

**LIMITED LIABILITY COMPANY SUNDIN MEŽS**  
(REGISTRATION NUMBER 40103218549)

**OPERATING BALANCE**  
**FOR THE PERIOD 1 SEPTEMBER 2012 THROUGH 31 AUGUST 2013**  
(4<sup>th</sup> financial year)

**Valmiera, 2013**

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## General information

Name of the company	SUNDIN MEŽS
Legal status of the company	Limited liability company
Core business activity	Land and real estate management
Unified registration number, place and date of registration	40103218549 Riga, 6 March 2009
Registered office	Cēsu iela 19, Valmiera, Latvia, LV-4201
Shareholders	Livland Skog AB (100%), Kungsgatan 1A, SE 35230, Vaxjo, Sweden
Board Member	Sundin Anders Erik Olof
Financial period (7 months)	1 September 2012 – 31 August 2013

**Income statement**

	Notes	01/09/2012- 31/08/2013 LVL	01/09/2011- 31/08/2012 LVL
Net turnover	2	312 617	172 266
Management expense	3	-179 914	-80 549
<b>Gross profit/(loss)</b>		<b>132 703</b>	<b>91 717</b>
Administrative expense	4	(7 454)	(6 773)
Other operating income	5	48 674	457
Other operating expense	6	(34 907)	(7 799)
Interest payable and similar expense	7	(35 611)	(41 372)
<b>Profit before taxes</b>		<b>103 405</b>	<b>36 230</b>
Other taxes	8	(3 232)	(2 223)
<b>Net profit for the period</b>		<b>100 173</b>	<b>34 007</b>

The accompanying notes on pages form an integral part of these financial statements.

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Authorized person

**Balance sheet**  
**ASSETS**

	Notes	31.08.2013 LVL	31.08.2012 LVL
<b>NON-CURRENT ASSETS</b>			
<b>Property, plant and equipment</b>			
Land		2 052 229	1 187 897
Advance for land		22 900	7 500
Other fixed assets		59 362	11 870
	TOTAL	<b>2 134 491</b>	<b>1 207 267</b>
<b>Biological assets</b>			
Biological assets		1 071 017	800 903
	TOTAL	<b>1 071 017</b>	<b>800 903</b>
	<b>TOTAL NON-CURRENT ASSETS</b>	<b>3 205 508</b>	<b>2 008 170</b>
<b>CURRENT ASSETS</b>			
<b>Stock</b>			
Raw materials		-	75 562
	TOTAL	<b>-</b>	<b>75 562</b>
<b>Receivables</b>			
Trade receivables		22 966	10 981
Other receivables	11	11 308	12 528
Prepaid expense	12	2 805	1 574
	TOTAL	<b>37 079</b>	<b>25 083</b>
<b>Cash</b>		<b>541 526</b>	<b>205 046</b>
	<b>TOTAL CURRENT ASSETS</b>	<b>578 605</b>	<b>305 691</b>
<b>TOTAL ASSETS</b>		<b>3 784 113</b>	<b>2 313 861</b>

The accompanying notes on pages form an integral part of these financial statements.

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**Balance sheet**  
**EQUITY AND LIABILITIES**

			<b>31.08.2013</b>	<b>31.08.2012</b>
<b>EQUITY</b>	Notes		<b>LVL</b>	<b>LVL</b>
Share capital	13		1483 283	20 000
Retained earnings			(45 192)	(79 199)
Profit for the reporting period			100 173	34 007
		<b>TOTAL EQUITY</b>	<b>1538 264</b>	<b>(25 192)</b>
<b>LIABILITIES</b>				
<b>Long term liabilities</b>				
Loan from credit institution	14		1460 000	1024 295
Deferred income	17		10 995	10 995
		<b>TOTAL</b>	<b>1470 995</b>	<b>1035 290</b>
<b>Current liabilities</b>				
Loans from related parties	15		747 678	1200 545
Trade payables	16		27 176	94 538
Accrued liabilities			-	8 680
		<b>TOTAL</b>	<b>774 854</b>	<b>1303 763</b>
		<b>TOTAL LIABILITIES</b>	<b>2245 849</b>	<b>2339 053</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			<b>3784 113</b>	<b>2313 861</b>

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## Notes to the financial statements

### 1. Summary of significant accounting policies

### 2. Net turnover

	01/09/2012- 31/08/2013	01/09/2011- 31/08/2012
Income from timber sales	293 129	170 931
Income from land rent	1 412	1 335
Income from vax sales	18 076	0
<b>TOTAL:</b>	<b>312 617</b>	<b>172 266</b>

### 3. Management expense

	01/09/2012- 31/08/2013	01/09/2011- 31/08/2012
Forest and land management expense	120 182	47 805
The cost of sold timber	51 501	32 141
Depreciation	8 231	603
<b>TOTAL:</b>	<b>179 914</b>	<b>80 549</b>

### 4. Administrative expense

	01/09/2012- 31/08/2013	01/09/2011- 31/08/2012
Accounting services	2 980	875
Office expenses	2 565	2 933
Bank charges	291	499
Other administrative expense	1 618	2 466
<b>TOTAL:</b>	<b>7 454</b>	<b>6 773</b>

### 5. Other operating incomes

	01/09/2012- 31/08/2013	01/09/2011- 31/08/2012
Financing from the Rural Support Service	23 674	457
Income from sale of property	15 180	0
<b>TOTAL:</b>	<b>38 854</b>	<b>457</b>

### 6. Other operating expenses

	01/09/2012- 31/08/2013	01/09/2011- 31/08/2012
State fees	677	828
Donation	5 000	5 000
Loan processing fee	5 731	1 960
Exchange rate fluctuations	7 761	11
Interest expense from Financing from the Rural Support Service	5 918	0

<b>TOTAL:</b>	<b>25 087</b>	<b>7 799</b>
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**7. Interest payable and similar charges**

	01/09/2012- 31/08/2013	01/09/2011- 31/08/2012
Interest on bank loans	35 611	2 480
Interest on loan from shareholder	0	38 892
<b>TOTAL:</b>	<b>35 611</b>	<b>41 372</b>

**8. Other taxes** consist of the real estate tax expense for the reporting period.

**9. Staff costs****Key management personnel compensation**

During the reporting period, the Board Members did not receive any remuneration for their functions in the Board.

**10. Property, plant and equipment, and biological assets**

	Advance for land	Land	Biological assets	Other fixed assets	<b>TOTAL</b>
<b>Reported as at 31/08/2012</b>	<b>7 500</b>	<b>1 187 897</b>	<b>800 903</b>	<b>11 870</b>	<b>2 008 170</b>
Bought	22 900	793 998	212 241	55 723	1 084 862
Cleaning			86 316		86 316
2012/2013 Planting			23 058		23 058
Disposals	-	-	(51 501)	-	(51 501)
Advance to land	(7 500)	7 500	-	-	-
State fees and notary		24 829			24 829
Broker fees		38 005			38 005
Depreciation	-	-	-	(8 231)	(8 231)
<b>Net carrying amount as at 31/08/2013</b>	<b>22 900</b>	<b>2 052 229</b>	<b>1 071 017</b>	<b>59 362</b>	<b>3 205 508</b>

**11. Other receivables**

	31/08/2013	31/08/2012
Overpayment of value added tax	11 300	12 499
Overpayment of real estate tax	8	8
Other debtors	0	21
<b>TOTAL:</b>	<b>11 308</b>	<b>12 528</b>

**12. Prepaid expense** represents overpaid real estate tax.

**13. The share capital of the Company** is LVL 1 483 283 and consists of 1 483 283 shares. The par value of each share is LVL 1.



**14. Loans from the credit institution**

	<i>Interest rate (%)</i>	<i>Repayment term</i>	31.08.2013.	31.08.2012.
Loan from Nordea Bank Finland Plc	2.75 %	30.06.2017	1 460 000	1 024 295
		<b>Total:</b>	<b>1 460 000</b>	<b>1 024 295</b>

**15. Loans from the related parties**

	<i>Interest rate (%)</i>	<i>Repayment term</i>	31/08/2013	31/08/2012
Payments for Granplantan AB interest	3	Under request	63 161	1 026 823
Contribution from Sundin Olof	0	Under request	0	173 722
Loan from Sundins Skogsplantor AB	0	Under request	542	0
Loan from Livland Skog AB	0	Under request	683 975	0
		<b>Total:</b>	<b>747 678</b>	<b>1 200 545</b>

**16. Trade payables** basically comprise balances due for forest management.

**17. Deferred income**

Under the project Afforestation of Unfarmed Land, the Company has received payments from the Rural Support Service. Deferred income will be recognised as soon as non-current assets are sold.