



Vilkyskiu pienine AB

Interim consolidated financial statements
for the 3 months of 2014

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Confirmation of Responsible Persons

Following the Article No. 22 of the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we Gintaras Bertasius, General Director of Vilkyškių pieninė AB and Vilija Milaseviciute, Economics and financial Director of of Vilkyškių pieninė AB hereby confirm that, unaudited interim condensed consolidated and financial statements for the three months of 2014, prepared in accordance with International Financial Reporting Standarts, give a true and fair view of the assets, liabilities, financial position and profit or loss and cash flows of Vilkyškių pieninė AB group.

General Director



Gintaras Bertasius

Economics and financial director



Vilija Milaseviciute



The financial statements were approved and signed by the Management on 30 May 2014.

General information

Name of the Issue	Public Company "Vilkyškių pieninė"
Authorized capital	LTL 11 943 000
Registered office	Vilkyškiai, Pagėgiai municipality
Telephone number	8-441 55330
Fax number	8-441 55242
E-mail address	info@vilkyškiu.lt
Date and place of registration	The 18 th of May 1993, Tauragė Branch of Public Institution Center
Date and place of re-registration	The 30 th of December 2005, Tauragė Branch of Public Institution Center of Registers
Code in the Register of Enterprises	277160980
Internet address	http://www.vilkyškiu.lt

Vilkyškių pieninė AB Board

Gintaras Bertasius (Chairman)
Sigitas Trijonis
Rimantas Jancevicius
Vilija Milaseviciute
Andrej Cyba
Linus Strelis

Vilkyškių pieninė AB Management

Gintaras Bertasius	General Director
Vaidotas Juskys	Chief operation officer
Vilija Milaseviciute	Economics and financial Director
Sigitas Trijonis	Technical Director
Rimantas Jancevicius	Stock Director
Arvydas Zaranka	Production Director

The Group consists of the following companies:

- Vilkyškių Pieninė AB, the parent company
- Modest AB, the subsidiary
- Kelmes Pieninė AB, the subsidiary.

The parent Company is engaged in production and sales of different types of cheese. Also, it produces and sells whey, raw milk and cream.

The Company has a subsidiary Modest AB, which is engaged in milk processing and production of dairy products. The Company holds 99.7% voting rights of the subsidiary. Modest AB specialises in production of fermented cheese, cottage cheese and other cheese products.

Company also has a subsidiary - Kelmes Pieninė AB, which is engaged in milk processing and production of dairy products. The Company holds 100% voting rights of Kelmes Pieninė AB. Kelmes Pieninė AB specialises in production of fresh dairy products.

As of December 2013, the Group includes a subsidiary AB Pieno Logistika. The authorized capital of the mentioned company amounts to 371 thousand LTL; the main activity is lease of buildings. AB Vilkyškių Pieninė holds 50.8% shares of AB Pieno Logistika.

At 31 March 2014 the Group had 940 employees (31 March 2013 - 936).

Consolidated statement of financial position

Thousand Lit	31 03 2014	31 12 2013
Assets		
Property, plant and equipment	100.139	97.493
Intangible assets	23.923	23.922
Long-term receivables	1.315	1.678
Non-current assets	125.377	123.093
Inventories	26.370	30.179
Trade and other receivables	31.624	25.513
Prepayments	1.327	2.265
Cash and cash equivalents	489	241
Current assets	59.810	58.198
Total assets	185.187	181.291
Equity		
Share capital	11.943	11.943
Share premium	11.396	11.396
Reserves	11.548	11.816
Retained earnings	36.085	35.742
Total equity attributable to the shareholders of the Company	70.972	70.897
Non-controlling interest	184	183
Total equity	71.156	71.080
Liabilities		
Interest-bearing loans and lease liabilities	27.384	28.684
Derivative financial instruments	1.351	1.207
Government grants	10.963	11.204
Deferred tax liabilities	2.871	3.058
Non-current liabilities	42.569	44.153
Interest-bearing loans and lease liabilities	34.117	25.826
Derivative financial instruments	379	358
Trade and other payables, including derivatives	36.966	39.874
Current liabilities	71.462	66.058
Total liabilities	114.031	110.211
Total equity and liabilities	185.187	181.291

Consolidated income statement

Thousand Litas

	01.01.2014- 31.03.2014	01.01.2013- 31.03.2013
Revenue	97.737	70.395
Cost of sales	-92.084	-66.059
Gross profit	5.653	4.336
Other operating income	593	326
Distribution expenses	-3.801	-3.719
Administrative expenses	-1.898	-1.677
Other operating costs	-58	-149
Result from operating activities	489	-883
Finance income	17	15
Finance costs	-452	-532
Net finance expenses	-435	-517
Profit before income tax	54	-1.400
Income tax expense	187	201
Profit for the period	241	-1.199
Attributable to:		
Shareholders of the Group	240	-1.209
Non-controlling interest	1	10
Net profit (loss) for the year	241	-1.199
Basic earnings per share (Litas)	0,02	-0,10
Diluted earnings per share (Litas)	0,02	-0,10

Consolidated statement of changes in equity

Equity, attributable to the shareholders of the Company

Thousand Lit	Share capital	Share premium	Revaluation reserve	Hedging reserve	Reserve for acquiring own shares	Legal reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2013	11.943	11.396	6.570	-2.143	5.768	1.194	25.132	59.860	141	60.001
Comprehensive income for the period										
Net profit (loss)	-	-	-	-	-	-	-1.209	-1.209	10	-1.199
Other comprehensive income										
Allocated from reserves	-	-	-88	-	-	-	88	-	-	-
Increase of revaluation reserve, net of tax	-	-	-	-	-	-	-	-	-	-
Formation of hedging reserve	-	-	-	58	-	-	-	58	-	58
Total other comprehensive income	-	-	-88	58	-	-	88	58	-	58
Total comprehensive income for the period	-	-	-88	58	-	-	-1.121	-1.150	10	-1.141
Contributions by and distributions to owners:										
Dividends	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-
Changes in the Group without losing control										
Other changes in the Group	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2013	11.943	11.396	6.482	-2.085	5.768	1.194	24.011	58.709	151	58.860
Balance at 1 January 2014	11.943	11.396	6.216	-1.565	5.971	1.194	35.742	70.897	183	71.080
Comprehensive income for the period										
Net profit (loss)	-	-	-	-	-	-	240	240	1	241
Other comprehensive income										
Allocated from reserves	-	-	-103	-	-	-	103	-	-	-
Formation of hedging reserve	-	-	-	-165	-	-	-	-165	-	-165
Total other comprehensive income	-	-	-103	-165	-	-	103	-165	-	-165
Total comprehensive income for the period	-	-	-103	-165	-	-	343	75	1	76
Contributions by and distributions to owners:										
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-
Changes in the Group without losing control										
Other changes in the Group	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2014	11.943	11.396	6.113	-1.730	5.971	1.194	36.085	70.972	184	71.156

Consolidated statement of cash flows

Thousand Litass

	01.01.2014- 31.03.2014	01.01.2013- 31.03.2013
Cash flows from operating activities		
Net profit (loss)	241	-1.199
Adjustments:		
Depreciation of property, plant and equipment	2.318	2.271
Amortisation of intangible assets	4	2
Amortisation and write down of grants	-241	-313
(Profit) loss on disposal of property, plant and equipment	18	-27
Income tax expense	-187	-201
Interest expenses, net	435	517
	2.588	1.050
Change in inventories	3.809	1.069
Change in long-term receivables	363	75
Change in trade and other receivables and prepayments	-5.171	-4.876
Change in trade and other payables	-2.973	-2.701
	-1.384	-5.383
Paid interest	-391	-407
Net cash from operating activities	-1.775	291
Cash flows from investing activities		
Acquisition of property, plant and equipment	-4,928	-3.561
Proceeds from sale of property, plant and equipment	-5	0
Loans granted	14	235
Recovery of the loans	-	-
Interest received	-	2
	-	1
Net cash from investing activities	-4.919	-3.324
Cash flows from financing activities		
Loans received*	9.679	10.844
Repayment of borrowings	-2.737	-2.078
Net cash used in financing activities	6.942	8.766
Increase (decrease) in cash and cash equivalents	248	-349
Cash and cash equivalents at 1 January	241	880
Cash and cash equivalents at 31 March	489	531

* Change of Credit line 6.696 Thousand Litass (for the three months of 2013 – 8.488 Thousand Litass)

Explanatory notes

1. Accounting principles

Consolidated financial statements of Vilkyškiu pienine AB are prepared following International Standards of Financial Accountability.

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Consolidated annual financial statements for the year 2013.

2. Main financial indicators

	January - March 2014	January - March 2013
Revenue (Thousand Litass)	97.737	70.395
EBITDA (Thousand Litass)	2.570	1.077
EBITDA margin (%)	2,6%	1,5%
Operating result (Thousand Litass)	489	-883
Operating result margin (%)	0,5%	-1,3%
Profit (loss) (Thousand Litass)	241	-1.199
Profit (loss) (%)	0,2%	-1,7%
Profit (loss) per share (litas)	0,02	-0,10
Number of shares (vnt)	11 943 000	11 943 000

3. Segment information

Revenue per geographical zones:

Thousand Litass	January - March 2014	January - March 2013	Change
Lithuania	30.487	26.800	14%
European Union	32.736	16.183	2 times
Russia	27.915	23.732	18%
Other countries	6.599	3.680	79%
	97.937	70.395	

4. Inventories

Thousand Litass	31 March 2014	31 December 2013
Finished production	18.713	22.536
Raw materials	679	182
Other auxiliary materials	6.304	6.709
Production in progress	674	749
Goods for re-sale	-	3
	26.370	30.179

6. Post balance sheet events

The following decisions was taken at the Ordinary General Meeting of Shareholders of Vilkyškių pieninė AB which was held on the 25 April 2014:

Item 1 of the Agenda: Company's annual report for the year 2013.

Resolution: To approve the Company's annual report for the year 2013.

Item 2 of the Agenda: Auditor's Report regarding the Company's Financial Statements for the year 2013. Heard.

Item 3 of the Agenda: Approval of Company's annual and consolidated financial statements of the year 2013.

Resolution: To approve of Company's annual and consolidated financial statements of the year 2013.

Item 4 of the Agenda: Profit (loss) appropriation for the year 2013.

Resolution: To approve the Audited Profit appropriation for the year 2013 as follows under IAS (in thousand Litas; in thousand EUR):

	thousand LTL	thousand EUR
1) Non-appropriated profit (loss) at the end of the year 2012	16.681	4.831
2) Approved by shareholders dividends of the year 2012	2.508	726
3) Transfers to reserves provided by law	0	0
4) Portion of the profit allocated to the reserve for the purchase of own shares	203	59
5) Non-appropriated profit (loss) at the beginning of the year 2013 after dividends payout and transfer to reserves	13.970	4.046
6) Net profit (loss) of the reporting period	21.077	6.104
7) Transfers from reserves	354	103
8) Total profit (loss) to be appropriated:	35.401	10.253
- portion of the profit allocated to the legal reserve	0	0
- portion of the profit allocated to the reserve for the purchase of own shares	2.387	692
- portion of the profit allocated for payment of the dividends (or 0.30 LTL (0.087 EUR) per ordinary registered share with nominal value of 1 LTL)	3.583	1.038
- portion of the profit allocated to the other reserves	0	0
- portion of the profit allocated to be paid as annual payouts (tantiemes) to board members, bonuses to employees and for other purposes	150	43
9) Non-appropriated profit (loss) at the end of the year 2013 carried forward to next financial year	29.281	8.480

Item 5 of the Agenda: Election of the Company's Board members.

Resolution: Gintaras Bertašius, Sigitas Trijonis, Rimantas Jancevičius, Vilija Milaševičiutė, Andrej Cyba, Linas Strėlis elected as members of the Company's Board for the four year term.

Item 6 of the Agenda: A decision on the purchase of own shares.

Resolution: A decision with regard to the purchase of own shares has been approved:

- To purchase up to 10 percent of the Company's shares.
- The purpose of acquisition of own shares – to maintain and increase the price of the Company's shares.
- Period during which the Company may acquire own shares – until 24 April 2015.
- To set the maximum price per share of own shares to be acquired – at 2.03 EUR (7.00 LTL), at the same time setting the minimum acquisition price per share equal to the nominal value of a share, i.e. 0.29 EUR (1.00 LTL).

e) To commit the Board to organize the purchase of own shares, to determine the procedure for purchase and sale of shares, time, number of shares and price, as well as to perform other actions relating thereto in compliance with the terms set in this resolution as well as in accordance with the requirements established in the Republic of Lithuania Law of Companies.