

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

Quarterly Report

For 3 months of the year 2012  
(01.01.2012. - 31.03.2012.)

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## 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: 2012, 3 months
9. Director: Leons Ptičkins  
Position:  
Managing Director and a Member of the Board
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) 23%
11. Council: 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: 2303

**JOINT-STOCK COMPANY "LIEPĀJAS METALURĢS"  
MANAGEMENT STATEMENT REGARDING  
THE FINANCIAL STATEMENTS FOR 3 MONTHS OF 2012.**

The Company's profit from business activities in the reporting period was 442 366 LVL (EUR 629 430), which was a profit of 1.9 million LVL (EUR 2.7 mill.) in the 3 months of 2011.

The Net turnover in the reporting period was 61.8 million LVL (EUR 88 mill.), compared to Q1 2011 it is 19.6 mio. LVL (EUR 27.8 mio.) less, which is related to the developments in the market.

The production volumes of the Joint Stock Company "Liepājas Metalurģs" are consistent and the sold quantities depend on the market behavior. The product quantity sold in Q1 2011 was by 81 969 ton greater than the production quantity during the time period. This year in Q1 the quantity sold was by 35 171 ton less than the amount of produced goods with a strategy to sell the accumulated quantities later under better terms and higher price.

The Company continued mastering its skills working on the new technology related to its steel melting practice. With this year March production of 73 317 ton of steel, the Company achieved the planned nominal capacity in accordance with the implemented project.

The steel production volumes secure production on the rolling mills as well as provide with a new good for sale – billet. Prior to the meltshop revamping project, the capacity of the then-working technology did not supply billet for sale.

1.2 mio. LVL (EUR 1.7 mio.) were put in investments in Q1 2012.

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 March 31, 2012 as well as the results of its operations and cash flow for 3 months of the year 2012. 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 3 months of the year 2012

ASSETS	Enclosure Number	As of 31.03.2012.		As of 31.03.2011.	
		LVL	EUR	LVL	EUR
<b>1.LONG-TERM INVESTMENTS</b>					
<b>I. Intangible investments</b>					
1. Other intangible investments		23904	34012	39685	56467
2. Advance payments for intangible investments		1595	2269	0	0
<b>I. TOTAL:</b>		<b>25499</b>	<b>36282</b>	<b>39685</b>	<b>56467</b>
<b>II. Fixed assets</b>					
<b>1. Land, buildings and constructions and long-term sites</b>					
		50233677	71476083	49836112	70910399
2. Long-term investments in rent fixed assets		254495	362114	0	0
3. Technological equipment and machinery		20894721	29730510	23128266	32908558
4. Other fixed assets and inventory		1478962	2104373	1606616	2286009
5. Fixed assets formation and costs of unfinished construction sites		73217020	104178434	39933411	56820125
6. Advance payments for fixed assets		113563	161586	29460	41918
<b>II. TOTAL:</b>		<b>146192438</b>	<b>208013099</b>	<b>114533865</b>	<b>162967008</b>
<b>III. Investment properties</b>					
1. Investment properties		<b>5024000</b>	<b>7148508</b>	<b>4922000</b>	<b>7003375</b>
<b>IV. Long-term financial investments</b>					
1. Share in the related companies (subsidiaries)		9085062	12926879	9069006	12904033
2. Loans to the related companies (subsidiaries)		9554	13594	41260	58708
3. Share in the capital of associated companies		1522959	2166975	1535959	2185473
4. Loans to the associated companies		81500	115964	0	0
<b>IV. TOTAL:</b>	<b>1</b>	<b>10699075</b>	<b>15223412</b>	<b>10646225</b>	<b>15148213</b>
<b>Section 1 total amount:</b>		<b>161941012</b>	<b>230421301</b>	<b>130141775</b>	<b>185175063</b>
<b>2. CURRENT ASSETS</b>					
<b>I. Stock (Inventories)</b>					
1. Raw materials, basic and auxiliary materials		12588142	17911312	8708334	12390843
2. Unfinished products, Work-in-Process		3023593	4302185	27788	39539
3. Finished products and goods for sales		52649155	74912999	21568933	30689827
4. Incompleted orders		154774	220224	182584	259794
5. Advance payments for goods		536117	762826	13817822	19660989
<b>I. TOTAL:</b>		<b>68951781</b>	<b>98109545</b>	<b>44305461</b>	<b>63040992</b>
<b>II. Accounts receivable (Debtors)</b>					
1. Trade accounts receivable		5606910	7977914	1004414	1429152
2. Debt of related companies (subsidiaries)		506618	720852	464700	661209
3. Debt of associated enterprises		85283	121347	51538	73332
4. Other debtors (accounts receivable)		1381973	1966370	552567	786232
5. Prepaid expenses		50724	72174	90487	128751
<b>II. TOTAL:</b>	<b>2</b>	<b>7631508</b>	<b>10858658</b>	<b>2163706</b>	<b>3078676</b>
<b>III. Short-term financial investments</b>					
<b>III. TOTAL:</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>IV. Cash</b>		325760	463515	5267125	7494444
<b>IV. TOTAL:</b>		<b>325760</b>	<b>463515</b>	<b>5267125</b>	<b>7494444</b>
<b>Section 2 total amount</b>		<b>76909049</b>	<b>109431718</b>	<b>51736292</b>	<b>73614111</b>
<b>TOTAL ASSETS</b>		<b>238850061</b>	<b>339853019</b>	<b>181878067</b>	<b>258789175</b>

LIABILITIES AND SHAREHOLDERS' EQUITY	Enclosure Number	As of 31.03.2012.		As of 31.03.2011.	
		LVL	EUR	LVL	EUR
<b>1. SHAREHOLDERS' EQUITY</b>					
1. Share capital (fixed capital)		16981033	24161833	16981033	24161833
2. Long-term investments revaluation reserve		40399873	57483840	44787478	63726840
3. Reserves: a) reserves stipulated by law		0	0	0	0
3. Reserves: b) other reserves		44524829	63353124	44524829	63353124
<b>TOTAL:</b>		<b>44524829</b>	<b>63353124</b>	<b>44524829</b>	<b>63353124</b>
4. Retained earnings					
a) undistributed profit from the previous years		-16656865	-23700584	-19123497	-27210285
4. Retained earnings					
b) undistributed profit of the reporting year		442366	629430	1875814	2669043
section 1 total amount:		<b>85691236</b>	<b>121927644</b>	<b>89045657</b>	<b>126700555</b>
<b>2. PROVISIONS</b>					
1. Provisions for anticipated taxes		1295020	1842647	1470350	2092120
2. Other provisions		831400	1182976	821000	1168178
section 2 total amount:	<b>3</b>	<b>2126420</b>	<b>3025623</b>	<b>2291350</b>	<b>3260297</b>
<b>3. LIABILITIES (Accounts Payable)</b>					
<b>I. Long-term Creditors (Accounts Payable).</b>					
1. Loans from credit institutions		48718491	69320168	34256283	48742299
2. Other loans		0	0	0	0
<b>I. TOTAL:</b>		<b>48718491</b>	<b>69320168</b>	<b>34256283</b>	<b>48742299</b>
<b>II. Short-term Creditors (Accounts payable)</b>					
1. Loans from credit institutions		30771663	43784132	11058996	15735534
2. Other loans		2150035	3059224	33711	47966
3. Advance payments received from customers		26727990	38030504	24861396	35374580
4. Suppliers and contractors trade account payable		39823622	56663909	18793014	26740050
5. Accrued liabilities (Payable bills of exchange)		12185	17338	2000	2846
6. Payable (debt) to related companies (subsidiaries)		484059	688754	396536	564220
7. Payable (debt) to associated companies		840378	1195750	12	17
8. Taxes and state social insurance payments		749425	1066336	565952	805277
9. Other liabilities		754557	1073638	573160	815533
<b>II. TOTAL:</b>	<b>4</b>	<b>102313914</b>	<b>145579584</b>	<b>56284777</b>	<b>80086023</b>
Section 3 total amount:		<b>151032405</b>	<b>214899752</b>	<b>90541060</b>	<b>128828322</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>238850061</b>	<b>339853019</b>	<b>181878067</b>	<b>258789175</b>

In the name of the JSC "Liepājas Metalurģs"

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

## STATEMENTS OF COMPREHENSIVE INCOME

for 3 months of the year 2012

No.	Parameter designation	Enclosure Number	As of 31.03.2012.		As of 31.03.2011.	
			LVL	EUR	LVL	EUR
1	Net turnover	5, 6	61815495	87955525	81375145	115786400
2	Production costs of goods sold	7	-58068536	-82624083	-77870119	-110799197
3	Gross profit or loss (from turnover)		3746959	5331442	3505026	4987203
4	Sales costs	8	-2837236	-4037023	-1454611	-2069725
5	Administration costs	9	-1223098	-1740312	-1062971	-1512471
6	Other operating income	10	2421824	3445945	3642522	5182842
7	Other operating costs	11	-1411782	-2008785	-2573429	-3661660
8	Interest income and other similar income	12	819	1165	5787	8234
9	Interest payments and similar expenses		-183460	-261040	-115916	-164934
10	Profit or loss before extraordinary items and taxes		514026	731394	1946408	2769489
11	Profit or loss before taxes		514026	731394	1946408	2769489
12	Other taxes		-71660	-101963	-70594	-100446
13	Reporting period profit or loss after taxes		<b>442366</b>	<b>629430</b>	<b>1875814</b>	<b>2669043</b>

The JSC "Liepājas metalurģs" demonstrated profit at the rate of 0,03 LVL (EUR 0,04) 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 3 months of the year 2012

	As of 31.03.2012.		As of 31.03.2011.	
	LVL	EUR	LVL	EUR
<b>OPERATING CASH FLOW</b>				
Cash received from buyers	54733898	77879321	66087424	94033933
Cash received from other business activities	252277	358958	204231	290595
VAT overpayment received	681080	969090	2638	3754
Bank interest received	909	1293	5727	8149
Cash paid to suppliers and employees	-66632209	-94809092	-59882729	-85205447
<b>Cash received from the core business activity</b>	<b>-10964045</b>	<b>-15600431</b>	<b>6417291</b>	<b>9130982</b>
Interest payment	-305504	-434693	-174612	-248450
Other tax payments	-202395	-287982	-258594	-367946
<b>Net cash flow from the core business activity</b>	<b>-11471944</b>	<b>-16323106</b>	<b>5984085</b>	<b>8514586</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
Acquisition of fixed assets	-715925	-1018670	-766252	-1090278
Investments in related companies	0	0	-679741	-967184
<b>Net cash flow from investment operations</b>	<b>-715925</b>	<b>-1018670</b>	<b>-1445993</b>	<b>-2057463</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Short-term borrowings in net value (credit line)	11651872	16579120	-2433811	-3463001
Costs not associated with operating activities	-377536	-537185	-263341	-374700
<b>Net cash flow from financial activities</b>	<b>11274336</b>	<b>16041935</b>	<b>-2697152</b>	<b>-3837702</b>
Result of foreign currency exchange rate fluctuations	-62509	-88942	-172518	-245471
<b>Net growth of cash and its equivalents</b>	<b>-976042</b>	<b>-1388783</b>	<b>1668422</b>	<b>2373951</b>
Cash and its equivalents at the beginning of accounting period	1301802	1852297	3598703	5120493
<b>Cash and its equivalents at the end of accounting period</b>	<b>325760</b>	<b>463515</b>	<b>5267125</b>	<b>7494444</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 year	Equity capital TOTAL
	LVL	LVL	LVL	LVL	LVL	LVL	LVL
<b>As of 01.01.2011.</b>	<b>16981033</b>	<b>45916269</b>	<b>0</b>	<b>44524829</b>	<b>-6694016</b>	<b>-12429482</b>	<b>88298633</b>
Previous year profit put in reserves					6694016	-6694016	0
Undistributed profit of the review period					2466633		2466633
Reserves distribution							0
Increase of revaluation reserve							0
Written-off revaluation reserve		-5513804					-5513804
<b>As of 31.12.2011.</b>	<b>16981033</b>	<b>40402465</b>	<b>0</b>	<b>44524829</b>	<b>2466633</b>	<b>-19123498</b>	<b>85251462</b>
Previous year profit put in reserves					-2466633	2466633	0
Undistributed profit of the review period					442366		442366
Increase of fixed capital							0
Increase of revaluation reserve							0
Written-off revaluation reserve		-2592					-2592
<b>As of 31.03.2012.</b>	<b>16981033</b>	<b>40399873</b>	<b>0</b>	<b>44524829</b>	<b>442366</b>	<b>-16656865</b>	<b>85691236</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 01.01.2011.</b>	<b>24161833</b>	<b>65332965</b>	<b>0</b>	<b>63353124</b>	<b>-9524727</b>	<b>-17685560</b>	<b>125637636</b>
Previous year profit put in reserves					9524727	-9524727	0
Undistributed profit of the reporting period					3509703		3509703
Reserves distribution							0
Increase of revaluation reserve							0
Written-off revaluation reserve		-7845436					-7845436
<b>As at 31.12.2011.</b>	<b>24161833</b>	<b>57487529</b>	<b>0</b>	<b>63353124</b>	<b>3509703</b>	<b>-27210286</b>	<b>121301902</b>
Previous year profit put in reserves					-3509703	3509703	0
Undistributed profit of the review period					629430		629430
Increase of fixed capital							0
Increase of revaluation reserve							0
Written-off revaluation reserve		-3688					-3688
<b>As of 31.03.2012.</b>	<b>24161833</b>	<b>57483840</b>	<b>0</b>	<b>63353124</b>	<b>629430</b>	<b>-23700584</b>	<b>121927644</b>

## ENCLOSURES TO THE 3 MONTH QUARTERLY REPORT ENCLOSURES TO STATEMENTS OF FINANCIAL POSITION

### 1. Investment changes

#### Long-Term Financial Investment (LVL)

Company Name, Address, Registration Number	As of 31.03.2012.		
	Ownership in %	Ownership in LVL	The investment carrying value LVL
<b>Related Companies (Subsidiaries)</b>			
LSEZ JSC "Liepājas osta LM" (Liepāja's Port LM) Sliežu iela 7/1, Liepāja; 40003154754	91.6	7749206	7749206
"Sports Club Liepājas metalurģs", Ltd. Brīvības iela 93, Liepāja; 40003348213	95	1900	1900
"Ice-Hockey Hall "Liepājas metalurģs"", Ltd. Brīvības iela 93, Liepāja; 40003421648	95	1900	1900
"Rūķis LM", Ltd. Vānes iela 25, Liepāja; 42103038147	100	1316000	1316000
"Liepājas naglas" Ltd. Brīvības iela 93, Liepāja; 42103032888	100	14056	14056
"LM Resurss", Ltd. Brīvības iela 93, Liepāja; 42103055448	100	2000	2000
<b>Total Investments in Related Companies, LVL</b>		<b>9085062</b>	<b>9085062</b>
<b>Associated Companies</b>			
"Elme Messer Metalurģs", Ltd. Brīvības iela 93, Liepāja; 40003461570	13	952959	952959
JSC "Sātiņi Energo LM" Brīvības iela 93, Liepāja; 42103037207	50	450000	450000
"Metalurģs & Duna", Ltd. Spīķera iela 19/23, Liepāja; 42103019610	50	120000	120000
<b>Total Investments in Associated Companies, LVL</b>		<b>1522959</b>	<b>1522959</b>

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 31.03.2012.		
	Ownership in %	Ownership in EUR	The investment carrying value EUR
<b>Related Companies (Subsidiaries)</b>			
JSC "Liepājas osta LM" (Liepāja's Port LM) Sliežu iela 7/1, Liepāja; 40003154754	91.6	11026127	11026127
"Sports Club Liepājas metalurģs", Ltd. Brīvības iela 93, Liepāja; 40003348213	95	2703	2703
"Ice-Hockey Hall "Liepājas metalurģs"", Ltd. Brīvības iela 93, Liepāja; 40003421648	95	2703	2703
"Rūķis LM", Ltd. Vānes iela 25, Liepāja; 42103038147	100	1872499	1872499
"Liepājas naglas" Ltd. Brīvības iela 93, Liepāja; 42103032888	100	20000	20000
"LM Resurss", Ltd. Brīvības iela 93, Liepāja; 42103055448	100	2846	2846
<b>Total Investments in Related Companies, EUR</b>		<b>12926879</b>	<b>12926879</b>
<b>Associated Companies</b>			
"Elme Messer Metalurģs", Ltd. Brīvības iela 93, Liepāja; 40003461570	13	1355938	1355938
JSC "Sātiņi Energo LM" Brīvības iela 93, Liepāja; 42103037207	50	640292	640292
"Metalurģs & Duna", Ltd. Spīķera iela 19/23, Liepāja; 42103019610	50	170745	170745
<b>Total Investments in Associated Companies, EUR</b>		<b>2166976</b>	<b>2166976</b>

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

**Long-Term Financial Investments: 3 months 2012 Movement Report (LVL)**

	capital of related companies (subsidiaries)	capital of associated companies	Long-Term Loans
Beginning value on <b>31.12.2011.</b>	9085062	1522959	91204
Invested (loans provided)	0	0	0
Moved to another item (or written-off)	0	0	-150
<b>The balance on 31.03.2012.</b>	<b>9085062</b>	<b>1522959</b>	<b>91054</b>

**Long-Term Financial Investments: 3 months 2012 Movement Report (EUR)**

	Share in the capital of related companies (subsidiaries)	Share in the capital of associated companies	Long-Term Loans
Beginning value on <b>31.12.2011.</b>	12926879	2166975	129772
Invested (loans provided)	0	0	0
Moved to another item (or written-off)	0	0	-213
<b>The balance on 31.03.2012.</b>	<b>12926879</b>	<b>2166975</b>	<b>129558</b>

## 2. Accounts receivable (debtors)

DEBTORS	As of 31.03.2012.		As of 31.03.2011.	
	LVL	EUR	LVL	EUR
<b>Customers and affiliated companies debts</b>	<b>6198811</b>	<b>8820113</b>	<b>1520652</b>	<b>2163693</b>
Incl. Debts of buyers and customers	3490585	4966655	970703	1381186
Incl. Debts of buyers with factoring activities	2116325	3011259	33711	47966
Incl. Debts of related companies (subsidiaries)	506618	720852	464700	661209
Incl. Debts of associated enterprises (doubtful debtors debt)	85283	121347	51538	73332
	/414559/	/589864/	/390266/	/555298/
<b>Other debtors</b>	<b>1381973</b>	<b>1966370</b>	<b>552567</b>	<b>786232</b>
Incl. Accrued and unpaid VAT	34237	48715	24166	34385
Incl. Advance payments	1407	2002	183	260
Incl. VAT budget overpayments	1159372	1649638	500016	711459
Incl. Various debtors	126106	179433	15851	22554
Incl. Overpaid salaries	9	13	175	249
Incl. Advance prepayment for services	32730	46571	11247	16003
Incl. Overpaid taxes	0	0	929	1322
Incl. Security deposit	28112	40000	0	0
<b>Future periods payments</b>	<b>50724</b>	<b>72174</b>	<b>90487</b>	<b>128751</b>
Incl. Press expenses	5490	7812	5615	7989
Incl. Miscellaneous	1449	2062	11131	15838
Incl. Property insurance	43785	62300	73741	104924
<b>Total Debtors:</b>	<b>7631508</b>	<b>10858658</b>	<b>2163706</b>	<b>3078676</b>

### 3. PROVISIONS

	Provisions for anticipated vacations (4318)		Provisions for doubtful debtors (4319)		Tax provisions	
	LVL	EUR	LVL	EUR	LVL	EUR
<b>On 31.12.2011</b>	831400	1182976	414559	589864	1295020	1842647
Increase	0	0	0	0	0	0
Decrease	0	0	0	0	0	0
Written-off as bad debt	0	0	0	0	0	0
<b>On 31.03.2012</b>	831400	1182976	414559	589864	1295020	1842647

\*\*

/414559/

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



#### 4. Accounts payable (creditors)

CREDITORS	As of 31.03.2012.		As of 31.03.2011.	
	LVL	EUR	LVL	EUR
<b>Long-term borrowings from credit institutions</b>	<b>48718491</b>	<b>69320168</b>	<b>34256283</b>	<b>48742299</b>
<b>Short-term borrowing from credit institutions (credit line)</b>	<b>22178385</b>	<b>31556999</b>	<b>11058996</b>	<b>15735534</b>
<b>Short-term borrowing from EU lenders</b>	<b>8593278</b>	<b>12227133</b>	<b>0</b>	<b>0</b>
<b>Advance payments (residents)</b>	<b>203944</b>	<b>290186</b>	<b>149655</b>	<b>212940</b>
<b>Advance payments (non residents )</b>	<b>26524046</b>	<b>37740317</b>	<b>24711741</b>	<b>35161640</b>
<b>Other borrowing (factoring)</b>	<b>2150035</b>	<b>3059224</b>	<b>33711</b>	<b>47966</b>
<b>Debts to suppliers and contractors</b>	<b>39823622</b>	<b>56663909</b>	<b>18793014</b>	<b>26740050</b>
Incl. Materials and gas	19029364	27076346	14878668	21170437
Incl. Services	8233416	11715096	2739702	3898245
Incl. Scrap, various services related to scrap delivery, processing	12167116	17312246	1009220	1435991
Incl. Fixed assets	182874	260206	163034	231976
Incl. Medical department creditors	3237	4606	2390	3401
Incl. Other Creditors	207615	295410	0	0
<b>Debts to related enterprises (subsidiaries)</b>	<b>484059</b>	<b>688754</b>	<b>396536</b>	<b>564220</b>
<b>Debts to associated enterprises</b>	<b>840378</b>	<b>1195750</b>	<b>12</b>	<b>17</b>
<b>Accrued liabilities</b>	<b>12185</b>	<b>17338</b>	<b>2000</b>	<b>2846</b>
<b>Taxes and social insurance payments</b>	<b>749425</b>	<b>1066336</b>	<b>565952</b>	<b>805277</b>
Incl. State tax	588	837	547	778
Incl. Residents' Income tax	258131	367287	195845	278662
Incl. Social Security tax	465156	661857	364105	518075
Incl. Nature resources tax	25550	36354	5455	7762
<b>Other creditors (liabilities)</b>	<b>754557</b>	<b>1073638</b>	<b>573160</b>	<b>815533</b>
Incl. Payments for salaries	721300	1026317	541053	769849
Incl. Deductions from salaries	33257	47321	32107	45684
<b>Total Creditors:</b>	<b>151032405</b>	<b>214899752</b>	<b>90541060</b>	<b>128828322</b>

## ENCLOSURES TO STATEMENTS OF COMPREHENSIVE INCOME

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

Product Description	As of 31.03.2012.		As of 31.03.2011.	
	LVL	EUR	LVL	EUR
Rolled steel	60518543	86110129	80965498	115203525
Castings	44412	63193	34045	48442
Billet	959681	1365503	0	0
Crushed slag	1818	2587	41250	58693
Services	38011	54085	68941	98094
Sold steam, gCal	4546	6468	3937	5602
Medical department	224630	319620	226065	321662
Transportation services	23854	33941	35409	50382
<b>TOTAL</b>	<b>61815495</b>	<b>87955525</b>	<b>81375145</b>	<b>115786400</b>

### 6. Net turnover by geographic markets

Market	As of 31.03.2012.		As of 31.03.2011.	
	LVL	EUR	LVL	EUR
European Union countries	50395553	71706412	48986300	69701225
Other third countries	11419942	16249114	32388845	46085175
<b>Total</b>	<b>61815495</b>	<b>87955525</b>	<b>81375145</b>	<b>115786400</b>

## 7. Production costs of sold goods

Cost Description	As of 31.03.2012.		As of 31.03.2011.	
	LVL	EUR	LVL	EUR
Materials	48557726	69091420	69814228	99336697
Salaries and wages	2579714	3670602	3551010	5052632
Social benefits deductions	610959	869316	840129	1195396
Depreciation	1112646	1583153	1477676	2102544
Other costs	5207491	7409592	2187076	3111929
<b>Total</b>	<b>58068536</b>	<b>82624083</b>	<b>77870119</b>	<b>110799197</b>

## 8. Sales costs

Cost Description	As of 31.03.2012.		As of 31.03.2011.	
	LVL	EUR	LVL	EUR
Packing materials	15283	21746	25543	36344
Transportation costs	1222344	1739239	534514	760545
Freight	1063345	1513004	112844	160563
Port handling charges	453896	645836	622529	885779
Advertising and marketing costs	9850	14016	9056	12886
Other sales costs (insurance, storage/warehousing, depreciation, and other)	60011	85388	150114	213593
Costs related to factoring	12494	17777	0	0
Costs related to L/C	13	18	11	16
<b>Total</b>	<b>2837236</b>	<b>4037024</b>	<b>1454611</b>	<b>2069725</b>

### 9. Administration costs

Costs Description	As of 31.03.2012.		As of 31.03.2011.	
	LVL	EUR	LVL	EUR
Salaries and social costs	695591	989737	623965	887822
Communication costs	16350	23264	12853	18288
Office supplies and office maintenance costs	304144	432758	214463	305153
Legal, auditing, translation fees	16081	22881	25910	36867
Presentation costs	42204	60051	94762	134834
Depreciation of fixed assets	61244	87142	59375	84483
Management traveling expenses	23926	34044	20773	29557
Management training	194	276	1490	2120
Costs for bank account services	59447	84585	5368	7638
Costs related to stockholders	3917	5573	4012	5709
<b>Total</b>	<b>1223098</b>	<b>1740312</b>	<b>1062971</b>	<b>1512471</b>

### 10. Other operating income

Income Description	As of 31.03.2012.		As of 31.03.2011.	
	LVL	EUR	LVL	EUR
Sale of current assets	543246	772969	1656711	2357287
Sale of fixed assets and liquidation	3000 6918	4269 9843	0 655486	0 932673
Rent of fixed assets	3218	4579	0	0
Currency exchange gain	103632	147455	104307	148415
Received fines	2530	3600	5098	7254
Written-off revaluation reserve of liquidated fixed assets	2591	3687	1128790	1606123
Income from intermediary services	291112	414215	0	0
Bad debt recovery	0	0	21967	31256
Other income from operating activity	1465577	2085328	24396	34712
Received discounts	0	0	45767	65121
<b>Total</b>	<b>2421824</b>	<b>3445945</b>	<b>3642522</b>	<b>5182842</b>

### 11. Other operating costs

Costs Description	As of 31.03.2012.		As of 31.03.2011.	
	LVL	EUR	LVL	EUR
Sales costs of current assets	397245	565229	1464655	2084016
Costs related to the sale and liquidation of fixed assets	9084 4374	12925 6224	0 360	0 512
Currency exchange loss	0	0	195066	277554
Costs related to intermediary services	290883	413889	0	0
Paid compensations and other benefits	17448	24826	14349	20417
Other costs	243205	346050	198576	282548
Paid fines	1184	1685	0	0
Costs not associated with operating activities	425944	606064	293710	417912
Costs of infrastructure maintenance	5063	7204	5389	7668
Training costs of the new staff	5708	8122	19638	27942
Extraordinary costs (production site close for modernization)	0	0	370355	526968
Costs of auto maintenance	11644	16568	11331	16123
<b>Total</b>	<b>1411782</b>	<b>2008785</b>	<b>2573429</b>	<b>3661660</b>

## 12. Interest income

Income	As of 31.03.2012.		As of 31.03.2011.	
	LVL	EUR	LVL	EUR
Income from loans to business persons	89	127	382	544
Income from bank accounts	257	366	1631	2321
Income from deposit investments	473	673	3774	5370
<b>Total Interest Income</b>	<b>819</b>	<b>1165</b>	<b>5787</b>	<b>8234</b>