

Joint Stock Company

**BRIVAIS VILNIS**

(Unified registration number 40003056186)

**INTERIM  
FINANCIAL REPORT  
for the first six months of 2015  
(unaudited)**

**Salacgrīva 2015**

Address: 1 Ostas Street, Salacgriva, LV-4033

Unified registration number: 40003056186

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**GENERAL INFORMATION**

Name of the company	JSC "Brivais vilnis"
Legal status of the company	Joint Stock Company
Number, place and date of registration	40003056186 Riga, 7 February 1992
Registered office	1 Ostas Street, Salacgriva, LV-4033, Latvia
Major shareholders	"A Corporation "Ltd "(47.28%) Registration No.40003799285 8 Rigas Street, Adazi, LV-2164, Latvia  "Baltic Finance & Capital" Ltd (47.97%), Registration No.40003612793 8 Rigas Street, Adazi, LV-2164, Latvia
Board members	Arnolds Babris (Chairman of the Board) Maris Trankalis (Manager) Zinaida Ekmane (Lawyer) Vasilijis Ilusins (Cold-storage manager)
Members of council	Ilona Drikina Anda Caune Ilmārs Reinis Kaspars Vārpiņš
Financial period	1 January – 30 June, 2015

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## MANAGEMENT REPORT

August 31, 2015

The types of activities performed by the JSC "Brivais vilnis" are processing and canning of fish and fish products, wholesale of food products and other commercial activities classified nowhere else. On May 14, 2002 the company was registered in the Common commercial register of the Republic of Latvia.

Year 2015 is the 24<sup>th</sup> year of operation since the Company was transformed into a Joint Stock Company. In the 1<sup>st</sup> half of 2015 the Company produced a total of 8.1 million cans of various types (139) of fish products, including 3.4 million cans of sprat. 6.2 million cans were sold for EUR 4.1 million.

The financial result of the 1<sup>st</sup> half of 2015 is a loss of EUR 79 849. These losses are from economic activities of the Company and are related with decrease of production and sales volume and currency fluctuations in the CIS countries.

Net turnover of the 1<sup>st</sup> half of 2015 is EUR 4 173 thousand.

Result of the 1<sup>st</sup> half of 2015:


Gross profit (EUR)	456 600
Gross profit (%)	10.94

The Company's goal is to continue transformation in accordance with the EU quality requirements, real decrease the production expenses, to enable the Company to compete and strengthen its position on the market of canned fish. The Company continues work on adoption of new markets in Western Europe and other world in 2015. There were visited several food products exhibitions in Europe and in third countries in this period.

The JSC "Brivais vilnis" will continue cooperation with the "NASDAQ OMX Riga" JSC and remain listed in the free list of stock exchange in 2015.

The Company continues development of new products and works on improvement of quality of the current assortment and packing also in this year.

The Company was stopped the production to carry annual repair of factory and districts out and employees could take their leaves. On September 1, the Company will restart the production.



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Arnolds Babris  
*Chairman of the Board*

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## REPORT ON BOARD'S RESPONSIBILITY


August 31, 2015

The management of the JSC "Brivais vilnis" is responsible for preparation of financial statement of the Company. Interim financial statements of the Company are not subject for audit.

Financial statements are prepared on basis of accounting entries and source documents and give a real conception about financial position of the Company on the 30<sup>st</sup> of June 2015.

Financial statements are composed in accordance with accounting standards of the Republic of Latvia, based on continuation principle of business activities.

The management of the JSC "Brivais vilnis" is responsible for fulfillment of legislation requirements of the Republic of Latvia.



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Arnolds Babris  
*Chairman of the Board*

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**BALANCE SHEET**

	<b>ASSETS</b>		
	30.06. 2015 EUR	31.12. 2014 EUR	30.06. 2014 EUR
<b>NON-CURRENT ASSETS</b>			
<b>Intangible assets</b>			
Projects, licences	274	685	2 268
<b>TOTAL</b>	<b>274</b>	<b>685</b>	<b>2268</b>
<b>Tangible assets</b>			
Land, buildings and constructions	3 508 438	3 539 111	3 569 784
Equipment and machinery	303 552	343 855	297 456
Other fixtures and fittings, tools and equipments	120 823	148 007	142 701
Advances for fixed assets	1 123	165	0
<b>TOTAL</b>	<b>3 933 936</b>	<b>4 031 138</b>	<b>4 009 941</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3 934 210</b>	<b>4 031 823</b>	<b>4 012 209</b>
<b>CURRENT ASSETS</b>			
<b>Inventories</b>			
Raw materials	674 612	677 112	798 876
Finished goods and goods for sale	809 322	603 777	1 529 051
<b>TOTAL</b>	<b>1 483 934</b>	<b>1 280 889</b>	<b>2 327 927</b>
<b>Receivables</b>			
Trade receivables	2039934	2966973	2323816
Other receivables	147556	184383	261532
Prepaid expenses	102382	105395	4396
<b>TOTAL</b>	<b>2 289 872</b>	<b>3 256 751</b>	<b>2 589 744</b>
<b>Cash</b>	<b>28 939</b>	<b>88 016</b>	<b>53 213</b>
<b>TOTAL CURRENT ASSETS</b>	<b>3 802 745</b>	<b>4 625 656</b>	<b>4 970 884</b>
<b>TOTAL ASSETS</b>	<b>7 736 955</b>	<b>8 657 479</b>	<b>8 983 093</b>

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**EQUITY AND LIABILITIES**

	30.06. 2015 EUR	31.12. 2014 EUR	30.06. 2014 EUR
<b>EQUITY</b>			
Share capital	4 339 230	4 339 230	4 410 120
Long term investment revaluation reserve	2 115 463	2 130 791	2 146 119
Other reserves	70 890		-
Retained earnings		70 890	
brought forward (loss)	(2 419 379)	(2 676 389)	(2 676 383)
for the period	(79 849)	257 010	288 692
<b>TOTAL</b>	<b>4 026 355</b>	<b>4 121 532</b>	<b>4 168 548</b>
<b>LIABILITIES</b>			
<b>PROVISIONS</b>			
Other provisions	94 699	141 095	162 738
<b>TOTAL</b>	<b>94 699</b>	<b>141 095</b>	<b>162 738</b>
<b>Non-current liabilities</b>			
Loans from credit institutions	1 576 780	1 576 780	2 042 949
Other loans	185 329	185 329	246 437
Deferred income	58 857	58 857	-
Deferred corporate income tax liabilities	122 196	122 196	101 216
<b>TOTAL</b>	<b>1 943 162</b>	<b>1 943 162</b>	<b>2 390 602</b>
<b>Current liabilities</b>			
Loans from credit institutions	255 000	408 000	225 451
Other loans	47 295	106 633	103 210
Prepayments received from costumers	308	342 455	-
Trade payables	1 089 820	1 266 206	1 360 500
Taxes payables	161 644	134 041	282 261
Deferred income	41 742	18 215	28 332
Other liabilities	76 930	169 340	261 451
Accrued liabilities	-	6 800	
<b>TOTAL</b>	<b>1 672 739</b>	<b>2 451 690</b>	<b>2 261 205</b>
<b>TOTAL LIABILITIES</b>	<b>3 615 901</b>	<b>4 394 852</b>	<b>4 651 807</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7 736 955</b>	<b>8 657 479</b>	<b>8 983 093</b>

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**INCOME STATEMENT**

	2 quarters of the year 2015	For year 2014	2 quarters of the year 2014
	EUR	EUR	EUR
□			
Net turnover	4 173 455	12 769 143	5 694 687
Cost of sales	(3 716 855)	(11 269 545)	(4 840 981)
<b>Gross profit (loss)</b>	<b>456 600</b>	<b>1 499 598</b>	<b>853 706</b>
Distribution costs	(95 031)	(228 694)	(111 495)
Administrative expenses	(466 854)	(932 432)	(462 884)
Other operating income	116 412	326 662	213 881
Other operating expenses	(76 743)	(234 335)	(152 886)
Interest receivable and similar income	97 170	65 149	72 195
Interest payable and similar expenses	(91 163)	(168 474)	(103 585)
<b>Profit /(Loss) before taxes</b>	<b>(59 609)</b>	<b>327 474</b>	<b>308 932</b>
Corporate income tax		(29 246)	
Other taxes	(20 240)	(40 218)	(20 240)
<b>Profit / (Loss) for the reporting period</b>	<b>(79 849)</b>	<b>257 010</b>	<b>288 692</b>
Earnings (loss) per share	-0,026	0,083	0,093



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**CASH FLOW STATEMENT**

	For 2 quarters 2015	For 2 quarters 2014
	EUR	EUR
<b>Cash flows to operating activities</b>		
Profit/loss before taxes	(59 609)	308 932
Adjustments for:		
Amortization and depreciation	102 603	89 383
Interest expenses	74 451	82 854
Provisions for vacations and current repair	(46 396)	32 056
Non-current assets revaluation reserve write-off	(15 328)	(15 328)
Loss (profit) on sale/ write-off of fixed assets	-	(1 200)
<b>Operating profit or loss before working capital changes</b>	<b>55 721</b>	<b>496 697</b>
Decrease (increase) in inventories	(203 045)	(1 166 486)
Decrease (increase) in receivables	963 866	318 740
Decrease (increase) in prepaid expenses	3 013	1 872
Increase (decrease) in payables	(568 889)	287 630
<b>Cash used in operations</b>	<b>250 666</b>	<b>(61 547)</b>
Interest paid	(74 451)	(82 854)
Corporate income tax	(43 730)	(31 502)
Real estate tax	(10 217)	(10 217)
<b>Net cash flows to operating activities</b>	<b>122 268</b>	<b>(186 120)</b>
<b>Cash flows to investing activities</b>		
Purchase of fixed assets	(5 156)	(31 660)
<b>Net cash flows to investing activities</b>	<b>(5 156)</b>	<b>(31 660)</b>
<b>Cash flows to financing activities</b>		
Received subsidies	36 148	-
Received loans	-	330 000
Repaid loans	(153 000)	(343 636)
Loans( issued) getting back	-	78 808
Leasing payments	(59 337)	(69 956)
<b>Net cash flows to financing activities</b>	<b>(176 189)</b>	<b>(4 784)</b>
<b>Change in cash and cash equivalents</b>	<b>(59 077)</b>	<b>(222 564)</b>
<b>Cash and cash equivalents at the begin of the reporting period</b>	<b>88 016</b>	<b>275 777</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>28 939</b>	<b>53 213</b>

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### STATEMENT OF CHANGES IN EQUITY

	Share capital	Long term investment revaluation reserve	Other reserves	Retained earnings	Profit (loss) the reporting period	Total
€	EUR	EUR	EUR	EUR	EUR	EUR
<b>Balance as at 01 January 2014</b>	<b>4 410 120</b>	<b>2 161 448</b>		<b>(3 298 326)</b>	<b>621 937</b>	<b>3 895 179</b>
Revaluation reserve write-off	-	(30 657)				(30 657)
Denomination of share capital	(70 890)		70 890			
Reclassification of profit	-			621 937	(621 937)	-
Profit of the 2014	-				257 010	257 010
<b>Balance as at 01 January 2015</b>	<b>4 339 230</b>	<b>2 130 791</b>	<b>70 890</b>	<b>(2 676 389)</b>	<b>257 010</b>	<b>4 121 532</b>
Reclassification of profit				257 010	(257 010)	-
Profit (loss) of the reporting period					(79 849)	(79 849)
Revaluation reserve write-off		(15 328)				(15 328)
<b>Balance as at 30 June 2015</b>	<b>4 339 230</b>	<b>2 115 463</b>	<b>70 890</b>	<b>(2 419 379)</b>	<b>(79 849)</b>	<b>4 026 355</b>

## ACCOUNTING POLICIES

### I Summary

The financial statements of AS Brivais vilnis have been prepared in accordance with the law of The Republic of Latvia on Financial Statements of the Companies.

The financial statements are prepared on historical cost basis.

The monetary unit used in the financial statements is EUR, the monetary unit of the Republic of Latvia. The financial statements cover the period 1 January 2015 through 30 June 2015.

### II Earning recognition and net turnover

Net turnover is the total value of finished production and goods sold as well as services provided without discounts and VAT during the year.

Other earnings are recognised at the moment of their origin or at the moment when legal rights on such earnings arise.

Other earnings are caused by exclusion of fixed assets and sales of current assets.

Other interest receivable and similar income is income that is not caused directly by the operating activities.

### III Intangible and tangible fixed assets

Intangible and tangible fixed assets have been appreciated according to their acquisition cost.

The cadastral value of land has been assessed.

The write-off value of intangible non-current assets as software is performed on a straight-line basis annually for equal amount.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets.

The following depreciation rates were established and applied:

	% per annum
Buildings and constructions	1 – 5
Technological equipment and machinery	20
Other fixed assets	10 – 50
Computing and similar devices	33

### IV Redeeming leasehold

Such fixed assets as transport that have been purchased on financial lease including the take-over of the related risks have been booked according to their non-lease sales price. Expenditures of leasing interest and similar payments have been included in the income statement of the period it occurred.

### V Receivables

Trade and other receivables are recognised and carried at original invoice amount less an allowance for any non-collectable amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable.

Receivables are disclosed in balance sheet at the original invoice amount less provision made. Provision on doubtful receivables is made evaluating each receivable individually. Bad debts are written off when recovery is deemed impossible.

All receivable amounts stated in the balance have to be received during the year after the date of balance.

### VI Inventories

The valuation of inventories in financial accountancy is being done using continuous inventory method.

The inventories have been evaluated at their purchase or production cost price using FIFO method.

Decreased value of inventories is written-off as costs of the reporting year.

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#### **VII Corporate income tax**

The corporate income tax for the reporting year has been calculated according to the legislative requirements of the Republic of Latvia. The applied tax rate for the corporate income tax in the year 2015 is 15%.

#### **VIII Foreign currency converting**

The measure of value and currency used in the annual report is EUR- official currency of the Republic of Latvia.

All monetary positions of assets, equities and liabilities have been converted into EUR .

	30.06.2015.
1 USD	1.1189

The profit or loss from the fluctuations on foreign exchange rates is shown in the income statement or loss account of the particular reporting period.

For the informative purpose above stated positions have been converted to EUR according to the exchange rate on 30.06. 2015.

As the prepaid expenses there are stated insurance costs, all kind of subscription and similar kind of expense for the reporting period.

All liabilities are to be settled within the period of year except the ones stated in the interpretation of the balance sheet.

All taxes payable to budget are for the current month.

#### **IX Cash and equivalents**

In Cash flow statement cash and its equivalents consists of cash on hand and current balance in bank accounts.