

Joint stock Company

**BRIVAIS VILNIS**

(Enterprise registration number 40003056186)



**INTERIM  
FINANCIAL REPORT  
for the 9 months of 2014  
(unaudited)**

**Salacgrīva 2014**

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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 "SIA (47.01%), Registration No.40003799285 8 Rigas Street, Adazi, LV-2164, Latvia  "Brivais vilnis Company" Ltd (49.97%), Registration No.40103202073 1Ostas Street, Salacgriva, LV-4033, Latvia
Members of the Board	Arnolds Babris (Chairman of the Board) Maris Trankalis (Manager) Zinaida Ekmane (Lawyer) Vasilijš Ilusins (Cold-storage manager)
Members of the Council	Ilona Drikina Anda Caune Ilmārs Reinis Kaspars Vārpiņš
Financial period	1 January – 30 September, 2014

## MANAGEMENT REPORT

November 28, 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 23<sup>rd</sup> year of operation since the Company was transformed into a Joint Stock Company. In 9 months of 2014 the Company produced a total of 16.2 million cans of various types (150) of fish products, including 6.7 million cans of sprats. In 9 months of 2014 there were sold 15.5 million cans for EUR 8.9 million. The financial result of 9 months of 2014 is profit of EUR 313 703. This profit is from economic activities of the Company.

Net turnover for 9 months of 2014 is EUR 8 934 thousand.

Result for 9 months of 2014:

Gross profit (EUR)	1 155 thousand
Gross profit (%)	12.9


Operating results of the JSC "Brivais vilnis" compared to the previous year are less successful, as the Russian ruble depreciation has had some influence on them.

The Company's goal is to continue transformation in accordance with the EU and third countries quality requirements.

We have started renovation of canned fish sterilization area that will increase production capacity and assortment.

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 work on adoption of new markets in Western Europe and other world in 2014.

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



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Arnolds Babris

*Chairman of the Board*

## REPORT ON BOARD'S RESPONSIBILITY

November 28, 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 30 of September 2014.

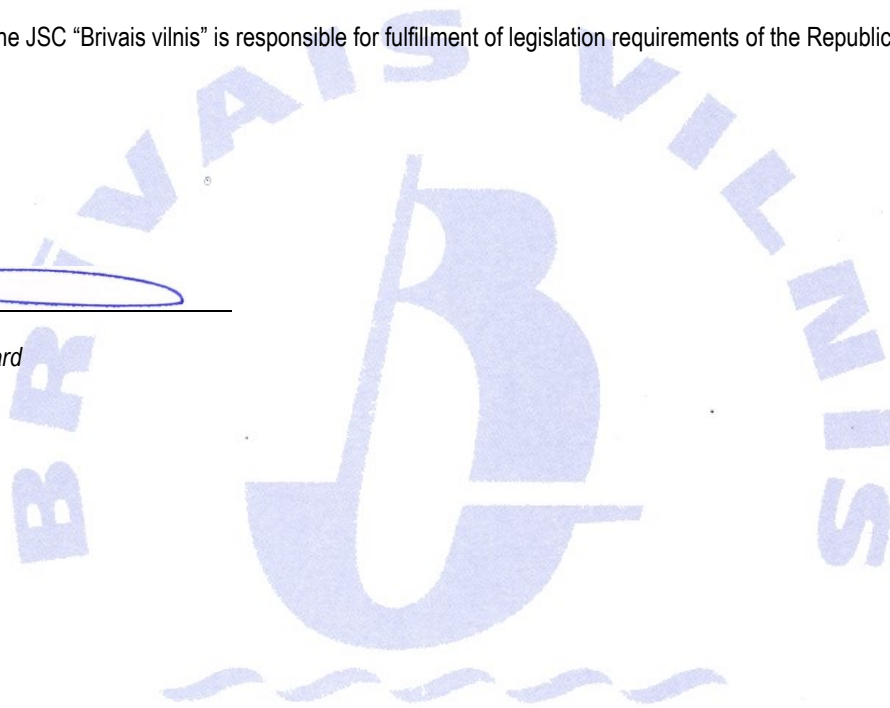
Financial statements are composed in accordance with accounting standards of the Republic of Latvia, based on continuation principle of business activities.

The management of the JSC "Brivais vilnis" is responsible for fulfillment of legislation requirements of the Republic of Latvia.



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Arnolds Babris  
*Chairman of the Board*



## BALANCE SHEET

<b>ASSETS</b>		30.09. 2014 EUR	31.12. 2013 EUR	30.09. 2013 EUR
<b>NON-CURRENT ASSETS</b>				
<b>Intangible</b>				
Projects, licences		1 476	5 236	5 804
	<b>TOTAL</b>	<b>1476</b>	<b>5236</b>	<b>5804</b>
<b>Tangible assets</b>				
Land, buildings and constructions		3 554 448	3 492 571	3 507 868
Equipment and machinery		306 105	315 353	12 312
Other fixtures and fittings, tools and equipment		150 658	135 566	124 272
Advances for fixed assets		0	90 949	94 689
Bilding		0	0	11 739
	<b>TOTAL</b>	<b>4 011 211</b>	<b>4 034 439</b>	<b>3 750 880</b>
<b>Long term financial investments</b>				
Other loans		0	0	78 626
	<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>78 626</b>
	<b>TOTAL NON-CURRENT ASSETS</b>	<b>4 012 687</b>	<b>4 039 675</b>	<b>3 835 310</b>
<b>CURRENT ASSETS</b>				
<b>Inventories</b>				
Raw materials		694 833	649 312	903 094
Finished goods and goods for sale		913 677	512 129	1 071 790
	<b>TOTAL</b>	<b>1 608 510</b>	<b>1 161 441</b>	<b>1 974 884</b>
<b>Receivables</b>				
Trade receivables		2 525 538	2 779 395	1 668 479
Other receivables		365 695	203 501	596 156
Prepaid expenses		171 258	6 268	102 191
	<b>TOTAL</b>	<b>3 062 491</b>	<b>2 989 164</b>	<b>2 366 826</b>
<b>Cash</b>		44 472	275 777	48 514
	<b>TOTAL CURRENT ASSETS</b>	<b>4 715 473</b>	<b>4 426 382</b>	<b>4 390 224</b>
<b>TOTAL ASSETS</b>		<b>8 728 160</b>	<b>8 466 057</b>	<b>8 225 534</b>

**EQUITY AND LIABILITIES**

	30.09. 2014 EUR	31.12. 2013 EUR	30.09. 2013 EUR
<b>EQUITY</b>			
Share capital	4 339 230	4 410 120	4 410 120
Long term investment revaluation reserve	2 138 455	2 161 448	2 169 111
Other reserves	70 890	-	-
Retained earnings			
brought forward	(2 676 383)	(3 298 326)	(3 298 324)
for the period	313 702	621 937	561 455
<b>TOTAL</b>	<b>4 185 894</b>	<b>3 895 179</b>	<b>3 842 362</b>
<b>PROVISIONS</b>			
Other provisions	44 209	130 682	41 195
<b>TOTAL</b>	<b>44209</b>	<b>130682</b>	<b>41195</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans from credit institutions	2 042 949	1 712 948	2 231 160
Other loans	246 437	246 437	32 131
Deferred corporate income tax liabilities	101 217	101 217	92 659
<b>TOTAL</b>	<b>2 390 603</b>	<b>2 060 602</b>	<b>2 355 950</b>
<b>Current liabilities</b>			
Loans from credit institutions	83 641	505 942	172 685
Other loans	85 793	219 438	90 429
Prepayments received from costumers	-	305 115	-
Trade payables	1 404 354	918 791	1 155 210
Taxes payables	286 580	179 746	406 456
Other liabilities	220 028	243 732	161 247
Deferred income	27 058	-	-
Accrued liabilities	-	6 830	-
<b>TOTAL</b>	<b>2 107 454</b>	<b>2 379 594</b>	<b>1 986 027</b>
<b>TOTAL LIABILITIES</b>	<b>4 498 057</b>	<b>4 440 196</b>	<b>4 341 977</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>8 728 160</b>	<b>8 466 057</b>	<b>8 225 534</b>

**INCOME STATEMENT**

	3 quarters of the year 2014	3quarters of the year 2013
	EUR	EUR
Net turnover	8 933 568	9 626 993
Cost of sales	(7 778 070)	(8 322 928)
<b>Gross profit (loss)</b>	<b>1 155 498</b>	<b>1 304 065</b>
Distribution costs	(169 408)	(152 668)
Administrative expenses	(666 093)	(564 657)
Other operating income	234 811	221 231
Other operating expenses	(172 874)	(142 743)
<b>Profit/loss from operations</b>		
Interest receivable and similar income	104 902	109 639
Interest payable and similar expenses	(152 893)	(193 673)
<b>Profit /(Loss) before taxes</b>	<b>333 943</b>	<b>581 194</b>
Profit taxes	-	-
Other taxes	(20 241)	(19 740)
<b>Profit (loss) for the reporting period</b>	<b>313 702</b>	<b>561 454</b>
Earnings (loss) per share	0,072	0,129



**CASH FLOW STATEMENT**

	For 3 quarters 2014	For 3 quarters 2013
	EUR	EUR
<b>Cash flows to operating activities</b>		
Profit/loss before taxes	333 943	581 195
Adjustments for:		
Amortization and depreciation	135 729	97 339
Interest expenses	125 556	139 846
Provisions	(86 473)	(68 292)
Gain from fluctuations of currency exchange	-6 227	-2 950
Non-current assets revaluation reserve write-off	(22 992)	(22 992)
(Profit) loss as a result of investment	(1 200)	(176)
<b>Operating profit or loss before working capital changes</b>	<b>478 336</b>	<b>723 969</b>
Decrease (increase) in inventories	(447 069)	(415 201)
Decrease (increase) in receivables	(73 327)	(84 432)
Increase (decrease) in payables	283 806	357 474
<b>Cash used in operations</b>	<b>241 746</b>	<b>581 809</b>
Interest paid	(125 556)	(128 865)
Corporate income tax and real estate paid	(126 957)	(80 913)
<b>Net cash flows to operating activities</b>	<b>(10 767)</b>	<b>372 031</b>
<b>Cash flows to investing activities</b>		
Purchase of fixed assets	(59 935)	(61 667)
Proceeds from sales of fixed and intangible assets	1 200	-
<b>Net cash flows to investing activities</b>	<b>(58 735)</b>	<b>(61 667)</b>
<b>Cash flows to financing activities</b>		
Loans granted	(78 626)	78 808
Received loans	330 000	285 000
Repaid loans	(485 446)	(574 872)
Lease payments	(84 983)	(22 900)
<b>Net cash flows to financing activities</b>	<b>(161 803)</b>	<b>(391 398)</b>
<b>Change in cash and cash equivalents</b>	<b>(231 305)</b>	<b>(81 034)</b>
<b>Cash and cash equivalents at the begin of the reporting period</b>	<b>275 777</b>	<b>129 548</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>44 472</b>	<b>48 514</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 2013</b>	<b>4 410 120</b>	<b>2 192 103</b>		<b>(4 059 437)</b>	<b>761 116</b>	<b>3 303 902</b>
Revaluation reserve write-off	-	(30 656)				<b>(30 656)</b>
Reclassification of profit	-			761 117	(761 117)	-
Profit of the 2013	-			-	621 937	<b>621 937</b>
<b>Balance as at 01 January 2014</b>	<b>4 410 120</b>	<b>2 161 447</b>		<b>(3 298 320)</b>	<b>621 936</b>	<b>3 895 183</b>
Reclassification of profit				621 937	(621 937)	-
Share denomination from LVL to EUR	(70 890)		70 890			
Profit of the reporting period					313 703	<b>313 703</b>
Revaluation reserve write-off		(22 992)				<b>(22 992)</b>
<b>Balance as at 30 September 2014</b>	<b>4 339 230</b>	<b>2 138 455</b>	<b>70 890</b>	<b>(2 676 383)</b>	<b>313 702</b>	<b>4 185 894</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 1 January 2014 through 30 September 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 – 30.09.2014.

	30.09.2014.
1 USD	1.2701

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 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.

