

Joint stock Company

BRIVAIS VILNIS

(Unified registration number 40003056186)

**INTERIM
FINANCIAL REPORT
for the first six months of 2014
(unaudited)**

Salacgrīva 2014

Address: 1 Ostas Street, Salacgriva, LV-4033

Unified registration number: 40003056186

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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, 7 February 1992
Registered office	1 Ostas Street, Salacgriva, LV-4033, Latvia
Major shareholders	"A Corporation "SIA "(47.01%) 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 – 30 June, 2014

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MANAGEMENT REPORT

August 29, 2014

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 2014 is the 23rd year of operation since the Company was transformed into a Joint Stock Company. In the 1st half of 2014 the Company produced a total of 12.0 million cans of various types (148) of fish products, including 5.1 million cans of sprat. 10.1 million cans were sold for EUR 5.7 million.

The financial result of the 1st half of 2014 is profit of EUR 288 692. This profit is from economic activities of the Company. Net turnover of the 1st half of 2014 is EUR 5 695 thousand.

Result of the 1st half of 2014:

Gross profit (EUR)	853 706
Gross profit (%)	14.99

Despite the fact that traditional sales markets were oversaturated in the 1st half of 2014, the JSC "Brivais vilnis" posted good sales results.


The Company's goal is to continue transformation in accordance with the EU quality requirements, real decrease the production expenses, to enable the Company to compete and strengthen its position on the market of canned fish. The Company continues work on adoption of new markets in Western Europe and other world in 2014.

As an example can be mentioned the existing supplies to the France and the prospects of this market acquisition. There are carried also negotiations with the Swedish and Finnish supermarkets for a significant increase in sales of canned fish production and extending the product range. There is signed a contract for regular supplies of smoked sprats to China.

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. The Company continues development of new products and works on improvement of quality of the current assortment also in this year.

Currently the sanctions of the Russian Federation do not restrict the export of canned fish production. Sales to the RF in first six months of this year made 26% of total sales that is less than the industry average.

The Company was stopped the production in July, 2014 to carry annual repair of factory and districts out and employees could take their leaves. The Company has restarted the production in the beginning of August, 2014.



Arnolds Babris
Chairman of the Board

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REPORT ON BOARD'S RESPONSIBILITY

August 29, 2014

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 2014.

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

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BALANCE SHEET

ASSETS	30.06. 2014 EUR	31.12. 2013 EUR
NON-CURRENT ASSETS		
Intangible assets		
Projects, licences	2 268	5 236
TOTAL	2268	5236
Tangible assets		
Land, buildings and constructions	3 569 784	3 492 571
Equipment and machinery	297 456	315 353
Other fixtures and fittings, tools and equipments	142 701	135 566
Advances for fixed assets	0	90 949
TOTAL	4 009 941	4 034 439
TOTAL NON-CURRENT ASSETS	4 012 209	4 039 675
CURRENT ASSETS		
Inventories		
Raw materials	798 876	649 312
Finished goods and goods for sale	1 529 051	512 129
TOTAL	2 327 927	1 161 441
Receivables		
Trade receivables	2323816	2779395
Other receivables	261532	203501
Prepaid expense	4396	6268
TOTAL	2 589 744	2 989 164
Cash	53 213	275 777
TOTAL CURRENT ASSETS	4 970 884	4 426 382
TOTAL ASSETS	8 983 093	8 466 057

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EQUITY AND LIABILITIES

	30.06. 2014 EUR	31.12. 2013 EUR
EQUITY		
Share capital	4 410 120	4 410 120
Long term investment revaluation reserve	2 146 119	2 161 448
Retained earnings		
brought forward	(2 676 383)	(3 298 326)
for the period	288 692	621 937
TOTAL	4 168 548	3 895 179
LIABILITIES		
PROVISIONS		
Other provisions	162 738	130 682
TOTAL	162 738	130 682
Non-current liabilities		
Loans from credit institutions	2 042 949	1 712 948
Other loans	246 437	246 437
Deferred corporate income tax liabilities	101 216	101 217
TOTAL	2 390 602	2 060 602
Current liabilities		
Loans from credit institutions	225 451	505 942
Other loans	103 210	219 438
Prepayments received from costumers	-	305 115
Trade payables	1 360 500	918 791
Taxes payables	282 261	179 746
Deferred income	28 332	-
Other liabilities	261 451	243 732
Accrued liabilities	-	6 830
TOTAL	2 261 205	2 379 594
TOTAL LIABILITIES	4 651 807	4 440 196
TOTAL EQUITY AND LIABILITIES	8 983 093	8 466 057

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INCOME STATEMENT

	2 quarters of the year 2014 EUR	2quarters of the year 2013 EUR
Net turnover	5 694 687	6 206 156
Cost of sales	(4 840 981)	(5 331 747)
Gross profit (loss)	853 706	874 409
Distribution costs	(111 495)	(98 335)
Administrative expense	(462 884)	(411 247)
Other operating income	213 881	199 240
Other operating expense	(152 886)	(120 543)
Interest receivable and similar income	72 195	75 577
Interest payable and similar expense	(103 585)	(135 087)
Profit /(Loss) before taxes	308 932	384 014
Other taxes	(20 240)	(19 714)
Profit / (Loss) for the reporting period	288 692	364 300
Earning (loss) per share	0,093	0,118

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CASH FLOW STATEMENT

	For 2 quarters 2014	For 2 quarters 2013
	EUR	EUR
Cash flows to operating activities		
Profit/loss before taxes	308 932	384 015
Adjustments for:		
Amortization and depreciation	89 383	65 624
Interest expenses	82 854	95 100
Provisions for vacations and current repair	32 056	173 115
Gain from fluctuations of currency exchange	-	719
Non-current assets revaluation reserve write-off	(15 328)	(15 329)
Loss (profit) on sale/ write-off of fixed assets	(1 200)	-
Operating profit or loss before working capital changes	496 697	703 244
Decrease (increase) in inventories	(1 166 486)	(1 227 124)
Decrease (increase) in receivables	318 740	294 755
Decrease (increase) in prepaid expenses	1 872	6 798
Increase (decrease) in payables	287 630	531 407
Cash used in operations	(61 547)	309 080
Interest paid	(82 854)	(83 568)
Corporate income tax	(31 502)	(44 311)
Real estate tax	(10 217)	(9 956)
Net cash flows to operating activities	(186 120)	171 245
Cash flows to investing activities		
Purchase of fixed assets	(31 660)	(16 464)
Net cash flows to investing activities	(31 660)	(16 464)
Cash flows to financing activities		
Received loans	330 000	285 000
Repaid loans	(343 636)	(436 191)
Loans(issued) getting back	78 808	(77 915)
Leasing payments	(69 956)	(8 691)
Net cash flows to financing activities	(4 784)	(237 797)
Change in cash and cash equivalents	(222 564)	(83 016)
Cash and cash equivalents at the begin of the reporting period	275 777	129 548
Cash and cash equivalents at the end of the reporting period	53 213	46 232

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STATEMENT OF CHANGES IN EQUITY

	Share capital	Long term investment revaluation reserve	Retained earnings	Profit (loss) the reporting period	Total
	EUR		EUR	EUR	EUR
Balance as at 01 January 2013	4 410 120	2 192 104	(4 059 437)	761 117	3 303 904
Revaluation reserve write-off	-	(30 656)			(30 656)
Reclassification of profit	-		761 117	(761 117)	-
Profit of the 2013	-			621 937	621 937
Balance as at 01 January 2014	4 410 120	2 161 448	(3 298 320)	621 937	3 895 185
Reclassification of profit			621 937	(621 937)	-
Profit of the reporting period				288 692	364 301
Revaluation reserve write-off		(15 329)			(15 329)
Balance as at 30 June 2014	4 410 120	2 146 119	(2 676 383)	288 692	4 168 548

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 and the Latvian Accounting Standards issued by the Accounting Council of Ministry of Finance of the Republic of Latvia applicable in the reporting year.

The financial statements are prepared on historical cost basis.

The monetary unit used in the financial statements is lat (LVL), the monetary unit of the Republic of Latvia. The financial statements cover the period 1 January 2014 through 30 June 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.

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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 .

	30.06.2014.
1 USD	1.3658

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. 2014.

As the prepaid expenses there are stated insurance costs, all kind of subscription and similar kind of expense for the year 2014.

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.