

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

Non-audited Consolidated
Annual Report

For the year ended 31 December 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.

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 - 16%.
production of industrial gas.

JSC "Liepājas tranzīta ekspresis"

number of shares - 24%.
transport agents, realization of oil/fuel products, rail transport services (is decided to close).

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 Latvian Accounting Standards and 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 in accordance with the International Valuation Standards. As a result of this revaluation, the value increase is

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. 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. 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 and are in accordance with the proper documentation and records in the accounting registries. Only those amounts with the payment terms not exceeding 12 months from the end of the reporting period are included in the shorter creditors (accounts payables). Credited advance payment is presented as loans (other loans).

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

Provisions are thought to cover certain kinds of losses, liabilities and expenses, which are related to the reporting period or previous years and which values on the Balance Sheet preparation date have either expected or already known values, however, the payment date is not known. Provisions for doubtful debtor dues are not reflected in the Balance Sheet, but the debtors total amount in the Balance Sheet is reduced by this amount because usually these amounts are the same.

Events occurred after the Balance Sheet date. There have been no events in the time period since the last day of the past year which would materially affect the financial health of the companies included in the consolidate financial statements.

Joint-Stock Company “Liepājas Metalurģs” Management Statement Regarding the Non-audited Consolidated Annual Report for 12 months of the year 2010.

The Company’s non-audited Net Turnover in the reporting period was LVL 204.2 million (EUR 290.6 mill.), and it was 169.1 million LVL (EUR 240.6 mill.) in 12 months of the year 2009.

The Company’s loss from business activities in the reporting period was LVL 6.4 million (EUR 9.1 mill.), which was a loss of LVL 12.2 million (EUR 17.4 mill.) in the same period in previous year.

The increase of net turnover and decrease in losses were primarily related to the increase in the price levels in comparison to the last year.

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 Metalurģs”

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 December 31, 2010 as well as the results of its operations and cash flow for 12 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	31.12.2010. LVL	31.12.2010. EUR	31.12.2009. LVL	31.12.2009. EUR
1. LONG-TERM INVESTMENTS					
I. Intangible investments					
1. Concessions, patents, licenses, trademarks and similar rights		4829	6871	0	0
2. Other intangible assets		46394	66013	200288	284984
3. Goodwill		66518	94647	0	0
I.TOTAL:		117741	160659	200288	284984
II. Fixed assets					
1. Land, buildings and constructions, and long-term sites		52687624	74967735	53484845	76102078
2. Long-term investments in rented fixed assets		4607216	6555478	4819773	6857919
3. Technological equipment and machinery		29128410	41445993	34209753	48676093
4. Other fixed assets and inventory		2397554	3411412	3117575	4435910
5. Fixed assets formation and costs of unfinished construction sites		31594185	44954475	666770	948728
6. Advance payments for fixed assets		23193	33001	386277	549623
II. TOTAL:		120438182	171368093	96684993	137570351
III. Investment properties					
1. Investment properties		5136480	7308553	5232729	7445503
IV. Long-term financial investments					
1.1. Share in the capital of related companies (subsidiaries)		2000	2846	3268	4650
1.2. Share in the capital of associated companies		896783	1276007	529843	753899
2. Other loans		182449	259602	745910	1061334
IV. TOTAL:		1081232	1538455	1279021	1819883
Section 1 total amount:		126773635	180382632	103397031	147120721
2. CURRENT ASSETS					
I. Stock (Inventories)					
1. Raw materials, basic and auxiliary materials		9037495	12859197	11079473	15764670
2. Unfinished products, Work in Process		240895	342763	1514799	2155365
3. Finished products and goods for sales		39876439	56739061	10124775	14406258
4. Incompleted orders		209935	298711	176633	251326
5. Advance payments for goods		8078383	11494503	2227398	3169302
6. Labour animals and productive animals		110	157	110	157
I. TOTAL:		57443257	81734391	25123188	35747076
II. Accounts receivable (Debtors)					
1. Trade accounts receivable		2865638	4077436	2317942	3298134
2. Debt of related enterprises (subsidiaries)		49081	69836	19264	27410
3. Debt of associated enterprises		38535	54830	25746	36633
4. Other debtors (accounts receivable)		1154629	1642889	4286726	6099462
5. Prepaid expenses		105550	150184	114968	163585
II.TOTAL:	1	4213433	5995175	6764646	9625224
III. Short-term financial investmens					
III. TOTAL:		0	0	0	0
IV. Cash		3910259	5563797	5597181	7964070
IV. TOTAL:		3910259	5563797	5597181	7964071
Section 2 total amount		65566949	93293363	37485015	53336371
TOTAL ASSETS		192340584	273675995	140882046	200457092

LIABILITIES AND SHAREHOLDERS' EQUITY	Enclosure Number	31.12.2010. LVL	31.12.2010. EUR	31.12.2009. LVL	31.12.2009. EUR
1. SHAREHOLDERS' EQUITY					
1. Share capital (fixed capital)		16981033	24161833	16981033	24161833
2. Long-term investments revaluation reserve		46072685	65555525	49979936	71115042
3. Reserves: a) reserves stipulated by law		0	0	0	0
3. Reserves: b) other reserves		44524829	63353124	44524829	63353124
3. TOTAL:		44524829	63353124	44524829	63353124
4. Retained earnings: a) undistributed profit from the previous years		-12290462	-17487752	7779	11069
4. Retained earnings: b) undistributed profit of the reporting year		-6157203	-8760911	-11827256	-16828669
4. Retained earnings: c) Minority shareholders		-223985	-318702	-376937	-536333
4. Retained earnings: b+c undistributed profit of the reporting section 1 total amount:		-6381188	-9079613	-12204193	-17365002
Minority shareholders		525168	747247	535430	761848
2. PROVISIONS					
1. Provisions for anticipated taxes		1128589	1605837	1389883	1977625
2. Other provisions		900874	1281828	908198	1292249
section 2 total amount:		2029463	2887666	2298081	3269875
3. LIABILITIES (Accounts payable)					
I. Long-term Creditors (Accounts payable)					
1. Loans from credit institutions		27481131	39102127	4086276	5814247
2. Other loans		1488302	2117663	0	0
3. Other liabilities		215146	306125	0	0
I. TOTAL:		29184579	41525915	4086276	5814247
II. Short-term Creditors (Accounts payable)					
1. Loans from credit institutions		14813928	21078321	15194083	21619232
2. Other loans		669186	952166	766410	1090503
3. Advance payments received from customers		41505657	59057229	8069009	11481165
4. Suppliers and contractors trade account payable		10944500	15572621	8644489	12300000
5. Accrued liabilities (payable bills of exchange)		1892158	2692298	108178	153923
6. Payable (debt) to associated companies		160347	228153	25886	36832
7. Taxes and state social insurance payments	3	860131	1223856	974961	1387245
8. Other liabilities		848570	1207406	889859	1266155
II. TOTAL:		71694477	102012050	34672875	49335056
Section 3 total amount:	2	100879056	143537965	38759151	55149303
TOTAL LIABILITIES AND EQUITY		192340584	273675995	140882046	200457092

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	31.12.2009. LVL	31.12.2009. EUR
1	2	3	4	5	6	7
1	Net turnover	3,4	204173688	290512985	169155100	240686023
2	Production costs of goods sold	5	-202427424	-288028275	-165419164	-235370265
3	Gross profit or loss (from turnover)		1746264	2484710	3735936	5315758
4	Sales costs	6	-5638416	-8022743	-12264611	-17450969
5	Administration costs	7	-5860469	-8338696	-5705536	-8118246
6	Other operating income	8	9008299	12817655	8404451	11958456
7	Other operating costs	9	-4983212	-7090472	-3997228	-5687543
8	Interest income and other similar income		214407	305074	185430	263843
9	Proceeds from the participation in the capital of subsidiaries and associated companies		-4674	-6651	123674	175972
10	Interest payments and similar expenses		-847102	-1205318	-918191	-1306468
11	Profit or loss before taxes		-6364903	-9056441	-10436075	-14849197
12	Income tax for the reporting period		0	0	-37169	-52887
13	Deferred tax		272850	388231	-1463517	-2082397
14	Other taxes		-289135	-411402	-267432	-380521
15	Reporting period profit or loss after taxes for the consolidated financial statement		-6381188	-9079613	-12204193	-17365002

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)

	Reporting year		12 months of the year 2009	
	LVL	EUR	LVL	EUR
OPERATING CASH FLOW				
Cash received from buyers	228787725	325535605	154393640	219682358
Cash received from other business activities	1636743	2328875	542433	771813
VAT overpayment received	12953260	18430829	12664368	18019772
Cash paid to suppliers and employees	-251827664	-358318484	-187526533	-266826218
Cash received from the core business activity	-8449936	-12023176	-19926092	-28352275
Received interest from the principal (from banks)	212498	302357	181715	258557
Interest payment	-807221	-1148572	-935797	-1331519
Corporate income tax payments	-74327	-105758	-255674	-363791
Other tax payments	-2926052	-4163397	-8518600	-12120876
Net cash flow from the core business activity	-12045038	-17138545	-29454448	-41909904
CASH FLOW FROM INVESTMENT ACTIVITIES				
Acquisition of fixed assets	-4425309	-6296647	-898573	-1278554
Sale of fixed assets and intangible assets	4840	6887	199194	283428
Investments in associated and related companies	-117000	-166476	123674	175972
Income from other operations	0	0	988	1406
Net cash flow from investment operations	-4537469	-6456237	-574717	-817749
CASH FLOW FROM FINANCING ACTIVITIES				
Short term borrowings, net value (credit line) net worth	14263349	20294917	32274415	45922355
Long term borrowings	891704	1268780	757979	1078507
Paid liabilities for financial leasing	-46583	-66282	-4624	-6579
Loans to associated companies	-112448	-159999	0	0
Repayment of loans of associated and related companies	2027	2884	-1093399	-1555767
Long term loan repayments	-523581	-744989	-193257	-274980
Received funding	-80848	-115036	-98898	-140719
Other funding and grants received	1008008	1434266	1195769	1701426
Net cash flow from financing activities	15401628	21914542	32837985	46724243
Result of foreign currency exchange rate fluctuations	-193509	-275339	-186502	-265368
Net growth of cash and its equivalents	-1374388	-1955578	2622318	3731222
Cash and its equivalents at the beginning of accounting period	5284647	7519375	2974863	4232849
Cash and its equivalents at the end of accounting period	3910259	5563797	5597181	7964071

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Revaluation reserve of long term investments	Reserves stated by Statute	Other reserves	Retained Earnings of the reporting year	Retained Earnings of the previous year	Equity capital TOTAL
	LVL	LVL	LVL	LVL	LVL	LVL	LVL
As of 31.12.2008.	16981033	63089181	0	38393389	5935893	507116	124906612
Previous year profit put in reserves				6131440	-5935893	-499337	-303790
Undistributed profit of the reporting period					-11827256		-11827256
Minority shareholders					-376937		-376937
Written-off revaluation reserve		-13109245					-13109245
As of 31.12.2009.	16981033	49979936	0	44524829	-12204193	7779	99289384
Previous year profit put in reserves					12204193	-12204193	0
Undistributed profit of the reporting period					-6381188		-6381188
Minority shareholders						-94048	-94048
Written-off revaluation reserve		-3907251					-3907251
As of 31.12.2010.	16981033	46072685	0	44524829	-6381188	-12290462	88906897

	Share capital	Revaluation reserve of long term investments	Reserves stated by Statute	Other reserves	Retained Earnings of the reporting year	Retained Earnings of the previous years	Equity capital TOTAL
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
As of 31.12.2008.	24161833	89767817	0	54628871	8446015	721561	177726097
Previous year profit put in reserves				8724253	-8446015	-710493	-432254
Undistributed profit of the reporting period					-16828669		-16828669
Minority shareholders					-536333		-536333
Written-off revaluation reserve		-18652775					-18652775
As of 31.12.2009.	24161833	71115042	0	63353124	-17365002	11069	141276066
Previous year profit put in reserves					17365002	-17365002	0
Undistributed profit of the reporting period					-9079613		-9079613
Minority shareholders						-133818	-133818
Written-off revaluation reserve		-5559517					-5559517
As of 30.09.2010.	24161833	65555525	0	63353124	-9079613	-17487752	126503118

ENCLOSURES TO THE QUARTERLY REPORT

ENCLOSURES TO BALANCE SHEET

1. ACCOUNTS RECEIVABLE (DEBTORS)

Accounts Receivable	As of 31.12.2010.		As of 31.12.2009.	
	LVL	EUR	LVL	EUR
Customers and affiliated companies' debts	2953253	4202100	2362952	3362178
Incl. Debts of buyers and customers	2831926	4029468	1988220	2828982
Incl. Debts of related enterprises (subsidiaries)	49081	69836	0	0
Incl. Debts of buyers with factoring activities	33711	47966	348986	496562
Incl. Debts of associated enterprises	38535	54830	25746	36633
(Doubtful debtors debt)	/391076/	/182267/	/132432/	/188434/
Other debtors	1154630	1642890	4286726	6099462
Incl. Provision for VAT and unpaid VAT	109110	155250	21715	30898
Incl. Advance payments	1901	2705	9213	13109
Incl. VAT budget overpayments	719836	1024234	2252738	3205357
Incl. Various debtors	45422	64630	32206	45825
Incl. Overpaid salaries	93	132	18	26
Incl. Other overpaid taxes	227172	323237	5202	7402
Incl. Advance payment for Corporate income tax	5312	7558	1810222	2575714
Incl. Occurred losses	0	0	115546	164407
Incl. Security deposit paid	936	1332	10359	14740
Incl. Accrued income	29024	41297	0	0
Incl. Advance payments for services	15824	22516	29507	41985
Future periods payments	105550	150184	114968	163585
Incl. Press expenses	8541	12153	6837	9728
Incl. Various	33326	47419	13669	19449
Incl. Property insurance	48246	68648	65273	92875
Incl. Payment for ship freightage services	15119	21512	0	0
Incl. Rent payments	0	0	19085	27156
Incl. Publicity and Advertisement	318	452	397	565
Incl. Audit expenses	0	0	9707	13812
Total Debtors:	4213433	5995175	6764646	9625224

2. ACCOUNTS PAYABLE (CREDITORS)

CREDITORS	As of 31.12.2010.		As of 31.12.2009.	
	LVL	EUR	LVL	EUR
Long- term creditors (credit institutions)	27481131	39102127	1947068	2770428
Other long-term borrowings	1488302	2117663	1924062	2737694
Other creditors	215146	306125	215146	306125
Short-term borrowings from credit institutions	1293261	1840145	1187828	1690127
Loan interest	29642	42177	6982	9934
Short-term borrowings from credit institutions (credit line)	13491025	19195999	13999273	19919171
Short term debt from leasing "Hansalizings", "Unilizings")	504110	717284	417424	593941
Advance payments (from residents)	144077	205003	82169	116916
Advance payments (from non-residents)	41361580	58852226	7986840	11364249
Other borrowings (factoring)	33711	47966	348986	496562
Other borrowings	39990	56901	0	0
Other borrowings (from physical persons)	91375	130015	0	0
Debts to suppliers and contractors	10944500	15572621	8644489	12300000
Incl. Materials and gas	7332401	10433067	4132318	5879759
Incl. Services	1846691	2627605	1347056	1916688
Incl. Scrap, various services related to scrap delivery, processing	1549367	2204551	3151356	4483976
Incl. Fixed assets	211541	300996	984	1400
Incl. Medical department creditors	970	1380	3481	4953
Incl. Other Creditors	3530	5023	9294	13224
Debts to associated enterprises	160347	228153	25886	36832
Accrued liabilities	1893290	2693909	108178	153923
Taxes and social security insurance payments	860131	1223856	974961	1387245
Incl. Value added tax	19716	28053	60398	85939
Incl. State tax	688	979	619	881
Incl. Residents' Income tax	323464	460248	300607	427725
Incl. Real estate tax	5311	7557	0	0
Incl. Social Security tax	478245	680481	550112	782739
Incl. Nature resources tax	32707	46538	30048	42754
Incl. Enterprise's Income tax	0	0	33177	47207
Other creditors (liabilities)	847438	1205796	889859	1266155
Incl. Payments for salaries	781827	1112440	856321	1218435
Incl. Deductions from salaries	32158	45757	32432	46147
Incl. Debt to accountable persons	2618	3725	1106	1574
Incl. Other Creditors	30835	43874	0	0
Total Creditors:	100879056	143537965	38759151	55149303

ENCLOSURES TO PROFIT AND LOSS STATEMENT

3. NET TURNOVER (REVENUE)

Product Description	For 12 months of year 2010		For 12 months of year 2009	
	LVL	EUR	LVL	EUR
Rolled steel	192169256	273432217	157884842	224649891
Other metal ware	93981	133723	133826	190417
Services	529819	753865	127438	181328
Sold steam, gCal	24451	34791	23836	33916
Medical department	916703	1304351	1055080	1501244
Transportation services	10604	15088	4316	6141
Stevedoring services	4341852	6177899	2382742	3390336
Broker services	2328446	3313080	1729442	2460774
Freightage services	39070	55592	51413	73154
Forwarder and other services	2194082	3121897	4742898	6748536
Sports	529447	753335	424493	603999
Publicity and Advertisement	62661	89159	82147	116885
Beton (concrete) wares	507736	722443	438707	624224
Slag	353014	502294	1091	1552
Electric energy	72566	103252	72829	103626
TOTAL	204173688	290512985	169155100	240686023

4. NET TURNOVER BY GEOGRAPHIC MARKETS

Market	For 12 months of year 2010		For 12 months of year 2009	
	LVL	EUR	LVL	EUR
European Union countries	111758575	159018126	64807464	92212714
Other third countries	92415113	131494859	104347636	148473310
Total	204173688	290512985	169155100	240686023

5. PRODUCTION COSTS OF SOLD GOODS

Cost Description	12 months for year 2010		12 months for year 2009	
	LVL	EUR	LVL	EUR
Materials	168649742	239966964	116448217	165690885
Salaries and wages	11473597	16325458	13181823	18756044
Social benefits deduction	2716441	3865147	3107167	4421100
Depreciation	6703804	9538654	6582467	9366007
Other costs	12816714	18236541	26032238	37040538
Write-off of nonmaterial values	67126	95512	67252	95691
Total	202427424	288028275	165419164	235370265

6. SALES EXPENSES

Cost Description	For 12 months of year 2010		For 12 months of year 2009	
	LVL	EUR	LVL	EUR
Packing materials	76120	108309	120581	171571
Transportation costs	1424333	2026643	1515518	2156388
Freight	156418	222563	129339	184033
Port handling charges	53688	76391	17358	24698
Advertising and marketing costs	34448	49015	50808	72293
Other sales costs	255293	363249	258085	367222
Logistics services costs	3574230	5085671	9980359	14200771
Factoring %, and costs related to L/C transactions	63886	90902	192563	273992
Total	5638416	8022743	12264611	17450969

7. ADMINISTRATION EXPENSES

Cost Description	For 12 months of year 2010		For 12 months of year 2009	
	LVL	EUR	LVL	EUR
Salaries and social costs	3998914	5689942	3952967	5624565
Communication costs	107767	153339	131637	187303
Office supplies and office maintenance costs	892680	1270169	906334	1289597
Legal and auditing fees	88340	125696	120929	172066
Presentation costs	333948	475165	169835	241653
Depreciation of fixed assets	233155	331750	226933	322897
Management business trips	111761	159022	107406	152825
Management training	12620	17957	4926	7009
Costs of bank account services	59746	85011	62297	88641
Costs related to stockholders	21538	30646	22272	31690
Total	5860469	8338696	5705536	8118246

8. OTHER OPERATING INCOME

Income Description	12 months of year 2010		12 months of year 2009	
	LVL	EUR	LVL	EUR
Sale of current assets	1537835	2188142	637785	907486
Income from fixed assets sale	4000	5691	397412	565466
Income from fixed assets liquidation	97912	139316	341411	485784
Written-off revaluation reserve of fixed assets	74068	105389	458680	652643
Received fine payments	23090	32854	42351	60260
Received discounts	617707	878918	0	0
Bad debt recovery	2541	3616	37145	52853
Currency exchange income	704267	1002082	284871	405335
Other income from operating activity	4521823	6433974	3867276	5502638
Dotation (allowance)	1416056	2014866	1435920	2043130
Revenue from the provision reduction	9000	12806	1001600	1425148
Total	9008299	12817655	8504451	12100744

9. OTHER OPERATING COSTS

Cost Description	12 months of year 2010		12 months of year 2009	
	LVL	EUR	LVL	EUR
Sales costs of current assets	848911	1207892	384907	547673
Costs related to the sale of fixed assets	2800	3984	53703	76412
Costs related to the liquidation of fixed assets	65039	92542	33215	47261
Fixed Assets value reduction	87000	123790	141775	201728
Provisions for bad debts	262168	373031	13195	18775
Bad debt write-off	21754	30953	1802	2564
Compensation for damage and other allowances	68598	97606	297785	423710
Other costs	337178	479761	1606436	2285752
Costs of infrastructure maintenance	806064	1146926	35378	50338
Costs not related to the operating activities	380219	541003	1270816	1808208
Training of new employees	47366	67396	34710	49388
Costs of auto maintenance	42926	61078	49584	70552
Costs of previous period	41265	58715	44239	62946
Costs related to production shutdown	1913228	2722278	0	0
Paid fines	58696	83517	29683	42235
Total	4983212	7090472	3997228	5687543