

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

Consolidated  
Quarterly Report

For 6 months of the year 2012

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## INFORMATION ABOUT THE COMPANY

JSC "Liepājas Metalurģs" is a public joint-stock company, which operates in compliance with the Republic of Latvia law. The Company was registered in the Business Register of the Republic of Latvia on August 6, 1991 and it was reregistered in the Commercial Register of the Republic of Latvia on August 7, 2003 under the unified register No. 40003014197. The main activities of the Company are production of steel, rolled products and castings, commerce and mediator activity, transport services, sports and medical services.

JSC "Liepājas Metalurģs" has an ownership in various companies. In 2006 the Company further diversified its holding investing in several new companies. At the same time the Joint-Stock Company is not registered as a holding company (corporation).

### **Companies included in consolidation:**

LSEZ JSC "Liepājas osta LM" (Liepāja's Port LM)

number of shares - 91.6%. Business type - stevedoring services, cargo, ship broker service, ship agency.

Ltd. "Sport Club Liepājas metalurģs"

number of shares - 95%. Business type - organization of sporting events, promotion of healthy living, organization of recreation and social events.

Ltd. "Ice-Hockey Hall Liepājas metalurģs"

number of shares - 95%. Business type - operation of the sport hall and stadium.

Ltd. "Rūķis LM"

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

Ltd. "LM Resurss"

number of shares - 100%. Scrap purchase.

Ltd. "Metalurģs and Duna"

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

Ltd. "Liepājas naglas"

number of shares - 100%. Production of nails and wire rod

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

number of shares - 100% owns the LSEZ JSC "Liepājas osta LM". Construction.

### **Companies not included in consolidation:**

JSC "Sātiņi Enerģo LM"

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

LSEZ Ltd. "Elme-Messer-Metalurģs"

number of shares - 13%. production of industrial gas.

"LM Resurss" OU

number of shares - 100%. Scrap purchase.

### Minority shareholders

Minority shareholders of the companies involved in the consolidation are:

Ltd. "Metalurģs and Duna"	50% of shares - JSC "Baltik invest Liepāja".
LSEZ JSC "Liepājas osta LM" (Liepāja's Port LM)	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 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 Statement of Comprehensive income** 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 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 quarterly sales and services offered, excluding VAT.

**Cash Flow Statement** is conducted by using direct method.

**Depreciation of fixed assets** is calculated at the time of useful life of a particular asset, by using the straight-line method. In the Statement of Financial position 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 Quarterly 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.

**Accounts Payable** obligations are reflected in costs. Credited advance payment is presented as loans (other loans).

Provisions are thought to cover certain kinds of losses, liabilities and expenses, which are related to the reporting period or previous years and which values on the Statement of Financial position preparation date have either expected or already known values, however, the payment date is not known. Provisions for doubtful debtor dues are not reflected in the Statement of Financial position, but the debtors total amount in the Statement of Financial position is reduced by this amount because usually these amounts are the same.

## **JOINT-STOCK COMPANY "LIEPĀJAS METALURĢS" MANAGEMENT STATEMENT REGARDING THE CONSOLIDATED QUARTERLY REPORT FOR 6 MONTHS OF THE YEAR 2012.**

The Company's consolidated net turnover in the first half of 2012 was LVL 153.1 million (EUR 217.9 mill.), which was LVL 24.5 million (EUR 34.8 mill.) greater than in the same period of 2011. The turnover increase was attributed to the rolling production increase after the completion of meltshop revamping, and seaport cargo traffic increase by 47.2%.

The Company's profit in the reporting period was LVL 1.37 million (EUR 1.95 mill.), which was by LVL 0.88 million (EUR 1.25 mill.) less than in the same period of 2011. Profit decrease was associated with the product sales price increase by 2.4% compared to the corresponding period of 2011, while production material costs rose by 3.7%.

The most important projects in the reporting period include:

- scheduled maintenance of the rolling mill;
- mastering skills in the steel production and applicable infrastructure development;
- completion of the LSEZ AS "Liepājas osta LM" wharf Nr.50 revamping;
- continuation of the trainings and competition process organization for the kids, youth, and professional football and ice-hockey teams.

In the name of the JSC "Liepājas Metalurģs"

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

## STATEMENT REGARDING THE MANAGEMENT RESPONSIBILITY

The JSC "Liepājas Metalurģs" (in this text – the Company) Council and Board are responsible for the preparation of the Company and its affiliated enterprises (in this text – the Consolidated Group) consolidated financial statements.

The Financial Statements represent the true picture for the Consolidated Group financial position as of June 30, 2012 as well as the results of its operations and cash flow for 6 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 continuation

In the name of the JSC "Liepājas Metalurģs"

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

## STATEMENTS OF FINANCIAL POSITION (Consolidated ) for 6 months of the year 2012

ASSETS	Enclosure Number	As of 30.06.2012.		As of 30.06.2011.	
		LVL	EUR	LVL	EUR
<b>I. LONG-TERM INVESTMENTS</b>					
<b>I. Intangible investments</b>					
1. Other intangible assets		46559	66247	36094	51357
2. Concessions, patents, licenses, trademarks and similar rights		6969	9916	4035	5741
3. Goodwill		0	0	33259	47323
<b>I.TOTAL:</b>		<b>53528</b>	<b>76163</b>	<b>73388</b>	<b>104422</b>
<b>II. Fixed assets</b>					
1. Land, buildings and constructions, and long-term sites		70336853	100080325	52291503	74404106
2. Long-term investments in rented fixed assets		4869022	6927994	4651244	6618124
3. Technological equipment and machinery		92172070	131149040	28592371	40683279
4. Other fixed assets and inventory		1843941	2623692	1957181	2784818
5. Fixed assets formation and costs of unfinished construction sites		4493766	6394053	58480965	83210917
6. Advance payments for fixed assets		107606	153110	444039	631811
<b>II. TOTAL:</b>		<b>173823258</b>	<b>247328214</b>	<b>146417303</b>	<b>208333053</b>
<b>III. Investment properties</b>					
Investment properties		5225989	7435912	4922000	7003375
<b>IV. Long-term financial investments</b>					
1. Share in the capital of related companies (subsidiaries)		1796	2555	4000	5691
2. Share in the capital of associated companies		1402959	1996231	1522959	2166975
3. Loans to associated companies		81500	115964	0	0
4. Other loans		671007	954757	669067	951997
<b>IV. TOTAL:</b>		<b>2157262</b>	<b>3066952</b>	<b>2196026</b>	<b>3118972</b>
<b>Section 1 total amount:</b>		<b>181260037</b>	<b>257909797</b>	<b>153608717</b>	<b>218565513</b>
<b>2. CURRENT ASSETS</b>					
<b>I. Stock (Inventories)</b>					
1. Raw materials, basic and auxiliary materials		22032420	31349309	13839651	19692049
2. Unfinished products, Work in Process		2847395	4051478	57029	81145
3. Finished products and goods for sales		47017006	66899172	36524121	51969142
4. Incompleted orders		197265	280683	287937	409697
5. Advance payments for goods		1400197	1992301	12110956	17232338
6. Labour animals and productive animals		110	157	110	157
<b>I. TOTAL:</b>		<b>73494393</b>	<b>104573100</b>	<b>62819804</b>	<b>89384528</b>
<b>II. Accounts receivable (Debtors)</b>					
1. Trade accounts receivable		6177051	8789152	3614483	5142946
2. Debt of related enterprises		0	0	75	107
3. Debt of associated enterprises		332917	473698	56409	80263
4. Other debtors (accounts receivable)		1369097	1948050	1311843	1866584
5. Short-term loans to co-owners and management of the company		4956	7052	0	0
6. Prepaid expenses		91405	130058	108189	153939
7. Accrued income		30406	43264	0	0
<b>II.TOTAL:</b>	<b>1</b>	<b>8005832</b>	<b>11391273</b>	<b>5090999</b>	<b>7243839</b>
<b>III. Short-term financial investments</b>					
<b>III. TOTAL:</b>					
<b>IV. Cash</b>		1871326	2662657	1332528	1896017
<b>IV. TOTAL:</b>		<b>1871326</b>	<b>2662657</b>	<b>1332528</b>	<b>1896017</b>
<b>Section 2 total amount</b>		<b>83371551</b>	<b>118627030</b>	<b>69243331</b>	<b>98524384</b>
<b>TOTAL ASSETS</b>		<b>264631588</b>	<b>376536827</b>	<b>222852048</b>	<b>317089897</b>



LIABILITIES AND SHAREHOLDERS' EQUITY	Enclosure Number	As of 30.06.2012.		As of 30.06.2011.	
		LVL	EUR	LVL	EUR
<b>1. SHAREHOLDERS' EQUITY</b>					
1. Share capital (fixed capital)		16981033	24161833	16981033	24161833
2. Long-term investments revaluation reserve		40470273	57584011	44397145	63171446
3. Reserves: a) reserves stipulated by law		0	0	0	0
3. Reserves: b) other reserves		44524829	63353124	44524829	63353124
<b>3. TOTAL:</b>		<b>44524829</b>	<b>63353124</b>	<b>44524829</b>	<b>63353124</b>
4. Retained earnings: a) undistributed profit from the previous years		-15384697	-21890452	-19221698	-27350012
4. Retained earnings: b) undistributed profit of the reporting year		1556761	2215071	2348601	3341758
4. Retained earnings: c) Minority shareholders		-182822	-260132	-96265	-136973
4. Retained earnings: b+c undistributed profit of the reporting year		<b>1373939</b>	<b>1954939</b>	<b>2252336</b>	<b>3204785</b>
Section 1 total amount:		<b>87965377</b>	<b>125163455</b>	<b>88933645</b>	<b>126541176</b>
Minority shareholders		<b>473362</b>	<b>673533</b>	<b>403696</b>	<b>574408</b>
<b>2. PROVISIONS</b>					
1. Provisions for anticipated taxes		1625772	2313265	1659283	2360947
2. Other provisions		936041	1331866	932926	1327434
Section 2 total amount:		<b>2561813</b>	<b>3645132</b>	<b>2592209</b>	<b>3688381</b>
<b>3. LIABILITIES (Accounts payable)</b>					
<b>I. Long-term Creditors (Accounts payable)</b>					
1. Loans from credit institutions		53736676	76460401	49427910	70329580
2. Other loans		6838830	9730778	2279491	3243423
3. Other liabilities		15146	21551	175146	249210
<b>I. TOTAL:</b>		<b>60590652</b>	<b>86212731</b>	<b>51882547</b>	<b>73822214</b>
<b>II. Short-term Creditors (Accounts payable)</b>					
1. Loans from credit institutions		28305522	40275129	17353716	24692113
2. Other loans		1871090	2662321	705131	1003311
3. Advance payments received from customers		43553613	61971208	29977657	42654363
4. Suppliers and contractors trade account payable		36533536	51982539	29564869	42067019
5. Accrued liabilities (payable bills of exchange)		148650	211510	17576	25008
6. Payable (debt) to associated companies		495332	704794	0	0
7. Taxes and state social insurance payments		1064597	1514785	740638	1053833
8. Other liabilities		1068044	1519690	680364	968071
<b>II. TOTAL:</b>		<b>113040384</b>	<b>160841976</b>	<b>79039951</b>	<b>112463718</b>
Section 3 total amount:	2	<b>173631036</b>	<b>247054707</b>	<b>130922498</b>	<b>186285932</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>264631588</b>	<b>376536827</b>	<b>222852048</b>	<b>317089897</b>

In the name of the JSC "Liepājas Metalurģs"

Chairman of the Board \_\_\_\_\_

V.Terentjevs

## STATEMENTS OF COMPREHENSIVE INCOME (Consolidated) for 6 months of the year 2012

No.	Parameter designation	Enclosure Number	As of 30.06.2012.		As of 30.06.2011.	
			LVL	EUR	LVL	EUR
1	Net turnover	3, 4	153115596	217863865	128680967	183096521
2	Production costs of goods sold	5	-143319929	-203925887	-120147843	-170954979
3	Gross profit or loss (from turnover)		9795667	13937978	8533124	12141542
4	Sales costs	6	-5752395	-8184921	-4612412	-6562871
5	Administration costs	7	-3342450	-4755878	-2691767	-3830039
6	Other operating income	8	3553256	5055828	5699441	8109574
7	Other operating costs	9	-2012782	-2863931	-4199162	-5974869
8	Interest income and other similar income		1399	1991	33928	48275
9	Interest payments and similar expenses		-709472	-1009488	-362645	-515997
10	Profit or loss before extraordinary items and taxes		1533223	2181580	2400507	3415614
11	Income tax for the reporting period		-112	-159	0	0
12	Other taxes		-159172	-226481	-148171	-210828
13	Profit or loss after taxes for the reporting period		<b>1373939</b>	<b>1954939</b>	<b>2252336</b>	<b>3204785</b>

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

In the name of the JSC "Liepājas Metalurģs"

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

## CASH FLOW STATEMENT (by direct method) (Consolidated) for 6 Months of the year 2011

	As of 30.06.2012.		As of 30.06.2011.	
	LVL	EUR	LVL	EUR
<b>OPERATING CASH FLOW</b>				
Cash received from buyers	146175630	207989183	119351396	169821737
Cash received from other business activities	1848954	2630825	768579	1093589
VAT overpayment received	1941023	2761827	228376	324950
Cash paid to suppliers and employees	-167434721	-238238145	-118077759	-168009515
<b>Cash received from the core business activity</b>	<b>-17469114</b>	<b>-24856310</b>	<b>2270592</b>	<b>3230761</b>
Received interests from the core business activity	1389	1976	33827	48131
Payed interest	-706505	-1005266	-417785	-594454
Corporate income tax payments	-22008	-31315	-34197	-48658
Other tax payments	-1170851	-1665971	-1471876	-2094291
<b>Net cash flow from the core business activity</b>	<b>-19367089</b>	<b>-27556885</b>	<b>380561</b>	<b>541490</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
Long-term credit to students of JSC "LM" and other loans	-24972	-35532	0	0
Acquisition of fixed assets	-3287771	-4678077	-4454863	-6338699
Sale of fixed assets and intangible assets	18544	26386	19503	27750
Investments in associated and related companies	0	0	-522616	-743616
<b>Net cash flow from investment operations</b>	<b>-3294199</b>	<b>-4687223</b>	<b>-4957976</b>	<b>-7054564</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Short term borrowings, net value (credit line) net worth	27457173	39068037	2262504	3219253
Long term borrowings	300097	427000	518125	737225
Paid liabilities for financial leasing	-403891	-574685	-296692	-422155
Repayment of loans	-566129	-805529	0	0
Long term loan repayments	-4129206	-5875331	-224315	-319171
Costs not associated with operating activities	-29852	-42476	-191278	-272164
Other funding and grants received	183145	260592	287061	408451
<b>Net cash flow from financing activities</b>	<b>22811337</b>	<b>32457608</b>	<b>2355405</b>	<b>3351439</b>
Result of foreign currency exchange rate fluctuations	-25871	-36811	-357938	-509300
<b>Net growth of cash and its equivalents</b>	<b>124178</b>	<b>176689</b>	<b>-2579948</b>	<b>-3670935</b>
Cash and its equivalents at the beginning of accounting period	1747148	2485968	3912476	5566952
<b>Cash and its equivalents at the end of accounting period</b>	<b>1871326</b>	<b>2662657</b>	<b>1332528</b>	<b>1896017</b>

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, LVL

	Share capital	Revaluation reserve of long-term investments	Reserves stated by Statute	Other reserves	Retained Earnings of the reporting year	Retained Earnings of the previous years	Equity capital TOTAL
	LVL	LVL	LVL	LVL	LVL	LVL	LVL
<b>As of 01.01.2011.</b>	<b>16981033</b>	<b>45988653</b>	<b>0</b>	<b>44524829</b>	<b>-6977235</b>	<b>-12290462</b>	<b>88226818</b>
Profit in reserves					6977235	-6977235	0
Undistributed profit of the reporting period					3886052		3886052
Minority shareholders						-73520	-73520
Increase of revaluation reserve							0
Written-off revaluation reserve		-5513804					-5513804
<b>As of 31.12.2011.</b>	<b>16981033</b>	<b>40474849</b>	<b>0</b>	<b>44524829</b>	<b>3886052</b>	<b>-19341217</b>	<b>86525546</b>
Profit in reserves					-3886052	3886052	0
Undistributed profit of the review period					1373939		1373939
Minority shareholders						70468	70468
Increase of revaluation reserve							0
Written-off revaluation reserve		-4576					-4576
<b>As of 30.06.2012.</b>	<b>16981033</b>	<b>40470273</b>	<b>0</b>	<b>44524829</b>	<b>1373939</b>	<b>-15384697</b>	<b>87965377</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>65435958</b>	<b>0</b>	<b>63353124</b>	<b>-9927711</b>	<b>-17487752</b>	<b>125535452</b>
Profit in reserves					9927711	-9927711	0
Undistributed profit of the reporting period					5529354		5529354
Minority shareholders						-104610	-104610
Increase of revaluation reserve							0
Written-off revaluation reserve		-7845436					-7845436
<b>As of 31.12.2011.</b>	<b>24161833</b>	<b>57590522</b>	<b>0</b>	<b>63353124</b>	<b>5529354</b>	<b>-27520072</b>	<b>123114760</b>
Profit in reserves					-5529354	5529354	0
Undistributed profit of the review period					1954939		1954939
Minority shareholders						100267	100267
Increase of revaluation reserve							0
Written-off revaluation reserve		-6511					-6511
<b>As of 30.06.2012.</b>	<b>24161833</b>	<b>57584011</b>	<b>0</b>	<b>63353124</b>	<b>1954939</b>	<b>-21890452</b>	<b>125163455</b>

## ENCLOSURES TO THE 6 MONTH QUARTERLY REPORT

(Consolidated)

### ENCLOSURES TO FINANCIAL POSITION

#### 1. Accounts Receivables (Debtors)

Accounts Receivable	As of 30.06.2012.		As of 30.06.2011.	
	LVL	EUR	LVL	EUR
<b>Customers and affiliated companies' debts</b>	<b>6509968</b>	<b>9262850</b>	<b>3670967</b>	<b>5223315</b>
Incl. Debts of buyers and customers	5266642	7493756	3580772	5094980
Incl. Debts of buyers with factoring activities	910409	1295395	33711	47966
Incl. Debts of related enterprises (subsidiaries)	0	0	75	107
Incl. Debts of associated enterprises (Doubtful debtors debt)	332917 /302211/	473698 /556451/	56409 /386751/	80263 /556451/
<b>Other debtors</b>	<b>1369097</b>	<b>1948050</b>	<b>1311843</b>	<b>1866584</b>
Incl. Provision for VAT and unpaid VAT	17090	24317	35140	50000
Incl. Advance payments	26997	38413	20492	29157
Incl. VAT budget overpayments	1023325	1456060	1185975	1687490
Incl. Debt for caused damages to the enterprise	300	427	0	0
Incl. Various debtors	199640	284062	42131	59947
Incl. Overpaid salaries	4	6	245	349
Incl. Advance payments for services	21337	30360	0	0
Incl. Advance prepayment for Corporate income tax	31423	44711	26098	37134
Incl. Other overpaid taxes	265	377	816	1161
Incl. Security amounts in auction	48716	69317	946	1346
<b>Short-term loans to employees</b>	<b>4956</b>	<b>7052</b>	<b>0</b>	<b>0</b>
<b>Accrued income</b>	<b>30406</b>	<b>43264</b>	<b>0</b>	<b>0</b>
<b>Future periods payments</b>	<b>91405</b>	<b>130058</b>	<b>108189</b>	<b>153939</b>
Incl. Press expenses	3722	5296	5283	7517
Incl. Various	3875	5514	39482	56178
Incl. Property insurance	82964	118047	61331	87266
Incl. Payment for ship freightage services	714	1016	1932	2749
Incl. Publicity and Advertisement	130	185	161	229
<b>Total Debtors:</b>	<b>8005832</b>	<b>11391273</b>	<b>5090999</b>	<b>7243839</b>

## 2. Accounts Payable (Creditors)

CREDITORS	As of 30.06.2012		As of 30.06.2011	
	LVL	EUR	LVL	EUR
<b>Long- term creditors (credit institutions)</b>	<b>53736676</b>	<b>76460401</b>	<b>49427910</b>	<b>70329580</b>
<b>Other long-term borrowings and obligations</b>	<b>6838830</b>	<b>9730778</b>	<b>2279491</b>	<b>3243423</b>
<b>Other creditors</b>	<b>15146</b>	<b>21551</b>	<b>175146</b>	<b>249210</b>
<b>Short-term borrowings from credit institutions</b>	<b>5962681</b>	<b>8484131</b>	<b>17353716</b>	<b>24692113</b>
<b>Short-term borrowings from credit institutions (credit line)</b>	<b>22342841</b>	<b>31790999</b>	<b>0</b>	<b>0</b>
<b>Short-term debt from leasing</b>	<b>827520</b>	<b>1177455</b>	<b>671420</b>	<b>955345</b>
<b>Advance payments (from residents)</b>	<b>2595816</b>	<b>3693513</b>	<b>714809</b>	<b>1017082</b>
<b>Advance payments (from non-residents)</b>	<b>40957797</b>	<b>58277695</b>	<b>29262848</b>	<b>41637282</b>
<b>Other borrowings (factoring)</b>	<b>1041774</b>	<b>1482311</b>	<b>33711</b>	<b>47966</b>
<b>Other borrowings (physical persons)</b>	<b>1796</b>	<b>2555</b>	<b>0</b>	<b>0</b>
<b>Debts to suppliers and contractors</b>	<b>36533536</b>	<b>51982539</b>	<b>29564869</b>	<b>42067019</b>
Incl. Materials and gas	16994670	24181237	21714475	30896914
Incl. Services	5691038	8097618	5789974	8238391
Incl. Scrap, various services related to scrap delivery, processing	13559371	19293247	1765595	2512215
Incl. Fixed assets	285495	406223	289511	411937
Incl. Medical department creditors	2962	4215	1837	2614
Incl. Other Creditors	0	0	3477	4947
<b>Debts to associated enterprises</b>	<b>495332</b>	<b>704794</b>	<b>0</b>	<b>0</b>
<b>Accrued liabilities</b>	<b>148650</b>	<b>211510</b>	<b>17576</b>	<b>25008</b>
<b>Taxes and social security insurance payments</b>	<b>1064597</b>	<b>1514785</b>	<b>740638</b>	<b>1053833</b>
Incl. Value added tax	11515	16384	43667	62133
Incl. State tax	705	1003	665	946
Incl. Residents' Income tax	367382	522737	243054	345835
Incl. Real estate tax	142	202	1210	1722
Incl. Social Security tax	647134	920789	448136	637640
Incl. Nature resources tax	11972	17035	3906	5558
Incl. Enterprise's Income tax	25747	36635	0	0
<b>Other creditors (liabilities)</b>	<b>1068044</b>	<b>1519690</b>	<b>680364</b>	<b>968071</b>
Incl. Payments for salaries	981806	1396984	645483	918440
Incl. Deductions from salaries	41556	59129	33749	48021
Incl. Debt to accountable persons	1137	1618	1132	1611
Incl. Other Creditors	43545	61959	0	0
<b>Total Creditors:</b>	<b>173631036</b>	<b>247054707</b>	<b>130922498</b>	<b>186285932</b>

## ENCLOSURES TO PROFIT AND LOSS STATEMENT

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

Product Description	As of 30.06.2012		As of 30.06.2011	
	LVL	EUR	LVL	EUR
Rolled steel	138269371	196739590	121090939	172296884
Castings	115589	164468	78199	111267
Billet	5337861	7595092	0	0
Wire	291460	414710	781	1111
Nails	338756	482006	0	0
Slag	10611	15098	259051	368596
Services	121027	172206	140595	200049
Building sevices	253842	361185	0	0
Sold steam, gCal	5364	7632	4961	7059
Compressed Air	969	1379	0	0
Medical department	459053	653174	449521	639611
Transportation services	4555	6481	2590	3685
Stevedoring services	3118678	4437479	2343760	3334870
Broker services	1673831	2381647	1390378	1978330
Freightage services	27123	38593	1072	1525
Forwarder and other services	2477636	3525358	2338288	3327084
Sports	143867	204704	192025	273227
Publicity and Advertisement	4420	6289	18870	26850
Beton (concrete) wares	323667	460537	369937	526373
Other	73001	103871	0	0
Scrap	12173	17321	0	0
Electric energy	52742	75045	0	0
<b>TOTAL</b>	<b>153115596</b>	<b>217863865</b>	<b>128680967</b>	<b>183096521</b>

### 4. Net turnover by geographic markets

Market	As of 30.06.2012		As of 30.06.2011	
	LVL	EUR	LVL	EUR
European Union countries	97292378	138434582	94295278	134170093
Other third countries	55823218	79429283	34385689	48926428
<b>Total</b>	<b>153115596</b>	<b>217863865</b>	<b>128680967</b>	<b>183096521</b>



## 5. Production costs of sold goods

Cost Description	As of 30.06.2012		As of 30.06.2011	
	LVL	EUR	LVL	EUR
Materials	116500984	165765966	104031518	148023514
Salaries and wages	7576808	10780827	6343764	9026363
Social benefits deduction	1799770	2560842	1495140	2127393
Depreciation	3158126	4493608	2693916	3833097
Other costs	14283817	20324041	5550031	7896983
Write-off of nonmaterial values	424	603	33474	47629
<b>Total</b>	<b>143319929</b>	<b>203925887</b>	<b>120147843</b>	<b>170954979</b>

## 6. Sales expenses

Cost Description	As of 30.06.2012		As of 30.06.2011	
	LVL	EUR	LVL	EUR
Packing materials	54583	77665	29576	42083
Transportation costs	2022110	2877203	1100287	1565567
Freight	14659	20858	47784	67991
Port handling charges	243394	346318	82194	116952
Advertising and marketing costs	24896	35424	20557	29250
Other sales costs	111843	159138	171076	243419
Costs related to sport events	243012	345775	331964	472342
Logistics services costs	3014966	4289910	2826393	4021595
Costs related to L/C and factoring transactions	22932	32629	2581	3672
<b>Total</b>	<b>5752395</b>	<b>8184921</b>	<b>4612412</b>	<b>6562871</b>

## 7. Administration expenses

Cost Description	As of 30.06.2012		As of 30.06.2011	
	LVL	EUR	LVL	EUR
Salaries and social costs	2217344	3154996	1800738	2562219
Communication costs	47487	67568	42855	60977
Office supplies and office maintenance costs	587639	836135	459874	654342
Legal and auditing fees	87471	124460	83531	118854
Presentation costs	89486	127327	81510	115978
Depreciation of fixed assets	126451	179924	113051	160857
Traveling expenses	52705	74992	47918	68181
Management training	236	336	1925	2739
Costs of bank account services (L/C)	53866	76644	0	0
Costs of bank account services	70420	100199	51247	72918
Costs related to stockholders	9345	13297	9118	12974
<b>Total</b>	<b>3342450</b>	<b>4755878</b>	<b>2691767</b>	<b>3830039</b>

## 8. Other operating income

Income Description	As of 30.06.2012		As of 30.06.2011	
	LVL	EUR	LVL	EUR
Sale of current assets	710205	1010531	1984452	2823621
Intermediary services	622940	886364	0	0
Liquidation of fixed assets and sale	40959 11434	58279 16269	962409 865344	1369385 1231274
Lease of assets	4786	6810	0	0
Written-off revaluation reserve of fixed assets	4575	6510	1519123	2161517
Received fine payments	354436	504317	9761	13889
Received discounts	0	0	45767	65121
Bad debt recovery	121234	172500	0	0
Other income from operating activity	1499542	2133656	35103	49947
Income due to a decrease in provisions	0	0	4126	5871
Dotation (allowance)	183145	260592	273356	388951
<b>Total</b>	<b>3553256</b>	<b>5055828</b>	<b>5699441</b>	<b>8109574</b>

## 9. Other operating costs

Cost Description	As of 30.06.2012		As of 30.06.2011	
	LVL	EUR	LVL	EUR
Sales costs of current assets	589783	839186	1989449	2830731
Intermediary services costs	657822	935996	0	0
Costs related to the sale and and liquidation of fixed assets	86847 9318	123572 13258	20787 63491	29577 90340
Currency exchange loss	68320	97211	344710	490478
Doubtful debtors provisions	4333	6165	0	0
Bad debt write-off	0	0	4129	5875
Compensation for damage and other allowances	35937	51134	29596	42111
Other costs	363760	517584	744539	1059384
Paid fines	4289	6103	650	925
Costs not related to the operating activities	123766	176103	193650	275539
Costs of infrastructure maintenance	9659	13744	10436	14849
Training of new employees	35731	50841	22213	31606
Costs of previous period	514	731	18547	26390
Extraordinary costs (modernisation)	0	0	733038	1043019
Costs of representative auto maintenance	22703	32303	23927	34045
<b>Total</b>	<b>2012782</b>	<b>2863931</b>	<b>4199162</b>	<b>5974869</b>