

**Joint Stock Company**  
**"GROBIŃA"**

(Unified registration number 40003017297)

**Unaudited**  
**Financial Statements**  
**for 3 Months Period ended**  
**31 March 2016**

*DubeŃi, GrobiŃa 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  duration in accordance with data from the Register of Enterprises
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 (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	Argita Jaunsleine (until 18 August, 2015)
Member of the Council	Gunārs Laugalis
Member of the Council	Silvija Neimane (until 18 August, 2015)
Member of the Council	Linda Elsberģe (from 18 August, 2015)
Member of the Council	Ģirts Mīlgrāvis (from 18 August, 2015)
Member of the Council	Jānis Liepiņš (2015)

## Management Report

### Core Business Activity

Core business activity of JSC "GROBIŅA" is fur-farming of minks for fur production.

### Operations during the reporting year

During the reporting period, the net turnover of € 1,648,395 has decreased by 25% compared with the 1st quarter of 2015, in 2016 three months there were sold 78,367 mink skins at an average price of 21.03 EUR / pcs and 2015 1st quarter were sold 40,969 mink skins at an average price of € 50.19 / pcs, while - three months of 2014 were sold 40,283 mink skins at an average sales price of € 37.54 / pcs. Although in 2016 the JSC "Grobiņa" mink average sales price of Finnish mink auction house exceeded the average auction sales price, however, due to the fur industry crisis in the world, joint stock company "Grobiņa" 1st quarter 2016 production was sold below cost. Thus, the loss for the 1st quarter 2016 made € 2,163,143, but the 2016 first quarter net loss per share made EUR -4,326, when the 1st quarter 2015 net earnings per share were EUR 0,996. In order to obtain the financial stability of the joint stock company "Grobiņa", it has submitted to the court an application for legal protection process initiation.

At 1st quarter of 2016 the average number of employees was 99 employees, in 2015 - 97 employees.

### Financial Risk Management

The Company's operations are exposed to various financial risks, including credit risk and interest rate fluctuation risks. The Company's management try to minimize potential negative effects of financial risks on the Company's financial position. In March 31, 2016, the Company's current liabilities exceeded current assets for EUR 1 288 980.

### Financial results

Total liquidity ratio = 0.8068

Current liquidity ratio = 0.02

Quick liquidity ratio = 0.001

Specific weight of liabilities in the balance sheet = 0.97

Debt/Equity Ratio = 14.22

Inventory turnover ratio = 1

Asset turnover ratio = 0.08

Profit on sales (%) = - 131

Return on equity (%) = -461

### Future perspective

Since on 29<sup>th</sup> of June 2016 the Court of Liepaja has upheld the JSC "Grobiņa" legal protection process action plan, as a result Company will continue economic activities according to this plan.

***Statement of Management's responsibility***

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

The Management of Joint Stock Company "GROBIŅA" in accordance with information available confirms that the Annual Report for the financial period 01.01.2016-31.03. 2016 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 provides true review of JSC "GROBIŅA" growth and performance results.

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

29 July 2016

**BALANCE SHEET**

ASSETS	31.03.2016. EUR	31.03.2015. EUR
<b>Non-current assets</b>		
<b>I Intangible assets</b>		
Concessions, patents, licences, trade marks and similar rights	0	0
<b>Total intangible assets</b>	<b>0</b>	<b>0</b>
<b>II Tangible assets</b>		
Land, building and construction	6524939	6741703
Equipment and machinery	5285942	588176
Other fixed assets and equipment	908134	729203
Construction in progress	0	94519
Advance payments for tangible assets	28098	254329
<b>Total tangible assets</b>	<b>12747113</b>	<b>8407930</b>
<b>III Biological assets</b>		
Breeding animals	1592621	5598399
Advance payments for breeding animals	0	40 00
<b>Total biological assets</b>	<b>1592621</b>	<b>5602399</b>
<b>Total non-current assets</b>	<b>14339734</b>	<b>14010329</b>
<b>Current assets</b>		
<b>I Inventories</b>		
Raw materials and consumables	2212	208757
Unfinished production	8 84	0
Finished production and goods for sale	5197344	3669909
Prepayments for goods	46800	1298
<b>Total inventories</b>	<b>5247240</b>	<b>3879964</b>
<b>II Receivables</b>		
Trade receivables	123277	124929
Other receivables	3909	24024
Prepaid expenses	699	8727
<b>Total receivables</b>	<b>127885</b>	<b>157680</b>
<b>III Cash (total)</b>		
	<b>7979</b>	<b>30130</b>
<b>Total current assets</b>	<b>5383104</b>	<b>4067774</b>
<b>Total assets</b>	<b>19722838</b>	<b>18078103</b>

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

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

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

29 July 2016

**BALANCE  
SHEET  
(continued)**

<b>EQUITY AND LIABILITIES</b>		<b>31.03.2016. EUR</b>	<b>31.03.2015. EUR</b>
<b>I</b>	<b>Equity</b>		
	Share capital (equity)	71 14 36	71 14 36
	Reserves:		
	d) other reserves	7 74 81	7 74 81
	<i>Total reserves</i>	7 74 81	7 74 81
	Retained earnings		
	a) retained earnings for the previous year	1843196	619503
	b) retained earnings for the reporting year	-2163143	497969
	<i>Total retained earnings</i>	-319947	1117472
	<b>Total equity</b>	<b>468970</b>	<b>1906389</b>
<b>II</b>	<b>Provisions</b>		
	Other provisions	5 85 17	7 11 06
	<b>Total provisions</b>	<b>5 85 17</b>	<b>7 11 06</b>
<b>III</b>	<b>Liabilities</b>		
<b>I</b>	<b>Long-term liabilities</b>		
	Loans from credit institutions	6859357	6432667
	Other loans	1736627	915573
	Trade payables	1669903	2015425
	Taxes and state social insurance payables	11 73 55	0
	Further period income	2140024	2199191
	Deferred tax liabilities	0	11 22 78
	<b>Total long-term liabilities</b>	<b>12523266</b>	<b>11675134</b>
<b>II</b>	<b>Short-term liabilities</b>		
	Loans from credit institutions	315181	8
	Other loans	21850	198798
	Prepayments received from customers	1116359	1509209
	Trade payables	4766594	2293535
	Taxes and state social insurance payables	315277	292216
	Other payables	12066	54288
	Further period income	9 83 17	71713
	Accrued liabilities	26441	5707
	<b>Total short-term liabilities</b>	<b>6672085</b>	<b>4425474</b>
	<b>Total liabilities</b>	<b>19195351</b>	<b>16100608</b>
	<b>Total equity and liabilities</b>	<b>19722838</b>	<b>18078103</b>

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

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29 July 2016

***INCOME STATEMENT***

	<b>01.01.2016- 31.03.2016 EUR</b>	<b>01.01.2015- 31.03.2015 EUR</b>
Net turnover	1648395	2071183
Cost of sales	3515618	1318833
<b><i>Gross profit or loss</i></b>	<b>-1867223</b>	<b>752350</b>
Sales expenses	333629	40599
Administrative expenses	33278	99694
Other operating income	255965	25481
Other operating expenses	121052	10488
<b><i>Profit or loss from operations</i></b>	<b>-2099217</b>	<b>627050</b>
Interest payable and similar expenses	54267	126746
<b><i>Profit or loss before extraordinary items and taxes</i></b>	<b>-2153483</b>	<b>500304</b>
<b><i>Profit or loss before taxes</i></b>	<b>-2153483</b>	<b>500304</b>
Other taxes	9660	2335
<b><i>Profit or loss of the reporting year</i></b>	<b>-2163143</b>	<b>497969</b>
<b><i>Earnings (loss) per share (EPS)</i></b>	<b>-4.326</b>	<b>0.996</b>

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29 July 2016



**CASH FLOW STATEMENT (indirect method)**

	<b>2016</b>	<b>2015</b>
	<b>EUR</b>	<b>EUR</b>
<b>I</b>		
<b>Cash flow from operating activities</b>		
1 Profit or loss before extraordinary items and taxes	<b>-2153483</b>	<b>500304</b>
<i>Adjustments:</i>		
a) depreciation costs of tangible assets;	156869	123595
b) disposals of tangible assets;	24042	0
c) accruals (other than accruals for doubtful debts);	0	0
d) profit or loss from foreign currency exchange rate fluctuations;	0	0
e) subsidies, grants, endowments, donations;	0	-23904
f) interest payable and similar expenses.	54267	126746
2 Profit or loss before corrections of changes in the balances of current assets and short-term liabilities	<b>-1918305</b>	<b>726741</b>
<i>Adjustments:</i>		
a) (increase)/decrease in biological assets;	3778546	1111373
b) (increase)/decrease in receivables balances;	41526	996
c) (increase)/decrease in inventories balances;	-1490875	-460875
d) increase/(decrease) in suppliers, contractors and other creditors payables balances.	-635997	-541362
<b>3 Gross cash flow from operating activities</b>	<b>-225105</b>	<b>836873</b>
4 Interest payable	-54267	-126746
5 Immovable property tax expenses	-9659	-2335
6 Company income tax expenses	0	-73 37
<b>7 Cash flow before extraordinary items</b>	<b>-289031</b>	<b>707792</b>
<b>7 Net cash flow from operating activities</b>	<b>-289031</b>	<b>707792</b>
<b>II. Cash flow from investing activities</b>		
1 Additions in tangible and intangible assets	-511040	-21870
<b>8 Cash flow from investing activities</b>	<b>-511040</b>	<b>-21870</b>
<b>III. Cash flow from financing activities</b>		
1 Loans received	1442522	10
2 Subsidies, grants, endowments and donations received	159663	23904
3 Loans repaid	-824265	-723484
<b>9 Net cash flow from financing activities</b>	<b>777920</b>	<b>-699570</b>
<b>IV. Result of foreign currency exchange rate fluctuation</b>	<b>0</b>	<b>0</b>
<b>V. Net cash flow in the reporting year</b>	<b>-22151</b>	<b>-13648</b>
<b>VI. Cash and its equivalents at the beginning of the reporting year</b>	<b>30130</b>	<b>43778</b>
<b>VII. Cash and its equivalents at the end of the reporting year</b>	<b>7979</b>	<b>30130</b>

Chairman of the Board \_\_\_\_\_  
Member of the  
Board \_\_\_\_\_

SC "GROBIŃA"  
Unified registration number 40003017297

Unaudited Financial Statements  
for 3 Months Period ended 31 March 2016

Member of the  
Board \_\_\_\_\_

29 July 2016

**STATEMENT OF CHANGES IN EQUITY**

	<b>2016 EUR</b>	<b>2015 EUR</b>
<b><i>I. Share capital (equity)</i></b>		
1. Amount in the balance sheet of the previous year	<b>711436</b>	<b>711436</b>
4. Amount in the balance sheet at the end of the reporting year	<b>711436</b>	<b>711436</b>
<b><i>V. Reserves</i></b>		
1. Amount in the balance sheet of the previous year	<b>77481</b>	<b>77481</b>
4. Amount in the balance sheet at the end of the reporting year	<b>77481</b>	<b>77481</b>
<b><i>VI. Retained earnings</i></b>		
1. Amount in the balance sheet of the previous year	<b>1 84 31 96</b>	<b>61 95 03</b>
2. Calculated dividends	0	0
3. Increase/decrease in retained earnings	-2 16 31 43	1 22 36 93
4. Amount in the balance sheet at the end of the reporting year	<b>-31 99 47</b>	<b>1 84 31 96</b>
<b><i>VII. Equity</i></b>		
1. Amount in the balance sheet of the previous year	<b>2 63 21 13</b>	<b>1 40 84 20</b>
3. Amount in the balance sheet at the end of the reporting year	<b>468970</b>	<b>2632113</b>

Chairman of the Board \_\_\_\_\_ Gundars Jaunsleinis  
 Member of the Board \_\_\_\_\_ Gunta Isajeva  
 Member of the Board \_\_\_\_\_ Ireneusz Sajewicz

29 July 2016

## 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 12 month and it is equal to calendar year.

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 expenses 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:

#### **Depreciation % per year**

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. Finance lease**

Leased tangible assets are listed in balance-sheet in the value they could be acquired, if immediate payment were made, only in that case, if fixed assets are under finance lease with purchasing rights and all risks and returns associated with these assets have passed to the Company.

### **V. 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.

#### **VI. 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.

#### **VII. Prepaid expenses**

Expenses, which occurred after reporting date, but are related to subsequent years, shall be shown in the balance-sheet item "Prepaid expenses"

#### **VIII. 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 euro 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.

#### **IX. 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.

#### **X. 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.

risk

Liquidity

The Company manages its liquidity risk by maintaining an appropriate financing."

#### **XI. 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.

#### **XII. 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.

#### **XIII. 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.

#### **XIV. 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.

#### **XV. 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.



Pētniecības darbu izmaksas tiek atzītas tā perioda peļņas vai zaudējumu aprēķinā, kurā tās radušās. Attīstības izmaksas, kas saistītas ar jaunu produktu izstrādi un pārbaudi, tiek atzītas bilancē kā nemateriāls ieguldījums to paredzamajā atgūstamajā vērtībā. Pārējās attīstības izmaksas tiek atzītas tā perioda peļņas vai zaudējumu aprēķinā, kurā tās radušās. Kapitalizētās attīstības izmaksas tiek amortizētas pēc lineārās metodes, sākot ar attiecīgā produkta komerciālās ražošanas uzsākšanas brīdi, laika periodā, kurā sagaidāma atdeve no šī ieguldījuma. Amortizācijas periods nepārsniedz X gadus.

#### **XVI. 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.

#### **XVII. Investment properties**

The Company has no investment property.

#### **XVIII. 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."

#### **XIX. 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.