



Linda Nektar

AS Linda Nektar

The Interim Report and Interim Financial Statements for the six month period ended 30 June 2017 (unaudited)

Reporting period: 01.01.2017 – 30.06.2017

Financial Year: 01.01.2017 – 31.12.2017

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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 sales revenue of AS Linda Nektar for the first six months of 2017 was 1,469,298 euros (first six months of 2016: 2,113,661 euros), showing a 30,5% y-o-y decrease. The Company completed the first half of the year with a net profit of 118,403 euros. The net profit of the same period of the previous year was 411,923 euros, reflecting a 71,2% y-o-y decrease.

The market is presently faced with a combination of a weak summer from a demand perspective due to weather considerations, while the Company's customers are also absorbing the impact of rises in excise taxes previously announced by the Estonian government. Due to changes in excise tax rates and the consequent adjustments within the existing customer base, the management believes that revenue guidance for 2017 remains unclear; however, the estimate will be below the previously indicated EUR 3.5 – 4.0 m.

There have been some interesting European beverages market developments within the Company's sector. One of these is that light alcoholic drinks have also begun to be based on (cheaper) fermented glucose syrup instead of the traditional fruit base. The Company has the ability to produce both kinds of product for the drinks industry. It is important to note that overall consumption of beverages on our existing markets are not expected to change significantly. However, predicting the exact mix is not currently feasible due to ongoing changes in the business environment.

The Company's strategic aim remains to further develop its aroma technologies and related solutions. Part of this includes the recent completion of its product development and quality control facility to meet the high standards of global flavour purchasers and beverage producers. The focus is on helping its customers develop innovative product solutions to meet future consumption trends. A valuable tool in this context is international co-operation which the Company has been recently developing. In view of our pursuit to attract new customers, our production capacity can be significantly increased in a short period of time should such need arise.

In total, 349,950 euros were invested in property, plant and equipment (first six months of 2016: 508,434 euros). Depreciation expenses in the first half of the year amounted to 211,716 euros

(first six months of 2016: 167,848 euros) and development costs amounted to 22,440 euros (first six months of 2016: 88,159 euros).

As at 30 June 2017, the enterprise had 13 employees - 1 member of the management and 3 supervisory board members. The salary expenses of the first six months of 2017 (including taxes) were 158,186 euros (first six months of 2016: 174,372 euros).

In the first half of the year, the enterprise paid dividends for the performance of the 2016 financial year in the amount of 299,271 euros (first six months of 2016: 141,760 euros). The income tax expense entailed in the payment of dividends to the shareholders amounted to 74,818 euros (first six months of 2016: 35,440 euros).

Financial Ratios:		January - June 2017	January - June 2016
Current Ratio = Current Assets / Current Liabilities	x	6.55	3.96
Quick ratio = (Current Assets – Inventories) / Current Liabilities	x	4.97	3.16
Working Capital = Current Assets - Current Liabilities		1,145,495	1,340,840
Equity Ratio = Total Equity / Total Assets	%	95.23	89.55
Net Profit Margin = Net Profit / Sales Revenue	%	8.06	19.49
Debt to Assets = Total Liabilities / Total Assets	x	0.05	0.10

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)

	30.06.2017	31.12.2016	30.06.2016
Assets			
Current assets			
Cash and cash equivalents	689 422	1 103 517	744 903
Receivables and prepayments	337 263	346 529	689 917
Inventories	325 380	306 057	359 643
Total current assets	1 352 065	1 756 103	1 794 463
Non-current assets			
Receivables and prepayments	517	517	0
Property, plant and equipment	2 868 894	2 697 075	2 367 273
Intangible assets	111 271	144 857	179 193
Total non-current assets	2 980 682	2 842 449	2 546 466
Total assets	4 332 747	4 598 552	4 340 929
Liabilities and equity			
Liabilities			
Current liabilities			
Payables and prepayments	206 570	291 507	297 766
Government grants	0	0	155 857
Total current liabilities	206 570	291 507	453 623
Total liabilities	206 570	291 507	453 623
Equity			
Issued capital	1 575 109	1 575 109	1 575 109
Share premium	617 517	617 517	617 517
Statutory reserve capital	66 402	24 819	24 819
Retained earnings (loss)	1 748 746	1 257 938	1 257 938
Profit (loss) for financial period	118 403	831 662	411 923
Total equity	4 126 177	4 307 045	3 887 306
Total liabilities and equity	4 332 747	4 598 552	4 340 929

Income statement

(In euros)

	01.01.2017 - 30.06.2017	01.01.2016 - 30.06.2016
Revenue	1 469 298	2 113 661
Changes in inventories of finished goods and work in progress	-2 857	18 642
Raw materials and consumables used	-769 848	-1 193 607
Other operating expenses *	-133 459	-149 158
Employee expenses	-158 186	-174 372
Depreciation and impairment loss (reversal)	-211 716	-167 848
Other expenses	-54	-1
Operating profit (loss)	193 178	447 317
Interest income	43	46
Profit (loss) before tax	193 221	447 363
Income tax expense	-74 818	-35 440
Profit (loss) for financial period	118 403	411 923

* Technology development costs 22,440 euros in the first half of 2017 (6 months 2016: 88,159 euros).

Statement of cash flows

(In euros)

	01.01.2017 - 30.06.2017	01.01.2016 - 30.06.2016
Cash flows from operating activities		
Operating profit (loss)	193 178	447 317
Adjustments		
Depreciation and impairment loss (reversal)	211 716	167 848
Total adjustments	211 716	167 848
Changes in receivables and prepayments related to operating activities	9 266	-325 516
Changes in inventories	-19 323	-19 949
Changes in payables and prepayments related to operating activities	25 134	127 507
Income tax refund (paid)	-74 818	-35 440
Proceeds from government grants *	0	81 745
Total cash flows from operating activities	345 153	443 512
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	-460 020	-548 879
Interest received	43	46
Total cash flows from investing activities	-459 977	-548 833
Cash flows from financing activities		
Dividends paid	-299 271	-141 760
Total cash flows from financing activities	-299 271	-141 760
Total cash flows	-414 095	-247 081
Cash and cash equivalents at beginning of period	1 103 517	991 984
Change in cash and cash equivalents	-414 095	-247 081
Cash and cash equivalents at end of period	689 422	744 903

* 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
31.12.2015	1 575 109	617 517	2 812	1 421 705	3 617 143
Profit (loss) for financial period	0	0	0	411 923	411 923
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	1 669 861	3 887 306
31.12.2016	1 575 109	617 517	24 819	2 089 600	4 307 045
Profit (loss) for financial period	0	0	0	118 403	118 403
Dividends paid	0	0	0	-299 271	-299 271
Other changes in equity	0	0	41 583	-41 583	0
30.06.2017	1 575 109	617 517	66 402	1 867 149	4 126 177

* As of 30 June 2017 the Company had 56 shareholders.