



Vilkyskiu pienine AB

Interim consolidated financial statements
for the 12 months of 2011

Content

CONFIRMATION OF RESPONSIBLE PERSONS.....	2
GENERAL INFORMATION	3
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	4
CONSOLIDATED INCOME STATEMENT	5
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	6
CONSOLIDATED STATEMENT OF CASH FLOWS	8
EXPLANATORY NOTES	9

Confirmation of Responsible Persons

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

General Director

Gintaras Bertasius

Finance Director

Vilija Milaseviciute



The financial statements were approved and signed by the Management on 29 February 2012.

General information

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

Vilkyskiu pienine AB Board

Gintaras Bertasius (Chairman)

Sigitas Trijonis

Rimantas Jancevicius

Vilija Milaseviciute

Andrej Cyba

Linas Strelis

Vilkyskiu pienine AB Management

Gintaras Bertasius	General Director
Vaidotas Juskys	Chief operation officer
Vilija Milaseviciute	Finance Director
Sigitas Trišonis	Technical Director
Rimantas Jancevičius	Stock Director
Arvydas Paranka	Production Director

The Group consists of the following companies:

- Vilkyskiu Pienine AB, the parent company
- Modest AB, the subsidiary
- Kelmes Pienine AB, the subsidiary.

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

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

Company also has a subsidiary - Kelmes Pienine AB, which is engaged in milk processing and production of dairy products. The Company holds 99.9% voting rights of Kelmes Pienine AB. Kelmes Pienine AB specialises in production of fresh dairy products.

At 31 December 2011 the Group had 845 employees (31 December 2010 - 755).

Consolidated statement of financial position

Thousand Lit	31 12 2011	31 12 2010
Assets		
Property, plant and equipment	72,344	65,674
Intangible assets	24,011	24,273
Long-term receivables	1,559	1,487
Non-current assets	97,914	91,434
Inventories	23,298	16,950
Trade and other receivables	20,517	14,778
Cash and cash equivalents	766	358
Current assets	44,581	32,086
Total assets	142,495	123,520
Equity		
Share capital	11,943	11,943
Share premium	11,396	11,396
Reserves	12,494	8,252
Retained earnings	20,067	18,067
Total equity attributable to the shareholders of the Company	55,900	49,658
Non-controlling interest	104	155
Total equity	56,004	49,813
Liabilities		
Interest-bearing loans and lease liabilities	24,117	22,279
Government grants	7,842	8,479
Derivative financial instruments	1,397	-
Deferred tax liabilities	2,762	2,739
Non-current liabilities	36,118	33,497
Interest-bearing loans and lease liabilities	21,144	18,421
Current tax liabilities	-	1
Trade and other payables, including derivatives	29,229	21,788
Current liabilities	50,373	40,210
Total liabilities	86,491	73,707
Total equity and liabilities	142,495	123,520

Consolidated income statement

Thousand Lit

	01.01.2011- 31.12.2011	01.01.2010- 31.12.2010	01.10.2011- 31.12.2011	01.10.2010- 31.12.2010
Revenue	290,133	244,273	79,395	65 202
Cost of sales	-260,585	-215,120	-71,743	-57 693
Gross profit	29,548	29,153	7,652	7 509
Other operating income	4,971	3,510	997	-67
Distribution expenses	-10,139	-7,495	-3,087	-2 156
Administrative expenses	-7,587	-7,584	-2,164	-1 355
Other operating costs	-4,428	-3,848	-803	
Result from operating activities	12,365	13,736	2,595	3 931
Finance income	151	514	56	2 059
Finance costs	-1,913	-1,904	-477	-2 047
Net finance expenses	-1,762	-1,390	-421	12
Profit before income tax	10,603	12,346	2,173	3 943
Income tax expense	-92	-504	-221	-130
Profit for the period	10,511	11,842	1,952	3 813
Attributable to:				
Shareholders of the Group	10,436	11,775	1,940	3 778
Non-controlling interest	76	67	13	35
Net profit (loss) for the year	10,511	11,842	1,952	3 813
Basic earnings per share (Litas)	0.88	0.99	0.16	0.32
Diluted earnings per share (Litas)	0.88	0.99		

Consolidated statement of changes in equity

Equity, attributable to the shareholders of the Company

Thousand Lit	Share capital	Share premium	Revaluation reserve	Legal reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2010	11,943	11,396	7,689	935	7,048	39,011	88	39,099
Comprehensive income for the period								
Net profit (loss)	-	-	-	-	8,027	8,027	32	8,059
Other comprehensive income								
Allocated from reserves	-	-	-328	-	328	-	-	0
Increase of revaluation reserve, net of tax	-	-	49	-	-	49	-	49
Total other comprehensive income	-	-	-279	-	328	49	-	49
Total comprehensive income for the period	-	-	-279	-	8,355	8,076	32	8,108
Contributions by and distributions to owners:								
Dividends					-1,194	-1,194		-1,194
Total contributions by and distributions to owners	-	-	-	-	-1,194	-1,194	-	-1,194
Changes in the Group without losing control								
Other changes in the Group	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-
Balance at 30 September 2010	11,943	11,396	7,410	935	14,209	45,893	120	46,013
Balance at 1 October 2010	11,943	11,396	7,410	935	14,209	45,893	120	46,013
Comprehensive income for the period								
Net profit (loss)	-	-	-	-	3,748	3,748	35	3,783
Other comprehensive income								
Allocated from reserves	-	-	-110	-	110	-	-	-
Increase of revaluation reserve, net of tax	-	-	17	-	-	17	-	17
Total other comprehensive income	-	-	-93	-	110	17	-	17
Total comprehensive income for the period	-	-	-93	-	3,858	3,765	35	3,800
Contributions by and distributions to owners:								
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-
Changes in the Group without losing control								
Other changes in the Group	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-
Balance at 31 December 2010	11,943	11,396	7,317	935	18,067	49,658	155	49,813

Consolidated statement of changes in equity (continued)

Thousand Lit	Share capital	Share premium	Revaluation reserve	Legal reserve	Reserve for acquisition of own shares	Other reserve and liabilities	Retained earnings	Total	Non-controlling interest	Total equity
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)	-	-	-	-	-	-	8,496	8,496	63	8,559
Other comprehensive income										
Allocated from reserves	-	-	-343	259	-	-	84	-	-	-
Increase of revaluation reserve, net of tax	-	-	51	-	-	-	-	51	-	51
Total other comprehensive income	-	-	-292	259	-	-	84	51	-	51
Total comprehensive income for the period	-	-	-292	259	-	-	8,580	8,547	63	8,610
Contributions by and distributions to owners:										
Dividends	-	-	-	-	-	-	-2,866	-2,866	-97	-2,963
Total contributions by and distributions to owners	-	-	-	-	-	-	-2,866	-2,866	97	-2,963
Changes in the Group without losing control										
Changes in minority interest	-	-	-	-	-	-	-	-	-30	-30
Other changes in the Group	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-
Balance at 30 September 2011	11,943	11,396	7,025	1,194	-	-	23,781	55,339	91	55,430
Balance at 1 October 2011	11,943	11,396	7,025	1,194	-	-	23,781	55,339	91	55,430
Comprehensive income for the period										
Net profit (loss)	-	-	-	-	-	-	1,940	1,940	13	1,953
Other comprehensive income										
Allocated from reserves	-	-	-114	-	-	-	114	-	-	-
Transfer to reserves	-	-	-	-	5,768	-	-5,768	0	-	-
Reserve for derivative financial instruments	-	-	-	-	-	-1,397	-	-1,397	-	-1,397
Increase of revaluation reserve, net of tax	-	-	18	-	-	-	-	18	-	18
Total other comprehensive income	-	-	-96	-	5,768	-1,397	-5,654	-1,379	-	-1,379
Total comprehensive income for the period	-	-	-96	-	5,768	-1,397	-3,714	561	13	574
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	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2011	11,943	11,396	6,929	1,194	5,768	-1,397	20,067	55,900	104	56,004

Consolidated statement of cash flows

Thousand Lit

	01.01.2011- 31.12.2011	01.01.2010- 31.12.2010
Cash flows from operating activities		
Net profit (loss)	10,511	11,842
Adjustments:		
Depreciation of property, plant and equipment	6,723	6,348
Amortisation of intangible assets	263	297
Amortisation of grants	-787	-717
(Profit) loss on disposal of property, plant and equipment	-59	57
Income tax expense	91	504
Interest expenses, net	1,520	1,687
	18,262	19,647
Change in inventories	-6,348	1,562
Change in long-term receivables	-77	-66
Change in trade and other receivables and prepayments	-5,746	40
Change in trade and other payables	7,681	493
	13,772	21,676
Paid interest		
Paid income tax	-1,520	-1,687
Net cash flows from (used in) operating activities	12,252	19,989
Cash flows from investing activities		
Acquisition of property, plant and equipment	-13,220	-5,432
Acquisition of intangible assets	-	-87
Proceeds from sale of property, plant and equipment	453	558
Acquisition of investments	-14	-
Net cash flow used in investing activities	-12,781	-4,961
Cash flows from financing activities		
Loans received	19,164	2,337
Repayment of borrowings	-15,492	-17,201
Dividends paid	-2,884	-1,194
Capital grants received	150	993
Net cash from (used in) financing activities	938	-15,065
Increase (decrease) in cash and cash equivalents	409	-37
Cash and cash equivalents at 1 January	358	395
Cash and cash equivalents at 31 December	767	358

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 9 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 - December 2011	January - December 2010
Revenue (Thousand Litass)	290,133	244,273
EBITDA (Thousand Litass)	18,322	19,961
EBITDA margin (%)	6.3%	8.2%
Operating result (Thousand Litass)	12,365	13,736
Operating result margin (%)	4.3%	5.6%
Profit (loss) before tax (Thousand Litass)	10,603	12,346
Profit (loss) before tax margin (%)	3.7%	5.1%
Profit (loss) per share (litas)	0.88	0.99
Number or shares (vnt)	11,943,000	11,943,000

3. Segment information

Revenue per geographical zones:

Thousand Litass	January - December 2011	January - December 2010	Change
Lithuania	105,825	91,626	15%
European Union	97,296	84,431	15%
Russia	78,594	62,661	25%
Other countries	8,418	5,555	51%
	290,133	244,273	

Revenues of selling in year 2011, compared with the last year's same period, increased by 19%. Revenues increased regarding to the higher export prices and increased sales volumes of fresh products. AB Vilkyskiu pienine expanded export markets to Israel, Albania, Kosovo, Ukraine.

Net profit for the year 2011, compared with last year's same period, decreased by 11%. Net profit income decreased due to increased of marketing and advertising strategy costs in 2011.

4. Inventories

Thousand Litas	31 December 2011	31 December 2010
Finished production	17,286	12,079
Raw materials	216	377
Other auxiliary materials	4,733	3,787
Goods for re-sale	1,063	707
	23,298	16,950

5. Loans

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.

The Company signed overdraft agreement regarding 3 million Litas for working capital purpose also loan contract regarding to 5.4 million EUR for investment projects with SEB bank.

During the nine months of 2011 the Group repaid loans amounting to 11.8 million Litas.

Referring to the announcement of the Government of Lithuania on 16 November 2011 to take over 100 per cent shares of AB bankas Snoras for the needs of the society, Vilkyškiu pienine AB had no effect to the performance results or cash flow.