

Joint Stock Company

BRĪVAIS VILNIS

(Enterprise registration number 40003056186)

INTERIM

FINANCIAL REPORT

From the period from 1 January 2016 to 31 March 2016

(unaudited)

Salacgrīva 2016

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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, February 7, 1992
Registered office	1 Ostas Street, Salacgriva, LV4033, Latvia
Major shareholders	"A Corporation" SIA (47.28%) Registration No 40003799285, 8 Rigas Street , Adazi, LV2164, Latvia "BALTIC FINANCE & CAPITAL" Ltd. (49.97%) Registration No 40003612793, 8 Rigas Street, Adazi, LV 2164, Latvia
Board members	Arnolds Babris (Chairman of the Board) Maris Trankalis (Manager) Zinaida Ekmane (Lawyer) Vasilijs Ilusins (Cold-storage manager)
Members of council	Ilona Drikina Anda Caune Ilmārs Reinis Kaspars Vārpiņš
Financial period	1 January – 31 March, 2016
Auditors	Elita Stabina Sworn Auditor Certificate No. 162 I.F. Revizija Ltd. Licence of commercial company No. 109 45/47 Elizabetes Street, Riga, LV 1010, Latvia

Management Report

May 31, 2016

The types of activities performed by the JSC "Brivais Vilnis" 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 2016 is the 25th year of operation since the Company was transformed into a Joint Stock Company. In the 1st quarter of 2016 the Company produced a total of 2.7 million cans of various types (87) of fish products, including 1.2 million cans of sprat. 2.4 million cans were sold for EUR 1.3 million.

The financial result of the reporting period is a loss of EUR 95 784, these losses are from economic activities of the Company.

As previously reported, the Company restarted the production at the end of January, 2016. The Company's goal was to reduce costs in order to maintain the solvency. Three months we worked with a stable sales volume.

The work of new markets development in 2015 starts to proceed and the Company plans to stabilize the production and the realization in the second half of 2016. The Company continues to work on development of new sales markets in Western Europe, North America, South America and rest of the world. The Company works on introduction of innovative packaging. In summer we will perform the necessary repairs and upgrades to improve energy efficiency of auxiliary shops.

The JSC „Brivais vilnis“ makes production only from natural raw materials, completely excluding modified raw materials, favor and color enhancer and preservatives in production. The high quality of products is the key that allows the JSC „Brivais vilnis“ to be competitive in canned fish market.

Arnolds Babris

Chairman of the Board

BALANCE SHEET

	ASSETS		
	31.03. 2016 EUR	31.12. 2015 EUR	31.03. 2015 EUR
NON-CURRENT ASSETS			
Intangible assets			
Projects, licences	-	-	479
TOTAL	0	0	479
Tangible assets			
Land, buildings and constructions	3 462 673	3 477 766	3 523 775
Equipment and machinery	244 006	263 704	323 703
Other fixtures and fittings, tools and equipment	81 569	95 931	135 881
Advance payments for fixed assets	10 165	165	165
TOTAL	3 798 413	3 837 566	3 983 524
TOTAL NON-CURRENT ASSETS	3 798 413	3 837 566	3 984 003
CURRENT ASSETS			
Inventories			
Raw materials	526 221	482 510	762 606
Finished goods and goods for sale	1 004 041	945 573	1 140 691
TOTAL	1 530 262	1 428 083	1 903 297
Receivables			
Trade receivables	1 280 806	1 636 980	2 193 249
Other receivables	146 535	88 749	289 801
Prepaid expense	101 355	103 938	102 177
TOTAL	1 528 696	1 829 667	2 585 227
Cash	31 364	74 892	51 090
TOTAL CURRENT ASSETS	3 090 322	3 332 642	4 539 614
TOTAL ASSETS	6 888 735	7 170 208	8 523 617

EQUITY AND LIABILITIES			
	31.03. 2016 EUR	31.12. 2015 EUR	31.03. 2015 EUR
EQUITY			
Share capital	4 339 230	4 339 230	4 339 230
Non-current assets revaluation reserve	2 092 473	2 100 135	2 123 127
Other reserves	70 890	70 890	70 890
Retained earnings			
brought forward	(3 179 984)	(2 419 379)	(2 419 379)
for the period	(95 784)	(760 605)	47 521
TOTAL	3 226 825	3 330 271	4 161 389
PROVISIONS			
Provisions for vacations	114 727	52 204	207 859
TOTAL	114 727	52 204	207 859
LIABILITIES			
Non-current liabilities			
Loans from credit institutions	1 219 780	1 219 780	1 576 780
Taxes payables	249 742	249 742	
Other loans	120 060	120 060	185 329
Deferred income	60629	60629	58 857
Deferred corporate income tax liabilities	137 107	137 107	122 196
TOTAL	1 787 318	1 787 318	1 943 162
Current liabilities			
Loans from credit institutions	459 000	459 000	408 000
Other loans	79 270	99 145	66 973
Prepayments received from costumers		324 122	654
Trade payables	910 209	939 638	1 388 090
Taxes payables	165 047	37 440	139 823
Other liabilities	119 554	107 624	152 763
Deferred income	19 985	26 646	48 404
Accrued liabilities	6 800	6 800	6 800
TOTAL	1 759 865	2 000 415	2 211 507
TOTAL LIABILITIES	3 547 183	3 787 733	4 154 669
TOTAL EQUITY AND LIABILITIES	6 888 735	7 170 208	8 523 917

INCOME STATEMENT

	1quarter of the year 2016	1quarter of the year 2015
	EUR	EUR
Net turnover	1 284 483	2 144 857
Cost of sales	(1 178 955)	(1 786 873)
Gross profit (loss)	105 528	357 984
Distribution costs	(32 530)	(45 828)
Administrative expense	(166 835)	(240 248)
Other operating income	108 578	74 436
Other operating expense	(93 948)	(53 452)
Interest receivable and similar income	57 446	18 956
Interest payable and similar expense	(53 783)	(44 087)
Profit /(Loss) before taxes	(75 544)	67 761
Other taxes	(20 240)	(20 240)
Profit / (Loss) for the reporting period	(95 784)	47 521
Earning (loss) per share	-0,031	0,015

CASH FLOW STATEMENT

	For 1 quarters 2016	For 1 quarters 2015
	EUR	EUR
Cash flows to operating activities		
Profit / loss before taxes	(75 544)	67 761
Adjustments for:		
Amortization and depreciation	49 153	51 371
Interest expense	31 595	37 617
Provisions for vacations und current repair	62 523	66 764
Non-current assets revaluation reserve write-off	(7 662)	(7 664)
Operating profit or loss before working capital changes	60 065	215 849
Decrease (increase) in inventories	(102 179)	(622 408)
Decrease(increase) in receivables	300 971	671 524
Increase(decrease) in payables	(238 473)	(189 619)
Cash used in operations	20 384	75 346
Interest paid	(31 595)	(37 617)
Corporate income tax paid	(2 441)	(26 238)
Real estate tax paid	-	(5 205)
Net cash flows to operating activities	(13 652)	6 286
Cash flows to investing activities		
Purchase of fixed assets	(10 000)	(3 552)
Net cash flows to investing activities	(10 000)	(3 552)
Cash flows to financing activities		
Lease payments	(19 876)	(39 660)
Net cash flows from financing activities	(19 876)	(39 660)
Change in cash and cash equivalents	(43 528)	(36 926)
Cash and cash equivalents at the beginning of the reporting period	74 892	88 016
Cash and cash equivalents at the end of the reporting period	31 364	51 090

STATEMENT OF CHANGES IN EQUITY

	Share capital	Other reserves	Retained earnings	Long term investment revaluation reserves	Profit (loss) the reporting period	Total
	EUR	EUR	EUR		EUR	EUR
Balance as at 31 December 2014	4 339 230	70 890	(2 676 389)	2 130 791	257 010	4 121 532
Reclassification of profit (losse)		-	257 010		(257 010)	-
Revaluation reserve write-off				(30 656)		(30 656)
Profit of the reportong year 2015			-		(760 605)	(760 605)
Balance as at 31 December 2015	4 339 230	70 890	(2 419 379)	2 100 135	(760 605)	3 330 271
Reclassification of profit (losse)	-	-	(760 605)		760 605	-
Revaluation reserve write-off	-	-	-	(7 662)		(7 666)
Profit of the reportong period					(95 784)	124 912
Balance as at 31 March 2016	4 339 230	70 890	(3 179 984)	2 092 473	(95 784)	3 226 825

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES

I Summary

The financial statements of AS Brīvais 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 financial statements cover the period 1 January 2016 through 31 March 2016.

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.

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 2016 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, according to the currency exchange rate on the last day of accounting year – 31.03.2016.

	31.03.2016.
1 USD	1.1385

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.

IX Cash and cash equivalents

The cash flow statement, cash and cash equivalents comprise cash on hand and bank accounts.

Report on board's responsibility

May 31, 2016

The management of the JSC "Brīvais 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 March 2016.

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 "Brīvais vilnis" is responsible for fulfillment of legislation requirements of the Republic of Latvia.