Joint stock company

GROBIŅA

Non-audited
Financial statements
For the 3 months period ended
31 March 2010

CONTENT

Company Information	3
Management Report about 2010. year 3 months results	4
Statement of Profit and Loss for the period ended March 31, 2010	5
Balance sheet as at March 31, 2010	6-7
Statement of changes in Shareholder's Equity for the period ended March 31, 2010	8
Cash flow statement for the period ended March 31, 2010	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
Chairmen of the Council	Jānis Siliņš
Members of the Council	Gunārs Laugalis Jānis Meijubers Aivars Žvagulis Dagmāra Šlosberga
Chairman of the Management Board	Daina Kalniņa
Members of the Management Board	Andris Vītoliņš Gunta Isajeva
Reporting period	1 January 2010 – 31 March 2010
Name and address of the Auditor	Marija Jansone Certified Auditor (LACA Certificate No.25) "Zvērinātu revidentu firma KAPITĀLS", Ltd. Certified auditors commercial company Licence No.6 Liepāja, Graudu 23, LV – 3401, Latvia

MANAGEMENT REPORT

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

Over the first quarter of 2010 the net turnover was LVL 450 010. Compared with the first quarter of the previous year it reduced by 2.4% The sale price in Scandinavian auction houses increased. The profit over 3 months of the year 2010 was LVL 33 513.

The average number of employees employed by the joint stock company "Grobiņa" in the three months of the year 2010 was 93, while in the respective period of the year 2009 the Company employed 119 people.

In the first quarter of 2010 the current agreement on restructuring of the credit line was concluded with the credit institution and the sum EUR 50 000 was repaid, which accounts for 50% of the basic sum to be repaid in 2010. In the finance reports covering the intermediate periods of the first quarter 2010 the short-term liabilities include the short-term share of the short-term bank loan, and the long-term liabilities include the long-term share, which is a long-term credit with the term of discharge 30th October 2015. The sum to be repaid in 2010 is EUR 100 000. The Company Management believes that the company will have enough cash resources so as its liquidity is not threatened.

In the 3 months of 2010 net earnings per share amounted to LVL 0.067 or EUR 0.095; in the 3 months of year 2009 earnings per share constituted LVL 0.020 or EUR 0.030.

_____
Daina Kalniņa
Chairmen of the Board

Dubeņi, 27 May 2010

PROFIT OR LOSS STATEMENT FOR THE PERIOD ENDED MARCH 31, 2010

		31.03.2010 LVL	31.03.2010 EUR	31.03.2009 LVL	31.03.2009 EUR
1.	Net turnover	450 010	640 307	460 973	655 905
2.	Cost of sales	(353 697)	(503 265)	(361 829)	(514 836)
3.	**Gross profit or loss**	**96 313**	**137 042**	**99 144**	**141 069**
4.	Distribution costs	(24 440)	(34 775)	(32 562)	(46 332)
5.	Administrative expenses	(34 285)	(48 783)	(32 648)	(46 454)
6.	Other operating income	565	804	-	-
7.	Other operating expense			(18 136)	(25 805)
10.	Interest receivable and similar income	43	61	1	1
12.	Interest payable and similar expenses	(4 683)	(6 663)	(5 657)	(8 049)
16.	**Profit or loss before taxes**	**33 513**	**47 686**	**10 142**	**14 431**
17.	Other taxes			(266)	(378)
18.	**Profit or loss for the reporting period**	**33 513**	**47 686**	**9 876**	**14 052**
19.	**Earnings per share (EPS)**	**0.067**	**0.095**	**0.020**	**0.030**

Daina Kalniņa
Chairmen of the Board

Dubeņi, 27 May 2010

BALANCE SHEET AS AT MARCH 31, 2010

	31.03. 2010 LVL	31.03. 2010 EUR	31.03. 2009 LVL	31.03. 2009 EUR
Assets				
Non-current assts				
I. Intangible fixed assets				
2. Concessions, patents, licences and similar rights	20	28	230	327
Total:	**20**	**28**	**230**	**327**
II. Tangible fixed assets:				
1. Land, buildings, constructions and perennial plants	410 588	584 214	436 063	620 462
3. Equipment and machinery	73 361	104 383	112 810	160 514
4. Other fixtures and fittings, tools and equipment	54 382	77 379	73 446	104 504
5. Assets under construction	26 340	37 478	26 340	37 478
6. Prepayments for tangible fixed assets	-	-	-	-
Total:	**564 671**	**803 454**	**648 659**	**922 959**
IV. Biological assets	**155 932**	**221 871**	**395 090**	**562 162**
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	**723 475**	**1 029 411**	**1 046 831**	**1 489 506**
Current assets				
I. Inventories:				
1.Raw materials	41 989	59 745	136 904	194 797
2. Unfinished production	1 962	2 792	-	-
3. Finished goods and goods for resale	1 174 962	1 671 820	1 494 775	2 126 873
5. Prepayments for goods	455	647	-	-
Total:	**1 219 368**	**1 735 004**	**1 631 679**	**2 321 670**
II. Receivables:				
1. Trade receivables	23 621	33 610	9 613	13 678
4. Other receivables	6 119	8 707	23 435	33 345
7. Prepaid expense	131 774	187 498	506 915	721 275
Total:	**161 514**	**229 815**	**539 963**	**768 298**
IV. Cash (Total)	**116 187**	**165 319**	**2 189**	**3 115**
Total current assets:	**1 497 069**	**2 130 137**	**2 173 831**	**3 093 083**
Total assets	**2 220 544**	**3 159 548**	**3 220 662**	**4 582 589**

BALANCE SHEET AS AT MARCH 31, 2010

	31.03. 2010 LVL	31.03. 2010 EUR	31.03. 2009 LVL	31.03. 2009 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	697 616	992 618	1 676 119	2 384 902
b) for the period	33 513	47 685	9 876	14 052
Total :	**1 285 583**	**1 829 220**	**2 240 449**	**3 187 872**
Provisions:				
3.Other provisions	23 060	32 811	52 528	74 741
Total:	**23 060**	**32 811**	**52 528**	**74 741**
Liabilities:				
Non-current liabilities:				
2. Loans from credit institutions	273 907	389 735		
3. Deferred taxation	-	-	33 277	47 349
4. Other loans	229 830	327 019	250 040	355 775
Total:	**503 737**	**716 753**	**283 317**	**403 124**
Current liabilities:				
3. Loans from credit institutions	35 140	50 000	255 821	364 000
4. Other loans	20 817	29 620		
5. Prepayments received	21 551	30 664	169 754	241 538
6. Trade payables	234 580	333 777	155 460	221 200
10.Taxes payable	82 631	117 573	29 317	41 714
11. Other liabilities	11 645	16 569	23 478	33 406
12. Deferred income	-	-	-	-
15. Accrued liabilities	1 800	2 561	10 538	14 994
Total:	**408 164**	**580 764**	**644 368**	**916 853**
Total liabilities:	**911 901**	**1 297 517**	**927 685**	**1 319 977**
Total equity and liabilities	**2 220 544**	**3 159 548**	**3 220 662**	**4 582 589**

Daina Kalniņa
Chairmen of the Board

Dubeņi, 27 May 2010

STATEMENT OF CHANGES IN EQUITU FOR THE PERIOD ENDED MARCH 31, 2010

	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 31 December 2008	**500000**	**711436**	**54454**	**77481**	**1676118**	**2384901**	**2230572**	**3173818**
Profit for the reporting period					(978502)	(1392283)	(978502)	(1392283)
Balance as at 31 December 2009	**500000**	**711436**	**54454**	**77481**	**697616**	**992618**	**1252070**	**1781535**
Profit for the reporting period					33513	47685	33513	47685
Balance as at 31 March, 2010	**500000**	**711436**	**54454**	**77481**	**731129**	**1040303**	**1285583**	**1829220**

Daina Kalniņa
Chairmen of the Board

Dubeņi, 27 May 2010

CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31,2010

	31.03.2010 LVL	31.03.2010 EUR	31.03.2009 LVL	31.03.2009 EUR
Cash flows to/from operating activities				
1. Net profit or loss before extraordinary items and taxes	**33 513**	**47 686**	**10 142**	**14 431**
Adjustments for:				
a) amortisation and depreciation	16 734	23 810	26 451	37 636
b) amortisation of intangible assets	35	50	41	58
c) gain/loss from fluctuations of currency exchange rates	(565)	(804)	(641)	(912)
d) grants received	-	-	-	-
e) interest income	(43)	(61)	(1)	(1)
f) interest expense	4 683	6 663	5 657	8 049
2. Operating profit or loss before working capital changes	**54 357**	**77 343**	**41 649**	**59 261**
Increase/ decrease in biological assets	86 819	123 532	112 751	160 430
b) Increase/ decrease in inventories	217 278	309 159	411 384	585 347
c) Increase/decrease in receivables	(140 017)	(199 226)	(520 272)	(740 280)
d) increase/decrease in payables	(97 182)	(138 278)	31 884	45 367
3. Cash generated from operations	**121 255**	**172 530**	**77 396**	**110 125**
4. Interest paid	(4 683)	(6 663)	(5 657)	(8 049)
5. Real estate tax paid			(266)	(378)
8. Net cash flows to/from operating activities	**116 572**	**116 572**	**71 473**	**101 697**
Cash flows to/from investing activities				
1. Purchase of fixed assets			-	-
3. Interest received	43	61	1	1
9. Net cash flows to/from investing activities	**43**	**61**	**1**	**1**
Cash flows to/from financing activities				
1. Loans received			271 225	385 918
2. Loans paid	(35 140)	(50 000)	(349 205)	(496 874)
3.Grants received			-	-
10. Net cash flows from financing activities	**(35 140)**	**(50 000)**	**(77 980)**	**(110 956)**
Effect of exchange rate fluctuations	**565**	**804**	**641**	**912**
Change in cash and cash equivalents	**82 040**	**116 732**	**(5 865)**	**(8 345)**
Cash and cash equivalents at the beginning of the reporting period	**34 147**	**48 587**	**8 054**	**11 460**
Cash and cash equivalents at the end of the reporting period	**116 187**	**165 319**	**2 189**	**3 115**

Daina Kalniņa
Chairmen of the Board
Dubeņi, 27 May 2010

Notes to the financial statements

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 turnover cost method.

The Cash Flow Statement has been drawn up by establishing the cash flow from operating activities according to 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 March 31, 2010 and March 31, 2009.

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 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 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 three 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

	2010. 31.03.	2009. 31.03.
1 USD	0.521	0.532
1 EUR	0.702804	0.702804
1 DKK	0.0944	0.0944
1 LTL	0.204	0.204
1 RUB	0.0177	0.0157

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 31 March 2010.

3. Earnings per share (EPS)

Net earnings per share is 0.067 LVL or 0.095 EUR as at 31 March 2010, earnings per share was 0.020 LVL or 0.030 EUR in 31 March 2009.

4. Average number of employees

Average number of personnel employed by the company was 93 persons in the three months period of 2010 (119 in the respective period 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.
2010 first quarter 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, 27 May 2010