

Joint Stock Company
GROBINA

2006 Annual report

SATURS

Profit or loss statement for January- December 2006 (LVL, EUR)	3
Balance on 31 of December, 2006 (LVL, EUR)	4-5
Statement of changes in equity 2006 (LVL, EUR)	6
Cash flow statement 2006 (LVL, EUR)	7-8
Attachment	9
Managerial liability statement	10

PROFIT OR LOSS STATEMENT FOR JANUARY- DECEMBER 2006

	2006 LVL	2006 EUR	2005 LVL	2005 EUR
1. Net turnover	1983610	2822423	1333996	1898105
2. Cost of sales	(1465175)	(2084756)	(1010020)	(1437129)
3. Gross profit	518435	737667	323976	460976
4. Sales distribution costs	(59783)	(85064)	(55635)	(79161)
5. Administration costs	(110637)	(157422)	(94332)	(134222)
6. Other operating income	43549	61965	43395	61746
7. Other operating expenses	(21260)	(30250)	(40435)	(57534)
10. Other interest receivable and similar income	7	10	755	1074
12. Interest payable and similar expenses	(17234)	(24522)	(6122)	(8711)
16. Profit before tax	353077	502383	171602	244168
17. Tax on profit for financial period	(45696)	(65020)	(16197)	(23046)
18. Suspended enterprise income tax	(21328)	(30347)	(18226)	(25933)
19. Other Taxes	(188)	(267)	(125)	(178)
20. Profit for the financial period	285865	406749	137054	195010
21. Earnings per stock (EPS)	0,572	0,814	0,274	0,390

Laimonis Laugalis
Chairman of board

Dubeni, 27 March 2007

BALANCE ON 31 OF DECEMBER, 2006

	2006	2006	2005	2005
	LVL	EUR	LVL	EUR
<u>Assets</u>				
Long – term investments				
I. Intangible investments				
2. Concessions, patents, licenses, trade-marks and similar rights	600	854	764	1087
Intangible investments totally:	600	854	764	1087
II. Fixed assets:				
1. Lands, buildings, constructions and perennial plantations	411138	584997	325897	463710
3. Technological equipments and machines	213513	303802	266827	379661
4. Other fixed assets and inventory	113199	161068	53478	76092
5. Forming of fixed assets and costs of unfinished objects of construction	12579	17898	19897	28311
6. Advance payments for fixed assets	13761	19580	9566	13611
Fixed assets totally:	764190	1087344	675665	961385
IV. Biological assets	496591	706585	406899	578965
V. Long-term financial investments				
5. Other securities and investments	352	501	352	501
7. Own stocks and shares	2500	3557		
Long term financial investments totally:	2852	4058	352	501
Long-term investments totally:	1264233	1798841	1083680	1541938
Current assets				
I. Stocks:				
1. Raw materials, direct materials and auxiliary materials	113770	161880	74429	105903
3. Complete products and goods for sale	1384808	1970404	1075898	1530865
5. Advance payments for goods	0	0	64	91
Stocks totally:	1498578	2132284	1150391	1636859
II. Debtors:				
1. Costumers and clients debts	83073	118202	56029	79722
4. Other debts	10292	14644	47229	67201
7. Expenses of next period	1144	1628	1498	2131
Debtors totally:	94509	134474	104756	149054
IV. Cash assets	477348	679205	123712	176026
Current assets totally:	2070435	2945964	1378859	1961940
<u>Assets totally</u>	3334668	4744805	2462539	3503877

BALANCE ON 31 OF DECEMBER, 2006

	2006 LVL	2006 EUR	2005 LVL	2005 EUR
<u>Liabilities</u>				
Equity capital:				
1. Stock or share capital	500000	711436	500000	711436
5. Reserves				
d) Other reserves	54454	77481	54454	77481
6. Retained profit				
a) Retained profit for previous year	1331264	1894218	1194210	1699208
b) Retained profit for the year accountant	285865	406749	137054	195010
Equity capital totally:	2171583	3089884	1885718	2683135
Stockpiles:				
3. Other stockpiles	38934	55398	24540	34917
Stockpiles totally:	38934	55398	24540	34917
Creditors:				
Long-term debts:				
3. Suspended tax liabilities	39554	56280	18226	25933
4. Other borrowings	251920	358450	278710	396569
12. Deferred income	3159	4495	6317	8988
Long-term debts totally:	294633	419225	303253	431490
Short-term debts:				
3. Borrowings from credit institution	139858	199000	54271	77221
5. Costumers advanced payments	446956	635961	30614	43560
6. Debts to suppliers and contractors	107729	153285	91409	130063
10. Tax and social security payments	81423	115854	35372	50330
11. Other creditors	44595	63453	19633	27935
12. Deferred income	3158	4493	12483	17762
15. Accrued liabilities	5799	8251	5246	7464
Short-term debts totally:	829518	1180298	249028	354335
Creditors totally:	1124151	1599523	552281	785825
<u>Liabilities totally</u>	3334668	4744805	2462539	3503877

Laimonis Laugalis
Chairman of board

Dubeni, 27 March 2007

STATEMENT OF CHANGES IN EQUITY 2006

	Equity capital	Equity capital	Other reserves	Other reser ves	Retained profit	Retained profit	Totally	Totally
	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR
January 1, 2005		711436		77481		1699208		2488125
	500000		54454		1194210		1748664	
Profit for the financial period					137054	195010	137054	195010
December 31, 2005		711436		77481		1894218		2683135
	500000		54454		1331264		1885718	
Profit for the financial period						406749	285865	406749
					285865			
		711436		77481		2300967		3089884
	500000		54454		1617129		2171583	

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Dubeni, 27 March 2007

CASH FLOW STATEMENT 2006

	2006 LVL	2006 EUR	2005 LVL	2005 EUR
Business activities cash flow				
1. Profit or loss before tax	353077	502383	171602	244168
Corrections:				
a) wear of fixed assets	93310	132768	76573	108954
b) amortization of immaterial investment assets	236	336	517	736
c) liquidation of fixed assets	1099	1564	0	0
d) formation of accumulations	14394	20481	11582	16480
e) profit of loss from foreign currency exchange rate fluctuation	3317	4720	24307	34586
f) received subsidies endowments, grants and donation	(28792)	(40967)	(31697)	(45101)
g) other tax income and other income	(7)	(10)	(755)	(1074)
h) percentage payments	17234	24522	6122	8711
i) donations	2000	2846	1200	1707
2. Profit of loss before current assets and short-term liabilities residue correction influence	455868	648642	259451	369166
a) Biological asset (increase)/ decrease	(89692)	(127620)	(86125)	(122545)
b) Stock residue (increase)/ decrease	(348187)	(495425)	(196554)	(279671)
c) Debtors debt residue (increase)/ decrease	10247	14580	(6749)	(9603)
d) To suppliers, contractors and other creditors payable debt residue increase/ (decrease)	513073	730037	(41453)	(58982)
3. Gross basic activities cash flow	541309	770213	(71430)	(101636)
4. expenses for percentage payments	(17234)	(24522)	(6122)	(8711)
5. expenses for enterprise income tax	(45696)	(65020)	(16197)	(23046)
6. Suspended enterprise income tax	(21328)	(30347)	(18226)	(25933)
7. Realty tax costs	(188)	(267)	(125)	(178)
8. Basic activity net cash flow	456863	650057	(112100)	(159504)
Investments action cash flow				
1. Company stock or share purchase.	(2500)	(3557)	0	0
2. Fixed assets and intangible investments purchase	(183006)	(260394)	(177539)	(252615)
3. Percentage benefit	7	10	755	1074
9. Investments activity net cash flow	(185499)	(263941)	(176784)	(251541)
Financing activity cash flow				
1. Received borrowings	196482	279569	590418	840089
2. Received subsidies endowments, grants and donation	28792	40967	31697	45101
3. Costs about credit repayment	(137685)	(195908)	(257437)	(366300)
4. Expenses for donations	(2000)	(2846)	(1200)	(1707)
10. Financing activity net cash flow	85589	121782	363478	517183
Foreign currency exchange rate fluctuation result	(3317)	(4720)	(24307)	(34586)

Financial period net cash flow	353636	503179	50287	71552
Cash and its equivalents residue in the beginning of financial period	123712	176026	73425	104474
Cash and its equivalents residue in the end of financial period	477348	679205	123712	176026

Laimonis Laugalis
Chairman of board

Dubeni, 27 March 2007

ATTACHMENT

1. Annual report positions converted in EUR according to The Bank of Latvia settled exchange rate on 31 December, 2006: 1 LVL = 0,702804 EUR and it serves only as informational function.

2. Information according to law of Financial instrument market 56.¹ article

2.1. Principal structure

Enterprise share capital component from 500 000 stocks, that divides into 497 500 Ordinary name stock with right of voting and 2 500 Ordinary stock without right of voting, that owns enterprise. Nominal value of one stock is 1 LVL. Enterprise share capital is fully paid.

Stock category	Stock amount	% from share capital
Ordinary name stock with right of voting – in public returns	497500	99.5%
Ordinary stock without right of voting– in closed register	2500	0.5%

2.2. List of stockholders who has special rights

Stockholder	Position in enterprise	Stocks on 21 April, 2006	% from share capital
Agris Nagliņš	Councillor	18394	3.7%
Jānis Siliņš	Councillor	30162	6.0%
Laimonis Laugalis	Chairman of board	248256	49.7%
Anatolijs Gorbunovs	Regent	23901	4.8%
Gunta Isajeva	Regent	231	0.05%

2.3. Regents proxy

According to joint stock chairman of board represents company "Grobiņa" statute enterprise separately. Other regents can represent enterprise only both together.

2.4. Stockholder rights are regulate by LR legislation, in enterprise statute there is not special established limitations or regulations concerning right of voting.

2.5. Between enterprise and regents there is not any agreement about compensation in case of resign.

Joint stock company „Grobiņa” management is responsible about enterprise annual report processing.

According to disposable information JSC “Grobiņa” contracted first half year 2006 financial report is prepared according to effectual laws and regulations and it provides actual and clear distinct about JSC “Grobiņa” assets, liabilities, financial standing and profit. Managerial liability statement contains real information.

Joint stock company „Grobiņa” management is responsible about accomplishment demands of legislation of republic of Latvia.

Laimonis Laugalis
Chairman of board

Dubeni, 27 March 2007