

**Joint Stock Company LODE**  
**non – audited consolidated and**  
**parent financial statements**  
**for the period ended 01.01.2007.-31.03.2007.**  
**prepared in accordance with IAS**

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**Company Information**

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Company name	<i>JSC LODE</i>
Legal status of the company	<i>Joint Stock Company</i>
Number, place and date of registration	<i>50003032071, Rīga, October 01, 1991</i>
Legal address	<i>Lodes Street 1, Liepa Parish, Cēsis District, LV-4128</i>
Postal address	<i>Lodes Street 1, Liepa Parish, Cēsis District, LV-4128</i>
Chief executive	<i>Jānis Slesars</i>
Members of the Council and their positions	<i>Edvīns Samulis, Chairman of the Council</i> <i>Andris Bērziņš, Council member (until 11 January 2007)</i> <i>Mārtiņš Mīlgrāvis, Council member</i> <i>Pēteris Zavadskis, Council member</i> <i>Gunārs Vīksna, Council member (until 27 April 2007)</i> <i>Armands Grīnbergs, Council member (from 27 April 2007)</i> <i>Aigars Bērziņš, Council member (from 27 April 2007)</i>
Members of the Board and their positions	<i>Jānis Slesars, Chairman of the Board</i> <i>Valdis Kokle, Board Member</i> <i>Jānis Garkalns, Board Member</i>
Report period	<i>01.01.2007 – 31.03.2007</i>
Details of the daughter companies	<i>1. SIA „Lodes ķieģelis”</i> <i>Lodes Street 1, Liepa Parish, Cēsis District, LV-4128</i> <i>Ownership interest: 100 %</i> <i>2. SIA „Latvijas māli”</i> <i>Lodes Street 1, Liepa Parish, Cēsis District, LV-4128</i> <i>Ownership interest: 100 %</i> <i>2. SIA „Līvānu ķieģelis”</i> <i>” Iesalnieki”, Jersika Parish, Preiļi District, LV-5316</i> <i>Ownership interest: 100 %</i> <i>4. SIA „Kalnciema ķieģelis”</i> <i>Jelgavas 17, Kalnciems, Jelgava District, LV-3016</i> <i>Ownership interest: 100 %</i>

***Declaration of management responsibility***

According to the information available to the responsible persons the summarized financial statements were drawn up in line with requirements provided by the effective normative acts and deliver true information and clear presentation of the capital company's and the consolidated group's assets, liabilities, financial situation and profit or losses.

The accompanying notes on pages 12 to 22 form an integral part of these Financial Statements.

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Jānis Slesars  
*Chairman of the Board*

28 May 2007

**Consolidated and Parent income statement for the period ended 31 March 2007**

	Number of note	Consolidated		Parent company	
		01.01.2007- 31.03.2007 EUR	01.01.2006- 31.03.2006 EUR	01.01.2007- 31.03.2007 EUR	01.01.2006- 31.03.2006 EUR
Net turnover	2	3 426 372	1 553 876	3 297 880	1 543 513
Costs of goods sold	3	(2 351 783)	(1 001 204)	(2 282 796)	(1 061 674)
<b>Gross profit or loss</b>		<b>1 074 588</b>	<b>552 672</b>	<b>1 015 084</b>	<b>481 838</b>
Distribution expenses	4	(325 190)	(256 558)	(325 190)	(255 586)
Administration expenses	5	(360 655)	(341 580)	(270 670)	(269 121)
Other operating income	6	96 789	649 875	62 335	47 491
Other operating expenses	7	(12 029)	(20 963)	(20 299)	(42 922)
Interest income and other income	8	2 631	80	13 378	55
Interest expenses and other expenses	9	(18 105)	(44 838)	(23 998)	(30 202)
<b>Profit or loss before taxes</b>		<b>458 030</b>	<b>538 688</b>	<b>450 639</b>	<b>(68 446)</b>
Other taxes	10	(14 210)	(6 618)	(9 136)	(6 135)
<b>Profit or loss of the report period</b>		<b>443 819</b>	<b>532 070</b>	<b>441 503</b>	<b>(74 581)</b>
<b>Profit per share (EPS)</b>		<b>0,199</b>	<b>0,239</b>	<b>0,198</b>	<b>(0,034)</b>

The accompanying notes on pages 12 to 22 form an integral part of these Financial Statements.

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Jānis Slesars  
Chairman of the Board

28 May 2007

**Consolidated and Parent Balance Sheet as at 31 March 2007**

Assets	Number of note	Consolidated		Parent company	
		01.01.2007- 31.03.2007 EUR	01.01.2006- 31.03.2006 EUR	01.01.2007- 31.03.2007 EUR	01.01.2006- 31.03.2006 EUR
<b>Long term investments</b>					
<b>Intangible investments</b>					
Other intangible investments		51 978	3 746	51 978	3 746
<b>Total intangible investment</b>	11	<b>51 978</b>	<b>3 746</b>	<b>51 978</b>	<b>3 746</b>
<b>Fixed assets</b>					
Land, buildings and constructions and perennial plantations		2 439 560	2 485 990	1 445 915	2 312 078
Equipment and machinery		3 350 312	2 923 229	509 872	1 806 319
Other fixed assets and inventory		353 266	211 055	122 761	185 285
Fixed assets under construction		2 385 692	432 791	17 722	256 680
Advance payments for fixed assets		5 543 211	252 129	-	119 629
<b>Total fixed assets</b>	12	<b>14 072 041</b>	<b>6 305 194</b>	<b>2 096 270</b>	<b>4 679 991</b>
<b>Long term financial investments</b>					
Investments in subsidiaries	13	-	-	5 226 070	1 845 832
<b>Total long term financial investments</b>		<b>-</b>	<b>-</b>	<b>5 226 070</b>	<b>1 845 832</b>
<b>Total long term investments</b>		<b>14 124 019</b>	<b>6 308 940</b>	<b>7 374 318</b>	<b>6 529 569</b>
<b>Current assets</b>					
<b>Stock</b>					
Raw materials, basic materials and subsidiary materials		689 263	686 161	66 888	114 567
Unfinished output		57 279	99 789	-	-
Finished output and goods for sale	14	997 216	2 100 423	157 424	229 675
Advance payments for goods		13 711	189 643	3 919	160 945
<b>Total stock</b>		<b>1 757 469</b>	<b>3 076 016</b>	<b>228 231</b>	<b>505 187</b>
<b>Debtors</b>					
Debts of customers and clients	15	1 846 424	1 172 458	1 811 117	1 161 942
Debts of related parties	16	-	-	889 686	692 835
Loans to related parties	17	-	-	1 138 297	251 848
Other debtors	18	438 710	120 327	152 994	56 105
Prepayments	19	78 047	60 243	58 490	47 416
<b>Total debtors</b>		<b>2 363 181</b>	<b>1 353 028</b>	<b>4 050 584</b>	<b>2 210 146</b>
<b>Cash and cash equivalents</b>	20	<b>1 116 247</b>	<b>258 398</b>	<b>150 254</b>	<b>91 676</b>
<b>Total current assets</b>		<b>5 236 897</b>	<b>4 687 442</b>	<b>4 429 069</b>	<b>2 807 009</b>
<b>Total assets</b>		<b>19 360 916</b>	<b>10 996 382</b>	<b>11 803 387</b>	<b>9 336 578</b>

The accompanying notes on pages 12 to 22 form an integral part of these Financial Statements.

**Consolidated and Parent Balance Sheet as at 31 March 2007**

<b>Liabilities</b>	<b>Number of note</b>	<b>Consolidated</b>		<b>Parent company</b>	
		<b>01.01.2007-31.03.2007</b>	<b>01.01.2006-31.03.2006</b>	<b>01.01.2007-31.03.2007</b>	<b>01.01.2006-31.03.2006</b>
		<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>Equity capital</b>					
Share capital	21	3 166 086	3 166 086	3 166 086	3 166 086
Retained earnings of previous years		5 639 090	3 113 714	4 526 904	3 013 253
Retained earnings of the year		443 819	532 070	441 503	(74 581)
<b>Total equity</b>		<b>9 248 995</b>	<b>6 811 870</b>	<b>8 134 493</b>	<b>6 104 758</b>
<b>Provisions</b>					
Other provisions	22	402 929	364 581	255 703	240 253
<b>Total provisions</b>		<b>402 929</b>	<b>364 581</b>	<b>255 703</b>	<b>240 253</b>
<b>Creditors</b>					
<b>Long term liabilities</b>					
Deferred tax liabilities	23	283 995	292 486	148 710	275 432
Loans from credit institutions	25	4 927 236	58 346	-	34 149
Other loans	24	159 905	163 364	46 078	135 517
<b>Total long term liabilities</b>		<b>5 371 136</b>	<b>514 196</b>	<b>194 788</b>	<b>445 098</b>
<b>Short term liabilities</b>					
Loans from credit institutions	25	3 152 357	2 621 880	1 919 440	1 879 449
Other loans	24	51 541	46 182	24 041	39 587
Advance payments from customers		169 635	61 905	169 635	59 345
Trade accounts payable		362 576	199 465	131 280	128 481
Trade payables to related parties	26	-	-	739 394	279 517
Taxes and social security payments	27	449 723	246 635	196 928	120 218
Other creditors	28	152 024	129 668	37 685	39 872
<b>Total short term liabilities</b>		<b>4 337 856</b>	<b>3 305 735</b>	<b>3 218 403</b>	<b>2 546 469</b>
<b>Total liabilities</b>		<b>9 708 992</b>	<b>3 819 931</b>	<b>3 413 191</b>	<b>2 991 567</b>
<b>Total liabilities</b>		<b>19 360 916</b>	<b>10 996 382</b>	<b>11 803 387</b>	<b>9 336 578</b>

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\_\_\_\_\_  
 Jānis Slesars  
 Chairman of the Board

28 May 2007

**Consolidated and Parent Statement of Cash Flows for the period ended 31 March 2007**

	Number of note	Consolidated		Parent company	
		01.01.2007- 31.03.2007 EUR	01.01.2006- 31.03.2006 EUR	01.01.2007- 31.03.2007 EUR	01.01.2006- 31.03.2006 EUR
<b>Cash flow from basic activities</b>					
1. Profit or loss before taxes		443 819	532 070	441 503	(74 581)
Corrections:					
Depreciation of fixed assets and amortisation of intangible investments;		127 377	90 808	34 580	50 962
(Gain) / loss on disposal of fixed assets and intangible investments;		(2 009)	13 722	(2 009)	1 865
Increase / (decrease) in provisions		(73 829)	50 057	(48 388)	24 631
Interest payments		12 864	34 227	19 651	23 827
Interest income		(2 631)	(80)	(104)	(55)
2. Profit or loss before corrections influenced by changes in balance of the floating assets and short term liabilities		505 592	720 804	445 234	26 649
Corrections:					
(Increase) / decrease in trade and other accounts receivable;		(574 567)	(3 523)	112 263	137 969
(Increase) / decrease in inventories		360 993	(517 469)	(74 934)	103 874
Increase / (decrease) in trade and other accounts payable		101 825	20 331	501 817	(65 283)
Unrealized profit of the previous year		19 419	110 460	-	-
3. Net cash flow from basic activities		413 262	330 604	984 380	203 209
4. Expenses on interest payments		(7 067)	(34 227)	(13 855)	(23 827)
5. Paid income tax		(58 133)	(22 215)	(51 854)	(18 489)
<i>Net cash flow from basic activities</i>		<b>348 061</b>	<b>274 162</b>	<b>918 671</b>	<b>160 893</b>
<b>Cash flow from investing activities</b>					
Purchase of fixed assets and intangible investments		(4 647 330)	(447 683)	(21 777)	(183 408)
Investments in subsidiaries		-	-	(1 752 655)	-
Income from sale of fixed assets and intangible investments		26 716	-	749 708	-
Loans issued		-	-	(426 862)	(187 535)
Received interest		2 631	80	104	55
<i>Net cash flow from investing activities</i>		<b>(4 617 983)</b>	<b>(447 603)</b>	<b>(1 451 481)</b>	<b>(370 887)</b>



**Consolidated and Parent Statement of Cash Flows for the period ended 31 March 2007**

	Number of note	Consolidated		Parent company	
		01.01.2007- 31.03.2007 EUR	01.01.2006- 31.03.2006 EUR	01.01.2007- 31.03.2007 EUR	01.01.2006- 31.03.2006 EUR
<b>Cash flow from financing activities</b>					
Payment of obligations under finance lease		(15 652)	(18 059)	(9 018)	(15 862)
Repayment of loans and borrowings		-	(34 149)	-	(34 149)
Received loans		4 061 866			
Using of credit line		153 555	362 095	173 724	237 381
<b>Net cash flow from financing activities</b>		<b>4 199 770</b>	<b>309 887</b>	<b>164 706</b>	<b>187 369</b>
<b>Net increase/(decrease) in money and its equivalents</b>		<b>(70 152)</b>	<b>136 446</b>	<b>(368 104)</b>	<b>(22 625)</b>
<b>Money and its equivalents in the beginning of the period</b>		<b>1 186 399</b>	<b>121 951</b>	<b>518 358</b>	<b>114 301</b>
<b>Money and its equivalents at the end of the period</b>	20	<b>1 116 247</b>	<b>258 398</b>	<b>150 254</b>	<b>91 676</b>

The accompanying notes on pages 12 to 22 form an integral part of these Financial Statements.

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Jānis Slesars  
Chairman of the Board

28 May 2007

**Consolidated and the Parent Statement of Changes in Shareholder's Equity for the period ended 31 March 2007**

	Share capital	Retained earnings of the previous years	Retained earnings of the current year	Total equity
	EUR	EUR	EUR	EUR
<b>31.12.2005</b>	<b>3 166 086</b>	<b>1 747 665</b>	<b>1 255 589</b>	<b>6 169 340</b>
Profit of 2005 moved to retained earnings of the previous years	-	1 255 589	(1 255 589)	-
Corrections for unrealised profit of 2005	-	110 460	-	110 460
Retained earnings of the period 01.01.-31.03.2006	-	-	532 070	532 070
<b>31.03.2006</b>	<b>3 166 086</b>	<b>3 113 714</b>	<b>532 070</b>	<b>6 811 870</b>
Retained earnings of the period 01.04.-31.12.2006	-	-	2 132 191	2 132 191
Corrections for unrealised profit of 2005	-	(110 460)	110 460	-
Dividends paid	-	(158 304)	-	(158 304)
<b>31.12.2006</b>	<b>3 166 086</b>	<b>2 844 950</b>	<b>2 774 721</b>	<b>8 785 757</b>
Profit of the year 2005 moved to retained earnings of previous periods	-	2 774 721	(2 774 721)	-
Retained earnings of the report period	-	-	443 819	443 819
Corrections for unrealised profit of 2006	-	19 419	-	19 419
<b>31.03.2007</b>	<b>3 166 086</b>	<b>5 639 090</b>	<b>443 819</b>	<b>6 403 252</b>

The accompanying notes on pages 12 to 22 form an integral part of these Financial Statements.

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 Jānis Slesars  
 Chairman of the Board

28 May 2007

**Consolidated and the Parent Statement of Changes in Shareholder's Equity for the period ended 31 March 2007****Parent company**

	Share capital	Retained earnings of the previous years	Retained earnings of the current year	Total equity
	EUR	EUR	EUR	EUR
<b>31.12.2005</b>	<b><u>3 166 086</u></b>	<b><u>1 800 920</u></b>	<b><u>1 212 333</u></b>	<b><u>6 179 339</u></b>
Profit of 2005 moved to retained earnings of the previous years		1 212 333	(1 212 333)	-
Retained earnings of the period 01.01.-31.03.2006	-	-	(74 583)	(74 583)
<b>31.03.2006</b>	<b><u>3 166 086</u></b>	<b><u>3 013 253</u></b>	<b><u>(74 583)</u></b>	<b><u>6 104 756</u></b>
Retained earnings of the period 01.04.-31.12.2006	-	-	1 746 535	1 746 535
Dividends paid	-	(158 304)	-	(158 304)
<b>31.12.2006</b>	<b><u>3 166 086</u></b>	<b><u>2 854 949</u></b>	<b><u>1 671 952</u></b>	<b><u>7 692 987</u></b>
Profit of the year 2005 moved to retained earnings of previous periods	-	1 671 952	(1 671 952)	-
Retained earnings of the report period	-	-	441 503	441 503
<b>31.03.2007</b>	<b><u>3 166 086</u></b>	<b><u>4 526 901</u></b>	<b><u>441 503</u></b>	<b><u>8 134 490</u></b>

The accompanying notes on pages 12 to 22 form an integral part of these Financial Statements.

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Jānis Slesars  
Chairman of the Board

28 May 2007

**Consolidated and Parent Notes to Financial Statements****(1) Accounting policy**

Accounting policy hadn't changed during 1<sup>st</sup> quarter of 2007, it's the same as described in financial statement of the year 2006.

**(2) Net Turnover**

Turnover is the income gained during the year from the Company's basic activity – selling of output without value added tax, except discounts.

Activity form	Consolidated		Parent Company	
	01.01.2007- 31.03.2007	01.01.2006- 31.03.2006	01.01.2007- 31.03.2007	01.01.2006- 31.03.2006
	EUR	EUR	EUR	EUR
Ceramic bricks, tiles and ceratorm blocks and clinker sales	3 426 372	1 553 875	3 297 880	1 543 513
	<b>3 426 372</b>	<b>1 553 875</b>	<b>3 297 880</b>	<b>1 543 513</b>

**(3) Costs of goods sold**

	Consolidated		Parent Company	
	01.01.2007- 31.03.2007	01.01.2006- 31.03.2006	01.01.2007- 31.03.2007	01.01.2006- 31.03.2006
	EUR	EUR	EUR	EUR
Expenses on materials	526 904	389 012	18	1 629
Electric power	127 134	59 611	-	-
Gas	493 009	275 935	-	-
Personnel expenses	544 913	401 943	-	2 038
Depreciation of fixed assets	96 586	62 498	-	-
Expenses related to purchase of goods	341	128 058	2 271 130	1 016 896
Other expenses	189 159	70 751	-	-
Changes in stock	373 737	(387 713)	11 648	41 111
	<b>2 351 783</b>	<b>1 001 204</b>	<b>2 282 796</b>	<b>1 061 674</b>

**(4) Distribution expenses**

	Consolidated		Parent Company	
	01.01.2007- 31.03.2007	01.01.2006- 31.03.2006	01.01.2007- 31.03.2007	01.01.2006- 31.03.2006
	EUR	EUR	EUR	EUR
Personnel expenses	73 683	67 152	73 683	67 152
Depreciation of fixed assets	2 553	1 296	2 553	1 296
Expenses on advertising and presentations	24 937	33 654	24 937	33 796
Transport expenses	199 297	128 729	199 297	128 729
Expenses on business trips	4 557	2 775	4 557	2 775
Transport expenses of selling administration	6 272	5 746	6 272	5 746
Other expenses	13 890	17 207	13 890	16 093
	<b>325 190</b>	<b>256 558</b>	<b>325 190</b>	<b>255 586</b>

**Consolidated and Parent Notes to Financial Statements****(5) Administration expenses**

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>01.01.2007- 31.03.2007</b>	<b>01.01.2006- 31.03.2006</b>	<b>01.01.2007- 31.03.2007</b>	<b>01.01.2006- 31.03.2006</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Personnel expenses	211 846	207 529	156 164	173 586
Depreciation of fixed assets	11 828	11 403	10 232	11 403
Rent of premises	3 290	3 674	3 290	3 674
Expenses on business trips	2 009	7 923	2 009	4 799
Office expenses	1 633	2 890	1 356	814
Telecommunication expenses	8 569	7 499	5 323	6 067
Transport expenses of administration	33 593	24 687	25 195	23 893
Training and consultations	98	1 675	98	1 675
Membership due for Riga Stock Exchange	1 779	1 787	1 779	1 787
Insurance	5 269	20 743	4 316	13 348
Security services	15 265	7 471	11 218	7 471
Professional services	21 076	2 790	20 203	2 790
Other expenses	43 712	41 511	29 488	17 813
	<b>360 655</b>	<b>341 580</b>	<b>270 670</b>	<b>269 121</b>

**(6) Other operating income**

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>01.01.2007- 31.03.2007</b>	<b>01.01.2006- 31.03.2006</b>	<b>01.01.2007- 31.03.2007</b>	<b>01.01.2006- 31.03.2006</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Profit from sales of materials	4 866	15 529	255	393
Profit from sales of scrap metal	88 574	18 085	41 138	18 085
Income from sales of fixed assets	2 221	-	2 221	-
Income from rent of fixed assets	11	10	18 146	24 305
Income from sauna services	314	111	314	111
Employment of the unemployed	-	1 034	-	-
Income from sales of CO <sub>2</sub> quota	-	610 250	-	-
Other income	802	4 856	260	4 597
	<b>96 789</b>	<b>649 875</b>	<b>62 335</b>	<b>47 491</b>

**(7) Other operating expenses**

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>01.01.2007- 31.03.2007</b>	<b>01.01.2006- 31.03.2006</b>	<b>01.01.2007- 31.03.2007</b>	<b>01.01.2006- 31.03.2006</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Amortisation of leased fixed assets	-	13 398	18 134	37 693
Write off of fixed assets	212	-	212	-
Expenses on materials	-	-	-	-
Expenses not related to operating activities	2 719	5 410	1 584	3 194
Penalties	-	4	-	-
Other expenses	9 098	2 151	369	2 035
	<b>12 029</b>	<b>20 963</b>	<b>20 299</b>	<b>42 922</b>

**Consolidated and Parent Notes to Financial Statements****(8) Interest income and other income**

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>01.01.2007- 31.03.2007</b>	<b>01.01.2006- 31.03.2006</b>	<b>01.01.2007- 31.03.2007</b>	<b>01.01.2006- 31.03.2006</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Interest income from related parties	-	-	13 274	-
Other interest income and similar income	2 631	80	104	55
	<b>2 631</b>	<b>80</b>	<b>13 378</b>	<b>55</b>

**(9) Interest expenses and other expenses**

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>01.01.2007- 31.03.2007</b>	<b>01.01.2006- 31.03.2006</b>	<b>01.01.2007- 31.03.2007</b>	<b>01.01.2006- 31.03.2006</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Interest payments for credit institutions	12 864	34 227	19 651	23 828
Loss of foreign exchange	2 076	9 938	3 263	6 205
Other interest expenses and similar costs	3 164	673	1 084	169
	<b>18 105</b>	<b>44 838</b>	<b>23 998</b>	<b>30 202</b>

**(10) Other taxes**

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>01.01.2007- 31.03.2007</b>	<b>01.01.2006- 31.03.2006</b>	<b>01.01.2007- 31.03.2007</b>	<b>01.01.2006- 31.03.2006</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Real estate tax on land	1 079	1 837	339	1 355
Real estate tax on buildings, constructions	13 132	4 781	8 798	4 781
	<b>14 210</b>	<b>6 618</b>	<b>9 136</b>	<b>6 135</b>

**(11) Intangible investments****(Consolidated and Parent Company)**

	<b>Other intangible investments EUR</b>
<b>Initial cost</b>	
<b>31.12.2006</b>	<b>72 545</b>
Purchased	1 483
<b>31.03.2006</b>	<b>74 028</b>
<b>Accumulated depreciation</b>	
31.12.2006.	<b>18 486</b>
Calculated depreciation	3 564
<b>31.03.2007</b>	<b>22 050</b>
<b>Balance value as of 31.12.2006</b>	<b>54 059</b>
<b>Balance value as of 31.03.2007</b>	<b>51 978</b>

**Consolidated and Parent Notes to Financial Statements****(12) Statement on changes in fixed assets****(Consolidated)**

	<b>Land, buildings and const- ructions EUR</b>	<b>Equipment and machinery EUR</b>	<b>Other fixed assets EUR</b>	<b>Fixed assets under const- ruction EUR</b>	<b>Advance payments on fixed assets EUR</b>	<b>Total EUR</b>
<b>Initial cost</b>						
<b>31.12.2006</b>	<b>2 841 053</b>	<b>4 259 032</b>	<b>538 857</b>	<b>813 978</b>	<b>2 573 619</b>	<b>11 026 539</b>
Purchased	5	19 415	34 096	1 162 497	3 429 835	4 645 848
Excluded	(35 586)	(4 063)	(38 213)	-	-	(77 862)
Internal transfer	7 198	43 828	-	409 217	(460 243)	-
<b>31.03.2007</b>	<b>2 812 670</b>	<b>4 318 212</b>	<b>534 739</b>	<b>2 385 692</b>	<b>5 543 211</b>	<b>15 594 524</b>
<b>Accumulated depreciation</b>						
<b>31.12.2006</b>	<b>395 281</b>	<b>888 125</b>	<b>168 418</b>	-	-	<b>1 451 824</b>
Calculated depreciation	13 314	88 837	26 662	-	-	123 813
Depreciation of excluded fixed assets	(35 485)	(4 062)	(13 607)	-	-	(53 154)
<b>31.03.2007</b>	<b>373 110</b>	<b>967 900</b>	<b>181 473</b>	-	-	<b>1 522 483</b>
<b>Balance value as of 31.12.2006</b>	<b>2 445 772</b>	<b>3 370 907</b>	<b>370 439</b>	<b>813 978</b>	<b>2 573 619</b>	<b>9 574 715</b>
<b>Balance value as of 31.03.2007</b>	<b>2 439 560</b>	<b>3 350 312</b>	<b>353 266</b>	<b>2 385 692</b>	<b>5 543 211</b>	<b>14 072 041</b>

**(Parent Company)**

	<b>Land, buildings and const- ructions EUR</b>	<b>Equipment and machinery EUR</b>	<b>Other fixed assets EUR</b>	<b>Fixed assets under const- ruction EUR</b>	<b>Advance payments on fixed assets EUR</b>	<b>Total EUR</b>
<b>Initial cost</b>						
<b>31.12.2006</b>	<b>2 498 301</b>	<b>1 022 879</b>	<b>289 388</b>	<b>17 722</b>	-	<b>3 828 290</b>
Purchased	-	-	20 293	-	-	20 293
Excluded	(957 641)	(21 066)	(38 129)	-	-	(1 016 836)
Internal transfer	-	-	-	-	-	-
<b>31.03.2007</b>	<b>1 540 660</b>	<b>1 001 813</b>	<b>271 552</b>	<b>17 722</b>	-	<b>2 831 747</b>
<b>Accumulated depreciation</b>						
<b>31.12.2006</b>	<b>329 387</b>	<b>495 929</b>	<b>148 282</b>	-	-	<b>973 598</b>
Calculated depreciation	7 101	9 882	14 033	-	-	31 016
Depreciation of excluded fixed assets	(241 743)	(13 870)	(13 524)	-	-	(269 137)
<b>31.03.2007</b>	<b>94 745</b>	<b>491 941</b>	<b>148 791</b>	-	-	<b>735 477</b>
<b>Balance value as of 31.12.2005</b>	<b>2 168 914</b>	<b>526 950</b>	<b>141 106</b>	<b>17 722</b>	-	<b>2 854 692</b>
<b>Balance value as of 31.03.2006</b>	<b>1 445 916</b>	<b>509 871</b>	<b>122 761</b>	<b>17 722</b>	-	<b>2 096 270</b>

**Consolidated and Parent Notes to Financial Statements****(13) Investments in subsidiaries**

	SIA Līvānu Ķieģelis EUR	SIA Kalnciema Ķieģelis EUR	SIA Lodes Ķieģelis EUR	SIA Latvijas Māli EUR	Kopā EUR
<b>31.12.2005.</b>	<b>349 985</b>	<b>529 781</b>	<b>318 723</b>	<b>2 846</b>	<b>1 201 335</b>
Invested in 1 <sup>st</sup> quarter of 2006	-	-	431 066	213 431	644 497
<b>31.12.2006.</b>	<b>349 985</b>	<b>529 781</b>	<b>749 789</b>	<b>216 277</b>	<b>1 845 832</b>
Invested in 01.04.-31.12.2006	-	1 148 089	444 450	-	1 592 539
Invested in 01.04.-31.12.2006 (using increase of retained earnings)	35 044	-	-	-	<b>35 044</b>
<b>31.12.2006.</b>	<b>385 029</b>	<b>1 677 870</b>	<b>1 194 239</b>	<b>216 277</b>	<b>3 473 415</b>
Invested in 1 <sup>st</sup> quarter of 2007	-	-	1 752 655	-	1 752 655
<b>31.03.2007</b>	<b>385 029</b>	<b>1 677 870</b>	<b>2 946 894</b>	<b>216 277</b>	<b>5 226 070</b>

Investments in subsidiaries:

Name of a company	Proportion of ownership interest	Purchase value	Value of a daughter company's share capital as of 31.12.2006	Profit/(loss) of a daughter company in the report period
	%	EUR	EUR	EUR
SIA „Lodes ķieģelis”	100	2 946 894	3 543 331	(20 881)
SIA „Latvijas māli”	100	216 277	357 610	(7 904)
SIA „Līvānu ķieģelis”	100	385 029	975 774	48 424
SIA „Kalnciema ķieģelis”	100	1 677 870	1 463 858	(17 323)
	-	<b>5 226 070</b>	<b>6 340 573</b>	<b>2 316</b>

**(14) Finished outputs and goods for sale**

	Consolidated		Parent Company	
	31.03.2007	31.03.2006	31.03.2007	31.03.2006
	EUR	EUR	EUR	EUR
Goods for sale	1 046 965	2 120 880	166 328	234 992
Provisions for stock	(49 750)	(20 457)	(8 904)	(5 317)
	<b>997 215</b>	<b>2 100 423</b>	<b>157 424</b>	<b>229 675</b>

**(15) Debts of customers and clients**

	Consolidated		Parent Company	
	31.03.2007	31.03.2006	31.03.2007	31.03.2006
	EUR	EUR	EUR	EUR
Inventory value of debts of customers and clients	1 915 724	1 244 327	1 880 348	1 232 958
Provisions for doubtful debts	(69 300)	(71 869)	(69 231)	(71 016)
	<b>1 846 424</b>	<b>1 172 458</b>	<b>1 811 117</b>	<b>1 161 942</b>



**Consolidated and Parent Notes to Financial Statements****(16) Debts of related parties**

	Consolidated		Parent Company	
	31.03.2007	31.03.2006	31.03.2007	31.03.2006
	EUR	EUR	EUR	EUR
SIA „Līvānu ķieģelis”	-	-	2 334	2 533
SIA „Lodes ķieģelis”	-	-	730 711	675 523
SIA „Latvijas māli”	-	-	85 735	14 779
SIA „Kalnciema ķieģelis”	-	-	70 906	-
	<u>-</u>	<u>-</u>	<u>889 686</u>	<u>692 835</u>

**(17) Loans to related parties (Parent Company)**

Distribution of loans:	31.03.2007	31.03.2006
	EUR	EUR
SIA „Kalnciema ķieģelis”	711 436	251 848
SIA „Lodes ķieģelis”	426 861	-
SIA „Latvijas māli”	-	-
	<u>1 138 297</u>	<u>251 848</u>

**(18) Other debtors**

	Consolidated		Parent Company	
	31.03.2007	31.03.2006	31.03.2007	31.03.2006
	EUR	EUR	EUR	EUR
VAT on unpaid services	57 770	9 775	26 101	9 108
Overpayment of taxes	191 756	85 717	53 164	25 085
Settlements with personnel	68 819	1 329	68 819	839
Advance payments on services	86 350	23 425	4 910	21 073
Other debtors	34 015	81	-	-
	<u>438 710</u>	<u>120 327</u>	<u>152 994</u>	<u>56 105</u>

**(19) Prepaid expenses**

	Consolidated		Parent Company	
	31.03.2007	31.03.2006	31.03.2007	31.03.2006
	EUR	EUR	EUR	EUR
Advertisement expenses	-	2 982	-	2 982
Insurance	28 783	22 820	9 633	10 763
Subscription of press	1 588	1 362	1 181	1 019
Advance payments for cars into operative lease	36 844	23 341	36 844	23 341
Membership due for Riga Stock Exchange	5 336	5 327	5 336	5 327
Maintenance works in the rented Riga Office premises	1 447	3 376	1 447	3 376
Other costs of the next periods	4 049	1 034	4 049	608
	<u>78 047</u>	<u>60 243</u>	<u>58 490</u>	<u>47 416</u>

**Consolidated and Parent Notes to Financial Statements****(20) Cash and cash equivalents in EUR and in currency**

Distribution of cash by currencies:	Consolidated				Parent Company				
	31.03.2007		31.03.2006		31.03.2007		31.03.2006		
	Currency	EUR	Currency	EUR	Currency	EUR	Currency	EUR	
Cash	LVL	4 038	5 746	2 028	2 886	3 991	5 679	1 904	2 710
	USD	7	6	7	6	7	6	7	6
	EUR	108	108	1 353	1 353	108	108	1 353	1 353
Current account	LVL	690 655	982 713	127 027	180 744	15 303	21 774	9 978	14 198
Current account	PLN	19	4	74	18	19	4	74	18
Current account	EUR	111 697	111 697	73 329	73 329	106 710	106 710	73 329	73 329
Current account	RUB	95	3	98	24	95	3	98	24
Current account	LTL	28 103	8 157	101	28	28 103	8 157	101	28
Current account	EEK	122 283	7 813	150	10	122 283	7 813	150	10
			<b>1 116 247</b>		<b>258 398</b>		<b>150 254</b>		<b>91 676</b>

**(21) Share Capital**

At 31 March 2007, the authorised share capital has not changed since 31 March 2006 and comprised 2 225 138 ordinary shares with nominal value LVL 1 (EUR 1.4229) per share, issue and fully paid.

**(22) Other provisions**

	Consolidated		Parent Company	
	31.03.2007	31.03.2006	31.03.2007	31.03.2006
	EUR	EUR	EUR	EUR
Provisions for unused vacations	276 559	241 569	129 333	119 915
Provisions for restoration of clay-pits	126 370	119 459	126 370	119 459
Other provisions	-	3 553	-	879
	<b>402 929</b>	<b>364 581</b>	<b>255 703</b>	<b>240 253</b>

**(23) Deferred tax liabilities**

	Consolidated		Parent Company	
	31.03.2007	31.03.2006	31.03.2007	31.03.2006
	EUR	EUR	EUR	EUR
Provisions for the deferred corporate income tax	283 995	292 486	148 710	275 432
	<b>283 995</b>	<b>292 486</b>	<b>148 710</b>	<b>275 432</b>

**(24) Other loans**

		Consolidated		Parent Company	
		31.03.2007	31.03.2006	31.03.2007	31.03.2006
		EUR	EUR	EUR	EUR
Financial lease SIA „Unilizings”	LVL	159 905	163 364	46 078	135 517
<b>Total long term part</b>		<b>159 905</b>	<b>163 364</b>	<b>46 078</b>	<b>135 517</b>
Financial lease SIA „Unilizings”	LVL				
<b>Total short term part</b>		<b>51 541</b>	<b>46 182</b>	<b>24 041</b>	<b>39 587</b>
<b>Total other loans</b>		<b>51 541</b>	<b>46 182</b>	<b>24 041</b>	<b>39 587</b>

**Consolidated and Parent Notes to Financial Statements***Financial lease liabilities***(Parent Company)**

On March 31<sup>st</sup>, 2007 the Company has concluded agreement on financial lease of the frontal loader with the following conditions:

No.	Company	Annual interest rate	Repayment date	Unpaid value as of 31.03.2007
1.	SIA „Unilīzings”	3 months RIGIBOR+1,5%	15.03.2007	EUR 70 119

**(Daughter Companies)**

On March 31<sup>st</sup>, 2007 SIA “Kalnciema ķieģelis” has concluded agreement on finance lease of vehicle and 2 agreements on financial leasing of lorry loaders with the following conditions:

No.	Company	Annual interest rate	Repayment date	Unpaid value as of 31.03.2007
1.	SIA „Unilīzings”	3 months RIGIBOR +2%	25.05.2011	EUR 15 633
2.	SIA „Unilīzings”	3 months RIGIBOR +1,5%	25.10.2011	EUR 23 193
3.	SIA „Unilīzings”	3 months RIGIBOR +1,5%	25.11.2011	EUR 16 790

On March 31<sup>st</sup>, 2007 SIA “Latvijas māli” has concluded 3 agreements on financial leasing of lorry loaders with the following conditions:

No.	Company	Annual interest rate	Repayment date	Unpaid value as of 31.03.2007
1.	SIA „Unilīzings”	3 months RIGIBOR +1,5%	25.10.2011	EUR 28 386
2.	SIA „Unilīzings”	3 months RIGIBOR +1,5%	25.10.2011	EUR 28 386
3.	SIA „Unilīzings”	3 months RIGIBOR +1,5%	25.11.2011	EUR 28 939

**(25) Loans from Credit Institutions**

	Consolidated				Parent Company			
	31.03.2007		31.03.2006		31.03.2007		31.03.2006	
	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR
<b>Long term part</b>								
Loan in JSC „SEB Latvijas Unibanka”	LVL	-	41 006	58 346	-	24 000	34 149	
Loan in JSC „SEB Latvijas Unibanka”	EUR	3 462 881	4 927 236	-	-	-	-	-
		<u>4 927 236</u>		<u>58 346</u>		<u>-</u>		<u>34 149</u>
<b>Short term part</b>								
Loan in JSC „SEB Latvijas Unibanka”	LVL	17 006	24 197	121 998	173 588	-	105 000	149 402
Loan in JSC „SEB Latvijas Unibanka”	EUR	526 749	749 496	-	-	-	-	-
Short term credit line in JSC „SEB Latvijas Unibanka”	LVL	1 671 734	2 378 664	1 720 670	2 448 293	1 348 990	1 919 440	1 215 884
		<u>3 152 357</u>		<u>2 621 881</u>		<u>1 919 440</u>		<u>1 879 449</u>
<b>Total loans from credit institutions</b>		<u>8 079 593</u>		<u>2 680 227</u>		<u>1 919 440</u>		<u>1 913 598</u>

**Consolidated and Parent Notes to Financial Statements***Loans***(subsidiaries)**

A loan from JSC "SEB Latvijas Unibanka" was received by SIA "Kalnciema Ķieģelis" on 20 November 2002 for reconstruction and modernization of production equipment, and as at 31 March 2007 amounted to LVL 17 006 (EUR 24 197). The loan is due on 25 October 2007, and the annual interest rate is 3 months UNIBOR + 2,26% p.a.. The loan is secured by the collateral of the entire subsidiary's movable property collectively and future components of this collective property.

SIA "Kalnciema Ķieģelis" signed a loan agreement with JSC "SEB Latvijas Unibanka" on 22 December 2006 for the total amount of EUR 7 571 000 for the Āne factory reconstruction and construction of new production lines. As at 31 March 2007 the loan received amounted to EUR 5 205 182. The loan is due on 20 December 2011, and the first principal payment is due on 21 January 2008. The annual interest rate is 3 months UNIBOR + 0,95% p.a.. The loan is secured by the collateral of existing and future non-current assets, inventories, receivables, mortgages on JSC "Lode" real estate located in Jelgava rajons, Kalnciems, Jelgavas 17, as well as guarantees of JSC "Lode", SIA "Latvijas Māli", and SIA "Līvānu ķieģelis".

SIA "Lodes Ķieģelis" signed a loan agreement with JSC "SEB Latvijas Unibanka" on 22 December 2006 for the total amount of EUR 857 000 for reconstruction of production lines. As at 31 March 2007 the loan received amounted to EUR 471 550. The loan is due on 20 December 2011, and the first principal payment is due on 21 January 2008. The annual interest rate is 3 months UNIBOR + 0,95% p.a.. The loan is secured by the collateral of existing and future non-current assets, inventories, receivables, as well as guarantees of JSC "Lode", SIA "Latvijas Māli", and SIA "Līvānu ķieģelis".

*Credit line***(Parent Company)**

A credit line agreement with JSC "SEB Latvijas Unibanka" was concluded on 12 December 2000. As at 31 March 2007, the amount of utilized credit line was LVL 1 348 990 (EUR 1 919 440). The credit line is due on 30 November 2007 and the annual interest rate is 3 months UNIBOR + 0,95 % p.a. for the funds used.

**(subsidiaries)**

SIA "Kalnciema ķieģelis" concluded a credit line agreement with JSC "SEB Latvijas Unibanka" on 26 March 2003. As at 31 March 2007, the amount of utilized credit line was LVL 322 744 (EUR 459 223). The credit line expires on 21 March 2008, and the annual interest rate is 3 months UNIBOR + 0,95 % p.a. on the used funds.

SIA "Līvānu ķieģelis" concluded a credit line agreement with SEB Latvijas Unibanka AS on 21 March 2007. As at 31 March 2007, the amount of utilized credit line was LVL 0 (EUR 0). The credit line expires on 20 March 2008, and the annual interest rate is 3 months RIGIBOR + 3.12% p.a..

**(26) Debts to related parties (Parent Company)**

	<b>31.03.2006</b>	<b>31.03.2005</b>
	<b>EUR</b>	<b>EUR</b>
<b>Short term division</b>		
Debt on goods to SIA „Lodes ķieģelis”	526 887	15 219
Debt on goods to SIA „Latvijas māli”	1 668	2 056
Debt on goods to SIA „Līvānu ķieģelis”	79 936	200 468
Debt on goods to SIA „Kalnciema ķieģelis”	130 903	61 774
	<b>739 394</b>	<b>279 517</b>

**Consolidated and Parent Notes to Financial Statements****(27) Taxes and Social Insurance Payments****(Consolidated)**

Type of tax	Balance as of 31.12.2006	Calculated in 01.01.2007- 31.03.2007	Paid in 01.01.2007- 31.03.2007	Transferred to / from other taxes	Balance as of 31.03.2007
	EUR	EUR	EUR	EUR	EUR
Corporate income tax	254 351	-	(58 133)	-	196 218
Value added tax	(180 154)	(105 389)	114 829	90 187	(80 527)
State social insurance mandatory payments	79 753	261 936	(176 890)	(79 528)	85 271
Individual income tax	55 632	160 227	(150 886)	(10 659)	54 314
Natural resources tax	4 506	1	(4 508)	-	2 799
Real estate tax	1 084	14 212	(15 551)	-	(255)
Risk fee	152	449	(454)	-	147
	<b>215 324</b>	<b>334 236</b>	<b>(291 593)</b>	<b>-</b>	<b>257 967</b>

Including:	31.12.2006	31.03.2007
	EUR	EUR
Tax overpayments	(215 299)	(191 756)
Tax debt	430 624	449 723

Tax overpayments are shown in the item "Other Debtors".

**(Parent Company)**

Type of tax	Balance as of 31.12.2006	Calculated in 01.01.2007- 31.03.2007	Paid in 01.01.2007- 31.03.2007	Transferred to / from other taxes	Balance as of 31.03.2007
	EUR	EUR	EUR	EUR	EUR
Corporate income tax	216 618	-	(51 854)	-	164 764
Value added tax	(7 302)	(78 729)	-	32 867	(53 164)
State social insurance mandatory payments	10 884	68 860	(28 714)	(32 867)	18 163
Individual income tax	12 117	45 286	(44 880)	-	12 523
Natural resources tax	255	1 466	(257)	-	1 464
Real estate tax	300	9 138	(9 438)	-	-
Risk fee	18	50	(54)	-	14
	<b>232 890</b>	<b>46 071</b>	<b>(135 197)</b>	<b>-</b>	<b>143 764</b>

Including:	31.12.2006	31.03.2007
	EUR	EUR
Tax overpayments	(7 302)	(53 164)
Tax debt	240 192	196 928

Tax overpayments are shown in the item "Other Debtors".

**Consolidated and Parent Notes to Financial Statements****(28) Other Creditors**

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>31.03.2007</b>	<b>31.03.2006</b>	<b>31.03.2007</b>	<b>31.03.2006</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Settlements with personnel	990	588	677	-
Salaries	143 653	124 282	36 721	39 245
Withheld rent fee on apartment	327	2 924	158	226
Withheld alimony	1 919	942	-	-
Other creditors	5 134	932	128	401
	<b>152 024</b>	<b>129 668</b>	<b>37 685</b>	<b>39 872</b>

**(29) Number of employees employed by the Company**

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>01.01.2007- 31.03.2007</b>	<b>01.01.2006- 31.03.2006</b>	<b>01.01.2007- 31.03.2007</b>	<b>01.01.2006- 31.03.2006</b>
An average number of employees in the report period	<u>421</u>	<u>401</u>	<u>46</u>	<u>61</u>

**(30) Personnel Expenses**

Type of expenses	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>01.01.2007- 31.03.2007</b>	<b>01.01.2006- 31.03.2006</b>	<b>01.01.2007- 31.03.2007</b>	<b>01.01.2006- 31.03.2006</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Remuneration for work	677 976	604 585	185 514	195 660
State social insurance mandatory payments	162 186	142 179	44 334	47 116
	<b>840 162</b>	<b>746 764</b>	<b>229 848</b>	<b>242 776</b>

**(31) Information about remuneration of members of Council and Board****(Parent Company)**

	<b>01.01.2007- 31.03.2007</b>	<b>01.01.2006- 31.03.2006</b>
	<b>EUR</b>	<b>EUR</b>
Board members	51 946	39 455
Council members	26 366	26 414
	<b>78 312</b>	<b>65 869</b>

**(32) Exchange rate**

31.03.2007. 1 EUR = 0.702804 LVL