Joint stock Company

BRIVAIS VILNIS

(Enterprise registration number 40003056186)

INTERIM
FINANCIAL REPORT
for the 9 months of 2012
(unaudited)

Salacgrlva 2012

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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 (40.88%), 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) Vasilijs Ilusins (Cold-storage manager)
Members of the Council	Karlis Hauks Anda Caune Ilona Drikina Vera Korcaka
Financial period	1 January – 30 September, 2012

MANAGEMENT REPORT

November 30, 2012

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 2012 is the 21st year of operation since the Company was transformed into a Joint Stock Company. In 9 months of 2012 the Company produced a total of 18.4 million cans of various types (130) of fish products, including 9.3 million cans of sprat. Production capacity compared with 9 months of 2011 has increased by 5.7%, this is due to exports increase. In 9 months of 2012 there were sold 17.5 million cans for LVL 6.8 million. The financial result of 9 months of 2012 is profit of LVL 482 757. This profit is from economic activities of the Company.

The profit compared to 9 months of 2011 has increased by LVL 359 373. This is due to the changes in assortment structure and sales markets.

Net turnover for 9 months of 2012 is LVL 6 840 thousand.

Result for 9 months of 2012:

Gross profit (LVL)	1 042 thousand
Gross profit (%)	15.2

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

The JSC "Brivais Vilnis" will continue cooperation with the Riga Stock Exchange, and remain listed in the free list of Riga Stock Exchange in 2012. The Company continues work on adoption of new markets in Western Europe and other world in 2012.

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

Arnolds Babris
Chairman of the Board

REPORT ON BOARD'S RESPONSIBILITY

November 30, 2012

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 2012.

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

BALANCE SHEET

ASSETS	30.09. 2012 LVL	31.12. 2011 LVL	30.09. 2011 LVL	30.09. 2012 EUR	31.12. 2011 EUR	30.09. 2011 EUR
NON-CURRENT ASSETS						
Intangible						
Projects, licences	5214	9350	10797	7 419	13 304	15 363
Excess cost over net assets of businesses acquired	456	970	1142	649	1 380	1 625
TOTAL	**5670**	**10320**	**11939**	**8068**	**14684**	**16988**
Tangible assets						
Land, buildings and constructions	2 485 731	2 516 716	2 463 176	3 536 877	3 580 964	3 504 784
Equipment and machinery	21 325	28 377	31 771	30 343	40 377	45 206
Other fixtures and fittings, tools and equipment	63 592	72 426	77 603	90 483	103 053	110 419
Advances for fixed assets	49 354	40 615	98 214	70 224	57 790	139 746
Bilding	24 146		220	34 357	0	313
TOTAL	**2 644 148**	**2 658 134**	**2 670 984**	**3 762 284**	**3 782 184**	**3 800 468**
Long term financial investments						
Interest in capital of related companies		2 000	2 000	0	2 846	2 846
TOTAL	**0**	**2 000**	**2 000**	**0**	**2 846**	**2 846**
TOTAL NON-CURRENT ASSETS	**2 649 818**	**2 670 454**	**2 684 923**	**3 770 351**	**3 799 714**	**3 820 302**
CURRENT ASSETS						
Inventories						
Raw materials	563 448	544 705	416 955	801 714	775 045	593 274
Finished goods and goods for sale	642 831	283 879	381 113	914 666	403 923	542 275
TOTAL	**1 206 279**	**828 584**	**798 068**	**1 716 380**	**1 178 969**	**1 135 548**
Receivables						
Trade receivables	1 178 258	1 747 695	1 312 827	1 676 510	2486746	1867985
Other receivables	159 691	172 526	264 023	227 220	245482	375671
Prepaid expenses	50 619	13 358	59 919	72 024	19007	85257
TOTAL	**1 388 568**	**1 933 579**	**1 636 769**	**1 975 754**	**2 751 235**	**2 328 912**
Cash	46 185	44 269	7 831	65 715	62 989	11 143
TOTAL CURRENT ASSETS	**2 641 032**	**2 806 432**	**2 442 668**	**3 757 850**	**3 993 193**	**3 475 603**
TOTAL ASSETS	**5 290 850**	**5 476 886**	**5 127 591**	**7 528 201**	**7 792 907**	**7 295 905**

EQUITY AND LIABILITIES

	30.09. 2012 LVL	31.12. 2011 LVL	30.09. 2011 LVL	30.09. 2012 EUR	31.12. 2011 EUR	30.09. 2011 EUR
EQUITY						
Share capital	3 099 450	3 099 450	3 099 450	4 410 120	4 410 120	4 410 120
Long term investment revalution reserve	1 546 004	1 562 164	1 567 550	2 199 766	2 222 759	2 230 423
Retained earnings						-
brought forward	(2 852 992)	(3 025 349)	(3 025 348)	(4 059 442)	(4 304 684)	(4 304 682)
for the period	482 757	172 356	123 384	686 901	245 240	175 560
TOTAL	**2 275 219**	**1 808 621**	**1 765 036**	**3 237 345**	**2 573 436**	**2 511 420**
PROVISIONS						
Other provisions	22145	61 464		31 509	87 455	-
TOTAL	**22145**	**61464**	**0**	**31509**	**87455**	**0**
LIABILITIES						
Non-current liabilities						
Loans from credit institutions	1 712 143	1 712 143	1 933 526	2 436 160	2 436 160	2 751 160
Other loans	67 028	67 028	40 530	95 372	95 372	57 669
Deferred corporate income tax liabilities	65 726	65 726	67 116	93 520	93 520	95 497
TOTAL	**1 844 897**	**1 844 897**	**2 041 172**	**2 625 052**	**2 625 052**	**2 904 326**
Current liabilities						
Loans from credit institutions	130 019	379 514	223 164	185 000	540 000	317 534
Other loans	181 711	213 102	241 126	258 551	303 217	343 091
Prepayments received from costumers	5	310 429		7	441 701	
Trade payables	665 254	637 214	588 794	946 571	906 674	837 778
Taxes payables	69 105	70 754	152 974	98 328	100 674	217 662
Other liabilities	102 495	146 091	101 467	145 837	207 869	144 375
Accrued liabilities		4 800	13 858	-	6 830	19 718
TOTAL	**1 148 589**	**1 761 904**	**1 321 383**	**1 634 295**	**2 506 964**	**1 880 159**
TOTAL LIABILITIES	**2 993 486**	**3 606 801**	**3 362 555**	**4 259 347**	**5 132 015**	**4 784 485**
TOTAL EQUITY AND LIABILITIES	**5 290 850**	**5 476 886**	**5 127 591**	**7 528 201**	**7 792 907**	**7 295 905**

INCOME STATEMENT

	3quarters of the year 2012 LVL	3quarters of the year 2011 LVL	3 quarters of the year 2012 EUR	3quarters of the year 2011 EUR
Net turnover	6 840 320	6 052 942	9 732 899	8 612 561
Cost of sales	(5 797 864)	(5 421 394)	(8 249 617)	(7 713 949)
Gross profit (loss)	**1 042 456**	**631 548**	**1 483 281**	**898 612**
Distribution costs	(92 686)	(99 013)	(131 880)	(140 883)
Administrative expenses	(381 102)	(367 379)	(542 259)	(522 733)
Other operating income	142 685	158 832	203 022	225 998
Other operating expenses	(131 980)	(133 254)	(187 791)	(189 603)
Profit/loss from operations				
Interest receivable and similar income	99 324	91 070	141 325	129 581
Interest payable and similar expenses	(181 631)	(144 768)	(258 438)	(205 986)
Profit /(Loss) before taxes	**497 066**	**137 036**	**707 261**	**194 985**
Profit taxes			-	
Other taxes	(14 309)	(13 652)	(20 360)	(19 425)
Profit (loss) for the reporting period	**482 757**	**123 384**	**686 901**	**- 175 560**
Earnings (loss) per share	0.156	0.040	0.222	0.057

CASH FLOW STATEMENT

	For 3 quarters 2012 LVL	For 3 quarters 2011 LVL	For 3 quarters 2012 EUR	For 3 quarters 2011 EUR
Cash flows to operating activities				
Profit/loss before taxes	497 066	137 036	707 261	194 985
Adjustments for:				
Amortization and depreciation	64 858	65 414	92 285	93 076
Interest expenses	120 673	125 362	171 702	178 374
Provisions	(39 319)	(53 086)	(55 086)	(75 535)
Gain from fluctuations of currency exchange	236	(2 039)	336	(2 901)
Non-current assets revaluation reserve write-off	(16 159)	(16 159)	(22 992)	(22 992)
(Profit) loss as a result of investment	(2 000)	(3 832)	(2 846)	(5 452)
Operating profit or loss before working capital changes	***625 355***	***252 696***	***889 800***	***359 554***
Decrease (increase) in inventories	(377 695)	(80 800)	(537 412)	(114968)
Decrease (increase) in receivables	545 011	(14 399)	775481	(20 488)
Increase (decrease) in payables	(327 374)	(55 761)	(465 811)	(79 341)
Cash used in operations	***465 297***	***101 736***	***662 058***	***144 757***
Interest paid	(123 053)	(125 156)	(175 089)	(178 081)
Corporate income, real estate tax paid	(19 325)	(18 137)	(27 497)	(25 806)
Net cash flows to operating activities	**322 919**	**(41 557)**	**459 472**	**(59 130)**
Cash flows to investing activities				
Purchase if fixed assets	(46 013)	(82 409)	(65 471)	(117 257)
Proceeds from sales of fixed and intangible assets	2 000	6 625	2 846	9 427
Net cash flows to investing activities	**(44 013)**	**(75 784)**	**(62 625)**	**(107 831)**
Cash flows to financing activities				
Received loans	35 140	210 841	50 000	300 000
Repaid loans	(305 636)	(166 038)	(434 881)	(236 251)
Lease payments	(6 494)	30 840	(9 240)	43 881
Net cash flows to financing activities	**(276 990)**	**75 643**	**(394 121)**	**107 630**
Change in cash and cash equivalents	**1 916**	**(41 698)**	**2 726**	**(59 331)**
Cash and cash equivalents at the begin of the reporting period	**44 269**	**49 529**	**62 989**	**70 473**
Cash and cash equivalents at the end of the reporting period	**46 185**	**7 831**	**65 715**	**11 143**

STATEMENT OF CHANGES IN EQUITY

	Share capital	Long term investment revaluation reserve	Retained earnings	Profit (loss) the reporting period	**Total**	Share capital	Long term investment revaluation reserve	Retained earnings	Profit (loss) the reporting period	**Total**
	LVL	LVL	LVL	LVL	**LVL**	EUR		EUR	EUR	**EUR**
Balance as at 31 December 2010	**3 099 450**	**1 583 708**	**(3 376 109)**	**350 761**	**1 657 810**	**4 410 120**	**2 253 413**	**(4 803 770)**	**499 088**	**2 358 851**
Revaluation reserve write-off		(21 545)			**(21 545)**	-	(30 656)			**(30 656)**
Reclassification of profit			350 761	(350 761)	**-**	-		499 088	(499 088)	**-**
Profit of the 2011				172 356	**172 356**	-		-	245 240	**245 240**
Balance as at 31 December 2011	**3 099 450**	**1 562 163**	**(3 025 348)**	**172 356**	**1 808 621**	**4 410 120**	**2 222 758**	**(4 304 682)**	**245 240**	**2 573 436**
Reclassification of profit			172 356	(172 356)	**-**			245 240	(245 240)	**-**
Profit of the reporting period				482 757	**482 757**				686 901	**686 901**
Revaluation reserve write-off		(16 159)			**(16 159)**		(22 992)			**(22 992)**
Balance as at 30 September 2012	**3 099 450**	**1 546 004**	**(2 852 992)**	**482 757**	**2 275 219**	**4 410 120**	**2 199 766**	**(4 059 442)**	**686 901**	**3 237 345**

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 lat (LVL), the monetary unit of the Republic of Latvia. The financial statements cover the period 1 January 2012 through 30 September 2012.

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 2012 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 – 30.09.2012.

	30.09.2012.
1 EUR	0.702804
1 USD	0.546

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 30.09. 2012.
As the prepaid expenses there are stated insurance costs, all kind of subscription and similar kind of expense for the year 2012.
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.