

Joint Stock Company

GROBINA

**Non- audited
2007 first quarterly
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	Daina Kalniņa
Joint-stock company "Grobiņa" regents	Anatolijs Gorbunovs Gunta Isajeva
Financial period	January 1, 2007 – March 31, 2007
Auditor	"Auditorfirma Grāmatvedības un revīzijas birojs" SIA, Brīvības street 85, Rīga, LV-1001, Latvia Certified auditors commercial companies license nr. 123 Liable certified auditor Aija Kurta, Certificate No. 128

MANAGEMENT REPORT

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

2007. first quarterly net turnover is 366899 LVL. Compared together with previous year first quarterly it has decrease about 40% because in the beginning of year in Scandinavian auction houses sold less amount of furry, also furry prices has decreased.

In 2007 first three months managed investments in production machine and buildings in the tune of 48115 LVL. New machinery of farm has been purchased, advanced payment for new food machinery is paid, also continues work in rebuilding animal booths.

In joint stock "Grobina" the average stuff amount in 2007 first quarterly was 127 employees.

In 2007 first quarterly net earnings per stock is 0,058 LVL or 0,083 EUR; in 2006 first quarterly- 0,344 LVL or 0,490 EUR.

In year 2007 there is a plan to continue to renew breeding animals that will cost about 65 thousands LVL, also rebuild animal booths.

Daina Kalniņa
Chairman of board

Dubēni, May 31, 2007

PROFIT OF LOSS STATEMENT IN 2007 FIRST QUARTERLY

	2007 1. quar terly LVL	2007 1. quart erly EUR	2006 1. quar terly LVL	2006 1. quar terly EUR
1. Net turnover	366899	522050	614518	874380
2. Cost of sales	(277933)	(395463)	(406844)	(578887)
3. Gross profit	88966	126587	207674	295493
4. Sales distribution costs	(18575)	(26430)	(8205)	(11675)
5. Administration costs	(32400)	(46101)	(24485)	(34839)
6. Other operating income	18	26	170	242
7. Other operating expenses	(3241)	(4612)	(1511)	(2150)
10. Other interest receivable and similar income	-	-	7	10
12. Interest payable and similar expenses	(5239)	(7454)	(1430)	(2035)
16. Profit before tax	29529	42016	172220	245047
17. Tax on profit for financial period	-	-	-	-
18. Other Taxes	(295)	(420)	(188)	(267)
19. Profit for the financial period	29234	41596	172032	244779
20. Earnings per stock	0,058	0,083	0,344	0,490

Daina Kalniņa
Chairman of board

Dubēni, May 31, 2007

BALANCE ON 31 MARCH, 2007

	2007 31.03. LVL	2007 31.03. EUR	2006 31.03. LVL	2006 31.03. EUR
<u>Assets</u>				
Long – term investments				
I. Intangible investments				
2. Concessions, patents, licenses, trade- marks and similar rights	559	795	1032	1468
Intangible investments totally:	559	795	1032	1468
II. Fixed assets:				
1. Lands, buildings, constructions and perennial plantations	405453	576908	322174	458412
3. Technological equipments and machines	199503	283867	255695	363821
4. Other fixed assets and inventory	108501	154383	49408	70301
5. Forming of fixed assets and costs of unfinished objects of construction	53235	75747	46878	66701
6. Advance payments for fixed assets	19115	27198	11261	16023
Fixed assets totally:	785807	1118103	685416	975259
IV. Biological assets	406779	578794	337318	479960
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:	1195997	1701750	1024118	1457189
Current assets				
I. Stocks:				
1. Raw materials, direct materials and auxiliary materials	204629	291161	186695	265643
3. Complete products and goods for sale	1137734	1618850	746833	1062648
5. Advance payments for goods	-	-	-	-
Stocks totally:	1342363	1910010	933528	1328291
II. Debtors:				
1. Costumers and clients debts	180996	257534	12394	17635
4. Other debts	40982	58312	18025	25647
7. Expenses of next period	367223	522511	229723	326866
Debtors totally:	589201	838357	260142	370149
IV. Cash assets	107249	152602	297759	423673
Current assets totally:	2038813	2900970	1491429	2122112
<u>Assets totally</u>	3234810	4602720	2515547	3579301

BALANCE ON 31 MARCH, 2007

	2007 31.03. LVL	2007 31.03. EUR	2006 31.03. LVL	2006 31.03. 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	1617129	2300967	1331264	1894218
b) Retained profit for the year accountant	29234	41596	172032	244779
Equity capital totally:	2200817	3131480	2057750	2927914
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	273540	389212
12. Deferred income	3159	4495	6317	8988
Long-term debts totally:	294633	419225	298083	424134
Short-term debts:				
3. Borrowings from credit institution	152508	216999	-	-
5. Costumers advanced payments	320095	455454	986	1403
6. Debts to suppliers and contractors	134470	191334	72759	103527
10. Tax and social security payments	63883	90897	31346	44601
11. Other creditors	25512	36300	17600	25043
12. Deferred income	3158	4493	12483	17762
15. Accrued liabilities	800	1138	-	-
Short-term debts totally:	700426	996616	135174	192335
Creditors totally:	995059	1415841	433257	616469
<u>Liabilities totally</u>	3234810	4602720	2515547	3579301

Daina Kalniņa
Chairman of board

Dubēni, May 31, 2007

STATEMENT OF CHANGES IN EQUITY IN 2007 FIRST QUARTERLY

	Equity capital	Equity capital	Reserve s prescrib ed by enterpri se	Reserv es prescri bed by enterpr ise	Retained profit	Retained profit	Totally	Totally
	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR
January 1, 2006		711436		77481		1894218		2683135
	500000		54454		1331264		1885718	
Profit for the financial period					285865	406749	285865	406749
December 31, 2006		711436		77481		2300967		3089884
	500000		54454		1617129		2171583	
Profit for the financial period					29234	41596	29234	41596
March 31, 2007		711436		77481		2342564		3131480
	500000		54454		1646363		2200817	

Daina Kalniņa
Chairman of board

Dubēni, May 31, 2007

CASH FLOW STATEMENT IN 2007 FIRST QUARTERLY

	2007 1.cet LVL	2007 1.cet EUR	2006 1.cet LVL	2006 1.cet EUR
Business activities cash flow				
1. Profit or loss before tax	29529	42016	172220	245047
<u>Corrections:</u>				
a) wear of fixed assets	26490	37692	21879	31131
b) amortization of immaterial investment assets	41	58	80	114
c) liquidation of fixed assets	8	11	-	-
d) profit of loss from foreign currency exchange rate fluctuation	3367	4791	1083	1541
e) other percentage income and other income	-	-	(7)	(10)
f) percentage payments	5239	7454	1430	2035
2. Profit of loss before current assets and short-term liabilities residue correction influence	64674	92023	196685	279858
a) Biological asset (increase)/ decrease	89812	127791	69581	99005
b) Stock residue (increase)/ decrease	156215	222274	216863	308568
c) Debtors debt residue (increase)/ decrease	(494692)	(703883)	(155386)	(221094)
d) To suppliers, contractors and other creditors payable debt residue increase/ (decrease)	(141742)	(201681)	(59582)	(84778)
3. Gross basic activities cash flow	(325733)	(463476)	268161	381559
4. expenses for percentage payments	(5239)	(7454)	(1430)	(2035)
5. Realty tax costs	(295)	(420)	(188)	(267)
8. Basic activity net cash flow	(331267)	(471350)	266543	379257
Investments action cash flow				
1. Fixed assets and intangible investments purchase	(48115)	(68461)	(31979)	(45502)
3. Percentage benefit	-	-	7	10
9. Investments activity net cash flow	(48115)	(68461)	(31972)	(45492)
Financing activity cash flow				
1. Received borrowings	12650	17999	45963	65399
2. Costs about credit repayment	-	-	(105404)	(149976)
10. Financing activity net cash flow	12650	17999	(59441)	(84577)
Foreign currency exchange rate fluctuation result	(3367)	(4791)	(1083)	(1541)
Financial period net cash flow	(370099)	(526603)	174047	247647
Cash and its equivalents residue in the beginning of financial period	477348	679205	123712	176026
Cash and its equivalents residue in the end of financial period	107249	152602	297759	423673

Daina Kalniņa
Chairman of board

Dubēni, May 31, 2007

ATTACHMENT

1. Accountancy politics

a. General principle

Financial report is produced according to laws of Republic of Latvia "About accountancy", "About annual reports" and Latvia accountancy standards.

Profit or loss statement produced according to turnover expenses scheme.

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

In balance, profit or loss statement, equity statement and cash flow statement as compared sum showed apropos sum on March 31, 2006 and about January- March 2006.

b. 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.

c. Intangible investments and fixed assets

In intangible investments was showed value of computer program licences, with the exception of value decrease. Intangible investments are 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:

Category of fixed assets	Rate of wear %
Lands and buildings	1,7% - 8,5%
Technological equipments and machines	5,3% - 25%
Other fixed assets	9,1% - 33,33%

d. Biological assets

According to changes in "Law about annual report" new position classification has been made corresponding to 4.LGS „Change of accountancy politics, accountancy calculation changes and previous period mistakes". Fur animals is acknowledge in composition of biological assets. In previous financial period they were included in composition of stocks in balance position "Work animals and productive animal".

e. 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 are 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 in the end of financial period.

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 are 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 or loss is showed in respectively profit or loss statement.

	2007. 31.03.	2006. 31.03.
1 USD	0,528	0,582
1 EUR	0,702804	0,702804
1 DKK	0,0943	0,0942
1 LTL	0,204	0,204
1 RUB	0,0203	0,021

Financial report positions converted in EUR according to currency exchange of The Bank of Latvia on March 31, 2007 : 1 LVL = 0,702804 EUR and it serves only function of information.

3. Earnings per stock

In 2007 first quarterly net earning per stock is 0,058 LVL or 0,083 EUR; In 2006 first quarterly – 0,344 Ls or 0,489 EUR.

4. Average staff amount

In 2007 first quarterly – 127 ; 2006 first quarterly – 131.

MANAGERIAL LIABILITY STATEMENT

Join stock company „Grobiņa” management is responsible for preparation enterprise interim financial report.

Join stock company „Grobiņa” 2007 first quarterly 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.

Join stock company „Grobiņa” management is responsible for accomplishment of legislation of the republic of Latvia.

Daina Kalniņa
Chairman of board

Dubēni, May 31, 2007