ROKIŠKIO SŪRIS AB

CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS, CONSOLIDATED ANNUAL REPORT AND INDEPENDENT AUDITOR'S REPORT

31 DECEMBER 2015

Translation note:

This version of the accompanying documents is a translation from the original, which was prepared in Lithuanian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the accompanying documents takes precedence over this translation.

TABLE OF CONTENTS

Independent Auditor's Report

To the shareholders of Rokiškio Sūris AB

Report on the financial statements

We have audited the accompanying stand-alone and consolidated financial statements of Rokiškio Sūris AB ("the Company") and its subsidiaries ("the Group") set out on pages 5 to 50, which comprise the stand-alone and consolidated balance sheets as of 31 December 2015 and the stand-alone and consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information ("the financial statements").

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company and the Group as of 31 December 2015, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

PricewaterhouseCoopers UAB, J. Jasinskio g. 16B, LT-03163 Vilnius, Lithuania
T: +370 (5) 239 2300, F:+370 (5) 239 2301, Email: vilnius@lt.pwc.com, www.pwc.com/lt

pwc

Report on other legal and regulatory requirements

Furthermore, we have read the consolidated annual report for the year ended 31 December 2015 set out on pages 51 to 136 and have not noted any material inconsistencies between the financial information included in it and the audited financial statements for the year ended 31 December 2015.

On behalf of PricewaterhouseCoopers UAB

Rimvydas Jogėla
Partner
Auditor's Certificate No.000457

Vytenis Lazauskas
Auditor's Certificate No.000536

Vilnius, Republic of Lithuania
7 April 2016

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

Income statement

Group 2015	Group 2014		Notes	Company 2015	Company 2014
196,504	249,251	Revenue	5	172,575	223,554
(171,954)	(230,049)	Cost of sales		(159,128)	(217,669)
24,550	19,202	**Gross profit**		13,447	5,885
(13,838)	(13,398)	Selling and marketing expenses	6	(11,191)	(9,534)
(7,357)	(6,689)	General and administrative expenses	7	(5,746)	(4,796)
3,211	4,053	Other income	8	9,228	4,820
(2,250)	(2,729)	Other expenses	9	(2,282)	(2,755)
(49)	(638)	Other (losses)/gains	10	(48)	(487)
4,267	(199)	**Operating profit/(loss)**		3,408	(6,867)
(201)	(405)	Finance costs	12	(124)	(297)
4,066	(604)	**Profit/(loss) before income tax**		3,284	(7,164)
(171)	221	Income tax	13	595	1,037
3,895	(383)	**Profit/(loss) for the year**		3,879	(6,127)
		Profit/(loss) for the year attributable to:			
3,895	(383)	Owners of the Company		-	-
-	-	Non-controlling interest		-	-
3,895	(383)			-	-
0.11	(0.01)	**Basic and diluted earnings/(deficit) per share (in EUR per share)**	14	0.11	(0.18)

The accompanying notes on pages 11 to 50 form an integral part of these financial statements.
The financial statements set out on pages 5 to 50 were authorised for issue on 7 April 2016 by the Board of Directors and signed on behalf of the Board of Directors by the Managing Director and the Finance Director.

Antanas Trumpa
Managing Director

Antanas Kavaliauskas
Finance Director

Approved
on 29 April 2016
MINUTES No. 1

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

Statement of comprehensive income

Group				Company	
2015	2014		Notes	2015	2014
3,895	(383)	**Profit/(loss) for the year**		3,879	(6,127)
		Other comprehensive income			
18,452	-	Gain on revaluation of property, plant and equipment		13,733	-
(2,768)	-	Deferred income tax on revaluation		(2,060)	-
15,684	-	**Other comprehensive income for the year**		11,673	-
19,579	(383)	**Total comprehensive income/(loss) for the year**		15,552	(6,127)
		Total comprehensive income/(loss) for the year attributable:			
19,579	(383)	Owners of the Company		-	-
-	-	Non-controlling interest		-	-
19,579	(383)			-	-

Antanas Trumpa
Managing Director

Antanas Kavaliauskas
Finance Director

The accompanying notes on pages 11 to 50 form an integral part of these financial statements.

Approved
on 29 April 2016
MINUTES No. 1

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

Balance sheet

Group At 31 December 2015	Group At 31 December 2014		Notes	Company At 31 December 2015	Company At 31 December 2014
		ASSETS			
		Non-current assets			
51,607	39,521	Property, plant and equipment	15	35,058	26,467
10	152	Intangible assets	16	10	21
159	162	Investments in subsidiaries	17	5,054	8,005
1,745	1,552	Deferred income tax assets	18	1,657	1,490
10	10	Other receivables	21	-	-
2,793	2,334	Loans granted	19	2,376	1,880
56,324	43,731			44,155	37,863
		Current assets			
54,614	44,050	Inventories	20	52,342	41,823
6,445	13,748	Loans granted	19	6,585	12,327
33,522	35,121	Trade and other receivables	21	29,427	31,845
2,275	778	Prepaid income tax		1,576	779
1,427	3,326	Cash and cash equivalents	22	401	1,065
98,283	97,023			90,331	87,839
154,607	140,754	**Total assets**		134,486	125,702
		EQUITY			
		Attributable to owners of the Company			
10,402	10,388	Share capital	23	10,402	10,388
12,011	12,011	Share premium		12,011	12,011
11,668	11,668	Reserve for acquisition of treasury shares	25	11,668	11,668
(3,426)	(1,120)	Treasury shares	24	(3,426)	(1,120)
25,776	12,795	Other reserves	25	18,615	9,527
59,202	52,605	Retained earnings		52,078	45,614
115,633	98,347	**Total equity**		101,348	88,088
		LIABILITIES			
		Non-current liabilities			
	-	Borrowings			-
4,078	1,787	Deferred income tax liability	18	2,905	1,301
553	779	Deferred income	27	234	374
4,631	2,566			3,139	1,675
		Current liabilities			
1,019	490	Income tax liabilities			-
14,978	15,880	Borrowings	26	14,978	15,880
226	325	Deferred income	27	140	191
18,120	23,146	Trade and other payables	28	14,881	19,868
34,343	39,841			29,999	35,939
38,974	42,407	**Total liabilities**		33,138	37,614
154,607	140,754	**Total equity and liabilities**		134,486	125,702

Antanas Trumpa
Managing Director

Antanas Kavaliauskas
Finance Director

The accompanying notes on pages 11 to 50 form an integral part of these financial statements.

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

Company's statement of changes in equity

	Note	Share capital	Share premium	Reserve for acquisition of treasury shares	Treasury shares	Other reserves	Retained earnings	Total
Balance at 1 January 2014		**10,388**	**12,011**	**11,668**	**(1,120)**	**13,390**	**48,894**	**95,231**
Comprehensive income								
Loss for the year		-	-	-	-		(6,127)	(6,127)
Transfer to retained earnings (transfer of depreciation, net of deferred income tax)	25	-	-	-	-	(3,863)	3,863	
Total comprehensive loss for 2014		-	-	-	-	**(3,863)**	**(2,264)**	**(6,127)**
Transactions with owners								
Dividends relating to 2013	25	-	-	-	-	-	(1,016)	(1,016)
Total transactions with owners for 2014		-	-	-	-	-	**(1,016)**	**(1,016)**
Balance at 31 December 2014		**10,388**	**12,011**	**11,668**	**(1,120)**	**9,527**	**45,614**	**88,088**
Comprehensive income								
Profit (loss) for the year		-	-	-	-		3,879	3,879
Other comprehensive income						11,673		11,673
Transfer to retained earnings (transfer of depreciation of revaluated assets and disposals of revaluated assets, net of deferred income tax)	25	-	-	-	-	(2,585)	2,585	
Total comprehensive income for 2015		-	-	-	-	**9,088**	**6,464**	**15,552**
Transactions with owners								
Acquisition of treasury shares		-	-	-	(2,306)	-	-	(2,306)
Increase in share capital on adoption of euro		14						14
Total transactions with owners for 2015		**14**	-	-	**(2,306)**	-	-	**(2,292)**
Balance at 31 December 2015		**10,402**	**12,011**	**11,668**	**(3,426)**	**18,615**	**52,078**	**101,348**

Antanas Trumpa
Managing Director

Antanas Kavaliauskas
Finance Director

The accompanying notes on pages 11 to 50 form an integral part of these financial statements.

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

Group's statement of changes in equity

		Attributable to owners of the Company						
	Note	Share capital	Share premium	Reserve for acquisition of treasury shares	Treasury shares	Other reserves	Retained earnings	Total
Balance at 1 January 2014		10 388	12 011	11 668	(1 120)	16 111	50 688	99 746
Comprehensive income								
Profit / (loss) for the year		-	-	-	-		(383)	(383)
Transfer to reserves	25	-	-	-	-	778	(778)	
Transfer to retained earnings (transfer of depreciation of revaluated assets and disposals of revaluated assets, net of deferred income tax)						(4,094)	4,094	
Total comprehensive income / (loss) for 2014		-	-	-	-	(3,316)	2,933	(383)
Transactions with owners								
Dividends relating to 2013	25	-	-	-	-		(1,016)	(1,016)
Total transactions with owners for 2014		-	-	-	-		(1,016)	(1,016)
Balance at 31 December 2014		10,388	12,011	11,668	(1,120)	12,795	52,605	98,347
Comprehensive income								
Profit (loss) for the year		-	-	-	-		3,895	3,895
Other comprehensive income						15,683		15,683
Transfer to retained earnings (transfer of depreciation of revaluated assets and disposals of revaluated assets, net of deferred income tax)	25	-	-	-	-	(2,702)	2,702	
Total comprehensive income for 2015		-	-	-	-	12,981	6,597	19,578
Transactions with owners								
Acquisition of treasury shares		-	-	-	(2,306)			(2,306)
Increase in share capital on adoption of euro		14						14
Total transactions with owners for 2015		14	-	-	(2,306)			(2,292)
Balance at 31 December 2015		10,402	12,011	11,668	(3,426)	25,776	59,202	115,633

Antanas Trumpa
Managing Director

Antanas Kavaliauskas
Finance Director

The accompanying notes on pages 11 to 50 form an integral part of these financial statements.

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

Statement of cash flows

Group Year ended 31 December 2015	Group Year ended 31 December 2014		Notes	Company Year ended 31 December 2015	Company Year ended 31 December 2014
		Cash flows from operating activities			
(2,255)	11,602	Cash generated from/(used in) operations	32	(13,024)	7,743
(124)	(405)	Interest paid		(124)	(297)
(987)	(141)	Income tax paid			-
(3,366)	11,056	Net cash generated from/(used in) operating activities		(13,148)	7,446
		Cash flows from investing activities			
(1,880)	(6,374)	Purchases of property, plant and equipment	15	(1,041)	(4,965)
-	(1)	Purchases of intangible assets	16	-	(1)
3	(92)	Disposal of investments (net of cash disposed)	17	2,951	203
(435)	(529)	Loans granted to farmers and employees		(435)	(529)
(2,700)	(4,818)	Other loans granted		(2,700)	(4,818)
46	115	Proceeds from sale of property, plant and equipment	32	46	56
	-	Government grants received	27	-	-
9,125	6,539	Other loan repayments received		7,624	6,539
516	863	Interest received		516	685
	-	Dividends received	33	6,146	941
4,675	(4,297)	Net cash (used in)/generated from investing activities		13,107	(1,890)
		Cash flows from financing activities			
-	(1,016)	Dividends paid	25	-	(1,016)
-		Decrease of share capital of subsidiary	17	2,585	
(2,306)		Purchase of treasury shares	24	(2,306)	
140,371	167,488	Loans received		140,371	167,488
(141,273)	(176,140)	Repayments of borrowings		(141,273)	(176,140)
(3,208)	(9,668)	Net cash generated from financing activities		(623)	(9,668)
(1,899)	**(2,909)**	**Net (decrease)/increase in cash and cash equivalents**		**(664)**	**(4,111)**
3,326	6,235	Cash and cash equivalents at beginning of year	22	1,065	5,176
1,427	**3,326**	**Cash and cash equivalents at end of year**	**22**	**401**	**1,065**

Antanas Trumpa
Managing Director

Antanas Kavaliauskas
Finance Director

The accompanying notes on pages 11 to 50 form an integral part of these financial statements.

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

Notes to the financial statements

1. General information

Rokiškio Sūris AB ("the Company") is a public limited liability company based in Rokiškis. The Company's code is 173057512, address: Pramonės g. 3 LT-42150 Rokiškis, Lithuania.

The Company's core line of business is the production and trade in fermented cheese, whey products and skimmed milk powder.

The shares of Rokiškio Sūris AB are quoted on the Baltic Main List (ticker: RSU1L) of NASDAQ OMX Vilnius stock exchange.

The consolidated group ("the Group") consists of the Company and its two branches, and five subsidiaries (2014: two branches, five subsidiaries). Information on the Group companies and branches is presented below:

	Operating as at 31 December				**Group's ownership interest (%) as at 31 December**	
Branches	**2015**	**2014**		**Subsidiaries**	**2015**	**2014**
Utenos Pienas	Yes	Yes		Rokiškio Pienas UAB	100.00	100.00
Ukmergės Pieninė	Yes	Yes		Rokiškio Pieno Gamyba UAB	100.00	100.00
				Žalmargė KB	100.00	100.00
				Jekabpils Piena Kombinats SIA	100.00	100.00
				SIA Kaunata *	60.00	60.00

* This subsidiary was not consolidated in the Group's financial statements as it was not material (see information below).

Kaunata SIA, company code 240300369, VAT payer's code: LV42403003695, address: S. Rogs, Kaunatas pag. Rezekne novads.
Results of operations for the year ended 31 December 2015 (unaudited) are as follows:
Total assets: EUR 304,757;
Property, plant and equipment: EUR 41,411;
Result of operations: EUR (49,121).
Core line of business of the subsidiary: collection and realisation of milk. The company is the main supplier of raw milk to company Jekabpils Piena Kombinats SIA (subsidiary of Rokiškio Sūris AB).
Kaunata SIA was accounted for at cost.

All the above-listed subsidiaries and branches have been registered in Lithuania, except for Jekabpils Piena Kombinats SIA and Kaunata SIA which have been registered in Latvia.

The Group's and the Company's core line of business is the production of fermented cheese and a wide range of milk products.

The average number of the Company's employees during the year ended 31 December 2015 was 1,064 (2014: 1,074). The average number of the Group's employees during the year ended 31 December 2015 was 1,643 (2014: 1,665).

2. Accounting policies

2.1 Basis of preparation

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

The financial statements have been prepared under the historical cost convention, as modified for available-for-sale financial assets measured at fair value and property, plant and equipment measured at revalued amount.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

The preparation of the 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. Although these estimates are based on management's best knowledge of current event and actions actual results ultimately may differ from those estimates (Note 4).

a) Adoption of new and (or) amended IFRSs and interpretations of the International Financial Reporting Interpretations Committee (IFRIC)

IFRSs and their amendments adopted by the Company and the Group for the first time in the financial year ended 31 December 2015 are as follows:

IFRIC 21, 'Taxes'
The interpretation clarifies the accounting for an obligation to pay a levy that is not income tax. The obligating event that gives rise to a liability is the event identified by the legislation that triggers the obligation to pay the levy. The fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern assumption, does not create an obligation. The same recognition principles apply in interim and annual financial statements. The application of the interpretation to liabilities arising from emissions trading schemes is optional. This interpretation had no impact on the Company's and the Group's financial statements.

Annual improvements to 2013 IFRSs
The improvements consist of changes to four standards.

- The basis for conclusions on IFRS 1 is amended to clarify that, where a new version of a standard is not yet mandatory but is available for early adoption; a first-time adopter can use either the old or the new version, provided the same standard is applied in all periods presented.
- IFRS 3 was amended to clarify that it does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.
- The amendment of IFRS 13 clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy or sell non-financial items) that are within the scope of IAS 39 or IFRS 9.
- IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination.

These amendments had no impact on the Company's and the Group's financial statements.

Other standards, amendments and interpretations that became effective for the financial year beginning on 1 January 2015 had no significant impact on the Company and the Group.

b) New standards, amendments and interpretations that are not yet effective

Other new standards, amendments to standards and interpretations effective for the annual periods beginning on or after 1 January 2016, yet not applied in preparing these financial statements are as follows:

IFRS 9, 'Financial instruments: Classification and measurement'

Key features of the new standard are:

- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).
- Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.
- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.
- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.
- IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.
- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

This standard is effective for annual periods beginning on or after 1 January 2018; not yet adopted by the EU. The Company and the Group is currently assessing the impact of the new standard on the financial statements.

Annual improvements to 2012 IFRSs

The improvements consist of changes to seven standards.

- IFRS 2 was amended to clarify the definition of a 'vesting condition' and to define separately 'performance condition' and 'service condition'. The amendment is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.
- IFRS 3 was amended to clarify that (1) an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, and (2) all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Amendments to IFRS 3 are effective for business combinations where the acquisition date is on or after 1 July 2014.
- IFRS 8 was amended to require (1) disclosure of the judgements made by management in aggregating operating segments, including a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics, and (2) a reconciliation of segment assets to the entity's assets when segment assets are reported.
- The basis for conclusions on IFRS 13 was amended to clarify that deletion of certain paragraphs in IAS 39 upon publishing of IFRS 13 was not made with an intention to remove the ability to measure short-term receivables and payables at invoice amount where the impact of discounting is immaterial.
- IAS 16 and IAS 38 were amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.
- IAS 24 was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'), and to require to disclose the amounts charged to the reporting entity by the management entity for services provided.

These improvements are effective for annual periods beginning on or after 1 February 2015. The Company and the Group is currently assessing the impact of these amendments on its financial statements.

IFRS 15, 'Revenue from contracts with customers'

The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed.

The standard is effective for annual periods beginning on or after 1 January 2018; not yet adopted by the EU. The Company and the Group is currently assessing the impact of this standard on its financial statements.

Annual improvements to 2014 IFRSs

The amendments impact 4 standards.

- IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from "held for sale" to "held for distribution" or vice versa) does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such.
- The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS 7. The amendment also clarifies that the offsetting disclosures of IFRS 7 are not specifically required for all interim periods, unless required by IAS 34.
- The amendment to IAS 19 clarifies that for post-employment benefit obligations, the decisions regarding discount rate, existence of deep market in high-quality corporate bonds, or which government bonds to use as a basis, should be based on the currency that the liabilities are denominated in, and not the country where they arise.
- IAS 34 will require a cross reference from the interim financial statements to the location of

"information disclosed elsewhere in the interim financial report".

These improvements are effective for annual periods beginning on or after 01 January 2016. The Company and the Group is currently assessing the impact of these amendments on its financial statements.

Disclosure initiative – Amendments to IAS 1

The Standard was amended to clarify the concept of materiality and explains that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, even if the IFRS contains a list of specific requirements or describes them as minimum requirements. The Standard also provides new guidance on subtotals in financial statements, in particular, such subtotals (a) should be comprised of line items made up of amounts recognised and measured in accordance with IFRS; (b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable; (c) be consistent from period to period; and (d) not be displayed with more prominence than the subtotals and totals required by IFRS standards.

These amendments are effective for annual periods beginning on or after 1 January 2016. The Company and the Group is currently assessing the impact of these amendments on its financial statements.

IFRS 16, 'Leases'

The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

This standard is effective for annual periods beginning on or after 1 January 2019; not yet adopted by the EU. The Company and the Group is currently assessing the impact of the new standard on its financial statements.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose 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. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(b) Transactions with non-controlling interest

The group treats transactions with non-controlling interest as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.
In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

2.3 Stand-alone financial statements

Subsidiaries in the stand-alone financial statements are accounted at cost less impairment charge – that is the income from the investment is recognized in full where Company receives distributions from accumulated profits of the investee. Distributions received from accumulated profits arising before the date of acquisition are tested for impairment.

2.4 Foreign currency translation

(a) Functional and presentation currency

The items shown in the financial statements of the Company and each entity of the Group are valued by the currency of the original economic environment wherein a specific company operates (hereinafter the "functional currency"). These financial statements have been presented in euros (EUR), which is the Company's (and the Group's each entity's) functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.5 Property, plant and equipment

Property, plant and equipment is shown at revalued amount, based on periodic valuations of assets, less subsequent accumulated depreciation and impairment.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to other comprehensive income and shown as revaluation reserve in shareholders' equity (other reserves). Decreases in the carrying amount on subsequent revaluations that offset previous increases of the carrying amount of the same asset are charged in other comprehensive income and debited against revaluation reserve in equity all other decreases are charged to the income statement. Increases in the carrying amount on subsequent revaluations that offset previous decreases of the carrying amount are recognised in the income statement; all other increases in the carrying amount on revaluation of property, plant and equipment are recognised in other comprehensive income and added to revaluation reserve in shareholders' equity. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement, and depreciation based on the asset's original cost is transferred from revaluation reserve to retained earnings net of deferred income tax.

Subsequent costs are included in the asset's carrying amount or recognised as separate assets only when it is probable that future economic benefits associated with the item will flow to the Company or the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are 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.

Useful lives of property, plant and equipment are given in the table below:

Buildings	15-55 years
Plant and machinery	5-29 years
Motor vehicles	4-10 years
Equipment and other property, plant and equipment	3-20 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Construction in progress is transferred to appropriate group of property plant and equipment when it is completed and ready for its intended use.

When property is retired or otherwise disposed, the cost and related depreciation are removed from the financial statements and any related gains or losses are determined by comparing proceeds with carrying amount and are included in operating profit.

2.6 Intangible assets

(a) Computer software
Software assets expected to provide economic benefit to the Company and the Group in future periods are valued at acquisition cost less subsequent amortisation. Software is amortised on the straight-line basis over the useful life of 1 to 5 years.

(b) Contractual customer relationships
Contractual customer relationships recognized as intangible asset upon business acquisition are accounted for at cost less accumulated amortization and impairment. Contractual customer relationships are amortised on the straight-line basis over the estimated useful life of 2 years.

2.7 Impairment of non-financial assets

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.8 Financial asset

a) Loans and receivables

The Group classifies its financial assets in a category of loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

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.

b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment or investment matures within 12 months of the end of the reporting period.

Available-for-sale financial assets are recognised initially at fair value plus transaction costs and subsequently measured at fair value. Changes in fair value are recognised in other comprehensive income.

Upon the disposal or impairment of available-for-sale investments, the accumulated fair value adjustment recognised in equity is included in profit or loss in the statement of comprehensive income.

The fair value of investments traded in active financial markets is based on quoted closing market prices at the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument, which is substantially the same, discounted cash flow analysis and other valuation models.

The Company assesses at the end of each reporting date whether there is objective evidence that a financial asset is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is an evidence that the assets are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement.

2.9 Inventories

Inventories are 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.

2.10 Loans granted, trade and other receivables

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 income statement within 'general and administrative expenses'. Bad debts are written off during the year in which they are identified as irrecoverable.

2.11 Cash and cash equivalents

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.

2.12 Share capital

(a) Ordinary shares

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.

(b) Treasury shares

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 income statement 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.

2.13 Reserves

(a) Other reserves

Other reserves are established upon the decision of annual general meeting of shareholders on profit appropriation. This reserve may be used only for the purposes approved by annual general meeting of shareholders.

Legal reserve is included into other reserves. A legal reserve is a compulsory reserve under the Lithuanian legislation. Annual transfers of 5 per cent of net profit are required until the reserve reaches 10 per cent of the share capital. The legal reserve cannot be used for payment of dividends and it is established to cover future losses only.

Revaluation reserve is included into other reserves.

(b) Reserve for acquisition of treasury shares

This reserve is maintained as long as the Group is involved in acquisition/disposal of its treasury shares. This reserve is compulsory under the Lithuanian regulatory legislation and should not be lower than the acquisition cost of treasury shares acquired.

2.14 Borrowings

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 income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Interest expense on borrowing is expensed in the statement of comprehensive income.

2.15 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Profit is taxable at a rate of 15 per cent in accordance with the Lithuanian regulatory legislation on taxation.

Deferred income tax is recognised using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are recognised on all temporary differences that will increase the taxable profit in future, whereas deferred tax assets are recognised to the extent it is probable that they will reduce the taxable profit in future. However the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.16 Leases – where the Group is the lessee

(a) Finance lease

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the estimated present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of future finance charges, are included in long-term payables except for instalments due within 12 months which are included in current liabilities. The items of property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life or lease term of the asset.

(b) Operating lease

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.17 Employee benefits

(a) Social security contributions

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. A defined contribution plan is a plan under which the Group pays fixed contributions into the Fund and will have no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior period. Social security contributions are recognised as expenses on an accrual basis and are included in payroll expenses.

(b) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(c) Bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing where contractually obliged or where there is a past practice that has created a constructive obligation.

2.18 Revenue recognition

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 eliminating 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.

Revenue for delivering transportation services in recognized in the period when services are performed.

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

2.19 Dividends distribution

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.

2.20 Earnings per share

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.

2.21 Segment reporting

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 makes strategic decisions.
The Group's management distinguished the following operating segments of the Group: hard cheese, semi-hard cheese, butter, milk cream, sour cream, sour milk, yogurt, curd, curd cheese and other. These segments were combined into two main reportable segments based on the similar nature of products production process types of customers and the method of distribution.

2.22 Government grants and subsidies

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 attached conditions.

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.

2.23 Provisions

Provisions for restructuring costs and legal claims are recognised when: the Group and the Company have a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

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.

2.24 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method.

3. Financial risk management

3.1 Financial risk factors

The Group's and the Company's activities expose them to a variety of financial risks. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of the financial performance of the Group.

Risk management is carried out by the Company's management. There are no written principles for overall risk management in place.

(a) Market risk

(i) Foreign exchange risk
The Company and the Group operate internationally, however, their exposure to foreign exchange risk is set at minimum level, since sales outside Lithuania are performed mostly in the euros.

(ii) Cash flow and fair value interest rate risk
The Company's and the Group's interest rate risk arises from interest-bearing loans and borrowings. Borrowings with variable interest rates expose the Group to cash flow interest rate risk. Borrowings with fixed interest rates expose the Group to fair value interest rate risk. In 2015 and 2014, loans granted by the Group with fixed interest rate were denominated in the euros. In 2015 and 2014, the Group's borrowings were with variable interest rate and they were denominated in the euros.

As at 31 December 2015, the Company's and the Group's net liabilities sensitive to interest rate risk amounted to EUR 13,458 thousand, respectively (31 December 2014: EUR 5,905 thousand respectively). If interest rate increases / decreases by 0.5 percentage point (2014: 0.5 percentage point), the Company's and the Group's profit would decrease / increase by EUR 67 thousand, respectively (2014: profit would decrease / increase by EUR 30 thousand, respectively).

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

(b) Credit risk

Credit risk arises from cash at bank, loans granted, and trade receivables.

As at 31 December 2015, all Company's and Group's cash balances were held at banks that had external credit ratings from 'A+' to 'BBB', as set by the rating agency *Fitch Ratings* (31 December 2014: from 'A+' to 'A').

i) Maximum exposure to credit risk
The table below summarises the Company's and the Group's credit risk exposures relating to on-balance sheet items. Maximum exposure to credit risk before collateral held or other credit enhancements as at 31 December:

Group			Company	
2015	**2014**		**2015**	**2014**
1,427	3,326	Cash and cash equivalents at banks	401	1,065
31,847	33,647	Trade receivables	28,242	30,665
9,238	16,082	Loans granted	8,961	14,207
42,512	53,055		37,604	45,937

ii) Credit quality of financial assets
The Group does not classify amounts receivable and other financial assets exposed to credit risk according to credit quality. Credit risk is managed through established credit limits for a major customers and monitoring of overdue receivables and loans. Credit limits and overdue receivables are continuously monitored by the Company's and the Group's management.

The table below presents credit limits established for the major customers and amounts receivable from them as at 31 December 2015:

Group			Company	
Credit limit	Amount receivable		Credit limit	Amount receivable
3,800	3,719	Customer A	3,800	3,719
2,700	2,509	Customer B	2,700	2,509
2,100	2,006	Customer C	2,100	2,006
1,900	1,848	Customer D	1,900	1,848
4,345	3,694	Customer E		
2,028	1,167	Customer F		

The table below presents credit limits established for the major customers and amounts receivable from them as at 31 December 2014:

Group			Company	
Credit limit	Amount receivable		Credit limit	Amount receivable
3,186	1,704	Customer A	3,186	1,704
1,501	519	Customer B	1,501	519
500	466	Customer C	500	466
300	297	Customer D	300	297
4,344	2,519	Customer E		
2,027	1,148	Customer F		
985	228	Customer G		
434	367	Customer H		
434	359	Customer J		

Trade receivables did not exceed significantly the established credit limits.

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

The table below summaries concentration of the loans granted:

Group 2015	Group 2014		Company 2015	Company 2014
4,982	11,989	Loans granted in excess of EUR 580 thousand	6,000	11,575
2,032	2,249	Loans granted in excess of EUR 290 thousand, but not in excess of EUR 580 thousand	1,595	1,814
2,224	1,844	Loans granted not in excess of EUR 290 thousand	1,366	818
9,238	16,082		8,961	14,207

Loans in excess of EUR 580 thousand were granted to two companies and one natural person.

(c) Liquidity risk

Prudent liquidity risk management allows maintaining sufficient cash and availability of funding under committed credit facilities.

The table below summarises the Group's and the Company's financial liabilities. The financial liabilities are classified into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows. Accounts payable and other financial liabilities due within 3 months or less are equal to their carrying amounts as the impact of discounting is insignificant.

Company

At 31 December 2015	**Less than 3 months**	**From 3 to 12 months**	**From 1 to 5 years**	**After 5 years**
Borrowings from banks	9,529	4,129	-	-
Trade payables	11,677	-	-	-
Other payable	1,320	-	-	-
	22,526	**4,129**	-	-

At 31 December 2014	**Less than 3 months**	**From 3 to 12 months**	**From 1 to 5 years**	**After 5 years**
Borrowings from banks	13,229	1,365	-	-
Trade payables	12,193	-	-	-
Other payable	1,287	-	-	-
	26,708	**1,365**	-	-

Group

At 31 December 2015	**Less than 3 months**	**From 3 to 12 months**	**From 1 to 5 years**	**After 5 years**
Borrowings from banks	9,529	4,129	-	-
Trade payables	13,601	-	-	-
Other payable	1,320	-	-	-
	24,450	**4,129**	-	-

At 31 December 2014	**Less than 3 months**	**From 3 to 12 months**	**From 1 to 5 years**	**After 5 years**
Borrowings from banks	13,229	1,365	-	-
Trade payables	14,359	-	-	-
Other payable	1,287	-	-	-
	28,875	**1,365**	-	-

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

3.2. Capital risk management

The Company's and the Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group and Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company and the Group define their capital as equity and debt less cash and cash equivalents.

As at 31 December, the Group's and the Company's capital structure was as follows:

Group 2015	Group 2014		Company 2015	Company 2014
14,978	15,880	Borrowings	14,978	15,880
(1,427)	(3,326)	Less: cash and cash equivalents	(401)	(1,065)
13,551	12,554	Net debt	14,577	14,815
115,633	98,347	Shareholders' equity	101,347	88,087
129,184	110,901	Total capital	115,924	102,902

Pursuant to the Lithuanian Law on Companies the authorised share capital of a public company must be not less than EUR 40 thousand (the authorised share capital of a private company must not be less than EUR 2.5 thousand) and the shareholders' equity should not be lower than 50 per cent of the company's registered share capital. As at 31 December 2015 and 31 December 2014, the Company and its subsidiaries registered in Lithuania complied with these requirements.

3.3. Fair value estimation

Trade payables and trade receivables accounted for in the balance sheet should be settled within a period shorter than three months therefore it is deemed that their fair value equals to their carrying amount less impairment. Interest rate on the borrowings received by the Company is subject to repricing at least every six months therefore it is deemed that their fair value equals their carrying amount. Companies and Group issued loans fair value disclosed in Note 19. Property, plant and equipment fair value disclosed in Note 15.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The three levels of the fair value hierarchy have been defined as follows:
Level 1 includes the fair value of assets which is established based on quoted prices (unadjusted) in active markets for identical assets.
Level 2 includes the fair value of assets which is established based on other directly or indirectly observable inputs.
Level 3 includes the fair value of assets which is established based on unobservable inputs.

4. Critical accounting estimates and judgements

Provision for impairment of loans and amounts receivable

Provision for impairment of amounts receivable and loans granted was determined based on the management's estimates on recoverability and timing relating to the amounts that will not be collectable according to the original terms of receivables. This determination requires significant judgement. Judgement is exercised based on significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments. Current estimates of the Company and the Group could change significantly as a result of change in situation in the market and the economy as a whole. Recoverability rate also highly depends on success rate and actions employed relating to recovery of significantly overdue amounts receivable.

Estimates of useful lives of property, plant and equipment

The Company and the Group have old buildings and machinery, where the useful lives are estimated based on the expected product lifecycles. However, economic useful lives may differ from the currently estimated as a result of technical innovations and actions of competitors.

Revaluation of property, plant and equipment

The valuation of property, plant and equipment, except for motor vehicles, at the Group and the Company as at 31 December 2015 was conducted by independent property valuer Ober-Haus UAB. The fair value estimation was based on the comparable sales price method. The valuation of other categories of assets was based on the replacement cost method. The valuation of motor vehicles was conducted by the Company's experts who established the fair value using the comparable sales price method. Assets that were evaluated using the replacement cost method were tested for impairment as a result of which no indications for possible impairment were identified.
The Company's management believes the values of property, plant and equipment adjusted under these methods as of 31 December 2015 approximated the fair value (Note 15).

Inventory write-down to net realizable value

The Group and the Company recognise inventory at the lower of cost and net realizable value. The Group and the Company assess whether the value of inventory recognised at cost is not lower that its net realisable value based on the historical data and actual results of inventory items sold below cost after the financial year end. If the recognised inventory write-down to net realizable value was 5 % higher/lower, the Group's and the Company's profit before income tax for the year 2015 would be EUR 248 thousand lower/ higher (2014: EUR 311 thousand).

5. Segment reporting

Operating segments and reportable segments

The Group's management has distinguished the following operating segments of the Group: hard cheese, semi-hard cheese, butter milk, cream, sour cream, sour milk, yogurt, curd, curd cheese and other. These segments were combined into two main reportable segments based on the similar nature of products, production process, types of customers and the method of distribution.

The main two reportable business segments of the Group are as follows:

- Fresh milk products
- Cheese and other dairy products

Other operations of the Group mainly comprise milk collection activity the size of which is insufficient to be reported separately. Transactions between the operating segments are on normal commercial terms and conditions. The segment of fresh milk products includes 2 external customers each generating 10% of total revenue of the segment.

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

The table below summarises segment information for the years ended 31 December 2015 and 2014:

	Fresh milk products	Cheese and other dairy products	Other segments (unallocated)	Group
2015				
Sales	66,357	172,575	20,880	259,812
Inter-segment sales	(23)	(43,726)	(19,559)	(63,308)
Sales to external customers	**66,334**	**128,849**	**1,321**	**196,504**
Segment's gross profit	**13,057**	**12,453**	**(960)**	**24,550**
Depreciation and amortisation	**1,885**	**6,944**	**39**	**8,868**
Income tax expense (income)	**(766)**	**595**		**(171)**
Total assets	35,661	126,706	2,816	165,183
Elimination of intercompany transactions				(10,576)
Total assets less intercompany transactions				**154,607**
Additions to non-current assets (other than financial instruments and deferred tax assets)	828	1,042	9	1,879
Total liabilities	16,376	33,138	2,734	52,248
Elimination of intercompany transactions				(13,274)
Total liabilities less intercompany transactions				**38,974**

	Fresh milk products	Cheese and other dairy products	Other segments (unallocated)	Group
2014				
Sales	76,291	223,554	30,822	330,667
Inter-segment sales	(104)	(51,107)	(30,205)	(81,416)
Sales to external customers	**76,187**	**172,447**	**617**	**249,251**
Segment's gross profit	**14,815**	**4,698**	**(311)**	**19,202**
Depreciation and amortisation	**2,055**	**7,198**	**40**	**9,293**
Income tax expense (income)	**816**	**(1,037)**	**1**	**(220)**
Total assets	28,932	117,923	3,236	150,091
Elimination of intercompany transactions				(9,337)
Total assets less intercompany transactions				**140,754**
Additions to non-current assets (other than financial instruments and deferred tax assets)	1,343	4,965	66	6,374
Total liabilities	11,009	37,614	2,729	51,352
Elimination of intercompany transactions				(8,945)
Total liabilities less intercompany transactions				**42,407**

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

Geographical information

All the Company's assets are located in Lithuania. The Company's sales by market can be analysed as follows:

	Sales		Total assets		Capital expenditure	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Lithuania	54,429	66,937	134,486	125,702	1,042	4,965
Europe Union member states	85,997	111,012	-	-	-	-
Other countries	32,149	45,605	-	-	-	-
	172,575	223,554	134,486	125,702	1,042	4,965

The breakdown of the Group's assets by geographical segments is presented below. The Group's sales by market can be analysed as follows:

	Sales		Total assets		Capital expenditure	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Lithuania	70,047	82,341	151,187	137,545	1,879	6,374
Europe Union member states	94,308	121,304	3,420	3,209	-	-
Other countries	32,149	45,606		-	-	-
	196,504	249,251	154,607	140,754	1,879	6,374

Sales are allocated based on the country in which the customers are located.

The analysis of the Company's revenue by category:

	2015	**2014**
Revenue from sales of goods	165,021	215,809
Other revenue (milk transportation)	7,554	7,745
	172,575	223,554

The analysis of the Group's revenue by category:

	2015	**2014**
Revenue from sales of goods	195,579	248,464
Other revenue (milk transportation)	925	787
	196,504	249,251

6. Selling and marketing expenses

Group 2015	Group 2014		Company 2015	Company 2014
1,364	1,932	Marketing services	-	-
2,414	2,467	Wages and salaries	1,295	1,267
4,337	4,625	Transportation services	4,050	4,365
827	734	Product image creation and advertising expenses	77	76
785	714	Repairs and maintenance	696	617
338	460	Depreciation of property, plant and equipment	309	412
1,212	287	Warehousing services	1,212	287
2,561	2,179	Other expenses	3,552	2,510
13,838	13,398		11,191	9,534

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

7. General and administrative expenses

Group 2015	Group 2014		Company 2015	Company 2014
2,406	2,547	Wages and salaries	1,611	1,782
66	167	Taxes (other than income tax)	41	46
-	310	Provisions for impairment of loans granted and write-offs of loans (Note 19)	-	310
1,680	1,314	Provisions for impairment of doubtful receivables and write-offs of amounts receivable (Note 21)	1,652	1,314
201	248	Consultations	142	198
425	488	Depreciation of property, plant and equipment and amortisation of intangible assets	287	290
217	191	Repairs and maintenance	184	152
775	76	Paid and accrued bonuses	775	(264)
88	105	Telecommunications and IT maintenance expenses	69	83
187	213	Insurance expenses	173	195
111	144	Bank charges	100	131
49	109	Business trips	34	96
43	34	Fines	3	3
28	90	Staff training	12	81
18	13	Membership fees	17	12
273	266	Charity, support	148	195
790	374	Other expenses	498	172
7,357	6,689		5,746	4,796

8. Other income

Group 2015	Group 2014		Company 2015	Company 2014
2,190	2,651	Income from goods resold	2,172	2,633
630	998	Interest income	549	820
391	403	Other income	6,507	1,367
3,211	4,053		9,228	4,820

The Company's other income comprises dividends received from subsidiary Rokiškio Pienas UAB, insurance income and other income from the provision of services (Note 33).

9. Other expenses

Group 2015	Group 2014		Company 2015	Company 2014
2,121	2,584	Cost of goods resold	2,107	2,578
129	145	Other expenses	175	177
2,250	2,729		2,282	2,755

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

10. Other operating losses

Group 2015	Group 2014		Company 2015	Company 2014
(49)	(487)	Result of disposal of property, plant and equipment (Note 32)	(48)	(487)
-	(151)	Result of disposal of investments in the associate (Note 17)	-	-
(49)	(638)		(48)	(487)

11. Expenses by nature

Group 2015	Group 2014		Company 2015	Company 2014
130,232	180,212	Raw materials and consumables used	102,582	149,274
(10,564)	(6,824)	Changes in inventories of finished goods and work in progress	(10,519)	(7,326)
17,830	18,290	Wages and salaries including social security contributions	12,100	12,152
13,501	16,019	Transportation services	13,204	15,726
775	76	Bonuses paid and accrued (reversed)	775	(263)
8,289	9,293	Depreciation and amortisation (Notes 15 and 16)	6,097	7,067
(325)	(376)	Amortisation of the Government grant for property, plant and equipment (Note 27)	(191)	(230)
1,364	1,932	Marketing services		
3,731	3,679	Repairs and maintenance	3,514	3,446
532	679	Cost of finished goods resold	28,543	32,446
-	-	Write-offs of investments (Note 17)		-
1,680	1,314	Impairment of amounts receivable and amounts receivable written off (Note 21)	1,652	1,314
195	250	Taxes (other than income tax)	165	125
201	248	Consultations	142	198
103	123	Telecommunication and IT maintenance expenses	84	101
14,807	16,505	Utilities (energy)	9,485	10,469
10,798	8,715	Other	8,432	7,500
193,149	250,135	Total cost of sales, selling and marketing expenses and general and administrative expenses	176,065	231,999

12. Finance costs

Group 2015	Group 2014		Company 2015	Company 2014
		Interest expense:		
201	405	– bank borrowings	124	297
-	-	– finance leases	-	-
201	405		124	297

13. Income tax

Group 2015	Group 2014		Company 2015	Company 2014
(927)	(1,319)	Current income tax	(27)	(379)
86	-	Prior year income tax corrections	-	-
670	1,539	Deferred income tax (Note 18)	622	1,416
(171)	220	Income tax benefit/(expenses)	595	1,037

The tax on the Company's and the Group's profit before tax differs from the theoretical amount that would arise when using the basic tax rate as follows:

Group 2015	Group 2014		Company 2015	Company 2014
4,066	(604)	Profit/(loss) before income tax	3,284	(7,164)
610	(91)	Tax calculated at a rate of 15% (Note 2.15)	493	(1,074)
1,034	414	Expenses not deductible for tax purposes	115	544
(1,146)	(208)	Income not subject to tax	(1,140)	(197)
(74)	(69)	Charity expenses deductible twice for tax purposes	(36)	(58)
(253)	(266)	Other expenses deductible for tax purposes	(27)	(252)
-	-	Prior year income tax adjustments	-	-
171	(220)	Income tax expense/(benefit)	(595)	(1,037)

Expenses not deductible for tax purposes include representation expenses, write-offs, etc. Income not subject to tax include interest on late payment and insurance benefits received.

The Tax Authorities have carried out a full-scope tax audit at the Company for the year 2001. The Tax Authorities may at any time during 5 successive years after the end of the reporting tax year carry out the inspection of book-keeping and accounting records and impose additional taxes or fines. The Company's management is not aware of any circumstances that might result in a potential material liability in this respect.

14. Earnings per share

Group 2015	Group 2014		Company 2015	Company 2014
3,895	(383)	Net profit/(loss) attributable to shareholders	3,879	(6,127)
35,066	35,066	Weighted average number of ordinary shares in issue (thousand)	35,066	35,066
(869)	(802)	Weighted average number of treasury shares held (thousand)	(869)	(802)
0.11	(0.01)	Basic earnings/(deficit) per share (EUR per share)	0.11	(0.18)

The Group has no dilutive potential ordinary shares, therefore, the diluted earnings per share are the same as basic earnings per share.

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

15. Property, plant and equipment

Company	Buildings	Plant and machinery	Motor vehicles and other assets	Construct-ion in progress	Total
At 1 January 2014					
Revalued value	13,133	55,454	27,186	807	96,580
Accumulated depreciation	(4,853)	(41,838)	(20,780)		(67,471)
Net book amount	8,281	13,616	6,406	807	29,109
Year ended 31 December 2014					
Opening net book amount	8,281	13,616	6,406	807	29,109
Additions	11	1,019	1,376	2,559	4,965
Disposals	(35)	(413)	(96)		(544)
Write-offs	(3)	(7)	(2)		(11)
Transfers from CIP	71	1,555	13	(1,638)	-
Depreciation charge	(379)	(4,487)	(2,187)		(7,052)
Closing net book amount	7,946	11,282	5,510	1,728	26,467
At 31 December 2014					
Revalued value	13,156	59,143	28,955	1,728	102,983
Accumulated depreciation	(5,209)	(47,861)	(23,445)	-	(76,516)
Net book amount	7,946	11,282	5,510	1,728	26,467
Year ended 31 December 2015					
Opening net book amount	7,946	11,282	5,510	1,728	26,467
Additions		80	475	487	1,042
Revaluation	452	10,532	2,750	-	13,733
Disposals	(52)		(43)	-	(95)
Write-offs	(3)		-	-	(3)
Transfers from CIP	319	5	331	(655)	
Depreciation charge	(378)	(3,675)	(2,033)	-	(6,086)
Closing net book amount	8,284	18,224	6,990	1,560	35,058
At 31 December 2015					
Revalued value	13,813	69,579	32,258	1,560	117,210
Accumulated depreciation	(5,529)	(51,355)	(25,268)		(82,152)
Net book amount	8,284	18,224	6,990	1,560	35,058

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

Group	Buildings	Plant and machinery	Motor vehicles and other assets	Construct-ion in progress	Total
At 1 January 2014					
Revalued value	20,354	65,389	27,028	1,708	114,478
Accumulated depreciation	(6,602)	(44,949)	(20,017)	-	(71,569)
Net book amount	13,751	20,440	7,011	1,708	42,909
Year ended 31 December 2014					
Opening net book amount	13,751	20,440	7,011	1,708	42,910
Additions	98	1,163	1,455	3,658	6,374
Disposals	(77)	(417)	(108)	-	(602)
Write-offs	(3)	(7)	(3)	-	(13)
Transfers from CIP	550	3,066	22	(3,638)	
Depreciation charge	(683)	(6,074)	(2,391)	-	(9,147)
Closing net book amount	13,636	18,171	5,986	1,728	39,521
At 31 December 2014					
Revalued value	21,092	74,777	30,213	1,728	127,810
Accumulated depreciation	(7,456)	(56,606)	(24,227)	-	(88,289)
Net book amount	13,636	18,171	5,986	1,728	39,521
Year ended 31 December 2015					
Opening net book amount	13,636	18,171	5,986	1,728	39,521
Additions	11	604	530	734	1,879
Revaluation	1,399	14,093	2,960	-	18,452
Disposals	(52)	-	(43)	-	(95)
Write-offs	(3)	-		-	(3)
Transfers from CIP	475	69	332	(876)	
Depreciation charge	(702)	(5,215)	(2,230)	-	(8,147)
Closing net book amount	14,764	27,722	7,535	1,586	51,607
At 31 December 2015					
Revalued value	23,701	87,832	33,031	1,586	146,150
Accumulated depreciation	(8,937)	(60,110)	(25,496)	-	(94,543)
Net book amount	14,764	27,722	7,535	1,586	51,607

The Company's and the Group's property, plant and equipment was revaluated as at 31 December 2015. The valuation of assets, except for motor vehicles, was conducted by independent property valuer OBER HAUS Nekilnojamasis turtas UAB. The valuation of real estate was based on the comparable sales price method by comparing sale prices in Lithuania. The valuation of other categories of assets was based on the replacement cost method. The valuation of motor vehicles was conducted by the Company's experts who established the fair value using the comparable sales price method. Gain arising on revaluation is disclosed in the tables on the movements in the property, plant and equipment and was recorded in the line item of other comprehensive income. Assets that were evaluated using the replacement cost method were tested for impairment as a result of which no indications for possible impairment were identified.

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

In 2014, no revaluations were carried out for property, plant and equipment, because in the management's opinion, no significant changes occurred in real estate market, nor in the Company's business, nor in the market prices of equipment and machinery. Consequently, there were no significant changes in the fair value of property, plant and equipment of the Group in 2014. The members of the Board of Directors used the assumption that the carrying amount of property, plant and equipment of Rokiškio Sūris AB, Rokiškio Pienas UAB and Rokiškio Pieno Gamyba UAB approximated its fair value, and made the decision not to perform the revaluation for the property, plant and equipment of Rokiškio Sūris AB Group, but to review the depreciation rates used for these assets.

The table below presents information on the Company's PP&E by fair value hierarchy level as at 31 December 2015:

Company	Level 1 Quoted prices in active markets	Level 2 Other directly or indirectly observable inputs	Level 3 Unobservable inputs	No changes in fair value	Total
Buildings	-	8,284	-	-	8,284
Plant and machinery	-	-	18,205	19	18,224
Motor vehicles and other assets	-	4,336	2,308	346	6,990
Construction in progress	-	-	-	1,560	1,560
Fair value at 31 December 2015	**-**	**12,620**	**20,513**	**1,925**	**35,058**

Group	Level 1 Quoted prices in active markets	Level 2 Other directly or indirectly observable inputs	Level 3 Unobservable inputs	No changes in fair value	Total
Buildings	-	14,764	-	-	14,764
Plant and machinery	-	-	27,386	336	27,722
Motor vehicles and other assets	-	4,336	2,871	328	7,535
Construction in progress	-	-	-	1,586	1,586
Fair value at 31 December 2015	**-**	**19,100**	**30,257**	**2,250**	**51,607**

Property, plant and equipment within **Level 2** was measured using the comparable sales price method. This method was used for the measurement of real estate, the majority of motor vehicles and constructions in respect of which sale transactions or offer examples were observable in the market.

The comparable real estate objects were selected due to the similarity with the object being measured with respect to size, purpose, location, intended use, condition, engineering support and other parameters. The valuation of real estate required adjustments to reflect differences between the objects being measured and comparable objects. Comparable objects selected are of the closest possible similarity with the objects being measured and differences are related only to the location and surroundings, the year of construction and the total area of the object.

The valuation of motor vehicles was based on the supply data. The value calculated based on at least two or three comparable inputs was treated as the value of the assets. Comparable inputs selected were similar to the assets subject to valuation.

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

Property, plant and equipment within **Level 3** was measured using the replacement cost method. This method was used for the measurement of a part of special purpose movable property in respect of which no sale or offer market data was available.

When estimating the value of movable property (plant and machinery) under the cost method the cost of replacing the item were equated to the acquisition cost of an item (replacement cost model of the valued item). For the purpose of valuation the impairment (depreciation) is established under the fragmentation calculation model. When establishing physical obsolescence it is assumed that the value of property being measured is written off in proportion to the number of years. The assets subject to valuation were classified into categories in respect of which the useful life up to 30 years depending on the group of asset was established based on the expert opinion of the valuer. When establishing functional obsolescence it is assumed that movable property (plant and machinery) produced and sold during the valuation is of higher efficiency than property already produced or still in the process of production.

When establishing economic obsolescence the valuers assume that the economic situation is rather stable, therefore it is acceptable that economic obsolescence is equal to zero percent.

The valuation of movable property was based on the rationale that the asset cannot have no value if it is used, irrespective of that the asset is fully depreciated for accounting purposes. Therefore, a possible net book value of the asset was obtained from market data.

As at 31 December 2015 the Company's and Group's management has reviewed useful life rates applied for property plant and equipment. It was estimated that the useful life should be prolonged for the most of the items. This change in estimate will be applied prospectively and the useful life will be adjusted during the year 2016.

As at 31 December 2015, the Company's and the Group's property, plant and equipment with a carrying value of EUR 10,637 thousand and EUR 19,097 thousand, respectively (31 December 2014: EUR 8,238 thousand and EUR 14,069 thousand, respectively) was pledged as a security for bank borrowings.

Depreciation expenses of property plant and equipment are included in selling and marketing expenses, general and administrative expenses and cost of sales in the income statement, as well as in work in progress and finished goods in the balance sheet.

Had no revaluation been performed for property, plant and equipment, the net book values of the Group's and the Company's property, plant and equipment would have been as follows as of 31 December 2014 and 2015:

Company	**Buildings**	**Plant and machinery**	**Motor vehicles and other assets**	**Construction in progress**	**Total**
At 31 December 2014	4,963	7,354	3,747	1,728	**17,792**
At 31 December 2015	4,872	5,988	3,270	1,560	**15,690**

Group	**Buildings**	**Plant and machinery**	**Motor vehicles and other assets**	**Construction in progress**	**Total**
At 31 December 2014	8,337	13,639	4,211	1,728	**27,915**
At 31 December 2015	8,101	11,422	3,621	1,586	**24,730**

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

16. Intangible assets

Company	Computer software
At 1 January 2014	
Cost	711
Accumulated amortisation	(677)
Net book amount	34
Year ended 31 December 2014	
Opening net book amount	34
Additions	1
Amortisation charge	(14)
Closing net book amount	21
At 31 December 2014	
Cost	712
Accumulated amortisation	(691)
Net book amount	21
Year ended 31 December 2015	
Opening net book amount	21
Additions	-
Amortisation charge	(11)
Closing net book amount	10
At 31 December 2015	
Cost	712
Accumulated amortisation	(702)
Net book amount	10

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

Group	Contractual client relationship	Computer software	Total
At 1 January 2014			
Cost	262	712	974
Accumulated amortisation		(678)	(678)
Net book amount	262	34	296
Year ended 31 December 2014			
Opening net book amount	262	34	296
Additions		1	1
Amortisation charge	(131)	(15)	(146)
Closing net book amount	131	21	152
At 31 December 2014			
Cost	262	713	975
Accumulated amortisation	(131)	(692)	(823)
Net book amount	131	21	152
Year ended 31 December 2015			
Opening net book amount	131	21	152
Additions	-	-	-
Amortisation charge	(131)	(11)	(142)
Closing net book amount		10	10
At 31 December 2015			
Cost	262	713	975
Accumulated amortisation	(262)	(703)	(965)
Net book amount	-	10	10

Amortisation expenses of computer software and other intangible assets are included in general and administrative expenses in the income statement

17. Investments

In order to pay to the shareholders the funds of the Company a decision was passed on 30 April 2015 regarding the reduction of the authorized share capital of subsidiary Rokiškio Pienas UAB from EUR 3,056 thousand to EUR 105 thousand. The authorized share capital was reduced through the reduction of the nominal value of shares amounting to EUR 2,951 thousand to EUR 0.10 (ten hundredths of the euro cents). Accordingly, the value of the investment in this subsidiary was reduced by EUR 2,951 thousand.

The Company's investments into subsidiaries as at 31 December 2015 are listed below:

	Acquisition value	Impairment loss recognised	Net value of the investment
UAB „Rokiškio pienas"	105	-	105
UAB „Rokiškio pieno gamyba"	4,122	-	4,122
KB „Žalmargė"	232	(232)	-
SIA „Jekabpils piena kombinats"	853	(122)	731
SIA „Kaunata"	96	-	96
	5,408	(354)	5,054

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

18. Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

Group 2015	Group 2014		Company 2015	Company 2014
		Deferred income tax assets:		
209	209	– to be recovered after more than 12 months	209	209
1,536	1,344	– to be recovered within 12 months	1,448	1,281
1,745	1,552		1,657	1,490
		Deferred income tax liabilities:		
(4,078)	(1,787)	– to be settled after more than 12 months	(2,905)	(1,301)
		– to be settled within 12 months		
(4,078)	(1,787)		(2,905)	(1,301)
(2,333)	(235)	Net deferred income tax assets	(1,248)	189

The gross movement in deferred income tax assets was as follows:

Group 2015	Group 2014		Company 2015	Company 2014
(235)	(1,774)	At beginning of the year	189	(1,227)
670	1,539	Recognised in the income statement (Note 13)	622	1,416
(2,768)	-	Recognised in the statement of comprehensive income	(2,060)	-
(2,333)	(235)	At end of the year	(1,249)	189

The movement in deferred income tax assets and liabilities during the period, without taking into consideration the offsetting of balances within the same fiscal jurisdiction is as follows:

Company

Deferred income tax assets	Inventory write-down to net realisable value	Amortised cost of loans granted	Impairment of amounts receivable	Bonuses and vacation reserve	Total
At 1 January 2014	**91**	**162**	**261**	**243**	**757**
Recognised in the income statement	842	47	(61)	(94)	734
At 31 December 2014	**933**	**209**	**200**	**149**	**1,491**
Recognised in the income statement	(190)		240	116	166
At 31 December 2015	**743**	**209**	**440**	**265**	**1,657**

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

Deferred income tax liabilities	Revaluation of property, plant and equipment	Total
At 1 January 2014	**(1,983)**	**(1,983)**
Recognised in the income statement	682	682
Recognised in other comprehensive income		
At 31 December 2014	**(1,301)**	**(1,301)**
Recognised in the income statement	456	456
Recognised in other comprehensive income	(2,060)	(2,060)
At 31 December 2015	**(2,905)**	**(2,905)**

Group

Deferred income tax assets	Inventory write-down to net realisable value	Amortised cost of loans granted	Impairment of amounts receivable	Bonuses and vacation reserve	Total
At 1 January 2014	**91**	**162**	**261**	**264**	**778**
Recognised in the income statement	842	47	(61)	(54)	775
At 31 December 2014	**933**	**209**	**200**	**210**	**1,552**
Recognised in the income statement	(190)		240	143	193
At 31 December 2015	**743**	**209**	**440**	**353**	**1,745**

Deferred income tax liabilities	Accelerated tax depreciation	Revaluation of property, plant and equipment	Total
At 1 January 2014	**(88)**	**(2,464)**	**(2,552)**
Recognised in the income statement	41	723	764
Recognised in other comprehensive income			
At 31 December 2014	**(47)**	**(1,741)**	**(1,788)**
Recognised in the income statement	-	478	478
Recognised in other comprehensive income		(2,768)	(2,768)
At 31 December 2015	**(47)**	**(4,031)**	**(4,078)**

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

Deferred income tax assets and deferred income tax liabilities were calculated using a tax rate of 15% (2014: 15%) enacted by the balance sheet date and expected to apply when the related deferred income tax asset is realised or deferred income tax liability is settled.

19. Loans granted

Group 2015	Group 2014		Company 2015	Company 2014
1,761	2,096	Long-term loans to farmers	1,761	2,096
333	293	Long-term loans to employees	273	231
2,660	1,905	Other long-term loans	2,303	1,514
(1,961)	(1,961)	Less: provision for impairment of loans receivable	(1,961)	(1,961)
2,793	2,333	Long-term loans, net	2,376	1,880
1,547	1,711	Current portion of loans to farmers	1,020	1,092
44	38	Current portion of loans to employees	41	35
4,854	11,999	Other short-term loans granted	5,524	11,200
6,445	13,748	Current portion of long-term loans and short-term loans	6,585	12,327

Loans to farmers were granted with repayment terms ranging from 2 months to 10 years. The annual interest rate ranges from 0 to 10%. Effective interest rate was 9.3% (2014: 9.54%).

Long-term loans to employees were granted with repayment terms ranging from 1 to 25 years. The loans are interest free. Effective interest rate was 9.85% (2014: 10.44%).

Repayment terms of other long-term loans granted ranges from 1 to 5 years. The loans bear average weighted interest rate of 3.56% (2014: 3.12%).

As at 31 December 2015, the fair value of loans granted to employees amounted to EUR 179 thousand (2014: EUR 148 thousand). As at 31 December 2015, the fair value of loans granted to farmers amounted to EUR 2 643 thousand (2014: EUR 3,060 thousand). The fair value of loans granted is attributed to Level 2 in the fair value hierarchy

Information on loans receivable that were past due as at 31 December is provided in the table below:

Group 2015	Group 2014		Company 2015	Company 2014
8,565	15,165	Loans granted not past due	8,289	13,315
672	917	Loans granted past due but not impaired	672	892
1,961	1,961	Impaired loans granted	1,961	1,961
11,198	18,043	Gross value of loans granted	10,922	16,168
(1,961)	(1,961)	Impairment of amounts uncollectible	(1,961)	(1,961)
9,237	16,082	Net amount	8,961	14,207

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

20. Inventories

Group 2015	Group 2014		Company 2015	Company 2014
2,030	2,304	Raw materials	842	1,006
4,967	5,273	Work in progress	4,761	5,076
51,741	41,684	Finished products	51,047	41,222
826	1,009	Other inventories	642	739
59,564	50,270	Total inventories at cost	57,292	48,043
(4,950)	(6,220)	Less: inventory write-down to net realizable value	(4,950)	(6,220)
54,614	44,050	Total inventories	52,342	41,823

As at 31 December 2015, inventories with cost of EUR 40,000 thousand (31 December 2014: EUR 7,241 thousand) were pledged as a security for bank borrowings.

As at 31 December 2015, the Company's inventories held with third parties in Lithuania comprised 3,813 tons of skim milk powder, 465 tons of whey protein concentrate, 1,971 tons of butter, and 156 tons of fresh fermented cheese; inventories held in the warehouses based on the EU member states comprised 39 tons of hard cheese and 6.6 tons of fresh fermented cheese; and inventories held in USA comprised 313 tons of hard cheese. Total value of this inventory is EUR 15 million.

21. Trade and other receivables

Group 2015	Group 2014		Company 2015	Company 2014
		Non-current receivables		
-	10	*Prepayments*	-	-
-	10		-	-
		Current receivables		
31,847	33,647	Trade receivables	28,242	30,665
1,365	1,273	VAT receivable	875	1,079
310	201	Prepayments and deferred expenses	310	101
33,522	35,121		29,427	31,845

As at 31 December 2015 and 2014, no Company's trade receivables were pledged as collateral. As at 31 December 2015 and 2014 subsidiary's Rokiškio Pienas UAB trade receivables and claims for future trade receivables were pledged as collateral for amount not larger than EUR 11,803 thousand.

Information on receivables that were past due as at 31 December is provided in the table below:

Group 2015	Group 2014		Company 2015	Company 2014
18,107	19,644	Trade receivable neither past due nor impaired	16,143	17,157
8,295	6,193	Trade receivable past due but not impaired	6,654	5,697
8,380	9,145	Impaired amounts receivable	8,380	9,145
34,782	34,982	Gross value	31,177	32,000
(2,935)	(1,335)	Impairment charge	(2,935)	(1,335)
31,847	33,647	Net value of trade receivables	28,242	30,665

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

The Group received no collaterals as a security for impaired amounts receivable.

As at 31 December 2015, the Company's trade receivables from Rokiškio Pieno Gamyba UAB and Jekabpils Piena Kombinats SIA amounted to EUR 3,653 thousand and EUR 248 thousand, respectively (31 December 2014: the Company's trade receivables from Rokiškio Pienas AB, Rokiškio Pieno Gamyba UAB and Jekabpils Piena Kombinats SIA amounted to EUR 281 thousand, EUR 2,740 thousand and EUR 248 thousand, respectively).

Trade receivables that are less than 360 days past due are not considered impaired if the Group does not possess other negative information about the solvency status of customers. The ageing analysis of trade receivables past due but not impaired as at 31 December is as follows:

Group 2015	Group 2014		Company 2015	Company 2014
6,376	4,446	Up to 30 days	5,946	4,169
1,599	1,503	31 to 60 days	436	1,471
261	5	61 to 90 days	261	5
59	238	More than 91 days	11	52
8,295	6,193		6,654	5,697

22. Cash and cash equivalents

Group At 31 December 2015	Group At 31 December 2014		Company At 31 December 2015	Company At 31 December 2014
41	41	Short-term deposits	41	41
1,386	3,285	Cash at bank and in hand	360	1,024
1,427	3,326		401	1,065

As at 31 December 2015, cash at bank balances pledged amounted to EUR 174 thousand (31 December 2014: EUR 2,229 thousand).

For the purposes of the cash flow statement, cash and cash equivalents comprise as follows:

Group At 31 December 2015	Group At 31 December 2014		Company At 31 December 2015	Company At 31 December 2014
41	41	Short-term deposits	41	41
1,386	3,285	Cash at bank and in hand	360	1,024
1,427	3,326		401	1,065

23. Share capital

As at 31 December 2015, the share capital was divided into 35,867,970 (31 December 2014: 35,867,970) ordinary registered shares with par value of EUR 0.29 each. All the shares are fully paid.

24. Treasury shares

	2015 Number	2015 Amount	2014 Number	2014 Amount
At beginning of the year	802,094	(1,120)	802,094	(1,120)
Treasury shares acquired	1,612,485	(2,306)	-	-
Reduction of share capital	-	-	-	-
	2,414,579	(3,426)	802,094	(1,120)

In 2015, the Company acquired 1,612,485 treasury shares, and as at 31 December 2015 the Company had in total 2,414,579 treasury shares (31 December 2014: 802,094 treasury shares).
In respect of the treasury shares acquired, the Company is not entitled to property and non-property rights stipulated in the Lithuanian Law on Companies.

25. Other reserves and reserve for acquisition of treasury shares

Other reserves

Non-distributable reserves of EUR 1,041 thousand can only be used to increase the share capital and non-distributable reserves (legal reserves) of Rokiškio Sūris AB, Rokiškio Pieno Gamyba UAB and Rokiškio Pienas UAB amounting to EUR 1,113 thousand, EUR 556 thousand and EUR 223 thousand, respectively, can only be used to cover future operating losses, if any. The remaining amount of other reserves totalling EUR 16,461 thousand for the Company and EUR 22,846 thousand for the Group (2014: EUR 7,374 thousand and EUR 9,864 thousand, respectively) consists of the revaluation reserve of property, plant and equipment. (*See below for the disclosure of the revaluation reserve*).

Reserve for acquisition of treasury shares

In 2014 and 2015, no decisions were made regarding the establishment of the reserve for acquisition of treasury shares. As at 31 December 2015, the total amount of the Company's reserve for acquisition of treasury shares remained unchanged and was equal to EUR 11,668 thousand.

Dividends

No dividends were declared to shareholders relating to 2014.

Revaluation reserve

Revaluation reserve represents an increase in the value of property, plant and equipment as a result of its revaluation. This reserve may not be used to cover losses. Movements in revaluation reserve are given in the table below:

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

Company	Revaluation reserve	Deferred Tax	Revaluation reserve net of tax
1 January 2014	**13,219**	**(1,983)**	**11,236**
Depreciation of revalued amount of PP&E (Note 15, 18)	(4,544)	682	(3,862)
31 December 2014	**8,675**	**(1,301)**	**7,374**
Depreciation of revalued amount of PP&E and disposals and write-offs of revalued assets (Note 15, 18)	(3,041)	455	(2,586)
Revaluation at 31 December 2015	13,733	(2,060)	11,673
31 December 2015	**19,367**	**(2,906)**	**16,461**

Group	Revaluation reserve	Deferred Tax	Revaluation reserve net of tax
1 January 2014	**16,421**	**(2,463)**	**13,958**
Depreciation of revalued amount of PP&E (Note 15, 18)	(4,816)	723	(4,093)
31 December 2014	**11,605**	**(1,740)**	**9,865**
Depreciation of revalued amount of PP&E and disposals and write-offs of revalued assets (Note 15, 18)	(3,178)	476	(2,702)
Revaluation at 31 December 2015	18,451	(2,768)	15,683
31 December 2015	**26,878**	**(4,032)**	**22,846**

26. Borrowings

Group 2015	Group 2014		Company 2015	Company 2014
		Non-Current		
-	-	Non-current bank borrowings	-	-
		Current		
14,978	15,880	Current bank and other borrowings	14,978	15,880
-	-	Finance lease liabilities	-	-
14,978	15,880		14,978	15,880
14,978	15,880	**Total borrowings**	14,978	15,880

The bank borrowings are secured over certain property plant and equipment (Note 15), inventories (Note 20), trade receivables (Note 21), cash balances in bank accounts (Note 22).

Weighted average interest rates (%) effective as at 31 December were as follows:

Group 2015	Group 2014		Company 2015	Company 2014
1.050	1.075	Current bank borrowings	1.050	1.075

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

The carrying amounts of the Group's borrowings (excluding finance lease liabilities) are denominated in the following currencies:

Group 2015	Group 2014		Company 2015	Company 2014
14,978	15,880	EUR	14,978	15,880
14,978	15,880		14,978	15,880

The fair value of borrowings approximates the carrying amount because interest rates on borrowings are repriced on a monthly basis.

As at 31 December 2015, the balance not withdrawn under committed credit facilities amounted to EUR 9,634 thousand (2014: EUR 22,034 thousand) for the Company and the Group.

The Group is not in breach of the established borrowing limits or financial covenants (where applicable).

27. Deferred income

Group 2015	Group 2014		Company 2015	Company 2014
1,104	1,481	Government grants at beginning of year	565	795
-	-	New government grants received	-	-
(325)	(376)	Recognised in the income statement	(191)	(230)
779	1,105		374	564
(553)	(779)	Less: non-current portion	(234)	(374)
226	325	Current portion	140	191

Deferred government grant is related to acquisition of property, plant and equipment using the European Union funds and the funds of the Lithuanian Government under the SAPARD, Rural Development Programme and other programmes. The Company has no obligation to repay or otherwise refund the grants received unless it breaches the contractual provisions contained in the agreements with the grantors.

28. Trade and other payables

Group 2015	Group 2014		Company 2015	Company 2014
13,601	14,359	Trade payables	11,677	12,193
1,399	1,278	Salaries, social security contributions and taxes	938	799
958	5,645	Advance amounts received and other payables	581	5,629
2,162	1,862	Bonuses and vacation reserve	1,686	1,247
18,120	23,144		14,882	19,868

As at 31 December 2015 and 2014, there were no amounts payable to Rokiškio Pieno Gamyba UAB and Rokiškio Pienas UAB.

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

29. Provisions

As at 31 December 2015, the Company did not recognise any provisions.

30. Contingent liabilities and commitments

Contingent liabilities

As at 31 December 2015 and 2014, no guarantees were granted to third parties on behalf of the Group and the Company.

Capital expenditure commitments

As at 31 December 2015 and 2014, there were no capital expenditure contracted for property, plant and equipment at the balance sheet date but not recognised in the financial statements.

Operating lease commitments – where the Group is the lessee

The Group leases cars, premises, plots of land under operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

Group 2015	Group 2014		Company 2015	Company 2014
205	147	Not later than 1 year	205	147
204	137	Later than 1 year but not later than 5 years	204	137
409	284		409	284

31. Available-for-sale financial assets

As at 31 December 2015 and 2014, the Company had no available-for-sale financial assets.

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

32. Cash flows from operating activities

Reconciliation of profit before income tax to cash generated from operating activities:

Group At 31 December 2015	Group At 31 December 2014		Company At 31 December 2015	Company At 31 December 2014
3,725	(604)	Net profit (loss) before income tax	3,284	(7,164)
		Adjustments for:		
8,147	9,147	– depreciation (Note 15)	6,086	7,052
142	146	– amortisation and impairment (Note 16)	11	14
3	13	– write-off of property, plant and equipment and intangible assets (Notes 15 and 16)	3	11
49	487	– loss on disposal of property, plant and equipment (Note 10)	48	487
124	405	– interest expense (Note 12)	124	297
(516)	(863)	– interest income (Note 8)	(516)	(685)
1,270	5,613	– inventory write-down to net realisable value	1,270	5,613
(1,600)	(1,335)	– impairment for doubtful receivables and write-offs of bad debts (Note 21)	(1,600)	(1,335)
-	(310)	– provisions for loans granted to farmers (Note 7)	-	(310)
-	151	– loss on disposal of investments	-	-
(775)	(475)	– accrual for vacation reserve and bonuses	(775)	(203)
(326)	(376)	– amortisation of government grants received (Note 27)	(190)	(230)
-	-	– dividend income (Note 33)	(6,146)	(1,047)
		Changes in working capital:		
171	7,435	– amounts receivable and prepayments	1,379	16,278
(8,034)	(12,437)	– inventories	(11,788)	(12,940)
(4,635)	4,604	– amounts payable	(4,214)	1,904
(2,255)	11,602	Net cash generated from/(used in) operating activities	(13,024)	7,743

For the purpose of the cash flow statement, proceeds from disposal of property, plant and equipment comprised as follows:

Group At 31 December 2015	Group At 31 December 2014		Company At 31 December 2015	Company At 31 December 2014
95	602	Net book amount (Note 15)	95	544
(49)	(487)	Loss on disposal of property, plant and equipment (Note 10)	(48)	(487)
46	115	Proceeds from disposal of property, plant and equipment	47	57

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

33. Related-party transactions

The Group is controlled by Pieno Pramonės Investicijų Valdymas UAB (incorporated in Lithuania), RSU Holding SIA (incorporated in Latvia) and Mr Antanas Trumpa (the Company's Managing Director) all holding 72.27% of the Company's share capital. Pieno Pramonės Investicijų Valdymas UAB is controlled by Mr Antanas Trumpa (acting as the principal shareholder). RSU Holding SIA is controlled by Mr Antanas Trumpa (acting as the principal shareholder). The remaining 27.73% of the Company's shares are held by other minority shareholders (local and foreign private individuals or legal entities). Rokiškio Sūris AB has in total 2,414,579 treasury shares (6.73%).

Members of the Board of Directors of Pieno Pramonės Investicijų Valdymas UAB, RSU Holding SIA and Rokiškio Sūris AB and their family members are treated as related parties.

Certain cooperative societies engaged in the production of milk are treated as related parties of the Company because the Company can exercise a significant influence over daily activities of these cooperative societies through close family members of its directors and certain employees.

(i) The following transactions were carried out with related parties:

Group At 31 December			Company At 31 December	
2015	2014		2015	2014
3,253	3,202	Purchase of raw milk from other related parties	22,640	33,205
-	-	Purchase of non-current assets	-	-
-	-	Purchase of inventory	7,441	10,116
1,288	1,297	Purchases of services	2,065	2,534
		Purchase of consulting services		
		Sales of transportation services to other related parties	6,418	2,316
261	421	Sales of production and other inventories	36,486	49,039
		Sale of non-current assets	-	-
52	97	Interest charges on credit facility	129	203

Seeking to disclose more accurately the internal turnovers for Rokiškio Sūris AB and Rokiškio Pienas and for Rokiškio Pieno Gamyba UAB, the Group's management decided that all purchases of raw materials used for the manufacturing of products exported by Rokiškio Sūris AB should be made at zero price, and all sales of products produced by Rokiškio Pienas UAB and by Rokiškio Pieno Gamyba UAB should be treated as sales of services, i.e. excluding the value of raw material.

(ii) Year-end balances arising from transactions with related parties:

Group At 31 December			Company At 31 December	
2015	2014		2015	2014
19	23	Non-interest bearing loans granted to directors (and their family members)	19	23
-	4,857	Credit facility granted to Pieno Pramonės Investicijų Valdymas UAB	-	4,857
-	-	Loan granted to Jekabpils Piena Kombinats SIA	1,018	1,034
633	-	Trade payables to other related parties	1,740	1,193
-	-	Trade receivables from other related parties (Note 21)	3,976	3,270

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

Based on Decision No 2 of the shareholder of Rokiškio Pieno Gamyba UAB made on 30 April 2015 (Item No 4 of the Agenda), it was decided to approve the proposed appropriation of profit (loss) for 2014 for Rokiškio Pieno Gamyba UAB and allocate EUR 4,353,975 for the payment of dividends. Dividends were paid to Rokiškio Sūris AB in May 2015.

Based on Decision No 2 of the shareholder of Rokiškio Pienas UAB made on 30 April 2015 (Item No 4 of the Agenda), it was decided to approve the proposed appropriation of profit (loss) for 2014 for Rokiškio Pienas UAB and allocate EUR 1,792,061 for the payment of dividends. Dividends were paid to Rokiškio Sūris AB in May 2015 (no dividends were paid in 2014).

(iii) Compensation to key management personnel

2015	2014		2015	2014
237	398	Salaries	237	398
-	1,115	Bonuses / management bonuses paid	-	831
775	-	Accrual for management bonuses	775	-
68	60	Social security contributions	68	60
1,080	1,573		1,080	1,289

Key management includes 9 (2014: 9) members of the Board of Directors and Directors.

34. Events after the reporting period

On 2 February 2016, amendments were signed to the credit agreement with SEB Bankas AB, under which the final repayment date for the credit limit of EUR 18,000,000 (eighteen million euros) granted to the borrower (Rokiškio Sūris AB) was extended until 15 February 2017, and the overdraft facility of EUR 1,000,000 (one million euros) was renewed and the final repayment date for the overdraft facility was extended until 31 January 2017. The interest rate set in the credit agreement was not changed.

ROKIŠKIO SŪRIS ®

CONSOLIDATED ANNUAL REPORT
2015

ROKISKIS APRIL 2016

TABLE OF CONTENTS

1. Reporting term of the submitted annual report.

The consolidated annual report is prepared for the year 2015.

2. Key information of the issuer:

Name of the issuer: Rokiskio suris AB
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
Website: www.rokiskio.com
Registered in: 28th February 1992 by the Authorities of Rokiskis region.
Re-registered in: 28th November 1995 by the Ministry of Economy of Lithuania
Company code: 173057512
Administration of registry of legal entities:
The State Enterprise Centre of Registery VI "Registru centras"

The authorized capital of AB "Rokiskio suris" equals to EUR 10,401,711.30.
There are 35,867,970 shares. Nominal value per share equals to EUR 0.29.

3. Information on the issuer's daughter enterprises and subsidiaries

As at 31st December 2015, the consolidated group (hereinafter the "Group") consists of the Parent Company AB Rokiskio suris, two branches, and five subsidiaries (in 2014: two branches, five subsidiaries). The following table provides information on the subsidiaries and branches included into the consolidated financial accounting:

	Actively performing as at 31st December 2015			**Share of the group (%) as at 31st December 2015**	
Subsidiaries	**2015**	**2014**	**Branches**	**2015**	**2014**
Utenos pienas	Yes	Yes	UAB „Rokiškio pienas“	100.00	100.00
Ukmergės pieninė	Yes	Yes	UAB „Rokiškio pieno gamyba“	100.00	100.00
			PK „Žalmargė“	100.00	100.00
			SIA Jekabpils piena kombinats	100.00	100.00
			SIA Kaunata*	60.00	60.00

*- The subsidiaries are not consolidated with the Group due to their insignificance.

<u>Branches of AB "Rokiškio sūris":</u>

UAB „Rokiskio pienas“ legal address: Pramonės g. 8, LT - 28216 Utena. Company code: 300561844. AB „Rokiškio sūris“ is its founder and the only shareholder having 100 per cent of shares.

UAB „Rokiškio pieno gamyba“ legal address: Pramonės str. 8, LT - 28216 Utena. Company code: 303055649. AB „Rokiškio sūris“ is its founder and the only shareholder having 100 per cent of shares.

Dairy cooperative „Žalmargė“ legal address: Kalnalaukio g. 1, Širvintos. Company code: 178301073.

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

Latvian company SIA „Kaunata“ (company code 240300369, legal address Rogs street, Kaunata pag., Rezeknes nov., Latvia).

<u>**Subsidiaries of AB “Rokiškio sūris“**:</u>

AB „Rokiškio sūris“ subsidiary Utenos pienas (Company code: 110856741, Pramonės str. 8, LT-28216 Utena);

AB „Rokiškio sūris“ subsidiary Ukmergės pieninė (Company code: 182848454, Kauno str. 51, LT-20119, Ukmergė).

4. Characterisation of the issuer's basic business

Basic business of the group of “Rokiškio sūris“:

- Dairying and cheese production (EVRK 10.51);

<u>AB „Rokiškio sūris“</u>

Basic business of AB „Rokiškio sūris“ is production and sales of fermented cheese, whey products, and skim milk powder.

<u>Branch companies:</u>

Basic business of UAB „Rokiškio pienas“ is sales of fresh dairy products (fluid milk, kefir, sour milk, butter, curds, fresh cheese, sour cream, chocolate coated curds dessert, desserts).

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

Basic business of KB „Žalmargė“ is purchase of raw milk.

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

Basic business of SIA Kaunata – purchase of raw milk.

<u>Subsidiaries of AB “Rokiškio sūris“:</u>

Basic business of AB „Rokiškio sūris“ branches Utenos pienas and Ukmergės pieninė is purchase of raw milk.

5. Contracts with financial brokers

The Company has made a contract with UAB FMĮ Orion securities (A.Tumėno str. 4, Vilnius LT-01109, teleph.: +370 5 231 3833, info@orion.lt) regarding administration of securities issued by the Company and provision of investment services.

6. Trade on issuer's securities by stock exchange and other organised markets

35,867,970 ordinary registered shares of AB "Rokiškio sūris". Nominal value per share EUR 0.29. (VVPB symbol RSU1L; ISIN code – LT0000100372). Total nominal value equals to EUR 10,401,711.30.

AB "Rokiškio sūris" shares are traded on Stock Exchange NASDAQ Vilnius, the shares are included on the Official Trading List. The Company was included on the trading lists on 25th July 1995.

The Company's shares are traded on the comparative index of Baltic countries in OMX Baltic Benchmark.

As from 22nd November 2010, trade by the Company's shares is made in euros on Stock Exchange NASDAQ OMX Vilnius.

7. Authorized capital of the issuer:

Pursuing the Law of the Republic of Lithuania on euro adoption in the Republic of Lithuania and provisions of the Law on Public Limited Liability Companies and Non-Public Limited Liability Companies in terms of changeover to the euro of the Authorized Capital and nominal value of securities resulting in amendments to the Articles of Association, the nominal value of a share of Rokiskio suris AB was changed from LTL 1 (one Litas) into EUR 0.29 (twenty nine hundredths of euro) as from January 1, 2015. Following the above provisions, the Company's Authorized Capital in euros is settled at EUR 10,401,711.30 EUR (ten million four hundred one thousand seven hundred eleven euros 30 ct) divided into 35,867,970 (thirty five million eight hundred sixty seven thousand nine hundred seventy) ordinary registered shares.

As at 31st December 2015, the Authorized capital of AB "Rokiškio sūris" comprised of:

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

All shares of AB „Rokiškio sūris" are paid-up, and they are not subject to any limitations of transference.

There were no other changes of the Company's Authorized Capital such as increase and/or decrease of the authorized capital, change of share nominal value.

8. Limitation on transference of securities:

There are no limitations to be applied to the block of shares or any regulations according to which an agreement with the company or other owners of securities is required.

9. Shareholders.

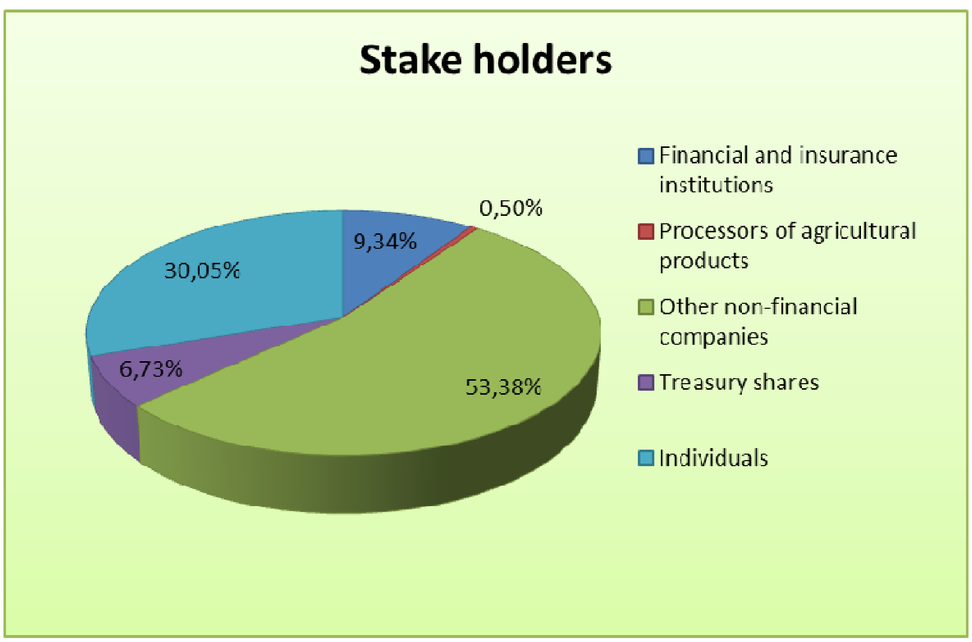
Total number of shareholders (as at 31.12.2015) – 5,271 shareholders.

The shareholders having or owning over 5 percent of the issuer's authorized capital (as at 31.12.2015):

Name, surname Name of company Code of company	Address	Proprietary rights			With associated persons	
		Number of shares	Share of the capital %	Share of votes %	Share of the capital %	Share of votes %
UAB "Pieno pramonės investicijų valdymas" Company code 173748857	Pramonės str. 3, Rokiškis Lithuania	10,032,173	27.97	29.99	72.50	77.74
SIA "RSU Holding", reg.No.40103739795	Sliezu iela 9A-25, Riga	8,909,347	24.84	26.63	72.50	77.74
Antanas Trumpa	Sodų 41a, Rokiškis Lithuania	6,980,233	19.46	20.87	72.50	77.74
SEB SA OMNIBUS (funds/inst clients) LUESSE22	Luxemburg	1,778,605	4.96	5.32	-	-
AB „Rokiškio sūris“ Įm. kodas 173057512	Pramonės str. 3, Rokiškis Lithuania	2,414,579	6.73	-	-	-

Distribution of ownership according to holder groups

31/12/2015



10. 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.

11. Shareholders with special control rights and description of the rights.

There are no shareholders with special control rights.

12. Overall limitations of voting rights.

As at 31st December 2015, AB „Rokiškio sūris“ owns 2,414,579 units of own shares. The shares are not assigned with the voting right. It makes 6.73% of the Authorized capital of AB “Rokiškio sūris”. There are no other shares with limited voting rights.

13. Overall agreements between shareholders.

The issuer is not aware of any agreements between shareholders which would restrict transference of securities and (or) voting rights.

14. Employees

Management structure of the Group of AB „Rokiškio sūris“

AB „Rokiškio sūris“ Group’s (hereinafter The Group) management structure is formed in line with the key functions such as Sales, Production, Finance management, Milk procurement, Logistics, Central services, and Development. The Functional Directors condition and develop the Group’s strategy, tactics and targets in accordance with the functions.

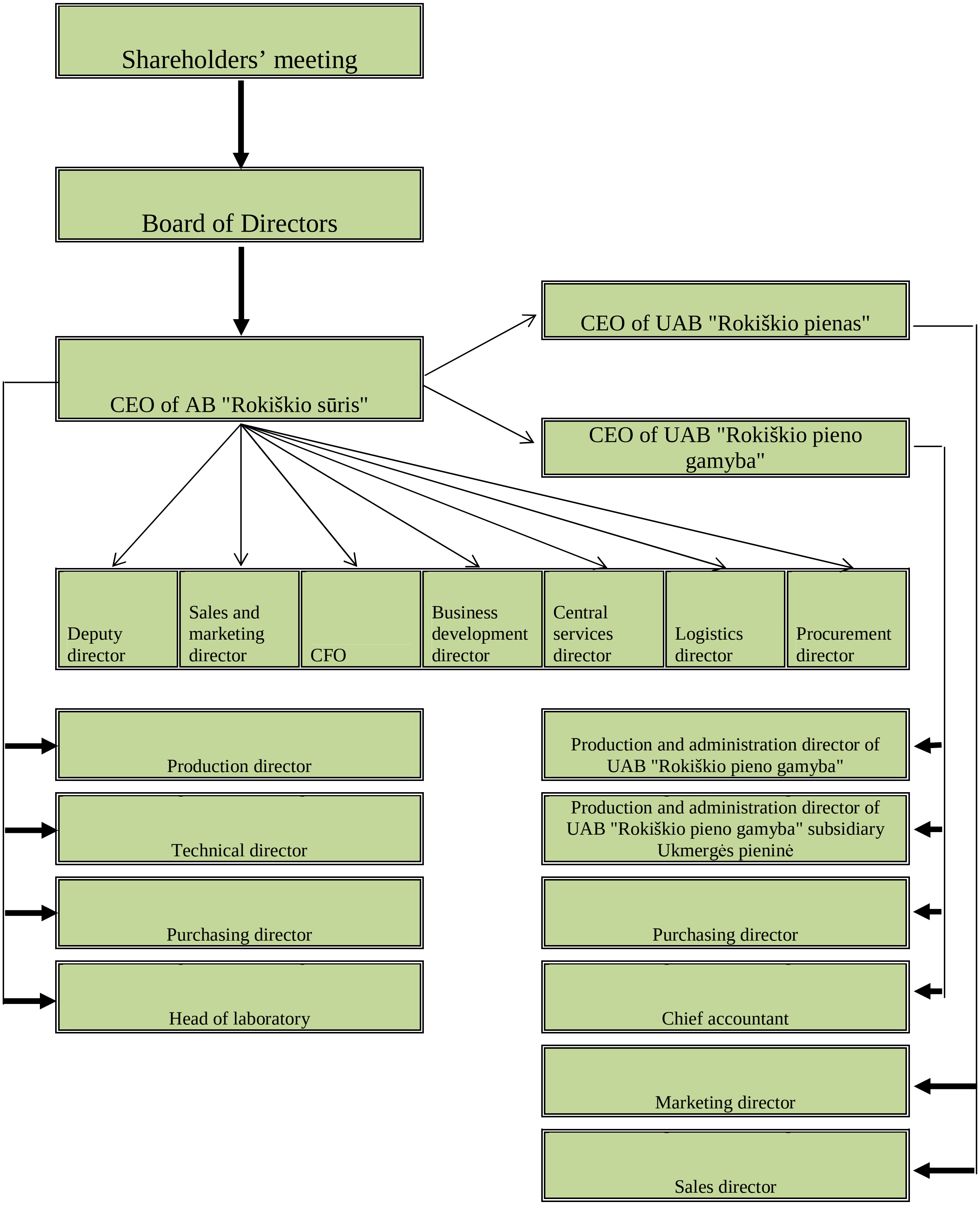
As at 31st December 2015, the number of employees working for the group of AB „Rokiškio sūris“ amounted to 1,643 (average number of employees).

The table shows average number of employees of Rokiškio sūris group and variation of average salaries in 2015:

Average number of employees	**2015.12.31**	**2014.12.31**
Total:	1643	1665
Incl. Managers	10	10
Specialists	280	289
Workers	1353	1366
Average monthly salary, EUR	**2015.12.31**	**2014.12.31**
Total:	**826**	**801**
managers	1690	1562
specialists	850	844
workers	790	761

Education of the employees working for Rokiskio suris

Education	**2015.12.31**	**2014.12.31**
University degree	164	159
Vocational school	784	784
High school	675	708
Unfinished high school	12	14


Shareholders' meeting
Board of Directors
CEO of AB "Rokiškio sūris"
CEO of UAB "Rokiškio pienas"
CEO of UAB "Rokiškio pieno gamyba"
Deputy director
Sales and marketing director
CFO
Business development director
Central services director
Logistics director
Procurement director
Production director
Technical director
Purchasing director
Head of laboratory
Production and administration director of UAB "Rokiškio pieno gamyba"
Production and administration director of UAB "Rokiškio pieno gamyba" subsidiary Ukmergės pieninė
Purchasing director
Chief accountant
Marketing director
Sales director

For the top managers of AB „Rokiškio sūris“, training of personnel and development of specific and common skills are the top priorities, as educated employees with proper skills and experience exclusively are capable to create a product of high quality. The company‘s employees are provided with wide range of opportunities to study and improve their skills at various trainings, seminars and conferences, also the company supports professional studies at the country’s universities, colleges or other educational institutions providing degrees of qualification.

Also, the Company arranged some targeted trainings and seminars for farmers in order to enhance their knowledge of animal health and its protection, maintenance of milking equipment as well as milk cooling and storage equipment, and to modernize their dairy farms. A modern dairy farm, raw milk quality and healthy herd ensure successful dairy business.

Employees of both companies have their right to participate in the activities of trade unions. There is a Trade-Union Committee established in the companies which protects the economic and social rights and interests of its members in light of employment, social guarantees, training, professional improvement as well as establishment of professional ethics, and aim to increase income of the food industry employees.

The company has put in practice Labour Deals. The contract is made between the director of AB Rokiskio suris and Trade-Union Committee of AB Rokiskio suris. The main purpose of the contract is to harmonize performance of the collective, and to guarantee better rights and conditions of employment, remuneration, safety and health protection, social guarantees and similar, compared to the ones established by the Laws and other legal documents of the Republic of Lithuania.

Rights and responsibilities of the company employees are provided by Job descriptions. There are no special rights and responsibilities provided by job contracts.

In accordance with the corporate strategy approved by the Board of Directors the Company’s key operational targets cover all functional areas such as finance, marketing, procurement, production and control of human resources and their achievements. In order to reach the set targets the company has established an internal control system as well as the Audit Committee. The main functions include analyzing and evaluation, also providing recommendations for improvement of the Company’s operational performance. The findings of Audit Committee are presented to the Company’s management, and an action plan is prepared accordingly in order to eliminate identified weaknesses.

Both AB “Rokiskio suris” and UAB “Rokiskio pienas” are socially responsible companies ensuring good conditions for the employee work and relaxation as well as supporting lots of the country’s events in the field of science, sports, and culture. In October 2012, “Bureau Veritas Lit” performed an audit of UAB “Rokiskio pienas”. Consequently, the company was granted the ISO certificate confirming that the system of social responsibility currently effective in the Company was evaluated and it complies with the requirements of management system standard SA8000:2008. At the end of 2013, in the company AB Rokiskio suris it was conducted a 4-Pillar SMETA audit which included Labour Standards, Health and Safety Business Practices and Environment. The SMETA Best Practice Methodology was applied. At the beginning of 2014, the full report will be included into the SEDEX system as soon as the corrective actions improving the identified incorrectness are implemented.

15. 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.

16. Transactions with related parties and significant agreements

1. The Group is controlled by UAB „Pieno pramonės investicijų valdymas” (established in Lithuania), SIA “RSU Holding” (established in Latvia) and Antanas Trumpa (Director of the Company) who altogether own 72.50 per cent of the Company’s Authorized Capital. The Non-Public Limited Liability Company „Pieno pramonės investicijų valdymas” is controlled by Antanas Trumpa (as a major shareholder). SIA “RSU Holding” is controlled by Antanas Trumpa (as a major shareholder). The rest part of 20.77 per cent of the company’s shares belongs to various minor shareholders in Lithuania and foreign countries. The company has acquired 2,414,579 own shares (6.73 per cent). The major shareholders of AB Rokiskio suris owning more than 5 per cent of the company’s authorized capital are identified at point 9 of the report.

UAB „Pieno pramonės investicijų valdymas”, SIA “RSU Holding” and members of the Board of Directors and their family members are considered to be related parties.

Some cooperative companies directed to milk production are considered as related parties also, because the Company may have significant influence on them through close relatives of the directors and some employees.

2. There are no significant agreements whose one party is the issuer and which would get in power, change or terminate upon the changed issuer’s control as well as there is no such influence except the cases when the disclosure of certain agreements would make significant damage on the issuer.

3. There are no agreements between the issuer and its members or employees providing any compensation upon their resignation or dismissal from job without reliable reason or in case of job termination due to the change issuer’s control.

Transactions with related persons/ parties are disclosed in Remark 33 of Financial accounting.

17. Key characteristics of the securities launched to the public trading:

As at 31st December 2015, it was launched to the public trading 35,867,970 (thirty five million eight hundred sixty seven thousand nine hundred seventy) ordinary registered shares. Nominal value equals to EUR 0.29 per share, total nominal value of shares is EUR 10,401,711.30 (ten million four hundred one thousand seven hundred eleven euros 30 ct).

18. Securities listed on the official trading list

The 35,867,970 ordinary registered shares of AB “Rokiškio sūris“ are listed on the **Official List of NASDAQ Vilnius Stock Exchange**. (VVPB symbol RSU1L). Nominal value per share EUR 0.29.

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.

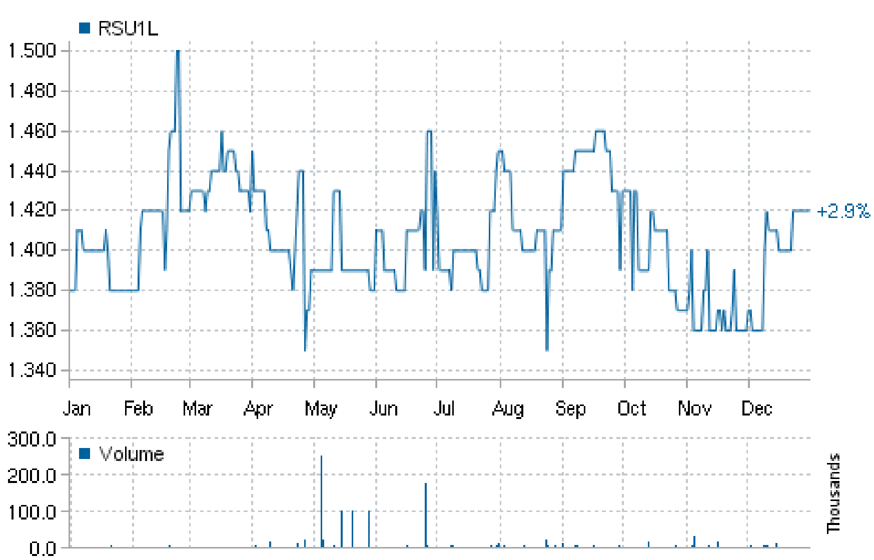
There are no securities which would not participate as a part of the Authorized Capital and be regulated by the Law on Securities.
The shares were not traded by other stock exchanges or similar regulated markets.
Trade by shares of AB Rokiskio suris on NASDAQ Vilnius Stock Exchange:

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
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
2014.10.01	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
2015.10.01	2015.12.31	1.43	1.36	1.38	1.42	2015.12.31	40,800.00	0	0

Trade by the shares of AB "Rokiškio sūris" within January-December 2015

Price EUR



Data source – website of AB NASDAQ Vilnius:
http://www.nasdaqbaltic.com/market/?instrument=LT0000100372&list=2&pg=details&tab=historical&lang=en&currency=0&downloadcsv=0&date=&start=01.01.2015&end=31.12.2015

Trade by the shares of AB "Rokiškio sūris" within January-December 2014

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=01.01.2014&end=31.12.2014

Trade by the shares of AB "Rokiškio sūris" within January-December 2013

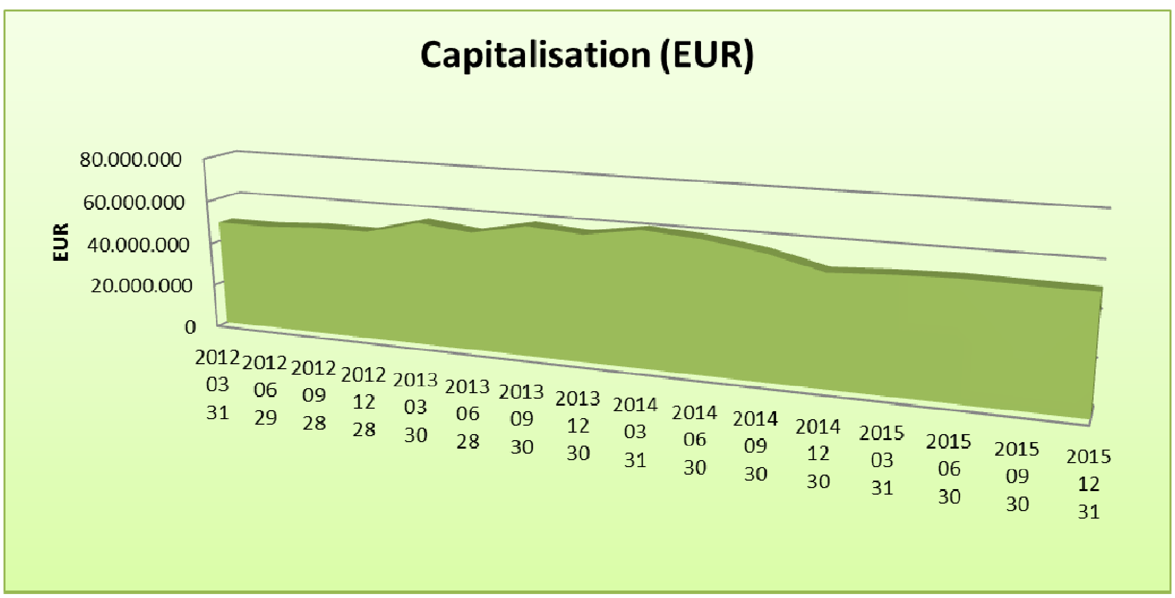
Price EUR

Data source – AB NASDAQ OMX Vilnius website:
http://www.nasdaqomxbaltic.com/market/?instrument=LT0000100372&list=2&pg=details&tab=historical&lang=en&currency=0&downloadcsv=0&date=&start_d=1&start_m=1&start_y=2013&end_d=31&end_m=12&end_y=2013

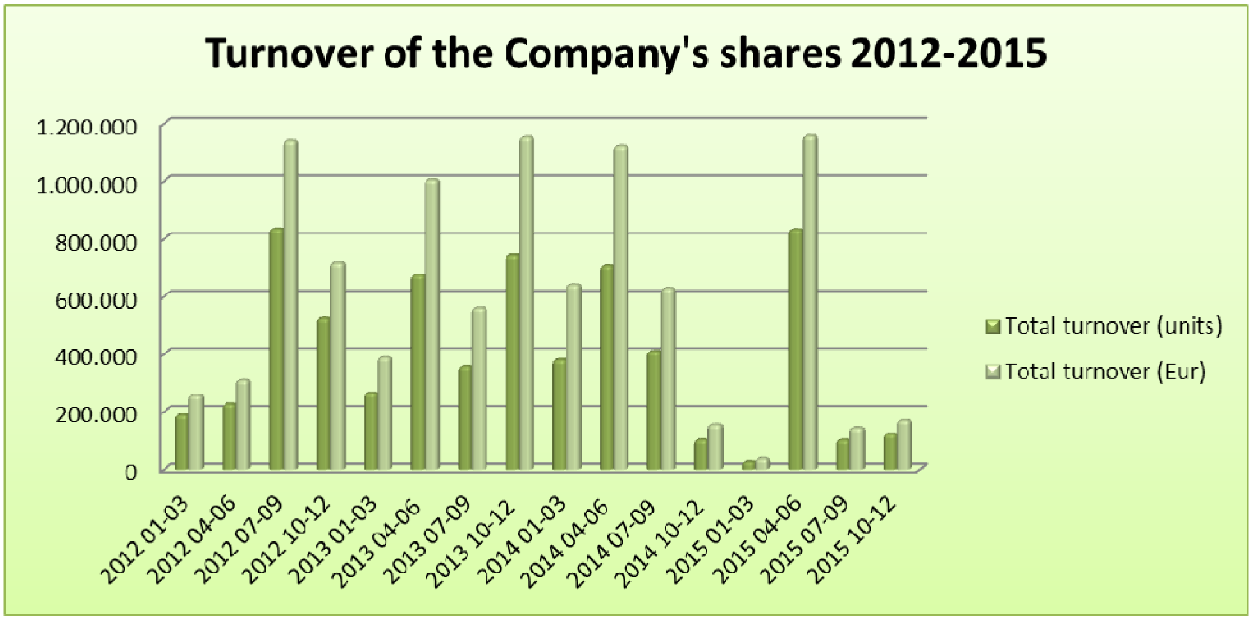
19. Capitalization of securities.

		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	340 913.17	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	1 158 553.00	2015.06.30	51 649 877
2015.07.01	2015.09.30	103 062	145 092.97	2015.09.30	51 291 197
2015.10.01	2015.12.31	123 817	170 824.28	2015.12.31	50 932 217

Capitalisation of the company‘s securities within 2012-2015, Eur



Turnover of the company's securities in 2012-2015 (units and Eur)



Baltic market indexes:
(2015.01.01-2015.12.31)

Data of the chart:

Index/Equity	01.01.2015	31.12.2015	+/-%
OMX Baltic Benchmark GI	566.56	648.32	14.43
OMX Vilnius	452.42	485.99	7.42
OMX Baltic Benchmark PI	328.61	359.03	9.26
RSU1L	1.380 EUR	1.420 EUR	2.90

Share price DIAGRAM: AB „Rokiškio sūris“ (RSU1L), AB “Pieno žvaigždės“ (PZV1L), AB „Žemaitijos pienas“ (ZMP1L) and AB „Vilkyškių pieninė“ (VLP1L):

Baltic market indexes:
(2015.01.01-2015.12.31)

Index/Equity	01.01.2015	31.12.2015	+/-%
RSU1L	1.380 EUR	1.420 EUR	2.90
VLP1L	2.000 EUR	1.450 EUR	-12.50
ZMP1L	0.703 EUR	0.644 EUR	-8.39
PZV1L	1.550 EUR	1.290 EUR	-16.77

20. The Group‘s consolidated and parent company’s audited financial accounts for the year 2014

The Group‘s consolidated and parent company’s audited financial accounts for the year 2015 are provided.

21. Information on purchase of issuer‘s own shares

During the financial year 2015 (the period of share purchase from December 10, 2015 until December 23, 2015), AB „Rokiškio sūris“ bought 1,612,485 own shares which makes 4.50 per cent of the Company’s Authorized Capital. Purchase price per share was EUR 1.43. Payoffs for purchased shares were made on December 29, 2015. The shares were acquired in accordance with the resolution of general meeting of shareholders and it was made via Nasdaq Vilnius stock exchange market.

As at December 31, 2015 the Company owns in total 2,414,579 of treasury shares which makes 6.73 per cent of the Company’s Authorized Capital.

The company does not have the right to employ property and non-property rights using the own shares as stated by the Law on Joint Stock Companies.

22. Legal grounds of the issuer‘s performance

The performance of AB “Rokiškio sūris“ is guided by the Law on Joint Stock Companies of the Republic of Lithuania, the Law on Securities, the Company’s Articles of Association and other legal documents valid in Lithuania and applied to company practice.

23. Belonging to the associated organizations

AB “Rokiškio sūris“ is a member of the Lithuanian Dairymen Association “Pieno centras“. Moreover, it participates in the activities of the Chamber of Commerce, Industry and Trade of Panevezys. The activities of the Lithuanian Dairymen Association are regulated by the Law on Associations of the Republic of Lithuania and by the Confederation Regulations.

On 20th February 2010 AB „Rokiskio suris“ established an association together with other processors of agricultural production. The activities of the Association are regulated by the Law on Associations of the Republic of Lithuania, articles of association and other legal acts.

In the beginning of 2015, AB „Rokiškio sūris“ became a member of Rokiskis business club. The club unites large and small businesses of the region of Rokiskis, and it aims to improve business conditions in the region with an active support of governing bodies of the region.

24. Brief description of the issuer‘s history

AB “Rokiškio sūris“ is one of the largest and most modern dairy production companies in Lithuania. The main activity of the company is production and sales of fermented cheese, fresh dairy products, butter, milk powders, whey and other milk products.

Specialized “Rokiškio” cheese production was planned and started to build in 1964, whereas at the beginning of 1966 the company started its work. From the very beginning of the company’s business fermented cheese became its main product. In 1980 the company started the first reconstruction phase by putting into action a new cheese production department. The second reconstruction phase was in 1988 when the construction of new milk receiving machinery and full cream milk production departments was completed. In 1991 a new Finnish cheese maturation base was put into action.

In 1992, the state-owned enterprise “Rokiškio sūrio gamykla” was privatized and reorganized into a joint stock company “Rokiškio sūris”. In 1993 the remaining governmental enterprise shares were sold. Following the decisions of the Government, in 1994 the company indexed its property. During the period from 1993 to 2002 the company‘s share capital increased 7 times with the help of additional contributions, 2 times thanks to own means and 3 times due to reorganization. In 2000, after affiliation of AB “Utenos pienas“, and in 2002, after affiliation of ”Eišiškių pieninė” the authorized capital was no longer increased.

In 1997, 150 000 of nominal equity were distributed in the form of international depository notes (GDR).

To secure constant material supply and to strengthen its position in the local market, AB ”Rokiškio sūris” affiliated “Zarasų pieninė“ in 1995, in 1996 – “Ukmergės pieninė“, in 1998 “Šalčininkų pieninė“, in 2000 “Utenos pienas“ and in 2002 – “Eišiškių pieninė“. In all these dairies the company created its subsidiary companies.

In the months of November and December, 2000 AB “Rokiškio sūris“ increased the share portfolio of AB “Švenčionių pieninė“ up to 90.6%.

In December, 2000 AB “Rokiškio sūris“ acquired 49.9% of AB “Eišiškių pieninė“ share portfolio, whereas in March, 2002 AB “Rokiškio sūris“ increased the share portfolio of AB ”Eišiškių pieninė” up to 100% of authorized capital and votes.

In March, 2001 AB “Rokiškio sūris“ purchased 49.9% of AB “Varėnos pieninė“ share portfolio.

In October, 2001 AB ”Rokiškio sūris” purchased 49.9% of AB ”Ignalinos pieninė” and 100% UAB “Jonavos pieninė” share portfolio. On 1st of June, 2005 AB ”Rokiškio sūris“ sold the share portfolio of AB “Varėnos pieninė” and AB ”Ignalinos pieninė”.

On 26th April, 2002 at the general shareholder meeting of AB ”Rokiškio sūris“ the decision to reorganize the enterprises was made. It was decided to affiliate AB ”Eišiškių pieninė” and UAB ”Jonavos pieninė”; that is, the enterprises stopped functioning as legal persons.

On 4th July, 2002 AB ”Rokiškio sūris“ Board decided to stop the activities of AB ”Rokiškio sūris” subsidiary company “Šalčininkų pieninė“ and to sign it out from the Enterprises‘ Register.

On 30th December, 2002 the subsidiary company of AB ”Rokiškio sūris” “Šalčininkų pieninė“ was signed out from the Enterprises‘ Register of the Republic of Lithuania.

On 6th September, 2002 at the general meeting of AB ”Rokiškio sūris” shareholders the following decisions were made: reorganization of AB ”Rokiškio sūris”, AB “Eišiškių pieninė” and UAB ”Jonavos pieninė” was terminated; AB ”Eišiškių pieninė” and UAB ”Jonavos pieninė” property, rights and responsibilities acceptance and transfer acts were confirmed. AB ”Eišiškių pieninė” and UAB ”Jonavos pieninė” terminated their activities as legal persons and they were signed out from the Enterprises‘ Register.

On 14th November, 2002 AB ”Rokiškio sūris” Board decided to establish a subsidiary company “Eišiškių pieninė“. On 6th December, 2002 AB ”Rokiškio sūris” subsidiary company “Eišiškių pieninė“ was registered into the Enterprises‘ Register. On 29th October, 2005 AB “Rokiškio sūris“ Board decided to terminate the subsidiary company‘s activities. In April, 2006 the subsidiary company “Eišiškių pieninė“ was signed out from the register of legal persons.

On 14th February, 2003, following the decision of AB ”Rokiškio sūris” Board, the activities of AB ”Rokiškio sūris” subsidiary company “Zarasų pieninė“ were terminated. On 26th June, 2003 “Zarasų pieninė“ was signed out from the Enterprises‘ Register of the Republic of Lithuania.

On 20th August, 2003 AB ”Rokiškio sūris” bought 12 units of UAB ”Kalora” nominal equity, which composed 100% of UAB ”Kalora” authorized capital. In October, 2005 AB ”Rokiškio sūris” sold these shares.

On 18th February, 2005 an insolvency case with creditors, without the court process, was raised against AB “Švenčionių pieninė“. On 29th April, 2005, due to its bankruptcy, AB “Švenčionių pieninė“ was signed out from the register of legal persons.

On 14th June, 2005 AB “Rokiškio sūris“ sold 410,330 units of AB “Žemaitijos pieno investicija“ shares, that is, 11.63% of AB “Žemaitijos pieno investicija“ authorized capital.

On 3rd March 2006, in order to achieve more effective fresh dairy production results, AB ”Rokiškio sūris” Board decided to separate export-oriented cheese production business from fresh dairy production business oriented to the local market. For this reason a new subsidiary company was established. On 21st April, 2006 a subsidiary company UAB “Rokiškio pienas“ was registered into the register of legal persons. The subsidiary is totally owned by AB “Rokiškio sūris“.

After termination of the activities of subsidiary Eišiškių pieninė on 5th April 2006 the subsidiary of AB „Rokiškio sūris“ Eišiškių pieninė was registered out from Juridical Register of the Republic of Lithuania.

In the year 2007, AB „Rokiškio sūris“ acquired 50 per cent of UAB „Pieno upės“ shares and 100 per cent of each of the following companies: UAB “Skeberdis ir partneriai“, UAB „Skirpstas“, UAB „Batėnai“, UAB „Pečupė“ and PK “Žalmargė”. The main activity of the companies is purchase of raw milk.

In 2009, UAB “Skeberdis ir partneriai“ and UAB „Pečupė“ were liquidated and registered out of the Registry of Legal Entities. In 2010, shares of UAB „Batėnai“ were sold.

In March 2011, UAB „Skirpstas“ was liquidated and registered out of the Registry of Legal Entities.

In January 2008, AB „Rokiškio sūris“ acquired 50.05 per cent of block of shares of Latvian company SIA Jekabpils piena kombinats. SIA Jekabpils piena kombinats specializes in production of fermented cheese and sales of raw milk. In May 2011, the Company acquired the rest part of the shares of SIA Jekabpils piena kombinats which amounted to 49.95 per cent.

AB “Rokiškio sūris” owns 100 per cent of the Latvian company SIA Jekabpils piena kombinats.

In July 2008 the company acquired UAB “Europienas” whose main business is purchase of raw milk. In 2009, UAB “Europienas” was liquidated and registered out from Registry of Legal Entities.

In May 2010, the company acquired 40 per cent of the shares of Latvian company SIA „Kaunata“.

On 29th April 2013 AB „Rokiskio suris“ as a single shareholder of UAB “Rokiškio pienas” adopted a resolution regarding implementation of separation of UAB „Rokiskio pienas“ – approved the separation conditions of UAB „Rokiskio pienas“ and approved the articles of association of UAB „Rokiskio pienas“ who is continuing its operations after separation and a newly established UAB „Rokiskio pieno gamyba“. The company is mainly performs in the field of dairy product production.

Separation of the companies will ensure more effective performance of the group and achievement of better operational results.

On 2nd May 2013, the new company UAB „Rokiskio pieno gamyba“ was registered in the Registry of Legal Entities.

On 24th April 2014, AB „Rokiškio sūris“ sold its 50% block of shares of UAB „Pieno upės“. The block of shares was sold in accordance with a long-term contract of shareholders after the other part expressed its will to purchase the shares. UAB ‚Pieno upės“ is in the activity of raw milk purchasing.

The information on the subsidiaries of AB „Rokiškio sūris“ is provided at point 3 of the report.

25. Production, description of production capacities, and implementation of new products

The Group‘s production is developed in the towns of Rokiškis (AB „Rokiškio sūris“), Utena (UAB „Rokiškio pienas“) and Ukmerge (UAB „Rokiškio pienas“ subsidiary „Ukmergės pieninė“).

A new subsidiary Rokiskio pieno gamyba UAB was established in order to optimize the group’s performance and to reach better results. A part of Rokiskio pienas UAB, which continues its operations of product distribution, is separated and a new company Rokiskio pieno gamyba UAB with equal legal form is established on the basis of the assets, rights and obligations assigned to this part of the company, and the main business of the new subsidiary is production of dairy products.

- Specialization of Rokiskis production plant – production and sales of fermented cheese and whey products.
- Specialization of Utena production plant – fresh dairy products for the local market, whey protein concentrate, milk powder and butter production.
- Specialization of Ukmerge production plant – curd and curd cheese production.
- Specialization of Rokiskio pienas UAB – sales of the Group’s products in Lithuania, Latvia and Estonia.

In 2015, the group’s companies pursued a programme of production maintaining the production volumes similar to previous periods.

On June 4, 2015, in Brussels the Company participated at a high prestige competition „Superior Taste Award 2015“ where International Taste & Quality Institute (iTQi) granted hard cheese Rokiškio GRAND with two starts. In accordance with the quality standards applied by Michelin it is a very high and honourable evaluation. The International Taste & Quality Institute - iTQi - based in Brussels, is the world leading organization dedicated to testing and promoting superior food and drink. This is a first time when the Company participates in such a competition and it is granted with so high evaluation.

The Companies are highly concerned about food safety and quality issues in order to satisfy customer needs and comply with the environmental requirements. The Company AB “Rokiškio sūris” was the first in Lithuania who was certified in accordance with the Quality management and Environment management systems (ISO 9001:2008, ISO 14001:2004, ISO 22000:2005). The company’s laboratory is accredited in accordance with the international standard LST EN ISO/IES 17025.

Following the requirements of those standards, the company implemented rules which ensure production of steady, uniform, qualitative and safe produce aiming to improve overall effectiveness of environment protection, and following the company’s politics. The system covers all processes from raw milk purchase to the service of end customers.

The systems are reviewed periodically and improved in order to maintain high quality of production, and to supply customers with qualitative wide range production.

The most important aspect of the companies’ performance is food safety. In order to reach higher level of food safety effectiveness the company in Rokiskis improved the food safety system and in 2013 it was certified in accordance with the scheme for certification of food safety systems FSSC 22000. The system covers ISO 22000:2005 and ISO/TS 22002-1:2009 as well as additional requirements. The food safety scheme is recognized by the Global Food Safety Initiative GFSI, and it can replace some other previously recognized food safety standards such as BRCm IFS and SQF.

In 2012, the Utena plant implemented and certified the social responsibility standard SA8000.

AB „Rokiškio sūris“

The key activity of AB Rokiskio suris is production fermented cheese. The cheese produced by the company comprises of fresh, semi-hard and hard cheese. The group of fresh cheese includes Cagliat (various fat content and weight), Mozzarella. The group of semi-hard cheese includes the following products: Rokiškio sūris (various fat content and weight), Saulės sūris, Lietuviškas, Gouda, Sūris „Visiems“, “Naminis”, „Žaloji karvutė“ etc., whereas Kietasis suris (various fat, moisture content and weigth), “Montecampo“ and “Gojus“ belong to the hard cheese type. The production of long term maturing hard cheese ROKISKIO GRAND was implemented in assistance with an Italian cheese expert prof.Angelo Frosio.

Besides the main production of fermented cheese, AB ”Rokiškio sūris” 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.

In 2015, the production of fermented cheese increased by 6.7 per cent compared to 2014. In terms of production of individual groups of cheese, it is noted that there were produced less semi-hard cheese, and more fresh and hard cheese.

The production of long term maturing hard cheese ROKISKIO GRAND is further developed, it is packed in various weight packaging.

In regards with the production of whey products in 2015 and 2014, the production of lactose is on the same level, however the production of whey protein concentrate decreased. It was caused by different quantities produced as per type, e.g. it was produced less of whey protein concentrate IBK 34, yet the production of whey protein concentrate 80 increased, in terms of total quantities the volume is less by 11 per cent. In the production of whey protein concentrate 80, the consumption of whey is 2.1 times as much. The production of instant WPC 80 is further developed.

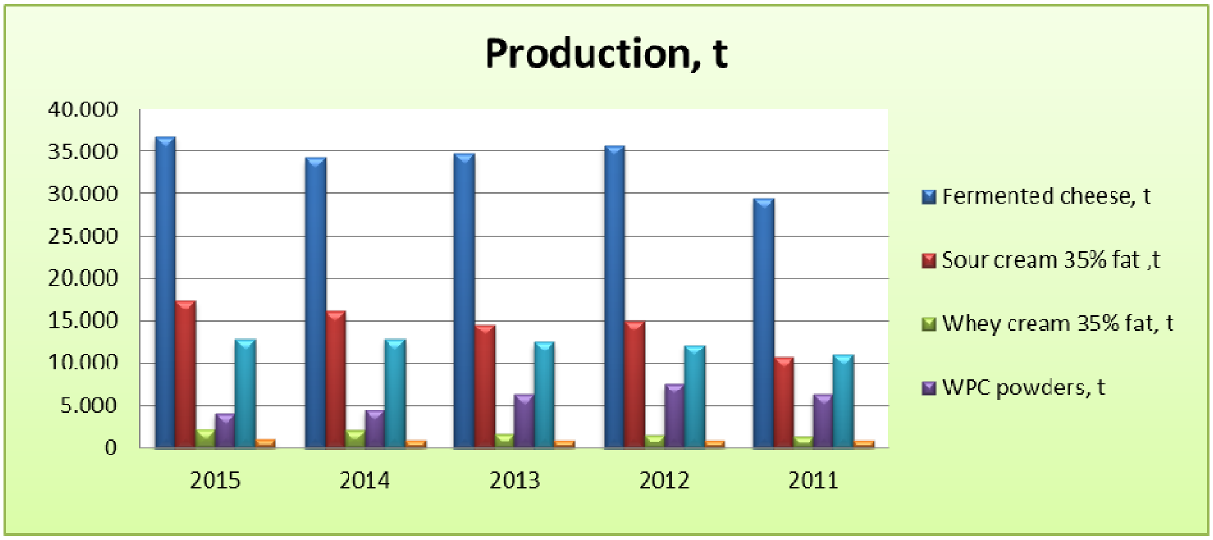
Volumes of by products such as cream, WPC and milk sugar directly depended on the volumes of the production of fermented cheese. Volumes of WPC and milk sugar were also influenced by the whey bought from other dairies.

Packaging costs had been increasing due to the variety in the packaging types.

The main factor which caused the increased cost was higher prices of raw milk. In addition, it was influenced by the increase of prices of power resources as well as the increase in quantities.

The following table and chart represent changes in the production of AB „Rokiškio sūris“ within 5 latter years:

Production / Year	2015	2014	2013	2012	2011
Fermented cheese, t	36,759	34,295	34,807	35,751	29,508
Cream 35% fat, t	17,423	16,153	14,558	14,969	10,642
Whey cream 35% fat, t	2,073	2,033	1,612	1,503	1,347
WPC powders, t	4,004	4,479	6,224	7,515	6,313
Lactose, t	12,774	12,878	12,510	12,146	11,039
Processed and smoked cheese, t	941	875	815	797	820



UAB „Rokiškio pieno gamyba“

UAB „Rokiškio pieno gamyba“ specializes in the production 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, also the company provide service to AB „Rokiškio sūris“ producing the products for expert such as butter, cream, WPC (whey protein concentrate) 34 and 80, and skim milk powder.

In 2013, UAB „Rokiškio pieno gamyba“ launched a new line of yogurt production. This is a new type of yogurt in Lithuania in whose production no sugar is used and the sweetness comes from fruits only.

Heavy investments were made in the production of dry products. A new modern line for the production of WPC 80 was installed, and the technology of this product was successfully mastered. The production of those products was implemented cooperating with the largest dairy company of New Zealand Fonterra.

In 2014, production of instant WPC80 was started. Also, the facilities were upgraded with a new, modern compressor room. The plant’s raw milk reception facilities undergone major repairs.

In 2015, the reconstruction of facilities of fresh dairy products was started in order to decrease production costs, improve quality of production and extend shelf life of the products.

Production / Year	2015	2014	2013	2012
Fresh dairy products, t	50,633	55,428	64,606	62,772
Butter and fat blends, t	8,455	7,960	5,576	4,101
Dry milk products, t	7,379	8,721	6,537	8,442

In 2012, UAB „Rokiškio pienas“ implemented a new Standard of social responsibility SA8000. The Standard covers requirements for a company which employs expertise in order to demonstrate its socially responsible attitude to employment conditions.

Purpose of Standard SA8000 is to establish requirements based on international norms related with human rights and national legislation concerning employment in order to secure all employees throughout the management chain, as well as all other employees who produce goods or supply services to the company, including the employees hired directly by the company, and its suppliers and subcontractors.

Keeping in line with the standard’s requirements the company will be able to:
- create, maintain and implement the politics and procedures related with the issues being in its control or sphere of influence.
- demonstrate to the third parties that the company’s politics, procedures and practices conform to the standard requirements.

Politics of the company:
The company’s business operations are based on human and employee rights recognized internationally. We endeavor honest and honorable treatment of all employees. We expect and seek our suppliers and subcontractors as well as further chain of supply to follow similar rules. We believe that the dialogue between the employer and employees is and can contribute to the sustainable success for the company and its employees.

Fundamentals of social responsibility:
Accountability (for impact on the society, economics, and environment);
Transparency (decisions and the operations influencing the society and environment);
Ethical conduct;
Honor in regards with the third parties’ interests (hear and react);
Honor the superiority of laws;
Follow the international conduct norms;
Honor human rights.

Subsidiary of UAB „Rokiškio pieno gamyba“ Ukmergės pieninė

Specialization of Ukmerge production plant –production of curds, flavoured fresh cheeses, curd cheese, chocolate coated cheese bars, processed cheese, fermented cheese and soft non-matured cheese. In order to implement the set targets the plant was modernized including the technological process.

In 2015, the subsidiary launched a series of new chocolate coated cheese bars produced with buttermilk. Also, the segment of processed cheese was added with a new type of processed cheese produced with hard cheese GRAND. The plant started production of blue cheese BalticBlue.

Group of products	2015	2014	2013	2012
Curds and curd products	4,272	4,648	5,353	5,228
Fermented cheese	115	107	83	-

The plant was approved by the Ministry of Agriculture of the Republic of Lithuania for the production of Lithuanian curd cheese with geographical protection in accordance with the EC Register No. 510/2006 regarding protection of geographical an original places of agricultural and food products. The Lithuanian curd cheese was assigned with a logo of Geographical Indication.

26. Sales and marketing

The biggest part of production is exported. In 2015, the Group's export made 64 per cent of total sales.

After Russian dairy embargo in 2014, the company stopped its sales to the Russian market which consequently changed export directions in 2015. Fresh cheese as usual is mainly sold to Italy, the Netherlands, and Spain. Also, the exports to the Middle East and Asia were started. Luckily the Company reinvented market of the United States to which it exports its hard cheese. In the past sales to this market were stopped due to low rate of US dollar compared to euro. The sales of hard cheese in the US increased by 64 per cent in 2015 compared to 2014.

One of new destinations is Kasakhstan. Various types of cheese exported to this country. The lactose sales to the Philippines are heading up, and the export to India was started as well.

The situation in dairy sector is changing and now the main markets (of third countries) will be Middle East and Asia. Wholesale trade is planned for these markets. Also, the company is looking for opportunities to start supplies directly to retail markets.

Due to the increased demand for butter in third countries in 2015, the production of cream decreased significantly compared to butter. Sales of butter in 2015 increased by 47 per cent compared to 2014, and the sales of cream decreased by around 20 percent.

The Group's export sales of traditional products such as butter, cream, milk powder and by-products (Whey protein concentrate and lactose) are increasing.

In Lithuania, the Company distributes its products via retail market chains. Rokiskis is well known in Lithuania not only because of the fermented cheese but also because of fresh dairy products, i.e. milk, kefir, sour cream, butter, curds, yogurts, sweet cheese bars.

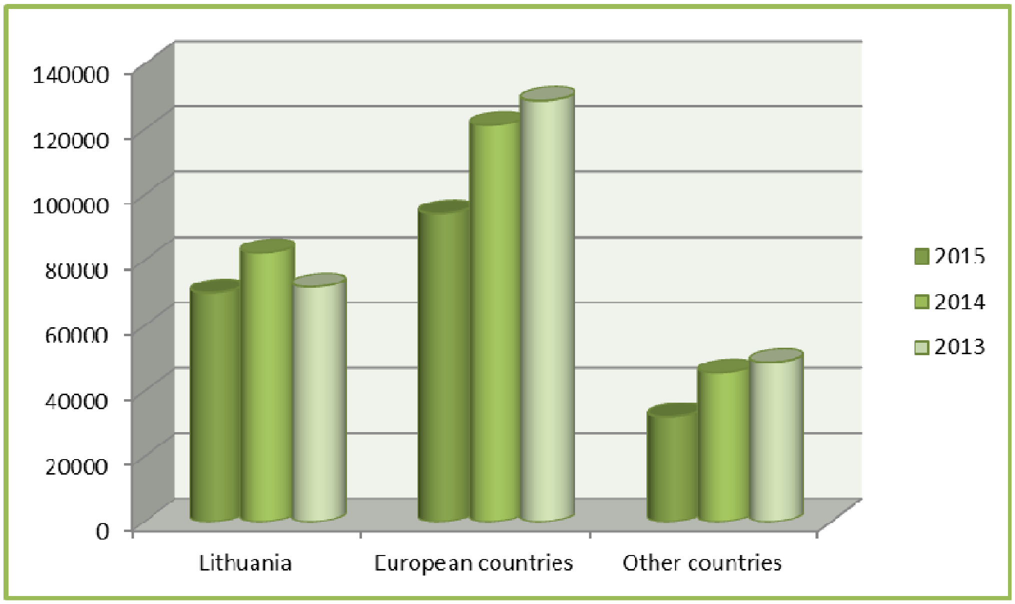
The Company intends to pay more attention to the added value products, i.e. develop the export retail markets.

In general, considering the overall global market situation it is noted that the most promising markets for the Company are the US, Middle East and Asia.

Sales markets

2015-2014-2013

Countries	Sales					
	2015		2014		2013	
	k EUR	%	k EUR	%	k EUR	%
Lithuania	70 047	35.65	82 341	33.03	71 810	28.79
European countries	94 308	47.99	121 304	48.67	128 885	51.66
Other countries (incl. USA and Japan)	32 149	16.36	45 606	18.30	48 771	19.55
Total	**196 504**	**100**	**249 251**	**100**	**249 466**	**100**



The consolidated audited sales of 2015 of AB „Rokiškio sūris“ Group made EUR 196.504 million, i.e. 21.16 per cent less than during the same period of last year. The consolidated sales of the same period of 2014 made EUR 249.251 m).

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. Due to the decreased exports of fermented cheese, and skim milk powders, these products are accumulated in big quantities in the company’s warehouses.

The Group’s sales in Lithuania in 2015 compared to 2014 decreased by almost 15 per cent and it made EUR 70.047 million. In 2014, in Lithuania the turnover made EUR 82.341 million. Total share of sales on the local market made 36 per cent of the group’s sales.

The main reason for the decreased sales is decreased price for fresh dairy products on the markets of Lithuania, Latvia and Estonia. Also, the Russian embargo stopped the Company's sales of fresh dairy products to the Russian market in 2015. In terms of volumes, the sales to the markets of Lithuania, Latvia and Estonia increased compared to 2014.

Within 12 months of 2015, the Group of AB „Rokiškio sūris“ earned EUR 3.895 million of consolidated audited net profit. In 12 months 2014, the Group's consolidated audited loss made EUR 383 thousand.

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. Recovery of prices is presumable for not earlier than the end of the year.

The Group aims to further increase reliability of its produce, encourage healthy life style, and to increase consumption of dairy products per person.

The Company has a range of strong brands designated to various consumer groups, and the brands are considered of high quality and prestige. The assortment of the Group's production is every year added with new value added products, and new packaging.

Brands as follows:

A key factor is stability of the produce quality which is essential for implementation of marketing strategy, as well as continuous strengthening the company's brands.

For the year 2015 and further, one of the main projects is strengthening positions of hard cheese Rokiškio Grand, and to increase consumption of the cheese by using market promotions instruments. The company widens assortment of the cheese with new packaging and variety of maturing time up to 24 months.

The group of Rokiskio suris has a range of other value added products of high quality clean label chocolate coated cheese bars Naminukas; fluid milk/kefir with vitamin D, yogurt with 100 per cent sweetness from fruit, Rokiskio mini souvenir cheese and many others.

According to the sixth annual competition "The most popular product" initiated by the Lithuanian trade companies association, the most popular products of Rokiskio suris in 2015 in Lithuania are as follows:

- Kefir, sour milk, sour butter milk **- Rokiškio NAMINIS kefir, 2.5% 0.9 kg pack.**
- Fermented cheese **- ROKIŠKIO ferment. cheese, 45%, 240 g,**
- Processed cheese – **Sūris Lydytas Visiems, 330g.**

On March 16, 2016 The Association of Lithuanian Trade Companies (LPĮA) together with „Maxima", „IKI" and „Rimi" elected and honoured partners of trade chains, i.e. producers and suppliers. The competition nominated UAB „Rokiškio pienas" as „The most Lithuanian supplier of the year". This evaluation obligates the Company to pay even greater attention to the product quality and freshness, emphasizing Lithuanian traditions and family values.

27. Purchase of raw milk

Based on preliminary data of the Ministry of agriculture (ŽŪMPRIS), in 2015 in Lithuania it was bought 1437.99 thousand tons of raw milk of natural fat content, i.e. more by 0.2 per cent compared to 2014.

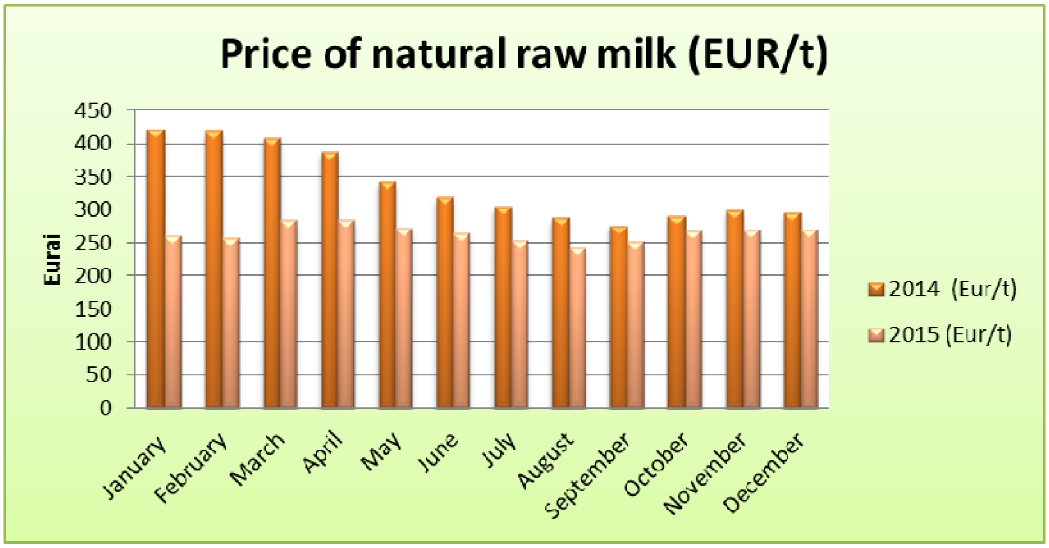
During the period, purchasing of ram milk (of natural fat content) from farmers and family households decreased by 1.4 per cent (down to 1082.12 thousand tons), from agricultural companies and companies it increased by 5.4 proc. (up to 355.87 thousand tons).

The key change in raw milk purchasing sector was elimination of raw milk quotas from April 1, 2015.

In January 2016 the price for natural raw milk paid to the farmers with more than 40 tons of milk per month was the same as in December 2015.

The table below shows prices of raw milk paid by the Group to large farmers with the farms of European size delivering over 40 tons raw milk per month during 2015-2014.

Month	**Price of purchased natural milk**	
	2014 (EUR/t)	**2015 (EUR/t)**
January	420.8	261
February	419.4	257
March	409.2	284
April	386.9	284
May	342.6	272
June	319.2	264
July	304.1	253
August	287.9	243
September	276.3	252
October	290.5	269
November	298.6	271
December	296.3	270
Average milk purchasing price for 12 months	**340.3**	**267**



28. Risk factors related with the issuer‘s performance.

Economic factors:

Unfavourable influences related with raw milk production and sales of finished products:

a) decrease in number of cows in Lithuania;
b) lowering purchasing power of Lithuanian residents;
c) cheaper Polish products on Lithuanian market;
d) high competition;
e) substitution of dry milk products with cheaper ingredients for further production;
f) abolishment of EU export subsidies to third countries;
g) bureaucratic restrains;
h) volatility in export prices;
i) inadequate attention of the government in regards with business, development of regions and establishment of new workplaces;
j) import embargo of Lithuanian products to the Russia market;
k) squeezed entrance into new markets;
l) oversupply of products in the EU countries;
m) decrease of export prices;
n) inflexible politics in regards with VAT and excise taxes;
o) volatile competition due to instable currency ration between euro and US dollar;
p) increase volumes and assortment of cheaper production from other EU countries;
q) control of raw milk prices.

Lithuania is dominated by small milk farms. Such a high number of raw milk suppliers causes increase of costs for raw milk quality testing, and raw milk collection and accounting costs.

Inadequate government support for dairy farms compared to Latvia and Estonia.

In addition, small farms cannot ensure sufficient and consistent raw milk quality, and impede investment into milk farms. Average dairy farm in Lithuania is the least in EU, moreover it is smaller thirteen times as much compared to the average figure in EU.

Raw milk production in Lithuania is heavily influenced by seasonality: collection of raw milk in summer period is almost twice as much compared to winter period. It has a negative impact on the effectiveness of milk processing, utilization of equipment capacities and cut of work places during the low session period.

Low productivity of milking cows:
Low productivity of cows is caused by insufficient genetic potential of herd and poor feedstuffs. Diminishing small farms. Decrease of population in rural areas.

Unsteady dairy industry regulatory measures implemented by the State. Development of family based dairy farms was and still is too slow. Absence of consequent State politics to develop this sector, frequent changes of subsidy requirements and its amounts, concentration into milk prices rather than into investment support have had negative influence on the development of milk farms and improvement of veterinary-sanitary conditions.

Social factors:

During the past few years, emigration of residents of Lithuania increased. Now it is experienced lack of qualified work power. Low salaries in comparison with EU countries. Low birthrate. Lack of support for young orderly families, no measures to encourage higher birthrate.
Loss in trust of the government by residents, volatile future perspectives. Passiveness of residents.
Farming is dominated by older farmers. Community of villages is getting older also. High unemployment rate.
Inefficiency of the government to create new labour places, high level of unemployment, politics of allowances, which do not encourage the will to work, lost of trust in the government politics, and the government's inefficiency.

Risk factors related to food safety issues:

Food safety risk factors of AB „Rokiškio sūris“ are determined by HACCP program. The main parts of HACCP program are Prerequisites and HACCP plans. They identify hazard points in every production step, as well as their critical control limits, their analysis, verification and correction actions.
The company has the following Pre-requisites:

1. Raw milk quality;
2. Maintenance of buildings and premises;
3. Sanitary;
4. Training of personnel;
5. Supply of water, steam and electricity. Water control;
6. Supply of water, steam and electricity. Water control;
7. Purchase and storage of additional materials;
8. Maintenance of equipment. Calibration of measurement devices;
9. Maintenance of equipment. Calibration of measurement devices;
10. Product traceability and recall;
11. Monitoring of logistics;
12. Pest control.

To monitor every production process there are prepared procedures, technological instructions, and their control procedures (both microbiological and chemical), provided records. Final products are handled according the company's standards which concerns their specifications, chemical content, nourishment, energetic value, packaging, terms of storage, shelf life etc.

Ecological:

Based on Regulation of European Parliament and Community 2010/75/EB "Regarding industrial waste pollution (integrated prevention and control of pollution" - TIPK), AB Rokiskio suris is attributed to the equipment of Annex 1 which obliges to obtain the TIPK permission. The first TIPK permission was obtained on 30/12/2005, it was issued by the Department of environment protection of Panevezys region. Following the TIPK rules, the permission was renewed on 12/09/2014. The company introduced most effective production forms (GPGB), and the consumption of resources and emission of pollution complies with the EU regulations.

In 2001, the company implemented environment protection system ISO 14001. The certification and auditing is made by an international company Bureau Veritas Lietuva. In 2013, the environmental protection system was successfully recertified. In 2014 and 2015 surveillance audits were made.

The environment protection politics of AB "Rokiškio sūris" covers continuous decrease of negative impact on environment, ensuring minimal consumption of resources, and strengthening waste treatment in order to minimize negative impact on air, water and earth. In 2015, during the external and internal audit it was identified 2 remarks and no non-compliancy. The targets are set for every year in order to improve the system and reduce ecological risks. The 2014 Environmental Protection Program was implemented. The evaluation and analysis of performance is made periodically.

In 2015, the following five programs were implemented in the company in order to evaluate and analyze the impact on environment: 1) Monitoring program for field fertilization by waste from AB Rokiškio sūris, 2) Monitoring program for treated waste from AB Rokiškio sūris to Ruopiškis (Alseta) lake in Rokiškis district, 3) Monitoring program for underground water of AB Rokiškio sūris, 4) Monitoring program for underground water in petrol stations of AB Rokiškio sūris in Rokiškis and Obeliai. The monitoring is made by a research company UAB Geoaplinka, 5) Monitoring of discharged pollution sources. Testing is made by certified laboratories. Reports are submitted to Environmet Authorities. There was not identified any objectionable influence to the environment.

In 2015, the stationary air pollution resources discharged 4.456 t of pollutants. The transport department consisted of 311 vehicles: 193 trailers, 118 automobiles, 8 other vehicles. 74 per cent of the vehicles comply with the requirements of EURO 2-6.

The discharged waste from the production procedure is treated by the Company's own biological waste water treatment plant (with elimination of natrium and phosphorus). In 2015, it was treated 1,018 thousand m^3 of waste. Effectiveness of waste treatment is around 96-99 per cent. 7,824 t of sludge was used for field fertilizing. 7.7 per cent of waste was directed to the outside waste treatment plant UAB "Rokiskio vandenys". AB Rokiskio suris uses modern technologies to separate water from whey and to purify it, up to 24 per cent of this water is used for the equipment cleaning, and it helps to save underground water.

The company has undergone through risk analysis, consequently a plan of preventive actions and accident liquidation was prepared. The most dangerous company's sites: ammonium compressor room, storage of chemical materials and storage room in the lactose plant. The company's buildings were evaluated and marked as required by the fire protection regulations. Fire alarms were equipped were necessary in order to improve fire-protection and minimize potential risk.

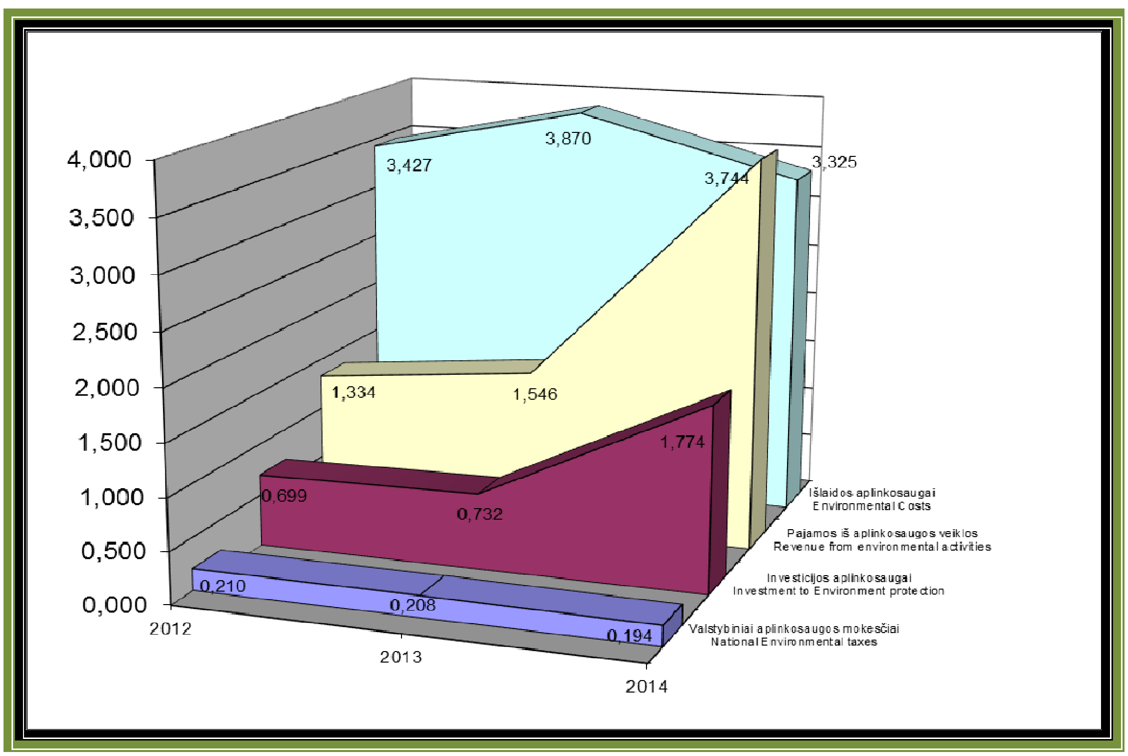
Key environmental indices:

	2013	2014	2015	GPGB – ES*
Quantity of waste pollutants according to BDS7 in kg per ton of raw material	0.58	0.07	0.25	**-**
Quantity of waste per ton of raw material, m³	1.38	1.44	1.37	**0.7-6**
Consumption of chemical materials in kg per ton of raw material	1.92	2.62	2.36	**1.1-10.7**
Power consumption in kWh per ton of raw material	38.05	39.86	40.38	**60-208**
Thermo-power consumption in kWh per ton of raw material	**69.97**	**73.33**	**70.19**	**60-820**

*- GPGB- "Integrated Pollution Prevention and Control, Reference Document on Best Available Techniques in the Food, Drink and Milk Industries " August 2006

Environmental activities, EUR million

	2013	2014	2015
Taxes for environment pollution	0.060	0.56	0.089
Investment into environment protection	0.212	0.514	0.047
Income from the environmental operations	0.448	1.084	1.027
Expenditure for environment	1.121	0.960	1.023



29. Key aspects of formation of consolidated financial accounting related with the systems of internal control and risk management

These consolidated financial statements have been prepared according to International Financial Reporting Standards (IFRS) as adopted by the European Union.

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. The estimates are based on the knowledge obtained by the management as well as current situation and actions.

The financial accounts include consolidated financial accounting of the Group and individual financial accounting of the Company.

Subsidiaries are all entities (including special purpose 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. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognizes any non-controlling interest in the acquirer either at fair value or at the non-controlling interest's proportionate share of the acquirer's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquirer and the acquisition-date fair value of any previous equity interest in the acquire over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognized in profit or loss.

The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

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 recognizes the portion of gains or losses on the sale of assets by the group to the joint venture that is attributable to the other ventures. 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 realizable value of current assets or an impairment loss.

30. Financial risk monitoring

In its operations the Company and the Group faces various financial risks. Overall risk monitoring program of the Group focuses on uncertainties of the financial markets and it aims to diminish any expected impact onto the financial results of the Group's operations.

The risk factors faced by the Company and the Group are described upon Remark 3 (page 23) of the 31st December 2015 financial report of consolidated and parent company AB „Rokiškio sūris“.

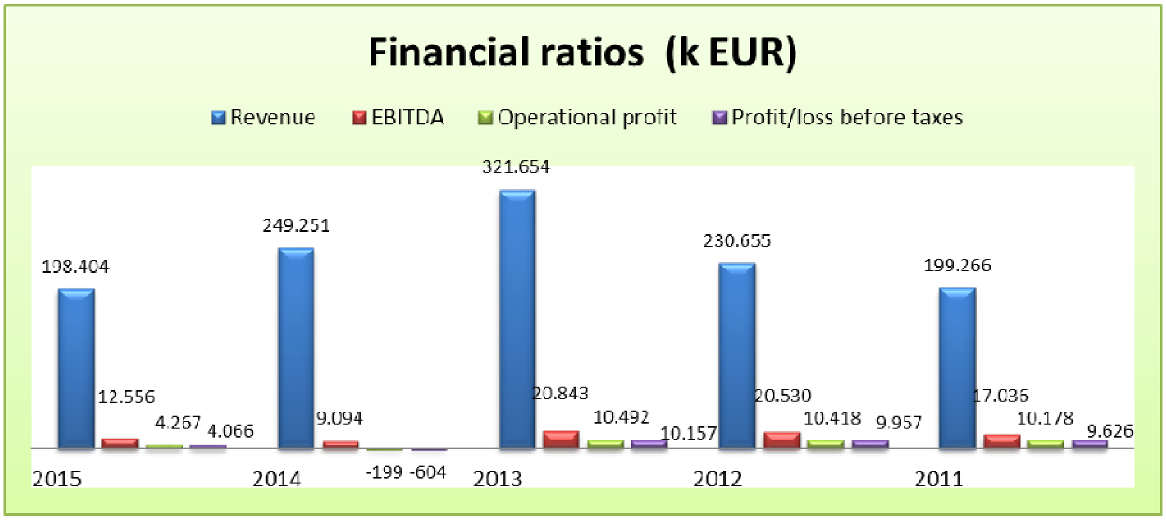
31. Information about the authorization given by the Board members

Members of the Board of Directors have not authorized any other third parties to perform the functions attributable to the Board of Directors.

32. Key ratios of the company performance, their dynamics

The table below shows consolidated figures describing the Group's operations.

No.	Ratios		2015	2014	2013	2012	2011
1.	Net profit %	Net profit / Sales and services	1.96	(0.15)	3.81	3.7	4.0
2.	Average return on assets	Net profit / Average assets	0.03	(0.003)	0.07	0.06	0.07
3.	Debt ratio	Liabilities / Assets	0.25	0.30	0.33	0.31	0.35
4.	Debt-to-equity ratio	Liabilities / Equity	0.34	0.43	0.49	0.44	0.55
5.	General liquidity ratio	Current assets / Current liabilities	2.86	2.44	2.03	2.16	1.85
6.	Assets turnover ratio	Revenues / Assets	1.28	1.77	1.68	1.75	1.54
7.	Book value per share, Lt	Equity / Number of ordinary shares	3.22	2.74	2.78	2.55	2.34
8.	Net earnings per share, Lt (EPS)	Net profit / Number of ordinary shares	0.11	(0.01)	0.27	0.24	0.23
9.	Price to profit per share ratio, Lt (P/E)	Market share price / Profit per share	12.91	-	5.89	5.75	5.75



No.	Ratios	2015	2014	2013	2012	2011
1.	Income (thousand euros)	196,504	249,251	321,654	230,655	199,266
2.	EBITDA (thousand euros)	12,556	9,094	20,843	20,530	17,036
3.	EBITDA margin (%)	6.39	3.65	8.35	8.90	8.55
4.	Operational profit (thousand euros)	4,267	(199)	10,492	10,418	10,178
5.	Profit/ loss before taxes	4,066	(604)	10,157	9,957	9,626
6.	Operational profit margin (%)	2.15	(0.08)	4.21	4.52	5.11
7.	Return on equity ROE (%)	3.37	(0.39)	9.52	9.35	9.56
8.	Profitability margin (EBT margin) (%)	2.07	(0.24)	4.07	4.32	4.83

33. Investment projects implemented during the last 3 fiscal years:

Every year AB Rokiškio sūris gives great attention to new investment into the production procedures, modernization of existing production facilities and their maintenance, procurement of raw material, continuation of environmental protection, and transport.

During 3 latter fiscal years, the company’s investments were mainly directed to further development of whey processing and acquisition of needed equipment, reconstruction and modernization of cheese production facilities and equipment.

In general, AB Rokiskio suris investments are organized in the way to ensure food safety requirements within the production procedures and external surrounding including raw milk processing, production, slicing, packaging, loading and delivery of produce to the customer. In 2007-2010, AB Rokiškio sūris continued the investment program, consequently some new equipment and milk trucks were bought, and the production equipment was modernized which also resulted into the better work conditions for employees, lowered power consumption, and supported environment protection program.

A part of investment was directed into improvement of raw milk quality. In 2007-1010, the main investments were made in accordance with KPP program for the period of 2007-2013. The investments were used not only for the parent company AB Rokiskio suris but for the subsidiary

UAB Rokiskio pienas also. The subsidiary prepared four business plans to employ the support. Total sum of the investment plans amounts to EUR 4 million.

In 2010, AB Rokiskio suris prepared two business plans in accordance with 2007-2013 program. They are „Modernization, of raw milk processing by AB Rokiskio suris in order to increase competitive ability of the company“ and „Modernization, of raw milk processing by AB Rokiskio pienas in order to increase competitive ability of the company“.

In 2015, the group of AB „Rokiškio sūris“ prepared a business plan „Modernization of milk processing and marketing“, and presented to the National Paying Agency in order to get an EU financial support. The project investments amount EUR 27 million and cover the period of 2016-2017. The investment will be directed to all three plants of the group of AB „Rokiškio sūris“ located in Rokiškis, Utena and Ukmergė. The investment is intended to use for the modernization of current equipment and implementation of new technologies in order to develop production for alternative markets. The Company will use its own resources to implement the project as well as borrowed resources. It is planned to invest EUR 4 million.

Investments of the group of AB „Rokiškio sūris“:

	Investment (million EUR)
2010	1.88
2011	4.75
2012	3.30
2013	11.30
2014	6.37
2015	1.88

The main investments implemented in 2015:

- Investments for the improvement of production of new product WPC80 in Utena plant.
- Development of Mozzarella cheese production technologies in terms of new markets requirements.
- Control of lactose quality.
- Development of value added long maturing cheese.
- Smoking chambers for processed cheese.
- Expansion and modernization of milk truck cleaning facilities.
- Modernization of production plant and departments servicing production: department of power and heat supply (air supply and ventilation system, piping of drinking water, water disinfection at inlets).
- Acquisition of IT hardware.
- Variety of packaging and wider assortment of fermented cheese and fresh dairy products.
- Cheese maturing plan in the subsidiary Ukmerges pienine.
- Improvement of sanitary and hygiene system in the production departments (equipment of ventilation systems, moisture collectors and cleaning centres, electrical hangings, air conditioning).
- Butter packaging in Utena.
- Construction of apparatus room in Ukmergė.
- Further development of equipment related with environmental politics.
- Acquisition of milktrucks.
- Improvement of work conditions for the employees.

All investments were made in Lithuania: Rokiskis and the related sites in Utena and Ukmerge.

34. Future plans, forecasts and investments envisaged in 2016

In 2016, the group of AB Rokiškio sūris is going to make investments amounting to EUR 15.3 million.

Mainly the investment in 2016 will be used for the following:

- Implementation of innovative production technologies
- Enhance the company's competitiveness
- Lower production costs, economically use power resources, diminish harmful impact on environment
- Improve quality of products
- Meet customer demands in regards with the produce
- Prolong shelf life of fresh dairy products

In 2016, it is planned to make investments into the innovative production of high quality product WPC80 and high value added product such as long term maturing hard cheese. The related investments cover main production facilities and servicing facilities.

The company now is redirecting its sales to new global markets, consequently the main target is to strengthen processing the products of interest.

As mentioned before, a part of investment will be used for the production of WPC 80% and hard cheese because of newly opened markets in the Far East and the US.

For the production of WPC80, a part of investment will be used in the cheese production plant where whey is separated. These are the processes of separation and pasteurization which would improve effectiveness of the production of whey used for WPC80.

In addition, these new technologies will ensure higher yield of lactose which was difficult to reach with old technologies.

For the hard cheese production it is planned to build a new building of 600 sq. m used for the cheese after brining.

It is planned to improve significantly the quality of cheese and whey products by using double bactofuge as two bactofuges will be acquired.

Because of the new equipment technological procedures will be performed efficiently using new modern milk separation-pasteurization system, whey purification, specially designed CIP (cleaning) system, new piping for raw and pasteurized milk, specific transport means for milk delivery and distribution of finished products.

Also, it is planned to renovate other technological equipment, modernize climate control systems, acquire new forklifts, packaging lines, new cheese moulds, new tanks for accumulation and storage of milk and semi-manufacturers, new milk trucks and vehicles for transportation of finished products.

Investment provided for more effective production of edible lactose and higher quality of the product.

Innovative technological process will be also applied to the treatment of waste in accordance with recommendations of the US scientists to dissolve waste using biological method.

For the production of fresh dairy products in the subsidiaries in Utena and Ukmerge, it will also be invested to improve and innovate the technological process of production of fresh dairy products, dried products and curds products. The innovations will improve product quality, prolong their shelf life and allow using more attractive packaging.

The modernization of the production of fresh dairy products will be implemented by the following acquisitions – raw milk treatment equipment, accumulation and transmission equipment, milk bottling lines designed to extend shelf life of the product.

The innovative technological processes will be implemented in the subsidiary in Utena in order to improve quality of dry products, enhance capacities of the product of high demand WPC80, also the investment is intended to reduce harmful impact on the environment and improve working conditions of employees.
In the curds production department in Ukmerge, the new modern technologies will improve quality of pasteurized and milk and curds products, the shelf life will be extended, the plant also will acquire a cleaner for milk bacteria of capacity of 10 t/h, milk separator of 10 t/h, technological pumps of 30 m3/h, packaging equipment. Also, a new equipment will be acquired in order to ensure safe and qualitative cleaning of equipment resulting in higher quality of the curds products.
The provided investments in 2016 cover wide spread of areas which are important for business development, penetration into new markets with high quality products, improvement of current technological processes, environment protection, improvement of working conditions for employees, and economical consumption of power resources.
Herewith it is aimed to improve internal transportation of finished products and semi-manufacturers for storage and migration between production departments.

35. Dividends paid

Dividends paid according share types and class during the last 8 years:

Year	Total sum of dividends, EUR	Dividend per share, EUR	Net profit per share, EUR	Multiplier of dividend payments
2007	2,867,855.42	0.0695	0.2346	0.30
2008	Dividends were not paid			
2009	244,579.30	0.0290	0.1101	0.26
2010	1,038,808.21	0.0290	0.1883	0.15
2011	1,015,578.08	0.0290	0.2288	0.13
2012	1,015,578.08	0.0290	0.2433	0.12
2013	1,015,578.08	0.0290	0.2693	0.11
2014	Dividends were not paid			

The decision on allocation and payment of dividends shall be taken by the General Meeting of Shareholders, appropriating the profit/loss of the company available for appropriation.
The dividend can be allocated for a fiscal year or a period shorter than one fiscal year.
The General Meeting of shareholders may not adopt the decision to allocate and pay dividends if at least one of the following conditions is met:
1) the company has not discharged all its obligations that terms had expired before the decision was taken;
2) the result of the financial year available for appropriation is negative (losses were incurred);
3) the equity capital of the company is lower or after the payment of dividends would become lower than the aggregate amount of the authorised capital of the company, the legal reserve, the revaluation reserve and the reserve for own shares.

If the company fails to pay the statutory taxes before the required deadline, it may not pay the dividend, annual bonuses to the Board members and incentives to its employees.

After the General Meeting of Shareholders adopts the decision to allocate dividends, the company must pay the allocated dividends within one month after the day of adoption of the decision on profit appropriation or the decision to allocate dividends for a shorter period than one financial year. Payment of dividends in advance is prohibited.

Persons who were shareholders of the company at the end of the day when the General Meeting declared the dividends (of the tenth day from the General Meeting of Shareholders that took the decision) or were entitled to receive dividends on other legal grounds shall be entitled to the dividend.

36. 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.

General meeting of Shareholders:

Attribution and procedure of summoning of General Meeting of Shareholders do not defer from the attribution and procedure of summoning of General Meeting of Shareholders as determined by the Law on Public Limited Liability Companies.

The right of initiative to convene the General Meeting shall be vested in the Supervisory Board, the Board (the manager of the company, where the Board is not formed) and the shareholders who have at least 1/10 of all votes, unless the Articles of Association provide for a smaller number of votes.

As AB „Rokiškio sūris“ does not have the Supervisory Board the right to initiate general shareholder’s meetings belong to the Board of Directors.

The initiators of the General Meeting shall submit a request to the Board where they must state the reasons for convening the General Meeting and its purposes, submit proposals regarding the agenda, date and venue of the Meeting, drafts of the proposed resolutions. The General Meeting shall be held within 30 days after the date of receipt of the request. It shall not be mandatory to convene the General Meeting if the request does not comply with all the requirements set forth in this paragraph and the required documents have not been submitted or the issues proposed for the agenda are not within the scope of powers the General Meeting.

An Annual General Meeting must be held every calendar year at least within four months from the end of the financial year.

A notice of the General Meeting must be published in the daily indicated in the Articles of Association or delivered against acknowledgement of receipt sent by registered post to each shareholder not later than 21 days before the General Meeting.

The shareholders present at the General Meeting shall be registered in the shareholder registration list. The shareholder registration list shall indicate the number of votes granted to each shareholder by the shares held by him.

A person attending the General Meeting and entitled to vote shall produce a document which is a proof of his personal identity. A person who is not a shareholder shall in addition produce a document certifying his right to vote at the General Meeting. The current provision shall apply if the voting is held in writing by filling in the ballot papers.

If the General Meeting is not held, the repeat General Meeting should be convened at least 5 days and not more than 21 day after the day of the General Meeting which was not held. The shareholders must be notified of the repeat General Meeting in the manner specified in paragraph 4 of this Article at least 5 days before the day of this General Meeting.

Persons who were shareholders at the end of the record date shall have the right to attend and vote at the General Meeting or repeat General Meeting themselves, unless otherwise provided for by laws, or may authorise other persons to vote for them as proxies or may transfer their right to vote to other persons with whom an agreement on the transfer of the voting right has been concluded. The right of shareholder to attend the General Meeting also provides the right to speak and interrogate. The record date of the public limited-liability company shall be the fifth working day before the General Meeting or the fifth working day before the repeat General Meeting.

Shareholders may vote in writing by filling in the ballot papers. Voting by telecommunication terminal equipment shall be equivalent to voting in writing provided that confidentiality of communications is guaranteed and there are means for verifying the identity of shareholder.

The voting right at other General Shareholders’ Meetings is granted by fully paid paid-up shares only. Each share provides one vote at a general shareholders’ meeting.

General meeting of shareholders have the following exclusivity rights:

1. to amend the articles of association;
2. to change the company’s legal address;
3. to elect a supervisory body, yet if this is not formed then to elect the management board members. In case both bodies are not formed, then to elect the company’s executive manager;
4. to recall the supervisory body or its members, as well as the elected board of directors and the company’s executive manager;
5. to elect and recall the company’s auditor executing annual financial reports, determine its payment module;
6. to establish the class, number, nominal value and minimal price of share emission;
7. to convert of one type of shares into the shares of another type, approval of exchange procedure of the Company’s shares;
8. to approve annual financial reports;
9. to adopt resolution regarding distribution of profit (loss);
10. to form, use, decrease or cancel reserves;
11. to approve interim financial accounting prepared on purpose to accept resolution regarding dividends payout for the period shorter than a financial year;
12. to accept resolution regarding dividends payout for the period shorter than a financial year;
13. to resolve regarding emission of convertible bonds;
14. to resolve regarding cancellation of prerogative right to all shareholders to acquire the Company’s shares of a certain emission;
15. to resolve regarding increase of the authorized capital;
16. to resolve regarding decrease of the authorized capital;
17. to resolve regarding purchase of the company’s shares;
18. to resolve regarding reorganization or segregation of the Company and approval of terms for reorganization or segregation;

19. to resolve regarding reformation of the Company;
20. to resolve regarding restructuration of the Company;
21. to resolve regarding liquidation of the Company or cease of liquidation unless the Law on Joint Stock Companies provides differently;
22. to elect and recall the company's liquidator unless the Law on Joint Stock Companies provides differently;

General meeting of shareholders may discuss other issues assigned by the articles of association of the company if the Law on Joint Stock Companies does not assign those functions to other management bodies and in general they are not the functions of management body.

A resolution of general meeting of shareholders is considered to be accepted when a simple majority votes for the resolution rather than against, except in case of points 1, 6, 7, 9, 10, 12, 13, 15, 16, 18, 19, 20, 21 which requires the participated majority of 2/3 of shares with the voting right. Resolution for an item of point 14 may be adopted with the participated majority of 3/4 of shares with the voting right.

37. Committees formed in the Company

Audit Committee of AB Rokiskio suris:
The company‘s Audit Committee is made of 3 members one of which is independent. The cadency of the Audit Committee is four years. Upon recommendation of the company‘s Board of Directors the members of Audit Committee are elected by the general meeting of shareholders. The members of Audit Committee were elected by the 26th April 2013 general meeting of shareholders. Cadency period of the Audit Committee ends in April 2017.

The Audit Committee is a collegial body accepting its decisions at the meetings. The Audit Committee may adopt resolutions and its meeting is considered to be valid when it is attended by at least 2 (two) members of the committee. A resolution is adopted when it is voted for by at least two members of the Audit Committee.

In 2015, the Audit Committee convened 4 meetings. All meetings were attended by all members of the Audit Committee.

Key functions of Audit Committee include the following:
1) supervision of preparation of financial accounts;
2) supervision of functional internal control of the company, risk management and internal audit system,
3) supervision of the Company's auditing procedure;
4) supervision how an auditor pursues the principles of independency and impartiality;
5) honest and responsible operation in favour of the Company and its shareholders.

Members of Audit Committee:
Kęstutis Kirejevas – independent member, director of UAB „EuropaPrint“, has no shares of AB Rokiškio sūris;
Rasa Žukauskaitė – works for AB „Rokiskio suris“, in the financial department, has 2 shares of AB Rokiškio sūris;
Asta Keliuotytė - works for AB „Rokiskio suris“, in the financial department, has no shares of AB Rokiškio sūris.
There are no other committees formed in the company.

38. Management bodies

Management of the company:
Chief Executive Officer - Antanas Trumpa
Deputy CEO - Dalius Trumpa
Chief Financial Officer - Antanas Kavaliauskas
Development Director – Ramūnas Vanagas
Central Services Director – Jonas Kvedaravičius
Logistics Director – Jonas Kubilius
Procurement Director – Evaldas Dikmonas
Sales and Marketing Director – Darius Norkus

System of bonuses for the management:
As the management of the company consists of five members as the Board of Directors, they receive tantiemes in accordance with the company's performance results, also all members of the management receive wages and variable payouts which depend on the company's performance results, market situation and other factors.

There are no other reimbursement systems based on salary or granting of shares.

39. Members of collegial bodies

The Board of Directors of AB Rokiskio suris
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 Public Limited Liability Companies.

Members of managing bodies:
Dalius Trumpa (Deputy Director AB Rokiškio sūris) – Chairman of the Board of Directors,
Antanas Kavaliauskas (CFO AB Rokiškio sūris) – Deputy Chairman,
Antanas Trumpa (CEO AB Rokiškio sūris) – Member of the Board of Directors,
Ramūnas Vanagas (Development Director AB Rokiškio sūris) – Member of the Board of Directors,
Darius Norkus (Sales and Marketing AB Rokiškio sūris) – Member of the Board of Directors.

The members were elected by the August 21, 2015 general meeting of shareholders of AB Rokiškio sūris. Term of service of the Board of Directors is 4 years. Current cadency ends on August 21, 2019.

In 2015, the Board held 16 meetings of the Board. All Board meetings were attended by all members of the Board.

The General Meeting of Shareholders is also attended by the majority of the Board members.

Bonuses to members of the Board may be paid for their work on the Board according to the procedure laid down in Article 59 of the Law on Companies. The amount of bonuses depends on the results business activities of the Company. The decision on bonus payments shall be taken by the General Meeting of Shareholders. No other additional payments for the Chairman of the Board related with the motivation system are stipulated.

Board of Directors:
(as at 31.12.2015)

Dalius Trumpa – Board Chairman, (elected on 21/08/2015, term ends 21/08/2019), Deputy Director of AB Rokiškio sūris, holds 83,500 shares, i.e. 0.23% of the Authorized Capital of AB Rokiškio sūris and 0.24% votes.

Education – university degree. Works for the company since 1991. As from 2002 in the capacity of production director. As from 2007 appointed a deputy director.

Also the director of UAB Rokiskio pienas from 2007.

Participation in the activities of other companies:

Shareholder of UAB Pieno pramonės investicijų valdymas, having 3.91% of the company's shares and votes;
Chief executive officer of a subsidiary UAB Rokiškio pienas, having no shares;
Chief executive officer of a subsidiary UAB Rokiškio pieno gamyba, having no shares;
Director of UAB Rokvalda, having 100% of shares and votes;
From December 11, 2013 director of SIA RSU Holding, having 11.26% of the company's shares.

A shareholder of TEO LT with less than 0.001% ownership.

Antanas Kavaliauskas – Deputy Board Chairman, (elected on 21/08/2015, term ends 21/08/2019), CFO of AB Rokiškio sūris, does not hold any shares 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 (elected on 21/08/2015, term ends 21/08/2019), CEO of AB Rokiškio sūris, holds 6,980,233 shares of AB „Rokiškio sūris“, i.e. 19.46% of Authorized Capital of AB "Rokiškio sūris“ and 20.87% 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:
Board Chairman in UAB Rokiskio pienas and UAB Rokiskio pieno

gamyba.
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“, holds 77.37% of the company shares.

Ramūnas Vanagas - Board member (elected on 21/08/2015, term ends 21/08/2019), 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, having 3.91% of the company’s shares and votes.

Darius Norkus - Board member, (elected on 21/08/2015, term ends 21/08/2019), 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.

The company’s manager participates in all (including the last one) general meetings of shareholders.

Information on the company’s manager (director):

Chief Executive Officer Antanas Trumpa

For more information about the Chief Executive Officer see point 39 as per information about the Board of Directors.

Information on the company’s finance director:

Chief Financial Officer Antanas Kavaliauskas

For more information about the Chief Financial Officer see point 39 as per information about the management bodies.

Data on the allocated funds

In 2015, it was allocated the following sums to the members of the Board of Directors of AB Rokiškio sūris, manager of the Company and the chief financier, average amounts are calculated falling on one member of management bodies, as well as transferred property and guarantees:

Members of collegial bodies	Number of persons	Total allocated sums (wages and tantiemes), kEUR	Average amount per person, (wages and tantiemes), kEUR	Transferred property, kEUR	Guarantees given, kEUR
Members of the Board of Directors	5	145.47	29.09	-	-
Manager of the company and chief financier	2	71.80	35.90	-	-

40. Information on observance of the Company management codex.

Annex to the Consolidated Annual Report

Rokiskio suris AB disclosure of compliance with the Governance Code of the companies whose securities are traded on a regulated market is provided as an annex and it is a part to the consolidated annual report.

41. Information on the publicly announced data

1. Interim results of AB Rokiskio suris group for the three months 2015

In January-March 2015, the consolidated non-audited sales of the Group of AB Rokiskio suris made EUR 52.251 million, i.e. less by 17.57 per cent compared to the same period of last year. In 2014, the consolidated three month sales made EUR 63.387 million.

The consolidated non-audited net loss of 3 months 2015 of AB Rokiskio suris Group made EUR 46 thousand, whilst in the same period last year the consolidated non-audited net loss made EUR 597 thousand.

Decrease of sales was caused by the drop of product prices down to 48 per cent compared to the same period of last year. The negative result was caused due to the low prices of finished products and very passive market.

2. Resolutions of the 24th April 2015 General Meeting of Shareholders of AB Rokiskio suris:

1. Auditor's findings regarding the consolidated financial reports and annual report.
Debriefed.

2. The Audit Committee report.

Resolution:
To endorse the report of the Audit Committee. (attached).

3. The Company's consolidated annual report for the year 2014.
Debriefed with the consolidated annual report for the year 2014 of AB Rokiškio sūris.

4. Approval of the company's consolidated financial accounting for the year 2014.

Resolution:
To approve the consolidated financial reports for the year 2014.

5. Allocation of the profit (loss) of the Company of 2014.

Resolution:
To approve allocation of the profit (loss) of the Company of 2014.

	Title	kLTL	kEUR
1.	Non-distributable profit at beginning of year	168 820	48 894
2.	Approved by shareholders dividends related to the year 2013	(3 507)	(1 016)
3.	Transfers from other reserves	13 336	3 862
4.	Non-distributable profit at beginning of year after dividend payout and transfer to reserves	178 649	51 740
5.	Net profit (loss) of fiscal year for Company	(21 154)	(6 127)
6.	Distributable profit	157 495	45 614
7.	Profit share for mandatory reserve	-	-
8.	Profit share for other reserves	-	-
9.	Profit share for dividend payout	-	-
10.	Profit share for annual payments (tantiemes) to the Board of Directors	-	-
11.	Profit share for employee bonuses and other	-	-
12.	Non-distributable profit at end of year to be transferred to the next fiscal year	157 495	45 614

6. Redenomination of Litas into Euros of the Company's Authorised Capital and of Nominal Value of Securities

Resolution:
According to Republic of Lithuania Law on Euro Adoption, Republic of Lithuania Law on Redenomination to the Euro of the Capital and of the Nominal Value of Securities of Public Limited Liability Companies and Private Limited Liability Companies, and Amendment of the Articles of Association of These Companies and Republic of Lithuania Law on Limited Liability Companies the par value of one AB Rokiskio suris share will be changed from LTL 1 (one) to EUR 0.29 (twenty nine hundredth) and the Company's Authorised Capital will accordingly be set at EUR 10,401,711.30 (ten million four hundred one thousand seven hundred eleven euros 30

ct) divided into 35,867,970 (thirty five million eight hundred sixty seven thousand nine hundred seventy) ordinary registered shares.

7. Approval of new wording of the Company's Articles of Association.

Resolution:
To approve the new wording of the Company's Articles of Association pursuing the adopted resolution to redenominate Litas into the Euro of the Company's Authorised Capital and of Nominal Value of Securities, and in regards with amendments of Republic of Lithuania Law on Public Limited Liability Companies as well as other drafted amendments of the Articles of Association.
To authorize the Company's CEO Antanas Trumpa to sign the new wording of the Articles of Association of AB Rokiškio sūris.

8. Election of the Company's auditor and establishment of payment conditions.

Resolution :
To elect an audit company UAB PricewaterhouseCoopers to perform an audit of annual consolidated financial statements and evaluation of the annual report of the Group of AB Rokiskio suris and the Parent Company. Remuneration for the audit shall be identified by the Board of Directors. The Company's manager is authorized to sign an agreement with the audit company.

9. Regarding purchase of own shares.

Resolution:
1). To purchase up to 10 per cent of own shares.
2). Purpose of acquisition of own shares – maintain and increase the price of the company's shares.
3). Period during which the company may purchase own shares - 18 months from the approval of resolution.
4). Maximal purchase price per share set as – EUR 3.475 minimal purchase price per share is set equally to nominal value of share – EUR 0.290.
5). Minimal sales price per share of the treasury shares is equal to the price at which the shares were purchased.
When selling treasury shares it should be established equal opportunities for all shareholders to acquire the company's shares. Also, it shall be provided the opportunity to annul treasury shares.
6). To authorize the Board of Directors to organize purchase and sales of the own shares, establish an order for purchase and sales of the own shares, as well as their price and number, and also complete all other related actions pursuing the resolutions and requirements of the Law on Joint Stock Companies.

10. Regarding compounding the reserve to acquire own shares.

Resolution:
Reserve for acquisition of own shares accumulated amounts up to EUR 11,668 thousand.

3. Operational results of the group of Rokiskio suris AB for the period of 6 months 2015 and consolidated interim financial statements

The consolidated non-audited sales of the AB Rokiskio suris group for 6 months 2015 made EUR 101.078 million, i.e. 21.79 per cent less compared to the same period last year. In 2014, the consolidated sales of six months made EUR 129.236 million.

The consolidated non-audited net profit of the group within six months 2015 made kEUR 992, i.e. 23.04 per cent less compared to the same period last year. During six months 2014, net profit of the group made kEUR 1,289.

4. Operational results of the group of Rokiskio suris AB for the period of 9 months 2015 and consolidated interim financial statements

The consolidated non-audited sales of the AB Rokiskio suris group for 9 months 2015 made EUR 145.838 million, i.e. 23.67 per cent less compared to the same period last year. In 2014, the consolidated sales of nine months made EUR 191.050 million.

The consolidated non-audited net profit of the group within nine months 2015 made kEUR 1,618. In 9 months 2014 the Group had loss of kEUR 374.

5. Regarding purchase of own shares

The Board of Directors of public joint stock company Rokiškio sūris pursuing the resolution of 21 August 2015 General Meeting of Shareholders and the reserve of mEUR 11.668 accumulated for acquisition of treasury shares, resolved to acquire own ordinary registered shares with a nominal value of EUR 0.29. The acquisition will be implemented through the market of official offer of Nasdaq Vilnius AB stock exchange.

Share sale offers shall be accumulated during the entire purchase period. Should sale offers exceed quantity of shares to be acquired, all offers shall be reduced in proportion.

Purchase conditions:
Share purchase starts on 10 December 2015.
Share purchase ends on 23 December 2015.
Max number of shares to be acquired (units): 2,784,700.
Purchase price (EUR): 1.43 per share.

6. The company Rokiškio sūris AB completed purchasing of own shares

Rokiškio sūris AB completed purchasing of own shares through the market of official offer of Nasdaq Vilnius AB stock exchange. During the period from December 10, 2015 until December 23, 2015, the company acquired 1,612,485 units of own shares which makes 4.50 per cent of the Authorised Capital. Price per share amounts to EUR 1.43.
The maximal amount of shares to be acquired was set as 2,784,700 units.
Payments for the acquired shares will be settled on December 29, 2015.
Including the treasury shares previously acquired, now the company will have 2.414.579 of own shares which will make 6.73 per cent of the Authorized Capital.

7. Information on Rokiskio suris AB issued shares and votes granted

As of 29/12/2015 the Authorized Capital of Rokiskio suris AB is EUR 10,401,711.30. it is made of 35,867,970 ordinary registered shares. Nominal value per share EUR 0.29. The Company owns 2,414,579 treasury shares. Considering that the treasury shares do not have a voting right, total number of shares of Rokiskio suris AB with voting right equals to 33,453,391.

8. Regarding publication of interim statements

Rokiskio suris AB announces that following the new wording of the Law on Securities of the Republic of Lithuania effective as of December 4, 2015, the Company decided to not submit and publish its interim statements. The interim information will not be published as of the date of validation of the Law on Securities. The Company will prepare and publish annual and half-year information.

9. Regarding a submitted lawsuit

Rokiskio suris AB informs that on 31/12/2015 it was received a notification from Panevezys district court regarding a lawsuit submitted to Antanas Trumpa as a manager of Rokiskio suris AB by a small shareholder East Capital (Lux) Baltic Fund, holding 4.96 per cent of the Company‘s Authorized Capital.

10. Additional information on the submitted lawsuit

On December 31, 2015 Rokiskio suris AB received a notification from Panevezys district court regarding a lawsuit submitted to the company’s manager Antanas Trumpa launched by East Capital (Lux) Baltic Fund. The lawsuit states that by granting loans Rokiskio suris AB provided unacceptable financial support as defined in the Law on Public Limited Liability Companies of the Republic of Lithuania. Consequently, it is requested to adjudge damage equal to EUR 11.474 million from the company’s manager Antanas Trumpa on behalf of Rokiskio suris AB. In the opinion of the management of Rokiskio suris AB, the company has always lawfully granted all the loans, and no harm was done to the company, therefore the lawsuit submitted by East Capital (Lux) Baltic Fund has no grounds and will not be contented.

11. The Group of Rokiskio suris AB prepared a business plan for the EU support

The Group of Rokiskio suris AB prepared a business plan “Modernization of milk processing and marketing” and submitted it to the National Paying Agency in order to receive the EU support for implementation of the project. The project investment amounts to EUR 27 million and it covers the period of 2016-2017. The investment will be directed to all three plants of the Group of Rokiskio suris AB, situated in Rokiskis, Utena and Ukmerge. The investment will be used for modernization of current equipment and implementation of new technologies designed to develop production for alternative markets. The company will use its own resources as well as borrowings for the implementation of the project.

12. Regarding the request submitted to the Bank of Lithuania

Rokiskio suris informs that on 27/01/2016 Rokiskio suris AB approached the Supervision Service of the Bank of Lithuania with the request to investigate whether East Capital (Lux) Baltic Fund has not breached a ban on market manipulation as stated by the Law on Markets in Financial Instruments of the Republic of Lithuania by launching the ungrounded, according to the opinion of the management of Rokiskio suris AB, lawsuit to adjudge damage equal to EUR 11.474 million from Antanas Trumpa as well as, in the opinion of the company's management, raising some of market players unsound expectations.

Considering the lawsuit initiated by East Capital (Lux) Baltic Fund, the management of Rokiskio suris AB would like to emphasize again that in the opinion of the management of Rokiskio suris AB, the company has always lawfully granted all the loans, and no harm was done to the company, therefore the lawsuit submitted by East Capital (Lux) Baltic Fund has no grounds and will not be contented. Respectively, the management of Rokiskio suris AB would like to encourage the company's shareholders and other market players to estimate critically the conditions related with the lawsuit submitted by East Capital (Lux) Baltic Fund and not to hurry to make investment decision under these conditions before the legal procedure is completed.

All information on the company's material events is presented following Article 28 of the Law on Securities of the Republic of Lithuania.

The company publishes its information through the base of Central Public Information, on the website of Nasdaq Vilnius Securities Exchange http://www.nasdaqomxbaltic.com and the company's website www.rokiskio.com

42. Information on the publicly announced data after the end of fiscal year

Other information on the important events after the end of fiscal year is presented with the 31st December 2014 consolidated and parent company AB Rokiskio suris financial reports, under Remark 34 (page 50).

43. Information on audit

Audit of consolidated balance sheet of AB Rokiškio sūris (The Group) as at 31st December 2015 as well as related comprehensive income statement, cash flow and change in equity statements was performed by an international audit company UAB PricewaterhouseCoopers.

An audit company to perform annual auditing of financial accounting is elected by the General Shareholders' Meeting, also the Meeting settles terms of payment for the audit. As the Company is a listed company and its financial accounting is handled in accordance with international standards, there is a requirements to elect an international audit company.

PricewaterhouseCoopers International Limited (PwC) is a network of companies providing audit and tax services, it is one of The Big Four (the other ones - KPMG, Ernst & Young, and Deloitte Touche Tohmatsu). UAB PricewaterhouseCoopers (PricewaterhouseCoopers Lietuva) is a legally independent company in Lithuania, a member of the global PwC network.

UAB PricewaterhouseCoopers in Lithuania provides assurance, actuarial, advisory, accounting, tax and legal services. Its clients include both multinational corporations and large local companies.

AB Rokiškio sūris Group paid EUR 39,388 for the audit in 2015.

44. Performance strategy and evaluated changes in the nearest fiscal year

The performance of AB Rokiškio sūris is guided by a three year strategic plan whose main provisions are set forth as follows:

Mission:

***AB „Rokiškio sūris“* = Reliable Dairy Industry Professionals (Patikimi Pieno Pramonės Profesionalai).**

***Strengths*:**

- Financial stability
- Attractive employer
- Sustainable management team
- Well known and esteemed brand

Long-term Objectives:

- To be a leading company of the sector in the Baltic countries
- To maintain the name of attractive employer further emphasizing the following
    - Corporate image/recognition;
    - Social guarantees for employees;
    - Decent partnership with raw materials' suppliers.

Although in 2015 the volumes of sales diminished and the prices of products dropped sharply, the company is going to follow its main principles. AB Rokiškio sūris will further produce export production. The main challenge in the year 2016 is to search for new markets and establish themselves in reliable, stabile and profitable markets which would compensate the lost Russian market.

To reach the above targets it is essential to:

- develop cooperation with strong international partners;
- make more effective production procedures in order to reach highest quality at minimal cost:
- ensure steady supply of raw milk by improving cooperation with raw milk suppliers and aiming to have higher trust in the company.

SUPPLEMENT TO THE CONSOLIDATED ANNUAL REPORT

2015

Rokiskio suris AB disclosure of compliance with the Governance Code of the companies whose securities are traded on a regulated market

Rokiskio suris AB, following Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and item 24.5 of the Listing Rules of AB NASDAQ Vilnius, discloses its compliance with the Corporate Governance Code for the Companies Listed on NASDAQ Vilnius, and its specific provisions.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
Principle I: Basic Provisions **The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.**		
1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	Yes	The Company announces its development strategy and objectives publicly in its annual reports and interim reports which are submitted via the central base of regulated information and the company's website.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	Yes	The Company's managing bodies act in furtherance of the strategic plan according to which the mission is to form a strong, financially sound and technically modern enterprise creating and constantly increasing its value for shareholders.
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain	Yes	As the Company does not have a supervisory body – a Supervisory Board, the function of supervision is acted by the Audit Committee, as

maximum benefit for the company and its shareholders.		well as the Board of Directors and the Company's manager in the manner of close cooperation (the Company's manager, and members of the Board when needed, are invited to participate at the meetings of the Audit Committee. They submit reports on the company's performance, implementation of strategic plan and budgeting, provide recommendations for the financial reporting), which benefits to both the Company and shareholders.
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	Yes	The Company's Board of Directors and managing bodies ensure the rights and interests of shareholders, employees, raw material suppliers are duly respected, also financial aid is provided. The support is provided in order to maintain more stabile raw milk supply and/or improve relationship with main partners and maintain beneficent relationships with durable buyers of production. Employees can enjoy opportunities to improve their qualification at various seminars and courses in Lithuania and abroad. Raw milk suppliers are provided with trainings and seminars for farmers in order to enhance their knowledge of foodstuff preparation, animal breeding, promotion of organic farming.
Principle II: The corporate governance framework **The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.**		
2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more	No	The Company's managing bodies are a general shareholders' meeting, the Board of Directors and the Company's Chief Executive Officer. The Company does not have a collegial supervisory body, and its functions are overtaken by the Board of Directors. The Company's CEO is accountable to the Board of Directors.

efficient and transparent management process.		
2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.	Yes	Functions of the collegial management body are carried out by the Company's Board of Directors.
2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.	No	The Company has only one collegial management body and it is the Board of Directors. Shareholders of the company delegate all managerial function to the Collegial Body – The Board of Directors. They believe that one collegial body is sufficient to have effective management of the company.
2.4. The collegial supervisory body to be elected by the general shareholders' meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does not contradict the essence and purpose of this body.	Yes	The Company has a collegial management body – the Board of Directors. Principles III and IV of the Code are applied to the Board of Directors which do not contradict with the functions assigned to the Board of Directors.
2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.	Yes	According to the Articles of Association the Board of Directors consists of 5 members. The Company believes that 5 members are able to ensure productive work of the Board of Directors enabling to adopt resolutions and it is assumed that an individual member or small group do not dominate the decisions of the Board of Directors. Every Board member has one vote.
2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier	Yes	According to the Articles of the Association the Board of Directors is elected for the 4 year period. Number of cadencies is not limited. A possibility to resign or remove a member of the Board of Directors is regulated by the Lithuanian legislation – a Board member may resign before his/her cadency is ended if the company is informed about it in written not later than 14 days

than the removal procedure for an executive director or a member of the management board.		in advance. A Board member may be recalled by the same institution which elected, i.e. general meeting of shareholders.
2.7. Chairman of the collegial body elected by the general shareholders’ meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company’s chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders’ meeting. When a company chooses to departure from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.	No	The Company’s Board Chairman is not the Chief Executive Officer, but he is a director of daughter company.
Principle III: The order of the formation of a collegial body to be elected by a general shareholders’ meeting **The order of the formation a collegial body to be elected by a general shareholders’ meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the company’s operation and its management bodies.**		
3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders’ meeting (hereinafter in this Principle referred to as the ‘collegial body’) should ensure objective and fair monitoring of the company’s management bodies as well as representation of minority shareholders.	Yes	2 members of the Board of Directors of total 5 are shareholders of the Company. Minor shareholders are not limited in their right to represent their interests and have their representative on the Board of Directors. During the last tenure of the Board of Directors there was one vacant place intended to an independent member, however this vacancy had not been filled in up to the end of term. Pursuing the resolution of general meeting of shareholders according to the Law on Joint Stock Companies the Board members are provided remuneration in the form of tantiemes
3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders’	Yes	Information about the members of the Board of Directors (names, education, qualifications, professional experience, participation in the activities of other companies, other important professional obligations) is provided in the

meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.		periodical reports.
3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.	Yes	A candidate to the members of the Board of Directors shall inform shareholders about his/ her education, professional performance, position and participation in the activities of other companies. Members of the Board provide information on the participation in qualification programs related with activities on the Board.
3.4. In order to maintain a proper balance in terms of the current qualifications possessed by its members, the desired composition of the collegial body shall be determined with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies. At least one of the members of the remuneration committee should have knowledge of and experience in the field of remuneration policy.	Yes	The members of Company's collegial body – the Board of Directors – are the Company's Functional Directors leading some specific areas of the Company's performance, they are competent and qualified to maintain their functions. The Audit Committee consists of 3 members, one of which is independent and has at least 5 year experience in accounting. Other members of the Audit Committee are also qualified to maintain their functions. The Auditing Committee carries out independent and objective activities analyzing, evaluating and consulting the Company in order to improve the Company's performance and increase its added value.
3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update	No	All new Board members are informed on the Company's performance, organization and changes in the meetings of the Board of Directors.

their skills and knowledge.		
3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient number of independent members.	No	Currently there are no independent members on the Board of Directors. During the last tenure of the Board of Directors there was one vacant place intended to an independent member, however this vacancy had not been filled in up to the end of term.
3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependent are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following: 1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years; 2) He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees; 3) He/she is not receiving or has been not receiving significant additional remuneration from the	No	On the 24th April 2015 the Company's General Meeting of Shareholders, the shareholders not related with the Company did not nominated any independent members to the Board of Directors.

company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations); 4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1); 5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counseling and consulting services), major client or organization receiving significant payments from the company or its group; 6) He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company; 7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or		

bodies; 8) He/she has not been in the position of a member of the collegial body for over than 12 years; 9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.		
3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.		
3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.	No	At present, there are no members who comply with the independency criteria.
3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-	No	At present, there are no members who comply with the independency criteria. Within 2015, no other group of shareholders having no relations with the company's management have, not raised a will to have their member on the Company's Board, so they didn't offer a candidacy. Presently, it is expected to receive a proposal in

confirmed.		regards with an independent Board member.
3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds. The general shareholders' meeting should approve the amount of such remuneration.	No	At present, there are no members who comply with the independency criteria.
Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting **The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring of the company's management bodies and protection of interests of all the company's shareholders.**		
4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.	Yes	The Board of Directors approves and submits reciprocations and recommendations to a general meeting of shareholders regarding annual accountability of the Company, distribution of the profit, annual report of the Company, as well as carries out other functions.
4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).	Yes	By the Company's information, all Board members should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders. They are guided by the Company's interests but not their own or any third parties seeking to maintain their independence in decision-making, and they do not accept any unjustified privileges that would compromise their independence.

4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.	Yes	Each member of the collegial body fulfills his/ her functions properly: actively participates at the meetings of collegial body, and devotes sufficient time to perform his/ her duties as a member of the collegial body. The quorum of each meeting was regulated so the Board of Directors would be enabled to accept decisions constructively. In 2015, there were 16 meetings of the Board. All Board meetings were participated by all members of the Board.
4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.	Yes	The Company acts honestly and without bias with its shareholders. The shareholders are informed on the Company's activities in accordance with the Lithuanian legislation by announcing the information in annual reports, through the Central information base and the company's website.
4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.	Yes	The Company's collegial body concludes transactions according to the Articles of Association of the Company and Work regulations of the collegial body.
4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the	No	The Company's Board members are not independent from the Executive management of the Company. All board members are the company's employees. The Board of Directors pursues the Work Regulations of the Board in order to pass decisions. They work for benefit of the Company, and ensure continuous rise of

collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees. When using the services of a consultant with a view to obtaining information on market standards for remuneration systems, the remuneration committee should ensure that the consultant concerned does not at the same time advice the human resources department, executive directors or collegial management organs of the company concerned.		shareholder value. The Company ensures that the collegial body – the Board of Directors – is provided with sufficient resources (including financial) to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees. The Remuneration Committee is not formed at the Company.
4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role,	Yes/No	Pursuing the Law on Audit Article 52 part 1, the Company established the Audit Committee complying with the 21st August 2008 Resolution No. 1K-18 of the Securities Commission. Following the above requirements, the 24th April 2009 general meeting of shareholders approved Regulations of establishment and performance of the Audit Committee, also it elected an independent member of the committee, and approved full composition of the Audit Committee. The 26 April 2013 General Meeting of Shareholders elected the same members of the Audit Committee for further four year cadence. The Audit Committee is an independent, and objective committee carrying out the functions of supervision, analyzing, evaluation and consultation in order to improve general organization and create value added. The main function of the Committee is systematic and versatile evaluation, as well as encouragement of better risk management, and sufficient control and maintenance procedures resulting in submission of recommendations to the Board of Directors and management. The nomination and remuneration committees are

operation, and transparency) should apply, where relevant, to the collegial body as a whole.		not formed at the Company.
4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should exercise independent judgment and integrity when exercising its functions as well as present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.	No	The elected Audit Committee pursues the Regulations of the Audit Committee, including supervision of preparation of financial accounts, as well as functional internal control of the company, risk management and internal audit system, consequently the Committee will submit recommendations to the general meeting of shareholders in relation with the company's annual financial accounting and related matters. The collegial body remains fully responsible for the decisions made within its competence and adopts final decisions.
4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.	Yes	The Audit Committee consists of 3 members, one of which is an independent member.

4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.	Yes	The Audit Committee pursues its duties following the work regulations approved by the general meeting of shareholders. The Committee is accountable to the general meeting of shareholders providing the information on its performance and results as well as the independence of auditing procedure. Every year the Audit Committee submits annual report to the General Meeting of Shareholders. The Company meanwhile provides information in its annual report on the composition of the committee, number of meetings and their attendance by the members, and also the key performance directions.
4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.	Yes	The Audit Committee will invite the CEO of the Company as well as other employees related with the discussed issues to their meetings. Also, the Chairman of the Committee is provided with the right to communicate with shareholders.
4.12. Nomination Committee. 4.12.1. Key functions of the nomination committee should be the following: • Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body	No	There is not a Nomination Committee in the Company.

delegated by the shareholders of the company; • Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes; • Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; • Properly consider issues related to succession planning; • Review the policy of the management bodies for selection and appointment of senior management. 4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.		
4.13. Remuneration Committee. 4.13.1. Key functions of the remuneration committee should be the following: • Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body;	No	There is not a Remuneration Committee in the Company. The Company has established the remuneration policy covering all forms of remuneration including fixed wages and payoffs based on results, retirement modules, and redundancy pays.

• Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies; • Ensure that remuneration of individual executive directors or members of management body is proportionate to the remuneration of other executive directors or members of management body and other staff members of the company; • Periodically review the remuneration policy for executive directors or members of management body, including the policy regarding share-based remuneration, and its implementation; • Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies; • Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors); • Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies. 4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should: • Consider general policy regarding the granting of the		

above mentioned schemes, in particular stock options, and make any related proposals to the collegial body; • Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting; • Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has. 4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies. 4.13.4. The remuneration committee should report on the exercise of its functions to the shareholders and be present at the annual general meeting for this purpose.		
4.14. Audit Committee. 4.14.1. Key functions of the audit committee should be the following: • Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group); • At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided; • Ensure the efficiency of the internal audit function,	Yes	The Audit Committee is independent, objective committee carrying out the functions of supervision, analyzing, evaluation and consultation in order to improve general organization and create value added. The key function of the Committee is systematic and versatile evaluation, as well as encouragement of better risk management, and sufficient control and maintenance procedures resulting in submission of recommendations to the general meeting of shareholders and the board of directors in order to implement set objectives. The Audit Committee analyses the consolidated financial information and provide their recommendations for the integrity of such information, the Committee make their recommendations regarding selection of the

among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually; • Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations; • Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee; • Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter. 4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the audit		external auditor and inspects effectiveness of the external auditor's performance as well as the reaction of the Company's management to their recommendations which are provided by the letter to the management. All members of the committee are furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management informs the Audit Committee of the methods used to account for significant and unusual transactions. The Audit Committee has a right to demand that the Board Chairman, Chief Executive Officer of the company, Chief Financial Officer would participate at its meetings. The committee is also entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present. The Audit Committee will present its performance report for the general meeting of shareholders, when the annual financial reports are being approved.

committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations. 4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present. 4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors. 4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit. 4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these		

issues and for appropriate follow-up action. 4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.		
4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.	No	There is no practice of collegial body assessment.
Principle V: The working procedure of the company's collegial bodies **The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.**		
5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.	Yes	The Company's Board of Directors is chaired by the Board Chairman acting in accordance with the approved Work Regulations. The Board Chairman is responsible for sufficient information about the meeting being convened and its agenda communication to all members of the body. He/ she also ensures order and working atmosphere during the meeting.
5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the	Yes	The company's collegial bodies should be carried out according to the schedule approved in

schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month.		advance at certain intervals of time, i.e. not less than once per three month period. 5 (five) days prior a meeting each Board member is provided with the announcement of the meeting to be convened and its agenda. Planned Board meetings are convened by the Board Chairman, in his absence – the Deputy Board Chairman.
5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.	Yes	5 (five) days prior a meeting each Board member is provided with the announcement of the meeting to be convened and its agenda. Planned Board meetings are convened by the Board Chairman, in his absence – the Deputy Board Chairman. The agenda might be supplemented only if all members of the Board of Directors present at the meeting, and they all agree that the item is important enough to be put on the agenda.
5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.	No	The Company does not have a Supervisory Board and this statement is not applied.
Principle VI: The equitable treatment of shareholders and shareholder rights **The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.**		
6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their	Yes	As at 31st December 2015, the authorized capital of AB Rokiskio suris amounted up to 35,867,970 ordinary registered shares. Nominal value of the

holders.		shares amounts to EUR 0,29. All company's owners have the same property and non-property rights, except treasury shares are not entitled to enjoy these rights. The company had bought 2,414,579 treasury shares which made 6.73 per cent of the company's authorized capital. The shares with voting right equals to 33,453,391.
6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	Yes	Investors have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance.
6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting. All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	No	According to the Articles of Association of the Company, important transactions, i.e. the decisions regarding investment, transference, lease or mortgage of non-current assets whose book value makes over 1/5 of the Company's Authorized Capital, as well as the decisions regarding execution, warranty or pledge of other bodies' liabilities whose total sum is over 1/5 of the Company's Authorized Capital, and the decisions to acquire non-current assets whose price is over 1/5 of the Company's Authorized Capital, do not require approbation by shareholders. Such resolutions (according to the Articles of Association) are approved by the Board of Directors.
6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders.	Yes	Shareholder meetings are held in the company's office in Rokiskis, Pramonės str. 3. Usually, general meetings of shareholders are held on the last Friday of April. In 2015, general meeting of shareholders was held on 24th April 2015.
6.5. It is possible, in order to ensure shareholders living abroad the right to access to the information, it is recommended that documents on the course of the general shareholders' meeting should be placed on the publicly	Yes	The documents prepared for General meeting of shareholders including draft resolutions of the meeting are available not later than 21 day prior the date of general meeting of shareholders as

accessible website of the company not only in Lithuanian language, but in English and /or other foreign languages in advance. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in Lithuanian, English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.		required by the Law on Joint stock companies. The documents placed on the website of NASDAQ Vilnius security exchange and the company website are available in Lithuanian and English languages. Resolutions accepted by the general meeting of shareholders including financial reports, the audit report, annual report, amendments of articles of association etc. are announce in Lithuanian and English languages are announced via the central base of regulated information of NASDAQ Vilnius security exchange and the company website www.rokiskio.com
6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	Yes	Shareholders of the company have the right to participate at general meeting of shareholders personally or appoint a representative if there is a proper Power of Attorney or Agreement to pass votes according to the applicable legislation. Also, the Company provides its shareholders with the right to fill in a common voting bulletin as it is required by the Law on Joint Stock Companies.
6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies by allowing the shareholders to participate and vote in general meetings via electronic means of communication. In such cases security of transmitted information and a possibility to identify the identity of the participating and voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially shareholders living abroad, with the opportunity to watch shareholder meetings by means of modern technologies.	No	This statement is not followed by the Company because there is not an opportunity to secure safety of the transmitted information and it is impossible to identify personality of the participator and voter.
Principle VII: The avoidance of conflicts of interest and their disclosure **The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of**		

the corporate bodies.		
7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.	Yes	Management bodies conduct in a way to ensure there is no personal interest conflicts. There have not been any such situations so far.
7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.	Yes	
7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.	Yes	The company follows the recommendation. A Board member abstains from voting, when discussing the transactions or other issues in which he/ she has certain interests.
7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.	Yes	The company follows the recommendation. A Board member abstains from voting, when discussing the transactions or other issues in which he/ she has certain interests.

Principle VIII: Company's remuneration policy **Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors.**		
8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement) which should be clear and easily understandable. This remuneration statement should be published as a part of the company's annual statement as well as posted on the company's website.	No	The company does not announce any reports on the remuneration system because it is regarded to be an internal confidential document. General information on the remuneration politics, average wages of the Company employees according to groups and total annual payouts to the Company's top management are publically announced in the Company's consolidated annual report.
8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.	Yes	As from 2004 and up to date, the Company applies a remuneration system which conforms all the statements of this point. The system is approved by the Company's manager, but it is not announced publicly. Information on total annual payouts to the Company's top management are publically announced in the Company's consolidated annual report and consolidated financial accounts.
8.3. Remuneration statement should leastwise include the following information: • Explanation of the relative importance of the variable and non-variable components of directors' remuneration; • Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; • An explanation how the choice of performance criteria contributes to the long-term interests of the company; • An explanation of the methods, applied in order to determine whether performance criteria have been	No	As there is not a Remuneration Committee, the statements are not determined.

fulfilled; • Sufficient information on deferment periods with regard to variable components of remuneration; • Sufficient information on the linkage between the remuneration and performance; • The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; • Sufficient information on the policy regarding termination payments; • Sufficient information with regard to vesting periods for share-based remuneration, as referred to in point 8.13 of this Code; • Sufficient information on the policy regarding retention of shares after vesting, as referred to in point 8.15 of this Code; • Sufficient information on the composition of peer groups of companies the remuneration policy of which has been examined in relation to the establishment of the remuneration policy of the company concerned; • A description of the main characteristics of supplementary pension or early retirement schemes for directors; • Remuneration statement should not include commercially sensitive information.		
8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.	No	The company does not announce any information on remuneration amounts or any other benefits received by the directors because the company believes this is a confidential information.

8.5. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.5.1 to 8.5.4 for each person who has served as a director of the company at any time during the relevant financial year. 8.5.1. The following remuneration and/or emoluments-related information should be disclosed: • The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting; • The remuneration and advantages received from any undertaking belonging to the same group; • The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; • If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director; • Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year; • Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points. 8.5.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed: • The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application;	No	

• The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year; • The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights; • All changes in the terms and conditions of existing share options occurring during the financial year. 8.5.3. The following supplementary pension schemes-related information should be disclosed: • When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year; • When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year. 8.5.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial report of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.		
8.6. Where the remuneration policy includes variable components of remuneration, companies should set limits on the variable component(s). The non-variable component of remuneration should be sufficient to allow the company to withhold variable components of remuneration when performance criteria are not met.	Yes	The Company applies the remuneration system according to which compensation for work consists of variable parts. The variable constituents are allocated to every function according to the overall functional management system.
8.7. Award of variable components of remuneration should be subject to predetermined and measurable performance criteria.	Yes	The variable constituents are allocated by the Company's management, taking into account the results of the Company's performance, number of

		employees, market situation and other factors.
8.8. Where a variable component of remuneration is awarded, a major part of the variable component should be deferred for a minimum period of time. The part of the variable component subject to deferment should be determined in relation to the relative weight of the variable component compared to the non-variable component of remuneration.	Yes	When a variable part of compensation is allocated, the biggest part of the payment of variable part of compensation is reserved to the first quarter.
8.9. Contractual arrangements with executive or managing directors should include provisions that permit the company to reclaim variable components of remuneration that were awarded on the basis of data which subsequently proved to be manifestly misstated.	No	The variable part of compensation is only paid when its validity is fully certain.
8.10. Termination payments should not exceed a fixed amount or fixed number of years of annual remuneration, which should, in general, not be higher than two years of the non-variable component of remuneration or the equivalent thereof.	Yes	Termination payments are paid in accordance with the statements of Work Codex of the Republic of Lithuania article 140, and the statements of Corporate Agreement approved by the Company.
8.11. Termination payments should not be paid if the termination is due to inadequate performance.	Yes	Termination payments are not paid out if the job contract is terminated due to bad performance results.
8.12. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.	No	The company doesn‘t have any other remuneration system designed to the directors except the variable part of salary which depends on the company‘s performance results, market situation and other factors.
8.13. Shares should not vest for at least three years after their award.	No	Remuneration is not based on share award.
8.14. Share options or any other right to acquire shares or to be remunerated on the basis of share price movements should not be exercisable for at least three years after their award. Vesting of shares and the right to exercise share	No	Remuneration is not based on share award.

options or any other right to acquire shares or to be remunerated on the basis of share price movements, should be subject to predetermined and measurable performance criteria.		
8.15. After vesting, directors should retain a number of shares, until the end of their mandate, subject to the need to finance any costs related to acquisition of the shares. The number of shares to be retained should be fixed, for example, twice the value of total annual remuneration (the non-variable plus the variable components).	No	See point 8.13.
8.16. Remuneration of non-executive or supervisory directors should not include share options.	No	See point 8.13.
8.17. Shareholders, in particular institutional shareholders, should be encouraged to attend general meetings where appropriate and make considered use of their votes regarding directors' remuneration.	No	Shareholders are encouraged to attend general meetings of shareholders, yet the meetings do not consider issues of the directors' remuneration system. It is considered to be a prerogative of the Board of Directors.
8.18. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.	No	See point 8.13.
8.19. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case	No	Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements are not determined at the Company.

shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.		
8.20. The following issues should be subject to approval by the shareholders' annual general meeting: • Grant of share-based schemes, including share options, to directors; • Determination of maximum number of shares and main conditions of share granting; • The term within which options can be exercised; • The conditions for any subsequent change in the exercise of the options, if permissible by law; • All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors.	No	Schemes anticipating remuneration of directors in shares are not determined at the Company.
8.21. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.	No	There are no share subscription transactions or grants based on share price fluctuation.
8.22. Provisions of Articles 8.19 and 8.20 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.	No	The employees of the company and subsidiaries do not get remuneration with shares.
8.23. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.19, the	No	See point 8.19.

shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.		
Principle IX: The role of stakeholders in corporate governance **The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.**		
9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.	Yes	The corporate governance framework assures the rights of stakeholders that are protected by law are respected. The company applies a Corporate Contract with employees, and the contract is signed by the CEO and Trade Union. Also it is ensured the interest holders are able to participate in governance. For example, participation of the company's employees and raw milk suppliers in the company's Capital. The greatest part of shareholders is the company's employees. The interest holders have the right to receive information required.
9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context		

of the company's insolvency, etc.		
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.		
Principle X: Information disclosure and transparency **The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.**		
10.1. The company should disclose information on: • The financial and operating results of the company; • Company objectives; • Persons holding by the right of ownership or in control of a block of shares in the company; • Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; • Material foreseeable risk factors; • Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; • Material issues regarding employees and other stakeholders; • Governance structures and strategy. This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.	Yes	The company announces the information immediately via the central base of regulated information in both the Lithuanian and English languages simultaneously. The information is placed immediately so the information would be accessible to each shareholder simultaneously. In addition, the company when possible provides information before or after trading sessions of NASDAQ Vilnius in order to ensure all shareholders and investors of the Company would have equal opportunities to get the information needed to make appropriate investment decisions. The company does not disclose any information possibly influencing share price prior it is announced publicly via the central data base of the regulated information.
10.2. It is recommended to the company, which is the parent of other companies, that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of	Yes	The Company's consolidated annual reports and consolidated financial accounts disclose information on the annual payments to employees, total sums annually paid to the top

Recommendation 10.1 is under disclosure.		management and amount of tantiemes paid to the Board members.
10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII.		The company's annual reports include information about the activities of Board members, participation in the activities of other companies as well as the amount of shares of the company owned by the members. Also, there is information about the average payment amounts.
10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.	Yes	Also, consolidated report includes information if the Board of Directors or top management were granted any loans, guarantees or support, as well as the information on any payments received for the work done at the collegial body.
10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.	Yes	The company announces the information immediately via the central base of regulated information NASDAQ Vilnius in both the Lithuanian and English languages. The information is placed immediately so the information would be accessible to each shareholder simultaneously. In addition, the company when possible provides information before or after trading sessions of NASDAQ Vilnius in order to ensure all shareholders and investors of the Company would have equal opportunities to get the information needed to make appropriate investment decisions. The company does not disclose any information possibly influencing share price prior it is announced publicly via the central data base of

		the regulated information.
10.6. Channels for disseminating information should provide for fair, timely and cost-efficient or in cases provided by the legal acts free of charge access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.	Yes	In the company's website, the company publishes all its reports which are placed in the central information base in Lithuanian and English, including the Company's annual report, a set of financial statements and other periodical reports prepared by the Company, as well as other stock events.
10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.	Yes	In the company's website, the company publishes all its reports which are placed in the central information base in Lithuanian and English, including the Company's annual report, a set of financial statements and other periodical reports prepared by the Company, as well as other stock events.
Principle XI: The selection of the company's auditor **The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.**		
11.1. An annual audit of the company's financial reports and interim reports should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.	Yes	An independent audit company performs auditing of the Company's and its subsidiaries individual and consolidated (the group) annual financial reports in accordance with International Accounting Standards applicable in the EU. An independent auditing company also evaluates conformity of annual report to the audited financial statements.
11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.	Yes	The Board of Directors proposes an auditing firm to the general meeting of shareholders.
11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of	Yes	The Audit Company has been paid for the service to supervise tax management. Such information

auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.		shall be provided to the general meeting of shareholders.