



Vilkyskiu pienine AB

Interim consolidated financial statements
for the three months of 2011



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Confirmation of Responsible Persons

Following the Article No. 22 of the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we Gintaras Bertasius, General Director of Vilkyškių pieninė AB and Vilija Milaseviciute, Finance Director of of Vilkyškių pieninė AB hereby confirm that, unaudited interim condensed consolidated financial statements for the three months of 2011, prepared in accordance with International Financial Reporting Standarts, give a true and fair view of the assets, liabilities, financial position and profit or loss of Vilkyškių pieninė AB group.

General Director

Gintaras Bertasius

Finance Director

Vilija Milaseviciute

A.V.



The financial statements were approved and signed by the Management on 30 May 2011.



General information

Name of the Issue	Public Company "Vilkyškių pieninė"
Authorized capital	LTL 11 943 000
Registered office	Vilkyškiai, Pagėgiai municipality
Telephone number	8-441 55330
Fax number	8-441 55242
E-mail address	centras@cheese.lt
Date and place of registration	The 10 th of May 1993
Date and place of re-registration	The 10 th of December 2005, Tauragė Branch of Public Institution Center of Registers
Code in the Register of Enterprises	277160980
Internet address	http://www.cheese.lt

Vilkyskiu pienine AB Board

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

Vilkyskiu pienine AB Management

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

The Group consists of the following companies:

- Vilkyškių Pieninė AB, the parent company
- Modest AB, the subsidiary
- Kelmės Pieninė AB, the subsidiary

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

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

Company also has a subsidiary - Kelmės Pieninė AB, which is engaged in milk processing and production of dairy products. The Company holds 99% voting rights of Kelmės Pieninė AB. Kelmės Pieninė AB specialises in production of fresh dairy products.

At 31 March 2011 the Group had 793 employees (31 December 2010 - 755).



Consolidated statement of financial position

Thousand Lit	31 03 2011	31 12 2010
Assets		
Property, plant and equipment	65 300	65 674
Intangible assets	331	398
Goodwill	23 875	23 875
Long-term receivables	1 403	1 487
Non-current assets	90 909	91 434
Inventories	17 718	16 950
Trade and other receivables	17 237	12 986
Prepayments	944	1 792
Cash and cash equivalents	241	358
Current assets	36 140	32 086
Total assets	127 049	123 520
Equity		
Share capital	11 943	11 943
Share premium	11 396	11 396
Reserves	8 155	8 252
Retained earnings	19 687	18 067
Total equity attributable to the shareholders of the Company	51 181	49 658
Non-controlling interest	166	155
Total equity	51 347	49 813
Liabilities		
Interest-bearing loans and lease liabilities	27 851	22 279
Government grants	8 280	8 479
Deferred tax liabilities	2 742	2 739
Non-current liabilities	38 873	33 497
Interest-bearing loans and lease liabilities	14 620	18 421
Profit tax payable	1	1
Trade and other payables, including derivatives	22 208	21 788
Current liabilities	36 829	40 210
Total liabilities	75 702	73 707
Total equity and liabilities	127 049	123 520



Consolidated income statement

Thousand Litas	01 01 2011 - 31 03 2011	01 01 2010 - 31 03 2010
Revenue	63 329	51 762
Cost of sales	-57 886	-50 295
Gross profit (loss)	5 443	1 467
Other operating income	1 882	921
Distribution expenses	-1 937	-1 985
Administrative expenses	-1 737	-1 548
Other operating costs	-1724	-804
Operating result	1 927	-1 949
Finance income	40	13
Finance costs	-430	-523
Net finance expense	-390	-510
Profit (loss) before tax	1 537	-2 459
Income tax expense	-20	232
Net profit (loss) for the year	1 517	-2 227
Attributable to:		
Shareholders of the Company	1 506	-2 227
Non-controlling interest	11	0
Net profit (loss) for the year	1 517	-2 227
Basic earnings per share (Litas)	0.13	-0.19
Diluted earnings per share (Litas)	0.13	-0.19



Consolidated statement of changes in equity

Equity, attributable to the shareholders of the Company

Thousand Litas	Share capital	Share premium	Revaluation reserve	Legal reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2010	11 943	11 396	7 689	935	7 048	39 011	88	39 099
Comprehensive income for the period								
Net profit (loss)	-	-	-	-	-2 227	-2 227	-	-2 227
Other comprehensive income								
Allocated from reserves	-	-	-109	-	109	-	-	-
Increase of revaluation reserve, net of tax	-	-	-18	-	-	-18	-	-18
Total other comprehensive income	-	-	-127	-	109	-18	-	-18
Total comprehensive income for the period	-	-	-127	-	-2 118	-2 245	-	-2 245
Contributions by and distributions to owners:								
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-
Changes in the Group without losing control								
Other changes in the Group	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-
Balance at 31 March 2010	11 943	11 396	7 562	935	4 930	36 766	88	36 854
Balance at 1 January 2011	11 943	11 396	7 317	935	18 067	49 658	155	49 813
Comprehensive income for the period								
Net profit (loss)	-	-	-	-	1 506	1 506	11	1 517
Other comprehensive income								
Allocated from reserves	-	-	-114	-	114	-	-	-
Increase of revaluation reserve, net of tax	-	-	17	-	-	17	-	17
Total other comprehensive income	-	-	-97	-	114	17	-	-
Total comprehensive income for the period	-	-	-97	-	1 620	1 523	11	1 534
Contributions by and distributions to owners:								
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-
Changes in the Group without losing control								
Other changes in the Group	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-
Balance at 31 March 2011	11 943	11 396	7 220	935	19 687	51 181	166	51 347



Consolidated statement of cash flows

Thousand Lit	31 03 2011	31 03 2010
Cash flows from operating activities		
Net profit (loss)	1 517	-2 227
Adjustments:		
Depreciation of property, plant and equipment	1 679	1 594
Amortisation of intangible assets	67	64
Amortisation of grants	-199	-144
(Profit) loss on disposal of property, plant and equipment	65	42
Income tax expense	20	-
Interest expenses, net	410	547
	3 559	-124
Change in inventories	-768	6 356
Change in long-term receivables	84	402
Change in trade and other receivables and prepayments	-3 405	-1 610
Change in trade and other payables	937	-3 295
	407	1 729
Paid interest	-410	-547
Net cash used in (from) operating activities	-3	1 182
Cash flows from investing activities		
Acquisition of property, plant and equipment	-1 792	-516
Acquisition of intangible assets	-	-4
Proceeds from sale of property, plant and equipment	11	-
Net cash used in investing activities	-1 781	-520
Cash flows from financing activities		
Loans received *	9 102	1 117
Repayment of borrowings	-7 435	-2 134
Capital grants received	-	144
Net cash from (used in) financing activities	1 667	-873
Increase (decrease) in cash and cash equivalents	-117	-211
Cash and cash equivalents at 1 January	358	395
Cash and cash equivalents at 31 March	241	184

*Change of Credit line 2 219 Thousand Lit (for the three months of 2010 - 700 Thousand Lit).

Explanatory notes

1. Accounting principles

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

The interim condensed consolidated financial statements for the three months of 2011 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Consolidated annual financial statements for the year 2010.

2. Main financial indicators

	January - March 2011	January - March 2010
Revenue (Thousand Litass)	63 329	51 762
EBITDA (Thousand Litass)	3 494	-285
EBITDA margin (%)	5,5%	-0,55%
Operating result (Thousand Litass)	1 927	-1 949
Operating result margin (%)	3%	-3,8%
Profit (loss) before tax (Thousand Litass)	1 537	-2 459
Profit (loss) before tax margin (%)	2,4%	-4,8%
Profit (loss) per share (litass)	0.13	-0.19
Number or shares (vnt)	11 943 000	11 943 000

Revenue in the first quarter of 2011, compared with the same period of the last year, increased by over 22 percent, profit increased by 1,7 times.

Revenue and profit have increased due to full exhaustion of production capacities during the winter season in the parent company Vilkyskiu pienine AB as well due to increased sales prices of exported production.

3. Segment information

Revenue per geographical zones:

Thousand Litass	January - March 2011	January - March 2010	Change
Lithuania	22 482	21 916	2,6%
European Union	19 014	19 559	-2,8%
Russia	19 677	8 519	2,3 times
Other countries	2 156	1 768	22%
	63 329	51 762	



4. Loans

In January 2011 Vilkyškiu pienine AB repaid a loan, amounting to 5.75 million LTL, raised by AB bankas SNORAS.

On 20 January 2011 the subsidiary AB Modest concluded a loan agreement with Nordea Bank Finalnd Plc. According to this agreement, Modest AB was granted a credit facility of 1,740 thousand EUR For five years.

5. Inventories

Thousand Lit	31 March 2011	31 December 2010
Finished production	11 920	12 079
Raw materials	485	377
Other auxiliary materials	3 965	3 787
Goods for re-sale	1 348	707
	17 718	16 950

6. Post balance sheet events

The following decisions were taken at the Ordinary General Meeting of the Shareholders of AB Vilkyškiu pienine which was held on the 28 April 2011:

Item 1 of the Agenda: The annual report of the Company of the year 2010.

Resolution: To approve the annual report of the Company of the year 2010.

Item 2 of the Agenda: Auditor's Report regarding the Company's Financial Statements for 2010.

Heard.

Item 3 of the Agenda: Approval of the Company's Separate and Consolidated Financial Statements for 2010.

Resolution: To approve the Company's Separate and Consolidated Financial Statements for 2010.

Item 4 of the Agenda: Profit (loss) appropriation for the year 2010.

Resolution: To approve the Audited Profit appropriation for the year 2010 as follows under IAS (in thousand Lit; in thousand EUR):

1) Non-appropriated profit (loss) at the end of the year 2009 -	5.526 LTL (1.600 EUR)
2) Net profit (loss) of the reporting period -	3.064 LTL (887 EUR)
3) Transfers from reserves -	438 LTL (127 EUR)
4) Total profit (loss) to be appropriated -	9.028 LTL (2.615 EUR)
from it:	
- portion of the profit allocated to the legal reserve -	259 LTL (75 EUR)
- portion of the profit allocated for payment of the dividends -	2.866 LTL (830 EUR)
(or 0,24 LTL (0,0695 EUR) per ordinary registered share with nominal value of 1 LTL)	
- portion of the profit allocated to the other reserves -	0 LTL (0 EUR)
- portion of the profit allocated to be paid as annual payouts (tantiemes)	
to board members, bonuses to employees and for other purposes -	100 LTL (29 EUR)
5) Non-appropriated profit (loss) at the end of the year 2010	
carried forward to next financial year -	5.803 LTL (1.681 EUR)