



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

2009 04 23  
Vilnius

### **Interim Financial Statements for the three months 2009**

We hereby confirm that to the best of our knowledge, the attached not audited Pieno žvaigždės, AB Interim Financial Statements for the three months 2009 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 2009**

**VILNIUS, APRIL 2009**



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Financial statements prepared according IFRS, not audited

## 1. Balance sheet

Thousand Litas	2009.03.31	2008.12.31
<b>Assets</b>		
Property, plant and equipment	234 809	235 152
Intangible assets	1 032	1 071
Investments available for sale	275	275
Long-term receivables	4 453	4 453
Deferred tax	-	-
<b>Total non-current assets</b>	<b>240 569</b>	<b>240 951</b>
Inventories	79 455	81 841
Receivables	78 051	76 709
Cash and cash equivalents	2 070	1 907
<b>Total current assets</b>	<b>159 576</b>	<b>160 457</b>
<b>Total assets</b>	<b>400 145</b>	<b>401 408</b>
<b>Equity</b>		
Share capital	54 205	54 205
Share premium	27 246	27 246
Own shares	(6 108)	(4 108)
Reserves	28 480	28 759
Retained earnings	40 276	36 063
<b>Total equity</b>	<b>144 099</b>	<b>142 165</b>
<b>Liabilities</b>		
Government grants	2 670	2 775
Interest-bearing loans and borrowings	77 568	77 568
Deferred tax	1 930	1 930
<b>Total non-current liabilities</b>	<b>82 168</b>	<b>82 273</b>
Provisions	-	-
Interest-bearing loans and borrowings	103 689	112 525
Income tax payable	0	1 930
Trade and other amounts payable	70 189	62 515
<b>Total current liabilities</b>	<b>173 878</b>	<b>176 970</b>
<b>Total liabilities</b>	<b>256 046</b>	<b>259 243</b>
<b>Total equity and liabilities</b>	<b>400 145</b>	<b>401 408</b>



## 2. Income statement

Thousand Lit	2009.01.01 - 2009.03.31	2008.01.01 - 2008.03.31
Revenue	143 608	150 154
Cost of sales	(113 137)	(126 497)
<b>Gross profit</b>	<b>30 471</b>	<b>23 657</b>
Other operating income, net	140	370
Sales and administrative expenses	(23 269)	(30 267)
<b>Operating profit before finance costs</b>	<b>7 342</b>	<b>(6 240)</b>
Finance income	300	104
Finance expenses	(2 725)	(2 676)
<b>Finance income/expenses, net</b>	<b>(2 425)</b>	<b>(2 572)</b>
<b>Profit before tax</b>	<b>4 917</b>	<b>(8 812)</b>
Corporate income tax	( 983)	-
<b>Profit for the year</b>	<b>3 934</b>	<b>(8 812)</b>
Earnings per share (Litas)	0,07	-



### 3. Cash flow statement

Thousand Lit	2009.03.31	2008.03.31
<b>Cash flows from operating activities</b>		
Net profit	3.934	(8.812)
Adjustments:		
Depreciation and amortisation	10.621	10.781
Amortisation of government grants	(105)	(448)
Result of disposal of property, plant and equipment	(170)	58
Change in vacation reserve	322	
Interest income/expenses, net	2.424	2.514
<b>Cash flows from ordinary activities before changes in the working capital</b>	<b>17.026</b>	<b>4.093</b>
Change in inventories	2.386	(3.124)
Change in receivables	(1.291)	(9.292)
Change in trade and other payable amounts	5.473	6.473
<b>Cash flows from operating activities</b>	<b>23.594</b>	<b>(1.850)</b>
Interest paid	(2.542)	(2.514)
Income tax paid		
<b>Net cash flow from operating activities</b>	<b>21.052</b>	<b>(4.364)</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(10.263)	(8.241)
Acquisition of intangible assets	(32)	(230)
Proceeds on sale of property, plant and equipment	59	628
Proceeds on disposal of investments held for sale	-	-
Interest received	183	-
<b>Net cash flow used in investing activities</b>	<b>(10.053)</b>	<b>(7.843)</b>
<b>Cash flows from financing activities</b>		
Loans received	-	9.150
Repayment of borrowings	(3.903)	(2.937)
Issue (redemption) of shares	(2.000)	-
Dividends paid		-
Payment of finance lease liabilities	(4.933)	3.454
Government grants received		2.164
<b>Net cash from/(used in) financing activities</b>	<b>(10.836)</b>	<b>11.831</b>
Change in cash and cash equivalents	163	(376)
Beginning cash	1.907	2.702
<b>Ending cash</b>	<b>2.070</b>	<b>2.326</b>

**4. Statement on changes in equity**

Thousand Lit	Share capital	Share premium	Own shares	Compulsory reserve	Revaluation reserve	Other reserves	Retained earnings	Total equity
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
As at 1 April 2008	54 205	27 246	(4 108)	5 420	18 883	3 700	44 354	149 700
Profit allocation						3 100	(3 100)	
Dividends							(12 016)	(12 016)
Acquisition of own shares								
Revaluation of fixed assets								
Depreciation of revaluated part					(2 345)		2 345	
Net profit for 2008							4 480	4 480
As at 31 December 2008	54 205	27 246	(4 108)	5 420	16 538	6 800	36 063	142 164
As at 1 January 2009	54 205	27 246	(4 108)	5 420	16 538	6 800	36 063	142 164
Profit allocation								
Dividends								
Acquisition of own shares			(2 000)					(2 000)
Revaluation of fixed assets								
Depreciation of revaluated part					(279)		279	
Net profit for 2009							3 934	3 934
As at 31 March 2009	54 205	27 246	(6 108)	5 420	16 259	6 800	40 276	144 098



## 5. Notes to 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 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	2009.03.31	2008.03.31
Sales, Thousand Lit	143 608	150 154
Gross profit, Thousand Lit	30 471	23 657
EBITDA, Thousand Lit	17 858	4 093
Current ratio (at the end of period)	0,9	1,5
Book value per share (at the end of period)	2,66	2,76
Net profit per share	0,07	-

### 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 Lit	2009.03.31	2008.12.31
Raw materials	15 353	18 458
Stored production	63 995	63 266
Goods for resale	107	117
Total:	<b>79 455</b>	<b>81 841</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 products mainly in domestic market, Russia, EU. All company's assets located in Lithuania.

<b>Sales, Thousand Litas</b>	<b>2009.03.31</b>	<b>2008.03.31</b>
Lithuania	72 079	85 715
Russia	55 499	46 689
EU, other countries	16 030	17 750
<b>Total:</b>	<b>143 608</b>	<b>150 154</b>

## Post balance sheet events

There were no significant events after the balance sheet date.