

Joint Stock Company "GROBINA"

(Registration number 40003017297)

ANNUAL REPORT

FOR PERIOD

COMMENCED 1 JANUARY 2010

ENDED 31 DECEMBER 2010

The items of the Financial Statement were converted to EUR according to the exchange rate fixed by the Bank of Latvia
as at 31 December 2010: LVL 1 = EUR 0.702804 and it is only for informative purposes.

Dubēni, Grobiņa Municipality

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Company information

Company name	Joint stock company "Grobiņa"
Legal status of the Company	Public joint stock company
Registration number, place and date	40003017297 Rīga, 12 July 2004
Address	Lapsu street 3, Dubēni, Parish Grobiņa, Latvia, LV-3438
Names and legal addresses of related and associated companies (indicating the Company's percentual share in the equity of these companies)	Not applicable
Company's main operation	Fur-farming, growing, processing and sales of agricultural produce, trade and mediation, renting out premises
Names and positions of the Board members:	
Chairman of the Board	Daina Kalniņa (until 01.03.2011.)
Member of the Board	Gunta Isajeva
Member of the Board	Andris Vītoliņš
Names and positions of the Council members:	
Chairman of the Council	Jānis Siliņš (20.07.2007-14.09.2010)
Chairman of the Council	Agrita Jaunsleine (from 13.10.2010)
Member of the Council	Gunārs Laugalis (from 22.03.2010)
Member of the Council	Jānis Meijubers (from of 22.03.2010)
Member of the Council	Genādijs Jefimovs (20.07.2007-22.03.2010)
Member of the Council	Ojārs Petrēvics (20.07.2007-22.03.2010)
Member of the Council	Dagmāra Šlosberga (22.03.2010-14.09.2010)
Member of the Council	Aivars Žvagulis (22.03.2010-14.09.2010)
Member of the Council	Santa Blīgzna (13.10.2010-10.03.2011)
Member of the Council	Sarmīte Ziedīņa (13.10.2010-10.03.2011)
Reporting year	1st of January, 2010 – 31st of December, 2010
Name and address of the Auditor	Marija Jansone Certified Auditor (LACA Certificate No.25)
	SIA AUDIT ADVICE Certified auditors commercial company Licence No.134 Rīga, Brīvības 40-48, Latvia, LV-1050

Management Report

Type of operation

The main operation of the JSC "Grobiņa" is fur-farming of minks.

Company's operation during the reporting year

At the year of 2010 there were born 39 097 mink kits, what are 2.36 kits per mother. Fallen minks were 8491, of which 6017 were kits and 2474 was breeding animals. To regenerate and supplement the herd, there were purchased 43 650 new kits at year 2010. The kits were purchased from different farms for amount of LVL 724 977. There were 76 730 kits grown at the year 2010. The prime cost per one kit is LVL 23,09. There were 71 779 mink skins acquired. The prime cost per one skin is LVL 21,68. Over 12 months of 2010, the net turnover of the company was LVL 1 980 334, what has increased by 49 % comparing to year 2009. That has been achieved with increased sales prices. There were 118 369 mink skins and 2012 fox skins sold at the year 2010. The average price was LVL 16,42 per one mink skin and LVL 13,61 per one fox skin. Around 50% were realized at the Auction house of Copenhagen. 46% were realized at the Auction house of Finland. The prime costs per one skin at the year 2010, has reached the highest costs during the past years. That will also have an impact over the financial results of the year 2011. On 31st of December, the lowest assessment in the value of market price has been applied to the items in stock according to the law of annual reports, 32nd Article.

According to the contract made, the sum of repaid credit to bank is EUR 179 500. The long-term loan sum at the 31th of December, 2010 is EUR 310 234.

The average number of employees at the year of 2010 is 87. There was 108 employees at the same period of year 2009.

Company concluded the year 2010 with profit of LVL 21 460. The net earning per share is LVL 0.04 or EUR 0.06. The net loss at the year 2009, was LVL 1.957 or EUR 2.785 per one share.

Since 2006 the Company has owned 2 500 enterprise shares, which are held in the closed register.

The Board of the JSC "Grobiņa" has prepared a Report on Corporate Governance in year 2009. The Report was prepared according to the "Principles of Corporate Governance and Recommendations on Their Implementation" issued by NASDAQ OMX Riga. The Board *pro rata* has been implementing the recommended principles of corporate governance in the JSC "Grobiņa" operation, thus improving the governance quality.

Research and Development measures

In February 2010 independent experts from "Eiroeksperts", Ltd. made evaluation according to market value - real estate was evaluated at LVL 800 000, equipment, buildings, structures, technological equipment and machinery - LVL 494 000.

In order to ensure stability the Company gave attention to attraction of clients, cost optimisation and new markets research.

Financial risk management

The Company's operation is subject to various financial risks, including credit risk, foreign currency exchange rate and interest rate fluctuation risks. The Company's management is trying to minimize negative impact of potential financial risks on the Company financial position.

The Company is exposed to the foreign currency exchange rate fluctuation risk incurring due to different currencies. Majority of the Company's loans are in EUR. As the goods are exported to the markets where the dominating currency is EUR and Danish krone, which have been stable currencies, the Company management does not envisage serious financial risks in near future. Sales development tendencies in recent years show that the Company occupies stable place on the markets where it sells its goods and the goods produced are competitive.

The Company's loans in EUR are charged a variable interest rate. The Company's management is considering the possibilities to use financial instruments, which would minimize interest rate risk.

Financial resources, which potentially expose the Company to certain credit risk concentration level, are mainly cash and trade debtors. At the end of the reporting period the Company was not exposed to considerable credit risk level as no debt exceeded 50% of total trade debtors. The Company has implemented and complies with the credit policy by selling goods on credit only to customers who have good credit history and not exceeding the credit limit fixed for each customer. Trade debtors are shown as recoverable value. The Company's partners in cash transactions are local financial institutions with relevant credit history.

The Company follows prudent liquidity risk management ensuring that adequate credit resources are available for fulfilling its liabilities in fixed terms. On 31 December 2010 the Company's current assets exceeded short-term liabilities by LVL516 244. The short-term liabilities include long-term component of long-term bank loan, which time limit according to the subsequent agreement is 31st of March, 2015. In 2011 the Company shall repay EUR 77 700. The Company management believes that the Company will have sufficient cash and its liquidity will not be endangered.

Management report (continuation)

Financial results

Total liquidity ratio = 1.55

Liquidity intermediary coverage ratio = 0.19

Absolute liquidity ratio = 0.11

Proportion of liabilities in Balance Sheet = 0.51

Liabilities to shareholders' equity ratio = 1.07

Stock turnover ratio = 1.22

All assets turnover ratio = 0.74

Return on sales (%) = 1.08%

Return on shareholders' equity (%) = 1.69%

Circumstances and events after the end of the reporting year

Due to the resignation of two council members on March, 2011, the council of JSC „Grobina” works in incomplete 3 member composition untill the regular shareholders meeting held on 28th of April, 2011. Due to the resignation of the Chairman of the Board on the 1st of March 2011, the board works at incomplete composition. The annual report is signed by 2 board members.

The aforementioned events are non-corrective events, which are only indicative of circumstances having occurred after the date of balance sheet.

During the period from the last day of the reporting year to the date of signature of the present financial

statements there were no other financial transactions or events as result of which adjustments should be made or which should be explained in these financial statements.

Profit distribution recommended by the Board

The Board recommends to use the profit of year 2010 to cover the losses incurred on year 2009.

Future perspective

According to the first auction results of the year 2011 at Finland, conclusion can be made that, compared to previous year the sales price in the auction houses has increased. The Board of JSC „Grobina” believes that the company will be able to recover from the financial loss of the year 2009 within the next 3 to 5 years. It could be reached by ensuring proper and efficient management by the board, which would be supervised by competent and demanding council. The work that has been started and made on the year 2010, by the management of JSC “Grobiņa” has only raised the production profitability so far . This has been achieved by buying and importing more than 40 000 new high quality scandinavian type short-haired mink kits, that completely has replaced the breeding animals, and also by ensuring qualitative feeding. The new animal mating system that is also used in Lithuanian and Denmark farms has been implemented at the beginning of year 2011 and will ensure the planned high quality Scandinavian type short haired mink kit birth increase.

Member of the Board _____Gunta Isajeva

Member of the Board _____Andris Vītoliņš

15th of April 2011

DECLARATION ON MANAGEMENT RESPONSIBILITY

The JSC "Grobiņa" management is responsible for preparation of the Company's Annual Report.

The JSC "Grobiņa" management confirm that the Annual Report for the fiscal year 2010 has been prepared according to the requirements of the valid laws and regulations and represents truthful and clear information on the JSC "Grobiņa" assets, liabilities, financial position and loss. The Management Report contains truthful information.

The established internal control procedures are effective; risk management and internal control during the reporting year were applied according to the internal control procedures.

The management of the JSC "Grobiņa" is responsible for performance in compliance with the Republic of Latvia legislation.

Member of the Board_____

Gunta Isajeva

Member of the Board_____

Andris Vītoliņš

15th of April, 2011

BALANCE SHEET

ASSETS	Notes	31.12.10. LVL	31.12.10. EUR	31.12.09. LVL	31.12.09. EUR
Long-term investments					
I Intangible assets					
Concessions, patents, licences, trade marks and similar rights		14	20	119	169
Total intangible assets	3	14	20	119	169
II Fixed assets					
Land, buildings, structures and perennials		385 683	548 777	415 453	591 136
Equipment and machinery		111 799	159 076	81 109	115 408
Other fixed assets and equipment		67 783	96 447	58 438	83 150
Fixed assets under construction		25 100	35 714	26 340	37 478
Total fixed assets	4	590 365	840 014	581 340	827 172
III Investment property					
		0	0	0	0
IV Biological assets					
	5	601 379	855 685	242 750	345 402
V Long-term financial investments					
Other securities and investments		352	501	352	501
Other loans and long-term debtors		2 500	3 557	2 500	3 557
Total long-term financial investments	6	2 852	4 058	2 852	4 058
Total long-term investments		1 194 610	1 699 777	827 061	1 176 801
Current assets					
I Stocks					
Raw materials and consumables	7	105 488	150 096	29 490	41 960
Unfinished production	8	15 993	22 756	261 332	371 842
Finished production and goods for sale	9	1 154 670	1 642 947	1 144 720	1 628 790
Prepayment for goods	10	235	334	1 105	1 572
Total stocks		1 276 386	1 816 134	1 436 647	2 044 164
II Long-term investments kept for sale					
		0	0	0	0
III Accounts receivable					
Trade debtors	11	50 474	71 818	6 451	9 179
Other debtors	12	24 131	34 335	4 479	6 373
Deferred expenses	13	7 487	10 653	652	928
Accrued earnings	14	0	0	9 916	14 109
Total debtors		82 092	116 806	21 498	30 589
IV Short-term financial investments					
Total short-term financial investments		0	0	0	0
V Cash (total)					
	15	102 165	145 368	34 147	48 587
Total current assets		1 460 643	2 078 308	1 492 292	2 123 340
Total assets		2 655 253	3 778 085	2 319 353	3 300 142

BALANCE SHEET (continued)

LIABILITIES	Notes	31.12.10. LVL	31.12.10. EUR	31.12.09. LVL	31.12.09. EUR
I Shareholders' equity					
Share capital (equity)	16	500 000	711 436	500 000	711 436
Reserves:					
d) other reserves		54 454	77 481	54 454	77 481
<i>Total reserves</i>		54 454	77 481	54 454	77 481
Retained profit					
a) retained profit of the prrevious years		697 616	992 618	1 676 118	2 384 901
b) retained profit of the reporting year		21 460	30 535	-978 502	-1 392 283
<i>Total retained profit</i>		719 076	1 023 153	697 616	992 618
Total shareholders' equity		1 273 530	1 812 070	1 252 070	1 781 535
II Provisions					
Other provisions	17	22 448	31 941	23 060	32 811
Total provisions		22 448	31 941	23 060	32 811
III Creditors					
I Long-term creditors					
Loans from credit institutions	18	163 426	232 534	0	0
Other creditors	19	251 450	357 781	229 830	327 019
Total long-term creditors		414 876	590 315	229 830	327 019
II Short-term creditors					
Loans from credit institutions	18	54 608	77 700	344 187	489 734
Other loans	19	19 599	27 887	20 817	29 620
Advance payments from customers	20	614 844	874 844	82 340	117 159
Trade creditors	21	217 731	309 803	272 848	388 228
Taxes and social security payments	22	18 081	25 727	59 466	84 612
Other creditors	23	11 107	15 804	24 848	35 356
Accrued liabilities	24	8 429	11 993	9 887	14 068
Total short-term creditors		944 399	1 343 759	814 393	1 158 777
Total creditors		1 359 275	1 934 074	1 044 223	1 485 795
Total Liabilities		2 655 253	3 778 085	2 319 353	3 300 142

The items of the financial statement were converted to EUR according to the exchange rate fixed by the Bank of Latvia as at 31 December 2010:

LVL 1 = EUR 0.702804 EUR and it is only for informative purposes.

Notes on pages 13 to 29 form an integral part of these financial statements.

Member of the Board_____

Gunta Isajeva

Member of the Board_____

Andris Vītoliņš

15th of April 2011

PROFIT AND LOSS ACCOUNT

	Notes	31.12.10. LVL	31.12.10. EUR	31.12.09. LVL	31.12.09. EUR
Net turnover	29	1 980 334	2 817 761	1 328 769	1 890 668
Cost of sales	30	1 673 369	2 380 990	2 126 960	3 026 391
Gross profit or loss		306 965	436 772	-798 191	-1 135 723
Selling expenses	31	108 495	154 374	104 147	148 188
Administrative expenses	32	128 255	182 490	121 022	172 199
Other operating income	33	19 627	27 927	35 734	50 845
Other operating expenses	34	22 282	31 704	0	0
Profit or loss from operation		67 560	96 129	-987 626	-1 405 265
Other interest income and similar income	35	267	380	1 188	1 690
Interest expenses and similar expenses	36	32 956	46 892	24 279	34 546
Profit or loss before extraordinary items and taxes		34 871	49 617	-1 010 717	-1 438 121
Extraordinary income	37	28 177	40 092	0	0
Extraordinary expenses	38	40 412	57 501	0	0
Profit or loss before taxes		22 636	32 208	-1 010 717	-1 438 121
Corporate income tax	39	0	0	0	0
Deferred tax income (expenses)	40	0	0	-33 277	-47 349
Other taxes	41	1 176	1 673	1 062	1 511
Profit or loss in the reporting year		21 460	30 535	-978 502	-1 392 283

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Member of the Board _____

Gunta Isajeva

Member of the Board _____

Andris Vītoliņš

15th of April, 2011

CASH FLOW STATEMENT (by indirect method)

	31.12.10. LVL	31.12.10. EUR	31.12.09. LVL	31.12.09. EUR
I. Cash flow from operating activities				
1 Profit or loss before extraordinary items and taxes	34 871	49 617	-1 010 717	-1 438 121
Adjustments:				
a) depreciation of fixed assets;	78 321	111 441	94 317	134 201
b) Intangible assets value write-offs;	105	149	152	216
c) fixed assets disposal	1 240	1 764	31	44
d) provisions (excl. provisions for doubtful debts);	-612	-871	-29 468	-41 929
e) gain or loss from currency exchange rate fluctuations;	19 064	27 126	-2 156	-3 068
f) subsidies, grants, endowments, donations;	-8 309	-11 823	-33 579	-47 779
g) other interest income and similar income;	-267	-380	-1 188	-1 690
h) interest payable and similar expenses.	32 956	46 892	24 279	34 546
2 Profit or loss before changes in current assets	157 369	223 916	-958 329	-1 363 579
Adjustments:				
a) (increase)/decrease of biological assets	-358 629	-510 283	265 091	377 191
b) (increase)/decrease in debtors saldo;	-60 594	-86 217	-1 808	-2 573
c) (increase)/decrease in stock residuals;	160 261	228 031	606 416	862 852
d) increase/(decrease) in residual accounts payable to trade creditors and other creditors	420 803	598 749	101 553	144 497
3 Gross cash flow from operationing activities	319 210	454 195	12 923	18 388
4 Interest payments	-32 956	-46 892	-24 279	-34 546
5 Income tax payments	0	0	0	0
6 Deferred corporate income tax	0	0	0	0
7 Expenses for real estate payments	-1 176	-1 673	-1 062	-1 511
8 Cash flow before extraordinary items	285 078	405 629	-12 418	-17 670
9 Cash flow from from extraordinary items	-12 235	-17 409	0	0
10 Net cash flow from operating activities	272 843	388 221	-12 418	-17 670
II. Cash flow from investing activities				
1 Fixed asset and intangible asset additions	-88 586	-126 047	-578	-822
2 Interest income and similar income	267	380	1 188	1 690
6 Cash flow from investing activities	-88 319	-125 667	610	868
III. Cash flow from financing activities				
1 Loans received	20 402	29 029	2 166	3 082
2 Subsidies, grants, endowments and donations received	8 309	11 823	33 579	47 779
3 Loans repaid	-126 153	-179 500	0	0
7 Net cash flow from financing activities	-97 442	-138 647	35 745	50 861
Result of foreign currency exchange rate fluctuation				
	-19 064	-27 126	2 156	3 068
V. Net cash flow in the reporting year	68 018	96 781	26 093	37 127
Cash and its equivalents at the beginning of the reporting year				
	34 147	48 587	8 054	11 460
Cash and its equivalents at the end of the reporting year				
	102 165	145 368	34 147	48 587

Notes on pages 13 to 29 form an integral part of these financial statements.

Signature (signed by all board members)_____

/Name Surname/

Member of the Board _____

Gunta Isajeva

Member of the Board _____

Andris Vītoliņš

15th of April 2011

STATEMENT OF CHANGES IN EQUITY

	Share capital		Other reserves		Retained profit		Total	Total
Types of changes	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR
Balance as at 31.12.2008.	500000	711436	54454	77481	1676118	2384901	2230572	3173818
Net profit or loss over the reporting period					-978502	-1392283	-978502	-1392283
Balance as at 31.12.2009.	500000	711436	54454	77481	697616	992618	1252070	1781535,1
Net profit or loss over the reporting period					21460	30535	21460	30535
Balance as at 31.12.2010.	500000	711436	54454	77481	719076	1023153	1273530	1812069,9

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Member of the Board _____

Gunta Isajeva

Member of the Board _____

Andris Vītoliņš

15th of April, 2011

NOTES TO FINANCIAL STATEMENTS

ACCOUNTING POLICY

I. General Principles

The Annual Report has been prepared in accordance with the Republic of Latvia legislative norms " On Accounting", "On Annual Reports" and valid Latvian Accounting Standards: 1. LAS Basic Principles of Drawing up Financial Reports, 2. LAS Cash Flow Statement, 3. LAS Events after the date of balance sheet, 4 .LAS "Change of the Accounting Policy, change of the accounting estimates and errors of previous periods", 6.LAS Revenues, 7.LAS Fixed assets, 8.LAS Accruals, possible liabilities and possible assets.

Profit and Loss Statement is drawn up according to the method of turnover costs.

Cash Flow Statement has been prepared calculating the cash flow from operating activities by indirect method.

Compared with the previous reporting year, the methods of accounting and evaluation used by the Company have not been changed.

The year of Financial Statement is 12 months and it corresponds to a calendar year.

The Accounting Principles used

Items of the financial statements have been assessed according to the following accounting principles.

1. It is assumed that the Company will continue its operation in the future.
2. The same methods of assessment are used as in the previous reporting year.
3. Assessment is made with due caution, with the following conditions:
 - the statement includes only the profit gained before the date of balance sheet;
 - taken into account are all the predictable risk amounts and loss incurred in the reporting year or over the previous years also in the cases when they have become known in the period between the date of the balance sheet and the day of signing the annual report;
 - all the sums reducing the amounts and depreciation are calculated and taken into account irrespective of whether the reporting year is closed with profit or loss..
4. Income and expenses related to the reporting year have been taken into account regardless of the date of payment and the receipt or issue of invoices. Expenses have been coordinated with the income in the reporting year.
5. The constituents of assets and liabilities items have been assessed separately.
6. Beginning balance of the reporting year is the same as the closing balance of the year before, except for the adjusted items.
7. All the items are included, which are of essential importance for the Annual Report users' assessment or decision making, items of minor importance are joined and their details are given in the Notes.
8. Business transactions are shown in the Annual Report taking into account their economic content and essence, and not their legal form.

II. Recognition of revenues and net turnover

Net turnover is the total value of the products (mink, polar fox and silver fox skins) sold and services provided within the year, subtracting discounts, value added tax and other taxes directly related to sale. The revenue from the product sale is recognized when the buyer has accepted the goods according to the terms and conditions of the goods delivery. The revenue from services rendered is acknowledged at the time they are provided. Revenue from the dividends is acknowledged when the legal right to them sets in.

Other revenue is acknowledged as follows:

- revenue from lease - at the moment of arising;
- revenues from fines and penalties - at the moment they are received;
- revenue from insurance remuneration - at the moment it is received.
- revenue from dividends - when legal rights to them set in.

III. Intangible assets and fixed assets

The value of intangible assets and fixed assets is their purchase value, minus accrued depreciation. The purchase value includes expenses, which are directly related to the purchase of the immaterial asset or fixed asset. The purchase value of the software licences includes licence purchase expenses and the expenses incurred upon introducing them in operation. The value of the immaterial assets is expected to be included in the expenses within five years.

Land is not depreciated. In respect of other assets the depreciation is calculated according to the straight line depreciation method within the period of effective use of the relevant intangible assets and fixed assets, in order to write-off the purchase value or the revaluation value of the intangible asset or the fixed asset until its estimated residual value at the end of the period of effective use using the rates determined by the management as follows:

	Depreciation % per yer
Buildings, structures	1.7%-8.5%
Technological equipment	5.3%-25%
Other equipment and facilities, motor vehicles	9.1%-33.33%

The initial value of unfinished construction sites is increased by other direct expenses having occurred in respect of the relevant site until commissioning of the newly created site. The initial value of the respective fixed asset is not increased by the interest of the loans used for creation of the new fixed asset in the periods when active development work regarding the uncompleted construction site is not carried out. At the end of the Reference year the amount of decrease of the construction site has been revalued.

Further expenses are included in the assets book value or recognized as a separate asset only when there is a strong likelihood that future economic benefits, which are related to this account will flow in the Company and the expenses related to this account can be determined credibly. Such expenses are written-off in the remaining period of effective use of the respective fixed asset. Upon capitalizing the expenses of the installed spare part the residual value of the replaced part is written-off in the profit or loss statement.

The expenses of the ordinary repairs and maintenance of fixed assets are included in the profit or loss statement for the period they were incurred.

Profit or loss from disposal of fixed assets is calculated as the difference between the book value of the fixed asset and the revenue from its sale, and the revenue from writing-off the reserve of the fixed asset's revaluation, and is included in the estimate of profit or loss in the accounting period it occurred.

IV. Stocks

Stocks are depicted according to their cost price or market value, in case it is below the cost price. Stocks are evaluated according to FIFO method. The amount decrease of outdated, slow turnover or damaged stock is written off. The stock is recorded according to the continuous stocktaking method.

V. Debtors

Debtors are entered into the balance sheet as net value, by subtracting the special reserve for doubtful and bad debts from the initial value. Special provisions for doubtful and bad debts is created in cases, when the management believes that recovery of the debt of these separately allocated debtors is doubtful.

VI. Foreign currencies revaluation in Latvian lats

Accounting in the company is done in lats. All the transactions in foreign currencies are revaluated in lats according the exchange rate fixed by the Latvian Bank on the day of the relevant transaction. Assets and liabilities, expressed in foreign currency are calculated in lats according the exchange rate fixed by the Bank of Latvia on the last day of the year of account. Profit or loss from the fluctuations of exchange rates are reflected in the Profit and loss statement of the relevant period.

	31.12.2010. (in lats)	31.12.2009. (in lats)	
1 USA dollar	0,535	0,489	(USD)
1 EUR	0,702804	0,702804	(EUR)
1 Lithuanian lit	0,203	0,204	(LTL)
1 Danish krone	0,0943	0,0944	(DKK)
1 Russian rouble	0,0176	0,0164	(RUB)

VII. Cash and cash equivalents

In the Cash Flow Statement cash and cash equivalents include cash, saldo of the current bank accounts and the short-term deposits with the first maturity up to 90 days.

VIII. Finance Risk Management

The most important company's financial instrument is cash. The purpose of this financial instrument is to provide for the financing of its economic activity. The Company comes into contact with several other financing instruments as well, e.g. customers' and clients' debts and other debtors, liabilities to suppliers and contractors, and other creditors, which result directly from its economic activity. The company may grant short-term loans to the management and employees.

Financial risks

The main financial risks related to the Company's financing instruments are liquidity risk and credit risk.

The company's policy envisages to provide that the interest rate of the largest share of its loans is fixed.

Credit risk

The Company is exposed to credit risks related to its customers' and clients' debts, other debtors, and cash and its equivalents. The company manages its credit risk constantly evaluating the client debt repayment history and providing special credit terms and conditions for each client. Besides the Company monitors the residual debtors debt to minimize the possibility of unrecoverable debts arising.

The partners in cash transactions are home and foreign financial institutions with a relevant credit history.

Liquidity risk. The company manages its liquidity risk by providing appropriate financing.

IX. Subsidies

Subsidies received for special types of capital investment are treated as revenues in future periods, which are included gradually in the revenues during the useful life of the fixed assets received or purchased with the subsidy. Subsidy to cover expenses is recognized in revenues in the same period when the relevant expenditure was born, provided all the terms and conditions in respect of receiving the subsidy are fulfilled.

X. Loans

Initially the loans are recognized for their fair value, with the exception of the expenses related to the receipt of the loan. In the following periods loans are recorded as the depreciated purchase value, which is valued, using the effective interest rate on the loan. The difference between the amount of cash received excluding the expenses related to receiving the loan, and the value of loan repayment is included gradually in the Profit and loss statement.

XI. Taxes

The corporate income tax expenses of the year of account are included in the financial statement, basing on the calculations made by the management in accordance with the tax legislation of the Latvian Republic.

The deferred tax is calculated according to the liabilities method in respect of all the temporary differences between assets and liabilities carrying amounts in the financial statements and the amount attributed for tax purposes. When calculating the deferred tax the tax rates effective on the balance sheet date are used, which are anticipated in the periods when the temporary differences are offset. The temporary differences chiefly occur using different rates of depreciation of fixed assets as well as from tax losses, which are to be carried to the future tax periods. The asset of a deferred tax is recognized when there is a reasonable likelihood that a taxable profit will be gained, to which the deductible temporary difference may be attributed.

XII. Provisions

Provisions are recognized provided a present legal or practice based obligation has arisen for the Company in the result of some past events, and there is a strong likelihood that fulfilment of the obligation will cause an outflow of economic benefits, and this sum can be estimated credibly.

XIII. Related parties

Participants of a company, Board Members, Council members, close relatives of theirs' and companies, over which the above mentioned persons have control or material influence are considered related parties.

XIV. Biological assets

The Company's biological assets are fur animals. The biological assets are evaluated at their fair value. The fair value is estimated according to the cost price value. The alterations of the amount of biological assets, which have occurred upon their evaluation in fair value, from which deducted is the decrease of the estimated amount due to degeneration, the increase of the amount due to breed and decrease of amount due to production of skins, is included in the Profit and loss statement of the relevant period. The skins produced are included in the stock and initially evaluated as fair value according to the cost price calculation.

XV. Investment properties

The does not possess investment property.

XVII. Provisions for unused annual holidays

Provisions for unused annual holidays and obligatory state social security payments for unused holidays is calculated as total provisions for all the employees taking into account each employee's average daily wages and the accrued number of holidays at the end of the reporting period.

XVIII. Earnings per share

Earnings per share is calculated by dividing net earnings or loss, which may be attributed to Company shareholders by the weighted average number of shares in the reporting year.

NOTES TO FINANCIAL STATEMENTS (continued)

GENERAL NOTES

	Year 2010	Year 2010	Year 2009	Year 2009
1. Average number of employees in the reporting year				
Average number of employees	87		108	
	LVL	EUR	LVL	EUR
2. Total personnel expenses	344 372	489 997	536 314	763 106
- salaries	277 679	395 102	434 079	617 639
- social security payments	66 693	94 896	102 235	145 467
- including:				
Remuneration of employees engaged in production (main operation)				
- salaries	227 565	323 796	364 409	518 507
- social security payments	54 645	77 753	85 559	121 739
- total	282 210	401 549	449 968	640 247
Administration				
- salaries	50 114	71 306	55 800	79 396
- social security payments	12 048	17 143	13 335	18 974
- total	62 162	88 449	69 135	98 370
including remuneration of the Board				
- salary for the board member duties	11 748	16 716	13 870	19 735
- salary for the professional duties	14 877	21 168	16 467	23 430
- social tax paid by employer	6 414	9 126	7 308	10 398
- total	33 039	47 010	37 645	53 564
including remuneration of the Council				
- salaries	668	950	0	0
- social tax paid by employer	161	229	0	0
- total	829	1 180	0	0
Salary of council member according to agreement of jurisdictional assistance	10 517	14 964	3 600	5 122

The items of the Notes to the Financial Statements were converted to EUR according to the exchange rate fixed by the Bank of Latvia as at 31 December 2010: LVL 1 = EUR 0.702804 EUR and it is only for informative purposes.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTES TO THE BALANCE SHEET

3. Statement of intangible assets flow

	Company development expenses	Concessions, patents, licences, trade marks and similar rights incl.	Other intangible assets	Goodwill	Advance payments	Total intangible assets
computer software						
	LVL	LVL	LVL	LVL	LVL	LVL
Purchase value 31.12.2009.			1 937			1 937
Purchase (+)						0
Disposal (-)						0
Purchase value 31.12.2010.	0	0	1 937	0	0	1 937
Depreciation 31.12.2009.			1 818			1 818
Estimated (+)			105			105
Written off (-)						0
Depreciation 31.12.2010.	0	0	1 923	0	0	1 923
Book value 31.12.2009.		0	119	0	0	119
Book value 31.12.2010.		0	14	0	0	14
	Company development expenses	Concessions, patents, licences, trade marks and similar rights incl.	Other intangible assets	Goodwill	Advance payments	Total intangible assets
computer software						
	EUR	EUR	EUR	EUR	EUR	EUR
Purchase value 31.12.2009.			2 756			2 756
Purchase (+)						0
Disposal (-)						0
Purchase value 31.12.2010.	0	0	2 756	0	0	2 756
Depreciation 31.12.2009.			2 587			2 587
Estimated (+)			149			149
Written off (-)			0			0
Depreciation 31.12.2010.	0	0	2 736	0	0	2 736
Book value 31.12.2008.		0	169	0	0	169
Book value 31.12.2009.		0	20	0	0	20

NOTES TO FINANCIAL STATEMENTS (continued)

NOTES TO BALANCE SHEET

4. Statement of fixed assets and investment property flow

	Land, buildings, constructions and perennials (LVL)	Long-term investm. in rented fixed assets (LVL)	Equipment and machinery (LVL)	Other fixed assets and inventory (LVL)	Fixed assets under construction (LVL)	Advance payments for fixed assets (LVL)	Total (LVL)
Purchase or revaluated value 31.12.2009.	1 164 972		461 556	189 831	26 340		1 842 699
Acquired in report. year (+)			62 447	26 139			88 586
Disposed in report. year (-)					-1 240		-1 240
Purchase or revaluated value 31.12.2010.	1 164 972	0	524 003	215 970	25 100	0	1 930 045
Accrued depreciation 31.12.2009.	749 519		380 447	131 393			1 261 359
Estimated in report. year (+)	29 770		31 757	16 794			78 321
Accrued depreciation 31.12.2010.	779 289	0	412 204	148 187	0	0	1 339 680
Book value 31.12.2009.	415 453	0	81 109	58 438	26 340	0	581 340
Book value 31.12.2010.	385 683	0	111 799	67 783	25 100	0	590 365
	Land, buildings, constructions and perennials (EUR)	Long-term investm. in rented fixed assets (EUR)	Equipment and machinery (EUR)	Other fixed assets and inventory (EUR)	Fixed assets under construction (EUR)	Advance payments for fixed assets (EUR)	Total (EUR)
Purchase or revaluated value 31.12.2009.	1 657 606		656 735	270 105	37 478		2 621 924
Acquired in report. year (+)			88 854	37 192			126 047
Disposed in report. year (-)					-1 764		-1 764
Purchase or revaluated value 31.12.2009.	0	0	745 589	307 298	35 714	0	1 088 601
Accrued depreciation 31.12.2008.	1 066 469		541 327	186 955			1 794 752
Calcul. in reporting year (+)	42 359		45 186	23 896			111 441
Disposed in reporting year (-)				0			0
Accrued depreciation 31.12.2009.	1 108 828	0	586 513	210 851	0	0	1 906 193
Book value 31.12.2008.	591 136	0	115 408	83 150	37 478	0	827 172
Book value 31.12.2009.	548 777	0	159 076	96 447	35 714	0	840 014

NOTES TO FINANCIAL STATEMENTS (continued)
NOTES TO BALANCE SHEET

4. Statement of fixed assets and investment property flow (continued)

Property	Cadastral No.	Cadastral value LVL/EUR	Book value LVL/EUR	Market value 02.2010. LVL/EUR
<i>Land</i>	64600140090 (LVL)	34 678	81 937	
	64600140090(EUR)	49 342	116 586	
<i>Buildings and structures</i>	64600140091 (LVL)	57 288	303 746	
	64600140091 (EUR)	81 513	432 192	
<i>Real estate*</i>	64600140090X (LVL)			800 000
	64600140090X (EUR)			1 138 297
<i>Equipment, buildings, structures, machinery and other fixed assets*</i>	64600140090X (LVL)			494 000
	64600140090X (EUR)			702 899

According to the contract on commercial lien immovable property was pledged against the credit line in favour of the JSC "Ge Money Bank".

*In February 2010 independant experts "Eiroeksperts" made evaluation according to the market value.

Depreciation of fixxed assets and write-off of intangible assets value, calculating taxable income (CIT Aticle 13)

	Residual value 31.12.2009.	Aquired in 2010.	Write-offs of fixed assets residual value	Value from which depreciation was calculated	Rate	Depreciation	Residual value 31.12.2010.
	LVL	LVL	LVL	LVL	LVL	LVL	LVL
Group I	251 092			251 092	10%	25 109	225 983
Group II	0			0		0	0
Group III	52	87		139	70%	97	42
Group IV	38 453	74 946		113 399	40%	45 360	68 039
Group IV	0	13 553		13 553	30%	4 066	9 487
Total	289 597	88 586	0	378 183		74 632	303 551

	Residual value 31.12.2009.	Aquired in 2010.	Write-offs of fixed assets residual value	Value from which depreciation was calculated	Rate	Depreciation	Residual value 31.12.2010.
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Group I	357 272			357 272	10%	35 727	321 545
Group II	0			0		0	0
Group III	74	124		198	70%	138	60
Group IV	54 714	106 639	0	161 352	40%	64 541	96 811
Group IV	0	19 284		19 284	30%	5 785	13 499
Total	412 059	126 047	0	488 403		106 191	431 915

5. Biological assets

	31.12.2010. LVL	31.12.2010. EUR	31.12.2009. LVL	31.12.2009. EUR
Residue value at the beginning of the year	242 750	345 402	507 841	722 593
Purchased breeding animals	724 977	1 031 549	0	0
Sold breeding animals (-)	0	0	0	0
Increase in value due to reproduction (+)	339 399	482 921	719 398	1 023 611
Decrease in value due to degeneration (-)	-61 974	-88 181	-110 023	-156 549
Decrease due to product. of finished goods (-)	-643 773	-916 006	-874 466	-1 244 253
residual value at the end of the year	601 379	855 685	242 750	345 402

NOTES TO FINANCIAL STATEMENTS (continued)
NOTES TO THE BALANCE SHEET

6. Long-term financial investments

Item	31.12.2010.			31.12.2009.		
	Number	LVL	EUR	Number	LVL	EUR
Other securities (Latvian Fur-Breeders Association)		352	501		352	501
Own shares	2 500	2 500	3 557	2 500	2 500	3 557
Total	2 500	2 852	4 058	2 500	2 852	4 058

7. Raw materials and consumables

	31.12.2010. LVL	31.12.2010. EUR	31.12.2009. LVL	31.12.2009. EUR
Forage	83 761	119 181	10 625	15 118
Medication	1 504	2 140	675	960
Fuel for heating	11 954	17 009	17 853	25 403
Repair materials	762	1 084	258	367
Fuel, gas	315	448	79	112
Materials for skin treatment	7 192	10 233	0	0
Total	105 488	150 096	29 490	41 960

8. Unfinished production

	31.12.2010. LVL	31.12.2010. EUR	31.12.2009. LVL	31.12.2009. EUR
1) Untanned mink skins	15 993	22 756	261 332	371 842
Total	15 993	22 756	261 332	371 842

9. Finished production and goods for sale

	31.12.2010. LVL	31.12.2010. EUR	31.12.2009. LVL	31.12.2009. EUR
Mink skins	1 145 985	1 630 590	1 115 369	1 587 027
Fox skins	3 184	4 530	29 351	41 763
Prepared production	5 501	7 827	0	0
Total	1 154 670	1 642 947	1 144 720	1 628 790

10. Prepayments for goods

	31.12.2010. LVL	31.12.2010. EUR	31.12.2009. LVL	31.12.2009. EUR
Prepayment for medication	0	0	870	1 238
Prepayment for forage	235	334	235	334
Total	235	334	1 105	1 572

11. Trade debtors

	31.12.2010. LVL	31.12.2010. EUR	31.12.2009. LVL	31.12.2009. EUR
Trade registered value	52 452	74 632	6 451	9 179
Savings for doubtful debtors	-1 978	-2 814	0	0
Net trade debtors	50 474	71 818	6 451	9 179

12. Other debtors

	31.12.2010. LVL	31.12.2010. EUR	31.12.2009. LVL	31.12.2009. EUR
Taxes or tax prepayments overpaid in budget	21 431	30 494	0	0
Advance billing parties' debts	1 622	2 308	10	14
Customer debts	1 031	1 467	0	0
VAT 14% indemnity (to farmers)	0	0	160	228
Other debtors	47	67	4 309	6 131
Total	24 131	34 335	4 479	6 373

NOTES TO FINANCIAL STATEMENTS (continued)

NOTES TO THE BALANCE SHEET

13. Deferred expenses

Advertising in catalogs

Press subscription

Insurance

Total

31.12.2010. LVL	31.12.2010. EUR	31.12.2009. LVL	31.12.2009. EUR
75	107	0	0
75	107	48	68
7 337	10 440	604	859
7 487	10 653	652	928

14. Accrued income

Income accord. LAS No.6 "Income"

Total

31.12.2010. LVL	31.12.2010. EUR	31.12.2009. LVL	31.12.2009. EUR
0	0	9 916	14 109
0	0	9 916	14 109

15. Cash

Cash on hand

Cash in bank

Total

31.12.2010. LVL	31.12.2010. EUR	31.12.2009. LVL	31.12.2009. EUR
20 211	28 758	30 242	43 030
81 954	5 557	3 905	5 556
102 165	34 315	34 147	48 587

16. Information on integrity of the Company's shares

The issued and fully paid Company's equity comprises 500 000 shares with the nominal value LVL 1.00 per share.

The shares are divided into 497 500 ordinary name shares having voting right and 2 500 ordinary shares having no voting right, which are owned by the Company.

Due to the resignation of council members at the year 2010, there were new council members elected at the extraordinary shareholders meeting's at 4th of March and 30th of September, 2010. The changes are registered in LR Business Register at 22th of March and 14th of September, 2010.

The Company shareholders on 18th of April, 2011:

% shares	Shareholders
41,26%	Pēteris Laugalis
6,03%	Jānis Siliņš
5,27%	Gundars Jaunsleinis
3,68%	Agris Nagliņš
11,02%	Jānis Meijubers
11,86%	Argita Jaunsleine
2,04%	Astrīda Ukstiņa
4,55%	SCI AG
14,29%	Other physical persons and companies
100,00%	

17. Provisions

Provisions for annual holidays

Increase / (decrease)

Total

31.12.2010. LVL	31.12.2010. EUR	31.12.2009. LVL	31.12.2009. EUR
23 060	32 811	52 528	74 741
-612	-871	-29 468	-41 929
22 448	31 941	23 060	32 811

18. Total loans from credit institutions

Name of credit institution, loan repayment dates	Credit amount acc. to contract	31.12.2010. LVL	31.12.2010. EUR	31.12.2009. LVL	31.12.2009. EUR
Ge Money Bank 15.03.2015.		218 034	310 234	344 187	489 734
Total	0	218 034	310 234	344 187	489 734

NOTES TO FINANCIAL STATEMENTS (continued)

NOTES TO THE BALANCE SHEET

In February 2010 the JSC "Grobiņa" and the JSC "Ge Money Bank" concluded a agreement on restructuring of the credit line into a credit with the repayment due in March 2015. Company's fulfilment of commitments against JSC Ge Money Bank is getting secured by mortgage and commercial mortgage for all property owned by Company.

Long-term and short-term components	31.12.2010. LVL	31.12.2010. EUR	31.12.2009. LVL	31.12.2009. EUR
Long-term:				
from 2 to 5 years	163 426	232 534	0	0
more than 5 years	0	0	0	0
Total long-term:	163 426	232 534	0	0
Short-term	54 608	77 700	344 187	489 734
Total	218 034	310 234	344 187	489 734

19. Total other loans	31.12.2010. EUR	31.12.2010. USD	31.12.2010. LVL	31.12.2009. EUR	31.12.2009. USD	31.12.2009. LVL
Loans from physical person				10 672		7 500
Loan in USA dollars with the repayment date	357 781	470 000	251 450	327 019	470 000	229 830
in year 2015 with 2% rate per year - accrued interest	27 887	36 634	19 599	18 948	27 233	13 317
Total	385 668	506 634	271 049	356 639	497 233	250 647

The loan from the physical person was received in EUR in december 2009 according to the Bank of Latvia exchange rate 0.702804 per one EUR; the total amount of the loan is 10671.54 with the repayment date in March 2010. It is interest-free loan.

Long-term and short-term components, excl. finance lease liabilities	31.12.2010. LVL	31.12.2010. EUR	31.12.2009. LVL	31.12.2009. EUR
Long-term:				
from 2 to 5 years	0	0	0	0
more than 5 years	251 450	357 781	229 830	327 019
Total long-term:	251 450	357 781	229 830	327 019
Short-term	0	0	7 500	10 672
Total short-term:	19 599	27 887	13 317	18 948
Total	271 049	385 668	250 647	356 639

NOTES TO FINANCIAL STATEMENTS (continued)

NOTES TO THE BALANCE SHEET

20. Prepayments received from customers

Prepayments received from customers (auction houses)

Total

31.12.2010. LVL	31.12.2010. EUR	31.12.2009. LVL	31.12.2009. EUR
614 844	874 844	82 340	117 159
614 844	874 844	82 340	117 159

21. Trade creditors

Trade creditors

Total

31.12.2010. LVL	31.12.2010. EUR	31.12.2009. LVL	31.12.2009. EUR
217 731	309 803	272 848	388 228
217 731	309 803	272 848	388 228

22. Taxes and liabilities

Social security payments

Personal income tax

State dues for busin. risk

VAT

Natural resource tax

Total

31.12.2010. LVL	31.12.2010. EUR	31.12.2009. LVL	31.12.2009. EUR
7 557	10 753	30 265	43 063
10 482	14 915	23 414	33 315
0	0	25	36
0	0	5 704	8 116
42	60	58	83
18 081	25 727	59 466	84 612

Flow of taxes and dues liabilities in 2010

	Balance 31.12.2009. LVL	Calculated in 2010. LVL	Fines and penalties in 2010 LVL	Paid in 2010 LVL	Repaid in 2010 LVL	Transferred to other taxes LVL	Balance 31.12.2010. LVL
Social security payments	30 265	91 610	3 671	19 974		-98 015	7 557
Personal income tax	23 414	49 758	3 176	15 345		-50 521	10 482
VAT	5 704	-176 104	419	0		148 550	-21 431
Real estate tax	0	1 176	2	1 178		0	0
Corporate income tax	0	0	0	0		0	0
Natural resource tax	58	136	1	151		0	42
State dues for busin. risk	25	251	1	261		-14	0
Total	59 466	-33 173	7 270	36 909	0	0	-3 350

incl.:

Taxes overpaid (-)

0
59 466

-21 431
18 081

Overpaid VAT tax as at 31.12.2010 amounting to LVL 21 431 is shown in the item "Other debtors"

	Balance 31.12.2008. EUR	Calculated in 2009 EUR	Fines and penalties in 2009 EUR	Paid in 2009 EUR	Repaid in 2009 EUR	Transferred to other taxes EUR	Balance 31.12.2009. EUR
Social security payments	43 063	130 349	5 223	28 420		-139 463	10 753
Personal income tax	33 315	70 799	4 519	21 834		-71 885	14 915
VAT	8 116	-250 573	596	0		211 368	-30 494
Real estate tax	0	1 673	3	1 676		0	0
Corporate income tax	0	0	0	0		0	0
Natural resource tax	83	194	1	215		0	60
State due for business risk	36	357	1	371		-20	0
Total	84 612	-47 201	10 344	52 517	0	0	-4 767

incl.:

Taxes overpaid (-)

0
84 612

-30 494
25 727

Overpaid VAT tax as at 31.12.2010 amounting to EUR 30 494 is shown in the item "Other debtors".

NOTES TO FINANCIAL STATEMENTS (continued)

NOTES TO THE BALANCE SHEET

23. Other creditors

Wages and salaries
Deductions from salaries
Deposited salaries, indemnif. of damages
Total

31.12.2010.	31.12.2010.	31.12.2009.	31.12.2009.
LVL	EUR	LVL	EUR
10 260	14 599	24 074	34 254
174	248	101	144
673	958	673	958
11 107	15 804	24 848	35 356

24. Accrued liabilities

Communication expenses in December
Remuneration to the certif. auditors comp. for Annual Report audit
Electricity in December
Transport services
Services in December

31.12.2010.	31.12.2010.	31.12.2009.	31.12.2009.
LVL	EUR	LVL	EUR
431	613	247	351
1 000	1 423	1 800	2 561
6 994	9 952	6 840	9 732
4	6	0	0
0	0	1 000	1 423
8 429	11 993	9 887	14 068

Other Explanations

25. Remuneration of Council and Board members in the reporting year

	Council members		Board members	
	LVL	EUR	LVL	EUR
Calculated salaries	12 416	17 666	13 870	19 735
Calculated social security payments in reporting year	2 991	4 256	3 341	4 754
	15 407	21 922	17 211	24 489

26. Remuneration of certified auditors commercial company

	31.12.2010.	31.12.2010.	31.12.2009.	31.12.2009.
	LVL	EUR	LVL	EUR
For audit of reporting year	2 000	2 846	1 800	2 561
	2 000	2 846	1 800	2 561

27. Assets encumbrance

In February 2010 the JSC "Grobiņa" and the JSC "Ge Money Bank" concluded a agreement on restructuring of the credit line into a credit with the repayment due in March 2015. Company's fulfilment of commitments against JSC Ge Money Bank is getting secured by mortgage and commercial mortgage for all property owned by Company.

28. Information according to the Law on the Financial Instrument Market, Articles 56 and 56.1

Structure of the capital

Issued and fully paid Company's equity consists of 500 000 shares with nominal value LVL 1.00 per share.
The shares are divided into 497 500 ordinary name shares having voting right and 2 500 ordinary shares having no voting right, which are owned by the Company.

Class of shares	Number of shares		% of equity
	LVL	EUR	
Ordinary name shares with voting rights - in public circulation	497 500	707 879	99,5%
Ordinary shares without voting rights - in closed register	2 500	3 557	0,5%
	500 000	711 436	100%

NOTES TO FINANCIAL STATEMENTS (continued)

NOTES TO THE BALANCE SHEET

List of shareholders having direct or indirect material interest in the corporate enterprise and having particular control rights

Shareholder's name	Position held at the Company as at 18 April 2011	Number of shares as at 18 April 2011	% of equity
Argita Jaunsleina	Chairman of the Council (since 13.10.2010.)	59 300	11,86%
Jānis Siliņš	Chairman of the Council (until 14.09.2010.)	30 162	6,03%
Gunta Isajeva	Member of the Board	231	0,05%
Jānis Meijubers	Member of the Council (since 22.03.2010.)	55 085	11,02%
Pēteris Laugalis		206 291	41,26%
Gundars Jaunsleinis	Executive director	26 357	5,27%

Powers of the Board Members

According to the Statute of the JSC "Grobiņa" each Board member has the right to represent the Company solely.

Shareholders' Rights

Regulated by the Republic of Latvia legislation; the Company's Statute does not stipulate special constraints or regulations related to the voting right.

There is no agreement between the Company and the Board members concerning reimbursement when resigning.

NOTES TO PROFIT AND LOSS ACCOUNT

29. Net turnover

	31.12.2010. LVL	31.12.2010. EUR	31.12.2009. LVL	31.12.2009. EUR
Income from selling mink skins	1 944 091	2 766 192	1 299 402	1 848 882
Income from selling silver fox skins	27 358	6 108	4 292	6 107
Income from selling polar fox skins	21	30	190	270
Income from services provided and work performed	8 864	12 612	24 885	35 408
Total	1 980 334	2 784 942	1 328 769	1 890 668

29a. Net turnover distribution by operation type and geographical markets

Furriery				
Latvia	1 776	2 527	25 023	35 605
Russia	1 223	1 740	47 904	68 161
Finland	822 662	1 170 543	684 979	974 637
Denmark	1 090 312	1 551 374	461 273	656 332
Lithuania	17 471	24 859	80 720	114 854
Ukraine	3 023	4 301	3 984	5 669
Bulgaria	16 952	24 121	0	0
Dagestan	4 066	5 785	0	0
Estonia	3 450	4 909	0	0
Cyprus	10 535	14 990	0	0
Latvia (services)	8 864	12 612	24 886	35 410
Total	1 980 334	2 817 761	1 328 769	1 890 668

NOTES TO FINANCIAL STATEMENTS (continued)
NOTES TO PROFIT AND LOSS ACCOUNT (continued)

30. Cost of sales

	31.12.2010.	31.12.2010.	31.12.2009.	31.12.2009.
	LVL	EUR	LVL	EUR
Forage	405 324	576 724	564 280	802 898
Medication	59 868	85 184	51 035	72 616
Wages and salaries	230 209	327 558	364 409	518 507
Social security, risk dues	54 875	78 080	85 864	122 173
Fixed assets depreciation	76 897	109 415	93 416	132 919
Electricity	75 619	107 596	62 169	88 459
Soc. security, risk dues	455	647	498	709
Equipment maintenance	13 399	19 065	11 624	16 539
Insurance	8 386	11 932	1 674	2 382
Personnel expenses		0		0
Chips for treatment	43 797	62 318	19 660	27 974
Utilization and other expenses	3 296	4 690	2 307	3 283
Tanning services	0	0	1 497	2 130
Dry waste	1 392	1 981	1 094	1 557
Natural resource tax	135	192	225	320
Personnel training	264	376	370	526
Fuell, gas	14 374	20 452	17 951	25 542
Fuel for heating, chips	29 089	41 390	32 927	46 851
Repair materials	26 879	38 245	13 643	19 412
Ordinary repairs services	13 475	19 173	17 337	24 668
Various services (transport)	28 085	39 961	1 721	2 449
Provisions for annual holidays and social security	-1 952	-2 777	-26 573	-37 810
Cost of the fallen animals (prime cost)	61 974	88 181	0	0
Total prime cost of animals and skins	0	0	809 832	1 152 287
The prime cost for the sold skins at the reference year	1 413 648	2 011 440	0	0
Grown fur animal and produced skin prime cost turnover at the reference year	-886 119	-1 260 834	0	0
Total	1 673 369	2 380 990	2 126 960	3 026 391

31. Selling costs

	31.12.2010.	31.12.2010.	31.12.2009.	31.12.2009.
	LVL	EUR	LVL	EUR
Commission to auction houses (Finland)	54 179	77 090	56 804	80 825
Commission to auction houses (Denmark)	48 155	68 518	44 862	63 833
Travelling expenses	6 071	8 638	1 090	1 551
Previos years expenses	0	0	94	134
Advertising expenses	75	107	824	1 172
Other expenses	15	21	473	673
Total	108 495	154 374	104 147	148 188

32. Administrative expenses

	31.12.2010.	31.12.2010.	31.12.2009.	31.12.2009.
	LVL	EUR	LVL	EUR
Communication expenses	4 770	6 787	5 829	8 294
Office maintenance expenses	317	451	386	549
Annual Report expenses	2 000	2 846	1 800	2 561
Bank sevicees	1 194	1 699	1 219	1 734
Administration wages	50 114	71 306	55 800	79 396
Provisions for annual holidays and social security	1 340	1 907	-2 895	-4 119
Social security payments	12 068	17 171	13 368	19 021
Fixed assets depreciation	1 529	2 176	1 052	1 497
Currentt assets value write-offs	0	0	31	44
Transport expenses, travelling	6 941	9 876	2 824	4 018
Various services	10 225	14 549	0	0
Lawyer's services	10 599	15 081	3 600	5 122
Membership dues, payments to Riga Stock Exchange	9 041	12 864	9 123	12 981
Other administrative expenses (account. financ. services)	18 117	25 778	28 885	41 100
Total	128 255	182 490	121 022	172 199

NOTES TO FINANCIAL STATEMENTS (continued)
NOTES TO PROFIT AND LOSS ACCOUNT (continued)

33. Other operating income

Subsidies for purchase of breeding animals
Foreign exchange gains
Bonuss of skin quality
Total

31.12.2010.	31.12.2010.	31.12.2009.	31.12.2009.
LVL	EUR	LVL	EUR
8 310	11 824	33 578	47 777
0	0	2 156	3 068
11 317	16 103	0	0
19 627	27 927	35 734	50 845

34. Other operating expenses

Savings for doubtful debtors
Foreign exchange loss
Construction site amount decrease
Total

31.12.2010.	31.12.2010.	31.12.2009.	31.12.2009.
LVL	EUR	LVL	EUR
1 978	2 814	0	0
19 064	27 126	0	0
1 240	1 764	0	0
22 282	31 704	0	0

35. Other interest and similar income

Bank interest
Other income
Total

31.12.2010.	31.12.2010.	31.12.2009.	31.12.2009.
LVL	EUR	LVL	EUR
48	68	5	7
219	312	1 183	1 683
267	380	1 188	1 690

36. Interest expenses and similar expenses

Interest for prepayments
Interest on short-term credits
Interest on long-term credits
Fines and penalties paid
Total

31.12.2010.	31.12.2010.	31.12.2009.	31.12.2009.
LVL	EUR	LVL	EUR
7 932	11 286	7 929	11 282
12 092	17 205	11 475	30 534
5 029	7 156	4 597	6 541
7 903	11 245	278	396
32 956	46 892	24 279	51 993

37. Extraordinary income

Surplus found at inventory
Total

31.12.2010.	31.12.2010.	31.12.2009.	31.12.2009.
LVL	EUR	LVL	EUR
28 177	40 092		
28 177	40 092	0	0

38. Extraordinary expenses

Shortage on skin inventory
Total

31.12.2010.	31.12.2010.	31.12.2009.	31.12.2009.
LVL	EUR	LVL	EUR
40 412	-57 501	0	0
40 412	-57 501	0	0

39. Corporate income tax in reporting year

Corporate income tax in reporting year according to Corporate income tax declaration

31.12.2010.	31.12.2010.	31.12.2009.	31.12.2009.
LVL	EUR	LVL	EUR
0	0	0	0
0	0	0	0

40. Deferred tax income or expenses

Temporary difference in provisions for annual holidays
Temporary difference in fixed assets depreciation
The sum of losses, what reduces the taxable income, temporary differences
Deferred tax liabilities (+), assets (-)

31.12.2010.	31.12.2010.	31.12.2009.	31.12.2009.
LVL	EUR	LVL	EUR
-92	-131	-4 038	-5 746
26 966	38 369	-29 239	-41 603
-133 186	-189 507	0	0
-106 312	-151 268	-33 277	-47 349

The postponed income tax value for year 2010 is tax asset, that is not valid due to safety principle.

41. Other taxes

Real estate tax in reporting year

31.12.2010.	31.12.2010.	31.12.2009.	31.12.2009.
LVL	EUR	LVL	EUR
1 176	1 673	1 062	1 511
1 176	1 673	1 062	1 511

NOTES TO FINANCIAL STATEMENTS (continued)
NOTES TO PROFIT AND LOSS ACCOUNT (continued)

42. Remuneration of certified auditors company

	31.12.2010.	31.12.2010.	31.12.2009.	31.12.2009.
	LVL	EUR	LVL	EUR
Audit of Annual Report	2 000	2 846	1 800	2 561

The Financial Statement has been signed from from page 1 to page 29.

Member of the Board _____

Gunta Isajeva

Member of the Board _____

Andris Vītoliņš

15th of April, 2011

The Annual Report was approved by ordinary shareholders's meeting on __.April 2011.

There are no objections related to the Audit Report.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Joint Stock Company „GROBĪŅA”

Report on the Financial Statements

We have audited the accompanying financial statements of Joint Stock Company „GROBĪŅA” (from 8 to 29 page), which comprise the balance sheet as at December 31, 2010, and the income statement, statement of changes in equity and cash flow statement for the year then ended 2010, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Latvian Law of Annual report. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Joint Stock Company „GROBIŅA” as of December 31, 2010, and of its financial performance and its cash flows for the year then ended 2010 in accordance with Latvian Law of Annual report.

Report on Other Legal and Regulatory Requirements

We have read the Management Report set out on pages 4-6 and did not identify material inconsistencies between the financial information contained in the Management Report and that contained in the financial statements for 2010.

Marija Jansone, Sworn Auditor,
Certificate No.25,
Board Member,
„AUDIT ADVICE”, Ltd.
Commercial company licence No 134



Jansone

April 20th, 2011, Riga, Latvia