Pieno Žvaigždės, AB Confirmation of the Management

Vilnius, February 28, 2013

Financial statements for the twelve 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 twelve 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 twelve months 2012

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Prepared according to IFRS, not audited

1. Balance sheet

Assets Property, plant and equipment Intangible assets 197 273 181 166 181 166 181 181 166 181 181 181	Thousand Litas	2012.12.31	2011.12.31
Property, plant and equipment 197 273 181 166 Intangible assets 714 899 Investments available for sale 276 276 Long-term receivables - 126 - 126 Deferred tax - 198 263 182 467 Total non-current assets 198 263 182 467 Inventories 55 142 75 725 Receivables 79 788 73 238 Cash and cash equivalents 4 528 1 973 Total current assets 139 458 150 936 Total assets 33 721 333 403 Equity Share premium 27 246 27 246 Own shares - (14 435) 4 96 4 4 5 4 205 Share premium 27 246 27 246 Own shares 3 3 559 36 819 Reserves 33 559 36 819 Retained earnings 3 8060 43 997 Total equity 148 499 147 832 Liabilities 3 187 4 422 Interest-bearing loans an			
Intangible assets 714 899 Investments available for sale 276 276 Long-term receivables - 126 Deferred tax - 126 Total non-current assets 198 263 182 467 Inventories 55 142 75 725 Receivables 79 788 73 238 Cash and cash equivalents 4 528 1 973 Total current assets 139 458 150 936 Total assets 139 458 150 936 Total assets 33 721 333 403 Equity Share capital 49 634 54 205 Share premium 27 246 27 246 Own shares - (14 435) Reserves 33 559 36 819 Retained earnings 38 060 43 997 Total equity 148 499 147 832 Liabilities 3 187 4 422 Interest-bearing loans and borrowings 60 543 92 078 Deferred tax 1 862 1478	Assets		
Investments available for sale 276 276 126 1	Property, plant and equipment	197 273	181 166
Long-term receivables - 126 Deferred tax 198 263 182 467 Inventories 55 142 75 725 Receivables 79 788 73 238 Cash and cash equivalents 4 528 1 973 Total current assets 139 458 150 936 Total assets 33 721 333 403 Equity Share capital 49 634 54 205 Share premium 27 246 27 246 Own shares - (14 435) Reserves 33 559 36 819 Retained earnings 38 060 43 997 Total equity 148 499 147 832 Liabilities Sovernment grants 3 187 4 422 Interest-bearing loans and borrowings 60 543 92 078 Deferred tax 1 862 1 478 Total non-current liabilities 65 592 97 978 Provisions - - Interest-bearing loans and borrowings 60 975 28 578 Interest-bearing loans and borrowings	Intangible assets	714	899
Deferred tax 198 263 182 467 Total non-current assets 198 263 182 467 Inventories 55 142 75 725 Receivables 79 788 73 238 Cash and cash equivalents 4 528 1 973 Total current assets 139 458 150 936 Total assets 33 721 333 403 Equity 8 49 634 54 205 Share capital 49 634 54 205 Share premium 27 246 27 246 Own shares - (14 435) Reserves 33 559 36 819 Retained earnings 38 060 43 997 Total equity 148 499 147 832 Liabilities 3 187 4 422 Interest-bearing loans and borrowings 60 543 92 078 Deferred tax 1 862 1 478 Total non-current liabilities 65 592 97 978 Provisions - - Interest-bearing loans and borrowings 60 575 28 578 <	Investments available for sale	276	276
Total non-current assets 198 263 182 467 Inventories 55 142 75 725 Receivables 79 788 73 238 Cash and cash equivalents 4 528 1 973 Total current assets 139 458 150 936 Total assets 337 721 333 403 Equity Share capital 49 634 54 205 Share premium 27 246 27 246 Own shares - (14 435) Reserves 33 559 36 819 Retained earnings 38 060 43 997 Total equity 148 499 147 832 Liabilities 3 187 4 422 Interest-bearing loans and borrowings 60 543 92 078 Deferred tax 1 862 1 478 Total non-current liabilities 60 975 28 578 Income tax payable 956 1 402 Trade and other amounts payable 61 699 57 613 Total current liabilities 123 630 87 593 Total liabilities 189 222 185 57	_	-	126
Inventories 55 142 75 725 Receivables 79 788 73 238 Cash and cash equivalents 4 528 1 973 Total current assets 139 458 150 936 Total assets 337 721 333 403 Equity	Deferred tax		
Receivables 79 788 73 238 Cash and cash equivalents 4 528 1 973 Total current assets 139 458 150 936 Total assets 337 721 333 403 Equity Share capital 49 634 54 205 Share premium 27 246 27 246 Own shares - (14 435) (14 435) Reserves 33 559 36 819 Retained earnings 38 060 43 997 Total equity 148 499 147 832 Liabilities 3 187 4 422 Interest-bearing loans and borrowings 60 543 92 078 Deferred tax 1 862 1 478 Total non-current liabilities 65 592 97 978 Provisions	Total non-current assets	198 263	182 467
Cash and cash equivalents 4 528 1 973 Total current assets 139 458 150 936 Total assets 337 721 333 403 Equity Equity Share capital 49 634 54 205 Share premium 27 246 27 246 Own shares - (14 435) Reserves 33 559 36 819 Retained earnings 38 060 43 997 Total equity 148 499 147 832 Liabilities 3 187 4 422 Interest-bearing loans and borrowings 60 543 92 078 Deferred tax 1 862 1 478 Total non-current liabilities 65 592 97 978 Provisions - - Interest-bearing loans and borrowings 60 975 28 578 Income tax payable 956 1 402 Trade and other amounts payable 61 699 57 613 Total current liabilities 123 630 87 593 Total liabilities 189 222 185 571 <td>Inventories</td> <td>55 142</td> <td>75 725</td>	Inventories	55 142	75 725
Total current assets 139 458 150 936 Total assets 337 721 333 403 Equity Share capital 49 634 54 205 Share premium 27 246 27 246 Own shares - (14 435) Reserves 33 559 36 819 Retained earnings 38 060 43 997 Total equity 148 499 147 832 Liabilities Sovernment grants 3 187 4 422 Interest-bearing loans and borrowings 60 543 92 078 Deferred tax 1 862 1 478 Total non-current liabilities 65 592 97 978 Provisions - - Income tax payable 956 1 402 Trade and other amounts payable 61 699 57 613 Total current liabilities 123 630 87 593 Total liabilities 189 222 185 571	Receivables	79 788	73 238
Total assets 337 721 333 403 Equity Share capital 49 634 54 205 Share premium 27 246 27 246 Own shares - (14 435) Reserves 33 559 36 819 Retained earnings 38 060 43 997 Total equity 148 499 147 832 Liabilities 3 187 4 422 Interest-bearing loans and borrowings 60 543 92 078 Deferred tax 1 862 1 478 Total non-current liabilities 65 592 97 978 Provisions - - Interest-bearing loans and borrowings 60 975 28 578 Income tax payable 956 1 402 Trade and other amounts payable 61 699 57 613 Total current liabilities 123 630 87 593 Total liabilities 189 222 185 571	Cash and cash equivalents	4 528	1 973
Equity 49 634 54 205 Share capital 49 634 54 205 Share premium 27 246 27 246 Own shares - (14 435) Reserves 33 559 36 819 Retained earnings 38 060 43 997 Total equity 148 499 147 832 Liabilities Sovernment grants 3 187 4 422 Interest-bearing loans and borrowings 60 543 92 078 Deferred tax 1 862 1 478 Total non-current liabilities 65 592 97 978 Provisions - - Interest-bearing loans and borrowings 60 975 28 578 Income tax payable 956 1 402 Trade and other amounts payable 61 699 57 613 Total current liabilities 123 630 87 593 Total liabilities 189 222 185 571	Total current assets	139 458	150 936
Share capital 49 634 54 205 Share premium 27 246 27 246 Own shares - (14 435) Reserves 33 559 36 819 Retained earnings 38 060 43 997 Total equity 148 499 147 832 Liabilities Sovernment grants 3 187 4 422 Interest-bearing loans and borrowings 60 543 92 078 Deferred tax 1 862 1 478 Total non-current liabilities 65 592 97 978 Provisions - - Interest-bearing loans and borrowings 60 975 28 578 Income tax payable 956 1 402 Trade and other amounts payable 61 699 57 613 Total current liabilities 123 630 87 593 Total liabilities 189 222 185 571	Total assets	337 721	333 403
Share capital 49 634 54 205 Share premium 27 246 27 246 Own shares - (14 435) Reserves 33 559 36 819 Retained earnings 38 060 43 997 Total equity 148 499 147 832 Liabilities Sovernment grants 3 187 4 422 Interest-bearing loans and borrowings 60 543 92 078 Deferred tax 1 862 1 478 Total non-current liabilities 65 592 97 978 Provisions - - Interest-bearing loans and borrowings 60 975 28 578 Income tax payable 956 1 402 Trade and other amounts payable 61 699 57 613 Total current liabilities 123 630 87 593 Total liabilities 189 222 185 571	Equity		
Share premium 27 246 27 246 Own shares - (14 435) Reserves 33 559 36 819 Retained earnings 38 060 43 997 Total equity 148 499 147 832 Liabilities Second of the street o		49 634	54 205
Reserves 33 559 36 819 Retained earnings 38 060 43 997 Total equity 148 499 147 832 Liabilities Sovernment grants 3 187 4 422 Interest-bearing loans and borrowings 60 543 92 078 Deferred tax 1 862 1 478 Total non-current liabilities 65 592 97 978 Provisions - - Interest-bearing loans and borrowings 60 975 28 578 Income tax payable 956 1 402 Trade and other amounts payable 61 699 57 613 Total current liabilities 123 630 87 593 Total liabilities 189 222 185 571		27 246	27 246
Retained earnings 38 060 43 997 Total equity 148 499 147 832 Liabilities Sequent of the provision of the	Own shares	_	(14 435)
Total equity 148 499 147 832 Liabilities Support of the part of	Reserves	33 559	36 819
Liabilities Government grants 3 187 4 422 Interest-bearing loans and borrowings 60 543 92 078 Deferred tax 1 862 1 478 Total non-current liabilities 65 592 97 978 Provisions - - Interest-bearing loans and borrowings 60 975 28 578 Income tax payable 956 1 402 Trade and other amounts payable 61 699 57 613 Total current liabilities 123 630 87 593 Total liabilities 189 222 185 571	Retained earnings	38 060	43 997
Government grants 3 187 4 422 Interest-bearing loans and borrowings 60 543 92 078 Deferred tax 1 862 1 478 Total non-current liabilities 65 592 97 978 Provisions - - Interest-bearing loans and borrowings 60 975 28 578 Income tax payable 956 1 402 Trade and other amounts payable 61 699 57 613 Total current liabilities 123 630 87 593 Total liabilities 189 222 185 571	Total equity	148 499	147 832
Interest-bearing loans and borrowings 60 543 92 078 Deferred tax 1 862 1 478 Total non-current liabilities 65 592 97 978 Provisions - - Interest-bearing loans and borrowings 60 975 28 578 Income tax payable 956 1 402 Trade and other amounts payable 61 699 57 613 Total current liabilities 123 630 87 593 Total liabilities 189 222 185 571	Liabilities		
Deferred tax 1 862 1 478 Total non-current liabilities 65 592 97 978 Provisions - - Interest-bearing loans and borrowings 60 975 28 578 Income tax payable 956 1 402 Trade and other amounts payable 61 699 57 613 Total current liabilities 123 630 87 593 Total liabilities 189 222 185 571	Government grants	3 187	4 422
Provisions - - Interest-bearing loans and borrowings 60 975 28 578 Income tax payable 956 1 402 Trade and other amounts payable 61 699 57 613 Total current liabilities 123 630 87 593 Total liabilities 189 222 185 571	Interest-bearing loans and borrowings	60 543	92 078
Provisions - - Interest-bearing loans and borrowings 60 975 28 578 Income tax payable 956 1 402 Trade and other amounts payable 61 699 57 613 Total current liabilities 123 630 87 593 Total liabilities 189 222 185 571	Deferred tax	1 862	1 478
Interest-bearing loans and borrowings 60 975 28 578 Income tax payable 956 1 402 Trade and other amounts payable 61 699 57 613 Total current liabilities 123 630 87 593 Total liabilities 189 222 185 571	Total non-current liabilities	65 592	97 978
Interest-bearing loans and borrowings 60 975 28 578 Income tax payable 956 1 402 Trade and other amounts payable 61 699 57 613 Total current liabilities 123 630 87 593 Total liabilities 189 222 185 571	Provisions	_	
Income tax payable 956 1 402 Trade and other amounts payable 61 699 57 613 Total current liabilities 123 630 87 593 Total liabilities 189 222 185 571		60 975	28 578
Trade and other amounts payable 61 699 57 613 Total current liabilities 123 630 87 593 Total liabilities 189 222 185 571			
Total current liabilities 123 630 87 593 Total liabilities 189 222 185 571	• •		
Total liabilities 189 222 185 571	• •	123 630	87 593
Total equity and liabilities 337 721 333 403	Total liabilities	189 222	
	Total equity and liabilities	337 721	333 403

2. Income statement

Thousand Litas	2012.01.01 - 2012.12.31	2011.01.01 - 2011.12.31
Revenue	769 089	700 924
Cost of sales	(622 964)	(568 679)
Gross profit	146 125	132 245
Other operating income, net	683	777
Sales and administrative expenses	(107 567)	(98 849)
Operating profit before finance costs	39 241	34 173
Finance income	345	368
Finance expenses	(5 418)	(4 545)
Finance income/expenses, net	(5 073)	(4 177)
Profit before tax	34 168	29 996
Corporate income tax	(5 102)	(4 311)
Profit for the year	29 066	25 685
, , , , , , , , , , , , , , , , , , ,	25 555	
Earnings per share (Litas)	0,59	0,47
Thousand Litas	2012.10.01 -	2011.10.01 -
Thousand Litas	2012.10.01 - 2012.12.31	2011.10.01 - 2011.12.31
Thousand Litas Revenue		
	2012.12.31	2011.12.31
Revenue	2012.12.31 202 110	2011.12.31 176 565
Revenue Cost of sales Gross profit	2012.12.31 202 110 (160 988) 41 122	2011.12.31 176 565 (143 161) 33 404
Revenue Cost of sales Gross profit Other operating income, net	2012.12.31 202 110 (160 988) 41 122 219	2011.12.31 176 565 (143 161) 33 404 535
Revenue Cost of sales Gross profit	2012.12.31 202 110 (160 988) 41 122	2011.12.31 176 565 (143 161) 33 404
Revenue Cost of sales Gross profit Other operating income, net Sales and administrative expenses Operating profit before finance costs	2012.12.31 202 110 (160 988) 41 122 219 (29 587) 11 754	2011.12.31 176 565 (143 161) 33 404 535 (26 531) 7 408
Revenue Cost of sales Gross profit Other operating income, net Sales and administrative expenses Operating profit before finance costs Finance income	2012.12.31 202 110 (160 988) 41 122 219 (29 587) 11 754	2011.12.31 176 565 (143 161) 33 404 535 (26 531) 7 408
Revenue Cost of sales Gross profit Other operating income, net Sales and administrative expenses Operating profit before finance costs Finance income Finance expenses	2012.12.31 202 110 (160 988) 41 122 219 (29 587) 11 754 198 (997)	2011.12.31 176 565 (143 161) 33 404 535 (26 531) 7 408 210 (1 347)
Revenue Cost of sales Gross profit Other operating income, net Sales and administrative expenses Operating profit before finance costs Finance income	2012.12.31 202 110 (160 988) 41 122 219 (29 587) 11 754	2011.12.31 176 565 (143 161) 33 404 535 (26 531) 7 408
Revenue Cost of sales Gross profit Other operating income, net Sales and administrative expenses Operating profit before finance costs Finance income Finance expenses	2012.12.31 202 110 (160 988) 41 122 219 (29 587) 11 754 198 (997)	2011.12.31 176 565 (143 161) 33 404 535 (26 531) 7 408 210 (1 347)
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	2012.12.31 202 110 (160 988) 41 122 219 (29 587) 11 754 198 (997) (799)	2011.12.31 176 565 (143 161) 33 404 535 (26 531) 7 408 210 (1 347) (1 137)
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	2012.12.31 202 110 (160 988) 41 122 219 (29 587) 11 754 198 (997) (799)	2011.12.31 176 565 (143 161) 33 404 535 (26 531) 7 408 210 (1 347) (1 137)

3. Cash flows statement

Cash flows from operating activities 29.066 25.685 Adjustments: 29.066 25.685 Depreciation and amortisation 32.081 33.413 Amortisation of government grants (1.235) (1.069) Result of disposal of property, plant and equipment Impairment loss of receivables 54 243 Change in vacation reserve 522 412 Interest income/expenses, net 5.220 4.012 Income tax 5.102 4.311 Cash flows from ordinary activities before changes in the working capital 70.487 67.348 Change in inventories 20.583 (15.403) Change in receivables (7.479) (5.687) Change in receivables (7.49) (5.687) Chash flows from operating activities 4.294 (2	Thousand Litas	2012.12.31	2011.12.31
Adjustments: Depreciation and amortisation 32.081 33.413 Amortisation of government grants (1.235) (1.069) Result of disposal of property, plant and equipment (323) 341 Impairment loss of receivables 54 243		20.055	25.625
Depreciation and amortisation 32.081 33.413 Amortisation of government grants (1.235) (1.069) Result of disposal of property, plant and equipment Impairment loss of receivables 54 243 Change in vacation reserve 522 412 Interest income/expenses, net 5.220 4.012 Income tax 5.102 4.311 Cash flows from ordinary activities before changes in the working capital 70.487 67.348 Change in inventories 20.583 (15.403) Change in inventories 20.583 (15.403) Change in receivables (7.479) (5.687) Change in trade and other payable amounts (735) (1.586) Change in trade and other payable amounts (735) (1.586) Cash flows from operating activities 82.856 44.672 Interest paid (3.838) (4.012) Income tax paid (4.514) (2.644) Net cash flow from operating activities 47.504 38.016 Cash flows from investing activities (82) (66) Proceeds on sale of p	·	29.066	25.685
Amortisation of government grants (1.235) (1.069) Result of disposal of property, plant and equipment Impairment loss of receivables 54 243 Change in vacation reserve 522 412 Interest income/expenses, net 5.200 4.012 Income tax 5.102 4.311 Cash flows from ordinary activities before changes in the working capital 70.487 67.348 Change in inventories 20.583 (15.403) Change in receivables (7.479) (5.687) Change in trade and other payable amounts (735) (1.586) Cash flows from operating activities 82.856 44.672 Income tax paid (4.514) (2.644) Net cash flow from operating activities 74.504 38.016 Cash flows from investing activities 82 66 Acquisition of property, plant and equipment (42.924) (23.213) Acquisition of intangible assets (82) (66) Proceeds on sale of property, plant and equipment 426 600 Proceeds from other investment activity 20 - <	-	22.001	22 412
Result of disposal of property, plant and equipment Impairment loss of receivables 54 243 Change in vacation reserve 522 412 Interest income/expenses, net Income tax 5.200 4.012 Cash flows from ordinary activities before changes in the working capital 70.487 67.348 Change in inventories 20.583 (15.403) Change in receivables (7.479) (5.687) Change in receivables (7.479) (5.687) Change in trade and other payable amounts (735) (1.586) Cash flows from operating activities 82.856 44.672 Interest paid (3.838) (4.012) Income tax paid (3.838) (4.012) Income tax paid (4.514) (2.644) Net cash flow from operating activities 82.856 44.672 Cash flows from investing activities (42.924) (23.213) Acquisition of property, plant and equipment (42.924) (23.213) Acquisition of intangible assets (82) (66) Proceeds on sale of property, plant and equipment 426 600	·		
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Change in vacation reserve 522 412 Interest income/expenses, net 5.220 4.012 Income tax 5.102 4.311 Cash flows from ordinary activities before changes in the working capital 70.487 67.348 Change in inventories 20.583 (15.403) Change in receivables (7.479) (5.687) Change in trade and other payable amounts (735) (1.586) Cash flows from operating activities 82.856 44.672 Interest paid (3.838) (4.012) Income tax paid (4.514) (2.644) Net cash flow from operating activities 74.504 38.016 Cash flows from investing activities (42.924) (23.213) Acquisition of property, plant and equipment 426 600 Proceeds on sale of property, plant and equipment 426 600 Proceeds from other investment activity 200 - Net cash flows from financing activities (42.380) (22.679) Cash flows from financing activities (5.766) (86) Dividends paid			
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Cash flows from ordinary activities before changes in the working capital 70.487 67.348 Change in inventories 20.583 (15.403) Change in receivables (7.479) (5.687) Change in trade and other payable amounts (735) (1.586) Cash flows from operating activities 82.856 44.672 Interest paid (3.838) (4.012) Income tax paid (4.514) (2.644) Net cash flow from operating activities 74.504 38.016 Cash flows from investing activities (82) (66) Proceeds on sale of property, plant and equipment 426 600 Proceeds from other investment activity 200 - Net cash flow used in investing activities (42.380) (22.679) Cash flows from financing activities (34.986) (83.148) Issue (redemption) of shares (5.766) (86) Dividends paid (24.665) (24.947) Payment of finance lease liabilities - (20.077) Government grants received - 632 Net cash from/(used in)	•		
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Change in trade and other payable amounts (735) (1.586) Cash flows from operating activities 82.856 44.672 Interest paid (3.838) (4.012) Income tax paid (4.514) (2.644) Net cash flow from operating activities 74.504 38.016 Cash flows from investing activities (82) (66) Acquisition of property, plant and equipment 426 600 Proceeds on sale of property, plant and equipment 426 600 Proceeds from other investment activity 200 - Net cash flow used in investing activities (42.380) (22.679) Cash flows from financing activities 35.848 110.680 Repayment of borrowings 34.986) (83.148) Issue (redemption) of shares (5.766) (86) Dividends paid (24.665) (24.947) Payment of finance lease liabilities - (20.077) Government grants received - 632 Net cash from/(used in) financing activities (29.569) (16.946) Change in cash and cash equivalen	_		,
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Net cash flow from operating activities 74.504 38.016	cash nows from operating activities	02.030	44.072
Net cash flow from operating activities74.50438.016Cash flows from investing activities38.016Acquisition of property, plant and equipment(42.924)(23.213)Acquisition of intangible assets(82)(66)Proceeds on sale of property, plant and equipment426600Proceeds from other investment activity200-Net cash flow used in investing activities(42.380)(22.679)Cash flows from financing activities35.848110.680Repayment of borrowings(34.986)(83.148)Issue (redemption) of shares(5.766)(86)Dividends paid(24.665)(24.947)Payment of finance lease liabilities-(20.077)Government grants received-632Net cash from/(used in) financing activities(29.569)(16.946)Change in cash and cash equivalents2.555(1.609)Beginning cash1.9733.582	Interest paid	(3.838)	(4.012)
Cash flows from investing activities Acquisition of property, plant and equipment Acquisition of intangible assets Proceeds on sale of property, plant and equipment Proceeds from other investment activity Proceeds from other investment activity Cash flow used in investing activities Cash flows from financing activities Loans received Repayment of borrowings (34.986) (83.148) Issue (redemption) of shares (5.766) Dividends paid (24.665) Cydydy Payment of finance lease liabilities - (20.077) Government grants received - 632 Net cash from/(used in) financing activities Change in cash and cash equivalents 2.555 (1.609) Beginning cash	Income tax paid	(4.514)	(2.644)
Acquisition of property, plant and equipment Acquisition of intangible assets Requisition of intangible assets Repayment of borrowings Repayment of borrowings Repayment of finance lease liabilities Reteash from/(used in) financing activities Acquisition of intangible assets Repayment of borrowings Repayment of borrowings Repayment of borrowings Repayment of shares Cash flow is from finance lease liabilities Repayment of finance lease liabilit	Net cash flow from operating activities	74.504	38.016
Acquisition of property, plant and equipment Acquisition of intangible assets Requisition of intangible assets Repayment of borrowings Repayment of borrowings Repayment of finance lease liabilities Reteash from/(used in) financing activities Acquisition of intangible assets Repayment of borrowings Repayment of borrowings Repayment of borrowings Repayment of borrowings Repayment of shares Repayment of finance lease liabilities Repayment of fin	Cash flows from investing activities		
Acquisition of intangible assets Proceeds on sale of property, plant and equipment Proceeds from other investment activity Net cash flow used in investing activities Cash flows from financing activities Loans received Repayment of borrowings Issue (redemption) of shares Dividends paid Payment of finance lease liabilities Net cash from/(used in) financing activities Change in cash and cash equivalents Requirement grants Region (24.665) Region (24.665) Region (24.665) Region (24.665) Region (24.665) Region (25.569) Region (26.699) R	_	(42.924)	(23.213)
Proceeds from other investment activity Net cash flow used in investing activities Cash flows from financing activities Loans received Repayment of borrowings Issue (redemption) of shares Dividends paid Payment of finance lease liabilities Government grants received Net cash from/(used in) financing activities Change in cash and cash equivalents Beginning cash Cash flow used in investing activities (42.380) (34.380) (24.685) (83.148) (24.665) (24.947) (20.077)		,	, ,
Net cash flow used in investing activities(42.380)(22.679)Cash flows from financing activities35.848110.680Loans received35.848110.680Repayment of borrowings(34.986)(83.148)Issue (redemption) of shares(5.766)(86)Dividends paid(24.665)(24.947)Payment of finance lease liabilities-(20.077)Government grants received-632Net cash from/(used in) financing activities(29.569)(16.946)Change in cash and cash equivalents2.555(1.609)Beginning cash1.9733.582	Proceeds on sale of property, plant and equipment	426	600
Cash flows from financing activities Loans received 35.848 110.680 Repayment of borrowings (34.986) (83.148) Issue (redemption) of shares (5.766) (86) Dividends paid (24.665) (24.947) Payment of finance lease liabilities - (20.077) Government grants received - 632 Net cash from/(used in) financing activities (29.569) (16.946) Change in cash and cash equivalents Beginning cash 1.973 3.582	Proceeds from other investment activity	200	-
Loans received 35.848 110.680 Repayment of borrowings (34.986) (83.148) Issue (redemption) of shares (5.766) (86) Dividends paid (24.665) (24.947) Payment of finance lease liabilities - (20.077) Government grants received - 632 Net cash from/(used in) financing activities (29.569) (16.946) Change in cash and cash equivalents 2.555 (1.609) Beginning cash 1.973 3.582	Net cash flow used in investing activities	(42.380)	(22.679)
Loans received 35.848 110.680 Repayment of borrowings (34.986) (83.148) Issue (redemption) of shares (5.766) (86) Dividends paid (24.665) (24.947) Payment of finance lease liabilities - (20.077) Government grants received - 632 Net cash from/(used in) financing activities (29.569) (16.946) Change in cash and cash equivalents 2.555 (1.609) Beginning cash 1.973 3.582	Cash flows from financing activities		
Repayment of borrowings (34.986) (83.148) Issue (redemption) of shares (5.766) (86) Dividends paid (24.665) (24.947) Payment of finance lease liabilities - (20.077) Government grants received - 632 Net cash from/(used in) financing activities (29.569) (16.946) Change in cash and cash equivalents 2.555 (1.609) Beginning cash 1.973 3.582	_	25 8/18	110 680
Issue (redemption) of shares (5.766) (86) Dividends paid (24.665) (24.947) Payment of finance lease liabilities - (20.077) Government grants received - 632 Net cash from/(used in) financing activities (29.569) (16.946) Change in cash and cash equivalents 2.555 (1.609) Beginning cash 1.973 3.582			
Dividends paid (24.665) (24.947) Payment of finance lease liabilities - (20.077) Government grants received - 632 Net cash from/(used in) financing activities (29.569) (16.946) Change in cash and cash equivalents 2.555 (1.609) Beginning cash 1.973 3.582		,	· ·
Payment of finance lease liabilities - (20.077) Government grants received - 632 Net cash from/(used in) financing activities (29.569) (16.946) Change in cash and cash equivalents 2.555 (1.609) Beginning cash 1.973 3.582	, ,	, ,	, ,
Government grants received - 632 Net cash from/(used in) financing activities (29.569) (16.946) Change in cash and cash equivalents 2.555 (1.609) Beginning cash 1.973 3.582	•	(2665)	·
Net cash from/(used in) financing activities (29.569) (16.946) Change in cash and cash equivalents 2.555 (1.609) Beginning cash 1.973 3.582	•	_	, ,
Change in cash and cash equivalents Beginning cash 1.973 3.582	_	(29.569)	
Beginning cash 1.973 3.582		(=2:2:3)	(=5:5:3)
Beginning cash 1.973 3.582	Change in cash and cash equivalents	2.555	(1.609)
Ending cash 4.528 1.973	-	1.973	, ,
	Ending cash	4.528	1.973

4. Statement on changes in equity

000 LTL	Share capital	Share premiu m	Own shares	Compul sory reserve	Revalua tion reserve	Other reserve	Retained earnings	Total equity
As at 1 January 2011 Profit allocation Dividends	54 205	27 246	(14 349)	5 420	15 093	16 370 1 050	43 058 (1 050) (24 810)	147 043 0 (24 810)
Acquisition of own shares Revaluation of fixed assets			(86)					(86) 0
Depreciation of revaluated part					(836)		836	0
Net profit for 2011 As at 30 September 2011	54 205	27 246	(14 435)	5 420	14 257	17 420	20 166 38 200	20 166 142 313
·			·					
As at 1 October 2011 Profit allocation	54 205	27 246	(14 435)	5 420	14 257	17 420	38 200	142 313 0
Dividends								0
Acquisition of own shares Revaluation of fixed								0
assets Depreciation of								0
revaluated part Net profit for 2011					(279)		279 5 519	0 E E10
As at 31 December 2011	54 205	27 246	(14 435)	5 420	13 978	17 420	43 998	5 519 147 832
As at 1 January 2012 Profit allocation	54 205	27 246	(14 435)	5 420	13 978	17 420 11 250	43 998 (11 250)	147 832 0
Dividends						11 250	(24 817)	(24 817)
Acquisition of own shares			(5.766)					(F. 766)
Revaluation of fixed			(5 766)					(5 766)
assets								0
Depreciation of revaluated part					(837)		837	0
Net profit for 2012					. ,		19 730	19 730
As at 30 September 2012	54 205	27 246	(20 201)	5 420	13 141	28 670	28 498	136 979
As at 1 October 2012	54 205	27 246	(20 201)	5 420	13 141	28 670	28 498	136 979
Other income							200	200
Dividends Reduction of share						(15		0
capital	(4 571)		20 201			630)		0
Revaluation of fixed					4.004			4.004
assets Depreciation of					1 984			1 984
revaluated part					(26)		26	0
Net profit for 2012 As at 31 December 2012	40.624	27 246	0	E 420	15 000	12.040	9 336	9 336
Wal of Dereimber 5015	49 634	27 246	0	5 420	15 099	13 040	38 060	148 499

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 - 2012.12.31	2011.01.01 - 2011.12.31
Sales, Thousand Litas	769 089	700 924
Gross profit, Thousand Litas	146 125	132 245
EBITDA, Thousand Litas	70 087	66 504
Current ratio (at the end of period)	1,13	1,72
Book value per share (at the end of period), LTL	2,99	2,73
Net profit per share	0,59	0,47

Ratios	2012.10.01 - 2012.12.31	2011.10.01 - 2011.12.31
Sales, Thousand Litas	202 110	176 565
Gross profit, Thousand Litas	41 122	33 404
EBITDA, Thousand Litas	19 398	15 516
Current ratio (at the end of period)	1,13	1,72
Book value per share (at the end of period), LTL	2,99	2,73
Net profit per share	0,19	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	2012.12.31	2011.12.31
Raw materials	19 077	18 114
Stored production	35 512	57 356
Goods for resale	553	255
Total:	55 142	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 - 2012.12.31	2011.01.01 - 2011.12.31
Lithuania	334 786	318 353
Other EU countries	105 447	82 225
Other non EU countries	328 856	300 346
Total:	769 089	700 924

Sales, Thousand Litas	2012.10.01 - 2012.12.31	2011.10.01 - 2011.12.31
Lithuania	81 309	75 673
Other EU countries	26 954	17 965
Other non EU countries	93 847	82 927
Total:	202 110	176 565

Post balance sheet events

There were no significant events after the balance sheet date.