

# **Joint Stock Company "GROBIŃA"**

(Unified registration number 40003017297)

**NON-AUDITED**

**FINANCIAL STATEMENTS  
FOR THE 6 MONTHS PERIOD ENDED  
30 JUNE, 2015**

*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 Owned or rented property rent or administration, NACE 68.20
Names and positions of the Board members:	duration in accordance with data from the Register of Enterprises
Chairman of the Board	Gundars Jaunsleinis
Member of the Board	Gunta Isajeva
Member of the Board	Andris Vītolīņš (until 2 April 2015)
Member of the Board	Ireneusz Sajewicz (from 2 April 2015)
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	Argīta Jaunsleine
Member of the Council	Gunārs Laugalis (until 18 August 2015)
Member of the Council	Linda Elsberģe (until 18 August 2015)
Member of the Council	Silvija Neimane
Member of the Council	Ģirts Mīlgrāvis (from 18 August 2015)
Member of the Council	Jānis Liepiņš (from 18 August 2015)
Reporting year	01 January 2015 – 30 June 2015

## ***Management Report***

### **Core Business Activity**

Core business activity of JSC "Grobiņa" is fur-farming of mink and animal feed producing.

### **Operations During the Reporting Year**

In the first half year of 2015 the net turnover has been 4 079 052 EUR. Comparing with the first half year of 2014, the turnover has increased to 68%. It has been so due to the increase in 54% for the fur sales prices in the Finish auction house.

In the first half of the year 2015, 89270 pieces of mink fur have been sold, by the average sales price of the 45.40 EUR/psc. In the first half of the year 2014, 81335 pieces of mink fur have been sold, by the average price of the 29.47 EUR/psc.

In the first half of the year of 2015, the average number of employees in JSC "Grobiņa" was 90, while in the same period in 2014 it was 101.

In the first half of the year 2015, the losses are 126 182 EUR. Net losses per share are 0.252 EUR. In the first half of the year 2014, the net losses per share were 1.340 EUR.

Although in 2015 compared with the year 2014 the tendencies in the fur market are positive, the fur prices hasn't stabilized completely in the auctions happened so far. The price fluctuations in the auction houses in the time period between March and June 2015, have happened in the borders of 20.5%. Comparing the auctions of June and March, the production sales price of JSC "Grobiņa" in the auction of June have went down by 17.6%, therefore negatively affecting the profit figures of the first half year of the JSC "Grobiņa". The decrease of the price in June's auction has made corrections in the payment order of the accrued liabilities during the crisis period; therefore the payment plan for these suppliers and contractors has been postponed to the following auctions of the year 2015 and 2016.

In the first half of the year 2015, the management of the JSC "Grobiņa" was actively working to fulfill the approved plan for restructuring liabilities, including:

1. The signed contract in 29.05.2015. with JSC "Citadele Banka" about long- term restructuring of the liabilities, while applying loan repayment longterm schedule;
2. The signed contract with the part of the suppliers and contractors to pay back the loans in short term;
3. The signed contract with limited partnership company FlyCap Investment Fund AIF in 25.05.2015. for the allocation of long-term loan of 1 000 000,-EUR. Part of the loan has been mastered in a month of June and have been redirected according the contract of the loan.

Due to the fulfillment of the obligations of the restructuring plan and the increase of the fur prices, the JSC "Grobiņa" in the 6 months of 2015 has improved the total liquidity ratio from 0.7 (at 31.12.2014) to 1,13 at 30.06.2015).

### **Financial Results**

Total liquidity ratio = 1.13

Current liquidity ratio = 0.06

Quick liquidity ratio = 0.001

Specific weight of liabilities in the balance sheet =0.92

Debt/Equity Ratio = 11.85

Inventory turnover ratio = 1.39

Asset turnover ratio = 0.25

Profit on sales (%) =-3.09%

Return on equity (%) =-9.84 %

### **Subsequent Events**

In July 2015, JSC signed the contract with Finish auction house Saga Furs Oyj for delivering fur of season 2015/2016 and advanced payments this auction house offers for the production which will be delivered. Due to this contract JSC "Grobiņa" will gain extra current assets for covering the costs of production of the furs which will be delivered.

### **Future Perspective**

JSC "Grobiņa" is planning to increase the production amount in the year of 2015/2016 and in the following years. Besides the main business company is planning to develop the distribution of fur animal feed to other fur farms in the local market as well as exporting.

Chairman of the Board \_\_\_\_\_ Gundars Jaunsleinis

Member of the Board \_\_\_\_\_ Gunta Isajeva

Member of the Board \_\_\_\_\_ Ireneusz Sajewicz

28 July 2015

***Statement of 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 six months of 2015 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 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 \_\_\_\_\_

Ireneusz Sajewicz

28 July 2015

**BALANCE SHEET**

ASSETS	30.06.15. EUR	30.06.14. EUR
<b>II Tangible assets</b>		
Land, building and construction	6 657 676	6 166 232
Equipment and machinery	576 946	98 319
Other fixed assets and equipment	698 436	808 091
Construction in progress	96 313	535 099
Advance payments for tangible assets	271 329	431 086
<b>Total tangible assets</b>	<b>8 300 700</b>	<b>8 038 827</b>
<b>III Biological assets</b>		
Breeding animals	4 935 255	6 303 282
Advance payments for breeding animals	4 000	4 000
<b>Total biological assets</b>	<b>4 939 255</b>	<b>6 307 282</b>
<b>Total non-current assets</b>	<b>13 239 955</b>	<b>14 346 109</b>
<b>Current assets</b>		
<b>I Inventories</b>		
Raw materials and consumables	228 599	538 429
Unfinished production	2 377	140 071
Finished production and goods for sale	1 374 162	397 303
Prepayments for goods	27 278	0
Food-producing animals	1 492 305	1 007 457
<b>Total inventories</b>	<b>3 124 721</b>	<b>2 083 260</b>
<b>III Receivables</b>		
Trade receivables	128 717	24 563
Other receivables	43 520	49 381
Prepaid expenses	12 287	9 955
<b>Total receivables</b>	<b>184 524</b>	<b>83 899</b>
<b>III Cash (total)</b>		
	<b>2 290</b>	<b>13 751</b>
<b>Total current assets</b>	<b>3 311 535</b>	<b>2 180 910</b>
<b>Total assets</b>	<b>16 551 490</b>	<b>16 527 019</b>

**BALANCE SHEET (continued)**

<b>EQUITY AND LIABILITIES</b>	<b>30.06.15. EUR</b>	<b>30.06.14. EUR</b>
<b><i>I Equity</i></b>		
Share capital (equity)	711 436	711 436
Reserves:		
d) other reserves	77 481	77 481
<i>Total reserves</i>	77 481	77 481
Retained earnings		
a) retained earnings for the previous year	619 503	2 276 944
b) retained earnings for the reporting year	-126 182	-670 238
<i>Total retained earnings</i>	493 321	1 606 706
<b><i>Total equity</i></b>	<b>1 282 238</b>	<b>2 395 623</b>
<b><i>II Provisions</i></b>		
Other provisions	71 106	69 782
<b><i>Total provisions</i></b>	<b>71 106</b>	<b>69 782</b>
<b><i>III Liabilities</i></b>		
<b><i>I Long-term liabilities</i></b>		
Loans from credit institutions	6 432 667	6 603 041
Other loans	1 861 095	715 915
Trade payables	1 669 903	0
Further period income	2 199 191	2 276 048
Deferred tax liabilities	112 278	35 852
<b><i>Total long-term liabilities</i></b>	<b>12 275 134</b>	<b>9 630 856</b>
<b><i>II Short-term liabilities</i></b>		
Loans from credit institutions	19	257 508
Other loans	155 872	420 003
Prepayments received from customers	27 521	507 625
Trade payables	2 269 693	2 998 998
Taxes and state social insurance payables	366 241	151 733
Other payables	55 858	35 568
Further period income	47 808	57 188
Accrued liabilities	0	2 135
<b><i>Total short-term liabilities</i></b>	<b>2 923 012</b>	<b>4 430 758</b>
<b><i>Total liabilities</i></b>	<b>15 198 146</b>	<b>14 061 614</b>
<b><i>Total equity and liabilities</i></b>	<b>16 551 490</b>	<b>16 527 019</b>

Chairman of the Board \_\_\_\_\_ Gundars Jaunsleinis

Member of the Board \_\_\_\_\_ Gunta Isajeva

Member of the Board \_\_\_\_\_ Ireneusz Sajewicz

28 July 2015



***INCOME STATEMENT***

	<b>2015</b>	<b>2014</b>
	<b>EUR</b>	<b>EUR</b>
Net turnover	4 079 052	2 424 510
Cost of sales	3 620 719	2 631 883
<b><i>Gross profit or loss</i></b>	<b>458 333</b>	<b>-207 373</b>
Sales expenses	100 200	99 125
Administrative expenses	247 053	215 583
Other operating income	52 145	57 188
Other operating expenses	22 549	27 792
<b><i>Profit or loss from operations</i></b>	<b>140 676</b>	<b>-492 685</b>
Interest payable and similar expenses	262 187	172 839
<b><i>Profit or loss before extraordinary items and taxes</i></b>	<b>-121 511</b>	<b>-665 524</b>
<b><i>Profit or loss before taxes</i></b>	<b>-121 511</b>	<b>-665 524</b>
Other taxes	4 671	4 714
<b><i>Profit or loss of the reporting year</i></b>	<b>-126 182</b>	<b>-670 238</b>
<b><i>Earnings (loss) per share (EPS)</i></b>	<b>-0.252</b>	<b>-1.340</b>

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28 July 2015

**CASH FLOW STATEMENT (indirect method)**

	<b>2015</b>	<b>2014</b>
	<b>EUR</b>	<b>EUR</b>
<b>I Cash flow from operating activities</b>		
1 Profit or loss before extraordinary items and taxes	-121 511	-665 524
<i>Adjustments:</i>		
a) depreciation costs of tangible assets;	252 480	155 590
b) profit or loss from foreign currency exchange rate fluctuations;	0	11
c) subsidies, grants, endowments, donations;	-50 120	-57 188
d) interest payable and similar expenses.	262 187	172 839
2 Profit or loss before corrections of changes in the balances of current assets and short-term liabilities	<b>343 036</b>	<b>-394 272</b>
<i>Adjustments:</i>		
a) (increase)/decrease in biological assets;	1 774 517	-3 774 115
b) (increase)/decrease in receivables balances;	-25 848	109
c) (increase)/decrease in inventories balances;	294 368	1 525 544
d) increase/(decrease) in suppliers, contractors and other creditors payables balances.	-2 361 461	649 971
<b>3 Gross cash flow from operating activities</b>	<b>24 612</b>	<b>-1 992 763</b>
4 Interest payable	-262 187	-172 839
5 Immovable property tax expenses	-4 671	-4 714
<b>6 Cash flow before extraordinary items</b>	<b>-242 246</b>	<b>-2 170 316</b>
<b>7 Net cash flow from operating activities</b>	<b>-242 246</b>	<b>-2 170 316</b>
<b>II. Cash flow from investing activities</b>		
1 Additions in tangible and intangible assets	-43 525	-1 526 861
<b>8 Cash flow from investing activities</b>	<b>-43 525</b>	<b>-1 526 861</b>
<b>III. Cash flow from financing activities</b>		
1 Loans received	979 945	3 684 464
2 Subsidies, grants, endowments and donations received	50 120	57 188
3 Loans repaid	-785 782	-611 455
<b>9 Net cash flow from financing activities</b>	<b>244 283</b>	<b>3 130 197</b>
<b>IV. Result of foreign currency exchange rate fluctuation</b>	<b>0</b>	<b>-11</b>
<b>V. Net cash flow in the reporting year</b>	<b>-41 488</b>	<b>-566 991</b>
<b>VI. Cash and its equivalents at the beginning of the reporting year</b>	<b>43 778</b>	<b>580 742</b>
<b>VII. Cash and its equivalents at the end of the reporting year</b>	<b>2 290</b>	<b>13 751</b>

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28 July 2015

**STATEMENT OF CHANGES IN EQUITY**

	<b>2015</b>	<b>2014</b>
	<b>EUR</b>	<b>EUR</b>
<b>I. Share capital (equity)</b>		
1. Amount in the balance sheet of the previous year	<b>711 436</b>	<b>711 436</b>
4. Amount in the balance sheet at the end of the reporting year	<b>711 436</b>	<b>711 436</b>
<b>V. Reserves</b>		
1. Amount in the balance sheet of the previous year	<b>77 481</b>	<b>77 481</b>
4. Amount in the balance sheet at the end of the reporting year	<b>77 481</b>	<b>77 481</b>
<b>VI. Retained earnings</b>		
1. Amount in the balance sheet of the previous year	<b>619 503</b>	<b>2 276 944</b>
3. Increase/decrease in retained earnings	<b>-126 182</b>	<b>-670 238</b>
4. Amount in the balance sheet at the end of the reporting year	<b>493 321</b>	<b>1 606 706</b>
<b>VII. Equity</b>		
1. Amount in the balance sheet of the previous year	<b>1 408 420</b>	<b>3 065 861</b>
3. Amount in the balance sheet at the end of the reporting year	<b>1 282 238</b>	<b>2 395 623</b>

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Member of the Board \_\_\_\_\_ Gunta Isajeva

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28 July 2015

## **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 statements period is 6 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 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 expences are recognizes in the period, in which they occur regardless of invoice payment date. Loan costs, which are assoicieted 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:

	<b>Depreciation % per year</b>
Buildings and constructions	1.7%-8.5%
Technilological 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 euro**

The accounting in the Company is made in euro. All transactions in the foreign currency are revaluated to euro according to the official exchange rate defined by the European Central Bank 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 European Central Bank 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.

#### **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 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.

### **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 measurement 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.

### **XV. Investment properties**

The Company has no investment property.

### **XVI. 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.

### **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.