

Confirmation of Responsible Persons

29 May 2015

Telšiai

We, Algirdas Pažemeckas, Chairman of the Board, Acting General Manager and Dalia Gecienė, Chief Financier of stock company *Žemaitijos pienas*, hereby confirm that, to the best of our knowledge, interim consolidated Financial Statements for the period of 3 months of 2015 of *Žemaitijos pienas*, AB company group, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of consolidated company group assets, liabilities, financial position, profit (loss) and cash flows. The interim Financial Statements were not audited.

Chairman of the Board,
Acting General Manager



Algirdas Pažemeckas

Chief Financier

Dalia Gecienė

AB „ŽEMAITIJOS PIENAS”

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED**

31 MARCH 2015

1. Balance sheets

	Group	
	As of 31 March 2015	As of 31 December 2014
ASSETS		
Non-current assets		
Intangible assets	176	192
Property, plant and equipment	19 382	18 232
Investment property	216	234
Available – for – sale investments	1	1
Investments into subsidiaries	-	-
Non-current receivables	4 829	4 705
Other financial assets	15	15
Deferred income tax asset	1 452	1 452
Total non-current assets	26 071	24 831
Current assets		
Inventories	25 170	24 944
Prepayments	641	722
Trade receivables	9 318	9 056
Receivables from subsidiaries	-	-
Receivables from other related parties	870	1 288
Other receivables	884	1 216
Deposits	-	-
Cash and cash equivalents	11 474	7 018
Total current assets	48 357	44 244
Total assets	74 428	69 075

Balance sheets (cont'd)

	Group	
	As of 31 March 2015	As of 31 December 2014
LIABILITIES AND SHAREHOLDERS' EQUITY		
Equity attributable to equity holders of the parent		
Share capital	14 029	14 010
Own shares (-)	(1 323)	(1 323)
Legal reserve	1 401	1 401
Other reserves	4 566	4 566
Retained earnings	33 637	32 417
	52 310	51 071
Minority interest	745	654
Total shareholders' equity	53 055	51 725
Non-current liabilities		
Grants received	1 992	2 133
Long-term loans from related parties	-	-
Financial lease obligations	32	32
Deferred income tax liability	0	0
Other current liabilities	5	5
Total non-current liabilities	2 029	2 170
Current liabilities		
Current portion of non-current loans	-	-
Current portion of non-current financial lease obligations	54	75
Trade payables	13 952	11 047
Payables to subsidiaries	-	-
Payables to other related parties	480	503
Income tax payable	282	244
Other current liabilities	4 576	3 311
Total current liabilities	19 344	15 180
Total liabilities and shareholders' equity	74 428	69 075

2. Income statements

	Group	
	01 January 2015 – 31 March 2015	01 January 2014 – 31 March 2014
Sales	33 606	43 206
Cost of sales	(27 300)	(38 125)
Gross profit	6 306	5 081
Operating expenses	(4 763)	(4 293)
Other operating income, net	88	54
Profit from operations	1 631	842
Financial and investment activities, net	54	16
Profit before income tax	1 685	858
Income tax	(373)	(211)
Net profit	1 312	647
ATTRIBUTABLE TO:		
<i>Equity holders of the Company</i>	<i>1 221</i>	<i>635</i>
<i>Minority interest</i>	<i>90</i>	<i>12</i>

3. Cash flow statements

	Group	
	As of 31 March 2015	As of 31 March 2014
Cash flows from (to) operating activities		
Net profit	1 312	647
Adjustments for non-cash items:		
Depreciation and amortization	1 045	848
(Profit) loss from disposal and write-offs of property, plant and equipment and intangible assets	(0)	(3)
Result from financial and investment activities	(35)	(27)
Decrease (increase) values of inventories	-	-
Decrease (increase) values of receivables	-	-
Income tax expenses	-	-
Other non-cash (income) expenses	-	-
	<u>2 322</u>	<u>1 465</u>
Changes in working capital:		
Decrease (increase) in inventories	(226)	6 131
(Increase) in trade receivables	156	(4 969)
Decrease in prepayments and other current assets	81	(25)
Decrease in other receivables	215	(507)
Increase in other long-term payables	-	-
Increase (decrease) terminable deposits	-	-
Increase (decrease) in trade payables, payables to related parties	2 882	1 580
Income tax (paid)	38	-
Increase (decrease) in other current liabilities	1 266	373
Net cash flows from operating activities	<u>6 734</u>	<u>4 048</u>
Cash flows from (to) investing activities		
(Acquisition) of property, plant and equipment and intangible assets	(2 164)	(1 275)
Disposal of property, plant and equipment	2	78
Daughter enterprise liquidation	-	-
Repayment of loans granted	177	736
Loans (granted)	(184)	(132)
Interest received	35	32
Net cash flows (to) investing activities	<u>(2 134)</u>	<u>(561)</u>

Cash flow statements (cont'd)

	Group	
	As of 31 March 2015	As of 31 March 2014
Cash flows from (to) financing activities		
Dividends (paid)	-	-
Cash, (transferred) during reorganization		
Loans received	-	2 653
(Repayment) of loans	-	(3 642)
Financial lease (payments)	(21)	(60)
Sponsorship received	-	729
Sponsorship amortization	(141)	(47)
Other revenue from financial activities	18	3
Interest (paid)	(0)	(5)
Net cash flows (to) financial activities	(144)	(369)
Net increase (decrease) in cash and cash equivalents	4 456	3 118
Cash and cash equivalents at the beginning of the year	7 018	2 015
Cash and cash equivalents at the end of the year	11 474	5 134

4. Statements of changes in equity

<u>Group</u>	Attributable to shareholders of the Company							
	Share capital	Own shares(-)	Legal reserve	Other reserves	Retained earnings	Total	Minority interest	Total
Balance as of 31 December 2013	14 010	(1 323)	1 401	4 566	29 748	48 402	687	49 089
Net profit for the three months	-	-	-	-	635	635	12	647
Balance as of 31 March 2014	14 010	(1 323)	1 401	4 566	30 383	49 037	699	49 736
Balance as of 31 December 2014	14 010	(1 323)	1 401	4 566	32 417	51 071	654	51 725
Net profit for the three months	-	-	-	-	1 240	1 240	90	1 330
<i>The nominal value rounding up of the euro</i>	<i>19</i>				<i>(19)</i>			<i>-</i>
Balance as of 31 March 2015	14 029	(1 323)	1 401	4 566	33 637	52 310	745	53 055

5. Notes to the financial statements

General information

The Company produces dairy products and sells them in the Lithuanian and foreign markets. The Company has a number of wholesale departments with storage facilities and transport means in major Lithuanian towns: Vilnius, Kaunas, Panevėžys, Klaipėda. The Company's shares are traded on the Additional Baltic List of the Vilnius Stock Exchange.

As of 31 December 2014 and as of 31 December 2013 the share capital of the Company was LTL 48.375 thousand, which consisted of 48.375 thousand ordinary shares with a normal value of LTL 1 each. All the shares of the Company are issued, subscribed and fully paid. Subsidiaries did not hold any shares of the Company as of 31 March 2015 and as of 31 December 2014.

During the 2012-2014 year the Company has acquired 2.070.621 units of its own shares for 4.569 thousand LT.

Since 2015 of the 1 of January, when the Lithuania Republic was joined to the euro zone, according the Lithuania Republic public and private companies share capital and securities denominated in nominal values of these companies and according the Law on Amendments to the Bylaws, by 2014-11-04 AB Lithuanian Central State Depository the Board decision AB Žemaitijos pienas the nominal value of the issued shares changed from 1 LTL to EUR 0,29. Shares of the nominal value changed of 1 LTL to EUR 0,29 and approved by the Company's shareholder's meeting in 2015 04 24. Changing shares of nominal the value of the Company's authorized capital, ie. the total nominal value of issued shares became EUR 14.028.750.

As of 31 March 2015 the Group consisted of AB Žemaitijos pienas and the following subsidiaries (hereinafter referred to as "the Group")

Company	Registration address	Ownership of the Group	Percentage in consolidation	Cost of investment	Total equity holding 2014 12 31	Total equity holding 2015 03 31	Main activities
ABF „Šilutės Rambynas“	Klaipėdos g. 3, Šilutė, Lietuva	87,82%	87,82%	3 150	5 374	6 115	Cheese production
SIA „Muižas piens“	Skaistkalnes g. 1, Rīga, Latvija	32%	-	1			Retail, wholesale trade

ABF „Šilutės Rambynas“ is considered a subsidiary because AB “Žemaitijos Pienas” controls its activities and controls more than 50% of its shares.

As of 31 March 2015, the number of employees of the Group was 1.373 (according as of 31 March 2014 – 1.369).

Basis of preparation

By 31 of December 2014 Litas was the Lithuanian and the Company's functional currency. Since the 1 of January 2015 Lithuanian national currency is the Euro. The Euro has become the

Company's functional currency. The previous year comparative information translated at the official exchange ratio conversion to the euro: 1 euro = 3,4528 per share.

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Main indicators of the Company's performance :

	As of 31 March 2015	As of 31 March 2014
Sales, thousand euro	33 606	43 206
Gross profit, thousand euro	6 306	5 081
EBITDA, thousand euro	2 730	1 712
Current ratio (at the end of period)	2,50	2,89
Book value per share (at the end of period)	1,55	1,03

Segment information

For management purposes the activities of the Group and Company are organized as one major segment – production and selling of the dairy products (primary segment). Financial information on geographical segments (secondary segment) is presented below:

	As of 31 March 2015	As of 31 March 2014
<u>Sales, thousand euro</u>		
Lithuania	18 024	18 862
Other Baltic States and CIS countries	3 215	15 766
Other European countries	10 871	7 984
Other	1 496	594
	33 606	43 206

Inventories

Inventories are valued at the lower of cost or net realizable value, after impairment evolution for obsolete and slow moving items. Cost is determined by the first-in, first-out (FIFO) method. The cost of finished goods and work in progress includes the applicable allocation of fixed and

variable overhead costs based on a normal operating capacity. Unrealizable inventory is fully written-off.

<u>Inventories</u>	<u>As of 31 March 2015</u>	<u>As of 31 March 2014</u>
Raw materials	3 343	3 284
Finished goods and work in process	24 500	26 952
Goods for resale	175	252
Decrease values of raw materials and goods	(2 848)	(3 973)
Total inventories, thousand euro	25 170	26 515

Financial liabilities

As of 31 March 2015 The Group financial liabilities amounted to only lease obligations. Loans in arrears for the Group no longer had.

Finance lease liabilities:

As of 31 March 2015

The repayment term :	2015 - 54
	2016 - 32
	<u>2017 - -</u>
Total, thousand euro	86

Subsequent events

Subsequent events was not after was make consolidated financial statements.