TO: The Lithuanian Securities Commission
Konstitucijos pr.23
Vilnius

30th May 2008

ENDORSEMENT BY THE RESPONSIBLE PERSONS

Pursuing Article 22 of the Law on Securities of the Republic of Lithuania and in accordance with the rules of preparation and submission of periodical and supplementary information approved by the Securities Commission of the Republic of Lithuania, we, the undersigned – the Chief Executive Officer Antanas Trumpa and the Chief Financial Officer Antanas Kavaliauskas – approve that the three month consolidated financial interim report of „Rokiškio sūris“ for the year 2008, is formed in accordance with applicable accounting standards, is true and shows fair assets, obligations, financial state and profits (loss) of the Company and total consolidated group.

Attached: Three month consolidated financial interim report of „Rokiškio sūris“ for the year 2008.

Chief Executive Officer Antanas Trumpa

Chief Financial Officer Antanas Kavaliauskas

LIETUVOS RESPUBLIKA
Akcinė bendrovė
ROKIŠKIO SŪRIS
„ROKIŠKIO SŪRIS“
ROKIŠKIS

CONSOLIDATED FINANCIAL INTERIM REPORT OF AB “ROKIŠKIO SŪRIS“ FOR THREE MONTH PERIOD FOR THE YEAR 2008

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

AB „ROKIŠKIO SŪRIS“
CONSOLIDATED FINANCIAL ACCOUNT as at 31st March 2008
Company code 173057512, address: Pramonės g. 3, LT-42150 Rokiškis, Lithuania
(prepared according to International Accounting Standards)

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

Consolidated Balance sheet

	March 31st 2008		December 31st 2007		March 31st 2007	
PROPERTY						
Non-current assets						
Long-term tangible assets	117 279		113 451		118 328	
Intangible assets (with prestige)	3 732		3 815		495	
Other receivables in a year	15 601		21 952		11 271	
		136 612		139 218		130 094
Current assets						
Inventories	127 159		104 195		86 824	
Receivables and advance payments	70 466		59 923		86 291	
Short-term investments	27 603		25 985		-	
Cash and cash equivalents	4 563		4 623		3 354	
		229 791		194 726		176 469
Total assests		**366 403**		**333 944**		**306 563**
EQUITY AND LIABILITIES						
Capital and reserves						
Ordinary shares	42 716		42 716		47 462	
Share premium	41 473		41 473		41 473	
Reserve for acquisition of treasury shares	14 394		14 394		30 000	
Treasury shares	(8 746)		(4 702)		(20 352)	
Other reserves	5 362		5 362		69 805	
Retained earnings	103 753		113 245		28 159	
		198 952		212 488		196 547
Non-current liabilities						
Non-current liabilities			504			
Deferred income	5 946		5 946		8 552	
		5 946		6 450		8 552
Current liabilities						
Trade and other payables	59 568		67 455		29 603	
Income tax liabilities	7 744		8 413		-	
Deferred income	1 553		2 160		2 292	
Povisions			824		-	
Financial debts	92 640		36 154		69 569	
		161 505		115 006		101 464
Total equity and liabilities		**366 403**		**333 944**		**306 563**

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Consolidated profit (loss) report

	For the year ended March 31st 2008	For the year ended March 31st. 2007
Sales	138 865	144 044
Cost of sales	(134 828)	(127 190)
Gross profit	4 037	16 854
Selling and marketing expenses	(12 814)	(11 039)
Operating profit	(8 777)	5 815
Finance costs	(353)	(634)
Profit before tax	(9 130)	5 181
Income tax	(362)	(1 667)
Operating activity income	(9 492)	3 514
Minority interests		
Net profit	(9 492)	3 514

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Consolidated cash flow statement

	3 months ended at March 31st	
Operating activities	**2008**	**2007**
Profit before tax and minority interest	(9 130)	5 181
Corrections:		
– depreciation	6 157	6 424
– depreciation (negative prestige not included)	116	133
– written off long-term tangible assets	13	10
– loss in long-term tangible asset sales	(102)	9
– interest expenses	870	877
– interest income	(107)	(75)
– net unrealized currency exchange profit	5	15
– export subsidies received	-	(8 387)
– depreciation of long-term tangible asset support	(588)	(531)
Circulating capital changes:		
- inventories	(22 964)	15 879
- payables	(7 887)	(15 011)
- receivables and advance payments	(10 260)	9 201
Cash flows generated from operating activities	(43 877)	13 725
Interest paid	(870)	(877)
Income tax paid	(1 031)	(1 457)
Cash flows from operating activities	(45 778)	11 390
Investing activities		
Purchase of long-term tangible assets	(8 085)	(2 007)
Purchase of intangible assets	(2)	(26)
Purchase of investments	-	-
Loans granted to farmers and employees	(650)	(746)
Proceeds from long-term tangible asset sales	232	159
Repayments of loans granted to farmers and employees	2 174	607
Interest received	107	75
Subsidies for long-term tangible assets	-	-
Net cash flows from investing activities	(6 224)	(1 938)
Financing activities		
Acquisition of treasury shares	(4 044)	-
Finance lease principal payments	(1)	-
Loans granted	139 307	42 539
Loan repayments received	(83 320)	(49 307)
Dividends paid		-
Net cash flows from financing activities	51 942	(6 768)
Net increase in cash and cash equivalents	(60)	2 685
Cash and cash equivalents at the beginning of the period	4 623	669
Cash and cash equivalents at the end of the period	4 563	3 354

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Consolidated Own Capital Change Statement (thousand LTL)

	Share capital	Share premium	Reserve for acquisition of treasury shares	Treasury shares	Other reserves	Retained earnings	Total
Balance at 31 st December 2006	47 462	41 473	30 000	(20 352)	69 805	24 645	193 033
Acquisition of own shares		-					
Dividends relating to 2006	-	-	-				
Net profit	-	-	-	-	-	3 514	3 514
Balance at 31st March 2007	47 462	41 473	30 000	(20 352)	69 805	28 159	196 547
Balance at 31st December 2007	42 716	41 473	14 394	(4 702)	5 362	113 245	212 488
Decrease in share capital							
Acquisition of own shares		-		(4 044)			(4 044)
Dividends relating to 2007	-	-	-				
Net profit	-	-	-	-	-	(9 492)	(9 492)
Balance at 31st March 2007	42 716	41 473	14 394	(8 746)	5 362	103 753	198 952

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Commentary on the Report

1. General information

The joint stock company “Rokiškio sūris” (hereinafter – the company) is a public listed company incorporated in Rokiskis.

The shares of AB “Rokiškio sūris” are traded on Vilnius Stock Exchange and they and included on the Baltic Official trade list (VVPB symbol – RSU1L).

The Consolidated Group (hereinafter – the Group) consists of the Company, its two branches, six subsidiaries and one joint venture. (As at 31st March 2007: two branches and one subsidiary). The branches and subsidiaries that comprise consolidated Group are indicated below:

	Operating as at 31st March	
Branches	**2008**	**2007**
Utenos pienas	Yes	Yes
Ukmerges pienine	Yes	Yes

	Group’s share (%) as at 31st March	
Subsidiaries	**2008**	**2007**
UAB „Rokiskio pienas“	100,00	100,00
UAB „Skeberdis ir partneriai“	100,00	-
UAB „Skirpstas“	100,00	-
KB „Zalmarge“	100,00	-
UAB „Batenai“ *	100,00	-
UAB „Pecupe“ *	100,00	-

Joint venture		
UAB “Pieno upes”	50,00	-

* These subsidiaries were not consolidated due to their insignificance.

All the above-mentioned branches and subsidiaries are incorporated in Lithuania.

The Group’s main line of business is the production of fermented cheese and a wide range of other dairy products. On 31st March 2008, 1 768 employees were working in the Group (compared to 1 778 employees as at 31st March 2007).

2. Accounting Principles

These consolidated financial statements have been prepared according to International Financial Reporting Standards as adopted by the European Union.

The consolidated financial statements have been prepared under the historical cost convention.

Subsidiaries are the 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.

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

The 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.

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 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Income is taxed 15 per cent (in 2007 - 15 per cent) of income tax rate according to the laws on taxes of the Republic of Lithuania.

Following 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.

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

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

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

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

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

The Company’s single business segment is production of cheese and other dairy products, therefore, information on key business segment is not presented. The Group is organized on a basis of two main business segments: Fresh milk products and Cheese and other dairy products. Secondary reporting format – geographical. 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.

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

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

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

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

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

3. Information on segments

Primary segment – business segments

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

Secondary segment – geographic segments

All the Group's assets are in Lithuania. Analysis of the Group's income from sales according to markets is as follows:

Sales

	31 03 2008	31 03 2007	Change (%)
Lithuania	62 722	61 903	1,32
European Union countries	49 660	53 684	-7,50
Commonwealth of Independent States	24 255	26 229	-7,53
Other (including the United States and Japan)	2 228	2 228	-
Total	138 865	144 044	-3,60

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

Income analysis according to groups:

	31 03 2008	31 03 2007	Change (%)
Product Sales	138 596	139 995	-0,99
Export subsidies	-	3 674	-100,00
Provided services	269	375	-28,27
	138 865	144 044	-3,60

Following the European Commission's Regulation "Concerning covering export costs of milk and dairy products", starting from 1st May 2004 the company has the right to receive subsidies for the cheese exported to the countries determined by the latter Regulation. Export subsidies are paid for every ton of exported production which is in conformity with the Regulation requirements. Payable export subsidies are reported under trade and other payables.

4. Long-term tangible assets

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

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

5. Other receivables

	31 03 2008	31 03 2007	Change (%)
Long-term loans granted to farmers	10 976	10 699	2,59
Long-term loans granted to employees	340	547	-37,84
Investments	2 695	-	100,00
Other	1 590	25	6 260,00
Total	15 601	11 271	38,42

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

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

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

6. Inventories

	31 03 2008	31 03 2007	Change (%)
Raw material	10 534	9 650	9,16
Production in progress	12 840	10 900	17,80
Ready production	103 785	66 274	56,60
Total	127 159	86 824	46,46

7. Selling and Other Receivables

	31 03 2008	31 03 2007	Change (%)
Selling receivables	55 447	58 743	-5,61
Receivable export subsidies	-	7 431	-100,00
VAT receivable	2 724	14 535	-81,26
Other receivables	1 141	4 167	-72,62
Advance payments and future period expenses	11 154	1 415	688,27
Total	70 466	86 291	-18,34

8. Cash and cash equivalents

	31 03 2008	31 03 2007	Change (%)
Bank and cash-register money	4 563	2 797	63,14
Current deposits	-	557	-100,00
Total	4 563	3 354	36,05

9. Share capital

As at 31st December 2007, the share capital was comprised of 42,716,530 (forty two million seven hundred sixteen thousand five hundred sthirty) ordinary registered shares with par value of LTL 1 each.

As at 31st December 2007, AB „Rokiškio sūris“ owned 873 650 (eight hundred seventy three thousand six hundred fifty) treasury shares with par value LTL 1 each which makes 1, 83 % of the Authorised Capital of AB ”Rokiškio sūris“.
During the period from 1st January 2008 to 31st March 2008, AB „Rokiškio sūris“ implemented official voluntary non-competitive acquisition of own shares and acquired 674 000 (six hundred seventy four thousand) own ordinary registered shares with par value LTL 1 each.
As at 31st March 2008, AB „Rokiškio sūris“ owned 1 457 650 (one million four hundred fifty seven thousand six hundred fifty) with par value of LTL 1 each which makes 3,41 % of the Authorized capital of AB ”Rokiškio sūris“. The company does not have the right to employ property and non-property rights using the own shares as stated by the Law on Joint Stock Companies.

As at 31st March 2008, the Grupė had 5 671 shareholders.

10. Financial ratios

	31 03 2008	31 03 2007	Change (%)
Revenue (LTL thousand)	138 865	144 044	-3,60
EBITDA (LTL thousand)	(1 987)	12 615	-115,71
EBITDA margin (%)	(1,43)	8,76	-116,32
Operations profit (LTL thousand)	(8 777)	5 815	-250,94
Margin of operations profit (%)	(6,32)	4,04	-256,44
Profit per share (LTL)	-	0,82	
Number of shares (units)	42 716 530*	4 746 270**	-10

* - LTL 1 par value per share
** - LTL 10 par value per share

11. Information on the audit

The audit according to the International Accounting Standards will be made for the full year 2008 by audit company UAB “PricewaterhouseCoopers”.