



**Pieno Žvaigždės, AB  
Confirmation of the Management**

Vilnius, May 31, 2013

**Financial statements for the three months of 2013**

We, Aleksandr Smagin, Chief Executive Officer and Audrius Statulevičius, Chief Financial Officer, hereby confirm that, to the best of our knowledge, Interim Financial Statements of the three months of 2013 prepared in accordance with IFRS, give true and fair view of the assets, liabilities, financial position, profit or loss and cash flows of AB “Pieno žvaigždės”.

Pieno Žvaigždės, AB  
CEO

Aleksandr Smagin

Pieno Žvaigždės, AB  
CFO

Audrius Statulevičius



# **PIENO ŽVAIGŽDĖS, AB**

## **INTERIM FINANCIAL STATEMENTS**

**For the three months 2013**

**VILNIUS, MAY 2013**



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Prepared according to IFRS, not audited

## 1. Statement of financial position

Thousand Litas	2013.03.31	2012.12.31
<b>Assets</b>		
Property, plant and equipment	198 265	197 273
Intangible assets	669	714
Investments available for sale	275	276
Long-term receivables	166	-
Deferred tax		
<b>Total non-current assets</b>	<b>199 375</b>	<b>198 263</b>
Inventories	57 784	55 142
Receivables	78 593	79 788
Cash and cash equivalents	2 624	4 528
<b>Total current assets</b>	<b>139 001</b>	<b>139 458</b>
<b>Total assets</b>	<b>338 376</b>	<b>337 721</b>
<b>Equity</b>		
Share capital	49 634	49 634
Share premium	27 246	27 246
Own shares	-	-
Reserves	33 318	33 559
Retained earnings	45 207	38 060
<b>Total equity</b>	<b>155 405</b>	<b>148 499</b>
<b>Liabilities</b>		
Government grants	2 903	3 187
Interest-bearing loans and borrowings	61 773	60 543
Deferred tax	1 862	1 862
<b>Total non-current liabilities</b>	<b>66 538</b>	<b>65 592</b>
Provisions	-	-
Interest-bearing loans and borrowings	52 094	60 975
Income tax payable	2 174	956
Trade and other amounts payable	62 165	61 699
<b>Total current liabilities</b>	<b>116 433</b>	<b>123 630</b>
<b>Total liabilities</b>	<b>182 971</b>	<b>189 222</b>
<b>Total equity and liabilities</b>	<b>338 376</b>	<b>337 721</b>

**2. Statement of comprehensive income**

Thousand Litas	<b>2013.01.01 - 2013.03.31</b>	<b>2012.01.01 - 2012.03.31</b>
Revenue	186 434	157 899
Cost of sales	(152 452)	(127 916)
<b>Gross profit</b>	<b>33 982</b>	<b>29 983</b>
Other operating income, net	437	138
Sales and administrative expenses	(26 019)	(24 113)
<b>Operating profit before finance costs</b>	<b>8 400</b>	<b>6 008</b>
Finance income	193	66
Finance expenses	( 468)	( 995)
<b>Finance income/expenses, net</b>	<b>( 275)</b>	<b>( 929)</b>
<b>Profit before tax</b>	<b>8 125</b>	<b>5 079</b>
Corporate income tax	(1 219)	( 762)
<b>Profit for the year</b>	<b>6 906</b>	<b>4 317</b>
Earnings per share (Litas)	0,14	0,08

**3. Cash flows statement**

Thousand Lit	2013.03.31	2012.03.31
<b>Cash flows from operating activities</b>		
Net profit	6.906	4.317
Depreciation and amortisation	7.329	8.158
Amortisation of government grants	(284)	(362)
Result of disposal of property, plant and equipment	489	21
Change in vacation reserve	867	-
Interest income/expenses, net	745	967
Income tax	1.218	762
<b>Cash flows from ordinary activities before changes in the working capital</b>	<b>17.270</b>	<b>13.863</b>
Change in inventories	(2.642)	(10.698)
Change in receivables	1.028	23.261
Change in trade and other payable amounts	819	(2.819)
<b>Cash flows from operating activities</b>	<b>16.475</b>	<b>23.607</b>
Interest paid	(745)	(967)
Income tax paid	0	(967)
<b>Net cash flow from operating activities</b>	<b>15.730</b>	<b>21.673</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(8.748)	(7.371)
Acquisition of intangible assets	(15)	(17)
Interest received	10	-
<b>Net cash flow used in investing activities</b>	<b>(8.753)</b>	<b>(7.325)</b>
<b>Cash flows from financing activities</b>		
Loans received	3.553	165
Repayment of borrowings	(12.434)	(8.453)
Issue (redemption) of shares	-	(5.766)
Dividends paid	-	(4)
<b>Net cash from/(used in) financing activities</b>	<b>(8.881)</b>	<b>(14.058)</b>
Change in cash and cash equivalents	(1.904)	290
Beginning cash	4.528	1.973
<b>Ending cash</b>	<b>2.624</b>	<b>2.263</b>



## 4. Statement of changes in equity

Thousand Litas	Share capital	Share premium	Own shares	Compulsory reserve	Revaluation reserve	Other reserves	Retained earnings	Total equity
As at 1 January 2012	54 205	27 246	(14 435)	5 420	13 979	17 420	43 997	147 832
Profit allocation								0
Dividends								0
Acquisition of own shares			(5 766)					(5 766)
Revaluation of fixed assets								0
Depreciation of revaluated part					( 280)		280	0
Net profit for 2012							4 317	4 317
As at 31 March 2012	54 205	27 246	(20 201)	5 420	13 699	17 420	48 594	146 383
As at 1 April 2012	54 205	27 246	(20 201)	5 420	13 699	17 420	48 594	146 383
Profit allocation						11 250	(11 250)	0
Dividends							(24 817)	(24 817)
Reduction of share capital	(4 571)		20 201			(15 630)		0
Revaluation of fixed assets					1 984			1 984
Depreciation of revaluated part					( 584)		584	0
Net profit for 2012							24 949	24 949
As at 31 December 2012	49 634	27 246	0	5 420	15 099	13 040	38 060	148 499
As at 1 January 2013	49 634	27 246	0	5 420	15 099	13 040	38 060	148 499
Profit allocation								0
Dividends								0
Acquisition of own shares								0
Revaluation of fixed assets								0
Depreciation of revaluated part					( 240)		240	0
Net profit for 2013							6 906	6 906
As at 31 March 2013	49 634	27 246	0	5 420	14 859	13 040	45 206	155 405

## 5. Notes to the financial statements

AB Pieno Žvaigždės was established by way of merger of stock companies Mažeikių Pieninė, Pasvalio Sūrinė, Kauno Pienas and Panevėžio pienas.

The main office of the Company is located in Vilnius and the branches – in Mažeikiai, Pasvalys, Kaunas and Panevėžys.

Ordinary shares of the Company are quoted in the NASDAQ OMX Vilnius Stock Exchange.

The Company is engaged in production and sales of milk products to retail stores directly and through distributors.

### Statement of compliance

These are the financial statements of a separate company AB Pieno Žvaigždės, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

### Main indicators of the Company's' performance

<b>Ratios</b>	<b>2013.01.01 - 2013.03.31</b>	<b>2012.01.01 - 2012.03.31</b>
Sales, Thousand Litass	186 434	157 899
Gross profit, Thousand Litass	33 982	29 983
EBITDA, Thousand Litass	15 444	13 805
Current ratio (at the end of period)	1,19	1,72
Book value per share (at the end of period), LTL	3,13	2,70
Net profit per share	0,14	0,08

### Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.



**Inventories, Thousand Litas**

	<b>2013.03.31</b>	<b>2012.12.31</b>
Raw materials	19 666	19 077
Stored production	37 501	35 512
Goods for resale	617	553
<b>Total:</b>	<b>57 784</b>	<b>55 142</b>

**Segment reporting**

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Company sales production mainly in domestic market, Russia, EU.

**Sales, Thousand Litas**

	<b>2013.01.01 - 2013.03.31</b>	<b>2012.01.01 - 2012.03.31</b>
Lithuania	83 376	78 230
Other EU countries	18 759	16 918
Other non EU countries	84 299	62 751
<b>Total:</b>	<b>186 434</b>	<b>157 899</b>

**Post balance sheet events**

There were no significant events after the balance sheet date.