PUBLIC LIMITED LIABILITY COMPANY

„PIENO ŽVAIGŽDĖS"

REPORT FOR
THE FIRST QUARTER OF 2006

VILNIUS, APRIL 2006

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I. GENERAL PROVISIONS

1. Accounting Period for which the present Report has been Prepared.

The present Report has been prepared for the I quarter of 2006.

2. Key Data on the Issuer

Company name	Public Limited Liability Company "Pieno žvaigždės"
Registration date and time	The company was reregistered on 23 December 1998
Company code	1246 65536
VAT payer code	LT 246655314
Authorized capital	54 205 031 Litas, divided into 54 205 031 one litas nominal value shares.
Address	Laisvės ave. 125, LT-06120 Vilnius, Lithuania
Telephone	(+370 5) 246 14 14
Fax	(+370 5) 246 14 15
E-mail	info@pienozvaigzdes.lt
Internet website	www.pienozvaigzdes.lt

3. Information about where and when one can get Acquainted with the Report and Documents on which it is Based and the Name of the Media.

The present Report for the I quarter of 2006 and other documents of the Company are available in the registered office of the Company situated at Laisves ave. 125 Vilnius, on business days, from 8 a.m. until 4 p.m.
In the cases stipulated in the Company Law and other laws of the Republic of Lithuania, the Issuer's notices and information are published and presented in the manner prescribed by the law in the daily newspaper Lietuvos Rytas and to the information agency BNS.

4. Persons Responsible for the Information Presented in the Report:

4.1. Employees:

Aleksandr Smagin, CEO of AB "Pieno žvaigždės"
Phone: (+370 5) 246 14 14, fax: (+370 5) 246 14 15
Audrius Statulevičius, CFO of AB "Pieno žvaigždės"
Phone: (+370 5) 246 14 14, fax: (+370 5) 246 14 15

4.2. Consultants:

The issuer received consulting on the issues related to the drafting of the report for the I quarter of 2006 by the finance brokerage company AB Finasta (SC license No: A 087, address: Konstitucijos Ave. 23, Vilnius, phone: (8-5) 278 68 33 fax: (8-5) 278 68 38 represented by the financial broker Gintaras Gliožaitis (Qualification Certificate No. A 146). The FBC AB Finasta is responsible for full and correct disclosure of the data presented by the Issuer.

5. Confirmation of the Members of the Issuer's Governing Bodies, Employees, the Head of the Administration and the Issuer's Consultants that the Information Contained in the Report Corresponds with the Reality and it Comprises no Concealed Facts that could have an Impact on Investors' Decisions to Buy or Sell the Issuer's Securities, the Market Price or Valuation of these Securities

The persons responsible for the preparation of the Report for I Quarter of 2006 confirm by their signatures that the information presented in the Report correspond with the reality and it contains no concealed facts that could have an impact on investors' decisions to buy or sell the issuer's securities, the market price and valuation of these securities.
The present Report was drafted by FBC AB Finasta (Konstitucijos Ave. 23, Vilnius).
The present Report was signed on 27 April 2006.

AB "Pieno žvaigždės" **CEO**	**Aleksandr Smagin**
AB "Pieno žvaigždės" **CFO**	**Audrius Statulevičius**

Seal

Financial broker of **FBC AB Finasta**	**Gintaras Gliožaitis**

II. INFORMATION ON MAJOR SHAREHOLDERS AND MEMBERS OF THE GOVERNING BODIES

6. Shareholders

The Company had 4179 shareholders on the 31st of March, 2006.
The shareholders holding by the right of ownership or in trust more than 5 per cent of the Company's authorized capital:

Names of shareholders	Number shares, units	Share of the capital %	Share of votes %	Share of votes with related persons %
SKANDINAVISKA ENSKILDA BANKEN CLIENTS, code 50203290810, SERGELS TORG 2, 10640 STOCKHOLM, SWEDEN	8 811 444	16,26	16,35	-
SKANDINAVISKA ENSKILDA BANKEN AB FINNISH CLIENTS, code 50203290810, SERGELS TORG 2, 10640 STOCKHOLM, SWEDEN	1 116 864	2,06	2,07	-
UAB "Agrolitas Imeks Lesma" Laisvės pr.125, Vilnius, code. 2191855	5 576 986	10,29	10,35	-
SWEDFUND INTERNATIONAL Sveavagen 24-26, Box 3286, SE-103 65 Stockholm, Sweden	4 700 000	8,67	8,72	-
ŽŪKB "Smilgelė" J.Tumo Vaižganto 8/27-3. Vilnius, code. 2490652	3 985 261	7,35	7,39	-
Kvaraciejienė Regina	1 848 589	3,41	3,43	27,05
Kvaraciejus Julius	5 391 492	9,95	10,00	27,05
Jankauskas Virginijus	1 140 431	2,10	2,12	27,05
Klovas Voldemaras	2 170 248	4,00	4,03	27,05
Klovienė Danutė	1 091 691	2,01	2,03	27,05
Mileiko Kristina	280 013	0,52	0,52	27,05
Paura Valentinas	82 431	0,15	0,15	27,05
Paurienė Ligita	66 463	0,12	0,12	27,05
Smagin Aleksandr	2 508 823	4,63	4,65	27,05

7. Members of the Governing Bodies:

7.1. Official duties, names and surnames, personal identification codes (completed only in the first original copy of the Report), data on the participation in the Issuer's authorized capital (held share of the authorized capital and votes);

Management Board

Name, surname	Official duties	Share of the capital (%)	Share of votes (%)
Julius Kvaraciejus Personal code	Chairman	9,95	27,05
Virginijus Jankauskas Personal code	Member	2,10	27,05
Voldemaras Klovas Personal code	Member	4,00	27,05
Aleksandr Smagin Personal code	Member	4,63	27,05
Valentinas Paura Personal code	Member	0,15	27,05
Kristina Mileiko Personal code	Member	0,52	27,05
Regina Kvaraciejienė Personal code	Member	3,41	27,05
Kjell Lennart Carlsson Personal code	Member	-	-
Hans Mideus Personal code	Member	-	-
Paul Bergqvist Personal code	Member	-	-

Administration

Name, surname	Official duties	Share of the capital (%)	Share of votes (%)
Aleksandr Smagin Personal code	CEO	4,63	27,05
Audrius Statulevičius Personal code	CFO	-	-

7.2 data on the participation in the activities of other companies, institutions and organizations (name of the company, institution or organization and official duties) and the held share of the capital and votes of other companies exceeding 5 per cent, %):

Name, surname	Name of the organization	Official duties	Share of the capital	Share of votes (%)
Aleksandr Smagin	UAB "Agrolitas Imeks"	CEO	18,0	18,0
Kristina Mileiko	UAB "Agrolitas Imeks Lesma"	CEO	-	-
Regina Kvaraciejienė	ŽŪKB "Smilgelė"	CEO	-	-
Paul Bergqvist	Carlsberg A/S	Executive Vice President	-	-

Other members of the governing bodies do not participate in the activities and capital of other companies.

III. FINANCIAL POSITION

Financial statements prepared according IAS (not audited, not approved by Shareholders)

8. Balance Sheet

Thousand Litas	2006.03.31	2005.03.31
Non-current assets	**180.966**	**160.037**
Intangible assets	2.025	2.195
Property, plant and equipment	176.181	155.295
Financial assets	2.020	1950
Long-term receivables	740	597
Current Assets	**100.649**	**80.249**
Inventories	45.659	38.737
Trade receivables	32.324	27.239
Other receivables	17.824	10.867
Cash and cash equivalents	4.842	3.406
Total assets	**281.615**	**240.286**
Equity	**117.009**	**110.162**
Share capital	54.205	54.205
Share premium	27.246	27.246
Own shares	-1.108	-108
Reserves	20.761	21.157
Retained earnings	15.905	7.662
Liabilities	**164.606**	**130.124**
Non-current liabilities	**111.825**	**66.964**
Interest-bearing loans and borrowings	107.217	60.299
Subsidies	4.608	6.665
Current Liabilities	**52.781**	**63.160**
Interest-bearing loans and borrowings	16.090	26.468
Trade amounts payable	25.521	22.843
Other amounts payable	11.170	13.849
Total equity and liabilities	**281.615**	**240.286**

9. Income statement

Thousand Litas	2006.03.31	2005.03.31
Revenue	**114.093**	**94.582**
Cost of sales	92.400	75.554
Gross profit	**21.693**	**19.028**
Operating expenses	**17.389**	**15.882**
Sales expenses	10.188	9.506
Administrative expenses	7.201	6.376
Operating profit	**4.304**	**3.146**
Other activity	**122**	**251**
Income	444	511
Expenses	322	260
Financial activity	**-1.041**	**-1.256**
Income	80	129
Expenses	1.121	1.385
Profit before tax	**3.385**	**2.141**
Corporate income tax	643	362
Net profit	**2.742**	**1.779**

10. Cash flow statement

Thousand Litas	2006.03.31	2005.03.31
Cash flows from operating activities		
Profit before tax	3.385	2.141
K Adjustments:		
Depreciation and amortization:	7.985	6.682
Unrealised gain/loss on foreign currency exchange	10	356
Interest expenses, net	1.031	1.029
Cash flows from ordinary activities before changes in the working capital	**12.411**	**10.208**
Change in inventories	-3.779	3.919
Change in receivables	2.421	4.524
Change in trade and other payable amounts	-3.964	-2.396
Cash flows from operating activities	**7.089**	**16.255**
Paid / received interest, net	-1.031	-1.029
Income tax paid	0	-475
Net cash flow from operating activities	**6.058**	**14.751**
Cash flows from investing activities		
Acquisition of property, plant and equipment	-8.127	-8.111
Acquisition of intangible assets	-90	-25
Net cash flow from investing activities	**-8.217**	**-8.136**
Cash flows from financing activities		
Loans received	2.994	-5.347
Repayment of borrowings		
Issue (redemption) of shares	0	0
Dividends paid	0	0
Payment of finance lease liabilities	-837	-1.905
Net cash from financing activities	**2.157**	**-7.252**
Change in cash and cash equivalents	**-2**	**-637**
Beginning cash	4.844	4.043
Ending cash	**4.842**	**3.406**

11. Statement on changes in equity

Thousand Litas	Share capital	Share premium	Own shares	Compulsory reserve	Revaluation reserve	Other reserves	Retained earnings	Total equity
As at 31 December 2004	54 205	27 246	(108)	4 842	4 066	12 291	5 521	108 063
As at 1 January 2005.	**54 205**	**27 246**	**(108)**	**4 842**	**4 066**	**12 291**	**5 521**	**108 063**
Profit allocation				578		(800)	222	0
Dividends							(8 115)	(8 115)
Depreciation of property revaluation					(172)		197	25
Acquisition of own shares			(1 000)					(1 000)
Net profit for 2005							15 294	15 294
As at 31 December 2005	**54 205**	**27 246**	**(1108)**	**5 420**	**3 894**	**11 491**	**13 119**	**114 267**
Net profit for I quarter 2006							2 742	27 42
Depreciation of property revaluation					(44)		44	0
As at 31 March 2006	**54 205**	**27 246**	**(1 108)**	**5 420**	**3 850**	**11 491**	**15 905**	**117 009**

12. Explanatory note

Significant accounting policies

The head office of AB Pieno Žvaigždės ("the Company") is located in Vilnius, Lithuania. AB Pieno Žvaigždės was established by way of merger of stock companies Mažeikių Pieninė, Pasvalio Sūrinė and Kauno Pienas.

As at 31 December 2003 the Company owned 64,2% shares of the subsidiary AB Panevėžio Pienas. During the year 2004 the Company acquired the remaining shares of AB Panevėžio Pienas. As of 30 November 2004 AB Panevėžio Pienas was merged to AB Pieno Žvaigždės and acquired the status of a branch.

The main office of the company is located in Vilnius and the branches – in Mažeikiai, Pasvalys, Kaunas and Panevėžys. The Mažeikiai branch has divisions in Akmenė and Skuodas.

Ordinary shares of the Company are quoted in the 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), as adopted by the EU and the Regulations of IAS (EB 1606/2002).

Basis of preparation

The financial statements are presented in Litas, and are prepared on the historical cost basis, except for investments which are stated at fair value and non-current assets for sale which are carried at the lower of carrying amount and fair value less anticipated sales costs.

The preparation of financial statements in conformity with IFRS, as adopted by the EU, requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated

assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.
Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.
The accounting policies of the Company, set out below, have been applied consistently to all periods presented in these financial statements, except for those which changed due to changes in previously valid IFRS and the new IFRS effective as of 1 January 2005, as stated in note 2.

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Litas at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Litas at foreign exchange rates ruling at the dates the fair value was determined. The Company‘s transactions are accounted for in Litas.

Property, plant and equipment

Owned assets

Property, plant and equipment (except for buildings) are stated at cost less accumulated depreciation and impairment losses. Buildings are stated at a revaluated value less accumulated depreciation and impairment losses.
Cost of self-constructed property, plant and equipment includes costs related to materials and direct labour costs as well as related indirect costs.
Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment and are depreciated over the expected useful lifetime.

Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets used by way of finance lease are recognised as assets of the company and are stated at the lower of their fair value in the beginning of the lease and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

Subsequent expenditure

Costs incurred when replacing a component part of an item of property, plant and equipment are capitalised only upon write-off of the carrying amount of the component and if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the component part can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

Depreciation
Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- buildings 20 - 40 years
- machinery and equipment 10 - 12 years
- transport vehicles and other assets 4 - 20 years

Intangible assets
Intangible assets acquired by the Company are stated at cost less accumulated amortisation and impairment losses.
Costs related to internally generated goodwill and trade marks are recognised in the income statement as costs when incurred.
Subsequent expenditure
Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.
Amortisation
Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are 1 – 3 years.
Goodwill
Goodwill (positive and negative) represents the difference between the acquisition cost of the subsidiary and the fair value of the net assets acquired. Positive goodwill is stated at cost less impairment losses.
The amount of positive goodwill, accounted for by the Company, relates to the acquired and then merged company AB Panevėžio Pienas.
Financial instruments
Investments in debt and equity securities
Investments in equity securities, except for investments in subsidiary undertakings and associated companies, are classified as available-for-sale and at initial recognition are stated at fair value plus the related direct costs. Subsequently the investments are revaluated to fair value carrying the gain or loss on their revaluation directly under equity, except for impairment losses which are included in the income statement if the management has no intention to sell these investments during the period of 12 months after the balance sheet date. When the investments are sold, the accrued gain or loss previously recognised under equity, is recognised in the income statement.
The fair value of financial instruments classified as held for trading is their quoted price at the balance sheet date.
Financial instruments classified as held for trading are recognised / derecognised by the Company on the date it commits to purchase / sell the instruments.
Other financial instruments
Loans and receivables of the Company are not attributed to derivative financial instruments. Receivables of the Company are not traded in an active market. They are included in current assets except for maturities greater than 12 months. Trade receivables are initially recognized at fair value. Loans and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, loans and receivables are measured at amortized cost using the effective interest method, less impairment, if any. Short-term receivables are not discounted.

Borrowings are initially recognized at fair value less direct costs related to occurrence of respective loan and other liabilities. Subsequent to initial recognition, liabilities are stated at amortized cost on an effective interest method basis. Trade payables are initially recognized at fair value and are subsequently measured at amortised cost. Short-term liabilities are not discounted.

Inventories

Inventories, Thousand. LTL	**2006.03.31**	**2005.03.31**
Raw materials	13.119	13.475
Unfinished and stored production	30.206	22.528
Goods for resale	169	288
Advances	2.165	2.446
Total	**45.659**	**38.737**

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Impairment

The carrying amounts of the Company's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated
For intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.
An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.
In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of the Company's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.
The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely

independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of receivables carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

Impairment loss in respect of other assets is reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

Revenue

Goods sold and services rendered

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. The revenue recognized is net of discounts provided. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. Rental income is recognised in the income statement on a straight-line basis over the term of the lease.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods exists or where substantial risks and rewards can not be considered as transferred to the buyer.

Subsidies

A subsidy is recognised in the balance sheet initially as deferred income when there is reasonable assurance that it will be received and that the Company will comply with the conditions attaching to it. Subsidies intended to compensate the Company for expenses incurred are recognised as revenue in the income statement on a systematic basis in the same periods in which the expenses are incurred. Subsidies that compensate the Company for the cost of an asset are recognised in the income statement as other operating income on a systematic basis over the useful life of the asset.

Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, dividend income, foreign exchange gains and losses.

Interest income is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

Thousand LTL	2006.03.31	2005.03.31
Long term financial liabilities		
Leasing	26.699	13.031
Credit institutions	80.518	47.268
Total:	**107.217**	**60.299**
Short term financial liabilities		
Current portion of debt	6.909	12.443
Leasing	9.181	2.992
Short term loans	-	11.033
Total:	**16.090**	**26.468**

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: for initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

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.

IV. MATERIAL EVENTS IN THE ISSUER'S ACTIVITIES

13. Material events in the issuer activities

Notices about material events are given to the Securities Commission of the Republic of Lithuania, Vilnius Stock Exchange, and news agency BNS and the daily newspaper Lietuvos Rytas.

Material events, starting from 1st January 2006:

2006.04.24

Pieno zvaigzdes AB, Sales for the 1st quarter 2006 (not audited)

Turnover of AB „Pieno zvaigzdes" during March 2006 was LTL 40.0 million (EUR 11.6 million);
Turnover of AB „Pieno zvaigzdes" during 1st quarter 2006 was LTL 114.2 million (EUR 33.1 million);

2006.03.20

Call for an Annual General Meeting of Shareholders of Pieno Zvaigzdes

The Annual General Meeting of Shareholders of Pieno Zvaigzdes (Company code 124665536, address Laisves pr.125, Vilnius) is called at 11:00 on 27 April 2006 at the initiative and decision by the Board. The Meeting will take place at corporate headquarters at Laisves pr. 125, Vilnius. Registration starts at 10:00.
Agenda of the Meeting:

1. Audit report of the Company's financial accounts and the Board Report.
2. Approval of the Board Report.
3. Approval of the financial accounts of the Company.
4. Approval of the profit distribution.
5. Acquisition of the Company's shares.

20 April 2006 is the account date of the Annual General Meeting of Shareholders held on 27 April 2006.

Approval of draft resolutions by the Annual General Meeting of Shareholders of Pieno Zvaigzdes:

1. Audit report of the Company's financial accounts and the Board Report. Recommend the shareholders to take into account audit report when voting for the approval of the Company's financial accounts and the Board Report.

2. Approval of the Board Report.
DRAFT RESOLUTION:
Approve the Board Report for the full financial year 2005.

3. Approval of the financial accounts of the Company.
DRAFT RESOLUTION:
Approve the Company‘s financial accounts for the full financial year 2005.

4. Approval of the profit distribution.
DRAFT RESOLUTION:
Approve profit distribution of the full financial year 2005.

5. Acquisition of the Company‘s shares.
DRAFT RESOLUTION:
Purchase the shares of Pieno Zvaigzdes AB through a non-obligatory official offers following the legal procedures of the securities‘ market.
a) purpose of acquiring shares is to stabilize share market price, increase liquidity and avoid losses due to decrease in share price;
b) par values of all purchased shares shall not exceed 10% of statutory capital;
c) the Company may execute purchase of its shares within 18 calendar months;
d) the lowest and the highest purchase price shall not exceed 30% of the arithmetic average of the last week‘s trade at the central market of Vilnius Stock Exchange;
e) the lowest sales price of purchased shares shall not exceed 2/3 of the purchase price. The shares shall be sold in the central securities market or through an auction in order to ensure the equal possibilities to all shareholders. All shareholders shall be informed of the auction by registered mail or through public announcement.
As per this resolution by the General Shareholders Meeting and as per Act 54 of the Company Law of Republic of Lithuania the Board of the company is authorized to take all decisions relating to time and price to purchase shares as well as to time, price and manned to sell shares and decide on other issues that are not foreseen in this resolution.

2006.03.17

Pieno zvaigzdes AB, Dividends for the year 2005

The Board of AB “Pieno zvaigzdes” decided to propose a dividend of LTL 0.175 per common share to be approved by the Shareholders Meeting.

2006.03.17

Pieno zvaigzdes AB, Preliminary financial results, year 2005

Preliminary unaudited financial results of AB “Pieno zvaigzdes”:

Sales:	LTL 446 million (EUR 129 million)
EBITDA:	LTL 49.3 million (EUR 14.3 million)
Net Profit	LTL 15.5 million (EUR 4.5 million)

2006.03.02

Pieno zvaigzdes AB, Sales of January 2006

Turnover of AB „Pieno zvaigzdes“ during January 2006 was LTL 35.7 million (EUR 10.3 million);

2006.02.28

Release of the results of Pieno Zvaigzdes AB for 2005:

Pieno Zvaigzdes AB will release financial results for 2005 subject to approval by the Board on 17 March 2006.

2006.01.23

Pieno zvaigzdes AB, Sales for the year 2005 (not audited)

Turnover of AB „Pieno zvaigzdes“ during December 2005 was LTL 50.6 million (EUR 14.6 million);
Turnover of AB „Pieno zvaigzdes“ during year 2005 was LTL 446.4 million (EUR 129.3 million);