

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

Quarterly Report  
(non-audited)

For 9 months of the year 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, 9 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: 2318

**JOINT-STOCK COMPANY "LIEPĀJAS METALURĢS"  
MANAGEMENT STATEMENT REGARDING  
THE FINANCIAL STATEMENTS FOR 9 MONTHS OF 2012.**

The JSC "Liepājas Metalurģs" net turnover in the reporting period of 9 month of 2012 was LVL 241.1 million (EUR 343.1 mill.), which was by LVL 81.3 million (EUR 115.7 mill.) greater than in the same period of 2011. The turnover increase is attributed to the fact that after the completion of the meltshop revamping program in 2012, the rebar production was again at a 100% capacity level, as a result – the production was marked by a 138 043 ton increase compared with the same period of 2011.

The Company's profit for 9 months of 2012 was LVL 134 250 (EUR 191 021), which was by LVL 2.25 million (EUR 3.2 mill.) less than in the same period of 2011. Profit decrease was affected by the production cost increase by 0.1% combined with the sales price dropping by 1.7%.

The JSC "Liepājas Metalurģs" invested LVL 14.1 million (EUR 20 mill.) in 9 months of 2012, including:

- Fixed assets were acquired and commissioned for the value of LVL 1 236 300 (EUR 1.8 mill.) (the equipment securing the dynamic work in the meltshop process, as well as in logistics and cargo weighting; equipment for the Medical services);

- Main scheduled maintenance work amounted to LVL 1 315 863 (EUR 1.9 mill.) (railroad scales, scrap processing equipment, crane, rolling mills "250/350" and "350");

- For the modernization of fixed assets LVL 11 537 795 (EUR 16.4 mill.) was used (melting processes modernization, infrastructure).

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 September 30, 2012 as well as the results of its operations and cash flow for 9 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 business activity's continuation.

In the name of the JSC "Liepājas Metalurģs"

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

## STATEMENTS OF FINANCIAL POSITION

### for 9 months of the year 2012

ASSETS	Enclosure Number	As of 30.09.2012.		As of 30.09.2011.	
		LVL	EUR	LVL	EUR
<b>1.LONG-TERM INVESTMENTS</b>					
<b>I. Intangible investments</b>					
1. Other intangible investments		42096	59897	29877	42511
2. Advance payments for intangible investments		0	0	0	0
<b>I. TOTAL:</b>		<b>42096</b>	<b>59897</b>	<b>29877</b>	<b>42511</b>
<b>II. Fixed assets</b>					
<b>1. Land, buildings and constructions and long-term sites</b>					
		63917942	90947038	49460117	70375406
2. Long-term investments in rent fixed assets		445702	634177	282756	402326
3. Technological equipment and machinery		86922455	123679511	21886040	31141029
4. Other fixed assets and inventory		1093983	1556598	1351941	1923639
5. Fixed assets formation and costs of unfinished construction sites		2589511	3684542	68256606	97120401
6. Advance payments for fixed assets		81889	116518	250510	356444
<b>II. TOTAL:</b>		<b>155051482</b>	<b>220618383</b>	<b>141487970</b>	<b>201319244</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)		9086858	12929434	9071006	12906879
2. Loans to the related companies (subsidiaries)		8432	11998	41260	58708
3. Share in the capital of associated companies		1593551	2267419	1522559	2166406
4. Loans to the associated companies		81500	115964	81500	115964
<b>IV. TOTAL:</b>	<b>1</b>	<b>10770341</b>	<b>15324815</b>	<b>10716325</b>	<b>15247957</b>
<b>Section 1 total amount:</b>		<b>170887919</b>	<b>243151603</b>	<b>157156172</b>	<b>223613087</b>
<b>2. CURRENT ASSETS</b>					
<b>I. Stock (Inventories)</b>					
1. Raw materials, basic and auxiliary materials		18418712	26207466	13863168	19725511
2. Unfinished products, Work-in-Process		2642822	3760397	220950	314384
3. Finished products and goods for sales		22912354	32601343	52456674	74639123
4. Incompleted orders		171364	243829	223475	317976
5. Advance payments for goods		635186	903788	1609588	2290237
<b>I. TOTAL:</b>		<b>44780438</b>	<b>63716823</b>	<b>68373855</b>	<b>97287231</b>
<b>II. Accounts receivable (Debtors)</b>					
1. Trade accounts receivable		7004993	9967207	2810191	3998542
2. Debt of related companies (subsidiaries)		740643	1053840	538869	766742
3. Debt of associated enterprises		782711	1113697	43593	62027
4. Other debtors (accounts receivable)		1449872	2062982	1198624	1705488
5. Prepaid expenses		43433	61800	53549	76193
<b>II. TOTAL:</b>	<b>2</b>	<b>10021652</b>	<b>14259526</b>	<b>4644826</b>	<b>6608992</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>		898525	1278486	2383795	3391835
<b>IV. TOTAL:</b>		<b>898525</b>	<b>1278486</b>	<b>2383795</b>	<b>3391835</b>
<b>Section 2 total amount</b>		<b>55700615</b>	<b>79254835</b>	<b>75402476</b>	<b>107288058</b>
<b>TOTAL ASSETS</b>		<b>226588534</b>	<b>322406438</b>	<b>232558648</b>	<b>330901145</b>

LIABILITIES AND SHAREHOLDERS' EQUITY	Enclosure Number	As of 30.09.2012.		As of 30.09.2011.	
		LVL	EUR	LVL	EUR
<b>1. SHAREHOLDERS' EQUITY</b>					
1. Share capital (fixed capital)		16981033	24161833	16981033	24161833
2. Long-term investments revaluation reserve		38110712	54226658	43870248	62421739
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		134250	191021	2384308	3392565
section 1 total amount:		<b>83093959</b>	<b>118232052</b>	<b>88636921</b>	<b>126118976</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		51564847	73370167	54465412	77497299
2. Other loans		3396813	4833229	33711	47966
<b>I. TOTAL:</b>		<b>54961660</b>	<b>78203397</b>	<b>54499123</b>	<b>77545266</b>
<b>II. Short-term Creditors (Accounts payable)</b>					
1. Loans from credit institutions		23890276	33992800	16629045	23660999
2. Other loans		0	0	0	0
3. Advance payments received from customers		28133609	40030519	37231818	52976104
4. Suppliers and contractors trade account payable		30979104	44079294	31695532	45098679
5. Accrued liabilities (Payable bills of exchange)		2775	3948	0	0
6. Payable (debt) to related companies (subsidiaries)		945627	1345506	147966	210537
7. Payable (debt) to associated companies		885900	1260522	242067	344430
8. Taxes and state social insurance payments		796652	1133534	596586	848865
9. Other liabilities		772552	1099242	588240	836990
<b>II. TOTAL:</b>	<b>4</b>	<b>86406495</b>	<b>122945366</b>	<b>87131254</b>	<b>123976605</b>
Section 3 total amount:		<b>141368155</b>	<b>201148763</b>	<b>141630377</b>	<b>201521871</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>226588534</b>	<b>322406438</b>	<b>232558648</b>	<b>330901145</b>

In the name of the JSC "Liepājas Metalurģs"

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

## STATEMENTS OF COMPREHENSIVE INCOME

for 9 months of the year 2012

No.	Parameter designation	Enclosure Number	As of 30.09.2012.		As of 30.09.2011.	
			LVL	EUR	LVL	EUR
1	Net turnover	5, 6	241138649	343109386	159848508	227443936
2	Production costs of goods sold	7	-228728105	-325450773	-151481636	-215538950
3	Gross profit or loss (from turnover)		12410544	17658613	8366872	11904986
4	Sales costs	8	-7724425	-10990867	-2877285	-4094008
5	Administration costs	9	-3576663	-5089133	-3230312	-4596320
6	Other operating income	10	5144441	7319880	6609334	9404235
7	Other operating costs	11	-4901954	-6974852	-5850398	-8324366
8	Interest income and other similar income	12	2122	3019	36096	51360
9	Interest payments and similar expenses		-1008005	-1434262	-458220	-651988
10	Profit or loss before extraordinary items and taxes		346060	492400	2596087	3693900
11	Profit or loss before taxes		346060	492400	2596087	3693900
12	Other taxes		-211810	-301378	-211779	-301334
13	Reporting period profit or loss after taxes		<b>134250</b>	<b>191021</b>	<b>2384308</b>	<b>3392565</b>

The JSC "Liepājas metalurģs" demonstrated profit at the rate of 0,008 LVL (EUR 0,011) 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 9 months of the year 2012

	As of 30.09.2012.		As of 30.09.2011.	
	LVL	EUR	LVL	EUR
<b>OPERATING CASH FLOW</b>				
Cash received from buyers	197284571	280710655	157745522	224451657
Cash received from other business activities	817569	1163296	26093185	37127257
VAT overpayment received	2149995	3059167	738298	1050503
Bank interest received	1865	2654	36159	51450
Cash paid to suppliers and employees	-234859707	-334175257	-154586499	-219956772
<b>Cash received from the core business activity</b>	<b>-34605707</b>	<b>-49239485</b>	<b>30026665</b>	<b>42724095</b>
Interest payment	-1006149	-1431621	-518700	-738044
Corporate income tax payment	0	0	0	0
Other tax payments	-298066	-424110	-690044	-981844
<b>Net cash flow from the core business activity</b>	<b>-35909922</b>	<b>-51095216</b>	<b>28817921</b>	<b>41004207</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
Acquisition of fixed assets	-2887126	-4108010	-6701641	-9535576
Sale of fixed assets and intangible assets	3660	5208	3744	5327
Investments in related companies	-70592	-100443	-522616	-743616
<b>Net cash flow from investment operations</b>	<b>-2954058</b>	<b>-4203246</b>	<b>-7220513</b>	<b>-10273864</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Short-term borrowings in net value (credit line)	44466149	63269630	-21141750	-30082000
Paid liabilities for financial leasing	-244304	-347613	-124227	-176759
Repayment of long-term loans	-4129206	-5875331	0	0
Repayment of long-term liabilities	-328048	-466770	0	0
Loans to associated companies	0	0	-81500	-115964
Repayment of loans and interests from related companies	349	497	1218	1733
Costs not associated with operating activities	-1169283	-1663740	-1024981	-1458417
<b>Net cash flow from financial activities</b>	<b>38595657</b>	<b>54916672</b>	<b>-22371240</b>	<b>-31831407</b>
Result of foreign currency exchange rate fluctuations	-134954	-192022	-441076	-627595
<b>Net growth of cash and its equivalents</b>	<b>-403277</b>	<b>-573811</b>	<b>-1214908</b>	<b>-1728658</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>898525</b>	<b>1278486</b>	<b>2383795</b>	<b>3391835</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 reporting 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					134250		134250
Increase of fixed capital							0
Increase of revaluation reserve							0
Written-off revaluation reserve		-2291753					-2291753
<b>As of 30.09.2012.</b>	<b>16981033</b>	<b>38110712</b>	<b>0</b>	<b>44524829</b>	<b>134250</b>	<b>-16656865</b>	<b>83093959</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					191021		191021
Increase of fixed capital							0
Increase of revaluation reserve							0
Written-off revaluation reserve		-3260871					-3260871
<b>As of 30.09.2012.</b>	<b>24161833</b>	<b>54226658</b>	<b>0</b>	<b>63353124</b>	<b>191021</b>	<b>-23700584</b>	<b>118232052</b>

## ENCLOSURES TO THE 9 MONTH QUARTERLY REPORT ENCLOSURES TO FINANCIAL POSITION

### 1. Investment changes

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

Company Name, Address, Registration Number	As of 30.09.2012.		
	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
"LM Ressurss", Ltd. Vilimsi, Tulbiaia iela 44, Igaunija, 12287567	100	1796	1796
<b>Total Investments in Related Companies, LVL</b>		<b>9086858</b>	<b>9086858</b>
<b>Associated Companies</b>			
"Elme Messer Metalurģs", Ltd. Brīvības iela 93, Liepāja; 40003461570	11.3	1023551	1023551
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>1593551</b>	<b>1593551</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 30.09.2012.		
	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
"LM Ressurss", Ltd. Vilimsi, Tulbiaia iela 44, Igaunija, 12287567	100	2556	2556
<b>Total Investments in Related Companies, EUR</b>		<b>12929434</b>	<b>12929434</b>
<b>Associated Companies</b>			
"Elme Messer Metalurģs", Ltd. Brīvības iela 93, Liepāja; 40003461570	11.3	1456382	1456382
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>2267419</b>	<b>2267419</b>

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

**Long-Term Financial Investments: 9 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)	1796	70592	0
Moved to another item (or written-off)	0	0	-1272
<b>The balance on 30.09.2012.</b>	<b>9086858</b>	<b>1593551</b>	<b>89932</b>

**Long-Term Financial Investments: 9 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)	2555	100443	0
Moved to another item (or written-off)	0	0	-1810
<b>The balance on 30.09.2012.</b>	<b>12929434</b>	<b>2267419</b>	<b>127962</b>

## 2. Accounts receivable (debtors)

DEBTORS	As of 30.09.2012.		As of 30.09.2011.	
	LVL	EUR	LVL	EUR
<b>Customers and affiliated companies debts</b>	<b>8528347</b>	<b>12134745</b>	<b>3392653</b>	<b>4827310</b>
Incl. Debts of buyers and customers	7004993	9967207	2810191	3998542
Incl. Debts of buyers with factoring activities	0	0	0	0
Incl. Debts of related companies (subsidiaries)	740643	1053840	538869	766742
Incl. Debts of associated enterprises (doubtful debtors debt)	782711	1113697	43593	62027
	/293326/	/417365/	/382039/	/543592/
<b>Other debtors</b>	<b>1449872</b>	<b>2062982</b>	<b>1198624</b>	<b>1705489</b>
Incl. Accrued and unpaid VAT	13247	18849	14838	21113
Incl. Advance payments	980	1394	191	272
Incl. VAT budget overpayments	1175334	1672350	1099778	1564843
Incl. Debt for caused damages to the enterprise	173	246	0	0
Incl. Various debtors	146525	208486	52392	74547
Incl. Overpaid salaries	4	6	8	11
Incl. Advance prepayment for services	8538	12148	30492	43386
Incl. Advance prepayment for Corporate income tax	0	0	825	1174
Incl. Overpaid taxes	7	10	100	142
Incl. Security deposit	105065	149494	0	0
<b>Future periods payments</b>	<b>43433</b>	<b>61800</b>	<b>53549</b>	<b>76193</b>
Incl. Press expenses	3383	4814	3434	4886
Incl. Miscellaneous	1559	2218	3535	5030
Incl. Property insurance	38491	54768	46580	66277
<b>Total Debtors:</b>	<b>10021652</b>	<b>14259527</b>	<b>4644826</b>	<b>6608992</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
Written-off as bad debt	0	0	-121233	-172499	0	0
<b>On 30.09.2012</b>	831400	1182976	293326	417365	1295020	1842647

\*

\*

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



#### 4. Accounts payable (creditors)

CREDITORS	As of 30.09.2012.		As of 30.09.2011.	
	LVL	EUR	LVL	EUR
<b>Long-term borrowings from credit institutions</b>	<b>51564847</b>	<b>73370167</b>	<b>54465412</b>	<b>77497299</b>
<b>Long-term obligations</b>	<b>3396813</b>	<b>4833229</b>	<b>0</b>	<b>0</b>
<b>Other long-term borrowings (factoring)</b>	<b>0</b>	<b>0</b>	<b>33711</b>	<b>47966</b>
<b>Short-term borrowing from credit institutions (credit line)</b>	<b>23890276</b>	<b>33992800</b>	<b>16629045</b>	<b>23660999</b>
<b>Advance payments (residents)</b>	<b>62462</b>	<b>88875</b>	<b>106947</b>	<b>152172</b>
<b>Advance payments (non residents )</b>	<b>28071147</b>	<b>39941644</b>	<b>37124871</b>	<b>52823932</b>
<b>Debts to suppliers and contractors</b>	<b>30979105</b>	<b>44079295</b>	<b>31695532</b>	<b>45098679</b>
Incl. Materials and gas	16404816	23341950	19074429	27140467
Incl. Services	4988084	7097404	7050991	10032656
Incl. Scrap, various services related to scrap delivery, processing	8841620	12580492	5188685	7382834
Incl. Fixed assets	407753	580180	380276	541084
Incl. Medical department creditors	2384	3392	1151	1638
Incl. Other Creditors	334448	475877	0	0
<b>Debts to related enterprises (subsidiaries)</b>	<b>945626</b>	<b>1345505</b>	<b>147966</b>	<b>210537</b>
<b>Debts to associated enterprises</b>	<b>885900</b>	<b>1260522</b>	<b>242067</b>	<b>344430</b>
<b>Accrued liabilities</b>	<b>2775</b>	<b>3948</b>	<b>0</b>	<b>0</b>
<b>Taxes and social insurance payments</b>	<b>796652</b>	<b>1133534</b>	<b>596586</b>	<b>848865</b>
Incl. State tax	596	848	570	811
Incl. Residents' Income tax	279106	397132	204841	291462
Incl. Value Added tax	2586	3680	0	0
Incl. Social Security tax	502135	714474	379617	540146
Incl. Nature resources tax	12229	17400	11558	16446
<b>Other creditors (liabilities)</b>	<b>772552</b>	<b>1099242</b>	<b>588240</b>	<b>836990</b>
Incl. Payments for salaries	733424	1043568	556471	791787
Incl. Deductions from salaries	39128	55674	31749	45175
Incl. Settlement parties	0	0	20	28
<b>Total Creditors:</b>	<b>141368155</b>	<b>201148763</b>	<b>141630377</b>	<b>201521871</b>

## ENCLOSURES TO PROFIT AND LOSS STATEMENT

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

Product Description	As of 30.09.2012.		As of 30.09.2011.	
	LVL	EUR	LVL	EUR
Rolled steel	223689749	318281838	158089297	224940804
Billet	16286293	23173307	0	0
Castings	202313	287865	172280	245132
Wire	0	0	781	1111
Crushed slag	22489	31999	575811	819305
Services	201938	287332	269915	384054
Sold steam, gCal	5365	7634	4961	7059
Compressed Air	216	307	0	0
Medical department	655427	932589	647745	921658
Transportation services	74859	106515	87718	124811
<b>TOTAL</b>	<b>241138649</b>	<b>343109386</b>	<b>159848508</b>	<b>227443936</b>

### 6. Net turnover by geographic markets

Market	As of 30.09.2012.		As of 30.09.2011.	
	LVL	EUR	LVL	EUR
European Union countries	123709769	176023143	124598840	177288177
Other third countries	117428880	167086243	35249668	50155759
<b>Total</b>	<b>241138649</b>	<b>343109386</b>	<b>159848508</b>	<b>227443936</b>

## 7. Production costs of sold goods

Cost Description	As of 30.09.2012.		As of 30.09.2011.	
	LVL	EUR	LVL	EUR
Materials	189014253	268943052	134232966	190996303
Salaries and wages	10792038	15355687	7289434	10371930
Social benefits deductions	2558958	3641069	1724784	2454147
Depreciation	5452075	7757604	2973412	4230784
Other costs	20910781	29753361	5261040	7485786
<b>Total</b>	<b>228728105</b>	<b>325450773</b>	<b>151481636</b>	<b>215538950</b>

## 8. Sales costs

Cost Description	As of 30.09.2012.		As of 30.09.2011.	
	LVL	EUR	LVL	EUR
Packing materials	87200	124074	31893	45380
Transportation costs	2050025	2916923	1570103	2234055
Freight	3342946	4756584	184999	263230
Port handling charges	1856963	2642220	708268	1007775
Advertising and marketing costs	38659	55007	28686	40817
Other sales costs (insurance, storage/warehousing, depreciation, and other)	227934	324321	341939	486535
Costs related to factoring	30219	42998	9678	13771
Costs related to L/C	90479	128740	1719	2446
<b>Total</b>	<b>7724425</b>	<b>10990867</b>	<b>2877285</b>	<b>4094008</b>

### 9. Administration costs

Costs Description	As of 30.09.2012.		As of 30.09.2011.	
	LVL	EUR	LVL	EUR
Salaries and social costs	2149041	3057810	1887159	2685185
Communication costs	48019	68325	41978	59729
Office supplies and office maintenance costs	823081	1171139	667828	950234
Legal, auditing, translation fees	83576	118918	73264	104245
Presentation costs	168895	240316	250625	356607
Depreciation of fixed assets	174572	248394	170508	242611
Management traveling expenses	76506	108858	77317	110012
Management training	266	378	5761	8197
Costs for bank account services	38535	54830	40582	57743
Costs related to stockholders	14172	20165	15290	21756
<b>Total</b>	<b>3576663</b>	<b>5089133</b>	<b>3230312</b>	<b>4596320</b>

### 10. Other operating income

Income Description	As of 30.09.2012.		As of 30.09.2011.	
	LVL	EUR	LVL	EUR
Sale of current assets	1733192	2466110	2423683	3448590
Intermediary services	1296518	1844779	0	0
Sale of fixed assets	3041	4327	923516	1314045
Liquidation of fixed assets	88184	125475	930874	1324514
Rent of Fixed asstes	8005	11390	0	0
Received fines	361436	514277	15926	22661
Written-off revaluation reserve of liquidated fixed assets	28753	40912	2046020	2911224
Bad debt recovery	121234	172500	0	0
Other income from operating activity	1504078	2140110	215320	306373
Income due to a decrease in provisions	0	0	8228	11707
Received discounts	0	0	45767	65121
<b>Total</b>	<b>5144441</b>	<b>7319880</b>	<b>6609334</b>	<b>9404235</b>

### 11. Other operating costs

Costs Description	As of 30.09.2012.		As of 30.09.2011.	
	LVL	EUR	LVL	EUR
Sales costs of current assets	1284508	1827690	2377807	3383315
Costs of intermediary services	1296287	1844450	0	0
Costs related to the sale and liquidation of fixed assets	9084 31107	12925 44261	24227 167691	34472 238603
Currency exchange loss	235931	335700	345219	491202
Doubtful debts write-off	0	0	4129	5875
Paid compensations and other benefits	62407	88797	50172	71388
Other costs	497064	707258	734093	1044520
Paid fines	20250	28813	2970	4226
Costs not associated with operating activities	1375616	1957325	1191201	1694926
Costs of infrastructure maintenance	12578	17897	15504	22060
Training costs of the new staff	42838	60953	22662	32245
Costs of previous period	1133	1612	18547	26390
Extraordinary costs (production site close for modernization)	0	0	861718	1226114
Costs of auto maintenance	33151	47170	34458	49029
<b>Total</b>	<b>4901954</b>	<b>6974852</b>	<b>5850398</b>	<b>8324366</b>

## 12. Interest income

Income	As of 30.09.2012.		As of 30.09.2011.	
	LVL	EUR	LVL	EUR
Income from loans to business persons	257	366	1158	1648
Income from bank accounts	846	1204	4270	6076
Income from deposit investments	1019	1450	30668	43637
<b>Total Interest Income</b>	<b>2122</b>	<b>3019</b>	<b>36096</b>	<b>51360</b>