



# Vilkyskiu pienine AB

Interim consolidated financial statements  
for the 3 months of 2014

## 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 .....	7
EXPLANATORY NOTES .....	8

## Confirmation of Responsible Persons

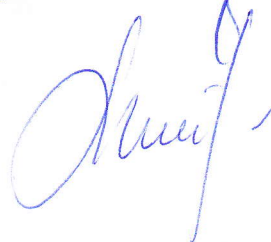
Following the Article No. 22 of the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we Gintaras Bertasius, General Director of Vilkyškių pieninė AB and Vilija Milaseviciute, Economics and financial Director of of Vilkyškių pieninė AB hereby confirm that, unaudited interim condensed consolidated and financial statements for the three months of 2014, prepared in accordance with International Financial Reporting Standarts, 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 financial director



Vilija Milaseviciute



The financial statements were approved and signed by the Management on 30 May 2014.

## General information

Name of the Issue	Public Company "Vilkyškių pieninė"
Authorized capital	LTL 11 943 000
Registered office	Vilkyškiai, Pagėgiai municipality
Telephone number	8-441 55330
Fax number	8-441 55242
E-mail address	info@vilkyskiu.lt
Date and place of registration	The 18 <sup>th</sup> of May 1993, Tauragė Branch of Public Institution Center
Date and place of re-registration	The 30 <sup>th</sup> of December 2005, Tauragė Branch of Public Institution Center of Registers
Code in the Register of Enterprises	277160980
Internet address	<a href="http://www.vilkyskiu.lt">http://www.vilkyskiu.lt</a>

### Vilkyskiu pienine AB Board

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

### Vilkyskiu pienine AB Management

Gintaras Bertasius	General Director
Vaidotas Juskys	Chief operation officer
Vilija Milaseviciute	Economics and financial Director
Sigitas Trijonis	Technical Director
Rimantas Jancevicius	Stock 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.

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 fermented cheese, cottage cheese and other cheese products.

Company also has 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 specialises in production of fresh dairy products.

As of December 2013, the Group includes a subsidiary AB Pieno Logistika. The authorized capital of the mentioned company amounts to 371 thousand LTL; the main activity is lease of buildings. AB Vilkyškių Pieninė holds 50.8% shares of AB Pieno Logistika.

At 31 March 2014 the Group had 940 employees (31 March 2013 - 936).

## Consolidated statement of financial position

Thousand Lit	31 03 2014	31 12 2013
<b>Assets</b>		
Property, plant and equipment	100.139	97.493
Intangible assets	23.923	23.922
Long-term receivables	1.315	1.678
<b>Non-current assets</b>	<b>125.377</b>	<b>123.093</b>
Inventories	26.370	30.179
Trade and other receivables	31.624	25.513
Prepayments	1.327	2.265
Cash and cash equivalents	489	241
<b>Current assets</b>	<b>59.810</b>	<b>58.198</b>
<b>Total assets</b>	<b>185.187</b>	<b>181.291</b>
<b>Equity</b>		
Share capital	11.943	11.943
Share premium	11.396	11.396
Reserves	11.548	11.816
Retained earnings	36.085	35.742
<b>Total equity attributable to the shareholders of the Company</b>	<b>70.972</b>	<b>70.897</b>
<b>Non-controlling interest</b>	<b>184</b>	<b>183</b>
<b>Total equity</b>	<b>71.156</b>	<b>71.080</b>
<b>Liabilities</b>		
Interest-bearing loans and lease liabilities	27.384	28.684
Derivative financial instruments	1.351	1.207
Government grants	10.963	11.204
Deferred tax liabilities	2.871	3.058
<b>Non-current liabilities</b>	<b>42.569</b>	<b>44.153</b>
Interest-bearing loans and lease liabilities	34.117	25.826
Derivative financial instruments	379	358
Trade and other payables, including derivatives	36.966	39.874
<b>Current liabilities</b>	<b>71.462</b>	<b>66.058</b>
<b>Total liabilities</b>	<b>114.031</b>	<b>110.211</b>
<b>Total equity and liabilities</b>	<b>185.187</b>	<b>181.291</b>

## Consolidated income statement

Thousand Litas	01.01.2014- 31.03.2014	01.01.2013- 31.03.2013
Revenue	97.737	70.395
Cost of sales	-92.084	-66.059
<b>Gross profit</b>	<b>5.653</b>	<b>4.336</b>
Other operating income	593	326
Distribution expenses	-3.801	-3.719
Administrative expenses	-1.898	-1.677
Other operating costs	-58	-149
<b>Result from operating activities</b>	<b>-489</b>	<b>-883</b>
Finance income	17	15
Finance costs	-452	-532
<b>Net finance expenses</b>	<b>-435</b>	<b>-517</b>
<b>Profit before income tax</b>	<b>54</b>	<b>-1.400</b>
Income tax expense	187	201
<b>Profit for the period</b>	<b>241</b>	<b>-1.199</b>
Attributable to:		
Shareholders of the Group	240	-1.209
Non-controlling interest	1	10
<b>Net profit (loss) for the year</b>	<b>241</b>	<b>-1.199</b>
Basic earnings per share (Litas)	0,02	-0,10
Diluted earnings per share (Litas)	0,02	-0,10

## Consolidated statement of changes in equity

Equity, attributable to the shareholders of the Company

Thousand Lit	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 2013	11.943	11.396	6.570	-2.143	5.768	1.194	25.132	59.860	141	60.001
<b>Comprehensive income for the period</b>										
Net profit (loss)	-	-	-	-	-	-	-1.209	-1.209	10	-1.199
<b>Other comprehensive income</b>										
Allocated from reserves	-	-	-88	-	-	-	88	-	-	-
Increase of revaluation reserve, net of tax	-	-	-	-	-	-	-	-	-	-
Formation of hedging reserve	-	-	-	58	-	-	-	58	-	58
<b>Total other comprehensive income</b>	-	-	-88	58	-	-	88	58	-	58
<b>Total comprehensive income for the period</b>	-	-	-88	58	-	-	-1.121	-1.150	10	-1.141
<b>Contributions by and distributions to owners:</b>										
Dividends	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-
<b>Changes in the Group without losing control</b>										
Other changes in the Group	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2013	11.943	11.396	6.482	-2.085	5.768	1.194	24.011	58.709	151	58.860
Balance at 1 January 2014	11.943	11.396	6.216	-1.565	5.971	1.194	35.742	70.897	183	71.080
<b>Comprehensive income for the period</b>										
Net profit (loss)	-	-	-	-	-	-	240	240	1	241
<b>Other comprehensive income</b>										
Allocated from reserves	-	-	-103	-	-	-	103	-	-	-
Formation of hedging reserve	-	-	-	-165	-	-	-	-165	-	-165
<b>Total other comprehensive income</b>	-	-	-103	-165	-	-	103	-165	-	-165
<b>Total comprehensive income for the period</b>	-	-	-103	-165	-	-	343	75	1	76
<b>Contributions by and distributions to owners:</b>										
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-
<b>Changes in the Group without losing control</b>										
Other changes in the Group	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2014	11.943	11.396	6.113	-1.730	5.971	1.194	36.085	70.972	184	71.156

## Consolidated statement of cash flows

Thousand Litas

	01.01.2014- 31.03.2014	01.01.2013- 31.03.2013
<b>Cash flows from operating activities</b>		
Net profit (loss)	241	-1.199
Adjustments:		
Depreciation of property, plant and equipment	2.318	2.271
Amortisation of intangible assets	4	2
Amortisation and write down of grants	-241	-313
(Profit) loss on disposal of property, plant and equipment	18	-27
Income tax expense	-187	-201
Interest expenses, net	435	517
	<b>2.588</b>	<b>1.050</b>
Change in inventories	3.809	1.069
Change in long-term receivables	363	75
Change in trade and other receivables and prepayments	-5.171	-4.876
Change in trade and other payables	-2.973	-2.701
	<b>-1.384</b>	<b>-5.383</b>
Paid interest	-391	-407
<b>Net cash from operating activities</b>	<b>-1.775</b>	<b>291</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	-4,928	-3.561
Proceeds from sale of property, plant and equipment	-5	0
Loans granted	14	235
Recovery of the loans	-	-
Interest received	-	2
	-	1
<b>Net cash from investing activities</b>	<b>-4.919</b>	<b>-3.324</b>
<b>Cash flows from financing activities</b>		
Loans received*	9.679	10.844
Repayment of borrowings	-2.737	-2.078
<b>Net cash used in financing activities</b>	<b>6.942</b>	<b>8.766</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>248</b>	<b>-349</b>
Cash and cash equivalents at 1 January	241	880
<b>Cash and cash equivalents at 31 March</b>	<b>489</b>	<b>531</b>

\* Change of Credit line 6.696 Thousand Litas (for the three months of 2013 – 8.488 Thousand Litas)



## 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 2013.

### 2. Main financial indicators

	January - March 2014	January - March 2013
Revenue (Thousand Litas)	97.737	70.395
EBITDA (Thousand Litas)	2.570	1.077
EBITDA margin (%)	2,6%	1,5%
Operating result (Thousand Litas)	489	-883
Operating result margin (%)	0,5%	-1,3%
Profit (loss) (Thousand Litas)	241	-1.199
Profit (loss) (%)	0,2%	-1,7%
Profit (loss) per share (litas)	0,02	-0,10
Number of shares (vnt)	11 943 000	11 943 000

### 3. Segment information

#### Revenue per geographical zones:

Thousand Litas	January - March 2014	January - March 2013	Change
Lithuania	30.487	26.800	14%
European Union	32.736	16.183	2 times
Russia	27.915	23.732	18%
Other countries	6.599	3.680	79%
	97.937	70.395	

### 4. Inventories

Thousand Litas	31 March 2014	31 December 2013
Finished production	18.713	22.536
Raw materials	679	182
Other auxiliary materials	6.304	6.709
Production in progress	674	749
Goods for re-sale	-	3
	26.370	30.179

## 6. Post balance sheet events

The following decisions was taken at the Ordinary General Meeting of Shareholders of Vilkyškių pieninė AB which was held on the 25 April 2014:

**Item 1 of the Agenda:** Company's annual report for the year 2013.

Resolution: To approve the Company's annual report for the year 2013.

**Item 2 of the Agenda:** Auditor's Report regarding the Company's Financial Statements for the year 2013. Heard.

**Item 3 of the Agenda:** Approval of Company's annual and consolidated financial statements of the year 2013.

Resolution: To approve of Company's annual and consolidated financial statements of the year 2013.

**Item 4 of the Agenda:** Profit (loss) appropriation for the year 2013.

Resolution: To approve the Audited Profit appropriation for the year 2013 as follows under IAS (in thousand Litas; in thousand EUR):

	thousand LTL	thousand EUR
1) Non-appropriated profit (loss) at the end of the year 2012	16.681	4.831
2) Approved by shareholders dividends of the year 2012	2.508	726
3) Transfers to reserves provided by law	0	0
4) Portion of the profit allocated to the reserve for the purchase of own shares	203	59
5) Non-appropriated profit (loss) at the beginning of the year 2013 after dividends payout and transfer to reserves	13.970	4.046
6) Net profit (loss) of the reporting period	21.077	6.104
7) Transfers from reserves	354	103
8) Total profit (loss) to be appropriated:	35.401	10.253
- portion of the profit allocated to the legal reserve	0	0
- portion of the profit allocated to the reserve for the purchase of own shares	2.387	692
- portion of the profit allocated for payment of the dividends (or 0.30 LTL (0.087 EUR) per ordinary registered share with nominal value of 1 LTL)	3.583	1.038
- portion of the profit allocated to the other reserves	0	0
- portion of the profit allocated to be paid as annual payouts (tantiemes) to board members, bonuses to employees and for other purposes	150	43
9) Non-appropriated profit (loss) at the end of the year 2013 carried forward to next financial year	29.281	8.480

**Item 5 of the Agenda:** Election of the Company's Board members.

Resolution: Gintaras Bertašius, Sigitas Trijonis, Rimantas Jancevičius, Vilija Milaševičiutė, Andrej Cyba, Linas Strėlis elected as members of the Company's Board for the four year term.

**Item 6 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 24 April 2015.
- To set the maximum price per share of own shares to be acquired – at 2.03 EUR (7.00 LTL), at the same time setting the minimum acquisition price per share equal to the nominal value of a share, i.e. 0.29 EUR (1.00 LTL).

e) 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.