



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

2010 11 30
Vilnius

Interim Financial Statements for the nine months 2010

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

VILNIUS, NOVEMBER 2010



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Financial statements prepared according IFRS, not audited

1. Statement of financial position

Thousand Lit	2010.09.30	2009.12.31
Assets		
Property, plant and equipment	195 879	218 337
Intangible assets	1 293	895
Investments available for sale	275	275
Long-term receivables	1 146	1 001
Deferred tax		
Total non-current assets	198 593	220 508
Inventories	52 413	39 239
Receivables	61 527	69 339
Cash and cash equivalents	3 828	6 136
Total current assets	117 768	114 714
Total assets	316 361	335 222
Equity		
Share capital	54 205	54 205
Share premium	27 246	27 246
Own shares	(12 108)	(6 108)
Reserves	36 378	27 093
Retained earnings	34 908	46 376
Total equity	140 629	148 812
Liabilities		
Government grants	5 121	3 394
Interest-bearing loans and borrowings	59 072	32 311
Deferred tax	2 160	2 160
Total non-current liabilities	66 353	37 865
Provisions	-	-
Interest-bearing loans and borrowings	43 259	95 451
Income tax payable	2 165	4 384
Trade and other amounts payable	63 955	48 710
Total current liabilities	109 379	148 545
Total liabilities	175 732	186 410
Total equity and liabilities	316 361	335 222

**2. Statement of comprehensive income**

Thousand Lit	2010.01.01 - 2010.09.30	2009.01.01 - 2009.09.30
Revenue	453 630	460 984
Cost of sales	(367 466)	(366 241)
Gross profit	86 164	94 743
Other operating income, net	380	378
Sales and administrative expenses	(72 252)	(76 132)
Operating profit before finance costs	14 292	18 989
Finance income	304	795
Finance expenses	(2 662)	(6 671)
Finance income/expenses, net	(2 358)	(5 876)
Profit before tax	11 934	13 113
Corporate income tax	(2 165)	(3 200)
Profit for the year	9 769	9 913
Earnings per share (Litas)	0,18	0,18

Thousand Lit	2010.07.01 - 2010.09.30	2009.07.01 - 2009.09.30
Revenue	180 204	161 093
Cost of sales	(139 701)	(129 606)
Gross profit	40 503	31 487
Other operating income, net	58	114
Sales and administrative expenses	(27 093)	(25 739)
Operating profit before finance costs	13 468	5 862
Finance income	38	179
Finance expenses	(861)	(1 713)
Finance income/expenses, net	(823)	(1 534)
Profit before tax	12 645	4 328
Corporate income tax	(2 107)	(1 036)
Profit for the year	10 538	3 292
Earnings per share (Litas)	0,19	0,06



3. Cash flows statement

Thousand Lit	2010.09.30	2009.09.30
Cash flows from operating activities		
Net profit	9 769	9 913
Adjustments:		
Depreciation and amortisation	30 205	31 865
Amortisation of government grants	(522)	(338)
Result of disposal of property, plant and equipment	748	152
Change in vacation reserve		
Change in impairment loss of inventories	-	2 034
Interest income/expenses, net	2 191	5 614
Cash flows from ordinary activities before changes in the working capital	42 391	49 240
Change in inventories	(13 174)	21 621
Change in receivables	8 791	6 212
Change in trade and other payable amounts	15 247	(3 580)
Cash flows from operating activities	53 255	73 493
Interest paid	(2 369)	(6 211)
Income tax paid	(3 343)	(150)
Net cash flow from operating activities	47 543	67 132
Cash flows from investing activities	(8 417)	(24 651)
Acquisition of property, plant and equipment	(652)	(808)
Acquisition of intangible assets	321	956
Proceeds on sale of property, plant and equipment		
Interest received	178	597
Net cash flow used in investing activities	(8 570)	(23 906)
Cash flows from financing activities		
Loans received	18 135	10 255
Repayment of borrowings	(31 379)	(34 192)
Issue (redemption) of shares	(6 000)	(2 000)
Dividends paid	(12 098)	(5 917)
Payment of finance lease liabilities	(12 187)	(12 269)
Government grants received	2 248	1 128
Net cash from/(used in) financing activities	(41 281)	(42 995)
Change in cash and cash equivalents	(2 308)	231
Beginning cash	6 136	1 907
Ending cash	3 828	2 138



4. Statement on changes in equity

000 LTL	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						(550)	550	0
Dividends							(5 917)	(5 917)
Acquisition of own shares			(2 000)					(2 000)
Revaluation of fixed assets					(836)		836	
Depreciation of revaluated part								
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								
Dividends								
Acquisition of own shares								
Revaluation of fixed assets					(279)		279	
Depreciation of revaluated part								
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
As at 1 January 2010	54 205	27 246	(6 108)	5 420	15 423	6 250	46 376	148 812
Profit allocation						10 120	(9 975)	145
Dividends							(12 098)	(12 098)
Acquisition of own shares			(6 000)					(6 000)
Revaluation of fixed assets								
Depreciation of revaluated part					(836)		836	
Net profit for 2010							9 769	9 769
As at 30 September 2010	54 205	27 246	(12 108)	5 420	14 587	16 370	34 908	140 628



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	2010.01.01 - 2010.09.30	2009.01.01 - 2009.09.30
Sales, Thousand Litas	453 630	460 984
Gross profit, Thousand Litas	86 164	94 743
EBITDA, Thousand Litas	43 975	50 515
Current ratio (at the end of period)	1,08	1,02
Book value per share (at the end of period), LTL	2,59	2,66
Net profit per share	0,18	0,18

Ratios	2010.07.01 - 2010.09.30	2009.07.01 - 2009.09.30
Sales, Thousand Litas	180 204	161 093
Gross profit, Thousand Litas	40 503	31 487
EBITDA, Thousand Litas	23 148	16 222
Current ratio (at the end of period)	1,08	1,02
Book value per share (at the end of period), LTL	2,59	2,66
Net profit per share	0,19	0,06



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

	2010.09.30	2009.12.31
Raw materials	16 618	14 298
Stored production	35 703	24 775
Goods for resale	92	166
Total:	52 413	39 239

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

	2010.01.01 - 2010.09.30	2009.01.01 - 2009.09.30
Lithuania	229 335	233 281
Russia	161 273	158 580
EU, other countries	63 022	69 123
Total:	453 630	460 984

**Sales, Thousand Lit**

	2010.07.01 - 2010.09.30	2009.07.01 - 2009.09.30
Lithuania	82 839	83 643
Russia	77 659	45 182
EU, other countries	19 706	32 368
Total:	180 204	161 093

Post balance sheet events

There were no significant events after the balance sheet date.