Joint Stock Company "GROBIŅA"

(Registration number 40003017297)

NON -AUDITED

FINANCIAL STATEMENTS
FOR THE 3 MONTHS PERIOD ENDED
31 MARCH 2013

The items of the Financial Statement were converted to EUR according to the exchange rate fixed by the Bank of Latvia as at 31 March 2013: LVL 1 = EUR 0.702804 and it is only for informative purposes.

Contents

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
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
Chairman of the Council	Argita Jaunsleine
Member of the Council	Gunārs Laugalis
Member of the Council	Linda Elsberġe
Member of the Council	Silvija Neimane
Reporting year	1 January 2013 – 31 March, 2013

Management Report

Core Business Activity

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

Operations during the reporting year

The amount of the net turnover of 2013 1st quarter is LVL 1 290 432, it has increased four times, in comparison with the 1st quarter of 2012. Exercise prices at the auction houses has increased by 203% . Within the 3 months of year 2013 25 289 mink skins have been sold with the average exercise price of LVL/pc 51,03; while within the first 3 months of year 2012 11 861 mink skins were sold with price LVL/ pc 25,15.

The average number of employees in JSC "Grobina" within the 3 months of year 2013 was 81; during this period in year 2012 there were 86 employeesl.

Profit of year 2013 1st quarter is LVL 543 882. Net earnings per share is LVL 1,088 or EUR 1,548. While net earnings per share of year 2012 1st quarter was LVL 0.029 or EUR 0.041.

Financial results

Total liquidity ratio = 1.13

Current liquidity ratio = 0.29

Quick liquidity ratio = 0.20

Specific weight of liabilities in the balance sheet = 0.48

Inventory turnover ratio= 0.61

Asset turnover ratio = 0.31

Profit on sales (%) =42.15%

Return on equity (%) = 25.32 %

Future perspective

On the1stquarter of year 2013, JSC "Grobina" continues the work to the project „Fur animal breeding closures". As the pretendent with the lowest-cost offer was announced company from Poland "PRO-FUR FARM EQUIPMENT" Božena Mielenczuk. The contract with the company was signed on 15th March, 2013 about the value of LVL 3 323 858,83. According to the contract, the construction works were started on 18th March, 2013, and the buildings putting into operation is planned no later than 15th December, 2013.

JSC''Grobiņa''is continuously working on development and implementation of a new project – establishment of a brand new facilities for food preparation, which in future could provide animal food not only for JSC ''Grobiņa'', but also for other farms in Latvia and Lithuania. There fore, for implementation of this project JSC "Grobiņa" has purchased a real estate property–buildings and land in Liepaja, Brīvības119 A and Brīvības119B for total price of LVL 150 000; as well as JSC "Grobiņa" has submitted to the Rural Support Service the project application "Establishment of a centralised facility for food preparation for fur animals'', within The European fisheries fund (EFF) section ''Processing of fishing and aquaculture products''.

The management of JSC ‘’Grobiņa’’ considers that the establishment of the above described facilities for food preparation is one of the vital conditions for development of the industry of mink breeding in Latvia.As informed before, the implementation of this project is planned to be implemented in several stages over several years and the amount of investments would accordingly be starting from 1,5 million LVL to 5 million LVL.

Chairman of the Board__________________________Gundars Jaunsleinis

Member of the Board______________________________Gunta Isajeva

Member of the Board______________________________Andris Vītoliņš

10 May 2013

STATEMENT ON MANAGEMENT'S RESPONSIBILITY

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

The Management of Joint Stock Company "Grobiņa" confirms that the Financial Report for the three months of 2013 has been prepared in accordance with the requirements of the applicable laws and regulatons and gives a true and fair view on the JSC "Grobiņa" assets, liabilities, financial position and loss. The Management Report contains true information.

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

10 May 2013

BALANCE SHEET

	ASSETS	31.03.13. LVL	31.03.13. EUR	31.03.12. LVL	31.03.12. EUR
II	***Tangible assets***				
	Land, building and construction	467 836	665 671	348 492	495 859
	Equipment and machinery	82 680	117 643	97 621	138 902
	Other fixed assets and equipment	104 785	149 096	64 248	91 417
	Construction in progress	53 958	76 775	25 100	35 714
	Advance payments for tangible assets	617	878	0	0
	Total tangible assets	**709 876**	**1 010 063**	**535 461**	**761 892**
IV	***Biological assets***				
	Breeding animals	1 959 077	2 787 515	0	0
	Advance payments for breeding animals	2 811	4 000	321 041	456 800
	Establishment costs of biological assets	0	0	127 868	181 940
	Total biological assets	**1 961 888**	**2 791 515**	**448 909**	**638 740**
	Total non-current assets	**2 671 764**	**3 801 578**	**984 370**	**1 400 632**
Current assets					
I	***Inventories***				
	Raw materials and consumables	398 239	566 643	34 848	49 584
	Unfinished production	1 212	1 725	0	0
	Finished production and goods for sale	702 492	999 556	748 847	1 065 513
	Prepayments for goods	0	0	43 602	62 040
	Total inventories	**1 101 943**	**1 567 924**	**827 297**	**1 177 138**
III	***Receivables***				
	Trade receivables	21 509	30 605	10 390	14 784
	Other receivables	98 625	140 331	18 471	26 282
	Prepaid expenses	5 363	7 631	2 148	3 056
	Total receivables	**125 497**	**178 566**	**31 009**	**44 122**
V	***Cash (total)***	**265 250**	**377 417**	**329 730**	**469 164**
	Total current assets	**1 492 690**	**2 123 907**	**1 188 036**	**1 690 423**
	Total assets	**4 164 454**	**5 925 484**	**2 172 406**	**3 091 055**

BALANCE SHEET (continued)

	EQUITY AND LIABILITIES	31.03.13. LVL	31.03.13. EUR	31.03.12. LVL	31.03.12. EUR
I	***Equity***				
	Share capital (equity)	500 000	711 436	500 000	711 436
	Reserves:				0
	d) other reserves	54 454	77 481	54 454	77 481
	Total reserves	54 454	77 481	54 454	77 481
	Retained earnings				0
	a) retained earnings for the previous year	1 049 654	1 493 523	885 459	1 259 895
	b) retained earnings for the reporting year	543 882	773 874	14 514	20 652
	Total retained earnings	1 593 536	2 267 397	899 973	1 280 546
	Total equity	**2 147 990**	**3 056 314**	**1 454 427**	**2 069 463**
II	***Provisions***				
	Other provisions	30 874	43 930	31 321	44 566
	Total provisions	**30 874**	**43 930**	**31 321**	**44 566**
III	***Liabilities***				
I	***Long-term liabilities***				
	Loans from credit institutions	630 767	897 501	0	0
	Other loans	29 492	41 963	0	0
	Total long-term liabilities	**660 259**	**939 464**	**0**	**0**
II	***Short-term liabilities***				
	Loans from credit institutions	267 770	381 002	0	0
	Other loans	16 046	22 831	0	0
	Prepayments received from customers	415 938	591 826	619 869	881 994
	Trade payables	261 331	371 841	34 884	49 635
	Taxes and state social insurance payables	41 538	59 103	18 155	25 832
	Other payables	22 708	32 311	13 750	19 564
	Unpaid dividends	300 000	426 862	0	0
	Total short-term liabilities	**1 325 331**	**1 885 776**	**686 658**	**977 026**
	Total liabilities	**1 985 590**	**2 825 240**	**686 658**	**977 026**
	Total equity and liabilities	**4 164 454**	**5 925 484**	**2 172 406**	**3 091 055**

The items of the financial statements were converted to EUR according to the exchange rate defined by the Bank of Latvia as at 31 March 2013:

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

Chairman of the Board____________________________ Gundars Jaunsleinis

Member of the Board______________________________ Gunta Isajeva

Member of the Board______________________________ Andris Vītoliņš

10 May 2013

INCOME STATEMENT

	2013 LVL	**2013 EUR**	**2012 LVL**	**2012 EUR**
Net turnover	1 290 432	1 836 119	307 076	436 930
Cost of sales	587 974	836 612	238 582	339 472
Gross profit or loss	**702 458**	**999 508**	**68 494**	**97 458**
Sales expenses	15 541	22 113	10 280	14 627
Administrative expenses	91 938	130 816	40 614	57 789
Other operating income	0	0	2 875	4 091
Other operating expenses	6 915	9 839	2 634	3 748
Profit or loss from operations	**588 064**	**836 740**	**17 841**	**25 385**
Interest payable and similar expenses	37 623	53 533	1 952	2 777
Profit or loss before extraordinary items and taxes	**550 441**	**783 207**	**15 889**	**22 608**
Profit or loss before taxes	**550 441**	**783 207**	**15 889**	**22 608**
Other taxes	6 559	9 333	1 375	1 956
Profit or loss of the reporting year	**543 882**	**773 874**	**14 514**	**20 652**
Earnings per share (EPS)	**1,088**	**1,548**	**0,029**	**0,041**

The items of the financial statements were converted to EUR according to the exchange rate defined by the Bank of Latvia as at 31 March 2013:

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

Chairman of the Board___________________________ Gundars Jaunsleinis

Member of the Board_____________________________ Gunta Isajeva

Member of the Board_____________________________ Andris Vītoliņš

10 May 2013

CASH FLOW STATEMENT (indirect method)

		2013 1st quarter LVL	2013 1st quarter EUR	2012 1st quarter LVL	2012 1st quarter EUR
	I. Cash flow from operating activities				
1	Profit or loss before extraordinary items and taxes	**550 441**	**783 207**	**15 889**	**22 608**
	Adjustments:				
a)	depreciation costs of tangible assets;	16 536	23 529	17 378	24 727
b)	profit or loss from foreign currency exchange rate fluctuations;	6 604	9 397	2 343	3 334
c)	interest payable and similar expenses.	37 623	53 533	1 952	2 777
2	Profit or loss before corrections of changes in the balances of current assets and short-term liabilities	**611 204**	**869 665**	**37 562**	**53 446**
	Adjustments:				
a)	(increase)/decrease in long-term financial investments;	0	0	2 500	3 557
b)	(increase)/decrease in biological assets;	-190 859	-271 568	-136 864	-194 740
c)	(increase)/decrease in receivables balances;	-69 931	-99 503	25 063	35 661
d)	(increase)/decrease in inventories balances;	176 680	251 393	184 317	262 259
e)	increase/(decrease) in suppliers, contractors and other creditors payables balances.	-46 299	-65 878	458 210	651 974
3	**Gross cash flow from operating activities**	**480 795**	**684 110**	**570 788**	**812 158**
4	Interest payable	-37 623	-53 533	-1 952	-2 777
5	Immovable property tax expenses	-6 559	-9 333	-1 375	-1 956
6	**Cash flow before extraordinary items**	**436 613**	**621 244**	**567 461**	**807 424**
7	Cash flow from extraordinary items	0	0	0	0
8	**Net cash flow from operating activities**	**436 613**	**621 244**	**567 461**	**807 424**
II.	***Cash flow from investing activities***				
1	Additions in tangible and intangible assets	-216 019	-307 367	-1 338	-1 904
9	**Cash flow from investing activities**	**-216 019**	**-307 367**	**-1 338**	**-1 904**
III.	***Cash flow from financing activities***				
1	Loans received	29 518	42 000	0	0
2	Loans repaid	-5 567	-7 921	-281 370	-400 353
3	Paid dividends	-300 000	-426 862	0	0
10	**Net cash flow from financing activities**	**-276 049**	**-392 782**	**-281 370**	**-400 353**
IV.	***Result of foreign currency exchange rate fluctuation***	-6 604	-9 397	-2 343	-3 334
V.	***Net cash flow in the reporting year***	**-62 059**	**-88 302**	**282 410**	**401 833**
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***	**265 250**	**377 417**	**329 730**	**469 164**

Chairman of the Board___________________________ Gundars Jaunsleinis

Member of the Board_______________________________ Gunta Isajeva

Member of the Board_______________________________ Andris Vītoliņš

10 May 2013

STATEMENT OF CHANGES IN EQUITY

	2013 1st quarter LVL	2013 1st quarter EUR	2012 1st quarter LVL	2012 1st quarter EUR
I. Share capital (equity)				
1. Amount in the balance sheet of the previous year	**500000**	**711436**	**500000**	**711436**
2. Correction of the amount in the balance sheet of the previous year	0	0	0	0
3. Increase/decrease in share capital (equity)	0	0	0	0
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**
2. Correction of the amount in the balance sheet of the previous year	0	0	0	0
3. Increase/decrease in reserve balance	0	0	0	0
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	**1049654**	**1493523**	**885459**	**1259895**
2. Correction of the amount in the balance sheet of the previous year	0	0	0	0
3. Increase/decrease in retained earnings	543 882	773874	14514	20652
4. Amount in the balance sheet at the end of the reporting year	**1593536**	**2267397**	**899973**	**1280546**
VII. Equity				
1. Amount in the balance sheet of the previous year	**1604108**	**2282440**	**1439913**	**2048812**
2. Correction of the amount in the balance sheet of the previous year	0	0	0	0
3. Amount in the balance sheet at the end of the reporting year	**2147990**	**3056314**	**1454427**	**2069463**

Chairman of the Board___________________________ Gundars Jaunsleinis
Member of the Board_______________________________ Gunta Isajeva
Member of the Board_______________________________ Andris Vītoliņš

10 May 2013

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 3 month .

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 folowing 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.
Error occurred in previous reporting periods is corrected, defining the impact on the financial statement's items of respective year and providing information in the notes to the financial statements.

II. Recognition of revenues and net turnover

Net turnover is the total value of the goods (mink, polar fox and silver fox skins and materials) 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. Revenue from dividends is recognized when legal right appears.
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.

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%
Technilogical 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. 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.

V. 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.

VI. 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.

	31.03.2013. (lats)	**31.03.2012.** (lats)	
1 USA dollar	**0,547**	**0,528**	(USD)
1 euro	**0,702804**	**0,702804**	(EUR)
1 Lithuanian lit	**0,204**	**0,204**	(LTL)
1 Danish krone	**0,0943**	**0,0945**	(DKK)
1 Russian rouble	**0,0177**	**0,0180**	(RUB)

VII. 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.

VIII. 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.

IX. 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.

X. 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.

XI. 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 differencies 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 transfered to subsequent tax periods. A diferred 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 differencies.

XII. 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.

XIII. 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.

XIV. 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. Advanced payments for breeding animals are recognized as the composition of biological assets.

XV. Investment properties

The Company has no investment property.

XVI. Accrued liabilities, contingencies

Accrued liabilities are certain amounts payable to suppliers and contructors 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.

XVII. 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.