

Joint stock Company

BRĪVAIS VILNIS

(Enterprise registration number 40003056186)

INTERIM

FINANCIAL REPORT

**From the period from 1 January 2014 to 31 March 2014
(unaudited)**

Salacgrīva 2014

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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, LV-4033, Latvia
Major shareholders	"A Corporation" SIA (47.04%) Registration No 40003799285, 8 Rigas Street , Adazi, LV-2164, Latvia "Brivais vilnis company" Ltd. (49.97%) Registration No 40103202073, 1 Ostas Street, Salacgriva, LV-4033, 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, 2014
Auditors	Maris Bergmanis Sworn Auditor Certificate No. 67 ABrevizija Ltd. Licence of commercial company No. 122 45/47 Elizabetes Street, Riga, LV - 1010, Latvia

Management Report

May 30, 2014

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 2014 is the 23rd year of operation since the Company was transformed into a Joint Stock Company. In the 1st quarter of 2014 the Company produced a total of 6.0 million cans of various types (142) of fish products, including 3.1 million cans of sprats. 4.0 million cans were sold for EUR 2.3 million.

The financial result of the reporting year is profit of EUR 95 156, this profit is from economic activities of the Company.

The Company's goal is to continue transformation in accordance with the EU quality requirements, real decrease the production expenses. The Company has started production of canned fish in PET cans. The Company will continue development of new products and improvement of quality of the current assortment also in future. This year we plan to invest at least EUR 300 thousand in purchase of new production equipment and development of new design packaging. It is planned to complete the year 2014 with the turnover and profit in the previous year's level.

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.

The JSC "Brivais Vilnis" will continue cooperation with the "NASDAQ OMX Riga" JSC and remain listed in the free list of stock exchange in 2014.



Arnolds Babris

Chairman of the Board

BALANCE SHEET

	EUR	EUR	EUR
NON-CURRENT ASSETS			
Intangible assets			
Projects, licences	3541	5 236	11 370
TOTAL	3541	5236	11370
Tangible assets			
Land, buildings and constructions	3 477 274	3 492 572	3 538 463
Equipment and machinery	299 853	315 353	19 917
Other fixtures and fittings, tools and equipment	146 565	135 566	129 824
Advance payments for fixed assets	92 109	90 949	78 638
TOTAL	4 015 801	4 034 440	3 766 842
TOTAL NON-CURRENT ASSETS	4 019 342	4 039 676	3 778 212
CURRENT ASSETS			
Inventories			
Raw materials	1 015 555	649 312	1 346 403
Finished goods and goods for sale	1 518 739	512 128	121 1494
TOTAL	2 534 294	1 161 440	2 557 897
Receivables			
Trade receivables	1 575 278	2779395	1428475
Other receivables	425 928	203500	340647
Short-term loan			76932
Prepaid expense	4 358	6267	6999
TOTAL	2 005 564	2 989 162	1 853 053
Cash	64 761	275 777	39 576
TOTAL CURRENT ASSETS	4 604 619	4 426 379	4 450 526
TOTAL ASSETS	8 623 961	8 466 055	8 228 738

EQUITY AND LIABILITIES

	31.03. 2014 EUR	31.12. 2013 EUR	31.03. 2013 EUR
EQUITY			
Share capital	4 410 120	4 410 120	4 410 120
Non-current assets revaluation reserve	2 153 783	2 161 448	2 184 438
Retained earnings			
brought forward	(2 676 382)	(3 298 326)	(3 298 326)
for the period	95 156	621 937	124 912
TOTAL	3 982 677	3 895 179	3 421 144
PROVISIONS			
Provisions for vacations	233 940	130 682	204 447
TOTAL	233 940	130 682	204 447
LIABILITIES			
Non-current liabilities			
Loans from credit institutions	1 712 949	1 712 949	2 231 160
Other loans	246 437	246 437	58 282
Deferred corporate income tax liabilities	101 216	101 216	92 659
TOTAL	2 060 602	2 060 602	2 382 101
Current liabilities			
Loans from credit institutions	367 261	505 942	403 773
Other loans	166 296	219 438	65 614
Prepayments received from costumers	64	305 116	21
Trade payables	1 355 546	918 791	1 342 531
Taxes payables	252 224	179 746	261 454
Other liabilities	168 916	243 730	140 823
Deferred income	29 605		
Accrued liabilities	6 830	6 830	6 830
TOTAL	2 346 742	2 379 593	2 221 046
TOTAL LIABILITIES	4 407 344	4 440 195	4 603 147
TOTAL EQUITY AND LIABILITIES	8 623 961	8 466 055	8 228 738

INCOME STATEMENT

	1quarter of the year 2014	1quarter of the year 2013
	EUR	EUR
Net turnover	2 281 195	2 716 921
Cost of sales	(1 896 378)	(2 283 328)
Gross profit (loss)	384 817	433 593
Distribution costs	(49 727)	(47 555)
Administrative expense	(239 915)	(208 889)
Other operating income	156 739	116 606
Other operating expense	(126 397)	(88 964)
Profit/loss from operations		
Interest receivable and similar income	38 876	8 941
Interest payable and similar expense	(48 997)	(69 106)
Profit /(Loss) before taxes	115 396	144 626
Other taxes	(20 240)	(19 714)
Profit / (Loss) for the reporting period	95 156	124 912
Earning (loss) per share	0,031	0,040

CASH FLOW STATEMENT

	For 1 quarters 2014	For 1 quarter 2013
	EUR	EUR
Cash flows to operating activities		
Profit / loss before taxes	115 396	144 626
Adjustments for:		
Amortization and depreciation	44 591	32 813
Interest expense	41 371	47 959
Provisions for vacations und current repair	103 257	94 960
Gain from fluctuations of currency exchange	(474)	1 437
Non-current assets revaluation reserve write-off	(7 664)	(7 664)
Operating profit or loss before working capital changes	296 477	314 132
Decrease (increase) in inventories	(1 372 854)	(998 214)
Decrease(increase) in receivables	983 598	506 273
Increase(decrease) in payables	158 973	285 942
Cash used in operations	66 194	108 133
Interest paid	(40 914)	(48 540)
Corporate income tax paid	(15 751)	(10 704)
Real estate tax paid	(5 012)	-
Net cash flows to operating activities	4 517	48 889
Cash flows to investing activities		
Purchase of fixed assets	(24 260)	(51 359)
Net cash flows to investing activities	(24 260)	(51 359)
Cash flows to financing activities		
Granted loans	-	(76 932)
Repaid loans	(138 681)	(282 067)
Received loans	-	285 000
Lease payments	(52 592)	(13 503)
Net cash flows from financing activities	(191 273)	(87 502)
Change in cash and cash equivalents	(211 017)	(89 972)
Cash and cash equivalents at the beginning of the reporting period	275 777	129 548
Cash and cash equivalents at the end of the reporting	64 761	39 576

STATEMENT OF CHANGES IN EQUITY

	Share capital	Reserves	Retained earnings	Profit (loss) the reporting period	Total
	EUR	EUR	EUR	EUR	EUR
Balance as at 31 December 2012	4 410 120	2 192 104	(4 059 436)	761 117	3 303 905
Reclassification of profit (losse)		-	761 117	(761 117)	-
Revaluation reserve write-off		(30 656)			(30 656)
Profit of the reportong year 2013			-	621 937	621 937
Balance as at 31 December 2013	4 410 120	2 161 448	(3 298 319)	621 937	3 895 186
Reclassification of profit (losse)	-	-	621 937	(621 937)	-
Revaluation reserve write-off	-	(7 665)	-		(7 666)
Profit of the reportong period				95 156	124 912
Balance as at 31 March 2014	4 410 120	2 153 783	(2 676 382)	95 156	3 982 677

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 2014 through 31 March 2014.

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 2014 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 – 31.03.2014.

	31.03.2014.
1 USD	1.3788

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.