

Joint stock Company

BRIVAIS VILNIS

(Enterprise registration number 40003056186)



**INTERIM
FINANCIAL REPORT**

**For the period from 1 January 2014 to 31 December 2014
(unaudited)**

Salacgriva 2015

CONTENTS

GENERAL INFORMATION	3
MANAGEMENT REPORT.....	4
REPORT ON BOARD'S RESPONSIBILITY.....	5
BALANCE.....	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 40003056186 Riga, 7 February, 1992
Registered office	1 Ostas Street, Salacgriva, Salacgriva region, LV-4033, Latvia
Major shareholders	"BALTIC FINANCE & CAPITAL" Ltd. (49.97%) Registration No.40003612793, Rigas alley 8, Adazi, Adazi region, LV-2164, Latvia "A Corporation" Ltd (47.28 %) Registration No.40003799285, Rigas alley 8, Adazi, Adazi region, LV-2164, Latvia
Members of the Board	Arnolds Babris (Chairman of the Board) Maris Trankalis (Executive director) Vasilijš Iļušins (Cold-storage manager) Zinaida Ekmane (Lawyer)
Members of the Council	Ilona Drikina (Chairman of the Council) Anda Caune Ilmars Reinis Kaspars Varpiņš
Financial period	1 January – 31 December, 2014

Management Report

February 27, 2015

Type of activities

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.

Economic activities

Year 2014 is the 23rd year of operation since the Company was transformed into a Joint Stock Company. In 2014 the Company produced a total of 22.5 million cans of various types (157) of fish products, including 10.0 million cans of sprat. 22.4 million cans were sold for EUR 12.8 million.

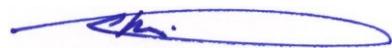
The financial result of the year 2014 is profit of EUR 416 473. This profit is from economic activities of the Company. Net turnover of 2014 is EUR 12 846 thousand.

Result of 2014 (EUR)	416 473
Gross profit of 2014 (EUR)	1 576 576

In 2014 the JSC "Brivais vilnis" has obtained a number of new equipment for production of canned fish. We are a leader in product quality, we don't use genetically modified raw materials and synthetic food additives in production.

In 2014 the JSC "Brivais vilnis" continued to work on introduction of new type of packaging by experiments and tests in its laboratory.

In 2015 the Company will start export of the new product with the transparent lid to Finland. We will continue to work on development of new export markets. Taking into account deterioration of economic situation in Russia and other CIS countries, development of new export markets has been set as a priority.



Arnolds Babris
Chairman of the Board

Report on board's responsibility

February 27, 2015

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 31 of December 2014.

Financial statements are composed in accordance with the Law on Annual Reports 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

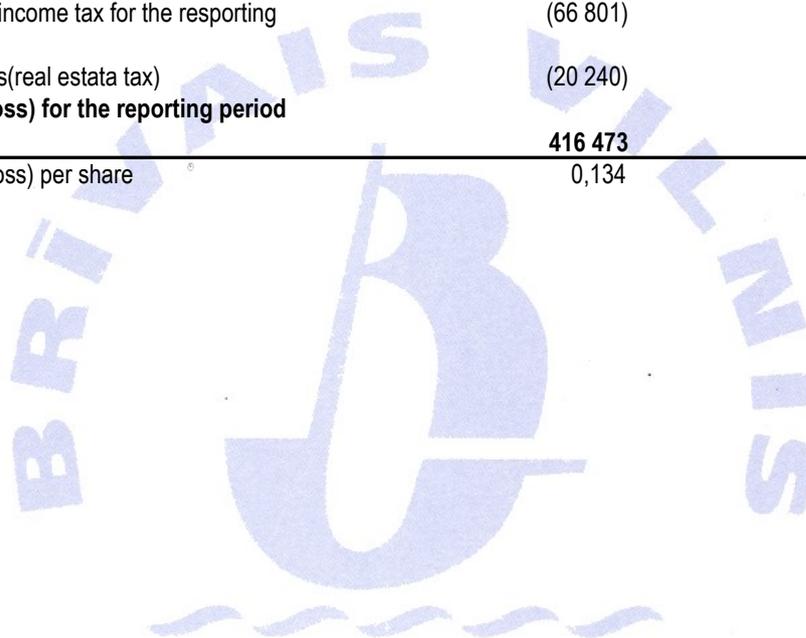
	ASSETS	
	31.12. 2014 EUR	31.12. 2013 EUR
NON-CURRENT ASSETS		
Intangible assets		
Projects, licences and similar expenses	685	5236
TOTAL	685	5236
Tangible assets		
Land, buildings and constructions	3 539 111	3 492 571
Equipment and machinery	343 855	315 353
Other fixtures and fittings, tools and equipment	148 007	135 566
Advance for tangible assets	165	90 948
TOTAL	4 031 138	4 034 438
CURRENT ASSETS		
Inventories		
Raw materials	677 111	649 312
Finished goods and goods for resale	603 777	512 129
TOTAL	1 280 888	1 161 441
Receivables		
Trade receivables	3 247 866	2 779 395
Other receivables	154 377	203 501
Prepaid expenses	105 394	6 268
TOTAL	3 507 637	2 989 164
Cash	88 016	275 777
TOTAL CURRENT ASSETS	4 876 541	4 426 382
TOTAL ASSETS	8 908 364	8 466 055

BALANCE SHEET**LIABILITIES**

	31.12. 2013 EUR	31.12. 2012 EUR
EQUITY		
Share capital	4 339 230	4 410 120
Non-current assets revaluation reserve	2 130 791	2 161 448
Other reserves	70 890	
Retained earnings		
brought forward	(2 676 383)	(3 298 326)
for the period	416 473	621 937
TOTAL	4 281 001	3 895 179
PROVISIONS FOR LIABILITIES AND CHARGES		
Other provisions	141 097	130 682
TOTAL	141 097	130 682
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	1 576 780	1 712 948
Other loans	246 437	246 437
Deferred corporate income tax liabilities	101 216	101 217
TOTAL	1 924 433	2 060 602
Current liabilities		
Loans from credit institutions	408 000	505 942
Other loans	45 602	219 438
Prepayments received from costumers	300 916	305 115
Trade payables	1 416 888	918 791
Taxes payable	141 629	179 746
Other liabilities	165 316	243 730
Deferred income	76 682	
Accumulating compensated absences	6 800	6 830
TOTAL	2 561 833	2 379 592
TOTAL LIABILITIES	4 486 266	4 440 194
TOTAL EQUITY AND LIABILITIES	8 908 364	8 466 055

INCOME STATEMENT

	2014	2013
	EUR	EUR
Net turnover	12 846 107	14 098 155
Cost of sales	(11 269 540)	(12 271 518)
Gross profit (loss)	1 576 567	1 826 637
Distribution costs	(223 870)	(208 205)
Administrative expenses	(883 785)	(829 443)
Other operating income	367 217	293 590
Other operating expenses	(268 007)	(147 326)
Interest receivable and similar income	150 382	39 539
Interest payable and similar expenses	(214 990)	(219 872)
Profit /(Loss) before taxes	503 514	754 920
Corporate income tax for the reporting year	(66 801)	(104 684)
Other taxes(real estate tax)	(20 240)	(28 299)
Profit / (Loss) for the reporting period	416 473	621 937
Earnings(loss) per share	0,134	0,201



CASH FLOW STATEMENT

	2014	2013
	EUR	EUR
Cash flows to operating activities		
Profit / loss before taxes	503 514	754 920
Adjustments for:		
Amortization and depreciation	185 374	131 936
Interest expenses	165 654	183 552
Provision for vacations	10 413	21 195
Revaluation reserve write-off	(30 656)	(30 656)
Gain from fluctuations of currency exchange rates	(13 538)	(1 437)
Loss (profit) from disposal/write-off of fixed assets	(1 200)	(176)
Operating profit or loss before working capital changes	819 561	1 059 334
Decrease(increase) in inventories	(119 447)	398 242
(Increase) decrease in receivables	(518 473)	(706 769)
Increase/(decrease) in payables	454 050	237 732
Cash used in operations	635 691	988 539
Interest paid	(164 578)	(187 022)
Corporate income tax paid	(148 874)	(86 836)
Real estate tax paid	(20 240)	(19 740)
Net cash flows to operating activities	301 999	694 941
Cash flows to investing activities		
Purchase of fixed assets	(73 385)	(53 847)
Proceeds from disposal of fixed assets	1 200	176
Net cash flows to investing activities	(72 185)	(53 671)
Cash flows to financing activities		
Received loans	330 000	285 000
Repaid loans	(627 256)	(759 781)
Payment of finance lease liabilities	(120 319)	(20 260)
Net cash flows from financing activities	(417 575)	(495 041)
Change in cash and cash equivalents increase	(187 761)	146 229
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 period	88 016	275 777

STATEMENT OF CHANGES IN EQUITY

	Share capital	Reserves	Retained earnings carried forward from previous year	Profit of the reporting year	Total
	EUR	EUR	EUR	EUR	EUR
Balance as at 31st December 2012	4 410 120	2 192 103	(4 059 437)	761 117	3 303 903
Profit (loss) of 2013				621 937	621 937
Revaluation reserve write-off		(30 656)			(30 656)
Reclassification of profit (loss)			761 117	(761 117)	-
Balance as at 31st December 2013	4 410 120	2 161 447	(3 298 320)	621 937	3 895 184
Revaluation reserve write-off		(30 656)			(30 656)
Revaluation of other reserves	(70 890)	70 890			-
Reclassification of profit (loss)			621 937	(621 937)	-
Profit of responding year				416 473	416 473
Balance as at 31st December 2014	4 339 230	2 201 681	(2 676 383)	416 473	4 281 001

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.

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 31 December 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 ⁸	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 lat according to the currency exchange rate of Latvia on the last day of accounting year – 31.12.2014.

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 the, above stated positions have been converted to EUR according to the exchange rate of Latvia on 31.12.2014.

IX Cash and its equivalents

As from the Cash flow statement the cash and its equivalents is cash in the booking-office and the balances in the current accounts.

X The profit or loss item transcript**Other operating income**

	2014	2013
Income from public utilities services	91 332	105 191
Income from sales of current assets	135 222	3 482
Income from auxiliary production services	69 047	62 680
Rent income	11 325	11 411
Other operating income	60 291	110 826
TOTAL	367 217	293 590

Other operating expenses

	2013	2012
Cost of public utilities services	72 396	90 653
Cost of selling materials	132 585	-
Cost of auxiliary production services	43 130	46 959
Other operating expenses		
Written-off receivables	-	1 430
Penalties	-	5 714
Other expenses	19 896	2 570
TOTAL	268 007	147 326