

JOINT STOCK COMPANY LATVIJAS BALZAMS
(ENTERPRISE REGISTER NUMBER LV40003031873)

CONDENSED FINANCIAL STATEMENTS *(not audited)*
FOR THE FIRST 3 MONTHS OF 2007
PREPARED UNDER LATVIAN ACCOUNTING STANDARDS

Riga, 2007

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

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

Andrey Skurihin – Member of the Council

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 2007

Income statement

	Notes	01.01.2007 - 31.03.2007 EUR*	01.01.2006 - 31.03.2006 EUR*
Net turnover	1	31 436 967	24 355 911
Cost of sales	2	(27 463 035)	(21 480 390)
Gross profit or loss		3 973 932	2 875 521
Distribution costs	3	(1 194 114)	(1 103 051)
Administrative expenses	4	(1 578 291)	(1 533 716)
Other operating income		143 716	225 013
Interest receivable and similar income		252 820	11 461
Interest payable and similar expenses		(372 716)	(237 883)
Profit or loss before taxes		1 225 347	237 345
Corporate income tax		(183 802)	(35 383)
Other taxes		(28 536)	(49 312)
Profit or loss for the reporting year		1 013 008	152 650
Earnings per share (cents)		13,51	2,04

* - 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	31.03.2007 EUR*	31.03.2006 EUR*
NON-CURRENT ASSETS				
Intangible fixed assets				
Concessions, patents, licences and similar rights			12 438	95 971
Goodwill				
	TOTAL		12 438	95 971
Tangible fixed assets				
Land, buildings, constructions and perennial plants			26 555 906	17 119 304
Equipment and machinery			3 746 409	4 242 173
Other fixtures and fittings, tools and equipment			1 140 602	1 466 884
Construction in progress			267 501	5 053 494
Prepayments for tangible fixed assets			618 662	607 753
	TOTAL		32 329 079	28 489 607
Non-current financial assets				
Investments in share capital of related companies				711 436
	TOTAL		-	711 436
	TOTAL NON-CURRENT ASSETS		32 341 517	29 297 015
CURRENT ASSETS				
Inventories				
Raw materials			16 794 374	15 493 671
Work in progress			873 644	1 146 920
Finished goods and goods for resale			8 955 858	4 131 044
	TOTAL		26 671 190	20 771 635
Receivables				
Trade receivables			10 287 557	7 059 465
Receivables from related companies			29 992 264	5 799 179
Other receivables			190 364	1 257 373
Prepaid expense			324 011	177 365
	TOTAL		40 794 196	14 293 382
Cash (TOTAL)			494 065	601 573
	TOTAL CURRENT ASSETS		67 959 452	35 666 590
TOTAL ASSETS			100 300 969	64 963 604

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Rolands Gulbis
Chairman of the Executive Board

EQUITY AND LIABILITIES				
	Notes	31.03.2007	31.03.2006	
CAPITAL AND RESERVES		EUR*	EUR*	
Share capital		10 667 128	10 667 128	
Share premium		87 887	87 887	
Non-current assets revaluation reserve		17 350 403	7 590 507	
Reserves:				
unrealized gain from investment in subsidiary undertakings				
other reserves			1 777 234	
merger reserve			(15 796 588)	
Retained earnings:				
brought forward		15 383 373	25 989 411	
for the period		1 013 009	152 650	
TOTAL EQUITY		44 501 799	30 468 229	
PROVISIONS FOR LIABILITIES AND CHARGES				
Provisions for expected taxes		3 451 918	1 900 999	
Other provisions		2 338 840	2 124 921	
TOTAL PROVISIONS FOR LIABILITIES AND CHARGES		5 790 758	4 025 920	
LIABILITIES				
Non-current liabilities				
Loans from credit institutions		21 457 246	11 855 937	
TOTAL		21 457 246	11 855 937	
Current liabilities				
Loans from credit institutions		9 553 000	2 249 020	
Trade payables		6 072 102	4 924 928	
Taxes payable		11 674 790	10 883 546	
Other liabilities		1 243 825	548 575	
Undrawn dividends of previous years		7 449	7 449	
TOTAL		28 551 166	18 613 518	
TOTAL LIABILITIES		50 008 412	30 469 455	
TOTAL EQUITY AND LIABILITIES		100 300 969	64 963 604	

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Chairman of the Executive Board

Cash flow statement

Pielikums	01.01.2007 - 31.03.2007 EUR*	01.01.2006 - 31.03.2006 EUR*
Cash flows to/ from operating activities		
Net profit or loss before extraordinary items and taxes	1 225 347	237 345
Adjustments for:		
Amortisation and depreciation	658 734	797 471
Interest income/expense	372 716	238 317
Increase/(decrease) in provisions	442 196	492
Gain/loss on disposal of fixed assets	653 515	92 593
Operating profit or loss before working capital changes	3 352 508	1 366 219
(Increase)/decrease in inventories	(4 615 209)	(2 603 843)
(Increase)/decrease in receivables	4 873 474	14 106 215
Increase/(decrease) in payables	(263 920)	(13 269 239)
Cash generated from operations	3 346 853	(400 648)
Interest paid	(302 581)	(244 099)
Corporate income tax paid	(263 305)	(50 736)
Cash flows before extraordinary items	2 780 967	(695 484)
Net cash flows to/ from operating activities	2 780 967	(695 484)
Cash flows to/ from investing activities		
Purchase of fixed assets	(1 175 594)	(677 033)
Acquisition of subsidiary		(711 436)
Net cash flows to/ from investing activities	(1 175 594)	(1 388 469)
Cash flows to/ from financing activities		
Net loans paid	(1 258 869)	1 396 139
Net cash flows to/ from financing activities	(1 258 869)	1 396 139
Change in cash and cash equivalents	346 503	(687 813)
Cash and cash equivalents at the beginning of the reporting year	147 562	1 289 387
Cash and cash equivalents at the end of the reporting year	494 066	601 573

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Statement of changes in equity for three months period ended 31 March 2007

	Share capital	Share premium	Long-term investments revaluation reserve	Other reserves	Merger reserve	Retained earnings	Total
Balance as at 1 January 2006	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 31 March 2006	10 667 128	87 887	7 590 507	1 777 234	(15 796 588)	26 142 062	30 468 228
Balance as at 1 January 2007	10 667 128	87 887	17 350 402	---	---	15 383 374	43 488 791
Profit/loss for the reporting period						1 013 009	1 013 009
Balance as at 31 March 2007	10 667 128	87 887	17 350 402	-	-	16 396 384	44 501 800

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