

Joint Stock Company

BRIVAIS VILNIS

(Unified registration number 40003056186)

**INTERIM
FINANCIAL REPORT
for the first six months of 2018
(unaudited)**

Salacgrīva 2018

CONTENTS

GENERAL INFORMATION	3
MANAGEMENT REPORT	4
REPORT ON BOARD'S RESPONSIBILITY	5
BALANCE SHEET	6
INCOME STATEMENT	8
CASH FLOW STATEMENT	9
STATEMENT OF CHANGES IN EQUITY	10
NOTES TO THE FINANCIAL STATEMENTS	11

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, 7 February 1992
Registered office	1 Ostas Street, Salacgriva, LV-4033, Latvia
Major shareholders	"A Corporation "Ltd "(47.40%) Registration No.40003799285 8 Rigas Street, Adazi, LV-2164, 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) Kristaps Koškins (Commercial) Dace Bokmeldere (Director)
Members of council	Ilona Drikina Anda Caune Edgars Rotkājis Kaspars Vārpiņš
Financial period	1 January – 30 June, 2018

Management Report

August 31, 2018

The types of activities performed by the JSC "Brivais vilnis" (the Company) 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 2018 is the 27th year of operation since the Company was transformed into a Joint Stock Company. In the 1st half of 2018 the Company produced a total of 6.3 million cans of various types (147) of fish products, including 2.7 million cans of smoked sprats. Canned fish have been sold for EUR 3.7 million that is by 19% more than in the first half of 2017.

The financial result of the 1st half of 2018 is a loss of EUR 316 thousand. These losses are from economic activities of the Company. In the fish industry, the price dumping and the struggle on the market are taking place.

Net turnover of the 1st half of 2018 is EUR 3.7 million.

Result of the 1st half of 2018:
Gross profit of EUR 197 264.

The Company's goal is to continue transformation in accordance with the EU and third countries quality requirements, reducing production costs to enable the Company to compete and strengthen its position in existing and new markets of canned fish. The Company continues work on adoption of new markets in Africa and South America.

The Company continues to work on development of new types of products. We are working on improvement of quality of the current assortment and introduction of new, innovative type of packaging.

At the end of June, the Company stopped the production to carry annual repair of factory and districts out, employees could take their leaves and to realize the stock of produced canned fish. On the 3rd of September, the Company will restart production of canned fish, in order to ensure fulfilment of orders.

The Company is a leader in product quality, it makes production only from natural raw materials and doesn't use synthetic food additives and genetically modified products.



Arnolds Babris
Chairman of the Board

REPORT ON BOARD'S RESPONSIBILITY

August 31, 2018

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 30st of June 2018.

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**

	30.06. 2018 EUR	31.12. 2017 EUR	30.06. 2017 EUR
NON-CURRENT ASSETS			
Tangible assets			
Land, buildings and constructions	3 339 942	3 370 383	3 387 208
Equipment and machinery	82 024	115 306	146 257
Other fixtures and fittings, tools and equipments	42 482	53 299	39 706
Advances for fixed assets	140 685	113 927	74 454
TOTAL	3 605 133	3 652 915	3 647 625
TOTAL NON-CURRENT ASSETS	3 605 133	3 652 915	3 647 625
CURRENT ASSETS			
Inventories			
Raw materials	355 444	417 771	408 415
Finished goods and goods for sale	746 814	733 250	873 205
TOTAL	1 102 258	1 151 021	1 281 620
Receivables			
Trade receivables	1191985	939565	1055564
Other receivables	102340	79650	218783
Prepaid expenses	2309	3674	93763
TOTAL	1 296 634	1 022 889	1 368 110
Cash	28 879	21 325	55 059
TOTAL CURRENT ASSETS	2 427 771	2 195 235	2 704 789
TOTAL ASSETS	6 032 904	5 848 150	6 352 414

	30.06. 2018 EUR	31.12. 2017 EUR	30.06. 2017 EUR
EQUITY AND LIABILITIES			
EQUITY			
Share capital	4 339 230	4 339 230	4 339 230
Long term investment revaluation reserve	2 023 496	2 038 823	2 054 152
Other reserves	70 890	70 890	70 890
Retained earnings			
brought forward (loss)	(4 829 505)	(3 707 245)	(3 707 245)
for the period	(316 591)	(1 122 260)	(490 011)
TOTAL	1 287 520	1 619 438	2 267 016
LIABILITIES			
Non-current liabilities			
Loans from credit institutions	1 898 780	1 796 750	1 744 380
Other loans	5 882	9 331	33 981
Deferred income	9 331	5 882	50 877
Taxes payables	1 131 712	893 337	568 642
TOTAL	3 045 705	2 705 300	2 397 880
Current liabilities			
Loans from credit institutions		274	60 000
Other loans	49 533	87 664	66 342
Prepayments received from costumers		80 415	
Trade payables	1 064 980	921 736	878 260
Taxes payables	248 157	128 490	356 226
Deferred income	12 575	24 650	13 324
Other liabilities	182 038	136 125	149 056
Accrued liabilities	142 396	144 058	164 310
TOTAL	1 699 679	1 523 412	1 687 518
TOTAL LIABILITIES	4 745 384	4 228 712	4 085 398
TOTAL EQUITY AND LIABILITIES	6 032 904	5 848 150	6 352 414

INCOME STATEMENT

	2 quarters of the year 2018	For year 2017	2 quarters of the year 2017
	EUR	EUR	EUR
Net turnover	3699645	6 805 205	3108725
Cost of sales	-3502381	(6 573 807)	-3103431
Gross profit (loss)	197 264	231 398	5 294
Distribution costs	-95755	(176 250)	-87715
Administrative expenses	-418560	(746 369)	-379593
Other operating income	165813	312 126	174127
Other operating expenses	-113264	(613 547)	-139458
Interest receivable and similar income			
Interest payable and similar expenses			
	-52089	(129 618)	-62666
Profit /(Loss) before taxes	(316 591)	(1 122 260)	(490 011)
Profit / (Loss) for the reporting period	(316 591)	(1 122 260)	(490 011)
Earnings (loss) per share	-0.102	-0.362	-0.158

CASH FLOW STATEMENT

	For 2 quarters 2018	For 2 quarters 2017
	EUR	EUR
Cash flows to operating activities		
Profit/loss before taxes	(316 591)	(490 011)
Adjustments for:		
Amortization and depreciation	82 326	87 631
Interest expenses	52 088	62 666
Provisions for vacations and current repair	(1 663)	83 596
Non-current assets revaluation reserve write-off	(15 328)	(15 328)
Operating profit or loss before working capital changes	(199 168)	(271 446)
Decrease (increase) in inventories	48 763	102 397
Decrease (increase) in receivables	(273 745)	138 144
Decrease (increase) in prepaid expenses	453 047	116 289
Cash used in operations	28 897	85 384
Interest paid	(52 362)	(62 666)
Real estate tax	(9 858)	(11 854)
Net cash flows to operating activities	(33 323)	10 864
Cash flows to investing activities		
Purchase of fixed assets	(34 544)	(50 012)
Net cash flows to investing activities	(34 544)	(50 012)
Cash flows to financing activities		
Repaid loans	-	(61 001)
Leasing payments	(26 609)	(36 044)
Received loans	102 030	184 304
Net cash flows to financing activities	75 421	87 259
Change in cash and cash equivalents	7 554	48 111
Cash and cash equivalents at the begin of the reporting period	21 325	6 948
Cash and cash equivalents at the end of the reporting period	28 879	55 059

STATEMENT OF CHANGES IN EQUITY

	Share capital	Long term investment revaluation reserve	Other reserves	Retained earnings	Profit (loss) the reporting period	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Balance as at 01 January 2017	4 339 230	2 069 479	70 890	(3 042 877)	(664 368)	2 772 354
Revaluation reserve write-off	-	(30 656)				(30 656)
Reclassification of profit	-			(664 368)	664 368	-
Profit (loss) of the 2017	-				(1 122 260)	(1 122 260)
Balance as at 01 January 2018	4 339 230	2 038 823	70 890	(3 707 245)	(1 122 260)	1 619 438
Reclassification of profit				(1 122 260)	1 122 260	-
Profit (loss) of the reporting period					(316 591)	(316 591)
Revaluation reserve write-off		(15 327)				(15 327)
Balance as at 30 June 2018	4 339 230	2 023 496	70 890	(4 829 505)	(316 591)	1 287 520

ACCOUNTING POLICIES

I Summary

The financial statements of AS Brivais 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 monetary unit of the Republic of Latvia. The financial statements cover the period 1 January 2018 through 30 June 2018

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 2018 is 20%/0,8 .

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 .

	30.06.2018
1 USD	1.1658

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 above stated positions have been converted to EUR according to the exchange rate on 30.06.2018.

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

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.

IX Cash and equivalents

In Cash flow statement cash and its equivalents consists of cash on hand and current balance in bank accounts.