

ŽEMAITIJOS PIENAS AB

Interim Report for the first six months of 2008

Telšiai, August 2008

1. The period covered in the prepared report

The present report has been prepared for the first six months of 2008 according to the "Procedures for preparation and furnishing the periodical and additional information" approved by the resolution No. 1K-3 under the Securities Commission of the Republic of Lithuania dated 23 02 2007. Žemaitijos pienas AB in this report may be designated as Company, Enterprise or Issuer.

2. Major data about the Issuer

Issuer name:	Žemaitijos pienas AB
Company code:	180240752
Domicile address:	Sedos St. 35, Telšiai, Lithuania
Legal-organizational form:	a stock company, private limited liability legal entity.
Authorized capital:	LTL 48,375,000 Lt, the authorized capital is divided into 48,375,000 ordinary registered shares, a par value per share is LTL 1
Enterprise register:	Register of Legal Persons of the Republic of Lithuania
Registry date:	23 June 1993
The date of registration of the last edit of the Articles of Association:	12 March 2008
Period of activity:	unlimited
Telephone:	+370444 22201
Fax :	+370444 74897
E-mail:	info@zpienas.lt
Internet website:	www.zpienas.lt

3. Nature of the issuer's main business

The main bussines of the Company – production and sales of milk products.

4. The Group's enterprises

The subsidiaries run by the Company:

UAB "Žemaitijos pieno žaliava", enterprise code 280716750.

Authorized capital – LTL mio 1. The Company owns 100% of shares.

Domicile address – Sedos st. 35, Telšiai, Lithuania.

Nature of business – business foreseen in the Articles of Association – buyinge of milk, the company is not performing this business currently.

ŽŪK "Tarpučių pienas", enterprise code 1151449845.

Authorized capital – LTL 496,027. The Company owns 10.08% of shares.

Domicile address – Klaipėdos st. 3, Šilutė Lithuania.

Nature of business – chilling of raw milk.

ŽŪK „Sodžiaus pienas“ enterprise code 177975514.
 Authorized capital – LTL 694,570. The Company owns 15.09% of shares.
 Domicile address – Šilalės st. 35, Laukuva, Šilalės district, Lithuania.
 Nature of business – chilling of raw milk.

ABF „Šilutės Rambynas“, enterprise code 277141670.
 Authorized capital – LTL 8,596,650. The Company owns 87,82% of shares.
 Domicile address - Klaipėdos st.3, Šilutė, Lithuania.
 Nature of business – production of ferment cheese.

AB „Žemaitijos pienas“ has 7 branches:

- Vilnius branch, address Algirdo st. 40/13, Vilnius
- Kaunas branch, address Kėdainių st. 8A, Kaunas
- Anykščiai branch, address Vilties st. 4A, Anykščiai
- Alytus branch, address Putinių st. 23, Alytus
- Klaipėda branch, address Šilutės pl. 33, Klaipėda
- Panevėžys branch, address J. Janonio st. 9, Panevėžys
- Telšiai branch, address Sedos st. 35, Telšiai

5. Data on trading in shares of the enterprises belonging to the Group in the regulated markets

Only the Company's shares are listed on the added list of Vilnius Stock Exchange. Securities ISIN code LT0000121865, number of shares – 48,375,000.

Transactions with the Company's shares in Vilnius Stock Exchange:

Quarter	The highest price, LTL	The lowest price, LTL	Max one session turnover, LTL	Min one session turnover, LTL	Last session price, LTL	Last session turnover, LTL
I quart. 2008	25,80	2,20*	264.607,25	0	2,20	6.490,00
II quart. 2008	2,28	1,64	88.812,00	0	1,71	1.881,00

* - On 26 March 2008 d. the price of share was recalculated because of changing nominal value of the share from LTL 10 into LTL 1.

6. Information about agreements with the intermediaries of public trading of securities

On 16 July 2004 the Company has concluded an agreement with Šiaulių bankas AB, (address Tilžės st. 149, Šiauliai) due to accounting of securities, issued by the Company. Accordingly this agreement Šiaulių bankas manages the Companies securities accounts since 23 July 2004.

7. Acquisition of the own shares

The Company neither acquired its own shares nor sold them to others during reported period.

8. Shareholders

As of 18 April 2008 the total number of shareholders comprised of 3069.

The following shareholders owned more than 5% of the authorized capital:

No	Shareholder	Number of shares under ownership	Number of shares owned by persons operating together	Percentage of the authorized capital, % (operating together %)	Percentage of votes, %
1.	Algirdas Pažemeckas	19 705 870	-	-	44.74
2.	Skandinaviska Enskilda Banken Clients	3 866 690	-	-	7.99
3.	Klaipėdos pienas AB	3 275 620	-	-	6.77

9. Other information about the Issuer

9.1. Structure of the Issuer's authorized capital

The Company Articles of Association with present authorized capital is registered at State Enterprise Centre of Registers on 12 March 2008. The authorized capital size is LTL 48,375,000. The capital is divided into 48,375,000 ordinary registered shares. A par value per share is LTL 1. One share gives one vote to a shareholder during the General Shareholders' Meeting. Shareholders are entitled with interest and non-interest rights as well as to commitments defined in the Law on Stock Companies of the Republic of Lithuania.

9.2. All the restrictions on assignment of securities

No restrictions.

9.3. Shareholders entitled to special control rights and definitions of these rights

Shareholders control the Company through the elected Supervisory Board. Their functions are defined in the Law on Stock Companies of the Republic of Lithuania.

9.4. All the limits applied to voting rights

A shareholder has no right to vote when Shareholders Meeting is making a decision regarding a prerogative right to acquire the Company's issued shares or regarding recall of the converted bonds in case the agenda of the general shareholders' meeting foresees that the right to acquire these securities is granted to him, his close relative, shareholder's spouse or cohabitant, when the partnerships is registered under the applicable law, and to the spouse's close relative, when a shareholder is a natural entity, also to the shareholder's patron company or shareholder's subsidiary, when a shareholder is a legal entity.

Persons that do not report the Company or Securities Commission of the Republic of Lithuania about the share block acquisition lose their votes in the General Shareholders' Meeting for 2 years

after disclosure of the incorrect data under the Law and legal acts of the Republic of Lithuania, which exceed the amount of the last reported block.

10. Employees

On 30 June 2008 the Company group employed a staff of 2163, by end-2007 – 1762 employees, on 30 June 2007 -2000 employees.

At the end of the reporting period 60 employees had university education, 107 – college education, 346 – special secondary and secondary education, the education of others group employees is not finished secondary and primary.

11. Transactions with the related parties

During the reported period there were transactions entered with the related parties on usual activity basis. The related parties are deemed to be the members of the Company Supervisory Council and Company Board, the close relatives of the mentioned related parties and the Company subsidiaries. All the transactions have been entered in terms of the usual market conditions. The comprehensive description of transactions entered with the related parties is provided in the enclosed financial statements.

12. Information about the compliance with the Corporate Governance Code

The Company obeys most of the rules defined in the Corporate Governance Code for Companies listed on the Vilnius Stock Exchange. The members of Supervisory Council and members of the Board are the employees of the Company, therefore they are not considered to be the independent members. The Company's Supervisory Council and Board making resolutions represent the shareholders' interests.

13. Data on the publicly announced information

The information announced publicly during the the first six months of 2008:

- 2008-01-04 - Summon of the extraordinary General Meeting of Shareholders;
- 2008-01-28 - Draft resolutions of the extraordinary General Meeting of Shareholders of Žemaitijos Pienas AB to be held on 8 February 2008;
- 2008-02-11 - Resolutions of the Extraordinary General Meeting of Shareholders;
- 2008-02-29 - Performance results 2007 of Žemaitijos pienas group;
- 2008-02-29 - Žemaitijos pienas AB interim report for 12 months of the year 2007;
- 2008-02-29 - Žemaitijos pienas AB interim report for 12 months of the year 2007 (correction);
- 2008-03-04 - Regarding resolution of the Competition Counsel;
- 2008-03-13 - The Amendment of the Articles of Association of Žemaitijos pienas AB have been registered;
- 2008-03-15 - The General Meeting of Shareholders of Žemaitijos pienas AB is called on April 18, 2008;
- 2008-04-07 - The decision of the Board of Žemaitijos Pienas AB of 18 March, 2008;
- 2008-04-21 - Resolutions of the ordinary General Meeting of Shareholders of Žemaitijos Pienas AB held on 18th April 2008;

2008-05-07 - Notification on transaction concluded by managers of the company;
 2008-05-13 - Financial results of Žemaitijos Pienas AB for the 1st quarter of 2008;
 2008-05-20 - Regarding acquisition of shares;
 2008-05-29 - Financial accountability of 1st quarter of 2008;
 2008-06-17 - Addition of the Consolidated Annual Report;
 2008-06-26 - Financial accountability of 1st quarter of 2008 (addition)
 2008-07-25 - Financial results of Žemaitijos pienas AB for the first six months of 2008.

Žemaitijos pienas AB has informed the Securities Commission and Vilnius Stock Exchange about all the stock events. The notifications about summoning of general shareholders' meetings as well as their resolutions have been additionally published in the newspapers "Valstiečių laikraštis" and "Kalvotoji Žemaitija". Other regulated information has been published on the websites of Vilnius Stock Exchange and the Securities Commission.

14. The Company bodies

The Company Bodies are as follows: General Meeting of Shareholders, Supervisory Council, the Board and Chief Executive Officer (CEO) of the Company. The Chairman of the Board is also the CEO.

The Company bodies observe laws and other legal acts of the Republic of Lithuania and follow the requirements of the Articles of Association of the Company.

The Supervisory Council is a collegial body supervising the activities of the Company. It is directed by its Chairman. The General Meeting of the Shareholders elects the Supervisory Council, consisting of 3 members.

The Board is a collegial Company management body consisting of 5 members. It manages the Company, handles its matters and answers under the laws for execution of the Company financial services. Order of the Board's work is set by the Board work regulations. The Board is elected by the Council for a term of 4 years.

The CEO arranges everyday activities of the Company and performs other actions necessary to perform his functions, to implement decisions of the Company bodies and to secure the Company activities.

15. Members of the collegial bodies, a CEO of the company and a chief financial officer

Name, surname	Position held at Company	Capital share owned, %	Vote share possessed, %
Artūras Kanapienis	Chairman of the Council	0,47	0,47
Robertas Pažemeckas	Member of the Council	-	-
Romusas Jarulaitis	Member of the Council	2,29	2,29
Algirdas Pažemeckas	Chairman of the Board Chief Executive Officer	44,74	44,74
Romusas Jarulaitis	Member of the Board	2,29	2,29

Irena Baltrušaitienė	Member of the Board	1,19	1,19
Dalia Gecienė	Member of the Board, Chief Financial Officer	1,38	1,38
Algirdas Bladžinauskas	Member of the Board	–	–

Amounts calculated in total and in average sizes allocated to one member of the collegial body during the accounting period:

Members of the management bodies	Number of people	Total amounts of salaries/bonuses, other payoffs from profit (LTL)	Average amounts of salaries/bonuses, other payoffs from profit (LTL)
Council members	3	215.545	11.975
Board members	5	767.364	25.579
Administration members	112	2.711.874	4.036

16. Procedure for Articles of Association amendment

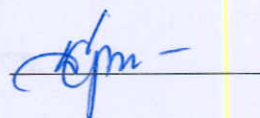
The Company Articles of Association may be amended only by a resolution of the general shareholders' meeting made by 2/3 majority of votes except exclusive cases foreseen by the law.

Acting General Director



Robertas Pažemeckas

Chief Financial Officer



Dalia Gecienė

28 August 2008

