

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

Financial Report
(non-audited)

For the year 2011

CONTENT

Information About the Company _____	page 3
Management Statement _____	4
Statement Regarding the Management Responsibility _____	5
Statements of financial position _____	6
Statements of comprehensive income _____	8
Cash Flow Statement _____	9
Statement of Changes in Shareholders' Equity _____	10
Enclosures to the Quarterly Report:	
Enclosures to Statements of financial position _____	12
Enclosures to Statements of comprehensive income _____	19

INFORMATION ON THE COMPANY

1. Full name of the Company: Joint-Stock Company "Liepājas Metalurģs"
2. Legal status of the Company: Public Joint-Stock Company
3. Registration number of the State
Registration, place, date: 40003014197
The Republic of Latvia Commercial Register,
August 7, 2003
4. Taxpayer registration number: LV40003014197
5. Legal address of the Company: Brīvības street 93, Liepāja, LV-3401, LATVIA
6. Office address and phone number: Brīvības street 93, Liepāja, LV-3401, LATVIA
Phone: +371 634 55921
7. Type of business activity: Steel production
8. Accounting period: year 2011
9. Director: Leons Ptičkins
Managing Director
10. Information on the major stockholders: The biggest stockholders are:
Sergejs Zaharjins
Proportion (%) of stocks (shares) 49%
Ilja Segals
Proportion (%) of stocks (shares) 21%
Kirovs Lipmans
Proportion (%) of stocks (shares) 20%
11. Council / Supervisory Board: Sergejs Zaharjins
Aleksejs Zaharjins
Kirovs Lipmans
Māris Pomerancis
Guntis Vilmītis
Andris Deniņš
12. Members of the Board: Valērijs Terentjevs
Ilja Segals
Leons Ptičkins
13. The name of the bank, code, operating
account number: AS SEB banka, UNLALV2X
LV96UNLA 0012002467028
14. Chief Accountant: Ligita Bērzupe
15. Average number of employees: 2195

**JOINT-STOCK COMPANY "LIEPĀJAS METALURĢS"
MANAGEMENT STATEMENT REGARDING
THE FINANCIAL STATEMENTS FOR THE YEAR 2011.**

The Company's profit from business activities in the year 2011 was 2.3 million LVL (EUR 3.24 mill.), which was a loss of 6.7 million LVL (EUR 9.52 mill.) in the year 2010. Profit increase was associated with the 23% price increase of product sold compared to the same reporting period a year earlier. The prior steel melting practice with the on-site production of the semi-finished product was replaced by the purchased material, therefore, also production cost increased by 15.4% compared to the previous year.

The Net turnover in the reporting period was 206.1 million LVL (EUR 293.3 mill.).

During the reporting period the JSC "Liepājas Metalurģs" invested 48.75 mill. LVL (EUR 69.4 mill.), including 33.8 mill. LVL (EUR 48.1 mill.) used from the long-term loan and invested in the modernization of the melting production.

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 financial statement.

The Financial Statement represents the true picture for the Company financial position as of December 31, 2011 as well as the results of its operations and cash flow for 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

for the year 2011 (non-audited)

ASSETS	Enclosure Number	As of 31.12.2011.		As of 31.12.2010.	
		LVL	EUR	LVL	EUR
1.LONG-TERM INVESTMENTS					
I. Intangible investments					
1. Other intangible investments		27207	38712	45309	64469
2. Advance payments for intangible investments		0	0	0	0
I. TOTAL:		27207	38712	45309	64469
II. Fixed assets					
1. Land, buildings and constructions and long-term sites					
		49451863	70363662	49988505	71127235
2. Long-term investments in rent fixed assets		282756	402326	0	
3. Technological equipment and machinery		21965858	31254600	23927709	34046063
4. Other fixed assets and inventory		1343684	1911890	1782663	2536501
5. Fixed assets formation and costs of unfinished construction sites		73318163	104322347	30982489	44084110
6. Advance payments for fixed assets		209099	297521	18413	26199
II. TOTAL:		146571423	208552346	106699779	151820108
III. Investment properties					
1. Investment properties		5024000	7148508	4922000	7003375
IV. Long-term financial investments					
1. Share in the related companies (subsidiaries)		9085062	12926879	9069006	12904033
2. Loans to the related companies (subsidiaries)		9704	13808	41260	58708
3. Share in the capital of associated companies		1522959	2166975	1015343	1444703
4. Loans to the associated companies		81500	115964	0	0
IV. TOTAL:	1	10699225	15223626	10125609	14407444
Section 1 total amount:		162321855	230963192	121792697	173295395
2. CURRENT ASSETS					
I. Stock (Inventories)					
1. Raw materials, basic and auxiliary materials		9548118	13585748	8958204	12746376
2. Unfinished products, Work-in-Process		2386206	3395265	220299	313457
3. Finished products and goods for sales		51760861	73649070	39791180	56617748
4. Incompleted orders		166202	236484	209935	298711
5. Advance payments for goods		636784	906062	8069074	11481258
I. TOTAL:		64498171	91772629	57248692	81457550
II. Accounts receivable (Debtors)					
1. Trade accounts receivable		4054155	5768543	971994	1383023
2. Debt of related companies (subsidiaries)		482266	686203	388191	552346
3. Debt of associated enterprises		113784	161900	38533	54828
4. Other debtors (accounts receivable)		1219301	1734909	859466	1222910
5. Prepaid expenses		56317	80132	70056	99681
II. TOTAL:	2	5925823	8431687	2328240	3312787
III. Short-term financial investments					
III. TOTAL:		0	0	0	0
IV. Cash		1301802	1852297	3598703	5120493
IV. TOTAL:		1301802	1852297	3598703	5120493
Section 2 total amount		71725796	102056613	63175635	89890830
TOTAL ASSETS		234047651	333019805	184968332	263186225

LIABILITIES AND SHAREHOLDERS' EQUITY	Enclosure Number	As of 31.12.2011.		As of 31.12.2010.	
		LVL	EUR	LVL	EUR
1. SHAREHOLDERS' EQUITY					
1. Share capital (fixed capital)		16981033	24161833	16981033	24161833
2. Long-term investments revaluation reserve		40402465	57487529	45916269	65332965
3. Reserves: a) reserves stipulated by law		0	0	0	0
3. Reserves: b) other reserves		44524829	63353124	44524829	63353124
TOTAL:		44524829	63353124	44524829	63353124
4. Retained earnings					
a) undistributed profit from the previous years		-19123497	-27210285	-12429483	-17685561
4. Retained earnings					
b) undistributed profit of the reporting year		2277453	3240524	-6694016	-9524727
section 1 total amount:		85062283	121032725	88298632	125637634
2. PROVISIONS					
1. Provisions for anticipated taxes		1492949	2124275	1470350	2092120
2. Other provisions		831400	1182976	821000	1168178
section 2 total amount:	3	2324349	3307251	2291350	3260297
3. LIABILITIES (Accounts Payable)					
I. Long-term Creditors (Accounts Payable).					
1. Loans from credit institutions		57311769	81547301	25432579	36187300
2. Other loans		0	0	0	0
I. TOTAL:		57311769	81547301	25432579	36187300
II. Short-term Creditors (Accounts payable)					
1. Loans from credit institutions		21176374	30131266	13520667	19238176
2. Other loans		33711	47966	125086	177981
3. Advance payments received from customers		30946000	44032191	41459776	58991947
4. Suppliers and contractors trade account payable		34605050	49238550	10240655	14571139
5. Accrued liabilities (Payable bills of exchange)		273942	389784	1894281	2695319
6. Payable (debt) to related companies (subsidiaries)		223541	318070	92313	131350
7. Payable (debt) to associated companies		583401	830105	160347	228153
8. Taxes and state social insurance payments		715484	1018042	730970	1040077
9. Other liabilities		791747	1126554	721676	1026852
II. TOTAL:	4	89349250	127132529	68945771	98100994
Section 3 total amount:		146661019	208679830	94378350	134288294
TOTAL LIABILITIES AND EQUITY		234047651	333019805	184968332	263186225

In the name of the JSC "Liepājas Metalurģs"

Chairman of the Board _____ V.Terentjevs

STATEMENTS OF COMPREHENSIVE INCOME
for the year 2011 (non-audited)

No.	Parameter designation	Enclosure Number	As of 31.12.2011.		As of 31.12.2010.	
			LVL	EUR	LVL	EUR
1	Net turnover	6,7	206144121	293316659	194263074	276411452
2	Production costs of goods sold	8	-194769012	-277131337	-192623235	-274078171
3	Gross profit or loss (from turnover)		11375109	16185322	1639839	2333281
4	Sales costs	9	-4330914	-6162335	-5356617	-7621779
5	Administration costs	10	-4523021	-6435679	-4683106	-6663460
6	Other operating income	11	10649638	15153070	7624361	10848488
7	Other operating costs	12	-9780114	-13915849	-5042816	-7175281
8	Interest income and other similar income	13	41948	59687	213899	304351
9	Interest payments and similar expenses		-850224	-1209760	-670446	-953959
10	Profit or loss before extraordinary items and taxes		2582422	3674456	-6274886	-8928358
11	Profit or loss before taxes		2582422	3674456	-6274886	-8928358
12	Income tax for the reporting period		0	0	0	0
13	Deferred tax		-22599	-32155	-148752	-211655
12	Other taxes		-282370	-401776	-270378	-384713
13	Reporting period profit or loss after taxes		2277453	3240524	-6694016	-9524727

The JSC "Liepājas metalurģs" demonstrated profit at the rate of 0.13 LVL (EUR 0.19) per share.

In the Financial Statements the LVL amounts were converted into EUR by applying the Bank of Latvia exchange rate at EUR 0.702804 (divide).

In the name of the JSC "Liepājas Metalurģs"

Chairman of the Board _____ V. Terentjevs

CASH FLOW STATEMENT (by direct method) for the year 2011

	As of 31.12.2011.		As of 31.12.2010.	
	LVL	EUR	LVL	EUR
OPERATING CASH FLOW				
Cash received from buyers	203813782	290000885	218781231	311297646
Cash received from other business activities	1224016	1741618	1636743	2328875
VAT overpayment received	1619075	2303736	12953260	18430829
Bank interest received	40416	57507	214046	304560
Cash paid to suppliers and employees	-203110516	-289000228	-241884258	-344170292
Cash received from the core business activity	3586773	5103518	-8298978	-11808382
Interest payment	-840074	-1195318	-641333	-912535
Corporate income tax payment	0	0	0	0
Other tax payments	-909773	-1294490	-1011222	-1438839
Net cash flow from the core business activity	1836926	2613710	-9951533	-14159756
CASH FLOW FROM INVESTMENT ACTIVITIES				
Acquisition of fixed assets	-9189356	-13075276	-4071638	-5793419
Sale of fixed assets and intangible assets	0	0	4840	6887
Investments in related companies	-536672	-763615	-115000	-163630
Net cash flow from investment operations	-9726028	-13838891	-4181798	-5950162
CASH FLOW FROM FINANCING ACTIVITIES				
Short-term borrowings in net value (credit line)	7700324	10956574	14072592	20023494
Paid liabilities for financial leasing	-153080	-217813	0	0
Loans to associated companies	-81500	-115964	0	0
Repayment of loans and interests from related companies	36904	52510	2027	2884
Costs not associated with operating activities	-1365529	-1942973	-886191	-1260936
Net cash flow from financial activities	6137119	8732334	13188428	18765442
Result of foreign currency exchange rate fluctuations	-544918	-775348	-191020	-271797
Net growth of cash and its equivalents	-2296901	-3268196	-1135923	-1616273
Cash and its equivalents at the beginning of accounting period	3598703	5120493	4734626	6736766
Cash and its equivalents at the end of accounting period	1301802	1852297	3598703	5120493

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 year	Equity capital TOTAL
	LVL	LVL	LVL	LVL	LVL	LVL	LVL
As of 01.01.2010.	16981033	49907552	0	44524829	-12429482	0	98983932
Previous year profit put in reserves					12429482	-12429482	0
Undistributed profit of the reporting period					-6694016		-6694016
Reserves distribution							0
Increase of revaluation reserve							0
Written-off revaluation reserve		-3991283					-3991283
As of 31.12.2010.	16981033	45916269	0	44524829	-6694016	-12429482	88298633
Previous year profit put in reserves					6694016	-6694016	0
Undistributed profit of the review period					2277453		2277453
Increase of fixed capital							0
Increase of revaluation reserve							0
Written-off revaluation reserve		-5513804					-5513804
As of 31.12.2011.	16981033	40402465	0	44524829	2277453	-19123498	85062282

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	71012049	0	63353124	-17685560	0	140841447
Previous year profit put in reserves					17685560	-17685560	0
Undistributed profit of the reporting period					-9524727		-9524727
Reserves distribution							0
Increase of revaluation reserve							0
Written-off revaluation reserve		-5679084					-5679084
As at 31.12.2010.	24161833	65332965	0	63353124	-9524727	0	125637636
Previous year profit put in reserves					9524727	-9524727	0
Undistributed profit of the review period					3240524		3240524
Increase of fixed capital							0
Increase of revaluation reserve							0
Written-off revaluation reserve		-7845436					-7845436
As of 31.12.2011.	24161833	57487529	0	63353124	3240523	-9524726.7	121032723

ENCLOSURES TO THE FINANCIAL REPORT ENCLOSURES TO FINANCIAL POSITION

1. Investment changes

Long-Term Financial Investment (LVL)

Company Name, Address, Registration Number	As of 31.12.2011.			
	Share capital	Ownership in %	Ownership in LVL	The investment carrying value LVL
Related Companies (Subsidiaries)				
LSEZ JSC "Liepājas osta LM" (Liepāja's Port LM) Sliežu iela 7/1, Liepāja; 40003154754	8143056	95.17	7749206	7749206
"Sports Club Liepājas metalurģs", Ltd. Brīvības iela 93, Liepāja; 40003348213	2000	95	1900	1900
"Ice-Hockey Hall "Liepājas metalurģs"", Ltd. Brīvības iela 93, Liepāja; 40003421648	2000	95	1900	1900
"Rūķis LM", Ltd. Vānes iela 25, Liepāja; 42103038147	1316000	100	1316000	1316000
"Liepājas naglas", Ltd. Brīvības iela 93, Liepāja; 42103032888	476000	100	14056	14056
"LM Resurss", Ltd. Brīvības iela 93, Liepāja; 42103055448	2000	100	2000	2000
Total Investments in Related Companies, LVL			9071006	9071006
Associated Companies				
"Elme Messer Metalurģs", Ltd. Brīvības iela 93, Liepāja; 40003461570	5100272	18.69	952959	952959
JSC "Sātiņi Energo LM" Brīvības iela 93, Liepāja; 42103037207	900000	50	450000	450000
"Metalurģs & Duna", Ltd. Spīķera iela 19/23, Liepāja; 42103019610	240000	50	120000	120000
Total Investments in Associated Companies, LVL			1522959	1522959

All investments in related and associated companies are recorded in the balance sheet at their acquisition value.

Long-Term Financial Investment (EUR)

Company Name, Address, Registration Number	As of 31.12.2011.			
	Share capital	Ownership in %	Ownership in EUR	The investment carrying value EUR
Related Companies (Subsidiaries)				
JSC "Liepājas osta LM" (Liepāja's Port LM) Sliežu iela 7/1, Liepāja; 40003154754	11586525	95.17	11026127	11026127
"Sports Club Liepājas metalurģs", Ltd. Brīvības iela 93, Liepāja; 40003348213	2846	95	2703	2703
"Ice-Hockey Hall "Liepājas metalurģs"", Ltd. Brīvības iela 93, Liepāja; 40003421648	2846	95	2703	2703
"Rūķis LM", Ltd. Vānes iela 25, Liepāja; 42103038147	1872499	100	1872499	1872499
"Liepājas naglas", Ltd. Brīvības iela 93, Liepāja; 42103032888	677287	100	20000	20000
"LM Resurss", Ltd. Brīvības iela 93, Liepāja; 42103055448	2000	100	2846	2846
Total Investments in Related Companies, EUR			12906879	12906879
Associated Companies				
"Elme Messer Metalurģs", Ltd. Brīvības iela 93, Liepāja; 40003461570	7257033	18.69	1355938	1355938
JSC "Sātiņi Energo LM" Brīvības iela 93, Liepāja; 42103037207	1280585	50	640292	640292
"Metalurģs & Duna", Ltd. Spīķera iela 19/23, Liepāja; 42103019610	341489	50	170745	170745
Total Investments in Associated Companies, EUR			2166975	2166975

All investments in related and associated companies are recorded in the balance sheet at their acquisition value.

Long-Term Financial Investments: year 2011 Movement Report (LVL)

	capital of related companies (subsidiaries)	capital of associated companies	Long-Term Loans
Beginning value on 31.12.2010.	9069006	1015343	41260
Invested (loans provided)	16056	520616	81500
Moved to another item (or written-off)	0	-13000	-31556
The balance on 31.12.2011.	9085062	1522959	91204

Long-Term Financial Investments: year 2011 Movement Report (EUR)

	Share in the capital of related companies (subsidiaries)	Share in the capital of associated companies	Long-Term Loans
Beginning value on 31.12.2010.	12904033	1444703	58708
Invested (loans provided)	22846	740770	115964
Moved to another item (or written-off)	0	-18497	-44900
The balance on 31.12.2011.	12926879	2166976	129772

2. Accounts receivable (debtors)

DEBTORS	As of 31.12.2011.		As of 31.12.2010.	
	LVL	EUR	LVL	EUR
Customers and affiliated companies debts	4650206	6616647	1398718	1990196
Incl. Debts of buyers and customers	4054156	5768544	938283	1335056
Incl. Debts of buyers with factoring activities	0	0	33711	47966
Incl. Debts of related companies (subsidiaries)	482266	686203	388191	552346
Incl. Debts of associated enterprises (doubtful debtors debt)	113784	161900	38533	54828
	/414559/	/555298/	/390266/	/182267/
Other debtors	1219300	1734908	859466	1222910
Incl. Accrued and unpaid VAT	12825	18248	110469	157183
Incl. Advance payments	1198	1705	297	423
Incl. VAT budget overpayments	1029595	1464982	706357	1005055
Incl. Debt for caused damages to the enterprise	0	0	0	0
Incl. Various debtors	141525	201372	25890	36838
Incl. Overpaid salaries	0	0	93	132
Incl. Advance prepayment for services	34157	48601	15436	21963
Incl. Advance prepayment for Corporate income tax	0	0	825	1174
Incl. Overpaid taxes	0	0	99	141
Incl. Security deposit	0	0	0	0
Future periods payments	56317	80132	70056	99681
Incl. Press expenses	7232	10290	7965	11333
Incl. Miscellaneous	552	785	14588	20757
Incl. Property insurance	48533	69056	47503	67591
Total Debtors:	5925823	8431686	2328240	3312787

3. PROVISIONS

	Provisions for anticipated vacations (4318)		Provisions for doubtful debtors (4319)		Tax provisions	
	LVL	EUR	LVL	EUR	LVL	EUR
On 31.12.2010	821000	1168178	390266	555298	1470350	2092120
Increase	10400	14798	156490	222665	22599	32155
Decrease	0	0	0	0	0	0
Written-off as bad debt	0	0	-132197	-188099	0	0
On 31.12.2011	831400	1182976	414559	589864	1492949	2124275

*

*

Doubtful debtors and provisions for doubtful debtors balance each other in the balance statement.

4. Taxes and state social insurance payments in the year 2011

Tax	As of 31.12.2010.		Calculated in the year 2011		Paid in the year 2011		Received from budget in the year 2011		As of 31.12.2011.	
	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR
Real estate tax (buildings)	5195	7392	190467	271010	195662	278402	0	0	0	0
Real estate tax (land)	102	145	91903	130766	92005	130911	0	0	0	0
Residents' Income tax	272166	387257	2524710	3592339	2545094	3621343	0	0	251782	358254
Social Security tax	415867	591725	4593580	6536075	4558424	6486053	719	1023	450304	640725
Corporate risk charge	573	815	6703	9538	6703	9538	0	0	573	815
Corporate Income tax	-825	-1174	0	0	0	0	825	1174	0	0
Nature resources tax	32546	46309	33461	47611	53181	75670	0	0	12826	18250
Nature resources tax (packing)	-99	-141	0	0	0	0	99	141	0	0
Excise tax	0	0	0	0	0	0	0	0	0	0
Value added tax	4521	6433	0	0	4521	6433	0	0	0	0
	730046	1038762	7440824	10587339	7455590	10608349	1643	2338	715485	1018043
VAT overpayment (input)	-706357	-1005055	0	0	8717320	12403629	8394082	11943703	-1029595	-1464982

Tax overpayment (-) is reflected in the Report on the financial standing in section "Other Debtors".

5. Accounts payable (creditors)

CREDITORS	As of 31.12.2011.		As of 31.12.2010.	
	LVL	EUR	LVL	EUR
Long-term borrowings from credit institutions	57311769	81547301	25432579	36187300
Other long-term borrowings (factoring)	21121368	30052999	13491025	19195999
Short-term borrowing from credit institutions (credit line)	55006	78266	29642	42177
Advance payments (residents)	74080	105406	136346	194003
Advance payments (non residents)	30871920	43926785	41323430	58797944
Other borrowing (factoring)	33711	47966	33711	47966
(individuals)	0	0	91375	130015
Debts to suppliers and contractors	34605050	49238550	10240655	14571139
Incl. Materials and gas	18062885	25701170	7384930	10507809
Incl. Services	9359340	13317141	1103154	1569647
Incl. Scrap, various services related to scrap delivery, processing	6814490	9696146	1549367	2204551
Incl. Fixed assets	234976	334341	202234	287753
Incl. Medical department creditors	2667	3795	970	1380
Incl. Other Creditors	130692	185958	0	0
Debts to related enterprises (subsidiaries)	223541	318070	92313	131350
Debts to associated enterprises	583401	830105	160347	228153
Accrued liabilities	273942	389784	1894281	2695319
Taxes and social insurance payments	715484	1018042	730970	1040077
Incl. State tax	572	814	573	815
Incl. Residents' Income tax	251782	358254	272166	387257
Incl. Value added tax	0	0	4521	6433
Incl. Social Security tax	450304	640725	415867	591725
Incl. Nature resources tax	12826	18250	32546	46309
Incl. Real estate (buildings) tax	0	0	5195	7392
Incl. Real estate (land) tax	0	0	102	145
Other creditors (liabilities)	791747	1126554	721676	1026852
Incl. Payments for salaries	692540	985396	659033	937719
Incl. Deductions from salaries	31873	45351	31078	44220
Incl. Credit interests to other creditors (the Treasury)	67038	95386	30835	43874
Incl. Settlement parties	296	421	730	1039
Total Creditors:	146661019	208679830	94378350	134288294

ENCLOSURES TO PROFIT AND LOSS STATEMENT

6. Net turnover (revenue) by products

Product Description	As of 31.12.2011.		As of 31.12.2010.	
	LVL	EUR	LVL	EUR
Rolled steel	203947090	290190565	192175828	273441568
Castings	226935	322899	93981	133723
Wire	781	1111	0	0
Crushed slag	648973	923405	355206	505413
Services	315846	449408	572817	815045
Sold steam, gCal	8024	11417	24451	34791
Medical department	882970	1256353	916703	1304351
Transportation services	113502	161499	124088	176561
TOTAL	206144121	293316659	194263074	276411452

7. Net turnover by geographic markets

Market	As of 31.12.2011.		As of 31.12.2010.	
	LVL	EUR	LVL	EUR
European Union countries	170179495	242143606	102051746	145206553
Other third countries	35964626	51173053	92211328	131204899
Total	206144121	293316659	194263074	276411452

8. Production costs of sold goods

Cost Description	As of 31.12.2011.		As of 31.12.2010.	
	LVL	EUR	LVL	EUR
Materials	168517333	239778563	168040003	239099383
Salaries and wages	9815861	13966712	9667632	13755801
Social benefits deductions	2321698	3303479	2268905	3228361
Depreciation	4139244	5889614	5393349	7674044
Other costs	9974876	14192970	7253346	10320582
Total	194769012	277131337	192623235	274078171

9. Sales costs

Cost Description	As of 31.12.2011.		As of 31.12.2010.	
	LVL	EUR	LVL	EUR
Packing materials	33537	47719	74634	106195
Transportation costs	2820431	4013112	1266752	1802426
Freight	261365	371889	1476617	2101037
Port handling charges	857097	1219539	1765432	2511983
Advertising and marketing costs	41500	59049	28213	40143
Other sales costs (insurance, storage/warehousing, depreciation, and other)	305587	434811	677089	963411
Costs related to factoring	9678	13771	23983	34125
Costs related to L/C	1719	2446	43897	62460
Total	4330914	6162335	5356617	7621779

10. Administration costs

Costs Description	As of 31.12.2011.		As of 31.12.2010.	
	LVL	EUR	LVL	EUR
Salaries and social costs	2714065	3861767	2944424	4189538
Communication costs	61470	87464	73576	104689
Office supplies and office maintenance costs	944277	1343585	854007	1215142
Legal, auditing, translation fees	106517	151560	63755	90715
Presentation costs	311063	442603	333948	475165
Depreciation of fixed assets	227294	323410	233155	331750
Management traveling expenses	90508	128781	111761	159022
Management training	5231	7443	6908	9829
Costs for bank account services	41371	58866	40034	56963
Costs related to stockholders	21225	30200	21538	30646
Total	4523021	6435679	4683106	6663460

11. Other operating income

Income Description	As of 31.12.2011.		As of 31.12.2010.	
	LVL	EUR	LVL	EUR
Sale of current assets	4434813	6310170	1573764	2239264
Sale of fixed assets and liquidation	924418 940697	1315328 1338491	4000 97912	5691 139316
Currency exchange gain	0	0	640265	911015
Received fines	19862	28261	21800	31019
Written-off revaluation reserve of liquidated fixed assets	3232447	4599358	158100	224956
Income from the investment property revaluation	102000	145133	0	0
Bad debt recovery	132196	188098	0	0
Other income from operating activity	817438	1163109	4501813	6405503
Income due to a decrease in provisions	0	0	9000	12806
Received discounts	45767	65121	617707	878918
Total	10649638	15153070	7624361	10848488

12. Other operating costs

Costs Description	As of 31.12.2011.		As of 31.12.2010.	
	LVL	EUR	LVL	EUR
Sales costs of current assets	4373728	6223254	909756	1294466
Costs related to the sale and liquidation of fixed assets	35574	50617	2450	3486
	505839	719744	65039	92542
Currency exchange loss	752426	1070606	0	0
Costs of reserve establishment	10400	14798	0	0
Reserve for doubtful debtors	156489	222664	262168	373031
Doubtful debts write-off	324705	462014	21754	30953
Investment property value decrease	0	0	87000	123790
Paid compensations and other benefits	62940	89556	67795	96464
Other costs	951496	1353857	294794	419454
Paid fines	3254	4630	58313	82972
Costs not associated with operating activities	1608043	2288039	1211790	1724222
Costs of infrastructure maintenance	20714	29473	20974	29843
Training costs of the new staff	35481	50485	47366	67396
Costs of previous period	18549	26393	41265	58715
Extraordinary costs (production site close for modernization)	874506	1244310	1913228	2722278
Costs of auto maintenance	45970	65409	39124	55668
Total	9780114	13915849	5042816	7175281

13. Interest income

Income	As of 31.12.2011.		As of 31.12.2010.	
	LVL	EUR	LVL	EUR
Income from loans to business persons	1535	2184	1548	2203
Income from bank accounts	5513	7844	1043	1484
Income from deposit investments	34900	49658	211308	300664
Total Interest Income	41948	59687	213899	304351