

JOINT STOCK COMPANY LATVIJAS BALZAMS
(ENTERPRISE REGISTER NUMBER LV40003031873)

CONDENSED FINANCIAL STATEMENTS *(not audited)*
FOR THE FIRST 3 MONTHS OF 2010
PREPARED UNDER LATVIAN ACCOUNTING STANDARDS

Riga, 2010

MANAGEMENT

Names and positions of Council members

Aigars Kalvītis – Chairman of the Council

Val Mendeleev – Chairman's of the Council Deputy

Petr Aven – Member of the Council

Andrey Skurikhin – Member of the Council

Alexander Kovalev – Member of the Council

Sebastiaan Boelen - Member of the Council

Names and positions of Board members

Karlis Andersons – Chairman of the Board
General director of AS Latvijas balzams

Gunita Kronberga – Member of the Board
Chief Financial Officer 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 2010

Income statement for three months period ended March 31, 2010

	Notes	01.01.2010 - 31.03.2010 EUR	01.01.2009 - 31.03.2009 EUR
Net turnover	1	22 739 119	24 975 513
Cost of sales	2	(19 895 597)	(22 510 760)
Gross profit or loss		2 843 523	2 464 754
Distribution costs	3	(869 209)	(946 943)
Administrative expenses	4	(1 185 675)	(524 393)
Other operating income		169 049	184 532
Interest receivable and similar income		205 564	409 014
Interest payable and similar expenses		(454 291)	(510 040)
Profit or loss before taxes		708 961	1 076 924
Corporate income tax		(129 620)	(152 404)
Other taxes		(26 748)	(60 895)
Profit or loss for the reporting year		552 592	863 624
Earnings per share (in eurocents)		7.37	11.52

Karlis Andersons
Chairman of the Executive Board

Balance sheet as at March 31, 2010

ASSETS		31.03.2010	31.03.2009
		EUR	EUR
NON-CURRENT ASSETS			
Intangible fixed assets			
Concessions, patents, licences and similar rights		327	1 464
	TOTAL	327	1 464
Tangible fixed assets			
Land, buildings, constructions and perennial plants		18 103 965	24 693 266
Equipment and machinery		4 727 660	5 177 027
Other fixtures and fittings, tools and equipment		704 054	869 861
Construction in progress		194 418	621 392
Prepayments for tangible fixed assets		11 572	639 132
	TOTAL	23 741 668	32 000 677
Non-current financial assets			
Loans to related companies		35 300 000	25 299 999
Other investments		34 149	34 149
	TOTAL	35 334 149	25 334 148
	TOTAL NON-CURRENT ASSETS	59 076 144	57 336 289
CURRENT ASSETS			
Inventories			
Raw materials		18 486 538	24 360 551
Work in progress		798 319	928 637
Finished goods and goods for resale		7 487 139	8 039 823
Prepayments for goods		-	205 382
	TOTAL	26 771 996	33 534 393
Receivables			
Trade receivables		886 323	2 189 920
Receivables from related companies		29 163 554	30 001 095
Other receivables		149 457	112 916
Prepaid expense		169 210	168 473
	TOTAL	30 368 544	32 472 404
Cash (TOTAL)		32 745	679 972
	TOTAL CURRENT ASSETS	57 173 286	66 686 769
TOTAL ASSETS		116 249 430	124 023 058

EQUITY AND LIABILITIES

	31.03.2010	31.03.2009
	EUR	EUR
CAPITAL AND RESERVES		
Share capital	10 667 128	10 667 128
Share premium	87 887	87 887
Non-current assets revaluation reserve	11 875 669	17 220 578
Revaluation reserves of derivative financial instruments	(403 313)	-
Retained earnings:		
brought forward	33 362 338	28 259 344
for the period	552 592	863 624
TOTAL EQUITY	56 142 301	57 098 560
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	16 550 765	15 345 880
Deferred taxation	2 002 903	2 941 356
Derivative financial instruments	474 486	-
TOTAL	19 028 154	18 287 236
Current liabilities		
Loans from credit institutions	20 459 307	18 325 548
Trade payables	5 431 395	4 875 938
Payables to related companies	837 453	2 294 409
Taxes payable	8 488 643	16 521 554
Other liabilities	322 672	813 098
Deferred income	281 309	-
Undrawn dividends of previous years	-	7 449
Accrued liabilities	5 258 196	5 799 266
TOTAL	41 078 976	48 637 262
TOTAL LIABILITIES	60 107 130	66 924 498
TOTAL EQUITY AND LIABILITIES	116 249 430	124 023 058

Karlis Andersons
 Chairman of the Executive Board

Cash flow statement for three months period ended March 31, 2010

	01.01.2010 - 31.03.2010 EUR	01.01.2009 - 31.03.2009 EUR
Cash flows to/ from operating activities		
Net profit or loss before extraordinary items and taxes	708 962	1 076 923
Adjustments for:		
Amortisation and depreciation	574 492	655 288
Interest income/expense	253 099	101 064
Increase/(decrease) in provisions	(41 231)	(52 663)
Gain/loss from fluctuations of currency exchange rates	166 096	233 974
Gain/loss on disposal of fixed assets	1 403	7 351
<i>Operating profit or loss before working capital changes</i>	<i>1 662 821</i>	<i>2 021 936</i>
(Increase)/decrease in inventories	(408 919)	(3 444 616)
(Increase)/decrease in receivables	140 252	5 272 237
Increase/(decrease) in payables	(935 355)	1 588 079
<i>Cash generated from operations</i>	<i>458 799</i>	<i>5 437 636</i>
Interest paid	(454 290)	(510 040)
Corporate income tax paid	(811 736)	(370 584)
Net cash flows to/ from operating activities	(807 226)	4 557 012
Cash flows to/ from investing activities		
Purchase of fixed assets	(26 033)	(586 570)
Loans granted	(620 372)	-
Interests recieved	5 645	-
Net cash flows to/ from investing activities	(640 760)	(586 570)
Cash flows to/ from financing activities		
Net loans increase/decrease	(1 068 160)	(3 581 866)
Credit line	1 976 284	-
Net cash flows to/ from financing activities	908 124	(3 581 866)
Change in cash and cash equivalents	(539 863)	388 575
Cash and cash equivalents at the beginning of the reporting year	572 608	291 397
Cash and cash equivalents at the end of the reporting year	32 745	679 972

Statement of changes in equity for three months period ended March 31, 2010

	Share capital	Share premium	Long-term investments revaluation reserve	Revaluation reserves of derivative financial instruments	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Balance as at 1 January 2009	10 667 128	87 887	17 220 578	-	28 259 344	56 234 935
Profit/loss for the reporting period	-	-	-	-	863 624	863 624
Balance as at 31 March 2009	10 667 128	87 887	17 220 578	-	29 122 968	57 098 560
Balance as at 1 January 2010	10 667 128	87 887	17 220 578	(403 313)	33 362 338	60 934 617
Profit/loss for the reporting period	-	-	(5 344 909)	-	552 592	(4 792 317)
Balance as at 31 March 2010	10 667 128	87 887	11 875 669	(403 313)	33 914 931	56 142 301

1. Net sales

	01.01.2010 – 31.03.2010	01.01.2009 – 31.03.2009
	EUR	EUR
Sales of drinks in local market	12 013 564	14 544 657
Export of drinks and services	10 722 284	10 426 989
Other sales (spirits, raw materials)	3 271	3 867
TOTAL:	22 739 119	24 975 513

2. Cost of Sales

Variable costs:	18 737 533	21 186 488
Materials	17 557 393	20 458 324
Goods bought	8 158	122 964
Salary expenses	488 989	653 865
Social insurance	117 202	156 865
Electricity	225 345	287 591
Natural resources tax	73 539	97 431
Other expenses	266 906	-590 552
Fixed costs:	1 158 063	1 324 272
Depreciation and amortization	461 813	489 312
Salary expenses	271 232	319 987
Social insurance	64 679	76 325
Repair expenses	89 371	102 405
Services for production needs	133 259	195 335
Insurance	22 935	32 372
Laboratory and quality maintenance expenses	7 850	12 910
Other expenses	106 922	95 628
TOTAL:	19 895 597	22 510 760

3. Selling expenses

Salary expenses	339 467	378 106
Social insurance	81 090	90 250
Depreciation and amortization	75 383	69 432
Advertising	112 683	148 113
Transportation cost	136 577	122 520
Warehouse maintenance	49 239	50 234
Other expenses	74 769	88 288
TOTAL:	869 209	946 943

4. Administrative expenses

	01.01.2010 – 31.03.2010	01.01.2009 – 31.03.2009
	EUR	EUR
Salary expenses	341 625	350 298
Social insurance	79 783	82 370
Communication and postal expenses	16 188	16 468
Office expenses	10 434	22 028
Professional fees	13 708	5 005
IT maintenance	5 647	10 925
Representations	5 553	14 345
Security	38	-
Management services	102 584	311 355
Transportation	6 297	11 375
Business trip	10 668	10 780
Personnel education and training	872	1 322
Depreciation and amortization	25 773	75 356
Financial help, sponsorship	25 952	17 622
Healthcare, health insurance	2 188	1 820
Other expenses	538 365	-406 676
TOTAL:	1 185 675	524 393

Shares

JSC “Latvijas balzams” shares are listed on NASDAQ OMX Riga Secondary market since October 15, 1998:

ISIN	LV0000100808
Ticker	BAL1R
Nominal value	1,00 LVL
Total number of securities	7 496 900
Number of listed securities	5 791 900
Indexes	B30GI, B30PI, OMXBGI, OMXBPI, OMXRGI

JSC “Latvijas balzams” share price development for the period 01.01.10 – 31.03.10



Currency: EUR

Open	2,70 EUR
Max	3,56 EUR
Min	2,60 EUR
Last	2,82 EUR
Change	4,21%
Deals	220
No of shares traded	22 069
Turnover	66 903,87 EUR