

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

Consolidated  
Quarterly Report

For 9 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. "Metalurģs and Duna"

number of shares - 50%. sale of electricity and rentals of premises, scrap purchase.

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.

### Minority shareholders

Minority shareholders of the companies involved in the consolidation are:

Ltd. "Metalurģs and Duna"

50% of shares - JSC "Baltik invest Liepāja".

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 9 MONTHS OF THE YEAR 2011.**

The Company's consolidated non-audited Net Turnover in the reporting period was LVL 170,0 million (EUR 241.95 mill.), which was LVL 11.9 million (EUR 17 mill.) more than in 9 months of the year 2010.

The Company's profit from business activities in the reporting period was 2.5 million LVL (EUR 3.6 mill.), which was a loss of 7.29 million LVL (EUR 10.37 mill.) in the same period in previous year

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

There were 34.5 million LVL (EUR 49,09 million) invested during the reporting period. The meltshop reconstruction works are continuing, with the new equipment testing phase being in progress. The berth (pier) areas have been expanded to service the ships, receive and place cargoes.

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 September 30, 2011 as well as the results of its operations and cash flow for 9 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 9 months of the year 2011

ASSETS	Enclosure Number	As of 30.09.2011.		As of 30.09.2010.	
		LVL	EUR	LVL	EUR
<b>1. LONG-TERM INVESTMENTS</b>					
<b>I. Intangible investments</b>					
1. Other intangible assets		5525	7861	3077	4378
2. Concessions, patents, licenses, trademarks and similar rights		30222	43002	49541	70490
3. Advance payments for intangible investments		0	0	0	0
4. Goodwill		16629	23661	83147	118308
<b>I.TOTAL:</b>		<b>52376</b>	<b>74524</b>	<b>135765</b>	<b>193176</b>
<b>II. Fixed assets</b>					
1. Land, buildings and constructions, and long-term sites		52180714	74246467	52948549	75338998
2. Long-term investments in rented fixed assets		4644578	6608639	4838448	6884491
3. Technological equipment and machinery		27997075	39836249	30790280	43810621
4. Other fixed assets and inventory		2105150	2995359	2594420	3691527
5. Fixed assets formation and costs of unfinished construction sites		71484753	101713640	24992168	35560651
6. Advance payments for fixed assets		255290	363245	34420	48975
<b>II. TOTAL:</b>		<b>158667560</b>	<b>225763598</b>	<b>116198285</b>	<b>165335264</b>
<b>III. Investment properties</b>					
Investment properties		5131395	7301317	5009000	7127165
<b>IV. Long-term financial investments</b>					
1. Share in the capital of related companies (subsidiaries)		4000	5691	2000	2846
2. Share in the capital of associated companies		1402559	1995662	741218	1054658
3. Loans to the related companies (subsidiaries)		0	0	3268	4650
4. Loans to the associated companies		81500	115964	0	0
5. Other loans		688890	980202	749178	1065984
<b>IV. TOTAL:</b>		<b>2176949</b>	<b>3097519</b>	<b>1495664</b>	<b>2128138</b>
<b>Section 1 total amount:</b>		<b>166028280</b>	<b>236236959</b>	<b>122838714</b>	<b>174783743</b>
<b>2. CURRENT ASSETS</b>					
<b>I. Stock (Inventories)</b>					
1. Raw materials, basic and auxiliary materials		14016041	19943030	13843960	19698180
2. Unfinished products, Work in Process		234229	333278	2015007	2867097
3. Finished products and goods for sales		52478711	74670479	19512941	27764414
4. Incompleted orders		223475	317976	188379	268039
5. Advance payments for goods		1815100	2582655	1488258	2117600
6. Labour animals and productive animals		110	157	110	157
<b>I. TOTAL:</b>		<b>68767666</b>	<b>97847573</b>	<b>37048655</b>	<b>52715487</b>
<b>II. Accounts receivable (Debtors)</b>					
1. Trade accounts receivable		4485413	6382168	2280228	3244472
2. Debt of related enterprises		34562	49177	39975	56879
3. Debt of associated enterprises		43593	62027	34433	48994
4. Other debtors (accounts receivable)		1410049	2006319	1627185	2315276
5. Prepaid expenses		105776	150506	106278	151220
6. Accrued income		79303	112838	0	0
<b>II.TOTAL:</b>	<b>1</b>	<b>6158696</b>	<b>8763035</b>	<b>4088099</b>	<b>5816841</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>		2872363	4087004	5578096	7936916
<b>IV. TOTAL:</b>		<b>2872363</b>	<b>4087004</b>	<b>5578096</b>	<b>7936916</b>
<b>Section 2 total amount</b>		<b>77798725</b>	<b>110697613</b>	<b>46714850</b>	<b>66469243</b>
<b>TOTAL ASSETS</b>		<b>243827005</b>	<b>346934572</b>	<b>169553564</b>	<b>241252987</b>

LIABILITIES AND SHAREHOLDERS' EQUITY	Enclosure Number	As of 30.09.2011.		As of 30.09.2010.	
		LVL	EUR	LVL	EUR
<b>1. SHAREHOLDERS' EQUITY</b>					
1. Share capital (fixed capital)		16981033	24161833	16981033	24161833
2. Long-term investments revaluation reserve		43942632	62524732	46834113	66638939
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		-19285004	-27440089	-12137702	-17270394
4. Retained earnings: b) undistributed profit of the reporting year		2636126	3750869	-7100598	-10103241
4. Retained earnings: c) Minority shareholders		-124304	-176869	-191157	-271992
4. Retained earnings: b+c undistributed profit of the reporting year		<b>2511822</b>	<b>3574001</b>	<b>-7291755</b>	<b>-10375233</b>
Section 1 total amount:		<b>88675312</b>	<b>126173602</b>	<b>88910518</b>	<b>126508270</b>
Minority shareholders		<b>544809</b>	<b>775193</b>	<b>384731</b>	<b>547423</b>
<b>2. PROVISIONS</b>					
1. Provisions for anticipated taxes		1659283	2360947	1389882	1977624
2. Other provisions		937491	1333930	922155	1312108
Section 2 total amount:		<b>2596774</b>	<b>3694877</b>	<b>2312037</b>	<b>3289732</b>
<b>3. LIABILITIES (Accounts payable)</b>					
<b>I. Long-term Creditors (Accounts payable)</b>					
1. Loans from credit institutions		56974460	81067353	23110113	32882728
2. Other loans		2306469	3281810	1790697	2547932
3. Other liabilities		175146	249210	215146	306125
<b>I. TOTAL:</b>		<b>59456075</b>	<b>84598373</b>	<b>25115956</b>	<b>35736786</b>
<b>II. Short-term Creditors (Accounts payable)</b>					
1. Loans from credit institutions		18231693	25941362	11215447	15958143
2. Other loans		766163	1090152	892766	1270292
3. Advance payments received from customers		38650080	54994109	25832720	36756649
4. Suppliers and contractors trade account payable		32967920	46909124	12959278	18439391
5. Accrued liabilities (payable bills of exchange)		82771	117773	10188	14496
6. Payable (debt) to related companies		167812	238775	0	0
7. Payable (debt) to associated companies		242067	344430	31046	44174
8. Taxes and state social insurance payments		728671	1036805	1000536	1423634
9. Other liabilities		716858	1019997	888341	1263995
10. Deferred income		0	0	0	0
<b>II. TOTAL:</b>		<b>92554035</b>	<b>131692527</b>	<b>52830322</b>	<b>75170776</b>
Section 3 total amount:	2	<b>152010110</b>	<b>216290900</b>	<b>77946278</b>	<b>110907562</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>243827005</b>	<b>346934572</b>	<b>169553564</b>	<b>241252987</b>

In the name of the JSC "Liepājas Metalurģs"

Chairman of the Board \_\_\_\_\_ V.Terentjevs

## STATEMENTS OF COMPREHENSIVE INCOME (Consolidated) for 9 months of the year 2011

No.	Parameter designation	Enclosure Number	As of 30.09.2011.		As of 30.09.2010.	
			LVL	EUR	LVL	EUR
1	Net turnover	3, 4	170044981	241952210	158091495	224943932
2	Production costs of goods sold	5	-157003186	-223395408	-154979397	-220515815
3	Gross profit or loss (from turnover)		13041795	18556802	3112098	4428117
4	Sales costs	6	-7518295	-10697570	-6763183	-9623142
5	Administration costs	7	-4188954	-5960345	-4164559	-5925634
6	Other operating income	8	7578435	10783142	2362387	3361374
7	Other operating costs	9	-5568352	-7923051	-1060386	-1508793
8	Interest income and other similar income		36411	51808	18488	26306
9	Interest payments and similar expenses		-642762	-914568	-588617	-837527
10	Profit or loss before extraordinary items and taxes		2738278	3896219	-7083772	-10079299
11	Other taxes		-226456	-322218	-207983	-295933
12	Profit or loss after taxes for the reporting period		2511822	3574001	-7291755	-10375233

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 9 Months of the year 2011

	As of 30.09.2011.		As of 30.09.2010.	
	LVL	EUR	LVL	EUR
<b>OPERATING CASH FLOW</b>				
Cash received from buyers	169235971	240801092	158915309	226116113
Cash received from other business activities	26100804	37138098	815300	1160067
VAT overpayment received	1295329	1843087	10746460	15290835
Cash paid to suppliers and employees	-165210318	-235073104	-175098295	-249142428
<b>Cash received from the core business activity</b>	<b>31421786</b>	<b>44709174</b>	<b>-4621226</b>	<b>-6575412</b>
Received interests from the core business activity	-694463	-988132	17902	25472
Received interest	34941	49717	-542787	-772316
Corporate income tax payments	-53541	-76182	-20417	-29051
Other tax payments	-2110337	-3002739	-1829952	-2603787
<b>Net cash flow from the core business activity</b>	<b>28598386</b>	<b>40691837</b>	<b>-6996480</b>	<b>-9955094</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
Acquisition of fixed assets	-8036774	-11435299	-3034419	-4317589
Sale of fixed assets and intangible assets	32076	45640	4840	6887
Investments in associated and related companies	-522616	-743616	-2000	-2846
Other loans granted	-3000	-4269	0	0
<b>Net cash flow from investment operations</b>	<b>-8530314</b>	<b>-12137543</b>	<b>-3031579</b>	<b>-4313548</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Short term borrowings, net value (credit line) net worth	-21114048	-30042584	10608472	15094496
Long term borrowings	1037567	1476325	15000	21343
Paid liabilities for financial leasing	-463133	-658979	-140751	-200271
Loans to associated companies	-81500	-115964	0	0
Long term loan repayments	-335377	-477198	-301395	-428846
Costs not associated with operating activities	-64981	-92460	-70563	-100402
Other funding and grants received	310848	442297	115060	163716
<b>Net cash flow from financing activities</b>	<b>-20710624</b>	<b>-29468563</b>	<b>10225823</b>	<b>14550035</b>
Result of foreign currency exchange rate fluctuations	-443449	-630971	294794	419454
<b>Net growth of cash and its equivalents</b>	<b>-1086001</b>	<b>-1545240</b>	<b>492558</b>	<b>700847</b>
Cash and its equivalents at the beginning of accounting period	3958364	5632245	5085538	7236069
<b>Cash and its equivalents at the end of accounting period</b>	<b>2872363</b>	<b>4087004</b>	<b>5578096</b>	<b>7936916</b>

## 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
<b>As of 01.01.2010.</b>	<b>16981033</b>	<b>49979936</b>	<b>0</b>	<b>44524829</b>	<b>-12204193</b>	<b>7779</b>	<b>99289384</b>
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
<b>As of 31.12.2010.</b>	<b>16981033</b>	<b>45988653</b>	<b>0</b>	<b>44524829</b>	<b>-6977235</b>	<b>-12290462</b>	<b>88226818</b>
Profit in reserves					6977235	-6977235	0
Undistributed profit of the review period					2511822		2511822
Reserves distribution						-17307	-17307
Minority shareholders							0
Increase of revaluation reserve							0
Written-off revaluation reserve		-2046021					-2046021
<b>As of 30.09.2011.</b>	<b>16981033</b>	<b>43942632</b>	<b>0</b>	<b>44524829</b>	<b>2511822</b>	<b>-19285004</b>	<b>88675312</b>

## 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
<b>As of 01.01.2010.</b>	<b>24161833</b>	<b>71115042</b>	<b>0</b>	<b>63353124</b>	<b>-17365002</b>	<b>11069</b>	<b>141276066</b>
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
<b>As of 31.12.2010.</b>	<b>24161833.2</b>	<b>65435958</b>	<b>0</b>	<b>63353124</b>	<b>-9927711</b>	<b>-17487752</b>	<b>125535452</b>
Profit in reserves					9927711	-9927711	0
Undistributed profit of the review period					3574001		3574001
Reserves distribution						-24626	-24626
Minority shareholders							0
Increase of revaluation reserve							0
Written-off revaluation reserve		-2911226					-2911226
<b>As of 30.09.2011.</b>	<b>24161833.2</b>	<b>62524732</b>	<b>0</b>	<b>63353124</b>	<b>3574001</b>	<b>-27440089</b>	<b>126173602</b>

## ENCLOSURES TO THE 9 MONTH QUARTERLY REPORT (Consolidated)

### ENCLOSURES TO FINANCIAL POSITION

#### 1. Accounts Receivables (Debtors)

Accounts Receivable	As of 30.09.2011.		As of 30.09.2010.	
	LVL	EUR	LVL	EUR
<b>Customers and affiliated companies' debts</b>	<b>4563568</b>	<b>6493372</b>	<b>2354636</b>	<b>3350345</b>
Incl. Debts of buyers and customers	4485413	6382168	2246517	3196506
Incl. Debts of buyers with factoring activities	0	0	33711	47966
Incl. Debts of related enterprises (subsidiaries)	34562	49177	39975	56879
Incl. Debts of associated enterprises (Doubtful debtors debt)	43593 /382849/	62027 /556451/	34433 /128098/	48994 /186628/
<b>Other debtors</b>	<b>1410049</b>	<b>2006319</b>	<b>1627185</b>	<b>2315276</b>
Incl. Provision for VAT and unpaid VAT	52900	75270	57542	81875
Incl. Advance payments	13017	18522	10467	14893
Incl. VAT budget overpayments	1197091	1703307	1317241	1874265
Incl. Debt for caused damages to the enterprise	0	0	0	0
Incl. Various debtors	68656	97689	133763	190328
Incl. Overpaid salaries	202	287	113	161
Incl. Advance payments for services	30587	43521	53587	76247
Incl. Advance prepayment for Corporate income tax	36470	51892	38812	55225
Incl. Other overpaid taxes	10679	15195	5246	7464
Incl. Security amounts in auction	447	636	10414	14818
<b>Accrued income</b>	<b>79303</b>	<b>112838</b>	<b>0</b>	<b>0</b>
<b>Future periods payments</b>	<b>105776</b>	<b>150506</b>	<b>106278</b>	<b>151220</b>
Incl. Press expenses	3434	4886	5895	8388
Incl. Various	15201	21629	12425	17679
Incl. Property insurance	71085	101145	59582	84778
Incl. Payment for ship freightage services	15967	22719	28300	40267
Incl. Publicity and Advertisement	89	127	76	108
<b>Total Debtors:</b>	<b>6158696</b>	<b>8763035</b>	<b>4088099</b>	<b>5816841</b>

## 2. Accounts Payable (Creditors)

CREDITORS	As of 30.09.2011		As of 30.09.2010	
	LVL	EUR	LVL	EUR
<b>Long- term creditors (credit institutions)</b>	<b>56974460</b>	<b>81067353</b>	<b>23110113</b>	<b>32882728</b>
<b>Other long-term borrowings</b>	<b>2306469</b>	<b>3281810</b>	<b>1790697</b>	<b>2547932</b>
<b>Other creditors</b>	<b>175146</b>	<b>249210</b>	<b>215146</b>	<b>306125</b>
<b>Short-term borrowings from credit institutions</b>	<b>18231693</b>	<b>25941362</b>	<b>11215447</b>	<b>15958143</b>
<b>Short-term debt from leasing</b>	<b>766163</b>	<b>1090152</b>	<b>181011</b>	<b>257555</b>
<b>Advance payments (from residents)</b>	<b>1459406</b>	<b>2076548</b>	<b>420094</b>	<b>597740</b>
<b>Advance payments (from non-residents)</b>	<b>37190674</b>	<b>52917562</b>	<b>25412626</b>	<b>36158909</b>
<b>Other borrowings (factoring)</b>	<b>0</b>	<b>0</b>	<b>620380</b>	<b>882721</b>
<b>Other borrowings</b>	<b>0</b>	<b>0</b>	<b>91375</b>	<b>130015</b>
<b>Debts to suppliers and contractors</b>	<b>32967920</b>	<b>46909124</b>	<b>12959278</b>	<b>18439391</b>
Incl. Materials and gas	19159273	27261189	5473796	7788510
Incl. Services	8236531	11719528	1939326	2759412
Incl. Scrap, various services related to scrap delivery, processing	5188168	7382098	5521325	7856138
Incl. Fixed assets	380276	541084	22045	31367
Incl. Medical department creditors	1151	1638	2524	3591
Incl. Other Creditors	2521	3587	262	373
<b>Debts to related enterprises (subsidiaries)</b>	<b>167812</b>	<b>238775</b>	<b>0</b>	<b>0</b>
<b>Debts to associated enterprises</b>	<b>242067</b>	<b>344430</b>	<b>31046</b>	<b>44174</b>
<b>Accrued liabilities</b>	<b>82771</b>	<b>117773</b>	<b>10188</b>	<b>14496</b>
<b>Taxes and social security insurance payments</b>	<b>728671</b>	<b>1036805</b>	<b>1000536</b>	<b>1423634</b>
Incl. Value added tax	16737	23815	90550	128841
Incl. State tax	689	980	696	990
Incl. Residents' Income tax	247512	352178	339907	483644
Incl. Real estate tax	402	572	0	0
Incl. Social Security tax	451712	642728	537365	764602
Incl. Packing tax	0	0	1914	2723
Incl. Nature resources tax	11619	16532	25889	36837
Incl. Enterprise's Income tax	0	0	4215	5997
<b>Other creditors (liabilities)</b>	<b>716858</b>	<b>1019997</b>	<b>888341</b>	<b>1263995</b>
Incl. Payments for salaries	681850	970185	843314	1199928
Incl. Deductions from salaries	33766	48045	37265	53023
Incl. Debt to accountable persons	1242	1767	7762	11044
<b>Deferred Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Creditors:</b>	<b>152010110</b>	<b>216290900</b>	<b>77946278</b>	<b>110907562</b>

## ENCLOSURES TO STATEMENTS OF COMPREHENSIVE INCOME

### 3. Net turnover (revenue) by products

Product Description	As of 30.09.2011		As of 30.09.2010	
	LVL	EUR	LVL	EUR
Rolled steel	158076026	224921921	149793929	213137559
Castings	172280	245132	63389	90194
Wire	781	1111	0	0
Slag	564729	803537	178215	253577
Services	324264	461386	261669	372321
Sold steam, gCal	4961	7059	17122	24362
Medical department	647745	921658	652732	928754
Transportation services	5738	8164	7955	11319
Stevedoring services	3863015	5496575	3089937	4396584
Broker services	2023484	2879158	1680968	2391802
Freightage services	1237	1760	78719	112007
Forwarder and other services	3622047	5153709	1478910	2104299
Sports	266207	378778	427222	607882
Publicity and Advertisement	57435	81723	55703	79258
Beton (concrete) wares	413548	588426	305025	434011
Other	1484	2112	0	0
<b>TOTAL</b>	<b>170044981</b>	<b>241952210</b>	<b>158091495</b>	<b>224943932</b>

### 4. Net turnover by geographic markets

Market	As of 30.09.2011		As of 30.09.2010	
	LVL	EUR	LVL	EUR
European Union countries	1664795313	2368790321	80824841	115003388
Other third countries	35249668	50155759	77266654	109940544
<b>Total</b>	<b>170044981</b>	<b>2418946080</b>	<b>158091495</b>	<b>224943932</b>

## 5. Production costs of sold goods

Cost Description	As of 30.09.2011		As of 30.09.2010	
	LVL	EUR	LVL	EUR
Materials	135086154	192210281	131157228	186619922
Salaries and wages	8707938	12390280	9582645	13634875
Social benefits deduction	2053705	2922159	2254171	3207396
Depreciation	3719595	5292507	5078604	7226202
Other costs	7385574	10508725	6856399	9755777
Write-off of nonmaterial values	50220	71457	50350	71642
<b>Total</b>	<b>157003186</b>	<b>223395408</b>	<b>154979397</b>	<b>220515815</b>

## 6. Sales expenses

Cost Description	As of 30.09.2011		As of 30.09.2010	
	LVL	EUR	LVL	EUR
Packing materials	33034	47003	66429	94520
Transportation costs	1719750	2446984	969291	1379177
Freight	71165	101259	149225	212328
Port handling charges	694668	988424	47882	68130
Advertising and marketing costs	41823	59509	27488	39112
Other sales costs	341989	486607	157722	224418
Costs related to sport events	467900	665762	403682	574388
Logistics services costs	4136568	5885806	4882282	6946861
Costs related to L/C and factoring transactions	11398	16218	59182	84208
<b>Total</b>	<b>7518295</b>	<b>10697570</b>	<b>6763183</b>	<b>9623142</b>

## 7. Administration expenses

Cost Description	As of 30.09.2011		As of 30.09.2010	
	LVL	EUR	LVL	EUR
Salaries and social costs	2722288	3873467	2931817	4171600
Communication costs	63978	91032	76260	108508
Office supplies and office maintenance costs	712381	1013627	650058	924949
Legal and auditing fees	103346	147048	69916	99482
Presentation costs	251396	357704	124240	176778
Depreciation of fixed assets	170508	242611	173245	246505
Traveling expenses	77483	110248	79582	113235
Management training	5791	8240	6571	9350
Costs of bank account services	66493	94611	38008	54081
Costs related to stockholders	15290	21756	14862	21147
<b>Total</b>	<b>4188954</b>	<b>5960345</b>	<b>4164559</b>	<b>5925634</b>

## 8. Other operating income

Income Description	As of 30.09.2011		As of 30.09.2010	
	LVL	EUR	LVL	EUR
Sale of current assets	2391657	3403021	744018	1058642
Liquidation of fixed assets and sale	937572 1688867	1334045 2403041	4000 11509	5691 16376
Written-off revaluation reserve of fixed assets	2046020	2911224	73439	104494
Currency exchange income	0	0	583602	830391
Received fine payments	15926	22661	7899	11239
Received discounts	45767	65121	0	0
Bad debt recovery	0	0	1531	2178
Other income from operating activity	254548	362189	744256	1058981
Dotation (allowance)	189850	270132	192133	273381
Income due to a decrease in provisions	8228	11707	0	0
<b>Total</b>	<b>7578435</b>	<b>10783142</b>	<b>2362387</b>	<b>3361374</b>

## 9. Other operating costs

Cost Description	As of 30.09.2011		As of 30.09.2010	
	LVL	EUR	LVL	EUR
Sales costs of current assets	2377807	3383315	469246	667677
Costs related to the sale and and liquidation of fixed assets	683646 185417	972741 263825	2450 19059	3486 27119
Currency exchange loss	341337	485679	0	0
Bad debt write-off	4129	5875	0	0
Compensation for damage and other allowances	50272	71531	44470	63275
Other costs	769296	1094610	124348	176931
Paid fines	3549	5050	19355	27540
Costs not related to the operating activities	199341	283637	279329	397449
Costs of infrastructure maintenance	15504	22060	15947	22691
Training of new employees	22662	32245	24950	35501
Costs of previous period	18547	26390	28722	40868
Extraordinary costs (modernisation)	861718	1226114	0	0
Costs of representative auto maintenance	35127	49981	32510	46258
<b>Total</b>	<b>5568352</b>	<b>7923051</b>	<b>1060386</b>	<b>1508793</b>