

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

Non-audited Consolidated  
Quarterly Report

For 9 months of the year 2010

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## INFORMATION ABOUT THE COMPANY

JSC "Liepājas metalurģs" 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 metalurģs" 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 metalurģs"

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 metalurģs"

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-Metalurģs"

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

Ltd. "Metalurģs 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 metalurģs"

5% of shares - Ltd. "Pērle LM"

Ltd. "Ice-Hockey Hall Liepājas metalurģs"

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.

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 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 metalurģs” Management Statement Regarding the Consolidated Quarterly Report for 9 months of the year 2010.**

The Company’s non-audited Net Turnover in the reporting period was LVL 158.1 million (EUR 225 mill.), and it was 124.2 million LVL (EUR 176.7 mill.) in the first 9 months of the year 2009.

The Company’s loss from business activities in the reporting period was 7.3 million LVL (EUR 10.4 mill.), which was a loss of 4.1 million LVL (EUR 5.8 mill.) in the same period in previous year.

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’s technical development during the reporting period was primarily directed at:

- the beginning of the steel melting plant modernization;
- new cargo types development;
- the launch of the “Liepājas osta LM” peer number 50 upgrade.

JSC “Liepājas metalurģs”

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

## **Statement Regarding the Management Responsibility.**

The JSC "Liepājas metalurģs" (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 September 30, 2010 as well as the results of its operations and cash flow for 9 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 metalurģs",

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

**BALANCE SHEET**

ASSETS	Enclosure Number	30.09.2010. LVL	30.09.2010. EUR	30.09.2009. LVL	30.09.2009. EUR
<b>I. LONG-TERM INVESTMENTS</b>					
<b>I. Intangible investments</b>					
1. Concessions, patents, licenses, trademarks and similar rights		3077	4378	7524	10706
2. Other intangible assets		49541	70490	64690	0
3. Goodwill		83147	118308	149665	212954
4. Advance payments for intangible investments		0	0	0	0
<b>I.TOTAL:</b>		<b>135765</b>	<b>193176</b>	<b>221879</b>	<b>315705</b>
<b>II. Fixed assets</b>					
1. Land, buildings and constructions, and long-term sites		52948549	75338998	53690153	76394205
2. Long-term investments in rented fixed assets		4838448	6884491	5051337	7187405
3. Technological equipment and machinery		30790280	43810621	32788790	46654245
4. Other fixed assets and inventory		2594420	3691527	3203427	4558066
5. Fixed assets formation and costs of unfinished construction sites		24992168	35560651	7313705	10406465
6. Advance payments for fixed assets		34420	48975	267858	381128
<b>II. TOTAL:</b>		<b>116198285</b>	<b>165335264</b>	<b>102315270</b>	<b>145581513</b>
<b>III. Investment properties</b>					
Investment properties		<b>5009000</b>	<b>7127165</b>	<b>4800789</b>	<b>6830907</b>
<b>IV. Long-term financial investments</b>					
1. Share in the capital of related companies (subsidiaries)		2000	2846	0	0
2. Share in the capital of associated companies		741218	1054658	657263	935201
3. Loans to related companies (subsidiaries)		3268	4650	0	0
4. Other loans		749178	1065984	175000	249003
5. Deferred tax		0	0	0	0
<b>IV. TOTAL:</b>		<b>1495664</b>	<b>2125292</b>	<b>832263</b>	<b>1184204</b>
<b>Section 1 total amount:</b>		<b>122838714</b>	<b>174783743</b>	<b>108170201</b>	<b>153912330</b>
<b>2. CURRENT ASSETS</b>					
<b>I. Stock (Inventories)</b>					
1. Raw materials, basic and auxiliary materials		13843960	19698180	25215046	35877778
2. Unfinished products, Work in Process		2015007	2867097	1942464	2763877
3. Finished products and goods for sales		19512941	27764414	11022055	15682971
4. Incompleted orders		188379	268039	149857	213227
5. Advance payments for goods		1488258	2117600	575400	818720
6. Labour animals and productive animals		110	157	110	157
<b>I. TOTAL:</b>		<b>37048655</b>	<b>52715487</b>	<b>38904932</b>	<b>55356731</b>
<b>II. Accounts receivable (Debtors)</b>					
1. Trade accounts receivable		2280228	3244472	6546675	9315079
2. Debt of related enterprises		39975	56879	0	0
3. Debt of associated enterprises		34433	48994	23183	32986
4. Other debtors (accounts receivable)		1627185	2315276	4940756	7030062
5. Short-term loans to co-owners and management of the company		0	0	10363	14745
6. Prepaid expenses		106278	151220	154653	220051
<b>II.TOTAL:</b>	<b>1</b>	<b>4088099</b>	<b>5816841</b>	<b>11675630</b>	<b>16612925</b>
<b>III. Short-term financial investments</b>		0	0	0	0
<b>III. TOTAL:</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>IV. Cash</b>		5578096	7936916	6321365	8994492
<b>IV. TOTAL:</b>		<b>5578096</b>	<b>7936916</b>	<b>6321365</b>	<b>8994492</b>
<b>Section 2 total amount</b>		<b>46714850</b>	<b>66469243</b>	<b>56901927</b>	<b>80964148</b>
<b>TOTAL ASSETS</b>		<b>169553564</b>	<b>241252987</b>	<b>165072128</b>	<b>234876478</b>



LIABILITIES AND SHAREHOLDERS' EQUITY	Enclosure Number	30.09.2010. LVL	30.09.2010. EUR	30.09.2009. LVL	30.09.2009. EUR
<b>1. SHAREHOLDERS' EQUITY</b>					
1. Share capital (fixed capital)		16981033	24161833	16981033	24161833
2. Long-term investments revaluation reserve		46834113	66638939	62920993	89528507
3. Reserves: a) reserves stipulated by law		0	0	0	0
3. Reserves: b) other reserves		44524829	63353124	44524829	63353124
<b>3. TOTAL:</b>		<b>44524829</b>	<b>63353124</b>	<b>44524829</b>	<b>63353124</b>
4. Retained earnings: a) undistributed profit from the previous years		-12137702	-17270394	316575	450446
4. Retained earnings: b) undistributed profit of the reporting year		-7100598	-10103241	-3852724	-5481932
4. Retained earnings: c) Minority shareholders		-191157	-271992	-211123	-300401
4. Retained earnings: b+c undistributed profit of the reporting year		<b>-7291755</b>	<b>-10375233</b>	<b>-4063847</b>	<b>-5782333</b>
Section 1 total amount:		<b>88910518</b>	<b>126508270</b>	<b>120679583</b>	<b>171711577</b>
Minority shareholders		384731	547423	394050	560683
<b>2. PROVISIONS</b>					
1. Provisions for anticipated taxes		1389882	1977624	91574	130298
2. Other provisions		922155	1312108	897814	1277474
Section 2 total amount:		<b>2312037</b>	<b>3289732</b>	<b>989388</b>	<b>1407772</b>
<b>3. LIABILITIES (Accounts payable)</b>					
<b>I. Long-term Creditors (Accounts payable)</b>					
1. Loans from credit institutions		23110113	32882728	2372718	3376074
2. Other loans		1790697	2547932	1767133	2514404
3. Debts to suppliers and contractors		0	0	0	0
4. Other liabilities		215146	306125	215146	306125
<b>I. TOTAL:</b>		<b>25115956</b>	<b>35736786</b>	<b>4354997</b>	<b>6196602</b>
<b>II. Short-term Creditors (Accounts payable)</b>					
1. Loans from credit institutions		11215447	15958143	17004933	24195840
2. Other loans		892766	1270292	6601037	9392429
3. Advance payments received from customers		25832720	36756649	4239838	6032746
4. Suppliers and contractors trade account payable		12959278	18439391	8321593	11840560
5. Accrued liabilities (payable bills of exchange)		10188	14496	11210	15950
6. Payable (debt) to associated companies		31046	44174	817844	1163687
7. Taxes and state social insurance payments		1000536	1423634	874941	1244929
8. Other liabilities		888341	1263995	782714	1113702
9. Deferred income		0	0	0	0
10. Unpaid dividends for previous years		0	0	0	0
<b>II. TOTAL:</b>		<b>52830322</b>	<b>75170776</b>	<b>38654110</b>	<b>54999843</b>
Section 3 total amount:	2	<b>77946278</b>	<b>110907562</b>	<b>43009107</b>	<b>61196446</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>169553564</b>	<b>241252987</b>	<b>165072128</b>	<b>234876478</b>

JSC "Liepājas metalurģs"

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	9 months 2009 LVL	9 months 2009 EUR
1	2	3	4	5	6	7
1	<b>Net turnover</b>	3, 4	<b>158091495</b>	<b>224943932</b>	<b>124145383</b>	<b>176642966</b>
2	<b>Production costs of goods sold</b>	5	<b>-154979397</b>	<b>-220515815</b>	<b>-117427803</b>	<b>-167084711</b>
3	<b>Gross profit or loss (from turnover)</b>		<b>3112098</b>	<b>4428117</b>	<b>6717580</b>	<b>9558255</b>
4	<b>Sales costs</b>	6	<b>-6763183</b>	<b>-9623142</b>	<b>-9923768</b>	<b>-14120250</b>
5	<b>Administration costs</b>	7	<b>-4164559</b>	<b>-5925634</b>	<b>-3813884</b>	<b>-5426668</b>
6	<b>Other operating income</b>	8	<b>2362387</b>	<b>3361374</b>	<b>6591897</b>	<b>9379424</b>
7	<b>Other operating costs</b>	9	<b>-1060386</b>	<b>-1508793</b>	<b>-3013446</b>	<b>-4287747</b>
8	<b>Interest income and other similar income</b>		<b>18488</b>	<b>26306</b>	<b>117535</b>	<b>167237</b>
9	<b>Proceeds from participation in the subsidiary and associated companies capitals</b>		<b>0</b>	<b>0</b>	<b>123674</b>	<b>175972</b>
10	<b>Interest payments and similar expenses</b>		<b>-588617</b>	<b>-837527</b>	<b>-663256</b>	<b>-943728</b>
11	<b>Profit or loss before extraordinary items and taxes</b>		<b>-7083772</b>	<b>-10079299</b>	<b>-3863668</b>	<b>-5497504</b>
12	<b>Other taxes</b>		<b>-207983</b>	<b>-295933</b>	<b>-200179</b>	<b>-284829</b>
13	<b>Reporting period profit or loss after taxes for the consolidated financial statement</b>		<b>-7291755</b>	<b>-10375233</b>	<b>-4063847</b>	<b>-5782333</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 metalurģs"  
 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		9 months of the year 2009	
	LVL	EUR	LVL	EUR
<b>OPERATING CASH FLOW</b>				
Cash received from buyers	158915309	226116113	126579408	180106271
Cash received from other business activities	815300	1160067	881341	1254035
VAT overpayment received	10746460	15290835	8057326	11464542
Cash paid to suppliers and employees	-175098295	-249142428	-132627418	-188711814
<b>Cash received from the core business activity</b>	<b>-4621226</b>	<b>-6575412</b>	<b>2890657</b>	<b>4113034</b>
Received interest from the principal (from bank)	17902	25472	115617	164508
Interest payment	-542787	-772316	-653421	-929734
Corporate income tax payments	-20417	-29051	-255308	-363271
Other tax payments	-1829952	-2603787	-5938174	-8449260
<b>Net cash flow from the core business activity</b>	<b>-6996480</b>	<b>-9955094</b>	<b>-3840629</b>	<b>-5464723</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
Acquisition of fixed assets	-3034419	-4317589	-692026	-984664
Sale of fixed assets and intangible assets	4840	6887	132800	188957
Investments in associated and related companies	-2000	-2846	0	0
Investments in related companies (subsidiaries)	0	0	123674	175972
Interests received from the loan	0	0	988	1406
<b>Net cash flow from investment operations</b>	<b>-3031579</b>	<b>-4313548</b>	<b>-434564</b>	<b>-618329</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Short term borrowings, net value (credit line)	10608472	15094496	7684733	10934390
Long term borrowings	15000	21343	161960	230448
Paid liabilities for financial leasing	-140751	-200271	-488917	-695666
Repayment of loans of associated and related companies	0	0	-83099	-118239
Long term loan repayments	-301395	-428846	-144943	-206235
Other investments	-70563	-100402	-63752	-90711
Other funding and grants received	115060	163716	643227	915230
<b>Net cash flow from financing activities</b>	<b>10225823</b>	<b>14550035</b>	<b>7709209</b>	<b>10969216</b>
Result of foreign currency exchange rate fluctuations	294794	419454	-87516	-124524
<b>Net growth of cash and its equivalents</b>	<b>492558</b>	<b>700847</b>	<b>3346500</b>	<b>4761641</b>
Cash and its equivalents at the beginning of accounting period	5085538	7236069	2974865	4232852
<b>Cash and its equivalents at the end of accounting period</b>	<b>5578096</b>	<b>7936916</b>	<b>6321365</b>	<b>8994492</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>As of 31.12.2008.</b>	<b>16981033</b>	<b>63089181</b>	<b>0</b>	<b>38393389</b>	<b>5935893</b>	<b>507116</b>	<b>124906612</b>
Previous year profit put in reserves				6131440	-5935893	-499337	<b>-303790</b>
Undistributed profit of the reporting period					-11827256		<b>-11827256</b>
Minority shareholders					-376937		<b>-376937</b>
Written-off revaluation reserve		-13109245					<b>-13109245</b>
<b>As of 31.12.2009.</b>	<b>16981033</b>	<b>49979936</b>	<b>0</b>	<b>44524829</b>	<b>-12204193</b>	<b>7779</b>	<b>99289384</b>
Previous year profit put in reserves					12204193	-12204193	<b>0</b>
Undistributed profit of the reporting period					-7291755		<b>-7291755</b>
Minority shareholders						58712	<b>58712</b>
Written-off revaluation reserve		-3145823					<b>-3145823</b>
<b>As of 30.09.2010.</b>	<b>16981033</b>	<b>46834113</b>	<b>0</b>	<b>44524829</b>	<b>-7291755</b>	<b>-12137702</b>	<b>88910518</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>89767817</b>	<b>0</b>	<b>54628871</b>	<b>8446015</b>	<b>721561</b>	<b>177726097</b>
Previous year profit put in reserves				8724253	-8446015	-710493	<b>-432254</b>
Undistributed profit of the reporting period					-16828669		<b>-16828669</b>
Minority shareholders					-536333		<b>-536333</b>
Written-off revaluation reserve		-18652775					<b>-18652775</b>
<b>As of 31.12.2009.</b>	<b>24161833</b>	<b>71115042</b>	<b>0</b>	<b>63353124</b>	<b>-17365002</b>	<b>11069</b>	<b>141276066</b>
Previous year profit put in reserves					17365002	-17365002	<b>0</b>
Undistributed profit of the reporting period					-10375233		<b>-10375233</b>
Minority shareholders						83540	<b>83540</b>
Written-off revaluation reserve		-4476103					<b>-4476103</b>
<b>As of 30.09.2010.</b>	<b>24161833</b>	<b>66638939</b>	<b>0</b>	<b>63353124</b>	<b>-10375233</b>	<b>-17270394</b>	<b>126508270</b>

**ENCLOSURES TO THE 9 MONTH QUARTERLY REPORT**

**ENCLOSURES TO BALANCE SHEET**

**1. ACCOUNTS RECEIVABLE (DEBTORS)**

Accounts Receivable	As of 30.09.2010.		As of 30.09.2009.	
	LVL	EUR	LVL	EUR
<b>Customers and affiliated companies' debts</b>	<b>2354636</b>	<b>3350345</b>	<b>6569857</b>	<b>9348064</b>
Incl. Debts of buyers and customers	2246517	3196506	5324226	7575691
Incl. Debts of related enterprises	39975	56879	0	0
Incl. Debts of buyers with factoring activities	33711	47966	1222448	1739387
Incl. Debts of associated enterprises	34433	48994	23183	32986
(Doubtful debtors debt)	/128098/	/182267/	/132432/	/188434/
<b>Other debtors</b>	<b>1627185</b>	<b>2315276</b>	<b>4940757</b>	<b>7030064</b>
Incl. Provision for VAT and unpaid VAT	57542	81875	8571	12195
Incl. Advance payments	10467	14893	21769	30974
Incl. VAT budget overpayments	1317241	1874265	3040458	4326182
Incl. Various debtors	133763	190328	24031	34193
Incl. Overpaid salaries	113	161	12	17
Incl. Other overpaid taxes	5246	7464	4100	5834
Incl. Advance prepayment for Corporate income tax	38812	55225	1812861	2579469
Incl. Security amounts in auction	10414	14818	10315	14677
Incl. Advance payments for services	53587	76247	18640	26522
<b>Short-term loans to employees</b>	<b>0</b>	<b>0</b>	<b>10363</b>	<b>14745</b>
<b>Future periods payments</b>	<b>106278</b>	<b>151220</b>	<b>154653</b>	<b>220051</b>
Incl. Press expenses	5895	8388	6116	8702
Incl. Various	12425	17679	15272	21730
Incl. Property insurance	59582	84778	77582	110389
Incl. Payment for ship freightage services	28300	40267	55608	79123
Incl. Publicity and Advertisement	76	108	75	107
<b>Total Debtors:</b>	<b>4088099</b>	<b>5816841</b>	<b>11675630</b>	<b>16612925</b>

**2. ACCOUNTS PAYABLE (CREDITORS)**

CREDITORS	As of 30.09.2010.		As of 30.09.2009.	
	LVL	EUR	LVL	EUR
<b>Long-term creditors (credit institutions)</b>	<b>23110113</b>	<b>32882728</b>	<b>2372718</b>	<b>3376074</b>
<b>Other long-term borrowings</b>	<b>1790697</b>	<b>2547932</b>	<b>1767133</b>	<b>2514404</b>
<b>Other long-term creditors</b>	<b>215146</b>	<b>306125</b>	<b>215146</b>	<b>306125</b>
<b>Short-term borrowings from credit institutions</b>	<b>11215447</b>	<b>15958143</b>	<b>17004933</b>	<b>24195840</b>
<b>Short term debt from leasing "Hansalizings", "Unilizings")</b>	<b>181011</b>	<b>257555</b>	<b>1202</b>	<b>1710</b>
<b>Advance payments (from residents)</b>	<b>420094</b>	<b>597740</b>	<b>181121</b>	<b>257712</b>
<b>Advance payments (from non-residents)</b>	<b>25412626</b>	<b>36158909</b>	<b>4058716</b>	<b>5775033</b>
<b>Other borrowings (factoring)</b>	<b>620380</b>	<b>882721</b>	<b>2567536</b>	<b>3653275</b>
<b>Other borrowings (Cemex)</b>	<b>0</b>	<b>0</b>	<b>4032299</b>	<b>5737445</b>
<b>Other borrowings (physical persons)</b>	<b>91375</b>	<b>130015</b>	<b>0</b>	<b>0</b>
<b>Debts to suppliers and contractors</b>	<b>12959278</b>	<b>18439391</b>	<b>8321593</b>	<b>11840560</b>
Incl. Materials and gas	5473796	7788510	3131108	4455165
Incl. Services	1939326	2759412	1241775	1766887
Incl. Scrap, various services related to scrap delivery, processing	5521325	7856138	3941688	5608517
Incl. Fixed assets	22045	31367	906	1289
Incl. Medical department creditors	2524	3591	2633	3746
Incl. Other Creditors	262	373	3483	4956
<b>Debts to associated enterprises</b>	<b>31046</b>	<b>44174</b>	<b>817844</b>	<b>1163687</b>
<b>Accrued liabilities</b>	<b>10188</b>	<b>14496</b>	<b>11210</b>	<b>15950</b>
<b>Taxes and social security insurance payments</b>	<b>1000536</b>	<b>1423634</b>	<b>874942</b>	<b>1244930</b>
Incl. Value added tax	90550	128841	44760	63688
Incl. State tax	696	990	614	874
Incl. Residents' Income tax	339907	483644	246601	350882
Incl. Real estate tax	0	0	2843	4045
Incl. Social Security tax	537365	764602	548119	779903
Incl. Packing tax	1914	2723	5	7
Incl. Nature resources tax	25889	36837	32000	45532
Incl. Enterprise's Income tax	4215	5997	0	0
<b>Other creditors (liabilities)</b>	<b>888341</b>	<b>1263995</b>	<b>782714</b>	<b>1113702</b>
Incl. Payments for salaries	843314	1199928	761346	1083298
Incl. Deductions from salaries	37265	53023	20087	28581
Incl. Debt to accountable persons	7762	11044	1281	1823
<b>Total Creditors:</b>	<b>77946278</b>	<b>110907562</b>	<b>43009107</b>	<b>61196446</b>

**ENCLOSURES TO PROFIT AND LOSS STATEMENT****3. NET TURNOVER (REVENUE)**

Product Description	For 9 months of year 2010		For 9 months of year 2009	
	LVL	EUR	LVL	EUR
Rolled steel	149793929	213137559	115413308	164218343
Consumer goods	63389	90194	77069	109659
Services	261669	372321	102334	145608
Sold steam, gCal	17122	24362	11419	16248
Medical department	652732	928754	809762	1152188
Transportation services	7955	11319	7061	10047
Stevedoring services	3089937	4396584	2108288	2999824
Broker services	1680968	2391802	1370178	1949588
Freightage services	78719	112007	46722	66479
Forwarder and other services	1478910	2104299	3482818	4955604
Sports	427222	607882	327383	465824
Publicity and Advertisement	55703	79258	57785	82221
Beton (concrete) wares	305025	434011	331256	471335
Crushed slag	178215	253577	0	0
<b>TOTAL</b>	<b>158091495</b>	<b>224943932</b>	<b>124145383</b>	<b>176642966</b>



**4. NET TURNOVER BY GEOGRAPHIC MARKETS**

Market	For 9 months of year 2010		For 9 months of year 2009	
	LVL	EUR	LVL	EUR
European Union countries	80824841	115003388	51442411	73195956
Other third countries	77266654	109940544	72702972	103447009
<b>Total</b>	<b>158091495</b>	<b>224943932</b>	<b>124145383</b>	<b>176642966</b>

**5. PRODUCTION COSTS OF SOLD GOODS**

Cost Description	9 months for year 2010		9 months for year 2009	
	LVL	EUR	LVL	EUR
Materials	131157228	186619922	81547869	116032164
Salaries and wages	9582645	13634875	11317474	16103315
Social benefits deduction	2254171	3207396	2654409	3776884
Depreciation	5078604	7226202	5091726	7244873
Other costs	6856399	9755777	16765864	23855675
Write-off of nonmaterial values	50350	71642	50461	71800
<b>Total</b>	<b>154979397</b>	<b>220515815</b>	<b>117427803</b>	<b>167084711</b>

**6. SALES EXPENSES**

Cost Description	For 9 months of year 2010		For 9 months of year 2009	
	LVL	EUR	LVL	EUR
Packing materials	66429	94520	87360	124302
Transportation costs	969291	1379177	1440764	2050022
Freight	149225	212328	1230765	1751221
Port handling charges	47882	68130	2845022	4048102
Advertising and marketing costs	27488	39112	32577	46353
Other sales costs	157722	224418	411592	585643
Events organizing costs	403682	574388	815925	1160957
Logistics services costs	4882282	6946861	2935144	4176334
Bank Services	59183	84210	124619	177317
<b>Total</b>	<b>6763184</b>	<b>9623144</b>	<b>9923768</b>	<b>14120250</b>

**7. ADMINISTRATION EXPENSES**

Cost Description	For 9 months of year 2010		For 9 months of year 2009	
	LVL	EUR	LVL	EUR
Salaries and social costs	2931817	4171600	2525052	3592825
Communication costs	76260	108508	86290	122780
Office supplies and office maintenance costs	650058	924949	684567	974051
Legal and auditing fees	69916	99482	99800	142003
Presentation costs	124240	176778	118839	169093
Depreciation of fixed assets	173245	246505	168092	239173
Traveling expenses	79582	113235	74711	106304
Management training	6571	9350	4531	6447
Costs of bank account services	38008	54081	39731	56532
Costs related to stockholders	14862	21147	12271	17460
<b>Total</b>	<b>4164559</b>	<b>5925634</b>	<b>3813884</b>	<b>5426668</b>

**8. OTHER OPERATING INCOME**

Income Description	9 months of year 2010		9 months of year 2009	
	LVL	EUR	LVL	EUR
Sale of current assets	744018	1058642	499613	710885
Sale of fixed assets and liquidation	4000 11509	5691 16376	325918 3305	463740 4703
Written-off revaluation reserve of fixed assets	73439	104494	95804	136317
Received fine payments	7899	11239	46213	65755
Bad debt recovery	1531	2178	37144	52851
Currency exchange income	583602	830391	0	0
Other income from operating activity	744256	1058981	3938019	5603296
Dotation (allowance)	192133	273381	644281	916729
Income due to a decrease in provisions	0	0	1001600	1425148
<b>Total</b>	<b>2362387</b>	<b>3361374</b>	<b>6591897</b>	<b>9379424</b>

**9. OTHER OPERATING COSTS**

Cost Description	9 months of year 2010		9 months of year 2009	
	LVL	EUR	LVL	EUR
Sales costs of current assets	469246	667677	308703	439245
Costs related to the sale and liquidation of fixed assets	2450 19059	3486 27119	23130 28351	32911 40340
Currency exchange loss (net value)	0	0	1347	1917
Compensation for damage and other allowances	44470	63275	233768	332622
Other costs	124348	176931	1577175	2244118
Costs of infrastructure maintenance	15947	22691	30482	43372
Costs not related to the operating activities	279329	397449	691711	984216
Training of new employees	24950	35501	36147	51433
Costs of auto maintenance	32510	46258	35567	50607
Costs of previous period	28722	40868	44310	63047
Paid fines	19355	27540	2755	3920
<b>Total</b>	<b>1060386</b>	<b>1508793</b>	<b>3013446</b>	<b>4287747</b>