

REVIEW OF LATVIAN FINANCIAL MARKET

19.12. – 23.12.2005

*Presented by
SEB Latvijas Unibanka*

Next year the management of Olainfarm wishes to pay utmost attention to the social policy of the company.

Grindeks has commenced the procedure of share transfer from the Secondary list of the Baltic Riga Stock Exchange to the Official list.

In November producer prices in the industry of Latvia grew by 6.7% against the prices of a year ago.

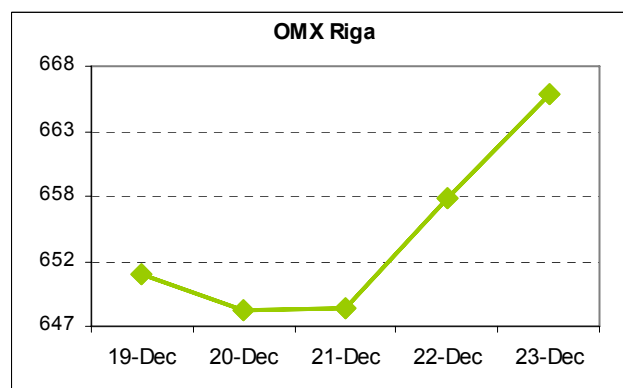
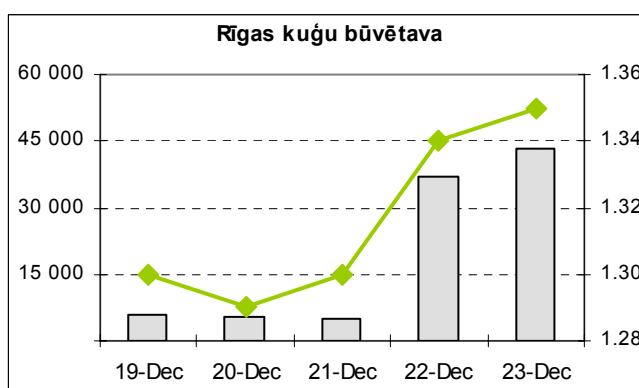
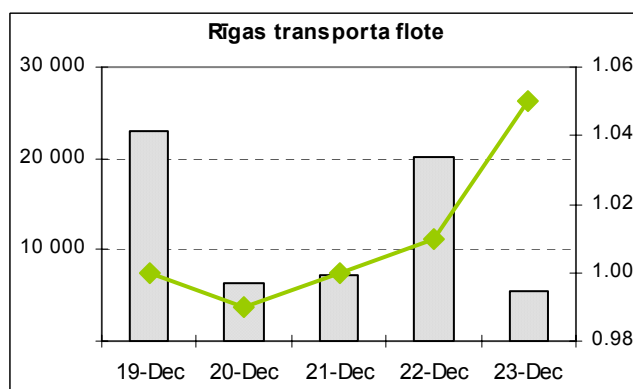
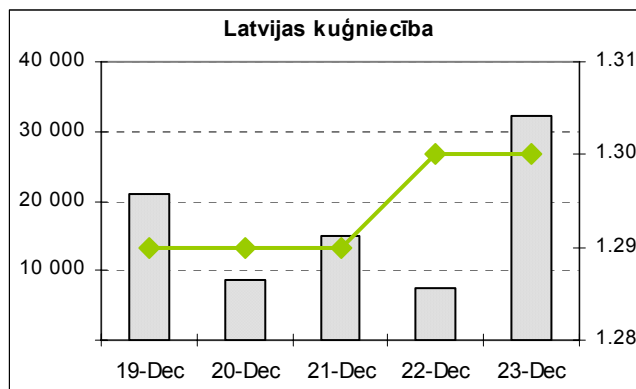
During the reporting week trading activity on the Riga Stock Exchange diminished and the transaction volume dwindled rapidly. The number of transactions in stocks shrank by 50%. The most substantial information was received about the drug producers Olainfarm and Grindeks, nevertheless the previous demand lost its intensiveness. The term of the mandatory buyout offer of shares in the Riga Transport Fleet ended in the reporting week.

None of the companies posted a turnover above 100 thousand lats but the turnovers delivered by four companies exceeded 50 thousand lats, the results of the remaining companies were comparatively small. The share index OMX Riga did not grow particularly fast also in the current week – it was up by solely 2.25% and reached 665.79 points. The turnover of the Official and Secondary list shares did not exceed a million lat margin and amounted to only 400 thousand lats, plummeting by almost 70% from the result of a week before.

At the close of the term of the mandatory share buyout offer the price of shares in the Riga Transport Fleet jumped to 114 santims in the first transaction but in the remaining transactions the shares were traded for 105 santims per share, which is, however, larger than the offer price – one lat per share. It must be mentioned though that transaction volumes were insignificant. Next week investors, who responded to the share buyout offer submitted by the Riga Transport Fleet, will be credited money for the sold shares. It is expected that at least part of the funds will be invested in more liquid shares.

The projected transfer of Grindeks shares to the Official list did not build up investor optimism and on Friday - after the announcement about the embarking upon the procedure – only six small-size transactions were made. At the close of the week the value of shares in Grindeks remained practically on the same level – neither rising nor falling.

In the reporting week turnover on the Lithuanian stock market grew and share prices moved up to 10.3 million lats. Shares in the company Panevezhu statibu trest were the most actively traded shares on the Vilnius bourse – the bourse's turnover amounting to 2.9 million lats. The OMX Tallinn index of the Estonian Stock Exchange rose by 1.35% but the most sizeable turnover as before was posted by shares in Tallink, totalling 5.9 million lats. The overall turnover of the Estonian stock market shrank and was almost 10.6 million lats.



RIGA STOCK EXCHANGE FIGURES

	23.12.2005	19.12.2005	Change during period %
OMX Riga (Riga Stock Exchange index)	665.79	651.17	2.25
Weekly turnover (LVL thou.)	420	1 260	-66.6
Average daily turnover (LVL thou.)	84	252	-66.6

Companies	Share capital (Ls)	Profit projection in 2005 (LVL)	Turnover		Price		P/E (*)	P/BV (**)	EPS (***)
			This week (Ls)	Change (%)	Last (Ls)	Change (%)			
Official list									
Latvijas Gāze	39 900 000	10 000 000	19 065	-7.1	9.20	3.5	36.71	1.74	0.25
Latvijas Kuģniecība	200 000 000	16 000 000	84 461	-66.4	1.30	0.0	16.25	1.18	0.08
SAF Tehnika	2 970 180	850 000	14 423	-84.4	11.55	-0.4	40.36	4.46	0.29
Ventspils Nafta	104 479 519	18 000 000	18 360	-84.0	2.70	5.9	15.67	0.81	0.17
Secondary list									
Latvijas Balzāms	7 496 900	2 500 000	2 318	-81.9	4.33	0.5	12.98	1.96	0.33
Ditton PĶR	7 400 000	120 000	26 951	-73.1	0.94	-1.1	57.97	0.80	0.02
Grindeks	9 585 000	4 600 000	12 019	-73.0	7.00	0.0	14.59	2.79	0.48
Liepājas Metalurģis	16 981 033	1 500 000	8 273	2.1	2.09	1.5	23.66	0.67	0.09
Olainfarm	10 252 365	400 000	16 519	-60.7	1.97	1.5	50.49	2.14	0.04
Rīgas kuģu būvētava	11 672 107	1 000 000	96 965	-53.7	1.35	3.8	15.76	1.03	0.09
Rīgas transporta flote	23 312 980	4 500 000	62 113	-73.8	1.05	6.1	5.44	1.07	0.19
Valmieras SŠ	23 903 205	1 500 000	58 917	-54.0	2.60	-0.4	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.

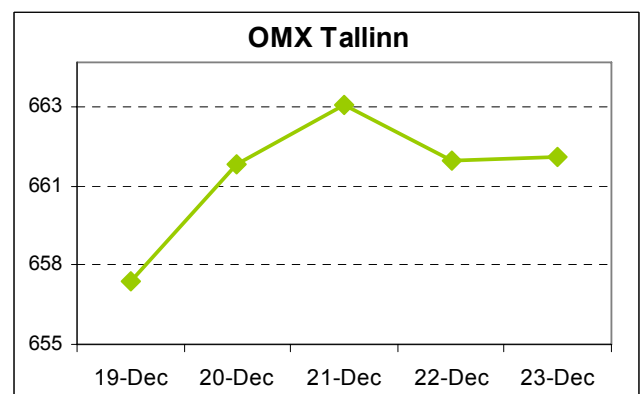
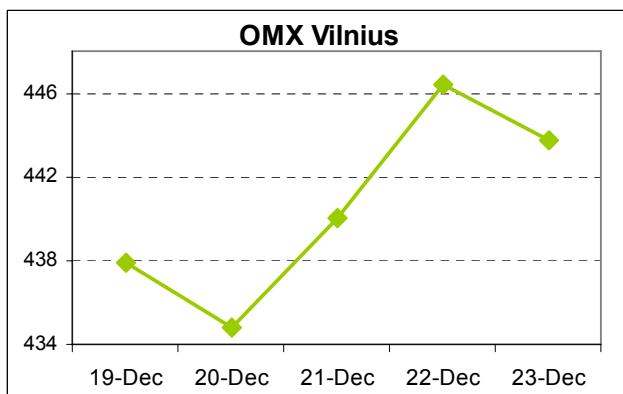
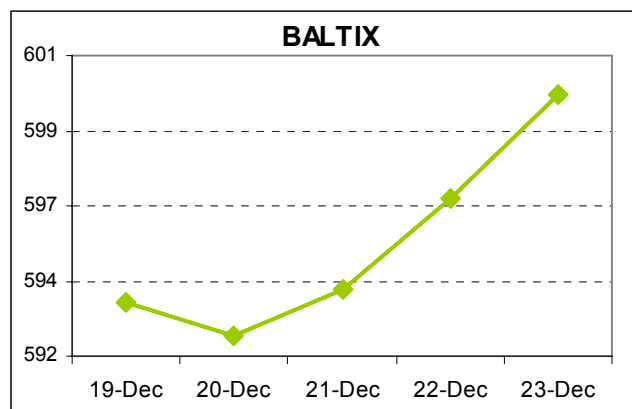
** -P/BV - ratio of the closing market price to the book value of one share (calculated as equity to the number of shares).

*** - 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	23.12.2005	19.12.2005	Change during period %
BALTIX	599.86	593.61	1.05
Companies	Price (last) (EUR)	Price (open) (EUR)	Change during period %
Apranga	2.62	2.61	0.4
Baltika	11.97	11.95	0.2
Ekranas	0.43	0.41	4.7
Eesti Telekom	7.56	7.57	-0.1
Latvijas Gāze	13.09	12.65	3.4
Harju Elekter	4.05	4.12	-1.7
LASCO	1.85	1.85	0.0
Lietuvos Telekomas	0.78	0.79	-1.3
Merko Ehitus	17.62	18.25	-3.6
Norma	6.50	6.48	0.3
Pieno Zvaigzdes	1.30	1.30	0.0
Rokiskio Suris	21.14	20.85	1.4
SAF Tehnika	16.43	16.51	-0.5
Sanitas	3.91	3.77	3.6
Starman	3.80	3.83	-0.8
Snaige	4.98	4.85	2.6
Tallink	4.97	4.89	1.6
Tallinna Kaubamaja	22.40	22.40	0.0
Tallinna Vesi	13.44	13.41	0.2
Utenos Trikotazas	2.61	2.55	2.3
Vilniaus Baldai	9.99	9.65	3.4
Ventspils nafta	3.84	3.63	5.5
Vilniaus Vingis	1.22	1.17	4.1

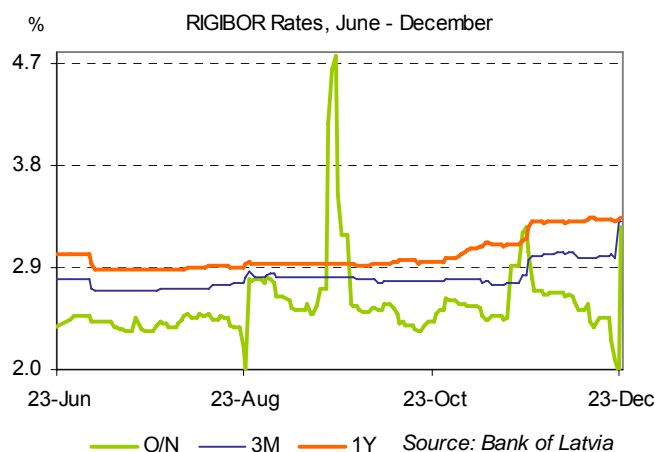
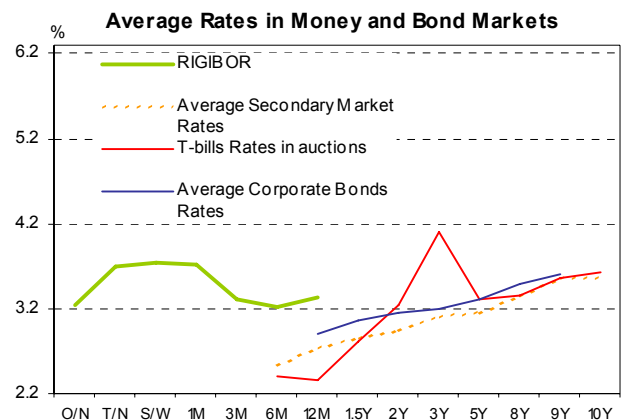
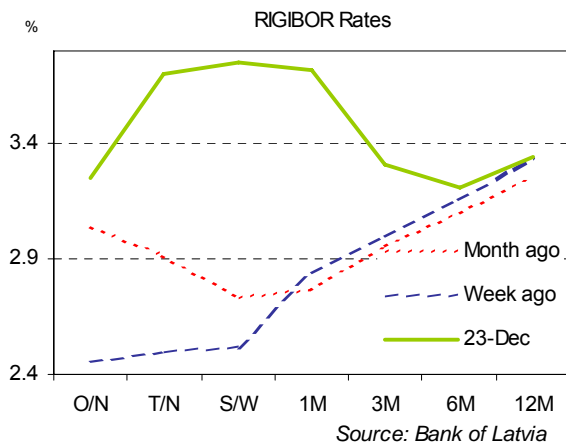


NEWS

- ✓ Grindeks donated almost 16,000 packages of painkillers, envisaged for the needy in Latvia. The medicine will be dispensed to several non-government organisations, sponsoring the indigent population.
- ✓ In the nine months of the year Latvia produced a 22.7% larger volume of alcoholic beverages than in the same period in 2004.
- ✓ Olainfarm plans to raise employee wages by 15 – 50% on average, in accordance with the qualifications of the employee.

INTEREST AND YIELD RATES

Compared with the previous accounting period the RIGIBOR shorter-term rates rose sizeably but annual and semi-annual rates remained comparatively steady. It could be attributable to the beginning of the new mandatory reserve period and, most likely, the rates will return to their earlier level next week.



FIXED INCOME SECURITIES

Government securities

Name	Maturity	Coupon	Bid Yld (%)	Ask Yld (%)
LV0000570026	26-Jan-06	8.125%	2.70	2.45
LV0000560035	29-Aug-06	3.875%	2.90	2.70
LV0000570034	8-May-07	5.625%	3.10	2.90
LV0000570042	4-Feb-10	3.375%	3.30	3.10
LV0000580017	14-Feb-13	5.125%	3.50	3.30
LV0000580025	2-Apr-14	4.750%	3.55	3.35
LV0000580033	2-Dec-15	3.500%	3.65	3.45

Corporate and mortgage bonds

Name	Maturity	Coupon	Bid Yld (%)	Ask Yld (%)
Latvian Mortgage and Land Bank				
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%	7.25	
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	
Baltic Trust Bank				
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%	
Nord Deutsche Landesbank				
LV0000600781	16-Oct-06	7.750%	2.90	2.70
Nordic Investment Bank				
LV0000800175	2007.07.25	4.250%	3.10	

Latvia eurobonds

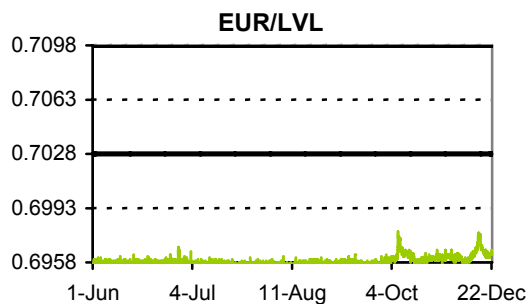
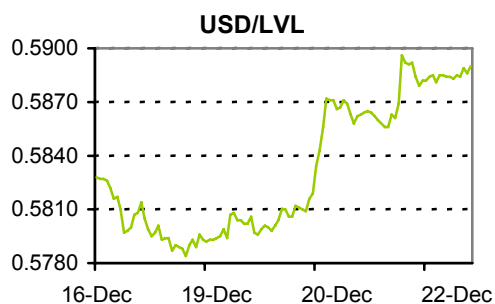
Name	Maturity	Coupon	Bid Yld (%)	Ask Yld (%)
XS0138888689	2008.11.27	5.375%	3.16	3.00
XS0189713992	2014.04.02	4.25%	3.47	3.43

Securities prices are indeterminate.

Review of foreign exchange market

Over the reporting week the Latvian lat against the US dollar shrank by 60 points but fluctuated in the range of 108 points.

After a short upward movement the value of the lat against the euro has again fallen back to the lowest level of the repegging corridor and is likely to stay there throughout next week.



Market and sector research
SEB Latvijas Unibanka
 Unicentrs, Kekavas pagasts, LV - 1076
<http://www.seb.lv>

Analyst: Dainis Sturmanis
 Phone: +371 7215651
 e-mail: Dainis.Sturmanis@seb.lv

Macroeconomics: Andris Vilks
 Phone: +371 7215597

© SEB Latvijas Unibanka, 2005.

In preparation of the review, information from BNS, Leta, Reuters, Financial Times, CNN, ECR is used.

This edition is intended for general circulation only and does not constitute a personal recommendation. The information in this document was obtained from sources believed to be reliable, but its accuracy or completeness cannot be guaranteed. Any opinions expressed herein are given in good faith, but are subject to change without notice.