



**OPERATIONAL RESULTS AND A SET OF  
INTERIM CONSOLIDATED FINANCIAL  
STATEMENTS  
OF ROKISKIO SURIS AB  
FOR NINE MONTHS 2015**

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## **1. Reporting term of the interim consolidated financial statements**

The interim consolidated financial statements and the review of the Group's performance are prepared for nine month period of the year 2015.

## **2. Key information of the issuer**

Name of the issuer: AB Rokiskio suris  
 Legal base: Public Limited Liability Company  
 Address: Pramones 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](mailto:rokiskio.suris@rokiskio.com)  
 Website: [www.rokiskio.com](http://www.rokiskio.com)  
 Registered in on 28<sup>th</sup> February 1992 by the Authorities of Rokiskis region.  
 Re-registered - 28<sup>th</sup> 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 EUR10,401,711.30.  
 There are 35,867,970 shares. Nominal value per share equals to EUR 0.29 (twenty nine euro cents).

## **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 2014: Parent Company, two branches and five subsidiaries).

### **Subsidiaries of AB Rokiskio suris:**

Registered address of UAB Rokiskio pienas: Pramones str. 8, LT-28216 Utena. Company code: 300561844. AB Rokiskio suris is its founder and the only shareholder with 100 per cent of shares.

Registered address of UAB Rokiskio pieno gamyba: Pramones str. 8, LT-28216 Utena. Company code: 303055649. AB Rokiskio suris is its founder and the only shareholder with 100 per cent of shares.

Registered address of Dairy cooperative PK Žalmarge: Kalnalaukio str.1, Sirvintos. Company code: 178301073.

Latvian company SIA Jekabpils piena kombinats (company code 45402008851, registered address: Akmenu iela 1, Jekabpils, Latvija LV-5201).

Latvian company SIA Kaunata (company code 240300369, registered address Rogs, Kaunata pag., Rezeknes nov., Latvia).

### **Branches of AB Rokiskio suris:**

AB Rokiskio suris branch Utenos pienas (Company code: 110856741, Pramones str. 8, LT-28216 Utena);

AB Rokiskio suris branch Ukmerges pienine (Company code: 182848454, Kauno str. 51, LT-20119, Ukmerge).

#### **4. Characterization of key business**

Key business of the Group of Rokiskio suris:

- ◆ Dairying and cheese production (EVRK 10.51);

##### AB Rokiskio suris

Key business of AB Rokiskio suris is production and sales of fermented cheese, whey products, and skim milk powder.

##### Subsidiaries:

Key business of UAB Rokiskio pienas is sales of fresh dairy products.

Key business of UAB Rokiskio pieno gamyba is production of fresh dairy products (fluid milk, kefir, sour milk, butter, curds, fresh cheese, sour cream, chocolate coated curds dessert, desserts).

Key business of KB Zalmarge is purchase of raw milk.

Key business of SIA Jekabpils piena kombinats – purchase of raw milk.

Key business of SIA Kaunata – purchase of raw milk.

#### **5. Contracts with financial brokers**

On 24<sup>th</sup> December 2003, AB Rokiskio suris made a contract with UAB FMI Baltijos vertybiniai popieriai (Gedimino av. 60, Vilnius) regarding administration of shareholders of AB Rokiskio suris. On 15<sup>th</sup> January 2007, the financial company changed its name into UAB FMI Orion securities (A.Tumeno 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 Rokiskio suris are listed on the **Official List of NASDAQ OMX Vilnius Stock Exchange**. (VVPB symbol RSU1L). Nominal value per share EUR 0.29 (twenty nine euro cents).

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.

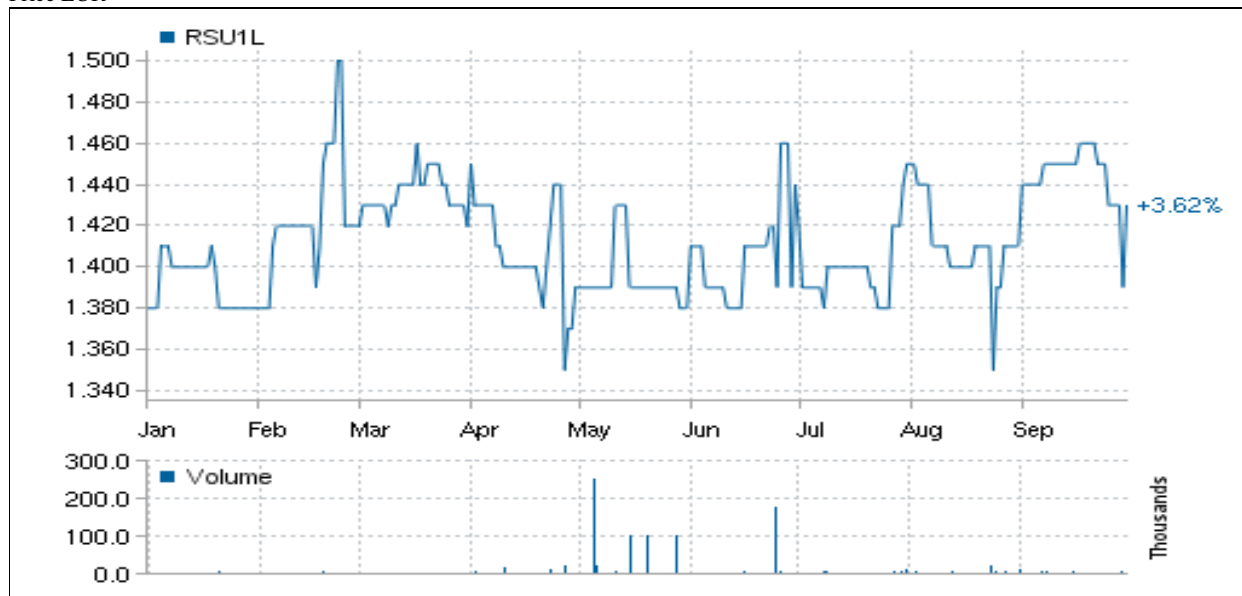
Trade by shares of AB Rokiskio suris on NASDAQ OMX Vilnius Stock Exchange:

**Trade on central market:**

Reported period		Price (EUR)				Turnover (EUR)			
from	to	max	min.	aver.	Last session	Date of last trading session	max	min	Last session
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
2014.10.01	2014.12.31	1.57	1.38	1.50	1.38	2014.12.30	69,146.00	0	814.20
2015.01.01	2015.03.31	1.50	1.38	1.42	1.42	2015.03.31	6,946.37	0	303.03
2015.04.01	2015.06.30	1.46	1.35	1.39	1.44	2015.06.30	348,890.00	0	305.28
2015.07.01	2015.09.30	1.46	1.35	1.41	1.43	2015.09.30	25,651.61	0	641.35

**Trade by the shares of AB Rokiskio suris within January-September 2015**

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&currency=0&downloadcsv=0&date=&start=01.01.2015&end=30.09.2015>

## Capitalization of the Securities

Reporting period		Total turnover		Date of last trading session	Capitalisation (EUR)
from	to	(units)	(EUR)		
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
2014.10.01	2014.12.31	103,884	155,655.60	2014.12.30	49,497,799
2015.01.01	2015.03.31	26,734	37,953.70	2015.03.31	50,932,517
2015.04.01	2015.06.30	833,020	1,158,553	2015.06.30	51,649,877
2015.07.01	2015.09.30	103,062	145,093	2015.09.30	51,291,197

## 7. Authorized capital of the issuer

As at September 30, 2015, the Authorized capital of AB Rokiskio suris comprised of the following:

Type of shares	Number of shares	Nominal value, EUR	Total nominal value, EUR	Share of authorized capital (%)
1	2	3	4	5
Ordinary registered shares	35,867,970	0.29	10,401,711.30	100.00

All shares of AB Rokiskio suris are paid-up, and they are not subject to any limitations of transference.

## 8. Shareholders

Total number of shareholders (as at 30.09.2015)– 5,480 shareholders.

**The shareholders having or owning over 5 per cent of the issuer’s authorized capital (as at 30.09.2015):**

Name, surname Name of company	Address	Proprietary rights			With associated persons	
		Number of shares	Capital share %	Votes %	Capital share %	Number of shares
<b>UAB Pieno pramonės investicijų valdymas</b> Company code 173748857	Pramonės str. 3, Rokiskis Lithuania	10 032 173	27.97	28.61	72.39	74.05
<b>SIA RSU Holding,</b> reg.No.40103739795	Sliezu iela 9A-25, Rīga Latvia	8 909 347	24.84	25.41	72.39	74.05
<b>Antanas Trumpa</b>	Sodu 41a, Rokiskis Lithuania	6 941 573	19.35	19.80	72.39	74.05
<b>SEB SA OMNIBUS</b> (funds/inst clients) LUESSE22	Luxemburg	1 778 605	4.96	5.07	-	-
<b>AB Rokiskio suris</b> Company code 173057512	Pramonės g.3, Rokiskis 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 07/09/2011 to 20/09/2011, AB Rokiskio suris acquired 788,804 own shares which made 2.20% of the company's authorized capital, and during the period from 01/12/2011 to 14/12/2012, it was acquired 13,290 own shares which made 0.04% of the company's authorized capital.

As at the end of period (30<sup>th</sup> August 2015), AB Rokiskio suris 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 Rokiskio suris is one of the largest and strongest dairy production companies in Lithuania. The sales of commodities are widely spread in Western export markets, EU and USA, as well as sales of short shelf life dairy products on the local market and in neighborhood countries.

As a result of Russian embargo and loss of sales in that country, the Company increased its sales to the USA. Also, it strengthened search for new markets in the Central Asia, Middle East and Far East.

The Group's production is developed in the towns of Rokiskis (AB Rokiskio suris), Utena (UAB Rokiskio pieno gamyba) and Ukmerge (UAB Rokiskio pieno gamyba subsidiary Ukmerges pienine).

- Specialization of Rokiskis production plant – production and sales of fermented cheese and whey products.
- Specialization of UAB Rokiskio pieno gamyba (Utena production plant) – fresh dairy products for the local market, whey protein concentrate, milk powder and butter production.



- Specialization of UAB Rokiskio pieno gamyba (Ukmerge production plant) – curd and curd cheese production.
- Specialization of UAB Rokiskio pienas – sales of the Group’s products in Lithuania, Latvia and Estonia.

The cheese produced by the company AB Rokiskio suris 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: Rokiskio suris (various fat content and weight), Saules suris, Lietuviskas, Gouda, Suris „Visiems“, “Naminis”, „Zaloji karvute“ etc., whereas Kietasis suris (various fat, moisture content and weight), “Montecampo“ and “Gojus“ belong to the hard cheese type. The production of long term maturing hard cheese ROKISKIO GRAND is further developed, it is packed in various weight packaging.

In 2015 compared to 2014, substantial changes were made in the production of fermented cheese due to the redirection to other world markets.

The production of semi hard cheese was substantially reduced in order to increase production of higher level of dry matter hard cheese for the sales to the US market. The production of semi hard cheese decreased by 39 per cent.

Comparing the volumes of fermented cheese according to groups, the production of fresh cheese increased most significant, i.e. by 18 per cent. Also, the sales grew accordingly.

In 9 months 2015, the production of fermented cheese was higher by 3.8 per cent compared to the same period 2014.

Besides the main production of fermented cheese, AB Rokiskio suris 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. Total sales of whey protein concentrate decreased by 46 per cent. It was caused by the change of assortment as in 2015 the production of WPC80 was higher than WPC34. In addition, the production of Mozzarella increased due to the export to South Korea. The sales of lactose increased by 4 per cent.

UAB Rokiskio pieno gamyba specializes in the production of 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. The Group of Rokiskio suris makes the market share of 22 per cent.

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

The biggest part of exported production is fermented cheese. Hard cheese is sold to Italy, Netherlands, the USA, Spain, and Israel. The Group is looking for new markets for cheese. One of new destinations is Kazakhstan. Various types of cheese exported to this country. Also, the sales to the US are expanding. The lactose sales to the Philippines are heading up, and the export to India was started as well.

Sales of whey protein concentrate of 80 per cent were expanded, and now the product reaches the following markets: France, Germany, Denmark, Netherlands, Spain.

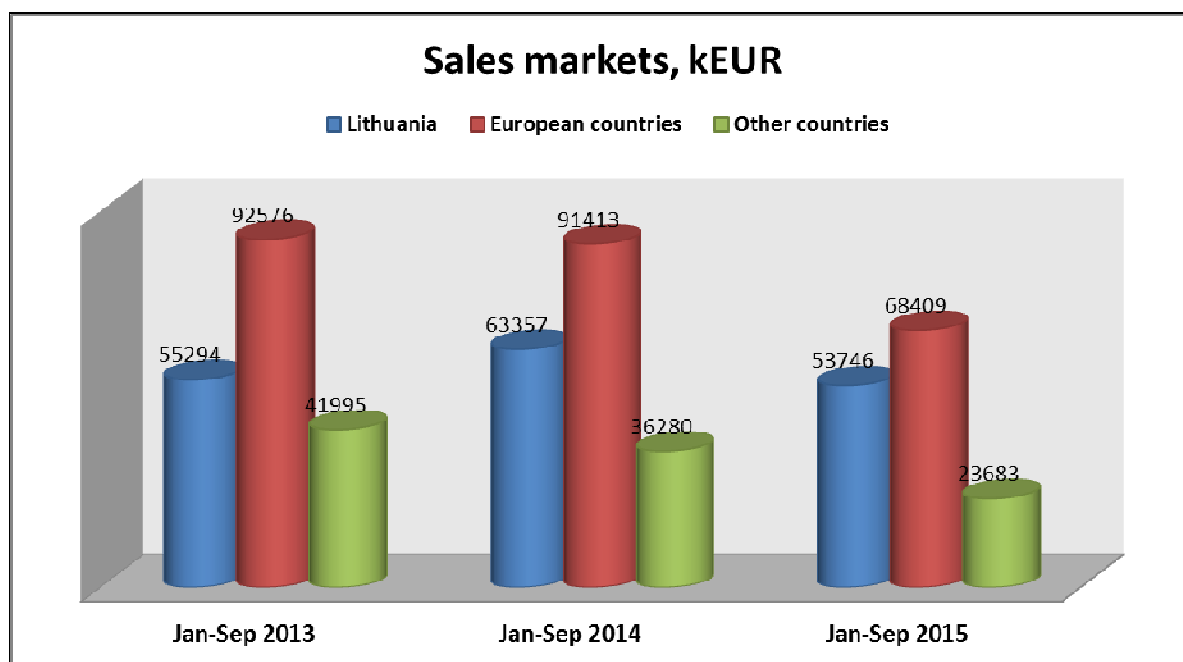
The Group’s export sales of traditional products such as butter, cream, milk powder and by-products (Whey protein concentrate and lactose) decreased in nine months 2015.

The decrease of sales was caused by the crisis of world dairy market which started in 2014, yet it was even worsened by the Russian embargo on dairy products in August 2014.

The January-September 2015 consolidated non-audited sales of the Group of Rokiskio suris amounted to mEUR 145.838; i.e. 23.67 per cent less than in the same period last year. The nine month 2014 sales made mEUR 191.050.

### Sales markets 9 months 2013, 2014 and 2015

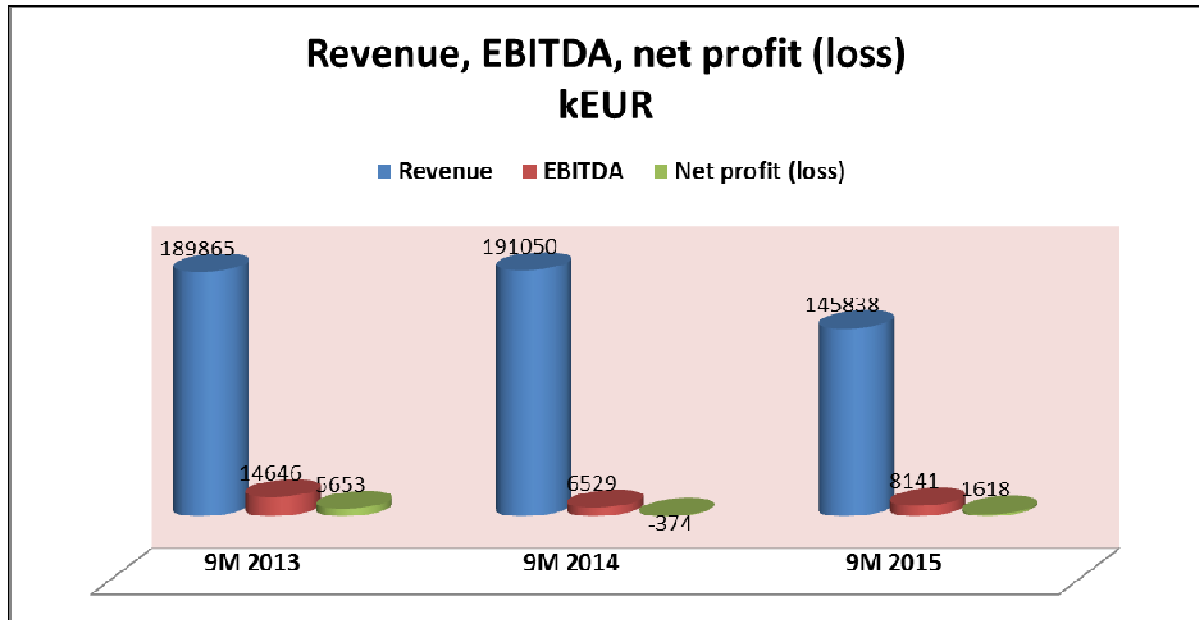
Name of countries	Sold					
	Jan-Sept 2013		Jan-Sept 2014		Jan-Sept 2015	
	k EUR	%	k EUR	%	k EUR	%
Lithuania	55 294	29.12	63 357	33.16	53 746	36.85
European countries	92 576	48.76	91 413	47.85	68 409	46.91
Other countries	41 995	22.12	36 280	18.99	23 683	16.24
<b>Total</b>	<b>189 865</b>	<b>100</b>	<b>191 050</b>	<b>100</b>	<b>145 838</b>	<b>100</b>



The decrease of sales was caused by drop in export cheese prices down to 24 per cent as well as decrease of prices of whey product and butter.

The January-September 2015 consolidated non-audited net profit of the Group of Rokiskio suris amounted to kEUR1,618. In 9 months 2014 the Group had loss of kEUR374.

The 9M 2015 EBITDA was kEUR 8,141 and compared to the same period of 2014 it increased by 24.7 per cent, the 9M 2014 EBITDA was kEUR 6,529. The 9M 2015 EBITDA margin was 5.58 per cent (in 9M 2014 – 3.42 per cent).



The Group's improved results compared to the last year, was mainly caused by the employed various systems of optimization of operations and production which started to give their outcome whilst introduced after the Russian embargo. The other important factor is appearance of new markets.

It is mostly likeable that in the forthcoming year, this drop of prices lasting for over a year and a half, will finish and then the prices for raw milk will increase. The Company however do not forecast any sharp recovery of dairy prices on both domestic and export markets.

## **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.

**Members of the Board of Directors:**

The Board of Directors of AB Rokiskio suris consists of 5 members.

**Dalius Trumpa** – Board Chairman (elected on 21/08/2015). 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 2007 appointed a deputy 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;

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

As from 29<sup>th</sup> April 2013, Chief executive officer of a subsidiary UAB Rokiskio pieno gamyba, having no shares;

Director of UAB Rokvalda, having 100% of shares and votes.

As from 11<sup>th</sup> December 2013, director of SIA RSU Holding having 11.26% of shares of SIA RSU Holding.

Shareholder of TEO LT having less than 0.001 % of the company's shares.

**Antanas Kavaliauskas** - Deputy Chairman (elected on 21/08/2015), 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.

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.

**Antanas Trumpa** – member of the Board of Directors (elected on 21/08/2015), the CEO of the Company, holds 6,941,573 ordinary registered shares of AB Rokiskio suris, i.e. 19.35% of the Authorized Capital of AB Rokiskio suris and 19.80% 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".

Shareholder of SIA RSU Holding having 77.37% of the company's shares.

**Ramūnas Vanagas** - Board member (elected on 21/08/2015), 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 21/08/2015), 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.

### **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:**

#### **The Chief Executive Officer Antanas Trumpa.**

For more information about the Chief Executive Officer see point 13 as per information about the management bodies.

### **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 30<sup>th</sup> September 2015**  
Company code 173057512, address: Pramonės g. 3, LT-42150 Rokiškis, Lithuania

(All tabular amounts are in EUR '000 unless otherwise stated)

## 14. Consolidated Balance sheet

	September 30, 2015	December 31, 2014	September 30, 2014
<b>PROPERTY</b>			
Long-term tangible assets	34,722	39,521	40,987
Intangible assets (with prestige)	157	152	222
Other receivables in a year	3,652	4,058	7,041
	38,531	43,731	48,250
<b>Current assets</b>			
Inventories	53,680	44,050	47,270
Receivables and advance payments	35,494	35,121	36,218
Short-term investments	9,831	13,748	14,422
Prepaid income tax	1,054	778	-
Cash and cash equivalents	890	3,326	2,047
	100,949	97,023	99,957
<b>Total assets</b>	<b>139,480</b>	<b>140,754</b>	<b>148,207</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Ordinary shares	10,402	10,388	10,388
Share premium	12,011	12,011	12,011
Reserve for acquisition of treasury shares	11,668	11,668	11,668
Treasury shares	(1,120)	(1,120)	(1,120)
Other reserves	10,902	12,795	13,384
Retained earnings	56,116	52,605	52,025
	99,979	98,347	98,356
<b>Non-current liabilities</b>			
Borrowings	-	-	1,287
Deferred income tax liability	1,438	1,787	2,090
Deferred income	688	779	883
	2,126	2,566	4,260
<b>Current liabilities</b>			
Trade and other payables	20,917	23,145	21,044
Tax liabilities	623	491	864
Deferred income	168	325	311
Borrowings	15,667	15,880	23,372
	37,375	39,841	45,591
<b>Total equity and liabilities</b>	<b>139,480</b>	<b>140,754</b>	<b>148,207</b>

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(All tabular amounts are in EUR ‘000 unless otherwise stated)

## 15. Consolidated Statement of comprehensive income

	January-September		July - September	
	2015	2014	2015	2014
Sales	145,838	191,050	44,760	61,814
Cost of sales	(128,276)	(177,360)	(38,601)	(59,228)
<b>Gross profit</b>	17,562	13,690	6,159	2,586
Selling and marketing expenses	(15,520)	(13,395)	(5,431)	(4,115)
<b>Operating profit (loss)</b>	2,042	295	728	(1,529)
Finance costs	(141)	(367)	(44)	(117)
<b>Profit before tax</b>	1,901	(72)	684	(1,646)
Income tax (accumulation)	(283)	(302)	(58)	(17)
<b>Operating activity income (loss)</b>	1,618	(374)	626	(1,663)
<b>Net profit (loss)</b>	1,618	(374)	626	(1,663)
Other comprehensive income				-
<b>Total comprehensive income for the year</b>	1,618	(374)	626	(1,663)

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## 16. Consolidated cash flow statement

	<b>January- September</b>	
	<b>2015</b>	<b>2014</b>
<b>Operating activities</b>		
Profit before tax and minority interest	1,901	(73)
<i>Corrections:</i>		
– depreciation	6,061	6,339
– amortisation (negative prestige not included)	38	12
– write-off of property, plant and equipment and intangible assets	3	1
– loss on disposal of property, plant and equipment	(33)	(21)
– interest expense	141	252
– interest income	(407)	(505)
– net unrealized currency exchange profit	(59)	356
– amortization of government grants received	(248)	(286)
<i>Circulating capital changes:</i>		
- inventories	(9,630)	(10,043)
- amounts payable	(2,033)	2,312
- amounts receivable and prepayments	(373)	1,355
Cash flows from operating activities	(4,639)	(301)
Interest paid	(141)	(252)
	(4,780)	(553)
Net cash generated from operating activities		
<b>Investing activities</b>		
Purchase of property, plant and equipment	(1,323)	(4,921)
Purchase of intangible assets	(43)	(1)
Loans granted to farmers and employees	(268)	(3,170)
Proceeds from sale of property, plant and equipment	43	46
Other loans granted	(4,050)	(4,702)
Repayments of loans granted to farmers and employees	653	2,182
Interest received	407	505
Other loan repayments received	7,170	6,699
Government grants received	-	-
Net cash generated from investing activities	2,589	(3,362)
<b>Financing activities</b>		
Loans received	107,039	124,930
Repayments of borrowings	(107,284)	(124,187)
Dividends paid	-	(1,016)
Net cash generated from financing activities	(245)	(273)
<b>Net increase in cash and cash equivalents</b>	(2,436)	(4,188)
Cash and cash equivalents at the beginning of the period	3,326	6,235
<b>Cash and cash equivalents at the end of the period</b>	890	2,047



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## 17. Consolidated Own Capital Change Statement

	Share capital	Share premium	Reserve for acquisition of treasury shares	Treasury shares	Other reserves	Retained earnings	Total
<b>Balance at December 31<sup>st</sup> 2013</b>	<b>10,388</b>	<b>12,011</b>	<b>11,668</b>	<b>(1,120)</b>	<b>16,111</b>	<b>50,688</b>	<b>99,746</b>
<b>Comprehensive income</b>							
Profit (loss) of the year						(374)	(374)
Transfer to retained earnings (transfer of depreciation, net of deferred income tax)					(2,726)	2,726	
Dividends relating to 2013						(1,016)	(1,016)
<b>Balance at September 30<sup>st</sup> 2014</b>	<b>10,388</b>	<b>12,011</b>	<b>11,668</b>	<b>(1,120)</b>	<b>13,385</b>	<b>52,024</b>	<b>98,356</b>
<b>Comprehensive income</b>							
Profit (loss) of the year						(9)	(9)
Transfer to reserves					778	(778)	
Transfer to retained earnings (transfer of depreciation, net of deferred income tax)					(1,368)	1,368	
<b>Balance at December 31<sup>st</sup> 2014</b>	<b>10,388</b>	<b>12,011</b>	<b>11,668</b>	<b>(1,120)</b>	<b>12,795</b>	<b>52,605</b>	<b>98,347</b>
<b>Comprehensive income</b>							
Profit (loss) of the year						1,618	1,618
Share capital increase due to euro establishment (rounding up)	14						14
Transfer to reserves					84	(84)	
Transfer to retained earnings (transfer of depreciation, net of deferred income tax)					(1,977)	1,977	
<b>Balance at September 30<sup>st</sup> 2015</b>	<b>10,402</b>	<b>12,011</b>	<b>11,668</b>	<b>(1,120)</b>	<b>10,902</b>	<b>56,116</b>	<b>99,979</b>

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## 18. Commentary on the Report

### 1. General information

The Public Limited Liability Company Rokiskio suris (hereinafter – the company) is a public listed company incorporated in Rokiskis.

The shares of AB Rokiskio Suris 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. (2014: two branches, and five subsidiaries). The branches and subsidiaries that comprise consolidated Group are indicated below:

	Operating as at 30 September			Group’s share (%) as at 30 September	
	2015	2014		2015	2014
<b>Branches</b>			<b>Subsidiaries</b>		
Utenos Pienas	Yes	Yes	UAB Rokiskio pienas	100.00	100.00
Ukmerges Pienine	Yes	Yes	UAB Rokiskio pieno gamyba	100.00	100.00
			KB Zalmarge	100.00	100.00
			SIA Jekabpils Piena Kombinats	100.00	100.00
			SIA Kaunata*	60.00	60.00

\* These subsidiaries were not consolidated due to their insignificance.

All above subsidiaries and branches are incorporated in Lithuania, except for SIA Jekabpils Piena Kombinats and SIA Kaunata which are incorporated in Latvia.

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

As of 30<sup>st</sup> September 2015, the average number of the Group’s employees was equal to 1,648 (compared to 1,671 employees as at 30<sup>st</sup> September 2014).

### 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 Euros (EUR), 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 (2014: 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 2014.

### 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:

	2015 09 30	2014 09 30
<b>Lithuania</b>	53,746	63,357
<b>Countries of EU</b>	68,409	91,413
<b>Other</b>	23,683	36,280
<b>Total</b>	<b>145,838</b>	<b>191,050</b>

Income analysis according to groups:

	2015 09 30	2014 09 30
<b>Product Sales</b>	145,401	190,485
<b>Provided services</b>	437	565
<b>Total</b>	<b>145,838</b>	<b>191,050</b>

### 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. Inventories

As at 30<sup>st</sup> September 2015, the Group's inventories were made of:

	2015 09 30	2014 09 30
Raw material	2,192	2,392
Production in progress	5,429	5,897
Ready production	45,235	37,905
Other inventories	824	1,076
<b>Total</b>	<b>53,680</b>	<b>47,270</b>

## 6. Financial ratios

The Group's financial ratios:

	2015 09 30	2014 09 30	2013 09 30
<b>Revenue (EUR thousand)</b>	145,838	191,050	189,865
<b>EBITDA (EUR thousand)</b>	8,141	6,529	14,646
<b>EBITDA margin (%)</b>	5.58	3.42	7.71
<b>Operations profit (EUR thousand)</b>	2,042	294	6,926
<b>Margin of operations profit (%)</b>	1.40	0.15	3.65
<b>Profit per share (EUR)</b>	0.05	(0.01)	0.16
<b>Number of shares (units)</b>	<b>35,867,970</b>	<b>35,867,970</b>	<b>35,867,970</b>

## 7. Information on the audit

The audit according to the International Accounting Standards will be made for the full year 2015 by audit company UAB PricewaterhouseCoopers.

## 8. Up-to-date information on material events and transactions

On 11 February 2014, the amendment to the credit agreement was signed with the bank on the increase of the overdraft limit to EUR 1,000,000 and the extension of the repayment term until 31 January 2016, the increase of the credit limit to EUR 18,000,000, and the extension of the validity term of the credit limit agreement until 15 February 2016. The total credit limit amounts to EUR 19,000,000. Interest rate established remained unchanged.

On 30 April 2015, AB Rokiškio sūris holding 100 per cent of shares of UAB Rokiškio pienas, resolved to decrease the Authorized Capital of UAB Rokiškio pienas, from EUR 3,056,385.40 (three million fifty six thousand three hundred eighty five euros 40 ct) down to EUR 105,392.60 (one hundred five thousand three hundred ninety two euros 60 ct). the Authorized Capital was decreased by EUR 2,950,992.80 (two million nine hundred fifty thousand nine hundred ninety two euros 80 ct). The Company's Authorized Capital was decreased by reducing nominal value of shares down to EUR 0.10 (ten hundredth euro cents).

On 30 June 2015, the decreased Authorized Capital of UAB Rokiškio pienas was entered in the Registry of Legal Entities.