

Joint Stock Company

BRIVAIS VILNIS

(Enterprise registration number 40003056186)



**INTERIM
FINANCIAL REPORT**

**For the period from 1 January 2015 to 31 December 2015
(unaudited)**

Salacgriva 2016

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GENERAL INFORMATION

Name of the company	JSC "Brivais vilnis"
Legal status of the company	Joint Stock Company 40003056186 Riga, 7 February, 1992
Registered office	1 Ostas Street, Salacgriva, Salacgriva region, LV-4033, Latvia
Major shareholders	"BALTIC FINANCE & CAPITAL" Ltd. (49.97%) Registration No.40003612793, Rigas alley 8, Adazi, Adazi region, LV-2164, Latvia "A Corporation" Ltd (47.28 %) Registration No.40003799285, Rigas alley 8, Adazi, Adazi region, LV-2164, Latvia
Members of the Board	Arnolds Babris (Chairman of the Board) Maris Trankalis (Executive director) Vasilijš Iļušins (Cold-storage manager) Zinaida Ekmane (Lawyer)
Members of the Council	Ilona Drikina (Chairman of the Council) Anda Caune Ilmars Reinis Kaspars Varpiņš
Financial period	1 January – 31 December, 2015

Management Report

February 29, 2016

Type of activities

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.

Economic activities

Year 2015 is the 24th year of operation since the Company was transformed into a Joint Stock Company. In 2015 the Company produced a total of 14.1 million cans of various types (148) of fish products, including 6.0 million cans of sprat. 13.3 million cans were sold for EUR 7.2 million.

The financial result of the year 2015 is a loss of EUR 759 757. This loss is from economic activities of the Company.

The common situation of the canned fish market is tense. Demand for canned products in non-traditional markets is lagging behind the production volumes. At production of lower volumes, actual costs of products become more expensive, but the market prices at the same time have fallen as a result of competition.

Net turnover of 2015 is EUR 7 204 thousand.

Result of 2015 (EUR)	(759 757)
Gross profit of 2015 (EUR)	487 124

The Company is a leader in product quality, we don't use genetically modified raw materials and synthetic food additives in production.

We continue to work on development of new export markets. Taking into account embargo of Russia, Belorussia and Kazakhstan, development of new export markets has been set as a priority. We have visited food fairs in CIS countries, United States of Amerika, China, Hong Kong, Iran, United Arab Emirates, France, Germany, United Kingdom and other countries. Development of new markets lasts from one to two years.

At the same time we are working on development of new products. We are using progressive packaging types.

The Company has set a target to stabilize production and sales in the second half of 2016 through the work done in 2015.



Arnolds Babris
Chairman of the Board

Report on board's responsibility

February 29, 2016

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 31 of December 2015.

Financial statements are composed in accordance with the Law on Annual Reports 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.



Arnolds Babris
Chairman of the Board



BALANCE SHEET**ASSETS**

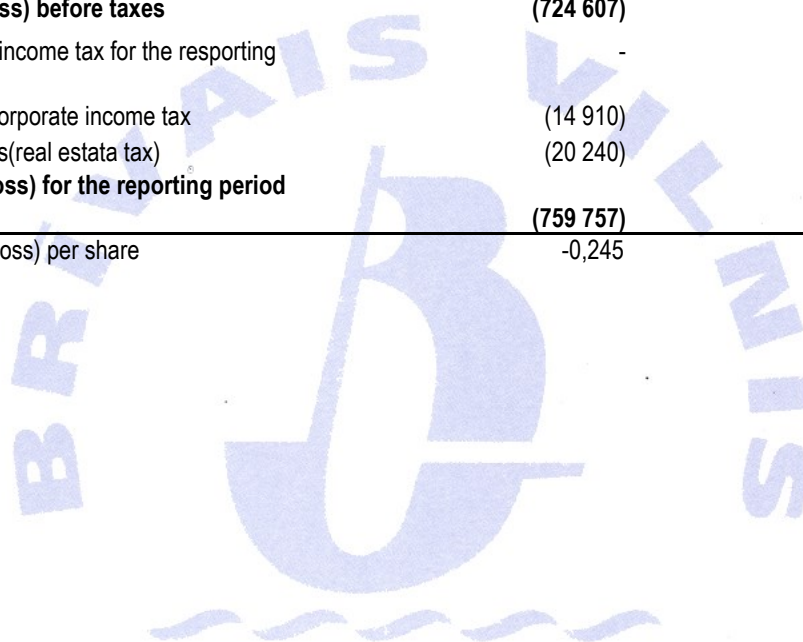
	31.12. 2015 EUR	31.12. 2014 EUR
NON-CURRENT ASSETS		
Intangible assets		
Projects, licences and similar expenses	0	685
TOTAL	0	685
Tangible assets		
Land, buildings and constructions	3 477 767	3 539 111
Equipment and machinery	263 704	343 855
Other fixtures and fittings, tools and equipment	95 931	148 007
Advance for tangible assets	165	165
TOTAL	3 837 567	4 031 138
TOTAL NON-CURRENT ASSETS	3 837 567	4 031 823
CURRENT ASSETS		
Inventories		
Raw materials	482 510	677 112
Finished goods and goods for resale	945 573	603 777
TOTAL	1 428 083	1 280 889
Receivables		
Trade receivables	1 636 312	2 966 973
Other receivables	94 196	184 383
Prepaid expenses	103 039	105 395
TOTAL	1 833 547	3 256 751
Cash	74 892	88 016
TOTAL CURRENT ASSETS	3 336 522	4 625 656
TOTAL ASSETS	7 174 089	8 657 479

BALANCE SHEET**LIABILITIES**

	31.12. 2015 EUR	31.12. 2014 EUR
EQUITY		
Share capital	4 339 230	4 339 230
Non-current assets revaluation reserve	2 100 135	2 130 791
Other reserves	70 890	70 890
Retained earnings		
brought forward	(2 419 376)	(2 676 389)
for the period	(759 757)	257 010
TOTAL	3 331 122	4 121 532
PROVISIONS FOR LIABILITIES AND CHARGES		
Other provisions	52 204	141 095
TOTAL	52 204	141 095
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	1 219 780	1 576 780
Other loans	185 329	185 329
Deferred income	58 857	58 857
Deferred corporate income tax liabilities	137 107	122 196
TOTAL	1 601 073	1 943 162
Current liabilities		
Loans from credit institutions	459 000	408 000
Other loans	33 876	106 633
Prepayments received from costumers	324 122	342 455
Accounts payable	935 066	1 266 206
Taxes payable	294 758	134 041
Other liabilities	107 649	169 340
Defferred income	28 419	18 215
Accumulating compensated absences	6 800	6 800
TOTAL	2 189 690	2 451 690
TOTAL LIABILITIES	3 790 763	4 394 852
TOTAL EQUITY AND LIABILITIES	7 174 089	8 657 479

INCOME STATEMENT

	2015 EUR	2014 EUR
Net turnover	7 204 108	12 769 143
Cost of sales	(6 716 984)	(11 269 545)
Gross profit (loss)	487 124	1 499 598
Distribution costs	(223 550)	(228 694)
Administrative expenses	(853 523)	(932 432)
Other operating income	191 099	326 662
Other operating expenses	(404 670)	(234 335)
Interest receivable and similar income	259 645	65 149
Interest payable and similar expenses	(180 732)	(168 474)
Profit /(Loss) before taxes	(724 607)	327 474
Corporate income tax for the reporting year	-	(29 246)
Deferred corporate income tax	(14 910)	(20 979)
Other taxes(real estate tax)	(20 240)	(20 239)
Profit / (Loss) for the reporting period	(759 757)	257 010
Earnings (loss) per share	-0,245	0,083



CASH FLOW STATEMENT

	2015	2014
	EUR	EUR
Cash flows to operating activities		
Profit / loss before taxes	(724 607)	327 474
Adjustments for:		
Amortization and depreciation	203 507	185 373
Interest expenses	141 121	165 653
Provision for vacations	(73 980)	10 413
Revaluation reserve write-off	(30 657)	(30 657)
Interest income		(2 248)
Gain from fluctuations of currency exchange rates		40
Loss (profit) from disposal/write-off of fixed assets		(1 200)
Operating profit or loss before working capital changes	(484 616)	654 848
Decrease(increase) in inventories	(147 194)	(119 448)
(Increase) decrease in receivables	1 423 204	(344 147)
Increase/(decrease) in payables	(207 704)	351 850
Cash used in operations	583 690	543 103
Interest paid	(141 121)	(165 653)
Corporate income tax paid	(44 618)	(148 874)
Real estate tax paid	(20 240)	(20 239)
Net cash flows to operating activities	377 711	208 337
Cash flows to investing activities		
Purchase of fixed assets	(9 251)	(105 742)
Proceeds from repayment of loans		76 560
Proceeds from sales of fixed and intangible assets		1 200
Interest received		2 248
Net cash flows to investing activities	(9 251)	(25 734)
Cash flows to financing activities		
Received loans	25 703	330 000
Repaid loans	(306 000)	(610 422)
Received subsidies, grants, gifts and donations		30 454
Payment of finance lease liabilities	(101 287)	(120 396)
Net cash flows from financing activities	(381 584)	(370 364)
Change in cash and cash equivalents increase	(13 124)	(187 761)
Cash and cash equivalents at the beginning of the reporting period	88 016	275 777
Cash and cash equivalents at the end of the reporting period	74 892	88 016

STATEMENT OF CHANGES IN EQUITY

	Share capital	Reserves	Retained earnings carried forward from previous year	Profit of the reporting year	Total
€	EUR	EUR	EUR	EUR	EUR
Balance as at 31st December 2013	4 410 120	2 161 448	(3 298 323)	621 937	3 895 182
Profit (loss) of 2014				257 010	257 010
Revaluation reserve write-off		(30 657)			(30 657)
Balance transfer to capital reserves as a result of denomination	(70 890)	70 890			
Reclassification of profit (loss)			621 937	(621 937)	-
Balance as at 31st December 2014	4 339 230	2 201 681	(2 676 386)	257 010	4 121 535
Revaluation reserve write-off		(30 656)			(30 656)
Reclassification of profit (loss)			257 010	(257 010)	-
Profit of responding year				(759 757)	(759 757)
Balance as at 31st December 2015	4 339 230	2 171 025	(2 419 376)	(759 757)	3 331 122

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES

I Summary

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

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 31 December 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 ⁸	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.

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 lat according to the currency exchange rate of Latvia on the last day of accounting year – 31.12.2015.

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 the, above stated positions have been converted to EUR according to the exchange rate of Latvia on 31.12.2015.

IX Cash and its equivalents

As from the Cash flow statement the cash and its equivalents is cash in the booking-office and the balances in the current accounts.

