

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

**FINANCIAL STATEMENTS**  
(unaudited)

For 12 months of the year 2006

# CONTENT

Management Statement

Profit and Loss Statement

Balance Sheet

Cash Flow Statement

Enclosure to Balance Sheet

Debtors (Account Receivables)

Debts to creditors (Liabilities)

Statement of changes in shareholders' equity

Enclosure to Profit and Loss Statement

Net turnover by products

Net turnover by geographic markets

Production costs of sold goods

Sales expenses

Administration expenses

Other operating income

Other operating expenses

Extraordinary costs

## **Management Statement of the JSC "Liepājas Metalurgs"**

The Net Turnover of JSC "Liepājas metalurgs" in the year 2006 was 192.2 million LVL (approx. EUR 273.48 mill.), while the Net Turnover in the year of 2005 was 154.3 million LVL (approx. EUR 219.55 mill.). The operating activity of the JSC "Liepājas metalurgs" during the report period resulted in a profit of 9.47 mill. LVL (approx. EUR 13.475 mill.), which was 5.31 mill. LVL (approx. EUR 7.56 mill.) more than the previous year. The profit increase is attributed to the kind of the product mix received from the client orders, which combined together with the production volume increase of 3.9% when compared to the prior year production volume. These factors, compared to the level in the previous year, combined together with the 27.8% price increase for the sold product while the material prices rose only by 20.6%. The input materials market origins have not changed. In recent years, it has been the United Kingdom that has had the largest sales market for "Liepājas metalurgs". However, in comparison to the previous report period, the 2006 product sales on the local market have increased and the Baltic region accounted for 19.2% from the total sales, while sales in Russia achieved 7.15%.

The Company invested 10.2 mill. LVL (approx. EUR 14.5 mill.) in its development during the report phase. The work continued in the meltshop in connection with mastering the skills on the new Continuous Casting Machine (CCM). The activities had also started regarding the steel melting production practice and related to its modernization program coordination and financing. Siemens/VAI has performed the Pre-Engineering project, covering the meltshop modernization along with the new rolling mill, upon the order received from the JSC "Liepājas metalurgs". This project indeed is in the closing stage. The project presentation was held last December for the JSC "Liepājas metalurgs" specialists and partners. The modernization envisages the installation of the two new pieces of equipment in the meltshop to replace the outdated and worn out Siemens-Martin (Open-Heart) furnaces: the 100 t Electric Arc Furnace (EAF) and 100 t Ladle Furnace (LF).

In the sector of the finished goods production – the new Rolling Mill (RM) with a capacity of 400 000 t per year is being designed for its construction.

Mr. Karl Gruber, who is a Siemens/VAI Board Member (Vice Chairman of the Board), and his colleagues visited our city at the end of January. The goal of this visit was to achieve an agreement in respect to the further development of the project – to set the work time schedule and define activities to be performed in order to complete the general layout of the modernization program.

The next working meeting between the modernization project management team of Liepāja's steel plant and Siemens/VAI experts to conduct the last discussions before finalizing the Contract, will be held from February 26 through March 2, 2007.

To improve the working conditions for the personnel and to reduce the heavy manual labor environment, a new automated packing line is being built for the existing rolling mill shop.

Considering the outdated technology and the economically non-feasible market demand, according to the JSC "Liepājas metalurģs" Board protocol Nr. 10 dated June 30, 2006, the company closed down its metal ware shop starting July 1, 2006.

Joint-Stock Company "Liepājas metalurģs"  
Chairman of the Board

/V.Terentjevs/

THE REPUBLIC OF LATVIA

JOINT-STOCK COMPANY

 **LIEPĀJAS METALURĢS**

REGISTRATION NO. 40003014197

93, BRIVIBAS STR., LIEPAJA, LV-3401, TEL. +371 3455921, FAX +371 3455044

### **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 December 31, 2006 as well as the results of its operations and cash flow for the year 2006. 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 management's continuation

In the name of the JSC "Liepājas metalurģs",

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V.Terentjev  
Chairman of the Board  
13-04-2007

## PROFIT AND LOSS STATEMENT

FOR 12 MONTHS OF THE YEAR 2006

unaudited

No.	Parameter designation	Line Code	At the end of the report period, LVL	At the end of the report period, EUR	12 months 2005, LVL	12 months 2005, EUR
1	2	3	4		5	6
1	<b>Net turnover</b>	010	<b>192246290</b>	<b>273541827</b>	154295000	219542006
2	<b>Production costs of sold goods</b>	020	<b>-162663797</b>	<b>-231449731</b>	-136846083	-194714434
3	<b>Gross profit or loss (from turnover)</b>	030	<b>29582493</b>	<b>42092095</b>	17448917	24827572
4	<b>Sales expenses</b>	040	<b>-5986624</b>	<b>-8518199</b>	-4676741	-6654403
5	<b>Administration expenses</b>	050	<b>-7782776</b>	<b>-11073893</b>	-7489352	-10656388
6	<b>Other operating income</b>	060	<b>3179812</b>	<b>4524465</b>	9602723	13663444
7	<b>Other operating expenses</b>	070	<b>-5966013</b>	<b>-8488872</b>	-10959242	-15593597
8	<b>Income from participation in affiliated enterprises</b>	080	<b>0</b>	<b>0</b>	0	0
9	<b>Income from financial assets and marketable securities</b>	090	<b>0</b>	<b>0</b>	0	0
10	<b>Interest and other income</b>	100	<b>204189</b>	<b>290535</b>	214341	304980
11	<b>Long-term financial investments and short-term securities value</b>	110	<b>0</b>	<b>0</b>	0	0
12	<b>Interest payments and similar expenses</b>	120	<b>-454594</b>	<b>-646829</b>	-289226	-411532
13	<b>Profit or loss prior to extraordinary items and taxes</b>	130	<b>12776487</b>	<b>18179303</b>	3851420	5480077
14	<b>Extraordinary incomes</b>	140	<b>0</b>	<b>0</b>	122118	173758
15	<b>Extraordinary expenses</b>	150	<b>-1134343</b>	<b>-1614025</b>	-501262	-713232
16	<b>Profit or loss prior to taxes</b>	160	<b>11642144</b>	<b>16565279</b>	3472276	4940604
17	<b>Income tax for report period</b>	170	<b>-1693450</b>	<b>-2409562</b>	-96251	-136953
17.1	<b>Deferred tax</b>	171	<b>-124800</b>	<b>-177574</b>	1146667	1631560
18	<b>Other taxes</b>	180	<b>-352189</b>	<b>-501120</b>	-365088	-519473
19	<b>Profit or loss after taxes of the report period</b>	190	<b>9471705</b>	<b>13477022</b>	4157604	5915738

*Chairman of Board*

*V.Terentjev*

In the Financial Statements the LVL amounts were converted into EUR by applying the Bank of Latvia exchange rate at EUR 0,702804 (divide)

The calculations of the Debtors (Accounts Receivables) and Creditors (Liabilities) values applied the Bank of Latvia exchange rate of 31 December 2006 (USD 0,536 (divide); EUR 0,702804 (divide)).

The JSC "Liepajas metalurgs" demonstrated profit at the rate of 0,55778 per share (in the unaudited profit statement)

## JSC LIEPĀJAS METALURGS

**BALANCE SHEET (unaudited)**

FOR 12 MONTHS OF THE YEAR 2006

ASSETS	Line Code	2006, LVL	2006, EUR	12 months 2005, LVL	12 months 2005, EUR
<b>I.LONG-TERM INVESTMENTS</b>					
<b>I. Non-material Investments</b>					
1. Research and development	10				
2. Concessions, patents, licenses, trade marks and similar rights	20	300	427	0	
3. Other non-material investments	21	72625	103336	89455	127283
4. Non-material value of the enterprise	30				
5. Advance payments for non-material investments	40				
<b>I. TOTAL:</b>	50	72925	103763	89455	127283
<b>II. Fixed assets</b>					
1. Land, buildings and constructions and long-term sites	60	26731402	38035358	29678574	42228806
2. Long-term investments in rented capital assets	70		0	25811	36726
3. Technological equipment and machinery	80	20371570	28986133	21404538	30455914
4. Other capital assets and inventory	90	2070765	2946433	1853575	2637400
5. Capital assets formation and payments for incompletd construction sites	100	2080147	2959783	1460422	2077993
6. Advance payments for capital assets	110	698621	994048	1079357	1535787
<b>II. TOTAL:</b>	120	51952505	73921755	55502277	78972625
<b>III. Investment property</b>					
1. Investment property	121	3626527	5160083	0	0
<b>III. TOTAL:</b>					
<b>IV. Long-term financial investments</b>					
1. Investments in the related enterprises	130	4930626	7015649	4314626	6139160
2. Loans to the related enterprises	140	3565794	5073668	3582563	5097528
3. Participation in the associated enterprises capital	150	571843	813659	558343	794451
4. Loans to the associated enterprises	160		0		0
5. Other securities and investments	170		0		0
6. Other loans	180	132022	187850	115949	164981
7. Own shares and interests	190		0		0
8. Loans to the company owners and management	200		0		0
<b>IV. TOTAL:</b>	210	9200285	13090826	8571481	12196119
<b>Section 1 total amount:</b>	220	<b>64852242</b>	92276427	<b>64163213</b>	91296027
<b>2. CURRENT ASSETS</b>					
<b>I. Inventories (stocks)</b>					
1. Raw materials, basic and auxiliary materials	230	10999341	15650652	10602962	15086656
2. Unfinished products, Work in Process	240	1179043	1677627	369284	525444
3. Finished products and goods for sales	250	9916935	14110527	6819805	9703708
4. Incompleted orders	260	1128	1605	359	511
5. Advance payments for goods	270	2085516	2967422	2424243	3449387
6. Labour animals and productive animals	280		0		0
<b>I. TOTAL:</b>	290	24181963	34407833	20216653	28765706
<b>II. Debtors (accounts receivables)</b>					
1. Buyers and Customers debts	300	5094821	7249277	1750438	2490649
2. Related enterprises debts	310	1119467	1592858	1280980	1822670
3. Associated enterprises debts	320	36984	52623	32596	46380
4. Other debtors (accounts receivable)	330	1787089	2542799	4046800	5758078
5. Unpaid shares of the company capital	340		0		0
6. Short-term loans to the company owners and management	350		0		0
7. Future periods payments	360	153230	218027	52570	74800
<b>II. TOTAL:</b>	370	8191591	11655584	7163384	10192577
<b>III. Securities and participation in capitals</b>					
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		0
<b>III. TOTAL:</b>	410		0		0
<b>IV. Cash</b>					
		3716089	5287518	1396446	1986964
<b>IV. TOTAL:</b>	420	3716089	5287518	1396446	1986964
<b>Section 2 total amount</b>	430	<b>36089643</b>	51350936	<b>28776483</b>	40945246
<b>TOTAL ASSETS</b>	440	<b>100941885</b>	143627363	<b>92939696</b>	132241274

LIABILITIES AND SHAREHOLDERS' EQUITY	Line Code	2006, LVL	2006, EUR	12 months 2005, LVL	12 months 2005, EUR
<b>1. SHAREHOLDERS'EQUITY EQUITY</b>					
1. Share capital (fixed capital)	450	16981033	<b>24161833</b>	16981033	24161833
2. Share issue extra charge	460		<b>0</b>		0
3. Long-term investments revaluation reserve	470	25570133	<b>36383021</b>	26073458	37099188
4. Reserves: a) reserves stipulated by law	480	346579	<b>493137</b>	346579	493137
4. Reserves: b) reserves for own shares	490		<b>0</b>		0
4. Reserves: c) reserves stipulated in the company statutes	500				
4. Reserves: d) other reserves	510	12145148	<b>17280989</b>	7987544	11365251
4. TOTAL:	520	12491727	<b>17774126</b>	8334123	11858389
5. Undistributed profit a) undistributed profit from the previous years	530		<b>0</b>		0
5. Undistributed profit b) undistributed profit of the report year	540	9471705	<b>13477022</b>	4157604	5915738
section 1 total amount:	550	<b>64514598</b>	<b>91796003</b>	<b>55546218</b>	79035148
<b>2. SAVINGS</b>					
1. Savings for pensions and similar obligations	560		<b>0</b>		0
2. Savings for anticipated taxes	570		<b>0</b>		0
3. Other savings	580	3247402	<b>4620637</b>	1450000	2063164
section 2 total amount:	590	<b>3247402</b>	<b>4620637</b>	<b>1450000</b>	2063164
<b>3. LIABILITIES</b>					
<b>I. Long-term debts.</b>					
1. Loans against bonds (obligations)	600		<b>0</b>		0
2. Loans convertible into shares	610		<b>0</b>		0
3. Loans from credit institutions	620		<b>0</b>		0
4. Other loans	630		<b>0</b>		0
5. Advance payments received from buyers	640		<b>0</b>		0
6. Debts to suppliers and contractors	650		<b>0</b>		0
7. Payable bills of exchange	660		<b>0</b>		0
8. Related enterprises trade account payable	670		<b>0</b>		0
9. Associated enterprises trade account payable	680		<b>0</b>		0
10. Taxes and social insurance payments	690		<b>0</b>		0
11. Other liabilities	700		<b>0</b>		0
12. Deferred income	710		<b>0</b>		0
13. Review year dividends	720		<b>0</b>		0
14. Unpaid dividends for previous years	730		<b>0</b>		0
I. TOTAL:	740	0	<b>0</b>	0	0
<b>II. Current liabilities</b>					
1. Loans against bonds (obligations)	750		<b>0</b>		0
2. Share revaluation loans	760		<b>0</b>		0
3. Loans from credit institutions	770	9145275	<b>13012554</b>	9439940	13431825
4. Other loans	780	1783024	<b>2537015</b>	1607834	2287742
5. Advance payments received from buyers	790	977215	<b>1390452</b>	496250	706100
6. Suppliers and contractors trade account payable	800	16009204	<b>22779045</b>	20303321	28889023
7. Accrued liabilities	810	3101327	<b>4412791</b>	2337773	3326351
8. Related enterprises trade account payable	820	30235	<b>43021</b>	391617	557221
9. Associated enterprises trade account payable	830	46811	<b>66606</b>	19622	27920
10. Taxes and social insurance payments	840	1153702	<b>1641570</b>	597248	849807
11. Other liabilities	850	933092	<b>1327670</b>	749873	1066973
12. Deferred income	860		<b>0</b>		0
13. Review year dividends	870		<b>0</b>		0
14. Unpaid dividends for previous years	880		<b>0</b>		0
II. TOTAL:	890	33179885	<b>47210723</b>	35943478	51142962
Section 3 total amount:	900	<b>33179885</b>	<b>47210723</b>	<b>35943478</b>	51142962
TOTAL LIABILITIES AND EQUITY	910	<b>100941885</b>	<b>143627363</b>	<b>92939696</b>	132241274

Chairman of Board \_\_\_\_\_ V. Terentjev



**JSC "Liepājas metalurģs"**

**STATEMENT OF CASH FLOW BY DIRECT METHOD  
for 12 Months of the year 2006**

	Report period		12 months 2005	
	LVL	EUR	LVL	EUR
<b>OPERATING CASH FLOW</b>				
Cash received from buyers	204498993	290975852	152802185	217417922
Cash received from other business activities	691275	983596	498817	709753
VAT overpayment received	10377835	14766329	6689188	9517857
Cash paid to suppliers and employees	-192503732	-273908134	-156191096	-222239908
<i>Cash received from the core business activity</i>	<i>23064371</i>	<i>32817643</i>	<i>3799094</i>	<i>5405624</i>
Paid interests (expense)	-417658	-594274	-288664,00	-410732
Paid enterprise's income tax	0	0	-141853,00	-201839
Paid other taxes	-9098498	-12945996	-219099,00	-311750
<i>Net cash flow from the core business activity</i>	<i>13548215</i>	<i>19277373</i>	<i>3149478</i>	<i>4481303</i>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
Acquisition of subsidiary company in net cash				0
Acquisition of fixed assets	-9933662	-14134328	-13775180	-19600315
Sale of fixed assets	76170	108380	482941	687163
Long-term credit for students of JSC "LM" and other loans	-6880	-9789	-12271	-17460
Other loans	-140000	-199202	0	0
Investments in allied companies	-22500	-32015	-123176	-175264
<i>Net cash flow from investment operations</i>	<i>-10026872</i>	<i>-14266954</i>	<i>-13427686</i>	<i>-19105876</i>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Short term borrowings in net value (credit line)	-152461	-216932	-1644453	-2339846
Long term borrowings		0		0
Paid liabilities for financial leasing		0	-20001	-28459
Loans to associated companies	-701000	-997433	-70000	-99601
Repayment of loans and received interests	580415	825856	37329	53114
Other investments (sponsorship)	-776957	-1105510	-238533	-339402
<i>Net cash flow from financial activities</i>	<i>-1050003</i>	<i>-1494020</i>	<i>-1935658</i>	<i>-2754193</i>
Result from foreign currency fluctuations exchange	-151697	-215845	-13186	-18762
Net growth of cashs and its equivalent	2319643	3300555	-12227052	-17397528
Cash and its equivalent at the beginning of accounting period	<b>1396446</b>	1986964	<b>13623498</b>	19384491
Cash and its equivalent at the end of accounting period	3716089	5287518	1396446	1986964

**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 review year	Undistributed profit of the previous years	Equity capital TOTAL
	LVL	LVL	LVL	LVL	LVL	LVL	LVL
<b>As of 31.12.2004 (1.01.05)</b>	<b>16981033</b>	<b>26745272</b>	<b>346579</b>	<b>3679144</b>	<b>4308400</b>	<b>0</b>	<b>52060428</b>
Previous year profit put in reserves				4308400	-4308400	0	0
Undistributed profit of the review period					4157604		4157604
Increase of fixed capital		0					0
Increase of revaluation reserve		0					0
Written-off revaluation reserve		-671814					-671814
<b>As of 31.12.2005 (1.01.06)</b>	<b>16981033</b>	<b>26073458</b>	<b>346579</b>	<b>7987544</b>	<b>4157604</b>	<b>0</b>	<b>55546218</b>
Previous year profit put in reserves				4157604	-4157604		0
Undistributed profit of the review period					9471705		9471705
Increase of fixed capital							
Increase of revaluation reserve							
Written-off revaluation reserve		-503325					-503325
<b>As of 31.12.2006</b>	<b>16981033</b>	<b>25570133</b>	<b>346579</b>	<b>12145148</b>	<b>9471705</b>	<b>0</b>	<b>64514598</b>

## 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 review year	Undistributed profit of the previous years	Equity capital TOTAL
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>As of 31.12.2004 (1.01.05)</b>	<b>24155097</b>	<b>38044484</b>	<b>493000</b>	<b>5233491</b>	<b>6128592</b>	<b>0</b>	<b>74054664</b>
Previous year profit put in reserves				6128592	-6128592	0	0
Undistributed profit of the review period					5915735		5915735
Exchange rate difference	6736	10609	137	3171			20653
Written-off revaluation reserve		-955905					-955905
Increase of revaluation reserve							
<b>As at 31.12.2005 (1.01.06)</b>	<b>24161833</b>	<b>37099188</b>	<b>493137</b>	<b>11365254</b>	<b>5915735</b>	<b>0</b>	<b>79035147</b>
Previous year profit put in reserves				5915735	-5915735		0
Undistributed profit of the review period					13477022		13477022
Increase of revaluation reserve							0
Exchange rate difference							
Written-off revaluation reserve		-716167					-716167
<b>As of 31.12.2006</b>	<b>24161833</b>	<b>36383021</b>	<b>493137</b>	<b>17280989</b>	<b>13477022</b>	<b>0</b>	<b>91796002</b>

**DEBTS TO CREDITORS (Liabilities)**

CREDITORS	As of 31.12.2006		As of 31.12.2005	
	LVL	EUR	LVL	EUR
<b>Short-term borrowing from credit institutions (credit line)</b>	<b>3345347</b>	<b>4760000</b>	<b>3524616</b>	<b>5015077</b>
<b>Credit interests</b>	<b>36935</b>	<b>52554</b>	<b>0</b>	<b>0</b>
<b>Borrowings from credit institutions</b> (letter of credit)	<b>5762993</b>	<b>8200000</b>	<b>5915324</b>	<b>8416748</b>
<b>Short-term debt to "Hanza leasing"</b>		<b>0</b>		<b>0</b>
		<b>0</b>		<b>0</b>
<b>Advance payments</b>	<b>977215</b>	<b>1390452</b>	<b>496250</b>	<b>706100</b>
Other borrowing (factoring)	<b>1783024</b>	<b>2537015</b>	1607834	<b>2287742</b>
<b>Debts to suppliers and contractors</b>	<b>16009204</b>	<b>22779045</b>	<b>20303321</b>	<b>28889023</b>
Incl. Materials and gas	3946159	<b>5614878</b>	5106192	<b>7265457</b>
Incl. Services	705129	<b>1003308</b>	911063	<b>1296326</b>
Incl. Scrap, various services related to scrap delivery, processing	1251280	<b>1780411</b>	1659540	<b>2361313</b>
Incl. Fixed assets	267582	<b>380735</b>	262900	<b>374073</b>
Incl. Medical department creditors	2875	<b>4091</b>	2774	<b>3947</b>
Incl. Settlements with enterprises and other business partners - non-residents	9809042	<b>13957009</b>	12332540	<b>17547624</b>
Incl. Other Creditors	27137	<b>38612</b>	28312	<b>40284</b>
<b>Debts to related enterprises</b>	<b>30235</b>	<b>43021</b>	<b>391617</b>	<b>557221</b>
<b>Debts to associated enterprises</b>	<b>46811</b>	<b>66606</b>	<b>19622</b>	<b>27920</b>
<b>Taxes and social insurance payments</b>	<b>1153702</b>	<b>1641570</b>	<b>597247</b>	<b>849806</b>
Incl. State tax	681	<b>969</b>	1001	<b>1424</b>
Incl. Residents' Income tax	320209	<b>455616</b>	276600	<b>393566</b>
Incl. Real estate (land) tax		<b>0</b>		<b>0</b>
Incl. Social tax	398829	<b>567483</b>	294098	<b>418464</b>
Incl. Packing tax	2220	<b>3159</b>	681	<b>969</b>
Incl. Nature resources tax	20286	<b>28864</b>	24867	<b>35383</b>
Incl. Enterprise Income tax	411477	<b>585479</b>	0	<b>0</b>
<b>Other creditors (liabilities)</b>	<b>933092</b>	<b>1327670</b>	<b>749874</b>	<b>1066975</b>
Incl. Payments for salaries	904311	<b>1286719</b>	694202	<b>987760</b>
Incl. Deductions from salaries	28781	<b>40952</b>	55672	<b>79214</b>
<b>Deferred income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Accrued liabilities</b>	<b>3101327</b>	<b>4412791</b>	<b>2337773</b>	<b>3326351</b>

Incl. Deferred tax	1057133	<b>1504165</b>	932333	<b>1326590</b>
Incl. Tax savings for unused vacations	1906258	<b>2712361</b>	1405440	<b>1999761</b>
Incl. Accrued liabilities to suppliers	137936	<b>196265</b>	0	<b>0</b>
Unpaid Dividends	0	<b>0</b>	0	<b>0</b>
<b>Total Creditors:</b>	<b>33179885</b>	<b>47210723</b>	<b>35943478</b>	<b>51142962</b>

## DEBTORS (Accounts Receivables )

DEBTORS	As of 31.12.2006		As of 31.12.2005	
	LVL	EUR	LVL	EUR
<b>Customers and affiliated companies debts</b>	<b>6251272</b>	<b>8894759</b>	<b>3064014</b>	<b>4359699</b>
Incl. Debts of buyers and customers	3509319	<b>4993311</b>	1750438	<b>2490649</b>
Incl. Debts of allied enterprises	351190	<b>499698</b>	501256	<b>713223</b>
Loans to allied enterprises	768277	<b>1093160</b>	779724	<b>1109447</b>
Incl. Debts of associated enterprises	36984	<b>52623</b>	32596	<b>46380</b>
Incl. Debts of buyers with factoring activities	1585502	<b>2255966</b>	0	<b>0</b>
(doubtful debtors debt)	/296904/	/422458/	/439122/	/624814/
<b>Other debtors</b>	<b>1787089</b>	<b>2542799</b>	<b>4046800</b>	<b>5758078</b>
Incl. Provision for VAT and paid VAT	148087	<b>210709</b>	32347	<b>46026</b>
Incl. Advance payments	7270	<b>10344</b>	14606	<b>20782</b>
Incl. VAT budget overpayments	1450698	<b>2064157</b>	1527168	<b>2172964</b>
Incl. Debt for caused damages to the enterprise	152279	<b>216673</b>	29175	<b>41512</b>
Incl. Various debtors	58	<b>83</b>	450	<b>640</b>
Incl. Overpaid salaries	0	<b>0</b>	5853	<b>8328</b>
Incl. Advance payment of enterprise income tax	0	<b>0</b>	2350129	<b>3343932</b>
Incl. Security amounts in auction	0	<b>0</b>	53376	<b>75947</b>
Incl. Other overpaid taxes	0	<b>0</b>	33696	<b>47945</b>
Advance prepayment for services	28697	<b>40832</b>	0	<b>0</b>
		<b>0</b>		<b>0</b>
<b>Short-term loans to employees</b>	<b>0</b>	<b>0</b>	0	<b>0</b>
		<b>0</b>		<b>0</b>
<b>Future periods payments</b>	<b>153230</b>	<b>218027</b>	<b>52570</b>	<b>74800</b>
Incl. Press expenses	8682	<b>12353</b>	9507	<b>13527</b>
Incl. Miscellaneous	3642	<b>5182</b>	867	<b>1234</b>
Incl. Property insurance	43281	<b>61583</b>	42196	<b>60039</b>
Fixed capital investments difference	89325	<b>127098</b>	0	<b>0</b>
Auditor expenses	8300	<b>11810</b>	0	<b>0</b>
<b>Total Debtors:</b>	<b>8191591</b>	<b>11655584</b>	<b>7163384</b>	<b>10192577</b>

**JSC " Liepājas metalurģs "**

Administration expenses  
for 12 months of the year 2006

Costs Description	For 12 months of year 2006		For 12 months of year 2005	
	LVL	EUR	LVL	EUR
Salaries and social costs	5330040	7583964	5073436	7218849
Communication costs	152169	216517	155436	221166
Office supplies and office maintenance costs	1273770	1812411	1045944	1488244
Legal and auditing fees	222595	316724	250644	356634
Presentation costs	107570	153058	118290	168312
Wear and tear of fixed assets	481813	685558	456833	650015
Travel expenses	127781	181816	129171	183794
Management training	18082	25728	210154	299022
Costs for bank account services	62383	88763	34836	49567
Costs related to stockholders	6573	9353	14608	20785
Total	7782776	11073893	7489352	10656388

**JSC "Liepājas metalurģs"****Sales expenses**  
for 12 months of year 2006

Cost Description	For 12 months of year 2006		For 12 months of year 2005	
	LVL	EUR	LVL	EUR
Packing materials	159830	227418	181827	258717
Transportation costs	1022119	1454344	897282	1276717
Freight	2932692	4172845	1306118	1858438
Port handling charges	1166878	1660318	1911966	2720483
Advertising and marketing costs	87898	125068	55613	79130
Other sales costs	34921	49688	62664	89163
Product certification	213868	304307	194849	277245
Goods and transportation insurance	42318	60213	9103	12952
Costs related to L/C and factoring transactions	326100	463998	57319	81558
<b>Total</b>	<b>5986624</b>	<b>8518199</b>	<b>4676741</b>	<b>6654403</b>



**JSC " Liepājas metalurģs "**

**Production costs of sold goods  
for 12 months of the year 2006**

Cost Description	For 12 months of year 2006		For 12 months of year 2005	
	LVL	EUR	LVL	EUR
Materials	122827395	174767637,9	104391420	148535608,8
Salaries and wages	10963364	15599461,59	9139380	13004166,17
Social benefits deductions	2588940	3683729,745	2161710	3075836,222
Energy resources	13634285	19399839,78	11136909	15846393,87
Depreciation	5184169	7376407,932	4610735	6560484,858
Other costs	7465644	10622654,4	5405929	7691943,984
<b>Total</b>	<b>162663797</b>	<b>231449731,4</b>	<b>136846083</b>	<b>194714433,9</b>

**JSC " Liepājas metalurģs "**

Net turnover by geographic markets  
for 12 months of the year 2006

Market	For 12 months of year 2006		For 12 months of year 2005	
	LVL	EUR	LVL	EUR
Latvia	20259581	28826787	20066273	28551734,2
Lithuania	11544641	16426544	10986490	15632366,92
Estonia	6569064	9346936	3647078	5189324
European Union countries	109681495	156062707	99621161	141748141,7
Russia	15024207	21377521	2328206	3312739
Other third countries	29167302	41501332	17645792	25107700,01
<b>Total</b>	<b>192246290</b>	<b>273541827</b>	<b>154295000</b>	<b>219542006</b>

**JSC " Liepājas metalurģs "**

**Net turnover (revenue) by products  
for 12 months of the year 2006**

Product Description	For 12 months of year 2006		For 12 months of year 2005	
	LVL	EUR	LVL	EUR
Rolled steel	187081161	266192510	144135546	205086405
Wire	1172961	1668973	5065751	7207914
Nails	310031	441134	1489485	2119346
Consumer goods	8362	11898	12514	17806
Castings	2390944	3402007	2111668	3004633
Services	240406	342067	401893	571842
Sold steam, gCal	15309	21783	15160	21571
Medical department	712365	1013604	547720	779335
Transportation services	108145	153876	406391	578242
Slag	206606	293974	108872	154911
<b>TOTAL</b>	<b>192246290</b>	<b>273541827</b>	<b>154295000</b>	<b>219542006</b>

**JSC "Liepājas metalurģs "**

Extraordinary costs (expenses not related to the operating activity)  
for 12 month of year 2006

Cost Description	For 12 months of year 2006		For 12 months of year 2005	
	LVL	EUR	LVL	EUR
Paid fines	54702	77834	1691	2406
Sponsorship and other costs	1063596	1513361	484133	688859
Other expenses unrelated to operating activity	16045	22830	15438	21966
Total	1134343	1614025	501262	713232

**JSC "Liepājas metalurģs "**

Other operating income  
for 12 months of the year 2006

Income Description	For 12 months of year 2006		For 12 months of year 2005	
	LVL	EUR	LVL	EUR
Sale of current assets	1240831	1765543	2895342	4119701
Transit cargo income	8850	12592	1500602	2135164
Sale of fixed assets and liquidation	64596 38444	91912 54701	482941 11154	687163 15871
Currency exchange income	1086537	1546003	1722501	2450898
Received fines	19803	28177	11357	16160
Written-off revaluation reserve of fixed assets	503325	716167	671814	955905
Bad debt recovery	65205	92778	1393964	1983432
Other income from operating activity	152221	216591	376928	536320
Income from the savings reduction		0	536120	762830
<b>Total</b>	<b>3179812</b>	<b>4524465</b>	<b>9602723</b>	<b>13663444</b>

**JSC "Liepājas metalurģs "**

Other operating expenses  
for 12 months of the year 2006

Costs Description	For 12 months of year 2006		For 12 months of year 2005	
	LVL	EUR	LVL	EUR
Sales costs of current assets	1001463	1424953	2615031	3720854
Transit cargo expenses	10612	15100	1926428	2741060
Fixed Assets value decrease		0	369824	526212
Costs related to the sale and liquidation of fixed assets	91116 297230	129646 422920	563671 201683	802032 286969
Currency exchange loss	1563358	2224458	3278583	4665003
Costs of reserve establishment	2400000	3414892	1625241	2312510
Compensation for damage and other allowances	351058	499511	249262	354668
Other costs	231240	329025	114579	163031
Costs of infrastucture maintenance	19936	28366	14940	21258
<b>Total</b>	<b>5966013</b>	<b>8488872</b>	<b>10959242</b>	<b>15593597</b>