

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

Consolidated
Quarterly Report

For 6 months of the year 2011

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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 castings, 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:

JSC "Sātiņi Enerģo LM"

number of shares - 50%. limestone extraction, processing, and realization.

LSEZ Ltd. "Elme-Messer-Metalurģs"

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

Ltd. "LM Resurss"

number of shares - 100%. Scrap purchase.

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 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 quarterly 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. Credited advance payment is presented as loans (other loans).

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 review period which would materially affect the financial health of the companies included in the consolidated financial statements.

JOINT-STOCK COMPANY "LIEPĀJAS METALURĢS" MANAGEMENT STATEMENT REGARDING THE CONSOLIDATED QUARTERLY REPORT FOR 6 MONTHS OF THE YEAR 2011.

The Company's consolidated non-audited Net Turnover in the reporting period was LVL 128,7 million (EUR 183.1 mill.), and it was 85 million LVL (EUR 121 mill.) in the first half of the year 2010.

The Company's profit from business activities in the reporting period was 2.25 million LVL (EUR 3.2 mill.), which was a loss of 7.8 million LVL (EUR 11.1 mill.) in the same period in previous year

Net Turnover and Profit increase is explained with the rebar price increase.

There were 26.7 million LVL (EUR 38 million) invested during the reporting period. The meltshop reconstruction works are continuing, with the new equipment erection phase being in progress. The production of the special increased depth block-stones was developed. Such block-stones are used for paving the areas (the port peers, for example) which are designated for location of heavy cargoes and lifting equipment. The peer areas have been expanded to service the ships, receive and place cargoes.

The "SMA LM Mineral" Ltd was established in order to process limestone and secure the burned lime for the needs of the new technology of the JSC "Liepājas Metalurģs". Certain modifications took place during the realization of the modernization project related to the order of supply of burned lime for the new production technology. As a result of such changes, lime will be purchased as an already finished product, because of which the local production by "SMA LM Mineral" Ltd will not be needed any longer. Since the "SMA LM Mineral" Ltd had not started its operating activities, it was liquidated as of 28.06.2011.

Due to the need of the additional necessary scrap volumes for the production needs related to the fulfillment of the modernization project, a daughter company of the JSC "Liepājas Metalurģs" was established – the "LM Resurss" Ltd (the Council minutes of the meeting No.6, p.1, dated 16.05.2011.), which will work with the purpose to acquire scrap in other regions of the Republic of Latvia and add this scrap to the materials volumes for the new production technology of the JSC "Liepājas Metalurģs".

In the name of the JSC "Liepājas Metalurģs"

Chairman of the Board _____ V.Terentjevs

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 June 30, 2011 as well as the results of its operations and cash flow for 6 months of the year 2011. 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 _____ V.Terentjevs

STATEMENTS OF FINANCIAL POSITION (Consolidated) for 6 months of the year 2011

ASSETS	Enclosure Number	As of 30.06.2011.		As of 30.06.2010.	
		LVL	EUR	LVL	EUR
1. LONG-TERM INVESTMENTS					
I. Intangible investments					
1. Other intangible assets		36094	51357	51884	73824
2. Concessions, patents, licenses, trademarks and similar rights		4035	5741	5646	8034
3. Advance payments for intangible investments		0	0	0	0
4. Goodwill		33259	47323	99777	141970
I.TOTAL:		73388	104422	157307	223828
II. Fixed assets					
1. Land, buildings and constructions, and long-term sites		52291503	74404106	53108783	75566990
2. Long-term investments in rented fixed assets		4651244	6618124	4827385	6868750
3. Technological equipment and machinery		28592371	40683279	32138868	45729489
4. Other fixed assets and inventory		1957181	2784818	2749265	3911852
5. Fixed assets formation and costs of unfinished construction sites		58480965	83210917	14769715	21015411
6. Advance payments for fixed assets		444039	631811	41532	59095
II. TOTAL:		146417303	208333053	107635548	153151587
III. Investment properties					
Investment properties		4922000	7003375	5009000	7127165
IV. Long-term financial investments					
1. Share in the capital of related companies (subsidiaries)		4000	5691	0	0
2. Share in the capital of associated companies		1522959	2166975	744486	1059308
3. Other loans		669067	951997	749178	1065984
IV. TOTAL:		2196026	3118972	1493664	2125292
Section 1 total amount:		153608717	218565513	114295519	162627872
2. CURRENT ASSETS					
I. Stock (Inventories)					
1. Raw materials, basic and auxiliary materials		13839651	19692049	10114610	14391793
2. Unfinished products, Work in Process		57029	81145	591868	842152
3. Finished products and goods for sales		36524121	51969142	30334476	43162071
4. Incompleted orders		287937	409697	335412	477248
5. Advance payments for goods		12110956	17232338	1871957	2663555
6. Labour animals and productive animals		110	157	110	157
I. TOTAL:		62819804	89384528	43248433	61536976
II. Accounts receivable (Debtors)					
1. Trade accounts receivable		3614483	5142946	3234604	4602427
2. Debt of related enterprises		75	107	51482	73252
3. Debt of associated enterprises		56409	80263	21451	30522
4. Other debtors (accounts receivable)		1311843	1866584	1526109	2171457
5. Prepaid expenses		108189	153939	99248	141217
II.TOTAL:	1	5090999	7243839	4932894	7018876
III. Short-term financial investments					
III. TOTAL:		0	0	0	0
IV. Cash		1332528	1896017	4004170	5697421
IV. TOTAL:		1332528	1896017	4004170	5697421
Section 2 total amount		69243331	98524384	52185497	74253273
TOTAL ASSETS		222852048	317089897	166481016	236881145

LIABILITIES AND SHAREHOLDERS' EQUITY	Enclosure Number	As of 30.06.2011.		As of 30.06.2010.	
		LVL	EUR	LVL	EUR
1. SHAREHOLDERS' EQUITY					
1. Share capital (fixed capital)		16981033	24161833	16981033	24161833
2. Long-term investments revaluation reserve		44397145	63171446	46864776	66682569
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		-19221698	-27350012	-12146967	-17283577
4. Retained earnings: b) undistributed profit of the reporting year		2348601	3341758	-7838095	-11152604
4. Retained earnings: c) Minority shareholders		-96265	-136973	0	0
4. Retained earnings: b+c undistributed profit of the reporting year		2252336	3204785	-7838095	-11152604
Section 1 total amount:		88933645	126541176	88385576	125761345
Minority shareholders		403696	574408	393996	560606
2. PROVISIONS					
1. Provisions for anticipated taxes		1659283	2360947	1389882	1977624
2. Other provisions		932926	1327434	920178	1309295
Section 2 total amount:		2592209	3688381	2310060	3286919
3. LIABILITIES (Accounts payable)					
I. Long-term Creditors (Accounts payable)					
1. Loans from credit institutions		49427910	70329580	13717137	19517728
2. Other loans		2279491	3243423	1790600	2547794
3. Other liabilities		175146	249210	215146	306125
I. TOTAL:		51882547	73822214	15722883	22371647
II. Short-term Creditors (Accounts payable)					
1. Loans from credit institutions		17353716	24692113	17891332	25457072
2. Other loans		705131	1003311	295546	420524
3. Advance payments received from customers		29977657	42654363	27421390	39017123
4. Suppliers and contractors trade account payable		29564869	42067019	12248652	17428262
5. Accrued liabilities (payable bills of exchange)		17576	25008	6667	9486
6. Payable (debt) to associated companies		0	0	19711	28046
7. Taxes and state social insurance payments		740638	1053833	991666	1411014
8. Other liabilities		680364	968071	793537	1129101
9. Deferred income		0	0	0	0
II. TOTAL:		79039951	112463718	59668501	84900628
Section 3 total amount:	2	130922498	186285932	75391384	107272275
TOTAL LIABILITIES AND EQUITY		222852048	317089897	166481016	236881145

In the name of the JSC "Liepājas Metalurģs"

Chairman of the Board _____ V.Terentjevs

STATEMENTS OF COMPREHENSIVE INCOME (Consolidated) for 6 months of the year 2011

No.	Parameter designation	Enclosure Number	As of 30.06.2011.		As of 30.06.2010.	
			LVL	EUR	LVL	EUR
1	Net turnover	3, 4	128680967	183096521	85059523	121028798
2	Production costs of goods sold	5	-120147843	-170954979	-85296724	-121366304
3	Gross profit or loss (from turnover)		8533124	12141542	-237201	-337507
4	Sales costs	6	-4612412	-6562871	-5042225	-7174440
5	Administration costs	7	-2691767	-3830039	-2627292	-3738300
6	Other operating income	8	5699441	8109574	1166595	1659915
7	Other operating costs	9	-4199162	-5974869	-605435	-861456
8	Interest income and other similar income		33928	48275	11919	16959
9	Interest payments and similar expenses		-362645	-515997	-372553	-530095
10	Profit or loss before extraordinary items and taxes		2400507	3415614	-7706192	-10964923
11	Other taxes		-148171	-210828	-131903	-187681
12	Profit or loss after taxes for the reporting period		2252336	3204785	-7838095	-11152604

In the Financial Statements the LVL amounts were converted into EUR by applying the Bank of Latvia exchange rate fixed at EUR 0.702804

In the name of the JSC "Liepājas Metalurģs"

Chairman of the Board _____ V.Terentjevs

CASH FLOW STATEMENT (by direct method) (Consolidated) for 6 Months of the year 2011

	As of 30.06.2011.		As of 30.06.2010.	
	LVL	EUR	LVL	EUR
OPERATING CASH FLOW				
Cash received from buyers	119351396	169821737	88921024	126523218
Cash received from other business activities	768579	1093589	601739	856197
VAT overpayment received	228376	324950	8303485	11814795
Cash paid to suppliers and employees	-118077759	-168009515	-113162086	-161015142
Cash received from the core business activity	2270592	3230761	-15335838	-21820932
Received interests from the core business activity	33827	48131	11334	16127
Received interest	-417785	-594454	-372060	-529394
Corporate income tax payments	-34197	-48658	-30428	-43295
Other tax payments	-1471876	-2094291	-839580	-1194615
Net cash flow from the core business activity	380561	541490	-16566572	-23572108
CASH FLOW FROM INVESTMENT ACTIVITIES				
Acquisition of fixed assets	-4454863	-6338699	-2463392	-3505091
Sale of fixed assets and intangible assets	19503	27750	4840	6887
Investments in associated and related companies	-522616	-743616	0	0
Net cash flow from investment operations	-4957976	-7054564	-2458552	-3498204
CASH FLOW FROM FINANCING ACTIVITIES				
Short term borrowings, net value (credit line) net worth	2262504	3219253	17168656	24428797
Long term borrowings	518125	737225	332575	473212
Paid liabilities for financial leasing	-296692	-422155	-246965	-351400
Long term loan repayments	-224315	-319171	-257865	-366909
Costs not associated with operating activities	-191278	-272164	-33913	-48254
Other funding and grants received	287061	408451	612285	871203
Net cash flow from financing activities	2355405	3351439	17574773	25006649
Result of foreign currency exchange rate fluctuations	-357938	-509300	-52495	-74694
Net growth of cash and its equivalents	-2579948	-3670935	-1502846	-2138357
Cash and its equivalents at the beginning of accounting period	3912476	5566952	5507016	7835778
Cash and its equivalents at the end of accounting period	1332528	1896017	4004170	5697421

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, LVL

	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
	LVL	LVL	LVL	LVL	LVL	LVL	LVL
As of 01.01.2010.	16981033	49979936	0	44524829	-12204193	7779	99289384
Profit in reserves				0	12204193	-12204193	0
Reserves distribution							0
Undistributed profit of the reporting period					-6977235		-6977235
Minority shareholders						-94048	-94048
Increase of revaluation reserve							0
Written-off revaluation reserve		-3991283					-3991283
As of 31.12.2010.	16981033	45988653	0	44524829	-6977235	-12290462	88226818
Profit in reserves					6977235	-6977235	0
Undistributed profit of the review period					2252336		2252336
Reserves distribution						45999	45999
Minority shareholders							0
Increase of revaluation reserve							0
Written-off revaluation reserve		-1591508					-1591508
As of 30.06.2011.	16981033	44397145	0	44524829	2252336	-19221698	88933645

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, EUR

	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 01.01.2010.	24161833	71115042	0	63353124	-17365002	11069	141276065
Profit in reserves				0	17365002	-17365002	0
Reserves distribution							0
Undistributed profit of the reporting period					-9927711		-9927711
Minority shareholders						-133818	-133818
Increase of revaluation reserve		0					0
Written-off revaluation reserve		-5679084					-5679084
As of 31.12.2010.	24161833	65435958	0	63353124	-9927711	-17487752	125535452
Profit in reserves					9927711	-9927711	0
Undistributed profit of the review period					3204785		3204785
Reserves distribution						65451	65451
Minority shareholders							0
Increase of revaluation reserve							0
Written-off revaluation reserve		-2264512					-2264512
As of 30.06.2011.	24161833	63171446	0	63353124	3204785	-27350012	126541176

ENCLOSURES TO THE 6 MONTH QUARTERLY REPORT (Consolidated)

ENCLOSURES TO FINANCIAL POSITION

1. Accounts Receivables (Debtors)

Accounts Receivable	As of 30.06.2011.		As of 30.06.2010.	
	LVL	EUR	LVL	EUR
Customers and affiliated companies' debts	3670967	5223315	3307537	4706201
Incl. Debts of buyers and customers	3580772	5094980	3200893	4554460
Incl. Debts of buyers with factoring activities	33711	47966	33711	47966
Incl. Debts of related enterprises (subsidiaries)	75	107	0	0
Incl. Debts of associated enterprises	56409	80263	72933	103774
(Doubtful debtors debt)	/386751/	/556451/	/130261/	/186628/
Other debtors	1311843	1866584	1526109	2171457
Incl. Provision for VAT and unpaid VAT	35140	50000	69180	98434
Incl. Advance payments	20492	29157	7994	11374
Incl. VAT budget overpayments	1185975	1687490	1221292	1737742
Incl. Debt for caused damages to the enterprise	0	0	115518	164367
Incl. Various debtors	42131	59947	24955	35508
Incl. Overpaid salaries	245	349	5250	7470
Incl. Advance payments for services	0	0	48010	68312
Incl. Advance prepayment for Corporate income tax	26098	37134	23523	33470
Incl. Other overpaid taxes	816	1161	0	0
Incl. Security amounts in auction	946	1346	10387	14779
Future periods payments	108189	153939	99248	141217
Incl. Press expenses	5283	7517	4196	5970
Incl. Various	39482	56178	12502	17789
Incl. Property insurance	61331	87266	54586	77669
Incl. Payment for ship freightage services	1932	2749	27847	39623
Incl. Publicity and Advertisement	161	229	117	166
Total Debtors:	5090999	7243839	4932894	7018876

2. Accounts Payable (Creditors)

CREDITORS	As of 30.06.2011		As of 30.06.2010	
	LVL	EUR	LVL	EUR
Long-term creditors (credit institutions)	49427910	70329580	13717137	19517728
Other long-term borrowings	2279491	3243423	1790600	2547794
Other creditors	175146	249210	215146	306125
Short-term borrowings from credit institutions	17353716	24692113	17891332	25457072
Short-term debt from leasing	671420	955345	261835	372558
Advance payments (from residents)	714809	1017082	479599	682408
Advance payments (from non-residents)	29262848	41637282	26941791	38334715
Other borrowings (factoring)	33711	47966	33711	47966
Other borrowings	0	0	0	0
Debts to suppliers and contractors	29564869	42067019	12248652	17428262
Incl. Materials and gas	21714475	30896914	6838404	9730172
Incl. Services	5789974	8238391	1672391	2379598
Incl. Scrap, various services related to scrap delivery, processing	1765595	2512215	3627605	5161617
Incl. Fixed assets	289511	411937	1480	2106
Incl. Medical department creditors	1837	2614	1534	2183
Incl. Other Creditors	3477	4947	107238	152586
Debts to associated enterprises	0	0	19711	28046
Accrued liabilities	17576	25008	6667	9486
Taxes and social security insurance payments	740638	1053833	991666	1411014
Incl. Value added tax	43667	62133	88912	126510
Incl. State tax	665	946	689	980
Incl. Residents' Income tax	243054	345835	303096	431267
Incl. Real estate tax	1210	1722	0	0
Incl. Social Security tax	448136	637640	556003	791121
Incl. Nature resources tax	3906	5558	42966	61135
Incl. Enterprise's Income tax	0	0	0	0
Other creditors (liabilities)	680364	968071	793537	1129101
Incl. Payments for salaries	645483	918440	762010	1084243
Incl. Deductions from salaries	33749	48021	30225	43006
Incl. Debt to accountable persons	1132	1611	1302	1853
Deferred Income	0	0	0	0
Total Creditors:	130922498	186285932	75391384	107272275

ENCLOSURES TO PROFIT AND LOSS STATEMENT

3. Net turnover (revenue) by products

Product Description	As of 30.06.2011		As of 30.06.2010	
	LVL	EUR	LVL	EUR
Rolled steel	121090939	172296884	80114618	113992832
Castings	78199	111267	14836	21110
Wire	781	1111	0	0
Slag	259051	368596	12442	17703
Services	140595	200049	176410	251009
Sold steam, gCal	4961	7059	13288	18907
Medical department	449521	639611	446546	635378
Transportation services	2590	3685	2308	3284
Stevedoring services	2343760	3334870	2767883	3938343
Broker services	1390378	1978330	550189	782848
Freightage services	1072	1525	75038	106769
Forwarder and other services	2338288	3327084	547112	778470
Sports	192025	273227	130061	185060
Publicity and Advertisement	18870	26850	38526	54818
Beton (concrete) wares	369937	526373	170266	242267
TOTAL	128680967	183096521	85059523	121028798

4. Net turnover by geographic markets

Market	As of 30.06.2011		As of 30.06.2010	
	LVL	EUR	LVL	EUR
European Union countries	94295278	134170093	37273184	53034963
Other third countries	34385689	48926428	47786339	67993835
Total	128680967	183096521	85059523	121028798

5. Production costs of sold goods

Cost Description	As of 30.06.2011		As of 30.06.2010	
	LVL	EUR	LVL	EUR
Materials	104031518	148023514	71977670	102414998
Salaries and wages	6343764	9026363	5259181	7483140
Social benefits deduction	1495140	2127393	1242916	1768510
Depreciation	2693916	3833097	2948118	4194794
Other costs	5550031	7896983	3835274	5457103
Write-off of nonmaterial values	33474	47629	33565	47759
Total	120147843	170954979	85296724	121366304

6. Sales expenses

Cost Description	As of 30.06.2011		As of 30.06.2010	
	LVL	EUR	LVL	EUR
Packing materials	29576	42083	46431	66065
Transportation costs	1100287	1565567	547348	778806
Freight	47784	67991	97028	138058
Port handling charges	82194	116952	31062	44197
Advertising and marketing costs	20557	29250	15741	22397
Other sales costs	171076	243419	123172	175258
Costs related to sport events	331964	472342	269907	384043
Logistics services costs	2826393	4021595	3866479	5501504
Costs related to L/C and factoring transactions	2581	3672	45057	64110
Total	4612412	6562871	5042225	7174440

7. Administration expenses

Cost Description	As of 30.06.2011		As of 30.06.2010	
	LVL	EUR	LVL	EUR
Salaries and social costs	1800738	2562219	1819713	2589218
Communication costs	42855	60977	51526	73315
Office supplies and office maintenance costs	459874	654342	420740	598659
Legal and auditing fees	83531	118854	49345	70212
Presentation costs	81510	115978	81636	116158
Depreciation of fixed assets	113051	160857	111828	159117
Traveling expenses	47918	68181	49685	70695
Management training	1925	2739	3839	5462
Costs of bank account services	51247	72918	30116	42851
Costs related to stockholders	9118	12974	8864	12612
Total	2691767	3830039	2627292	3738300

8. Other operating income

Income Description	As of 30.06.2011		As of 30.06.2010	
	LVL	EUR	LVL	EUR
Sale of current assets	1984452	2823621	372765	530397
Liquidation of fixed assets and sale	962409 865344	1369385 1231274	658 4000	936 5691
Written-off revaluation reserve of fixed assets	1519123	2161517	42776	60865
Currency exchange income	0	0	345377	491427
Received fine payments	9761	13889	7187	10226
Received discounts	45767	65121	0	0
Other income from operating activity	35103	49947	228388	324967
Dotation (allowance)	273356	388951	164723	234380
Income due to a decrease in provisions	4126	5871	721	1026
Total	5699441	8109574	1166595	1659915

9. Other operating costs

Cost Description	As of 30.06.2011		As of 30.06.2010	
	LVL	EUR	LVL	EUR
Sales costs of current assets	1989449	2830731	195084	277580
Costs related to the sale and and liquidation of fixed assets	20787 63491	29577 90340	2450 10018	3486 14254
Currency exchange loss	344710	490478	0	0
Bad debt write-off	4129	5875	0	0
Compensation for damage and other allowances	29596	42111	32330	46001
Other costs	744539	1059384	95679	136139
Paid fines	650	925	5069	7213
Costs not related to the operating activities	193650	275539	183369	260911
Costs of infrastructure maintenance	10436	14849	10573	15044
Training of new employees	22213	31606	19925	28351
Costs of previous period	18547	26390	28722	40868
Extraordinary costs (modernisation)	733038	1043019	0	0
Costs of representative auto maintenance	23927	34045	22216	31611
Total	4199162	5974869	605435	861456