



**ŽEMAITIJOS PIENAS, AB
SET OF CONSOLIDATED
AND
SEPARATE FINANCIAL STATEMENTS
FOR 1st HALF OF 2020**

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ŽEMAITIJOS PIENAS, AB

Company code 180240752, Sedos st. 35, Telšiai, Lithuania

Set of consolidated and separate financial statements for 1st half of 2020

(All amounts are indicated in thousands of EUR unless provided otherwise)



I. STATEMENTS OF FINANCIAL POSITION

ASSETS	Note s	The Group		The Company	
		30-06-2020	31-12-2019	30-06-2020	31-12-2019
Fixed assets					
Intangible assets	4	320	335	315	327
Tangible assets	4	54.002	55.624	47.516	49.247
Investments for sale	5	3.511	3.610	3.436	3.534
Right-of-use-asset	6	885	395	885	395
Investments into subsidiaries		-	-	3.150	3.150
Loans granted	8	2.057	1.771	2.057	1.771
Others fin., invest. assets		84	-	84	-
Deferred profit tax assets	7	582	548	482	448
Total amount of fixed assets		61.441	62.283	57.925	58.872
Current assets					
Stock	9	30.352	32.327	28.648	30.760
Advance payments		280	268	257	229
Receivables from the buyers	10	16.344	18.330	16.071	18.216
Other receivables	11	1.335	2.075	1.144	1.471
Cash and cash equivalents	12	17.988	9.901	16.659	8.835
Total amount of current assets		66.299	62.900	62.779	59.512
ASSETS IN TOTAL		127.740	125.183	120.704	118.384
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	13	14.029	14.029	14.029	14.029
Own shares (-)		(3.801)	(3.801)	(3.801)	(3.801)
Required reserve		1.403	1.401	1.403	1.401
Other reserves		12.350	10.274	12.350	10.274
Undistributed profit		67.195	63.204	61.388	56.839
Equity of the shareholders of the parent company		91.176	85.107	85.369	78.742
Minority interest		1.524	1.611	-	-
Equity in total		92.700	86.718	85.369	78.742
Long-term liabilities					
Support received		3.220	3.357	3.065	3.192
Loans	14	11.000	11.000	11.000	11.000
Liabilities arising from the financial lease	15	989	505	989	505
Liabilities arising from the deferred profit tax		-	-	-	-
Other long-term liabilities		3.438	3.438	3.158	3.158
Total amount of long-term liabilities		18.647	18.300	18.212	17.855
Short-term liabilities					
Loans	14	1.000	2.998	1.000	2.998
Liabilities arising from the financial lease	15	432	490	432	490
Trade debts	16	9.519	11.365	10.806	13.566
Payable profit tax		-	-	-	-
Other payable amounts	17	5.442	5.311	4.885	4.733
Total amount of short-term liabilities		16.393	20.165	17.123	21.787
Liabilities in total		35.040	38.465	35.335	39.642
EQUITY AND LIABILITIES IN TOTAL		127.740	125.183	120.704	118.384

Robertas Pažemeckas
General Director

Dalia Geciienė
Chief accountant



II. STATEMENTS OF COMPREHENSIVE INCOME

The Group

Notes	Jan-Jun 2020	Jan-Jun 2019
Notes		
Sales	3 88.417	87.709
Cost of sales	(68.465)	(70.363)
GROSS PROFIT	19.952	17.346
Operating expenses	(14.056)	(12.785)
Other operating income and expenses	88	116
(LOSS) PROFIT FROM OPERATIONS	5.984	4.677
Finance costs	(95)	(62)
Other financial income and expenses	68	73
(LOSS) PROFIT BEFORE TAX	5.957	4.688
Income tax (benefit) expense	25	(413)
TOTAL INCOME FOR THE PERIOD	5.982	4.275
ATTRIBUTABLE TO:		
Equity holders of the Company	6.069	4.369
Minority interest	(87)	(94)
	5.982	4.275
Basic and diluted earnings per share (EUR)	0,13	0,10

The Company

	Jan-Jun 2020	Jan-Jun 2019
Sales	3 88.089	87.302
Cost of sales	(67.922)	(69.656)
GROSS PROFIT	20.167	17.646
Operating expenses	(13.651)	(12.516)
Other operating income and expenses	104	1.923
(LOSS) PROFIT FROM OPERATIONS	6.620	7.053
Finance costs	(95)	(62)
Other financial income and expenses	68	82
(LOSS) PROFIT BEFORE TAX	6.593	7.073
Income tax (benefit) expense	34	(353)
TOTAL INCOME FOR THE PERIOD	6.627	6.720
ATTRIBUTABLE TO:		
Equity holders of the Company	6.627	6.720
Minority interest	-	-
	6.627	6.720
Basic and diluted earnings per share (EUR)	0,15	0,15

Robertas Pažemeckas
General Director

Dalia Gecienė
Chief accountant



III. STATEMENT OF CHANGES IN EQUITY

The Group	Share capital	Own shares (-)	Legal reserve	Reserve s for own shares	Othe r reserves	Retaine d earnings	Equity	Minorit y interest	Total
Balance as of									
31 December 2018	14.029	(1.597)	1.401	5.000	-	60.640	79.473	1.656	81.129
Dividends	-	-	-	-	-	(3.692)	(3.692)	-	(3.692)
Acquisition of own shares	-	(2.204)	-	-	-	-	(2.204)	-	(2.204)
Transfer to reserves	-	-	-	5.274	-	(4.920)	354	-	354
Reserves used	-	-	-	-	-	-	-	-	-
Net profit	-	-	-	-	-	4.369	4.369	(94)	4.275
Balance as of									
30 June 2019	14.029	(3.801)	1.401	10.274	-	56.397	78.300	1.562	79.862
Balance as of									
31 December 2019	14.029	(3.801)	1.401	10.274	-	63.204	85.107	1.611	86.718
Dividends	-	-	-	-	-	-	-	-	-
Acquisition of own shares	-	-	-	-	-	-	-	-	-
Transfer to reserves	-	-	2	10.000	2.350	(12.352)	-	-	-
Reserves used	-	-	-	(10.274)	-	10.274	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
Net profit	-	-	-	-	-	6.069	6.069	(87)	5.982
Balance as of									
30 June 2020	14.029	(3.801)	1.403	10.000	2.350	67.195	91.176	1.524	92.700

The Company	Share capital	Own shares (-)	Legal reserve	Reserves for own shares	Other reserves	Retained earnings	Total
Balance as of							
31 December 2018	14.029	(1.597)	1.401	5.000	-	52.101	70.934
Dividends	-	-	-	-	-	(3.692)	(3.692)
Acquisition of own shares	-	(2.204)	-	-	-	-	(2.204)
Transfer to reserves	-	-	-	5.274	-	(4.920)	354
Reserves used	-	-	-	-	-	-	-
Net profit	-	-	-	-	-	6.720	6.720
Balance as of							
30 June 2019	14.029	(3.801)	1.401	10.274	-	50.210	72.113
Balance as of							
31 December 2019	14.029	(3.801)	1.401	10.274	-	56.839	78.742
Dividends	-	-	-	-	-	-	-
Acquisition of own shares	-	-	-	-	-	-	-
Transfer to reserves	-	-	2	10.000	2.350	(12.352)	-
Reserves used	-	-	-	(10.274)	-	10.274	-
Other transfers	-	-	-	-	-	-	-
Net profit	-	-	-	-	-	6.627	6.627
Balance as of							
30 June 2020	14.029	(3.801)	1.403	10.000	2.350	61.388	85.369

Robertas Pažemeckas
General Director

Dalija Geciene
Chief accountant



IV. CASH FLOW STATEMENTS

	Jan-Jun 2020	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2019
Cash flow from operating activities				
Profit (loss) for the period	5.982	4.275	6.627	6.720
Adjustments:				
Depreciation and amortization	2.841	2.426	2.706	2.305
Amortization of grants received	(137)	(134)	(127)	(124)
Gain (loss) on disposal of non-current assets	118	106	110	(1.556)
Corporate income tax expenses	(34)	67	(34)	67
Impairment of accounts receivable	29	19	29	19
Impairment of property, plant and equipment	-	-	-	-
Impairment of inventories to net realizable value	51	(1.226)	51	(1.226)
Net financial expenses (income)	58	31	58	31
Elimination of non-cash items	-	354	-	354
Loss from liquidation of subsidiaries	-	-	-	-
Net cash flows from ordinary activities before changes in working capital	8.908	5.917	9.420	6.591
Changes in working capital:				
(Increase) decrease in inventories	1.923	(758)	2.061	(729)
(Increase) decrease in trade receivables	1.956	(1.142)	2.123	(804)
(Increase) decrease in prepayments	(11)	(121)	(27)	(122)
(Increase) decrease in other receivables	368	1.330	(45)	1.473
(Decrease) increase in trade payables	(1.846)	(1.119)	(2.759)	(3.601)
(Decrease) increase other accounts payable	990	367	1.011	395
Corporate income tax paid	-	-	-	-
Net cash flows from operating activities	12.288	4.474	11.784	3.203
Cash flows from (to) investing activities				
Acquisition of intangible assets and property, plant and equipment	(903)	(5.107)	(662)	(3.424)
Proceeds on sale of property, plant and equipment	49	913	49	2.598
Acquisition of subsidiaries	-	-	-	-
Acquisition of others investments	(943)	-	(943)	-
Repayment of loans granted	461	597	461	597
Loans granted	(376)	(588)	(376)	(588)
Interest received	41	41	41	41
Net cash flows (to) investing activities	(1.671)	(4.144)	(1.430)	(776)

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IV. CASH FLOW STATEMENTS

- continue

The Group

The Company

	Jan-Jun 2020	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2019
Cash flows from (to) financing activities				
Dividends paid	-	(3.692)	-	(3.692)
Acquisition of own shares	-	(2.204)	-	(2.204)
Grants received (-)	-	2.208	-	2.208
Loans received (-)	-	-	-	-
Repayment of loans	(1.998)	(1.000)	(1.998)	(1.000)
Financial lease payments	(433)	(535)	(433)	(535)
Interest paid	(95)	(62)	(95)	(62)
Other financial (income) and expenses	(3)	(9)	(3)	(10)
Net cash flows from financial activities	(2.530)	(5.295)	(2.530)	(5.295)
Net increase (decrease) in cash and cash equivalents	8.087	(4.965)	7.824	(2.868)
Cash and cash equivalents at the beginning of the year	9.901	6.499	8.835	4.352
Cash and cash equivalents at the end of the year	17.988	1.534	16.659	1.484


Robertas Pažemeckas
General Director


Dalia Gecienė
Chief accountant



V. EXPLANATORY NOTES

1. GENERAL INFORMATION

Žemaitijos pienas, AB (hereinafter referred to as the Company) is a public limited liability company registered in the Republic of Lithuania. Its registered office is situated at the address Sedos st. 35, Telšiai, Lithuania.

The Company produces dairy products and sells them on the Lithuanian and foreign markets. The Company has a number of wholesale units with warehouses and vehicles in the biggest cities of Lithuania. The Company commenced its operations in the year 1984.

On 30 June 2019 and 2020 the Company's share capital was 14 029 thousand of EUR composed of 48.375.000 ordinary registered shares with a nominal value of 0,29 EUR per share.

All of the shares are issued, subscribed and paid up.

Subsidiaries did not hold any shares of the Company as of 30 June in 2020 and 2019.

The Company's shares are traded on the Baltic Additional trade list of the Vilnius Stock Exchange.

In 30 June 2018 The Company had acquired 2,133 thousand. units of own shares for 1,432 thousand. Eur. In 31 December 2018 – The Company had acquired 2,227 thousand pcs for 1,597 thousand. Eur. In January-June of 2019 The Company additionally acquired 1,189,535 own shares for 2,204 thousand. Eur.

In June 2019, and 2020 the balance of the Company own shares amounted to 3,417 pcs for 3,801 thousand. Eur. amount.

In 30 June 2020, the Group was composed of Žemaitijos pienas, AB and its subsidiaries (hereinafter - the Group):

Subsidiary	Registered office of the Company	Interest of the Group's shares	Consolidated interest	Investments (cost price) 30 June 2020	Net assets 30 June 2020	Main activities
Šilutės Rambynas, ABF	Klaipėdos st. 3, Šilutė, Lithuania	87.82 %	87.82 %	3.150	8.696	Production and sale of cheese

On 30 June 2020, the Company had 1.281 employees, and the Group had 1.463 employees (on 30 June 2019 – 1.227 employees in the Company and 1.422 employees in the Group).

2. ACCOUNTING PRINCIPLES

The consolidated interim financial statements for the six months' period ending 30 June 2020 are prepared in accordance with the International Financial Accounting Standards, as adopted by the European Union, includes IAS 34. In all material respects, the same accounting principles have been followed as in the preparation of financial statements for 2019.

The presentation currency is euro. The financial statements are presented in thousands of euro, unless indicated otherwise. The financial statements are prepared under the historical cost convention.

Financial statements for the period ended 30 June 2020 are not audited. Financial statements for the year ended 31 December 2019 are audited by the external auditor Grant Thornton Baltic, UAB

New IFRS 16 "Leases" effective as of January 1, 2019

The Company applies the new standard using the modified retrospective approach, which means that comparative figures are not restated. The cumulative effect of applying IFRS 16 recognized at 1 January 2019. The lease liabilities attributable to leases which have previously been classified as operating leases under IAS 17 are measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as of 1 January 2019. The Company recognize a right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to the lease, recognized as of 31 December 2018. The Company's long-term operating leases are recognized as non-current assets and financial



liabilities in the consolidated statement of financial position. Instead of operating lease expenses the Company recognizes depreciation and interest expenses in the consolidated statement of comprehensive income. Lease payments affect cash flow from operating activities (e.g. interest, low value asset leases and short-term leases), and cash flow from financing activities (repayment of the lease liability) in the cash flow statement.

3. INFORMATION ABOUT THE SEGMENTS

For managerial purposes the activities of the Group and the Company are organized as a single main segment – the production and sale of dairy and cheese products (primary segment). Other products as addition (primary) segment consist of sales of milk, butter, milk whey and other.

The Group	Sales, EUR thousand		Variation in % as comparing 01-06 2020 with 01-06 2019
	Jan-Jun 2020	Jan-Jun 2019	
Cheese and cheese products	38.935	37.408	4,08%
Fresh dairy products	31.526	29.439	7,09%
Other products	17.956	20.862	-13,93%
Total:	88.417	87.709	0,81%

The Group	Gross profit, EUR thousand		Variation in % as comparing 01-06 2020 with 01-06 2019
	Jan-Jun 2020	Jan-Jun 2019	
Cheese and cheese products	9.404	9.077	3,6%
Fresh dairy products	10.780	10.405	3,6%
Other products	(232)	(2.136)	820,69%
Total:	19.952	17.346	15,02%

The Company	Sales, EUR thousand		Variation in % as comparing 01-06 2020 with 01-06 2019
	Jan-Jun 2020	Jan-Jun 2019	
Cheese and cheese products	37.702	36.151	4,29%
Fresh dairy products	31.397	29.312	7,11%
Other products	18.990	21.839	-13,05%
Total:	88.089	87.302	0,90%

The Company	Gross profit, EUR thousand		Variation in % as comparing 01-06 2020 with 01-06 2019
	Jan-Jun 2020	Jan-Jun 2019	
Cheese and cheese products	9.559	9.323	2,53%
Fresh dairy products	10.705	10.330	3,63%
Other products	(97)	(2.007)	1.969,07%
Total:	20.167	17.646	14,29%

The sales of the Group and the Company according to the geographical segments (secondary segment) are provided hereunder:

The Group	Jan-Jun 2020	Jan-Jun 2019
Sales, EUR thousand		
Lithuania	45.626	44.571
Other Baltic and CIS states	15.541	15.011
Other European states	20.416	21.814
Other	6.834	6.313
In total	88.417	87.709

The Company	Jan-Jun 2020	Jan-Jun 2019
Sales, EUR thousand		
Lithuania	46.472	45.503
Other Baltic States and CIS members	14.548	13.889
Other Europe countries	20.416	21.814
Other	6.653	6.096
Total, EUR thousand:	88.089	87.302

4. INTANGIBLE AND TANGIBLE NON-CURRENT ASSETS

Changes in intangible assets of the Group as of 30 June 2020:

The Group	Acquired rights	Computer software	Licenses, patents	Total
Acquisition cost				
As of 31 December 2019	243	142	592	978
- acquisition	8	11	70	89
- sold or written-off assets	-	(12)	(115)	(127)
- transfers between accounts	(69)	-	69	-
As of 30 June 2020	182	142	615	940
Accumulated depreciation				
As of 31 December 2019	107	134	402	643
- amortization	23	4	53	81
- transfers between accounts	(3)	-	3	-
- amortization of transferred and written-off assets	-	(12)	(93)	(104)
As of 30 June 2020	127	126	366	620
Net book value:				
As of 31 December 2019	136	8	190	335
As of 30 June 2020	55	16	249	320

Changes in intangible assets of the Company as of 30 June 2020

The Company	Acquired rights	Computer software	Licenses, patents	Total
Acquisition cost				
As of 31 December 2019	243	115	592	950

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-acquisition	8	11	70	89
-sold or written-off assets	-	(12)	(115)	(127)
-transfers between accounts	(69)	-	69	-
As of 30 June 2020	182	114	616	912
Accumulated depreciation				
As of 31 December 2019	107	114	402	623
-amortization	23	2	53	78
-amortization of transferred and written-off assets	-	(12)	(93)	(104)
-transfers between accounts	(3)	-	3	-
As of 30 June 2020	127	104	366	597
Net book value:				
As of 31 December 2019	136	1	190	327
As of 30 June 2020	55	10	250	315

In the period January-June 2020 amortization of non-current intangible assets of the Group and the Company amounts to EUR 81 thousand and EUR 78 thousand respectively.

Investments in the purchase of non-current intangible assets made by the Group and the Company in the period January - June 2020 amount to EUR 89 thousand and EUR 89 thousand respectively. As all the assets of the Group and the Company are located in Lithuania, all the investments were made in the Lithuanian geographic segment.

Changes in property, plant and equipment of the Group as of 30 June 2020

The Group	Land, buildings and constructions	Machinery and equipment	Vehicles	Other property, plant and equipment	Construction in progress and prepayments	Total
Acquisition cost	22.446	87.845	11.457	4.938	2.567	129.252
As of 31 December 2019						
-acquisition	30	122	190	60	288	690
-sold or written-off assets	(133)	(18)	(279)	(297)	-	(727)
-transfers to investing assets	(21)	-	-	-	-	(21)
-reclassification	12	113	41	-	(166)	-
-adding value	-	-	93	2	29	124
As of 30 June 2020	22.334	88.062	11.502	4.702	2.717	129.318
Accumulated depreciation	8.509	53.141	9.012	2.965	-	73.626
As of 31 December 2019						
-depreciation	313	1.593	198	168	-	2.272
-depreciation of written-off and sold assets	(32)	(18)	(238)	(294)	-	(582)
-transfers to investing assets	-	-	-	-	-	-
-transfers between accounts	-	-	-	-	-	-
As of 30 June 2020	8.790	54.717	8.971	2.839	-	75.316
Accumulated impairment losses	-	-	-	-	-	-
As of 31 December 2019						
-impairment losses	-	-	-	-	-	-
-reversal of impairment	-	-	-	-	-	-
-transfers to investing assets	-	-	-	-	-	-
As of 30 June 2020	-	-	-	-	-	-
Net book value:						

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As of 31 December 2019	13.937	34.704	2.445	1.973	2.567	55.624
As of 30 June 2020	13.544	33.345	2.532	1.864	2.717	54.002

Changes in property, plant and equipment of the Company as of 30 June 2020:

The Company	Land, buildings and constructions	Machinery and equipment	Vehicles	Other property, plant and equipment	Constructi on in progress and prepaymen ts	Total
Acquisition cost						
As of 31 December 2019	19.750	79.841	9.983	4.427	231	114.232
-acquisition	-	103	190	36	150	478
-sold or written-off assets	(132)	(18)	(279)	(297)	-	(726)
-adding value	-	-	93	2	-	95
-reclassification	-	66	41	-	(107)	-
-transfers to accounts investing assets	(21)	-	-	-	-	(21)
As of 30 June 2020	19.597	79.992	10.028	4.167	274	114.058
Accumulated depreciation						
As of 31 December 2019	7.413	47.521	7.454	2.596	-	64.985
-depreciation	294	1.488	201	157	-	2.139
-depreciation of written-off and sold assets	(32)	(18)	(238)	(294)	-	(582)
-reclassification	-	-	-	-	-	-
-transfers to investing assets	-	-	-	-	-	-
As of 30 June 2020	7.675	48.991	7.417	2.459	-	66.542
Accumulated impairment losses						
As of 31 December 2019	-	-	-	-	-	-
-impairment losses	-	-	-	-	-	-
-reversal of impairment	-	-	-	-	-	-
As of 30 June 2020	-	-	-	-	-	-
Net book value						
As of 31 December 2019	12.337	32.321	2.529	1.830	231	49.247
As of 30 June 2020	11.922	31.001	2.611	1.708	274	47.516

For the period ending at 30 June 2020 the depreciation costs of the Group's and the Company's property, plant and equipment amounts to EUR 2.272 thousand and EUR 2.139 thousand respectively.

Investments in the the acquiring of non-current tangible and intangible assets made by the Group and the Company in January-June 2020 amounted to EUR 814 thousand and EUR 573 thousand. All the acquisitions above relate to the geographic segment of Lithuania.

5. INVESTMENT PROPERTY
Changes in the investment assets as of 30 June 2020:

	The Group	The Company
Acquisition cost		
As of 31 December 2019	4.892	4.121
- acquisition	-	-
- transfers from long-term assets	21	21
- sold or written-off assets	-	-
- reversal records	-	-
As of 30 June 2020	4.913	4.142
Accumulated depreciation		
As of 31 December 2019	1.282	587
- depreciation	120	119

- transfers from long-term assets	-	-
- sold or written-off assets	-	-
- reversal records	-	-
As of 30 June 2020	1.402	706
Accumulated impairment losses		
As of 31 December 2019	-	-
-impairment losses	-	-
-reversal of impairment	-	-
As of 30 June 2020	-	-
Net book value, Eur thousand:		
As of 31 December 2019	3.610	3.534
As of 30 June 2020	3.511	3.436

The fair value of investment assets approximates its book value.

The Group's and Company's depreciation of the investment assets in the period January-June 2020 amounted to EUR 120 thousand and EUR 119 thousand respectively.

The Company's investment assets in 2020 and 2019 represents rented assets to ABF Šilutės Rambynas and UAB Čia Market and other companies.

All rent contracts are easily cancellable with a few months prior notice made by the lessee or the lessor.

6. RIGHT-OF-USE-ASSET

According to the new IFRS 16 "Leases" effective as of January 1, 2019 the right-of use asset account to the following:

The Group	Land, buildings and constructions	Movable property	Vehicles	Total
Acquisition cost				
As of 31 December 2019	594	346	72	1.012
-acquisition	861	-	-	861
-reclassification	-	-	-	-
-the end of contract	-	-	(13)	(13)
Acquisition cost				
As of 30 June 2020	1.455	346	59	1.861
Accumulated depreciation				
As of 31 December 2019	342	231	44	617
-depreciation	309	46	14	369
-reclassification	(0)	-	-	(0)
-the end of contract	-	-	(10)	(10)
Accumulated depreciation				
As of 31 June 2020	651	277	48	976
Net book value				
As of 31 December 2019	252	115	28	395
Net book value				
As of 30 June 2020	804	69	12	885

The Company	Land, buildings and constructions	Movable property	Vehicles	Total
Acquisition cost				
As of 31 December 2019	594	346	72	1.012
-acquisition	861	-	-	861
-reclassification	-	-	-	-
-the end of contract	-	-	(13)	(13)
Acquisition cost				
As of 30 June 2020	1.455	346	59	1.861

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Accumulated depreciation				
As of 31 December 2019	342	231	44	617
-depreciation	309	46	14	369
-reclassification	(0)	-	-	(0)
-the end of contract	-	-	(10)	(10)
Accumulated depreciation	651	277	48	976
As of 31 June 2020				
Net book value				
As of 31 December 2019	252	115	28	395
Net book value				
As of 30 June 2020	804	69	12	885

7. DEFERRED INCOME TAX ASSET

	The Group		The Company	
	Jan-Jun 2020	Jan-Dec 2019	Jan-Jun 2020	Jan-Dec 2019
Deferred income tax asset				
Accounts receivable	60	54	60	54
Inventories	51	43	39	31
Accrued vacation reserve	179	152	179	152
Other accrued expenses	619	626	565	572
Investment incentiv	597	597	597	597
Tax loss	135	135	-	-
Total deferred income tax asset, EUR thousand	1.641	1.607	1.440	1.406
Deferred income tax asset realization allowance	-	-	-	-
Deferred income tax asset (after realization allowance)	1.641	1.607	1.440	1.406
Deferred income tax liability				
Difference in property, plant and equipment depreciation rates	(1.059)	(1.059)	(958)	(958)
Total deferred income tax liability, EUR thousand	(1.059)	(1.059)	(958)	(958)
Deferred income tax asset, net EUR thousand	582	548	482	448

8. LOANS GRANTED

The Group's and the Company's granted loans consisted of the following:

	The Group		The Company	
	30 60 2020	31 12 2019	30 60 2020	31 12 2019
Loans granted	2.491	2.577	2.491	2.577
in a number of loans to related parties	682	737	682	737
in a number of loans to farmers	1.704	1.709	1.704	1.709
in a number of loans to employees	105	131	105	131
Less: current portion of loans granted	(434)	(806)	(434)	(806)
Non- current loans granted, EUR thousand	2.057	1.771	2.057	1.771



All granted loans are in EUR. The repayment term is from 1 to 9 years.
27 company's employees had a loan balance as of 30/06/2020. The average annual loan interest rate: 3%.

Loans have been granted to the employees as a motivating tool based on the Regulations for Provision of Loans to employees. A limit of the fund intended for provision of loans to the employees makes up EUR 232 thousand. On all occasion loans are being granted to a borrower after he/she undertakes to secure repayment of a loan by pledging his/her or another person's real property assets or using other means of security of repayment of a loan acceptable to the company (a credit institution guarantee or other). Upon assessment of a possible risk, liquidity of real estate assets being pledged and etc. a value of the real estate assets being pledged makes up from 100% to 200% of an amount being borrowed.

85 farmers had a loan balance as of 30/06/2020. Loans in the amount of EUR 364 thousand had been granted to farmers within the period from 01/01/2020 to 30/06/2020. The average interest rate on loans granted: 3,50%. All long-term loans have been granted with collateral (land have been pledged at market prices).

As of 30/06/2020 the associated company owed EUR 682 thousand to Klaipėdos pienas, AB. The loan has been granted with a variable/floating annual interest rate; a loan repayment period – the year 2029; the shares of Žemaitijos pienas, AB were pledged.

9. STOCK

The Group's and the Company's stock consisted of the following:

	The Group		The Company	
	30 06 2020	31 12 2019	30 06 2020	31 12 2019
Raw materials	3.989	4.182	3.578	3.642
Finished goods and work in process	26.418	27.896	25.045	26.790
Goods for resale	284	536	284	536
	30.691	32.614	28.907	30.968
Less: write off to net realizable value	(339)	(287)	(259)	(208)
Total, EUR thousand:	30.352	32.327	28.648	30.760

10. RECEIVABLES FROM THE BUYERS

Receivables of the Group and the Company from the buyers consisted of the following:

	The Group		The Company	
	30 06 2020	31 12 2019	30 06 2020	31 12 2019
Trade accounts receivable	13.624	15.700	13.100	15.178
Accounts receivable from related parties	3.616	3.496	3.346	3.383
	17.240	19.196	16.446	18.561
Impairment allowance for bad debts	(631)	(601)	(110)	(80)
Impairment allowance for bad debts of related parties	(265)	(265)	(265)	(265)
Net trade receivables:	16.344	18.330	16.071	18.216

Changes in the impairment of doubtful receivables from the buyers are included in the profit (loss) statement as operating expenses.

Receivables from the buyers are free of interest and their term is usually from 30 to 90 days. The accounts receivable from the customer are recognized as impairment allowance for bad debts and are accounted in operating expense in the total income statement.

11. OTHER RECEIVABLES

Other receivables of the Group and the Company consisted of the following:



	The Group		The Company	
	30 06 2020	31 12 2019	30 06 2020	31 12 2019
Income tax receivables	387	407	276	286
Current portion of long-term loans granted	434	806	434	806
VAT receivable	494	783	414	300
Other receivables	20	79	20	79
Total:	1.335	2.075	1.144	1.471

12. CASH AND CASH EQUIVALENTS

The Group's and the Company's cash and cash equivalents consisted of the following:

	The Group		The Company	
	30 06 2020	31 12 2019	30 06 2020	31 12 2019
Cash at bank	17,975	9,879	16,646	8,813
Cash on hand	13	22	13	22
Total:	17,988	9,901	16,659	8,835

13. EQUITY

As at 30 June 2020 and at 31 December 2019 the share capital amounted to 48.375.000 ordinary registered shares with a nominal value of 0.29 Eur.

As at 30 June 2020 and on 31 December 2019, all the shares were fully paid.

The required reserve is mandatory under legal acts of the Republic of Lithuania. It is necessary to transfer not less than 5 percent of the net profit each year until the reserve reaches 10 percent of the share capital. The Company's required reserve was fully formed. The required reserve may not be distributed to the shareholders. In April 2020 the shareholders adjusted the amount of the required reserve to 1.403 thousand. Eur.

Other reserves are formed according to the decision of the annual meeting of shareholders to distribute the profit and the Company's articles of association. These reserves can only be used for the purposes determined by the general meeting of shareholders. Following the valid Law on Companies, the Company's reserves other than required reserves must be restored to the distributable profit and redistributed if they have not been used or they are not planned to be used.

14. LOANS RECEIVED

The loans of the Company and the Group as at 30st June 2020 (EUR thousand):

Creditor	Date of agreement	Loan maturity date	Currency	Interest rate	2020.06.30	2019.12.31
AB SEB bank	2018-06-11	2023-06-11	EUR	1,35% Euribor 3m	6.000	7.000
AB SEB bank	2019-07-16	2024-03-30	EUR	1,40% Euribor 3m	6.000	6.000
AB SEB bank	2019-01-09	2024-06-15	EUR	2,15% Euribor 6m	-	998
Total: thousand EUR					12.000	13.998

In June 2018, Žemaitijos Pienas, AB concluded a credit agreement with SEB Bankas, AB for the amount of EUR 10 million. The credit was granted for the period of 5 (five) years and bears fluctuating interest rate. The last date of its repayment: June 2023. Collateral for the performance of the obligations under this credit agreement includes the following: current account of the Company at SEB Bankas, AB and real estate at the address 3, Klaipėdos Street, Šilutė.

In July 2019, the Company concluded an amendment to the credit agreement with SEB Bankas, AB on the basis of which a new business credit amounting to EUR 6 million was granted to the Company. The credit bears fluctuating annual interest rate. Its repayment date: March 2024. The additional collateral includes industrial building in Šiauliai (with all the equipment). In addition to the credit agreement, the Company concluded an agreement on financial indicators and other liabilities with SEB Bankas, AB. The financial indicators and non-financial liabilities set down in the agreement are being carried out.

During the reorganization, in the process of merger of Baltijos Mineralinių Vandenių Kompanija with the Company (under the act of the assets, rights and obligations transfer-acceptance dated 31/12/2019), the Company took over the debt of EUR 997 907 that comes from the credit agreement concluded with SEB Bankas, AB. The loan was fully repaid to the bank on 14/02/2020.

Also during the January-June 2020 the credit of 2018 agreement was repaid EUR 1 million.

As at 30 June 2020, the balance of the Group and the Company's loans amounted to EUR 12,000 thousand.

15. LIABILITIES UNDER THE FINANCIAL LEASE CONTRACT

As at 30 June 2020, finance lease liabilities of the Group and the Company included liabilities from lease contracts concluded with the leasing companies and liabilities for the right-of-use assets in accordance with IAS 16 "Leases", newly effective as of 01-01-2019.

The Group	30 06 2020	31 12 2019
Within one year	432	490
In the second to fifth years	989	505
Total : liabilities arising from financial lease	1.421	995
The Company	30 06 2020	31 12 2019
Within one year	432	490
In the second to fifth years	989	505
Total : liabilities arising from financial lease	1.421	995

16. PAYABLE AMOUNTS

Here are the terms of financial liabilities:

- Trade debts are free from interest and are usually repaid within a period of 30 days.
- Other payable amounts are free from interest and have approximately a repayment term of one month.
- Payable interest is usually paid on a monthly basis over the entire financial year.

	The Group		The Company	
	30 06 2020	31 12 2019	30 06 2020	31 12 2019
Payables to suppliers	8.748	10.485	8.291	9.701
Payables to related parties	460	223	2.218	3.378
Prepayments	311	657	297	487
Total:	9.519	11.365	10.806	13.566

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**17. OTHER PAYABLE AMOUNTS**

Other payable amounts consisted of the following:

	The Group		The Company	
	30 06 2020	31 12 2019	30 06 2020	31 12 2019
Vacation reserve	1,379	1,200	1,193	1,014
Bonuses for employees	-	-	-	-
Wages and salaries payable	1,194	1,058	1,054	912
Social security payable	497	669	433	592
Dividends payable	875	890	875	890
Payables based on defined obligations to employees	695	695	612	612
Management Bonus	-	-	-	-
Accrued expenses	334	334	334	334
Taxes payable, other than income tax	457	455	377	374
Other short-term liabilities	11	10	7	5
Total:	5,442	5,311	4,885	4,733

Outstanding balances at the end are unsecured and interest free for them.

18. RELATED PARTY TRANSACTIONS

Related parties of the Group and the Company are:

- the parties that control, are controlled by or are under common control with the Company;
- the parties that can have material impact on the activities of the Company;
- the parties that are management members of the Company or its parent company;
- the companies that are under control or material impact of the aforesaid persons.

The main related parties of the Group and the Company are:

Item No.	Company Name	Company Details	Nature of Main Activities
1.	Šilutės Rambynas, ABF	Company code: 277141670; address: Klaipėdos g. 3, Šilutė, LT-99115	Dairy activities and cheese making
2.	Žemaitijos pieno investicija, AB	Company code: 300041701; address: Sedos g. 35, Telšiai, LT-87101	Renting and operating own and rented real estate
3.	Baltijos mineralinių vandenų kompanija, UAB	Company code: 141763534, address: Mažeikių g. 4, Telšiai, LT-87101 (31 12 2019 after reorganization was merged with the Company – Žemaitijos pienas, AB)	Manufacture of bottled natural mineral water
4.	Klaipėdos pienas, AB	Company code: 240026930; address: Šilutės pl. 33, Klaipėda, LT-91107	Ice-cream production
5.	Čia Market, UAB	Company code: 141354683, address: Sedos g. 35A, Telšiai LT-87101	Retail trade in non-specialized stores.
6.	Muižas piens, SIA	Company code: 40003786632, address: Bauskas iela 58a-8, 5stavs room 507, Riga, LV-1004, Latvia	Wholesale trade in food products, marketing
7.	Samogitija, UAB	Company code: 302501454, address: Narutavičių g. 4, Telšiai, LT-87101	Production, transportation, storage, distribution, etc. of dairy and other food products.
8.	S.A.R. Dziugas France	Company code: 751860669, address: 149 avenue du Maine, Paris	Production and sale of dairy products
9.	Dziugas USA L.L.C.	Company code: 0400754292, address: Five greentree centre, ste. 104, 525 Route 73 North Marlon, NJ08053,	Wholesale import, marketing of dairy products
10.	Dziugas Eesti OU	Company code: 14324189, address: Punane 56, Tallinn, Estonia	Wholesale import, sales and marketing of dairy products
11.	Dziugas Poland Spolk	Company code: 368496450, address: ul. Luki Wielke 5, Warsaw, Poland	Activities of agents trading in food and beverages
12.	Baltic Holding, UAB	Company code: 302688114, address: Igulus g. 18B -4, Klaipėda	IT services
13.	Nepriklausoma tyrimų laboratorija, UAB	Company code: 110824551, address: Narutavičių g. 4, Telšiai	Laboratory and other tests of materials and analysis services
14.	Dziugas Deutschland GmbH	Company code: HRB 154342, address: Chilehaus A, Fischertwiete 2 20095 Hamburg, Germany	Marketing and product sales

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15.	Dziugas Hungary Kft	Company code: 01-09-325932, address: H-1132 Budapest, Váci út 22-24. VII. em., Hungary	Wholesale import, sales and marketing of dairy products
16.	Dziugas UK Ltd	Company code: 11405400; address: 10 Bloomsbury Way, London WC1A 2SL, United Kingdom	Activities of agents trading in food and beverages

Sales to and purchases from related parties (EUR thousand):

	The Group		The Company	
	Jan-Jun 2020	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2019
1) Sales				
Sales of goods				
<i>To the Group</i>				
Šilutės Rambynas ABF	-	-	10.369	11.126
	-	-	10.369	11.126
<i>To Related parties</i>				
Baltijos mineralinių vandenų kompanija UAB				
Klaipėdos pienas AB	410	355	140	68
Čia Market UAB	2.838	3.363	2.838	3.363
Muizas piens SIA	355	308	355	308
Dziugas Hungary Kft	8	-	8	-
Dziugas Eesti OU	4	6	4	6
Dziugas Poland Spolk	17	-	17	-
UAB Nepriklausoma tyrimų laboratorija	7	-	7	-
Dziugas USA LLC	-	64	-	64
	3.639	4.096	3.369	3.809
Sales of inventory and services				
<i>To the Group</i>				
Šilutės Rambynas ABF	-	-	19	2.746
	-	-	19	2.746
<i>To Related parties</i>				
Baltijos mineralinių vandenų kompanija UAB	-	37	-	37
Klaipėdos pienas AB	149	190	149	187
Žemaitijos pieno investicija AB	18	20	18	20
Samogitija UAB	0	0	0	0
Čia Market UAB	156	308	154	306
Muizas piens SIA	0	11	0	11
UAB Nepriklausoma tyrimų laboratorija	18	25	18	24
Dziugas Deutschland GmbH	12	9	12	9
Dziugas Hungary Kft	1	-	1	-
Dziugas Eesti OU	2	1	2	1
Dziugas Poland Spolk	6	6	6	6
	363	607	360	601
Total Sales:	4.002	4.703	14.117	18.282

	The Group		The Company	
	Jan-Jun 2020	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2019
2) Purchases				
<i>From the Group</i>				
Šilutės Rambynas ABF	-	-	12.030	13.255
	-	-	12.030	13.255
<i>From Related parties</i>				
Baltijos mineralinių vandenų kompanija UAB	-	644	-	644
Klaipėdos pienas AB	41	47	40	46
Žemaitijos pieno investicija AB	458	421	458	420
Čia Market UAB	1.334	1.516	1.332	1.516
Muizas piens SIA	209	329	209	329
UAB Nepriklausoma tyrimų laboratorija	565	557	541	534
Dziugas Poland Spolk	234	95	234	95
Dziugas UK Ltd	50	60	50	60

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Džiugas Deuthland GmbH	207	160	207	160
Džiugas Hungary Kft	36	28	36	28
Džiugas Eesti OU	159	128	159	128
Džiugas USA LLC	-	28	-	28
S.A.R. Džiugas France	130	100	130	100
	<u>3.423</u>	<u>4.113</u>	<u>3.396</u>	<u>4.088</u>
Total Purchases:	3.423	4.113	15.426	17.343

Balances outstanding with related parties

	The Group		The Company	
	30 06 2020	31 12 2019	30 06 2020	31 12 2019
3) Accounts receivable and financial debts				
<i>From Group</i>				
Šilutės Rambynas ABF	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>From Related parties</i>				
Klaipėdos pienas AB (and loan – 682 Eur thousand)	1.408	1.339	1.408	1.226
Čia Market AB	2.210	2.675	2.210	2.675
Muizas piens SIA	117	215	117	215
Džiugas France S.A.R.	-	-	-	-
Džiugas Hungary Kft	8	2	8	2
Džiugas Deuthland GmbH	2	3	2	3
Džiugas Eesti OU	2	-	2	-
Džiugas Poland Spolk	20	4	20	4
	<u>3.767</u>	<u>4.238</u>	<u>3.767</u>	<u>4.125</u>
Total balances of payables:	3.767	4.238	3.767	4.125

	The Group		The Company	
	30 06 2020	31 12 2019	30 06 2020	31 12 2019
4) Balances of payables				
<i>To Group</i>				
Šilutės Rambynas ABF	-	-	1.764	3.158
	<u>-</u>	<u>-</u>	<u>1.764</u>	<u>3.158</u>
<i>To Related parties</i>				
Žemaitijos pieno investicija UAB	103	34	103	34
Klaipėdos pienas AB	0	-	0	-
Muizas piens SIA	1	-	1	-
Džiugas Poland Spolk	65	-	65	-
UAB Samogitija	9	40	9	40
Džiugas Eesti OU	28	26	28	26
UAB Nepriklausoma tyrimų laboratorija	231	97	225	94
Džiugas UK Ltd	7	-	7	-
S.A.R. Džiugas France	17	23	16	23
Džiugas USA LLC	-	3	-	3
	<u>461</u>	<u>223</u>	<u>454</u>	<u>220</u>
Total balances of payables:	461	223	2.218	3.378

As at 30 June 2020, the Company accounted for impairment losses for doubtful debts related to amounts belonging to related parties, i.e. UAB Čia Market - 265 thousand (in 2019 - EUR 265 thousand). The assessment of these doubtful debts is reviewed each financial year by checking the financial position of the party concerned, the market in which the party concerned is operating to forward looking factors (as described in Note 3 – Impairment of financial assets in Financial statements for 2019).

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The Company and the Group have concluded a number of transactions with related parties (AB "Žemaitijos pieno investicija" group companies) and the Group's profit and sales are significantly affected by transactions with AB "Žemaitijos pieno investicija" group. Transactions include the leasing of fixed assets, the sale of raw materials and the purchase of manufactured products (cheese) from ABF "Šilutės Rambynas", the sale of the finished products to UAB "Čia Market", and the sale of raw materials, production and services to AB "Klaipėdos Pienas".

19. EVENTS AFTER THE REPORTING PERIOD

There were no events occurred after the reporting period that would influence financial results of the Group and the Company.

Robertas Pažemeckas
General Director

Dalia Gečienė
Chief accountant