



AS Linda Nektar

The Interim Report and Interim Financial Statements

For the six month period ended 30 June 2016

(unaudited)

Reporting period: 01.01.2016 – 30.06.2016

Financial Year: 01.01.2016 – 31.12.2016

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.

The Certified Adviser for AS Linda Nektar is AS LHV Pank.



Report of activities

Management Report

The six-month results of the Company have been positive, meeting expectations with regard to increased production volumes and turnover. The sales revenue of AS Linda Nektar for the first six months of 2016 was 2,113,661 euros (first six months of 2015: 1,446,303 euros), showing a 46% y-o-y increase. The Company completed the first half of the year with a net profit of 411,552 euros. The net profit of the same period of the previous year was 242,090 euros, reflecting a 70% y-o-y increase. No changes were made in the product portfolio of the enterprise. Demand for the products of AS Linda Nektar have been generally stable.

AS Linda Nektar has continued its targeted investments in 2016. The investments included construction and repair works, purchases of production equipment for expanding and automating production as well as procurements in the aroma technology area developed by the enterprise. In total, 508,434 euros were invested in property, plant and equipment (first six months of 2015: 194,235 euros). Depreciation expenses in the first half of the year amounted to 167,848 euros (first six months of 2015: 107,697 euros), which have increased due to the aforementioned investments.

Development costs in the first half of the year amounted to 88,159 euros (first six months of 2015: 87,840 euros). In the first half of the 2016 financial year, the second and third payments in the total amount of 81,745 euros were received from the 'Development project of Linda Nektar production enterprises' supported by Enterprise Estonia. As at 30 June 2016, the targeted financing received is recorded on the balance sheet as a short-term liability in the final amount of 155,857 euros and that does not have an effect on the profit. Upon the completion of the project in the second half of 2016 and after the fulfilment of the related terms and conditions, the targeted financing will be recorded as operating income.

In the first half of the year, the enterprise paid dividends for the performance of the 2015 financial year in the amount of 141,760 euros. The income tax expense entailed in the payment of dividends to the shareholders amounted to 35,440 euros.

As at 30 June 2016, the enterprise had 11 employees - 1 member of the management and 3 supervisory board members. The salary expenses of the first six months of 2016 (including

taxes) were 174,372 euros (first six months of 2015: 152,924 euros). Labour costs have increased due to employee salary increases and the payment of performance-related pay.

The enterprise continues to be mainly focused on product and technology development as well as plans concerning the introduction of new aroma technology and the expansion of production.

Financial Ratios:		January - June 2016	January - June 2015
Current Ratio = Current Assets/ Current Liabilities	x	3.96	6.61
Quick ratio = (Current Assets – Inventories) / Current Liabilities	x	3.16	5.88
Working Capital = Current Assets - Current Liabilities		1,340,468	1,817,296
Equity Ratio = Total Equity / Total Assets	%	89.55	91.47
Net Profit Margin = Net Profit / Sales Revenue	%	19.47	16.74
Debt to Assets = Total Liabilities / Total Assets	x	0.10	0.09

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)

	30.06.2016	31.12.2015	30.06.2015
Assets			
Current assets			
Cash and cash equivalents	744 903	991 984	1 359 386
Receivables and prepayments*	689 546	364 401	546 489
Inventories	359 642	339 693	235 517
Total current assets	1 794 091	1 696 078	2 141 392
Non-current assets			
Receivables and prepayments	0	0	582
Property, plant and equipment	2 367 273	1 996 019	1 653 359
Intangible assets	179 193	209 860	3 911
Total non-current assets	2 546 466	2 205 879	1 657 852
Total assets	4 340 557	3 901 957	3 799 244
Liabilities and equity			
Liabilities			
Current liabilities			
Payables and prepayments	297 766	210 703	249 984
Government grants **	155 857	74 112	74 112
Total current liabilities	453 623	284 815	324 096
Total liabilities	453 623	284 815	324 096
Equity			
Issued capital	1 575 109	1 575 109	1 575 109
Share premium	617 517	617 517	673 573
Statutory reserve capital	24 818	2 812	2 812
Retained earnings (loss)	1 257 938	981 564	981 564
Profit for period (loss)	411 552	440 140	242 090
Total equity	3 886 934	3 617 142	3 475 148
Total liabilities and equity	4 340 557	3 901 957	3 799 244

* Normal business fluctuations of production

** 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)

	01.01.2016 - 30.06.2016	01.01.2015 - 30.06.2015
Revenue	2 113 661	1 446 303
Changes in inventories of finished goods and work in progress	18 642	36 743
Raw materials and consumables used	-1 170 116	-700 306
Other operating expenses *	-173 020	-247 780
Employee expense	-174 372	-152 924
Depreciation and impairment loss (reversal)	-167 848	-107 697
Other expense	-1	-204
Operating profit (loss)	446 946	274 135
Other financial income and expense	46	230
Profit (loss) before tax	446 992	274 365
Income tax expense	-35 440	-32 275
Annual period profit (loss)	411 552	242 090

* Technology development costs 88 159 euros (6 months 2015: 87 840 euros)

Statement of cash flows

(In euros)

	01.01.2016 - 30.06.2016	01.01.2015 - 30.06.2015
Cash flows from operating activities		
Profit (loss)	446 946	274 135
Adjustments	0	0
Depreciation and impairment loss (reversal)	167 848	107 697
Total adjustments	167 848	107 697
Changes in receivables and prepayments related to operating activities	-325 145	-348 719
Changes in inventories	-19 949	7 485
Changes in payables and prepayments related to operating activities	127 507	85 267
Income tax refund (paid)	-35 440	-32 275
Proceeds from government grants *	81 745	74 112
Total cash flows from operating activities	-171 282	-214 130
Cash flows from investing activities	0	0
Purchase of property, plant and equipment and intangible assets	-548 879	-209 546
Interest received	46	230
Total cash flows from investing activities	-548 833	-209 316
Cash flows from financing activities	0	0
Proceeds from issuing shares	0	820 002
Dividends paid	-141 760	-129 100
Total cash flows from financing activities	-141 760	690 902
Total cash flows	-247 081	649 288
Cash and cash equivalents at beginning of period	991 984	710 098
Change in cash and cash equivalents	-247 081	649 288
Cash and cash equivalents at end of period	744 903	1 359 386

* 2nd and 3rd instalment of the "AS Linda Nektar Development Project" of Enterprise Estonia 81 745 euros

Statement of changes in equity

(In euros)

	Issued capital	Share premium	Statutory reserve capital	Retained earnings (loss)	Total
31.12.2014	28 116	0	2 812	2 511 228	2 542 156
Profit for period (loss)	0	0	0	242 090	242 090
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
30.06.2015	1 575 109	673 573	2 812	1 223 654	3 475 148
31.12.2015	1 575 109	617 517	2 812	1 421 704	3 617 142
Profit for period (loss)	0	0	0	411 552	411 552
Issue of equity	0	0	0	0	0
Dividends paid	0	0	0	-141 760	-141 760
Other changes in equity	0	0	22 007	-22 007	0
30.06.2016	1 575 109	617 517	24 819	1 669 489	3 886 934

* As of 30 June 2016 the Company had 53 shareholders.