



“Vilkyškių pieninė”

9 month consolidated report 2007

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„Vilkyškių pieninė“

About the company

Company name	PLC „Vilkyškių pieninė“
Share capital	9 353 000 LTL
Headquarters	Vilkyškiai, Pagėgių municipality
Phone	8-441 55330
Fax	8-441 55242
E-mail	centras@cheese.lt
Legal form	Public limited company
Registration date and place	10 May 1993
Web page	http://www.cheese.lt

„Vilkyškių pieninė“ board of directors

The company's board of directors consists of : Gintaras Bertašius, Sigitas Trijonis, Rimantas Jancevičius and Ramūnas Šniepis.

General director - Gintaras Bertašius.

Accounting standards

Consolidated „Vilkyškių pieninė“ (company code 277160980) financial reports are prepared in line with IFRS (International Financial Reporting Standards).

Balance sheet

Thou LTL	2007 09 30	2006 12 31
Assets		
Tangible non-current assets	44,068	38,126
Intangible assets	1,042	1,061
Deferred tax assets	23	23
Long-term receivables	0	62
Total non-current assets	45,133	39,272
Prepayments for investments		0
Inventories	10,242	13,543
Receivables	14,159	11,057
Cash and cash equivalents	572	891
Total current assets	24,973	25,491
Total assets	70,106	64,763
Shareholders' equity		
Share capital	9,353	9,353
Reserves	9,427	9,683
Retained earnings	11,317	4,967
Total shareholders' equity	30,097	24,003
Minority part	53	51
Total shareholders' equity	30,150	24,054
Liabilities		
Interest-bearing liabilities	21,455	16,680
Capital subsidies	1,655	1,441
Deferred tax liabilities	2,741	2,793
Total non-current liabilities	25,851	20,914
Short-term interest-bearing liabilities	1,683	5,567
Income tax payable	859	361
Trade and other amounts payable	11,563	13,867
Total current liabilities	14,105	19,795
Total liabilities	39,956	40,709
Total liabilities and shareholders' equity	70,106	64,763

Profit and loss statement

Thou LTL	2007 09 30	2006 09 30 unconsolidated
Revenue	99,411	78,137
Cost of sales	-82,826	-69,832
Gross profit	16,585	8,305
Other operating income, net	71	16
Distribution expenses	-1,582	-1,009
Administrative expenses	-4,079	-3,921
Operating profit before financial items	10,995	3,391
Financial income	36	98
Financial expenses	-1,063	-671
Net financial items	-1,027	-573
Profit before tax	9,968	2,818
Tax payments	-1,869	-770
Net profit	8,099	2,048
To:		
Company shareholders	8,097	2,048
Minority interest	2	
Net profit	8,099	2,048

Cash flow statement

Thou LTL	2007 09 30	2006 09 30 unconsolidated
Cash flow from operating activities		
Profit before tax	8,097	2,818
Adjustments		
Depreciation	2,621	1,995
Amortization	26	142
Capital subsidies recognized in revenues	-184	
Interest expenses	1,063	553
Tax expenses	1,869	
Cash flow from ordinary activities before changes in working capital	13,492	5,508
Change in inventories	3,301	-5,331
Change in receivables	-2,732	-8,147
Change in trade and other amounts payable	-1,102	8,028
	12,959	58
Interest expenses	-1,063	-553
Tax expenses	-1,869	-770
Cash flow from operating activities	10,027	-1,265
Cash flows from financing activities		
Acquisition of tangible non-current assets	-5,678	-3,804
Acquisition of intangible non-current assets	-7	-23
Proceeds on sale of tangible non-current assets	0	258
Investments in subsidiary undertaking	0	-1,030
Net cash flow from investing activities	-5,685	-4,599
Cash flows from financing activities		
Loans received	7,435	9,674
Repayment of borrowings	-7,985	-1,685
Payments on financial lease obligation	-1,353	-847
Dividends paid	-2,758	-2,500
Subsidies		300
Net cash flow from financing activities	-4,661	4,942
Increase in cash and cash equivalents	-319	-922
Cash and cash equivalents as of January 1 st	891	1,041
Cash and cash equivalents as of September 30th	572	119

Statements on changes in equity

LTL, thou.	Share capital	Revaluation reserve	Compulsory reserve	Retained Earnings	Total equity
As of 1 st January 2006	9,353		705	3,786	13,844
Net profit				3,905	3,905
Transfer to reserves			214	-214	0
Dividend				-2,500	-2,500
Revaluation of non current assets		8,764			8,764
Loss (not included into profit and loss statement)				-10	-10
As of 31 st December 2006	9,353	8,764	919	4,967	24,003
As of 1 st January 2007	9,353	8,764	919	4,967	24,003
Net profit				8,097	8,097
Revaluation of non current assets		-327			-327
Transfer to reserves			16	16	0
Dividends				-2,058	-2,058
Loss (not included into profit and loss statement)				327	327
Others		55			55
As of 30 th September 2007	9,353	8,492	935	11,317	30,097

Explanatory note

AB „Vilkyškių Pieninė“ is one of the most advanced cheese production dairies in Lithuania, holding approximately 15% of domestic market share, which is the fourth largest among Lithuanian producers.

Up to date, the number of employees in „Vilkyškių Pieninė“ amounts to 425; whereas, the total number of employees, together with controlled „Modest“, amounts to 475.

It is reasonable to believe that the upcoming quarter results will be successful, as a reason of higher prices for cream, butter and cheese. Compared to the same period of last year, the average price for cheese, butter and cream have increased by 6%, 15% and 43% accordingly. The average cheese price went up from 8837 lt/t to 9339 lt/t, the average butter price went up from 5704 lt/t to 6592 lt/t and the average cream price went up from 3907 lt/t to 5600 lt/t. As a result, the revenue for the period have increased by 27%, from 78,1 mln. Lt to 99,4 mln Lt. The highest growth is attributed to the revenue from cream (78% growth in this period), and whey products (327% growth in this period).

The increase in profit is mainly attributed towards the price increase in foreign markets, especially in the Western part of Europe, where the profit growth was seen at 26%, as well as the opening of the new whey processing line in the middle of 2007.

According to the management of „Vilkyškių pieninė“, the revenue for 2007 should increase up to 140 mln. Lt (40,5 mln EUR), with net profit increasing to 10,6 mln. Lt (3,1 mln. EUR).

The near term plans for the company include continued automation of production processes as well as the increase of production capacity. The company is also planning to reinforce its brand and product trademarks both in Lithuania and in foreign markets, as well as to add new exclusive types of cheese to its product range.