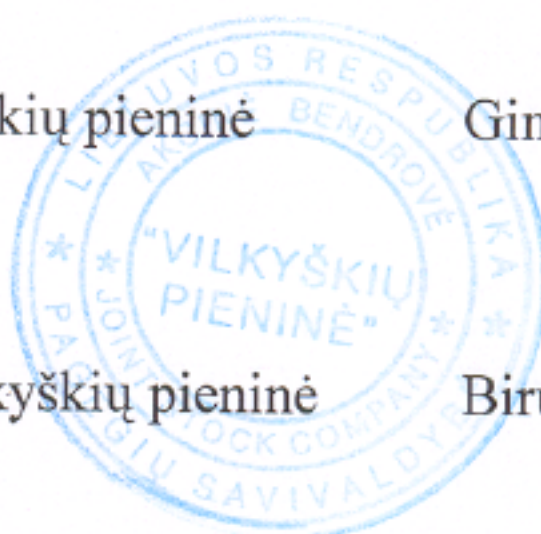




The issuer's employees, administrative manager and the members of the management bodies who are responsible for the composition of consolidated interim annual statement of 2007, hereby confirm that the information provided in the reports is prepared according to the applied accounting standards, reflects the reality correctly and fairly shows issuers' assets, liabilities, financial position, profit or loss.

The General Director of Vilkyškių pieninė Gintaras Bertašius

The Accountant-general of Vilkyškių pieninė Birutė Bazilienė



Date of preparation of the report:

29th of February, 2008

Place of preparation:

Vilkyškiai, Pagėgių municipality, Lithuania



AB "Vilkyškių pieninė"

12 month consolidated report, 2007

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“Vilkyškių pieninė”**About the company**

Company name	AB “Vilkyškių pieninė”
Share capital	9 353 000 LTL
Headquarters	Vilkyškiai, Pagėgių municipality
Phone	8-441 55330
Fax	8-441 55242
E-mail	centras@cheese.lt
Legal form	Public limited company
Registration date and place	10 May 1993
Web page	http://www.cheese.lt

Vilkyškių pieninė board of directors

The company's board of directors consists of: G. Bertašius, S. Trijonis, R. Jancevičius and R. Šniepis.
General Director – G. Bertašius.

Accounting standards

Consolidated Vilkyškių pieninė (company code 277160980) financial reports are prepared in line with IFRS (International Financial Reporting Standards).

Balance sheet

Thousands LTL	Notes	2007 12 31	2006 12 31
Assets			
Tangible non-current assets	7	46152	38126
Intangible assets	8	1074	1061
Deferred tax assets		0	23
Long-term receivables		950	62
Other investments	9		
Total non-current assets		48176	39272
Prepayments for investments		0	0
Inventories	10	16452	13543
Receivables	11	13774	11057
Cash and cash equivalents	12	1055	891
Total current assets		31281	25491
Total assets		79457	64763
Shareholders' equity			
Share capital	13	9455	9353
Reserves		9354	9683
Retained earnings		13514	4967
Total shareholders' equity		32323	24003
Minority part		51	51
Total shareholders' equity		32374	24054
Grants, subsidies			
Liabilities			
Interest-bearing liabilities	14	22684	16680
Capital subsidies		4607	1441
Deferred tax liabilities	15	2599	2793
Total non-current liabilities		29890	20914
Short-term interest-bearing liabilities	14	4657	5567
Income tax payable		1175	361
Trade and other amounts payable	16	11361	13867
Total current liabilities		17193	19795
Total liabilities		47083	40709
Total liabilities and shareholders' equity		79457	64763

General Director

Gintaras Bertašius

Profit and loss statement

Thousands LTL	Notes	2007 12 31	2006 12 31
Revenue	1	136274	115719
Cost of sales		-114230	-102262
Gross profit		22044	13457
Other operating income, net	2	21	87
Distribution expenses		-2052	-1921
Administrative expenses	3	-6137	-5788
Operating profit before financial items		13876	5835
Financial income		92	73
Financial expenses		-1467	-1025
Net financial items	4	-1375	-952
Profit before tax		12501	4883
Tax payments	5	-2303	-1009
Net profit		10198	3874
To:			
Company shareholders		10198	3905
Minority interest		0	-31
Net profit		10198	3874
Profit going to 1 stock (LTL)	6	1,09	0,42
Reduced profit going to 1 stock (LTL)			

General Director

Gintaras Bertašius

Cash flow statement

Thousands LTL	Notes	2007 12 31	2006 12 31
Cash flow operating activities			
Profit before tax		10198	3874
Adjustments:			
Depreciation	7	3837	2921
Amortization	8	29	191
Part of capital subsidies recognized as income		-272	-140
Impairment of non-current assets			45
Result of disposal of tangible non-current assets	2		-9
Interest expenses, net	4	1438	952
Tax expenses		2303	1009
Cash flow ordinary activities before change in working capital		17533	8843
Change in inventories		-2909	-5116
Change in receivables		-3605	-2959
Change in trade and other amounts payable		-1977	6756
Cash flow from operating activities		9042	7524
Paid / received interest, net		-1438	-951
Tax expenses		-1489	-1782
Cash flow from operating activities		6115	4791
Cash flows from financing activities			
Acquisition of tangible non-current assets	7	-8621	-7778
Acquisition of intangible non-current assets	8	-41	-23
Proceeds on sale of tangible non-current assets		0	271
Investments in subsidiary undertaking			-971
Net cash flow investing activities		-8662	-8501
Cash flows from financing activities			
Loans received		13330	12428
Repayment of borrowings		-9514	--6233
Payments on financial lease obligations		-1965	-1135
Dividends paid		-2758	-1800
Subsidies		3618	300
Net cash flow from financing activities		2711	3560
Increase in cash and cash equivalents		164	-150
Cash and cash equivalents as of January 1 st		891	1041
Cash and cash equivalents as of March 31st		1055	891

General Director

Gintaras Bertašius

Statements on changes in equity

Thousands LTL	Notes	Share capital	Reappraisal reserve	Compulsory reserve	Retained earnings	Total equity
As of 1 st January 2006		9353		705	3786	13844
Net profit 2006					3905	3905
Interest of value PPE			8764			8764
Transfers to reserves				214	-214	0
Dividends					-2500	-2500
Loss (not included into profit and loss statement)					-10	-10
As of 31 st December 2006		9353	8764	919	4967	24003
As of 1 st of January 2007		9353	8764	919	4967	24003
Net profit 2007					10198	10198
Interest of value PPE			-423			-423
Transfers to reserves				16	-16	0
Other						0
Dividends					-2058	-2058
Loss (not included into profit and loss statement)					423	423
Other inputs		102	78			180
As of 31 st of December 2007	13	9455	8419	935	13514	32323

General Director

Gintaras Bertašius

EXPLANATORY NOTES

Basing on un-audited data, the sales of one of the most modern Lithuanian cheese producers AB¹ “Vilkyškių pieninė” and its owned UAB² “Modest” amounted to LTL 136.3 million, which is 18% higher than in 2006. In accordance with un-audited data, net profit of AB “Vilkyškių pieninė” was LTL 10.2 million last year.

Tables below summarizes consolidated key indicators of production and trade volumes of AB “Vilkyškių pieninė” group:

Procurement of raw milk (recalculated into base fatness)	2006 (consolidated)	2007 (consolidated)
Procured milk, in tons	126 707	105 638
Procured milk, in thousand LTL	75 592	75 619
Price of procured milk, in LTL/t	596,6	716

The distribution of production AB “Vilkyškių pieninė” according to product type was as follows:

Amount of produced products, expressed in tons	2006 (consolidated)	2007 (consolidated)
Fermented cheese	10 341	8395
Butter	587	630
Cream	4831	5499

The distribution of sold production of AB “Vilkyškių pieninė” according to product type was as follows:

Amounts of sold production, expressed in tons	2006 (consolidated)	2007 (consolidated)
Fermented cheese	9619,8	8460
Butter	607,8	554
Cream	4831	5499

Income of AB “Vilkyškių pieninė” from sold production according to product type has distributed as follows:

¹ AB stands for Public Limited Company

² UAB stands for Private Limited Company

Income on sold production, expressed in LTL thousand	2006 (consolidated)	2007 (consolidated)
Fermented cheese	88 141	84 291
Butter	3502	3706
Cream	19 454	32 067
Whey products		6533
Other income	4622	9677
Total income	115 719	136 274

Average prices of main production of AB „Vilkyškių pieninė“ according to product type, expressed in Litas per tone, were as follows:

Average prices of sold production, LTL/t	2006 (consolidated)	2007 (consolidated)
Fermented cheese	9162	9963
Butter	5762	6690
Cream	4027	5831

Key events and facts of the year 2007

1. Results of the first quarter of 2007

Un-audited consolidated net profit of AB „Vilkyškių pieninė“, which is one the most modern cheese producers in the country, amounted to LTL 11 thousand in the first quarter of 2007. The turnover of the Company Group increased 31.2%, from LTL 21.043 million to LTL 27.604 million. During this period Group's profit from operations increased by 3.4 times, from LTL 101 thousand to LTL 347 thousand, and net expenditure of financial activity decreased by 2.9 times, from LTL 116 thousand to LTL 340 thousand. Cheese sale boosted at about one eighth, more than up to LTL 18 million during the comparative period.

From the 12th of February 2007 till the 9th of March 2007 AB „Vilkyškių pieninė“ has been launching an automated pasteurization system in the separation workshop, and therefore the company has not produced its production. As a result production cost price increased in February and January (products were produced only during the half of each mentioned month).

2. Results of the first half-year of 2007

Consolidated income of AB „Vilkyškių pieninė“ amounted to LTL 56.3 million in the first half-year of 2007, which is 27% more than of the same period in 2006. Unconsolidated company's profit of the first half-year of 2007 amounted to LTL 1.078 million and it is more than 30 times higher compared with unconsolidated net profit before tax of the first half-year of 2006, which reached LTL 34 thousand. Consolidated company's profit of the first half-year of 2007 amounted to LTL 975 thousand.

Rather fast growth of income and profit was determined by newly opened whey processing workshop of AB „Vilkyškių pieninė“. Moreover, signally boosted prices of cream had an impact on successful activity of the company.

3. Results of the first three quarter of 2007

Income of AB „Vilkyškių pieninė“, received during 9 months of the year 2007, amounted to LTL 99.4 million, which is 27.3% more compared with the same period of 2006. The profit of the company before income tax was LTL 9.97 million, which is 3.5 times more compared with 9 months results of the year 2006. Net profit amounted to LTL 8.1 million (EUR 2.3 million) or 4 times more compared with net profit earned during 9 months of the year 2006.

The main cause for the increase of company's sales and income was significant boost of prices in export market, especially in Western Europe, where the increase of income was seen at 26%. AB „Vilkyškių pieninė“ exports more than 70% of its production to Germany, Italy, Finland, to other countries of the European Union, and to Russia. In accordance with the Report for the First Three Quarters of 2007, the company's net profit, which was earned from the export to EU countries, was almost 3 times higher compared with net profit, which was earned in Lithuania's market, and it amounted to 12.6%.

4. Whey processing workshop started operating

In June 2007 up-to-date whey processing workshop of AB „Vilkyškių pieninė“ started operating. Total value of whey processing workshop of AB „Vilkyškių pieninė“ amounts to more than LTL 8.3 million. AB „Vilkyškių pieninė“ received the support of LTL 3.45 million from the European Union Structural Funds for the modernization of cheese production workshop and whey processing project. The first part of support of LTL 1.2 million was received in 2007, and the remaining part of support will be received by the middle of the year 2008.

Investments provided the company with possibility to increase the effectiveness of production and production quality control, moreover, it allowed effective reduction of waste. Until now the company has not processed whey by itself. The newly opened whey processing workshop is almost fully automated, only two people work there.

5. UAB „Modest“, which is owned by AB „Vilkyškių pieninė“, was provided with the support of LTL 2.1 million from the European Union Structural Funds

In 2007 UAB „Modest“ renewed specialized milk and dairy products transport fleet. The company plans to modernize production processes by launching new technologies of milk processing and modern production-packaging line of “Mozzarella” cheese, which is the main product produced by the company. These plans correspond with strategy of higher value added products production of the Group of Companies of AB „Vilkyškių pieninė“. The support from the EU Structural Funds will comprise 44% of all project value of UAB „Modest“. The company expects to receive the first part of support in the beginning of the year 2008.

6. AB „Vilkyškių pieninė“ concluded Market Making Contract

In autumn 2007 AB „Vilkyškių pieninė“ entered into Market Making Contract with Financial Broker Company UAB „Orion Securities“. AB „Vilkyškių pieninė“ has become the first quoted company in Vilnius Stock Exchange, the shares of which are provided with the market making service.

7. Shares of AB „Vilkyškių pieninė“ are quoted in the Official List of Vilnius Stock Exchange

In September 2007 AB „Vilkyškių pieninė“ sold 11.72% of its shares to long-term foreign investors. Later, in the beginning of November, 1.1% or 102 872 shares of AB „Vilkyškių pieninė“ were distributed to small investors during the auction. After the auction, during the period of several weeks, 1.97% or 184 057 pieces of all shares have been sold. Totally 25.10% of free float of AB „Vilkyškių pieninė“ was distributed in Vilnius Stock Exchange. On the 1st of January 2008 AB

“Vilkyškių pieninė” was registered in the Official Trade List of Vilnius Stock Exchange, as it had distributed the necessary number of shares. Such decision was taken on the 17th of December 2007 in the Board Meeting of Vilnius Stock Exchange.

The transition of the company from the Secondary Trade List to the Official Trade List of Vilnius Stock Exchange, higher requirements to which are applied, is a purposeful and planned step that may be assessed as a new stage of quality and maturity of company's activity. It is likely that the quotation of shares in the Official Trade List will increase the liquidity of shares as well as the visibility and value of the company itself as investors pay more attention on these companies the securities of which are included in the Official Trade List.

8. Other

AB “Vilkyškių pieninė” is one of the most modern cheese factories in Lithuania which occupies about 15% of Lithuanian cheese market. According to this criterion, the company takes the fourth place among the producers of the country. Currently, the number of employees of AB “Vilkyškių pieninė” is 353, and together with the employees of UAB “Modest”, which is owned by AB “Vilkyškių pieninė”, the total number of employees amounts to 453.

The main activity of the company is the production of cheese, melted cheese, smoked cheese and butter. The company specializes in production of fermented cheese, while butter, butter blends, cream and melted cheese are produced in order to use raw materials and production capacity rationally.

Currently AB “Vilkyškių pieninė” produces cheeses of 29 brand names.

Audited consolidated Annual Financial Statement of AB “Vilkyškių pieninė” will be announced on the 10th of April 2008.