



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

Vilnius, November 2015

Interim financial statements for the 9 months 2015

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 nine 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 Statulevicius



PIENO ŽVAIGŽDĖS, AB

INTERIM FINANCIAL STATEMENTS

For the 9 months 2015

VILNIUS, NOVEMBER 2015



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Prepared according to IFRS, not audited

1. Statement of financial position

Thousand EUR	2015.09.30	2014.12.31
Assets		
Property, plant and equipment	50 906	55 800
Intangible assets	63	56
Investments available for sale	80	80
Long-term receivables	78	31
Deferred tax		
Total non-current assets	51 127	55 967
Inventories	13 575	16 826
Receivables	15 197	16 526
Cash and cash equivalents	2 565	717
Total current assets	31 337	34 069
Total assets	82 464	90 036
Equity		
Share capital	14 394	14 375
Share premium	7 891	7 891
Own shares	-	-
Reserves	4 979	5 288
Retained earnings	9 796	12 232
Total equity	37 060	39 786
Liabilities		
Government grants	999	1 240
Interest-bearing loans and borrowings	23 842	18 168
Deferred tax	784	784
Total non-current liabilities	25 625	20 192
Provisions	-	-
Interest-bearing loans and borrowings	6 584	15 993
Income tax payable	-	-
Trade and other amounts payable	13 195	14 065
Total current liabilities	19 779	30 058
Total liabilities	45 404	50 250
Total equity and liabilities	82 464	90 036

**2. Statement of comprehensive income**

Thousand EUR	2015.01.01 - 2015.09.30	2014.01.01 - 2014.09.30
Revenue	125 022	194 532
Cost of sales	(98 408)	(165 265)
Gross profit	26 614	29 267
Other operating income, net	178	368
Sales and administrative expenses	(25 238)	(27 881)
Operating profit before finance costs	1 554	1 754
Finance income	80	138
Finance expenses	(596)	(894)
Finance income/expenses, net	(516)	(756)
Profit before tax	1 038	998
Corporate income tax	(156)	(150)
Profit for the year	882	848
Earnings per share (EUR)	0,02	0,02

Thousand EUR	2015.07.01 - 2015.09.30	2014.07.01 - 2014.09.30
Revenue	42 648	59 048
Cost of sales	(33 163)	(47 200)
Gross profit	9 485	11 848
Other operating income, net	38	51
Sales and administrative expenses	(7 809)	(11 900)
Operating profit before finance costs	1 714	(1)
Finance income	26	44
Finance expenses	(207)	(290)
Finance income/expenses, net	(181)	(246)
Profit before tax	1 533	(247)
Corporate income tax	(156)	37
Profit for the year	1 377	(210)
Earnings per share (EUR)	0,03	- 0,00



3. Statement of cash flows

Thousand EUR	2015.06.30	2014.09.30
Cash flows from operating activities		
Net profit	882	849
Adjustments:		
Depreciation and amortisation	6.233	6.628
Amortisation of government grants	(241)	(319)
Result of disposal of property, plant and equipment	(9)	(552)
Change in vacation reserve	31	82
Interest income/expenses, net	556	893
Income tax	156	150
Cash flows from ordinary activities before changes in the working capital	7.608	7.731
Change in inventories	3.251	11.475
Change in receivables	790	(2.572)
Change in trade and other payable amounts	(192)	(1.710)
Cash flows from operating activities	11.457	14.924
Interest paid	(556)	(893)
Income tax paid	(394)	(1.101)
Net cash flow from operating activities	10.507	12.930
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1.313)	(5.074)
Acquisition of intangible assets	(40)	(28)
Proceeds on sale of property, plant and equipment	135	832
Net cash flow used in investing activities	(1.218)	(4.270)
Cash flows from financing activities		
Loans received	5.945	6.035
Repayment of borrowings	(9.680)	(10.268)
Issue (redemption) of shares	18	-
Dividends paid	(3.724)	(1.717)
Net cash from/(used in) financing activities	(7.441)	(5.950)
Change in cash and cash equivalents	1.848	2.710
Beginning cash	717	682
Ending cash	2.565	3.392

4. Statement on changes in equity

Thousand EUR	Share capital	Share premium	Own shares	Compulsory reserve	Revaluation 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						(3 475)	3 475	0
Dividends							(3 450)	(3 450)
Change of share capital								0
Acquisition of own shares								0
Revaluation of fixed assets					(447)		447	0
Depreciation of revaluated part								0
Net profit for 2014							849	849
As at 30 September 2014	14 375	7 891	0	1 570	3 639	348	7 717	35 540
As at 1 October 2014	14 375	7 891	0	1 570	3 639	348	7 717	35 540
Profit allocation								0
Dividends								0
Change of share capital								0
Revaluation of fixed assets								0
Depreciation of revaluated part					(268)		268	0
Other income							116	116
Net profit for 2014							4 130	4 130
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						(97)	97	0
Dividends							(3 723)	(3 723)
Change of share capital	19						(19)	0
Revaluation of fixed assets								0
Depreciation of revaluated part					(212)		212	0
Other income							115	115
Net profit for 2015							882	882
As at 30 September 2015	14 394	7 891	0	1 570	3 159	251	9 795	37 060

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 - 2015.09.30	2014.01.01 - 2014.09.30
Sales, Thousand EUR	125 022	194 532
Gross profit, Thousand EUR	26 614	29 267
EBITDA, Thousand EUR	7 546	8 064
Current ratio (at the end of period)	1,53	1,48
Book value per share (at the end of period), EUR	0,74	0,72
Net profit per share	0,02	0,02

Ratios	2015.07.01 - 2015.09.30	2014.07.01 - 2014.09.30
Sales, Thousand EUR	42 648	59 048
Gross profit, Thousand EUR	9 485	11 848
EBITDA, Thousand EUR	3 689	2 062
Current ratio (at the end of period)	1,53	1,48
Book value per share (at the end of period), EUR	0,74	0,72
Net profit per share	0,02	0,02

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 EUR

	2015.09.30	2014.12.31
Raw materials	3 133	5 879
Stored production	10 235	10 804
Goods for resale	207	143
Total:	13 575	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 and other EU countries.

Sales, Thousand EUR

	2015.01.01 - 2015.09.30	2014.01.01 - 2014.09.30
Lithuania	77 893	87 814
Other EU countries	36 030	37 408
Other non EU countries	11 099	69 310
Total:	125 022	194 532

**Sales, Thousand EUR**

	2015.07.01 - 2015.09.30	2014.07.01 - 2014.09.30
Lithuania	26 521	30 410
Other EU countries	12 406	13 271
Other non EU countries	3 721	15 367
Total:	42 648	59 048

Post balance sheet events

There were no significant events after the balance sheet date.