



## **AS Linda Nektar**

### **The Interim Report and Interim Financial Statements**

**For the six month period ended 30 June 2015**

(unaudited)

**Reporting period:** 01.01.2015 – 30.06.2015

**Financial Year:** 01.01.2015 – 31.12.2015

**Code of company:** 10211034

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## Background Information

AS Linda Nektar is an Estonian-based beverage company with origins in the 1940s. The company is providing fermented beverages for the drinks industry focusing on unpacked fruit wines under a Business-to-Business model. The company's production facility is located in a logistically favourable position relative to the Baltic and Northern European markets.

Extensive R&D efforts have led to breakthroughs in the field of aroma stripping and recovery and this, along with the planned geographical expansion, will be the key focal points in the coming years.

The shares of Linda Nektar are admitted to trading on Nasdaq Baltic First North Market.



## **Report of activities**

### **Management Report**

The six-month sales revenue of AS Linda Nektar in 2015 was 1 446 303 euros (6 months in 2014: 1 581 898 euros). The decrease in the sales revenue was caused by a drop in the prices of the company's products as a result of a drop in the prices of important raw material in the global market. The abovementioned trend has been similar and expected since the beginning of 2014.

There were no changes in the company's product portfolio. In general, the demand for the products of AS Linda Nektar has remained stable.

The company remains focused on development of products and technology and on implementation of the new aroma technology, as well as on investments related to expanding the production.

In the first half-year, Linda Nektar started investing in expansion of production, in automation and in implementation of aroma technology. A total of 194 234 euros was invested in tangible fixed assets. The company will continue to make the above-mentioned investments in the second half of the year.

Development costs for the first six months amounted to 87 840 euros (6 months in 2014: 93 440 euros). Enterprise Estonia supports a development project of Linda Nektar with 171 823 euros from the development grant programme for industrial enterprises during the period of 2014–2016. In the first half of the financial year 2015, the company received the first instalment in the amount of 74 112 euros. As of 30.06.2015, the targeted financing received has been reported as a long-term liability on the balance sheet and has no effect on profit. Upon completion of the project in 2016 and fulfilment of the related terms and conditions, the above-mentioned targeted financing will be reported as operating income.

AS Linda Nektar finished the first half-year with a net profit of 243 639 euros. The net profit for the same period in the previous year was 294 479 euros. The increase in the operational costs and decrease in the profit were mainly caused by the one-off expenses in the amount of 57 558 euros related to the capital raising costs and the entry into the alternative market of Nasdaq Baltic First North Market.

The company paid dividends for financial year 2014 in the amount of 129 100 euros in the first half of the year. The income tax expense on the payment of dividends to shareholders was 32 275 euros.

As at 30 June 2015, the company employed 12 people, the wage bill of the first 6 months of 2015 including taxes was 152 924 euros.

Financial Ratios	January - June 2015	January - June 2014
Current Ratio = Current Assets/ Current Liabilities	8,57	6,84
Quick ratio = (Current Assets – Inventories) / Current Liabilities	7,63	5,60
Working Capital Ratio = Current Assets - Current Liabilities	1 891 397	1 195 691
Equity Ratio = Total Equity / Total Assets	0,91	0,93
Net Profit Margin= Net Profit / Sales Revenue	16,85	18,62
Debt to Assets= Total Liabilities / Total Assets	0,09	0,07

Kadri Rauba  
CEO

## Interim Financial Statements

The interim report is prepared according to the Accounting Principles Generally Accepted in Estonia. The interim report follows same accounting principles that were used in the annual report. Interim report is compiled in euros (EUR).

### Balance sheet

(In euros)

	30.06.2015	31.12.2014	30.06.2014
Assets			
Current assets			
Cash and cash equivalents	1 359 219	710 098	543 150
Receivables and prepayments	546 489	197 770	604 845
Inventories	235 517	243 002	252 602
<b>Total current assets</b>	<b>2 141 225</b>	<b>1 150 870</b>	<b>1 400 597</b>
Non-current assets			
Receivables and prepayments	582	582	7 394
Property, plant and equipment	1 654 919	1 566 086	1 419 779
Intangible assets	3 911	4 646	2 183
<b>Total non-current assets</b>	<b>1 659 412</b>	<b>1 571 314</b>	<b>1 429 356</b>
<b>Total assets</b>	<b>3 800 637</b>	<b>2 722 184</b>	<b>2 829 953</b>
Liabilities and equity			
Liabilities			
Current liabilities			
Payables and prepayments	249 828	180 028	204 906
<b>Total current liabilities</b>	<b>249 828</b>	<b>180 028</b>	<b>204 906</b>
Non-current liabilities			
Government grants *	74 112	0	0
<b>Total non-current liabilities</b>	<b>74 112</b>	<b>0</b>	<b>0</b>
<b>Total liabilities</b>	<b>323 940</b>	<b>180 028</b>	<b>204 906</b>
Equity			
Issued capital	1 575 109	28 116	28 116
Share premium	673 573	0	0
Statutory reserve capital	2 812	2 812	2 812
Retained earnings (loss)	981 564	2 187 390	2 299 640
Annual period profit (loss)	243 639	323 838	294 479
<b>Total equity</b>	<b>3 476 697</b>	<b>2 542 156</b>	<b>2 625 047</b>
<b>Total liabilities and equity</b>	<b>3 800 637</b>	<b>2 722 184</b>	<b>2 829 953</b>

\* Grants received before the revenue recognition criteria are satisfied are recognised as a liability on the balance sheet. (IFRS for SMEs 24.4 (c)). Such liability shall be recognised on the balance sheet as non-current depending on when conditions attaching to the grant are met. (Estonian GAAP 12)

**Income statement**

(In euros)

	<b>01.01.2015 - 30.06.2015</b>	<b>01.01.2014 - 30.06.2014</b>
Revenue	1 446 303	1 581 898
Other income	2 643	6 180
Changes in inventories of finished goods and work in progress	36 743	-56 397
Raw materials and consumables used	-642 522	-738 200
Other operating expense *	-308 030	-248 650
Employee expense	-152 924	-125 643
Depreciation and impairment loss (reversal)	-106 137	-84 790
Other expense	-204	-80
<b>Operating profit (loss)</b>	<b>275 872</b>	<b>334 318</b>
Other financial income and expense	42	34
<b>Profit (loss) before tax</b>	<b>275 914</b>	<b>334 352</b>
Income tax expense	-32 275	-39 873
<b>Annual period profit (loss)</b>	<b>243 639</b>	<b>294 479</b>

\* Capital raising and "First North" costs 57 558 euros

\* Technology development costs 87 840 euros

**Statement of cash flows**

(In euros)

	<b>01.01.2015 - 30.06.2015</b>	<b>01.01.2014 - 30.06.2014</b>
Cash flows from operating activities		
Profit (loss)	275 872	334 318
Adjustments		
Depreciation and impairment loss (reversal)	106 137	84 790
<b>Total adjustments</b>	<b>106 137</b>	<b>84 790</b>
Changes in receivables and prepayments related to operating activities *	-348 719	-111 683
Changes in inventories	7 485	110 699
Changes in payables and prepayments related to operating activities	85 111	-17 878
Income tax refund (paid)	-32 275	-39 873
Proceeds from government grants **	74 112	0
<b>Total cash flows from operating activities</b>	<b>167 723</b>	<b>360 373</b>
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	-209 546	-403 490
Proceeds from government grants	0	113 279
Interest received	63	136
<b>Total cash flows from investing activities</b>	<b>-209 483</b>	<b>-290 075</b>
Cash flows from financing activities		
Proceeds from issuing shares	820 002	0
Dividends paid	-129 100	-150 000
Other cash outflows from financing activities	-21	-102
<b>Total cash flows from financing activities</b>	<b>690 881</b>	<b>-150 102</b>
<b>Total cash flows</b>	<b>649 121</b>	<b>-79 804</b>
Cash and cash equivalents at beginning of period	710 098	622 954
<b>Change in cash and cash equivalents</b>	<b>649 121</b>	<b>-79 804</b>
Cash and cash equivalents at end of period	1 359 219	543 150

\* The change compared to the previous period mainly arises from the time factor related to the dates of issuing invoices and receipt of payments.

\*\* 1<sup>st</sup> instalment of the "AS Linda Nektar Development Project" of Enterprise Estonia



**Statement of changes in equity**

(In euros)

					<b>Total</b>
	Issued capital	Share premium	Statutory reserve capital	Retained earnings (loss)	
<b>31.12.2013</b>	<b>28 116</b>	<b>0</b>	<b>2 812</b>	<b>2 449 640</b>	<b>2 480 568</b>
Annual period profit (loss)	0	0	0	294 479	294 479
Dividends paid	0	0	0	-150 000	-150 000
<b>30.06.2014</b>	<b>28 116</b>	<b>0</b>	<b>2 812</b>	<b>2 594 119</b>	<b>2 625 047</b>
<b>31.12.2014</b>	<b>28 116</b>	<b>0</b>	<b>2 812</b>	<b>2 511 228</b>	<b>2 542 156</b>
Annual period profit (loss)	0	0	0	243 639	243 639
Issue of equity	146 429	673 573	0	0	820 002
Dividends paid	0	0	0	-129 100	-129 100
Other changes in equity	1 400 564	0	0	-1 400 564	0
<b>30.06.2015 *</b>	<b>1 575 109</b>	<b>673 573</b>	<b>2 812</b>	<b>1 225 203</b>	<b>3 476 697</b>

\* As of 30 June 2015 the Company has 46 shareholders.