

# REVIEW OF LATVIAN FINANCIAL MARKET

12.12. – 16.12.2005

*Presented by  
SEB Latvijas Unibanka*

**Next year Valmieras stikla skiedra plans to post a turnover of 34.4 million lats, whereas the projected profit will be smaller than the expected profit of the current year.**

**The Riga Stock Exchange applied a supervision status to shares in the Riga Transport Fleet, because its Board of Directors announced that they would suspend trading in the public stock market and would delist the shares.**

**In October exports grew by 27%, imports - by 33%. The 9-month structure of the growth, however, is more positive - exports were up by 34% while imports - by 26%.**

**According to a survey on the movements of the workforce in the 3<sup>rd</sup> quarter, due to growth of employment and outflow of the workforce to the EU countries, unemployment reduced to 8.7%.**

In the reporting week trading activity on the Riga Stock Exchange grew considerably and, compared with the previous week, the volume of transactions jumped. The number of transactions increased by 15%. The most substantial information came from the fibreglass producer Valmieras stikla skiedra and the Riga Transport Fleet; in general outline, though, demand for the company shares remained strong.

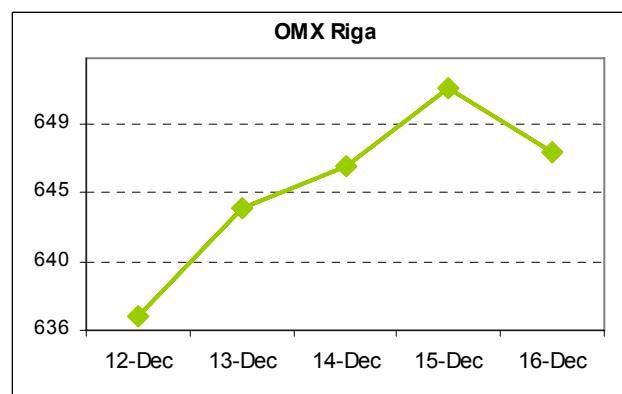
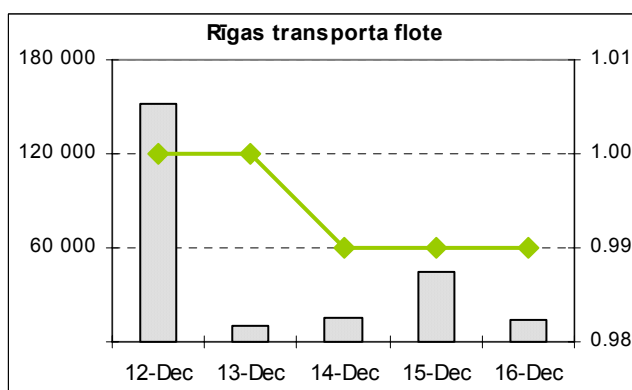
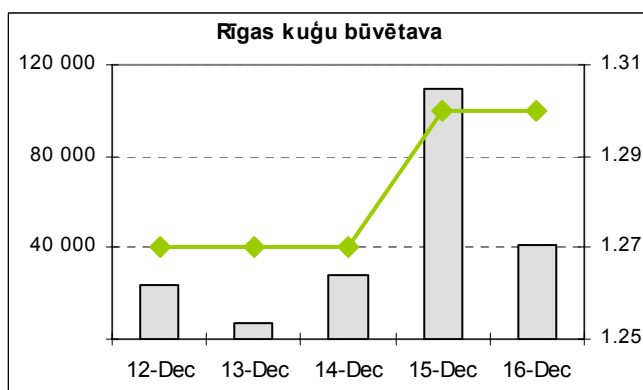
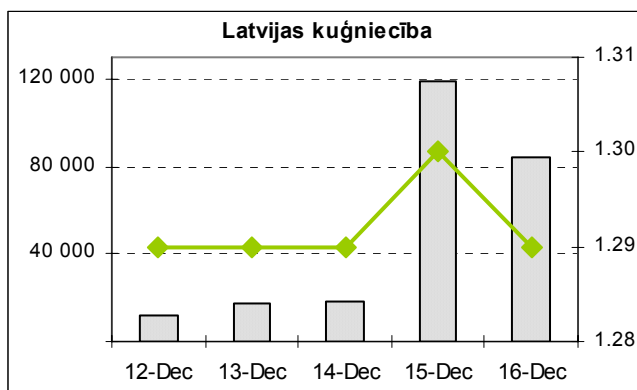
Turnover delivered by three listed companies exceeded 200 thousand lats, another three companies produced a turnover over 100 thousand and also other companies, except Liepajas metalurgs, fixed good trading results. The share index OMX Riga rose considerably – up by 1.6% and reached 647.12 points. The stock market turnover of the Official and Secondary list shares exceeded a one million mark and was 1.26 million lats, soaring by 44%, compared with the previous reporting week.

Stock market participants demonstrated their feeling about the next year's budget of Valmieras stikla skiedra with an increased acquisition of the company shares in the result of which its share price grew by 2.8% over the week. Notwithstanding even the fact that the year 2006 budget foresees solely a 5% growth of the turnover and a smaller profit than the projected profit of the current year.

The most significant event on the Tallinn bourse was trading activities of shares in the ferry company Tallink, which maintained the largest amounts of turnover all through the week. The value of the company shares, however, was on a downward direction all over the week, reaching 4.92 euro per share at the close of the week. It was the lowest price of the week and is almost 7% down from the price paid at the initial public offer.

Hence, investors, who participated in the Tallink offer hoping to pocket some gains, could do so only in the first five hours of the trade. Considering the unceasing downstream of prices and the excessive supply, the downward trend is likely to continue also in the coming week.

In the reporting week turnover on the Lithuanian stock market grew but share prices fell. The OMX Vilnius index contracted by 2.0% but the market turnover rocketed to 21.2 million lats. Shares in the company Snaige were the most actively traded shares on the Vilnius bourse – the turnover amounted to 18.1 million lats. The OMX Tallinn index of the Estonian Stock Exchange declined by 1.84% but the most sizeable turnover was posted by shares in Tallink, totalling 19.2 million lats. The overall turnover of the Estonian stock market grew and reached almost 23.8 million lats.



## RIGA STOCK EXCHANGE FIGURES

	16.12.2005	12.12.2005	Change during period %	
OMX Rīga (Riga Stock Exchange index)	647.12	636.92	1.60	
Weekly turnover (LVL thou.)	1 260	872	44.6	
Average daily turnover (LVL thou.)	252	174	44.6	

Companies	Share capital (Ls)	Profit projection in 2005 (LVL)	Turnover		Price		P/E (*)	P/BV (**)	EPS (***)
			This week (Ls)	Change (%)	Last (Ls)	Change (%)			
<b>Oficial list</b>									
Latvijas Gāze	39 900 000	10 000 000	20 512	5.8	8.76	3.1	34.95	1.65	0.25
Latvijas Kuģniecība	200 000 000	16 000 000	251 021	10.8	1.29	1.6	16.13	1.17	0.08
SAF Tehnika	2 970 180	850 000	92 476	1508.3	11.60	1.3	40.53	4.48	0.29
Ventspils Nafta	104 479 519	18 000 000	114 703	619.3	2.58	3.2	14.98	0.77	0.17
<b>Secondary list</b>									
Latvijas Balzāms	7 496 900	2 500 000	12 780	194.6	4.41	-0.2	13.22	1.99	0.33
Ditton PKR	7 400 000	120 000	100 053	256.7	0.96	6.7	59.20	0.82	0.02
Grindeks	9 585 000	4 600 000	44 564	471.8	7.00	-0.1	14.59	2.79	0.48
Liepājas Metalurģs	16 981 033	1 500 000	8 105	-11.4	2.07	0.5	23.43	0.67	0.09
Olainfarm	10 252 365	400 000	42 080	30.1	1.94	0.5	49.72	2.10	0.04
Rīgas kuģu būvētava	11 672 107	1 000 000	209 240	-23.9	1.30	3.2	15.17	0.99	0.09
Rīgas transporta flote	23 312 980	4 500 000	236 816	6.1	0.99	0.0	5.13	1.01	0.19
Valmieras SŠ	23 903 205	1 500 000	128 128	430.0	2.60	2.8	41.43	2.20	0.06

\* -P/E - ratio of the closing market price to the projected annual profit per share. Calculation of P/E ratio is based on profit projection for year 2005 or year 2004 if it is the latest available information.

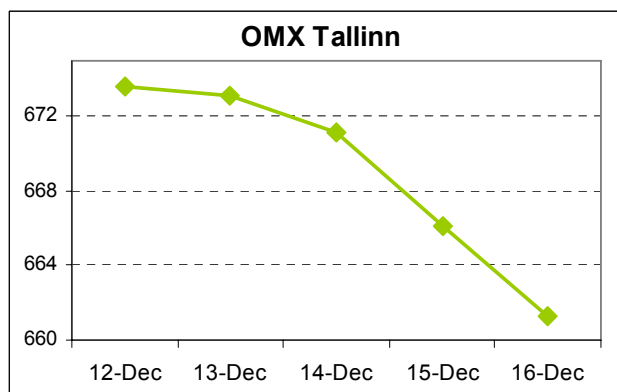
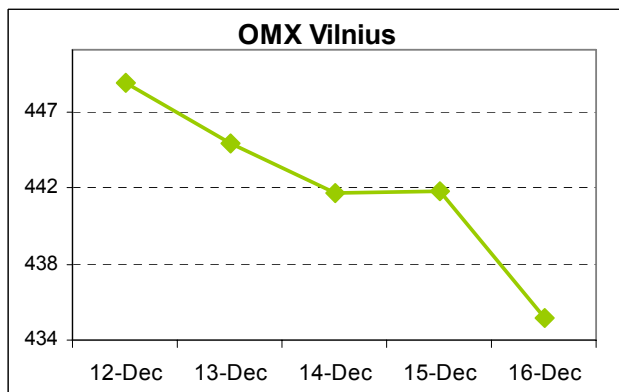
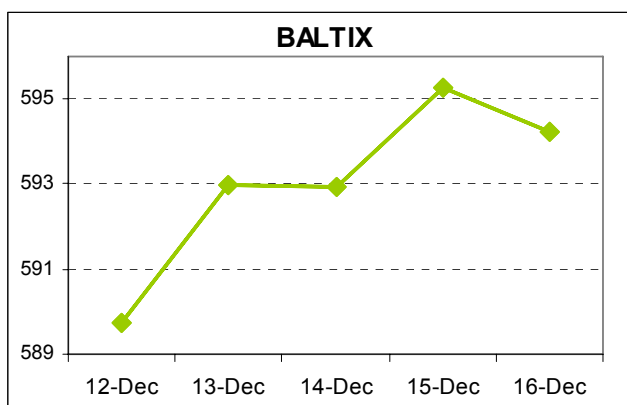
\*\* -P/BV - ratio of the closing market price to the book value of one share (calculated as equity to the number of shares).

\*\*\* - EPS - year 2005 profit of the Company per share. Calculated by dividing the profit of the corresponding period by the number of shares.

# - for drafting the prognosis, company's profit data in previous years and 2005, the planned amount of profit and other information was used. The prognosis may be changed with acquisition of new information without prior notice.

## THE BALTIC LIST

Index	16.12.2005	12.12.2005	Change during period %
BALTIX	594.24	589.75	0.76
Companies	Price (last) (EUR)	Price (open) (EUR)	Change during period %
Apranga	2.61	2.58	1.1
Baltika	12.00	12.00	0.0
Ekranas	0.42	0.43	-2.4
Eesti Telekom	7.52	7.69	-2.3
Latvijas Gāze	12.46	12.09	3.0
Harju Elekter	4.11	4.11	0.0
LASCO	1.84	1.81	1.6
Lietuvos Telekomas	0.79	0.77	2.5
Merko Ehitus	18.44	18.60	-0.9
Norma	6.47	6.54	-1.1
Pieno Zvaigzdes	1.31	1.33	-1.5
Rokiskio Suris	20.85	21.43	-2.8
SAF Tehnika	16.51	16.29	1.3
Sanitas	3.78	3.77	0.3
Starman	3.83	3.80	0.8
Snaige	4.85	4.75	2.1
Tallink	4.92	5.34	-8.5
Tallinna Kaubamaja	22.10	21.00	5.0
Tallinna Vesi	13.45	13.35	0.7
Utenos Trikotazas	2.53	2.52	0.4
Vilniaus Baldai	9.99	9.99	0.0
Ventspils nafta	3.67	3.56	3.0
Vilniaus Vingis	1.18	1.13	4.2



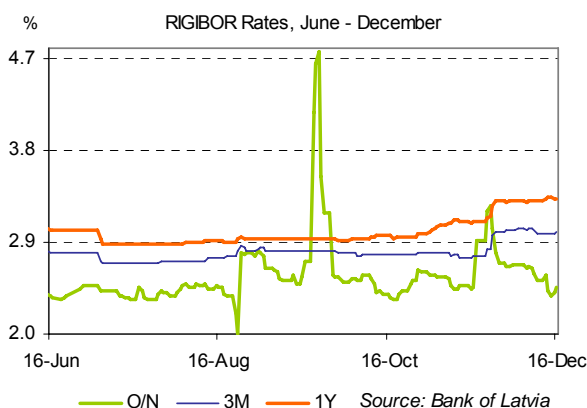
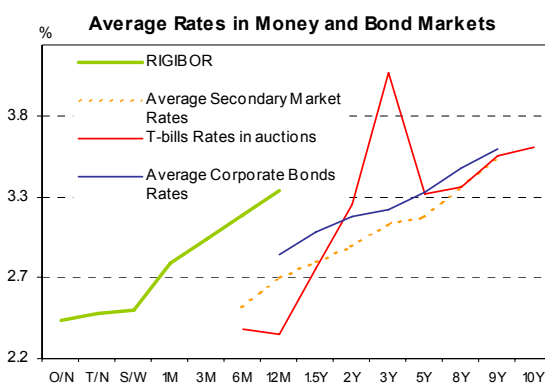
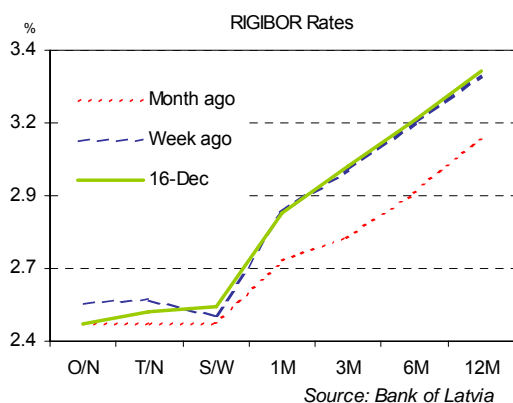
## NEWS

- ✓ The Latvian Shipping Company has expressed a wish to privatise the land under the building owned by the company in 1 Elizabetes Street, Riga. The deal amount exceeds 100 thousand lats.
- ✓ The procurement commission, which will have to choose the finance advisor for the sale of the government stake in Ventspils nafta, will be composed of 13 people from the Privatisation Agency, and Ministries of Economy, Finance and Transport. The commission will embark upon its duties as of 15 December.

## INTEREST AND YIELD RATES

At the auction of one-year government debt securities, held in the middle of the outgoing week, all the offered securities at par value 10 million lats were sold. Total demand at the competitive and non-competitive auction amounted to 16.2 million lats. The fixed average weighted yield rate was 2.681% but the maximal allowable yield rate determined by the State Treasury - 2.7%. The maximally satisfied yield rate stood at 2.69%.

Compared with the previous week the RIGIBOR rates for the lat currency changed insignificantly, shorter-term rates slightly contracted. The same trend is expected to run on also next week.



## FIXED INCOME SECURITIES

### Government securities

Name	Maturity	Coupon	Bid Yld (%)	Ask Yld (%)
LV0000570026	26-Jan-06	8.125%	2.70	2.40
LV0000560035	29-Aug-06	3.875%	2.85	2.65
LV0000570034	8-May-07	5.625%	3.05	2.80
LV0000570042	4-Feb-10	3.375%	3.25	3.00
LV0000580017	14-Feb-13	5.125%	3.45	3.25
LV0000580025	2-Apr-14	4.750%	3.60	3.35

### Corporate and mortgage bonds

Name	Maturity	Coupon	Bid Yld (%)	Ask Yld (%)
<b>Latvian Mortgage and Land Bank</b>				
LV0000800126	15-Aug-06	6.500%	3.00	
LV0000800092	15-Aug-07	7.500%	7.50	4.00
LV0000800167	15-Aug-08	3.250%	6M RIGIBOR + 0.50%	
LV0000800118	15-Aug-08	7.000%	7.00	4.00
LV0000800183	15-Aug-09	3.250%	6M RIGIBOR + 0.50%	
LV0000800266	15-Aug-10	3.250%	6M RIGIBOR + 0.50%	
LV0000800100	15-Aug-11	7.500%	7.00	
LV0000800142	15-Aug-12	6.000%	6.00	
LV0000800159	15-Aug-13	5.250%	5.00	3.50
LV0000800217	15-Feb-11	4.750%	0.80%+ 6 M LIBOR	
LV0000800241	15-Aug-14	4.750%	0.70%+ 6 M LIBOR	
<b>Baltic Trust Bank</b>				
LV0000800233	1-Dec-07	4.125%	6M RIGIBOR + 1.25%	
LV0000800225	1-Dec-09	4.750%	6M LIBOR + 1.25%	
LV0000800282	15-Feb-08	3.750%	6 M LVL RIGIBOR + 1.00%	
LV0000800308	15-Aug-10	5.000%	6 M USD LIBOR + 1.00%	
LV0000800290	15-Aug-10	3.125%	6 M EUR LIBOR + 1.00%	
<b>Nord Deutsche Landesbank</b>				
LV0000600781	16-Oct-06	7.750%	2.90	2.15
<b>Nordic Investment Bank</b>				
LV0000800175	2007.07.25	4.250%	3.10	

### Latvia eurobonds

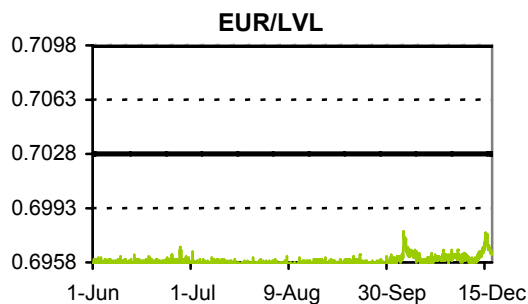
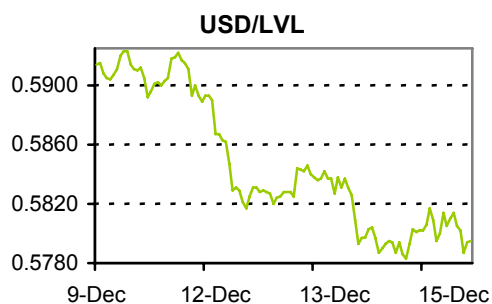
Name	Maturity	Coupon	Bid Yld (%)	Ask Yld (%)
XS0138888689	2008.11.27	5.375%	3.05	2.89
XS0189713992	2014.04.02	4.25%	3.45	3.41

Securities prices are indeterminate.

## Review of foreign exchange market

Over the reporting week the Latvian lat against the US dollar increased by 120 points but fluctuated in the range of 133 points.

After a decline of 15 points at the beginning of the week the value of the lat against the euro is gradually falling back to the lowest level of the repegging corridor.



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