

## CALCULATION OF PROFIT OR LOSS

FOR 3 MONTH OF THE YEAR 2005.

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	<b>Net turnover</b>	010	<b>40154750</b>	<b>57135062</b>	27030316	40893065
2	<b>Production costs for sold products</b>	020	<b>-34767031</b>	<b>-49469028</b>	-24724249	-37404310
3	<b>Gross profit or loss (from turnover)</b>	030	<b>5387719</b>	<b>7666033</b>	2306067	3488755
4	<b>Sales expenses</b>	040	<b>-943286</b>	<b>-1342175</b>	-685252	-1036690
5	<b>Administration expenses</b>	050	<b>-1969111</b>	<b>-2801793</b>	-851936	-1288859
6	<b>Other income from economic activities of the enterprise</b>	060	<b>1761953</b>	<b>2507033</b>	926837	1402174
7	<b>Other expenses from economic activities of the enterprise</b>	070	<b>-3044655</b>	<b>-4332154</b>	-1221356	-1847740
8	<b>Incomes from participation in daughter or associated enterprises</b>	080	<b>0</b>	<b>0</b>	-	
9	<b>Incomes from securities and loans which formed long-term</b>	090	<b>0</b>	<b>0</b>	-	
10	<b>Other interest incomes and similar incomes</b>	100	<b>50985</b>	<b>72545</b>	25056	37906
11	<b>Long-term financial investments and short-term securities value</b>	110	<b>0</b>	<b>0</b>	-	
12	<b>Interest payments and similar expenses</b>	120	<b>-51259</b>	<b>-72935</b>	-45316	-68557
13	<b>Profit or loss prior to extraordinary items and taxes</b>	130	<b>1192347</b>	<b>1696557</b>	454100	686989
14	<b>Extra incomes</b>	140	<b>0</b>	<b>0</b>	41	62
15	<b>Extra expenses</b>	150	<b>-70125</b>	<b>-99779</b>	-70468	-106608
16	<b>Profit or loss prior to taxes</b>	160	<b>1122222</b>	<b>1596778</b>	383672	580443
17	<b>Profit tax for review period</b>	170	<b>-300292</b>	<b>-427277</b>	-	
18	<b>Other taxes</b>	180	<b>-58551</b>	<b>-83311</b>	-74118	-112130
19	<b>Review period profit or loss after taxes</b>	190	<b>763378</b>	<b>1086189</b>	309555	468313

Executive Director:

L.Ptichkin.

JSC LIEPAJAS METALURGS

**BALANCE**

FOR 3 MONTH OF THE YEAR 2005.

ACTIVE	Line Code	2005.g.	EUR	2004.g.	EUR
<b>I.LONG-TERM INVESTMENTS</b>					
<b>I.Non-material Investments</b>					
1.Research work and enterprise development payments	10				
2.Concessions, patents, licenses, trade marks and similar rights	20	126767	180373	110591	167309
3.Other non-material investments	21				
4.Non-material value of the enterprise	30				
5.Advance payments for non-material investments	40				
<b>I.TOTAL:</b>	50	126767	180373	110591	167309
<b>II.Capital assets</b>			0		0
1.Land areas, buildings and constructions and long-term sites	60	25991947	36983209	18355869	27769847
2.Long-term investments in rented capital assets	70				
3.Technological equipment and machines	80	11883376	16908521	12818102	19391985
4.Other capital assets and inventory	90	2029771	2888104	1655342	2504300
5.Capital assets formation and payments for uncompleted construction objects	100	5913806	8414588	1761076	2664260
6.Advance payments for capital assets	110	2489270	3541912	431213	652365
<b>II.TOTAL:</b>	120	48308168	68736330	35021901	52983209
<b>III.Long-term financial investments</b>			0		0
1.Participation in the capital of the related enterprises	130	4169284	5932357	4168471	6306310
2.Loans to the related enterprises	140	4472932	6364409		
3.Participation in the affiliated enterprises capital	150	579281	824243	525218	794581
4.Loans to the associated enterprises	160			649543	982667
5.Other securities and investments	170			38949	58924
6.Other loans	180	102634	146035	67923	102758
7.Own shares	190				
8.Loans to joint owners of the enterprise and management	200				
<b>III.TOTAL:</b>	210	9324132	13267045	5450104	8245241
<b>Section 1 total amount:</b>	220	57759067	82183748	40582596	61395758
<b>2.CURRENT ASSETS</b>			0		0
<b>I.Stock(savings)</b>			0		0
1.Raw materials, basic auxiliary materials	230	6518214	9274583	7725462	11687537
2.Uncompleted products	240	1429185	2033547	1614916	2443141
3.Completed products and goods for sales	250	9896705	14081743	8929026	13508360
4.Uncompleted orders	260	76	108	349	528
5.Advance payments for goods	270	693073	986154	2940304	4448266
6.Labour animals and productive animals	280				
<b>I.TOTAL:</b>	290	18537252	26376133	21210058	32087834
<b>II.Debtors</b>			0		0
1.Buyers and Customers debts	300	1600909	2277888	1090072	1649126
2.Related enterprises debts	310	337682	480478	529470	801014
3.Associated enterprises debts	320	32836	46721	32793	49611
4.Other debtors	330	2292907	3262513	1715137	2594761
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	44734	63651	33600	50832
<b>II.TOTAL:</b>	370	4309068	6131251	3401072	5145343
<b>III.Securities and participation in capitals</b>			0		0
1.Participation in the related enterprises capital	380				
2.Own shares	390				
3.Other securities and participation in capitals	400	3256	4633		
<b>III.TOTAL:</b>	410	3256	4633		
<b>IV.Funds</b>			0		0
<b>IV.TOTAL:</b>	420	9886846	14067714	7487513	11327554
<b>Section 2 total amount</b>	430	32736422	46579732	32098642	48560729
<b>B A L A N C E</b>	440	90495488	128763479	72681238	109956487

**JSC LIEPAJAS METALURGS**

PASSIVE	Line Code	2005.g.	EUR	2004.g.	EUR
<b>1.OWN CAPITAL</b>					
1.Share capital(fixed capital)	450	<b>16981033</b>	<b>24161833</b>	16981033	25689914
2.Share issue extra charge	460				
3.Long-term investments revaluation reserve	470	<b>26705294</b>	<b>37998210</b>	15309265	23160764
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	<b>400603</b>	<b>570007</b>	346579	524325
4.Reserves:d)other reserves	510	<b>3788898</b>	<b>5391116</b>	1325429	2005188
4.TOTAL:	520	<b>4189501</b>	<b>5961123</b>	1672008	2529513
5.Undistributed profit a)undistributed profit of the previous years	530	<b>4471350</b>	<b>6362158</b>	2415343	3654074
5.Undistributed profit b)undistributed profit of the review year	540	<b>763378</b>	<b>1086189</b>	309555	468313
section 1. total amount:	550	<b>53110560</b>	<b>75569519</b>	36687204	55502578
<b>2.SAVINGS</b>			<b>0</b>		<b>0</b>
1.Savings for pensions and similar obligations	560				
2.Savings for anticipated taxes	570				
3.Other savings	580	<b>5516055</b>	<b>7848639</b>	1312045	1984939
section 2. total amount:	590	<b>5516055</b>	<b>7848639</b>	1312045	1984939
<b>3.CREDITORS</b>			<b>0</b>		<b>0</b>
<b>I.Long-term debts.</b>			<b>0</b>		<b>0</b>
1.Loans against bonds(obligations)	600				
2.Share revaluation loans	610				
3.Loans from credit institutions	620			2820865	4267572
4.Other loans	630			20970	31725
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				
<b>I.TOTAL:</b>	740			2841835	4299297
<b>II.Short-term debts.</b>					
1.Loans against bonds(obligations)	750				
2.Share revaluation loans	760				
3.Loans from credit institutions	770	<b>4449026</b>	<b>6330394</b>	139605	211203
4.Other loans	780	<b>19807</b>	<b>28183</b>	16504	24968
5.Advance payments received from buyers	790	<b>683006</b>	<b>971830</b>	339848	514142
6.Debts to suppliers and contractors	800	<b>23354543</b>	<b>33230521</b>	29105922	44033165
7.Payable bills of exchange	810				
8.Debts to related enterprises	820	<b>146237</b>	<b>208077</b>	53652	81168
9.Debts to associated enterprises	830	<b>23406</b>	<b>33304</b>	21973	33242
10.Taxes and social insurance payments	840	<b>2337657</b>	<b>3326186</b>	1465163	2216585
11.Other creditors	850	<b>733073</b>	<b>1043069</b>	453917	686713
12.Future periods income	860	<b>122118</b>	<b>173758</b>	243571	368489
13.Review year dividends	870				
14.Unpaid dividends for previous years	880				
<b>II.TOTAL:</b>	890	<b>31868873</b>	<b>45345321</b>	31840155	48169675
Section 3. total amount:	900	<b>31868873</b>	<b>45345321</b>	34681989	52468970
<b>B A L A N C E</b>	910	<b>90495488</b>	<b>128763479</b>	72681238	109956487

Executive director:

L.Ptichkin

**STATEMENT OF CASH FLOW (LVL) BY DIRECT METHOD  
for 3 Month of the year 2005**

	Accounting period
<b>OPERATING CASH FLOW</b>	
Paid in by buyers and customers	34493500.00
Cash received from the other economic activities	56114868.00
Cash paid to suppliers and employees	39623400.00
<i>Cash received from the basic activity</i>	484968
Paid interest	51006.00
Paid enterprise's incom tax	
Paid other taxes	1598346.00
<i>Cash flow before extraordinary items</i>	-1164384.00
Received insurance indemnity for flood damages	
<i>Net cash from economic activity</i>	-1164384.00
<b>INVESTMENT CASH FLOW</b>	
Acquisition of subsidiary company in net cash	0
Acquisition of fixed assets	2601619.00
Sale of fixed assets	14968
Received interest	22718
<i>Net cash from investment operations</i>	-2563933.00
<b>FINANCING CASH FLOW</b>	
Issue of shares	
Long term loans	
Paid liabilities for financial leasing	
Loans to factory's scholars	1976
Paid dividends	
<i>Net cash from financial activities</i>	-1976
Result of foreign exchange fluctuations	-6359.00
Net growth of cashs and it's equivalent	-3736652
Cash and it's equivalent at the beginning of accounting period	<b>13623498.00</b>
Cash and it's equivalent at the end of accounting period	9886846.00

**Joint-Stock Company "Liepajas Metalurgs"**

**DEBTORS**

DEBTORS	Amount at 31.03.2005.		Amount at 31.12.2004.	
	LVL	EUR	LVL	EUR
<b>Total Buyers and Customers debts</b>	<b>1971427.00</b>	<b>2805088</b>	<b>1652335</b>	<b>2499750</b>
Incl. Debts of buyers and customers	1600909.00	2277888	1090072	1649126
Incl. Debts of the allied enterprises	337682.00	480478	529470	801014
Incl. Debts of the associated enterprises	32836.00	46721	32793	49611
		0		0
<b>Other debtors</b>	<b>2292907.00</b>	<b>3262513</b>	<b>1715137</b>	<b>2594761</b>
Incl. Accounted & not paid VAT	113873.00	162027	377032	570396
Incl. Advance Settlements	20623.00	29344	42864	64847
Incl. VAT overpayment to the Budget	1705184.00	2426258	538667	814927
Incl. Debt for caused damages to the enterprise	9663.00	13749	40	61
Incl. Various debtors	83102.00	118243	37651	56961
Incl. Overpaid salaries	386.00	549	820	1241
Incl. Overpaid taxes	271759.00	386678	717945	1086150
Incl. security sum in auction	55038.00	78312	118	179
Incl. other taxes	33279.00	47352	0	0
<b>Short-term loans to employees</b>	<b>0.00</b>	<b>0</b>		<b>0</b>
		0		0
<b>Future periods payments</b>	<b>44734.00</b>	<b>63651</b>	<b>33600</b>	<b>50832</b>
Incl. Press expenses	5597.00	7964	4285	6483
Incl. Other	6254.00	8899	29315	44349
Incl. Property insurance	32883.00	46788		0
Incl. Various		0		0
		0		0
<b>Total Debtors:</b>	<b>4309068.00</b>	<b>6131251</b>	<b>3401072</b>	<b>5145343</b>

**Joint-Stock Company "Liepajas Metalurgs"**

**DEBTS TO CREDITORS**

CREDITORS	Amount at 31.03.2005.		Amount at 31.03.2004.	
	LVL	EUR	LVL	EUR
<b>Long-term borrowings from credit institutions</b>	<b>0.00</b>		<b>2820865</b>	<b>4267572</b>
<b>Long-term "Hahza leasing"</b>			<b>20970</b>	<b>31725</b>
<b>Borrowings from credit institutions</b>	<b>4449026.00</b>	<b>6330394</b>	<b>139604</b>	<b>211201</b>
<b>Short term debt to "Hanza leasing"</b>	<b>19807.00</b>	<b>28183</b>	<b>16504</b>	<b>24968</b>
<b>Advance payments</b>	<b>683006.00</b>	<b>971830</b>	<b>339848</b>	<b>514142</b>
<b>Debts to suppliers and contractors</b>	<b>23354543.00</b>	<b>33230521</b>	<b>29105922</b>	<b>44033165</b>
Incl. Materials, stock	2735286.00	3891961	2847024	4307147
Incl. Services	1117836.00	1590537	710101	1074283
Incl. Scrap, various services related to scrap delivery, processing	931763.00	1325779	1869760	2828684
Incl. Capital assets	157700.00	224387	175364	265301
Incl. for Dedical department creditors	6352.00	9038	1554	2351
Incl. Settlements with enterprises and other business partners - non-residents	18405596.00	26188804	23502119	35555399
<b>Debts to allied enterprises</b>	<b>146237.00</b>	<b>208077</b>	<b>53652</b>	<b>81168</b>
<b>Debts to associated enterprises</b>	<b>23406.00</b>	<b>33304</b>	<b>21973</b>	<b>33242</b>
<b>Taxes and social insurance payments</b>	<b>2337657.00</b>	<b>3326186</b>	<b>1465163</b>	<b>2216585</b>
Incl. State tax	1002.00	1426	1006	1522
Incl. Residents' Income tax	266945.00	379829	178671	270304
Incl. Real estate tax	0.00	0	19762	29897
Incl. Social tax	280988.00	399810	271020	410015
Incl. Land tax	0.00	0	8000	12103
Incl. Nature resources tax	11645.00	16569	12972	19625
Incl. Enterprise's Income tax	1777077.00	2528553	973732	1473120
<b>Other creditors</b>	<b>733073.00</b>	<b>1043069</b>	<b>453917</b>	<b>686713</b>
Incl. Payments for salaries	608498.00	865815	429354	649552
Incl. Deductions from salaries	124575.00	177254	24562	37159
<b>Future periods incomes</b>	<b>122118.00</b>	<b>173758</b>	<b>243571</b>	<b>368489</b>
<b>Total Creditors:</b>	<b>31868873.00</b>	<b>45345321</b>	<b>34681989</b>	<b>52468970</b>

## STATEMENT OF EQUITY CAPITAL CHANGES

	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
	LVL	LVL	LVL	LVL	LVL	LVL	LVL
<b>As at 31.12.2003</b>	<b>16981033</b>	<b>15318300</b>	<b>346579</b>	<b>1379453</b>	<b>2436469</b>	<b>0</b>	<b>36488834</b>
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
<b>As at 31.12.2004</b>	<b>16981033</b>	<b>26742056</b>	<b>400603</b>	<b>3788898</b>	<b>4471350</b>	<b>0</b>	<b>52383940</b>
Profit of year 2003 for previous year							
Profit counted in reserves							
Undistributed profit of the review period							
Increase of revaluation reserve							
Written-off revaluation reserve							
<b>As at 31.12.2005</b>							

## STATEMENT OF EQUITY CAPITAL CHANGES

	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
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>As at 31.12.2003</b>	<b>2519441</b>	<b>22727448</b>	<b>514212</b>	<b>2046666</b>	<b>3654998</b>	<b>0</b>	<b>54137736</b>
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					-573822
<b>As at 31.12.2004</b>	<b>24155097</b>	<b>38039909</b>	<b>569848</b>	<b>5389613</b>	<b>6360384</b>	<b>0</b>	<b>74514851</b>
Profit of year 2004 for previous year							
Profit counted in reserves							
Undistributed profit of the review period							
Increase of revaluation reserve							
Exchange rate difference							
Written-off revaluation reserve							
<b>As at 31.12.2005</b>							