



The issuer's employees, administrative manager and the members of the management bodies who are responsible for the composition of interim consolidated financial statements for 12 months of 2009, hereby confirm that the information provided in the reports is prepared according to the applied accounting standards, reflects the reality correctly and fairly shows issuers' and consolidated general companies assets, liabilities, financial position, loss.

The General Director of Vilkyškių pieninė

Gintaras Bertasius

The Accountant-general of Vilkyškių pieninė

Lina Genienė



Date of preparation of the report:

1st of March, 2010

Place of preparation:

Vilkyškiai, Pagėgių municipality, Lithuania



Vilkyškių pieninė AB

Consolidated Interim Financial Statement
of 2009

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Vilkyskiu pienine AB

Main data about the Issuer

| | |
|-------------------------------------|---|
| Name of the Issue | Vilkyskiu pienine AB |
| Authorized capital | LTL 11 943 000 |
| Registered office | Vilkyskiai, Pagegiai municipality |
| Telephone number | 8-441 55330 |
| Fax number | 8-441 55242 |
| E-mail address | centras@cheese.lt |
| Legal – organizational form | public limited company |
| Date and place of registration | The 10 th of May 1993 |
| Date and place of re-registration | The 30 th of December 2005, Tauragė Branch of Public Institution Center of Registers |
| Code in the Register of Enterprises | 277160980 |
| Internet address | http://www.cheese.lt |

Management Board of Vilkyškių pieninė AB

The Management Board of the Issuer consists of the following persons: Gintaras Bertašius, Sigitas Trijonis, Rimantas Jancevičius, Vilija Milaševičiutė, Andrej Cyba and Linas Strėlis.

Director General of the Company is Gintaras Bertašius.

Significant accounting policies

Consolidated financial statements of Vilkyškių pieninė AB (company's code 277160980) are prepared following International Standards of Financial Accountability. Interim financial statements coincide 34th Standards of Financial Accountability „Interim financial statements”.

Balance sheet

| Thousand LTL | 31/12/2009 | 31/12/2008 |
|---|----------------|----------------|
| Assets | | |
| Long term tangible assets | 65 785 | 71 740 |
| Goodwill | 23 875 | 23 875 |
| Intangible assets | 608 | 418 |
| Long-term amounts receivable | 904 | 1 233 |
| Total long-term assets | 91 172 | 97 267 |
| Resources | 18 620 | 20 601 |
| Trading and other amounts receivable | 14 925 | 18 584 |
| Advance payment of income tax | - | 1 117 |
| Cash and cash equivalents | 395 | 195 |
| Total short-term assets | 33 940 | 40 497 |
| Total assets | 125 112 | 137 764 |
| Equity | | |
| Share capital | 11 943 | 11 943 |
| Supplements of shares | 11 396 | 11 396 |
| Reserves | 8 784 | 8 523 |
| Undistributed assets | 6 505 | -81 |
| Total equity attributed to shareholders of the Company | 38 628 | 31 781 |
| Minority interest | 83 | 55 |
| Total equity | 38 711 | 31 836 |
| Liabilities | | |
| Loans and financial leasing liabilities | 35 761 | 48 946 |
| Capital subsidies | 8 203 | 8 894 |
| Deferred profits tax liabilities | 2 306 | 1 591 |
| Total long-term liabilities | 46 270 | 59 431 |
| Loans and financial leasing liabilities | 19 496 | 21 601 |
| Profits tax payable | 0 | 0 |
| Trade and other amounts payable | 20 635 | 24 896 |
| Total short-term liabilities | 40 131 | 46 497 |
| Total liabilities | 86 400 | 105 928 |
| Total equity and liabilities | 125 112 | 137 764 |

Profit and loss account

Thousand LTL

| | 31/12/2009 | 31/12/2008 | October – December 2009 | October – December 2008 |
|---------------------------------------|---------------|----------------|-------------------------------|-------------------------------|
| Sales revenue | 158 366 | 151 981 | 43 680 | 37 629 |
| Cost price of sales | -133 651 | -154 338 | -37 818 | -36 060 |
| Gross profit (loss) | 24 715 | -2 357 | 5 862 | 1 247 |
| Other operating income, net | -120 | 1 020 | 332 | 385 |
| Expenditure of distribution | -7 069 | -1 130 | -1 991 | -1 877 |
| Administrative expenditure | -6 438 | -7 228 | -1 908 | -2 037 |
| Operating profit (loss) | 11 088 | -9 695 | 2 295 | -2 282 |
| Income from financial activity | 73 | 528 | 0 | 0 |
| Expenditure from financial activity | -3 343 | -4 249 | -624 | -1 421 |
| Net financing costs | -3 270 | -3 721 | -624 | -1 421 |
| Profit (loss) before taxes | 7 818 | -13 416 | 1 927 | -3 703 |
| Profit tax expenditure (diferred) | -1 252 | 1 447 | -1 429 | 1 509 |
| Net profit (loss) | 6 566 | -11 969 | 242 | -2 194 |
| Attributable to: | | | | |
| Shareholders of the company | 6 538 | -11 916 | 230 | -2 186 |
| Minority interest | 28 | -53 | -12 | -8 |
| Net profit (loss) | 6 566 | -11 969 | 242 | -2 194 |
| Profit (loss) per share (LTL) | 0,55 | -1,05 | 0,02 | -0,18 |
| Reduced profit (loss) per share (LTL) | - | - | | |

The consolidated EBITDA – 17 153 thousand LTL.

Cash flow statement

Thousand LTL

| | 31/12/2009 | 31/12/2008 |
|--|----------------|----------------|
| Cash flows from operating activities | | |
| Net profit (loss) | 6 566 | -11 969 |
| Adjustments: | | |
| Depreciation of long-term tangible assets | 6 302 | 5 946 |
| Amortization of intangible assets | 260 | 93 |
| Capital subsidies recognized as income | -636 | -387 |
| Result of transfer of long-term tangible assets | 1 401 | 379 |
| Interest expenditure, in net value | 3 124 | 3 816 |
| Income tax expenditure | - | -1 447 |
| Cash flows from ordinary activities before changes in the working capital | 17 017 | -3 569 |
| Change in resources | 1 981 | -1 525 |
| Change in amounts receivable | 3 989 | -336 |
| Change in trading and other amounts payable | -4 261 | 7 620 |
| | 1 709 | 2 190 |
| Paid / received income, net value | -3 124 | -3 816 |
| Income tax paid | - | -2 235 |
| Cash flows from operating activities | 15 602 | -3 861 |
| Cash flows form investing activities | | |
| Acquisition of long-term tangible assets | -1 825 | -10 520 |
| Acquisition of long-term intangible assets | -450 | -312 |
| Income from sale of long-term tangible assets | 22 | 431 |
| Transfer of short-term investments | - | 4 297 |
| Investment into daughter-enterprise, minus acquired money | - | -30 028 |
| Net cash flows from investing activities | -2 253 | -36 132 |
| Cash flows from financing activities | | |
| Loans received | | |
| Repayment of borrowings | 614 | 37 682 |
| Payment of financial lease liabilities | -13 217 | -10 784 |
| Issue of shares | -1 182 | -1 040 |
| Dividends paid | - | 13 986 |
| Capital subsidies received | - | -2 030 |
| Net cash flows from financing activities | 636 | 1 319 |
| | -13 149 | 39 133 |
| Change in cash and cash equivalents | | |
| | 200 | -860 |
| Net cash and cash equivalents as on the 1 st of January | | |
| Net cash and cash equivalents as on the 31st of December | 195 | 1 055 |

Statement on changes in equity

| Thousand LTL | Equity attributable to the Group | | | | | | Minority interest | Total equity |
|--|----------------------------------|-----------------------|------------------------|--------------------|----------------------|----------|-------------------|--------------|
| | Share capital | Supplements of shares | Revaluation on reserve | Compulsory reserve | Undistributed result | In total | | |
| On the 1 st of January 2008 | 9 353 | - | 8 420 | 935 | 13 442 | 32 150 | 42 | 32 192 |
| 2008 m. Net profit | | | | | -11 916 | -11 916 | -53 | -11 969 |
| Emission of shares | 2 590 | 11 396 | | | | 13 986 | | 13 986 |
| Transferred to reserves | | | -423 | | 423 | 0 | | 0 |
| Decrease in reevaluation reserve | | | -409 | | | -409 | | -409 |
| Dividends | | | | | -2 030 | -2 030 | | -2 030 |
| Changes in the Group | | | | | | | 66 | 66 |
| On the 31 st of December 2008 | 11 943 | 11 396 | 7 588 | 935 | -81 | 31 781 | 55 | 31 836 |
| On the 1 st of January 2009 | 11 943 | 11 396 | 7 588 | 935 | -81 | 31 781 | 55 | 31 836 |
| 2009 m. Net profit | | | | | 6 538 | 6 538 | 28 | 6 566 |
| Transfers from reserves | | | -439 | | 439 | 0 | | 0 |
| Transfers to reserves | | | 309 | | | 309 | | 309 |
| Dividends | | | | | | | | |
| Issue of Company's shares | | | | | | | | |
| Others | | | | | | | | |
| On the 31 st of December 2009 | 11 943 | 11 396 | 7 458 | 935 | 6 896 | 38 628 | 83 | 38 711 |

Explanatory notes

Vilkyskių pieninė AB is one of the most modern cheese factories in Lithuania which occupies about 17 % of national cheese market. According to this criterion, the company takes the fourth place among the producers of the country.

Currently, the number of employees of Vilkyskių pieninė AB is 430, and together with the employees of Modest AB and Kelmes pieninė AB, the total number of employees amounts to 747.

Vilkyskių pieninė AB started expanding in June 2001 by acquiring Taurage workshop. In January 2006 it acquired Modest AB, which produced fresh dairy products and cheese “Mozzarella”. Later the activity of Modest AB was transferred to Taurage workshop. In 2008, having invested LTL 3.6 million, new Mozzarella cheese production line was mounted and started operating. At present Vilkyskių pieninė AB controls 97 % of block of shares. The main products of Modest AB are cheese “Mozzarella”, processed, smoked cheese, mold cheese “Memel blue” and others.

In 2008 Kelmes pieninė AB, which is strong and perspective company, joined the group of companies of Vilkyskių pieninė AB. Vilkyskių pieninė AB took an ownership to 99.09 percent of Kelmes pieninė AB shares. As Kelmes pieninė AB, which specializes in the production of curd products, has joined the group of companies of Vilkyskių pieninė AB, Vilkyskių pieninė AB has entered a market of fresh products. In 2008-2009 was increased the processing of row milk from 30 tons to 90 tons per day, was increased the assortment of fresh dairy products: bottled milk, kephyr, yogurt.

The Company constantly increases its in-house capacities: the Company expands the assortment of cheese. At present Vilkyskių pieninė AB produces even 11 types of cheese of 56 different names. Opened a modern whey processing workshop where whey is processed into whey concentrate.

The main clients of the Company are all major Lithuanian trade networks, the purchasers of EU countries and Russia. At present the following value added cheeses are the most known and the most liked: Prussia, Maasdam, Memel Blue and Mozzarella. The group of companies, utilizing the assortment of fresh products of Kelmes pieninė AB, enters into the market of Latvia, Estonia and of other countries, and this allows the group of companies to utilize better its productive capacities.

Despite the year 2007 was very successful, the year 2008 was loss-making for the group of companies of Vilkyskių pieninė AB. Consolidated loss reached LTL 11.9 million. The main reasons of loss were decreased prices of dairy products due to the excess of production in the Europe, the reappraisal of stock and onetime expenses because of the acquisition of Kelmes pieninė AB and its integration into the group of companies.

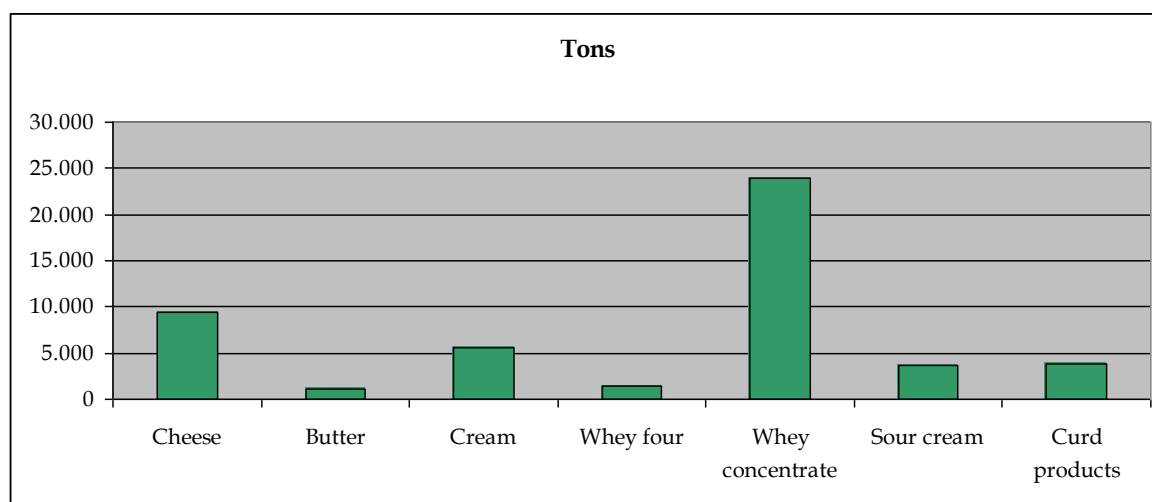
The year of 2009 is profitable to Vilkyškių pieninė AB because of significantly reduced expenditures of production, management and administration, lower raw milk price compared with 2008, and because of renewed means set up by the European Commission in order to balance dairy product market: returned export subsidies for certain dairy products, and application of intervention warehouse system in order to sustain prices – this helps to balance the demand and supply of production.

AB Vilkyškių pieninė increases efficiency also by disposing of unnecessary real estate. Recently the company sold its subsidiary's AB Modest production facility in Bagaslaviskis and transferred the

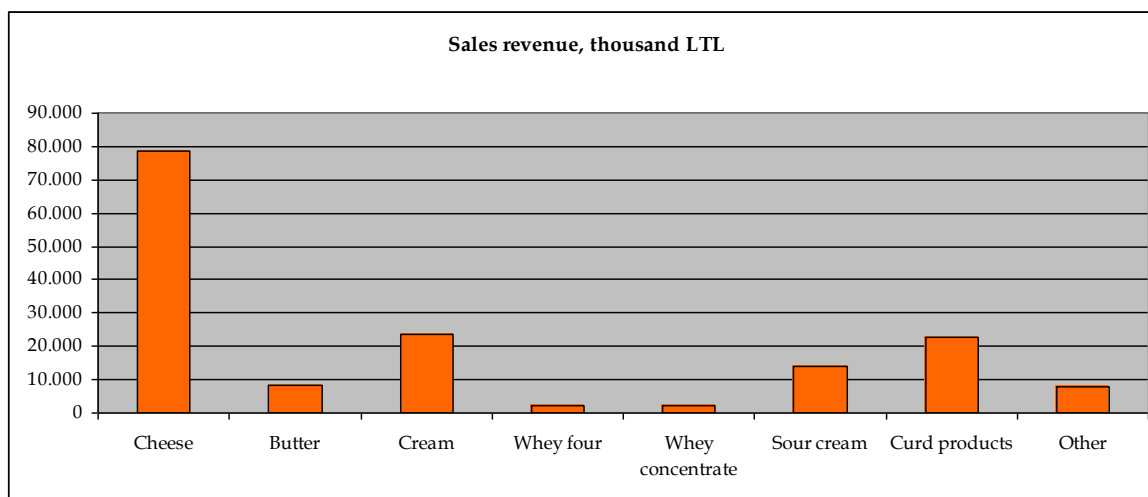
production to main facility at Taurage, and sold unnecessary real estate in Skaudvile. Total revenues from the disposal of these assets amounted to 490 thousand LTL.

This year the main Company's activities are to automate and optimize the processes of production, to develop fresh dairy products, to strengthen the department of sales, to introduce new means of marketing and to search for new markets. Moreover, the Company plans to carry out the purposeful transfer from the production of industrial cheese to brand cheese (having unique trade mark), to strengthen the trademarks of the Company and of certain products both in Lithuanian and in foreign markets by expanding the assortment with new exceptional types of cheese.

Tables below present the overviews of key indicators of consolidated trade volumes of the Group of Vilkyškių pieninė AB:



| Sold production, tons | 2009 |
|-----------------------|-------|
| Cheese | 9370 |
| Butter | 1119 |
| Cream | 5641 |
| Whey four | 1376 |
| Whey concentrate | 23874 |
| Sour cream | 3667 |
| Curd products | 3757 |



| Sales revenues, thousand LTL | 2009 |
|------------------------------|-------|
| Cheese | 78543 |
| Butter | 8467 |
| Cream | 23387 |
| Whey four | 2070 |
| Whey concentrate | 2236 |
| Sour cream | 13864 |
| Curd products | 22631 |
| Other | 7896 |

MATERIAL EVENTS IN THE ACTIVITY OF THE ISSUER

On the 30th of April 2009 in the ordinary general meeting of shareholders of *Vilkyškių pieninė* AB annual statement of the year 2008 as well as conclusion made by an audit company about financial statement of the Company for the year 2008 were debriefed, financial statement of the Company for the year 2008 was approved, a member of the Management Board Ramūnas Šniepis was released and a new member of the Management Board Vilija Milaševičiūtė was appointed. Moreover, Audit Committee Activity Regulations were approved and a new audit committee was composed. Alius Jakubėlis was appointed as an independent member of the audit committee. The Management Board is authorized to set the salary to the independent member of the audit committee for his work. The Head of the Company is authorized to sign the contract with the independent member of the audit committee. Ligita Pudžiuvytė and Birutė Bazilienė are appointed as the members of the audit committee.

On the 7th of July 2009 the Extraordinary General Meeting of Shareholders decided to increase Company's authorized capital from LTL 128408 up to LTL 692710, by issuing a new emission of 564302 units of ordinary registered shares. The term for the shareholders to subscribe share subscription agreement ended on the 25th of July. In total 488710 units of shares were subscribed. In conformity with decision adopted by the Extraordinary General Meeting of Shareholders, when not all shares are subscribed for within the period intended for share subscription, the authorized capital may be increased by the amount of nominal values of subscribed shares. Authorized capital of the Company has been increased up to LTL 617118.

01 January 2010 the branch company of Vilkyškių pieninė AB joint – stock company Modest changed its status to stock company.