

Joint stock Company

BRIVAIS VILNIS

(Unified registration number 4003056186)



**INTERIM
FINANCIAL REPORT
for 9 months of 2016
(unaudited)**

Salacgriva 2016

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GENERAL INFORMATION

Name of the company	Brivais vilnis
Legal status of the company	Joint Stock Company
Number, place and date of registration	40003056186 Riga, 7 February 1992
Registered office	1Ostas Street, Salacgriva, LV-4033, Latvia
Major shareholders	"A Corporation "SIA (47.28%), Registration No.40003799285 8 Rigas Street, Adazi, LV-2164, Latvia "BALTC FINANCE & CAPITAL" Ltd (49.97%), Registration No.40003612793 8 Rigas Street, Adazi, LV-2164, Latvia
Members of the Board	Arnolds Babris (Chairman of the Board) Maris Trankalis (Manager) Kristaps Koskins (Manager) Dace Bokmeldere (Director of the Production)
Members of the Council	Ilona Drikina Anda Caune Ilmārs Reinis Kaspars Vārpiņš
Financial period	1 January – 30 September, 2016

MANAGEMENT REPORT

November 30, 2016

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 2016 is the 25th year of operation since the Company was transformed into a Joint Stock Company. In 9 months of 2016 the Company produced a total of 6.9 million cans of various types (139) of fish products, including 2.8 million cans of sprat. In 9 months of 2016 there were sold 7.2 million cans for EUR 3.9 million. The financial result of 9 months of 2016 is a loss of EUR 255 537. These losses are from economic activities of the Company.

Net turnover for 9 months of 2016 is EUR 3 904 thousand.

Result for 9 months of 2016:

Gross profit (EUR)	335 thousand
Gross profit (%)	8.6

Operating results of the JSC "Brivais vilnis" compared to the previous year are less successful, because the total sales volume has significantly decreased as a result of the Russian embargo. The Company has not stopped the operation, it is working with pauses, according to orders received, mainly by using the fresh local raw materials. Due to the existing market situation, we believe that the most important is to keep existing customers and work on adoption of new markets. We are visiting and participating in food fairs in Western Europe and other world. The Company is looking for versions to optimize costs.

The Company continues development of new products and new packaging and works on improvement of quality of the current assortment also in this year. We are the leader in development of innovative packaging types. The main thing that ensures our products to be special on the market of food products is that it does not contain genetically modified additives, chemical flavour enhancers and colouring agents. Canned fish products are handmade and therefore have a good quality. The world's increasing demand is for natural food, produced without artificial additives.

The Company has the IFS certificate – an international food safety standard. We have gained the Kosher certificate of the Orthodox Union.

The Company has expectations to return to the market of Russia and Kazakhstan in 2017 that would enable us to increase sales volumes and achieve better financial results.



Arnolds Babris
Chairman of the Board

REPORT ON BOARD'S RESPONSIBILITY

November 30, 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.

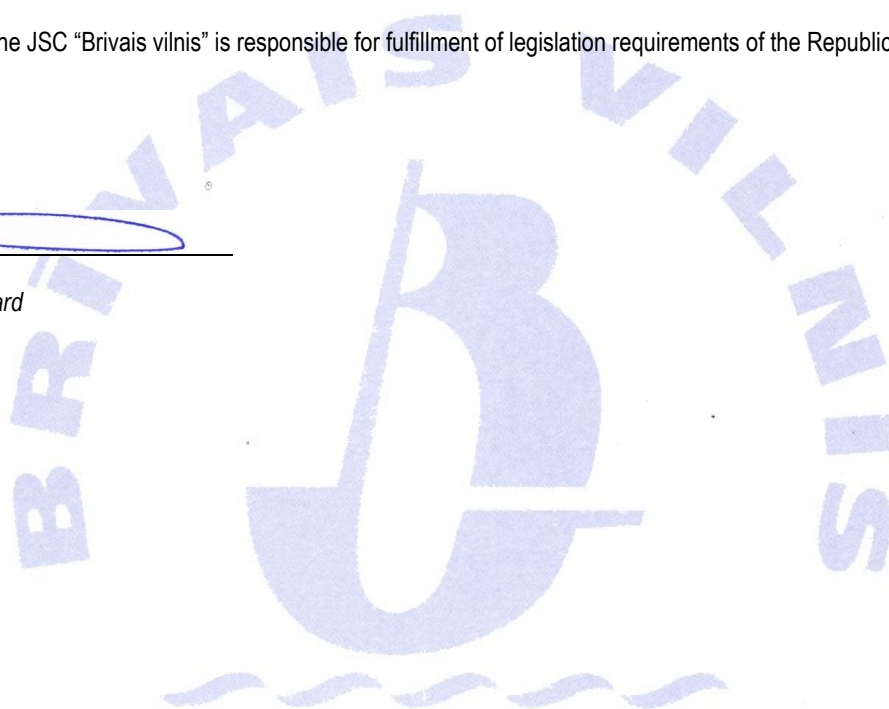
Financial statements are prepared on basis of accounting entries and source documents and give a real conception about financial position of the Company on the 30 of September 2016.

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.



Arnolds Babris
Chairman of the Board



BALANCE SHEET

	ASSETS		
	30.09. 2016 EUR	31.12. 2015 EUR	30.09. 2015 EUR
NON-CURRENT ASSETS			
Intangible			
Projects, licences	0	0	68
TOTAL	0	0	68
Tangible assets			
Land, buildings and constructions	3 432 487	3 477 766	3 493 102
Equipment and machinery	205 366	263 704	283 402
Other fixtures and fittings, tools and equipment	59 621	95 931	107 767
Bilding	29 803	165	165
TOTAL	3 727 277	3 837 566	3 884 436
TOTAL NON-CURRENT ASSETS	3 727 277	3 837 566	3 884 504
CURRENT ASSETS			
Inventories			
Raw materials	504 615	482 510	518 589
Finished goods and goods for sale	662 923	945 573	997 836
TOTAL	1 167 538	1 428 083	1 516 425
Receivables			
Trade receivables	1 272 231	1 636 980	1 670 586
Other receivables	117 555	88 749	186 481
Prepaid expenses	142 909	103 938	122 526
TOTAL	1 532 695	1 829 667	1 979 593
Cash	23 177	74 892	71 611
TOTAL CURRENT ASSETS	2 723 410	3 332 642	3 567 629
TOTAL ASSETS	6 450 687	7 170 208	7 452 133

EQUITY AND LIABILITIES

	30.09. 2016 EUR	31.12. 2015 EUR	30.09. 2015 EUR
EQUITY			
Share capital	4 339 230	4 339 230	4 339 230
Long term investment revaluation reserve	2 077 145	2 100 135	2 107 805
Other reserves	70 890	70 890	70 890
Retained earnings			
brought forward	(3 179 984)	(2 419 379)	(2 419 379)
for the period	(255 537)	(760 605)	(165 141)
TOTAL	3 051 744	3 330 271	3 933 405
PROVISIONS			
Other provisions	46 208	52 204	19 634
TOTAL	46208	52204	19634
LIABILITIES			
Non-current liabilities			
Loans from credit institutions	1 219 780	1 219 780	1 576 780
Other loans	120 060	120 060	185 329
Taxes payables	249 742	249 742	-
Deferred income	60 629	60 629	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	153 000
Other loans	19 563	99 145	37 427
Prepayments received from costumers	-	324 122	133
Trade payables	714 536	939 638	922 420
Taxes payables	235 434	37 440	251 165
Other liabilities	130 223	107 624	156 707
Deferred income	6 661	26 646	35 080
Accrued liabilities	-	6 800	-
TOTAL	1 565 417	2 000 415	1 555 932
TOTAL LIABILITIES	3 352 735	3 787 733	3 499 094
TOTAL EQUITY AND LIABILITIES	6 450 687	7 170 208	7 452 133

INCOME STATEMENT

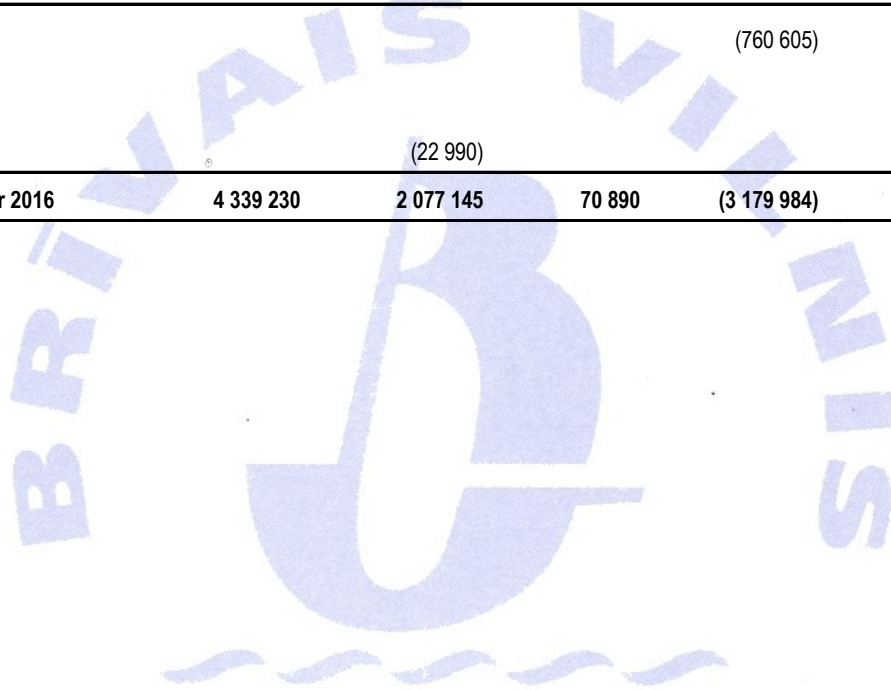
	3 quarters of the year 2016	2015	3 quarters of the year 2015
	EUR	EUR	EUR
Net turnover	3 904 411	7 204 108	5 202 487
Cost of sales	(3 569 465)	(6 459 578)	(4 630 902)
Gross profit (loss)	334 946	744 530	571 585
Distribution costs	(122 085)	(223 550)	(135 174)
Administrative expenses	(425 379)	(882 720)	(598 887)
Other operating income	165 461	390 949	130 141
Other operating expenses	(155 668)	(665 704)	(92 890)
Profit/loss from operations			
Interest receivable and similar income	86 155	52 662	112 797
Interest payable and similar expenses	(118 727)	(141 622)	(132 473)
Profit/(Loss) before taxes	(235 297)	(725 455)	(144 901)
Profit taxes	-	-	-
Other taxes	(20 240)	(35 150)	(20 240)
Profit (loss) for the reporting period	(255 537)	(760 605)	(165 141)
Earnings (loss) per share	-0,082	-0,245	-0,053

CASH FLOW STATEMENT

	For 3 quarters 2016	For 3 quarters 2015
	EUR	EUR
Cash flows to operating activities		
Profit/loss before taxes	(235 297)	(144 901)
Adjustments for:		
Amortization and depreciation	141 565	153 569
Interest expenses	95 748	108 582
Provisions	(5 996)	(121 461)
Non-current assets revaluation reserve write-off	(22 992)	(22 992)
(Profit) loss as a result of investment	-74	-
Operating profit or loss before working capital changes	(27 047)	(26 933)
Decrease (increase) in inventories	(260 545)	(235 536)
Decrease (increase) in receivables	296 972	1 277 158
Increase (decrease) in payables	(353 239)	-537 579
Cash used in operations	177 231	477 110
Interest paid	(95 748)	(98 762)
Corporate income tax and real estate paid	(22 681)	(54 206)
Net cash flows to operating activities	58 802	324 142
Cash flows to investing activities		
Purchase of fixed assets	(31 276)	(6 250)
Proceeds from sales of fixed and intangible assets	74	0
Net cash flows to investing activities	(31 202)	(6 250)
Cash flows to financing activities		
Received loans	426	-
Repaid loans	(32 129)	(255 000)
Lease payments	(53 612)	(79 297)
Net cash flows to financing activities	(79 315)	(334 297)
Change in cash and cash equivalents	(51 715)	(16 405)
Cash and cash equivalents at the begin of the reporting period	74 892	88 016
Cash and cash equivalents at the end of the reporting period	23 177	71 611

STATEMENT OF CHANGES IN EQUITY

	Share capital	Long term investment revaluation reserve	Reserves	Retained earnings	Profit (loss) the reporting period	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Balance as at 01 January 2015	4 339 230	2 130 791	70 890	(2 676 389)	257 010	4 121 532
Revaluation reserve write-off	-	(30 656)				(30 656)
Reclassification of profit				257 010	(257 010)	-
Profit of the 2015	-			-	(760 605)	(760 605)
Balance as at 01 January 2016	4 339 230	2 100 135	70 890	(2 419 379)	(760 605)	3 330 271
Reclassification of profit				(760 605)	760 605	-
Profit of the reporting period					(255 537)	(255 537)
Revaluation reserve write-off		(22 990)				(22 990)
Balance as at 30 September 2016	4 339 230	2 077 145	70 890	(3 179 984)	(255 537)	3 051 744



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. 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 01 January 2016 through 30 September 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 per 2016 - 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 – 30.09.2016.

	30.09.2016.
1 USD	1.1161

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.

As the prepaid expenses there are stated insurance costs, all kind of subscription and similar kind of expense for the year 2016.

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.

