



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

2009 11 30  
Vilnius

**Interim Financial Statements for the nine months 2009**

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

*sveikam gyvenimui*

# **PIENO ŽVAIGŽDĖS, AB**

## **INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS OF 2009**

**VILNIUS, NOVEMBER 2009**



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Financial statements prepared according IFRS, not audited

## 1. Balance sheet

Thousand Litas	2009.09.30	2008.12.31
<b>Assets</b>		
Property, plant and equipment	225 532	235 152
Intangible assets	1 673	1 071
Investments available for sale	275	275
Long-term receivables	4 519	4 453
Deferred tax	-	-
<b>Total non-current assets</b>	<b>231 999</b>	<b>240 951</b>
Inventories	58 187	81 841
Receivables	72 706	76 709
Cash and cash equivalents	2 138	1 907
<b>Total current assets</b>	<b>133 031</b>	<b>160 457</b>
<b>Total assets</b>	<b>365 030</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	27 373	28 759
Retained earnings	41 445	36 063
<b>Total equity</b>	<b>144 161</b>	<b>142 165</b>
<b>Liabilities</b>		
Government grants	3 565	2 775
Interest-bearing loans and borrowings	86 908	77 568
Deferred tax	1 930	1 930
<b>Total non-current liabilities</b>	<b>92 403</b>	<b>82 273</b>
Provisions	-	-
Interest-bearing loans and borrowings	66 979	112 525
Income tax payable	3 200	1 930
Trade and other amounts payable	58 287	62 515
<b>Total current liabilities</b>	<b>128 466</b>	<b>176 970</b>
<b>Total liabilities</b>	<b>220 869</b>	<b>259 243</b>
<b>Total equity and liabilities</b>	<b>365 030</b>	<b>401 408</b>

**2. Income statement**

Thousand Litas	2009.01.01 - 2009.09.30	2008.01.01 - 2008.09.30
Revenue	460 984	505 744
Cost of sales	(366 241)	(426 024)
<b>Gross profit</b>	94 743	79 720
Other operating income, net	378	6 673
Sales and administrative expenses	(76 132)	(78 345)
<b>Operating profit before finance costs</b>	18 989	8 048
Finance income	795	399
Finance expenses	(6 671)	(8 307)
<b>Finance income/expenses, net</b>	(5 876)	(7 908)
<b>Profit before tax</b>	13 113	140
Corporate income tax	(3 200)	( 21)
<b>Profit for the year</b>	9 913	119
Earnings per share (Litas)	0,18	0,00

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Thousand Litas	2009.07.01 - 2009.09.30	2008.07.01 - 2008.09.30
Revenue	161 093	172 445
Cost of sales	(129 606)	(141 886)
<b>Gross profit</b>	31 487	30 559
Other operating income, net	114	6 231
Sales and administrative expenses	(25 739)	(23 698)
<b>Operating profit before finance costs</b>	5 862	13 092
Finance income	179	176
Finance expenses	(1 713)	(2 839)
<b>Finance income/expenses, net</b>	(1 534)	(2 663)
<b>Profit before tax</b>	4 328	10 429
Corporate income tax	(1 036)	( 21)
<b>Profit for the year</b>	3 292	10 408
Earnings per share (Litas)	0,06	0,19



### 3. Cash flow statement

	2009.09.30	2008.09.30
<b>Cash flows from operating activities</b>		
Net profit	9.913	119
Adjustments:		
Depreciation and amortisation	31.865	32.806
Amortisation of government grants	(338)	(1.493)
Result of disposal of property, plant and equipment	152	
Change in impairment loss of inventories	2.034	
Interest income/expenses, net	5.614	7.908
<b>Cash flows from ordinary activities before changes in the working capital</b>	49.240	39.340
Change in inventories	21.621	6.327
Change in receivables	6.212	(16.270)
Change in trade and other payable amounts	(3.580)	(1.002)
<b>Cash flows from operating activities</b>	73.493	28.395
Interest paid	(6.211)	(7.703)
Income tax paid	(150)	
<b>Net cash flow from operating activities</b>	67.132	20.692
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(24.651)	(33.465)
Acquisition of intangible assets	(808)	(46)
Proceeds on sale of property, plant and equipment	956	5.578
Interest received	597	
<b>Net cash flow used in investing activities</b>	(23.906)	(27.933)
<b>Cash flows from financing activities</b>		
Loans received	10.255	24.845
Repayment of borrowings	(34.192)	(12.263)
Issue (redemption) of shares	(2.000)	-
Dividends paid	(5.917)	(12.014)
Payment of finance lease liabilities	(12.269)	4.062
Government grants received	1.128	2.511
<b>Net cash from/(used in) financing activities</b>	(42.995)	7.141
Change in cash and cash equivalents	231	(100)
Beginning cash	1.907	2.702
<b>Ending cash</b>	2.138	2.602



## 4. Statement on changes in equity

Thousand Litas	Share capital	Share premium	Own shares	Compulsory reserve	Revaluation reserve	Other reserves	Retained earnings	Total equity
As at 1 January 2008	<b>54 205</b>	<b>27 246</b>	<b>(4 108)</b>	<b>5 420</b>	<b>19 174</b>	<b>3 700</b>	<b>52 875</b>	<b>158 512</b>
Profit allocation						3 100	(3 100)	0
Dividends							(12 016)	(12 016)
Acquisition of own shares								0
Revaluation of fixed assets								0
Depreciation of revaluated part					(2 358)		2 358	0
Net profit for 2008							119	119
As at 30 September 2008	<b>54 205</b>	<b>27 246</b>	<b>(4 108)</b>	<b>5 420</b>	<b>16 816</b>	<b>6 800</b>	<b>40 236</b>	<b>146 615</b>
As at 1 October 2008	<b>54 205</b>	<b>27 246</b>	<b>(4 108)</b>	<b>5 420</b>	<b>16 816</b>	<b>6 800</b>	<b>40 236</b>	<b>146 615</b>
Profit allocation								0
Dividends								0
Acquisition of own shares								0
Revaluation of fixed assets								0
Depreciation of revaluated part					(278)		278	0
Net profit for 2008							(4 451)	(4 451)
As at 31 December 2008	<b>54 205</b>	<b>27 246</b>	<b>(4 108)</b>	<b>5 420</b>	<b>16 538</b>	<b>6 800</b>	<b>36 063</b>	<b>142 164</b>
As at 1 January 2009	<b>54 205</b>	<b>27 246</b>	<b>(4 108)</b>	<b>5 420</b>	<b>16 538</b>	<b>6 800</b>	<b>36 063</b>	<b>142 164</b>
Profit allocation						(550)	550	0
Dividends							(5 917)	(5 917)
Acquisition of own shares			(2 000)					(2 000)
Revaluation of fixed assets					(836)		836	0
Depreciation of revaluated part								0
Net profit for 2009							9 913	9 913
As at 30 September 2009	<b>54 205</b>	<b>27 246</b>	<b>(6 108)</b>	<b>5 420</b>	<b>15 702</b>	<b>6 250</b>	<b>41 445</b>	<b>144 160</b>



## 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

<b>Ratios</b>	<b>2009.01.01 - 2009.09.30</b>	<b>2008.01.01 - 2008.09.30</b>
Sales, Thousand Lit	460 984	505 744
Gross profit, Thousand Lit	94 743	79 720
EBITDA, Thousand Lit	50 515	39 362
Current ratio (at the end of period)	1,02	2,02
Book value per share (at the end of period)	2,66	2,70
Net profit per share	0,18	0,00

<b>Ratios</b>	<b>2009.07.01 - 2009.09.30</b>	<b>2008.07.01 - 2008.09.30</b>
Sales, Thousand Lit	161 093	172 445
Gross profit, Thousand Lit	31 487	30 559
EBITDA, Thousand Lit	16 222	23 509
Current ratio (at the end of period)	1,02	2,02
Book value per share (at the end of period)	2,66	2,70
Net profit per share	0,06	0,19

### 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.





<b>Inventories, Thousand Litas</b>	<b>2009.09.30</b>	<b>2008.12.31</b>
Raw materials	11 926	18 458
Stored production	46 131	63 266
Goods for resale	130	117
<b>Total:</b>	<b>58 187</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 production mainly in domestic market, Russia, EU. All company's assets located in Lithuania.

<b>Sales, Thousand Litas</b>	<b>2009.01.01 - 2009.09.30</b>	<b>2008.01.01 - 2008.09.30</b>
Lithuania	233 281	268 933
Russia	158 580	170 316
EU, other countries	69 123	66 495
<b>Total:</b>	<b>460 984</b>	<b>505 744</b>

<b>Sales, Thousand Litas</b>	<b>2009.07.01 - 2009.09.30</b>	<b>2008.07.01 - 2008.09.30</b>
Lithuania	83 643	91 190
Russia	45 182	62 113
EU, other countries	32 368	19 142
<b>Total:</b>	<b>161 093</b>	<b>172 445</b>

### **Post balance sheet events**

There were no significant events after the balance sheet date.