



The issuer's employees, administrative manager and the members of the management bodies who are responsible for the composition of interim consolidated financial statements for 3 months of 2008, 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' and consolidated general companies assets, liabilities, financial position, profit or loss.

The General Director of Vilkyškių pieninė

Gintaras Bertasius

The Deputy Chief Accountant of Vilkyškių Sigita Montvilaitė  
pieninė



Date of preparation of the report:

26<sup>th</sup> of May, 2008

Place of preparation:

Vilkyškiai, Pagėgių municipality, Lithuania



# Vilkyskiu pienine AB

Interim consolidated financial statements  
for 3 month of 2008

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## Vilkyskiu pienine AB

### About the company

Company name	AB Vilkyskiu pienine
Share capital	11 943 000 LTL
Headquarters	Vilkyskiai, Pagegiu municipality
Phone	+370 441 55330
Fax	+370 441 55242
E-mail	centras@cheese.lt
Legal form	Public limited company
Registration date	10 December 1993
Re-registration date and place	30 December 2005, Taurage Registry center
Company registry code	277160980
Internet address	<a href="http://www.cheese.lt">http://www.cheese.lt</a>

### Vilkyskiu pienine AB board of directors

The company's board of directors consists of: Gintaras Bertasius, Sigitas Trijonis, Rimantas Jancevicius, Ramunas Sniepis, Linas Strelis and Andrej Cyba. General Director – Gintaras Bertasius

### Accounting standards

Consolidated Vilkyskiu pienine AB (company code 277160980) financial reports are prepared in line with IFRS (International Financial Reporting Standards)

## Consolidated balance sheet report

Thou LTL	Notes	3 months of 2008	3 months of 2007	Year 2007	Year 2006
<b>Assets</b>					
Tangible non-current assets	6	47457	46252	46 252	38 126
Goodwill		1033	1033	1 033	1 033
Intangible assets	7	32	41	41	28
Deferred tax assets	15	27	27	27	23
Long-term receivables		955	950	950	62
<b>Total non-current assets</b>		<b>49504</b>	<b>48303</b>	<b>48 303</b>	<b>39 272</b>
Inventories	9	21573	16452	16 452	13 543
Receivables	10	12550	13675	13 675	11 057
Cash and cash equivalents	11	587	1055	1 055	891
<b>Total current assets</b>		<b>34710</b>	<b>31182</b>	<b>31 182</b>	<b>25 491</b>
<b>Total assets</b>		<b>84214</b>	<b>79485</b>	<b>79 485</b>	<b>64 763</b>
<b>Shareholders' equity</b>					
Share capital	12	9353	9353	9 353	9 353
Reserves		9262	9355	9 355	9 683
Retained earnings		12124	13442	13 442	4 967
<b>Total shareholders' equity</b>		<b>30739</b>	<b>32150</b>	<b>32 150</b>	<b>24 003</b>
<b>Minority part</b>		<b>22</b>	<b>42</b>	<b>42</b>	<b>51</b>
<b>Total shareholders' equity</b>		<b>30761</b>	<b>32192</b>	<b>32 192</b>	<b>24 054</b>
<b>Liabilities</b>					
Interest-bearing liabilities	13	23872	18177	18 177	16 680
Capital subsidies	14	4534	4607	4 607	1 441
Deferred tax liabilities	15	2635	2626	2 626	2 793
<b>Total non-current liabilities</b>		<b>31041</b>	<b>25410</b>	<b>25 410</b>	<b>20 914</b>
Short-term interest-bearing	13	8344	9163	9 163	5 567
Income tax payable		959	1175	1 175	361
Trade and other amounts	16	13109	11545	11 545	13 867
<b>Total current liabilities</b>		<b>22412</b>	<b>21883</b>	<b>21 883</b>	<b>19 795</b>
<b>Total liabilities</b>		<b>53453</b>	<b>47293</b>	<b>47 293</b>	<b>40 709</b>
<b>Total liabilities and shareholders' equity</b>		<b>84214</b>	<b>79485</b>	<b>79 485</b>	<b>64 763</b>

General Director

Gintaras Bertasius

## Consolidated profit and loss report

Thou LTL	Notes	3 months of 2008	3 months of 2007	Year 2007	Year 2006
Revenue	1	24352	27604	136 274	115 719
Cost of sales		-23333	-25350	-114 230	-102 262
<b>Gross profit</b>		1019	2254	22 044	13 457
Other operating income, net		-671	-23	21	87
Distribution expenses		-364	-579	-2 052	-1 921
Administrative expenses	2	-982	-1305	-6 321	-5 788
<b>Operating profit before financial items</b>		-998	347	13 692	5 835
Financial income		28	-6	93	73
Financial expenses		-452	-334	-1 468	-1 025
<b>Net financial items</b>	3	-424	340	-1 375	-952
<b>Profit before tax</b>		-1422	7	12 317	4 883
Tax payments	4	-25	4	-2 303	-1 009
<b>Net profit</b>		-1447	11	10 014	3 874
To:					
Company shareholders		-1427	23	10 014	3 905
Minority interest		-20	-12	0	-31
<b>Net profit</b>		-1447	11	10 014	3 874
Profit attributed to 1 share	5		0,001	1,07	0,42

General Director

Gintaras Bertasius

## Consolidated cash flow statement

Thou LTL	Notes k.	3 months of 2008	3 months of 2007
<b>Cash flow from operating activities</b>			
Profit before tax		-1447	7
Adjustments			
Depreciation	6	1778	669
Amortization	7	8	18
Capital subsidies recognized in revenues	14	-73	-79
Interest expenses	3	423	370
Tax expenses	4	25	4
<b>Cash flow from ordinary activities before changes in working capital</b>		714	989
Change in inventories		-5121	6044
Change in receivables		1120	634
Change in trade and other amounts payable		1302	-6548
		-1985	1119
Interest expenses		-423	-370
Tax expenses		-216	-12
<b>Cash flow from operating activities</b>		-2624	737
<b>Cash flows from financing activities</b>			
Acquisition of tangible non-current assets		-2720	-4268
Acquisition of intangible non-current assets			-2
Proceeds on sale of tangible non-current assets			
Investments in subsidiary undertaking	8		0
<b>Net cash flow from investing activities</b>		-2720	-4270
<b>Cash flows from financing activities</b>			
Loans received		6046	5108
Repayment of borrowings		-956	2314
Payments on financial lease obligation		-214	-610
Dividends paid			
Subsidies			1133
<b>Net cash flow from financing activities</b>		4876	3317
Increase in cash and cash equivalents		-468	-216
Cash and cash equivalents as of January 1 <sup>st</sup>		1055	891
<b>Cash and cash equivalents as of March 31<sup>th</sup></b>		587	675

General Director

Gintaras Bertasius

## Consolidated statements on changes in equity

LTL, thou.	Notes.	Share capital	Revaluation reserve	Compulsory reserve	Retained Earnings	Equity	Minority part	Total equity
As of 1 <sup>st</sup> January 2007		9353	8764	919	4967	24003	51	24054
Net profit					10014	10014		10014
Transfer from reserves			-344		423	79		79
Transfer to reserves				16	16	0		0
Dividends					-2057	-2057		-2057
Share issue of subsidiary					88	88	14	102
Changes in the group					23	23	-23	0
As of 31 <sup>st</sup> December 2007		9353	8420	935	13442	32150	42	32192
As of 1 <sup>st</sup> January 2008		9353	8420	935	13442	32150	42	32192
Net profit					-1427	-1427	-20	-1447
Transfer from reserves			-93		109	16		16
Transfer to reserves								
Dividends								-
As of 31 <sup>st</sup> March 2008	13	9353	8327	935	12124	30739	22	30761

General Director

Gintaras Bertasius



## Explanatory note

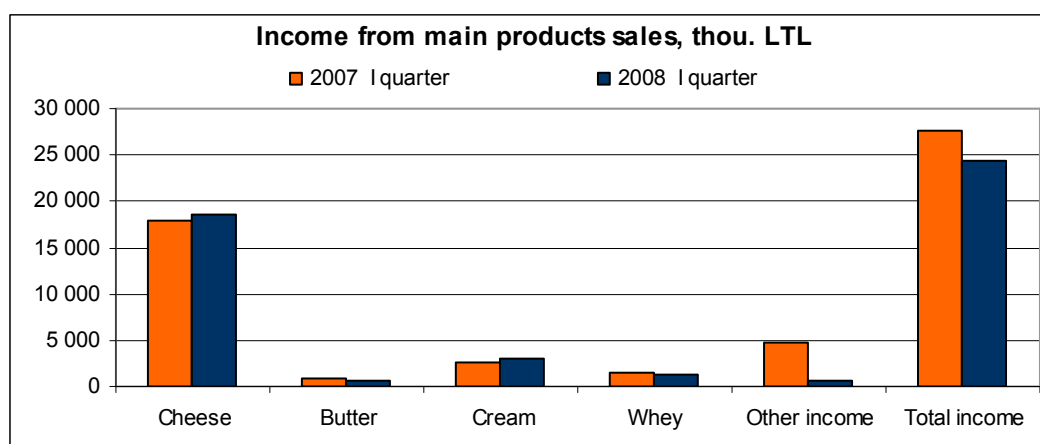
The total number of employees of Vilkyskiu pienine AB together with its controlled Modest UAB amounts to 464 employees.

Consolidated sales of Vilkyskiu pienine AB of the first quarter 2008 were 12 percent lower compared with the consolidated sales of the first quarter 2007.

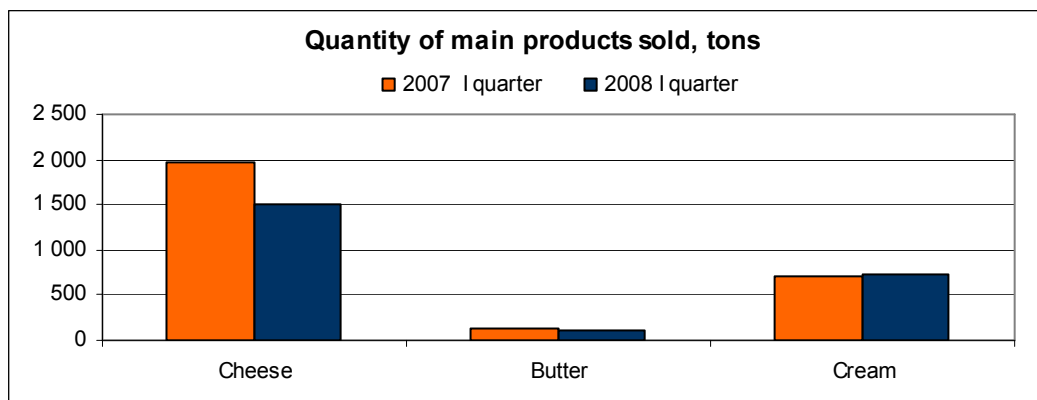
In February - March 2007 Vilkyskiu pienine AB was launching an automated pasteurization system in the separation workshop, and therefore the company had to stop the production of cheese. During this period sale results did not reduce because the company put on the market cheeses that had been produced earlier. Moreover, the company sold raw milk, which had to be used for the production, as a result the sales of the first quarter of the last year increased by LTL 3.8 million. Without taking into account these income, the sales of the first quarter 2008 were increasing almost by 2.5 percent.

Consolidated loss of Vilkyskiu pienine AB of the first quarter 2008 amounted to LTL 1.4 million. Negative result was determined by the increase of raw milk price, which jumped by 43 percent compared with the first quarter 2007, whereas raw milk amounts to 70 percent of cheese cost price.

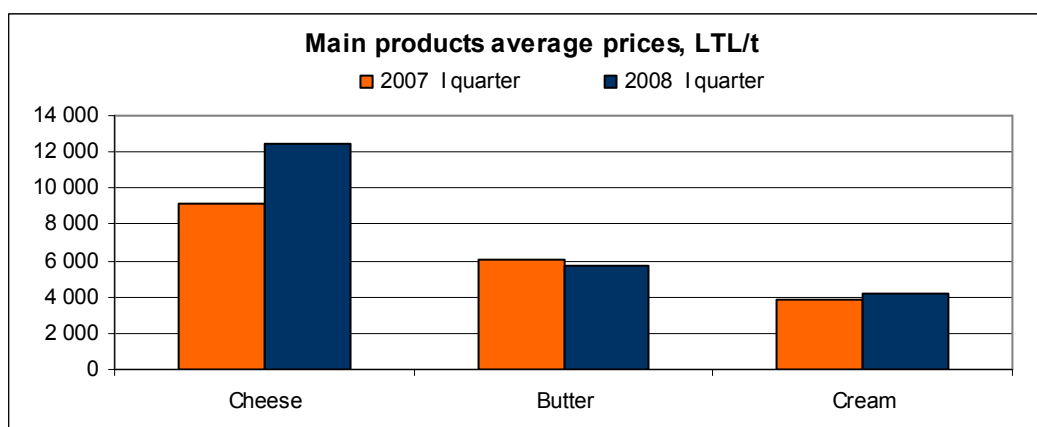
Tables bellow summarizes key consolidated indicators of production and trade volumes of Vilkyskiu pienine AB Group.



Income from main products sales, thou. LTL	2007 I quarter	2008 I quarter
Cheese	17 958	18 615
Butter	838	627
Cream	2 677	3 112
Whey	1 444	1 296
Other income	4 687	702
<b>Total income</b>	<b>27 604</b>	<b>24 352</b>



Quantity of main products sold, tons	2007 I quarter	2008 I quarter
Cheese	1 965	1 500
Butter	138	109
Cream	701	735



Main products average prices, LTL/t	2007 I quarter	2008 I quarter
Cheese	9 139	12 410
Butter	6 072	5 752
Cream	3 819	4 234

The situation currently is changing due to declining prices of raw produce in the markets, moreover, the prices of production under the sale are stabilizing, and this will increase the demand of dairy products.

## Important events

From the 1<sup>st</sup> of January 2008 shares of Vilkyskiu pienine AB have been quoted in the Official List of Vilnius Stock Exchange.

On the 31<sup>st</sup> of January 2008 Vilkyskiu pienine AB has concluded the contract on the purchase of 99.09 percent of shares of Kelmes pienine AB. In March Vilkyskiu pienine AB received the permission from the Competition Board to acquire up to 100 percent of shares of Kelmes pienine AB

On the 4<sup>th</sup> of March 2008 Vilkyskiu pienine AB was issued ISO Certificates of Quality Management and Food Safety Management. ISO 22000 Standard of Food Safety Management System demonstrates that food safety risk is controlled in the entire food management chain of Vilkyskiu pienine AB.

ISO 9001 Standard of Quality Management specifies requirements for quality management systems, including documentation requirements and requirements for processes of planning, management of resources, product realization, measurement, analysis and improvement. This certificate demonstrates that a company is capable of managing and improving the quality of its supplied products and services, and its production meets with requirements of customers and law.

On the 7<sup>th</sup> of March 2008 the Extraordinary General Meeting of Shareholders decided to increase Company's authorized capital by issuing a new emission of 2,590,000 shares, with the redemption price of a new emission not lower than LTL 5.40 per share. The money received from the increase of the authorized capital was used to acquire Kelmes pienine AB.

The Extraordinary General Meeting of Shareholders decided to increase the quantity of Board members of Vilkyskiu pienine AB to 6 members, electing Linas Strelis and Andrejus Cyba, who is the representative of Finasta UAB, as new members.

General Director

Gintaras Bertasius