Stock Company “Liepājas Metalurgs” Management Statement Regarding the Consolidated Quarterly Report for 3 months of the year 2010.

The Company’s non-audited Net Turnover in the reporting period was LVL 38.5 million (EUR 54.8 mill.), and it was 44.8 million LVL (EUR 63.7 mill.) in the first quarter 2009.

The Company’s loss from business activities in the reporting period was 6.5 million LVL (EUR 9.3 mill.), which was a loss of 3.2 million LVL (EUR 4.6 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:

- steel melting plant modernization funding needed to attract;
- new cargo types development.

| | | |
|---|-------|--------------|
| 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 March 31, 2010 as well as the results of its operations and cash flow for 3 months of the year 2010. 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 | 31.03.2010. LVL | 31.03.2010. EUR | 31.03.2009. LVL | 31.03.2009. EUR |
|--|---------------------|--------------------|--------------------|--------------------|--------------------|
| 1. LONG-TERM INVESTMENTS | | | | | |
| I. Intangible investments | | | | | |
| 1. Concessions, patents, licenses, trademarks and similar rights | | 61347 | 87289 | 84729 | 120559 |
| 2. Other intangible assets | | 789 | 1123 | 0 | 0 |
| 3. Goodwill | | 116406 | 165631 | 182924 | 260277 |
| 4. Advance payments for intangible investments | | 0 | 0 | 0 | 0 |
| I.TOTAL: | | 178542 | 254042 | 267653 | 380836 |
| II. Fixed assets | | | | | |
| 1. Land, buildings and constructions, and long-term sites | | 53281722 | 75813060 | 53643120 | 76327283 |
| 2. Long-term investments in rented fixed assets | | 4813093 | 6848414 | 5886726 | 8376056 |
| 3. Technological equipment and machinery | | 33203284 | 47244017 | 34657618 | 49313348 |
| 4. Other fixed assets and inventory | | 2922000 | 4157631 | 3531551 | 5024944 |
| 5. Fixed assets formation and costs of unfinished construction sites | | 1541145 | 2192852 | 4642762 | 6606055 |
| 6. Advance payments for fixed assets | | 40943 | 58257 | 124465 | 177098 |
| II. TOTAL: | | 95802187 | 136314231 | 102486242 | 145824785 |
| III. Investment properties | | | | | |
| Investment properties | | 5230474 | 7442294 | 4800789 | 6830907 |
| IV. Long-term financial investments | | | | | |
| 1. Share in the capital of related companies (subsidiaries) | | 0 | 0 | 0 | 0 |
| 2. Share in the capital of associated companies | | 533111 | 758549 | 658263 | 936624 |
| 3. Deferred Tax | | 0 | 0 | 167000 | 237620 |
| 4. Other loans | | 745910 | 1061334 | 8000 | 11383 |
| IV. TOTAL: | | 1279021 | 1819883 | 833263 | 1185626 |
| Section 1 total amount: | | 102490224 | 145830451 | 108387947 | 154222154 |
| 2. CURRENT ASSETS | | | | | |
| I. Stock (Inventories) | | | | | |
| 1. Raw materials, basic and auxiliary materials | | 11986617 | 17055419 | 19386101 | 27583937 |
| 2. Unfinished products, Work in Process | | 774778 | 1102410 | 619326 | 881222 |
| 3. Finished products and goods for sales | | 15838780 | 22536554 | 16465350 | 23428082 |
| 4. Incompleted orders | | 142364 | 202566 | 3989 | 5676 |
| 5. Advance payments for goods | | 3530569 | 5023547 | 1366217 | 1943952 |
| 6. Labour animals and productive animals | | 110 | 157 | 110 | 157 |
| I. TOTAL: | | 32273218 | 45920652 | 37841093 | 53843025 |
| II. Accounts receivable (Debtors) | | | | | |
| 1. Trade accounts receivable | | 4932561 | 7018402 | 9661883 | 13747621 |
| 2. Debt of related enterprises | | 0 | 0 | 0 | 0 |
| 3. Debt of associated enterprises | | 23626 | 33617 | 44322 | 63065 |
| 4. Other debtors (accounts receivable) | | 4064238 | 5782890 | 3506452 | 4989232 |
| 5. Short-term loans to co-owners and management of the company | | 0 | 0 | 0 | 0 |
| 6. Prepaid expenses | | 94267 | 134130 | 298120 | 424187 |
| II.TOTAL: | 1 | 9114692 | 12969038 | 13510777 | 19224104 |
| III. Short-term financial investments | | | | | |
| III. TOTAL: | | 0 | 0 | 0 | 0 |
| IV. Cash | | | | | |
| IV. TOTAL: | | 5263191 | 7488846 | 4117449 | 5858602 |
| Section 2 total amount | | 46651101 | 66378537 | 55469319 | 78925730 |
| TOTAL ASSETS | | 149141325 | 212208987 | 163857266 | 233147885 |

| LIABILITIES AND SHAREHOLDERS' EQUITY | Enclosure Number | 31.03.2010. LVL | 31.03.2010. EUR | 31.03.2009. LVL | 31.03.2009. EUR |
|---|------------------|--------------------|--------------------|--------------------|--------------------|
| 1. SHAREHOLDERS' EQUITY | | | | | |
| 1. Share capital (fixed capital) | | 16981033 | 24161833 | 16981033 | 24161833 |
| 2. Long-term investments revaluation reserve | | 49953805 | 71077861 | 62966795 | 89593678 |
| 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 | | -12169103 | -17315074 | 6447444 | 9173886 |
| 4. Retained earnings: b) undistributed profit of the reporting year | | -6580418 | -9363091 | -3139708 | -4467402 |
| 4. Retained earnings: c) Minority shareholders | | 0 | 0 | -66367 | -94432 |
| 4. Retained earnings: b+c undistributed profit of the reporting year | | -6580418 | -9363091 | -3206075 | -4561834 |
| Section 1 total amount: | | 92710146 | 131914653 | 121582586 | 172996434 |
| Minority shareholders | | 508149 | 723031 | 394444 | 561243 |
| 2. PROVISIONS | | | | | |
| 1. Provisions for anticipated taxes | | 1389882 | 1977624 | 91574 | 130298 |
| 2. Other provisions | | 908195 | 1292245 | 1899414 | 2702623 |
| Section 2 total amount: | | 2298077 | 3269869 | 1990988 | 2832921 |
| 3. LIABILITIES (Accounts payable) | | | | | |
| I. Long-term Creditors (Accounts payable) | | | | | |
| 1. Loans from credit institutions | | 1947068 | 2770428 | 2372718 | 3376074 |
| 2. Other loans | | 1790600 | 2547794 | 1767228 | 2514539 |
| 3. Debts to suppliers and contractors | | 0 | 0 | 0 | 0 |
| 4. Other liabilities | | 215146 | 306125 | 215146 | 306125 |
| I. TOTAL: | | 3952814 | 5624348 | 4355092 | 6196738 |
| II. Short-term Creditors (Accounts payable) | | | | | |
| 1. Loans from credit institutions | | 14601373 | 20775882 | 17018192 | 24214706 |
| 2. Other loans | | 765684 | 1089470 | 6907873 | 9829018 |
| 3. Advance payments received from customers | | 21849945 | 31089671 | 3640992 | 5180665 |
| 4. Suppliers and contractors trade account payable | | 10491286 | 14927755 | 5967598 | 8491127 |
| 5. Accrued liabilities (payable bills of exchange) | | 15921 | 22654 | 10650 | 15154 |
| 6. Payable (debt) to related companies | | 0 | 0 | 0 | 0 |
| 7. Payable (debt) to associated companies | | 11795 | 16783 | 0 | 0 |
| 8. Taxes and state social insurance payments | | 946868 | 1347272 | 913931 | 1300407 |
| 9. Other liabilities | | 868992 | 1236464 | 1074921 | 1529475 |
| 10. Deferred income | | 120275 | 171136 | 0 | 0 |
| 11. Unpaid dividends for previous years | | 0 | 0 | 0 | 0 |
| II. TOTAL: | | 49672139 | 70677086 | 35534157 | 50560550 |
| Section 3 total amount: | 2 | 53624953 | 76301434 | 39889249 | 56757288 |
| TOTAL LIABILITIES AND EQUITY | | 149141325 | 212208987 | 163857266 | 233147885 |

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 | 3 months 2009 LVL | 3 months 2009 EUR |
|-----|---|------------------|-------------------------------------|-------------------------------------|-------------------|-------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 1 | Net turnover | 3, 4 | 38504150 | 54786470 | 44799144 | 63743439 |
| 2 | Production costs of goods sold | 5 | -40734908 | -57960552 | -43646322 | -62103121 |
| 3 | Gross profit or loss (from turnover) | | -2230758 | -3174083 | 1152822 | 1640318 |
| 4 | Sales costs | 6 | -3080317 | -4382896 | -2394667 | -3407304 |
| 5 | Administration costs | 7 | -1265562 | -1800732 | -1950174 | -2774848 |
| 6 | Other operating income | 8 | 535055 | 761315 | 699379 | 995127 |
| 7 | Other operating costs | 9 | -312245 | -444285 | -467653 | -665410 |
| 8 | Interest income and other similar income | | 7002 | 9963 | 43886 | 62444 |
| 9 | Interest payments and similar expenses | | -165639 | -235683 | -223671 | -318255 |
| 10 | Profit or loss before extraordinary items and taxes | | -6512464 | -9266401 | -3140078 | -4467928 |
| 11 | Income tax for the reporting period | | 0 | 0 | 0 | 0 |
| 12 | Other taxes | | -67954 | -96690 | -65997 | -93905 |
| 13 | Reporting period profit or loss after taxes for the consolidated financial statement | | -6580418 | -9363091 | -3206075 | -4561834 |

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)

| | 31.03.2010. | | 31.03.2009. | |
|--|------------------|------------------|----------------|-----------------|
| | LVL | EUR | LVL | EUR |
| OPERATING CASH FLOW | | | | |
| Cash received from buyers | 38329712 | 54538267 | 46507692 | 66174484 |
| Cash received from other business activities | 243681 | 346727 | 313834 | 446546 |
| VAT overpayment received | 2861303 | 4071267 | 4070482 | 5791774 |
| Cash paid to suppliers and employees | -51732304 | -73608437 | -49381738 | -70263883 |
| Cash received from the core business activity | -10297608 | -14652176 | 1510270 | 2148921 |
| Interest payments | -175948 | -250351 | -223049 | -317370 |
| Received interest | 0 | 0 | 42770 | 60856 |
| Corporate income tax payments | -21134 | -30071 | -3783 | -5383 |
| Other tax payments | -434977 | -618917 | -2244971 | -3194306 |
| | | | | |
| Net cash flow from the core business activity | -10929667 | -15551515 | -918763 | -1307282 |
| | | | | |
| CASH FLOW FROM INVESTMENT ACTIVITIES | | | | |
| Acquisition of fixed assets | -735511 | -1046538 | -121281 | -172567 |
| Sale of fixed assets and intangible assets | 0 | 0 | 130000 | 184973 |
| Interests received from the loan | 0 | 0 | 494 | 703 |
| Net cash flow from investment operations | -735511 | -1046538 | 9213 | 13109 |
| | | | | |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Short term borrowings, net value (credit line) | 11314136 | 16098565 | 2031424 | 2890456 |
| Long term borrowings | 0 | 0 | 79780 | 113517 |
| Paid liabilities for financial leasing | -107552 | -153033 | -84401 | -120092 |
| Loans to associated companies | -141669 | -201577 | 0 | 0 |
| Loan repayments | 0 | 0 | -76169 | -108379 |
| Costs not associated with operating activities | -21464 | -30541 | -32602 | -46388 |
| Subsidies | 377290 | 536835 | 143877 | 204719 |
| Net cash flow from financing activities | 11420741 | 16250250 | 2061909 | 2933832 |
| Result of foreign currency exchange rate fluctuations | -33351 | -47454 | -9773 | -13906 |
| Net growth of cash and its equivalents | -277788 | -395257 | 1142586 | 1625753 |
| Cash and its equivalents at the beginning of accounting period | 5540979 | 7884103 | 2974863 | 4232849 |
| Cash and its equivalents at the end of accounting period | 5263191 | 7488846 | 4117449 | 5858602 |

ENCLOSURES TO THE ANNUAL REPORT

ENCLOSURES TO BALANCE SHEET

1. ACCOUNTS RECEIVABLE (DEBTORS)

| Accounts Receivable | As of 31.03.2010. | | As of 31.03.2009. | |
|--|--------------------|--------------------|-------------------|-------------------|
| | LVL | EUR | LVL | EUR |
| Customers and affiliated companies' debts | 4956187 | 7052019 | 9706205 | 13810685 |
| Incl. Debts of buyers and customers | 4349397 | 6188634 | 7190331 | 10230919 |
| Incl. Debts of buyers with factoring activities | 348986 | 496562 | 2471552 | 3516702 |
| Incl. Debts of associated enterprises (Doubtful debtors debt) | 257804 /131163/ | 366822 /186628/ | 44322 /154498/ | 63065 /219830/ |
| Other debtors | 4064238 | 5782890 | 3506452 | 4989232 |
| Incl. Provision for VAT and unpaid VAT | 12592 | 17917 | 29806 | 42410 |
| Incl. Advance payments | 17602 | 25045 | 11417 | 16245 |
| Incl. VAT budget overpayments | 2018979 | 2872748 | 1531098 | 2178556 |
| Incl. Various debtors | 33898 | 48233 | 49876 | 70967 |
| Incl. Overpaid salaries | 486 | 692 | 1289 | 1834 |
| Incl. Other overpaid taxes | 5600 | 7968 | 6943 | 9879 |
| Incl. Advance prepayment for Corporate income tax | 1811356 | 2577327 | 1850801 | 2633453 |
| Incl. Debt for caused damages to the enterprise | 115546 | 164407 | 0 | 0 |
| Incl. Security amounts in auction | 10376 | 14764 | 10000 | 14229 |
| Incl. Advance payments for services | 37803 | 53789 | 15222 | 21659 |
| Future periods payments | 94267 | 134130 | 298120 | 424187 |
| Incl. Press expenses | 5051 | 7187 | 7720 | 10985 |
| Incl. Various | 22747 | 32366 | 24889 | 35414 |
| Incl. Property insurance | 56296 | 80102 | 62741 | 89272 |
| Incl. Payment for services | 9930 | 14129 | 202313 | 287865 |
| Incl. Publicity and Advertisement | 243 | 346 | 457 | 650 |
| Total Debtors: | 9114692 | 12969038 | 13510777 | 19224104 |

2. ACCOUNTS PAYABLE (CREDITORS)

| CREDITORS | As of 31.03.2010 | | As of 31.03.2009 | |
|---|------------------|-----------------|------------------|-----------------|
| | LVL | EUR | LVL | EUR |
| Long- term creditors (credit institutions) | 1947068 | 2770428 | 2372718 | 3376074 |
| Other long-term borrowings | 1790600 | 2547794 | 1767228 | 2514539 |
| Other long-term creditors | 215146 | 306125 | 215146 | 306125 |
| Short-term borrowings from credit institutions | 1404822 | 1998882 | 1443353 | 2053706 |
| Borrowings from credit institutions (credit line) | 13196551 | 18777000 | 15574839 | 22160999 |
| Short term debt from leasing | 416698 | 592908 | 3423 | 4870 |
| Advance payments (from residents) | 127780 | 181815 | 393033 | 559236 |
| Advance payments (from non-residents) | 21722165 | 30907856 | 3247959 | 4621429 |
| Other borrowings (factoring) | 348986 | 496562 | 2927337 | 4165225 |
| Other borrowings (Cemex) | 0 | 0 | 3977113 | 5658922 |
| Debts to suppliers and contractors | 10491445 | 14927981 | 5967598 | 8491127 |
| Incl. Materials and gas | 3402561 | 4841408 | 3672472 | 5225457 |
| Incl. Services | 1233520 | 1755141 | 1767209 | 2514512 |
| Incl. Scrap, various services related to scrap delivery, processing | 5812159 | 8269957 | 507284 | 721800 |
| Incl. Fixed assets | 7923 | 11273 | 11248 | 16004 |
| Incl. Medical department creditors | 1804 | 2567 | 2247 | 3197 |
| Incl. Other Creditors | 33478 | 47635 | 7138 | 10156 |
| Debts to associated enterprises | 11636 | 16557 | 0 | 0 |
| Accrued liabilities | 15921 | 22654 | 10650 | 15154 |
| Taxes and social security insurance payments | 946868 | 1347272 | 913931 | 1300407 |
| Incl. Value added tax | 70678 | 100566 | 18314 | 26058 |
| Incl. State tax | 689 | 980 | 678 | 965 |
| Incl. Residents' Income tax | 317200 | 451335 | 296003 | 421174 |
| Incl. Real estate tax | 0 | 0 | 0 | 0 |
| Incl. Social Security tax | 511175 | 727336 | 585882 | 833635 |
| Incl. Packing tax | 0 | 0 | 73 | 104 |
| Incl. Nature resources tax | 33949 | 48305 | 12981 | 18470 |
| Incl. Enterprise's Income tax | 13177 | 18749 | 0 | 0 |
| Other creditors (liabilities) | 868992 | 1236464 | 1074921 | 1529475 |
| Incl. Payments for salaries | 844810 | 1202056 | 1035944 | 1474016 |
| Incl. Deductions from salaries | 23159 | 32952 | 37370 | 53173 |
| Incl. Debt to accountable persons | 1023 | 1456 | 1607 | 2287 |
| Deferred Income | 120275 | 171136 | 0 | 0 |
| Total Creditors: | 53624953 | 76301434 | 39889249 | 56757288 |

ENCLOSURES TO PROFIT AND LOSS STATEMENT

3. NET TURNOVER (REVENUE)

| Product Description | For 3 months of year 2010 | | For 3 months of year 2009 | |
|------------------------------|---------------------------|-----------------|---------------------------|-----------------|
| | LVL | EUR | LVL | EUR |
| Rolled steel | 36260662 | 51594274 | 42059772 | 59845664 |
| Consumer goods | 33404 | 47530 | 45627 | 64921 |
| Services | 55533 | 79016 | 35756 | 50876 |
| Sold steam, gCal | 8516 | 12117 | 4551 | 6475 |
| Medical department | 228550 | 325197 | 310780 | 442200 |
| Transportation services | 2016 | 2869 | 2740 | 3899 |
| Stevedoring services | 872545 | 1241520 | 903294 | 1285272 |
| Broker services | 426747 | 607206 | 436647 | 621293 |
| Forwarder and other services | 493193 | 701750 | 813902 | 1158078 |
| Sports | 79548 | 113187 | 88924 | 126527 |
| Publicity and Advertisement | 30822 | 43856 | 23290 | 33139 |
| Beton (concrete) wares | 12614 | 17948 | 73861 | 105095 |
| TOTAL | 38504150 | 54786470 | 44799144 | 63743439 |

4. NET TURNOVER BY GEOGRAPHIC MARKETS

| Market | For 3 months of year 2010 | | For 3 months of year 2009 | |
|--------------------------|---------------------------|-----------------|---------------------------|-----------------|
| | LVL | EUR | LVL | EUR |
| European Union countries | 10236729 | 14565553 | 23649442 | 33650124 |
| Other third countries | 28267421 | 40220917 | 21149702 | 30093315 |
| Total | 38504150 | 54786470 | 44799144 | 63743439 |

5. PRODUCTION COSTS OF SOLD GOODS

| Cost Description | 3 months for year 2010 | | 3 months for year 2009 | |
|---------------------------------|------------------------|-----------------|------------------------|-----------------|
| | LVL | EUR | LVL | EUR |
| Materials | 30481651 | 43371482 | 27398732 | 38984883 |
| Salaries and wages | 2865233 | 4076859 | 4265823 | 6069719 |
| Social benefits deduction | 704091 | 1001831 | 1016506 | 1446358 |
| Depreciation | 1599001 | 2275173 | 2931732 | 4171479 |
| Other costs | 5068137 | 7211309 | 8016714 | 11406756 |
| Write-off of nonmaterial values | 16795 | 23897 | 16815 | 23926 |
| Total | 40734908 | 57960552 | 43646322 | 62103121 |

6. SALES EXPENSES

| Cost Description | For 3 months of year 2010 | | For 3 months of year 2009 | |
|---|---------------------------|----------------|---------------------------|----------------|
| | LVL | EUR | LVL | EUR |
| Packing materials | 27005 | 38425 | 25895 | 36845 |
| Transportation costs | 186106 | 264805 | 701301 | 997861 |
| Freight | 97027 | 138057 | 65102 | 92632 |
| Port handling charges | 46525 | 66199 | 0 | 0 |
| Advertising and marketing costs | 9985 | 14207 | 7808 | 11110 |
| Other sales costs | 77448 | 110199 | 76492 | 108838 |
| Costs related to sport events | 165526 | 235522 | 259985 | 369925 |
| Logistics services costs | 2430933 | 3458906 | 1185565 | 1686907 |
| Costs related to L/C and factoring transactions | 39762 | 56576 | 72519 | 103185 |
| Total | 3080317 | 4382896 | 2394667 | 3407304 |

7. ADMINISTRATION EXPENSES

| Cost Description | For 3 months of year 2010 | | For 3 months of year 2009 | |
|--|---------------------------|----------------|---------------------------|----------------|
| | LVL | EUR | LVL | EUR |
| Salaries and social costs | 891996 | 1269196 | 1413305 | 2010952 |
| Communication costs | 27206 | 38711 | 29617 | 42141 |
| Office supplies and office maintenance costs | 193868 | 275849 | 274400 | 390436 |
| Legal and auditing fees | 11451 | 16293 | 34051 | 48450 |
| Presentation costs | 34040 | 48435 | 26232 | 37325 |
| Depreciation of fixed assets | 55162 | 78488 | 138602 | 197213 |
| Traveling expenses | 26611 | 37864 | 23580 | 33551 |
| Management training | 2252 | 3204 | 1889 | 2688 |
| Costs of bank account services | 18714 | 26628 | 7670 | 10913 |
| Costs related to stockholders | 4262 | 6064 | 0 | 0 |
| Operative leasing | 0 | 0 | 828 | 1178 |
| Total | 1265562 | 1800732 | 1950174 | 2774848 |

8. OTHER OPERATING INCOME

| Income Description | 3 months of year 2010 | | 3 months of year 2009 | |
|--|-----------------------|---------------|-----------------------|----------------|
| | LVL | EUR | LVL | EUR |
| Sale of current assets | 95480 | 135856 | 144771 | 205991 |
| Sale of fixed assets and liquidation | 0 592 | 0 842 | 130000 1427 | 184973 2030 |
| Written-off revaluation reserve of fixed assets | 26131 | 37181 | 50003 | 71148 |
| Bad debt recovery | 11332 | 16124 | 41124 | 58514 |
| Received fine payments | 0 | 0 | 37145 | 52853 |
| Other income from operating activity | 254231 | 361738 | 151032 | 214899 |
| Dotation (allowance) | 147289 | 209573 | 143877 | 204719 |
| Total | 535055 | 761315 | 699379 | 995127 |

9. OTHER OPERATING COSTS

| Cost Description | 3 months of year 2010 | | 3 months of year 2009 | |
|--|-----------------------|---------------|-----------------------|----------------|
| | LVL | EUR | LVL | EUR |
| Sales costs of current assets | 99124 | 141041 | 99311 | 141307 |
| Costs related to the sale and and liquidation of fixed assets | 0 0 | 0 0 | 14544 16558 | 20694 23560 |
| Currency exchange loss | 0 | 0 | 53029 | 75453 |
| Bad debt write-off | 0 | 0 | 215 | 306 |
| Compensation for damage and other allowances | 17075 | 24296 | 81331 | 115724 |
| Other costs | 55933 | 79585 | 109730 | 156132 |
| Costs of infrastructure maintenance | 13558 | 19291 | 13506 | 19217 |
| Costs not related to the operating activities | 62795 | 89349 | 41681 | 59307 |
| Training of new employees | 749 | 1066 | 6845 | 9740 |
| Costs of representative auto maintenance | 12036 | 17126 | 12260 | 17444 |
| Costs of previous period | 28722 | 40868 | 17234 | 24522 |
| Other costs and sponsorship | 20936 | 29789 | 0 | 0 |
| Paid fines | 1317 | 1874 | 1409 | 2005 |
| Total | 312245 | 444285 | 467653 | 665410 |