

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

Consolidated
Annual Report
(Non-audited)

For the year 2012
(01.01.2012. - 31.12.2012.)

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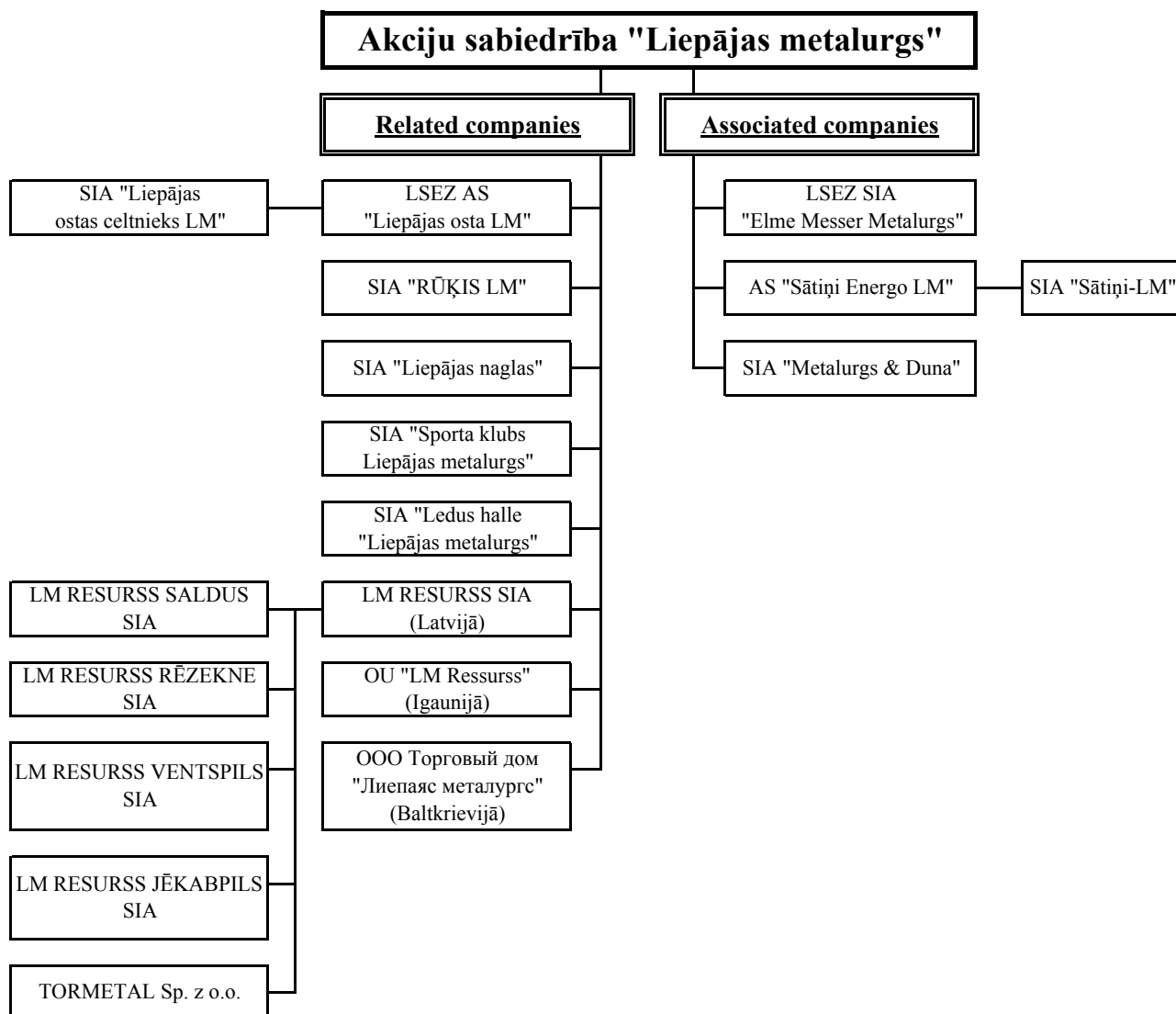
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INFORMATION ON THE PARENT COMPANY

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 2012
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) 23%
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: 2325



JOINT-STOCK COMPANY "LIEPĀJAS METALURĢS" MANAGEMENT STATEMENT REGARDING THE CONSOLIDATED ANNUAL REPORT FOR THE YEAR 2012.

The Company's net turnover in the year 2012 amounted to LVL 321.3 Mio. (EUR 457.1 Mio.), while the total economic activity marked a loss of LVL 7.3 Mio. (EUR 10.4 Mio.).

Growth of net turnover is related to an increase of production and sales of reinforcement bars in comparison with the year 2011.

During the reporting period the LSEZ JSC Liepājas osta LM has handled 2.7 Mio tonnes of cargo, which showed an increase by 58% compared to the year 2011.

The company LM RESURSS SIA (LTD), established in 2012, was created with intent to improve trade, storage and processing of ferrous scrap. To promote its activities, LM RESURSS SIA (LTD) registered 5 subsidiary companies.

The most important projects during the reporting period include:

- Development of steel production and establishment of infrastructure;
- Completion of revamping of Berth (Quay) No. 50 of the LSEZ JSC Liepājas osta LM with the total investments amounting to LVL 1.6 Mio. (EUR 2.3 Mio.)
- Purchase of a new portal crane;
- Commissioning of the second round of grain terminal in collaboration with DAN STORE LTD;
- To ensure stability, Rukis LM LTD and Liepājas naglas LTD paid a special attention to the attraction of new customers, cost optimization and exploration of new markets.

Development and plans:

In steel melting production:

- Development of production technology to produce a new product, billet 130 x 130 mm, and adoption of the 2nd level automated control and accounting system in Electric steel melting production.

In rolling process:

- Development of slitting process for sizes 14 mm and 16 mm in Rolling Mill No. 250/350;
- Further development of preparing thermos-railcars for delivery of hot billets, reconstruction of billet charging line in Rolling Mill No. 350.
- Adoption of energy-efficient technologies for continuous billet-heating furnaces.

- new cargo types development;
- Continuation of organization of training and competition process for kids, youth and professional football and ice-hockey teams.

On behalf 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, 2012 as well as the results of its operations and cash flow for 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 activity's continuation

On behalf of the JSC "Liepājas metalurģs"

Chairman of the Board _____ V. Terentjevs

STATEMENTS OF FINANCIAL POSITION (Consolidated) for the year 2012

ASSETS	Enclosure Number	As of 31.12.2012.		As of 31.12.2011.	
		LVL	EUR	LVL	EUR
1. LONG-TERM INVESTMENTS					
I. Intangible investments					
1. Other intangible assets		56409	80263	27243	38763
2. Concessions, patents, licenses, trademarks and similar rights		0	0	6115	8701
3. Advance payments for intangible investments		0	0	0	0
4. Goodwill		0	0	0	0
I.TOTAL:		56409	80263	33358	47464
II. Fixed assets					
1. Land, buildings and constructions, and long-term sites		67240909	95675194	52143877	74194053
2. Long-term investments in rented fixed assets		4820071	6858343	4679167	6657855
3. Technological equipment and machinery		96731572	137636627	29141677	41464871
4. Other fixed assets and inventory		1612323	2294129	1876213	2669611
5. Fixed assets formation and costs of unfinished construction sites		1927126	2742053	75419820	107312736
6. Advance payments for fixed assets		8827	12560	1051865	1496669
II. TOTAL:		172340828	245218906	164312619	233795794
III. Investment properties					
Investment properties		5219529	7426721	5230805	7442765
IV. Long-term financial investments					
1. Share in the capital of related companies (subsidiaries)		61413	87383	0	0
2. Share in the capital of associated companies		1473551	2096674	1402959	1996231
3. Loans to the related companies (subsidiaries)		0	0	0	0
4. Loans to the associated companies		81500	115964	81500	115964
5. Other loans		734819	1045553	668817	951641
IV. TOTAL:		2351283	3345574	2153276	3063836
Section 1 total amount:		179968049	256071464	171730058	244349859
2. CURRENT ASSETS					
I. Stock (Inventories)					
1. Raw materials, basic and auxiliary materials		19925646	28351640	10009260	14241894
2. Unfinished products, Work in Process		1389428	1976978	2457425	3496601
3. Finished products and goods for sales		26966984	38370561	54034888	76884719
4. Incompleted orders		195739	278512	166202	236484
5. Advance payments for goods		1232906	1754267	749961	1067098
6. Labour animals and productive animals		110	157	110	157
I. TOTAL:		49710813	70732115	67417846	95926953
II. Accounts receivable (Debtors)					
1. Trade accounts receivable		11673741	16610237	5416760	7707355
2. Debt of related enterprises		0	0	0	0
3. Debt of associated enterprises		0	0	113784	161900
4. Other debtors (accounts receivable)		1294229	1841522	1473833	2097075
5. Short-term loans to co-owners and management of the company		0	0	7488	10654
6. Prepaid expenses		116650	165978	85648	121866
7. Accrued income		0	0	24157	34372
II.TOTAL:	1	13084620	18617737	7121670	10133223
III. Short-term financial investments					
III. TOTAL:		0	0	0	0
IV. Cash		1158533	1648444	1747148	2485968
IV. TOTAL:		1158533	1648444	1747148	2485968
Section 2 total amount		63953966	90998295	76286664	108546144
TOTAL ASSETS		243922015	347069759	248016722	352896002

LIABILITIES AND SHAREHOLDERS' EQUITY	Enclosure Number	As of 31.12.2012.		As of 31.12.2011.	
		LVL	EUR	LVL	EUR
1. SHAREHOLDERS' EQUITY					
1. Share capital (fixed capital)		16981033	24161833	16981033	24161833
2. Long-term investments revaluation reserve		38626152	54960063	40474849	57590522
3. Reserves: a) reserves stipulated by law		0	0	0	0
3. Reserves: b) other reserves		44524829	63353124	44524829	63353124
3. TOTAL:		44524829	63353124	44524829	63353124
4. Retained earnings: a) undistributed profit from the previous years		-15425383	-21948343	-19378214	-27572714
4. Retained earnings: b) undistributed profit of the reporting year		-6606027	-9399530	4247734	6043981
4. Retained earnings: c) Minority shareholders		-728698	-1036844	-361682	-514627
4. Retained earnings: b+c undistributed profit of the reporting year		-7334725	-10436373	3886052	5529354
Section 1 total amount:		77371906	110090304	86488549	123062118
Minority shareholders		514075	731463	514050	731427
2. PROVISIONS					
1. Provisions for anticipated taxes		342469	487289	1625771	2313264
2. Other provisions		962496	1369508	931761	1325776
Section 2 total amount:		1304965	1856798	2557532	3639040
3. LIABILITIES (Accounts payable)					
I. Long-term Creditors (Accounts payable)					
1. Loans from credit institutions		45407502	64609055	51149544	72779244
2. Other loans		2817713	4009244	3046992	4335479
3. Other liabilities		15835	22531	15146	21551
4. Debts to suppliers		3162759	4500201	0	0
I. TOTAL:		51403809	73141031	54211682	77136274
II. Short-term Creditors (Accounts payable)					
1. Loans from credit institutions		32518698	46269939	31378685	44647846
2. Other loans		3299187	4694320	901231	1282336
3. Advance payments received from customers		24429081	34759451	33301295	47383474
4. Suppliers and contractors trade account payable		50234464	71477203	35838782	50993993
5. Accrued liabilities (payable bills of exchange)		125874	179103	369660	525979
6. Payable (debt) to related companies		0	0	0	0
7. Payable (debt) to associated companies		453935	645891	559907	796676
8. Taxes and state social insurance payments		1133936	1613446	984323	1400565
9. Other liabilities		1132085	1610812	911026	1296273
10. Deferred income		0	0	0	0
II. TOTAL:		113327260	161250164	104244909	148327142
Section 3 total amount:	2	164731069	234391194	158456591	225463417
TOTAL LIABILITIES AND EQUITY		243922015	347069759	248016722	352896002

On behalf of the JSC "Liepājas metalurģs"

Chairman of the Board _____

V.Terentjevs

STATEMENTS OF COMPREHENSIVE INCOME (Consolidated) for the year 2012

No.	Parameter designation	Enclosure Number	As of 31.12.2012.		As of 31.12.2011.	
			LVL	EUR	LVL	EUR
1	Net turnover	3, 4	321265017	457118936	221651078	315381071
2	Production costs of goods sold	5	-307906000	-438110768	-205624941	-292577932
3	Gross profit or loss (from turnover)		13359017	19008169	16026137	22803139
4	Sales costs	6	-9825748	-13980780	-9154562	-13025768
5	Administration costs	7	-6704814	-9540091	-5823907	-8286673
6	Other operating income	8	8445546	12016929	11801156	16791532
7	Other operating costs	9	-7722636	-10988321	-8980336	-12777867
8	Interest income and other similar income		11211	15952	41380	58878
9	Income from the capitals of related and associated companies		0	0	1270388	1807599
10	Interest payments and similar expenses		-5806087	-8261318	-1111157	-1581034
11	Profit or loss before extraordinary items and taxes		-8243511	-11729459	4069099	5789806
12	Income tax for the reporting period		-57637	-82010	-33064	-47046
13	Deferred tax		1283302	1825974	161238	229421
14	Other taxes		-316879	-450878	-311221	-442828
15	Profit or loss after taxes for the reporting period		-7334725	-10436373	3886052	5529354

In the Financial Statements the LVL amounts were converted into EUR by applying the Bank of Latvia exchange rate fixed at EUR 0.702804

On behalf of the JSC "Liepājas Metalurģs"

Chairman of the Board _____ V.Terentjevs

CASH FLOW STATEMENT (by direct method) (Consolidated) for the year 2012

	As of 31.12.2012.		As of 31.12.2011.	
	LVL	EUR	LVL	EUR
OPERATING CASH FLOW				
Cash received from buyers	328087758	466826822	218962767	311555949
Cash received from other business activities	95643	136088	1224182	1741854
VAT overpayment received	3004394	4274868	2417255	3439444
Cash paid to suppliers and employees	-312655946	-444869332	-216946651	-308687274
Cash received from the core business activity	18531849	26368446	5657553	8049973
Paid interests from the core business activity	-3184376	-4530959	-1089531	-1550263
Received interest	7408	10541	40416	57507
Corporate income tax payments	-22733	-32346	-89263	-127010
Other tax payments	-2554343	-3634503	-2621954	-3730704
Other payments	-22514	-32035	0	0
Net cash flow from the core business activity	12755291	18149144	1897221	2699502
CASH FLOW FROM INVESTMENT ACTIVITIES				
Repayment of long-term investments	0	0	3744	5327
Acquisition of fixed assets	-5195403	-7392392	-10796623	-15362211
Sale of fixed assets and intangible assets	28243	40186	65697	93478
Investments in associated and related companies	-132005	-187826	-536672	-763615
Net cash flow from investment operations	-5299165	-7540032	-11263854	-16027020
CASH FLOW FROM FINANCING ACTIVITIES				
Short-term borrowings, net value (credit line) net worth	2445945	3480266	8320625	11839183
Long-term borrowings	506020	720002	1083476	1541647
Paid liabilities for financial leasing	-1170563	-1665561	-1235448	-1757884
Loans to associated companies	0	0	-81500	-115964
Loan repayments	-1062464	-1511750	0	0
Repayment of loans of associated and related companies	0	0	-300370	-427388
Other long-term loans	-562102	-799799	-3000	-4269
Long-term loan repayments	-8436310	-12003788	-330513	-470278
Costs not associated with operating activities	-78528	-111735	-85529	-121697
Other funding and grants received	507651	722322	319768	454989
Net cash flow from financing activities	-7850351	-11170043	7687509	10938340
Result of foreign currency exchange rate fluctuations	-194390	-276592	-545617	-776343
Net growth of cash and its equivalents	-588615	-837524	-2224741	-3165521
Cash and its equivalents at the beginning of accounting period	1747148	2485968	3971889	5651489
Cash and its equivalents at the end of accounting period	1158533	1648444	1747148	2485968

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
As of 01.01.2011.	16981033	45988653	0	44524829	-6977235	-12290462	88226818
Profit in reserves					6977235	-6977235	0
Undistributed profit of the reporting period					3886052		3886052
Minority shareholders						-110517	-110517
Increase of revaluation reserve							0
Written-off revaluation reserve		-5513804					-5513804
As of 31.12.2011.	16981033	40474849	0	44524829	3886052	-19378214	86488549
Profit in reserves					-3886052	3886052	0
Undistributed profit of the review period					-7334725		-7334725
Minority shareholders						66779	66779
Increase of revaluation reserve							0
Written-off revaluation reserve		-1848697					-1848697
As of 31.12.2012.	16981033	38626152	0	44524829	-7334725	-15425383	77371906

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 01.01.2011.	24161833	65435958	0	63353124	-9927711	-17487752	125535452
Profit in reserves					9927711	-9927711	0
Reserves distribution							0
Undistributed profit of the reporting period					5529354		5529354
Minority shareholders						-157252	-157252
Increase of revaluation reserve		0					0
Written-off revaluation reserve		-7845436					-7845436
As of 31.12.2011.	24161833.2	57590522	0	63353124	5529354	-27572714	123062118
Profit in reserves					-5529354	5529354	0
Undistributed profit of the review period					-10436373		-10436373
Minority shareholders						95018	95018
Increase of revaluation reserve							0
Written-off revaluation reserve		-2630459					-2630459
As of 31.12.2012.	24161833.2	54960063	0	63353124	-10436373	-21948343	110090304

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:	number of shares - 91.6%. Business type -
LSEZ JSC "Liepājas osta LM" (Liepāja's Port stevedoring services, cargo, ship broker LM), Consolidated Financial report	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", Consolidated Financial report	number of shares - 100%. Scrap purchase.
Ltd. "Liepājas naglas"	number of shares - 100%. Production of nails and wirerod
OU "LM Ressurss", in Estonia	number of shares - 100%. Scrap purchase.
OOO "Torgovij dom Liepajskij metalurg", in Belarus	number of shares - 90%. Wholesale.
Companies not included in consolidation:	
JSC "Sātiņi Energo LM"	number of shares - 50%. limestone extraction, processing, and realization.
LSEZ Ltd. "Elme-Messer-Metalurģs"	number of shares - 11.3%. 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" 8.4% of shares - physical persons.

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 Annual 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 Range 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 Statement of Comprehensive income is prepared using the turnover method. Prior to the preparation of the consolidated Annual Report, differences in the accounting methods used by the companies included in the consolidation were considered. The Statement of comprehensive income 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 annual 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 Statement of financial positions 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 Statement of comprehensive income.

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 Statement of comprehensive income.

Accounts receivable (debtors) are presented in their book value, by deducting specific provisions for bad and doubtful debts. Following the conservative approach, the Statement of financial position 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.

Creditor obligations are reflected in their costs and are in compliance with documentation and records in accounting registries. In the short-term creditor periods are included those amounts, which have a repayment terms in the nearest 12-month periods after the end of the reporting period.

Credited to the factor advance payments in the financial report are reflected as a borrowing (in the Statement of financial position as other borrowings).

Long-term liabilities are mostly reflected as borrowings of the JSC "Liepājas Metalurģs" towards revamping of the steel melting processes. On December 29, 2009 all the terms and conditions were agreed with one of the leading Italian banks UniCredit MedioCredito Centrale S.p.A. on the documentation package concerning financing agreements related to the modernization of the Company. The total amount of the Bank's financing is EUR 85'597'300 (60 milj. LVL). The repayment period of the loan - the year of 2020.

The loan was secured by the state guarantee issued by the Republic of Latvia and Italian Export Credit Agency. There is a Commercial Pledge agreement concluded between the JSC "Liepājas Metalurģs" and the Ministry of Finance of the Republic of Latvia. The state guarantee used for the loan is secured by the moving assets, current meltshop, and new technology equipment.

Provisions are foreseen for the coverage of certain kind of losses, liabilities, or expenses, which are related to the reporting year or previous years, which at the moment of the balance sheet are foreseen or well known, but which repayment term is not defined. Provisions for doubtful debtors are not reflected in the Statement of financial position, however, debtor totals in the Statement of financial position are reduced by this amount, because these amounts are usually 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.

ENCLOSURES TO THE FINANCIAL REPORT (Consolidated)

ENCLOSURES TO FINANCIAL POSITION

1. Accounts Receivables (Debtors)

Accounts Receivable	As of 31.12.2012.		As of 31.12.2011.	
	LVL	EUR	LVL	EUR
Customers and affiliated companies' debts	11673741	16610237	5530544	7869255
Incl. Debts of buyers and customers	9431251	13419461	5305967	7549711
Incl. Debts of buyers with factoring activities	2237848	3184171	110793	157644
Incl. Debts of related enterprises (subsidiaries)	0	0	0	0
Incl. Debtors with deferred payment	4642	6605	0	0
Incl. Debts of associated enterprises (Doubtful debtors debt)	0 /514549/	0 /732137/	113784 /423435/	161900 /556451/
Other debtors	1294229	1841522	1473833	2097075
Incl. Provision for VAT and unpaid VAT	29855	42480	34646	49297
Incl. Advance payments	7401	10531	5900	8395
Incl. VAT budget overpayments	933966	1328914	1162798	1654512
Incl. Debt for caused damages to the enterprise	90	128	0	0
Incl. Various debtors	174000	247580	151493	215555
Incl. Overpaid salaries	0	0	0	0
Incl. Advance payments for services	43584	62014	59696	84940
Incl. Advance prepayment for Corporate income tax	14620	20802	34157	48601
Incl. Other overpaid taxes	32971	46914	0	0
Incl. Security amounts in auction	57742	82159	25143	35775
Short-term loans to employees	0	0	7488	10654
Accrued income	0	0	24157	34372
Future periods payments	116650	165978	85648	121866
Incl. Press expenses	4784	6807	7334	10435
Incl. Various	31248	44462	1038	1477
Incl. Property insurance	78751	112053	72925	103763
Incl. Payment for ship freightage services	0	0	3959	5633
Incl. Services	1330	1892	0	0
Incl. Publicity and Advertisement	537	764	392	558
Total Debtors:	13084620	18617737	7121670	10133223

2. Accounts Payable (Creditors)

CREDITORS	As of 31.12.2012		As of 31.12.2011	
	LVL	EUR	LVL	EUR
Long- term creditors (credit institutions)	45407502	64609055	51149544	72779244
Other long-term borrowings	3162760	4500202	3046992	4335479
Other long-term borrowings (physical persons)	80000	113830	0	0
Other long-term borrowings (leasing)	2737713	3895415	0	0
Other creditors	15835	22531	15146	21551
Short-term borrowings from credit institutions	10052001	14302709	1512543	2152155
Loan interest	58495	83231	55006	78266
Short-term borrowings from credit institutions (credit line)	22408202	31883999	29714646	42280132
Short-term debt from leasing	827520	1177455	827520	1177455
Advance payments (from residents)	813331	1157266	2416654	3438589
Advance payments (from non-residents)	23615750	33602185	30884641	43944885
Other borrowings (factoring)	2431442	3459630	130201	185259
Other borrowings (physical persons)	40225	57235	40000	56915
Debts to suppliers and contractors	50234463	71477201	35838782	50993993
Incl. Materials and gas	20738030	29507558	18146366	25819953
Incl. Services	13465414	19159558	10497529	14936638
Incl. Scrap, various services related to scrap delivery, processing	15543150	22115910	6825967	9712476
Incl. Fixed assets	472390	672150	234529	333705
Incl. Medical department creditors	5112	7274	2667	3795
Incl. Other Creditors	10367	14751	131724	187426
Debts to associated enterprises	453935	645891	559907	796676
Accrued liabilities	125873	179101	369660	525979
Taxes and social security insurance payments	1133936	1613446	984324	1400567
Incl. Value added tax	37749	53712	27008	38429
Incl. State tax	689	980	695	989
Incl. Residents' Income tax	348272	495546	328627	467594
Incl. Real estate tax	0	0	417	593
Incl. Social Security tax	683889	973086	585431	832993
Incl. Packing tax	0	0	0	0
Incl. Nature resources tax	11721	16677	13247	18849
Incl. Enterprise's Income tax	51616	73443	28899	41120
Other creditors (liabilities)	1132086	1610813	911025	1296272
Incl. Payments for salaries	928171	1320668	807932	1149584
Incl. Deductions from salaries	39444	56124	34488	49072
Incl. Debt to accountable persons	101762	144794	1561	2221
Incl. Other Creditors	62709	89227	67044	95395
Total Creditors:	164731069	234391194	158456591	225463417

ENCLOSURES TO STATEMENTS OF COMPREHENSIVE INCOME

3. Net turnover (revenue) by products

Product Description	As of 31.12.2012		As of 31.12.2011	
	LVL	EUR	LVL	EUR
Rolled steel	284887762	405358766	203933553	290171304
Billet	18279637	26009580	0	0
Castings	309018	439693	226935	322899
Wire	629402	895558	768788	1093887
Nails	703708	0	655601	0
Slag	12335	17551	599511	853027
Services	219352	312110	316396	450191
Construction works	260295	370366	177809	252999
Sold steam, gCal	8329	11851	8024	11417
Compressed Air	4049	5761	0	0
Medical department	921822	1311635	882970	1256353
Transportation services	17596	25037	11083	15770
Stevedoring services	5595680	7961935	5163613	7347159
Broker services	3116675	4434629	2636595	3751537
Freightage services	202669	288372	1530	2177
Forwarder and other services	4160261	5919518	4752910	6762782
Sports	333610	474684	348790	496283
Publicity and Advertisement	21597	30730	59146	84157
Beton (concrete) wares	903163	1285085	959485	1365224
Slag and waste processing	196967	280259	0	0
Other income	180249	256471	31782	45222
Scrap sale	0	0	28452	40484
Wholesale	195283	277863	0	0
Electric energy	105558	150196	88105	125362
TOTAL	321265017	457118936	221651078	315381071

4. Net turnover by geographic markets

Market	As of 31.12.2012		As of 31.12.2011	
	LVL	EUR	LVL	EUR
European Union countries	179712785	255708256	185686452	264208018
Other third countries	141552232	201410681	35964626	51173053
Total	321265017	457118936	221651078	315381071

5. Production costs of sold goods

Cost Description	As of 31.12.2012		As of 31.12.2011	
	LVL	EUR	LVL	EUR
Materials	249410216	354878766	171184499	243573598
Salaries and wages	16649827	23690569	11760144	16733177
Social benefits deduction	3959662	5634091	2780664	3956528
Depreciation	9187293	13072340	5533159	7872976
Other costs	28698066	40833669	14297975	20344186
Write-off of nonmaterial values	936	1332	68500	97467
Total	307906000	438110768	205624941	292577932

6. Sales expenses

Cost Description	As of 31.12.2012		As of 31.12.2011	
	LVL	EUR	LVL	EUR
Packing materials	125397	178424	34801	49517
Transportation costs	3279209	4665894	3100605	4411763
Freight	0	0	144299	205319
Port handling charges	304823	433724	137548	195713
Advertising and marketing costs	68167	96993	60892	86642
Other sales costs	251803	358283	290495	413337
Costs related to sport events	608022	865137	0	0
L/C costs	132293	188236	0	0
Logistics services costs	4999470	7113605	5374525	7647260
Costs related to L/C and factoring transactions	56564	80483	11398	16218
Total	9825748	13980780	9154563	13025770

7. Administration expenses

Cost Description	As of 31.12.2012		As of 31.12.2011	
	LVL	EUR	LVL	EUR
Salaries and social costs	4548185	6471484	3840701	5464825
Communication costs	99606	141727	92809	132055
Office supplies and office maintenance costs	1211689	1724078	1011482	1439209
Legal and auditing fees	154413	219710	149190	212278
Presentation costs	209403	297954	312937	445269
Depreciation of fixed assets	220814	314190	227438	323615
Traveling expenses	108230	153997	90674	129017
Management training	1187	1689	5261	7486
Costs of bank account services	132905	189107	72190	102717
Costs related to stockholders	18382	26155	21225	30200
Total	6704814	9540091	5823907	8286673

8. Other operating income

Income Description	As of 31.12.2012		As of 31.12.2011	
	LVL	EUR	LVL	EUR
Sale of current assets	3287988	4678385	4179713	5947196
Intermediary services	2025512	2882044	0	0
Liquidation of fixed assets	101978	145102	947395	1348022
Sale of fixed assets	52123	74164	1689769	2404325
Rent of fixed assets	16225	23086	0	0
Written-off revaluation reserve of fixed assets	66201	94196	3232447	4599358
Currency exchange income	0	0	0	0
Received fine payments	363812	517658	20012	28475
Received discounts	0	0	45767	65121
Bad debt recovery	121524	172913	132196	188098
Other income from operating activity	1610627	2291716	1000134	1423062
Income recorded from the inventory decrease	0	0	0	0
Dotation (allowance)	799556	1137666	451723	642744
Investment property revaluation	0	0	102000	145133
Total	8445546	12016929	11801156	16791532

9. Other operating costs

Cost Description	As of 31.12.2012		As of 31.12.2011	
	LVL	EUR	LVL	EUR
Sales costs of current assets	3824561	5441860	4340751	6176332
Costs of intermediary services	1770616	2519360	0	0
Costs related to the sale and and liquidation of fixed assets	120513 97454	171475 138665	694993 523584	988886 744993
Currency exchange loss	224633	319624	749277	1066125
Reserve on the doubtful debtors	24600	35003	0	0
Provisions for bad debts	225380	320687	166889	237462
Bad debt write-off	215	306	131954	187754
Investment property value reduction	0	0	0	0
Compensation for damage and other allowances	80541	114600	63040	89698
Other costs	314192	447055	1013265	1441746
Paid fines	75716	107734	3573	5084
Costs not related to the operating activities	859456	1222896	297790	423717
Costs of infrastructure maintenance	15389	21897	20714	29473
Training of new employees	42835	60949	35481	50485
Costs of previous period	3099	4409	18549	26393
Extraordinary costs (modernisation)	0	0	874506	1244310
Costs of representative auto maintenance	43436	61804	45970	65409
Total	7722636	10988321	8980336	12777867