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

14th April 2009

ENDORSEMENT BY THE RESPONSIBLE PERSONS

Pursuing Part 1 of Article 21 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 audited financial accounting of „Rokiskio suris" for the year 2008, is formed in accordance with applicable international accounting standards valid in EU, is true and shows fair assets, obligations, financial state and profits of the Company and total consolidated group, and also that the annual report shows fair business environment as well as description of the company's performance including key risk factors and uncertainties which may be met by AB "Rokiskio suris".

Attached: Consolidated financial audited report of AB "Rokiskio suris" for the year 2008, prepared in accordance with the EU international accounting standards, also consolidated audited annual report of AB "Rokiskio sûris" and the company's disclosure of compliance with the Governance Code of the companies whose securities are traded on a regulated market.

Chief Executive Officer Antanas Trumpa

Chief Financial Officer Antanas Kavaliauskas

LIETUVOS RESPUBLIKA
Akcinė bendrovė
ROKIŠKIO SŪRIS
„ROKIŠKIO SŪRIS"
ROKIŠKIS

ROKIŠKIO SŪRIS AB
CONSOLIDATED AND
PARENT COMPANY'S FINANCIAL STATEMENTS,
ANNUAL REPORT AND
INDEPENDENT AUDITOR'S REPORT
31 DECEMBER 2008

Translation note

This version of Consolidated and Parent company's financial statements is a translation from the original, which was prepared in Lithuanian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

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Translation note

This version of our report is a translation from the original, which was prepared in Lithuanian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Rokiškio sūris AB

Report on the financial statements

We have audited the accompanying stand alone and consolidated financial statements (the "financial statements") of Rokiškio sūris AB (the "Company") and its consolidated subsidiaries (together the "Group") set out in pages 5 – 48 which comprise the stand alone and consolidated balance sheet as at 31 December 2008 and the stand alone and consolidated income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company and the Group as of 31 December 2008, and their financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

Furthermore, we have read the Consolidated Annual Report for the year ended 31 December 2008 set out on pages 49 - 112 and have not noted any material inconsistencies between the financial information included in it and the audited financial statements for the year ended 31 December 2008.

On behalf of PricewaterhouseCoopers UAB

Christopher C. Butler
Partner

Rasa Radzevičienė
Auditor's Certificate No.000377

Vilnius, Republic of Lithuania
10 April 2009

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

Income statement

The Group				The Company	
Year ended 31 December				Year ended 31 December	
2008	2007		Notes	2008	2007
681,821	664,962	Sales	5	614,828	609,595
(631,520)	(549,020)	Cost of sales		(592,449)	(520,621)
50,301	115,942	**Gross profit**		22,379	88,974
(41,027)	(29,401)	Selling and marketing expenses	6	(19,959)	(15,948)
(25,218)	(40,328)	General and administrative expenses	7	(20,330)	(31,835)
13,257	10,801	Other income	8	13,148	13,570
(12,216)	(8,623)	Other expenses	9	(12,231)	(11,808)
(92)	394	Other operating (losses)/gains - net	10	(76)	383
(14,995)	48,785	**Operating (loss) / profit**		(17,069)	43,336
(6,008)	(2,278)	Finance costs	12	(5,996)	(2,275)
(21,003)	46,507	**(Loss) / profit before tax**		(23,065)	41,061
2,676	(12,269)	Income tax	13	3,148	(10,462)
(18,327)	34,238	**Net (loss) / profit**		(19,917)	30,599
		Attributable to:			
(18,286)	34,238	Equity holders of the Company		(19,917)	30,599
(41)	-	Minority interest		-	-
(18,327)	34,238			(19,917)	30,599
(0,45)	0,81	**Diluted and basics earnings / (loss) per share (LTL per share)**	14	(0,49)	0,72

The notes on pages 10 to 48 are an integral part of these financial statements.

The financial statements on pages 5 to 48 have been approved for issue by the Board of Directors as at 10 April 2009 and signed on their behalf by the Director and Chief Financial Officer.

Antanas Trumpa
Director

Antanas Kavaliauskas
Chief Financial Officer

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

Balance sheet

The Group				The Company	
As at 31 December				As at 31 December	
2008	2007		Notes	2008	2007
		ASSETS			
		Non-current assets			
129,206	113,451	Property, plant and equipment	15	98,847	86,950
2,420	3,815	Intangible assets	16	318	341
1,186	1,186	Investments into subsidiaries	17	29,773	33,220
4,272	1,590	Deferred income tax asset	18	4,785	1,590
27,202	15,336	Loans granted	19	27,064	15,336
955	3,840	Other receivables	21	955	3,730
165,241	139,218			161,742	141,167
		Current assets			
87,223	104,195	Inventories	20	80,151	99,378
1,723	25,985	Loans granted	19	1,713	25,624
97,587	59,923	Trade and other receivables	21	91,788	55,023
6,273	-	Prepaid Income Tax		5,674	-
3,242	4,623	Cash and cash equivalents	22	2,630	1,041
196,048	194,726			181,956	181,066
361,289	333,944	**Total assets**		343,698	322,233
		EQUITY			
		Attributable to the equity holders of the Company			
42,716	42,716	Share capital	23	42,716	42,716
41,473	41,473	Share premium		41,473	41,473
28,746	14,394	Reserve for acquisition of treasury shares		28,746	14,394
(15,492)	(4,702)	Treasury shares	24	(15,492)	(4,702)
7,074	5,362	Other reserves	25	7,074	5,362
68,993	113,245	Retained earnings		63,723	109,606
173,510	212,488			168,240	208,849
273	-	**Minority interest**		-	-
173,783	212,488	**Total equity**		168,240	208,849
		LIABILITIES			
		Non-current liabilities			
8	504	Borrowings	26	-	459
8,445	5,946	Deferred income	27	6,383	4,422
8,453	6,450			6,383	4,881
		Current liabilities			
-	8,413	Income tax liabilities		-	6,584
124,632	36,154	Borrowings	26	124,446	36,034
2,843	2,160	Deferred income	27	2,498	1,949
50,754	67,455	Trade and other payables	28	41,307	63,112
824	824	Provisions	29	824	824
179,053	115,006			169,075	108,503
187,506	121,456	**Total liabilities**		175,458	113,384
361,289	333,944	**Total equity and liabilities**		343,698	322,233

The notes on pages 10 to 48 are an integral part of these financial statements.

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

The Company's statement of changes in equity

	Notes	Share capital	Share premium	Reserve for acquisition of treasury shares	Treasury shares	Other reserves	Retained earnings	Total
Balance at 1 January 2007		**47,462**	**41,473**	**30,000**	**(20,352)**	**69,805**	**24,645**	**193,033**
Net profit for the period		-	-	-	-	-	30,599	30,599
Total recognised income for 2007		**-**	**-**	**-**	**-**	**-**	**30,599**	**30,599**
Acquisition of own shares	24	-	-	-	(4,702)	-	-	(4,702)
Decrease in share capital / cancellation of treasury shares	24	(4,746)	-	(15,606)	20,352	-	-	-
Transfer to legal reserve		-	-	-	-	651	(651)	-
Reallocation of unutilized distributable reserves	25	-	-	-	-	(65,094)	65,094	-
Dividends relating to 2006		-	-	-	-	-	(10,081)	(10,081)
Balance at 31 December 2007		**42,716**	**41,473**	**14,394**	**(4,702)**	**5,362**	**109,606**	**208,849**
Net loss for the period		-	-	-	-	-	(19,917)	(19,917),
Total recognised loss for 2008		**-**	**-**	**-**	**-**	**-**	**(19,917)**	**(19,917)**
Treasury shares acquisition	24				(10,790)	-	-	(10,790)
Transfer to reserves	25	-	-	14,352	-	1,712	(16,064)	-
Dividends relating to 2007		-	-	-	-	-	(9,902)	(9,902)
Balance at 31 December 2008		**42,716**	**41,473**	**28,746**	**(15,492)**	**7,074**	**63,723**	**168,240**

The notes on pages 10 to 48 are an integral part of these financial statements.

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

The Group's statement of changes in equity

		Attributable to equity holders of the Company								
	Notes	Share capital	Share premium	Reserve for acquisition of treasury shares	Treasury shares	Other reserves	Retained earnings	Total	Minority interest	Total
Balance at 1 January 2007		**47,462**	**41,473**	**30,000**	**(20,352)**	**69,805**	**24,645**	**193,033**	**-**	**193,033**
Net profit for the period		-	-	-	-	-	34,238	34,238	-	34,238
Total recognised income for 2007		**-**	**-**	**-**	**-**	**-**	**34,238**	**34,238**	**-**	**34,238**
Treasury shares acquisition	24	-	-	-	(4,702)	-	-	(4,702)	-	(4,702)
Decrease in share capital / cancellation of treasury shares	24	(4,746)	-	(15,606)	20,352	-	-	-	-	-
Transfer to legal reserve		-	-	-	-	651	(651)	-	-	-
Reallocation of unutilized distributable reserves	25	-	-	-	-	(65,094)	65,094	-	-	-
Dividends relating to 2006		-	-	-	-	-	(10,081)	(10,081)	-	(10,081)
Balance at 31 December 2007		**42,716**	**41,473**	**14,394**	**(4,702)**	**5,362**	**113,245**	**212,488**	**-**	**212,488**
Acquisition of subsidiaries		-	-	-	-	-	-	-	314	314
Net loss for the period		-	-	-	-	-	(18,286)	(18,286)	(41)	(18,327)
Total recognized loss for 2008		**-**	**-**	**-**	**-**	**-**	**(18,286)**	**(18,286)**	**(41)**	**(18,327)**
Treasury shares acquisition	24	-	-	-	(10,790)	-	-	(10,790)	-	(10,790)
Transfer to reserves	25	-	-	14,352	-	1,712	(16,064)	-	-	-
Dividends relating to 2007		-	-	-	-	-	(9,902)	(9,902)	-	(9,902)
Balance at 31 December 2008		**42,716**	**41,473**	**28,746**	**(15,492)**	**7,074**	**68,993**	**173,510**	**273**	**173,783**

The notes on pages 10 to 48 are an integral part of these financial statements.

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

Cash flow statement

The Group				The Company	
Year ended 31 December				**Year ended 31 December**	
2008	**2007**		**Notes**	**2008**	**2007**
		Cash flows from operating activities			
(21,050)	106,606	Cash (used in) / generated from operations	32	(23,938)	99,230
(6,009)	(2,278)	Interest paid		(5,996)	(2,275)
(14,692)	(3,821)	Income tax paid		(12,305)	(3,843)
(41,751)	100,507	Net cash (used in) / generated from operating activities		(42,239)	93,112
		Cash flows from investing activities			
(40,025)	(19,867)	Purchase of property, plant and equipment	15	(34,540)	(15,377)
(229)	(126)	Purchase of intangible assets	16	(229)	(126)
(1,142)	(8,347)	Purchase of investments (for the Group net of cash acquired)	17	(1,509)	(8,409)
(945)	(9,953)	Loans granted to farmers and employees		(945)	(9,753)
(1,221)	(13,270)	Other loans granted		(1,612)	(13,270)
492	2,263	Proceeds from sale of property, plant and equipment		239	1,396
5,645	3,505	Government Grants received		4,665	3,505
216	130	Other loan repayments received		215	129
9,498	3,466	Loan repayments from farmers and employees		9,498	3,466
786	348	Interest received		786	323
(26,925)	(41,851)	Net cash used in investing activities		(23,432)	(38,115)
		Cash flows from financing activities			
(9,902)	(10,081)	Dividends paid		(9,902)	(10,081)
(10,790)	(4,702)	Acquisition of treasury shares	23	(10,790)	(4,702)
206,780	267,226	Proceeds from borrowings		206,745	267,284
(131,625)	(299,066)	Repayments of borrowings		(131,625)	(299,066)
-	(20)	Finance lease principal payments		-	-
54,463	(46,643)	Net cash generated from / (used in) financing activities		54,428	(46,565)
(14,213)	**12,013**	**Net (decrease) increase in cash and cash equivalents**		**(11,243)**	**8,431**
(4,569)	(16,582)	Cash and cash equivalents at beginning of the year	20	(8,151)	(16,582)
(18,782)	**(4,569)**	**Cash and cash equivalents at end of the year**	**22**	**(19,394)**	**(8,151)**

The notes on pages 10 to 48 are an integral part of these financial statements.

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

Notes to the financial statements

1. General information

Rokiškio Sūris AB (hereinafter "the Company") is a public listed company incorporated in Rokiškis, 160 km North–West from Vilnius, the capital of Lithuania. Company's code 173057512, address: Pramonės St. 3, LT-42150 Rokiškis, Lithuania.

The shares of Rokiškio Sūris AB are traded on the Official List of the National Stock Exchange.

The consolidated Group (hereinafter "the Group") consist of the Company its two branches, eight subsidiaries and one joint venture (2007: two branches and six subsidiaries and one joint venture). The branches and subsidiaries that comprise consolidated Group are indicated below:

Branches	Operating as at 31 December	
	2008	2007
Utenos Pienas	Yes	Yes
Ukmergės Pieninė	Yes	Yes

Subsidiaries	Group's share (%) as at 31 December	
	2008	2007
Rokiškio pienas UAB	100.00	100.00
Skeberdis ir partneriai UAB	100.00	100.00
Skirpstas UAB	100.00	100.00
Žalmargė KB	100.00	100.00
*Batėnai UAB **	100.00	100.00
*Pečupė UAB **	100.00	100.00
Europienas UAB	100.00	-
Jekabpils Piena Kombinats SIA	50.05	-
Joint venture		
Pieno upės UAB	50	50

** These subsidiaries were not consolidated due to their insignificance.*

All the above-mentioned branches and subsidiaries, except for Jekabpils Piena Kombinats SIA undertakings are incorporated in Lithuania. Jekabpils Piena Kombinats SIA undertaking is incorporated in Latvia.

The Company's and the Group's main line of business is the production of ferment cheese and a wide range of milk products.

Average number of Company's employees during the year ended 31 December 2008 was 1,162 people (2007: 1,192 people). Average number of Group's employees during the year ended 31 December 2008 was 1,920 people (2007: 1,738 people).

2. Accounting policies

2.1 Basis of preparation

These consolidated and parent company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The consolidated and parent's financial statements have been prepared under the historical cost convention.

The principal accounting policies applied in the preparation of these consolidated and parent company's financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of consolidated and parent company's financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and actions, actual results ultimately may differ from those estimates (Note 4).

Standards, amendments to standards and interpretations effective in 2008, but not relevant to the Company's and Group's operations

The following standards, interpretations and amendments to published standards are mandatory for accounting periods beginning on or after 1 January 2008 but are either not relevant to the Company's and Group's operations or do not have a material effect on the financial statements:

- Amendment to IAS 39, 'Financial instruments: Recognition and measurement', and IFRS 7 'Financial instruments: Disclosures on Reclassification of financial assets'. This amendment allows the reclassification of certain financial assets previously classified as 'held-for-trading' or 'available-for-sale' to another category under limited circumstances. Various disclosures are required where a reclassification has been made. Derivatives and assets designated as 'at fair value through profit or loss' under the fair value option are not eligible for this reclassification.

- IFRIC 11, 'IFRS 2 – Group and treasury share transactions'. Interpretation provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies.

- IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction', provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement.

- IFRIC 12 – Service Consession Arrangements'. The interpretation contains guidance on applying the existing standards by service providers in public-to-private service consession arrangements.

Early adoption of standards, interpretations and amendments to published standards

The Group and the Company has not elected to early adopt any new standards, interpretations and amendments to published standards.

Standards, interpretations and amendments to published standards that are not yet effective, endorsed by EU and have not been early adopted by the Company

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company's and Group's accounting periods beginning on or after 1 January 2009 or later periods but which the Company and the Group has not early adopted:

- IFRS 8, 'Operating segments' (effective from 1 January 2009). IFRS 8 replaces IAS 14, 'Segment reporting', and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purpose. The Company and the Group will apply IFRS 8 from 1 January 2009.
- IAS 1 (Revised), 'Presentation of Financial Statements' (effective from 1 January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The Company will apply IAS 1 (Revised) from 1 January 2009.
- IAS 23 (Revised), 'Borrowing Costs' including amendment published by IASB in May 2008 as part of annual improvement project (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Company and the Group will apply new IAS 23 from 1 January 2009.
- IFRS 2 (Amendment), 'Share-based payment' (effective from 1 January 2009). The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. As such these features would need to be included in the grant date fair value for transactions with employees and others providing similar services, that is, these features would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Company and the Group will apply IFRS 2 (Amendment) from 1 January 2009, but it is not expected to have any impact on the financial statements.
- IFRIC 13, 'Customer loyalty programmes' (effective from 1 July 2008). IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. IFRIC 13 is not relevant to the Company's and the Group's operations, because it does not operate any loyalty programmes.

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

- IAS 32 (Amendment), 'Financial instruments: Presentation', and IAS 1 (Amendment), 'Presentation of financial statements' – 'Puttable financial instruments and obligations arising on liquidation' (effective from 1 January 2009). The amended standards require entities to classify puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions. The Company and the Group will apply the IAS 32 and IAS 1 (Amendment) from 1 January 2009, but is not expected to have any impact on the financial statements.
- IFRS 1 (Amendment) 'First time adoption of IFRS' and IAS 27 'Consolidated and separate financial statements' (effective from 1 January 2009). The amended standard allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The amendment will not have any impact on the financial statements.
- On the 23 January 2009, the EU endorsed the Improvements to IFRS standards published in May 2008 which amends 20 existing standards, basis of conclusions and guidance. These improvements include changes in presentation, recognition and measurement as well as terminology and editorial changes. Most of these changes are effective for periods beginning or after 1 January 2009. These amendments are not expected to have significant impact on the financial statements.

2.2 Consolidated financial statements

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Transactions and minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement.

(c) Joint venture

The group's interests in jointly controlled entities are accounted for by proportionate consolidation. The group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the group's financial statements. The group recognises the portion of gains or losses on the sale of assets by the group to the joint venture that is attributable to the other venturers. The group does not recognise its share of profits or losses from the joint venture that result from the group's purchase of assets from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

2.3 Stand alone financial statements

Subsidiaries in the stand-alone financial statements are accounted at cost less impairment charge – that is the income from the investment is recognized only to the extent that the Company receives distributions from accumulated profits of the investee arising after the date of acquisition. Distributions received in excess such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company and each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Litas (LTL), which is the Company's (and each of the Group entity's) functional and presentation currency.

Litas is pegged to the Euro at an exchange rate of LTL 3.4528 = EUR 1 from 2 February 2002.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are 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.

Useful lives of property, plant and equipment are given in the table below:

Buildings	15-55 years
Plant & machinery	5-29 years
Motor vehicles	4-10 years
Equipment and other property, plant and equipment	3-20 years

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Construction in progress is transferred to appropriate groups of property, plant and equipment when it is completed and available for its intended use.

When property is retired or otherwise disposed, the cost and related depreciation are removed from the financial statements and any related gains or losses are determined by comparing proceeds with carrying amount and are included in operating profit.

2.6 Intangible assets

(a) Computer software
Software assets expected to provide economic benefit to the Company and the Group in future periods are valued at acquisition cost less subsequent amortisation. Software is amortised on the straight-line basis over the useful life of 1 to 5 years.

(b) Contractual Customer relationships
Contractual customer relationships recognized as intangible asset upon business acquisition (Note 31) are accounted for at cost less accumulated amortization and impairment. Contractual customer relationships are amortised on the straight-line basis over the estimated useful life of 2 years.

2.7 Impairment of non-financial assets

Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.8 Financial assets

The Group classifies its financial assets in a category of loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' in the balance sheet.

2.9 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related indirect production overheads, but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.10 Loans granted and trade and other amounts receivable

Loans granted and amounts receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of amounts receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement within 'general and administrative expenses'. Bad debts are written off during the year in which they are identified as irrecoverable.

2.11 Cash and cash equivalents

Cash and cash equivalents are carried at nominal value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and at bank and bank overdrafts. Bank overdrafts are included in borrowings in current liabilities on the balance sheet.

2.12 Share capital

(a) Ordinary shares

Ordinary shares are stated at their par value. Consideration received for the shares sold in excess over their par value is shown as share premium. Incremental external costs directly attributable to the issue of new shares are accounted for as a deduction from share premium.

(b) Treasury shares

Where the Company or its subsidiaries purchase the Company's equity share capital, the consideration paid including any attributed incremental external costs is deducted from shareholders' equity as treasury shares until they are sold, reissued, or cancelled. No gain or loss is recognized in the income statement on the sale, issuance, or cancellation of treasury shares. Where such shares are subsequently sold or reissued, any consideration received is presented in the consolidated financial statements as a change in shareholders' equity.

2.13 Reserves

(a) Other reserves

Other reserves are established upon the decision of annual general meeting of shareholders on profit appropriation. These reserves can be used only for the purposes approved by annual general meeting of shareholders.

Legal reserve is included into other reserves. Legal reserve is compulsory under the Lithuanian regulatory legislation. Annual transfers of 5 per cent of net result are required until the reserve reaches 10 per cent of share capital. The legal reserve cannot be used for payment of dividends and it is established to cover future losses only.

(b) Reserve for acquisition of treasury shares

This reserve is maintained as long as the Group is involved in acquisition/disposal of its treasury shares. This reserve is compulsory under the Lithuanian regulatory legislation and should not be lower than the nominal value of treasury shares acquired.

2.14 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

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

2.15 Deferred income tax

Profit is taxable at a 15 per cent (2007: 15 per cent) set in accordance with Lithuanian regulatory legislation on taxation.

According to the adopted Lithuanian Provisional Law on Social Tax, social tax at the rate of 3 per cent for 2007 should be paid on taxable income earned during 2007.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.16 Leases – where the Group is the lessee

(a) Finance lease

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in long-term payables except for instalments due within 12 months which are included in current liabilities. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

(b) Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.17 Employee benefits

(a) Social security contributions

The Group pays social security contributions to the state Social Security Fund (the Fund) on behalf of its employees based on the defined contribution plan in accordance with the local legal requirements. A defined contribution plan is a plan under which the Group pays fixed contributions into the Fund and will have no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior period. Social security contributions are recognised as expenses on an accrual basis and included in payroll expenses.

(b) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(c) Bonus plans

The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

2.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminated sales within the Group. Revenue from sales of goods is recognised only when all significant risks and benefits arising from ownership of goods is transferred to the customer.

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

2.19 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.20 Earnings per share

Basic earnings per share are calculated by dividing net profit attributed to shareholders from average weighted number of ordinary registered shares in issue, excluding ordinary registered shares purchased by the Company and the Group and held as treasury shares.

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

2.21 Segment reporting

The Company's single business segment is production of cheese and other diary products, therefore, information on key business segment is not presented. The Group is organised on a basis of two main business segments: Fresh milk products and Cheese and other diary products. Secondary reporting format – geographical segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

2.22 Government grants and subsidies

Government grants are recognised at fair value where there is sufficient evidence that the grant will be received and the Group and the Company will comply with all conditions attached.

Export subsidies paid by the Government for each exported tone of products meeting certain requirements are included in sales revenue.

Government grants received to finance acquisition of property, plant and equipment are included in deferred income in the balance sheet. They are recognised as income on a straight-line basis over the useful life of related property, plant and equipment.

2.23 Provisions

Provisions for restructuring costs and legal claims are recognised when: the Company and the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.24 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method.

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

3. Financial risk management

3.1 Financial risk factors

The Group's activities are exposed to a variety of financial risks. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by Comapny's management. No written principles for overall risk management are prepared.

(a) Market risk

(i) foreign exchange risk
The Group and the Company operates internationally; however, its exposure to foreign exchange risk is set at minimum level, since its sales outside Lithuania are performed mainly in euros. The exchange rate of euro and litas is fixed.

(ii) Cash flow and fair value interest rate risk
The Group's and Company's interest rate risk arises from interest-bearing loans and long-term borrowings issued. Borrowings issued at a variable interest rate expose the Group to cash flow interest rate risk. Loans granted at a fixed interest rate expose the Group to fair value interest rate risk. In 2008 and 2007, loans granted by the Group at a fixed interest rate were denominated in litas. In 2008 and 2007, borrowings issued to the Group at a variable interest rate were denominated in litas and euros.

The Company's and the Group's net interest sensitive liabilities amounted to LTL 105,210 thousand as at 31 December 2008 (31 December 2007: LTL 14,566 thousand). If interest rate increases / decreases by 1 percentage point, the Company's and the Group's loss would increase / decrease by LTL 1,052 thousand (2007: profit would decrease / increase by LTL 146 thousand).

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposures to customers, mainly related to outstanding receivables and loans granted.

As at 31 December 2008 all Company's and Group's cash balances held in banks that had external credit ratings from 'B+' to 'A', as set by international Fitch Ratings agency (assessed in accordance with long-term borrowing ratings) (31 December 2007: 'A', or higher).

i) Maximum exposure to credit risk
The table below summarizes all balance sheet items that are related to credit risk. Maximum exposure to credit risk before collateral held or other credit enhancements as at 31 December:

The Group			The Company	
2008	**2007**		**2008**	**2007**
2,819	4,290	Cash and cash equivalents within the banks	2,274	753
93,587	53,945	Trade receivables	89,460	48,875
28,925	41,158	Loans granted	28,777	40,958
11,227	9,982	Other amounts receivables	8,956	9,880
136,558	**109,375**		**129,467**	**100,466**

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

ii) Credit quality of financial assets

The Group's management does not classify amounts receivables and other financial assets that are exposed to credit risk based on quality of the credit. Credit risk is managed through established credit limits for a major customers and monitoring of overdue receivables. Analysis of overdue receivables and credit limits is regularly monitored by management.

Credit limits and receivables as at 31 December 2008 for the major 9 customers are summarized below.

The Group			The Company	
Credit limit	Receivables		Credit limit	Receivables
12,000	7,839	Customer A	12,000	7,839
9,000	7,207	Customer B	9,000	7,207
6,244	5,153	Customer C	6,244	5,153
4,700	4,542	Customer D	4,700	4,542
5,240	4,307	Customer E	5,240	4,307
3,800	3,843	Customer F	3,800	3,843
16,500	13,970	Customer G	-	-
8,940	3,988	Customer H	-	-
4,000	2,577	Customer I	-	-

Credit limits and receivables as at 31 December 2007 for the major 9 customers are summarized below.

The Group			The Company	
Credit limit	Receivables		Credit limit	Receivables
16,000	9,899	Customer B	16,000	9,899
8,715	9,167	Customer G	-	-
4,000	3,321	Customer Y	4,000	3,321
3,000	1,258	Customer J	3,000	1,258
2,200	1,188	Customer K	2,200	1,188
3,452	2,762	Customer F	3,452	2,762
3,578	3,617	Customer H	-	-
2,600	833	Customer L	2,600	833
2,600	738	Customer M	2,600	738

No credit limits were significantly exceeded during the reporting period.

The table below summaries concentration of the loans granted:

The Group			**The Company**	
2008	**2007**		**2008**	**2007**
18,332	25,545	Loans granted for amount of above LTL 2 million	18,332	25,545
2,600	3,691	Loans granted for amount above LTL 1 million but not more than LTL 2 million	2,600	3,691
7,993	12,085	Loans granted for amount less than LTL 1 million	7,845	11,724
28,925	41,321		28,777	40,960

All loans granted for amount of above LTL 1 million comprise loan granted to related parties (Note 33). The loans granted for amount of above LTL 2 million comprise one loan granted to related party (Note 33).

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

(c) Liquidity risk

Prudent liquidity risk management allows maintaining sufficient cash and availability of funding under committed credit facilities.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Accounts payable and other financial liabilities due within 3 months or less are equal to their carrying balances as the impact of discounting is insignificant.

The Company

31 December 2008	**Less than 3 months**	**From 3 to 12 months**	**From 1 to 5 years**	**After 5 years**
Bank loans	63,580	63,662	-	-
Trade payables	36,846	-	-	-
	100,426	**63,662**	**-**	**-**

31 December 2007	**Less than 3 months**	**From 3 to 12 months**	**From 1 to 5 years**	**After 5 years**
Bank loans	-	37,000	461	-
Trade payables	49,843	-	-	-
Other financial liabilities	562	-	-	-
	50,405	**37,000**	**461**	**-**

The Group

31 December 2008	**Less than 3 months**	**From 3 to 12 months**	**From 1 to 5 years**	**After 5 years**
Bank loans	63,580	63,857	8	-
Trade payables	43,696	-	-	-
	107,276	**63,857**	**8**	**-**

31 December 2007	**Less than 3 months**	**From 3 to 12 months**	**From 1 to 5 years**	**After 5 years**
Bank loans	-	37,126	509	-
Trade payables	52,176	-	-	-
Other financial liabilities	562	-	-	-
	52,738	**37,126**	**509**	**-**

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

3.2. Capital risk management

The Group's and parent Company's objectives when managing capital are to safeguard ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group and Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group and the Company defines its capital as equity and debt less cash and cash equivalents.

As at 31 December The Group's and the Company's capital structure was as follows:

The Group			The Company	
2008	**2007**		**2008**	**2007**
124,640	36,658	Total borrowings	124,446	36,493
(3,242)	(4,623)	Less: cash and cash equivalents	(2,630)	(1,041)
121,398	32,035	Net debt	121,816	35,452
173,783	212,488	Total Equity	168,240	208,849
295,181	244,523	Total capital	290,056	244,301

Pursuant to the Lithuanian Law on Companies the authorised share capital of a public company must be not less than LTL 100,000 (private limited liability company must be not less than LTL 10,000) and the shareholders' equity should not be lower than 50 per cent of the company's registered share capital. As at 31 December 2008and 31 December 2007 the Company and Group complied with these requirements.

3.3. Fair value estimation

Trade payables and receivables accounted for in the balance sheet should be settled within a period shorter than three months, therefore it is deemed that their fair value equals to their carrying amount. Interest rate on the borrowings received by is subject to repricing at least every six months, therefore it is deemed that their fair value equals their carrying amount.

4. Critical accounting estimates and judgments

Impairment provision for accounts receivable

Impairment provision for accounts receivable was determined based on the management's estimates on recoverability and timing relating to the amounts that will not be collectable according to the original terms of receivables. This determination requires significant judgement. Judgement is exercised based on significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments. Current estimates of the Company and the Group could change significantly as a result of change in situation in the market and the economy as a whole. Recoverability rate also highly depends on success rate and actions employed relating to recovery of significantly overdue amounts receivable.

Estimates of useful lives of property, plant and equipment

The Company and the Group has old buildings and machinery, where the useful lives are estimated based on the projected product lifecycles. However, economic useful lives may differ from the currently estimated as a result of technical innovations and competitors actions.

Contractual client relationship

In 2007 and in 2008 the Company acquired several milk collecting intermediary companies. On acquisition of these companies (as disclosed in note 31) the Group recognized costumer relationship intangibles (note 16). Milk collecting business is a very competitive where contracts with farmers are normally signed for 1 year period only. The Group estimates that the average customer relationship period is 2 years; however actual duration of the relationship may differ from currently estimated.

Recent volatility in global and Lithuanian financial markets

The ongoing global liquidity crisis which commenced in the middle of 2008 has resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the banking sector, and, at times, higher interbank lending rates and very high volatility in stock markets. The uncertainties in the global financial markets have also led to bank failures and bank rescues in the United States of America, Western Europe, Russia and elsewhere. Indeed the full extent of the impact of the ongoing financial crisis is proving to be impossible to anticipate or completely guard against.

Management is unable to reliably estimate the effects on the Group's and the Company's financial position of any further deterioration in the liquidity of the financial markets and the increased volatility in the currency and equity markets. Management believes it is taking all the necessary measures to support the sustainability and growth of the Group's and the Company's business in the current circumstances.

Debtors of the Group and the Company may be affected by the lower liquidity situation which could in turn impact their ability to repay the amounts owed. Deteriorating operating conditions for customers may also have an impact on management's cash flow forecasts and assessment of the impairment of financial and non-financial assets. To the extent that information is available, management have properly reflected revised estimates of expected future cash flows in their impairment assessments.

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

5. Segment reporting

Primary reporting format – business segments

The Company's single business segment is production of cheese and other diary products.

The Group is organised on a basis of two main business segments:

- Fresh milk products
- Cheese and other diary products

Other operations of the Group mainly comprise of milk collecting activity which is not of a sufficient size to be reported separately. Transactions between the business segments are on normal commercial terms and conditions.

Segment information for the main reportable business segments of the Group for the years ended 31 December 2008 and 2007 is set out below:

	Fresh diary products	Cheese and other diary products	Other	Group
2008				
Sales – external	256,933	420,441	4,447	681,821
Sales to other segments	(176,280)	130,127	46,153	-
Total revenue				**681,821**
Segment operating profit (loss)	**9,959**	**(19,438)**	**361**	**(9,118)**
Unallocated operating loss				**(5,877)**
Finance costs (Note 12)				(6,008)
Profit before income tax				**(21,003)**
Income tax expense				2,676
Profit /(loss) for the year				**(18,327)**
Total segment assets	**64,047**	**289,728**	**5,404**	**359,179**
Other unallocated assets				2,110
Total assets				**361,289**
Total segment liabilities	**10,139**	**172,653**	**4,490**	**187,282**
Other unallocated liabilities				**224**
Capital expenditure	6,051	33,879	362	40,292
Depreciation and amortisation	2,316	22,286	364	24,966
Unallocated depreciation and amortization				2,814

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

	Fresh diary products	Cheese and other diary products	Other	Group
2007				
Sales – external	185,387	474,919	4,656	664,962
Sales to other segments	(125,575)	106,565	19,010	-
Total revenue				664,962
Segment result / Operating profit	**7,612**	**43,475**	**(2,302)**	**48,785**
Finance costs (Note 12)	-	-	-	(2,278)
Profit before income tax				46,507
Income tax expense	-	-	-	(12,269)
Profit /(loss) for the year				34,238
Total segment assets	**28,525**	**298,823**	**1,936**	**329,284**
Other unallocated assets	-	-	-	4,660
Total assets				**333,944**
Total segment liabilities	**10,713**	**110,489**	**304**	**121,506**
Capital expenditure	5,565	13,853	67	19,576
Depreciation and amortisation	2,275	22,637	73	24,985

Secondary reporting format – geographical segments

All Company's assets are located in Lithuania. The Company's sales by markets can be analysed as follows:

	Sales		**Total assets**		**Capital expenditure**	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
Lithuania	209,723	161,820	343,698	322,233	34,579	15,213
Europe Union countries	298,498	282,707	-	-	-	-
Other	106,607	165,068	-	-	-	-
	614,828	609,595	343,698	322,233	34,579	15,213

The Group's assets detailed by geographical segments are detailed below. The Group's sales by markets can be analysed as follows:

	Sales		**Total assets**		**Capital expenditure**	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
Lithuania	258,852	210,911	358,192	333,944	39,995	19,702
Europe Union countries	316,362	288,983	3,097	-	68	-
Other	106,607	165,068	-	-	-	-
	681,821	664,962	361,289	333,944	40,063	19,702

Sales are allocated based on the country in which the customers are located.

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

The Company's revenue analyzed by category:

	2008	2007
Sales of goods	591,745	582,329
Export subsidies	-	6,558
Services rendered	23,083	20,708
	614,828	609,595

The Group's revenue analyzed by category:

	2008	2007
Sales of goods	679,876	657,173
Export subsidies	-	6,558
Services rendered	1,945	1,231
	681,821	664,962

Pursuant to European Commission Regulation *On definition of compensation for milk and milk product export costs*, with effect from 1 May 2004 the Company is entitled to receive subsidies for cheese exported to the countries specified in the Regulation. Export subsidies are paid for each tone of exported products that meet certain requirements attached to the Regulation. Export subsidies receivable are recorded under amounts trade and other receivables (Note 21).

6. Selling and marketing expenses

The Group 2008	The Group 2007		The Company 2008	The Company 2007
9,361	6,777	Marketing services	991	52
10,176	7,325	Payroll expenses	4,208	3,907
12,226	6,700	Transportation services	9,515	5,671
1,147	1,467	Product image creation and advertising expenses	193	388
2,445	2,597	Repair and maintenance	1,350	2,067
1,808	1,290	Depreciation of property, plant and equipment	1,568	1,175
638	115	Warehousing services	638	115
3,226	3,130	Other expenses	1,496	2,573
41,027	29,401		19,959	15,948

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

7. General and administrative expenses

The Group 2008	The Group 2007		The Company 2008	The Company 2007
8,386	7,956	Payroll expenses	5,504	5,409
322	328	Taxes (other than income tax)	178	254
775	3,798	Impairment and write-offs of loans and receivables	760	3,025
2,081	1,271	Consulting expenses	952	803
4,754	-	Impairment of investment to the subsidiaries	9,691	-
4,118	3,678	Depreciation of property, plant and equipment and amortization of intangible assets	966	1,302
1,072	913	Repair and maintenance	532	802
(2,153)	11,567	Paid and accrued bonuses (reversal)	(2,153)	11,567
396	523	Telecommunication and IT maintenance expenses	241	411
321	300	Insurance expenses	253	281
6	1,603	Write-offs of property, plant and equipment	-	1,102
345	264	Bank charges	238	229
515	610	Business trips	494	522
188	1,050	Fines	24	831
74	320	Training of employees	46	302
70	141	Membership fees	62	141
311	1,805	Charity, support	264	1,764
3,637	4,201	Other expenses	2,278	3,090
25,218	40,328		20,330	31,835

Due to changes in current market and economic downturn faced by the Company, shareholders decided to decrease actual bonus payment for the year 2007 by LTL 2,153 thousand on 25 April 2008.

8. Other income

The Group 2008	The Group 2007		The Company 2008	The Company 2007
9,784	8,061	Re-sale of goods	9,740	10,888
2,112	1,234	Interest income	2,088	1,208
1,361	1,506	Other income	1,320	1,474
13,257	10,801		13,148	13,570

9. Other expenses

The Group 2008	The Group 2007		The Company 2008	The Company 2007
9,581	8,070	Cost of goods resold	9,603	10,889
2,635	553	Other costs	2,628	919
12,216	8,623		12,231	11,808

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

10. Other operating (losses)/gains - net

The Group 2008	The Group 2007		The Company 2008	The Company 2007
(92)	394	Loss on disposal of property, plant and equipment (Note 32)	(76)	383
(92)	394		(76)	383

11. Expenses by nature

The Group 2008	The Group 2007		The Company 2008	The Company 2007
464,411	422,384	Raw materials and consumables used	328,243	340,084
24,379	(11,304)	Changes in inventories of finished goods and work in progress	25,930	(9,746)
56,005	58,105	Salaries including Social security costs	34,892	45,352
43,955	27,635	Transportation services	41,211	32,104
27,780	27,440	Depreciation and amortization	22,538	22,716
(2,463)	(2,250)	Amortization of grant for property, plant and equipment (Note 27)	(2,155)	(2,152)
9,361	6,777	Marketing services	991	52
10,063	12,041	Repair and maintenance	8,104	13,014
-	-	Cost of finished goods resold (intercompany transactions)	4,476	3,635
-		Cost of raw materials resold (intercompany transactions)	114,428	65,640
4,754	-	Write-off of investments	9,691	-
546	468	Taxes (other than income tax)	402	432
2,081	1,271	Consulting expenses	952	803
569	660	Telecommunication and IT maintenance expenses	414	584
56,324	75,502	Other	42,621	55,886
697,765	618,749	Total cost of sales, selling and marketing expenses and general and administrative expenses	632,738	568,404

12. Finance costs

The Group 2008	The Group 2007		The Company 2008	The Company 2007
		Interest expense:		
(6,003)	(2,277)	– bank borrowings	(5,992)	(2,275)
(5)	(1)	– finance leases	(4)	-
(6,008)	(2,278)		(5,996)	(2,275)

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

13. Income tax

The Group 2008	The Group 2007		The Company 2008	The Company 2007
-	(13,859)	Current tax	-	(12,016)
(6)		Prior year income tax corrections	(47)	-
2,682	1,590	Deferred tax (Note 18)	3,195	1,590
2,676	(12,269)		3,148	(10,426)

The tax on the Company's and Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

The Group 2008	The Group 2007		The Company 2008	The Company 2007
(21,003)	46,507	Profit (loss) before tax	(23,065)	41,061
(3,150)	8,371	Tax calculated at a tax rate of 15 per cent (2007: 18 per cent) (Note 2.15)	(3,460)	7,391
1,904	5,035	Tax non-deductible expenses	1,846	4,172
(417)	(151)	Income not subject to tax	(417)	(151)
49	-	Additional income for tax purposes	32	-
-	(594)	Charity expenses deductible twice for tax purposes	-	(594)
6	-	Prior year income tax corrections	47	-
(1,068)	-	Effect of change in income tax rate	(1,196)	-
-	(392)	Other	-	(392)
(2,676)	12,269	Tax charge	(3,148)	10,426

The tax authorities have carried out full-scope tax audits at the Company for the year 2001. The tax authorities may at any time inspect the books and records within 5 years subsequent to the reported tax year, and may impose additional tax assessments and penalties. The Company's management is not aware of any circumstances which may give rise to a potential material liability in this respect.

14. Earnings (loss) per share

The Group 2008	The Group 2007		The Company 2008	The Company 2007
(18,327)	34,238	Net profit (loss) attributable to shareholders	(19,917)	30,599
40,722	42,325	Weighted average number of ordinary shares in issue (thousands)	40,722	42,325
(0.45)	0.81	Basic earnings (loss) per share (LTL per share)	(0.49)	0.72

The Group and parent Company has no dilutive potential ordinary shares, therefore, the diluted earnings per share are the same as basic earnings per share.

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

15. Property, plant and equipment

The Company

	Buildings	Plant & machinery	Vehicles, equipment & other	Construction in progress	Total
At 1 January 2007					
Cost	47,609	141,147	69,947	5,539	264,242
Accumulated depreciation	(12,228)	(82,279)	(46,913)	-	(141,420)
Net book amount	35,381	58,868	23,034	5,539	122,822
Year ended 31 December 2007					
Opening net book amount	35,381	58,868	23,034	5,539	122,822
Additions	122	8,087	5,534	1,344	15,087
Disposals	(179)	(723)	(111)	-	(1,013)
Contribution to subsidiaries share capital (Note 17)	(12,489)	(10,567)	(1,710)	-	(24,766)
Write-offs	(251)	(27)	(1,173)	(1,309)	(2,760)
Transfers from CIP	1,805	3,114	653	(5,572)	-
Depreciation charge	(1,557)	(13,893)	(6,970)	-	(22,420)
Closing net book amount	22,832	44,859	19,257	2	86,950
At 31 December 2007					
Cost	32,612	116,315	67,200	2	216,130
Accumulated depreciation	9,781	71,456	47,943	-	129,180
Net book amount	22,832	44,859	19,257	2	86,950
Year ended 31 December 2008					
Opening net book amount	22,832	44,859	19,257	2	86,950
Additions	1,154	18,255	9,596	5,574	34,579
Disposals	(216)	(8)	(91)	-	(315)
Write-offs	-	(29)	(52)	-	(81)
Transfers from CIP	1,498	3,438	550	(5,486)	-
Depreciation charge	(1,242)	(13,655)	(7,389)	-	(22,286)
Closing net book amount	24,026	52,860	21,871	90	98,847
At 31 December 2008					
Cost	34,978	137,389	73,476	90	245,933
Accumulated depreciation	(10,952)	(84,529)	(51,605)	-	(147,086)
Net book amount	24,026	52,860	21,871	90	98,847

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

The Group

	Buildings	Plant & machinery	Vehicles, equipment & other	Construction in progress	Total
At 1 January 2007					
Cost	47,609	141,147	69,947	5,539	264,242
Accumulated depreciation	(12,228)	(82,279)	(46,913)	-	(141,420)
Net book amount	35,381	58,868	23,034	5,539	122,822
Year ended 31 December 2007					
Opening net book amount	35,381	58,868	23,034	5,539	122,822
Acquisition of subsidiaries	687	118	417	67	1,289
Additions	128	9,923	5,791	3,734	19,576
Disposals	(179)	(1,579)	(111)	-	(1,869)
Write-offs	(267)	(1,629)	(177)	(1,309)	(3,382)
Transfers from CIP	2,123	5,184	655	(7,962)	-
Depreciation charge	(1,894)	(15,837)	(7,254)	-	(24,985)
Closing net book amount	35,979	55,048	22,355	69	113,451
At 31 December 2007					
Cost	46,428	127,842	71,416	69	245,755
Accumulated depreciation	(10,449)	(72,794)	(49,061)	-	(132,304)
Net book amount	35,979	55,048	22,355	69	113,451
Year ended 31 December 2008					
Opening net book amount	35,979	55,048	22,355	69	113,451
Acquisition of subsidiaries (Note 31)	53	840	554	-	1.447
Additions	901	23,309	9,639	6,214	40,063
Disposals	(216)	(166)	(202)	-	(584)
Write-offs	-	(7)	(198)	-	(205)
Transfers from CIP	1,705	3,907	581	(6,193)	-
Depreciation charge	(1,855)	(15,157)	(7,954)	-	(24,966)
Closing net book amount	36,567	67,774	24,775	90	129,206
At 31 December 2008					
Cost	48,696	155,226	77,665	90	281,677
Accumulated depreciation	(12,128)	(87,453)	(52,890)	-	(152,471)
Net book amount	36,568	67,773	24,775	90	129,206

As at 31 December 2008, certain property, plant and equipment with a carrying value of LTL 50,973 thousand (31 December 2007: LTL 58,407 thousand) have been pledged as security for bank borrowings.

Depreciation expenses of property, plant and equipment are included in selling and marketing expenses, general and administrative expenses and cost of sales in the income statement, and in work in progress and finished goods in the balance sheet.

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

16. Intangible assets

The Comapny

	Software
At 1 January 2007	
Cost	2,039
Accumulated amortisation	(1,492)
Net book amount	547
Year ended 31 December 2007	
Opening net book amount	547
Additions	126
Contribution to subsidiaries share capital (Note 17)	(35)
Write-offs	
Amortisation charge	(297)
Closing net book amount	341
At 31 December 2007	
Cost	1,712
Accumulated amortisation	(1,371)
Net book amount	341
Year ended 31 December 2008	
Opening net book amount	341
Additions	229
Amortisation charge	(252)
Closing net book amount	318
At 31 December 2008	
Cost	1,941
Accumulated amortisation	(1,623)
Net book amount	318

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

The Group	Client contractual relationships	Software	Total
At 1 January 2007			
Cost	-	2,039	2,039
Accumulated amortisation	-	(1,492)	(1,492)
Net book amount	-	547	547
Year ended 31 December 2007			
Opening net book amount	-	547	547
Acquisition of subsidiaries	5,597	-	5,597
Additions	-	126	126
Write-offs	-		
Amortisation and impairment charge	(2,123)	(332)	(2,455)
Closing net book amount	3,474	341	3,815
At 31 December 2007			
Cost	5,597	1,712	7,309
Accumulated amortisation	(2,123)	(1,371)	(3,494)
Net book amount	3,474	341	3,815
Year ended 31 December 2008			
Opening net book amount	3,474	341	3,815
Acquisition of subsidiaries (Note 31)	1,190		1,190
Additions		229	229
Amortisation and impairment charge	(2,554)	(260)	(2,814)
Closing net book amount	2,110	310	2,420
At 31 December 2008			
Cost	6,787	1,942	8,729
Accumulated amortisation	(4,677)	(1,632)	(6,309)
Net book amount	2,110	310	2,420

Amortisation expenses of software and other intangible assets are included in general and administrative expenses in the income statement.

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

17. Investment in subsidiaries

The Company's investments into subsidiaries and joint venture are accounted for at cost less impairment in stand-alone financial statements. The Company acquired 2 new subsidiaries (Europienas UAB, Jekabpils Piena Kombinats SIA) during the year 2008. Movemnet of cost of investments in subsidiaries as of 31 December are summarized in the table below:

At 1 January 2007	**10**
Subsidiaries and joint venture acquired	8,409
Increased cost of investment through contribution of property, plant and equipment into Rokiskio suris AB	24,811
At 31 December 2007	**33,220**
Subsidiaries acquired	6,244
Impairment charge	(9,691)
At 31 December 2008	**29,773**

Impairment was calculated on investment into: Europienas UAB, Pecupe UAB and Skeberdis ir partneriai UAB since those companies were reorganized and stopped their activities. Skirpastas UAB, Zalmarge KB and Batenai activities will also be reorganized.

18. Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

The Group			The Company	
2008	**2007**		**2008**	**2007**
		Deferred tax assets:		
4,213	-	– to be recovered after more than 12 months	4,213	-
572	1,590	– to be recovered within 12 months	572	1,590
4,785	1,590		4,785	1,590
		Deferred tax liabilities:		
(513)	-	– to be recovered after more than 12 months	-	-
-	-	– to be recovered within 12 months	-	-
(513)	-		-	-
4,272	1,590	Net deferred tax assets	4,785	1,590

The gross movement on the deferred income tax account is as follows:

The Group			The Company	
2008	**2007**		**2008**	**2007**
1,590	-	Beginning of the year	1,590	-
2,682	1,590	Income statement credit (Note 13)	3,195	1,590
4,272	**1,590**	End of the year	**4,785**	**1,590**

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdictions, is as follows:

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

The Company

Deferred tax assets	**Inventory net realizable value adjustment**	**Amortized cost of loans granted**	**Tax losses carried forward**	**Total**
At 1 January 2007	**-**	**-**	**-**	**-**
Credited /(charged) to income statement	1,590	-	-	1,590
At 31 December 2007	**1,590**	**-**	**-**	**1,590**
Credited /(charged) to income statement	(1,018)	314	3,899	3,195
At 31 December 2008	**572**	**314**	**3,899**	**4,785**

Accumulated tax losses occurred from the beginning of year 2008 can be carried forward and netted against all future taxable profits.

The Group

Deferred tax assets	**Inventory net realizable value adjustment**	**Amortized cost of loans granted**	**Tax losses carried forward**	**Total**
At 1 January 2007	**-**	**-**	**-**	**-**
Credited /(charged) to income statement	1,590	-	-	15,90
At 31 December 2007	**1,590**	**-**	**-**	**1,590**
Credited /(charged) to income statement	(1,018)	314	3,899	3,195
At 31 December 2008	**572**	**314**	**3,899**	**4,785**

Deferred tax liabilities	**Accelerated tax depreciation**	**Total**
At 1 January 2007	**-**	**-**
Credited /(charged) to income statement	**-**	**-**
At 31 December 2007	**-**	**-**
Credited /(charged) to income statement	(513)	(513)
At 31 December 2008	**(513)**	**(513)**

Deferred tax assets and Deferred tax liabilities were calculated using tax rate of 20% (2007: 15%) enacted by the balance sheet date and is expected to apply when the related deferred tax asset is realized or deferred tax liability is settled.

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

19. Loans granted

The Group 2008	The Group 2007		The Company 2008	The Company 2007
9,847	16,461	Long-term loans to farmers	9,847	16,461
375	460	Long-term loans to employees	237	460
19,236	653	Other long-term loans	19,236	653
(2,256)	(2,238)	Less: provision for impairment of loans receivable	(2,256)	(2,238)
27,202	15,336	Long-term loans net	27,064	15,336
1,613	4,340	Current portion of loans to farmers	1,603	4,294
110	708	Current portion of loans to employees	110	708
-	20,937	Other short term loans granted	-	20,622
-	-	Less: provision for impairment of other amounts receivables	-	-
1,723	25,985	Current portion of long term loans and short term loans net	1,713	25,624

Loans to farmers were granted with repayment terms ranging from 2 months to 10 years. The annual interest rate ranges from 0 to 10 per cent. Effective interest rate was 7.58 per cent (2007: 7.74 per cent).

Long-term loans to employees were granted with repayment terms ranging from 1 to 22 years. The loans are interest free. Effective interest rate was 10.88 per cent (2007: 9.56 per cent).

Other loans were granted with repayment term from 1 to 5 years. Weighted average interest rate of loans is 8 per cent.

Loans to employees, farmers and other long-term loans include a certain amount of loans granted to Directors and Board member of the Group (Note 33).

As at 31 December 2008 fair value of loans granted to employees amounted to LTL 429 thousands (2007: LTL 1,083 thousands). As at 31 December 2008 fair value of loans granted to farmers as at 31 December amounted to LTL 8,681 thousand (2007: LTL 14,397 thousands).

The information of loans receivable overdue as at 31 December is provided in the table below:

The Group 2008	The Group 2007		The Company 2008	The Company 2007
26,635	37,283	Loans granted not past due	26,487	36,922
2,290	4,038	Loans granted past due but not impaired	2,290	4,038
2,256	2,238	Impaired loans granted	2,256	2,238
31,181	43,559	Gross value of loans granted	31,033	43,198
(2,256)	(2,238)	Impairment	(2,256)	(2,238)
28 925	41,321	Net value	28,777	40,960

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

20. Inventories

The Group 2008	The Group 2007		The Company 2008	The Company 2007
7,423	7,072	Raw materials	3,467	3,994
13,484	18,489	Work in progress	13,283	18,489
66,007	85,381	Finished goods	63,096	83,820
3,170	3,855	Other inventory	3,166	3,677
90,084	114,797	Total inventories at cost	83,012	109,980
(2,861)	(10,602)	Less: write-down to net realizable value	(2,861)	(10,602)
87,223	104,195	Total inventories	80,151	99,378

As at 31 December 2008, inventories with cost up to LTL 89,380 thousand (as at 31 December 2007: LTL 37,336 thousand) have been pledged as security for bank borrowings.

As at 31 December 2008, inventories (fat-free powdered milk and concentrate of whey protein) with cost of LTL 2,316 thousand (as at 31 December 2007: 6,090 none) was in the custody of Girtekos Logistika UAB.

21. Trade and other receivables

The Group 2008	The Group 2007		The Company 2008	The Company 2007
		Non current receivables		
955	3,840	Prepayments	955	3,730
		Current receivables		
93,587	53,945	Trade receivables	89,460	48,875
747	5,358	VAT receivable	-	5,537
-	64	Export subsidies receivable	-	64
3,253	556	Prepayments and deferred charges	2,328	547
97,587	59,923		91,788	55,023

As at 31 December 2008, trade accounts receivable for LTL 14,555 thousand (as at 31 December 2007: LTL 17,087 thousand) have been pledged as security for bank borrowings.

Current portion of long-term receivables and other amounts receivable include a certain amount of loans and other receivables from related parties (Note 33).

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

The information on receivables overdue is provided in the table below:

The Group			The Company	
2008	2007		2008	2007
71,836	44,200	Trade receivables that were not past due neither impaired	46,629	39,326
21,751	9,745	Trade receivables that were past due but not impaired	42,831	9,549
118	-	Impaired receivables	118	-
93,705	53,945	Gross value	89,578	48,875
(118)	-	Impairment	(118)	-
93,587	53,945	Net value	89,460	48,875

The Group has received no collateral as security in relation to impaired amounts receivable.

Trade receivables that are less than 360 days past due are not considered impaired if the Company does not posses other negative information about the customers. The ageing analysis of trade receivables past due but not impaired as at 31 December is as follows:

The Group			The Company	
2008	2007		2008	2007
13,300	8,336	Up to 30 days	34,386	8,140
4,987	1,306	31 to 60 days	4,985	1,306
3,582	88	61 to 180 days	3,578	88
-	15	More than 181 days	-	15
21,869	9,745		42,949	9,549

22. Cash and cash equivalents

The Group 31 December			The Company 31 December	
2008	2007		2008	2007
3,242	4,623	Cash in bank and on hand	2,630	1,041

As at 31 December 2008 and 2007 cash in bank accounts and future cash inflows into these accounts have been pledged as security for bank borrowings.

For the purposes of the cash flow statement, the cash and cash equivalents comprise the following:

The Group			The Company	
2008	2007		2008	2007
3,242	4,623	Cash and bank balances	2,630	1,041
(22,024)	(9,192)	Bank overdrafts (Note 26)	(22,024)	(9,192)
(18,782)	(4,569)		(19,394)	(8,151)

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

23. Share capital

As at 31 December 2008 and as at 31 December 2007, the share capital was comprised of 42,716,530 ordinary registered shares with par value of LTL 1 each. All the shares are fully paid.

24. Treasury shares

	2008		2007	
	Number	**Amount**	**Number**	**Amount**
At beginning of year	783,650	4,702	474,617	20,352
Cancelation of treasury shares	-	-	(474,617)	(20,352)
Additions	1,971,386	10,790	78,365	4,702
	2,755,036	15,492	78,365	4,702
Split of shares *	-	-	783,650	4,702
At end of year	2,755,036	15,492	783,650	4,702

On 22 December 2006 the Company's shareholders made a decision to reduce the Company's authorized share capital by LTL 4,746 thousand through cancellation of 474,617 own shares previously purchased. Appropriate amendments were made to the Company's Articles of Association in 2007.

* On 29 October 2007 the Company's each share with par value of LTL 10 was spitted into 10 ordinary shares with par value of LTL 1.

25. Other reserves

Non-distributable reserves of LTL 3,593 thousand can only be used for share capital increase and non-distributable reserves of LTL1,121 thousand (legal reserve) can only be used for offsetting future operating losses, if any.

The dividends, declared in respect of 2007 and 2006 and paid in 2008 and 2007, amounted to LTL 9,902 thousand and LTL 10,081 thousand, respectively, which is LTL 0,24 and LTL 0,236 per share, respectively (when each share has par value of LTL 1). There were no dividends proposed or declared in respect of 2008 as at the date of approval of these financial statements.

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

26. Borrowings

The Group 2008	The Group 2007		The Company 2008	The Company 2007
		Current		
102,015	25,078	Short-term bank borrowings	101,866	25,000
22,024	9,192	Bank overdrafts	22,024	9,192
496	1,830	Current portion of long-term bank borrowings	459	1,830
97	54	Finance lease liabilities	97	12
124,632	36,154		124,446	36,034
		Non-current		
8	459	Long-term bank borrowings	-	459
-	45	Finance lease liabilities	-	-
8	504		-	459
124,640	36,658	**Total borrowings**	124,446	36,493

The bank borrowings are secured over certain of the property, plant and equipment (Note 15), inventories (Note 20), trade receivables (Note 21), cash in certain bank accounts (Note 22).

Weighted average interest rates effective as at 31 December (per cent) were as follows:

The Group 2008	The Group 2007		The Company 2008	The Company 2007
6.12	5.75	Long-term bank borrowings	6.12	5.75
3.73	5.67	Short-term bank borrowings	3.73	5.67
-	4.33	Finance lease liabilities	-	4.33
4.10	5.94	Bank overdrafts	4.10	5.94

As at 31 December the carrying amounts of the Group's borrowings (excluding finance lease liabilities) are denominated in the following currencies:

The Group 2008	The Group 2007		The Company 2008	The Company 2007
124,446	36,493	Euro	124,446	36,493
194	165	Litas	-	-
124,640	36,658		124,446	36,493

Fair value of borrowings approximates to their carrying values due to fact that interest rate on the borrowings received is subject to repricing at least every six months.

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

27. Deferred income

The Group 2008	The Group 2007		The Company 2008	The Company 2007
8,106	9,083	Government grants at beginning of year	6,371	9,083
5,645	1,273	Government grants recognised	4,665	1,273
	-	Government grants transferred*	-	(1,833)
(2,463)	(2,250)	Credited to income statement	(2,155)	(2,152)
11,288	8,106		8,881	6,371
(8,445)	(5,946)	Less non-current portion	(6,383)	(4,422)
2,843	2,160	Current portion	2,498	1,949

* Government grants amounting to LTL 1,833 thousand related property, plant and equipment transferred to Rokiškio pienas UAB (Note 15). Transfer was made by settlement with intercompany receivables.

Deferred grants are related to acquisition of property, plant and equipment and are donated by the European Union funds and Lithuanian Government under the SAPARD and other programmes. The Company and the Group has no obligation to repay or otherwise refund the grants received unless it breaches the contractual provisions contained in the agreements concluded with the grantors.

28. Trade payables and other amounts payable

The Group 2008	The Group 2007		The Company 2008	The Company 2007
43,696	52,176	Trade payables	36,846	49,843
3,508	3,531	Salaries, social security and taxes	1,921	2,314
1,231	1,044	Other payables	1,343	884
2,319	10,704	Accrued charges	1,197	10,071
50,754	67,455		41,307	63,112

29. Provisions

In March of 2008, the Competition Council, following its operational research of the Company and other companies operating in the milk sector, imposed a fine of LTL 824 thousand on the Company. In respect to this fine the Company's management established a 100 per cent provision in financial year 2007. For the purpose of the income statement for the year ended 31 December 2007, the above-mention amount was stated under administrative expenses.

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

30. Contingent liabilities and commitments

Contingent liabilities

The Group 2008	The Group 2007		The Company 2008	The Company 2007
929	793	Guarantees issued by the bank to third parties on behalf of the Group	929	793
51	196	Guarantees issued by the Group on behalf of farmers and agricultural companies	51	196
980	989		980	989

The Group has given these guarantees in the ordinary course of business and anticipates that no material liabilities will arise.

Capital commitments

Capital expenditure contracted for property, plant and equipment at the balance sheet date but not recognized in the financial statements was LTL 5,911 thousand (31 December 2007: LTL 3,426 thousand)

Operating lease commitments – where the Group is the lessee

The Group leases passenger cars and premises under operating lease agreements.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

The Group 2008	The Group 2007		The Company 2008	The Company 2007
281	257	Not later than 1 year	281	257
262	336	Later than 1 year but not later than 5 years	262	336
543	593		543	593

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

31. Business combinations

On 25 January 2008 the Company has acquired 50,05% of the share capital of SIA Jekabpils piena kombinats, the milk provider company for a total purchase price (cash paid) of LTL 1,509 thousand. On 10 May 2008 the Company acquired 100% of share capital of Europienas UAB, milk provider company.
The acquired businesses contributed revenues of LTL 3,170 thousand and net loss of LTL 2,454 thousand to the group for the period from 25 January 2008 to 31 December 2008 and 10 May 2008 to 31 December 2008 respectively.

The table below summaries the details of net assets acquired in a subsidiaries at the date of acquisition.

	Fair value	**Acquiree's carrying amount**
Cash and cash equivalents	367	367
Property, plant and equipment (Note 15)	1,447	1,447
Other assets	-	-
Contractual customer relationships (included in intangibles) (Note 16)	1,190	-
Inventories	648	648
Trade and other receivables	1,678	1,678
Trade and other payables	(3,522)	(3,522)
Borrowings	(3)	(3)
Net assets at the date of acquisition	**1,805**	**615**
Minority share of net assets acquired	(314)	
Net assets acquired	**1,491**	
Impairment (Note 33)	4,754	
Total purchase consideration *	**6,245**	
Purchase consideration settled in cash (Note 32)	1,509	
Cash and cash equivalents in subsidiary acquired	(367)	
Net cash outflow on acquisition (Note 32)	1,142	

** Part of total purchase consideration was set off against loan receivable.*

Impairment included in the table above represents write-off of cost of investment into the subsidiary acquired. The subsidiary was acquired from related parties (Note 33). The overall situation in diary product market has changed and this impacted changes in expected benefit from the subsidiary, therefore management decided to write-off the investment to zero.

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

32. Cash generated from operations

Reconciliation of profit before tax to cash generated from operations:

The Group 31 December 2008	The Group 31 December 2007		The Company 31 December 2008	The Company 31 December 2007
(21,003)	46,507	Net profit (loss) before tax	(23,065)	41,062
		Adjustments for:		
24,966	24,985	- depreciation (Note 15)	22,286	22,419
2,813	2,455	– amortisation and impairment charge (Note 16)	252	297
205	3,382	– write-off of property, plant and equipment and intangible assets (Notes 15 and 16)	81	2,760
92	(394)	– loss (gain) on disposal of property, plant and equipment (Note 10)	76	(383)
6,009	2,278	– interest expense (Note 12)	5,996	2,275
(786)	(348)	– interest income (Note 8)	(786)	(323)
2,860	10,602	– write-offs of inventories	2,860	10,602
4,753	-	– impairment of investment into subsidiaries (Note 17 and Note 33)	9,691	-
642	1,083	– impairment and write-offs of doubtful and bad receivables	642	1,083
	2,715	– impairment and write-offs of loans granted to farmers	-	1,942
1,585	-	– Amortised cost adjustment for loans receivable	1,585	-
(273)	(9,637)	– accrual for vacation reserve and bonus	(273)	(9,000)
(42)	-	– Mažumos dalis	-	-
(2,463)	(2,250)	– amortisation of government grants received (Note 27)	(2,154)	(2,152)
		Changes in working capital		
(28,476)	5,334	– receivables and prepayments	(30,251)	7,002
14,758	(12,083)	– inventories	16,366	(7,277)
(26,690)	31,977	– payables	(27,244)	28,923
(21,050)	106,606	Net cash generated from operating activities	(23 938)	99,230

In the cash flow statement, proceeds from disposal of property, plant and equipment comprise:

2008	2007		2008	2007
584	1,869	Net book amount (Note 15)	315	1,013
(92)	394	Loss from disposal of property, plant and equipment (Note 10)	(76)	383
492	2,263	Proceeds from disposal property, plant and equipment	239	1,396

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

33. Related party transactions

The Group is controlled by Pieno Pramonės Investicijų Valdymas UAB (incorporated in Lithuania) and Mr. A.Trumpa (the Company's Managing Director), which together own 48.85 per cent (2007: 48.85) of the Company's share capital and 52.22 per cent of voting rights. Pieno Pramonės Investicijų Valdymas UAB is controlled by Mr. A.Trumpa (through the majority of shareholding). The remaining 51.15 per cent of the share capital are widely held. Among the remaining shareholders are other related parties such as members of Company's board and their close family members. All of them together holds 57.51 per cent of voting rights.

Pieno Pramonės Investicijų Valdymas UAB, the members of the Board and Senior Management and their close family members are treated as related parties.

Certain cooperative societies, engaged in the production of milk, are treated as other related parties of the Company through close family relationships with members of the Senior Management and because certain of the Company's employees have significant influence over day-to-day activities of these societies.

The Group			**The Company**	
31 December			**31 December**	
2008	**2007**		**2008**	**2007**
		(i) The following transactions were carried out with related parties:		
26,822	64,833	Purchase of milk and milk collection services from other related parties	91,481	79,339
-	-	Purchase of fixed assets	897	1,261
-	-	Purchase of inventory	5,033	7,564
4,555	-	Purchase of services	23,303	16,318
1,112	630	Purchase of consulting services	1,112	630
4,754	-	Purchase of subsidiary company set off against loan receivable *	4,754	-
1,251	1,375	Sales of utility services to other related parties	22,647	20,484
1,118	1,081	Sales of production and other inventories	175,650	117,907
-	8	Sale of fixed assets	-	321
1,301	852	Interest charges on credit facility	1,301	852

* Investment into subsidiary acquired Europienas UAB amounting to LTL 4,754 thousand was written-off (Note 31).

(ii) Year end balances arising from transactions with related parties:

2008	**2007**		**2008**	**2007**
2,915	3,035	Non-interest bearing loans granted to Senior Management (and their families)	2,915	3,035
18,332	20,545	Credit facility granted to Pieno Pramonės Investicijų Valdymas UAB	18,332	20,545
-	-	Loan granted to Jekabpils Piena Kombinats SIA	391	-
3,839	10,803	Trade payables to other related parties	7,057	13,035
-	-	Trade receivables from other related parties	22,963	12,025

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

(iii) Compensation of key management

2008	2007		2008	2007
955	1,010	Salaries	955	1,010
-	9,414	Bonuses	-	9,414
296	347	Social Insurance Contributions	296	347
1,251	10,771		1,251	10,771

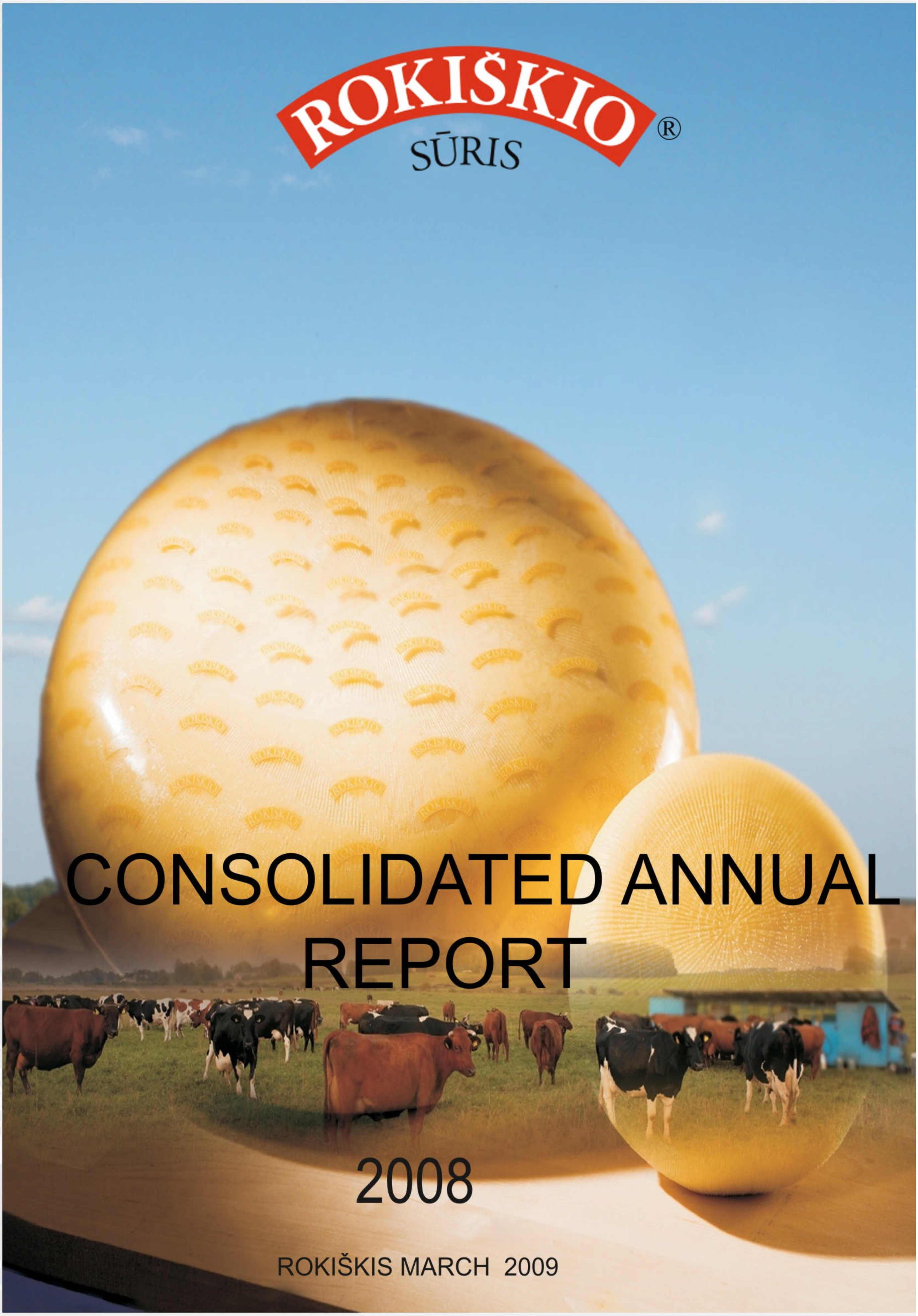
Key management includes 12 (2007: 12) members of the Board and Senior Management.

34. Events after the balance sheet date

Subsequent to the balance sheet date, the Company concluded certain credit agreements to finance its working capital. The credits were extended in EUR and amounted to LTL 126,919 thousand. The repayment term determined are as follows: 15 May 2009, 12 February 2010, 30 September 2010. The borrowings were secured over the property, plant and equipment and inventory balance.

The Company continued reorganization of three subsidiaries (Skeberdis is partneriai UAB, Pecupe UAB and Europienas UAB). The subsidiaries will be closed down legally by the end of second quarter of the year 2009.

Management has further plans to reorganize activities of the subsidiaries that are acting as a milk collection points by merging their operations with main operating company.



CONSOLIDATED ANNUAL REPORT

2008

ROKIŠKIS MARCH 2009

TABLE OF CONTENTS

1. Reporting term of the prepared report

The consolidated annual report is prepared for the year 2008.

2. Key information of the issuer

Name of the issuer: Joint stock company "Rokiskio suris".
Legal base: joint stock company.
Address – Pramones str. 3, LT 42150 Rokiskis, Republic of Lithuania.
Telephone: +370 458 55 200, fax +370 458 55 300.
E-mail address: rokiskio.suris@rokiskio.com
Website: www.rokiskio.com
Registered in on 28th February 1992 by the Authorities of Rokiskis region.
Re-registered in on 28th November 1995 by the Ministry of Economy of the Republic of Lithuania.
Company code 173057512.
Manager of legal persons registry – State company “Registru centras”.
The authorized capital of AB ”Rokiskio suris” equals to LTL 42 716 530 (forty two million seven hundred sixteen thousand five hundred thirty litas).
There are 42 716 530 shares. Nominal value per share equals to LTL 1 (one litas).

3. Information on the issuer's daughter enterprises and subsidiaries

As at 31st December 2008, the group of AB „Rokiskio suris“ consisted of the parent company AB “Rokiskio suris“, two branches, eight subsidiaries and one joint venture. Following tables introduce the subsidiaries and branches which are included in the consolidated report:

	Actively performing as at 31st December 2008	
Branches	**2008**	**2007**
Utenos pienas	Yes	Yes
Ukmerges pienine	Yes	Yes

	Share of the group (%) as at 31st December 2008	
Subsidiaries	**2008**	**2007**
UAB „Rokiškio pienas“	100,00	100,00
PK „Žalmargė“	100,00	100,00
UAB „Skeberdis ir partneriai“	100,00	100,00
UAB „Skirpstas“	100,00	100,00
UAB „Batėnai“	100,00	100,00
UAB „Pečupė“	100,00	100,00
UAB “Europienas”	100,00	-
SIA Jekabpils piena kombinats	50,05	-
Co-controlled company		-
UAB “Pieno upės”	50,00	50,00

Subsidiaries of AB "Rokiškio sūris":

UAB „Rokiskio pienas" legal address: Pramonės g. 8, LT - 28216 Utena. Company code: 300561844. AB „Rokiškio sūris" happens to be its founder and the only shareholder having 100 per cent of shares.

UAB „Pieno upės" legal address: Sandėlių g. 9, Kaunas. Company code: 135027862.

UAB „Skeberdis ir partneriai" legal address: Maironio g.32, Ariogala LT-60001 Raseinių raj. Company code: 172396552.

UAB "Skirpstas" legal address: Mindaugo g.38, LT-82001 Radviliškis. Company code: 171344353.

UAB „Batėnai" legal address: Videniškių km. LT-33295 Molėtų raj. Company code: 167543723.

UAB „Pečupė" legal address: Dubysos g.8, Ariogala LT-60001 Raseinių raj. Company code: 172258722.

Dairy cooperative „Žalmargė" legal address: Kalnalaukio g.1, Širvintos. Company code: 178301073.

Latvian company SIA Jekabpils piena kombinats (company code 45402008851, legal address: Akmenu iela 1, Jekabpils, Latvija LV-5201).

Europienas UAB Legal address: Pergalės 10, Lukšių mst. Šakių raj. Company code 174825438.

Co-controlled company:

UAB „Pieno upės", legal address: Sandėlių g. 9, Kaunas. Company code: 135027862.

Branches of AB "Rokiškio sūris":

AB „Rokiškio sūris" branch Utenos pienas (Company code: 110856741, Pramonės g. 8, LT-28216 Utena);

AB „Rokiškio sūris" branch Ukmergės pieninė (Company code: 182848454, Kauno g. 51, LT-20119, Ukmergė).

4. Characterization of the issuer's basic business

Basic business of the group of "Rokiškio sūris":

- Dairying and cheese production (EVRK 10.51);

Basic business of AB „Rokiškio sūris" is production and sales of fermented cheese, whey products, and skim milk powder.

Daughter enterprises:

Basic business of UAB „Rokiškio pienas" production and sales of fresh dairy products (fluid milk, kefir, sour milk, butter, curds, fresh cheese, sour cream, chocolate coated curds dessert, desserts).

Basic business of UAB „Skeberdis ir partneriai" is purchase of raw milk.

Basic business of UAB "Skirpstas" is purchase of raw milk.

Basic business of UAB „Batėnai" is purchase of raw milk.

Basic business of UAB „Pečupė" is purchase of raw milk.

Basic business of KB „Žalmargė" is purchase of raw milk.

Basic business of SIA Jekabpils piena kombinats – production of fermented cheese and sales of raw milk.

Basic business of UAB „Europienas" is purchase of raw milk.

Co-controlled company:
Basic business of UAB „Pieno upės“ is purchase of raw milk.

Branches of AB “Rokiškio sūris“:
Basic business of AB „Rokiškio sūris“ branches Utenos pienas and Ukmergės pieninė is purchase of raw milk.

5. Contracts with financial brokers

On 24th December 2003, AB „Rokiškio sūris“ made a contract with UAB FMĮ „Baltijos vertybiniai popieriai“ (Gedimino pr.60, Vilnius) regarding administration of shareholders of AB „Rokiškio sūris“. On 15th January 2007, the financial company changed its name into UAB FMĮ „Orion securities“ (A.Tumėno str. 4 , LT-01109 Vilnius).

6. Trade on issuer's securities by stock exchange and other organised markets

42 716 530 ordinary registered shares of AB “Rokiškio sūris”. Nominal value per share is LTL 1 (one litas). (VVPB symbol is RSU1L; ISIN code – LT0000100372). Total nominal value equals to LTL 42 716 530.

AB ”Rokiškio sūris“ shares are traded on Vilnius Stock Exchange NASDAQ OMX Vilnius are the shares are listed on the Official Trading List.

7. Authorized capital of the issuer

As at 31st December 2007, the Authorized capital of AB “Rokiškio sūris“:

Type of shares	Number of shares	Nominal value, LTL	Total nominal value, LTL	Share of authorized capital (%)
1	2	3	4	5
Ordinary registered shares	42 716 530	1	42 716 530	100,00

All shares of AB „Rokiškio sūris“ are paid-up , and they are not subject to any limitations of transference.

8. Limitation on transference of securities

There are no limitations to be applied to the block of shares nor any regulations according to which an agreement with the company or other owners of securities is required.

9. Shareholders

Total number of shareholders (as at 31.12.2008) – 5.594 shareholders.

The shareholders having or owning over 5 percent of the issuer’s authorized capital (as at 31.12.2008):

Name, surname Name of company	Address	Proprietary rights			With associated persons	
		Number of shares	Capital share %	Votes %	Capital share %	Votes %
UAB ”Pieno pramonės investicijų valdymas” Comp.code 173748857	Pramonės g. 3, Rokiškis Lithuania	15 938 900	37,31	39,88	53,81	57,51
Antanas Trumpa	Sodų 41a, Rokiškis Lithuania	4 928 370	11,54	12,33	53,81	57,51
Skandinaviska Enskilda Banken AB clients Code 502032-9081	Sergels Torg 2, 10640 Stockholm, Sweden	5 286 429	12,38	13,23	-	-
AB „Rokiškio sūris“ Comp.code 173057512	Pramonės g. 3, Rokiškis Lithuania	2 755 036	6,45	-	-	-

10. Shareholders’ rights

Shareholders have the following non-economic rights:

1. to attend the general meetings of shareholders with voting rights;
2. to obtain information on the company’s operations;
3. to address the court requesting to bring an action of damages against the company if the damage was caused by noncompliance or inadequate compliance with duties of the company manager and board of directors as stated by the Law on Joint Stock Companies of the Republic of Lithuania or other laws, as well as the Articles of Association and or in any other cases as stated by the Lithuanian Laws;
4. other non-economic rights established by the Lithuanian Laws.

Shareholders have the following property rights:

1. to receive a certain portion of the Company’s profit (dividend)
2. to receive a portion of assets of the Company in liquidation;
3. to receive shares without payment if the authorised capital is increased from the funds of the Company;
4. to have priority in acquiring the newly issued shares of the Company unless the General Meeting of the Shareholders resolves to waive such right;
5. to lend to the Company as determined by the Laws of the Republic of Lithuania;
6. to bequeath all or part of the shares to one or several persons;
7. to sell or transfer in any other way all or part of shares to any third party;
8. other property rights established by the Lithuanian Laws.

11. Shareholders with special control rights and description of the rights

There are no shareholders with special control rights.

12. All limitations of voting rights

As at 31st December 2008, AB „Rokiškio sūris“ possessed 2 755 036 units of own shares. The shares are without voting right. It makes 6,45% of the Authorized capital of AB "Rokiškio sūris". There are no other shares with limited voting rights.

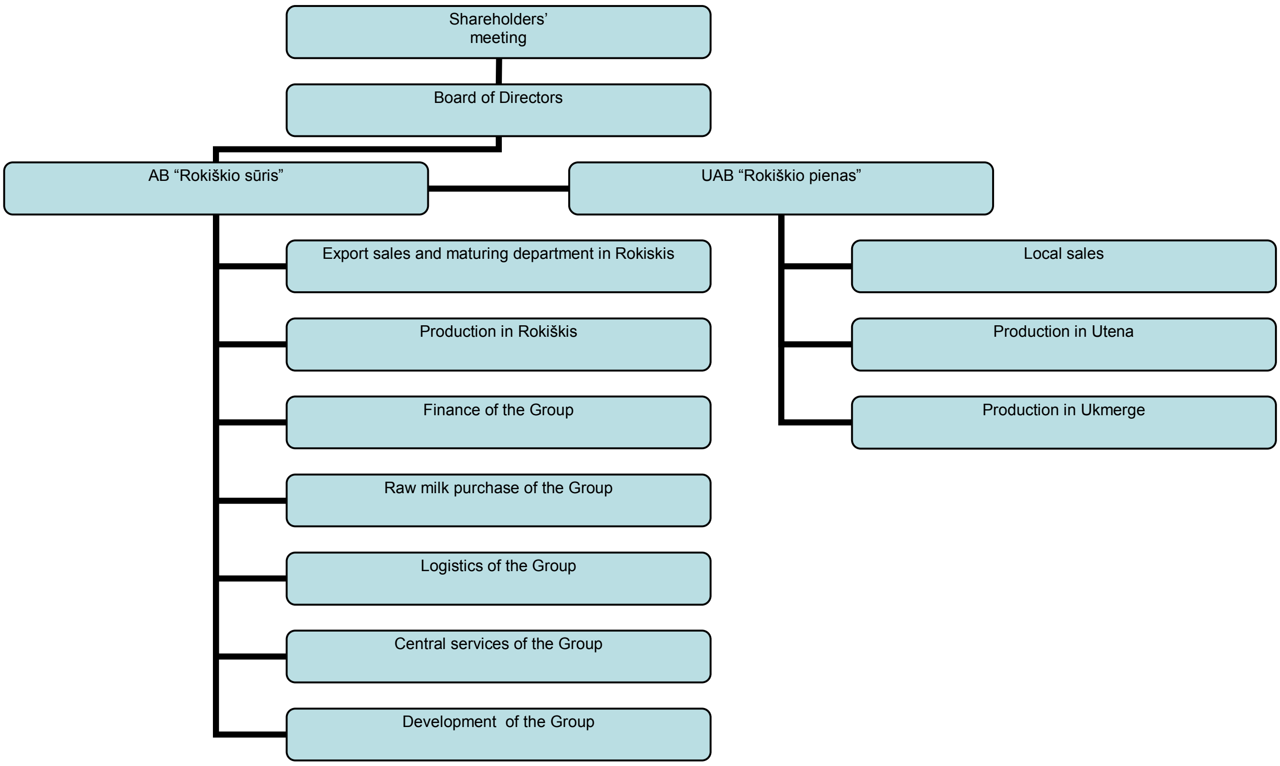
13. All agreements between shareholders

The issuer is not aware of any agreements between shareholders which would restrict transference of securities and (or) voting rights.

14. Employees

Group's structure of AB „Rokiškio sūris“

AB „Rokiškio sūris“ Group's (hereinafter The Group) management structure is formed in line with the key functions such as Sales, Production, Finance management, Milk procurement, Logistics, Central services, and Development. The Functional Directors condition and develop the Group's strategy, tactics and targets in accordance with the functions.



The management of AB „Rokiškio sūris“ is concerned about continuous improvement of employee qualification. The great attention is paid to the studies of foreign languages. There are language lessons at the company as well as lessons organized by external organizations.
Rights and responsibilities of the company employees are provided by Job descriptions. There are no special rights and responsibilities provided by job contracts.

There is a Trade-Union Committee established at AB "Rokiškio sūris" which protects the economical and social rights and interests of its members in light of employment, social guarantees, training, professional improvement as well as establishment of professional ethics, and aim to increase income of the food industry employees.

The company has signed a Corporate Contract with Trade-Union Committee of AB Rokiskio sûris. The main purpose of the contract is to harmonize performance of the collective, and to guarantee better rights and conditions of employment, remuneration, safety and health protection, social guarantees and similar, compared to the ones established by the Laws and other legal documents of the Republic of Lithuania.

As at 31st December 2008, the number of employees working for the group of AB „Rokiškio sūris" amounted to 1692 (average number pf employees).

The table shows average number of employees of Rokiškio sūris group and variation of average salaries in 2008:

Average number of employees		2008.12.31.	2008.01.01.
Total:		1692	1738
incl.	Managers	10	10
	Specialists	164	168
	Workers	1518	1560
Average monthly salary, Lt		**2242**	**1968**
	managers	7445	9370
	specialists	2697	2633
	workers	2155	1880

Education of the employees working for Rokiskio suris

Education	**2008.12.31**	**2008.01.01**
University degree	129	131
Special education	735	692
High school	750	829
Unfinished high school	78	86

15. Procedure for amendments of the Articles of association

Pursuing the Articles of Association of AB „Rokiškio sūris", the Articles may be exclusively changed by the general meeting of shareholders, except the cases provided by the Law on joint stock companies of the Republic of Lithuania. To accept the decision changing the Articles of Association, it is needed 2/3 of votes of total participants in general meeting of shareholders.

16. Transactions with related parties and significant agreements

1. The Group is controlled by UAB „Pieno pramonės investicijų valdymas" (established in Lithuania) and Antanas Trumpa (Director of the Company) who alltogether own 48,85 per cent of the Company's Authorized Capital. The Closed Joint \stock Company „Pieno pramonės investicijų

valdymas” is controlled by Antanas Trumpa (as a major shareholder). The rest part of 51,13 per cent of the company’s shares belongs to various minor shareholders in Lithuania and foreign countries.

UAB „Pieno pramonės investicijų valdymas”, members of the Board of Directors, executive managers and their family members are considered to be related parties also. The Company „Rokiškio sūris“ has acquired 6,45 per cent of own shares. The major shareholders of AB „Rokiškio sūris“ owning over 5 per cent of the Company’s Authorized Capital are presented by point 9 of the Report.

UAB „Pieno pramonės investicijų valdymas”, Board of Directors and the Executive directors and their family members are considered to be related parties.

Some cooperative companies directed to milk production are considered as related parties also, because the Company may have influence on them through close relatives of the directors and some employees.

2. There are no significant agreements whose one party is the issuer and which would get in power, change or terminate upon the changed issuer’s control as well as there is no such influence except the cases when the disclosure of certain agreements would make significant damage on the issuer.

3. There are no agreements between the issuer and its members or employees providing any compensation upon their resignation or dismissal from job without reliable reason or in case of job termination due to the change issuer’s control.

Transactions with related persons/ parties are disclosed in Remark 33 of Financial accounting.

17. Key characteristics of the securities launched to the public trading

As at 31st December 2008, it was launched to the public trading 42 716 530 (forty two million seven hundred sixteen thousand five hundred thirty) ordinary registered shares. Nominal value equals to LTL 1 (one litas) per share, total nominal value of shares is LTL 42 716 530 (forty two million seven hundred sixteen thousand five hundred thirty litas).

18. Securities listed on the official trading list

The 42 716 530 ordinary registered shares of AB “Rokiškio sūris“ are listed on the official list of NASDAQ OMX Vilnius Stock Exchange. (VVPB symbol RSU1L). Nominal value per share 1 (one) litas.

The Company has not issued any debt securities for the public stock trading.

The Company has not issued nor registered any debt securities for the non-public stock trading.

There are no securities which would not participate as a part of the Authorized Capital and be regulated by the Law on Securities.

The shares were not traded by other stock exchanges or similar institutions.

Trade by shares of AB Rokiskio sûris on NASDAQ OMX Vilnius Stock Exchange Vilnius Stock Exchange:

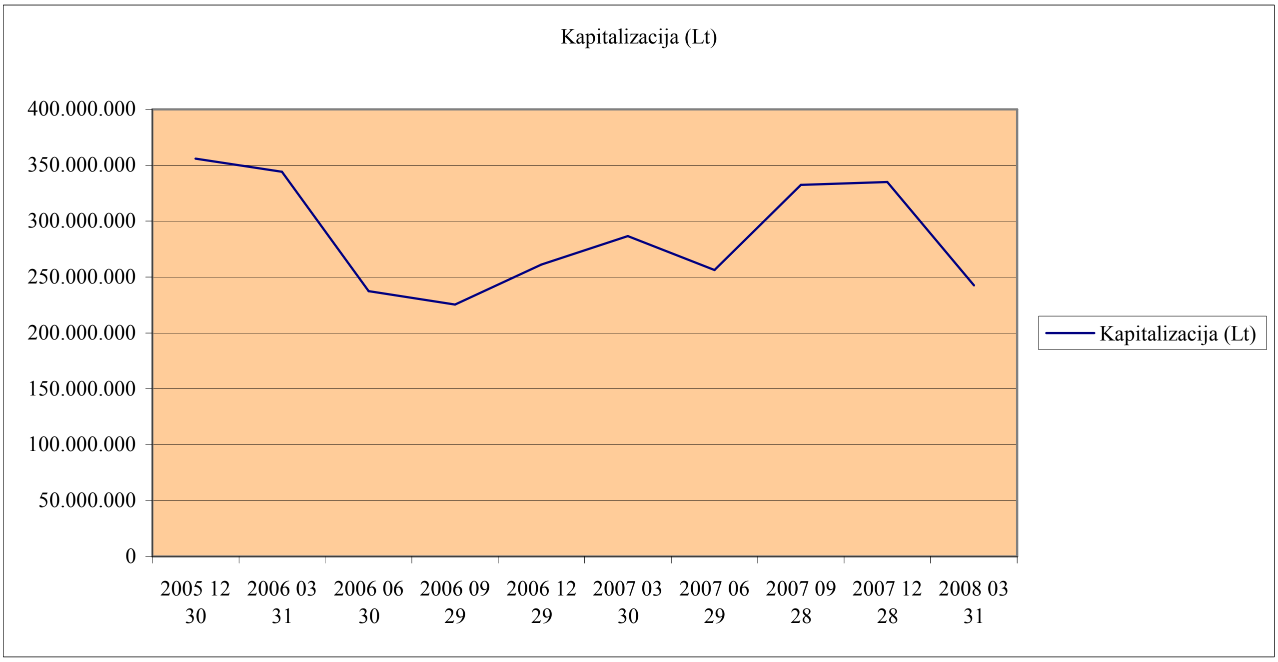
Reporting period		Price (Lt)			Turnover (Lt)			Date of last session	Total turnover	
from	to	max	min	last sess.	max	min	last sess.		(units)	(Lt)
2006.01.01	2006.03.31	75,50*	68,00*	72,50*	2 669 836	0	7 015	2006.03.31	194 218*	14 016 379
2006.04.01	2006.06.30	71,50*	50,00*	50,00*	1 746 560	0	156 447	2006.06.30	90 581*	5 423 753
2006.07.01	2006.09.30	50,00*	44,00*	47,50*	2 222 702	0	76 353	2006.09.29	409 002*	19 177 690
2006.10.01	2006.12.31	56,20*	43,80*	55,00*	5 269 556	0	49 870	2006.12.29	457 987*	20 985 247
2007.01.01	2007.03.31	64,50*	56,00*	60,40*	3 772 364	0	3020	2007.03.30	291 066*	16 644 056
2007.04.01	2007.06.30	61,40*	55,50*	60,01*	2 651 355	0	381 491	2007.06.29	207 654*	12 425 930
2007.07.01	2007.09.30	80,56*	60,00*	77,80*	3 036 573	0	27 000	2007.09.28	224 941*	15 481 420
2007.10.01	2007.12.31	8,31	7,70	7,84	4 856 398	0	314 962	2007.12.28	2 620 619	19 865 395
2008.01.01	2008.03.31	7,95	5,63	5,75	1 552 561	0	10 111,90	2008.03.31	1 731 106	11 741 678,98
2008.04.01	2008.06.30	5,70	4,90	5,15	359 617,80	0	4667,00	2008.06.30	510 793	2 718 881,28
2008.07.01	2008.09.30	5,10	3,88	4,00	536 349,10	0	11 890,20	2008.09.30	403 314	1 807 914,96
2008.10.01	2008.12.31	4,00	1,48	1,73	148 521,40	0	7 504,40	2008.12.30	293 125	658 422,12

* - nominal value per share 10 (ten) litas.

Diagram of price and turnover of AB „Rokiškio sūris" skares as per 2008:

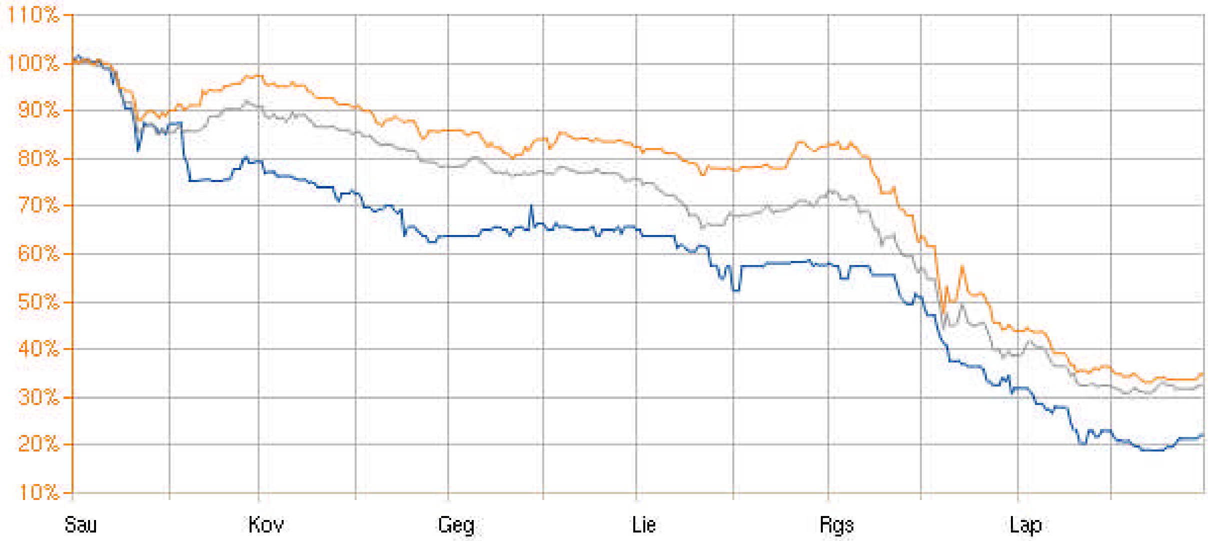
19. Capitalization of securities

Capitalization of the company‘s shares within 2006-2008, Lt



Date of last session of the trading	Capitalization (Lt)
2005.12.30	355 970 250
2006.03.31	344 104 575
2006.06.30	237 313 500
2006.09.29	225 447 825
2006.12.29	261 044 850
2007.03.30	286 674 708
2007.06.29	256 341 897
2007.09.28	332 334 603
2007.12.28	334 897 595
2008.03.31	242 515 048
2008.06.30	219 990 130
2008.09.30	168 706 120
2008.12.30	73 899 597

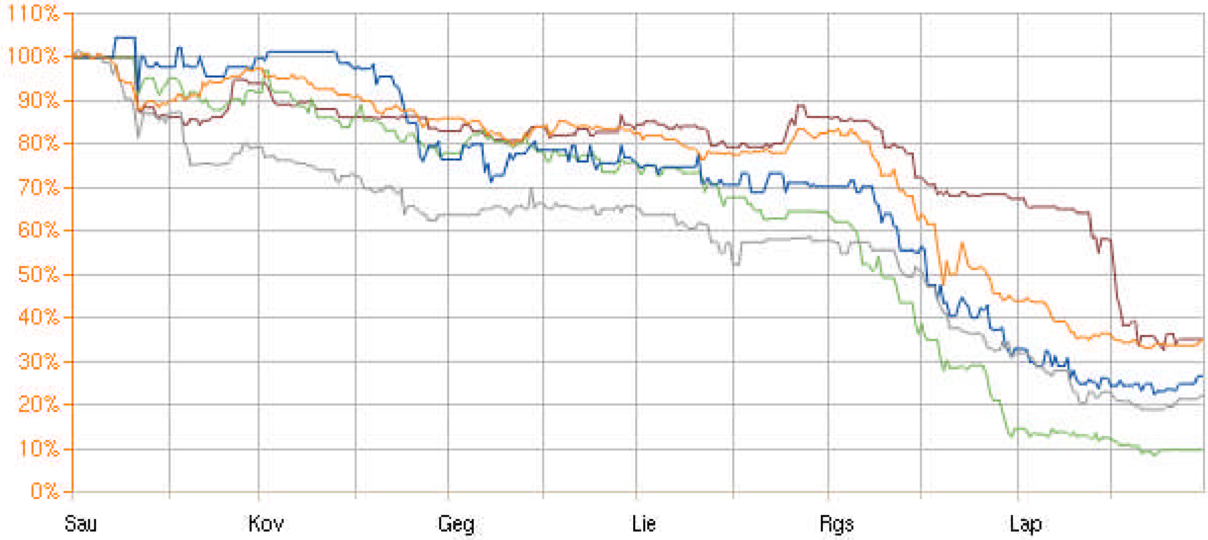
Baltic market indices:



Data of the diagram:

Index / Shares	2008.01.01	2008.12.31	+/- %
OMX Vilnius	514,23	179,25	-65,14
OMX Baltic Benchmark PI	556,21	179,98	-67,64
Rokiškio sūris	7,84 LTL	1,73 LTL	-77,93

Share price DIAGRAM: OMX Vilnius and AB „Rokiškio sūris“, AB “Pieno žvaigždės“, AB „Žemaitijos pienas“ and AB „Vilkyškių pieninė“:



Data of the diagram:

Index / Shares	2008.01.01	2008.12.31	+/- %
OMX Vilnius	514,23	179,25	-65,14
Rokiškio sūris	7,84 LTL	1,73 LTL	-77,93
Žemaitijos pienas	2,25 LTL	0,60 LTL	-73,33
Vilkyškių pieninė	6,20 LTL	0,60 LTL	-90,32
Pieno žvaigždės	5,80 LTL	2,04 LTL	-64,83

20. The Group‘s audited consolidated financial accounts for the year 2008

See attached Annex: The consolidated audited financial accounts of AB „Rokiškio sūris“ group and parental company for the year 2008.

21. Information on purchase of issuer‘s own shares

As at 31st December 2008, AB „Rokiškio sūris“ owned 2 755 036 ordinary registered shares which made 6,45 % of the authorized capital of AB “Rokiškio sūris”.

The 28th May 2007 Board of Directors of AB „Rokiškio sūris“ resolved:

Pursuing resolutions of the 22nd December 2006 General Shareholders’ Meeting to support and increase the price of AB ”Rokiškio sūris” shares, it will be acquired up to 333 000 (three hundred thirty three thousand) units of AB ”Rokiškio sūris” ordinary registered shares of LTL 10 (ten) par value. Minimal quantity of intended purchase – 1 000 (one thousand) ordinary registered shares of AB ”Rokiškio sūris”.

The price set for the acquisition of treasury shares is equal to LTL 60,00 (sixty litas) per ordinary registered share. Period for the purchase of treasury shares – 30 days.

In the course of implementation of the official tender offer, AB „Rokiškio sūris“ acquired 78 365 ordinary registered shares, paying LTL 60 per ordinary registered share.

Nominal value equals to LTL 10 per shares. It makes 1,83% of the company’s Authorized Capital. The treasury shares are without the voting right.

Upon the resolution adopted by the 19th October 2007 General meeting of shareholders of AB „Rokiškio sūris“ to change the nominal value of ordinary registered shares of AB “Rokiškio sūris” from 10 (ten) litas par value to 1 (one) litas par value whereas the size of the authorized capital of the company remained unchanged and number of shares was increased proportionally, AB „Rokiškio sūris“ owned 783 650 of treasury shares. Nominal value equaled to LTL 1 per share.

As at 31st December 2007, AB „Rokiškio sūris“ owned 783 650 of treasury shares.

The 11th February 2008 Board of Directors of AB “Rokiškio sūris“ resolved:
„Pursuing the resolution of the 22nd December 2006 General meeting of shareholders of AB ”Rokiškio sūris” – to acquire up to 1 355 000 (one million three hundred fifty five thousand) ordinary registered shares of AB ”Rokiškio sūris” with LTL 1 (one litas) par value. (3,17 per cent of the authorized capital). The price for the acquisition is set as LTL 6 (six litas) per ordinary registered share.“

In the course of voluntary tender offer, AB „Rokiškio sūris“ purchased 674 000 units of treasury shares (paying LTL 6 per ordinary registered share) which makes 1,83 % of the company’s authorized capital, therefore summing up with the formerly acquired own shares it makes 5 per cent of the authorized capital.

The 27th May 2008 Board of Directors of AB „Rokiškio sūris“ resolved:

Pursuing the resolution of the 25th April 2008 General meeting of shareholders of AB ”Rokiškio sūris” - to acquire up to 2 810 000 (two million eight hundred ten thousand) ordinary registered shares of AB ”Rokiškio sūris” with LTL 1 (one litas) par value. (6,58 per cent of the authorized capital).
The price for the acquisition is set as LTL 5,20 (five litas, 20 ct.) per ordinary registered share.

In the course of voluntary tender offer as from 2008.06.10 to 2008.06.25, AB „Rokiškio sūris" purchased 1.297.386 units of treasury shares (paying LTL 5,20 per ordinary registered share) which makes 3,04 % of the authorized capital.

Summing up with the formerly acquired own shares, the company owns 2.755.036 of treasury shares and it makes 6,45 per cent of the authorized capital. The shares are not granted with the voting right.

As at the date of signing this report (10th April 2009) AB „Rokiškio sūris" owns 2 755 036 treasury shares which makes 6,45 % of the company's authorized capital.

22. Legal grounds of the issuer's performance

The performance of AB "Rokiškio sūris" is guided by the Law on Joint Stock Companies of the Republic of Lithuania, the Law on Securities, the Company's Articles of Association and other legal documents valid in Lithuania and applied to company practice.

23. Belonging to the associated organizations

AB "Rokiškio sūris" is a member of the Lithuanian Dairymen Association "Pieno centras" and the Lithuanian Confederation of Industrialists. Moreover, it participates in the activities of the Chamber of Commerce, Industry and Trade of Panevezys.

The activities of the Lithuanian Dairymen Association are regulated by the Law on Associations of the Republic of Lithuania and by the Confederation Regulations.

24. Brief description of the issuer's history

AB "Rokiškio sūris" is one of the largest and most modern dairy production companies in Lithuania. The main activity of the company is production and sales of fermented cheese, fresh dairy products, butter, milk powders, whey and other milk products.

Specialized "Rokiškio" cheese production was planned and started to build in 1964, whereas at the beginning of 1966 the company started its work. From the very beginning of the company's business fermented cheese became its main product. In 1980 the company started the first reconstruction phase by putting into action a new cheese production department. The second reconstruction phase was in 1988 when the construction of new milk receiving machinery and full cream milk production departments was completed. In 1991 a new Finnish cheese maturation base was put into action.

In 1992, the state-owned enterprise "Rokiškio sūrio gamykla" was privatized and reorganized into a joint stock company "Rokiškio sūris". In 1993 the remaining governmental enterprise shares were sold. Following the decisions of the Government, in 1994 the company indexed its property. During the period from 1993 to 2002 the company's share capital increased 7 times with the help of additional contributions, 2 times thanks to own means and 3 times due to reorganization. In 2000, after affiliation of AB "Utenos pienas", and in 2002, after affiliation of "Eišiškių pieninė" the authorized capital was no longer increased.

In 1997, 150 000 of nominal equity were distributed in the form of international depository notes (GDR).

To secure constant material supply and to strengthen its position in the local market, AB "Rokiškio sūris" affiliated "Zarasų pieninė" in 1995, in 1996 – "Ukmergės pieninė", in 1998

“Šalčininkų pieninė“, in 2000 “Utenos pienas“ and in 2002 – “Eišiškių pieninė“. In all these dairies the company created its subsidiary companies.

In the months of November and December, 2000 AB “Rokiškio sūris“ increased the share portfolio of AB “Švenčionių pieninė“ up to 90,6%.

In December, 2000 AB “Rokiškio sūris“ acquired 49,9% of AB “Eišiškių pieninė“ share portfolio, whereas in March, 2002 AB “Rokiškio sūris“ increased the share portfolio of AB ”Eišiškių pieninė” up to 100% of authorized capital and votes.

In March, 2001 AB “Rokiškio sūris“ purchased 49,9% of AB “Varėnos pieninė“ share portfolio.

In October, 2001 AB ”Rokiškio sūris” purchased 49,9% of AB ”Ignalinos pieninė” and 100% UAB “Jonavos pieninė” share portfolio.

On 1st of June, 2005 AB ”Rokiškio sūris“ sold the share portfolio of AB “Varėnos pieninė” and AB ”Ignalinos pieninė”.

On 26th of April, 2002 at the general shareholder meeting of AB ”Rokiškio sūris“ the decision to reorganize the enterprises was made. It was decided to affiliate AB ”Eišiškių pieninė” and UAB ”Jonavos pieninė”; that is, the enterprises stopped functionning as legal persons.

On 4th of July, 2002 AB ”Rokiškio sūris“ Board decided to stop the activities of AB ”Rokiškio sūris” subsidiary company “Šalčininkų pieninė“ and to sign it out from the Enterprises‘ Register.

On 30th of December, 2002 the subsidiary company of AB ”Rokiškio sūris” “Šalčininkų pieninė“ was signed out from the Enterprises‘ Register of the Republic of Lithuania.

On 6th of September, 2002 at the general meeting of AB ”Rokiškio sūris” shareholders the following decisions were made: reorganization of AB ”Rokiškio sūris”, AB “Eišiškių pieninė” and UAB ”Jonavos pieninė” was terminated; AB ”Eišiškių pieninė” and UAB ”Jonavos pieninė” property, rights and responsibilities acceptance and transfer acts were confirmed. AB ”Eišiškių pieninė” and UAB ”Jonavos pieninė” terminated their activities as legal persons and they were signed out from the Enterprises‘ Register.

On 14th of November, 2002 AB ”Rokiškio sūris” Board decided to establish a subsidiary company “Eišiškių pieninė“. On 6th of December, 2002 AB ”Rokiškio sūris” subsidiary company “Eišiškių pieninė“ was registered into the Enterprises‘ Register. On 29th October, 2005 AB “Rokiškio sūris“ Board decided to terminate the subsidiary company‘s activities. In April, 2006 the subsidiary company “Eišiškių pieninė“ was signed out from the register of legal persons.

On 14th of February, 2003, following the decision of AB ”Rokiškio sūris” Board, the activities of AB ”Rokiškio sūris” subsidiary company “Zarasų pieninė“ were terminated. On 26th of June, 2003 “Zarasų pieninė“ was signed out from the Enterprises‘ Register of the Republic of Lithuania.

On 20th of August, 2003 AB ”Rokiškio sūris” baught 12 units of UAB ”Kalora” nominal equity, which composed 100% of UAB ”Kalora” authorized capital. In October, 2005 AB ”Rokiškio sūris” sold these shares.

On 18th of February, 2005 an insolvency case with creditors, without the court process, was raised against AB “Švenčionių pieninė“. On 29th of April, 2005, due to its bankruptcy, AB “Švenčionių pieninė“ was signed out from the register of legal persons.

On 14th of June, 2005 AB “Rokiškio sūris“ sold 410 330 units of AB “Žemaitijos pieno investicija“ shares, that is, 11,63% of AB “Žemaitijos pieno investicija“ authorized capital.

On 3rd of March 2006, in order to achieve more effective fresh dairy production results, AB ”Rokiškio sūris” Board decided to separate export-oriented cheese production business from fresh dairy production business oriented to the local market. For this reason a new subsidiary company was established. On 21st of April, 2006 a subsidiary company UAB “Rokiškio pienas“ was registered into the register of legal persons. The subsidiary is totally owned by AB “Rokiškio sūris“.

After termination of the activities of subsidiary Eišiškių pieninė on 5th April 2006 the subsidiary of AB „Rokiškio sūris“ Eišiškių pieninė was registered out from Juridical Register of the Republic of Lithuania.

In the year 2007, AB „Rokiškio sūris“ acquired 50 per cent of UAB „Pieno upės“ shares and 100 per cent of each of the following companies: UAB “Skeberdis ir partneriai“, UAB „Skirpstas“, UAB „Batėnai“, UAB „Pečupė“ and PK “Žalmargė”. The main activity of the companies is purchase of raw milk.

In January 2008, AB „Rokiškio sūris“ acquired 50,05 per cent of block of shares of Latvian company SIA Jekabpils piena kombinats. SIA Jekabpils piena kombinats specializes in production of fermented cheese and sales of raw milk.

Also, in July 2008 the company acquired UAB “Europienas”. Business of the company is purchase of raw milk.

25. Production, description of production capacities, and implementation of new products

The Group‘s production is developed in the towns of Rokiškis (AB „Rokiškio sūris“), Utena (UAB „Rokiškio pienas“) and Ukmerge (UAB „Rokiškio pienas“ subsidiary „Ukmergės pieninė“).

- Specialization of Rokiskis production plant – fermented cheese, lactose and whey products.
- Specialization of Utena production plant – fresh dairy products for the local market, whey protein concentrate, milk powder and butter production.
- Specialization of Ukmerge production plant – curd and curd cheese production.

All three dairies have implemented Hazard Analysis and Critical Control Point systems (HACCP), ensuring safety of the products from the very first step – raw materials – until their final delivery to store shelves. Certificates for complying with quality management ISO-9001 and environment ISO-14001 standards were received from the International Certification Company “Bureau Veritas Quality International”. Continuous improvement of systems in order to best meet clients’ requirements is ensured, and production in the lowest possible environmentally harmful conditions is pursued.

In 2001, AB ”Rokiškio sūris” and in 2002, its subsidiary companies were certified on the international scale: Food Security - HACCP, Quality Management - ISO 9001:2000 and Environment Protection Management ISO 14001:1996 systems. The HACCP system was re-certified according to “Food safety management system”. Every step of production should comply with the requirements stated by ISO 22000:2005.

The certificates conferred by the international certification organisation BVQI confirm that the above-mentioned systems are in conformity with ISO 9001:2000, ISO 14001:1996 standard requirements. Moreover, it is determined that all work process, production, machinery and technical maintenance management of the company ensure its production to be safe and of high quality. Moreover, efforts to improve the entire environment protection efficiency, without any deviation from the company’s executive policy, are acknowledged.

According to food safety system, important production points have to be under constant observation, this way safeguarding from any critical deviation limits. The system determines these critical limits and means allowing managing the process.

The quality management system ISO 9001:2000 determines both safe and high quality production means. The rules of the system ensure receiving stable, equal and qualified production. The quality management system includes the entire process from material purchase to client need satisfaction when selling the final production.

In 2008, in order to expand the market and meet customer demands, the company in Rokiskis was certified according to the UK standard BRC (British Retail Consortium).

The main activity of the Group is processing of milk. The sites of production are specialized in accordance with certain area of production.

AB „Rokiškio sūris“

Throughout the long years of successful production fermented cheese remains the main company product.

The cheese produced by the company is divided into semi-hard and hard cheese. The group of semi-hard cheese includes the following products: “Rokiškio sūris“ (varies in fat and height), “Hermis“, “Utenos“, “Lietuviškas“, “Gauda“, “Edamas“, Rosijskij syr, Pribaltijskij syr, non-matured cheese „Mozzarella“ and Cagliata, whereas “Goya“, “Montecampo“ and “Gojus“ belong to the hard cheese type.

Besides the main production of fermented cheese, AB ”Rokiškio sūris” produces melted cheese, whey protein concentrate (WPC) and milk sugar (lactose).

In 2008, „Rokiškio sūris“ produced 32 719 tons of fermented cheese (compared to 2007 when it was produced 10 472 t or 32% more), 780 tons of processed cheese, (incl. 150 tons of smoked cheese), 14 240 tons of cream of 35% fat content, 1 586 tons of whey cream, 10 147 tons of milk sugar, 76 631 tons of whey protein concentrate of 9 per cent.

The company pays great attention to the quality and safety of production, the company continuously decreases its production costs remaining on the top level of production and reducing negative impact on the environment whilst ensuring minimal usage of damaging materials and treatment of waste.

In 2008, the assortment of non-matured cheese “Mozzarella” was expanded with the newly acquired line supported by modernized ultrafiltration.

UAB „Rokiškio pienas“

Specialization of Utena production plant – fresh dairy products for the local market, whey protein concentrate, milk powder and butter production.

In 2008, “Rokiškio pienas” in Utena produced 1032 t of skim milk powder, 6033 t of dry whey protein concentrate, 78 t of buttermilk powder, 4607 t of butter and fat blends, 51969 t of fresh dairy products, 7561 t of cream was exported.

The following new products were launched: “Bifi Active” (yogurt, kefir, sour cream, fluid milk, and butter milk).

A new packaging machine was acquired to pack dry products. The dryer was reconstructed with installed a new filter in order to reduce waste of product.

UAB „Rokiškio pienas“ subsidiary Ukmergės pieninė

Specialization of Ukmerge production plant – curd and curd cheese production.

In 2008, it was produced 22 138 tons of fresh dairy products, incl. 14 443 tons of un-skimmed dairy products and 7 695 tons of skimmed dairy products.

26. Sales and marketing

AB „Rokiškio sūris“ group is one of the biggest and strongest dairy producers in Lithuania. The sales are directed into the Eastern and Western markets, and there is big variety of fresh dairy products which are firstly realized on the Lithuanian market.

The year 2008 was a difficult time for dairy sector. Despite it the sales of AB „Rokiškio sūris“ group increased by 2 per centto LTL 682 million compared to LTL 665 million in 2007. Significant drop in export prices caused slump of export sales by 11 per cent.

More than 2/3 of the production of AB „Rokiškio sūris“ is exported. The mayor part of exports is fermented cheese. The group historically orientates itself into the mass production of fermented cheese, and it is one of the biggest and most famous fermented cheese producers in the Cetral and Eastern Europe regions. There are two main export directions with equal weight: European Union (mainly Italy, the Netherlands) and Russia. In the EU, the main products are hard fermented cheese and non-matured cheese, meanwhile the main production going to Russia is semi-hard fermented cheese.

As from 2009, the company is going to enjoy EU subsidies for the sales in Russia, which will support competition with cheaper production of local producers whose competitive advantage strengthened with devaluation of Russian rouble. The potential of this market is increasing, and the company sells its products with own brands which are going to be strengthened.

And of course, the cheese of Rokiskio is well known on the local market. The brand is considered to be the guarantee of highest quality. On the local market Rokiskio sûris is a leader in sales of fermented cheese.

As the dollar rate is growing up, the group renewed its sales to the USA. The a re not high but may be increased in the future.

Also, the group includes other products into its export product portfolio such as butter, cream, milk powders and whey products – WPC and lactose.

The year 2008 was a very successful year in terms of sales on the local market – the market was rapidly growing and the group significantly increased its market share. At this point of time the group’s sales on the local market make 38 per cent of total sales (which is the highest level within the last few years).

As from 1st January 2007, this activity is carried out by UAB „Rokiškio Pienas“. During the last year the group became a market leader. The group’s politics is to create added value products, the sales are promoted via strong brands and new product development, innovative market actions. The brands are getting more and more powerful.

The local sales of the Group in 2008 made LTL 259 million which was over 30% more than in 2007 when the group’s growth on the local market was also expressed in double-digit.

The groups targets in the local market are to concentrate beside the portfolio of strongest products and maintain 20 - 25% market share. Up to now the tasks are being implemented successfully.

The company’s sales on the local market are directed to the sales though supermarket nets whose share in the company’s sales is increasing and now it is over 80 % from the total sales in the local market.

In the past two years, the supermarket nets are implementing the system of central storages and seeking to undertake logistics by themselves. Considering the intentions, the company is planning changes of its own logistics system and tends to hire logistics of outside company in the future. This will decrease the cost of logistics.

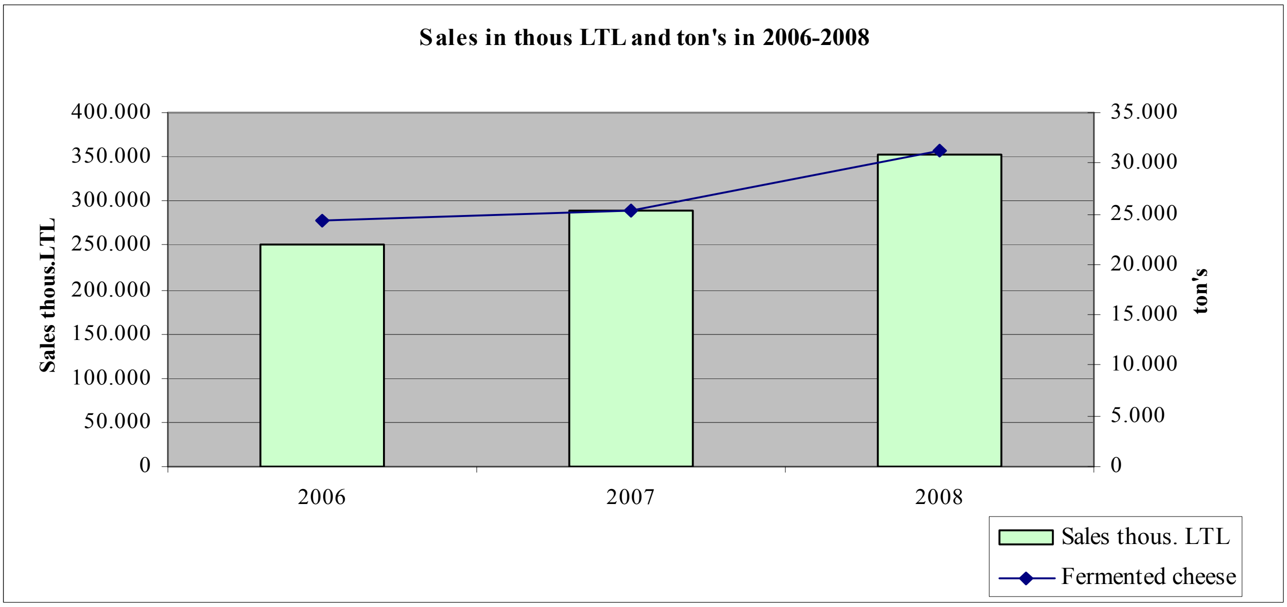
The company has strong brands such as: the economical VISIEMS, massive – ŽALOSIOS KARVUTĖS, Premium – ROKIŠKIO and ROKIŠKIO NAMINIS, dessert - &JOY, Horeca sector - PROF, low fat and healthier – VALGYK LENGVAI, functional – BiFi ACTIVE.

The product quality is also one of the company’s underlying tasks and it helps in implementation of marketing strategies.

The group intends to implement various projects related with product quality improvement through the structural funds of the EU.

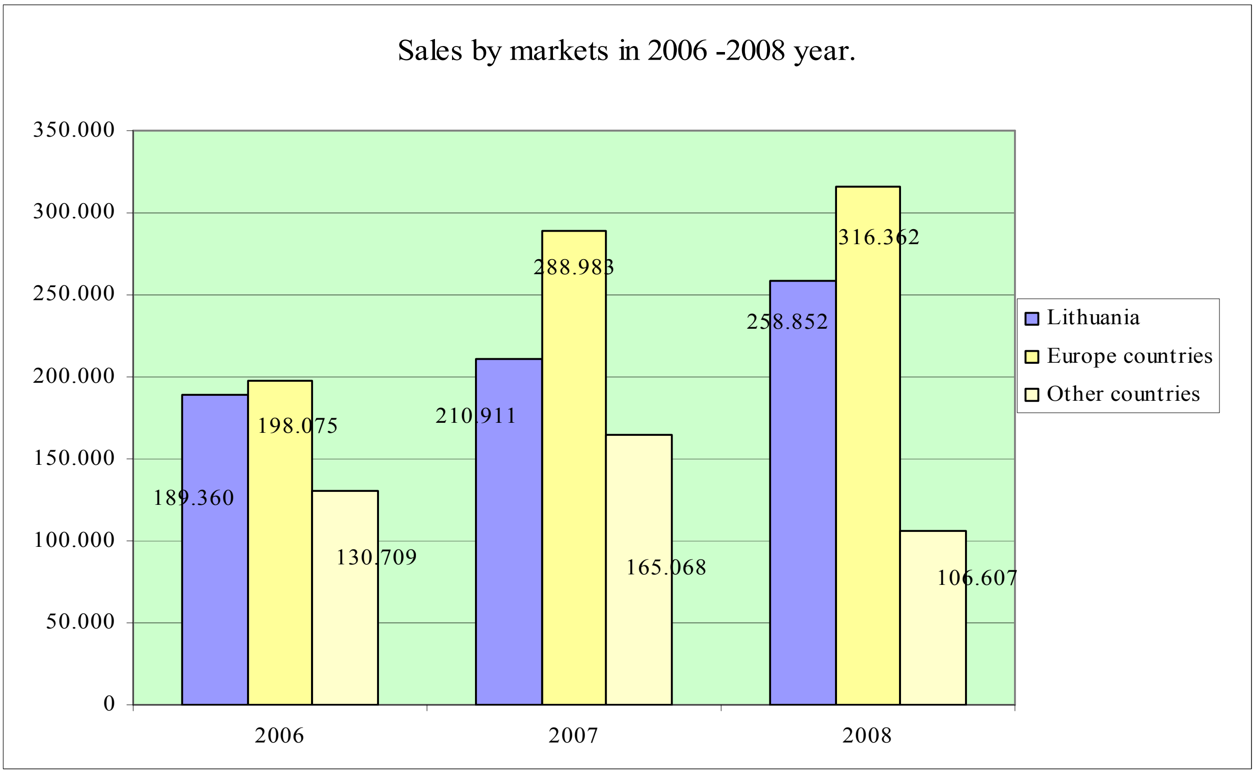
Sales in 2006-2008, in tons and thousand litas

Name of product		Sold		
		2006	2007	2008
Fermented cheese	t	24388	25334	31216
	thou LTL	251351	289435	352781
Fresh dairt products	t	47916	48313	56883
	thou LTL	107433	126511	156665
Butter	t	3907	4291	4755
	thou LTL	32902	45573	45321
Milk sugar	t	6998	5965	10352
	thou LTL	14584	32417	13975
Milk powders	t	1093	3874	2644
	thou LTL	7938	43325	21035
WPC	t	3553	3781	6313
	thou LTL	19664	30838	30725



Sales markets in 2006-2008

Countries	Sold					
	2006		2007		2008	
	thou LTL	%	thou LTL	%	thou LTL	%
Lithuania	189 360	36,54	210 911	31,72	258 852	37,96
EU	198 075	38,23	288 983	43,46	316 362	46,40
Other countries	130 709	25,23	165 068	24,82	106 607	15,64
Total	**518 144**	**100**	**664 962**	**100**	**681 821**	**100**



27. Purchase of raw material

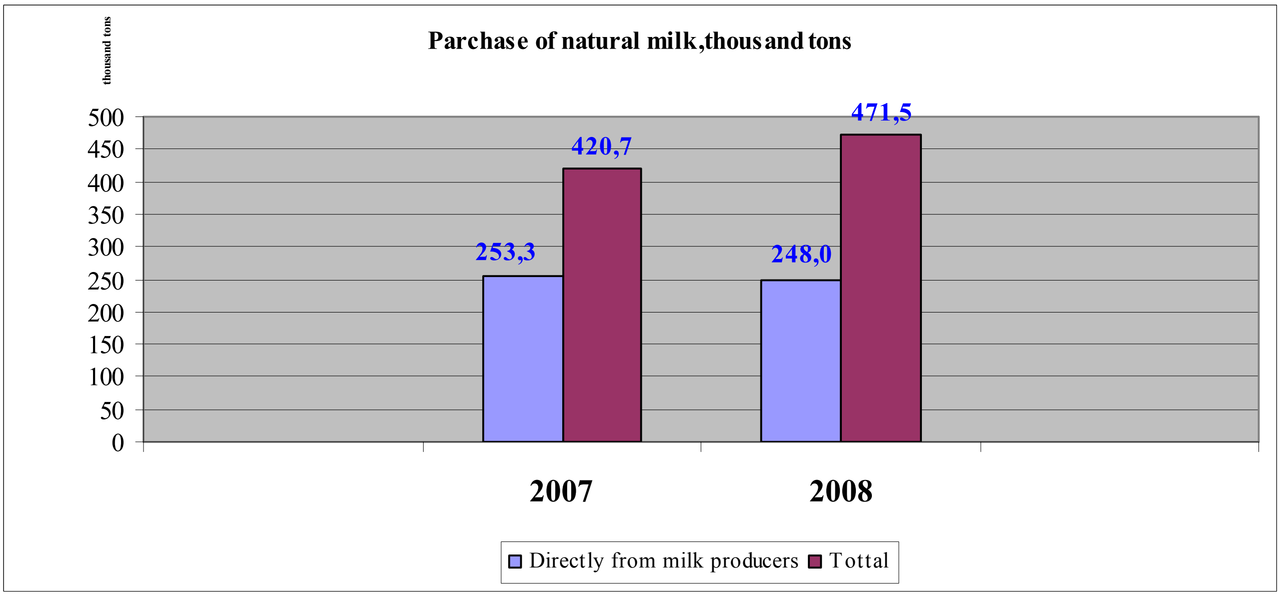
According to the data prepared by the Ministry of Agriculture, in 2008 it was purchased 1381,4 thousand tons of natural milk (on the average 4,36 fat and 3,3 protein content) which is by 2,5 per cent more than in 2007. The average price of natural raw milk was LTL/ t 862, and it was by 3,9 % higher than in 2007.

The group purchases make 34,1 per cent of the total milk purchased in Lithuania.

The group of Rokiskio sûris (procurement departments in Roksikis, Utena and Ukmerge) bought directly from farmers 248,0 thousand tons of natural raw milk (on the average 4,20 fat and 3,29 protein content), which is by 2 per cent less than in 2007 (253,3 thousand t). In total it was purchased 471,5 thousand tons of natural raw milk (on the average 4,16 fat and 3,28 protein content)or 12,1 per cent more than in 2007.

During the period, the zone of purchase of raw milk was expanded in Latvia where in 2008 the company purchased 124,5 thousand tons of natural raw milk, in 2007 it was 63,4 thousand tons.

In February 2008, it was acquired the property of individual company of Jonas Raišys (milk collection points), and the employees were transferred to AB „Rokiškio sūris“. In order to reduce costs of milk collection, the companies UAB „Pečupė" and UAB „Skeberdis ir partneriai" were integrated. The employees were transferred to AB „Rokiškio sūris". Reconstruction works of milk loading centers in Kretinga and Ariogala were completed.



28. Risk factors related with the issuer's performance

Economic factors:

Unfavourable influences related with raw milk production and sales of finished products:

a) lowering purchasing power of Lithuanian residents;
b) unrecognized LT brands on the EU market (due to which it is difficult to trade in the retail market)
c) high concentration of producers;
d) substitution of dry milk products with cheaper ingredients for further production;
e) increase of prices for fuel/power;
f) abolishment of EU export subsidies to third countries;
g) lack of raw milk, high competition.
h) government tax politics is not supportive to business
i) bureaucratic restrains
j) drop in export prices due to the world financial and economical crisis;
k) surplus of dairy production on the EU and world markets.

Lithuania is dominated by small milk farms. Such a high number of raw milk suppliers causes increase of costs for raw milk quality testing and raw milk collection costs. In addition, small farms cannot ensure sufficient and consistent raw milk quality, and impede investment into milk farms. Average dairy farm in Lithuania is the least in EU, moreover it is smaller thirteen times as much compared to the average figure in EU.

Raw milk production in Lithuania is heavily influenced by seasonality: collection of raw milk in August - September is 1,4 as high as in February. It has a negative impact on the effectiveness of milk processors, and utilization of equipment capacities.

Low productivity of milking cows:

Low productivity of cows is caused by insufficient genetic potential of herd and poor feedstuffs. Diminishing small farms. Decrease of population in rural areas.

Unsteady dairy industry regulatory measures implemented by the State. Development of family based milk farms was and still is too slow. Absence of consequent State politics to develop this sector, frequent changes of subsidy requirements and its amounts, concentration into milk prices rather than into investment support have had negative influence on the development of milk farms and improvement of veterinary-sanitary conditions.

Social factors:

During the past few years, emigration of residents of Lithuania increased. Now it is experienced lack of qualified work power. Decrease in reimbursement system. The farming is dominated by older farmers. Community of villages is getting older also. High unemployment. Bankruptcy of companies.

Technical – technological factors:

Technical-technological risk factors of AB „Rokiškio sūris“ are determined by HACCP program.

The main parts of HACCP program are Prerequisites and HACCP programs. They identify hazard points in every production step, as well as their critical control limits and correction actions.

The company has the following Pre-requisites:

1. Raw milk quality;
2. Maintenance of buildings and premises;
3. Sanitary;
4. Training of personnel;
5. Supply of water, steam and electricity. Water control;
6. Supply of water, steam and electricity. Water control;
7. Purchase and storage of additional materials;
8. Maintenance of equipment. Calibration of measurement devices;
9. Maintenance of equipment. Calibration of measurement devices;
10. Product traceability and recall;
11. Monitoring of logistics;
12. Pest control.

To monitor every production process there are prepared procedures, technological instructions, their control procedures (both microbiological and chemical), provided records. Final products are handled according the company’s standards which concerns their specifications, chemical content, nourishment, energetic value, packaging, terms of storage, shelf life etc.

Ecological factors:

The most sensitive environmental points of AB ”Rokiškio sūris” are processing and treatment of production pollutants: production/ operational waste, whey, and raw milk processing waste. Certificate for complying with environment standards ISO-14001 was received from and is controlled by the International Certification Company “Bureau Veritas Quality International”.

During the external and internal audit it has been identified 10 remarks and 3 non-compliances which were corrected.

The Environmental program for 2008 was completed. The following was implemented to improve environmental conditions: odour catchers were installed in waste water treatment plant, the software and hardware systems were renewed, as well as monitoring system, also the dairy waste site in Celkiai was emptied in the course of recultivation, and a new whey filtration equipment was introduced.

The most sophisticated technologies are used in AB ”Rokiškio sūris”: filtration (ultra-filtration, nano-filtration, RO), separation, graded evaporation, central cleaning stations, recuperation, regeneration, odour moderation, automatization etc. The company continuously invests into modernization of production processes.

On 31st December 2005, AB ”Rokiškio sūris” received a Licence for integrated prevention and control of pollution (TIPK). Period of validity unlimited. The evaluation of compatibility with the most available ways of production in Europe was carried out. The company has implemented the most available ways of production, the input and level of emission comply with the requirements applied in the European Union.

There are five environmental programmes designed for observation and analysis of influence on environment: 1) Program for underground and surface water monitoring of dairy waste treatment site of AB “Rokiškio sūris“ in Čelkiai turbary, 2) Monitoring program for field fertilization by waste from AB “Rokiškio sūris”, 3) Monitoring program for treated waste from AB „Rokiškio sūris“ to Ruopiškis (Alseta) lake in Rokiškis district, 4) Monitoring program for underground water of AB “Rokiškio sūris”, 5) Monitoring program for underground water in petrol stations of AB “Rokiškio sūris” in Rokiškis and Obeliai. The monitoring is carried out by the environmental engineering company UAB „HGN Hydrogeologie Baltic“. Certificates are submitted to Panevėžys RAAD. There is no objectionable influence identified.

In 2008, the inventory resources of contamination discharged 9,264 t. of pollutants. The transport park consists of 393 vehicles: 284 trailers, 101 automobiles, 8 other vehicles. The mobile resources of contamination discharged 1418,8 t of pollutants. In 2008, it was acquired 20 new vehicles complying with standards Euro 4 or 5.

The company has constructed its own waste water treatment plant in order to target loads for pollutants as required by the EU standards. The effectiveness of waste treatment is equal to 96-99%. As from 2008.01.01, a company UAB „Rokvesta“ is contracted for the service. The treated dairy waste is processed into bio-gas and electricity. The sludge obtained from waste treatment is used for field fertilizing. In 2009, it was processed 12.274 t. of dairy waste, produced 663.310 kWh of electricity which was used for the internal consumption. 9212 t of sludge and 1515 t of dairy waste (as in summer the level is to high to process it all into the sludge) were used for field fertilizing. In 2009, 20% waste was transferred to the municipality waste water treatment plant.

The dairy waste accumulation site (where the waste has been accumulated for 10 years) of AB „Rokiškio sūris“ in Celkiai, Rokiškis district, was recultivated. In 2008, the waste was streated. The site is considered as dangerous in terms of environment.

In 2008, the whey filtering equipment was modernized. The water extracted from whey during the treatment complies with environmental requirements and is discharged into surroundings. It is planned to use this water for cleaning in order to reduce consumption of underground water and amount of production waste.

Key ratios of environment in 2008:

Quantity of issued waste per ton of raw material – 0,002
Fee for pollution per ton of raw material – 0,07
Quantity of waste pollutants according to BDS_7 in kg per ton of raw material – 0,69
Quantity of waste in tons per ton of raw material – 1,19
Consumption of chemical materials in kg per ton of raw material – 1,64

Power consumption in kWh per ton of raw material – 35,67
Thermo-power consumption in kWh per ton of raw material – 58,42
Taxes for environment pollution amounted to LTL 205.356
Investment into environment protection LTL 2,16 million

The company went though analysis of risk and hazard factors, consequently it was prepared a plan for prevention and liquidation of accidents which was agreed with certain institutions: State Work Inspection, Department of Civil Safety, Fire Protection Authorities, Community Health Centre, Department of Environment Protection, Municipality. Dangerous objects of the company: amonium compressor room (amount of amonium 9,2 t), storage of chemical materials for waste treatment (16t. of natrium hydroxide), storage of chemical materials (nitric acid 15t.), storage of chemical materials (15t. of corrosive materials), fuel station (total capacity of reservoirs 700 m^3). Prepared plan for prevention and liquidation of emergency .

The company’s buildings were evaluated and marked according to the requirements for fire protection as stated by the document approved by Fire Protection Authorities at VRM (2005 02 18) No. 64. In order to ensure protection from fire and decrease of possible losses, fire alarms were installed as well as other means of this nature (fire plugs, hydrants, ponds, fire-extinguishers), evacuation plans. the fire protection measures were agreed with Fire Protection Authorities.

Pursuing the Law on Audit Article 52 part 1, the Company will establish the Audit Committee complying with the 21st August 2008 Resolution No. 1K-18 of the Securities Commission. The Auditing Committee will carry out independent and objective activities analyzing, evaluating and consulting the Company in order to improve the Company’s performance and increase its added value.
AB „Rokiškio sūris“ Group’s management structure is formed in line with the key functions such as Sales, Production, Finance management, Milk procurement, Logistics, Central services, and Development. The Functional Directors condition and develop the Group’s strategy, tactics and targets in accordance with the functions.

Key ratios of the company performance, their dynamics

The table shows consolidated figures of the Group..

Eil. Nr.	**Rodikliai**		2005 m.	**2006m.**	**2007m.**	**2008m.**
1.	Net profit %	Net profit / Revenues	4	3	5	(3)
2.	Average return on assets	Net profit / Average assets	0,07	0,04	0,10	(0,05)
3.	Debt ratio	Liabilities / Assets	0,35	0,40	0,34	0,52
4.	Debt-to-equity ratio	Liabilities / Equity	0,54	0,67	0,57	1,08
5.	General liquidity ratio	Current assets / Current liabilities	1,70	1,60	1,70	0,94
6.	Assets turnover ratio	Revenues / Assets	1,58	1,61	1,99	1,89
7.	Book value per share, Lt	Equity / Number of ordinary shares	40,96**	40,67**	4,97*	4,07*
8.	Net earnings per share, Lt	Net profit / Number of shares	4,81**	3,01**	0,81*	(0,45)*

* - Nominal value 1 litas per share.
**- Nominal value 10 litas per share.

29. Investment projects implemented during the past 3 fiscal years

AB „Rokiškio sūris“ management’s key concern is modernization of production procedures, including modern milk-trucks with high isolation and accounting systems. It is endevoured to maintain high product quality, following requirements for food safety and veterinary, as well as introduction of modern worldwide recognized equipment.

During the last 3 financial years the investments were mainly directed to cheese production modernization and reconstruction.

During 2003-2005, following the first priority sector ‘Milk and Dairy Products’ of the SAPARD rural development programme ‘Development of Agricultural and Fishery Product Processing and Marketing’, AB “Rokiškio sūris” received financial support, equal to 12,5 million litas, for production modernization.

Following the National Payment Agency Director’s order No. 221 of 30th October, 2002 “Concerning SAPARD Support to AB “Rokiškio sūris””, the Support Agreement No. SA 8 – P25020013 was signed on 30th October, 2002. This modernization project was successfully completed in 2004.

In 2005 AB “Rokiškio sūris” invested 17 million litas into such areas as production, logistics and purveyance. Major investments, equal to 8,6 million litas, were made in production development, namely, acquiring evaporators. 2 million litas were used in purchasing milk refrigerators and milk stations.

In 2006, investments of AB “Rokiškio sūris“ reached – 21 512 tūkst. litų.

The main investment of „Rokiškio sūris“ in 2006 – LTL 15,5 million – was provided for whey collection and processing. Therefore the company applied for the support through EU structural funds amounting to LTL 3,4528 million. On 8th December 2006, it was signed an agreement with National paying agency.

According to the program Rokiškis purchased whey filtration system for LTL 4,4 million. UAB “Rokiskio pienas” modernized the permeate evaporator and dryer of powders for LTL 1,2 million.

It was purchased ammoniac and pressed air compressor for whey cooling for LTL 0,4 million. The 8 ton tank for whey products allow higher effectiveness of production capacities. For the investments it was allocated LTL 1,5 million.

Upon implementation of those modern technologies, there will not be any product leftover for discharge into waste treatment plant. Also, during the production season when the capacities are used at maximal levels, all whey will be collected and processed.

LTL 2 million is allocated for cooling of raw milk and production, and the other LTL 2 million – for purchase of modern milk trucks.

In order to solve environmental problems, it was bought waste sludge drying decanter for LTL 0,5 million. The storage of cheese was renewed and modernized for LTL 0,3 million. LTL 0,2 million was allocated to renovate cheese floating canal from production into brining plant. In general it can be said that investments of AB „Rokiškio sūris“ are organized in the way to ensure food safety requirements.

In 2007, AB „Rokiškio sūris“ prepared a business plan according to 2007-2013 KPP measure „Processing of agricultural products and increase of added value“ first section „Marketing of agricultural products“. In 2008, a part of the investment was made from the fund and the other part from own resources.

In 2007, the Group invested LTL 19,6 million. The main of them:

- Cheese production modernization

- Cheese packaging modernization
- Lactose production modernization
- Ventilation system modernization
- Modernization of laboratory
- Internal logistics modernization
- Energy supply modernization
- Cooling system modernization
- Equipping the milk collection points with freezers
- Waste treatment modernization
- Fresh dairy production modernization
- Dry milk production modernization
- Butter production modernization

Also, it was purchased new milk trucks for raw milk transportation, and collection.

All investments were made in Lithuania: Rokiskis and the related sites in Utena and Ukmerge.

30. Future plans, forecasts and investments envisaged in 2009

In 2009, it is planned to reach turnover of around LTL 583 million (~ EUR 168,8 million), i.e. by 14 per cent less than in 2008. The evaluated profitability should be around 1-2 per cent.
The company estimates to have similar amount of production as in 2008, yet the lower export prices cause overall decrease in turnover in 2009.

In 2009, the group of AB „Rokiškio sūris“ will invest LTL 5 million. The investments will be used for modernization of all uncompleted projects of dairy processing.

Key directions for investment:

- Raw milk processing (equipment for cheese production, cheese packaging, weighing and labeling, production of butter, fresh dairy products and dry dairy products);
- Departments servicing production plants (ventilation systems, compressor rooms, automatization equipment, cooling equipment);
- Whey processing into WPC 35% and edible lactose;
- Treatment and handling of dairy waste;
- Modernization of product storage;
- Mounting of equipment for whey preparation.
- Special transportation equipment and vehicles pf raw milk and dairy products;
- Directly related with the company’s activities sand whole production procedure.

Targets of AB „Rokiškio sūris“ consist of the following: modernization of raw milk collection and preparation for loading, modernization of transport, production plants and the departments providing services to the production plants. It should be achieved that the equipment in all production and technological plants would comply with the requirements applied to the most modern technology, also it is important to ensure saving of energy resources, environment protection, improvement of work conditions as well as product quality employing the most modern technologies. The up-to-date equipment would secure production at the highest level in terms of sanitary and hygiene, and the main objective in this field is reduction of manual work during production.

The company also endeavours to modernize its outside suppliers of services namely waste treatment, production of freeze and air, ventilation systems, power supply in order to ensure safety, economical using and appropriate hygiene. It should increase the company's competitiveness, as well as improved employment of production facilities by implementing additional equipment and considering environment protection.

31. Dividends paid

Dividends paid according share types and class during the last 6 years:

Type of shares	2002		2003		2004	
	Sum, Lt	**Per share**	**Sum, Lt**	**Per share**	**Sum, Lt**	**Per share**
Ordinary registered shares	Dividends were not paid		20.012.006,00	4,45 Lt (44,50 %)	21.771.115,00	5,00 Lt (50,00%)

Continued

Type of shares	2005		2006		2007	
	Sum, Lt	**Per share**	**Sum, Lt**	**Per share**	**Sum, Lt**	**Per share**
Ordinary registered shares	10.275.966,28	2,36 Lt (23,60%)	10.081.101,08	2,36 Lt (23,60%)	9.902.131,20	0,24 Lt (24,00%)

32. Management bodies of the issuer

In accordance with the Articles of Association of AB ”Rokiškio sūris“, the managing bodies of the company are as follows: General shareholders' meeting, the Board of Directors and the Chief Executive Officer.

The competence and procedure of announcement applied to the general shareholders' meeting complies with the competence and procedure of announcement applied to the general shareholders' meeting established by the Law on Joint Stock Companies.

The Board of Directors is a collegial management body comprised of 9 (nine) members. The Board members are elected and recalled by the general shareholders' meeting pursuing the procedure set by the Law on Joint Stock Companies.

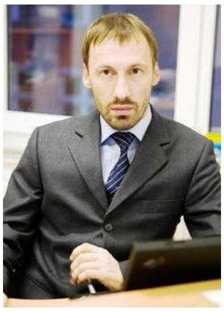
The Chief Executive Officer is a one-man management body who organizes everyday activities of the company, discusses and solves the company's long term strategic objectives as well as issues of business plans. Within relationship between the company and other persons, the Chief Executive Officer acts determinatively on behalf of the company.

33. Members of collegial bodies

Members of managing bodies

Members of the Board of Directors – Dalius Trumpa (Chairman), Antanas Kavaliauskas (Deputy Chairman), Antanas Trumpa, Andrius Trumpa, Ramūnas Vanagas, Jonas Kubilius, Jonas Kvedaravičius, Evaldas Dikmonas and Darius Norkus were elected by the 25th April 2008 general meeting of shareholders AB „Rokiškio sūris“. Cadency of the Board of Directors is 4 years.

Board of Directors:



Dalius Trumpa - valdybos pirmininkas.

Antanas Kavaliauskas – Deputy Board Chairman. CFO of AB „Rokiškio sūris"

Andrius Trumpa - Board member, lecturer of Vilniaus Gedimino technical university

Ramūnas Vanagas - Board member, The Development director of AB „Rokiškio sūris".

Jonas Kvedaravičius – Board member, Central servises director of AB "Rokiškio sūris".

Jonas Kubilius - Board member, Logistics director of AB “Rokiškio sūris“

Darius Norkus – Board member, Sales and Marketing director of AB “Rokiškio sūris“.

Evaldas Dikmonas – Board member, Procurement director of AB “Rokiškio sūris“.

Antanas Trumpa - Board member, CEO of AB “Rokiškio sūris“.

Members of the Board of Directors :
(Data as at 31st December 2008)

Dalius Trumpa– Board Chairman (elected by the 25th April 2008 General meeting of shareholders). Owns 759 740 ordinary registered shares. i.e. 1,78% of the Authorized capital and 1,90 % votes of AB „Rokiškio sūris“.
Participation in the activities of other companies:
Shareholder of UAB” Pieno pramonės investicijų valdymas”, having 3,91 % of the company’s shares and votes;
Chief executive officer of UAB „Rokiškio pienas“, having no shares;
Director of UAB “Rokvalda”, having 100% of shares and votes;

Shareholder of UAB “Minedi”, having 100% of shares and votes.

Antanas Kavaliauskas - Deputy Chairman (elected by the 25th April 2008 General meeting of shareholders), the Chief Financial Officer of AB „Rokiškio sūris“, having no ownership of AB „Rokiškio sūris“.
Participation in the activities of other companies:
Shareholder of UAB ”Pieno pramonės investicijų valdymas” owning 3,91% of shares of UAB” Pieno pramonės investicijų valdymas”.
Board Chairman of Latvian company SIA Jekabpils piena kombinats, having no shares;
Director of Lithuanian dairy association “Pieno centras”, having no shares.

Antanas Trumpa - Board member (elected by the 25th April 2008 General meeting of shareholders), Chief Executive Officer of AB „Rokiškio sūris“, owning 4 928 370 ordinary registered shares of AB „Rokiškio sūris“, i.e. 11,54 % of the authorized capital of AB “Rokiškio sūris“ and 12,33% of votes.
Participation in the activities of other companies:
Shareholder of UAB ”Pieno pramonės investicijų valdymas” with 7 546, i.e. 74,86% of the shares and votes of UAB” Pieno pramonės investicijų valdymas”.

Andrius Trumpa - Board member (elected by the 25th April 2008 General meeting of shareholders), works in Vilnius Gedimino Technikos University in the capacity of lecturer, owns 298 820 shares, i.e. 0,70% of the Authorized capital and 0,75% votes of AB „Rokiškio sūris“. He does not participate in the performance and capital of any other companies.

Ramūnas Vanagas - Board member (elected by the 25th April 2008 General meeting of shareholders), Development Director of AB „Rokiškio sūris“, having no ownership of shares of AB „Rokiškio sūris“.
Participation in the activities of other companies:
Board member of UAB „Skirpstas“,having no shares.
Board member of Latvian company SIA Jekabpils piena kombinats, having no shares;

Jonas Kvedaravičius– Board member, (elected by the 25th April 2008 General meeting of shareholders), Central services director of AB „Rokiškio sūris“, having 24 630 shares of AB „Rokiškio sūris“, i.e. 0,06 % of the company’s authorized capital and votes.
Participation in the activities of other companies:
Shareholder of UAB ”Pieno pramonės investicijų valdymas”, having 3,91 % of the company’s shares and votes;
Director of UAB ”Pieno pramonės investicijų valdymas”.

Jonas Kubilius – Board member, (elected by the 25th April 2008 General meeting of shareholders), Logistics director of AB „Rokiškio sūris“, having 19 930 shares of AB „Rokiškio sūris“, i.e. 0,05 % of the company’s authorized capital and votes.
Participation in the activities of other companies:
Shareholder of UAB ”Pieno pramonės investicijų valdymas”, having 3,91 % of the company’s shares and votes;

Evaldas Dikmonas - Board member, (elected by the 25th April 2008 General meeting of shareholders), Procurement director of AB „Rokiškio sūris“, having 90 shares of AB „Rokiškio sūris“, i.e. 0,0002 % of the company’s authorized capital and votes.
Participation in the activities of other companies:

Shareholder of UAB ”Pieno pramonės investicijų valdymas”, having 3,91 % of the company's shares and votes;
Board chairman of UAB „Skirpstas“, having no shares.
Board member of Latvian company SIA Jekabpils piena kombinats, having no shares.

Darius Norkus - Board member, (elected by the 25th April 2008 General meeting of shareholders), Sales and Marketing director of AB „Rokiškio sūris“, having no shares of the company.
Participation in the activities of other companies:
Shareholder of UAB ”Pieno pramonės investicijų valdymas”, having 3,91 % of the company's shares and votes;

Cadence period of the Board of Directors is 4 years. The cadence ends on 25th April 2012.

Manager of the Company:
Antanas Trumpa - owning 4 928 370 ordinary registered shares of AB „Rokiškio sūris“, i.e. 11,54 % of the authorized capital of AB "Rokiškio sūris“ and 12,33% of votes.
Participation in the activities of other companies:
Shareholder of UAB ”Pieno pramonės investicijų valdymas” with 7 546, i.e. 74,86% of the shares and votes of UAB” Pieno pramonės investicijų valdymas”.

Chief Financial Officer:
Antanas Kavaliauskas - having no ownership of AB „Rokiškio sūris“.
Participation in the activities of other companies:
Shareholder of UAB ”Pieno pramonės investicijų valdymas” owning 3,91% of shares of UAB” Pieno pramonės investicijų valdymas”.
Board Chairman of Latvian company SIA Jekabpils piena kombinats, having no shares;
Director of Lithuanian dairy association "Pieno centras”, having no shares.

34. Information on observance of the Company management codex

Annex to the Consolidated annual report

Rokiskio suris AB disclosure of compliance with the Governance Code of the companies whose securities are traded on a regulated market is provided as an annex to the consolidated report.

35. Information on the publicly announced data

35.1. Turnover of Rokiskio Suris AB group for January 2008

Preliminary sales of Rokiskio Suris AB group in January 2008 reached LTL 46.428 million (EUR 13.446 million), i.e. by 16,6 per cent less than in the same period of last year. In January 2007, the consolidated sales made LTL 55.690 million (EUR 16.129 million).
The reason of reduced turnover is lower sales for export.
The level of exported products lowered as the demand for some dairy Products dropped in the world markets due to high price last year, consequently the price of production is going down which makes the market rather conservative.

35.2. Estimated operations results of AB ”Rokiskio suris” group for the year 2008

In 2008, the estimated sales of AB „Rokiskio suris“ group would reach up to LTL 700 million (around EUR 202.7 million) whilst the expected profitability ratio would be around 3 per cent.

35.3. Regarding purchase of treasury shares

The 11th February 2008 Board of Directors of AB „Rokiskio suris“ resolved:

1.Pursuing resolutions of the 22nd December 2006 General Shareholders' Meeting to support and increase the price of AB ”Rokiskio suris” shares, it will be acquired up to 1 355 000 (one million three hundred fifty five thousand) units of AB ”Rokiskio suris” ordinary registered shares of LTL 1 (one) par value. It would make 3.17% of the Company's Authorised capital.
2. Minimal quantity of intended purchase - 10 000 (ten thousand) ordinary registered share of AB ”Rokiskio suris”.
3.The price set for the acquisition of treasury shares is equal to LTL 6.00 (six litas) per ordinary registered share.
4.Period for the purchase of treasury shares - 14 days.
5.Purchase of treasury shares will be commenced as from submission of official tender.

35.4. Regarding resolution of the Competition Counsel

On 28th February 2008, the Competition Counsel of the Republic of Lithuania announced its resolution that there was no cartel agreement between dairy processing companies. The Company was fined for exchanging the statistical information via Lithuanian dairy association „Pieno centras“. The fine is equal to LTL 824 800, i.e. 0,12 per cent of the group's sales in 2007.

35.5. Sales of AB ”Rokiskio suris” group for January-February 2008

In February 2008, the consolidated non-audited sales made LTL 45.021 million (EUR 13.039 million), i.e. by 10,61 per cent more than in the same period of last year. In February 2007, the consolidated non-audited sales made LTL 40.700 million (EUR 11.788 million).
The preliminary consolidated non-audited sales of AB ”Rokiskio suris” group for January-February 2008 reached LTL 91.449 million (EUR 26.485 million), i.e. by 5,13 per cent less than in the same period last year. The two months of 2007 consolidated sales made LTL 96.390 million (EUR 27.916 million).

35.6. AB „Rokiskio suris“ purchased own shares

In the course of voluntary tender offer as from 20th February till 4th March 2008, AB „Rokiskio suris“ purchased 674 000 ordinary registered shares which makes 1,58 % of the Company's authorized capital. Having completed the tender offer, the company owns 1 457 650 shares with one litas par value. It makes 3,41 per cent of the authorized capital. The treasury shares do not have voting right.

35.7. Sales of AB ”Rokiskio suris” group for January-March 2008

In March 2008, the consolidated non-audited sales made LTL 47.860 million (EUR 13.861 million), i.e. by 0,85 per cent less than in the same period last year. In March 2007, the consolidated non-audited sales made LTL 48.270 million (EUR 13.980 million).
The preliminary consolidated non-audited sales of AB ”Rokiskio suris” group for January-March 2008 made LTL 138.865 million (EUR 40.218 million), i.e. by 3,59 per cent less than in the same period last year. In January-March 2007, the consolidated sales made LTL 144,044 million (EUR 41.718 million).

35.8. Summon of the ordinary general meeting of shareholders of AB Rokiskio suris

The ordinary general meeting of shareholders is convened on 25th April 2008

Pursuing the initiative and decision of the Company's Board of Directors, on 25th April 2008 at 12.00 am it is summoned the ordinary general shareholders' meeting of AB ”Rokiskio suris” to be held in the premises of AB ”Rokiskio suris” (Pramones str.3, Rokiskis, company code 173057512). Registration starts from 10 am to 11.45 am.

Meeting account day - 18th April 2008.

Meeting agenda:
1. Company's audit report.
2. Company's annual report for the year 2007.
3. Confirmation of the company's financial accounting for the year 2007.
4. Confirmation of profit distribution 2007.
5. Election of audit company and establishment of payment conditions.
6. Regarding purchase of own shares.
7. Regarding compounding the reserve to acquire own shares.
8. Amendments of the Company's Articles of Association.
9. Recall of the Board of Directors
10. Election of the Board of Directors

The general meeting of shareholders will be held at AB ”Rokiskio suris”, Pramones 3, Rokiskis. AB ”Rokiskio suris” company code 173057512. Registration starts at 10 am. Registration ends at 11.45 am.

The general meeting of shareholders may be attended and voted by the persons who were shareholders on the meeting accounting date (18th April 2008) or other persons authorized by actual shareholders.
Participants of the general meeting of shareholders with the voting right should have a document proving their identity. The shareholders who cannot attend the meeting have the right to authorise another person to represent their interests.

35.9. The estimated results of Rokiskio suris AB Group for the Q1 2008

Due to the decreased demand and prices of the dairy products in the export markets, the AB Rokiskio suris group estimates to suffer the loss for the first quarter 2008.

35.10. AB „Rokiskio suris“ appealed to court the resolution of the Competition Council

AB „Rokiskio suris“ appealed to court the resolution of the Competition Council regarding penalty imposed to the company for exchanging the information.

35.11. Resolutions of the 25th April 2008 General Shareholders meeting

Resolutions of the 25th April 2008 General Shareholders meeting of JSC Rokiskio suris:

1.The Auditor report approved.
2.The Annual report of the Company for the year 2007 approved.
3.The financial accounting for the year 2007 approved.
4.The Profit distribution for the year 2007 approved:

1) Non-distributable profit (loss) at beginning of year LTL 24.645 thous(EUR 7.138 thous)
2) Approved by shareholders dividends for the year 2006 LTL (10.081) thous(EUR(2.920)thous)
3) Transfers to reserves provided by law LTL (651) thous (EUR(189) thous)
4) Transfers from other reserves LTL 65.094 thous (EUR 18.853 thous)
5) Non-distributable profit (loss) at beginning of year after dividend payout and transfer to reserves LTL 79.007 thous (EUR 22.882 thous)
6) Net profit (loss) of fiscal year LTL 34.238 thous (EUR 9.916 thous)
7) Distributable profit (loss) LTL 113.245 thous (EUR 32.798 thous)
8) Profit share for mandatory reserve LTL 1.712 thous (EUR 496 thous)
9) Profit share for acquisition of treasury shares LTL 14.352 thous (EUR 4.157 thous)
10) Profit share for other reserves -
11) Profit share for dividend payout LTL 9.902 thous (EUR 2.868 thous)
12) Profit share for annual payments (tantiemes) to the Board of Directors, employee bonuses and other LTL 6.847 thous (EUR 1.983 thous)
13) Non-distributaable profit (loss) at end of year LTL 87.279 thous (EUR 25.278 thous)

As for dividends it is distributed LTL 0.24 (0.070 EUR) per ordinary registered share LTL 1 per value of JSC Rokiskio suris. In total it is allocated LTL 9.902.131,20 (2.867.855,42 EUR) to dividend payment.

5.UAB “PriceWaterhouseCoopers“ appointed as an Auditor of JSC Rokiskio suris.
The Board of Directors shall establish the fee for the auditor's work. The Company's Chief Executive Officer shall sign a contract with the auditor.

6.Regarding purchase of own shares:
6.1. To purchase up to 10 per cent of own shares.
6.2. Purpose of acquisition of own shares - maintain and increase the price of the company's shares.
6.3. Period during which the company may purchase own shares - 18 months from approval of resolution.
6.4. Maximal purchase price per share set as - LTL 12, minimal purchase price per share is set equally to nominal value of share - LTL 1.
6.5. Minimal sales price per share of the treasury shares is equal to the price at which the shares were purchased.

When selling treasury shares it should be established equal opportunities for all shareholders to acquire the company's shares. The shares acquired by the company shall be sold through Vilnius Stock Exchange.
6.6. To authorize the Board of Directors to organize purchase and sales of the own shares, establish an order for purchase and sales of the own shares, as well as their price and number, and also complete all other related actions pursuing the resolutions and requirements of the Law on Joint Stock Companies.

7.Regarding formation of reserve for purchase of own shares:
A reserve of LTL 28.746 thousand (twenty eight million seven hundred forty six thousand) is formed for purchasing of own shares.

8.Point 6.1 of the Articles of Association of AB “Rokiskio suris“ ammended as follows:
„6.1. The Board of Directors is a collegial management body of the company which is formed of 9 (nine) members. Members of the Board are elected and recalled by the general meeting of shareholders as required by the Law on Jodint Stock Companies”.

Point 10.2 of the Articles of Association of AB “Rokiskio suris” is considered to be invalid.

To authorize the CEO Antanas Trumpa to sign the amendments to the Articles of Association and to present them for registration by Register of Juridical persons.

9. All the Board members were recalled.

10. The following members of the Board of Directors were elected: Evaldas Dikmonas, Antanas Kavaliauskas, Jonas Kubilius, Jonas Kvedaravičius, Darius Norkus, Andrius Trumpa, Antanas Trumpa, Dalius Trumpa, Ramūnas Vanagas.

Dalius Trumpa elected the Board Chairman, Antanas Kavaliauskas - the Deputy Board Chairman.

35.12. Financial results for the 1st quarter 2008

The preliminary consolidated non-audited sales of AB ”Rokiskio suris” group for 1st quarter 2008 made LTL 138.865 million (EUR 40.218 million), i.e. by 3,59 per cent less than in the same period last year. In 1st quarter 2007, the consolidated sales made LTL 144.044 million (EUR 41.718 million).
The 1st quarter consolidated non-audited loss of the year 2008 are equal to LTL 9.492 million (EUR 2.749 million).The 1st quarter consolidated net profit of the year 2007 were equal to LTL 3.514 million (EUR 1,018 million).
The negative result was caused by the sharply degreased prices of exportable production and diminished demand , also the price of row milk compared to last year the same period increase by around 50 per cent. Row milk is a major component in production cost.

35.13. Sales of AB ”Rokiskio suris” group for April 2008 and for 4 months 2008

In April 2008, the consolidated non-audited sales made LTL 49.584 million (EUR 14.361 million), i.e. by 5,76 per cent more than in the same period last year. In April 2007, the consolidated non-audited sales made LTL 46.884 million (EUR 13.579 million).
The preliminary consolidated non-audited sales of AB ”Rokiskio suris” group for January-April 2008, made LTL 188.449 million (EUR 54.579 million), i.e. by 1,62 per cent less than in the same period last year. In January-April 2007, the consolidated sales made LTL 191.544 million (EUR 55.475 million).

35.14. Regarding purchase of own shares

The 27th May 2008 Board of Directors of AB „Rokiskio suris“ resolved:

1.Pursuing resolutions of the 25th April 2008 General Shareholders' Meeting to support and increase the price of AB ”Rokiskio suris” shares, it will be acquired up to 2 810 000 (two million eight hundred ten thousand) units of AB ”Rokiskio suris” ordinary registered shares of LTL 1 (one) par value. It would make 6,58 % of the Company's Authorised capital.
2.The price set for the acquisition of treasury shares is equal to LTL 5,20 (five litas 20 cents) per ordinary registered share.
3.Minimal quantity of intended purchase - 10 000 (ten thousand) ordinary registered share of AB ”Rokiskio suris”.
4.Period for the purchase of treasury shares - 14 days.
5.Purchase of treasury shares will be commenced as from submission of official tender.

35.15. Sales of AB ”Rokiskio suris” group for May 2008 and for 5 months 2008

In May 2008, the consolidated non-audited sales made LTL 59.534 million (EUR 17.242 million), i.e. by 5,07 per cent less than in the same period last year. In May 2007, the consolidated non-audited sales made LTL 62.713 million (EUR 18.163 million).
The preliminary consolidated non-audited sales of AB ”Rokiskio suris” group for January-May 2008, made LTL 247.983 million (EUR 71.821 million), i.e. by 2,26 per cent less than in the same period last year. In January-May 2007, the consolidated sales made LTL 253.713 million (EUR 73.480 million).

35.16. AB „Rokiskio suris“ purchased block of own shares

In the course of voluntary tender offer as from 10th June till 25th June 2008, (28th June - pay date) AB „Rokiskio suris“ purchased 1 297 386 ordinary registered shares which makes 3,04 % of the Company's authorized capital.
Having completed the tender offer, with previously purchased own shares, the company owns 2 755 036 shares with one litas par value. It makes 6,45 per cent of the authorized capital. The treasury shares do not have voting right.

35.17. Sales of AB Rokiskio suris group for June 2008 and for 6 months 2008

In June 2008, the consolidated non-audited sales made LTL 70.388 million (EUR 20.386 million), i.e. by 17.35 per cent more than in the same period last year. In June 2007, the consolidated non-audited sales made LTL 59.982 million (EUR 17.372 million).
The preliminary consolidated non-audited sales of AB ”Rokiskio suris” group for January-June 2008, made LTL 317.892 million (EUR 92.068 million), i.e. by 1.52 per cent more than in the same period last year. In January-June 2007, the consolidated sales made LTL 313.113 million (EUR 90.684 million).

35.18. Corrected results of AB ”Rokiskio suris” group for the first half year 2008

The six month 2008 consolidated non-audited sales of AB ”Rokiskio suris” group made LTL 316.842 million (EUR 91.764 million), i.e. 1,2 per cent more than in the same period last year. The six month 2007 consolidated sales made LTL 313.113 million (EUR 90.684 million).

The consolidated non-audited net loss of AB ”Rokiskio suris” group for the first half year 2008 made LTL 15.550 million (EUR 4.504 million). The consolidated non-audited net profit for the first half year 2007 made LTL 13.201 million Lt (EUR 3.823 million).
The first half year was loss-making due to several reasons: firstly, significantly increased prices for raw milk and, secondly, due to decreased prices of the exported products.
In September, the Board of Directors of AB „Rokiskio suris“ will consider again the evaluated results for the full year 2008 and announce corrected prognosis.

35.19. Sales of AB ”Rokiskio suris” group for July 2008 and for 7 months 2008

In July 2008, the consolidated non-audited sales made LTL 63.519 million (EUR 18.396 million), i.e. by 6.58 per cent more than in the same period last year. In July 2007, the consolidated non-audited sales made LTL 59.600 million (EUR 17.261 million).
The preliminary consolidated non-audited sales of AB ”Rokiskio suris” group for January-July 2008, made LTL 380.361 million (EUR 110.160 million), i.e. by 2.05 per cent more than in the same period last year. In January-July 2007, the consolidated sales made LTL 372.713 million (EUR 107.945 million).

35.20. Judicial resolution regarding the penalty imposed by the Competition Counsel

Vilnius district administrative court rejected the complaint of AB „Rokiskio suris“ regarding the Competition Counsel resolution to impose a penaluty amounting to LTL 824 800. Following the law AB „Rokiskio suris“ is considering the opportunity to appeal the court's resolution to the Supreme Administrative Court of Lithuania.

35.21. Sales of AB "Rokiskio suris" group for January-August 2008

In August 2008, the consolidated non-audited sales made LTL 66.940 million (EUR 19.387 million), i.e. by 13.53 per cent less than in the same period last year. In August 2007, the consolidated non-audited sales made LTL 77.418 million (EUR 22.422 million).
The preliminary consolidated non-audited sales of AB ”Rokiskio suris” group for January-August 2008, made LTL 447.301 million (EUR 129.547 million), i.e. by 0.51 per cent less than in the same period last year. In January-August 2007, the consolidated sales made LTL 449.607 million (EUR 130.215 million).

35.22. Revised estimation of the operations of AB ”Rokiskio suris” group for the year 2008

The planned sales of AB “Rokiskio sûris” group for the year 2008 are same as announced before. The Group's estimated sales should be up to LTL 700 million (around EUR 202,7 million), yet the year 2008 will be ended with loss.
The main reasons which caused the estimated loss as follows:
• significantly decreased dairy product prices in export markets;
• lower dairy product prices in the local market compared to 2007;
• more expensive raw milk, which makes highest part in cost structure.

35.23. Sales of AB ”Rokiskio suris” group for September 2008 and for 9 months 2008

In September 2008, the consolidated non-audited sales made LTL 61.414 million (EUR 17.787 million), i.e. by 4.40 per cent less than in the same period last year. In September 2007, the consolidated non-audited sales made LTL 64.241 million (EUR 18.606 million).
The preliminary consolidated non-audited sales of AB ”Rokiskio suris” group for January-September 2008, made LTL 510.825 million (EUR 147.945 million), i.e. by 0.44 per cent less than in the same

period last year. In January-September 2007, the consolidated sales made LTL 513.082 million (EUR 148.599 million).

35.24. Sales of AB ”Rokiskio suris” group for October 2008 and for 10 months 2008

In October 2008, the consolidated non-audited sales made LTL 59.789 million (EUR 17.316 million), i.e. by 2.83 per cent more than in the same period last year. In October 2007, the consolidated non-audited sales made LTL 58.144 million (EUR 16.840 million).
The preliminary consolidated non-audited sales of AB ”Rokiskio suris” group for January-October 2008, made LTL 570.614 million (EUR 165.261 million), i.e. by 0.11 per cent less than in the same period last year. In January-October 2007, the consolidated sales made LTL 571.226 million (EUR 165.438 million).

35.25. Sales of AB ”Rokiskio suris” group for November 2008 and for 11 months 2008

In November 2008, the consolidated non-audited sales made LTL 52.208 million (EUR 15.141 million), i.e. by 0.57 per cent more than in the same period last year. In November 2007, the consolidated non-audited sales made LTL 51.985 million (EUR 15.056 million).
The preliminary consolidated non-audited sales of AB ”Rokiskio suris” group for January-November 2008, made LTL 622.894 million (EUR 180.403 million), i.e. by 0.06 per cent less than in the same period last year. In January-November 2007, the consolidated sales made LTL 623.238 million (EUR 180.502 million).

35.26. Sales of AB ”Rokiskio suris” group for December 2008 and for 12 months 2008

In December 2008, the consolidated non-audited sales made LTL 52.917 million (EUR 15.326 million), i.e. by 26.83 per cent more than in the same period last year. In December 2007, the consolidated sales made LTL 41.724 million (EUR 12.084 million).
The preliminary consolidated non-audited sales of AB ”Rokiskio suris” group for January-December 2008, made LTL 675.811 million (EUR 195.728 million), i.e. by 1.63 per cent more than in the same period last year. In January- December 2007, the consolidated audited sales made LTL 664.962 million (EUR 192.586 million).

All information on the company’s material events is presented following Article 28 of the Law on Securities of the Republic of Lithuania.

The company publishes its information through the base of Central Regulated Information, on the website of Vilnius Securities Exchange NASDAQ OMX http://www.baltic.omxnordicexchange.com and the company’s website www.rokiskio.com

The announcement on convention of general meeting of shareholders is placed in daily newspaper „Lietuvos rytas“ and regional newspaper „Gimtasis Rokiškis“. Other public announcements to shareholders, creditors or other persons may be published in the daily newspaper „Lietuvos rytas“, or given personally upon signing or by registered mail.

36. Key events having taken place by the end of financial year

The information of the key events having taken place by the end of the financial year is presented with the consolidated financial account under Remark 34.

37. Information on audit

The audit of AB "Rokiškio sūris" (The Group) consolidated balance sheet and associated profit/ loss report as at 31st December 2008, as well as cash flow and changes in equity statements were prepared by UAB "PricewaterhouseCoopers". The auditor's report was signed on 10th April 2009.

38. Performance strategy and evaluated changes in the nearest fiscal year

Mission

Joint stock company Rokiškio sūris is a strong, modern and reliable enterprise which is creating and constantly increasing its value for company participants as well as taking care of the welfare of its staff.

Vision

Joint stock company Rokiškio sūris – the leader in milk processing in Lithuania and the leader in cheese making in the Baltic States.

***Essential values*:**

- Professional approach.
- Impeccable attention to the satisfaction of the needs of our clients and consumers.
- Respect for and trust in employees.
- Constant improvement.

Long-term Objectives

- Creation of a solid and profitable EU market for AB "Rokiškio sūris" products and services
- Consolidation, creation and safeguarding of a safe long-term market for the company's cheese in the EU countries
- Development of cheese assortment with the help of new product creation and effective marketing activities, satisfaction of the EU and the world market needs
- Modernisation and rationalisation of agricultural product processing and marketing, improvement of their competitive ability and the surplus value increase.
- Ensuring of a stable and coordinated waste-free production programme.

The Group's Main Objectives

- *Sales and marketing area* – preservation of the market share and penetration into new profitable markets, development of new products and services;
- *Production area* – preservation of the highest quality, production of new dairy products and assortment renewal, complete use of present production capacities and implementation of the newest technologies;
- *Raw milk purchase* – status preservation of the biggest and most reliable raw milk purchaser in Lithuania and milk acquisition in neighbouring countries;
- *Finance* – securing desirable profitability and liquidity, maximising shareholders' property value;
- *Management* – improving the functional management system by implementing both management and new products.

- *Human resource management*: training of employees at all levels according to the prepared plan and enjoying structural funds. The programme of training should cover not less than 200 employees including managers and specialists, including a cognitive seminar of 7-14 days in a foreign country. Specific attention is paid to learning of foreign languages. Also, attestation of all responsible employees should be carried out.

SUPPLEMENT TO THE CONSOLIDATED ANNUAL REPORT
2008

Rokiskio suris AB disclosure of compliance with the Governance Code of the companies whose securities are traded on a regulated market

Rokiskio suris AB, following Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and item 20.5 of the Trading Rules of the Vilnius Stock Exchange, discloses its compliance with the Governance Code, approved by the VSE for the companies listed on the regulated market, and its specific provisions. In the event of non-compliance with the Code or with certain provisions thereof, it must be specified which provisions are not complied with and the reasons of non-compliance.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
Principle I: Basic Provisions **The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.**		
1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	Yes	The Company announces its development strategy and objectives publicly in the annual and interim quarterly performance reports.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	Yes	The Company's managing bodies act in furtherance of the strategic plan according to which the mission is to form a strong, financially sound and technically modern enterprise creating and constantly increasing its value for shareholders.
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	Yes	The Company's CEO and the Board of Directors cooperate closely (the CEO participate at all meetings of the Board of Directors, submits reports on the company's performance and implementation of strategic plan and budgeting, provides recommendations for the Board's resolutions), which inure to both the Company and shareholders benefit.

1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	Yes	The Company's Board of Directors and managing bodies ensure the rights and interests of shareholders, employees, raw material suppliers are duly respected. Employees can enjoy opportunities to improve their qualification at various seminars and courses in Lithuania and abroad, development of milk farms is supported, and organic farms are encouraged. The great part of employees and milk producers are shareholders of the Company.
Principle II: The corporate governance framework **The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.**		
2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.	No	The Company's managing bodies are a general shareholders' meeting, the Board of Directors and the Chief Executive Officer. The Company does not have a collegial supervisory body, and its functions are overtaken by the Board of Directors. The Company's CEO is accountable to the Board of Directors.
2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.	Yes	Functions of the collegial management body are carried out by the Board of Directors.
2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.	No	The Company has only one collegial management body and it is the Board of Directors who carry out the functions of the supervisory board.
2.4. The collegial supervisory body to be elected by the general shareholders' meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does not contradict the essence and purpose of this body.	Yes	The Company has a collegial management body – the Board of Directors. Principles III and IV of the Code are applied to the Board of Directors.

2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.	Yes	According to the Articles of Association the Board of Directors consists of 9 members. The Company believes that 9 members are able to ensure productive work of the Board of Directors enabling to adopt resolutions and it is assumed that an individual member or small group would not dominate the decisions of the Board of Directors.
2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.	Yes	According to the Articles of the Association the Board of Directors is elected for the 4 year period. Cadency number is not limited. A possibility to resign or remove a member of the Board of Directors is regulated by the Lithuanian legislation – a Board member may resign before his/her cadency is ended if the company is informed about it in written not later than 14 days in advance.
2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to departure from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.	No	The Company's Board Chairman is not the Chief Executive Officer, but he is a director of daughter company.
Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting **The order of the formation a collegial body to be elected by a general shareholders' meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the company's operation and its management bodies.**		
3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.	Yes	Only 2 Members of the Board of Directors of total 9 are shareholders of the Company. Other members are minor shareholders. Minor shareholders are not limited in their right to represent their interests and have their representative on the Board of Directors. Pursuing the resolution of general meeting of shareholders according to the Law on Joint Stock Companies the Board members are provided remuneration in the form of tantiemes

3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.	Yes	Information about the members of the Board of Directos (names, education, qualifications, professional experience, participation in the activities of other companies, other important professional obligations) is provided in the periodical reports.
3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.	Yes	A candidate to the members of the Board inform general meeting of shareholders about his/ her education, professional performance, position and participation in the activities of other companies. Members of the Board provide information on the participation in qualification programmes related with activities on the Board.
3.4. In order to maintain a proper balance in terms of the current qualifications possessed by its members, the collegial body should determine its desired composition with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies.	Yes	There was a Development and Auditing Committee in the Company which consisted of 2 members. Pursuing the Law on Audit Article 52 part 1, the Company will establish the Audit Committee complying with the 21st August 2008 Resolution No. 1K-18 of the Securities Commission. Following the above requirements, the forthcoming 24th April 2009 general meeting of shareholders will approve Regulations of establishment and performance of the Audit Committee. Also, an independent member will be elected, and the full composition of the Audit Committee will be approved. The Auditing Committee will carry out independent and objective activities analyzing, evaluating and consulting the Company in order to improve the Company's performance and increase its added value.
3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.	No	All new Board members are informed on the Company's performance, organization and changes in the meetings of the Board of Directors.
3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient number of independent members.	No	There are no independent members on the Board of Directors.

3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependant are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following:	No	As from 1995 until 2006, the greatest part of the Board of the Company was made of independent members. When the structure of shareholders changed, and the Board of Directors resigned, the new members were elected, and they do not comply with the Code's independency criteria.
1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years; 2) He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees; 3) He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations); 4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1); 5) He/she does not have and did not have any		

material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counseling and consulting services), major client or organization receiving significant payments from the company or its group; 6) He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company; 7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies; 8) He/she has not been in the position of a member of the collegial body for over than 12 years; 9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents. 3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.		

3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.	No	By 2006, the Board of Directors consisted of 3 independent members of 5. Upon the shareholder structure change, the consistence of the Board changed also. At present, there are no members who comply with the independency criteria.
3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.	No	At present, there are no members who comply with the independency criteria.
3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds. The general shareholders' meeting should approve the amount of such remuneration.	No	At present, there are no members who comply with the independency criteria.
Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting **The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring of the company's management bodies and protection of interests of all the company's shareholders.**		
4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.	Yes	The Board of Directors approves and submits reciprocations and recommendations to a general meeting of shareholders regarding annual accountability of the Company, distribution of the profit, annual report of the Company, as well as carries out other functions.

4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).	Yes	By the Company's information, all Board members act in good will *vis-a-vis* the Company. They are guided by the Company's interests but not their own or any third parties seeking to maintain their independency when accepting decisions.
4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.	Yes	Each member of the collegial body fulfills his/ her functions properly: actively participates at the meetings of collegial body, and devotes sufficient time to perform his/ her duties as a member of the collegial body. The quorum of each meeting was regulated so the Board of Directors would be enabled to accept decisions constructively.
4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strate-gies, risk management and resolution of conflicts of interest. The company should have a clearly estab-lished role of members of the collegial body when communicating with and committing to shareholders.	Yes	The Company acts honestly and without bias with its shareholders. The shareholders are informed on the Company's activities in accordance with the Lithuanian legislation by announcing the information in annual reports, through the Central information base and the company's website.
4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.	Yes	The Company's collegial body conclude transactions according to the Articles of Association of the Company and Work regulations of the collegial body.

4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees.	No	The Company's Board members are not independent from the Executive management of the Company. Eight of nine board members are the company's employees. The Board of Directors pursue the Work Regulations of the Board in order to pass decisions. They work for benefit of the Company, and ensure continuous rise of shareholder value.
4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees.	No	Pursuing the Law on Audit Article 52 part 1, the Company will establish the Audit Committee complying with the 21st August 2008 Resolution No. 1K-18 of the Securities Commission. Following the above requirements, the forthcoming 24th April 2009 general meeting of shareholders will approve Regulations of establishment and performance of the Audit Committee. Also, an independent member will be elected, and the full composition of the Audit Committee will be approved. The Audit Committee is an independent, and objective committee carrying out the functions of supervision, analyzing, evaluation and consultation in order to improve general organization and create value added.
In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.		The main function of the Committee is systematic and versatile evaluation, as well as encouragement of better risk management, and sufficient control and maintenance procedures resulting in submission of recommendations.

4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.	No	The elected Audit Committee will pursue the Regulations of the Audit Committee, including supervision of preparation of financial accounts, as well as functional internal control of the company, risk management and internal audit system, consequently the Committee will submit recommendations to the general meeting of shareholders in relation with the company's annual financial accounting and related matters. The collegial body remains fully responsible for the decisions made within its competence and accepts final decisions.
4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.	No	The Board of Directors will put an offer to the 24th April 2009 general meeting of shareholders to form the Audit Committee consisting of 3 members, where one of them would be an independent member.
4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices).	No	The Work Regulations of the Audit Committee will be approved by the general meeting of shareholders. The Committee will be accountable to the general meeting of shareholders.
Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.		

4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.	No	Since the Audit Committee has not been yet elected , this article is not respected. However, the Company assumes that the elected Audit Committee will invite the CEO of the Company of the Committee as well as other employees related with the discussed issues to their meetings.
4.12. Nomination Committee. 4.12.1. Key functions of the nomination committee should be the following: • Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company; • Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes; • Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; • Properly consider issues related to succession planning; • Review the policy of the management bodies for selection and appointment of senior management. 4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.	No	There is not a Nomination Committee in the Company.
4.13. Remuneration Committee. 4.13.1. Key functions of the remuneration committee should be the following:	No	There is not a Remuneration Committee in the Company.

• Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body; • Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies; • Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies; • Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors); • Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies. 4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should: • Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body; • Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting; • Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has. 4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies.		

4.14. Audit Committee. 4.14.1. Key functions of the audit committee should be the following: • Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group); • At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided; • Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually; • Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations; • Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee; • Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter. 4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to	No	The elected Audit Committee will be an independent, and objective committee carrying out the functions of supervision, analyzing, evaluation and consultation in order to improve general organization and create value added. The main function of the Committee is systematic and versatile evaluation, as well as encouragement of better risk management, and sufficient control and maintenance procedures resulting in submission of recommendations to the general meeting of shareholders and the board of directors in order to implement set objectives. Regulations of Development

company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations. 4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present. 4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors. 4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit. 4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action. 4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.		
4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.	No	There is no practice of collegial body assessment.

Principle V: The working procedure of the company's collegial bodies **The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.**		
5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.	Yes	The Company's Board of Directors is chaired by the Board Chairman acting in accordance with the approved Work Regulations. The Board Chairman is responsible for sufficient information about the meeting being convened and its agenda communication to all members of the body. He/ she also ensures order and working atmosphere during the meeting.
5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month.	Yes	The company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time, i.e. not less than once per three month period. 5 (five) days prior a meeting each Board member is provided with the announcement of the meeting to be convened and its agenda. Planned Board meetings are convened by the Board Chairman, in his absence – the Deputy Board Chairman.
5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.	Yes	5 (five) days prior a meeting each Board member is provided with the announcement of the meeting to be convened and its agenda. Planned Board meetings are convened by the Board Chairman, in his absence – the Deputy Board Chairman. The agenda might be supplemented only if all members of the Board of Directors present at he meeting, and they all agree that the item is important enough to be put on the agenda.
5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.	No	The Company does not have a Supervisory Board and this statement is not applied.

Principle VI: The equitable treatment of shareholders and shareholder rights

The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.

6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.	Yes	The Company's Authorized capital is made of 42 716 530 ordinary registered shares. Share par value is LTL 1 litas. All company's owners have the same property and non-property rights, except treasury shares are not entitled to enjoy these rights. The company has 2 755 036 own shares which makes 6,45 % of the company's authorized capital.
6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	Yes	Investors have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance.
6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting. All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	No	According to the Articles of Association of the Company, important transactions, i.e. resolutions regarding non-current assets whose book value makes 1/20 of the Company's Authorized Capital, investment, transference, lease or mortgage, do not require approbation by shareholders. These resolutions (according to the Articles of Association) are approved by the Board of Directors
6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders. Prior to the shareholders' meeting, the company's supervisory and management bodies should enable the shareholders to lodge questions on issues on the agenda of the general shareholders' meeting and receive answers to them.	Yes	General meeting of shareholders is convened according to the Law on Joint Stock Companies. General meetings of shareholders are held in the head office in Rokiškis. All shareholders have the right to receive related information prior the meeting as it is regulated by the Law on Joint Stock Companies, not later than 10 days prior the meeting. A number of responsible person is announced publicly so the information on the meeting and items on agenda could be provided.
6.5. It is recommended that documents on the course of the general shareholders' meeting, including draft resolutions of the meeting, should be placed on the publicly accessible website of the company in advance. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.	Yes	Pursuing the Law on Joint Stock Companies all documents prepared for the general meeting of shareholders, including draft resolutions, are published in both Lithuanian and English in OMX webpage not later than 10 days prior the meeting. The information is placed on the company's website as well. The approved by general shareholders' meeting resolutions, including financial results, audit report, the company's annual report, changes of Articles of Association etc are published in Lithuanian and English through the OMX central regulated information base and the company's website.

6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	Yes	Shareholders of the company have the right to participate at general meeting of shareholders personally or appoint a representative if there is a proper Power of Attorney or Agreement to pass votes according to the applicable legislation. Also, the Company provides its shareholders with the right to fill in a common voting bulletin as it is required by the Law on Joint Stock Companies.
6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies in voting processes by allowing the shareholders to vote in general meetings via terminal equipment of telecommunications. In such cases security of telecommunication equipment, text protection and a possibility to identify the signature of the voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially foreigners, with the opportunity to watch shareholder meetings by means of modern technologies.	No	This statement is not followed because there is no possibility to identify a signature of shareholder and text security is not secured.
Principle VII: The avoidance of conflicts of interest and their disclosure **The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.**		
7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.	Yes	The company follows these recommendations.
7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.	Yes	

7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.	No	A member of the company's management body may make a transaction with the company whose member he appears to be, however he/ she shall not inform the other members of the same body or the company's body having elected him/ her as well as shall not inform the company's shareholders.
7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.	Yes	The company follows the recommendation. A Board member abstains from voting, when discussing the transactions or other issues in which he/ she has certain interests.
Principle VIII: Company's remuneration policy **Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors.**		
8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement). This statement should be part of the company's annual accounts. Remuneration statement should also be posted on the company's website.	No	The company does not announce any information on the remuneration system.
8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.	No	The company does not announce the remuneration reports.
8.3. Remuneration statement should leastwise include the following information: • Explanation of the relative importance of the variable and non-variable components of directors' remuneration; • Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; • Sufficient information on the linkage between the remuneration and performance; • The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; • A description of the main characteristics of supplementary pension or early retirement schemes for directors.	No	As from 2004, a system of remuneration is applied which ensures all statements of this point are respected. The system is approved by the CEO, yet it is not announced publicly.

8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.	No	As there is not a Remuneration Committee, the provision is not respected.
8.5. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.	No	
8.6. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.	No	The company does not announce publicly its remuneration system, because it is considered as confidential information. The company provides the information as it is required by the Law on Joint Stock Companies.
8.7. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.7.1 to 8.7.4 for each person who has served as a director of the company at any time during the relevant financial year. 8.7.1. The following remuneration and/or emoluments-related information should be disclosed: • The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting; • The remuneration and advantages received from any undertaking belonging to the same group; • The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; • If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director; • Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year; • Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points. 8.7.2. As regards shares and/or rights to acquire share	No	The company does not disclose the information such as yearly paid salaries and average wages, as well as tantiemes and other payments falling on a member of Administration. It is believed that this kind of information is confident.

options and/or all other share-incentive schemes, the following information should be disclosed: • The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; • The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year; • The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights; • All changes in the terms and conditions of existing share options occurring during the financial year. 8.7.3. The following supplementary pension schemes-related information should be disclosed: • When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year; • When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year. 8.7.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial statements of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.		
8.8. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.	No	Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements are not applied.
8.9. The following issues should be subject to approval by the shareholders' annual general meeting: • Grant of share-based schemes, including share options, to directors; • Determination of maximum number of shares and main conditions of share granting; • The term within which options can be exercised; • The conditions for any subsequent change in the exercise of the options, if permissible by law;		

• All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors.		
8.10. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.		
8.11. Provisions of Articles 8.8 and 8.9 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.		
8.12. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.8, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.		
Principle IX: The role of stakeholders in corporate governance **The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.**		

9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.	Yes	The corporate governance framework assures the rights of stakeholders that are protected by law are respected. Also it is ensured the interest holders are able to participate in governance. For example, participation of the company's employees and raw milk suppliers in the company governance. The greatest part of shareholders are the company's employees and raw milk suppliers. In 1994, raw milk suppliers enjoyed acquisition of shares depending on milk supplied. The interest holders have the right to receive information required.
9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.		
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.		
Principle X: Information disclosure and transparency **The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.**		
10.1. The company should disclose information on: • The financial and operating results of the company; • Company objectives; • Persons holding by the right of ownership or in control of a block of shares in the company; • Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; • Material foreseeable risk factors; • Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; • Material issues regarding employees and other stakeholders; • Governance structures and strategy. This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list. 10.2. It is recommended that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure. 10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure.	Yes	Information concerning the company and related subsidiaries is disclosed in both Lithuanian and English languages in the annual and interim reports, by notices on stock events, financial accountability, prepared in accordance with the International Accounting Standards. This information is announced via central information disclosing system of national stock exchange as well as via the company's website www.rokiskio.com

It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII. 10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.		
10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.	Yes	The company announces the information immediately via the information disclosure system of Vilnius Stock Exchange in both the Lithuanian and English languages. The Stock Exchange places the information in its data base so the information would be accessible to each shareholder simultaneously. In addition, the company when possible provides information before or after trading sessions and to all markets where the company's shares are traded. The company does not disclose any information possibly influencing share price prior it is announced publicly via the stock exchange data base.
10.6. Channels for disseminating information should provide for fair, timely and cost-efficient access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.	Yes	In the company's website, the company publishes all its reports which are placed in the central information base in Lithuanian and English.
10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.	Yes	In the company's website, the company publishes all its reports which are placed in the central information base in Lithuanian and English. .
Principle XI: The selection of the company's auditor **The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.**		
11.1. An annual audit of the company's financial statements and report should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.	Yes	An independent audit firm prepares the Company's annual financial accounts and verifies annual reports.

11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.	Yes	The Board of Directors proposes an auditing firm to the general meeting of shareholders.
11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.	No	The Audit Company has been paid for the service to supervise tax management. The information is in the disposition of the Board of Directors. Such and information is not provided to the general meeting of shareholders.