

Joint-Stock Company
"Liepājas metalurģs "
Reg.nr. 40003014197

Consolidated
Quarterly Report

For 9 months of the year 2008

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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 hardware, commerce and mediator activity, transport services, sports and medical services.

JSC "Liepājas metalurģs" has an ownership in various 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 - 90%.
Business type - operation of the sport hall and stadium.

Ltd. "Rūķis LM"

number of shares - 100%.
Construction materials production, waste and crushed slag processing.

Companies not included in consolidation:

Ltd. "SMA LM Mineral"

number of shares - 50%.
production of lime, services.

JSC "Sātiņi LM"

number of shares - 50%.
limestone extraction, processing, and realization.

LSEZ Ltd. "Elme-Messer-Metalurģs"

number of shares - 49%.
production of industrial gas.

JSC "Liepājas tranzīta ekspresis"

number of shares - 24%.
transport agents, realization of oil/fuel products, rail transport services (is decided to close).

Ltd. "Metalurģs and Duna"

number of shares - 50%. sale of electricity and rentals of premises.

Minority shareholders

Minority shareholders of the companies involved in the consolidation are:

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
	5% shares - Latvian Olympics Committee

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 Statement 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 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 Balance Sheet all fixed assets are recorded at historical cost. Land depreciation is not calculated.

To properly reflect the actual value of Fixed Assets, in compliance with the International Valuation standards and in accordance with the Latvian Accounting Standard Nr. 7 "Fixed Assets" Clause 6 paragraph 33, a revaluation procedure was conducted for the date of 31st December 2007 by BDO "Invest Rīga". As a result of this revaluation, the value increase was 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 - in this case by BDO "Invest Rīga". 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 on the last day. 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).

Joint-Stock Company “Liepājas Metalurģs” Management Statement Regarding the Consolidated Quarterly Report for 9 months of the year 2008.

The Company’s non-audited Net Turnover in the reporting period was LVL 235.9 mill. (EUR 335.7 mill.), which was 49.9 million LVL (EUR 71 mill.) more than in 9 months of the year 2007.

The Company’s Profit in the reporting period was 9.2 million LVL (EUR 13.1 mill.), which was 6.4 million LVL (EUR 9.1 mill.) less than in the same period of the previous year.

The Company’s profit decrease compared to the same period in previous year decrease was primarily attributed to the bigger price increase in raw materials than price increase for the finished goods sold.

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

- the continuation of activities concerning the steel melting production practice and related to its modernization program coordination and financing
- installment of the new technology and its integration for making street paving and curbs products
- new cargo types development

JSC “Liepājas Metalurģs” Chairman of the Board	_____	/V.Terentjevs/
Member of the Board	_____	/I.Segals/
Member of the Board	_____	/L.Ptičkins/

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 September 30, 2008 as well as the results of its operations and cash flow for 9 months of the year 2008. 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/
Member of the Board	_____	/I.Segals/
Member of the Board	_____	/L.Ptičkins/

BALANCE SHEET

ASSETS	Enclosure Number	30.09.2008. LVL	30.09.2008. EUR	30.09.2007. LVL	30.09.2007. EUR
1. LONG-TERM INVESTMENTS					
I. Intangible investments					
1. Concessions, patents, licenses, trademarks and similar rights		0	0	1481	2107
2. Other intangible assets		78305	111418	84076	119629
3. Goodwill		216183	307601	307645	437739
4. Advance payments for intangible investments		11332	16124	4560	6488
I.TOTAL:		305820	435143	397762	565964
II. Fixed assets					
1. Land, buildings and constructions, and long-term sites		53690030	76394030	28674000	40799426
2. Long-term investments in rented fixed assets		5071938	7216718	4857190	6911159
3. Technological equipment and machinery		34449014	49016531	22767867	32395756
4. Other fixed assets and inventory		3599808	5122065	2404492	3421284
5. Fixed assets formation and costs of unfinished construction sites		7709209	10969216	5196826	7394417
6. Advance payments for fixed assets		370158	526687	1467939	2088689
II. TOTAL:		104890157	149245248	65368314	93010731
III. Investment properties					
Investment properties		4882333	6946934	3718574	5291054
IV. Long-term financial investments					
1. Share in the capital of related companies (subsidiaries)		0	0	0	0
2. Share in the capital of associated companies		658263	936624	614823	874814
3. Other loans		17919	25496	146820	208906
IV. TOTAL:		676182	962120	761643	1083720
Section 1 total amount:		110754492	157589445	70246293	99951470
2. CURRENT ASSETS					
I. Stock (Inventories)					
1. Raw materials, basic and auxiliary materials		14239040	20260329	14725434	20952405
2. Unfinished products, Work in Process		1710534	2433871	923151	1313526
3. Finished products and goods for sales		14097757	20059301	14369659	20446183
4. Incompleted orders		300	427	807	1148
5. Advance payments for goods		1809305	2574409	1447225	2059216
6. Labour animals and productive animals		110	157	160	228
I. TOTAL:		31857046	45328493	31466436	44772705
II. Accounts receivable (Debtors)					
1. Trade accounts receivable		22851564	32514846	17669690	25141704
2. Debt of associated enterprises		43531	61939	60172	85617
3. Other debtors (accounts receivable)		2590845	3686440	3636285	5173967
4. Short-term loans to co-owners and management of the company		0	0	110	157
5. Prepaid expenses		302088	429832	221523	315199
II.TOTAL:	1	25788028	36693058	21587780	30716644
III. Short-term financial investments					
III. TOTAL:		0	0	0	0
IV. Cash		2549528	3627652	1942151	2763432
IV. TOTAL:		2549528	3627652	1942151	2763432
Section 2 total amount		60194602	85649202	54996367	78252780
TOTAL ASSETS		170949094	243238647	125242660	178204250

LIABILITIES AND SHAREHOLDERS' EQUITY	Enclosure Number	30.09.2008. LVL	30.09.2008. EUR	30.09.2007. LVL	30.09.2007. EUR
I. SHAREHOLDERS' EQUITY					
1. Share capital (fixed capital)		16981033	24161833	16981033	24161833
2. Long-term investments revaluation reserve		63094525	89775421	25054698	35649624
3. Reserves: a) reserves stipulated by law		0	0	0	0
3. Reserves: b) other reserves		38393389	54628871	21959004	31244848
3. TOTAL:		38393389	54628871	21959004	31244848
4. Retained earnings: a) undistributed profit from the previous years		647000	920598	-182900	-260243
4. Retained earnings: b) undistributed profit of the reporting year		9372591	13335996	15790759	22468226
4. Retained earnings: c) Minority shareholders		-210129	-298987	-229632	-326737
4. Retained earnings: b+c undistributed profit of the reporting year		9162462	13037009	15561127	22141489
Section 1 total amount:		128278409	182523732	79372962	112937550
Minority shareholders		413387	588197	357074	508071
2. PROVISIONS					
1. Provisions for anticipated taxes		155336	221023	1533629	2182157
2. Other provisions		5952109	8469088	4932084	7017723
Section 2 total amount:		6107445	8690111	6465713	9199881
3. LIABILITIES (Accounts payable)					
I. Long-term Creditors (Accounts payable)					
1. Loans from credit institutions		2480141	3528923	1298818	1848052
2. Other loans		1313597	1869080	491004	698636
3. Debts to suppliers and contractors		0	0	0	0
4. Other liabilities		200000	284574	200000	284574
I. TOTAL:		3993738	5682577	1989822	2831262
II. Short-term Creditors (Accounts payable)					
1. Loans from credit institutions		5142828	7317585	11669376	16604026
2. Other loans		10672126	15185067	5043687	7176520
3. Advance payments received from customers		1815158	2582737	2782720	3959454
4. Suppliers and contractors trade account payable		11249663	16006828	13802917	19639782
5. Accrued liabilities (payable bills of exchange)		8503	12099	0	0
6. Payable (debt) to associated companies		25071	35673	49571	70533
7. Taxes and state social insurance payments		1827743	2600644	2376828	3381922
8. Other liabilities		1380490	1964260	1317602	1874779
9. Deferred income		19387	27585	242	344
10. Unpaid dividends for previous years		15146	21551	15146	21551
II. TOTAL:		32156115	45754030	37058089	52728910
Section 3 total amount:	2	36149853	51436607	39047911	55560172
TOTAL LIABILITIES AND EQUITY		170949094	243238647	125243660	178205673

JSC "Liepājas Metalurģs"
 Chairman of the Board

/V.Terentjevs/

Member of the Board

/I.Segals/

Member of the Board

/L.Ptičkins/

PROFIT AND LOSS STATEMENT

No.	Parameter designation	Enclosure Number	At the end of the report period LVL	At the end of the report period EUR	9 months 2007 LVL	9 months 2007 EUR
1	2	3	4	5	6	7
1	Net turnover	3, 4	235880809	335628154	185956675	264592511
2	Production costs of goods sold	5	-200138011	-284770734	-149176881	-212259579
3	Gross profit or loss (from turnover)		35742798	50857420	36779794	52332932
4	Sales costs	6	-13032069	-18542964	-11092281	-15782894
5	Administration costs	7	-6889673	-9803121	-6831660	-9720576
6	Other operating income	8	3056972	4349679	2755429	3920622
7	Other operating costs	9	-6438127	-9160629	-2587434	-3681587
8	Interest income and other similar income		174941	248919	65787	93606
9	Interest payments and similar expenses		-504699	-718122	-361724	-514687
10	Profit or loss before extraordinary items and taxes		12110143	17231181	18727911	26647417
11	Income tax for the reporting period		-2724340	-3876387	-2822820	-4016511
12	Other taxes		-223341	-317786	-343964	-489417
13	Reporting period profit or loss after taxes for the consolidated financial statement		9162462	13037009	15561127	22141489

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

JSC "Liepājas Metalurģs"
 Chairman of the Board

/V.Terentjevs/

Member of the Board

/I.Segals/

Member of the Board

/L.Ptičkīns/

CASH FLOW STATEMENT
(by direct method)

	Reporting period		9 months of the year 2007	
	LVL	EUR	LVL	EUR
OPERATING CASH FLOW				
Cash received from buyers	226382176	322112817	176717723	251446666
Cash received from other business activities	473339	673501	1070671	1523428
VAT overpayment received	11000969	15652969	8614318	12257070
Cash paid to suppliers and employees	-225739360	-321198172	-172257112	-245099789
<i>Cash received from the core business activity</i>	<i>12117124</i>	<i>17241114</i>	<i>14145600</i>	<i>20127375</i>
Interest payment	-557581	-793366	-400397	-569714
Corporate income tax payments	-16999	-24187	-32634	-46434
Other tax payments	-2284184	-3250101	-12895401	-18348503
Net cash flow from the core business activity	9258360	13173459	817168	1162725
CASH FLOW FROM INVESTMENT ACTIVITIES				
Investments in associated and related companies	-80000	-113830	-36000	-51223
Sale of fixed assets and intangible assets	24770	35245	107847	153452
Acquisition of fixed assets	-5200044	-7398996	-5075707	-7222080
Long-term credit to students of JSC "LM" and other loans	0	0	8154	11602
Other loans granted	200	285	0	0
Interests received from the loan	51265	72944	376	535
Net cash flow from investment operations	-5203809	-7404353	-4995330	-7107714
CASH FLOW FROM FINANCING ACTIVITIES				
Short term borrowings, net value (credit line)	-6930450	-9861142	2026206	2883031
Long term borrowings	2554754	3635087	143757	204548
Paid liabilities for financial leasing	-1776	-2527	0	0
Loans to associated companies	22000	31303	-22000	-31303
Other long-term loans	0	0	0	0
Loan repayments	-3753951	-5341391	551	784
Repayment of loans of associated and realated companies	-144943	-206235	0	0
Other investments (sponsorship)	-35630	-50697	-450725	-641324
Subsidies	83606	118961	236846	337001
Net cash flow from financing activities	-8206390	-11676641	1934635	2752738
Result of foreign currency exchange rate fluctuations	-94302	-134180	-35194	-50077
Net growth of cash and its equivalents	-4246141	-6041714	-2278721	-3242328
Cash and its equivalents at the beginning of accounting period	6795669	9669366	4220872	6005760
Cash and its equivalents at the end of accounting period	2549528	3627652	1942151	2763432

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Revaluation reserve of long term investments	Other reserves	Retained Earnings of the reporting year	Retained Earnings of the previous years	Equity capital TOTAL
	LVL	LVL	LVL	LVL	LVL	LVL
As of 31.12.2006	16981033	25346868	12491727	9637520	18	64457166
Profit in reserves			9467277	-9637520	170243	0
Undistributed profit of the reporting period				17188774		17188774
Minority shareholders		0			-116310	-116310
Increase of revaluation reserve		38605653				38605653
Written-off revaluation reserve		-470296				-470296
As of 31.12.2007	16981033	63482225	21959004	17188774	53951	119664987
Profit in reserves			16434385	-17188774	754389	0
Undistributed profit of the review period				9162462		9162462
Minority shareholders					-161340	-161340
Written-off revaluation reserve		-387700				-387700
As of 30.09.2008	16981033	63094525	38393389	9162462	647000	128278409

	Share capital	Revaluation reserve of long term investments	Other reserves	Retained Earnings of the reporting year	Retained Earnings of the previous years	Equity capital TOTAL
	EUR	EUR	EUR	EUR	EUR	EUR
As of 31.12.2006	24161833	36065344	17774126	13712956	26	91714284
Profit in reserves			13470722	-13712956	242234	0
Undistributed profit of the reporting period				24457422		24457422
Minority shareholders					-165494	-165494
Increase of revaluation reserve		54930895				54930895
Written-off revaluation reserve		-669171				-669171
As of 31.12.2007	24161833	90327068	31244848	24457422	76765	170267937
Profit in reserves			23384023	-24457422	1073399	0
Undistributed profit of the review period				13037009		13037009
Minority shareholders					-229566	-229566
Written-off revaluation reserve		-551647				-551647
As of 30.09.2008	24161833	89775421	54628871	13037009	920598	182523732

ENCLOSURES TO THE QUARTERLY REPORT

ENCLOSURES TO BALANCE SHEET

1. ACCOUNTS RECEIVABLE (DEBTORS)

Accounts Receivable	As of 30.09.2008.		As of 30.09.2007.	
	LVL	EUR	LVL	EUR
Customers and affiliated companies' debts	22895094	32576784	17729862	25227321
Incl. Debts of buyers and customers	17072910	24292562	13311052	18939921
Incl. Debts of buyers with factoring activities	5778653	8222282	4358638	6201783
Incl. Debts of associated enterprises	43531	61939	60172	85617
(Doubtful debtors debt)	/30551/	/43470/	0	0
Other debtors	2590845	3686440	3636285	5173967
Incl. Provision for VAT and unpaid VAT	19971	28416	52904	75276
Incl. Advance payments	12677	18038	23590	33566
Incl. VAT budget overpayments	2457394	3496557	3453265	4913553
Incl. Various debtors	56054	79758	87270	124174
Incl. Overpaid salaries	242	344	253	360
Incl. Other overpaid taxes	17801	25329	11354	16155
Incl. Advance prepayment for Corporate income tax	5661	8055	0	0
Incl. Debt for caused damages to the enterprise	0	0	192	273
Incl. Security amounts in auction	10000	14229	0	0
Incl. Advance payments for services	11045	15716	7457	10610
Short-term loans to employees	0	0	1110	1579
Future periods payments	302089	429834	221523	315199
Incl. Press expenses	11147	15861	5236	7450
Incl. Property insurance	56722	80708	16518	23503
Incl. Payment for services	0	0	182122	259136
Incl. Payment for ship freightage services	5362	7629	0	0
Incl. Publicity and Advertisement	27153	38635	0	0
Incl. Various	201705	287000	17647	25109
Total Debtors:	25788028	36693058	21588780	30718066

2. ACCOUNTS PAYABLE (CREDITORS)

CREDITORS	As of 30.09.2008.		As of 30.09.2007.	
	LVL	EUR	LVL	EUR
Long-term creditors (credit institutions)	2480141	3528923	1298818	1848052
Other long-term borrowings	1313597	1869080	491004	698636
Other long-term creditors	200000	284574	200000	284574
Short-term borrowings from credit institutions	5142828	7317585	11669376	16604026
Short term debt from leasing "Hansalizings", "Unilizings")	37906	53935	31022	44140
Advance payments (from residents)	286624	407829	361087	513781
Advance payments (from non-residents)	1528534	2174908	2421633	3445673
Other borrowings (factoring)	6794497	9667698	5012665	7132380
Other borrowings (Cemex)	3839723	5463434	0	0
Debts to suppliers and contractors	11249663	16006828	13802917	19639782
Incl. Materials and gas	5350138	7612561	7619359	10841371
Incl. Services	2590307	3685675	2187904	3113107
Incl. Scrap, various services related to scrap delivery, processing	3204754	4559954	3711748	5281342
Incl. Fixed assets	97606	138881	191107	271921
Incl. Medical department creditors	3912	5566	1594	2268
Incl. Other Creditors	2946	4192	91205	129773
Debts to associated enterprises	25071	35673	49571	70533
Taxes and social security insurance payments	1827743	2600644	2376828	3381922
Incl. State tax	719	1023	937	1333
Incl. Residents' Income tax	449729	639907	478686	681109
Incl. Property (land) tax	12994	18489	2409	3428
Incl. Social Security tax	672974	957556	645267	918132
Incl. Property (buildings) tax	8432	11998	0	0
Incl. Natural resources tax	20283	28860	23564	33529
Incl. Corporate Income tax	644746	917391	1202525	1711039
Incl. Value added tax	17866	25421	23440	33352
Other creditors (liabilities)	1380490	1964260	1317602	1874779
Incl. Payments for salaries	1337592	1903222	1275056	1814241
Incl. Deductions from salaries	41777	59443	42546	60538
Incl. Debt to accountable persons	1121	1595	0	0
Accrued liabilities	8503	12099	0	0
Deferred Income	19387	27585	242	344
Unpaid Dividends	15146	21551	15146	21551
Total Creditors:	36149853	51436607	39047911	55560172

ENCLOSURES TO PROFIT AND LOSS STATEMENT

3. NET TURNOVER (REVENUE)

Product Description	For 9 months of year 2008		For 9 months of year 2007	
	LVL	EUR	LVL	EUR
Rolled steel	222399190	316445538	172105485	244884043
Consumer goods	940959	1338864	2428669	3455685
Services	95807	136321	162644	231422
Sold steam, gCal	14708	20928	11256	16016
Medical department	825330	1174339	724932	1031485
Transportation services	36476	51901	67628	96226
Stevedoring services	2484647	3535334	2794643	3976419
Broker services	1903711	2708737	1456906	2072990
Freightage services	525468	747674	1227284	1746268
Forwarder and other services	5596904	7963677	4063771	5782225
Sports	293531	417657	163947	233276
Beton (concrete) wares	710625	1011128	749510	1066457
Publicity and Advertisement	53453	76057	0	0
TOTAL	235880809	335628154	185956675	264592511

4. NET TURNOVER BY GEOGRAPHIC MARKETS

Market	For 9 months of year 2008		For 9 months of year 2007	
	LVL	EUR	LVL	EUR
European Union countries	144774558	205995637	145927629	207636310
Other third countries	91106251	129632516	40029046	56956201
Total	235880809	335628154	185956675	264592511

5. PRODUCTION COSTS OF SOLD GOODS

Cost Description	9 months for year 2008		9 months for year 2007	
	LVL	EUR	LVL	EUR
Materials	150663491	214374834	110681228	157485199
Salaries and wages	14206516	20214051	11634105	16553840
Social benefits deduction	3344585	4758916	2799139	3982816
Energy resources	18853943	26826744	12831153	18257086
Depreciation	7025647	9996595	4589399	6530126
Other costs	5993471	8527941	6616699	9414714
Write-off of nonmaterial values	50358	71653	25158	35797
Total	200138011	284770734	149176881	212259579

6. SALES EXPENSES

Cost Description	For 9 months of year 2008		For 9 months of year 2007	
	LVL	EUR	LVL	EUR
Packing materials	119887	170584	107077	152357
Transportation costs	1417168	2016448	1260735	1793864
Freight	902838	1284623	981618	1396717
Port handling charges	51625	73456	13769	19592
Advertising and marketing costs	83689	119079	73684	104843
Other sales costs	262502	373507	684673	974202
Logistics services costs	10141267	14429723	7907950	11251999
Bank Services	53093	75545	62775	89321
Total	13032069	18542964	11092281	15782894

7. ADMINISTRATION EXPENSES

Cost Description	For 9 months of year 2008		For 9 months of year 2007	
	LVL	EUR	LVL	EUR
Salaries and social costs	4593149	6535462	4494788	6395507
Communication costs	131001	186398	140825	200376
Office supplies and office maintenance costs	1006951	1432762	1257888	1789813
Legal and auditing fees	316455	450275	366149	520983
Presentation costs	146665	208685	88612	126084
Depreciation of fixed assets	428856	610207	321178	456995
Traveling expenses	121031	172212	102156	145355
Management training	21566	30686	13024	18531
Costs of bank account services	23415	33317	31002	44112
Costs related to stockholders	96286	137003	9963	14176
Operative leasing	4298	6116	6075	8644
Total	6889673	9803121	6831660	9720576

8. OTHER OPERATING INCOME

Income Description	9 months of year 2008		9 months of year 2007	
	LVL	EUR	LVL	EUR
Sale of current assets	1397771	1988849	1036035	1474145
Sale of fixed assets and liquidation	45958	65392	153828	218878
Written-off revaluation reserve of fixed assets	315316	448654	211762	301310
Bad debt recovery	126830	180463	205121	291861
Received fine payments	62306	88653	25425	36177
Dotation (allowance)	83907	119389	535261	761608
Other income from operating activity	1024884	1458279	165282	235175
Total	3056972	4349679	2332714	3319153

9. OTHER OPERATING COSTS

Cost Description	9 months of year 2008		9 months of year 2007	
	LVL	EUR	LVL	EUR
Sales costs of current assets	1147975	1633421	752677	1070963
Costs related to the sale and liquidation of fixed assets	161975	230470	97738	139069
Costs of previous period	110928	157836	0	0
Provisions for bad debts	0	0	44884	63864
Doubtful debts write-off	141511	201352	102700	146129
Currency exchange loss (net value)	249114	354457	305323	434435
Costs of reserve establishment	4000000	5691487	0	0
Compensation for damage and other allowances	247840	352645	229641	326750
Paid fines	29586	42097	88815	126372
Costs of infrastructure maintenance	36845	52426	28755	40915
Other costs	81937	116586	36382	51767
Costs of auto maintenance	10748	15293	0	0
Training of new employees	28608	40706	0	0
Costs not related to the operating activities	191060	271854	477804	679854
Total	6438127	9160629	2164719	3080118

INFORMATION ON PERSONNEL

	JSC "Liepājas Metalurģs"	JSC "Liepāja Port LM"	"Sport's club Liepājas metalurģs" Ltd.	"Ice hall Liepājas metalurģs" Ltd.	JSC "Rūķis LM"	TOTAL in the consolidated annual report
Average number of employees						
9 mo. 2008	2664	287	131	19	48	485
9 mo. 2007	2644	257	115	19	50	441