

**Joint Stock Company**

**GROBINA**

**Non- audit**

**2008. 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	Jānis Siliņš
Joint-stock company "Grobiņa" councillors	Jānis Briedis Ojārs Petrēvics Silvija Neimane Genādijs Jefimovs
Joint-stock company "Grobiņa" chairman of board	Daina Kalniņa
Joint-stock company "Grobiņa" regents	Andris Vītoliņš Gunta Isajeva
Financial period	January 1, 2008 – March 31, 2008
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.

In 2008 first quarterly net turnover is 607713 LVL. Compared together with previous year same period it has increased for 66% because in the beginning of year in Scandinavian auction houses were sold bigger amount of mink skins.

In 2008 first quarterly fixed assets is purchased for 362 LVL.  
Continues work in rebuilding animal booths.

Joint-stock company "Grobiņa" the average staff amount in 2008 first quarterly was 124 employees.

In 2008 first quarterly net earnings per stock is 0,021 LVL or 0,030 EUR; in 2007 first quarterly – 0,058 LVL or 0,083 EUR.

In year 2008 is planned to continue renew breeding animal herd that requires 70 thousand LVL, also continues work in rebuilding animal booths and repair feed kitchen.

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Daina Kalniņa  
Chairman of board

Dubeni, 27 May 2008

**PROFIT OR LOSS STATEMENT FOR 2008 FIRST QUARTERLY**

	<b>2008 1.quar terly LVL</b>	<b>2008 1.qua rterly EUR</b>	<b>2007 1.qua rterly LVL</b>	<b>2007 1.quart erly EUR</b>
1. Net turnover	607713	864698	366899	522050
2. Cost of sales	(559047)	(795452)	(277933)	(395463)
3. <b>Gross profit</b>	<b>48666</b>	<b>69245</b>	<b>88966</b>	<b>126587</b>
4. Sales distribution costs	(26323)	(37454)	(18575)	(26430)
5. Administration costs	(31280)	(44507)	(32400)	(46101)
6. Other operating income	31806	45256	18	26
7. Other operating expenses	(30)	(43)	(3241)	(4612)
10. Other interest receivable and similar income	39	55	-	-
12. Interest payable and similar expenses	(12322)	(17533)	(5239)	(7454)
16. <b>Profit before tax</b>	<b>10556</b>	<b>15020</b>	<b>29529</b>	<b>42016</b>
17. Tax on profit for financial period	-	-	-	-
18. Other Taxes	(254)	(361)	(295)	(420)
19. <b>Profit for the financial period</b>	<b>10302</b>	<b>14658</b>	<b>29234</b>	<b>41596</b>
20. <b>Earnings per stock (EPS)</b>	<b>0,021</b>	<b>0,030</b>	<b>0,058</b>	<b>0,083</b>

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Daina Kalniņa  
Chairman of board

Dubeni, 27 May 2008

**BALANCE ON MARCH 31, 2008**

	2008 31.03. LVL	2008 31.03. EUR	2007 31.03. LVL	2007 31.03. EUR
<b><u>Assets</u></b>				
<b>Long – term investments</b>				
<b>I. Intangible investments</b>				
2. Concessions, patents, licenses, trade- marks and similar rights	395	562	559	795
<b>Intangible investments totally:</b>	<b>395</b>	<b>562</b>	<b>559</b>	<b>795</b>
<b>II. Fixed assets:</b>				
1. Lands, buildings, constructions and perennial plantations	466742	664114	405453	576908
3. Technological equipments and machines	165854	235989	199503	283867
4. Other fixed assets and inventory	97720	139043	108501	154383
5. Forming of fixed assets and costs of unfinished objects of construction	12579	17898	53235	75747
6. Advance payments for fixed assets	13761	19580	19115	27198
<b>Fixed assets totally:</b>	<b>756656</b>	<b>1076624</b>	<b>785807</b>	<b>1118103</b>
<b>IV. Biological assets</b>	<b>393528</b>	<b>559940</b>	<b>406779</b>	<b>578794</b>
<b>III. Long-term financial investments</b>				
5. Other securities and investments	352	501	352	501
7. Own stocks and shares	2500	3557	2500	3557
<b>Long term financial investments totally:</b>	<b>2852</b>	<b>4058</b>	<b>2852</b>	<b>4058</b>
<b>Long-term investments totally:</b>	<b>1153431</b>	<b>1641184</b>	<b>1195997</b>	<b>1701750</b>
<b>Current assets</b>				
<b>I. Stocks:</b>				
1. Raw materials, direct materials and auxiliary materials	181107	257692	204629	291161
3. Complete products and goods for sale	1534656	2183619	1137734	1618850
5. Advance payments for goods	1260	1793	-	-
<b>Stocks totally:</b>	<b>1717023</b>	<b>2443104</b>	<b>1342363</b>	<b>1910010</b>
<b>II. Debtors:</b>				
1. Costumers and clients debts	7227	10283	180996	257534
4. Other debts	11895	16925	40982	58312
7. Expenses of next period	405478	576943	367223	522511
<b>Debtors totally:</b>	<b>424600</b>	<b>604151</b>	<b>589201</b>	<b>838357</b>
<b>IV. Cash assets</b>	<b>9526</b>	<b>13554</b>	<b>107249</b>	<b>152602</b>
<b>Current assets totally:</b>	<b>2151149</b>	<b>3060809</b>	<b>2038813</b>	<b>2900970</b>
<b><u>Assets totally</u></b>	<b>3304580</b>	<b>4701994</b>	<b>3234810</b>	<b>4602720</b>

**BALANCE ON MARCH 31, 2008**

	<b>2008 31.03. LVL</b>	<b>2008 31.03. EUR</b>	<b>2007 31.03. LVL</b>	<b>2007 31.03. EUR</b>
<b><u>Liabilities</u></b>				
<b>Equity capital:</b>				
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	1667334	2372403	1617129	2300967
b) Retained profit for the year accountant	10302	14658	29234	41596
<b>Equity capital totally:</b>	<b>2232090</b>	<b>3175978</b>	<b>2200817</b>	<b>3131480</b>
<b>Stockpiles:</b>				
3. Other stockpiles	55080	78372	38934	55398
<b>Stockpiles totally:</b>	<b>55080</b>	<b>78372</b>	<b>38934</b>	<b>55398</b>
<b>Creditors:</b>				
<b>Long-term debts:</b>				
3. Suspended tax liabilities	36710	52234	39554	56280
4. Other borrowings	209150	297594	251920	358450
12. Deferred income	-	-	3159	4495
<b>Long-term debts totally:</b>	<b>245860</b>	<b>349827</b>	<b>294633</b>	<b>419225</b>
<b>Short-term debts:</b>				
3. Borrowings from credit institution	348239	495499	152508	216999
5. Costumers advanced payments	224809	319874	320095	455454
6. Debts to suppliers and contractors	132597	188669	134470	191334
10. Tax and social security payments	29371	41791	63883	90897
11. Other creditors	28243	40186	25512	36300
12. Deferred income	3159	4495	3158	4493
15. Accrued liabilities	5132	7302	800	1138
<b>Short-term debts totally:</b>	<b>771550</b>	<b>1097817</b>	<b>700426</b>	<b>996616</b>
<b>Creditors totally:</b>	<b>1017410</b>	<b>1447644</b>	<b>995059</b>	<b>1415841</b>
<b><u>Liabilities totally</u></b>	<b>3304580</b>	<b>4701994</b>	<b>3234810</b>	<b>4602720</b>

Daina Kalniņa  
Chairman of board

Dubeni, 27 May 2008

## STATEMENT OF CHANGES IN EQUITY IN 2008 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
<b>December 31, 2006</b>		<b>711436</b>		<b>77481</b>		<b>2300969</b>		<b>3089886</b>
	<b>500000</b>		<b>54454</b>		<b>1617130</b>		<b>2171584</b>	
Profit for the financial period					50204	71434	50204	71434
		<b>711436</b>		<b>77481</b>		<b>2372403</b>		<b>3161320</b>
<b>December 31, 2007</b>	<b>500000</b>		<b>54454</b>		<b>1667334</b>		<b>2221788</b>	
Profit for the financial period						14658	10302	14658
		<b>711436</b>		<b>77481</b>	<b>10302</b>	<b>2387061</b>		<b>3175978</b>
<b>March 31, 2008</b>	<b>500000</b>		<b>54454</b>		<b>1677636</b>		<b>2232090</b>	

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Daina Kalniņa  
Chairman of board

Dubeni, 27 May 2008



## CASH FLOW STATEMENT IN 2008 FIRST QUARTERLY

	2007 1.quar. LVL	2007 1.quar. EUR	2007 1.quar. LVL	2007 1.quar. EUR
<b>Business activities cash flow</b>				
<b>1. Profit or loss before tax</b>	<b>10556</b>	<b>15020</b>	<b>29529</b>	<b>42016</b>
<u>Corrections:</u>				
a) wear of fixed assets	28533	40599	26490	37692
b) amortization of immaterial investment assets	42	60	41	58
c) liquidation of fixed assets	-	-	8	11
d) profit of loss from foreign currency exchange rate fluctuation	(12629)	(17969)	3367	4791
e) other tax income and other income	(39)	(55)	-	-
f) percentage payments	12322	17533	5239	7454
g) donations	(19177)	(27286)	-	-
<b>2. Profit of loss before current assets and short-term liabilities residue correction influence</b>	<b>19608</b>	<b>27900</b>	<b>64674</b>	<b>92023</b>
a) Biological asset (increase)/ decrease	164172	233596	89812	127791
a) Stock residue (increase)/ decrease	352233	501182	156215	222274
b) Debtors debt residue (increase)/ decrease	(401035)	(570621)	(494692)	(703883)
c) To suppliers, contractors and other creditors payable debt residue increase/ (decrease)	(279416)	(397573)	(141742)	(201681)
<b>3. Gross basic activities cash flow</b>	<b>(144438)</b>	<b>(205517)</b>	<b>(325733)</b>	<b>(463476)</b>
4. expenses for percentage payments	(12322)	(17533)	(5239)	(7454)
5. Realty tax costs	(254)	(361)	(295)	(420)
<b>8. Basic activity net cash flow</b>	<b>(157014)</b>	<b>(223411)</b>	<b>(331267)</b>	<b>(471350)</b>
<b>Investments action cash flow</b>				
1. Fixed assets and intangible investments purchase	(362)	(515)	(48115)	(68461)
3. Percentage benefit	39	55	-	-
<b>9. Investments activity net cash flow</b>	<b>(323)</b>	<b>(460)</b>	<b>(48115)</b>	<b>(68461)</b>
<b>Financing activity cash flow</b>				
1. Received borrowings	63734	90685	12650	17999
2. Received subsidies	19177	27286		
2. Costs about credit repayment	(86657)	(123302)	-	-
<b>10. Financing activity net cash flow</b>	<b>(3746)</b>	<b>(5330)</b>	<b>12650</b>	<b>17999</b>
<b>Foreign currency exchange rate fluctuation result</b>	<b>12629</b>	<b>17969</b>	<b>(3367)</b>	<b>(4791)</b>
<b>Financial period net cash flow</b>	<b>(148454)</b>	<b>(211231)</b>	<b>(370099)</b>	<b>(526603)</b>
<b>Cash and its equivalents residue in the beginning of financial period</b>	<b>157980</b>	<b>224785</b>	<b>477348</b>	<b>679205</b>
<b>Cash and its equivalents residue in the end of financial period</b>	<b>9526</b>	<b>13554</b>	<b>107249</b>	<b>152602</b>

Daina Kalniņa  
Chairman of board

Dubeni, 27 May 2008

## ATTACHMENT

### I. Accountancy politics

#### 1. 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, 2007 and about January- March 2007.

#### 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.

##### a. 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%

##### b. Biological assets

Fur animals is acknowledge in composition of biological assets.

#### 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. If necessary in case of outdated, slow turnover or defective stock value is amortize or set accumulation that is discharge from stock balance value.

#### 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 enumerated 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.	2007. 31.03.
1 USD	0,445	0,528
1 EUR	0,702804	0,702804
1 DKK	0,0942	0,0943
1 LTL	0,204	0,204
1 RUB	0,0189	0,0203

Financial report positions converted in EUR according to currency exchange of The Bank of Latvia on March 31, 2008: 1 LVL = 0,702804 EUR and it serves only function of information.

### 3. Earnings per stock

In 2008 first quarterly earnings per stock is 0,021 LVL or 0,030 EUR; In 2007 first quarterly – 0,058 LVL or 0,083 EUR.

### 4. Average staff amount

In 2008 first quarterly – 124 ; In 2007 first quarterly – 127.

### MANAGERIAL LIABILITY STATEMENT

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

According to disposable information JSC “Grobiņa” contracted 2008 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.

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

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Daina Kalniņa  
Chairman of board

Dubeni, 27 May 2008