



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

Vilnius, May 2018

Interim financial statements for the three 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 three 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 three months 2018

VILNIUS, MAY 2018



TABLE OF CONTENT

1. Statement of financial position	3
2. Statement of comprehensive income	4
3. Statement of cash flows	5
4. Statement on changes in equity.....	6
5. Notes to the financial statements.....	7

Prepared according to IFRS, not audited

1. Statement of financial position

Thousand EUR	2018.03.31	2017.12.31
Assets		
Property, plant and equipment	44 563	44 839
Intangible assets	90	101
Investments available for sale	22	22
Long-term receivables	1 076	1 077
Deferred tax		
Total non-current assets	45 751	46 039
Inventories	15 105	16 078
Receivables	13 897	12 903
Cash and cash equivalents	499	256
Total current assets	29 501	29 237
Total assets	75 252	75 276
Equity		
Share capital	13 089	13 089
Share premium	7 891	7 891
Own shares	-	-
Reserves	2 200	2 200
Retained earnings	111	752
Total equity	23 291	23 932
Liabilities		
Government grants	560	593
Interest-bearing loans and borrowings	28 339	37
Deferred tax	784	1 011
Total non-current liabilities	29 683	1 641
Provisions		
Interest-bearing loans and borrowings	5 781	32 692
Income tax payable	-	-
Trade and other amounts payable	16 497	17 011
Total current liabilities	22 278	49 703
Total liabilities	51 961	51 344
Total equity and liabilities	75 252	75 276

2. Statement of comprehensive income

Thousand EUR	2018.01.01 - 2018.03.31	2017.01.01 - 2017.03.31
Revenue	40 657	38 169
Cost of sales	(34 162)	(33 019)
Gross profit	6 495	5 150
Other operating income, net	135	87
Sales and administrative expenses	(6 994)	(6 246)
Operating profit before finance costs	(364)	(1 009)
Finance income	40	123
Finance expenses	(318)	(267)
Finance income/expenses, net	(278)	(144)
Profit before tax	(642)	(1 153)
Corporate income tax		0
Profit for the year	(642)	(1 153)
Earnings per share (EUR)	- 0,01	- 0,02



3. Statement of cash flows

Thousand EUR	2018.03.31	2017.03.31
Cash flows from operating activities		
Net profit	(642)	(1 153)
Adjustments:		
Depreciation and amortisation	1 812	1 826
Amortisation of government grants	(33)	(40)
Change in impairment loss of non-current assets	(43)	-
Change in financial instruments	4	-
Change in vacation reserve	160	75
Change in impairment loss of inventories	(557)	(701)
Interest income/expenses, net	252	181
Cash flows from ordinary activities before changes in the working capital	953	188
Change in inventories	1 530	(912)
Change in receivables	(995)	934
Change in trade and other payable amounts	(901)	(324)
Cash flows from operating activities	587	(114)
Interest paid	(261)	(181)
Income tax paid	0	0
Net cash flow from operating activities	326	(295)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1 532)	(731)
Acquisition of intangible assets	(4)	-
Proceeds on sale of property, plant and equipment	55	30
Interest received	10	9
Net cash flow used in investing activities	(1 471)	(692)
Cash flows from financing activities		
Loans received	3 922	1 931
Repayment of borrowings	(2 531)	(1 500)
Payment of finance lease liabilities	(3)	(3)
Net cash from/(used in) financing activities	1 388	428
Change in cash and cash equivalents	243	(559)
Beginning cash	256	841
Ending cash	499	282



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 2017	13 089	7 891	0	1 570	0	560	6 495	29 605
Profit allocation								0
Dividends								0
Change of share capital								0
Own shares buyback								0
Depreciation of revaluated part								0
Other income								0
Net profit for 2017							(1 153)	(1 153)
As at 31 March 2017	13 089	7 891	0	1 570	0	560	5 342	28 452
As at 1 April 2017	13 089	7 891	0	1 570	0	560	5 342	28 452
Profit allocation						70	(70)	0
Dividends							(4 062)	(4 062)
Change of share capital								0
Revaluation of fixed assets								0
Depreciation of revaluated part								0
Other income							117	117
Net profit for 2017							(575)	(575)
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							(641)	(641)
As at 31 March 2018	13 089	7 891	0	1 570	0	630	111	23 291

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

Ratios	2018.01.01 - 2018.03.31	2017.01.01 - 2017.03.31
Sales, Thousand EUR	40 657	38 169
Gross profit, Thousand EUR	6 494	5 150
EBITDA, Thousand EUR	1 415	777
Current ratio (at the end of period)	1,28	1,29
Book value per share (at the end of period), EUR	0,52	0,63
Net profit per share	-0,01	-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	2018.03.31	2017.12.31
Raw materials	5 188	4 886
Stored production	9 830	11 082
Goods for resale	87	110
Total:	15 105	16 078

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.

Sales by geographical markets, Thousand EUR	2018.01.01 - 2018.03.31	2017.01.01 - 2017.03.31
Lithuania	22 043	22 308
Other EU countries	11 898	10 819
Other non EU countries	6 716	5 042
Total:	40 657	38 169

Sales by products groups, Thousand EUR	2018.01.01 - 2018.03.31	2017.01.01 - 2017.03.31
Fresh milk products	29 257	26 746
Dry milk products	2 223	3 203
Cheese	8 306	7 329
Other products	870	891
Total:	40 657	38 169

Post balance sheet events

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