# Joint Stock Company "GROBIŅA"

(Unified registration number 40003017297)

## Unaudited
## Financial Statements
## for 12 Months of the year 2016

*Dubeņi, Grobiņa district*

***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<br>Riga, 12 July 2004 | |
| Address | Lapsu Street 3, Dubeņi, Grobiņa district<br>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<br>Farm animal food production<br>NACE 10.91<br>Owned or rented property rent or administration,<br>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 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 | |
| Member of the Council | Gunārs Laugalis | (until 18 August, 2015) |
| Member of the Council | Silvija Neimane | |
| Member of the Council | Linda Elsberģe | (until 18 August, 2015) |
| Member of the Council | Ģirts Mīlgrāvis | (from 18 August, 2015) |
| Member of the Council | Jānis Liepiņš | (from 18 August, 2015) |
| Reporting year | 1 January 2016 | 31 December 2016 |

**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 is € 2 657 682, it has decreased by 43% compared with the period of twelve months of 2015, in 2016 twelve months there were sold 131 828 mink skins at an average price of € 20.17 / pcs and 2015 in twelve months were sold 113 521 mink skins at an average price of € 40,18 / pcs, while - twelve months of 2014 were sold 94 849 mink skins at an average sales price of € 28 / 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” twelve months 2016 production was sold below cost. Thus, the loss for the twelve months of the year 2016 made € 4 302 535, but the 2016 twelve month net loss per share made € -8.605, when the twelve month 2015 net earnings per share were € 2,447. 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.

In the year 2016 the average number of employees were 92, but 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 September 30, 2016, the Company's current liabilities exceeded current assets for EUR 1337983.

**Financial results**

Total liquidity ratio = 0.8314

Current liquidity ratio = 0.02

Quick liquidity ratio = 0.001

Specific weight of liabilities in the balance sheet =1.04

Debt/Equity Ratio = -22.11

Inventory turnover ratio = 1

Asset turnover ratio = 0.12

Profit on sales (%) = - 126

Return on equity (%) = -415

**Future perspective**

In order to obtain financial stability on 29 June of 2016 JSC "Grobina" legal protection process action plan was confirmed by the Liepaja court decision, which provides to make payment to creditors in year 2018. Despite the JSC "Grobiņa" legal protection process the agreement with the Finnish auction houses Saga Furs of funding for fur-bearing animals for fattening during the growing season was reached. This agreement will allow to continue normal business processes of the Company and let continue economic activities according to legal protection plan.

***Statement of Management's resposibility***

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 01.01.2016-30.09. 2016 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 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

28 February 2017

## *BALANCE SHEET*

| | ASSETS | 31.12.2016. EUR | 31.12.2015. EUR |
|---|---|---|---|
| ***Non-current assets*** | | | |
| ***I*** | ***Intangible assets*** | | |
| | Concessions, patents, licences, trade marks and similar rights | 0 | 0 |
| | ***Total intangible assets*** | **0** | **0** |
| ***II*** | ***Tangible assets*** | | |
| | Land, building and construction | 6 321 750 | 6 612 026 |
| | Equipment and machinery | 5 146 227 | 5 345 949 |
| | Other fixed assets and equipment | 835 055 | 990 875 |
| | Construction in progress | 0 | 0 |
| | Advance payments for tangible assets | 28 098 | 148 222 |
| | ***Total tangible assets*** | **12 331 130** | **13 097 072** |
| ***III*** | ***Biological assets*** | | |
| | Breeding animals | 3 236 640 | 5 203 458 |
| | Advance payments for breeding animals | 0 | |
| | ***Total biological assets*** | **3 236 640** | **5 203 458** |
| | ***Total non-current assets*** | **15 567 770** | **18 300 530** |
| ***Current assets*** | | | |
| ***I*** | ***Inventories*** | | |
| | Raw materials and consumables | 80 210 | 83 122 |
| | Unfinished production | 884 | 884 |
| | Finished production and goods for sale | 2 840 869 | 4 735 363 |
| | Prepayments for goods | | 26248 |
| | ***Total inventories*** | **2 921 963** | **4 845 617** |
| ***II*** | ***Receivables*** | | |
| | Trade receivables | 133 555 | 550 803 |
| | Other receivables | 0 | 17 313 |
| | Prepaid expenses | 4 701 | 12 049 |
| | ***Total receivables*** | **138 256** | **580 165** |
| ***III*** | ***Cash (total)*** | **1 157** | **1 802** |
| | ***Total current assets*** | **3 061 376** | **5 427 584** |
| | ***Total assets*** | **18 629 146** | **23 728 114** |

Chairman of the Board___________________________Gundars Jaunsleinis

Member of the Board_______________________________Gunta Isajeva

Member of the Board_______________________________Ireneusz Sajewicz

28 February 2017

***BALANCE SHEET (continued)***

| | EQUITY AND LIABILITIES | 31.12.2016. EUR | 31.12.2015. EUR |
|---|---|---|---|
| ***I*** | ***Equity*** | | |
| | Share capital (equity) | 711 436 | 711 436 |
| | Reserves: | | |
| | d) other reserves | 77 481 | 77 481 |
| | *Total reserves* | 77 481 | 77 481 |
| | Retained earnings | | |
| | a) retained earnings for the previous year | 1 843 196 | 619 503 |
| | b) retained earnings for the reporting year | -4 302 535 | 1 223 693 |
| | *Total retained earnings* | -2 459 339 | 1 843 196 |
| | ***Total equity*** | **-1 670 422** | **2 632 113** |
| ***II*** | ***Provisions*** | | |
| | Other provisions | 43 224 | 58 517 |
| | ***Total provisions*** | **43 224** | **58 517** |
| ***III*** | ***Liabilities*** | | |
| ***I*** | ***Long-term liabilities*** | | |
| | Loans from credit institutions | 6 859 357 | 5 656 571 |
| | Other loans | 1 736 627 | 2 163 318 |
| | Trade payables | 1 669 903 | 1 669 903 |
| | Taxes and state social insurance payables | 117 355 | 117 355 |
| | Further period income | 2 007 957 | 2 140 024 |
| | Deferred tax liabilities | 0 | 0 |
| | ***Total long-term liabilities*** | **12 391 199** | **11 747 171** |
| ***II*** | ***Short-term liabilities*** | | |
| | Loans from credit institutions | 315 181 | 806 193 |
| | Other loans | 21 850 | 333 143 |
| | Prepayments received from customers | 2 975 024 | 2 489 419 |
| | Trade payables | 3 874 672 | 4 785071 |
| | Taxes and state social insurance payables | 432 727 | 217 858 |
| | Other payables | 123 633 | 538 711 |
| | Further period income | 95 617 | 98 317 |
| | Accrued liabilities | 26 441 | 21 601 |
| | ***Total short-term liabilities*** | **7 865 145** | **9 290 313** |
| | ***Total liabilities*** | **20 299 568** | **21 037 484** |
| ***Total equity and liabilities*** | | **18 629 146** | **23 728 114** |

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Member of the Board______________________________Gunta Isajeva

Member of the Board______________________________Ireneusz Sajewicz

28 February 2017

## *INCOME STATEMENT*

| | 01.01.2016-31.12.2016 EUR | 01.01.2015-31.12.2015 EUR |
|---|---|---|
| Net turnover | 2 657 682 | 6 220 362 |
| Cost of sales | 5 774 059 | 4 035 601 |
| ***Gross profit or loss*** | **-3 116 377** | **2 184 761** |
| Sales expenses | 1 310 770 | 199 649 |
| Administrative expenses | 107 613 | 513 256 |
| Other operating income | 451 603 | 237 604 |
| Other operating expenses | 98 314 | 54 258 |
| ***Profit or loss from operations*** | **-4 181 471** | **1 655 202** |
| Interest payable and similar expenses | 111 185 | 534 446 |
| ***Profit or loss before extraordinary items and taxes*** | **-4 292 656** | **1 120 756** |
| ***Profit or loss before taxes*** | **-4 292 656** | **1 120 756** |
| Other taxes | 9879 | -102 937 |
| ***Profit or loss of the reporting year*** | **-4 302 535** | **1 223 693** |
| ***Earnings (loss) per share (EPS)*** | **-8.605** | **2.447** |

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Member of the Board_______________________________Gunta Isajeva

Member of the Board_______________________________Ireneusz Sajewicz

28 February 2017

***CASH FLOW STATEMENT (indirect method)***

| | | 2016 EUR | 2015 EUR |
|---|---|---|---|
| ***I*** | ***Cash flow from operating activities*** | | |
| 1 | Profit or loss before extraordinary items and taxes | **-4 302 535** | **1 120 756** |
| | *Adjustments:* | | |
| a) | depreciation costs of tangible assets; | 597 978 | 511 172 |
| b) | disposals of tangible assets; | 0 | -12 589 |
| c) | accruals (other than accruals for doubtful debts); | 24042 | 11 851 |
| d) | profit or loss from foreign currency exchange rate fluctuations; | 0 | -159 663 |
| e) | subsidies, grants, endowments, donations; | | |
| f) | interest payable and similar expenses. | 111 185 | 523 423 |
| 2 | Profit or loss before corrections of changes in the balances of current assets and short-term liabilities | **-3 569 330** | **1 994 950** |
| | *Adjustments:* | | |
| a) | (increase)/decrease in biological assets; | 1 966 818 | 1 510 314 |
| b) | (increase)/decrease in receivables balances; | 441 909 | -421 489 |
| c) | (increase)/decrease in inventories balances; | 1 923 654 | -1 426 528 |
| d) | increase/(decrease) in suppliers, contractors and other creditors payables balances. | -737 916 | 2 983 132 |
| **3** | **Gross cash flow from operating activities** | **25 135** | **4 640 379** |
| 4 | Interest payable | -994 707 | -523 423 |
| 5 | Immovable property tax expenses | -9 659 | -4 435 |
| 6 | Company income tax expenses | 0 | |
| **7** | **Cash flow before extraordinary items** | **496 601** | **4 112 521** |
| **7** | **Net cash flow from operating activities** | **-979 231** | **4 112 521** |
| ***II.*** | ***Cash flow from investing activities*** | | |
| 1 | Additions in tangible and intangible assets | -29 739 | -5 110 440 |
| **8** | **Cash flow from investing activities** | **-29 739** | -5 110 440 |
| ***III.*** | ***Cash flow from financing activities*** | | |
| 1 | Loans received | 2 706 232 | 1 442 522 |
| 2 | Subsidies, grants, endowments and donations received | 42 758 | 159 663 |
| 3 | Loans repaid | -1 740 665 | -646 242 |
| **9** | **Net cash flow from financing activities** | **1 008 325** | **955 943** |
| ***IV.*** | ***Result of foreign currency exchange rate fluctuation*** | 0 | 0 |
| ***V.*** | ***Net cash flow in the reporting year*** | **-645** | **-41 976** |
| ***VI.*** | ***Cash and its equivalents at the beginning of the reporting year*** | **1 802** | **43778** |
| ***VII.*** | **Cash and its equivalents at the end of the reporting year** | **1 157** | **1 802** |

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Member of the Board______________________________Gunta Isajeva

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28 February 2017

## *STATEMENT OF CHANGES IN EQUITY*

| | 2016 EUR | 2015 EUR |
|---|---|---|
| ***I. Share capital (equity)*** | | |
| 1. Amount in the balance sheet of the previous year | **711436** | **711436** |
| 4. Amount in the balance sheet at the end of the reporting year | **711436** | **711436** |
| ***V. Reserves*** | | |
| 1. Amount in the balance sheet of the previous year | **77481** | **77481** |
| 4. Amount in the balance sheet at the end of the reporting year | **77481** | **77481** |
| ***VI. Retained earnings*** | | |
| 1. Amount in the balance sheet of the previous year | **1 843 196** | **619503** |
| 2. Calculated dividends | 0 | 0 |
| 3. Increase/decrease in retained earnings | -4 302 535 | 1 223 693 |
| 4. Amount in the balance sheet at the end of the reporting year | **-2 459 339** | **1 843 196** |
| ***VII. Equity*** | | |
| 1. Amount in the balance sheet of the previous year | **2 632 113** | **1 408 420** |
| 3. Amount in the balance sheet at the end of the reporting year | **-1 670 422** | **2 632 113** |

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Member of the Board_______________________________Gunta Isajeva
Member of the Board_______________________________Ireneusz Sajewicz

28 February 2017

## 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 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.

**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:

| | **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. 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.

Liquidity risk

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 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.

**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 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.

**XVII. Investment properties**

The Company has no investment property.

**XVIII. 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."

**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.