



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

Vilnius, February 2015

Interim financial statements for the 12 months 2014

We, Aleksandr Smagin, Chief Executive Officer and Audrius Statulevicius, Chief Financial Officer, hereby confirm that, to the best of our knowledge, Interim Financial Statements of the 12 months of 2014 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 Statulevicius



PIENO ŽVAIGŽDĖS, AB

INTERIM FINANCIAL STATEMENTS

For the 12 months 2014

VILNIUS, FEBRUARY 2015



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Prepared according to IFRS, not audited

1. Statement of financial position

Thousand Lit	2014.12.31	2013.12.31
Assets		
Property, plant and equipment	192 666	207 255
Intangible assets	196	294
Investments available for sale	276	275
Long-term receivables	1 343	999
Deferred tax		
Total non-current assets	194 481	208 823
Inventories	58 099	98 385
Receivables	55 824	54 677
Cash and cash equivalents	2 474	2 355
Total current assets	116 397	155 417
Total assets	310 878	364 240
Equity		
Share capital	49 634	49 634
Share premium	27 246	27 246
Own shares	-	-
Reserves	18 259	32 730
Retained earnings	42 233	22 082
Total equity	137 372	131 692
Liabilities		
Government grants	4 281	5 663
Interest-bearing loans and borrowings	62 732	112 365
Other liabilities	2 707	3 441
Total non-current liabilities	69 720	121 469
Provisions	-	-
Interest-bearing loans and borrowings	55 221	34 579
Income tax payable	-	-
Trade and other amounts payable	48 565	76 500
Total current liabilities	103 786	111 079
Total liabilities	173 506	232 548
Total equity and liabilities	310 878	364 240

2. Statement of comprehensive income

Thousand Litas	2014.01.01 - 2014.12.31	2013.01.01 - 2013.12.31
Revenue	827 350	759 437
Cost of sales	(698 537)	(633 893)
Gross profit	128 813	125 544
Other operating income, net	3 339	980
Sales and administrative expenses	(109 323)	(112 553)
Operating profit before finance costs	22 829	13 971
Finance income	603	1 239
Finance expenses	(3 954)	(3 660)
Finance income/expenses, net	(3 351)	(2 421)
Profit before tax	19 478	11 550
Corporate income tax	(2 286)	(1 658)
Profit for the year	17 192	9 892
Earnings per share (Litas)	0,35	0,20

Thousand Litas	2014.10.01 - 2014.12.31	2013.10.01 - 2013.12.31
Revenue	155 669	151 296
Cost of sales	(127 910)	(133 516)
Gross profit	27 759	17 780
Other operating income, net	2 069	413
Sales and administrative expenses	(13 057)	(23 899)
Operating profit before finance costs	16 771	(5 706)
Finance income	126	82
Finance expenses	(867)	(1 034)
Finance income/expenses, net	(741)	(952)
Profit before tax	16 030	(6 658)
Corporate income tax	(1 769)	1 073
Profit for the year	14 261	(5 585)
Earnings per share (Litas)	0,29	- 0,11



3. Statement of cash flows

Thousand Lit	2014.12.31	2013.12.31
Cash flows from operating activities		
Net profit	17.192	9.892
Adjustments:		
Depreciation and amortisation	30.368	30.020
Amortisation of government grants	(1.382)	(1.474)
Result of disposal of property, plant and equipment	(3.052)	(335)
Change in vacation reserve	193	(291)
Change in employee benefits	-	1.737
Interest income/expenses, net	3.821	2.699
Income tax	2.286	1.658
Cash flows from ordinary activities before changes in the working capital	49.426	43.906
Change in inventories	40.286	(43.243)
Change in receivables	(3.340)	28.194
Change in trade and other payable amounts	(28.528)	16.619
Cash flows from operating activities	57.844	45.476
Interest paid	(3.864)	(3.456)
Income tax paid	(1.172)	(5.855)
Net cash flow from operating activities	52.808	36.165
Cash flows from investing activities		
Acquisition of property, plant and equipment	(19.484)	(39.816)
Acquisition of intangible assets	(113)	(77)
Proceeds on sale of property, plant and equipment	6.966	646
	443	600
Net cash flow used in investing activities	(12.188)	(38.647)
Cash flows from financing activities		
Loans received	24.966	89.404
Repayment of borrowings	(53.606)	(65.743)
Dividends paid	(11.861)	(27.302)
Government grants received	-	3.950
Net cash from/(used in) financing activities	(40.501)	309
Change in cash and cash equivalents	119	(2.173)
Beginning cash	2.355	4.528
Ending cash	2.474	2.355



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 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
As at 1 January 2014	49 634	27 246	0	5 420	14 110	13 200	22 082	131 692
Profit allocation						(12 000)	12 000	0
Dividends							(11 912)	(11 912)
Acquisition of own shares								0
Revaluation of fixed assets								0
Depreciation of revaluated part					(1 545)		1 545	0
Net profit for 2014							2 932	2 932
As at 30 September 2014	49 634	27 246	0	5 420	12 565	1 200	26 647	122 712
As at 1 October 2014	49 634	27 246	0	5 420	12 565	1 200	26 647	122 712
Profit allocation								0
Dividends								0
Reduction of share capital								0
Revaluation of fixed assets								0
Depreciation of revaluated part					(926)		926	0
Other income							400	400
Net profit for 2014							14 260	14 260
As at 31 December 2014	49 634	27 246	0	5 420	11 639	1 200	42 233	137 372

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	2014.01.01 - 2014.12.31	2013.01.01 - 2013.12.31
Sales, Thousand Litas	827 350	759 437
Gross profit, Thousand Litas	128 813	125 544
EBITDA, Thousand Litas	51 816	42 517
Current ratio (at the end of period)	1,12	1,38
Book value per share (at the end of period), LTL	2,77	2,65
Net profit per share	0,35	0,20

Ratios	2014.10.01 - 2014.12.31	2013.10.01 - 2013.12.31
Sales, Thousand Litas	155 669	151 296
Gross profit, Thousand Litas	27 759	17 780
EBITDA, Thousand Litas	23 972	1 875
Current ratio (at the end of period)	1,12	1,38
Book value per share (at the end of period), LTL	2,77	2,65
Net profit per share	0,29	-0,11

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

	2014.12.31	2013.12.31
Raw materials	20 298	22 448
Stored production	37 306	74 013
Goods for resale	495	1 924
Total:	58 099	98 385

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

	2014.01.01 - 2014.12.31	2013.01.01 - 2013.12.31
Lithuania	397 707	349 029
Other EU countries	160 270	102 572
Other non EU countries	269 373	307 836
Total:	827 350	759 437

**Sales, Thousand Litas**

	2014.10.01 - 2014.12.31	2013.10.01 - 2013.12.31
Lithuania	94 504	86 009
Other EU countries	31 109	48 763
Other non EU countries	30 056	16 524
Total:	155 669	151 296

Post balance sheet events

There were no significant events after the balance sheet date.