Joint Stock Company

GROBIŅA

Unaudited
Financial Statement
For Nine-Month Period Ended
30 September 2009

CONTENT

Company Information	3
Management Report on nine-month results of the year 2009	4
Profit and Loss Statement for the period ended September 30, 2009	5
Balance Sheet as at September 30, 2009	6-7
Statement of changes in Shareholder's Equity for the period ended September 30, 2009	8
Cash Flow Statement for the period ended September 30, 2009	9
Notes	10
Statement of Management's Responsibilities	12

COMPANY INFORMATION

Company name	Joint stock company "Grobiņa"
Legal status of the company	Public joint stock company
Company Registration Number with the Enterprise Register	Unified registration number: 40003017297 Riga, 12 July 2004
Address (legal and office)	3 Lapsu street, "Dubeņi" Municipality Grobina "Dubeņi",Liepaja district, LV 3438, Latvia
Field of activity	Fur-farming, growing, processing, sales and brokerage of agricultural produce, transport service, renting out immovable property
Chairman of the Council	Jānis Siliņš
Members of the Council	Ojārs Petrēvics Jānis Briedis Genādijs Jefimovs Silvija Neimane
Chairman of the Management Board	Daina Kalniņa
Members of the Management Board	Andris Vītoliņš Gunta Isajeva
Reporting period	1 January 2009 – 30 September 2009

MANAGEMENT REPORT

The main operation of the joint stock company "Grobiņa" is fur-farming of mink.

The net turnover of the Company amounted to 1 208 268 LVL for nine-month period ended 30 September 2009 or 44% less than over the respective period the year before.

Decrease in both the number of sold furs and their sales price.

The Company has ended the nine-month period of the year 2009 with a loss of 203 814 LVL. The Company activities continue to reduce the production costs to compensate the decrease of the sales price.

The average number of personnel employed by the company was 111 persons in the nine-month period of the year 2009 (123 in the respective period the year before).

Net loss per share is 0.4076 LVL or 0.5800 EUR as at 30 September 2009, earnings per share were 0.028 LVL or 0.040 EUR in the year 2008.

_____
Daina Kalniņa
Chairman of the Board

Dubeņi, 28 December 2009

PROFIT OR LOSS STATEMENT FOR THE PERIOD ENDED SEPTEMBER 30, 2009

		30.09.2009 LVL	30.09.2009 EUR	30.09.2008 LVL	30.09.2008 EUR
1.	Net turnover	1 208 268	1 719 210	2 167 415	3 083 954
2.	Cost of sales	(1 213 164)	(1 726 176)	(1 937 415)	(2 756 693)
3.	**Gross profit or loss**	**(4 896)**	**(6 966)**	**230 000**	**327 261**
4.	Distribution costs	(102 035)	(145 183)	(112 234)	(159 695)
5.	Administrative expenses	(86 061)	(122 454)	(87 444)	(124 422)
6.	Other operating income	6 681	9 506	21 264	30 256
7.	Other operating expense	(106)	(151)	(11 449)	(16 290)
10.	Interest receivable and similar income	2	3	40	57
12.	Interest payable and similar expenses	(16 602)	(23 623)	(25 323)	(36 031)
16.	**Profit or loss before taxes**	**(203 017)**	**(288 868)**	**14 854**	**21 135**
17.	Other taxes	(797)	(1 134)	(765)	(1 088)
18.	**Profit or loss for the reporting period**	**(203 814)**	**(290 002)**	**14 089**	**20 047**
19.	**Earnings per share (EPS)**	**(0.4076)**	**(0.5800)**	**0.028**	**0.040**

Daina Kalniņa
Chairman of the Board

Dubeņi, 28 December 2009

BALANCE SHEET AS AT SEPTEMBER 30, 2009

	2009 30.09. LVL	2009 30.09. EUR	2008 30.09. LVL	2008 30.09. EUR
Assets				
Non-current assts				
I. Intangible fixed assets				
2. Concessions, patents, licences and similar rights	156	222	326	464
Total:	**156**	**222**	**326**	**464**
II. Tangible fixed assets:				
1. Land, buildings, constructions and perennial plants	421 178	599 282	453 685	645 536
3. Equipment and machinery	89 330	127 105	143 721	204 497
4. Other fixtures and fittings, tools and equipment	62 720	89 243	87 006	123 798
5. Assets under construction	26 340	37 478	12 579	17 898
6. Prepayments for tangible fixed assets	-	-	13 761	19 580
Total:	**599 568**	**853 108**	**710 752**	**1 011 309**
IV. Biological assets	**1 412 723**	**2 010 124**	**936 307**	**1 332 245**
V. Non-current financial assets				
5. Other securities and investments	352	501	352	501
7. Own stocks and shares	2 500	3 557	2 500	3 557
Total:	**2 852**	**4 058**	**2 852**	**4 058**
Total non-current assets	**2 015 299**	**2 867 512**	**1 650 237**	**2 348 076**
Current assets				
I. Inventories:				
1.Raw materials	42 626	60 651	53 499	76 122
3. Finished goods and goods for resale	543 608	776 484	338 358	481 440
5. Prepayments for goods	-	-	5 196	7 393
Total:	**586 234**	**834 136**	**397 053**	**564 956**
II. Receivables:				
1. Trade receivables	153 154	217 918	439 935	625 971
4. Other receivables	6 318	8 990	18 277	26 006
7. Prepaid expense	320 345	455 809	707 261	1 006 342
Total:	**479 817**	**682 717**	**1 165 473**	**1 658 319**
IV. Cash (Total)	**11 135**	**15 844**	**4 446**	**6 326**
Total current assets:	**1 077 186**	**1 532 697**	**1 566 972**	**2 229 600**
Total assets	**3 092 485**	**4 400 210**	**3 217 209**	**4 577 676**

BALANCE SHEET AS AT SEPTEMBER 30, 2009

	2009 30.09. LVL	2009 30.09. EUR	2008 30.09. LVL	2008 30.09. EUR
Equity and liabilities				
Capital and reserves:				
1.Share capital	500 000	711 436	500 000	711 436
5. Reserves				
c) statutory reserves	54 454	77 481	54 454	77 481
6. Retained earnings or loss				
a) brought forward	1 676 119	2 384 902	1 667 334	2 372 403
b) for the period	(203 814)	(290 002)	14 089	20 047
Total :	**2 026 759**	**2 883 818**	**2 235 877**	**3 181 366**
Provisions:				
3.Other provisions	52 528	74 741	55 080	78 372
Total:	**52 528**	**74 741**	**55 080**	**78 372**
Liabilities:				
Non-current liabilities:				
3. Deferred taxation	33 277	47 349	36 710	52 234
4. Other loans	225 600	321 000	228 420	325 012
Total:	**258 877**	**368 349**	**265 130**	**377 246**
Current liabilities:				
3. Loans from credit institutions	344 187	489 734	331 477	471 649
5. Prepayments received	13 242	18 842	824	1 172
6. Trade payables	358 423	509 990	272 030	387 064
10.Taxes payable	16 980	24 160	23 122	32 900
11. Other liabilities	12 929	18 396	26 412	37 581
12. Deferred income	-	-	3 159	4 495
13. Accrued liabilities	8 560	12 180	4 098	5 831
Total:	**754 321**	**1 073 302**	**661 122**	**940 692**
Total liabilities:	**1 013 198**	**1 441 651**	**926 252**	**1 317 938**
Total equity and liabilities	**3 092 485**	**4 400 210**	**3 217 209**	**4 577 676**

Daina Kalniņa
Chairman of the Board

Dubeņi, 28 December 2009

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED SEPTEMBER 30, 2009

	Share capital LVL	Share capital EUR	Statu-tory reser-ves LVL	Statu-tory reser-ves EUR	Retained earnings LVL	Retained earnings EUR	Total LVL	Total EUR
Balance as at 1 January 2008	**500 000**	**711 436**	**54 454**	**77 481**	**1 667 334**	**2 372 403**	**2 221 788**	**3 161 320**
Profit for the reporting period					8 785	12 500	8 785	12 500
Balance as at 31 December 2008	**500 000**	**711 436**	**54 454**	**77 481**	**1 676 119**	**2 384 902**	**2 230 573**	**3 173 819**
Profit for the reporting period					(203 814)	(290 002)	(203 814)	(290 002)
Balance as at 30 September, 2009	**500 000**	**711 436**	**54 454**	**77 481**	**1 472 305**	**2 094 900**	**2 026 759**	**2 883 818**

Daina Kalniņa
Chairman of the Board

Dubeņi, 28 December 2009

CASH FLOW STATEMENT FOR THE PERIOD ENDED SEPTEMBER 30,2009

	30.09.2009 LVL	30.09.2009 EUR	30.09.2008 LVL	30.09.2008 EUR
Cash flow to/from operating activities				
1. Net profit or loss before extraordinary items and taxes	**(203 017)**	**(288 868)**	**14 854**	**21 135**
Adjustments for:				
a) amortisation and depreciation	76 089	108 265	74 436	105 913
b) amortisation of intangible assets	115	164	110	157
c) fixed asset liquidation	31	44	-	-
d) gain/loss from fluctuations of currency exchange rates	(6 681)	(9 506)	11 239	15 992
e) grants received	-	-	(20 330)	(28 927)
f) interest income	(2)	(3)	(40)	(57)
g) interest expense	16 602	23 623	25 323	36 031
2. Operating profit or loss before working capital changes	**(116 863)**	**(166 281)**	**105 592**	**150 244**
a) Increase/ decrease in biological assets	(904 882)	(1 287 531)	(378 607)	(538 709)
b) Increase/ decrease in inventories	1 456 829	2 072 881	1 672 203	2 379 331
c) Increase/decrease in receivables	(460 127)	(654 702)	(1 141 908)	(1 624 789)
d) increase/decrease in payables	53 471	76 082	(373 082)	(530 848)
3. Cash generated from operations	**28 428**	**40 449**	**(115 802)**	**(164 771)**
4. Interest paid	(16 602)	(23 623)	(25 323)	(36 031)
5. Real estate tax paid	(797)	(1 134)	(765)	(1 088)
8. Net cash flow to/from operating activities	**11 029**	**15 693**	**(141 890)**	**(201 891)**
Cash flow to/from investing activities				
1. Purchase of fixed assets	(578)	(823)	(362)	(515)
3. Interest received	2	3	40	57
9. Net cash flow to/from investing activities	**(576)**	**(820)**	**(322)**	**(458)**
Cash flow to/from financing activities				
1. Loans received	437 048	621 863	738 283	1 050 482
2. Loans paid	(451 101)	(641 859)	(758 696)	(1 079 527)
3.Grants received	-	-	20 330	28 927
10. Net cash flow from financing activities	**(14 053)**	**(19 996)**	**(83)**	**(118)**
Effect of exchange rate fluctuations	**6 681**	**9 506**	**(11 239)**	**(15 992)**
Change in cash and cash equivalents	**3 081**	**4 384**	**(153 534)**	**(218 459)**
Cash and cash equivalents at the beginning of the reporting period	**8 054**	**11 460**	**157 980**	**224 785**
Cash and cash equivalents at the end of the reporting period	**11 135**	**15 844**	**4 446**	**6 326**

Daina Kalniņa
Chairman of the Board
Dubeņi, 28 December 2009

Notes to the Financial Statement

I. Accounting policies

a. General principles

The financial statements have been prepared in compliance with the laws of the Latvian Republic „On Accounting", „On Annual Accounts of Undertakings" and Latvian Accounting Standards.

The Statement of Profit and Loss has been prepared according to the turnover cost method.

The Cash Flow Statement has been drawn up by establishing the cash flow from operating activities according to the indirect method.

In comparison to the previous reporting period the respective amounts in the balance sheet, profit or loss account, statement of changes in equity and cash flow statement are included as at September 30, 2009 and September 30, 2008.

b. Net turnover

Net turnover is the total amount of the value of the products sold and services rendered within a year less discounts granted and less value added tax. Other income is recognized at the time of its appearance, when there is a legal basis for it.

c. Intangible and fixed assets

Intangible assets, in general, consist of computer software licences. Intangible assets are shown at the cost of acquisition less accumulated depreciation. Depreciation has been calculated according to the linear method by applying 20% rate per annum.

All fixed assets have been initially evaluated at their acquisition value. Fixed assets have been presented at their acquisition value less accrued depreciation. Depreciation has been calculated according to the linear method in the period of the useful life of the corresponding fixed assets, in order to write off regularly the value up to their calculated residual value as at the end of their useful life by applying rates approved by the management.

	% per annum
Buildings	1.7% - 8.5%
Equipment and machinery	5.3% - 25%
Other tangible assets	9.1% - 33.33%

d. Biological assets

Fur-bearing animals are recognized as biological assets.

e. Inventory

The inventories are stated at the lower of cost and net realisable value. Cost is determined using the FIFO method.
Residuals of raw materials, materials and purchased goods have been accounted for at their acquisition cost price. Residuals of finished products and fur-bearing animals have been evaluated at cost price.

1.5. Trade receivables

Trade receivables are presented in the balance sheet at their net value by deducting special provisions for doubtful accounts receivable from the historical value. The amount of doubtful accounts receivable is established by analysing the term of each account receivable and by using other relative information about their recovery.

1.6. Cash and cash equivalents

For purposes of the cash flow statement, cash and cash equivalents comprise cash, the balances of the current bank account and other current liquid financial assets.

1.7. Accruals for unused annual leave

Amount of accumulated unused annual leave is determined by multiplying the average day rate of employees for the last six month of the financial year by the amount of accrued but unused leave at the end of the reporting period.

1.8. Grants

The allocated financial support related to fixed assets has been recognized as deferred income and entered into income within period of useful life of respective fixed asset.

2. Foreign currencies

In the financial statements and in accounting, the cash unit of the Latvian Republic – the lat has been used as a cash unit and value measure. All transactions in foreign currencies have been transferred to lats according to the official exchange rate set by the Latvian Bank on the corresponding transaction day. Assets and liabilities in foreign currencies have been transferred into lats according to the exchange rate set by the Latvian Bank on the last day of the reporting period. Profit or loss gained as a result of foreign currency rate fluctuations has been accounted for in the Statement of Profit and Loss of the corresponding reporting period

	2009. 30.09.	2008. 30.09.
1 USD	0.480	0.486
1 EUR	0.702804	0.702804
1 DKK	0.0944	0.0942
1 LTL	0.204	0.204
1 RUB	0.0159	0.0194

In accordance with the Riga Stock Exchange requirements all balances are presented in Euro (EUR). For the purposes of disclosures translation is performed applying the official exchange rate adopted by the Bank of Latvia 1 LVL=0,702804 EUR as at 30 September 2009.

3. Earnings per share (EPS)

Net loss per share is 0.4076 LVL or 0.5800 EUR as at 30 September 2009, earnings per share was 0.028 LVL or 0.040 EUR in 2008.

4. Average number of employees

Average number of personnel employed by the company was 111 persons in the nine-month period of 2009 (123 in the respective period the year before).

DECLARATION OF MANAGEMENT RESPONSIBILITY

The interim financial statements are the responsibility of the management of the JSC "Grobiņa". Management of the company declares that in accordance with possessed information, presented condensed financial statements are prepared under actual laws and regulations and represent truthful and clear information on the company assets, equity, liabilities, financial situation and profit or loss.

Interim management Report contains truthful information.

The established control procedures for prevention internal risk are effective. Risk management and established internal control procedures have been applied consistently during the reporting period.

The management is responsible for performance in compliance with legislation of Latvian Republic.

_____

Daina Kalniņa
Chairman of the Board

Dubeņi, 28 December 2009