



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

2011 05 31  
Vilnius

**Interim Financial Statements for the first three months 2011**

We hereby confirm that to the best of our knowledge, the attached not audited Pieno žvaigždės AB Interim Financial Statements for the first three months 2011 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 FIRST THREE MONTHS OF 2011**

**VILNIUS, MAY 2011**



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Financial statements prepared according IFRS, not audited

## 1. Statement of financial position

Thousand Lit	2011.03.31	2010.12.31
<b>Assets</b>		
Property, plant and equipment	190 271	191 762
Intangible assets	1 139	1 199
Investments available for sale	275	275
Long-term receivables	1 108	1 108
Deferred tax		
<b>Total non-current assets</b>	<b>192 793</b>	<b>194 344</b>
Inventories	60 367	60 322
Receivables	59 005	67 587
Cash and cash equivalents	4 305	3 582
<b>Total current assets</b>	<b>123 677</b>	<b>131 491</b>
<b>Total assets</b>	<b>316 470</b>	<b>325 835</b>
<b>Equity</b>		
Share capital	54 205	54 205
Share premium	27 246	27 246
Own shares	(14 435)	(14 349)
Reserves	36 605	36 884
Retained earnings	50 016	43 058
<b>Total equity</b>	<b>153 637</b>	<b>147 044</b>
<b>Liabilities</b>		
Government grants	4 621	4 859
Interest-bearing loans and borrowings	41 610	41 610
Deferred tax	2 010	2 010
<b>Total non-current liabilities</b>	<b>48 241</b>	<b>48 479</b>
Provisions	-	-
Interest-bearing loans and borrowings	60 013	71 591
Income tax payable	1 847	2 368
Trade and other amounts payable	52 732	56 353
<b>Total current liabilities</b>	<b>114 592</b>	<b>130 312</b>
<b>Total liabilities</b>	<b>162 833</b>	<b>178 791</b>
<b>Total equity and liabilities</b>	<b>316 470</b>	<b>325 835</b>



## 2. Statement of comprehensive income

Thousand Litas	2011.01.01 - 2011.03.31	2010.01.01 - 2010.03.31
Revenue	165 302	124 392
Cost of sales	(132 441)	(106 745)
<b>Gross profit</b>	<b>32 861</b>	<b>17 647</b>
Other operating income, net	63	106
Sales and administrative expenses	(24 140)	(22 005)
<b>Operating profit before finance costs</b>	<b>8 784</b>	<b>(4 252)</b>
Finance income	55	116
Finance expenses	( 981)	(1 028)
<b>Finance income/expenses, net</b>	<b>( 926)</b>	<b>( 912)</b>
<b>Profit before tax</b>	<b>7 858</b>	<b>(5 164)</b>
Corporate income tax	(1 179)	0
<b>Profit for the year</b>	<b>6 679</b>	<b>(5 164)</b>
Earnings per share (Litas)	0,12	- 0,10



### 3. Cash flows statement

Thousand Lit	2011.03.31	2010.03.31
<b>Cash flows from operating activities</b>		
Net profit	6.679	(5.165)
Adjustments:		
Depreciation and amortisation	8.505	10.595
Amortisation of government grants	(237)	(174)
Result of disposal of property, plant and equipment	(48)	(569)
Change in vacation reserve	315	-
Income tax	1.179	-
Interest income/expenses, net	859	1.580
<b>Cash flows from ordinary activities before changes in the working capital</b>	<b>17.252</b>	<b>6.267</b>
Change in inventories	(45)	4.246
Change in receivables	9.406	18.849
Change in trade and other payable amounts	(5.622)	(4.226)
<b>Cash flows from operating activities</b>	<b>20.991</b>	<b>25.136</b>
Interest paid	(859)	(1.640)
Income tax paid	(824)	(375)
<b>Net cash flow from operating activities</b>	<b>19.308</b>	<b>23.121</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(6.951)	(1.716)
Acquisition of intangible assets	(28)	(568)
Proceeds on sale of property, plant and equipment	56	175
<b>Net cash flow used in investing activities</b>	<b>(6.923)</b>	<b>(2.109)</b>
<b>Cash flows from financing activities</b>		
Loans received	-	-
Repayment of borrowings	(8.627)	(21.377)
Issue (redemption) of shares	(86)	-
Dividends paid	-	-
Payment of finance lease liabilities	(2.949)	(4.268)
Government grants received	-	2.248
<b>Net cash from/(used in) financing activities</b>	<b>(11.662)</b>	<b>(23.397)</b>
Change in cash and cash equivalents	723	(2.385)
Beginning cash	3.582	6.136
<b>Ending cash</b>	<b>4.305</b>	<b>3.751</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 2010	54 205	27 246	(6 108)	5 420	15 423	6 250	46 376	148 812
Profit allocation								0
Dividends								0
Acquisition of own shares								0
Revaluation of fixed assets								0
Depreciation of revaluated part					(279)		279	0
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
As at 1 April 2010	54 205	27 246	(6 108)	5 420	15 144	6 250	41 491	143 648
Profit allocation						10 120	(10 120)	0
Dividends							(12 098)	(12 098)
Acquisition of own shares			(8 241)					(8 241)
Revaluation of fixed assets								0
Depreciation of revaluated part					(51)		51	0
Net profit for 2010							23 734	23 734
As at 31 December 2010	54 205	27 246	(14 349)	5 420	15 093	16 370	43 058	147 043
As at 1 January 2011	54 205	27 246	(14 349)	5 420	15 093	16 370	43 058	147 043
Profit allocation								0
Dividends								0
Acquisition of own shares			(86)					(86)
Revaluation of fixed assets								0
Depreciation of revaluated part					(279)		279	0
Net profit for 2011							6 679	6 679
As at 31 March 2011	54 205	27 246	(14 435)	5 420	14 814	16 370	50 016	153 636



## 5. Notes to the 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

<b>Ratios</b>	<b>2011.01.01 - 2011.03.31</b>	<b>2010.01.01 - 2010.03.31</b>
Sales, Thousand Lit	165 302	124 392
Gross profit, Thousand Lit	32 861	17 647
EBITDA, Thousand Lit	17 052	6 169
Current ratio (at the end of period)	1,1	0,8
Book value per share (at the end of period), LTL	2,83	2,65
Net profit per share	0,12	-0,10

### 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>2011.03.31</b>	<b>2010.12.31</b>
Raw materials	19 925	17 140
Stored production	40 182	43 027
Goods for resale	260	155
<b>Total:</b>	<b>60 367</b>	<b>60 322</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>2011.01.01 - 2011.03.31</b>	<b>2010.01.01 - 2010.03.31</b>
Lithuania	77 794	70 594
Russia	64 885	30 557
EU, other countries	22 623	23 241
<b>Total:</b>	<b>165 302</b>	<b>124 392</b>

**Post balance sheet events**

There were no significant events after the balance sheet date.