



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

2010 05 25  
Vilnius

**Interim Financial Statements for the three months 2010**

We hereby confirm that to the best of our knowledge, the attached not audited Pieno žvaigždės, AB Interim Financial Statements for the three months 2010 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 THREE MONTHS OF 2010**

**VILNIUS, MAY 2010**



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Financial statements prepared according IFRS, not audited

## 1. Balance sheet

Thousand Lit	2010.03.31	2009.12.31
<b>Assets</b>		
Property, plant and equipment	209 570	218 337
Intangible assets	1 397	895
Investments available for sale	275	275
Long-term receivables	1 001	1 001
Deferred tax		
<b>Total non-current assets</b>	<b>212 243</b>	<b>220 508</b>
Inventories	34 993	39 239
Receivables	50 865	69 339
Cash and cash equivalents	3 751	6 136
<b>Total current assets</b>	<b>89 609</b>	<b>114 714</b>
<b>Total assets</b>	<b>301 852</b>	<b>335 222</b>
<b>Equity</b>		
Share capital	54 205	54 205
Share premium	27 246	27 246
Own shares	(6 108)	(6 108)
Reserves	26 815	27 093
Retained earnings	41 490	46 376
<b>Total equity</b>	<b>143 648</b>	<b>148 812</b>
<b>Liabilities</b>		
Government grants	5 469	3 394
Interest-bearing loans and borrowings	32 311	32 311
Deferred tax	2 160	2 160
<b>Total non-current liabilities</b>	<b>39 940</b>	<b>37 865</b>
Provisions	-	-
Interest-bearing loans and borrowings	69 808	95 451
Income tax payable	2 673	4 384
Trade and other amounts payable	45 783	48 710
<b>Total current liabilities</b>	<b>118 264</b>	<b>148 545</b>
<b>Total liabilities</b>	<b>158 204</b>	<b>186 410</b>
<b>Total equity and liabilities</b>	<b>301 852</b>	<b>335 222</b>



## 2. Income statement

Thousand Litas	2010.01.01 - 2010.03.31	2009.01.01 - 2009.03.31
Revenue	124 392	143 608
Cost of sales	(106 745)	(113 137)
<b>Gross profit</b>	17 647	30 471
Other operating income, net	106	140
Sales and administrative expenses	(22 005)	(23 269)
<b>Operating profit before finance costs</b>	(4 252)	7 342
Finance income	116	300
Finance expenses	(1 028)	(2 725)
<b>Finance income/expenses, net</b>	( 912)	(2 425)
<b>Profit before tax</b>	(5 164)	4 917
Corporate income tax	0	( 983)
<b>Profit for the year</b>	(5 164)	3 934
Earnings per share (Litas)	- 0,10	0,07

**3. Cash flow statement**

Thousand Litass

	<b>2010.01.01 - 2010.03.31</b>	<b>2009.01.01 - 2009.03.31</b>
<b>Cash flows from operating activities</b>		
Net profit	(5.165)	3.934
Depreciation and amortisation	10.595	10.621
Amortisation of government grants	(174)	(105)
Result of disposal of property, plant and equipment	(569)	(170)
Change in vacation reserve	-	322
Interest income/expenses, net	1.580	2.424
<b>Cash flows from ordinary activities before changes in the working capital</b>	<b>6.267</b>	<b>17.026</b>
Change in inventories	4.246	2.386
Change in receivables	18.849	(1.291)
Change in trade and other payable amounts	(4.226)	5.473
<b>Cash flows from operating activities</b>	<b>25.136</b>	<b>23.594</b>
Interest paid	(1.640)	(2.542)
Income tax paid	(375)	
<b>Net cash flow from operating activities</b>	<b>23.121</b>	<b>21.052</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(1.716)	(10.263)
Acquisition of intangible assets	(568)	(32)
Proceeds on sale of property, plant and equipment	175	59
Interest received	-	183
<b>Net cash flow used in investing activities</b>	<b>(2.109)</b>	<b>(10.053)</b>
<b>Cash flows from financing activities</b>		
Loans received	-	-
Repayment of borrowings	(21.377)	(3.903)
Issue (redemption) of shares	-	(2.000)
Dividends paid	-	-
Payment of finance lease liabilities	(4.268)	(4.933)
Government grants received	2.248	-
<b>Net cash from/(used in) financing activities</b>	<b>(23.397)</b>	<b>(10.836)</b>
Change in cash and cash equivalents	(2.385)	163
Beginning cash	6.136	1.907
<b>Ending cash</b>	<b>3.751</b>	<b>2.070</b>



## 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 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					(279)		279	
Depreciation of revaluated part								
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
As at 1 April 2009	54 205	27 246	(6 108)	5 420	16 259	6 800	40 276	144 098
Profit allocation						(550)	550	
Dividends							(5 917)	(5 917)
Acquisition of own shares								
Revaluation of fixed assets								
Depreciation of revaluated part					(836)		836	
Net profit for 2009							10 631	10 631
As at 31 December 2009	54 205	27 246	(6 108)	5 420	15 423	6 250	46 376	148 812
As at 1 January 2010	54 205	27 246	(6 108)	5 420	15 423	6 250	46 376	148 812
Profit allocation								
Dividends								
Acquisition of own shares								
Revaluation of fixed assets								
Depreciation of revaluated part					(279)		279	
Net profit for 2010							(5 164)	(5 164)
As at 31 March 2010	54 205	27 246	(6 108)	5 420	15 144	6 250	41 491	143 648

## 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 NASDAQ OMX 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	2010.01.01 - 2010.03.31	2009.01.01 - 2009.03.31
Sales, Thousand Litas	124 392	143 608
Gross profit, Thousand Litas	17 647	30 471
EBITDA, Thousand Litas	6 169	17 858
Current ratio (at the end of period)	0,8	0,9
Book value per share (at the end of period), LTL	2,65	2,66
Net profit per share	-0,10	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 Litas**

	<b>2010.03.31</b>	<b>2009.12.31</b>
Raw materials	14 039	14 298
Stored production	20 850	24 775
Goods for resale	104	166
<b>Total:</b>	<b>34 993</b>	<b>39 239</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.

**Sales, Thousand Litas**

	<b>2010.01.01 - 2010.03.31</b>	<b>2009.01.01 - 2009.03.31</b>
Lithuania	70 594	72 079
Russia	30 557	55 499
EU, other countries	23 241	16 030
<b>Total:</b>	<b>124 392</b>	<b>143 608</b>

**Post balance sheet events**

There were no significant events after the balance sheet date.