



## Pieno Žvaigždės, AB Confirmation of the Management

2008 05 21  
Vilnius

### Interim Financial Statements for the three months 2008

We hereby confirm that to the best of our knowledge, the attached not audited Pieno žvaigždės, AB Interim Financial Statements for the three months 2008 prepared in accordance with International Financial Reporting Standards give a true and fair view of the assets, liabilities, financial position and profit of Pieno žvaigždės, AB.

Pieno Žvaigždės, AB  
CEO

Aleksandr Smagin

Pieno Žvaigždės, AB  
CFO

Audrius Statulevičius



# **PIENO ŽVAIGŽDĖS, AB**

## **INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS OF 2008**

**VILNIUS, MAY 2008**



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Financial statements prepared according IFRS, not audited

## 1. Balance sheet

Thousand Lit	2008.03.31	2007.12.31
<b>Assets</b>		
Property, plant and equipment	236 285	239 047
Intangible assets	1 548	1 724
Investments available for sale	275	275
Long-term receivables	6 692	6 314
Deferred tax	-	-
<b>Total non-current assets</b>	<b>244 800</b>	<b>247 360</b>
Inventories	78 882	75 758
Receivables	59 665	50 809
Cash and cash equivalents	2 326	2 702
<b>Total current assets</b>	<b>140 873</b>	<b>129 269</b>
<b>Total assets</b>	<b>385 673</b>	<b>376 629</b>
<b>Equity</b>		
Share capital	54 205	54 205
Share premium	27 746	27 246
Own shares	(4 108)	(4 108)
Reserves	28 002	28 294
Retained earnings	44 354	52 875
<b>Total equity</b>	<b>149 699</b>	<b>158 512</b>
<b>Liabilities</b>		
Government grants	3 799	2 083
Interest-bearing loans and borrowings	139 470	99 366
Deferred tax	1 050	1 050
<b>Total non-current liabilities</b>	<b>144 319</b>	<b>102 499</b>
Provisions	-	870
Interest-bearing loans and borrowings	29 633	60 071
Income tax payable	3 791	3 790
Trade and other amounts payable	58 231	50 887
<b>Total current liabilities</b>	<b>91 655</b>	<b>115 618</b>
<b>Total liabilities</b>	<b>235 974</b>	<b>218 117</b>
<b>Total equity and liabilities</b>	<b>385 673</b>	<b>376 629</b>



## 2. Income statement

Thousand Litas	2008.03.31	2007.03.31
Revenue	150 154	141 963
Cost of sales	(126 497)	(115 636)
<b>Gross profit</b>	23 657	26 327
Other operating income, net	370	192
Sales and administrative expenses	(30 267)	(21 483)
<b>Operating profit before finance costs</b>	(6 240)	5 036
Finance income	104	88
Finance expenses	(2 676)	(1 940)
<b>Finance income/expenses, net</b>	(2 572)	(1 852)
<b>Profit before tax</b>	(8 812)	3 184
Corporate income tax	-	(573)
<b>Profit for the year</b>	(8 812)	2 611
Earnings per share (Litas)	-	0,05



### 3. Cash flow statement

Thousand Litas	2008.03.31	2007.03.31
<b>Cash flows from operating activities</b>		
Profit before tax	(8 812)	3.184
Adjustments:		
Depreciation and amortisation	10 781	9.267
Amortisation of government grants	(448)	(510)
Unrealised gain/loss on foreign currency exchange	58	11
Interest income/expenses, net	2 514	1.841
<b>Cash flows from ordinary activities before changes in the working capital</b>	4 093	13.793
Change in inventories	(3 124)	(10.179)
Change in receivables	(9 292)	6.071
Change in trade and other payable amounts	6 473	4.158
<b>Cash flows from operating activities</b>	(1 850)	13.843
Interest paid	(2 514)	(1.841)
Profit tax paid		
<b>Net cash flow from operating activities</b>	(4 364)	12.002
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(8 241)	(22.513)
Acquisition of intangible assets	(230)	(41)
Proceeds on sale of property	628	
Proceeds on disposal of investments held for sale	-	
<b>Net cash flow used in investing activities</b>	(7 843)	(22.554)
<b>Cash flows from financing activities</b>		
Loans received	9 150	1.027
Repayment of borrowings	(2 937)	(4.394)
Issue (redemption) of shares	0	0
Dividends paid	0	0
Payment of finance lease liabilities	3 454	14.721
Government grants received	2 164	0
<b>Net cash from/(used in) financing activities</b>	11 831	11.354
Change in cash and cash equivalents	(376)	802
Cash and cash equivalents at 1 January	2 702	1.407
<b>Cash and cash equivalents at 30 September</b>	2 326	2.209

**4. Statement on changes in equity**

Tūkst. litų	Share capital	Share premium	Own shares	Compulsory reserve	Revaluation reserve	Other reserves	Retained earnings	Total equity
As at 1 January 2006	54 205	27 246	(1 108)	5 420	3 894	11 491	13 119	114 267
Profit allocation						(7 991)	7 991	
Dividends							(9 432)	(9 432)
Depreciation of revaluated part					(173)		206	33
Net profit for 2006							18 492	18 492
As at 31 December 2006	54 205	27 246	(1 108)	5 420	3 721	3 500	30 376	123 360
As at 1 January 2007	54 205	27 246	(1 108)	5 420	3 721	3 500	30 376	123 360
Profit allocation						200	(200)	
Dividends							(10 779)	(10 779)
Acquisition of own shares			(3 000)					(3 000)
Revaluation of fixed assets					15 626			15 626
Depreciation of revaluated part					(173)		173	
Net profit for 2007							33 305	33 305
As at 31 December 2007	54 205	27 246	(4 108)	5 420	19 174	3 700	52 875	158 512
As at 1 January 2008	54 205	27 246	(4 108)	5 420	19 174	3 700	52 875	158 512
Profit allocation								
Dividends								
Acquisition of own shares								
Revaluation of fixed assets								
Depreciation of revaluated part					(291)		291	0
Net profit for 2008							(8 812)	(8 812)
As at 31 March 2008	54 205	27 246	(4 108)	5 420	18 883	3 700	44 354	149 700



## 5. Notes to financial statements

The head office of AB Pieno Žvaigždės (“the Company”) is located in Vilnius, Lithuania. AB Pieno Žvaigždės was established by way of merger of stock companies Mažeikių Pieninė, Pasvalio Sūrinė and Kauno Pienas.

As at 31 December 2003 the Company owned 64,2% shares of the subsidiary AB Panevėžio Pienas. During the year 2004 the Company acquired the remaining shares of AB Panevėžio Pienas. As of 30 November 2004 AB Panevėžio Pienas was merged to AB Pieno Žvaigždės and acquired the status of a branch.

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 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).

### Key figures of Pieno Zvaigzdes, AB

Key figures	2008 03 31	2007 03 31
Sales, thousand. LTL	150 154	141 963
Gross profit, thousand. LTL	23 657	26 327
EBITDA	4 093	13 793
Current ratio	1,5	1,8
Book value per share (Litas)	2,76	2,32
Earnings per share (Litas)	-	0,05

### Inventories

Inventories, thousand LTL	2008 03 31	2007 12 31
Raw materials	17 284	17 408
Stored production	61 283	58 156
Goods for resale	315	194
	<b>78 882</b>	<b>75 758</b>

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.



**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, Eastern Europe. All company's assets located in Lithuania.

**Post balance sheet events**

There were no significant events after the balance sheet date.