

**ŽEMAITIJOS PIENAS, AB**  
**SET OF INTERIME CONSOLIDATED**  
**AND**  
**INTERIME SEPARATE FINANCIAL STATEMENTS**  
**FOR THE PERIOD OF 6 MONTHS AS AT 30 JUNE 2016**

## STATEMENTS OF FINANCIAL POSITION

ASSETS	The Group		The Company	
	30-06-2016	31-12-2015	30-06-2016	31-12-2015
<b>Fixed assets</b>				
Intangible assets	163	124	162	124
Tangible assets	25.462	25.601	22.852	23.033
Investments for sale	134	147	1.126	1.160
Investments into subsidiaries	1	1	3.152	3.152
Loans granted	1.270	877	1.270	877
Other fin. assets	27	27	27	27
Deferred profit tax assets	3.019	3.047	2.669	2.696
<b>Total amount of fixed assets</b>	<b>30.076</b>	<b>29.824</b>	<b>31.258</b>	<b>31.069</b>
<b>Current assets</b>				
Stock	25.493	26.091	23.416	23.987
Advance payments	431	360	382	345
Receivables from the buyers	13.563	12.628	12.911	12.089
Other receivables	679	1.111	641	1.060
Cash and cash equivalents	15.118	10.223	11.839	4.827
<b>Total amount of current assets</b>	<b>55.284</b>	<b>50.414</b>	<b>49.189</b>	<b>42.308</b>
<b>ASSETS IN TOTAL</b>	<b>85.360</b>	<b>80.238</b>	<b>80.447</b>	<b>73.377</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital	14.029	14.029	14.029	14.029
Own shares (-)	(1.323)	(1.323)	(1.323)	(1.323)
Required reserve	1.401	1.401	1.401	1.401
Other reserves	4.566	4.566	4.566	4.566
Undistributed profit	41.655	38.070	37.832	34.085
<b>Equity of the shareholders of the parent company</b>	<b>60.328</b>	<b>56.742</b>	<b>56.504</b>	<b>52.757</b>
Minority interest	967	990	-	-
<b>Equity in total</b>	<b>61.295</b>	<b>57.732</b>	<b>56.504</b>	<b>52.757</b>
<b>Long-term liabilities</b>				
Support received	1.354	1.595	1.188	1.397
Loans	-	-	-	-
Liabilities arising from the financial lease	-	-	-	-
Liabilities arising from the deferred profit tax	-	-	-	-
Other long-term liabilities	2	2	2	2
<b>Total amount of long-term liabilities</b>	<b>1.356</b>	<b>1.597</b>	<b>1.190</b>	<b>1.399</b>
<b>Short-term liabilities</b>				
Loans	-	-	-	-
Liabilities arising from the financial lease	9	32	9	32
Trade debts	14.387	12.566	17.682	13.759
Payable profit tax	0	622	0	159
Other payable amounts	8.312	7.689	5.062	5.271
<b>Total amount of short-term liabilities</b>	<b>22.709</b>	<b>20.909</b>	<b>22.753</b>	<b>19.221</b>
<b>Liabilities in total</b>	<b>24.065</b>	<b>22.506</b>	<b>23.943</b>	<b>20.620</b>
<b>EQUITY AND LIABILITIES IN TOTAL</b>	<b>85.360</b>	<b>80.238</b>	<b>80.447</b>	<b>73.377</b>

20-07-2016

General Director  
Chief Accountant

Robertas Pažemeckas  
Dalia Geciėnė



## STATEMENTS OF COMPREHENSIVE INCOME

### The Group

	Jan-Jun 2016	Jan-Jun 2015	April-Jun 2016	April-Jun 2015
Sales	67.131	72.539	33.644	38.932
Cost of sales	(50.813)	(58.433)	(25.473)	(31.132)
<b>GROSS PROFIT</b>	<b>16.318</b>	<b>14.106</b>	<b>8.171</b>	<b>7.799</b>
Operating expenses	(12.121)	(11.880)	(7.148)	(7.116)
Other operating income and expenses	105	163	64	75
<b>(LOSS) PROFIT FROM OPERATIONS</b>	<b>4.302</b>	<b>2.389</b>	<b>1.087</b>	<b>758</b>
Finance costs	(1)	(1)	(0)	(0)
Other financial income and expenses	58	49	69	(6)
<b>(LOSS) PROFIT BEFORE TAX</b>	<b>4.359</b>	<b>2.437</b>	<b>1.156</b>	<b>752</b>
Income tax (benefit) expense	(796)	(1.017)	(412)	(644)
<b>TOTAL INCOME FOR THE PERIOD</b>	<b>3.563</b>	<b>1.420</b>	<b>744</b>	<b>108</b>
<b>ATTRIBUTABLE TO:</b>				
Equity holders of the Company	3.585	1.211	817	119
Minority interest	(22)	209	(73)	(11)
	<b>3.563</b>	<b>1.420</b>	<b>744</b>	<b>108</b>
<b>Basic and diluted earnings per share (EUR)</b>	<b>0,07</b>	<b>0,03</b>	<b>0,02</b>	<b>0,002</b>

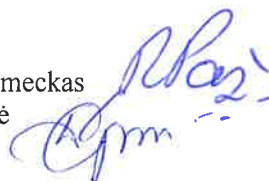
### The Company

	Jan-Jun 2016	Jan - Jun 2015	April-Jun 2016	April-Jun 2015
Sales	66.158	70.165	33.557	37.939
Cost of sales	(51.191)	(58.947)	(25.926)	(34.818)
<b>GROSS PROFIT</b>	<b>14.967</b>	<b>11.218</b>	<b>7.631</b>	<b>3.121</b>
Operating expenses	(10.967)	(10.985)	(6.198)	(6.552)
Other operating income and expenses	312	323	167	153
<b>(LOSS) PROFIT FROM OPERATIONS</b>	<b>4.312</b>	<b>556</b>	<b>1.600</b>	<b>(3.278)</b>
Finance costs	(1)	(1)	(0)	(0)
Other financial income and expenses	62	58	72	(0)
<b>(LOSS) PROFIT BEFORE TAX</b>	<b>4.373</b>	<b>613</b>	<b>1.672</b>	<b>(3.278)</b>
Income tax (benefit) expense	(626)	(912)	(299)	(591)
<b>TOTAL INCOME FOR THE PERIOD</b>	<b>3.747</b>	<b>(299)</b>	<b>1.373</b>	<b>(3.869)</b>
<b>ATTRIBUTABLE TO:</b>				
Equity holders of the Company	3.747	(299)	1.373	(3.869)
Minority interest	-	-	-	-
	<b>3.747</b>	<b>(299)</b>	<b>1.373</b>	<b>(3.869)</b>
<b>Basic and diluted earnings per share (EUR)</b>	<b>0,08</b>	<b>(0.006)</b>	<b>0,03</b>	<b>(0,08)</b>

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## STATEMENT OF CHANGES IN EQUITY

The Group	Share capital	Own shares (-)	Legal reserve	Reserves for own shares	Other reserves	Retained earnings	Equity	Minority interest	Total
<b>Balance as of</b>									
<b>31 December 2014</b>	14.010	(1.323)	1.401	4.345	221	32.417	51.071	654	51.725
Dividends	-	-	-	-	-	-	-	-	-
Transfer to reserves	-	-	-	-	-	-	-	-	-
Reserves used	-	-	-	-	-	-	-	-	-
The result of the conversion to the euro	19	-	-	-	-	-	19	-	19
<b>Net profit</b>	-	-	-	-	-	1.211	1.211	209	1.420
<b>Balance as of</b>									
<b>30 June 2015</b>	14.029	(1.323)	1.401	4.345	221	33.627	52.299	864	53.163
<b>Balance as of</b>									
<b>31 December 2015</b>	14.029	(1.323)	1.401	4.345	221	38.070	56.742	990	57.732
Dividends	-	-	-	-	-	-	-	-	-
Transfer to reserves	-	-	-	-	-	-	-	-	-
Reserves used	-	-	-	-	-	-	-	-	-
Acquisition of own shares	-	-	-	-	-	-	-	-	-
The share capital increase	-	-	-	-	-	-	-	-	-
The result of the conversion to the euro	-	-	-	-	-	-	-	-	-
<b>Net profit</b>	-	-	-	-	-	3.585	3.585	(22)	3.563
<b>Balance as of</b>									
<b>30 June 2016</b>	14.029	(1.323)	1.401	4.345	221	41.655	60.328	967	61.295

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## STATEMENT OF CHANGES IN EQUITY

The Company	Share capital	Own shares (-)	Legal reserve	Reserves for own shares	Other reserves	Retained earnings	Total
<b>Balance as of</b>							
<b>31 December 2014</b>	14.010	(1.323)	1.401	4.344	221	30.848	49.501
Dividends	-	-	-	-	-	-	-
Transfer to reserves	-	-	-	-	-	-	-
Reserves used	-	-	-	-	-	-	-
The share capital increase in conversion to the euro	19	-	-	-	-	-	19
<b>Net profit</b>	-	-	-	-	-	(299)	(299)
<b>Balance as of</b>							
<b>30 June 2015</b>	14.029	(1.323)	1.401	4.344	221	30.549	49.221
<b>Balance as of</b>							
<b>31 December 2015</b>	14.029	(1.323)	1.401	4.344	221	34.085	52.757
Dividends	-	-	-	-	-	-	-
Transfer to reserves	-	-	-	-	-	-	-
Reserves used	-	-	-	-	-	-	-
Acquisition of own shares	-	-	-	-	-	-	-
The share capital increase in conversion to the euro	-	-	-	-	-	-	-
<b>Net profit</b>	-	-	-	-	-	3.747	3.747
<b>Balance as of</b>							
<b>30 June 2016</b>	14.029	(1.323)	1.401	4.344	221	37.832	56.504

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## CASH FLOW STATEMENTS

	The Group		The Company	
	Jan-Jun 2016	Jan-Jun 2015	Jan-Jun 2016	Jan-Jun 2015
<b>Cash flow from operating activities</b>				
Profit (loss) for the period	3.563	1.420	3.747	(299)
<b>Adjustments:</b>				
Depreciation and amortization	2.224	2.124	1.992	1.746
Amortization of grants received	(241)	(288)	(209)	(209)
Gain (loss) on disposal of non-current assets	(11)	(10)	(11)	(10)
Corporate income tax expenses	27	-	27	-
Impairment of accounts receivable	-	-	-	-
Impairment of property, plant and equipment	-	-	-	-
Impairment of inventories to net realizable value	-	-	-	-
Net financial expenses (income)	(61)	(69)	(61)	(57)
Elimination of non-cash items	(180)	-	(180)	-
Loss from liquidation of subsidiaries	-	-	-	-
Net cash flows from ordinary activities before changes in working capital	<b>5.321</b>	<b>3.177</b>	<b>5.305</b>	<b>1.171</b>
<b>Changes in working capital:</b>				
(Increase) decrease in inventories	598	1.712	571	1.634
(Increase) decrease in trade receivables	(935)	(2.096)	(822)	(1.961)
(Increase) decrease in prepayments	(72)	334	(36)	322
(Increase) decrease in other receivables	197	(250)	181	(148)
(Decrease) increase in trade payables	1.821	6.598	3.923	6.264
(Decrease) increase other accounts payable	623	1.383	(210)	1.207
Corporate income tax paid	(622)	56	(159)	27
<b>Net cash flows from operating activities</b>	<b>6.931</b>	<b>10.914</b>	<b>8.753</b>	<b>8.516</b>
<b>Cash flows from (to) investing activities</b>				
Acquisition of intangible assets and property, plant and equipment	(2.123)	(6.207)	(1.828)	(5.910)
Proceeds on sale of property, plant and equipment	26	12	26	12
Acquisition of subsidiaries	-	-	-	-
Sale of investments available for sale	-	-	-	-
Repayment of loans granted	554	364	554	364
Loans granted	(531)	(262)	(531)	(262)
Interest received	56	71	56	71
<b>Net cash flows (to) investing activities</b>	<b>(2.018)</b>	<b>(6.022)</b>	<b>(1.723)</b>	<b>(5.725)</b>



*Cash flow statements- continue*

	The Group		The Company	
	Jan-Jun 2016	Jan-Jun 2015	Jan-Jun 2016	Jan-Jun 2015
<b>Cash flows from (to) financing activities</b>				
Acquisition of own shares	-	-	-	-
The share capital increase in conversion to the euro	-	19	-	19
Dividends, bonus paid	-	-	-	-
Grants received	-	27	-	27
Loans received	-	-	-	-
Repayment of loans	-	-	-	-
Financial lease payments	(22)	(43)	(22)	(43)
Interest paid	(1)	(1)	(1)	(1)
Other financial (income) and expenses	5	(1)	5	(9)
<b>Net cash flows from financial activities</b>	<b>(18)</b>	<b>1</b>	<b>(18)</b>	<b>(7)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>4.895</b>	<b>4.893</b>	<b>7.012</b>	<b>2.784</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>10.223</b>	<b>7.018</b>	<b>4.827</b>	<b>6.224</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>15.118</b>	<b>11.911</b>	<b>11.839</b>	<b>9.008</b>

20-07-2016

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Chief Accountant

Dalia Gecienė

## EXPLANATORY NOTES

### 1. GENERAL INFORMATION

Žemaitijos pienas, AB (hereinafter referred to as the Company) is a public limited liability company registered in the Republic of Lithuania. Its registered office is situated at the address Sedos st. 35, Telšiai, Lithuania.

The Company produces dairy products and sells them on the Lithuanian and foreign markets. The Company has a number of wholesale units with warehouses and vehicles in the biggest cities of Lithuania. The Company commenced its operations in the year 1984.

On the grounds of the Law on Expressing the Share Capital of Public and Private Limited Liability Companies of the Republic of Lithuania and the Nominal Value of Securities in Euro and Changes to Articles of Association, as the Republic of Lithuania joined the Euro zone from January 1st, 2015, according to the Board decision of Central Securities Depository of Lithuania, PLC in 04/11/2014, on January 1st, 2015, "Žemaitijos pienas", PLC issued shares nominal value has been changed from LTL to 0.29 Euro. The change of shares nominal value from 1 LTL to 0.29 Euro has also been approved at the company's shareholders meeting in 24/04/2015. Having changed the shares nominal values, the share capital of the company has changed as well, i.e. total nominal value of issued shares has become - 14 028 750 Euros.

On 30 June 2015 and 2016 the Company's share capital was 14 029 thousand of EUR composed of 48.375.000 ordinary registered shares with a nominal value of 0,29 EUR per share.

All of the shares are issued, subscribed and paid up.

Subsidiaries did not hold any shares of the Company as of 30 June 2016 and 2015.

The Company's shares are traded on the Baltic Additional trade list of the Vilnius Stock Exchange.

On 30 June 2015 and 2016 the Company had acquired its own shares – 2.071 thousand units by 1.323 thousand of EUR.

On 30 June 2016, the Group was composed of Žemaitijos pienas, AB and its subsidiaries (hereinafter - the Group):

Subsidiary	Registered office of the Company	Interest of the Group's shares	Consolidated interest	Investments (cost price) in 2016	Net assets 30 June 2016	Main activities
Šilutės Rambynas, ABF	Klaipėdos st. 3, Šilutė, Lithuania	87.82 %	87.82 %	3 150	7 941	Production and sale of cheese
Muižas pienas, SIA	Skaikalknes st. 1, Rīga, Latvia	32 %	-	1	-	Wholesale and retail
				3 151		

On 30 June 2016, the Company had 1.202 employees, and the Group had 1.393 employees (on 30 June 2015 – 1.435 employees in the Group).





*The main financial indicators of the performances :*

	<i>The Group</i>		<i>The Company</i>	
	<i>01-06 2016</i>	<i>01-06 2015</i>	<i>01-06 2016</i>	<i>01-06 2015</i>
<i>Sales, Eur thousand</i>	<i>67.131</i>	<i>72.539</i>	<i>66.158</i>	<i>70.165</i>
<i>Gross profit, Eur thousand</i>	<i>16.318</i>	<i>14.106</i>	<i>14.967</i>	<i>11.218</i>
<i>EBITDA, Eur thousand</i>	<i>6.343</i>	<i>4.274</i>	<i>6.156</i>	<i>2.151</i>
<i>The total liquidity at the end of period</i>	<i>2,43</i>	<i>2,12</i>	<i>2,16</i>	<i>1,98</i>
<i>The book value of shares at the end of period</i>	<i>1,27</i>	<i>1,1</i>	<i>1,17</i>	<i>1,02</i>

## 2. ACCOUNTING PRINCIPLES

This interim consolidated and interim separate financial statement has been prepared in accordance with the International Financial Reporting Standards adopted by the European Union (EU).

The submitted financial statement has been prepared on the acquisition cost price basis, except for the revaluation of certain financial instruments at their fair value.

The financial year of the Company and Group's companies coincides with the calendar year.

Since January 1st, 2015, financial accountability is presented in Lithuanian national currency - Euro.

Interim financial statements are subject to the same accounting policies and methods as the annual financial statements for the 31 December 2015.

Here are the most significant accounting policies:

The consolidated financial statement covers the financial statements of the Company and its controlled subsidiaries at a certain date. The control is deemed to be present when the Company has the power to control the financial and operating policy of another company, wherein it has invested its capital, in order to obtain some benefits thereof.

The acquisition of subsidiaries is accounted for using the purchase method. The acquisition cost price is composed of the fair value of transferred assets, issued equity instruments or assumed liabilities on the day of acquisition as well as expenses related with this acquisition directly. The assets and liabilities of the acquired company, which meet three recognition criteria under IFRS 3, are assessed at their fair value on the day of acquisition. The primary assessment of the subsidiary's assets and liabilities is modified within twelve months as of acquisition, having received additional data, which helps to assess more accurately the fair value of the assets and liabilities of this subsidiary.

Any positive difference between the acquisition cost price and the fair value of the acquired company's net assets is recognized as goodwill. Any negative difference between the acquisition cost price and the fair value of the acquired company's net assets is recognized as income of that period and is accounted for in the statement of comprehensive income.



The interest of the minority shareholders is composed of their portion of the fair values of the assets and liabilities.

The financial results of the subsidiary, which has been acquired (sold) within a year, are included in the consolidated statement of comprehensive income from the day of its acquisition until its sale (if any).

The financial statements of the subsidiaries are modified in order to conform to the accounting principles of the Group, should they be different.

All the significant transactions between the Group's companies, balance, income, expenses and undistributed profit (loss) from mutual transactions are eliminated from the consolidated financial statement.

Investments in the subsidiaries are accounted for in the Company's report of the financial situation at their acquisition cost price. The dividends of the subsidiaries are recognized as income only to the extent they are paid from the post-acquisition profit of the subsidiary. The portion of the dividends that exceeds such profit is deemed to be the coverage of investment and is recognized as a reduction in the investment cost price.

Intangible assets are initially recognized at their acquisition value. Intangible assets are recognized if it is probable that the Group and the Company will receive in the future some economic benefits related with these assets and if the value of these assets can be measured reliably. The Group and the Company does not have intangible assets of an indefinite useful life; therefore after their primary recognition, intangible assets are accounted for at their acquisition value, less accumulated amortization and impairment loss, if any. Intangible assets are amortized using the straight-line method over the estimated useful life. The amortization expenses of intangible assets are included into the operating expenses.

The acquisition costs of new software are capitalized and recognized as intangible fixed assets if these costs are not a component of hardware. Software and licenses are amortized within a period of 3 years.

The costs, which are incurred in restoring or maintaining of the planned economic benefits from the operation of the existing software systems, are recognized as costs in the period when maintenance and support works are performed.

Tangible assets are accounted for at their acquisition cost price, less accumulated depreciation and impairment.

The intangible fixed assets, which are being constructed, are accounted for in item 'Incomplete Constructions'. Such assets are accounted for at their acquisition cost price, less estimated impairment loss. The acquisition cost price covers the expenses on design, construction, installation of mechanisms and equipment and other direct expenses.

The depreciation of tangible fixed assets other than the constructions in progress is calculated over the estimated useful lives using the straight-lien method. At the end of each year, the Group and the Company review the useful lives of tangible fixed assets, balance value and depreciation method and recognize the impact of the changes in assessment, if any, prospectively. The estimated useful lives of tangible fixed assets are as follows:

Buildings: 20 - 40 years

Machinery and equipment: 5 years

Vehicles and other equipment: 4 - 10 years

The assets, whose useful lives are longer than one year and the acquisition value is not less than 144,81 Euro, are classified as fixed assets.

The tangible fixed assets, which have been acquired under financial lease contracts, are depreciated over the useful life using the same method for calculating of depreciation as that of the private property.

Profit or loss arising from the sales of fixed assets is calculated as the difference between the sales income and the balance value of these assets and is recognized in the statement of comprehensive income of the period.

Repair costs are added to the book value of tangible fixed assets if it is probable that the Company, the Group's companies will receive economic benefits from these costs in the future, and if they can be measured reliably. All other repair and service costs are recognized as expenses in the statement of comprehensive income at the time they occur.

The Group's companies investment assets are composed of land and buildings, which are leased and earn income thereof, and are not used for the main operations of the Group's companies. Investment assets are accounted for at their acquisition value, less accumulated depreciation and estimated impairment loss.

Depreciation is calculated using the straight-line method over 20 - 40 years of useful life.

Any transfers to/from investment assets are performed only when the purpose of these assets changes.

On the primary recognition, the stock is accounted for at its acquisition/production cost price. In subsequent periods, the stock is accounted for at a lower net probable selling price or acquisition/production cost price. The cost price is established using FIFO method. The cost price of incomplete constructions and production covers the expenses on raw materials, work and other direct expenses as well as the value added expenses related with production. The net probable selling price means the estimated selling price in the ordinary course of business, less estimated production completion and probable selling expenses.

The Group and the Company recognize financial assets in the statement of financial position when the Group and the Company become a party to the contract for some financial instrument.

Trade amounts, loans and other receivables with fixed or determinable payments, which are not traded on the active market, are classified as 'Loans and receivables'. Loans and receivables are initially recognized at their fair value in the statement of financial position. In subsequent periods, those financial assets are accounted for at their amortized cost price using the effective interest rate method, less any recognized impairment loss, which reflects unrecoverable amounts.

Cash and cash equivalents are composed of cash on hand and money in bank accounts, deposits upon demand and other short-term liquid investments (up to three months), which can be easily exchanged for precise cash amounts and which are subject to the risk of negligible changes in their value.

Financial liabilities are any contractual liabilities to deliver cash or other financial assets to another entity or to exchange financial instruments with another enterprise under the conditions that are potentially unfavourable or derivative or the contract of a non-derivative instrument, which can be purchased in exchange of some equity instruments of the enterprise itself.

Financial liabilities are ascribed to the financial liabilities estimated at their fair value through the statement of comprehensive income, or other financial liabilities.

Other financial liabilities, including loans, are recognized at their fair value, less transaction costs. In subsequent periods, other financial liabilities are accounted for at their amortized cost price, calculated using the effective interest rate method. Interest expenses are recognized using the effective interest rate method.

The effective interest rate method refers to the method for calculating of the amortized cost price of financial liabilities and allocation of the interest income during a certain period of time. The



effective interest rate means the interest rate that discounts the estimated future cash flows accurately over a certain period of time or over a shorter period of time.

The fair value reflects the value of financial instruments, at which assets can be sold or liabilities can be covered. In cases where the management believes that the amortized cost price of financial assets and financial liabilities is considerably different from their fair value, the fair value of such financial assets and liabilities is disclosed separately in the explanatory notes of the financial statements.

Grants are accounted for on an accrual basis, i.e. received grants or parts thereof are recognized as having been used over the periods, in which the expenses related with these grants are incurred.

Lease is classified as the financial lease when basically all the risks and benefits related with the title are transferred under the contract of lease. The lease of activities does not fall into the concept of the financial lease.

Any income under the contract of lease of activities is recognized on the straight-line method over the entire leasing period.

The assets under the financial lease contract are recognized as assets at the fair value of the leased assets in the beginning of the lease or the current value of the minimum lease payments, if it is lower. A corresponding liability towards the lessor is reflected in the report of the financial situation as the liability under the financial lease contract. Financial expenses (interest expenses), i.e. the difference between the total payable amounts and the fair value of the assets acquired, are recognized as expenses in the statement of comprehensive income over the leasing period using the constant interest rate.

Payments under the contract of lease of activities are recognized as expenses in the statement of comprehensive income on the straight-line method over the entire leasing period.

Income is evaluated at the fair value of the received or receivable assets for the goods or services, excluding the value added tax, less rebates and concessions. Income is recognized on an accrual basis. Income is accounted for and reflected in the financial statements, regardless of revenues, i.e. when they are earned.

Income from interest is recognized on an accrual basis, taking into account the balance of the debt and the applicable effective interest rate. Income from the interest received is presented in the cash flow statement as cash flows from investment activities.

Income from dividends is recognized when the shareholders become entitled to receive dividends. Income from the dividends received is presented in the cash flow statement as cash flows from investment activities.

Expenses are recognized in the statement of comprehensive income on an accrual basis when incurred.

Since January 1st, 2015, transactions in foreign currency are converted to Euros in the official rate, set by the European Central Bank on that day, which is approximately the same as market rate. Monetary assets and liabilities are converted to Euros in the exchange rate on the financial statements issuance day.

The following currency exchange rates were used in preparing of the report of the statement of financial position of the period:





30 June 2016

30 June 2015

1 USD = EUR 0,90171

1 USD = EUR 0,8982

The differences in the exchange rates resulting from the transactions in foreign currency are included in the statement of comprehensive income at the moment they occur. The profit or loss resulting from the changes in the currency exchange rates on converting of monetary assets and liabilities into the euros are covered in the statement of comprehensive income.

Deferrals are recognized when the Group and the Company has a legal obligation or an irrevocable commitment arising from the past committing event and it is likely that the funds will be spent to cover these liabilities, and it is possible to determine the amount of such liabilities.

Profit tax expenses consist of the profit tax expenses and the deferred profit tax of the current year.

The taxable profit differs from the profit presented in the gross income statement due the elements of expenses and income that do not reduce or increase the taxable profit. From 1 January 2010, the profit tax rate in Lithuania is valid 15 per cent.

The deferred profit tax is accounted for in the statement of financial position. Deferred tax assets and liabilities are recognized for future tax purposes, noting the differences between the book value of assets and liabilities in the financial statement and their respective tax bases. Deferred tax liabilities are recognized with respect to all temporary differences, which will increase the taxable profit, and the deferred tax assets are recognized only to the extent that is likely to reduce the future taxable profit. Such assets and liabilities are not recognized if temporary differences are related to goodwill (or negative goodwill), or if the assets or liabilities recognized at the time of a transaction, which is not related with business affiliation, do not affect the taxable or financial profit.

A business segment in this financial statement is an integral segment of the Group and the Company engaged in the production of a product or providing of a service or a group of related products or services, whose risk and profit differ from other business segments.

Post-balance events, which provide additional information about the Group's situation on the reporting date (adjusting events), are reflected in the statement of financial position. Post-balance events, which are not adjusting events, are described in the comments when their impact is significant.

The parties related to the Group and Company refer to the shareholders, employees, Board members, their close relatives and companies that control the Company directly or indirectly via an intermediary or are controlled individually or jointly with any another party, which is also recognized as a related party, provided that this relationship allows one party to control the other party or to exercise significant influence over the other party in making financial and management decisions.

### 3. INFORMATION ABOUT THE SEGMENTS

For managerial purposes the activities of the Group and the Company are organized as a single main segment – the production and sale of dairy products (primary segment).

**Set of interim consolidated and interim separate financial statements for the period of 6 months, 2016**  
(All amounts are indicated in thousands of EUR unless provided otherwise)

The Group	Turnover, EUR thousand		Variation in % as comparing 01-06 2016 with 01-06 2015
	Jan-Jun 2016	Jan-Jun 2015	
Fermented cheese	18.926	26.476	-28,52%
Fresh dairy products	34.198	27.116	26,12%
Butter and spreadable fat mixes	4.648	3.793	22,54%
Dry dairy products	5.021	5.177	-3,01%
Ice cream	10	36	-72,22%
Other	4.328	9.941	-56,46%
<b>Total:</b>	<b>67.131</b>	<b>72.539</b>	<b>-7,46%</b>

The Company	Turnover, EUR thousand		Variation in % As comparing 01-06 2016 with 01-06 2015
	Jan-Jun 2016	Jan-Jun 2015	
Fermented cheese	18.110	24.854	-27,13%
Fresh dairy products	32.974	22.995	43,39%
Butter and spreadable fat mixes	4.648	3.793	22,54%
Dry dairy products	5.021	5.177	-3,01%
Ice cream	10	36	-72,22%
Other	5.395	13.310	-59,47%
<b>Total:</b>	<b>66.158</b>	<b>70.165</b>	<b>-5,71%</b>

The sales of the Group and the Company according to the geographical segments (secondary segment) are provided hereunder:

The Group	Jan-Jun 2016	Jan-Jun 2015	Apr-Jun 2016	Apr-Jun 2015
<b>Sales, EUR thousand</b>				
Lithuania	38.625	37.227	19.761	19.204
Other Baltic and CIS states	11.366	9.674	6.240	6.459
Other European states	13.588	21.158	5.943	10.287
Other	3.552	4.480	1.700	2.982
<b>In total</b>	<b>67.131</b>	<b>72.539</b>	<b>33.644</b>	<b>38.932</b>

The Company	Jan-Jun 2016	Jan-Jun 2015	Apr-Jun 2016	Apr-Jun 2015
<b>Sales, EUR thousand</b>				
Lithuania	39.916	40.524	20.099	21.078
Other Baltic States and CIS members	10.489	8.453	5.881	5.871
Other Europe countries	12.378	17.069	5.939	8.237

Other	3.375	4.119	1.638	2.753
<b>Total, EUR thousand:</b>	<b>66.158</b>	<b>70.165</b>	<b>33.557</b>	<b>37.939</b>

The income from sales is classified according to the state, where the buyers are registered

#### 4. INTANGIBLE AND TANGIBLE NON-CURRENT ASSETS

Changes in intangible assets of the Group as of 30 June 2016:

The Group	Licenses and patents	Computer software	Other intangible assets	Total
<b>Acquisition cost</b>				
As of 31 December 2015	39	237	394	670
- acquisition	41	5	42	88
- transfers between accounts	-	-	-	-
As of 30 June 2016	80	242	436	758
<b>Accumulated depreciation</b>				
As of 31 December 2015	37	183	325	545
- amortization	5	15	30	50
- amortization of transferred and written-off assets	-	-	-	-
As of 30 June 2016	41	198	356	595
<b>Net book value:</b>				
As of 31 December 2015	2	53	69	124
As of 30 June 2016	39	43	80	163

Changes in intangible assets of the Company as of 30 June 2016

The Company	Licenses and patents	Computer software	Other intangible assets	Total
<b>Acquisition cost</b>				
As of 31 December 2015	39	224	394	657
-acquisition	41	5	42	88
-sold or written-off assets	-	-	-	-
-transfers between accounts	-	-	-	-
As of 30 June 2016	80	229	436	745
<b>Accumulated depreciation</b>				
As of 31 December 2015	37	171	325	533
-amortization	5	15	30	50
-amortization of transferred and written-off assets	-	-	-	-
As of 30 June 2016	41	186	356	583
<b>Net book value:</b>				

As of 31 December 2015	2	53	69	124
As of 30 June 2016	39	43	80	162

In the period January-June 2016 amortization of non-current intangible assets of the Group and the Company amounts to EUR 50 thousand and EUR 50 thousand respectively.

Investments in the purchase of non-current intangible assets made by the Group and the Company in the period January-June 2016 amount to EUR 88 thousand and EUR 88 thousand respectively.

As all the assets of the Group and the Company are located in Lithuania, all the investments were made in the Lithuanian geographic segment.

### Changes in property, plant and equipment of the Group as of 30 June 2016

The Group	Land, buildings and constructio ns	Machinery and equipment	Vehicle s	Other property, plant and equipment	Constructi on in progress and prepayme nts	Total
<b>Acquisition cost</b>						
<b>As of 31 December 2015</b>	13.700	50.340	11.236	4.433	10.506	90.215
-acquisition	222	1.326	403	168	330	2.449
-sold or written-off assets	(17)	(66)	(86)	(63)	(868)	(1.100)
-recalculation of the accounting policy change	-	-	-	-	-	-
-transfers to investing assets	-	-	-	-	-	-
-transfers between accounts	-	-	-	-	-	-
-adding value	-	436	-	19	-	455
-reclassification	-	90	-	-	(90)	-
<b>As of 30 June 2016</b>	13.905	52.126	11.553	4.557	9.879	92.019
<b>Accumulated depreciation</b>						
<b>As of 31 December 2015</b>	7.628	42.765	10.403	3.776	-	64.572
-depreciation	322	1.474	199	166	-	2.161
-depreciation of written-off and sold assets	(17)	(60)	(84)	(58)	-	(219)
-recalculation of the accounting policy change	-	-	-	-	-	-
-transfers to investing assets	-	-	-	-	-	-
-transfers between accounts	-	-	-	-	-	-
<b>As of 30 June 2016</b>	7.933	44.179	10.518	3.883	-	66.514
<b>Accumulated impairment losses</b>						
<b>As of 31 December 2015</b>	40	1	-	1	2	44
-impairment losses	-	-	-	-	-	-
-reversal of impairment	-	-	-	-	-	-
<b>As of 30 June 2016</b>	40	1	-	1	2	44
<b>Net book value:</b>						
<b>As of 31 December 2015</b>	6.031	7.574	834	658	10.504	25.601
<b>As of 30 June 2016</b>	5.932	7.946	1.035	673	9.876	25.461





Changes in property, plant and equipment of the Company as of 30 June 2016:

The Company	Land, buildings and constructions	Machinery and equipment	Vehicles	Other property, plant and equipment	Construction in progress and prepayments	Total
<b>Acquisition cost</b>						
As of 31 December 2015	8.767	44.570	8.185	4.010	10.504	76.036
-acquisition	222	1.306	321	146	159	2.154
-recalculation of the accounting policy change	-	-	-	-	-	-
-sold or written-off assets	(17)	(66)	(58)	(63)	(868)	(1.072)
-adding value	-	436	-	19	-	455
-reclassification	-	-	-	-	-	-
-transfers to accounts investing assets	-	-	-	-	-	-
As of 30 June 2016	8.972	46.246	8.448	4.112	9.795	77.573
<b>Accumulated depreciation</b>						
As of 31 December 2015	4.399	37.810	7.373	3.418	-	53.001
-depreciation	253	1.306	195	153	-	1.907
-depreciation of written-off and sold assets	(17)	(60)	(56)	(58)	-	(191)
-recalculation of the accounting	-	-	-	-	-	-
-transfers to investing assets	-	-	-	-	-	-
-reclassification	-	-	-	-	-	-
As of 30 June 2016	4.635	39.056	7.512	3.513	-	54.717
<b>Accumulated impairment losses</b>						
As of 31 December 2015	1	1	-	1	-	3
-impairment losses	-	-	-	-	-	-
-reversal of impairment	-	-	-	-	-	-
As of 30 June 2016	1	1	-	1	-	3
<b>Net book value</b>						
As of 31 December 2015	4.367	6.759	813	590	10.504	23.033
As of 30 June 2016	4.335	7.189	935	598	9.795	22.852

For the period ending at 30 June 2016 the depreciation costs of the Group's and the Company's property, plant and equipment amounts to EUR 2.161 thousand and EUR 1.907 thousand respectively.

On 30 June 2016, Company's and subsidiary ABF "Šilutės Rambynas" fixed tangible assets, whose residual value in total equalled EUR 1.155 thousand (on 31 December 2015 it equalled EUR 1.185 thousand.), were pledged to the banks for the Company's received loans.

A part of the Group's and the Company's fixed tangible assets, which acquisition value on 30 June 2016 equalled EUR 46.783 thousand and EUR 38.737 thousand respectively, was completely depreciated (31 December 2015 respectively – EUR 47.005 thousand and EUR 39.065 thousand), however still used in the business.

Investments in the the acquiring of non-current tangible and intangible assets made by the Group and the Company in January-June 2016 amounted to EUR 2.123 thousand and EUR 1.828 thousand All the acquisitions above relate to the geographic segment of Lithuania.

## 5. INVESTMENT PROPERTY

Changes in the investment assets as of 30 June 2016:

	<u>The Group</u>	<u>The Company</u>
<b>Acquisition cost</b>		
As of 31 December 2015	214	2.972
- acquisition	-	-
- transfers from long-term assets	-	-
As of 30 June 2016	<u>214</u>	<u>2.972</u>
<b>Accumulated depreciation</b>		
As of 31 December 2015	67	1.811
- depreciation	13	35
- transfers from long-term assets	-	-
As of 30 June 2016	<u>80</u>	<u>1.846</u>
<b>Net book value, Eur thousand:</b>		
As of 31 December 2015	<u>147</u>	<u>1.160</u>
As of 30 June 2016	<u>134</u>	<u>1.126</u>

The fair value of investment assets approximates its book value.

The Group's and Company's depreciation of the investment assets in the period January-June 2016 amounted to EUR 13 thousand and EUR 35 thousand respectively.

The Company's investment assets in 2016 and 2015 represents rented assets to ABF Šilutės Rambynas and UAB Čia Market.

All rent contracts are easily cancellable with a few months prior notice made by the lessee or the lessor.

## 6. DEFERRED INCOME TAX ASSET

	<u>The Group</u>		<u>The Company</u>	
	<u>Jan-Jun 2016</u>	<u>Jan-Jun 2015</u>	<u>Jan-Jun 2016</u>	<u>Jan-Jun 2015</u>
<b>Deferred income tax asset</b>				
Accounts receivable	603	630	603	630
Inventories	702	702	655	655
Accrued vacation reserve	303	303	292	292
Other accrued expenses	1.411	1.412	1.119	1.119
<b>Total deferred income tax asset, EUR thousand</b>	<u>3.019</u>	<u>3.047</u>	<u>2.669</u>	<u>2.696</u>
<b>Deferred income tax liability</b>				
Difference in property, plant and equipment depreciation rates	-	-	-	-

Total deferred income tax liability, EUR thousand	-	-	-	-
Deferred income tax asset, net EUR thousand	3.019	3.047	2.669	2.696

## 7. LOANS GRANTED

The Group's and the Company's granted loans consisted of the following:

	The Group		The Company	
	30 06 2016	31 12 2015	30 06 2016	31 12 2015
Loans granted	1.686	1.528	1.686	1.528
Less: current portion of loans granted	(416)	(651)	(416)	(651)
<b>Non- current loans granted</b>	<b>1.270</b>	<b>877</b>	<b>1.270</b>	<b>877</b>

The repayment term is from 1 to 9 years. As 30 June of 2016 impairment of loans was reduced by EUR 180 thousand.

## 8. STOCK

The Group's and the Company's stock consisted of the following:

	The Group		The Company	
	30 06 2016	31 12 2015	30 06 2016	31 12 2015
Raw materials	3.183	3.419	2.512	2.661
Finished goods and work in process	26.578	27.107	25.004	25.451
Goods for resale	266	241	266	241
	<b>30.027</b>	<b>30.767</b>	<b>27.782</b>	<b>28.353</b>
Less: write off to net realizable value	(4.534)	(4.676)	(4.366)	(4.366)
<b>Total:</b>	<b>25.493</b>	<b>26.091</b>	<b>23.416</b>	<b>23.987</b>

## 9. RECEIVABLES FROM THE BUYERS

Receivables of the Group and the Company from the buyers consisted of the following:

	The Group		The Company	
	30 06 2016	31 12 2015	30 06 2016	31 12 2015
Trade accounts receivable	11.574	11.107	11.034	10.577
Accounts receivable from related parties	2.562	2.094	2.450	2.085
	<b>14.136</b>	<b>13.201</b>	<b>13.484</b>	<b>12.662</b>
Impairment allowance for bad debts	(386)	(386)	(386)	(386)
Impairment allowance for bad debts of related parties	(187)	(187)	(187)	(187)
<b>Net trade receivables:</b>	<b>13.563</b>	<b>12.628</b>	<b>12.911</b>	<b>12.089</b>

Changes in the impairment of doubtful receivables from the buyers are included in the profit (loss) statement as operating expenses.

Receivables from the buyers are free of interest and their term is usually from 30 to 90 days. The accounts receivable from the customer are recognized as impairment allowance for bad debts and are accounted in operating expense in the total income statement.

## 10. OTHER RECEIVABLES

Other receivables of the Group and the Company consisted of the following:

	The Group		The Company	
	30 06 2016	31 12 2015	30 06 2016	31 12 2015
Grants receivable	-	-	-	-
Current portion of long-term loans granted	416	651	416	651
VAT receivable	189	426	189	376
Other receivables	74	34	36	33
<b>Total:</b>	<b>679</b>	<b>1.111</b>	<b>641</b>	<b>1.060</b>

## 11. CASH AND CASH EQUIVALENTS

The Group's and the Company's cash and cash equivalents consisted of the following:

	The Group		The Company	
	30 06 2016	31 12 2015	30 06 2016	31 12 2015
Cash at bank	15.067	10.181	11.788	4.785
Cash on hand	51	42	51	42
<b>Total:</b>	<b>15.118</b>	<b>10.223</b>	<b>11.839</b>	<b>4.827</b>

## 12. EQUITY

As the Republic of Lithuania joined the Euro zone from January 1st, 2015, according to the Board decision of Central Securities Depository of Lithuania, PLC in 04/11/2014, on January 1st, 2015, AB "Žemaitijos pienas" PLC issued shares nominal value has been changed from 1 LTL to 0.29 Euro. Having changed the shares nominal values, the share capital of the company has changed as well, i.e. total nominal value of issued shares has become - 14 028 750 Euros. The change in share capital, resulting due to rounding the shares nominal values in Euros by accuracy of Euro cents, is not considered to be an increase of the share capital and is registered in the accounting as the company's inputs of the financial year, which includes Euro adoption date (if the change is positive).

On 30 June 2016 and 31 December 2015 the share capital amounted to 48.375.000 ordinary registered shares with a nominal value of 0.29 Eur.

On 30 June 2016 and 31 December 2015, all the shares were fully paid.

The required reserve is mandatory under legal acts of the Republic of Lithuania. It is necessary to transfer not less than 5 percent of the net profit each year until the reserve reaches 10 percent of the share capital. The Company's required reserve was fully formed. The required reserve may not be distributed to the shareholders.

Other reserves are formed according to the decision of the annual meeting of shareholders to distribute the profit and the Company's articles of association. These reserves can only be used for the purposes determined by the general meeting of shareholders. Following the valid Law on Companies, the Company's reserves other than required reserves must be restored to the distributable profit and redistributed if they have not been used or they are not planned to be used.

### 13. LOANS

On 31 December 2015 and on 30 June 2016 the Group had no loans.

### 14. LIABILITIES UNDER THE FINANCIAL LEASE CONTRACT

The Group's and the Company's future minimum payments under the financial lease contracts consisted of the following:

	30 June 2016		31 December 2015	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
<b>The Group</b>				
Within one year	9	9	32	32
In the second to fifth years inclusive	-	-	-	-
<b>Minimum lease payments</b>	<b>9</b>	<b>9</b>	<b>32</b>	<b>32</b>
Less: future interest	(0)		(0)	
<b>Present value of minimum lease payments</b>	<b>9</b>		<b>32</b>	
	30 June 2016		31 December 2015	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
<b>The Company</b>				
Within one year	9	9	32	32
In the second to fifth years inclusive	-	-	-	-
<b>Minimum lease payments</b>	<b>9</b>	<b>9</b>	<b>32</b>	<b>32</b>
Less: future interest	(0)		(0)	
<b>Present value of minimum lease payments</b>	<b>9</b>		<b>32</b>	

On 30 June 2016, all the Group's and the Company's existing financial lease contracts were signed in euros.

### 15. PAYABLE AMOUNTS

Here are the terms of financial liabilities:

- Trade debts are free from interest and are usually repaid within a period of 30 days.

- Other payable amounts are free from interest and have approximately a repayment term of one month.
- Payable interest is usually paid on a monthly basis over the entire financial year.

	The Group		The Company	
	31 12 2016	31 12 2015	31 12 2016	31 12 2015
Payables to suppliers	13.408	12.007	12.770	11.443
Payables to related parties	824	268	4.757	2.054
Prepayments	155	291	155	262
<b>Total:</b>	<b>14.387</b>	<b>12.566</b>	<b>17.682</b>	<b>13.759</b>

## 16. OTHER PAYABLE AMOUNTS

Other payable amounts consisted of the following:

	The Group		The Company	
	30 06 2016	31 12 2015	30 06 2016	31 12 2015
Accrued expenses	3.970	3.122	1.204	1.204
Holiday reserve	2.222	2.222	1.944	1.944
Wages and salaries payable	925	813	813	708
Social security payable	578	850	515	773
Taxes payable, other than income tax	213	197	182	159
Provisions	-	-	-	-
Other current liabilities	404	485	404	483
<b>Total:</b>	<b>8.312</b>	<b>7.689</b>	<b>5.062</b>	<b>5.271</b>

Outstanding balances at the end are unsecured and interest free for them.

## 17. RELATED PARTY TRANSACTIONS

Related parties of the Group and the Company are:

- the parties that control, are controlled by or are under common control with the Company;
- the parties that can have material impact on the activities of the Company;
- the parties that are management members of the Company or its parent company;
- close members of the family of the aforesaid persons;
- the companies that are under control or material impact of the aforesaid persons.

The main related parties of the Group and the Company are:

Company	Relationship
Šilutės Rambynas ABF	Subsidiary, common major shareholder
Žemaitijos Pieno Investicija AB	Common major shareholder
Baltijos Mineralinių Vandenių Kompanija UAB	Common major shareholder
Klaipėdos Pienas AB	Common major shareholder

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Čia Market UAB	Common major shareholder
Muizas Piens SIA	Common major shareholder
Samogitija UAB	Common major shareholder
S.A.R.Dziugas France	Common major shareholder
Dziugas PL.Sp.z.o.o.	Common major shareholder
Dziugas UK Ltd	Common major shareholder
Dziugas USA LLC	Common major shareholder

**Sales to and purchases from related parties (EUR thousand):**

	The Group		The Company	
	Jan-Jun 2016	Jan-Jun 2015	Jan-Jun 2016	Jan-Jun 2015
<b>1) Sales</b>				
<b>Sales of goods</b>				
<i>To the Group</i>				
Šilutės Rambynas ABF	-	-	7.440	9.583
	-	-	7.440	9.583
<i>To Related parties</i>				
Baltijos mineralinių vandenu kompanija UAB	116	5	116	5
Klaipėdos pienas AB	224	151	91	46
Žemaitijos pieno investicija AB	-	-	-	-
Čia Market UAB	3.400	2.976	3.400	2.976
Muizas piens SIA	583	102	583	101
	<b>4.323</b>	<b>3.234</b>	<b>4.190</b>	<b>3.128</b>
<b>Sales of inventory and services</b>				
<i>To the Group</i>				
Šilutės Rambynas ABF	-	-	338	203
	-	-	338	203
<i>To Related parties</i>				
Baltijos mineralinių vandenu kompanija UAB	0	98	0	98
Klaipėdos pienas AB	57	63	57	61
Žemaitijos pieno investicija AB	22	23	22	23
Samogitija UAB	0	0	0	0
Čia Market UAB	44	32	42	30
Muizas piens SIA	3	3	3	3
Dziugas PL Sp. Z.o.o.	-	1	-	1
	<b>126</b>	<b>220</b>	<b>124</b>	<b>216</b>
<b>Total Sales:</b>	<b>4.449</b>	<b>3.454</b>	<b>12.092</b>	<b>13.131</b>

	The Group		The Company	
	Jan-Jun 2016	Jan-Jun 2015	Jan-Jun 2016	Jan-Jun 2015
<b>2) Purchases</b>				
<i>From the Group</i>				
Šilutės Rambynas ABF	-	-	9.552	10.328
	-	-	9.552	10.328
<i>From Related parties</i>				



**ŽEMAITIJOS PIENAS, AB**

Company code 180240752, Sedos st. 35, Telšiai, Lithuania


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Baltijos mineralinių vandenų kompanija UAB	1.077	776	1.076	775
Samogitija UAB	55	-	55	-
Klaipėdos pienas AB	190	79	189	78
Žemaitijos pieno investicija AB	414	380	413	379
Čia Market UAB	944	86	941	83
Muizas piens SIA	65	962	65	962
Dziugas PL Sp. Z.o.o.	33	45	33	45
	<b>2.778</b>	<b>2.328</b>	<b>2.773</b>	<b>2.323</b>
<b>Total Purchases:</b>	<b>2.778</b>	<b>2.328</b>	<b>12.325</b>	<b>12.651</b>

**Balances outstanding with related parties**

	The Group		The Company	
	30 06 2016	31 12 2015	30 06 2016	31 12 2015
<b>3) Accounts receivable and financial debts</b>				
<i>From Group</i>				
Šilutės Rambynas ABF	-	-	-	-
<i>From Related parties</i>				
Baltijos mineralinių vandenų kompanija UAB	-	-	-	-
Samogitija UAB	16	20	16	20
Žemaitijos pieno investicija UAB	111	12	-	12
Klaipėdos pienas AB	-	41	-	33
Čia Market AB	2.271	1.670	2.269	1.669
Muizas piens SIA	29	217	29	217
Dziugas France S.A.R.	-	-	-	-
Dziugas USA LLC	-	20	-	20
	<b>2.427</b>	<b>1.980</b>	<b>2.314</b>	<b>1.971</b>
<b>Total balances of payables:</b>	<b>2.427</b>	<b>1.980</b>	<b>2.314</b>	<b>1.971</b>

	The Group		The Company	
	30 06 2016	31 12 2015	30 06 2016	31 12 2015
<b>4) Balances of payables</b>				
<i>To Group</i>				
Tarpučių pienas ŽŪK	-	-	-	-
Šilutės Rambynas ABF	-	-	3.933	1.786
	-	-	<b>3.933</b>	<b>1.786</b>
<i>To Related parties</i>				
Baltijos mineralinių vandenų kompanija UAB	623	254	623	254
Žemaitijos pieno investicija UAB	185	-	185	-
Klaipėdos pienas AB	-	-	-	-
Čia Market AB	-	-	-	-
Muizas piens SIA	13	10	13	10
Dziugas PL.Sp.z.o.o.	2	4	2	4



**Set of interim consolidated and interim separate financial statements for the period of 6 months, 2016**  
(All amounts are indicated in thousands of EUR unless provided otherwise)

UAB Samogitija	1	-	1	-
	-	-	-	-
	<u>824</u>	<u>268</u>	<u>824</u>	<u>268</u>
<b>Total balances of payables:</b>	<u>824</u>	<u>268</u>	<u>4.757</u>	<u>2.054</u>

Payables to related parties are normally settled within 30 day terms.

Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. In June 2016, the Company have calculated EUR 3.619 thousand of decrease in distribution value for doubtful accounts, relating to the amounts that belong to the related parties (in 2015 – EUR 3.799 thousand). Evaluation of these doubtful accounts is being reviewed every financial year, by checking the financial state of the related party and the market, in which the related party is operating. The Group has many transactions with the related parties (the companies in “Žemaitijos pieno investicija” AB group), and Group's profit as well as sales are strongly influenced by the transactions with AB “Žemaitijos pieno investicija” group. It includes rent of fixed assets, raw material sales as well as full buy up of cheeses from “Šilutės Rambynas” ABF, sales of distribution services to “Baltijos mineralinių vandenių kompanija” UAB and sales of finished goods to “Čia Market” UAB, sales of raw materials, production and various services to “Klaipedos pienas” AB

#### 18. EVENTS AFTER THE REPORTING PERIOD

There were no events occurred after the reporting period that would influence financial results of the Group and the Company.

20-07-2016

General director

Robertas Pažemeckas



Chief accountant

Dalia Gecienė

