

JOINT STOCK COMPANY LATVIJAS BALZAMS
(ENTERPRISE REGISTER NUMBER LV40003031873)

CONDENSED FINANCIAL STATEMENTS *(not audited)*
FOR THE FIRST 3 MONTHS OF 2009
PREPARED UNDER LATVIAN ACCOUNTING STANDARDS

Riga, 2009

MANAGEMENT

Names and positions of Council members

Alexander Kovalev – Chairman of the Council
Vitolds Kokars – Chairman's of the Council Deputy
Pjotr Aven – Member of the Council
Andrey Skurikhin – Member of the Council
Valizhan Abidov– Member of the Council
Georgy Kipiani- Member of the Council

Names and positions of Board members

Karlis Andersons – Chairman of the Board
General director of AS Latvijas balzams
Egils Dzerelis – Member of the Board
Director of logistics of AS Latvijas balzams
Ronalds Zarinovs – Member of the Board
Production director of AS Latvijas balzams
Sergey Limarenko – Member of the Board
Chief of internal security department of AS Latvijas balzams
Signe Bidermane – Member of the Board
Director of human resources department of AS Latvijas balzams

Reporting period

1 January – 31 March 2009

Income statement

	Notes	01.01.2009 - 31.03.2009 Ls	01.01.2008 - 31.03.2008 Ls
Net turnover	1	17,552,891	22,328,507
Cost of sales	2	(15,820,652)	(20,442,055)
Gross profit or loss		1,732,239	1,886,452
Distribution costs	3	(665,515)	(947,863)
Administrative expenses	4	(368,545)	(1,387,808)
Other operating income		129,690	143,302
Interest receivable and similar income		287,457	492,310
Interest payable and similar expenses		(358,458)	(668,477)
Profit or loss before taxes		756,866	(482,085)
Corporate income tax		(107,110)	
Other taxes		(42,797)	(21,081)
Profit or loss for the reporting year		606,958	(503,166)
Earnings per share (in santims)		8.10	(6.71)

Karlis Andersons
Chairman of the Executive Board

Balance sheet

		Notes	31.03.2009	31.03.2008
			LVL	LVL
ASSETS				
NON-CURRENT ASSETS				
Intangible fixed assets				
	Concessions, patents, licences and similar rights		1,029	4,581
	TOTAL		1,029	4,581
Tangible fixed assets				
	Land, buildings, constructions and perennial plants		17,354,526	18,052,394
	Equipment and machinery		3,638,435	3,291,288
	Other fixtures and fittings, tools and equipment		611,342	597,107
	Construction in progress		436,717	675,866
	Prepayments for tangible fixed assets		449,184	284,543
	TOTAL		22,490,204	22,901,198
Non-current financial assets				
	Loans to related companies		17,780,940	25,722,626
	Other investments		24,000	24,000
	TOTAL		17,804,940	25,746,626
	TOTAL NON-CURRENT ASSETS		40,296,173	48,652,405
CURRENT ASSETS				
Inventories				
	Raw materials		17,120,693	12,184,948
	Work in progress		652,650	671,995
	Finished goods and goods for resale		5,650,420	4,718,524
	Prepayments for goods		144,343	1,616,289
	TOTAL		23,568,106	19,191,756
Receivables				
	Trade receivables		1,539,084	552,847
	Receivables from related companies		21,084,890	15,762,039
	Other receivables		79,358	74,013
	Prepaid expense		118,403	135,875
	TOTAL		22,821,735	16,524,774
	Cash (TOTAL)		477,887	1,065,474
	TOTAL CURRENT ASSETS		46,867,728	36,782,004
	TOTAL ASSETS		87,163,901	85,434,409

Karlis Andersons
 Chairman of the Executive Board

EQUITY AND LIABILITIES

	Notes	31.03.2009	31.03.2008
		LVL	LVL
CAPITAL AND RESERVES			
Share capital		7,496,900	7,496,900
Share premium		61,767	61,767
Non-current assets revaluation reserve		12,102,691	12,193,932
Retained earnings:			
brought forward		19,860,780	13,952,260
for the period		606,958	(503,166)
	TOTAL EQUITY	40,129,096	33,201,694
PROVISIONS FOR LIABILITIES AND CHARGES			
Provisions for expected taxes		2,067,197	2,321,488
Other provisions		4,075,747	3,299,652
	TOTAL PROVISIONS FOR LIABILITIES AND CHARGES	6,142,944	5,621,140
LIABILITIES			
Non-current liabilities			
Loans from credit institutions		10,785,146	23,059,831
	TOTAL	10,785,146	23,059,831
Current liabilities			
Loans from credit institutions		12,879,268	10,286,345
Trade payables		3,426,829	2,611,224
Payables to related companies		1,612,520	1,766,128
Taxes payable		11,611,414	8,176,766
Other liabilities		571,449	706,047
Undrawn dividends of previous years		5,235	5,235
	TOTAL	30,106,715	23,551,745
	TOTAL LIABILITIES	40,891,861	46,611,576
TOTAL EQUITY AND LIABILITIES		87,163,901	85,434,409

Karlis Andersons
 Chairman of the Executive Board

Cash flow statement

	01.01.2009 - 31.03.2009 LVL	01.01.2008 - 31.03.2008 LVL
Cash flows to/ from operating activities		
Net profit or loss before extraordinary items and taxes	756,866	(482,085)
Adjustments for:		
Amortisation and depreciation	460,539	347,729
Interest income/expense	71,028	177,817
Increase/(decrease) in provisions	(37,012)	(3,882)
Gain/loss from fluctuations of currency exchange rates	164,438	(226,688)
Gain/loss on disposal of fixed assets	5,166	135,744
<i>Operating profit or loss before working capital changes</i>	<i>1,421,025</i>	<i>(51,365)</i>
(Increase)/decrease in inventories	(2,420,890)	(1,742,368)
(Increase)/decrease in receivables	3,705,349	7,488,013
Increase/(decrease) in payables	1,116,108	(2,382,633)
<i>Cash generated from operations</i>	<i>3,821,592</i>	<i>3,311,647</i>
Interest paid	(358,458)	(668,478)
Corporate income tax paid	(260,448)	(202,963)
<i>Cash flows before extraordinary items</i>	<i>3,202,686</i>	<i>2,440,206</i>
Net cash flows to/ from operating activities	3,202,686	2,440,206
Cash flows to/ from investing activities		
Purchase of fixed assets	(412,244)	(178,511)
Net cash flows to/ from investing activities	(412,244)	(178,511)
Cash flows to/ from financing activities		
Net loans paid	(2,517,350)	(1,284,058)
Net cash flows to/ from financing activities	(2,517,350)	(1,284,058)
Change in cash and cash equivalents	273,092	977,637
Cash and cash equivalents at the beginning of the reporting year	204,795	87,837
Cash and cash equivalents at the end of the reporting year	477,887	1,065,474

Statement of changes in equity for three months period ended 31 March 2009

	Share capital	Share premium	Long-term investments revaluation reserve	Retained earnings	Total
Balance as at 1 January 2008	7,496,900	61,767	12,193,932	13,952,260	33,704,859
Profit/loss for the reporting period				(503,166)	(503,166)
Balance as at 31 March 2008	7,496,900	61,767	12,193,932	13,449,094	33,201,694
Balance as at 1 January 2009	7,496,900	61,767	12,102,691	19,860,780	39,522,138
Profit/loss for the reporting period				606,958	606,958
Balance as at 31 March 2009	7,496,900	61,767	12,102,691	20,467,738	40,129,096

1. Net sales

	01.01.2009 – 31.03.2009	01.01.2008 – 31.03.2008
Sales of drinks in local market	10,222,043	14,097,671
Export of drinks and services	7,328,130	8,226,903
Other sales (spirits, raw materials)	2,718	3,933
TOTAL:	17,552,891	22,328,507

2. Cost of sales

Variable costs:	14,889,948	19,488,242
Materials	14,378,192	17,056,916
Goods bought	86,420	128,849
Salary expenses	459,539	527,373
Social insurance	110,245	126,687
Electricity	202,120	177,922
Natural resources tax	68,475	111,632
Other expenses	-415,042	1,358,863
Fixed costs:	930,704	953,813
Depreciation and amortization	343,891	321,758
Salary expenses	224,888	263,032
Social insurance	53,641	62,806
Repair expenses	71,970	144,115
Services for production needs	137,282	80,306
Insurance	22,751	17,971
Laboratory and quality maintenance expenses	9,073	9,502
Other expenses	67,207	54,321
TOTAL:	15,820,652	20,442,055

3. Selling expenses

Salary expenses	265,735	343,969
Social insurance	63,428	82,461
Depreciation and amortization	48,797	60,322
Advertising	104,095	187,616
Transportation cost	86,108	141,312
Warehouse maintenance	35,304	44,702
Other expenses	62,049	87,481
TOTAL:	665,515	947,863

4. Administrative expenses

	01.01.2009 – 31.03.2009	01.01.2008 – 31.03.2008
Salary expenses	246,191	413,575
Social insurance	57,890	64,056
Communication and postal expenses	7,873	24,723
Office expenses	15,482	11,375
Professional fees	3,517	9,528
IT maintenance	11,379	16,672
Representations	10,082	56,771
Security	0	44,933
Management services	218,822	153,488
Transportation	7,994	10,593
Business trip	7,576	2,597
Personnel education and training	929	893
Depreciation and amortization	52,961	64,504
Financial help, sponsorship	12,385	26,687
Healthcare, health insurance	1,279	11,793
Other expenses	-285,813	475,619
TOTAL:	368,545	1,387,808

A/s Latvijas balzams
Address: A. Čaka 160, Riga, LV-1012
Reg. number: LV40003031873



Riga
29.05.2009

Declaration of Management Responsibility

Management of a company declares that in accordance with possessed information, presented condensed financial statements are prepared under actual laws and regulations and represent truthful and clear information on the company assets, equity, liabilities, financial situation and profit or loss.

Interim Management Report contains truthful information.

A/s "Latvijas balzams"
Chairman of the Board

Karlis Andersons