

Joint-stock company

"Liepājas metalurģs "

Reg.nr. 40003014197

FINANCIAL STATEMENT

For 9 month of the year 2005

CONTENT

	page
Calculation of profit or loss	3
Balance	4
Cash flow	6
Enclosure to Balance	
debtors	7
creditors	8
equity capital changes	9
Enclosure to calculation of profit or loss	
net production by kind	11
production costs of sold produce	12
selling costs	13
management costs	14
other income of economic activity	15
other costs of economic activity	16
extraordinary costs	17

CALCULATION OF PROFIT OR LOSS

FOR 9 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	For 9 month of the year 2004 Ls	For 9 month of the year 2004 EUR
1	2	3	4		5	6
1	Net turnover	010	108313439	154116139	106188715	158254419
2	Production costs for sold products	020	-9663980	-13750605	-83315983	-124166890
3	Gross profit or loss (from turnover)	030	11673589	16610021	22872732	34087529
4	Sales expenses	040	-2964329	-4217860	-2181039	-3250431
5	Administration expenses	050	-5336873	-7593686	-3612407	-5383617
6	Other income from economic activities of the enterprise	060	8156544	11605717	3757665	5600097
7	Other expenses from economic activities of the enterprise	070	-8964913	-12755922	-15081759	-22476541
8	Incomes from participation in daughter or associated enterprises	080	0	0	0	0
9	Incomes from securities and loans which formed long-term	090	0	0	0	0
10	Other interest incomes and similar incomes	100	122399	174158	90755	135253
11	Long-term financial investments and short-term securities value	110	-141863	-201853	0	0
12	Interest payments and similar expenses	120	-189243	-269269	-124674	-185803
13	Profit or loss prior to extraordinary items and taxes	130	2355311	3351306	5721273	8526487
14	Extra incomes	140	0	0	0	0
15	Extra expenses	150	-379581	-540095	-266411	-397036
16	Profit or loss prior to taxes	160	1975730	2811211	5454862	8129452
17	Profit tax for review period	170	-300292	-427277	-601351	-896201
18	Other taxes	180	-297879	-423844	-198399	-295677
19	Review period profit or loss after taxes	190	1377559	1960090	4655112	6937574

Chairman of Board

V. Terentjev

JSC LIEPAJAS METALURGS

BALANCE**FOR 9 MONTH OF THE YEAR 2005.**

ACTIVE	Line Code	2005.g. LVL	2005.g EUR	2004.g.9 m LVL	2004.g 9 mEUR
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	97721	139044	130330	194232
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	97721	139044	130330	194232
II.Capital assets			0		0
1.Land areas, buildings and constructions and long-term sites	60	25543147	36344624	18275876	27236775
2.Long-term investments in rented capital assets	70	25687	36549		
3.Technological equipment and machines	80	10975002	15616021	12031847	17931218
4.Other capital assets and inventory	90	1950778	2775707	1710225	2548770
5.Capital assets formation and payments for uncompleted construction objects	100	11674208	16610901	3780632	5634325
6.Advance payments for capital assets	110	3128653	4451672	587654	875788
II.TOTAL:	120	53297475	75835475	36386234	54226876
III.Long-term financial investments					
1.Participation in the capital of the related enterprises	130	4402943	6264823	4169284	6213538
2.Loans to the related enterprises	140	4045474	5756191	4620572	6886098
3.Participation in the affiliated enterprises capital	150	597780	850564	579281	863310
4.Loans to the associated enterprises	160			591886	882095
5.Other securities and investments	170				
6.Other loans	180	106720	151849	83770	124844
7.Own shares	190				
8.Loans to joint owners of the enterprise and management	200				
III.TOTAL:	210	9152917	13023428	10044793	14969885
Section 1 total amount:	220	62548113	88997947	46561357	69390994
2.CURRENT ASSETS					
I.Stock(savings)					
1.Raw materials, basic and auxiliary materials	230	8674100	12342132	9286847	13840308
2.Uncompleted products	240	535156	761458	2321278	3459431
3.Completed products and goods for sale	250	10053807	14305279	13766085	20515775
4.Uncompleted orders	260			436	650
5.Advance payments for goods	270	2379229	3385338	926918	1381398
6.Labour animals and productive animals	280				
I.TOTAL:	290	21642292	30794207	26301564	39197562
II.Debtors					
1.Buyers and Customers debts	300	1783522	2537723	1436833	2141331
2.Related enterprises debts	310	651222	926605	481871	718139
3.Associated enterprises debts	320	30016	42709	33115	49352
4.Other debtors	330	2838322	4038568	2486289	3705349
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	73645	104787	11133	16592
II.TOTAL:	370	5376727	7650393	4449241	6630762
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	3256	4633		
III.TOTAL:	410				
IV.Funds		4627219	6583939	10399048	15497836
IV.TOTAL:	420	4627219	6583939	10399048	15497836
Section 2 total amount	430	31649494	45033173	41149853	61326159
B A L A N C E	440	94197607	134031120	87711210	130717154

PASSIVE	Line Code	2005.g 9 m LVL	2005.g 9 m EUR	2004.g. 9 m LVL	2004.g 9 m EUR
1.OWN CAPITAL					
1.Share capital(fixed capital)	450	16981033	24161833	16981033	25307054
2.Share issue extra charge	460				
3.Long-term investments revaluation reserve	470	25761602	36655457	15303304	22806712
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	346579	493137	400603	597024
4.Reserves:d)other reserves	510	8257161	11748882	3788898	5646644
4.TOTAL:	520	8603740	12242019	4189501	6243668
5.Undistributed profit a)undistributed profit of the previous years	530				
5.Undistributed profit b)undistributed profit of the review year	540	1377559	1960090	4655112	6937574
section 1. total amount:	550	52723934	75019399	41128950	61295007
2.SAVINGS					
1.Savings for pensions and similar obligations	560				
2.Savings for anticipated taxes	570				
3.Other savings	580	2079000	2958150	12012045	17901706
section 2. total amount:	590	2791560	3972032	12012045	17901706
3.CREDITORS					0
I.Long-term debts.					0
1.Loans against bonds(obligations)	600				
2.Conventible in to shares	610				
3.Loans from credit institutions	620				0
4.Other loans	630			20970	31252
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 divvy	720				
14.Unpaid divvy for previous years	730				
I.TOTAL:	740	0	0	20970	31252
II.Short-term debts.					0
1.Loans against bonds(obligations)	750				
2.Conventible in to shares	760				
3.Loans from credit institutions	770	4304098	6124180	3904489	5818911
4.Other loans	780	6785	9654	7675	11438
5.Advance payments received from buyers	790	623806	887596	753265	1122601
6.Debts to suppliers and contractors	800	30148355	42897244	28297176	42171648
7.Payable bills of exchange	810				
8.Debts to related enterprises	820	86838	123559	44268	65973
9.Debts to associated enterprises	830	18231	25940	20003	29811
10.Taxes and social insurance payments	840	558610	794830	582319	867838
11.Other creditors	850	734272	1044775	696479	1037972
12.Future periods income	860	122118	173758	243571	362997
13.Review year divvy	870				
14.Unpaid divvy for previous years	880				
II.TOTAL:	890	36603113	52081538	34549245	51489188
Section 3. total amount:	900	36603113	52081538	34570215	51520440
B A L A N C E	910	94197607	134031120	87711210	130717154

Chairman of Board

V.Terentjev

Joint Stock Company "Liepajas metalurgs"

STATEMENT OF CASH FLOW (LVL) BY DIRECT METHOD
for 9 Month of the year 2005

	Accounting period	2005 g 9 m	2004 g 9 m	
	LVL	EUR	LVL	EUR
OPERATING CASH FLOW				
Paid in by buyers and customers	106917678	152130150	153756963	229145996
Cash received from the other economic activities	32286645	45939757	3403441	5072192
Cash paid to suppliers and employees	-133898180	-190519946	-134377031	-200263832
<i>Cash received from the basic activity</i>	5306143	7549961	22783373	33954356
Paid interest	-188722	-268527	-8118	-12098
Paid enterprise's incom tax	-141853	-201839	0	0
Paid other taxes	-4402567	-6264288	-2199210	-3277511
<i>Cash flow before extraordinary items</i>	573001	815307	20576045	30664747
Received insurance indemnity for flood damages				
<i>Net cash from economic activity</i>	573001	815307	20576045	30664747
INVESTMENT CASH FLOW				
Acquisition of subsidiary company in net cash				
Acquisition of fixed assets	-9797125	-13940053	-5066633	-7550869
Sale of fixed assets	211633	301127		
Received interest	30428	43295	25871	38556
<i>Net cash from investment operations</i>	-9555064	-13595631	-5051747	-7528684
FINANCING CASH FLOW				
Issue of shares				
Long term loans				
Paid liabilities for financial leasing	-13216	-18805	-110476	-164644
Loans to factory's scholars	-6700	-9533		
Paid dividends				
<i>Net cash from financial activities</i>	-19916	-28338	-144341	-215113
Result of foreign exchange fluctuations	5700	8110		
Net growth of cashs and it's equivalent	-8996279	-12800552	15379957	22920949
Cash and it's equivalent at the beginning of accounting period	13623498	19384491	1815507	2705674
Cash and it's equivalent at the end of accounting period	4627219	6583939	10399048	15497836

Joint-Stock Company "Liepajas Metalurgs"

DEBTORS

DEBTORS	Amount at 30.09.2005.		Amount at 30.09.2004.	
	LVL	EUR	LVL	EUR
Total Buyers and Customers debts	2464760	3507038	1951819	2908821
Incl. Debts of buyers and customers	1783522	2537723	1436833	2141331
Incl. Debts of the allied enterprises	651222	926605	481871	718139
Incl. Debts of the associated enterprises	30016	42709	33115	49352
		0		
Other debtors	2838322	4038568	2486289	3705349
Incl. Accounted & not paid VAT	56268	80062	761430	1134769
Incl. Advance Settlements	17618	25068	12098	18030
Incl. VAT overpayment to the Budget	1519643	2162257	1704819	2540714
Incl. Debt for caused damages to the enterprise	0	0	0	
Incl. Various debtors	34333	48851	7246	10799
Incl. Overpaid salaries	381	542	696	1037
Incl. Overpaid taxes	1154764	1643081	0	0
Incl. security sum in auction	55315	78706	0	0
Incl. other taxes	0	0		
Short-term loans to employees	0	0	0	0
Future periods payments	73645	104787	11133	16592
Incl. Press expenses	5591	7955	4138	6167
Incl. Other	14721	20946	4140	6170
Incl. Property insurance	53333	75886	2854	4253
				0
Total Debtors:	5376727	7650393	4449241	6630762

Joint-Stock Company "Liepajas Metalurgs"

DEBTS TO CREDITORS

CREDITORS	Amount at 30.09.2005.		Amount at 30.09.2004.	
	LVL	EUR	LVL	EUR
Long-term borrowings from credit institutions				
Long-term "Hahza leasing"			20970	31252
Borrowings from credit institutions	3032199	4314430	3904489	5818911
Letter of credit (L/C)	1271899	1809749	0	
Short term debt to "Hanza leasing"	6785	9654	7675	11438
Advance payments	623806	887596	753265	1122601
Debts to suppliers and contractors	30148355	42897244	28297176	42171648
Incl. Materials and gas	3296219	4690097	3019995	4500738
Incl. Services	984997	1401524	837265	1247787
Incl. Scrap, various services related to scrap delivery, processing	2492415	3546387	3146757	4689653
Incl. Capital assets	882462	1255630	98481	146768
Incl. for Deducal department creditors	1716	2442	1511	2252
Incl. Settlements with enterprises and other business partners - non-residents	22464890	31964659	21193150	31584426
Incl. Other Creditors	25656	36505	17	25
Debts to allied enterprises	86838	123559	44268	65973
Debts to associated enterprises	18231	25940	20003	29811
				0
Taxes and social insurance payments	558610	794830	582319	867838
Incl. State tax	1013	1441	1014	1511
Incl. Residents' Income tax	271484	386287	267130	398107
Incl. Real estate tax	0		19111	28481
Incl. Social tax	259586	369358	279458	416480
Incl. Land tax	2500	3557	2000	2981
Incl. Nature resources tax	24027	34187	13606	20277
Incl. Enterprise's Income tax				
Other creditors	734272	1044775	696479	1037972
Incl. Payments for salaries	681739	970027	670084	998635
Incl. Deductions from salaries	52533	74748	26395	39337
Future periods incomes	122118	173758	243571	362997
Total Creditors:	36603113	52081538	34570215	51520440

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
As at 01.01.2004	16981033	15318300	346579	1379453	2463469	0	36488834
Profit of year 2003 for previous year							0
Profit counted in reserves				2463469	-2463469	0	0
Undistributed profit of the review period					4468263		4468263
Income participation in realited companies				-54024			-54024
Written-off revaluation reserve		-417457					-417457
Increase of revaluation reserve		11844429					11844429
As at 31.12.2004	16981033	26745272	346579	3788898	4468263	0	52330045
Profit of year 2004 for previous year							
Profit counted in reserves				4468263	-4468263		0
Undistributed profit of the review period					1377559		1377559
Increase of revaluation reserve							
Written-off revaluation reserve		-983670					-983670
As at 30.09.2005	16981033	25761602	346579	8257161	1377559	0	52723934

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
As at 01.01.2004	25194411	22727448	514212	2046666	3654998	0	54137735
Profit counted in reserves				3465816	-3465816	0	0
Undistributed profit of the review period					6355993		6355993
Income of participation in realited companies				-76848			-76848
Exchange rate difference	-1039314	-937547	-21212	-46021	-189182		-2233276
Written-off revaluation reserve		-593822					-593822
Increase of revaluation reserve		16848405					16848405
As at 31.12.2004	24155097	38044484	493000	5389613	6355993	0	74438187
Profit of year 2004 for previos year							0
Profit counted in reserves				6357765	-6357765		0
Undistributed profit of the review period					1960090		1875043
Increase of revaluation reserve							0
Exchange rate difference	6736	10609	137	1504	1772		20758
Written-off revaluation reserve		-1399636					-1399636
As at 30.09.2005	24161833	36655457	493137	11748882	1960090	0	75019399

Net turnover by products
For 9 month of the year 2005

Kind of production	2005 g 9 month		2004 g 9 month	
	LVL	EUR	LVL	EUR
Rolled steel	100379709	142827458	99491645	148273689
Wire	4206743	5985656	3117878	4646614
Nails	1217130	1731820	1607535	2395730
Consumer goods	12351	17574	10623	15832
Castings	1490254	2120440	1189372	1772537
services	212408	302229	393563	586532
Sold steam, gCal	10634	15131	11224	16727
Medical department	365763	520434	269592	401776
Transport services	300718	427883	72795	108487
Store products	0	0	4949	7376
Flinders	117729	167513	19539	29119
TOTAL	108313439	154116139	106188715	158254419

Production costs of sold produce
for 9 month of the year 2005

Costs	9 month of year 2005		9 month of year 2004	
	LVL	EUR	LVL	EUR
Materials	73150421	104083672	63020210	93919836
Salaries	6662964	9480544	5873777	8753766
Social deduction	1576319	2242900	1391377	2073587
Energy resources	8085616	11504795	7215164	10752852
Amortization	3386584	4818675	2799417	4172007
Other costs	3777946	5375533	3016038	4494841
Total	96639850	137506118	83315983	124166890

Sales costs

For the 9 month of year 2005

Costs	2005.g. 9 month		2004.g.9 month	
	LVL	EUR	LVL	EUR
Wrapping materials	136216	193818	129414	192867
Fee for transport	704026	1001739	536782	799973
Fee for ship freightage	510193	725939	128887	192082
Production reloading in port	1367629	1945961	1212254	1806638
Advertisement and others costs of marketing	40441	57542	46477	69265
Other sales costs	166903	237482	127225	189605
Costs involving with transactions of L/C and factoring	38921	55380	0	0
Total	2964329	4217860	2181039	3250431

Management costs
For 9 month of the year 2005

Costs	9 month of year 2005		9 month of year 2004	
	LVL	EUR	LVL	EUR
Salaries and social costs of managenet	3666069	5216346	2302027	3430741
Costs of phone calls, internet postal and other communication services	103935	147886	228196	340083
Stationery and other costs of office and management upkeeping	773332	1100352	515289	767942
Costs of lawyer and audit	228403	324988	142700	212668
Costs of presentations	72065	102539	48213	71852.5
Wear and tear of fixed assets	341347	485693	239104	356340
Business trips of management	108301	154098	96997	144556
Drilling of management	8278	11779	9257	13796
Costs for Bank account services	23299	33151	20714	30870
Costs regarding with stockholders	11844	16852	9910	14769
Total	5336873	7593686	3612407	5383617

Other income from economical activity
For 9 month of the year 2005

Income	9 month of year 2005		9 month of year 2004	
	LVL	EUR	LVL	EUR
From:realization of current assets	2582470	3674524	1212024	1806295
transit transport	1110882	1580643	652479	972398
selling of fixed assets and elimination	492686	701029	19149	28538
rise of exchange rate	1225102	1743163	1646404	2453657
incoming surcharges	6861	9762.323	5279	7867
written-off revaluation reserve of fixed assets	983670	1399636	14995	22347
recovered amount from unsettled debtors	1385399	1971245	1430	2131
other income from economical activity	369474	525714	205905	306863
Total	8156544	11605717	3757665	5600097

Joint Stock Company "Liepajas metalurgs"

Other costs of economical activity
for 9 month of the year 2005

Costs	9 month of year 2005		9 month of year 2004	
	LVL	EUR	LVL	EUR
Costs of current assets selling	2348040	3340960	963375	1435730
Costs of transit services	1421629	2022796	715575	1066431
Costs of fixed assets selling	761856	1084023	173654	258799
Costs of exchange rate decline	2711095	3857541	1859016	2770516
Costs of reserve establishment	1100000	1565159	10934254	16295461
Compensation of damage and other allowances	170452	242531	242654	361630
Other expenses	451841	642912	193231	287975
Costs of infrastructure		0	0	
Total	8964913	12755922	15081759	22476541

Extraordinary costs (expenses uncommitted with economical activity)
for 9 month of year 2005

Costs	9 month of year 2005		9 month of year 2004	
	LVL	EUR	LVL	EUR
Payed surcharges	40	57	10336	15404
Costs of sponsorship and other	379541	540038	256075	381632
Total	379581	540095	266411	397036