



Vilkyskiu pienine AB

Interim consolidated financial statements
for the 9 months of 2012

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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 Vilkyškių pieninė AB hereby confirm that, unaudited interim condensed consolidated financial statements for the nine months of 2012, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss and cash flows of Vilkyškių pieninė AB group.

General Director

Gintaras Bertasius

Finance Director

Vilija Milaseviciute



The financial statements were approved and signed by the Management on 30 November 2012.

General information

Name of the Issue	Public Company "Vilkyskiu pienine"
Authorized capital	LTL 11 943 000
Registered office	Vilkyskiai, Pagegiai municipality
Telephone number	8-441 55330
Fax number	8-441 55242
E-mail address	info@vilkyskiu.lt
Date and place of registration	The 18 th of May 1993, Taurage Branch of Public Institution Center
Date and place of re-registration	The 30 th of December 2005, Taurage Branch of Public Institution Center of Registers
Code in the Register of Enterprises	277160980
Internet address	http://www.vilkyskiu.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 30 September 2012 the Group had 917 employees (30 September 2011 - 831).

Consolidated statement of financial position

Thousand Lit	30 09 2012	31 12 2011
Assets		
Property, plant and equipment	86,510	72,344
Intangible assets	23,882	24,010
Long-term receivables	1,519	1,559
Non-current assets	111,911	97,913
Inventories	28,889	23,259
Trade and other receivables	22,126	19,383
Prepayments	861	1,603
Cash and cash equivalents	546	337
Current assets	52,422	44,582
Total assets	164,333	142,495
Equity		
Share capital	11,943	11,943
Share premium	11,396	11,396
Reserves	11,371	12,494
Retained earnings	22,811	20,195
Total equity attributable to the shareholders of the Company	57,521	56,028
Non-controlling interest	200	104
Total equity	57,721	56,132
Liabilities		
Interest-bearing loans and lease liabilities	32,235	24,117
Derivative financial instruments	1,697	1,045
Government grants	7,311	7,842
Deferred tax liabilities	1,604	2,633
Non-current liabilities	42,847	35,637
Interest-bearing loans and lease liabilities	29,316	21,144
Derivative financial instruments	553	352
Trade and other payables, including derivatives	33,896	29,230
Current liabilities	63,765	50,726
Total liabilities	106,612	86,363
Total equity and liabilities	164,333	142,495

Consolidated income statement

Thousand Lit

	01.01.2012- 30.09.2012	01.01.2011- 30.09.2011	01.07.2012- 30.09.2012	01.07.2011- 30.09.2011
Revenue	216,372	210,738	77,703	80,929
Cost of sales	-195,088	-189,190	-66,165	-71,586
Gross profit	21,284	21,548	11,538	9,343
Other operating income	761	595	187	142
Distribution expenses	-9,198	-6,795	-3,771	-2,547
Administrative expenses	-6,675	-5,423	-1,967	-1,957
Other operating costs	-117	-154	-66	-108
Result from operating activities	6,055	9,771	5,921	4,873
Finance income	104	95	20	34
Finance costs	-1,759	-1,436	-580	-489
Net finance expenses	-1,655	-1,341	-560	-455
Profit before income tax	4,400	8,430	5,361	4,418
Income tax expense	1,028	129	44	-141
Profit for the period	5,428	8,559	5,405	4,277
Attributable to:				
Shareholders of the Group	5,332	8,496	5,364	4,250
Non-controlling interest	96	63	41	27
Net profit (loss) for the year	5,428	8,559	5,405	4,277
Basic earnings per share (Litas)	0,45	0,72	0,45	0,36

Consolidated statement of changes in equity

Equity, attributable to the shareholders of the Company

Thousand Lit	Share capital	Share premium	Revaluation reserve	Hedging reserve	Reserve for acquiring own shares	Legal reserve	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	-	-	-	343	-	-	-
Increase of revaluation reserve, net of tax	-	-	51	-	-	-	-	51	-	51
Total other comprehensive income	-	-	-292	-	-	-	343	51	-	51
Total comprehensive income for the period	-	-	-292	-	-	-	8,839	8,547	63	8,610
Contributions by and distributions to owners:										
Transfers to legal reserve	-	-	-	-	-	259	-259	-	-	-
Dividends	-	-	-	-	-	-	-2,866	-2,866	-97	-2,963
Total contributions by and distributions to owners	-	-	-	-	-	259	-3,125	-2,866	-97	-2,963
Changes in the Group without losing control										
Other changes in the Group	-	-	-	-	-	-	-	-	-	-
Decrease of non-controlling interest	-	-	-	-	-	-	-	-	-30	-30
Balance at 30 September 2011	11,943	11,396	7,025	-	-	1,194	23,781	55,339	91	55,430

Consolidated statement of changes in equity (continued)

Equity, attributable to the shareholders of the Company

Thousand Lit	Share capital	Share premium	Revaluation reserve	Hedging reserve	Reserve for acquiring own shares	Legal reserve	Retained earnings	Total	Non-controlling interest	Total equity
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)	-	-	-	-	-	-	2,069	2,069	13	2,082
Other comprehensive income										
Allocated from reserves	-	-	-113	-	-	-	113	-	-	-
Increase of revaluation reserve due to income tax effect	-	-	17	-	-	-	-	17	-	17
Formation of hedging reserve	-	-	-	-1,397	-	-	-	-1,397	-	-1,397
Total other comprehensive income	-	-	-96	-1,397	-	-	113	-1,380	-	-1,380
Total comprehensive income for the period	-	-	-96	-1,397	-	-	2,182	689	104	702
Contributions by and distributions to owners:										
Transfers to Reserve for acquiring own shares	-	-	-	-	5,768	-	-5,768	-	-	-
Total contributions by and distributions to owners	-	-	-	-	5,768	-	-5,768	-	-	-
Changes in the Group without losing control										
Other changes in the Group	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2011	11,943	11,396	6,929	-1,397	5,768	1,194	20,195	56,028	104	56,132

Consolidated statement of changes in equity (continued)

Equity, attributable to the shareholders of the Company

Thousand Lit	Share capital	Share premium	Revaluation reserve	Hedging reserve	Reserve for acquiring own shares	Legal reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2012	11,943	11,396	6,929	-1,397	5,768	1,194	20,195	56,028	104	56,132
Comprehensive income for the period										
Net profit (loss)	-	-	-	-	-	-	5,332	5,332	96	5,428
Other comprehensive income										
Allocated from reserves	-	-	-270	-	-	-	270	-	-	-
Increase of revaluation reserve due to income tax effect	-	-	-	-	-	-	-	-	-	-
Formation of hedging reserve	-	-	-	-853	-	-	-	-853	-	-853
Total other comprehensive income	-	-	-270	-853	-	-	270	-853	-	-853
Total comprehensive income for the period	-	-	-270	-853	-	-	5,602	4,479	96	4,575
Contributions by and distributions to owners:										
Dividends	-	-	-	-	-	-	-2,986	-2,986	-	-2,986
Total contributions by and distributions to owners	-	-	-	-	-	-	-2,986	-2,986	-	-2,986
Changes in the Group without losing control										
Other changes in the Group	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-
Balance at 30 September 2012	11,943	11,396	6,659	-2,250	5,768	1,194	22,811	57,521	200	57,721

Consolidated statement of cash flows

Thousand Lit

	01.01.2012- 30.09.2012	01.01.2011- 30.09.2011
Cash flows from operating activities		
Net profit (loss)	5,428	8,559
Adjustments:		
Depreciation of property, plant and equipment	5,562	4,997
Amortisation of intangible assets	135	199
Amortisation and write down of grants	-531	-592
(Profit) loss on disposal of property, plant and equipment	-139	-86
Income tax expense	-1,028	-129
Interest expenses, net	1,655	1,341
	11,082	14,289
Change in inventories	-5,630	-8,794
Change in long-term receivables	40	-476
Change in trade and other receivables and prepayments	-2,458	-8,128
Change in trade and other payables	4,147	10,589
	7,181	7,480
Paid interest	-1,029	-1,159
Paid income tax	-	-1
Net cash from operating activities	6,152	6,320
Cash flows from investing activities		
Acquisition of property, plant and equipment	-19,666	-11,360
Acquisition of intangible assets	-7	-
Proceeds from sale of property, plant and equipment	155	384
Acquisition of investments	-	-14
Loans granted	-638	0
Recovery of the loans	998	-
Interest received	2	10
Net cash from investing activities	-19,156	-10,980
Cash flows from financing activities		
Loans received*	26,263	19,078
Repayment of borrowings	-9,548	-11,149
Payment of finance lease liabilities	-516	-701
Dividends paid	-2,986	-2,872
Capital grants received	0	150
Net cash used in financing activities	13,213	4,506
Increase (decrease) in cash and cash equivalents	209	-154
Cash and cash equivalents at 1 January	337	358
Cash and cash equivalents at 31 March	546	204

* Change of Credit line 6,578 Thousand Lit (for the three months of 2011 – 6,195 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 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 2011.

2. Main financial indicators

	January - September 2012	January - September 2011
Revenue (Thousand Litas)	216,372	210,738
EBITDA (Thousand Litas)	11,219	14,250
EBITDA margin (%)	5.2%	6.8%
Operating result (Thousand Litas)	6,055	9,771
Operating result margin (%)	2.8%	4.6%
Profit (loss) before tax (Thousand Litas)	4,400	8,430
Profit (loss) before tax margin (%)	2.0%	4.0%
Profit (loss) per share (litas)	0.45	0.72
Number or shares (units)	11,943,000	11,943,000

In the first nine months of this year The Group earned 5.428 thousand LTL. During the first months of this year, the Group had a loss, because of modernization works of cheese line in the main cheese-making manufactory of Vilkyskiu Pienine AB. At that time, the production of cheese was completely stopped. Half-year results were affected by significant fall in products' sales prices in export markets compared to the same period of the last year. During the third quarter of this year The Group had 5.405 thousand LTL profit because of higher sales prices in export markets.

3. Segment information

Revenue per geographical zones:

Thousand Litas	January - September 2012	January - September 2011	Change
Lithuania	85,096	79,676	6.8%
European Union	59,251	71,049	-16.6%
Russia	63,512	54,484	16.6%
Other countries	8,513	5,529	54.0%
	216,372	210,738	

4. Loans

On 23 February 2012 Vilkyskiu pienine AB signed loan agreement with Nordea Bank Finland Plc for an amount of 1,039 thousand EUR to re-finance the loan issued by Bankas Snoras AB.

On 23 February 2012 the subsidiary Modest AB was granted a credit facility of 860 thousand EUR for five years period from Nordea Bank Finland Plc.

On 4 July 2012 Vilkyskiu pienine AB got a loan of 3,120 thousand EUR for four years period from SEB bankas AB. The credit used to finance investments.

On 8 August 2012 Kelmes pienine AB got a loan of 1,160 thousand EUR for three years period from Swedbank AB. The loan used to finance acquisition of a line of glazed sweet cheese curds, curd packaging equipment and liquid food packaging system, as well as construction of warehouse for finished production and extension of packaging warehouse funding.

5. Inventories

Thousand Lit	30 September 2012	31 December 2011
Finished production	21,532	18,057
Raw materials	290	217
Other auxiliary materials	5,422	4,983
Goods for re-sale	1,645	-
	28,889	23,259

6. Significant events

The following decisions were taken at the Ordinary General Meeting of Shareholders of Vilkyskiu pienine AB which was held on the 27 April 2012:

Item 1 of the Agenda: The annual report of the Company of the year 2011.

Attended the annual report of the Company of the year 2011.

Item 2 of the Agenda: Auditor's Report regarding the Company's Financial Statements for 2011.

Heard.

Item 3 of the Agenda: Approval of the Company's Financial Statements for 2011. Approved the Company's Financial Statements for 2011.

Item 4 of the Agenda: Profit (loss) appropriation for the year 2011.

Approved the Audited Profit appropriation for the year 2011 as follows under IAS:

	thousand LTL	thousand EUR
1) Non-appropriated profit (loss) at the end of the year 2010	9.028	2.615
2) Approved by shareholders dividends of the year 2010	2.866	830
3) Transfers to reserves provided by law	259	75
4) Portion of the profit allocated to the reserve for the purchase of own shares	5.768	1.671
5) Non-appropriated profit (loss) at the beginning of the year 2011 after dividends payout and transfer to reserves	135	39
6) Net profit (loss) of the reporting period	13.546	3.923
7) Transfers from reserves	457	132
8) Total profit (loss) to be appropriated:	14.138	4.095
- portion of the profit allocated to the legal reserve	0	0
- portion of the profit allocated to the reserve for the purchase of own shares	0	0
- portion of the profit allocated for payment of the dividends (or 0,25 LTL (0,0724 EUR) per ordinary registered share with nominal value of 1 LTL)	2.986	865
- portion of the profit allocated to the other reserves	0	0
- portion of the profit allocated to be paid as annual payouts (tantiemes) to board members, bonuses to employees and for other purposes	150	43
9) Non-appropriated profit (loss) at the end of the year 2011 carried forward to next financial year	11.002	3.186

Item 5 of the Agenda: Election of the Audit Committee members.

The members Audit Committee elected Vanda Krivonosoviene (independent member) and Milana Buivydiene.

Item 6 of the Agenda: A decision on the purchase of own shares.

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

- To purchase up to 10 percent of the Company's shares.
- The purpose of acquisition of own shares – to maintain and increase the price of the Company's shares.
- Period during which the Company may acquire own shares – until 30 April 2013.
- To set the maximum price per share of own shares to be acquired – at 1.40 EUR (4.83 LTL), at the same time setting the minimum acquisition price per share equal to the nominal value of a share, i.e. 0.29 EUR (1.00 LTL).
- To commit the Board to organise the purchase of own shares, to determine the procedure for purchase and sale of shares, time, number of shares and price, as well as to perform other actions relating thereto in compliance with the terms set in this resolution as well as in accordance with the requirements established in the Republic of Lithuania Law of Companies.

Item 7 of the Agenda: Approval of dividend policy. Approved the dividend policy.

Approved the dividend policy.



VILKYŠKIŲ PIENINĖ AB GROUP



**THE RESULTS OF
9 MONTHS OF 2012**

ABOUT THE COMPANY

Vilkyškių pieninė AB, was established in 1993 m.

On the 30th of September 2012 the Group had 917 employees

The production of Dairy products is the core of Group business

Company's share capital amounts to 11,9 million. Lt

Shares issued by the Company have been included into the Current Trade List of Vilnius Stock Exchange. The shares are listed in the Official List

Standards: ISO 9001:2000 and ISO 22000:2000

COMPANIES OF THE GROUP

VILKYŠKIŲ PIENINĖ AB

Parent Company

Established in 1993

Main activities: The production of cheese, cream, whey

"MODEST" AB

The subsidiary Company

Established in 1992

Main activities: The production of melted smoked cheese, cheese with mould, Mozzarella, other kinds of cheese

KELMĖS PIENINĖ AB

The subsidiary Company

Established in 1993 m.

Main activities: The production of fresh dairy products.

SHORT HISTORY OF THE COMPANY

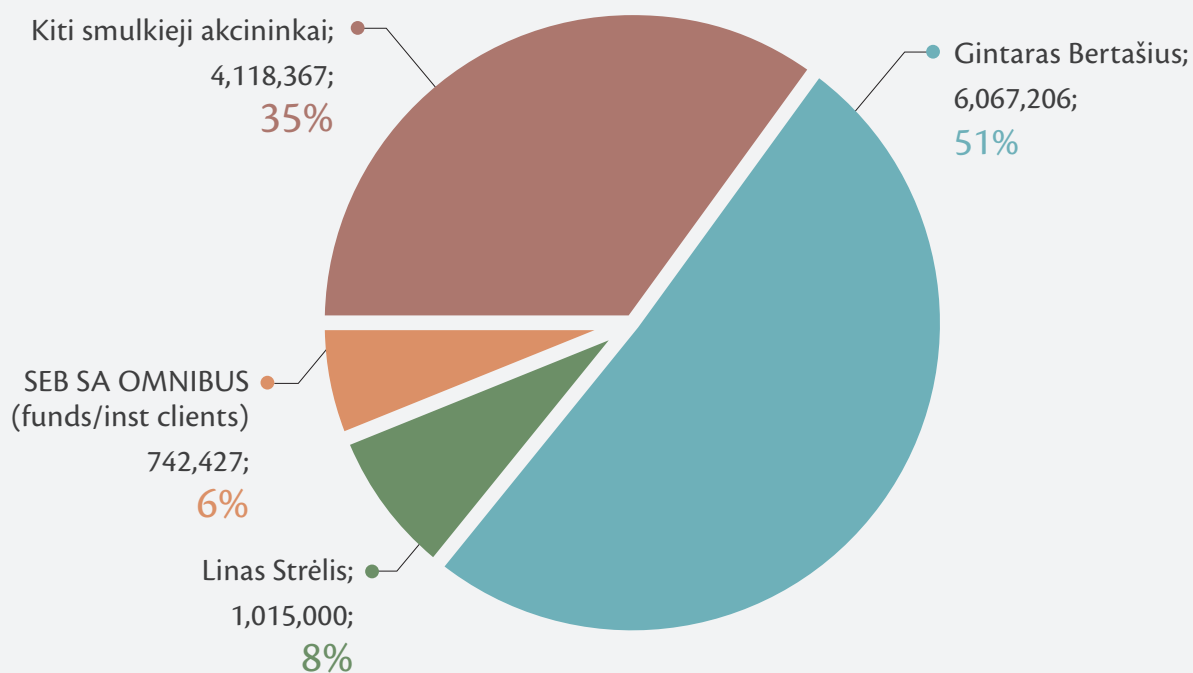
1993	Company established
1999-2000	the fully computerized and automated technological line of cheese production started to work in Vilkyškiai
2000	the company received Export Licence to the European Union
2001	company acquired Taurage workshop form Mažeikiai subsidiary of Pieno Žvaigždės AB
2004	Vilkyškių pieninė AB received Export Licence to Russia
2006	acquired "Modest" AB
2006	the Company have been included into the Current Trade List of Vilnius Stock Exchange
2007	implement development of main technological line of cheese production in Vilkyškiai
2008	acquired Kelmės pieninė
2008	installed the whey processing shop in Vilkyškiai
2008	These certificates of the standards ISO 9001:2000 and ISO 22000:2000 were presented to Vilkyškių pieninė AB
2009	Kelmės pieninė AB received Export Licence to Russia
2005-2011	Company use the support of European Union and other fonds, involve in social projects

SIGNIFICANT EVENTS IN III Q 2012

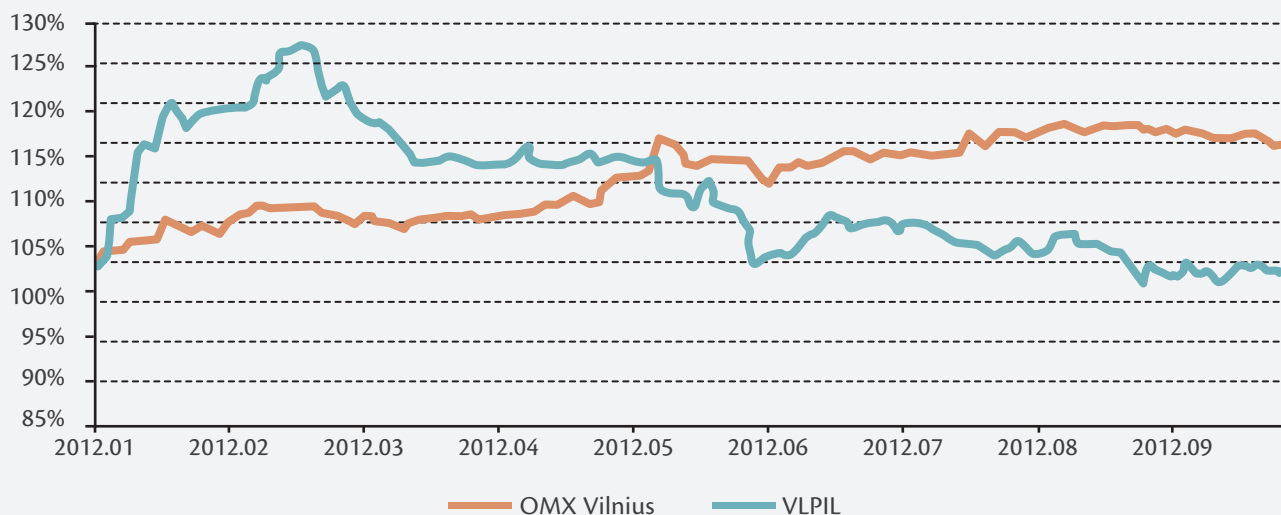
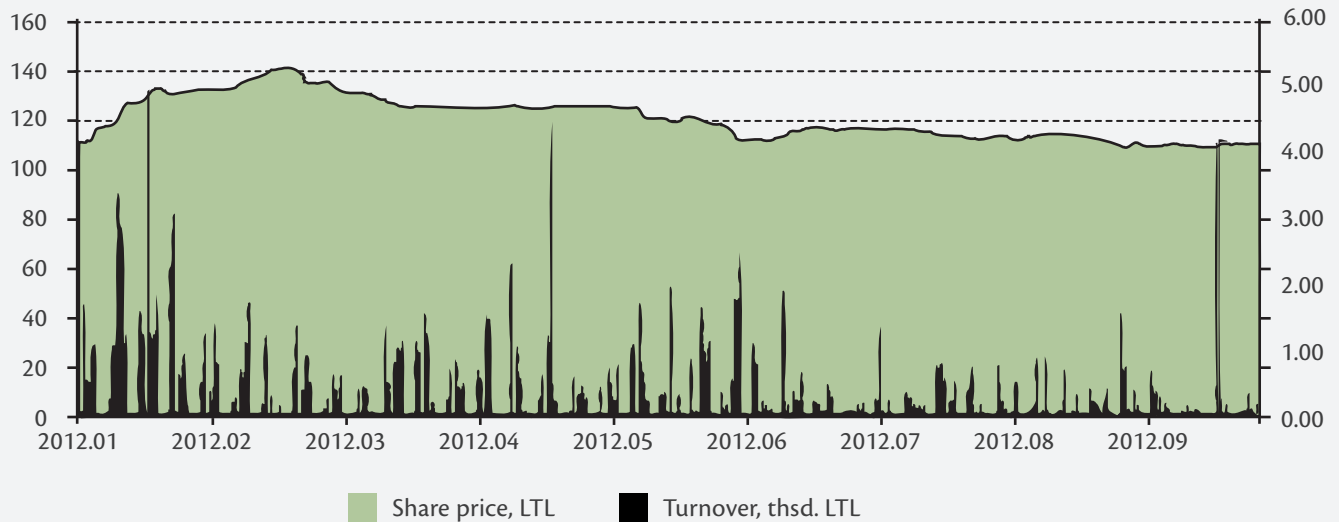
- A new cheese production line, worth about 16 million. LTL, was installed in Vilkyškių pieninė AB. The growth of production's capacity seek 30 percent
- Vilkyškių pieninė AB participated in exhibition "ProdExpo 2012", which took place in February Moscow, Russia
- Semi - hard cheese "Maasdam" was awarded gold medal in category "The best product" at the international exhibition "ProdExpo" in 2012
- "Vilkyškių" gooseberry yoghurt was awarded gold medal in category "The best product" at the international exhibition "ProdExpo" in 2012
- Piquant semi - hard cheese "Basilis" with basil and glazed sweet cheese curd with sea-buckthorns and rhubarbs were nominated as "Russia's trade network selection" at the international exhibition "ProdExpo" which took place in 2012 Moscow.
- Souvenir packages collection of cheeses was introduced (hard cheeses "Prussia", "Žalgiris" and "Legend" - in the souvenir packages)
- The website was renewed to www.vilkyskiu.lt
- According to the updated brand concept, cheese packaging design of "Vilkyškių Pieninė" was renewed.
- A new product - 15 percent. fat "Sour cream for salad" - was introduced in the market.
- Vilkyškių Pieninė AB participated in exhibition "Agrobalt 2012".
- Vilkyškių Pieninė was the main sponsor of the exhibition "Wine Day 2012". During the exhibition, hard cheeses, piquant cheeses and cheese with the blue mold were presented.
- New products were introduced in the market - "Glazed sweet cheese curd with blueberries" and new different flavors functional yogurts: "Vanilla and roasted flax seeds yogurt", "Quince, pumpkin and cereal yogurt" and "Yogurt with apples and oats"
- At the exhibition "WorldFood Moscow 2012", which was in September, "Functional yogurt with apples and oats" and "Curd spread with iodized salt" were awarded silver medals
- Cheese packaging and treatment line installation was started. Its value 9.5 million. LTL
- Kelmės pieninė AB installed a new line of glazed sweet cheese curds production, which allowed to double capacity

SHAREHOLDERS

Shareholder	Akcijos	Ownership interest, %
Gintaras Bertašius	6,067,206	51%
Linas Strėlis	1,015,000	8%
SEB SA OMNIBUS (funds/inst clients)	742,427	6%
Non-controlling interest	4,118,367	35%
Capital in total	11,943,000	100%



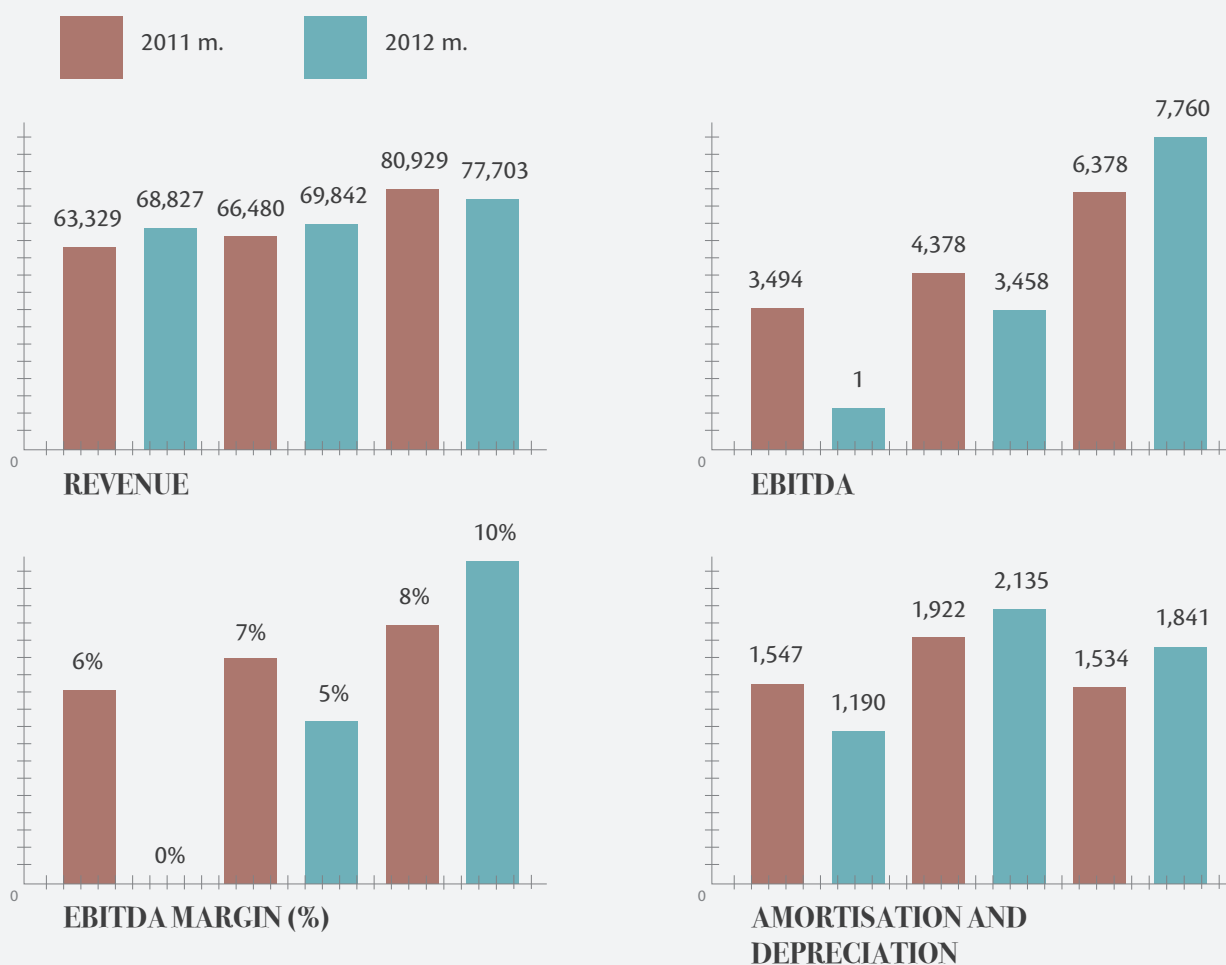
TRADING IN THE ISSUER'S SECURITIES ON THE REGULATED MARKETS

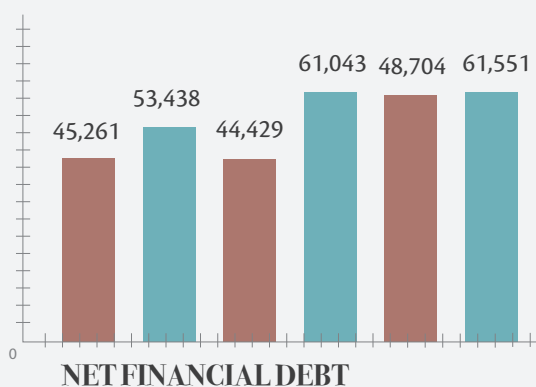
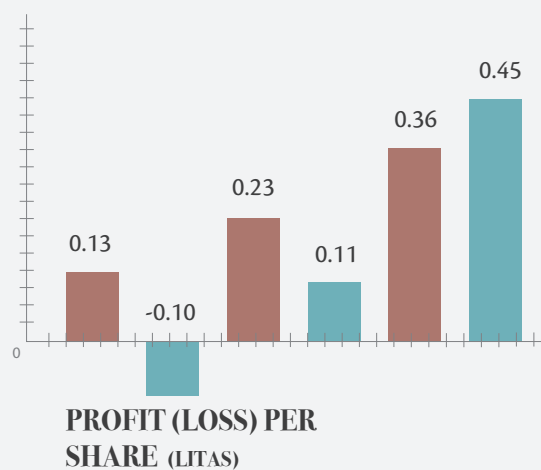
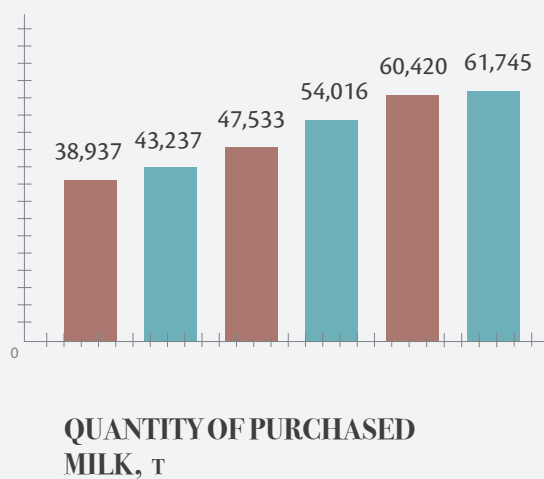
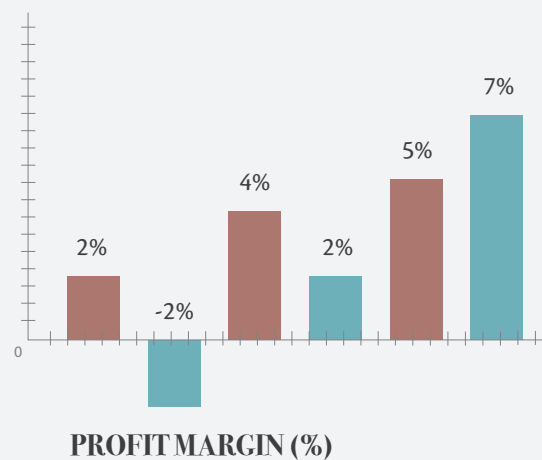
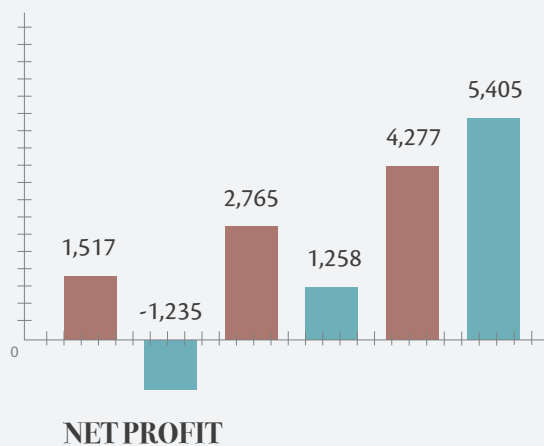


MAIN FINANCIAL INDICATORS

In the first nine months of this year The Group earned 5.428 thousand LTL. During the first months of this year, the Group had a loss, because of modernization works of cheese line in the main cheese-making manufactory of Vilkyškių Pieninė AB. At that time, the production of cheese was completely stopped. Half-year results were affected by significant fall in products' sales prices in export markets compared to the same period of the last year. During the third quarter of this year The Group had 5.405 thousand LTL profit because of higher sales prices in export markets.

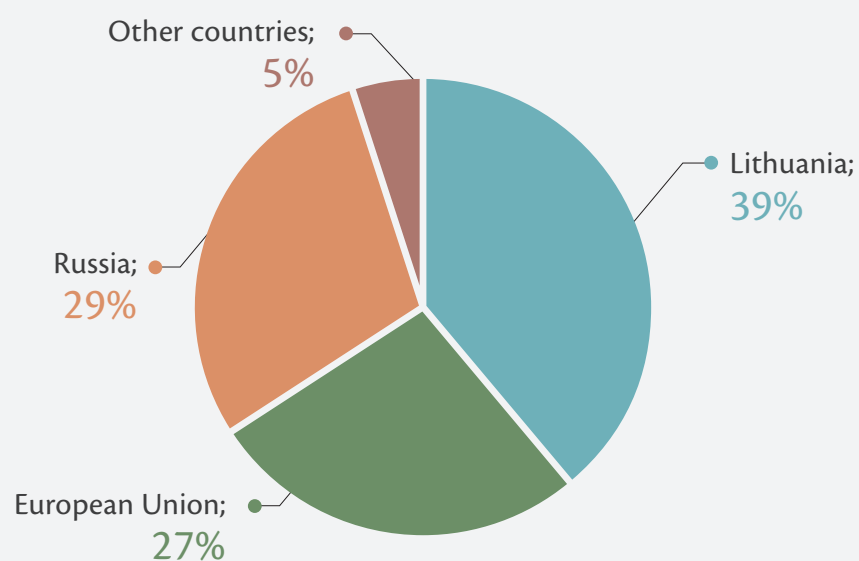
(Thousands LTL)	2011 I Q	2011 II Q	2011 III Q	2012 I Q	2012 II Q	2012 III Q
Revenue	63,329	66,480	80,929	68,827	69,842	77,703
EBITDA	3,494	4,378	6,378	1	3,458	7,760
EBITDA margin (%)	6%	7%	8%	0%	5%	10%
Amortisation and depreciation	1,547	1,922	1,534	1,190	2,135	1,841
Net profit	1,517	2,765	4,277	-1,235	1,258	5,405
Profit margin (%)	2%	4%	5%	-2%	2%	7%
Quantity of purchased milk, t	38,937	47,533	60,420	43,237	54,016	61,745
Profit (loss) per share (Litas)	0.13	0.23	0.36	-0.10	0.11	0.45
Net financial debt	45,261	44,429	48,704	53,438	61,043	61,551



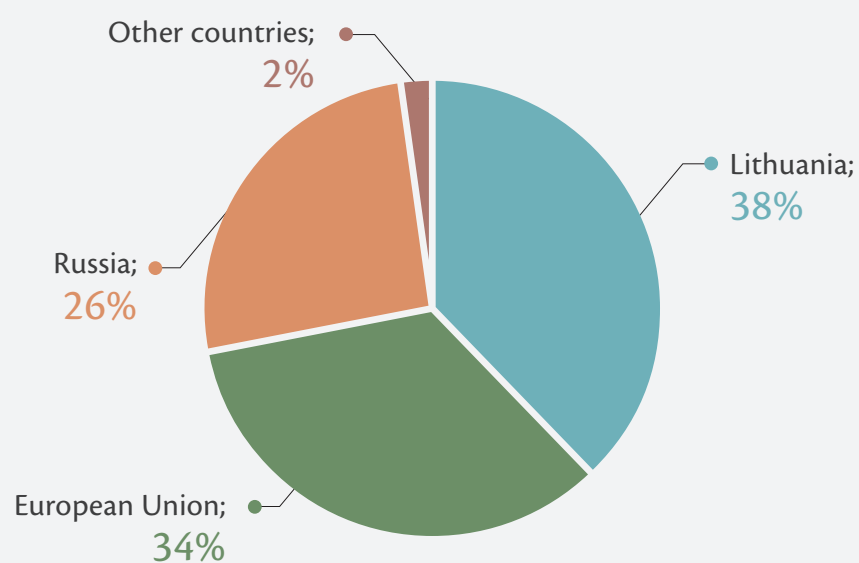


SALES MARKETS

(Thousands LTL)	2011 III Q		2012 III Q	
Lithuania	79,676	38%	85,096	39%
European Union	71,049	34%	59,251	27%
Russia	54,484	26%	63,512	29%
Other countries	5,529	2%	8,513	5%
Total income:	210,738		216,372	



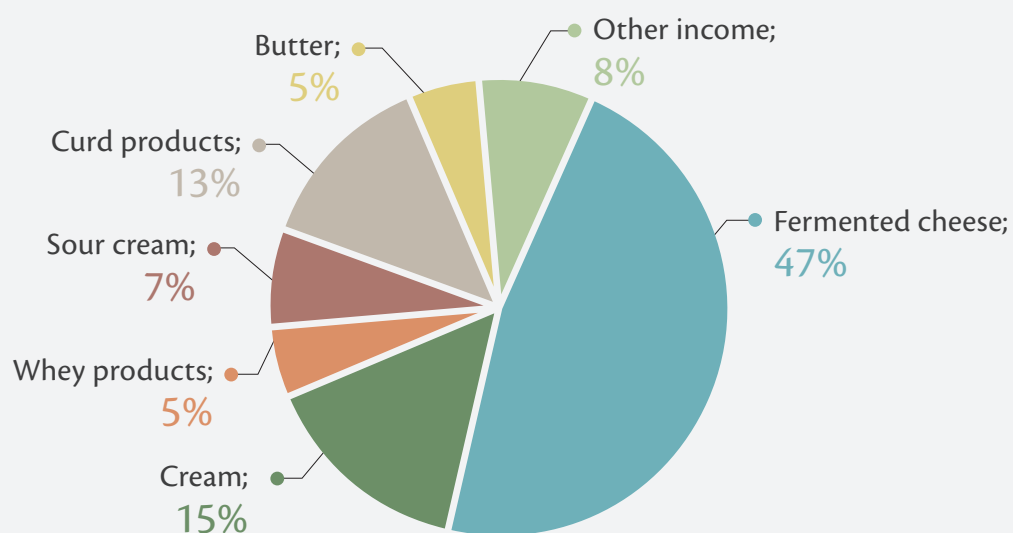
2012 III Q



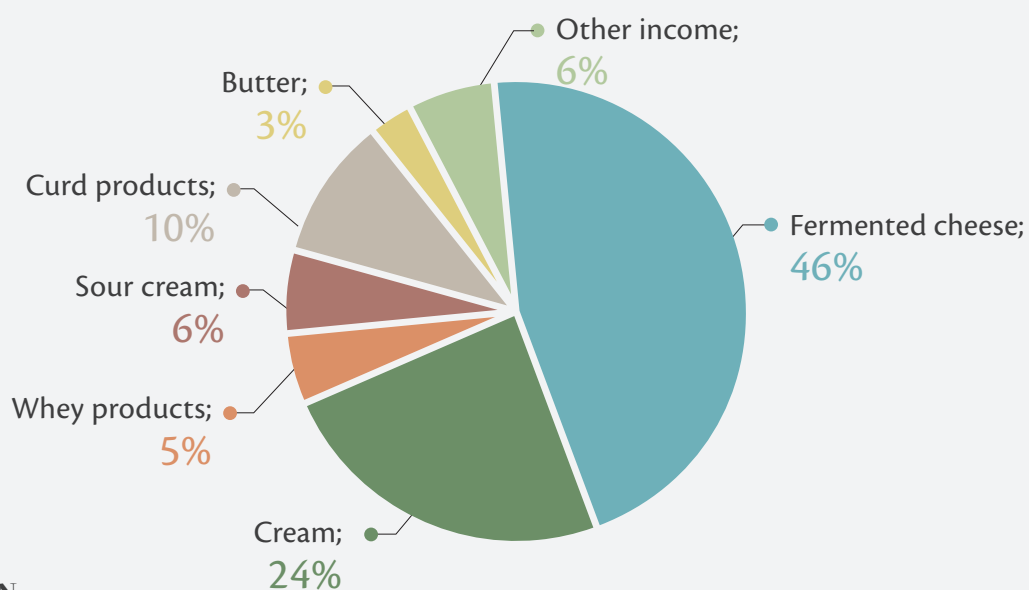
2011 III Q

INCOME FROM SOLD PRODUCTION

(Thousands LTL)	2011 III Q		2012 m. 9 mėn	
Fermented cheese	96,967	46%	102,210	47%
Cream	51,404	24%	31,528	15%
Whey products	9,634	5%	10,261	5%
Sour cream	12,849	6%	15,504	7%
Curd products	20,608	10%	27,158	13%
Butter	5,766	3%	10,351	5%
Other income	13,510	6%	19,360	8%
Total income:	210,738		216,372	



2012 M. 9 Mėn.



2011 M. 9 Mėn.

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