



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

Vilnius, November 2014

**Interim financial statements for the 9 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 nine 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 “Piano žvaigždės”.

Piano Žvaigždės, AB  
CEO

Aleksandr Smagin

Piano Žvaigždės, AB  
CFO

Audrius Statulevicius



# **PIENO ŽVAIGŽDĖS, AB**

## **INTERIM FINANCIAL STATEMENTS**

**For the 9 months 2014**

**VILNIUS, NOVEMBER 2014**



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Prepared according to IFRS, not audited

## 1. Statement of financial position

Thousand Litas	2014.09.30	2013.12.31
<b>Assets</b>		
Property, plant and equipment	200 136	207 255
Intangible assets	239	294
Investments available for sale	275	275
Long-term receivables	1 030	999
Deferred tax		
<b>Total non-current assets</b>	<b>201 680</b>	<b>208 823</b>
Inventories	58 765	98 385
Receivables	56 853	54 677
Cash and cash equivalents	11 717	2 355
<b>Total current assets</b>	<b>127 335</b>	<b>155 417</b>
<b>Total assets</b>	<b>329 015</b>	<b>364 240</b>
<b>Equity</b>		
Share capital	49 634	49 634
Share premium	27 246	27 246
Own shares	-	-
Reserves	19 005	32 730
Retained earnings	26 826	22 082
<b>Total equity</b>	<b>122 711</b>	<b>131 692</b>
<b>Liabilities</b>		
Government grants	4 562	5 663
Interest-bearing loans and borrowings	113 897	112 365
Deferred tax	1 704	1 704
<b>Total non-current liabilities</b>	<b>120 163</b>	<b>119 732</b>
Provisions	-	-
Interest-bearing loans and borrowings	18 432	34 579
Income tax payable	517	-
Trade and other amounts payable	67 192	78 237
<b>Total current liabilities</b>	<b>86 141</b>	<b>112 816</b>
<b>Total liabilities</b>	<b>206 304</b>	<b>232 548</b>
<b>Total equity and liabilities</b>	<b>329 015</b>	<b>364 240</b>

**2. Statement of comprehensive income**

Thousand Litas	2014.01.01 - 2014.09.30	2013.01.01 - 2013.09.30
Revenue	671 681	608 141
Cost of sales	(570 627)	(500 377)
<b>Gross profit</b>	101 054	107 764
Other operating income, net	1 270	567
Sales and administrative expenses	(96 266)	(88 654)
<b>Operating profit before finance costs</b>	6 058	19 677
Finance income	477	1 157
Finance expenses	(3 087)	(2 626)
<b>Finance income/expenses, net</b>	(2 610)	(1 469)
<b>Profit before tax</b>	3 448	18 208
Corporate income tax	( 517)	(2 731)
<b>Profit for the year</b>	2 931	15 477
Earnings per share (Litas)	0,06	0,31

Thousand Litas	2014.07.01 - 2014.09.30	2013.07.01 - 2013.09.30
Revenue	203 882	209 064
Cost of sales	(162 973)	(174 158)
<b>Gross profit</b>	40 909	34 906
Other operating income, net	177	143
Sales and administrative expenses	(41 088)	(27 659)
<b>Operating profit before finance costs</b>	( 2)	7 390
Finance income	154	831
Finance expenses	(1 002)	(1 629)
<b>Finance income/expenses, net</b>	( 848)	( 798)
<b>Profit before tax</b>	( 850)	6 592
Corporate income tax	128	( 989)
<b>Profit for the year</b>	( 722)	5 603
Earnings per share (Litas)	- 0,01	0,11

**3. Statement of cash flows**

Thousand Litas	<b>2014.09.30</b>	<b>2013.09.30</b>
<b>Cash flows from operating activities</b>		
Net profit	2.931	15.476
Adjustments:		
Depreciation and amortisation	22.886	22.042
Amortisation of government grants	(1.100)	(1.077)
Result of disposal of property, plant and equipment	(1.905)	(11)
Change in vacation reserve	284	1.060
Interest income/expenses, net	3.082	2.536
Income tax	517	2.731
<b>Cash flows from ordinary activities before changes in the working capital</b>	<b>26.695</b>	<b>42.757</b>
Change in inventories	39.620	(10.332)
Change in receivables	(8.881)	4.979
Change in trade and other payable amounts	(5.903)	13.432
<b>Cash flows from operating activities</b>	<b>51.531</b>	<b>50.836</b>
Interest paid	(3.082)	(2.566)
Income tax paid	(3.801)	(3.632)
<b>Net cash flow from operating activities</b>	<b>44.648</b>	<b>44.638</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(17.518)	(24.990)
Acquisition of intangible assets	(98)	(52)
Proceeds on sale of property, plant and equipment	2.873	54
Interest received	-	30
<b>Net cash flow used in investing activities</b>	<b>(14.743)</b>	<b>(24.958)</b>
<b>Cash flows from financing activities</b>		
Loans received	20.839	54.049
Repayment of borrowings	(35.454)	(51.361)
Dividends paid	(5.928)	(27.299)
Government grants received	-	3.950
<b>Net cash from/(used in) financing activities</b>	<b>(20.543)</b>	<b>(20.661)</b>
Change in cash and cash equivalents	9.362	(981)
Beginning cash	2.355	4.528
<b>Ending cash</b>	<b>11.717</b>	<b>3.547</b>



## 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							(11 913)	(11 913)
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	26 646	122 711

## 5. Notes to the financial statements

AB Piano 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 Piano Žvaigždės, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

### Main indicators of the Company's' performance

<b>Ratios</b>	<b>2014.01.01 - 2014.09.30</b>	<b>2013.01.01 - 2013.09.30</b>
Sales, Thousand Litas	671 381	608 141
Gross profit, Thousand Litas	101 054	107 764
EBITDA, Thousand Litas	27 844	40 642
Current ratio (at the end of period)	1,48	1,50
Book value per share (at the end of period), LTL	2,47	2,76
Net profit per share	0,06	0,31

<b>Ratios</b>	<b>2014.07.01 - 2014.09.30</b>	<b>2013.07.01 - 2013.09.30</b>
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Gross profit, Thousand Litas	40 909	34 906
EBITDA, Thousand Litas	7 120	14 486
Current ratio (at the end of period)	1,48	1,50
Book value per share (at the end of period), LTL	2,47	2,76
Net profit per share	0,06	0,31



## 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

	<b>2014.09.30</b>	<b>2013.12.31</b>
Raw materials	20 910	22 448
Stored production	37 167	74 013
Goods for resale	688	1 924
<b>Total:</b>	<b>58 765</b>	<b>98 385</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 (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

	<b>2014.01.01 - 2014.09.30</b>	<b>2013.01.01 - 2013.09.30</b>
Lithuania	303 203	263 020
Other EU countries	129 161	53 809
Other non EU countries	239 317	291 312
<b>Total:</b>	<b>671 681</b>	<b>608 141</b>

**Sales, Thousand Lit**

	<b>2014.07.01 - 2014.09.30</b>	<b>2013.07.01 - 2013.09.30</b>
Lithuania	104 998	87 490
Other EU countries	45 821	16 487
Other non EU countries	53 063	105 087
<b>Total:</b>	<b>203 882</b>	<b>209 064</b>

**Post balance sheet events**

There were no significant events after the balance sheet date.