



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

Vilnius, February 2016

Interim financial statements for the 12 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 twelve 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 twelve months 2015

VILNIUS, FEBRUARY 2016



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Prepared according to IFRS, not audited

1. Statement of financial position

Thousand EUR	2015.12.31	2014.12.31
Assets		
Property, plant and equipment	50 753	55 800
Intangible assets	73	56
Investments available for sale	80	80
Long-term receivables	290	31
Deferred tax		
Total non-current assets	51 196	55 967
Inventories	14 298	16 826
Receivables	12 608	16 526
Cash and cash equivalents	551	717
Total current assets	27 457	34 069
Total assets	78 653	90 036
Equity		
Share capital	14 394	14 375
Share premium	7 891	7 891
Own shares	(6 660)	-
Reserves	12 118	5 288
Retained earnings	4 437	12 232
Total equity	32 180	39 786
Liabilities		
Government grants	930	1 240
Interest-bearing loans and borrowings	26 200	18 168
Deferred tax	910	784
Total non-current liabilities	28 040	20 192
Provisions	-	-
Interest-bearing loans and borrowings	4 787	15 993
Income tax payable	68	-
Trade and other amounts payable	13 578	14 065
Total current liabilities	18 433	30 058
Total liabilities	46 473	50 250
Total equity and liabilities	78 653	90 036



2. Statement of comprehensive income

Thousand EUR	2015.01.01 - 2015.12.31	2014.01.01 - 2014.12.31
Revenue	163 790	239 617
Cost of sales	(130 422)	(202 310)
Gross profit	33 368	37 307
Other operating income, net	350	967
Sales and administrative expenses	(29 663)	(31 663)
Operating profit before finance costs	4 055	6 611
Finance income	102	175
Finance expenses	(970)	(1 145)
Finance income/expenses, net	(868)	(970)
Profit before tax	3 187	5 641
Corporate income tax	(525)	(662)
Profit for the year	2 662	4 979
Earnings per share (EUR)	0,05	0,10

Thousand EUR	2015.10.01 - 2015.12.31	2014.10.01 - 2014.12.31
Revenue	38 768	45 085
Cost of sales	(32 014)	(37 045)
Gross profit	6 754	8 040
Other operating income, net	172	599
Sales and administrative expenses	(4 425)	(3 782)
Operating profit before finance costs	2 501	4 857
Finance income	22	37
Finance expenses	(374)	(251)
Finance income/expenses, net	(352)	(214)
Profit before tax	2 149	4 643
Corporate income tax	(369)	(512)
Profit for the year	1 780	4 131
Earnings per share (EUR)	0,04	0,08



3. Statement of cash flows

Thousand EUR	2015.12.31	2014.12.31
Cash flows from operating activities		
Net profit	2.662	4.979
Adjustments:		
Depreciation and amortisation	8.204	8.795
Amortisation of government grants	(310)	(400)
Result of disposal of property, plant and equipment	(128)	(884)
Impairment loss of receivables	-	6
Change in vacation reserve	19	56
Change in adjustments	356	-
Change in impairment loss of inventories	475	-
Interest income/expenses, net	811	1.107
Income tax	525	662
Cash flows from ordinary activities before changes in the working capital	12.614	14.321
Change in inventories	2.054	11.667
Change in receivables	3.300	(973)
Change in trade and other payable amounts	-	(8.262)
Cash flows from operating activities	17.968	16.753
Interest paid	(825)	(1.119)
Income tax paid	(612)	(339)
Net cash flow from operating activities	16.531	15.295
Cash flows from investing activities		
Acquisition of property, plant and equipment	(3.300)	(5.643)
Acquisition of intangible assets	(59)	(33)
Proceeds on sale of property, plant and equipment	144	2.017
Interest received	14	128
Net cash flow used in investing activities	(3.201)	(3.531)
Cash flows from financing activities		
Loans received	14.425	7.231
Repayment of borrowings	(17.675)	(15.525)
Issue (redemption) of shares	(6.660)	-
Dividends paid	(3.586)	(3.435)
Net cash from/(used in) financing activities	(13.496)	(11.729)
Change in cash and cash equivalents	(166)	35
Beginning cash	717	682
Ending cash	551	717



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
As at 1 October 2015	14 394	7 891	0	1 570	3 159	7 460	2 587	37 061
Profit allocation								0
Dividends								0
Change of share capital			(6 660)					(6 660)
Revaluation of fixed assets								0
Depreciation of revaluated part					(71)		71	0
Other income								0
Net profit for 2015							1 780	1 780
As at 31 December 2015	14 394	7 891	(6 660)	1 570	3 088	7 460	4 438	32 181

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 - 2015.12.31	2014.01.01 - 2014.12.31
Sales, Thousand EUR	163 790	239 617
Gross profit, Thousand EUR	33 368	37 307
EBITDA, Thousand EUR	11 950	15 007
Current ratio (at the end of period)	1,44	1,12
Book value per share (at the end of period), EUR	0,65	0,80
Net profit per share	0,05	0,10

Ratios	2015.10.01 - 2015.12.31	2014.10.01 - 2014.12.31
Sales, Thousand EUR	38 768	45 085
Gross profit, Thousand EUR	6 754	8 040
EBITDA, Thousand EUR	4 404	6 943
Current ratio (at the end of period)	1,44	1,12
Book value per share (at the end of period), EUR	0,65	0,80
Net profit per share	0,04	0,08

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

	2015.12.31	2014.12.31
Raw materials	5 724	5 879
Stored production	8 461	10 804
Goods for resale	113	143
Total:	14 298	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 - 2015.12.31	2014.01.01 - 2014.12.31
Lithuania	102 505	115 184
Other EU countries	45 522	46 425
Other non EU countries	15 763	78 008
Total:	163 790	239 617

**Sales, Thousand EUR**

	2015.10.01 - 2015.12.31	2014.10.01 - 2014.12.31
Lithuania	24 612	27 370
Other EU countries	9 492	9 017
Other non EU countries	4 664	8 698
Total:	38 768	45 085

Post balance sheet events

There were no significant events after the balance sheet date.