TO: The Lithuanian Securities Commission
Konstitucijos pr. 23
Vilnius

31st August 2010

ENDORSEMENT BY THE RESPONSIBLE PERSONS

Pursuing Article 22 of the Law on Securities of the Republic of Lithuania and in accordance with the rules of preparation and submission of periodical and supplementary information approved by the Securities Commission of the Republic of Lithuania, we, the undersigned – the Chief Executive Officer Antanas Trumpa and the Chief Financial Officer Antanas Kavaliauskas – approve that the six month consolidated financial interim report of „Rokiškio sūris“ for the year 2010, is formed in accordance with applicable accounting standards, is true and shows fair assets, obligations, financial state and profits (loss) of the Company and total consolidated group.

Attached: Six month consolidated financial interim report of „Rokiškio sūris“ for the year 2010.

Chief Executive Officer Antanas Trumpa

Chief Financial Officer Antanas Kavaliauskas

LIETUVOS RESPUBLIKA
Akcinė bendrovė
ROKIŠKIO SŪRIS
„ROKIŠKIO SŪRIS“
ROKIŠKIS

CONSOLIDATED FINANCIAL INTERIM STATEMENTS OF AB “ROKIŠKIO SŪRIS“ FOR SIX MONTH PERIOD FOR THE YEAR 2010

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

AB „ROKIŠKIO SŪRIS“
CONSOLIDATED AND PARENT COMPANY’S
FINANCIAL STATEMENTS as at 30th June 2010
Company code 173057512, address: Pramonės g. 3, LT-42150 Rokiškis, Lithuania
(prepared according to International Accounting Standards)

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

Consolidated Balance sheet

	June 30, 2010		December 31, 2009		June 30, 2009	
PROPERTY						
Long-term tangible assets	97 602		108 577		117 290	
Intangible assets (with prestige)	418		390		1 055	
Other receivables in a year	19 576		18 165		28 563	
		117 596		127 132		146 908
Current assets						
Inventories	44 633		30 222		43 756	
Receivables and advance payments	67 729		69 804		109 724	
Short-term investments	31 736		19 377		1 838	
Cash and cash equivalents	57 748		101 187		4 488	
		201 846		220 590		159 806
Total assests		**319 442**		**347 722**		**306 714**
EQUITY AND LIABILITIES						
Capital and reserves						
Ordinary shares	38 445		38 445		42 716	
Share premium	41 473		41 473		41 473	
Reserve for acquisition of treasury shares	29 188		14 188		28 746	
Treasury shares	-		-		(15 492)	
Other reserves	7 433		7 074		7 074	
Retained earnings	67 230		83 741		69 562	
		183 769		184 921		174 079
Minority share		675		514		483
Non-current liabilities						
Non-current liabilities	-		137		8	
Deferred income	6 561		7 296		7 181	
		6 561		7 433		7 189
Current liabilities						
Trade and other payables	60 528		50 234		51 252	
Income tax liabilities	2 778		1 350		3 242	
Deferred income	3 522		2 983		3 018	
Povisions	824		824		824	
Financial debts	60 785		99 463		66 627	
		128 437		154 854		124 963
Total equity and liabilities		**319 442**		**347 722**		**306 714**

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Statement of comprehensive income

	6 months ended June 30		3 months ended June 30	
	2010	**2009**	**2010**	**2009**
Sales	227 770	274 335	127 207	147 301
Cost of sales	(200 606)	(232 541)	(108 773)	(120 587)
Gross profit	27 164	41 794	18 434	26 714
Selling and marketing expenses	(24 167)	(36 476)	(13 084)	(22 473)
Operating profit (loss)	2 997	5 318	5 350	4 241
Finance costs	905	(1 507)	(102)	(572)
Profit before tax	3 902	3 811	5 248	3 669
Income tax (accumulation)	(1 371)	(3 242)	(1 204)	(2 688)
Operating activity income (loss)	2 531	569	4 044	981
Minority interests	161	210	145	232
Net profit (loss)	2 692	779	4 189	1 213
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	2 692	779	4 189	1 213

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Consolidated cash flow statement

	6 months ended June 30	
Operating activities	**2010**	**2009**
Profit before tax and minority interest	3 902	3 811
Corrections:		
– depreciation	13 337	14 443
– depreciation (negative prestige not included)	121	128
– written off long-term tangible assets	11	49
– loss in long-term tangible asset sales	-	133
– interest expenses	579	1 507
– interest income	(280)	(178)
– net unrealized currency exchange profit	(53)	(113)
– export subsidies received	(371)	(368)
– depreciation of long-term tangible asset support	(1 502)	(1 606)
Circulating capital changes:		
- inventories	(14 411)	37 608
- payables	9 190	7 363
- receivables and advance payments	(9 294)	(2 183)
Cash flows generated from operating activities	1 229	60 594
Interest paid	(579)	(1 507)
Income tax paid	-	(1 568)
Net cash flows from investing activities	650	57 519
Investing activities		
Purchase of long-term tangible assets	(2 381)	(2 474)
Purchase of intangible assets	(93)	(117)
Loans granted to farmers and employees	(2 599)	-
Proceeds from long-term tangible asset sales	180	254
Repayments of loans granted to farmers and employees	2 333	3 389
Interest received	280	178
Subsidies for long-term tangible assets	842	517
Net cash flows from investing activities	(1 438)	1 747
Financing activities		
Acquisition of treasury shares	-	-
Finance lease principal payments	-	(15)
Loans granted	233 579	144 341
Loan repayments received	(252 781)	(180 322)
Dividends paid	(3 844)	-
Net cash flows from financing activities	(23 046)	(35 996)
Net increase in cash and cash equivalents	(23 834)	23 270
Cash and cash equivalents at the beginning of the period	81 582	(18 782)
Cash and cash equivalents at the end of the period	57 748	4 488

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Consolidated Own Capital Change Statement (thousand LTL)

	Share capital	Share premium	Reserve for acquisition of treasury shares	Treasury shares	Other reserves	Retained earnings	Total	Minority share	Total
Balance at 31st December 2008	42 716	41 473	28 746	(15 492)	7 074	68 993	173 510	273	173 783
Comprehensive income	-	-	-	-	-	569	569	210	779
Balance at June 30, 2009	42 716	41 473	28 746	(15 492)	7 074	69 562	174 079	483	174 562
Comprehensive income						14 179	14 179	31	14 210
Transactions with owners									
Acquisition of treasury shares				(3 337)			(3 337)		(3 337)
Decrease in share capital / cancellation of treasury shares	(4 271)		(14 558)	18 829					
Transactions with owners	(4 271)		(14 558)	15 492			(3 337)		(3 337)
Balance at 31st December 2009	38 445	41 473	14 188	-	7 074	83 741	184 921	514	185 435
Dividends relating to 2009						(3 844)	(3 844)		(3 844)
Profit distribution			15 000		359	(15 359)			
Comprehensive income						2 692	2 692	161	2 853
Balance at June 30, 2010	38 445	41 473	29 188	-	7 433	67 230	183 769	675	184 444

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Commentary on the Report

1. General information

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

The shares of Rokiškio Sūris AB are traded on the Baltic Main List of the NASDAQ OMX Vilnius (symbol – RSU1L).

The Consolidated Group (hereinafter – the Group) consists of the Company, its two branches, four subsidiaries and one joint venture. (2009: two branches, seven subsidiaries and one joint venture). The branches and subsidiaries that comprise consolidated Group are indicated below:

	Operating as at June 30th	
Branches	**2010**	**2009**
Utenos pienas	Yes	Yes
Ukmergės pieninė	Yes	Yes

	Group's share (%)as at June 30th	
Subsidiaries	**2010**	**2009**
UAB „Rokiškio pienas“	100,00	100,00
UAB „Skeberdis ir partneriai“	-	-
UAB „Skirpstas“	100,00	100,00
KB „Žalmargė“	100,00	100,00
UAB „Europienas“	-	100,00
SIA „Jekabpils Piena Kombinats“	50,05	50,05
*UAB „Batėnai“ **	-	100,00
*UAB „Pečupė“ **	-	100,00

Joint venture		
UAB „Pieno upės“	50,00	50,00

* These subsidiaries were not consolidated due to their insignificance.

Within 2009, the following companies – UAB „Skeberdis ir partneriai“, UAB „Europienas“, UAB „Pečupė“ – were liquidated.
All above subsidiaries, the joint venture and branches are incorporated in Lithuania, except for SIA "Jekabpils Piena Kombinats" which is incorporated in Latvia.

The Group's main line of business is the production of fermented cheese and a wide range of other dairy products.

As of June 30, 2010, the average number of the Group's employees was equal to 1 529 (compared to 1 643 employees as at June 30, 2009).

2. Accounting Principles

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

The consolidated financial statements have been prepared under the historical cost convention. The principal accounting policies applied in the preparation of these consolidated and parent company’s financial statements are set out below. These policies have been consistently applied to all the years present, unless otherwise stated.

The preparation of consolidated and parent company’s 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.

Subsidiaries are the entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.
Transactions among the Group’s enterprises, residual values and retained transaction earnings between the Group’s enterprises are eliminated. Unrealised loss is eliminated too; however, it is considered to be the sign of transfer asset value decrease. The accounting principles of daughter enterprises were changed where necessary in order to ensure their consistency with the accounting principles applied by the Group.

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

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.

Items included in the financial statements of the Company and each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (hereinafter “the functional currency”). The financial statements are presented in Litas (LTL), which is the Company’s (and each of the Group entity’s) functional and presentation currency.

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

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

Buildings	15 – 55 years
Plant & machinery	5 - 29 years
Motor vehicles	4 - 10 years
Equipment and other property, plant and equipment	3 - 20 years

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

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

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.

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.

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.

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.

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.

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.

Other reserves are established upon the decision of annual general meeting of shareholders on profit appropriation.

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.

Profit is taxable at a rate of 15 per cent (2009: 20 per cent) in accordance with the Lithuanian regulatory legislation on taxation.

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. Social security contributions are recognised as expenses on an accrual basis and are included in payroll expenses.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group’s activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminated sales within the Group. Revenue from sales of goods is recognised only when all significant risks and benefits arising from ownership of goods is transferred to the customer.

Interest income is recognised on a time-proportion basis using the effective interest method.

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.

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.

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

Government grants are recognised at fair value where there is sufficient evidence that the grant will be received and the Group and the Company will comply with all conditions attached.

Export subsidies paid by the Government for each exported tone of products meeting certain requirements are included in sales revenue.

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

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.

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

3. Information on segments

Primary segment – business segments
The Group's main business segments:
- Fresh dairy products
- Cheese and other dairy products.

Other operations of the Group comprise of raw milk collection. Transactions between the business segments are on normal commercial terms and conditions.

Secondary segment – geographic segments
Analysis of the Group's income from sales according to markets is as follows:

	2010 06 30	2009 06 30	Change (%)
Lithuania	96 469	135 017	-28,55
European Union countries	97 589	106 126	-8,04
Other (including the United States and Japan)	33 712	33 192	1,57
Total	227 770	274 335	-16,97

Income analysis according to groups:

	2010 06 30	2009 06 30	Change (%)
Product Sales	227 110	271 757	-16,43
Export subsidies	303	1 835	-83,49
Provided services	357	743	-51,95
Total	227 770	274 335	-16,97

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

4. Long-term tangible assets

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

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

5. Other receivables

As at June 30, 2010, the Group's receivables was made of:

	2010 06 30	2009 06 30	Change (%)
Long-term loans granted to farmers	3 887	3 789	2,57
Long-term loans granted to employees	103	225	-54,22
Loans to other companies	14 523	20 092	-27,72
Other	1 063	4 457	-76,15
Total	19 576	28 563	-31,46

The repayment terms of loans granted to farmers vary from 2 months to 10 years, whereas the annual interest rate varies from 0 to 10 per cent.

The repayment terms of loans granted to employees vary from 1 to 22 years, whereas the interest rate for them is not calculated.

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

6. Inventories

As at June 30, 2010, the Group's inventories was made of:

	2010 06 30	2009 06 30	Change (%)
Raw material	5 839	6 091	-4,14
Production in progress	14 155	7 360	92,32
Ready production	22 215	27 486	-19,18
Other inventories	2 424	2 819	-14,01
Total	44 633	43 756	2,01

7. Selling and Other Receivables

As at June 30, 2010, the Group's selling and other receivables was made of:

	2010 06 30	2009 06 30	Change (%)
Selling receivables	56 746	95 893	-40,82
Receivable export subsidies	357	1 466	-75,65
VAT receivable	2 953	606	387,29
Other receivables	6 802	2 305	195,10
Advance payments and future period expenses	871	9 454	-90,79
Total	67 729	109 724	-38,27

8. Cash and cash equivalents

	2010 06 30	2009 06 30	Change (%)
Bank and cash-register money	3 358	4 488	-25,18
Current deposits	54 390	-	100,00
Total	57 748	4 488	1 186,72

9. Share capital

As at June 30, 2010, the share capital was comprised of 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 with par value of LTL 1 each.

Within the first quarter this year, via the stock exchange NASDAQ OMX Vilnius operating in the submarket of official tenders, AB „Rokiskio suris“ purchased 60 units of own shares of 1 (one) litas par value.

As at 31st March 2010, AB „Rokiškio sūris“ owned 60 (sixty) ordinary registered shares with par value LTL 1 (one). The company does not have the right to employ property and non-property rights using the own shares as stated by the Law on Joint Stock Companies.

As at June 30, 2010, the Group had 5642 shareholders.

10. Financial ratios

Financial indicators of the Group:

	2010 06 30	**2009 06 30**	**Change (%)**
Revenue (LTL thousand)	227 770	274 335	-16,97
EBITDA (LTL thousand)	17 939	19 889	-9,80
EBITDA margin (%)	7,88	7,25	8,69
Operations profit (LTL thousand)	2 997	5 318	-43,64
Margin of operations profit (%)	1,32	1,94	-31,96
Profit per share (LTL)	0,07	0,05	40,00
Number of shares (units)	38 444 894	42 716 530	-10,00

11. Information on the audit

The audit according to the International Accounting Standards will be made for the full year 2010 by audit company UAB “PricewaterhouseCoopers”.