

**AS “TALSU MEŽRŪPNIECĪBA”**

(REGISTRATION NUMBER 40003113243)

**ANNUAL REPORT FOR 6 MONTHS OF THE YEAR 2013**  
**(UNAUDITED)**

**Content**

	<b>Page</b>
General Information	4
Management Report	5
Declaration on the responsibility of Management	6
Profit and Loss statement	7
Balance Sheet	8-9
Equity Statement	10
Cash Flow Statement	11
Notes	12

### **Information**

Company name	JSC „Talsu Mežrūpniecība”
Legal Status	Joint stock company
Registration number, time and place	40003113243, Riga January 29, 1993
Legal address	Eksporta iela 26, Tukums, LV- 3104
Address of the executive bodies	Dumpīšu iela 3, Stende, LV – 3257
Shareholders	Public placement at LCD – 230,000 shares Closed issue - 265,699 shares
Board	<b>Dace Štaka</b> , member of the Supervisory Board Roja district, Parish Roja, “Birzītes”. <b>Pēteris Kļava</b> , member of the Board Talsi district., Parish Lībagi, “Veikals” <b>Andis Gribusts</b> , member of the Board Talsi district, Parish Lauciene, „Dzelzkalēji”.
Supervisory Board	<b>Oskars Derings</b> , Chairman of the Supervisory Board, Talsi district, Talsi, Rīgas 3-13 <b>Eva Dēringa</b> , member of the Supervisory Board Talsi district, Talsi, Rīgas 3-13 <b>Alda Kiore</b> , member of the Supervisory Board Talsi district, Stende, Robezu Street 4. <b>Asmeralda Kļava</b> , member of the Board Talsi district, Parish Abava, „Vītiņi”. <b>Gita Emerberga</b> , member of the Supervisory Board Roja district, Kaltene, “Foreles-3”
Period	01.01.2013.-30.06.2013.
Audithor	<b>Daiga Baraua</b> , sworn audithor, No. Sertificate 89, Talsi district, Parish Valdgale, “Lejaskalēji”.

## **Management Report**

The main activities of the Company in 2013 were logging and production of timber products: peeled and turn poles production in timber processing unit.

During 6 month 2013, 6377 m<sup>3</sup> pales were produced in the timber processing unit and woodchips of 21 564 m<sup>3</sup> were sold.

Total revenues for the Company during 6 month 2013 were Ls 644 746, revenues from assets were Ls 14 130.

The result for 6 month 2013 is profit Ls 17 663 which corresponds to Ls 0.035 profit per share.

In the future the Company plans to continue the production of peeled and turn poles, increasing the proportion of timber purchased from small logging companies and private loggers, whose price offering is lower than that of VAS Latvijas valsts meži. It is also planned to sell the produced goods to a wider network of clients, achieving the most beneficial sales price. Have been found a number of new partners.

### **Suggestions for distribution of profit and covering of losses**

The profit will be used to cover losses of the previous period.

### **Board:**

Dace Štāka  
Chairman of the Board

Pēteris Kļava  
Member of the Board

Andis Gribusts  
Member of the Board

July 12, 2013.

JSC “Talsu mežrūpniecība”  
Financials statement for 6 month  
of the year 2013

JSC “TALSU MEŽRŪPNIECĪBA”

**DECLARATION**

**on the responsibility of Management**

JSC “Talsu mežrūpniecība” is responsible for the preparation of the financial report of the company.

The Financial report for 6 month of the year of 2012 of JSC “Talsu mežrūpniecība” is prepared, basing on the source documents and provides clear and true view on the financial standing of the Company as of June 30, 2013, its financial results in 6 month of the year 2013 and the cash flow.

The Financial Report has been prepared in accordance with the Laws being in force and with the book-keeping standarts of the Republic of Latvia, basing upon the principle of continuation of entrepreneurship. During the reporting year the appropriate accounting methods have been consequently applied.

JSC “Talsu mežrūpniecība” is responsible for the provision of appropriate accounting, preservation of company’s assets, as well as for detection and averting of violations.

Chairman of Board  
12 July, 2013.

D.ŠTĀKA

### Profit and Loss Statement

	Note	2013 Ls	2012 Ls	2013 EUR	2012 EUR
Revenues	2	644 746	1 021 082	917 391	1 452 869
Cost of goods sold	3	(607 473)	(967 541)	(864 356)	(1 376 687)
<b>Gross result</b>		<b>37 273</b>	<b>53 541</b>	<b>53 035</b>	<b>76 182</b>
Administration expenses	4	(19 212)	(16 205)	(27 336)	(23 058)
Other operating income	5	7 688	11 181	10 939	15 909
Other operating expenses	6	(4 292)	(17 532)	(6 107)	(24 946)
Financial income	7	6	5	8	7
Financial expenses	8	(2 684)	(4 049)	(3 819)	(5 761)
<b>Profit (loss) before taxes</b>		<b>18 779</b>	<b>26 941</b>	<b>26 720</b>	<b>38 333</b>
Deferred corporate income tax	9;18			-	-
Other taxes	17	(1 116)	(1 005)	(1 588)	(1 430)
<b>Net profit (loss)</b>		<b>17 663</b>	<b>25 936</b>	<b>25 132</b>	<b>36 903</b>

Notes on pages 11 to 19 are integral part of the financial statements

**Board:**

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July 12, 2013.

**AS „TALSU MEŽRŪPNIECĪBA”**  
**ANNUAL REPORT OF 6 MONTHS OF THE YEAR 2013 ( UNAUDITED)**

<b>Balance Sheet</b>					
<b>ASSETS</b>					
<b>LONG TERM ASSETS</b>	Note	30.06.2013 Ls	30.06.2012. Ls	30.06.2013. EUR	30.06.2012 EUR
<b>Fixed assets</b>					
Land, buildings and constructions		91 738	96 774	130 531	137 697
Machinery and equipments		123 384	113 171	175 560	161 028
Other fixed assets		52 820	28 434	75 156	40 458
Assets costs			823		1 171
Leasing		34 739	38 998	50 943	55 490
TOTAL	10	<b>302 681</b>	<b>278 200</b>	<b>432 190</b>	<b>395 844</b>
<b>TOTAL LONG TERM ASSETS</b>		<b>302 681</b>	<b>278 200</b>	<b>399 793</b>	<b>395 844</b>
<b>CURRENT ASSETS</b>					
<b>Inventories</b>					
Materials		6 957	6 925	9 899	9 853
Production in progress		29 067	5 799	41 359	8 251
Goods for sale		127 327	44 512	181 170	63 335
Advances for goods		4 500	4 500	6 403	6 403
TOTAL		<b>167 851</b>	<b>61 736</b>	<b>238 830</b>	<b>87 842</b>
<b>Debtors</b>					
Trade receivables, net	11	64 746	124 285	92 125	176 842
Other debtors	12	15 754	6 865	22 416	9 768
Prepaid expenses		2 828	2 367	4 024	3 368
TOTAL		<b>83 328</b>	<b>133 517</b>	<b>118 565</b>	<b>189 978</b>
<b>Cash and cash equivalents</b>		11 437	97 145	16 273	138 225
<b>TOTAL CURRENT ASSETS</b>		<b>262 616</b>	<b>292 398</b>	<b>373 669</b>	<b>416 045</b>
<b>TOTAL ASSETS</b>		<b>565 297</b>	<b>570 598</b>	<b>804 345</b>	<b>811 888</b>

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**ANNUAL REPORT OF 6 MONTHS OF THE YEAR 2013 ( UNAUDITED)**

**EQUITY AND LIABILITIES**

<b>EQUITY</b>	Note	30.06.2013 <b>Ls</b>	30.06.2012 <b>Ls</b>	30.06.2013 <b>EUR</b>	30.06.2012 <b>EUR</b>
Share capital	13	495 699	495 699	705 316	705 316
Retained earnings				-	-
Prior year loss		(139 120)	(170 583)	(197 950)	(242 718)
Current year profit (loss)		17 663	25 936	25 132	36 904
<b>Total equity</b>		<b>374 242</b>	<b>351 052</b>	<b>532 498</b>	<b>499 502</b>
<b>Provisions</b>					
Other provisions	14	6 561	9 737	9 335	13 855
<b>TOTAL PROVISIONS</b>		<b>6 561</b>	<b>9 737</b>	<b>9 335</b>	<b>13 855</b>
<b>LIABILITIES</b>					
<b>Long term liabilities</b>					
Other loans	16	18 375	24 933	26 145	35 476
Loans from credit institutions	16	26 250	42 841	37 350	60 957
Deferred tax liabilities	18	17 782	17 451	25 302	24 831
TOTAL		<b>62 407</b>	<b>85 225</b>	<b>88 797</b>	<b>121 264</b>
<b>Short term liabilities</b>					
Other loans	16				
Loans from credit institutions	16	3 317	3 170	4 721	4 511
Trade creditors				-	-
Taxes payable	17			-	-
Other creditors		12 101	11 650	17 218	16 576
Ocured liabilities	15	11 459	16 269	16 305	23 149
TOTAL		<b>122 087</b>	<b>124 584</b>	<b>173 715</b>	<b>177 267</b>
<b>TOTAL LIABILITIES</b>		<b>184 494</b>	<b>209 809</b>	<b>262 512</b>	<b>298 531</b>

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July 12, 2013.



## Equity Statement

<b>Ls</b>	Share capital	Prior period loss	Current period profit (loss)	<b>Total</b>
<b>January 1, 2012</b>	<b>495 699</b>	<b>(154 029)</b>	<b>(16 554)</b>	<b>325 116</b>
Transferred to prior period losses	-	(16 554)	16 554	-
Current period loss	-	-	25 936	25 936
<b>June 30, 2012</b>	<b>495 699</b>	<b>(170 583)</b>	<b>25 936</b>	<b>351 052</b>
Transferred to prior period losses	-	31 463	(25 936)	5 527
Current period profit	-	-	17 663	17 663
<b>June 30, 2013</b>	<b>495 699</b>	<b>(139 120)</b>	<b>17 663</b>	<b>374 242</b>

  

<b>EUR</b>	Share capital	Prior period loss	Current period profit (loss)	<b>Total</b>
<b>January 1, 2012</b>	<b>705 316</b>	<b>(219 163)</b>	<b>(23 554)</b>	<b>462 599</b>
Transferred to prior period losses	-	(23 554)	23 554	-
Current period loss	-	-	36 903	36 903
<b>June 30, 2012</b>	<b>705 316</b>	<b>(242 717)</b>	<b>36 903</b>	<b>499 502</b>
Transferred to prior period losses	-	44 767	(36 903)	7 864
Current period profit	-	-	25 132	25 132
<b>June 30, 2013</b>	<b>705 316</b>	<b>(197 950)</b>	<b>25 132</b>	<b>532 498</b>

Notes on pages 10 to 19 are integral part of the financial statements.

**Cash Flow Statement**  
(prepared based on indirect method)

	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
<b>Operating cash flow</b>				
Profit (loss) before taxes	18 779	26 941	4 720	38 334
Adjustments:				
Depreciation	21 403	24 005	30 454	34 156
Interest (income)/expenses	(2 684)	(4 049)	(3 819)	(5 761)
Increases/(decrease) in provisions	(3 176)	1 211	(4 519)	1 723
Asset write offs	-	-	-	-
(Profit)/loss from sale of fixed assets	-	-	-	-
Revaluation of biological assets	-	-	-	-
(profit)/loss from currency fluctuations	-	-	-	-
<b>Operating cash flow before changes in current assets</b>	<b>49 865</b>	<b>69 275</b>	<b>70 952</b>	<b>98 569</b>
Decrease/(increase) of inventories	(15 935)	49 078	(22 673)	69 832
Decrease/(increase) of debtors	990	(75 081)	1 409	(106 831)
Increases/(decrease) in creditors	(61 033)	45 967	(86 842)	65 405
	<b>(26 113)</b>	<b>89 239</b>	<b>(37 155)</b>	<b>126 976</b>
Interest paid	-	-	-	-
Corporate income tax paid	(4 666)	5 247	(6 639)	7 466
Real estate tax paid	(1 116)	(1 005)	(1 588)	(1 430)
<b>Net operating cash flow</b>	<b>(31 895)</b>	<b>93 481</b>	<b>(45 382)</b>	<b>133 011</b>
<b>Cash flow from investing activities</b>				
Acquisition of long term assets	(37 951)	(3 323)	(53 999)	(4 728)
Income from sale of fixed assets	14 130	10 369	20 105	14 754
<b>Net cash flow from investing activities</b>	<b>(23 821)</b>	<b>7 046</b>	<b>(33 894)</b>	<b>10 026</b>
<b>Cash flow from financing activities</b>				
Loans received/(paid), net	(22 689)	(22 781)	(32 284)	(32 414)
<b>Net financing cash flow</b>	<b>(14 449)</b>	<b>(22 781)</b>	<b>(20 559)</b>	<b>(32 414)</b>
<b>Cash increase/(decrease)</b>	<b>(70 165)</b>	<b>77 746</b>	<b>(99 836)</b>	<b>110 623</b>
<b>Cash at the beginning of the year</b>	<b>97 145</b>	<b>40 566</b>	<b>138 225</b>	<b>57 720</b>
<b>Cash at the end of the year</b>	<b>11 437</b>	<b>97 145</b>	<b>16 273</b>	<b>138 225</b>

Notes on pages 10 to 19 are integral part of the financial statements.

**Board:**

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July 12, 2013.

## Notes

### 1. Significant accounting policies

#### Annual report preparation principles

The annual report is prepared in accordance with the Law on Accounting, Law of Annual Accounts and Latvian accounting standards applicable as of December 31, 2011. For preparation of this annual report following Latvian accounting standards (LGS) were in force – LGS1 – main principles for annual reports, LGS 2 –Cash flow statements, LGS 3- Subsequent events, LGS 4 – Change of accounting policies, estimates and correction of major mistakes, LGS5 – Long term agreements, LGS6 – Revenues, LGS7 – Fixed assets and LGS 8 – Provisions, contingent liabilities and assets, LGS 9 – Investment properties.

Profit and loss statement was prepared based on turnover method.

Cash flow statement is prepared by indirect method.

The same accounting policies and valuation methods were applied in current and prior reporting year.

Annual report is prepared based on the going concern principle.

Taking into account requirements of the stock exchange, the amounts in the financial statements are disclosed also in EUR. All amounts are translated to EUR based on official Bank of Latvia fixed EUR rate.

#### Foreign currency translation

The accounting records are prepared in LVL. All transaction in foreign currencies is translated to LVL in according the Bank of Latvia rate as at date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are stated at the official currency exchange rate set by the Bank of Latvia at year end. Any gain or loss resulting from a change in the currency rates of exchange is included in the profit and loss statement at net value.

	<b>30.06.2013.</b>	<b>30.06.2012.</b>
	<b>LVL</b>	<b>LVL</b>
1 GBP	0.829	0.84
1 EUR	0.702804	0.702804

#### Fixed assets

All fixed assets are initially recorded at purchase price. Land is regularly revaluated and accounted for at market value. Increase of the value resulting from revaluation is accounted as long term revaluation reserve and included in the equity of the Company. The decrease of the value is first deducted from previously recognised revaluation reserve for the same asset and any uncovered loss recognised as expense in profit and loss account.

Fixed assets are stated at historical value less accumulated depreciation.

The assets are depreciated over their estimated useful lives using the straight-line method. Following depreciation rates are applied for fixed assets:

	%
Buildings and constructions	4% - 5%
Machinery and equipment	10% - 20%
Other fixed assets	20% - 35%

## **1. Significant accounting policies (continued)**

### **Biological assets**

Company's biological assets are forests that are kept with the purpose to gain additional biological asset through means of growing. Biological assets are initially recognised and further accounted for based on fair value assessment, less sales expenses. The changes of the value of the assets that are due to revaluation to fair value, less relevant sales expenses, are accounted as expenses in profit and loss account.

When the Company starts development of the forest, the respective assets are reclassified from long term assets to current assets and are accounts as advances for goods within inventories.

### **Inventories**

Inventories are accounted in lower of cost and net realisable value. For raw materials the cost is calculated based on purchase cost accounting to FIFO method, but for work in progress and goods for sale the cost is calculated based their purchase price or production costs according to weighted average principle.

Net realisable value is selling price in the ordinary course of business, less the costs of completion, marketing and distribution.. Net value is disclosed as cast of production, less provisions established.

Advances for inventories include also cash paid for cutting rights on those cutting that were not yet processed at the end of the reporting period.

### **Receivables**

Trade receivables are recorded and disclosed in the balance sheet in accordance with initial amount of the invoices, less provision established for doubtful accounts. Provisions for doubtful accounts are estimated when full recoverability of the amount is not likely. Provisions for doubtful accounts are estimated by individual assessment of each debtor.

### **Corporate income tax**

Corporate income tax is calculated for the reporting year is calculated in accordance with regulatory requirements of the Republic of Latvia.

Deferred taxation arising from temporary differences in the timing of the recognition of items in the tax returns and these financial statements is calculated using the liability method. The deferred taxation liability is determined based on the current tax rates. The principal temporary timing differences arise from differing rates and methods of accounting and tax depreciation on tangible fixed assets, provision for vacation and accumulated tax losses.

### **Provisions**

Provisions are recognised, when the Company has commitments (legal or supported) due to past events where the likelihood of outflow of economical benefits for Company is estimated and the amount of the liabilities can be reasonably estimated.

**AS „TALSU MEŽRŪPNIECĪBA”**  
**ANNUAL REPORT OF 6 MONTHS OF THE YEAR 2013 (UNAUDITED)**

**2. Revenues**

	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Timber product related revenues	579696	955540	92558	1359611
Other revenues	65050	65542	824833	93258
<b>Total:</b>	<b>644746</b>	<b>1021082</b>	<b>917391</b>	<b>1452869</b>

**Revenues according to geographical markets:**

	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Latvia	465066	737645	661729	1049575
Lithuania				
Estonia	21818		31045	
United Kingdom	157862	283437	224617	403294
<b>Total:</b>	<b>644746</b>	<b>1021082</b>	<b>917391</b>	<b>1452869</b>

**3. Cost of goods sold**

	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Cost of materials	409081	690854	582736	982997
Cost of external services	32718	64835	46606	92252
Depreciation	21403	21882	30488	31135
Salaries	83056	105332	118313	149874
Social contributions	23784	28462	32892	40498
Other costs of goods sold	37431	56176	53321	79931
<b>Total:</b>	<b>607473</b>	<b>967541</b>	<b>864356</b>	<b>1376687</b>

**AS „TALSU MEŽRŪPNIECĪBA”**  
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**4. Administration expenses**

	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Personnel costs	17466	14640	24880	20831
Other administration expenses	1746	1565	2456	2227
<b>Total:</b>	<b>19212</b>	<b>16205</b>	<b>27336</b>	<b>23058</b>

The Board does not receive remuneration

**5. Financial income**

	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Income from assets				
fluctuations Stock exchange	6794	10369	9678	14753
related expenses				
Other incomes	894	812	1261	1156
<b>Total:</b>	<b>7688</b>	<b>11181</b>	<b>10939</b>	<b>15909</b>

**6. Other operating expenses**

	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Stock exchange related	4277	3647	6085	5189
expenses				
Assets off		13821		19665
Other expenses				
<b>Total:</b>	<b>15</b>	<b>64</b>	<b>22</b>	<b>92</b>

**7. Interest proceeds**

	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Interest proceeds	6	5	9	7
Other proceeds				
<b>Total:</b>	<b>6</b>	<b>5</b>	<b>9</b>	<b>7</b>

**AS „TALSU MEŽRŪPNIECĪBA”**  
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**8. Interest expenses**

	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
Interest cover	1322	2497	1881	3553
Losses from exchange rate movements	1362	1552	1938	2208
<b>Total:</b>	<b>2684</b>	<b>4049</b>	<b>3819</b>	<b>5761</b>

**9. Corporate income tax for the year**

	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
Corporate income accordance with the Declaration				
Deferred corporate income tax income/ (expenses)	-	-	-	-
<b>Total:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**10. Fixed assets**

Ls	Land, buildings and constructions	Machinery and equipment	Other fixed assets	Leasing	TOTAL
Historical cost 31.12.2012	156 951	570 359	85 678	42 543	855 531
2012 Acquisitions		37 951	1 429		39 380
2012 Write offs		(60 441)	(17 247)	-	(77 688)
Historical cost 30.06.2013	156 951	547 869	69 860	42 543	817 223
Accumulated depreciation 31.12.2012	62 764	467 536	25 385	5 676	561 361
2013 Depreciation	2 449	12 353	6 603	2 128	23 533
2013 Depreciation of assets written off		(55 404)	(14 948)	-	(70 352)
Accumulated depreciation 30.06.2013	65 213	424 485	17 040	7 804	514 542
<b>Net book value 31.12.2012</b>	<b>94 187</b>	<b>102 823</b>	<b>60 293</b>	<b>36 867</b>	<b>294 170</b>
<b>Net book value 30.06.2013</b>	<b>91 738</b>	<b>123 384</b>	<b>52 820</b>	<b>34 739</b>	<b>302 681</b>

**AS „TALSU MEŽRŪPNIECĪBA”**  
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<b>EUR</b>	Land, buildings and constructions	Machinery and equipment	Other fixed assets	Advances for fixed assets	<b>TOTAL</b>
Historical cost 31.12.2012	223 322	811 547	121 908	60 533	1 217 310
2013 Acquisitions					-
Write offs					-
Historical cost 30.06.2011	223 322	811 547	121 908	60 533	1 217 310
Accumulated depreciation 31.12.2012	89 306	665 243	36 119	8 076	798 744
2013 Depreciation	1 743	10 585	4 931	1 514	18 773
Depreciation of assets written off				-	-
Accumulated depreciation 30.06.2013	91 049	675 828	41 050	9 590	817 517
<b>Net book value 31.12.2012</b>	<b>134 016</b>	<b>146 304</b>	<b>85 789</b>	<b>52 457</b>	<b>418 566</b>
<b>Net book value 30.06.2013</b>	<b>132 273</b>	<b>135 719</b>	<b>80 858</b>	<b>50 943</b>	<b>399 793</b>

Cadastral value of assets of the Company:

	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Land	21583	21583	30710	30709
Buildings and constructions	60164	87682	85605	125122
<b>Total:</b>	<b>81747</b>	<b>109266</b>	<b>116315</b>	<b>155831</b>

Fixed assets of the Company are pledged as security for credit line issued by SC „SEB bank” (see Note 20).

**11. Trade receivables, net**

	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Gross trade receivables	64746	183271	92125	260771
Provisions for doubtful accounts		(58986)		(83929)
<b>Total:</b>	<b>64746</b>	<b>124285</b>	<b>92125</b>	<b>176842</b>

**12. Other debtors**

	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
VAT receivable	11792	380	16778	540
Other debtors		3979		5661
	3962	2506	5638	3567
<b>Total:</b>	<b>15754</b>	<b>6865</b>	<b>22416</b>	<b>9768</b>

**13. Share capital**

Share capital of the Company consists of 495,699 shares with nominal value Ls 1 per share.



**AS „TALSU MEŽRŪPNIECĪBA”**  
**ANNUAL REPORT OF 6 MONTHS OF THE YEAR 2013 (UNAUDITED)**

	Number	Value (Ls)	Total value (Ls)	Total value (EUR)
Close issue shares	265 699	1	265 699	378 058
Public placement	230000	1	230000	327258
		1		
<b>Total:</b>	<b><u>495 699</u></b>		<b><u>495 699</u></b>	<b><u>705 316</u></b>

**14. Other provisions**

	2013 Ls	2012 Ls	2013 EUR	2012 EUR
Provisions for vacations	6561	9737	9335	13855
Other provisions				
<b>Total:</b>	<b><u>6561</u></b>	<b><u>9737</u></b>	<b><u>9335</u></b>	<b><u>13855</u></b>

**15. Accrued liability**

	2013 Ls	2012 Ls	2013 EUR	2012 EUR
Provisions for estimated payments	2103	3364	2992	4786
<b>Total:</b>	<b><u>2103</u></b>	<b><u>3364</u></b>	<b><u>2992</u></b>	<b><u>4786</u></b>

**16. Loans from credit institutions**

	2013 Ls	2012 Ls	2013 EUR	2012 EUR
<i>Long term</i>				
Loan from AS SEB bank	18375	24933	26145	35476
Credit	26250	42841	37350	60957
<i>Short term</i>				
Loan from AS SEB bank	3317	3170	4721	4511
Credit	4500	14620	6403	20802
<b>Total:</b>	<b><u>52442</u></b>	<b><u>85564</u></b>	<b><u>74619</u></b>	<b><u>121746</u></b>

In accordance with provisions of the agreement, the loan repayment shall be done in monthly principal repayments with final term on November 24, 2014. The interest rate for the loan is 3month EURIBOR + 3.41%.

Loan balance on 30.06.2013. is LVL 30 750.

Serve as collateral for the loan mortgage on real property located in Dumpīšu Street 3, stand, TALSU District, the Financial Collateral to the Company's cash and commercial goods to the newly tractor unit VOLVO FM 460 under an agreement Pledges Nr.TA11249/KK-1.

2) the Company's credit agreement TA10138, the limit is 100 000, due date 21/09/2013.

Interest rate of 3.55% + 3M Rigibor. Used credit balance of 30.06.2013. is LVL 0.00. Secured by a mortgage on real estate Dumpīšu Street 3, stand, Talsu region under the mortgage agreement, the commercial pledge on the Company's existing and future fixed assets, inventories and claim rights and financial pledge to the Company's existing accounts and all cash receipts of the products shall claim.

**AS „TALSU MEŽRŪPNIECĪBA”**  
**ANNUAL REPORT OF 6 MONTHS OF THE YEAR 2013 (UNAUDITED)**

3) The Company entered into financial leasing TA11166. Under its terms, the repayment is due in monthly principal installments with final maturity July 25, 2016. Leasing certain variable interest rate of 4,506% per annum of the residual value of the fixed interest of 3.11%. Lease to rent a car BMW X5 purchase. Itself serves as collateral for the leasing object. The amounts payable balance of € 30866<sup>th</sup>.

**17. Taxes payable**

Ls	(Liabilities)/	Calculated	2013		(Liabilities)/
	assets		Tranferred to	Paid/(claimed	assets
	31.12.2012		other taxes	back)	30.06.2013
Value added tax (VAT)	1 919	(10 128)	(4 657)	24 658	11 792
Social contributions	(6 746)	(34 644)	4 657	27 367	(9 366)
Personnel income tax	(3 335)	(16 405)	-	17 017	(2 723)
Real estate tax	(168)	(1 116)	-	1 284	-
Nature resources tax	(99)	(86)	-	185	-
Corporate income tax	(1 492)			1 492	-
Risk duty	(13)	(75)	-	76	(12)
<b>Total</b>	<b>(9 934)</b>	<b>(62 454)</b>	<b>-</b>	<b>72 079</b>	<b>(309)</b>
Liabilities					
Prepayments	(11 853)				(12 101)

EUR	(Liabilities)/	Calculated	2013		(Liabilities)/
	assets		Tranferred to	Paid/(claimed	assets
	31.12.2012		other taxes	back)	30.06.2013
Value added tax (VAT)	2 730	(14 411)	(6 626)	35 085	16 778
Social contributions	(9 598)	(49 293)	6 626	38 938	(13 327)
Personnel income tax	(4 745)	(23 342)	-	24 213	(3 874)
Real estate tax	(239)	(1 588)	-	1 827	-
Nature resources tax	(141)	(122)	-	263	-
Corporate income tax	(2 123)			2 123	-
Risk duty	(19)	(106)	-	108	(17)
<b>Total</b>	<b>(14 135)</b>	<b>(88 862)</b>	<b>-</b>	<b>102 557</b>	<b>(440)</b>
Liabilities					
Prepayments	(16 865)				(17 218)

Tax receivables are included in other debtors, see Note 12.

**18. Off balance sheet liabilities**

According to the credit agreement, the limit is LVL100 000 and maturity of 09/21/2013. Interest rate of 3.0% + 3M Rigibor. Expired credit balance 30.06.2013.ir 0.00 LVL. Secured by a mortgage on real estate Dumpīšu Street 3, stand, Talsu region under the mortgage agreement, the commercial pledge on the Company's existing and future fixed assets, inventories and claim rights and financial pledge to the Company's existing accounts and all cash receipts of the products shall claim.

**19. Number of employees**

	<b>2013</b>	<b>2012</b>
Average number of employees for the reporting year	<u><u>48</u></u>	<u><u>46</u></u>

**20. Financial risk management**

The most significant financial instruments for the Company are loans from credit institutions, related entities and cash and cash equivalents. The main purpose of those financial instruments is to ensure operating activities of the Company. The Company is also exposed to other financial investments that are directly related to operating activities of the Company, such as, trade receivables and other receivables, trade payables and other payables.