

Joint Stock Company
GROBINA

2008
Annual report

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COMPANY INFORMATION

Company name	Joint-stock company "Grobiņa"
Legal form	Public joint-stock company
Number, place and date of registration with in the commercial register	Unified registration number: 40003017297 Riga July 12, 2004
Legal address	Lapsu Street 3, Dubeni, Grobina district, Liepaja region, Latvia, LV- 3438
Types of operation	Fur-farming, production of agricultural products refinement realization, trade and mediation, rent of premises.
The council	Chairman of the council Jānis Siliņš – since 10.07.2007.
Councilors	Ojārs Petrēvics – member since 12.07.2004. Jānis Briedis – member since 12.07.2004. Genādijs Jefimovs – member since 06.07.2007. Silvija Neimane – member since 06.07.2007.
The Board	Chairman of board Daina Kalniņa – since 18.05.2007.
Regents	Member of board Gunta Isajeva – member since 1997. Andris Vītoliņš – member since 25.10.2007
Reporting period	1 January, 2008 – 31 December, 2008
Auditor	"Auditorfirma Grāmatvedības un revīzijas birojs" SIA Matia street 65-8, Riga, LV-1009, Latvia Certified auditor Aija Kurta Certificate No. 128 Certified auditors commercial company Certificate No. 123

MANAGEMENT REPORT

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

In year 2008 the extraction indices were at the level as in previous year - from one mink mother raised 5,0 puppies and from one silver fox mother raised 5,0 puppies. To raise animal productivity, and quality of skins has been bought breeding animals in 2008 for 17 thousand LVL.

In 2008 net turnover was 2,28 millions LVL. If compared to last year it has increased for 25%. Sold of skins amount increased for 28%, selling prices increased very little – 2%. As like in the previous year, biggest amount of skins was sold in Finland and Denmark auction houses.

The average staff was 123 employees in JSC "Grobiņa" in year 2008

Joint stock company "Grobiņa" regularly and without obstruction has paid all taxes, salaries and other payments. In year 2008 average earnings has grow for 3% and was 400,50 LVL. In taxes paid 317 thousands LVL.

Company controls financial risks. Most borrowings has been received in DKK and EUR these are stabile currencies; company management in nearest future does not see serious financial risks. Borrowings made by company need to be paid back in EUR. Realisation results of last few years' shows that company occupies stabile place in fur market and its operating is competitive.

From 2006 company owns 2500 enterprise stocks that are included in closed register. Company management has started legal activity to release these stocks in public trading.

In 2008 net earnings per stock are 0,018 LVL or 0,025 EUR; 2007. – 0,100 LVL or 0,143 EUR.

there is a plan for year 2009 to continue renew population of breeding animals, the cost of this activity will be about 30 thousands LVL. There is plan to decrease production costs by decreasing employees salaries and feeding expenses.

We plan invest in technological machines, buildings and machinery 20 thousands LVL.

Financial plan for the next period foresee 1,7 million LVL sales increase.

Join stock company "Grobiņa" board recommends profit of 2008 leave undivided for manufacture development and modernisation.




Daina Kalniņa
Chairman of board
Dubeni, 26 March 2009

STATEMENT OF PROFIT AND LOSS FOR THE YEAR 2008

	Attachment	2008 LVL	2007 LVL
1. Net turnover	1	2278964	1817829
2. Cost of sales	2	(2014638)	(1520127)
3. Gross profit		264326	297702
4. Cost of sales	3	(112388)	(84446)
5. Administrative expenses	4	(119001)	(123666)
6. Other operating income	5	27864	20683
7. Other operating expenses	6	(15060)	(16428)
10. Other interest income and related income	7	42	66
12. Interest payments and related expenses	8	(36541)	(35630)
16. Profit before taxation		9242	58281
17. Income tax expense for the period	9	(2870)	(9702)
18. Deferred tax expense	10	3433	2844
18. Other Taxes	11	(1020)	(1219)
19. Profit for the financial period		8785	50204

Notes from page 10 till page 19 are unalienable constituent of this annual report.


Daina Kalniņa
Chairman of board
Dubeni, 26 March 2009

BALANCE SHEET AS AT 31 DECEMBER 2008

(1)

	Attac hment	2008 LVL	2007 LVL
Assets			
Long – term investments			
I. Intangible investments	12		
2. Concessions, patents, licenses, trade-marks and similar rights		271	436
Total intangible investments:		<u>271</u>	<u>436</u>
II. Fixed assets:	13		
1. Lands, buildings, constructions and permanent plantings		443505	474582
3. Technological equipments and machineries		126041	179167
4. Other fixed assets and inventory		79224	104738
5. Creation fixed assets and expenses on construction in progress		26340	12579
6. Advances for fixed assets		-	13761
Total fixed assets:		<u>675110</u>	<u>784827</u>
IV. Biological assets	14	507841	557700
V. Long-term financial investments	15		
5. Other securities and investments		352	352
7. Own stocks and shares		2500	2500
Total long term financial investments:		<u>2852</u>	<u>2852</u>
Long-term investments totally:		<u>1186074</u>	<u>1345815</u>
Current assets			
I. Inventory:			
1. Row materials, basic materials and auxiliary materials		91808	72314
3. Finished products and goods for sale		1951255	1994842
5. Advance payments for goods		-	2100
Total inventory:		<u>2043063</u>	<u>2069256</u>
II. Accounts receivable:			
1. Receivable form costumers	16	6896	9999
4. Other account receivable	17	11359	12179
7. Deferred expenses	18	1435	1387
Total debtors:		<u>19690</u>	<u>23565</u>
IV. Total cash	19	8054	157980
Total current assets:		<u>2070807</u>	<u>2250801</u>
Total assets		<u>3256881</u>	<u>3596616</u>

Notes from page 10 till page 19 are unalienable constituent of this annual report.

BALANCE SHEET AS AT 31 DECEMBER 2008 (2)

	Attac hment	2008 LVL	2007 LVL
Liabilities			
Equity capital:	20		
1. Stock or share capital (equity capital)		500000	500000
5. Reserves			
d) Other reserves		54454	54454
6. Retained profit			
a) Retained profit of the preceding periods		1667333	1617129
b) Retained profit for the reporting period		8785	50204
Total equity capital:		<u>2230572</u>	<u>2221787</u>
Provisions:			
3. Other provisions	1	52528	55080
Total stockpiles:	21	<u>52528</u>	<u>55080</u>
Creditors:			
Long-term debts:			
3. Deferred tax liabilities	22	33277	36710
4. Other borrowings	23	232650	227480
Total long-term accounts payable:		<u>265927</u>	<u>264190</u>
Short-term accounts payable:			
3. Bank loans		351191	352832
5. Advances for costumers		49663	416131
6. Accounts payable to suppliers and contractors	24	212623	184300
10. Taxation and social insurance payments			
	25	36314	41557
11. Other accounts payable	26	40411	45713
12. Deferred income	27	-	3159
15. Accrued liabilities	28	17652	11867
Total accounts payable:		<u>707854</u>	<u>1055559</u>
Total accounts payable:		<u>973781</u>	<u>1319749</u>
Total liabilities		<u>3256881</u>	<u>3596616</u>

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Daina Kalniņa
Chairman of board
Dubeni, 26 March 2009

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31
DECEMBER 2008**

	Equity capital	Other reserves	Rainted profit	Total equity
	LVL	LVL	LVL	LVL
1 January , 2007	500000	54454	1617129	2171583
Profit of the reporting period			50204	50204
31 December, 2007	500000	54454	1667333	2221787
Profit of the reporting period			8785	8785
December 31, 2008	500000	54454	1676118	2230572

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Daina Kalniņa
Chairman of board
Dubeni, 26 March 2009

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

By indirect method

	Attac hment	2008 LVL	2007 LVL
Cash flows from operating activities			
1. Profit or loss before extraordinary items		9242	58281
Adjustment on:			
a) Accrued depreciation		110078	108190
b) Depreciation of assets		165	164
c) Residual value of excluded fixed assets		-	185
d) formation of accumulations		(2552)	16146
e) profit or loss from foreign currency rate fluctuations		14862	(2840)
f) subsidies and grants		(23489)	(17188)
g) other income		(42)	(66)
h) interest payments		36541	35630
i) donations		14	1
2. Profit or loss before adjustments of balances of current assets and short-term liabilities residue correction influence		144819	198503
a) (increase)/ decrease of biological asset		49859	(61109)
b) (increase)/ decrease of inventory residuals		26193	(570678)
c) (increase)/ decrease of balances of accounts		3875	70944
d) increase/ (decrease) of accounts payable to suppliers, contractors and other payments.		(349497)	7064
3. Gross cash flow from operating activities		(124751)	(355276)
4. Interest payments		(36541)	(35630)
5. Income tax payments		(2870)	(9702)
6. Deferred income tax		3433	2844
7. Immovable property tax		(1020)	(1219)
8. Net cash flow from operating activities		(161749)	(398983)
Cash flow from investing activities			
1. Fixed assets and intangible assets		(361)	(129012)
2. Interest income		42	66
9. Net cash flow from investing activities		(319)	(128946)
Cash flow from financing activities			
1. Loans received		1153711	249168
2. Received subsidies endowments, grants and donation		23489	17188
3. Loan payoff expenses		(1150182)	(60634)
4. Expenses for donations		(14)	(1)
10. Net cash flow from financing activities		27004	205721
Foreign currency exchange rate fluctuation result		(14862)	2840
Results of net cash flow in the reporting period		(149926)	(319368)
Cash and its equivalents residue in the beginning of financial period		157980	477348
Cash and its equivalents as at the end of reporting period	19	8054	157980

Notes from page 10 till page19 are unalienable constituent of this annual report.



Daina Kalniņa
Chairman of board
Dubeni, 26 March 2009

NOTES

I. Accountancy politics

1. General principle

Financial report is produced according to laws of Republic of Latvia "On accounting", "On annual Accounts of Undertakings" and Latvian Accounting Standards: 1. LAS "Basic Principles for the Preparation of Financial Statements", 2. LAS "Cash flow Statement", 3. LAS "Events after Balance Sheet Date", 4. LAS "Changes in Accounting Policies, Changes in Accounting Calculations and Errors of the Preceding Periods", 6. LAS "Income", 7. LAS "Fixed assets", 8. LAS "Provisions, Probable Liabilities and Probable Assets".

The items of financial statements have been evaluated according to the following principles:

- a) assuming that the company will continue its operating;
- b) using the same evaluation methods as applied in the preceding period;
- c) evaluation was made with due caution taking into account the following conditions:
 - the financial statements contain only profit gained till the balance sheet date,
 - all risk amounts and losses incurred in the reporting period or in the preceding periods were taken into account, even if they became known in the period of time between the balance sheet date and the date of preparation of the financial statements.
 - All value decrease and depreciation amounts have been calculated and taken into account irrespective of whether the reporting period has been completed with profit or loss.
- d) The statement of profit and loss contains income and expense related to the reporting period irrespective of the date of payment or the date of receipt or drafting an invoice. Expenses are balanced with income in the corresponding reporting periods.
- e) Components of assets and liabilities items have been evaluated separately.
- f) The opening balance sheet of the reporting period corresponds to the closing balance sheet of the preceding period.
- g) Company's economic transactions have been accounted for in the financial statements taking into account their economic content and nature rather than only their legal form.

Financial year is 12 months and it concurrent with calendar year.

Profit or loss statement produced according to turnover expenses scheme.

Cash flow statement determine by indirect method.

2. Net turnover

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

3. 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 of loss is showed in respectively profit or loss statement.

2008
LVL

2007
LVL

1 USD	0,495	0,484
1 EUR	0,702804	0,702804
1 DKK	0,0943	0,0942
1 LTL	0,203	0,204
1 RUB	0,0171	0,0197

4. Intangible investments and fixed assets

In intangible investments was showed value of computer program licenses, 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%

5. Biological assets

Fur animals is acknowledge in composition of biological assets.

6. Stocks

Stocks valued using FIFO method.

Stocks showed in the lowest 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. If necessary in case of outdated, slow turnover or defective stock value is amortize or and acknowledged in profit or loss statement in period when they originate.

7. 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.

8. 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.

9. Taxes

Enterprise income tax costs in financial period are included in annual report according to calculations made by management based on legislation of Republic of Latvia.

Suspended tax is calculated according to obligation method on all temporary differences between assets and liabilities value in annual reports and its goals to taxes calculation value. Temporary differences originate mostly by using different wear of fixed assets rates and also from unused vacations. In case when total suspended tax result should be included in balance assets, it is included in annual report only then when returns is trust worth.

10. Stockpiles of unused vacation

Stockpiles of unused vacation is calculated as all employee common stockpile, considering each

employee average day salary and saved vacation days in the end of financial period.

11. 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.

II. Notes to "Profit or loss statement"

(1) Net turnover

Net turnover divisional as to types of operation.

	2008	2007
	LVL	LVL
Mink skins	2210699	1688516
Silver fox skins	1542	71803
Polar fox skins	29057	15635
Various utility	37666	41875
	<u>2278964</u>	<u>1817829</u>

Net turnover as to geographical

Latvia	204018	212152
Russia	43091	8377
AAE	-	31131
Finland	776930	352915
Lithuania	165671	146478
Denmark	1085919	1022096
Ukraine	3335	44680
	<u>2278964</u>	<u>1817829</u>

(2) Production costs of sols products

Forage	826002	675389
Personnel costs	713182	492020
Depreciation of fixed assets	110805	68680
Medication	78571	56900
Electricity	64468	38310
Other production costs	221610	188828
	<u>2014638</u>	<u>1520127</u>

(3) Cost of sales

Commission to auction houses	111841	82869
Advertising expenditures	547	1577
	<u>112388</u>	<u>84446</u>

(4) Administration costs

Office maintenance expenses	6444	7131
Wage	51367	53473
State social security compulsory payments	8944	9834
Various utility	2654	9696
Depreciation of fixed assets and immaterial investment	2901	5689

Business trip	2957	1586
Other expenses	43734	36257
	119001	123666

(5) Other income from operating activities

	2008	2007
	LVL	LVL
Subsidy for breeding animals purchasing	20330	14030
ES SAPARD program financial support	3159	3158
Various income	1823	655
Income from currency rate increase	-	2840
Provisions for holiday payments	2552	-
	27864	20683

(6) Other expense from cooperating activities

Loss from currency rate decline	14862	-
Donation	14	1
Various expenses	-	2
Surcharge	184	94
Sold fixed assets calculation value	-	185
Provision for holiday payments	-	16146
	15060	16428

(7) Other percentage income and such income

Interest income for cash in bank	42	66
	42	66

(8) Interest payments and related expenses

Advance payments percentage	10428	13264
Short-term credit percentage	21460	18284
Long-term credit percentage	4653	4082
	36541	35630

(9) Enterprise income tax in financial period

Financial period enterprise income tax	2870	9702
	2870	9702

Enterprise income tax differs from theoretical tax sum, which would be paid if company's profit before taxes accommodate in law established 15% rate.

(10) Deferred income tax

In calculation of deferred tax used effective 15% tax rate.

Deferred enterprise income tax is calculated from temporary differences between assets and balance liabilities value and its enterprise income tax value goals:

Temporary differences in provisions for holiday payments	2039	(422)
Temporary differences in fixed assets depreciation	(5472)	(2422)
Deferred tax liabilities (+), assets (-)	(3433)	(2844)

(11) Other taxes

	2008 LVL	2007 LVL
Immovable property tax for reporting period	<u>1020</u>	<u>1219</u>

III. Explanation for separate balance positions

(12) Intangible assets

	Concessions, patents, licenses, trade-marks and similar costs LVL	Totally LVL
Historical value		
31.12.2007.	2137	2137
Purchased	-	-
Excluded	-	-
31.12.2008.	<u>2137</u>	<u>2137</u>
Depreciation		
31.12.2007.	1701	1701
Calculated about year 2008	165	165
Excluded in 2008	-	-
31.12.2008.	<u>1866</u>	<u>1866</u>
Balance sheet value as at 31.12.2007.	<u>436</u>	<u>436</u>
Balance sheet value as at 31.12.2008.	<u>271</u>	<u>271</u>

(13) Fixed assets

	Lands, buildings, construction and perennial plantations LVL	Technological equipments and machines LVL	Other fixed assets and inventory LVL	Forming of fixed assets and costs of unfinished objects of construction LVL	Advance for fixed assets LVL	Total LVL
Historical						
31.12.2007.	1164972	461556	190124	12579	13761	1842992
Purchased			361	13761		14122
Excluded					(13761)	(13761)
31.12.2008.	<u>1164972</u>	<u>461556</u>	<u>190485</u>	<u>26340</u>	<u>0</u>	<u>1843353</u>

Depreciation						
31.12.2007.	690390	282389	85386	-	-	1058165
Calculated for 2008	31077	53126	25875			110078
Excluded						
31.12.2008.	721467	335515	111261	-	-	1168243
Balance sheet value as at 31.12.2007.	474582	179167	104738	12579	13761	784827
Balance sheet value as at 31.12.2008.	443505	126041	79224	26340	-	675110

Cadastral value of land 84 000 LVL and cadastral value of buildings 82638 LVL

(14) Biological assets

Fur animal balance value	LVL
31.12.2007.	557700
Purchased breeding animals	17131
Sold breeding animals	-
Value increase because of reproduction	895084
Value decrease because of degeneracy	(34693)
Decrease because of finished product extraction	(927381)
31.12.2008.	507841

(15) Long-term financial investments

	Other securities	Own stock or share capital	Total
	LVL	LVL	LVL
Historical			
31.12.2007.	352	2500	2852
Purchased	-	-	-
Excluded	-	-	-
31.12.2008.	352	2500	2852
Balance sheet value as at 31.12.2007.	352	2500	2852
Balance sheet value as at 31.12.2008.	352	2500	2852

(16) Raw materials, direct materials and auxiliary materials

	2008	2007
	LVL	LVL
Feed	47377	39321
Medication	15099	12586
Firewood	29074	20362
Materials for repairs	258	45
	91808	72314

(17) Products for sale

Mink skins	1829631	1910129
Fox skins	121624	84713
	1951255	1994842

(18) Accounts receivable from customers

	2008 LVL	2007 LVL
Book value of accounts receivable	<u>6896</u>	<u>9999</u>

In reporting period accumulation to doubtful liability has not set.

(19) Other receivable

Unconfirmed PVN	-	39
VAT overpayment	4228	8264
Nature recourses tax overpayment	-	70
Income-tax overpayment	7131	3806
	<u>11359</u>	<u>12179</u>

(20) Deferred expenses

Press expense	218	17
Regulation document expense	-	166
Insurance indemnity advance payment	817	857
Advertisement	400	347
	<u>1435</u>	<u>1387</u>

(21) Cash in hand and bank

Cash in bank	4561	153105
Cash in hand	3493	4875
	<u>8054</u>	<u>157980</u>

(22) Own capital

Enterprise equity capital from 500 000 stock, that splits in 497 500 ordinary word stocks with right of voting and 2 500 ordinary word stocks without right of voting that is enterprise property. Nominal value of one stock is 1 LVL. Enterprise equity capital is full paid.

In balance position "Reserves prescribed by enterprise" shows reserves that has developed from allocations from financial period profit.

According to shareholders' meeting decision profit from previous financial year is left undivided.

(23) Other provisions

Provisions for holiday payments as at the beginning of the period	55080	38934
Increase /(decrease)	(2552)	16146
I Provisions for holiday payments as at the end of the period	<u>52528</u>	<u>55080</u>

(24) Deferred tax liabilities in composition of long term creditors

Deferred tax liabilities calculated from temporary differences between residual value of fixed assets in balance sheet and for tax calculation purposes.

	2008 LVL	2007 LVL
Deferred tax in the beginning of reporting period	36710	39554
Increase or (decrease)	(3433)	(2844)
Deferred tax in the end of reporting period	<u>33277</u>	<u>36710</u>

(25) Other borrowings

	2008 USD	2008 LVL	2007 USD	2007 LVL
Loans in USD repayment date in year 2015 with interest 2% in year	<u>470000</u>	<u>232650</u>	<u>470000</u>	<u>227480</u>

(26) Accounts payable to suppliers and contractors

Accounts payable to suppliers and contractors	<u>212623</u>	<u>184300</u>
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(27) Taxes and social insurance payments

	VAT*	Social securitie s payment s	Personal tax	Corpor ate tax	Natur al resou rces tax	Immo vable prope rty tax	Risk Fee	Total
	LVL	LVL	LVL	LVL	LVL	LVL	LVL	LVL
Liability								
31.12.2007		25376	16148			0	33	41557
(Overcharge)								
31.12.2007	(8264)			(3806)	(70)			(12140)
Calculated in 2008	216356	193514	101069	2869	499	1020	381	515708
Paid in 2008	(212320)	(195738)	(104191)	(6194)	(326)	(1020)	(381)	(520170)
)							
Liability								
31.12.2008		23152	13026		103	0	33	36314
(Overcharge)								
31.12.2008	(4228)			(7131)				(11359)

* VAT is included in "Other debtors" position.

(28) Accounts payable to debtors

	2008 LVL	2007 LVL
Liabilities on salaries and wages	40160	45077
Fuel card	251	636
	<u>40411</u>	<u>45713</u>

(29) Deferred income short time

(a) Financial support received for purchasing food preparation machinery, that according to accountancy politics (8. Endowment) will be included in financial period income in rest of valuable utilization time till year 2008- sum LVL 3159.

ES SAPARD financial support	-	3159
	<u>-</u>	<u>3159</u>

(30) Accrued liabilities

Communication expenses in December	730	269
Electricity in December	6765	5633
Transport utility	280	151
Compensation of damage	-	330
Information distribution	-	352
Interest payments on loan expense in year 2007 and 2008	8827	4082
Audit	1050	1050
	17652	11867

IV. Other explanations

(31) Enterprise average staff

	2008	2007
Average staff in reporting period	123	131

(32) Councilors and members of board reward in reporting period

	Councilor	Regent
Calculated salary, LVL	-	19489
Calculated reward for councilor, members of board duties pursuance, LVL	1700	16798
Calculated state social securities payments, LVL	388	8742

(33) Recompense certified auditor

	2008 Ls	2007 Ls
For annual report check	1050	1050

(34) Assets bother

The enterprise movable property is pledged up to 350 000 LVL to reinforce loan from JSC "GE MONEY BANK".

(35) Events after the end of financial period

In period after the end of financial period last day there has not been any events that could substantially have an effect on Enterprise financial situation on December 31, 2008.

(35) Information according to law of Financial instrument market 56 and 56.¹ article

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%

List of stockholders who has special rights

List of stockholders who has special rights	List of stockholders who has special rights	Stocks on 30 April, 2008	% from share capital
Jānis Siliņš	Chairman of council	30162	6.0%
Laimonis Laugalis	Chairman of board till 27.04.2007.	248256	49.7%
Gunta Isajeva	Member of board	231	0.05%

Members of board proxy

According to joint stock company "Grobiņa" statute enterprise can be represented separately by each regent.

Stockholder rights are regulate by LR legislation, in enterprise statute there are no special established limitations or regulations concerning right of voting.

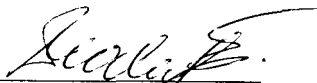
Between enterprise and members of board there is not any agreement about compensation in case of resign.

MANAGEMENT REPRESENTATION STATEMENT

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

According to disposable information JSC “Grobiņa” contracted year 2008 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. Internal risk control procedures are effective, risk management and internal risk control has been made all year according to internal control procedures.

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



Daina Kalniņa
Chairman of board
Dubeni, 26 March 2009

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Grobīņa JSC.

Report on the financial statements

We have audited the accompanying financial statements of the joint stock company "Grobīņa" for the year 2008, set out on pages 5 to 20. The audited financial statements comprise the Balance Sheet as of 31 December 2008, the Statement of Profit and Loss for the year 2008, the Statement of Changes in Equity and the Cash Flow Statement, as well as a summary of the most significant accounting policies applied and other explanatory information in the notes.

Management's responsibility for the preparation of the financial statements

The management is responsible for the preparation of the financial statements and for the fair presentation of the information in compliance with the International Financial Reporting Standards and the law of the Latvian Republic "On Companies' Annual Reports". This responsibility includes creation, introduction and maintenance of such an internal control system, which can insure preparation of the financial statements free of fraud or significant misstatements.

The financial statements are the responsibility of the management of the joint stock company "Grobīņa". Our responsibility is to express an opinion on the company's financial statements based on our audit. The management's responsibility includes creation, introduction and maintenance of such an internal control system, which can insure preparation and fair presentation of the financial statements free of fraud, error caused misstatements, selection and application of appropriate accounting policy, as well as making calculations according to circumstances.

Auditor's responsibility

We are responsible for the auditor's opinion, which we express on the financial statements based on our audit. We have conducted our audit in compliance with International Auditing Standards recognized in Latvia. Those standards imply that we are to follow ethical requirements and that we have to plan and conduct our audit in such a way as to obtain satisfactory evidence that there are no significant misstatements in the financial statements.

The audit includes procedures performed in order to obtain auditing evidence about the amounts and information presented in the financial statements. The procedures are selected basing on the auditor's professional evaluation including risk evaluation of significant misstatements caused by fraud or errors in the financial statements. While evaluating the risks, the auditor takes into account the internal control system, created to insure preparation of the financial statements and fair presentation of the information, in order to determine auditing procedures adequate to circumstances rather than expressing opinion about the effectiveness of the control system. Auditing includes also evaluation of accounting principles applied and validity of the significant assumptions made by the management, as well as overall presentation of the information in the financial statements.

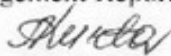
We believe our evidence is sufficient and appropriate for expressing our opinion on auditing.

Opinion

In our opinion, the above-mentioned financial statements present fairly, in all material aspects, the financial situation of "Grobīņa" JSC as at 31 December 2008, as well as the results of its operations in the year 2008 in accordance with International Financial Reporting Standards and the law of the Latvian Republic "On Company's Annual Reports".

Report on the validity of the management report

We have got acquainted also with the Management Report about the year 2008 set out on page 4. We have not established any significant misstatements between the information presented in the Management Report and the financial statements for the year 2008.


Mrs. Aija Kurta,
Certified Auditor
Riga, 8 April 2009

GRB

SLA „Auditorfirma Grāmatvedības un revīzijas birojs”
Matīša 65-8, Rīga, LV 1009