



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

2010 02 25
Vilnius

Interim Financial Statements for the twelve months 2009

We hereby confirm that to the best of our knowledge, the attached not audited Pieno žvaigždės, AB Interim Financial Statements for the twelve 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 TWELVE MONTHS OF 2009**

VILNIUS, FEBRUARY 2010



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Financial statements prepared according IFRS, not audited

1. Balance sheet

Thousand Litas	2009.12.31	2008.12.31
Assets		
Property, plant and equipment	218 337	235 152
Intangible assets	895	1 071
Investments available for sale	275	275
Long-term receivables	1 001	4 453
Deferred tax	-	-
Total non-current assets	220 508	240 951
Inventories	39 239	81 841
Receivables	69 339	76 709
Cash and cash equivalents	6 136	1 907
Total current assets	114 714	160 457
Total assets	335 222	401 408
Equity		
Share capital	54 205	54 205
Share premium	27 246	27 246
Own shares	(6 108)	(4 108)
Reserves	27 094	28 759
Retained earnings	46 376	36 063
Total equity	148 813	142 165
Liabilities		
Government grants	3 394	2 775
Interest-bearing loans and borrowings	19 865	77 568
Deferred tax	12 446	1 930
Total non-current liabilities	35 705	82 273
Provisions	-	-
Interest-bearing loans and borrowings	95 452	112 525
Income tax payable	4 425	1 930
Trade and other amounts payable	50 827	62 515
Total current liabilities	150 704	176 970
Total liabilities	186 409	259 243
Total equity and liabilities	335 222	401 408

**2. Income statement**

Thousand Litas	2009.01.01 - 2009.12.31	2008.01.01 - 2008.12.31
Revenue	622 467	666 289
Cost of sales	(497 305)	(562 582)
Gross profit	125 162	103 707
Other operating income, net	677	7 027
Sales and administrative expenses	(99 083)	(102 915)
Operating profit before finance costs	26 756	7 819
Finance income	956	1 005
Finance expenses	(8 043)	(11 912)
Finance income/expenses, net	(7 087)	(10 907)
Profit before tax	19 669	(3 088)
Corporate income tax	(5 104)	(1 244)
Profit for the year	14 565	(4 332)
Earnings per share (Litas)	0,27	- 0,08

Thousand Litas	2009.10.01 - 2009.12.31	2008.10.01 - 2008.12.31
Revenue	161 483	160 545
Cost of sales	(131 063)	(136 558)
Gross profit	30 420	23 987
Other operating income, net	299	354
Sales and administrative expenses	(22 951)	(24 570)
Operating profit before finance costs	7 768	(229)
Finance income	160	606
Finance expenses	(1 372)	(3 605)
Finance income/expenses, net	(1 212)	(2 999)
Profit before tax	6 556	(3 228)
Corporate income tax	(1 904)	(1 223)
Profit for the year	4 652	(4 451)
Earnings per share (Litas)	0,09	- 0,08



3. Cash flow statement

Thousand Litas

	2009.12.31	2008.12.31
Cash flows from operating activities		
Net profit	14.565	(4.332)
Depreciation and amortisation	42.575	43.105
Amortisation of government grants	(509)	(1.819)
Result of disposal of property, plant and equipment	940	(6.478)
Impairment loss of receivables	1.049	137
Change in vacation reserve	(1.157)	32
Change in impairment loss of inventories	(2.373)	(1.229)
Income tax	5.103	1.244
Interest income/expenses, net	7.497	11.118
Cash flows from ordinary activities before changes in the working capital	67.690	41.778
Change in inventories	44.975	(4.854)
Change in receivables	5.688	(24.176)
Change in trade and other payable amounts	(9.411)	12.249
Cash flows from operating activities	108.942	24.997
Interest paid	(7.497)	(11.118)
Income tax paid	(200)	(4.451)
Net cash flow from operating activities	101.245	9.428
Cash flows from investing activities		
Acquisition of property, plant and equipment	(28.923)	(43.189)
Acquisition of intangible assets	(96)	(44)
Proceeds on sale of property, plant and equipment	1.107	11.857
Net cash flow used in investing activities	(27.912)	(31.376)
Cash flows from financing activities		
Loans received	26.948	70.480
Repayment of borrowings	(72.524)	(21.194)
Issue (redemption) of shares	(2.000)	-
Dividends paid	(5.901)	(12.014)
Payment of finance lease liabilities	(16.755)	(18.630)
Government grants received	1.128	2.511
Net cash from/(used in) financing activities	(69.104)	21.153
Change in cash and cash equivalents	4.229	(795)
Beginning cash	1.907	2.702
Ending cash	6.136	1.907



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						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	54 205	27 246	(4 108)	5 420	16 816	6 800	40 236	146 615
As at 1 October 2008	54 205	27 246	(4 108)	5 420	16 816	6 800	40 236	146 615
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	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						(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	54 205	27 246	(6 108)	5 420	15 702	6 250	41 445	144 160
As at 1 October 2009	54 205	27 246	(6 108)	5 420	15 702	6 250	41 445	144 160
Profit allocation								0
Dividends								0
Acquisition of own shares								0
Revaluation of fixed assets						(279)	279	0
Depreciation of revaluated part								0
Net profit for 2009							4 652	4 652
As at 31 December 2009	54 205	27 246	(6 108)	5 420	15 423	6 250	46 376	148 812



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	2009.01.01 - 2009.12.31	2008.01.01 - 2008.12.31
Sales, Thousand Litass	622 467	666 289
Gross profit, Thousand Litass	125 162	103 707
EBITDA, Thousand Litass	68 823	49 105
Current ratio (at the end of period)	0,8	0,9
Book value per share (at the end of period)	2,75	2,62
Net profit per share	0,27	-0,08

Ratios	2009.10.01 - 2009.12.31	2008.10.01 - 2008.12.31
Sales, Thousand Litass	161 483	160 545
Gross profit, Thousand Litass	30 419	23 987
EBITDA, Thousand Litass	18 308	9 743
Current ratio (at the end of period)	0,8	0,9
Book value per share (at the end of period)	2,75	2,62
Net profit per share	0,27	-0,08

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 Litas	2009.12.31	2008.12.31
Raw materials	14 298	18 458
Stored production	24 775	63 266
Goods for resale	166	117
Total:	39 239	81 841

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.

Sales, Thousand Litas	2009.01.01 - 2009.12.31	2008.01.01 - 2008.12.31
Lithuania	301 016	349 371
Russia	225 507	236 349
EU, other countries	95 944	80 569
Total:	622 467	666 289

Sales, Thousand Litas	2009.10.01 - 2009.12.31	2008.10.01 - 2008.12.31
Lithuania	67 735	80 437
Russia	66 927	66 033
EU, other countries	26 821	14 075
Total:	161 483	160 545

Post balance sheet events

There were no significant events after the balance sheet date.