



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

Vilnius, May 2016

Interim financial statements for the 3 months 2016

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 three months of 2016 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 three months 2016

VILNIUS, MAY 2016



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Prepared according to IFRS, not audited

1. Statement of financial position

Thousand EUR	2016.03.31	2015.12.31
Assets		
Property, plant and equipment	50 615	50 753
Intangible assets	84	72
Investments available for sale	22	80
Long-term receivables	290	290
Deferred tax		
Total non-current assets	51 011	51 195
Inventories	13 660	14 298
Receivables	11 305	12 609
Cash and cash equivalents	313	551
Total current assets	25 278	27 458
Total assets	76 289	78 653
Equity		
Share capital	14 394	14 394
Share premium	7 891	7 891
Own shares	(6 660)	(6 660)
Reserves	12 047	12 118
Retained earnings	3 177	4 437
Total equity	30 849	32 180
Liabilities		
Government grants	863	930
Interest-bearing loans and borrowings	26 569	26 200
Deferred tax	910	910
Total non-current liabilities	28 342	28 040
Provisions	-	-
Interest-bearing loans and borrowings	3 794	4 787
Income tax payable	68	68
Trade and other amounts payable	13 236	13 578
Total current liabilities	17 098	18 433
Total liabilities	45 440	46 473
Total equity and liabilities	76 289	78 653



2. Statement of comprehensive income

Thousand EUR	2016.01.01 - 2016.03.31	2015.01.01 - 2015.03.31
Revenue	34 750	39 791
Cost of sales	(27 912)	(32 183)
Gross profit	6 838	7 608
Other operating income, net	46	(30)
Sales and administrative expenses	(7 787)	(7 803)
Operating profit before finance costs	(903)	(225)
Finance income	55	22
Finance expenses	(483)	(184)
Finance income/expenses, net	(428)	(162)
Profit before tax	(1 331)	(387)
Corporate income tax	0	0
Profit for the year	(1 331)	(387)
Earnings per share (EUR)	- 0,03	- 0,01

3. Statement of cash flows

Thousand EUR	2016.03.31	2015.03.31
Cash flows from operating activities		
Net profit	(1.331)	(387)
Adjustments:		
Depreciation and amortisation	1.983	2.113
Amortisation of government grants	(67)	(81)
Result of disposal of property, plant and equipment	-	(4)
Change in vacation reserve	95	103
Change in impairment loss of inventories	852	820
Interest income/expenses, net	174	187
Income tax	-	-
Cash flows from ordinary activities before changes in the working capital	1.706	2.751
Change in inventories	(214)	2.755
Change in receivables	1.304	395
Change in trade and other payable amounts	(374)	(418)
Cash flows from operating activities	2.422	5.483
Interest paid	(174)	(170)
Income tax paid	0	(132)
Net cash flow from operating activities	2.248	5.181
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1.838)	(387)
Acquisition of intangible assets	(24)	(17)
Proceeds on sale of property, plant and equipment	-	1
Net cash flow used in investing activities	(1.862)	(403)
Cash flows from financing activities		
Loans received	376	99
Repayment of borrowings	(1.000)	(4.334)
Issue (redemption) of shares	-	18
Net cash from/(used in) financing activities	(624)	(4.217)
Change in cash and cash equivalents	(238)	561
Beginning cash	551	717
Ending cash	313	1.278



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 2015	14 375	7 891	0	1 570	3 370	348	12 232	39 786
Profit allocation								0
Dividends								0
Change of share capital	19						(19)	0
Acquisition of own shares								0
Revaluation of fixed assets					(71)		71	0
Depreciation of revaluated part								0
Net profit for 2015							(387)	(387)
As at 31 March 2015	14 394	7 891	0	1 570	3 299	348	11 897	39 399
As at 1 April 2015	14 394	7 891	0	1 570	3 299	348	11 897	39 399
Profit allocation								0
Dividends							(3 723)	(3 723)
Own shares buyback			(6 660)			7 112	(7 112)	(6 660)
Revaluation of fixed assets								0
Depreciation of revaluated part					(211)		211	0
Other income							115	115
Net profit for 2015							3 049	3 049
As at 31 December 2015	14 394	7 891	(6 660)	1 570	3 088	7 460	4 437	32 180
As at 1 January 2016	14 394	7 891	(6 660)	1 570	3 088	7 460	4 437	32 180
Profit allocation								0
Dividends								0
Change of share capital								0
Revaluation of fixed assets								0
Depreciation of revaluated part					(71)		71	0
Other income								0
Net profit for 2016							(1 331)	(1 331)
As at 30 September 2016	14 394	7 891	(6 660)	1 570	3 017	7 460	3 177	30 849

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	2016.01.01 - 2016.03.31	2015.01.01 - 2015.03.31
Sales, Thousand EUR	34 750	39 791
Gross profit, Thousand EUR	6 838	7 609
EBITDA, Thousand EUR	1 013	1 807
Current ratio (at the end of period)	1,41	1,19
Book value per share (at the end of period), EUR	0,79	0,68
Net profit per share	-0,03	-0,01

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

	2016.03.31	2015.12.31
Raw materials	5 127	5 724
Stored production	8 392	8 461
Goods for resale	141	113
Total:	13 660	14 298

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

	2016.01.01 - 2016.03.31	2015.01.01 - 2015.03.31
Lithuania	23 502	25 328
Other EU countries	7 992	11 298
Other non EU countries	3 256	3 165
Total:	34 750	39 791

Post balance sheet events

There were no significant events after the balance sheet date.