

SIA "BAL TIC DAIRY BOARD"

(UNIFIED REGISTRATION NUMBER 43603036823)

**UNAUDITED CONDENSED FINANCIAL
STATEMENTS**

for the six month period ended 30 June 2018

**PREPARED IN ACCORDANCE WITH INTERNATIONAL
FINANCIAL REPORTING STANDARDS AS ADOPTED IN EU**

BAUSKA, 2018

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General information

Name of the Company	BALTIC DAIRY BOARD
Legal status of the Company	Limited liability company
Unified registration number, place and date of registration	43603036823 Bauska, 21 July 2008
Address	Stacijas Street 1 Bauska, Latvia, LV-3901
The type of Actions (NACE)	Operation of dairies and cheese making (NACE 2.red.10.51)
Board Members names, surnames and positions	Kaspars Kazāks, Chairmen of the Board Ilona Kazāka, Member of the Board
Council Members names, surnames and positions	Ivars Ķirsons, Chairman of the Council from 23.07.2015. Edvīns Samulis, Deputy Chairman of Council from 27.09.2017. Viesturs Neimanis, Member of the Council from 23.07.2015. Ivo Lidums, Member of the Council from 17.06.2016
Financial year	1 January 2018 - 30 June 2018
Previous financial year	1 January 2017 - 31 December 2017
Auditor's name and address	Natālija Zaiceva Sworn auditor (LZRA Certificate No. 138) SIA "Oriens Audit & Finance" LZRA Licence Nr.28 Gunara Astras Street 8b Riga, LV-1082

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The type of business activity of SIA "Baltic Dairy Board" is an in-depth processing of raw milk and milk by-products with biotechnological methods. Raw materials are being manufactured to produce butter, cheese, milk protein powder and whey protein. The goal in year 2018 is to start the continuous long-term manufacturing and delivery of GOS (galacto-oligosaccharide) products to leading manufacturers of infant/young children foods in the world.

1. Description of the type of business activity:

In the first half of 2018, due to the poor market conjuncture, a decision was taken to discontinue the production of cream, milk protein concentrate (MPC) and milk permeate (MP). Milk purchases were gradually reduced and in March cooperation with all raw milk suppliers was stopped. Returning to a favorable market conjuncture, it will be possible to resume production of these products.

In parallel with the above-mentioned events, the company focused on the development of the new product GOS, the completion of studies and the introduction of the product on the market. It has been successfully managed and, following completion of formalities and factory audits, it is scheduled to begin regular production and delivery of this product to the world's largest infant/baby food manufacturers in November 2018.

In view of the above, during this transitional period, the net sales of the first half-year amounted to EUR 841 458, which is 92% less than in the first six months of 2017. Net loss for the first half of 2018 was EUR 865 904, which is 18% less compared to the first half of 2017. Balance value as of 30 June 2018 is EUR 8 787 549, that is 12% less than on 31.12.2017.

2. Most important events in 2018:

1. On 30 March 2018, a factory audit was conducted with the aim to obtain approval from a global scale infant /baby food producer for the suitability of the plant to produce GOS products. The audit ended with a positive conclusion.

2. In April 2018, research was completed and the quality assurances of the resulting product GOS were obtained from a number of potential customers.

On 18 May 2018, a legal protection proceeding was initiated in the Zemgale District Court.

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3. Post-balance-sheet conditions and events.

On 23 August 2018, the Zemgale District Court approved the application of SIA Baltic Dairy Board regarding the withdrawal of the application for a legal protection proceeding and the termination of civil proceedings.

Excluding the previously mentioned, in the days between the last days of the accounting year and the signing of the financial report there have been no events that would considerably negatively impact the financial situation of the company.



According to the mandate
Kaspars Kazāks
Chairman of the Board

Bauska, 15 August 2018