

Confirmation of the Responsible Persons

Telšiai, September 2019

We, the undersigned, Robertas Pažemeckas, Director General of Žemaitijos pienas, AB, and Dalia Gečienė, Chief Accountant, confirm that, to the best of our knowledge, unaudited consolidated financial statements of 6 months of the year 2019 have been prepared according to the accounting standards applied, they correspond to the facts and represent the property, obligations, financial status, profit or losses and cash flows of the Company and Group of Companies fairly and consolidated semi-annual report contains correct business development and activity review, the status of the Company and Group of Companies as well as the description of the main risks and uncertainties encountered.

Director General



Robertas Pažemeckas

Chief Accountant



Dalia Gečienė





**CONSOLIDATED SEMI-ANNUAL REPORT FOR 2019 AND SET OF CONSOLIDATED
FINANCIAL STATEMENTS OF AB "ŽEMAITIJOS PIENAS"**

TABLES OF CONTENT

	PAGE
CONSOLIDATED SEMI-ANNUAL REPORT-----	2 – 23
General information-----	3
Information on the authorized capital and securities of the Group companies -----	4
Overview of Group companies' activities, risks and prospects -----	8
Aspects of Corporate Governance -----	20
Other information-----	25
SET OF CONSOLIDATED FINANCIAL STATEMENTS -----	27-46
Statements of financial position -----	28
Reports on comprehensive income-----	29
Reports on equity changes -----	30
Cash flow statements -----	31
EXPLANATORY STATEMENT -----	33

I. GENERAL INFORMATION

Reporting period for which the report is developed

Consolidated semi-annual report and financial statements are prepared and provided for January-June 2019. Moreover, the report contains the significant events occurred after the end of the reporting period. The report shall be provided under the conditions, requirements and procedure established by legal acts, following the Law on Financial Statements of Companies of the Republic of Lithuania and the Law on Consolidated Financial Statements of Groups of Companies of the Republic of Lithuania, the Law on Companies of the Republic of Lithuania, legal acts regulating legal form and activities of the Issuer, incorporation documents of the Issuer and Associated Company and other legal acts.

This document refers to AB “Žemaitijos pienas” (hereinafter referred to as the Company or Issuer), ABF “Šilutės Rambynas” (hereinafter referred to as the Group Company or Associated Company), and in cases when facts on both Companies are described and/or specified, the Companies shall refer to as the Companies of the Group.

It should be noted that the information and data contained in this semi-annual report is limited to the extent that the information about the Group companies has changed during the first six months of the year and also highlights the events that have occurred during the reporting period.

Basic data on the Company

Name	AB ŽEMAITIJOS PIENAS
Legal form	Public Limited Liability Company
Entity identification number	180240752
VAT number	LT802407515
Authorised capital	EUR 14 028 750
Office address	Sedos Str. 35, Telšiai, Lithuania
Telephone	+ 370 444 22201
Fax	+ 370 444 74897
E-mail	info@zpienas.lt
WEB	www.zpienas.lt
Stock trading code	ZMP1L
ISIN number	LT0000121865
LEI number	5299005U9E85Y55OHK45

Data on AB “Žemaitijos pienas” are collected and stored in the Register of Legal Entities of the State Enterprise Centre of Registers.

Brief history of the Company

The beginning of AB "Žemaitijos Pienas" dates back to 1924, when Telšiai dairy plant of high capacity was incorporated. In the end of 1984 Telšiai dairy plant activity moved to new premises and operated until opening and privatization of Telšiai cheese plant which was one of the largest in the Baltic States. AB "Žemaitijos pienas" was registered in the Register of Legal Entities on 23 June 1993 in Telšiai District Board and on 16 October 1998 it was re-registered in the Ministry of Agriculture of the Republic of Lithuania.

Information on the Associated Company and branches

The company managed-controlled by the Company:

Name	ABF "Šilutės Rambynas"
Legal form	Public Limited Liability Company (Firm)
Entity identification number	277141670
VAT number	LT714167015
Authorised capital	EUR 2 493 028.50 EUR
Office address	Klaipėdos Str. 3, Šilutė, Lithuania
Telephone	+ 370 441 77442
Fax	+ 370 441 77443
E-mail	info@rambynas.lt
WEB	www.piknik.lt

Branches of AB "Žemaitijos pienas":

- Vilnius Branch, address: Algirdo Str. 40/13, Vilnius
- Kaunas Branch, address: Europos Ave 36, Kaunas
- Klaipėda Branch, address: Šilutės Highway 33, Klaipėda
- Panevėžys Branch, address: J. Janonio Str. 9, Panevėžys

Branches of the Company fulfil the functions related to sale of goods (dairy products) within the set territory of the branch and take other actions or fulfil orders of the Company.

The Company has no incorporated representative offices.

Nature of activity of the Company and Associated Company

The basic activity of AB "Žemaitijos pienas" (controlling company) is the development, production (NACE: C 10.5. Manufacture of dairy products; C 10.51. Operation of dairies and cheese making), and sales at Lithuanian and foreign markets of dairy products (fermented cheese and cheese products, pre-packaged cheese and cheese products, processed cheese and cheese products, cream, cream cheese, butter, dairy spreads, mixed spreads, milk fat, pasteurised cream, buttermilk, whey, dried milk products, fresh dairy products (milk, cream, curd, cheese products, yoghurt, desserts, curd cheese, glazed curd cheese, and fermented dairy products)).

The basic activity of ABF "Šilutės Rambynas" (controlled company) is the production and sale of fermented cheese and cheese products, as well as the production and sale of pasteurized cream, pasteurized whey and concentrated whey (NACE: C 10.5. Manufacture of dairy products; C 10.51. Operation of dairies and cheese making). Furthermore, the company provides transportation and storage Services, Services related to servicing of milk buying-up points and other Services.

II. INFORMATION OF AUTHORISED CAPITAL AND SECURITIES OF THE GROUP OF COMPANIES

Information related to securities (including associated companies), their turnover

On 16 July 2004 the Company concluded a contract with AB "Šiaulių bankas", address: Tilžės Str. 149, Šiauliai, under which management of securities accounts of the Company was delegated to AB "Šiaulių bankas" as of 23 July 2004.

The register (accounting) of securities of ABF "Šilutės Rambynas" is kept by AB "Šiaulių bankas" under the contract dated of 16 July 2004.

Data on securities

AB ŽEMAITIJOS PIENAS	
ISIN number	LT0000121865
Abbreviation	ZMP1L
List/segment	BALTIC SECONDARY LIST
Nominal value	EUR 0.29
Name of securities	Ordinary registered shares
Issued number (pcs.)	48 375 000
Listed issued number (pcs.)	48 375 000
Listing start date	1997.10.13
Shares listed in supplementary list	1997.10.13
Total number of voting rights granted by shares	48 375 000
Number of shares held by the Company	3 416 763

Only the shares issued by the Company are quoted on the supplementary list of "NASDAQ OMX Vilnius" (hereinafter referred to as Vilnius Stock Exchange) (Ticker symbol: ZMP1L). Securities of AB "Žemaitijos pienas" were first time listed at Vilnius Stock Exchange on 13 October 1997. ISIN code of the securities: LT0000121865. Below there is the information on the transactions carried out at Vilnius Stock Exchange with AB "Žemaitijos pienas" shares over the course of 2018 and price change dynamics¹.

1

<http://www.nasdaqbaltic.com/market/?instrument=LT0000121865&list=3&pg=details&tab=historical&lang=lt¤cy=0&date=&start=2017.01.01&end=2017.01.31>

CONSOLIDATED SEMI-ANNUAL REPORT FOR 2019 AND SET OF CONSOLIDATED FINANCIAL STATEMENTS



During the reporting period price of securities of the Company at the public trade market regularly decreased, and value of shares in the end of June 2019 reporting period by 22.67 per cents comparing to 31 December 2018 (see the diagram provided afore).

Results (prices of Company stock purchase and sale transactions) of trading in Company stock show that the capitalization of the Company shares during 2019 totalled more than 84 million Euros. During the first half of 2019 there were 167 284 transactions for AB "Žemaitijos pienas" shares concluded at Vilnius Stock Exchange.

Below there is the information on trading in Company stock in 2015 - 2019.

Index	2015	2016	2017	2018	2019
Opening price	0.703	0.64	1.07	1.74	1.52
Maximum price	0.73	1.15	1.99	2.16	1.89
Minimum price	0.61	0.617	1.07	1.42	1.51
Final price	0.644	1.07	1.74	1.5	1.75
Turnover, pcs.	639 686	6 213 064	521 664	412 420	167 284
Turnover, millions	EUR 0.42	EUR 6.4	EUR 0.82	EUR 0.71	EUR 0.3
Capitalization, millions	EUR 31.15	EUR 51.76	EUR 84.17	EUR 72.56	EUR 84.66

It should be noted that trading in the Issuer's securities on other stock exchange markets and other organized regulated markets was not carried out.

ABF ŠILUTĖS RAMBYNAS	
ISIN number	LT LT0000109217 LT 0000118945 LT 0000125668
Nominal value	EUR 2.90
Name of securities	Ordinary registered shares
Issued number (pcs.)	859 665

Listed issued number (pcs.)	Not listed
Total number of voting rights granted by shares	859 665
Number of shares held by the Company	0

ABF "Šilutės Rambynas" shares have not been sold at Vilnius Stock Exchange Market and other organized regulated markets.

AB "Žemaitijos pienas" holds 87.82% of ordinary registered shares of ABF "Šilutės Rambynas" (disposes both property and non-property rights without any restrictions). ABF "Šilutės Rambynas" does not hold shares of AB "Žemaitijos pienas". Both Companies do not manage shares of each other neither on the basis of orders nor on other contractual bases.

Authorised capital

As of 30 June 2019 the authorised capital of AB "Žemaitijos pienas" consisted of:

Class, type of shares	Number of shares (pcs.)	Nominal value (EUR)	Total nominal value (EUR)	Authorised capital share (%)
Ordinary registered shares ²	48 375 000	0.29	14 028 750	100

All shares of the Company are fully paid up and were not the subject to restrictions on stock reassignment (in so far as the Issuer knows) over the course of the reporting period. The Issuer is unaware of any individual agreements between the shareholders, which may result in restrictions on stock reassignment and (or) voting rights. According to the data available to the Company there are no shareholders who would have special control rights.

As of 30 June 2019 the authorised capital of ABF "Šilutės Rambynas" consisted of:

Class, type of shares	Number of shares (pcs.)	Nominal value (EUR)	Total nominal value (EUR)	Authorised capital share (%)
Ordinary registered shares	859 665	2.90	2 493 028.50	100

All ABF "Šilutės Rambynas" shares are fully paid up and are subject to no restrictions on stock reassignment (in so far as the Issuer knows). The Issuer is also unaware of any individual agreements between the shareholders, which may result in restrictions on stock reassignment and (or) voting rights. According to the Company's knowledge there are no shareholders who would have special control rights.

Acquisition and disposal of own shares

During the period from 1 January 2000 until 30 June 2019 the Company purchased the following number of own shares through.

² Ordinary registered shares shall mean ordinary shares of the Company that grant no special privileges nor impose any restrictions on rights. These are company share Capital shares whose owners (shareholders) become members of the Company who have the right to vote in annual meetings, receive dividends from Company profits as well as have other rights and obligations provided for in the laws.

CONSOLIDATED SEMI-ANNUAL REPORT FOR 2019 AND SET OF CONSOLIDATED FINANCIAL STATEMENTS

No.	Abbreviation	Purchased	Min purchase	Start	End	Offered price ³	Number	Turnover	Transf. (%)	Currency
1.	ZMP1LTO2	1 176 470	1	2010.12.20	2011.01.18	10 1.7	10	17	100	LTL
2.	ZMP1LTO3	1 000 000	1	2011.08.22	2011.09.20	- 1.8	-	-	-	LTL
3.	ZMP1LTO4	1 360 000	1	2012.11.02	2012.12.14	3 777 532 2.2	1 360 000	2 992 000	36	LTL
4.	ZMP1LTO5	1 000 000	1	2013.03.25	2013.03.28	710 611 2.2	710 611	1 563 344.2	100	LTL
5.	ZMP1LOS	2 766 879	1	2016.07.04	2016.08.02	- 0.67	-	-	-	EUR
6.	ZMP1LOS1	742 857	1	2018.06.12	2018.06.25	62 223 1.75	62 223	108 890.25	100	EUR
7.	ZMP1LOS2	742 857	1	2018.07.09	2018.07.23	34 827 1.75	34 827	60 947.25	100	EUR
8.	ZMP1LOS3	742 857	1	2018.08.20	2018.09.03	59 557 1.75	59 557	104 224.75	100	EUR
9.	ZMP1LOS4	540 540	1	2019.05.06	2019.05.27	89 596 1.85	89 596	165 752.6	100	EUR
10.	ZMP1LOS5	300 000	1	2019.06.04	2019.06.11	23 963 1.8	23 963	43 133.4	100	EUR
11.	ZMP1LOS6	1 100 000	1	2019.06.18	2019.06.25	1 075 976 1.85	1 075 976	1 990 555.6	100	EUR

It should be noted that 1 189 535 own shares were purchased during the reporting period. Currently the Company holds 3 416 763 own shares (nominal value 0.29 EUR/pcs.), that accounts to 7.06 per cents of all shares controlled by AB "Žemaitijos pienas" at NASDAQ OMX Vilnius Stock Exchange.

Shareholders of AB "Žemaitijos pienas" have set the main objectives of the share purchase - (i) to ensure the opportunity for the shareholders to sell the shares in order to increase, maintain and / or stabilize the liquidity of the Company's shares; (ii) increase, maintain and / or stabilize the market price of the Company's shares; (iii) be able to allocate their own shares for the purpose of promoting the Company's employees in order to contribute to the better performance of the Company and sell them to Company employees other than employees who are members of the Company's Supervisory Board or Board, Shareholders of the Company; (iv) be able to use their own shares in potential exchanges related to the Company's acquisition or sale of shares in other companies; (v) in order to hold a reserve of their own shares which, if necessary, may be used for any of the following purposes (or one or more of them) by decision of the Board of the Company.

The company has not disposed any of its shares during the reporting period and has not entered into any other transactions, e.g. no shares were pledged and no rights granted by the shares were any way restricted, the shares are not the subject to any disputes or claims.

ABF "Šilutės Rambynas" has not purchased any of its shares and owns none thereof under any other circumstances.

III. OVERVIEW AND PERSPECTIVES OF ACTIVITIES OF THE GROUP OF COMPANIES

Product safety and international acknowledgement

Both companies of the Group operate in the food industry segment, therefore high quality and safe products are one of the main goals of the Group companies. This goal must be achieved not only by its own efforts, but also with the help of third parties - professionals - experts (auditors) who, as independent professionals, are the best to evaluate the dairy products produced and bring the message to the market.

³ Price of share is the price of one share, if paid in cash. In the case of a securities payment or a combination of securities and cash, the sum of the market prices of each security paid for the shares bought up, plus the premium plus.

In the first half of 2019, the products were evaluated against various requirements of international standards of food safety and quality management and meet them.

- In January 2019 auditors of UAB "Bureau Veritas" carried out an audit of all processes of AB "Žemaitijos Pienas" according to the requirements of BRC 7 revision.
- In March 2019 auditors of UAB "Bureau Veritas" carried out an audit of all processes of AB "Žemaitijos Pienas" according to ISO 22000 "Food Safety Management System. Requirements for any organization in the food production chain" + ISO / TS 22002-1 "Food Safety Essentials. Part 1: Food production and additional requirements under FSSC 22000".

The auditors concluded that the products comply with international standards, which enables the Group companies to access international and well-known retail chains with their products. It is also important that audits were carried out without prior approval of the audit date and schedule, that ensured a more realistic and accurate assessment of production processes.

Investments and investment projects in progress

During the first half of 2019 AB "Žemaitijos pienas" continued investing to upgrading and modernisation of equipment of separate production divisions in order to optimize production processes, ensure efficiency and quality of management of risks, related to food safety.

During the first half of 2019, other investments planned for 2019-2020 were focused on production development, raising the level of automation, increasing work safety, ensuring technical level and environmental requirements, ie - (i) modernization of cheese filling line, (ii) automation of boxing, (iii) modernization of curd unit, (iv) upgrading of kefir yeast division, (v) modernization of whey accumulation, (vi) expansion and automation of cheese packaging.

The Project signed in 2016 with National Paying Agency regarding allocation of support according to the instrument of Lithuanian rural area development programme for 2014-2020 "Investment to material assets", field of activity "Support to investment to processing, marketing and (or) development of agricultural products" was successfully completed during the first half of 2019, and all remaining investments related to the EU support were implemented.

The main objective of the investments was to increase the company's competitiveness, to solve environmental problems, to improve the quality of products and the working conditions and safety of employees. The main investments were directed to the cheese-butter production unit, raw material and production logistics and warehousing. The planned investments would also be expected for further improvement of product quality, packaging ergonomics, waste water pollution reduction and more efficient use of energy costs. The aim was also to ensure that the equipment and technological processes would meet customer expectations and that the finished product would be high quality and safe for the customer.

In the first half of 2019 ABF "Šilutės Rambynas" Acquired non-current assets which value 3.5 million Euros. Major part (2.552 thousand Euros), immovable property purchased from AB "Žemaitijos pienas" which was leased before this date. Other investments – 3 cheese producers purchased for 677 thousand Euros, cream pasteurizer purchased for 188 thousand Euros, vehicles purchased for 43 thousand Euros. The rest part referred to purchase of maintenance tools and inventory for different cheese production.

Products and trademarks

The vision to represent Žemaitija Region culture not only in Lithuania, but worldwide, by creating tasty and unique products was continued and realised in 2019. The mission is to create continuously added

value for the Group of Companies, its shareholders and the Customer. Marketing is an integral part of a successful business, so in 2019 the staff of the Group of Companies paid great attention to this.

In 2019 AB "Žemaitijos pienas" follows a priority to produce only high quality, healthy and safe products, which would become the standard of exclusive taste for even the most eager customers and thus develop the consumers' habit of choosing products with the brand "Žemaitijos pienas" only. We are constantly seeking not to disappoint our customers' expectations, to seek new markets, not only by establishing excellent products, services and other developments, but also by attracting professionals who represent the interests of the Company in cooperation with our customers and market partners. Ceaselessly create added value for the Customer and the Company by retaining existing customers and attracting new ones, ensuring the highest quality of products from the field to the shelf.

In accordance with the chosen strategy and implementation of the tasks set for the first half of 2019, AB "Žemaitijos Pienas" got awards and was evaluated not only in Lithuania, but also abroad. Since 2009, AB "Žemaitijos Pienas" products have been among the winners of the competition "Most Popular Product" organized by the Lithuanian Trade Association (LPEA). "Magija Vanilla" glazed curd cheese has been recognized by buyers for 10 years as a favourite cheese, "Džiugas" grated cheese - for 7 years, and "Pik-Nik Classic" cheese strings 280 g - for 6 years, "Žemaitijos pusriebė" curd, 9% - for 6 years, mixed fat spread "Saulutė", 72%, 200 g - for 3 years, and "Žemaitijos" butter, 82 %, 200 g - for 1 year. Such ratings further encourage AB "Žemaitijos Pienas" to improve and delight its customers with perfect product quality and innovation.

On 3 June 2019 an exhibition of the finest cheeses took place in Rome, Italy - the "Premio Roma" competition with real Italian cheeses, while only Spain and Lithuania with hard cheese "Džiugas" represented foreign countries. AB "Žemaitijos pienas" presented 100 months or 8 years matured "Džiugas Special Aged" to the jury and visitors. "Džiugas" hard cheese won the highest prize in the innovation category - the gold medal. This once again proves that this cheese is among the world leaders and can bring innovations and surprises that the world does not yet know.

On 7 June 2019, AB "Žemaitijos Pienas" received special news from the European Commission - the official document (EU) 2019/972 announced that the name of hard cheese "Džiugas" is registered in the Register of Protected designations of origin.

It should be noted that to get the protected designation sign one must prove that the product is related to the specific geographical area and differs from products produced in other areas. The product of the guaranteed traditional category must be produced either by a traditional production method which has been passed on from one generation to the next or from traditional raw materials. Evidence must include historical sources, technological documentation, or other information. The link between "Džiugas" and its geographical area is based on the reputation of the product, the craftsmanship and the legend. The resulting link sends a signal to the consumer that what he or she has taken is a special, exceptional and quality product that builds product confidence, adds value and helps producers of regional specific products remain competitive in the market.

Improvement and target orientation predetermine the opportunities to provide the consumers with new products. New products of the first half of 2019:

- Mixed fat spread Saulutė with onion, 100 g;
- Mixed fat spread Saulutė with baked hemp seeds, 100 g;
- Melted butter Saulutė Golden Ghee, 500g;
- Cheese with low salt content Germanto Junior 45 % fat d.m., 150 g (sliced);
- Ecologic kefir Dobilas 2.5 %, 0.9 kg;
- Ecologic natural sour cream Dobilas 30 % fat, 330 g;
- Ecologic drinking yogurt Dobilas with peach 2.2 % fat, 330 g;
- Ecologic drinking yogurt Dobilas with mango and apples 2.2 % fat, 330 g;
- Ecologic drinking yogurt Dobilas with banana 2.2 % fat, 330 g;
- Ecologic yogurt Dobilas with peach, amaranth and linen seeds 2.5-3.0 % fat, 300g;

- Ecologic yogurt Dobilas with banana and pear 2.5-3.5% fat, 125g;
- Ecologic yogurt Dobilas with pine apple, mango and peach 2.5-3.5% fat, 125g;

Outcomes of activities of the Group of Companies

The Company selects the main Standard financial parameters used by many companies when analysing financial data. Main financial indices reflecting activities of the Group and Company in the first half of 2018-2019 are as follow:

Financial indices	Group		Company	
	Half I of 2019	Half I of 2018	Half I of 2019	Half I of 2018
Turnover, thousands of EUR	87.709	84.692	87.302	84.124
Gross profitability, %	19.78	18.95	20.21	19.04
Net profitability, %	4.87	4.70	7.70	4.76
EBITDA, thousands of EUR	7.176	5.861	9.440	5.710
EBITDA profitability, %	8.18	6.92	10.81	6.79
ROE profitability, %	5.35	5.35	9.32	6.19
ROA profitability, %	3.77	3.88	6.14	4.18
General liquidity ratio	2.97	2.81	2.30	1.55
Quick ratio	1.18	1.43	0.92	0.72
Debt-to-equity ratio	0.42	0.38	0.52	0.48
Debt ratio	0.30	0.28	0.34	0.32
Total investment into non-current assets, thousands of EUR	5.107	7.419	3.424	6.942

The formulas for calculation of the above-mentioned parameters and their description are provided in the Section "Outcomes of activities of the Group of Companies" of the Annual Report for 2018 (pages 15-16).

Net profitability of the Company increased during the first half of 2019 due to sale of immovable property to ABF "Šilutės Rambynas". ABF "Šilutės Rambynas" used the immovable property for many years on the basis of leasing from the Company. The property was sold, so that whole immovable property located in Šilutė would be on the same balance, i.e. so that there would be one owner.

The Company's operating expenses in 2019 (12.5 million euros) accounted for 14.34 % of turnover, when in 2018 (11.8 million euros) it was 14.04 % of turnover. The Group's operating expenses in 2019 (12.8 million euros) accounted for 14.58 % of turnover, compared to 13.99 % of turnover in 2018 (11.85 million euros). The most significant impact on the increase of operating expenses had the increase of sale expenses. All indices did not change essentially, i.e. there were no decrease comparing to the first half of 2018 and 2018.

Comparison of amounts and prices of raw milk purchased by AB "Žemaitijos pienas" in the first half of 2018 and the first half of 2019:

Purchase of raw milk (recalculated to basic indices ⁴)	Half I of 2019	Half I of 2018	Difference between Half I of 2018 and half I of 2019, %
Amount of purchased milk, thousands of tons	198	180	10
Milk purchase price, EUR/t	251	264	-4,92

AB "Žemaitijos Pienas" has been paying farmers a competitive price for high quality milk production for many years. Average amount of natural milk purchased in the first half of 2019 - 160 thousand tons, it is 8.11 per cent more than in the first half of 2018 (first half of 2018 -148 thousand tons).

Average amount of purchased natural milk in the first half of 2019 amounted to 311 EUR/t, i.e. 0.96 per cent less comparing to the first half of 2018 (the price of natural milk purchased in the first half of 2018 was 314 EUR/t). As the result of low demand for dairy products at export markets, in the first half of 2019 AB "Žemaitijos pienas" reduced milk purchase prices.

As a socially and morally responsible business enterprise, AB "Žemaitijos Pienas" announced the campaign "Check the milk sales figures of your farm for free to make sure that purchasers are not deceiving you". During the campaign, all milk producers were able to deliver their milk samples to UAB "Nepriklausoma tyrimų laboratorija" free of charge and find out whether milk purchasers are compensating them by using real, rather than falsified, milk figures. "Žemaitijos Pienas" Company has for many years based its activities with the milk producers in a fair partnership and encourages the owners of milk farms with the best milk quality indicators.

Affiliate Company ABF "Šilutės Rambynas" does not buy raw milk directly; raw milk is sold to it by AB "Žemaitijos pienas".

In the first half of 2019, the sales of AB "Žemaitijos Pienas" amounted to 87 million Euros (EUR 87.302 thousand Euros). That is 3.78 per cent more than in the first half of 2018 (first half of 2018 sales amounted to approximately 84.124 thousand Euros).

AB "Žemaitijos Pienas" receives the largest share of its revenue from Lithuania, which accounts for more than half of total revenue (about 52.12% in the first half of 2019, about 55.20% in the first half of 2018); other Baltic States and CIS countries - 15.91 per cent (14.11% in the first half of 2018); other European countries 24.99 percent (26.55% in the first half of 2018) and other countries account for about 6.98% (the first half of 2018 - 4.14 per cent) of total revenue. Exporting countries with the highest turnover in the first half of 2019 - Poland, Latvia, Germany.

Table 1. Geographic breakdown of sales of AB "Žemaitijos pienas", in thousands Euro

Row No.	Geographic breakdown of sales, thousands Euro	Half I of 2019	Percentage from total income in half I of 2019	Half I of 2018	Percentage from total income in half I of 2018
1	Lithuania	45.503	52.12%	46.436	55.20%
2	Other Baltic States and CIS Countries	13.889	15.91%	11.869	14.11%

⁴ Milk purchased is recalculated to the basic using an appropriate factor calculated from the amount of fat and protein.

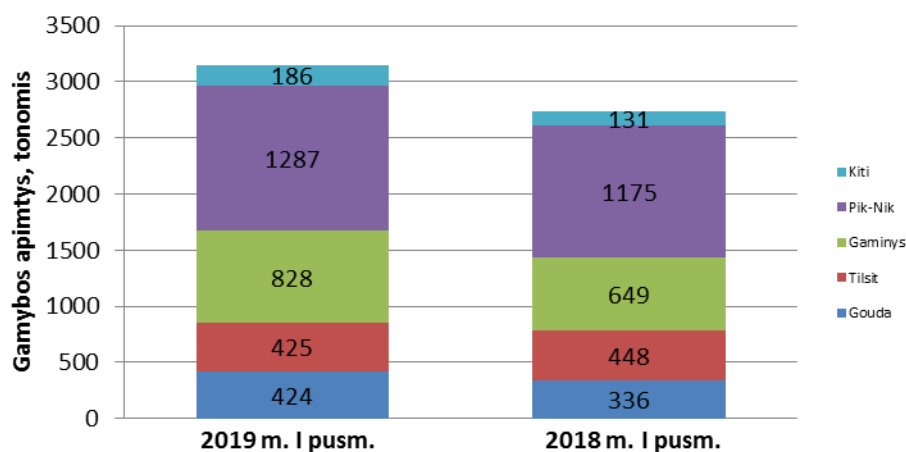
3	Other European Countries	21.814	24.99%	22.339	26.55%
4	Other ⁵	6.096	6.98%	3.480	4.14%
5	Total	87.302	100%	84.124	100%

Table 2. Products sold by AB "Žemaitijos pienas" breakdown into types of products in thousands Euro

Row No.	Geographic breakdown of sales, thousands Euro	Half I of 2019	Percentage from total income in half I of 2019	Half I of 2018	Percentage from total income in half I of 2018
1	Fermented and processed cheese	36.151	41.41%	33.697	40.06%
2	Fresh milk products	29.312	33.58%	28.506	33.88%
3	Butter and mixed fat spreads	6.624	7.59%	7.150	8.50%
4	Dry milk products	7.250	8.30%	4.501	5.35%
5	Other ⁶	7.965	9.12%	10.270	12.21%
6	Total	87.302	100%	84.124	100%

Sales of ABF "Šilutės Rambynas"

The Company specializes in production of cheese. Production volumes in the first half of 2018-2019 are demonstrated on the diagram provided below:



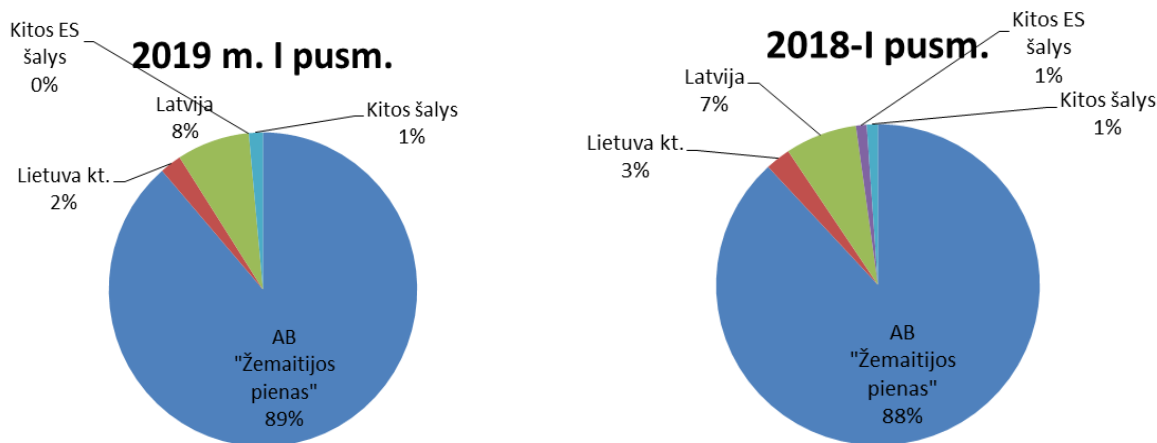
In the first half of 2019 3150 tons of cheese was produced, or 411 t (15.0 per cent) less comparing to the first half of 2018. Production growth was predetermined by the fact that all purchased milk was processed to cheese, and in the first half of 2018 a part of raw milk was processed to low fat milk and sold as raw materials to AB "Žemaitijos pienas" or UAB "Laktopolis" (exported to Poland). Production of fermented cheese (Gouda and Tilsit) increased up to 849 t, and in the first half of 2018 784 t (8.3 per cent growth)

⁵ Other– Georgia, Hong Kong, Israel, Japan, USA, Canada, China, Lebanon, Malaysia, Mongolia, South Korea, Saudi Arabia, Singapore.

⁶ Other- kastinys, ice cream, water products, raw materials.

was produced. Production of fermented cheese products increased by 27.6 per cents from 649 to 828 tons, production of cheese strings and other cheese during the compared period grew up by 9.5 and 42.0 per cents respectively.

The majority of the products produced in the Associated Company are sold through the parent company AB "Žemaitijos Pienas". The structure of sales by markets is graphically represented:



During the first half of 2018 products were sold for 14.722 thousand EUR or by 10.5 per cent less than during the same period in 2018, when sales amounted to 16.442 thousand EUR. The decrease in sales was predetermined by fall of prices for raw cream, and this resulted in decrease of sales from 5.582 thousand EUR down to 3.697 thousand EUR (33.8 per cent fall). Thus, income from cheese sale in 2018 increased from 9.947 thousand EUR by 2.9 per cent up to 10.233 thousand EUR in 2019. Sales of condensed they increased up to 745 thousand Euros due to increased cheese production, that is 62.0 per cent more comparing to the first half of 2018.

Types of risks, their factors and uncertainties, risk management

Financial and other risks, as well as their management, security means, other financial aspects are disclosed on page 20 of Section 28 "Financial Risk Management" of Explanatory Note of Audited Financial Statements for 2018, it is also described in details in Consolidated Management Report of AB "Žemaitijos pienas" for 2018 (Section "Key Risk Factors and Risk Management"). There were no essential changes in the first half of 2019.

The Company and other companies of the Group are insured by general civil liability for pursued activities and produced product, coverage is valid worldwide. The Management of the Company is responsible for risk management.

Business plans and forecasts of the Group of Companies

In 2019 the Group of Companies continues to achieve the key objective - to sell the products of the Group companies directly to the shelves of strategic foreign trade networks with their own brands.

The Company still seeks to use the opportunities for quick development in the competitive environment. Long-term goals of the Group of Companies are to become and be a strong, technically modern, and reliable company attractive to investors. To find and maintain the most profitable markets for our products in the European Union, the Baltic and other countries of the world by giving priority to the closest markets, as well as to the markets of Germany, France and England. To make maximum possible use of the existing production capacities, in addition, the consumer market studies are carried out continually, the consumer demand for new products is taken into account, tastings are carried out, and

dairy products are perfected and new products. One more goal is to become as close as possible to a consumer by providing and selling the products directly to a customer.

The essential current objectives and plans of the Company are as follow:

- To purchase milk in accordance with market conditions but not at a higher price than that paid for raw milk by other market participants in Lithuania and purchase high-quality milk only;
- To increase sales at the prices favourable to the Company;
- To focus on the sales of higher value-added products on export markets.

The lack of skilled labour forces the Company to focus on human resources, so special attention is paid to team building, development of competence and qualification, formation of special skills, revision and improvement of motivation systems.

Regularly changing and dynamic market of the sale of products and the purchase of raw milk, as well as other factors, force the Group of Companies to refrain from publishing the turnover and profit forecasts for the upcoming activity periods.

Information of research and development activities of the Company

The Company and its subsidiary (jointly or separately) continuously make investments and seek ways to ensure continuous growth of income and improvement of activity effectiveness. In 2019 the Company plans to spend for investments about 10 million euros. 5 million Euros of the planned amount will be allocated to the Fresh Dairy Production Unit, the remaining investment shall be allocated to the units of butter-cheese and dry dairy products. Also in 2019 we plan investments in new Euro6 standard vehicles in the amount of 0.66 million Euros. Goals remain the same - route optimization, reducing fuel consumption. Great attention will be paid to training for safe and cost-effective driving.

The goal of the companies is to ensure production and supply of products complying with the highest possible quality standards and creating maximum possible added value, which is why the Group continuously cooperates with scientists from Lithuanian University of Health Sciences, Vilnius University, Centre for Physical Sciences and Technology under Kaunas University of Technology as well as experts from Lithuania and abroad. The Company carries out laboratory tests in laboratories of National Food and Veterinary Risk Institute, Eurofins, Hamilton, KTU MI, LSMU Veterinary Academy and other laboratories, improving recipes, strengthening product individuality and creating new products. Uninterruptible tests are mainly oriented to improvement of available product cart.

In order to achieve higher standards, application of more advanced management methods, and development of innovative vision of both the production technology and business management as well as individual Company management and work processes Company specialist continuously train, attend practical trainings and exhibitions abroad, and cooperate with the largest suppliers while horizontally integrating best production practices in the Company`s own production processes and logistics as well as implementing improvement initiatives with suppliers` production processes and products.

Activities of the Group of Companies in the field of environmental protection

AB "Žemaitijos Pienas", a company that produces and sells dairy products, which, in accordance with the criteria laid down in the Regulations for the issue, amendment and revocation of Integrated Pollution Prevention and Control Permits, refers to companies that use the equipment subject to a special permit for the performance of its activities in accordance with the above rules . Still in 2006 the Company received an Integrated Pollution Prevention and Control Permit, which is not limited in time, but is the subject to adjustment due to changes. The Company does not have a negative impact on the environment, which should be mitigated by immediate measures, however, the Company constantly monitors its performance indicators, plans and implements the latest technologies that would reduce production and operating costs and energy costs, and improve the Company`s environmental condition in every way.

The Company aims to maximize the use of natural resources by various means. As we know, natural resources determine the economic development of countries. Countries that conserve natural wealth have much greater opportunities to develop production, trade and the social sphere. The Company is well aware that its activities can cause significant damage to the environment, and only the complex use of economic, legal, technical, and biological tools can guarantee the rational use of natural resources now and in the future, so environmental impacts are controlled by harmonized monitoring programs. As the Company expands or upgrades its facilities and technology, an environmental impact assessment is carried out to ensure that the Company's development does not exceed the permissible environmental norms, as well as the production wastewater, the quality of biofuels and other factors that may affect the surrounding environment. The Company is constantly updating its fleet to reduce air pollution from mobile sources. In order to ensure the reduction of pollution from stationary pollution sources, the Company uses the best available production methods.

The waste is managed in accordance with the established environmental requirements, through the through the environmental electronic data collection system GPAIS (waste product package information system). Moreover the Company provides (forms) quarterly waste accounting reports and shipped-exported waste package accounting reports. Within the territory, hazardous and non-hazardous waste is stored and handled in a way that does not adversely affect the environment; Waste is shipped to waste recycling and timely disposal companies. AB "Žemaitijos Pienas" carries out sorting of packaging at the place of waste generation, presses it and prepares it for recycling. It also separates packaging waste for recycling but is suitable for energy recovery and systematically transmits this waste to collectors and processors.

AB "Žemaitijos Pienas" holds an important place in the packaging process. The products are packed in glass, PET, plastic, paper, composite, wooden and other packaging. For effective packaging waste management in 2019 The Company cooperated with the public institution "Žalasis taškas", which took care of the collection and recycling of packaging. Public institution "Žalasis taškas" received for remuneration from AB "Žemaitijos pienas" (for the submitted documents proving that the waste was disposed of) is obliged to educate the public on the management of packaging (garbage), as well as to contribute to the collection of packaging from consumer infrastructure (for sorting to supply the population).

The company is constantly implementing investment projects, which introduce new modern technologies that allow more efficient use of energy renewable resources, reduce emissions to the environment, and apply other environmental measures.

During the first half of 2019, the company successfully completed all remaining investments related to EU support, which will not only increase the company's competitiveness, improve product quality and working conditions and safety of employees, but will also reduce pollution of wastewater.

Moreover, during the first half of 2019 the Company implemented other investments planned for 2019-2020 aimed at production development, raising of automation level, increase of occupational safety, ensuring of technical level and environmental requirements. In order to reduce emission of gases contributing to the greenhouse effect AB "Žemaitijos pienas" has assumed the initiative and either completely eliminated equipment relying on Freon gas for its processes or obtained equipment that uses a more environmentally friendly type of this gas.

The Company is constantly improving its management structure for environmental issues. It was believed that all employees and their managers should contribute to the reduction of energy costs, pollution reduction, therefore from 2018 it will be necessary to reduce emissions. Environmental responsibility is not the sole responsibility of one person, one office ecologist-engineer. At the same time, the Company started measuring wastewater pollution in each unit separately, which also allowed controlling, analysing and carrying out preventive work to prevent the discharge of polluting wastewater into the wastewater, at

the same time allowed to improve the overall communication between the units, to see where more investment or organizational measures are needed to solve the problems.

The company is actively implementing and promoting the use of renewable resources. AB "Žemaitijos Pienas" has a 10MW biofuel boiler house, which uses renewable energy resources - wood chips (SM2) instead of natural gas. In January-June 2019 AB "Žemaitijos Pienas" consumed 539.730 m³ of gas; this is 182.15 per cent more than in January-June of the previous year. In January-June 2019 the Company consumed 2.360,987 t of biofuel, it means that comparing to January-June 2018 biofuel consumption decreased by 1.85 per cent.

The company, being socially responsible and caring for the environment and preserving it, buys electricity from renewable energy sources. In the first half of 2019 AB "Žemaitijos pienas" consumed 10.180.292 kWh of electricity, which means that compared to the first half of 2018 electricity consumption increased by 11.66%. Considering indirect energy consumption data, the major part of the energy used in the first half of 2019 was used for ripening and storage of cheese, i.e. 536.508 kWh.

In the first half of 2019 AB "Žemaitijos Pienas" spent 405.638 m³ of water; it is 22.17% more than in the first half of 2018. The increase in energy resources was determined by the higher amount of recycled raw material, which is 17.96% more than in the first half of 2018.

In the first half of 2019 there were no events in the field of environmental protection in ABF "Šilutės Rambynas". Thus, the Company seeks to minimize waste water amounts, so looking for methods to reduce consumption of power sources in order to reduce nature pollution and energy costs.

Aspects on management of staff and human resources of the Group of Companies

Both companies face the lack of high qualification employees. These issues are being addressed by creating long-term relations with employees by adapting and training them, encouraging them to grow professionally. Opportunities are provided for employees to deepen their knowledge and skills, improve their qualification by participating in various seminars. Programs are prepared for training and certification of specialists, production workers, hardware technicians, operators, fitters, foremen, and skilled workers. Particular attention is also paid to knowledge of foreign languages. Employees are trained in foreign languages in courses organized by the Company. The aforementioned trainings are also conducted in other training and advancement forms, including improvement of foreign language skills abroad.

During the reporting period particular attention was paid to several field of training: improvement of employee qualification in order to ensure compliance with work quality requirements and to address the recently evident need for employees to be able to substitute for one another and to have diverse skill sets to which end employees are trained to fulfil the functions of another occupation or to undertake additional functions. To make this possible training programs are prepared and training specialists are appointed and fostered.

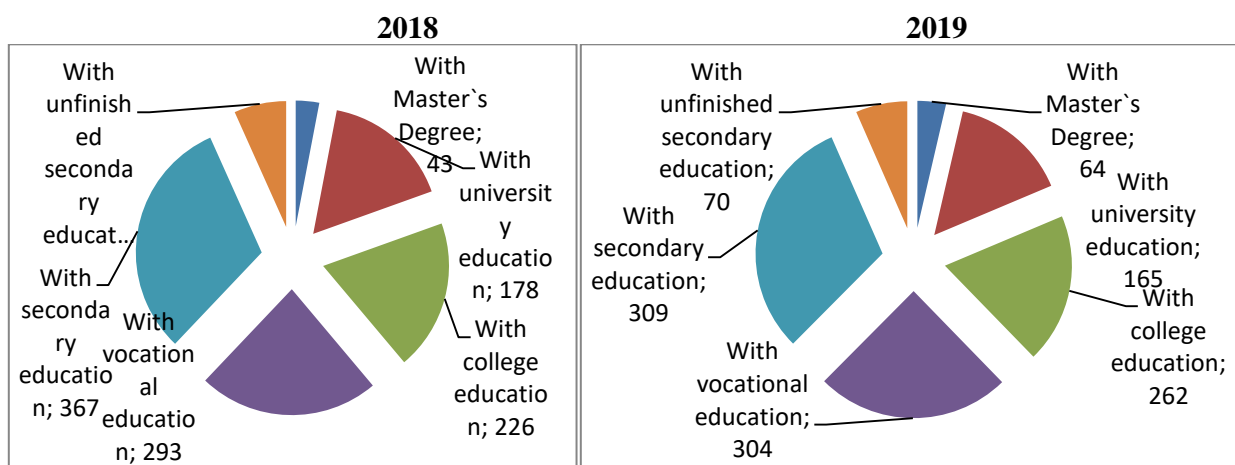
Employees of AB "Žemaitijos pienas"

According to the data available by 30 June 2019, AB "Žemaitijos pienas" had 1174 employees. According to the data available by 31 December 2018, AB "Žemaitijos pienas" had 1185 employees. According to the data available by 31 December 2017, AB "Žemaitijos pienas" had 1163 employees. Comparing to the previous year the number of employees decreased.

Groups of employees of AB "Žemaitijos pienas" by education (2017, 2018, 2019):

Number of employees	2017-12-31	2018-12-31	2019-06-30
With Master's Degree	35	43	64
With University Degree	192	178	165
With College Degree	225	226	262
With Vocational Education	270	293	304
With Secondary Education	363	367	309
With unfinished Secondary Education	78	78	70
Total:	1163	1185	1174

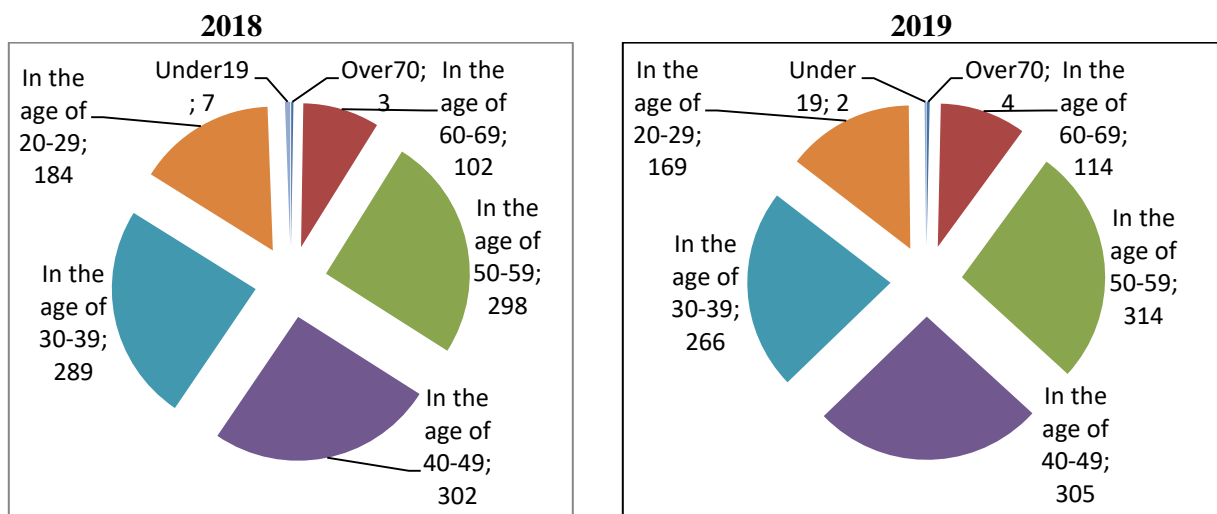
Groups of employees of AB "Žemaitijos pienas" by education (2018 and 2019):



AB "Žemaitijos pienas" employees by their corresponding groups and their average wages in EUR for corresponding employee work groups make up:

Number of employees by groups	2017-12-31		2018-12-31		2019-06-30	
	Number of employees	Average wage, EUR	Number of employees	Average wage, EUR	Number of employees	Average wage, EUR
Managers	9	6154	9	7180	8	6810
Specialists	261	1423	258	1917	289	2512
Workers	893	842	918	926	877	1096
Total:	1163		1185		1174	

Number of employees by age groups in 2018 and 2019:



At AB “Žemaitijos pienas” employee rights and obligations are provided for in their job descriptions. Employment contracts outline no special employee rights or obligations and the Company does not have a collective agreement but there is a labour board.

ABF “Šilutės Rambynas”

In the end of the reporting period the Company had 195 employees, comparing to 2018, increased by 8 employees (4.3per cents). Changes of groups of employees by education are provided in the Table below:

Education of employees	2019-06-30	2018-06-30
With Master`s Degree	8	7
With University Degree	25	22
With College Degree	26	27
With Vocational Education	70	65
With Secondary Education	44	46
With unfinished Secondary Education	22	20
Total:	195	187

The average wage in the first half of 2019 was 1533 EUR/month, or 40.7 per cent higher than in 2018. Eliminating tax reform impact, average wages increased by 9.2 per cents. Changes in wages by employee groups are given in the Table below:

Number of employees by groups	2019.06.30		2018.06.30	
	Number of employees	Average wage, EUR/month	Number of employees	Average wage, EUR/month
Managers	7	3332	7	2792
Specialists	30	1906	30	1263

Workers	158	1382	150	974
Total:	195	1533	187	1089

The Company of the Group seeks to develop and maintain long-term relationships with its employees, especially when the labour market is not satisfying - the lack of highly qualified employees. Therefore, employees are constantly encouraged to develop in the professional field. The Company employees have the opportunity to improve their knowledge and skills in seminars and courses. There are training programs that train and certify specialists, production workers, technicians, operators, locksmiths, brigades, masters, and masters.

IV. ASPECTS OF MANAGEMENT OF COMPANIES

General information related to management of companies

The annual consolidated report for 2018 and its appendices set out all required and mandatory aspects to be published, which are related to management of Companies. This semi-annual report for 2019 contains information and data that changed during the first half of 2019; therefore, with the information and data that has remained urgent (unchanged), are presented in AB "Žemaitijos pienas" Consolidated Annual Report for 2018 and it can be found in the section "Market Reports" of the Nasdaq Vilnius information database⁷.

It is noteworthy that in the area of management of Companies the shares of the voting rights of the persons (shareholders) have changed after the reporting period⁸ due to the changed legal regulation related to the principles of vote counting, furthermore, the Annual General Meeting of Shareholders of AB "Žemaitijos Pienas" held on 10 April 2019 recalled the entire Supervisory Board and elected new members, also, the composition of the Board of the Company changed in the first half of the year, so these details are disclosed in more detail in subsequent parts of this Report.

The Annual General Meeting of Shareholders of AB "Žemaitijos Pienas", which was held on 10 April 2019, decided to allocate EUR 0.08 in dividends per one share (dividends started to be paid from 3 May 2019 according to the publicly announced terms⁹), also at this meeting it was decided to buy the company's shares, the shareholders authorized the Board to specify the terms for purchasing of shares, moreover, the meeting took other decisions¹⁰.

Annual General Meeting of Shareholders of ABF "Šilutės Rambynas" which was held on 30 April 2019 listened, approved and accepted issues assigned to the competence of ordinary General Meeting of Shareholders.

Data on the shareholders, their directly and indirectly held packages of shares

According to the data of 30 June 2019, the shares of AB "Žemaitijos Pienas" were owned by 2,863 shareholders (natural and legal persons). The number of shareholders during the reporting period decreased slightly.

The shareholders holding more than 5 per cent of authorised capital of AB "Žemaitijos pienas" and votes:

⁷ <https://cns.omxgroup.com/cdsPublic/viewDisclosure.action?disclosureId=884308&messageId=1113068>

⁸ shareholders' equity and voting rights during the reporting period correspond to the data provided in the Annual Report 2018, therefore, this data has not been provided, the data recalculated after 21 July 2019 has been provided.

⁹ <https://cns.omxgroup.com/cdsPublic/viewDisclosure.action?disclosureId=884379&messageId=1113158>

¹⁰ <https://cns.omxgroup.com/cdsPublic/viewDisclosure.action?disclosureId=884308&messageId=1113068>

CONSOLIDATED SEMI-ANNUAL REPORT FOR 2019 AND SET OF CONSOLIDATED FINANCIAL STATEMENTS

Row No.	Shareholder	Number of shares held by the right of ownership, pcs.	Part of authorised capital held by the right of ownership, %	Part of votes held by the right of ownership, ¹¹ %	Part of votes held together with associated persons ¹² , %
1	Pažemeckas Algirdas	14 014 581	28.97	28.97	73.68
2	Pažemeckienė Danutė	14 014 581	28.97	28.97	73.68
3	AB "Klaipėdos pienas", entity identification number 240026930, Šilutės Highway 33, 91107 Klaipėda	2 901 844	6.00	6.00	73.68
4.	UAB "Baltic Holding", entity identification number 302688114, Office address: Vilhelmo Berbomo Str. 9-4, Klaipėda 4, Klaipėda	4 713 018	9.74	9.74	73.68
5.	AB "Žemaitijos pieno investicija", entity identification number 300041701, Office address: Sedos Str. 35, Telšiai	0.0	0.0	0.0	73.68
6.	Romusas Jarulaitis*	1 870 430	3.86	3.86	6,57
7.	Regina Jarulaitienė*	1 303 740	2.70	2.70	6,57

¹¹ Due to changes in legal regulation of 21 July 2019, the total number of votes of the Company has been recalculated during calculation of the voting rights held by individuals, so comparing these data to the data provided in the Annual Report for 2018 the share of votes substantially changed (recalculated).

¹² Danutė Pažemeckienė holds 14 014 581 pcs. of shares, 28.97 per cents of shares and 28.97 per cents of votes, as well as 14 014 581 pcs. of shares, 28.97 per cents of shares and 28.97 per cents of votes by joint common property right of spouses together with Algirdas Pažemeckas; Algirdas Pažemeckas by joint common property right of spouses together with Danutė Pažemeckienė holds 14 014 581 pcs. of shares, 28.97 per cents of shares and 28.97 of votes. The following entities/persons shall refer to entities/persons acting under agreement: AB "Klaipėdos pienas" (holding 2 901 844 pcs. of shares, 6.00 per cents of shares and 6.00 per cents of votes), UAB "Baltic Holding" (holding 4 713 018 pcs. of shares, 9.74 per cents of shares and 9.74 per cents of votes) and AB "Žemaitijos pieno investicija" (0 pcs., 0.00 per cent), which holds 86.47 per cents of shares of AB "Klaipėdos pienas", and A. Pažemeckas holds by the right of ownership by 32.97 per cents of shares and votes and D. Pažemeckienė holds by the right of ownership by 40.71 per cents of shares and votes of AB "Žemaitijos pieno investicija";

* R. Jarulaitis, R. Jarulaitienė are considered to be persons acting jointly on the basis of marriage (holding shares as joint community property), but R. Pažemeckas (Member of the Board, CEO), R. Jarulaitis (Member of the Supervisory Board) D. Gečienė (Member of the Board) are no longer considered to be acting jointly (members of the group) after 21 July 2019, as the issuer's executives are no longer automatically considered to be acting in concert unless they have concluded a separate agreement;

CONSOLIDATED SEMI-ANNUAL REPORT FOR 2019 AND SET OF CONSOLIDATED FINANCIAL STATEMENTS

8.	Dalia Gecienė*	475 160	0.98	0.98	0,98
9.	Pažemeckas Robertas*	2 540	0.01	0.01	0.01
10.	Other shareholders	8053675	16.65	16.65	16.65
	TOTAL	48 375 000	100	100	100

Data on the Members of the Supervisory Board of the Company

Name, ¹³ Surname	Office in the Issuer ¹⁴	Number of shares held and part of authorised capital%	Job, Office held	Education
Romusas Jarulaitis ¹⁵	Chairman of the Supervisory Board	1 870 430 pcs. or 3.86	AB "Žemaitijos pienas" Export Manager	Kaunas Technological University, Technical Engineer.
Gražina Norkevičienė ¹⁶	Member of the Supervisory Board	No	Pensioner	Kaunas Polytechnic Institute, Technologist and Engineer for Milk and Dairy Products.
Virginija Vaitkuvienė ¹⁷	Ste Member of the Supervisory Board	No	Pensioner	Kaunas Polytechnic Institute, Technologist and Engineer for Milk and Dairy Products.

Date on the Members of the Board of the Company

Name, surname	Office in the Issuer	Number of shares held and part of authorised capital%	Job, Office held	Education
Robertas ¹⁸ Pažemeckas	Chairman of the Board, Chief Executive Officer	2 540 pcs or 0.01 per cent	AB "Žemaitijos pienas" Chief Executive Officer	Vilnius University, Master of Law
Marius Dromantas ¹⁹	Member of the Board	No	AB "Žemaitijos pienas" Logistics Director	(i) Kaunas Technological University (Bachelor of Transport Engineering); (ii) Vilnius Gediminas

¹³ Members of the Supervisory Board (candidates) declared before the appointment (member of the organ) that their duties in the company would not cause a conflict of interest, the candidate was obliged to act in the company's interests and interests;

¹⁴ Members of the Board (candidates) declared before the appointment (member of the organ) that their duties in the company would not cause a conflict of interest, the candidate was obliged to act in the company's interests and interests;

¹⁵ Responsible for sales. Raw materials and finance;

¹⁶ Responsible for quality parameters, production processes, tasting supervision, supervision/control of companies providing raw material test services;

¹⁷ Responsible for production processes, creation of new products;

¹⁸ Responsible for sales, staff and law fields;

¹⁹ Responsible for logistics field;

CONSOLIDATED SEMI-ANNUAL REPORT FOR 2019 AND SET OF CONSOLIDATED FINANCIAL STATEMENTS

				Technical University (Master of Transport Engineering);
Dalia ²⁰ Gecienė	Member of the Board	475 160 pcs or 0.98 per cent	AB "Žemaitijos pienas" Senior Accounting Officer, ²¹	Kaunas Polytechnic Institute (KTU), Economical Engineer
Alma ²² Bartkienė	Member of the Board	No	AB "Žemaitijos pienas" Production Director	Kaunas Higher Food Industry School, Junior Food Industry Engineer
Jurgita Petrauskienė ²³	Member of the Board	No	AB "Žemaitijos pienas" Sales Manager	Kaunas Technological University – Bachelor of Management and Business Administration
Jolita Gedgaudienė ²⁴	Member of the Board	No	AB "Žemaitijos pienas" Marketing Manager	(i) Vilnius Gediminas Technical University (Bachelor of Mechanical Engineering); (ii) Vilnius Gediminas Technical University (Master of Management and Business Administration).
Name, surname	Office in the Supervisory Board	Independence criteria	Assigned and paid wages for 6 month 2019, tax included, EUR	Term beginning/ expiry date
Robertas Pažemeckas	Member of the Board, Chairman of the Board	Works in the Company Administration	Specified on page 23 of the report	2018-04-12 / 2022-04-12
Marius Dromantas	Member of the Board	Works in the Company Administration	Specified on page 23 of the report	2018-04-12 / 2022-04-12
Dalia Gecienė	Member of the Board	Works in the Company Administration	Specified on page 23 of the report	2018-04-12 / 2022-04-12
Alma Bartkienė	Member of the Board	Works in the Company Administration	Specified on page 23 of the report	2018-07-25 / 2022-04-12
Jurgita Petrauskienė	Member of the Board	Works in the Company Administration	Specified on page 23 of the report	2019-04-18 / 2022-04-12

²⁰ Responsible for financial field;

²¹ Accounting Officer of AB "Žemaitijos pieno investicija", at 0.2 rate;

²² Responsible for production and technical fields;

²³ Responsible for sales (export, Baltic Countries);

²⁴ Responsible for Marketing;

Jolita Gedgaudienė	Member of the Board	Works in the Company Administration	Specified on page 23 of the report	2019-04-18 / 2022-04-12
--------------------	---------------------	-------------------------------------	------------------------------------	-------------------------

Data on Administration of the Company

Name, Surname	Office	Start of work in the company	Education	Number of shares held (units)	Authorised Capital share owned (%)
Robertas Pažemeckas	Chief Executive officer	2002-08-26	Higher University	2540	0,01/0,01
Marius Dromantas	Logistics Director	2003-12-01	Higher University	-	-
Nijolė Penkovskienė	Head of Sales Department	2017-07-03	Higher University	-	-
Alma Bartkienė	Production Director	1984-07-27	Higher Non-University	-	-
Robertas Pavelskis	Technical Manager	1993-08-02	Higher University	-	-
Jurgita Petrauskienė	Sales Manager	2005-08-29	Higher University	-	-
Jolita Gedgaudienė	Marketing Manager	2005-09-19	Higher University	-	-
Dalia Gecienė	Senior Accounting Officer	1986-07-29	Higher University	475 160	0,98/0,98

Other data related to AB "Žemaitijos pienas" activities

Administration of the Company consists of the Chief Executive Officer, Production Director, Logistics Director, Technical Manager, Sales Manager, Marketing Manager, Procurement Manager, Director for Personnel and Law, Chief Accounting Officer, other employees fulfilling or related to administrative functions. Administration of the Company is managed by the Chief Executive Officer. The Directors/Managers implement objectives and tasks set by the management bodies of the Company, fulfil the functions in accordance with the assigned competencies and supervise subordinate employees.

During the reporting period (the first half of 2019), the company (issuer) attributed EUR 11,119, average wages of one member of the Supervisory Board is EUR 2.780, and wages of one member of the Supervisory Board working under the Employment Contract is EUR 50.523 per half of the year; wages of members of the Board is EUR 284.730, average wages of one member of the Board is EUR 47.455. Wages of the Administration Directors/ Managers is EUR 367.730, wages of one Administration Manager is EUR 40.859. Bonuses were not paid to the members of the Board and Supervisory Board. The amount of EUR 5.000 was attributed to the members of the Audit Committee.

No guarantee or bond, assets or other property right were provided to the members of the Board and Supervisory Board, Manager of the Company, Senior Accounting Officer/Senior Financial Analyst and members of the Audit Committee during the reporting period.

The members of the Board and Supervisory Board, Manager of the Company, Senior Accounting Officer/Senior Financial Analyst and members of the Audit Committee do not have significant financial liabilities to the company (issuer), and the company (issuer) does not have any liabilities to these persons.

The Issuer did not provide members of the Board and Supervisory Board and other agents with guarantees and bonds and/or other securities (Manager of the Company, Senior Accounting Officer/Senior Financial Analyst and members of the Audit Committee) during the first half of 2019. The Issuer did not provide loans to these persons.

Manager and administration of ABF "Šilutės Rambynas"

Manager of the Company (General Director) is Algirdas Bladžinauskas, Senior Accounting Officer is Linas Puskunigis. It should be noted that there are no special rules governing the election and replacement of the General Director of the Company, which in accordance with the provisions of the Law on Companies, the Articles of Association of the Company and the requirements of other legal acts. During the reporting period the wages of the General Director (Member of the Board) is EUR 7000 for the activity in the Board ("gross"), wages of the Production Director (Member of the Board) Renata Rupšienė is EUR 3500 ("gross"). No payments were made to the rest members of the Board.

ABF "Šilutės Rambynas" elects the members of the bodies on the basis of the candidate's professional experience and abilities; The Company does not apply policies related to the age, gender, etc. The company believes that this system allows the election of the best members of the company's bodies.

IV. OTHER INFORMATION

Transactions with associated parties

On 18 April 2019 AB "Žemaitijos pienas" and ABF "Šilutės Rambynas" (associated party) concluded the Agreement for sale and purchase of immovable property (production, administrative, auxiliary and other premises and yard structures) located at the address: Klaipėdos Str. 3, Šilutė, under which the aforementioned property was sold to ABF "Šilutės Rambynas"²⁵.

Details of transactions between related parties in the first six months of the current financial year that have had a material effect on the financial position or performance of the entity and / or group of companies during that period, including amounts and / or changes in those transactions concluded in 2018, are provided in paragraph 18 of the Semi-Annual Explanatory Note for 2019.

Judicial disputes

It is noted in the annual consolidated report for 2018 that AB "Žemaitijos Pienas" had several significant legal proceedings in courts of general and specialized jurisdiction. At the time of this notification, a civil dispute has already been finished with the Public Institution "Pakuočių tvarkymo organizacija" and EUR 80,632.55 has been awarded for partially untreated packaging waste, another civil dispute with the same organization for award of EUR 96.020 (for the 2013-2015 waste management periods) is currently suspended. Disputes with the Lithuanian Armed Forces moved to the Supreme Court of Lithuania, although the Lithuanian Armed Forces paid the entire loss of EUR 41 950.80.

Several cases are still pending in the administrative courts - (i) a dispute with the Supervisory Authority of the Bank of Lithuania over the economic sanctions of EUR 158.000 applied and (ii) litigation of administrative nature in which AB "Žemaitijos pienas" is involved in the case as a third party regarding declaration of a part of issued and destroyed certificates of the Public Institution "Pakuočių tvarkymo organizacija", confirming waste management, null and void. The amount of this case is EUR 96 020.

²⁵ <https://cns.omxgroup.com/cdsPublic/viewDisclosure.action?disclosureId=885641&messageId=1114723>

Both the afore-mentioned disputes and their outcome, as well as several insignificant legal claims initiated on behalf of AB "Žemaitijos Pienas" and their final results will have no impact on the financial results of the Group companies.

Regulated information published by the Company

During the reporting period the Company published 29 facts (events) related to the Company through the information system of the Vilnius Stock Exchange (NASDAQ OMX Vilnius AB), two notices were issued after the reporting period. All facts (events) are stored in the Central Database of Regulated Information and are also available on the Company's website www.zpienas.lt.

Information related to the Corporate Governance Code of the Company

During the reporting period there were no significant changes related to compliance with the Corporate Governance Code.

Information on important events after the end of the financial year

After the end of the reporting period there were no important events and significant circumstances in the activities of both AB "Žemaitijos pienas" and ABF "Šilutės Rambynas" and management of companies.

SET OF CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED SEMI-ANNUAL REPORT FOR 2019 AND SET OF CONSOLIDATED FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

	Notes	The Group			The Company		
		30-06-2019	01-01-2019*	31-12-2018	30-06-2019	01-01-2019*	31-12-2018
ASSETS							
Fixed assets							
Intangible assets	4	169	170	170	159	157	157
Tangible assets	4	49.886	49.130	49.130	45.537	45.480	45.480
Investments for sale	5	3.680	2.847	2.847	3.610	3.668	3.668
Right-of-use-asset	6	715	641	-	715	641	-
Investments into subsidiaries		-	-	-	3.150	3.150	3.150
Loans granted	8	2.115	1.804	1.804	2.115	1.804	1.804
Other fin. assets		6	6	6	6	6	6
Deferred profit tax assets	7	2.044	2.111	2.111	1.997	2.064	2.064
Total amount of fixed assets		58.615	56.709	56.068	57.289	56.970	56.329
Current assets							
Stock	9	33.041	31.058	31.058	31.370	29.415	29.415
Advance payments		413	292	292	401	279	279
Receivables from the buyers	10	18.668	17.545	17.545	18.191	17.405	17.405
Other receivables	11	1.060	2.711	2.711	713	2.507	2.507
Cash and cash equivalents	12	1.534	6.499	6.499	1.484	4.352	4.352
Total amount of current assets		54.717	58.105	58.105	52.159	53.958	53.958
ASSETS IN TOTAL		113.332	114.814	114.173	109.449	110.928	110.287
EQUITY AND LIABILITIES							
Capital and reserves							
Share capital	13	14.029	14.029	14.029	14.029	14.029	14.029
Own shares (-)		(3.801)	(1.597)	(1.597)	(3.801)	(1.597)	(1.597)
Required reserve		1.401	1.401	1.401	1.401	1.401	1.401
Other reserves		10.274	5.000	5.000	10.274	5.000	5.000
Undistributed profit		56.397	60.640	60.640	50.210	52.101	52.101
Equity of the shareholders of the parent company		78.300	79.473	79.473	72.113	70.934	70.934
Minority interest		1.562	1.656	1.656	-	-	-
Equity in total		79.862	81.129	81.129	72.113	70.934	70.934
Long-term liabilities							
Support received		3.401	1.327	1.327	3.226	1.142	1.142
Loans	14	7.000	-	-	7.000	-	-
Liabilities arising from the financial lease	15	984	312	98	984	312	98
Liabilities arising from the deferred profit tax		-	-	-	-	-	-
Other long-term liabilities		3.681	3.681	3.681	3.441	3.441	3.441
Total amount of long-term liabilities		15.066	5.320	5.106	14.651	4.896	4.682
Short-term liabilities							
Loans	14	1.000	9.000	9.000	1.000	9.000	9.000
Liabilities arising from the financial lease	15	425	442	15	425	442	15
Trade debts	16	11.225	12.344	12.344	16.072	19.673	19.673
Payable profit tax		-	-	-	-	-	-
Other payable amounts	17	5.755	6.579	6.579	5.188	5.983	5.983
Total amount of short-term liabilities		18.405	28.365	27.938	22.685	35.098	34.671
Liabilities in total		33.471	33.685	33.044	37.336	39.994	39.353
EQUITY AND LIABILITIES IN TOTAL		113.332	114.814	114.173	109.449	110.928	110.287

*Note. Due to IFRS 16 "Leases" effective for periods beginning on or after 1 January 2019, Financial Position for 1 January 2019 is restated in line with IFRS 16.

STATEMENTS OF COMPREHENSIVE INCOME

The Group

Notes	Jan-Jun 2019	Jan-Jun 2018
Sales	87.709	84.692
Cost of sales	(70.363)	(68.639)
GROSS PROFIT	17.346	16.053
Operating expenses	(12.785)	(11.852)
Other operating income and expenses	116	334
(LOSS) PROFIT FROM OPERATIONS	4.677	4.535
Finance costs	(62)	(2)
Other financial income and expenses	73	101
(LOSS) PROFIT BEFORE TAX	4.688	4.634
Income tax (benefit) expense	(413)	(650)
TOTAL INCOME FOR THE PERIOD	4.275	3.984
ATTRIBUTABLE TO:		
Equity holders of the Company	4.369	3.986
Minority interest	(94)	(2)
	4.275	3.984
Basic and diluted earnings per share (EUR)	0,10	0,09

The Company

	Jan-Jun 2019	Jan-Jun 2018
Sales	87.302	84.124
Cost of sales	(69.656)	(68.108)
GROSS PROFIT	17.646	16.016
Operating expenses	(12.516)	(11.813)
Other operating income and expenses	1.923	250
(LOSS) PROFIT FROM OPERATIONS	7.053	4.453
Finance costs	(62)	(2)
Other financial income and expenses	82	120
(LOSS) PROFIT BEFORE TAX	7.073	4.571
Income tax (benefit) expense	(353)	(570)
TOTAL INCOME FOR THE PERIOD	6.720	4.001
ATTRIBUTABLE TO:		
Equity holders of the Company	6.720	4.001
Minority interest	-	-
	6.720	4.001
Basic and diluted earnings per share (EUR)	0,15	0,09

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
Balance as of									
31 December 2017	14.029	(1.323)	1.401	5.000	-	56.872	75.979	1.585	77.564
Dividends	-	-	-	-	-	(6.946)	(6.946)	-	(6.946)
Acquisition of own shares	-	(109)	-	-	-	-	(109)	-	(109)
Transfer to reserves	-	-	-	-	-	-	-	-	-
Reserves used	-	-	-	-	-	-	-	-	-
<i>Net profit</i>	-	-	-	-	-	3.986	3.986	(2)	3.984
Balance as of									
30 June 2018	14.029	(1.432)	1.401	5.000	-	53.912	72.910	1.583	74.493
Balance as of									
31 December 2018	14.029	(1.597)	1.401	5.000	-	60.640	79.473	1.656	81.129
Dividends	-	-	-	-	-	(3.692)	(3.692)	-	(3.692)
Acquisition of own shares	-	(2.204)	-	-	-	-	(2.204)	-	(2.204)
Transfer to reserves	-	-	-	5.274	-	(4.920)	354	-	354
Reserves used	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
<i>Net profit</i>	-	-	-	-	-	4.369	4.369	(94)	4.275
Balance as of									
30 June 2019	14.029	(3.801)	1.401	10.274	-	56.397	78.300	1.562	79.862

STATEMENT OF CHANGES IN EQUITY

The Company	Share capital	Own shares (-)	Legal reserve	Reserves for own shares	Other reserves	Retained earnings	Total
Balance as of							
31 December 2017	14.029	(1.323)	1.401	5.000	-	48.598	67.705
Dividends	-	-	-	-	-	(6.946)	(6.946)
Acquisition of own shares	-	(109)	-	-	-	-	(109)
Transfer to reserves	-	-	-	-	-	-	-
Reserves used	-	-	-	-	-	-	-
<i>Net profit</i>	-	-	-	-	-	4.001	4.001
Balance as of							
30 June 2018	14.029	(1.432)	1.401	5.000	-	45.653	64.651
Balance as of							
31 December 2018	14.029	(1.597)	1.401	5.000	-	52.101	70.934
Dividends	-	-	-	-	-	(3.692)	(3.692)
Acquisition of own shares	-	(2.204)	-	-	-	-	(2.204)
Transfer to reserves	-	-	-	5.274	-	(4.920)	354
Reserves used	-	-	-	-	-	-	-
Other transfers	-	(2.204)	-	-	-	-	(2.204)
<i>Net profit</i>	-	-	-	-	-	6.720	6.720
Balance as of							
30 June 2019	14.029	(3.801)	1.401	10.274	-	50.210	72.113

CONSOLIDATED SEMI-ANNUAL REPORT FOR 2019 AND SET OF CONSOLIDATED FINANCIAL STATEMENTS

CASH FLOW STATEMENTS	The Group		The Company	
	Jan-Jun 2019	Jan-Jun 2018	Jan-Jun 2018	Jan-Jun 2018
Cash flow from operating activities				
Profit (loss) for the period	4.275	3.984	6.720	4.001
Adjustments:				
Depreciation and amortization	2.426	1.225	2.305	1.137
Amortization of grants received	(134)	(53)	(124)	(47)
Gain (loss) on disposal of non-current assets	106	(89)	(1.556)	155
Corporate income tax expenses	67	5	67	36
Impairment of accounts receivable	19	(209)	19	(209)
Impairment of property, plant and equipment	-	-	-	-
Impairment of inventories to net realizable value	(1.226)	(1.214)	(1.226)	(878)
Net financial expenses (income)	31	(27)	31	(24)
Elimination of non-cash items	354	-	354	-
Loss from liquidation of subsidiaries	-	-	-	-
Net cash flows from ordinary activities before changes in working capital	5.917	3.621	6.591	4.171
Changes in working capital:				
(Increase) decrease in inventories	(758)	2.241	(729)	1.095
(Increase) decrease in trade receivables	(1.142)	(1.069)	(804)	(752)
(Increase) decrease in prepayments	(121)	(478)	(122)	(408)
(Increase) decrease in other receivables	1.330	952	1.473	704
(Decrease) increase in trade payables	(1.119)	2.517	(3.601)	4.946
(Decrease) increase other accounts payable	367	157	395	88
Corporate income tax paid	-	31	-	-
Net cash flows from operating activities	4.474	7.972	3.203	9.844
Cash flows from (to) investing activities				
Acquisition of intangible assets and property, plant and equipment.	(5.107)	(7.419)	(3.424)	(6.942)
Proceeds on sale of property, plant and equipment	913	443	2.598	180
Acquisition of subsidiaries	-	-	-	-
Sale of investments available for sale	-	-	-	-
Repayment of loans granted	597	428	597	428
Loans granted	(588)	(376)	(588)	(376)
Interest received	41	37	41	37
Net cash flows (to) investing activities	(4.144)	(6.887)	(776)	(6.674)

CASH FLOW STATEMENTS -
continue

	The Group		The Company	
	Jan-Jun 2019	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2018
Cash flows from (to) financing activities				
Dividends paid	(3.692)	(6.946)	(3.692)	(6.946)
Acquisition of own shares	(2.204)	(109)	(2.204)	(109)
Grants received (-)	2.208	-	2.208	-
Loans received (-)	-	3.115	-	3.115
Repayment of loans	(1.000)	-	(1.000)	-
Financial lease payments	(535)	-	(535)	-
Interest paid	(62)	(2)	(62)	(2)
Other financial (income) and expenses	(9)	(7)	(10)	(11)
Net cash flows from financial activities	(5.295)	(3.949)	(5.295)	(3.953)
Net increase (decrease) in cash and cash equivalents	(4.965)	(2.864)	(2.868)	(783)
Cash and cash equivalents at the beginning of the year	6.499	12.277	4.352	4.688
Cash and cash equivalents at the end of the year	1.534	9.413	1.484	3.906

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 30 June 2018 and 2019 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 2019 and 2018.

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

As at 30 June 2018, the Company had 2.071 thousand units of its own shares with the value of EUR 1.432 thousand; as at 31 December 2018, it had 2.227 thousand units of own shares amounting to EUR 1.597 thousand. In January-June of 2019, the Company acquired additional 1.189.535 units of its own shares for EUR 2.204 thousand.

On 30 June 2019, 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) 30 June 2019	Net assets 30 June 2019	Main activities
Šilutės Rambynas, ABF	Klaipėdos st. 3, Šilutė, Lithuania	87.82 %	87.82 %	3.150	12.829	Production and sale of cheese

On 30 June 2019, the Company had 1.227 employees, and the Group had 1.422 employees (on 30 June 2018 – 1.227 employees in the Company and 1.414 employees in the Group).

2. ACCOUNTING PRINCIPLES

The consolidated interim financial statements for the six months' period ending 30 June 2019 are prepared in accordance with the International Financial Accounting Standards, as adopted by the European Union, includes IAS 34. In all material respects, the same accounting principles have been followed as in the preparation of financial statements for 2018.

The presentation currency is euro. The financial statements are presented in thousands of euro, unless indicated otherwise. The financial statements are prepared under the historical cost convention. Financial statements for the period ended 30 June 2019 are not audited. Financial statements for the year ended 31 December 2018 are audited by the external auditor Ernst & Young Baltic, UAB

The Company applies the new standard using the modified retrospective approach, which means that comparative figures are not restated. The cumulative effect of applying IFRS 16 recognized at 1 January 2019. The lease liabilities attributable to leases which have previously been classified as operating leases under IAS 17 are measured at the present value of the remaining lease payments, discounted using the incremental borrowing rates as of 1 January 2019. The Company recognizes a right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to the lease, recognized as of 31 December 2018. The Company's long-term operating leases are recognized as non-current assets and financial liabilities in the consolidated statement of financial position. Instead of operating lease expenses the Company recognizes depreciation and interest expenses in the consolidated statement of comprehensive income. Lease payments affect cash flow from operating activities (e.g. interest, low value asset leases and short-term leases), and cash flow from financing activities (repayment of the lease liability) in the cash flow statement.

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 and cheese products (primary segment). Other products as addition (primary) segment consist of sales of milk, butter, milk whey and other.

The Group	Sales, EUR thousand		Variation in % as comparing 01-06 2019 with 01-06 2018
	Jan-Jun 2019	Jan-Jun 2018	
Cheese and cheese products	37.408	35.038	6,76%
Fresh dairy products	29.439	28.597	2,94%
Other products	20.862	21.057	-0,93%
Total:	87.709	84.692	3,56%

The Group	Gross profit, EUR thousand		Variation in % as comparing 01-06 2019 with 01-06 2018
	Jan-Jun 2019	Jan-Jun 2018	
Cheese and cheese products	9.077	7.022	29,26%
Fresh dairy products	10.405	10.284	1,18%
Other products	(2.136)	(1.253)	-70,47%
Total:	17.346	16.053	8,05%

The Company	Sales, EUR thousand		Variation in % as comparing 01-06 2019 with 01-06 2018
	Jan-Jun 2019	Jan-Jun 2018	
Cheese and cheese products	36.151	33.697	7,28%
Fresh dairy products	29.312	28.506	2,83%
Other products	21.839	21.921	-0,37%
Total:	87.302	84.124	3,78%

CONSOLIDATED SEMI-ANNUAL REPORT FOR 2019 AND SET OF CONSOLIDATED FINANCIAL STATEMENTS

The Company	Gross profit, EUR thousand		Variation in % as comparing 01-06 2019 with 01-06 2018
	Jan-Jun 2019	Jan-Jun 2018	
Cheese and cheese products	9.323	7.581	22,98%
Fresh dairy products	10.330	10.234	0,94%
Other products	(2.008)	(1.799)	-11,62%
Total:	17.646	16.016	10,18%

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

The Group	Jan-Jun 2019	Jan-Jun 2018
Sales, EUR thousand		
Lithuania	44.571	45.465
Other Baltic and CIS states	15.011	13.050
Other European states	21.814	22.516
Other	6.313	3.661
In total	87.709	84.692

The Company	Jan-Jun 2019	Jan-Jun 2018
Sales, EUR thousand		
Lithuania	45.503	46.436
Other Baltic States and CIS members	13.889	11.869
Other Europe countries	21.814	22.339
Other	6.096	3.480
Total, EUR thousand:	87.302	84.124

4. INTANGIBLE AND TANGIBLE NON-CURRENT ASSETS

Changes in intangible assets of the Group as of 30 June 2019:

The Group	Acquired rights	Computer software	Licenses and patents	Total
Acquisition cost				
As of 31 December 2018	189	256	447	892
- acquisition	21	-	34	55
- transfers between accounts	(49)	(133)	(30)	(213)
As of 30 June 2019	161	123	451	735
Accumulated depreciation				
As of 31 December 2018	104	236	383	723
- amortization	21	6	22	50
- amortization of transferred and written-off assets	(44)	(133)	(30)	(207)
As of 30 June 2019	81	109	375	566
Net book value:				

CONSOLIDATED SEMI-ANNUAL REPORT FOR 2019 AND SET OF CONSOLIDATED FINANCIAL STATEMENTS

As of 31 December 2018	<u>86</u>	<u>20</u>	<u>64</u>	<u>170</u>
As of 30 June 2019	<u>80</u>	<u>14</u>	<u>76</u>	<u>169</u>

Changes in **intangible assets of the Company** as of 30 June 2019

The Company	Acquired rights	Computer software	Licenses and patents	Total
Acquisition cost				
As of 31 December 2018	<u>189</u>	<u>226</u>	<u>447</u>	<u>863</u>
-acquisition	21	-	34	55
-sold or written-off assets	(49)	(133)	(30)	(213)
-transfers between accounts	-			
As of 30 June 2019	<u>161</u>	<u>93</u>	<u>451</u>	<u>705</u>
Accumulated depreciation				
As of 31 December 2018	<u>104</u>	<u>220</u>	<u>383</u>	<u>706</u>
-amortization	21	3	22	47
-amortization of transferred and written-off assets	(44)	(133)	(30)	(207)
As of 30 June 2019	<u>81</u>	<u>90</u>	<u>375</u>	<u>546</u>
Net book value:				
As of 31 December 2018	<u>86</u>	<u>7</u>	<u>64</u>	<u>157</u>
As of 30 June 2019	<u>80</u>	<u>3</u>	<u>76</u>	<u>159</u>

In the period January-June 2019 amortization of non-current intangible assets of the Group and the Company amounts to EUR 50 thousand and EUR 47 thousand respectively. Investments in the purchase of non-current intangible assets made by the Group and the Company in the period January - June 2019 amount to EUR 55 thousand and EUR 55 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 2019

The Group	Land, buildings and constructions	Machinery and equipment	Vehicles	Other property, plant and equipment	Construction in progress and prepayments	Total
Acquisition cost						
As of 31 December 2018	<u>21.769</u>	<u>79.753</u>	<u>10.822</u>	<u>3.658</u>	<u>3.194</u>	<u>119.195</u>
-acquisition	2.579	277	939	97	2.492	6.384
-eliminations, internal sales	(1.668)		(32)			(1.700)
-sold or written-off assets	(2.968)	(105)	(478)	(48)		(3.599)
-recalculation of the accounting policy change						
-transfers to investing assets	(915)					(915)
-reclassification	100	642		234	(976)	-
-adding value	(17)	1	-	4	(120)	(133)
As of 30 June 2019	<u>18.880</u>	<u>80.568</u>	<u>11.251</u>	<u>3.945</u>	<u>4.589</u>	<u>119.233</u>
Accumulated depreciation						
As of 31 December 2018	<u>8.797</u>	<u>49.638</u>	<u>9.202</u>	<u>2.410</u>	<u>-</u>	<u>70.047</u>
-depreciation	350	1.301	137	99	-	1.887

CONSOLIDATED SEMI-ANNUAL REPORT FOR 2019 AND SET OF CONSOLIDATED FINANCIAL STATEMENTS

-depreciation of written-off and sold assets	(2.017)	(104)	(394)	(46)	-	(2.562)
-eliminations, internal sales	(11)	-	(13)	-	-	(24)
-transfers to investing assets	-	-	-	-	-	-
-transfers between accounts	-	-	-	-	-	-
As of 30 June 2019	7.119	50.835	8.931	2.463	-	69.348
Accumulated impairment losses	17	-	-	-	2	19
As of 31 December 2018	17	-	-	-	2	19
-impairment losses						
-reversal of impairment	(17)	-	-	-	(2)	(19)
-transfers to investing assets						
As of 30 June 2019	-	-	-	-	-	-
Net book value:						
As of 31 December 2018	12.955	30.114	1.621	1.248	3.192	49.130
As of 30 June 2019	11.761	29.733	2.320	1.482	4.589	49.886

Changes in property, plant and equipment of the Company as of 30 June 2019:

The Company	Land, buildings and constructions	Machinery and equipment	Vehicles	Other property, plant and equipment	Constructi on in progress and prepaymen ts	Total
Acquisition cost						
As of 31 December 2018	17.391	72.705	9.308	3.224	2.476	105.104
-acquisition	-	277	896	86	1.623	2.882
-recalculation of the accounting policy change						
-sold or written-off assets	(210)	(97)	(415)	(48)	-	(770)
-adding value	-	1		4		5
-reclassification	100	(231)	-	234	(104)	-
-transfers to accounts investing assets	(915)					(915)
As of 30 June 2019	16.366	72.654	9.789	3.501	3.996	106.306
Accumulated depreciation						
As of 31 December 2018	5.812	44.183	7.574	2.056	-	59.625
-depreciation	314	1.227	128	92	-	1.761
-depreciation of written-off and sold assets	(144)	(96)	(331)	(46)	-	(617)
-recalculation of the accounting						
-transfers to investing assets						
-reclassification						
As of 30 June 2019	5.982	45.314	7.371	2.102	-	60.769
Accumulated impairment losses						
As of 31 December 2018	-	-	-	-	-	-
-impairment losses						
-reversal of impairment						
As of 30 June 2019	-	-	-	-	-	-
Net book value						
As of 31 December 2018	11.579	28.522	1.734	1.169	2.476	45.480
As of 30 June 2019	10.384	27.340	2.418	1.399	3.996	45.537

For the period ending at 30 June 2019 the depreciation costs of the Group's and the Company's property, plant and equipment amounts to EUR 1.887 thousand and EUR 1.761 thousand respectively.

Investments in the the acquiring of non-current tangible and intangible assets made by the Group and the Company in January-June 2019 amounted to EUR 6.251 thousand and EUR 2.887 thousand. All the acquisitions above relate to the geographic segment of Lithuania.

5. INVESTMENT PROPERTY

Changes in the investment assets as of 30 June 2019:

	<u>The Group</u>	<u>The Company</u>
Acquisition cost		
As of 31 December 2018	3.848	5.886
- acquisition	35	35
- transfers from long-term assets	915	915
- sold or written-off assets	-	(2.758)
- reversal records	(10)	-
As of 30 June 2019	4.788	4.079
Accumulated depreciation		
As of 31 December 2018	990	2.218
- depreciation	116	124
- transfers from long-term assets	-	(1.873)
- sold or written-off assets	-	-
- reversal records	2	-
As of 30 June 2019	1.108	469
Accumulated impairment losses		
As of 31 December 2018	10	-
-impairment losses	(10)	-
-reversal of impairment	-	-
As of 30 June 2019	-	-
Net book value, Eur thousand:		
As of 31 December 2018	2.847	3.668
As of 30 June 2019	3.680	3.610

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 2019 amounted to EUR 116 thousand and EUR 124 thousand respectively.

The Company's investment assets in 2019 and 2018 represents rented assets to ABF Šilutės Rambynas and UAB Čia Market and other companies.

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

6. RIGHT-OF-USE-ASSET

According to the new IFRS 16 "Leases" effective as of January 1, 2019 the right-of use asset account to the following:

	RIGHT-OF-USE-ASSET
Net book value , Eur thousand	
As of 01 January 2019*	641
- additions	447
- sold or written-off assets	-
- reclassification	(373)
- depreciation and amortisation charge	-
Net book value , Eur thousand	
As of 30 June 2019	715

*Note. Due to IFRS 16 "Leases" effective for periods beginning on or after 1 January 2019, Financial Position for 1 January 2019 is restated in line with IFRS 16.

7. DEFERRED INCOME TAX ASSET

	The Group		The Company	
	Jan-Jun 2019	Jan-Dec 2018	Jan-Jun 2019	Jan-dec 2018
Deferred income tax asset				
Accounts receivable	149	146	71	68
Inventories	97	281	44	228
Accrued vacation reserve	187	187	140	140
Other accrued expenses	743	783	731	771
Investment incentiv	1.649	1.644	1.649	1.644
Total deferred income tax asset, EUR thousand	2.825	3.041	2.635	2.851
Deferred income tax asset realization allowance	(78)	(227)	-	(149)
Deferred income tax asset (after realization allowance)	2.747	2.814	2.635	2.702
Deferred income tax liability				
Difference in property, plant and equipment depretiation rates	(703)	(703)	(638)	(638)
Total deferred income tax liability, EUR thousand	(703)	(703)	(638)	(638)
Deferred income tax asset, net EUR thousand	2.044	2.111	1.997	2.064

8. LOANS GRANTED

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

	The Group		The Company	
	30 60 2019	31 12 2018	30 60 2019	31 12 2018
Loans granted	2.534	2.543	2.534	2.543
in a number of loans to related parties	791	845	791	845
in a number of loans to farmers	1.610	1.591	1.610	1.591
in a number of loans to employees	133	107	133	107
Less: current portion of loans granted	(419)	(739)	(419)	(739)
Non- current loans granted, EUR thousand	2.115	1.804	2.115	1.804

All granted loans are in EUR the repayment term is from 1 to 9 years. 25 company's employees had a loan balance as of 30/06/2019. The average annual loan interest rate: 3%.

Loans have been granted to the employees as a motivating tool based on the Regulations for Provision of Loans to employees. A limit of the fund intended for provision of loans to the employees makes up 231.696 euros. On all occasions loans are being granted to a borrower after he/she undertakes to secure repayment of a loan by pledging his/her or another person's real property assets or using other means of security of repayment of a loan acceptable to the company (a credit institution guarantee or other). Upon assessment of a possible risk, liquidity of real estate assets being pledged and etc. a value of the real estate assets being pledged makes up from 100% to 200% of an amount being borrowed.

81 farmers had a loan balance as of 30/06/2019. Loans in the amount of 362 thousand euros had been granted to farmers within the period from 01/01/2019 to 30/06/2019. The average interest rate on loans granted: 3,50%. All long-term loans have been granted with collateral (land have been pledged at market prices).

The associated company owed EUR 791 thousand to Klaipėdos pienas, AB as of 30/06/2019. The loan has been granted with a variable/floating annual interest rate; a loan repayment period – the year 2029; the shares of Žemaitijos pienas, AB were pledged.

9. STOCK

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

	The Group		The Company	
	30 06 2019	31 12 2018	30 06 2019	31 12 2018
Raw materials	3.251	3.537	2.760	3.040
Finished goods and work in process	30.126	28.872	28.594	27.374
Goods for resale	308	518	308	518
	33.685	32.927	31.662	30.932
Less: write off to net realizable value	(644)	(1.869)	(292)	(1.517)
Total, EUR thousand:	33.041	31.058	31.370	29.415

10. RECEIVABLES FROM THE BUYERS

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

	The Group		The Company	
	30 06 2019	31 12 2018	30 06 2019	31 12 2018
Trade accounts receivable	15.693	14.819	15.151	14.297
Accounts receivable from related parties	3.954	3.686	3.498	3.547
	19.647	18.505	18.649	17.844
Impairment allowance for bad debts	(640)	(621)	(119)	(100)
Impairment allowance for bad debts of related parties	(339)	(339)	(339)	(339)
Net trade receivables:	18.668	17.545	18.191	17.405

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.

11. OTHER RECEIVABLES

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

	The Group		The Company	
	30 06 2019	31 12 2018	30 06 2019	31 12 2018
Income tax receivables	60	905	-	764
Current portion of long-term loans granted	419	739	419	739
VAT receivable	538	992	252	930
Other receivables	43	75	42	74
Total:	1.060	2.711	713	2.507

12. 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 2019	31 12 2018	30 06 2019	31 12 2018
Cash at bank	1.494	6.469	1.444	4.322
Cash on hand	40	30	40	30
Total:	1.534	6.499	1.484	4.352

13. EQUITY

On 30 June 2019 and 31 December 2018 the share capital amounted to 48.375.000 ordinary registered shares with a nominal value of 0.29 Eur.

On 30 June 2019 and 31 December 2018, 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.

14. LOANS

In June 2018, Žemaitijos Pienas, AB concluded a Credit Agreement with SEB Bankas for the amount of 10 million euro. The credit was granted for 5 (five) years and bears fluctuating annual interest rate; the last date for repayment – June 2023. Collateral for the performance of the obligations under this credit agreement includes the following: current account at SEB Bank and real estate.

As at 30 June 2019, the outstanding balance of the loans received by the Group and the Company amounted to Eur 8,0 million (including a long-term share of loan repayments of Eur 7,0 million, a short-term share of loan repayments amounting to Eur 1,0 million). During the first half-year of 2019, the Company reimbursed EUR 1,0 million of the loan received.

15. LIABILITIES UNDER THE FINANCIAL LEASE CONTRACT

As at 30 June 2019, finance lease liabilities of the Group and the Company included liabilities from lease contracts concluded with the leasing companies and liabilities for the right-of-use assets in accordance with IAS 16 "Leases", newly effective as of 01-01-2019.

The Group	30 06 2019	01 01 2019*
Within one year	425	442
In the second to fifth years	984	312
Total : liabilities arising from financial lease	1.409	754

CONSOLIDATED SEMI-ANNUAL REPORT FOR 2019 AND SET OF CONSOLIDATED FINANCIAL STATEMENTS

The Company	30 06 2019	01 01 2019*
Within one year	425	442
In the second to fifth years	984	312
Total : liabilities arising from financial lease	1.409	754

*Note. Due to IFRS 16 "Leases" effective for periods beginning on or after 1 January 2019, Financial Position for 1 January 2019 is restated in line with IFRS 16.

16. 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	
	30 06 2019	31 12 2018	30 06 2019	31 12 2018
Payables to suppliers	9.805	10.484	9.184	9.964
Payables to related parties	964	955	6.432	8.937
Prepayments	456	905	456	772
Total:	11.225	12.344	16.072	19.673

17. OTHER PAYABLE AMOUNTS

Other payable amounts consisted of the following:

	The Group		The Company	
	30 06 2019	31 12 2018	30 06 2019	31 12 2018
Vacation reserve	1.126	1.126	931	931
Bonuses for employees	795	1.000	795	1.000
Wages and salaries payable	1.122	960	966	827
Social security payable	456	957	391	843
Dividends payable	979	811	979	811
Payables based on defined obligations to employees (Note 14)	723	723	644	644
Management Bonus	-	410	-	410
Accrued expenses	158	291	158	291
Taxes payable, other than income tax	384	254	318	185
Other short-term liabilities	12	47	6	41
Total:	5.755	6.579	5.188	5.983

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

18. 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;
- the companies that are under control or material impact of the aforesaid persons.

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

Item No.	Company Name	Company Details	Nature of Main Activities
1.	Šilutės Rambynas, ABF	Company code: 277141670; address: Klaipėdos g. 3, Šilutė, LT-99115	Dairy activities and cheese making
2.	Žemaitijos pieno investicija, AB	Company code: 300041701; address: Sedos g. 35, Telšiai, LT-87101	Renting and operating own and rented real estate
3.	Baltijos mineralinių vandenu kompanija, UAB	Company code: 141763534, address: Mažeikių g. 4, Telšiai, LT-87101	Manufacture of bottled natural mineral water
4.	Klaipėdos pienas, AB	Company code: 240026930; address: Šilutės pl. 33, Klaipėda, LT-91107	Ice-cream production
5.	Čia Market, UAB	Company code: 141354683, address: Sedos g. 35A, Telšiai LT-87101	Retail trade in non-specialized stores.
6.	Muižas piens, SIA	Company code: 40003786632, address: Bauskas iela 58a-8, 5stavs room 507, Riga, LV-1004, Latvia	Wholesale trade in food products, marketing
7.	Samogitija, UAB	Company code: 302501454, address: Narutavičių g. 4, Telšiai, LT-87101	Production, transportation, storage, distribution, etc. of dairy and other food products.
8.	S.A.R. Dziugas France	Company code: 751860669, address: 149 avenue du Maine, Paris	Production and sale of dairy products
9.	Dziugas USA L.L.C.	Company code: 0400754292, address: Five greentree centre, ste. 104, 525 Route 73 North Marlton, NJ08053,	Wholesale import, marketing of dairy products
10.	Dziugas Eesti OU	Company code: 14324189, address: Punane 56, Tallinn, Estonia	Wholesale import, sales and marketing of dairy products
11.	Dziugas Poland Spolk	Company code: 368496450, address: ul. Luki Wielke 5, Warsaw, Poland	Activities of agents trading in food and beverages
12.	Baltic Holding, UAB	Company code: 302688114, address: Įgulos g. 18B -4, Klaipėda	IT services
13.	Nepriklausoma tyrimų laboratorija, UAB	Company code: 110824551, address: Narutavičių g. 4, Telšiai	Laboratory and other tests of materials and analysis services
14.	Dziugas Deutschland GmbH	Company code: HRB 154342, address: Chilehaus A, Fischertwiete 2 20095 Hamburg, Germany	Marketing and product sales
15.	Dziugas Hungary Kft	Company code: 01-09-325932, address: H-1132 Budapest, Váci út 22-24. VII. em., Hungary	Wholesale import, sales and marketing of dairy products
16.	Dziugas UK Ltd	Company code: 11405400; address: 10 Bloomsbury Way, London WC1A 2SL, United Kingdom	Activities of agents trading in food and beverages

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

	The Group		The Company	
	Jan-Jun 2019	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2018
1)Sales				
Sales of goods				
To the Group				
Šilutės Rambynas ABF	-	-	11.126	11.671
	<u>-</u>	<u>-</u>	<u>11.126</u>	<u>11.671</u>
To Related parties				
Baltijos mineralinių vandenu kompanija UAB				
Klaipėdos pienas AB	355	415	68	70
Žemaitijos pieno investicija AB				
Čia Market UAB	3.363	3.460	3.363	3.460
Muižas piens SIA	308	247	308	247
Dziugas Eesti OU	6	-	6	-
Dziugas Deutschland GmbH				
Dziugas Poland Spolk				

CONSOLIDATED SEMI-ANNUAL REPORT FOR 2019 AND SET OF CONSOLIDATED FINANCIAL STATEMENTS

UAB Nepriklausoma tyrimų laboratorija				
Džiugas USA LLC	64	-	64	-
	4.096	4.122	3.809	3.777
Sales of inventory and services				
<i>To the Group</i>				
Šilutės Rambynas ABF	-	-	2.746	223
	-	-	2.746	223
<i>To Related parties</i>				
Baltijos mineralinių vandenų kompanija UAB	37	18	37	18
Klaipėdos pienas AB	190	241	187	241
Žemaitijos pieno investicija AB	20	151	20	151
Samogitija UAB	0	0	0	0
Čia Market UAB	308	210	306	208
Muizas piens SIA	11	3	11	3
UAB Nepriklausoma tyrimų laboratorija	25		24	
S.A.R. Džiugas France				
Džiugas Deutschland GmbH	9		9	
Džiugas Hungary Kft				
Džiugas Eesti OU	1		1	
Džiugas USA LLC				
Džiugas Poland Spolk	6	1	6	1
	607	624	601	622
Total Sales:	4.703	4.746	18.282	16.293

	The Group		The Company	
	Jan-Jun 2019	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2018
2) Purchases				
<i>From the Group</i>				
Šilutės Rambynas ABF	-	-	13.255	14.893
	-	-	13.255	14.893
<i>From Related parties</i>				
Baltijos mineralinių vandenų kompanija UAB	644	1.059	644	1.058
Samogitija UAB	-	27	-	27
Klaipėdos pienas AB	47	46	46	46
Žemaitijos pieno investicija AB	421	414	420	413
Čia Market UAB	1.516	1.290	1.516	1.285
Muizas piens SIA	329	159	329	159
UAB Nepriklausoma tyrimų laboratorija	557		534	
Džiugas Poland Spolk	95	64	95	64
Džiugas UK Ltd	60		60	
Džiugas Deuthland GmbH	160		160	
Džiugas Hungary Kft	28		28	
Džiugas Eesti OU	128	34	128	34
Džiugas USA LLC	28		28	
S.A.R. Džiugas France	100		100	
	4.113	3.093	4.088	3.087
Total Purchases:	4.113	3.093	17.343	17.979

Balances outstanding with related parties

	The Group		The Company	
	30 06 2019	31 12 2018	30 06 2019	31 12 2018
3) Accounts receivable and financial debts				
<i>From Group</i>				
Šilutės Rambynas ABF	-	-	-	-
	-	-	-	-
<i>From Related parties</i>				
Baltijos mineralinių vandenų kompanija UAB	-	-	-	-

CONSOLIDATED SEMI-ANNUAL REPORT FOR 2019 AND SET OF CONSOLIDATED FINANCIAL STATEMENTS

Samogitija UAB				
Žemaitijos pieno investicija UAB				
Klaipėdos pienas AB (and loan – 791 Eur thousand)	1.818	1.292	1.368	1.157
Čia Market AB	2.626	2.660	2.621	2.657
Muizas piens SIA	293	278	293	278
Dziugas France S.A.R.				
Dziugas Hungary Kft		1		1
Dziugas Deutschland GmbH	2	2	2	2
Dziugas Eesti OU	3	4	3	4
Dziugas Poland Spolk	2	2	2	2
Dziugas USA LLC	-	297	-	297
	<u>4.744</u>	<u>4.536</u>	<u>4.289</u>	<u>4.398</u>
Total balances of payables:	4.744	4.536	4.289	4.398

	The Group		The Company	
	30 06 2019	31 12 2018	30 06 2019	31 12 2018
4) Balances of payables				
<i>To Group</i>				
-	-	-	-	-
Šilutės Rambynas ABF	-	-	5.477	7.982
	<u>-</u>	<u>-</u>	<u>5.477</u>	<u>7.982</u>
<i>To Related parties</i>				
Baltijos mineralinių vandenių kompanija UAB	281	586	281	586
Žemaitijos pieno investicija UAB	332	149	332	149
Klaipėdos pienas AB				
Čia Market AB				
Muizas piens SIA	9	46	9	46
Dziugas Poland Spolk	13	13	13	13
UAB Samogitija	7	7	7	7
Dziugas Eesti OU	32	-	32	-
UAB Nepriklausoma tyrimų laboratorija	237	91	228	91
Dziugas UK Ltd		11		11
Dziugas Deutschland GmbH	32	47	32	47
Dziugas Hungary Kft		5		5
S.A.R. Dziugas France	20	-	20	-
Dziugas USA LLC	1	-	1	-
	<u>964</u>	<u>955</u>	<u>955</u>	<u>955</u>
Total balances of payables:	964	955	6.432	8.937

In 30 June 2019, the Company accounted for impairment losses for doubtful debts related to amounts belonging to related parties, i.e. UAB Čia Market - 339 thousand (in 2018 - EUR 339 thousand). The assessment of these doubtful debts is reviewed each financial year by checking the financial position of the party concerned, the market in which the party concerned is operating and forward looking factors (as described in Note 3 – Impairment of financial assets in Financial statements for 2018).

The Company and the Group have concluded a number of transactions with related parties (AB "Žemaitijos pieno investicijos" group companies) and the Group's profit and sales are significantly affected by transactions with AB "Žemaitijos pieno investicija" group. Transactions include the leasing of fixed assets, the sale of raw materials and the purchase of manufactured products (cheese) from ABF "Šilutės Rambynas", the sale of distribution services to UAB "Baltijos mineralinių vandenių kompanija", the sale of the finished products to UAB "Čia Market", and the sale of raw materials, production and services to AB "Klaipėdos Pienas".

19. EVENTS AFTER THE REPORTING PERIOD

As at 16 July 2019 Žemaitijos pienas, AB signed with SEB AB bank amendments to the Credit Agreement according to which the bank provides the Company with a new Business Credit II amounting to 6 million euros, final maturity: 30-03-2024. Additional real estate, address: Sedos 35, Telšiai, is going to be mortgaged in order to ensure fulfilment of the obligations.