

**Joint Stock Company**

**GROBINA**

**Non- audited  
2009. first quarter  
Financial report**

## **CONTENT**

Company information	3
Management report	4
Statement of profit and loss for the first quarter of the year 2009	5
Balance sheet as at 31 March, 2009	6-7
Statement of changes in equity for the first quarter of the year 2009	8
Cash flow statement for the first quarter of the year 2009	9
Attachment	10
Management representation statement	12

## **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 Matisa 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 2009 first quarter net turnover is 460973 LVL. Compared together with previous year same period is has decrease for 24% because in the begging of year in Scandinavian auction houses has decreased realized amount of skins, also prices went down.

Joint-stock company “Grobiņa” the average stuff amount in 2009 first quarter was 119 employees.

In 2009 first quarter net earnings per stock is 0,020 LVL or 0,030 EUR; in 2008 first quarter – 0,021 LVL or 0,030 EUR.

In year 2009 is planed to continue renew breeding animal herd that requires 30 thousand LVL, also continues work in rebuilding animal booths and repair feed kitchen. Still working to decrease production costs by decreasing employees salaries and feeding expenses.

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Daina Kalniņa  
Chairman of the board

Dubēni, 27 May 2009

**STATEMENT OF PROFIT AND LOSS FOR THE FIRST QUARTER OF THE  
YEAR 2009**

	<b>2009 first quarter LVL</b>	<b>2009 first quarter EUR</b>	<b>2008 first quarter LVL</b>	<b>2008 first quarter EUR</b>
1. Net turnover	460973	655905	607713	864698
2. Cost of sales	(361829)	(514836)	(559047)	(795452)
3. <b>Gross profit</b>	<b>99144</b>	<b>141069</b>	<b>48666</b>	<b>69245</b>
4. Cost of sales	(32562)	(46332)	(26323)	(37454)
5. Administrative expenses	(32648)	(46454)	(31280)	(44507)
6. Other operating income	-	-	31806	45256
7. Other operating expenses	(18136)	(25805)	(30)	(43)
10. Other interest income and related income	1	1	39	55
12. Interest payments and related payments	(5657)	(8049)	(12322)	(17533)
16. <b>Profit before taxation</b>	<b>10142</b>	<b>14431</b>	<b>10556</b>	<b>15020</b>
17. Other taxes	(266)	(378)	(254)	(361)
18. <b>Profit of the financial period</b>	<b>9876</b>	<b>14052</b>	<b>10302</b>	<b>14658</b>
19. <b>Earnings per stock</b>	<b>0,020</b>	<b>0,030</b>	<b>0,021</b>	<b>0,030</b>

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Daina Kalniņa  
Chairman of board

Dubēni, 27 May 2009

## BALANCE SHEET AS AT 31 MARCH 2009

	2009 31.03. LVL	2009 31.03. EUR	2008 31.03. LVL	2008 31.03. EUR
<b>Assets</b>				
<b>Long- term investments</b>				
<b>I. Intangible investments</b>				
2. Concessions, patents, licenses, trade- marks and similar rights	230	327	395	562
<b>Total intangible investments:</b>	<b>230</b>	<b>327</b>	<b>395</b>	<b>562</b>
<b>II. Fixed assets:</b>				
1. Lands, buildings, constructions and permanent plantings	436063	620462	466742	664114
3. Technological equipments and machineries	112810	160514	165854	235989
4. Other fixed assets and inventory	73446	104504	97720	139043
5. Creation fixed assets and expenses on construction in progress	26340	37478	12579	17898
6. Advances for fixed assets	-	-	13761	19580
<b>Total fixed assets:</b>	<b>648659</b>	<b>922959</b>	<b>756656</b>	<b>1076624</b>
<b>IV. Biological assets</b>	<b>395090</b>	<b>562162</b>	<b>393528</b>	<b>559940</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>Total long- term financial investments:</b>	<b>2852</b>	<b>4058</b>	<b>2852</b>	<b>4058</b>
<b>Total long term investments:</b>	<b>1046831</b>	<b>1489506</b>	<b>1153431</b>	<b>1641184</b>
<b>Current assets</b>				
<b>I. Inventory:</b>				
1. Row materials, direct materials and auxiliary materials	136904	194797	181107	257692
3. Complete products and goods for sale	1494775	2126873	1534656	2183619
5. Advance payments for goods	-	-	1260	1793
<b>Total inventory:</b>	<b>1631679</b>	<b>2321670</b>	<b>1717023</b>	<b>2443104</b>
<b>II. Debtors:</b>				
1. Receivable from costumers	9613	13678	7227	10283
4. Other account receivable	23435	33345	11895	16925
7. Deferred expenses	506915	721275	405478	576943
<b>Total debtors:</b>	<b>539963</b>	<b>768298</b>	<b>424600</b>	<b>604151</b>
<b>IV. Total cash</b>	<b>2189</b>	<b>3115</b>	<b>9526</b>	<b>13554</b>
<b>Current assets total:</b>	<b>2173831</b>	<b>3093083</b>	<b>2151149</b>	<b>3060809</b>
<b>Assets total:</b>	<b>3220662</b>	<b>4582589</b>	<b>3304580</b>	<b>4701994</b>

**BALANCE SHEET AS AT 31 MARCH 2009**

	<b>2009 31.03. LVL</b>	<b>2009 31.03. EUR</b>	<b>2008 31.03. LVL</b>	<b>2008 31.03. EUR</b>
<b><u>Liabilities</u></b>				
<b>Equity capital:</b>				
1. Stock or share capital (equity capital)	500000	711436	500000	711436
5. Reserves				
c) Other reserves	54454	77481	54454	77481
6. Retained profit				
a) Retained profit for previous year	1676119	2384902	1667334	2372403
b) Retained profit for the year accountant	9876	14052	10302	14658
<b>Equity capital totally:</b>	<b>2240449</b>	<b>3187872</b>	<b>2232090</b>	<b>3175978</b>
<b>Stockpiles:</b>				
3. Other stockpiles	52528	74741	55080	78372
<b>Stockpiles totally:</b>	<b>52528</b>	<b>74741</b>	<b>55080</b>	<b>78372</b>
<b>Creditors:</b>				
<b>Long-term debts:</b>				
3. Suspended tax liabilities	33277	47349	36710	52234
4. Other borrowings	250040	355775	209150	297594
<b>Long-term debts totally:</b>	<b>283317</b>	<b>403124</b>	<b>245860</b>	<b>349827</b>
<b>Short-term debts:</b>				
3. Borrowings from credit institution	255821	364000	348239	495499
5. Costumers advanced payments	169754	241538	224809	319874
6. Debts to suppliers and contractors	155460	221200	132597	188669
10. Tax and social security payments	29317	41714	29371	41791
11. Other creditors	23478	33406	28243	40186
12. Deferred income	-	-	3159	4495
15. Accrued liabilities	10538	14994	5132	7302
<b>Short-term debts totally:</b>	<b>644368</b>	<b>916853</b>	<b>771550</b>	<b>1097817</b>
<b>Creditors totally:</b>	<b>927685</b>	<b>1319977</b>	<b>1017410</b>	<b>1447644</b>
<b><u>Liabilities totally</u></b>	<b>3220662</b>	<b>4582589</b>	<b>3304580</b>	<b>4701994</b>

Daina Kalniņa  
Chairman of the board

Dubēni, 27 May 2009

**STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER OF THE  
YEAR 2009**

	Equity capital	Equity capital	Other reserves	Other reserve s	Rainted profit	Rainted profit	Total	Total
	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR
<b>December 31, 2007</b>	<b>500000</b>	<b>711436</b>	<b>54454</b>	<b>77481</b>	<b>1667334</b>	<b>2372403</b>	<b>2221788</b>	<b>3161320</b>
Profit of the financial period					8785	12500	8785	12500
<b>December 31, 2008</b>	<b>500000</b>	<b>711436</b>	<b>54454</b>	<b>77481</b>	<b>1676119</b>	<b>2384902</b>	<b>2230573</b>	<b>3173819</b>
Profit of the financial periof					9876	14052	9876	14052
<b>March 31, 2009</b>	<b>500000</b>	<b>711436</b>	<b>54454</b>	<b>77481</b>	<b>1685995</b>	<b>2398955</b>	<b>2240449</b>	<b>3187872</b>

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Daina Kalniņa  
Chairman of the board

Dubēņi, 27 May 2009



## CASH FLOW STATEMENT FOR THE FIRST QUARTER OF THE YEAR 2009

	2009 1.quarter LVL	2009 1.quarter EUR	2008 1.quarter LVL	2008 1.quarter EUR
<b>Business activities cash flow</b>				
<b>1. Profit or loss before tax</b>	<b>10142</b>	<b>14431</b>	<b>10556</b>	<b>15020</b>
<u>Corrections:</u>				
a) wear of fixed assets	26451	37636	28533	40599
b) amortization of immaterial investment assets	41	58	42	60
c) profit of loss from foreign currency exchange rate fluctuation	(641)	(912)	(12629)	(17969)
d) other tax income and other income	(1)	(1)	(39)	(55)
e) percentage payments	5657	8049	12322	17533
f) received subsidies	-	-	(19177)	(27286)
<b>2. Profit of loss before current assets and short-term liabilities residue correction influence</b>	<b>41649</b>	<b>59261</b>	<b>19608</b>	<b>27900</b>
a) Biological asset (increase)/ decrease	112751	160430	164172	233596
b) Stock residue (increase)/ decrease	411384	585347	352233	501182
c) Debtors debt residue (increase)/ decrease	(520272)	(740280)	(401035)	(570621)
d) To suppliers, contractors and other creditors payable debt residue increase/ (decrease)	31884	45367	(279416)	(397573)
<b>3. Gross basic activities cash flow</b>	<b>77396</b>	<b>110125</b>	<b>(144438)</b>	<b>(205517)</b>
4. Expenses for percentage payments	(5657)	(8049)	(12322)	(17533)
5. Realty tax costs	(266)	(378)	(254)	(361)
<b>8. Basic activities net cash flow</b>	<b>71473</b>	<b>101697</b>	<b>(157014)</b>	<b>(223411)</b>
<b>Investments action cash flow</b>				
1. Fixed assets and intangible investments purchase	-	-	(362)	(515)
3. Percentage benefit	1	1	39	55
<b>9. Investments activity net cash flow</b>	<b>1</b>	<b>1</b>	<b>(323)</b>	<b>(460)</b>
<b>Financing activity cash flow</b>				
1. Received borrowings	271225	385918	63734	90685
2. Received subsidies	-	-	19177	27286
2. Costs about credit repayment	(349205)	(496874)	(86657)	(123302)
<b>10. Financing activity net cash flow</b>	<b>(77980)</b>	<b>(110956)</b>	<b>(3746)</b>	<b>(5330)</b>
<b>Foreign currency exchange rate fluctuation result</b>	<b>641</b>	<b>912</b>	<b>12629</b>	<b>17969</b>
<b>Financial period net cash flow</b>	<b>(5865)</b>	<b>(8345)</b>	<b>(148454)</b>	<b>(211231)</b>
<b>Cash and its equivalents residue in the beginning of financial period</b>	<b>8054</b>	<b>11460</b>	<b>157980</b>	<b>224785</b>
<b>Cash and its equivalents residue in the end of financial period</b>	<b>2189</b>	<b>3115</b>	<b>9526</b>	<b>13554</b>

Daina Kalniņa  
Chairman of the board

Dubēni, 27 May 2009

## NOTES

### 1. Accountancy politics

#### a. 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".

Profit or loss statement produced according to turnover expenses scheme.

Cash flow statement 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, 2008 and about January- March 2008.

#### b. 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.

#### c. 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%

#### d. Biological assets

Fur animals is acknowledge in composition of biological assets.

### 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.

### **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**

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.

### **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.

	<b>2009. 31.03.</b>	<b>2008. 31.03.</b>
1 USD	0,532	0,445
1 EUR	0,702804	0,702804
1 DKK	0,0944	0,0942
1 LTL	0,204	0,204
1 RUB	0,0157	0,0189

Financial report positions converted in EUR according to currency exchange of The Bank of Latvia on March 31, 2009: 1 LVL = 0,702804 EUR and it serves only function of information.

### **3. Earnings per stock**

In 2009 first quarter net earnings per stock is 0,020 LVL or 0,030 EUR; in 2008 first quarter – 0,021 LVL or 0,030 EUR.

### **4. Enterprise average staff**

In first quarter of the year 2009 – 119; in first quarter of the year 2008 – 124.

### **MANAGEMENT REPRESENTATION STATEMENT**

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

According to disposable information JSC “Grobiņa” contracted first quarter of the year 2009 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. Procedures of internal control are effective, risk management and internal control is performed according to procedures of internal control.

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

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Daina Kalniņa  
Chairman of the board

Dubēni, 27 May 2009