Joint stock Company

BRIVAIS VILNIS

(Enterprise registration number 40003056186)

INTERIM
FINANCIAL REPORT
For the period from 1 January 2013 to 31 December 2013
(unaudited)

Salacgriva 2014

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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	''Brivais vilnis Company" Ltd. (49.97%) Registration No.40103202073, 1 Ostas Street, Salacgriva, Salacgriva region, LV-4033, Latvia ''A Corporation" Ltd (47.00 %) Registration No.40003799285, Rigas alley, Adazi, Adazi region, LV-2164, Latvia
Members of the Board	Arnolds Babris (Chairman of the Board) Maris Trankalis (Executive director) Vasilijs Ļušins (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, 2013

Management Report

February 28, 2014

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 2013 is the 22nd year of operation since the Company was transformed into a Joint Stock Company. In 2013 the Company produced a total of 24.3 million cans of various types (140) of fish products, including 11.7 million cans of sprats. 24.8 million cans were sold for LVL 9.9 million.

The financial result of the year 2013 is profit of LVL 463 719. This profit is from economic activities of the Company.
Net turnover of 2013 is LVL 9 908 thousand.

Result of 2013 (LVL)	463 719
Gross profit of 2013 (LVL)	1 283 646

In 2013 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.

The Company has started production of canned fish in cans with transparent lids in 2013. In 2014 we will produce canned fish production in multi-layer plastic cans. No other producer of canned fish has such type of product. Canned fish in plastic cup is more tasty, well seen visually, as well the cup is cheaper than metal can.

The Company's goal in 2013 is to continue work on real decrease of production expenses, introduction of new type of packaging and search for additional markets.

Arnolds Babris
Chairman of the Board

Report on board's responsibility

February 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 31 of December 2013.

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. 2013 LVL	31.12. 2012 LVL	31,12 2013 EUR	31.12. 2012 EUR
NON-CURRENT ASSETS				
Intangible assets				
Projects, licences and similar expenses	3680	7658	5 236	10 896
TOTAL	**3680**	**7658**	**5236**	**10896**
Tangible assets				
Land, buildings and constructions	2 454 593	2 497 596	3 492 571	3 553 759
Equipment and machinery	221 631	17 262	315 353	24 562
Other fixtures and fittings, tools and equipment	95 276	67 526	135 566	96 081
Advance for tangible assets	69 461	52 267	98 834	74 369
TOTAL	**2 840 961**	**2 634 651**	**4 042 323**	**3 748 771**
CURRENT ASSETS				
Inventories				
Raw materials	456 332	565 451	649302	804 564
Finished goods and goods for resale	359 951	530 700	512164	755118
TOTAL	**816 283**	**1 096 151**	**1 161 466**	**1 559 682**
Receivables				
Trade receivables	2 006 419	1 431 816	2854877	2037291
Other receivables	111 891	164 201	159207	233637
Other short- term loans	54 112		76994	
Prepaid expenses	4 405	8 059	6268	11467
TOTAL	**2 176 827**	**1 604 076**	**3 097 346**	**2 282 395**
Cash	193 819	91 047	275 780	129 548
TOTAL CURRENT ASSETS	**3 186 929**	**2 791 274**	**4 534 591**	**3 971 625**
TOTAL ASSETS	**6 031 570**	**5 433 583**	**8 582 151**	**7 731 292**

BALANCE SHEET

	31.12. 2013 LVL	31.12. 2012 LVL	31.12. 2013 EUR	31.12. 2012 EUR
EQUITY				
Share capital	3 099 450	3 099 450	4 410 120	4 410 120
Non-current assets revaluation reserve	1 519 074	1 540 619	2 161 448	2 192 103
Retained earnings				
brought forward	(2 318 075)	(2 852 993)	(3 298 324)	(4 059 443)
for the period	463 719	534 916	659 813	761 117
TOTAL	**2 764 168**	**2 321 992**	**3 933 057**	**3 303 897**
PROVISIONS FOR LIABILITIES AND CHARGES				
Other provisions	92 006	76 948	130 913	109 487
TOTAL	**92 006**	**76 948**	**130 913**	**109 487**
LIABILITIES				
Non-current liabilities				
Loans from credit institutions	1 203 867	1 367 769	1 712 948	1 946 160
Other loans	22 582	22 582	32 131	32 131
Deferred corporate income tax liabilities	60 912	65 121	86 670	92 659
TOTAL	**1 287 361**	**1 455 472**	**1 831 750**	**2 070 950**
Current liabilities				
Loans from credit institutions	355 438	379 514	505 743	540 000
Other loans	304 837	191 081	433 744	271 884
Prepayments received from costumers	267 355	247 233	380 412	351 781
Trade payables	646 940	533 518	920 513	759 128
Taxes payable	137 372	114 081	195 463	162 323
Other liabilities	171 293	108 944	243 728	155 013
Accumulating compensated absences	4 800	4 800	6 830	6 830
TOTAL	**1 888 035**	**1 579 171**	**2 686 432**	**2 246 958**
TOTAL LIABILITIES	**3 175 396**	**3 034 643**	**4 518 181**	**4 317 908**
TOTAL EQUITY AND LIABILITIES	**6 031 570**	**5 433 583**	**8 582 151**	**7 731 292**

INCOME STATEMENT

	2013 LVL	2012 LVL	2013 EUR	2012 EUR
Net turnover	9 908 240	9 771 651	14 098 155	13 903 807
Cost of sales	(8 624 593)	(8 459 488)	(12 271 690)	(12 036 767)
Gross profit (loss)	**1 283 647**	**1 312 163**	**1 826 465**	**1 867 040**
Distribution costs	(146 327)	(130 800)	(208 205)	(186 112)
Administrative expenses	(553 080)	(552 508)	(786 962)	(786 148)
Other operating income	291 075	613 248	414 162	872 573
Other operating expenses	(256 319)	(445 862)	(364 709)	(634 404)
Interest receivable and similar income	99 240	21 545	141 206	30 656
Interest payable and similar expenses	(185 713)	(226 631)	(264 246)	(322 467)
Profit /(Loss) before taxes	**532 523**	**591 155**	**757 712**	**841 138**
Corporate income tax for the resporting year	(59 139)	(42 535)	(84 147)	(60 522)
Other taxes(real estata tax)	(9 665)	(13 704)	(13 752)	(19 499)
Profit / (Loss) for the reporting period	**463 719**	**534 916**	**659 813**	**761 117**
Earnings(loss) per share	0,150	0,173	0,213	0,246

CASH FLOW STATEMENT

	2013 LVL	2012 LVL	2013 EUR	2012 EUR
Cash flows to operating activities				
Profit / loss before taxes	532 523	591 155	757 712	841 138
Adjustments for:				
Amortization and depreciation	92 724	86 137	131 934	122 562
Interest expenses	128 985	157 415	183 529	223 981
Provision for vacations	15 058	15 484	21 426	22 032
Revalution reserve write-off	(21 545)	(21 545)	(30 656)	(30 656)
Gain from fluctuations of currency exchange rates on loans	(1 010)	821	(1 437)	1 168
Operating profit or loss before working capital changes	**746 735**	**829 467**	**1 062 508**	**1 180 225**
Decrease(increase) in inventories	279 868	(267 567)	398 216	(380 714)
(Increase) decrease in receivables	(518 639)	329 503	(737 957)	468 841
Increase/(decrease) in payables	277 789	(194 731)	395 258	(277 077)
Cash used in operations	**785 753**	**696 672**	**1 118 026**	**991 275**
Interest paid	(133 695)	(159 072)	(190 231)	(226 339)
Corporate income tax paid	(61 029)	(8 516)	(86 836)	(12 117)
Real estate tax paid	(13 873)	(14 309)	(19 740)	(20 360)
Net cash flows to operating activities	**577 156**	**514 775**	**821 219**	**732 459**
Cash flows to investing activities				
Purchase of fixed assets	(55 825)	(61 663)	(79 432)	(87 739)
Proceeds from disposal of fixed assets	124	2 000	176	2 846
Net cash flows to investing activities	**(55 701)**	**(59 663)**	**(79 255)**	**(84 893)**
Cash flows to financing activities				
Received loans	200 299	35 140	285 000	50 000
Repaid loans	(534 116)	(432 869)	(759 979)	(615 917)
Loans granted	(54 112)		(76 994)	
Payment of finance lease liabilities	(30 754)	(10 605)	(43 759)	(15 090)
Net cash flows from financing activities	**(418 683)**	**(408 334)**	**(595 732)**	**(581 007)**
Change in cash and cash equivalents increase	**102 772**	**46 778**	**146 231**	**66 559**
Cash and cash equivalents at the beginning of the reporting period	**91 047**	**44 269**	**129 548**	**66 559**
Cash and cash equivalents at the end of the reporting period	**193 819**	**91 047**	**275 779**	**129 548**

STATEMENT OF CHANGES IN EQUITY

	Share capital	Reserves	Retained earnings carried forward from previous year	Profit of the reporting year	Total	Share capital	Reserves	Retained earnings carried forward from previous year	Profit of the reporting year	Total
Balance as at 31st December 2011	**3 099 450**	**1 562 164**	**(3 025 347)**	**172 356**	**1 808 623**	**4 410 120**	**2 222 759**	**(4 304 681)**	**245 240**	**2 573 439**
Profit (loss) of 2012				534 916	**534 916**				761 117	**761 117**
Revaluation reserve write-off		(21 545)			**(21 545)**		(30 656)			**(30 656)**
Reclassification of profit (loss)			**172 356**	**(172 356)**	**-**			**245 240**	**(245 240)**	**-**
Balance as at 31st December 2012	**3 099 450**	**1 540 619**	**(2 852 991)**	**534 916**	**2 321 994**	**4 410 120**	**2 192 103**	**(4 059 441)**	**761 117**	**3 303 900**
Revaluation reserve write-off		(21 545)			**(21 545)**		(30 656)			**(30 656)**
Reclassification of profit (loss)			534 916	(534 916)	**-**			**761 117**	(761 117)	**-**
Profit of responding year				463 719	**463 719**				659 813	**659 813**
Balance as at 31st December 2013	**3 099 450**	**1 519 074**	**(2 318 075)**	**463 719**	**2 764 168**	**4 410 120**	**2 161 448**	**(3 298 324)**	**659 813**	**3 933 057**

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 2013 through 31 December 2013.

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 devices8	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 2013 is 15%.

VIII Foreign currency converting

The measure of value and currency used in the annual report is lat (LVL) - 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 by Bank of Latvia on the last day of accounting year – 31.12.2013.

	31.12.2013.
1 EUR	0.702804
1 USD	0.515

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 Bank of Latvia on 31.1 2. 2013.

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

	2013	2012
Income from doubtful provision reduction debts	-	297 167
Income from public utilities services	73 929	83 006
Income from sales of current assets	120 549	50 394
Income from auxiliary production services	44 052	64 378
Rent income	8 020	8 574
Unclaimed liabilities	-	7 243
Other operating income	44 525	102 486
TOTAL	**291 075**	**613 248**

Other operating expenses

	2013	2012
Cost of public utilities services	82 927	70 339
Cost of selling materials	138 607	282 447
Cost of auxiliary production services	30 205	33 973
Other operating expenses		53 872
Written-off receivables	1 005	-
Penalties	3 575	2 989
Other expenses	-	2 242
TOTAL	**256 319**	**445 862**