

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

Quarterly Report

For 6 months of the year 2010

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## **Joint-Stock Company "Liepājas Metalurģs" Management Statement Regarding the Financial Statements for 6 months of 2010.**

The Company's loss from business activities in the reporting period was 7.7 million LVL (EUR 11 million), which was a loss of 3.8 million LVL (EUR 5.4 million) in the first half of 2009.

The Net Turnover in the reporting period was 80.9 million LVL (EUR 115.1 million), and it was 80.0 million LVL (EUR 113.8 million) in the first half of 2009.

Despite the fact that the economic and finance situation in the world began to improve, the existing environment had still negatively affected the net turnover and profitability of the Company since the produced product pricing levels remained low.

The Company invested 3.7 million LVL (EUR 5.3 million) in its development during the reporting period. The JSC "Liepājas Metalurģs" has started the modernization processes in which the long-term investment was made in the amount of 11.8 million LVL (EUR 16.8 million).

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 June 30, 2010 as well as the results of its operations and cash flow for 6 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

### 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: 2010, 6 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) | 21% |
| Kirovs Lipmans                    |     |
| Proportion (%) of stocks (shares) | 20% |
11. Council (Supervisory Board): 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  
LV96UNLA 0012002467028
14. Chief Accountant: Ligita Bērzupe
15. Average number of employees: 2259

### BALANCE SHEET

ASSETS	Enclosure Number	30.06.2010. LVL	30.06.2010. EUR	30.06.2009. LVL	30.06.2009. EUR
<b>1.LONG-TERM INVESTMENTS</b>					
<b>I. Intangible investments</b>					
1. Other intangible investments		51251	72924	69645	99096
2. Advance payments for intangible investments		0	0	0	0
<b>I. TOTAL:</b>		<b>51251</b>	<b>72924</b>	<b>69645</b>	<b>99096</b>
<b>II. Fixed assets</b>					
1. Land, buildings and constructions and long-term sites		50341059	71628874	50937692	72477806
2. Technological equipment and machinery		27202137	38705154	30289603	43098222
3. Other fixed assets and inventory		2048730	2915080	2644376	3762608
4. Fixed assets formation and costs of unfinished construction sites		14679534	20887095	2892631	4115843
5. Advance payments for fixed assets		41532	59095	113472	161456
<b>II. TOTAL:</b>		<b>94312992</b>	<b>134195298</b>	<b>86877774</b>	<b>123615936</b>
<b>III. Investment properties</b>					
1. Investment properties		<b>5009000</b>	<b>7127165</b>	<b>4800789</b>	<b>6830907</b>
<b>III. TOTAL:</b>					
<b>IV. Long-term financial investments</b>					
1. Share in the related companies (subsidiaries)		9069006	12904033	9069006	12904033
2. Loans to the related companies (subsidiaries)		41260	58708	41655	59270
3. Share in the capital of associated companies		741218	1054658	649843	924643
4. Deferred tax		0	0	167000	237620
<b>IV. TOTAL:</b>	<b>1</b>	<b>9851484</b>	<b>14017399</b>	<b>9927504</b>	<b>14125566</b>
<b>Section 1 total amount:</b>		<b>109224727</b>	<b>155412785</b>	<b>101675712</b>	<b>144671504</b>
<b>2. CURRENT ASSETS</b>					
<b>I. Stock (Inventories)</b>					
1. Raw materials, basic and auxiliary materials		9974873	14192966	17307705	24626646
2. Unfinished products, Work-in-Process		591868	842152	1963323	2793557
3. Finished products and goods for sales		30204303	42976851	11859111	16873995
4. Incompleted orders		245153	348821	893	1271
5. Advance payments for goods		1571266	2235710	775218	1103036
<b>I. TOTAL:</b>		<b>42587463</b>	<b>60596501</b>	<b>31906250</b>	<b>45398504</b>
<b>II. Accounts receivable (Debtors)</b>					
1. Trade accounts receivable		1633850	2324759	5562643	7914928
2. Debt of related companies (subsidiaries)		293601	417757	267404	380482
3. Debt of associated enterprises		21451	30522	34839	49571
4. Other debtors (accounts receivable)		1469924	2091513	2729015	3883039
5. Short-term loans		0	0	0	0
6. Prepaid expenses		67249	95687	60184	85634
<b>II. TOTAL:</b>	<b>2</b>	<b>3486075</b>	<b>4960238</b>	<b>8654085</b>	<b>12313654</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>		3608078	5133832	9747058	13868814
<b>IV. TOTAL:</b>		<b>3608078</b>	<b>5133832</b>	<b>9747058</b>	<b>13868814</b>
<b>Section 2 total amount</b>		<b>49681616</b>	<b>70690571</b>	<b>50307393</b>	<b>71580971</b>
<b>TOTAL ASSETS</b>		<b>158906343</b>	<b>226103356</b>	<b>151983105</b>	<b>216252476</b>

LIABILITIES AND SHAREHOLDERS' EQUITY	Enclosure Number	30.06.2010. LVL	30.06.2010. EUR	30.06.2009. LVL	30.06.2009. EUR
<b>1. SHAREHOLDERS' EQUITY</b>					
1. Share capital (fixed capital)		16981033	24161833	16981033	24161833
2. Long-term investments revaluation reserve		46864776	66682569	62925963	89535579
3. Reserves: a) reserves stipulated by law		0	0	0	0
3. Reserves: b) other reserves		44524829	63353124	44524829	63353124
<b>TOTAL:</b>		<b>44524829</b>	<b>63353124</b>	<b>44524829</b>	<b>63353124</b>
4. Retained earnings a) undistributed profit from the previous years		-12429482	-17685560	0	0
4. Retained earnings b) undistributed profit of the reporting year		-7713526	-10975359	-3819604	-5434807
section 1 total amount:		<b>88227630</b>	<b>125536608</b>	<b>120612221</b>	<b>171615729</b>
<b>2. PROVISIONS</b>		0	0	0	0
1. Provisions for anticipated taxes		1321598	1880465	0	0
2. Other provisions		830000	1180984	830000	1180984
section 2 total amount:		<b>2151598</b>	<b>3061448</b>	<b>830000</b>	<b>1180984</b>
<b>3. LIABILITIES (Accounts Payable)</b>					
I. Long-term Creditors (Accounts Payable).		11770069	16747299	0	0
<b>I. TOTAL:</b>		<b>11770069</b>	<b>16747299</b>	<b>0</b>	<b>0</b>
II. Short-term Creditors (Accounts payable)					
1. Loans from credit institutions		16587088	23601300	15841905	22541000
2. Other loans		125086	177981	1197350	1703676
3. Advance payments received from customers		27363881	38935295	4403274	6265294
4. Suppliers and contractors trade account payable		11263856	16027023	7595576	10807531
5. Accrued liabilities (Payable bills of exchange)		0	0	0	0
6. Payable (debt) to related companies (subsidiaries)		58036	82578	90222	128374
7. Payable (debt) to associated companies		19711	28046	0	0
8. Taxes and state social insurance payments		667090	949184	659685	938647
9. Other liabilities		672298	956594	752872	1071240
<b>II. TOTAL:</b>		<b>56757046</b>	<b>80758001</b>	<b>30540884</b>	<b>43455763</b>
Section 3 total amount:	3	<b>68527115</b>	<b>97505300</b>	<b>30540884</b>	<b>43455763</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>158906343</b>	<b>226103356</b>	<b>151983105</b>	<b>216252476</b>

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	6 months 2009 LVL	6 months 2009 EUR
1	2	3	4	5	6	7
1	Net turnover	4,5	80853753	115044526	79999507	113829043
2	Production costs of goods sold	6	-82634237	-117577926	-78979529	-112377745
3	Gross profit or loss (from turnover)		-1780484	-2533400	1019978	1451298
4	Sales costs	7	-3241098	-4611667	-4056950	-5772520
5	Administration costs	8	-2080743	-2960631	-2472598	-3518190
6	Other operating income	9	970489	1380881	5241220	7457584
7	Other operating costs	10	-1172025	-1667641	-3201589	-4555451
8	Interest income and other similar income	11	12102	17220	89845	127838
9	Interest payments and similar expenses		-293083	-417020	-311525	-443260
10	Profit or loss before extraordinary items and taxes		-7584842	-10792258	-3691619	-5252701
11	Profit or loss before taxes		-7584842	-10792258	-3691619	-5252701
12	Other taxes		-128684	-183101	-127985	-182106
13	Reporting period profit or loss after taxes		-7713526	-10975359	-3819604	-5434807

The JSC "Liepājas Metalurgs" demonstrated a loss at the rate of LVL -0.45 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		6 months 2009	
	LVL	EUR	LVL	EUR
<b>OPERATING CASH FLOW</b>				
Cash received from buyers	85768688	122037848	85056689	121024765
Cash received from other business activities	601739	856197	458319	652129
VAT overpayment received	8303485	11814795	5073127	7218409
Interests received from banks	11334	16127	89069	126734
Cash paid to suppliers and employees	-109827368	-156270266	-83131594	-118285602
<b>Cash received from the core business activity</b>	<b>-15142122</b>	<b>-21545299</b>	<b>7545610</b>	<b>10736436</b>
Interest payment	-293083	-417020	-311525	-443260
Corporate income tax payment	0	0	-252995	-359979
Other tax payments	-24245	-34498	-2911510	-4142706
<b>Net cash flow from the core business activity</b>	<b>-15459450</b>	<b>-21996816</b>	<b>4069580</b>	<b>5790491</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
Acquisition of fixed assets and intangible assets	-2301970	-3275408	-167027	-237658
Sale of fixed assets and intangible assets	4840	6887	131083	186514
Revenue from other activities	0	0	1826025	2598199
<b>Net cash flow from investment operations</b>	<b>-2297130</b>	<b>-3268522</b>	<b>1790081</b>	<b>2547056</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Short-term borrowings in net value (credit line)	17168656	24428797	2278491	3242001
Repayment of loans by related companies (including loan interest)	929	1322	2406	3423
Other activities	-490256	-697571	-933576	-1328359
<b>Net cash flow from financial activities</b>	<b>16679329</b>	<b>23732547</b>	<b>1347321</b>	<b>1917065</b>
Result of foreign currency exchange rate fluctuations	-49297	-70143	-49550	-70503
<b>Net growth of cash and its equivalents</b>	<b>-1126548</b>	<b>-1602933</b>	<b>7157432</b>	<b>10184108</b>
Cash and its equivalents at the beginning of accounting period	4734626	6736766	2589626	3684706
<b>Cash and its equivalents at the end of accounting period</b>	<b>3608078</b>	<b>5133832</b>	<b>9747058</b>	<b>13868814</b>

### 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
<b>31.12.2008.</b>	<b>16981033</b>	<b>63016797</b>	<b>0</b>	<b>38393389</b>	<b>6131440</b>	<b>0</b>	<b>124522659</b>
Previous year profit put in reserves				6131440	-6131440	0	0
Undistributed profit of the reporting period					-12429483		-12429483
Written-off revaluation reserve		-13109245					-13109245
<b>31.12.2009.</b>	<b>16981033</b>	<b>49907552</b>	<b>0</b>	<b>44524829</b>	<b>-12429483</b>	<b>0</b>	<b>98983931</b>
Previous year profit put in reserves					-12429483	12429483	0
Undistributed profit of the reporting period					-7713526		-7713526
Written-off revaluation reserve		-3042776					-3042776
<b>30.06.2010.</b>	<b>16981033</b>	<b>46864776</b>	<b>0</b>	<b>44524829</b>	<b>-32572492</b>	<b>12429483</b>	<b>88227629</b>

	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
<b>As of 31.12.2008.</b>	<b>24161833</b>	<b>89664824</b>	<b>0</b>	<b>54628871</b>	<b>8724253</b>	<b>0</b>	<b>177179781</b>
Previous year profit put in reserves				8724253	-8724253		0
Undistributed profit of the reporting period					-17685561		-17685561
Written-off revaluation reserve		-18652775					-18652775
<b>As of 31.12.2009.</b>	<b>24161833</b>	<b>71012049</b>	<b>0</b>	<b>63353124</b>	<b>-17685561</b>	<b>0</b>	<b>140841445</b>
Previous year profit put in reserves					-17685561	17685561	0
Undistributed profit of the reporting period					-10975359		-10975359
Written-off revaluation reserve		-4329480					-4329480
<b>As of 30.06.2010.</b>	<b>24161833</b>	<b>66682569</b>	<b>0</b>	<b>63353124</b>	<b>-46346481</b>	<b>17685561</b>	<b>125536606</b>

## ENCLOSURES TO BALANCE SHEET

### 1. INVESTMENT CHANGES

#### Long-Term Financial Investments (LVL)

Company Name, Address, Registration Number	Ownership in % and LVL	
	30.06.2010.	30.06.2009.
<b>Related Companies (Subsidiaries)</b>		
LSEZ 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	95 1900
"Rūķis LM", Ltd. Brīvības iela 93, Liepāja; 42103038147	100 1316000	100 1316000
<b>Total Investments in Related Companies, LVL</b>	<b>9069006</b>	<b>9069006</b>
<b>Associated Companies</b>		
"Elme Messer Metalurgs", Ltd. LSEZ 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	39.08 175875	50 84500
"Metalurgs & Duna", Ltd. Stūrmaņa iela 1, Liepāja; 42103019610	50 120000	50 120000
<b>Total Investments in Associated Companies, LVL</b>	<b>741218</b>	<b>649843</b>

#### Long-Term Financial Investments: Quarterly Movement Report for 6 months of the year 2010 (LVL)

	Share in the capital of related companies (subsidiaries)	Share in the capital of associated companies	Long-Term Loans
Beginning value on <b>31.12.2009.</b>	9069006	649843	41655
Invested (loans provided)		91375	
Written off (Repaid loans)			395
Moved to another item (or written-off )			
Accumulated saving			
The balance on <b>30.06.2010.</b>	9069006	741218	41260

**Long-Term Financial Investments (EUR)**

Company Name, Address, Registration Number	Ownership in % and EUR	
	30.06.2010.	30.06.2009.
<b>Related Companies (Subsidiaries)</b>		
LSEZ 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 2703	95 2703
"Rūķis LM", Ltd. Brīvības iela 93, Liepāja; 42103038147	100 1872499	100 1872499
<b>Total Investments in Related Companies, EUR</b>	<b>12904032</b>	<b>12904032</b>
<b>Associated Companies</b>		
"Elme Messer Metalurgs", Ltd. LSEZ 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	39.08 250248	50 120232
"Metalurgs & Duna", Ltd. Stūrmaņa iela 1, Liepāja; 42103019610	50 170745	50 170745
<b>Total Investments in Associated Companies, EUR</b>	<b>1054660</b>	<b>924644</b>

**Long-Term Financial Investments: Quarterly Movement Report for 6 months of the year 2010 (EUR)**

	Share in the capital of related companies (subsidiaries)	Share in the capital of associated companies	Long-Term Loans
Beginning value on <b>31.12.2009.</b>	12904033	924643	59270
Invested (loans provided)		130015	
Written off (Repaid loans)			562
Moved to another item (or written-off )			
Accumulated saving			
The balance on <b>30.06.2010.</b>	12904033	1054658	58708

**2. ACCOUNTS RECEIVABLE (DEBTORS)**

DEBTORS	As of 30.06.2010.		As of 30.06.2009.	
	LVL	EUR	LVL	EUR
Customers and affiliated companies debts	<b>1948902</b>	<b>2773038</b>	<b>5864886</b>	<b>8344981</b>
Incl. Debts of buyers and customers	1600139	2276793	4372170	6221037
Incl. Debts of buyers with factoring activities	33711	47966	1190473	1693890
Incl. Debts of related companies (subsidiaries)	293601	417757	267404	380482
Incl. Debts of associated enterprises (doubtful debtors debt)	21451	30522	34839	49571
	/128098/	/182267/	/132432/	/188434/
<b>Other debtors</b>	<b>1469924</b>	<b>2091513</b>	<b>2729016</b>	<b>3883040</b>
Incl. Accrued and unpaid VAT	69180	98434	8340	11867
Incl. Advance payments	133	189	289	411
Incl. VAT budget overpayments	1208559	1719625	1272733	1810936
Incl. Debt for caused damages to the enterprise	115518	164367	0	0
Incl. Various debtors	11236	15987	15374	21875
Incl. Overpaid salaries	0	0	654	931
Incl. Advance prepayment for services	41273	58726	18770	26707
Incl. Advance prepayment for Corporate income tax	13495	19202	1402757	1995943
Incl. Overpaid taxes	530	754	99	141
Incl. Security deposit	10000	14229	10000	14229
<b>Future periods payments</b>	<b>67249</b>	<b>95687</b>	<b>60184</b>	<b>85634</b>
Incl. Press expenses	4144	5896	6210	8836
Incl. Miscellaneous	11650	16576	11871	16891
Incl. Property insurance	51455	73214	42103	59907
<b>Total Debtors:</b>	<b>3486075</b>	<b>4960237</b>	<b>8654086</b>	<b>12313655</b>

### 3. ACCOUNTS PAYABLE (CREDITORS)

CREDITORS	As of 30.06.2010.		As of 30.06.2009.	
	LVL	EUR	LVL	EUR
<b>Long-term borrowings</b>	<b>11770069</b>	<b>16747299</b>	<b>0</b>	<b>0</b>
<b>Short-term borrowing from credit institutions (credit line)</b>	<b>16587088</b>	<b>23601300</b>	<b>15841905</b>	<b>22541000</b>
<b>Credit interests</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Advance payments (residents)</b>	<b>422090</b>	<b>600580</b>	<b>57842</b>	<b>82302</b>
<b>Advance payments (non residents )</b>	<b>26941791</b>	<b>38334715</b>	<b>4345432</b>	<b>6182993</b>
<b>Other borrowing (factoring)</b>	<b>33711</b>	<b>47966</b>	<b>1197350</b>	<b>1703676</b>
(physical persons)	<b>91375</b>	<b>130015</b>	<b>0</b>	<b>0</b>
<b>Debts to suppliers and contractors</b>	<b>11263856</b>	<b>16027023</b>	<b>7595576</b>	<b>10807531</b>
Incl. Materials and gas	6791709	9663731	5466195	7777695
Incl. Services	841146	1196843	634781	903212
Incl. Scrap, various services related to scrap delivery, processing	3627605	5161617	1491829	2122681
Incl. Fixed assets	1480	2106	0	0
Incl. Medical department creditors	1534	2183	2771	3943
Incl. Other Creditors	382	544	0	0
<b>Debts to related enterprises (subsidiaries)</b>	<b>58036</b>	<b>82578</b>	<b>90222</b>	<b>128374</b>
<b>Debts to associated enterprises</b>	<b>19711</b>	<b>28046</b>	<b>0</b>	<b>0</b>
<b>Taxes and social insurance payments</b>	<b>667090</b>	<b>949184</b>	<b>659685</b>	<b>938647</b>
Incl. State tax	575	818	580	825
Incl. Residents' Income tax	239563	340867	222549	316659
Incl. VAT for the previous period	0	0	1235	1757
Incl. Social Security tax	384014	546403	414172	589314
Incl. Nature resources tax	42938	61095	21149	30092
<b>Other creditors (liabilities)</b>	<b>672298</b>	<b>956594</b>	<b>752872</b>	<b>1071240</b>
Incl. Payments for salaries	643046	914972	726053	1033080
Incl. Deductions from salaries	29252	41622	26819	38160
<b>Total Creditors:</b>	<b>68527115</b>	<b>97505300</b>	<b>30540884</b>	<b>43455763</b>

## ENCLOSURES TO PROFIT AND LOSS STATEMENT

### 4. NET TURNOVER (REVENUE)

Product Description	For 6 months of year 2010		For 6 months of year 2009	
	LVL	EUR	LVL	EUR
Rolled steel	80116323	113995258	79078605	112518718
Consumer goods	14836	21110	210506	299523
Crushed slag	12442	17703	0	0
Services	194490	276734	87536	124553
Sold steam, gCal	13288	18907	9830	13987
Medical department	446546	635378	577187	821263
Transportation services	55828	79436	35843	51000
<b>TOTAL</b>	<b>80853753</b>	<b>115044526</b>	<b>79999507</b>	<b>113829043</b>



**5. NET TURNOVER BY GEOGRAPHIC MARKETS**

Market	For 6 months of year 2010		For 6 months of year 2009	
	LVL	EUR	LVL	EUR
European Union countries	33074414	47060651	30532966	43444497
Other third countries	47779339	67983875	49466541	70384547
<b>Total</b>	<b>80853753</b>	<b>115044526</b>	<b>79999507</b>	<b>113829043</b>

#### 6. PRODUCTION COSTS OF SOLD GOODS

Cost Description	For 6 months of year 2010		For 6 months of year 2009	
	LVL	EUR	LVL	EUR
Materials	64407954	91644262	54575780	77654339
Salaries and wages	4346981	6185197	7237030	10297366
Social benefits deductions	1020873	1452571	1699356	2417966
Depreciation	2466079	3508914	3099038	4409534
Other costs	10392350	14786982	12368325	17598541
<b>Total</b>	<b>82634237</b>	<b>117577926</b>	<b>78979529</b>	<b>112377745</b>

#### 7. SALES COSTS

Cost Description	For 6 months of year 2010		For 6 months of year 2009	
	LVL	EUR	LVL	EUR
Packing materials	45491	64728	61456	87444
Transportation costs	464258	660580	887212	1262389
Freight	1365160	1942448	1484587	2112377
Port handling charges	996906	1418469	1240884	1765619
Advertising and marketing costs	13459	19150	23285	33132
Other sales costs (insurance, storage/warehousing, depreciation, and other)	310767	442182	262245	373141
Bank services	0	0	20094	28591
Factoring interest	1848	2629	47950	68227
L/C costs	43209	61481	29237	41601
<b>Total</b>	<b>3241098</b>	<b>4611667</b>	<b>4056950</b>	<b>5772520</b>

**8. ADMINISTRATION COSTS**

Costs Description	For 6 months of year 2010		For 6 months of year 2009	
	LVL	EUR	LVL	EUR
Salaries and social costs	1321333	1880087	1597127	2272507
Communication costs	35672	50757	41438	58961
Other office supplies and office maintenance costs	395367	562557	482907	687115
Office supplies and technical books/literature	8240	11724	7069	10058
Legal and auditing fees, translation	41529	59090	70300	100028
Presentation costs	81636	116158	82893	117946
Depreciation of fixed assets	111828	159117	113333	161258
Management traveling expenses	49685	70695	48610	69166
Management training	3839	5462	2317	3297
Costs for bank account services	22750	32370	17450	24829
Costs related to stockholders	8864	12612	9154	13025
<b>Total</b>	<b>2080743</b>	<b>2960631</b>	<b>2472598</b>	<b>3518190</b>

**9. OTHER OPERATING INCOME**

Income Description	For 6 months of year 2010		For 6 months of year 2009	
	LVL	EUR	LVL	EUR
Sale of current assets	391781	557454	309038	439721
Sale of fixed assets and liquidation	4000 658	5691 936	131083 2981	186514 4242
Currency exchange income	301068	428381	32626	46423
Received fines	7187	10226	24889	35414
Written-off revaluation reserve of fixed assets	42776	60865	90834	129245
Bad debt recovery	0	0	37145	52853
Other income from operating activity	223019	317327	3611024	5138024
Income due to a decrease in provisions	0	0	1001600	1425148
<b>Total</b>	<b>970489</b>	<b>1380881</b>	<b>5241220</b>	<b>7457584</b>

**10. OTHER OPERATING COSTS**

Costs Description	For 6 months of year 2010		For 6 months of year 2009	
	LVL	EUR	LVL	EUR
Sales costs of current assets	314991	448192	254100	361552
Costs related to the sale and liquidation of fixed assets	2450 10018	3486 14254	22117 26732	31470 38036
Doubtful debts write-off	0	0	400	569
Paid compensations and other benefits	31627	45001	210356	299310
Other costs	79388	112959	1564711	2226383
Paid fines	1918	2729	414	589
Costs not related to the operating activities	652113	927873	1012802	1441087
Costs of infrastructure maintenance	10573	15044	24189	34418
Training costs of the new staff	19925	28351	20690	29439
Costs of previous period	28722	40868	43223	61501
Costs of auto maintenance	20300	28884	21855	31097
<b>Total</b>	<b>1172025</b>	<b>1667641</b>	<b>3201589</b>	<b>4555451</b>

**11. INTEREST INCOME**

Income	For 6 months of year 2010		For 6 months of year 2009	
	LVL	EUR	LVL	EUR
Income from loans to business persons	768	1093	777	1106
Income from bank accounts	211	300	2063	2935
Income from deposit investments	11123	15827	87005	123797
<b>Total Interest Income:</b>	<b>12102</b>	<b>17220</b>	<b>89845</b>	<b>127838</b>