



Confirmation of Responsible Persons

30 November 2015

Telšiai

Following the Article No. 22 of the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodical and Additional Information of the Board of the Bank of Lithuania, we, Robertas Pažemeckas, Acting Managing Director and Dalia Gecienė, Chief Financier of stock company *Žemaitijos pienas*, hereby confirm that, to the best of our knowledge, interim consolidated Financial Statements for the period of nine months of 2015 of *Žemaitijos pienas*, AB company group, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of consolidated company group assets, liabilities, financial position, profit (loss) and cash flows. The interim Financial Statements were not audited.

Acting Managing Director

Robertas Pažemeckas

Chief Financier

Dalia Gecienė



AB „ŽEMAITIJOS PIENAS”

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED
30 SEPTEMBER 2015**

ŽEMAITIJOS PIENAS, AB

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

Interim consolidated unaudited financial statement for the period of 9 months, 2015

(All amounts are indicated in thousands of EUR unless provided otherwise)

1. Balance sheets

	Group	
	As of 30	As of 31
	September 2015	December 2014
ASSETS		
Non-current assets		
Intangible assets	134	192
Property, plant and equipment	20 071	18 292
Investment property	122	174
Available – for – sale investments	1	1
Investments into subsidiaries	-	-
Non-current receivables	4 952	4 705
Other financial assets	-	15
Deferred income tax asset	1 452	1 452
Total non-current assets	26 732	24 831
Current assets		
Inventories	23 757	24 944
Prepayments	419	722
Trade receivables	11 277	9 056
Receivables from subsidiaries	-	-
Receivables from other related parties	1 333	1 288
Other receivables	733	1 216
Deposits	-	-
Cash and cash equivalents	13 331	7 018
Total current assets	50 850	44 244
Total assets	77 582	69 075

Balance sheets (cont'd)

	Group	
	As of 30 September 2015	As of 31 December 2014
LIABILITIES AND SHAREHOLDERS' EQUITY		
Equity attributable to equity holders of the parent		
Share capital	14 029	14 010
Own shares (-)	(1 323)	(1 323)
Legal reserve	1 401	1 401
Other reserves	4 566	4 566
Retained earnings	34 481	32 417
	53 154	51 071
Minority interest	840	654
Total shareholders' equity	53 994	51 725
Non-current liabilities		
Grants received	1 730	2 133
Long-term loans from related parties	-	-
Financial lease obligations	32	32
Deferred income tax liability	-	-
Other current liabilities	5	5
Total non-current liabilities	1 767	2 170
Current liabilities		
Current portion of non-current loans		-
Current portion of non-current financial lease obligation	11	75
Trade payables and other current liabilities	21 136	14 358
Payables to subsidiaries	-	-
Payables to other related parties	403	503
Income tax payable	271	244
Total current liabilities	21 821	15 180
Total liabilities and shareholders' equity	77 582	69 075

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2. Income statements

	Group			
	01 January 2015 – 30 September 2015	01 January 2014 – 30 September 2014	01 July 2015 - 30 September 2015	01 July 2014 – 30 September 2014
Sales	112 866	121 342	40 327	40 094
Cost of sales	(90 129)	(104 690)	(31 696)	(36 130)
Gross profit	22 737	16 652	8 631	3 964
Operating expenses	(19 402)	(15 360)	(7 522)	(5 376)
Other operating income, net	234	237	71	91
Profit from operations	3 569	1 529	1 180	(1 321)
Financial and investment activities, net	72	193	23	18
Profit before income tax	3 641	1 722	1 203	(1 303)
Income tax	(1 391)	(1 035)	(373)	(356)
Net profit	2 250	687	830	(1 659)

3. Cash flow statements

	Group	
	As of 30 September 2015	As of 30 September 2014
Cash flows from to) operating activities	2 250	580
Net profit		
Adjustments for non-cash items:		
Depreciation and amortization	3 238	2 615
(Profit) loss from disposal and write-offs of property, plant and equipment and intangible assets	(17)	(77)
Result from financial and investment activities	(103)	(81)
Decrease (increase) values of inventories	-	(622)
Decrease (increase) values of receivables	-	295
Income tax expenses	-	-
Other non-cash (income) expenses	-	107
	5 368	2 817
Changes in working capital:		
Decrease (increase) in inventories	1 187	7 097
(Increase) in trade receivables	(2 266)	(1 932)
Decrease in prepayments and other current assets	319	(127)
Decrease in other receivables	264	(506)
Increase in other long-term payables	-	-
Increase (decrease) terminable deposits	-	-
Increase(decrease) in trade payables, payables to related parties	3 249	3 535
Increase (decrease) in other current liabilities	3 457	(347)
Net cash flows from operating activities	11 578	10 537
(Acquisition) of property, plant and equipment and intangible assets	(4 913)	(5 858)
Disposal of property, plant, and equipment	23	294
Daughter enterprise liquidation(acquisition), own shares	-	-
Repayment of loan granted	539	1 147
Loans granted	(567)	(542)
Interest received	104	93
Net cash flows (to) investing activities	(4 814)	(4 866)

Cash flow statements (cont'd)

	Group	
	As of 30	As of 30
	September 2015	September 2014
Cash flows from (to) financing activities		
The increase in the nominal value of the shares on the EUR conversion	19	-
Cash, (transferred) during reorganization		
Loans received	-	2 653
(Repayment) of loans	-	(3 185)
Financial lease (payments)	(64)	(101)
Sponsorship received	27	1 119
Other revenue from financial activities	-	80
Amortization of grants received	(431)	(215)
Interest (paid)	(1)	(12)
Net cash flows (to) financial activities	(450)	339
Net increase (decrease) in cash and cash equivalents	6 313	6 010
Cash and cash equivalents at the beginning of the year	7 018	2 015
Cash and cash equivalents at the end of the year	13 331	8 025

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4. Statements of changes in equity

<u>Group</u>	Attributable to shareholders of the Company							
	Share capital	Own shares(-)	Legal reserve	Other reserves	Retained earnings	Total	Minority interest	Total
Balance as of 31 December 2013	14 010	(1 323)	1 401	4 566	29 748	48 401	687	49 088
Dividends, payment from return					-	-		-
Reserves formation from return				-	-	-		-
Acquisition own shares		-				-		-
Net profit for the nine months					580	580	107	687
Balance as of 30 September 2014	14 010	(1 323)	1 401	4 566	30 328	48 982	794	49 776
Balance as of 31 December 2014	14 010	(1 323)	1 401	4 566	32 417	51 071	654	51 725
The increase in the nominal value of the shares on the EUR conversion	19				-	19	-	19
Own shares		-				-	-	-
Dividends, tantiems estimated from return					-	-	-	-
Net profit for the nine months					2 065	2 065	185	2 250
Balance as of 30 September 2015	14 029	(1 323)	1 401	4 566	34 481	53 154	840	53 994

5. Notes to the financial statements

General information

The Company produces dairy products and sells them in the Lithuanian and foreign markets. The Company has a number of wholesale departments with storage facilities and transport means in major Lithuanian towns. The Company's shares are traded on the Secondary List of the Baltic Stock Exchange.

As of 31 December 2014 and as of 31 December 2013 the share capital of the Company was LTL 48.375 thousand, which consisted of 48.375 thousand ordinary shares with a normal value of LTL 1 each. All the shares of the Company are issued, subscribed and fully paid. Subsidiaries did not hold any shares of the Company as of 30 September 2015 and as of 30 September 2014.

During the 2012-2014 year the Company has acquired 2.070.621 units of its own shares for 4.569 thousand LT.

Since 2015 of the 1 of January, when the Lithuania Republic was joined to the euro zone, according the Lithuania Republic public and private companies share capital and securities denominated in nominal values of these companies and according the Law on Amendments to the Bylaws, by 2014-11-04 AB Lithuanian Central State Depository the Board decision AB Žemaitijos pienas the nominal value of the issued shares changed from 1 LTL to EUR 0,29. Shares of the nominal value changed of 1 LTL to EUR 0,29 and approved by the Company's shareholder's meeting in 2015 04 24. Changing shares of nominal the value of the Company's authorized capital, ie. the total nominal value of issued shares became EUR 14.028.750.

As of 30 September 2015 the Group consisted of AB Žemaitijos pienas and the following subsidiaries (hereinafter referred to as "the Group")

Company	Registration address	Ownership of the Group	Percentage in consolidation	Cost of investment	Total equity holding 2014 12 31	Total equity holding 2015 09 30	Main activities
ABF „Šilutės Rambynas“	Klaipėdos g. 3, Šilutė, Lietuva	87,82%	87,82%	3 150	5 374	6 898	Cheese production
SIA „Muižas piens“	Skaistkalnes g. 1, Rīga, Latvija	32%	-	4			Retail, wholesale trade

ABF „Šilutės Rambynas is considered a subsidiary, because AB Žemaitijos Pienas controls its activities and controls more than 50% of its shares.

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As of 30 September 2015, the number of employees of the Group was 1 382 (according of 30 September 2014 – 1 350).

Basis of preparation

By 31 of December 2014 Litas was the Lithuanian and the Company's functional currency. Since the 1 of January 2015 Lithuanian national currency is the Euro. The Euro has become the Company's functional currency. The previous year comparative information translated at the official exchange ratio conversion to the euro: 1 euro = 3,4528 per share.

Statement of compliance

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

Main indicators of the Company's performance :

	As of 30 September 2015	As of 30 September 2014
Sales, thousand EUR	112 866	121 342
Gross profit, thousand EUR	22 737	16 652
EBITDA, thousand EUR	6 880	4 349
Current ratio (for the period ended 30 September 2015)	2,33	2,58
Book ratio (for the period ended 30 September 2015)	1,12	1,03

Segment information

For management purposes the activities of the Group and Company are organized as one major segment – production and selling of the dairy products (primary segment). Financial information on geographical segments (secondary segment) is presented below:

As of 30	As of 30
September	September
2015	2014

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Sales

Lithuania	57 204	61 098
Other Baltic States and CIS countries	15 040	28 573
Other European countries	32 422	30 182
Other	8 200	1 489
	112 866	121 342

Inventories

Inventories are valued at the lower of cost or net realizable value, after impairment evolution for obsolete and slow moving items. Cost is determined by the first-in, first-out (FIFO) method. The cost of finished goods and work in progress includes the applicable allocation of fixed and variable overhead costs based on a normal operating capacity. Unrealizable inventory is fully written-off.

<u>Inventories</u>	As of 30 September 2015	As of 30 September 2014
Raw materials	3 625	3 477
Finished goods and work in process	25 456	25 835
Goods for resale	224	210
Decrease values of raw materials and goods	(5 548)	(3 351)
	23 757	26 171

Loans' repayment terms:

	As of 30 September 2015
2015 m .	-
2016 m .	-
Total Loans on 30 September 2015	-

Subsequent events

Subsequent events was not after was make consolidated financial statements.