



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

Vilnius, November 2018

**Interim financial statements for the 9 months 2018**

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 nine months of 2018 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 9 months 2018**

**VILNIUS, NOVEMBER 2018**



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Prepared according to IFRS, not audited

## 1. Statement of financial position

Thousand EUR	2018.09.30	2017.12.31
<b>Assets</b>		
Property, plant and equipment	43 085	44 839
Intangible assets	131	101
Investments available for sale	22	22
Long-term receivables	1 583	1 077
Deferred tax		
<b>Total non-current assets</b>	<b>44 821</b>	<b>46 039</b>
Inventories	12 974	16 078
Receivables	14 645	12 903
Cash and cash equivalents	435	256
<b>Total current assets</b>	<b>28 054</b>	<b>29 237</b>
<b>Total assets</b>	<b>72 875</b>	<b>75 276</b>
<b>Equity</b>		
Share capital	13 089	13 089
Share premium	7 891	7 891
Own shares	-	-
Reserves	2 200	2 200
Retained earnings	4 024	752
<b>Total equity</b>	<b>27 204</b>	<b>23 932</b>
<b>Liabilities</b>		
Government grants	678	593
Interest-bearing loans and borrowings	26 994	37
Deferred tax	784	1 011
<b>Total non-current liabilities</b>	<b>28 456</b>	<b>1 641</b>
Provisions		
Interest-bearing loans and borrowings	1 722	32 692
Income tax payable	-	-
Trade and other amounts payable	15 493	17 011
<b>Total current liabilities</b>	<b>17 215</b>	<b>49 703</b>
<b>Total liabilities</b>	<b>45 671</b>	<b>51 344</b>
<b>Total equity and liabilities</b>	<b>72 875</b>	<b>75 276</b>

**2. Statement of comprehensive income**

Thousand EUR	2018.01.01 - 2018.09.30	2017.01.01 - 2017.09.30
Revenue	130 842	128 039
Cost of sales	(106 387)	(106 785)
<b>Gross profit</b>	24 455	21 254
Other operating income, net	383	179
Sales and administrative expenses	(20 829)	(21 189)
<b>Operating profit before finance costs</b>	4 009	244
Finance income	137	266
Finance expenses	( 875)	( 797)
<b>Finance income/expenses, net</b>	( 738)	( 531)
<b>Profit before tax</b>	3 271	( 287)
Corporate income tax		1 500
<b>Profit for the year</b>	3 271	1 213
Earnings per share (EUR)	0,07	0,02

Thousand EUR	2018.07.01 - 2018.09.30	2017.07.01 - 2017.09.30
Revenue	44 346	47 148
Cost of sales	(35 551)	(38 149)
<b>Gross profit</b>	8 795	8 999
Other operating income, net	127	( 6)
Sales and administrative expenses	(6 839)	(6 792)
<b>Operating profit before finance costs</b>	2 083	2 201
Finance income	53	37
Finance expenses	( 273)	( 272)
<b>Finance income/expenses, net</b>	( 220)	( 235)
<b>Profit before tax</b>	1 863	1 966
Corporate income tax	0	0
<b>Profit for the year</b>	1 863	1 966
Earnings per share (EUR)	0,04	0,04

**3. Statement of cash flows**

Thousand EUR	2018.09.30	2017.09.30
<b>Cash flows from operating activities</b>		
Net profit	3 271	1 213
Adjustments:		
Depreciation and amortisation	5 282	5 515
Amortisation of government grants	(87)	(119)
Result of disposal of property, plant and equipment	(90)	(102)
Change in financial instruments	(38)	(93)
Change in vacation reserve	85	(14)
Change in impairment loss of inventories	1 447	(701)
Interest income/expenses, net	771	518
Income tax	-	-
<b>Cash flows from ordinary activities before changes in the working capital</b>	10 641	6 217
Change in inventories	1 657	(2 369)
Change in receivables	(2 247)	(2 184)
Change in trade and other payable amounts	(1 829)	459
<b>Cash flows from operating activities</b>	8 222	2 123
Interest paid	(806)	(583)
Income tax paid	0	881
<b>Net cash flow from operating activities</b>	7 416	2 421
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(3 494)	(3 882)
Acquisition of intangible assets	(77)	(35)
Proceeds on sale of property, plant and equipment	102	106
Proceeds from other investment activity	-	33
Interest received	35	65
<b>Net cash flow used in investing activities</b>	(3 434)	(3 746)
<b>Cash flows from financing activities</b>		
Loans received	3 922	9 227
Repayment of borrowings	(7 897)	(4 510)
Dividends paid	-	(3 921)
Government grants received	172	-
<b>Net cash from/(used in) financing activities</b>	(3 803)	796
Change in cash and cash equivalents	179	(529)
Beginning cash	256	841
<b>Ending cash</b>	435	312



## 4. Statement on changes in equity

000 EUR	Share capital	Share premium	Own shares	Compulsory reserve	Revaluation reserve	Other reserves	Retained earnings	Total equity
As at 1 January 2017	13 089	7 891	0	1 570	0	560	6 495	29 605
Profit allocation						70	( 70)	0
Dividends							(3 945)	(3 945)
Change of share capital								0
Own shares buyback								0
Depreciation of revaluated part								0
Other income								0
Net profit for 2017							1 213	1 213
As at 30 September 2017	13 089	7 891	0	1 570	0	630	3 693	26 873
As at 1 October 2017	13 089	7 891	0	1 570	0	630	3 693	26 873
Profit allocation								0
Dividends								0
Change of share capital								0
Revaluation of fixed assets								0
Depreciation of revaluated part								0
Other income								0
Net profit for 2017							(2 941)	(2 941)
As at 31 December 2017	13 089	7 891	0	1 570	0	630	752	23 932
As at 1 January 2018	13 089	7 891	0	1 570	0	630	752	23 932
Profit allocation								0
Dividends								0
Change of share capital								0
Own shares buyback								0
Revaluation of asstes								0
Other income								0
Net profit for 2018							3 272	3 272
As at 30 September 2018	13 089	7 891	0	1 570	0	630	4 024	27 204

## 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 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

<b>Ratios</b>	<b>2018.01.01 - 2018.09.30</b>	<b>2017.01.01 - 2017.09.30</b>
Sales, Thousand EUR	130 842	128 039
Gross profit, Thousand EUR	24 455	21 254
EBITDA, Thousand EUR	9 204	5 640
Current ratio (at the end of period)	1,56	1,43
Book value per share (at the end of period), EUR	0,60	0,60
Net profit per share	0,07	0,02

<b>Ratios</b>	<b>2018.07.01 - 2018.09.30</b>	<b>2017.07.01 - 2017.09.30</b>
Sales, Thousand EUR	44 346	47 148
Gross profit, Thousand EUR	8 795	8 999
EBITDA, Thousand EUR	3 760	4 009
Current ratio (at the end of period)	1,56	1,43
Book value per share (at the end of period), EUR	0,60	0,60
Net profit per share	0,04	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.

<b>Inventories, Thousand EUR</b>	<b>2018.09.30</b>	<b>2017.12.31</b>
Raw materials	4 815	4 886
Stored production	8 079	11 082
Goods for resale	80	110
<b>Total:</b>	<b>12 974</b>	<b>16 078</b>

**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, which is subject to risks and rewards that are different from those of other segments. Company sales production mainly in domestic market, and EU.

<b>Sales by geographical markets, Thousand EUR</b>	<b>2018.01.01 - 2018.09.30</b>	<b>2017.01.01 - 2017.09.30</b>
Lithuania	71 599	71 500
Other EU countries	42 968	41 540
Other non EU countries	16 275	14 999
<b>Total:</b>	<b>130 842</b>	<b>128 039</b>

<b>Sales by products groups, Thousand EUR</b>	<b>2018.01.01 - 2018.09.30</b>	<b>2017.01.01 - 2017.09.30</b>
Fresh milk products	87 391	86 737
Dry milk products	5 240	7 617
Cheese	29 379	26 715
Other products	8 832	6 970
<b>Total:</b>	<b>130 842</b>	<b>128 039</b>

**Sales by geographical markets, Thousand EUR**

	<b>2018.07.01 - 2018.09.30</b>	<b>2017.07.01 - 2017.09.30</b>
Lithuania	25 125	25 116
Other EU countries	14 546	17 085
Other non EU countries	4 675	4 947
<b>Total:</b>	<b>44 346</b>	<b>47 148</b>

**Sales by products groups, Thousand EUR**

	<b>2018.07.01 - 2018.09.30</b>	<b>2017.07.01 - 2017.09.30</b>
Fresh milk products	29 238	31 733
Dry milk products	1 561	2 294
Cheese	9 931	10 158
Other products	3 616	2 963
<b>Total:</b>	<b>44 346</b>	<b>47 148</b>

**Post balance sheet events**

There were no other significant events after the balance sheet date.