TO: The Lithuanian Securities Commission 29th April 2011
Konstitucijos pr.23
Vilnius LT-08105

ENDORSEMENT BY THE RESPONSIBLE PERSONS

Pursuing Part 1 of Article 21 of the Law on Securities of the Republic of Lithuania, and rules prepared by the Lithuanian Securities Commission for preparation and announcement of periodical and supplementary information, we, the undersigned – the Chief Executive Officer Antanas Trumpa and the Chief Financial Officer Antanas Kavaliauskas – approve that the audited financial accounting of „Rokiskio suris“ for the year 2010, is formed in accordance with applicable international accounting standards valid in EU, is true and shows fair assets, obligations, financial state and profits of the Company and total consolidated group, and also that the annual report shows fair business environment as well as description of the company's performance including key risk factors and uncertainties which may be met by AB "Rokiskio suris".

Attached: Consolidated financial audited report of AB "Rokiskio suris“ for the year 2010, prepared in accordance with the EU international accounting standards, also consolidated audited annual report of AB "Rokiskio suris" and the company's disclosure of compliance with the Governance Code of the companies whose securities are traded on a regulated market, approved by the general meeting of shareholders of AB "Rokiškio sūris" on 29th April 2011.

Chief Executive Officer Antanas Trumpa

Chief Financial Officer Antanas Kavaliauskas

LIETUVOS RESPUBLIKA
Akcinė bendrovė
„ROKIŠKIO SŪRIS"
ROKIŠKIS

ROKIŠKIO SŪRIS AB

CONSOLIDATED AND PARENT COMPANY'S
FINANCIAL STATEMENTS
ANNUAL REPORT AND
INDEPENDENT AUDITOR'S REPORT
31 DECEMBER 2010

CONTENTS

Our report has been prepared in Lithuanian and English languages. 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 Rokiskio Suris AB

Report on the financial statements

We have audited the accompanying stand alone and consolidated financial statements (together 'the Financial statements') of Rokiskio Suris AB ('the Company') and its subsidiaries (collectively 'the Group') set out on pages 5–49 which comprise the stand alone and consolidated balance sheet as of 31 December 2010 and the stand alone and consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 UAB, J. Jasinskio 16B, LT-01112 Vilnius, Lithuania
T: +370 (5) 239 2300, F:+370 (5) 239 2301, E-mail: vilnius@lt.pwc.com, www.pwc.com/lt

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 2010, and of their financial performance and their 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 2010 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 2010.

On behalf of PricewaterhouseCoopers UAB

Christopher C. Butler
Director

Vilnius, Republic of Lithuania
8 April 2011

Rimvydas Jogėla
Auditor's Certificate No.000457

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

Statement of comprehensive income

Group				Company	
Year ended 31 December				Year ended 31 December	
2010	2009		Note	2010	2009
553,760	560,395	Revenue	5	533,555	495,688
(475,670)	(483,418)	Cost of sales		(472,573)	(445,211)
78,090	76,977	**Gross profit**		60,982	50,477
(31,173)	(30,602)	Selling and marketing expenses	6	(18,230)	(17,734)
(22,503)	(27,475)	General and administrative expenses	7	(17,354)	(20,576)
12,208	9,340	Other income	8	11,555	9,175
(6,908)	(5,875)	Other expenses	9	(6,962)	(5,991)
(51)	(7)	Other (losses)/gains	10	(20)	(7)
29,663	22,358	**Operating profit**		29,971	15,344
(1,017)	(2,264)	Finance costs	12	(1,017)	(2,261)
28,646	20,094	**Profit before income tax**		28,954	13,083
(4,085)	(5,105)	Income tax	13	(4,076)	(4,733)
24,561	14,989	**Profit for the year**		24,878	8,350
-	-	Other comprehensive income		-	-
24,561	14,989	**Total comprehensive income for the year**		24,878	8,350
		Attributable to:			
24,625	14,748	Owners of the Company			
(64)	241	Non-controlling interest			
24,561	14,989				
0.65	0.38	**Basic and diluted earnings per share (expressed in LTL per share)**	14	0.66	0.21

The notes on pages 10 to 49 are an integral part of these financial statements.

The financial statements on pages 5 to 49 have been approved for issue by the Board of Directors on 8 April 2011 and signed on their behalf by the Director and Chief Financial Officer.

Antanas Trumpa
Director

Antanas Kavaliauskas
Chief Finance Officer

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

Balance sheet

Group				Company	
At 31 December				At 31 December	
2010	2009		Note	2010	2009
		ASSETS			
		Non-current assets			
88,476	108,577	Property plant and equipment	15	62,529	79,586
492	390	Intangible assets	16	564	400
546	186	Investments in subsidiaries	17	27,487	28,304
1,297	374	Deferred income tax assets	18	1,297	374
6,886	-	Available-for-sale financial assets	31	6,886	-
13,059	17,605	Loans granted	19	11,567	17,605
3,229	-	Other receivables	21	3,229	-
113,985	127,132			113,559	126,269
		Current assets			
62,586	30,222	Inventories	20	55,558	24,478
35,332	19,377	Loans granted	19	30,519	17,626
90,081	67,332	Trade and other receivables	21	90,206	55,866
1,152	2,472	Prepaid income tax		645	889
19,524	101,187	Cash and cash equivalents	22	17,902	100,797
208,675	220,590			194,831	199,656
322,660	347,722	**Total assets**		308,390	325,925
		EQUITY			
		Attributable to owners of the Company			
38,445	38,445	Share capital	23	38,445	38,445
41,473	41,473	Share premium		41,473	41,473
29,188	14,188	Reserve for acquisition of treasury shares	25	29,188	14,188
(11,478)	-	Treasury shares	24	(11,478)	-
7,433	7,074	Other reserves	25	7,433	7,074
89,123	83,741	Retained earnings		77,748	72,073
194,184	184,921			182,809	173,253
450	514	**Minority interest**			
194,634	185,435	**Total equity**		182,809	173,253
		LIABILITIES			
		Non-current liabilities			
103	137	Borrowings	26	-	-
396	385	Deferred income tax liability	18	-	-
4,989	7,296	Deferred income	27	3,031	5,241
5,488	7,818			3,031	5,241
		Current liabilities			
4,995	965	Income tax liabilities		4,992	323
58,973	99,463	Borrowings	26	58,973	99,462
2,806	2,983	Deferred income	27	2,299	2,548
54,940	50,234	Trade and other payables	28	55,462	44,274
824	824	Provisions	29	824	824
122,538	154,469			122,550	147,431
128,026	162,287	**Total liabilities**		125,581	152,672
322,660	347,722	**Total equity and liabilities**		308,390	325,925

The notes on pages 10 to 49 are an integral part of these financial statements.

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

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 2009		**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)
Transfer to legal and other reserves	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**
Comprehensive income		-	-	-	-	-	24,878	24,878
Total comprehensive income for 2010		**-**	**-**	**-**	**-**	**-**	**24,878**	**24,878**
Transactions with owners								
Acquisition of treasury shares	24	-	-	-	(11,478)	-	-	(11,478)
Transfer to reserves	25	-	-	15,000	-	359	(15,359)	-
Dividends relating to 2009	25	-	-	-	-	-	(3,844)	(3,844)
Total transactions with owners for 2010		**-**	**-**	**15,000**	**(11,478)**	**359**	**(19,203)**	**(15,322)**
Balance at 31 December 2010		**38,445**	**41,473**	**29,188**	**(11,478)**	**7,433**	**77,748**	**182,809**

The notes on pages 10 to 49 are an integral part of these financial statements.

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

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	Non-controlling interests	Total
Balance at 1 January 2009		**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**
Comprehensive income							24,625	24,625	(64)	24,561
Total comprehensive income for 2010							**24,625**	**24,625**	**(64)**	**24,561**
Transactions with owners										
Acquisition of treasury shares	24	-	-	-	(11,478)	-	-	(11,478)	-	(11,478)
Transfer to reserves	25	-	-	15,000	-	359	(15,359)	-	-	
Dividends relating to 2009	25	-	-	-	-	-	(3,884)	(3,884)	-	(3,884)
Total transactions with owners for 2010		**-**	**-**	**15,000**	**(11,478)**	**359**	**(19,243)**	**(15,362)**	**-**	**(15,362)**
Balance at 31 December 2010		**38,445**	**41,473**	**29,188**	**(11,478)**	**7,433**	**89,123**	**194,184**	**450**	**194,634**

The notes on pages 10 to 49 are an integral part of these financial statements.

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

Statement of cash flows

Group				Company	
Year ended 31 December				Year ended 31 December	
2010	2009		Note	2010	2009
		Cash flows from operating activities			
2,077	128,068	Cash generated from operations	32	(9,256)	124,238
(1,016)	(2,264)	Interest paid		(1,016)	(2,261)
(993)	3,070	Income tax paid		(82)	4,244
68	128,874	Net cash generated from operating activities		(10,354)	126,221
		Cash flows from investing activities			
(6,524)	(8,090)	Purchases of property plant and equipment	15	(4,264)	(4,463)
(239)	(113)	Purchases of intangible assets		(239)	(102)
(10,644)	-	Purchase of investments		(10,468)	-
(9,469)	(1,841)	Loans granted to farmers and employees		(9,468)	(1,842)
(16,292)	(17,668)	Other loans granted		(8,135)	(17,668)
289	843	Proceeds from sale of property plant and equipment	32	269	542
842	2,080	Government grants received	27	362	1,563
7,505	16,357	Other loan repayments received		6,870	16,357
4,760	4,646	Loan repayments from farmers and employees		4,762	4,646
3,930	1,233	Interest received		3,581	1,233
(25,842)	(2,553)	Net cash (used in)/generated from investing activities		(16,731)	266
		Cash flows from financing activities			
(3,844)	-	Dividends paid	25	(3,844)	-
(11,478)	(3,337)	Acquisition of treasury shares	24	(11,478)	(3,337)
495,538	304,761	Loans received		495,457	304,629
(531,425)	(327,381)	Repayments of borrowings		(531,265)	(327,194)
(51,209)	(25,957)	Net cash (used in)/generated from financing activities		(51,130)	(25,902)
(76,983)	**100,364**	**Net (decrease)/increase in cash and cash equivalents**		**(78,215)**	**100,585**
81,582	(18,782)	Cash and cash equivalents at beginning of year	22	81,191	(19,394)
4,599	**81,582**	**Cash and cash equivalents at end of year**	22	**2,976**	**81,191**

The notes on pages 10 to 49 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. 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 (RSU1L) of NASDAQ OMX Vilnius stock exchange.

The consolidated Group (hereinafter "the Group") consists of the Company its two branches, five subsidiaries and one joint venture (hereinafter "the joint venture") (2009: two branches, five 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	**2010**	**2009**	**Subsidiaries**	**2010**	**2009**
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
			*Pečupė UAB**	-	100.00
			Europienas UAB	-	100.00
			Jekabpils Piena Kombinats SIA	50.05	50.05
			*Kaunata SIA **	60.00	-
			Joint venture		
			Pieno Upės UAB	50.00	50.00

* These subsidiaries were not consolidated due to their insignificance.
The subsidiaries were reorganised and terminated in 2009: Skeberdis ir Partneriai UAB, Pečupė UAB, Europienas UAB. Subsidiary Batenai UAB (Note 17) was sold in 2010.

All the above-mentioned subsidiaries, a joint venture and branches are incorporated in Lithuania except for Jekabpils Piena Kombinats SIA and Kaunata SIA, which are incorporated in Latvia.
Kaunata SIA was acquired on 11 May 2010 (Rokiskio Suris AB acquired 40% for LTL 353,000 and Rokiskio Pienas UAB – 20% for LTL 176,000).
Non-audited figures of Kaunata SIA as at 31 December 2010 are as follows:
Total asset: LVL 167,252 (LTL 813,563);
Property, Plant and Equipment amount: LVL 37,141 (LTL 180,665);
Net asset: LVL 130,242 LVL (LTL 633,536);
Sales: LVL 740,035 (LTL 3,599,752);
Results of operations: LVL 37,613 (LTL 182,960);
Type of activity of Kaunata SIA: milk purchase from farmers: the Company is the main raw milk provider for Jekabpils Piena Kombinats SIA.

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 2010 was 1,026 people (2009: 1,089 people). The average number of the Group's employees during the year ended 31 December 2010 was 1,607 people (2009: 1,786 people).

2. Accounting policies

2.1 Basis of 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, as modified by the valuation of available-for-sale financial assets at fair value.

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 2010:

- IAS 27 'Consolidated and Separate Financial Statements' (revised 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. The revised ISA 27 does not have any impact on the Group's or Company's financial statements.

- IFRS 3 '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). The revised standard does not have significant impact on the Group's financial statements.

- In April 2009 the EU endorsed the Improvements to IFRSs (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; the amendments as adopted by the EU are effective for annual periods starting after 31 December 2009). The improvements consist of a mixture of substantive changes and clarifications in the following standards and interpretations. These amendments do not have significant impact on the Group's or Company's financial statements.

(b) New standards and its amendments in 2010, which are not applicable in Company and Group activity:

- Embedded Derivatives - Amendments to IFRIC 9 and IAS 39, issued in March 2009 (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). 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. The amendment does not have any impact on the Group's or Company'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) The interpretation contains guidance on applying the existing standards by service providers in public-to-private service concession arrangements. Application of IFRIC 12 does not have any impact on the Group's or Company's financial statements.

- 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). 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. The amendment does not have any impact on the Group's or Company's financial statements.

- 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). IFRIC 16 does not have any impact on the Group's or Company's financial statements.

- 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). 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. IFRIC 17 should not be applicable to the Company. IFRIC 17 does not have any impact on Group's or the Company's financial statements.

- 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). 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. IFRIC 18 does not have any impact on the Group's or Company's financial statements.

- 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 amendment does not have an impact on the Group's or Company's financial statements.

- 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). 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. The revised standard does not have any impact on the Group's or Company's financial statements.

- 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). The amendments provide a clear basis to determine the classification of share-based payment awards in both consolidated and separate financial statements. The amendments incorporate into the standard the guidance in IFRIC 8 and IFRIC 11, which are withdrawn. The amendments expand on the guidance given in IFRIC 11 to address plans that were previously not considered in the interpretation. The amendments also clarify the defined terms in the Appendix to the standard. The amendments do not have any impact on the Group's or Company's financial statements.

- 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). The amendments provide an additional exemption for measurement of oil and gas assets and also exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with IFRIC 4, 'Determining Whether an Arrangement Contains a Lease' when the application of their national accounting requirements produced the same result. The amendments do not have any impact on the Group's or Company's financial statements.

(c) Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Company and the Group

- 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. The Group and the Company do not expect the standard to have a significant impact on the financial statements.

- Classification of rights issues – Amendment to IAS 32, 'Financial instruments: Presentation' (effective for annual periods beginning on or after 1 February 2010). This amendment does not have an impact on the Group's and the Company's financial statements.

- Prepayments of a minimum funding requirement – Amendment to IFRIC 14 (effective for annual periods beginning on or after 1 January 2011). This interpretation does not have any impact on the Group's and the Company's financial statements.

- IFRIC 19, 'Extinguishing financial liabilities with equity instruments' (effective for annual periods beginning on or after 1 July 2010). This interpretation does not have any impact on the Group's and the Company's financial statements.

- Limited exemption from comparative IFRS 7 disclosures for first-time adopters – Amendments to IFRS 1 (effective for annual periods beginning on or after 1 July 2010). This interpretation does not have any impact on the Group's and the Company's financial statements.

- Improvements to International Financial Reporting Standards (issued in May 2010; effective dates vary standard by standard, most improvements are effective for annual periods beginning on or after 1 January 2011; the improvements have not yet been adopted by the EU). The Group and the Company do not expect the improvements to have a significant impact on the financial statements.

- Disclosures—Transfers of financial assets – Amendments to IFRS 7 (effective for annual periods beginning on or after 1 July 2011; not yet adopted by the EU). The Group and the Company do not expect the amendments to have a significant impact on the financial statements.

- Deferred Tax: Recovery of underlying assets – Amendment to IAS 12 (effective for annual periods beginning on or after 1 January 2012; not yet adopted by the EU). The Group and the Company do not expect the amendment to have a significant impact on the financial statements.

- Severe hyperinflation and removal of fixed dates for first-time adopters – Amendment to IFRS 1 (effective for annual periods beginning on or after 1 July 2011; not yet adopted by the EU). This amendment will not have any impact on the Group's and the Company's financial statements.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose 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. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognizes any non-controlling interest in the acquirer either at fair value or at the non-controlling interest's proportionate share of the acquirer's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquirer and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the statement of comprehensive income

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. 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 treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(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 recognized in full where Company receives distributions from accumulated profits of the investee. Distributions received from accumulated profits arising before the date of acquisition are tested for impairment.

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 exception for subsidiaries in Latvia, which functional currency is Latvian Lats (LVL).

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 and 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 group 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.

2.6 Intangible assets

(a) Computer software

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

(b) Contractual customer relationships

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

2.7 Impairment of non-financial assets

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

2.8 Financial assets

a) Loans and receivables

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.

b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment or investment matures within 12 months of the end of the reporting period.
Available-for-sale financial assets are recognised initially at fair value plus transaction costs and subsequently measured at fair value. Changes in fair value are recognised in other comprehensive income.
Upon the disposal or impairment of available-for-sale investments, the accumulated fair value adjustment recognised in equity is included in profit or loss in the statement of comprehensive income.
The fair value of investments traded in active financial markets is based on quoted closing market prices at the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument, which is substantially the same, discounted cash flow analysis and other valuation models.
The Company assesses at the end of each reporting date whether there is objective evidence that a financial asset is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is an evidence that the assets are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the statement of comprehensive income.

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.

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

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.

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.

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

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. Interest expense on borrowing is expensed in the statement of comprehensive income.

2.15 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Profit is taxable at a rate of 15 per cent (2009: 20 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 items of property plant and equipment acquired under finance leases are depreciated over the shorter of the useful life or lease term of the asset.

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

(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.

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 eliminating 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.

Revenue for delivering transportation services in recognized in the period when services are performed.

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 Dividends 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.

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

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.

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 makes strategic decisions.
The Group's management distinguished the following operating segments of the Group: hard cheese, semi-hard cheese, butter, milk cream, sour cream, sour milk, yogurt, curd, curd cheese and other. These segments were combined into two main reportable segments based on the similar nature of products production process types of customers and the 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 attached conditions.

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

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 the 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 2010 and 2009 loans granted by the Group at a fixed interest rate were denominated in litas. In 2010 and 2009 borrowings issued to the Group at a variable interest rate were denominated in litas and the euros.

As at 31 December 2010 the Company's and the Group's net liabilities sensitive to interest rate risk amounted to LTL 21,227 thousand and LTL 15,170 thousand respectively (31 December 2009: LTL 83,356 thousand and LTl 83,570 thousand respectively). If interest rate increases / decreases by 0.5 percentage point (2009: 0.5 percentage point) the Company's and the Group's profit would decrease / increase by LTL 106 thousand and LTL 76 thousand respectively (2009: profit would decrease / increase by LTL 417 thousand and 418 thousand respectively).

(b) Credit risk

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

As at 31 December 2010 all Company's and Group's cash balances were held in banks that had external credit ratings from 'A' to 'B+' as set by the rating agency *Fitch Ratings* (31 December 2009: from 'A' to 'AA-').

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:

Group			Company	
2010	2009		2010	2009
19,524	101,187	Cash and cash equivalents at banks	17,902	100,797
83,872	62,226	Trade receivables	86,000	53,182
48,391	36,982	Loans granted	42,086	35,231
3,229	-	Other receivables	3,229	-
155,016	**200,395**		**149,217**	**189,210**

(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 Company's and the Group's management.

Credit limits and receivables as at 31 December 2010 for the major 9 customers are summarised below:

Group			Company	
Credit limit	Receivables		Credit limit	Receivables
11,000	10,968	Customer A	11,000	10,968
10,600	9,829	Customer B	10,600	9,829
6,000	5,820	Customer C	6,000	5,820
6,000	5,561	Customer D	6,000	5,561
5,900	5,852	Customer E	5,900	5,852
5,500	5,137	Customer F	5,500	5,137
3,000	2,904	Customer G	3,000	2,904
16,500	9,000	Customer H		
8,940	5,153	Customer I		

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

Group			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	-	-

Trade receivables did not significantly exceed the established credit limits.

The table below summaries concentration of the loans granted:

Group			Company	
2010	2009		2010	2009
28,576	23,077	Loans granted for amount of above LTL 2 million	23,572	21,523
8,016	3,108	Loans granted for amount above LTL 1 million but not more than LTL 2 million	7,608	3,108
11,799	10,797	Loans granted for amount less than LTL 1 million	10,906	10,600
48,391	36,982		42,086	35,231

Loans for amount of above LTL 2 million were granted to the following companies: Agrofirma Turima SIA, Litrada UAB, Pieno Pramonės Investicijų Valdymas, UAB Maxima UAB, Fobus un K SIA.

(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 amounts as the impact of discounting is insignificant.

Company

At 31 December 2010	**Less than 3 months**	**From 3 to 12 months**	**From 1 to 5 years**	**After 5 years**
Borrowings from banks	33,833	25,709	-	-
Trade payables	45,887	-	-	-
Other payable	9,575	-	-	-
	89,295	25,709	-	-

At 31 December 2009	**Less than 3 months**	**From 3 to 12 months**	**From 1 to 5 years**	**After 5 years**
Borrowings from banks	59,942	40,198	-	-
Trade payables	37,953	-	-	-
Other payable	6,321	-	-	-
	104,216	40,198	-	-

Group

At 31 December 2010	**Less than 3 months**	**From 3 to 12 months**	**From 1 to 5 years**	**After 5 years**
Borrowings from banks	33,833	25,709	103	-
Trade payables	42,498	-	-	-
Other payable	12,442	-	-	-
	88,773	25,709	103	

At 31 December 2009	**Less than 3 months**	**From 3 to 12 months**	**From 1 to 5 years**	**After 5 years**
Borrowings from banks	59,942	40,199	137	-
Trade payables	41,780	-	-	-
Other payable	8,454	-	-	-
	110,176	40,199	137	-

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 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:

Group 2010	Group 2009		Company 2010	Company 2009
59,076	99,600	Borrowings	58,973	99,462
(19,524)	(101,187)	Less: cash and cash equivalents	(17,902)	(100,797)
39,552	(1,587)	Net debt	41,071	(1,335)
194,634	185,435	Shareholders' equity	182,809	173,253
234,186	183,848	Total capital	223,880	171,918

Pursuant to the Lithuanian Law on Companies the authorised share capital of a public company must be not less than LTL 100,000 (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 2010 and 31 December 2009 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 loans and accounts receivable

Provision for impairment of accounts receivable and loans granted 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.

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

5. Segment reporting

Operating segments and reportable segments

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

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

- Fresh milk products
- Cheese and other diary products

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

Segment information for the years ended 31 December 2010 and 2009:

	Fresh milk products	Cheese and other diary products	Other segments (unallocated)	Group
2010				
Sales	244,738	533,555	51,720	830,013
Sales to other segments	(44,987)	(180,803)	(50,463)	(276,253)
Sales – external	**199,751**	**352,752**	**1,257**	**553,760**
Segment's gross profit/(loss)	**15,193**	**60,982**	**1,915**	**78,090**
Depreciation and amortisation	**5,031**	**21,077**	**284**	**26,392**
Income tax expense	**(84)**	**4,076**	**93**	**4,085**
Total assets	70,589	308,389	9,389	388,367
Intercompany eliminations				(65,707)
Total assets less intercompany				**322,660**
Additions to non-current assets (other than financial instruments and deferred tax assets)	2,142	4,264	118	6,524
Total liabilities	33,262	125,580	4,279	163,121
Intercompany eliminations				(35,095)
Total liabilities less intercompany				**128,026**

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

2009	Fresh milk 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)	**23,096**	**50,477**	**3,404**	**76,977**
Depreciation and amortisation	**4,369**	**23,104**	**2,432**	**29,893**
Income tax expense	**372**	**4,733**	**-**	**5,105**
Total assets	57,940	325,925	7,654	391,519
Intercompany				(43,797)
Total assets less intercompany				**347,722**
Additions to non-current assets (other than financial instruments and deferred tax assets)	3,448	4,463	179	8,090
Total liabilities	17,942	152,672	6,993	171,607
Intercompany				(15,320)
Total liabilities less intercompany				**162,287**

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	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
Lithuania	191,934	191,140	308,390	325,925	4,264	4,463
Europe Union countries	248,996	247,215	-	-		-
Other countries	92,625	57,333	-	-		-
	533,555	495,688	308,390	325,925	4,264	4,463

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

	Sales		Total assets		Capital expenditure	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
Lithuania	201,784	243,679	321,789	347,050	6,422	7,960
Europe Union countries	259,351	259,383	871	672	102	130
Other countries	92,625	57,333	-	-	-	-
	553,760	560,395	322,660	347,722	6,524	8,090

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:

	2010	2009
Revenue from sales of goods	511,518	472,320
Export subsidies	374	2,634
Other revenue (milk transportation)	21,663	20,734
	533,555	495,688

The analysis of the Group's revenue by category:

	2010	2009
Revenue from sales of goods	550,905	556,856
Export subsidies	374	2,634
Other revenue (milk transportation)	2,481	905
	553,760	560,395

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

Group 2010	Group 2009		Company 2010	Company 2009
4,727	5,878	Marketing services	-	575
7,373	6,895	Wages and salaries	3,424	3,451
9,474	10,140	Transportation services	8,215	8,497
1,594	1,649	Product image creation and advertising expenses	64	145
2,297	1,538	Repairs and maintenance	1,928	1,264
1,900	1,898	Depreciation of property plant and equipment	1,623	1,716
10	22	Warehousing services	10	22
3,798	2,582	Other expenses	2,966	2,064
31,173	30,602		18,230	17,734

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

7. General and administrative expenses

Group 2010	Group 2009		Company 2010	Company 2009
6,965	7,235	Wages and salaries	4,581	3,765
191	246	Taxes (other than income tax)	104	131
3,068	527	Provisions for impairment of loans granted and write-offs of loans (Note 19 and Note 21)	1,545	527
-	5,123	Provisions for impairment of doubtful receivables	-	5,123
95	1,603	Consultations	483	733
144	1,000	Write-offs of investments (Note 17)	1,144	1,469
-	-	Write-off of amount receivable from the liquidated subsidiary Europienas UAB	-	2,052
1,143	3,386	Depreciation of property plant and equipment and amortisation of intangible assets	647	745
681	623	Repairs and maintenance	571	472
4,918	3,000	Paid and accrued bonuses	4,918	3,000
343	473	Telecommunications and IT maintenance expenses	240	239
201	206	Insurance expenses	144	172
-	66	Write-offs of property plant and equipment	-	-
658	392	Bank charges	599	333
152	-	Business trips	90	-
162	217	Fines	6	10
200	53	Staff training	179	31
118	18	Membership fees	113	11
348	206	Charity support	205	54
3,116	3,102	Other expenses	1,785	1,709
22,503	27,475		17,354	20,576

8. Other income

Group 2010	Group 2009		Company 2010	Company 2009
6,491	5,355	Re-sale of goods	6,518	5,447
3,930	1,719	Interest income	3,581	1,719
1,787	2,266	Other income	1,456	2,009
12,208	9,340		11,555	9,175

9. Other expenses

Group 2010	Group 2009		Company 2010	Company 2009
6,433	5,263	Cost of goods resold	6,464	5,362
475	612	Other expenses	498	629
6,908	5,875		6,962	5,991

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

10. Other operating losses

Group 2010	Group 2009		Company 2010	Company 2009
(51)	(7)	Loss on disposal of property plant and equipment (Note 32)	(20)	(7)
(51)	(7)		(20)	(7)

11. Expenses by nature

Group 2010	Group 2009		Company 2010	Company 2009
355,191	285,956	Raw materials and consumables used	333,383	272,769
(32,364)	57,452	Changes in inventories of finished goods and work in progress	(31,080)	56,163
46,320	50,360	Salaries including social security costs	29,377	29,661
39,642	34,050	Transportation services	30,139	32,394
4,918	3,000	Paid and accrued bonuses	4,918	3,000
26,392	29,893	Depreciation and amortisation	21,077	23,124
(3,326)	(3,089)	Amortisation of the Government grant for property plant and equipment (Note 27)	(2,812)	(2,655)
4,727	5 878	Marketing services	-	575
8,731	7,661	Repairs and maintenance	7,962	6,942
-	-	Cost of finished goods resold	35,696	2,666
-	1,000	Write-offs of investments	1,144	1,469
3,068	5,123	Impairment of amounts receivable	1,545	5,123
-	-	Write-offs of amounts receivable from liquidated companies	-	2,052
381	455	Taxes (other than income tax)	280	327
95	1,603	Consultations	483	733
430	565	Telecommunications and IT maintenance expenses	326	331
38,217	38,803	Utilities (energy)	23,945	23,418
36,924	22,785	Other	51,774	25,429
529,346	541,495	Total cost of sales selling and marketing expenses and general and administrative expenses	508,157	483,521

12. Finance costs

Group 2010	Group 2009		Company 2010	Company 2009
		Interest expense:		
1,016	2,261	– bank borrowings	1,016	2,259
1	3	– finance leases	1	2
1,017	2,264		1,017	2,261

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

13. Income tax

Group 2010	Group 2009		Company 2010	Company 2009
(5,144)	(822)	Current income tax	(4,993)	(322)
147	-	Prior year income tax corrections	(6)	-
912	(4,283)	Deferred income tax (Note 18)	923	(4,411)
(4,085)	(5,105)	Income tax benefit (expenses)	(4,076)	(4,733)

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:

Group 2010	Group 2009		Company 2010	Company 2009
28,646	20,094	Profit/(loss) before income tax	28,954	13,083
4,297	4,019	Tax calculated at a rate of 15% (2009: 20%) (Note 2.15)	4,343	2,617
410	2,711	Expenses not deductible for tax purposes	192	2,711
(190)	(895)	Income not subject to tax	(142)	(355)
(98)	(66)	Charity expenses deductible twice for tax purposes	(55)	(6)
(340)	(684)	Other expenses deductible for tax purposes	(268)	(254)
6	-	Prior year income tax corrections	6	-
-	20	Effect of income tax rate change	-	20
4,085	5,105	Income tax expense/(income)	4,076	4,733

Expenses not deductible for tax purposes relate to staff entertaining and certain write offs and income not deductible to insurance payments and penalties received.

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 the inspection of book-keeping 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

Group 2010	Group 2009		Company 2010	Company 2009
24,561	14,989	Net profit (loss) attributable to shareholders	24,878	8,350
37,663	39,330	Weighted average number of ordinary shares in issue (thousand)	37,663	39,330
0.65	0.38	Basic earnings (deficit) per share (LTL per share)	0.66	0.21

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	Construct-ion in progress	Total
At 1 January 2009					
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
Year ended 31 December 2010					
Opening net book amount	22,898	40,324	16,017	347	79,586
Additions	9	2,124	1,931	200	4,264
Disposals	(114)	(82)	(93)	-	(289)
Write-offs	-	(20)	(10)	-	(30)
Transfers from CIP	-	280		(280)	
Depreciation charge	(1,211)	(13,234)	(6,557)	-	(21,002)
Closing net book amount	21,582	29,392	11,288	267	62,529
At 31 December 2010					
Cost	34,861	139,310	72,636	267	247,074
Accumulated depreciation	(13,279)	(109,918)	(61,348)	-	(184,545)
Net book amount	21,582	29,392	11,288	267	62,529

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

Group	Buildings	Plant and machinery	Vehicles equipment & other	Construct-ion in progress	Total
At 1 January 2009					
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
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
Year ended 31 December 2010					
Opening net book amount	35,003	55,722	17,505	347	108,577
Additions	114	3,058	2,076	1,276	6,524
Disposals	(114)	(109)	(117)		(340)
Write-offs		(20)	(10)		(30)
Transfers from CIP		862		(862)	
Depreciation charge	(1,848)	(17,192)	(7,215)		(26,255)
Closing net book amount	33,155	42,321	12,239	761	88,476
At 31 December 2010					
Cost	48,969	162,944	75,147	761	287,821
Accumulated depreciation	(15,814)	(120,623)	(62,908)	-	(199,345)
Net book amount	33,155	42,321	12,239	761	88,476

As at 31 December 2010 certain property plant and equipment with a carrying value of LTL 58,051 thousand (31 December 2009: LTL 26,423 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

Company	**Computer software**
At 1 January 2009	
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
Year ended 31 December 2010	
Opening net book amount	400
Additions	239
Amortisation charge	(75)
Closing net book amount	564
At 31 December 2010	
Cost	2,282
Accumulated amortisation	(1,718)
Net book amount	564

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

Group	**Contractual client relationship**	**Computer software**	**Total**
At 1 January 2009			
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	2110	310	2420
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
Year ended 31 December 2010			
Opening net book amount		390	390
Additions		239	239
Amortisation charge		(137)	(137)
Closing net book amount	-	492	492
At 31 December 2010			
Cost		2,562	2,562
Accumulated amortisation		(2,070)	(2,070)
Net book amount	-	492	492

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

The Company's investments into subsidiaries and joint venture are accounted for at cost less impairment in the stand-alone financial statements.

At 1 January 2009	**29,773**
Subsidiaries acquired	-
Impairment charge	(1,469)
At 31 December 2009	**28,304**
Subsidiaries acquired	353
Impairment charge	(1,000)
Disposal of subsidiary	(170)
At 31 December 2010	**27,487**

Provision for impairment of subsidiaries established during 2010 amounted to LTL 1,000 thousand using value in use method with WACC 7,7%.
In 2010 Rokiskio Suris Group acquired 60 per cent of shares of Kaunata SIA (Note 1).
In 2009 impairment was calculated on investment into: Skeberdis ir Partneriai UAB and Pečupė UAB. These companies were reorganised and terminated their activities. In 2010 the company Batėnai UAB was sold (loss on disposal LTL 144 thousand) and Skirpstas UAB is subject to liquidation.
The total results, assets and liabilities of joint venture UAB Pieno Upes in which the Group holds 50% interests were as follows (in thousand): total assets were LTL 2,267 (2009: LTL 1,772); total liabilities LTL 1,011 (2009: LTL 757); revenues LTL 12,236 (2009: LTL 8,539); and net profit LTL 331 (2009: LTL 186).

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:

Group			Company	
2010	**2009**		**2010**	**2009**
		Deferred income tax assets:		
479	314	– to be recovered after more than 12 months	479	314
818	60	– to be recovered within 12 months	818	60
1,297	374		1,297	374
		Deferred income tax liabilities:		
(257)	(257)	– to be recovered after more than 12 months	-	-
(139)	(128)	– to be recovered within 12 months	-	-
(396)	(385)		-	-
901	(11)	Net deferred income tax assets	1,297	374

The gross movement in deferred income tax assets was as follows:

Group			Company	
2010	**2009**		**2010**	**2009**
(11)	4,272	At beginning of the year	374	4,785
912	(4,283)	Recognised in profit and loss (Note 13)	923	(4,411)
901	(11)	At end of the year	1,297	374

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

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:

Company

Deferred income tax assets	**Inventory net realisable value adjustment**	**Amortised cost of loans granted**	**Tax losses carried forward**	**Bonuses and vacation reserve**	**Total**
At 1 January 2009	**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**
Recognised in the statement of comprehensive income	(60)	165	-	818	923
At 31 December 2010	**-**	**479**	**-**	**818**	**1,297**

Group

Deferred income tax assets	**Inventory net realisable value adjustment**	**Amortised cost of loans granted**	**Tax losses carried forward**	**Bonuses and vacation reserve**	**Total**
				-	
At 1 January 2009	**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**
Recognised in the statement of comprehensive income	**(60)**	165	-	818	923
At 31 December 2010	**-**	**479**	**-**	**818**	**1,297**

Deferred income tax liabilities	**Accelerated tax depreciation**	**Total**
At 1 January 2009	**(513)**	**(513)**
Recognised in the statement of comprehensive income	128	128
At 31 December 2009	**(385)**	**(385)**
Recognised in the statement of comprehensive income	(11)	(11)
At 31 December 2010	**(396)**	**(396)**

Deferred income tax assets and deferred income tax liabilities were calculated using a tax rate of 15% (2009: 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

Group 2010	Group 2009		Company 2010	Company 2009
8,143	4,769	Long-term loans to farmers	8,143	4,769
404	250	Long-term loans to employees	404	250
7,515	14,483	Other long-term loans	6,023	14,483
(3,003)	(1,897)	Less: provision for impairment of loans receivable	(3,003)	(1,897)
13,059	17,605	Long-term loans net	11,567	17,605
3,762	3,622	Current portion of loans to farmers	3,730	3,622
329	525	Current portion of loans to employees	105	128
31,950	15,589	Other short-term loans granted	27,393	14,235
(709)	(359)	Less: provision for impairment of loans receivable	(709)	(359)
35,332	19,377	Current portion of long-term loans and short-term loans	30,519	17,626

Loans to farmers were granted with repayment terms ranging from 2 months to 10 years. The annual interest rate ranges from 0 to 10 per cent. Effective interest rate (weighted yearly interests) was 10,92 per cent (2009: 8.7 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 12.97 per cent (2009: 12.99 per cent).

Other long-term loans were granted with repayment terms ranging from 1 to 5 years. Weighted average interest rate payable on loans is 4.27 per cent. These loans arose upon the purchase of the Company's and the Group's production by customers.

Trade receivables were classified as Loans granted due to the reason that interests are accounted by the Company. Reclassified amount as at 2010.12.31 LTL 13,438 thousand (2009: LTL 10,687 thousand).

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 2010 fair value of loans granted to employees amounted to LTL 360 thousand (2009: LTL 302 thousand). As at 31 December 2010 fair value of loans granted to farmers amounted to LTL 10,718 thousand (2009: LTL 5,178 thousand).

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

Group 2010	Group 2009		Company 2010	Company 2009
46,226	33,999	Loans granted not past due	39,921	32,248
1,955	2,783	Loans granted past due but not impaired	1,955	2,783
3,922	2,456	Impaired loans granted	3,922	2,456
52,103	39,238	Gross value of loans granted	45,798	37,487
(3,712)	(2,256)	Impairment of amounts uncollectible	(3,712)	(2,256)
48,391	36,982	Net amount	42,086	35,231

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

20. Inventories

Group 2010	Group 2009		Company 2010	Company 2009
7,074	6,116	Raw materials	3,343	2,200
13,915	7,048	Work in progress	13,458	6,895
38,748	14,991	Finished products	36,512	13,321
2,849	2,467	Other inventories	2,245	2,462
62,586	30,622	Total inventories at cost	55,558	24,878
-	(400)	Less: inventory write-down to net realizable value	-	(400)
62,586	30,222	Total inventories	55,558	24,478

As at 31 December 2010 inventories with cost of LTL 25,000 thousand (31 December 2009: LTL 50,000 thousand) have been pledged as security for bank borrowings.

As at 31 December 2010 the Company did not hold any inventories with third parties.

21. Trade and other receivables

Group 2010	Group 2009		Company 2010	Company 2009
		Non-current receivables		
3,229	-	Other receivables	3,229	-
		Current receivables		
83,872	62,226	Trade receivables	86,000	53,182
3,601	3,666	VAT receivable	2,456	1,255
-	727	Export subsidies receivable	-	727
2,608	713	Advance payments and deferred expenses	1,750	702
90,081	67,332		90,206	55,866

2010 m. gruodžio 31 d. LTL 3,229 thousand are accounted as long term deposits in bank AS UniCredit Bank, Latvia. Term of deposits: more than 12 months and ends in 2012 – 2016 with 6% annual interests.

As at 31 December 2010 trade accounts receivable in the amount of LTL 29,572 thousand (31 December 2009: LTL 17,040 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:

Group 2010	Group 2009		Company 2010	Company 2009
74,625	54,002	Trade receivable neither past due nor impaired	77,822	45,393
9,247	8,224	Trade receivable past due but not impaired	8,178	7,789
5,331	5,241	Impairment of amounts uncollectible	5,331	5,241
89,203	67,467	Gross value	91,331	58,423
(5,331)	(5,241)	Impairment charge	(5,331)	(5,241)
83,872	62,226	Net value of loans granted	86,000	53,182

The Group received no collaterals for impaired amounts receivable.
The Company has receivable from subsidiary Rokiskio Pienas UAB amounted to LTL 22 970 thousand, which is not impaired and overdue.

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:

Group 2010	Group 2009		Company 2010	Company 2009
8,864	7,625	Up to 30 days	7,827	7,204
280	497	31 to 60 days	270	496
76	3	61 to 180 days	75	-
27	99	More than 181 days	6	89
9,247	8,224		8,178	7,789

22. Cash and cash equivalents

Group At 31 December 2010	Group At 31 December 2009		Company At 31 December 2010	Company At 31 December 2009
16,749	96,754	Short-term deposits	16,699	96,699
2,775	4,433	Cash at bank and in hand	1,203	4,098
19,524	101,187		17,902	100,797

As at 31 December 2010 and 2009 cash in bank accounts and future cash inflows into these accounts have been pledged as security for bank borrowings. As at 31 December 2010 the cash balances in the pledged accounts amounted to LTL 7,163 thousand (31 December 2009: LTL 95,479 thousand).

For the purposes of cash flow statement cash and cash equivalents comprise as follows:

Group At 31 December 2010	Group At 31 December 2009		Company At 31 December 2010	Company At 31 December 2009
16,749	96,755	Short-term deposits	16,699	96,699
2,776	4,433	Cash at bank and in hand	1,203	4,098
(14,926)	(19,606)	Bank overdrafts (Note 26)	(14,926)	(19,606)
4,599	81,582		2,976	81,191

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

23. Share capital

As at 31 December 2010 the share capital was divided into 38,444,894 (31 December 2009: LTL 38,444,894) ordinary registered shares with par value of LTL 1 each. All the shares are fully paid.

24. Treasury shares

	2010		2009	
	Number	Amount	Number	Amount
At beginning of the year	-	-	2,755,036	15,492
Treasury shares acquired	2,576,924	(11,478)	1,516,600	3,337
Reduction of share capital	-	-	(4,271,636)	(18,829)
	2,576,924	(11,478)	-	-

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) each.
Following the cancellation of treasury shares redeemed 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) each.

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 and reserve for acquisition of treasury shares

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 3,840 thousand (legal reserve) can only be used for offsetting future operating losses if any.

The dividends declared in respect of 2009 and paid in 2010 amounted to LTL 3,844 thousand, which is LTL 0.10 per share (except for treasury shares) (when each share has par value of LTL 1).

Reserve for acquisition of treasury shares
During the ordinary general meeting of shareholders of Rokiškio Sūris AB held on 30 April 2010 a decision was passed *Regarding the Formation of the Reserve for the Acquisition of Treasury Shares.*
The reserve formed for the acquisition of treasury shares amounted to LTL 15,000 thousand. The total amount of the reserve for the acquisition of treasury shares including the previously formed reserve for the acquisition of treasury shares is LTL 29,188 thousand.
The same shareholder's meeting decided to allocate LTL 359 thousands to other reserves (legal reserve).

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

26. Borrowings

Group 2010	Group 2009		Company 2010	Company 2009
		Current		
43,997	79,792	Current bank borrowings	43,997	79,792
14,926	19,606	Bank overdrafts	14,926	19,606
50	65	Finance lease liabilities	50	64
58,973	99,463		58,973	99,462
		Non-current		
103	137	Non-current bank borrowings	-	-
59,076	99,600	**Total borrowings**	58,973	99,462

The bank borrowings are secured over certain 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:

Group 2010	Group 2009		Company 2010	Company 2009
2.56	1.67	Current bank borrowings	2.52	1.67
2.38	3.71	Bank overdrafts	2.38	3.71

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

Group 2010	Group 2009		Company 2010	Company 2009
44,047	99,463	EUR	44,047	99,462
14,926	-	LTL	14,926	-
58,973	99,463		58,973	99,462

Fair value of borrowings approximates 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 2010 according to the agreement concluded with banks the unwithdrawn amounts of credit lines and overdrafts of the Company and the Group were LTL 56,798 thousand and 57,818 thousand respectively (2009: LTL 20,093 thousand and LTL 21,113 thousand respectively).

The group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

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

27. Deferred income

Group 2010	Group 2009		Company 2010	Company 2009
10,279	11,288	Government grants at beginning of year	7,789	8,881
842	2,080	New grants received	362	1,563
(3,326)	(3,089)	Amortisation of deferred income to match related depreciation	(2,821)	(2,655)
7,795	10,279		5,330	7,789
(4,989)	(7,296)	Less: non-current portion	(3,031)	(5,241)
2,806	2,983	Current portion	2,299	2,548

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 and other payables

Group 2010	Group 2009		Company 2010	Company 2009
42,498	41,780	Trade payables	45,887	37,953
3,817	1,787	Salaries social security and taxes	2,352	678
2,014	2,509	Other payables	612	1,485
6,611	4,158	Bonuses and vacation reserve	6,611	4,158
54,940	50,234		55,462	44,274

The Company has payable to subsidiary Rokiskio Pienas UAB amounted to LTL 8,686 thousand.

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.
This case was renewed in March, 2011. Disclosed in Note 34.

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

30. Contingent liabilities and commitments

Contingent liabilities

Group 2010	Group 2009		Company 2010	Company 2009
4,799	876	Guarantees issued by the bank to third parties on behalf of the Group	4,799	876
-	768	Guarantees issued by the Group on behalf of farmers and agricultural companies	-	768
4,799	1,644		4,799	1,644

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 2,437 thousand (31 December 2009: LTL 664 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:

Group 2010	Group 2009		Company 2010	Company 2009
250	280	Not later than 1 year	250	280
	250	Later than 1 year but not later than 5 years		250
250	530		250	530

31. Available-for-sale financial assets

As at 31 December 2010 available-for-sale debt securities of the Company and the Group represented bonds issued by the Lithuanian Government (fair value as at 2010.12.31 LTL 6,886 thousand) (31 December 2009: none). Fair value was estimated by reference to quoted prices in active markets for identical assets.

Initial yields and maturities of debt securities are as follows:

	2010 Yield	2010 Maturity	2009 Yield	2009 Maturity
Securities of the Lithuanian Government	4.50%-5.25%	22 September 2017	-	-

(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:

Group At 31 December 2010	Group At 31 December 2009		Company At 31 December 2010	Company At 31 December 2009
28,646	20,094	Net profit (loss) before income tax	28,954	13,083
		Adjustments for:		
26,255	27,750	– depreciation (Note 15)	21,002	23,104
137	2,143	– amortisation and impairment charge (Note 16)	75	20
30	119	– write-off of property plant and equipment and intangible assets (Notes 15 and 16)	30	71
51	7	– loss on disposal of property plant and equipment (Note 10)	20	7
1,016	2,264	– interest expense (Note 12)	1,016	2,261
(3,930)	(1,233)	– interest income (Note 8)	(3,581)	(1,233)
-	400	– write-offs of inventories	-	400
170	1,000	– impairment of investments into subsidiaries (Note 17)	1,144	1,469
1,613	5,650	– impairment of doubtful receivables and write-offs of bad receivables (Note 21)	90	5,650
1,455	-	– Impairment and write-offs of loans granted to farmers (Note 19)	1,455	-
(5,450)	(3,000)	– accrual for vacation reserve and bonus	(5,450)	(3,000)
(3,326)	(3,089)	– amortisation of government grants received (Note 27)	(2,821)	(2,655)
		Changes in working capital:		
(23,918)	11,765	– amounts receivable and prepayments	(37,016)	19,035
(32,363)	56,602	– inventories	(31,081)	55,275
11,692	7,596	– amounts payable	16,908	10,751
2,077	128,068	Net cash generated from operations	(9,256)	124,238

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

2010	2009		2010	2009
340	850	Net book amount (Note 15)	289	549
(51)	(7)	Loss on disposal of property plant and equipment (Note 10)	(20)	(7)
289	843	Proceeds from sale of property plant and equipment	269	542

(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 Director) which together own 51.76 per cent (2009: 54.28 per cent) of the Company's share capital and 55.48 per cent (2009: 54.28 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 48.24 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 57.31 per cent (2009: 59.78 per cent) of the Company's share capital and 61.43 per cent (2009: 59.78 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.

Group			Company	
At 31 December			At 31 December	
2010	2009		2010	2009
(i) The following transactions were carried out with related parties:				
22,688	21,832	Purchase of raw milk from other related parties	78,106	53,258
-	-	Purchase of non-current assets	38	97
-	-	Purchase of inventory	42,543	2,810
3,707	4,018	Purchases of services	10,901	22,018
-	2,965	Purchase of consulting services	284	615
1,318	732	Sales of transportation services to other related parties	20,845	20,928
869	728	Sales of production and other inventories	162,163	131,724
-	-	Sale of non-current assets	73	-
320	406	Interest charges on credit facility	320	406

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

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

2010	**2009**		**2010**	**2009**
191	201	Non-interest bearing loans granted to Senior Management (and their families)	191	201
10,856	16,898	Credit facility granted to Pieno Pramonės Investicijų Valdymas UAB	10,856	16,898
-	-	Loan granted to Jekabpils Piena Kombinats SIA	1,501	199
1,422	3,763	Trade payables to other related parties	13,803	7,817
-	486	Trade receivables from other related parties	22,970	9,938

(iii) Compensation of key management

2010	**2009**		**2010**	**2009**
674	405	Salaries	674	405
4,920	3,000	Bonuses	4,920	3,000
192	125	Social security contributions	192	125
866	530		866	530

Key management includes 9 (2009: 9) members of the Board and Senior Management.

34. Events after the end of the reporting period

On 23 December 2010 a decision was passed at the general shareholder meeting to reduce the authorised share capital of Rokiškio Sūris AB by LTL 2,576,924 (two million five hundred seventy-six thousand nine hundred and twenty four litas) through cancellation of 2,576,924 (two million five hundred seventy-six thousand nine hundred and twenty four) ordinary registered shares with par value of LTL 1 (one) each.

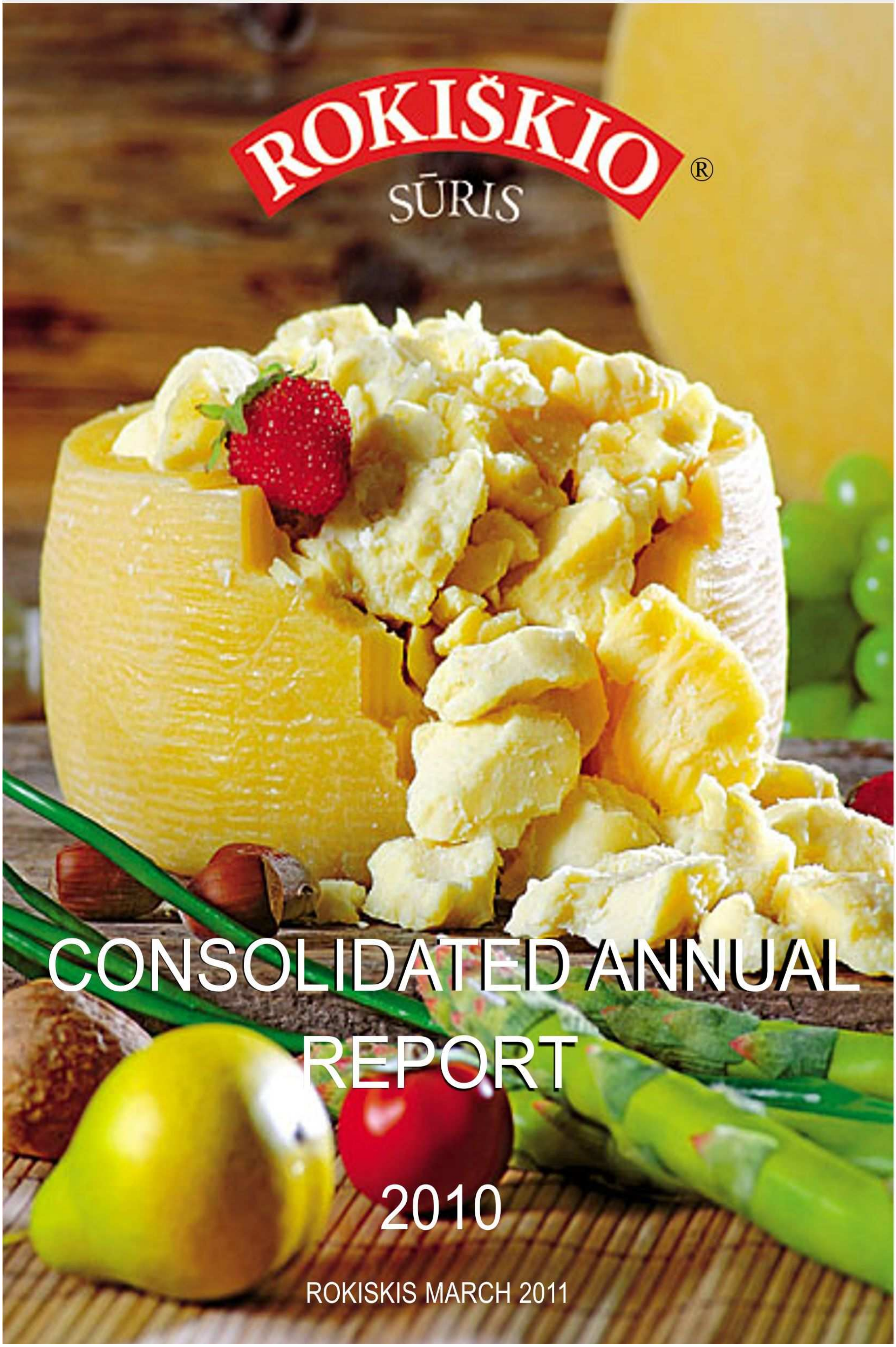
These shares were redeemed during the course of the 2010 financial year at the official bidding submarket operating through NASDAQ OMX Vilnius stock exchange.

During the above mentioned shareholder meeting a decision was passed to amend Articles of Association of Rokiškio Sūris AB due to the decrease in the share capital of the Company through the cancellation of treasury shares redeemed.

Following the cancellation of treasury shares redeemed the authorised share capital of Rokiškio Sūris AB amounts to LTL 35,867,970 (thirty-five million eight hundred sixty-seven thousand nine hundred and seventy litas) divided into 35,867,970 (thirty-five million eight hundred sixty-seven thousand nine hundred and seventy) ordinary registered shares with par value of LTL 1 (one) each. The number of shares held by the Company's shareholders and their nominal value did not change because of the reduction of the Company's share capital.

A new version of the Company's Article of Association stipulating a decreased share capital of the Company was registered with the Register of Legal Entities on 8 March 2011. Following the registration with the Register of Legal Entities the authorised share capital of Rokiškio Sūris AB amounts to LTL 35,867,970 (thirty-five million eight hundred sixty-seven thousand nine hundred and seventy litas) divided into 35,867,970 (thirty-five million eight hundred sixty-seven thousand nine hundred and seventy) ordinary registered shares with par value of LTL 1 (one) each.

On 1 March 2011, Rokiškio Sūris AB received a letter No. (2.19-23)6V from the Lithuanian Competition Council *Regarding the Notice on the Investigation Performed.* The conclusion of the investigation reads as follows: "According to points 1 and 3 of paragraph 1 of Article 40, paragraph 1 of Article 41 and Article 47 of the Lithuanian Law on Competition, we propose that a penalty is imposed on Rokiškio Sūris AB for the violation of paragraph 1 of Article 5 of the Law on Competition and that the company is put under obligation to cease the violation if it still persists." Rokiškio Sūris AB will launch an appeal. The outcome of appeal is not certain at the moment.



CONSOLIDATED ANNUAL REPORT

2010

ROKISKIS MARCH 2011

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1. Reporting term of the prepared report

The consolidated annual report is prepared for the year 2010.

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 registry of legal entities – 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 2010, the consolidated group (hereinafter the “Group”) consists of the Parent Company AB “Rokiskio suris“, two branches, four subsidiaries and one joint venture. The following tables introduce the subsidiaries and branches:

	Actively performing as at 31st December 2010			**Share of the group (%) as at 31st December 2010**	
Branches	**2010**	**2009**	**Subsidiaries**	**2010**	**2009**
Utenos pienas	Yes	Yes	UAB „Rokiškio pienas“	100,00	100,00
Ukmergės pieninė	Yes	Yes	PK „Žalmargė“	100,00	100,00
			UAB „Skirpstas“	100,00	100,00
			UAB „Batėnai“*	-	100,00
			SIA Jekabpils piena kombinats	50,05	50,05
			SIA Kaunata*	60,00	-
			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.

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).

Latvian company SIA Kaunata (company code 42403003695, legal address: Rezeknes novads, Kaunatas pagast, LV- 4622).

Latvian company SIA Kaunata acquired in 2010.05.22. This subsidiary’s figures are not included in consolidated statement of Rokiskio Suris AB Group due to its insignificance and SIA Kaunata is not directly depended from Rokiskio Suris AB (no intercompany transactions are performed).

Co-controlled company:

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

Branches of AB “Rokiškio sūris“:

a) Utenos pienas (Company code: 110856741, Pramonės g. 8, LT-28216 Utena);
b) Ukmergės pieninė (UAB Rokiskkio Pienas) (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 KB „Žalmargė“ is purchase of raw milk.

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

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 LTL 1 (one litas). (VVPB symbol 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. The Company was included on the trading lists on 25th July 1995.

The Company's shares are traded on the comparative index of Baltic countries in OMX Baltic Benchmark.

As from 22nd November 2010, trade by the Company's shares is made in euros on Stock Exchange NASDAQ OMX Vilnius.

7. Authorized capital of the issuer

As at 31st December 2010, the Authorized capital of AB "Rokiškio sūris":

Type of shares	Number of shares	Nominal value, LTL	Total nominal value, LTL	Share of authorized capital (%)
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 31.12.2010) – 5.655 shareholders.

The shareholders having or owning over 5 percent of the issuer's authorized capital (as at 31.12.2010):

Name, surname Name of company	Address	Proprietary rights			With associated persons	
		Number of shares	Share of the capital %	Share of votes %	Share of the capital %	Share of votes %
UAB ”Pieno pramonės investicijų valdymas”	Pramonės g. 3, Rokiškis Lithuania	13 322 647	34,65	37,14	57,31	61,43
Antanas Trumpa	Sodų 41a, Rokiškis Lithuania	6 578 370	17,11	18,34	57,31	61,43
Skandinaviska Enskilda Banken AB clients	Sergels Torg 2, 10640 Stockholm, Sweden	4 560 713	11,86	12,72	-	-
Swedbank clients	Liivalaia 8, Tallinn Estonia	2 505 612	6,52	6,99	-	-
AB „Rokiškio sūris“	Pramonės g.3, Rokiškis, Lithuania	2 576 924	6,70	-	-	-

10. Shareholders' rights

<u>Shareholders have the following non-economic rights</u>:

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 Part 1 of 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.

<u>Shareholders have the following property rights</u>:

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 or convertible bonds of the Company unless the General Meeting of the Shareholders resolves to waive such right complying with the applicable Law;

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 31st December 2010, AB „Rokiškio sūris“ acquired 2 576 924 units of own shares. The shares are without voting right. It makes 6,70 % of the Authorized capital of AB “Rokiškio sūris”. There are no other shares with limited voting rights.

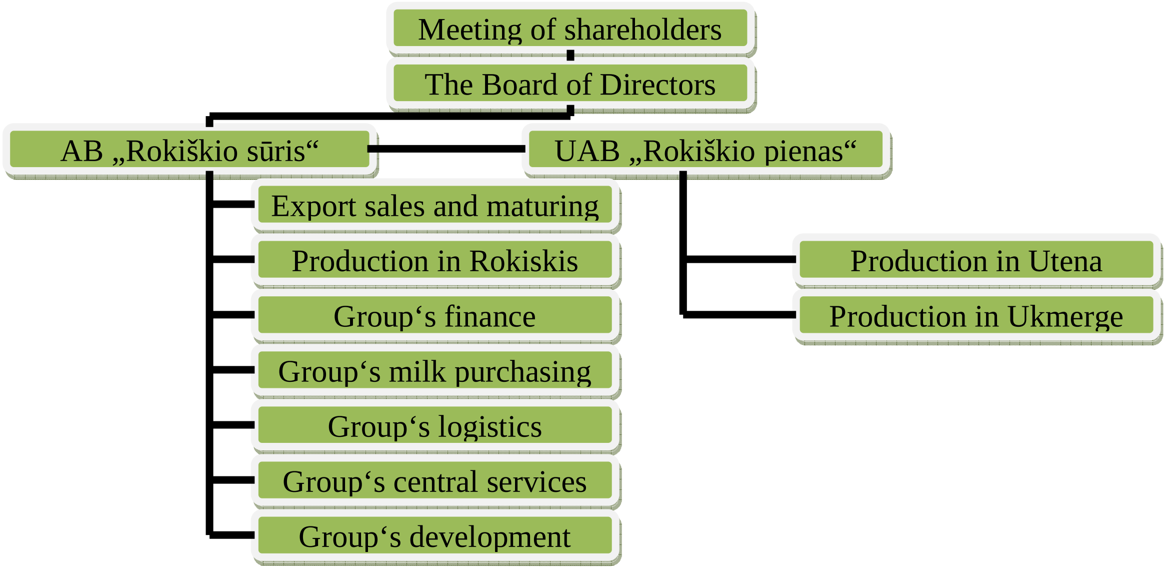
13. All agreements between shareholders

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 employees of AB „Rokiškio sūris“ are provided with wide opportunities to deepen their knowledge and improve their skills in various trainings. In order to obtain higher financial resources to be used for this purpose, 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. Total size of the project is up to LTL 2 million. 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. In the beginning of 2010, the Company signed a contract with a training company “OVC mokymai”. Within 2010, the trainings were attended by 124 employees. As intended, the training was organized in two directions: development of general skills and specific trainings to improve production technology knowledge. The project will last in 2011, and it will be attended by similar number of employees who will be able to deepen their knowledge and gain new experience in every month seminars.

Learning of languages is a key issue of training program also. 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.

In accordance with the corporate strategy approved by the Board of Directors the Company's key operational targets cover all functional areas such as finance, marketing, procurement, production and control of human resources and their achievements. In order to reach the set targets the company has established an internal control system as well as the Audit Committee. The main functions include analyzing and evaluation, also providing recommendations for improvement of the Company's operational performance. The findings of Audit Committee are presented to the Company's management, and an action plan is prepared accordingly in order to eliminate identified weaknesses. The Company's accounting and financial reports are made in accordance with the International Accounting Standards applied in the European Union.
The Company's performance is managed and controlled in assistance with the informational technologies. Security of the data on the Company's information system is ensured by document copying.

As at 31st December 2010, the number of employees working for the group of AB „Rokiškio sūris“ amounted to 1607 (average number of employees).

The table shows average number of employees of Rokiškio sūris group and variation of average salaries in 2010:

Average number of employees	**2010.12.31.**	**2009.12.31.**
Total:	1607	1786
incl. Managers	10	10
Specialists	310	334
Workers	1406	1442
Average monthly salary, Lt	**2082**	**1761**
Managers	4648	4026
Specialists	1933	1728
Workers	2098	2061

Education of the employees working for Rokiskio suris

Education	**2010.12.31**	**2009.12.31**
University degree	139	129
Special education	753	910
High school	670	690
Unfinished high school	45	50

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 51,76 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 48,24 per cent of the company’s shares belongs to various minor shareholders in Lithuania and foreign countries. The company has acquired 2 576 924 own shares (6,70 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 significant 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 the note 33 of Financial Statements.

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

As at 31st December 2010, 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. As from 22nd November 2010 the trade on stock markets is performed in euros.

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

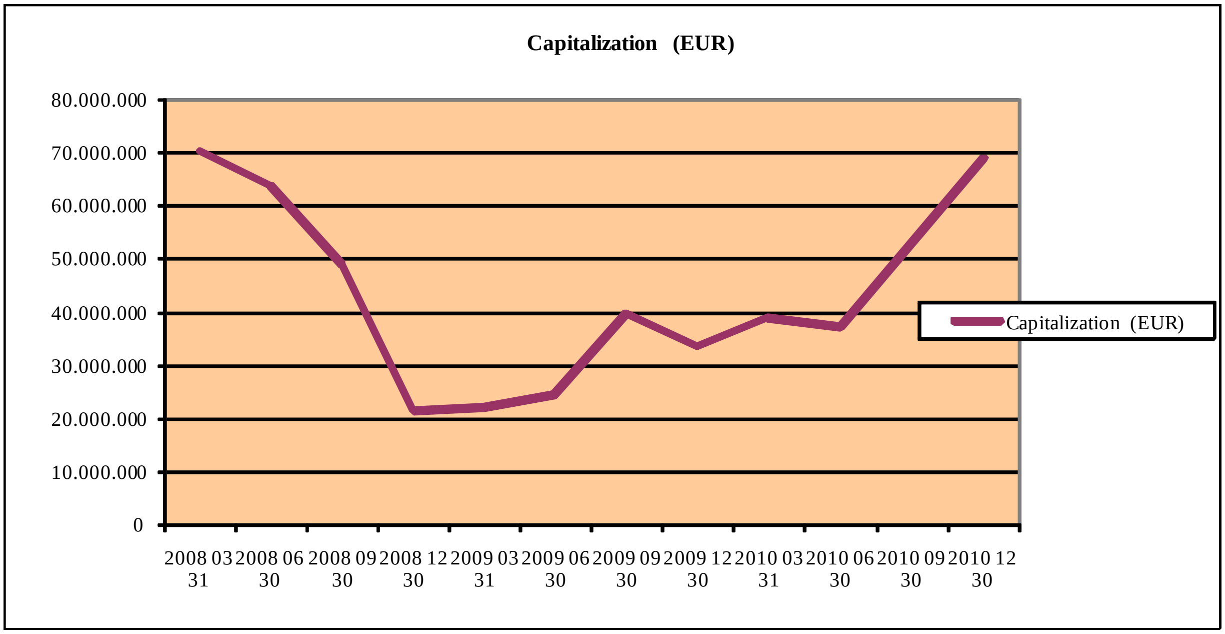
Trade on central market:

Reporting period		Price (Eur)				Turnover (Eur)			
from	to	max	min	average	Last session	Date of last session trade	max	min	Last session
2008.01.01	2008.03.31	2,302	1,631	1,964	1,663	2008.03.31	449 652,75	0	2 928,61
2008.04.01	2008.06.30	1,651	1,419	1,542	1,492	2008.06.30	104 152,51	0	1 351,66
2008.07.01	2008.09.30	1,477	1,124	1,298	1,158	2008.09.30	155 337,44	0	3 443,64
2008.10.01	2008.12.31	1,158	0,429	0,651	0,501	2008.12.30	43 014,77	0	2 173,42
2009.01.01	2009.03.31	0,640	0,507	0,543	0,521	2009.03.31	417 209,22	0	2 409,87
2009.04.01	2009.06.30	0,626	0,492	0,576	0,579	2009.06.30	149 201,99	0	3 125,00
2009.07.01	2009.09.30	1,086	0,579	0,696	0,930	2009.09.30	132 685,79	0	1 152,80
2009.10.01	2009.12.31	1,060	0,814	0,893	0,869	2009.12.31	213 725,45	0	1 216,40
2010.01.01	2010.03.31	1,043	0,840	0,987	1,014	2010.03.31	135 646,90	0	14 822,98
2010.04.01	2010.06.30	1,054	0,970	1,026	0,973	2010.06.30	508 303,30	0	3 932,55
2010.07.01	2010.09.30	1,437	0,959	1,231	1,381	2010.09.30	368 253,90	0	13 667,75
2010.10.01	2010.12.31	1,830	1,410	1,735	1,792	2010.12.30	740 490,00	0	0

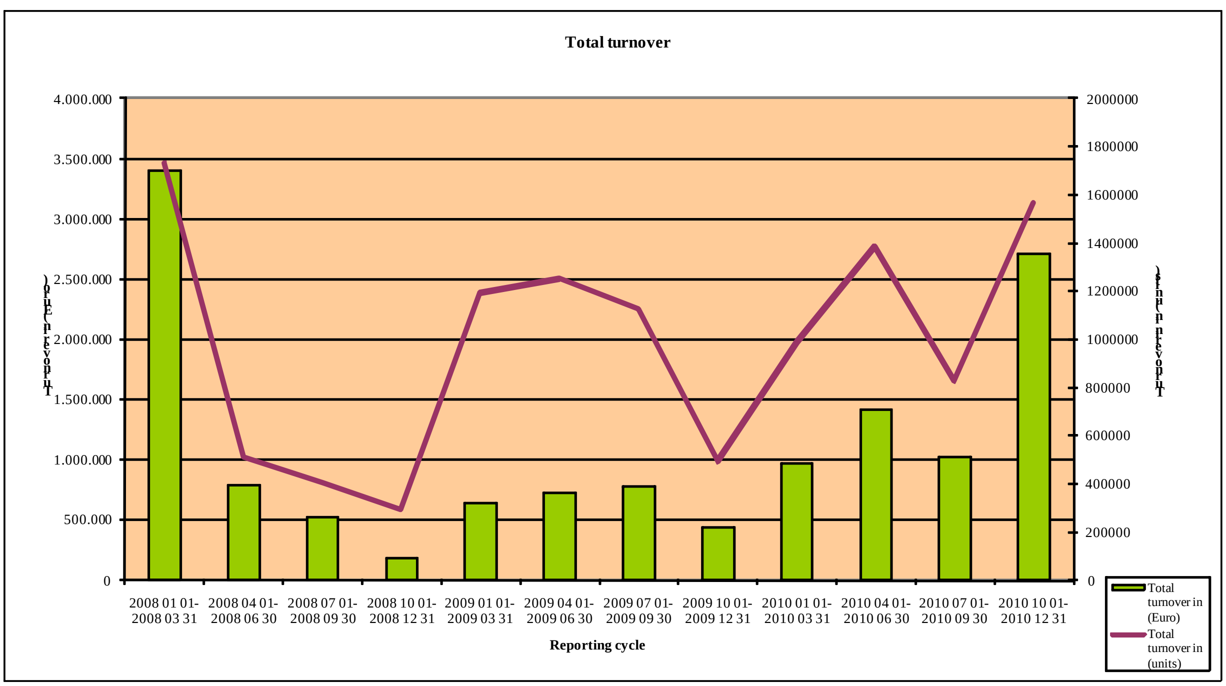
19. Capitalization of securities

Reporting period		Total turnover		Date of last session trade	Capitalization (Eur)
from	to	(units)	(Eur)		
2008.01.01	2008.03.31	1 731 106	3 400 625	2008.03.31	70 237 213
2008.04.01	2008.06.30	510 793	787 442	2008.06.30	63 713 546
2008.07.01	2008.09.30	403 314	523 608	2008.09.30	48 860 670
2008.10.01	2008.12.31	293 125	190 692	2008.12.30	21 402 803
2009.01.01	2009.03.31	1 192 359	646 946	2009.03.31	22 268 812
2009.04.01	2009.06.30	1 253 465	722 254	2009.06.30	24 743 124
2009.07.01	2009.09.30	1 123 671	781 760	2009.09.30	39 712 715
2009.10.01	2009.12.31	492 856	440 243	2009.12.30	33 403 233
2010.01.01	2010.03.31	988 352	975 929	2010.03.31	38 983 123
2010.04.01	2010.06.30	1 384 497	1 419 903	2010.06.30	37 406 882
2010.07.01	2010.09.30	829 929	1 022 024	2010.09.30	53 092 399
2010.10.01	2010.12.31	1 564 687	2 715 182	2010.12.30	68 893 250

Capitalization of the Company‘s shares within 2008-2010, Eur



Turnover of the Company’s shares within 2008-2010 (units and Eur)



Indexes of the Baltic markets:
(01.01.2010 -31.12.2010)

Data of the Chart:

Indexes/Shares	01.01.2010	31.12.2010	+/-%
OMX Baltic Benchmark GI	314,42	533,99	69,83
OMX Vilnius	261,77	409,65	56,49
OMX Baltic Benchmark PI	223,65	366,96	64,08
RSU1L	0,87 EUR	1,79 EUR	106,25

Share price DIAGRAM: OMX Vilnius and AB „Rokiškio sūris(RSU1L), AB “Pieno žvaigždės“ (PZV1L), AB „Žemaitijos pienas“ (ZMP1L) ir AB „Vilkyškių pieninė“ (VLP1L):
Indixes of the Baltic markets:
(01.01.2010-12.31.2010)

Data fo the Chart:

Index/Equity	01.01.2010	31.12.2010	+/-%
OMX Vilnius	261.77	409.65	56.49
RSU1L	0.87 EUR	1.79 EUR	106.25
ZMP1L	0.30 EUR	0.70 EUR	134.32
PZV1L	0.85 EUR	1.48 EUR	73.81
VLP1L	0.70 EUR	1.72 EUR	147.45

20. The Group‘s and parent company audited consolidated financial accounts for the year 2010

The consolidated audited financial accounts of AB „Rokiškio sūris“ group and parental company for the year 2010 is presented above.

21. Information on purchase of issuer‘s own shares

During the financial year 2010, AB „Rokiškio sūris“ bought 2 576 924 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, for LTL 11 478 000. It made 6,70 per cent of the company’s authorized capital.
The 23rd December 2010 General Meeting of Shareholders resolved to decrease the Authorized capital of AB „Rokiskio suris“ by LTL 2 576 924 (two million five hundred seventy six thousand nine hundred twenty four litas) in the way of annulment of 2 576 924 (two million five hundred seventy six thousand nine hundred twenty four) 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“ is equal to LTL 35 867 970 (thirty five million eight hundred sixty seven thousand nine hundred seventy litas) divided into 35 867 970 (thirty five million eight hundred sixty seven thousand nine hundred seventy) 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 31st December 2010, the Authorized 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.

On 8th March 2011, the Company AB “Rokiskio suris” registered the new wording of the Articles of Association in the Registry of Legal Entities which was made due to the decrease of the Authorized Capital in the course of treasury share annulment. The resolution to decrease the Authorized Capital in the way of share annullment was accepted by the 23rd December 2010 General Meeting of Shareholders.

The Company has no treasury shares after 2 576 924 shares were annulled.

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“. 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. 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 2009, UAB "Skeberdis ir partneriai" and UAB „Pečupė" were liquidated and registered out of the Registry of Legal Entities. In 2010, shares of UAB „Batėnai" were sold.

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, UAB "Europienas" was liquidated and registered out from Registry of Legal Entities.

In 2010 the company sold UAB Batenai and acquired as described above – SIA Kaunata. In general Group's investments into Kaunata SIA subsidiary is 60 per cent.

The information on the subsidiaries 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.

The Companies are highly concerned about food safety and quality issues in order to satisfy customer needs and comply with the environmental requirements.

In 2001, the Company was the first in Lithuania who was certified in accordance with the Hazard Analysis and Critical Control Point systems (HACCP), and the first of dairy companies who was certified in accordance with the Quality management and Environment management systems. In 2002, the systems were implemented and certified in Utena and Ukmerge also.

Certificates granted by the international company **Bureau Veritas** prove that the systems fully comply with ISO 9001:2008, ISO 14001:2004, ISO 22000:2005 or requirements of Dutch Standard for Food Safety “Requirements for the system based on HACCP. CC v HACCP, 2006“. There are certain rules made in accordance with standard requirements, and they guarantee production of stabile, smooth, qualitative and safe products in order to improve effectiveness of whole system of environment protection going in line with the corporate politics. The system covers all procedures from raw milk procurement to satisfaction of customer needs.

In 2010, the system covering food safety, quality management and environment protection management was re-certified.

Following customer requirements the company started to produce organic products in 2010. this is approved by the state company “Ekoagros”.

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.

In 2010, production of smoked cheese was started in two forms – cheese sticks and twists. As the market needs changed, a new necessity appeared to sell a part of Rokiskio cheese in standard pieces, therefore the cheese is packed in pieces and slices of fixed weight. Also, the company acquired an equipment for cheese grating in small cubes and sticks.

Besides the main production of fermented cheese, AB ”Rokiškio sūris” produces melted cheese, whey protein concentrate (WPC) and milk sugar (lactose), processed cheese, and smoked cheese. In 2010 production of milk sugar exceeded quantities of any previous periods.

Production of AB ,,Rokiškio sūris“:

Production / Year	2008	2009	2010
Fermented cheese, t	32.719	25.392	28.142
Cream 35% fat,t	14.240	10.679	10.099
Whey cream 35% fat,t	1.586	1.464	1.542
Whey protein concentrate, t	76.631	54.413	66.192
Milk sugar, t	10.147	8.297	10.190
Processed cheese, t	630	767	708
Smoked cheese, t	150	132	81

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.

The line of yougurt production was modernized, consequently a new yogurt packaging equipment was installed. It allows production of wide range of yogurts, and desserts.

In 2010, it was started the production of light yogurts “Bifi light“ which is enriched with bifido bacteria. The family brand “Gardus“ was added with yogurt with dry fruits. It was also started production of economy brand yogurt “Visiems“

Production / Year	2008	2009	2010
Fresh dairy products, t	51.970	47.530	54.770
Butter and spread fat mixes, t	4.607	4.775	3.084
Dry dairy products, t	8.692	9.967	4.657
Exported cream, t	7.561	5.213	5.355

UAB „Rokiškio pienas“ branch Ukmergės pieninė

Specialization of Ukmerge production plant – curd and curd cheese production. It is one of the biggest curd production plants in Lithuania.

Modern technologies and equipment, as well as compliance with sanitary and hygiene requirements allow maintenance of all best nourishment and energetical values of curd products, and it ensures longer shelf life of the prodct. It is highly important to ensure stability of product quality.

The plant continuously change the assortment as new products are created.

Production, t/year	2008	2009	2010
Curds	3104	2943	2789
Fresh Cheese	632	592	646
Curd desserts	1270	1060	724
Processed products	346	334	332

In 2010, the pant Ukmergės pieninė submitted an application to the Ministry of Agriculture of the Republic of Lithuania regarding registration of the name of Lithuanian Curd Cheese as geografically protected in accordance with the EC Register No. 510/2006 regarding protection of geographical an original places of agricultural and food products.

Significant achievements were reached in the production of 9 % curds “NAMINĖ“, which is packed in exclusive brand packaging in 500g and 200g:
The product was granted gold medal in the exhibition „AgroBalt 2010“ organized by the Ministry of Agriculture of the Republic of Lithuania. The product was also highly evaluated by the Russian market. In the exhibition in St.Petersbourg in 2010 it was a winner in two competitions.
„Inovative product“ **–** award with diploma and gold medal.
„Choise of networks“ - award with a sertificate for the winner of competition.

Customers are delighted with vivacious and revealing books by Vytautas V. Landsbergis „Kaip Pelytė Zita žmogumi pavirto“ where the main hero is a mouse Zita whose image is used for chocolate coated cheese desserts:
- Chocolate coated curd dessert (vanile, added with dry plumps, with chocolate pieces, and with poppies) Pelytė Zita 24 % fat, 25 g
- Curd dessert (with rasins and with dried plumps) Pelytė Zita 7 % fat, 95 g

Following an order of UAB „Naisių vasara“ supporting development of Lithuanian film industry, it was started to produce:
- Fresh cheese 13% fat **NAISIŲ VASARA**, vacuum packaging;
- Curds 9% fat, 500g **NAISIŲ VASARA**, exclusive packaging.

The assortment was enlarged by the brand PASAULIO SŪRIŲ KOLEKCIJA (WORLD CHEESE COLLECTION) which was highly evaluated by the customer:
- Fresh cheese **BRAZILIŠKAI 45 %** fat in dm, vacuum packaging;
- Fresh cheese with spicies **BRAZILIŠKAI 45 %** fat in dm, vacuum packaging;
- Fresh cheese produced in italian tradition **ITALIŠKAI** Mozzarella 45 % fat in dm, vacuum packaging;
- Fresh cheese with mexical spicies **MEKSIKIETIŠKAI** 45% fat in dm, vacuum packaging;
- Baked curd cheese with Lithuanian spicies **LIETUVIŠKAI** 22 % fat in dm, vacuum packaging;
- Baked curd cheese with caucasian spicies **KAUKAZIETIŠKAI** 22 % fat in dm, vacuum packaging;

Qualitative and safe product is the main target.

26. Sales and marketing

The biggest part of production is exported. As before, the main direction of export is European Union (mainly Italy, Holland, Germany) and Russian markets.
The biggest part of exported production is fermented cheese. In the EU region the main part of sales make unmatured cheese, in the Russian market – semi hard cheese and hard cheese which becomes more and more popular.

The Group’s export sales of traditional products such as butter, cream, milk powder and by-products (Whey protein concentrate and lactose) are increasing.
The year 2010 brought some stability into the dairy sector considering both export and internal market. Consumption of dairy products increased in the European Union as well as in other world markets due to which the export turnover rose. In 2010, the Group exported its production for LTL 352 million which made by 11,13 % more than in 2009.

Rokiškis cheese is well known and sold on the local market. Customer needs are satisfied by a wide range of products. The Group’s production is evaluated as of high quality, and the assortment is added with new qualitative products every year.

Due to the difficult economical situation it was impossible to avoid decrease of turnover on the local market.
The Group’s sales on the local market in 2010 made LTL 202 million which was by 17,19 % less than in 2009.

The Group aims to increase the sales of fermented Cheese, to create products with added value, to implement new type of product packaging, and to introduce new products to the market.

The Group has a strong core of brand products, and they are strengthened continuously, new production lines are launched:

Premium

Massive

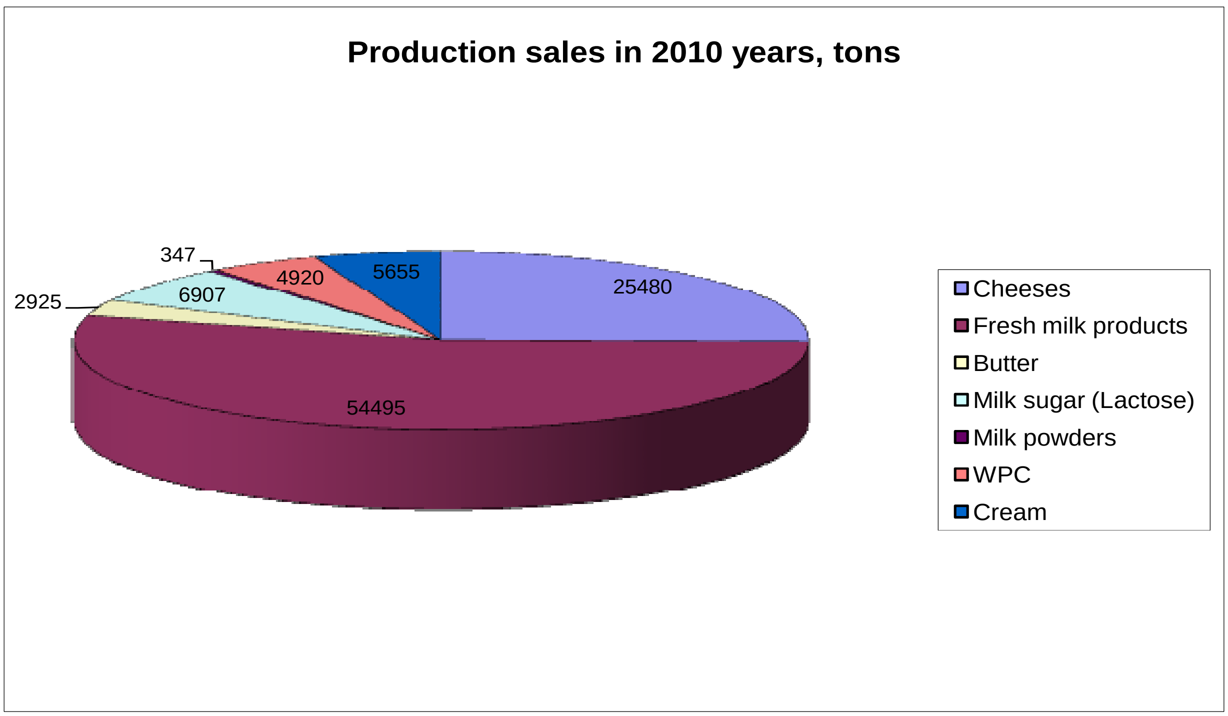
Economical

Desserts

Functional

Horeca sector **New brand:**

A key factor is stability of the produce quality which is essential for implementation of marketing strategy.



Sales markets in 2008-2010 (The Group)

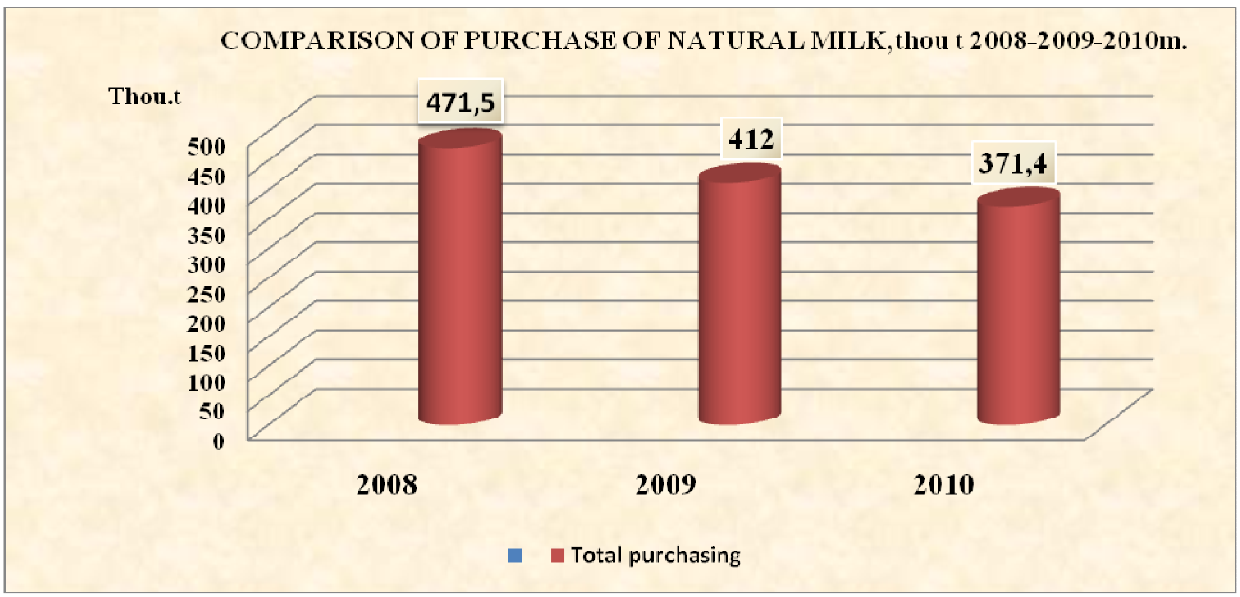
Name of country	Sold					
	2008		2009		2010	
	thousand LTL	%	thousand LTL	%	thousand LTL	%
Lithuania	258 852	37,96	243 679	43,48	201 784	36,44
European countries	316 362	46,40	259 383	46,29	259 351	46,83
Other countries	106 607	15,64	57 333	10,23	92 625	16,73
Total	**681 821**	**100**	**560 395**	**100**	**553 760**	**100**

27. Purchase of raw material

In 2010, in Lithuania it was purchased 1278,13 thousand tons of natural milk which is by 0,3 per cent more than in 2009 (1274,77 thousand tons). The average price of natural raw milk was LTL/t 863,7 and it was by 40 per cent higher compared to 2009 (LTL/t 617).

During the ten months of quota period, i.e. 2010-2011, the amount of total national raw milk for processing reached 67,10 per cent (last year – 65,70 per cent).

In total it was purchased 371,4 thousand tons of natural milk (avg. Fat content 4,13 per cent, and protein content 3,27 per cent) or by 10,0 per cent less than in 2009.



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) bureaucratic restrains

h) drop in export prices due to the world financial and economical crisis;
j) inadequate attention of the government in regards with business;
k) volatility in the Russia market;
n) unflexible politics in regards with VAT and excise taxes.

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. Low birthrate. The people lose their trust in the government, and there is no certainty in the future. Passive residents.

The farming is dominated by older farmers. Community of villages is getting older also. High unemployment. Bankruptcy of companies. Consumption decrease due to higher taxes applied to residents. Uncontrolled rise in the prices for fuel and power resources strongly influences decrease of consumption and lower satisfaction of customer needs.

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:

Based on Regulation of European Parlament and Community 2008/1/EB "Regarding integrated prevention and control of pollution" (TIPK), AB Rokiskio suris is attributed to the equipment of Annex 1 which obliges to obtain the TIPK permission. Following the submitted application to regional Panevezys department of environment protection, on 28th December 2009 the Licence for integrated prevention and control of pollution (TIPK) was renewed. The company introduced most effective production forms (BREF), and the consumption of resources and emmission of pollution complies with the EU regulations.

In 2001, the company implemented evirinment protection system ISO 14001. the certification and auditing is made by an international company Bureau Veritas Lietuva.

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 2010, during the external and internal audit it was identified 9 remarks and 2 non-compliancies which were corrected. The remarks were taken into account and the management system was improved. The targets set for 2010 were achieved. The evaluation and anglysis of performance is made periodically.

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 2010, 13 stationary air pollution resources discharged 10,051 t of pollutants. The transport department consists of 304 vehicles: 212 trailers, 86 automobiles, 6 other vehicles. The mobile resources of contamination discharged 637,1 t of pollutants.

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. In 2010, it was processed 9787 t of dairy waste, produced 246547 kWh of electricity which was used for the internal consumption. 6833 t of sludge was used for field fertilizing. In 2010, the facilities of AB Rokiskio suris treated 938 thousand m^3, and 7,5 per cent of waste was transferred to the municipality waste water treatment plant.

The dairy waste accumulation site of AB „Rokiškio sūris“ in Celkiai, Rokiškis district, was recultivated. The site is considered as dangerous in terms of environment.

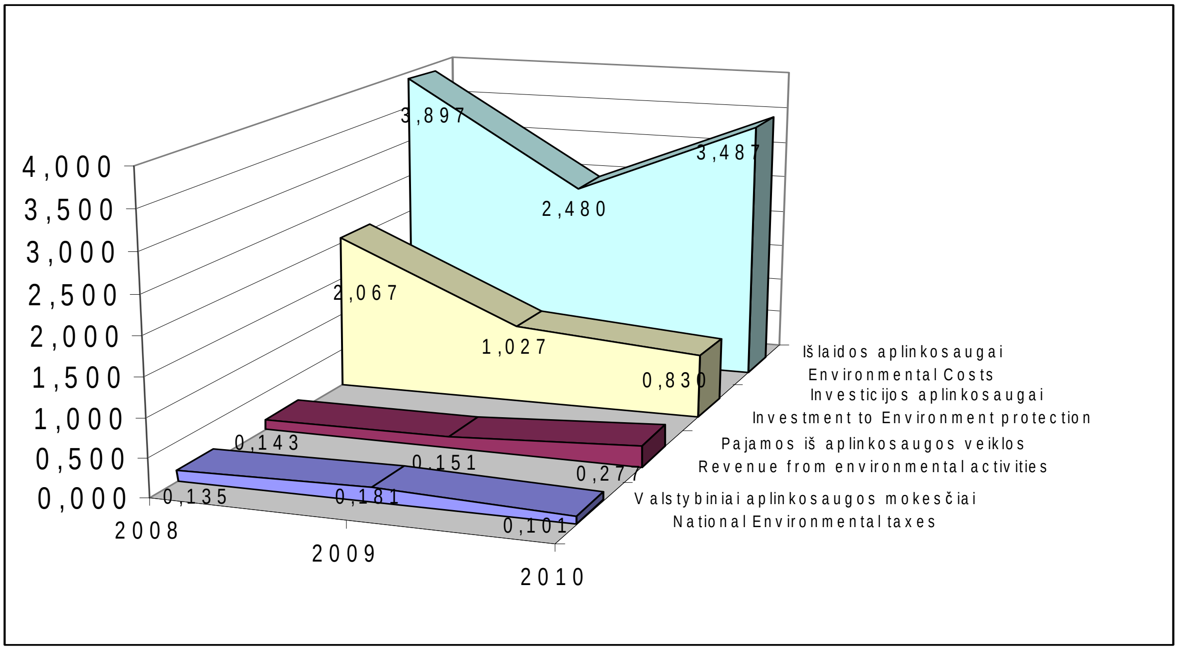
The company has undergone through risk analysis, consequently a plan of preventive actions and accident liquidation was prepared. The most dangerous company's sites: amonium compresor room, storage of chemical materials of waste water treatment plant, warehouse of chemical materials, petrol station. The company's buildings were evaluated and marked as required by the fire protection regulations. Fire alarms were equipped were necessary in order to improve fire-protection and minimize potential risk.

Key ratios of environment in 2010:

Quantity of issued waste per ton of raw material –	0,005
Fee for pollution per ton of raw material –	0,07
Quantity of waste pollutants according to BDS_7 in kg per ton of raw material –	0,37
Quantity of waste per ton of raw material, m^3 –	1,39
Consumption of chemical materials in kg per ton of raw material –	1,79
Power consumption in kWh per ton of raw material –	38,82
Thermo-power consumption in kWh per ton of raw material –	67,75

Environmental activities, million litas

Year	**2008**	**2009**	**2010**
Taxes for environment pollution	0,135	0,181	0,101
Income from the environmental operations	0,143	0,151	0,277
Investment into environment protection	2,067	1,027	0,830
Expenditure for environment	3,897	2,480	3,487



Key ratios of the company performance, their dynamics

The table shows consolidated figures of the Group.

No	Indices		2006	2007	2008	2009	2010
1.	Net profit %	Net profit / Sales and services	3	5	(3)	3	4
2.	Average return on assets	Net profit / Average assets	0,04	0,10	(0,05)	0,04	0,07
3.	Debt ratio	Liabilities / Assets	0,40	0,34	0,52	0,47	0,40
4.	Debt-to-equity ratio	Liabilities / Equity	0,67	0,57	1,08	0,88	0,66
5.	General liquidity ratio	Current assets / Current liabilities	1,60	1,70	0,94	1,42	1,63
6.	Assets turnover ratio	Revenues / Assets	1,61	1,99	1,89	1,61	1,72
7.	Book value per share, Lt	Equity / Number of ordinary shares	40,67**	4,97*	4,07*	4,82*	5,06*
8.	Net earnings per share, Lt	Net profit / Number of shares	3,01**	0,81*	(0,45)*	0,38*	0,65*

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

No	Indices	2006	2007	2008	2009	2010
1.	Income (thousand litas)	510.272	664.962	681.821	560.395	553.760
2.	EBITDA (thousand litas)	46.686	76.225	12.785	52.272	55.413
3.	EBITDA margin (%)	9,15	11,46	1,88	9,33	10,01
4.	Operational profit (thousand litas)	13.021	34.238	(18.327)	14.989	24.625
5.	Operational profit margin (%)	2,55	5,15	(2,69)	2,67	4,45
6.	Return on equity ROE (%)	6,75	16,11	(10,55)	8,08	12.65
7.	Profitability margin (EBT margin) (%)	3,52	6,99	(3,08)	3,59	5,18

29. Investment projects implemented during the last 3 fiscal years

Every year AB „Rokiškio sūris“ give great attention to new investment into the production procedures, modernization of existing production facilities and their maintenance, procurement of raw material, continuation of environmental protection, nad transport.

When Lithuania became a member of European Union, the company employed some EU support to increase investment facilities. Therefore, it was successfully used the EU financing in accordance with SAPARD and BPD 2004-2006 programs.

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. The BPD program was used for improvement of whey collection and treatment. The financial support reached LTL 3,45 million.

Upon implementation of those modern technologies, there are no 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.

The investment according to the above programs was implemented successfully, the equipment is used in ful capacities and the company continues to impement new investments and modernization of procedures.

The company is very much concerned to have most modern production facilities, and to process the raw milk which would be delivered by modern vehicles with sufficient isolation and accounting systems. It is aimed to maintain high quality of purchased raw milk which fully comply with the requirements for food safety and veterinary.

During the last 3 fizcal years the main investments were directed to reconstruction and modernization of cheese production.

In general, AB Rokiskio suris investments are organized in the way to ensure food safety requirements in terms of raw milk processing, production of produce and delivery of produce to the customer.

In 2007-2010, the company continued the investment program, consequently some new equipment and milk trucks were bought, and the production equipment was modernized which also resulted into the better work conditions for employees, lowered power consumption, and supported environment protection program.

A part of investment was directed into improvement of raw milk quality. In 2007-1010, the main investments were made in accordance with KPP program for the period of 2007-2013. The investments were used not only for the parent company AB Rokiskio suris but for the subsidiary UAB Rokiskio pienas also. The subsidiary prepared four business plans to employ the support. Total sum of the investment plans amounts to LTL 13,81 million.

In 2007, AB „Rokiškio sūris“ and its subsidiary UAB Rokiskio pienas prepared business plans 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.

Also, it was purchased some new vehicles for raw milk collection and transportation, and also the trucks with refrigeration system for transportation of finished products.

In 2010, AB Rokiskio suris prepared two business plans in accordance with 2007-2013 program. They are „Modernization, of raw milk processing by AB Rokiskio suris in order to increase competitive ability of the company“ and „Modernization, of raw milk processing by AB Rokiskio pienas in order to increase competitive ability of the company“. Total sum of investment amounts to LTL 6,23 million.

The main directions of the investment in 2010:

- Production of high value added products (long maturing various packaging and shapes fermented and processed-smoked cheese);
- Modernization of the departments servicing production facilities (thermo and energy supply departments, compressor room, water supply department, laboratory);
- Renewal of assortment of fresh dairy products;
- Maintenance of competitive ability level in the market
- Improvement of sanitary and hygiene level in the production facilities;
- Improvement of quality, control and monitoring;
- Implementation of new technologies;
- Saving power resources complying with EU requirements;
- Continuation of environment protection politics;
- Increase of competitive ability by high added value products;
- Modernization of warehouses of finished products (reconstruction of premises and equipment);
- Modernization of transport;
- Computerization of management of production procedures and maintenance of technological procedures;
- Improvement of work conditions of employees;
- Modernization of cheese packaging complying with customer needs.

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 investments amounting to LTL 11 million. The investments will be used for modernization of production procedures in whole chain of production, for raw milk tanks, cleaning facilities, cheese packaging-labeling equipment, ventilation systems, sanitary maintenance equipment, internal transport as it is provided by the contracts of 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. A part of investments will be directed to creation of new packaging of products.

The main target of the investments is to continue effective usage of current equipment by modernization and improvement of technological procedures.

It is provided that acquisition of equipment should first satisfy customer needs in terms of finished production. It is aimed the equipment would ensure safety and quality of the product as well as variability of packaging responding to growing market demand.

Great attention is paid to the departments providing services to the production plants and modernization of their equipment: cooling systems, power supply, waste utilization, ventilation systems. Also, to the storage and delivery of ready-to-cook products and finished products within the company's departments. Therefore, some more fork-lifts will be bought.

The up-to-date and safe equipment would secure the improved work conditions of employees as well as precision of technological parameters. The employees will have more time for product quality, and control and monitoring of technological parameters.

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	**2004**		**2005**		**2006**	
	Sum, Lt	**Per share**	**Sum, Lt**	**Per share**	**Sum, Lt**	**Per share**
Ordinary registered shares	21.771.115,00	5,00 Lt (50,00%)	10.275.966,28	2,36 Lt (23,60%)	10.081.101,08	2,36 Lt (23,60%)

Continued

Type of shares	**2007**		**2008**		**2009**	
	Sum, Lt	**Per share**	**Sum, Lt**	**Per share**	**Sum, Lt**	**Per share**
Ordinary registered shares	9.902.131,20	0,24 Lt (24,00%)	Dividends were not paid		3 844 483,40	0,10 Lt (10,00%)

Considering the company‘s results, the company’s management intends to continue the dividend policy as before.

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.

Management of the company:

Chief Executive Officer - Antanas Trumpa
Deputy CEO - Dalius Trumpa
Chief Financial Officer - Antanas Kavaliauskas
Development Director – Ramūnas Vanagas
Central Services Director – Jonas Kvedaravičius
Logistics Director – Jonas Kubilius
Procurement Director – Evaldas Dikmonas
Sales and Marketing Director – Darius Norkus

System of bonuses for the management:

As the management of the company consists of the same members as the Board of Directors, they receive tantjemes in accordance with the company’s performance results.

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.

Board of Directors:
(as at 31.12.2010)

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 2,12% of votes of AB „Rokiškio sūris". Education – university degree. Works for the company since 1991. As from 2002 in the capacity of production director. As from 2007 appointed a deputy director. Also the director of UAB Rokiskio pienas from 2007.
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".
Works for the company since 2002 in the capacity of finance director. Education – university degree. In 1997, obtained a master degree of ficance management in Kaunas technology university. As from 2002, a certified member of international accountants association ACCA.

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 6 578 370 ordinary registered shares of AB „Rokiškio sūris", i.e. 17,11% of the authorized capital of AB "Rokiškio sūris" and 18,34% of votes.
Education – university degree. Works for the company as from 1966. In 1979, prepared a dissertation "Organizing the work of vacuum aparatus" in Riga Politechnical Institute, consequently on 12th October 1994 was granted a doctor degree by Lithuanian Science Counsil.

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".

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“.
Education – university degree. Works for the company since 2005 in the capacity of business development director.

Participation in the activities of other companies:
He does not participate in the performance and capital of any other companies.

Andrius Trumpa - Board member (elected by the 25th April 2008 General meeting of shareholders). Education – university degree. Works in Vilnius Gedimino Technikos University in the capacity of lecturer, owns 298 820 shares, i.e. 0,78% of the Authorized capital and 0,83% votes of AB „Rokiškio sūris“.

Participation in the activities of other companies:
He does not participate in the performance and capital of any other companies.

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 0,07% of votes.
Education – university degree. Works for the company since 1994 in the capacity of the central services director.

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 0,06% of votes.
Education – university degree. Works for the company since 1995 in the capacity of the head of transport department. As from 2002 appointed the logistics director.
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 2 165 shares of AB „Rokiškio sūris“, i.e. 0,01 % of the company’s authorized capital and votes.
Education – university degree. Works for the company since 2001 in the capacity of the procurement director.

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 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.
Education – university degree. Works for the company since 2001 in the capacity of the sales and marketing director.

Participation in the activities of other companies:
Shareholder of UAB ”Pieno pramonės investicijų valdymas”, having 3,91 % of the company’s shares and votes;

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

Manager of the Company:

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.

Information on the company’s manager (director):

For more information about the **Chief Executive Officer Antanas Trumpa** see point 33.

Information on the company’s finance director:

For more information about the **Chief Financial Officer Antanas Kavaliauskas** see point 33.

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 and it is a part to the consolidated annual report.

35. Information on the publicly announced data

1. 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.

The Board of Directors of the Company have decided to continue purchase of own shares due to the results of last purchase of the company's shares (15.07.2009 - 28.07.2009), when the amount of offered shares for purchase was four times as much as it was intended to buy, and the price was set as at LTL 2,20 per share.
Taking into account the price of last share purchase of LTL 2,20, and the financial results of the Company for 3Q as well as significantly decreased turnover of the Company's shares during the last six months, which made less than LTL 3 million (EUR 869 thousand), the Board of Directors believes that the price for share purchase set as at LTL 2,50 reflects the value of shares.

2. Acquisition of own shares by 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.

3. Regarding establishment of association

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.

4. Resolutions approved by the general meeting of shareholders of AB „Rokiskio suris“ on 30th April 2010

1. The Company’s annual report for the year 2009.
To approve the annual report for the year 2009 of AB “Rokiškio sūris“. (attached).

2. Auditor’s findings regarding the consolidated financial reports and annual report.
To approve the auditor’s report (attached).

3. The Audit Committee report.
To approve the report of the Audit Committee (attached).

4. Approval of the company’s consolidated financial accounting for the year 2009.
To approve the consolidated financial statements for the year 2009 (attached).

5. Allocation of the profit of the Company of 2009.
To approve allocation of the profit of the Company of 2009 as follows:

1.	Non-distributable profit (loss) at beginning of year	68 993 thou LTL (19 982 thou EUR)
2.	Approved by shareholders dividends related to the year 2008	-
3.	Transfers to reserves provided by law	
4.	Profit share transferred to reserves for acquisition of own shares	-
5.	Non-distributable profit (loss) at beginning of year after dividend payout and transfer to reserves	68 993 thou LTL (19 982 thou EUR)
6.	Net profit (loss) of fiscal year	14 748 thou LTL (4 271 thou EUR)
7.	Distributable profit (loss)	83 741 thou LTL (24 253 thou EUR)
8.	Profit share for mandatory reserve	364 thou LTL (105 thou EUR)
9.	Profit share for acquisition of treasury shares	15 000 thou LTL (4 344 thou EUR)
10.	Profit share for other reserves	
11.	Profit share for dividend payout	3 844 thou LTL (1 113 thou EUR)
12.	Profit share for annual payments (tantiemes) to the Board of Directors, employee bonuses and other	2 998 thou LTL (868 thou EUR)
13.	Non-distributable profit (loss) at end of year	61 535 thou LTL (17 822 thou EUR)

For the dividends 2009, it shall be allocated LTL 3.844.483,40 (EUR 1.113.439,35), i.e. LTL 0,10 (EUR 0,029) per share (before tax).

6. Election of the Company’s auditor and establishment of payment conditions.
To appoint UAB “PriceWaterhouseCoopers“ as an Auditor of JSC Rokiskio suris. The Board of Directors shall establish the fee for the auditor’s work. The Company’s Chief Executive Officer shall sign a contract with the auditor.

7. Regarding purchase of own shares.
1) To purchase up to 10 per cent of own shares.
2) Purpose of acquisition of own shares – maintain and increase the price of the company’s shares.
3) Period during which the company may purchase own shares - 18 months from the approval of resolution.
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.
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. Also, to provide opportunity to annul treasury shares.
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.

8. Regarding compounding the reserve to acquire own shares.

To compound a 15 (fifteen) million litas (EUR 4.344.300) reserve for acquisition of own shares. Along with the previously compound reserve for acquisition of own shares, the total reserve for acquisition of own shares will make LTL 29.188.000 (EUR 8.453.000).

5. Regarding purchase of own shares

Pursuing resolution of the 30th April 2010 general meeting of shareholders of AB ”Rokiskio suris” to acquire up to 10 per cent of the company's shares, the 26th July 2010 Board of Directors of AB „Rokiskio suris“ resolved:

1. Purchase up to 3.844.400 (three million eight hundred forty four thousand four hundred) 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 4,25 (four litas 25 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 July 28th, 2010 until August 10th, 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.

6. Preliminary results of the group of AB „Rokiskio suris“ for 6 months 2010

The preliminary consolidated non-audited result of the group of AB „Rokiskio suris” for 6 month period of the year 2010 reached LTL 2,7 million of net profit.

7. Acquisition of own shares by AB „Rokiskio suris“

In the course of official tender as from 28-07-2010 to 10-08-2010 AB „Rokiskio suris“ purchased 823 234 units of own shares, and it makes 2,14 % of the Company's Authorised Capital.

8. Regarding purchase of own shares

Pursuing resolution of the 30th April 2010 general meeting of shareholders of AB ”Rokiskio suris” to acquire up to 10 per cent of the company's shares, the 7th September 2010 Board of Directors of AB „Rokiskio suris“ resolved:

1. Purchase up to 3.020.000 (three million twenty thousand) units of ordinary registered shares of AB ”Rokiskio suris” LTL 1 (one) litas par value.
2. The price for purchase of own shares is set at LTL 4,55 (four litas 55 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 September 10th, 2010 until September 23th, 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.

9. Acquisition of own shares by AB „Rokiskio suris“

In the course of official tender as from 10/09/2010 to 23/09/2010 AB „Rokiskio suris“ purchased 1 753 630 units of own shares, and it makes 4,56 % of the Company's Authorised Capital. Purchase price per share equals to LTL 4,55.
Currently, AB „Rokiskio suris“ owns 2 576 924 units of treasury shares including the previously acquired shares, and it makes 6,70 % of the company's authorized capital.

10. Regarding purchase of shares in treasure

Having considered the results of purchase of treasury shares (it was bought 6,70 per cent of the authorized capital) and following the resolution of general meeting of shareholders to purchase up to 10 per cent of the company's shares, the 24th September 2010 Board of Directors resolved to extend purchase of treasury shares up to the limit as follows:
1. Purchase up to 1 266 370 units (one million two hundred sixty six thousand three hundred seventy) ordinary registered shares of AB ”Rokiskio suris” LTL 1 (one) litas par value, and this would make 10 per cent of the authorized capital including the shares bought before. The company will not be able to buy more shares after it completes this purchase.
2. Price for purchase of own shares is set at LTL 4,55 (four litas 55 ct) per ordinary registered share of AB „Rokiskio suris“, i.e. the same price as it was set for the last purchase session.
3. Period for purchase of own shares - 14 days. The shares will be purchased as from 29th September 2010 until 12th October 2010 by the Stock Exchange NASDAQ OMX Vilnius via official tender submarket.
4. Should there be more shares offered to buy compared to the limited amount intended to purchase, the number of shares proposed to buy will be reduced proportionally.

11. Consolidated interim statements of AB „Rokiskio suris“ group for 9 months 2010

The consolidated non-audited sales of the AB”Rokiskio suris” group for 9 months 2010 made LTL 390,384 million (EUR 113,063 million), i.e. 8,96 per cent less compared to the same period last year. In 2009, the consolidated sales of the third quarter made LTL 428,831 million (EUR 124,198 million).
The consolidated non-audited net profit of the group within nine months 2010 made LTL 12,526 million (EUR 3,628 million), i.e. 29,19 per cent more compared to the same period last year. In 2009, the third quarter consolidated profit made LTL 9,696 million (EUR 2,808 million).
It should be noted that the company's profit was exclusively earned in the export markets. The sales on the local market made a loss of LTL 1,64 million (EUR 0,47 million) within the nine month period of 2010. The sales on the local market dropped by over 10 per cent compared to the same period last year.

12. Resolutions approved by the extraordinary general meeting of shareholders of AB Rokiskio suris

Resolutions approved by the extraordinary general meeting of shareholders of AB „Rokiskio suris“ on 23rd December 2010:

1. Regarding decrease of the Authorized Capital of the Company by annulment of treasury shares
Resolved:
To decrease the Authorized capital of AB „Rokiskio suris“ by LTL 2 576 924 (two million five hundred seventy six thousand nine hundred twenty four litas), in the way of annulment of 2 576 924 (two million five hundred seventy six thousand nine hundred twenty four) ordinary registered shares at par value of LTL 1 (one) litas.

After annulment of treasury shares, the Authorized capital of AB „Rokiskio suris“ shall make LTL 35 867 970 (thirty five million eight hundred sixty seven thousand nine hundred seventy litas) divided into 35 867 970 (thirty five million eight hundred sixty seven thousand nine hundred seventy) ordinary registered shares at par value of LTL 1 (one) litas.

2. Amendments of the Company's Articles of Association.
Resolved:
To amend the Company's Articles of Association:
- To identify the corrected size of the authorized capital resulted from its decrease by annulment of treasury shares. The amended point 3.1 of the Company's Articles of Association shall be read as follows:

“3.1. Authorized Capital of the Company is equal to LTL 35,867,970 (thirty five million eight hundred sixty seven thousand nine hundred seventy litas). The Authorized Capital is divided into 35,867,970 (thirty five million eight hundred sixty seven thousand nine hundred seventy) ordinary registered shares at a par value of LTL 1 (one litas).”

- To change the procedure of announcement of the Company's notifications. The amended point 10.1 and a new point 10.2 of the Company's Articles of Association shall be read as follows:

“10.1. The Company's information as regulated by the Law on Joint stock companies of the Republic of Lithuania, the Law on securities and the laws on financial markets pursuing Article 28 of the Law on Securities of the Republic of Lithuania are announced publicly and it is placed in the central information base. “
“10.2. In cases set by the Law on Joint stock companies of the Republic of Lithuania, as well as other laws and the Articles of Association when the Company's notices shall be announced publicly, they are announced in an electronic release “Public announcements of juridical bodies” published by a public corporation “VĮ Registrų centras”. Other public announcements to be released in accordance with the applicable laws (including announcements on the reorganization of the Company, and decrease of the Authorized capital) shall be announced publicly, they are announced in an electronic release “Public announcements of juridical bodies” published by a public corporation “VĮ Registrų centras” or circulated to every shareholder or other person to be informed by the registered mail or given upon signature. The Company's announcements are announced and/ or sent pursuing the terms set by the Lithuanian Laws and the Articles of Association. The Company's head manager takes responsibility for the timely announcement of the Company's information and its circulation.”

- To supplement the Company‘s Articles of Association with Article 11 „Procedure of amendments to be made to the Articles of Association“, and point 11.1 shall be read as follows:

“11.1. The Company's Articles of Association may be amended upon the initiative of the Board of Directors or the shareholders whose shares provide not less than 1/20 of the total votes. Resolution to make changes to the Articles of Association shall be accepted by the General Meeting of Shareholders when it is approved by 2/3 of the participating votes. If the General Meeting of Shareholders decides to make amendments to the Articles of Association, the full text of new reading is prepared and signed by the authorised person by the General Meeting of Shareholders.
The CEO Antanas Trumpa is authorized to sign the Company's Articles of Association and to proceed with any actions related with the amendment of the Articles of Association and its registering in the Register of Juridical Bodies.”

3. Regarding purchase of own shares.
Resolved:

1). To purchase up to 10 per cent of own shares.
2). Purpose of acquisition of own shares - maintain and increase the price of the company's shares.
3). Period during which the company may purchase own shares - 18 months from the approval of resolution.
4). Maximal purchase price per share set as - EUR 3,475 (LTL 12,00) minimal purchase price per share is set equally to nominal value of share - EUR 0,290 (LTL 1,00).
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. Also, it shall be provided the opportunity to annul treasury shares.
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.

Upon the resolution of previous general meeting of shareholders it is formed a reserve of LTL 29 188 thousand to purchase the company's shares. Having decreased the Authorized Capital upon annulment of 2 576 924 treasury shares, the reserve for purchase of own shares is equal to LTL 20 287 thousand (EUR 5 876 thousand).

13. Update on the emission of shares of AB “Rokiskio suris”

As at December 31st 2010, the Authorised capital of AB „Rokiskio suris“ makes LTL 38,444,894 divided into 38,444,894 ordinary registered shares at par value of LTL 1 (one) litas.
Number of treasury shares makes 2,576,924. number of shares with the voting right is 35,867,970.

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.nasdaqomxbaltic.com and the company’s website www.rokiskio.com

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

The 23rd Decembeer 2010 general meeting of shareholders resolved to reduce the authorized capital of AB Rokiskio suris by LTL 2 576 924 (two million five hundred seventy six thousand nine hundred twenty four litas) in the way of annulment of 2 576 924 (two million five hundred seventy six thousand nine hundred twenty four) ordinary registered shares as par value of LTL 1 (one).

The shares were purchased during the year 2010 via the official tender submarket of Securities Exchange NASDAQ OMX Vilnius.

The same general meeting of shareholders resolved to amend the Articles of Association of AB Rokiskio suris regarding decrease of the authorized capital due to the withdrawal of treasury shares.

Having withdrawn the treasury shares, the authorized capital of AB Rokiskio suris makes LTL 35 867 970 (thirty five million eight hundred sixty seven thousand nine hundred seventy litas) divided into 35 867 970 (thirty five million eight hundred sixty seven thousand nine hundred seventy) ordinary registered shares with par value of LTL 1 (one litas). Reduction of the company’s authorized capital made no change to the company's shareholders in terms of the number of shares and their nominal value.

On March 8th 2011 a new wording of the Articles of Association of AB „Rokiškio sūris“ was registered in the Register of Legal Entities. Currently, the authorized capital of AB Rokiskio suris is made of LTL 35 867 970 (thirty five million eight hundred sixty seven thousand nine hundred seventy litas) divided into 35 867 970 (thirty five million eight hundred sixty seven thousand nine hundred seventy) ordinary registered shares with par value of LTL 1 (one litas). Reduction of the company's authorized capital made no change to the company's shareholders in terms of the number of shares and their nominal value.

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

37. Information on audit

The audit of AB “Rokiškio sūris” (The Group) consolidated balance sheet and related comprehensive income statement as at 31st December 2010, as well as cash flow and changes in equity statements were done by UAB “PricewaterhouseCoopers”.

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

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

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.

***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 2010

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	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.

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.		
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	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.

member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years; 2)He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees; 3)He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations); 4)He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1); 5)He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counseling and consulting services), major client or organization receiving significant payments from the		

company or its group; 6)He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company; 7)He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders’ meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies; 8) He/she has not been in the position of a member of the collegial body for over than 12 years; 9)He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders’ meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents. 3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.		

3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.	No	By 2006, the Board of Directors consisted of 3 independent members of 5. Upon the shareholder structure change, the consistence of the Board changed also. At present, there are no members who comply with the independency criteria.
3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.	No	At present, there are no members who comply with the independency criteria. 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	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.

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.		
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	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 will 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	No	There is not a Nomination Committee in the Company.

management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.		
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	No	There is not a Remuneration Committee in the Company.

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, 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	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

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. 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		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.

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,	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.

and the company’s board should meet at least once a month.		
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	As at 31st December 2010, the authorized capital of AB Rokiskio suris amounted up to LTL 38,444,894. It is made of 38,444,894 ordinary registered shares. Nominal value of the shares amounts to LTL 1.

		All company's owners have the same property and non-property rights, except treasury shares are not entitled to enjoy these rights. The company had bought 2,576,924 treasury skares which made 6,70 per cento f the company's authorized capital. Following the resolution made by the 23rd December 2010 general meeting of shareholders to reduce the company's authorized capital in the way of annulment of treasury shares, on March 8th 2011 a new wording of the Articles of Association of AB „Rokiškio sūris“ was registered in the Register of Legal Entities which is LTL 35 867 970 divided into 35 867 970 ordinary registered shares with par value of LTL 1 (one litas).
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	The documents prepared for General meeting of shareholders including draft resolutions of the meeting are available not later than 21 day prior the date of general meeting of shareholders as required by the Law on Joint stock companies. The documents placed on the website of NASDAQ OMX security exchange and the company website are available in Lithuanian and English languages. Resolutions accepted by the general meeting of shareholders including financial reports, the audit report, annual report, amendments of articles of ssociation etc are announce in Lithuanian and English languages are announced on the website of NASDAQ OMX

		security exchange and the company website www.rokiskio.com
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	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.
6.6. 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	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.

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	
Principle VII: The avoidance of conflicts of interest and their disclosure **The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.**		
7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.	Yes	The company follows these recommendations.
7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.	Yes	

7.3. Any member of the company’s supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company’s shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.	No	A member of the company‘s management body may make a transaction with the company whose member he appears to be, however he/ she shall not inform the other members of the same body or the company’s body having elected him/ her as well as shall not inform the company’s shareholders.
7.4. Any member of the company’s supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.	Yes	The company follows the recommendation. A Board member abstains from voting, when discussing the transactions or other issues in which he/ she has certain interests.
Principle VIII: Company’s remuneration policy **Remuneration policy and procedure for approval, revision and disclosure of directors’ remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company’s remuneration policy and remuneration of directors.**		
8.1. A company should make a public statement of the company’s remuneration policy (hereinafter the remuneration statement) 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	As there is not a Remuneration Committee, the provision is not respected.
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-	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.

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.		
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).		
8.16. Remuneration of non-executive or supervisory directors should not include share options.		
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.		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.		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.		

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.		
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.		
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

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.		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.
9.3. 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. 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. 10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company’s policy with regard to human resources, employee participation schemes in the company’s share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.		
10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the 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	The company‘s board of directors puts the audit company candidature to voting on the general meeting of shareholders
11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company’s supervisory board and, where it is not formed, the company’s board upon their consideration which firm of auditors to propose for the general shareholders’ meeting.	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.