



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

2011 11 29  
Vilnius

**Interim Financial Statements for the nine months 2011**

We hereby confirm that to the best of our knowledge, the attached not audited Pieno žvaigždės, AB Interim Financial Statements for the nine 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 NINE MONTHS OF 2011**

**VILNIUS, NOVEMBER 2011**



**TABLE OF CONTENT**

1. Statement of financial position.....	3
2. Statement of comprehensive income .....	4
3. Cash flows statement .....	5
4. Statement on changes in equity.....	6
5. Notes to the financial statements.....	7



Financial statements prepared according IFRS, not audited

## 1. Statement of financial position

Thousand Lit	2011.09.30	2010.12.31
<b>Assets</b>		
Property, plant and equipment	182 972	191 762
Intangible assets	983	1 199
Investments available for sale	275	275
Long-term receivables	388	1 108
Deferred tax		
<b>Total non-current assets</b>	<b>184 618</b>	<b>194 344</b>
Inventories	71 143	60 322
Receivables	79 896	67 587
Cash and cash equivalents	4 569	3 582
<b>Total current assets</b>	<b>155 608</b>	<b>131 491</b>
<b>Total assets</b>	<b>340 226</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	37 098	36 884
Retained earnings	38 209	43 058
<b>Total equity</b>	<b>142 323</b>	<b>147 044</b>
<b>Liabilities</b>		
Government grants	4 715	4 859
Interest-bearing loans and borrowings	101 785	41 610
Deferred tax	2 010	2 010
<b>Total non-current liabilities</b>	<b>108 510</b>	<b>48 479</b>
Provisions	-	-
Interest-bearing loans and borrowings	24 054	71 591
Income tax payable	3 560	2 368
Trade and other amounts payable	61 779	56 353
<b>Total current liabilities</b>	<b>89 393</b>	<b>130 312</b>
<b>Total liabilities</b>	<b>197 903</b>	<b>178 791</b>
<b>Total equity and liabilities</b>	<b>340 226</b>	<b>325 835</b>

**2. Statement of comprehensive income**

Thousand Litas	2011.01.01 - 2011.09.30	2010.01.01 - 2010.09.30
Revenue	524 359	453 630
Cost of sales	(425 518)	(367 466)
<b>Gross profit</b>	98 841	86 164
Other operating income, net	242	380
Sales and administrative expenses	(72 318)	(72 252)
<b>Operating profit before finance costs</b>	26 765	14 292
Finance income	158	304
Finance expenses	(3 198)	(2 662)
<b>Finance income/expenses, net</b>	(3 040)	(2 358)
<b>Profit before tax</b>	23 725	11 934
Corporate income tax	(3 559)	(2 165)
<b>Profit for the year</b>	20 166	9 769
Earnings per share (Litas)	0,37	0,18

Thousand Litas	2011.07.01 - 2011.09.30	2010.07.01 - 2010.09.30
Revenue	187 139	180 204
Cost of sales	(151 779)	(139 701)
<b>Gross profit</b>	35 360	40 503
Other operating income, net	70	58
Sales and administrative expenses	(23 591)	(27 093)
<b>Operating profit before finance costs</b>	11 839	13 468
Finance income	79	38
Finance expenses	(1 197)	( 861)
<b>Finance income/expenses, net</b>	(1 118)	( 823)
<b>Profit before tax</b>	10 721	12 645
Corporate income tax	(1 608)	(2 107)
<b>Profit for the year</b>	9 113	10 538
Earnings per share (Litas)	0,17	0,19



### 3. Cash flows statement

Thousand Lit	2011.09.30	2010.09.30
<b>Cash flows from operating activities</b>		
Net profit	20.166	9.769
Depreciation and amortisation	25.000	30.205
Amortisation of government grants	(776)	(522)
Result of disposal of property, plant and equipment	91	748
Change in vacation reserve	31	
Income tax	3.560	
Interest income/expenses, net	3.090	2.191
<b>Cash flows from ordinary activities before changes in the working capital</b>	<b>51.162</b>	<b>42.391</b>
Change in inventories	(10.822)	(13.174)
Change in receivables	(9.115)	8.791
Change in trade and other payable amounts	3.036	15.247
<b>Cash flows from operating activities</b>	<b>34.261</b>	<b>53.255</b>
Interest paid	(3.090)	(2.369)
Income tax paid	(2.474)	(3.343)
<b>Net cash flow from operating activities</b>	<b>28.697</b>	<b>47.543</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(16.179)	(8.417)
Acquisition of intangible assets	(48)	(652)
Proceeds on sale of property, plant and equipment	145	321
<b>Net cash flow used in investing activities</b>	<b>(16.082)</b>	<b>(8.570)</b>
<b>Cash flows from financing activities</b>		
Loans received	108.068	18.135
Repayment of borrowings	(75.353)	(31.379)
Issue (redemption) of shares	(86)	(6.000)
Dividends paid	(24.812)	(12.098)
Payment of finance lease liabilities	(20.077)	(12.187)
Government grants received	632	2.248
<b>Net cash from/(used in) financing activities</b>	<b>(11.628)</b>	<b>(41.281)</b>
Change in cash and cash equivalents	987	(2.308)
Beginning cash	3.582	6.136
<b>Ending cash</b>	<b>4.569</b>	<b>3.828</b>



## 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 2010	<b>54 205</b>	<b>27 246</b>	<b>(6 108)</b>	<b>5 420</b>	<b>15 423</b>	<b>6 250</b>	<b>46 376</b>	<b>148 812</b>
Profit allocation						10 120	(10 120)	0
Dividends							(12 098)	(12 098)
Acquisition of own shares			(6 000)					(6 000)
Revaluation of fixed assets								0
Depreciation of revaluated part					(247)		247	0
Net profit for 2010							9 769	9 769
As at 30 September 2010	<b>54 205</b>	<b>27 246</b>	<b>(12 108)</b>	<b>5 420</b>	<b>15 176</b>	<b>16 370</b>	<b>34 174</b>	<b>140 483</b>
As at 1 October 2010	<b>54 205</b>	<b>27 246</b>	<b>(12 108)</b>	<b>5 420</b>	<b>15 176</b>	<b>16 370</b>	<b>34 174</b>	<b>140 483</b>
Profit allocation								0
Dividends								0
Acquisition of own shares			(2 241)					(2 241)
Revaluation of fixed assets								0
Depreciation of revaluated part					(83)		83	0
Net profit for 2010							8 802	8 802
As at 31 December 2010	<b>54 205</b>	<b>27 246</b>	<b>(14 349)</b>	<b>5 420</b>	<b>15 093</b>	<b>16 370</b>	<b>43 059</b>	<b>147 044</b>
As at 1 January 2011	<b>54 205</b>	<b>27 246</b>	<b>(14 349)</b>	<b>5 420</b>	<b>15 093</b>	<b>16 370</b>	<b>43 059</b>	<b>147 044</b>
Profit allocation						1 050	(1 050)	0
Dividends							(24 801)	(24 801)
Acquisition of own shares			(86)					(86)
Revaluation of fixed assets								0
Depreciation of revaluated part					(836)		836	0
Net profit for 2011							20 166	20 166
As at 30 September 2011	<b>54 205</b>	<b>27 246</b>	<b>(14 435)</b>	<b>5 420</b>	<b>14 257</b>	<b>17 420</b>	<b>38 210</b>	<b>142 323</b>



## 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 - 2011.09.30</b>	<b>2010.01.01 - 2010.09.30</b>
Sales, Thousand Litas	524 359	453 630
Gross profit, Thousand Litas	98 941	86 164
EBITDA, Thousand Litas	50 988	43 975
Current ratio (at the end of period)	1,74	1,08
Book value per share (at the end of period), LTL	2,63	2,59
Net profit per share	0,37	0,18

<b>Ratios</b>	<b>2011.07.01 - 2011.09.30</b>	<b>2010.07.01 - 2010.09.30</b>
Sales, Thousand Litas	187 139	180 204
Gross profit, Thousand Litas	35 360	40 503
EBITDA, Thousand Litas	19 904	23 148
Current ratio (at the end of period)	1,74	1,08
Book value per share (at the end of period), LTL	2,63	2,59
Net profit per share	0,17	0,19





## 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>2011.09.30</b>	<b>2010.12.31</b>
Raw materials	17 009	17 140
Stored production	53 941	43 027
Goods for resale	193	155
Total:	<b>71 143</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 - 2011.09.30</b>	<b>2010.01.01 - 2010.09.30</b>
Lithuania	242 679	229 335
Russia	207 239	161 273
EU, other countries	74 441	63 022
Total:	<b>524 359</b>	<b>453 630</b>

**Sales, Thousand Litas**

	<b>2011.07.01 - 2011.09.30</b>	<b>2010.07.01 - 2010.09.30</b>
Lithuania	82 199	82 839
Russia	75 649	77 659
EU, other countries	29 291	19 706
<b>Total:</b>	<b>187 139</b>	<b>180 204</b>

**Post balance sheet events**

There were no significant events after the balance sheet date.