

Joint stock Company

**BRIV AIS VILNIS**

(Enterprise registration number 40003056186)



**FINANCIAL INFORMATION**  
for the 9 months of 2018  
(unaudited)

**Salacgrīva 2018**

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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 "Ltd (47.28%), Registration No.40003799285 8 Rigas Street, Adazi, LV-2164, Latvia (till 25.10.2018) "BALTC FINANCE & CAPITAL" Ltd (49.97%), Registration No.40003612793 8 Rigas Street, Adazi, LV-2164, Latvia (till 25.10.2018) "Musu Investiciju Fonds" Ltd (97.37%) Registration No.40003536860 8 Rigas Street, Adazi, LV-2164, Latvia (from 26.10.2018)
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	Anda Caune Ilona Drikina Kaspars Vārpins Edgars Rotkajs
Financial period	1 January – 30 September, 2018

## Management Report

November 30, 2018

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 2018 is the 27<sup>th</sup> year of operation since the Company was transformed into a Joint Stock Company. In 9 months of 2018 the Company produced a total of 8.1 million cans of various types (154) of fish products, including 3.3 million cans of sprat. In 9 months of 2018 there were sold 9.9 million cans for EUR 5.1 million. The financial result of 9 months of 2018 is a loss of EUR 435 662. These losses are from economic activities of the Company.

Net turnover for 9 months of 2018 is EUR 5 106 thousand.

Result for 9 months of 2018:

Gross profit (EUR)	251 thousand
Gross profit (%)	4.9

Operating results of the JSC "Brivais vilnis" compared to the previous year are more successful, the impact of the Russian embargo is still felt. Sales volumes have increased, losses have decreased. The Company has not stopped the operation, it is working 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 exhibitions "Foodagro Kenya 2018" in Nairobi (Kenya), "CONXEMAR 2018" IN Vigo (Spain), "SIAL Paris 2018" in Paris (France), "China International Import Expo (CIIE) 2018" in Shanghai (China).

The Company is working on development of new types of products and new lines of products, and development of new types of packaging, as well as on improvement of quality of the current assortment. 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.

We are continuing to work on optimizing the cost structure.

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



Arnolds Babris  
Chairman of the Board

## REPORT ON BOARD'S RESPONSIBILITY

November 30, 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.

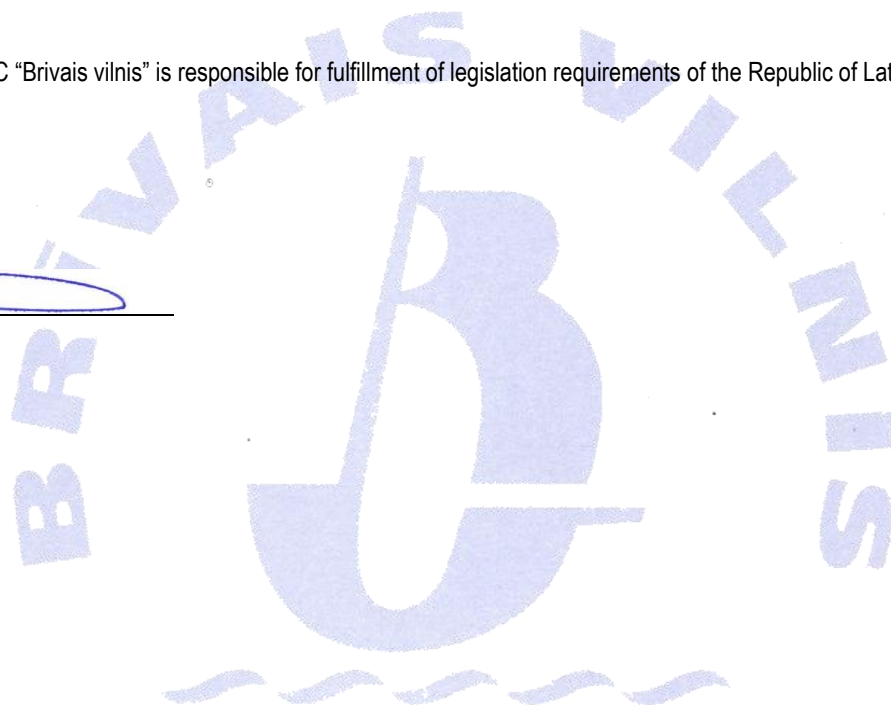
Financial statements are prepared on basis of accounting entries and source documents and give a real conception about financial position of the Company on the 30 of September 2018.

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*



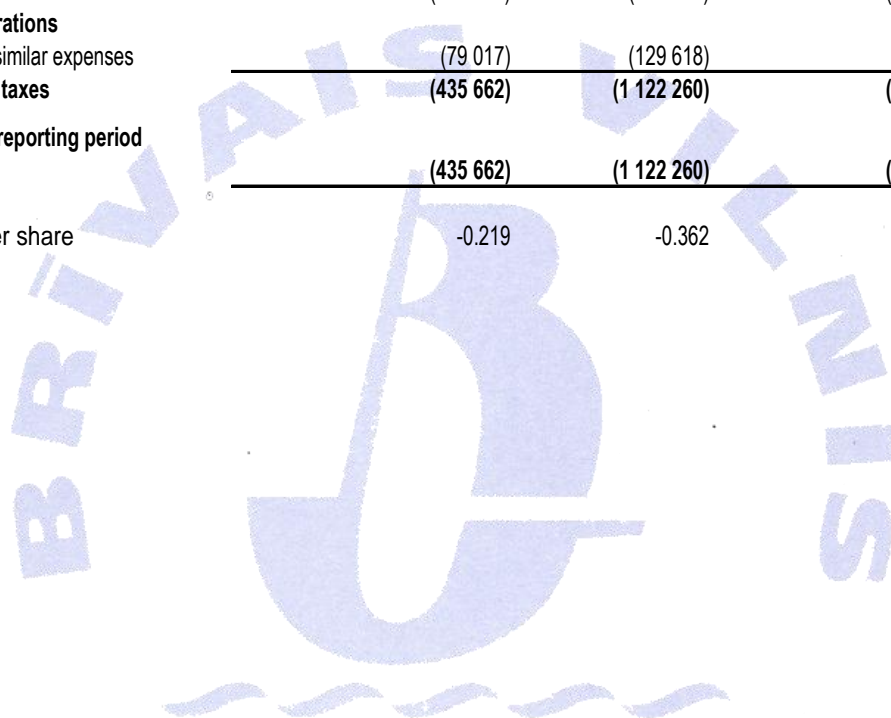
**BALANCE SHEET**

<b>ASSETS</b>	30.09. 2018 EUR	31.12. 2017 EUR	30.09. 2017 EUR
<b>NON-CURRENT ASSETS</b>			
<b>Tangible assets</b>			
Land, buildings and constructions	3 324 722	3 370 383	3 385 640
Equipment and machinery	61 938	115 306	130 646
Other fixtures and fittings, tools and equipment	42 192	53 299	47 264
Bilding	166 199	113 927	93 840
<b>TOTAL</b>	<b>3 595 051</b>	<b>3 652 915</b>	<b>3 657 390</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3 595 051</b>	<b>3 652 915</b>	<b>3 657 390</b>
<b>CURRENT ASSETS</b>			
<b>Inventories</b>			
Raw materials	524 188	417 771	446 519
Finished goods and goods for sale	417 133	733 250	725 661
<b>TOTAL</b>	<b>941 321</b>	<b>1 151 021</b>	<b>1 172 180</b>
<b>Receivables</b>			
Trade receivables	1 187 329	939 565	1 022 816
Other receivables	164 957	79 650	248 185
Prepaid expenses	1 806	3 674	96 359
<b>TOTAL</b>	<b>1 354 092</b>	<b>1 022 889</b>	<b>1 367 360</b>
<b>Cash</b>	19 564	21 325	39 072
<b>TOTAL CURRENT ASSETS</b>	<b>2 314 977</b>	<b>2 195 235</b>	<b>2 578 612</b>
<b>TOTAL ASSETS</b>	<b>5 910 028</b>	<b>5 848 150</b>	<b>6 236 002</b>

	30.09. 2018 EUR	31.12. 2017 EUR	30.09. 2017 EUR
<b>EQUITY</b>			
Share capital	4 339 230	4 339 230	4 339 230
Long term investment revaluation reserve	2 015 832	2 038 823	2 046 488
Other reserves	70 890	70 890	70 890
Retained earnings			
brought forward	(4 829 505)	(3 707 245)	(3 707 246)
for the period	(435 662)	(1 122 260)	(679 693)
<b>TOTAL</b>	<b>1 160 785</b>	<b>1 619 438</b>	<b>2 069 669</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans from credit institutions	1 898 780	1 796 750	1 796 750
Other loans	5 882	5 882	33 981
Taxes payables	1 131 712	893 337	568 642
Deferred income	9 331	9 331	50 877
<b>TOTAL</b>	<b>3 045 705</b>	<b>2 705 300</b>	<b>2 450 250</b>
<b>Current liabilities</b>			
Loans from credit institutions	-	274	30 000
Other loans	66 925	87 664	27 862
Prepayments received from costumers	-	80 415	-
Trade payables	1 027 313	921 736	980 174
Taxes payables	374 471	128 490	454 898
Other liabilities	133 419	136 125	139 929
Deferred income	6 287	24 650	6 662
Accrued liabilities	95 123	144 058	76 558
<b>TOTAL</b>	<b>1 703 538</b>	<b>1 523 412</b>	<b>1 716 083</b>
<b>TOTAL LIABILITIES</b>	<b>4 749 243</b>	<b>4 228 712</b>	<b>4 166 333</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5 910 028</b>	<b>5 848 150</b>	<b>6 236 002</b>

**INCOME STATEMENT**

	3 quarters of the year 2018	2017	3 quarters of the year 2017
	EUR	EUR	EUR
Net turnover	5 106 097	6 805 205	4 675 129
Cost of sales	(4 855 253)	(6 573 807)	(4 640 880)
<b>Gross profit (loss)</b>	<b>250 844</b>	<b>231 398</b>	<b>34 249</b>
Distribution costs	(123 526)	(176 250)	(125 224)
Administrative expenses	(564 060)	(746 369)	(541 444)
Other operating income	206 957	312 126	208 109
Other operating expenses	(126 860)	(613 547)	(159 307)
<b>Profit/loss from operations</b>			
Interest payable and similar expenses	(79 017)	(129 618)	(96 076)
<b>Profit/(Loss) before taxes</b>	<b>(435 662)</b>	<b>(1 122 260)</b>	<b>(679 693)</b>
<b>Profit (loss) for the reporting period</b>			
	<b>(435 662)</b>	<b>(1 122 260)</b>	<b>(679 693)</b>
Earnings (loss) per share	-0.219	-0.362	-0.082



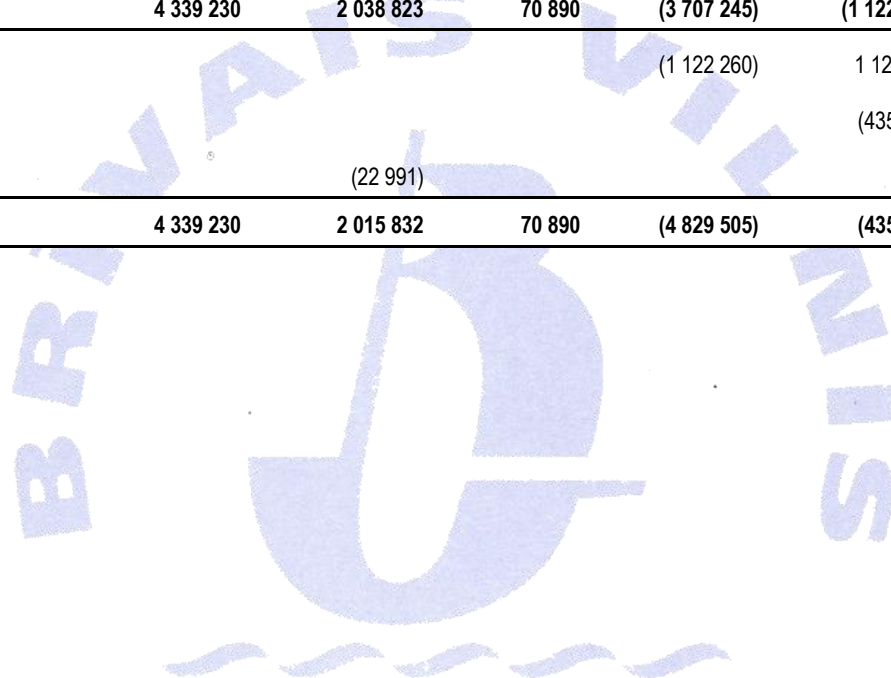


**CASH FLOW STATEMENT**

	For 3 quarters 2018	For 3 quarters 2017
	EUR	EUR
<b>Cash flows to operating activities</b>		
Profit/loss before taxes	(435 662)	(679 693)
Adjustments for:		
Amortization and depreciation	122 922	131 080
Interest expenses	79 017	96 076
Provisions	(48 935)	(263)
Non-current assets revaluation reserve write-off	(22 992)	(22 992)
(Profit) loss as a result of investment	(331)	-
<b>Operating profit or loss before working capital changes</b>	<b>(305 981)</b>	<b>(475 792)</b>
Decrease (increase) in inventories	209 700	211 837
Decrease (increase) in receivables	(331 203)	138 894
Increase (decrease) in payables	490 733	279 560
<b>Cash used in operations</b>	<b>63 249</b>	<b>154 499</b>
Interest paid	(79 017)	(96 076)
Corporate income tax and real estate paid	(382)	-
<b>Net cash flows to operating activities</b>	<b>(16 150)</b>	<b>58 423</b>
<b>Cash flows to investing activities</b>		
Purchase of fixed assets	(65 058)	(97 448)
Proceeds from sales of fixed and intangible assets	331	-
<b>Net cash flows to investing activities</b>	<b>(64 727)</b>	<b>(97 448)</b>
<b>Cash flows to financing activities</b>		
Received loans	195 431	197 970
Repaid loans	(70 934)	(82 801)
Lease payments	(45 381)	(44 020)
<b>Net cash flows to financing activities</b>	<b>79 116</b>	<b>(71 149)</b>
<b>Change in cash and cash equivalents</b>	<b>(1 761)</b>	<b>32 124</b>
<b>Cash and cash equivalents at the begin of the reporting period</b>	<b>21 325</b>	<b>6 948</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>19 564</b>	<b>39 072</b>

**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
<b>Balance as at 01 January 2017</b>	<b>4 339 230</b>	<b>2 069 479</b>	<b>70 890</b>	<b>(3 042 877)</b>	<b>(664 368)</b>	<b>2 772 354</b>
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)
<b>Balance as at 01 January 2018</b>	<b>4 339 230</b>	<b>2 038 823</b>	<b>70 890</b>	<b>(3 707 245)</b>	<b>(1 122 260)</b>	<b>1 619 438</b>
Reclassification of profit (loss)				(1 122 260)	1 122 260	-
Profit (loss) of the reporting period					(435 662)	(435 662)
Revaluation reserve write-off		(22 991)				(22 991)
<b>Balance as at 30 September 2018</b>	<b>4 339 230</b>	<b>2 015 832</b>	<b>70 890</b>	<b>(4 829 505)</b>	<b>(435 662)</b>	<b>1 160 785</b>



## 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 2018 through 30 September 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 taxes per 2018 - 25%.

**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 – 30.09.2018.

	30.09.2018.
1 USD	1.1576

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 2018.

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.

