

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

Consolidated
Quarterly Report

For 9 months of the year 2007

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Joint-Stock Company "Liepājas metalurģs"

Addendum to the Consolidated Report for 9 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 Financial Statements Report

The Quarterly 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 Quarterly Reports for the same period and applying the same accounting principles.

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

IAS 1	Preparation of the Financial Statements 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 Range Fluctuation
IAS 27	Consolidated and Non-Consolidated Financial Statements 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 Quarterly 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 2006, 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.

In compliance with the International Valuation standards, BDO “Invest Rīga” conducted the Fixed Assets revaluation in order to provide support for the 2004 financial needs of the Joint-Stock Company. As a result of this revaluation the value increase was recorded, which is shown in the Shareholders Equity item called “Long-Term Assets Revaluation Reserve”.

Purchased computer software belongs to the intangible assets item. The value of the acquired intangible assets is depleting, while calculating their depreciation.

Conducting a subsidiary reorganization and during the acquisition process a nonmaterial positive value appears.

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 – lats (LVL). The cash flow statement reflects cash and cash equivalents in the cash office, current bank account balances and short-term deposits.

The recalculation of the results of the Quarterly Report are made by applying the official currency exchange rate fixed by the Bank of Latvia as EUR 0.702804 and USD 0.536.

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

The supplier and other debts (accounts receivables) are included in costs.

During the Rūķis LM reorganization process a positive nonmaterial value was achieved.

Joint-Stock Company “Liepājas Metalurgs” Management Statement Regarding the Consolidated Financial Statements for 9 months of 2007.

The Company operating activities in the first 9 months of the year resulted in LVL 15.6 million (approx. EUR 22.14 mil.) profit, which was LVL 9.0 million (approx. EUR 12.8 mil.) more than for the same period of 2006.

The Net Turnover (net revenue) reached LVL 186.9 million (approx. EUR 264.6 mil.), which was LVL 32.5 million (approx. EUR 46.3 mil.) 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; in the period of the first 9 months of 2007, the Company also continued the implementation of the new technology in the steel production sector.
- The Liepājas 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. Terentjevs

Business Type: **Steel Production**

PROFIT AND LOSS STATEMENT (consolidated)

FOR 9 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	9 months 2006 LVL	9 months 2006 EUR
1	2		3	4	5	6
1	Net turnover	3,4	185956675	264592511	153431474	218313319
2	Production costs of goods sold	5	-149176881	-212259579	-126351133	-179781465
3	Gross profit or loss (from turnover)		36779794	52332932	27080341	38531854
4	Sales costs	6	-11092281	-15782894	-9842321	-14004361
5	Administration costs	7	-6831660	-9720576	-6127085	-8718057
6	Other operating income	8	2755429	3920622	3359382	4779970
7	Other operating costs	9	-2587434	-3681587	-6001594	-8539499
8	Interest income and other similar income		65787	93606	28145	40047
9	Interest payments and similar expenses		-361724	-514687	-382903	-544822
10	Profit or loss before extraordinary items and taxes		18727911	26647417	8113965	11545132
11	Income tax for the reporting period		-2822820	-4016511	-1260133	-1793008
12	Deferred tax		0	0	0	0
13	Other taxes		-343964	-489417	-265251	-377418
14	Reporting period profit or loss after taxes for the consolidated financial statement		15561127	22141489	6588581	9374706

In the Financial Statements the LVL amounts were converted into EUR by applying the Bank of Latvia exchange rate fixed at EUR 0.702804 (EUR 1.00 = LVL 0.702804)

Chairman of the Board _____ *V. Terentjevs*

BALANCE SHEET (Consolidated)
FOR 9 MONTHS OF THE YEAR 2007

ASSETS	Enclosure Number	30.09.2007 LVL	30.09.2007 EUR	30.09.2006 LVL	30.09.2006 EUR
1. LONG-TERM INVESTMENTS					
I. Intangible investments					
1. Concessions, patents, licenses, trademarks and similar rights		1481	2107	0	0
3. Other intangible assets		84076	119629	74392	105850
4. Goodwill		307645	437739		
5. Advance payments for intangible investments		4560	6488		
I.TOTAL:		397762	563857	74392	105850
II. Fixed assets					
1. Land, buildings and constructions, and long-term sites		28674000	40799426	32544512	46306669
2. Long-term investments in rented fixed assets		4857190	6911159	5003508	7119350
3. Technological equipment and machinery		22767867	32395756	20717702	29478634
4. Other fixed assets and inventory		2404492	3421284	1865666	2654604
5. Fixed assets formation and costs of unfinished construction sites		5196826	7394417	5316540	7564755
6. Advance payments for fixed assets		1467939	2088689	1104037	1570903
II. TOTAL:		65368314	93010731	66551965	94694915
III. Investment properties					
1. Investment properties		3718574	5291054	0	0
IV. Long-term financial investments					
1. Share in the capital of related companies (subsidiaries)		0	0	628500	894275
2. Share in the capital of associated companies		614823	874814	566323	805805
3. Other loans		146820	208906	161614	229956
IV. TOTAL:		761643	1083720	1356437	1930036
Section 1 total amount:		70246293	99951470	67982794	96730801
2. CURRENT ASSETS					
I. Stock (Inventories)					
1. Raw materials, basic and auxiliary materials		14725434	20952405	10797472	15363419
2. Unfinished products, Work in Process		923151	1313526	2066122	2939827
3. Finished products and goods for sales		14369659	20446183	6360803	9050607
4. Incompleted orders		807	1148	1850	2632
5. Advance payments for goods		1447225	2059216	2258660	3213784
6. Labour animals and productive animals		160	228	0	0
I. TOTAL:		31466436	44772705	21484907	30570269
II. Accounts receivable (Debtors)					
1. Trade accounts receivable		17669690	25141704	14807513	21069193
2. Debt of associated enterprises		60172	85617	34001	48379
3. Other debtors (accounts receivable)		3636285	5173967	2696702	3837061
6. Short-term loans to co-owners and management of the company		110	157	600	854
7. Prepaid expenses		221523	315199	124872	177677
II.TOTAL:	1	21587780	30716644	17663688	25133164
III. Short-term financial investments					
III. TOTAL:		0	0	0	0
IV. Cash		1942151	2763432	2270730	3230958
IV. TOTAL:		1942151	2763432	2270730	3230958
Section 2 total amount		54996367	78252780	41419325	58934390
TOTAL ASSETS		125242660	178204250	109402119	155665191

LIABILITIES AND SHAREHOLDERS' EQUITY	Enclosure Number	30.09.2007 LVL	30.09.2007 EUR	30.09.2006 LVL	30.09.2006 EUR
1. SHAREHOLDERS' EQUITY					
1. Share capital (fixed capital)		16981033	24161833	16981033	24161833
2. Long-term investments revaluation reserve		25054698	35649624	25852595	36784929
3. Reserves: a) reserves stipulated by law		0	0	0	0
3. Reserves: b) other reserves		21959004	31244848	12491727	17774126
3. TOTAL:		21959004	31244848	12491727	17774126
4. Retained earnings: a) undistributed profit from the previous years		-182900	-260243	192653	274121
4. Retained earnings: b) undistributed profit of the reporting year		15790759	22468226	6339994	9020999
4. Retained earnings: c) Minority shareholders		-229632	-326737	-248587	-353707
4. Retained earnings: b+c undistributed profit of the reporting year		15561127	22141489	6588581	9374706
section 1 total amount:		79372962	112937550	62106589	88369715
Minority shareholders		357074	508071	325934	463762
2. PROVISIONS					
1. Provisions for anticipated taxes		1533629	2182157	932333	1326590
2. Other provisions		4932084	7017723	5280159	7512989
section 2 total amount:		6465713	9199881	6212492	8839580
3. LIABILITIES (Accounts payable)					
I. Long-term Creditors (Accounts payable)					
1. Loans from credit institutions		1298818	1848052	879777	1251810
2. Other loans		491004	698636	360148	512444
3. Debts to suppliers and contractors		0	0	23053	32801
4. Other liabilities		200000	284574	0	0
I. TOTAL:		1989822	2831262	1262978	1797056
II. Short-term Creditors (Accounts payable)					
1. Loans from credit institutions		11669376	16604026	6647164	9458062
2. Other loans		5043687	7176520	5521090	7855803
3. Advance payments received from customers		361087	513781	3184501	4531137
4. Suppliers and contractors trade account payable		16224550	23085455	21686650	30857323
5. Accrued liabilities (payable bills of exchange)		0	0	0	0
6. Payable (debt) to associated companies		49571	70533	32613	46404
7. Taxes and state social insurance payments		2376828	3381922	1454078	2068967
8. Other liabilities		1317602	1874779	952884	1355832
9. Deferred income		242	344	0	0
10. Unpaid dividends for previous years		15146	21551	15146	21551
II. TOTAL:		37058089	52728910	39494126	56195079
Section 3 total amount:	2	39047911	55560172	40757104	57992134
TOTAL LIABILITIES AND EQUITY		125243660	178205673	109402119	155665191

Chairman of the Board _____

V.Terentjevs

JSC "Liepājas metalurģs"

**CASH FLOW STATEMENT (by direct method) (Consolidated)
for 9 Months of the year 2007**

	Reporting year		9 months of the year 2006	
	LVL	EUR	LVL	EUR
OPERATING CASH FLOW				
Cash received from buyers	176717723	251446666	161632979	229983009
Cash received from other business activities	1070671	1523428	686591	976931
VAT overpayment received	8614318	12257070	8021657	11413790
Cash paid to suppliers and employees	-172257112	-245099789	-148850549	-211795250
<i>Cash received from the core business activity</i>	<i>14145600</i>	<i>20127375</i>	<i>21490678</i>	<i>30578480</i>
Interest payment	-400397	-569714	-514978	-732748
Corporate income tax payments	-32634	-46434	-33546	-47732
Other tax payments	-12895401	-18348503	-7044643	-10023624
Net cash flow from the core business activity	817168	1162725	13897511	19774377
CASH FLOW FROM INVESTMENT ACTIVITIES				
Investments in associated companies	-36000	-51223	-22500	-32015
Sale of fixed assets and intangible assets	107847	153452	55310	78699
Acquisition of fixed assets	-5075707	-7222080	-8432369	-11998180
Long-term credit to students of JSC "LM" and other loans	8154	11602	-6558	-9331
Other loans granted	0	0	-140000	-199202
Interests received from the loan	376	535		
Net cash flow from investment operations	-4995330	-7107714	-8546117	-12160029
CASH FLOW FROM FINANCING ACTIVITIES				
Short-term borrowings, net value (credit line)	2026206	2883031	-4030534	-5734933
Long-term borrowings	143757	204548	113854	162000
Paid liabilities for financial leasing		0	-37543	-53419
Loans to associated companies	-22000	-31303	-700000	-996010
Other long-term loans	0	0	0	0
Loan repayments	0	0	0	0
Repayment of loans and received interests	551	784	-335495	
Other investments (sponsorship)	-450725	-641324	0	0
Subsidies	236846	337001	409650	582879
Net cash flow from financing activities	1934635	2752738	-4580068	-6516850
Result of foreign currency exchange rate fluctuations	-35194	-50077	-137913	-196233
Net growth of cash and its equivalents	-2278721	-3242328	633413	901266
Cash and its equivalents at the beginning of accounting period	4220872	6005760	1637317	2329692
Cash and its equivalents at the end of accounting period	1942151	2763432	2270730	3230958

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, LVL

	Share capital	Revaluation reserve of long term investments	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					15561127		15561127
Minority shareholders						-353161	-353161
Reserves distribution							0
Increase of revaluation reserve							
Written-off revaluation reserve		-292170					-292170
As of 30.09.2007	16981033	25054698	0	21959004	15561127	-182900	79372962

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, EUR

	Share capital	Revaluation reserve of long term investments	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 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					22141489		22141489
Currency exchange rate fluctuation							0
Minority shareholders						-502503	-502503
Written-off revaluation reserve		-415720					-415720
As of 30.09.2007	24161833	35649624	0	31244848	22141489	-260243	112937551

1. Accounts Receivables (Debtors)

(Consolidated)

Accounts Receivable	As of 30.09.2007		As of 30.09.2006	
	LVL	EUR	LVL	EUR
Customers and affiliated companies' debts	17729862	25227321	14841514	21117572
Incl. Debts of buyers and customers	13311052	18939921	9932490	14132660
Incl. Debts of related enterprises (subsidiaries)	0	0	0	0
Incl. Debts of associated enterprises	60172	85617	34001	48379
Incl. Debts of buyers with factoring activities	4358638	6201783	4875023	6936533
Other debtors	3636285	5173967	2696702	3837061
Incl. Provision for VAT and unpaid VAT	52904	75276	528099	751417
Incl. Advance payments	23590	33566	33653	47884
Incl. VAT budget overpayments	3453265	4913553	1986301	2826252
Incl. Various debtors	87270	124174	119263	169696
Incl. Overpaid salaries	253	360	245	349
Incl. Overpaid taxes	11354	16155	0	0
Incl. Advance payments for services	7457	10610	29141	41464
Occured losses	192	273		
Short-term loans to employees	1110	1579	600	854
Future periods payments	221523	315199	124872	177677
Incl. Press expenses	5236	7450	4013	5710
Incl. Property insurance	16518	23503		0
Incl. Payment for services	182122	259136		0
Incl. Payment for ship freightage services	0	0	90532	
Incl. Various	17647	25109	30327	43151
Total Debtors:	21588780	30718066	17663688	25133164

2. Accounts Payable (Creditors)

(Consolidated)

CREDITORS	As of 30.09.2007		As of 30.09.2006	
	LVL	EUR	LVL	EUR
Long- term creditors	1298818	1848052	879777	1251810
Other long-term borrowings (non-resident legal entity)	491004	698636	360148	512444
Long-term debt to suppliers and contractors	0	0	23053	32801
Other long-term creditors	200000	284574	0	0
Short-term borrowings from credit institutions	11669376	16604026	6647164	9458062
Short term debt from leasing	31022	44140	0	0
Advance payments	361087	513781	3184501	4531137
Other borrowings (factoring)	5012665	7132380	5521090	7855803
Debts to suppliers and contractors	16224550	23085455	21686650	30857323
Incl. Materials and gas	7619359	10841371	3266640	4648010
Incl. Services	2187904	3113107	1624108	2310897
Incl. Scrap, various services related to scrap delivery, processing	3711748	5281342	2535040	3607037
Incl. Fixed assets	191107	271921	135112	192247
Incl. Medical department creditors	1594	2268	2259	3214
Incl. Settlements with enterprises and other business partners - non-residents	2421633	3445673	14037440	19973478
Incl. Other Creditors	91205	129773	86051	122440
Debts to related enterprises (subsidiaries)	0	0	0	0
Debts to associated enterprises	49571	70533	32613	46404
Taxes and social security insurance payments	2376828	3381922	1454078	2068967
Incl. State tax	937	1333	760	1081
Incl. Residents' Income tax	478686	681109	347919	495044
Incl. Real estate tax	2409	3428	0	0
Incl. Social Security tax	645267	918132	353290	502686
Incl. Packing tax		0	3535	5030
Incl. Nature resources tax	23564	33529	18940	26949
Incl. Enterprise's Income tax	1202525	1711039	728762	1036935
Incl. Settlements with business partners-non residents	0	0		0
Incl. Value added tax	23440	33352	872	1241
Other creditors (liabilities)	1317602	1874779	952884	1355832
Incl. Payments for salaries	1275056	1814241	915459	1302581
Incl. Deductions from salaries	42546	60538	37425	53251
Incl. Debt to accountable persons	0	0	0	0
Deferred Income	242	344	0	0
Unpaid Dividends	15146	21551	15146	21551
Total Creditors:	39047911	55560172	40757104	57992134

**3. Net turnover (revenue) by products
for 9 months of the year 2007**

from consolidated Profit and Loss Statement

Product Description	For 9 months of year 2007		For 9 months of year 2006	
	LVL	EUR	LVL	EUR
Rolled steel	172105485	244884043	140729093	200239459
Wire	1429	2033	1167936	1661823
Nails	0	0	305234	434309
Consumer goods	10831	15411	8176	11633
Castings	2416409	3438240	1634015	2324994
Services	162644	231422	154902	220406
Sold steam, gCal	11256	16016	10586	15063
Medical department	724932	1031485	499985	711415
Transportation services	67628	96226	60329	85840
Slag		0	206605	293972
Stevedoring services	2794643	3976419	2678274	3810841
Broker services	1456906	2072990	1084750	1543460
Freightage services	1227284	1746268	2017725	2870964
Forwarder and other services	4063771	5782225	2685964	3821782
Sports	163947	233276	187900	267358
Beton (concrete) wares	749510	1066457	0	0
Other	0	0	0	0
TOTAL	185956675	264592511	153431474	218313319

**4. Net turnover by geographic markets
for 9 months of the year 2007**

Market	For 9 months of year 2007		For 9 months of year 2006	
	LVL	EUR	LVL	EUR
Latvia	24245670	34498480	19873735	28277777
Lithuania	11874542	16895951	7720512	10985299
Estonia	6734187	9581885	4019715	5719539
European Union countries	103073230	146659993	95434432	135790963
Russia	27401708	38989118	4437104	6313430
Other third countries	12627338	17967083	21945976	31226311
Total	185956675	264592511	153431474	218313319

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**5. Production costs of sold goods
for 9 months of the year 2007**

Cost Description	9 months for year 2007		9 months for year 2006	
	LVL	EUR	LVL	EUR
Materials	110681228	157485199	92389664	131458648
Salaries and wages	11634105	16553840	9112497	12965915
Social benefits deduction	2799139	3982816	2144831	3051820
Energy resources	12831153	18257085.9	10339198	14711353
Depreciation	4589399	6530126	4318955	6145319
Other costs	6616699	9414714	8045988	11448410
Write-off of nonmaterial values	25158	35797	0	0
Total	149176881	212259579	126351133	179781465

**6. Sales expenses
for 9 months of the year 2007**

Cost Description	For 9 months of year 2007		For 9 months of year 2006	
	LVL	EUR	LVL	EUR
Packing materials	107077	152357	129322	184009
Transportation costs	1260735	1793864	617849	879120
Freight	981618	1396717	657067	934922
Port handling charges	13769	19592	31534	44869
Advertising and marketing costs	73684	104843	107797	153381
Other sales costs	684673	974202	96708	137603
Costs related to L/C and factoring transactions	62775	89321	247254	351811
Logistics services costs	7907950	11251999	7954790	11318646
Total	11092281	15782894	9842321	14004361

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**7. Administration expenses
for 9 months of the year 2007**

Cost Description	For 9 months of year 2007		For 9 months of year 2006	
	LVL	EUR	LVL	EUR
Salaries and social costs	4494788	6395507	4240387	6033527
Communication costs	140825	200376	147853	210376
Office supplies and office maintenance costs	1257888	1789813	840102	1195357
Legal and auditing fees	366149	520983	285764	406606
Presentation costs	88612	126084	88377	125749
Depreciation of fixed assets	321178	456995	346577	493135
Traveling expenses	102156	145355	87866	125022
Management training	13024	18531	12252	17433
Costs of bank account services	31002	44112	70244	99948
Costs related to stockholders	9963	14176	1164	1656
Operative leasing	6075	8644	6499	9247
Total	6831660	9720576	6127085	8718057

JSC "Liepājas Metalurģs"

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

Income Description	9 months of year 2007		9 months of year 2006	
	LVL	EUR	LVL	EUR
Sale of current assets	1036035	1474145	983599	1399535
Transit cargo income	0	0	0	0
Sale of fixed assets and liquidation	153828	218878	60316	85822
Currency exchange income	422715	601469	767238	1091681
Costs of reserve establishment	0	0	0	0
Written-off revaluation reserve of fixed assets	211762	301310	220863	314260
Bad debt recovery	205121	291861	85	121
Sponsorship income	535261	761608	1113185	1583920
Received fine payments	25425	36177	12697	18066
Dotation (allowance)	0	0	52134	74180
Other income from operating activity	165282	235175	149265	212385
Total	2755429	3920622	3359382	4779970

JSC "Liepājas metalurģs"

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

Cost Description	9 months of year 2007		9 months of year 2006	
	LVL	EUR	LVL	EUR
Sales costs of current assets and transit cargo expenses	752677 0	1070963 0	799930 0	1138198 0
Costs related to the sale and liquidation of fixed assets	97738	139069	203888	290106
Currency exchange loss	728038	1035905	1060733	1509287
Costs of reserve establishment	0	0	2400000	3414892
Compensation for damages and other allowances	229641	326750	274078	389978
Paid fines	88815	126372	53441	76040
Costs of infrastructure maintenance	28755	40915	14638	20828
Other costs and sponsorship	477804	679854	843824	1200653
Provisions for bad debts	44884	63864	0	0
Other costs	36382	51767	351062	499516
Written-off bad debtors	102700	146129	0	0
Total	2587434	3681587	6001594	8539499

JSC "Liepājas metalurģs "

**Information on the consolidated year balance for personnel expenses
year 2007 9 months**

	JSC "Liepājas Metalurģs"	JSC "Port LM"	Ltd. Football - hockey club	Ltd. "Olympic center ice - hockey hall"	JSC "Rūķis LM"	TOTAL in the consolidated annual report
1. Average number of employees						
9 mo. 2007	2644	257	115	19	50	3085
9 mo. 2006	2716	242	101	19	0	3078
2. Personnel expenses, LVL, (including salaries and wages)						
LVL 2007	12969381	933642	238803	54672	212295	14408793
EUR 2007	18453767	1328453	339786	77791	302069	2048099
LVL 2006	9644165	757675	181105	39765	0	10622710
EUR 2006	13722411	1078074	257689	56580		15114755
3. Average earning LVL						
LVL 2007	545.02	403.65	230.73	319.72	471.77	518.95
EUR 2007	775.49	574.34	328.30	454.92	671.27	738.40
LVL 2006	394.54	347.88	199.23	232.54	0	383.46
EUR 2006	561.38	494.99	283.48	330.87	0	545.61

LVL to EUR currency exchange rate:

0.702804 (divide)