



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

Vilnius, May 2019

Interim financial statements for the 3 months 2019

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 2019 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 3 months 2019

VILNIUS, MAY 2019



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Prepared according to IFRS, not audited

1. Statement of financial position

Thousand EUR	2019.03.31	2018.12.31
Assets		
Property, plant and equipment	42 337	42 098
Intangible assets	147	136
Investments available for sale	22	22
Long-term receivables	683	683
Deferred tax	1 147	1 147
Total non-current assets	44 336	44 086
Inventories	12 861	13 423
Receivables	14 600	11 166
Cash and cash equivalents	270	4 795
Total current assets	27 731	29 384
Total assets	72 067	73 470
Equity		
Share capital	13 089	13 089
Share premium	7 891	7 891
Own shares	-	-
Reserves	2 200	2 200
Retained earnings	2 610	2 950
Total equity	25 790	26 130
Liabilities		
Government grants	1 124	1 129
Interest-bearing loans and borrowings	13 500	13 500
Deferred tax	883	883
Total non-current liabilities	15 507	15 512
Provisions		
Interest-bearing loans and borrowings	13 969	13 217
Income tax payable	-	-
Trade and other amounts payable	16 801	18 611
Total current liabilities	30 770	31 828
Total liabilities	46 277	47 340
Total equity and liabilities	72 067	73 470



2. Statement of comprehensive income

Thousand EUR	2019.01.01 - 2019.03.31	2018.01.01 - 2018.03.31
Revenue	39 259	40 657
Cost of sales	(32 756)	(34 162)
Gross profit	6 503	6 495
Other operating income, net	105	135
Sales and administrative expenses	(6 728)	(6 994)
Operating profit before finance costs	(120)	(364)
Finance income	45	40
Finance expenses	(266)	(318)
Finance income/expenses, net	(221)	(278)
Profit before tax	(341)	(642)
Corporate income tax		
Profit for the year	(341)	(642)
Earnings per share (EUR)	- 0,01	- 0,01

3. Statement of cash flows

Thousand EUR	2019.03.31	2018.03.31
Cash flows from operating activities		
Net profit	(341)	(642)
Adjustments:		
Depreciation and amortisation	1 530	1 812
Amortisation of government grants	(46)	(33)
Result of disposal of property, plant and equipment	(13)	(43)
Change in financial instruments	(12)	4
Change in vacation reserve	(182)	160
Change in impairment loss of inventories	-	(557)
Interest income/expenses, net	194	252
Cash flows from ordinary activities before changes in the working capital	1 130	953
Change in inventories	562	1 530
Change in receivables	(3 664)	(995)
Change in trade and other payable amounts	(1 398)	(901)
Cash flows from operating activities	(3 370)	587
Interest paid	(210)	(261)
Income tax paid	0	0
Net cash flow from operating activities	(3 580)	326
Cash flows from investing activities		
Acquisition of property, plant and equipment	(813)	(1 532)
Acquisition of intangible assets	(29)	(4)
Proceeds on sale of property, plant and equipment	14	55
Interest received	16	10
Net cash flow used in investing activities	(812)	(1 471)
Cash flows from financing activities		
Loans received	1 329	3 922
Repayment of borrowings	(1 500)	(2 531)
Dividends paid	(1)	-
Payment of finance lease liabilities	(3)	(3)
Government grants received	42	-
Net cash from/(used in) financing activities	(133)	1 388
Change in cash and cash equivalents	(4 525)	243
Beginning cash	4 795	256
Ending cash	270	499



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 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
Depreciation of revaluated part								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
As at 1 April 2018	13 089	7 891	0	1 570	0	630	111	23 291
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 2018							2 839	2 839
As at 31 December 2018	13 089	7 891	0	1 570	0	630	2 950	26 130
As at 1 January 2019	13 089	7 891	0	1 570	0	630	2 950	26 130
Profit allocation								0
Dividends								0
Change of share capital								0
Own shares buyback								0
Revaluation of asstes								0
Other income								0
Net profit for 2019							(340)	(340)
As at 31 March 2019	13 089	7 891	0	1 570	0	630	2 610	25 790

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	2019.01.01 - 2019.03.31	2018.01.01 - 2018.03.31
Sales, Thousand EUR	39 259	40 657
Gross profit, Thousand EUR	6 503	6 494
EBITDA, Thousand EUR	1 364	1 415
Current ratio (at the end of period)	0,90	1,28
Book value per share (at the end of period), EUR	0,57	0,52
Net profit per share	-0,01	-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	2019.03.31	2018.12.31
Raw materials	4 698	4 707
Stored production	8 102	8 707
Goods for resale	61	9
Total:	12 861	13 423

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	2019.01.01 - 2019.03.31	2018.01.01 - 2018.03.31
Lithuania	22 198	22 043
Other EU countries	12 788	11 898
Other non EU countries	4 273	6 716
Total:	39 259	40 657

Sales by products groups, Thousand EUR	2019.01.01 - 2019.03.31	2018.01.01 - 2018.03.31
Fresh milk products	27 729	29 257
Dry milk products	1 112	2 223
Cheese	8 827	8 306
Other products	1 591	870
Total:	39 259	40 657

Post balance sheet events

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