

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Joint Stock Company „GROBIŅA”

Report on the Financial Statements

We have audited the accompanying financial statements of Joint Stock Company „GROBIŅA” set out on pages 7 to 29 of the accompanying annual report, which comprise the balance sheet as of 31 December 2013 and the profit and loss account and the statements of changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Law of the Republic of Latvia on Annual Reports, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 about 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 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with the Law of the Republic of Latvia on Annual Reports.

Report on Other Legal and Regulatory Requirements

We have read the management report for 2013 set out on pages 4 to 6 of the accompanying annual report for 2013 and did not identify material inconsistencies between the financial information contained in the management report and that contained in the financial statements for 2013.

Marija Jansone
Certified auditor of Latvia
Certificate No.25
Member of the Board
„AUDIT ADVICE”, Ltd.
Commercial company license No.134



Riga, Latvia
March 14th, 2014

Joint Stock Company "GROBIŅA"

(Unified registration number 40003017297)

ANNUAL REPORT

FOR THE PERIOD

01 JANUARY 2013 -

31 DECEMBER 2013

The items of the financial statements were converted to EUR according to the exchange rate defined by the Bank of Latvia

as at 31 December 2013: LVL 1 = EUR 0.702804

as at 31 December 2012: LVL 1 = EUR 0.702804

and it is only for informative purposes.

Dubeņi, Grobiņa district

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General Information

Name of the Company	Joint stock company "Grobiņa"
Legal status of the Company	Public joint stock company
Registration number, place, date	40003017297 Riga, 12 July 2004
Address	Lapsu Street 3, Dubeņi, Grobiņa district 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
Core Business Activities of the Company	Raising of other animals, NACE 01.49 Farm animal food production NACE 10.91
Names and positions of the Board members:	
Chairman of the Board	Gundars Jaunsleinis
Member of the Board	Gunta Isajeva
Member of the Board	Andris Vītoliņš
Names and positions of the Council members: duration in accordance with data from the	Register of Enterprises
Chairman of the Council	Ojārs Osis
Member of the Council	Argita Jaunsleine
Member of the Council	Gunārs Laugalis
Member of the Council	Linda Elsberģe
Member of the Council	Silvija Neimane
Reporting year	01 January 2013 – 31 December 2013
Name and address of the auditor	Marija Jansone Sworn auditor (LACA Certificate No.25)
	SIA AUDIT ADVICE Sworn auditors company's licence No.134 Riga, Grecinieku Street 9-3, Latvia, LV-1050

Management Report

Core Business Activity

Core business activity of JSC "Grobiņa" is fur-farming of minks for fur production.

Operations during the reporting year

Net turnover of 2013 is LVL 2 616 032 or EUR 3 722 278, comparing with 2012 net turnover has increased by 19%. Within 12 months of 2012 68 760 mink skins were sold at an average sales price of LVL/pc 31,88 and 8 fox skins were sold at the average sales price of LVL/pc 9,35. In 12 months of 2013 58 112 mink skins were sold at the average sales price of LVL/pc 45,02, because the number of sold skins in December auction was lower than planned. Also there were sold 6 fox skins for the average sales price of LVL/pc 15,50. Therefore we can conclude that the high quality on the produced skins on year 2012 and year 2013 had ensured all time highest sales prices in company's history, because the sales prices for auction houses has increased by 40% comparing with last year.

The average number of employees in JSC "GROBIŅA" within 12 months of 2013 is 87, in the same period of 2012 - 82 employees.

In 2013 in salaries and wages Company has paid LVL 472 370, average wage and salary per one employee was LVL 452,46. In 2012 in salaries and wages Company has paid LVL 352 428 and average wage and salary's value per employee was LVL 358,16.

Profit of 2013 is LVL 550 591 or EUR 783 420. Net earnings per share are LVL 1,101 or EUR 1,567. Net earnings per share in 2012 were LVL 0,928 or EUR 1,321.

On March 2013 JSC "Grobiņa" started the realization of project "Fur animal breeding closures" at Pāvilosta district, Vērgale parish, "Ceļmalnieki" where it was planned to build new modern farm. For the project purposes on December 2013 JSC "Grobiņa" from Pāvilosta region local municipality purchased land property, 24.7 hectares at Pāvilosta district, Vērgale parish, "Ceļmalnieki" for the purchase price of LVL 43 700. The aim of modern, fully automated (functioning of the farm can be maintained by 24 employees) and from diseases clean fur-animal (mink) farm building is farm modernization. The farm is planned for 22 000 female mink breeding herd. The total costs of the farms construction project are EUR 5 075 978,55 LVL 3 567 418,03. Besides this, on year 2013, the management of JSC "Grobiņa" started the work on another project - establishment of a brand new food preparation facility, so in result for the project purposes JSC "Grobiņa" on January 2013 purchased real estate property on Brīvības street 119A and 119B, Liepāja.

On year 2013 JSC "Grobiņa" has made long term investments in total amount of EUR 6 055 677 or LVL 4 255 947, including EUR 634 458 or LVL 445 900 in the existing farm at Lapsu street, Dubeņi, Grobiņa parish, Grobiņa district, EUR 4 910 422 or LVL 3 451 064 in farm at "Ceļmalnieki", Vērgale parish, Pāvilosta district and EUR 510 787 or LVL 358 983 in the fur animal feed kitchen at Brīvības street 119A and 119B, Liepāja.

Financial Risk Management

The Company's operations are exposed to various financial risks, including credit risk and interest rate risk. The Company's Management seeks to minimize negative impact of potential financial risks on the Company's financial position.

The Company's loans are in EUR. As the goods are exported to the markets where the dominating currency is euro, what had been stable currency, the Company's Management does not foresee serious financial risks in the nearest future. Sales trends of recent years shows that the Company is well established in the markets where it sells its goods and the goods produced are competitive.

The Company follows prudent liquidity risk management ensuring that adequate finance resources are available for fulfilling its liabilities in fixed terms. On 31 December 2013 the Company's current assets exceeded short-term liabilities by LVL 215 815 or EUR 307 077. Long-term liabilities include long-term loan from bank, the maturity is 28th January 2019 and 19th February 2020. The Company's Management believes that the Company will have sufficient cash resources and its liquidity will not be compromised.

Financial results

Total liquidity ratio = 1.08
Current liquidity ratio = 0.17
Quick liquidity ratio = 0.15
Specific weight of liabilities in the balance sheet = 0.77
Debt/Equity Ratio = 3.37
Inventory turnover ratio = 0.75
Asset turnover ratio = 0.28
Profit on sales (%) = 21.05%
Return on equity (%) = 25.55 %

Legal proceedings

The Board of JSC "GROBIŅA" informs, that in 2013 against AS "GROBIŅA" there is no legal proceedings initiated. In previous years initiated proceedings against Board and Council at the time are terminated. Further details on proceedings and results are regularly published.

Subsequent events

JSC "Grobiņa" on January, 2014 signed a contract with Polish company "Bono Fur Farm" on the purchase of high quality short-haired Scandinavian type mink breeding herd for the new farm in "Ceļmalnieki", Vērgales district, Pāvilostas region in the total amount of EUR 3 145 000. As the result, on February, 2014 all purchased mink herd, consisting of 22 000 female minks and 4500 male minks, has been delivered to the new farm.

On January, 2014 JSC "Grobiņa" signed additional agreement on the Credit contract with JSC "Citadele Banka" on receiving additional credit in amount of EUR 2 102 500, from which EUR 1 320 000 was granted for the above mentioned mink herd purchase, but the remaining part EUR 782 500 was granted to partly cover the costs of the new food kitchen project. The loan repayment term is till 28.01.2019., with the annual interest rate of 4.2 % + 6 month EURIBOR rate.

On January, 2014 the first part of the construction project "Fur animal breeding closures" at "Ceļmalnieki", Vērgales district, Pāvilostas region" was put into exploitation, but already on February also the second part of the construction project was put into exploitation, as the result JSC "Grobiņa" has fully completed the construction project of the new fur farm in "Ceļmalnieki", Vērgales district, Pāvilostas region.

As of the last day of the reporting year until the date of signing this report, there have been no other major events requiring adjustments or disclosure in these financial statements.

Management's proposals on profit sharing

Taking into account 2013 profit volume in Shareholder's meeting JSC "GROBIŅA" Board recommends to consider part of the profit pay as dividends.

Future perspective

The management of JSC "Grobiņa" believes that by realizing the project on "Ceļmalnieki", Vērgale parish, Pāvilosta district, Company on year 2014 will be able to double the production volume by growing more than 200 000 animals, and as a result Company is planning to significantly increase the turnover within the next three years. Also the management of "Grobiņa" continues the work to establish a brand new food preparation kitchen on Brīvības street 119A and Brīvības street 119B, Liepāja. It is planned, that the new food preparation kitchen in the future could provide with the food not only JSC "Grobiņa" farms, but also other farms in Latvia and Lithuania. JSC "Grobiņa" management believes that formation of this food preparation facility is one of the most important precondition for mink farming industry's development in Latvia. Project implementation in the several year time is divided into separate phases. The volume of the project's investment necessary are planned to be 2,4 million EUR to 7 million EUR. It is planned to finish the first phase on March 2014.

Besides, on year 2014 the board of JSC "Grobiņa" is planning to reconstruct the fur-animal feed kitchen on the existing farm at Lapsu street 3, Dubeņi, Grobiņas parish, Grobiņa district, in result it will be modernized and its production capacity will be increased.

Chairman of the Board _____ Gundars Jaunsleinis

Member of the Board _____ Gunta Isajeva

Member of the Board _____ Andris Vītolņš

14 March 2014

Statement of Management's responsibility

The Management of Joint Stock Company "Grobiņa" is responsible for the preparation of the Company's Annual Report.

The Management of Joint Stock Company "GROBIŅA" in accordance with information available confirms that the Annual Report for the financial year 2013 has been prepared in accordance with the requirements of the applicable laws and regulations and gives a true and fair view on the JSC "Grobiņa" assets, liabilities, financial position and loss. The Management Report provides true review of JSC "Grobiņa" growth and performance results.

Internal risk control procedures are effective, risk management and internal control during the reporting year were performed in accordance with internal control procedures.

The Management of Joint Stock Company "Grobiņa" is responsible for the compliance with the requirements of laws and regulations of the Republic of Latvia.

Chairman of the Board_____

Gundars Jaunsleinis

Member of the Board_____

Gunta Isajeva

Member of the Board_____

Andris Vītoliņš

14 March 2014

BALANCE SHEET

ASSETS	Notes	31.12.13. LVL	31.12.13. EUR	31.12.12. LVL	31.12.12. EUR
Non-current assets					
I Intangible assets					
Concessions, patents, licences, trade marks and similar rights		0	0	0	0
Total intangible assets	3	0	0	0	0
II Tangible assets					
Land, building and construction		468 443	666 534	326 250	464 212
Equipment and machinery		76 856	109 356	86 571	123 179
Other fixed assets and equipment		244 346	347 673	70 400	100 170
Construction in progress		3 676 279	5 230 874	27 172	38 662
Advance payments for tangible assets		220 061	313 119	0	0
Total tangible assets	4	4 685 985	6 667 556	510 393	726 224
III Biological assets					
Breeding animals		1 777 509	2 529 167	1 768 218	2 515 948
Advance payments for breeding animals		2 811	4 000	2 811	4 000
Total biological assets	5	1 780 320	2 533 167	1 771 029	2 519 947
Total non-current assets		6 466 305	9 200 723	2 281 422	3 246 171
Current assets					
I Inventories					
Raw materials and consumables	6	389 335	553 974	126 449	179 921
Unfinished production	7	0	0	1 212	1 725
Finished production and goods for sale	8	2 146 947	3 054 830	1 150 962	1 637 671
Total inventories		2 536 282	3 608 804	1 278 623	1 819 317
II Receivables					
Trade receivables	9	1 630	2 319	10 850	15 438
Other receivables	10	50 985	72 545	39 566	56 297
Prepaid expenses	11	6 426	9 143	5 150	7 328
Total receivables		59 041	84 008	55 566	79 063
III Cash (total)	12	408 148	580 742	327 309	465 719
Total current assets		3 003 471	4 273 554	1 661 498	2 364 099
Total assets		9 469 776	13 474 277	3 942 920	5 610 270

The accompanying notes from 12 to 29 page form an integral part of these financial statements.

Chairman of the Board _____ Gundars Jaunsleinis

Member of the Board _____ Gunta Isajeva

Member of the Board _____ Andris Vītoliņš

14 March 2014

BALANCE SHEET (continued)

EQUITY AND LIABILITIES	Notes	31.12.13. LVL	31.12.13. EUR	31.12.12. LVL	31.12.12. EUR
I Equity					
Share capital (equity)	13	500 000	711 436	500 000	711 436
Reserves:					0
d) other reserves		54 454	77 481	54 454	77 481
<i>Total reserves</i>		54 454	77 481	54 454	77 481
Retained earnings					0
a) retained earnings for the previous year		1 049 655	1 493 525	885 459	1 259 895
b) retained earnings for the reporting year		550 591	783 420	464 196	660 491
<i>Total retained earnings</i>		1 600 246	2 276 945	1 349 655	1 920 386
Total equity		2 154 700	3 065 862	1 904 109	2 709 303
II Provisions					
Other provisions	14	49 043	69 782	30 874	43 930
Total provisions		49 043	69 782	30 874	43 930
III Liabilities					
I Long-term liabilities					
Loans from credit institutions	15	3 162 998	4 500 541	449 443	639 500
Other loans	16	7 307	10 397	13 196	18 776
Further period income	17	1 282 875	1 825 367	0	0
Deferred tax liabilities	18	25 197	35 852	0	0
Total long-term liabilities		4 478 377	6 372 156	462 639	658 276
II Short-term liabilities					
Loans from credit institutions	15	267 772	381 005	449 093	639 002
Other loans	16	22 149	31 515	8 392	11 941
Prepayments received from customers	19	1 647 980	2 344 864	846 139	1 203 947
Trade payables		672 394	956 730	178 971	254 653
Taxes and state social insurance payables	20	66 248	94 262	27 961	39 785
Other payables	21	26 305	37 429	21 422	30 481
Further period income	17	67 520	96 072	0	0
Accrued liabilities	22	17 288	24 599	13 320	18 953
Total short-term liabilities		2 787 656	3 966 477	1 545 298	2 198 761
Total liabilities		7 266 033	10 338 634	2 007 937	2 857 037
Total equity and liabilities		9 469 776	13 474 277	3 942 920	5 610 270

The accompanying notes from 12 to 29 page form an integral part of these financial statements.

Chairman of the Board _____ Gundars Jaunsleinis

Member of the Board _____ Gunta Isajeva

Member of the Board _____ Andris Vītoliņš

14 March 2014

INCOME STATEMENT

	Notes	2013 LVL	2013 EUR	2012 LVL	2012 EUR
Net turnover	23	2 616 032	3 722 278	2 195 815	3 124 363
Cost of sales	24	1 423 540	2 025 515	1 419 164	2 019 288
Gross profit or loss		1 192 492	1 696 763	776 651	1 105 075
Sales expenses	25	57 572	81 918	63 065	89 733
Administrative expenses	26	327 198	465 561	213 692	304 056
Other operating income	27	46 131	65 638	85 206	121 237
Other operating expenses	28	52 120	74 160	61 101	86 939
Profit or loss from operations		801 733	1 140 763	523 999	745 583
Interest payable and similar expenses	29	161 619	229 963	58 378	83 064
Profit or loss before extraordinary items and taxes		640 114	910 800	465 621	662 519
Profit or loss before taxes		640 114	910 800	465 621	662 519
Company income tax for the accounting year		57 767	82 195	0	0
Deferred corporate income tax	30	25 197	35 852	0	0
Other taxes	31	6 559	9 333	1 425	2 028
Profit or loss of the reporting year		550 591	783 420	464 196	660 491
Earnings (loss) per share (EPS)		1.101	1.567	0.928	1.321

The accompanying notes from 12 to 29 page form an integral part of these financial statements.

Chairman of the Board _____ Gundars Jaunsleinis

Member of the Board _____ Gunta Isajeva

Member of the Board _____ Andris Vītoliņš

14 March 2014

CASH FLOW STATEMENT (indirect method)

	Notes	2013 LVL	2013 EUR	2012 LVL	2012 EUR
I Cash flow from operating activities					
1 Profit or loss before extraordinary items and taxes		640 114	910 800	465 621	662 519
<i>Adjustments:</i>					
a) depreciation costs of tangible assets;	4	80 355	114 335	64 916	92 367
b) write-offs of intangible assets;	3	0	0	0	0
c) disposals of tangible assets;	4	0	0	17 035	24 239
d) accruals (other than accruals for doubtful debts);	14	18 169	25 852	-447	-636
e) profit or loss from foreign currency exchange rate fluctuations;	28	15 800	22 481	15 171	21 586
f) subsidies, grants, endowments, donations;	27	-26 430	-37 607	-19 800	-28 173
g) interest payable and similar expenses.	29	159 034	226 285	58 378	83 064
2 Profit or loss before corrections of changes in the balances of current assets and short-term liabilities		887 042	1 262 147	600 874	854 967
<i>Adjustments:</i>					
a) (increase)/decrease in long-term financial investments;		0	0	2 500	3 557
b) (increase)/decrease in biological assets;		-9 291	-13 220	-1 458 984	-2 075 947
c) (increase)/decrease in receivables balances;		-3 475	-4 944	506	720
d) (increase)/decrease in inventories balances;		-1 257 659	-1 789 488	-267 009	-379 920
e) increase/(decrease) in suppliers, contractors and other creditors payables balances.		2 635 030	3 749 310	859 365	1 222 766
3 Gross cash flow from operating activities		2 251 647	3 203 805	-262 748	-373 857
4 Interest payable	29	-159 034	-226 285	-58 378	-83 064
5 Immovable property tax expenses	20	-6 559	-9 333	-1 425	-2 028
6 Cash flow before extraordinary items		2 086 054	2 968 187	-322 551	-458 949
7 Net cash flow from operating activities		2 086 054	2 968 187	-322 551	-458 949
II. Cash flow from investing activities					
1 Additions in tangible and intangible assets	3,4	-4 255 947	-6 055 667	-46 604	-66 312
2 Proceeds obtained from disposal of tangible and intangible assets	4	0	0	5 761	8 197
8 Cash flow from investing activities		-4 255 947	-6 055 667	-40 843	-58 114
III. Cash flow from financing activities					
1 Loans received		3 013 219	4 287 424	1 049 110	1 492 749
2 Subsidies, grants, endowments and donations received	27	26 430	37 607	19 800	28 173
3 Loans repaid		-473 117	-673 185	-410 356	-583 884
4 Dividends paid		-300 000	-426 862	0	0
9 Net cash flow from financing activities		2 266 532	3 224 984	658 554	937 038
IV. Result of foreign currency exchange rate fluctuation		-15 800	-22 481	-15 171	-21 586
V. Net cash flow in the reporting year		80 839	115 024	279 989	398 388
VI. Cash and its equivalents at the beginning of the reporting year		327 309	465 719	47 320	67 330
VII. Cash and its equivalents at the end of the reporting year	12	408 148	580 742	327 309	465 719

The accompanying notes from 12 to 29 page form an integral part of these financial statements.

Chairman of the Board _____ Gundars Jaunsleinis

Member of the Board _____ Gunta Isajeva

Member of the Board _____ Andris Vītoliņš

14 March 2014

STATEMENT OF CHANGES IN EQUITY

	2013 LVL	2013 EUR	2012 LVL	2012 EUR
I. Share capital (equity)				
1. Amount in the balance sheet of the previous year	500000	711436	500000	711436
4. Amount in the balance sheet at the end of the reporting year	500000	711436	500000	711436
V. Reserves				
1. Amount in the balance sheet of the previous year	54454	77481	54454	77481
4. Amount in the balance sheet at the end of the reporting year	54454	77481	54454	77481
VI. Retained earnings				
1. Amount in the balance sheet of the previous year	1349655	1920386	885459	1259895
2. Calculated dividends	300000	426862	0	0
3. Increase/decrease in retained earnings	550 591	783420	464 196	660491
4. Amount in the balance sheet at the end of the reporting year	1 600 246	2276945	1 349 655	1920386
VII. Equity				
1. Amount in the balance sheet of the previous year	1904109	2709303	1439913	2048812
3. Amount in the balance sheet at the end of the reporting year	2154700	3065862	1904109	2709303

The accompanying notes from 12 to 29 page form an integral part of these financial statements.

Chairman of the Board _____
Member of the Board _____
Member of the Board _____

Gundars Jaunsleinis
Gunta Isajeva
Andris Vītoliņš

14 March 2014

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICY

I. General Principles

The financial statements of the Company have been prepared in accordance with the Law of the Republic of Latvia on Annual Reports, Regulations No.488 issued by the Cabinet of Ministers of the Republic of Latvia "Law on annual reports enforcement policies", Regulations No.481 issued by the Cabinet of Ministers of the Republic of Latvia "Regulations on the cash flow statement and statement of changes in equity content and preparation procedures".

Income statement has been prepared by turnover cost method.

Cash flow statement has been prepared using indirect method to calculate cash flow from operating activities.

Accounting policy, accounting and evaluation methods used by the Company have not been changed comparing with the previous reporting year.

Financial reporting year is 12 month and it is equal to calendar year.

Accounting principles used

Items of the financial statements have been evaluated according to the following accounting principles:

1. Assumption, that a Company is a going concern.
2. The same evaluation methods are used as in the previous reporting year.
3. Evaluation is made with proper precaution, taking into account the following conditions:
 - the report includes profit, that was acquired till the date of the balance sheet;
 - all foreseeable risk amounts and losses that incurred during the reporting year or in the previous years have been taken into account even if they have been found out in the period between the date of balance sheet and the date, when annual report was signed;
 - any value decrease and depreciated amounts have been calculated and taken into account regardless of whether the reporting year is finished with profit or loss.
4. Income and expenses related to the reporting year are taken into account regardless of the date of payment and the date of invoice receipt or issue. Expenses are reconciled with incomes in the reporting year.
5. Elements of the assets and liabilities items are evaluated separately.
6. Opening balances of the reporting year match closing balances of the previous year except the adjusted items.
7. All the items, that significantly affect evaluation and decision-making of the annual report users, are disclosed, non-significant items have been combined and the details are disclosed in the notes.
8. Business transactions are disclosed in the annual report, taking into account its economic contents and nature rather than legal form.

Subsequent events

Favorable or adverse events after the balance sheet date of the reporting year are disclosed in the financial statements by reflecting the adjustments in the amounts of the items or by adding new items. If by the time of the preparation of financial statements there has been adverse event that does not relate to the reporting year, but may significantly impact the financial statement users' assessment of Company's assets, liabilities, financial position, profit or loss and cash flow or decision-making in the future, the Management provides information about such events in the Management Report, disclosing the estimated financial impact of the event or informing that it can not be estimated.

Changes in accounting policies, accounting estimates, correction of errors and its disclosure in the financial statements

Accounting policies are changed only if the regulatory framework has changed or if the existing accounting policy no longer meets the true and fair view requirements of the law due to changed circumstances. If a change in accounting policy is caused by normative framework, the impact is disclosed in the financial statements in accordance with established transitional procedures. If the transitional procedures have not been established, the impact of change in accounting policy is evaluated to all respective items of the financial statements of the previous period. Changes in accounting policies are explained in the notes to the financial statements. Information about the change in accounting estimates is provided in the notes to the financial statements. Accounting estimates are changed only when subsequent events will change the circumstances that gave rise to the estimate so far, or if there is new information.

Error occurred and discovered during the reporting year or by the time of preparation of annual report is corrected before the financial statements are authorised for issue, adjusting the corresponding financial statement's items.

II. Recognition of revenues and net turnover

Net turnover is the total value of the goods (mink, polar fox and silver fox skins and fur skin products) sold and services provided within the year, subtracting discounts, value added tax and other taxes directly related to sales. Revenue from the product sale is recognized when the buyer has accepted the goods according to the terms and conditions of the goods delivery. Revenue from services provided is recognized at the time services are provided. Other revenues are recognized as following:

- revenue from rent - at the time it occurs;
- revenues from fines and penalty payments - at the receipt time;
- revenues from insurance compensation - at the receipt time;
- revenues from dividends - when legal right appears;
- revenues from interest - on accrual basis of accounting.

In accordance with principle of accrual basis of accounting expenses are recognizes in the period, in which they occur regardless of invoice payment date. Loan costs, which are associated with loans are written-off in the period to which they relate and are shown in the caption "Interest payable and similar expenses".

III. Intangible and tangible assets

Intangible and tangible assets are recorded at purchase value less accumulated depreciation. The purchase value includes expenses, which are directly related to the purchase of the intangible or tangible asset. The purchase value of software licence includes costs of licence purchase and costs, that appeared by the time of implementing it in use. The value of intangible assets is expected to be included in the expenses within five years.

Land is not an object of depreciation. In respect of other assets the depreciation is calculated on a straight-line basis over the estimated useful life of the relevant intangible or tangible asset, in order to write-off the purchase value or the revaluation value of the intangible or tangible asset until its estimated residual value at the end of the useful life using the following rates defined by the Management:

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

The initial value of construction in progress is increased by other direct costs incurred in relation to the object until the new object is put into operation. The initial value of the respective asset is not increased by the interest of the loans used for creation of the new asset in the periods when active development work regarding the construction in progress is not carried out. At the end of the reporting year the construction in progress is evaluated for impairment.

Subsequent costs are included in the balance sheet asset value or recognized as a separate asset only when there is a high probability that future economic benefits, related to this item, will flow to the Company and the costs of this item can be determined credibly. Such costs are written off during the remaining useful life of the tangible asset. When capitalizing the established costs of spare parts, the residual value of the replaced parts is written off in the income statement.

Current repair and maintenance costs of the tangible asset are recorded in the income statement in the period they appeared.

Profit or loss on tangible assets disposals are calculated as the difference between the book value and sales income, and the incomes from the respective tangible asset revaluation reserve written-off, these are recorded in the income statement in the period they appeared.

IV. Finance lease

Leased tangible assets are listed in balance-sheet in the value they could be acquired, if immediate payment were made, only in that case, if fixed assets are under finance lease with purchasing rights and all risks and returns associated with these assets have passed to the Company.

V. Inventories

Inventories are recorded at the lower of product cost and market value. Inventories are measured using the FIFO method. Outdated, slow or damaged inventories are written-off. Inventories are recorded using continuous inventory method.

VI. Trade receivables

Trade receivables are recorded in the balance sheet in the net value, initial costs less an allowance for any doubtful or uncollectible amounts. The allowance for any doubtful or uncollectible amounts is made in the cases, when the Management supposes, that the collection of these amounts is problematic.

VII. Prepaid expenses

Expenses, which occurred after reporting date, but are related to subsequent years, shall be shown in the balance-sheet item "Prepaid expenses"

VIII. Foreign Currency Revaluation to Lats

The accounting in the Company is made in Latvian lats. All transactions in the foreign currency are revaluated to lats according to the official exchange rate defined by the Bank of Latvia at the date of transaction.

Assets and liabilities in the foreign currency are revaluated to lats according to the official exchange rate defined by the Bank of Latvia at the last day of the reporting year. The profit or loss, that derive from the foreign currency exchange rate fluctuations, are disclosed in the income statement in the corresponding period.

	31.12.2013.	31.12.2012.	
	(lats)	(lats)	
1 USA dollar	0.515	0.531	(USD)
1 Euro	0.702804	0.702804	(EUR)
1 Lithuanian lit	0.204	0.204	(LTL)
1 Danish krone	0.0942	0.0942	(DKK)
1 Russian rouble	0.0156	0.0174	(RUB)

IX. Cash and Cash Equivalents

Cash and cash equivalents for the cash flow statement's purpose consist of the current accounts balances and short-term deposits with initial term up to 90 days.

X. Financial Risk Management

The Company's principal financial instrument is cash. The main purpose of this financial instrument is to ensure financing for the Company's operations. The Company has various other financial instruments such as consumers and customers debts and other debtors, debts to suppliers and contractors and other creditors, which arise directly from its operations. The company may grant short-term loans to the Management and employees.

Financial risks

The main financial risks arising from the Company's financial instruments are liquidity risk and credit risk.

Interest rate risk

The Company's policy is to ensure that the majority of its borrowings are at fixed rate.

Credit risk

The Company is exposed to credit risk through its trade receivables, other receivables, as well as cash. The Company manages its credit risk by continuously assessing the credit history of customers and assigning credit terms on individual basis. In addition, receivable balances are monitored on an ongoing basis to ensure that the Company's exposure to bad debts is minimised.

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

Liquidity risk

The Company manages its liquidity risk by maintaining an appropriate financing.

XI. Subsidies

Subsidies received for specific types of capital investment are recognized as deferred income, which is gradually included in the revenues during the useful life of the tangible assets received or purchased with the subsidy. Subsidy to cover expenses is recognized in revenues in the same period when the relevant expenditure appeared, provided all the terms and conditions in respect of receiving the subsidy are fulfilled.

XII. Loans

Initially loans are recognized in fair value less costs, related to the loan. In the subsequent periods loans are recorded as the depreciated purchase value, which is calculated 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 income statement.

XIII Taxes

The Corporate income tax costs of the reporting year are included in the financial statements basing on the Management's calculations in accordance with the laws and regulations on taxes of the Republic of Latvia.

Deferred tax is calculated using the liability method on all temporary differences between assets and liabilities in the financial statements and its values for the tax calculation purposes. Deferred tax is calculated using the tax rates, that are in force at the date of the balance sheet, which are expected during the periods, when temporary differences smooth out. Temporary differences primarily arise from the use of different rates of depreciation of the fixed assets, as well as tax losses that are transferred to subsequent tax periods. A deferred tax asset is recognized if there is a high probability, that a taxable profit will be acquired, which will be object to the deductible temporary differences.

XIV. Provisions

Provisions are recognized if the Company has present legal or practice obligation that was a result of past events, there is a high probability, that for the completion of the obligation economic benefits outflow will be necessary and the amount may be credibly estimated.

Provisions for unused annual leaves and state social insurance payments for unused leaves are calculated as total provisions for all employees taking into account each employee's average daily salary and accumulated leave days at the end of the reporting period.

XV. Related parties

Related parties are considered to be participants of the Company, members of the Board, members of the Council, their close relatives and the companies, in which mentioned persons have control or significant influence.

XVI. Biological assets

The Company's biological assets are fur animals. The biological assets are measured at fair value. Fair value is determined by the cost calculation. The changes in the amount of biological assets, which results from the measurment at fair value less estimated impairment due to degeneration and increase in value due to reproduction and impairment due to skin production are included in the income statement of the reporting period. The skins produced are included in the inventories and initially measured at fair value according to the cost calculation.

XVII. Investment properties

The Company has no investment property.

XVIII. Accrued liabilities, contingencies

Accrued liabilities are certain amounts payable to suppliers and contractors for goods or services received in the reporting year which at the balance sheet date has not yet been billed according to supply, sales or business contracts or other reasons. These obligations amounts are calculated on the basis of the contract price and the supporting documents of actual receipt of goods or services. A contingent liability disclosures are provided in the notes to the financial statements and - where appropriate - in the Management report. The likely financial impact is indicated where possible and if any expected.

Contingent assets which may arise in connection with certain past events (eg, intention to conclude a contract or option), are not included in the balance sheet. If it is expected that the Company receives future economic benefits from contingent assets, the information is provided in the Management report.

XIX. Earnings per share

Earnings per share are determined by dividing the net profit or loss attributable to company shareholders by the weighted average number of shares during the reporting year.

NOTES TO THE FINANCIAL STATEMENTS

GENERAL NOTES

1. Average number of employees in the reporting year

Average number of employees

2 013

2 012

87

82

2. Total personnel expenses

- salaries
- state social insurance payments
- including:

LVL	EUR	LVL	EUR
585 059	832 464	436 690	621 354

472 370	672 122	352 428	501 460
112 689	160 342	84 262	119 894

Remuneration of employees engaged in production (core activity)

- salaries
- state social insurance payments
- **total**

369 578	525 862	263 484	374 904
88 022	125 244	63 436	90 261
457 600	651 106	326 920	465 165

Remuneration of administration

- salaries
- state social insurance payments
- **total**

102 792	146 260	88 944	126 556
24 667	35 098	20 826	29 633
127 459	181 358	109 770	156 189

including Reward to the Council

- reward
- state social insurance payments
- **total**

0	0	18 000	25 612
0	0	4 218	6 002
0	0	22 218	31 613

including Reward to the Board

- salary for the board member duties
- salary for the professional duties
- state social insurance payments
- **total**

53 091	75 542	35 169	50 041
26 626	37 885	19 906	28 324
19 204	27 325	13 268	18 879
98 921	140 752	68 343	97 243

NOTES TO FINANCIAL STATEMENTS (continued)

NOTES TO THE BALANCE SHEET

3. Statement of intangible assets flow

	Company's 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 as at 31.12.2011.			1 637			1 637
Purchase (+)			0			0
Disposal (-)			0			0
Purchase value as at 31.12.2012.	0	0	1 637	0	0	1 637
Depreciation as at 31.12.2011.			1 637			1 637
Calculated (+)			0			0
Written off (-)			0			0
Depreciation as at 31.12.2012.	0	0	1 637	0	0	1 637
Net carrying amount as at 31.12.2011.		0	0	0	0	0
Net carrying amount as at 31.12.2012.		0	0	0	0	0

	Company's 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 as at 31.12.2011.			2 329			2 329
Purchase (+)			0			0
Disposal (-)			0			0
Purchase value as at 31.12.2012.	0	0	2 329	0	0	2 329
Depreciation as at 31.12.2011.			2 329			2 329
Calculated (+)			0			0
Written off (-)			0			0
Depreciation as at 31.12.2012.	0	0	2 329	0	0	2 329
Net carrying amount as at 31.12.2011.		0	0	0	0	0
Net carrying amount as at 31.12.2012.		0	0	0	0	0

	Company's 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 as at 31.12.2012.			1 637			1 637
Purchase (+)			0			0
Disposal (-)			-349			-349
Purchase value as at 31.12.2013.	0	0	1 288	0	0	1 288
Depreciation as at 31.12.2012.			1 637			1 637
Calculated (+)			0			0
Written off (-)			-349			-349
Depreciation as at 31.12.2013.	0	0	1 288	0	0	1 288
Net carrying amount as at 31.12.2012.	0	0	0	0	0	0
Net carrying amount as at 31.12.2013.	0	0	0	0	0	0

	Company's 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 as at 31.12.2012.			2 329			2 329
Purchase (+)			0			0
Disposal (-)			-497			-497
Purchase value as at 31.12.2013.	0	0	1 833	0	0	1 833
Depreciation as at 31.12.2012.			2 329			2 329
Calculated (+)			0			0
Written off (-)			-497			-497
Depreciation as at 31.12.2013.	0	0	1 833	0	0	1 833
Net carrying amount as at 31.12.2012.	0	0	0	0	0	0
Net carrying amount as at 31.12.2013.	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS (continued)

NOTES TO THE BALANCE SHEET

4. Statement of tangible assets and investment property flow

	Land, building and construction (LVL)	Long-term investm. in rented fixed assets (LVL)	Equipment and machinery (LVL)	Other fixed assets and equipment (LVL)	Construction in progress (LVL)	Advance payments for fixed assets (LVL)	Total (LVL)
Purchase or revaluated value as at 31.12.2011.	1 164 972	0	532 998	216 403	25 100	0	1 939 473
Purchased in the reporting year (+)			1 332	29 439	15 833		46 604
Disposed in the reporting year (+/-)				-13 553	-13 761		-27 314
Purchase or revaluated value as at 31.12.2012.	1 164 972	0	534 330	232 289	27 172	0	1 958 763
Accumulated depreciation as at 31.12.2011.	809 058	0	430 422	148 492	0	0	1 387 972
Calculated in the reporting year (+)	29 664		17 337	17 915			64 916
Disposed in the reporting year (-)				-4 518			-4 518
Accumulated depreciation as at 31.12.2012.	838 722	0	447 759	161 889	0	0	1 448 370
Net carrying amount as at 31.12.2011.	355 914	0	102 576	67 911	25 100	0	551 501
Net carrying amount as at 31.12.2012.	326 250	0	86 571	70 400	27 172	0	510 393
	Land, building and construction (EUR)	Long-term investm. in rented fixed assets (EUR)	Equipment and machinery (EUR)	Other fixed assets and equipment (EUR)	Construction in progress (EUR)	Advance payments for fixed assets (EUR)	Total (EUR)
Purchase or revaluated value as at 31.12.2011.	1 657 606	0	758 388	307 914	35 714	0	2 759 621
Purchased in the reporting year (+)			1 895	41 888	22 528		66 312
Disposed in the reporting year (+/-)			0	-19 284	-19 580		-38 864
Purchase or revaluated value as at 31.12.2012.	1 657 606	0	760 283	330 517	38 662	0	2 787 069
Accumulated depreciation as at 31.12.2011.	1 151 186	0	612 435	211 285	0	0	1 974 906
Calculated in the reporting year (+)	42 208		24 668	25 491			92 367
Disposed in the reporting year (-)	0		0	-6 429			-6 429
Accumulated depreciation as at 31.12.2012.	1 193 394	0	637 104	230 347	0	0	2 060 845
Net carrying amount as at 31.12.2011.	506 420	0	145 952	96 629	35 714	0	784 715
Net carrying amount as at 31.12.2012.	464 212	0	123 179	100 170	38 662	0	726 224

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

4. Statement of tangible assets and investment property flow

	Land, building and construction (LVL)	Long-term investm. in rented fixed assets (LVL)	Equipment and machinery (LVL)	Other fixed assets and equipment (LVL)	Construction in progress (LVL)	Advance payments for fixed assets (LVL)	Total (LVL)
Purchase or revaluated value as at 31.12.2012.	1 164 972	0	534 330	232 289	27 172	0	1 958 763
Purchased in the reporting year (+)	177 620		6 073	203 086	3 649 107	220 061	4 255 947
Disposed in the reporting year (+/-)	-40 794		-1 429	-1 062			-43 285
Purchase or revaluated value as at 31.12.2013.	1 301 798	0	538 974	434 313	3 676 279	220 061	6 171 425
Accumulated depreciation as at 31.12.2012.	838 722	0	447 759	161 889	0	0	1 448 370
Calculated in the reporting year (+)	35 427		15 788	29 140			80 355
Disposed in the reporting year (-)	-40 794		-1 429	-1 062			-43 285
Accumulated depreciation as at 31.12.2013.	833 355	0	462 118	189 967	0	0	1 485 440
Net carrying amount as at 31.12.2012.	326 250	0	86 571	70 400	27 172	0	510 393
Net carrying amount as at 31.12.2013.	468 443	0	76 856	244 346	3 676 279	220 061	4 685 985

	Land, building and construction (EUR)	Long-term investm. in rented fixed assets (EUR)	Equipment and machinery (EUR)	Other fixed assets and equipment (EUR)	Construction in progress (EUR)	Advance payments for fixed assets (EUR)	Total (EUR)
Purchase or revaluated value as at 31.12.2012.	1 657 606	0	760 283	330 517	38 662	0	2 787 069
Purchased in the reporting year (+)	252 730		8 641	288 965	5 192 211	313 119	6 055 667
Disposed in the reporting year (-)	-58 045		-2 033	-1 511			-61 589
Purchase or revaluated value as at 31.12.2013.	1 852 292	0	766 891	617 972	5 230 874	313 119	8 781 147
Accumulated depreciation as at 31.12.2012.	1 193 394	0	637 104	230 347	0	0	2 060 845
Calculated in the reporting year (+)	50 408		22 464	41 462			114 335
Disposed in the reporting year (-)	-58 045		-2 033	-1 511			-61 589
Accumulated depreciation as at 31.12.2013.	1 185 757	0	657 535	270 299	0	0	2 113 591
Net carrying amount as at 31.12.2012.	464 212	0	123 179	100 170	38 662	0	726 224
Net carrying amount as at 31.12.2013.	666 534	0	109 356	347 673	5 230 874	313 119	6 667 556

NOTES TO FINANCIAL STATEMENTS (continued)

NOTES TO THE BALANCE SHEET

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

Property	Cadastral No.	Cadastral value LVL/EUR	Book value LVL/EUR
<i>Land</i>	64600140090 (LVL)	34 120	81 937
	64600140090 (EUR)	48 548	116 586
<i>Building and construction</i>	64600140091 (LVL)	57 007	235 382
	64600140091 (EUR)	81 113	334 918
<i>Land</i>	17000220107 (LVL)	47 430	30 974
	17000220107 (EUR)	67 487	44 072
<i>Building and construction</i>	17000220107 (LVL)	294 847	120 150
	17000220107 (EUR)	419 529	170 958

Result of written-off, eliminated and disposed tangible assets:

	31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
Purchase value	43 285	61 589	27 314	38 864
Accumulated depreciation (-)	43 285	61 589	4 518	6 429
Net carrying amount	0	0	22 796	32 436
Spare parts, materials and proceeds obtained from disposal of fixed assets (+)	0	0	5 761	8 197
Profit (+) or loss (-) from disposal of fixed assets	0	0	-17 035	-24 239

Depreciation of fixed assets and write-off of intangible assets value for tax purposes (Law on Enterprise Income Tax, Section 13)

	Residual value as at 31.12.2012. LVL	Purchased in 2013 LVL	Residual value of disposed fixed asset LVL	Value for depreciation calculation LVL	Rate LVL	Depreciation LVL	Residual value as at 31.12.2013. LVL
Group I	183 046	146 646	0	329 692	10%	32969	296 723
Group III	482	1 186	0	1 668	70%	1168	500
Group IV	37 477	182 555	0	220 032	40%	88013	132 019
Group IV	18 103	25 419	0	43 522	30%	13057	30 465
Total	239 108	355 806	0	594 914		135 206	459 708

	Residual value as at 31.12.2012. EUR	Purchased in 2013 EUR	Residual value of disposed fixed asset EUR	Value for depreciation calculation EUR	Rate EUR	Depreciation EUR	Residual value as at 31.12.2013. EUR
Group I	260 451	208 658	0	469 109	10%	46911	422 199
Group III	686	1 688	0	2 373	70%	1661	712
Group IV	53 325	259 752	0	313 077	40%	125231	187 846
Group IV	25 758	36 168	0	61 926	30%	18578	43 348
Total	340 220	506 266	0	846 486		192 381	654 105

5. Biological assets

	31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
Residual value at the beginning of the year	1 771 029	2 519 947	312 045	444 000
Purchased breeding animals	0	0	1 389 541	1 977 139
Sold breeding animals (-)	-214	-304	0	0
Increase in value due to reproduction (+)	1 871 662	2 663 135	1 292 263	1 838 725
Decrease in value due to degeneration (-)	-76 292	-108 554	-46 012	-65 469
Decrease due to finished production (-)	-1 785 865	-2 541 057	-1 176 808	-1 674 447
Residual value at the end of the year	1 780 320	2 533 167	1 771 029	2 519 947

NOTES TO FINANCIAL STATEMENTS (continued)

NOTES TO THE BALANCE SHEET

6. Raw materials and consumables

	31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
Forage	379 672	540 225	93 261	132 698
Medication	1 302	1 853	13 047	18 564
Fuel for heating	7 357	10 468	19 491	27 733
Repair materials	561	798	561	798
Fuel, gas	443	630	89	127
Total	389 335	553 974	126 449	179 921

7. Unfinished production

	31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
Raw mink skins	0	0	1 212	1 725
Total	0	0	1 212	1 725

8. Finished production and goods for sale

	31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
Mink skins	2 145 420	3 052 658	1 149 399	1 635 447
Fox skins	0	0	36	51
Finished goods	1 527	2 173	1 527	2 173
Total	2 146 947	3 054 830	1 150 962	1 637 671

9. Trade receivables

	31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
Carrying amount of trade receivables	1 630	2 319	10 850	15 438
Allowance for doubtful receivables (-)	0	0	0	0
Net trade receivables	1 630	2 319	10 850	15 438

During the financial year is written off a bad debt LVL 1878. The debtor has stopped its business activities and has no property to which direct the recovery of the debt, so the debt recovery has been recognized as hopeless.

10. Other receivables

	31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
Overpaid taxes to the budget or tax advances	27 394	38 978	20 528	29 209
Advance person's debt settlement	0	0	1 597	2 272
Allowance for doubtful receivables	0	0	-1 597	-2 272
Payables for services rendered	0	0	3 745	5 329
Advance payments for services	23 591	33 567	15 293	21 760
Total	50 985	72 545	39 566	56 297

Doubtful debts, which in previous years have been 100% provided, in reporting year were disposed in amount of LVL 1 597.

11. Prepaid expenses

	31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
Advertising in catalogs	800	1 138	503	716
Insurance	4 892	6 961	3 009	4 281
Employee training	734	1 044	1 638	2 331
Total	6 426	9 143	5 150	7 328

12. Cash

	31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
Cash on hand	25 820	36 739	883	1 256
Cash in bank	382 328	544 004	326 426	464 462
Total	408 148	580 742	327 309	465 719

NOTES TO FINANCIAL STATEMENTS (continued)

NOTES TO THE BALANCE SHEET

13. Information on the Company's own shares

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

On the 31th of December 2013 500 000 bearer's shares were publicly traded.

Class of shares	31.12.2013.		31.12.2012.	
	% of equity	Number of shares	% of equity	Number of shares
		LVL		LVL
Bearer's shares with voting rights - publicly traded	100%	500 000	100.0%	500 000
	100%	500 000	100%	500 000

List of shareholders and their position held in the Company on 10 April 2013

Shareholders	Position held in the Company	% from share capital
Aksana Jansone	Not applicable	41.27%
Gundars Jaunsleinis	Chairman of the Board	25.75%
Argita Jaunsleine	Member of the Council	23.98%
Other shareholders	x	9.00%
Total:	x	100%

Information about limitations concerning share expropriation rights

Restrictions for expropriation of shares or specific consent reception for shares disposal have not been set.

Shareholders' rights and agreements

Regulated by laws and regulations of the Republic of Latvia, the Company's Statutes does not define any special limitations or regulations related to the Company does not possess any information about agreements between shareholders.

Powers of the Board Members and special agreements

According to the Statutes of the JSC "Grobiņa" each Board member has the right to represent the Company alone.

There is no agreement between the Company and the Board members concerning the compensation of resignation.

Regulations of Board members elections and Statute amendments

Regulated by laws and regulations of the Republic of Latvia, the Company's Statutes does not define any special limitations or regulations related to the elections of Board members and Statute amendments.

14. Provisions

Provisions for leaves in the beginning of the year

Increase / (decrease)

Provisions for leaves at the end of the year

31.12.2013.	31.12.2013.	31.12.2012.	31.12.2012.
LVL	EUR	LVL	EUR
30 874	43 930	31 321	44 566
18 169	25 852	-447	-636
49 043	69 782	30 874	43 930

15. Loans from credit institutions (total)

Name of credit institution, loan terms	Maturity	Rate	31.12.2013.	31.12.2013.	31.12.2012.	31.12.2012.
			LVL	EUR	LVL	EUR
ABLV Bank	Oktober 2014	6 M EURIBOR EUR + 5%	0	0	898 535	1 278 500
Nordea Bank Finland Plc	January 2014	overdraft	1	1	1	1
Citadele banka a/s	January 2014	overdraft	3	4	0	0
Citadele banka a/s	February 2020	6 M EURIBOR EUR + 4.5%	2 800 000	3 984 041	0	0
Citadele banka a/s	January 2019	7 M EURIBOR EUR + 4.2%	630 766	897 499	0	0
Total			0	3 430 770	898 536	1 278 502

Liabilities to JSC "Citadele Banka" are ensured with first round mortgage on whole Company's estate property, first round commerce pledge on Company's tangible assets, second round commerce pledge on inventories and animal herd and financial pledge on Company's financial assets, which are kept in JSC "GROBIŅA" bank account in JSC "Citadele Banka".

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

Long-term and short-term parts of loans from credit institutions

Long-term:

from 2 to 5 years

Total long-term:

Short-term:

Total

31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
3 162 998	4 500 541	449 443	639 500
3 162 998	4 500 541	449 443	639 500
267 772	381 005	449 093	639 002
3 430 770	4 881 546	898 536	1 278 502

16. Other loans (total)

SIA Nordea Finance Latvia leasing agreement

Total

31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
29 456	41 912	21 588	30 717
29 456	41 912	21 588	30 717

Company's liabilities to SIA Nordea Finance Latvia are ensured with leasing object car.

Long-term and short-term parts of other loans

Long-term:

from 2 to 5 years

Total long-term:

Short-term:

Total short-term:

Total

31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
7 307	10 397	13 196	18 776
7 307	10 397	13 196	18 776
22 149	31 515	8 392	11 941
22 149	31 515	8 392	11 941
29 456	41 912	21 588	30 717

17. Further period income

ELFLA public funding to the project ""Establishment of ur animal breeding closures""

Total

Long-term:

from 2 to 5 years
over 5 years

Total long-term:

Short-term:

Total

31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
1 350 395	1 921 439	0	0
1 350 395	1 921 439	0	0
0	0	0	0
1 282 875	1 825 367	0	0
1 282 875	1 825 367	0	0
67 520	96 072	0	0
1 350 395	1 921 439	0	0

18. Deferred tax liabilities

Deferred tax liabilities at the start of the year

Reporting year (income) / costs

Total

31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
0	0	0	0
25 197	35 852	0	0
25 197	35 852	0	0

Deferred tax liabilities are made for time deflection caused temporary differences, arising from the differences in the tax and financial accounting. The deferred tax liabilities were calculated by using the tax rate 15%.

The mentioned differences are mainly caused by the rate of depreciation of fixed assets differences in tax and financial accounting.

19. Prepayments received from customers

Interest rates

Prepayments received from customers (auction houses)

3.75%

Total

31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
1 647 980	2 344 864	846 139	1 203 947
1 647 980	2 344 864	846 139	1 203 947

Company has pledged inventories and animal herd to ensure advance payments from Saga Furs Oyj for fur pups and fur skins from growing season 2013/2014 - 2014/2015. Pledge have ben registered as a first round commercial pledge.

20. Taxes and state social insurance payables

State social insurance payments

Personal income tax

Unemployment risk duty

Company income tax for the accounting year

Company car tax

Total

31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
0	0	13 428	19 106
8 114	11 545	14 380	20 461
25	36	20	28
57 767	82 195	0	0
342	487	133	189
66 248	94 262	27 961	39 785

NOTES TO FINANCIAL STATEMENTS (continued)

NOTES TO THE BALANCE SHEET

Tax and duty obligations flow in 2013

	Balance as at 31.12.2012.	Calculated in 2013	Penalty in 2013	Paid in 2013	Repaid in 2013	Deflection to other taxes	Balance as at 31.12.2013.
	LVL	LVL	LVL	LVL	LVL	LVL	LVL
State social insurance payments	13 428	164 148	38	60 690	-2 165	119 390	-301
Personal income tax	14 380	82 553	877	58 907	0	30 789	8 114
Value added tax	-19 866	-411 734	0	0	-256 644	-148 014	-26 942
Immovable property tax	0	6 559	0	6 559	0	0	0
Company income tax for the accounting year	0	57 767	0	0	0	0	57 767
Natural resources tax	-662	511	0	0	0	0	-151
Company car tax	133	551	0	342	0	0	342
Unemployment risk duty	20	274	0	269	0	0	25
Total	7 433	-99 371	915	126 767	-258 809	2 165	38 854

including:

Taxes receivable (-)	-20 528	-27 394
Taxes payable (+)	27 961	66 248

Taxes receivable as at 31.12.2013, in the amount of LVL 27 394 are shown in the item "Other receivables"

	Balance as at 31.12.2012.	Calculated in 2013	Penalty in 2013	Paid in 2013	Repaid in 2013	Deflection to other taxes	Balance as at 31.12.2013.
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
State social insurance payments	19 106	233 562	54	86 354	-3 081	169 877	-428
Personal income tax	20 461	117 462	1 248	83 817	0	43 809	11 545
Value added tax	-28 267	-585 845	0	0	-365 172	-210 605	-38 335
Immovable property tax	0	9 333	0	9 333	0	0	0
Company income tax for the accounting year	0	82 195	0	0	0	0	82 195
Natural resources tax	-942	727	0	0	0	0	-215
Company car tax	189	784	0	487	0	0	487
Unemployment risk duty	28	390	0	383	0	0	36
Total	10 576	-141 392	1 302	180 373	-368 252	3 081	55 284

including:

Taxes receivable (-)	-29 209	-38 978
Taxes payable (+)	39 785	94 262

Taxes receivable as at 31.12.2013, in the amount of EUR 38 978 are shown in the item "Other receivables"

21. Other payables

	31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
Wages and salaries	25 189	35 841	20 215	28 763
Deductions from wages and salaries	162	231	516	734
Deposited salary, compensation for damages	666	948	665	946
Advance person's debt settlement	288	410	26	37
Total	26 305	37 429	21 422	30 481

22. Accrued liabilities

	31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
Communication expenses in December	14	20	141	201
Fees for sworn auditors company for audit of annual report	3 001	4 270	1 250	1 779
Electricity in December	10 517	14 964	8 384	11 929
Transport expenses	0	0	195	277
Services in December	3 756	5 344	3 350	4 767
Total	17 288	24 599	13 320	18 953

NOTES TO FINANCIAL STATEMENTS (continued)
NOTES TO THE INCOME STATEMENT

23. Net turnover

Revenue from mink skins sales
Revenue from silver fox skins
Revenue from polar fox skins
Revenue from fur products
Total

31.12.2013.	31.12.2013.	31.12.2012.	31.12.2012.
LVL	EUR	LVL	EUR
2 615 939	3 722 146	2 191 928	3 118 833
93	132	34	48
0	0	41	58
0	0	3 812	5 424
2 616 032	3 722 278	2 195 815	3 124 363

23a. Net turnover by geographical segments

Latvia
Finland
Lithuania
Greece
Total

6 983	9 936	15 576	22 163
2 609 049	3 712 342	2 170 019	3 087 659
0	0	1 252	1 781
0	0	8 968	12 760
2 616 032	3 722 278	2 195 815	3 124 363

24. Cost of sales

Forage
Medication
Wages and salaries
State social insurance payments, unemployment risk duty
Depreciation
Electricity costs
Security costs
Equipment maintenance services
Insurance costs
Chips for treatment
Utilization and other expenses
Dry waste
Natural resources tax
Staff training, business trip expenses
Fuel, gas
Fuel for heating, chips
Repair materials
Current repairs services
Various services (transport expenses etc.)
Provisions for leaves and state social insurance payments
Cost of the fallen animals (prime cost)
<i>Total prime cost of animals and skins</i>
Prime cost of the sold fur skins and products in the reporting year
Prime cost turnover of grown fur animals and processed skins in reporting year
Total

31.12.2013.	31.12.2013.	31.12.2012.	31.12.2012.
LVL	EUR	LVL	EUR
1 386 793	1 973 229	964 285	1 372 054
136 049	193 580	94 378	134 288
369 578	525 862	263 484	374 904
88 278	125 608	63 659	90 579
73 763	104 955	61 866	88 027
121 313	172 613	81 341	115 738
2 085	2 967	1 194	1 699
20 147	28 667	20 250	28 813
1 331	1 894	4 048	5 760
9 527	13 556	6 493	9 239
6 036	8 588	9 707	13 812
740	1 053	740	1 053
512	729	383	545
326	464	2 020	2 874
26 459	37 648	23 549	33 507
27 100	38 560	19 829	28 214
85 684	121 917	78 034	111 032
13 990	19 906	10 638	15 137
46 061	65 539	77 219	109 873
11 827	16 828	1 534	2 183
76 293	108 555	46 012	65 469
<i>Total prime cost of animals and skins</i>			
1 393 848	1 983 267	1 403 612	1 997 160
-2 474 200	-3 520 469	-1 815 111	-2 582 670
1 423 540	2 025 515	1 419 164	2 019 288

NOTES TO FINANCIAL STATEMENTS (continued)

NOTES TO THE INCOME STATEMENT

25. Sales expenses

Commission to auction houses (Finland)
Produkcijas apdrošināšana (Somija)
Advertising expenses
Total

31.12.2013.	31.12.2013.	31.12.2012.	31.12.2012.
LVL	EUR	LVL	EUR
45 646	64 948	61 928	88 116
8 031	11 427	0	0
3 895	5 542	1 137	1 618
57 572	81 918	63 065	89 733

26. Administrative expenses

Communication expenses
Office maintenance expenses
Annual report expenses
Bank services
Administration salaries
Provisions for leaves and state social insurance payments
State social insurance payments, unemployment risk duty
Depreciation
Transport, business trip expenses
Various services and expenses
Legal services
Membership dues, payments to the Riga Stock Exchange
Accounting and other financial services
Total

31.12.2013.	31.12.2013.	31.12.2012.	31.12.2012.
LVL	EUR	LVL	EUR
3 593	5 112	4 111	5 849
1 862	2 649	1 001	1 424
3 001	4 270	2 700	3 842
50 584	71 975	21 288	30 290
102 792	146 260	88 944	126 556
6 342	9 024	0	0
24 685	35 124	20 845	29 660
6 592	9 380	3 050	4 340
16 204	23 056	9 928	14 126
46 020	65 481	13 759	19 577
32 079	45 644	19 226	27 356
10 544	15 003	9 340	13 290
22 900	32 584	19 500	27 746
327 198	465 561	213 692	304 056

27. Other operating income

Income from forage and other tangible assets
Income from service provision and work execution
Subsidies for purchase of breeding animals
Received EU co-financing
Decrease of provisions for leaves
Benefits of share selling
Other income
Total

31.12.2013.	31.12.2013.	31.12.2012.	31.12.2012.
LVL	EUR	LVL	EUR
17 428	24 798	30 800	43 824
2 175	3 095	29 387	41 814
24 605	35 010	19 800	28 173
1 825	2 597	0	0
0	0	1 981	2 819
0	0	2 875	4 091
98	139	363	517
46 131	65 638	85 206	121 237

28. Other operating expenses

Sold forage expenses
Losses from foreign currency exchange rate fluctuations and buying/selling
Allowance for doubtful debts
Construction in progress write-off
Losses on disposal of fixed assets
Various expenses
Total

31.12.2013.	31.12.2013.	31.12.2012.	31.12.2012.
LVL	EUR	LVL	EUR
12 731	18 115	28 122	40 014
15 800	22 481	15 171	21 586
1 878	2 672	0	0
0	0	13 761	19 580
0	0	3 275	4 660
21 711	30 892	772	1 098
52 120	74 160	61 101	86 939

29. Interest payable and similar expenses

Interest on advances in auction houses
Interest on short-term loans
Interest on long-term loans
Fines and penalties paid
Total

31.12.2013.	31.12.2013.	31.12.2012.	31.12.2012.
LVL	EUR	LVL	EUR
35 214	50 105	20 377	28 994
1 273	1 811	427	608
122 546	174 367	36 255	51 586
2 586	3 680	1 319	1 877
161 619	229 963	58 378	83 064

NOTES TO FINANCIAL STATEMENTS (continued)

NOTES TO THE INCOME STATEMENT

30. Deferred tax income or expenses

Temporary difference in provisions for annual leave
Temporary difference in tangible assets depreciation
Temporary differences of the loss amounts, that reduce the taxable income
Deferred tax liabilities (+), assets (-)
Deferred tax liabilities (+), assets (-) 15%

31.12.2013.	31.12.2013.	31.12.2012.	31.12.2012.
LVL	EUR	LVL	EUR
-49 043	-69 782	-30 874	-43 930
217 026	308 800	163 852	233 140
0	0	-209 429	-297 991
167 983	239 018	-76 451	-108 780
25 197	35 853	-11 468	-16 317

Deferred tax calculated for the year 2012 is tax asset that in accordance with the precautionary principle is not recognized.

31. Other taxes

Immovable property tax in the reporting year

31.12.2013.	31.12.2013.	31.12.2012.	31.12.2012.
LVL	EUR	LVL	EUR
6 559	9 333	1 425	2 028
6 559	9 333	1 425	2 028

OTHER NOTES TO FINANCIAL STATEMENTS

32. Fees for sworn auditors company

Audit of annual report
Translation of annual report

31.12.2013.	31.12.2013.	31.12.2012.	31.12.2012.
LVL	EUR	LVL	EUR
3 001	4 270	2 500	3 557
200	285	200	285
3 201	4 555	2 700	3 842

33. Guarantees and off-balance-sheet liabilities

Guarantees are not issued
There is non Off-balance-sheet liabilities

34. Received financial assistance and other forms of financial support

In reporting year Company was granted with state aid in amount of LVL 24 605 for breeding works and animal growing in non-traditional sector. Funding was received in September 2013.

In reporting year Company was granted with European Agricultural Fund's for Rural Development public funding project's "Development of fur animal farms" support in amount of LVL 1 680 100. Granted amount of co-financing covers 60% of construction costs.

Implementation of the project began on 1st of October 2012 and shall be completed till 30th of March 2014. Public fund is received in parts starting with May 2013 to March 2014.

All fund provider's requirements concerning in previous years received funds are fulfilled.

Company had no liabilities concerning failures to comply with finacation provider's regulations.

In reporting year Company has not received national or local municipality guarantees or investments in equity capital.

In March and May of reporting year Company has received state social insurance payments and personal income tax current payments' extensions for period of three month.

In reporting year Company has not received contributions or donations.

35. Transactions with related parties

Income

Income from fur-skin sales to the Board member G.Isajevai
Total

31.12.2013.	31.12.2013.	31.12.2012.	31.12.2012.
LVL	EUR	LVL	EUR
0	0	328	467
0	0	328	467

Expences

Expences for legal servissess from the member of Council A.Jaunsleines
legal office Sole Proprietor
Expences for accounting services from the member of Council
S.Neimane LTD "SN Finances" (Board and Council member)
Total

31.12.2013.	31.12.2013.	31.12.2012.	31.12.2012.
LVL	EUR	LVL	EUR
31 600	44 963	18 900	26 892
21 200	30 165	6 000	8 537
52 800	75 128	24 900	35 430

In 2013 Company has received and repaid short-term loan with no interest applied from Council member and shareholder Agrita Jaunsleina and Chairman of the Board and shareholder Gundars Jaunseinis.

For all transactions with related parties are used market prices

NOTES TO FINANCIAL STATEMENTS (continued)
OTHER NOTES TO FINANCIAL STATEMENTS

36. Liabilities to former employees

Company has liabilities to former employees concerning injuries, which occurred in the event of an accident at work.

Expences	31.12.2013.	31.12.2013.	31.12.2012.	31.12.2012.
	LVL	EUR	LVL	EUR
Compensation for damage	1586	2257	1616	2299
Invalidity pension and addition payments for invalidity pension	0	0	1406	2001
Total	1586	2257	3022	4300

37. Subsequent events

As of the last day of the reporting year until the date of signing this report, there have been no major events requiring adjustments or disclosure in these financial statements.

38. Monetary assets and liabilities

Company is not exposed to foreign exchange risk, all the settlements are made in EUR currency.

	31.12.2013.	31.12.2012.
	EUR	EUR
Monetary assets, EUR	321433	469312
Monetary liabilities, EUR	-8125364	-2551754
Balance-sheet item EUR, neto	-7803931	-2082443
Balance-sheet item LVL, neto	-5484634	-1463549

99% of Company's income is in EUR currency. In 2013 losses from EUR currency sales are 15 808 LVL.

The financial statements have been signed from page 1 to page 29.

Chairman of the Board	_____	Gundars Jaunsleinis
Member of the Board	_____	Gunta Isajeva
Member of the Board	_____	Andris Vītoliņš
14 March 2014		