

JOINT-STOCK COMPANY „PATA SALDUS” AND ITS SUBSIDIARIES

(REGISTRATION NUMBER 40003020121)

**UNAUDITED CONSOLIDATED FINANCIAL INFORMATION
FOR THE 3 MONTHS PERIOD ENDED 31 MARCH 2019**

PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS AS
ADOPTED BY THE EUROPEAN UNION

Saldus, 2019

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General Information

Name of the Group	Joint-stock company “PATA Saldus”
Legal status of the Group	Joint-stock Company
Registration number, place, and date	40003020121, August 26, 1991, Riga
Address	Kuldīgas iela 86C, Saldus, Saldus novads, LV-3801
The main areas of activities of the Group	Forestry, commercial timber preparation and related services; production of board lumber, etc. NACE 2.red. 1610 – Sawmilling and planning of wood
Members of the Board	Andris Krastiņš - Chairman of the Board (till February 21, 2019) Gatis Zommers – Chairman of the Board (since February 21, 2019) Jānis Mierkalns – member of the Board Ilze Bukulde - member of the Board Gatis Zommers - member of the Board (till February 21, 2019) Arvis Tone – member of the Board (since February 21, 2019)
Members of the Council	Uldis Mierkalns – Chairman of the Council Jānis Bertrāns - Deputy Chairman of the Council Inga Mierkalna - member of the Council Ieva Sniedze - member of the Council
Subsidiaries	
1. Name of the company	SIA “PAKUĻU SPORTA BĀZE” (100%)
Legal status of the company	Limited Liability Company
Number and date of registration in the commercial register	48503009010, November 21, 2002
Address	“Mežvidi”, Novadnieku pag., Saldus novads, LV-3801
Core business activities of the company	Other sports activities
Interest of the Parent company	JSC “PATA Saldus” – 100%
Reporting period	January 1 – March 31, 2019
2. Name of the company	ООО “Деревообрабатывающий комбинат № 3” (100%)
Legal status of the company	Limited Liability Company (ООО - Общество с ограниченной ответственностью)
Registration number, date, place	1066027046337, October 9, 2006
Address	Russia: 180005, Россия, г. Псков, Зональное шоссе, д. 44-А
Core business activities of the company	Woodworking, production of board lumber
Interest of the Parent company	JSC “PATA Saldus” – 100%
Reporting period	January 1 – March 31, 2019

Associates

Name of the company	SIA “SALDUS ENERĢIJA” (20%)
Legal status of the company	Limited Liability Company
Number and date of registration in the commercial register	40103265702, December 22, 2009
Address	Cēsu iela 14, Rīga, LV-1012
Core business activities of the company	Production of electricity, activities of holding companies.
Interest of the Parent company	JSC “PATA Saldus” – 20%
Reporting period	January 1 – March 31, 2019

Ultimate Parent company that controls JSC “PATA Saldus”

Name of the ultimate Parent company	SIA “PATA” (67%)
Legal status of the ultimate Parent company	Limited Liability Company
Number and date of registration in the commercial register	40003448619, June 10, 1999
Address	Miera iela 2, Inčukalns, Inčukalna nov., LV-2141
Core business activities of the ultimate Parent company	Wholesale of wood, silviculture and other forestry activities
Interest of the ultimate Parent company	SIA “PATA” – direct holding – 23%, indirect holding – 44%
Owner of the ultimate Parent company	Uldis Mierkalns – 100%
Reporting period	January 1 – March 31, 2019

Name and address of the Auditor	Marija Jansone Certified Auditor of the Republic of Latvia Certificate No. 25	SIA “Nexia Audit Advice” Registration No. 40003858822 Grēcinieku iela 9-3, Rīga, LV-1050, Latvia Licence No. 134
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According to the Register of Enterprises of the Republic of Latvia decision Nr.6-12/21838 from 21.02.2019 JSC PATA Saldus has recorded the following changes in the Board:

- Released Chairman of the Board: Andris Krastiņš
- Appointed member of the Board: Arvis Tone
- Changed the position “Member of the Board” to “Chairman of the Board”: Gatis Zommers

Statement of Management Responsibility

Management is responsible for preparing financial statements based on the initial accounting records of each year of account, which truly reflects the Group's financial position at the end of the year of account, as well as results of operations and cash flows for the period. The Management Report contains truthful information on Group's development and results of its operations.

Financial statements are prepared in accordance with the International Financial Reporting Standards as adopted by the European Union.

The Management confirms that, in preparing this report for the period ending on 31 March 2019, proper accounting methods were used, their application was consistent, reasonable and prudent decisions were taken. The Management confirms that the relevant International Accounting Standards have been observed and the financial statements have been prepared in accordance with the principle of continuation. The Management is responsible for keeping proper accounting records, the Group's resources conservation as well as fraud prevention and prevention of other irregularities.

May 31, 2019

Board:

Gatis Zommers
Chairman of the Board

Jānis Mierkalns
Member of the Board

Ilze Bukulde
Member of the Board

Arvis Tone
Member of the Board

Consolidated Statement of Comprehensive income

	2019.03.31 EUR	2018.03.31 EUR
Revenue	16 601 137	15 550 644
Cost of sales	-16 666 207	-14 081 705
Gross profit	-65 070	1 468 939
Distribution costs	0	-3 041
Administrative expenses	-89 167	-104 707
Other operating income	341 486	170 609
Other operating expense	-250 963	-191 792
Operating profit or loss	-63 714	1 340 008
Finance income	0	10 654
Finance costs	-82 553	-79 313
Profit or loss before tax	-146 267	1 271 349
Profit or loss for the period	-146 267	1 271 349
Profit/loss on share	-0.18	3.07
EUR per share		

May 31, 2019

Board:

Gatis Zommers Chairman of the Board	Jānis Mierkalns Member of the Board	Ilze Bukulde Member of the Board	Arvis Tone Member of the Board
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Consolidated Statement of Financial Position

ASSETS

	2019.03.31	2018.12.31
	EUR	EUR
NON-CURRENT ASSETS		
Intangible assets		
Concessions, patents, licences and similar costs	17 224	17 864
TOTAL	17 224	17 864
Property, plant and equipment		
Land, buildings and perennial plantations	6 345 138	6 404 233
Technological equipment and machinery	12 744 054	12 589 984
Other fixed assets	83 439	84 937
Construction in progress	1 493 599	857 617
TOTAL	20 666 230	19 936 771
Biological assets		
	767 702	767 702
Long-term financial investments		
Investment in associated companies	8 540	8 540
Deferred income tax asset	288 424	288 424
TOTAL	296 964	296 964
TOTAL NON-CURRENT ASSETS	21 748 120	21 019 301
CURRENT ASSETS		
Inventories		
Raw materials, basic materials and consumables	3 316 215	4 533 177
Biological assets	1 562 576	1 562 576
Unfinished production	1 461 000	1 387 671
Finished production and goods for sale	1 335 572	1 630 663
Advance payments for goods	119 186	486 756
TOTAL	7 794 549	9 600 843
Receivables		
Trade receivables	449 685	424 886
Receivables from related companies	9 371 000	8 931 620
Receivables from associated companies	0	451 228
Other receivables	358 823	264 765
Prepaid expenses	360 640	330 383
TOTAL	10 540 148	10 402 882
Cash and cash equivalents		
	1 822	3 231
TOTAL CURRENT ASSETS	18 336 519	20 006 956
TOTAL ASSETS	40 084 639	41 026 257

May 31, 2019

Board:

Gatis Zommers Chairman of the Board	Jānis Mierkalns Member of the Board	Ilze Bukulde Member of the Board	Arvis Tone Member of the Board
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Consolidated Statement of Financial Position (continued)

EQUITY AND LIABILITIES

Equity	2019.03.31	2018.12.31
	EUR	EUR
Share capital	579 916	579 916
Share premium	2 828	2 828
Foreign currency exchange fluctuations	68 253	-108 481
Revaluation reserve of non-current assets	1 370 057	1 370 057
Other reserves	3 741 168	3 741 168
Retained earnings of the previous years	8 555 848	2 978 484
Retained earnings of the reporting year	-146 267	5 683 363
TOTAL EQUITY	14 171 803	14 247 335
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	11 964 376	10 510 016
Other loans	2 696 791	2 689 260
Deferred revenue	1 928 286	1 993 756
TOTAL	16 589 453	15 193 032
Current liabilities		
Loans from credit institutions	1 448 836	2 236 011
Other loans	1 149 770	1 058 144
Prepayments received from customers	410	409
Trade payables	4 935 393	6 327 260
Payable to related companies	0	0
Payable to associates	299 996	621 352
Accured liabilities	537 625	570 253
Taxes and statutory social insurance contributions	411 091	250 252
Other payables	278 382	260 329
Deferred revenue	261 880	261 880
TOTAL	9 323 383	11 585 890
TOTAL LIABILITIES	25 912 836	26 778 922
TOTAL EQUITY AND LIABILITIES	40 084 639	41 026 257

May 31, 2019

Board:

Gatis Zommers
 Chairman of the Board

Jānis Mierkalns
 Member of the Board

Ilze Bukulde
 Member of the Board

Arvis Tone
 Member of the Board

Consolidated Statement of Cash Flow

	3 Month of 2019	3 Month of 2018
	EUR	EUR
Cash flow from operating activities		
Profit (+) or loss (-) before tax	-146 267	1 271 349
Adjustments for:		
Depreciation of property plant and equipment	519 391	476 039
Depreciation of intangible assets	5 994	2 750
Profit (-) or loss (+) from fluctuations of exchange rate	23 602	40 540
Non-current and current financial investment value adjustments	-65 470	-55 646
Interest and similar costs	82 554	74 588
Interest and similar income	0	10 654
Operating cash flow before working capital changes	419 804	1 798 966
Adjustments for:		
Increase / decrease in trade and other receivables	-137 266	-728 916
Increase / decrease in inventories	1 819 011	-1 329 717
Increase / decrease in trade and other payables	-1 445 583	702 699
Cash generated from operations	655 966	443 032
Interest paid	-84 990	-77 400
Net cash flow generated from operating activities	570 976	365 632
Cash flow from investing activities		
Income from sales of fixed assets, intangible assets, biological assets	585	0
Purchase of property, plant and equipment and intangible assets	-77 111	-33 196
Prepayments for fixed assets under development and construction in progress	-1 128 875	-359 152
Net cash flow generated from investing activities	-1 205 401	-392 348
Cash flow from financing activities		
Loans received	1 030 728	344 733
Repayment of loans	-363 542	-282 194
Finance lease payments	-34 170	-51 908
Net cash flow generated from financing activities	633 016	10 631
Net cash flow in the financial period	-1 409	-16 085
Cash and cash equivalents at the beginning of the financial period	3 231	116 455
Cash and cash equivalents at the end of the financial period	1 822	100 370

Cash flow statement is prepared using the indirect method in accordance with IAS 7.

May 31, 2019

Board:

Gatis Zommers Chairman of the Board	Jānis Mierkalns Member of the Board	Ilze Bukulde Member of the Board	Arvis Tone Member of the Board
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Consolidated Statement of Changes in Equity

	Share capital	Revaluation reserve of non-current assets	Foreign currency exchange fluctuations	Share premium	Other reserves	Retained earnings of the previous years	Retained earnings of the reporting year	Total equity
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Balance as at 31 December 2017	579 916	1 370 057	-314 323	2 828	3 741 168	852 908	2 677 059	8 909 613
Fluctuation of exchange rate	0	0	3 149	0	0	22 320	0	25 469
Distribution of profit of the year 2017	0	0	0	0	0	2 677 059	-2 677 059	0
Profit for the period	0	0	0	0	0	0	1 271 349	1 271 349
Balance as at 31 March 2018	579 916	1 370 057	-311 174	2 828	3 741 168	3 552 287	1 271 349	10 206 431
Balance as at 31 December 2018	579 916	1 370 057	-108 481	2 828	3 741 168	2 978 484	5 683 363	14 247 335
Fluctuation of exchange rate	0	0	176 734	0	0	-105 999	0	70 735
Distribution of profit of the year 2018	0	0	0	0	0	5 683 363	-5 683 363	0
Profit for the period	0	0	0	0	0	0	-146 267	-146 267
Balance as at 31 March 2019	579 916	1 370 057	68 253	2 828	3 741 168	8 555 848	-146 267	14 171 803

May 31, 2019

Board:

Gatis Zommers
Chairman of the Board

Jānis Mierkalns
Member of the Board

Ilze Bukulde
Member of the Board

Arvis Tone
Member of the Board