

JOINT STOCK COMPANY LATVIJAS BALZAMS
(ENTERPRISE REGISTER NUMBER LV40003031873)

FIRST 3 MONTHS OF THE YEAR 2006

Riga, 2006

MANAGEMENT

Names and positions of Council members

Alexander Kovalev – Chairman of the Council

Pjotr Aven – Member of the Council

Vitolds Kokars – Member of the Council
Director for quality control of AS Latvijas balzams

Yury Shefler – Member of the Council (from 23 February 2004)

Alexey Oliynik – Member of the Council
(from 23 February 2004)

Juris Gulbis – Member of the Council (from 23 February 2004)

Names and positions of Board members

Rolands Gulbis – Chairman of the Board
General director of AS Latvijas balzams

Alexander Yernev – Member of the Board
Chief engineer of AS Latvijas balzams

Egils Dzerelis – Member of the Board
Director of logistics of AS Latvijas balzams

Sergey Limarenko – Member of the Board
Chief of internal security department of AS Latvijas balzams

Valizhan Abidov – member of the Board

Reporting period

1 January – 31 March 2006

Income statement

	Notes	01.01.2006 - 31.03.2006 EUR*	01.01.2005 - 31.03.2005 EUR*
Net turnover	1	24 355 911	20 365 531
Cost of sales	2	(21 480 390)	(18 433 212)
Gross profit or loss		2 875 521	1 932 320
Distribution costs	3	(1 103 051)	(889 343)
Administrative expenses	4	(1 533 716)	(857 336)
Other operating income		225 013	127 031
Interest receivable and similar income		11 461	198 853
Interest payable and similar expenses		(237 883)	(213 836)
Profit or loss before taxes		237 345	297 689
Corporate income tax		(35 383)	(44 654)
Other taxes		(49 312)	(30 508)
Profit or loss for the reporting year		152 650	222 527
Earnings per share (cents)		2.04	2.97

* - after currency exchange rate set by Bank of Latvia (1 EUR = 0.702804 LVL)

Rolands Gulbis
Chairman of the Executive Board

Balance sheet

ASSETS		Notes	31.03.2006 EUR*	31.03.2005 EUR*
NON-CURRENT ASSETS				
Intangible fixed assets				
Concessions, patents, licences and similar rights			95 971	389 911
Goodwill				
TOTAL			95 971	389 911
Tangible fixed assets				
Land, buildings, constructions and perennial plants			17 119 304	10 719 302
Equipment and machinery			4 242 173	4 942 462
Other fixtures and fittings, tools and equipment			1 466 884	1 403 438
Construction in progress			5 053 494	595 361
Prepayments for tangible fixed assets			607 753	569 823
TOTAL			28 489 607	18 230 386
Non-current financial assets				
Investments in share capital of related companies			711 436	6 618
TOTAL			711 436	6 618
TOTAL NON-CURRENT ASSETS			29 297 015	18 626 914
CURRENT ASSETS				
Inventories				
Raw materials			15 493 671	12 857 818
Work in progress			1 146 920	718 974
Finished goods and goods for resale			4 131 044	4 678 495
TOTAL			20 771 635	18 255 287
Receivables				
Trade receivables			7 059 465	7 223 027
Receivables from related companies			5 799 179	7 299 823
Other receivables			1 257 373	658 933
Prepaid expense			177 365	150 100
TOTAL			14 293 382	15 331 883
Cash (TOTAL)			601 573	1 509 027
TOTAL CURRENT ASSETS			35 666 590	35 096 198
TOTAL ASSETS			64 963 604	53 723 112

* - after currency exchange rate set by Bank of Latvia (1 EUR = 0.702804 LVL)

Rolands Gulbis
Chairman of the Executive Board

EQUITY AND LIABILITIES

	Notes	30.06.2005 EUR*	30.06.2004 EUR*
CAPITAL AND RESERVES			
Share capital		10 667 128	10 667 128
Share premium		87 887	87 887
Non-current assets revaluation reserve		7 590 507	1 401 355
Reserves:			
unrealized gain from investment in subsidiary undertakings			
other reserves		1 777 234	1 777 234
merger reserve		(15 796 588)	(15 796 588)
Retained earnings:			
brought forward		25 989 411	22 605 105
for the period		152 650	222 527
TOTAL EQUITY		30 468 229	20 964 647
PROVISIONS FOR LIABILITIES AND CHARGES			
Provisions for expected taxes		1 900 999	821 596
Other provisions		2 124 921	1 684 793
TOTAL PROVISIONS FOR LIABILITIES AND CHARGES		4 025 920	2 506 389
LIABILITIES			
Non-current liabilities			
Loans from credit institutions		11 855 937	14 342 548
TOTAL		11 855 937	14 342 548
Current liabilities			
Loans from credit institutions		2 249 020	2 303 075
Trade payables		4 924 928	5 105 523
Taxes payable		10 883 546	8 250 761
Other liabilities		548 575	242 721
Undrawn dividends of previous years		7 449	7 449
TOTAL		18 613 518	15 909 528
TOTAL LIABILITIES		30 469 455	30 252 076
TOTAL EQUITY AND LIABILITIES		64 963 604	53 723 112

* - after currency exchange rate set by Bank of Latvia (1 EUR = 0.702804 LVL)

 Rolands Gulbis
 Chairman of the Executive Board

Cash flow statement

Notes	01.01.2006 - 31.03.2006 EUR*	01.01.2005 - 31.03.2005 EUR*
Cash flows to/ from operating activities		
Net profit or loss before extraordinary items and taxes	237 345	297 689
Adjustments for:	-	-
Amortisation and depreciation	797 471	625 766
Interest income/expense	238 317	213 836
Increase/(decrease) in provisions	492	(11 885)
Gain/loss on disposal of fixed assets	92 593	-
Operating profit or loss before working capital changes	1 366 219	1 125 406
(Increase)/decrease in inventories	(2 603 843)	(2 149 273)
(Increase)/decrease in receivables	14 106 215	3 461 329
Increase/(decrease) in payables	(13 269 239)	(471 224)
Cash generated from operations	(400 648)	1 966 238
Interest paid	(244 099)	(213 836)
Corporate income tax paid	(50 736)	(91 963)
Net cash flows to/ from operating activities	(695 484)	1 660 439
Cash flows to/ from investing activities		
Purchase of fixed assets	(677 033)	(403 598)
Acquisition of subsidiary	(711 436)	-
Net cash flows to/ from investing activities	(1 388 469)	(403 598)
Cash flows to/ from financing activities		
Net loans paid	1 396 139	(1 025 075)
Net cash flows to/ from financing activities	1 396 139	(1 025 075)
Change in cash and cash equivalents	(687 813)	231 766
Cash and cash equivalents at the beginning of the reporting year	1 289 387	1 277 261
Cash and cash equivalents at the end of the reporting year	601 573	1 509 027

* - after currency exchange rate set by Bank of Latvia (1 EUR = 0.702804 LVL)

A/s Latvijas balzams

Address: A. Čaka iela 160, Rīga, LV-1012

Reg. number: LV40003031873



Statement of changes in equity for three months period ended 31 March 2006

	Share capital	Share premium	Long-term investments revaluation reserve	Other reserves	Merger reserve	Retained earnings	Total
Balance as at 1 January 2005, EUR*	10 667 128	87 887	7 590 507	1 777 234	(15 796 588)	25 989 411	30 315 578
Profit/loss for the reporting period	-	-	-	-	-	152 651	152 651
Balance as at 30 June 2005, EUR*	10 667 128	87 887	7 590 507	1 777 234	(15 796 588)	26 142 062	30 468 228

* - after currency exchange rate set by Bank of Latvia (1 EUR = 0.702804 LVL)