



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

2012 02 29
Vilnius

Interim Financial Statements for the twelve months 2011

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

VILNIUS, FEBRUARY 2012



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Financial statements prepared according IFRS, not audited

1. Statement of financial position

Thousand Lit	2011.12.31	2010.12.31
Assets		
Property, plant and equipment	181 166	191 762
Intangible assets	899	1 199
Investments available for sale	276	275
Long-term receivables	126	1 108
Deferred tax		
Total non-current assets	182 467	194 344
Inventories	75 725	60 322
Receivables	73 238	67 587
Cash and cash equivalents	1 973	3 582
Total current assets	150 936	131 491
Total assets	333 403	325 835
Equity		
Share capital	54 205	54 205
Share premium	27 246	27 246
Own shares	(14 435)	(14 349)
Reserves	36 819	36 884
Retained earnings	43 997	43 058
Total equity	147 832	147 044
Liabilities		
Government grants	4 422	4 859
Interest-bearing loans and borrowings	92 078	41 610
Deferred tax	1 478	2 010
Total non-current liabilities	97 978	48 479
Provisions	-	-
Interest-bearing loans and borrowings	28 578	71 591
Income tax payable	1 402	2 368
Trade and other amounts payable	57 613	56 353
Total current liabilities	87 593	130 312
Total liabilities	185 571	178 791
Total equity and liabilities	333 403	325 835

**2. Statement of comprehensive income**

Thousand Litas	2011.01.01 - 2011.12.31	2010.01.01 - 2010.12.31
Revenue	700 924	620 255
Cost of sales	(568 679)	(500 740)
Gross profit	132 245	119 515
Other operating income, net	777	457
Sales and administrative expenses	(98 849)	(95 063)
Operating profit before finance costs	34 173	24 909
Finance income	368	215
Finance expenses	(4 545)	(3 310)
Finance income/expenses, net	(4 177)	(3 095)
Profit before tax	29 996	21 814
Corporate income tax	(4 311)	(3 244)
Profit for the year	25 685	18 570
Earnings per share (Litas)	0,47	0,34

Thousand Litas	2011.10.01 - 2011.12.31	2010.10.01 - 2010.12.31
Revenue	176 565	166 625
Cost of sales	(143 161)	(133 274)
Gross profit	33 404	33 351
Other operating income, net	535	77
Sales and administrative expenses	(26 531)	(22 811)
Operating profit before finance costs	7 408	10 617
Finance income	210	(89)
Finance expenses	(1 347)	(648)
Finance income/expenses, net	(1 137)	(737)
Profit before tax	6 271	9 880
Corporate income tax	(752)	(1 079)
Profit for the year	5 519	8 801
Earnings per share (Litas)	0,10	0,16



3. Cash flows statement

Thousand Lit	2011.12.31	2010.12.31
Cash flows from operating activities		
Net profit	25.685	18.570
Depreciation and amortisation	33.399	39.798
Amortisation of government grants	(1.068)	(696)
Result of disposal of property, plant and equipment	341	139
Impairment loss of receivables	243	1.982
Change in vacation reserve	412	165
Interest income/expenses, net	4.154	3.055
Income tax	4.311	3.244
Cash flows from ordinary activities before changes in the working capital	67.477	66.257
Change in inventories	(15.403)	(21.083)
Change in receivables	(5.687)	(1.247)
Change in trade and other payable amounts	804	7.203
Cash flows from operating activities	47.191	51.130
Interest paid	(4.154)	(2.992)
Income tax paid	(5.035)	(4.500)
Net cash flow from operating activities	38.002	43.638
Cash flows from investing activities		
Acquisition of property, plant and equipment	(23.199)	(12.775)
Acquisition of intangible assets	(65)	(652)
Proceeds on sale of property, plant and equipment	600	418
Net cash flow used in investing activities	(22.664)	(13.009)
Cash flows from financing activities		
Loans received	110.680	44.140
Repayment of borrowings	(83.148)	(43.301)
Issue (redemption) of shares	(86)	(8.241)
Dividends paid	(24.947)	(12.097)
Payment of finance lease liabilities	(20.077)	(15.845)
Government grants received	632	2.161
Net cash from/(used in) financing activities	(16.946)	(33.183)
Change in cash and cash equivalents	(1.608)	(2.554)
Beginning cash	3.582	6.136
Ending cash	1.974	3.582



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	54 205	27 246	(6 108)	5 420	15 423	6 250	46 376	148 812
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	54 205	27 246	(12 108)	5 420	15 176	16 370	34 174	140 483
As at 1 October 2010	54 205	27 246	(12 108)	5 420	15 176	16 370	34 174	140 483
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							8 801	8 801
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						1 050	(1 050)	0
Dividends							(24 810)	(24 810)
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	54 205	27 246	(14 435)	5 420	14 257	17 420	38 200	142 313
As at 1 October 2011	54 205	27 246	(14 435)	5 420	14 257	17 420	38 200	142 313
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 2011							5 519	5 519
As at 31 December 2011	54 205	27 246	(14 435)	5 420	13 978	17 420	43 998	147 832



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	2011.01.01 - 2011.12.31	2010.01.01 - 2010.12.31
Sales, Thousand Litas	700 924	620 255
Gross profit, Thousand Litas	132 245	119 515
EBITDA, Thousand Litas	66 504	64 011
Current ratio (at the end of period)	1,72	1,01
Book value per share (at the end of period), LTL	2,73	2,71
Net profit per share	0,47	0,34

Ratios	2011.10.01 - 2011.12.31	2010.10.01 - 2010.12.31
Sales, Thousand Litas	176 565	166 625
Gross profit, Thousand Litas	33 404	33 351
EBITDA, Thousand Litas	15 516	20 36
Current ratio (at the end of period)	1,72	1,01
Book value per share (at the end of period), LTL	2,73	2,71
Net profit per share	0,10	0,16



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

	2011.12.31	2010.12.31
Raw materials	18 114	17 140
Stored production	57 356	43 027
Goods for resale	255	155
Total:	75 725	60 322

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

	2011.01.01 - 2011.12.31	2010.01.01 - 2010.12.31
Lithuania	318 354	300 922
Russia	284 538	236 494
EU, other countries	98 032	82 839
Total:	700 924	620 255

**Sales, Thousand Litas**

	2011.10.01 - 2011.12.31	2010.10.01 - 2010.12.31
Lithuania	75 674	71 587
Russia	77 299	75 221
EU, other countries	23 592	19 817
Total:	176 565	166 625

Post balance sheet events

There were no significant events after the balance sheet date.