



Vilkyškių pieninė AB

Interim unaudited consolidated financial
statements for the 12 months of 2014

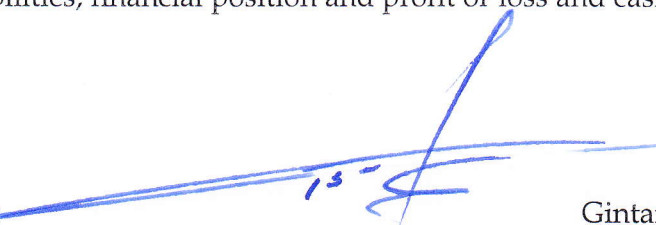
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Confirmation of Responsible Persons

Following the Article No. 22 of the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we Gintaras Bertasius, General Director of Vilkyškių pieninė AB and Vilija Milaseviciute, Economics and finance Director of Vilkyškių pieninė AB hereby confirm that, unaudited interim condensed consolidated financial statements for the twelve months of 2014, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss and cash flows of Vilkyškių pieninė AB group.

General Director



Gintaras Bertasius

Economics and finance Director



Vilija Milaseviciute



The financial statements were approved and signed by the Management on 27 February 2015.

General information

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

Vilkyškių pieninė AB Board

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

Vilkyškių pieninė AB Management

Gintaras Bertasius	General Director
Vaidotas Juskys	Chief operation officer
Vilija Milaseviciute	Economics and finance Director
Sigitas Trijonis	Technical Director
Rimantas Jancevicius	Raw materials Purchasing Director
Arvydas Zaranka	Production Director

The Group consists of the following companies:

- Vilkyškių Pieninė AB, the parent company
- Modest AB, the subsidiary
- Kelmes Pieninė AB, the subsidiary.
- Pieno logistika AB, the subsidiary

The parent Company is engaged in production and sales of different types of cheese. Also, it produces and sells whey, raw milk and cream.

The Company has a subsidiary Modest AB, which is engaged in milk processing and production of dairy products. The Company holds 99.7% voting rights of the subsidiary. Modest AB specialises in production of cheese Mozzarella, mould cheese and other cheese products.

The Parent Company has also a subsidiary Kelmes Pieninė AB, which is engaged in milk processing and production of dairy products. The Company holds 100% voting rights of Kelmes Pieninė AB. Kelmes Pieninė AB specializes in production of fresh dairy products.

As of December 2013, the Group includes a subsidiary AB Pieno Logistika. The authorized capital of the mentioned company amounts to 371 thousand LTL; the main activity is lease of buildings. AB Vilkyškių Pieninė holds 54,5% shares of AB Pieno Logistika.

At 31 December 2014 the Group had 966 employees (31 December 2013 - 936).

Consolidated statement of financial position

Thousand LTL	31 12 2014	31 12 2013
Assets		
Property, plant and equipment	103.691	97.493
Intangible assets	23.998	23.922
Long-term receivables	1.401	1.678
Non-current assets	129.090	123.093
Inventories	35.078	30.179
Trade and other receivables	23.953	25.513
Prepayments	1.004	2.265
Cash and cash equivalents	397	241
Current assets	60.432	58.198
Total assets	189.522	181.291
Equity		
Share capital	11.943	11.943
Share premium	11.396	11.396
Reserves	13.720	11.816
Retained earnings	41.275	35.742
Total equity attributable to the shareholders of the Company	78.334	70.897
Non-controlling interest	163	183
Total equity	78.497	71.080
Liabilities		
Interest-bearing loans and lease liabilities	24.916	28.684
Derivative financial instruments	1.294	1.207
Government grants	10.771	11.204
Deferred tax liabilities	2.833	3.058
Non-current liabilities	39.814	44.153
Interest-bearing loans and lease liabilities	30.953	25.826
Current tax liabilities	39	-
Derivative financial instruments	378	358
Trade and other payables, including derivatives	39.841	39.874
Current liabilities	71.211	66.058
Total liabilities	111.025	110.211
Total equity and liabilities	189.522	181.291

Consolidated income statement

Thousand LTL

	01.01.2014- 31.12.2014	01.01.2013- 31.12.2013	01.10.2014- 31.12.2014	01.10.2013- 31.12.2013
Revenue	378.608	364.432	99.786	100.001
Cost of sales	-340.256	-323.793	-86.032	-88.963
Gross profit	38.352	40.639	13.754	11.038
Other operating income	2.581	1.441	557	513
Distribution expenses	-16.911	-17.309	-4.192	-4.633
Administrative expenses	-10.080	-8.205	-2.702	-2.521
Other operating costs	-966	-257	-229	-48
Result from operating activities	12.976	16.309	7.188	4.349
Finance income	70	100	20	16
Finance costs	-2.107	-2.202	-577	-598
Net finance expenses	-2.037	-2.102	-557	-582
Profit before income tax	10.939	14.207	6.631	3.767
Income tax expense	187	-1.198	-328	-616
Profit for the period	11.126	13.009	6.303	3.151
Attributable to:				
Shareholders of the Group	11.127	12.949	6.305	3.146
Non-controlling interest	-1	60	-2	5
Net profit (loss) for the year	11.126	13.009	6.303	3.151
Basic earnings per share (LTL)	0,93	1,08	0,53	0,26

Consolidated statement of changes in equity

Equity, attributable to the shareholders of the Company

Thousand LTL	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
Comprehensive income for the period										
Net profit (loss)	-	-	-	-	-	-	9.803	9.803	55	9.858
Other comprehensive income										
Allocated from reserves	-	-	-266	-	-	-	266	-	-	-
Formation of hedging reserve	-	-	-	408	-	-	-	408	-	408
Total other comprehensive income	-	-	-266	408	-	-	266	408	-	408
Total comprehensive income for the period	-	-	-266	408	-	-	10.069	10.211	55	10.266
Contributions by and distributions to owners:										
Transfers to Reserve for acquiring own shares	-	-	-	-	203	-	-203	-	-	-
Dividends	-	-	-	-	-	-	-2.508	-2.508	-	-2.508
Total contributions by and distributions to owners	-	-	-	-	203	-	-2.711	-2.508	-	-2.508
Changes in the Group without losing control										
Other changes in the Group	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-
Balance at 30 September 2013	11.943	11.396	6.304	-1.735	5.971	1.194	32.490	67.563	196	67.759
Balance at 1 October 2013	11.943	11.396	6.304	-1.735	5.971	1.194	32.490	67.563	196	67.759
Comprehensive income for the period										
Net profit (loss)	-	-	-	-	-	-	3.146	3.146	5	3.151
Other comprehensive income										
Allocated from reserves	-	-	-88	-	-	-	88	-	-	-
Formation of hedging reserve	-	-	-	170	-	-	-	170	-	170
Total other comprehensive income	-	-	-88	170	-	-	88	170	-	170
Total comprehensive income for the period	-	-	-88	170	-	-	3.234	3.316	5	3.321
Contributions by and distributions to owners:										
Transfers to Reserve for acquiring own shares	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-
Changes in the Group without losing control										
Other changes in the Group	-	-	-	-	-	-	18	18	-18	-
Balance at 31 December 2013	11.943	11.396	6.216	-1.565	5.971	1.194	35.742	70.897	183	71.080

Consolidated statement of changes in equity (continued)

Equity, attributable to the shareholders of the Company

Thousand LTL	Share capital	Share premium	Revaluation reserve	Hedging reserve	Reserve for acquiring own shares	Legal reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2014	11.943	11.396	6.216	-1.565	5.971	1.194	35.742	70.897	183	71.080
Comprehensive income for the period										
Net profit (loss)	-	-	-	-	-	-	4.822	4.822	1	4.823
Other comprehensive income										
Allocated from reserves	-	-	-287	-	-	-	287	-	-	-
Formation of hedging reserve	-	-	-	-278	-	-	-	-278	-	-278
Total other comprehensive income	-	-	-287	-278	-	-	287	-278	-	-278
Total comprehensive income for the period	-	-	-287	-278	-	-	5.109	4.544	1	4.545
Contributions by and distributions to owners:										
Transfers to Reserve for acquiring own shares	-	-	-	-	2.387	-	-2.387	-	-	-
Dividends	-	-	-	-	-	-	-3.583	-3.583	-	-3.583
Total contributions by and distributions to owners	-	-	-	-	2.387	-	-5.970	-3.583	-	-3.583
Changes in the Group without losing control										
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-19	-19
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-
Balance at 30 September 2014	11.943	11.396	5.929	-1.843	8.358	1.194	34.881	71.858	165	72.023
Balance at 1 October 2014	11.943	11.396	5.929	-1.843	8.358	1.194	34.881	71.858	165	72.023
Comprehensive income for the period										
Net profit (loss)	-	-	-	-	-	-	6.305	6.305	-2	6.303
Other comprehensive income										
Allocated from reserves	-	-	-89	-	-	-	89	-	-	-
Formation of hedging reserve	-	-	-	171	-	-	-	171	-	171
Total other comprehensive income	-	-	-89	171	-	-	89	171	-	171
Total comprehensive income for the period	-	-	-89	171	-	-	6.394	6.476	-2	6.474
Contributions by and distributions to owners:										
Transfers to Reserve for acquiring own shares	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-
Changes in the Group without losing control										
Other changes in the Group	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2014	11.943	11.396	5.840	-1.672	8.358	1.194	41.275	78.334	163	78.497

Consolidated statement of cash flows

Thousand LTL

	01.01.2014- 31.12.2014	01.01.2013- 31.12.2013
Cash flows from operating activities		
Net profit (loss)	11.126	13.009
Adjustments:		
Depreciation of property, plant and equipment	9.759	9.140
Amortisation of intangible assets	40	6
Amortisation and write down of grants	-1.333	-1.360
(Profit) loss on disposal of property, plant and equipment	-141	-39
Income tax expense	-187	1.198
Interest expenses, net	2.037	2.102
	21.301	24.056
Change in inventories	-4.898	-6.210
Change in long-term receivables	276	-283
Change in trade and other receivables and prepayments	2.830	-9.686
Change in trade and other payables	-564	8.098
	18.945	15.975
Paid interest	-1.907	-1.805
Net cash from operating activities	17.038	14.170
Cash flows from investing activities		
Acquisition of property, plant and equipment	-15.439	-12.797
Acquisition of intangible assets	-116	-49
Proceeds from sale of property, plant and equipment	375	689
Acquisition of shares of the subsidiary	-26	-
Loans granted	0	-
Recovery of the loans	0	-
Interest received	-	-
Net cash from investing activities	-15.206	-12.157
Cash flows from financing activities		
Loans received*	13.226	11.618
Repayment of borrowings	-12.590	-11.762
Dividends paid	-3.212	-2.508
Capital grants received	900	-
Net cash used in financing activities	-1.676	-2.652
Increase (decrease) in cash and cash equivalents	156	-639
Cash and cash equivalents at 1 January	241	880
Cash and cash equivalents at 31 December	397	241

Explanatory notes

1. Accounting principles

Consolidated financial statements of Vilkyškių pieninė 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

	2014	2013
Revenue (Thousand LTL)	378.608	364.432
EBITDA (Thousand LTL)	21.442	24.095
EBITDA margin (%)	5,7%	6,6%
Operating result (Thousand LTL)	12.976	16.309
Operating result margin (%)	3,4%	4,5%
Profit (loss) (Thousand LTL)	11.126	13.009
Profit (loss) (%)	2,9%	3,6%
Profit (loss) per share (LTL)	0,93	1,08
Number of shares (vnt)	11 943 000	11 943 000

In 2014, Vilkyškių Group reported sales of LTL 379 million, a 4 percent rise from 2013. Revenue growth stalled despite larger volumes sold. The impact came from a fall in dairy product prices on the global market, as well as a decrease in demand and the subsequent embargo introduced by the Russian Federation. The group's net profit came to LTL 11 million in 2014, down 14 pct from the previous year.

3. Segment information

Revenue per geographical zones:

Thousand LTL	2014	2013	Change
Lithuania	119.353	107.444	11%
European Union	141.330	113.495	24,5%
Russia	94.434	126.075	-25%
Other countries	23.491	17.418	35%
	378.608	364.432	

4. Inventories

Thousand Litas	31 December 2014	31 December 2013
Finished production	27.841	22.536
Raw materials	122	182
Other auxiliary materials	6.616	6.709
Production in progress	499	749
Goods for re-sale	-	3
	35.078	30.179

5. 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 Bertasius, Sigitas Trijonis, Rimantas Jancevicius, Vilija Milaseviciute, Andrej Cyba, Linas Strelis 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:

- a) To purchase up to 10 percent of the Company's shares.
- b) The purpose of acquisition of own shares – to maintain and increase the price of the Company's shares.
- c) Period during which the Company may acquire own shares – until 24 April 2015.
- d) 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.

Regarding suspension of dairy imports to the Russian market

On 6th August 2014, the President of the Russian Federation enacted an import embargo on most of agricultural produce imported to Russia from the European Union, the United States, Australia, Canada and Norway. The sales of AB Vilkyškių pieninė to the Russian market made up to 20-25% of total sales.