



**BANJALUČKA PIVARA**  
- 1873 -

**Statement to accompany un-audited financial results for 1H 2017**

Dear Shareholders,

The first half of 2017 has been less volatile than previous years. Broadly our business performed according to expectations and business targets were achieved. We entered the New Year with low levels of stock and despite an unusually prolonged and cold winter, first quarter volumes were quite reasonable. The second quarter has been good, though it is noticeable that consumer spending power is still dropping, which is having a direct impact on all consumer goods segments.

In comparison with the previous year, sales volume rose by 2% to 229 thousand hectolitres and net sales value rose by 4% to KM 21.7 million. This result is a continuation of our business policy to focus upon higher value products. Generally, across the business, costs are rising more quickly than in previous years. The most obvious of these is energy costs which rose by 30% in the half year, but most other costs are also rising. As a result of this operating profit fell by 7% to KM 3.66 million compared to the same period last year.

In the Spring of 2017, the Company decided to change its leading banking partner, with the Shareholders' Assembly vote of over 90% in favour of a resolution to re-mortgage the Company assets to UniCredit Bank Banja Luka, who will in future be our primary lender. Some 4.2% of shareholders who voted against or abstained from this resolution, took up their rights to sell their shares back to the Company. Consequently, the Company paid KM 1.49 million to repurchase these shares, which are now held in treasury. The Company has no plan to re-issue these shares.

At an extraordinary Shareholder meeting held on 19<sup>th</sup> June, the majority shareholder exercised their right to squeeze out minority shareholders who at the time owned around 5.3% of outstanding shares. Following the meeting the Company will follow the statutory norms prescribed by the law on enterprises and the process will be completed in the coming months.

Banjalučka pivara has entered three major music sponsorships this year with OK Festival in Sutjeska National Park, Demofest in Banja Luka and once again Fresh Wave music festival in Banja Luka. To support these events, we have produced specially designed beer cans which will be sold in all channels throughout the summer.

Nicholas Penny  
Director



28 July 2017