

Report of the Audit Committee for the year 2014

The Audit Committee of AB „Rokiškio sūris“ was elected by the 24th April 2009 General Meeting of Shareholders. The Audit Committee consists of 3 members, one of which is an independent member. The term of the Committee office is four years.

The 26th April 2013 General Shareholders Meeting reelected the same members of the Audit Committee for further four year cadence.

The Audit Committee performs in accordance with the Law on the Audit of the Republic of Lithuania, the 21st August 2008 Resolution No. 1K-18 adopted by the Securities Commission of the Republic of Lithuania „Regarding requirements applied to the Audit Committees“, the Articles of Association of AB „Rokiškio sūris“, and the approved Regulations of formation and operation of The Audit Committee.

Key functions of the Audit Committee:

- Observe the integrity of preparation procedure of financial statements provided by the Company and its subsidiaries;
- Observe the efficiency of the internal functions such as control, risk management and internal audit;
- Make recommendations to the Board of Directors related with selection of the external auditor, and observe procedure of audit performance;
- Monitor independence and impartiality of the external auditor and audit company;
- Inform the Company's Board of Directors on any significant failures of internal control identified by external and internal audit in relation with financial accounting, and make recommendations on their improvement;
- Perform fairly in the interest of the Company and its shareholders and be liable in this regard.

In 2014, the Audit Committee had 4 meetings. The meetings were summoned at the end of every quarter whereas the internal financial reports were discussed and recommendations were provided. The meetings were attended by the Board of Directors.

The Audit Committee presented reports in regards with the functions assigned, i.e. recommendations regarding preparation of the financial accounting, management of the Company's internal control risk, internal audit system, as well as observation how the internal auditor and audit company regard principles of independency and impartiality.

The Company performs in accordance with the strategy approved and prepared by the Board of Directors. The strategy covers key management functions such as finance, sales and marketing, raw milk procurement, production and human resource management.

Discussions were held with the Company's internal auditor in order to discuss principles of internal auditing and obtain information regarding the performed internal audit. The internal audit provided

information on their performance and the submitted reports which resulted in preparation of action plan in order to eliminate any failures.

The Company performs its accounting and prepares financial statements according to International Financial Reporting Standards as adopted by the European Union. The Consolidated Group consists of the Company, its two branches, and five subsidiaries. The financial statements are prepared under the historical cost convention, except the to be sold financial assets which is evaluated by its real value and the long term tangible assets which is evaluated by its reassessed value.

The audit of financial reports of AB "Rokiskio suris" for the year 2014 was performed by an independent international auditing company UAB "PricewaterhouseCoopers". Following the Law on audit of the Republic of Lithuania, the audit company provided to the Audit Committee a written statement as testimony of impartiality of the Audit company. The Audit Committee have not identified any circumstances contradicting with the laws of the Republic of Lithuania nor to the ethical principles of auditing which could potentially breach independence of the Audit company.

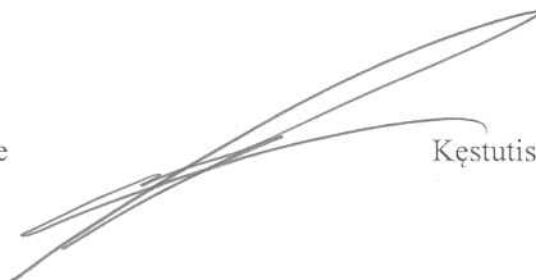
Members of the Audit Committee have analyzed information of the board meetings, also they discussed the internal consolidated financial reports and presented their recommendations. Also, it was discussed the issue of accounting principles applied in the Company, their changes, validity of accounting evaluations made by the management, and overall presentation of financial reports.

The Company's operations procedures are managed and controlled using the information technology systems. The company's information systems are continuously updated and improved by implementation of new modules inspired by the ongoing company needs and performance procedures. Security of all data accumulated in the Company's information system is guaranteed by copying the data.

Upon the end of 2014, there was a discussion with external auditors in regards with the financial results of the Company's Group as well as the applied evaluations of financial accounting which in the opinion of auditors were relevant and applied consistently and legitimately. Financial reports are prepared timely and in accordance with the International Financial Accounting Standards legalized in the EU, and they represent the fair financial situation. The Audit Company has not identified any significant failures of the internal control system.

Having reviewed the annual consolidated audited financial statements and the annual consolidated report, the Members of the Committee made recommendation to the Board of Directors to submit the annual consolidated audited financial statements for the year 2014 to the approval by the Company's shareholders.

Chairman of the Audit Committee



Kęstutis Kirejevas