

**JOINT STOCK COMPANY “BRIVAS VILNIS”**  
(UNIFIED REGISTRATION NUMBER 40003056186)

**ANNUAL REPORT FOR 2015**

(the 24<sup>th</sup> financial year)

**PREPARED IN ACCORDANCE WITH THE LAW  
OF THE REPUBLIC OF LATVIA ON ANNUAL REPORTS**

AND WITH INDEPENDENT AUDITORS` REPORT

**Salacgriva, 2016**

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## General information

Name of the company	Joint Stock Company "BRIVAIS VILNIS"
Legal status	Joint Stock Company
Common registration number, place and date of registration	40003056186, Riga, February 7, 1992
Legal address	1 Ostas Street, Salacgriva, Salacgriva region, LV-4033, Latvia
Main activity (NACE code)	Processing and canning of fish, shellfish and mollusc (10.20)
Largest shareholders	"BALTIC FINANCE & CAPITAL" Ltd. (49,97 %) Registration No. 40003612793 (8 Riga Alley, Adazi, Adazi region, LV-2164, Latvia)  "A Corporation" Ltd. (47.28 %) Registration No. 40003799285 (8 Riga Alley, Adazi, Adazi region, LV-2164, Latvia)
Members of the Board	Arnolds Babris, Chairman of the Board Māris Trankalis, Member of the Board Zinaida Ekmāne, Member of the Board Vasilijš Ūšins, Member of the Board
Members of the Council	Ilona Drikina, Chairman of the Council Anda Caune, Deputy of Chairman of the Council Ilmārs Reinis, Member of the Council Kaspars Vārpiņš, Member of the Council
Financial year	1 <sup>st</sup> January – 31 <sup>st</sup> December, 2015
Auditors	Elita Stabiņa Certified Auditor Certificate No.162 "I.F.Revīzija" Ltd. Licence of Commercial Company No.109 45/47 Elizabetes Street, Riga, LV-1010, Latvia

## Management Report

The types of activities performed by the Joint Stock Company "Brivais vilnis" ("the Company") are processing and canning of fish and fish products, wholesale of food products, including fish, shellfish and mollusc, and other commercial activities classified nowhere else.

Year 2015 was the 24<sup>th</sup> year of operation since the Company was transformed into a Joint Stock Company.

We are a leader in product quality, we do not use genetically modified raw materials and synthetic food additives in the production.

In 2015 the Company produced a total of 14.1 million cans of various types (148) of canned fish products, including 6.0 million cans of sprat. 13.3 million cans were sold for EUR 7.2 million that is 44% less compared to the previous year.

Impact on decrease of sales volumes of the Company had the economic embargo stated by the Russia, depreciation of the Russian ruble and devaluation of the Ukrainian hryvnia, especially, embargo on import of canned fish stated by the Russia, Kazakhstan and Belarus in June, 2015.

The financial result of the year 2015 is loss of EUR 760 605.

The financial result of the Company was impacted by creation of fiscal year write-off and doubtful debts provisions of EUR 520 thousand.

The Board of the Company plans to cover losses of reporting year from the profit of next years.

The Company's goal is to continue work on search of additional markets in Mexico, France, USA, Egypt and Iran in 2016 and to continue work on introduction of new types of packaging. We are planning intensive visiting of international exhibitions.

As from December, 2015 the Company temporarily stopped the production in order to realize the stock of produced canned fish. The Company restarted the production in the end of January, 2016 in order to ensure fulfilment of orders to customers. The most of terminated employees started the work in the Company in January and February again.

In the beginning of 2016 the Company produced about 60 000 cans per day. Expenses are reduced to the level that the Company can work with a small profit in such a regime. At the same time is continued the work on development of new markets. The Company is ready to increase its export volumes to Ukraine and the Central Asian countries, as soon as the economic situation in these regions will improve and the purchasing capacity of people will increase.

During the preparation of the annual report there became aware the fact that representatives of the Russian Federal Veterinary and Phytosanitary Monitoring Service plane to visit factories in Latvia in May, 2016 and to prepare inspection of them. Such an action could mean that Latvian companies probably would be allowed to restart the export to the Russian Federation.

At the end of reporting year liabilities of the Company are bigger than current assets for EUR 455 091, but short-term liabilities are less than current assets for EUR 1 332 227. To the March 31, 2016 liabilities of the Company are bigger than current assets for EUR 460 810 and short-term liabilities are less than current assets for EUR 1 326 508. Taking into account the above mentioned, the Board of the Company believes that the Company will be able to pay with short-term creditors in 2016.

On behalf of the Board:



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Arnolds Babris  
*Chairman of the Board*

April 29, 2016

## Profit or loss statement

	Notes	2015 EUR	2014 EUR
Net turnover	3	7 204 108	12 769 143
Cost of sales	4	(6 459 578)	(11 269 545)
<b>Gross profit</b>		<b>744 530</b>	<b>1 499 598</b>
Distribution costs	5	(223 550)	(228 694)
Administrative expenses	6	(882 720)	(932 432)
Other operating income	7	390 949	326 662
Other operating expenses	8	(665 704)	(234 335)
Interest receivable and similar income	9	52 662	65 149
Interest payable and similar expenses	10	(141 622)	(168 474)
<b>Profit or loss before taxes</b>		<b>(725 455)</b>	<b>327 474</b>
Corporate income tax for the reporting year			(29 246)
Deferred corporate income tax		(14 911)	(20 979)
Other taxes	11	(20 239)	(20 239)
<b>Profit or loss of the reporting year</b>		<b>(760 605)</b>	<b>257 010</b>
<b>Earnings per share</b>		<b>- 0,245</b>	<b>0,083</b>

The accompanying notes on pages 10 to 22 form an integral part of these financial statements.

On behalf of the Board:



Arnolds Babris  
Chairman of the Board

April 29, 2016

## Balance Sheet

		ASSETS			
			Notes	31.12.2014	31.12.2014
				EUR	EUR
<b>NON-CURRENT ASSETS</b>					
<b>Intangible assets</b>					
	Concessions, patents, licences, trademarks and similar expenses			-	685
	TOTAL		14	-	<b>685</b>
<b>Fixed assets</b>					
	Land, buildings and constructions			3 477 766	3 539 111
	Equipment and machinery			263 704	343 855
	Other fixed assets and inventory			95 931	148 007
	Tangible costs			165	165
	TOTAL		15	<b>3 837 566</b>	<b>4 031 138</b>
		<b>TOTAL NON-CURRENT ASSETS</b>		<b>3 837 566</b>	<b>4 031 823</b>
<b>CURRENT ASSETS</b>					
<b>Stock</b>					
	Raw materials			482 510	677 112
	Finished goods and goods for sale			945 573	603 777
	TOTAL		16	<b>1 428 083</b>	<b>1 280 889</b>
<b>Receivables</b>					
	Trade receivables		17	1 636 980	2 966 973
	Other receivables		18	88 749	184 383
	Prepaid expenses		19	103 938	105 395
	TOTAL			<b>1 829 667</b>	<b>3 256 751</b>
<b>Cash</b>					
				74 892	88 016
		<b>TOTAL CURRENT ASSETS</b>		<b>3 332 642</b>	<b>4 625 656</b>
		<b>Total assets</b>		<b>7 170 208</b>	<b>8 657 479</b>

The accompanying notes on pages 10 to 22 form an integral part of these financial statements.

On behalf of the Board:



Arnolds Babris  
 Chairman of the Board

April 29, 2016

## Balance Sheet

		Notes	31.12.2015 EUR	31.12.2014 EUR
<b>LIABILITIES</b>				
<b>EQUITY</b>				
Share capital		20	4 339 230	4 339 230
Non-current assets revaluation reserve			2 100 135	2 130 791
Reserves:			70 890	70 890
Retained earnings:				
retained earnings of previous years / (outstanding losses)			(2 419 379)	(2 676 389)
retained earnings of reporting year / (outstanding losses)			(760 605)	257 010
			<b>3 330 271</b>	<b>4 121 532</b>
<b>TOTAL EQUITY</b>				
<b>PROVISIONS</b>				
Provisions for vacations		21	52 204	141 095
			<b>52 204</b>	<b>141 095</b>
<b>TOTAL PROVISIONS</b>				
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Loans from credit institutions		22	1 219 780	1 576 780
Other loans		23	120 060	185 329
Taxes and social insurance contributions		24	249 742	-
Deferred income		25	60 629	58 857
Deferred tax liabilities			137 107	122 196
			<b>1 787 318</b>	<b>1 943 162</b>
			<b>TOTAL</b>	<b>TOTAL</b>
<b>Current liabilities</b>				
Loans from credit institutions		22	459 000	408 000
Other loans		23	99 145	106 633
Customer advances			324 122	342 455
Accounts payable to suppliers and contractors			939 638	1 266 206
Taxes and social insurance contributions		24	37 440	134 041
Other liabilities		26	107 624	169 340
Deferred income		25	26 646	18 215
Accrued liabilities			6 800	6 800
			<b>2 000 415</b>	<b>2 451 690</b>
			<b>TOTAL</b>	<b>TOTAL</b>
			<b>3 787 733</b>	<b>4 394 852</b>
<b>TOTAL LIABILITIES</b>				
<b>Total equity and liabilities</b>			<b>7 170 208</b>	<b>8 657 479</b>

The accompanying notes on pages 10 to 22 form an integral part of these financial statements.

On behalf of the Board:



Arnolds Babris  
 Chairman of the Board

April 29, 2016

## Cash flow statement

	2015 EUR	2014 EUR
<b>Cash flow from operating activities</b>		
Profit or loss for the reporting period before extraordinary items and taxes	(725 455)	327 474
Adjustments:		
Depreciation of fixed assets	202 823	180 822
Intangible value write-offs	685	4 551
Increase / (decrease) of reserves	(88 891)	10 413
(Profit) / losses from exchange rate fluctuations	-	40
Interest income	-	(2 248)
Interest expenses	141 121	165 653
Loss (profit) on sale / write-off of fixed assets	-	(1 200)
Long-term investment revaluation reserve write-off	(30 656)	(30 657)
<b>Profit or loss before corrections of the current assets and current liabilities balance change impact</b>	<b>(500 373)</b>	<b>654 848</b>
Decrease / (increase) of stock	(147 194)	(119 448)
Decrease / (increase) in receivables	1 394 546	(344 147)
Increase / (decrease) in payables	(202 265)	351 850
<b>Cash from operating activities</b>	<b>544 714</b>	<b>543 103</b>
Interest paid	(141 121)	(165 653)
Corporate income tax paid	(44 618)	(148 874)
Real estate tax costs	(20 239)	(20 239)
<b>Net cash from operating activities</b>	<b>338 736</b>	<b>208 337</b>
<b>Cash flow of investment changes</b>		
Purchase of fixed and intangible assets	(9 251)	(105 742)
Proceeds from sales of fixed and intangible assets	-	1 200
Proceeds from repayment of loans	-	76 560
Interest received	-	2 248
<b>Net cash flow of investment changes</b>	<b>(9 251)</b>	<b>(25 734)</b>
<b>Cash flow from financing activities</b>		
Loans received	27 703	330 000
Loans repaid	(306 000)	(610 422)
Received subsidies, grants, gifts and donations	36 148	30 454
Lease payments	(98 460)	(120 396)
<b>Net cash from financing activities</b>	<b>(342 609)</b>	<b>(370 364)</b>
<b>Increase / (decrease) of cash and cash equivalents</b>	<b>(13 124)</b>	<b>(187 761)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>88 016</b>	<b>275 777</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>74 892</b>	<b>88 016</b>

The accompanying notes on pages 10 to 22 form an integral part of these financial statements.

On behalf of the Board:



Arnolds Babris  
Chairman of the Board

April 29, 2016



## Statement of Changes in Equity

	Share capital	Reserves	Long term investment revaluation reserve	Retained earnings (losses) of previous years	Retained earnings (losses) of the reporting year	Total
<b>As at 31<sup>st</sup> December 2013</b>	<b>4 410 120</b>	<b>-</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)
Balance transfer to capital reserves as a result of denomination	(70 890)	70 890	-	-	-	-
Reclassification of profit	-	-	-	621 937	(621 937)	-
Profit of the reporting year	-	-	-	-	257 010	257 010
<b>As at 31<sup>st</sup> December 2014</b>	<b>4 339 230</b>	<b>70 890</b>	<b>2 130 791</b>	<b>(2 676 389)</b>	<b>257 010</b>	<b>4 121 532</b>
Revaluation reserve write-off	-	-	(30 656)	-	-	(30 656)
Reclassification of profit	-	-	-	257 010	(257 010)	-
Profit of the reporting year	-	-	-	-	760 605	(760 605)
<b>As at 31<sup>st</sup> December 2015</b>	<b>4 339 230</b>	<b>70 890</b>	<b>2 100 135</b>	<b>(2 419 379)</b>	<b>(760 605)</b>	<b>3 330 271</b>

The accompanying notes on pages 10 to 22 form an integral part of these financial statements.

On behalf of the Board:



Arnolds Babris  
Chairman of the Board

April 29, 2016

## Appendix to the financial statements

### 1. General information of the Company

Joint Stock Company "Brivais vilnis" ("the Company"), address: 1Ostas Street, Salacgriva, LV 4033. The types of activities performed by the Company are processing and canning of fish, shellfish and mollusc, wholesale of food products.

### 2. Accounting and evaluation methods – general accounting principles

#### **Basis of preparation**

Financial statements are prepared in accordance with laws of the Republic of Latvia "Annual Reports Law" and "Accounting Law" and other laws and regulations of the Republic of Latvia.

Income statement is prepared in accordance with the turnover method. Cash flow statement is prepared under indirect method.

Financial statements give a true and fair view of the Company's financial position, operation results and cash flow.

The Company's accounting policies ensure that the financial statements provide information that is comprehensible to users of financial statements to make decisions. Statements properly disclose the Company's operating results and financial position – reflecting not only the legal form of business, but also the economic substance.

All figures in the financial statement are given in Euro (EUR) unless otherwise stated.

Financial statements cover the period from 1<sup>st</sup> January to 31<sup>st</sup> December, 2015.

#### **Use of estimates**

In the preparation of financial statements, management is required to make estimates and assumptions that impact balances disclosed under certain balance sheet and profit and loss statement items, including the amount of potential liabilities. Future events may impact the assumptions underlying these estimates. Any impact from changes in estimates is disclosed in the financial statements as determined.

#### **Foreign exchange transactions**

All dealings in foreign currencies are revaluated in Euro by applying the official exchange rate of the European Central Bank on the date of the beginning of business transaction.

Foreign currency cash balances and foreign currencies made advances, loans or loan balances, as well as debtor and creditor balances payable in foreign currencies in the financial statement are shown by converting into Euro according to the European Central Bank's published rate in force in the end of last day of the reporting year. Foreign currency exchange rate fluctuation profit or loss is displayed in profit or loss statement.

	31.12.2015	31.12.2014
	EUR	EUR
1 USD	1,0887	1,2141

#### **Intangible assets**

Intangible assets are carried at cost which is amortized over the useful life of the asset on a straight-line basis. If certain events or changes in circumstances evidence that the carrying amount of intangible assets may not be recoverable, the value of such assets is revised to state the effects of impairment.

#### **Fixed assets**

Fixed assets are initially carried at cost. Further land and buildings that fair value can be measured with reasonable certainty, after initial recognition accounts at revaluated amount that is equal to its fair value at the date of revaluation, less accumulated depreciation and impairment losses. Land is not depreciated. Other fixed assets after initial recognition accounts at cost, less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated in the following useful life of the asset on straight - line basis:

	% per year
<i>Buildings and constructions</i>	1-5
<i>Equipment and machinery</i>	20
<i>Vehicles</i>	20
<i>Other fixed assets</i>	10-50
<i>Software</i>	33

Depreciation is calculated starting from the next month after the assets is placed in service or involvement in commercial activity. For each part of assets that cost is significant in relation to the total cost of this asset, depreciation must be calculated separately. If the company depreciates separately some parts of the asset, it also depreciates separately the remainder of the fixed part. The remainder consists of fixed parts that individually are not important. The remainder of the depreciation is calculated using the approximation methods in order to reflect truly the useful life of them.

If certain events or changes in circumstances evidence that the carrying amount of fixed assets may not be recoverable, the value of such fixed assets is revised to state the effects of impairment. If evidence of impairment exists and the carrying value of an asset exceeds its estimated recoverable amount, the asset or its cash generating unit is written down to its recoverable amount. The recoverable amount is the largest of net sales value and value in use. The value in use is determined by discounting the estimated future cash flow at present value using a pre-tax discount rate which reflects the current market forecast regarding the changes in the asset's value and risk related to it. The recoverable amounts of assets not generating largely independent cash flows is determined for the cash generating asset to which it belongs. Impairment loss is recognized in the profit and loss statement as cost of goods sold.

Fixed assets are de-recognized upon disposal or in the case when future inflow of economic benefits from the asset is no longer expected. Any profit or loss arising from de-recognition of a fixed asset (calculated as the difference between the net income from disposal and the book value of the asset) are charged to the profit and loss statement as incurred.

Costs related to leasehold improvements are capitalized as fixed assets. Depreciation of these assets is calculated over the lease period on a straight - line basis.

Construction in progress represents formation of fixed assets and unfinished construction costs, and it is stated at cost. Initial cost includes construction costs and other direct costs. Construction in progress is not depreciated until the assets had not been completed and put into operation.

### **Stock**

Stock has been valued at lower of cost or net realisable value. Costs incurred to deliver stock to their current location and state are disclosed as follows:

- raw materials are recognized at purchase price based on the FIFO method;
- finished goods and work in progress is recognized according to the FIFO method at direct costs of materials and labour, plus an overall portion of production costs.

Net realisable value is the estimated selling price in the course of regular business less estimated costs required to finish and sell the goods. Net realisable value is disclosed as cost less allowances.

Stock is recognized at net book value less allowances for obsolete, slow-moving or damaged stock recognized based on an individual ageing analysis of obsolete or damaged stock.

### **Trade and other accounts receivable**

Trade accounts receivable are carried at cost less doubtful debt allowances. Provisions for bad and doubtful accounts receivable are established when there is objective evidence that the Company will not be able to collect all amounts according to the original terms of receivables. Provisions for doubtful and bad debts are the difference between the gross value of receivables and the recoverable amount. Accounts receivable are written off when their recoverability is considered impossible.

### **Cash and cash equivalents**

Cash and cash equivalents represent cash on hand and bank accounts.

### **Loans and borrowings**

Loans and borrowings are initially carried at cost.

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

No contingent liabilities are recognized in these financial statements. Such liabilities are only recognized to the extent that an outflow of funds is reasonably expected. Contingent assets are not recognized in these financial statements. Such assets are recognized to the extent that an inflow of economic benefits related to the particular transaction is reasonably expected.

### ***Provisions***

Provisions are recognized 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 resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

As at the year end, a provision for unused vacations has been recognized in accordance with the number of vacation days unused as at 31<sup>st</sup> December 2015 and the average remuneration of personnel during the last six months of the reporting year.

### ***Revenue recognition***

Revenue is recognised when it is probable that the Company will gain economic benefits and to the extent it is possible to reasonably estimate the amount of such benefits. Revenue is recognized on the following conditions:

#### ***Sale of goods***

Revenue is recognized when the Company has transferred all significant risks and rewards of ownership and the amount of revenue may be reasonably estimated.

#### ***Services***

Revenue is recognized based on the stage of completion.

### ***Earnings per share***

Earnings per share are calculated by dividing profit after tax by the average weighted number of shares in the reporting period.

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

Corporate income tax comprises current and deferred tax. Current tax is calculated by applying a 15% rate to the taxable income during the taxation period.

Deferred corporate income tax arising from temporary differences in the timing of the recognition of items in the tax returns and these financial statements is calculated using the liability method. The primary temporary differences result from different depreciation rates applied for accounting and tax purposes, certain non-deductible provisions for tax purposes and transferable tax losses to be used during the next five years.

Deferred tax liabilities are disclosed under long term liabilities.

### ***Subsequent events***

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.

### ***Related parties***

As related parties are defined the Company's major shareholders, members of the Board, their close relatives and companies in that they have a significant influence or control.

Operations with related parties – resources, services or liabilities between the reporting company and the related person, regardless of whether a price is charged.

### 3. Net turnover

<i>Business segment</i>	2015	2014
Fish processing	7 204 108	12 769 143
<b>TOTAL:</b>	<b>7 204 108</b>	<b>12 769 143</b>

Inter alia:

	2015	2014
<b>Sold canned fish</b>	7 138 768	12 387 001
<b>Sold fish</b>	65 340	82 142

Breakdown of the net turnover by geographic markets is not placed in annex of the financial statement, because the management of the Company finds that giving of this information could harm interests of the Company.

### 4. Cost of goods sold

	2015	2014
Materials	3 940 871	7 271 844
Personnel costs	1 851 706	2 981 326
Energy resources	291 486	481 474
Depreciation of fixed assets	158 093	149 673
Other costs of goods sold	217 422	385 228
<b>TOTAL:</b>	<b>6 459 578</b>	<b>11 269 545</b>

### 5. Selling expenses

	2015	2014
Delivery costs and marketing	125 805	144 932
Personnel costs	47 899	51 917
Depreciation of fixed assets	274	304
Other selling expenses	49 572	31 541
<b>TOTAL:</b>	<b>223 550</b>	<b>228 694</b>

### 6. Administrative expenses

	2015	2014
Personnel costs	345 441	392 273
Depreciation of fixed and intangible assets	27 712	32 133
Bank services	7 114	6 404
Other external expenses	324 061	176 026
Other administrative expenses	150 625	284 672
Gifts, social assistance	27 767	40 924
<b>TOTAL:</b>	<b>882 720</b>	<b>932 432</b>

**7. Other operating income**

	2015	2014
Income from sales of fixed assets, net	-	1 200
Income from public utilities services	80 135	91 332
Income from sales of current assets	10	6 199
Income from auxiliary production services	64 330	72 228
Rent income	12 949	11 325
Unclaimed liabilities	3 252	8 456
Co-financing from the Rural Support Service (part related to annual earnings)	25 945	16 697
Other operating income	204 328	119 225
	<b>390 949</b>	<b>326 662</b>

**8. Other operating expenses**

	2015	2014
Cost of public utilities services	75 865	72 396
Cost of auxiliary production services	47 476	42 866
Losses from assignment, net	-	113 387
Written-off receivables, provision for doubtful accounts receivable	520 182	1 608
Penalties	5 715	3 815
Other expenses	16 466	263
	<b>TOTAL: 665 704</b>	<b>234 335</b>

**9. Interest and similar income**

	2015	2014
Income from exchange rate fluctuations	22 006	32 245
Income from loan rates	-	2 248
Income from fixed assets revaluation	30 656	30 656
	<b>TOTAL: 52 662</b>	<b>65 149</b>

**10. Interest and similar expenses**

	2015	2014
Interest payments on loans	141 121	165 653
Losses from exchange conversation	501	2 821
	<b>TOTAL: 141 622</b>	<b>168 474</b>

### 11. Other taxes

	2015	2014
Real estate tax	20 239	20 239
<b>TOTAL:</b>	<b>20 239</b>	<b>20 239</b>

### 12. Audit expenses

	2015	2014
Audit of the annual report	6 800	6 800
<b>TOTAL:</b>	<b>6 800</b>	<b>6 800</b>

### 13. Key management personnel compensation and number of employees

	2015	2014
<b>Chairman of the Board</b>		
Wage and salary	13 727	15 839
Compulsory social insurance contributions	3 238	3 736
<b>TOTAL:</b>	<b>16 965</b>	<b>19 575</b>

Other members of the Board and members of the Council do not receive compensation for their work on Board and Council.

	2015	2014
Average number of employees during the reporting year	<b>326</b>	<b>414</b>

### 14. Intangible assets

	Software licences, trademarks	TOTAL
Cost at January 1, 2015	45 288	45 288
Cost at December 31, 2015	45 288	45 288
Accrued amortization at January 1, 2015	44 603	44 603
Amortization	685	685
Accrued amortization at December 31, 2015	45 288	45 288
<b>Balance at January 1, 2015</b>	<b>685</b>	<b>685</b>
<b>Balance at December 31, 2015</b>	<b>-</b>	<b>-</b>

## 15. Fixed assets

	Land	Buildings and constructions	Equipment and machinery	Other fixed assets	Creation of fixed assets	TOTAL
Cost at January 1, 2015	228 540	3 866 493	1 713 546	848 998	165	6 657 742
Purchased	-	-	-	9 251	-	9 251
Liquidation	-	-	(35 321)	(50 009)	-	(85 330)
Cost at December 31, 2015	228 540	3 866 493	1 678 225	808 240	165	6 581 663
Accumulated depreciation at January 1, 2015	-	555 922	1 369 691	700 991	-	2 626 604
Depreciation	-	61 345	80 151	61 327	-	202 823
Depreciation of written-off fixed assets	-	-	(35 321)	(50 009)	-	(85 330)
Accumulated depreciation at December 31, 2015	-	617 267	1 414 521	712 309	-	2 744 097
<b>Balance at January 1, 2015</b>	<b>228 540</b>	<b>3 310 571</b>	<b>343 855</b>	<b>148 007</b>	<b>165</b>	<b>4 031 138</b>
<b>Balance at December 31, 2015</b>	<b>228 540</b>	<b>3 249 226</b>	<b>263 704</b>	<b>95 931</b>	<b>165</b>	<b>3 837 566</b>

### Cadastral value of the Company's real estate

	31.12.2015	31.12.2014
Land	85 504	85 504
Buildings and constructions	1 218 241	1 218 241
<b>TOTAL:</b>	<b>1 303 745</b>	<b>1 303 745</b>

The Company performs regular real estate change control, revaluating those estates, where significant changes in the value of long-term probability exist. At the moment all real estates, which had the potential of change the value of long-term, are revaluated.

### Fully depreciated tangible assets

A number of fixed assets that have been fully depreciated are still in active use. The total original cost value of these assets as at the end of the reporting year was EUR 1 951 222 (2014: EUR 1 981 483).

### Net carrying amount of assets under finance lease

The carrying amount of assets held under finance lease is as follows:

	31.12.2015	31.12.2014
Equipment	185 848	246 878
Other fixed assets	72 499	110 585
<b>TOTAL:</b>	<b>258 347</b>	<b>357 463</b>

Leased assets are pledged as a security for related finance lease liabilities.



**16. Stock**

	31.12.2015	31.12.2014
Raw materials (cost)	496 725	691 327
Provisions for slow moving materials and low value articles	(14 215)	(14 215)
<b>TOTAL:</b>	<b>482 510</b>	<b>677 112</b>

	31.12.2015	31.12.2014
Finished goods and goods for sale	948 463	606 667
Provisions for goods with sales value lower than cost	(2 890)	(2 890)
<b>TOTAL:</b>	<b>945 573</b>	<b>603 777</b>

**17. Trade accounts receivables**

	31.12.2015	31.12.2014
Trade receivables	1 636 980	2 966 973
Doubtful trade receivables	317 837	4 026 330
<i>Reserves for bad debts *)</i>	(317 837)	(4 026 330)
<b>TOTAL:</b>	<b>1 636 980</b>	<b>2 966 973</b>

**Provisions for doubtful receivables**

	31.12.2015	31.12.2014
Provisions at the beginning of year	4 026 330	4 190 406
Provisioning in the reporting year	257 406	-
Bad debt write-off of provisions made	(3 965 899)	(164 076)
Provisions at the end of year	<b>317 837</b>	<b>4 026 330</b>

In 2015 there were recognized as doubtful and made provisions for receivables in amount of EUR 257 406.

Debt payment deadline for individual debtors from the CIS countries has occurred on 31.12.2015, to the date of annual report signing such debts are in amount of EUR 757 321. There is concluded an agreement with the largest debtor from the Russian Federation on payment of debt during the year 2016 in amount of EUR 307 290. Problems with realization began in June, 2015 after Russia imposed an economic embargo to fish products produced in Latvia.

The largest Ukrainian debtor's debt to the date of financial statement signing was EUR 102 555. In 2016 is received the money in amount of EUR 142 thousand.

The debtor from Turkmenistan has a debt in amount of EUR 94 968, there are difficulties with transfer of currency from this country. Is received confirmed mutual reconciliation act, the Buyer accepts the existence of the debt and promises to make the payment as soon as possible.

The debtor from Kyrgyzstan has a debt in amount of EUR 158 247. In 2016 it has made the payment in amount of EUR 41 thousand. The management believes that the debt will be paid.

Other debtors to that the term of payment for the amount of EUR 94 261 comes into effect in 2016 until the date of annual report signing are from Uzbekistan and Kazakhstan. They are identified and assessed as debts with commercial scale settlement risk.

The management believes that receivables are realistic and customers will pay regardless of the contractual delays.

In the beginning of 2016 with the decision of the Board doubtful receivables in amount of EUR 3 965 899 are recognized as hopeless and are excluded from the debtors' list.

## 18. Other receivables

	31.12.2015	31.12.2014
Prepayments – <i>doubtful receivables</i>	-	1 159 891
Provisions for doubtful debts *)	-	(1 159 891)
Value added tax reserve	-	3 581
Overpaid corporate income tax	43 730	76 268
Overpaid value added tax	6 789	67 447
Advance amounts issued to board members for operating expenses	1 141	903
Other receivables	37 089	36 184
<b>TOTAL:</b>	<b>88 749</b>	<b>184 383</b>

\*) By decision of the Board in 2008 are created reserves for an advance payment to the "Walder Impex LLC" amounting to EUR 1 159 891. By decision of the Board debt is recognized as a hopeless and is excluded from the debtors' list.

## 19. Prepaid expenses

	31.12.2015	31.12.2014
Property insurance	1 337	610
Media subscription	876	1 188
Other deferred expenses	101 725	103 597
<b>TOTAL:</b>	<b>103 938</b>	<b>105 395</b>

Deferred expenses include the payment to the "Weidenhammer Plastic Packaging" GmbH in amount of EUR 101 725 for investments in a polymer can technology. Deferred expenses are planned to be extended during 2016 to costs of polymer cans No.6, writing off EUR 75 for every 1 000 cans.

## 20. The share capital

Registered and paid-up share capital as ta December 31, 2015 is EUR 4 339 230 and consists of 3 099 450 shares with a nominal value of EUR 1,40 each.

	31.12.2015		31.12.2014	
	Number of shares	Holding	Number of shares	Holding
Shareholders				
"A Corporation" Ltd.	1 465 353	47.28%	1 465 353	47.28%
"BALTIC FINANCE & CAPITAL" Ltd.	1 548 878	49.97%	1 548 878	49.97%
Other individuals	85 219	2.75%	85 219	2.75%
<b>TOTAL:</b>	<b>3 099 450</b>	<b>100%</b>	<b>3 099 450</b>	<b>100%</b>

## 21. Provisions for vacations

	2015	2014
Provisions at the beginning of year	141 095	130 682
Provision changes during the reporting year	(88 981)	10 413
Provisions at the end of year	<b>52 204</b>	<b>141 095</b>

## 22. Loans from credit institutions

<i>Long term:</i>	<i>Current interest rate (%)</i>	<i>Repayment date</i>	31.12.2015	31.12.2014
Loan from the JSC "Baltic International Bank" <sup>1)</sup> – part repayable after 2-3 years from the balance sheet date	7.0%	30.06.2018	1 219 780	1 576 780
<b>TOTAL:</b>			<b>1 219 780</b>	<b>1 576 780</b>

<i>Short term:</i>	<i>Current interest rate (%)</i>	<i>Repayment date</i>	31.12.2015	31.12.2014
Loan from the JSC "Baltic International Bank", short term part <sup>1)</sup>	7.0%	31.12.2016	459 000	408 000
<b>TOTAL:</b>			<b>459 000</b>	<b>408 000</b>

## 23. Other loans

<i>Long term:</i>	<i>Interest rate during the reporting year</i>	<i>Repayment date</i>	31.12.2015	31.12.2014
<b>Finance lease liabilities (long term part):</b>				
"Citadele līzings un faktoringi" Ltd.	3.5% + 6m. LIBOR	15.06.2016	-	2 375
"Nordea Finance Latvia" Ltd.	6.18%	01.03.2016	-	1 484
"Citadele līzings un faktoringi" Ltd.	3.8% + 6m. EURIBOR	15.12.2018	34 414	50 674
"Citadele līzings un faktoringi" Ltd.	3.8% + 6m. EURIBOR	15.11.2017	10 257	21 043
"Citadele līzings un faktoringi" Ltd.	3.8% + 6m. EURIBOR	15.10.2018	68 423	95 861
"Citadele līzings un faktoringi" Ltd.	3.8% + 6m. EURIBOR	15.01.2018	6 966	13 892
<b>TOTAL:</b>			<b>120 060</b>	<b>185 329</b>

<i>Short term:</i>	<i>Interest rate during the reporting year</i>	<i>Repayment date</i>	31.12.2015	31.12.2014
<b>Finance lease liabilities (short term part, repayable within one year from the balance sheet date):</b>				
"Citadele līzings un faktoringi" Ltd.	3.5% + 6m. LIBOR		2 054	4 196
"Nordea Finance Latvia" Ltd.	6.18%		1 491	6 248
"Nordea Finance Latvia" Ltd.	3.5% + 3m. EURIBOR		-	3 267
"Citadele līzings un faktoringi" Ltd.	3.8% + 6m. EURIBOR		16 194	15 529
"Citadele līzings un faktoringi" Ltd.	3.8% + 6m. EURIBOR		10 779	27 647

"Citadele līzings un faktoringš" Ltd.	3.8% + 6m. EURIBOR	36 405	43 881
"Citadele līzings un faktoringš" Ltd.	3.8% + 6m. EURIBOR	6 519	5 865

**Current assets against accounts receivable (factoring):**

"Swedbank līzings un faktoringš" JSC	3% + 6m. EURIBOR	07.10.2016	25 703	-
<b>TOTAL:</b>			<b>99 145</b>	<b>106 633</b>

**24. Taxes payable**

	Corporate income tax	Value added tax	Resident income tax	Compulsory social insurance contributions	Business risk state duty	Natural resource tax	Real estate tax	Customs duty	TOTAL
<b>Overpayment on December 31, 2014</b>	<b>(76 268)</b>	<b>(67 447)</b>	-	-	-	-	-	-	<b>(143 715)</b>
<b>Commitment to December 31, 2014</b>	-	-	<b>40 999</b>	<b>86 644</b>	<b>154</b>	<b>6 244</b>	-	-	<b>134 041</b>
Calculated	-	(764 945)	324 078	700 101	1 394	19 782	20 239	186	<b>318 835</b>
Calculated for non-residents	886	-	-	-	-	-	-	-	<b>886</b>
Paid	(44 618)	13 323	(129 251)	(19 590)	(1 422)	(20 973)	(20 239)	(186)	<b>(222 956)</b>
Penalty	-	-	185	218	-	-	-	-	<b>403</b>
Directed (from VAT)	76 270	644 978	(210 055)	(511 193)	-	-	-	-	-
Recovered	-	149 302	-	(133)	-	-	-	-	<b>149 169</b>
<b>Overpayment on December 31, 2015</b>	<b>(43 730)</b>	<b>(6 789)</b>	-	-	-	-	-	-	<b>(50 519)</b>
<b>Commitment to December 31, 2015</b>	-	-	<b>25 956</b>	<b>256 047</b>	<b>126</b>	<b>5 053</b>	-	-	<b>287 182</b>
Including:									
Long-term part	-	-	-	249 742	-	-	-	-	<b>249 742</b>
Short-term part	-	-	25 956	6 305	126	5 053	-	-	<b>37 440</b>

Tax overpayment is presented in the balance sheet caption "Other debtors".

According to the Company's applications, the State Revenue Service has made decision to split the payment of CSIC to the periods and to grant the *de minimis* support:

- 1) In June, 2015 for a period up to June 12, 2017 the payment of EUR 86 621;
- 2) In August, 2015 for a period up to December 11, 2017 the payment of EUR 26 096;
- 3) In September, 2015 for a period up to March 9, 2018 the payment of EUR 22 887;
- 4) In October, 2015 for a period up to September 7, 2018 the payment of EUR 70 445;
- 5) In January, 2016 for a period up to January 10, 2019 the payment of EUR 43 693.

## 25. Deferred income

	31.12.2015	31.12.2014
Long term part	60 629	58 857
Short term part	26 646	18 215
<b>TOTAL:</b>	<b>87 275</b>	<b>77 072</b>

In 2014 the Company has received the public funding to the Project No.13-00-Z20500-000024 „Purchase of specialized technological equipment and handling facilities and equipment for the production of canned fish” program from the Rural Support Service. In 2015 the Company received the public funding to the project No.14-00-Z20500-000027 from the Rural Support Service.

The Company presents the financing in deferred income and in proportion of equipment depreciation calculation of interest set, includes in annual income of the report.

## 26. Deferred tax liabilities

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

	31.12.2015	31.12.2014
Deferred tax liabilities:		
Temporary difference of fixed assets depreciation	147 070	145 494
Deferred tax assets:		
Provisions for employee vacation pay	(7 831)	(21 164)
Provisions for stock	(2 132)	(2 132)
<b>Deferred tax liabilities</b>	<b>TOTAL: 137 107</b>	<b>122 196</b>

Common deferred tax movement is as follows:

	2015	2014
Deferred tax liabilities at the beginning of reporting year	122 196	101 217
Deferred tax expenses in reporting year statement of profit and loss	14 911	20 979
<b>Deferred tax liabilities at the end of reporting year</b>	<b>TOTAL: 137 107</b>	<b>122 196</b>

## 27. Other liabilities

	31.12.2015	31.12.2014
Unpaid wages	104 447	165 155
Other liabilities	3 177	4 185
<b>TOTAL:</b>	<b>107 624</b>	<b>169 340</b>

## 28. Pledges and other encumbrances

The following agreements have been signed with respect to the security for the loan from the JSC "Baltic International Bank" (see Note 23):

- 1) Mortgage agreement No.622/0108/h signed on August 28, 2000, its annexes and additions according to that the Company transfers to the bank pledge rights on its real estate.
- 2) Mortgage agreement No.25/24/04-139 signed on July 21, 2004, its annexes and additions according to that the Company transfers to the bank pledge rights on its real estate.
- 3) Pledge agreement No.622/0108/k1 signed on August 1, 2000, its annexes and additions according to that the Company transfers to the bank the rights to collective property as at the date of pledge, as well as to the future components of this collective property.
- 4) Pledge agreement No.18/15/10-139 signed on September 10, 2010, its annexes and additions according to that the "A Corporation" Ltd. pledges to the benefit of the JSC "Baltic International Bank" its public issue shares of the JSC "Brivais vilnis".
- 5) Pledge agreement No.02/27/04-139 signed on August 20, 2014 and Agreement on renewal of pledge agreement signed on January 30, 2015, according to that the "Baltic Finance & Capital" Ltd. pledges to the benefit of bank its public issue shares.

In Limbazi Land Register department of the Regional Court of Vidzeme are consolidated lease rights to premises of pass office with pumping station until August 11, 2019 (cadaster 6615-009-0080-002), leaseholder Tourism promotion and development association of Salacgriva region.

In Limbazi Land Register department of the Regional Court of Vidzeme are consolidated lease rights to the construction – Pier No.3 with cadaster number 66150090007011, lease term – August 18,2025, leaseholder Salacgriva Port authority.

## 29. Operations with related persons

Operations with related persons that were performed in the reporting year, are not significant and corresponds to normal market conditions, therefore the information about such transactions is not provided to the financial statement.

## 30. Prosecution of operation

The Company's management is not aware of guarantees issued, legal actions, etc., to affect the Company's financial position as at December 31, 2015.

## 31. Subsequent events

No significant subsequent events have occurred in the period from the year-end to the date of these financial statements that would require adjustments to be made to these financial statements and disclosures added to the notes thereto.

## 32. The Company`s operation continuation

At the end of reporting year the Company`s liabilities exceed current assets by EUR 455 091, while short-term liabilities are less than the current assets for EUR 1 332 227. To the March 31, 2016 liabilities of the Company are bigger than current assets for EUR 460 810 and short-term liabilities are less than the current assets for EUR 1326 508. Taking into account the above mentioned, the Board of the Company believes that the Company will be able to settle accounts with the short-term creditors in 2016.

In January 29, 2016 the JSC "Brivais vilnis" restarted the temporarily stopped production in order to fulfil orders of customers. The most of terminated employees started the work in the Company in January and February again.

In May, 2016 representatives of the Russian Federal Veterinary and Phytosanitary Monitoring Service will inspect fish processing companies in Latvia. It gives a hope that the economic embargo could be reviewed and the Company will return to the market of Russia and Kazakhstan.

## INDEPENDENT AUDITORS' REPORT

To the Shareholders of AS "Brīvais vilnis"  
(translation from Latvian)

### Report on the Financial Statements

We have audited the accompanying financial statements of AS "Brīvais vilnis" set out on pages 5 to 22 of the accompanying annual report, which comprise the balance sheet as at 31 December 2015 and the profit and loss account and the statements of changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Law of the Republic of Latvia on Annual Reports, 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.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### Basis for qualified opinion

Item "Trade receivables" of the balance sheet of the company on December 31, 2015 includes overdue trade receivables in the amount of EUR 417 724. The management of the company considers the receivables to be recoverable and has not created any provisions for the possible debt value decrease. During the audit we could not obtain sufficient appropriate audit evidence to be able to evaluate the possibility of recovery of the above mentioned trade receivables as well as to determine whether any adjustments for possible decrease in their value to be reflected in the financial statements were necessary.

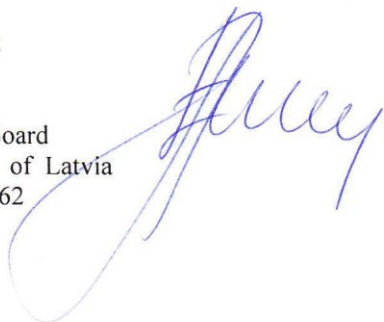
#### Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the financial position of AS "Brīvais vilnis" as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with the Law of the Republic of Latvia on Annual Reports.

### Report on Other Legal and Regulatory Requirements

We have read the management report for 2015 set out on page 4 of the accompanying annual report for 2015 and did not identify material inconsistencies between the financial information contained in the management report and that contained in the financial statements for 2015.

SIA I.F. Revīzija  
Licence No. 109  
Elita Stabiņa  
Member of the Board  
Certified auditor of Latvia  
Certificate No. 162



Rīga  
29. 04.2016

### Report on board's responsibility

The management of the JSC "Brivais vilnis" is responsible for preparation of financial statement of the Company. Financial statements are prepared on basis of accounting entries and source documents and give a real conception about financial position of the Company on December 31, 2015.

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

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

On behalf of the Board:



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Arnolds Babris  
*Chairman of the Board*

April 29, 2016