

ROKIŠKIO[®]
SŪRIS



ANNUAL REPORT

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ROKIŠKIS MAY 2007

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1. GENERAL INFORMATION

1. Reporting term of the prepared report.

The report is prepared for the year 2006.

2. Main data of the issuer:

Name of issuer – joint stock company "Rokiškio sūris".

Juridical organizational form – joint stock company.

Address – Pramonės str.3, LT 42150 Rokiškis, Republic of Lithuania.

Telephone: +370 458 55 200, fax +370 458 55 300.

E-mail address: rokiskio.suris@rokiskio.com

Website: www.rokiskio.com

Registration date and place – registered on 28th February 1992 at the Directorate of Rokiskis region. Reregistered on 28th November 1995 at the Ministry of Economics of the Republic of Lithuania.

Company code - 173057512.

Manager of legal persons registry – State company "Registru centras".

The authorized capital of AB "Rokiškio sūris" registered in on 19th July 1999 is LTL 47.462.700 (forty seven million four hundred sixty two thousand seven hundred litas).

3. Characterization of the issuer's main activities.

Activities of joint stock company "Rokiškio sūris":

- ◆ Dairy activities and cheese production (EVRK 15.51);

The main activity of the company is production and sales of fermented cheese, fresh dairy products, butter, milk powders, whey and other milk products.

4. Information as where and when to find the report and documents according to which the report was prepared, name of organs of public opinion:

The report and documents according to which the report was prepared (financial accounts, auditor conclusion etc.), can be provided at the joint stock company "Rokiškio sūris", Pramonės str.3, Rokiškis, during working days from 8am to 16pm. The name of organ of public opinion – daily "Lietuvos rytas".

5. People responsible for the information provided:

5.1.

Antanas Trumpa – Chief Executive Officer of AB "Rokiškio sūris".

Tel: +370 458 55 200, Fax +370 458 55 300

Antanas Kavaliauskas – Chief Financial Officer of AB "Rokiškio sūris".
Tel.: +370 5 210 2717, Fax +370 458 55 300

5.2.

The Annual report (part 39) includes consolidated financial accounts prepared by UAB PricewaterhouseCoopers" according to International Accounting Standards.

6. Approval of members of the issuer's managing bodies responsible for report preparation, as well as approval of consultants of employee and the company manager.

The Chief Executive Officer of AB "Rokiskio sūris" Antanas Trumpa and the Chief Financial Officer Antanas Kavaliauskas approve that the information provided by the annual report for the year 2006 is true and there is no hidden information which might influence significantly the investor decisions to buy or sell the issuer's securities, as well the price and evaluation of the securities:

Chief Executive Officer

Antanas Trumpa

Chief Financial Officer
Member of the Board of Directors

Antanas Kavaliauskas

Date of the report's preparation: 25.05.2007

Report prepared by AB "Rokiškio sūris"

II. INFORMATION ON THE ISSUER'S AUTHORIZED CAPITAL AND SECURITIES LAUNCHED

7. Authorized capital of the issuer:

7.1. The joint stock company "Rokiškio sūris" registered on 28th February 1992 at the Directory of Rokiskis region. The company was reregistered on 28th November 1995 at the Ministry of Economics of the Republic of Lithuania. Company code – 173057512.

As at 31st December 2006, the authorized capital of AB "Rokiskio suris" was **LTL 47.462.700** (forty seven million four hundred sixty two thousand seven hundred litas).

| Type and class of shares | Number of shares | Nominal value LTL | Total nominal value LTL | Share in the authorized capital % |
|----------------------------|------------------|-------------------|-------------------------|-----------------------------------|
| 1 | 2 | 3 | 4 | 5 |
| Ordinary registered shares | 4 746.270 | 10 | 47 462 700 | 100% |

All shares of AB „Rokiškio sūris“ are paid-up.

7.2. The company has not issued debt securities or derivative securities, therefore the capital is not to be increased by share convert or exchange into this type of securities.

8. Shareholders.

Total number of shareholders as of 27th April 2007 (date of the General meeting of shareholders) was – 5.253 shareholders.

The shareholders having or owning over 5 percent of the issuer's authorized capital (as of 27.04.2007):

| Name, surname Name of company | Address | Proprietary rights | | | With associated persons | |
|--|---------------------------------------|--------------------|-----------------|---------|-------------------------|---------|
| | | Number of shares | Capital share % | Votes % | Capital share % | Votes % |
| UAB "Pieno pramonės investicijų valdymas" | Pramonės g. 3, Rokiškis Lietuva | 1.704.890 | 34,92 | 39,91 | 48,33 | 53,70 |
| Antanas Trumpa | Sodų 41a, Rokiškis Lietuva | 381.837 | 8,04 | 8,93 | 48,33 | 53,70 |
| Hansabank clients | Liivalaia 8, Tallinn 15040 Estija | 543.483 | 11,45 | 12,72 | - | - |

| | | | | | | |
|---|---|---------|-------|-------|---|---|
| Skandinaviska Enskilda Banken AB clients | Sergels Torg 2, 10640 Stockholm, Sweden | 511.879 | 10,78 | 11,98 | - | - |
| AB „Rokiškio sūris“ | Pramonės g.3, Rokiškis, Lietuva | 474.617 | 10,00 | - | - | - |

9. Main characteristics of the shares launched for the public stock turnover:

As for the public share sales it was launched 4 746 270 (four million seven hundred forty six thousand two hundred seventy) ordinary registered shares. Nominal value of shares is 10 (ten) litas per share, total nominal value of shares is LTL 47.462.700 (forty seven million four hundred sixty two thousand seven hundred litas).

Types of shares launched for public share sales:

| Type of securities being issued | Number of shares (units) | Date of launch |
|---|--------------------------|----------------|
| Pursuing the Law on private capital accumulation | 7 993 | 30.04.1991 |
| Pursuing the Law on primary privatization | 133 029 | 02.11.1991 |
| Sale of shares owned by the State | 13 694 | 21.12.1992 |
| Increase of the authorized capital (issue of additional contributions by the issuer) | 100 000 | 08.04.1993 |
| Sale of the state capital reserve | 3 634 | 17.05.1993 |
| Increase of the authorized capital (issue of additional contributions by the issuer) | 50 000 | 02.09.1993 |
| Increase of the authorized capital (issue from own resources) | 249 075 | 29.04.1994 |
| Assets indexation | 565 368 | 25.11.1994 |
| Increase of the authorized capital (issue of additional contributions by the issuer) | 400 000 | 16.12.1994 |
| Company reorganization (issue by acquisition of AB "Zarasų pieninė") | 37 116 | 11.08.1995 |
| Increase of the authorized capital (issue of additional contributions by the issuer) | 80 000 | 03.06.1996 |
| Company reorganization (issue by acquisition of AB "Ukmergės pieninė") | 65 824 | 15.11.1996 |
| Increase of the authorized capital (issue of additional contributions by the issuer) | 1 200 000 | 11.02.1997 |
| Increase of the authorized capital (issue of additional contributions via mediator, not stock exchange) | 300 000 | 11.11.1997 |
| Company reorganization (issue by acquisition of AB "Šalčininkų pieninė") | 11 314 | 06.02.1998 |
| Increase of the authorized capital (issue of additional contributions by the issuer) | 1 400 000 | 21.07.1999 |
| Conversion of preferred shares into ordinary registered shares | 6 452 | 20.08.1999 |
| Former shares of manufactures of agricultural produce included into public share sale | 122 771 | 09.06.2004 |

10. Data on the shares registered and launched for non-public share sale

There are no shares registered and launched for non-public share sale.

11. Information on depository notes issued on share grounds.

Depository notes on share grounds (GDR) were issued on 10th October 1997, the base for the issue was shares registered at the Securities Commission (registration act No.AB-4060). The shares were launched on 15th October 1997, end of offering – 29th October 1997. Launched 300 000 ORS. Price per share LTL 54.

On 14th November 1997, by the Securities non-monetary transfer No.021933 it was transferred 154 500 of ORS of this emission into the securities current account of FMD clients of Vilniaus bankas (Bankers Trust Company) in order to convert the ORS into GDR. Coefficient of conversion – 2, i.e. one ordinary registered share is converted into two depository notes. The depository notes were not quoted at stock exchange.

The way of issue: the depository notes (GDR) were designed for exclusive issue (only to qualified institutional investors) not to the US investors, therefore the GDR were not registered in the US Stock exchange commission.

On 29th October 2004, the conversion of depository notes issued on share grounds into ordinary registered shares was ended.

On 31st December 2006, as well as at the date of General meeting of shareholders 27th April 2007, the company did not have any depository notes issued on share grounds.

12. Main characteristics of debt securities launched for the public share sale.

The company has not issued any debt securities for the public share sale.

13. Data on the debt securities registered and launched for non-public share sale.

The company has not issued any debt securities for the non-public share sale.

14. Securities non participating in the authorized capital but regulated by the Law on securities market of the Republic of Lithuania, excluding debt securities.

There are no securities which do not participate in the authorized capital but are regulated by the Law on securities market.

III. DATA ON THE SECONDARY SALES OF ISSUER'S SECURITIES

15. Securities listed on the official list of stock exchange

The 4 746 270 ordinary registered shares of AB "Rokiškio sūris" are listed on the official list of OMX Vilnius Stock Exchange. (VVPB symbol RSU1L). Nominal value per share 10 (ten) litas. Total nominal value of shares 47 462 700 (forty seven million four hundred sixty two thousand seven hundred) litas.

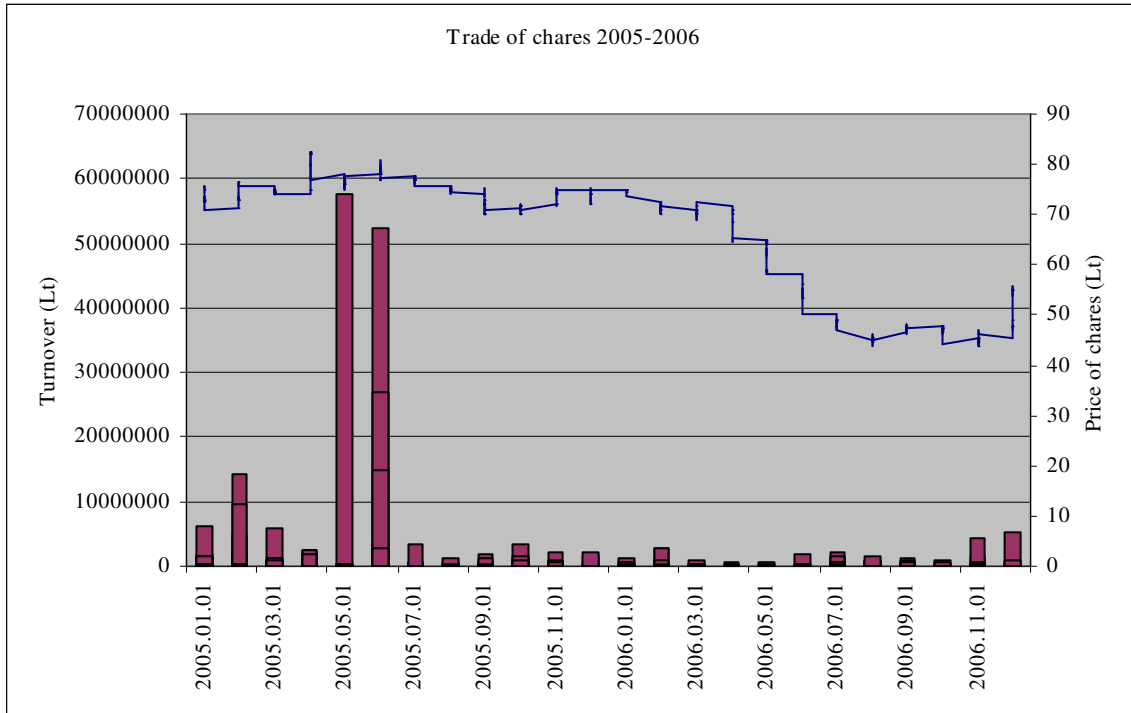
16. Trade in issuer's securities by stock exchange and other organized markets

Shares of AB "Rokiškio sūris" are traded by Vilnius Stock Exchange on the official trade list.

16.1. Trade by Vilnius Stock Exchange:

16.1.1. Trade in central market:

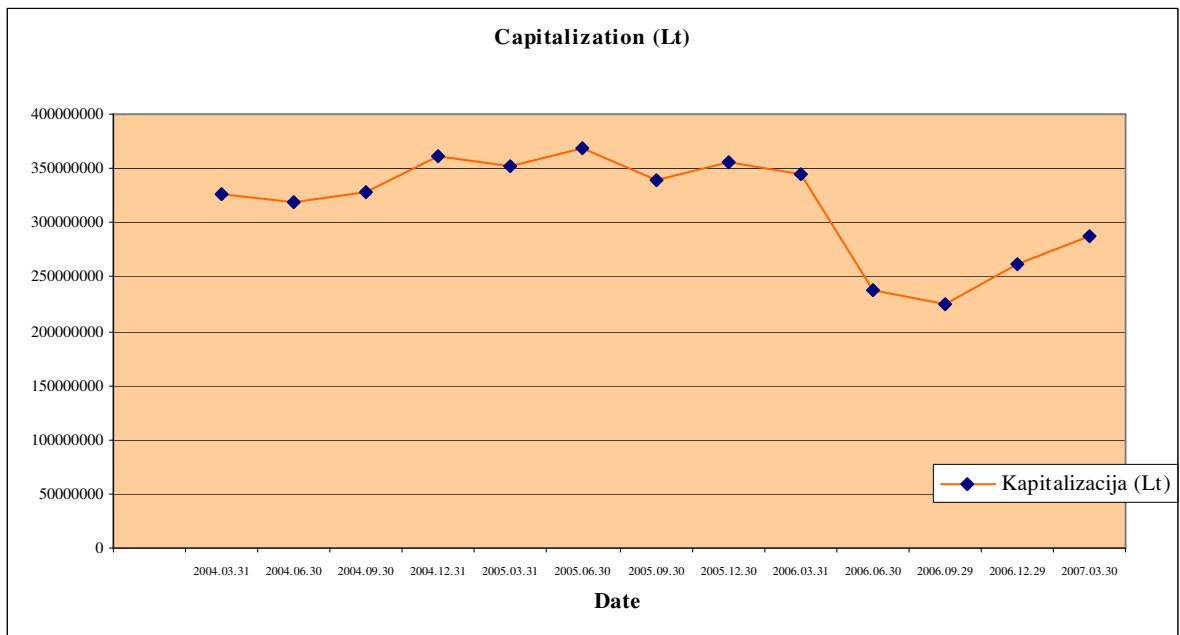
| Reporting period | | Price (LTL) | | | Sales (LTL) | | | Date of last session | Total sales | |
|------------------|------------|-------------|-------|--------------|-------------|-------|--------------|----------------------|-------------|-------------|
| from | until | max | min | Last session | max | min | Last session | | (.) | (Lt) |
| 2004.01.01 | 2004.03.31 | 77,50 | 46,00 | 70,50 | 820 199 | 0 | 19 832 | 2004.03.31 | 156 804 | 9 855 718 |
| 2004.04.01 | 2004.06.30 | 74,00 | 65,00 | 67,00 | 722 273 | 0 | 2 346 | 2004.06.30 | 61 139 | 4 296 848 |
| 2004.07.01 | 2004.09.30 | 69,98 | 65,00 | 69,10 | 400 137 | 0 | 10 089 | 2004.09.30 | 32 062 | 2 175 546 |
| 2004.10.01 | 2004.12.31 | 76,00 | 67,50 | 76,00 | 753 276 | 0 | 234 487 | 2004.12.31 | 101 993 | 7 329 045 |
| 2005.01.01 | 2005.03.31 | 77,00 | 71,00 | 74,00 | 5 335 597 | 7 500 | 81 348 | 2005.03.31 | 294 225 | 21 585 117 |
| 2005.04.01 | 2005.06.30 | 82,50 | 74,00 | 77,77 | 57 539 044 | 0 | 47 872 | 2005.06.30 | 2 409 299 | 178 308 179 |
| 2005.07.01 | 2005.09.30 | 78,50 | 70,00 | 71,30 | 3 272 780 | 0 | 175 939 | 2005.09.30 | 245 377 | 18 149 244 |
| 2005.10.01 | 2005.12.31 | 75,50 | 70,00 | 75,00 | 3 528 225 | 0 | 75 000 | 2005.12.30 | 258 355 | 18 620 766 |
| 2006.01.01 | 2006.03.31 | 75,50 | 68,00 | 72,50 | 2 669 836 | 0 | 7 015 | 2006.03.31 | 194 218 | 14 016 379 |
| 2006.04.01 | 2006.06.30 | 71,50 | 50,00 | 50,00 | 1 746 560 | 0 | 156 447 | 2006.06.30 | 90 581 | 5 423 753 |
| 2006.07.01 | 2006.09.30 | 50,00 | 44,00 | 47,50 | 2 222 702 | 0 | 76 353 | 2006.09.29 | 409 002 | 19 177 690 |
| 2006.10.01 | 2006.12.31 | 56,20 | 43,80 | 55,00 | 5 269 556 | 0 | 49 870 | 2006.12.29 | 457 987 | 20 985 247 |
| 2007.01.01 | 2007.03.31 | 64,50 | 56,00 | 60,40 | 3 772 364 | 0 | 3020 | 2007.03.30 | 291 066 | 16 644 056 |



16.2 -3. There has not been any trade in other stock exchange or organized markets.

17. Capitalization of securities.

Capitalization of the company's securities, Lt



| Date of last trade session | Capitalization (Lt) |
|----------------------------|---------------------|
| 31.03.2004 | 325 956 680 |
| 30.06.2004 | 318 000 090 |
| 30.09.2004 | 327 967 257 |
| 31.12.2004 | 360 716 520 |
| 31.03.2005 | 351 223 980 |
| 30.06.2005 | 369 117 418 |
| 30.09.2005 | 338 409 051 |
| 30.12.2005 | 355 970 250 |
| 31.03.2006 | 344 104 575 |
| 30.06.2006 | 237 313 500 |
| 29.09.2006 | 225 447 825 |
| 29.12.2006 | 261 044 850 |
| 30.03.2007 | 286 674 708 |

18. Trade in issuer's securities outside stock exchange.

The issuer's ordinary registered shares (4 746 270vnt.) are listed on the official list of Vilnius Stock Exchange, therefore the shares are traded solely within the Stock Exchange.

19. Information on treasury shares

The very first decision regarding purchasing of own shares was adopted at the 25th September 1998 General meeting of shareholders of AB "Rokiškio sūris". The resolution of general meeting of shareholders as follows: "In order to avoid loss due to severe slump of share rate, it shall be purchased up 334 627 ordinary registered shares of the company. The Board of Directors is delegated to establish the procedure for purchasing own shares and organize the purchase, as well as execute all other related actions".

The 30th April 2003 General meeting of shareholders renewed the resolution regarding purchasing of own shares. The General meeting of shareholders resolved:

1. In order to avoid loss due to the decreasing rate of shares, it shall be purchased own shares whose nominal value would be not more than 1/10 of the Authorized Capital.
2. The period during which the Company shall purchase its treasury shares – 18 months after the resolution is accepted.
3. The maximal price for the shares to be acquired is set as 100 litas per share; minimal price is set as 10 litas per share.
4. A reserve of 10m.LTL shall be formed for the acquisition of treasury shares.
5. The Board of Directors is authorized to organize purchase of treasury shares and settle the procedure for share purchase and proceed with the related actions pursuing the conditions defined by this resolution and the requirements of the Law on Joint Stock Companies Article 55.

The 21st September 2004 meeting of the Board of Directors of AB "Rokiškio sūris" resolved the following:

1. Pursuing the resolution adopted by the 30th April 2003 General meeting of shareholders of AB "Rokiškio sūris" in order to raise the share price of AB "Rokiškio sūris", it shall be purchased up to 142 857 (one hundred forty two thousand eight hundred fifty seven) ordinary

registered shares of AB "Rokiškio sūris" as par value 10 (ten) litas. Minimal amount of shares to be purchased – 10 000 (ten thousand) ordinary registered shares of AB "Rokiškio sūris".

2. To establish the price for shares as at 70 (seventy) litas per ordinary registered share.
3. Period for share purchase – 30 days.
4. Purchase of own shares shall be conducted by submission of voluntary official proposal following the legal procedure established for securities market.

During the obligatory non-competitive tender offer which was being implemented from 29th September 2004 until 28th October 2004, AB "Rokiškio sūris" purchased 142 857 shares of the company paying LTL 70,00 per share.

Throughout the tender offer the issuer acquired 34 328 shares from the issuer's managers.

Upon implementation of tender offer AB „Rokiškio sūris“ owns 392 047 treasury shares and it makes 8,26 % of the Authorized capital of AB "Rokiškio sūris".

Within the year 2005, AB „Rokiškio sūris“ had no acquisitions of own shares.

The 29th April 2005 general shareholders' meeting of AB "Rokiškio sūris" resolved:

1. Allow acquisition of treasury shares up to 10 per cent including the ones already acquired.
2. Purpose of the acquisition of treasury shares – to maintain and increase share price.
3. The period within which treasury shares may be acquired is 18 months after decision.
4. The maximal price set for the acquisition of treasury shares is equal to LTL 116,00 (one hundred sixteen) per ordinary registered share, minimal price – LTL 10 per share.
5. It will be formed LTL 10 million reserve for the acquisition of treasury shares.
6. The minimal price selling treasury shares should be not less than the acquisition price. The treasury shares will be sold this way: upon the company's announcement about the intention to sell treasury shares, shareholders will have right to buy according percentage of shares owned by them. In case there are unsold shares, further sales will be organized following the Board's resolution.
7. The Board of Directors is authorized to organize purchase of treasury shares and settle the procedure for share purchase and proceed with the related actions pursuing the conditions defined by this resolution and the requirements of the Law on Joint Stock Companies.

The 25th July 2006 Board of Directors of AB "Rokiškio sūris" resolved (The Minutes No.30):

1. Pursuing the 29th April 2005 general shareholder's meeting of AB "Rokiškio sūris" to maintain and increase the share price, to acquire up to 82 570 (eighty two thousand five hundred seventy) ordinary registered shares of AB "Rokiškio sūris" of LTL 10 (ten litas) par value. Minimal quantity of shares to be acquired– 1 000 (one thousand) ordinary registered shares of AB "Rokiškio sūris". Maximal price set by the general shareholders' meeting is LTL 116, minimal – LTL 10.
2. Price of share acquisition is set at LTL 50 (fifty litas) per ordinary registered shares.
3. Period for the acquisition – 30 days.
4. Purchase of own shares shall be conducted by submission of voluntary official proposal following the legal procedure established for securities market.

Within the obligatory non-competitive official tender which was being implemented from 10th August 2006 until 8th September 2006, AB "Rokiškio sūris" bought up 82 750 treasury shares at the price LTL 50,00 per share.

During the official tender the issuer did not acquire any shares from the directors of AB „Rokiškio sūris“.

Upon implementation of this official tender, AB „Rokiškio sūris“ has acquired 474 617 treasury shares and it made 10 % of the Authorised capital of AB "Rokiškio sūris".

20. Tender offer announcement

Within the year 2006, AB „Rokiškio sūris“ announced a tender offer. See point 19 for the information.

21. Payment agents of issuer

There are not any contracts with payment agents and AB “Rokiškio sūris“.

22. Contracts with share trading brokers

On 24th December 2003, AB “Rokiškio sūris“ contracted with UAB FMĮ “Baltijos vertybiniai popieriai” (Gedimino pr. 60, Vilnius) regarding handling of shareholder accounting for AB “Rokiškio sūris”. As from 15th January 2007, this financial company changed its name into UAB FMĮ „Orion securities“.

IV. INFORMATION ON THE ISSUER'S ACTIVITIES

23. Legal Basis of the Issuer's Activities

In its activities AB "Rokiškio sūris" follows the company regulations, the Law on Joint Stock Companies of the Republic of Lithuania, the Law on Securities Market and other laws and legal acts in force, regulating enterprise activities.

24. Belonging to Associated Organisations

AB "Rokiškio sūris" is a member of the Lithuanian Dairymen Association "Pieno centras" and the Lithuanian Confederation of Industrialists. Moreover, it participates in the activities of the Chamber of Commerce, Industry and Trade of Panevezys.

Being the member of various associated structures of dairy industry, the company takes part in general problem and method solving. With the help of associations various operative dairymen information is received easier. By defending dairymen concerns in governmental and other institutions, associations unite companies in general problem solving and activity coordination. The activities of the Lithuanian Dairymen Association are regulated by the Law on Associations of the Republic of Lithuania and by the Confederation Regulations.

25. 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.

Specialised "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 privatised and reorganised 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 functioning 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" bought 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, 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.

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.

As at 31st December 2006, AB „Rokiškio sūris“ had one daughter company UAB „Rokiškio pienas“.

During the financial year 2006 AB „Rokiškio sūris“ acquired 82 570 ordinary registered shares. The shares were acquired through the official tender offer in Vilnius Securities market, and it was paid LTL 50,00 per ordinary registered share. For the acquisition of treasury shares AB „Rokiškio sūris“ used own capital.

As at 31st December 2006, AB „Rokiškio sūris“ had 474 617 treasury registered shares which made 10% AB „Rokiškio sūris“ of the authorized capital. Par value of ordinary registered shares was LTL 10.

The 22nd December 2006 general shareholders' meeting of AB „Rokiškio sūris“ resolved to decrease the Authorised capital of AB „Rokiškio sūris“ by 4 746 170 Lt (four million seven hundred forty six thousand one hundred seventy) litas in the way of annulment of 474 617 (four hundred seventy four thousand six hundred seventeen) ordinary registered shares at par value of LTL 10 (ten) litas.

After annulment of treasury shares, the Authorised capital of AB „Rokiškio sūris“ shall make LTL 42 716 530 (forty two million seven hundred sixteen thousand five hundred thirty) litas divided into 4 271 653 (four million two hundred seventy one thousand six hundred fifty three) ordinary registered shares at par value of LTL 10 (ten) litas.

The same general meeting of shareholders 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 approval of resolution.
4. Maximal purchase price per share set as – LTL 116, minimal purchase price per share – LTL 10.
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. The shares acquired by the company shall be sold through Vilnius Stock Exchange.

6. The Board of Directors is authorized to organize purchase of treasury shares and settle the procedure for share purchase and proceed with the related actions pursuing the conditions defined by this resolution and the requirements of the Law on Joint Stock Companies.

The AB "Rokiškio sūris" Group consists of two subsidiary companies – "Ukmergės pieninė" and "Utenos pienas".

On 31st of December, 2005 the authorized capital of AB "Rokiškio sūris" was 47 462 700 litas, which was divided into 4 746 270 10 litas nominal value shares.

26. Characteristics of Production (Services)

The Group's main activity is milk processing. The main products are cheese, butter, dry and fresh milk products. Production is developed in the towns of Rokiškis, Utena and Ukmergė.

- Specialisation of Rokiskis production department – fermented cheese, lactose and whey products.
- Specialisation of Utena production department – fresh dairy products for the local market, whey protein concentrate, milk powder and butter production.
- Specialisation of Ukmergė production department – curd and curd cheese production.

Throughout the long years of successful production fermented cheese remains the main company product. It is a valuable alimentary food rich in milk fat, proteins, minerals, salts and vitamins.

The company's produced cheese 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" and "Edamas", whereas "Goya", "Montecampo" and "Gojus" belong to the hard cheese type.

According to fermented cheese production amounts AB "Rokiškio sūris" is the largest milk processing company in Lithuania. Fermented "Rokiškio" cheese is produced from normalised fat and protein cow milk clotted with the help of ferments and later specially processed and matured. This cheese belongs to semi-hard cheese group. Its analogues in the world are the Swedish (Sveciaost) cheese, the Russian cheese and a highly appreciated among the English speaking countries Cheddar cheese. "Rokiškio sūris" can be consumed by people of various age. In terms of nutrition, it is a universal fermented cheese. Its ingredients satisfy the sanitary requirements applicable in the Republic of Lithuania.

Rokiškio cheese is good for various diets despite the age. This cheese is universal nourishing product. The composition of cheese comply with the hygiene requirements applied in the Republic of Lithuania.

In 2006, AB „Rokiškio sūris“ produced 28 033 tons of fermented cheese, (12,8 % more than in 2005), 7 446 tons of milk sugar, 51 576 tons of WPC.

In 2006, technology of Goya and Cagliata cheeses was improved in order to decrease production costs.

Besides the main production of fermented cheese, the AB "Rokiškio sūris" Group produces fresh and dry dairy products, butter, melted cheese, soft fresh "Mozzarella" cheese, melted breakfast cheese, selected curd "Rinktinė varškė Kasdien", liquid bio-yoghurt "Savas", whey protein concentrate (WPC) and milk sugar (lactose). The latter products are processed from whey, which is produced in fermented cheese production. Milk sugar is used in pharmacology, confectionery and so on.

New fresh products with the trademark BIFIDO were mastered (milk, kefir, yoghurts, curd, chocolate coated cheese with vanilla, honey and wild strawberry taste). These products are enriched with lactulose. AB "Rokiškio sūris" is the first among the Lithuanian dairymen to produce a group of fat-free milk products called "Valgyk lengvai" under one trademark. It includes milk, kefir, sour buttermilk, fermented cheese, yoghurts, curd and curd cheese.

In 2003 AB "Rokiškio sūris" and its subsidiary companies in Ukmergė and Utena were attributed the status of ecological product processing enterprises. The status gives the right to produce ecological products and certify them as such.

Ukmergės pieninė is one of the most modern curd and curd product producer in Lithuania. In view of rapid changes in the competition market, the subsidiary develops its products, and now there is a new technology implemented for production of processed curd cheese.

In 2006, it was produced 4 154 tons of total production (by 2,4% more than in 2005), namely: curds - 2 760 t., fresh cheese -427 t., chocolate coated cheese desserts - 789 t., juicy drinks - 67 t, processed curds – 111t.

In Utena subsidiary it was implemented a new line for dessert product. New tastes are introduced.

In 2006, the subsidiary "Utenos pienas" produced 843 tons of skimmed milk powders, 9,7 tons dry milk butter, 4 550 tons whey protein concentrate, 3 907 tons butter mixtures, 56 512 tons of fresh dairy products, 10 603 tons of cream for export.

In 2001 AB "Rokiškio sūris" and in 2002 its subsidiary companies were certified on the international scale: Food Security -RVASVT, Quality Management - ISO 9001:2000 and Environment Protection Management ISO 14001:1996 systems.

The certificates conferred by the international certification organisation BVQI confirm that the above-mentioned systems are in conformity with ISO 9001:2000, ISO 14001:1996 standard requirements. Moreover, it is determined that all work process, production, machinery and technical maintenance management of the company ensure its production to be safe and of high quality. Moreover, efforts to improve the entire environment protection efficiency, without any deviation from the company's executive policy, are acknowledged.

According to food safety system, important production points have to be under constant observation, this way safeguarding from any critical deviation limits. The system determines these critical limits and means allowing managing the process.

The quality management system ISO 9001:2000 determines both safe and high quality production means. The rules of the system ensure receiving stable, equal and qualified production. The quality management system includes the entire process from material purchase to client need satisfaction when selling the final production.

Participation in exhibitions and trade fairs.

In autumn 2005, Rokiškio sūris took part in the international food industry trade fair "Anuga 2005" held in Cologne, Germany. This was the second time the enterprise had participated in this world trade fair: the fair brought many new contacts, and company representatives talked to many of those interested in products of the Lithuanian enterprise.

At the trade fair "Prodexpo 2006", held in Moscow last winter, Rokiškio sūris introduced the semi-hard cheeses Rokiškio, Lietuviškas and Hermis – products that are well-known and appreciated by the market. However, the company's key task was to introduce to local clients hard cheeses that are not yet very popular there.

Each year Rokiškio sūris participates in the Lithuanian food industry trade fair "AgroBalt", and other trade fairs and exhibitions organised in Lithuania. Each time the company's products are assessed.

Major part of marketing budget is used for creation of new products (brands, packaging, promotion).

The products are introduced via the most popular media every year the company spends around LTL 1 million for the advertising on TV. Also, there are other ways of advertisements used such as radio channels and press devices.

For several years the company had strong advertising position in supplementary of a daily „Lietuvos rytas“ „TV Antena“ and „Stilius“. The readers were introduced to the new products and various actions. Around LTL 400 thousand were allocated for it.

Every year the company initiates five grand promotional actions with the budget at around LTL 1 million.

In addition, in order to understand customer needs and opinion about various product positions, brands, loyalty, influence of promotion, the company hires outside experts for the market research.

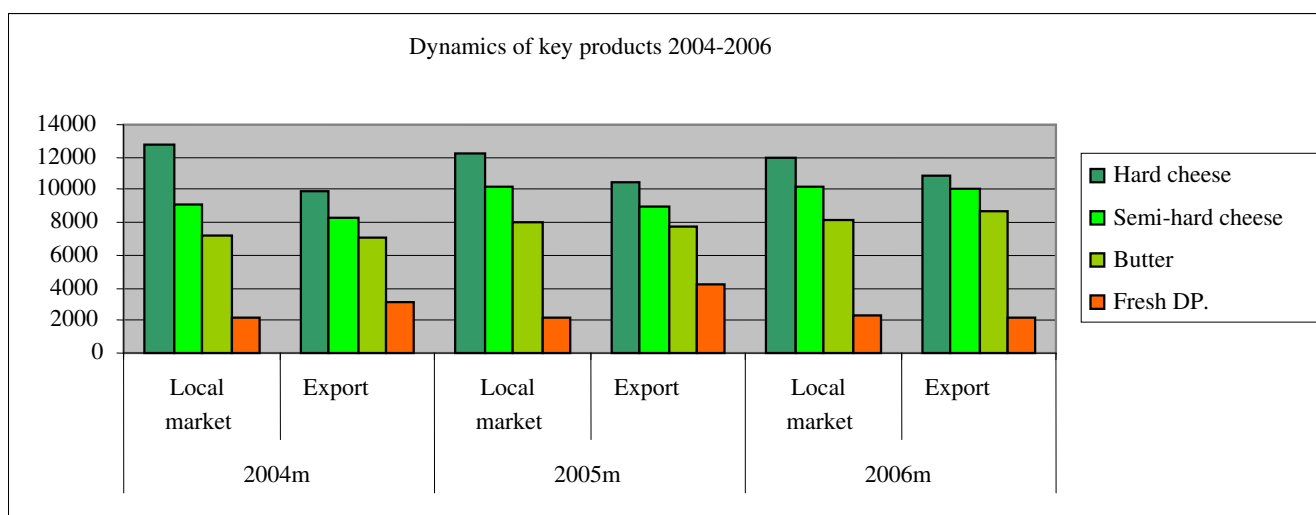
After Lithuania joined the EU, the expenses for product marking increased. Some of the labels had to be cancelled because they did not comply with the new requirements.

This and next year the company intends to participate in several food exhibitions (such as ANUGA). It is intended to spend around LTL 250 thousand per exhibition.

Average Export and Local Market Prices of Main Products

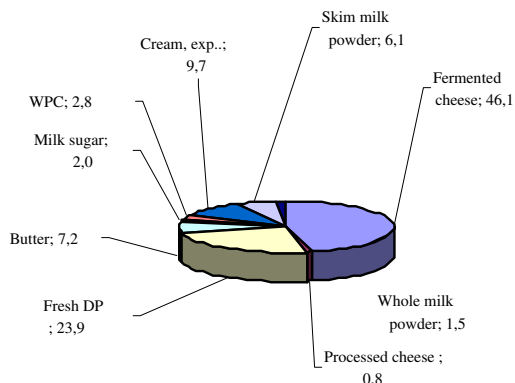
| Product Name | Year 2004 | | Year 2005 | | Year 2006 | |
|----------------------|-------------------|-------------|-------------------|-------------|-------------------|-------------|
| | Local Market Lt/t | Export Lt/t | Local Market Lt/t | Export Lt/t | Local Market Lt/t | Export Lt/t |
| Hard cheese | 12712 | 9970 | 12290 | 10515 | 12015 | 10824 |
| Semi-hard cheese | 9067 | 8274 | 10131 | 9019 | 10204 | 10015 |
| Butter | 7144 | 7054 | 8056 | 7766 | 8182 | 8668 |
| Fresh dairy products | 2173 | 3118 | 2124 | 4236 | 2247 | 2238 |
| | | | | | | |

- * For the period from 2004 to 2005 prices of fresh dairy products are calculated per 1 ton of natural product.

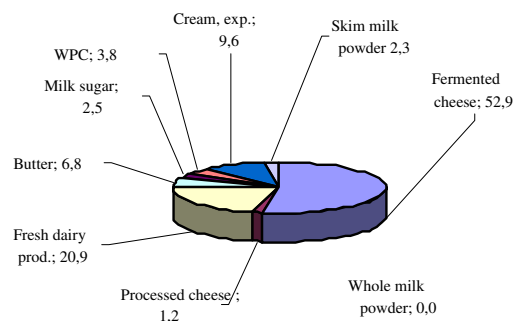

AB "Rokiškio sūris" Production Dynamics in Qualitative and Quantitative Terms

| No. | Product Name | Year 2004 | | | Year 2005 | | | Year 2006 | | |
|-----|---------------------------------|---------------|----------------|------------|---------------|----------------|------------|---------------|---------------|------------|
| | | Quantity t. | Thousand Lt | % | Quantity t. | Thousand Lt | % | Quantity t. | Thousand Lt | % |
| 1. | Fermented cheese** | 19.968 | 184.568 | 46,1 | 24.454 | 246.672 | 52,9 | 28033 | 288303 | 54,9 |
| 2. | Melted cheese | 385 | 3.007 | 0,8 | 616 | 5.448 | 1,2 | 659 | 6026 | 1,2 |
| 3. | Fresh dairy products | 43.668 | 95.654 | 23,9 | 46.575 | 97.202 | 20,9 | 47920 | 107750 | 20,5 |
| 4. | Butter | 3.847 | 28.787 | 7,2 | 3.724 | 31.866 | 6,8 | 3911 | 32887 | 6,3 |
| 5. | Milk sugar | 4.868 | 7.896 | 2,0 | 6.390 | 11.751 | 2,5 | 7446 | 15499 | 3,0 |
| 6. | Whey Protein Concentrate powder | 3.128 | 11.137 | 2,8 | 3.609 | 17.753 | 3,8 | 4550 | 25263 | 4,8 |
| 7. | Cream for export | 8.659 | 38.741 | 9,7 | 10.279 | 44.559 | 9,6 | 10602 | 42967 | 8,2 |
| 8. | Fat-free milk powder | 3.935 | 24.343 | 6,1 | 1.667 | 10.932 | 2,3 | 843 | 5881 | 1,1 |
| 9. | Fat milk powder | 916 | 6.188 | 1,5 | 0 | 0 | 0 | 0 | 0 | 0 |
| | In total: | 89.374 | 400.321 | 100 | 97.314 | 466.183 | 100 | 103964 | 524576 | 100 |

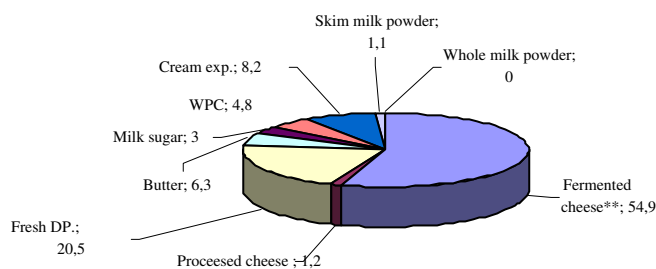
Production structure 2004



Production structure 2005



Production structure 2006



Main Indicators Describing the Company's Activities, their Dynamics

| No | Index | 2003. | 2004. | 2005. | 2006. |
|----|--------------------------------|-------|-------|-------|-------|
| 1. | Net profitability | 0,04 | 0,06 | 0,04 | 0,03 |
| 2. | Return on average assets | 0,05 | 0,09 | 0,07 | 0,04 |
| 3. | Debt rate | 0,35 | 0,30 | 0,35 | 0,40 |
| 4. | Debt – property rate | 0,54 | 0,43 | 0,54 | 0,67 |
| 5. | General liquidity ratio | 1,78 | 1,96 | 1,70 | 1,60 |
| 6. | Property turnover | 1,19 | 1,61 | 1,58 | 1,61 |
| 7. | One-share accounting value, Lt | 41,42 | 41,26 | 40,96 | 40,67 |
| 8. | One-share net profit, Lt | 3,31 | 6,21 | 4,81 | 3,01 |

27. Sales Markets

AB „Rokiškio sūris“ group is one of the biggest and strongest dairy producers in Lithuania. The sales are directed into the Eastern and Western markets, and there is big variety of fresh dairy products which are firstly realized on the Lithuanian market.

In 2006, the Group's sales reached LTL 518 million or 9,4 % more than in 2005. the company increases it sales every year, and in 2007 it plans to increase them by other 18 % up to LTL 610 million.

More than 2/3 of the production of AB „Rokiškio sūris“ is exported. The mayor part of exports is fermented cheese. The group historically orientates itself into the mass production of fermented cheese, and it is one of the biggest and most famous fermented cheese producers in the Cetral and Eastern Europe regions. There are two main export directions with equal weight: European Union (mainly Italy, the Netherlands) and Russia. In the EU, the main products are hard fermented cheese and non-matured cheese, meanwhile the main production going to Russia is semi-hard fermented cheese.

The company enjoys EU subsidies for the sales in Russia, and it allows better competition on the local market. The potential of this market is increasing, and the company sells its products with own brands which are going to be strengthened.

And of course Rokiškio cheeses are well known in the local market.

The group now does not have any sales to the USA where the prices are not acceptable due to the dollar rate change.

Also, the group includes other products into its export product portfolio such as butter, cream, milk powders and whey products – WPC and lactose.

The group is the biggest exporter in Lithuania – in 2006 it exported over 22 thousand tons of fermented cheese (8% more than in 2005), 10,6 thousand tons of cream (more by 4%), 5,4 thousand tons of lactose (more by 24%), 3,35 thousand tons of whey protein concentrate (more by 10%), 1,8 thousand tons of butter and 0,9 thousand tons of milk powders.

Another important direction of the group's production is fresh dairy production and sales in Lithuania. During the last year the group became a market leader and now it shares the leader position together with AB „Pieno žvaigždės“. The group's activities in the local market has changed tremendously – now the group's politics is to create added value products, the sales are promoted via strong brands and new product development, innovative market actions.

The groups targets in the local market are to concentrate beside the portfolio of strongest products and maintain ~ 25% market share. Up to now the tasks are being implemented successfully.

The group intends to continue close relation development with the customer, and especially with supermarket nets whose share in the company's sales is increasing and now it is over 80 % from the total sales in the local market. The systematized logistics also supports trust creation between the company and customers.

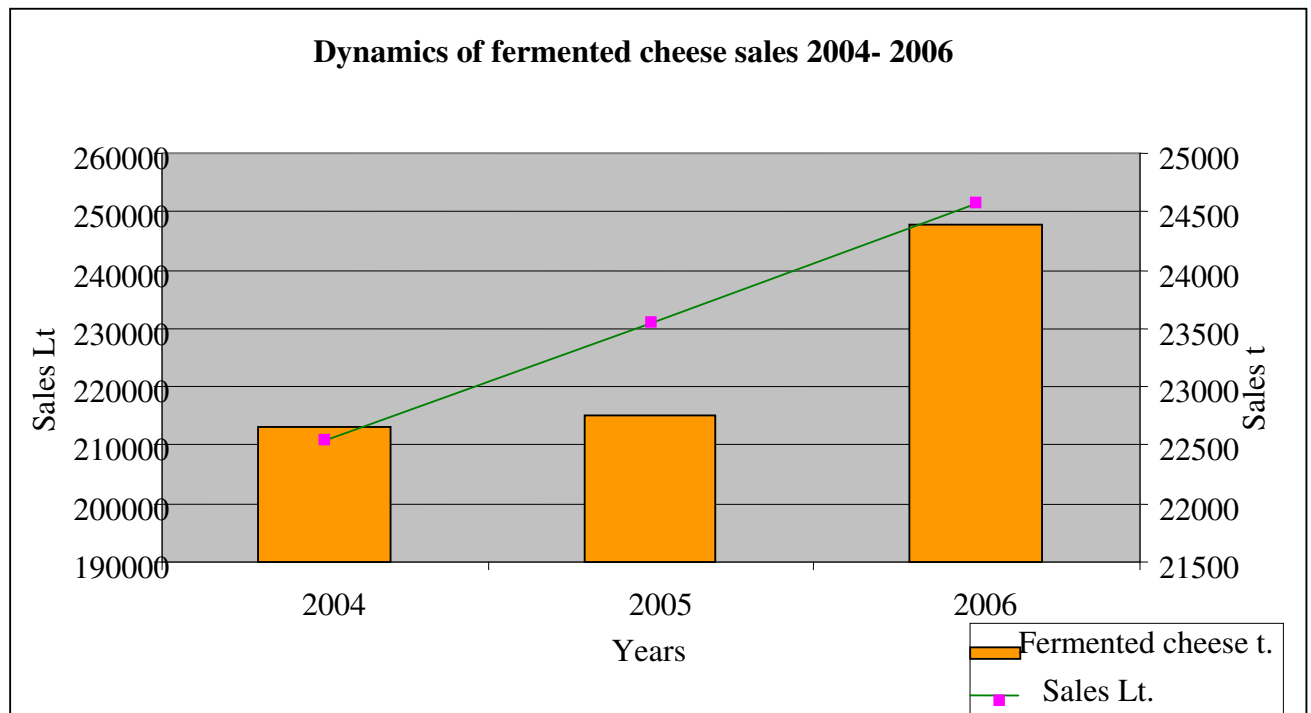
The company has strong brands such as: the economical VISIEMS, massive – ŽALOSIOS KARVUTĖS, Premium – ROKIŠKIO and ROKIŠKIO NAMINIS, dessert - &JOY, Horeca sector - PROF, low fat and healthier – VALGYK LENGVAI. Also, the company sells organic products.

The product quality is also one of the company's underlying tasks and it helps in implementation of marketing strategies.

The group intends to implement various projects related with product quality improvement through the structural funds of the EU

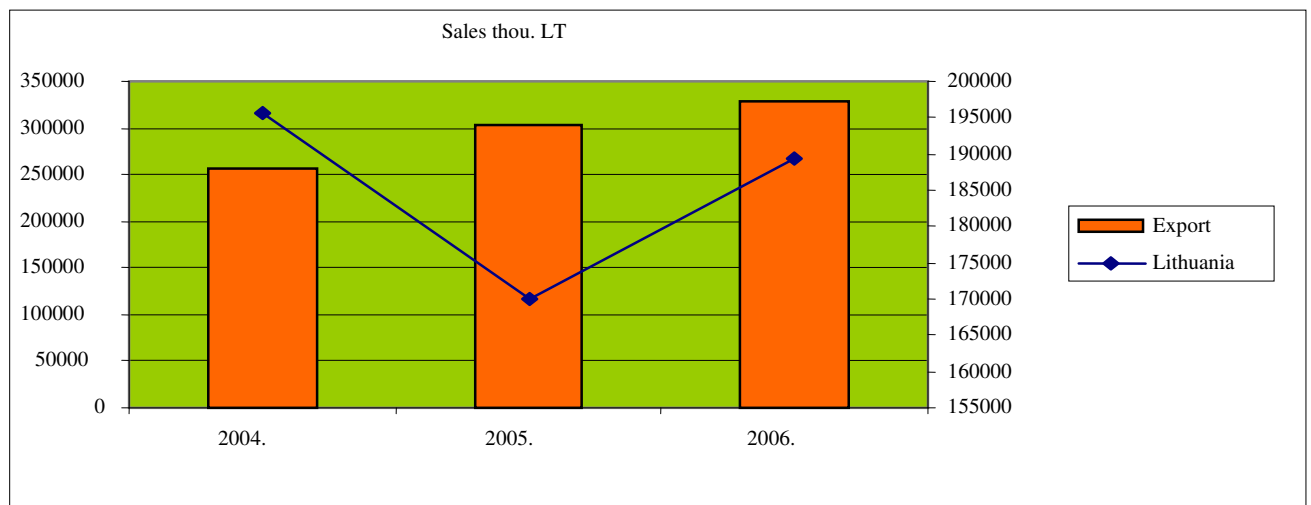
Sales in 2004-2006, in tons and thousand litas

| Product Name | | 2004 | 2005 | 2006 |
|--------------------------|-------------|------------------|-------------|--------|
| | | Fermented cheese | Quantity t. | 22656 |
| | Thousand Lt | 210827 | 231022 | 251351 |
| Fresh dairy products | Quantity t. | 43150 | 46257 | 47916 |
| | Thousand Lt | 94520 | 100220 | 107433 |
| Butter | Quantity t. | 5054 | 3504 | 3907 |
| | Thousand Lt | 37821 | 29983 | 32902 |
| Milk sugar | Quantity t. | 4586 | 6843 | 6998 |
| | Thousand Lt | 7438 | 12582 | 14584 |
| Milk powder | Quantity t. | 4996 | 1695 | 1093 |
| | Thousand Lt | 31842 | 11116 | 7938 |
| Whey protein concentrate | Quantity t. | 3005 | 3697 | 3553 |
| | Thousand Lt | 10699 | 18187 | 19664 |



Sales markets in 2004-2006

| Countries | sold | | | | | |
|--------------|----------------|------------|----------------|------------|----------------|------------|
| | 2004. | | 2005. | | 2006 | |
| | Thou LT | % | Thou LT | % | Thou LT | % |
| Lithuania | 195 507 | 43,3 | 169 927 | 35,9 | 189 360 | 35,3 |
| Export | 255 886 | 56,7 | 303 191 | 64,1 | 328 784 | 64,7 |
| Total | 451 393 | 100 | 473 118 | 100 | 518 144 | 100 |



28. Supply

Milk is the main material used in production of cheese and fresh dairy products.

In 2006 in Lithuania 1 558,4 thousand tons, or 8,7 per cent more than in 2005, of basic fat milk were bought. In 2006 average basic fat milk price in Lithuania, if compared with 2005, increased 2 per cent and cost 578Lt/t.

AB "Rokiškio sūris" bought 320 069 tons of basic fat milk directly from milk producers for an average price of 556LT/t. The basic fat milk which had no payment allowances applied made 95,6 per cent of all the basic fat milk amount bought in the year 2006. From other suppliers the company purchased 212 758 tons for an average price of 691 Lt/t. In total, AB "Rokiškio sūris" Group enterprises bought 532 827 tons of basic fat milk, namely, 6,0 per cent more than in 2005. In the year 2006, the average milk purchase price was 610 Lt/t, that is, 26 Lt per ton more than in 2005. the raw milk now is purchased from wide Baltic region including Latvia.

AB "Rokiškio sūris" is the first company in Lithuania starting purchase and process organic milk. It was began in April 2006, and a daily purchase is round 5-6 tons. In 2006, it was bought: 602.866 kg of organic raw milk in natural terms, and - 712.599 kg of recalculated organic milk, it makes 0,2 per cent of total procurement bought in 2006.

The organic milk is bought up only from certified suppliers. It is stored and handled separately from ordinary raw milk. The organic milk is packed in Utena's plant in one liter plastic packs.

The milk is purchased from the regions of Biržai, Ignalina, Molėtai, Rokiškis. The suppliers are certified by ecological agriculture certification agency „Ekoagros“. There are 55 ecological milk farms in Lithuania.

Suppliers of Energy Resources

The main product of AB "Rokiškio sūris" is fermented cheese. Besides the fermented cheese produced from whey collected during the technological cheese production process, alimentary lactose is produced from the lactose part, whereas in Rokiskis from the protein part liquid whey protein concentrate is made. In Utena liquid whey protein concentrate is used for production of whey protein concentrate powder. Besides all the above mentioned products, fresh dairy products are produced as well; namely, butter, fat free milk powder, melted cheese and chocolate coated cheese.

According to the analysis on materials and other resources necessary for production, the indispensable resources for making fermented cheese and other products are electricity, thermoelectricity, water and other. The company produces these resources by itself or receives them from other suppliers. Compressed air and cold are produced in the company.

Main material and detail gathering suppliers are UAB "Žarsta", UAB "Simanta", UAB "Agava", UAB "Elinta", UAB "Laisva linija", UAB "Fiesta", UAB "Filter", UAB "Srovėteka", UAB "Keltena", UAB "Archeda", UAB "Pribus", Baliuckas enterprise "Varžos matas", UAB "Vikimeta" and UAB "Vilniaus kontūras". Necessary materials produced in Lithuania and various minor energy economy goods are purchased in the shop "Bikuva" and in "Senukai" specialized store branch called "Utenaitis". Various electrics from the Commonwealth of Independent States are purchased both in the above mentioned shops and in J. Zamarys enterprise "Decibelas" in Panevėžys. The electricity materials produced in the Western countries are bought in Utena, UAB "Elektroskanelia" in Vilnius and other.

Packing material is received from such companies as "Pakmarkas", "Daigai", "Popieriaus lapas", "Letpakas", "SCA Packaging", "Cryovac" and "Aurika".

Ferments are provided by "Ardita ir Ko" and "Baltvita".

"Igefa", "Deimena", "Laisva linija", "Margūnas", "Manjana" and "Koslita" supply the company with detergents and disinfectants.

Salt is provided by "Konkordija" enterprise.

UAB "Senoji rampa" provides salt tablets and briquettes for soft water preparation.

Alimentary colouring and sodium nitrate are purchased from the enterprise "Vijana"; spices are provided by "Saldva" company. Melting salts are received from UAB "Maisto servizas".

Steam is provided from AB "Panevėžio energija", the subsidiary regional company of Rokiskis Thermal Network. Electricity is received from AB "Rytų skirstomieji tinklai", Rokiskis department of Panevėžys region. The subsidiary companies also receive electricity from AB "Rytų skirstomieji tinklai", Utenos region.

The subsidiary companies "Utenos pienas" and "Ukmergės pieninė" receive steam from their own boiler-rooms.

AB "Rokiškio sūris" signs short-term contracts with supporting material suppliers.

All technological equipment is received complete. In case of any breakdown, mounting details are received directly from equipment producers.

Hot water used in the company is produced in its calorific station where steam goes through three heat boilers and reaches its consumers. Hot water is received from Rokiskis Thermal Network to the company's calorific station and from there they are divided to consumers.

The company has two water bores. The water used in the company is in conformity with the sanitary norm HN – 24 on safety and quality requirements; all this is confirmed by the analysis results. AB "Rokiškio sūris" receives water from two wells. Around 20% is bought from UAB "Rokiškio vandenys", which is controlled by the municipality of Rokiskis and around 80% of water is received from own water bores.

29. Real Property and Other Main Implements

The joint stock company "Rokiškio sūris" was built and began its production in 1966.

| Enterprises | Common area (ha) | Buildings, structures (ha) | Courtyard, sprouts (ha) |
|--|------------------|----------------------------|-------------------------|
| AB "Rokiškio sūris" | 20,7 | 5,7 | 15,0 |
| Subsidiary company "Ukmergės pieninė" | 9,8 | 0,8 | 9,0 |
| Subsidiary company "Utenos pienas" | 7,7 | 2,3 | 5,4 |
| AB "Rokiškio sūris" with subsidiary companies | 38,2 | 8,8 | 29,4 |

AB "Rokiškio sūris" is located near the bus station. The company is easily reached by roadways from the biggest towns of Lithuania. Good communication with Klaipeda port is especially important, since most of its production is exported from there to the Western market. Moreover, communication by railway with Moscow and Saint Petersburg is also easy.

In the year 1966 the company had only one building with no additional premises. In the period from 1968 to 1970 a garage for vehicles, container production department and material storage house were built.

From 1972 to 1975 economic premises and administration offices were built.

In 1980 reconstruction of the first level was made by expanding cheese production department, whereas in 1985, during the second level reconstruction, milk receiving, full milk production machinery department, as well as truck container washing station with residue dispensation were built.

In 1991 a Finnish 1000 t cheese maturation base was built.

In the end of 1993 prophylactic premises were built and put into fuction. Moreover, in November, 1993 construction of a gas station was completed. In 1994 3 housing developments and garages were built.

In the period from 1997 to 1999 AB "Rokiškio mašinų gamykla" territory with buildings and „Rokiskis Consumer Cooperative Purveyance Base“ territory and stockhouses were purchased. These stockhouses are used for production stocking.

In September, 1999 Danish lactose production line "GEA niro" was put into action for alimentary lactose production. The line allows processing all whey received from cheese production.

In 2000 construction of a car parking lot with 240 places was completed.

In 2000 a control point for pedestrians and completed production export was constructed.

In 2002 construction of compressor room was completed and in November of the same year the compressor was put into action.

In 2002 reconstruction of the stock-house was made, where the material necessary for cheese maturation was kept.

AB "Rokiškio sūris" subsidiary company "Ukmergės pieninė" underwent deep reconstruction. By using SAPARD financial support new machinery and milk delivery departments, as well as the laboratory, modern chocolate coated cheese production department and a final product chemical laboratory were installed. Presently the subsidiary company "Ukmergės pieninė" is in conformity with the EU requirements.

In the second half of 2003 AB "Rokiškio sūris" completed construction of waste processing equipment. From production waste the company started producing electricity and thermoelectricity.

In Rokiskis modern ventilation system was installed in the production department and its supplementary premises; moreover, floor and ceilings were changed in the production department.

In 2003 intensive work with technological equipment suppliers was made in order to modernize fermented cheese production line.

In 2003 AB "Rokiškio sūris" and its subsidiary companies of Ukmerge and Utena were conferred the status of ecological product processing enterprises. The status allows producing and certifying ecological products.

In 2004 new equipment was purchased in order to improve the product quality, reduce costs and constantly improve the sanitary conditions of production. The acquired equipment was as follows:

- new modern fermented cheese production line was put into function. The line allowed improving Euroblock cheese forms;
- CIP lines in production departments;
- raw milk refrigerators;
- cheese weighing equipment;
- packing and palette washing machine;
- equipment for liquid dairy product distribution with screw caps;
- equipment for cream and dessert production;
- automatic butter packing;
- part of reservoirs and so on.

In Rokiskis modern ventilation system was installed in the production department and supplementary premises, floor covering was changed in the production department as well; ferment department reconstruction was performed. In Utena reconstruction of the reception department was made by implementing automatic management system. Maintenance work of other production departments was made as well. In Ukmerge reconstruction of milk truck washing station was made; calorific station was renewed and machinery department was automated. Numerous other building and reconstruction activities were performed in order to improve the Group's sanitary conditions.

All these means allow AB "Rokiškio sūris" Group remain the dairy production leader in the Baltic States and successfully integrate into the EU markets.

AB "Rokiškio sūris" equipment is purchased from such world famous companies as Tetra Pak, Westfalia Separator, APV, Reda, Elecster, Damrow, Alfa Laval, GEA and NIRO.

Property, plant and equipment

| | Buildings | Plant & machinery | Vehicles, equipment & other | Construction in progress | Total |
|------------------------------------|-----------|----------------------|--------------------------------|-----------------------------|-----------|
| At 1 January 2005 | | | | | |
| Cost | 47 488 | 128 316 | 63 607 | 2 320 | 241 731 |
| Accumulated depreciation | (10 054) | (57 431) | (34 737) | - | (101 222) |
| Net book amount | 37 434 | 70 885 | 28 870 | 2 320 | 139 509 |
| Year ended 31 December 2005 | | | | | |
| Opening net book amount | 37 434 | 70 885 | 28 870 | 2 320 | 139 509 |
| Additions | 919 | 3 012 | 3 700 | 2 847 | 10 478 |
| Disposals | (1 739) | (686) | (194) | - | (2 619) |
| Sale of daughter enterprises | (74) | (3) | (64) | (3) | (144) |
| Write-offs | - | (320) | (37) | - | (357) |
| Transfers from CIP | 1 483 | 1 587 | 232 | (3 302) | - |
| Depreciation charge | (1 037) | (11 358) | (7 449) | - | (19 854) |
| Closing net book amount | 36 976 | 63 117 | 25 058 | 1 862 | 127 013 |
| At 31 December 2005 | | | | | |
| Cost | 47 354 | 130 827 | 66 455 | 1 862 | 245 498 |
| Accumulated depreciation | (10 378) | (67 710) | (40 397) | - | (118 485) |
| Net book amount | 36 976 | 63 117 | 25 028 | 1 862 | 127 013 |
| Year ended 31 December 2006 | | | | | |
| Opening net book amount | 36 976 | 63 117 | 25 058 | 1 862 | 127 013 |
| Additions | 99 | 10 113 | 5 410 | 5 890 | 21 512 |
| Disposals | (150) | (68) | (71) | - | (289) |
| Write-offs | (2) | (6) | (46) | - | (54) |
| Transfers from CIP | 332 | 1 288 | 593 | (3 213) | - |
| Depreciation charge | (1 874) | (15 576) | (7 910) | - | (25 360) |
| Closing net book amount | 35 381 | 58 868 | 23 034 | 5 539 | 122 822 |
| At 31 December 2006 | | | | | |
| Cost | 47 609 | 141 147 | 69 947 | 5 539 | 264 242 |
| Accumulated depreciation | (12 228) | (82 279) | (46 913) | - | (141 420) |
| Net book amount | 35 381 | 58 868 | 23 034 | 5 539 | 122 822 |

Leased assets, where the Group is a lessee under finance lease, comprise certain equipment:

| | 2006 | 2005 |
|-----------------------------------|------|-------|
| Cost - capitalised finance leases | - | 1400 |
| Accumulated depreciation | - | (622) |
| Net book amount | - | 778 |

As at 31 December 2006, certain property, plant and equipment with a carrying value of LTL 54 624 thousand (31 December 2005: LTL 68 565 thousand) have been pledged as security for bank borrowings.

The main data on the value and age of buildings and constructions as follows:

| No | Main buildings and constructions | Balance value Lt 31.12. 2006 | Age years |
|-----|----------------------------------|------------------------------------|--------------|
| 1. | Production facilities | 16.816.571,00 | 13 |
| 2. | Washing premises | 294.589,67 | 30 |
| 3. | Ammonium compressor room | 725.094,43 | 16 |
| 4. | Thermal facilities | 226.338,56 | 6 |
| 5. | Storage rooms | 5.088276,21 | 16 |
| 7. | Roads and territory | 477.306,62 | 23 |
| 8. | Parking area | 432.636,81 | 7 |
| 9. | Constructions | 2.237.342,19 | 10 |
| 10. | Aerobic system constructions | 5.780.785,60 | 5 |
| 11. | Other | 12.230.695,25 | |
| | Total | 44.309.636,34 | |

As at 31.12.2006, the balance value of buildings, constructions, machinery and plant - 122,822 tūkst. Lt

Information on unfinished construction (31.12.2006)

| Unfinished construction | Functional purpose | Estimated value (LTL) | Used part (LTL) | Forecasted term for work completion |
|--|---|-----------------------|-----------------|-------------------------------------|
| Extension of power supply station TP10 | To have higher power supply | 1.063.491 | 897.365 | 07.2007 |
| Equipment for whey collection | To increase capacities for whey collection | 1.046.518 | 901.183 | 60.2007 |
| Whey processing | Development of whey processing and extension of capacities. | 1.879.478 | 441.218 | 05.2007 |
| Sludge drying system | Increase of sludge drying capacities | 579.000 | 137.693 | 05.2007 |

30. Risk factors related with the issuer's activities.

Economic:

- Unfavourable influences related with raw milk production and sales of finished products:
 - a) rapidly increasing price of raw milk, and decrease of quantity which is extremely important for cheese production;
 - b) low purchasing power of Lithuanian residents;
 - c) unrecognized LT brands on the EU market (due to which it is difficult to trade in the retail market)
 - d) high concentration of producers;
 - e) increase of prices for fuel/power;
 - f) decrease of EU export subsidies to third countries;
 - h) lack of raw milk, high competition.
 - g) government tax politics is not supportive to business
 - i) bureaucratic restrains
- Lithuania is dominated by small milk farms. In 2005, average farms consisted of 2 cows. Around 76% farms consist of 1-2 cows, 21% – of 3-9 cows, 2% - of 10-19 cows, 0,09% - of 50-99 cows and 0.08% - over 100 cows. 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.
- Raw milk production in Lithuania is heavily influenced by seasonality: collection of raw milk in August - September is 2,3 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.
- 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.

Technical-technological:

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;
- 5-6. Supply of water, steam and electricity. Water control;
7. Purchase and storage of additional materials;
- 8-9. 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:

The most sensitive environmental points of AB "Rokiškio sūris" are processing and treatment of production pollutants: production/ operational waste, whey, and raw milk processing waste. Quantities of pollutants are limited and strongly controlled. The most sophisticated technologies are used for the production of fermented cheeses at AB "Rokiškio sūris", as well as up-to-date waste treatment systems. The company has constructed its own waste water treatment plant in order to target loads for pollutants as required by the EU standards. With a view to continuous reduction of ecological risk and environmental improvement AB "Rokiškio sūris" has implemented Environment protection programme.

1. On 31st December 2005, AB "Rokiškio sūris" received a Licence for integrated prevention and control of pollution (TIPK). Period of validity unlimited.
2. In 2006, the operating costs for environment protection made 2,905 mln. Lt
3. In 2006, State taxes for pollution made 80.018 Lt
4. In 2006, the company covered a claim of Panevezys Environment protection agency amounting to 5292,0 Lt for the harm made to environmet due to the spilled milk as a result of accident.
5. There are five environmental programmes designed for observation and analysis of influence on environment. There is no objectionable influence identified.

Financial risk factors

(a) Financial risk factors

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

Market risk: foreign exchange risk

The Group operates internationally, however, its exposure to foreign exchange risk is set at minimum level, since its sales outside Lithuania are performed in the euros. The exchange rate of the euro and the litas is fixed.

Credit risk

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history.

Liquidity risk

Prudent liquidity risk management allows to maintain sufficient cash and availability of funding under committed credit facilities.

Interest rate risk

The Group has no significant interest-bearing assets. The Group's policy is to maintain a diversified debt portfolio. The split between fixed and floating interest rate depends on the actual

situation in the market.

Evaluation of real value

It is considered that nominal value of receivables deducting value decrease and nominal value of payables represent their real values. In order to disclose financial obligations the real value is determined by discounting future cash flows according contracts, applying current market interest ratio which is used by the group for similar financial actions.

| Borrowings (thou Lt) | 2006 | 2005 |
|--|---------------|---------------|
| Current | | |
| Short-term bank borrowings | 59 086 | 36 973 |
| Bank overdrafts | 17 251 | 8 511 |
| Current portion of long-term bank borrowings | - | 4 954 |
| Finance lease liabilities | - | 263 |
| | 76 337 | 50 701 |
| Non-current | | |
| Long-term bank borrowings | - | 4 253 |
| | - | 4 253 |
| Total borrowings | 76 337 | 54 954 |

In order to ensure return of borrowings, it was mortgaged certain tangible long-term assets (comment 13), stocks (comment 16), trade receivables (comment 17), cash in bank (comment 18) and issued bill amounting to 13 811 tūkst. Lt.

According to the Borrowing agreement, signed with AB SEB Vilniaus bankas, the company is obliged to ensure that during whole period, the ratio of its net financial debts and EBITA will not be over 1,7. As at 31st December 2006, the company failed to respect the obligation yet it had no influence on the borrowing presentation in the financial reporting, because the mentioned borrowings are considered as current obligations.

Weighted average interest rates effective as at 31 December (per cent) were as follows:

| | 2006 | 2005 |
|----------------------------|-------------|-------------|
| Long-term bank borrowings | - | 3,72 |
| Short-term bank borrowings | 4,04 | 3,06 |
| Finance lease liabilities | 4,33 | 4,33 |
| Bank overdrafts | 4,31 | 3,76 |

The exposure of the borrowings (excluding finance lease liabilities) of the Group according to interest rate:

| | 2006 | 2005 |
|-------|---------------|---------------|
| Euros | 55 718 | 44 495 |
| Litas | 20 619 | 10 196 |
| | 76 337 | 54 691 |

Real value of borrowings represent their accounting values.

The borrowings whose term ends in one year are current borrowings reviewed at various dates of the year 2006. Weighted average interest rates of the borrowings was 4,19 % (in 2005 – 3,75%).

The exposure of the borrowings (excluding finance lease liabilities) of the Group to interest rate changes and the periods in which the borrowings are repriced are as follows:

| | Every 6 -12 months or more frequent | Every 1-5 years | In total |
|---|-------------------------------------|-----------------|----------|
| At 31st December 2006 | | | |
| Total borrowings | 76 337 | - | 76 337 |
| At 31st December 2005 | | | |
| Total borrowings | 76 337 | - | 76 337 |

31. Termination or reduction of production having significant influence on the results of issuer's activities within the last fiscal year

Within the last two years AB "Rokiškio sūris" has not terminated or reduced production of fermented cheese. The company has incessantly and processed whole purchased raw milk.

32. Patents, licences, and contracts

AB "Rokiškio sūris" has implemented the system of Hazard Analysis and Critical Control Point (HACCP) which ensures safety of the produce. HACCP analyses all risk factors, establishes critical control points and their monitoring.

Also the Company has implemented quality and environment management systems ISO 9001: 2000 and ISO 14001: 2004.

In 2003, AB "Rokiškio sūris" was granted a status of producer of ecological products and in 2004 the licence was extended giving a permission to mark the products with ecological product certification logo.

AB "Rokiškio sūris" has the following licences:

- Retail trade in oil products,
- Transportation practice (carrying international cargos),
- Medical service,
- Protection of the company's tangible and intangible assets and execution of collection of payments.

Patents:

The following names of the Group of AB "Rokiškio sūris" has been patented in Lithuania:

1. "Montecampo"
2. "Žiogelis"
3. "Gojus"
4. "Goja"
5. "Rokiškio sūris" (old label)
6. "Rokiškio sūris" (old logo)
7. "Ukmergės pieninė" (logo)
8. "Utenos pienas" (clover)
9. "Pavasaris"
10. "Pieno upė"
11. "Hermis"
12. "Varėnos" (forest view)
13. "Rokiškio" (red logo)
14. "Žaliosios Karvutės" (logo)
15. "Švarios gamtos dovana" (slogan)
16. „Atgaiva“
17. "Rokis"
18. "& joy" (verbally)
19. "Pasiilgusiems tikro" (slogan)
20. "Džiaugtis sveika" (slogan)
21. "Gamtos dalelė kiekviename pakelyje" (slogan)
22. & JOY (logo)
23. "PROF Profesional"
24. "Labai"
25. „Skalsi“
26. Liesiau – sveikiau (fig)
27. ROKIŠKIO VALGYK Lengvai (fig)

A request has been presented to the International Patent Office to patent old label of AB "Rokiškio sūris" in Russia.

Requests have been prepared to patent the following names:

In Russia:

1. GOJA
2. GOYA
3. GOJUS

In Lithuania:

1. "Kasdien"
2. "Bacio"
3. "Formaggella San Antonio"
4. "Strascchino"
5. "Varėnos" (logotipas)
6. „Gardi varškė“
7. "ROKIŠKIO" premium quality
8. "SVAJA"
9. "VISIEMS"
13. "Montal"
14. "Skanusis"

15. "Proginis"
16. "Ogijogi glaistytas varškės sūrelis su vanile"
17. "Ogijogi glaistytas vyšnių skonio varškės sūrelis"
18. "Ogijogi glaistytas braškių skonio varškės sūrelis"
19. "Ogijogi glaistytas bananų skonio varškės sūrelis"
20. "Gaivi varškė citrinų skonio"
21. "Tilsiter"
22. NAMINIS – puoselėjantis tradicijas
23. "ROKIŠKIO PIENAS" (fig)
24. &JOY VAIKAMS
25. "Bifi" (fig.)
26. NAMINIS (fig)

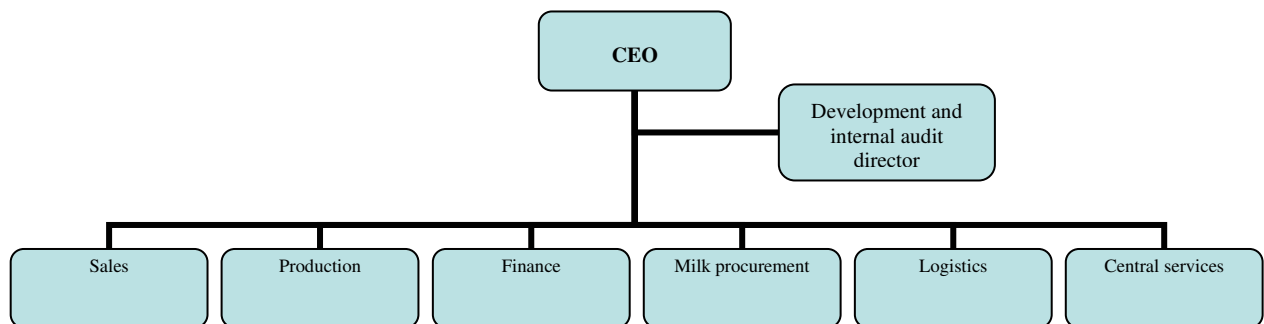
33. Judicial and arbitrage proceedings

Within the last year 2006, the company has not attended any judicial proceedings having influence on the issuer's financial state.

34. Employees

Organizational structure

Management of AB "Rokiškio sūris" is divided into seven main departments: internal audit, production, sales and marketing, central services, milk procurement, finance, and logistics. All departments are under the leadership of directors. The general operation of the company is managed by the Chief Executive Officer Antanas Trumpa.



In October 2005, AB „Rokiškio sūris“ organization was increased by the function of Development and internal audit. The main responsibility of this department is creation of the company's development strategy and participation at its implementation. It is designed to evaluate and encourage improvement of risk factors, as well as effectiveness of control and management procedures in the company.

The management of AB „Rokiškio sūris“ is concerned about continuous improvement of employee qualification. A great attention is paid to the studies of foreign languages. There are language lesson at the company as well as lessons organized by an 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.

The table shows the Group's average number of employees and monthly salaries.

| | 2003 | 2004 | 2005 | 2006 |
|-----------------------------------|-------------|-------------|-------------|-------------|
| Total average number of employees | 2175 | 2033 | 1882 | 1836 |
| Management | 26 | 17 | 15 | 14 |
| Specialists | 218 | 203 | 190 | 160 |
| Workers | 1931 | 1813 | 1677 | 1662 |
| Average monthly salary, Lt | 1290 | 1391 | 1325 | 1544 |
| As for the management | 8395 | 7169 | 7050 | 7895 |
| specialists | 1825 | 2459 | 2318 | 2239 |
| workers | 1035 | 1252 | 1174 | 1419 |

Education of the Group's personnel

| Education | 2003 | 2004 | 2005 | 2006 |
|------------------------|------|------|------|------|
| University degree | 163 | 152 | 141 | 138 |
| Specialized secondary | 866 | 809 | 749 | 731 |
| Secondary | 1013 | 953 | 882 | 876 |
| Non-finished secondary | 133 | 119 | 110 | 91 |

35. Investment Politics (Companies in Whose Authorised Capital the Issuer has Over 30%)

35.1.

The joint-stock company "Rokiškio pienas" Ltd., (henceforth – UAB "Rokiškio pienas"), Pramonės g. 8, Utena; activity nature – production and trade of fresh dairy products. The company's authorized capital is 10 000 Lt, the shares are completely paid-up.

UAB "Rokiškio pienas" is a daughter enterprise of the joint-stock company "Rokiškio sūris", (henceforth – AB "Rokiškio sūris"), having 100% of UAB "Rokiškio pienas" shares. Subsidiary companies of Utena and Ukmerge belong to the daughter enterprise. UAB "Rokiškio pienas" is established in order to guarantee a more effective production business of fresh dairy products, oriented towards the local market. Upon evaluation of the transferred assets by outside evaluators, the procedure of assets transference is in progress. The company did not have any activities in 2006.

35.2. Concerning Ownership, AB "Rokiškio sūris" Belongs to:

In April, 2006 AB "Rokiškio sūris" established a daughter company UAB "Rokiškio pienas". AB "Rokiškio sūris" has 100% of UAB "Rokiškio pienas" shares.

35.3. Investment Projects, Realised during the Last 3 Fiscal (Economic) Years

AB „Rokiškio sūris“ management’s key concern is modernization of production procedures, including modern milk-trucks with high isolation and accounting systems. It is endeavoured to maintain high product quality, following requirements for food safety and veterinary, as well as introduction of modern worldwide recognized equipment.

During the last 3 financial years the investments were mainly directed to cheese production modernization and reconstruction.

In 2004 one of the major investment tendencies in Rokiskis was modernization of hard cheese production, assuring a constant quality and parameter cheese.

In 2004 building of the washing machine department for cheese salting containers was completed. The amount invested - 151 thousand litas.

In 2004 building of a cheese production department extension was completed. The investment amount was 102 thousand litas.

In 2004 mounting of Goya cheese production line was completed. The total investment amount was 9,1 million litas.

Following the first priority sector ‘Milk and Dairy Products’ of the SAPARD rural development programme ‘Development of Agricultural and Fishery Product Processing and Marketing’, AB “Rokiškio sūris” received financial support, equal to 12,5 million litas, for production modernization. Following the National Payment Agency Director’s order No. 221 of 30th October, 2002 “Concerning SAPARD Support to AB “Rokiškio sūris””, the Support Agreement No. SA 8 – P25020013 was signed on 30th October, 2002. This modernization project was successfully completed in 2004.

In 2005 AB “Rokiškio sūris” invested 17 million litas into such areas as production, logistics and purveyance. Major investments, equal to 8,6 million litas, were made in production development, namely, acquiring evaporators. 2 million litas were used in purchasing milk refrigerators and milk stations.

In 2006, investments of AB “Rokiškio sūris“ reached – 21 512 tūkst. litų. The main investment of „Rokiškio sūris“ in 2006 - 15,5 mln. litų – is provided for whey collection and processing. Therefore the company applied for the support through EU structural funds amounting to LTL 3,4528 million. On 8th December 2006, it was signed an agreement with National paying agency for LTL 3,4528 mln.

It was received the first step support amounting to LTL 2,2 million. According to the program Rokiskis purchased whey filtration system for LTL 4,4 million, this equipment will help to improve quality of milk sugar because it will decrease the amount of ash in product. Also, the quality of molasses will be improved. In subsidiary „Utenos pienas“ it was modernized the permeate evaporator and dryer of powders for LTL 1,2 million.

It was purchased ammoniac and pressed air compressor for whey cooling for LTL 0,4 million. The 8 ton tank for whey products allow higher effectiveness of production capacities. For the investments it was allocated LTL 1,5 million.

Upon implementation of those modern technologies, there will not be any product leftover for discharge into waste treatment plant. Also, during the production season when the capacities are used at maximal levels, all whey will be collected and processed.

LTL 2 million is allocated for cooling of raw milk and production, and the other LTL 2 million – for purchase of modern milk trucks.

In order to solve environmental problems, it was bought waste sludge drying decanter for LTL 0,5 million. The storage of cheese was renewed and modernized for LTL 0,3 million. LTL 0,2 million was allocated to renovate cheese floating canal from production into brining plant. In general it can be said that investments of AB „Rokiškio sūris“ are organized in the way to ensure food safety requirements.

All investments are made in Lithuania: in Rokiskis And its subsidiaries –Utenos and Ukmergės.

35.5 Planned Investments

In 2007, planned investments amount to LTL 22,154 million. The main of them:

- Cheese production modernization
- Cheese packaging modernization
- Lactose production modernization
- Ventilation system modernization
- Internal logistics modernization
- Energy supply modernization
- Cooling system modernization
- Waste treatment modernization
- Fresh dairy production modernization
- Dry milk production modernization
- Butter production modernization

Also, it is planned to purchase new milk trucks, cisterns for raw milk transportation, and modernize raw milk collection network.

36. Competitors

AB "Rokiškio sūris" is the biggest regional exporter of fermented cheese. The main competitor company in hard and fermented cheese segments is AB "Žemaitijos pienas", whereas in semi-hard cheese segment, AB "Pieno žvaigždės", AB "Žemaitijos pienas" and AB "Vilkyškių pieninė". Successful competition in these segments is achieved due to bigger production quantities, allowing to reduce the product's unit costs and ensure high quality.

37. Dividends paid

Dividends paid during the last 6 years according to share class and type:

| Type of shares | 2001 | | 2002 | | 2003 | |
|----------------------------|-------------------|---------------------|-------------------|----------------------|---------------|---------------------|
| | Sum, LTL | Per share | Sum, LTL | | Sum, LTL | Per share |
| Ordinary registered shares | No dividends paid | | No dividends paid | | 20.012.006,00 | 4,45 Lt (44,50%) |
| Type of shares | 2004 | | 2005 | | 2006 | |
| | Sum, LTL | Per share | Sum, LTL | Per share | Sum, LTL | 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 (23,60%) |

V. FINANCIAL STATE

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

38. Financial accounts prepared according to International Accounting Standards

38.1. Consolidated balance sheet

| | As at 31 st December | | |
|---|---------------------------------|------------------------|------------------------|
| | 2006 (consolidated) | 2005 (consolidated) | 2004 (consolidated) |
| Non-current assets | | | |
| Property, plant and equipment | | | |
| Intangible assets | 122 822 | 127 013 | 139 509 |
| Other receivables | 547 | 1 135 | 670 |
| Non-current assets | 13 167 | 15 165 | 14 364 |
| | <hr/> | <hr/> | <hr/> |
| | 136 536 | 143 313 | 154 543 |
| Current assets | | | |
| Inventories | 102 703 | 71 115 | 54 940 |
| Trade and other receivables | 81 223 | 81 840 | 60 258 |
| Financial assets at fair value through profit or loss | 1 625 | - | 5 880 |
| Cash and cash equivalents | 669 | 3 184 | 4 312 |
| | <hr/> | <hr/> | <hr/> |
| | 186 220 | 156 139 | 125 390 |
| Total assets | 322 756 | 299 452 | 279 933 |
| EQUITY | | | |
| Capital and reserves | | | |
| Ordinary shares | 47 462 | 47 462 | 47 462 |
| Share premium | 41 473 | 41 473 | 41 473 |
| Reserve for acquisition of treasury shares | 30 000 | 10 000 | 10 000 |
| Treasury shares | (20 352) | (16 224) | (16 224) |
| Other reserves | 69 805 | 69 805 | 69 805 |
| Retained earnings | 24 645 | 41 900 | 41 844 |
| | <hr/> | <hr/> | <hr/> |
| | 193 033 | 194 416 | 194 360 |
| Minority interests | - | - | 1.468 |
| | <hr/> | <hr/> | <hr/> |
| | 194 416 | 194 416 | 195 828 |
| Non-current liabilities | - | 4 253 | 9 403 |
| Deferred income | 6 703 | 6 551 | 10 690 |
| | <hr/> | <hr/> | <hr/> |
| | 12 983 | 12 983 | 20 093 |
| Current liabilities | | | |
| Income tax liabilities | | 217 | 5 126 |
| Borrowings | 76 337 | 50 701 | 28 457 |
| Deferred income | 2 380 | 2 179 | |
| Trade and other payables | 44 303 | 41 135 | 30 429 |
| | <hr/> | <hr/> | <hr/> |
| | 123 020 | 94 232 | 64 012 |
| Total liabilities | 129 723 | 105 036 | 84 105 |
| Total equity and liabilities | 322 756 | 299 452 | 279 933 |

38.2. Consolidated income statement

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

| | Year ended 31 st December (thou Lt) | | |
|--|--|---------------|---------------|
| | 2006 | 2005 | 2004 |
| Sales | 518 144 | 473 118 | 451 393 |
| Cost of sales | (450 963) | (399 707) | (363 466) |
| Gross profit | 67 181 | 73 411 | 87 927 |
| Selling and marketing expenses | (24 358) | (25 920) | (30 421) |
| General and administrative expenses | (21 936) | (17 612) | (20 231) |
| Other gains/(losses) – net | (197) | (2 269) | (1 243) |
| Operating profit | 20 690 | 27 462 | 36 452 |
| Finance costs | (2 452) | (1 872) | (2 627) |
| Profit before tax | 18 238 | 25 590 | 33 825 |
| Income tax | (5 217) | (4 590) | (6 095) |
| Net profit | 13 021 | 21 000 | 27 730 |
| Attributable to: | | | |
| Equity holders of the Company | 13 021 | 20 952 | 27 779 |
| Minority interests | - | 48 | (49) |
| | 13 021 | 21 000 | 27 730 |
| Diluted and basics earnings per share (LTL per share) | 3,01 | 4,81 | 6,21 |

Consolidated statement of changes in equity in 2006
Thou. Lt.

| | Share capital | Share premium | Reserve for acquisition of treasury shares | Treasury shares | Other reserves | Retained earnings | Total | Minority interest | Total |
|--|---------------|---------------|--|-----------------|----------------|-------------------|----------|-------------------|----------|
| Balance at 1 January 2005 | 47 462 | 41 473 | 10 000 | (16 224) | 69 805 | 41 844 | 194 360 | 1 468 | 195 828 |
| Change in accounting politics | - | - | - | - | - | 875 | 875 | - | 875 |
| Net profit | - | - | - | - | - | 20 952 | 20 952 | 48 | 21 000 |
| total recognized ingome per 2005 | - | - | - | - | - | 21 827 | 21 827 | 48 | 21 875 |
| Dividends relating to 2004 | - | - | - | - | - | (21 771) | (21 771) | - | (21 771) |
| Net profit | - | - | - | - | - | 27 779 | 27 779 | (49) | 27 730 |
| Balance at 31 December 2005 | 47 462 | 41 473 | 10 000 | (16 224) | 69 805 | 41 844 | 194 416 | - | 194 416 |
| Change in accounting politics | - | - | - | - | - | 875 | 875 | - | 875 |
| Dividendai už 2004 m. | - | - | - | - | - | (21 771) | (21 771) | - | (21 771) |
| Net profit | - | - | - | - | - | 20 952 | 20 952 | 48 | 21 000 |
| Minority of subsidiaries disposed | - | - | - | - | - | - | - | (1 516) | (1 516) |
| Balance at 31 December 2006 | 47 462 | 41 473 | 10 000 | (16 224) | 69 805 | 41 900 | 194 416 | - | 194 416 |

Consolidated statement of changes in equity in 2005
Thou. Lt

| | Share capital | Share premium | Reserve for acquisition of treasury shares | Treasury shares | Other reserves | Retained earnings | Total | Minority interest | Total |
|--|---------------|---------------|--|-----------------|----------------|-------------------|----------|-------------------|----------|
| Balance at 1 January 2004 | 47 462 | 41 473 | 10 000 | (6 224) | 69 805 | 34 077 | 196 593 | 1 517 | 198 110 |
| Acquisition of treasury shares | - | - | - | (10 000) | - | - | (10 000) | - | (10 000) |
| Dividends relating to 2003 | - | - | - | - | - | (20 012) | (20 012) | - | (20 012) |
| Net profit | - | - | - | - | - | 27 779 | 27 779 | (49) | 27 730 |
| Balance at 31 December 2004 | 47 462 | 41 473 | 10 000 | (16 224) | 69 805 | 41 844 | 194 360 | 1 468 | 195 828 |
| Change in accounting policy | - | - | - | - | - | 875 | 875 | - | 875 |
| Dividends relating to 2004 | - | - | - | - | - | (21 771) | (21 771) | - | (21 771) |
| Net profit | - | - | - | - | - | 20 952 | 20 952 | 48 | 21 000 |
| Minority of subsidiaries disposed | - | - | - | - | - | - | - | (1 516) | (1 516) |
| Balance at 31 December 2005 | 47 462 | 41 473 | 10 000 | (16 224) | 69 805 | 41 900 | 194 416 | - | 194 416 |

Consolidated statement of changes in equity in 2004
Thou. Lt

| | Share capital | Share premium | Reserve for acquisition of treasury shares | Treasury shares | Other reserves | Retained earnings | Total | Minority interest | Total |
|-------------------------------------|---------------|---------------|--|-----------------|----------------|-------------------|----------------|-------------------|----------------|
| Balance as at 1 January 2003 | 47.462 | 41.473 | 10.000 | (6.224) | 69.805 | 19.171 | 181.687 | 1.020 | 182.707 |
| Net profit | - | - | - | - | - | 14.906 | 14.906 | 497 | 15.403 |
| Balance at 31 December 2003 | 47.462 | 41.473 | 10.000 | (6.224) | 69.805 | 34.077 | 196.593 | 1.517 | 198.110 |
| Acquisition of treasury shares | - | - | - | (10.000) | - | - | (10.000) | - | (10.000) |
| Dividends relating to 2003 | - | - | - | - | - | (20.012) | (20.012) | - | (20.012) |
| Net profit | - | - | - | - | - | 27.779 | 27.779 | (49) | 27.730 |
| Balance at 31 December 2004 | 47.462 | 41.473 | 10.000 | (16.224) | 69.805 | 41.844 | 194.360 | 1.468 | 195.828 |

38.3. Consolidated cash flow statement

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

| | Year ended at 31 December | | |
|---|---------------------------|------------------------|------------------------|
| | 2006 (consolidated) | 2005 (consolidated) | 2004 (consolidated) |
| Cash flows from operating activities | | | |
| Cash generated from operations | 17 822 | 14 953 | 70 322 |
| Interest paid | (2 452) | (1 872) | (2 580) |
| Income tax paid | (6 970) | (2 755) | (1 300) |
| Net cash generated from operating activities | 8 400 | 10 326 | 66 442 |
| Investicinė veikla | | | |
| Cash flows from investing activities | | | |
| Disposal of subsidiaries, net of cash disposed | (20 442) | (12 366) | (21 545) |
| Purchase of property, plant and equipment | (41) | (34) | (156) |
| Purchase of intangible assets | - | (3) | (2 315) |
| Purchase of investments | - | 5 246 | 6 823 |
| | (516) | (4 337) | (246) |
| Proceeds from investments | (1 529) | (9 961) | (5 286) |
| Loans granted to farmers and employees | 134 | 1 855 | 737 |
| Other loans granted | 300 | - | 6 254 |
| Proceeds from sale of property, plant and equipment | 677 | 8 656 | 56 |
| Government Grants received | 2 929 | 2 189 | 2 603 |
| Other loan repayments received | 594 | 433 | 286 |
| Net cash used in investing activities | (17 894) | (8 277) | (12 789) |
| Cash flows from financing activities | | | |
| Dividends paid | (10 276) | (20 047) | (19 973) |
| Acquisition of treasury shares | (4 128) | - | (10 000) |
| Proceeds from borrowings | 38 135 | 25 068 | 296 680 |
| Repayments of borrowings | (25 232) | (14 253) | (323 138) |
| Finance lease principal payments | (260) | (301) | (287) |
| Cash flows from financing activities | (1 761) | (9 533) | (56 718) |
| Net decrease in cash and cash equivalents | (11 255) | (7 484) | (3 065) |
| Cash and cash equivalents | | | |
| At the beginning of year | 5 327 | 2 157 | 5 222 |
| At the end of year | (16 582) | (5 327) | 2 157 |

39. – Commentary on Financial Accounts

39.1. Explanatory Text on Annual Financial Accounts for the Last Fiscal Year

39.3. Major Changes and Their Causes Starting from the End of the Previous Fiscal Year

A consolidated audit account from the audit company "PricewaterhouseCoopers", performed following the international accounting standards, is attached.

39.2. Consolidation Principles Applied

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards 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 financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

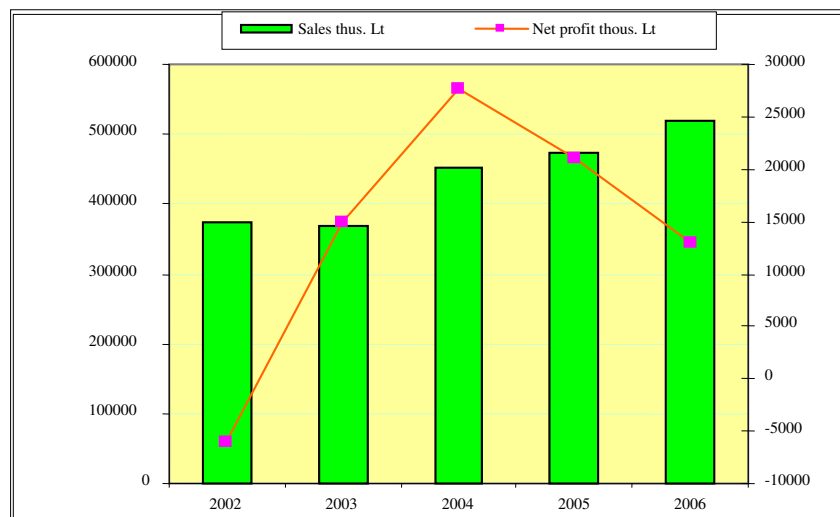
The preparation of consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of 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).

40. Rokiškio Sūris AB Group Annual Report for 2006

Overview of performance

Rokiškio Sūris AB (hereinafter "the Company") and its subsidiaries (hereinafter "the Group") earned sales revenue of LTL 518.144 million and net consolidated audited profit of LTL 13.021 million. Although the Group's profit for 2006 decreased by 38.0 per cent as compared to LTL 21.000 million in 2005, its sales revenue was higher by 9.5 per cent as compared to LTL 473.118 million in 2005.

In 2006, the total payroll expenses amounted to LTL 31,833 thousand, which is less by LTL 7,503 thousand as compared to 2005. The average gross salary in 2006 was LTL 1,492 (including part-time managers of 432 milk buying-up stations) as compared to LTL 1,325 in 2005. In 2006, the average number of employees fell down to 1,620 as compared to 1,891 employees in the Group.



Objective overview of the financial position, performance and development, description of its exposure to key risks and contingencies

Possible areas of development have been analysed, and separate plans of actions have been prepared in relation to development activities in foreign countries.

Key risks and contingencies arise from uncertainties related to the standpoint of foreign competition agencies towards the development of the Lithuanian companies.

Changes in the financial position

In October 2005, Rokiškio Sūris AB applied for financial aid from the EU amounting to LTL 3.45 million to finance its business plan for *Rokiškio Sūris AB Whey Collection and Processing*.

In December 2006, a request for payment appropriation was submitted for the 1st stage of investment aid. Amount of aid requested was LTL 2.23 million. The second request for payment appropriation will be submitted in the second quarter of 2007.

The financial aid obtained will enable the Group to solve environmental issues and strengthen its competitiveness in the EU market, as well as ensure full processing of whey through actual implementation of wasteless production technology, and produce new products.

In 2006, Rokiškio Sūris AB branch Utenos Pienas received a subsidy of LTL 0.3 million from the Lithuanian Environmental Investment Fund for solution of environmental issues and improvement of steam supply and condensate return system.

In 2006, financial aid received for private storage of long-term maturing cheese amounted to LTL 0.1 million.

In 2006, subsidies paid to the group for products sold amounted to LTL 21,040 thousand. During the reporting financial year the Group acquired property, plant and equipment and intangible assets for LTL 21,553 thousand (2005: LTL 12,400 thousand, 2004: LTL 21,701 thousand).

As at 31 December 2006, the Group's short-term borrowings amounted to LTL 74,048 thousand, and long-term borrowings amounted to LTL 2,289 thousand. Total borrowings of the Group amounted to LTL 76,337 thousand at the year end.

Key indicators of the performance

| No. | Indicators | | 2004 | 2005 | 2006 |
|-----|-----------------------------|--|-------|-------|-------|
| 1. | Net profit margin | $\frac{\text{Net profit}}{\text{Revenues}}$ | 0,06 | 0,04 | 0,03 |
| 2. | Average return on assets | $\frac{\text{Net profit}}{\text{Average assets}}$ | 0,09 | 0,07 | 0,04 |
| 3. | Debt ratio | $\frac{\text{Liabilities}}{\text{Assets}}$ | 0,3 | 0,35 | 0,40 |
| 4. | Debt-to-equity ratio | $\frac{\text{Liabilities}}{\text{Equity}}$ | 0,43 | 0,54 | 0,67 |
| 5. | General liquidity ratio | $\frac{\text{Current assets}}{\text{Current liabilities}}$ | 1,96 | 1,66 | 1,51 |
| 6. | Assets turnover ratio | $\frac{\text{Revenues}}{\text{Assets}}$ | 1,61 | 1,58 | 1,61 |
| 7. | Book value per share, LTL | $\frac{\text{Equity}}{\text{Number of ordinary shares}}$ | 41,26 | 40,96 | 40,67 |
| 8. | Net earnings per share, LTL | $\frac{\text{Net profit}}{\text{Number of shares}}$ | 6,21 | 4,81 | 3,01 |

The Company's share value

During 2006, Rokiškio Sūris AB share value quoted on the Vilnius Stock Exchange ranged from LTL 43.50 to LTL 75.50. Total stock turnover was LTL 59.60 million in 2006.

At the year-end, the Company's capitalisation was LTL 261.04 million, and the last trade price of securities was LTL 55.00.

Rokiškio Sūris AB Group structure

At the end of 2006, Rokiškio Sūris AB Group consisted of the parent company Rokiškio Sūris AB its two branches: Utenos Pienas and Ukmergės Pieninė and subsidiary company: Rokiškio pienas UAB.

Structural changes over the financial year 2006

As a result of discontinued operations, Rokiškio Sūris AB branch Eišiškių Pieninė was removed from the Lithuanian Register of Legal Entities on 5 April 2006.

For the purpose of separating the business of production of fresh dairy products from the business of production of cheese, a subsidiary Rokiškio Pienas UAB was established and registered with the Lithuanian Register of Legal Entities on 21 April 2006. The subsidiary is wholly-owned by Rokiškio Sūris AB.

As at 31 December 2006, Rokiškio Sūris AB had one subsidiary – Rokiškio Pienas UAB.

Acquisition of own shares

During 2006, Rokiškio Sūris AB acquired 82,570 own ordinary registered shares (1.73% of share capital). The shares were acquired by way of open bid on the Vilnius Stock Exchange, where the price payable per ordinary registered share was LTL 50.00. Own funds were used by Rokiškio Sūris AB for the payment of own shares.

The purpose of acquisition of own shares was to maintain and increase the stock price of Rokiškio Sūris AB.

As at 31 December 2006, Rokiškio Sūris AB had 474,617 own shares, which account for 10 per cent of the authorised share capital of Rokiškio Sūris AB. Par value of one share is LTL 10.

Changes in management of Rokiškio Sūris AB Group

During the General Ordinary Shareholders Meeting of Rokiškio Sūris AB held on 28 April 2006, all Board members were recalled and a new Board was elected. The newly elected Board members of Rokiškio Sūris AB were as follows: Mr. Nerijus Dagilis, Mr. Dalius Trumpa, Mr. Antanas Kavaliauskas, Mr. Andrius Trumpa, and Mr. Ramūnas Vanagas. Mr. Nerijus Dagilis was elected as a Chairman of the Board.

Following the resignation of Mr. Nerijus Dagilis from the positions of the Board Member and the Chairman of the Board on 5 July 2006, Mr. Dalius Trumpa was elected for the position of the Chairman of the Board.

Raw milk supplies

In 2006, 1,558.4 thousand tonnes of base fat milk were bought up in Lithuania, which is more by 8.7 per cent as compared to 2005. In 2006, the average price of base fat milk in Lithuania increased by 2 per cent as compared to 2005 and amounted to LTL 578 per tonne.

Rokiškio Sūris AB bought up 320,069 tonnes of base fat milk directly from milk producers for an average price of LTL 556 per tonne. Base fat milk bought up subject to no discounts accounted for 95.6 per cent of total base fat milk bought up in 2006.

Milk bought up from other suppliers amounted to 212,758 tonnes for an average price of LTL 691 per tonne. Rokiškio Sūris AB Group companies bought up in total 532,827 tonnes of base fat milk or more by 6.0 per cent as compared to 2005. In 2006, an average price of milk bought up was LTL 610 per tonne, which is higher by LTL 26 per tonne as compared to 2005.

Raw milk supplies from the Baltic region were expanded comprising not only in Lithuania, but Latvia, as well.

Production, production output, and new products

Rokiškio Sūris AB

During 2006, in Rokiškis Rokiškio Sūris AB produced 28,033 tonnes of fermented cheese (more by 12.8 per cent than in 2005), 7,446 tonnes of milk sugar, and 51,576 tonnes of 9% whey protein concentrate.

In 2006, for the purpose of reducing production costs and sustain a high level of production, production technology for Gojos and Cagliata brands of cheese was improved.

A modern system to ensure safe food management and quality of food was introduced in the production process, which is certified at a global level and enables to produce safe and quality food products that meet the requirements of customers.

The Company continuously seeks to mitigate adverse effect on environment and ensures a minimal level for utilization of hazardous substances and generation of waste.

Fermented cheese produced in Rokiškis is well appreciated among the consumers, which is assured during the trade fairs held in Lithuania and Russia.

Branch Ukmergės Pieninė

Ukmergės Pieninė is one of the most modern dairying company of curd and curd-cheese all over Lithuania. Along with rapid development of dairying companies and intense competition, the branch Ukmergės Pieninė specializes in production of curd, curd-cheese and coated curd-cheese bars, expands the range of products offered, and successfully continued the production of melted curd products.

The main objective of the branch is to find an optimal production solution that would satisfy the needs of the customers and increase the Groups' profit at a maximum level.

A modern production department of curd and curd-cheese was set up. The focus is given to installation of state-of-the-art technology and development of new products, which enables the Group to achieve good results and maintain a high level of production output, as well as ensure safe production of products

In 2006, 4,154 tonnes of products were produced (more by 2.4 per cent as compared to 2005), whereof 2,760 tonnes of curd, 427 tonnes of curd-cheese, 789 tonnes of coated curd-cheese bars, 67 tonnes of fruit juice drinks, and 111 tonnes of melted curd products.

Technologies and new products are in the process of development: melted curd products, home-made curd cheese, yummy curd-cheese (sausages), &JOY curd for kids.

RVASVT system was subject to recertification in compliance with ISO 22000:2005 standard Food safety management systems – Requirements for any organization in the food chain.

The branch Ukmergės Pieninė often participates with its products at trade fairs and has a number of awards. The company produces a well-appreciated curd-cheese among the customers *Proginis varškės sūris*.

Branch Utenos Pienas

In 2006, the branch Utenos Pienas produced 843 tonnes of skimmed milk powder, 9.7 tonnes of buttermilk powder, 4,550 tonnes of whey protein concentrate powder, 3,907 tonnes of butter-fat mixture, 56,512 tonnes of fresh dairy products, and 10,603 tonnes of cream were produced and exported.

New products are successfully produced, which include yoghurts with orange and carrots, milk drink of the taste of peach, 20 % fat source cream, and fat mixture BIFIDO.

Sales and marketing

Rokiškio Sūris AB group of companies is one of the largest and strongest dairying company in Lithuania. Its sales are widely diversified – products are exported to Eastern and Western markets, and a full range of fresh dairy products are sold primary to meet the needs of domestic market.

In 2006, the Group's sales increased by 3 per cent as compared to 2005 and reached LTL 518 million. With each year, the Group consistently increases its sales and in 2007 it plans to increase sales by additional 18 per cent up to LTL 610 million.

Over 2/3 of sales of Rokiškio Sūris AB group represent exported production, where fermented cheese accounts for even ¾ of exported products. Since long ago, the Group has been focused on mass production of fermented cheese and is one of the largest and well-known producers of fermented cheese in the region of Central and Eastern Europe. Two main areas of sales of fermented cheese of a similar relevance may be distinguished: sales to the EU markets (mainly to Italy and the Netherlands), and sales to Russia. Sales in the EU region mostly comprise hard and non-matured (fresh) cheese, whereas sales in the Russian market comprise mainly semi-hard cheese. For exports of fermented cheese to the Russian market, the Company receives subsidies, which enable it to compete successfully with lower-price local production. The potential of this market is growing. Here the Company sells products with its trademark, and it plans to strengthen them, and expand the range of packaging used.

And beyond any doubt, cheese with trademark of Rokiškio Sūris is well-known and well-buyable on the local market. Cheese of Rokiškio Sūris is associative with unquestionable and highest quality product.

Presently, the Group has withdrawn from the US market, where prices are no longer attractive as they were several years ago due to the falling US dollar rate.

In addition, in export markets the Group sells ordinary milk products, such as butter, cream, milk powder, and additional products that are used in the process of production of cheese, i.e. whey protein concentrate and lactose.

The Group remains the major exporter of dairy products – in 2006 it exported over 22 thousand tonnes of fermented cheese (more by 8 per cent as compared to 2005), 10.6 thousand tonnes of cream (more by 4 per cent as compared to 2005), 5.4 thousand tonnes of lactose (more by 24 per cent as compared to 2005), 3.35 thousand tonnes of whey protein concentrate (more by 10 per cent as compared to 2005), and 1.8 thousand tonnes of butter and 0.9 thousand tonnes of milk powder each.

Another important area of focus for the Group is sales of fresh dairy products in Lithuania. During the recent years, the Group has become one of the leaders on the domestic market and today it shares the leading positions together with Pieno Žvaigždės. Over the last several years, the Group's objectives in the domestic market have changed radically: it is attempted to have a higher added value, promotion of sales is carried out through development of trademarks, introduction of new

products, and innovations offered for the market (the Company's sales in dessert and other categories of new products increased twice during one and a half years). The Company's marketing function strengthens with each year.

The Group's objectives in respect of the domestic market are to focus on the portfolio of the core strongest products and retain a market share of not less than approx. 25 per cent. These objectives have been successfully implemented so far.

The Group will further seek to maintain close relations with its customers, especially with the retail trade chains, the percentage of which in the sales gradually increases and accounts for over 80 percent of aggregate internal turnover. The Group will further seek to strengthen confidence of its customers through building a single logistic system, which will enable the customer to get the production of all companies from one location and only with one document. This will encourage the customers to co-operate with the company as a convenient partner.

Today the Group has already formed the core of its trademarks: economic – VISIEMS, mass – ŽALOJI KARVUTĖ, premium – ROKIŠKIO and ROKIŠKIO NAMINIS, dessert – &JOY, Horeca sector – PROF, low-fat – VALGYK LENGVAI. The Company sells ecological products.

A special focus is placed on ensuring sustained quality the products, which helps to successfully implement the marketing strategy.

Presently, the Group is preparing for other important projects related to quality improvement and standard compliance with the EU requirements with the help of financial aid from the EU and the structural funds.

Information on research and development activities

A study of foreign dairying companies was carried out via consulting companies.

A preliminary survey was conducted for possible consolidation with foreign dairying companies.

Operation plans and forecasts

For the year 2007, the Company has plans to achieve sales of LTL 610 million, which is more by 17.8 per cent as compared to 2006, and net profit margin of at least 4.2 per cent.

Forecast – to gain control over one or several companies to conduct business operations via them in foreign countries this or next year.

The Group's main objectives are as follows:

- Sales and marketing – retain market share and penetrate into new emerging markets, develop new products and services.
- Production – sustain the highest quality of products, produce new dairy products and supplement the range of products offered, fully use the current production capacity and implement modern technologies.
- Raw milk supplies – retain the status of the largest and the most credible buyer of raw milk in Lithuania, and buy out raw milk from neighbouring countries.
- Finance – ensure required profitability and liquidity levels, maximise the value of shareholders' assets.
- Management – improve functional management system through implementation of management by type of products.

41. Information on the Audit

On 31st of December, 2006 UAB "PricewaterhouseCoopers" performed an audit of AB "Rokiškio sūris" (the Group's) consolidated balance and related consolidated profit (loss), money flows and proper capital change reports for the terminated year. The auditor's report was signed on 16th of April, 2007.

The audit was performed following the international audit standards, prepared by the International Federation of Accountants. The latter standards require planning and performing an audit which would allow the auditor assure himself well that no substantial mistakes in financial reports have been made. During the audit the data confirming the amounts and their explanations present in the consolidated financial reporting documents are controlled with the help of tests. Moreover, during the audit procedure the accounting methods applied, as well as significant direction calculations and the entire consolidated financial reporting presentation are judged. According to the Auditor, a performed audit underlies his opinion.

In the Auditor's opinion, consolidated financial reports provide a true and correct view on the Group's financial situation for 31st of December, 2006. Whereas a clear view on the activity results and money flows of the terminated year are examined following the international financial reporting standards, approved to be applied in the European Union.

VI. INFORMATION ON MANAGING BODIES OF THE ISSUER

42. Members of management

(Board members – Dalius Trumpa, Andrius Trumpa, Antanas Kavaliauskas and Ramūnas Vanagas elected by the General meeting of shareholders of AB „Rokiškio sūris“ dated 28th April 2006; Alvydas Miliūnas elected by the 27th April 2007 general shareholders' meeting). Board cadence – 4 years)

42.1. Board of Directors:



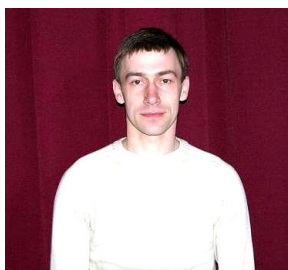
Dalius Trumpa - Board Chairman.



Antanas Kavaliauskas – Deputy Board Chairman. CFO of AB „Rokiškio sūris“



Alvydas Miliūnas – Board member, Board chairman of Kubilių ŽŪB



Andrius Trumpa - Board member, lecturer of Vilniaus Gedimino technikos university



Ramūnas Vanagas - Board member, The Development and internal audit director of AB „Rokiškio sūris“.

Executive manager of the company



Antanas Trumpa - CEO of AB „Rokiškio sūris“.

42.1. Board of directors:

Dalius Trumpa - Board Chairman, having 1,78%* of the Authorised capital of AB “Rokiškio sūris“ and 1,78% votes.

Antanas Kavaliauskas – Board member, having no shares of AB “Rokiškio sūris“.

Ramūnas Vanagas – Board member, having no shares of AB “Rokiškio sūris“.

Andrius Trumpa – Board member, having 0,70%* of shares of AB “Rokiškio sūris“, and 0,70%* votes.

Alvydas Miliūnas – Board member, having no shares of AB “Rokiškio sūris“.

Antanas Trumpa - executive manager, having 8,94 %* of the Authorised capital of AB “Rokiškio sūris“ and 8,94 % * votes.

* votes calculated from the decreased Authorised Capital – 42 716 530 Lt.

42.2.

Dalius Trumpa - Board Chairman, Deputy director of AB „Rokiškio sūris“. In 1991 graduated in Kaunas Technological University, food industry machinery, qualification obtained – engineer/mechanic, started working at AB „Rokiškio sūris“. In 1992 appointed the operation director. As from April 2006, appointed the executive director of newly established company UAB „Rokiškio pienas“.

Antanas Trumpa – executive director. University education, speciality – engineer mechanic. In 1979, defended a candidate dissertation and obtained a Doctor degree in technical science. Works at the company since 1966, and in 1971 was appointed as a director.

Antanas Kavaliauskas – finance director, university education. Has a Bachelor degree in Production management, and a Master degree in finance management. Since 1997 until 2002, worked at UAB "PricewaterhouseCoopers" as a senior auditor. As from May 2002, finance director of AB "Rokiskio sūris". In April 2002, after a 4 year course, obtained a certificate and was inducted as a member of ACCA.

42.3.

Dalius Trumpa – shareholder of UAB "Pieno pramonės investicijų valdymas", owning 3,91 % of shares of UAB "Pieno pramonės investicijų valdymas".

Antanas Kavaliauskas – shareholder of UAB "Pieno pramonės investicijų valdymas", owning 3,91 % of shares of UAB "Pieno pramonės investicijų valdymas".

Ramūnas Vanagas – not participate in operations of any other companies and capital.

Andrius Trumpa – not participate in operations of any other companies and capital.

Alvydas Miliūnas – Board chairman of Kubilių agricultural company owning 84 % shares, Board chairman of ŽŪK „Lietuviškas pienas“.

Antanas Trumpa – shareholder of UAB "Pieno pramonės investicijų valdymas", owning 74,86 % of shares of UAB "Pieno pramonės investicijų valdymas".

CFO:

Antanas Kavaliauskas – shareholder of UAB "Pieno pramonės investicijų valdymas", owning 3,91 % of shares of UAB "Pieno pramonės investicijų valdymas"..

42.4. -

42.5. Information on the initiation and termination of cadence of Board of Directors.

Board members: Dalius Trumpa, Antanas Kavaliauskas, Ramūnas Vanagas and Andrius Trumpa elected by the 28th April 2006 general meeting of shareholders. Alvydas Miliūnas elected by the 27th April 2007 general meeting of shareholders of AB „Rokiškio sūris“. Alvydas Miliūnas elected instead of resigned board member Nerijus Dagilis. The end of Board cadence – 28th April 2010.

43. Information on payments and loans to members of management:

43.1. within the reporting period it was paid to the Board of Directors LTL 4 200 000 as tantjemes. Average amount per person – LTL 840 thou. In form of salaries it was paid to the Board members – LTL 122 235. Average amount per person – LTL 24 447. Total sum (CEO and CFO) paid within the reporting period - LTL 296 461 Lt. Average amount per person – (CEO and CFO) – LTL 148 231.

43.2. within the reporting period there were no payments to the Board of Directors and Management Board, in form of tantjemes or other kinds of payments from profit, received from other companies in which AB "Rokiškio sūris" has over 20 % of share.

43.3. within the reporting period there were no loans allotted to the management, as well as other guarantees and warrant.

44. Contracts with interested parties

within the reporting period AB "Rokiškio sūris" has not made any unrepresentative contracts with interested parties.

VII. UP-TO-DATE AND SIGNIFICANT DEVELOPMENTS IN THE ISSUER'S PERFORMANCE, ITS PERSPECTIVES

45. Up-to-date Developments in the Issuer's Performance

The year 2006 was profitable for AB "Rokiškio sūris". Following the international financial reporting standards, the profit counted for 2006 amounted to 13 021 thousand litas. In the year 2006 AB "Rokiškio sūris" return increased 9,5 per cent, in comparison with 2005, and it amounted to 518 144 thousand litas, that is, 45 026 thousand litas more than in 2005.

In the year 2006 sales marketing expenditure decreased by 6%. In 2005 it amounted to 25 920 thousand litas, whereas in the fiscal year reported it reached 24 358 thousand litas.

The Group's objective is to reach 502 million litas sales in 2006 was fulfilled and it is by 6% more than in 2005. export sales amounted to LTL 328,8 million. The main presumption for a higher return are higher European Union market prices for fermented cheese, butter, cream and other dairy products. These prices rose as soon as Lithuania became the member of the European Union. Thus, the main exporting will be oriented to the EU countries. Subsidies are received for exported products, which make the major part of income. In the local market the company plans to maintain around 25% of the market share and obtain 188 million litas of annual return. It is planned to produce over 25 thousand tons of cheese.

AB „Rokiškio sūris“ plans to strengthen its positions in Russian market: through stronger branding and packaging variety.

In March, 2006 a daughter enterprise was created – joint-stock company “Rokiškio pienas” Ltd. This enterprise was established in order to secure a more effective fresh dairy production business, oriented to the local market. AB “Rokiškio sūris” will pursue cheese production business oriented to mass production and export.

In the year 2006 the most significant events in AB “Rokiškio sūris” Group's activities were as follows: reorganization of the logistics group by connecting transport of the main company with its subsidiary companies. Accounting was started to be performed in one location, which allowed prompt data receiving and noticing both advantages and disadvantages. The resources saved were invested in new technologies.

The geography of raw milk procurement was increased. The company started buying raw milk from Latvian cooperative societies. AB “Rokiškio sūris” was one of the first to procure and process ecological milk.

The Group successfully completed the first step investment in to the project 'Whey Collection and Processing' according to which 15,5 million litas were received the EU structural fund support. It was already consumed LTL 2,23 million. Total amount of the support is LTL 3,450 million.

On 11th May 2007, the new Articles of Association were registered in Juridical Persons Register stating the decreased Authorised Capital of AB „Rokiškio sūris“. After this the Authorised Capital of AB „Rokiškio sūris“ is 42 716 530 Lt (forty two millions seven hundred sixteen thousand five hundred thirty), divided into 4 271 653 (four million two hundred seventy one thousand six hundred fifty three) ordinary registered shares at 10 litas par value.

The company's authorized capital was decreased in the way of annulment of 474 617 treasury shares. After annulment of treasury shares, AB „Rokiškio sūris“ has no treasury shares.

The 28th May 2007 Board of Directors of AB „Rokiškio sūris“ resolved:

1. Pursuing resolutions of the 22nd December 2006 General Shareholders' Meeting to support and increase the price of AB "Rokiškio sūris" shares, it will be acquired up to 333 000 (three hundred thirty three thousand) units of AB "Rokiškio sūris" ordinary registered shares of LTL 10 (ten) par value. Minimal quantity of intended purchase – 1 000 (one thousand) ordinary registered shares of AB "Rokiškio sūris".
2. The price set for the acquisition of treasury shares is equal to LTL 60,00 (sixty litas) per ordinary registered share.
3. Period for the purchase of treasury shares – 30 days.
4. Purchase of treasury shares will be commenced as from submission of official tender.
5. The Company's directors and related persons will not take part in this official tender and they will not sell their own shares.

46. Significant Developments in the Issuer's Performance

1. Establishment of daughter company.

In order to obtain more effective fresh dairy product production performance, AB "Rokiškio sūris" Board took up a decision to separate export-oriented cheese production business from the business of fresh dairy products, oriented to the local market. For this purpose the company decided to establish a daughter company – a limited joint stock company.

2. Registration of daughter company

Following the Board's decision to separate the two businesses, on 21st of April, 2006 a daughter company called UAB "Rokiškio pienas" was registered into the Enterprises' Register.

3. Registering out subsidiary Eišiškių pieninė

On 5th of April, 2006, after AB "Rokiškio sūris" subsidiary enterprise "Eišiškių pieninė" has terminated its activity, the subsidiary company was signed out from the Enterprises' Register of the Republic of Lithuania.

4. Summon of the general meeting of shareholders of AB „Rokiškio sūris“

Upon the initiative and decision of the Board of Directors, on 28th April 2006 12.00am. it was summoned general meeting of shareholders of AB "Rokiškio sūris", held at AB "Rokiškio sūris" buveinėje (Pramonės g.3, Rokiškis, company code 173057512).

Registration starts from 10 am till 11.45 am.

Accounting date – 21st April 2006.

Agenda:

1. Confirmation of the report on the Company's performance in the year 2005.
2. Auditor's report.
3. Confirmation of the financial accounting for 2005.
4. Confirmation of Profit (loss) distribution for the year 2005.

5. Selling, renting, transferring or pledge of the long term assets whose value is over 1/20 of the authorized capital.
6. Election of audit company and set of payment terms.
7. Board recall.
8. Board election.

5. Resolutions of the General meeting of Shareholders of JSC Rokiskio suris held on 28th April 2006:

1. Confirm the report on the Company's performance in the financial year 2005
2. Confirm the Audit report.
3. Confirm the financial accounting for the year 2005.
4. Confirm the Profit (loss) distribution.
As for dividends it shall be allocated from distributable profit LTL 10 276 thou (EUR 2 976 thou). It makes LTL 2.36 (EUR 0.684) per ordinary registered share LTL 10 per value of JSC Rokiskio suris.
5. Give permission to the Board of Directors to invest, transfer, rent, and pledge the Company's fixed assets whose balance value makes over 1/20 of the Company's Authorised Capital.
6. 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. Recall the Board of Directors.
8. Elect the following members on the Board of Directors: Nerijus Dagilis, Andrius Trumpa, Dalius Trumpa, Antanas Kavaliauskas and Ramunas Vanagas.

The 28th April 2006 Board of Directors elected Nerijus Dagilis as the Board Chairman.

6. Resign of the Board member

Due to lack in time on 5th July 2006, Nerijus Dagilis resigned from the Board of AB „Rokiškio sūris“.

7. Election of the Board Chairman

After resignation of the Board Chairman of AB „Rokiškio sūris“ Nerijus Dagilis, Dalius Trumpa was elected as the new Board Chairman.

8. Regarding purchase of treasury shares

Following the resolution of General meeting of shareholders the Board of Directors of AB „Rokiškio sūris“ resolved to announce a volunteer tender for purchasing own shares at the price of LTL50 per share of AB „Rokiškio sūris“.

In the course of implementation of official proposal, AB „Rokiškio sūris“ bought up 82 570 ordinary registered shares and increased the block of treasury shares up to 10 per cent. Own capital was used for the purchase.

9. Summon of the general meeting of shareholders of AB „Rokiškio sūris“

Upon the initiative and decision of the Board of Directors, on 22nd December 2006 12.00am. it was summoned general meeting of shareholders of AB "Rokiškio sūris", held at AB "Rokiškio sūris" buveinėje (Pramonės g.3, Rokiškis, company code 173057512).

Registration starts from 10 am till 11.45 am.

Accounting date – 15th December 2006.

Agenda:

1. Regarding decrease of the Authorised Capital of the Company by annulment of treasury shares.
2. Change of the Company's Articles of Association due to decrease of the Authorised capital.
3. Regarding purchase of own shares.
4. Regarding formation of reserve for purchase of own shares.

Rokiskio sūris AB have purchased 10 per cent of own shares. Pursuing the Law on Joint Stock Companies, the Company may not purchase more own shares therefore it is going to annul the treasury shares and decrease the Authorised capital by this part.

Consequently the purpose of the decrease of the Authorised capital is annulment of treasury shares resulting in gain of ability to purchase own shares according to the Law on Joint Stock Companies at par value of not more than 1/10 of the Authorised capital.

The Authorised capital shall be decreased solely by the annulled treasury shares. The Company has acquired 474 617 own shares. The nominal value and number of the shares owned by the Company's shareholders shall not change.

10. Resolutions of AB „Rokiškio sūris“ Extraordinary General meeting of shareholders held on 22nd December 2006:

1. Regarding decrease of the Authorised Capital of the Company by annulment of treasury shares.

Decrease the Authorised capital of AB „Rokiškio sūris“ by 4 746 170 Lt (four million seven hundred forty six thousand one hundred seventy) litas in the way of annulment of 474 617 (four hundred seventy four thousand six hundred seventeen) ordinary registered shares at par value of LTL 10 (ten) litas.

After annulment of treasury shares, the Authorised capital of AB „Rokiškio sūris“ shall make LTL 42 716 530 (forty two million seven hundred sixteen thousand five hundred thirty) litas divided into 4 271 653 (four million two hundred seventy one thousand six hundred fifty three) ordinary registered shares at par value of LTL 10 (ten) litas.

2. Change of the Company's Articles of Association due to decrease of the Authorised capital.

1. To approve reviewed point 3.1 of the the Company's Articles of Association and read as follows:
„The Authorised capital of the Company is 42 716 530 Lt (forty two million seven hundred sixteen thousand five hundred thirty) litas. The Authorised capital is divided into 4 271 653 (four million two hundred seventy one thousand six hundred fifty three) ordinary registered shares at par value of LTL 10 (ten) litas “

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

3. Regarding purchase of own shares.

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 approval of resolution.

4. Maximal purchase price per share set as – LTL 116, minimal purchase price per share – LTL 10.

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. The shares acquired by the company shall be sold through Vilnius Stock Exchange.

6. To authorize the Board of Directors to organize purchase and sales of the own shares, establish an order for purchase and sales of the own shares, as well as their price and number, and also complete all other related actions pursuing the resolutions and requirements of the Law on Joint Stock Companies.

4. Regarding formation of reserve for purchase of own shares.

To form up a reserve of LTL 20 (ten) million for purchasing of own shares.

11. Budget 2006 and planned performance results 2005 of AB „Rokiškio sūris“ group

The Board of Directors of AB "Rokiškio sūris" approved budget of „Rokiškio sūris“ group for the year 2006, according to which the group plans to reach turnover up to LTL 502 million (EUR 145 million) and net profit up to LTL 30,5 million (8,8 mln. EUR).

In 2005, AB "Rokiškio sūris" group plans to reach turnover up to LTL 460 million (133,2 mln. EUR), and consolidated net profit – LTL 23,5 million (6,8 mln. EUR).

12. Transfer non-current assets of AB „Rokiškio sūris“

Pursuing business separation procedure when fresh dairy production is separated from cheese production, and following the 28th April 2006 General meeting of shareholders, the 2nd January 2007 Meeting of the Board of Directors of AB "Rokiskio sūris" resolved to transfer to Closed joint stock company "Rokiskio pienas", which is established and owned by AB "Rokiskio sūris" by 100 per cent, non-current assets amounting to LTL 26.848.700 (7 775 921 EUR).

The assets were evaluated by outside evaluator according to established order by legal acts regulating assets evaluation.

The assets to be transferred consist of production facilities and premises of subsidiaries Utenos pienas and Ukmergės pieninė, and it will be needed for development of fresh dairy production.

On 2nd January 2007, AB "Rokiskio sūris" as a sole shareholder of Closed joint stock company "Rokiskio pienas", resolved to increase the Authorised capital of Closed joint stock company "Rokiskio pienas" from LTL 10 000 (ten thousand) (EUR 2 896,20) to LTL 26 858 700 (twenty six million eight hundred fifty eight thousand seven hundred) (EUR 7 778 817,19) by the shareholder's additional non-monetary contribution, and there will be issued 2 684 870 shares of UAB „Rokiškio pienas“ at par value of LTL 10. AB "Rokiskio sūris" shall own the shares and votes by 100 per cent.

13. Investment in 2007

The Board of Directors of AB „Rokiškio sūris“ approved Investment plan 2007. The company is going to invest LTL 22,154 million, primarily into the modernization of production.

14. General meeting of shareholders of AB "Rokiškio sūris"

Upon the initiative and decision of the Board of Directors, on 27th April 2007 12.00am it was summoned general meeting of shareholders of AB "Rokiškio sūris", held at AB "Rokiškio sūris" buveinėje (Pramonės g.3, Rokiškis, company code 173057512).

Accounting date – 20th April 2007.

Agenda:

1. The Annual report of the Company for the year 2006.
2. The Auditor report.
3. The financial accounting for the year 2006.
4. The Profit distribution for the year 2006.
5. Appointment of audit company and determination of payment terms.
6. Amendments of the Articles of Association.
7. Election of the Board member.

The Board proposed to the general shareholders' meeting to allocate LTL 2,36 (0,68 EUR) for the dividends per one ordinary registered share.

15. Resolutions of the General meeting of Shareholders held on 27th April 2007:

1. The Annual report of the Company for the year 2006 approved.
2. The Auditor report approved.
3. The financial accounting for the year 2006 approved.
4. The Profit distribution for the year 2006 approved:

| | |
|--|--|
| 1) Non-distributable profit (loss) at beginning of year | LTL 41 900 thousand EUR 12 135 thousand |
| 2) Approved by shareholders dividends for the year 2005 | LTL (10 276) thousand EUR 2 976 thousand |
| 3) Transferred to reserves for treasury share acquisition | LTL (20 000) thousand EUR 5 792 thousand |
| 4) Non-distributable profit (loss) at beginning of year after dividend payout and transfer to reserves | LTL 11 624 thousand EUR 3 367 thousand |
| 5) Net profit (loss) of fiscal year | LTL 13 021 thousand EUR 3 771 thousand |
| 6) Transfers from distributable reserves | LTL 65 091 thousand EUR 18 852 thousand |
| 7) Distributable profit (loss) | LTL 89 736 thousand EUR 25 989 thousand |
| 8) Profit share for mandatory reserve | LTL 651 thousand EUR 189 thousand |
| 9) Profit share for acquisition of treasury shares | - |
| 10) Profit share for other reserves | - |
| 11) Profit share for dividend payout | LTL 10 081 thousand EUR 2 920 thousand |
| 12) Profit share fro annual payments (tantiemes) to the Board of Directors, employee bonuses and other | LTL 2 600 thousand EUR 753 thousand |
| 13) Non-distributable profit (loss) at end of year | LTL 76 404 thousand EUR 22 128 thousand |

As for dividends it is distributed LTL 2.36 (0.684 EURO) per ordinary registered share LTL 10 per value of JSC Rokiskio suris. In total it is allocated LTL 10.081.101,08 (EUR 2.919.688,68) to dividend payment.

5. UAB "PriceWaterhouseCoopers" appointed 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.
6. Point 6.5 of the Articles of Association of AB "Rokiškio sūris" shall be read as follows:
„6.5. Competence of the Board of Directors does not differ from the Board competence as described by the Law on Joint Stock Companies “.

Point 6.8 of the Articles of Association of AB "Rokiškio sūris" shall be read as follows:

„6.8. The Board of Directors may accept resolutions and its meeting is considered to be in force when over 2/3 of the members present at the meeting. Decision of the Board is considered to be accepted when voices "for" exceed voices "against".

Point 7.4 of the Articles of Association of AB "Rokiškio sūris" shall be read as follows:

„7.4. Competence of the Chief Executive Officer does not differ from the Director's competence as described by the Law on Joint Stock Companies“

Point 7.5 of the Articles of Association of AB "Rokiškio sūris" has lost its effect.

Point 10.1 of the Articles of Association of AB "Rokiškio sūris" shall be read as follows:

„10.1. The Company's information regulated by Article 28 of the Law on Securities is announced publicly as requested and also it is circulated via Central data base of regulated information. A notification convening General shareholders' meeting is announced in daily newspaper „Lietuvos rytas“ and regional paper „Gimtasis Rokiškis“. Other announcements for shareholders, creditors etc may be circulated via daily "Lietuvos rytas" as well, given personally under signature or sent by the registered mail as requested by the Lithuanian legacy.“

To authorize the CEO Antanas Trumpa to sign the amendments to the Articles of Association and to present them for registration by Register of Juridical persons.

7. Election of the Board member:

Chairman of Kubiliu agricultural company Alvydas Miliunas is elected a Board member of AB "Rokiskio suris".

Following the order determined in the company's regulations and according to the Law on Securities Market of the Republic of Lithuania, as well as in accordance with the rules on information disclosure on the Issuer's significant developments, AB "Rokiškio sūris" informed the Security Commission, Vilnius Bourse and the media (daily newspaper 'Lietuvos rytas') on all significant developments.

47. Performance Strategy and Prospective Changes during the orthcoming Fiscal Year

Fundamental Values

- Best satisfaction of the client needs and professionalism among competitors
- Respect for every employee
- Constant product and service quality development and efficiency improvement
- Offering the best possible service to the biggest business partners, milk producers, clients, shareholders and competitors

Mission

● AB "Rokiškio sūris" wishes to become and remain the dairy production leader in Lithuania and the leading cheese producer in the Baltic States. Following this direction, the company seeks that all dairy production in Lithuania met the best EU standards.

● AB "Rokiškio sūris" wishes to be a powerful, financially strong and technically modern enterprise, which creates and maximises its value to shareholders.

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
 - Becoming and remaining the dairy production leader in the Baltic States
 - 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;
 - Finances – securing desirable profitability and liquidity, maximising shareholders' property value;
 - Management – improving the functional management system by implementing both management and new products.