



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

Vilnius, November 2013

Interim financial statements for the 9 months 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 nine 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 9 months 2013

VILNIUS, NOVEMBER 2013



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Prepared according to IFRS, not audited

1. Balance sheet

Thousand Lit	2013.09.30	2012.12.31
Assets		
Property, plant and equipment	199 941	197 273
Intangible assets	589	714
Investments available for sale	275	276
Long-term receivables	412	-
Deferred tax		
Total non-current assets	201 217	198 263
Inventories	65 464	55 142
Receivables	78 026	79 788
Cash and cash equivalents	3 547	4 528
Total current assets	147 037	139 458
Total assets	348 254	337 721
Equity		
Share capital	49 634	49 634
Share premium	27 246	27 246
Own shares	-	-
Reserves	32 903	33 559
Retained earnings	27 294	38 060
Total equity	137 077	148 499
Liabilities		
Government grants	6 059	3 187
Interest-bearing loans and borrowings	105 452	60 543
Deferred tax	1 862	1 862
Total non-current liabilities	113 373	65 592
Provisions	-	-
Interest-bearing loans and borrowings	19 632	60 975
Income tax payable	2 731	956
Trade and other amounts payable	75 441	61 699
Total current liabilities	97 804	123 630
Total liabilities	211 177	189 222
Total equity and liabilities	348 254	337 721

2. Income statement

Thousand Litas	2013.01.01 - 2013.09.30	2012.01.01 - 2012.09.30
Revenue	608 141	566 979
Cost of sales	(500 377)	(461 976)
Gross profit	107 764	105 003
Other operating income, net	567	464
Sales and administrative expenses	(88 654)	(77 980)
Operating profit before finance costs	19 677	27 487
Finance income	1 157	147
Finance expenses	(2 626)	(4 421)
Finance income/expenses, net	(1 469)	(4 274)
Profit before tax	18 208	23 213
Corporate income tax	(2 731)	(3 482)
Profit for the year	15 477	19 731
Earnings per share (Litas)	0,31	0,40

Thousand Litas	2013.07.01 - 2013.09.30	2012.07.01 - 2012.09.30
Revenue	209 064	206 066
Cost of sales	(174 158)	(162 623)
Gross profit	34 906	43 443
Other operating income, net	143	73
Sales and administrative expenses	(27 659)	(25 677)
Operating profit before finance costs	7 390	17 839
Finance income	831	36
Finance expenses	(1 629)	(2 458)
Finance income/expenses, net	(798)	(2 422)
Profit before tax	6 592	15 417
Corporate income tax	(989)	(2 312)
Profit for the year	5 603	13 105
Earnings per share (Litas)	0,11	0,26



3. Cash flows statement

Thousand Lit	2013.09.30	2012.09.30
Cash flows from operating activities		
Net profit	15.476	19.731
Adjustments:		
Depreciation and amortisation	22.042	24.153
Amortisation of government grants	(1.077)	(951)
Result of disposal of property, plant and equipment	(11)	62
Change in vacation reserve	1.060	(115)
Interest income/expenses, net	2.536	2.822
Income tax	2.731	3.482
Cash flows from ordinary activities before changes in the working capital	42.757	49.184
Change in inventories	(10.332)	9.709
Change in receivables	4.979	(6.964)
Change in trade and other payable amounts	13.432	5.251
Cash flows from operating activities	50.836	57.180
Interest paid	(2.566)	(2.822)
Income tax paid	(3.632)	(1.934)
Net cash flow from operating activities	44.638	52.424
Cash flows from investing activities		
Acquisition of property, plant and equipment	(24.990)	(33.167)
Acquisition of intangible assets	(52)	(50)
Proceeds on sale of property, plant and equipment	54	-
Interest received	30	-
Net cash flow used in investing activities	(24.958)	(33.217)
Cash flows from financing activities		
Loans received	54.049	35.594
Repayment of borrowings	(51.361)	(18.078)
Issue (redemption) of shares	-	(5.766)
Dividends paid	(27.299)	(24.817)
Government grants received	3.950	-
Net cash from/(used in) financing activities	(20.661)	(13.067)
Change in cash and cash equivalents	(981)	6.140
Beginning cash	4.528	1.973
Ending cash	3.547	8.113

4. Statement on changes in equity

000 LTL	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						11 250	(11 250)	0
Dividends							(24 817)	(24 817)
Acquisition of own shares			(5 766)					(5 766)
Revaluation of fixed assets								0
Depreciation of revaluated part					(837)		837	0
Net profit for 2012							19 730	19 730
As at 30 September 2012	54 205	27 246	(20 201)	5 420	13 142	28 670	28 497	136 979
As at 1 October 2012	54 205	27 246	(20 201)	5 420	13 142	28 670	28 497	136 979
Profit allocation								0
Dividends								0
Reduction of share capital	(4 571)		20 201			(15 630)		0
Revaluation of fixed assets					1 984			1 984
Depreciation of revaluated part					(27)		27	0
Net profit for 2012							9 536	9 536
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						160	(160)	0
Dividends							(27 299)	(27 299)
Acquisition of own shares								0
Revaluation of fixed assets								0
Depreciation of revaluated part					(817)		817	0
Net profit for 2013							15 877	15 877
As at 30 September 2013	49 634	27 246	0	5 420	14 282	13 200	27 295	137 077

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

Ratios	2013.01.01 - 2013.09.30	2012.01.01 - 2012.09.30
Sales, Thousand Litas	608 141	566 979
Gross profit, Thousand Litas	107 764	105 003
EBITDA, Thousand Litas	40 642	50 689
Current ratio (at the end of period)	1,50	1,83
Book value per share (at the end of period), LTL	2,76	2,76
Net profit per share	0,31	0,40

Ratios	2013.07.01 - 2013.09.30	2012.07.01 - 2012.09.30
Sales, Thousand Litas	209 064	206 066
Gross profit, Thousand Litas	34 906	43 443
EBITDA, Thousand Litas	14 486	25 582
Current ratio (at the end of period)	1,50	1,83
Book value per share (at the end of period), LTL	2,76	2,76
Net profit per share	0,31	0,26

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 Lit	2013.09.30	2012.12.31
Raw materials	21 392	19 077
Stored production	43 210	35 512
Goods for resale	862	553
Total:	65 464	55 142

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 Lit	2013.01.01 - 2013.09.30	2012.01.01 - 2012.09.30
Lithuania	263 020	253 477
Other EU countries	53 809	78 493
Other non EU countries	291 312	235 009
Total:	608 141	566 979

**Sales, Thousand Lit**

	2013.07.01 - 2013.09.30	2012.07.01 - 2012.09.30
Lithuania	87 490	86 560
Other EU countries	16 487	34 250
Other non EU countries	105 087	85 256
Total:	209 064	206 066

Post balance sheet events

There were no significant events after the balance sheet date.