

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

Consolidated  
Financial Report  
(Non-audited)

For 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.

Ltd. "LM Resurss"

number of shares - 100%. Scrap purchase;

Ltd. "Liepājas naglas"

number of shares - 100%. Production of nails and wirerod

LSEZ JSC "Liepājas osta LM" (Liepāja's Port LM)  
daughter company Ltd. "Liepājas ostas celtnieks LM"

number of shares - 100%. Construction.

### 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 - 18.69%. production of industrial gas.

### 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 FINANCIAL REPORT FOR THE YEAR 2011.**

The Company's consolidated non-audited Net Turnover in the year 2011 was LVL 221,6 million (EUR 315.4 mill.), which was LVL 204,2 million (EUR 290,5 mill.) in the year 2010.

The Company's profit from business activities in the reporting period was 2,3 million LVL (EUR 3,3 mill.), which was a loss of 7.0 million LVL (EUR 10.0 mill.) in the previous year.

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

The Company's technical development during the reporting period was primarily directed at:

- the continuation of activities concerning the steel melting production modernization program;
- new cargo types development.

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 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 activity's continuation

In the name of the JSC "Liepājas Metalurģs"

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

## STATEMENTS OF FINANCIAL POSITION (Consolidated) for the year 2011

ASSETS	Enclosure Number	As of 31.12.2011.		As of 31.12.2010.	
		LVL	EUR	LVL	EUR
<b>1. LONG-TERM INVESTMENTS</b>					
<b>I. Intangible investments</b>					
1. Other intangible assets		27207	38712	46394	66013
2. Concessions, patents, licenses, trademarks and similar rights		6161	8766	4829	6871
3. Advance payments for intangible investments		0	0	0	0
4. Goodwill		0	0	66518	94647
<b>I.TOTAL:</b>		<b>33368</b>	<b>47478</b>	<b>117741</b>	<b>167530</b>
<b>II. Fixed assets</b>					
1. Land, buildings and constructions, and long-term sites		52143877	74194053	52673028	74946967
2. Long-term investments in rented fixed assets		4693637	6678444	4607216	6555478
3. Technological equipment and machinery		29141686	41464884	29128410	41445993
4. Other fixed assets and inventory		1862245	2649736	2397554	3411412
5. Fixed assets formation and costs of unfinished construction sites		75417869	107309960	31594186	44954477
6. Advance payments for fixed assets		1051865	1496669	23193	33001
<b>II. TOTAL:</b>		<b>164311179</b>	<b>233793745</b>	<b>120423587</b>	<b>171347327</b>
<b>III. Investment properties</b>					
Investment properties		5230805	7442765	5136480	7308553
<b>IV. Long-term financial investments</b>					
1. Share in the capital of related companies (subsidiaries)		0	0	2000	2846
2. Share in the capital of associated companies		1402959	1996231	895343	1273958
3. Loans to the related companies (subsidiaries)		0	0	0	0
4. Loans to the associated companies		81500	115964	0	0
5. Other loans		668817	951641	665910	947505
<b>IV. TOTAL:</b>		<b>2153276</b>	<b>3063836</b>	<b>1563253</b>	<b>2224309</b>
<b>Section 1 total amount:</b>		<b>171728628</b>	<b>244347824</b>	<b>127241061</b>	<b>181047719</b>
<b>2. CURRENT ASSETS</b>					
<b>I. Stock (Inventories)</b>					
1. Raw materials, basic and auxiliary materials		10008951	14241454	9093641	12939085
2. Unfinished products, Work in Process		2456623	3495460	240895	342763
3. Finished products and goods for sales		54031969	76880566	39879782	56743818
4. Incompleted orders		166202	236484	209935	298711
5. Advance payments for goods		749825	1066905	8083225	11501393
6. Labour animals and productive animals		110	157	110	157
<b>I. TOTAL:</b>		<b>67413680</b>	<b>95921025</b>	<b>57507588</b>	<b>81825926</b>
<b>II. Accounts receivable (Debtors)</b>					
1. Trade accounts receivable		5475681	7791192	2190932	3117415
2. Debt of related enterprises		0	0	183395	260948
3. Debt of associated enterprises		113784	161900	38533	54828
4. Other debtors (accounts receivable)		1454385	2069403	1077397	1532998
5. Short-term loans to co-owners and management of the company		7488	10654	6129	8721
6. Prepaid expenses		85629	121839	107797	153381
7. Accrued income		24157	34372	28878	41090
<b>II.TOTAL:</b>	<b>1</b>	<b>7161124</b>	<b>10189361</b>	<b>3633061</b>	<b>5169380</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>		1747037	2485810	3958364	5632245
<b>IV. TOTAL:</b>		<b>1747037</b>	<b>2485810</b>	<b>3958364</b>	<b>5632245</b>
<b>Section 2 total amount</b>		<b>76321841</b>	<b>108596196</b>	<b>65099013</b>	<b>92627550</b>
<b>TOTAL ASSETS</b>		<b>248050469</b>	<b>352944020</b>	<b>192340074</b>	<b>273675269</b>



LIABILITIES AND SHAREHOLDERS' EQUITY	Enclosure Number	As of 31.12.2011.		As of 31.12.2010.	
		LVL	EUR	LVL	EUR
<b>1. SHAREHOLDERS' EQUITY</b>					
1. Share capital (fixed capital)		16981033	24161833	16981033	24161833
2. Long-term investments revaluation reserve		40474849	57590522	45988653	65435958
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		-18070828	-25712472	-12290463	-17487753
4. Retained earnings: b) undistributed profit of the reporting year		2480405	3529298	-6743924	-9595739
4. Retained earnings: c) Minority shareholders		-164588	-234188	-233311	-331972
4. Retained earnings: b+c undistributed profit of the reporting year		<b>2315817</b>	<b>3295111</b>	<b>-6977235</b>	<b>-9927711</b>
Section 1 total amount:		<b>86225700</b>	<b>122688118</b>	<b>88226817</b>	<b>125535451</b>
Minority shareholders		<b>477053</b>	<b>678785</b>	<b>525170</b>	<b>747250</b>
<b>2. PROVISIONS</b>					
1. Provisions for anticipated taxes		1950156	2774822	1653786	2353125
2. Other provisions		922194	1312164	945604	1345473
Section 2 total amount:		<b>2872350</b>	<b>4086986</b>	<b>2599390</b>	<b>3698599</b>
<b>3. LIABILITIES (Accounts payable)</b>					
<b>I. Long-term Creditors (Accounts payable)</b>					
1. Loans from credit institutions		59742822	85006377	27287818	38827067
2. Other loans		2926992	4164734	1469971	2091580
3. Other liabilities		175146	249210	175146	249210
<b>I. TOTAL:</b>		<b>62844960</b>	<b>89420322</b>	<b>28932935</b>	<b>41167858</b>
<b>II. Short-term Creditors (Accounts payable)</b>					
1. Loans from credit institutions		22785407	32420713	15007243	21353383
2. Other loans		861484	1225781	734728	1045424
3. Advance payments received from customers		33291572	47369639	41505423	59056896
4. Suppliers and contractors trade account payable		35895499	51074694	11002550	15655218
5. Accrued liabilities (payable bills of exchange)		356892	507812	1913939	2723290
6. Payable (debt) to related companies		0	0	0	0
7. Payable (debt) to associated companies		559907	796676	160347	228153
8. Taxes and state social insurance payments		976540	1389491	884627	1258711
9. Other liabilities		903105	1285003	846905	1205037
10. Deferred income		0	0	0	0
<b>II. TOTAL:</b>		<b>95630406</b>	<b>136069809</b>	<b>72055762</b>	<b>102526113</b>
Section 3 total amount:	2	<b>158475366</b>	<b>225490131</b>	<b>100988697</b>	<b>143693970</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>248050469</b>	<b>352944020</b>	<b>192340074</b>	<b>273675269</b>

In the name of the JSC "Liepājas Metalurģs"

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

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

No.	Parameter designation	Enclosure Number	As of 31.12.2011.		As of 31.12.2010.	
			LVL	EUR	LVL	EUR
1	Net turnover	3, 4	221650318	315379989	204152477	290482805
2	Production costs of goods sold	5	-205618416	-292568648	-202417377	-288013980
3	Gross profit or loss (from turnover)		16031902	22811341	1735100	2468825
4	Sales costs	6	-9145812	-13013318	-5682866	-8085990
5	Administration costs	7	-5823434	-8286000	-5863272	-8342684
6	Other operating income	8	11801283	16791713	8306333	11818847
7	Other operating costs	9	-8972992	-12767417	-4226944	-6014399
8	Interest income and other similar income		40694	57902	214407	305074
9	Income from the capitals of related and associated companies		0	0	-4674	-6651
10	Interest payments and similar expenses		-1112002	-1582236	-832294	-1184248
11	Profit or loss before extraordinary items and taxes		2819639	4011985	-6354210	-9041226
12	Income tax for the reporting period		-29453	-41908	-62279	-88615
13	Deferred tax		-163146	-232136	-271611	-386468
14	Other taxes		-311223	-442830	-289135	-411402
15	Profit or loss after taxes for the reporting period		2315817	3295111	-6977235	-9927711

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 the year 2011

	As of 31.12.2011.		As of 31.12.2010.	
	LVL	EUR	LVL	EUR
<b>OPERATING CASH FLOW</b>				
Cash received from buyers	218962689	311555838	228833668	325600976
Cash received from other business activities	1224182	1741854	1636743	2328875
VAT overpayment received	2417255	3439444	12953260	18430829
Cash paid to suppliers and employees	-219671125	-312563851	-251040502	-357198454
<b>Cash received from the core business activity</b>	<b>2933001</b>	<b>4173284</b>	<b>-7616831</b>	<b>-10837774</b>
Received interests from the core business activity	-1089531	-1550263	212498	302357
Received interest	40416	57507	-807221	-1148572
Corporate income tax payments	-89263	-127010	-74327	-105758
Other tax payments	-2621954	-3730704	-2926052	-4163397
<b>Net cash flow from the core business activity</b>	<b>-827331</b>	<b>-1177186</b>	<b>-11211933</b>	<b>-15953143</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
Repayment of long-term investments	3744	5327	0	0
Acquisition of fixed assets	-8072149	-11485633	-4425309	-6296647
Sale of fixed assets and intangible assets	65697	93478	4840	6887
Investments in associated and related companies	-536672	-763615	-117000	-166476
<b>Net cash flow from investment operations</b>	<b>-8539380</b>	<b>-12150443</b>	<b>-4537469</b>	<b>-6456237</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Short-term borrowings, net value (credit line) net worth	8320625	11839183	14263349	20294917
Long-term borrowings	1083476	1541647	891704	1268780
Paid liabilities for financial leasing	-1235448	-1757884	-46583	-66282
Loans to associated companies	-81500	-115964	-112448	-159999
Repayment of loans of associated and related companies	-300370	-427388	2027	2884
Other long-term loans	-3000	-4269	0	0
Long-term loan repayments	-330513	-470278	-523581	-744989
Costs not associated with operating activities	-85529	-121697	-80848	-115036
Other funding and grants received	319768	454989	223008	317312
<b>Net cash flow from financing activities</b>	<b>7687509</b>	<b>10938340</b>	<b>14616628</b>	<b>20797588</b>
Result of foreign currency exchange rate fluctuations	-545650	-776390	-193509	-275339
<b>Net growth of cash and its equivalents</b>	<b>-2224852</b>	<b>-3165679</b>	<b>-1326283</b>	<b>-1887131</b>
Cash and its equivalents at the beginning of accounting period	3971889	5651489	5284647	7519375
<b>Cash and its equivalents at the end of accounting period</b>	<b>1747037</b>	<b>2485810</b>	<b>3958364</b>	<b>5632245</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					12204193	-12204193	<b>0</b>
Undistributed profit of the reporting period					-6977235		<b>-6977235</b>
Minority shareholders						-94048	<b>-94048</b>
Increase of revaluation reserve							<b>0</b>
Written-off revaluation reserve		-3991283					<b>-3991283</b>
<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	<b>0</b>
Undistributed profit of the review period					2315817		<b>2315817</b>
Minority shareholders						388424	<b>388424</b>
Undistributed profit of the previous review period of the new related company						808445	<b>808445</b>
Increase of revaluation reserve							<b>0</b>
Written-off revaluation reserve		-5513804					<b>-5513804</b>
<b>As of 31.12.2011.</b>	<b>16981033</b>	<b>40474849</b>	<b>0</b>	<b>44524829</b>	<b>2315817</b>	<b>-18070828</b>	<b>86225700</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					3295111		3295111
Minority shareholders						552678	552678
Undistributed profit of the previous review period of the new related company						1150314	1150314
Increase of revaluation reserve							0
Written-off revaluation reserve		-7845436					-7845436
<b>As of 31.12.2011.</b>	<b>24161833.2</b>	<b>57590522</b>	<b>0</b>	<b>63353124</b>	<b>3295111</b>	<b>-25712472</b>	<b>122688118</b>

## ENCLOSURES TO THE FINANCIAL REPORT (Consolidated)

### ENCLOSURES TO FINANCIAL POSITION

#### 1. Accounts Receivables (Debtors)

Accounts Receivable	As of 31.12.2011.		As of 31.12.2010.	
	LVL	EUR	LVL	EUR
<b>Customers and affiliated companies' debts</b>	<b>5589465</b>	<b>7953092</b>	<b>2412860</b>	<b>3433190</b>
Incl. Debts of buyers and customers	5364888	7633548	2157221	3069449
Incl. Debts of buyers with factoring activities	110793	157644	33711	47966
Incl. Debts of related enterprises (subsidiaries)	0	0	183395	260948
Incl. Debts of associated enterprises (Doubtful debtors debt)	113784 /423435/	161900 /556451/	38533 /391076/	54828 /186628/
<b>Other debtors</b>	<b>1454385</b>	<b>2069403</b>	<b>1077397</b>	<b>1532998</b>
Incl. Provision for VAT and unpaid VAT	40028	56955	110492	157216
Incl. Advance payments	5808	8264	1259	1791
Incl. VAT budget overpayments	1153806	1641718	910623	1295700
Incl. Debt for caused damages to the enterprise	0	0	0	0
Incl. Various debtors	152136	216470	34034	48426
Incl. Overpaid salaries	0	0	93	132
Incl. Advance payments for services	34157	48601	15436	21963
Incl. Advance prepayment for Corporate income tax	63860	90865	921	1310
Incl. Other overpaid taxes	4143	5895	3603	5127
Incl. Security amounts in auction	447	636	936	1332
<b>Short-term loans to employees</b>	<b>7488</b>	<b>10654</b>	<b>6129</b>	<b>8721</b>
<b>Accrued income</b>	<b>24157</b>	<b>34372</b>	<b>28878</b>	<b>41090</b>
<b>Future periods payments</b>	<b>85629</b>	<b>121839</b>	<b>107797</b>	<b>153381</b>
Incl. Press expenses	7315	10408	8524	12129
Incl. Various	1038	1477	35590	50640
Incl. Property insurance	72925	103763	48246	68648
Incl. Payment for ship freightage services	3959	5633	15119	21512
Incl. Publicity and Advertisement	392	558	318	452
<b>Total Debtors:</b>	<b>7161124</b>	<b>10189361</b>	<b>3633061</b>	<b>5169380</b>

## 2. Accounts Payable (Creditors)

CREDITORS	As of 31.12.2011		As of 31.12.2010	
	LVL	EUR	LVL	EUR
<b>Long- term creditors (credit institutions)</b>	<b>59742822</b>	<b>85006377</b>	<b>27287818</b>	<b>38827067</b>
<b>Other long-term borrowings</b>	<b>2926992</b>	<b>4164734</b>	<b>1469971</b>	<b>2091580</b>
<b>Other creditors</b>	<b>175146</b>	<b>249210</b>	<b>175146</b>	<b>249210</b>
<b>Short-term borrowings from credit institutions</b>	<b>1512543</b>	<b>2152155</b>	<b>1486576</b>	<b>2115207</b>
<b>Aizņēmuma kredīta procenti</b>	<b>55006</b>	<b>78266</b>	<b>29642</b>	<b>42177</b>
<b>Short-term borrowings from credit institutions (credit line)</b>	<b>21121368</b>	<b>30052999</b>	<b>13491025</b>	<b>19195999</b>
<b>Short-term debt from leasing</b>	<b>827520</b>	<b>1177455</b>	<b>569652</b>	<b>810542</b>
<b>Advance payments (from residents)</b>	<b>2406931</b>	<b>3424754</b>	<b>143843</b>	<b>204670</b>
<b>Advance payments (from non-residents)</b>	<b>30884641</b>	<b>43944885</b>	<b>41361580</b>	<b>58852226</b>
<b>Other borrowings (factoring)</b>	<b>130201</b>	<b>185259</b>	<b>33711</b>	<b>47966</b>
<b>Other borrowings</b>	<b>253</b>	<b>360</b>	<b>131365</b>	<b>186916</b>
<b>Debts to suppliers and contractors</b>	<b>35895499</b>	<b>51074694</b>	<b>11002550</b>	<b>15655218</b>
Incl. Materials and gas	18083644	25730707	7396242	10523904
Incl. Services	10616522	15105950	1844330	2624245
Incl. Scrap, various services related to scrap delivery, processing	6825967	9712476	1549367	2204551
Incl. Fixed assets	234976	334341	211541	300996
Incl. Medical department creditors	2667	3795	970	1380
Incl. Other Creditors	131723	187425	100	142
<b>Debts to associated enterprises</b>	<b>559907</b>	<b>796676</b>	<b>160347</b>	<b>228153</b>
<b>Accrued liabilities</b>	<b>356892</b>	<b>507812</b>	<b>1913939</b>	<b>2723290</b>
<b>Taxes and social security insurance payments</b>	<b>976540</b>	<b>1389491</b>	<b>884627</b>	<b>1258711</b>
Incl. Value added tax	24777	35254	19716	28053
Incl. State tax	694	987	689	980
Incl. Residents' Income tax	327914	466580	322487	458858
Incl. Real estate tax	417	593	5311	7557
Incl. Social Security tax	580037	825318	478358	680642
Incl. Packing tax	0	0	0	0
Incl. Nature resources tax	13248	18850	32707	46538
Incl. Enterprise's Income tax	29453	41908	25359	36083
<b>Other creditors (liabilities)</b>	<b>903105</b>	<b>1285003</b>	<b>846905</b>	<b>1205037</b>
Incl. Payments for salaries	800095	1138433	781054	1111340
Incl. Deductions from salaries	34587	49213	32159	45758
Incl. Debt to accountable persons	1385	1971	2858	4067
Incl. Other Creditors	67038	95386	30834	43873
<b>Total Creditors:</b>	<b>158475366</b>	<b>225490131</b>	<b>100988697</b>	<b>143693970</b>

## ENCLOSURES TO STATEMENTS OF COMPREHENSIVE INCOME

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

Product Description	As of 31.12.2011		As of 31.12.2010	
	LVL	EUR	LVL	EUR
Rolled steel	203933553	290171304	192169256	273432217
Castings	226935	322899	93981	133723
Wire	768788	1093887	0	0
Nails	655601	0	0	0
Slag	599511	853027	353014	502294
Services	316396	450191	529819	753865
Construction works	177809	252999	0	0
Sold steam, gCal	8024	11417	24451	34791
Medical department	882970	1256353	916703	1304351
Transportation services	11083	15770	7617	10838
Stevedoring services	5163613	7347159	4341852	6177899
Broker services	2636595	3751537	2328446	3313080
Freightage services	1530	2177	39070	55592
Forwarder and other services	4752910	6762782	2185858	3110196
Sports	348030	495202	527190	750124
Publicity and Advertisement	59146	84157	62661	89159
Beton (concrete) wares	959485	1365224	499993	711426
Other income	31782	45222	0	0
Scrap sale	28452	40484	0	0
Electric energy	88105	125362	72566	103252
<b>TOTAL</b>	<b>221650318</b>	<b>315379989</b>	<b>204152477</b>	<b>290482805</b>

### 4. Net turnover by geographic markets

Market	As of 31.12.2011		As of 31.12.2010	
	LVL	EUR	LVL	EUR
European Union countries	185685692	264206937	111737364	158987945
Other third countries	35964626	51173053	92415113	131494859
<b>Total</b>	<b>221650318</b>	<b>315379989</b>	<b>204152477</b>	<b>290482805</b>



### 5. Production costs of sold goods

Cost Description	As of 31.12.2011		As of 31.12.2010	
	LVL	EUR	LVL	EUR
Materials	171170818	243554132	168654884	239974280
Salaries and wages	11760497	16733680	11473597	16325458
Social benefits deduction	2782159	3958656	2716441	3865147
Depreciation	5534233	7874504	6703804	9538654
Other costs	14302219	20350224	12801525	18214929
Write-off of nonmaterial values	68490	97452	67126	95512
<b>Total</b>	<b>205618416</b>	<b>292568648</b>	<b>202417377</b>	<b>288013980</b>

### 6. Sales expenses

Cost Description	As of 31.12.2011		As of 31.12.2010	
	LVL	EUR	LVL	EUR
Packing materials	34801	49517	76120	108309
Transportation costs	3091783	4399211	1439956	2048873
Freight	144299	205319	156418	222563
Port handling charges	137548	195713	45463	64688
Advertising and marketing costs	60892	86642	34448	49015
Other sales costs	290566	413438	255167	363070
Logistics services costs	5374525	7647260	3607413	5132886
Costs related to L/C and factoring transactions	11398	16218	67881	96586
<b>Total</b>	<b>9145812</b>	<b>13013318</b>	<b>5682866</b>	<b>8085990</b>

## 7. Administration expenses

Cost Description	As of 31.12.2011		As of 31.12.2010	
	LVL	EUR	LVL	EUR
Salaries and social costs	3837948	5460908	4004013	5697197
Communication costs	93039	132383	107655	153179
Office supplies and office maintenance costs	1014410	1443375	890494	1267059
Legal and auditing fees	149190	212278	88341	125698
Presentation costs	312058	444019	333948	475165
Depreciation of fixed assets	227439	323617	233156	331751
Traveling expenses	90674	129017	111761	159022
Management training	5261	7486	12620	17957
Costs of bank account services	72190	102717	59746	85011
Costs related to stockholders	21225	30200	21538	30646
<b>Total</b>	<b>5823434</b>	<b>8286000</b>	<b>5863272</b>	<b>8342684</b>

## 8. Other operating income

Income Description	As of 31.12.2011		As of 31.12.2010	
	LVL	EUR	LVL	EUR
Sale of current assets	4179713	5947196	1537835	2188142
Liquidation of fixed assets and sale	947395 1689769	1348022 2404325	97912 4000	139316 5691
Written-off revaluation reserve of fixed assets	3232447	4599358	158100	224956
Currency exchange income	0	0	694192	987746
Received fine payments	20620	29340	23090	32854
Received discounts	45767	65121	617707	878918
Bad debt recovery	132196	188098	2541	3616
Other income from operating activity	999653	1422378	4530897	6446886
Income recorded from the inventory decrease	0	0	9000	12806
Dotation (allowance)	451723	642744	631059	897916
Investment property revaluation	102000	145133	0	0
<b>Total</b>	<b>11801283</b>	<b>16791713</b>	<b>8306333</b>	<b>11818847</b>

## 9. Other operating costs

Cost Description	As of 31.12.2011		As of 31.12.2010	
	LVL	EUR	LVL	EUR
Sales costs of current assets	4340751	6176332	848911	1207892
Costs related to the sale and and liquidation of fixed assets	694993 524067	988886 745680	2800 65039	3984 92542
Currency exchange loss	749016	1065754	0	0
Provisions for bad debts	166889	237462	270459	384828
Bad debt write-off	131954	187754	21754	30953
Investment property value reduction	0	0	87000	123790
Compensation for damage and other allowances	63040	89698	68600	97609
Other costs	1004790	1429687	363687	517480
Paid fines	3579	5092	58696	83517
Costs not related to the operating activities	298694	425003	374239	532494
Costs of infrastructure maintenance	20713	29472	20974	29843
Training of new employees	35481	50485	47366	67396
Costs of previous period	18549	26393	41265	58715
Extraordinary costs (modernisation)	874506	1244310	1913228	2722278
Costs of representative auto maintenance	45970	65409	42926	61078
<b>Total</b>	<b>8972992</b>	<b>12767417</b>	<b>4226944</b>	<b>6014399</b>