



**A SET OF INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
OF ROKISKIO SURIS AB
FOR THREE MONTH PERIOD
OF THE YEAR 2014**

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1. Reporting term of the interim consolidated financial statements

The interim consolidated financial statements are prepared for three month period of the year 2014.

2. Key information of the issuer

Name of the issuer: Joint stock company "Rokiskio suris".

Legal base: Joint Stock Company.

Address – Pramonės str. 3, LT 42150 Rokiskis, Republic of Lithuania.

Telephone: +370 458 55 200, fax +370 458 55 300.

E-mail address: rokiskio.suris@rokiskio.com

Website: www.rokiskio.com

Registered in on 28th February 1992 by the Authorities of Rokiskis region.

Re-registered in on 28th November 1995 by the Ministry of Economy of the Republic of Lithuania.

Company code 173057512.

Manager of registry of legal entities – State company “Registru centras”.

The authorized capital of AB “Rokiskio suris” equals to LTL 35,867,970.

There are 35,867,970 shares. Nominal value per share equals to LTL 1 (one litas).

3. Information on the issuer's daughter enterprises and subsidiaries

The consolidated group (hereinafter the “Group”) consists of the Parent Company, two branches, five subsidiaries and one joint venture.

Subsidiaries of AB “Rokiškio sūris”:

UAB „Rokiskio pienas“ legal address: Pramonės str. 8, LT - 28216 Utena. Company code: 300561844. AB „Rokiškio sūris“ is its founder and the only shareholder having 100 per cent of shares.

UAB „Rokiškio pieno gamyba“ legal address: Pramonės str. 8, LT - 28216 Utena. Company code: 303055649. AB „Rokiškio sūris“ is its founder and the only shareholder having 100 per cent of shares.

Dairy cooperative „Žalmargė“ legal address: Kalnalaukio str.1, Širvintos. Company code: 178301073.

Latvian company SIA Jekabpils piena kombinats (company code 45402008851, legal address: Akmenu iela 1, Jekabpils, Latvija LV-5201).

Latvian company SIA Kaunata (company code 240300369, legal address Rogs, Kaunata pag., Rezeknes nov., Latvia).

Co-controlled company:

UAB „Pieno upės“, legal address: Sandėlių g. 9, Kaunas. Company code: 135027862.

Branches of AB “Rokiškio sūris”:

AB „Rokiškio sūris“ branch Utenos pienas (Company code: 110856741, Pramonės g. 8, LT-28216 Utena);

AB „Rokiškio sūris“ branch Ukmergės pieninė (Company code: 182848454, Kauno g. 51, LT-20119, Ukmergė).

4. Characterization of the issuer's basic business

Basic business of the group of “Rokiškio sūris“:

- ◆ Dairying and cheese production (EVRK 10.51);

Basic business of AB „Rokiškio sūris“ is production and sales of fermented cheese, whey products, and skim milk powder.

Subsidiaries:

Basic business of UAB „Rokiškio pienas“ is sales of fresh dairy products (fluid milk, kefir, sour milk, butter, curds, fresh cheese, sour cream, chocolate coated curds dessert, desserts).

Basic business of UAB „Rokiškio pieno gamyba“ is production of fresh dairy products (fluid milk, kefir, sour milk, butter, curds, fresh cheese, sour cream, chocolate coated curds dessert, desserts).

Basic business of KB „Žalmargė“ is purchase of raw milk.

Basic business of SIA Jekabpils piena kombinats – purchase of raw milk.

Basic business of SIA Kaunata – purchase of raw milk.

Co-controlled company:

Basic business of UAB „Pieno upės“ is purchase of raw milk.

Branches of AB “Rokiškio sūris“:

Basic business of AB „Rokiškio sūris“ branches Utenos pienas and Ukmergės pieninė is purchase of raw milk.

5. Contracts with financial brokers

On 24th December 2003, AB „Rokiškio sūris“ made a contract with UAB FMĮ „Baltijos vertybiniai popieriai“ (Gedimino pr.60, Vilnius) regarding administration of shareholders of AB „Rokiškio sūris“. On 15th January 2007, the financial company changed its name into UAB FMĮ „Orion securities“ (A.Tumėno str. 4, LT-01109 Vilnius).

6. Trade on issuer's securities by stock exchange and other organised markets

The 35,867,970 ordinary registered shares of AB “Rokiškio sūris“ are listed on the **Official List of NASDAQ OMX Vilnius Stock Exchange**. (VVPB symbol RSU1L). Nominal value per share 1 (one) litas.

The Company has not issued any debt securities for the public stock trading.

The Company has not issued nor registered any debt securities for the non-public stock trading.

There are no securities which would not participate as a part of the Authorized Capital and be regulated by the Law on Securities.

The shares were not traded by other stock exchanges or similar institutions. As from 22nd November 2010 the trade on stock markets is performed in euros.

Trade by shares of AB Rokiskio sūris on NASDAQ OMX Vilnius Stock Exchange:

Trade on central market:

Reported period		Price (Eur)				Turnover (Eur)			
from	to	max	min.	avver.	Last session	Date of last trading session	max	min	Last session
2011.01.01	2011.03.31	1.789	1.505	1.696	1.750	2011.03.31	92,633.76	0	0
2011.04.01	2011.06.30	1.807	1.410	1.574	1.440	2011.06.30	118,496.02	0	118,496.02
2011.07.01	2011.09.30	1.485	1.370	1.404	1.400	2011.09.30	223,147.30	0	14,035.60
2011.10.01	2011.12.30	1.478	1.205	1.256	1.298	2011.12.30	644,770.74	0	3,595.46
2012.01.01	2012.03.30	1.388	1.29	1.360	1.359	2012.03.30	118,945.00	0	0
2012.04.01	2012.06.30	1.40	1.25	1.36	1.360	2012.06.29	108,953.50	0	4,128.00
2012.07.01	2012.09.30	1.40	1.30	1.37	1.40	2012.09.28	641,665.74	0	1,158.70
2012.10.01	2012.12.31	1.47	1.33	1.37	1.40	2012.12.28	390,622.20	0	1,950.00
2013.01.01	2013.03.28	1.59	1.39	1.46	1.57	2013.03.30	77,386.93	0	4,671.62
2013.04.01	2013.06.28	1.63	1.44	1.49	1.50	2013.06.28	335,690.00	0	5,992.78
2013.07.01	2013.09.30	1.64	1.48	1.57	1.64	2013.09.30	93,753.10	0	93,753.10
2013.10.01	2013.12.31	1.62	1.50	1.55	1.59	2013.12.30	265,880.80	0	1,162.22
2014.01.01	2014.03.31	1.74	1.59	1.68	1.70	2014.03.31	106,298.00	0	0

Trade by the shares of AB “Rokiškio sūris” within January-March 2014

Price EUR



Data source – website of AB NASDAQ OMX Vilnius:

http://www.nasdaqomxbaltic.com/market/?instrument=LT0000100372&list=2&pg=details&tab=historical&lang=en¤cy=0&downloadcsv=0&date=&start_d=1&start_m=1&start_y=2014&end_d=31&end_m=3&end_y=2014

Capitalization of the Securities

Reporting period		Total turnover		Date of last trading session	Capitalisation (Eur)
from	to	(units)	(Eur)		
2010.01.01	2010.03.31	988,352	975,929	2010.03.31	38,983,123
2010.04.01	2010.06.30	1,384,497	1,419,903	2010.06.30	37,406,882
2010.07.01	2010.09.30	829,929	1,022,024	2010.09.30	53,092,399
2010.10.01	2010.12.31	1,564,687	2,715,182	2010.12.30	68,893,250
2011.01.01	2011.03.31	482,039	817,582.95	2011.03.31	62,768,948
2011.04.01	2011.06.30	791,936	1,246,500.83	2011.06.30	51,649,877
2011.07.01	2011.09.30	821,016	1,152,527.70	2011.09.30	50,215,158
2011.10.01	2011.12.30	1,192,435	1,498,010.23	2011.12.30	46,556,625
2012.01.01	2012.03.31	189,564	257,712.33	2012.03.31	48,744,571
2012.04.01	2012.06.30	228,464	310,179.89	2012.06.29	48,780,439
2012.07.01	2012.09.30	835,557	1,142,089.88	2012.09.28	50,215,158
2012.10.01	2012.12.31	525,165	717,997.30	2012.12.28	50,215,158
2013.01.01	2013.03.31	265,841	389,055.13	2013.03.30	56,312,713
2013.04.01	2013.06.30	675,596	1,005,631.66	2013.06.28	53,801,955
2013.07.01	2013.09.30	358,981	562,423.85	2013.09.30	58,823,471
2013.10.01	2013.12.31	743,434	1,154,134.97	2013.12.30	57,030,072
2014.01.01	2014.03.31	381,601	640,913.17	2014.03.31	60,975,549

7. Authorized capital of the issuer

As at 31st March 2014, the Authorized capital of AB “Rokiškio sūris“ comprised of the following:

Type of shares	Number of shares	Nominal value, LTL	Total nominal value, LTL	Share of authorized capital (%)
1	2	3	4	5
Ordinary registered shares	35,867,970	1	35,867,970	100.00

All shares of AB „Rokiškio sūris“ are paid-up , and they are not subject to any limitations of transference.

8. Shareholders.

Total number of shareholders (as at 31.03.2014)– 5,527 shareholders.

The shareholders having or owning over 5 per cent of the issuer’s authorized capital (as at 31.03.2014):

Name, surname Name of company	Address	Proprietary rights			With associated persons	
		Number of shares	Capital share %	Votes %	Capital share %	Number of shares
UAB "Pieno pramonės investicijų valdymas" Company code 173748857	Pramonės str. 3, Rokiškis Lithuania	10,032,173	27.97	28.61	68.24	69.80
SIA "RSU Holding", reg.No.40103739795	Sliezu iela 9A-25, Riga	8,909,347	24.84	25.41	68.24	69.80
Antanas Trumpa	Sodų 41a, Rokiškis Lithuania	5,398,659	15.05	14.40	68.24	69.80
Swedbank clients Company code 10060701 EE 40003074764 LV	Liivalaia 8, Tallinn Estonia/ Balasta Dambis 1A Latvia	3,151,193	8.79	8.99	-	-
SEB SA OMNIBUS (funds/inst clients) LUESSE22	Liuksemburgas	1,778,605	4.96	5.07	-	-
AB „Rokiškio sūris“ Company code 173057512	Pramonės g.3, Rokiškis Lithuania	802,094	2.24	-	-	-

9. Shareholders' rights

Shareholders have the following non-economic rights:

- 1) to attend the general meetings of shareholders;
- 2) to make advance inquiries addressed to the company in regards with the items on the agenda of general meeting of shareholders;
- 3) based on the rights provided with the shares to vote on the general meetings of shareholders;
- 4) according with Part 1 of Article 18 of the Law on the Joint Stock Companies to obtain information on the company's operations;
- 5) to address the court requesting to bring an action of damages against the company if the damage was caused by noncompliance or inadequate compliance with duties of the company manager and board of directors as stated by the Law on Joint Stock Companies of the Republic of Lithuania or other laws, as well as the Articles of Association and or in any other cases as stated by the Lithuanian Laws;
- 6) other non-economic rights established by the Lithuanian Laws.

Shareholders have the following property rights:

- 1) to receive a certain portion of the Company's profit (dividend);
- 2) to receive a certain portion of the company's funds when its authorized capital is decreased in order to pay out the fund to shareholders;
- 3) to receive shares without payment if the authorised capital is increased from the funds of the Company;
- 4) to have priority in acquiring the newly issued shares or convertible bonds of the Company unless the General Meeting of the Shareholders resolves to waive such right complying with the applicable Law;
- 5) to lend to the Company as determined by the Laws of the Republic of Lithuania, the company however cannot mortgage its assets when borrowing from shareholders. When the company borrows from shareholders the interest cannot exceed the average interest rate of the local commercial banks on the day of contracting. In this case the company and shareholders must not agree regarding the higher rate of interest;
- 6) to receive a portion of assets of the Company in liquidation;
- 7) other property rights established by the Lithuanian Laws.

The rights identified by points 1, 2, 3 and 4 are provided to the persons who were the company's shareholders at the end of the tenth working day after the corresponding general meeting of shareholders.

10. Information on purchase of issuer's own shares

During the public quotation from 2011.09.07 to 2011.09.20 AB „Rokiškio sūris“ acquired 788,804 own shares which made 2.20 % of the company's authorized capital, and during the period from 2011.12.01 to 2012.12.14 it was acquired 13,290 own shares which made 0.04 % of the company's authorized capital.

As at the end of the reporting period (30th September 2012), AB „Rokiškio sūris“ has in treasure 802,094 ordinary registered shares and it makes 2.24 % of the company's authorized capital.

Treasury shares have no voting right.

11. Operations of the issuer

AB „Rokiškio sūris“ is one of the largest and most modern dairy production companies in Lithuania. The main activity of the company is production and sales of fermented cheese, fresh dairy products, butter, milk powders, whey and other milk products.

The Group's production is developed in the towns of Rokiškis (AB „Rokiškio sūris“), Utena (UAB „Rokiškio pieno gamyba“) and Ukmerge (UAB „Rokiškio pieno gamyba“ subsidiary „Ukmergės pieninė“).

In order to optimize the group's performance and to reach better results it was established a subsidiary Rokiskio pieno gamyba UAB. A part of Rokiskio pienas UAB, which continues its operations of product distribution, is separated and a new company Rokiskio pieno gamyba UAB with equal legal form is established on the basis of the assets, rights and obligations assigned to

this part of the company, and the main business of the new subsidiary is production of dairy products.

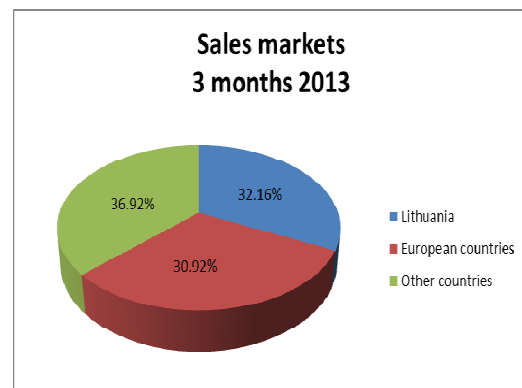
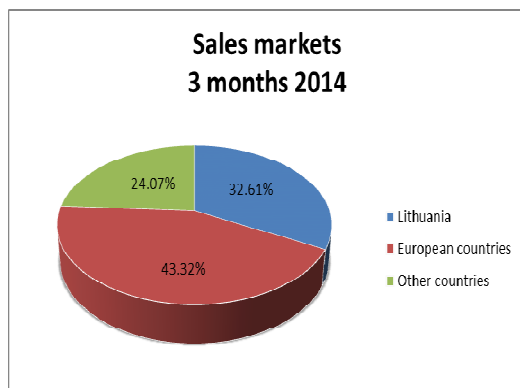
- Specialization of AB Rokiskio suris (Rokiskis) – production and sales of fermented cheese and whey products.
- Specialization of UAB „Rokiškio pieno gamyba“ (Utena) – fresh dairy products for the local market, whey protein concentrate, milk powder and butter production.
- Specialization of UAB „Rokiškio pieno gamyba“ (Ukmerge production plant) – curd and curd cheese production.
- Specialization of Rokiskio pienas UAB – sales of the Group’s products in Lithuania, Latvia and Estonia.

The consolidated non-audited net loss of 3 months 2014 of AB „Rokiškio sūris“ Group made LTL 2.062 million, whilst in the same period last year the consolidated non-audited net profit made LTL 1.256 million.

The Group’s loss was caused by the significant fall in export prices in both Western and Eastern markets whilst the production sold during the first three months of 2014 was produced in the end of the year 2013 when raw milk prices were the highest ever (raw milk price make around 75 per cent of cheese production cost).

Sales markets 3 months 2014 and 3 months 2013

Name of countries	Sold			
	3 months 2014		3 months 2013	
	kLTL	%	kLTL	%
Lithuania	71,378	32.61	61,075	32.16
European countries	94,807	43.32	58,728	30.92
Other countries	52,678	24.07	70,124	36.92
Total	218,863	100.00	189,927	100.00



Within the period of 3 months 2014, the sales of AB „Rokiškio sūris“ group made LTL 218.863 million, i.e. more by 15.24 per cent compared to the same period of last year. In the three months 2013, the consolidated sales made LTL 189.927 million.

12. Management bodies of the issuer

In accordance with the Articles of Association of AB „Rokiškio sūris“, the managing bodies of the company are as follows: General shareholders' meeting, the Board of Directors and the Chief Executive Officer.

The competence and procedure of announcement applied to the general shareholders' meeting complies with the competence and procedure of announcement applied to the general shareholders' meeting established by the Law on Joint Stock Companies.

The Board of Directors is a collegial management body comprised of 5 (five) members. The Board members are elected and recalled by the general shareholders' meeting pursuing the procedure set by the Law on Joint Stock Companies.

The Chief Executive Officer is a one-man management body who organizes everyday activities of the company, discusses and solves the company's long term strategic objectives as well as issues of business plans. Within relationship between the company and other persons, the Chief Executive Officer acts determinatively on behalf of the company.

Members of the Board of Directors:

Dalius Trumpa – Board Chairman (elected on 17th July 2012). Owns 135,550 ordinary registered shares, i.e. 0.34% of the Authorized capital and 0.39% of votes of AB „Rokiškio sūris“.

Education – university degree. Works for the company since 1991. As from 2002 in the capacity of production director. As from 2007 appointed a deputy director.

Also the director of UAB Rokiskio pienas from 2007.

Participation in the activities of other companies:

Shareholder of UAB „Pieno pramonės investicijų valdymas“, having 3.91% of the company's shares and votes;

Chief executive officer of a subsidiary UAB „Rokiškio pienas“, having no shares;

Chief executive officer of a subsidiary UAB „Rokiškio pieno gamyba“, having no shares;

Director of UAB „Rokvalda“, having 100% of shares and votes.

Antanas Kavaliauskas - Deputy Chairman (elected on 17th July 2012), the Chief Financial Officer of AB „Rokiškio sūris“, having no ownership of AB „Rokiškio sūris“.

Works for the company since 2002 in the capacity of finance director. Education – university degree. In 1997, obtained a master degree of finance management in Kaunas technology university. As from 2002, a certified member of international accountants association ACCA.

Participation in the activities of other companies:

Shareholder of UAB „Pieno pramonės investicijų valdymas“ owning 3.91% of shares of UAB „Pieno pramonės investicijų valdymas“.

Board Chairman of Latvian company SIA Jekabpils piena kombinats, having no shares.

Ramūnas Vanagas - Board member (elected on 17th July 2012), Development Director of AB „Rokiškio sūris“, having no ownership of shares of AB „Rokiškio sūris“.

Education – university degree. Works for the company since 2005 in the capacity of business development director.

Participation in the activities of other companies:

Shareholder of UAB "Pieno pramonės investicijų valdymas" owning 3.91% of shares of UAB "Pieno pramonės investicijų valdymas".

Darius Norkus - Board member, (elected on 17th July 2012), Sales and Marketing director of AB „Rokiškio sūris“, having no shares of the company.

Education – university degree. Works for the company since 2001 in the capacity of the sales and marketing director.

Participation in the activities of other companies:

Shareholder of UAB "Pieno pramonės investicijų valdymas", having 3.91 % of the company's shares and votes;

Term of election of the Board of Directors is 4 years. The cadence ends on 17th July 2016.

Manager of the Company:

The Chief Executive Officer is a one-man management body who organizes everyday activities of the company. Within relationship between the company and other persons, the Chief Executive Officer acts determinatively on behalf of the company.

Information on the company's manager (director):

The CEO of the Company:

Antanas Trumpa owning 5,398,659 ordinary registered shares of AB „Rokiškio sūris“, i.e. 15.05% of the authorized capital of AB "Rokiškio sūris" and 15.40% of votes.

Education – university degree. Works for the company as from 1966. In 1979, prepared a dissertation "Organizing the work of vacuum apparatus" in Kaunas Polytechnic Institute, consequently on 12th October 1994 was granted a doctor degree by Lithuanian Science Council.

Participation in the activities of other companies:

Shareholder of UAB "Pieno pramonės investicijų valdymas" with 6,758, i.e. 67.04% of the shares and votes of UAB "Pieno pramonės investicijų valdymas".

Information on the company's finance director:

Chief Financial Officer Antanas Kavaliauskas

For more information about the Chief Financial Officer see point 12 as per information about the management bodies.

AB „ROKIŠKIO SŪRIS“
CONSOLIDATED AND PARENT COMPANY'S
FINANCIAL STATEMENTS as at 31st March 2014
 Company code 173057512, address: Pramonės g. 3, LT-42150 Rokiškis, Lithuania
 (All tabular amounts are in LTL '000 unless otherwise stated)

13. Consolidated Balance sheet

	March 31, 2014	December 31, 2013	March 31, 2013
PROPERTY			
Long-term tangible assets	147,730	148,158	143,292
Intangible assets (with prestige)	1,071	1,023	1,156
Other receivables in a year	47,928	47,978	42,135
	196,729	197,159	186,583
Current assets			
Inventories	130,905	128,536	104,642
Receivables and advance payments	134,801	129,732	140,864
Short-term investments	54,418	34,636	39,025
Cash and cash equivalents	8,238	21,527	3,323
	328,362	314,431	287,854
Total assets	525,091	511,590	474,437
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary shares	35,868	35,868	35,868
Share premium	41,473	41,473	41,473
Reserve for acquisition of treasury shares	40,287	40,287	40,287
Treasury shares	(3,868)	(3,868)	(3,868)
Other reserves	52,523	55,627	69,735
Retained earnings	176,059	175,017	132,898
	342,342	344,404	316,393
Non-current liabilities			
Borrowings	4,305	4,056	1,733
Deferred income tax liability	8,263	8,809	10,783
Deferred income	3,305	3,805	3,481
	15,873	16,670	15,997
Current liabilities			
Trade and other payables	75,922	69,655	63,856
Tax liabilities	2,730	1,423	7,781
Deferred income	1,470	1,307	2,161
Borrowings	86,754	78,131	68,249
	166,876	150,516	142,047
Total equity and liabilities	525,091	511,590	474,437

AB „ROKIŠKIO SŪRIS“

CONSOLIDATED AND PARENT COMPANY'S

FINANCIAL STATEMENTS as at 31st March 2014

Company code 173057512, address: Pramonės g. 3, LT-42150 Rokiškis, Lithuania

(All tabular amounts are in LTL '000 unless otherwise stated)

14. Consolidated Statement of comprehensive income

	<u>January-March</u>	<u>January-March</u>
	2014	2013
Sales	218,863	189,927
Cost of sales	(206,073)	(173,308)
Gross profit	12,790	16,619
Selling and marketing expenses	(14,762)	(14,749)
Operating profit (loss)	(1,972)	1,870
Finance costs	(359)	(202)
Profit before tax	(2,331)	1,668
Income tax (accumulation)	269	(412)
Operating activity income (loss)	(2,062)	1,256
Net profit (loss)	(2,062)	1,256
Other comprehensive income	-	-
Total comprehensive income for the year	(2,062)	1,256

AB „ROKIŠKIO SŪRIS“
CONSOLIDATED AND PARENT COMPANY'S
FINANCIAL STATEMENTS as at 31st March 2014
 Company code 173057512, address: Pramonės g. 3, LT-42150 Rokiškis, Lithuania
 (All tabular amounts are in LTL '000 unless otherwise stated)

15. Consolidated cash flow statement

	January-March	
	2014	2013
Operating activities		
Profit before tax and minority interest	(2,331)	1,668
<i>Corrections:</i>		
- depreciation	7,171	8,568
- amortisation (negative prestige not included)	22	85
- write-off of property, plant and equipment and intangible assets	3	112
- loss on disposal of property, plant and equipment	(5)	5
- interest expense	248	152
- interest income	(565)	(544)
- net unrealized currency exchange profit	98	(211)
- amortization of government grants received	(337)	(590)
<i>Circulating capital changes:</i>		
- inventories	(2,369)	(7,315)
- amounts payable	4,688	631
- amounts receivable and prepayments	(5,069)	(9,639)
Cash flows from operating activities	1,554	(7,078)
Interest paid	(248)	(152)
Net cash generated from operating activities	1,306	(7,230)
Investing activities		
Purchase of property, plant and equipment	(4,820)	(4,916)
Purchase of intangible assets	(2)	(2)
Loans granted to farmers and employees	(9,854)	(5,192)
Proceeds from sale of property, plant and equipment	57	54
Other loans granted	(11,751)	(11,724)
Repayments of loans granted to farmers and employees	1,702	1,597
Interest received	565	544
Other loan repayments received	885	10,986
Government grants received	-	-
Net cash generated from investing activities	(23,218)	(8,653)
Financing activities		
Loans received	143,882	207,300
Repayments of borrowings	(135,259)	(194,123)
Dividends paid	-	-
Net cash generated from financing activities	8,623	13,177
Net increase in cash and cash equivalents	(13,289)	(2,706)
Cash and cash equivalents at the beginning of the period	21,527	6,029
Cash and cash equivalents at the end of the period	8,238	3,323

**AB „ROKIŠKIO SŪRIS“
CONSOLIDATED AND PARENT COMPANY'S
FINANCIAL STATEMENTS as at 31st March 2014**
Company code 173057512, address: Pramonės g. 3, LT-42150 Rokiškis, Lithuania
(All tabular amounts are in LTL '000 unless otherwise stated)

16. Consolidated Own Capital Change Statement

	Share capital	Share premium	Reserve for acquisition of treasury shares	Treasury shares	Other reserves	Retained earnings	Total
Balance at December 31st 2012	35,868	41,473	40,287	(3,868)	71,201	130,176	315,137
Comprehensive income							
Profit (loss) of the year						1,256	1,256
Transfer to retained earnings (transfer of depreciation, net of deferred income tax)					(3,574)	3,574	
Balance at March 31st 2013	35,868	41,473	40,287	(3,868)	69,735	132,898	316,393
Transactions with owners							
Dividends relating to 2012						(3,518)	(3,518)
Transactions with owners in total						(3,518)	(3,518)
Comprehensive income							
Profit (loss) of the year						31,529	31,529
Transfer to retained earnings (transfer of depreciation, net of deferred income tax)					(12,000)	12,000	
Balance at December 31st 2013	35,868	41,473	40,287	(3,868)	55,627	175,017	344,404
Comprehensive income							
Profit (loss) of the year						(2,062)	(2,062)
Transfer to retained earnings (transfer of depreciation, net of deferred income tax)					(3,104)	3,104	
Balance at March 31st 2014	35,868	41,473	40,287	(3,868)	52,523	176,059	342,342

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17. Commentary on the Report

1. General information

The joint stock company “Rokiškio sūris” (hereinafter – the company) is a public listed company incorporated in Rokiskis.

The shares of Rokiškio Sūris AB are traded on the Baltic Main List of the NASDAQ OMX Vilnius (symbol – RSU1L).

The Consolidated Group (hereinafter – the Group) consists of the Company, its two branches, five subsidiaries and one joint venture. (2013: two branches, four subsidiaries and one joint venture). The branches and subsidiaries that comprise consolidated Group are indicated below:

	Operating as at 31 March			Group’s share (%) as at 31 March	
	2014	2013		2014	2013
Branches			Subsidiaries		
Utenos Pienas	Yes	Yes	UAB „Rokiškio pienas“	100.00	100.00
Ukmergės Pieninė	Yes	Yes	UAB „Rokiškio pieno gamyba“	100.00	-
			KB „Žalmargė“	100.00	100.00
			SIA „Jekabpils Piena Kombinats“	100.00	100.00
			SIA „Kaunata“*	60.00	60.00
			Joint venture		
			UAB „Pieno upės“	50.00	50.00

* These subsidiaries were not consolidated due to their insignificance.

All above subsidiaries, the joint venture and branches are incorporated in Lithuania, except for SIA “Jekabpils Piena Kombinats” and SIA “Kaunata” which are incorporated in Latvia.

The Group’s main line of business is the production of fermented cheese and a wide range of other dairy products.

As of 31 March 2014, the average number of the Group’s employees was equal to 1,575 (compared to 1,571 employees as at 31st March 2013).

2. Accounting Principles

These consolidated financial statements have been prepared according to International Financial Reporting Standards (IFRS) as adopted by the European Union.

The consolidated financial statements have been prepared under the historical cost convention. The principal accounting policies applied in the preparation of these consolidated and parent company's financial statements are set out below. These policies have been consistently applied to all the years present, unless otherwise stated.

The preparation of consolidated and parent company's financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Subsidiaries are the entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Transactions among the Group's enterprises, residual values and retained transaction earnings between the Group's enterprises are eliminated. Unrealised loss is eliminated too; however, it is considered to be the sign of transfer asset value decrease. The accounting principles of daughter enterprises were changed where necessary in order to ensure their consistency with the accounting principles applied by the Group.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the statement of comprehensive income.

The group's interests in jointly controlled entities are accounted for by proportionate consolidation. The group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the group's financial statements. The group recognises the portion of gains or losses on the sale of assets by the group to the joint venture that is attributable to the other venturers. The group does not recognise its share of profits or losses from the joint venture that result from the group's purchase of assets from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

Items included in the financial statements of the Company and each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (hereinafter "the functional currency"). The financial statements are presented in Litas (LTL), which is the Company's (and each of the Group entity's) functional and presentation currency.

The value of long-term tangible assets is valued at historical cost less accumulated depreciation. Subsequent costs are included into the asset's carrying amount or recognized as separate assets, as appropriate, only when it is likely that in future the Group will receive economic benefits associated with the item and the cost of the item will be measured accordingly. All other repairs and maintenance expenses are charged to the income statement during the financial period in which they have been incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	15 – 55 years
Plant & machinery	5 - 29 years
Motor vehicles	4 - 10 years
Equipment and other property, plant and equipment	3 - 20 years

The asset residual values and useful lives are reviewed, and adjusted, if appropriate, at each balance sheet date.

The Group's software which is expected to bring the Group material benefit in future, is valued at cost price less accumulated depreciation. Depreciation is calculated using the straight-line method for the estimated useful life from 1 to 5 years.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' in the balance sheet.

Inventories are subsequently carried at the lower of cost and net realisable value. Cost is determined by the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related indirect production overheads, but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Loans granted and amounts receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less the amount of impairment loss. A provision for impairment of amounts receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The impairment amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the statement of comprehensive income within 'general and administrative expenses'. Bad debts are written off during the year in which they are identified as irrecoverable.

Cash and cash equivalents are carried at nominal value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and at bank and bank overdrafts. Bank overdrafts are included in borrowings in current liabilities on the balance sheet.

Ordinary shares are stated at their par value. Consideration received for the shares sold in excess over their nominal value is shown as share premium. Incremental external costs directly attributable to the issue of new shares are accounted for as a deduction from share premium.

Where the Company or its subsidiaries purchase the Company's equity share capital, the consideration paid including any attributed incremental external costs is deducted from shareholders' equity as treasury shares until they are sold, reissued, or cancelled. No gain or loss is recognised in the statement of comprehensive income on the sale, issuance, or cancellation of

treasury shares. Where such shares are subsequently sold or reissued, any consideration received is presented in the consolidated financial statements as a change in shareholders' equity.

Other reserves are established upon the decision of annual general meeting of shareholders on profit appropriation.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the amount at initial recognition and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Profit is taxable at a rate of 15 per cent (2013: 15 per cent) in accordance with the Lithuanian regulatory legislation on taxation.

The Group pays social security contributions to the state Social Security Fund (the Fund) on behalf of its employees based on the defined contribution plan in accordance with the local legal requirements. Social security contributions are recognised as expenses on an accrual basis and are included in payroll expenses.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminated sales within the Group. Revenue from sales of goods is recognised only when all significant risks and benefits arising from ownership of goods is transferred to the customer.

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

Basic earnings per share are calculated by dividing net profit attributed to the shareholders from average weighted number of ordinary registered shares in issue, excluding ordinary registered shares purchased by the Company and the Group and held as treasury shares.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of directors that make strategic decisions.

The Group's management identified the following operating segments within the Group: hard cheese, semi hard cheese, butter, milk, cream, sour cream, sour milk, yogurt, curds, curd cheese and other. These operating segments were aggregated into two main reportable segments, based on similar nature of products, production process, type of customers and method of distribution.

Government grants are recognised at fair value where there is sufficient evidence that the grant will be received and the Group and the Company will comply with all conditions attached.

Government grants received to finance acquisition of property, plant and equipment are included in non-current deferred income in the balance sheet. They are recognised as income on a straight-line basis over the useful life of property, plant and equipment concerned.

Provisions are measured at the present value of expenditures expected to be required to settle the obligation using pre-tax rate that reflects current market assessments of the time value of money and the risks specified to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method.

With effect from 31 December 2011, the Company and the Group account for property, plant and equipment at revalued amount less accumulated depreciation and impairment loss. Under the newly adopted accounting policy, the revaluation is carried out periodically to ensure that the carrying amount of property, plant and equipment will not differ significantly from the value determined with reference to the fair value at the end of the reporting period. In 2011, the valuation of property, plant and equipment was carried out by Vadasa UAB using the comparative market price method. The Company's management believes the values of property, plant and equipment adjusted under these methods as of 31 December 2011 approximated the fair value. No revaluation of property, plant and equipment was conducted in 2013.

3. Information on segments

Business segments and the segments presented by the financial statements

The Group's top management indicated the following business segments of the Group: hard cheese, semi hard cheese, butter, milk, cream, sour cream, sour milk, yogurt, curds, fresh cheese etc. The segments were coupled into two main segments presented by the financial statements based on alike production procedure, customer group and distribution channels.

The Group's main business segments:

- Fresh dairy products
- Cheese and other dairy products.

Other operations of the Group comprise of raw milk collection. Transactions between the business segments are on normal commercial terms and conditions.

Geographic segments

Analysis of the Group's income from sales according to markets is as follows:

	2014 03 31	2013 03 31
Lithuania	71,378	61,075
Countries of EU	94,807	77,590
Other (including USA and Japan)	52,678	51,262
Total	218,863	189,927

Income analysis according to groups:

	2014 03 31	2013 03 31
Product Sales	218,456	189,678
Provided services	407	249
Total	218,863	189,927

4. Long-term tangible assets

In the income statement the depreciation charge of long-term tangible assets is reported in the following entries: selling and marketing expenses, general and administrative expenses and cost of sales, as well as in production in progress and ready production entries.

Software and intangible asset depreciation charge are accounted in the entry of general and administrative expenses.

5. Other receivables

As at 31st March 2014, the Group's receivables were made of:

	2014 03 31	2013 03 31
Long-term loans granted to farmers	1,840	1,099
Long-term loans granted to employees	933	974
Investments	560	551
Loans to other companies	40,024	38,345
Other	4,571	1,166
Total	47,928	42,135

The repayment terms of loans granted to farmers vary from 2 months to 10 years, whereas the annual interest rate varies from 0 to 10 per cent.

The repayment terms of loans granted to employees vary from 1 to 22 years, whereas the interest rate for them is not calculated. The company's managing bodies believe that the balance sheet values of long-term receivables are their fair values.

6. Inventories

As at 31st March 2014, the Group's inventories were made of:

	2014 03 31	2013 03 31
Raw material	8,946	6,469
Production in progress	25,409	23,814
Ready production	93,536	70,627
Other inventories	3,014	3,732
Total	130,905	104,642

7. Selling and Other Receivables

As at 31st March 2014, the Group's selling and other receivables were made of:

	2014 03 31	2013 03 31
Selling receivables	122,161	116,474
VAT receivable	9,381	9,109
Other receivables	603	753
Advance payments and future period expenses	2,656	14,528
Total	134,801	140,864

8. Cash and cash equivalents

The money equivalents in Balance sheet and Cash Flow Statement are made of the following:

	2014 03 31	2013 03 31
Money in bank and cash-in-hand (Group)	8,055	3,323
Current deposits	183	-
Total	8,238	3,323

9. Financial ratios

The Group's financial ratios:

	2014 03 31	2013 03 31	2012 03 31
Revenue (LTL thousand)	218,863	189,927	164,241
EBITDA (LTL thousand)	5,110	10,973	5,001
EBITDA margin (%)	2.33	5.78	3.04
Operations profit (LTL thousand)	(1,972)	2,370	(756)
Margin of operations profit (%)	(0.90)	1.25	(0.46)
Profit per share (LTL)	(0.06)	0.04	(0.03)
Number of shares (units)	35,867,970	35,867,970	35,867,970

10. Information on the audit

The audit according to the International Accounting Standards will be made for the full year 2014 by audit company UAB "PricewaterhouseCoopers".

11. Up-to-date information on material events and transactions

On 11 February 2014, the amendment to the credit agreement was signed with the bank under which the repayment term of the overdraft (LTL 2 million) was extended until 31 January 2015 and the validity term of the agreement on the credit limit of EUR 18 million was extended until 15 February 2015. The total credit limit amounts to LTL 64,150 thousand; interest rate established remained unchanged.