

Joint-Stock Company

"Liepājas metalurģs "

Reg.nr. 40003014197

**Consolidated
FINANCIAL STATEMENTS**

For 9 months of the year 2006

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The company income (turnover) in the 9 months of this year was 153,4 million LVL (218,3 million EUR), and the profit in this period was 6,6 million LVL (9,4 million EUR).

The volume of the rolled production and amount of freightage and forwarder services has increased in the year of 2006.

In the reporting period the company invested in the further development of the steel production, building of warehouses, construction of a new weighbridge, and in building of a new rail runway. Also, the investments were made in the improvement of the freight area.

The company invested some resources in the development of kids sports in Liepaja.

JSC “Liepājas Metalurgs”
Chairman of the Board

V.Terentjev

Joint-Stock Company "Liepājas metalurģs"
Management statement of the report for 9 months
of the year 2006.

Net turnover (net revenue) from main business activities in the 9 months of the year 2006 reached 144,8 million LVL (206,0 million EUR), during the same period in the last year the net turnover was 108,3 million LVL (154,0 million EUR). The company's profit from business activities in the 9 months of the year 2006 was 6,49 million LVL (9,2 million EUR), it is 5,11 million LVL (7,3 million EUR) more than in the same period of the previous year. The profit growth can be explained by the production increase, which compared to the 9 months of the year 2005 rose by 6,2% and compared to the 9 months of the year 2005 the price for the sold product increased by 26,8%, combined with a lesser increase of raw material prices of 19,0%. In the review period the raw material purchase market has not changed, but the sale of finished goods increased in domestic market, in the Baltic states region, and Russia.

The company invested in its development 8 million LVL (11,4 million EUR) during the review period. The work has been continuing in the Meltshop to master the new Continuous Casting Machine. There has been an active ongoing work regarding the modernization of the Meltshop and the financing of this program. The Pre-Engineering project which includes the Meltshop modernization and the new Rolling Mill, and which Siemens VAI has been conducting upon receiving an order from the JSC "Liepājas metalurģs", is in its final closing stage. A project presentation is scheduled this December for the JSC "Liepājas metalurģs" specialists and its business partners. The project includes two new meltshop components – 100 t Electric Arc Furnace (EAF) and 100 t Ladle Furnace (LF) commission to replace outdated Open Heart Furnaces (OHF or Marten Furnaces).

In the production of the finished goods specter – a planned construction of the new Rolling Mill with a capacity of 400 000 tons per year.

To improve the working conditions for the employees and to reduce the heavy manual work, a new automated bundling and discharging (packing) line is being built in the existing rolling mill.

According to the Board meeting minutes No.10 dated June 30, 2006, the company's hardware shop was closed. This decision was approved taking into consideration the presence of the morally and physically outdated technology combined with an unprofitable market demand.

PROFIT AND LOSS STATEMENT (consolidated)

FOR 9 MONTHS OF THE YEAR 2006

No.	Parameter designation	Line Code	At the end of the report period LVL	At the end of the report period EUR	9 months 2005 LVL	9 months 2005 EUR
1	2	3	4		5	6
1	Net turnover	010	153431474	218313319	115013165	163648990
2	Cost of sales	020	-133796307	-190374994	-105229640	-149728288
3	Gross profit or loss (from turnover)	030	19635167	27938326	9783525	13920702
4	Sales expenses	040	-2397147	-3410833	-1632639	-2323036
5	Administration expenses	050	-6127085	-8718057	-5468112	-7780422
6	Other operating income	060	3359382	4779970	8420204	11980871
7	Other operating expenses	070	-5104329	-7262806	-8372055	-11912361
8	Incomes from participation in affiliated enterprises	080	0	0	0	0
9	Income from financial assets and marketable securities	090	0	0	0	0
10	Interest and other income	100	28145	40047	103726	147589
11	Long-term financial investments and short-term securities value	110		0	-141863	-201853
12	Interest payments and similar expenses	120	-382903	-544822	-214082	-304611
13	Profit or loss prior to extraordinary items and taxes	130	9011230	12821825	2478704	3526878
14	Extraordinary income	140	0	0	0	0
15	Extraordinary expenses	150	-897265	-1276693	-285095	-405654
16	Profit or loss prior to taxes	160	8113965	11545132	2193609	3121224
17	Income tax for the report period	170	-1260133	-1793008	-300292	-427277
18	Other taxes	180	-265247	-377412	-301908	-429576
19	Profit or loss after taxes of the report period	190	6588585	9374712	1591409	2264371

Chairman of Board

V. Terentjev

BALANCE SHEET (Consolidated)

FOR 9 MONTHS OF THE YEAR 2006

ASSETS	Line Code	2006, LVL	2006, EUR	9 months 2005, LVL	9months 2005, EUR
I. LONG-TERM INVESTMENTS					
I. Non-material investments					
1. Research and development	10				
2. Concessions, patents, licenses, trade marks and similar rights	20				0
3. Other non-material investments	21	74392	105850	105652	150329
4. Non-material value of the enterprise	30				
5. Advance payments for non-material investments	40				
I.TOTAL:	50	74392	105850	105652	150329
II. Fixed assets					
1. Land, buildings and constructions, and long-term sites	60	32544512	46306669	28163155	40072559
2. Long-term investments in rented capital assets	70	5003508	7119350	4994344	7106311
3. Technological equipment and machinery	80	20717702	29478634	13651957	19424985
4. Other capital assets and inventory	90	1865666	2654604	2374410	3378481
5. Capital assets formation and payments for uncompleted construction objects	100	5316540	7564755	11913648	16951594
6. Advance payments for capital assets	110	1104037	1570903	3128653	4451672
II. TOTAL:	120	66551965	94694915	64226167	91385603
III. Long-term financial investments					
1. Investments in the related enterprises	130	628500	894275	2000	2846
2. Loans to the related enterprises	140		0	20000	28457
3. Participation in the associated enterprises capital	150	566323	805805	604760	860496
4. Loans to the associated enterprises	160		0		0
5. Other securities and investments	170		0		0
6. Other loans	180	161614	229956	470925	670066
7. Own shares and interests	190		0		0
8. Loans to joint owners of the enterprise and management	200		0		0
III. TOTAL:	210	1356437	1930036	1097685	1561865
Section 1 total amount:	220	67982794	96730801	65429504	93097797
2. CURRENT ASSETS					
I. Inventory (stock)					
1. Raw materials, basic and auxiliary materials	230	10797472	15363419	8765366	12471992
2. Unfinished products, Work in Process	240	2066122	2939827	535156	761458
3. Finished products and goods for sales	250	6360803	9050607	10055403	14307549
4. Incompleted orders	260	1850	2632		0
5. Advance payments for goods	270	2258660	3213784	2379229	3385338
6. Labour animals and productive animals	280		0		0
I. TOTAL:	290	21484907	30570269	21735154	30926338
II. Debtors (account receivables)					
1. Buyers and Customers debts	300	14807513	21069193	2260639	3216600
2. Related enterprises debts	310		0		0
3. Associated enterprises debts	320	34001	48379	30016	42709
4. Other debtors (account receivable)	330	2696702	3837061	2874454	4089980
5. Unpaid shares of the company capital	340		0		0
6. Short-term loans to joint owners of the enterprise and management	350	600	854		0
7. Future periods payments	360	124872	177677	105285	149807
II.TOTAL:	370	17663688	25133164	5270394	7499095
III. Securities and participation in capitals			0		0
1. Participation in the related enterprises capital	380		0		0
2. Own shares and interests	390		0		0
3. Other securities and participation in capitals	400		0	3256	4633
III. TOTAL:	410		0	3256	4633
IV. Cash		2270730	3230958	4745989	6752934
IV. TOTAL:	420	2270730	3230958	4745989	6752934
Section 2 total amount	430	41419325	58934390	31754793	45183000
TOTAL ASSETS	440	109402119	155665191	97184297	138280797

LIABILITIES AND SHAREHOLDERS' EQUITY	Line Code				
1. SHAREHOLDERS' EQUITY					
1. Share capital (fixed capital)	450	16981033	24161833	16981033	24161833
2. Share issue extra charge	460		0		0
3. Long-term investments revaluation reserve	470	25852595	36784929	25761602	36655457
4. Reserves: a) reserves stipulated by law	480		0		0
4. Reserves: b) reserves for own shares	490		0		0
4. Reserves: c) reserves stipulated in the company statutes	500	346579	493137	346579	493137
4. Reserves: d) other reserves	510	12145148	17280989	8257161	11748882
4. TOTAL:	520	12491727	17774126	8603740	12242019
5. Undistributed profit a) undistributed profit from the previous years	530	192653	274121	397993	566293
5. Undistributed profit b) undistributed profit of the report year	540	6339994	9020999	1523193	2167308
5. Undistributed profit c) Minority shareholders		24857	35368	68216	97063
5. Undistributed profit b+c undistributed profit of the report year		6588581	9374706	1591409	2264371
section 1. total amount:	550	62106589	88369715	53335777	75889974
Minority shareholders		325934	463762	418343	595248
2. SAVINGS					
1. Savings for pensions and similar obligations	560		0		0
2. Savings for anticipated taxes	570		0	2079000	2958150
3. Other savings	580	2974719	4232644	2791560	3972032
section 2. total amount:	590	2974719	4232644	4870560	6930183
3. LIABILITIES					
I. Long-term debt					
1. Loans against bonds (obligations)	600		0		0
2. Loans convertible into shares	610		0		0
3. Loans from credit institutions	620	879777	1251810	832486	1184521
4. Other loans	630	360148	512444	222213	316181
5. Advance payments received from buyers	640		0		0
6. Debts to suppliers and contractors	650	23053	32801	23053	32801
7. Payable bills of exchange	660		0		0
8. Related enterprises trade account payable	670		0		0
9. Associated enterprises trade account payable	680		0		0
10. Taxes and social insurance payments	690		0		0
11. Other liabilities	700		0		0
12. Deferred income	710		0		0
13. Review year dividends	720		0		0
14. Unpaid dividends for previous years	730		0		0
I. TOTAL:	740	1262978	1797056	1077752	1533503
II. Current liabilities					
1. Loans against bonds (obligations)	750		0		0
2. Share revaluation loans	760		0		0
3. Loans from credit institutions	770	6647164	9458062	4736415	6739311
4. Other loans	780	5521090	7855803	4441	6319
5. Advance payments received from buyers	790	3184501	4531137	625001	889296
6. Suppliers and contractors trade account payable	800	21686650	30857323	30558425	43480722
7. Accrued liabilities	810	3237773	4606936		0
8. Related enterprises trade account payable	820		0		0
9. Associated enterprises trade account payable	830	32613	46404	18231	25940
10. Taxes and social insurance payments	840	1454078	2068967	620928	883501
11. Other liabilities	850	952884	1355832	781160	1111491
12. Deferred income	860		0	122118	173758
13. Review year dividends	870	15146	21551	15146	21551
14. Unpaid dividends for previous years	880		0		0
II. TOTAL:	890	42731899	60802015	37481865	53331889
Section 3. total amount:	900	43994877	62599070	38559617	54865392
TOTAL LIABILITIES AND EQUITY	910	109402119	155665191	97184297	138280797

Chairman of Board

V. Terentjev

JSC " Liepājas metalurģs "

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, LVL

	Fixed capital	Revaluation reserve of long-term investments	Reserves stated by Statute	Other reserves	Undistributed profit of the report year	Undistributed profit of the previous years	Equity capital TOTAL
	LVL	LVL	LVL	LVL	LVL	LVL	LVL
As of 1,01.2005	16981033	26817656	376613	3788898	4796942	-102315	52658827
Profit in reserves				4168612	-4796942	525404	-102926
Undistributed profit of the review period					4015743		4015743
Previous years profit			-30034	30034			0
Minority shareholders						-10596	-10596
Increase of revaluation reserve							
Written-off revaluation reserve		-671814					-671814
As of 31.12.2005	16981033	26145842	346579	7987544	4015743	412493	55889234
Profit in reserves				4157604	-4015743	-141861	0
Undistributed profit of the review period					6339994		6339994
Minority shareholders					248587	-77979	170608
Increased Equity							
Increase of revaluation reserve							
Written-off revaluation reserve		-293247					-293247
As of 30.09.06	16981033	25852595	346579	12145148	6588581	192653	62106589

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, EUR

	Fixed capital	Revaluation reserve of long-term investments	Reserves stated by Statute	Other reserves	Undistributed profit of the report year	Undistributed profit of the previous years	Equity capital TOTAL
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
As of 01.01.2005	24155097	38147448	535723	5389613	6823531	-145540	74905872
Profit in reserves				5931401	-6825434	747583	-146450
Previous years profit			-42735	42735			0
Undistributed profit of the review period					5713888		5713888
Minority shareholders						-15077	-15077
Currency exchange rate fluctuation	6736	10639	149	1502	1903	-41	20888
Increase of revaluation reserve							
Written-off revaluation reserve		-955905					-955905
As of 31.12.2005	24161833	37202182	493137	11365251	5713888	586925	79523216
Profit in reserves				5915738	-5713888	-201850	0
Undistributed profit of the review period					9020999		9020999
Minority shareholders					353707	-110954	242753
Increase of revaluation reserve							0
Currency exchange rate fluctuation							
Written-off revaluation reserve		-417253					-417253
As of 30.09.2006	24161833	36784929	493137	17280989	9374706	274121	88369715

JSC "Liepājas metalurģs"

**STATEMENT OF CASH FLOW BY DIRECT METHOD (consolidated)
for 9 Months of the year 2006**

	Report period		9 month of the year 2005	
	LVL	EUR	LVL	EUR
OPERATING CASH FLOW				
Cash received from buyers	161632979	229983009	118509456	168623764
Cash received from other business activities	686591	976931	395616	562911
VAT overpayment received	8021657	11413790	4552274	6477302
Cash paid to suppliers and employees	-148850549	-211795250	-121365622	-172687722
<i>Cash received from the core business activity</i>	<i>21490678</i>	<i>30578480</i>	<i>2091724</i>	<i>2976255</i>
Paid interests (expense)	-514978	-732748	-249939	-355631
Paid enterprise's income tax	-33546	-47732	-171218	-243621
Paid other taxes	-7044643	-10023624	-4911082	-6987840
<i>Net cash flow from the core business activity</i>	13897511	19774377	-3240515	-4610837
CASH FLOW FROM INVESTMENT ACTIVITIES				
Acquisition of subsidiary company in net cash	0	0	0	0
Purchase of fixed assets	-8432369	-11998180	-6812083	-9692721
Sale of fixed assets	55310	78699	21683	30852
Long-term credit to students of JSC "LM" and other loans	-6558	-9331	-3458	-4920
Other loans	-140000	-199202	0	0
Investments in allied companies	-22500	-32015	-123176	-175264
		0		0
<i>Net cash flow from investment operations</i>	-8546117	-12160029	-6917034	-9842053
CASH FLOW FROM FINANCING ACTIVITIES				
Short term borrowings, net value (credit line)	-4030534	-5734933	-574637	-817635
Long term borrowings	113854	162000	1295298,00	1843043
Paid liabilities for financial leasing	-37543	-53419	-22015	-31325
Loans to associated companies	-700000	-996010	-320000	-455319
Repayment of loans and received interests	-335495	-477366	-46572	-66266
Other investments (sponsorship)	366760	521852	339958	483717
Subsidies	42890	61027	121222	172483
<i>Net cash flow from financing activities</i>	-4580068	-6516850	793254	1128699
Result of foreign currency fluctuations exchange	-137913	-196233	-42531	-60516
Net growth of cash and its equivalents	633413	901266	-9406826	-13384708
Cash and its equivalents at the beginning of accounting period	1637317	2329692	14152815	20137642
Cash and its equivalents at the end of accounting period	2270730	3230958	4745989	6752934

ADDENDUM TO JSC "LIEPAJAS METALURGS" CONSOLIDATED REPORT OF 9 MONTHS OF THE YEAR 2006

JSC "Liepajas metalurgs" was entered in the Commercial Register of the Republic of Latvia on August 7, 2003 under the unified register No.40003014197. Joint Stock Company Liepajas metalurgs is a public joint stock company. The main activities of the company are production of steel, rolled products and hardware, commerce and mediatory activity, transport services, medical services and other kind of entrepreneurship that is not prohibited by the laws in force.

JSC "Liepajas metalurgs" owns stocks of several companies. In the year of 2006 JSC "Liepajas metalurgs" purchased additional stocks of several companies and at the same time the JSC "Loepajas metalurgs" is not registered as a holding company

Companies involved in the 9 month consolidation

LSEZ LSC "Liepaja's Port LM"	number of shares - 89%
Non-profit Ltd. "Football Hockey Club Liepajas metalurgs"	number of shares - 95%
Non-profit organization Ltd. "Olimpic Center Ice-Hockey Hall Liepajas metalurgs"	number of shares - 90%

In the consolidation there are not included companies purchased during the year 2006 which financial results do not have a vital importance for the consolidated report.

Ltd. "Metalurgs and Duna"	number of shares - 50%
Ltd. "Rukis LM"	number of shares - 100%
Ltd. "SMA LM Mineral"	number of shares - 50%
JSC "Satini LM"	number of shares - 100%

In the consolidation there are not included the associated companies

Ltd. "Elme-Messer-Metalurgs"	number of shares - 49%
it is the subsidiary company to other company	
JSC "Liepajas tranzita ekspresis"	number of shares - 24%
at present this company has not take any economic activity	

Minority shareholders

Minority shareholders of the companies involved in the consolidation are:

5% shares of non-profit organization Ltd. "Football Hockey Club Liepajas metalurgs" belongs to Ltd. "Perle LM".

5% shares of non-profit organization Ltd. "Olympic Center Ice-Hockey Hall Liepajas metalurgs" belongs to Liepaja City Council; 5% - to Latvian Olympic committee.

11,01% shares of LSEZ JSC "Liepajas Port LM" belongs to a physical person.

9 months report is prepared in accordance with the law "On Accounting" and the law "On the annual reports of enterprises", and law "On the consolidated annual reports", as well as with the standards Nr.1-Nr.7 of Latvia's book-keeping.

The recalculation of the results of Financial report are made using the currency exchange rate EUR 0,702804 stated by the Bank of Latvia.

The ratio "earnings per share" of JSC "Liepajas metalurgs" in the 9 months of the year 2006 is 0,387996.

JSC "Liepājas metalurģs"

Consolidated
DEBTORS (Accounts Receivables)

DEBTORS	As of 1.10.2006.		As of 1.10.2005	
	LVL	EUR	LVL	EUR
Customers and affiliated companies' debts	14841514	21117572	2290655	3259308
Incl. Debts of buyers and customers	9932490	14132660	2260639	3216600
Incl. Debts of allied enterprises	0	0	0	0
Incl. Debts of associated enterprises	34001	48379	30016	42709
Incl. Debts of buyers with factoring activities	4875023	6936533	0	0
Other debtors	2696702	3837061	2874454	4089980
Incl. Provision for VAT and unpaid VAT	528099	751417	58358	83036
Incl. Advance payments	33653	47884	21940	31218
Incl. VAT budget overpayments	1986301	2826252	1519819	2162508
Incl. Debt for caused damages to the enterprise	0	0	0	0
Incl. Various debtors	119263	169696	34363	48894
Incl. Overpaid salaries	245	349	381	542
Incl. Advance payment of enterprise income tax	29141	41464	1184278	1685076
Incl. Security amounts in auction	0	0	55315	78706
Incl. Other overpaid taxes	0	0	0	0
Short-term loans to employees	600	854	0	0
Future periods payments	124872	177677	105285	149807
Incl. Press expenses	4013	5710	5608	7979
Incl. Miscellaneous	30327	43151	46344	65942
Incl. Property insurance	0	0	53333	75886
Incl. Payment for ships freightage services	90532	128815	0	0
Total Debtors:	17663688	25133164	5270394	7499095

Consolidated

DEBTS TO CREDITORS (Liabilities)

CREDITORS	As of 1.10.2006.		As of 1.10.2005.	
	LVL	EUR	LVL	EUR
Long- term creditors	879777	1251810	832486	1184521
Other long-term borrowings (non-resident legal entity)	360148	512444	222213	316181
Long- term debt to suppliers and contractors	23053	32801	23053	32801
Short-term borrowings from credit institutions	3492254	4969030	288291	410201
Borrowings from credit institutions(credit line) and credits	1595366	2270001	3176225	4519361
	1559544	2219031	1271899	1809749
Short term debt to "Hanza leasing"	0	0	4441	6319
Advance payments	3184501	4531137	625001	889296
Other borrowings (factoring)	5521090	7855803	0	0
Debts to suppliers and contractors	21686650	30857323	30558425	43480722
Incl. Materials and gas	3266640	4648010	3310412	4710292
Incl. Services	1624108	2310897	1360279	1935503
Incl. Scrap, various services related to scrap delivery, processing	2535040	3607037	2492415	3546387
Incl. Fixed assets	135112	192247	882462	1255630
Incl. Medical department creditors	2259	3214	1716	2442
Incl. Settlements with enterprises and other business partners - non-residents	14037440	19973478	22464890	31964659
Incl.Other Creditors	86051	122440	46251	65809
Debts to related enterprises	0	0	0	0
Debts to associated enterprises	32613	46404	18231	25940
Taxes and social insurance payments	1454078	2068967	620928	883501
Incl. State tax	760	1081	1050	1494
Incl. Residents' Income tax	347919	495044	297711	423605
Incl. Real estate tax	0	0	2500	3557
Incl. Social tax	353290	502686	292924	416793
Incl.Packing tax	3535	5030	0	0
Incl. Nature resources tax	18940	26949	24027	34187
Incl. Enterprise's Income tax	728762	1036935	49	70
Incl.Value added tax	872	1241	2667	3795
Other creditors (liabilities)	952884	1355832	781160	1111491
Incl. Payments for salaries	915459	1302581	728032	1035896
Incl. Deductions from salaries	37425	53251	53128	75594
Deferred Income	0	0	122118	173758
Accrued liabilities	3237773	4606936		0
Incl. Deferred tax	932333	1326590	0	0
Incl. Tax savings for unused vacations	2305440	3280346	0	0
Unpaid Dividends	15146	21551	15146	21551
Total Creditors:	43994877	62599070	38559617	54865392

JSC " Liepājas metalurģs "

**Net turnover (revenue) by products
for 9 months of the year 2006
from consolidated Profit and Loss Statement**

Product Description	For 9 months of year 2006		For 9 months of year 2005	
	LVL	EUR	LVL	EUR
Rolled steel	140729093	200239459	100379709	142827458
Wire	1167936	1661823	4205392	5983734
Nails	305234	434309	1217130	1731820
Consumer goods	8176	11633	12351	17574
Castings	1634015	2324994	1490254	2120440
Services	154902	220406	509585	725074
Sold steam, gCal	10586	15063	10634	15131
Medical department	499985	711415	365417	519942
Transportation services	60329	85840	41702	59337
Slag	206605	293972	67644	96249
Stevedoring services	2678274	3810841	2427192	3453583
Broker services	1084750	1543460	985332	1402001
Freightage services	2017725	2870964	1465608	2085372
Forwarder and other services	2685964	3821782	1724313	2453476
Sports	187900	267358	110902	157799
TOTAL	153431474	218313319	115013165	163648990

JSC " Liepājas metalurģs "

**Net turnover by geographic markets
for 9 months of the year 2006**

Market	For 9 months of year 2006		For 9 months of year 2005	
	LVL	EUR	LVL	EUR
Latvia	19873735	28277777	14454843	20567389
Lithuania	7720512	10985299	7920389	11269698
Estonia	4019715	5719539	1874392	2667020
European Union countries	95434432	135790963	66197702	94190844
Russia	4437104	6313430	1411303	2008103
Other third countries	21945976	31226311	23154536	32945937
Total	153431474	218313319	115013165	163648990

JSC "Liepajas metalurgs"

Production costs of sold goods
for 9 months of the year 2006

Cost Description	9 months of	year 2006	9 months	for year 2005
Materials	92389664	131458648	73516783	104604958
Salaries and wages	9112497	12965915	7453774	10605765
Social benefits deductio	2144831	3051820	1762521	2507841
Energy resources	10339198	14711353	8253613	11743833
Depreciation	4318955	6145319	3738744	5319753
Other costs	7536372	10723291	5672113	8070690
Logistics services costs	7954790	11318646	4832092	6875447
Total	133796307	190374994	105229640	149728288

**Sales expenses
for 9 months of the year 2006**

Cost Description	For 9 months of year 2006		For 9 months of year 2005	
	LVL	EUR	LVL	EUR
Packing materials	129322	184009	110406	157094
Transportation costs	617849	879120	683898	973099
Freight	657067	934922	65766	93577
Port handling charges	31534	44869	29405	41840
Advertising and marketing costs	107797	153381	40441	57542
Other sales costs	96708	137603	154684	220096
Costs related to L/C and factoring transactions	247254	351811	38921	55380
Sport complex and teams expenses	509616	725118	509118	724410
Total	2397147	3410833	1632639	2323036

JSC "Liepājas metalurģs"**Administration expenses
for 9 months of the year 2006**

Cost Description	For 9 months of year 2006		For 9 months of year 2005	
	LVL	EUR	LVL	EUR
Salaries and social costs	4240387	6033527	3700821	5265794
Communication costs	147853	210376	147646	210081
Office supplies and office maintenance costs	823365	1171543	780989	1111247
Legal and auditing fees	285764	406606	234616	333828
Presentation costs	88377	125749	72065	102539
Wear and tear of fixed assets	346577	493135	341347	485693
Travel expenses	87866	125022	108301	154098
Management training	12252	17433	9066	12900
Costs of bank account services	70244	99948	40163	57147
Costs related to stockholders	1164	1656	11844	16852
Workers Union funds	16737	23815	12576	17894
Operative leasing	6499	9247	8678	12348
Total	6127085	8718057	5468112	7780422

JSC "Liepājas Metalurģs "

**Other operating income
for 9 months of the year 2006**

Income Description	9 months of year 2006		9 months of year 2005	
	LVL	EUR	LVL	EUR
Sale of current assets	983599	1399535	2549219	3627212
Sale of fixed assets and liquidation	60316	85822	492686	701029
Currency exchange income	767238	1091681	1261102	1794386
Received fines	12697	18066	6861	9762
Written-off revaluation reserve of fixed assets	220863	314260	983670	1399636
Bad debt recovery	85	121	1385399	1971245
Other income from operating activity	149265	212385	383864	546189
Sponsorship income	1113185	1583920	1228381	1747829
Dotation (allowance)	52134	74180	56000	79681
UEFA financing	0		73022	103901
Total	3359382	4779970	8420204	11980871

JSC " Liepājas metalurģs "

**Other operating expenses
for 9 months of the year 2006**

Cost Description	9 months of year 2006		9 months of year 2005	
	LVL	EUR	LVL	EUR
Sales costs of current assets	799930	1138198	2330181	3315549
Costs related to the sale and liquidation of fixed assets	203888	290106	761856	1084023
Currency exchange loss	1060733	1509287	3534343	5028917
Costs of reserve establishment	2400000	3414892	1100000	1565159
Compensation for damage and other allowances	274078	389978	170452	242531
Other costs	351062	499516	463740	659843
Costs of infrastructure maintenance	14638	20828	11483	16339
Total	5104329	7262806	8372055	11912361

JSC " Liepājas metalurģs "

**Extraordinary costs
for 9 months of year 2006**

Cost Description	9 months of year 2006		9 months of year 2005	
	LVL	EUR	LVL	EUR
Paid fines	53441	76040	40	57
Sponsorship and other costs	834531	1187431	285055	405597
Other expenses unrelated to operating activity	9293	13223	0	0
Total	897265	1276693	285095	405654

JSC "Liepajas metalurgs"

Taxes and social security payments (Consolidated)
for 9 months of the year 2006

Tax Description	Balance as of 1,01, 2006		Recorded for 9 mo. 2006		Paid or allocated to a different tax category for 9 mo 2006		Balance as of 1,10,2006	Balance as of 1,10,2006
	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR
	Real estate tax	460	655	238774	339745	239234	340399	0
Land tax		0	26478	37675	26478	37675	0	0
Income tax	308890	439511	2965310	4219256	2926281	4163723	347919	495044
Social security tax	319443	454526	3587535	5104602	3553688	5056442	353290	502686
Business risk duty	1050	1494	6650	9462	6940	9875	760	1081
Enterprise income tax	5463	7773	1264875	1799755	541576	770593	728762	1036935
Nature resources tax	25273	35960	61432	87410	67765	96421	18940	26949 0
Packing tax	682	970	10765	15317	7912	11258	3535	5030
Excise tax		0		0		0	0	0
Value added tax	9542	13577	872	1241	9542	13577	872	1241
TOTAL	670803	954467	8162691	11614463	7379416	10499963	1454078	2068967

**Information on the consolidated year balance for personnel expenses
year 2006 9 monts**

	JSC "Liepajas Metalurgs"	JSC "Port LM"	Ltd. Football - hockey club	Ltd. "Olympic center ice - hockey hall"	TOTAL in the consolidated annual report
1. Average number of employees					
9 mo. 2006	2716	242	101	19	3078
9 mo. 2005	2808	240	97	18	3163
2. Personnel expenses, LVL,(including salaries and wages)					
9 mo. 2006	9644165	757675	181105	39765	10622710
9 mo. 2005	7813511	644209	142741	31703	8632164
3. Average earning LVL					
9 mo. 2006	394,54	347,88	199,23	232,54	287,60
9 mo. 2005	309,18	298,24	163,51	195,70	227,42