

**SIA "BALTIC DAIRY BOARD"**

(UNIFIED REGISTRATION NUMBER 43603036823)

**UNAUDITED FINANCIAL STATEMENTS  
for the six month period ended 30 June 2019**

PREPARED IN ACCORDANCE WITH INTERNATIONAL  
FINANCIAL REPORTING STANDARDS AS ADOPTED IN EU

BAUSKA, 2019

UNAUDITED CONDENSED FINANCIAL STATEMENTS  
for the six month period ended 30 June 2019

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for the six month period ended 30 June 2019

**General information**

Name of the Company	BALTIC DAIRY BOARD
Legal status of the Company	Limited liability company
Unified registration number, place and date of registration	43603036823 Bauska, 21 July 2008
Address	Stacijas Street 1 Bauska, Latvia, LV-3901
The type of Actions (NACE)	Operation of dairies and cheese making (NACE 2.red.10.51)
Board Members names, surnames and positions	Kaspars Kazāks, Chairmen of the Board till 25.04.2019 Kaspars Kazāks, Member of the Board from 26.04.2019 Normunds Ozoliņš, Member of the Board from 15.01.2019. till 26.04.2019 Ilona Kazāka, Member of the Board till 15.01.2019
Council Members names, surnames and positions	Ivars Ķirsons, Chairman of the Council from 23.07.2015. Gatis Jurisons, Deputy Chairman of Council till 27.09.2017. Edvīns Samulis, Deputy Chairman of Council from 27.09.2017. Viesturs Neimanis, Member of the Council from 23.07.2015. Ivo Lidums, Member of the Council from 17.06.2016
Financial year	1 January 2019 -30 June 2019
Previous financial year	1 January 2018 - 31 December 2018
Auditor's name and address	Natālija Zaiceva Sworn auditor (LZRA Certificate No. 138)  SIA "Oriens Audit & Finance" LZRA Licence Nr.28 Gunara Astras Street 8b Riga, LV-1082

**SIA BALTIC DAIRY BOARD**  
**REPORT OF THE MANAGEMENT**  
**to the six month period ended 30 June 2019**

"Baltic Dairy Board" factory was put into operation on December 22, 2015, production launch on January 15, 2016. SIA Baltic Dairy Board main operations are related to the production of in-depth processed organic raw milk and its components, the production and supply of specific raw materials (GOS powder) in the leading global infant food producers. Organic raw materials produced on site are exported to producers of organic butter, milk protein powder (MCP85 ) and organic lactose, as well company makes production service for organic products for skimmed milk and whey concentrates (SWC) for the production of raw materials of whey protein (WPC80).

***1. Type of operations:***

The certificate of the production of organic dairy products was received in December 2018. In early 2019, the company started purchasing and processing of organic raw milk and other organic dairy products. Work was actively continued on completing approval procedures with an aim to initiate the supply of GOS products to infant/ toddler food producers. In December 2018, a long-term contract for supplying and delivering GOS was signed with a Dutch company, the baby food producer, and in June 2019 started a regular supply deliveries of GOS powder to this company.

This was a huge achievement for our company, but there is still ongoing work for completing the approval processes to significantly increase the supplies of GOS products, including organic GOS syrup, which has received a great interest in the food production sector for children.

The turnover of the company in 2019 was EUR 358 657. The relatively low turnover during the first 6 months of 2019 can be explained by the above mentioned fact that the company had to undergo completion of the factory/ product approval procedures and successfully completed the necessary certification and authorization in order to start supplying global children food sector.

The balance sheet value as at 30 June 2019 was EUR 8 186 051 and it is by 5 per cent less than on 31 December 2018.

Net loss in 2019 amounted to EUR 912 279 – by 5 per cent more than on 30 June 2018.

***2. Important events in 2019.***

1. According to the decision by the shareholders' meeting on 8 January 2019, the composition of the Board of SIA "Baltic Dairy Board" was changed – Member of the Board Ilona Kazāka was excluded from the Board (currently on parental leave). Normunds Ozoliņš was approved as a Member of the Board.

2. KOCHER and HALAL certificates were renewed in February 2019.

3. The Energy Management System was extended and certified according to the requirements of ISO 50001 in March 2019.

4. According to the decision by the shareholders' meeting on 18 April 2019, the composition of the Board of SIA "Baltic Dairy Board" was changed. Based on the application submitted by Normunds Ozoliņš, the Member of the Board Normunds Ozoliņš was excluded from the composition of the Board. Kaspars Kazāks was approved as a Member of the Board with the right to represent the commercial company separately.

5. In April 2019, the organic certificate was supplemented with the product 'organic GOS concentrates' and this is a significant and important event. Taking into account the fact that the production facility is already approved, it is planned to start supplies of this product to companies across the world already from July 2019.

6. In June 2019, regular supplies of GOS powder to the Netherlands-based company, which is one of the leading food producers in the world, were launched.

***3. Further development of the company***

1. The top priority in 2019 is to ensure continuous production of GOS products, including organic GOS products, and export of the products produced, gradually increasing the production volume and thereby reducing the production cost.

2. Steady increase of the value, turnover and profit of the Company.

3. Attraction of investment to expand the production facility.