



Vilkyskiu Pienine AB

Interim consolidated financial statements for
the 6 months of 2013

Content

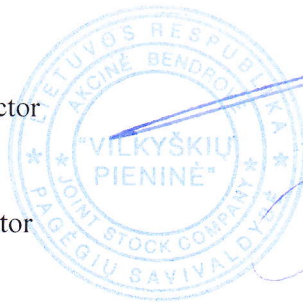
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Confirmation of Responsible Persons

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 Vilkyskiu pienine AB and Vilija Milaseviciute, Finance Director of of Vilkyskiu pienine AB hereby confirm that, unaudited interim condensed consolidated financial statements for the six months of 2013, 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 each flows of Vilkyskiu pienine AB group. We confirm that review of business development and results is correctly indicated in the consolidated financial statements.

General Director

Finance Director



Gintaras Bertasius

Vilija Milaseviciute

The financial statements were approved and signed by the Management on 30 August 2013.

Group details

Vilkyskiu Pienine AB

Telephone: +370 441 55330

Telefax: +370 441 55242

Group code: 277160980

Registered office: LT-99254 Vilkyskiai, Pagegiai municipality, Lithuania

Board

Gintaras Bertasius (Chairman)

Sigitas Trijonis

Rimantas Jancevicius

Vilija Milaseviciutė

Andrej Cyba

Linas Strelis

Management

Gintaras Bertasius, General Director

Vaidotas Juskys, Chief Operation Officer

Sigitas Trijonis, Technical Director

Rimantas Jancevicius, Stock Director

Arvydas Zaranka, Production Director

Vilija Milaseviciutė, Finance Director

Banks

AB SEB bankas

“Swedbank”, AB

„DnB Nord bankas“

Nordea Bank Finland Plc

Consolidated statement of financial position

Thousand LTL	Note	30 06 2013	31 12 2012
Assets			
Property, plant and equipment		94,424	93,927
Intangible assets		23,876	23,879
Long-term receivables	5	1,573	1,395
Non-current assets		119,873	119,201
Inventories	6	23,261	23,969
Trade and other receivables	7	26,656	16,724
Prepayments	8	1,967	1,406
Cash and cash equivalents	9	277	880
Current assets		52,161	42,979
Total assets		172,034	162,180
Equity			
Share capital	10	11,943	11,943
Share premium		11,396	11,396
Reserves		11,841	11,389
Retained earnings		24,313	25,132
Total equity attributable to the shareholders of the Group		59,493	59,860
Non-controlling interest		178	141
Total equity		59,671	60,001
Liabilities			
Interest-bearing loans and lease liabilities		31,881	35,755
Derivative financial instruments		1,354	1,707
Government grants		11,817	12,564
Deferred tax liabilities		1,503	1,862
Non-current liabilities		46,555	51,888
Interest-bearing loans and lease liabilities		27,937	17,950
Current tax liabilities		-	-
Derivative financial instruments	12	364	436
Trade and other payables	12	37,507	31,905
Current liabilities		65,808	50,291
Total liabilities		112,363	102,179
Total equity and liabilities		172,034	162,180

Consolidated income statement

Thousand LTL	Note	01 01 2013- 30 06 2013	01 01 2012- 30 06 2012	01 04 2013- 30 06 2013	01 04 2012- 30 06 2012
Revenue	1	158,046	138,669	87,651	69,842
Cost of sales	1	-144,464	-128,923	-78,405	-63,693
Gross profit	1	13,582	9,746	9,246	6,149
Other operating income		645	574	319	190
Distribution expenses		-7,942	-5,427	-4,223	-2,770
Administrative expenses		-3,698	-4,708	-2,021	-2,219
Other operating costs		-83	-51	66	-27
Result from operating activities		2,504	134	3,387	1,323
Finance income		35	84	20	57
Finance costs		-1,145	-1,179	-613	-668
Net finance expense		-1,110	-1,095	-593	-611
Profit before income tax		1,394	-961	2,794	712
Income tax expense		358	984	157	546
Profit for the year		1,752	23	2,951	1,258
Attributable to:					
Shareholders of the Group		1,715	-32	2,924	1,221
Non-controlling interest		37	55	27	37
Profit for the year		1,752	23	2,951	1,258
Basic earnings per share (LTL)	2	0.14	-0.002	0.24	0.11

Consolidated statement of comprehensive income

Thousand LTL	Note	01 01 2013- 30 06 2013	01 01 2012- 30 06 2012	01 04 2013- 30 06 2013	01 04 2012- 30 06 2012
Profit for the year		1,752	23	2,951	1,258
Other comprehensive income					
Change in fair value of hedging instruments		426	-527	368	-291
Effect of income tax		-	31	-	15
Other comprehensive income for the year, net of income tax		426	-496	368	-276
Total comprehensive income		2,178	-473	3,319	982
Attributable to:					
Shareholders of the Group		2,141	-528	3,292	945
Non-controlling interest		37	55	27	37
Total comprehensive income		2,178	-473	3,319	982

Consolidated statement of changes in equity

Thousand LTL	Note	Equity attributable to shareholders of the Group								Non-controlling interest	Total equity
		Share capital	Share premium	Revaluation reserve	Hedging reserve	For acquisition of own shares	Legal reserve	Retained earnings	Total		
Balance at 1 January 2012		11,943	11,396	6,929	-1,397	5,768	1,194	20,195	56,028	104	56,132
Comprehensive income for the period											
Profit for the period		-	-	-	-	-	-	-32	-32	55	23
Other comprehensive income											
Allocated from reserves		-	-	-209	-	-	-	209	-	-	-
Increase of revaluation reserve due to income tax effect		-	-	31	-	-	-	-	31	-	31
Formation of reserve for derivative financial instruments		-	-	-	-527	-	-	-	-527	-	-527
Total other comprehensive income		-	-	-178	-527	-	-	209	-496	-	-496
Total comprehensive income for the period		-	-	-178	-527	-	-	177	-528	55	-473
Contributions by and distributions to owners:											
Dividends		-	-	-	-	-	-	-2,986	-2,986	-	-2,986
Total contributions by and distributions to owners		-	-	-	-	-	-	-2,986	-2,986	-	-2,986
Changes in the Group without losing control											
Other changes in the Group		-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners		-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2012	10	11,943	11,396	6,751	-1,924	5,768	1,194	17,386	52,514	159	52,673

(continued)

Consolidated statement of changes in equity (continued)

	Equity attributable to shareholders of the Group										
Thousand LTL	Note	Share capital	Share premium	Revaluation reserve	Hedging reserve	For acquisition of own shares	Legal reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 July 2012		11,943	11,396	6,751	-1,924	5,768	1,194	17,386	52,514	159	52,673
Comprehensive income for the period											
Profit for the period		-	-	-	-	-	-	7,596	7,596	56	7,652
Other comprehensive income											
Allocated from reserves		-	-	-150	-	-	-	150	-	-	-
Increase of revaluation reserve due to income tax effect		-	-	-31	-	-	-	-	-31	-	-31
Formation of reserve for derivative financial instruments		-	-	-	-219	-	-	-	-219	-	-219
Total other comprehensive income		-	-	-181	-219	-	-	150	-250	-	-250
Total comprehensive income for the period		-	-	-181	-219	-	-	7,746	7,346	56	7,402
Contributions by and distributions to owners:											
Dividends		-	-	-	-	-	-	-	-	-74	-74
Total contributions by and distributions to owners		-	-	-	-	-	-	-	-	-74	-74
Changes in the Group without losing control											
Other changes in the Group		-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners		-	-	-	-	-	-	-	-	-74	-74
Balance at 31 December 2012	10	11,943	11,396	6,570	-2,143	5,768	1,194	25,132	59,860	141	60,001

(continued)

Consolidated statement of changes in equity (continued)

	Equity attributable to shareholders of the Group										
Thousand LTL	Note	Share capital	Share premium	Revaluation reserve	Hedging reserve	For acquisition of 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											
Profit for the period		-	-	-	-	-	-	1,715	1,715	37	1,752
Other comprehensive income											
Allocated from reserves		-	-	-177	-	-	-	177	-	-	-
Formation of reserve for derivative financial instruments		-	-	-	426	-	-	-	426	-	426
Total other comprehensive income		-	-	-177	426	-	-	177	426	-	426
Total comprehensive income for the period		-	-	-177	426	-	-	1,892	2,141	37	2,178
Contributions by and distributions to owners:											
Allocation to legal reserve		-	-	-	-	-	-	-	-	-	-
Allocation to reserve for acquisition of own shares		-	-	-	-	203	-	-203	-	-	-
Dividends		-	-	-	-	-	-	-2,508	-2,508	-	-2,508
Total contributions by and distributions to owners		-	-	-	-	203	-	-2,711	-2,508	-	-2,508
Changes in the Group without losing control											
Changes in non-controlling interest due to the sale of shares		-	-	-	-	-	-	-	-	-	-
Other changes in the Group		-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners		-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2013	10	11,943	11,396	6,393	-1,717	5,971	1,194	24,313	59,493	178	59,671

Consolidated statement of cash flows

Thousand LTL	Note	01 01 2013- 30 06 2013	01 01 2012- 30 06 2012
Cash flows from operating activities			
Profit for the year		1,752	23
Adjustments:			
Depreciation of property, plant and equipment	3	4,531	3,584
Amortization of intangible assets	4	3	133
Amortization and write down of grants		-619	-392
Profit (loss) from disposal of property, plant and equipment		-24	-127
Income tax expense		-358	-984
Interest expenses, net		1,110	1,095
		6,395	3,332
Change in inventories		708	-1,547
Change in long-term receivables		-178	231
Change in trade and other receivables and prepayments		-10,629	-2,770
Change in trade and other payables		5,327	4,438
		1,623	3,684
Paid interest		-882	-904
Paid profit tax		-	-
Net cash from operating activities		741	2,780
Cash flows from investing activities			
Acquisition of plant and equipment		-5,177	-15,959
Acquisition of intangible assets		-	-7
Proceeds from sale of plant and equipment		275	144
Acquisition of the subsidiary's shares		-	-
Loans granted		-	-638
Loans repaid		2	998
Interest received		-	2
Net cash flows used in investing activities		-4,900	-15,460

Consolidated statement of cash flows (continued)

Thousand LTL	Note	01 01 2013- 30 06 2013	01 01 2012- 30 06 2012
Cash flows from financing activities			
Loans received		10,860	23,573
Repayment of borrowings		-4,796	-7,882
Dividends paid		-2,508	-2,986
Government grants received		0	0
Net cash flows from financing activities		3,556	12,705
Increase (decrease) in cash and cash equivalents		-603	25
Cash and cash equivalents at 1 January	9	880	337
Cash and cash equivalents at 30 June	9	277	362

Notes to the consolidated financial statements

Background information

The Group (hereinafter – the Group) consists of the following companies:

- Vilkyskiu Pienine AB, the parent Company (hereinafter – the Parent Company or the Company)
- Modest AB, the subsidiary (hereinafter – the subsidiary Modest AB)
- Kelmes Pienine AB, the subsidiary (hereinafter – the subsidiary Kelmes Pienine AB).

Vilkyskiu Pienine AB was established in 1993. The Company does not have any branches or representative offices.

Vilkyskiu Pienine AB is a Lithuanian Company listed on the Vilnius Stock Exchange. As at 30 June 2013 the Company's shares were owned by the following shareholders:

Shareholder	Shares	Nominal value in LTL	Total value in LTL
Gintaras Bertasius	6,067,206	1	6,067,206
Linas Strelis	1,918,215	1	1,918,215
Other	3,957,579	1	3,957,579
Total	11,943,000	1	11,943,000

Gintaras Bertasius and persons related to him are ultimate controlling parties of the Company.

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

Operations are carried out in the main production buildings, located in Vilkyskiai, Pagegiai region. The Parent Company also has a milk purchase and milk processing centre in Erzvilkas, Jurbarkas region.

The Parent 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 produces fermented cheese “Mozzarella”, melted cheese and other cheese products.

The Parent Company has also a subsidiary Kelmes Pienine AB, which is engaged in milk processing and production of dairy products. The Company holds 99.25% voting rights of Kelmes Pienine AB. Kelmes Pienine AB specializes in production of fresh dairy products.

As at 30 June 2013 the Group had 953 employees (31 December 2012: 925).

Basis for preparation of financial statements

Statement of compliance

These are interim consolidated financial statements (hereinafter - financial statements or consolidated financial statements) of Vilkyskiu Pienine AB Group, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

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

Basis of measurement

Financial statements are prepared on the historical cost basis except for:

- derivative financial instruments which are measured at fair value;
- buildings that are a part of property, plant and equipment and are measured at fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Functional and presentation currency

The financial statements are presented in thousands LTL (tLTL). LTL is the legal currency of Lithuania and considered to be the functional currency of the Parent Company and its subsidiaries.

Foreign currency transactions

Transactions in foreign currencies are translated into LTL at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated into LTL at the exchange rate ruling at that date. All transactions made in Euro have been translated to LTL at the exchange rate of 1 Euro=3.4528 LTL as fixed by the Central Bank of Lithuania.

Foreign currency exchange differences arising on translation are recognized in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into LTL at foreign exchange rates ruling at the dates the values were determined.

Basis of consolidation

Subsidiaries are entities controlled by the Parent Company. Control exists when the Parent Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable (due to financial instruments potentially convertible into shares) are taken into account. The financial statements of subsidiaries are included in the Group consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Summary of significant accounting policies

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the consolidated annual financial statements for the year 2012. There have been no other significant IFRS changes, that could have impact on financial statements of the Group.

A detailed description of the accounting policies presented in the consolidated financial statements for the year ended 2012 December 31.

1 Segment information

The Group has several reportable segments, as presented below.

Reportable segments are different product groups, which are managed separately because they require different technology and marketing strategies. For each of the product groups, the General Director reviews internal management reports on at least a monthly basis.

The following summary describes the products in each of the Group's reportable segments:

- *Cheese and cheese products.* Segment includes cheese and cheese products produced by the Company and its subsidiaries;
- *Fresh dairy products.* Segment includes fresh dairy products (milk, kefir, yoghurt, curd and its products) produced by subsidiaries;
- *Other dairy products.* Segment includes other dairy products.

Segments results on 30 June 2013 were as follows:

Thousand LTL	Cheese and cheese products	Fresh dairy products	Other products	Total
Sales	72,222	48,842	36,982	158,046
Cost of sales	-71,822	-44,970	-27,672	-144,464
Gross profit	400	3,872	9,310	13,582

Segments results on 30 June 2012 were as follows:

Thousand LTL	Cheese and cheese products	Fresh dairy products	Other products	Total
Sales	62,705	43,531	32,433	138,669
Cost of sales	-61,550	-36,992	-30,381	-128,923
Gross profit	1,155	6,539	2,052	9,746

Revenue per geographical segments:

Thousand LTL	30 06 2013	30 06 2012
Lithuania	53,144	59,152
European Union	45,476	36,094
Russia	52,144	37,897
Other countries	7,282	5,526
	<u>158,046</u>	<u>138,669</u>

2 Profit (loss) per share

	01 01 2013- 30 06 2013	01 01 2012- 30 06 2012
Number of issued shares calculated based on weighted average method, in thousand units	11,943	11,943
Net profit, attributable to ordinary shareholders of the Parent Company, in thousand LTL	<u>1,715</u>	<u>-32</u>
Profit (loss) per share, in LTL	<u>0.14</u>	<u>-0.002</u>

3 Property, plant and equipment

Depreciation is recognized in production, distribution, administrative and other operating expenses of profit (loss) statement.

On 30 June 2013 depreciation amounted to 4,531 thousand LTL (on 30 June 2012 –3,584 thousand LTL).

4 Intangible assets

Amortization is calculated in administrative expenses of profit (loss) statement.

On 30 June 2013 amortization amounted to 3 thousand LTL (on 30 June 2012 - 133 thousand LTL).

5 Non-current receivables

Thousand LTL	30 06 2013	31 12 2012
Prepayments to related parties	842	842
Loans granted to related parties	433	522
Non-current receivables from farmers	298	29
Other non-current receivables	-	2
	<u>1,573</u>	<u>1,395</u>

A prepayment (842 thousand LTL) is made to a related company UKB Silgaliai. Prepayment shall be fully covered until 31 December 2015. The outstanding balance of the prepayment bears an administrative fee.

A loan of 433 thousand LTL, issued to a related party UKB Silgaliai. The outstanding balance of the loan bears a fixed interest rate.

Long term receivables from farmers include prepayments made to farmers for milk. The outstanding balance of the prepayments bears an administrative fee.

6 Inventories

Thousand LTL	30 06 2013	31 12 2012
Finished production	15,879	17,358
	<u>15,879</u>	<u>17,358</u>
Raw materials	648	87
Other auxiliary materials	6,174	6,026
Production in progress	556	466
Goods for re-sale	4	32
	<u>23,261</u>	<u>23,969</u>

Raw materials comprise raw milk and other materials used in production.

As at 30 June 2013 write down of inventories to net realisable value amounts to 21 thousand LTL (31 December 2012: 25 thousand LTL). Write down to net realisable value and reversal of the write down is accounted as administrative costs.

As at 30 June 2012 the inventories with the carrying amount of up to 16 million LTL (31 December 2012: up to 14 million LTL) have been pledged to financial institutions.

7 Trade and other receivables

Thousand LTL	30 06 2013	31 12 2012
Trade receivables	19,701	13,936
Taxes receivables	5,733	2,102
Trade receivables from related parties	573	531
Other receivables	649	155
	<u>26,656</u>	<u>16,724</u>

Receivable taxes mainly comprise receivable VAT.

Trade and other receivable amounts are interest free and their settlement term is up to 30 days.

8 Prepayments

Thousand LTL	30 06 2013	31 12 2012
Prepayments	1,563	841
Prepayments to related parties	404	545
	<u>1,967</u>	<u>1,406</u>

Prepayments include advance payments to entities for goods and services and to farmers for milk.

9 Cash and cash equivalents

Thousand LTL	30 06 2013	31 12 2012
Cash at bank	102	742
Cash in hand	175	138
	<u>277</u>	<u>880</u>

Cash inflows in the bank accounts are pledged to secure bank loans.

10 Capital

Authorized capital of the Parent Company as at 30 June 2013 comprised 11,943,000 ordinary shares at par value of 1 LTL each. All shares are fully paid.

According to the Law on Companies, holders of ordinary shares have at the shareholders meeting one voting right for one share and the right to dividends, which are declared from time to time, and to participate in capital on a winding up.

11 Interest bearing loans and finance lease liabilities

On 15 March 2013 Vilkyskiu Pienine AB received a loan (1,420 thousand EUR) from AB SEB Bankas for financing 2013-2014 investments– equipment, storage building, other small investments. The last loan repayment term is on 15 March 2018, the determined interest rate is 3 months EURIBOR + margin.

There have been no other significant changes in terms of loan agreements during the six months of 2013.

12 Trade and other payable amounts, including derivative financial instruments

Thousand LTL	30 06 2013	31 12 2012
Trade payables	31,801	26,721
Employment related liabilities	4,313	4,025
Payable dividends	268	268
Prepayments received	360	372
Fair value of interest rate swap transaction (short-term part)	364	436
Other payable amounts and accrued costs	765	519
	<u>37,871</u>	<u>32,341</u>

Derivatives instruments are stated at fair value. The Company entered into swap transactions with the bank AB SEB Bankas where fixed interest on loans has been determined.

13 Staff costs

Thousand LTL	01 01 2013- 30 06 2013	01 01 2012- 30 06 2012
Staff costs are included in the following items:		
Cost of finished production	10,674	9,117
Distribution and administrative costs	2,769	2,692
Other operating costs	-	127
	<u>13,443</u>	<u>11,936</u>

Cost of inventories is accounted for in cost of sales after the inventories are sold.

Staff costs include social security of 30.98% paid by the Group, calculated from the nominal salary of employees.

14 Subsequent events

There have been no other significant events under the date of 30 June 2013 when the consolidated financial statements were made.

Vilkyskiu Pienine AB

Consolidated interim report

for the 6 months of the year 2013

Accounting period for which the interim report has been prepared

The report has been prepared for 6 months of the year 2013.

Acquaintance with statement and other documents

Acquaintance with statement and other documents, which have been used for the preparation of the statement, is possible at Vilkyskiu Pienine AB, the address of which is Vilkyskiai, Pagegiu municipality, on weekdays from 8.00 to 16.30, and on the internet site of Vilkyskiu Pienine AB, the address of which is: <http://www.vilkyskiu.lt/en/for-investors>.

Mass communication: daily newspaper "Lietuvos Zinios" (*The News of Lithuania*).

Persons responsible for information presented in this financial statement:

General Director of Vilkyskiu Pienine AB – Gintaras Bertasius, tel. (8 441) 55330, fax (8 441) 55242.

Finance Director of Vilkyskiu Pienine AB – Vilija Milaseviciute, tel. (8 441) 55102, fax (8 441) 55242.

Key data about the Issuer

Vilkyskiu Pienine AB

Name of the Issue	Public Limited Company Vilkyskiu pienine (hereinafter referred as to the Company or Issuer)
Authorized capital	11,943,000 LTL
Registered office	Vilkyskiai, Pagegiu municipality
Telephone number	8-441 55330
Fax number	8-441 55242
E-mail address	info@vilkyskiu.lt
Legal – organizational form	public limited company
Date and place of registration	The 10 th of May 1993
Date and place of re-registration	The 30 th of December 2005, Taurage Subsidiary of State Enterprise Centre of Registers
Registration No.	060018
Code in the Register of Enterprises	277160980
Internet address	www.vilkyskiu.lt

Key data about the subsidiaries

Modest AB

Name of the subsidiary	Public limited company Modest (hereinafter – Modest AB)
Authorized capital	5,617,118 LTL
Registered office	Gaures str. 23, Taurage
Telephone number	8-446 72693
Fax number	8-446 72734
E-mail address	modest@vilkyskiu.lt
Legal – organizational form	Public limited company
Date and place of registration	25 March 1992
Date and place of re-registration	31 December 2009, Taurage Subsidiary of State Enterprise Centre of Registers
Registration No.	017745
Code in the Register of Enterprises	121313693
Internet address	www.vilkyskiu.lt

Kelmes Pienine AB

Name of the subsidiary	Public limited company Kelmes Pienine (hereinafter – Kelmes Pienine AB)
Authorized capital	2,494,808 LTL
Registered office	Raseiniu str. 2, LT-86160 Kelme
Telephone number	8-427 61246
Fax number	8-427 61235
E-mail address	kelmespienine@vilkyskiu.lt
Legal – organizational form	Public limited company
Date and place of registration	3 August 1993, Siauliai Subsidiary of State Enterprise Centre of Registers
Date and place of re-registration	04 July 2007 (issue of new registration certificate)
Registration No.	110109
Code in the Register of Enterprises	162403450
Internet address	www.vilkyskiu.lt

Shareholders

Vilkyskiu Pienine AB

The total number of shareholders as at 30 June 2013 was 948. The following were the major shareholders who had an ownership or held more than 5 percent of the Company's share capital:

Shareholder	Shares	Nominal value (in LTL)	Part of shares, %
Gintaras Bertasius	6,067,206	1	50.8
Linas Strelis	1,918,215	1	16.1
Non-controlling interest	3,957,579	1	33.1
Total capital	11,943,000	1	100%

Modest AB

Shareholder	Shares	Nominal value (in LTL)	Part of shares, %
Vilkyskiu Pienine AB	5,601,277	1	99.7
Non-controlling interest	15,841	1	0.3
Total capital	5,617,118	1	100%

Kelmes Pienine AB

Shareholder	Shares	Nominal value (in LTL)	Part of shares, %
Vilkyskiu Pienine AB	2,476,122	1	99.3
Non-controlling interest	18,686	1	0.7
Total capital	2,494,808	1	100%

Shareholders who have special rights of control

There are no shares which would provide the shareholders with special rights of control.

Voting right restrictions

There are no restrictions of voting right.

Inter-agreements of shareholders which are known to the Issuer and due to which transfer of securities and voting right may be restricted.

There are no inter-agreements of shareholders which are known to the Issuer and due to which transfer of securities and voting right may be restricted.

Basic characteristics of shares issued into public circulation of securities

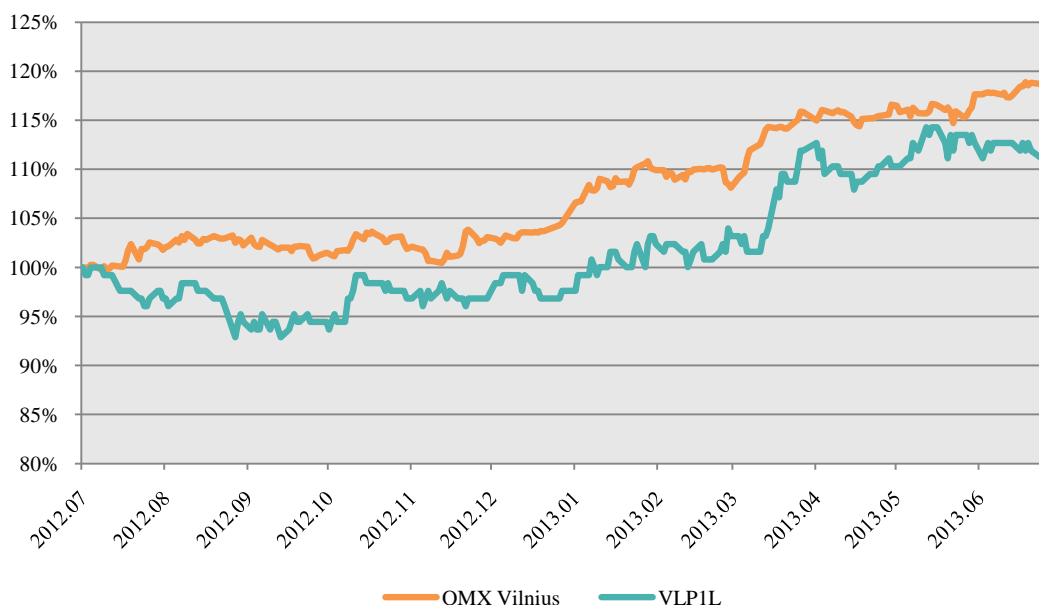
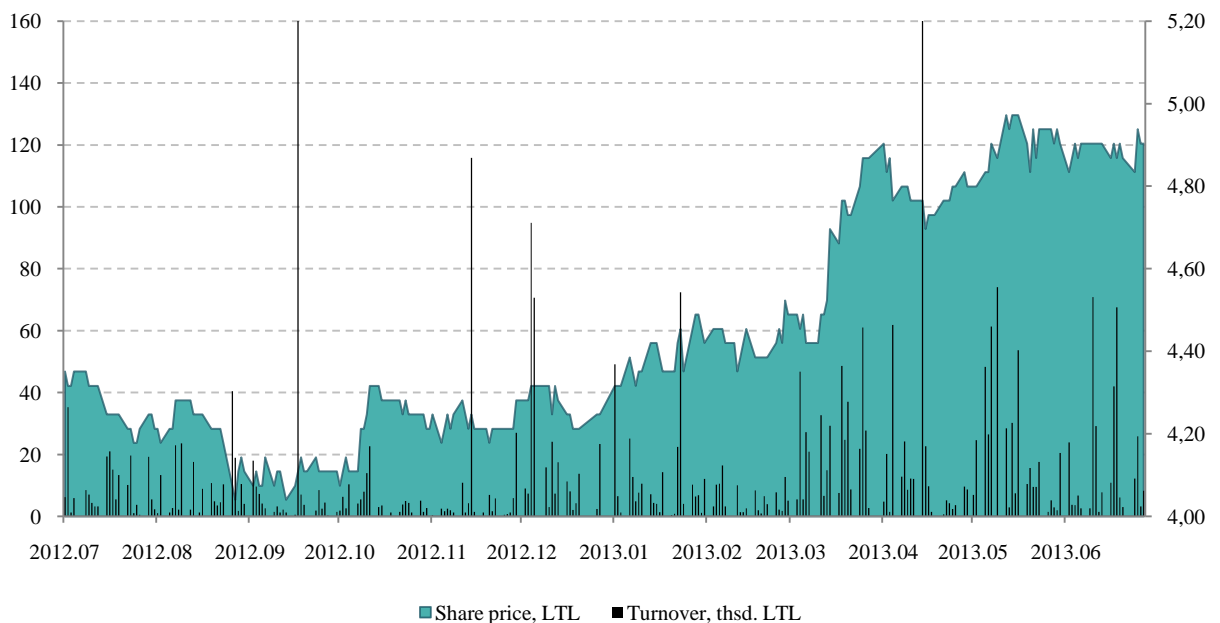
Name of securities – ordinary registered shares of Vilkyskiu Pienine AB. The number of securities: 11,943,000 units. Nominal value of one share is 1.00 LTL.

Securities issued by the Company have been included into the Current Trade List of Vilnius Stock Exchange since the 17th of May 2006. ISIN code of securities is LT0000127508.

From the 1st of January 2008 shares of Vilkyskiu Pienine AB have been quoted in the Official List of Vilnius Stock Exchange.

Trading in the Issuer's securities on the regulated markets

Trading in ordinary registered shares of Vilkyskiu Pienine AB on Vilnius Stock Exchange:



Securities that do not signify the participation in the authorized capital

Securities, which do not signify the participation in the authorized capital but the circulation of which is regulated by the Law on the Market of Securities of the Republic of Lithuania, have not been issued.

The activity of the Issuer

The main activity of the Issuer is the production of dairy products.

Vilkyskiu Pienine AB specializes in production and sale of different fermented cheese. The Company also produces and sales scalded cream, processes whey and raw milk.

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 produces fermented cheese “Mozzarella”, melted cheese and other cheese products.

The Company has also another subsidiary Kelmes Pienine AB, which is engaged in milk processing and production of dairy products. The Company holds 99.25% voting rights of Kelmes Pienine AB. This subsidiary produces fresh dairy products.

The whole assortment of goods of Vilkyskiu Pienine AB Group comprises even 19 types of cheese having 84 different names, also 14 types of butter and butter mixtures, 5 types of sour cream, 26 types of curd products, other dairy products.

Tables below summarizes key consolidated indicators of the Issuer.

Main financial indicators of Vilkyskiu Pienine AB:

	6 months of 2012	6 months of 2013
Revenue (thousand LTL)	138,669	158,046
EBITDA, (thousand LTL)	3,459	6,419
EBITDA margin	2.5%	4.1%
Amortization and depreciation (thousand LTL)	3,325	3,915
Net profit (thousand LTL)	23	1,752
Profit margin	0%	1.1%

The quantities of purchased milk of Vilkyskiu Pienine AB:

Purchased raw milk (recalculated into base fatness)	6 months of 2012	6 months of 2013
Purchased milk, (tons)	97,253	90,353
Amount of purchased milk, (thousand LTL)	81,776	84,883
Price of purchased milk, (LTL/t)	840.9	939.5

Structure of consolidated sales income of Vilkyskiu Pienine AB, according to the geographical segments, expressed in thousand LTL:

Market	6 months of 2012	Income, %	6 months of 2013	Income, %
Lithuania	59,152	43%	53,144	34%
European Union	36,094	26%	45,476	29%
Russia	37,897	27%	52,144	33%
Other countries	5,526	4%	7,282	4%
Total:	138,669		158,046	

During the first half of this year, the revenue of the Group amounted to 158 million LTL and it is 14 percent more comparing to the same period of the last year. Net profit for the first half of 2013 was 1,752 thousand LTL, while for the same period last year it was 23 thousand LTL.

During the first half of this year, the Group of Vilkyskiu Pienine AB intensified its activities in Israel, the Arab countries, the Balkans, the Greek markets, in which products are selling with higher added value. Over the past six months, we have been conducting intensive marketing activity in Russia, Poland, the Kaliningrad region, and as a result, the Group introduced its dairy products to major retailers in mentioned countries. What is more, we started to operate new liquid dairy products packaging line, started to sell milk, kefir and drinking yogurts in new tetra top packages and the assortment was supplemented by a new product - different flavor yogurt drink.

Main investments of Vilkyskiu Pienine AB for the last 6 months

Operations of liquid dairy products packaging line were started, that enables to package products in Tetra Top packaging. This packaging is modern, environmentally-friendly. Reliable cardboard packaging protects the product from environmental exposure - light, air, harmful microorganisms and is convenient to use.

The building of milk truck washes, garage, warehouse, workshop with household and auxiliary facilities, administrative offices, engineering networks, parks and access was put into operation. This building was the largest construction project in recent years.

Preparatory work of logistics warehouse was started in Kelmes Pienine AB.

Dividends paid

Vilkyskiu Pienine AB has no preferred shares, thus dividends are paid only for ordinary registered shares.

Payment of dividends of Vilkyskiu Pienine AB within the last 5 years is as follows:

Dividends	2009 (for 2008)	2010 (for 2009)	2011 (for 2010)	2012 (for 2011)	2013 (for 2012)
Dividends (LTL)	0	1,194,300	2,866,320	2,985,750	2,508,030
Dividends per share (LTL)	0	0.10	0.24	0.25	0.21
Number of shares	11,943,000	11,943,000	11,943,000	11,943,000	11,943,000

Payment of dividends of Kelmes Pienine AB within the last 5 years is as follows:

Dividends	2009 (for 2008)	2010 (for 2009)	2011 (for 2010)	2012 (for 2011)	2013* (for 2012)
Dividends (LTL)	0	0	12,907,020	9,979,232	0
Dividends per share (LTL)	0	0	5.21	4.00	0
Number of shares	2,476,122	2,476,122	2,476,122	2,476,122	2,476,122

*Profit of the year 2012 was not allocated.

Modest AB has not paid dividends for the previous 5 years.

Management Bodies of the Issuer

Board:

Name, surname	Education, speciality	Position held in the Issuer	Start of tenure	Finish of tenure
Gintaras Bertasius	Higher education, Engineer - mechanic	Chairman of the Board, Director General	30/04/2010	30/04/2014
Sigitas Trijonis	Higher education, Engineer - mechanic	Member of the Board, Technical Director	30/04/2010	30/04/2014
Rimantas Jancevicius	Further education, Zoo- technician	Member of the Board, Stock Director	30/04/2010	30/04/2014
Vilija Milaseviciute	Higher education, Finance and credit	Member of the Board, Finance Director	30/04/2010	30/04/2014
Andrej Cyba	Higher education	Member of the Board	30/04/2010	30/04/2014
Linas Strelis	Higher education	Member of the Board	30/04/2010	30/04/2014

Key administration staff of Vilkyskiu Pienine AB:

Name, surname	Education, speciality	Position held in the Issuer	Beginning of service*
Gintaras Bertasius	Higher education, Engineer - mechanic	Chairman of the Management Board, Director General	01/01/2006**
Vaidotas Juskys	Higher education, IT engineer	Chief operation officer (COO)	17/05/2010
Vilija Milaseviciute	Higher education, Finance and credit	Member of the Management Board, Finance Director	01/05/2000
Rimantas Jancevicius	Further education, Zoo-technician	Member of the Management Board, Stock Director	02/01/1996
Sigitas Trijonis	Higher education, Engineer - mechanic	Member of the Management Board, Technical Director	01/09/1993
Arvydas Zaranka	Further education, Technologist of dairy products	Production Director	30/07/1995
Alvydas Eicas	Higher education, Pedagogy	Sales manager for Baltic countries	14/09/2004
Elena Silovaite	Higher education, Business Management and Administration	Head of Marketing Department	19/07/2010

Karolina Sematulskiene	Higher education, Economist	Chief Accountant	04/09/2012
Ligita Pudziuvelyte	Higher education, Economist	Senior Economist	20/05/2004
Rita Juodikiene	Higher education, Business Management and Administration	Head of Purchase Department	23/09/2002
Nedas Budginas	Higher education, Public Administration	Head of Personnel	16/10/2012
Marius Beisys	Higher education, IT engineer	Head of IT Department	03/05/2011

* None of the labour contracts with the members of the Management Bodies is terminable.

** He has been appointed newly after the reorganization of the Issuer into public company, despite he has been working as a Director of the Issuer since 10/05/1993.

Key administration staff and Management Board of Modest AB

Name	Surname	Education, speciality	Position held in the Issuer	Start of service in the company	Start of cadence	Finish of cadence
Gintaras	Bertasius	Higher education, Engineer - mechanic	Chairman of the Board		11/12/2009	11/12/2013
Arvydas	Zaranka	Further education, Technologist of dairy products	Member of the Board		11/12/2009	11/12/2013
Vilija	Milaseviciute	Higher education, Finance and credit	Member of the Board		11/12/2009	11/12/2013
Kestutis	Kersys	Higher education, Economist	Director	12/07/2010	-	
Daiva	Baboniene	Higher education, Technologist-engineer of food products	Head of production	06/02/2012	-	

Key administration staff and Management Board of Kelmes Pienine AB

Name	Surname	Education, speciality	Position held in the Issuer	Start of service in the company	Start of cadence	Finish of cadence
Gintaras	Bertasius	Higher education, Engineer - mechanic	Chairman of the Board		26/04/2012	26/04/2016
Arvydas	Zaranka	Further education, Technologist of dairy products	Member of the Board		26/04/2012	26/04/2016
Algirdas	Zukauskas	Higher education, Zoo-engineer	General Director, member of the Board	04/06/2008	26/04/2012	26/04/2016
Vale	Leonaviciene	Higher education, Technologist of dairy products	Head of production	08/09/2010		

Employees

Average salary per staff groups:

On 30th of June 2013 the number of employees working for the Group of Vilkyskiu pienine AB amounted to 953.

Staff group	Number of employees	Education				Average monthly salary (LTL)
		Higher	Further	Secondary	Incomplete secondary	
Executives	10	7	3	0	0	9,774
Key specialists	60	40	19	1	0	3,432
Specialists	146	52	64	30	0	2,453
Workers	737	39	277	378	43	1,631
	953	138	363	409	43	1,877

On 30th of June 2012 the number of employees working for the Group of Vilkyskiu pienine AB amounted to 882.

Staff group	Number of employees	Education				Average monthly salary (LTL)
		Higher	Further	Secondary	Incomplete secondary	
Executives	10	7	3	0	0	9,019
Key specialists	54	32	20	2	0	3,279
Specialists	138	53	57	28	0	2,272
Workers	680	26	270	346	38	1,591
	882	118	350	376	38	1,792

Summary of significant events

The following decisions were taken at the Ordinary General Meeting of Shareholders of Vilkyskiu Pienine AB which was held on the 26 April 2013:

Item 1 of the Agenda: Company's annual report for the year 2012.

Resolution: To approve the Company's annual report for the year 2012.

Item 2 of the Agenda: Auditor's Report regarding the Company's Financial Statements for the year 2012.

Heard.

Item 3 of the Agenda: Approval of Company's annual and consolidated Financial Statements of the year 2012.

Resolution: To approve of Company's annual and consolidated Financial Statements of the year 2012.

Item 4 of the Agenda: Profit (loss) appropriation for the year 2012.

Resolution: To approve the Audited Profit appropriation for the year 2012 as follows under IAS (in thousand LTL; in thousand EUR):

	thousand LTL	thousand EUR
1) Non-appropriated profit (loss) at the end of the year 2011	14,138	4,095
2) Approved by shareholders dividends of the year 2011	2,986	865
3) Transfers to reserves provided by law	0	0

4) Portion of the profit allocated to the reserve for the purchase of own shares	0	0
5) Non-appropriated profit (loss) at the beginning of the year 2012 after dividends payout and transfer to reserves	11,152	3,230
6) Net profit (loss) of the reporting period	5,175	1,499
7) Transfers from reserves	354	103
8) Total profit (loss) to be appropriated:	16,681	4,831
- 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	203	59
- portion of the profit allocated for payment of the dividends (or 0.21LTL (0.0608 EUR) per ordinary registered share with nominal value of 1 LTL)	2,508	726
- 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 2012 carried forward to next financial year	13,820	4,003

Item 5 of the Agenda: A decision on the purchase of own shares.

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

- a. To purchase up to 10 percent of the Company's shares.
- b. The purpose of acquisition of own shares – to maintain and increase the price of the Company's shares.
- c. Period during which the Company may acquire own shares – until 25 April 2014.
- d. To set the maximum price per share of own shares to be acquired –at 1.45 EUR (5.00 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.

Item 6 of the Agenda: Election of the Company's Audit firm for the year 2013, 2014 and 2015 and setting the conditions of payment.

Resolution:

- 1) To elect KPMG Baltics, UAB as the Company's Audit firm for the year 2013, 2014 and 2015.
- 2) To authorize Mr. Gintaras Bertasius, the Company's General Director, to contract with KPMG Baltics, UAB and to set the conditions of payment for the services.

Information about following Corporate Governance Code

Vilkyskiu Pienine AB essentially follows Corporate Governance Code for the Companies Listed on Vilnius stock exchange. There is no Supervisory Council in company. The governing bodies of the Company are the General Shareholder's Meeting, the Board and the General Manager. The Board consists of six members who are elected for the term of four years. Nomination and Remuneration Committee is established by the Management Board. The members of Audit Committee and the regulations of activity of the committee is approved by General Meeting of Shareholders. Each committee of the company is composed of three members.