

JOINT STOCK COMPANY LIEPAJAS METALURĢI
40003014197
93, Brivibas str., Liepaja, LV-3401 Latvia

CALCULATION OF PROFIT OR LOSS

FOR 12 MONTH OF THE YEAR 2004.

No.	Parameter designation	Line Code	At the end of the period of accountant Ls	At the end of the period of accountant EUR	At the beginning of the period of accountant Ls	At the beginning of the period of accountant EUR
1	2	3	4		5	6
1	Net turnover	010	146745565	208741913	92660951	137479156
2	Production costs for sold products	020	-123120263	-175135509	-82679776	-122670291
3	Gross profit or loss (from turnover)	030	23625302	33606404	9981175	14808865
4	Sales expenses	040	-2974996	-4231858	-2219254	-3292661
5	Administration expenses	050	-5617102	-7990188	-3183664	-4723537
6	Other income from economic activities of the enterprise	060	6283419	8938007	5057681	7503977
7	Other expenses from economic activities of the enterprise	070	-14169451	-20155691	-5120468	-7597133
8	Incomes from participation in daughter or associated enterprises	080	0	0	-	0
9	Incomes from securities and loans which formed long-term	090	0	0	-	0
10	Other interest incomes and similar incomes	100	150355	213875	90943	134931
11	Long-term financial investments and short-term securities value	110	0	0	-44612	-66190
12	Interest payments and similar expenses	120	-174838	-248703	-393118	-583261
13	Profit or loss prior to extraordinary items and taxes	130	7122689	10131848	4168684	6184991
14	Extra incomes	140	121453	172764	136179	202046
15	Extra expenses	150	-221475	-315044	-697878	-1035427
16	Profit or loss prior to taxes	160	7022667	9989569	3606985	5351610
17	Profit tax for review period	170	-2292838	-3261505	-897248	-1331228
18	Other taxes	180	-258479	-367680	-246268	-365383
19	Review period profit or loss after taxes	190	4471350	6360384	2463469	3654998

Executive Director: _____ *L.Ptichkin.*

BALANCE

FOR 12 MONTH OF THE YEAR 2004.

ACTIVE	Line Code	2004.g.	EUR	2003.g.	EUR
1.LONG-TERM INVESTMENTS					
I.Non-material Investments					
1.Research work and enterprise development payments	10				
2.Concessions, patents, licenses, trade marks and similar rights	20	141808	201718	111090	164822
3.Other non-material investments	21				
4.Non-material value of the enterprise	30				
5.Advance payments for non-material investments	40				
I.TOTAL:	50	141808	201718	111090	164822
II.Capital assets					
1.Land areas, buildings and constructions and long-term sites	60	26307036	37421104	18584117	27572874
2.Long-term investments in rented capital assets	70				
3.Technological equipment and machines	80	12694378	18057437	13228928	19627490
4.Other capital assets and inventory	90	2100452	2987841	1758831	2609542
5.Capital assets formation and payments for uncompleted construction objects	100	4724950	6721124	887511	1316782
6.Advance payments for capital assets	110	1107762	1575764	468291	694794
II.TOTAL:	120	46934578	66763269	34927678	51821481
III.Long-term financial investments					
1.Participation in the capital of the related enterprises	130	4169284	5930703	4169283	6185880
2.Loans to the related enterprises	140	4620572	6572649		
3.Participation in the affiliated enterprises capital	150	579281	824013	579242	859409
4.Loans to the associated enterprises	160			674000	1000000
5.Other securities and investments	170				
6.Other loans	180	96927	137876	66602	98816
7.Own shares	190				
8.Loans to joint owners of the enterprise and management	200				
III.TOTAL:	210	9466064	13465240	5489127	8144105
Section 1 total amount:	220	56542450	80430228	40527895	60130408
2.CURRENT ASSETS					
I.Stock(savings)					
1.Raw materials, basic auxiliary materials	230	7789958	11081021	7720756	11455128
2.Uncompleted products	240	592396	842669	1041684	1545525
3.Completed products and goods for sales	250	11782083	16759720	7541169	11188678
4.Uncompleted orders	260	14127	20095		
5.Advance payments for goods	270	1363332	1939306	1469215	2179844
6.Labour animals and productive animals	280				
I.TOTAL:	290	21541896	30642809	17772824	26369175
II.Debtors					
1.Buyers and Customers debts	300	1121981	1595990	809152	1200522
2.Related enterprises debts	310	412416	586651	455230	675415
3.Associated enterprises debts	320	32137	45714	32329	47966
4.Other debtors	330	1784157	2537919	836567	1241197
5.Unpaid shares of the company capital	340				
6.Short-term loans to joint owners of the enterprise and management	350				
7.Future periods payments	360	42966	61118	38233	56726
II.TOTAL:	370	3393657	4827393	2171511	3221826
III.Securities and participation in capitals					
1.Participation in the related enterprises capital	380				
2.Own shares	390				
3.Other securities and participation in capitals	400				
III.TOTAL:	410				
IV.Funds					
IV.TOTAL:	420	13249498	18847081	1815507	2693631
Section 2 total amount	430	38185051	54317284	21759842	32284632
B A L A N C E	440	94727501	134747512	62287737	92415040

JSC LIEPAJAS METALURGS

PASSIVE	Line Code	2004.g.	EUR	2003.g.	EUR
1.OWN CAPITAL					
1.Share capital(fixed capital)	450	16981033	24155097	16981033	25194411
2.Share issue extra charge	460				
3.Long-term investments revaluation reserve	470	26742056	38039909	15318300	22727448
4.Reserves:a)reserves stipulated by law	480				
4.Reserves:b)reserves for own shares	490				
4.Reserves:c)reserves stipulated in the company Statutes	500	400603	569848	346579	514212
4.Reserves:d)other reserves	510	3788898	5389613	1379453	2046666
4.TOTAL:	520	4189501	5959461	1726032	2560878
5.Undistributed profit a)undistributed profit of the previous years	530				
5.Undistributed profit b)undistributed profit of the review year	540	4471350	6360384	2463469	3654999
section 1. total amount:	550	52383940	74514849	36488834	54137736
2.SAVINGS					
1.Savings for pensions and similar obligations	560				
2.Savings for anticipated taxes	570				
3.Other savings	580	4408740	6271324	1016055	1507500
section 2. total amount:	590	4408740	6271324	1016055	1507500
3.CREDITORS					
I.Long-term debts.					
1.Loans against bonds(obligations)	600				
2.Share revaluation loans	610				
3.Loans from credit institutions	620			2742880	4069555
4.Other loans	630			20970	31113
5.Advance payments received from buyers	640				
6.Debts to suppliers and contractors	650				
7.Payable bills of exchange	660				
8.Debts to related enterprises	670				
9.Debts to associated enterprises	680				
10.Taxes and social insurance payments	690				
11.Other creditors	700				
12.Future periods income	710				
13.Review year dividends	720				
14.Unpaid dividends for previous years	730				
I.TOTAL:	740			2763850	4100668
II.Short-term debts.					
1.Loans against bonds(obligations)	750				
2.Share revaluation loans	760				
3.Loans from credit institutions	770	4377403	6226747	638637	947533
4.Other loans	780	24148	34351	20838	30917
5.Advance payments received from buyers	790	123530	175718	60977	90470
6.Debts to suppliers and contractors	800	30439968	43300097	19254454	28567439
7.Payable bills of exchange	810				
8.Debts to related enterprises	820	107299	152630	449960	667596
9.Debts to associated enterprises	830	20723	29478	20495	30408
10.Taxes and social insurance payments	840	2005157	2852286	866075	1284978
11.Other creditors	850	714475	1016323	463991	688414
12.Future periods income	860	122118	173710	243571	361381
13.Review year dividends	870				
14.Unpaid dividends for previous years	880				
II.TOTAL:	890	37934821	53961339	22018998	32669136
Section 3. total amount:	900	37934821	53961339	24782848	36769804
B A L A N C E	910	94727501	134747512	62287737	92415040

Executive director:

L.Ptichkin

STATEMENT OF CASH FLOW (LVL) BY DIRECT METHOD
for year 2004

	Accounting period	Previous period
OPERATING CASH FLOW		
Paid in by buyers and customers	163641627	
Cash received from the other economic activities	47298832.00	
Cash paid to suppliers and employees	187142766	
<i>Cash received from the basic activity</i>	23797693	
Paid interest	184296	
Paid enterprise's incom tax	475034	
Paid other taxes	3005512	
<i>Cash flow before extraordinary items</i>	20132851	
Received insurance indemnity for flood damages	0	
<i>Net cash from economic activity</i>	20132851	
INVESTMENT CASH FLOW		
Acquisition of subsidiary company in net cash	0	
Acquisition of fixed assets	8723695	
Sale of fixed assets	29243	
Received interest	62182	
<i>Net cash from investment operations</i>	-8632270	
FINANCING CASH FLOW		
Issue of shares	0	
Long term loans	0	
Paid liabilities for financial leasing	0	
Loans to factory's scholars	16875	
Paid dividends	0	
<i>Net cash from financial activities</i>	-16875	
Result of foreign exchange fluctuations	-49715	
Net growth of cashs and it's equivalent	11433991	
Cash and it's equivalent at the beginning of accounting period	1815507	
Cash and it's equivalent at the end of accounting period	13249498	

STATEMENT OF EQUITY CAPITAL CHANGES
for year 2004
LVL

	Fixed capital	Revaluation reserve of long-term investments	Reserves stated by Statute	Other reserves	Undistributed profit of the review year	Undistributed profit of the previous years	Equity capital TOTAL
As at 31.12.2002.	17476033	15371318	292193	292090	0	1087725	34519359
Fixed capital decreased for the unpaid share	-495000						-495000
Profit counted in reserves			54386	1033339		-1087725	0
Income from partnership in affiliated companies				54024			54024
Undistributed profit of the review period					2463469		2463469
Increase of revaluation reserve							
Written-off revaluation reserve		-53018					-53018
As at 31.12.2003.	16981033	15318300	346579	1379453	2463469	0	36488834
Profit of year 2003 for previous year					-2463469	2463469	0
Profit counted in reserves			54024	2409445		-2463469	0
Undistributed profit of the review period					4471350		4471350
Increase of revaluation reserve		11841213					11841213
Written-off revaluation reserve		-417457					-417457
As at 31.12.2004.	16981033	26742056	400603	3788898	4471350	0	52383940

**STATEMENT OF EQUITY CAPITAL CHANGES
for year 2004**

EUR

	Fixed capital	Revaluation reserve of long- term investments	Reserves stated by Statute	Other reserves	Undistributed profit of the review year	Undistributed profit of the previous years	Equity capital TOTAL
As at 31.12.2002.	28649234	25198882	479005	478836	0	1783156	56589113
Fixed capital decreased for the unpaid share	-734421						-734421
Profit counted in reserves			80691	1533144	-	-1613835	0
Income from partnership in affiliated companies				80154			80154
Undistributed profit of the review period					3654998		3654998
Increase of revaluation reserve							0
Written-off revaluation reserve		-78662					-78662
Exchange rate difference	-2720402	-2392772	-45484	-45468		-169321	-5373447
As at 31.12.2003.	2519441	22727448	514212	2046666	3654998	0	54137736
Profit of year 2003 for previous year					-3654998	3654998	0
Profit counted in reserves			76848	3578150		-3654988	0
Undistributed profit of the review period					6360384		6360384
Increase of revaluation reserve		16843831					16843831
Exchange rate difference	-1039314	-937548	-21212	-235203			-2233277
Written-off revaluation reserve		-593822					-593822
As at 31.12.2004.	24155097	38039909	569848	5389613	6360384	0	74514851

Joint-Stock Company "Liepajas Metalurgs"

DEBTS TO CREDITORS

CREDITORS	Amount at 31.12.2004 in LVL	Amount at 31.12.2004 in EUR
Long-term borrowings from credit institutions	0	0
Borrowings from credit institutions	4377403,-	6226747,-
Short term debt to "Hanza leasing"	24148,-	34351,-
Advance payments	123530,-	175718,-
Debts to suppliers and contractors	30439967,60	43300096,16
Incl. Materials, stock	3490472,99	4965110,94
services	906049,04	1288832,20
Incl. Scrap, various services related to scrap delivery, processing	1051549,69	1495803,26
Incl. Capital assets	223816,27	318373,07
Incl. for Medical department creditor	6289,23	8946,28
Incl. Settlements with enterprises and other business partners – non-residents	24761790,38	35223030,41
Debts to associated enterprises	20723,-	29478,-
Debts to allied enterprises	107299,-	152630,-
Taxes and social insurance payments	2005157,03	2852285,96
Incl. Residents' Income tax	272485,30	387603,55
Incl. Social tax	282420,65	401736,34
Incl. Nature resources taz	13781,20	19603,41
Incl. Enterprise's Income tax	1419727,64	2019527,23
Incl. Real estate tax	15723,74	22366,63
Incl. State tax	1018,50	1448,79
Incl. VAT	-	-
Land tax	-	2980,63
Other creditors	714475,-	1016323,-
Incl. Payments for salaries	591367,-	841205,-
Incl. Deductions from salaries	123108,-	175118,-
Future periods incomes	122118,-	173710,-
Unpaid dividends for previous years	0	0
TOTAL CREDITORS	37934820,63	53961339,12

DEBTORS

DEBTORS	Amount at 31.12.2004 in LVL	Amount at 31.12.2004 in EUR
Total Buyers and Customers debts	1566534,-	2228355,-
Incl.		
Debts of buyers and customers	1121981,-	1595990,-
Debts of the allied enterprises	412416,-	586651,-
Debts of the associated enterprises	32137,-	45714,-
Other debtors	1784157,01	2537918,93
Incl.		
Accounted & not paid VAT	450152,45	640330,65
Advance Settlements	7744,57	11016,46
VAT overpayment to the Budget	1236229,31	1758505,42
Debt for caused damages to the enterprise	-	-
Various debtors	89294,69	127019,47
Overpaid salaries	700,59	996,57
Overpaid taxes	35,40	50,36
Unpaid part of capital	-	-
Short-term loans to employees	-	-
Future periods payments	42965,72	61117,67
Incl.		
Press expenses	6979,08	9927,57
Other	33213,02	47244,69
Property insurance	-	-
Various	2773,62	3945,41
TOTAL DEBTORS	3393656,73	4827391,60