



# Linda Nektar

**THE INTERIM REPORT AND  
INTERIM FINANCIAL  
STATEMENTS FOR SIX  
MONTH PERIOD ENDED  
30 JUNE 2018  
(UNAUDITED)**

**reporting period:** 01.01.2018 – 30.06.2018

**financial year:** 01.01.2018 - 31.12.2018

**business name:** aktsiaselts Linda Nektar

**register code:** 10211034

**street, building, apartment, farm:** Valga mnt 4

**small town:** Kobela alevik

**rural municipality:** Antsla vald

**county:** Võru maakond

**postal code:** 66407

**telephone:** +372 7855768

**fax:** +372 7855768

**e-mail address:** info@lindanektar.ee

**web address:** www.lindanektar.ee

## Table of contents

<b>Management report</b>	<b>3</b>
<b>The Interim accounts</b>	<b>5</b>
<b>Statement of financial position</b>	<b>5</b>
<b>Income statement</b>	<b>6</b>
<b>Statement of cash flows</b>	<b>7</b>
<b>Statement of changes in equity</b>	<b>8</b>
<b>Notes</b>	<b>9</b>
<b>Note 1 Accounting policies</b>	<b>9</b>
<b>Note 2 Cash and cash equivalents</b>	<b>11</b>
<b>Note 3 Receivables and prepayments</b>	<b>11</b>
<b>Note 4 Inventories</b>	<b>12</b>
<b>Note 5 Tax prepayments and liabilities</b>	<b>12</b>
<b>Note 6 Property, plant and equipment</b>	<b>13</b>
<b>Note 7 Intangible assets</b>	<b>14</b>
<b>Note 8 Operating lease</b>	<b>15</b>
<b>Note 9 Payables and prepayments</b>	<b>15</b>
<b>Note 10 Contingent liabilities and assets</b>	<b>16</b>
<b>Note 11 Grants</b>	<b>16</b>
<b>Note 12 Share capital</b>	<b>16</b>
<b>Note 13 Net sales</b>	<b>17</b>
<b>Note 14 Other operating income</b>	<b>17</b>
<b>Note 15 Goods, raw materials and services</b>	<b>17</b>
<b>Note 16 Miscellaneous operating expenses</b>	<b>18</b>
<b>Note 17 Labour expense</b>	<b>18</b>
<b>Note 18 Income tax</b>	<b>18</b>
<b>Note 19 Related parties</b>	<b>19</b>

## Management Report

The aggressive raising of alcohol excise duty in Estonia that continued in 2018 has resulted in significant price differences between stores in Estonia and Latvia and given rise to higher trade flows across the southern border. This has been accompanied by increased cross-border trade in motor fuel and other goods. In addition to the boost of border trade in Latvia, the rise in excise duty has led to a substantial adjustment on our northern border with Finland. The amount of alcohol sold there is dropping and this trend was aggravated even further in the second half of the last year. The decline is reflected in the turnover figures of harbour shops and the amount of spirits sold on board the ships. According to the estimate of alcohol retail chains in Estonia, sales volumes have shrunk. In H2 2017, alcohol sales volumes decreased by approximately 20% with the biggest drop in South Estonian stores - up to 30 %.<sup>1</sup>

The aforesaid factors, the tougher competitive environment in which the producers of alcoholic beverages operate, and the resulting pressure to economise have affected the performance of AS Linda Nektar ('The Company'). In H1 2018, the Company's turnover amounted to 1,092,104 euros marking a decrease of 25.7 % year-on-year (H1 2017: 1,469,298 euros). H1 2018 ended in a net loss of 51,013 euros (H1 2017 yielded a profit of 118,879 euros).

As of 30 June 2018, the Company's balance sheet totalled 4,164,746 euros (H1 2017: 4,333,222 euros) marking a decrease of 3.9 % year-on-year. Current assets amounted to 1,638,157 euros (H1 2017: 1,352,460 euros) or 39.3 % of total assets. Fixed assets amounted to 2,526,589 euros (H1 2017: 2,980,762 euros) or 60.7 % of the balance sheet total. The liabilities of AS Linda Nektar totalled 246,788 euros (H1 2017: 206,570 euros) and equity capital amounted to 3,917,958 euros (H1 2017: 4,126,652 euros).

The Company's ongoing prudent approach to leverage and ample liquidity reserves has been retained. As of 30 June 2018, there were no loan commitments, while current and quick ratios for the Company remained at over 6.6x and 5.1x respectively (both slightly increasing compared with H1 2017). Operating cash flow in H1 2018 was a positive 97,891 euros (H1 2017: 337,078 euros). In line with the softer operating conditions capital expenditure has been reigned in. Cash flows from investing activities were a positive 155,748 euros (helped by inflow of government grants – refer to later paragraph) compared with -451,902 euros in H1 2017.

A total of 149,703 euros was invested in fixed assets (H1 2017: 349,950 euros). A significant investment was the commissioning of solar panels (87 kW) as a source of renewable energy for the production process. This investment allows notable savings on energy costs especially over the summer months when the production volumes peak and the energy need for cooling is high. Resource savings throughout the production process, use of renewable energy sources and environmentally sound practices employed by staff are all essential objectives for the Company.

Some investments either made in 2018 or commenced earlier and completed in 2018 have been implemented through support provided by the Agricultural Registers and Information Board (ARIB). In H1 2018, the Company received 158,234 euros as support from ARIB for purchasing machinery and equipment, and 155,346 euros for expanding the production facility. Assets acquired through targeted financing have been recognised using the net method meaning that upon the receipt of support funds the amount of targeted financing was deducted from the acquisition value of assets.

Depreciation costs in H1 2018 amounted to 230,538 euros (H1 2017: 211,637 euros) - the increase being due to the aforesaid investments.

In H1 2018, the Company paid 126,009 euros in dividends on the account of its performance in 2017 (H1 2017: 299,271 euros). The income tax cost on dividends paid to shareholders was 31,502 euros (H1 2017: 74,818 euros).

---

<sup>1</sup>Source: Ministry of Finance

As of 30 June 2018, the Company had 13 employees, one Management Board Member, and four Supervisory Board Members. Labour costs in H1 2018 (including taxes) amounted to 156,373 euros (H1 2017: 158,060 euros).

With the outcome of the first half reflecting an operating environment which was more or less anticipated, management retains a revenue guidance target of 2.5m euros for the whole of 2018, albeit notes that at present some downside risk to this figure exists. Due to the ongoing shorter term fluctuations further guidance will only be forthcoming later in the second half of 2018.

The Company's strategic objective continues to be the development of its aroma technologies and related solutions. With this in mind it continues to work with an international flavour producer to launch and market products based on raw materials and its own proprietary technology.

**Financial Ratios:**

		January - June 2018	January - June 2017
Current Ratio = Current Assets/ Current Liabilities	x	6.64	6.55
Quick ratio = (Current Assets – Inventories) / Current Liabilities	x	5.08	4.97
Working Capital = Current Assets - Current Liabilities		1,391,369	1,145,890
Equity Ratio = Total Equity / Total Assets	%	94.07	95.23
Net Profit Margin= Net Profit / Sales Revenue	%	-4.67	8.09
Debt to Assets= Total Liabilities / Total Assets	x	0.06	0.05

Kadri Rauba  
CEO

## The Interim accounts

### Statement of financial position

(In Euros)

	30.06.2018	31.12.2017	30.06.2017	Note
Assets				
Current assets				
Cash and cash equivalents	848 124	720 494	689 422	2
Receivables and prepayments	404 787	202 220	337 263	3
Inventories	385 246	347 264	325 775	4
<b>Total current assets</b>	<b>1 638 157</b>	<b>1 269 978</b>	<b>1 352 460</b>	
Non-current assets				
Receivables and prepayments	25	235	517	3
Property, plant and equipment	2 481 242	2 840 234	2 868 974	6
Intangible assets	45 322	84 544	111 271	7
<b>Total non-current assets</b>	<b>2 526 589</b>	<b>2 925 013</b>	<b>2 980 762</b>	
<b>Total assets</b>	<b>4 164 746</b>	<b>4 194 991</b>	<b>4 333 222</b>	
Liabilities and equity				
Liabilities				
Current liabilities				
Payables and prepayments	246 788	100 012	206 570	9
<b>Total current liabilities</b>	<b>246 788</b>	<b>100 012</b>	<b>206 570</b>	
<b>Total liabilities</b>	<b>246 788</b>	<b>100 012</b>	<b>206 570</b>	
Equity				
Issued capital	1 575 109	1 575 109	1 575 109	12
Share premium	617 517	617 517	617 517	
Statutory reserve capital	70 672	66 402	66 402	
Other reserves	1 804	1804	0	
Retained earnings (loss)	1 703 869	1 748 745	1 748 745	
Reporting period profit (loss)	-51 013	85 402	118 879	
<b>Total equity</b>	<b>3 917 958</b>	<b>4 094 979</b>	<b>4 126 652</b>	
<b>Total liabilities and equity</b>	<b>4 164 746</b>	<b>4 194 991</b>	<b>4 333 222</b>	

## Income statement

(In Euros)

	01.01.2018 - 30.06.2018	01.01.2017 - 30.06.2017	Note
Revenue	1 092 104	1 469 298	13
Other income	5963	0	14
Changes in inventories of finished goods and work in progress	43 321	-2 857	
Raw materials and consumables used	-674 560	-770 916	15
Other operating expense	-99 430	-132 120	16
Employee expense	-156 373	-158 060	17
Depreciation and impairment loss (reversal)	-230 538	-211 637	6,7
Other expense	-43	-54	
<b>Operating profit (loss)</b>	<b>-19 556</b>	<b>193 654</b>	
Interest income	45	43	
<b>Profit (loss) before tax</b>	<b>-19 511</b>	<b>193 697</b>	
Income tax expense	-31 502	-74 818	18
<b>Reporting period profit (loss)</b>	<b>-51 013</b>	<b>118 879</b>	

## Statement of cash flows

(In Euros)

	01.01.2018 - 30.06.2018	01.01.2017 - 30.06.2017	Note
Cash flows from operating activities			
Operating profit (loss)	-19 556	193 654	
Adjustments			
Depreciation and impairment loss (reversal)	230 538	211 637	6,7
<b>Total adjustments</b>	<b>230 538</b>	<b>211 637</b>	
Changes in receivables and prepayments related to operating activities	-202 357	9 266	
Changes in inventories	-37 982	-19 718	
Changes in payables and prepayments related to operating activities	158 750	17 057	
Income tax refund (paid)	-31 502	-74 818	18
<b>Total cash flows from operating activities</b>	<b>97 891</b>	<b>337 078</b>	
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	-157 877	-451 945	6,7
Proceeds from government grants	313 580	0	11
Interest received	45	43	
<b>Total cash flows from investing activities</b>	<b>155 748</b>	<b>-451 902</b>	
Cash flows from financing activities			
Dividends paid	-126 009	-299 271	18
<b>Total cash flows from financing activities</b>	<b>-126 009</b>	<b>-299 271</b>	
<b>Total cash flows</b>	<b>127 630</b>	<b>-414 095</b>	
Cash and cash equivalents at beginning of period	720 494	1 103 517	2
<b>Change in cash and cash equivalents</b>	<b>127 630</b>	<b>-414 095</b>	
Cash and cash equivalents at end of period	848 124	689 422	2

**Statement of changes in equity**

(In Euros)

						Total
	Issued capital	Share premium	Statutory reserve capital	Other reserves	Retained earnings (loss)	
<b>31.12.2016</b>	<b>1 575 109</b>	<b>617 517</b>	<b>24 819</b>	<b>0</b>	<b>2 089 599</b>	<b>4 307 044</b>
Reporting period profit (loss)	0	0	0	0	118 879	118 879
Declared dividends	0	0	0	0	-299 271	-299 271
Changes in reserves	0	0	41 583	0	-41 583	0
<b>30.06.2017</b>	<b>1 575 109</b>	<b>617 517</b>	<b>66 402</b>	<b>0</b>	<b>1 867 624</b>	<b>4 126 652</b>
Reporting period profit (loss)	0	0	0	0	-33 477	-33 477
Declared dividends	0	0	0	0	0	0
Changes in reserves	0	0	0	1 804	0	1 804
<b>31.12.2017</b>	<b>1 575 109</b>	<b>617 517</b>	<b>66 402</b>	<b>1 804</b>	<b>1 834 147</b>	<b>4 094 979</b>
Reporting period profit (loss)	0	0	0	0	-51 013	-51 013
Declared dividends	0	0	0	0	-126 009	-126 009
Changes in reserves	0	0	4 270	0	-4 269	1
<b>30.06.2018</b>	<b>1 575 109</b>	<b>617 517</b>	<b>70 672</b>	<b>1 804</b>	<b>1 652 856</b>	<b>3 917 958</b>

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.

In 2017, the share option programme that was approved by AS Linda Nektar shareholders' decision from 9 April 2015, was cancelled. At the same time, a new share option programme was approved which covers up to 3% of the total registered share capital as of 7 September 2017. The purpose of the option 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 Company.

In 2017, an option agreement was signed with a member of the AS Linda Nektar supervisory board. The share option gives the supervisory board member a right to acquire 5,034 ordinary shares of AS Linda Nektar. Upon exercising the option holder must pay the share nominal value of 1 euro per share, ie 5,034 euros. The vesting period of the option agreement is three years from the date of signing the contract. To exercise the option the option holder has to have a work relationship or participate in the work of management or highest supervisory body of the Company during the whole vesting period.

## Notes

### Note 1 Accounting policies

#### General information

The Reporting period statements H1 2018 of AS Linda Nektar have been prepared in accordance with the Estonian financial reporting standard. The main requirements of the Estonian financial reporting standard 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 Company belongs to the small business category. The Interim report is compiled completely according to the regulations introduced for middle-sized companies.

The Reporting period statements of AS Linda Nektar for H1 2018 have been prepared in euros.

#### Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents are cash in hand, demand deposits in banks.

#### Foreign currency transactions and assets and liabilities denominated in a 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 an individual basis, if possible. If the evaluation of the receivables on an 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, are 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), staff remuneration and a proportional part of the production overheads (depreciation of production buildings and equipment).

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

#### Plant, property and equipment and intangible assets

Assets with an acquisition cost of over 1,000 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
- 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
- software: 5 years
- other intangible assets: 3 years

Land is not depreciated.

#### **Leases**

Accounting entity as lessor.

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

Accounting entity as lessee.

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 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.

#### **Revenue recognition**

Revenue and expenses are recognised on an 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 at the moment the right of ownership is transferred to the buyer.

#### **Expense recognition**

Expenses on vacation pay are recorded in the period when they are incurred. The vacation reserve is adjusted on an annual basis at the end of each financial year. The earned vacation 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 2018. 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 dividends were announced or when the dividends are actually paid.

#### Related parties

For the purposes of the Reporting period statements H1 2018 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.

#### Share-based Payments

Derivatives (e.g. forward, future, swap and option contracts) are carried in the balance sheet at their fair value. The fair value of services (work contribution) provided by employees to the entity in return for shares is recognised as employee costs in the income statement and as an equity reserve from the date of granting the share option and during the period when the services have been provided. The fair value of the services received is determined on the fair value of equity instruments (market price) granted to employees at the grant date. The market price of the share is the closing price of the share on the last day of the financial year in Nasdaq First North Alternative Market. Derivatives are revalued at the end of the financial year according to the change in fair value of the instrument.

## Note 2 Cash and cash equivalents

(In Euros)

	30.06.2018	30.06.2017
Cash on hand	322	209
Bank accounts	847 802	689 213
<b>Total cash and cash equivalents</b>	<b>848 124</b>	<b>689 422</b>

## Note 3 Receivables and prepayments

(In Euros)

	30.06.2018	Allocation by remaining maturity		Note
		Within 12 months	1 - 5 years	
Accounts receivable	370 111	370 111	0	
Accounts receivables	370 111	370 111	0	
Tax prepayments and receivables	30 440	30 440	0	5
Prepayments	4 261	4 236	25	
Deferred expenses	4 261	4 236	25	
<b>Total receivables and prepayments</b>	<b>404 812</b>	<b>404 787</b>	<b>25</b>	
	30.06.2017	Allocation by remaining maturity		Note
		Within 12 months	1 - 5 years	
Accounts receivable	306 793	306 793	0	
Accounts receivables	306 793	306 793	0	
Tax prepayments and receivables	25 200	25 200	0	5
Prepayments	5 787	5 270	517	
Deferred expenses	5 787	5 270	517	
<b>Total receivables and prepayments</b>	<b>337 780</b>	<b>337 263</b>	<b>517</b>	

## Note 4 Inventories

(In Euros)

	30.06.2018	30.06.2017
Raw materials	106 460	120 786
Work in progress	232 235	161 168
Finished goods	43 856	27 504
Merchandise	196	1323
Inventory prepayments	2 499	14 994
Inventory prepayments	2 499	14 994
<b>Total Inventories</b>	<b>385 246</b>	<b>325 775</b>

## Note 5 Tax prepayments and liabilities

(In Euros)

	30.06.2018		30.06.2017	
	Tax prepayments	Tax liabilities	Tax prepayments	Tax liabilities
Value added tax	0	13 416	0	6 625
Personal income tax	0	3 640	0	4 268
Fringe benefit income tax	0	323	0	569
Social tax	0	7 828	0	8 222
Contributions to mandatory funded pension	0	405	0	480
Unemployment insurance tax	0	362	0	431
Excise duty tax	30 440	0	25 200	0
Other tax prepayments and liabilities	0	910	0	512
Prepayment account balance	0		0	
<b>Total tax prepayments and liabilities</b>	<b>30 440</b>	<b>26 884</b>	<b>25 200</b>	<b>21 107</b>

## Note 6 Property, plant and equipment

(In Euros)

										Total
	Land	Buildings				Machinery and equipment	Other property, plant and equipment	Unfinished projects	Unfinished projects and prepayment	
			Transportation	Computers and computer systems	Other machinery and equipment					
<b>31.12.2016</b>										
Carried at cost	6 700	862 071	63 498	14 520	2 744 398	2 822 416	58 318	594 830	594 830	4 344 335
Accumulated depreciation	0	-253 729	-20 947	-9 667	-1 330 917	-1 361 531	-32 000	0	0	-1 647 260
<b>Residual cost</b>	6 700	608 342	42 551	4 853	1 413 481	1 460 885	26 318	594 830	594 830	2 697 075
Acquisitions and additions	0	5 201	0	0	2 005	2 005	1 800	340 194	340 194	349 200
Acquisition of buildings, new building, renovations		5 201						309 437	309 437	314 638
Other acquisitions and additions	0		0	0	2 005	2 005	1 800	30 757	30 757	34 562
Depreciation	0	-27 631	-5 319	-1 448	-137 911	-144 678	-4 992	0	0	-177 301
Reclassifications	0	0	0	0	82 364	82 364	0	-82 364	-82 364	0
Reclassifications from unfinished projects	0	0	0	0	82 364	82 364	0	-82 364	-82 364	0
Other changes	0	0	0	0	0	0	0	0	0	0
<b>30.06.2017</b>										
Carried at cost	6 700	867 272	63 498	14 520	2 828 767	2 906 785	60 118	852 660	852 660	4 693 535
Accumulated depreciation	0	-281 360	-26 266	-11 115	-1 468 828	-1 506 209	-36 992	0	0	-1 824 561
<b>Residual cost</b>	6 700	585 912	37 232	3 405	1 359 939	1 400 576	23 126	852 660	852 660	2 868 974
<b>31.12.2017</b>										
Carried at cost	6 700	872 432	68 022	14 520	3 221 930	3 304 472	79 688	571 972	571 972	4 835 264
Accumulated depreciation	0	-308 448	-22 264	-12 137	-1 610 574	-1 644 975	-41 607	0	0	-1 995 030
<b>Residual cost</b>	6 700	563 984	45 758	2 383	1 611 356	1 659 497	38 081	571 972	571 972	2 840 234
Acquisitions and additions	0	119 508	0	0	13 508	13 508	2 102	14 585	14 585	149 703
Acquisition of buildings, new building, renovations		119 508								119 508
Other acquisitions and additions	0		0	0	13 508	13 508	2 102	14 585	14 585	30 195
Depreciation	0	-38 457	-6 803	-940	-143 497	-151 240	-5 418	0	0	-195 115
Reclassifications	0	525 237	0	0	8 458	8 458	0	-533 695	-533 695	0
Reclassifications from unfinished projects	0	525 237	0	0	8 458	8 458	0	-533 695	-533 695	0
Other changes	0	-184 598	0	0	-128 982	-128 982	0	0	0	-313 580
<b>30.06.2018</b>										
Carried at cost	6 700	1 332 579	68 022	14 520	3 114 914	3 197 456	81 791	52 862	52 862	4 671 388
Accumulated depreciation	0	-346 905	-29 067	-13 077	-1 754 071	-1 796 215	-47 026	0	0	-2 190 146
<b>Residual cost</b>	6 700	985 674	38 955	1 443	1 360 843	1 401 241	34 765	52 862	52 862	2 481 242

As at 30 June 2018, outstanding payables to suppliers of the non-current assets amounted to 4,575 euros (H1 2017: 20,044 euros).

In the first half of the year 2018 the Company has received grants from Estonian Agricultural Registers and Information Board in the amount of 158,234 euros for machinery and equipment and 155,346 euros for the extension of production building. Assets that are acquired using grants are recognised at net cost - i.e. at cost of assets less grants received.

## Note 7 Intangible assets

(In Euros)

				Total
	Computer software	Other intangible assets	Unfinished projects and prepayments	
<b>31.12.2016</b>				
Carried at cost	7 349	215 000	6 810	229 159
Accumulated depreciation	-5 089	-79 213	0	-84 302
<b>Residual cost</b>	<b>2 260</b>	<b>135 787</b>	<b>6 810</b>	<b>144 857</b>
Acquisitions and additions	0	0	750	750
Depreciation	-387	-33 949	0	-34 336
Other changes	0	0	0	0
<b>30.06.2017</b>				
Carried at cost	7 349	215 000	7 560	229 909
Accumulated depreciation	-5 476	-113 162	0	-118 638
<b>Residual cost</b>	<b>1 873</b>	<b>101 838</b>	<b>7 560</b>	<b>111 271</b>
<b>31.12.2017</b>				
Carried at cost	10 649	222 560	4 600	237 809
Accumulated depreciation	-6 029	-147 236	0	-153 265
<b>Residual cost</b>	<b>4 620</b>	<b>75 324</b>	<b>4 600</b>	<b>84 544</b>
Acquisitions and additions	0	0	0	0
Depreciation	-718	-34 705	0	-35 423
Other changes	1	0	-3 800	-3 799
<b>30.06.2018</b>				
Carried at cost	10 649	222 560	800	234 009
Accumulated depreciation	-6 746	-181 941	0	-188 687
<b>Residual cost</b>	<b>3 903</b>	<b>40 619</b>	<b>800</b>	<b>45 322</b>

**Note 8 Operating lease**

(In Euros)

**Accounting entity as lessor**

	01.01.2018 - 30.06.2018	01.01.2017 - 30.06.2017	Note
Operating lease income	60 972	186 726	13
Residual cost of leased assets			
Machinery and equipment	4 950	32 370	
<b>Total</b>	<b>4 950</b>	<b>32 370</b>	

AS Linda Nektar has leased out its equipment under operating lease terms until November 2018.

**Accounting entity as lessee**

	01.01.2018 - 30.06.2018	01.01.2017 - 30.06.2017	Note
Operating lease expenses	2 151	2 183	
Future lease expense under non-cancellable lease contracts			
	01.01.2018 - 30.06.2018	01.01.2017 - 30.06.2017	Note
Within 12 months	0	517	
1 - 5 years	0	0	

**Note 9 Payables and prepayments**

(In Euros)

	30.06.2018	Within 12 months	Note
Trade payables	210 519	210 519	
Employee payables	7 364	7 364	
Tax payables	26 884	26 884	5
Other payables	2021	2021	
Other accrued expenses	2021	2021	
<b>Total payables and prepayments</b>	<b>246 788</b>	<b>248 809</b>	
	30.06.2017	Within 12 months	Note
Trade payables	180 660	180 660	
Employee payables	3 935	3 935	
Tax payables	21 107	21 107	5
Other payables	868	868	
Other accrued expenses	868	868	
<b>Total payables and prepayments</b>	<b>206 570</b>	<b>206 570</b>	

**Note 10 Contingent liabilities and assets**

(In Euros)

	30.06.2018	30.06.2017
Contingent liabilities		
Distributable dividends	1 322 285	1 494 099
Income tax liability on distributable dividends	330 571	373 525
<b>Total contingent liabilities</b>	<b>1 652 856</b>	<b>1 867 624</b>

**Note 11 Grants**

(In Euros)

**Assets at net cost**

	01.01.2018 - 30.06.2018		01.01.2017 - 30.06.2017	
	Received	Repaid	Received	Repaid
Grants for acquisition of non-current assets				
ARIB	313 580	0	0	0
<b>Total grants for acquisition of non-current assets</b>	<b>313 580</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total grants</b>	<b>313 580</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Note 12 Share capital**

(In Euros)

	30.06.2018	30.06.2017
Share capital	1 575 109	1 575 109
Number of shares (pcs)	1 575 109	1 575 109
Nominal value of shares	1	1

## Note 13 Net sales

(In Euros)

	01.01.2018 - 30.06.2018	01.01.2017 - 30.06.2017
Net sales by geographical location		
Net sales in European Union		
Estonia	482 234	926 402
Finland	219 209	273 825
Latvia	390 081	268 014
Germany	580	1 057
<b>Total net sales in European Union</b>	<b>1 092 104</b>	<b>1 469 298</b>
<b>Total net sales</b>	<b>1 092 104</b>	<b>1 469 298</b>
Net sales by operating activities		
Manufacture of cider and other fruit wines	1 022 725	1 274 778
Equipment rent	60 972	186 726
Wastewater treatment	6 877	4 375
Sale of material	556	1 339
Sale of goods	394	1 087
Sale of aroma	580	993
<b>Total net sales</b>	<b>1 092 104</b>	<b>1 469 298</b>

## Note 14 Other operating income

(In Euros)

	01.01.2018 - 30.06.2018	01.01.2017 - 30.06.2017
Sale of metal scrap	5 963	0
<b>Total other operating income</b>	<b>5 963</b>	<b>0</b>

## Note 15 Goods, raw materials and services

(In Euros)

	01.01.2018 - 30.06.2018	01.01.2017 - 30.06.2017
Raw materials	-506 093	-566 939
Services	-168 467	-203 977
<b>Total goods, raw materials and services</b>	<b>-674 560</b>	<b>-770 916</b>

**Note 16 Miscellaneous operating expenses**

(In Euros)

	01.01.2018 - 30.06.2018	01.01.2017 - 30.06.2017
Exploration and development expense	-1 234	-22 440
Travel expense	-22 201	-24 910
State and local taxes	-4 430	-5 917
"First North" costs	-10 983	-10 164
Legal and audit expenses	-15 032	-11 808
Other	-45 550	-56 881
<b>Total miscellaneous operating expenses</b>	<b>-99 430</b>	<b>-132 120</b>

**Note 17 Labour expense**

(In Euros)

	01.01.2018 - 30.06.2018	01.01.2017 - 30.06.2017
Wage and salary expense	-117 863	-119 011
Social security taxes	-38 510	-39 049
<b>Total Labour expense</b>	<b>-156 373</b>	<b>-158 060</b>
Average number of employees in full time equivalent units	13	13
Average number of employees by types of employment:		
Person employed under employment contract	12	12
Member of management or controlling body of legal person	5	5

**Note 18 Income tax**

(In Euros)

Income tax expense components	01.01.2018 - 30.06.2018		01.01.2017 - 30.06.2017	
	Taxable amount	Income tax expense	Taxable amount	Income tax expense
Declared dividends	126 009	31 502	299 271	74 818
Estonia	121 818	30 454	290 293	72 573
Other countries	4 191	1 048	8 978	2 245
<b>Total</b>	<b>126 009</b>	<b>31 502</b>	<b>299 271</b>	<b>74 818</b>

**Note 19 Related parties**

(In Euros)

Name of accounting entity's parent company	Fermex International OÜ
Country where accounting entity's parent company is registered	Estonia

**Related party balances according to groups**

	30.06.2018		30.06.2017	
	Receivables	Liabilities	Receivables	Liabilities
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	0	1 273	0	135

**Purchases and sales**

	01.01.2018 - 30.06.2018	01.01.2017 - 30.06.2017
	Purchases	Purchases
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	1 579	610

<b>Remuneration and other significant benefits calculated for members of management and highest supervisory body</b>		
	01.01.2018 - 30.06.2018	01.01.2017 - 30.06.2017
Remuneration	41 250	36 500

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.

In 2017, an option agreement was signed with a member of the AS Linda Nektar supervisory board. The share option gives the supervisory board member a right to acquire 5,034 ordinary shares of AS Linda Nektar. Upon exercising the option the option holder must pay the share nominal value of 1 euro per share, ie 5,034 euros. The vesting period of the option agreement is three years from the date of signing the contract. To exercise the option the option holder has to have a work relationship or participate in the work of management or highest supervisory body of the Company during the whole vesting period.