

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

Quarterly Report

For 3 months of the year 2007

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INFORMATION ON A COMPANY

- | | |
|---|--|
| 1. Full name of company: | Joint-Stock Company "Liepājas metalurģs" |
| 2. Legal status of company: | public joint-stock company |
| 3. Registration number of State registration, place, date: | 40003014197 LR Commercial register, 07.08.2003. |
| 4. Taxpayer registration number: | 40003014197 |
| 5. VAT payer registration number: | LV 40003014197 |
| 6. Legal address and phone number of the Company: | Brivibas street 93 Phone: +371 3455921 |
| 7. Office address and phone number: | Brivibas street 93 Phone: +371 3455921 |
| 8. Type of business activity: | Steel production |
| 9. Year of account: | 2007 3 months |
| 10. Managing Director | Leons Ptichkins Position: Member of the Board |
| 11. Information on stockholders: | Joint-Stock Company is a public joint-stock company, the biggest stock-holders are: Sergejs Zaharjins Proportion (%) of stocks (shares) 49% Ilja Segals Proporcion (%) of stocks (shares) 20,80% Kirovs Lipmans Proportion (%) of stocks (shares) 17,70% |
| 12. Members of the Board (also the members who left position or in other way ended their job during the year of account): | Valerijs Terentjevs Ilja Segals Leons Ptichkins |
| 13. The name of the bank, code, operating account number: | JSC "SEB Unibanka" Account number: LV96UNLA0012002467028 |
| 14. Chief Accountant: | Ligita Berzupe |
| 15. Auditor, number of license, address, phone number: | JSC "BDO Invest Riga" Address: Pulkveza Brieza street 19/1, Riga Aivars Putnins Number of license: 123 |
| 16. Average number of employees: | 2700 |

Joint-Stock Company

Annex to the Quarterly Report for 3 months of the year 2007

Basis for Preparation of the Annual Report for 3 months of the year 2007

The Quarterly Report is prepared in accordance with the law “On Accounting” as well as with the Latvian Accounting Standards (LAS): 1.LAS, “Financial Statements Preparation Principles”, 2. LAS, “Cash Flow Statement” and the European Union (EU) International Standards on preparation of the Financial Statements.

Profit and Loss Statement is prepared using the turnover method. The Cash Flow Statement has been presented, by establishing the cash flow from the core activity by the direct method.

The Company’s methods used for reporting and valuation have not changed.

In order to improve the comparability of the prepared Profit and Loss Statement and the Balance Sheet, the classification of items has been changed (items are combined) in the Profit and Loss Statement. The item “Extraordinary Costs” is included in the item “Other Operating Costs”. Reclassification (combination of items) does not have an impact on the financial result.

The enclosed deferred tax and vacation savings from the Balance Sheet item “Accrued Liabilities” have been moved to “Provisions”.

Joint-Stock Company "Liepājas metalurģs" **Management statement for 3 months 2007 operations**

The company's profit from business activities in 3 months of the year 2007 was 1,6 million LVL (2,27 million EUR), it is 0,9 million LVL (1,2 million EUR) more than in the same period of the previous year.

Net turnover (net revenue) from main business activities in 3 months of the year 2007 reached 55,5 million LVL (78,9 million EUR), it is 19,9 million LVL (28,3 million EUR) more than for 3 months of the year 2006.

The net turnover and profit growth can be explained by the following factors:

- Compared to the 3 months of the year 2006 the sale amount of finished goods in 3 months of the year 2007 increased by 31,1%. The production remained at the same level as in the previous year. The finished goods sales increase can be explained by the fact that in this year the Joint-Stock Company "Liepājas metalurģs" sells finished goods without the mediation of wholesale dealers and deliver the finished goods directly to the consumers. In comparison to this year in the year 2006 the biggest part of finished goods sales in 2006 was attributed to using the mediation services of wholesale dealers, they conducted chartering of ships and finished goods prior to delivering to the buyer and stored in the area of Liepaja port, where the buyer could receive the goods according to their abilities.

- During 3 months of the year 2007 the price for sold products increased by 22,5% with the production costs (raw material prices) increase of 16,7%.

modernization program there was an ongoing finetuning and improvement of the existing operations.

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

/V.Terentjev/

PROFIT AND LOSS STATEMENT

FOR 3 MONTHS OF THE YEAR 2007

| No. | Parameter designation | Enclosure Number | At the end of the report period LVL | At the end of the report period EUR | 3 months 2006 LVL | 3 monts 2006 EUR |
|-----|--|------------------|-------------------------------------|-------------------------------------|-------------------|------------------|
| 1 | 2 | 3 | 4 | | 5 | 6 |
| 1 | Net turnover | 4,5 | 55510222 | 78983930 | 35557149 | 50593265 |
| 2 | Production costs of goods sold | 6 | -46118901 | -65621284 | -29639084 | -42172617 |
| 3 | Gross profit or loss (from turnover) | | 9391321 | 13362646 | 5918065 | 8420648 |
| 4 | Sales costs | 7 | -1805470 | -2568952 | -1711310 | -2434975 |
| 5 | Administration costs | 8 | -1849588 | -2631727 | -2253064 | -3205821 |
| 6 | Other operating income | 9 | 792506 | 1127634 | 706873 | 1005790 |
| 7 | Other operating costs | 10 | -3887125 | -5530881 | -1734045 | -2467324 |
| 8 | Interest income and other similar income | 11 | 47336 | 67353 | 44141 | 62807 |
| 9 | Interest payments and similar expenses | | -115469 | -164298 | -113382 | -161328 |
| 10 | Profit or loss before extraordinary items and taxes | | 2573511 | 3661776 | 857278 | 1219797 |
| 11 | Income tax for the reporting period | | -872300 | -1241171 | 0 | 0 |
| 12 | Deferred tax | | 0 | 0 | 0 | 0 |
| 13 | Other taxes | | -97697 | -139010 | -109038 | -155147 |
| 14 | Reporting period profit or loss after taxes | | 1603514 | 2281595 | 748240 | 1064650 |

In the 1st quarter of 2007 the JSC "Liepajas metalurgs" achieved profit at the rate of 0,094 per share

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

Chairman of the Board

V.Terentjev

Joint-Stock Company "Liepājas metalurģs"

BALANCE SHEET

FOR 3 MONTHS OF THE YEAR 2007

| ASSETS | Enclosure Number | 31.03.2007 LVL | 31.03.2007 EUR | 31.03.2006 LVL | 31.03.2006 EUR |
|--|---------------------|-------------------|------------------|------------------|------------------|
| I.LONG-TERM INVESTMENTS | | | | | |
| I. Intangible investments | | | | | |
| 1. Other intangible investments | | 71796 | 102157 | 80717 | 114850 |
| I. TOTAL: | | 71796 | 102157 | 80717 | 114850 |
| II. Fixed assets | | | | | |
| 1. Land, buildings and constructions and long-term sites | | 26383213 | 37539930 | 29328556 | 41730776 |
| 2. Long-term investments in rented fixed assets | | 0 | 0 | 25811 | 36726 |
| 3. Technological equipment and machinery | | 19566506 | 27840630 | 20530034 | 29211607 |
| 4. Other fixed assets and inventory | | 2010974 | 2861358 | 1734267 | 2467640 |
| 5. Fixed assets formation and costs of unfinished construction sites | | 2842513 | 4044532 | 2972724 | 4229805 |
| 6. Advance payments for fixed assets | | 910572 | 1295627 | 1355404 | 1928566 |
| II. TOTAL: | | 51713778 | 73582077 | 55946796 | 79605119 |
| III. Investment properties | | | | | |
| 1. Investment properties | | 3718574 | 5291054 | 0 | 0 |
| III. TOTAL: | | | | | |
| IV. Long-term financial investments | | | | | |
| 1. Investments in the related companies (subsidiaries) | | 4930626 | 7015649 | 4339626 | 6174732 |
| 2. Loans to the related companies (subsidiaries) | | 3565794 | 5073668 | 3582563 | 5097528 |
| 3. Share in the capital of associated companies | | 577843 | 822197 | 558343 | 794451 |
| 4. Other loans | | 128592 | 182970 | 120614 | 171618 |
| IV. TOTAL: | | 9202855 | 13094483 | 8601146 | 12238328 |
| Section 1 total amount: | | 64707003 | 92069771 | 64628659 | 91958297 |
| 2. CURRENT ASSETS | | | | | |
| I. Stock (Inventories) | | | | | |
| 1. Raw materials, basic and auxiliary materials | | 12845033 | 18276835 | 9098016 | 12945310 |
| 2. Unfinished products, Work in Process | | 634985 | 903502 | 513551 | 730717 |
| 3. Finished products and goods for sales | | 8462255 | 12040704 | 12043336 | 17136123 |
| 4. Incompleted orders | | 4306 | 6127 | 124 | 176 |
| 5. Advance payments for goods | | 2271038 | 3231396 | 2690814 | 3828683 |
| 6. Labour animals and productive animals | | | | | 0 |
| I. TOTAL: | | 24217617 | 34458565 | 24345841 | 34641011 |
| II. Accounts receivable (Debtors) | | | | | 0 |
| 1. Trade accounts receivable | | 14889210 | 21185437 | 6406682 | 9115887 |
| 2. Debt of related companies (subsidiaries) | | 912200 | 1297944 | 955390 | 1359397 |
| 3. Debt of associated enterprises | | 65393 | 93046 | 42657 | 60695 |
| 4. Other debtors (accounts receivable) | | 2311023 | 3288289 | 2362827 | 3362000 |
| 5. Short-term loans | | 0 | 0 | 400 | 569 |
| 6. Prepaid expenses | | 62275 | 88609 | 73382 | 104413 |
| II. TOTAL: | 1 | 18240101 | 25953326 | 9841338 | 14002962 |
| III. Short-term financial investments | | | 0 | | 0 |
| III. TOTAL: | | 0 | 0 | 0 | 0 |
| IV. Cash | | 3873876 | 5512029 | 2398686 | 3413023 |
| IV. TOTAL: | | 3873876 | 5512029 | 2398686 | 3413023 |
| Section 2 total amount | | 46331594 | 65923919 | 36585865 | 52056996 |
| TOTAL ASSETS | | 111038597 | 157993690 | 101214524 | 144015293 |

| LIABILITIES AND SHAREHOLDERS' EQUITY | Enclosure Number | 31.03.2007 LVL | 31.03.2007 EUR | 31.03. 2006 LVL | 31.03. 2006 EUR |
|--|------------------|------------------|------------------|------------------|------------------|
| 1. SHAREHOLDERS' EQUITY EQUITY | | | | | |
| 1. Share capital (fixed capital) | | 16981033 | 24161833 | 16981033 | 24161833 |
| 2. Long-term investments revaluation reserve | | 25078042 | 35682839 | 25976444 | 36961150 |
| 3. Reserves: a) reserves stipulated by law | | 0 | 0 | 346579 | 493137 |
| 4. Reserves: b) other reserves | | 21959004 | 31244848 | 12145148 | 17280989 |
| TOTAL: | | 21959004 | 31244848 | 12491727 | 17774126 |
| 5. Retained earnings a) undistributed profit from the previous years | | 0 | 0 | 0 | 0 |
| 5. Retained earnings b) undistributed profit of the reporting year | | 1603514 | 2281595 | 748240 | 1064650 |
| section 1 total amount: | | 65621593 | 93371115 | 56197444 | 79961759 |
| 2. PROVISIONS | | | | | |
| 1. Provisions for anticipated taxes | | 1411009 | 2007685 | 932333 | 1326590 |
| 2. Other provisions | | 7893992 | 11232139 | 4094562 | 5826037 |
| section 2 total amount: | 2 | 9305001 | 13239824 | 5026895 | 7152627 |
| 3. LIABILITIES (Accounts Payable) | | | | | |
| I. Long-term Creditors (accounts Payable). | | | | | |
| I. TOTAL: | | 0 | 0 | 0 | 0 |
| II. Short-term Creditors (Accounts payable) | | | | | |
| 1. Loans from credit institutions | | 4930873 | 7016000 | 15157035 | 21566518 |
| 2. Other loans | | 4895899 | 6966237 | 8209584 | 11681186 |
| 3. Advance payments received from customers | | 2610789 | 3714818 | 294473 | 418997 |
| 4. Suppliers and contractors trade account payable | | 20967703 | 29834354 | 14308048 | 20358518 |
| 5. Accrued liabilities (Payable bills of exchange) | | 0 | 0 | 0 | 0 |
| 6. Payable (debt) to related companies (subsidiaries) | | 128406 | 182705 | 332665 | 473340 |
| 7. Payable (debt) to associated companies | | 50917 | 72448 | 21533 | 30639 |
| 8. Taxes and state social insurance payments | | 1457664 | 2074069 | 690508 | 982504 |
| 9. Other liabilities | | 1069752 | 1522120 | 976339 | 1389205 |
| II. TOTAL: | 3 | 36112003 | 51382751 | 39990185 | 56900907 |
| Section 3 total amount: | | 36112003 | 51382751 | 39990185 | 56900907 |
| TOTAL LIABILITIES AND EQUITY | | 111038597 | 157993690 | 101214524 | 144015293 |

Chairman of the Board

V.Terentjev

JSC "Liepājas metalurģs"

**CASH FLOW STATEMENT (by direct method)
for 3 Months of the year 2007**

| | 3 months 2007 | | 3 months 2006 | |
|--|------------------------|------------------------|------------------------|------------------------|
| | LVL | EUR | LVL | EUR |
| OPERATING CASH FLOW | | | | |
| Cash received from buyers | 56027374 | 79719771 | 35577520 | 50622250 |
| Cash received from other business activities | 291921 | 415366 | 2636935 | 3752020 |
| VAT overpayment received | 2408076 | 3426383 | 1365962 | 1943589 |
| Cash paid to suppliers and employees | -49764528 | -70808544 | -41141901 | -58539651 |
| <i>Cash received from the core business activity</i> | <i>8962843</i> | <i>12752977</i> | <i>-1561484</i> | <i>-2221792</i> |
| Interest payment | -115469 | -164298 | -113384 | -161331 |
| Corporate income tax payment | | 0 | 0 | 0 |
| Other tax payments | -3563572 | -5070506 | -1761110 | -2505834 |
| <i>Net cash flow from the core business activity</i> | <i>5283802</i> | <i>7518173</i> | <i>-3435978</i> | <i>-4888956</i> |
| CASH FLOW FROM INVESTMENT ACTIVITIES | | | | |
| Acquisition of subsidiary company in net cash | | | | 0 |
| Acquisition of fixed assets and intangible assets | -808016 | -1149703 | -1562610 | -2223394 |
| Sale of fixed assets and intangible assets | | 0 | 0 | 0 |
| Long-term credit for students of JSC "LM" and other loans | -512 | -729 | -1183 | -1683 |
| Other loans granted | | 0 | | 0 |
| Investments in related companies (subsidiaries) | | 0 | -25000 | -35572 |
| Repayment of long-term credit for students | 983 | | | |
| <i>Net cash flow from investment operations</i> | <i>-807545</i> | <i>-1149033</i> | <i>-1588793</i> | <i>-2260649</i> |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Short-term borrowings in net value (credit line) | -4177467 | -5944000 | 5848710 | 8321965 |
| Long-term borrowings | | 0 | | 0 |
| Paid liabilities for financial leasing | | 0 | | 0 |
| Loans to associated and related companies | -22000 | -31303 | | 0 |
| Repayment of loans and received interests | 57006 | 81112 | 199654 | 284082 |
| Other investments (sponsorship) | -231285 | -329089 | -24783 | -35263 |
| <i>Net cash flow from financial activities</i> | <i>-4373746</i> | <i>-6223280</i> | <i>6023581</i> | <i>8570784</i> |
| Result of foreign currency exchange rate fluctuations | 58704 | 83528 | 3430 | 4880 |
| Net growth of cash and its equivalents | 161215 | 229388 | 1002240 | 1426059 |
| Cash and its equivalents at the beginning of accounting period | 3712661 | 5282641 | 1396446 | 1986964 |
| Cash and its equivalents at the end of accounting period | 3873876 | 5512029 | 2398686 | 3413023 |

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, LVL

| | Share capital | Share premium | Reserves stated by Statute | Other reserves | Retained Earnings of the reporting year | Retained Earnings of the previous years | Equity capital TOTAL |
|--|-----------------|-----------------|----------------------------|-----------------|---|---|----------------------|
| | LVL | LVL | LVL | LVL | LVL | LVL | LVL |
| As of 31.12.2005 | 16981033 | 26073458 | 346579 | 7987544 | 4157604 | 0 | 55546218 |
| Previous year profit put in reserves | | | | 4157604 | -4157604 | 0 | 0 |
| Undistributed profit of the reporting period | | | | | 9467277 | | 9467277 |
| Increase of fixed capital | | 0 | | | | | 0 |
| Reserves distribution | | | -346579 | 346579 | | | 0 |
| Increase of revaluation reserve | | 0 | | | | | 0 |
| Written-off revaluation reserve | | -798974 | | | | | -798974 |
| As of 31.12.2006 | 16981033 | 25274484 | 0 | 12491727 | 9467277 | 0 | 64214521 |
| Previous year profit put in reserves | | | | 9467277 | -9467277 | | 0 |
| Undistributed profit of the review period | | | | | 1603514 | | 1603514 |
| Increase of fixed capital | | | | | | | 0 |
| Increase of revaluation reserve | | | | | | | 0 |
| Reserves distribution | | | | | | | 0 |
| Written-off revaluation reserve | | -196442 | | | | | -196442 |
| As of 31.03.2007 | 16981033 | 25078042 | 0 | 21959004 | 1603514 | 0 | 65621593 |

Reserves were established in accordance with the shareholders decisions

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, EUR

| | Share capital | Share premium | Reserves stated by Statute | Other reserves | Retained Earnings of the reporting year | Retained Earnings of the previous years | Equity capital TOTAL |
|--|-----------------|-----------------|----------------------------|-----------------|---|---|----------------------|
| | EUR | EUR | EUR | EUR | EUR | EUR | EUR |
| As of 31.12.2005 | 24161833 | 37099188 | 493137 | 11365251 | 5915737 | 0 | 79035146 |
| Previous year profit put in reserves | | | | 5915737 | -5915737 | 0 | 0 |
| Undistributed profit of the reporting period | | | | | 13470721 | | 13470721 |
| Reserves distribution | | | -493137 | 493137 | | | 0 |
| Written-off revaluation reserve | | -1136837 | | | | | -1136837 |
| Increase of revaluation reserve | | | | | | | |
| As at 31.12.2005 | 24161833 | 35962351 | 0 | 17774125 | 13470721 | 0 | 91369030 |
| Previous year profit put in reserves | | | | 13470721 | -13470721 | | 0 |
| Undistributed profit of the review period | | | | | 2281595 | | 2281595 |
| Increase of revaluation reserve | | | | | | | 0 |
| Exchange rate difference | | | | | | | 0 |
| Reserves distribution | | | | | | | 0 |
| Written-off revaluation reserve | | -279512 | | | | | -279512 |
| As of 31.03.2007 | 24161833 | 35682839 | 0 | 31244846 | 2281595 | 0 | 93371113 |

JSC "Liepājas metalurģs"

1. ACCOUNTS RECEIVABLE (DEBTORS)

| DEBTORS | As of 31.03.2007 | | As of 31.03.2006 | |
|--|---------------------|-----------------------|---------------------|----------------------|
| | LVL | EUR | LVL | EUR |
| Customers and affiliated companies debts | 15866803 | 22576427 | 7404729 | 10535980 |
| Incl. Debts of buyers and customers | 11739774 | 16704193 | 1790274 | 2547330 |
| Loans to related companies | 912200 | 1297944 | 955390 | 1359397 |
| Incl. Debts of associated enterprises | 65393 | 93046 | 42657 | 60695 |
| Incl. Debts of buyers with factoring activities (doubtful debtors debt) | 3149436 /556918/ | 4481244 / 792423 / | 4616408 /439119/ | 6568557 / 624810/ |
| Other debtors | 2311023 | 3288289 | 2362827 | 3362000 |
| Incl. Provision for VAT and paid VAT | 409691 | 582938 | 44055 | 62685 |
| Incl. Advance payments | 17952 | 25543 | 24466 | 34812 |
| Incl. VAT budget overpayments | 1847362 | 2628559 | 1633135 | 2323742 |
| Incl. Debt for caused damages to the enterprise | 210 | 299 | 0 | 0 |
| Incl. Various debtors | 31964 | 45481 | 157408 | 223971 |
| Incl. Overpaid salaries | 102 | 145 | 256 | 364 |
| Incl. Advance payment of enterprise income tax | 0 | 0 | 450131 | 640479 |
| Incl. Security amounts in auction | 1200 | 1707 | 53376 | 75947 |
| Incl. Other overpaid taxes | 2542 | 3617 | 0 | 0 |
| Advance prepayment for services | | 0 | 0 | 0 |
| Short-term loans to employees | 0 | 0 | 400 | 569 |
| Future periods payments | 62275 | 88609 | 73382 | 104413 |
| Incl. Press expenses | 6300 | 8964 | 7090 | 10088 |
| Incl. Miscellaneous | 2393 | 3405 | 3646 | 5188 |
| Incl. Property insurance | 53582 | 76240 | 62646 | 89137 |
| Total Debtors: | 18240101 | 25953326 | 9841338 | 14002962 |

JSC " Liepājas metalurģs "**2. PROVISIONS**

| | Provisions for anticipated vacations (4318) | | Provisions for doubtful debtors | | Other provisions | | Tax provisions | |
|--------------------|---|----------------|---------------------------------|---------------|------------------|----------------|----------------|----------------|
| | LVL | EUR | LVL | EUR | LVL | EUR | LVL | EUR |
| On 31.12.06 | 1906258 | 2712361 | 516572 | 735016 | 2987734 | 4251162 | 1411009 | 2007685 |
| Increase | 0 | 0 | 40346 | 57407 | 3000000 | 4268615 | | 0 |
| Decrease | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| Repriced | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| On 31.04.07 | 1906258 | 2712361 | 556918 | 792423 | 5987734 | 8519778 | 1411009 | 2007685 |

3. ACCOUNTS PAYABLE (CREDITORS)

| CREDITORS | As of 31.03.2007 | | As of 31.03.2006 | |
|--|------------------|-----------------|------------------|-----------------|
| | LVL | EUR | LVL | EUR |
| Short-term borrowing from credit institutions (credit line) | 4930873 | 7016000 | 7152303 | 10176810 |
| Credit interests | | 0 | 501802 | 714000 |
| Borrowings from credit institutions (letter of credit) | | 0 | 0 | 0 |
| | | 0 | 7502930 | 10675708 |
| Advance payments | 2610789 | 3714818 | 294473 | 418997 |
| Other borrowing (factoring) | 4895899 | 6966237 | 8209584 | 11681186 |
| Debts to suppliers and contractors | 20967703 | 29834354 | 14308048 | 20358518 |
| Incl. Materials and gas | 4087600 | 5816131 | 3238889 | 4608524 |
| Incl. Services | 739041 | 1051561 | 911076 | 1296344 |
| Incl. Scrap, various services related to scrap delivery, processing | 3448277 | 4906456 | 1958060 | 2786068 |
| Incl. Fixed assets | 135512 | 192816 | 160009 | 227672 |
| Incl. Medical department creditors | 1140 | 1622 | 2575 | 3664 |
| Incl. Settlements with enterprises and other business partners - non-residents | 12400019 | 17643637 | 7981734 | 11356984 |
| Incl. Other Creditors | 156114 | 222130 | 55705 | 79261 |
| Debts to related enterprises | 128406 | 182705 | 332665 | 473340 |
| Debts to associated enterprises | 50917 | 72448 | 21533 | 30639 |
| Taxes and social insurance payments | 1457664 | 2074069 | 690508 | 982504 |
| Incl. State tax | 675 | 960 | 723 | 1029 |
| Incl. Residents' Income tax | 349377 | 497119 | 324625 | 461900 |
| Incl. Real estate (land) tax | 8793 | 12511 | 0 | 0 |
| Incl. Social Security tax | 414559 | 589864 | 342688 | 487601 |
| Incl. Packing tax | 0 | 0 | 495 | 704 |
| Incl. Nature resources tax | 26661 | 37935 | 21944 | 31223 |
| Incl. Corporate Income tax | 657599 | 935679 | 0 | 0 |
| Incl. VAT | 0 | 0 | 33 | 47 |
| Other creditors (liabilities) | 1069752 | 1522120 | 976339 | 1389205 |
| Incl. Payments for salaries | 1032449 | 1469043 | 948809 | 1350034 |
| Incl. Deductions from salaries | 37303 | 53077 | 27530 | 39172 |
| Deferred income | 0 | 0 | 0 | 0 |
| Total Creditors: | 36112003 | 51382751 | 39990185 | 56900907 |

JSC "Liepājas metalurģs"

**4. Net turnover (revenue) by products
for 3 months of the year 2007**

| Product Description | For 3 months of year 2007 | | For 3 months of year 2006 | |
|-------------------------|---------------------------|-----------------|---------------------------|-----------------|
| | LVL | EUR | LVL | EUR |
| Rolled steel | 54562971 | 77636113 | 33985676 | 48357260 |
| Wire | 567 | 807 | 644996 | 917747 |
| Nails | 0 | 0 | 259664 | 369469 |
| Consumer goods | 1947 | 2770 | 2248 | 3199 |
| Castings | 653456 | 929784 | 397092 | 565011 |
| Services | 39973 | 56876 | 24079 | 34261 |
| Sold steam, gCal | 4916 | 6995 | 4398 | 6258 |
| Medical department | 217836 | 309953 | 164344 | 233840 |
| Transportation services | 28556 | 40632 | 16774 | 23867 |
| Slag | 0 | 0 | 57878 | 82353 |
| TOTAL | 55510222 | 78983930 | 35557149 | 50593265 |

JSC "Liepājas metalurģs"

**5. Net turnover by geographic markets
for 3 months of the year 2007**

| Market | For 3 months of year 2007 | | For 3 months of year 2006 | |
|--------------------------|---------------------------|-----------------|---------------------------|-----------------|
| | LVL | EUR | LVL | EUR |
| Latvia | 6856119 | 9755378 | 1999192 | 2844594 |
| Lithuania | 3873368 | 5511306 | 1105413 | 1572861 |
| Estonia | 1953139 | 2779066 | 1390868 | 1979027 |
| European Union countries | 37861297 | 53871772 | 18904823 | 26899140 |
| Russia | 3321925 | 4726673 | 1316309 | 1872939 |
| Other third countries | 1644374 | 2339733 | 10840544 | 15424704 |
| Total | 55510222 | 78983930 | 35557149 | 50593265 |

JSC "Liepājas metalurģs"

**6. Production costs of sold goods
for 3 months of the year 2007**

| Cost Description | For 3 months of year 2007 | | For 3 months of year 2006 | |
|----------------------------|---------------------------|-----------------|---------------------------|-----------------|
| | LVL | EUR | LVL | EUR |
| Materials | 35619974 | 50682657 | 22788616 | 32425279 |
| Salaries and wages | 3311363 | 4711645 | 2092693 | 2977634 |
| Social benefits deductions | 778166 | 1107230 | 494133 | 703088 |
| Energy resources | 3980435 | 5663649 | 2593355 | 3690012 |
| Depreciation | 1444982 | 2056024 | 1112905 | 1583521 |
| Other costs | 983981 | 1400079 | 557382 | 793083 |
| Total | 46118901 | 65621284 | 29639084 | 42172617 |

JSC "Liepājas metalurģs"

**7. Sales costs
for 3months of year 2007**

| Cost Description | For 3 months of year 2007 | | For 3months of year 2006 | |
|---|---------------------------|---------|--------------------------|---------|
| | LVL | EUR | LVL | EUR |
| Packing materials | 42181 | 60018 | 38748 | 55133 |
| Transportation costs | 320866 | 456551 | 170890 | 243155 |
| Freight | 999523 | 1422193 | 1098627 | 1563205 |
| Port handling charges | 318804 | 453617 | 294917 | 419629 |
| Advertising and marketing costs | 11467 | 16316 | 18301 | 26040 |
| Other sales costs | 79534 | 113167 | 54180 | 77091 |
| Costs related to L/C and factoring transactions | 33095 | 47090 | 35647 | 50721 |
| Total | 1805470 | 2568952 | 1711310 | 2434975 |

JSC "Liepājas metalurģs"

**8. Administration costs
for 3months of the year 2007**

| Costs Description | For 3months of year 2007 | | For 3 months of year 2006 | |
|--|--------------------------|---------|---------------------------|---------|
| | LVL | EUR | LVL | EUR |
| Salaries and social costs | 1307078 | 1859804 | 1703913 | 2424450 |
| Communication costs | 23657 | 33661 | 29997 | 42682 |
| Office supplies and office maintenance costs | 288165 | 410022 | 247461 | 352105 |
| Legal and auditing fees | 20703 | 29458 | 72156 | 102669 |
| Presentation costs | 18004 | 25617 | 30382 | 43230 |
| Depreciation of fixed assets | 110832 | 157700 | 114582 | 163035 |
| Traveling expenses | 27163 | 38649 | 23329 | 33194 |
| Management training | 1601 | 2278 | 6371 | 9065 |
| Costs for bank account services | 52284 | 74393 | 24138 | 34345 |
| Costs related to stockholders | 101 | 144 | 735 | 1046 |
| Total | 1849588 | 2631727 | 2253064 | 3205821 |

**9. Other operating income
for 3 months of the year 2007**

| Income Description | For 3 months of year 2007 | | For 3 months of year 2006 | |
|--|---------------------------|----------------|---------------------------|----------------|
| | LVL | EUR | LVL | EUR |
| Sale of current assets | 283345 | 403164 | 280130 | 398589 |
| Transit cargo income | | 0 | 8750 | 12450 |
| Sale of fixed assets and liquidation | 97721 6244 | 139044 8884 | 0 | 0 |
| Currency exchange income | 152496 | 216982 | 288828 | 410965 |
| Received fines | 163 | 232 | 7665 | 10906 |
| Written-off revaluation reserve of fixed assets | 196441 | 279510 | 97013 | 138037 |
| Bad debt recovery | 53750 | 76479 | 5 | 7 |
| Other income from operating activity | 2346 | 3338 | 24482 | 34835 |
| Income from the savings reduction | | 0 | | 0 |
| Total | 792506 | 1127634 | 706873 | 1005790 |

JSC "Liepājas metalurģs"**10. Other operating costs
for 3 months of the year 2007**

| Costs Description | For 3 months of year 2007 | | For 3 months of year 2006 | |
|---|---------------------------|----------------|---------------------------|---------|
| | LVL | EUR | LVL | EUR |
| Sales costs of current assets | 173545 | 246932 | 255350 | 363330 |
| Transit cargo expenses | | 0 | 10243 | 14574 |
| Costs related to the sale and liquidation of fixed assets | 62916 17280 | 89521 24587 | 63771 | 90738 |
| Fixed Assets value decrease | | | | |
| Currency exchange loss | 170262 | 242261 | 270383 | 384720 |
| Costs of reserve establishment | 3040348 | 4326025 | 800000 | 1138297 |
| Paid fines | 1632 | 2322 | 52359 | 74500 |
| Sponsorship and other costs | 333979 | 475209 | 89002 | 126638 |
| Compensation for damage and other allowances | 77484 | 110250 | 156139 | 222166 |
| Other costs | 4585 | 6524 | 33597 | 47804 |
| Costs of infrastructure maintenance | 5094 | 7248 | 3201 | 4555 |
| Total | 3887125 | 5530881 | 1734045 | 2467324 |

**11. Interest income
for 3 months of the year 2007**

| Income | For 3 months of year 2007 | | For 3 months of year 2006 | |
|---------------------------------------|---------------------------|--------------|---------------------------|--------------|
| | LVL | EUR | LVL | EUR |
| Income from loans to business persons | 39110 | 55649 | 39428 | 56101 |
| Income from bank accounts | 3641 | 5181 | 2281 | 3246 |
| Income from deposit investments | 4585 | 6524 | 2432 | 3460 |
| Total Interest Income: | 47336 | 67353 | 44141 | 62807 |