



Linda Nektar ANNUAL REPORT

beginning of financial year: 1 January 2015

end of financial year: 31 December 2015

business name: AS Linda Nektar

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Management report

AS Linda Nektar's performance in 2015 can be considered satisfactory. Regardless of the fact that the prices of key raw materials – sugar and juice concentrate – dropped on the world market leading to a subsequent obligation for the Company to reduce the contractual prices of products, it was able to increase its turnover by increasing its total sales volume. The sales revenue of AS Linda Nektar for the 2015 amounted to 2 757 055 euros (2014: 2 744 558 euros).

As at 31.12.2015, the total assets of AS Linda Nektar were 3 901 957 euros (as at 31.12.2014: 2 722 184 euros), having increased by 43,3% compared to 2014. This primarily reflects the capital increase in May 2015 as well as the net profit of the enterprise. Current assets made up 1 696 078 euros or 43,5 % of the assets (2014: 1 150 870 euros). The volume of fixed assets amounted to 2 205 879 euros (2014: 1 571 314 euros) or 56,5 % of the balance sheet total. Receivables and prepayments have increased to 364 401 euros (2014: 192 956 euros). The reason for the increase of receivables were small sales in December 2014, which essentially lowered the amount of receivables at the end of the previous December. Changes in inventories were in line with normal fluctuations of production. The total liabilities of AS Linda Nektar amounted to 284 815 euros (2014: 180 028 euros) and the equity capital of the company increased to 3 617 142 euros (2014: 2 542 156 euros). The Company does not carry any financial debt, although a credit facility remains in place.

Investments in 2015 amounted to 871 954 euros (2014: 512 837 euros). Investments were made into fixed assets in the amount of 653 954 euros (2014: 508 962 euros) and into intangible assets in the amount of 218 000 (2014: 3 875 euros). This includes the purchase of key production machinery for existing product capacity expansion as well as the initial roll-out of the Company's proprietary technology in the field of aroma recovery.

Moreover, a part of the investment 2 year programme (2015-2016) has been granted government support from the Estonian Agricultural Registers and Information Board (ARIB, Estonian: PRIA. These sums have no direct income statement effect, however, they have the effect of reducing the ultimate cost of the investments.

In the ordinary course of business AS Linda Nektar entered into an additional supply agreement with Tartu-based AS A Le Coq to supply apple-based wine. The contract is worth at least EUR 2m over a 3 year period starting 2016. As a result of the agreement equipment and intangible assets were purchased. The intangible assets will be depreciated during the new contract period for the apple wine. The purchased equipment is depreciated at the same pace as equipment in general.

In 2015, development costs amounted to 189 733 euros (2014: 276 767 euros). These R&D costs have been recognised as expenses. In the period 2014-2016, Enterprise Estonia is supporting a development project of AS Linda Nektar with 171 823 euros out of the development grant for manufacturing companies. In the financial year 2015, the Company received its first instalment in the amount of 74 112 euros. As at 31.12.2015, the targeted financing received is recorded in the balance sheet as a current liability which shall not affect the profit in 2015. At the end of the project in 2016 and after the performance of related terms and conditions, this targeted financing will be recorded as operating income.

As at 31.12.2015, AS Linda Nektar had 11 employees working under employment contracts and 2 employees working as contractors on the R&D projects. Labour costs are formed out of the wages paid to the employees, contractors, management and the supervisory council. In 2015, labour costs with taxes amounted to 296 553 euros (2014: 243 997 euros). The labour costs were higher mainly due to performance-based incentive compensation.

The net profit of AS Linda Nektar for 2015 was 440 140 euros. The net profit for the same period in 2014 was 323 838 euros. Profit was mainly affected by the product development costs which amounted to 189 733 euros and the significantly higher depreciation costs in the amount of 236 806 euros (2014: 183 718 euros) as a result of the abovementioned investments in fixed assets and intangible assets. In 2015, the Company paid dividends for the financial results of the year 2014 in the amount of 129 100 euros (payout ratio 40%). The income tax cost for shareholders for the payment of dividends was 32 275 euros.

In May 2015 the company increased its share capital and the share was admitted to trading on the Nasdaq Baltic First North Market list. The Company's investment plan in additional capacity and entering into new technology was initiated during the second half of last year. The programme is being implemented as planned at the main plant and will continue during 2016.

Financial Ratios

	2015	2014
Current Ratio = Current Assets/ Current Liabilities	5,96	6,39
Quick ratio = (Current Assets – Inventories) / Current Liabilities	4,76	5,02
Working Capital balance = Current Assets - Current Liabilities	1 411 263	970 842
Equity Ratio = Total Equity / Total Assets	0,93	0,93
Net Profit Margin= Net Profit / Sales Revenue	15,96	11,80
Debt to Assets= Total Liabilities / Total Assets	0,07	0,07

Kadri Rauba
CEO

Financial statements

Balance sheet

(in euros)

	31.12.2015	31.12.2014	Note
Assets			
Current assets			
Cash	991 984	710 098	2
Receivables and prepayments	364 401	192 956	3
Inventories	339 693	247 816	4
Total current assets	1 696 078	1 150 870	
Non-current assets			
Receivables and prepayments	0	582	3
Property, plant and equipment	1 996 019	1 566 086	6
Intangible assets	209 860	4 646	7
Total non-current assets	2 205 879	1 571 314	
Total assets	3 901 957	2 722 184	
Liabilities and owner's equity			
Liabilities			
Current liabilities			
Payables and prepayments	210 703	180 028	9
Government grants	74 112	0	12
Total current liabilities	284 815	180 028	
Total liabilities	284 815	180 028	
Owner's equity			
Share capital at nominal value	1 575 109	28 116	13
Share premium	617 517	0	
Mandatory reserve	2 812	2 812	
Retained earnings/accumulated loss	981 564	2 187 390	
Profit/loss for the financial year	440 140	323 838	
Total owner's equity	3 617 142	2 542 156	
Total liabilities and owner's equity	3 901 957	2 722 184	

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Income statement

(in euros)

	2015	2014	Note
Revenue	2 757 055	2 744 558	14
Other income	8 016	7 522	
Change in the balance of finished goods and work-in-progress	64 209	-100 228	
Goods, raw materials and services	-1 410 098	-1 348 216	15
Other operating expenses	-409 420	-477 953	16
Personnel expenses	-296 553	-243 997	17
Depreciation, amortisation and impairments	-236 806	-183 718	6,7
Other expenses	-4 249	-4 124	
Operating profit (-loss)	472 154	393 844	
Other financial income and expenses	261	-294	
Profit (loss) before income tax	472 415	393 550	
Income tax	-32 275	-69 712	18
Profit/loss for the financial year	440 140	323 838	

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Cash flow statement

(in euros)

	2015	2014	Note
Cash flow from operating activities			
Operating profit (-loss)	472 154	393 844	
Adjustment			
Depreciation, amortisation and impairments	236 806	183 718	6,7
Total adjustments	236 806	183 718	
Change in receivables and prepayments related to operating activities	-170 863	307 018	3
Change in inventories	-91 877	115 485	4
Change in liabilities and prepayments related to operating activities	86	-49 810	
Corporate income tax	-32 275	-69 712	18
Accrued income from government grants	74 112	0	12
Total cash flow from operating activities	488 143	880 543	
Cash flow from investing activities			
Purchase of property, plant and equipment, and intangible assets	-841 364	-644 134	6,7
Accrued income from government grants	0	113 279	6,12
Interest received	261	202	
Total cash flow from investing activities	-841 103	-530 653	
Cash flow from financing activities			
Interest paid	0	-496	
Issue of shares	820 002	0	
Dividends paid	-129 100	-262 250	18
Other outgoing cash flow from financing activities	-56 056	0	
Total cash flow from financing activities	634 846	-262 746	
Total cash flow	281 886	87 144	
Cash and cash equivalents at the beginning of the period	710 098	622 954	2
Change in cash and cash equivalents	281 886	87 144	
Cash and cash equivalents at the end of the period	991 984	710 098	2

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Statement of changes in equity

(in euros)

	Share capital at nominal value	Share premium	Mandatory reserve	Retained earnings/accumulated loss	Total
31.12.2013	28 116	0	28 116	2 449 640	2 480 568
Profit/loss for the financial year	0	0	0	323 838	323 838
Dividends paid	0	0	0	-262 250	-262 250
31.12.2014	28 116	0	2 812	2 511 228	2 542 156
Profit/loss for the financial year	0	0	0	440 140	440 140
Share capital issued	146 429	673 573	0	0	820 002
Dividends paid	0	0	0	-129 100	-129 100
Other changes in owner's equity	1 400 564	-56 056	0	-1 400 564	-56 056
31.12.2015	1 575 109	617 517	2 812	1 421 704	3 617 142

The minimum share capital allowed by the Articles of Association of AS Linda Nektar is 1 200 000 euros, and the maximum share capital is 4 800 000 euros. The share has a nominal value of 1 euro. A total of 1 575 109 shares have been issued.

With the shareholder's resolution adopted in April 2015, the company's share capital was raised by 1 400 564 euros by way of a bonus issue. The bonus issue was carried out at the expense of owner's equity, without any contributions to the share capital. Pursuant to RTJ (Estonian Accounting Standards Board) 3, the costs incurred on the issue of shares have been recognised as a reduction of owner's equity under "Share premium" in the amount of 56 056 euros.

The shareholders of AS Linda Nektar have approved the company's share options programme. The options programme covers up to 3% of the total registered share capital as at 31 December 2015. The purpose of the options programme is to balance the interests of the members of management bodies and key employees with the interests of the shareholders, raise the motivation of staff members and improve the financial results of the public limited company. No option agreements were entered into in 2015. Therefore, the options have not been covered in these financial statements.

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Notes to the financial statements

Note 1 Accounting principles

General information

The financial statements 2015 of AS Linda Nektar have been prepared in accordance with the generally accepted accounting principles of the Republic of Estonia. The main requirements of the generally accepted accounting principles of the Republic of Estonia have been stipulated in the Accounting Act of the Republic of Estonia, and supplemented by the guidelines issued by the Accounting Board of the Republic of Estonia.

The financial statements have been prepared in euros.

Cash

For the purposes of the cash flow statement, cash and cash equivalents are cash in hand, demand deposits in banks, term deposits with a maturity of up to 3 months and money market fund shares.

Foreign currency transactions; financial assets and liabilities denominated in foreign currency

Foreign currency transactions are recorded based on the currency exchange rate valid on the transaction date. Monetary entries denominated in foreign currency are translated on the basis of the currency exchange rates of the European Central Bank officially valid on the balance sheet date. Foreign exchange gains and losses from revaluation are recorded in the income statement.

Foreign exchange gains and losses are recorded under revenue and expenses in the income statement of the reporting period.

Receivables and prepayments

Accounts receivable are short-term receivables generated in the course of ordinary business, except for receivables from other group companies and associated companies. Accounts receivable are recorded at amortised cost (i.e. nominal value less possible write-downs).

Accounts receivable are evaluated on individual basis, if possible. If the evaluation of the receivables on individual basis proves impossible, only the material receivables will be evaluated. Other receivables are evaluated as a set of receivables, considering the information available regarding the customer's previous debts. Collection of receivables, which have been previously expensed as doubtful receivables, is reported as an adjustment to doubtful receivables.

All other receivables (accrued income, loans granted, other short-term and long-term receivables), except for receivables held for trading, are recorded at amortised cost. Receivables held for trading are recorded at their fair value.

Inventories

Raw materials are recorded at cost, consisting of the purchase price, non-refundable taxes and direct transportation costs and other expenses directly related to the acquisition, incurred upon bringing the inventories to their present condition and location, less discounts and subsidies.

Finished products and work-in-progress are recorded at production cost, consisting of the direct production costs (cost of raw materials) and a proportional part of the production overheads (depreciation of production buildings and equipment, staff remuneration).

The acquisition cost of inventories is calculated based on the FIFO method.

Property, plant and equipment, and intangible assets

Assets with an acquisition cost of over 640 euros and a useful life of over 1 year are recorded as property, plant and equipment (PPE) in the balance sheet. Assets with a useful life of over 1 year, but an acquisition cost of less than 640 euros, are recorded as low-value items (in inventories) and are fully expensed when the asset is taken into use. Low-value items that have been expensed are accounted for off-balance sheet.

PPE are initially recorded at acquisition cost, consisting of the purchase price and expenses incurred with the aim of taking the asset item into use. Subsequent to initial recognition, PPE are recorded at net book value. PPE constructed for own use is recorded at acquisition cost, consisting of the actual manufacturing expenses.

Depreciation is calculated on a straight-line basis, depending on the estimated useful life of the asset item:

- production buildings: 15-16 years, improvements: 5 years

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- other buildings: 15-16 years, improvements: 5 years
- machinery and equipment: 3-10 years
- IT equipment: 3-5 years
- office furniture: 3-7 years
- means of transport: 5 years
- tools and equipment: 3-5 years

Land is not depreciated.

Each PPE item is viewed separately, with exceptions allowed in the determination of the useful life.

Accounting for lease

Lease contracts, where all material risks and rewards from ownership of an asset are transferred to the lessee, are treated as financial lease. Ultimately, the ownership may or may not be transferred to the lessee. Assets acquired on financial lease terms are recognised in the balance sheet as assets and liabilities at their fair value.

Operating lease payments are recorded during the rental period as expenses based on the straight-line method.

Assets leased out on operating lease terms are recognised in the balance sheet pursuant to standard procedure. Operating lease payments are recorded during the rental period as income based on the straight-line method.

Financial liabilities

All financial liabilities (accounts payable, loans taken, accrued expenses, bonds issued, other short-term and long-term payables) are initially accounted for at their acquisition cost, which includes all expenses directly related to the acquisition. Subsequent to initial recognition, financial liabilities are recorded based on the amortised cost method.

As a rule, the amortised cost of short-term financial liabilities equals to their nominal value. Therefore, short-term financial liabilities are recorded in the balance sheet at the payable amount. The amortised cost of long-term liabilities is calculated based on the effective interest rate method.

Government grants

Assets acquired with the help of government grants are recorded in the balance sheet at net acquisition cost, i.e. the acquisition cost, less government grants received for the purpose of acquiring assets (the acquisition cost of assets received free of charge is zero). Subsequent to initial recognition, the acquired assets are measured according to RTJ 5.

Government grants allocated for operating expenses will be charged to income, if the collection of the grant is certain and the conditions related to the grant have been fulfilled. If the conditions for recognition of the government grant under income have not been met, the grant will be recorded under liabilities in the balance sheet. The corresponding liability is recorded under current or non-current liabilities in the balance sheet, depending on when the conditions related to the government grant are met.

Mandatory reserve

Pursuant to the Articles of Association of AS Linda Nektar, a legal reserve shall be established in the amount of 1/10 of the share capital. Every year, at least 1/20 of the net profit must be transferred to the mandatory reserve. Once the reserve meets the requirements of the Articles of Association, the reserve will no longer be increased at the expense of net profit.

Revenue recognition

Revenue and expenses are recognised on accrual basis, based on the matching principle. Income statement format No 1 is used.

Revenue is recognised on an accrual basis under the revenue recognition principle. Revenue from sales of goods is recorded on the moment the right of ownership is transferred to the buyer.

Expenses

Expenses on holiday pay are recorded in the period when they are incurred. The holiday reserve is adjusted on annual basis—at the end of each financial year. The earned holiday pay is charged to expenses in the income statement, and recorded in the balance sheet under current liabilities to employees.

Taxation

Pursuant to the applicable laws, Estonian companies are not subjected to pay income tax on the profit. Therefore, all temporary differences between the tax bases and carrying values of assets and liabilities cease to exist. Rather than being subjected to income tax on the profit, Estonian companies are subjected to 20/80 income tax on the net dividends paid from retained earnings in 2015. Corporate income tax on the payment of dividends is recorded under income tax expense in the income statement at the moment of announcing the dividends, irrespective of the period for which the

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dividends were announced or when the dividends are actually paid.

Related parties

For the purposes of the financial statements of AS Linda Nektar, the following are considered related parties:

- owners (parent company and owners of the parent company);
- management board and higher management;
- close relatives of the above persons, and the companies related to them.

Note 2 Cash

(in euros)

	31.12.2015	31.12.2014
Cash in hand	339	207
Cash at bank	991 645	709 891
Total cash	991 984	710 098

Note 3 Receivables and prepayments

(in euros)

	31.12.2015	Maturity date		Note
		within 12 months	within 1-5 years	
Accounts receivable	312 883	312 883	0	
Customer receivables	312 883	312 883	0	
Prepaid and refundable taxes	47 071	47 071	0	5
Prepayments	4 447	4 447	0	
Prepaid expenses	4 447	4 447	0	
Total receivables and prepayments	364 401	364 401	0	

	31.12.2014	Maturity date		Note
		within 12 months	within 1-5 years	
Accounts receivable	157 475	157 475	0	
Customer receivables	157 475	157 475	0	
Prepaid and refundable taxes	27 050	27 050	0	5
Prepayments	9 013	8 431	582	
Prepaid expenses	9 013	8 431	582	
Total receivables and prepayments	193 538	192 956	582	

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Note 4 Inventories

(in euros)

	31.12.2015	31.12.2014
Raw materials	94 913	86 151
Work-in-progress	184 422	136 253
Finished goods	36 106	20 066
Goods purchased for resale	532	532
Prepayments for inventories	23 720	4 814
Prepayments for inventories	23 720	4 814
Total inventories	339 693	247 816

Note 5 Prepaid taxes, and taxes payable

(in euros)

	31.12.2015		31.12.2014	
	Prepaid	Payable	Prepaid	Payable
Value added tax	0	3 194	10 400	0
Personal income tax	0	4 329	0	3 535
Income tax on fringe benefits	0	831	0	506
Social tax	0	8 578	0	6 532
Mandatory funded pension	0	367	0	378
Unemployment insurance	0	578	0	553
Excise duty	16 100	0	16 650	305
Other prepaid taxes and taxes payable	0	534	0	874
Balance of prepayment account	30 971		0	
Total prepaid taxes, and taxes payable	47 071	18 411	27 050	12 683

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Note 6 Property, plant and equipment

(in euros)

	Land	Buildings	Computers and computer equipment	Other machinery and equipment	Machinery and equipment	Other PPE	Work-in-progress	Work-in-progress and prepayments	Total
31.12.2013									
Acquisition cost	6 700	308 351	3 040	1 672 462	1 675 502	4 785	230 596	230 596	2 225 934
Accumulated depreciation	0	-102 781	-1 808	-876 695	-878 503	-4 567	0	0	-985 851
Net book value	6 700	205 570	1 232	795 767	796 999	218	230 596	230 596	1 240 083
Purchases and additions	0	271 450	6 713	93 824	100 537	50 420	199 834	199 834	622 241
Purchase of, construction of and improvements of		271 450					0	0	271 450
Other purchases and additions			6 713	93 824	100 537	50 420	199 834	199 834	350 791
Depreciation charge	0	-33 070	-2 661	-140 190	-142 851	-7 038	0		-182 959
Reclassification	0	214 297	0	995	995	0	-215 292	-215 292	0
Reclassification of work-in-progress	0	214 297	0	995	995	0	-215 292	-215 292	0
Other changes	0	-113 279	0	0	0	0	0	0	-113 279
31.12.2014									
Acquisition cost	6 700	705 409	9 753	1 729 461	1 739 214	53 926	215 138	215 138	2 720 387
Accumulated depreciation	0	-160 441	-4 469	-979 065	-983 534	-10 326	0	0	-1 154 301
Net book value	6 700	544 968	5 284	750 396	755 680	43 600	215 138	215 138	1 566 086
Purchases and additions	0	21 435	1 633	222 866	224 499	1 515	406 505	406 505	653 954
Purchase of, construction of and improvements of new buildings		21 435					0	0	21 435
Other purchases and additions			1 633	222 866	224 499	1 515	406 505	406 505	632 519
Depreciation charge	0	-45 449	-2 730	-164 829	-167 559	-11 013	0		-224 021
Reclassification	0	0	0	159 294	159 294	0	-159 294	-159 294	0
Reclassification of work-in-progress	0	0	0	159 294	159 294	0	-159 294	-159 294	0
31.12.2015									
Acquisition cost	6 700	726 844	10 511	2 106 911	2 117 422	55 441	462 349	462 349	3 368 756
Accumulated depreciation	0	-205 890	-6 324	-1 139 184	-1 145 508	-21 339	0		-1 372 737
Net book value	6 700	520 954	4 187	967 727	971 914	34 102	462 349	462 349	1 996 019

In 2015 AS Linda Nektar wrote off non-current assets which were unfit for use and technically out-dated. The acquisition cost of these assets was 5 584 euros. As at 31 December 2015, outstanding payables to suppliers of the non-current assets amounted to 48 281 (2014: 20 692) euros.

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Note 7 Intangible assets

(in euros)

	Computer software	Other intangible assets	Work-in-progress and prepayments	Total
31.12.2013				
Acquisition cost	3 474	0	0	3 474
Accumulated amortisation	-1 944	0	0	-1 944
Net book value	1 530	0	0	1 530
Purchases and additions	3 875	0	0	3 875
Amortisation charge	-759	0	0	-759
31.12.2014				
Acquisition cost	7 349	0	0	7 349
Accumulated amortisation	-2 703	0	0	-2 703
Net book value	4 646	0	0	4 646
Purchases and additions	0	215 000	3 000	218 000
Amortisation charge	-1 470	-11 316	0	-12 786
31.12.2015				
Acquisition cost	7 349	215 000	3 000	225 349
Accumulated amortisation	-4 173	-11 316	0	-15 489
Net book value	3 176	203 684	3 000	209 860

Note 8 Operating lease

(in euros)

Company as the lessor

	2015	2014
Operating lease income	547 600	488 400
Net book value of leased-out asset items		
Machinery and equipment	83 774	115 077
Total	83 774	115 077

AS Linda Nektar has leased out some of its equipment under operating lease terms until August 2017.

Company as the lessee

	2015	2014
Operating lease expenses	22 311	20 552
Future operating lease payments for non-cancellable lease agreements:		
	31.12.2015	31.12.2014
within 12 months	6 870	20 672
within 1-5 years	0	6 870

In 2014 AS Linda Nektar leased the passenger car Volvo XC60 2.4 under operating lease terms. The cost of the vehicle is 46 700 euros. The annual interest rate is 3-month Euribor + annual 1.79%.

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Note 9 Payables and prepayments

(in euros)

	31.12.2015	within 12 months	Note
Accounts payable	183 156	183 156	
Employee-related liabilities	2 829	2 829	10
Taxes payable	18 411	18 411	5
Other payables	6 307	6 307	
Other accrued expenses	6 307	6 307	
Total payables and prepayments	210 703	210 703	

	31.12.2014	within 12 months	Note
Accounts payable	164 986	164 986	
Employee-related liabilities	1 985	1 985	10
Taxes payable	12 683	12 683	5
Other payables	374	374	
Other accrued expenses	374	374	
Total payables and prepayments	180 028	180 028	

Note 10 Employee-related liabilities

(in euros)

	31.12.2015	31.12.2014
Holiday pay	2 798	1 952
Trade union fees	31	33
Total employee-related liabilities	2 829	1 985

Note 11 Contingent assets and liabilities

(in euros)

	31.12.2015	31.12.2014
Contingent liabilities		
Potential dividends	1 137 364	2 008 982
Income tax liability on potential dividends	284 340	502 246
Total contingent liabilities	1 421 704	2 511 228

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Note 12 Government grants

(in euros)

Assets at gross acquisition cost

	31.12.2013	Received	31.12.2014
Government grant allocated for operating			
EE support	0	0	0
Total government grants allocated for	0	0	0
Total government grants	0	0	0
	31.12.2014	Received	31.12.2015
Government grant allocated for operating			
EE support	0	74 112	74 112
Total government grants allocated for	0	74 112	74 112
Total government grants	0	74 112	74 112

Assets at net acquisition cost

	2015	2014
	Received	Received
Government grants for procurement of non-current		
ARIB support	0	113 279
Total government grants for procurement of non-current	0	113 279
Total government grants	0	113 279

Note 13 Share capital

(in euros)

	31.12.2015	31.12.2014
Share capital	1 575 109	28 116
Number of shares (in units)	1 575 109	440
Nominal value of the share	1	63.90

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Note 14 Revenue

(in euros)

	2015	2014
Revenue, broken down by geographical areas		
Sales to EU member states		
Estonia	2 396 529	2 608 614
Latvia	151 672	0
Finland	208 854	119 944
Denmark	0	16 000
Total sales to EU Member States	2 757 055	2 744 558
Total revenue	2 757 055	2 744 558
Revenue, broken down by fields of activity		
Cider and other berry and fruit wine production	2 199 284	2 245 237
Lease of equipment	547 600	488 400
Waste water treatment	7 321	7 773
Sale of materials	2 850	3 148
Total revenue	2 757 055	2 744 558

Note 15 Goods, raw materials and services

(in euros)

	2015	2014
Raw materials	-1 238 878	-1 193 796
Energy	-87 235	-91 572
Electricity	-66 139	-62 658
Fuel	-21 096	-28 914
Transportation expenses	-83 985	-62 848
Total goods, raw materials and services	-1 410 098	-1 348 216

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Note 16 Other operating expenses

(in euros)

	2015	2014
Rent and lease	-28 661	-26 009
Energy	-5 646	-6 784
Fuel	-5 646	-6 784
Other office expenses	-6 006	-3 169
Research and development costs	-189 733	-276 767
Business trips	-48 058	-40 587
Training expenses	-639	-643
State and local taxes	-9 329	-9 244
Repairs	-24 630	-26 954
"First North" expenses	-8 648	0
Other	-88 070	-87 796
Total other operating expenses	-409 420	-477 953

Note 17 Personnel expenses

(in euros)

	2015	2014
Wages and salaries	-221 926	-182 542
Social tax	-73 795	-60 875
Holiday pay reserve	-633	-281
Unemployment insurance	-199	-299
Total personnel expenses	-296 553	-243 997
Average number of full-time employees	11	11

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Note 18 Income tax

(in euros)

Income tax components	2015		2014	
	Taxable amount	Income tax	Taxable amount	Income tax
Dividends announced	129 100	32 275	262 250	69 712
Estonia	129 100	32 275	262 250	69 712
Total	129 100	32 275	262 250	69 712

Note 19 Related parties

(in euros)

Parent company:	Fermex International OÜ
Parent company's country of registration:	Estonia

Balances with related parties:

	31.12.2015		31.12.2014	
	Receivables	Payables	Receivables	Payables
Members of the management and higher management and private persons with significant shareholding, and companies under their controlling or significant influence	0	1 278	0	0

2015	Purchases
Members of the management and higher management and private persons with significant shareholding, and companies under their controlling or significant influence	585
2014	Purchases
Management and higher management, as well as private persons with a significant shareholding and companies under their control or significant influence	0

Remuneration and other benefits to the management and higher management	2015	2014
Remuneration	92 824	60 584

For the purposes of the financial statements of AS Linda Nektar, the following are considered related parties:

- owners (parent company and owners of the parent company);
- management board and higher management;
- close relatives of the above persons, and the companies related to them.

According to the management of the company, the prices used for transactions with the above related parties do not significantly differ from the market prices.

In 2014 and 2015 AS Linda Nektar sponsored the preparatory training of and participation of the 3-member FIN 955 sailboat team in the World Cup competition and H-vene ranking competitions with a total of 4 000 euros per annum.

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The Annual Report Approval

Date of completion the Annual Report is 11.03.2016

Linda Nektar AS (registry code: 10211034) 01.01.2015-31.12.2015 accounting year Annual Report data accuracy is confirmed by:

Name:

Kadri Rauba



Role:

Board Member

Date:

11.03.2016



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INDEPENDENT AUDITOR'S REPORT

(translation of the Estonian original)

To the Shareholders of AS Linda Nektar

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We have audited the accompanying financial statements of AS Linda Nektar, which comprise the balance sheet as at 31 December 2015, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 5 to 19.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Estonia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (Estonia). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of AS Linda Nektar as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in Estonia.

Aivar Kangust, sworn auditor, license number 223
Grant Thornton Baltic OÜ, license number 3

Tallinn, 11 March 2016



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