



Vilkyskiu pienine AB

Interim consolidated financial statements
for the 9 months of 2010



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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, Finance Director of Vilkyškių pieninė AB hereby confirm that, unaudited interim condensed consolidated financial statements for the nine months of 2010, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of Vilkyškių pieninė AB group.

General Director

Gintaras Bertasius

Finance Director

Vilija Milaseviciute



The financial statements were approved and signed by the Management on 30 November 2010.



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	centras@cheese.lt
Date and place of registration	The 10 th of May 1993
Date and place of re-registration	The 10 th of December 2005, Tauragė Branch of Public Institution Center of Registers
Code in the Register of Enterprises	277160980
Internet address	http://www.cheese.lt

Vilkyskiu pienine AB Board

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

Vilkyskiu pienine AB Management

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

The Group consists of the following companies:

- Vilkyskiu Pienine AB, the parent company
- Modest AB, the subsidiary
- Kelmes Pienine 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 Pienine AB, which is engaged in milk processing and production of dairy products. The Company holds 99.9% voting rights of Kelmes Pienine AB. Kelmes Pienine AB specialises in production of fresh dairy products.

At 30 September 2010 the Group had 777 employees (30 September 2009 - 777).



Consolidated statement of financial position

Thousand Lit

	30 09 2010	31 12 2009
Assets		
Property, plant and equipment	64 806	66 248
Intangible assets	484	608
Goodwill	23 875	23 875
Long-term receivables	1 194	1 421
Total non-current assets	90 359	92 152
Inventories	14 382	18 512
Trade and other receivables	18 751	14 820
Cash and cash equivalents	3 754	395
Total current assets	36 887	33 727
Total assets	127 246	125 879
Equity		
Share capital	11 943	11 943
Share premium	11 396	11 396
Reserves	8 345	8 624
Retained earnings	14 209	7 048
Total equity attributable to the shareholders of the Company	45 893	39 011
Non-controlling interest	120	88
Total equity	46 013	39 099
Liabilities		
Interest-bearing loans and lease liabilities	25 698	39 266
Government grants	7 924	8 203
Deferred tax liabilities	2 626	2 301
Total non-current liabilities	36 248	49 770
Interest-bearing loans and lease liabilities	19 559	15 990
Trade and other payables, including derivatives	25 426	21 020
Total current liabilities	44 985	37 010
Total liabilities	81 233	86 780
Total equity and liabilities	127 246	125 879



Consolidated income statement

Thousand Lit

	01.01.2010- 30.09.2010	01.01.2009- 30.09.2009	01.07.2010- 30.09.2010	01.07.2009- 30.09.2009
Revenue	179 071	114 686	71 485	43 983
Cost of sales	-158 070	-95 833	-58 815	-35 868
Gross profit (loss)	21 001	18 853	12 670	8 115
Other operating income, net	527	-452	228	-664
Distribution expenses	-5 527	-5 078	-1 801	-1 552
Administrative expenses	-6 169	-4 530	-2 959	-1 571
Operating result	9 832	8 793	8 138	4 328
Finance income	65	182	-1 948	49
Finance costs	-1 464	-2 828	-435	-808
Net finance costs	-1 399	-2 646	-2 383	-759
Profit (loss) before tax	8 433	6 147	5 755	3 569
Income tax expense	-374	177	-291	-305
Net profit (loss) for the year	8 059	6 324	5 464	3 264
Attributable to:				
Shareholders of the Company	8 027	6 284	5 452	3 264
Non-controlling interest	32	40	12	
Net profit (loss) for the year	8 059	6 324	5 464	3 264
Basic earnings per share (Litas)	0.67	0.53	-	-
Diluted earnings per share (Litas)	0.67	0.53		



Consolidated statement of changes in equity

Equity, attributable to the shareholders of the Company

Thousand Litas	Share capital	Share premium	Revaluation reserve	Legal reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2009	11 943	11 396	7 588	935	-81	31 781	55	31 836
Comprehensive income for the period								
Net profit (loss)	-	-	-	-	6 284	6 284	40	6 324
Other comprehensive income								
Allocated from reserves	-	-	-317	-	317	0		0
Increase of revaluation reserve, net of tax	-	-	-165	-	-	-165	-	-165
Total other comprehensive income	-	-	-482	-	317	-165	-	-165
Total comprehensive income for the period	-	-	-482	-	6 601	6 119	40	6 159
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 30 September 2009	11 943	11 396	7 106	935	6 520	37 900	95	37 995
Balance at 1 October 2010	11 943	11 396	7 106	935	6 520	37 900	95	37 995
Comprehensive income for the period								
Net profit (loss)	-	-	-	-	406	406	-7	399
Other comprehensive income								
Allocated from reserves	-	-	-122	-	122	0	-	0
Increase of revaluation reserve, net of tax	-	-	705	-	-	705	-	705
Total other comprehensive income	-	-	583	-	122	705	-	705
Total comprehensive income for the period	-	-	583	-	528	1 111	-7	1 104
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 December 2009	11 943	11 396	7 689	935	7 048	39 011	88	39 099



Consolidated statement of changes in equity (continued)

Thousand Lit	Share capital	Share premium	Revaluation reserve	Legal reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2010	11 943	11 396	7 689	935	7 048	39 011	88	39 099
Comprehensive income for the period								
Net profit (loss)	-	-	-	-	8 027	8 027	32	8 059
Other comprehensive income								
Allocated from reserves	-	-	-328	-	328	0	-	0
Increase of revaluation reserve, net of tax	-	-	49	-	-	49	-	49
Total other comprehensive income	-	-	-279	-	328	49	-	49
Total comprehensive income for the period	-	-	279	-	8 355	8 076	32	8 108
Contributions by and distributions to owners:								
Dividends					-1 194	-1 194		-1 194
Total contributions by and distributions to owners					-1 194	-1 194		-1 194
Changes in the Group without losing control								
Other changes in the Group								
Total contributions by and distributions to owners								
Balance at 30 September 2010	11 943	11 396	7 410	935	14 209	45 893	120	46 013



Consolidated statement of cash flows

Thousand Lit

	01.01.2010- 30.09.2010	01.01.2009- 30.09.2009
Cash flows from operating activities		
Net profit (loss)	8 059	6 324
Adjustments:		
Depreciation of property, plant and equipment	4 732	4 841
Amortisation of intangible assets	200	177
Amortisation of grants	-435	-366
(Profit) loss on disposal of property, plant and equipment	80	1 259
Income tax expense	374	-
Interest expenses, net	1 294	2 514
	14 304	14 749
Change in inventories	4 130	1 377
Change in long-term receivables	227	-
Change in trade and other receivables	-3 931	307
Change in trade and other payables	3 794	-1 793
	18 524	14 640
Paid interest	-1 294	-2 514
Paid income tax		
Net cash flows from (used in) operating activities	17 230	12 126
Cash flows from investing activities		
Acquisition of property, plant and equipment	-3 592	-851
Acquisition of intangible assets	-76	-445
Proceeds from sale of property, plant and equipment	462	22
Net cash flow used in investing activities	-3 206	-1 274
Cash flows from financing activities		
Loans received	5 723	614
Repayment of borrowings	-15 905	-11 558
Dividends paid	-639	-
Capital grants received	156	366
Net cash from (used in) financing activities	-10 665	-10 578
Increase (decrease) in cash and cash equivalents	3 359	274
Cash and cash equivalents at 1 January	395	195
Cash and cash equivalents at 30 September	3 754	469

Explanatory notes

1. Accounting principles

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

The interim condensed consolidated financial statements for the three months of 2010 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 2009

2. Main financial indicators

	January - September 2010	January - September 2010
Revenue (Thousand Litas)	179 071	114 686
EBITDA (Thousand Litas)	14 350	13 404
EBITDA margin (%)	8,0	11,7
Operating result (Thousand Litas)	9 832	8 793
Operating result margin (%)	5.5	7.7
Profit (loss) before tax (Thousand Litas)	8 433	6 147
Profit (loss) before tax margin (%)	4.7	5.4
Profit (loss) per share (litas)	0.67	0.53
Number or shares (vnt)	11 943 000	11 943 000

3. Segment information

Revenue per geographical zones:

Thousand Litas	January - September 2010	January - September 2009	Change
Lithuania	71 123	60 633	8.5%
European Union	62 001	42 081	47%
Russia	42 136	11 059	3.8 times
Other countries	3 811	913	4.2 times
	179 071	114 686	

During the nine months of this year sales revenue has increased 56% compared with same period of the last year. There are several reasons of increase:

1. increase in production, i.e. we have processed more raw milk (about 30 per cent);
2. increased quantities of export;
3. because of the increase in demand of production, in the beginning of the year we have reduced a part of the stock;
4. sale price of exported production has increased about 30%



4. Inventories

Thousand Litas	30 September 2010	31 December 2009
Finished production	10 165	14 683
Raw materials	270	194
Other auxiliary materials	3 179	3 624
Goods for re-sale	768	11
	14 382	18 512

5. Loans

AB Bankas Snoras has granted a loan of 1,448 t EUR to Vilkyškių Pieninė AB for an investment project as to facility „Processing of agricultural goods and increase of surplus value – support by loans“. The liability is guaranteed by Zemes Ukio Paskolu Garantiju Fondas UAB for a period of seven years.

6. Post balance sheet events

On 2nd of November 2010 Modest AB, the subsidiary of Vilkyškių pieninė AB increased its share capital by addition cash contributions. The share capital has been increased from 617 118 LTL till 5 617 118 LTL by Vilkyškių pieninė AB.