



# Vilkyškių pieninė AB

Interim consolidated financial statements  
for the 12 months of 2015

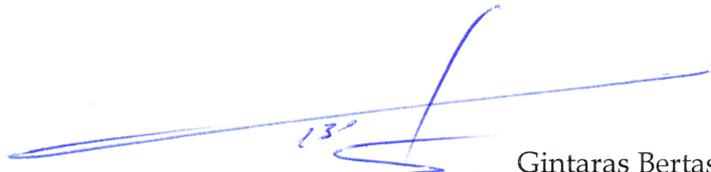
## Content

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 twelve 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 29 February 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	<a href="mailto:info@vilkyškiu.lt">info@vilkyškiu.lt</a>
Date and place of registration	The 18 <sup>th</sup> of May 1993, Taurage Branch of Public Institution Center
Date and place of re-registration	The 30 <sup>th</sup> of December 2005, Taurage Branch of Public Institution Center of Registers
Code in the Register of Enterprises	277160980
Internet address	<a href="http://www.vilkyškiu.lt">http://www.vilkyškiu.lt</a>

## 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 31 December 2015 the Group had 975 employees (31 December 2014 – 966).

## Consolidated statement of financial position

Thousand EUR	31 12 2015	31 12 2014
<b>Assets</b>		
Property, plant and equipment	35,265	31,210
Intangible assets	7,047	6,951
Long-term receivables	405	406
<b>Non-current assets</b>	<b>42,717</b>	<b>38,567</b>
Inventories	12,041	10,321
Trade and other receivables	6,175	6,756
Prepayments	519	478
Cash and cash equivalents	154	115
<b>Current assets</b>	<b>18,889</b>	<b>17,670</b>
<b>Total assets</b>	<b>61,606</b>	<b>56,237</b>
<b>Equity</b>		
Share capital	3,463	3,459
Share premium	3,301	3,301
Reserves	5,158	5,126
Retained earnings	12,372	11,944
<b>Total equity attributable to the shareholders of the Company</b>	<b>24,294</b>	<b>23,830</b>
<b>Non-controlling interest</b>	<b>46</b>	<b>47</b>
<b>Total equity</b>	<b>24,340</b>	<b>23,877</b>
<b>Liabilities</b>		
Interest-bearing loans and lease liabilities	13,092	7,216
Derivative financial instruments	239	375
Government grants	3,134	3,119
Deferred tax liabilities	389	1,022
<b>Non-current liabilities</b>	<b>16,854</b>	<b>11,732</b>
Interest-bearing loans and lease liabilities	9,123	8,965
Current tax liabilities	11	11
Derivative financial instruments	125	109
Trade and other payables, including derivatives	11,153	11,543
<b>Current liabilities</b>	<b>20,412</b>	<b>20,628</b>
<b>Total liabilities</b>	<b>37,266</b>	<b>32,360</b>
<b>Total equity and liabilities</b>	<b>61,606</b>	<b>56,237</b>

## Consolidated income statement

Thousand EUR

	01.01.2015- 31.12.2015	01.01.2014- 31.12.2014	01.10.2015- 31.12.2015	01.10.2014- 31.12.2014
Revenue	84,445	109,660	24,365	28,908
Cost of sales	-75,594	-98,380	-22,046	-24,752
<b>Gross profit</b>	<b>8,851</b>	<b>11,280</b>	<b>2,319</b>	<b>4,156</b>
Other operating income	421	747	154	160
Distribution expenses	-5,439	-4,898	-1,294	-1,214
Administrative expenses	-2,521	-3,083	-659	-946
Other operating costs	-163	-280	-22	-67
<b>Result from operating activities</b>	<b>1,149</b>	<b>3,766</b>	<b>498</b>	<b>2,089</b>
Finance income	38	20	6	6
Finance costs	-634	-615	-186	-172
<b>Net finance expenses</b>	<b>-596</b>	<b>-595</b>	<b>-180</b>	<b>-166</b>
<b>Profit before income tax</b>	<b>553</b>	<b>3,171</b>	<b>318</b>	<b>1,923</b>
Income tax expense	622	36	230	-113
<b>Profit for the period</b>	<b>1,175</b>	<b>3,207</b>	<b>548</b>	<b>1,810</b>
Attributable to:				
Shareholders of the Group	1,176	3,207	549	1,810
Non-controlling interest	-1	0	-1	0
<b>Net profit (loss) for the year</b>	<b>1,175</b>	<b>3,207</b>	<b>548</b>	<b>1,810</b>
Basic earnings per share (EUR)	0.10	0.27	0.05	0.15

## 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	10,352	20,534	53	20,587
<b>Comprehensive income for the period</b>										
Net profit (loss)	-	-	-	-	-	-	1,397	1,397	0	1,397
<b>Other comprehensive income</b>										
Allocated from reserves	-	-	-83	-	-	-	83	-	-	-
Formation of hedging reserve	-	-	-	-81	-	-	-	-81	-	-81
<b>Total other comprehensive income</b>	-	-	-83	-81	-	-	83	-81	-	-81
<b>Total comprehensive income for the period</b>	-	-	-83	-81	-	-	1,480	1,316	0	1,316
<b>Contributions by and distributions to owners:</b>										
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
<b>Changes in the Group without losing control</b>										
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	20,812	47	20,859
Balance at 1 October 2014	3,459	3,301	1,717	-534	2,421	346	10,102	20,812	47	20,859
<b>Comprehensive income for the period</b>										
Net profit (loss)	-	-	-	-	-	-	1,810	1,810	0	1,809
<b>Other comprehensive income</b>										
Allocated from reserves	-	-	1,152	-	-	-	-	1,152	-	1,152
Allocated from reserves	-	-	-26	-	-	-	25	-	-	-
Formation of hedging reserve	-	-	-	50	-	-	-	50	-	50
<b>Total other comprehensive income</b>	-	-	1,126	50	-	-	25	1,202	-	1,202
<b>Total comprehensive income for the period</b>	-	-	1,126	50	-	-	1,835	3,012	-1	3,011
<b>Contributions by and distributions to owners:</b>										
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	Equity, attributable to the shareholders of the Company							Total	Non-controlling interest	Total equity
	Share capital	Share premium	Revaluation reserve	Hedging reserve	Reserve for acquiring own shares	Legal reserve	Retained earnings			
Balance at 1 January 2015	3,459	3,301	2,843	-484	2,421	346	11,944	23,830	47	23,877
<b>Comprehensive income for the period</b>										
Net profit (loss)	-	-	-	-	-	-	627	627	0	627
Increase of the authorized capital due to translation of the nominal value from Litas to EUR	4	-	-	-	-	-	-	4	-	4
<b>Other comprehensive income</b>										
Allocated from reserves	-	-	-132	-	-	-	132	-	-	-
Formation of hedging reserve	-	-	-	66	-	-	-	66	-	66
<b>Total other comprehensive income</b>	-	-	-132	66	-	-	132	66	-	66
<b>Total comprehensive income for the period</b>	4	-	-132	66	-	-	759	697	0	697
<b>Contributions by and distributions to owners:</b>										
Transfers to Reserve for acquiring own shares	-	-	-	-	87	-	-87	-	-	-
Dividends	-	-	-	-	-	-	-836	-836	-	-836
Total contributions by and distributions to owners	-	-	-	-	87	-	-923	-836	-	-836
<b>Changes in the Group without losing control</b>										
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
Balance at 1 October 2015	3,463	3,301	2,711	-418	2,508	346	11,780	23,691	47	23,738
<b>Comprehensive income for the period</b>										
Net profit (loss)	-	-	-	-	-	-	549	549	-1	548
<b>Other comprehensive income</b>										
Allocated from reserves	-	-	-43	-	-	-	43	-	-	-
Allocated from reserves	-	-	-26	-	-	-	25	-	-	-
Formation of hedging reserve	-	-	-	50	-	-	-	50	-	50
<b>Total other comprehensive income</b>	-	-	-43	54	-	-	43	54	-	54
<b>Total comprehensive income for the period</b>	-	-	-43	54	-	-	592	603	-1	602
<b>Contributions by and distributions to owners:</b>										
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 cash flows

Thousand EUR	01.01.2015- 31.12.2015	01.01.2014- 31.12.2014
<b>Cash flows from operating activities</b>		
Net profit (loss)	1,175	3,207
Adjustments:		
Depreciation of property, plant and equipment	3,137	2,826
Amortization of intangible assets	49	12
Amortization and write down of grants	-447	-386
(Profit) loss on disposal of property, plant and equipment	39	126
Income tax expense	-622	-36
Interest expenses, net	599	599
	<b>3,930</b>	<b>6,348</b>
Change in inventories	-1,723	-1,575
Change in long-term receivables	1	80
Change in trade and other receivables and prepayments	558	809
Change in trade and other payables	-450	-160
	<b>2,316</b>	<b>5,502</b>
Paid interest	-511	-552
Paid profit tax	-11	-
<b>Net cash from operating activities</b>	<b>1,794</b>	<b>4,950</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	-7,238	-4,487
Acquisition of intangible assets	-145	-34
Proceeds from sale of property, plant and equipment	31	109
Acquisition of shares of the subsidiary	-	-8
Loans granted	-12	-
<b>Net cash from investing activities</b>	<b>-7,364</b>	<b>-4,420</b>
<b>Cash flows from financing activities</b>		
Loans received	10,823	4,479
Repayment of borrowings	-4,789	-4,295
Dividends paid	-887	-930
Capital grants received	462	261
<b>Net cash used in financing activities</b>	<b>5,609</b>	<b>-485</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>39</b>	<b>45</b>
Cash and cash equivalents at 1 January	115	70
<b>Cash and cash equivalents at 31 December</b>	<b>154</b>	<b>115</b>

## 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

	2015	2014
Revenue (Thousand EUR)	84.445	109.660
EBITDA (Thousand EUR)	3.888	6.218
EBITDA margin (%)	4,6%	5,7%
Operating result (Thousand EUR)	1.149	3.766
Operating result margin (%)	1,4%	3,4%
Profit (loss) (Thousand EUR)	1.175	3.207
Profit (loss) (%)	1,4%	2,9%
Profit (loss) per share (EUR)	0,10	0,27
Number of shares (units)	11 943 000	11 943 000

### 3. Segment information

#### Revenue per geographical zones:

Thousand EUR	2015	2014
Lithuania	31.391	34.575
European Union	38.593	40.932
Russia	0	27.350
Other countries	14.461	6.803
	84.445	109.660

### 4. Inventories

Thousand EUR	31 December 2015	31 December 2014
Finished production	9.478	8.091
Raw materials	123	24
Other auxiliary materials	2.333	2.089
Production in progress	107	114
Goods for re-sale	-	3
	12.041	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.

**Regarding the announcement of interim financial information**

Amended Securities Act in force since 4 December 2015 foresees that issuers can decide whether to prepare interim financial information (3, 9 and 12 months interim financial statements) or not.

Vilkyskiu pienine, AB announces that instead of interim financial statements the company will publish key performance indicators review. Interim financial statements for 12 months of 2015 will be published on February 29, 2016, later will be published key performance indicators review.

**AB Vilkyskiu Pienine group is to build a new whey processing facility in the town of Taurage**

AB Vilkyskiu Pienine group is to build a new whey processing facility in the town of Taurage at Gaures Str. 23. The project will enable the company to implement one of its strategic goals to achieve a more “downstream” processing level and start making a basket of products with higher added value. This is expected to boost the dairy processor’s competitiveness and improve its bottom line. The project is estimated at EUR 26m, with both self-financing and borrowed capital to be used as sources of funding.

The project is scheduled to start in February 2016, with completion date set for Q1 2017.