

Joint Stock Company

BRIVAIS VILNIS

(Enterprise registration number 40003056186)



**INTERIM
FINANCIAL REPORT**

**For the period from 1 January 2016 to 31 December 2016
(unaudited)**

Salacgriva 2017

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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) Kristaps Koskins (Manager) Dace Bokmeldere (Director)
Members of the Council	Anda Caune (Chairman of the Council) Ilona Drikina Ilmars Reinis Kaspars Varpiņš
Financial period	1 January – 31 December, 2016

Management Report

February 28, 2017

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 2016 is the 25th year of operation since the Company was transformed into a Joint Stock Company. In 2016 the Company produced a total of 10.4 million cans of various types (161) of fish products, including 4.6 million cans of sprat. 10.1 million cans were sold for EUR 5.4 million.

The financial result of the year 2016 is a loss of EUR 436 174. These losses are from economic activities of the Company.

The common situation of the canned fish market is tense. There will be companies that will not survive, but those, who will survive, it will be easier. The Company must be among those companies that will overcome these difficulties.

We are working to maintain the market segment. We expect that Russia and Kazakhstan will open the market and the economic situation in the world will improve. 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 2016 is EUR 5 430 thousand.

Result of 2016 (EUR)	(436 174)
Gross profit of 2016 (EUR)	399 900


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

New markets and development of new products 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. In 2017, we are planning to take part in seven exhibitions in Europe and elsewhere.

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

We have got the International Food Standard (IFS) and the Kosher certificate.

The Company has set a target to stabilize production and sales in 2017 through the work done in 2016.



Arnolds Babris
Chairman of the Board

Report on board's responsibility

February 28, 2017

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.

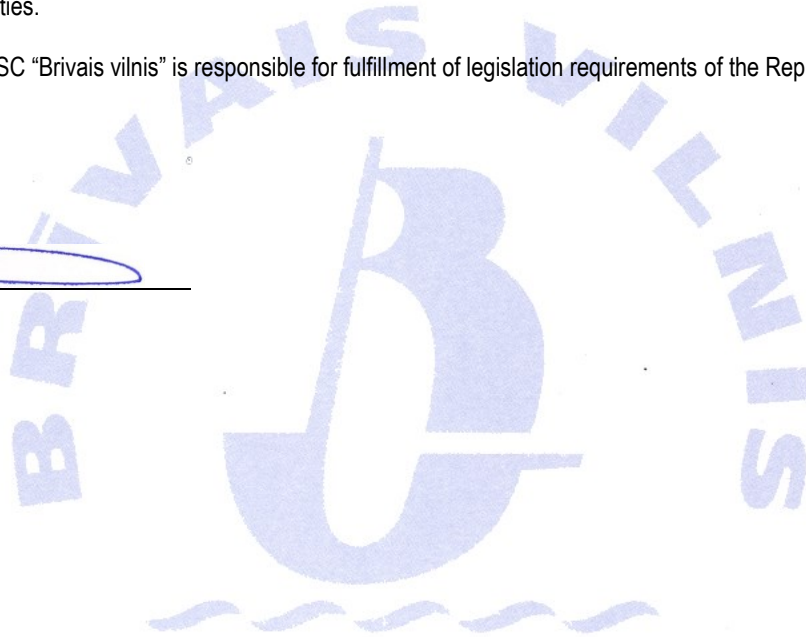
Financial statements are prepared on basis of accounting entries and source documents and give a real conception about financial position of the Company on the 31 of December 2016.

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 "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. 2016 EUR	31.12. 2015 EUR
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NON-CURRENT ASSETS**Tangible assets**

Land, buildings and constructions	3 417 394	3 477 766
Equipment and machinery	185 645	263 704
Other fixtures and fittings, tools and equipment	52 054	95 931
Advance for tangible assets	30 469	165
TOTAL	3 685 562	3 837 566
TOTAL NON-CURRENT ASSETS	3 685 562	3 837 566

CURRENT ASSETS**Inventories**

Raw materials	407 150	482 510
Finished goods and goods for resale	976 867	945 573
TOTAL	1 384 017	1 428 083

Receivables

Trade receivables	1 245 800	1 636 980
Other receivables	90 469	88 749
Prepaid expenses	96 274	103 938
TOTAL	1 432 543	1 829 667

Cash

	6 948	74 892
TOTAL CURRENT ASSETS	2 823 508	3 332 642

TOTAL ASSETS

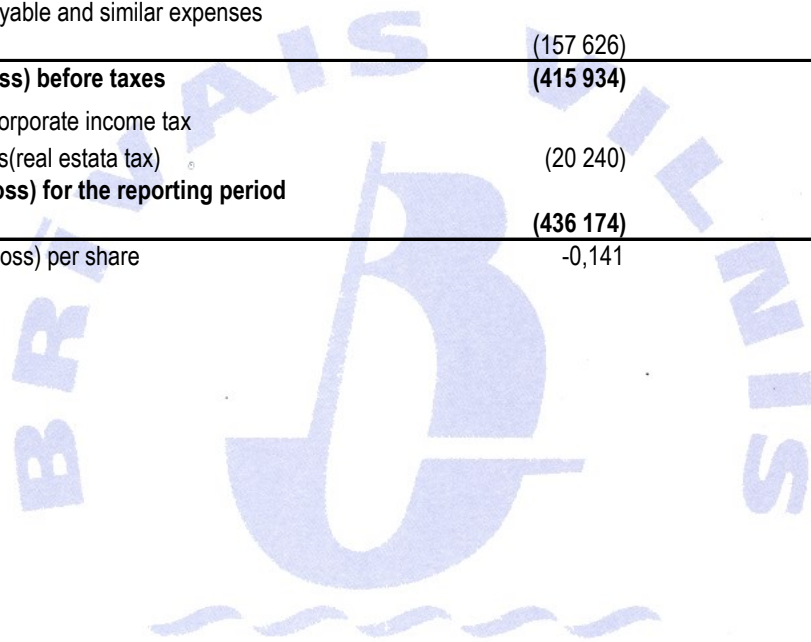
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BALANCE SHEET**LIABILITIES**

	31.12. 2016 EUR	31.12. 2015 EUR
EQUITY		
Share capital	4 339 230	4 339 230
Non-current assets revaluation reserve	2 069 480	2 100 135
Other reserves	70 890	70 890
Retained earnings		
brought forward	(3 179 984)	(2 419 379)
for the period	(436 174)	(760 605)
TOTAL	2 863 442	3 330 271
PROVISIONS FOR LIABILITIES AND CHARGES		
Other provisions	74 593	52 204
TOTAL	74 593	52 204
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	1 588 780	1 219 780
Other loans	120 060	120 060
Taxes payable	249 742	249 742
Deferred income	58 857	60 629
Deferred corporate income tax liabilities	137 107	137 107
TOTAL	2 154 546	1 787 318
Current liabilities		
Loans from credit institutions	90 000	459 000
Other loans	33 608	99 145
Prepayments received from costumers		324 122
Accounts payable	763 896	939 638
Taxes payable	388 999	37 440
Other liabilities	136 947	107 624
Deferred income	3 039	26 646
Accumulating compensated absences		6 800
TOTAL	1 416 489	2 000 415
TOTAL LIABILITIES	3 571 035	3 787 733
TOTAL EQUITY AND LIABILITIES	6 509 070	7 170 208

INCOME STATEMENT

	2016	2015
	EUR	EUR
Net turnover	5 429 601	7 204 108
Cost of sales	(5 029 701)	(6 459 578)
Gross profit (loss)	399 900	744 530
Distribution costs	(168 506)	(223 550)
Administrative expenses	(616 296)	(882 720)
Other operating income	239 078	390 949
Other operating expenses	(225 101)	(665 704)
Interest receivable and similar income	112 617	52 662
Interest payable and similar expenses	(157 626)	(141 622)
Profit/(Loss) before taxes	(415 934)	(725 455)
Deferred corporate income tax		(14 911)
Other taxes(real estate tax)	(20 240)	(20 239)
Profit / (Loss) for the reporting period	(436 174)	(760 605)
Earnings (loss) per share	-0,141	-0,245



CASH FLOW STATEMENT

	2016	2015
	EUR	EUR
Cash flows to operating activities		
Profit / loss before taxes	(415 934)	(725 455)
Adjustments for:		
Amortization and depreciation	186 259	203 508
Interest expenses	127 106	141 121
Provision for vacations	22 389	(88 891)
Revaluation reserve write-off	(30 656)	(30 656)
Operating profit or loss before working capital changes	(110 836)	(500 373)
Decrease(increase) in inventories	44 066	(147 194)
(Increase) decrease in receivables	397 124	1 394 546
Increase/(decrease) in payables	(137 705)	(202 265)
Cash used in operations	192 649	544 714
Interest paid	(127 106)	(141 121)
Corporate income tax paid	(3 330)	(44 618)
Real estate tax paid	(20 240)	(20 239)
Net cash flows to operating activities	41 973	338 736
Cash flows to investing activities		
Purchase of fixed assets	(3 950)	(9 251)
Advance payment for fixed assets	(27 432)	-
Net cash flows to investing activities	(31 382)	(9 251)
Cash flows to financing activities		
Received loans	32 129	25 703
Repaid loans	(39 028)	(306 000)
Received subsidies, grants, gifts and donations	-	36 148
Payment of finance lease liabilities	(71 636)	(98 460)
Net cash flows from financing activities	(78 535)	(342 609)
Change in cash and cash equivalents increase	(67 944)	(13 124)
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	6 948	74 892

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 2014	4 339 230	2 201 681	(2 676 389)	257 010	4 121 532
Profit (loss) of 2015				(760 605)	(760 605)
Revaluation reserve write-off		(30 656)			(30 656)
Reclassification of profit (loss)			257 010	(257 010)	-
Balance as at 31st December 2015	4 339 230	2 171 025	(2 419 379)	(760 605)	3 330 271
Revaluation reserve write-off		(30 655)			(30 655)
Reclassification of profit (loss)			(760 605)	760 605	-
Profit(loss) of responding year				(436 174)	(436 174)
Balance as at 31st December 2016	4 339 230	2 140 370	(3 179 984)	(436 174)	2 863 442

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES

I Summary

The financial statements of AS Brivais vilnis have been prepared in accordance with the "Law on Annual Accounts and Consolidated Annual Accounts" 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 2016 through 31 December 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 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 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 lat according to the currency exchange rate of Latvia on the last day of accounting year – 31.12.2016.

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 31.12.2016.

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.

