



Vilkyškių pieninė AB

Interim consolidated financial statements
for the 9 months of 2015

Content

CONFIRMATION OF RESPONSIBLE PERSONS	2
GENERAL INFORMATION	3
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	4
CONSOLIDATED INCOME STATEMENT	5
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	6
CONSOLIDATED STATEMENT OF CASH FLOWS	8
EXPLANATORY NOTES	9

Confirmation of Responsible Persons

Following the Article No. 22 of the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we Gintaras Bertasius, General Director of Vilkyškių pieninė AB and Vilija Milaseviciute, Economics and finance Director of Vilkyškių pieninė AB hereby confirm that, unaudited interim condensed consolidated financial statements for the nine months of 2015, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss and cash flows of Vilkyškių pieninė AB group.

General Director



Gintaras Bertasius

Economics and finance Director



Vilija Milaseviciute



The financial statements were approved and signed by the Management on 30 November 2015.

General information

Name of the Issue	Public Company Vilkyškių pieninė
Authorized capital	EUR 3 463 470
Registered office	Vilkyškiai, Pagegiai municipality
Telephone number	8-441 55330
Fax number	8-441 55242
E-mail address	info@vilkyškiu.lt
Date and place of registration	The 18 th of May 1993, Taurage Branch of Public Institution Center
Date and place of re-registration	The 30 th of December 2005, Taurage Branch of Public Institution Center of Registers
Code in the Register of Enterprises	277160980
Internet address	http://www.vilkyškiu.lt

Vilkyškių pieninė AB Board

Gintaras Bertasius (Chairman)
Sigitas Trijonis
Rimantas Jancevicius
Vilija Milaseviciute
Andrej Cyba
Linas Strelis

Vilkyškių pieninė AB Management

Gintaras Bertasius	General Director
Vaidotas Juskys	Chief operation officer
Vilija Milaseviciute	Economics and finance Director
Sigitas Trijonis	Technical Director
Rimantas Jancevicius	Raw materials Purchasing Director
Arvydas Zaranka	Production Director

The Group consists of the following companies:

- Vilkyškių Pieninė AB, the parent company
- Modest AB, the subsidiary
- Kelmes Pieninė AB, the subsidiary.
- Pieno logistika AB, the subsidiary

The parent Company is engaged in production and sales of different types of cheese. Also, it produces and sells whey, raw milk and cream.

The Company has a subsidiary Modest AB, which is engaged in milk processing and production of dairy products. The Company holds 99.7% voting rights of the subsidiary. Modest AB specialises in production of cheese Mozzarella, mould cheese and other cheese products.

The Parent Company has also a subsidiary Kelmes Pieninė AB, which is engaged in milk processing and production of dairy products. The Company holds 100% voting rights of Kelmes Pieninė AB. Kelmes Pieninė AB specializes in production of fresh dairy products.

As of December 2013, the Group includes a subsidiary AB Pieno Logistika. The main activity is lease of buildings. AB Vilkyškių Pieninė holds 56.1% shares of AB Pieno Logistika.

At 30 September 2015 the Group had 982 employees (30 September 2014 – 956).

Consolidated statement of financial position

Thousand EUR	30 09 2015	31 12 2014
Assets		
Property, plant and equipment	35,777	31,210
Intangible assets	7,054	6,951
Long-term receivables	324	406
Non-current assets	43,155	38,567
Inventories	13,137	10,321
Trade and other receivables	6,179	6,756
Prepayments	453	478
Cash and cash equivalents	130	115
Current assets	19,899	17,670
Total assets	63,054	56,237
Equity		
Share capital	3,463	3,459
Share premium	3,301	3,301
Reserves	5,147	5,126
Retained earnings	11,780	11,944
Total equity attributable to the shareholders of the Company	23,691	23,830
Non-controlling interest	47	47
Total equity	23,738	23,877
Liabilities		
Interest-bearing loans and lease liabilities	13,759	7,216
Derivative financial instruments	324	375
Government grants	3,099	3,119
Deferred tax liabilities	630	1,022
Non-current liabilities	17,812	11,732
Interest-bearing loans and lease liabilities	9,139	8,965
Current tax liabilities	-	11
Derivative financial instruments	94	109
Trade and other payables, including derivatives	12,271	11,543
Current liabilities	21,504	20,628
Total liabilities	39,316	32,360
Total equity and liabilities	63,054	56,237

Consolidated income statement

Thousand EUR

	01.01.2015- 30.09.2015	01.01.2014- 30.09.2014	01.07.2015- 30.09.2015	01.07.2014- 30.09.2014
Revenue	60,080	80,752	20,931	25,078
Cost of sales	-53,548	-73,628	-18,520	-22,521
Gross profit	6,532	7,124	2,411	2,557
Other operating income	267	586	79	201
Distribution expenses	-4,145	-3,684	-1,468	-1,370
Administrative expenses	-1,862	-2,137	-646	-856
Other operating costs	-141	-213	-50	-127
Result from operating activities	651	1,676	326	405
Finance income	32	15	18	6
Finance costs	-448	-443	-125	-125
Net finance expenses	-416	-428	-107	-119
Profit before income tax	235	1,248	219	286
Income tax expense	392	149	114	-2
Profit for the period	627	1,397	333	284
Attributable to:				
Shareholders of the Group	627	1,397	333	284
Non-controlling interest	0	0	0	0
Net profit (loss) for the year	627	1,397	333	284
Basic earnings per share (EUR)	0.05	0.12	0.03	0.02

Consolidated statement of changes in equity

Equity, attributable to the shareholders of the Company

Thousand EUR	Share capital	Share premium	Revaluation reserve	Hedging reserve	Reserve for acquiring own shares	Legal reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2014	3,459	3,301	1,800	-453	1,729	346	10,351	20,533	53	20,586
Comprehensive income for the period										
Net profit (loss)	-	-	-	-	-	-	1,397	1,397	0	1,397
Other comprehensive income										
Allocated from reserves	-	-	-83	-	-	-	83	-	-	-
Formation of hedging reserve	-	-	-	-81	-	-	-	-81	-	-81
Total other comprehensive income	-	-	-83	-81	-	-	83	-81	-	-81
Total comprehensive income for the period	-	-	-83	-81	-	-	1,480	1,316	0	1,316
Contributions by and distributions to owners:										
Transfers to Reserve for acquiring own shares	-	-	-	-	692	-	-692	-	-	-
Dividends	-	-	-	-	-	-	-1,038	-1,038	-	-1,038
Total contributions by and distributions to owners	-	-	-	-	692	-	-1,729	-1,038	-	-1,038
Changes in the Group without losing control										
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-6	-6
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-
Balance at 30 September 2014	3,459	3,301	1,717	-534	2,421	346	10,102	20,811	47	20,858
Balance at 1 October 2014	3,459	3,301	1,717	-534	2,421	346	10,102	20,811	47	20,858
Comprehensive income for the period										
Net profit (loss)	-	-	-	-	-	-	1,810	1,810	0	1,809
Other comprehensive income										
Allocated from reserves	-	-	1,152	-	-	-	-	1,152	-	1,152
Allocated from reserves	-	-	-26	-	-	-	25	-	-	-
Formation of hedging reserve	-	-	-	50	-	-	-	50	-	50
Total other comprehensive income	-	-	1,126	50	-	-	25	1,202	-	1,202
Total comprehensive income for the period	-	-	1,126	50	-	-	1,835	3,012	-1	3,011
Contributions by and distributions to owners:										
Transfers to Reserve for acquiring own shares	-	-	-	-	-	-	-	-	-	-
Changes in non-controlling interest	-	-	-	-	-	-	6	6	-	6
Total contributions by and distributions to owners	-	-	-	-	-	-	6	6	-	6
Balance at 31 December 2014	3,459	3,301	2,843	-484	2,421	346	11,944	23,830	47	23,877

Consolidated statement of changes in equity (continued)

Equity, attributable to the shareholders of the Company

Thousand EUR	Share capital	Share premium	Revaluation reserve	Hedging reserve	Reserve for acquiring own shares	Legal reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2015	3,459	3,301	2,843	-484	2,421	346	11,944	23,830	47	23,877
Comprehensive income for the period										
Net profit (loss)	-	-	-	-	-	-	627	627	0	627
Increase of the authorized capital due to translation of the nominal value from Litass to EUR	4	-	-	-	-	-	-	4	-	4
Other comprehensive income										
Allocated from reserves	-	-	-132	-	-	-	132	-	-	-
Formation of hedging reserve	-	-	-	66	-	-	-	66	-	66
Total other comprehensive income	-	-	-132	66	-	-	132	66	-	66
Total comprehensive income for the period	4	-	-132	66	-	-	759	697	0	697
Contributions by and distributions to owners:										
Transfers to Reserve for acquiring own shares	-	-	-	-	87	-	-87	-	-	-
Dividends	-	-	-	-	-	-	-836	-836	-	-836
Total contributions by and distributions to owners	-	-	-	-	87	-	-923	-836	-	-836
Changes in the Group without losing control										
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-
Balance at 30 September 2015	3,463	3,301	2,711	-418	2,508	346	11,780	23,691	47	23,738

Consolidated statement of cash flows

Thousand EUR	01.01.2015- 30.09.2015	01.01.2014- 30.09.2014
Cash flows from operating activities		
Net profit (loss)	627	1,397
Adjustments:		
Depreciation of property, plant and equipment	2,352	2,099
Amortisation of intangible assets	33	8
Amortisation and write down of grants	-339	-292
(Profit) loss on disposal of property, plant and equipment	39	-41
Income tax expense	-392	-149
Interest expenses, net	416	429
	2,736	3,451
Change in inventories	-2,817	-2,106
Change in long-term receivables	82	151
Change in trade and other receivables and prepayments	623	273
Change in trade and other payables	285	211
	909	1,980
Paid interest	-359	-393
Paid profit tax	-11	-
Net cash from operating activities	539	1,587
Cash flows from investing activities		
Acquisition of property, plant and equipment	-6,971	-3,838
Acquisition of intangible assets	-136	-33
Proceeds from sale of property, plant and equipment	21	107
Acquisition of shares of the subsidiary	-	-8
Loans granted	-12	-
Recovery of the loans	-	-
Interest received	-	-
Net cash from investing activities	-7,098	-3,772
Cash flows from financing activities		
Loans received*	11,186	5,747
Repayment of borrowings	-4,469	-3,124
Dividends paid	-462	-680
Capital grants received	319	262
Net cash used in financing activities	6,574	2,205
Increase (decrease) in cash and cash equivalents	15	20
Cash and cash equivalents at 1 January	115	70
Cash and cash equivalents at 30 September	130	89

* Change of Credit line 2.189 Thousand EUR (for the nine months of 2014 – 1.889 Thousand EUR)

Explanatory notes

1. Accounting principles

Consolidated financial statements of Vilkyškiu pienine AB are prepared following International Standards of Financial Accountability.

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Consolidated annual financial statements for the year 2014.

2. Main financial indicators

	January - September 2015	January - September 2014
Revenue (Thousand EUR)	60.080	80.752
EBITDA (Thousand EUR)	2.697	3.491
EBITDA margin (%)	4,5%	4,3%
Operating result (Thousand EUR)	651	1.676
Operating result margin (%)	1,1%	2,1%
Profit (loss) (Thousand EUR)	627	1.397
Profit (loss) (%)	1%	1,7%
Profit (loss) per share (EUR)	0,05	0,12
Number of shares (vnt)	11 943 000	11 943 000

3. Segment information

Revenue per geographical zones:

Thousand EUR	January - September 2015	January - September 2014
Lithuania	24.864	25.580
European Union	25.373	29.206
Russia	0	20.652
Other countries	9.843	5.314
	60.080	80.752

4. Inventories

Thousand EUR	30 September 2015	31 December 2014
Finished production	10,673	8,091
Raw materials	125	24
Other auxiliary materials	2,201	2,089
Production in progress	138	114
Goods for re-sale	-	3
	13,137	10,321

5. Post balance sheet events

On the 10th day of each month, sales figures for the preceding months are published.

The following decisions were taken at the Ordinary General Meeting of Shareholders of Vilkyškių pieninė AB which was held on the 24 April 2015:

Item 1 of the Agenda: Company's annual report for the year 2014.

Resolution: To approve the Company's annual report for the year 2014.

Item 2 of the Agenda: Auditor's Report regarding the Company's Financial Statements for the year 2014.
Heard.

Item 3 of the Agenda: Approval of Company's annual and consolidated financial statements of the year 2014.

Resolution: To approve of Company's annual and consolidated financial statements of the year 2014.

Item 4 of the Agenda: Profit (loss) appropriation for the year 2014.

Resolution: To approve the Audited Profit appropriation for the year 2014 as follows under IAS:

	thousand EUR
1) Non-appropriated profit (loss) at the end of the year 2013	10,253
2) Approved by shareholders dividends of the year 2013	1,038
3) Transfers to reserves provided by law	0
4) Portion of the profit allocated to the reserve for the purchase of own shares	692
5) Non-appropriated profit (loss) at the beginning of the year 2013 after dividends payout and transfer to reserves	8,523
6) Net profit (loss) of the reporting period	1,886
7) Transfers from reserves	109
8) Total profit (loss) to be appropriated:	10,518
- portion of the profit allocated to the legal reserve	0
- portion of the profit allocated to the reserve for the purchase of own shares	87
- portion of the profit allocated for payment of the dividends (or 0.07 EUR per ordinary registered share with nominal value of 0.29 EUR)	836
- portion of the profit allocated to the other reserves	0
- portion of the profit allocated to be paid as annual payouts (tantiemes) to board members, bonuses to employees and for other purposes	43
9) Non-appropriated profit (loss) at the end of the year 2014 carried forward to next financial year	9,552

Item 5 of the Agenda: A decision on the purchase of own shares.

Resolution: A decision with regard to the purchase of own shares has been approved:

- To purchase up to 10 percent of the Company's shares.
- The purpose of acquisition of own shares – to maintain and increase the price of the Company's shares.
- Period during which the Company may acquire own shares – until 27 April 2016.
- To set the maximum price per share of own shares to be acquired – at 2.10 EUR, at the same time setting the minimum acquisition price per share equal to the nominal value of a share, i.e. 0.29 EUR.
- To commit the Board to organize the purchase of own shares, to determine the procedure for purchase and sale of shares, time, number of shares and price, as well as to perform other actions relating thereto in

compliance with the terms set in this resolution as well as in accordance with the requirements established in the Republic of Lithuania Law of Companies.

Item 6 of the Agenda: Approval of the new wording of the Articles of Association and authorization.

Draft resolution: Taking into consideration the adopted decisions to change the expression of the par value of the Company's shares and authorized capital in litas into expression in euro, amendments of the Republic of Lithuania Law on Companies, that came into force after registration of the last wording of the Articles of Association and other amendments provided in the draft of the Articles of Association amendments, to approve the new wording of the Articles of Association. To authorize General Manager of the Company (with the right to reauthorize) to sign the new wording of the Articles of Association.