

JOINT STOCK COMPANY LATVIJAS BALZAMS
(ENTERPRISE REGISTER NUMBER LV40003031873)

UNAUDITED FINANCIAL STATEMENTS
FOR THE FIRST 6 MONTHS OF 2010

PREPARED IN ACCORDANCE WITH REPUBLIC OF LATVIA STANDARDS OF
BOOKKEEPING

Riga, 2010

MANAGEMENT

Names and positions of Council members

Aigars Kalvītis – Chairman of the Council

Val Mendeļeev – 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 control department of AS Latvijas balzams

Signe Bidermane – Member of the Board
Director of human resources department of AS Latvijas balzams

Reporting period

1 January – 30 June 2010

Income statement for the period ended June 30, 2010

	Notes	01.01.2010 - 30.06.2010 EUR	01.01.2009 - 30.06.2009 EUR
Net turnover	1	50 218 535	55 987 292
Cost of sales	2	(43 592 696)	(49 358 068)
Gross profit or loss		6 625 840	6 629 224
Distribution costs	3	(2 094 233)	(2 394 576)
Administrative expenses	4	(2 535 683)	(2 261 984)
Other operating income		569 608	576 312
Interest receivable and similar income		408 527	683 895
Interest payable and similar expenses		(816 692)	(1 067 408)
Profit or loss before taxes		2 157 367	2 165 465
Corporate income tax		(399 730)	(315 981)
Other taxes		(53 527)	(58 922)
Profit or loss for the reporting year		1 704 111	1 790 561
Earnings per share (in eurocents)		22.73	23.88

Karlis Andersons
Chairman of the Executive Board

Balance sheet as at June 30, 2010

ASSETS		30.06.2010	30.06.2009
		EUR	EUR
NON-CURRENT ASSETS			
Intangible fixed assets			
Concessions, patents, licences and similar rights		8 707	816
	TOTAL	8 707	816
Tangible fixed assets			
Land, buildings, constructions and perennial plants		17 886 502	24 448 604
Equipment and machinery		4 456 769	4 979 061
Other fixtures and fittings, tools and equipment		643 392	814 762
Construction in progress		197 078	1 020 672
Prepayments for tangible fixed assets		110 647	452 157
	TOTAL	23 294 388	31 715 257
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		58 637 244	57 050 221
CURRENT ASSETS			
Inventories			
Raw materials		15 962 230	19 466 670
Work in progress		693 380	896 457
Finished goods and goods for resale		8 279 442	7 960 334
	TOTAL	24 935 053	28 323 462
Receivables			
Trade receivables		820 633	1 371 594
Receivables from related companies		31 769 389	33 031 200
Other receivables		169 460	316 510
Prepaid expense		185 138	188 704
	TOTAL	32 944 621	34 908 007
Cash (TOTAL)		27 672	104 343
TOTAL CURRENT ASSETS		57 907 346	63 335 812
TOTAL ASSETS		116 544 589	120 386 032

Karlis Andersons
 Chairman of the Executive Board

EQUITY AND LIABILITIES

	30.06.2010	30.06.2009
	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	1 704 111	1 790 561
TOTAL EQUITY	57 293 819	58 025 496
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	20 843 725	20 926 199
Trade payables	3 155 141	3 655 992
Payables to related companies	825 775	1 693 701
Taxes payable	9 149 243	11 720 187
Other liabilities	349 560	456 669
Deferred income	277 714	322 086
Undrawn dividends of previous years	-	7 449
Accrued liabilities	5 621 457	5 291 017
TOTAL	40 222 616	44 073 300
TOTAL LIABILITIES	59 250 770	62 360 536
TOTAL EQUITY AND LIABILITIES	116 544 589	120 386 032

Karlis Andersons
 Chairman of the Executive Board

Cash flow statement for the period ended June 30, 2010

	01.01.2010 - 30.06.2010 EUR	01.01.2009 - 30.06.2009 EUR
Cash flows to/ from operating activities		
Net profit or loss before extraordinary items and taxes	2 157 367	2 165 465
Adjustments for:		
Amortisation and depreciation	1 148 182	1 321 297
Interest income/expense	413 417	383 693
Increase/(decrease) in provisions	74 627	(57 609)
Gain/loss from fluctuations of currency exchange rates	418 669	47 217
Gain/loss on disposal of fixed assets	5 716	6 534
Operating profit or loss before working capital changes	4 217 978	3 866 596
(Increase)/decrease in inventories	1 119 059	1 766 316
(Increase)/decrease in receivables	(1 599 405)	3 146 261
Increase/(decrease) in payables	(1 582 882)	(4 929 471)
Cash generated from operations	2 154 750	3 849 703
Interest paid	(816 691)	(1 067 407)
Corporate income tax paid	(1 077 690)	(1 185 015)
Net cash flows to/ from operating activities	260 368	1 597 281
Cash flows to/ from investing activities		
Purchase of fixed assets	(165 461)	(964 879)
Loans granted	(620 372)	(3 178 084)
Repayment of granted loans	-	3 153 084
Interests received	14 781	-
Net cash flows to/ from investing activities	(771 053)	(989 879)
Cash flows to/ from financing activities		
Borrowings repaid	(2 149 423)	(794 456)
Changes in credit lines (net)	2 115 172	-
Net cash flows to/ from financing activities	(34 251)	(794 456)
Change in cash and cash equivalents	(544 936)	(187 054)
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	27 672	104 343

Statement of changes in equity for the period ended June 30, 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	-	-	-	-	1 790 561	1 790 561
Balance as at 30 June 2009	10 667 128	87 887	17 220 578	-	30 049 905	58 025 496
Balance as at 1 January 2010	10 667 128	87 887	11 875 669	(403 313)	33 362 338	55 589 708
Profit/loss for the reporting period	-	-	-	-	1 704 111	1 704 111
Balance as at 30 June 2010	10 667 128	87 887	11 875 669	(403 313)	35 066 449	57 293 819

1. Net sales

	01.01.2010 – 30.06.2010	01.01.2009 – 30.06.2009
	EUR	EUR
Sales of drinks in local market	25 319 018	32 110 982
Export of drinks and services	24 893 630	23 868 492
Other sales (spirits, raw materials)	5 888	7 819
TOTAL:	50 218 535	55 987 292

2. Cost of Sales

Variable costs:	41 295 192	46 705 468
Materials	38 682 866	44 184 416
Goods bought	31 358	145 398
Salary expenses	1 044 098	1 148 094
Social insurance	250 173	275 233
Electricity	369 324	486 170
Natural resources tax	162 348	219 872
Other expenses	755 026	246 285
Fixed costs:	2 297 503	2 652 600
Depreciation and amortization	923 724	986 006
Salary expenses	560 182	622 313
Social insurance	133 093	148 152
Repair expenses	146 878	218 466
Services for production needs	259 562	358 769
Insurance	47 332	65 013
Laboratory and quality maintenance expenses	22 316	26 947
Other expenses	204 417	226 934
TOTAL:	43 592 696	49 358 068

3. Selling expenses

Salary expenses	709 824	739 319
Social insurance	169 555	177 924
Depreciation and amortization	149 034	152 789
Advertising	534 875	645 386
Transportation cost	299 772	387 294
Warehouse maintenance	82 203	90 731
Other expenses	148 970	201 132
TOTAL:	2 094 233	2 394 576

4. Administrative expenses

	01.01.2010 – 30.06.2010 EUR	01.01.2009 – 30.06.2009 EUR
Salary expenses	700 696	741 990
Social insurance	163 848	174 508
Communication and postal expenses	32 027	25 723
Office expenses	30 686	34 742
Professional fees	29 739	23 374
IT maintenance	9 685	20 937
Representations	55 307	35 293
Security	112	-
Management services	167 333	658 196
Transportation	15 502	22 596
Business trip	19 407	20 489
Personnel education and training	3 598	2 349
Depreciation and amortization	51 667	139 627
Financial help, sponsorship	30 783	22 437
Healthcare, health insurance	4 470	4 702
Other expenses	1 220 824	335 021
TOTAL:	2 535 683	2 261 984

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 – 30.06.10



Open	2,70 EUR
Max	3,56 EUR
Min	2,33 EUR
Last	2,42 EUR
Change	- 10.53%
Deals	362
No of shares traded	36 502
Turnover	106 165,12 EUR

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



Riga
31.08.2010.

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.

Management Report contains truthful information.

A/s "Latvijas balzams"
Chairman of the Board

Karlis Andersons