



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

Vilnius, February 2014

Interim financial statements for the 12 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 twelve 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 12 months 2013

VILNIUS, FEBRURAY 2014



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Prepared according to IFRS, not audited

1. Statement of financial position

Thousand Litas	2013.12.31	2012.12.31
Assets		
Property, plant and equipment	207 255	197 273
Intangible assets	294	714
Investments available for sale	275	276
Long-term receivables	999	-
Deferred tax		
Total non-current assets	208 823	198 263
Inventories	98 385	55 142
Receivables	54 677	79 788
Cash and cash equivalents	2 355	4 528
Total current assets	155 417	139 458
Total assets	364 240	337 721
Equity		
Share capital	49 634	49 634
Share premium	27 246	27 246
Own shares	-	-
Reserves	32 730	33 559
Retained earnings	22 082	38 060
Total equity	131 692	148 499
Liabilities		
Government grants	5 663	3 187
Interest-bearing loans and borrowings	112 365	60 543
Deferred tax	1 704	1 862
Total non-current liabilities	119 732	65 592
Provisions	-	-
Interest-bearing loans and borrowings	34 579	60 975
Income tax payable	-	956
Trade and other amounts payable	78 237	61 699
Total current liabilities	112 816	123 630
Total liabilities	232 548	189 222
Total equity and liabilities	364 240	337 721

**2. Statement of comprehensive income**

Thousand Litas	2013.01.01 - 2013.12.31	2012.01.01 - 2012.12.31
Revenue	759 437	769 089
Cost of sales	(633 893)	(622 964)
Gross profit	125 544	146 125
Other operating income, net	980	683
Sales and administrative expenses	(112 553)	(107 567)
Operating profit before finance costs	13 971	39 241
Finance income	1 239	345
Finance expenses	(3 660)	(5 418)
Finance income/expenses, net	(2 421)	(5 073)
Profit before tax	11 550	34 168
Corporate income tax	(1 658)	(5 102)
Profit for the year	9 892	29 066
Earnings per share (Litas)	0,20	0,59

Thousand Litas	2013.10.01 - 2013.12.31	2012.10.01 - 2012.12.31
Revenue	151 296	202 110
Cost of sales	(133 516)	(160 988)
Gross profit	17 780	41 122
Other operating income, net	413	219
Sales and administrative expenses	(23 899)	(29 587)
Operating profit before finance costs	(5 706)	11 754
Finance income	82	198
Finance expenses	(1 034)	(997)
Finance income/expenses, net	(952)	(799)
Profit before tax	(6 658)	10 955
Corporate income tax	1 073	(1 620)
Profit for the year	(5 585)	9 335
Earnings per share (Litas)	- 0,11	0,19

3. Statement of cash flows

Thousand Lit

Cash flows from operating activities

Net profit	9.892	29.066
Adjustments:		
Depreciation and amortization	30.020	32.081
Amortization of government grants	(1.474)	(1.235)
Result of disposal of property, plant and equipment	(335)	(323)
Impairment loss of receivables	-	54
Change in vacation reserve	(291)	522
Change in provision	1.317	-
Interest income/expenses, net	2.699	5.220
Income tax	1.658	5.102

Cash flows from ordinary activities before changes in the working capital

	43.486	70.487
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Change in inventories	(43.243)	20.583
Change in receivables	28.194	(7.479)
Change in trade and other payable amounts	17.039	(735)

Cash flows from operating activities

	45.476	82.856
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Interest paid	(3.456)	(3.838)
Income tax paid	(5.855)	(4.514)

Net cash flow from operating activities

	36.165	74.504
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Cash flows from investing activities

Acquisition of property, plant and equipment	(39.816)	(42.924)
Acquisition of intangible assets	(77)	(82)
Proceeds on sale of property, plant and equipment	646	426
Interest received	600	200

Net cash flow used in investing activities

	(38.647)	(42.380)
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Cash flows from financing activities

Loans received	89.404	35.848
Repayment of borrowings	(65.743)	(34.986)
Issue (redemption) of shares	-	(5.766)
Dividends paid	(27.302)	(24.665)
Government grants received	3.950	-

Net cash from/(used in) financing activities

	309	(29.569)
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Change in cash and cash equivalents	(2.173)	2.555
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Beginning cash	4.528	1.973
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Ending cash	2.355	4.528
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4. Statement on changes in equity

000 LTL	Share capital	Share premium	Own shares	Compulsory reserve	Revaluation on 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
As at 1 October 2013	49 634	27 246	0	5 420	14 282	13 200	27 295	137 077
Profit allocation								0
Dividends								0
Reduction of share capital								0
Revaluation of fixed assets								0
Depreciation of revaluated part					(172)		172	0
Net profit for 2013							(5 385)	(5 385)
As at 31 December 2013	49 634	27 246	0	5 420	14 110	13 200	22 082	131 692

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 - 2013.12.31	2012.01.01 - 2012.12.31
Sales, Thousand Litas	759 437	769 089
Gross profit, Thousand Litas	125 544	146 125
EBITDA, Thousand Litas	42 517	70 087
Current ratio (at the end of period)	1,38	1,13
Book value per share (at the end of period), LTL	2,65	2,99
Net profit per share	0,20	0,59

Ratios	2013.10.01 - 2013.12.31	2012.10.01 - 2012.12.31
Sales, Thousand Litas	151 296	202 110
Gross profit, Thousand Litas	17 780	41 122
EBITDA, Thousand Litas	1 875	19 398
Current ratio (at the end of period)	1,38	1,13
Book value per share (at the end of period), LTL	2,65	2,99
Net profit per share	-0,11	0,19

Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable 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

	2013.12.31	2012.12.31
Raw materials	22 448	19 077
Stored production	74 013	35 512
Goods for resale	1 924	553
Total:	98 385	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 Litas

	2013.01.01 - 2013.12.31	2012.01.01 - 2012.12.31
Lithuania	349 029	334 786
Other EU countries	102 572	105 447
Other non EU countries	307 836	328 856
Total:	759 437	769 089

**Sales, Thousand Lit**

	2013.10.01 - 2013.12.31	2012.10.01 - 2012.12.31
Lithuania	86 009	81 309
Other EU countries	48 763	26 954
Other non EU countries	16 524	93 847
Total:	151 296	202 110

Post balance sheet events

There were no significant events after the balance sheet date.