

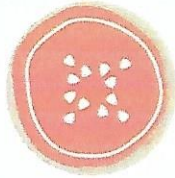
**JOINT STOCK COMPANY "GROBINA"**  
**(REGISTRATION NUMBER 40003017297)**

**ANNUAL REPORT 2017**

(27<sup>TH</sup> financial year)

**PREPARED IN ACCORDANCE WITH  
THE LAW OF THE REPUBLIC OF LATVIA  
ON THE ANNUAL REPORT AND CONSOLIDATED ANNUAL REPORT  
AND INDEPENDENT AUDITOR'S REPORT**

**Riga, 2018**



## Independent Auditor's Report

### To the shareholders of JSC GROBINA

#### *Our Qualified Opinion on the Financial Statements*

We have audited the accompanying financial statements of JSC GROBINA ("the Company") set out on pages 10 to 25 of the accompanying annual report, which comprise:

- the balance sheet as at 31 December 2017,
- the profit and loss statement for the year then ended,
- the statement of changes in equity for the year then ended,
- the statement of cash flows for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, except for the effect of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements give a true and fair view of the financial position of JSC GROBINA as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

#### *Basis for Qualified Opinion*

Since we were appointed as the Company's auditor on April 25, 2018, we could not observe stocks inventory, which took place in early January 2018. We could not verify the balance of stocks shown on December 31, 2017 using alternative methods. As the balance of inventories is significant for determining the financial performance and cash flows, we were not able to determine whether it would be necessary to make adjustments in the operating cash flow statement and in the profit or loss statement and the shown cash flow in the cash flow statement of the main business of the Company.

In accordance with the Law on Audit Services of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and independence requirements included in the Law on Audit Services of the Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the IESBA Code and Law on Audit Services of the Republic of Latvia.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### *Significant uncertainty regarding Company's ability to continue as a going concern*

We draw your attention to the note No 21 of the financial statement, which describes that a public limited liability company has a current legal protection process. These events and circumstances indicate that there is a significant uncertainty that may raise significant doubts to the ability of a Company to continue its operations in the future. Our opinion is not qualified regarding this circumstance.

#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion in these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.



## *Audit Matter*

### Value of breeding animals

On 31 December 2017, the value of breeding stock held by the Company, which is shown in the balance sheet in the fixed assets position „working or productive animals and perennial plantations” value was Eur 5 825 479. On that date, the value of breeding animals was 29% of all the Company’s assets.

The cost calculation of the breeding animals requires significant management assumptions regarding allocation of the production overhead costs.

We consider this as important matter due to the fact that this asset is crucial for the Company’s operations and its value is material in the context of the Company’s balance sheet.

### Value of inventories

On 31 December 2017, the value of inventories was EUR 2 612 781. On that date, the value of breeding animals was 13% of all the Company’s assets.

The cost calculation of the inventories requires significant management assumptions regarding allocation of the production overhead costs. We consider this as important matter due to the fact that this asset value is material in the context of the Company’s balance sheet.

## *Reporting on Other Information*

The Company management is responsible for the other information. The other information comprises:

- the Management Report, as set out on page 8 of the accompanying Annual Report,
- the Statement on Management Responsibility, as set out on page 9 of the accompanying Annual Report,
- the Statement of Corporate Governance, set out in separate statement provided by Company’s management and available on the Company’s website: [http://www.asgrobina.lv/attachments/035\\_corp\\_gov\\_2017\\_final\\_LV.pdf](http://www.asgrobina.lv/attachments/035_corp_gov_2017_final_LV.pdf).

Our opinion on the financial statements does not cover the other information included in the Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other reporting responsibilities in accordance with the legislation of the Republic of Latvia* section of our report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the entity and its environment obtained, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Other reporting responsibilities in accordance with the legislation of the Republic of Latvia*

In addition, in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Management Report, our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the ‘Law On the Annual Reports and Consolidated Annual Reports’ of the Republic of Latvia.

Based solely on the work required to be undertaken in the course of our audit, in our opinion:

- the information given in the Management Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Management Report has been prepared in accordance with the requirements of the ‘Law On the Annual Reports and Consolidated Annual Reports’ of the Republic of Latvia.

## *Response*

We have gained an understanding of the production process by discussing the process with the Company’s management and testing related controls. We have identified, discussed and assessed the Company’s management assumptions and compared the assumptions with those used in the previous periods.

We also performed analytical and detailed procedures, comparing cost components and costs of items with prior periods.

Finally, we have assessed the adequacy of disclosures and accounting policies included in the notes to the financial statements.

We performed analytical and detailed procedures, comparing cost components and costs of inventory items with prior periods.

Furthermore, we have reviewed the calculations of inventories net realizable value, which was performed by the Company’s management based on review of subsequent sales after the year-end.

Finally, we have assessed the adequacy of disclosures and accounting policies included in the notes to the financial statements.



In accordance with the Law on Audit Services of the Republic of Latvia with respect to the Statement of Corporate Governance, our responsibility is to consider whether the Statement of Corporate Governance entails the information required in section 56.1, first paragraph, clause 3, 4, 6., 8 and 9, as well as section 56.2, second paragraph, clause 5, and third paragraph of the Financial Instruments Market Law and if it includes the information stipulated in section 56.2 second paragraph, clause 1, 2, 3, 4, 7 and 8 of the Financial Instruments Market Law.

In our opinion, the Statement of Corporate Governance entails the information required in section 56.1, first paragraph, clause 3, 4, 6., 8 and 9, as well as section 56.2, second paragraph, clause 5, and third paragraph of the Financial Instruments Market Law and it includes the information stipulated in section 56.2 second paragraph, clause 1, 2, 3, 4, 7 and 8 of the Financial Instruments Market Law.

#### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### *Auditor's Responsibility for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and objectivity, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The responsible certified auditor on the audit resulting in this independent auditors' report is Ieva Liepina.

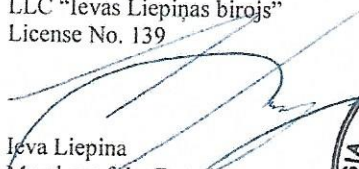
*Report on Other Legal and Regulatory Requirements*

*Other Reporting Responsibilities and Confirmations Required by the Legislation of the Republic of Latvia and the European Union when Providing Audit Services to Public Interest Entities.*

We were appointed by those charges with governance on 25 April 2018 to audit the financial statements of JSC GROBINA for the year ended 31 December 2017. Our total uninterrupted period of engagement is 3 years, covering the periods ending 31 December 2015 to 31 December 2017.

We confirm that as referred to in the paragraph 37.6 of the "Law on Audit Services" of the Republic of Latvia we have not provided to the Company the prohibited non-audit services (NASs) referred to of EU Regulation (EU) No 537/2014. We also remained independent of the audited entity in conducting the audit.

LLC "Ievas Liepiņas birojs"  
License No. 139

  
Ieva Liepina  
Member of the Board  
Certified auditor of Latvia  
Certificate No. 161



Rīga, Latvia

30 July 2018

This report is an English translation of the original Latvian. In the event of discrepancies between the two reports, the Latvian version prevails.

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## Information on the Company

Name of the company	Joint stock company „Grobina”	
Legal status of the company	Public joint stock company	
Number, place and date of registration	40003017297 Liepaja, 23d of August 1991	
Legal address	Lapsu street 3, Dubeni, Grobina district, Latvia, LV-3438	
Shareholders	Mielenczuk Grzegorz Robert, 41.27% Gundars Jaunsleinis, 25.75% Argita Jaunsleine, 23.98% Others, 9%	
Board of the Company	Gundars Jaunsleinis – chairman of the board, since 01.06.2011 Gunta Isajeva – member of the board, since 06.08.2010 Ireneusz Sajewicz – member of the board, since 02.04.2015	
Council of the Company	Ojars Osis – chairman of the council, since 01.06.2011 till 18.09.2017 Argita Jaunsleine – vice president of the council, since 01.06.2011 Janis Liepins – member of the council, since 18.08.2015 till 22.05.2018 Girts Milgravis – member of the council, since 18.08.2015 till 22.05.2018 Evija Sivare – member of the council, since 18.07.2016	
Financial year	1 <sup>st</sup> of January 2017 to 31 <sup>st</sup> of December 2017	
Previous financial year	1 <sup>st</sup> of January 2016 to 31 <sup>st</sup> of December 2016	
Auditors	leva Liepina certified Auditor Certificate No. 161	Ltd „Ievas Liepinas birojs” Reg.No.40003747546 Brivibas street 39, Riga, LV-1010 License No.139

## Management report

The main business activity of JSC "GROBINA" is fur - farming of minks for fur production and farm animals feed production.

The net turnover of the reporting year is 3 137 067 EUR, it is increased by 14%. In 12 months of 2017 there were realized 118 543 mink skins and the average price of the skin was 26.44 EUR / pcs, while in 12 months of 2016 there were sold 131 356 mink skins for average sales price of 22,30 EUR / pcs. Taking into account the changes in the Corporate Income Tax Law, which came into force on 1<sup>st</sup> of January 2018, in the report of 2017 a deferred tax asset accumulated in previous years in amount of 567 476 EUR is written off as losses, because in next years the company can no longer use it in calculation of corporate income tax. In affect of that financial result of the year 2017 is a loss in amount of 338 215 EUR. The net loss per share in 2017 is 0,68 EUR, in 2015 there was a net loss per share 4,54 EUR. Average number of employees in 2017 was 68 employees, in 2016 - 118 employees.

In the global markets in 2016 there was a dramatic prices fall in fur market, JSC "Grobina" was unable to full its obligations towards all its creditors. Thus, the rapid response to the situation in the Court there was submitted an application on initiation of legal protection proceedings process of JSC "Grobina". Consequently, with the 6th of Aprils' 2016 Liepāja Court decision Nr.C20153616 on 6th of April, 2016 there was initiated JSC "Grobina" legal protection proceedings. As the majority of the creditors, according to the Insolvency Law Article 42, third paragraph, confirmed JSC "Grobina" managements' plan of legal protection proceedings, which regarding to the unsecured creditors (suppliers) provides to defer the debts principal sum payments to the June 2018, based on the Liepāja Courts' 29th June's 2016 judgment, JSC "Grobina" 17th May's 2016 plan of legal protection proceedings was approved. With the Liepāja Court 3d of March 2017 decision and Kurzeme district Court 29th of March 2018 decision there are approved amendments of JSC "Grobina" legal protection proceedings plan, thereby the term of JSC "Grobina" legal protection proceedings is prolonged up to 30th of June 2020, which regarding to the unsecured creditors (suppliers) provides to defer the debts principal sum payments to the June 2020. Despitng the JSC "Grobina" legal protection proceedings, the management of JSC "Grobina" in 2017 agreed with Canadian Auction house NAFA about financing of kits breeding in 2017, 2018 and 2019 breeding seasons, which allows to the company to continue normal economic activity up to the year 2020.


### Financial risk management

The company's activities are subjected to different financial risks, including the risk of credit risk and interest rate fluctuations. The Company's management is trying to minimize the negative influence of potential financial risks to the Company's financial situation. On 31st of December 2017 short-term liabilities exceeded current assets by 2 247 326 EUR.

### Future Perspective

Since initiation of JSC "Grobina" legal protection proceedings, the company continues economic activities in accordance with approved JSC "Grobina" legal protection proceedings action plan and its amendments. JSC "Grobina" legal protection proceedings action plan was based on a forecast that up to June of 2020 the company will be developed its production volumes up to 180,000 mink skins per year with an average sales price of 34 EUR per skin. The mentioned forecast is based on the reviews of global auction houses about average price of mink skins realization in the world markets in the last 10 years, where in the period from 2005./2006.till 2015/2016 the average sales price were 36 EUR per skin. As in 2018 the company has already developed its production volumes for approximately 50% and will continue to do it in accordance with Legal protection proceedings auction plan and tin it forecasted average sale price of the skin is reconciled with the Canadian Auction House NAFA, the management of JSC "Grobina" reasonably believes that the company will be able to fulfil the plan of legal protection process, which was confirmed by 29<sup>th</sup> of March's 2018 Kurzeme District Court decision, in redaction on 23d of November 2017.

Riga, 30<sup>th</sup> of July 2018



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Gundars Jaunsleinis  
Authorized representative



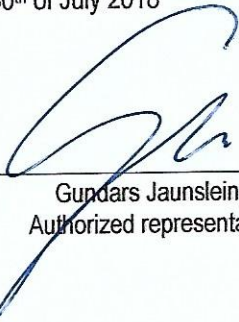
## Statement of Management Responsibility

Management is responsible for the Company's Financial Statements in accordance with the Annual Accounts Act. Financial accounts present fairly the financial position at the end of the year, results of operations and cash flows for the year.

The Board confirms that the financial statements, which you can find in pages 10. to 25, preparing and decisions and observations have been prudent and reasonable. The Management Board confirms that the financial statements prepared in accordance with the going concern assumption.

Management is responsible for keeping proper accounting records, assets of the Company, as well as fraud and other irregularities detection and prevention. Management is responsible for Latvian statutory requirements.

Riga, 30<sup>th</sup> of July 2018




Gundars Jaunsleinis  
Authorized representative

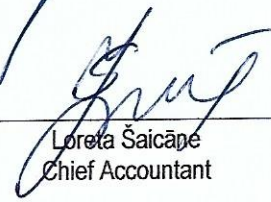
### Profit or losses statement

	Notes	2017 EUR	2016 EUR
Net turnover:			
of the agricultural activity		3 137 067	2 746 328
Costs of goods sold or services provided	2	(2 041 632)	(4 544 924)
<b>Gross profit or lossess</b>		<b>1 095 435</b>	<b>(1 798 596)</b>
Distribution expenses	3	(175 449)	(13 480)
Administrative expenses	4	(303 216)	(312 065)
Other operating income	5	308 180	352 197
Other operating expenses	6	(22 161)	(6 045)
Interest and similar expenses, incl.: for other parties	7	(673 528)	(542 826)
<b>Profit or lossess before corporate income tax</b>		<b>229 261</b>	<b>(2 320 815)</b>
Changes in deferred tax assets or liabilities		(567 476)	133 030
<b>Profit or lossess for the financial year</b>		<b>(338 215)</b>	<b>(2 187 785)</b>

Notes are an integral part of these financial statements.

Riga, 30<sup>th</sup> of July 2018

  
Gundars Jaunsleinis  
Authorized representative

  
Loreta Šaicāne  
Chief Accountant



**Balance sheet****ASSETS**

	Notes	31.12.2017. EUR	31.12.2016. EUR
<b>NON-CURRENT ASSETS</b>			
<b>Fixed assets</b>			
Immovable properties:			
land, buildings and engineering structures	8	5 935 227	6 265 453
Fauna and flora:			
draft animals or productive animals and perennial plantings		5 825 479	3 841 976
Technological equipment and machinery	8	5 002 443	5 137 282
Other fixed assets	8	684 226	805 353
Fixed assets under development and construction in progress	8	1 073	-
Advances for fixed assets	8	48 248	20 661
TOTAL		<b>17 496 696</b>	<b>16 070 725</b>
<b>Non-current financial investments</b>			
Deferred tax assets	16	-	567 476
TOTAL		-	<b>567 476</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>17 496 696</b>	<b>16 638 201</b>
<b>CURRENT ASSETS</b>			
<b>Inventories</b>			
Raw materials and consumables	9	62 576	86 453
Finished goods and goods for sale	9	2 612 781	3 388 194
Advances for inventories		-	25 354
Fauna and flora:			
animals and annual plantings	9	330 927	252 696
TOTAL		<b>3 006 284</b>	<b>3 752 697</b>
<b>Account receivable</b>			
Trade receivables	10	55 048	111 537
Other receivables	11	59 075	127 700
Deferred expenses		2 026	5 819
TOTAL		<b>116 149</b>	<b>245 056</b>
<b>Cash and bank</b>	12	26 826	22 709
<b>TOTAL CURRENT ASSETS</b>		<b>3 149 259</b>	<b>4 020 462</b>
<b>TOTAL ASSETS</b>		<b>20 645 955</b>	<b>20 658 663</b>

Notes are an integral part of these financial statements.


## Balance sheet

### EQUITY, PROVISIONS AND LIABILITIES

	Notes	31.12.2017 EUR	31.12.2016 EUR
<b>EQUITY</b>			
Share capital	13	711 436	711 436
Reserves:			
other reserves		77 481	77 481
Retained earnings or uncovered losses brought forward from previous years		(811 379)	1 376 406
Current year profit or losses		(338 215)	(2 187 785)
<b>TOTAL EQUITY</b>		<b>(360 677)</b>	<b>(22 462)</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans from credit institutions	14	5 183 585	6 057 667
Other borrowings	15	3 737 541	4 032 025
Accounts payable to suppliers and contractors		1 992 716	1 992 716
Taxes and state social insurance payments		306 806	359 570
Next period revenue	18	4 389 399	4 594 258
TOTAL		<b>15 610 047</b>	<b>17 036 236</b>
<b>Current liabilities</b>			
Loans from credit institutions	14	688 076	275 000
Other borrowings	15	286 125	87 400
Advances from customers		2 385 635	1 852 287
Accounts payable to suppliers and contractors		702 374	371 291
Taxes and state social insurance payments		347 781	198 730
Other creditors	17	443 464	502 926
Next period revenue	18	209 304	209 304
Accrued liabilities		333 826	147 951
TOTAL		<b>5 396 585</b>	<b>3 644 889</b>
<b>TOTAL LIABILITIES</b>		<b>21 006 632</b>	<b>20 681 125</b>
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>		<b>20 645 955</b>	<b>20 658 663</b>

Notes are an integral part of these financial statements.

Riga, 30<sup>th</sup> of July 2018

  
 Gundars Jaunsleinis  
 Authorized representative

  
 Loreta Šaicāne  
 Chief Accountant

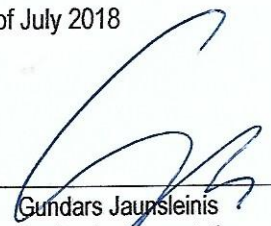


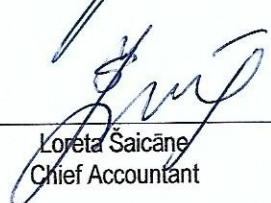
**Cash flow statement**

	2017	2016
<b>Cash flow from operating activities</b>		
Profit or losses before corporate income tax	229 261	(2 320 815)
Adjustments for:		
depreciation and impairment of fixed assets	681 206	890 648
interest and similar revenue	489 260	525 344
<b>Profit or loss prior to changes in current assets and current liabilities</b>	<b>1 399 727</b>	<b>(904 823)</b>
Increase or decrease of account receivable	128 907	325 902
Increase or decrease of inventory	(1 237 090)	1 554 968
Increase or decrease of account payables and other liabilities	521 263	(568 473)
<b>Gross cash flow generated from operating activities</b>	<b>812 807</b>	<b>407 574</b>
Interest payments	(250 947)	(255 846)
<b>Net cash flow generated from operating activities</b>	<b>561 860</b>	<b>151 728</b>
<b>Cash flow from investing activities</b>		
Acquisition of fixed and intangible assets	(34 673)	(30 822)
<b>Net cash flow generated from investing activities</b>	<b>(34 673)</b>	<b>(30 822)</b>
<b>Cash flow from financing activities</b>		
Loans received	99 700	-
Subsidies, grants, gifts or donations received	39 910	-
Repayment of loans	(618 000)	(100 000)
Expenses for purchase of leased fixed asset	(44 680)	-
<b>Net cash flow generated from financing activities</b>	<b>(523 070)</b>	<b>(100 000)</b>
<b>Net cash flow in the financial year</b>	<b>4 117</b>	<b>20 906</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>22 709</b>	<b>1 803</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>26 826</b>	<b>22 709</b>

Notes are an integral part of these financial statements.

Riga, 30<sup>th</sup> of July 2018

  
Gundars Jaunsleinis  
Authorized representative

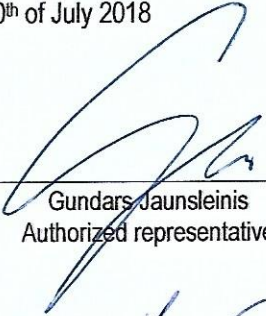
  
Loreta Šaicāne  
Chief Accountant

### Statement of changes in equity

	Share capital	Reserves	Profit or losses	Total
<b>Opening balance 31.12.2015</b>	<b>711 436</b>	<b>77 481</b>	<b>1 376 406</b>	<b>2 165 323</b>
Increase/decrease in retained earnings	-	-	(2 266 722)	(2 266 722)
Prior year adjustments	-	-	78 937	78 937
<b>Opening balance 31.12.2016</b>	<b>711 436</b>	<b>77 481</b>	<b>(811 379)</b>	<b>(22 462)</b>
Increase/decrease in retained earnings	-	-	(338 215)	(338 215)
<b>Closing balance 31.12.2017</b>	<b>711 436</b>	<b>77 481</b>	<b>(1 149 594)</b>	<b>(360 677)</b>

Notes are an integral part of these financial statements.

Riga, 30<sup>th</sup> of July 2018



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Gundars Jaunsleinis  
Authorized representative



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Loreta Šaicāne  
Chief Accountant



## Notes to the Financial statements

### 1. Summary of accounting policies

#### General principles

A The main business activity of JSC "GROBINA" is fur-farming of minks for fur production and farm animals feed production.

Financial statements are prepared in accordance with the Laws of the Republic of Latvia "On Accounting" and "On the Annual Report and Consolidated Annual Report" (the Law).

The financial statements have been prepared according to the historical cost accounting principle. The income statement is prepared in accordance with the function of expense method.

The cash flow statement is prepared using the indirect method.

#### Changes in accounting policies and reclassification of balance sheet items

In 2017, the company revealed errors that occurred in 2016 and made reclassification. The Financial Statements for 2017 contain retrospective adjustments to the opening balances. Reclassification and adjustments effect on the 2016 financial statements are following:

Item of the financial statements	2016 after reclassification and adjustments EUR	Reclassification and adjustments EUR	2016 before reclassification and adjustments EUR
<b>Profit and loss statement</b>			
Net turnover	2 746 328	(4 200)	2 750 528
Costs of goods sold, costs of purchasing of sold goods or provided services	4 544 924	24 262	4 520 662
Administrative expenses	312 065	(40)	312 105
Other operating income	352 197	111 128	241 069
Interest payments and similar costs	542 826	3 766	539 060
<b>Total reclassification and adjustments in the profit and loss statement</b>		<b>78 940</b>	
<b>Balance sheet - Assets</b>			
Land, buildings and engineering structures	6 265 453	799	6 264 654
Equipment and machinery	5 137 282	(4)	5 137 286
Other fixed assets	805 353	16 249	789 104
Advance payments for fixed assets	20 661	(6 693)	27 354
Raw materials, basic materials, and ancillaries	86 453	(36 416)	122 869
Advance payments for goods	25 354	(1 259)	26 613
Purchasers and commissioning party debts	111 537	(72 400)	183 937
Other receivables	127 700	(8 009)	135 709
Cash	22 709	(83)	22 792
<b>Total reclassification and adjustments in the Balance sheet, Assets</b>		<b>(107 816)</b>	
<b>Balance sheet - Equity and Liabilities</b>			
Profit or losses for the financial year	(2 187 785)	78 940	(2 266 725)
Other loans (long-term portion)	4 032 025	1 669 903	2 362 122
Accounts payable to suppliers and contractors (long-term portion)	1 992 716	322 813	1 669 903
Next period revenue (long-term portion)	4 594 258	2 552 551	2 041 707
Accounts payable to suppliers and contractors (short-term portion)	371 291	(4 777 013)	5 148 304
Taxes and State mandatory social insurance payments	198 730	(5 235)	203 965
Other creditors	502 926	(68 200)	571 126
Next period revenue (short-term portion)	209 304	110 987	98 317
Accrued liabilities	147 951	7 438	140 513
<b>Total reclassification and adjustments in the Balance sheet, Equity and liabilities</b>		<b>(107 816)</b>	



## 1. Summary of accounting policies (continued)

### Changes in accounting policies and reclassification of balance sheet items (continued)

Trade payables reclassification justification is judgment of the Liepaja Courts' 29<sup>th</sup> June's 2016, which approved the plan for the legal protection of JSC "Grobina". JSC "Grobina" managements confirmed' plan of legal protection proceedings with the majority of the creditors, according to the Insolvency Law Article 42, 3. paragraph. Thus, the payment of the principal of the debt was postponed until June 2018. With the Liepaja Court 3d of March 2017 decision and Kurzeme district Cort 29<sup>th</sup> of March 2018 decision there are approved amendments of JSC "Grobina" legal protection proceedings plan, thereby the term of JSC "Grobina" legal protection proceedings is prolonged up to 30<sup>th</sup> of June 2020. This means that the repayment of the principal unsecured creditors-suppliers has been postponed until June 30, 2020.

### Use of estimates

The preparation of the financial statements requires that the management rely on certain estimates and assumptions that affect the balances of the items of the balance sheet and profit and loss account disclosed in the individual financial statements, as well as the amount of contingent liabilities. Future events may affect the assumptions underlying the relevant estimates. Any effect of the changes in the estimates is disclosed in the financial statements at the time of identifying them.

### Foreign currency conversion in euro

This financial statement is prepared in euro (EUR), which is the functional currency of the Company and the official currency of the Republic of Latvia.

All transactions denominated in foreign currencies are converted into euro at the exchange rate set by the European Central Bank on the day of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into euro in accordance with the official exchange rate set by European Central Bank for the last day of the financial year. The profit or loss resulting from the exchange rate fluctuations of the foreign currency are recognized in the income statements in the respective period on net amount.

### Intangible investments and fixed assets

Intangible investments and fixed assets are initially recognized at the purchase cost. Purchase cost includes costs, directly related to the acquisition of intangible and fixed assets. In financial statements the intangible and fixed assets are recognized at purchase cost less depreciation.

Depreciation is calculated on a straight-line basis applying the following rates of depreciation set by the management, based on the estimated useful life of the fixed assets:

Buildings	- 20 years;
Technological equipment and machinery	- 5 - 15 years;
Other machinery and equipment	- 5 years.

Depreciation is calculated starting from the month following the month when the asset is put into operation or used for business purposes. For each component of a fixed asset, the cost of which is significant relevant to the total cost of the asset, depreciation must be calculated separately. If the Company depreciates some components of a fixed asset separately, it also depreciates the remaining components of the same asset separately. The remaining components are such components of fixed assets, which are not important individually. The depreciation of the remaining parts is calculated using the approximation method aimed to truly reflect their useful life.

When any events or changes in the circumstances indicate that the carrying value of a fixed asset may not be recoverable, the value of the relevant fixed asset is reviewed for determining the impairment thereof. If there are signs that the carrying value may not be recoverable and if the carrying value of an asset exceeds the estimated recoverable amount, the asset or the CGU (cash generating unit) is written down to its recoverable amount. The recoverable amount of an asset is the greater of the net selling value and value in use. In determining the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount factor that reflects the present market forecasts for changes in the value of the asset and the risks applicable to it. For an asset, which does not generate significant cash flows, the recoverable amount is determined by reference to the cash flow generating asset to which it belongs. Any impairment losses are recognised in the profit and loss account as cost of sales.

A fixed asset object is derecognised if it is disposed or in the case when no future economic benefits are expected to flow from the use of the asset. Any gains or losses arising on de-recognition of a fixed asset object (which is calculated as a difference between the net disposal proceeds and the carrying value of the fixed asset), is charged off to the profit and loss account in the period, in which the fixed asset is de-recognised.

The costs related to the improvement of the leased property are capitalised and presented as fixed assets. The depreciation of these assets is calculated throughout the lease period, using the straight-line method.

Assets under construction represent the costs of creation of assets and the costs of unfinished construction objects, and are measured at historical cost. The historical cost comprises construction costs and other direct costs. Assets under construction are not depreciated as long as the relevant assets are completed and put into use.



## **1. Summary of accounting policies (continued)**

### ***Animals and annual plantings***

The animals and annual plantings are classified into 3 groups:

- newborns and infants
- immature animals
- adult animals

Animals and annual plantings are valued at the actual cost of the previous year, taking into account their growth and production cycle. Based on the fact that the full annual cost attributable to the animals that are bred 3 quarters of the animals for evaluation at different growth stages, is applied to a part of the previous year, the estimated adult mink full cost. The cost is conditionally divided into 3 parts. About 1/3 of the full cost, assess newborn mink and infants. 2/3 of the cost price applies to the assessment of immature minks. Adult animals are estimated at the full cost of the previous year.

### ***Inventories***

The items are measured at the lower of cost or net realisable value.

Costs incurred in bringing the inventories to their present location and condition, are measured as follows:

- raw materials are measured at their purchase costs, using the "first in-first out" (FIFO) method;
- finished goods and WIP are measured at direct material and labour costs, to which general production overheads are added, based on the normal capacity of the production facilities, however, not taking into account the costs of borrowings.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost to complete or sell. Net realisable value represents the costs net of any provisions created.

### ***Account receivable***

Trade receivables are recognized at invoiced amounts. After the initial recognition account receivables are measured at net amount less provisions for doubtful debts. Provisions for doubtful receivables are recognized when the management of the Company considers that it is probable that the total amount of receivables will not be collected in full.

### ***Cash and cash equivalents***

For the purposes of the cash flow statement, cash and cash equivalents comprise cash, the balances of the current bank account and other current liquid financial assets with maturities up to 90 days..

### ***Loans and borrowings***

Loans and borrowings are recognized at the proceeds, net of transaction costs incurred.

Subsequently, borrowings are stated at amortized costs using the actual interest method. Any difference between the original amount borrowed net of transaction costs and the redemption value is recognized in the income statement gradually during the loan use period or in accordance with accounting policy capitalized at the value of construction in progress.

### ***Accrued liabilities for unused annual leave***

Amount of accumulated unused annual leave is determined by multiplying the average day rate of employees for the last six months of the financial year by the amount of accrued but unused annual leave at the end of the reporting year.

### ***Provisions***

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits (resources) from the Company will be required for the performance of this obligation, and the amount of the obligation can be determined with sufficient reliability. Provisions are disclosed in the profit and loss account, net of recovered amounts.

### ***Contingent liabilities and assets***

In these financial statements, no contingent liabilities have been recognised. They are recognised as a liability only when the likelihood that there will be an outflow of resources becomes sufficiently justified. No contingent assets have been recognised in these financial statement, they are disclosed only when the likelihood that the economic benefits related to the transaction will flow to the Company is sufficiently justified.

## 1. Summary of accounting policies (continued)

### **Leases**

Finance lease transactions under which substantially all the risks and rewards incidental to ownership of the leasing object are transferred to the Company, are recognised as fixed assets in the balance sheet in the amount which, upon inception of the lease, corresponds to the lower of 1) the fair value of the finance lease object or 2) the present value of the minimum lease payments. Finance lease payments consist of finance costs and the reduction of the lease obligation so to ensure a constant rate of interest on the remaining balance of the liability. Finance costs are charged off to the profit and loss account as interest expense.

Such leases of assets under which substantially all the risks and rewards incidental to ownership accrue to the lessor, are classified as operating leases. Lease payments under the operating lease are accounted for as costs throughout the lease period using the straight-line method. The Company's obligations arising from operating lease agreements are disclosed as off-balance-sheet obligations.

### **Income recognition and revenue**

Revenue contains the total value of goods and services sold during the year excluding discounts and value added tax.

Income is recognized according to the following principles:

Sales of goods - after significant ownership risk and rewards have been passed to the buyer.

### **Corporate income tax**

Corporate income tax consists of the corporate income tax calculated for the reporting year and deferred corporate income tax. Corporate income tax for the reporting year is calculated by applying the tax rate of 15% tax to the taxable income gained in the tax period.

In accordance with Section 6(5) of the Law "On Corporate Income Tax", when the income liable to corporate income tax is determined, the results of revaluation of balance and off-balance items (with the exception of revaluation of assets due to changes in foreign currency rates) are not taken into account.

### **Subsequent events**

The financial statements reflect events that occurred subsequent to the year end and that provide additional information on the Company's financial position at the balance sheet date (adjusting events). If subsequent events do not have an adjusting nature, they are disclosed in the notes to the financial statements only if they are significant.



## 2. Costs of goods sold or services provided

	2017	2016
Sold mink skins production prime cost	3 778 226	3 829 913
Changes in the value of labor and productive animals and finished products	(1 932 043)	33 090
Communal service costs	191 637	211 403
Other services and transport costs	244 763	167 806
Fixed asset repair and maintenance costs	35 173	10 131
Employees salary	458 175	451 667
State social insurance payments and other social guarantees for employees	108 324	105 331
Fixed assets depreciation	681 206	721 445
Insurance costs	11 888	34 230
Adjustments	(1 556 611)	(1 012 464)
Taxes	9 660	9 660
Vacation provisions	11 234	(17 288)
<b>TOTAL:</b>	<b>2 041 632</b>	<b>4 544 924</b>

## 3. Distribution expenses

	2017	2016
Commission expenses	169 577	11 207
Advertising and representation costs	3 458	2 273
Package costs	2 414	-
<b>TOTAL:</b>	<b>175 449</b>	<b>13 480</b>

## 4. Administrative expenses

	2017	2016
Office maintenance and communication services costs	25 759	15 501
Book keeping and other professional service expenses	49 929	33 264
Audit Costs of the Annual Report	6 200	5 800
Bank service costs	2 714	5 198
Transport and business trip costs	11 343	22 307
Other administration and management expenses	15 522	37 816
Membership fees	4 976	7 863
Administration salary	138 244	149 206
State social insurance contributions for administration	32 612	35 110
Vacation provisions	15 917	-
<b>TOTAL:</b>	<b>303 216</b>	<b>312 065</b>

## 5. Other operating income

	2017	2016
Public subsidies for breeding animals for breeding	41 135	42 753
EU co-financing and support payments	204 859	209 444
Other revenue	62 186	100 000
<b>TOTAL:</b>	<b>308 180</b>	<b>352 197</b>

**6. Other operating expenses**

	<b>2017</b>	<b>2016</b>
Losses from disposal of intangible and fixed assets	-	1 619
<i>Income</i>	-	(48 621)
<i>Expenses</i>	-	50 240
With economic activities not directly related to representation expenses	868	4 426
Provision for inventories	1 534	-
Provisions for doubtful debtors	17 102	-
Losses from write-off of receivables	2 657	-
<b>TOTAL:</b>	<b>22 161</b>	<b>6 045</b>

**7. Interest and similar expenses**

	<b>2017</b>	<b>2016</b>
Penalties paid	89 515	19 729
Interest paid on advances	94 753	74 789
Interest payments on leases and loans	489 260	448 309
<b>TOTAL:</b>	<b>673 528</b>	<b>542 826</b>



## 8. Fixed assets

	Land plots , buildings and engineering structures	Technological equipment and machinery	Other fixed assets	Fixed assets under development and construction in progress	Advances for fixed assets	TOTAL
<b>31.12.2015</b>						
Initial value	8 372 773	6 045 486	1 499 748	-	148 221	16 066 228
Accumulated depreciation and improvements	(1 760 748)	(699 538)	(508 873)	-	-	(2 969 159)
Balance sheet value 31.12.2015	6 612 025	5 345 948	990 875	-	148 221	13 097 069
<b>2016</b>						
Balance sheet value 01.01.2016	6 612 025	5 345 948	990 875	-	148 221	13 097 069
Purchase and improvements	-	29 739	1 083	-	-	30 822
Disposals - historical cost	-	-	(72 965)	-	-	(72 965)
Disposals - accumulated depreciation	-	-	22 826	-	-	22 826
Movements	-	-	-	-	(127 560)	(127 560)
Depreciation calculated	(346 572)	(238 406)	(136 466)	-	-	(721 444)
Balance sheet value 31.12.2016	6 265 453	5 137 281	805 353	-	20 661	12 228 748
<b>31.12.2016</b>						
Initial value	8 372 773	6 075 225	1 427 866	-	20 661	15 896 525
Accumulated depreciation and improvements	(2 107 320)	(937 944)	(622 513)	-	-	(3 667 777)
Balance sheet value 31.12.2016	6 265 453	5 137 281	805 353	-	20 661	12 228 748
<b>2017</b>						
Balance sheet value 01.01.2017	6 265 453	5 137 281	805 353	-	20 661	12 228 748
Purchase and improvements	-	89 000	6 015	1 073	31 719	127 807
Disposals - historical cost	-	(110 747)	-	-	-	(110 747)
Disposals - accumulated depreciation	-	110 747	-	-	-	110 747
Movements	-	-	-	-	(4 132)	(4 132)
Depreciation calculated	(330 226)	(223 838)	(127 142)	-	-	(681 206)
Balance sheet value 31.12.2017	5 935 227	5 002 443	684 226	1 073	48 248	11 671 217
<b>31.12.2017</b>						
Initial value	8 372 773	6 053 478	1 433 881	1 073	48 248	15 909 453
Accumulated depreciation and improvements	(2 437 546)	(1 051 035)	(749 655)	-	-	(4 238 236)
Balance sheet value 31.12.2017	5 935 227	5 002 443	684 226	1 073	48 248	11 671 217

JSC Grobina uses property, plant and equipment that is fully depreciated and with an acquisition value of EUR 1 878 769.

The book value of fixed assets acquired under finance lease basis on 31.12.2017 is EUR 1 112 319.

Information about pledged assets see to Note 20

## 9. Inventories

	31.12.2017	31.12.2016
Raw materials and consumables, including	62 576	86 453
fodder	51 204	83 628
fuel for heating	1 698	2 371
drugs	6 911	-
shavings for skin processing	3 217	-
tare and inventory	1 081	454
Provision for slow-moving stocks	(1 534)	(-)
Finished goods and goods for sale, including	2 612 781	3 388 194
Mink skins	2 612 781	3 388 194
Animals and annual plantings	330 927	252 696
<b>TOTAL:</b>	<b>3 006 284</b>	<b>3 727 343</b>

## 10. Trade receivables

	31.12.2017	31.12.2016
Trade receivables	55 048	111 537
Provision for doubtful debts	(-)	(-)
<b>TOTAL:</b>	<b>55 048</b>	<b>111 537</b>

## 11. Other receivables

	31.12.2017	31.12.2016
Tax receivables and tax prepayments	39 766	24 626
Amount of VAT for received advances	13 884	13 884
Advance payments for services	-	11 576
Paid security deposit	3 226	3 210
Settlements with board and council members	2 199	72 728
Settlements with employees	-	1 676
Provisions for doubtful advance payments	(-)	(-)
<b>TOTAL:</b>	<b>59 075</b>	<b>127 700</b>

## 12. Cash and bank

	31.12.2017		31.12.2016	
	currency	EUR	currency	EUR
Cash funds	EUR	26 826	EUR	22 709
<b>TOTAL (EUR):</b>		<b>26 826</b>		<b>22 709</b>

	31.12.2017	31.12.2016
Cash	-	532
Bank	26 826	22 177
<b>TOTAL (EUR):</b>	<b>26 826</b>	<b>22 709</b>



### 13. Share capital

Shareholders	31.12.2017		31.12.2016	
	Position in company	%	Position in company	%
Mielenczuk Grzegorz Robert	No	41.27	No	41.27
Gundars Jaunsleinis	Chairman of the board	25.75	Chairman of the board	25.75
Argita Jaunsleine	Member of the council	23.98	Member of the council	23.98
Other shareholders	X	9.00	X	9.00
<b>TOTAL:</b>	<b>x</b>	<b>100.00</b>	<b>x</b>	<b>100.00</b>

The company's share capital on 31.12.2017 amounts to EUR 711 435 (EUR 500 000), it consists of 500 000 shares with a nominal value of 1 lats or 1,423 euros. December 31, 2017 public circulation is 500 000 bearer shares.

All share capital has been paid up.

Restrictions on alienation of shares or specific consent of the receiving disposal of shares have been determined. The statutes are not subject to special restrictions or provisions relating to the right to vote and the public is not aware of any shareholders agreement of this kind.

Each member shall have the right to represent the company individually. Between the company and members of the board there is no agreement on the compensation, resigns.

The statutes are not subject to special restrictions or provisions relating to the election of board members, changes in the composition of the Board and amendment of the statutes.

### 14. Loans from credit institutions

<b>Non-current:</b>				<i>Maturity</i>	31.12.2017.	31.12.2016.
Loans from Latvian credit institution	EUR	4.5%	May 2022		5 183 585	6 057 667
<b>TOTAL non-current loans from credit institutions:</b>					<b>5 183 585</b>	<b>6 057 667</b>
<b>Current:</b>				<i>Maturity</i>	31.12.2017.	31.12.2016.
Loans from Latvian credit institution	EUR	4.5%	31.12.2018		688 076	275 000
<b>TOTAL current loans from credit institutions:</b>					<b>688 076</b>	<b>275 000</b>
<b>TOTAL Loans from credit institutions:</b>					<b>5 871 661</b>	<b>6 332 667</b>

Information about pledged assets see to Note 20

## 15. Other borrowings

		31.12.2017	31.12.2016
<i>Non-current:</i>	<i>Maturity</i>	EUR	EUR
Ceded debts to bank Citadele	May 2022	2 343 925	2 343 925
Other loans from residents, individuals, EUR*	31.12.2019	10 500	-
Other loans from residents, legal entities, EUR	29.05.2020	1 211 370	1 211 370
Financial lease commitments, EUR**	2 – 5 years	171 746	476 730
<b>TOTAL:</b>		<b>3 737 541</b>	<b>4 032 025</b>

		31.12.2017	31.12.2016
<i>Current:</i>	<i>Maturity</i>	EUR	EUR
Other loans from residents, legal entities, EUR	31.03.2018	8 700	-
Financial lease commitments, EUR	31.12.2018	277 425	87 400
<b>TOTAL:</b>		<b>286 125</b>	<b>87 400</b>

\* Credit lending rate is 0% and the maturity date by agreement is May 27, 2022

\*\* Finance lease (leasing) contracts, which falls due later than one year but not more than five years after the year end.

## 16. Deferred tax

Deferred tax is calculated from the following temporary differences between assets and liabilities and their values for corporate income tax purposes:

	2017	2016
Deferred tax liabilities at the beginning of reporting year	(567 476)	(434 446)
Deferred tax expense / (income) statement of profit and loss	567 476	(133 030)
<b>Deferred tax liabilities / (assets) at the end of reporting year</b>	<b>-</b>	<b>(567 476)</b>

From January 1, 2018, the new Corporate income tax law came into force, which substantially changes the procedure for calculation of CIT. Company will not be able to use the accumulated deferred tax asset in the future. Therefore, it is written off for losses in 2017.

## 17. Other creditors

	31.12.2017	31.12.2016
Remuneration for December	40 279	53 877
Deductions from salaries	383	383
Deposited salary, injury compensation	1 785	(416)
Advanced payment receiving person debts	849	-
Other creditors	400 168	449 082
<b>TOTAL:</b>	<b>443 464</b>	<b>502 926</b>

## 18. Next period revenue

	31.12.2017	31.12.2016
EU structural funds, long-term part	4 389 399	4 594 258
EU structural funds, short-term part	209 304	209 304
<b>TOTAL:</b>	<b>4 598 703</b>	<b>4 803 562</b>



## 19. Management salaries and number of employees

Management contributions	31.12.2017	31.12.2016
Salary	88 151	86 224
Compulsory social insurance contributions	20 354	20 341
<b>Salary of the company's board, total:</b>	<b>108 505</b>	<b>106 565</b>

The Company's Council members do not receive remuneration.

The average number of employees during the reporting year	68	118
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## 20. Collateral and securities

All company-owned minks and stocks of goods (mink pelts), as aggregation of things, that are owned by JSC Grobina, as well as all future mink and mink pelts on which the company will acquire ownership rights, has been pledged at Latvian commercial bank commercial obligations and at the Canadian Auction House NORTH AMERICAN FUR AUCTIONS INC. for provision of a financing contract on kit advance payments and pelt advance payments for breeding season 207/2018. The maximum amount of secured claims at the balance sheet date is EUR 18 277 582 (31.12.2016 - EUR 21 435 562).

## 21. The going concern assumption

The 2017 report is based on the assumption that Company will continue to operate. Since initiation of JSC "Grobina" legal protection proceedings, the company continues economic activities in accordance with approved JSC "Grobina" legal protection proceedings action plan and its amendments. JSC "Grobina" legal protection proceedings action plan was based on last 10 years market analyses and on a forecast that up to June of 2020 the company will be increased its production volumes up to 180,000 mink skins per year with an average sales price of 34 EUR per skin. As in 2018 the company has already increased its production volumes for approximately 50% and will continue to do it in accordance with Legal protection proceedings auction plan, the management of JSC "Grobina" reasonably believes that the company will be able to fulfil the plan of legal protection process, which was confirmed by 29th of March's 2018 Kurzeme District Court decision.


The management of the company in 2017 agreed with Canadian Auction house NAFA about financing of kits breeding in 2017, 2018 and 2019 breeding seasons, which allows to the company to continue normal economic activity up to the year 2020.

## 22. Subsequent events

By 29d of March 2018, Liepaja court decision is confirmed JSC "Grobina" redress process plan amendments.

There are no others subsequent events since the last date of the financial year until the date of signing of financial statements, which would have a significant effect on the financial position of the Company as at 31 December 2017.

Riga, 30th of July 2018

  
Gundars Jaunsleinis  
Authorized representative

  
Loreta Saizane  
Chief Accountant