

**ŽEMAITIJOS PIENAS, AB**  
**INTERIM CONSOLIDATED UNAUDITED**  
**FINANCIAL STATEMENT**  
**FOR THE PERIOD OF 6 MONTHS, 2014**

**ŽEMAITIJOS PIENAS, AB**

Company code 180240752, Sedos st. 35, Telšiai, Lithuania

**Interim consolidated unaudited financial statement for the period of 6 months, 2014**

(All amounts are indicated in thousands of LTL unless provided otherwise)

**Balance sheet**

ASSETS	The Group	
	30-06-2014	31-12-2013
<b>Fixed assets</b>		
Intangible assets	753	376
Tangible assets	68 037	62 979
Investments for sale	863	919
Investments into subsidiaries	4	4
Loans granted	6 817	5 535
Deferred profit tax assets	3 505	3 505
<b>Total amount of fixed assets</b>	<b>79 979</b>	<b>73 318</b>
<b>Current assets</b>		
Stock	99 318	112 720
Advance payments	2 064	1 513
Receivables from the buyers	41 890	28 899
Other receivables	5 599	5 290
Cash and cash equivalents	13 425	6 958
<b>Total amount of current assets</b>	<b>162 296</b>	<b>155 380</b>
<b>ASSETS IN TOTAL</b>	<b>242 275</b>	<b>228 698</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	48 375	48 375
Own shares (-)	(4 569)	(4 569)
Required reserve	4 838	4 838
Other reserves	15 764	15 764
Undistributed profit	110 577	102 713
<b>Equity of the shareholders of the parent company</b>	<b>174 985</b>	<b>167 121</b>
Minority interest	2 609	2 371
<b>Equity in total</b>	<b>177 594</b>	<b>169 492</b>
<b>Long-term liabilities</b>		
Support received	8 869	5 929
Loans	-	-
Liabilities arising from the financial lease	369	369
Liabilities arising from the deferred profit tax	1 203	1 203
Other long-term liabilities	38	38
<b>Total amount of long-term liabilities</b>	<b>10 479</b>	<b>7 539</b>
<b>Short-term liabilities</b>		
Loans	-	1 568
Liabilities arising from the financial lease	147	426
Trade debts and other payable amounts	53 416	46 803
Payable profit tax	639	2 870
<b>Total amount of short-term liabilities</b>	<b>54 202</b>	<b>51 667</b>
<b>Liabilities in total</b>	<b>64 681</b>	<b>59 206</b>
<b>EQUITY AND LIABILITIES IN TOTAL</b>	<b>242 275</b>	<b>228 698</b>

**ŽEMAITIJOS PIENAS, AB**

Company code 180240752, Sedos st. 35, Telšiai, Lithuania

**Interim consolidated unaudited financial statement for the period of 6 months, 2014**

(All amounts are indicated in thousands of LTL unless provided otherwise)

***Profit (loss) statement***

	<b><u>The Group</u></b>			
	<b>January - June, 2014</b>	<b>January -June, 2013</b>	<b>April - June, 2014</b>	<b>April - June, 2013</b>
Sales	280 534	256 850	131 353	134 032
Sales cost price	(236 723)	(217 732)	(105 085)	(111 359)
<b>GROSS PROFIT (LOSS)</b>	<b>43 811</b>	<b>39 118</b>	<b>26 268</b>	<b>22 673</b>
<i>Operating expenses</i>	<i>(34 473)</i>	<i>(30 019)</i>	<i>(19 650)</i>	<i>(15 427)</i>
Incl. sales expenses	(23 507)	(19 688)	(13 715)	(10 472)
Incl. general and administrative expenses	(10 966)	(10 331)	(5 935)	(4 955)
Other operating income	1 563	1 867	849	1 060
Other operating expenses	(1 056)	(1 540)	(530)	(754)
<b>OPERATING (LOSS) PROFIT</b>	<b>9 845</b>	<b>9 426</b>	<b>6 937</b>	<b>7 552</b>
Difference between the fair value of the net assets, which belong to the Group, and the acquisition price of the business affiliation				
Income from financial operations	725	245	612	136
Expenses of financial operations	(123)	(179)	(65)	(88)
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>10 447</b>	<b>9 492</b>	<b>7 484</b>	<b>7 600</b>
Profit tax benefits (expenses)	(2 345)	(1 949)	(1 617)	(1 674)
<b>NET PROFIT (LOSS)</b>	<b>8 102</b>	<b>7 543</b>	<b>5 867</b>	<b>5 926</b>

**ŽEMAITIJOS PIENAS, AB**

Company code 180240752, Sedos st. 35, Telšiai, Lithuania

**Interim consolidated unaudited financial statement for the period of 6 months, 2014**

(All amounts are indicated in thousands of LTL unless provided otherwise)

*Statement of changes in equity***Group**

	Share capital	Own shares(-)	Required and other reserves	Undistributed profit	Equity of the shareholders of the parent company	Minority interest	In total
<b>31 December 2012</b>	<b>48 375</b>	<b>(3 002)</b>	<b>19 838</b>	<b>82 985</b>	<b>148 196</b>	<b>1 947</b>	<b>150 143</b>
Own shares acquired		(1 567)	-	-	(1 567)	-	(1 567)
Liquidation of subsidiaries				-	-	-	-
Dividends, tantiemes , premiums paid			-	(2 315)	(2 315)	-	(2 315)
Reserves			764	(764)		-	-
Net profit of the 1st half of year				7 329	7 329	214	7 543
<b>30 June 2013</b>	<b>48 375</b>	<b>(4 569)</b>	<b>20 602</b>	<b>87 235</b>	<b>151 643</b>	<b>2 161</b>	<b>153 804</b>
<b>31 December 2013</b>	<b>48 375</b>	<b>(4 569)</b>	<b>20 602</b>	<b>102 713</b>	<b>167 121</b>	<b>2 371</b>	<b>169 492</b>
Reserves			-	-	-	-	-
Dividends, tantiemes paid				-	-	-	-
Own shares acquired		-			-		-
Net profit of the 1st half of year				7 864	7 864	238	8 102
<b>30 June 2014</b>	<b>48 375</b>	<b>(4 569)</b>	<b>20 602</b>	<b>110 577</b>	<b>174 985</b>	<b>2 609</b>	<b>177 594</b>

ŽEMAITIJOS PIENAS, AB

Company code 180240752, Sedos st. 35, Telšiai, Lithuania

**Interim consolidated unaudited financial statement for the period of 6 months, 2014**

(All amounts are indicated in thousands of LTL unless provided otherwise)

**Cash flow statement**

	<b>The Group</b>	
	<b>January - June, 2014</b>	<b>January - June, 2013</b>
<b>Net operating cash flows</b>		
Net (loss) profit	8 102	7 543
<b>Modifications of the net (loss) profit</b>		
Depreciation and amortization	5 795	8 429
Amortization of the support received	(345)	(451)
Loss (profit) from the sale and write-off of fixed assets	(198)	(69)
Profit tax expenses	-	-
Impairment of receivables	1 859	-
Write-off of the stock to the net realizable value	-	-
Other financial (income) expenses	(186)	(131)
Expenses arising from the liquidation of subsidiaries	-	-
	<b>15 027</b>	<b>15 321</b>
<b>Changes in the working capital:</b>		
Increase (in stock)	13 401	5 512
Decrease (increase) in receivables from the buyers	(14 850)	(3 880)
Decrease (increase) in advance payments	(544)	(1 387)
(Increase in) other receivables	(1 506)	1 296
Changes in deposits	-	-
Increase (decrease) in trade debts	5 017	4 640
Increase (decrease) in other payable amounts	(636)	8 540
Profit tax paid	-	-
<b>Net operating cash flows</b>	<b>15 909</b>	<b>30 042</b>
<b>Cash flows from investment operations</b>		
Tangible and intangible assets (acquisition)	(11 761)	(7 656)
Revenues from the sale of tangible assets	785	567
Acquisition of own shares	-	(1 568)
Repaid granted loans	3 265	2 151
Loans granted	(1 519)	(2 926)
Interest received	215	210
<b>Net cash flows from investment operations</b>	<b>(9 015)</b>	<b>(9 222)</b>
<b>Cash flows from financial operations</b>		
Payment of dividends, tantiemes	-	(964)
Support received	3 286	-
Loans received	9 160	50 978
Repaid loans	(10 997)	(63 679)
Payment of the liabilities arising from the financial lease	(279)	(1 633)
Other fin., invest. cash flows	(1 568)	-
Interest paid	(29)	(79)
<b>Net cash flows from financial operations</b>	<b>(427)</b>	<b>(15 377)</b>
<b>Net increase (decrease) in cash flows</b>	<b>6 467</b>	<b>5 443</b>
<b>Cash and cash equivalents in the beginning of the period</b>	<b>6 958</b>	<b>5 789</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>13 425</b>	<b>11 232</b>

**ŽEMAITIJOS PIENAS, AB**

Company code 180240752, Sedos st. 35, Telšiai, Lithuania

**Interim consolidated unaudited financial statement for the period of 6 months, 2014**

(All amounts are indicated in thousands of LTL unless provided otherwise)

**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 2014, the Company's share capital was 48.375 thousand of LTL composed of 48.375.000 ordinary registered shares with a nominal value of 1 LTL 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 2014 and 2013. The Company's shares are traded on the Baltic Additional trade list of the Vilnius Stock Exchange.

On 30 June 2013 and 2014 the Company had acquired its own shares – 2.071 thousand units by 4.569 thousand of LTL

On 30 June 2014, 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) in 2014	Net assets 30 June 2014	Main activities
Šilutės Rambynas, ABF	Klaipėdos st. 3, Šilutė, Lithuania	87.82 %	87.82 %	10 878	21 417	Production and sale of cheese
Muižas pienas, SIA	Skaitekaines st. 1, Rīga, Latvia	32 %	-	4	-	Wholesale and retail
				10 942		

On 30 June 2014, the Group had 1.412 employees (on 30 June 2013 – 1.454 employees).

**Main indicators of the Company's performance :**

	As of 30 June 2014	As of 30 June 2013
Sales, thousand LTL	280 534	256 850
Gross profit, thousand LTL	43 811	39 118
EBITDA, thousand LTL	16 271	18 000
Current ratio ( at the end of period)	2,99	2,49
Book value per share ( at the end of period )	3,67	3,18

ŽEMAITIJOS PIENAS, AB

Company code 180240752, Sedos st. 35, Telšiai, Lithuania

**Interim consolidated unaudited financial statement for the period of 6 months, 2014**

(All amounts are indicated in thousands of LTL unless provided otherwise)

---

## 2. ACCOUNTING PRINCIPLES

This consolidated financial statement has been prepared in accordance with the International Financial Reporting Standards adopted by the European Union (EU).

The submitted financial statement has been prepared on the acquisition cost price basis, except for the revaluation of certain financial instruments at their fair value.

The financial year of the Group's companies coincides with the calendar year.

The financial statement is submitted in the national currency of Lithuania - the litas (LTL).

Here are the most significant accounting policies:

The consolidated financial statement covers the financial statements of the Company and its controlled subsidiaries at a certain date. The control is deemed to be present when the Company has the power to control the financial and operating policy of another company, wherein it has invested its capital, in order to obtain some benefits thereof.

The acquisition of subsidiaries is accounted for using the purchase method. The acquisition cost price is composed of the fair value of transferred assets, issued equity instruments or assumed liabilities on the day of acquisition as well as expenses related with this acquisition directly. The assets and liabilities of the acquired company, which meet three recognition criteria under IFRS, are assessed at their fair value on the day of acquisition. The primary assessment of the subsidiary's assets and liabilities is modified within twelve months as of acquisition, having received additional data, which helps to assess more accurately the fair value of the assets and liabilities of this subsidiary.

Any positive difference between the acquisition cost price and the fair value of the acquired company's net assets is recognized as goodwill. Any negative difference between the acquisition cost price and the fair value of the acquired company's net assets is recognized as income of that period and is accounted for in the profit (loss) statement.

The interest of the minority shareholders is composed of their portion of the fair values of the assets and liabilities.

The financial results of the subsidiary, which has been acquired (sold) within a year, are included in the consolidated profit (loss) statement from the day of its acquisition until its sale (if any).

The financial statements of the subsidiaries are modified in order to conform to the accounting principles of the Group, should they be different.

All the significant transactions between the Group's companies, balance, income, expenses and undistributed profit (loss) from mutual transactions are eliminated from the consolidated financial statement.

Investments in the subsidiaries are accounted for in the Company's balance sheet at their acquisition cost price. The dividends of the subsidiaries are recognized as income only to the extent they are paid from the post-acquisition profit of the subsidiary. The portion of the dividends that exceeds such profit is deemed to be the coverage of investment and is recognized as a reduction in the investment cost price.

Intangible assets are initially recognized at their acquisition value. Intangible assets are recognized if it is probable that the Group and the Company will receive in the future some economical benefits related with these assets and if the value of these assets can be measured reliably. The Group and the Company does not have intangible assets of an

**ŽEMAITIJOS PIENAS, AB**

Company code 180240752, Sedos st. 35, Telšiai, Lithuania

**Interim consolidated unaudited financial statement for the period of 6 months, 2014**

(All amounts are indicated in thousands of LTL unless provided otherwise)

---

indefinite useful life; therefore after their primary recognition, intangible assets are accounted for at their acquisition value, less accumulated amortization and impairment loss, if any. Intangible assets are amortized using the straight-line method over the estimated useful life. The amortization expenses of intangible assets are included into the operating expenses.

The acquisition costs of new software are capitalized and recognized as intangible fixed assets if these costs are not a component of hardware. Software and licenses are amortized within a period of 3 years.

The costs, which are incurred in restoring or maintaining of the planned economic benefits from the operation of the existing software systems, are recognized as costs in the period when maintenance and support works are performed.

Tangible assets are accounted for at their acquisition cost price, less accumulated depreciation and impairment.

The intangible fixed assets, which are being constructed, are accounted for in item 'Incomplete Constructions'. Such assets are accounted for at their acquisition cost price, less estimated impairment loss. The acquisition cost price covers the expenses on design, construction, installation of mechanisms and equipment and other direct expenses.

The depreciation of tangible fixed assets other than the constructions in progress is calculated over the estimated useful lives using the straight-line method. At the end of each year, the Group and the Company review the useful lives of tangible fixed assets, balance value and depreciation method and recognize the impact of the changes in assessment, if any, prospectively. The estimated useful lives of tangible fixed assets are as follows:

Buildings: 20 - 40 years

Machinery and equipment: 5 years

Vehicles and other equipment: 4 - 10 years

The assets, whose useful lives are longer than one year and the acquisition value is not less than 500 litas, are classified as fixed assets.

The tangible fixed assets, which have been acquired under financial lease contracts, are depreciated over the useful life using the same method for calculating of depreciation as that of the private property.

Profit or loss arising from the sales of fixed assets is calculated as the difference between the sales income and the balance value of these assets and is recognized in the profit (loss) statement of that year.

Repair costs are added to the book value of tangible fixed assets if it is probable that the Group's companies will receive economic benefits from these costs in the future, and if they can be measured reliably. All other repair and service costs are recognized as expenses in the profit (loss) statement at the time they occur.

The Group company's investment assets are composed of land and buildings, which are leased and earn income thereof, and are not used for the main operations of the Group's companies. Investment assets are accounted for at their acquisition value, less accumulated depreciation and estimated impairment loss.

Depreciation is calculated using the straight-line method over 20 - 40 years of useful life.

Any transfers to/from investment assets are performed only when the purpose of these assets changes.



**ŽEMAITIJOS PIENAS, AB**

Company code 180240752, Sedos st. 35, Telšiai, Lithuania

**Interim consolidated unaudited financial statement for the period of 6 months, 2014**

(All amounts are indicated in thousands of LTL unless provided otherwise)

---

On the primary recognition, the stock is accounted for at its acquisition/production cost price. In subsequent periods, the stock is accounted for at a lower net probable selling price or acquisition/production cost price. The cost price is established using FIFO method. The cost price of incomplete constructions and production covers the expenses on raw materials, work and other direct expenses as well as the value added expenses related with production. The net probable selling price means the estimated selling price in the ordinary course of business, less estimated production completion and probable selling expenses.

The Group and the Company recognize financial assets in the balance sheet when the Group and the Company become a party to the contract for some financial instrument.

Trade amounts, loans and other receivables with fixed or determinable payments, which are not traded on the active market, are classified as 'Loans and receivables'. Loans and receivables are initially recognized at their fair value in the balance sheet. In subsequent periods, those financial assets are accounted for at their amortized cost price using the effective interest rate method, less any recognized impairment loss, which reflects unrecoverable amounts.

Cash and cash equivalents are composed of cash on hand and money in bank accounts, deposits upon demand and other short-term liquid investments (up to three months), which can be easily exchanged for precise cash amounts and which are subject to the risk of negligible changes in their value.

Financial liabilities are any contractual liabilities to deliver cash or other financial assets to another entity or to exchange financial instruments with another enterprise under the conditions that are potentially unfavourable or derivative or the contract of a non-derivative instrument, which can be purchased in exchange of some equity instruments of the enterprise itself.

Financial liabilities are ascribed to the financial liabilities estimated at their fair value in the profit (loss) statement or other financial liabilities.

Other financial liabilities, including loans, are recognized at their fair value, less transaction costs. In subsequent periods, other financial liabilities are accounted for at their amortized cost price, calculated using the effective interest rate method. Interest expenses are recognized using the effective interest rate method.

The effective interest rate method refers to the method for calculating of the amortized cost price of financial liabilities and allocation of the interest income during a certain period of time. The effective interest rate means the interest rate that discounts the estimated future cash flows accurately over a certain period of time or over a shorter period of time.

The fair value reflects the value of financial instruments, at which assets can be sold or liabilities can be covered. In cases where the management believes that the amortized cost price of financial assets and financial liabilities is considerably different from their fair value, the fair value of such financial assets and liabilities is disclosed separately in the comments of the financial statements.

Grants are accounted for on an accrual basis, i.e. received grants or parts thereof are recognized as having been used over the periods, in which the expenses related with these grants are incurred.

Lease is classified as the financial lease when basically all the risks and benefits related with the title are transferred under the contract of lease. The lease of activities does not fall into the concept of the financial lease.

**ŽEMAITIJOS PIENAS, AB**

Company code 180240752, Sedos st. 35, Telšiai, Lithuania

**Interim consolidated unaudited financial statement for the period of 6 months, 2014**

(All amounts are indicated in thousands of LTL unless provided otherwise)

Any income under the contract of lease of activities are recognized on the straight-line method over the entire leasing period.

The assets under the financial lease contract are recognized as assets at the fair value of the leased assets in the beginning of the lease or the current value of the minimum lease payments, if it is lower. A corresponding liability towards the lessor is reflected in the balance sheet as the liability under the financial lease contract. Financial expenses (interest expenses), i.e. the difference between the total payable amounts and the fair value of the assets acquired, are recognized as expenses in the profit (loss) statement over the leasing period using the constant interest rate.

Payments under the contract of lease of activities are recognized as expenses in the profit (loss) statement on the straight-line method over the entire leasing period.

Income is evaluated at the fair value of the received or receivable assets for the goods or services, excluding the value added tax, less rebates and concessions. Income is recognized on an accrual basis. Income is accounted for and reflected in the financial statements, regardless of revenues, i.e. when they are earned.

Income from interest is recognized on an accrual basis, taking into account the balance of the debt and the applicable effective interest rate. Income from the interest received is presented in the cash flow statement as cash flows from investment activities.

Income from dividends is recognized when the shareholders become entitled to receive dividends. Income from the dividends received is presented in the cash flow statement as cash flows from investment activities.

Expenses are recognized in the profit (loss) statement on an accrual basis when incurred.

Transactions in foreign currencies are converted into the litas according to the official exchange rate established by the Bank of Lithuania on that day, which approximately equals to the market currency exchange rate. Monetary assets and liabilities are converted into the litas at the exchange rate of the reporting day.

The following currency exchange rates were used in preparing of the balance sheet:

<u>30 June 2014</u>	<u>31 December 2013</u>
1 EUR = LTL 3,4528	1 EUR = LTL 3,4528
1 LVL = -	1 LVL = LTL 4,9184
1 USD = LTL 2,5327	1 USD = LTL 2,5098

The differences in the exchange rates resulting from the transactions in foreign currency are included in the profit (loss) statement at the moment they occur. The profit or loss resulting from the changes in the currency exchange rates on converting of monetary assets and liabilities into the litas are covered in the profit (loss) statement.

Deferrals are recognized when the Group and the Company has a legal obligation or an irrevocable commitment arising from the past committing event and it is likely that the funds will be spent to cover these liabilities, and it is possible to determine the amount of such liabilities.

Profit tax expenses consist of the profit tax expenses and the deferred profit tax of the current year.

**ŽEMAITIJOS PIENAS, AB**

Company code 180240752, Sedos st. 35, Telšiai, Lithuania

**Interim consolidated unaudited financial statement for the period of 6 months, 2014**

(All amounts are indicated in thousands of LTL unless provided otherwise)

The taxable profit differs from the profit presented in the gross income statement due to the elements of expenses and income that do not reduce or increase the taxable profit. From 1 January 2010, the profit tax rate in Lithuania is valid 15 per cent.

The deferred profit tax is accounted for in the balance sheet. Deferred tax assets and liabilities are recognized for future tax purposes, noting the differences between the book value of assets and liabilities in the financial statement and their respective tax bases. Deferred tax liabilities are recognized with respect to all temporary differences, which will increase the taxable profit, and the deferred tax assets are recognized only to the extent that is likely to reduce the future taxable profit. Such assets and liabilities are not recognized if temporary differences are related to goodwill (or negative goodwill), or if the assets or liabilities recognized at the time of a transaction, which is not related with business affiliation, do not affect the taxable or financial profit.

A business segment in this financial statement is an integral segment of the Group and the Company engaged in the production of a product or providing of a service or a group of related products or services, whose risk and profit differ from other business segments.

Post-balance events, which provide additional information about the Group's situation on the reporting date (adjusting events), are reflected in the financial statements. Post-balance events, which are not adjusting events, are described in the comments when their impact is significant.

The parties related to the Group and Company refer to the shareholders, employees, Board members, their close relatives and companies that control the Company directly or indirectly via an intermediary or are controlled individually or jointly with any another party, which is also recognized as a related party, provided that this relationship allows one party to control the other party or to exercise significant influence over the other party in making financial and management decisions.

### 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 products (primary segment). The sales of the Group according to the geographical segments (secondary segment) are provided hereunder:

**Sales**

	<b>January - June, 2014</b>	<b>January - June, 2013</b>	<b>April - June, 2014</b>	<b>April - June, 2013</b>
Lithuania	138 582	148 351	73 454	84 781
Other Baltic and CIS states	78 884	66 337	24 448	31 123
Other European states	57 526	36 829	29 958	13 857
Other	5 542	5 333	3 493	4 271
<b>In total</b>	<b>280 534</b>	<b>256 850</b>	<b>131 353</b>	<b>134 032</b>

The income from sales is classified according to the state, where the buyers are registered

**ŽEMAITIJOS PIENAS, AB**

Company code 180240752, Sedos st. 35, Telšiai, Lithuania

**Interim consolidated unaudited financial statement for the period of 6 months, 2014**

(All amounts are indicated in thousands of LTL unless provided otherwise)

**4. LOANS GRANTED**

The Group's granted loans consisted of the following:

	<u>30 June 2014</u>	<u>31 December 2013</u>
Loans granted	9 199	9 107
Minus: temporary portion of the loans granted	(2 382)	(3 572)
	<u>6 817</u>	<u>5 535</u>

All the loans have been granted in litas. The repayment term is from 1 to 9 years.

**5. STOCK**

The Group's stock consisted of the following:

	<u>30 June 2014</u>	<u>31 December 2013</u>
Raw materials	11 989	11 770
Production and incomplete constructions	101 024	114 633
Goods for resale	639	651
	<u>113 652</u>	<u>127 054</u>
Minus: impairment up to the net realizable value	(14 334)	(14 334)
<b>In total</b>	<u>99 318</u>	<u>112 720</u>

**6. RECEIVABLES FROM THE BUYERS**

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

	<u>30 June 2014</u>	<u>31 December 2013</u>
Receivables from the buyers	39 381	28 069
Receivables from the related parties	5 561	2 023
	<u>44 942</u>	<u>30 092</u>
Minus: impairment	(3 052)	(1 193)
<b>In total</b>	<u>41 890</u>	<u>28 899</u>

Changes in the impairment of doubtful receivables from the buyers are included in the profit (loss) statement as operating expenses.

**ŽEMAITIJOS PIENAS, AB**

Company code 180240752, Sedos st. 35, Telšiai, Lithuania

**Interim consolidated unaudited financial statement for the period of 6 months, 2014**

(All amounts are indicated in thousands of LTL unless provided otherwise)

Receivables from the buyers are free of interest and their term is usually from 30 to 90 days.

**7. OTHER RECEIVABLES**

Other receivables of the Group's consisted of the following:

	<b>30 June 2014</b>	<b>31 December 2013</b>
Advance profit tax	-	-
Current portion of long-term loans	2 382	3 572
Grants receivable	493	216
Input VAT	2 691	1 421
Other receivables	33	81
<b>In total</b>	<b>5 599</b>	<b>5 290</b>

**8. CASH AND CASH EQUIVALENTS**

The Group's cash and cash equivalents consisted of the following:

	<b>30 June 2014</b>	<b>31 December 2013</b>
Cash in the bank	13 184	6 712
Cash on hand	241	246
<b>In total</b>	<b>13 425</b>	<b>6 958</b>

**9. EQUITY**

On 30 June 2014, the share capital amounted to 48.375.000 ordinary registered shares with a nominal value of 1 LTL. On 30 June 2014 and 31 December 2013, 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.

**ŽEMAITIJOS PIENAS, AB**

Company code 180240752, Sedos st. 35, Telšiai, Lithuania

**Interim consolidated unaudited financial statement for the period of 6 months, 2014**

(All amounts are indicated in thousands of LTL unless provided otherwise)

**10. LOANS**

The Group's loans consisted of the following:

	Starting date of the contract	Repay- ment term	Curren- cy	Balance	
				30 June 2014	31 December 2013
Bank DNB, AB	06, 2006	04, 2013	EUR	-	-
Bank SEB, AB	09, 2011	09, 2013	EUR	-	-
Algirdas Pažemeckas	10, 2011	12, 2013	LTL	-	1 568
<b>In total</b>				-	<b>1 568</b>
Minus: short-term loans				-	-
Minus: short-term portion of long-term loans				-	-
<b>Long-term loans in total</b>				<b>-</b>	<b>-</b>

**11. LIABILITIES UNDER THE FINANCIAL LEASE CONTRACT**

The Group's future minimum payments under the financial lease contracts consisted of the following:

Group	30 June 2014		31 December 2013	
	Minimum payments under the financial lease contract	Current amount of the minimum payments under financial lease contract	Minimum payments of the financial lease contract	Current value of the minimum payments under the financial lease contract
Over one year	148	147	433	426
Over two-five years	374	369	374	369
<b>Minimum payments under the financial lease contract</b>	<b>522</b>	<b>516</b>	<b>807</b>	<b>795</b>
Minus: future interest	(6)		(12)	
<b>Current value of the minimum payments under the financial lease contract</b>	<b>516</b>		<b>795</b>	

**ŽEMAITIJOS PIENAS, AB**

Company code 180240752, Sedos st. 35, Telšiai, Lithuania

**Interim consolidated unaudited financial statement for the period of 6 months, 2014**

(All amounts are indicated in thousands of LTL unless provided otherwise)

On 30 June 2014, all the Group's financial lease contracts were signed in euros.

## 12. 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.

	<b>The Group</b>	
	<b>30 June 2014</b>	<b>31 December 2013</b>
Payables suppliers	34 543	29 444
Payable to related parties	1 426	1 789
Prepayments	610	329
<b>In total</b>	<b>36 579</b>	<b>31 562</b>

## 13. OTHER PAYABLE AMOUNTS

Other payable amounts consisted of the following:

	<b>The Group</b>	
	<b>30 June 2014</b>	<b>31 December 2013</b>
Accumulated expenses	-	484
Leave reserve	7 986	7 986
Payable salaries	2 459	2 230
Payable social insurance	1 429	1 544
Payable taxes, except for the profit tax	488	490
Provisioning	907	1 077
Other short-term liabilities	3 568	1 430
<b>In total</b>	<b>16 837</b>	<b>15 241</b>

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