

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

Consolidated
Quarterly Report

For 6 months of the year 2007

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Joint-Stock Company "Liepājas metalurģs"

Addendum to the Consolidated Report for 6 months of 2007

JSC "Liepājas metalurģs" is a public joint-stock company, which operates in compliance with the Republic of Latvia law. The Company was registered in the Business Register of the Republic of Latvia on August 6, 1991 and it was reregistered in the Commercial Register of the Republic of Latvia on August 7, 2003 under the unified register No. 40003014197. The main activities of the Company are production of steel, rolled products and hardware, commerce and mediator activity, transport services, sports and medical services.

JSC "Liepājas metalurģs" has an ownership in various companies. In 2006 the Company further diversified its holding investing in several new companies. At the same time the Joint-Stock Company is not registered as a holding company (corporation).

Companies included in consolidation:

LSEZ JSC "Liepājas osta LM" (Liepāja's Port LM)	number of shares - 91.63%
Business type - stevedoring services, cargo, ship broker service, ship agency.	
Ltd. "Football Hockey Club Liepājas metalurģs"	number of shares - 95%
Business type - organization of sporting events, promotion of healthy living, organization of recreation and social events.	
Ltd. "Olympic Center Ice-Hockey Hall Liepājas metalurģs"	number of shares - 90%
Business type - operation of the sport hall and stadium.	
Ltd. "Rūķis LM"	number of shares - 100%
Construction materials production, waste and crushed slag processing.	

Companies not included in consolidation:

Ltd. "SMA LM Mineral"	number of shares - 50%
JSC "Sātiņi LM"	number of shares - 100%
Ltd. "Elme-Messer-Metalurģs"	number of shares - 49%
JSC "Liepājas tranzīta ekspresis"	number of shares - 24%
Ltd. "Metalurģs and Duna"	number of shares - 50%
Sale of electricity and rentals of premises.	

Minority shareholders

Minority shareholders of the companies involved in the consolidation are:

LSEZ JSC "Liepājas osta LM" (Liepāja's Port LM)	8.37% of shares - physical person
Ltd. "Football Hockey Club Liepājas metalurģs"	5% of shares - Ltd. "Perle LM"
Ltd. "Olympic Center Ice-Hockey Hall Liepājas metalurģs"	5% shares - Liepājas City Council 5% shares - Latvian Olympics Committee
Ltd. "Metalurģs and Duna"	50% shares - physical person

Basis for the Preparation of the Annual Report

The Annual Report is prepared in accordance with the law "On Accounting" and "On Annual Report" and is also in compliance with the European Union (EU) International Standards on preparation of the Financial Statements.

Companies included in consolidation have prepared their Annual Reports for the same year and applying the same accounting principles.

The following **IFRS** have been used in the preparation of the consolidation:

IAS 1	Preparation of the Annual Report
IAS 2	Inventories (Stocks)
IAS 8	Accounting Policy, Changes in Accounting Reports and Errors
IAS 10	Events After the Annual Report Date
IAS 16	Fixed (Capital) Assets
IAS 21	Impact from the Foreign Currency Exchange Rate Fluctuation
IAS 27	Consolidated and Non-Consolidated Annual Reports
IAS 39	Financial Tools: Recognition and Valuation

Profit and Loss Statement is prepared using the turnover method. Prior to the preparation of the consolidated Annual Report differences in the accounting methods used by the companies included in the consolidation were considered.

Any internal transactions between the companies that are a part of the consolidation were excluded.

In accordance with the changes in the legislation and the opinion of the management, 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. "Extraordinary Income" and "Extraordinary Costs" are included in item "Other Income from the Operating Income" and "Other Operating Costs" are included in item "Other Operating Expenses. Balance Sheet item "Accrued Liabilities" (deferred tax, provisions for vacations) moved to item "Provisions" ("Savings").

Assuming that the Company will continue its operations as a going concern, the valuation was conducted for:

- Production equipment inventory based on the average weighted prices
- Purchased goods according to the purchase price
- Finished goods margin after actual cost
- Fixed assets according to the purchase price and additional payments, which are connected to the erection and commissioning

Depreciation of fixed assets is calculated at the time of useful life of a particular asset, by using the straight-line method. In the Balance Sheet all fixed assets are recorded at historical cost. Land depreciation is not calculated.

Profit and Loss report includes all income and expenses resulted from the accounting year regardless their payment date.

Values presented in the Annual Report and accounting are expressed in the Latvian national currency – Lat (LVL). The cash flow statement reflects cash and cash equivalents in the cash office, current bank account balances and short-term deposits.

Accounts receivable (debtors) are presented in the balance sheet by deducting specific provisions for bad and doubtful debts.

Accounts Receivables are reflected after the bad debt costs deduction.
The supplier and other debts (accounts receivables) are included in costs.

Joint-Stock Company “Liepājas Metalurgs” Management Statement Regarding the Consolidated Financial Statements for 6 months of 2007.

The Company operating activities in the first 6 months of the year resulted in LVL 8.1 million (approx. EUR 11.53 mill.) profit, which was LVL 4.0 million (approx. EUR 5.69 mill.) more than for the same period of 2006.

The Net Turnover reached LVL 129.3 million (approx. EUR 183.98 mill.), which was LVL 34.5 million (approx. EUR 49.09 mill.) more than for the same period of 2006.

The Company’s most significant activities included:

- The JSC “Liepājas metalurgs” continued its activities regarding the steel melting production practice and related to its modernization program coordination and financing; the modernization of the rolling mill “350”, by installing a new automated packing line.
- The Liepajas Special Economic Zone (LSEZ) JSC “Liepājas osta LM” (Liepāja’s Port LM) conducted investments in the cement transit terminal preparation and the railroad construction.
- Ltd. "Rūķis LM" commissioned a new concrete formation machine MULTIMAT RH600A, which would help to increase the current production volume by 2.5 times.
- Ltd. "Sports Club Liepājas metalurgs" and Ltd. "Olympic Center Ice-Hockey Hall Liepājas metalurgs" continued working with youth by involving them in sports – 26 teams from the Children and Youth Football Center were participating in the championships, local and international tournaments; the ice skating rink was open to the public; practice and training facilities were provided to the figure skaters of the Latvian National Team, amateur ice-hockey teams and to all teams of the “Sports Club Liepājas metalurgs”; also the Latvian Hockey Federation championships in all ages and among the professional teams were held. The top league football teams compete in the LMT Premier League Championship and the Baltic Cup Championship.

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

V.Terentjev

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 June 30, 2007 as well as the results of its operations and cash flow for the first 6 months of the year. 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",

V.Terentjev

Chairman of the Board

Business Type: **Steel Production**

PROFIT AND LOSS STATEMENT (consolidated)

FOR 6 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	6months 2006 LVL	6 months 2006 EUR
1	2		3	4	5	6
1	Net turnover	3,4	129255358	183913805	94838306	134942752
2	Production costs of goods sold	5	-99873444	-142107108	-76053490	-108214367
3	Gross profit or loss (from turnover)		29381914	41806697	18784816	26728385
4	Sales costs	6	-7480415	-10643672	-7106983	-10112326
5	Administration costs	7	-4467059	-6356052	-4535144	-6452929
6	Other operating income	8	1715541	2440995	2308670	3284941
7	Other operating costs	9	-8280842	-11782577	-4632066	-6590836
8	Interest income and other similar income		39358	56001	12609	17941
9	Interest payments and similar expenses		-263085	-374336	-264541	-376408
10	Profit or loss before extraordinary items and taxes		10645412	15147057	4567361	6498769
11	Income tax for the reporting period		-2364820	-3364836	-331973	-472355
12	Deferred tax		0	0	0	0
13	Other taxes		-215512	-306646	-191250	-272124
14	Reporting period profit or loss after taxes for the consolidated financial statement		8065080	11475575	4044138	5754290
15	Minority shareholders shares (-)		-186201	-264940	8982	12780
16	Profit or loss after taxes of the report period		8251281	11740515	4035156	5741510

BALANCE SHEET (Consolidated)

FOR 6 MONTHS OF THE YEAR 2007

ASSETS	Enclosure Number	30.06.2007 LVL	30.06.2007 EUR	30.06.2006 LVL	30.06.2006 EUR
1. LONG-TERM INVESTMENTS					
I. Intangible investments					
1. Concessions, patents, licenses, trademarks and similar rights		0		0	0
3. Other intangible assets		83135	118290	83631	118996
4. Goodwill		315960	449571	0	
5. Advance payments for intangible investments		4560	6488	0	
I.TOTAL:		403655	574349	83631	118996
II. Fixed assets					
1. Land, buildings and constructions, and long-term sites		29019960	41291683	31722352	45136840
2. Long-term investments in rented fixed assets		4768686	6785229	4962458	7060942
3. Technological equipment and machinery		21984462	31281071	22178137	31556646
4. Other fixed assets and inventory		2483553	3533778	2008530	2857881
5. Fixed assets formation and costs of unfinished construction sites		4421170	6290758	7780430	11070555
6. Advance payments for fixed assets		2200811	3131472	1069398	1521616
II. TOTAL:		64878642	92313991	69721305	99204479
III. Investment properties					
1. Investment properties		3718574	5291054	0	0
IV. Long-term financial investments					
1. Share in the capital of associated companies		608823	866277	566323	805805
2. Other loans		155590	221385	155263	220919
IV. TOTAL:		764413	1087662	721586	1026724
Section 1 total amount:		69765284	99267056	70526522	100350200
2. CURRENT ASSETS					
I. Stock (Inventories)					
1. Raw materials, basic and auxiliary materials		11122445	15825813	10444846	14861677
2. Unfinished products, Work in Process		911391	1296793	425784	605836
3. Finished products and goods for sales		9784042	13921438	9362488	13321620
4. Incompleted orders		260	370	1085	1544
5. Advance payments for goods		1910477	2718364	1046472	1488996
6. Labour animals and productive animals		100	142	0	0
I. TOTAL:		23728715	33762920	21280675	30279673
II. Accounts receivable (Debtors)					
1. Trade accounts receivable		10596110	15076906	11611158	16521189
2. Debt of associated enterprises		69253	98538	35077	49910
3. Other debtors (account receivable)		2560310	3642993	2062112	2934121
6. Short-term loans to co-owners and management of the company			0	600	854
7. Prepaid expenses		140421	199801	151146	215061
II.TOTAL:	1	13366094	19018238	13860093	19721136
III. Short-term financial investments				0	0
III. TOTAL:				0	0
IV. Cash		4450110	6331936	4469655	6359746
IV. TOTAL:		4450110	6331936	4469655	6359746
Section 2 total amount		41544919	59113094	39610423	56360554
TOTAL ASSETS		111310203	158380150	110136945	156710754

LIABILITIES	Enclosure Number	30.06.2007 LVL	30.06.2007 EUR	30.06.2006 LVL	30.06.2006 EUR
1. EQUITY					
1. Share capital (fixed capital)		16981033	24161833	16981033	24161833
2. Long-term investments revaluation reserve		25062721	35661039	25971909	36954697
3. Reserves: a) reserves stipulated by law		0	0		0
3. Reserves: d) other reserves		21959004	31244848	12491727	17774126
3. TOTAL:		21959004	31244848	12491727	17774126
4. Retained earnings: a) undistributed profit from the previous years		-182900	-260243	121393	172727
5. Retained earnings: b) undistributed profit of the reporting year		8251281	11740515	4035156	5741510
5. Retained earnings: c) Minority shareholders		-186201	-264940	8982	12780
5. Retained earnings: b+c undistributed profit of the reporting year		8065080	11475575	4044138	5754290
section 1. total amount:		71884938	102283052	59610200	84817673
Minority shareholders		357074	508071	394221	560926
2. PROVISIONS					
1. Provisions for anticipated taxes		1533629	2182157	935306	1330821
2. Other provisions		11931465	16976945	5280159	7512989
section 2. total amount:		13465094	19159103	6215465	8843810
3. LIABILITIES (Accounts payable)					
I. Long-term Creditors (Accounts payable)					
1. Loans from credit institutions		1298818	1848052	578241	822763
2. Other loans		272565	387825	95036	135224
3. Debts to suppliers and contractors		0	0	28827	41017
4. Other liabilities		719439	1023669	436783	621486
I. TOTAL:		2290822	3259546	1138887	1620490
II. Short-term Creditors (Accounts payable)					
1. Loans from credit institutions		759266	1080338	9410751	13390292
2. Other loans		3504546	4986520	9581923	13633848
3. Advance payments received from customers		1245621	1772359	1211961	1724465
4. Suppliers and contractors trade account payable		14448441	20558279	20834418	29644706
5. Accrued liabilities (payable bills of exchange)		0	0		0
6. Payable (debt) to associated companies		48783	69412	26350	37493
7. Taxes and state social insurance payments		2164860	3080318	776276	1104541
8. Other liabilities		1125612	1601602	921347	1310959
9. Deferred income		0	0	0	0
10. Unpaid dividends for previous years		15146	21551	15146	21551
II. TOTAL:		23312275	33170379	42778172	60867855
Section 3. total amount:	2	25603097	36429925	43917059	62488345
TOTAL LIABILITIES AND EQUITY		111310203	158380150	110136945	156710754

Chairman of the Board _____

V.Terentjev

JSC "Liepājas metalurģs"

**CASH FLOW STATEMENT (by direct method) (Consolidated)
for 6 Months of the year 2007**

	Reporting year		6 months of the year 2006	
	LVL	EUR	LVL	EUR
OPERATING CASH FLOW				
Cash received from buyers	127156076	180926796	102006798	145142597
Cash received from other business activities	846813	1204906	122854	174805
VAT overpayment received	5269803	7498254	6390148	9092361
Cash paid to suppliers and employees	-112705969	-160366146	-95504992	-135891361
<i>Cash received from the core business activity</i>	<i>20566723</i>	<i>29263810</i>	<i>13014808</i>	<i>18518403</i>
Interest payment	-300100	-427004	-354417	-504290
Corporate income tax payments	-26798	-38130	-18198	-25893
Other tax payments	-7823061	-11131213	-4620935	-6574998
Net cash flow from the core business activity	12416764	17667463	8021258	11413222
CASH FLOW FROM INVESTMENT ACTIVITIES				
Acquisition of subsidiary company in net cash	0	0	0	0
Purchase of fixed assets	-3542484	-5040501	-5947279	-8462216
Sale of fixed assets and intangible assets	80352	114331	21482	30566
Long-term credit to students of JSC "LM" and other loans	-1261	-1794	-2306	-3281
Other loans granted		0	-140000	-199202
Investments in related companies (subsidiaries)	-30000	-42686	-23500	-33437
Interests received from the loan	112	159	171	243
Net cash flow from investment operations	-3493281	-4970491	-6091432	-8667327
CASH FLOW FROM FINANCING ACTIVITIES				
Short term borrowings, net value (credit line)	-8891413	-12651341	77949	110911
Long term borrowings	364052	517999	250000	355718
Paid liabilities for financial leasing		0		0
Loans to associated companies	-22000	-31303	-350000	-498005
Other long-term loans	-4565	-6495	80145	114036
Loan repayments	-138899	-197635	460098	654660
Repayment of loans and received interests		0	0	
Other investments (sponsorship)	-243388	-346310	-350986	-499408
Subsidies	233056	331609	769302	1094618
Net cash flow from financing activities	-8703157	-12383477	936508	1332531
Result of foreign currency exchange rate fluctuations	12342	17561	-33995	-48371
Net growth of cash and its equivalents	232668	331057	2832339	4030055
Cash and its equivalents at the beginning of accounting period	4217442	6000879	1637316	2329691
Cash and its equivalents at the end of accounting period	4450110	6331936	4469655	6359746

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 1.01.2006	16981033	26145842	346579	7987544	4015743	412493	55889234
Profit in reserves				4157604	-4015743	-141861	0
Undistributed profit of the reporting period					9637520		9637520
Reserves distribution			-346579	346579			0
Minority shareholders						-270614	-270614
Increase of revaluation reserve							
Written-off revaluation reserve		-798974					-798974
As of 31.12.2006	16981033	25346868	0	12491727	9637520	18	64457166
Profit in reserves				9467277	-9637520	170243	0
Undistributed profit of the review period					8065080		8065080
Minority shareholders						-353161	-353161
Reserves distribution							0
Increase of revaluation reserve							
Written-off revaluation reserve		-284147					-284147
As of 30.06.2007	16981033	25062721	0	21959004	8065080	-182900	71884938

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 01.01.2006	24161833	37202182	493137	11365251	5713888	586925	79523216
Profit in reserves				5915738	-5713888	-201850	0
Reserves distribution			-493137	493137			0
Undistributed profit of the reporting period					13712956		13712956
Minority shareholders						-385049	-385049
Currency exchange rate fluctuation							0
Increase of revaluation reserve							0
Written-off revaluation reserve		-1136838					-1136838
As of 31.12.2006	24161833	36065344	0	17774126	13712956	26	91714285
Profit in reserves				13470722	-13712956	242234	0
Undistributed profit of the review period					11475575		11475575
Currency exchange rate fluctuation							0
Minority shareholders						-502503	-502503
Written-off revaluation reserve		-404305					-404305
As of 30.06.2007	24161833	35661039	0	31244848	11475575	-260243	102283052

1. Accounts Receivables (Debtors)

(Consolidated)

Accounts Receivable	As of 30.06.2007		As of 30.06.2006	
	LVL	EUR	LVL	EUR
Customers and affiliated companies' debts	10665363	15175444	11646235	16571099
Incl. Debts of buyers and customers	7735424	11006517	4219683	6004068
Incl. Debts of related enterprises (subsidiaries)	0	0	0	0
Incl. Debts of associated enterprises	69253	98538	35077	49910
Incl. Debts of buyers with factoring activities	2860686	4070389	7391475	10517121
Other debtors	2560310	3642993	2062112	2934121
Incl. Provision for VAT and unpaid VAT	201783	287111	226131	321755
Incl. Advance payments	25064	35663	34616	49254
Incl. VAT budget overpayments	2235699	3181113	1611663	2293190
Incl. Various debtors	72157	102670	140776	200306
Incl. Overpaid salaries	442	629	387	551
Incl. Other overpaid taxes	6057	8618	24717	35169
Incl. Advance payments for services	19108	27188	23822	33896
Short-term loans to employees	0	0	600	854
Future periods payments	140421	199801	151146	215061
Incl. Press expenses	7296	10381	4810	6844
Incl. Property insurance	34168	48617	40051	56987
Incl. Payment for services	75282	107117	76545	108914
Incl. Various	23675	33686	29740	42316
Total Debtors:	13366094	19018238	13860093	19721136

2. Accounts Payable (Creditors)

(Consolidated)

CREDITORS	As of 30.06.2007		As of 30.06.2006	
	LVL	EUR	LVL	EUR
Long- term creditors	1298818	1848052	578241	822763
Other long-term borrowings (non-resident legal entity)	272565	387825	95036	135224
Long-term debt to suppliers and contractors	0	0	28827	41017
Other long-term creditors	719439	1023669	436783	621486
Short-term borrowings from credit institutions	759266	1080338	9410751	13390292
Short term debt from leasing	36497	51931	23759	33806
Advance payments	1245621	1772359	1211961	1724465
Other borrowings (factoring)	3468049	4934589	9558164	13600042
Debts to suppliers and contractors	14448441	20558279	20834418	29644706
Incl. Materials and gas	3686070	5244805	5106192	7265457
Incl. Services	2008161	2857356	1442160	2052009
Incl. Scrap, various services related to scrap delivery, processing	3043482	4330485	1659540	2361313
Incl. Fixed assets	107596	153095	262900	374073
Incl. Medical department creditors	1285	1828	2774	3947
Incl. Settlements with enterprises and other business partners - non-residents	5510873	7841266	12360852	17587908
Incl. Other Creditors	90974	129444	0	0
Debts to related enterprises	0	0	0	0
Debts to related enterprises (subsidiaries)	48783	69412	26350	37493
Taxes and social security insurance payments	2164860	3080318	776276	1104541
Incl. State tax	791	1125	868	1235
Incl. Residents' Income tax	432891	615948	340988	485182
Incl. Real estate tax	5292	7530	12099	17215
Incl. Social Security tax	413513	588376	399093	567858
Incl. Packing tax		0	494	703
Incl. Nature resources tax	32837	46723	19698	28028
Incl. Enterprise's Income tax	1279530	1820607		0
Incl. Settlements with busines partners-non residents			812	1155
Incl. Value added tax	6	9	2224	3164
Other creditors (liabilities)	1125612	1601602	921347	1310959
Incl. Payments for salaries	1091432	1552968	892947	1270549
Incl. Deductions from salaries	32394	46093	28133	40030
Incl. Debt to accountable persons	1786	2541	267	380
Unpaid Dividends	15146	21551	15146	21551
Total Creditors:	25603097	36429925	43917059	62488345

**3. Net turnover (revenue) by products
for 6 months of the year 2007
from consolidated Profit and Loss Statement**

Product Description	For 6 months of year 2007		For 6 months of year 2006	
	LVL	EUR	LVL	EUR
Rolled steel	119912693	170620391	85674029	121903161
Wire	567	807	1167526	1661240
Nails		0	303449	431769
Consumer goods	18034	25660	5587	7950
Castings	1477887	2102844	1005058	1430069
Services	145686	207293	85806	122091
Sold steam, gCal	8552	12168	7905	11248
Medical department	476194	677563	367824	523366
Transportation services	51547	73345	18009	25624
Slag	0	0	142964	203419
Stevedoring services	1969148	2801845	1512431	2151995
Broker services	1041269	1481592	939705	1337080
Freightage services	963707	1371232	1359940	1935020
Forwarder and other services	2659101	3783560	2118807	3014791
Sports	105502	150116	109382	155637
Beton (concrete) wares	404008	574852		0
Other	21463	30539	19884	28292
TOTAL	129255358	183913805	94838306	134942752

JSC "Liepājas metalurģs"

**4. Net turnover by geographic markets
for 6 months of the year 2007**

Market	For 6 months of year 2007		For 6 months of year 2006	
	LVL	EUR	LVL	EUR
Latvia	16292678	23182392	7834936	11148110
Lithuania	9393446	13365670	5063225	7204320
Estonia	3952595	5624036	2739567	3898053
European Union countries	76647258	109059223	54765331	77924046
Russia	14494801	20624244	1713609	2438246
Other third countries	8474580	12058241	22721638	32329978
Total	129255358	183913805	94838306	134942752

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

Cost Description	6 months for year 2007		6 months for year 2006	
	LVL	EUR	LVL	EUR
Materials	75641690	107628428	57434244	81721567
Salaries and wages	7286599	10367896	5380510	7655776
Social benefits deduction	1749716	2489622	1316199	1872782
Energy resources	8242337	11727789	6524581	9283642
Depreciation	3120032	4439406	2835674	4034801
Other costs	3816307	5430116	2562282	3645799
Write-off of nonmaterial values	16763	23852		0
Total	99873444	142107108	76053490	108214367

**6. Sales expenses
for 6 months of the year 2007**

Cost Description	For 6 months of year 2007		For 6 months of year 2006	
	LVL	EUR	LVL	EUR
Packing materials	81238	115591	77612	110432
Transportation costs	818248	1164262	416973	593299
Freight	233739	332581	358328	509855
Port handling charges	8830	12564	19016	27057
Advertising and marketing costs	26953	38351	35226	50122
Other sales costs	161088	229208	192125	273369
Costs related to L/C and factoring transactions	47989	68282	125925	179175
Logistics services costs	6102330	8682833	5881778	8369016
Total	7480415	10643672	7106983	10112326

**7. Administration expenses
for 6 months of the year 2007**

Cost Description	For 6 months of year 2007		For 6 months of year 2006	
	LVL	EUR	LVL	EUR
Salaries and social costs	2943626	4188402	3317031	4719710
Communication costs	87311	124232	92954	132262
Office supplies and office maintenance costs	764869	1088311	560293	797225
Legal and auditing fees	304807	433701	167737	238668
Presentation costs	44796	63739	63339	90123
Depreciation of fixed assets	218998	311606	228838	325607
Traveling expenses	69031	98222	49616	70597
Management training	5795	8246	9154	13025
Costs of bank account services	18753	26683	40603	57773
Costs related to stockholders	5328	7581	1164	1656
Operative leasing	3745	5329	4415	6282
Total	4467059	6356052	4535144	6452929

**8. Other operating income
for 6 months of the year 2007**

Income Description	6 months of year 2007		6 months of year 2006	
	LVL	EUR	LVL	EUR
Sale of current assets	667804	950199	660880	940348
Transit cargo income	0	0	8546	12160
Sale of fixed assets and liquidation	116411	165638	19435	27654
Currency exchange income	269372	383282	671782	955860
Costs of reserve establishment	0	0	0	0
Written-off revaluation reserve of fixed assets	211762	301310	101549	144491
Bad debt recovery	85220	121257	5	7
Received fine payments	9587	13641	7828	11138
Dotation (allowance)	233115	331693	772720	1099482
Other income from operating activity	122270	173975	65925	93803
Total	1715541	2440995	2308670	3284941

JSC "Liepājas metalurģs"

**9. Other operating costs
for 6 months of the year 2007**

Cost Description	6 months of year 2007		6 months of year 2006	
	LVL	EUR	LVL	EUR
Sales costs of current assets and transit cargo expenses	410401	583948	568683 10243	809163 14574
Costs related to the sale and liquidation of fixed assets	90650	128983	83794	119228
Currency exchange loss	456258	649197	747083	1063003
Costs of reserve establishment	7000000	9960103	2400000	3414892
Compensation for damage and other allowances	208031	296001	255394	363393
Paid fines	16542	23537	58860	83750
Costs of infrastructure maintenance	11752	16722	17638	25097
Other costs and sponsorship	19188	27302	433778	617210
Written-off bad debtors	40348	57410		0
Other costs	27672	39374	56594	80526
Total	8280842	11782577	4632067	6590838

**Information on the consolidated year balance for personnel expenses
year 2007 6 months**

	JSC "Liepājas Metalurgs"	JSC "Liepājas osta LM" (Port)	Ltd. Football - hockey club	Ltd. "Olympic center ice - hockey hall"	JSC "Rūķis LM"	TOTAL in the consolidated annual report
1. Average number of employees						
6 mo. 2007	2634	257	109	19	51	3070
6 mo. 2006	2741	241	100	19	0	3101
2. Personnel expenses, LVL, (including salaries and wages)						
LVL 2007	7846403	622426	155998	34496	130159	8789482
EUR 2007	11164426	885632	221965	49083	185200	1341881
LVL 2006	6084392	496599	100674	26425	0	6708090
EUR 2006	8657310	706597	143246	37599		9544752
3. Average earning LVL						
LVL 2007	496.48	403.65	238.53	302.60	425.00	477.17
EUR 2007	706.43	574.34	339.40	430.56	604.72	678.95
LVL 2006	369.96	343.40	167.79	231.80	0	360.53
EUR 2006	526.41	488.61	238.74	329.82		512.99

LVL to EUR currency exchange rate:

0.702804 (divide)