

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 Zariņovs – 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 LVL	01.01.2009 - 31.03.2009 LVL
Net turnover	1	15 981 144	17 552 891
Cost of sales	2	(13 982 705)	(15 820 652)
Gross profit or loss		1 998 439	1 732 239
Distribution costs	3	(610 884)	(665 515)
Administrative expenses	4	(833 297)	(368 545)
Other operating income		118 808	129 690
Interest receivable and similar income		144 471	287 457
Interest payable and similar expenses		(319 278)	(358 458)
Profit or loss before taxes		498 261	756 866
Corporate income tax		(91 098)	(107 110)
Other taxes		(18 799)	(42 797)
Profit or loss for the reporting year		388 364	606 958
Earnings per share (in santims)		5.18	8.10

Karlis Andersons
Chairman of the Executive Board

Balance sheet as at March 31, 2010

ASSETS		31.03.2010	31.03.2009
		LVL	LVL
NON-CURRENT ASSETS			
Intangible fixed assets			
Concessions, patents, licences and similar rights		230	1 029
	TOTAL	230	1 029
Tangible fixed assets			
Land, buildings, constructions and perennial plants		12 723 539	17 354 526
Equipment and machinery		3 322 618	3 638 435
Other fixtures and fittings, tools and equipment		494 812	611 342
Construction in progress		136 638	436 717
Prepayments for tangible fixed assets		8 133	449 184
	TOTAL	16 685 739	22 490 204
Non-current financial assets			
Loans to related companies		24 808 981	17 780 940
Other investments		24 000	24 000
	TOTAL	24 832 981	17 804 940
TOTAL NON-CURRENT ASSETS		41 518 951	40 296 173
CURRENT ASSETS			
Inventories			
Raw materials		12 992 413	17 120 693
Work in progress		561 062	652 650
Finished goods and goods for resale		5 261 991	5 650 420
Prepayments for goods		-	144 343
	TOTAL	18 815 466	23 568 106
Receivables			
Trade receivables		622 911	1 539 084
Receivables from related companies		20 496 262	21 084 890
Other receivables		105 039	79 358
Prepaid expense		118 922	118 403
	TOTAL	21 343 135	22 821 735
Cash (TOTAL)		23 013	477 887
TOTAL CURRENT ASSETS		40 181 614	46 867 728
TOTAL ASSETS		81 700 565	87 163 901

EQUITY AND LIABILITIES

	31.03.2010	31.03.2009
	LVL	LVL
CAPITAL AND RESERVES		
Share capital	7 496 900	7 496 900
Share premium	61 767	61 767
Non-current assets revaluation reserve	8 346 267	12 102 691
Revaluation reserves of derivative financial instruments	(283 450)	-
Retained earnings:		
brought forward	23 447 185	19 860 780
for the period	388 364	606 958
TOTAL EQUITY	39 457 034	40 129 096
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	11 631 944	10 785 146
Deferred taxation	1 407 648	2 067 197
Derivative financial instruments	333 471	-
TOTAL	13 373 063	12 852 343
Current liabilities		
Loans from credit institutions	14 378 883	12 879 268
Trade payables	3 817 206	3 426 829
Payables to related companies	588 566	1 612 520
Taxes payable	5 965 852	11 611 414
Other liabilities	226 775	571 449
Deferred income	197 705	-
Undrawn dividends of previous years	-	5 235
Accrued liabilities	3 695 482	4 075 747
TOTAL	28 870 469	34 182 463
TOTAL LIABILITIES	42 243 532	47 034 805
TOTAL EQUITY AND LIABILITIES	81 700 565	87 163 901

Karlis Andersons
 Chairman of the Executive Board

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

	01.01.2010 - 31.03.2010 LVL	01.01.2009 - 31.03.2009 LVL
Cash flows to/ from operating activities		
Net profit or loss before extraordinary items and taxes	498 261	756 866
Adjustments for:		
Amortisation and depreciation	403 755	460 539
Interest income/expense	177 879	71 028
Increase/(decrease) in provisions	(28 977)	(37 012)
Gain/loss from fluctuations of currency exchange rates	116 733	164 438
Gain/loss on disposal of fixed assets	986	5 166
<i>Operating profit or loss before working capital changes</i>	<i>1 168 637</i>	<i>1 421 025</i>
(Increase)/decrease in inventories	(287 390)	(2 420 890)
(Increase)/decrease in receivables	98 570	3 705 349
Increase/(decrease) in payables	(657 371)	1 116 108
<i>Cash generated from operations</i>	<i>322 446</i>	<i>3 821 592</i>
Interest paid	(319 277)	(358 458)
Corporate income tax paid	(570 491)	(260 448)
Net cash flows to/ from operating activities	(567 322)	3 202 686
Cash flows to/ from investing activities		
Purchase of fixed assets	(18 296)	(412 244)
Loans granted	(436 000)	-
Interests received	3 967	-
Net cash flows to/ from investing activities	(450 329)	(412 244)
Cash flows to/ from financing activities		
Net loans increase/decrease	(750 707)	(2 517 350)
Credit line	1 388 940	-
Net cash flows to/ from financing activities	638 233	(2 517 350)
Change in cash and cash equivalents	(379 418)	273 092
Cash and cash equivalents at the beginning of the reporting year	402 431	204 795
Cash and cash equivalents at the end of the reporting year	23 013	477 887

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
	LVL	LVL	LVL	LVL	LVL	LVL
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
Balance as at 1 January 2010	7 496 900	61 767	12 102 691	(283 450)	23 447 185	42 825 093
Profit/loss for the reporting period	-	-	(3 756 423)	-	388 364	(3 368 059)
Balance as at 31 March 2010	7 496 900	61 767	8 346 267	(283 450)	23 835 549	39 457 034

1. Net sales

	01.01.2010 – 31.03.2010	01.01.2009 – 31.03.2009
	LVL	LVL
Sales of drinks in local market	8 443 181	10 222 043
Export of drinks and services	7 535 664	7 328 130
Other sales (spirits, raw materials)	2 299	2 718
TOTAL:	15 981 144	17 552 891

2. Cost of Sales

Variable costs:	13 168 813	14 889 948
Materials	12 339 406	14 378 192
Goods bought	5 734	86 420
Salary expenses	343 663	459 539
Social insurance	82 370	110 245
Electricity	158 373	202 120
Natural resources tax	51 684	68 475
Other expenses	187 583	-415 042
Fixed costs:	813 892	930 704
Depreciation and amortization	324 564	343 891
Salary expenses	190 623	224 888
Social insurance	45 457	53 641
Repair expenses	62 810	71 970
Services for production needs	93 655	137 282
Insurance	16 119	22 751
Laboratory and quality maintenance expenses	5 517	9 073
Other expenses	75 146	67 207
TOTAL:	13 982 705	15 820 652

3. Selling expenses

Salary expenses	238 579	265 735
Social insurance	56 991	63 428
Depreciation and amortization	52 980	48 797
Advertising	79 194	104 095
Transportation cost	95 987	86 108
Warehouse maintenance	34 606	35 304
Other expenses	52 548	62 049
TOTAL:	610 884	665 515

4. Administrative expenses

	01.01.2010 – 31.03.2010 LVL	01.01.2009 – 31.03.2009 LVL
Salary expenses	240 095	246 191
Social insurance	56 072	57 890
Communication and postal expenses	11 377	11 574
Office expenses	7 333	15 482
Professional fees	9 634	3 517
IT maintenance	3 969	7 678
Representations	3 903	10 082
Security	27	-
Management services	72 097	218 822
Transportation	4 426	7 994
Business trip	7 498	7 576
Personnel education and training	613	929
Depreciation and amortization	18 113	52 961
Financial help, sponsorship	18 239	12 385
Healthcare, health insurance	1 538	1 279
Other expenses	378 365	-285 813
TOTAL:	833 297	368 545

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: LVL

Open	1,90 LVL
Max	2,50 LVL
Min	1,83 LVL
Last	1,98 LVL
Change	4,21 %
Deals	220
No of shares traded	22 069
Turnover	47 020,31LVL