ROKIŠKIO SŪRIS AB
CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS, ANNUAL REPORT AND INDEPENDENT AUDITOR'S REPORT
31 DECEMBER 2009

Translation note

These financial statements have been prepared in Lithuanian language and in English language. In all matters of interpretation of information, views or opinions, the Lithuanian language version of these financial statements takes precedence over the English language version.

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Translation note

Our report has been prepared in Lithuanian language and in English language. In all matters of interpretation of information, views or opinions, the Lithuanian language version of our report takes precedence over the English language version.

Independent auditor's report

To the Shareholders of AB Rokiškio sūris

Report on the Financial Statements

We have audited the accompanying stand alone and consolidated financial statements (the 'Financial Statements') of AB Rokiškio sūris (the 'Company') and its subsidiaries (together the 'Group') set out on pages 5 – 51 which comprise the stand alone and consolidated balance sheet as at 31 December 2009 and the stand alone and consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows 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 the 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.

PRICEWATERHOUSECOOPERS

Opinion

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Company and the Group as of 31 December 2009 and of their financial performance and 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 2009 set out on pages 52 – 114 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 2009.

On behalf of PricewaterhouseCoopers UAB

Christopher C. Butler
Partner

Rasa Radzevičienė
Auditor's Certificate No.000377

Vilnius, Republic of Lithuania
8 April 2010

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

Statement of comprehensive income

The Group				The Company	
Year ended 31 December				Year ended 31 December	
2009	2008		Note	2009	2008
560,395	681,821	Sales revenue	5	495,688	614,828
(483,418)	(631,520)	Cost of sales		(445,211)	(592,449)
76,977	50,301	**Gross profit**		50,477	22,379
(30,602)	(41,027)	Selling and marketing expenses	6	(17,734)	(19,959)
(27,475)	(25,218)	General and administrative expenses	7	(20,576)	(20,330)
9,340	13,257	Other income	8	9,175	13,148
(5,875)	(12,216)	Other expenses	9	(5,991)	(12,231)
(7)	(92)	Other (losses)/gains	10	(7)	(76)
22,358	(14,995)	**Operating profit/(loss)**		15,344	(17,069)
(2,264)	(6,008)	Finance costs	12	(2,261)	(5,996)
20,094	(21,003)	**Profit/(loss) before income tax**		13,083	(23,065)
(5,105)	2,676	Income tax	13	(4,733)	3,148
14,989	(18,327)	**Profit/(loss) for the year**		8,350	(19,917)
-	-	Other comprehensive income		-	-
14,989	(18,327)	**Total comprehensive income for the year**		8,350	(19,917)
		Attributable to:			
14,748	(18,286)	Owners of the Company		8,350	(19,917)
241	(41)	Minority interest		-	-
14,989	(18,327)			8,350	(19,917)
0.38	(0.45)	**Basic and diluted earnings (deficit) per share (expressed in LTL per share)**	14	0.21	(0.49)

The notes on pages 10 to 51 are an integral part of these financial statements.

The financial statements on pages 5 to 51 have been approved for issue by the Board of Directors on 8 April 2010 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	
2009	2008		Note	2009	2008
		ASSETS			
		Non-current assets			
108,577	129,206	Property, plant and equipment	15	79,586	98,847
390	2,420	Intangible assets	16	400	318
186	1,186	Investments in subsidiaries	17	28,304	29,773
374	4,272	Deferred income tax assets	18	374	4,785
17,605	27,202	Loans granted	19	17,605	27,064
-	955	Other receivables	21	-	955
127,132	165,241			126,269	161,742
		Current assets			
30,222	87,223	Inventories	20	24,478	80,151
19,377	1,723	Loans granted	19	17,626	1,713
67,332	97,587	Trade and other receivables	21	55,866	91,788
2,472	6,273	Prepaid income tax		889	5,674
101,187	3,242	Cash and cash equivalents	22	100,797	2,630
220,590	196,048			199,656	181,956
347,722	361,289	**Total assets**		325,925	343,698
		EQUITY			
		Attributable to owners of the Company			
38,445	42,716	Share capital	23	38,445	42,716
41,473	41,473	Share premium		41,473	41,473
14,188	28,746	Reserve for acquisition of treasury shares		14,188	28,746
-	(15,492)	Treasury shares	24	-	(15,492)
7,074	7,074	Other reserves	25	7,074	7,074
83,741	68,993	Retained earnings		72,073	63,723
184,921	173,510			173,253	168,240
514	273	**Minority interest**			
185,435	173,783	**Total equity**		173,253	168,240
		LIABILITIES			
		Non-current liabilities			
137	8	Borrowings	26	-	-
7,296	8,445	Deferred income	27	5,241	6,383
7,433	8,453			5,241	6,383
		Current liabilities			
965	-	Income tax liabilities		323	
385	-	Deferred tax liability	18	-	-
99,463	124,632	Borrowings	26	99,462	124,446
2,983	2,843	Deferred income	27	2,548	2,498
50,234	50,754	Trade and other payables	28	44,274	41,307
824	824	Provisions	29	824	824
154,854	179,053			147,431	169,075
162,287	187,506	**Total liabilities**		152,672	175,458
347,722	361,289	**Total equity and liabilities**		325,925	343,698

The notes on pages 10 to 51 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

	Note	Share capital	Share premium	Reserve for acquisition of treasury shares	Treasury shares	Other reserves	Retained earnings	Total
Balance at 1 January 2008		**42,716**	**41,473**	**14,394**	**(4,702)**	**5,362**	**109,606**	**208,849**
Comprehensive income		-	-	-	-	-	(19,917)	(19,917)
Total comprehensive income for 2008		**-**	**-**	**-**	**-**	**-**	**(19,917)**	**(19,917)**
Transactions with owners								
Acquisition of treasury shares	24	-	-	-	(10,790)	-	-	(10,790)
Transfer to legal and other reserves	24	-	-	14,352	-	1,712	(16,064)	-
Dividends relating to 2007	25	-	-	-	-	-	(9,902)	(9,902)
Total transactions with owners for 2008				**14,352**	**(10,790)**	**1,712**	**(25,966)**	**(20,692)**
Balance at 31 December 2008		**42,716**	**41,473**	**28,746**	**(15,492)**	**7,074**	**63,723**	**168,240**
Comprehensive income		-	-	-	-	-	8,350	8,350
Total comprehensive income for 2009		**-**	**-**	**-**	**-**	**-**	**8,350**	**8,350**
Transactions with owners								
Acquisition of treasury shares	24	-	-	-	(3,337)	-	-	(3,337)
Decrease in share capital / cancellation of treasury shares	24	(4,271)	-	(14,558)	18,829	-	-	-
Total transactions with owners for 2009		**(4,271)**	**-**	**(14,558)**	**15,492**	**-**	**-**	**(3,337)**
Balance at 31 December 2009		**38,445**	**41,473**	**14,188**	**-**	**7,074**	**72,073**	**173,253**

The notes on pages 10 to 51 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 owners of the Company								
	Note	Share capital	Share premium	Reserve for acquisition of treasury shares	Treasury shares	Other reserves	Retained earnings	Total	Minority interest	Total
Balance at 1 January 2008		**42 716**	**41 473**	**14 394**	**(4 702)**	**5 362**	**113 245**	**212 488**	**-**	**212 488**
Comprehensive income		-	-	-	-	-	(18,286)	(18,286)	(41)	(18,327)
Total comprehensive income for 2008		**-**	**-**	**-**	**-**	**-**	**(18,286)**	**(18,286)**	**(41)**	**(18,327)**
Transactions with owners										
Acquisition of subsidiaries		-	-	-	-	-	-	-	314	314
Acquisition of treasury shares	24	-	-	-	(10,790)	-	-	(10,790)		(10,790)
Transfer to reserves		-	-	14,352	-	1,712	(16,064)	-	-	-
Dividends relating to 2007	25	-	-	-	-	-	(9,902)	(9,902)	-	(9,902)
Total transactions with owners for 2008		**-**	**-**	**14,352**	**(10,790)**	**1,712**	**(25,966)**	**(20,692)**	**314**	**(20,378)**
Balance at 31 December 2008		**42,716**	**41,473**	**28,746**	**(15,492)**	**7,074**	**68,993**	**173,510**	**273**	**173,783**
Comprehensive income		-	-	-	-	-	14,748	14,748	241	14,989
Total comprehensive income for 2009		**-**	**-**	**-**	**-**	**-**	**14,748**	**14,748**	**241**	**14,989**
Transactions with owners										
Acquisition of treasury shares	24	-	-	-	(3,337)	-	-	(3,337)	-	(3,337)
Decrease in share capital / cancellation of treasury shares	24	(4,271)	-	(14,558)	18,829	-	-	-	-	-
Total transactions with owners for 2009		**(4,271)**	**-**	**(14,558)**	**15,492**	**-**	**-**	**(3,337)**	**-**	**(3,337)**
Balance at 31 December 2009		**38,445**	**41,473**	**14,188**	**-**	**7,074**	**83,741**	**184,921**	**514**	**185,435**

The notes on pages 10 to 51 are an integral part of these financial statements.

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

Statement of cash flows

The Group				The Company	
Year ended 31 December				Year ended 31 December	
2009	2008		Note	2009	2008
		Cash flows from operating activities			
128,068	(21,050)	Cash (used in)/generated from operations	32	124,238	(23,938)
(2,264)	(6,009)	Interest paid		(2,261)	(5,996)
(3,070)	(14,692)	Income tax paid		4.244	(12,305)
128,874	(41,751)	Net cash (used in)/generated from operating activities		126,221	(42,239)
		Cash flows from investing activities			
(8,090)	(40,025)	Purchases of property, plant and equipment	15	(4,463)	(34,540)
(113)	(229)	Purchases of intangible assets		(102)	(229)
-	(1,142)	Purchase of investments (for the Group net of cash acquired)		-	(1,509)
(1,841)	(945)	Loans granted to farmers and employees		(1,842)	(945)
(17,668)	(1,221)	Other loans granted		(17,668)	(1,612)
843	492	Proceeds from sale of property, plant and equipment		542	239
2,080	5,645	Government grants received		1,563	4,665
16,357	216	Other loan repayments received		16,357	215
4,646	9,498	Loan repayments from farmers and employees		4,646	9,498
1,233	786	Interest received		1,233	786
(2,553)	(26,925)	Net cash (used in)/generated from investing activities		266	(23,432)
		Cash flows from financing activities			
-	(9,902)	Dividends paid		-	(9,902)
(3,337)	(10,790)	Acquisition of treasury shares	24	(3,337)	(10,790)
304,761	206,780	Proceeds from borrowings		304,629	206,745
(327,381)	(131,625)	Repayments of borrowings		(327,194)	(131,625)
(25,957)	54,463	Net cash (used in)/generated from financing activities		(25,902)	54,428
100,364	**(14,213)**	**Net (decrease)/increase in cash and cash equivalents**		**100,585**	**(11,243)**
(18,782)	(4,569)	Cash and cash equivalents at beginning of the year	22	(19,394)	(8,151)
81,582	**(18,782)**	**Cash and cash equivalents at end of the year**	**22**	**81,191**	**(19,394)**

The notes on pages 10 to 51 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. The Company's code is 173057512, address: Pramonės St. 3, LT-42150 Rokiškis, Lithuania.

The shares of Rokiškio Sūris AB are traded on the Baltic Main List of the NASDAQ OMX Vilnius.

The consolidated Group (hereinafter "the Group") consists of the Company, its two branches, five subsidiaries and one joint venture (hereinafter "the joint venture") (2008: two branches and eight subsidiaries and one joint venture). The branches and subsidiaries that comprise the consolidated Group are indicated below:

	Operating as at 31 December				Shareholding of the Group (%) as at 31 December	
Branches	**2009**	**2008**		**Subsidiaries**	**2009**	**2008**
Utenos Pienas	Yes	Yes		Rokiškio Pienas UAB	100.00	100.00
Ukmergės Pieninė	Yes	Yes		Skeberdis ir Partneriai UAB	-	100.00
				Skirpstas UAB	100.00	100.00
				Žalmargė KB	100.00	100.00
				*Batėnai UAB**	100.00	100.00
				*Pečupė UAB**	-	100.00
				Europienas UAB	-	100.00
				Jekabpils Piena Kombinats SIA	50.05	50.05

				Joint venture		
				Pieno Upės UAB	50.00	50.00

* These subsidiaries were not consolidated due to their insignificance. In 2009, Skeberdis ir Partneriai UAB, Batėnai UAB, Pečupė UAB were liquidated.

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

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

The average number of the Company's employees during the year ended 31 December 2009 was 1,089 people (2008: 1,162 people). The average number of the Group's employees during the year ended 31 December 2009 was 1,786 people (2008: 1,920 people).

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

2. Accounting policies

2.1 Basis for preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

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

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

The preparation of the 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).

(a) Relevant new or amended standards and interpretations effective in 2009, endorsed by EU

- IAS 1 (Revised), 'Presentation of Financial Statements' (effective for annual periods beginning on or after 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.

- Improving Disclosures about Financial Instruments – Amendment to IFRS 7, 'Financial Instruments: Disclosures' (effective for annual periods beginning on or after 1 January 2009). The amendment requires enhanced disclosures about fair value measurements and liquidity risk. The entity will be required to disclose an analysis of financial instruments using a three-level fair value measurement hierarchy. The amendment (a) clarifies that the maturity analysis of liabilities should include issued financial guarantee contracts at the maximum amount of the guarantee in the earliest period in which the guarantee could be called; and (b) requires disclosure of remaining contractual maturities of financial derivatives if the contractual maturities are essential for an understanding of the timing of the cash flows. An entity will further have to disclose a maturity analysis of financial assets it holds for managing liquidity risk, if that information is necessary to enable users of its financial statements to evaluate the nature and extent of liquidity risk.

- IFRS 8, 'Operating Segments' (effective for annual periods beginning on or after 1 January 2009). IFRS 8 replaced IAS 14, 'Segment Reporting', and aligned 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 purposes.

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

- 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 is removed.

(b) New and amended standards and interpretations effective in 2009 but not relevant to the Company and the Group

- 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. These amendments do not have any impact on the Company's and the Group's 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. This amendment does not have any impact on the Group's and Company's financial statements.

- 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. This amendment does not have any impact on the Group's and Company's 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 they do not operate any loyalty programmes.

- On 23 January 2009, the EU endorsed the Improvements to IFRS's standard 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 Company's and the Group's financial statements.

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

- IFRIC 11, 'IFRS 2 – Group and Treasury Share Transactions' (IFRIC 11 as adopted by the EU is effective for annual periods beginning on or after 1 March 2008, early adoption permitted). The interpretation contains guidelines on the following issues: an entity grants its employees rights to its equity instruments that may or must be repurchased from a third party in order to settle obligations towards the employees; or an entity or its owner grants the entity's employees rights to the entity's equity instruments. The adoption of the interpretation did not have any significant impact on the Company's and Group's financial statements.

- IFRIC 12, 'Service Concession Arrangements' (IFRIC 12 as adopted by the EU is effective for annual periods beginning on or after 30 March 2009, early adoption permitted). The interpretation contains guidance on applying the existing standards by service providers in public-to-private service concession arrangements. The adoption of the interpretation did not have any impact on the Company's and Group's financial statements.

- IFRIC 14, 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' (IFRIC 14 as adopted by the EU is effective for annual periods beginning on or after 31 December 2008, with early adoption permitted). The interpretation contains guidance on when refunds or reductions in future contributions may be regarded as available for the purposes of the asset ceiling test in IAS 19, Employee Benefits. This interpretation did not have any impact on the Group's and Company's financial statements.

(c) Standards and amended standards that are not yet effective, endorsed by the EU and have not been early adopted by the Company and Group

- IFRS 3 (Revised), 'Business Combinations' (revised January 2008; effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009). This standard is not expected to be relevant to the operations of the Company and the Group.

- IFRIC 15, 'Agreements for the Construction of Real Estate' (effective for annual periods beginning on or after 1 January 2009; IFRIC 15 as adopted by the EU is effective for annual periods beginning after 31 December 2009, with early adoption permitted). The interpretation applies to the accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors, and provides guidance for determining whether agreements for the construction of real estate are within the scope of IAS 11 or IAS 18. It also provides criteria for determining when entities should recognise revenue on such transactions. This interpretation is not expected to be relevant to the operations of the Company and the Group.

- IFRIC 16, 'Hedges of a Net Investment in a Foreign Operation' (effective for annual periods beginning on or after 1 October 2008; IFRIC 16 as adopted by the EU is effective for annual periods beginning after 30 June 2009, with early adoption permitted). This interpretation is not expected to be relevant to the operations of the Company and the Group.

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

- IAS 27, 'Consolidated and Separate Financial Statements' (revised in January 2008) – effective for annual periods beginning on or after 1 July 2009. The revised IAS 27 will require an entity to attribute total comprehensive income to the owners of the parent and to the non-controlling interests (previously "minority interests") even if this results in the non-controlling interests having a deficit balance (the current standard requires the excess losses to be allocated to the owners of the parent in most cases). The revised standard specifies that changes in a parent's ownership interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions. It also specifies how an entity should measure any gain or loss arising on the loss of control of a subsidiary. At the date when control is lost, any investment retained in the former subsidiary will have to be measured at its fair value. This standard is not expected to be relevant to the operations of the Company and the Group.

- Eligible hedged Items – Amendment to IAS 39, 'Financial instruments: Recognition and Measurement' (effective with retrospective application for annual periods beginning on or after 1 July 2009). The amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations. This standard is not expected to be relevant to the operations of the Company and the Group.

- IFRIC 17, 'Distribution of Non-cash Assets to Owners' (effective for annual periods beginning on or after 1 July 2009; IFRIC 17 as adopted by the EU is effective for annual periods beginning after 31 October 2009, with early adoption permitted). The interpretation clarifies when and how distribution of non-cash assets as dividends to the owners should be recognised. An entity should measure a liability to distribute non-cash assets as a dividend to its owners at the fair value of the assets to be distributed. A gain or loss on disposal of the distributed non-cash assets will be recognised in profit or loss when the entity settles the dividend payable. This interpretation is not expected to be relevant to the operations of the Company and the Group.

- IFRS 1, 'First-time Adoption of International Financial reporting Standards' (following an amendment in December 2008, effective for the first IFRS financial statements for a period beginning on or after 1 July 2009; restructured IFRS 1 as adopted by the EU is effective for annual periods beginning after 31 December 2009, with early adoption permitted). The revised IFRS 1 retains the substance of its previous version but within a changed structure in order to make it easier for the reader to understand and to better accommodate future changes. This standard is not expected to be relevant to the operations of the Company and the Group.

- IFRIC 18, 'Transfers of Assets from Customers' (effective prospectively to transfers of assets from customers received on or after 1 July 2009, earlier application permitted; IFRIC 18 as adopted by the EU is effective for annual periods beginning after 31 October 2009, with early adoption permitted). The interpretation clarifies the accounting for transfers of assets from customers, namely, the circumstances in which the definition of an asset is met; the recognition of the asset and the measurement of its cost on initial recognition; the identification of the separately identifiable services (one or more services in exchange for the transferred asset); the recognition of revenue, and the accounting for transfers of cash from customers. The Company will apply IFRIC 18 prospectively starting from 1 January 2010. This interpretation is not expected to be relevant to the operations of the Company and the Group.

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

- Embedded Derivatives – Amendments to IFRIC 9 and IAS 39 (effective for annual periods ending on or after 30 June 2009; amendments to IFRIC 9 and IAS 39 as adopted by the EU are effective for annual periods beginning after 31 December 2009, with early adoption permitted). The amendments clarify that on reclassification of a financial asset out of the 'at fair value through profit or loss' category, all embedded derivatives have to be assessed and, if necessary, separately accounted for. These amendments do not have any impact on the Group's and Company's financial statements.

- Classification of rights issues – Amendment to IAS 32, 'Financial instruments: Presentation' (effective for annual periods beginning on or after 1 February 2010). The amendment exempts certain rights issues of shares with proceeds denominated in foreign currencies from classification as financial derivatives. This amendment does not have any impact on the Group's and Company's financial statements.

- Amendment to IFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations' (and consequential amendments to IFRS 1) (effective for annual periods beginning on or after 1 July 2009). The amendment to IFRS 5 is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that an entity committed to a sale plan involving loss of control of a subsidiary would classify the subsidiary's assets and liabilities as held for sale. The revised guidance should be applied prospectively from the date at which the entity first applied IFRS 5.

- Group Cash-settled Share-based Payment Transactions – Amendments to IFRS 2, 'Share-based Payment' (effective for annual periods beginning on or after 1 January 2010).

- Improvements to International Financial Reporting Standards (issued in April 2009; amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are effective for annual periods beginning on or after 1 July 2009; amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 are effective for annual periods beginning on or after 1 January 2010.

(d) Standards and amended standards that are not yet effective, not yet endorsed by the EU and have not been early adopted by the Company and the Group

- Additional Exemptions for First-time Adopters – Amendments to IFRS 1, 'First-time Adoption of IFRS' (effective for annual periods beginning on or after 1 January 2010; not yet adopted by the EU).

- IAS 24, 'Related Party Disclosures' (amended November 2009; effective for annual periods beginning on or after 1 January 2011; not yet adopted by the EU). IAS 24 was revised in 2009 by: (a) simplifying the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition and by (b) providing a partial exemption from the disclosure requirements for government-related entities.

- IFRS 9, 'Financial Instruments' (issued in November 2009; effective for annual periods beginning on or after 1 January 2013, with earlier application permitted; not yet adopted by the EU). IFRS 9 replaces those parts of IAS 39 relating to the classification and measurement of financial assets.

- IFRIC 19, 'Extinguishing Financial Liabilities with Equity Instruments' (effective for annual periods beginning on or after 1 July 2010; not yet adopted by the EU). This IFRIC clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished through the debtor issuing its own equity instruments to the creditor. A gain or loss is recognised in the profit and loss account based on the fair value of the equity instruments compared to the carrying amount of the debt.

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

- Prepayments of a Minimum Funding Requirement – Amendment to IFRIC 14 (effective for annual periods beginning on or after 1 January 2011; not yet adopted by the EU). This amendment will have a limited impact as it applies only to companies that are required to make minimum funding contributions to a defined benefit pension plan. It removes an unintended consequence of IFRIC 14 related to voluntary pension prepayments when there is a minimum funding requirement.

- Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters – Amendment to IFRS 1 (effective for annual periods beginning on or after 1 July 2010; not yet adopted by the EU). Existing IFRS preparers were granted relief from presenting comparative information for the new disclosures required by the March 2009 amendments to IFRS 7 'Financial Instruments: Disclosures'. This amendment to IFRS 1 provides first-time adopters with the same transition provisions as included in the amendment to IFRS 7. The amendments will not have any impact on the Company's financial statements.

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

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 deconsolidated from the date on which 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 an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary is recorded as goodwill. If the cost of acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and recognized 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 interest

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

(c) Joint ventures

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 recognised 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.

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

2.4 Foreign currency translation

(a) Functional and presentation currency

The items shown in the financial statements of the Company and each company of the Group are valued by the currency of the original economic environment wherein a specific company operates (hereinafter the "functional currency"). These financial statements are presented in Litas (LTL), which is the Company's (and each of the Group entity's) functional and presentation currency.

With effect from 2 February 2002, the litas has been pegged with the euro at an exchange rate of LTL 3.4528 to EUR 1.

(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 foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

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 costs are charged to the statement of comprehensive income 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 categories of property, plant and equipment when it is completed and ready 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.

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

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 recognised as intangible asset upon business acquisition (Note 31) are accounted for at cost less accumulated amortisation 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 or depreciation are reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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 subsequently carried at the lower of cost and 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, trade and other receivables

Loans granted and amounts receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less the amount of impairment loss. 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 impairment amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the statement of comprehensive income within 'general and administrative expenses'. Bad debts are written off during the year in which they are identified as irrecoverable.

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

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 nominal 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 recognised in the statement of comprehensive income 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. This reserve may be used only for the purposes approved by annual general meeting of shareholders.

Legal reserve is included into other reserves. A legal reserve is a compulsory reserve under the Lithuanian legislation. Annual transfers of 5 per cent of net profit are required until the reserve reaches 10 per cent of the 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 acquisition cost of treasury shares acquired.

2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the amount at initial recognition and the redemption value is recognised in the statement of comprehensive income 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 rate of 20 per cent (2008: 15 per cent) in accordance with the Lithuanian regulatory legislation on taxation.

Deferred income tax is recognised, 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 or 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 estimated 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 future 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 useful life of the asset and the lease term.

(b) Operating lease

Leases where 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 statement of comprehensive income on a straight-line basis over the period of the lease.

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

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 are 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 recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing 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 and profit-sharing 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 the 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

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of directors that make strategic decisions.
The Group's management identified the following operating segments within the Group: hard cheese, semi hard cheese, butter, milk, cream, sour cream, sour milk, yogurt, curds, curd cheese and other. These operating segments were aggregated into two main reportable segments, based on similar nature of products, production process, type of customers and method of distribution.

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 non-current deferred income in the balance sheet. They are recognised as income on a straight-line basis over the useful life of property, plant and equipment concerned.

2.23 Provisions

Provisions for restructuring costs and legal claims are recognised when: the Group and the Company have 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 expenditures expected to be required to settle the obligation using pre-tax rate that reflects current market assessments of the time value of money and the risks specified 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 and Company's activities are exposed to a variety of financial risks. The Group's and the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Company's management. There are no written principles for overall risk management in place.

(a) Market risk

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

(ii) Cash flow and fair value interest rate risk
The Company's and the Group's interest rate risk arises from interest-bearing loans and long-term borrowings issued. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. In 2009 and 2008, loans granted by the Group at a fixed interest rate were denominated in litas. In 2009 and 2008, borrowings issued to the Group at a variable interest rate were denominated in litas and euros.

As at 31 December 2009, the Company's and the Group's net liabilities sensitive to interest rate risk amounted to LTL 83,356 thousand and LTL 83,570 thousand, respectively (31 December 2008: LTL 105,210 thousand). If interest rate increases / decreases by 0.5 percentage point (2008: 1 percentage point), the Company's and the Group's profit would decrease / increase by LTL 417 thousand and LTL 418 thousand, respectively (2008: loss would increase / decrease by LTL 1,052 thousand).

(b) Credit risk

Credit risk arises from cash balances at banks, loans granted, and trade receivables.

As at 31 December 2009, all Company's and Group's cash balances were held in banks that had external credit ratings from 'A' to 'AA-', as set by the rating agency *Fitch Ratings* (31 December 2008: from 'B+' to 'A').

i) Maximum exposure to credit risk
The table below summarises the Company's and the Group's credit risk exposures relating to on-balance sheet items. Maximum exposure to credit risk before collateral held or other credit enhancements as at 31 December:

The Group			The Company	
2009	**2008**		**2009**	**2008**
101,187	2,819	Cash and cash equivalents at banks	100,797	2,274
71,192	93,587	Trade receivables	51,027	89,460
28,015	28,925	Loans granted	27,818	28,777
-	11,227	Other receivables	-	8,956
200,394	**136,558**		**179,642**	**129,467**

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

ii) Credit quality of financial assets

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

Credit limits and receivables as at 31 December 2009 for the major 9 customers are summarised below:

The Group			The Company	
Credit limit	Receivables		Credit limit	Receivables
8,000	4,500	Customer A	8,000	4,500
6,000	6,109	Customer B	6,500	6,109
5,000	5,889	Customer C	6,000	5,889
4,700	4,701	Customer D	4,700	4,701
3,000	3,094	Customer E	3,000	3,094
3,000	3,036	Customer F	3,000	3,036
16,500	8,863	Customer G		
8,940	3,508	Customer H		
4,000	1,807	Customer I		

Credit limits and receivables as at 31 December 2008 for the major 9 customers are summarised 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		

Trade receivables did not significantly exceed the established credit limits.

The table below summaries concentration of the loans granted:

The Group			The Company	
2009	**2008**		**2009**	**2008**
14,110	18,332	Loans granted for amount of above LTL 2 million	14,110	18,332
3,108	2,600	Loans granted for amount above LTL 1 million but not more than LTL 2 million	3,108	2,600
10,797	7,993	Loans granted for amount less than LTL 1 million	10,600	7,845
28,015	28,925		27,818	28,777

All loans granted for amount of above LTL 2 million (2008: 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 a 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 summarises the Group's and the Company's financial liabilities. The financial liabilities are classified 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 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.

Company

31 December 2009	Less than 3 months	From 3 to 12 months	From 1 to 5 years	After 5 years
Bank loans	59,942	40,198	-	-
Trade payables	37,953	-	-	-
	97,895	**40,198**	-	-

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**	-	-

Group

31 December 2009	Less than 3 months	From 3 to 12 months	From 1 to 5 years	After 5 years
Bank loans	59,942	40,199	137	-
Trade payables	41,780	-	-	-
	101,722	**40,199**	-	-

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**	-

3.2. Capital risk management

The Company's and the Group's objectives when managing capital are to safeguard the Group's 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 the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company and the Group define their capital as equity and debt less cash and cash equivalents.

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

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

The Group 2009	The Group 2008		The Company 2009	The Company 2008
99,600	124,640	Borrowings	99,462	124,446
(101,187)	(3,242)	Less: cash and cash equivalents	(100,797)	(2,630)
(1,587)	121,398	Net (assets) liabilities	(1,335)	121,816
185,435	173,783	Equity	173,253	168,240
183,848	295,181	Total capital	171,918	290,056

Pursuant to the Lithuanian Law on Companies the authorised share capital of a public company must be not less than LTL 150,000 (the authorised share capital of a private company must not be 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 2009 and 31 December 2008, the Company and its subsidiaries registered in Lithuania complied with these requirements.

3.3. Fair value estimation

Trade payables and trade 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 less impairment. Interest rate on the borrowings received by the Company is subject to repricing at least every six months, therefore it is deemed that their fair value equals their carrying amount.

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

4. Critical accounting estimates and judgements

Provision for impairment of accounts receivable

Provision for impairment of 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 have 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.

Recent volatility in global and Lithuanian financial markets

The ongoing global liquidity crisis which started in mid-2008 has among other things led to lesser financing willingness of capital markets, a lower of liquidity level across the banking sector and at times, higher inter-bank loan interest rates and very large volatility in the 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 Company's and the Group'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 Company's and the Group's business in the current circumstances.

Debtors of the Company and the Group 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 has properly reflected revised estimates of expected future cash flows in its impairment assessments.

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

5. Segment reporting

Operating and reportable segments

The Group's management identified the following operating segments within the Group: hard cheese, semi hard cheese, butter, milk, cream, sour cream, sour milk, yogurt, curds, curd cheese and other. These operating segments were aggregated into two main reportable segments, based on similar nature of products, production process, type of customers and method of distribution.

The main two reportable segments of the Group are as follows:

- Fresh diary 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 of the Group for the years ended 31 December 2009 and 2008 is set out below:

2009	Fresh diary products	Cheese and other diary products	Other segments (unallocated)	Group
Sales	226,760	495,688	31,458	753,906
Sales to other segments	(12,497)	(150,831)	(30,183)	(193,511)
Sales – external	**214,263**	**344,857**	**1,275**	**560,395**
Segment's gross profit/(loss)	**46,683**	**29,995**	**299**	**76,977**
Depreciation and amortisation	**4,369,**	**23,092**	**2,432**	**29,893**
Income tax expense	**372**	**4,733**	**-**	**5,105**
Total assets	**31,531**	**316,168**	**23**	**347,722**
Additions to non-current assets (other than financial instruments and deferred tax assets)	3,448	4,463	179	8,090
Total liabilities	**18,232**	**142,594**	**1,461**	**162,287**

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

2008	Fresh diary products	Cheese and other diary products	Other segments (unallocated)	Group
Sales	261,841	614,828	50,601	927,270
Sales to other segments	(4,908)	(194,387)	(46,154)	(245,449)
Sales – external	**256,933**	**420,441**	**4,447**	**681,821**
Segment's gross profit/(loss)	**27,527**	**22,414**	**361**	**50,301**
Depreciation and amortisation	**2,316**	**22,286**	**3,178**	**27,780**
Income tax expense/(income)	**426**	**(3,148)**	**46**	**(2,676)**
Total assets	**64,047**	**289,728**	**7,514**	**361,289**
Additions to non-current assets (other than financial instruments and deferred tax assets)	6,051	33,879	362	40,292
Total liabilities	**10,139**	**172,653**	**4,714**	**187,506**

Geographical information

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

	Sales		Total assets		Capital expenditure	
	2009	2008	2009	2008	2009	2008
Lithuania	191,140	209,723	325,925	343,698	4,463	34,579
Europe Union countries	247,215	298,498	-	-	-	-
Other countries	57,333	106,607	-	-	-	-
	495,688	614,828	325,925	343,698	4,463	34,579

The breakdown of the Group's assets by geographical areas is presented below. The Group's sales by markets can be analysed as follows:

	Sales		Total assets		Capital expenditure	
	2009	2008	2009	2008	2009	2008
Lithuania	243,679	258,852	347,050	358,192	7,960	39,995
Europe Union countries	259,383	316,362	672	3,097	130	68
Other countries	57,333	106,607	-	-	-	-
	560,395	681,821	347,722	361,289	8,090	40,063

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

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

The analysis of the Company's revenue by category:

	2009	2008
Revenue from sales of goods	472,320	591,745
Export subsidies	2,634	-
Other revenue	20,734	23,083
	495,688	614,828

The analysis of the Group's revenue by category:

	2009	2008
Revenue from sales of goods	556,856	679,876
Export subsidies	2,634	-
Other revenue	905	1,945
	560,395	681,821

Pursuant to the 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.

6. Selling and marketing expenses

The Group			The Company	
2009	2008		2009	2008
5,878	9,361	Marketing services	575	991
6,895	10,176	Payroll expenses	3,451	4,208
10,140	12,226	Transportation services	8,497	9,515
1,649	1,147	Product image creation and advertising expenses	145	193
1,538	2,445	Repairs and maintenance	1,264	1,350
1,898	1,808	Depreciation of property, plant and equipment	1,716	1,568
22	638	Warehousing services	22	638
2,582	3,226	Other expenses	2,064	1,496
30,602	41,027		17,734	19,959

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

7. General and administrative expenses

The Group 2009	The Group 2008		The Company 2009	The Company 2008
7,235	8,386	Payroll expenses	3,765	5,504
246	322	Taxes (excluding income tax)	131	178
527	775	Provisions for impairment of loans granted and write-offs of loans	527	760
5,123	-	Provisions for impairment of doubtful receivables	5,123	-
1,603	2,081	Consulting expenses	733	952
1,000	4,754	Write-offs of investments (Note 1)	1,469	9,691
-	-	Write-off of amount receivable from the liquidated subsidiary Europienas UAB	2,052	-
3,386	4,118	Depreciation of property, plant and equipment and amortisation of intangible assets	745	966
623	1,072	Repairs and maintenance	472	532
-	(2,153)	Paid and accrued bonuses (reversal)	-	(2,153)
473	396	Telecommunications and IT maintenance expenses	239	241
206	321	Insurance expenses	172	253
66	6	Write-offs of property, plant and equipment	-	-
392	345	Bank charges	333	238
(27)	515	Business trips	(50)	494
217	188	Fines	10	24
53	74	Staff training	31	46
18	70	Membership fees	11	62
206	311	Charity, support	54	264
6,128	3,637	Other expenses	4,759	2,278
27,475	25,218		20,576	20,330

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 2009	The Group 2008		The Company 2009	The Company 2008
5,355	9,784	Re-sale of goods	5,447	9,740
1,719	2,112	Interest income	1,719	2,088
2,266	1,361	Other income	2,009	1,320
9,340	13,257		9,175	13,148

9. Other expenses

The Group 2009	The Group 2008		The Company 2009	The Company 2008
5,263	9,581	Cost of goods resold	5,362	9,603
612	2,635	Other expenses	629	2,628
5,875	12,216		5,991	12,231

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

10. Other operating losses

The Group 2009	The Group 2008		The Company 2009	The Company 2008
(7)	(92)	Loss on disposal of property, plant and equipment (Note 32)	(7)	(76)
(7)	(92)		(7)	(76)

11. Expenses by nature

The Group 2009	The Group 2008		The Company 2009	The Company 2008
285,956	464,411	Raw materials and consumables used	272,769	442,671
57,452	24,379	Changes in inventories of finished goods and work in progress	56,163	25,930
50,360	56,005	Salaries including social security costs	29,661	34,892
34,050	43,955	Transportation services	32,394	41,211
27,750	27,780	Depreciation and amortisation	23,104	22,538
(3,089)	(2,463)	Amortisation of the Government grant for property, plant and equipment (Note 27)	(2,655)	(2,155)
5,878	9,361	Marketing services	575	991
7,661	10,063	Repairs and maintenance	6,942	8,104
2,666	-	Cost of finished goods resold	2,666	4,476
1,000	4,754	Write-offs of investments	1,469	9,691
5,123		Impairment of receivables	5,123	
-		Write-off of receivable from liquidated subsidiary	2,052	
455	546	Taxes (excluding income tax)	327	402
1,603	2,081	Consulting expenses	733	952
565	569	Telecommunications and IT maintenance expenses	331	414
64,065	56,324	Other	51,867	42,621
541,495	697,765	Total cost of sales, selling and marketing expenses and general and administrative expenses	483,521	632,738

12. Finance costs

The Group 2009	The Group 2008		The Company 2009	The Company 2008
		Interest expense:		
(2,261)	(6,003)	– bank borrowings	(2,259)	(5,992)
(3)	(5)	– finance leases	(2)	(4)
(2,264)	(6,008)		(2,261)	(5,996)

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

13. Income tax

The Group 2009	The Group 2008		The Company 2009	The Company 2008
(822)	-	Current income tax	(322)	-
-	(6)	Prior year income tax corrections	-	(47)
(4,283)	2,682	Deferred income tax (Note 18)	(4,411)	3,195
(5,105)	2,676	Income tax income/(expense)	(4,733)	3,148

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

The Group 2009	The Group 2008		The Company 2009	The Company 2008
20,094	(21,003)	Profit (loss) before income tax	13,083	(23,065)
4,019	(3,150)	Tax calculated at a rate of 20% (2008: 15%) (Note 2.15)	2,617	(3,460)
2,711	1,904	Expenses non-deductible for tax purposes	2,711	1,846
(895)	(417)	Income not subject to tax	(355)	(417)
-	49	Additional income for tax purposes	-	32
(66)	-	Charity expenses deductible twice for tax purposes	(6)	-
(684)	-	Other expenses deductible for tax purposes	(254)	-
-	6	Prior year income tax corrections	-	47
20	(1,068)	Effect of change in income tax rate	20	(1,196)
-	-	Other	-	-
5,105	(2,676)	Income tax expense/(income)	4,733	(3,148)

The tax authorities have carried out full-scope tax audits at the Company for the year 2001. The Tax Authorities may at any time during 5 successive years after the end of the reporting tax year carry out an inspection of the Company's books and accounting records and impose additional taxes or fines. The Company's management is not aware of any circumstances that might result in a potential material liability in this respect.

14. Earnings per share

The Group 2009	The Group 2008		The Company 2009	The Company 2008
14,989	(18,327)	Net profit (loss) attributable to shareholders	8,350	(19,917)
39,330	40,722	Weighted average number of ordinary shares in issue, (thousand)	39,330	40,722
0.38	(0.45)	Basic earnings (deficit) per share (LTL per share)	0.21	(0.49)

The Group 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

Company	Buildings	Plant and machinery	Vehicles, equipment & other	Construction in progress	Total
At 1 January 2008					
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
Year ended 31 December 2009					
Opening net book amount	24,026	52,860	21,871	90	98,847
Additions	208	2,131	1,222	902	4,463
Disposals	(221)	(119)	(209)		(549)
Write-offs		(4)	(67)		(71)
Transfers from CIP	158	212	275	(645)	
Depreciation charge	(1,273)	(14,756)	(7,075)		(23,104)
Closing net book amount	22,898	40,324	16,017	347	79,586
At 31 December 2009					
Cost	35,006	138,083	72,359	347	245,795
Accumulated depreciation	(12,108)	(97,759)	(56,342)		(166,209)
Net book amount	22,898	40,324	16,017	347	79,586

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

Group	Buildings	Plant and machinery	Vehicles, equipment & other	Construction in progress	Total
At 1 January 2008					
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
Year ended 31 December 2009					
Opening net book amount	36,568	67,773	24,775	90	129,206
Acquisition of subsidiaries (Note 31)					
Additions	298	4,780	1,347	1,665	8,090
Disposals	(287)	385	(948)		(850)
Write-offs	(19)	(16)	(84)		(119)
Transfers from CIP	431	702	275	(1,408)	-
Depreciation charge	(1,988)	(17,902)	(7,860)		(27,750)
Closing net book amount	35,003	55,722	17,505	347	108,577
At 31 December 2009					
Cost	48,967	160,283	75,013	347	284,610
Accumulated depreciation	(13,964)	(104,561)	(57,508)		(176,033)
Net book amount	35,003	55,722	17,505	347	108,577

As at 31 December 2009, certain property, plant and equipment with a carrying value of LTL 26,423 thousand (31 December 2008: LTL 50,973 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 statement of comprehensive income, 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 Company	Computer software
At 1 January 2008	
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
Year ended 31 December 2009	
Opening net book amount	318
Additions	102
Amortisation charge	(20)
Closing net book amount	400
At 31 December 2009	
Cost	2,043
Accumulated amortisation	(1,643)
Net book amount	400

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

The Group	Contractual customer relationships	Computer software	Total
At 1 January 2008			
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 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
Year ended 31 December 2009			
Opening net book amount	2,110	310	2,420
Acquisition of subsidiaries (Note 31)			
Additions		113	113
Amortisation charge	(2,110)	(33)	(2,143)
Closing net book amount	-	390	390
At 31 December 2009			
Cost	6,787	2,323	9,110
Accumulated amortisation	(6,787)	(1,933)	(8,720)
Net book amount	-	390	390

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

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

17. Investments in subsidiaries

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

At 1 January 2008	**33,220**
Subsidiaries and joint venture acquired	6,244
Increased cost of investment through contribution of non-current assets	(9,691)
At 31 December 2008	**29,773**
Subsidiaries acquired	-
Impairment charge	(1,469)
At 31 December 2009	**28,304**

In 2009, impairment was calculated on investment into: Skeberdis ir Partneriai UAB and Pečupė UAB (2008: Europienas UAB, Pecupe UAB and Skeberdis ir Partneriai UAB) since those companies were reorganized and stopped their activities. Skirpastas UAB, Žalmargė KB and Batėnai UAB 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	
2009	**2008**		**2009**	**2008**
		Deferred income tax assets:		
314	4,213	– to be recovered after more than 12 months	314	4,213
60	572	– to be recovered within 12 months	60	572
374	4,785		374	4,785
		Deferred income tax liabilities:		
(257)	(513)	– to be recovered after more than 12 months	-	-
(128)	-	– to be recovered within 12 months	-	-
(385)	(513)		-	-
(11)	4,272	Net deferred income tax assets	374	4,785

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

The Group			The Company	
2009	**2008**		**2009**	**2008**
4,272	1,590	At beginning of the year	4,785	1,590
(4,283)	2,682	Recognised in the statement of comprehensive income (Note 13)	(4,411)	3,195
(11)	4,272	At end of the year	374	4,785

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

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

The Company

Deferred income tax assets	Inventory net realisable value adjustment	Amortised cost of loans granted	Tax losses carried forward	Total
At 1 January 2008	**1,590**	-	-	**1,590**
Recognised in the statement of comprehensive income	(1,018)	314	3,899	3,195
At 31 December 2008	**572**	**314**	**3,899**	**4,785**
Recognised in the statement of comprehensive income	(512)	-	(3,899)	(4,411)
At 31 December 2009	**60**	**314**	-	**374**

The Group

Deferred income tax assets	Inventory net realisable value adjustment	Amortised cost of loans granted	Tax losses carried forward	Total
At 1 January 2008	**1,590**	-	-	**1,590**
Recognised in the statement of comprehensive income	(1,018)	314	3,899	3,195
At 31 December 2008	**572**	**314**	**3,899**	**4,785**
Recognised in the statement of comprehensive income	(512)	-	(3,899)	(4,411)
At 31 December 2009	**60**	**314**	-	**374**

Deferred income tax liabilities	Accelerated tax depreciation	Total
At 1 January 2008	-	-
Recognised in the statement of comprehensive income	(513)	(513)
At 31 December 2008	**(513)**	**(513)**
Recognised in the statement of comprehensive income	128	128
At 31 December 2009	**(385)**	**(385)**

Deferred income tax assets and deferred income tax liabilities were calculated using a tax rate of 15% (2008: 20%) enacted by the balance sheet date and is expected to apply when the related deferred income tax asset is realised or deferred income tax liability is settled.

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

19. Loans granted

The Group			The Company	
2009	2008		2009	2008
4,769	9,847	Long-term loans to farmers	4,769	9,847
250	375	Long-term loans to employees	250	237
14,483	19,236	Other long-term loans	14,483	19,236
(1,897)	(2,256)	Less: provision for impairment of loans receivable	(1,897)	(2,256)
17,605	27,202	Long-term loans, net	17,605	27,064
3,622	1,613	Current portion of loans to farmers	3,622	1,603
525	110	Current portion of loans to employees	128	110
15,589	-	Other short-term loans granted	14,235	-
(359)	-	Less: provision for impairment of loans receivable	(359)	-
19,377	1,723	Current portion of long-term loans and short-term loans	17,626	1,713

Loans to farmers were granted with repayment terms ranging from 2 to 10 years. The annual interest rate ranges from 0 to 10 per cent. Effective interest rate was 8.7 per cent (2008: 7.58 per cent).

Long-term loans to employees were granted with repayment terms ranging from 1 to 25 years. The loans are interest free. Effective interest rate was 12.99 per cent (2008: 10.88 per cent).

Other loans were granted with repayment terms ranging from 1 to 5 years. Weighted average interest rate of loans is 8 per cent.
As at 31 December 2009 the Company's and the Groups other loans granted for the amount LTL 7,413 thousand and LTL 8,976 thousand respectively were granted with no fixed repayment term. Weighted average interest rate of those loans is 4.88 per cent. Those loans were granted to finance the customers who purchased production of the Company and the Group.

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

As at 31 December 2009, fair value of loans granted to employees amounted to LTL 302 thousand (2008: LTL 429 thousand). As at 31 December 2009, fair value of loans granted to farmers amounted to LTL 5,178 thousand (2008: LTL 8,681 thousand).

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

The Group			The Company	
2009	2008		2009	2008
33,999	26,635	Loans granted not past due	32,248	26,487
2,783	2,290	Loans granted past due but not impaired	2,783	2,290
2,456	2,256	Impaired loans granted	2,456	2,256
39,238	31,181	Gross value of loans granted	37,487	31,033
(2,256)	(2,256)	Impairment of amounts uncollectible	(2,256)	(2,256)
36,982	28,925	Net	35,231	28,777

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

20. Inventories

The Group 2009	The Group 2008		The Company 2009	The Company 2008
6,116	7,423	Raw materials	2,200	3,467
7,048	13,484	Work in progress	6,895	13,283
14,991	66,007	Finished products	13,321	63,096
2,467	3,170	Other inventory	2,462	3,166
30,622	90,084	Total inventories at cost	24,878	83,012
(400)	(2,861)	Less: inventory write-down to net realizable value	(400)	(2,861)
30,222	87,223	Total inventories	24,478	80,151

As at 31 December 2009, inventories with cost of LTL 50,000 thousand (31 December 2008: LTL 89,380 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 a cost of LTL 2,316 thousand was in the custody of Giretkos Logistika UAB.

21. Trade and other receivables

The Group 2009	The Group 2008		The Company 2009	The Company 2008
		Non-current receivables		
-	955	Prepayments	-	955
		Current receivables		
62,226	93,587	Trade receivables	53,182	89,460
3,666	747	VAT receivable	1,255	-
727	-	Export subsidies receivable	727	-
713	3,253	Prepayments and deferred charges	702	2,328
67,332	97,587		55,866	91,788

As at 31 December 2009, trade accounts receivable for LTL 17,040 thousand (31 December 2008: LTL 14,555 thousand) have been pledged as security for bank borrowings.

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

The information on receivables past due as at 31 December is provided in the table below:

The Group 2009	The Group 2008		The Company 2009	The Company 2008
54,002	71,836	Trade receivable neither past due nor impaired	45,393	46,629
8,224	21,751	Trade receivable past due but not impaired	7,789	42,831
5,241	118	Impairment of amounts uncollectible	5,241	118
67,467	93,705	Gross value	58,423	89,578
(5,241)	(118)	Impairment charge	(5,241)	(118)
62,226	93,587	Net value of loans granted	53,182	89,460

The Group received no collaterals for impaired amounts receivable.

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

The Group 2009	The Group 2008		The Company 2009	The Company 2008
7,625	13,300	Up to 30 days	7,204	34,386
497	4,987	31 to 60 days	496	4,985
3	3,464	61 to 180 days	-	3,460
99	-	More than 181 days	89	-
8,224	21,751		7,789	42,831

22. Cash and cash equivalents

The Group At 31 December 2009	The Group At 31 December 2008		The Company At 31 December 2009	The Company At 31 December 2008
96,754	-	Short-term deposits	96,699	-
4,433	3,242	Cash at bank and in hand	4,098	2,630
101,187	3,242		100,797	2,630

As at 31 December 2009 and 2008, cash in bank accounts and future cash inflows into these accounts have been pledged as security for bank borrowings. As at 31 December 2009, the cash balances in the pledged accounts amounted to LTL 95,479 thousand.

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

The Group At 31 December 2009	The Group At 31 December 2008		The Company At 31 December 2009	The Company At 31 December 2008
96,755	-	Short-term deposits	96,699	-
4,433	3,242	Cash at bank and in hand	4,098	2,630
(19,606)	(22,024)	Bank overdrafts	(19,606)	(22,024)
81,582	(18,782)		81,191	(19,394)

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

23. Share capital

As at 31 December 2009, the share capital was comprised of 38,444,894 (31 December 2008: LTL 42,716,530) ordinary registered shares with par value of LTL 1 per share. All the shares are fully paid.

24. Treasury shares

	2009		2008	
	Number	Amount	Number	Amount
At beginning of the year	2,755,036	15,492	783,650	4,702
Treasury shares acquired	1,516,600	3,337	1,971,386	10,790
Reduction of share capital	(4,271,636)	(18,829)	-	-
	-	-	2,755,036	15,492

On 31 August 2009 a decision was passed at the general shareholder meeting to reduce the authorised share capital of Rokiškio Sūris AB by LTL 4,271,636 (four million two hundred seventy-one thousand six hundred and thirty six litas) through cancellation of 4,271,636 (four million two hundred seventy-one thousand six hundred and thirty six) ordinary registered shares with par value of LTL 1 (one) per share.
Following the cancellation of treasury shares purchased, the authorised share capital of Rokiškio Sūris AB amounts to LTL 38,444,894 (thirty-eight million four hundred forty-four thousand eight hundred and ninety-four litas) divided into 38,444,894 (thirty-eight million four hundred forty-four thousand eight hundred and ninety-four) ordinary registered shares with par value of LTL 1 (one) per share.

The decrease in the share capital of Rokiškio Sūris AB was registered with the Register of Legal Entities on 18 December 2009.

25. Other reserves

Non-distributable reserves of LTL 3,593 thousand can only be used for the share capital increase and non-distributable reserves of LTL 3,481 thousand (legal reserve) can only be used for offsetting future operating losses, if any.

The dividends, declared in respect of 2007 and paid in 2008 amounted to LTL 9,902 thousand, which is LTL 0,24 per share (except for treasury shares) (when each share has par value of LTL 1). There were no dividends proposed or declared in respect of 2009 as at the date of approval of these financial statements.

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

26. Borrowings

The Group 2009	The Group 2008		The Company 2009	The Company 2008
		Current		
79,792	102,015	Short-term bank borrowings	79,792	101,866
19,606	22,024	Bank overdrafts	19,606	22,024
-	496	Current portion of long-term bank borrowings	-	459
65	97	Finance lease liabilities	64	97
99,463	124,632		99,462	124,446
		Non-current		
137	8	Long-term bank borrowings	-	-
-	-	Finance lease liabilities	-	-
137	8		-	-
99,600	124,640	**Total borrowings**	99,462	124,446

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 2009	The Group 2008		The Company 2009	The Company 2008
-	6.12	Long-term bank borrowings	-	6.12
1.67	3.73	Short-term bank borrowings	1.67	3.73
-	-	Finance lease liabilities	-	-
3.71	4.10	Bank overdrafts	3.71	4.10

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

The Group 2009	The Group 2008		The Company 2009	The Company 2008
28,788	124,446	EUR	28,788	124,446
-	194	LTL	-	-
28,788	124,640		28,788	124,446

Fair value of borrowings approximates to their carrying values due to fact that interest rate on the borrowings received is subject to repricing on a daily, monthly or quarterly basis.

As at 31 December 2009, according to the agreement concluded with banks the unwithdrawn amounts of credit lines and overdrafts of the Company and the Group were LTL 20,093 thousand and LTL 21,113 thousand, respectively.

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

27. Deferred income

The Group 2009	The Group 2008		The Company 2009	The Company 2008
11,288	8,106	Government grants at beginning of year	8,881	6,371
2,080	5,645	Government grants recognised	1,563	4,665
(3,089)	(2,463)	Recognised in the statement of comprehensive income	(2,655)	(2,155)
10,279	11,288		7,789	8,881
(7,296)	(8,445)	Less: non-current portion	(5,241)	(6,383)
2,983	2,843	Current portion	2,548	2,498

Deferred capital 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 has no obligation to repay or otherwise refund the capital 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 2009	The Group 2008		The Company 2009	The Company 2008
41,780	43,696	Trade payables	37,953	36,846
2,674	3,508	Salaries, social security and taxes	1,565	1,921
2,509	1,231	Other payables	1,485	1,343
3,271	2,319	Accrued charges	3,271	1,197
50,234	50,754		44,274	41,307

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. For the purpose of the statement of comprehensive income for the year ended 31 December 2008, 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 2009	The Group 2008		The Company 2009	The Company 2008
876	929	Guarantees issued by the bank to third parties on behalf of the Group	876	929
768	51	Guarantees issued by the Group on behalf of farmers and agricultural companies	768	51
1,644	980		1,644	980

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

Capital expenditure commitments

Capital expenditure contracted for property, plant and equipment at the balance sheet date but not recognised in the financial statements was LTL 664 thousand (31 December 2008: LTL 5,911 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 2009	The Group 2008		The Company 2009	The Company 2008
280	281	Not later than 1 year	280	281
250	262	Later than 1 year and no later than 5 years	250	262
530	543		530	543

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

31. Business combinations

There were no business combinations in 2009.

On 25 January 2008 the Company acquired 50.05% of the share capital of Jekabpils Piena Kombinats SIA, 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, the milk provider company, from related parties.
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 the 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 the 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 income tax to cash generated from operations:

The Group At 31 December 2009	2008		The Company At 31 December 2009	2008
20,094	(21,003)	Net profit (loss) before income tax	13,083	(23,065)
		Adjustments for:		
27,750	24,966	– depreciation (Note 15)	23,104	22,286
2,143	2,813	– amortisation and impairment charge (Note 16)	20	252
119	205	– write-off of property, plant and equipment and intangible assets (Notes 15 and 16)	71	81
7	92	– loss on disposal of property, plant and equipment (Note 10)	7	76
2,264	6,009	– interest expense (Note 12)	2,261	5,996
(1,233)	(786)	– interest income (Note 18)	(1,233)	(786)
400	2,860	– write-offs of inventories	400	2,860
1,000	4,753	– impairment of investments into subsidiaries (Note 17 and Note 33)	1,469	9,691
5,650	642	– impairment of doubtful receivables and write-offs of bad receivables	5,650	642
-	-	– impairment and write-offs of loans granted to farmers	-	-
-	1,585	– amortised cost adjustment for loans receivable	-	1,585
(3,000)	(273)	– accrual for vacation reserve and bonus	(3,000)	(273)
-	(42)	– minority interest	-	-
(3,089)	(2,463)	– amortisation of government grants received (Note 27)	(2,655)	(2,154)
		Changes in working capital:		
11,765	(28,476)	– amounts receivable and prepayments	19,035	(30,251)
56,602	14,758	– inventories	55,275	16,366
7,596	(26,690)	– amounts payable	10,751	(27,244)
128,068	(21,050)	Net cash generated from/(used in) operations	124,238	(23,938)

For the purpose of the cash flow statement, proceeds from sale of property, plant and equipment comprise as follows:

2009	2008		2009	2008
850	584	Net book amount (note 15)	549	315
(7)	(92)	Loss from disposal of property, plant and equipment (Note 10)	(7)	(76)
843	492	Proceeds from sale of property, plant and equipment	542	239

(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 54.28 per cent (2008: 48.85 per cent) of the Company's share capital and 54.28 per cent (2008: 52.22 per cent) of voting rights (treasury shares acquired do not have voting rights). Pieno Pramonės Investicijų Valdymas UAB is controlled by Mr. A.Trumpa (through the majority of shareholding). The remaining 45.72 per cent of the Company's share capital are widely held. Among the remaining shareholders are the related parties such as management of the Company or the Group and their close family members. All of them together hold 59.78 per cent (2008: 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 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 At 31 December			The Company At 31 December	
2009	2008		2009	2008
(i) The following transactions were carried out with related parties:				
21,832	26,822	Purchase of milk from other related parties	53,258	91,481
-	-	Purchase of non-current assets	97	897
-	-	Purchase of inventory	2,810	5,033
4,018	4,555	Purchases of services	22,018	23,303
2,965	1,112	Purchase of consulting services	615	1,112
-	4,754	Purchase of subsidiary company through the set-off against loan receivable *	-	4,754
732	1,251	Sales of utility services to other related parties	21,241	22,647
728	1,118	Sales of production and other inventories	131,724	175,650
-	-	Sale of fixed assets	-	-
406	1,301	Interest charges on credit facility	406	1,301

* 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:

2009	2008		2009	2008
201	2,915	Non-interest bearing loans granted to Senior Management (and their families)	201	2,915
16,898	18,332	Credit facility granted to Pieno Pramonės Investicijų Valdymas UAB	16,898	18,332
-	-	Loan granted to Jekabpils Piena Kombinats SIA	199	391
3,763	3,839	Trade payables to other related parties	7,817	7,057
486	-	Trade receivables from other related parties	9,938	22,963

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

(iii) Compensation of key management

2009	2008		2009	2008
405	955	Salaries	405	955
3,000	-	Bonuses	3,000	-
125	296	Social security contributions	125	296
530	1,251		530	1,251

Key management includes 10 (2008: 10) members of the Board and Senior Management.

34. Events after the balance sheet date

Subsequent to the balance sheet date, the Board passed a decision to purchase 3,844,480 (three million eight hundred forty-four thousand four hundred and eighty) ordinary registered shares of Rokiškio Sūris AB with par value of LTL 1 (one) per share. During the tender offer period from 13 January 2010 to 26 January 2010 Rokiškio Sūris AB acquired 60 own shares which make up 0.0002 % of the authorised share capital of Rokiškio Sūris AB.

ROKIŠKIO®
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CONSOLIDATED ANNUAL REPORT

2009

ROKISKIS MARCH 2010

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1. Reporting term of the prepared report

The consolidated annual report is prepared for the year 2009.

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 38 444 894.
There are 38 444 894 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 2009, the group of AB „Rokiskio suris" consisted of the parent company AB "Rokiskio suris", two branches, five subsidiaries and one joint venture. The following tables introduce the subsidiaries and branches which are included in the consolidated report:

	Actively performing as at 31st December 2009	
Branches	**2009**	**2008**
Utenos pienas	Yes	Yes
Ukmerges pienine	Yes	Yes

	Share of the group (%) as at 31st December 2009	
Subsidiaries	**2009**	**2008**
UAB „Rokiškio pienas"	100,00	100,00
PK „Žalmargė"	100,00	100,00
UAB „Skeberdis ir partneriai"	-	100,00
UAB „Skirpstas"	100,00	100,00
UAB „Batėnai"*	100,00	100,00
UAB „Pečupė"*	-	100,00
UAB "Europienas"	-	-
SIA Jekabpils piena kombinats	50,05	50,05
Joint venture		-
UAB "Pieno upės"	50,00	50,00

* The subsidiaries are not consolidated with the Group due to their insignificance.

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 "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.

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).

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 "Skirpstas" is purchase of raw milk.

Basic business of UAB „Batėnai" 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.

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

38 444 894 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 38 444 894.

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 2009, 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	38 444 894	1	38 444 894	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 31.12.2009) – 5.640 shareholders.

The shareholders having or owning over 5 percent of the issuer's authorized capital (as at 31.12.2009):

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"	Pramonės g. 3, Rokiškis Lithuania	15 338 900	39,90	39,90	59,78	59,78
Antanas Trumpa	Sodų 41a, Rokiškis Lithuania	5 528 370	14,38	14,38	59,78	59,78
Skandinaviska Enskilda Banken AB clients	Sergels Torg 2, 10640 Stockholm, Sweden	3 580 751	9,31	9,31	-	-
Swedbank clients	Liivalaia 8, Tallinn Estonia	2 661 402	6,92	6,92	-	-

10. Shareholders' rights

Shareholders have the following non-economic rights:

1. to attend the general meetings of shareholders;
2. based on the rights provided with the shares to vote on the general meetings of shareholders;
3. according with Article 18 of the Law on the Joint Stock Companies to obtain information on the company's operations;
4. 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;
5. 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 certain portion of the company's funds when its authorized capital is decreased in order to pay out the fund to shareholders;
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, the company however cannot mortgage its assets when borrowing from shareholders. When the company borrows from shareholders the interest cannot exceed the average interest rate of the local

commercial banks on the day of contracting. In this cae the company and shareholders must not agree regarding the higher rate of interest;

6. to receive a portion of assets of the Company in liquidation;
7. other property rights established by the Lithuanian Laws.

The rights identified by points 1, 2, 3 and 4 are provided to the persons who were the company's shareholders at the end of the tenth working day after the corresponding general meeting of shareholders.

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 29th January 2010, AB „Rokiškio sūris" acquired 60 units of own shares. The shares are without voting right. It makes 0,0002 % 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. On April 15th, 2009 it was signed a trilateral agreement between the Ministry of Social Security and Labour, Support Foundation European Social Fund Agency and AB „Rokiškio sūris" for the administration and support of the human resources development project. The main target of the project is to enable a group of employees of AB „Rokiškio sūris" and UAB „Rokiškio pienas" to improve their essential competencies, helpful in implementation of the innovative technologies as well as their application in dairy processing sector. When Lithuania joined the European Union, new markets emerged, and moreover, the competition increased changing the overall understanding of the business. In the course of sound penetration of the Lithuanian products into the EU countries, high level of human resources became one of the most valuable issues. Professionalism is essential for the successful business, and it conditions rapid increase of the demand in qualified employees. Variation of the quality requirements, and rapid obsolescence of market information create a lack of knowledge and needed skills for the employees. Subsequently AB „Rokiškio sūris" and UAB „Rokiškio pienas" seek to organize the courses of skill development to the company's employees in order not to lag behind the innovations. The training will provide specific knowledge related with the functions and responsibilities of the employees. The project is divided into two main sections: development of general and specific skills. In order to improve general knowledge, there have been formed five target groups: training of production managers, training of raw material procurement staff, training of export sales and logistics staff, effective management training, and training of finance management. The training to gain specific knowledge will be orientated towards specific production issues. The programme covers around one hundred employees and it will last three years.

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 a practice of Corporate Contracting. The contract is made between the director of AB Rokiskio sûris and 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.

Pursuing the performance strategy prepared and approved by the Board of Directors, the Company's targets cover achievement and control of key functions such as finance, marketing, raw milk purchasing, production and human resources. For the achievement of set targets, the Company employs the internal control system and also has the Audit Committee. Their main functions are to analyze, evaluate and provide recommendations in regards with improvement of effectiveness of the Company's operations. The Audit report is circulated to the Company's management, and then a plan for improvement of identified weaknesses is prepared.

The Company's group handles the accounting and financial reporting in accordance with the International Financial Accounting Standards adopted in the European Union.

The Company's operations procedures are managed and controlled using the information technology systems. Security of all data accumulated in the Company's information system is guaranteed by copying the data.

As at 31st December 2009, the number of employees working for the group of AB „Rokiškio sūris" amounted to 1786 (average number pf employees). The average number of the Company's employees during the year ended 31 December 2009 was 1,089 people (2008: 1,162 people).

The table shows average number of employees of Rokiškio sūris group and variation of average salaries in 2009:

Average number of employees		2009.12.31.	2008.12.31.
Total:		1786	1920
incl.	Managers	10	10
	Specialists	334	348
	Workers	1442	1562
Average monthly salary, Lt		**1761**	**1978**
	managers	4026	7445
	specialists	1728	2187
	workers	2061	1931

Education of the employees working for Rokiskio suris

Education	**2009.12.31**	**2008.12.31**
University degree	125	129
Special education	910	920
High school	690	750
Unfinished high school	50	78

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 54,28 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 45,72 per cent of the company's shares belongs to various minor shareholders in Lithuania and foreign countries. The company has acquired 60 uniots of own shares (0,0002 per cent). The major shareholders fo AB Rokiskio suris owning more than 5 per cent of the company's authorized capital are identified at point 9 of the report.

UAB „Pieno pramonės investicijų valdymas", members of the Board of Directors, executive managers and their family members are considered to be related parties also.

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 2009, it was launched to the public trading 38 444 894 (thirty eight million four hundred forty four thousand eight hundred ninety four) ordinary registered shares. Nominal value equals to LTL 1 (one litas) per share, total nominal value of shares is LTL 38 444 894 (thirty eight million four hundred forty four thousand eight hundred ninety four litas).

18. Securities listed on the official trading list

The 38 444 894 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 sūris 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 session	max	min	last session		(units)	(Lt)
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
2009.01.01	2009.03.31	2,21	1,75	1,80	1 440 540,00	0	8 320,80	2009.03.31	1 192 359	2 233 775,71
2009.04.01	2009.06.30	2,16	1,70	2,00	515 164,62	0	10 790,00	2009.06.30	1 253 465	2 493 797,01
2009.07.01	2009.09.30	3,75	2,00	3,21	458 137,51	0	3 980,40	2009.09.30	1 123 671	2 699 259,81
2009.10.01	2009.12.31	3,66	2,81	3,00	737 951,25	0	4 200,00	2009.12.31	492 856	1.520.072,74

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

19. Capitalization of securities

Capitalization of the company's shares within 2007-2009, Lt

Date of last session of the trading	Capitalization (Lt)
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

Data of the diagram:

Index/Shares	01.01.2009	31.12.2009	+/-%
OMX Vilnius	179,25	261,77	46,04
RSU1L	1,73 LTL	3,00 LTL	73,41
PZV1L	2,04 LTL	2,94 LTL	44,12
VLP1L	0,60 LTL	2,40 LTL	300,00
ZMP1L	0,60 LTL	1,03 LTL	71,67

20. The Group's audited consolidated financial accounts for the year 2009

See attached Annex: The consolidated audited financial accounts of AB „Rokiškio sūris" group and parental company for the year 2009.

21. Information on purchase of issuer's own shares

As at 31st December 2009, AB „Rokiškio sūris" had no treasury shares.

During the financial year 2009, AB „Rokiškio sūris" bought 1,516,600 ordinary registered shares of AB "Rokiškio sūris" at par value of LTL 1 (one litas) via Stock Exchange NASDAQ OMX Vilnius, which is affecting the submarket of official tender offer. It made 3,55 per cent of the company's authorized capital. Including the previously acquired shares, AB „Rokiškio sūris" owns 4,271,636 (four million two hundred seventy one thousand six hundred thirty six) treasury shares with par value LTL 1 each which makes 10 % of the Authorised Capital of AB "Rokiškio sūris". The company purchased its own shares for LTL 18 829 thousand.

The 31st December 2009 General Meeting of Shareholders resolved to decrease the Authorized capital of AB „Rokiskio suris" by LTL 4,271,636 (four million two hundred seventy one

thousand six hundred thirty six litas) in the way of annulment of 4,271,636 (four million two hundred seventy one thousand six hundred thirty six litas) ordinary registered shares at par value of LTL 1 (one) litas. 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.

After annulment of treasury shares, the Authorised capital of AB „Rokiskio suris" makes LTL 38,444,894 (thirty eight million four hundred forty four thousand eight hundred ninety four litas) divided into 38,444,894 (thirty eight million four hundred forty four thousand eight hundred ninety four) ordinary registered shares at par value of LTL 1 (one) litas.
The nominal value and number of the shares owned by the Company's shareholders shall not change.

As at December 31st, 2009, the Authorised capital of AB „Rokiskio suris" makes LTL 38,444,894 (thirty eight million four hundred forty four thousand eight hundred ninety four litas) divided into 38,444,894 (thirty eight million four hundred forty four thousand eight hundred ninety four) ordinary registered shares at par value of LTL 1 (one) litas.

The decreased Authorized Capital of AB" Rokiškio sūris" was registered in the Registre of Legal Bodies on 18th December 2009.

The 8th January 2010 Board of Directors of AB „Rokiskio suris" resolved to acquire up to 3.844.480 (three million eight hundred forty four thousand four hundred eighty) units of ordinary registered shares of AB "Rokiskio suris" LTL 1 (one) litas par value.The price for purchase of own shares was set at LTL 2,50 (two litas 50 ct) per ordinary registered share of AB „Rokiskio suris".

In the course of official tender as from 13-01-2010 to 26-01-2010 AB „Rokiskio suris" purchased 60 units of own shares, and it makes 0,0002 % of the Company's Authorised Capital.

As at the date of signing this report (8 April 2010) AB „Rokiškio sūris" owns 60 treasury shares which makes 0,0002 % 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.

On 20th February 2010 AB „Rokiskio suris" established an association together with other processors of agricultural production. Consequently, the joint stock company Rokiskio suris becomes one of the incorporators of juridical body –Association of Lithuanian Food Industrialists. The activities of the Association are regulated by the Law on Associations of the Republic of Lithuania, articles of association and other legal acts.

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.

In 2009, the following companies were liquidated and registered out from Juridical Register of the Republic of Lithuania: UAB "Europienas", UAB "Pečiupė" ir UAB „Skeberdis ir partneriai".

The informatikon on the subsidiarines of AB „Rokiškio sūris" is provided at point 3 of the report.

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.

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"

The key activity of AB Rokiskio suris is production fermented cheese.

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 2009, „Rokiškio sūris" produced 25 392 tons of fermented cheese, 899 tons of processed cheese (including 132 tons of smoked cheese), 10 679 tons of cream of 35% fat content, 1 464 tons of whey cream, 8 297 tons of milk sugar, 54 413 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.

UAB „Rokiškio pienas"

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

In 2009, "Rokiškio pienas" in Utena produced 5206 t of skim milk powder, 674 t of whole milk powder, 3923 t of dry whey protein concentrate, 164 t of buttermilk powder, 4775 t of butter and fat blends, 47530 t of fresh dairy products, 5213 t of cream was exported.

It was installed and started a new equipment for central cleaning of equipment (CIP). It allows faster cleaning of empty tanks and lines.

A new packaging machine "Ecolean" was acquired and installed.

A new product family "Gardus" was started (yogurt and creams).

The product family "Naminis" was expanded with milk and kefir.

UAB „Rokiškio pienas" subsidiary Ukmergės pieninė

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

In 2009, it was produced 20437 tons of fresh dairy products, incl. 14 294 tons of un-skimmed dairy products and 6143 tons of skimmed dairy products.

In 2009, the curd production line OLIT-PRO was reconstructed which ensures shorter production cycle, also a curd packaging line MH 2 bb was installed to pack the curds into two types of bags: 500g and 200g each. The attractive packaging and design serves for the demand in the market.

In order to improve sanitary and hygiene conditions, it was built a new tare storage where the equipment for cleaning of containers was also equipped. The company constantly develops new 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 2009 was not an easy year for the dairy sector as well as to the whole industry. Production prices both export and local were decreasing which caused the drop in sales. The

company had to adapt to the situation and find ways to work profitably by optimizing the operations and costs.

The biggest part of the production of AB „Rokiškio sūris" is exported. On the other hand, the local markets are directed to the retail production whose share is constantly growing, and in the last year it exceeded 40 % of the total sales. 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.

In 2009, the Group exported its production amounting to LTL 316,7 million which made 25,1 % less than in 2008.

The company also has branded sales on the export markets, the brands are being strengthened, the packagins is being made more attractive which allows to create higher added value.

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.

The Group also exports other products such as Butter, Cream, Milk Powders and some by-products such as whey protein concentrate and lactose.

The situation on the local market may be evaluated as quite good despite the decrease in sales. Due to the overall economical decline, and decreased prices it was difficult to avoid the decrease in sales yet it was not as significant as for the competitors in the sector. 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 2009 made LTL 244 million which made 5,9% less than in 2008.

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, desserts – 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 2007-2009, in tons and thousand litas

Name of product		Sold		
		2007	2008	2009
Fermented cheese	t	25334	31216	29572
	thou LTL	289435	352781	264097
Fresh dairy products	t	48313	56883	54696
	thou LTL	126511	156665	136472
Butter	t	4291	4755	4776
	thou LTL	45573	45321	41282
Milk sugar	t	5965	10352	10217
	thou LTL	32417	13975	11113
Milk powders	t	3874	2644	5843
	thou LTL	43325	21035	36776
WPC	t	3781	6313	5348
	thou LTL	30838	30725	19885

Sales markets in 2007-2009

Countries	Sold					
	2007		2008		2009	
	thou LTL	%	thou LTL	%	thou LTL	%
Lithuania	210 911	31,72	258 852	37,96	243 679	43,48
EU	288 983	43,46	316 362	46,40	259 383	46,29
Other countries	165 068	24,82	106 607	15,64	57 333	10,23
Total	**664 962**	**100**	**681 821**	**100**	**560 395**	**100**

27. Purchase of raw material

According to the data prepared by the Ministry of Agriculture, in 2009 it was purchased 1274,77 thousand tons of natural milk which is by 7,6 per cent less than in 2008. The average price of natural raw milk was LTL/ t 617, and it was by 28,5 % lower than in 2008.

During the quota period of 2009-2010 the amount of total national raw milk for processing reached 65,65 per cent (last year – 73,7 per cent).

The group purchases make 17,3 per cent of the total milk purchased in Lithuania.

The group of Rokiskio sûris (procurement departments in Rokiskis, Utena and Ukmerge) bought directly from farmers 221,0 thousand tons of natural raw milk (on the average 4,15 fat and 3,24 protein content), which is by 11,1 per cent less than in 2008 (248,0 thousand t). In total it was purchased 412,0 thousand tons of natural raw milk (on the average 4,14 fat and 3,25 protein content)or 12,6 per cent less than in 2008.

During the period, the zone of purchase of raw milk was expanded in Latvia where in 2009 the company purchased 99,2 thousand tons of natural raw milk, in 2008 it was 124,5 thousand tons. The reconstruction of raw milk purchasing center in Latvia (jekabpils piena kombinats) were started.

In order to optimize the raw milk purchasing net, in January 2009, an agricultural company "Europienas" (milk collection points) was acquired, and the employees were transferred to AB „Rokiškio sūris". In order to reduce costs of milk collection, the Ariogala milk collection center was integrated into the Ukmerge procurement department in August 2009. In addition, the rent of Luksiai milk collection center was ceased, and its functions were trasfered to Pilviskiai milk collection center. Reconstruction works of milk loading centers in Grinkiskiai 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;

l) inadequate attention of the government in regards with business;

m) limitation of subsidies for export to Russia;

n) increase of VAT.

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 environment protection politics of AB "Rokiškio sūris" covers continuous decrease of negative impact on environment, ensuring minimal consumption of resources, and strengthening waste treatment in order to minimize negative impact on air, water and earth. In order to decrease ecological risk and ensure improval, the certificate for complying with environment standards ISO-14001 was received from and is controlled by the International Certification Company "Bureau Veritas Quality International".

In 2009, during the external and internal audit it has been identified 12 remarks and 1 non-compliance which were corrected.

The Environmental program for 2009 was completed. The following was implemented to improve environmental conditions:

On 28th December 2009, AB "Rokiškio sūris" received a Licence for integrated prevention and control of pollution (TIPK). 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.

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.

In accordance with the TIPK requirements, the following five programmes are implemented in the company in order to evaluate and analyse the impact 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", whose name was changed into UAB "FUGRO BALTIC" as from 25th June 2009. Certificates are submitted to Panevėžys RAAD. There is no objectionable influence identified.

In 2009, 13 stationary air pollution resources were verified. It was discharged 19,164 t. of pollutants. The transport park consists of 367 vehicles: 269 trailers, 98 automobiles, 8 other vehicles. The mobile resources of contamination discharged 1107,0 t of pollutants. In 2009, it was acquired 3 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%. UAB „Rokvesta" is contracted for the service of operation. The treated dairy waste is processed into bio-gas and electricity. At the end of 2009, the company started to handle the waste from other food producers. The sludge obtained from waste treatment is used for field fertilizing. In 2009, it was processed 11.639 t. of dairy waste, produced 769.131 kWh of electricity which was used for the internal consumption. 7432 t of sludge and 1515 t of dairy waste (as in summer the level is too high to process it all into the sludge) were used for field fertilizing. In 2009, the facilities of AB Rokiskio suris treated 865 thousand m³, and 5,7% 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.

Key ratios of environment in 2009:

- Quantity of issued waste per ton of raw material – 0,0016
- Fee for pollution per ton of raw material – 0,074
- Quantity of waste pollutants according to BDS_7 in kg per ton of raw material – 0,25
- Quantity of waste in tons per ton of raw material – 1,43
- Consumption of chemical materials in kg per ton of raw material – 2,04
- Power consumption in kWh per ton of raw material – 40,46
- Thermo-power consumption in kWh per ton of raw material – 73,87
- Taxes for environment pollution amounted to LTL 181.607
- Investment into environment protection LTL 1,897 million
- Investment for environment LTL 0,319 million
- Income from the environmental operations LTL 150 thousand

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, storage of chemical materials for waste treatment, storage of chemical materials, storage of chemical materials, fuel station. 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.

Key ratios of the company performance, their dynamics

The table shows consolidated figures of the Group.

Eil. Nr.	Indices		2006 m.	2007m.	2008m.	2009m.
1.	Net profit %	Net profit / Revenues	3	5	(3)	3
2.	Average return on assets	Net profit / Average assets	0,04	0,10	(0,05)	0,04
3.	Debt ratio	Liabilities / Assets	0,40	0,34	0,52	0,47
4.	Debt-to-equity ratio	Liabilities / Equity	0,67	0,57	1,08	0,88
5.	General liquidity ratio	Current assets / Current liabilities	1,60	1,70	0,94	1,42
6.	Assets turnover ratio	Revenues / Assets	1,61	1,99	1,89	1,61
7.	Book value per share, Lt	Equity / Number of ordinary shares	40,67**	4,97*	4,07*	4,82*
8.	Net earnings per share, Lt	Net profit / Number of shares	3,01**	0,81*	(0,45)*	0,38*

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

Eil.Nr.	Indices	2006 m.	2007m.	2008m.	2009m.
1.	Ingome (thousand litas)	510.272	664.962	681.821	560.395
2.	EBITDA (thousand litas)	46.686	76.225	12.785	52.272
3.	EBITDA margin (%)	9,15	11,46	1,88	9,33
4.	Operational profit (thousand litas)	13.021	34.238	(18.327)	14.989
5.	Operational profit margin (%)	2,55	5,15	(2,69)	2,67

29. Investment projects implemented during the last 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 surveyance. 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.

In 2008, the group's allocation to investment amounted up to 34,7 million litas, in 2009 it was 8,5 million litas.

The maindirections of the investment:

- Cheese production modernization
- Cheese packaging modernization
- Lactose production modernization
- Modernization of processed cheese prodution
- Ventilation system modernization
- Modernization of laboratory
- Internal logistics modernization
- Modernization of warehouses for finished production
- Modernization of milk truck cleaning point

- Modernization of procurement department
- 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 2010

In 2010, the group of AB „Rokiškio sūris" is going to make similar investments as in 2009 which is from 8 to 10 million litas. The investments will be used for modernization of all uncompleted projects of dairy processing in accordance with the KPP 2007-2013 programme, as well as completion of the projects in progress in order to ensure smooth and stabile operations of the equipment and creation of new products.

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 aim of investments is to comply with the market demand by modernization of cheese brining containers, cheese packaging where the cheese is cut is equal portions and weight and the following control is carried out in order to ensure packaging effectiveness and product safety.

The produce is stored in modern buildings equipped with movable loading areas and modern forklifts for cheese transportation.

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	2003		2004		2005	
	Sum, Lt	Per share	Sum, Lt	Per share	Sum, Lt	Per share
Ordinary registered shares	20.012.006,00	4,45 Lt (44,50%)	21.771.115.00	5,00 Lt (50,00%)	10.275.966,28	2,36Lt (23,60%)

Continued

Type of shares	2006		2007		2008	
	Sum, Lt	Per share	Sum, Lt	Per share	Sum, Lt	Per share
Ordinary registered shares	10.081.101,08	2,36 Lt (23,60%)	9.902.131,20	0,24 Lt (24,00%)	Dividends were not paid	

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.

General meeting of shareholders:

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.

General meeting of shareholders have the following exclusivity rights:

1. to amend the articles of association;
2. to elect a supervisory body, yet if this is not formed then to elect the management board members. In case both bodies are not formed, then to elect the company's executive manager;
3. to recall the supervisory body or its members, as well as the elected board of directors and the company's executive manager;
4. to elect and recall the company's auditor executing annual financial reports, determine its payment module;
5. to establish the class, number, nominal value and minimal price of share emission;
6. to convert of one type of shares into the shares of another type, approval of exchange procedure of the Company's shares;
7. to approve anunual financial reports;
8. to adopt resolution regarding distribution of profit (loss);
9. to form, use, decrease or cancell reserves;
10. to resolve regarding emission of convertible bonds;
11. to resolve regarding cancellation of prerogative right to all shareholders to acquire the Company's shares of a certain emission;
12. to resolve regarding increase of the authorised capital;
13. to resolve regarding decrease of the authorised capital;

14. to resolve regarding purchase of the company's shares;
15. to resolve regarding reorganization or segregation of the Company and approval of terms for reorganization or segregation;
16. to resolve regarding reformation of the Company;
17. to resolve regarding or restructurization of the Company;
18. to resolve regarding liquidation of the Company or cease of liquidation unless the Law on Joint Stock Companies provides differently;
19. to elect and recall the company's liquidator unless the Law on Joint Stock Companies provides differently;

General meeting of shareholders may discuss other issues assigned by the articles of association of the company if the Law on Joint Stock Companies does not assign those functions to other management bodies and in general they are not the functions of management body.

A resolution of general meeting of shareholders is considered to be accepted when a simple majority votes for the resolution rather than against, except in case of points 1, 5, 6, 8, 9, 10, 12, 13, 15, 16, 17,18 which requires the participated majority of 2/3 of shares with the voting right. Resolution for an item of point 11 may be adopted with the participated majority of 3/4 of shares with the voting right.

Audit Committee of AB Rokiskio suris:

The company's Audit Committee is made of 3 members one of which is independent. The cadency of the Audit Committee is four years. Upon recommendation of the company's Board of Directors the members of Audit Committee are elected by the general meeting of shareholders. The members of Audit Committee were elected by the 24th April 2009 general meeting of shareholders.

Members of Audit Committee:

1. Kęstutis Kirejevas – independednt member;
2. Rasa Žukauskaitė;
3. Asta Keliuotytė.

Key functions of Audit Committee include the following:

1) supervision of preparation of financial accounts;
2) supervision of functional internal control of the company, risk management and internal audit system,
3) supervision of the Company's auditing procedure;
4) supervision how an auditor pursues the principles of independency and impartiality;
5) honest and responsible operation in favour of the Company and its shareholders.

The Audit Committee is a collegial body accepting its decisions at the meetings. The Audit Committee may adopt resolutions and its meeting is considered to be valid when it is attended by at least 2 (two) members of the commitee. A resolution is adopted when it is voted for by at least two members of the Audit Committee.

33. Members of collegial bodies

The Board of Directors of AB "Rokiskio suris"

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.

Members of managing bodies:

Dalius Trumpa (Chairman), Antanas Kavaliauskas (Deputy Chairman), Antanas Trumpa, Andrius Trumpa, Ramūnas Vanagas, Jonas Kubilius, Jonas Kvedaravičius, Evaldas Dikmonas and Darius Norkus.

The members were elected by the 25th April 2008 general meeting of shareholders AB „Rokiškio sūris". Cadency of the Board of Directors is 4 years.

Dalius Trumpa - Board Chairman.

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".

Manager of the Company:

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.

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

Members of the Board of Directors :
(Data as at 31st December 2009)

Dalius Trumpa– Board Chairman (elected by the 25th April 2008 General meeting of shareholders). Owns 759 740 ordinary registered shares, i.e. 1,98% of the Authorized capital and 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;

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 5 528 370 ordinary registered shares of AB „Rokiškio sūris", i.e. 14,38 % of the authorized capital of AB "Rokiškio sūris" and 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 0,78% 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.

Data on the company's manager (chief executive officer):

Antanas Trumpa - owning 5 528 370 ordinary registered shares of AB „Rokiškio sūris", i.e. 14,38 % of the authorized capital of AB "Rokiškio sūris" and 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

- Estimated operational results of the Group of AB "Rokiskio suris" for the year 2009

In 2009, the Group of AB „Rokiskio suris" estimates to reach the sales up to LTL 583 million (EUR 168.8 million), i.e. by 14 per cent less than in 2008, and the expected profitability in 2009 is around 1-2 per cent. In 2009, the Company's estimated volumes of dairy production is similar to the year 2008,yet the expected lower exported production prices determine overall reduction of the sales.

- Resolutions of AB Rokiskio suris approved by the 24th April 2009 General meeting of Shareholders:

1. Approved the annual report of AB "Rokiskio suris" for the year 2008.
2. Approved the Audit Report.
3. Approved the financial accounting for the year 2008.
4. Approved profit (loss) distribution for the year 2008:

4.1. Non-distributable profit (loss) at beginning of year LTL 113 245 thou (EUR 32 798 thou)
4.2. Approved by shareholders dividends for the year 2007 LTL 9 902 thou (EUR 2 868 thou)
4.3. Transfers to reserves provided by law LTL 1 712 thou (EUR 496 thou)
4.4. Profit share transferred to reserves for acquisition of own shares LTL 14 352 thou (EUR 4 157 thou)
4.5. Non-distributable profit at beginning of year after (loss) dividend payout and transfer to reserves LTL 87 279 thou (EUR 25 278 thou)
4.6. Net profit (loss) of fiscal year LTL (18 286) thou (EUR (5 296) thou)
4.7. Distributable profit (loss) LTL 68 993 thou (EUR 19 982 thou)
4.8. Profit share for mandatory reserve -
4.9. Profit share for acquisition of treasury shares -
4.10. Profit share for other reserves -
4.11. Profit share for dividend payout -
4.12. Profit share for annual payments (tantiemes) to the Board of Directors, employee bonuses and other -
4.13. Non-distributable profit (loss) at end of year LTL 68 993 thou (EUR 19 982 thou)

5. UAB "PriceWaterhouseCoopers" appointed as an Auditor of JSC Rokiskio suris.
The Board of Directors will establish the fee for the auditor's work. The Company's Chief Executive Officer is authorized sign a contract with the auditor.
6. Approved the regulations for the Audit Committee of AB „Rokiskio suris" formation and performance.
7. Kestutis Kirejevas is elected as an independent member of the Audit Committee. The Board of Directors will establish the fee for the auditor's work. The Company's Chief Executive Officer shall sign a contract with the auditor.
8. The following members of the Audit Committee of AB „Rokiskio suris": Kestutis Kirejevas, Asta Keliuotyte, Rasa Zukauskaite are approved.

- The Supreme Administrative Court of Lithuania abolished the Competition Council's resolution

- Regarding purchase of own shares

The 10th July 2009 Board of Directors of AB „Rokiskio suris" resolved:

1. Pursuing the resolution of the 25th April 2008 general meeting of shareholders of AB "Rokiskio suris" - to acquire up to 1 516 600 (one million five hundred sixteen thousand six hundred) units of ordinary registered shares of AB "Rokiskio suris" LTL 1 (one) litas par value. (3,55 per cent of the authorized capital).
2. The price for purchase of own shares is set at LTL 2,20 (two litas 20 ct) per ordinary registered share of AB „Rokiskio suris".
3. Duration of purchase of own shares - 14 days. The shares will be purchased as from 15th July 2009 until 28th July 2009, via the official tender submarket of Securities Exchange NASDAQ OMX Vilnius.
4. In case the quantity of shares offered for purchase is greater than it is intended to buy, the amount of offered for purchase shares will be proportionally decreased.

- Increase of block of treasury shares of AB „Rokiskio suris"

AB „Rokiskio suris" increased its package of treasury shares from 6,45 per cent to 10 per cent resulting from the acquisition of 1 516 600 shares LTL 1 (one) par value for LTL 3 336 520.(EUR 966 323). The pay day of the acquired shares is July 31st, 2009.

- Resolutions of the Extraordinary General Meeting of Shareholders of JSC Rokiskio suris held on 31st August 2009:

1. Regarding decrease of the Authorized Capital of the Company by annulment of treasury shares:
To decrease the Authorised capital of AB „Rokiskio suris" by LTL 4 271 636 (four million two hundred seventy one thousand six hundred thirty six litas) in the way of annulment of 4 271 636 (four million two hundred seventy one thousand six hundred thirty six litas) ordinary registered shares at par value of LTL 1 (one) litas.
After annulment of treasury shares, the Authorised capital of AB „Rokiskio suris" shall make LTL 38 444 894 (thirty eight million four hundred forty four thousand eight hundred ninety four litas) ordinary registered shares at par value of LTL 1 (one) litas.

The purpose of the decrease of the Company's Authorised capital is annulment of treasury shares and obtaining the ability to purchase own shares according to the Law on Joint Stock Companies at par value of not more than 1/10 of the Authorized capital.
The Authorised capital shall be decreased solely by the annulled treasury shares. Rokiskio suris AB have purchased 4 271 363 units of own shares (10 per cent of Authorised capital). The nominal value and number of the shares owned by the Company's shareholders shall not change.

2. Change of the Company's Articles of Association due to decrease of the Authorized capital:
2.1. Due to the change in the company's Authorised Capital after its decrease, to approve the reviewed Articles of Association:
Consequently, point 3.1 shall be read as follows:
„The Authorized capital of the Company consists of LTL 38 444 894 (thirty eight million four hundred forty four thousand eight hundred ninety four litas). The Authorised capital is divided into 38 444 894 (thirty eight million four hundred forty four thousand eight hundred ninety four) ordinary registered shares at par value of LTL 1 (one) litas"

2.2. The Chief Executive Officer Antanas Trumpa is authorized to sign the revised Articles of Association and complete all other actions related with the review of the Articles of Association and their incorporation in the Register of juridical entity.

3. Regarding purchase of own shares:
3.1. To purchase up to 10 per cent of own shares.
3.2. Purpose of acquisition of own shares - maintain and increase the price of the company's shares.
3.3. Period during which the company may purchase own shares - 18 months from the approval of resolution.
3.4. Maximal purchase price per share set as - LTL 12, minimal purchase price per share is set equally to nominal value of share - LTL 1.
3.5. 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.
3.6. 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.

4. Regarding formation of reserve for purchase of own shares:
To form up a reserve of LTL 10 (ten) million for purchasing of own shares.

- Turnover of AB "Rokiškio sūris" group for January 2009

Preliminary sales of AB "Rokiskio suris" group in January 2009 reached LTL 45.882 million (EUR 13.288 million), i.e. by 1,2 per cent less than in the same period of last year. In January 2008, the consolidated sales made LTL 46.428 million (EUR 13.446 million).

- Sales of AB "Rokiskio suris" group for January-February 2009

In February 2009, the consolidated non-audited sales made LTL 39.902 million (EUR 11.556 million), i.e. by 11.37 per cent less than in the same period of last year. In February 2008, the consolidated non-audited sales made LTL 45.021 million (EUR 13.039 million)
The preliminary consolidated non-audited sales of AB "Rokiskio suris" group for January-February 2009 reached LTL 85.782 million (EUR 24.844 million), i.e. by 6,20 per cent less than in the same period last year. The two months of 2008 consolidated sales made LTL 91.449 million (EUR 26.485 million).

- Sales of AB "Rokiskio suris" group for January-March 2009

In March 2009, the consolidated non-audited sales made LTL 40.457 million (EUR 11.717 million), i.e. by 15,47 per cent less than in the same period last year. In March 2008, the consolidated non-audited sales made LTL 47.860 million (EUR 13.861 million).
The preliminary consolidated non-audited sales of AB "Rokiskio suris" group for January-March 2009 made LTL 126.239 million (EUR 36.561 million), i.e. by 9,09 per cent less than in the same period last year. In January-March 2008, the consolidated sales made LTL 138.865 million (EUR 40.218 million).

- Sales of AB "Rokiskio suris" group for January-April 2009

In April 2009, the consolidated non-audited sales made LTL 52.141 million (EUR 15.101 million), i.e. by 5,16 per cent more than in the same period last year. In April 2008, the consolidated non-audited sales made LTL 49.584 million (EUR 14.361 million). The sales increased due to the EU intervention purchase.
The preliminary consolidated non-audited sales of AB "Rokiskio suris" group for January-April 2009 made LTL 178.360 million (EUR 51.662 million), i.e. by 5,34 per cent less than in the same period last year. In January-April 2008, the consolidated sales made LTL 188.449 million (EUR 54.579 million).

- Sales of AB "Rokiskio suris" group for January-May 2009

In May 2009, the consolidated non-audited sales made LTL 47.892 million (EUR 13.870 million), i.e. by 19,56 per cent less than in the same period last year. In May 2008, the consolidated sales made LTL 59.534 million (EUR 17.242 million).
The preliminary consolidated non-audited sales of AB "Rokiskio suris" group for January-May 2009 made LTL 226.272 million (EUR 65.533 million), i.e. by 8,76 per cent less than in the same period last year. In January-May 2008, the consolidated sales made LTL 247.983 million (EUR 71.821 million).

- Sales of AB "Rokiskio suris" group for January-June 2009

In June 2009, the consolidated non-audited sales made LTL 47.316 million (EUR 13.704 million), i.e. by 32,78 per cent less than in the same period last year. In June 2008, the consolidated sales made LTL 70.388 million (EUR 20.386 million).
The preliminary consolidated non-audited sales of AB "Rokiskio suris" group for January-June 2009 made LTL 273.588 million (EUR 79.237 million), i.e. by 13,65 per cent less than in the same period last year. In January-June 2008, the consolidated sales made LTL 316.842 million (EUR 91.764 million).

- Sales of AB "Rokiskio suris" group for January-July 2009

In July 2009, the consolidated non-audited sales made LTL 51.601 million (EUR 14.945 million), i.e. by 18,76 per cent less than in the same period last year. In July 2008, the consolidated sales made LTL 63.519 million (EUR 18.396 million).
The preliminary consolidated non-audited sales of AB "Rokiskio suris" group for January-July 2009 made LTL 325,189 million (EUR 94.181 million), i.e. by 14,50 per cent less than in the same period last year. In January-July 2008, the consolidated sales made LTL 380.361 million (EUR 110.160 million).

- Sales of AB "Rokiskio suris" group for January-August 2009

In August 2009, the consolidated non-audited sales made LTL 49.620 million (EUR 14.371 million), i.e. by 25,87 per cent less than in the same period last year. In August 2008, the consolidated sales made LTL 66.940 million (EUR 19.387 million).
The preliminary consolidated non-audited sales of AB "Rokiskio suris" group for January-August 2009 made LTL 374.809 million (EUR 108.552 million), i.e. by 16,21 per cent less than in the same

period last year. In January-August 2008, the consolidated sales made LTL 447.301 million (EUR 129.547 million). The sales compared to the year 2008, decreased due to the product prices in the export and local markets.

- Sales of AB "Rokiskio suris" group for January-September 2009

In September 2009, the consolidated non-audited sales made LTL 52.037 million (EUR 15.071 million), i.e. by 15,27 per cent less than in the same period last year. In September 2008, the consolidated sales made LTL 61.414 million (EUR 17.787 million).
The preliminary consolidated non-audited sales of AB "Rokiskio suris" group for January-September 2009 made LTL 426.846 million (EUR 123.623 million), i.e. by 16,44 per cent less than in the same period last year. In January-September 2008, the consolidated sales made LTL 510.825 million (EUR 147.945 million).

- Sales of AB "Rokiskio suris" group for January-October 2009

In October 2009, the consolidated non-audited sales made LTL 50.898 million (EUR 14.741 million), i.e. by 14,87 per cent less than in the same period last year. In October 2008, the consolidated sales made LTL 59.789 million (EUR 17.316 million).
The preliminary consolidated non-audited sales of AB "Rokiskio suris" group for January-October 2009 made LTL 477.744 million (EUR 138.364 million), i.e. by 16,28 per cent less than in the same period last year. In January-October 2008, the consolidated sales made LTL 570.614 million (EUR 165.261 million).

- Sales of AB "Rokiskio suris" group for January-November 2009

In November 2009, the consolidated non-audited sales made LTL 39.765 million (EUR 11.517 million), i.e. by 23,94 per cent less than in the same period last year. In November 2008, the consolidated sales made LTL 52.280 million (EUR 15.141 million).
The preliminary consolidated non-audited sales of AB "Rokiskio suris" group for January-November 2009 made LTL 517.509 million (EUR 149.881 million), i.e. by 16,92 per cent less than in the same period last year. In January-November 2008, the consolidated sales made LTL 622.894 million (EUR 180.403 million).

- Sales of AB "Rokiskio suris" group for December 2009 and for 12 months 2009

In December 2009, the consolidated non-audited sales made LTL 43.645 million (EUR 12.640 million), i.e. by 17,52 per cent less than in the same period last year. In December 2008, the consolidated sales made LTL 52.917 million (EUR 15.326 million).
The preliminary consolidated non-audited sales of AB "Rokiskio suris" group for January-December 2009, made LTL 561.154 million (EUR 162.521 million), i.e. by 17,70 per cent less than in the same period last year. In January – December 2008, the consolidated audited sales made LTL 681.821 million (EUR 197.469 million).

In 2009, the consolidated non-audited preliminary sales of AB „Rokiskio suris" were less by 3,8 % than estimated. Mainly it was influenced by the temporary export ban to Russia, and the decreased sales on the internal market due to drop in demand.

- Registration of new wording of the Articles of Association of AB Rokiskio suris

In course of decrease of the authorized capital of AB "Rokiskio suris" (after annulment of treasury shares), on 18th December 2009 the new wording of the Company's Articles of Association was registered in the Register of Legal Entities of the Republic of Lithuania.

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 Notification on the summoning of general shareholders' meeting is announced in district newspaper "Gimtasis Rokiskis" and a daily "Lietuvos Rytas". Other public notifications for shareholders, creditors and other persons may be published in a daily "Lietuvos Rytas", circulated upon signature or sent by registered mail.

36. Information on the publicly announced data after the end of fiscal year

- The 8th January 2010 Board of Directors of AB „Rokiskio suris" resolved:

1. Pursuing the resolution of the 31st August 2009 general meeting of shareholders of AB "Rokiskio suris" - to acquire up to 3.844.480 (three million eight hundred forty four thousand four hundred eighty) units of ordinary registered shares of AB "Rokiskio suris" LTL 1 (one) litas par value. (10 per cent of the authorized capital).
2. The price for purchase of own shares is set at LTL 2,50 (two litas 50 ct) per ordinary registered share of AB „Rokiskio suris".
3. Duration of purchase of own shares - 14 days. The shares will be purchased as from 13th January 2010 until 26th January 2010, via the official tender submarket of Securities Exchange NASDAQ OMX Vilnius.
4. In case the quantity of shares offered for purchase is greater than it is intended to buy, the amount of offered for purchase shares will be proportionally decreased.

- In the course of official tender as from 13-01-2010 to 26-01-2010 AB „Rokiskio suris" purchased 60 units of own shares, and it makes 0,0002 % of the Company's Authorised Capital

- The 19th February 2010 Board of Directors of AB „Rokiskio suris" resolved to establish an association together with other processors of agricultural production. Consequently, the joint stock company Rokiskio suris becomes one of the incorporators of juridical body - Association of Lithuanian Food Industrialists.

Other 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 2009, as well as cash flow and changes in equity statements were prepared by UAB "PricewaterhouseCoopers".

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
2009

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 24.5 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.

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 its annual 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	As the Company does not have a supervisory body – a Supervisory Board, the function of supervision is acted by the Audit Committee, as well as the Board of Directors and the Company's manager in the manner of close cooperation (the Company's manager, and members of the Board when needed, are invited to participate at the meetings of the Audit Committee. They submit reports on the company's performance, implementation of strategic plan and budgeting, provide recommendations for the financial reporting), 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 do 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 Directors (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 desired composition of the collegial body shall be determined 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. At least one of the members of the remuneration committee should have knowledge of and experience in the field of remuneration policy.	Yes	The members of Company's collegial body – the Board of Directors – are the Company's Functional Directors leading some specific areas of the Company's performance, they are competent and qualified to maintain their functions. The Audit Committee consists of 3 members, one of which is independent and has at least 5 year experience in accounting. Other members of the Audit Committee are also qualified to maintain their functions. The Auditing Committee carries 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: 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.	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.

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. No other group of shareholders having no relations with the company's management have not raised a will to have their member on the Company's Board, so they didn't offer a candidacy. The Company's attempt to incorporate an independent member didn't serve the purpose (such a member was Alvydas Miliunas – chairman of agricultural company Kubiliai).
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, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established 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. When using the services of a consultant with a view to obtaining information on market standards for remuneration systems, the remuneration committee should ensure that the consultant concerned does not at the same time advise the human resources department, executive directors or collegial management organs of the company concerned.	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. The Company ensures that the collegial body – the Board of Directors – is provided with sufficient resources (including financial) 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. The Remuneration Committee is not formed at the Company.
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. 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.	Yes/No	Pursuing the Law on Audit Article 52 part 1, the Company established the Audit Committee complying with the 21st August 2008 Resolution No. 1K-18 of the Securities Commission. Following the above requirements, the 24th April 2009 general meeting of shareholders approved Regulations of establishment and performance of the Audit Committee, also it elected an independent member of the committee, and approved full composition of the Audit Committee. 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. 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 Board of Directors and management. The nomination and remuneration committees are not formed at the Company.

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 exercise independent judgment and integrity when exercising its functions as well as 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 pursues 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 adopts 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..	Yes / No	The Audit Committee consists of 3 members, one of which is 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). 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.	Yes	The Audit Committee pursue its duties following the work regulations approved by the general meeting of shareholders. The Committee is accountable to the general meeting of shareholders providing the information on the independency of auditing procedure.
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.	Yes	The Audit Committee invite the CEO of the Company as well as other employees related with the discussed issues to their meetings. Also, the Chairman of the Committee is provided with the right to communicate with shareholders.

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: 1) 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; 2) 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; 3) Ensure that remuneration of individual executive directors or members of management body is proportionate to the remuneration of other executive directors or members of management body and other staff members of the company. 4) Periodically review the remuneration policy for executive directors or members of management body,	No	There is not a Remuneration Committee in the Company.

including the policy regarding share-based remuneration, and its implementation. 5) Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies; 6) 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); 7) 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: 1) Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body; 2) Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting; 3) 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. 4.13.4. The remuneration committee should report on the exercise of its functions to the shareholders and be present at the annual general meeting for this purpose.		

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 company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations.	Yes	The Audit Committee is independent, objective committee carrying out the functions of supervision, analyzing, evaluation and consultation in order to improve general organization and create value added. The key 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. The Audit Committee analyses the consolidated financial information and provide their recommendations for the integrity of such information, the Committee make their recommendations regarding selection of the external auditor and inspects effectiveness of the external auditor's performance as well as the reaction of the Company's management to their recommendations which are provided by the letter to the management. All members of the committee are furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management informs the Audit Committee of the methods used to account for significant and unusual transactions. The Audit Committee has a right to demand that the Board Chairman, Chief Executive Officer of the company, Chief Financial Officer would participate at its meetings. The committee is also entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present. The Audit Committee will present its performance report for the general meeting of shareholders, when the annual financial reports are being approved.

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 38,444,894 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 purchased 60 units of own shares which makes 0,0002 % 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. the decisions regarding investment, transference, lease or mortgage of non-current assets whose book value makes over 1/20 of the Company's Authorized Capital, as well as the decisions regarding execution, warranty or pledge of other bodies' liabilities whose total sum is over 1/20 of the Company's Authorized Capital, and the decisions to acquire non-current assets whose price is over 1/20 of the Company's Authorized Capital, do not require approbation by shareholders. Such 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 21 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. If is possible, in order to ensure shareholders living abroad the right to access to the information, it is recommended that documents on the course of the general shareholders' meeting should be placed on the publicly accessible website of the company not only in Lithuanian language, but in English and /or other foreign languages 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 Lithuanian, 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.	No	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 by allowing the shareholders to participate and vote in general meetings via electronic means of communication. In such cases security of transmitted information and a possibility to identify the identity of the participating and voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially shareholders living abroad, with the opportunity to watch shareholder meetings by means of modern technologies.	No	This statement is not followed by the Company because there is not an opportunity to secure safety of the transmitted information and it is impossible to identify personality of the participator and voter.
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.	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.
7.2. 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.	Yes	
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) which should be clear and easily understandable. This remuneration statement should be published as a part of the company's annual statement as well as 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	As from 2004, the Company applies a remuneration system which conforms all the statements of this point. The system is approved by the Company's manager, but it is not announced publicly.
8.3. Remuneration statement should leastwise include the following information: 1) Explanation of the relative importance of the variable and non-variable components of directors' remuneration; 2) Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; 3) An explanation how the choice of performance criteria contributes to the long-term interests of the company; 4) An explanation of the methods, applied in order to determine whether performance criteria have been fulfilled; 5) Sufficient information on deferment periods with regard to variable components of remuneration; 6) Sufficient information on the linkage between the remuneration and performance; 7) The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; 8) Sufficient information on the policy regarding termination payments; 9) Sufficient information with regard to vesting periods for share-based remuneration, as referred to in point 8.13 of this Code; 10) Sufficient information on the policy regarding retention of shares after vesting, as referred to in point 8.15 of this Code; 11) Sufficient information on the composition of peer groups of companies the remuneration policy of which has been examined in relation to the establishment of the remuneration policy of the company concerned; 12) A description of the main characteristics of supplementary pension or early retirement schemes for directors; 13) Remuneration statement should not include commercially sensitive information.	No	As there is not a Remuneration Committee, the statements are not determined.
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	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.

8.5. 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 8.5.1 to 8.5.4 for each person who has served as a director of the company at any time during the relevant financial year. 8.5.1. 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. 8.5.2. As regards shares and/or rights to acquire share 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. 8.5.3. 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. 8.5.4. 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.	No	

8.6. Where the remuneration policy includes variable components of remuneration, companies should set limits on the variable component(s). The non-variable component of remuneration should be sufficient to allow the company to withhold variable components of remuneration when performance criteria are not met.	Yes	The Company applies the remuneration system according to which compensation for work consists of variable parts. The variable constituents are allocated to every function according to the overall functional management system.
8.7. Award of variable components of remuneration should be subject to predetermined and measurable performance criteria.	Yes	The variable constituents are allocated by the Company's management, taking into account the results of the Company's performance, number of employees, market situation and other factors.
8.8. Where a variable component of remuneration is awarded, a major part of the variable component should be deferred for a minimum period of time. The part of the variable component subject to deferment should be determined in relation to the relative weight of the variable component compared to the non-variable component of remuneration.	Yes	When a variable part of compensation is allocated, the biggest part of the payment of variable part of compensation is reserved to the first quarter.
8.9. Contractual arrangements with executive or managing directors should include provisions that permit the company to reclaim variable components of remuneration that were awarded on the basis of data which subsequently proved to be manifestly misstated.	No	The variable part of compensation is only paid when its validity is fully certain.
8.10. Termination payments should not exceed a fixed amount or fixed number of years of annual remuneration, which should, in general, not be higher than two years of the non-variable component of remuneration or the equivalent thereof.	Yes	Termination payments are paid in accordance with the statements of Work Codex of the Republic of Lithuania article 140, and the statements of Corporate Agreement approved by the Company.
8.11. Termination payments should not be paid if the termination is due to inadequate performance.	Yes	Termination payments are not paid out if the job contract is terminated due to bad performance results.
8.12. 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	
8.13. Shares should not vest for at least three years after their award.	No	Remuneration is not based on share award.
8.14. Share options or any other right to acquire shares or to be remunerated on the basis of share price movements should not be exercisable for at least three years after their award. Vesting of shares and the right to exercise share options or any other right to acquire shares or to be remunerated on the basis of share price movements, should be subject to predetermined and measurable performance criteria.	No	Remuneration is not based on share award.
8.15. After vesting, directors should retain a number of shares, until the end of their mandate, subject to the need to finance any costs related to acquisition of the shares. The number of shares to be retained should be fixed, for example, twice the value of total annual remuneration (the non-variable plus the variable components).		See under 8.14.
8.16. Remuneration of non-executive or supervisory directors should not include share options.		See under 8.14.
8.17. Shareholders, in particular institutional shareholders, should be encouraged to attend general meetings where appropriate and make considered use of their votes regarding directors' remuneration.	No	Shareholders are encouraged to attend general meetings of shareholders, yet the meetings do not consider issues of the directors' remuneration system. It is considered to be a prerogative of the Board of Directors.

8.18. 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	
8.19. 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 determined at the Company.
8.20. The following issues should be subject to approval by the shareholders' annual general meeting: 1) Grant of share-based schemes, including share options, to directors; 2) Determination of maximum number of shares and main conditions of share granting; 3) The term within which options can be exercised; 4) The conditions for any subsequent change in the exercise of the options, if permissible by law; 5) 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.	No	Schemes anticipating remuneration of directors in shares are not determined at the Company.
8.21. 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.		See under 8.20.
8.22. Provisions of Articles 8.19 and 8.20 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.		See under 8.20.

8.23. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.19, 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.		See under 8.20.
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.	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 of NASDAQ OMX Vilnius in order to ensure all shareholders and investors of the Company would have equal opportunities to get the information needed to make appropriate investment decitions. The company does not disclose any information possibly influencing share price prior it is announced publicly via the central stock exchange data base.
10.2. It is recommended to the company, which is the parent of other companies, 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.	Yes	
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. 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.	No	
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.	Yes	
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 NASDAQ OMX 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	In the company's website, the company publishes all its reports which are placed in the central information base in Lithuanian and English.

10.6. Channels for disseminating information should provide for fair, timely and cost-efficient or in cases provided by the legal acts free of charge 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, including the Company's annual report, a set of financial statements and other periodical reports prepared by the Company, as well as other stock events.
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, including the Company's annual report, a set of financial statements and other periodical reports prepared by the Company, as well as other stock events.
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 reports and interim reports 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	The Board of Directors proposes an auditing firm to the general meeting of shareholders.
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	
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.	Yes	The Audit Company has been paid for the service to supervise tax management. Such an information shall be provided to the general meeting of shareholders.