

TO: The Lithuanian Securities Commission
Konstitucijos pr.23
Vilnius LT-08105

29th February 2008

ENDORSEMENT BY THE RESPONSIBLE PERSONS

Pursuing Article 22 of the Law on Securities of the Republic of Lithuania, and rules prepared by the Lithuanian Securities Commission for preparation and announcement of periodical and supplementary information, we, the undersigned – the Chief Executive Officer Antanas Trumpa and the Chief Financial Officer Antanas Kavaliauskas – approve that the twelve month consolidated financial non-audited interim report of „Rokiskio suris“ for the year 2007, is formed in accordance with applicable accounting standards, is true and shows fair assets, obligations, financial state and profits of the Company and total consolidated group.

Attached: Twelve month consolidated financial non-audited interim report of „Rokiskio suris“ for the year 2007.

Chief Executive Officer



Antanas Trumpa

Chief Financial Officer



Antanas Kavaliauskas





**CONSOLIDATED FINANCIAL NON-AUDITED
INTERIM REPORT OF AB “ROKISKIO SURIS“
FOR THE TWELVE MONTH PERIOD FOR
THE YEAR 2007**

(Prepared in accordance with the rules of preparation and submission of periodical and supplementary information approved by the Securities Commission of the Republic of Lithuania)

AB „ROKISKIO SURIS“ CONSOLIDATED FINANCIAL ACCOUNT as at 31st December, 2007

Company code 173057512, address: Pramones g. 3, LT-42150 Rokiskis, Lithuania
(prepared according to International Accounting Standards)

(All tabular amounts are in LTL '000 unless otherwise stated)

Consolidated Balance sheet

	31 st December 2007	31 st December 2006
PROPERTY		
Non-current assets		
Long-term tangible assets	113,574	122,822
Intangible assets (with prestige)	5,327	547
Other receivables in a year	19,709	13,167
	138,610	136,536
Current assets		
Inventories	104,196	102,703
Receivables and advance payments	87,670	81,223
Short-term investments		1,625
Cash and cash equivalents	4,768	669
	196,634	186,220
Total assets	335,244	322,756
EQUITY AND LIABILITIES		
Capital and reserves		
Ordinary shares	42,716	47,462
Share premium	41,473	41,473
Reserve for acquisition of treasury shares	14,394	30,000
Treasury shares	(4,702)	(20,352)
Other reserves	5,362	69,805
Retained earnings	113,849	24,645
	213,092	193,033
Minority share	506	
Total shareholder property	213,598	193,003
Non-current liabilities		
Non-current liabilities	530	
Deferred income	8,106	6,703
	8,636	6,703
Current liabilities		
Trade and other payables	65,302	44,303
Deferred income and accumulated expenditure	11,528	2,380
Financial debts	36,180	76,337
	113,010	123,020
Total equity and liabilities	335,244	322,756

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Consolidated profit (loss) report

	October - December	October - December	Year ended 31 st December	Year ended 31 st December
	2007	2006	2007	2006
Sales	152,466	140,558	665,548	518,144
Cost of sales	(104,104)	(120,939)	(537,286)	(450,963)
Gross profit	48,362	19,619	128,262	67,181
Selling and marketing expenses	(43,528)	(13,423)	(78,879)	(46,491)
Operating profit	4,834	6,196	49,383	20,690
Finance costs	1,690	(808)	149	(2,452)
Profit before tax	6,524	5,388	49,532	18,238
Income tax	(1,575)	(2,420)	(14,540)	(5,217)
Operating activity income	4,949	2,968	34,992	13,021
Minority interests			(150)	
Net profit	4,949	2,968	34,842	13,021

Antanas Trumpa
Chief Executive Officer

Virginija Navickienė
Chief accountant

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Consolidated cash flow statement

	Year ended 31st December	
	2007	2006
Operating activities		
Profit before tax and minority interest	49,383	18,238
<i>Corrections:</i>		
– depreciation	24,344	25,360
– depreciation (negative prestige not included)	1,069	629
– written off long-term tangible assets	467	54
– loss in long-term tangible asset sales	(33)	155
– interest expenses	2,278	2,459
– interest income	(348)	(594)
– minority	506	
– reduced value of receivables of other loans		2,200
– write-offs of inventories	10,602	
– doubted receivables and loan repayments from farmers, and holiday reserve	(6,940)	498
– depreciation of long-term tangible asset support	(4,428)	(2,179)
<i>Circulating capital changes:</i>		
- inventories	(12,096)	(31,588)
- payables	42,249	1,957
- receivables and advance payments	(4,036)	640
Cash flows generated from operating activities	103,017	17,822
Interest paid	(2,278)	(2,452)
Income tax paid	(3,963)	(6,970)
Cash flows from operating activities	96,776	8,400
Investing activities		
Purchase of long-term tangible assets	(16,569)	(20,442)
Purchase of intangible assets	(5,849)	(41)
Purchase of investments	(1,171)	-
Loans granted to farmers and employees	(9,753)	(516)
Other granted loans	(13,270)	(1,529)
Income from sales of non-current tangible assets	1,039	134
Repayments of loans granted to farmers and employees	3,466	2,929
Repayment of other loans	129	677
Interest received	348	594
Subsidies for long-term tangible assets	3,451	300
Net cash flows from investing activities	(38,179)	(17,894)
Financing activities		
Acquisition of treasury shares	(4,702)	(4,128)
Finance lease principal payments	(20)	(260)
Loans granted	267,430	38,135
Loan repayments received	(299,066)	(25,232)
Dividends paid	(10,081)	(10,276)
Net cash flows from financing activities	(46,439)	(1,761)
Net increase in cash and cash equivalents	12,158	(11,255)
Cash and cash equivalents at the beginning of the period	(16,582)	(5,327)
Cash and cash equivalents at the end of the period	(4,424)	(16,582)

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Consolidated Own Capital Change Statement (thousand LTL)

	Share capital	Share premium	Reserve for acquisition of treasury shares	Treasury shares	Other reserves	Retained earnings	Total
Balance at 31st December 2005	47,462	41,473	10,000	(16,224)	69,805	41,900	194,416
Transfer to reserve for acquisition of treasury shares			20,000			(20,000)	
Acquisition of treasury shares				(4,128)			(4,128)
Dividends relating to 2005						(10,276)	(10,276)
Net profit						13,021	13,021
Balance at 31st December 2006	47,462	41,473	30,000	(20,352)	69,805	24,645	193,033
Decrease of the Authorized Capital	(4,746)		(15,606)	20,352			
Re-distribution of unused reserves					(65,094)	65,094	
Transfer to regulatory reserve					651	(651)	
Acquisition of treasury shares				(4,702)			(4,702)
Dividends relating to 2006						(10,081)	(10,081)
Net profit						34,992	34,992
Minority share						(150)	(150)
Balance at 31st December 2007	42,716	41,473	14,394	(4,702)	5,362	113,849	213,092

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Commentary on the Report

1. General information

The joint stock company „Rokiskio suris“ (henceforth – the company) is a listed joint stock company located in Rokiskis.

AB „Rokiskio suris“ shares are traded on the Official trade list of Vilnius Stock Exchange (VVPB symbol – RSU1L).

The Consolidated Group (henceforth – the Group) consists of the company and two of its subsidiary companies and seven daughter enterprises. The subsidiary companies and daughter enterprises are included into the consolidated financial reports.

	Operating as at 31st December	
	2007	2006
Subsidiaries		
Utenos pienas	Yes	Yes
Ukmerges pienine	Yes	Yes

	Group share (%) as at 31st December	
	2007	2006
Daughter enterprises		
UAB „Rokiskio pienas“	100,00	100,00
UAB „Pieno upes“	50,00	-
UAB „Skeberdis ir partneriai“	100,00	-
UAB „Skirpstas“	100,00	-
UAB „Batenai“	100,00	-
UAB „Pecupe“	100,00	-
KB „Zalmarge“	100,00	-

The Group's main performance is production of fermented cheese and other dairy products. On 31st December 2007, 1 858 employees were working in the Group (compared to 1 768 employees as on 31st December 2006).

2. Accounting Principles

This consolidated financial account has been prepared according to International Financial Reporting Standards as adopted by the European Union and International Financial Reporting Standards issued by the IASB. All International Financial Reporting Standards issued by the IASB and effective at the time of preparing these consolidated financial statements have been adopted by the EU through the endorsement procedure established by the European Commission.

Daughter enterprises are the enterprises where the Group has the right to control their finance and performance policy. Usually this kind of control is possible when the company has more than a half of shares with the right to vote. Complete consolidation of daughter enterprises begins from the day when the Group takes control over these enterprises, and, on the other hand, consolidation is stopped with the loss of such control.

Transactions among the Group's enterprises, residual values and retained transaction earnings between the Group's enterprises are eliminated. Unrealised loss is eliminated too; however, it is considered to be the sign of transfer asset value decrease. The accounting principles of daughter enterprises were changed where necessary in order to ensure their consistency with the accounting principles applied by the Group.

The consolidated financial report is presented in Lithuanian litas (LTL), which is the functional and presentation currency of both the company and any of the Group enterprises.

The value of long-term tangible assets is valued at historical cost less accumulated depreciation. Subsequent costs are included into the asset's carrying amount or recognized as separate assets, as appropriate, only when it is likely that in future the Group will receive economic benefits associated with the item and the cost of the item will be measured accordingly. All other repairs and maintenance expenses are charged to the income statement during the financial period in which they have been incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	25 – 55 years
Plant & machinery	5 - 15 years
Motor vehicles	3 - 5 years
Equipment and other property, plant and equipment	3 - 8 years

The asset residual values and useful lives are reviewed, and adjusted, if appropriate, at each balance sheet date.

The Group's software which is expected to bring the Group material benefit in future, is valued at cost price less accumulated depreciation. Depreciation is calculated using the straight-line method for the estimated useful life from 1 to 5 years.

Borrowings and receivables are non-derivative financial assets which have fixed or determined payments and which are not quoted in the active market. They are reported as current assets when their term is no longer than 12 months from the balance sheet preparation date; otherwise, they are reported as non-current assets. In the balance sheet borrowings and receivables are reported under trade and other receivables.

Inventories are reported at their cost price or at their net sale value, depending on which of the values is smaller. The cost price is calculated using the method of FIFO. The cost of ready production or production in progress consists of raw material, direct labour and other direct or indirect production expenses less borrowing costs. Net sale value is a valuated sale price under usual business conditions less production completion and sale expenses.

In the beginning receivable sums are reported at their fair value and subsequently at their depreciated cost less value decrease sum, using the method of effective interest rate. The value decrease of receivables is determined when there is objective evidence that the Group will fail in getting back all the sums during the terms determined in advance. Value decrease sum is the difference between the carrying amount and the actual value of evaluated future cash flows, discounted using the effective interest rate method. In the income statement the value decrease sum is reported under general and administrative expenses. Bad debts are written off in the year when they are determined as impossible to settle.

Cash and cash equivalents are reported at their nominal value. In the cash flow statement cash and cash equivalents mean bank and cash-register money, as well as bank overdrafts. In the balance sheet bank overdrafts are reported under financial debts as current liabilities.

Ordinary registered shares are reported at their nominal value. The sum received from sold shares exceeding their nominal value is reported as share premium. Additional expenses directly attributed to new share emission are reported by subtracting them from share premium.

When the company or its daughter enterprises acquire the company shares, the sum paid for them, including all additional expenses, is subtracted from shareholder property as treasury shares until they are not sold, newly launched for sales or cancelled. When treasury shares are sold, launched for sales or cancelled no profit or loss are reported in the income statement. When such shares are subsequently sold or launched for sales again, the means received are reported as shareholders' own capital change in the consolidated balance sheet.

Other reserves are formed following the general annual shareholder meeting decision concerning division of retained earnings.

In the beginning liabilities are reported at their fair value without transaction costs. Subsequently the loans granted are reported at their depreciated cost, whereas the difference amount between the proceeds received (less transaction costs) and the loan repayments is reported in the income statement during the entire loan period using the method of effective interest rate.

Income is taxed 15 per cent (in year 2006 - 15 per cent) of income tax rate according to the laws on taxes of the Republic of Lithuania.

Following the newly accepted provisional Social Tax Law of the Republic of Lithuania, social taxes applied for taxable income for years 2006 and 2007 make 4 and 3 per cent accordingly.

For its employees the Group pays social income payments to the State Social Insurance Fund (henceforth – the fund), following a determined payment plan and in accordance to local legal act requirements. Social insurance payments are considered to be expenses, following accumulation principle. They are reported under salary expenses.

Income from sale consists of the fair value of proceeds received or receivable for the goods sold and services provided during the Group's operating activities. It is received by subtracting the added value tax, returned goods and price allowances, and by removing the sales inside the Group. The income from production sale is counted only after the purchaser overtakes all the significant risks and benefits related to proprietary rights.

Interest income is acknowledged in proportion using the method of effective interest rate.

In the Group's financial report payment of dividends to the company's shareholders becomes obligatory only after it is confirmed by the company's shareholders.

The general income per share is counted by dividing the shareholders' net profit by the weighted average of ordinary registered shares launched. The ordinary registered shares bought by the Group are not included since they are valued as treasury shares.

Governmental subsidies are counted at their fair value when there is enough evidence confirming that subsidies are to be received and the Group is in conformity with the conditions raised.

Export subsidies, paid by the Government for every ton of goods in conformity with requirements, are registered under income from sales.

In the balance sheet the government subsidies granted to finance the purchase of long-term tangible assets are reported under long-term future income. They are acknowledged as income using the straight-line method during the relative long-term tangible asset functional working period.

Putting offs are evaluated as the actual value of expected obligatory expenses, applying the pre-tax tariff which reflects actual market considerations concerning cash time value and appropriate obligation risks. Putting off increase due to period changes is acknowledged as interest costs.

3. Information on segments

Primary segment – business segments

The Group's main business segment is production of cheese and dairy products.

Secondary segment – geographic segments

Analysis of the Group's income from sales according to markets is as follows:

Sales

	31 12 2007	31 12 2006	Change (%)
Lithuania	210.912	189.360	11,38
European Union countries	339.553	198.075	71,43
Commonwealth of Independent States	99.320	120.500	-17,58
Other (including the United States and Japan)	15.763	10.209	54,40
Total	665.548	518.144	28,45

Income from sales attributed to geographic segments according to the customer's location.

Income analysis according to groups:

	31 12 2007	31 12 2006	Change (%)
Product Sales	657.172	487.223	34,88
Export subsidies	6.558	21.040	-68,83
Provided services	1.818	9.881	-81,60
	665.548	518.144	28,45

Following the European Commission's Regulation "Concerning covering export costs of milk and dairy products", starting from 1st May 2004 the company has the right to receive subsidies for the cheese exported to the countries determined by the latter Regulation. Export subsidies are paid for

every ton of exported production which is in conformity with the Regulation requirements. Payable export subsidies are reported under trade and other payables.

4. Long-term tangible assets

In the income statement the depreciation charge of long-term tangible assets is reported in the following entries: selling and marketing expenses, general and administrative expenses and cost of sales, as well as in production in progress and ready production entries.

Software and intangible asset depreciation charge are accounted in the entry of general and administrative expenses.

5. Other receivables

Other receivables as at 31st December 2007, consisted as follows:

	31 12 2007	31 12 2006	Change (%)
Long-term loans granted to farmers	14.343	9.388	52,78
Long-term loans granted to employees	340	676	-48,70
Advanced payments	3.840	3.088	24,35
Other	1.186	15	7.806,67
Total	19.709	13.167	49,68

The repayment terms of loans granted to farmers vary from 1 to 15 years, whereas the annual interest rate varies from 1 to 10 per cent.

The repayment terms of loans granted to employees vary from 5 to 25 years, whereas the interest rate for them is not calculated.

The company's managing bodies believe that the balance sheet values of long-term receivables are their fair values.

6. Inventories

The inventories as at 31st December 2007:

	31 12 2007	31 12 2006	Change (%)
Raw material	10.873	5.572	95,14
Production in progress	18.489	10.776	71,58
Ready production	78.582	81.790	-3,92
Other stocks	54	4.565	-98,82
Total	107.998	102.703	5,16

7. Selling and Other Receivables

The selling and other receivables as at 31st December 2007

	31 12 2007	31 12 2006	Change (%)
Selling receivables	54.781	52.325	4,69
Receivable export subsidies	64	9.912	-99,35
Receivable VAT	5.390	3.541	52,22
Other receivables	26.939	14.756	82,56
Advance payments and future period expenses	496	689	-28,01
Total	87.670	81.223	7,94

8. Cash and cash equivalents

The cash and cash equivalents as at 31st December 2007

	31 12 2007	31 12 2006	Change (%)
Bank and cash-register money	4.768	669	612,71
Current deposits (overdraft)	(9.192)	(17.251)	-46,72
Total	(4.424)	(16.582)	-73,32

9. Share capital

On 31st December 2006, the share capital consisted of 4 746 270 (four million seven hundred forty six thousand two hundred seventy) ordinary registered shares. Nominal value of shares was 10 (ten) litas per share. All shares are fully paid off. The 22nd December 2006 extraordinary general meeting of shareholders resolved to reduce the Authorized Capital of AB „Rokiskio suris“ by LTL 4 746 170 (four million seven hundred forty six thousand one hundred seventy Lithuanian litas) as a result of annulment of 474 617 (four hundred seventy four thousand six hundred seventeen) ordinary registered shares with LTL 10 (ten litas) par value. After the annulment of all treasury shares, the Authorized Capital was equal to LTL 42 716 530 (forty two million seven hundred sixteen thousand five hundred sixty Lithuanian litas) divided into 4 271 653 (four million two hundred seventy one thousand six hundred fifty three) ordinary registered shares with LTL 10 (ten) par value. On 11th May 2007, the reduced Authorized Capital of AB „Rokiškio sūris“ amounting to LTL 42 716 530 was registered in the Register of Juridical Persons.

The 19th October 2007 General meeting of shareholders resolved to change nominal value of ordinary registered shares whilst the size of the Authorized Capital remained stable. Subsequently nominal value of ordinary shares of AB „Rokiskio suris“ was changed from 10 (ten) Lithuanian litas into 1 (one) Lithuanian litas par value proportionally increasing number of shares. This action was registered in the Register of Juridical Persons on 29th October 2007.

As at 31st December 2007, the Authorized Capital of AB „Rokiskio suris“ equaled to LTL 42 716 530 (forty two million seven hundred sixteen thousand five hundred thirty Lithuanian litas), divided into 42 716 530 (forty two million seven hundred sixteen thousand five hundred thirty) ordinary registered shares with 1 (one) litas par value.

During the period from 13th June to 12th July 2007, in the course of voluntary non-competing takeover bid AB „Rokiskio suris“ acquired 87 365 (eighty seven thousand three hundred sixty

five) ordinary registered shares with 10 (ten) litas par value. Having changed nominal value of a share and having multiplied by the number of shares relatively, as at 31st December 2007 AB „Rokiskio suris“ has 873 650 (eight hundred seventy three thousand six hundred fifty) ordinary registered shares with LTL 1 (one Lithuanian litas) par value which makes 1, 83 % of the Authorized Capital of AB „Rokiskio suris“. The Company does not have the right of property and non-property nature to manipulate the treasury shares as stated by the Law on Joint Stock Companies.

As at 31st December 2007, the Company had 5 608 of shareholders.

10. Financial ratios

	31 12 2007	31 12 2006	Change (%)
Revenue (LTL thousand)	665.548	518.144	28,44
EBITDA (LTL thousand)		46.686	
EBITDA margin (%)		9.01	
Operations profit (LTL thousand)	54.620	20.690	138,68
Margin of operations profit (%)	8.21	3.99	85,96
Profit per share (LTL)		3.01	159,80
Number of shares (units)	42 716 530*	4 746 270**	-10

* - 1 litas par value per share

** - 10 litas par value per share

11. Information on the audit

The audit of AB „Rokiškio sūris“ for the fiscal year 2007 will be performed by international audit company UAB „PricewaterhouseCoopers“.