



VILKYŠKIŲ PIENINĖ AB GROUP



**THE RESULTS OF
12 MONTHS OF 2012**

ABOUT THE COMPANY

Vilkyskiu pienine AB, was established in 1993.

On the 31th of December 2012 the Group had 925 employees

The production of Dairy products is the core of Group business

Company's share capital amounts to 11,9 million LTL

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

Main activities: The production of fresh dairy products.

SHORT HISTORY OF THE COMPANY

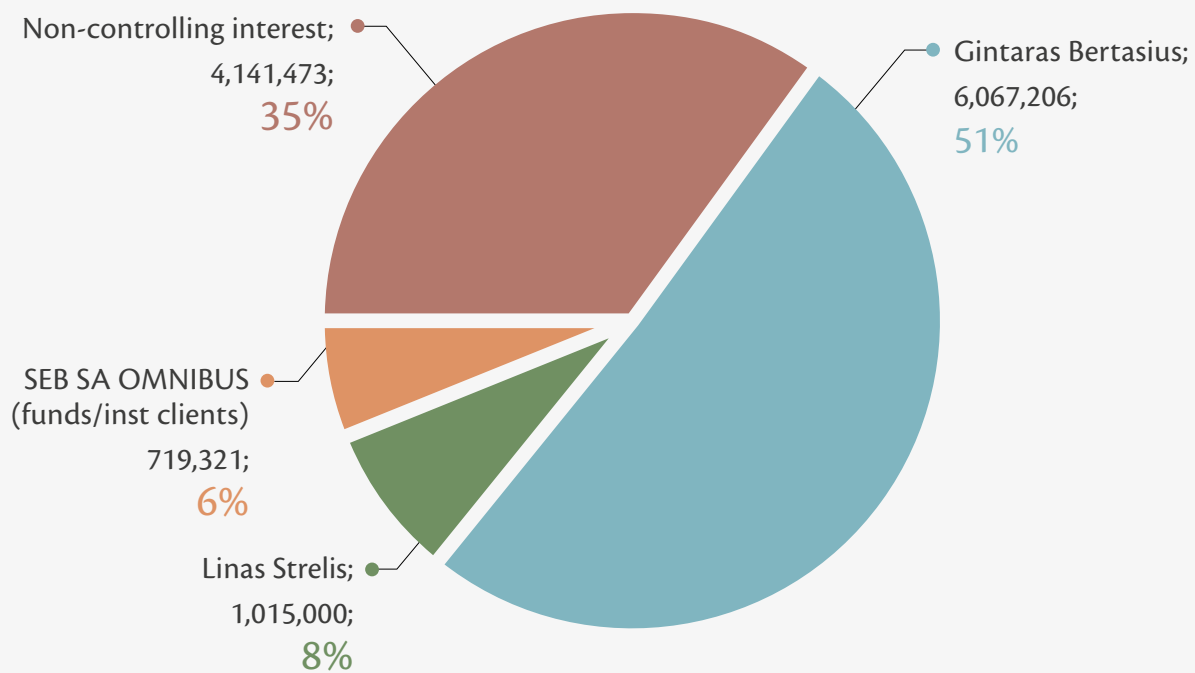
1993	company established
1999-2000	the fully computerized and automated technological line of cheese production started to work in Vilkyskiai
2000	the company received Export Licence to the European Union
2001	company acquired Taurage workshop form Mazeikiai subsidiary of Pieno Zvaigzdes AB
2004	Vilkyskiu pienine 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 Vilkyskiai
2008	acquired Kelmes pienine
2008	installed the whey processing shop in Vilkyskiai
2008	these certificates of the standards ISO 9001:2000 and ISO 22000:2000 were presented to Vilkyskiu pienine AB
2009	Kelmes pienine AB received Export Licence to Russia
2010	established marketing department
2011	"Modest" AB received Export Licence to Russia
2011	the company began to participate in one of the largest food exhibitions: "Anuga" in Germany and "SIAL" in France
2011	brand of the company was changed. Vilvi trademark began to used in Export markets
2011-2012	many new products were introduced in Lithuanian market; Vilkyskiu assortment of fresh dairy products was significantly expanded
2012	the development of cheese production line was implemented in Vilkyskiai.
2005-2011	company use the support of European Union and other fonds, involve in social projects

SIGNIFICANT EVENTS IN 2012

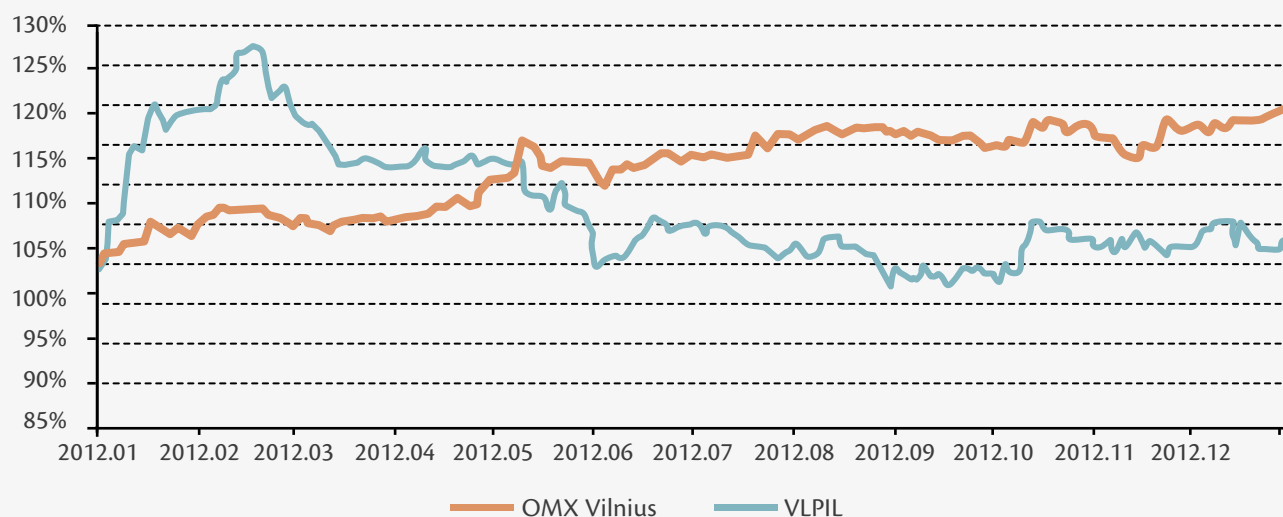
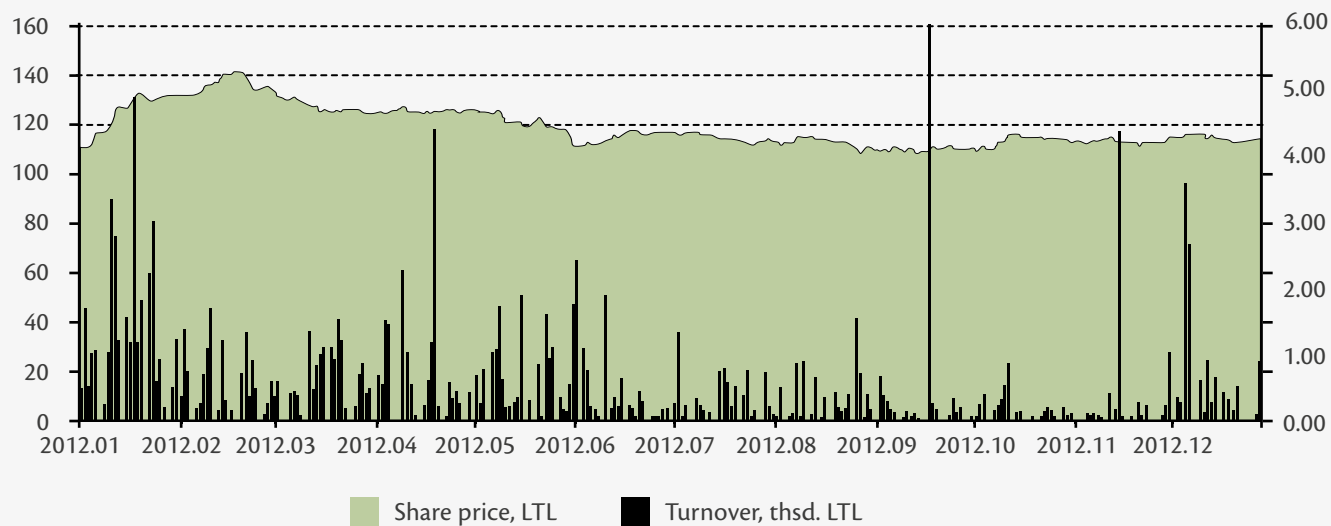
- Products, that received exclusive recognition in the exhibition "Prodexpo 2012" (in February) and "World Food Moscow" (in September):
Cheese "Maasdam" and "Vilkyskiu" gooseberry yoghurt were awarded gold medals in category "The best product"
"Functional yogurt with apples and oats" and "Curd spread with iodized salt" were awarded silver medals
Cheese "Basilis" and glazed sweet cheese curd with sea-buckthorns and rhubarbs were nominated as "Russia's trade network selection"
- Vilkyskiu pienine AB participated in one of the largest food industry exhibitions "SIAL 2012", which took place in Paris, France. Stand of the company attracted a lot of attention because of the unique design and the quality of presented products, especially "Memel blue", "Zalgoris", "Maasdam" and "Prussia". Four flavors of glazed curd cheeses and gooseberry yoghurt were perfectly rated by food industry professionals and were awarded as one of the most innovative. The products received a nomination "SIAL Innovation 2012". Contacts were established with representatives from the Czech Republic, Germany, Holland, USA, Poland, Slovakia and others
- Vilkyskiu pienine AB participated in exhibition "Agrobalt 2012"
- Vilkyskiu pienine AB 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 - 15 percent. fat "Sour cream for salad", "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". According to the updated brand concept, cheese packaging design of "Vilkyskiu pienine" was renewed. Souvenir packages collection of cheeses was also introduced (hard cheeses "Prussia", "Zalgoris" and "Legend" - in the souvenir packages)
- The website was renewed to www.vilkyskiu.lt
- The largest investments were implemented in 2012: cheese production line (value 16 million LTL), a new line of glazed sweet cheese curds production in Kelmes pienine AB (value 0.5 million LTL), cheese packaging and treatment line installation (value 9.5 million LTL)
- 2007-2013 investment project "Improving the competitiveness of dairy processing" was completed. Project value 33.2 million LTL, 6.6 million LTL of them was support from the EU Structural Funds. During the year 2012, the Group received 5.4 million LTL support

SHAREHOLDERS

Shareholder	Shares	Ownership interest, %
Gintaras Bertasius	6,067,206	51%
Linas Strelis	1,015,000	8%
SEB SA OMNIBUS (funds/inst clients)	719,321	6%
Non-controlling interest	4,141,473	35%
Capital in total	11,943,000	100%



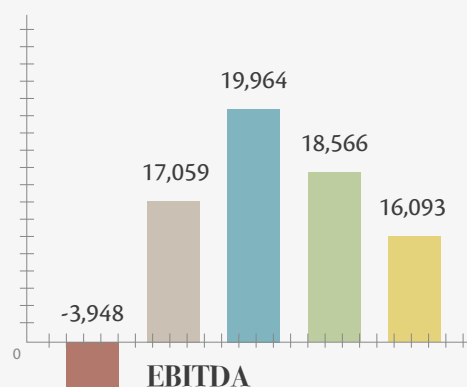
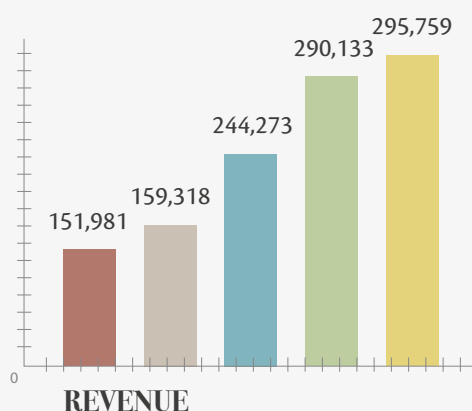
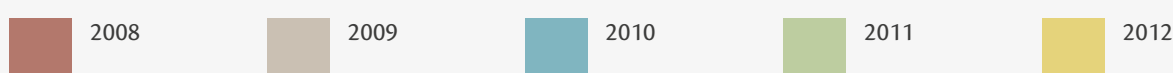
TRADING IN THE ISSUER'S SECURITIES ON THE REGULATED MARKETS

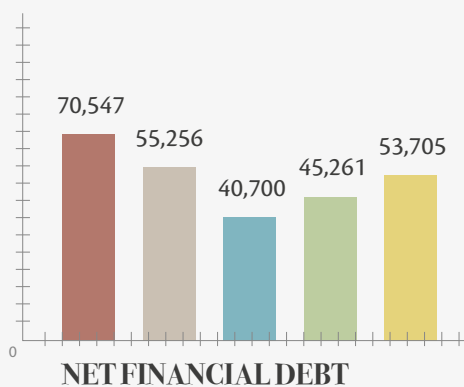
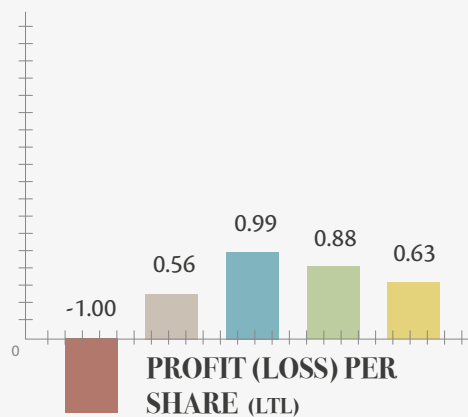
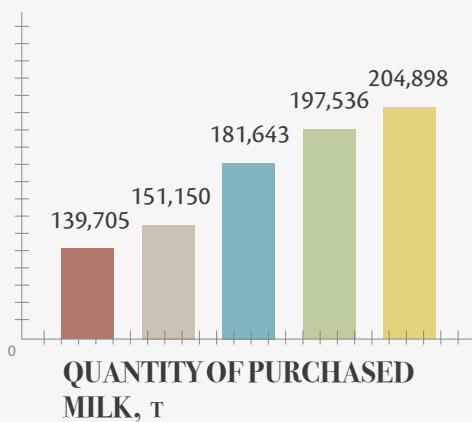
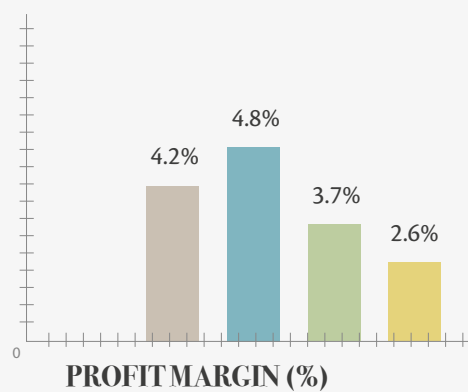
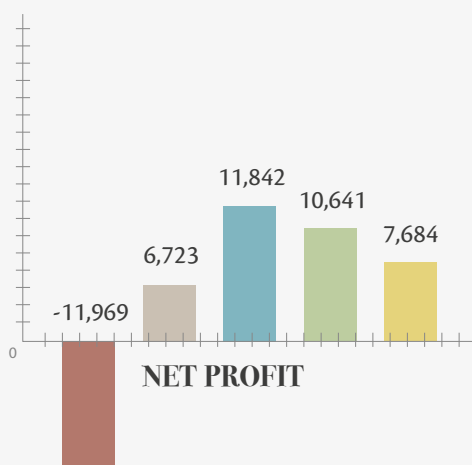
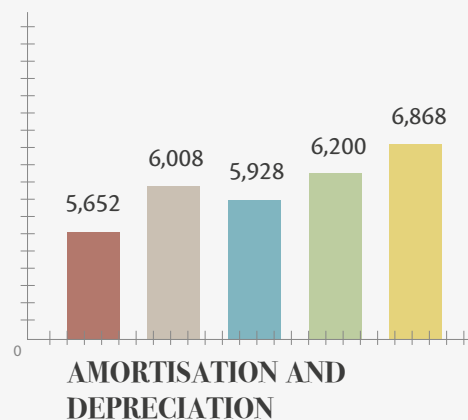
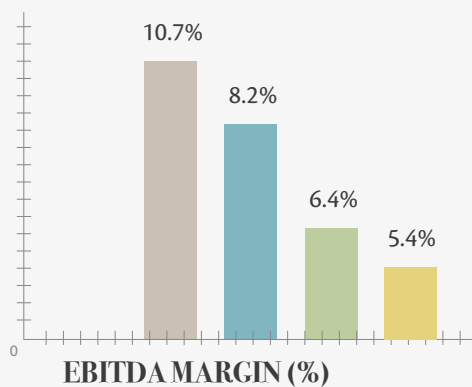


MAIN FINANCIAL INDICATORS

In the year 2012 the Group earned 296 million LTL. During the first months of the 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. In the middle of the year decline of prices has stopped, prices began to rise. Demand for dairy products has been quite strong so the Group earned 7.68 million LTL net profit over this year. 2012 - the year of major investments for the company. A new cheese production line was installed, that allowed to increase the capacity of cheese production by 30 percent. Cheese packaging and treatment line installation allows to produce higher value-added cheese. Installation of a new line of glazed sweet cheese curds production in Kelmes pienine AB allows to increase the capacity of production.

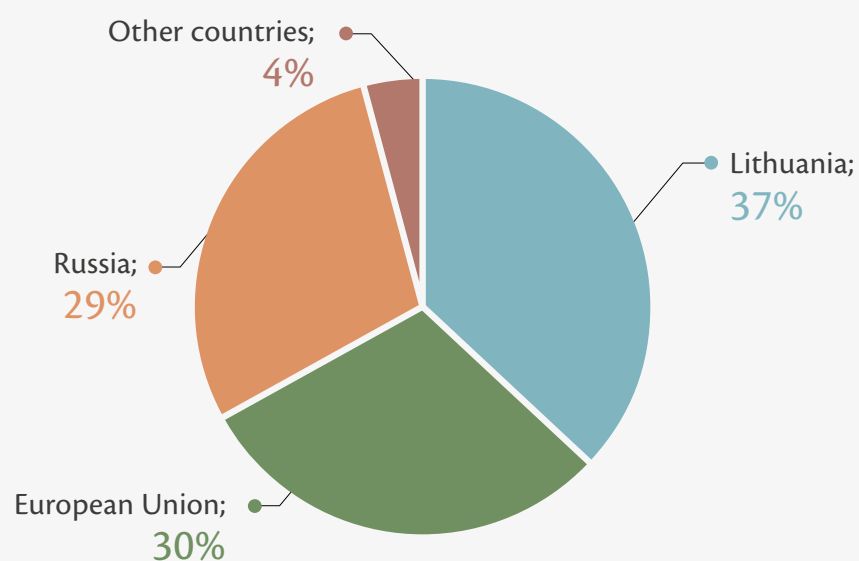
(Thousands LTL)	2008	2009	2010	2011	2012
Revenue	151,981	159,318	244,273	290,133	295,759
EBITDA	-3,948	17,059	19,964	18,566	16,093
EBITDA margin (%)		10.7%	8.2%	6.4%	5.4%
Amortisation and depreciation	5,652	6,008	5,928	6,200	6,868
Net profit	-11,969	6,723	11,842	10,641	7,684
Profit margin (%)		4.2%	4.8%	3.7%	2.6%
Quantity of purchased milk, t	139,705	151,150	181,643	197,536	204,898
Profit (loss) per share (LTL)	-1.00	0.56	0.99	0.88	0.63
Net financial debt	70,547	55,256	40,700	45,261	53,705



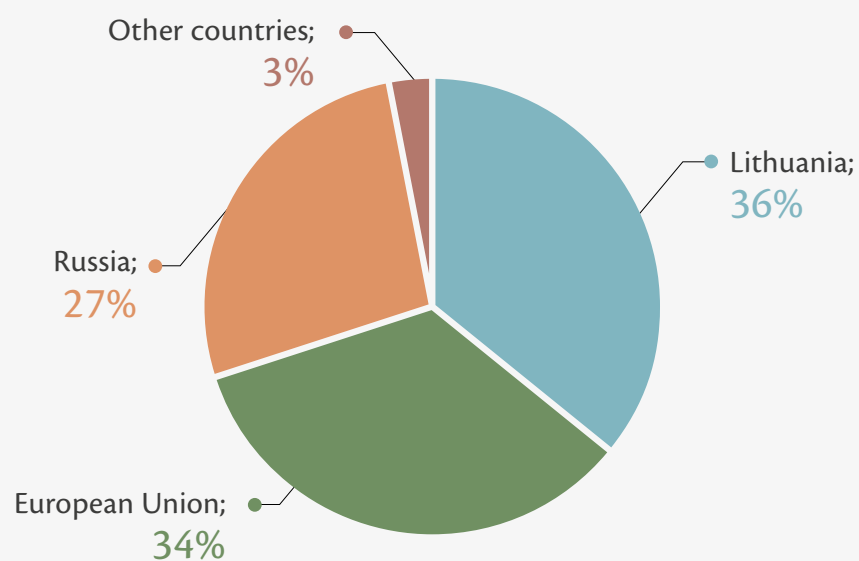


SALES MARKETS

(Thousands LTL)	2011		2012	
Lithuania	105,526	36%	109,260	37%
European Union	97,594	34%	87,735	30%
Russia	78,594	27%	87,054	29%
Other countries	8,419	3%	11,710	4%
Total income:	290,133		295,759	



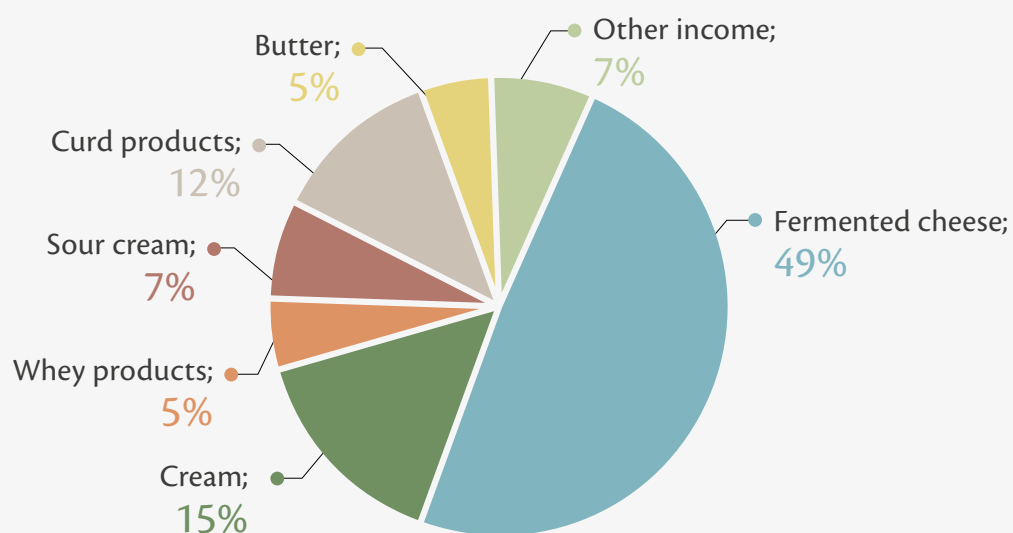
2012



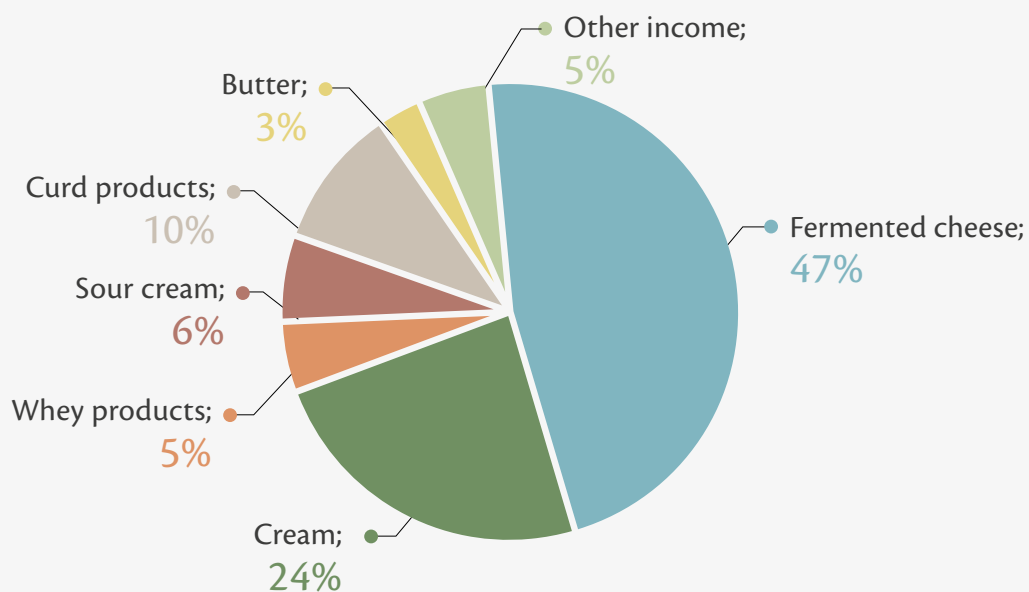
2011

INCOME FROM SOLD PRODUCTION

(Thousands LTL)	2011		2012	
Fermented cheese	136,778	47%	144,030	49%
Cream	68,792	24%	43,176	15%
Whey products	13,127	5%	13,690	5%
Sour cream	17,343	6%	20,162	7%
Curd products	28,629	10%	36,827	12%
Butter	8,202	3%	13,381	5%
Other income	17,262	5%	24,493	7%
Total income:	290,133		295,759	



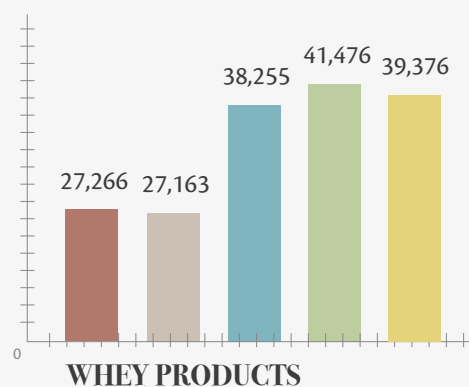
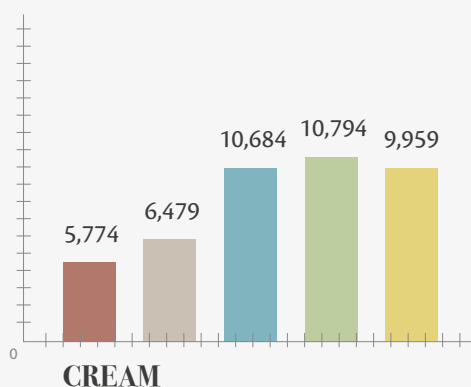
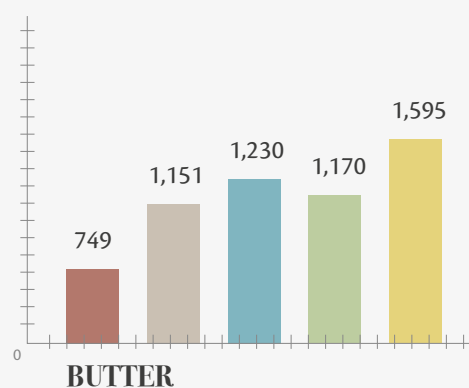
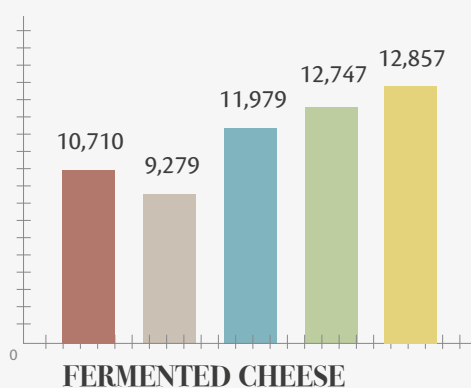
2012

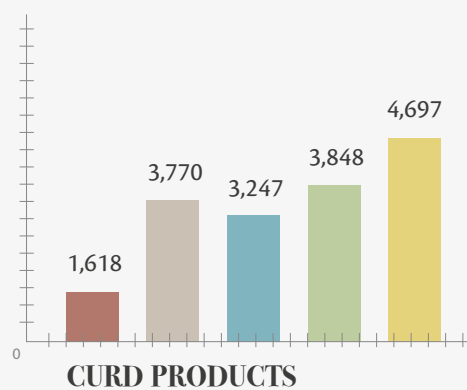
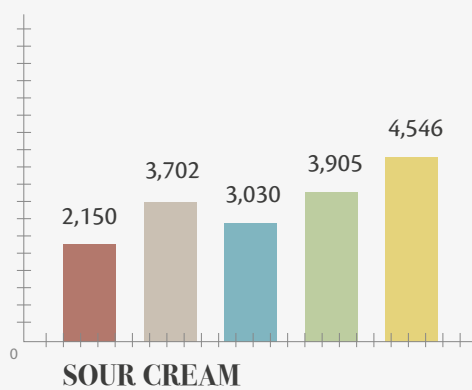


2011

AMOUNT OF PRODUCED MAIN PRODUCTS

(tons)	2008	2009	2010	2011	2012
Fermented cheese	10,710	9,279	11,979	12,747	12,857
Butter	749	1,151	1,230	1,170	1,595
Cream	5,774	6,479	10,684	10,794	9,959
Whey products	27,266	27,163	38,255	41,476	39,376
Sour cream	2,150	3,702	3,030	3,905	4,546
Curd products	1,618	3,770	3,247	3,848	4,697





VILKYSKIU PIENINE AB

Vilkyskiai,
Pagegiai municipality
277160980
ph. 8 441 55330
fax 8 441 55242
info@vilkyskiu.lt
www.vilkyskiu.lt

CONTACTS

Gintaras Bertasius
Director General

ph. 8 441 55330
gintaras@cheese.lt

Vilija Milaseviciute
Finance Director

ph. 8 441 55102
vilija@cheese.lt