

AS Laima

Address: Sporta iela 2, Riga, LV-1013

Unified registration number: 40003020441

Consolidated financial statements as of 31 March 2007

AS LAIMA

(UNIFIED REGISTRATION NUMBER 40003020441)

CONSOLIDATED REPORT

FOR THE QUARTER ENDED 31 MARCH 2007

Riga, 2007

General information

| | |
|---|--|
| Name of the Parent Company | Laima |
| Legal status of the Parent Company | Joint stock company |
| Unified registration number, place and date of registration of the Parent Company | 40003020441 Riga, 25 November 1993 |
| Re-registration of the Parent Company | Riga, 31 October 1996 |
| Registration of the Parent Company with the Commercial Register | Riga, 19 June 2003 |
| Registered office of the Parent Company | Sporta iela 2, Riga, Latvia, LV-1013 |
| Major shareholder of the Parent Company | SIA NTBDC L (75.42%) Sporta iela 2, Riga, Latvia, LV-1013 |
| Operations of the Parent Company | The main types of operations of the Parent Company are chocolate and sugar confectionery production and wholesale. |
| Chairman of the Council of the Parent Company | Juris Jonaitis |
| Council Members of the Parent Company | Daumants Vitols Deputy Chairman of the Council Bjarni Gunnarson Council Member Jon Thor Hjaltason Council Member Gisli Reynisson Council Member |

| | |
|--|---|
| Chairman of the Board of the Parent Company | Normunds Ozoliņš Chairman of the Board, appointed on 06/02/2007 |
| Board Members of the Parent Company | Ilgvars Ļubka Board Member, appointed on 06/02/2007 |
| | Dace Mende Board Member, appointed on 06/02/2007 |
| | Liene Pētersone Board Member, appointed on 06/02/2007 |
| Movements in the Board during the period 1 January 2006 through 30 April 2007 | Juris Jonaitis Chairman of the Board, resigned on 06/02/2007 |
| | Ivo Luka-Indāns Board Member, resigned on 06/02/2007 |
| | Normunds Ozoliņš Board Member, resigned on 06/02/2007 |
| | Didzis Zālītis Board Member, resigned on 06/02/2007 |
| Movements in the Council during the period 1 January 2006 through 30 April 2007 | Solvita Evardsone Council Member, resigned on 12/03/2007 |
| Financial year | 1 January – 31 March 2007 |
| Auditors | Jekaterina Stūģe SIA Ernst & Young Baltic Sworn Auditor Kronvalda bulvāris 3-5, Riga Certificate No. 143 Latvia, LV-1010 Licence No. 17 |

Consolidated income statement

| | Notes | 2007, 1st quart. LVL | 2006, 1st quart. LVL |
|--|-------|-------------------------|-------------------------|
| Net sales | 1 | 8 695 590 | 7 095 893 |
| Cost of sales | 2 | (6 285 645) | (5 363 980) |
| Gross profit | | 2 409 945 | 1 731 913 |
| Selling and distribution expense | 3 | (1 481 566) | (1 158 348) |
| Administrative expense | 4 | (737 201) | (614 288) |
| Other operating income | 5 | 41 188 | 31 557 |
| Other operating expense | 6 | (71 410) | (39 724) |
| Profit from operating activities | | 160 956 | (48 890) |
| Financial income | 7 | 85 374 | 106 588 |
| Financial expense | 8 | (78 090) | (162 577) |
| Profit before taxes | | 168 240 | (104 879) |
| Corporate income tax | | (71 506) | (21 430) |
| Profit before minority interest | | 96 734 | (126 309) |
| Attributable to: | | | |
| The equity holders of the Parent company | | 107 482 | (121 484) |
| Minority | | (10 748) | (4 825) |
| | | 96 734 | (126 309) |
| Basic and diluted earnings per share: | 11 | 0,017 | (0,019) |

The accompanying notes form an integral part of these financial statements.

Consolidated balance sheet**ASSETS**

| NON-CURRENT ASSETS | Notes | 31/03/2007 LVL | 31/03/2006 LVL |
|---|-------|-------------------|-------------------|
| Intangible assets | | | |
| Goodwill | 12 | - | 52 893 |
| Other intangible assets | 12 | 62 580 | 74 367 |
| Prepayments for intangible assets | | 6 695 | - |
| TOTAL | | 69 275 | 127 260 |
| Property, plant and equipment | | | |
| Land and buildings | 13 | 2 048 382 | 1 989 899 |
| Machinery and equipment | 13 | 2 234 570 | 1 670 496 |
| Other tangible assets | 13 | 125 472 | 138 439 |
| Construction in progress | 13 | 2 006 269 | 82 033 |
| Leasehold improvements | 13 | 50 181 | 36 821 |
| Prepayments for property, plant, and equipment | | 52 064 | 26 670 |
| TOTAL | | 6 516 938 | 3 944 358 |
| Non-current financial assets | | | |
| Non-current portion of loans to related parties | 17 | 4 346 227 | 4 709 802 |
| Other investments | | 8 340 | 4 351 |
| TOTAL | | 4 354 567 | 4 714 153 |
| TOTAL NON-CURRENT ASSETS | | 10 940 780 | 8 785 771 |
| CURRENT ASSETS | | | |
| Inventories | 14 | 3 199 094 | 2 611 307 |
| Receivables | | | |
| Trade receivables | 15 | 3 948 934 | 2 391 093 |
| Current portion of loans to related parties | 17 | 5 655 985 | 5 342 727 |
| Receivables from related parties | | 226 492 | 164 785 |
| Other receivables | 18 | 720 192 | 471 203 |
| Other loans | 16 | 8 019 | 352 128 |
| Prepaid expense | | 107 300 | 46 396 |
| | | 10 666 922 | 8 768 332 |
| Cash | | 309 606 | 707 537 |
| TOTAL CURRENT ASSETS | | 14 175 622 | 12 087 176 |
| TOTAL ASSETS | | 25 116 402 | 20 872 947 |

The accompanying notes form an integral part of these financial statements.

Consolidated balance sheet**EQUITY AND LIABILITIES**

| | Notes | 31/03/2007 LVL | 31/03/2006 LVL |
|---|--------------------------|-------------------|-------------------|
| EQUITY | | | |
| Share capital | 19 | 6 481 133 | 6 481 133 |
| Share premium | | 146 483 | 146 483 |
| Non-current asset revaluation reserve | | 38 868 | 38 868 |
| Retained earnings: | | | |
| brought forward | | 4 786 740 | 4 861 412 |
| for the period | | 107 482 | (121 484) |
| TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT | | 11 560 706 | 11 406 412 |
| Minority interest | | (76 196) | (109 486) |
| | TOTAL EQUITY | 11 484 510 | 11 296 926 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Non-current portion of loans from credit institutions | 20 | 6 177 861 | 5 918 582 |
| Non-current portion of finance lease liabilities | 21 | 1 337 670 | 184 545 |
| Deferred corporate income tax | | 116 537 | 150 762 |
| | TOTAL | 7 632 068 | 6 253 889 |
| Current liabilities | | | |
| Current portion of loans from credit institutions | 20 | 101 136 | 15 008 |
| Current portion of finance lease liabilities | 21 | 314 309 | 1 239 |
| Current portion of loans from related parties | | 465 629 | - |
| Trade payables and other liabilities | 22 | 3 384 410 | 1 617 456 |
| Payables to related parties | | 63 303 | 68 214 |
| Factoring advances received | | 537 | 360 888 |
| Taxes payable | | 321 976 | 135 561 |
| Other liabilities | 22 | 1 348 524 | 1 123 766 |
| | TOTAL | 5 999 824 | 3 322 132 |
| | TOTAL LIABILITIES | 13 631 892 | 9 576 021 |
| TOTAL EQUITY AND LIABILITIES | | 25 116 402 | 20 872 947 |

The accompanying notes form an integral part of these financial statements.

Consolidated cash flow statement

| | 2007, 1st quart. LVL | 2006, 1st quart. LVL |
|--|-------------------------|-------------------------|
| Cash flows to/ from operating activities | | |
| Profit before taxes | 96 734 | (126 309) |
| Adjustments for: | | |
| Depreciation and amortisation | 241 442 | 232 849 |
| Impairment of goodwill and fixed assets | 60 495 | 49 840 |
| Operating profit before working capital changes | 398 671 | 156 380 |
| (Increase)/ decrease in inventories | (1 003 473) | (509 199) |
| (Increase) in receivables | 349 508 | 988 219 |
| Increase in payables | 105 426 | (409 015) |
| Cash generated from operations | (149 868) | 226 385 |
| Net cash flows to/ from operating activities | (149 868) | 226 385 |
| Cash flows to/ from investing activities | | |
| Purchase of non-current assets, net | (1 532 425) | (175 809) |
| Increase in loans issued | - | (408 834) |
| Decrease in loans issued | 236 757 | - |
| Net cash flows to/ from investing activities | (1 295 668) | (584 643) |
| Cash flows to/ from financing activities | | |
| Increase in loans received | 10 415 | 88 057 |
| Payment of finance lease liabilities | 1 235 871 | 184 251 |
| Net cash flows to/ from financing activities | 1 246 286 | 272 308 |
| Change in cash | (199 250) | (85 950) |
| Cash at the beginning of the reporting year | 508 857 | 793 488 |
| Cash at the end of the reporting year | 309 607 | 707 538 |

The accompanying notes form an integral part of these financial statements.

Consolidated statement of changes in equity

EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT

| | Share capital | Share premium | Non-current asset revaluation reserve | Retained earnings | Profit for the year | Total | Minority interest | Total |
|---|---------------|---------------|--|----------------------|------------------------|------------|----------------------|------------|
| As at 31 December 2004 | 6 481 133 | 146 483 | 249 411 | 2 786 080 | 829 791 | 10 492 898 | (55 432) | 10 437 466 |
| Write-offs of revalued non-current assets | - | - | (210 543) | 210 543 | - | - | - | - |
| Other | - | - | - | - | - | - | 3 111 | 3 111 |
| Transfer of net profit for 2004 | - | - | - | 829 791 | (829 791) | - | - | - |
| Profit for the reporting year | - | - | - | - | 1 034 998 | 1 034 998 | (52 339) | 982 659 |
| As at 31 December 2005 | 6 481 133 | 146 483 | 38 868 | 3 826 414 | 1 034 998 | 11 527 896 | (104 660) | 11 423 236 |
| Minority interest | - | - | - | - | - | - | (4 825) | (4 825) |
| Transfer of net profit for 2005 | - | - | - | 1 034 998 | (1 034 998) | - | - | - |
| Loss for the reporting quarter | - | - | - | - | (121 484) | (121 484) | - | (121 484) |
| As at 31 March 2006 | 6 481 133 | 146 483 | 38 868 | 4 861 412 | (121 484) | 11 406 412 | (109 485) | 11 296 927 |
| Minority interest | - | - | - | - | - | - | 44 037 | 44 037 |
| Loss for the period reporting | - | - | - | - | 46 812 | 46 812 | - | 46 812 |
| As at 31 December 2006 | 6 481 133 | 146 483 | 38 868 | 4 861 412 | (74 672) | 11 453 224 | (65 448) | 11 387 776 |
| Minority interest | - | - | - | - | - | - | (10 748) | (10 748) |
| Transfer of net profit for 2006 | - | - | - | (74 672) | 74 672 | - | - | - |
| Profit for the reporting quarter | - | - | - | - | 107 482 | 107 482 | - | 107 482 |
| As at 31 March 2007 | 6 481 133 | 146 483 | 38 868 | 4 786 740 | 107 482 | 11 560 706 | (76 196) | 11 484 510 |

The accompanying notes form an integral part of these financial statements.

Notes to the consolidated financial statements

Basis of consolidation

As at 31 December 2006 and 31 March 2007, the Parent Company had investments in the following subsidiaries:

| Name | Country | Business | Date of acquisition: | 31/12/2006 The Group's shareholding (%): | 31/03/2007 The Group's shareholding (%): |
|--|------------|------------------------|----------------------|--|--|
| SIA Euro Food | Latvia | Food production | 7 May 2001 | 100% | 100% |
| SIA Saldumu Tirdzniecība | Latvia | Retail | 11 October 2002 | 50% | 50% |
| AS Laima Eesti | Estonia | Wholesales | 28 April 1995 | 100% | 100% |
| UAB Laima Lita | Lithuania | Wholesales | 19 November 1999 | 100% | 100% |
| OOO Laymauz | Uzbekistan | Food production | 12 June 2003 | 51% | 51% |
| SIA Sporta ielas centrs | Latvia | Real estate management | 27 December 2004 | 100% | 100% |
| SIA Miera ielas centrs | Latvia | Real estate management | 27 December 2004 | 100% | 100% |
| <u>Subsidiary of SIA Euro Food (indirect subsidiary)</u> | | | | 31/12/2006 SIA Euro Food Shareholding (%) | 31/03/2007 SIA Euro Food Shareholding (%) |
| Aston Food OU | Estonia | Food production | 30 June 2006 | 100% | 100% |
| Margiris UAB | Lithuania | Food production | 6 February 2007 | - | Prepayment for 100% |

The financial statements are consolidated in the Group's financial statements on a line by line basis by adding together like items of assets and liabilities as well as income and expenses. The consolidated financial statements include subsidiaries that are controlled by the Parent Company. Control is presumed to exist where more than a half of the subsidiary's voting rights are controlled by the Parent Company or it otherwise has the power to exercise control over the operations. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

Purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date, plus any costs directly attributable to the acquisition. The acquisition date is the date on which the acquirer effectively obtains control of the acquire. The excess of the cost over the Group's interest in the net fair value of assets, liabilities and contingent liabilities acquired is recorded as goodwill.

1. Net sales

| | 2007, 1 st quart. | 2006, 1 st quart. |
|---------------------------|---------------------------------|---------------------------------|
| Domestic sales: | | |
| Wholesale | 4 589 683 | 4 062 569 |
| Retail | 789 900 | 664 016 |
| Services to related party | 347 061 | 268 878 |
| Export sales | 2 968 946 | 2 100 430 |
| TOTAL: | 8 695 590 | 7 095 893 |

2. Cost of sales

| | 2007, 1 st quart. | 2006, 1 st quart. |
|---|---------------------------------|---------------------------------|
| Cost of materials (raw materials, consumables, and packaging) | 4 913 881 | 4 348 169 |
| Personnel expense | 700 758 | 435 544 |
| Depreciation charge | 208 499 | 197 516 |
| Repairs and maintenance expense | 122 972 | 106 281 |
| Utilities | 181 760 | 182 070 |
| Other costs | 157 775 | 94 400 |
| TOTAL: | 6 285 645 | 5 363 980 |

3. Selling and distribution expense

| | 2007, 1 st quart. | 2006, 1 st quart. |
|--|---------------------------------|---------------------------------|
| Transportation and logistic expense* | 478 190 | 354 923 |
| Advertising and marketing | 520 296 | 419 111 |
| Personnel expense | 340 089 | 255 660 |
| Export promotion and marketing | 14 681 | 15 754 |
| Depreciation charge | 9 544 | 10 854 |
| Amortisation charge | 2 783 | 2 123 |
| Other selling and distribution expense | 115 983 | 99 923 |
| TOTAL: | 1 481 566 | 1 158 348 |

4. Administrative expense

| | 2007, 1 st quart. | 2006, 1 st quart. |
|---|---------------------------------|---------------------------------|
| Consulting | 144 488 | 144 995 |
| Personnel expense | 292 612 | 224 785 |
| Office expense | 18 705 | 22 985 |
| IT services | 26 145 | 20 471 |
| Transportation expense | 12 628 | 14 512 |
| Amortisation and depreciation charge | 20 616 | 22 356 |
| Security expense | 18 910 | 18 425 |
| Insurance expense | 19 279 | 14 712 |
| Representation expense | 5 106 | 2 758 |
| Bank charges | 4 110 | 4 223 |
| Allowances for doubtful trade receivables | 15 000 | 15 000 |
| Other administrative expense | 159 602 | 109 066 |
| TOTAL: | 737 201 | 614 288 |

5. Other operating income

| | 2007, 1 st quart. | 2006, 1 st quart. |
|---|---------------------------------|---------------------------------|
| Income from parking lot lease and transportation services | 38 102 | 20 571 |
| Gain on disposal of tangible assets | 2 129 | 5 747 |
| Other operating income | 957 | 5 239 |
| TOTAL: | 41 188 | 31 557 |

6. Other operating expense

| | 2007, 1 st quart. | 2006, 1 st quart. |
|-------------------------------------|---------------------------------|---------------------------------|
| Marketing analysis* | 19 999 | 25 985 |
| Penalties | 10 872 | 1 000 |
| Loss on disposal of tangible assets | 1 672 | 4 843 |
| Other operating expense | 38 867 | 7 896 |
| TOTAL: | 71 410 | 39 724 |

* Marketing analysis relates to the research of new production and sale market opportunities in Poland, as well as preparation for opening of the new factory.

7. Financial income

| | 2007, 1 st quart. | 2006, 1 st quart. |
|-----------------------------|---------------------------------|---------------------------------|
| Interest income | 77 416 | 95 609 |
| Currency exchange gain, net | 7 958 | 10 979 |
| TOTAL: | 85 374 | 106 588 |

8. Financial expense

| | 2007, 1 st quart. | 2006, 1 st quart. |
|-----------------------------|---------------------------------|---------------------------------|
| Interest expense | 48 569 | 112 552 |
| Currency exchange loss, net | 14 793 | 33 353 |
| Factoring services | 14 728 | 16 672 |
| TOTAL: | 78 090 | 162 577 |

9. Depreciation and amortisation

| | 2007, 1 st quart. | 2006, 1 st quart. |
|---------------------------------------|---------------------------------|---------------------------------|
| <u>Depreciation and amortisation:</u> | | |
| Cost of sales | 208 499 | 197 516 |
| Selling and distribution expense | 12 327 | 12 977 |
| Administrative expense | 20 616 | 22 356 |
| TOTAL: | 241 442 | 232 849 |

10. Personnel expense

| | 2007, 1 st quart. | 2006, 1 st quart. |
|----------------------------------|---------------------------------|---------------------------------|
| <u>Personnel expense:</u> | | |
| Cost of sales | 700 758 | 435 544 |
| Selling and distribution expense | 340 089 | 255 660 |
| Administrative expense | 292 612 | 224 785 |
| Other operating expense | 34 785 | 9 108 |
| TOTAL: | 1 368 244 | 925 097 |

11. Basic and diluted earnings per share

The Parent Company is not planning any ordinary share emission that would result in adjustment of the number of shares to be used in EPS calculation; therefore diluted earnings per share are the same as the basic earnings per share.

Basic earnings per share are calculated by dividing the net profit for the year attributable to shareholders of the Parent Company by the weighted average number of shares in issue during the year.

The table below presents the income and share data used in the computations of earnings per share:

| | 2007, 1 st quart. | 2006, 1 st quart. |
|--|------------------------------|------------------------------|
| Net profit/ loss attributable to shareholders of the Parent Company for basic earnings per share | 107 482 | (121 484) |
| Weighted average number of ordinary shares | 6 481 133 | 6 481 133 |
| Earnings per share: | 0.017 | (0.019) |

12. Intangible assets

| | Goodwill | Other intangible assets | TOTAL |
|------------------------------------|---------------|----------------------------|----------------|
| As at 31 December 2004 | | | |
| Cost | 52 893 | 91 647 | 144 540 |
| Accumulated amortisation | - | (36 458) | (36 458) |
| Net carrying amount | 52 893 | 55 189 | 108 082 |
| Year ended 31 December 2005 | | | |
| Opening net carrying amount | 52 893 | 55 189 | 108 082 |
| Additions | - | 43 703 | 43 703 |
| Disposals | - | (30 698) | (30 698) |
| Amortisation charge | - | (21 579) | (21 579) |
| Amortisation of disposals | - | 30 302 | 30 302 |
| Closing net carrying amount | 52 893 | 76 917 | 129 810 |
| As at 31 December 2005 | | | |
| Cost | 52 893 | 104 652 | 157 545 |
| Accumulated amortisation | - | (27 735) | (27 735) |
| Net carrying amount | 52 893 | 76 917 | 129 810 |
| 1st quarter year 2006 | | | |
| Opening net carrying amount | 52 893 | 76 917 | 129 810 |
| Additions | - | 2 863 | 2 863 |
| Disposals | - | (35) | (35) |
| Amortisation charge | - | (5 396) | (5 396) |
| Amortisation of disposals | - | 18 | 18 |
| Closing net carrying amount | 52 893 | 74 367 | 127 260 |
| As at 31 March 2006 | | | |
| Cost | 52 893 | 107 480 | 160 373 |
| Accumulated amortisation | - | (33 113) | (33 113) |
| Net carrying amount | 52 893 | 74 367 | 129 810 |
| Year 2006, 01.04.-31.12. | | | |
| Opening net carrying amount | 52 893 | 74 367 | 127 260 |
| Additions | 410 987 | 10 323 | 421 310 |
| Disposals | - | (60) | (60) |
| Impairment of tangible assets | (463 880) | - | - |
| Amortisation charge | - | (17 573) | (17 573) |
| Amortisation of disposals | - | - | - |
| Closing net carrying amount | 0 | 67 057 | 67 057 |
| As at 31 December 2006 | | | |
| Cost | - | 117 743 | 117 743 |
| Accumulated amortisation | - | (50 686) | (50 686) |
| Net carrying amount | 52 893 | 67 057 | 129 810 |
| 1st quarter year 2007 | | | |
| Opening net carrying amount | - | 67 057 | 67 057 |
| Additions | - | 1 665 | 1 665 |
| Amortisation charge | - | (6 142) | (6 142) |
| Closing net carrying amount | - | 62 580 | 62 580 |
| As at 31 March 2007 | | | |
| Cost | - | 119 408 | 119 408 |
| Accumulated amortisation | - | (56 828) | (56 828) |
| Net carrying amount | - | 62 580 | 62 580 |

13. Property, plant, and equipment

| | Land and buildings | Machinery and | Other tangible | Construction in | Leasehold | TOTAL |
|------------------------------------|--------------------|---------------|----------------|-----------------|-----------|-------------|
| As at 31 December 2004 | | | | | | |
| Cost | 3 827 300 | 8 903 978 | 1 137 948 | 61 955 | 42 575 | 13 973 756 |
| Accumulated depreciation | (1 681 381) | (7 255 576) | (945 607) | - | (11 064) | (9 893 627) |
| Net carrying amount | 2 145 919 | 1 648 403 | 192 341 | 61 955 | 31 511 | 4 080 129 |
| Year ended 31 December 2005 | | | | | | |
| Opening net carrying amount | 2 145 919 | 1 648 403 | 192 341 | 61 955 | 31 511 | 4 080 129 |
| Additions | - | 353 867 | 12 303 | 655 878 | 8 999 | 1 031 047 |
| Impairment of tangible assets* | (100 421) | (9 097) | (2 982) | - | - | (112 500) |
| Reclassification | 199 428 | 463 640 | 31 138 | (694 206) | - | - |
| Disposals | (26 599) | (290 921) | (62 223) | - | - | (379 743) |
| OOO Laymauz pamatlīdzekļu | - | - | - | - | - | - |
| Depreciation charge | (207 695) | (647 439) | (71 315) | - | (11 171) | (937 620) |
| Depreciation of disposals | 6 534 | 268 959 | 65 212 | - | - | 340 705 |
| Closing net carrying amount | 2 017 166 | 1 787 411 | 164 475 | 23 627 | 29 339 | 4 022 018 |
| As at 31 December 2005 | | | | | | |
| Cost | 2 218 327 | 2 165 891 | 170 577 | 23 627 | 40 510 | 4 618 932 |
| Accumulated depreciation | (201 161) | (378 480) | (6 103) | - | (11 171) | (596 915) |
| Net carrying amount | 2 017 166 | 1 787 411 | 164 475 | 23 627 | 29 339 | 4 022 018 |
| 1st quarter year 2006 | | | | | | |
| Opening net carrying amount | 2 017 166 | 1 787 411 | 164 475 | 23 627 | 29 339 | 4 022 018 |
| Additions | - | 19 650 | 2 357 | 92 551 | 11 715 | 126 273 |
| Reclassification | 14 457 | 19 688 | - | (34 145) | - | - |
| Disposals | - | (7 015) | (41 267) | - | (1 523) | (49 805) |
| Depreciation charge | (41 724) | (156 239) | (26 780) | - | (2 710) | (227 453) |
| Depreciation of disposals | - | 7 001 | 39 654 | - | - | 46 655 |
| Closing net carrying amount | 1 989 899 | 1 670 496 | 138 439 | 82 033 | 36 821 | 3 917 688 |
| As at 31 March 2006 | | | | | | |
| Cost | 2 232 784 | 2 198 214 | 131 667 | 82 033 | 50 702 | 4 695 400 |
| Accumulated depreciation | (242 885) | (527 718) | 6 772 | - | (13 881) | (777 712) |
| Net carrying amount | 1 989 899 | 1 670 496 | 138 439 | 82 033 | 36 821 | 3 917 688 |
| Year 2006. 01.04.-31.12. | | | | | | |
| Opening net carrying amount | 1 989 899 | 1 670 496 | 138 439 | 82 033 | 36 821 | 3 917 688 |
| Additions | - | 1 063 544 | 28 513 | 1 265 603 | 31 362 | 2 389 022 |
| Reclassification | 350 354 | 380 304 | 33 271 | (763 929) | - | - |
| Disposals | (41 032) | (358 659) | (148 286) | (2 249) | - | (550 226) |
| Depreciation charge | (222 164) | (475 894) | (42 814) | - | (14 812) | (755 684) |
| Depreciation of disposals | 20 022 | 86 556 | 122 530 | - | - | 229 108 |
| Closing net carrying amount | 2 097 079 | 2 366 347 | 131 653 | 581 458 | 53 371 | 5 229 908 |
| As at 31 December 2006 | | | | | | |
| Cost | 2 542 106 | 3 283 403 | 45 165 | 581 458 | 82 064 | 6 534 196 |
| Accumulated depreciation | (445 027) | (917 056) | 86 488 | - | (28 693) | (1 304 288) |
| Net carrying amount | 2 097 079 | 2 366 347 | 131 653 | 581 458 | 53 371 | 5 229 908 |
| 1st quarter year 2007 | | | | | | |
| Opening net carrying amount | 2 097 079 | 2 366 347 | 131 653 | 581 458 | 53 371 | 5 229 908 |
| Additions | - | 32 301 | 6 843 | 1 431 055 | 1 738 | 1 471 937 |
| Reclassification | - | 5 746 | 498 | (6 244) | - | - |
| Disposals | - | (37 726) | (21 976) | - | (793) | (60 495) |
| Depreciation charge | (48 697) | (168 436) | (13 522) | - | (4 645) | (235 300) |
| Depreciation of disposals | - | 36 338 | 21 976 | - | 509 | 58 823 |
| Closing net carrying amount | 2 048 382 | 2 234 570 | 125 472 | 2 006 269 | 50 180 | 6 464 873 |
| As at 31 March 2007 | | | | | | |
| Cost | 2 542 106 | 3 283 724 | 30 530 | 2 006 269 | 83 009 | 7 945 638 |
| Accumulated depreciation | (493 724) | (1 049 154) | 94 942 | - | (32 829) | (1 480 765) |
| Net carrying amount | 2 048 382 | 2 234 570 | 125 472 | 2 006 269 | 50 180 | 6 464 873 |

*In 2005, OOO Laymauz, a subsidiary of AS Laima, did not commence any operations, and it is still unknown when its active operations could be started. Therefore, as at 31 December 2005, impairment of tangible assets of LVL 112 500 (2004: LVL 114 391) has been recognised.

The book value of the Group's land was LVL 331 106. The total cadastral value of all land plots owned by the Group is LVL 964 654.

14. Inventories

| | 31/03/2007 | 31/03/2006 |
|--------------------------------------|------------------|------------------|
| Raw materials (at cost) | 1 801 086 | 1 240 168 |
| Finished goods (at cost) | 1 400 375 | 1 356 375 |
| Prepayments for inventories | 6 796 | 19 582 |
| Allowances for obsolete inventories* | (9 163) | (4 818) |
| TOTAL: | 3 199 094 | 2 611 307 |

* Obsolete inventories have been fully provided for.

15. Trade receivables

| | 31/03/2007 | 31/03/2006 |
|--|------------------|------------------|
| Trade receivables | 5 007 033 | 3 413 514 |
| Allowances for doubtful trade receivables of Aston Food OU | (102 329) | - |
| Allowances for doubtful trade receivables* | (955 770) | (1 002 421) |
| TOTAL: | 3 948 934 | 2 391 093 |

* Doubtful trade receivables have been fully provided for.

The trade receivables from foreign companies are generally on 45 days' terms, while for local companies - on 30 days' terms.

16. Other loans

| | 31/03/2007 | 31/03/2006 |
|--|--------------|----------------|
| Loan to AS GUTTA | 3 519 | 352 128 |
| Loan to Neatkarīgo sporta veidu biedrība | 4 500 | - |
| TOTAL: | 8 019 | 352 128 |

17. Loans to related parties

| Company | 31/03/2007 | 31/03/2006 |
|---|-------------------|-------------------|
| <u>Non-current portion of loans to related parties:</u> | | |
| Principal amount of the loan to AS Staburadze | 1 620 000 | 1 920 000 |
| Principal amount of the loan to SIA Nordic Food | 1 400 523 | 1 400 523 |
| Principal amount of the loan to SIA Nordic Industries | 1 325 704 | 1 409 847 |
| Total non-current portion: | 4 346 227 | 4 730 370 |
| <u>Current portion of loans to related parties:</u> | | |
| Principal amount of the loan to NP Confectionary AB issued by SIA Miera ielas centrs | 3 071 105 | 2 944 962 |
| Principal amount of the loan to SIA NTBDC L | 2 262 816 | 2 262 816 |
| Principal amount of the loan to NP Confectionary AB issued by SIA "Sporta ielas centrs" | 1 712 983 | 1 637 746 |
| Principal amount of the loan to SIA Nordic Partners | 592 671 | 592 927 |
| Principal amount of the loan to SIA Nordic Industries | - | 149 000 |
| Accrued interest on the loan to SIA NTBDC L | 116 929 | 116 929 |
| Accrued interest on the loan to AS Staburadze | 82 730 | 51 700 |
| Accrued interest on the loan to SIA Nordic Food | 111 900 | 91 034 |
| Accrued interest on the loans to SIA Nordic Industries | 88 512 | 85 168 |
| Loan to SIA Tallinas ielas centrs (SIA Sporta ielas centrs) | 17 000 | - |
| Provisions | (2 400 661) | (2 589 555) |
| Total current portion: | 5 655 985 | 5 342 727 |
| TOTAL: | 10 002 212 | 10 052 529 |

18. Other receivables

| | 31/03/2007 | 31/03/2006 |
|-----------------------------------|----------------|----------------|
| Overpayment of value added tax | 403 833 | 265 226 |
| Corporate income tax | 120 322 | 12 593 |
| Prepayments for goods | 58 418 | 72 427 |
| Deferred value added tax | 12 174 | 15 912 |
| Advances to employees | 14 236 | 22 785 |
| Provisions for other receivables* | (45 287) | (45 369) |
| Other accounts receivable | 156 496 | 127 629 |
| TOTAL: | 720 192 | 471 203 |

* Receivables have been fully provided for.

19. **The share capital of the Parent Company** is LVL 6 481 133 and consists of 6 481 133 shares. The par value of each share is LVL 1. The shareholders of the Parent Company can be specified as follows:

| | 31/03/2007 | |
|---------------------|------------|------------------|
| | % | Number of shares |
| SIA "NTBDC L" | 75.42 | 4 887 945 |
| NP Confectionary AB | 12.55 | 813 594 |
| SIA "Nordic Food" | 4.70 | 304 670 |
| Citi akcionāri | 7.33 | 474 924 |
| TOTAL: | 100 | 6 481 133 |

20. Loans from credit institutions

| | | <i>Effective interest rate (%)</i> | <i>Maturity</i> | 31/03/2007 | 31/03/2006 |
|---|-----|------------------------------------|-------------------|------------------|------------------|
| SIA Miera ielas centrs loan form Landsbanki Islands HF | EUR | 6 m EUR LIBOR + 1.45% | 15 March 2010 | 3 054 585 | 2 947 170 |
| SIA Sporta ielas centrs loan from Landsbanki Islands HF | EUR | 6 m EUR LIBOR + 1.45% | 15 March 2010 | 3 054 585 | 2 947 170 |
| SIA Euro Food loan from AS Hansabanka | LVL | 3 m LVL RIGIBOR + 1.9% | 30 June 2009 | 100130 | - |
| SIA Euro Food credit line from AS Hansabanka | LVL | 3 m LVL RIGIBOR + 1.9% | 15 September 2007 | 50 000 | 1 371 |
| SIA Euro Food loan from AS Hansabanka | LVL | 3 m LVL RIGIBOR + 3% | 7 April 2008 | 19 697 | 37 879 |
| TOTAL: | | | | 6 278 997 | 5 933 590 |

| | <i>Non-current portion:</i> | 31/03/2007 | 31/03/2006 |
|---|-----------------------------|------------------|------------------|
| SIA Miera ielas centrs loan form Landsbanki Islands HF | | 3 054 585 | 2 947 170 |
| SIA Sporta ielas centrs loan from Landsbanki Islands HF | | 3 054 585 | 2 947 170 |
| SIA Euro Food loan from AS Hansabanka | | 68 691 | 24 242 |
| TOTAL: | | 6 177 861 | 5 918 582 |

| | <i>Current portion:</i> | 31/03/2007 | 31/03/2006 |
|--|-------------------------|----------------|---------------|
| SIA Euro Food loan from AS Hansabanka | | 51 136 | 13 636 |
| SIA Euro Food credit line from AS Hansabanka | | 50 000 | 1 372 |
| TOTAL: | | 101 136 | 15 008 |

21. Finance lease liabilities

| | | <i>Effective interest rate (%)</i> | 31/03/2007 | 31/03/2006 |
|---|-----|------------------------------------|----------------|--------------|
| AS Laima finance lease liabilities to SIA Hanza lizings | EUR | 3 m EURIBOR + 0.9% | 1 642 516 | - |
| SIA Saldumu Tirdzniecība finance lease liabilities to SIA Hanza Līzings | EUR | 6m EURIBOR +4% | - | 184 545 |
| SIA Euro Food finance lease liabilities to SIA Unilīzings | LVL | 7.5% | 9 463 | 1 239 |
| TOTAL: | | | 416 108 | 1 533 |

22. Trade payables and other liabilities

| | 31/03/2007 | 31/03/2006 |
|----------------------|------------|------------------|
| Trade payables | 3 384 410 | 1 617 456 |
| Vacation pay reserve | 210 450 | 166 885 |
| Wages and salaries | 156 113 | 94 493 |
| Accrued expense | 880 180 | 778 378 |
| Other liabilities | 101 781 | 84 010 |
| TOTAL: | | 4 732 934 |
| | | 2 741 222 |