

Joint stock company

GROBINA

Non- audited

2005.year 9 months

Financial report

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GENERAL INFORMATION

Company name	Joint-stock company "Grobiņa"
Legal form	Public join-stock company
Registration number, place, date in commercial register	Unified registration number: 40003017297 Riga July 12, 2004
Legal address	Lapsu Street 3, Dubeni, Grobina district, Liepaja region, Latvia, LV- 3438
Principal activities	Fur-farming, agricultural produce production, refinement and realization, trade and mediation, transport services
Joint-stock company "Grobiņa" chairman of council	Andris Upenieks
Joint-stock company "Grobiņa" councillors	Jānis Siliņš Agris Nagliņš Ojārs Petrēvics Jānis Briedis
Joint-stock company "Grobiņa" chairman of board	Laimonis Laugalis
Joint-stock company "Grobiņa" regents	Anatolijs Gorbunovs Gunta Isajeva
Financial period	January 1, 2005 – September 30, 2005
Auditor	"Auditorfirma Grāmatvedības un revīzijas birojs" SIA Inženieru street 99-48, Ventspils, LV-3601, Latvia Certified auditor Aija Kurta Certificate No. 128

MANAGEMENT REPORT ABOUT 9 MONTHS IN 2005

Basic activity direction of joint-stock company "Grobiņa" is mink, silver fox and polar fox breeding for fur extraction.

2005. year 9 months net turnover is 1013,2 thousand LVL, comparing to 2004. year 9 months, it has decreased for 14,6%. JSC "Grobiņa" has exported 91% fur. Most export amount was to Denmark and Finland. In the beginning of this year Scandinavian fur action houses has decreased request for fur, this is the reason why previous year sale amount was not reached.

This year great resources were needed to liquidate storm havoc in January- to rebuild fur animal houses there was invested 110,5 thousand LVL. New alimentary machine and food crusher was been purchase, in kitchen the renovation work been done. Totally 166,4 thousand LVL has spent on fixed assets purchase and rebuilding.

Average staff amount in 2005. year 9 months was 127 employee, average earnings- 197,39 LVL. Average earnings this year is increased for 23,5%
125,4 thousand LVL was payed in taxes.

Net profit on one stock in 9 month in 2005 is 0,242 LVL

This year there is a plan to improve technologies in skin department.
In farm and kitchen will be commenced project to improve all according to European Union demands. This project is planed to realize in 2006 till 2007.

Laimonis Laugalis
Chairman of board

Dubēni, November 23, 2005

PROFIT OR LOSS STATEMENT IN 9 MONTHS IN 2005

	2005 9 months LVL	2005 9 months EUR	2004 9 months LVL	2004 9 months EUR
1. Net turnover	1013193	1441644	1185663	1687046
2. Cost of sales	(765590)	(1089337)	(879531)	(1251460)
3. Gross profit	247603	352307	306132	435586
4. Sales distribution costs	(50461)	(71800)	(41393)	(58897)
5. Administration costs	(69397)	(98743)	(64744)	(92122)
6. Other operating income	17882	25444	33447	47591
7. Other operating expenses	(20239)	(28798)	(32111)	(45690)
10. Other interest receivable and similar income	739	1052	89	127
12. Interest payable and similar expenses	(4853)	(6905)	(2916)	(4149)
16. Profit before tax	121274	172557	198504	282446
17. Tax on profit for financial period	-	-	-	-
18. Other taxes	(125)	(178)	(125)	(178)
19. Profit for the financial period	121149	172379	198379	282268

Laimonis Laugalis
Chairman of board

Dubēņi, November 23, 2005

BALANCE SHEET ON 30 SEPTEMBER 2005

	2005 30.09. LVL	2005 30.09. EUR	2004 30.09. LVL	2004 30.09. EUR
<u>Assets</u>				
Long – term investments				
I. Intangible investments				
2. Concessions, patents, licenses, trade- marks and similar rights	896	1275	953	1356
Intangible investments totally:	896	1275	953	1356
II. Fixed assets:				
1. Lands, buildings, constructions and perennial plantations	329621	469008	219287	312017
3. Technological equipments and machines	277100	394278	254328	361876
4. Other fixed assets and inventory	57629	81999	65374	93019
5. Forming of fixed assets and costs of unfinished objects of construction	12579	17898	12579	17898
6. Advance payments for fixed assets	9668	13756	32377	46068
Fixed assets totally:	686597	976939	583945	830878
III. Long-term financial investments				
5. Other securities and investments	352	501	286	407
Long term financial investments totally:	352	501	286	407
Long-term investments totally:	687845	978715	585184	832641
Current assets				
I. Stocks:				
1. Raw materials, direct materials and auxiliary materials	72347	102941	86026	122404
3. Complete products and goods for sale	195134	277651	131291	186810
5. Advance payments for goods	1270	1807	4012	5709
6. Work animals and productive animals	1152262	1639521	856046	1218044
Stocks totally:	1421013	2021920	1077375	1532967
II. Debtors:				
1. Costumers and clients debts	99219	141176	177559	252644
4. Other debts	39869	56728	58691	83510
7. Accrued income	1084	1542	567	807
Debtors totally:	140172	199446	236817	336961
IV. Cash assets	103804	147700	5913	8413
Current assets totally:	1664989	2369066	1320105	1878341
<u>Assets totally</u>	2352834	3347781	1905289	2710982

BALANCE SHEET ON 30 SEPTEMBER 2005

	2005 30.09. LVL	2005 30.09. EUR	2004 30.09. LVL	2004 30.09. EUR
<u>Liabilities</u>				
Equity capital:				
1. Stock or share capital	500000	711436	500000	711436
5. Reserves				
c) Reserves prescribed by enterprise	54454	77481	54454	77481
6. Retained profit				
a) Retained profit for previous year	1194210	1699208	951627	1354043
b) Retained profit for the year accountant	121149	172379	198379	282268
Equity capital totally:	1869813	2660504	1704460	2425228
Stockpiles:				
3. Other stockpiles	12958	18438	-	-
Stockpiles totally:	12958	18438	-	-
Creditors:				
Long-term debts:				
4. Other borrowings	274010	389881	-	-
12. Deferred income	18800	26750	18651	26538
Long-term debts totally:	292810	416631	18651	26538
Short-term debts:				
3. Borrowings from credit institution	9839	14000	85150	121158
5. Costumers advanced payments	988	1406	1088	1548
6. Debts to suppliers and contractors	122691	174574	58987	83931
10. Tax and social security payments	15622	22228	14109	20075
11. Other creditors	15629	22238	13518	19234
12. Deferred income	12484	17762	9326	13270
Short-term debts totally:	177253	252208	182178	259216
Creditors totally:	470063	668839	200829	285754
Liabilities totally	2352834	3347781	1905289	2710982

Laimonis Laugalis
Chairman of board

Dubēņi, November 23, 2005

STATEMENT OF CHANGES IN EQUITY IN 9 MONTHS IN 2005

	Equity capital	Equity capital	Reserve s prescrib ed by enterpri se	Reserv es prescri ed by enterpr ise	Retained profit	Retained profit	Totally	Totally
	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR
January 1, 2004	500000	711436	47400	67444	958681	1364080	1506081	2142960
Profit for the financial period					242583	345165	242583	345165
Reserves prescribed by enterprise increase- 5% from year 2003 profit			7054	10037	(7054)	(10037)		
December 31, 2004	500000	711436	54454	77481	1194210	1699208	1748664	2488125
Profit for the financial period					121149	172379	121149	172379
September 30, 2005	500000	711436	54454	77481	1315359	1871587	1869813	2660504

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Chairman of board

Dubēņi, November 23, 2005

CASH FLOW STATEMENT IN 9 MONTHS IN 2005

	2005 9 months LVL	2005 9 months EUR	2004 9 months LVL	2004 9 months EUR
Business activities cash flow				
1. Profit or loss before tax	121274	172557	198504	282446
<u>Corrections:</u>				
a) wear of fixed assets	54547	77613	34661	49318
b) amortization of immaterial investment assets	385	548	297	423
c) profit of loss from foreign currency exchange rate fluctuation	17382	24732	11160	15879
d) other tax income and other income	(739)	(1052)	-	-
2. Profit of loss before current assets and short-term liabilities residue correction influence	192849	274398	244622	348066
a) Stock residue (increase)/ decrease	(146402)	(208311)	20460	29112
b) Debtors debt residue (increase)/ decrease	(42165)	(59995)	(149470)	(212677)
c) To suppliers, contractors and other creditors payable debt residue (increase)/ decrease	(74539)	(106059)	(41704)	(59339)
3. Gross basic activities money flow	(70257)	(99967)	73908	105162
5. Realty tax costs	(125)	(178)	(125)	(178)
8. Basic activity net cash flow	(70382)	(100145)	73783	104984
Investments action cash flow				
1. Fixed assets and intangible investments purchase	(166445)	(236830)	(151692)	(215839)
2. Percentage benefit	739	1052	-	-
9. Investments activity net cash flow	(165706)	(235778)	(151692)	(215839)
Financing activity cash flow				
1. Received borrowings	485532	690850	182837	260154
2. Costs about credit repayment	(201683)	(286969)	(112863)	(160590)
10. Financing activities net cash flow	283849	403881	69974	99564
Foreign currency exchange rate fluctuation result	(17382)	(24732)	(11160)	(15879)
Financial period net cash flow	30379	43226	(19095)	(27170)
Cash and its equivalents residue in the beginning of financial period	73425	104474	25008	35583
Cash and its equivalents residue in the end of financial period	103804	147700	5913	8413

Laimonis Laugalis
Chairman of board

Dubēni, November 23, 2005

ATTACHMENT

1. Accountancy politics

1.1. General principle

Financial report is produced according to laws of Republic of Latvia "About accountancy", Latvia accountancy standard N.1 "Basic regulations of producing financial report", Latvia accountancy standard N.2 "Cash flow statement".

Profit or loss statement produced according to turnover expenses scheme.

Cash flow statement produced, basic activities cash flow determine by indirect method.

In balance sheet, in profit or loss calculation, in statement of changes in equity and in cash flow statement as comparative showed appropriate sum in September 30, 2004 and about January till September 2004.

1.2. Net turnover

Net turnover is sold production in financial period- mink, silver foxes, polar foxes furry- and total sum of service value with out any assigned discounts and value added tax.

1.3. Intangible investments and fixed assets

In intangible investments was showed value of computer programm licence, with the exception of value decrease. Intangible investments is planed to include in expenses in five years.

All fixed assets are showed same as purchase value, with the exception of abrasion. Abrasion is calculated according to linear method accordingly of useful exploitation of fixed assets, using rates to each fixed asset given by direction.

1.4. Stocks

Stocks valued using FIFO method.

Stocks showed in the lowest of their market value or their first cost. Remains of raw materials and materials valued in purchase costs. Remains of finished product and remains of furry is valued in actual cost price.

1.5. Debtor liability.

In balance sheet debtor liability is showed in net value, with the exception of doubtful debt accumulation. Special accumulations of doubtful debt is done when direction of enterprise decides that this detach debtors liability restoration is doubtful.

1.6. Cash and its equivalents.

In cash flow statement cash and its equivalents component cash from booking office, current account residuals and guarantee deposit of debit card.

1.7. Stockpiles of unused vacation

Vacation stockpiles is calculated as joint accumulation for all staff, considering each employee average day payment and stockpiles of vacation.

1.8. Endowment

Received endowment for purchasing fixed assets is enumerate as next period income which includes step by step in income about endowments in period of useful operating with fixed assets.

2. Exchange foreign currency in LVL

Accountancy in enterprise is done in LVL. All deals with foreign currency is converted in LVL according to official foreign currency rate to The Bank of Latvia in day when deal is managed.

Assets and obligations in foreign currency are converted in LVL according to The bank of Latvia given rates in the last day of financial period. Foreign currency exchange rate fluctuation profit of loss is showed in respectively profit or loss statement.

	2005. 30.09. LVL	2004. 30.09. LVL
1 USD	0.583	0.544
1 EUR	0.702804	0.671
1 DKK	0.0942	0.0901
1 LTL	0.204	0.194
1 RUB	0.0204	0.0186

Financial report positions converted in EUR according to currency exchange of The Bank of Latvia on September 30, 2005: 1LVL = 0,702804 EUR and it serves only function of information.

3. Coefficient "earnings per stock" (EPS)

2005. year 9 months net earnings per stock is 0,242 LVL and 0,344 EUR.

4. Average staff amount 2005. year 9 months – 127; 2004. year 9 months- 123.

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