



**OPERATIONAL RESULTS AND A SET OF
CONSOLIDATED FINANCIAL STATEMENTS
OF ROKISKIO SURIS AB
FOR NINE MONTH PERIOD
OF THE YEAR 2014**

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1. Reporting term of the Consolidated Interim Financial Statements

The review of operational results and Consolidated Interim Financial Statements are prepared for nine 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 and five subsidiaries. (In 2013, 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).

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.

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 FMI „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 FMI „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
2014.04.01	2014.06.30	1.70	1.55	1.59	1.65	2014.06.30	813,077.60	0	907.50
2014.07.01	2014.09.30	1.68	1.49	1.53	1.55	2014.09.30	347,029.70	0	0

Trade by the shares of AB “Rokiškio sūris” within January-September 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=01.01.2014&end=30.09.2014>

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
2014.04.01	2014.06.30	708,846	1,124,285.96	2014.06.30	59,182,150
2014.07.01	2014.09.30	410,778	629,526.69	2014.09.30	55,595,354

7. Authorized capital of the issuer

As at September 30th, 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 30.09.2014) – 5,523 shareholders.

The shareholders having or owning over 5 per cent of the issuer's authorized capital (as at 30.09.2014):

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	70.47	72.08
SIA "RSU Holding", reg.No.40103739795	Sliezu iela 9A-25, Riga	8 909 347	24.84	25.41	70.47	72.08
Antanas Trumpa	Sodų 41a, Rokiškis Lithuania	6 199 875	17.28	17.68	70.47	72.08
Swedbank clients Company code 10060701 EE 40003074764 LV	Liivalaia 8, Tallinn Estonia/ Balasta Dambis 1A Latvia	2 497 904	6.96	7.12	-	-
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 June 2014), 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 Company's sales are widely spread and include both the export to East and West markets, as well as wide range of fresh dairy products sold on the local market and the markets of neighborhood countries.

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“).

- 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 cheese produced by the company comprises of fresh, semi-hard and hard cheese. The group of fresh cheese includes „Cagliata“ (various fat content and weight), „Mozzarella“. The group of semi-hard cheese includes the following products: “Rokiškio sūris“ (various fat content and weight), Saulės sūris, Lietuviškas, „Gouda“, Edamo sūris, Sūris „Visiems“, “Naminis”, „Žaloji karvutė“ etc., whereas Kietasis suris (various fat, moisture content and weight), “Montecampo“ and “Gojus“ belong to the hard cheese type. In the end of 2011, the production of long term maturing hard cheese ROKISKIO GRAND was started.

The key activity of AB Rokiskio suris is production fermented cheese. Production of fermented cheese increased by 6 per cent compared to the same period last year.

Besides the main production of fermented cheese, AB “Rokiškio sūris” produces liquid whey protein concentrate (WPC-34 and WPC-45) which is followed by the production of WPC powder, and also milk sugar (lactose), processed cheese, and smoked cheese.

UAB „Rokiškio pieno gamyba“ specializes in the production fresh dairy products, i.e. fluid milk, sour milk, kefir, cream, curds and fresh cheese, chocolate coated cheese bars, yogurts, butter, for the local market, also the company provide service to AB „Rokiškio sūris“ producing the products for expert such as butter, cream, WPC (whey protein concentrate) 34 and 80, and skim milk powder.

The biggest part of production is exported. As before, the main direction of export is European Union (mainly Italy, Germany, and Poland) and Russian markets.

In 2014, the sales of WPC80 (whey protein concentrate) were widened. The product raised interest of the customers from France, Germany, Denmark, Netherlands, and Spain. The first shipments reached New Zealand.

The Group’s export sales of traditional products such as butter, cream, milk powder and by-products of cheese production (Whey protein concentrate and lactose) are increasing. Milk powders were sold to Morocco, and Japan.

The biggest part of exported production is fermented cheese. In the EU region the main part of sales make unmaturing and hard cheese, whilst in the Russian market – semi hard cheese and hard cheese which becomes more and more popular. The sales of hard cheese increased by 29 per cent compared to the period of last year.

Rokiškis group is one of the dairy leaders on the local market with market share of 20 per cent. The company distributes its production throughout the local chains. In Lithuania Rokiškis is famous for its cheese and also other fresh dairy products such as kefir, fluid milk, sour cream, butter, curd products, yogurts, chocolate coated curd bars.

The consolidated non-audited net loss of 9 months 2014 of AB „Rokiškio sūris“ Group made LTL 1.293 million. Meanwhile, in 2013, the nine month consolidated net profit made LTL 19.522 million.

The Group's negative result was caused by lower demand and roughly dropped prices of dairy products in the global markets. Such a trend followed from the beginning of the year, and the embargo applied by the Russian Federation ceasing the country's trade with the EU etc countries has accelerated this process. Even lower prices of raw milk could not cover the fall of product prices.

Also, the negative impact was due to lower sales rate in the third quarter 2014 which decreased by 14 per cent compared to Q3 2013. The heaviest drop of sales was in August-September 2014.

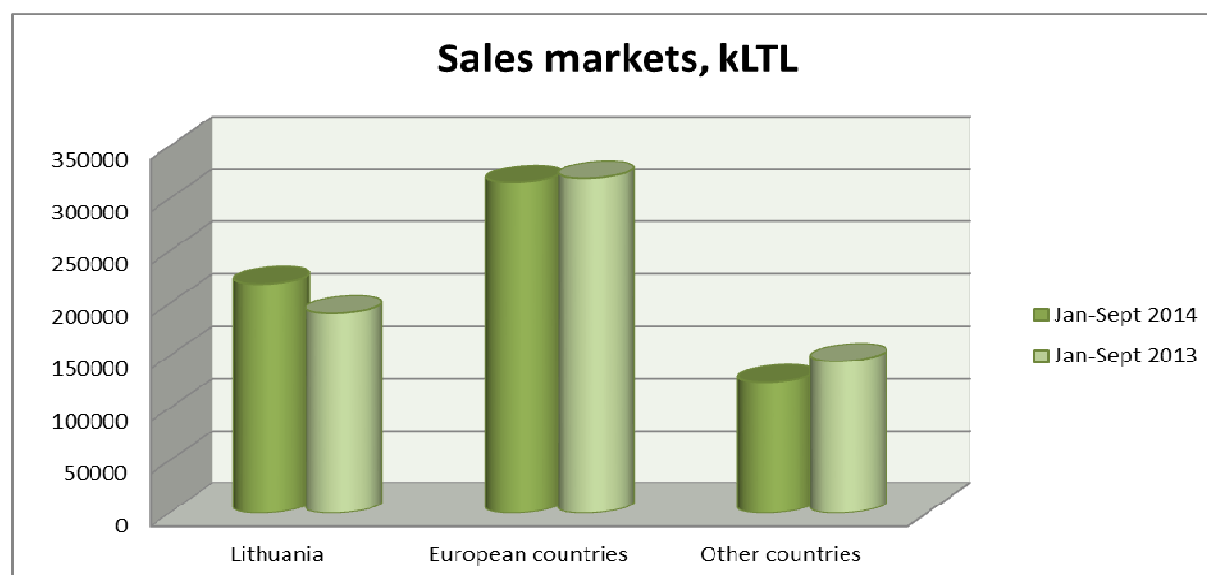
Although the sales of July-September 2014 were lower than in 2013, yet the sales of January-September were a bit higher compared to the same period 2013, i.e. it was more by 0.62 per cent.

The January-September 2014 consolidated non-audited sales of the group of AB „Rokiškio sūris“ were equal to LTL 659.656 million, and in the same period of the year 2013 the consolidated sales made LTL 655.565 million.

This insignificant increase of the nine month sales in 2014 compared to the same period of 2013, was caused by higher sales of whey products (lactose and whey protein concentrate) in Q2 2014.

Sales markets 9 months 2014 vs 9 months 2013

Name of countries	Sold			
	Jan-Sept 2014		Jan-Sept 2013	
	kLTL	%	kLTL	%
Lithuania	218 755	33.16	190 918	29.12
European countries	315 632	47.85	319 647	48.76
Other countries	125 269	18.99	145 000	22.12
Total	659 656	100.00	655 565	100.00



The Companies are highly concerned about food safety and quality issues in order to satisfy customer needs and comply with the environmental requirements. The Company AB “Rokiškio sūris” was the first in Lithuania who was certified in accordance with the Hazard Analysis and Critical Control Point systems (HACCP), and the first of dairy companies who was certified in accordance with the Quality management and Environment management systems (ISO 9001:2008, ISO 14001:2004, ISO 22000:2005).

Following requirements of the standards, certain rules are implemented in order to secure stabile production of steady and safe products of high quality which contribute to the effective environment protection aligned with the company’s strategy. The system covers all procedures from the purchase of raw materials to the products to end consumers.

The systems are being reviewed and upgraded all the time in order to maintain high product quality, and widen the product assortment.

The most important aspect of the companies’ performance is food safety. In order to reach higher level of food safety effectiveness the company in Rokiskis improved the food safety system and in 2013 it was certified in accordance with the scheme for certification of food safety systems FSSC 22000. The system covers ISO 22000:2005 and ISO/TS 22002-1:2009 as well as additional requirements. The food safety scheme is recognized by the Global Food Safety Initiative GFSI, and it can replace some other previously recognized food safety standards such as BRCm IFS and SQF.

In 2012, UAB „Rokiškio pienas“ implemented a new Standard of social responsibility SA8000.

Every year AB „Rokiškio sūris“ renders great attention to modernization of existing production facilities and their maintenance: cooling systems, power supply, waste treatment and utilization, ventilation, monitoring of suitable air conditions in production premises. Therefore annual investments make a great share of the company’s resources. In 2014, the total group of the company expects to invest around LTL 12 million.

In 2014, the main investment streams are directed into the main production departments of the company – acquisition and reconstruction of production equipment. The main target of the investments is to increase the company’s competitiveness, and effectively employ available production equipment by implementation of new technologies whilst securing environment and improving work conditions for the employees.

It is provided that acquisition of equipment should first satisfy customer needs in terms of finished production. It is aimed the equipment would ensure safety and quality of the product as well as variability of packaging responding to growing market demand.

It is mostly likeable that the forthcoming period would show successive growth of export markets as it was in the previous periods which will increase raw milk prices.

It is not expected the local market would grow as the increased purchasing power due to higher wages will be reduced because of the manpower emigration.

The risk related with export to Customs Countries’ markets is quite high as usual.

Long-term objectives of the Company:

- Creation of a solid and profitable EU market for AB “Rokiškio sūris” products and services.
- Ensuring of a stable and coordinated waste-free production programme.
- Maintenance of stabile relationships with raw milk suppliers.

12. Procedure for amendments of the Articles of Association

Pursuing the Articles of Association of AB „Rokiškio sūris“, the Articles may be exclusively changed by the general meeting of shareholders, except the cases provided by the Law on joint stock companies of the Republic of Lithuania. To accept the decision changing the Articles of Association, it is needed 2/3 of votes of total participants in general meeting of shareholders.

13. 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.

The 17th July 2012 extraordinary general meeting of shareholders of AB „Rokiškio sūris“ elected a new Board of Directors of AB „Rokiškio sūris“. In accordance with the new approved wording of the Articles of Association of AB „Rokiškio sūris“ (the new Articles of Association of AB „Rokiškio sūris“ was registered in the Registry of Legal Entities on 27th July 2012) the Board of Directors consists of 5 members.

The 17th July 2012 extraordinary general meeting of shareholders of AB „Rokiškio sūris“ elected a new Board of Directors of AB „Rokiškio sūris“ of 4 members.

Members of the Board of Directors:

Dalius Trumpa – Board Chairman (elected on 17th July 2012). Owns 83,500 ordinary registered shares, i.e. 0.23% of the Authorized capital and 0.24% 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;

As from 2007, Chief executive officer of a subsidiary UAB „Rokiškio pienas“, having no shares;

As from 29th April 2013, 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;

The Board of Directors remains in office for a tenure of 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 6,199,875 ordinary registered shares of AB „Rokiškio sūris“, i.e. 17.28% of the authorized capital of AB “Rokiškio sūris“ and 17.68% 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 13 as per information about the management bodies.

AB „ROKIŠKIO SŪRIS“
CONSOLIDATED AND PARENT COMPANY'S
FINANCIAL STATEMENTS as at 30th September 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

	September 30, 2014	December 31, 2013	September 30, 2013
PROPERTY			
Long-term tangible assets	141,520	148,158	142,946
Intangible assets (with prestige)	766	1,023	1,142
Other receivables in a year	24,311	47,978	38,312
	166,597	197,159	182,400
Current assets			
Inventories	163,212	128,536	113,681
Receivables and advance payments	125,054	129,732	143,617
Short-term investments	49,797	34,636	40,160
Cash and cash equivalents	7,069	21,527	19,494
	345,132	314,431	316,952
Total assets	511,729	511,590	499,352
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	46,213	55,627	62,701
Retained earnings	179,631	175,017	154,691
	339,604	344,404	331,152
Non-current liabilities			
Borrowings	4,443	4,056	3,660
Deferred income tax liability	7,215	8,809	9,451
Deferred income	3,050	3,805	2,878
	14,708	16,670	15,989
Current liabilities			
Trade and other payables	72,661	69,655	5,593
Tax liabilities	2,985	1,423	1,764
Deferred income	1,072	1,307	-
Borrowings	80,699	78,131	67,484
	157,417	150,516	152,211
Total equity and liabilities	511,729	511,590	499,352

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14. Consolidated Statement of comprehensive income

	January-September		July - September	
	2014	2013	2014	2013
Sales	659,656	655,565	213,430	247,110
Cost of sales	(612,390)	(587,840)	(204,504)	(222,830)
Gross profit	47,266	67,725	8,926	24,280
Selling and marketing expenses	(46,250)	(43,811)	(14,207)	(13,596)
Operating profit (loss)	1,016	23,914	(5,281)	10,684
Finance costs	(1,267)	(944)	(404)	(326)
Profit before tax	(251)	22,970	(5,685)	10,358
Income tax (accumulation)	(1,042)	(3,448)	(57)	(1,356)
Operating activity income (loss)	(1,293)	19,522	(5,742)	9,002
Net profit (loss)	(1,293)	19,522	(5,742)	9,002
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	(1,293)	19,522	(5,742)	9,002

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15. Consolidated cash flow statement

	January- September	
	2014	2013
Operating activities		
Profit before tax and minority interest	(251)	22,970
<i>Corrections:</i>		
- depreciation	21,886	26,402
- amortisation (negative prestige not included)	41	254
- write-off of property, plant and equipment and intangible assets	3	112
- loss on disposal of property, plant and equipment	(71)	(817)
- interest expense	869	944
- interest income	(1,744)	(1,618)
- net unrealized currency exchange profit	1,229	(1,071)
- amortization of government grants received	(989)	(1,589)
<i>Circulating capital changes:</i>		
- inventories	(34,676)	(18,810)
- amounts payable	7,984	15,778
- amounts receivable and prepayments	4,678	(16,871)
Cash flows from operating activities	(1,041)	25,684
Interest paid	(869)	(944)
	-	-
Net cash generated from operating activities	(1,910)	24,740
Investing activities		
Purchase of property, plant and equipment	(16,991)	(24,539)
Purchase of intangible assets	(2)	(95)
Loans granted to farmers and employees	(10,945)	(7,203)
Proceeds from sale of property, plant and equipment	158	4,584
Other loans granted	(16,235)	(35,734)
Repayments of loans granted to farmers and employees	7,534	6,355
Interest received	1,744	1,618
Other loan repayments received	23,129	34,846
Government grants received	-	-
Net cash generated from investing activities	(11,608)	(20,168)
Financing activities		
Lease payment	-	(11)
Loans received	431,359	496,583
Repayments of borrowings	(428,792)	(484,172)
Dividends paid	(3,507)	(3,507)
Net cash generated from financing activities	(940)	8,893
Net increase in cash and cash equivalents	(14,458)	13,465
Cash and cash equivalents at the beginning of the period	21,527	6,029
Cash and cash equivalents at the end of the period	7,069	19,494

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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						19,522	19,522
Transfer to retained earnings (transfer of depreciation, net of deferred income tax)					(11,186)	11,186	
Dividends related to 2012						(3,507)	(3,507)
Transfer to reserves					2,686	(2,686)	
Balance at September 30st 2013	35,868	41,473	40,287	(3,868)	62,701	154,691	331,152
Comprehensive income							
Profit (loss) of the year						13,252	13,252
Transfer to retained earnings (transfer of depreciation, net of deferred income tax)					(7,074)	7,074	
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						(1,293)	(1,293)
Transfer to retained earnings (transfer of depreciation, net of deferred income tax)					(9,414)	9,414	
Dividends related to 2013						(3,507)	(3,507)
Balance at September 30st 2014	35,868	41,473	40,287	(3,868)	46,213	179,631	339,604

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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, and five subsidiaries. (2013: two branches, five subsidiaries and one joint venture). The branches and subsidiaries that comprise consolidated Group are indicated below:

	Operating as at 30 September			Group's share (%) as at 30 September	
	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	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

* 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.

On 24th April 2014, AB Rokiskio suris sold its 50 per cent block of shares of UAB Pieno upes. The block of shares was sold pursuing the long term shareholding agreement following the request of other shareholders to purchase the shares. The main activity of UAB Pieno upes was purchase of raw milk.

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

As of 30 September 2014, the average number of the Group's employees was equal to 1,671 (compared to 1,721 employees as at 30 September 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 09 30	2013 09 30
Lithuania	218,755	190,918
Countries of EU	315,632	319,647
Other (including USA and Japan)	125,269	145,000
Total	659,656	655,565

Income analysis according to groups:

	2014 09 30	2013 09 30
Product Sales	657,707	655,095
Provided services	1,949	470
Total	659,656	655,565

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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 30th September 2014, the Group's receivables were made of:

	2014 09 30	2013 09 30
Long-term loans granted to farmers	1,609	2,240
Long-term loans granted to employees	930	989
Investments	560	551
Loans to other companies	18,945	33,331
Other	2,267	1,201
Total	24,311	38,312

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 30th September 2014, the Group's inventories were made of:

	2014 09 30	2013 09 30
Raw material	8,260	7,903
Production in progress	20,360	26,313
Ready production	130,877	75,715
Other inventories	3,715	3,750
Total	163,212	113,681

7. Selling and Other Receivables

As at 30th September 2014, the Group's selling and other receivables were made of:

	2014 09 30	2013 09 30
Selling receivables	114,741	114,733
VAT receivable	8,111	13,847
Other receivables	667	5,284
Advance payments and future period expenses	1,535	9,753
Total	125,054	143,617

8. Cash and cash equivalents

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

	2014 09 30	2013 09 30
Money in bank and cash-in-hand (Group)	6,927	19,453
Current deposits	142	41
Total	7,069	19,494

9. Financial ratios

The Group's financial ratios:

	2014 09 30	2013 09 30	2012 09 30
Revenue (LTL thousand)	659,656	655,565	581,697
EBITDA (LTL thousand)	22,545	50,570	40,672
EBITDA margin (%)	3.42	7.71	6.99
Operations profit (LTL thousand)	1,016	23,914	24,217
Margin of operations profit (%)	0.15	3.65	4.16
Profit per share (LTL)	(0.04)	0.56	0.58
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.