



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

Vilnius, May 2015

Interim financial statements for the 3 months 2015

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 2015 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 3 months 2015

VILNIUS, MAY 2015



TABLE OF CONTENT

1. Statement of financial position	3
2. Statement of comprehensive income	4
3. Statement of cash flows	5
4. Statement on changes in equity.....	6
5. Notes to the financial statements	7

Prepared according to IFRS, not audited

1. Statement of financial position

Thousands EUR	2015.03.31	2014.12.31
Assets		
Property, plant and equipment	54 088	55 800
Intangible assets	57	56
Investments available for sale	80	80
Long-term receivables	43	31
Deferred tax		
Total non-current assets	54 268	55 967
Inventories	13 251	16 826
Receivables	15 335	16 526
Cash and cash equivalents	1 278	717
Total current assets	29 864	34 069
Total assets	84 132	90 036
Equity		
Share capital	14 394	14 375
Share premium	7 891	7 891
Own shares	-	-
Reserves	5 218	5 288
Retained earnings	11 895	12 232
Total equity	39 398	39 786
Liabilities		
Government grants	1 159	1 240
Interest-bearing loans and borrowings	18 264	18 168
Deferred tax	784	784
Total non-current liabilities	20 207	20 192
Provisions	-	-
Interest-bearing loans and borrowings	11 663	15 993
Income tax payable	-	-
Trade and other amounts payable	12 864	14 065
Total current liabilities	24 527	30 058
Total liabilities	44 734	50 250
Total equity and liabilities	84 132	90 036

2. Statement of comprehensive income

Thousands EUR	2015.01.01 - 2015.03.31	2014.01.01 - 2014.03.31
Revenue	39 791	65 860
Cost of sales	(32 183)	(57 884)
Gross profit	7 608	7 976
Other operating income, net	(30)	147
Sales and administrative expenses	(7 803)	(7 062)
Operating profit before finance costs	(225)	1 061
Finance income	22	53
Finance expenses	(184)	(295)
Finance income/expenses, net	(162)	(242)
Profit before tax	(387)	819
Corporate income tax	0	(123)
Profit for the year	(387)	696
Earnings per share (Euros)	- 0,01	0,01



3. Statement of cash flows

Thousands EUR	2015.03.31	2014.03.31
Cash flows from operating activities		
Net profit	(387)	696
Depreciation and amortisation	2.113	2.218
Amortisation of government grants	(81)	(115)
Result of disposal of property, plant and equipment	(4)	-
Change in vacation reserve	103	-
Change in impairment loss of inventories	820	-
Interest income/expenses, net	187	279
Income tax	-	123
Cash flows from ordinary activities before changes in the working capital	2.751	3.201
Change in inventories	2.755	919
Change in receivables	395	(8.091)
Change in trade and other payable amounts	(418)	2.922
Cash flows from operating activities	5.483	(1.049)
Interest paid	(170)	(279)
Income tax paid	(132)	(123)
Net cash flow from operating activities	5.181	(1.451)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(387)	(2.194)
Acquisition of intangible assets	(17)	-
Proceeds on sale of property, plant and equipment	1	-
Interest received	-	35
Net cash flow used in investing activities	(403)	(2.159)
Cash flows from financing activities		
Loans received	99	4.394
Repayment of borrowings	(4.334)	(1.069)
Issue (redemption) of shares	18	-
Net cash from/(used in) financing activities	(4.217)	3.325
Change in cash and cash equivalents	561	(285)
Beginning cash	717	682
Ending cash	1.278	397



4. Statement on changes in equity

Thousands EUR	Share capital	Share premium	Own shares	Compulsory reserve	Revaluation on reserve	Other reserves	Retained earnings	Total equity
As at 1 January 2014	14 375	7 891	0	1 570	4 086	3 823	6 396	38 140
Profit allocation								0
Dividends								0
Change of share capital								0
Acquisition of own shares								0
Revaluation of fixed assets								0
Depreciation of revaluated part					(30)		30	0
Net profit for 2014							696	696
As at 31 March 2014	14 375	7 891	0	1 570	4 056	3 823	7 122	38 837
As at 1 April 2014	14 375	7 891	0	1 570	4 056	3 823	7 122	38 837
Profit allocation						(3 475)	3 475	0
Dividends							(3 450)	(3 450)
Change of share capital								0
Revaluation of fixed assets								0
Depreciation of revaluated part					(685)		685	0
Other income							116	116
Net profit for 2014							4 283	4 283
As at 31 December 2014	14 375	7 891	0	1 570	3 371	348	12 231	39 786
As at 1 January 2015	14 375	7 891	0	1 570	3 371	348	12 231	39 786
Profit allocation								0
Dividends								0
Change of share capital	19						(19)	0
Revaluation of fixed assets								0
Depreciation of revaluated part					(71)		71	0
Other income								0
Net profit for 2015							(387)	(387)
As at 31 March 2015	14 394	7 891	0	1 570	3 300	348	11 896	39 399

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	2015.01.01 - 2015.03.31	2014.01.01 - 2014.03.31
Sales, Thousands EUR	39 791	65 680
Gross profit, Thousands EUR	7 608	7 976
EBITDA, Thousands EUR	1 807	3 165
Current ratio (at the end of period)	1,19	1,45
Book value per share (at the end of period), EUR	0,79	0,78
Net profit per share, EUR	-0,01	0,01

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, Thousands EUR

	2015.03.31	2014.12.31
Raw materials	4 801	5 879
Stored production	8 176	10 804
Goods for resale	274	143
Total:	13 251	16 826

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, Thousands EUR

	2015.01.01 - 2015.03.31	2014.01.01 - 2014.03.31
Lithuania	25 328	27 115
Other EU countries	11 298	10 497
Other non EU countries	3 165	28 248
Total:	39 791	65 860

Post balance sheet events

There were no significant events after the balance sheet date.