# Pieno Žvaigždės, AB Confirmation of the Management

Vilnius, November 2012

#### Financial statements for the 9 months 2012

We, Aleksandr Smagin, Chief Executive Officer and Audrius Statulevičius, Chief Financial Officer, hereby confirm that, to the best of our knowledge, Interim Financial Statements of the nine months of 2012 prepared in accordance with IFRS, give true and fair view of the assets, liabilities, financial position, profit or loss and cash flows of AB "Pieno žvaigždės".

Pieno Žvaigždės, AB CEO Aleksandr Smagin

Pieno Žvaigždės, AB CFO Audrius Statulevičius

# PIENO ŽVAIGŽDĖS, AB

# INTERIM FINANCIAL STATEMENTS For the 9 months 2012

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## Prepared according to IFRS, not audited

## 1. Balance sheet

Assets       Property, plant and equipment Intangible assets       190 226       181 166 181 166 181 166 181 166 181 181	Thousand Litas	2012.09.30	2011.12.31
Property, plant and equipment Intangible assets         190 226         181 166           Intangible assets         745         899           Investments available for sale         275         276           Long-term receivables         730         126           Deferred tax			
Intangible assets         745         899           Investments available for sale         275         276           Long-term receivables         730         126           Deferred tax         191976         182 467           Total non-current assets         191976         182 467           Inventories         66 016         75 725           Receivables         79 598         73 238           Cash and cash equivalents         8 113         1973           Total current assets         153 727         150 936           Total assets         345 703         333 403           Equity         Share capital         49 634         54 205           Share premium         27 246         27 246           Own shares         - (14 435)         36 819           Reserves         31 603         36 819           Retained earnings         28 496         43 997           Total equity         136 979         147 832           Liabilities         3 471         4 422           Interest-bearing loans and borrowings         119 908         92 078           Deferred tax         1 478         1478           Total non-current liabilities         124 857         97 978 <td>Assets</td> <td></td> <td></td>	Assets		
Investments available for sale   275   276   200   2	Property, plant and equipment	190 226	181 166
Long-term receivables       730       126         Deferred tax       191976       182 467         Total non-current assets       191976       182 467         Inventories       66 016       75 725         Receivables       79 598       73 238         Cash and cash equivalents       8 113       1 973         Total current assets       153 727       150 936         Total assets       49 634       54 205         Share capital       49 634       54 205         Share premium       27 246       27 246         Own shares       -       (14 435)         Reserves       31 603       36 819         Retained earnings       28 496       43 997         Total equity       136 979       147 832         Liabilities       3 471       4 422         Interest-bearing loans and borrowings       119 908       92 078         Deferred tax       1 478       1 478         Total non-current liabilities       124 857       97 978         Provisions       -       -         Interest-bearing loans and borrowings       18 263       28 578         Interest-bearing loans and borrowings       18 263       28 578	Intangible assets	745	899
Deferred tax   191 976   182 467	Investments available for sale	275	276
Total non-current assets         191 976         182 467           Inventories         66 016         75 725           Receivables         79 598         73 238           Cash and cash equivalents         8 113         1 973           Total current assets         153 727         150 936           Total assets         345 703         333 403           Equity         Share capital         49 634         54 205           Share premium         27 246         27 246           Own shares         -         (14 435)           Reserves         31 603         36 819           Retained earnings         28 496         43 997           Total equity         136 979         147 832           Liabilities         3 471         4 422           Interest-bearing loans and borrowings         119 908         92 078           Deferred tax         1 478         1 478           Total non-current liabilities         124 857         97 978           Provisions         -         -           Interest-bearing loans and borrowings         18 263         28 578           Income tax payable         4 884         1 402           Trade and other amounts payable         60 720	_	730	126
Inventories         66 016         75 725           Receivables         79 598         73 238           Cash and cash equivalents         8 113         1 973           Total current assets         153 727         150 936           Total assets         345 703         333 403           Equity         Share capital         49 634         54 205           Share premium         27 246         27 246           Own shares         - (14 435)           Reserves         31 603         36 819           Retained earnings         28 496         43 997           Total equity         136 979         147 832           Liabilities         3 471         4 422           Interest-bearing loans and borrowings         119 908         92 078           Deferred tax         1 478         1 478           Total non-current liabilities         124 857         97 978           Provisions         -         -           Interest-bearing loans and borrowings         18 263         28 578           Income tax payable         4 884         1 402           Trade and other amounts payable         60 720         57 613           Total current liabilities         83 867         87 593 <td>Deferred tax</td> <td></td> <td></td>	Deferred tax		
Receivables         79 598         73 238           Cash and cash equivalents         8 113         1 973           Total current assets         153 727         150 936           Total assets         345 703         333 403           Equity         Share capital         49 634         54 205           Share premium         27 246         27 246           Own shares         - (14 435)         36 819           Reserves         31 603         36 819           Retained earnings         28 496         43 997           Total equity         136 979         147 832           Liabilities         3 471         4 422           Interest-bearing loans and borrowings         119 908         92 078           Deferred tax         1 478         1 478           Total non-current liabilities         124 857         97 978           Provisions         -         -           Interest-bearing loans and borrowings         18 263         28 578           Income tax payable         4 884         1 402           Trade and other amounts payable         60 720         57 613           Total current liabilities         83 867         87 593           Total liabilities         208	Total non-current assets	191 976	182 467
Cash and cash equivalents         8 113         1 973           Total current assets         153 727         150 936           Total assets         345 703         333 403           Equity         Share capital         49 634         54 205           Share premium         27 246         27 246           Own shares         -         (14 435)           Reserves         31 603         36 819           Retained earnings         28 496         43 997           Total equity         136 979         147 832           Liabilities         3 471         4 422           Interest-bearing loans and borrowings         119 908         92 078           Deferred tax         1 478         1 478           Total non-current liabilities         124 857         97 978           Provisions         -         -           Interest-bearing loans and borrowings         18 263         28 578           Income tax payable         4 884         1 402           Trade and other amounts payable         60 720         57 613           Total current liabilities         83 867         87 593           Total liabilities         208 724         185 571	Inventories	66 016	75 725
Total current assets         153 727         150 936           Total assets         345 703         333 403           Equity         Share capital         49 634         54 205           Share premium         27 246         27 246           Own shares         -         (14 435)           Reserves         31 603         36 819           Retained earnings         28 496         43 997           Total equity         136 979         147 832           Liabilities         Sovernment grants         3 471         4 422           Interest-bearing loans and borrowings         119 908         92 078           Deferred tax         1 478         1 478           Total non-current liabilities         124 857         97 978           Provisions         -         -           Income tax payable         4 884         1 402           Trade and other amounts payable         484         1 402           Total current liabilities         83 867         87 593           Total liabilities         208 724         185 571	Receivables	79 598	73 238
Total assets         345 703         333 403           Equity         Share capital         49 634         54 205           Share premium         27 246         27 246           Own shares         -         (14 435)           Reserves         31 603         36 819           Retained earnings         28 496         43 997           Total equity         136 979         147 832           Liabilities         3 471         4 422           Interest-bearing loans and borrowings         119 908         92 078           Deferred tax         1 478         1 478           Total non-current liabilities         124 857         97 978           Provisions         -         -           Interest-bearing loans and borrowings         18 263         28 578           Income tax payable         4 884         1 402           Trade and other amounts payable         60 720         57 613           Total current liabilities         83 867         87 593           Total liabilities         208 724         185 571	Cash and cash equivalents	8 113	1 973
Equity       49 634       54 205         Share capital       49 634       54 205         Share premium       27 246       27 246         Own shares       - (14 435)         Reserves       31 603       36 819         Retained earnings       28 496       43 997         Total equity       136 979       147 832         Liabilities       Sovernment grants       3 471       4 422         Interest-bearing loans and borrowings       119 908       92 078         Deferred tax       1 478       1 478         Total non-current liabilities       124 857       97 978         Provisions       -       -         Income tax payable       4 884       1 402         Trade and other amounts payable       60 720       57 613         Total current liabilities       83 867       87 593         Total liabilities       208 724       185 571	Total current assets	153 727	150 936
Share capital       49 634       54 205         Share premium       27 246       27 246         Own shares       -       (14 435)         Reserves       31 603       36 819         Retained earnings       28 496       43 997         Total equity       136 979       147 832         Liabilities       Sovernment grants       3 471       4 422         Interest-bearing loans and borrowings       119 908       92 078         Deferred tax       1 478       1 478         Total non-current liabilities       124 857       97 978         Provisions       -       -         Interest-bearing loans and borrowings       18 263       28 578         Income tax payable       4 884       1 402         Trade and other amounts payable       60 720       57 613         Total current liabilities       83 867       87 593         Total liabilities       208 724       185 571	Total assets	345 703	333 403
Share capital       49 634       54 205         Share premium       27 246       27 246         Own shares       -       (14 435)         Reserves       31 603       36 819         Retained earnings       28 496       43 997         Total equity       136 979       147 832         Liabilities       Sovernment grants       3 471       4 422         Interest-bearing loans and borrowings       119 908       92 078         Deferred tax       1 478       1 478         Total non-current liabilities       124 857       97 978         Provisions       -       -         Interest-bearing loans and borrowings       18 263       28 578         Income tax payable       4 884       1 402         Trade and other amounts payable       60 720       57 613         Total current liabilities       83 867       87 593         Total liabilities       208 724       185 571	Equity		
Share premium       27 246       27 246         Own shares       -       (14 435)         Reserves       31 603       36 819         Retained earnings       28 496       43 997         Total equity       136 979       147 832         Liabilities       Second of the property of the		49 634	54 205
Reserves       31 603       36 819         Retained earnings       28 496       43 997         Total equity       136 979       147 832         Liabilities       Second of the properties of the proper		27 246	27 246
Reserves       31 603       36 819         Retained earnings       28 496       43 997         Total equity       136 979       147 832         Liabilities       Sovernment grants         Government grants       3 471       4 422         Interest-bearing loans and borrowings       119 908       92 078         Deferred tax       1 478       1 478         Total non-current liabilities       124 857       97 978         Provisions       -       -         Interest-bearing loans and borrowings       18 263       28 578         Income tax payable       4 884       1 402         Trade and other amounts payable       60 720       57 613         Total current liabilities       83 867       87 593         Total liabilities       208 724       185 571	·	_	(14 435)
Total equity         136 979         147 832           Liabilities         Sovernment grants         3 471         4 422           Interest-bearing loans and borrowings         119 908         92 078           Deferred tax         1 478         1 478           Total non-current liabilities         124 857         97 978           Provisions         -         -           Interest-bearing loans and borrowings         18 263         28 578           Income tax payable         4 884         1 402           Trade and other amounts payable         60 720         57 613           Total current liabilities         83 867         87 593           Total liabilities         208 724         185 571	Reserves	31 603	36 819
Liabilities         Government grants       3 471       4 422         Interest-bearing loans and borrowings       119 908       92 078         Deferred tax       1 478       1 478         Total non-current liabilities       124 857       97 978         Provisions       -       -         Interest-bearing loans and borrowings       18 263       28 578         Income tax payable       4 884       1 402         Trade and other amounts payable       60 720       57 613         Total current liabilities       83 867       87 593         Total liabilities       208 724       185 571	Retained earnings	28 496	43 997
Government grants       3 471       4 422         Interest-bearing loans and borrowings       119 908       92 078         Deferred tax       1 478       1 478         Total non-current liabilities       124 857       97 978         Provisions       -       -         Interest-bearing loans and borrowings       18 263       28 578         Income tax payable       4 884       1 402         Trade and other amounts payable       60 720       57 613         Total current liabilities       83 867       87 593         Total liabilities       208 724       185 571	Total equity	136 979	147 832
Interest-bearing loans and borrowings       119 908       92 078         Deferred tax       1 478       1 478         Total non-current liabilities       124 857       97 978         Provisions       -       -         Interest-bearing loans and borrowings       18 263       28 578         Income tax payable       4 884       1 402         Trade and other amounts payable       60 720       57 613         Total current liabilities       83 867       87 593         Total liabilities       208 724       185 571	Liabilities		
Interest-bearing loans and borrowings       119 908       92 078         Deferred tax       1 478       1 478         Total non-current liabilities       124 857       97 978         Provisions       -       -         Interest-bearing loans and borrowings       18 263       28 578         Income tax payable       4 884       1 402         Trade and other amounts payable       60 720       57 613         Total current liabilities       83 867       87 593         Total liabilities       208 724       185 571	Government grants	3 471	4 422
Deferred tax         1 478         1 478           Total non-current liabilities         124 857         97 978           Provisions         -         -           Interest-bearing loans and borrowings         18 263         28 578           Income tax payable         4 884         1 402           Trade and other amounts payable         60 720         57 613           Total current liabilities         83 867         87 593           Total liabilities         208 724         185 571	Interest-bearing loans and borrowings	119 908	92 078
Provisions         -         -           Interest-bearing loans and borrowings         18 263         28 578           Income tax payable         4 884         1 402           Trade and other amounts payable         60 720         57 613           Total current liabilities         83 867         87 593           Total liabilities         208 724         185 571	Deferred tax	1 478	1 478
Interest-bearing loans and borrowings       18 263       28 578         Income tax payable       4 884       1 402         Trade and other amounts payable       60 720       57 613         Total current liabilities       83 867       87 593         Total liabilities       208 724       185 571	Total non-current liabilities	124 857	97 978
Interest-bearing loans and borrowings       18 263       28 578         Income tax payable       4 884       1 402         Trade and other amounts payable       60 720       57 613         Total current liabilities       83 867       87 593         Total liabilities       208 724       185 571	Provisions	_	
Income tax payable       4 884       1 402         Trade and other amounts payable       60 720       57 613         Total current liabilities       83 867       87 593         Total liabilities       208 724       185 571		18 263	28 578
Trade and other amounts payable       60 720       57 613         Total current liabilities       83 867       87 593         Total liabilities       208 724       185 571			
Total current liabilities         83 867         87 593           Total liabilities         208 724         185 571	• •		
<b>Total liabilities</b> 208 724 185 571	• •		
Total equity and liabilities 345 703 333 403	Total liabilities		
	Total equity and liabilities	345 703	333 403

#### 2. Income statement

Thousand Litas	2012.01.01 - 2012.09.30	2011.01.01 - 2011.09.30
Revenue	566 979	524 359
Cost of sales	(461 976)	(425 518)
Gross profit	105 003	98 841
Other operating income, net	464	242
Sales and administrative expenses	(77 980)	(72 318)
Operating profit before finance costs	27 487	26 765
Finance income	147	158
Finance expenses	(4 421)	(3 198)
Finance income/expenses, net	(4 274)	(3 040)
Profit before tax	23 213	23 725
Corporate income tax	(3 482)	(3 559)
Profit for the year	19 731	20 166
Earnings per share (Litas)	0,40	0,37
Thousand Litas	2012.07.01 - 2012.09.30	2011.07.01 - 2011.09.30
	2012.09.30	2011.09.30
Thousand Litas  Revenue Cost of sales	<b>2012.09.30</b> 206 066	<b>2011.09.30</b> 187 139
Revenue	2012.09.30	2011.09.30
Revenue Cost of sales Gross profit	2012.09.30 206 066 (162 623)	2011.09.30 187 139 (151 779)
Revenue Cost of sales	2012.09.30 206 066 (162 623) 43 443	2011.09.30 187 139 (151 779) 35 360
Revenue Cost of sales Gross profit Other operating income, net	2012.09.30 206 066 (162 623) 43 443 73	2011.09.30 187 139 (151 779) 35 360 70
Revenue Cost of sales Gross profit  Other operating income, net Sales and administrative expenses Operating profit before finance costs	2012.09.30  206 066 (162 623)  43 443  73 (25 677)	2011.09.30 187 139 (151 779) 35 360 70 (23 591)
Revenue Cost of sales Gross profit Other operating income, net Sales and administrative expenses	2012.09.30  206 066 (162 623)  43 443  73 (25 677)  17 839	2011.09.30 187 139 (151 779) 35 360 70 (23 591) 11 839
Revenue Cost of sales Gross profit  Other operating income, net Sales and administrative expenses Operating profit before finance costs  Finance income	2012.09.30  206 066 (162 623)  43 443  73 (25 677)  17 839	2011.09.30 187 139 (151 779) 35 360 70 (23 591) 11 839
Revenue Cost of sales Gross profit  Other operating income, net Sales and administrative expenses Operating profit before finance costs  Finance income Finance expenses	2012.09.30  206 066 (162 623)  43 443  73 (25 677)  17 839  36 (2 458)	2011.09.30  187 139 (151 779) 35 360  70 (23 591) 11 839  79 (1 197)
Revenue Cost of sales Gross profit  Other operating income, net Sales and administrative expenses Operating profit before finance costs  Finance income Finance expenses Finance income/expenses, net	2012.09.30  206 066 (162 623)  43 443  73 (25 677)  17 839  36 (2 458) (2 422)	2011.09.30  187 139 (151 779) 35 360  70 (23 591) 11 839  79 (1 197) (1 118)
Revenue Cost of sales Gross profit  Other operating income, net Sales and administrative expenses Operating profit before finance costs  Finance income Finance expenses Finance income/expenses, net  Profit before tax	2012.09.30  206 066 (162 623)  43 443  73 (25 677)  17 839  36 (2 458) (2 422)  15 417	2011.09.30  187 139 (151 779) 35 360  70 (23 591) 11 839  79 (1 197) (1 118)

#### 3. Cash flows statement

Thousand Litas	2012.09.30	2011.09.30
Cash flows from operating activities  Net profit	19.731	20.166
Adjustments:	15.751	20.100
Depreciation and amortisation	24.153	25.000
Amortisation of government grants	(951)	(776)
Result of disposal of property, plant and equipment	62	91
Change in vacation reserve	(115)	31
Interest income/expenses, net	2.822	3.090
Income tax	3.482	3.560
Cash flows from ordinary activities before changes in the working capital	49.184	51.162
the working capital		
Change in inventories	9.709	(10.822)
Change in receivables	(6.964)	(9.115)
Change in trade and other payable amounts	5.251	3.036
Cash flows from operating activities	57.180	34.261
Interest paid	(2.822)	(3.090)
Income tax paid	(1.934)	(2.474)
Net cash flow from operating activities	52.424	28.697
Cash flows from investing activities	(	/
Acquisition of property, plant and equipment	(33.167)	(16.179)
Acquisition of intangible assets	(50)	(48)
Proceeds on sale of property, plant and equipment Interest received	- (22 217)	145 (16.082)
Net cash flow used in investing activities	(33.217)	(16.179)
Net tash now used in investing activities	(55.107)	(10.173)
Cash flows from financing activities		
Loans received	35.594	108.068
Repayment of borrowings	(18.078)	(75.353)
Issue (redemption) of shares	(5.766)	(86)
Dividends paid	(24.817)	(24.812)
Payment of finance lease liabilities	-	(20.077)
Government grants received	-	632
Net cash from/(used in) financing activities	(13.067)	(11.628)
Change in cash and cash equivalents	6.140	987
Beginning cash	1.973	3.582
Ending cash	8.113	4.569

# 4. Statement on changes in equity

As at 1 January 2011	000 LTL	Share capital	Share premiu m	Own shares	Compul sory reserve	Revalua tion reserve	Other reserve s	Retained earnings	Total equity
Dividends	As at 1 January 2011	54 205	27 246	(14 349)	5 420	15 093	16 370	43 058	147 043
Shares   (86)	Profit allocation Dividends			· ·			1 050		
Depreciation of revaluated part (836) 836 0 Net profit for 2011 As at 30 September 2011  As at 1 October 2011  As at 1 October 2011  Figure 1	shares			( 86)					( 86)
Revaluated part   Net profit for 2011   S4 205   27 246   (14 435)   S 420   14 257   17 420   38 200   142 313     As at 1 October 2011   S4 205   27 246   (14 435)   S 420   14 257   17 420   38 200   142 313     Profit allocation   Dividends   S 20 20 20 20 20 20 20 20 20 20 20 20 20									0
Net profit for 2011						( 836)		836	0
As at 1 October 2011	Net profit for 2011							20 166	20 166
Profit allocation  Dividends  Acquisition of own shares  Revaluation of fixed assets  Depreciation of revaluated part  Net profit for 2011  As at 31 December 2011  As at 31 January 2012  Profit allocation  Dividends  As at 1 January 2012  As at 1 January 2012  Profit allocation  Dividends  Acquisition of own shares  (5 766)  Revaluation of fixed assets  0  (279)  279  279  0  279  0  279  13 978  17 420  43 998  147 832  147 832  147 832  15 4205  15 4205  16 12 500  17 420  18 978  18 17 420  18 978  18 17 420  18 978  18 17 420  18 978  18 17 420  18 978  18 17 420  18 978  18 17 420  18 978  18 17 420  18 978  18 17 420  18 978  18 978  19 98  19 98  19 98  19 98  10 98	As at 30 September 2011	54 205	27 246	(14 435)	5 420	14 257	17 420	38 200	142 313
Profit allocation  Dividends  Acquisition of own shares  Revaluation of fixed assets  Depreciation of revaluated part  Net profit for 2011  As at 31 December 2011  As at 31 January 2012  Profit allocation  Dividends  As at 1 January 2012  As at 1 January 2012  Profit allocation  Dividends  Acquisition of own shares  (5 766)  Revaluation of fixed assets  0  10  11 250  12 48 17)  13 978  14 43 998  14 43 998  14 43 998  14 83 19 10  15 4 20 10  16 5 4 20 10  17 4 20  18 9 10									
Dividends Acquisition of own shares Revaluation of fixed assets Depreciation of revaluated part Net profit for 2011 As at 31 December 2011  As at 1 January 2012 Profit allocation Dividends Acquisition of own shares Revaluation of fixed assets  As at 1 January 2012 Profit allocation Dividends Acquisition of own shares Revaluation of fixed assets  Dividends Acquisition of fixed assets  Dividends Acquisition of fixed assets  Dividends Acquisition of fixed assets	As at 1 October 2011	54 205	27 246	(14 435)	5 420	14 257	17 420	38 200	142 313
Acquisition of own shares 0 0 Revaluation of fixed assets 0 0 Depreciation of revaluated part Net profit for 2011 54 205 27 246 (14 435) 5 420 13 978 17 420 43 998 147 832 Profit allocation Dividends 12 12 12 12 12 13 13 12 12 13 13 13 13 13 13 13 13 13 13 13 13 13									
Shares Revaluation of fixed assets Depreciation of revaluated part Net profit for 2011 As at 31 December 2011  As at 31 January 2012 Profit allocation Dividends Acquisition of own shares Revaluation of fixed assets  0 (279) 279 0 5 519 5 519 5 519 5 519 5 520 13 978 17 420 43 998 147 832 11 250 (11 250) 0 Dividends Acquisition of own shares Revaluation of fixed assets									0
As at 1 January 2012	•								0
Depreciation of revaluated part Net profit for 2011 As at 31 December 2011  As at 1 January 2012  Profit allocation Dividends Acquisition of own shares Revaluation of fixed assets  (279)  279 0 5519 5519 5519 5519  17 420 43 998 147 832  17 420 43 998 147 832  11 250 (24 817) (24 817) (24 817) (5 766)									0
revaluated part       (279)       279       0         Net profit for 2011       5519       5519       5519         As at 31 December 2011       54 205       27 246       (14 435)       5 420       13 978       17 420       43 998       147 832         As at 1 January 2012       54 205       27 246       (14 435)       5 420       13 978       17 420       43 998       147 832         Profit allocation       11 250       (11 250)       0       0         Dividends       (24 817)       (24 817)       (24 817)         Acquisition of own shares       (5 766)       (5 766)       (5 766)         Revaluation of fixed assets       0									Ü
As at 31 December 2011	· · · · · · · · · · · · · · · · · · ·					( 279)		279	0
As at 1 January 2012	·								5 519
Profit allocation       11 250       (11 250)       0         Dividends       (24 817)       (24 817)       (24 817)         Acquisition of own shares       (5 766)       (5 766)       (5 766)         Revaluation of fixed assets       0       0	As at 31 December 2011	54 205	27 246	(14 435)	5 420	13 978	17 420	43 998	147 832
Profit allocation       11 250       (11 250)       0         Dividends       (24 817)       (24 817)       (24 817)         Acquisition of own shares       (5 766)       (5 766)       (5 766)         Revaluation of fixed assets       0       0									
Dividends (24 817) (24 817)  Acquisition of own shares (5 766) (5 766)  Revaluation of fixed assets 0	As at 1 January 2012	54 205	27 246	(14 435)	5 420	13 978	17 420	43 998	147 832
Acquisition of own shares (5 766) (5 766) Revaluation of fixed assets 0							11 250		0
shares (5 766) (5 766) Revaluation of fixed assets 0								(24 817)	(24 817)
Revaluation of fixed assets 0	•			(5.766)					(5.766)
				(3 700)					(3 700)
Depresiation of	assets								0
·	Depreciation of					( 627)		007	•
revaluated part (837) 837 0  Net profit for 2012 19 730 19 730						(837)			_
As at 30 September 2012 54 205 27 246 (20 201) 5 420 13 141 28 670 28 498 136 979	· ·	54 205	27 246	(20 201)	5 420	13 141	28 670		

#### 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

Ratios	2012.01.01 - 2012.09.30	2011.01.01 - 2011.09.30
Sales, Thousand Litas	566 979	524 359
Gross profit, Thousand Litas	105 003	98 941
EBITDA, Thousand Litas	50 689	50 988
Current ratio (at the end of period)	1,83	1,74
Book value per share (at the end of period), LTL	2,76	2,63
Net profit per share	0,40	0,37

Ratios	2012.07.01 - 2012.09.30	2011.07.01 - 2011.09.30
Sales, Thousand Litas	206 066	187 139
Gross profit, Thousand Litas	43 443	35 360
EBITDA, Thousand Litas	25 582	19 904
Current ratio (at the end of period)	1,83	1,74
Book value per share (at the end of period), LTL	2,76	2,63
Net profit per share	0,26	0,17

#### **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	2012.09.30	2011.12.31
Raw materials	18 583	18 114
Stored production	46 324	57 356
Goods for resale	1 109	255
Total:	66 016	75 725

#### **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	2012.01.01 - 2012.09.30	2011.01.01 - 2011.09.30
Lithuania	253 477	242 860
Other EU countries	78 493	64 260
Other non EU countries	235 009	217 419
Total:	566 979	524 539

Sales, Thousand Litas	2012.07.01 - 2012.09.30	2011.07.01 - 2011.09.30
Lithuania	86 560	82 381
Other EU countries	34 250	25 555
Other non EU countries	85 256	79 383
Total:	206 066	187 139

#### Post balance sheet events

There were no significant events after the balance sheet date.