



## VERIFICATION OF THE RESPONSIBLE PERSONS

15 04 2009

Following Article 21, Part 1 of the law on Securities of the Republic of Lithuania and the rules of the arrangement and presentation of the periodical and extra information, approved by the Commission of the Securities of the Republic of Lithuania, we, Director, Violeta Labutienė, and Accountant-general, Audronė Zemlevičienė, certify that, according to our knowledge, the Audited Financial Statement of 2008 of the JSC „Anykščių Vynas“, made according to the International Standard of the Financial Accounting, is up to standard and it indicates the Company asset, obligations, financial state, profit or loss rightly, that review of the business development and activity, the description of the Company state with the main risks and uncertainties we meet are specified properly.

Director

Violeta Labutienė

Accountant-general

Audronė Zemlevičienė

**AB Anykščių Vynas**

Financial statements for the  
year 2008

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## **Company details**

### **AB Anykščių Vynas**

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Registered address: Dariaus ir Girėno 8,  
Anykščiai LT-29131, Lithuania

### **Board of Directors**

Vytautas Junevičius, Chairman  
Vilmantas Pečiūra  
Arvydas Jonas Stankevičius  
Darius Vėželis

### **Management**

Violeta Labutienė, Director

### **Auditor**

KPMG Baltics, UAB

### **Banks**

AB SEB Bankas  
AB Bankas Hansabankas  
AB Šiaulių Bankas

## Statement on the accounts

The Board of Directors and the Management have discussed and authorized for issue the annual financial statements and the annual report.

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. We consider that the accounting policies used are appropriate and that the financial statements thus give a true and fair view.

We recommend the financial statements to be approved at the Annual General Meeting.

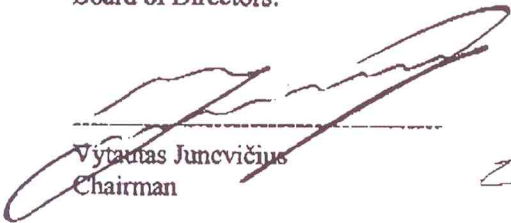
Anykščiai, 15 April 2009

Management:



Violeta Labutienė  
Director

Board of Directors:



Vytautas Juncvičius  
Chairman



Vilimantas Pečiūra



Arvydas Jonas Stankevičius



Darius Vėželis



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## **Independent auditor's report to the shareholders of AB Anykščių Vynas**

We have audited the accompanying annual financial statements of AB Anykščių Vynas (hereinafter "the Company"), which comprise the balance sheet as at 31 December 2008, the income statement, the statement of changes in equity and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Management's responsibility for the annual financial statements**

Management is responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the annual financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



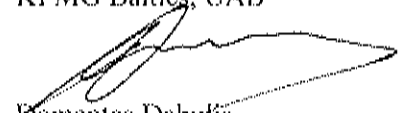
### **Opinion**

In our opinion, the annual financial statements give a true and fair view of the financial position of AB Anykščių Vynas as at 31 December 2008 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

### **Report on legal and other regulatory requirements**

Furthermore, we have read the annual report for the year ended 31 December 2008, set out on pages 39–86 of the annual financial statements, and have not identified any material inconsistencies between the financial information included in the annual report and the annual financial statements for the year ended 31 December 2008.

Vilnius, 15 April 2009  
KPMG Baltics, UAB



Domantas Dabulis  
Partner  
Certified Auditor

## Balance sheet

as at 31 December

thousand Lit	Note	2008	2007
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible non-current assets	15	12	22
Property, plant and equipment	16	24,000	26,145
<b>Total non-current assets</b>		<b>24,012</b>	<b>26,167</b>
<b>Current assets</b>			
Inventories	17	17,855	20,030
Trade receivables	18	13,196	11,594
Other receivables	19	1,301	2,999
Cash and cash equivalents	20	449	281
<b>Total current assets</b>		<b>32,801</b>	<b>34,904</b>
<b>TOTAL ASSETS</b>		<b>56,813</b>	<b>61,071</b>

The notes, set out on pages 10-38, are an integral part of these financial statements.



## Balance sheet (cont'd)

as at 31 December

thousand Litas	Note	2008	2007
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	21	49,081	49,081
Accumulated losses		(16,192)	(9,892)
<b>Total capital and reserves</b>		<b>32,889</b>	<b>39,189</b>
<b>Non-current liabilities</b>			
Loans and lease liabilities	22	-	-
Deferred tax liability	12	509	616
<b>Total non-current liabilities</b>		<b>509</b>	<b>616</b>
<b>Current liabilities</b>			
Current portion of long-term loans and lease liabilities	22	8,632	5,110
Liabilities to suppliers		6,040	4,268
Other liabilities	23	8,743	11,888
<b>Total current liabilities</b>		<b>23,415</b>	<b>21,266</b>
<b>Total liabilities</b>		<b>23,924</b>	<b>21,882</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>56,813</b>	<b>61,071</b>

The notes, set out on pages 10-38, are an integral part of these financial statements.

Director

Violeta Labutienė

## Income statement

For the year ended 31 December

thousand Litas	Note	2008	2007
<b>Revenue</b>	6	<b>37,453</b>	<b>46,565</b>
Cost of sales	6	(30,055)	(34,851)
<b>Gross profit</b>		<b>7,398</b>	<b>11,714</b>
Other income	7	598	533
Sales expenses	8	(5,481)	(5,845)
General and administrative expenses	9	(8,189)	(5,279)
Other expenses	7	(378)	(249)
<b>Operating result</b>		<b>(6,052)</b>	<b>874</b>
Finance income	10	238	213
Finance expenses	10	(593)	(264)
<b>Result before tax</b>		<b>(6,407)</b>	<b>823</b>
Tax for the year	11-12	107	(96)
<b>Result for the year</b>		<b>(6,300)</b>	<b>727</b>
Earnings per share (in Litas)	14	(0.13)	0.01
Diluted earning per share (in Litas)		(0.13)	0.01

The notes, set out on pages 10-38, are an integral part of these financial statements.

Director



Violeta Labutienė

## Statement of changes in shareholders' equity

thousand Lit	Share capital	Legal reserve	Accumulated losses	Total
Capital and reserves at 31 December 2006	49,081	-	(10,619)	38,462
Net result of 2007	-	-	727	727
Capital and reserves at 31 December 2007	49,081	-	(9,892)	39,189
Net result of 2008	-	-	(6,300)	(6,300)
<b>Capital and reserves at 31 December 2008</b>	<b>49,081</b>	<b>-</b>	<b>(16,192)</b>	<b>32,889</b>

The notes, set out on pages 10-38, are an integral part of these financial statements.

Director



Violeta Labutienė

## Statement of cash flows

For the year ended 31 December

thousand Lit

	2008	2007
<b>Cash flow from (to) operating activities:</b>		
Result after tax	(6,300)	727
Adjustments for:		
Depreciation and amortization	2,587	2,947
Profit (loss) from disposal of non-current assets	(11)	(148)
Change in impairment of trade debtors	-	(845)
Write-off of property, plant and equipment	-	124
Write-off of inventories to net realizable value	2,785	106
Profit tax expenses/(income)	(107)	96
Change in deferred tax liabilities	(107)	96
Interest expenses	567	256
Interest income	(119)	(132)
Net cash inflow from ordinary activities before any change in working capital	(705)	3,227
Change in current assets and short-term liabilities:		
Change in inventories	(610)	(7,096)
Change in receivables	6,050	(2,678)
Change in Alita Group receivables	(8,029)	(1,483)
Change in prepayments and future expenses	(387)	(37)
Change in other receivables	1	2
Change in trade payables and other liabilities accrued	(889)	6,660
Net cash flows from operating activities	(4,569)	(1,405)
<b>Cash flow from (to) investing activities:</b>		
Acquisition of property, plant and equipment	(419)	(807)
Acquisition of intangible non-current assets	(13)	(2)
Acquisition of investments held for sale	-	-
Sales of property, plant and equipment	11	148
Loans provided by the company	(3,650)	(5,801)
Portion of loans returned to the company	5,734	2,920
Interest received	119	132
Net cash (used in) investing activities	1,782	(3,410)
<b>Cash flow from (to) finance activities:</b>		
Loans received	3,522	9,633
Loans (repaid)	-	(7,665)
(Paid) interest	(567)	(256)
Net cash (used in) finance activities	2,955	1,712
<b>Change in cash and cash equivalents</b>	<b>168</b>	<b>(3,103)</b>
<b>Cash and cash equivalents at January 1</b>	<b>281</b>	<b>3,384</b>
<b>Cash and cash equivalents at 31 December</b>	<b>449</b>	<b>281</b>

The notes, set out on pages 10-38, are an integral part of these financial statements.

Director



Violeta Labutienė

## Notes

### 1 Reporting entity

AB Anykščių Vynas (the Company) is a publicly listed joint stock company the shares of which are listed in Vilnius Stock Exchange market. The Company was established in 1926. It was registered as a state enterprise in 1990 and re-registered as a joint stock company in 1995. The Company produces alcohol beverages: fruit-berry wine, hard alcohol beverages, cider, sparkling wine and also other fruit and berry products.

The main shareholder of the Company is AB Alita which as at 31 December 2008 owns 46,578 thousand ordinary registered shares or 94.9% of all shares of the Company.

### 2 Basis of preparation

#### Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

The Board has authorized the financial statements and the annual report for issue on 15 April 2009 and signed them on behalf of the Company.

#### Basis of measurement

The financial statements are presented in thousand Litai; Litai is the national currency and the functional currency of the Company. The financial statements are prepared on the historical cost basis, as modified by the historic indexation of certain property, plant and equipment.

#### Use of estimates and judgements

The preparation of the financial statements in conformity with IFRSs, as adopted by the European Union, requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of IFRSs, as adopted by the European Union, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 4.

## Notes

### 3 Significant accounting policies

The accounting policies of the Company as set out below have been consistently applied and coincide with those used in the previous year.

#### Foreign currency

##### *Translation of amounts in foreign currencies into the national currency*

Transactions in foreign currencies are translated into Litas at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign exchange differences arising on translation are recognised in the income statement.

#### Financial instruments

##### *Non-derivative financial instruments*

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, trade payables and other liabilities.

Cash and cash equivalents comprise cash balances and call deposits.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Financial instruments are recognized on the day of the transaction. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Loans and receivables are non-derivative financial assets and are not quoted in an active market. They are included into current assets except for maturities greater than 12 months. Loans and receivables are subsequently measured at amortised cost using the effective interest rate method, less impairment losses, if any. Short-term receivables are not discounted.

Loans and borrowings and other financial liabilities, including trade payables are subsequently stated at amortised cost using the effective interest rate method basis. Short-term liabilities are not discounted.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income and expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

## Notes

### 3 Significant accounting policies (cont'd)

#### Financial instruments (cont'd)

##### *Derivative financial instruments*

Derivatives are recognized initially at fair value; attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for in the income statement.

The Company did not hold any investments in this category during the period.

#### Property, plant and equipment

##### *Recognition and measurement*

Items of property, plant and equipment acquired on 1 January 1996 or later are stated at cost as deemed cost less accumulated depreciation and impairment losses. Items of property, plant and equipment acquired before 1 January 1996 are stated at cost less accumulated depreciation adjusted by revaluations made following rates specified by the Government of the Republic of Lithuania for separate assets groups. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

##### *Leased assets*

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. The owner-occupied property acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

##### *Subsequent costs*

The Company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item or major overhaul when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognized in the income statement in the period in which they are incurred.

## Notes

### 3 Significant accounting policies (cont'd)

#### Property, plant and equipment (cont'd)

##### *Depreciation*

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

- Buildings and constructions 8–80 years;
- Machinery and equipment 4–50 years;
- Transport vehicles 4–25 years;
- Other equipment and tools 3–11 years.

Depreciation methods, residual values and useful lives are reassessed annually.

##### **Intangible assets**

Intangible assets, comprising computer software and software licenses that are acquired by the Company are stated at cost less accumulated amortization and impairment losses. The assets are amortized using the straight-line method over a 1-3 years' period. Amortisation methods and useful lives are reassessed annually.

##### *Subsequent expenditure*

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

##### **Emission rights**

The EU Emission Allowance Trading Scheme was established by Directive 2003/87/EC and commenced on 1 January 2005. The first phase runs for the three-year period from 2005 to 2007; the second will run for five years from 2008 to 2012 to coincide with the first Kyoto Commitment Period. The scheme works on a 'Cap and Trade' basis. EU Member States' governments are required to set an emission cap for each phase for all 'installations' covered by the Scheme. This cap is established in the National Allocation Plan (NAP), which is issued by the relevant authority in each Member State. The NAP describes the amount of yearly emissions (measured in tones of carbon dioxide equivalents) permitted per installation for each phase for which allowances will be allocated on an annual basis.

Member States are required to allocate allowances to installations by 28 February each year according to the NAP (a certain number of allowances are kept in reserve for new installations).

Member States must ensure that by 30 April of the following year at the latest, that the operator of each installation surrenders a number of allowances equal to the total emissions from that installation during the preceding calendar year.



## Notes

### 3 Significant accounting policies (cont'd)

#### Emission rights (cont'd)

When the Company has sufficient allowances to meet its obligations, the net approach is applied, the amount of the provision is equal to the costs of the assets and neither the asset nor the provision is presented on the balance sheet.

In case the Company is 'short' of allowances, the liability is recognised on the balance sheet being the best estimate of the expenditure (economic resources) required to settle the emission obligation.

#### Inventories

Inventories, including work in process, are valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

The cost of inventories is determined based on FIFO (First-In, First-Out) principle.

In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Auxiliary materials and supplies are expensed at the time they are taken into use or booked to the cost of finished goods if used in production.

#### Impairment

A financial asset is impaired if there is objective evidence that certain event or events could have an adverse impact on asset-related cash flows in the future. Significant financial assets must be tested for impairment on an individual basis. The remaining financial assets are grouped according to their credit risk and the impairment for those groups is measured on a portfolio basis. An asset the impairment of which is tested on an individual basis and its impairment loss is continually recognised cannot be included in any group of assets that are tested for impairment on a portfolio basis.

The carrying amounts of the Company's non-financial assets other than inventories and deferred income tax asset are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For the assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in the income statement.

## Notes

### 3 Significant accounting policies (cont'd)

#### Impairment (cont'd)

##### *Calculation of recoverable amount*

The recoverable amount of the Company's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at the initial recognition of these financial assets). Receivables with short duration are not discounted.

The recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

##### *Reversals of impairment*

An impairment loss in respect of receivables booked at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In case of certain changes in events or circumstances, on the basis of which the recoverable value of non-financial assets was calculated, indicating that carrying value on non-financial assets can be recoverable, impairment loss is reversed. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### Dividends

Dividends are recognised as a liability in the period in which they are declared.

#### Employee benefits

The Company does not have any defined contribution and benefit plans and has no share based payment schemes. Post employment obligations to retired employees on a pension are borne by the State.

#### Provisions

Provisions are recognised in the balance sheet when it is probable that an outflow of economic benefits will be required to settle a present legal or constructive obligation arising from a past event.

## Notes

### 3 Significant accounting policies (cont'd)

#### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

#### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### Sales of services

Sales of services are recognised on performance of the services.

Interest income is recognized on an accrual basis, by reference to the principal outstanding and at the effective interest rate applicable.

#### Costs

Costs in the accounting are recognized on an accrual and comparison principles.

Only that part of the costs of the previous and accounting periods, not taking into consideration the time the cash was spent, which is related to income earned during the accounting period, is recognized as costs. Costs not related to earning of specific income are recognized as costs of the period when incurred.

#### *Operating lease payments*

Payments made under operating lease are recognised in the income statement on a straight-line basis over the term of lease.

#### *Finance income and expenses*

Finance income comprises interest income, gain on the sale of financial assets as well as foreign currency exchange gain. Interest income is recognised as it accrues in the income statement, using the effective interest method.

Finance expenses comprise interest expense, accrued using effective interest rate method, loss on the sale of financial assets as well as foreign currency exchange loss. Component of interest costs of finance lease payments is recognised in the income statement using the effective interest method.

## Notes

### 3 Significant accounting policies (cont'd)

#### Income tax

Income tax consists of current and deferred tax. Income tax is recognised in the income statement except to the extent it relates to the items recognised directly in equity, in which case it is recognised in equity.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of the assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not calculated for temporary differences recorded at the moment of initial recognition of assets or liabilities when such differences affect neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets is recognised only to the extent it is probable that the future taxable profits will be available against which the assets can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realised.

#### Segment reporting

Segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company's primary format for segment reporting is based on business segments.

#### Earnings per share

The Company presents data of basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects off all dilutive potential ordinary shares. During the reporting period there were no dilutive potential ordinary shares issued by the Company.

#### Contingencies

Contingent liabilities are not recognized in the financial statements, except for contingent liabilities in business combinations. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the financial statements but disclosed when an inflow or economic benefits are probable.

## **Notes**

### **3 Significant accounting policies (cont'd)**

#### **Related parties**

Related parties are defined as shareholders, employees, members of the management board, their close relatives and companies that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with the reporting entity, provided the listed relationship empowers one of the parties to exercise the control or significant influence over the other party in making financial and operating decisions.

#### **Fair value of financial instruments**

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

Carrying amount of trade amounts receivable, amounts payable and short-term credit lines is close to their fair value. The fair value of the long-term debt is based on the quoted market price for the same or similar issues or on the current rates available for debt with the same maturity profile. The fair value of non-current loans, borrowings and other payables with variable interest rates approximates their carrying amounts.

## Notes

### 3 Significant accounting policies (cont'd)

#### New IFRS standards and interpretations not yet adopted

A number of new and revised International Financial Reporting Standards and their interpretations have been issued, which will become mandatory for the Company's financial statements in accounting periods beginning on or after 1 January 2009. The Company has decided not to apply the amendments and new standards and interpretations early. Below is the estimate of the Company's management regarding the potential effect of the new and revised standards and interpretations upon their first-time application.

#### ■ Revised IAS 1 "Presentation of Financial Statements"

The amendment to IAS 1, which requires disclosure of comprehensive income, is applied to annual periods beginning on or after 1 January 2009. Comprehensive income represents change in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income or in an income statement and a separate statement of comprehensive income. The Company has not decided yet which approach to prefer.

#### ■ IFRS 8 "Operating Segments"

IFRS 8 is applied to annual periods beginning on or after 1 January 2009. The new standard requires more disclosures of segment information based on the internal reports regularly reviewed by the Company's Chief Operating Decision Maker in order to assess each segment's information in respect of its business and geographical segment. As the Company's liability and equity instruments are not traded in the open market, there will be no impact of this standard on financial statements of the Company.

#### ■ Amended IFRS 2 "Share-Based Payments"

Amendment to IFRS 2 is effective for annual periods beginning on or after 1 January 2009. Amendment to the Standard provides the definition of the terms "conditions of transfer of ownership rights" and "conditions of transfer of non-ownership rights". On the basis of the amendment to the Standard, failure to comply with the "conditions of transfer of ownership rights" shall be treated as cancelling of share-based payments. The Company does not have any share-based payment plans, therefore, amendment to IFRS 2 is not relevant to the Company's business operation.

#### ■ Amended IFRS 3 "Business Combinations"

Amendment to IFRS 3 is effective for annual periods beginning on or after 1 July 2009. The Standard's scope of application was amended and the description of the purpose was expanded. Revised IFRS 3 is not relevant to the Company's financial statements as the Company does not have any interests in subsidiaries that will be affected by the revisions to the Standard.

#### ■ Revised IAS 23 "Borrowing Cost"

IAS 23 Borrowing Cost removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised IAS 23 is applied to annual periods beginning on or after 1 January 2009. The Company will apply revised IAS 23 to qualifying assets from which capitalization of borrowing costs commences on or after 1 January 2009. Therefore, there will be no impact on prior periods in the Company's 2009 financial statements.

## Notes

### 3 Significant accounting policies (cont'd)

#### New IFRS standards and interpretations not yet adopted (cont'd)

■ IAS 32 "Financial Instruments: Presentation" and IAS 1 "Presentation of Financial Statements"

The amendments to the Standard allow to use an exception on classification principle generally used in IAS 32, i.e. certain offsetting financial instruments issued by entity, generally classified as liability, may (on certain circumstances) be classified as equity. Amendments to IAS 32 and IAS 1 are effective for annual periods beginning on or after 1 January 2009. It is not expected to have any impact on the Company's financial statements.

■ Amended IAS 39 "Financial Instruments: Recognition and Measurement"

The amended Standard clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. In designating a hedging relationship the risks or portions must be separately identifiable and reliably measurable; however inflation cannot be designated, except in limited circumstances. Amended IAS 39 is effective for annual periods beginning on or after 1 July 2009. The amendments to IAS 39 are not relevant to the Company's financial statements as the Company does not apply hedge accounting.

■ IFRIC 13 "Customer Loyalty Programmes"

Customer Loyalty programmes address the accounting of entities that operate in customer loyalty programmes for their customers. It relates to customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13 is effective for annual periods beginning on or after 1 July 2008. It is not expected to have a significant impact on the financial statements.

■ IFRIC 15 "Agreements for the Construction of Real Estate"

IFRIC 15 clarifies the recognition of revenue arising from agreements for the construction of real estate if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the interpretation provides guidance on how to determine whether an agreement is within the scope of IAS 11 or IAS 18. IFRIC 15 is effective for annual periods beginning on or after 1 January 2009. IFRIC 15 is not relevant to the Company's financial statements as the Company does not provide real estate construction services or develop real estate for sale.

■ IFRIC 17 "Distributions of Non-cash Assets to Owners"

The Interpretation applies to non-reciprocal distributions of non-cash assets to owners acting in their capacity as owners. In accordance with the Interpretation a liability to pay a dividend shall be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity and shall be measured at the fair value of the assets to be distributed. The carrying amount of the dividend payable shall be remeasured at each reporting date, with any changes in the carrying amount recognised in equity as adjustments to the amount of the distribution. When the dividend payable is settled the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the dividend payable shall be recognised in profit or loss.

IFRIC 17 is effective for annual periods beginning on or after 15 July 2009. As the Interpretation is applicable only from the date of application, it will not impact on the financial statements for periods prior to the date of adoption of the interpretation. Further, since it relates to future dividends that will be at the discretion of the board of directors/shareholders it is not possible to determine the effects of application in advance.

## Notes

### 3 Significant accounting policies (cont'd)

#### New IFRS standards and interpretations not yet adopted (cont'd)

- Further to those listed above, there were also amendments in IAS 27 "Consolidated and Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2009) and IFRIC 16 "Hedges of a Net Investment in a Foreign Operation" (effective for annual periods beginning on or after 1 October 2008), however, this standard and interpretation are not relevant to the Company's financial statements as the Company does not hold any investments in subsidiaries or foreign operations.



## Notes

### 4 Significant accounting estimates and judgements

Estimates and assumptions are continually reviewed and are based on historical experience and other factors, representing the current situation and reasonable expected future events.

The Company makes estimates and assumptions concerning future events, therefore accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed below.

#### *Market uncertainties*

The ongoing global liquidity crisis resulted in, among other things, a lower liquidity levels in economy, a lower level of capital market funding and lower liquidity. In addition to that, Lithuania has been experiencing economic downturn which has affected, and may continue to affect, the activities of enterprises operating in this environment. These financial statements reflect management's assessment of the impact of the Lithuanian and global business environment on the operations and the financial position of the Company. The future developments in business environment may differ from management's assessment.

#### *Impairment losses on non-current assets*

The carrying amounts of the Company's non-current assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit).

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable value.

As at 31 December 2008 a recoverable value of tangible non-current assets was estimated in accordance with the value in use until the end of useful lives less cost of sales at the end of the useful lives of the assets. Value in use of the assets has been estimated in accordance with the expected monetary inflows under the financial forecasts for the period 2009-2013 prepared by the management. Monetary inflows for the subsequent periods have been planned by applying 3% growth ratio which reflects an expected average pace of economic growth in the future. When forecasting the cash flows, it was expected that the Company's income from sales would increase to 32.3 million Litas in 2009, and in 2013 it would reach 46.5 million Litas. Gross profit would grow from 19% to 25%, and EBITDA margin would increase from 0% to 10% in 2013. Furthermore, based on the management's estimates, the fair value of the non-current real estate of the Company less cost of sales would not be lower than the book value of the assets. 12% discount rate has been applied when discounting the cash flows.

Based on these assumptions, the recoverable value of the tangible non-current assets exceeds the book value of those assets.

## Notes

### 4 Significant accounting estimates and judgements (cont'd)

#### *Impairment losses on receivables*

The Company reviews its receivables to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of receivables before the decrease can be identified with an individual receivable in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of debtors, national or local economic conditions that influence the group of the receivables.

The management evaluates probable cash flows from the debtors based on historical loss experience related to the debtors with a similar credit risk. Methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

## Notes

### 5 Financial risk management

The Company has exposure to the following risks:

- credit risk,
- liquidity risk,
- market risk,
- capital management.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these annual accounts.

The Board of Directors has responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

As at 31 December 2008, 88 per cent of all trade receivables of the Company are receivable from three purchasers. The Company controls credit risk by using credit conditions and procedures of market analysis.

Credit terms of purchasers are from 15 to 45 days. Not permanent clients are required to pay in advance.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. This allowance for impairment includes only specific loss, related to individually significant trade and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

in LTL	Carrying amount	
	2008	2007
Trade receivables	13,196	11,594
Other receivables	1,301	2,999
Cash and cash equivalents	449	281
<b>Total</b>	<b>14,946</b>	<b>14,874</b>

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region could be specified as follows:

in LTL	Carrying amount	
	2008	2007
Domestic	13,115	11,501
Euro-zone countries	81	93
<b>Total</b>	<b>13,196</b>	<b>11,594</b>

## Notes

### 5 Financial risk management (cont'd)

The maximum exposure to credit risk for trade receivables at the reporting date by debtor could be specified as follows:

	2008		2007	
	Amount receivable (In LTL)	Share, %	Amount receivable (In LTL)	Share, %
Major debtors:				
1. Purchaser 1	9,538	72.3	3,685	31.8
2. Purchaser 2	1,068	8.1	2,359	20.3
3. Purchaser 3	764	5.8	1,886	16.3
4. Purchaser 4	761	5.8	-	
5. Purchaser 5	740	5.6	-	
Other	325	2.4	3,664	31.6
<b>Total</b>	<b>13,196</b>	<b>100%</b>	<b>11,594</b>	<b>100%</b>

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

### Interest rate risk

The Company's borrowings are subject to variable interest rates related to LIBOR. As at 31 December 2008, the Company did not use any financial instruments to hedge its exposure to the cash flow risk related to debt instruments with variable interest rates or price risk related to debt instruments with fixed interest rates.

A change in average annual interest rate for the Company's borrowings by 1 percentage point would have increased the interest expenses and the result for the year ended 31 December 2008 would have decreased by approximately 91 thousand Litass.

## Notes

### 5 Financial risk management (cont'd)

#### Currency risk

The functional currency of the Company is Litas (LTL). The Company faces foreign currency risk on purchases and borrowings as well as on sales and amounts receivable that are denominated in currencies other than Litas and EUR. The risk related to transactions in EUR is considered to be insignificant as the Lithuanian Litas is pegged to EUR at a fixed rate. The Company does not have any material exposure to other foreign currencies as at 31 December 2007 and 31 December 2008.

The Company's exposure to foreign currency risk was as follows:

	2008		2007	
	EUR	LTL	EUR	LTL
Receivables	81	14,416	93	14,500
Cash and cash equivalents	57	392	41	240
Finance liabilities	(8,632)	-	(5,110)	-
Payables	(1,626)	(13,157)	(948)	(15,208)
<b>Total risk currency exchange rates of balance sheet</b>	<u>(10,120)</u>	<u>1,651</u>	<u>(5,924)</u>	<u>(468)</u>

The currency exchange risk was not considered in respect of income and expenses because most items are related to the functional currency – LTL or EUR.

#### Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board also seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the security afforded by a sound capital position.

There were no changes in the Company's approach to capital management during the year.

## Notes

### 6 Business and geographical segments

#### Business segments

thousand Litas	Alcohol drinks		Apple products		Not allocated		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Sales	32,558	31,818	4,176	14,130	719	617	37,453	46,565
Cost of sales	(25,585)	(24,443)	(4,036)	(10,012)	(434)	(396)	(30,055)	(34,851)
Gross profit	6,973	7,375	140	4,118	285	221	7,398	11,714
Operating expenses	-	-	-	-	(13,670)	(11,124)	(13,670)	(11,124)
Other operating income	-	-	-	-	598	533	598	533
Other operating expenses	-	-	-	-	(378)	(249)	(378)	(249)
Finance income	-	-	-	-	238	213	238	213
Finance expenses	-	-	-	-	(593)	(264)	(593)	(264)
Result before taxation	6,973	7,375	140	4,118	(13,520)	(10,670)	(6,407)	823
Tax for the year	-	-	-	-	107	(96)	107	(96)
<b>Net result</b>	<b>6,973</b>	<b>7,375</b>	<b>140</b>	<b>4,339</b>	<b>(13,413)</b>	<b>(10,987)</b>	<b>(6,300)</b>	<b>727</b>
Segment assets	29,247	26,596	12,501	18,198	15,065	16,277	56,813	61,071
Total liabilities	7,107	2,101	2,971	-	13,846	19,165	23,924	21,266
Acquisition of property, plant and equipment	215	569	47	19	170	221	432	809
Depreciation and amortisation	1,276	1,748	552	614	759	585	2,587	2,947

#### Geographical segments

thousand Litas	Sales		Total assets		Acquisitions of property, plant and equipment	
	2008	2007	2008	2007	2008	2007
Lithuania	34,574	36,726	56,813	61,071	432	809
Germany	1,272	6,615	-	-	-	-
Austria	-	1,362	-	-	-	-
Latvia	381	766	-	-	-	-
Estonia	939	518	-	-	-	-
Great Britain	79	62	-	-	-	-
Other countries	208	516	-	-	-	-
	<b>37,453</b>	<b>46,565</b>	<b>56,813</b>	<b>61,071</b>	<b>432</b>	<b>809</b>

## Notes

### 7 Other operating income and expenses

thousand Lit	2008	2007
Income from sale of current assets	444	207
Income from rent and provided services	140	117
Income from sale of property, plant and equipment	11	148
Other operating income	3	61
<b>Total other operating income</b>	<b>598</b>	<b>533</b>
Cost of sale of current assets	(346)	(170)
Cost of rent and provided services	(31)	(79)
Other operating expenses	(1)	-
<b>Total other operating expenses</b>	<b>(378)</b>	<b>(249)</b>

### 8 Sales expenses

thousand Lit	2008	2007
Advertising expenses	(2,962)	(3,672)
Personnel expenses	(762)	(884)
Distribution	(545)	(423)
Transportation	(471)	(547)
Other	(741)	(319)
	<b>(5,481)</b>	<b>(5,845)</b>

### 9 General and administrative expenses

thousand Lit	2008	2007
Personnel expenses	(1,160)	(1,403)
Repair and maintenance	(812)	(724)
Redundancy payments	(678)	(56)
Taxes	(670)	(1,419)
Depreciation and amortization	(322)	(339)
Security	(220)	(202)
Communications	(106)	(113)
Insurance expenses	(76)	(66)
Other payments to employees	(49)	(66)
Consulting expenses	(31)	(40)
Payments to banks	(14)	(16)
Support	(7)	(31)
Write-off of inventories to net realizable value	(2,767)	(86)
Other	(1,277)	(718)
	<b>(8,189)</b>	<b>(5,279)</b>

## Notes

### 9 General and administrative expenses (cont'd)

Tax expenses in 2008 significantly decreased due to decrease in costs of packaging materials, as the major part of production in 2008 was bottled into plastic PET bottles (costs of packaging materials in 2007 amounted to 1,179 thousand Litass).

In 2008, a number of employees of the Company was made redundant and compensations amounting to 137.6 thousand Litass were paid. Due to the increased excise duty on alcoholic drinks, the decrease in sales and production is planned and therefore further decrease in the number of employees is foreseen for 2009. The provision of 540 thousand Litass for redundancy payments was formed for this reason in 2008.

Due to the decrease in demand and low sales prices, the Company did not reach the planned amounts of saturated juice sales and therefore write-down to net realizable value as at 31 December 2008 amounted to 2,637 thousand Litass. Write-down of other inventories to net realizable value amounts to 130 thousand Litass.

### 10 Finance income and expenses

thousand Litass	2008	2007
Interest income	119	132
Delinquency charges	117	80
Other finance income	2	1
	<b>238</b>	<b>213</b>
Interest expenses for loans	(567)	(256)
Influence of foreign currency exchange	(2)	(3)
Other finance expenses	(24)	(5)
	<b>(593)</b>	<b>(264)</b>
	<b>(355)</b>	<b>(51)</b>

In 2008, the Company provided loans with the interest to related companies. During 2008, interest income amounted to 116.8 thousand Litass (during 2007: 127.3 thousand Litass). On August 2008, the bank renewed a loan agreement re extension of credit line limit of 2,500 thousand Litass with higher interest; therefore, more interest was calculated and paid to the bank: 567 thousand Litass (in 2007: 256 thousand Litass). Other interest expenses amounting 35 thousand Litass relate to factoring service.



## Notes

### 11 Corporate income tax expenses

thousand Litas	2008	2007
Current tax	-	-
Change in deferred tax	107	(96)
<b>Total income tax expenses</b>	<b>107</b>	<b>(96)</b>

The reconciliation of the effective tax rate is as follows:

thousand Litas	2008		2007	
Result before tax		(6,407)		823
Income tax using the effective tax rate	15,0%	(961)	18%	148
Other tax-exempt income	(0,4%)	(28)	(1,7%)	(14)
Non-allowable expenses	1,3%	83	5,5%	45
Current year losses for which DTA is not recognised	7,8%	506	42,6%	351
Recognition of previously unrecognised temporary differences	(0,7%)	(47)	(57,7%)	(475)
Impact of change of tax rate on temporary differences	5,3%	340	4,9%	41
<b>TOTAL</b>	<b>(28,3%)</b>	<b>(107)</b>	<b>11,6%</b>	<b>96</b>

### 12 Deferred tax

thousand Litas	2008		2007	
	Temporary differences	Deferred tax (20%)	Temporary differences	Deferred tax (15%)
Impairment for non current assets	322	64	332	50
Write down of inventories to net realizable value	3,741	748	1,671	251
Impairment for amounts receivable	876	175	876	131
Accrued expenses	262	52	298	45
Other provisions	540	108		
Transferred taxable loss	5,777	1,155	2,405	361
Not recognized deferred tax asset	-	(1,457)	-	(351)
Total deferred tax assets	-	845	-	487
Carrying amount of property, plant and equipment for which investment relief was used	(6,769)	(1,354)	(7,350)	(1,103)
Total deferred tax liability	-	(1,354)	-	(1,103)
<b>Deferred tax, net</b>	<b>-</b>	<b>(509)</b>	<b>-</b>	<b>(616)</b>

## Notes

### 12 Deferred tax (cont'd)

The current profit tax rate for the year ended 31 December 2008 is 15% (2007: 18%). According to the amended Lithuanian tax legislation, for the taxable periods starting from 1 January 2006 to 31 December 2007, companies' profits subject to corporate income tax were levied by additional social tax at a rate of 4% during 2006 and at a rate of 3% during 2007. The social tax is imposed in addition to the corporate income tax of 15%. Starting 1 January 2009 current profit tax rate is 20%.

As at 31 December 2008, the Company has 5,777 thousand Litass of taxable losses which could be carried forward.

The movement in deferred tax is as follows:

thousand Litass	2008	2007
Deferred tax asset (liability) at 1 January	(616)	(520)
Change in deferred tax	107	(96)
<b>Deferred tax liability at 31 December</b>	<b>(509)</b>	<b>(616)</b>

### 13 Current tax liabilities

thousand Litass	2008	2007
Income tax liability as at January 1	(0)	(0)
Income tax for the period	(0)	(0)
Income tax paid	(0)	(0)
<b>Corporate income tax liability as at 31 December, net</b>	<b>(0)</b>	<b>(0)</b>

### 14 Earnings per share

thousand Litass	2008	2007
Net profit for the year	(6,300)	727
Number of shares in the beginning of the year (thousand)	49,081	49,081
Number of shares at the end of the year (thousand)	49,081	49,081
Weighted average number of shares in issue (thousand)	49,081	49,081
<b>Basic earnings per share (Litass)</b>	<b>(0.13)</b>	<b>0.01</b>

The Company has no dilutive potential shares or convertibles. The diluted earnings per share are the same as the basic earnings per share.

## Notes

### 15 Non-current intangible assets

thousand Litas	Amount	
Acquisition cost as at 1 January 2007	418	
Additions during the year	2	
Disposals during the year	-	
Acquisition cost as at 31 December 2007	420	
Additions during the year	13	
Disposals during the year	-	
Acquisition cost as at 31 December 2008	433	
Amortisation as at 1 January 2007	365	
Amortisation for the year	33	
Amortisation of disposed assets	-	
Amortisation as at 31 December 2007	398	
Amortisation for the year	23	
Amortisation of disposed assets	-	
Amortisation as at 31 December 2008	421	
<b>Net book value as at 31 December 2008</b>	<b>12</b>	
<b>Net book value as at 31 December 2007</b>	<b>22</b>	
Period of amortisation (in years)	1 - 4	
Amortisation during the year:		
thousand Litas	2008	2007
General and administrative expenses	23	33
Cost of sales	-	-
<b>Total</b>	<b>23</b>	<b>33</b>

## Notes

### 16 Property, plant and equipment

thousand Lit	Buildings and plant	Transport vehicles, equipment and tools	Other property, plant and equipment	Construction in progress and prepayments	Total
Acquisition cost as at 1 January 2007	29,327	46,659	7,990	1,386	85,362
Additions	-	-	788	19	807
Disposals	(200)	(1,003)	(994)	(1,355)	(3,552)
Transfers	-	772	(765)	(7)	-
Acquisition cost as at 31 December 2007	29,127	46,428	7,019	43	82,617
Additions	-	-	396	23	419
Disposals	(28)	(273)	(81)	-	(382)
Transfers	-	360	(337)	(23)	-
31 December 2008	29,099	46,515	6,997	43	82,654
Depreciation and value adjustments as at 1 January 2007	10,456	38,643	6,504	1,383	56,986
During the year	516	1,944	454	-	2,914
From disposals	(98)	(532)	(126)	-	(756)
Change in impairment	-	(454)	(865)	(1,353)	(2,672)
Depreciation and value adjustments as at 31 December 2007	10,874	39,601	5,967	30	56,472
During the year	505	1,703	356	-	2,564
From disposals	(28)	(272)	(72)	-	(372)
Change in impairment	-	(1)	(9)	-	(10)
Depreciation and value adjustments as at 31 December 2008	11,350	41,031	6,242	30	58,654
Book value as at 31 December 2008	17,748	5,484	755	13	24,000
Book value as at 31 December 2007	18,253	6,827	1,052	13	26,145

## Notes

### 16 Property, plant and equipment (cont'd)

The depreciation was distributed as follows:  
 thousand Litas

	2008	2007
Cost of sales	2,227	2,557
Sales expenses	49	50
General and administrative expenses	288	307
<b>Total</b>	<b>2,564</b>	<b>2,914</b>

As at 31 December 2008, property, plant and equipment with a book value of 20,744 thousand Litas (22,309 thousand Litas as at 31 December 2007) is pledged to secure a bank loan. The book value of insured property, plant and equipment as at 31 December 2008 was 20,813 thousand . Value of property insured from all risks could be specified as follows: buildings for value of 76,349 thousand Litas, production equipment for value of 45,249 thousand Litas and inventories for value of 13,000 thousand Litas.

### 17 Inventories

	2008	2007
thousand Litas		
Saturated apple juice	11,481	13,725
Production in progress	4,903	3,103
Finished goods	2,891	1,419
Packaging materials	1,415	2,121
Raw materials	632	955
Auxiliary materials	218	330
Goods for resale and other goods	55	48
	21,595	21,701
Less write-down to net realizable value	(3,740)	(1,671)
	<b>17,855</b>	<b>20,030</b>
Write-down in the beginning of the year	(1,671)	(1,715)
During the year	(2,767)	(85)
Reversal of impairment	698	129
Write-down in the end of the year	(3,740)	(1,671)

The decrease in inventories was influenced by the balance of saturated apple juice. Due to the unfavourable price policy in the market, the Company did not conclude sales agreements with the purchasers and did not reach the planned amounts of saturated juice sales. Therefore the Company has recorded an impairment for saturated juice sales to net realizable value amounting to 2,637 thousand Litas as at 31 December 2008. The Company is negotiating with the purchasers on sales of saturated juice and cider semimanufactures for 2009. The Company insured inventories of 13,000 thousand Litas against fire, natural forces and other damages. The Company has also pledged inventories to the bank of 6,559 thousand Litas.

## Notes

### 18 Trade receivables

thousand Litas	2008	2007
Alita Group amounts	9,538	1,886
Trade receivables for production	3,680	9,622
Receivable for heating (discussed below)	854	962
	<u>14,072</u>	<u>12,470</u>
Less impairment	(876)	(876)
	<u><b>13,196</b></u>	<u><b>11,594</b></u>
Impairment in the beginning of the year	(876)	(1 721)
Reversal of impairment due to write-down of receivable	-	845
Impairment in the end of the year	(876)	(876)

The Company has receivable amount of 854 thousand Litas for heating from UAB Anykščių Šiluma. During 2008, UAB Anykščių Šiluma paid 225.1 thousand Litas, including 117.5 thousand Litas of delayed interest charges, 107.6 thousand Litas for produced heating. In 2007, 80 thousand Litas of delayed interest charges were paid. The impairment loss of 744 thousand Litas was recorded for UAB Anykščių Šiluma due to expected slow repayment of the debt; however, in 2008 the Company provided the payment schedule and committed to pay entire debt during 2009-2010.

### 19 Other amounts receivable

thousand Litas	2008	2007
Alita Group loans	797	2,880
Prepayments	463	76
Other current assets	41	43
	<u><b>1,301</b></u>	<u><b>2,999</b></u>

The Company has issued loans of 797 thousand Litas to Alita Group companies. The loans carry annual interest rate of 6%; the maturity term of the loans was 31 December 2008.

## Notes

### 20 Cash and cash equivalents

thousand Litas	2008	2007
Cash at bank	437	268
Cash in hand	12	13
	<b>449</b>	<b>281</b>

As at 31 December 2008, cash balances, amounting to 422.0 thousand Litas, as well as inflows into the main accounts of the bank were pledged to secure repayment of the loans provided by the bank.

### 21 Capital and reserves

Share capital consists of 49,080,535 ordinary shares with a nominal value of 1 Litus each. Major part of the shares – 46,577,570 (94.90%) shares – is owned by the parent company AB Alita, the remaining part – 2,502,965 (5.10%) of the shares – is owned by minor shareholders.

The holders of the ordinary shares are entitled to one vote per share in the meeting of the Company and are entitled to receive dividends as declared from time to time and to capital repayment in case of decrease of the capital. During 2008 number and nominal value of shares has not changed.

### 22 Loans and finance lease liabilities

thousand Litas	2008	2007
Short-term credit line	8,632	5,110
Current portion of long-term loan	-	-
<b>Total current liabilities</b>	<b>8,632</b>	<b>5,110</b>

The terms and conditions of outstanding credit facilities were as follows:

thousand EUR	Currency	Nominal interest rate	Year of maturity	2008		2007	
				Limit	Used balance	Limit	Used balance
Credit line	EUR	LIBOR + 2.5%	2009	8,632	8,632	8,632	5,110
				<b>8,632</b>	<b>8,632</b>	<b>8,632</b>	<b>5,110</b>

AB Anykščių Vynas has a credit line up to 8,632 thousand Litus (2,500 thousand EUR) with the bank. 8,632 thousand Litus were used as at 31 December 2008. The average annual variable interest rate in 2008 was 6.136%. To secure the repayment of this loan, the Company pledged non-current assets with a book value of 20,744 thousand Litus as at 31 December 2008 as well as inventories amounting to 6,559 thousand Litus, all current and future funds in the main accounts of the bank and current and future rent of 6,7521 ha land plot rights. The Company insured its non-current assets with a book value of 20,813 thousand Litus as at 31 December 2008.

## Notes

### 23 Other liabilities and accrued expenses

thousand Litas	2008	2007
Excise duty payable	4,093	6,957
Value added tax payable	1,334	2,882
Provisions for redundancy payments*	540	-
Salaries	265	197
Accrued vacation reserve	262	298
Social insurance	167	124
Income tax from the salaries	17	37
Other liabilities	2,065	1,393
	<b>8,743</b>	<b>11,888</b>

\* In 2008, a number of employees of the Company was made redundant and compensations amounting to 137.6 thousand Litas were paid. Due to the increased excise duty on alcoholic drinks, the decrease in sales and production is planned and therefore further decrease in the number of employees is foreseen for 2009. The provision of 540 thousand Litas for redundancy payments was formed for this reason in 2008.

### 24 Personnel expenses

thousand Litas	2008	2007
Cost of sales	4,204	3,387
Sales expenses	762	884
General and administrative expenses	1,160	1,403
<b>Total</b>	<b>6,126</b>	<b>5,674</b>

As at 31 December 2008, the Company had 248 employees (in 2007: 258 employees). Personnel expenses include salaries amounting to 132 thousand Litas paid to the management (in 2007: 155 thousand Litas).



## Notes

### 25 Related party transactions

During the year the Company had transactions with the following related parties:

- AB Alita – the parent company,
- UAB Alita Distribution – the company controlled by AB Alita,
- UAB Vilkmėrgės Alus – the company controlled by UAB Alita Distribution.

Transactions during the year and balances outstanding at the end of the year with the above mentioned companies are summarised below:

thousand Litas	2008	2007
<b>Transactions with related parties</b>		
Sales to related companies	22,220	1,711
Purchases from related companies	425	2,039
<b>Amounts receivable from related parties</b>		
Trade receivable from related parties	9,538	1,886
Loans receivable from related parties	797	2,880
<b>Amounts payable to related parties</b>		
Trade payable to related parties	-	377

### 26 Off-balance sheet items

In accordance with the National Allocation Plan for 2008-2012, AB Anykščių Vynas has been provided with 14,934 CO2 emission allowances (2,986 per year) for the system *boiler house, oilcake dryer*.

The Company rents 1 land plot from the State. The annual rent fee in 2008 amounted to 20.6 thousand Litas. The environmental obligations (cleaning, restoration, etc.) are incumbent on the rented state land. No provision is included in the financial statements as at 31 December 2008 as the management was not able to estimate timing and amount of such works.

AB Anykščių Vynas issued a guarantee for AB Alita to the bank for the credits amounting to 45,000 thousand Litas and 25,772 thousand EUR as well as for guarantee limit of 3,600 thousand EUR.

### 27 Legal claims

The Company is not involved in any litigation where it acts as a defendant.

### 28 Subsequent events

No significant events occurred after the balance sheet date, which would require adjustments to these financial statements.

### 29 Financial instruments

#### *Fair value of financial instruments*

The management of the Company is of the opinion that book values of trade and other receivables, trade and other payables as well as borrowings approximate their fair value.

Carrying amount of trade amounts receivable, other financial property, amounts payable and short-term credit lines approximate their fair value.

## **Annual report for the year ended 31 December 2008**

### **I. THE GENERAL INFORMATION ABOUT THE ISSUER**

#### **1.1. The reporting cycle for which the annual report was prepared.**

The annual report was prepared for the year 2008.

#### **1.2. The main contact data of the JSC Anykščių Vynas.**

The name of the Issuer:	Anykščių Vynas
The legal company or form:	the Joint Stock Company, the juridical person
The registration date and place:	November 21, 1990, the Company of the State Land Cadastre and Register (Vilnius)
The re-registration date and place:	July 28, 2004, the Utena Branch of the State Company Register Center
The register number:	B1 97-340
The company code:	2541 11650
The address of the residence:	Dariaus ir Girėno str. 8, Anykščiai, LT-29131
Telephone number:	(8-381) 50233
Fax. number:	(8-381) 50350
E-mail address:	<a href="mailto:info@anvynas.lt">info@anvynas.lt</a>
Website:	<a href="http://www.anvynas.lt">www.anvynas.lt</a>

The Company Anykščių Vynas has no branches and representative offices and no subsidiaries.

#### **1.3. The main activities of the Issuer.**

The principal activities are the production of the alcoholic drinks and concentrated juice and their sale.

#### **1.4. The information about the contracts with the agents of the securities of the public circulation.**

On July 29, 2004 the JSC Anykščių Vynas and the JS bank Hansabankas signed a contract on the accounting of the Company issued securities and accounting of the personal securities. The JS bank Hansabankas is in Savanorių ave. 19, 03502 Vilnius, telephone: (8-5) 268 4485, telefax: (8-5) 268 4170.

#### **1.5. The information about the sale of the Issuer's securities.**

The ordinary registered shares, issued in July 3, 1995 by the JSC Anykščių Vynas, were enlisted in the JSC NASDAQ OMX Vilnius Supplementary sale list. At present there are 49,080,535 ordinary registered shares of the JSC Anykščių Vynas. The total nominal value of the shares is 49,080,535 Lit. The ISIN Code of these securities is LT0000112773 (the clipping is ANK 1L).

The sale history of the securities in 2006-2008 and the price of the shares and the diagram of the turnover:

Index	2006	2007	2008
The opening price, Lt	0.88	1.16	1.12
The biggest price, Lt	1.27	1.65	1.17
The lowest price, Lt	0.60	0.98	0.20
The final price, Lt	1.27	1.07	0.24
The turnover in units	1,567,121	2,229,700	227,417
The turnover in million of Lt	1.43	2.91	0.15
The capitalization in million of Lt	62.33	52.52	11.78



The diagram of the comparable indices of the daily usage goods and services of the JSC Anykščių Vynas, the JSC NASDAQ OMX Vilnius and the OMX Baltic:

### Baltic market indexes



The diagram data

Index/Shares	25.02.2006	25.02.2009	+/-%
—OMX Vilnius	391,79	160,35	-59,07
—OMX Baltic Consumer Staples GI	476,34	179,76	-62,26
—ANK1L	0,80 LTL	0,30 LTL	-62,50

Note: The diagram data is from the website of the JSC NASDAQ OMX Vilnius.

### 1.6. The trade in the other markets.

### 1.7. The trade in the other organized markets.

### 1.8. The trade in Issuer's securities outside the Stock Exchange.

The data about the outside Stock Exchange transactions of the JSC Anykščių Vynas ordinary registered shares is given in the table below:

The year and the quarter	The price in LTL		The total turnover of the quarter, in units	
	Max.	Min.	When settling in cash	When settling not in cash
2007 I	-	-	-	-
2007 II	-	-	-	-
2007 III	-	-	-	-
2007 IV	-	-	-	2,961
2008 I	-	-	-	-
2008 II	-	-	-	-
2008 III	-	-	-	32,427
2008 IV	-	-	-	-

### 1.9. The capitalization of the securities.

The reporting period*	Capitalization, Lt
The 1st quarter of 2008	44,663,286.85
The 2nd quarter of 2008	33,865,596.15
The 3rd quarter of 2008	33,865,596.15
The 4th quarter of 2008	11,779,328.40

\*the listing in the Stock Exchange lists at the last day of the reporting period and at the end of each quarter of the reporting cycle.

### 1.10. The information about the procurement of the Issuer's own shares.

There were no such cases.

### 1.11. The notification of the overture.

In 2008 there were no overtures of the third parties to buy the ordinary registered shares of the JSC Anykščių Vynas. The JSC Anykščių Vynas did not notify any overtures to buy the securities of the other issuers.

### 1.12. The agents of the Issuer.

None.

## 2. OTHER INFORMATION ABOUT THE ISSUER

### 2.1. The authorized capital of the Issuer

The authorized capital, registered in the Register of Legal Entities, is 49,080,535 LTL.

The structure of the JSC Anykščių Vynas authorized capital according to the types of shares:

The type of the shares	The number of the shares	The nominal value (Lt)	The total nominal value Lt	The share in the authorized capital (%)
The ordinary registered shares	49,080,535	1	49,080,535	100.00
<b>Total:</b>	<b>49,080,535</b>	<b>-</b>	<b>49,080,535</b>	<b>100.00</b>

All the Company shares are fully paid-up. Each fully paid-up share gives its owner one vote in the General Meeting.

The shareholders' rights are fixed by the Company Law of the Republic of Lithuania and by other laws and normative acts.

**2.2. The information about the intended increase of the authorized capital by converting or changing the issued debt IOU and derivative securities into the shares.**

None.

**2.3. The information about the limitation of the securities transfers.**

None.

**2.4. The shareholders.**

On December 31, 2008 there were 404 shareholders in the JSC Anykščių Vynas.

The shareholders, who own and administer more than 5% of the Issuer's authorized capital, are:

Shareholder's name, surname, (Company name, type, address of the residence, Company Register Code)	Available number of ordinary registered shares, units		Available part of the authorized capital and votes (%)		
	Total	Including the shares owned by a shareholder	Total	Including the ordinary registered shares owned by a shareholder and having votes	Together with a group of the acting persons (%)
AB Alita Miškininkų 17, LT-62200 Alytus, 1495 19891	46,577,570	46,577,570	94.9	94.9	-

**2.5. The information about the shareholders who have special controlling rights.**

None.

**2.6. The information about the limitation of the voting rights and shareholders' agreements.**

None.

**2.7. The main features of the securities launched into the public circulation**

49,080,535 ordinary registered shares are launched into the public circulation. The total nominal value of the issued shares is 49,080,535 Lt.

**2.8. The information about the registered and distributed shares for the closed circulation.**

None.

**2.9. The information about the depository notes issued on the ground of the shares.**

None.

**2.10. The main features of the debt securities launched into the public securities circulation.**

None.

**2.11. The data on the registered and distributed debt securities for the closed circulation.**

None.

**2.12. The securities that do not mark their presence in the authorized capital but their circulation is regulated by the Law of the public circulation of the securities, except the debt securities.**

There are no such securities.

**3. THE LEGAL BASIS OF THE ISSUER'S ACTIVITIES**

- The Constitution of the Republic of Lithuania;
- The Law on Joint-Stock Companies;
- The Law on Securities Market;
- The other laws and standard acts of the Government of the Republic of Lithuania;
- The Company Regulations.

The change order of the Company Regulations: The change of the Company Regulations is carried out by accepting the resolution by 2/3 votes of the majority in the General Meeting that is fixed in written form and all the replaced regulation text is registered in the Register of the Legal Entities. The person, authorized by the Meeting, signs the Regulations.

**4. THE ISSUER'S MANAGEMENT BODIES**

The Management Bodies are the General Meeting, Board and the Company Manager.

**4.1. The members of the Management Bodies.**

*The position, names and surnames, data about the participation in the Issuer's authorized capital (the available part of the authorized capital and the part of the votes in %):*

No.	Position (JSC Anykščių Vynas)	Name, surname	The number of shares	The share of the authorized capital in hand (%)
<b>The BOARD since 25 04 2008</b>				
1	Chairman – does not work in the Company	Vytautas Junevičius	-	-
2	Member – does not work in the Company	Vilmantas Pečiūra	-	-
3	Member – does not work in the Company	Arvydas-Jonas Stankevičius	-	-
4	Member – does not work in the Company	Darius Vėželis	-	-
<b>ADMINISTRATION since 16 06 2008</b>				
1	Director	Violeta Labutienė	-	-
2	Chief Accountant	Audronė Zemlevičienė	-	-

ADMINISTRATION 23 05 2008 – 16 06 2008				
1	Production Manager, substituting the Director	Vidas Lagūnas	-	-
2	Chief Accountant	Audronė Zemlevičienė	-	-
ADMINISTRATION 10 02 2006 – 23 05 2008				
1	Director	Marius Gudauskas	-	-
2	Chief Accountant	Audronė Zemlevičienė	-	-

**4.2. The additional data about the Chairman of the Board and the Finance Director is: education, profession, the workplaces during the last 10 financial years and positions:**

**Vytautas Junevičius**, the Chairman of the Board of the JSC Anykščių Vynas since 08 07 2004; the General Director of the JSC Alita, higher education, engineer-economist, a specialist of the international relations. Since 1994 he is the General Director of the JSC Alita.

**Violeta Labutienė**, the Director of the JSC Anykščių Vynas since 16 06 2008.

The workplaces during the last 10 years: 1997-2008 – the chief economist, the Manager of the economic department, Director of the JSC Anykščių Vynas. She has a higher education of the economist.

**Audronė Zemlevičienė**, the Chief Accountant of the JSC Anykščių Vynas since 19 05 2005, for the last 10 years she works in the Company as the Accountant, the Deputy Chief Accountant, the Chief Accountant. She has a higher education of the economist.

**4.3. The data about the participation in the activities of the other companies, institutions and organizations (the names of the companies, institutions, organizations and positions) and in the capital (the names of the companies, institutions or organizations, the available part of the capital, the part of the votes in %):**

**Vytautas Junevičius** – the Chairman of the Board, has 41.89% of the JSC Alita ordinary registered shares, and he is the Chairman of the Board and the General Director of the JSC Alita. He is a member of JSC Šiaulių Bankas Board. He has 5.6% of the shares of the PJSC Šiaulių Banko Investicijų Valdymas, 50% of the shares of the PJSC Anuva.

**Arvydas –Jonas Stankevičius**, a Member of the Board, he is the Production Director and a Member of the Board of the JSC Alita. He has 16.75% of the ordinary registered shares of the JSC Alita, he has 40% of the shares of the PJSC Lieda and 40% of the ordinary registered shares of the PJSC Alytaus Vaistinė;

**Vilmantas Pečiūra** – a Member of the Board, the Finance and Administration Director, he has 12.57% of the ordinary registered shares of the JSC Alita. He is the Chairman of the Board of the JSC Beogradska Industrija Piva.

**Darius Vėželis** – a Member of the Board, the Marketing and Sale Director, he has 12.57% of the ordinary registered shares of the JSC Alita. He is a Member of the Board of the JSC Beogradska Industrija Piva.

**Violeta Labutienė** – the Director of the JSC Anykščių Vynas, she does not take part in the activity and capital of the other companies.

**Audronė Zemlevičienė** – the Chief Accountant of the JSC Anykščių Vynas, she does not take part in the activity and capital of the other companies.

**4.4. The data about the non-extinct conviction for the crime to the ownership, the order of the farming, finance of the members of the Management Bodies.**

None.



4.5. The end of the cadence of the members of the Board is April 25, 2012.

4.6. The information about all the important agreements among the Issuer, Issuer's Managers, employees and the other persons.

None.

**5. THE INFORMATION ABOUT THE PAYOFFS AND LOANS TO THE MEMBERS OF THE MANAGEMENT BODIES** (the members of the Supervisory Board, the Board of Directors, the Administration (the Administration Manager, his deputies, the Chief Financier):

5.1. The information about the size of the Issuer's paid out salaries, bonuses and the other payoffs from the profit, falling to one person (according to the categories of the above mentioned persons) during the reporting period:

2008	Salary, Lt	Bonuses, Lt	The other payoffs from the profit, Lt
The average to one member of the Board	-	-	-
Total to all the members of the Board	-	-	-
The average to one member of the Administration	39,684	-	-
Total to all the members of the Administration	277,788	-	-

The amount, related to the work relations, calculated for the Management during 2008, is 277,788 LTL, including 132,088 LTL paid to the members of the management bodies (Director and Chief Accountant). The average payoff to one person during the year:

- Salary – 56,867 LTL;
- For the vacations – 9,177 LTL

From the profit:

- Extra 0 LTL;
- Premium 0 LTL;
- Bonus 0 LTL.

5.2. The Issuer's paid off salaries, bonuses and the other payoffs from the profit sums to the members of the Supervisory Board, the Board of the Directors (to each category of the above mentioned persons) received from the companies where the Issuer's part in the authorized capital is more than 20%:

None.

5.3. The allocated loans, given guarantees and vouchers to the members of the Management Bodies by which the fulfilment of their obligations was secured during the reporting cycle.

None.

5.4. Transactions with the related parties:

None.

## **6. THE BOARD'S ACTIVITIES**

In 2008, the Board of the JSC Anykščių Vynas consisted of the same members as the Board of the JSC Alita. The specialists are of the high qualifications who participated not only in the management of the JSC Alita group of the companies, but also worked in the group of the companies directly or indirectly. In 2008, the Board performed a lot of work, it called the meetings where important issues were solved – the increase of the work effectiveness and increase of sales, called the General Meeting, discussed receiving of credits, performed analysis of the results of the activities, discussed the salary of the Director and the other issues. The Board, as a collegial body, qualifies its work positively and the work of each member of the Board was rated well. All the work in the Company is fulfilled appropriately and this ensures production and technical stability.

## **7. THE DATA ABOUT THE OPENLY PUBLISHED INFORMATION**

During the last 12 months, the Company, meeting the regulating law acts of the securities market, published the following information openly in the Vilnius Stock Exchange (at present the JSC NASDAQ OMX Vilnius) information disclosure and distribution system and in the JSC Anykščių Vynas website [www.anyvynas.lt](http://www.anyvynas.lt):

### **15 02 2008.** The un-audited results of the year 2007

In 2007, the JSC Anykščių Vynas sales income, in comparison with 2006, increased by 38% and amounted to 46,565 thousand of LTL (13,486 thousand of EURO). The Company generated 727.4 thousand of LTL (210.7 thousand of EURO) of the un-audited net profit. In 2006, the Company generated 2,118 thousand of LTL (613.4 thousand of EURO) of the net profit.

In 2007, the Company planned to receive 40 million of LTL (11.6 million of EURO) of the sale income and 1.0 million of LTL (0.3 million of EURO) of the profit.

During the reporting year, all the wholesalers of the JSC Anykščių Vynas bought more production. We did not reach the planned net profit because of the increase in production cost, the increase in prices of the raw material and the other materials; because of the increase in planned sale volume of the concentrated apple juice; because of the investments into the renewal and promotion of such trade marks as the vodka Ledo, brandy Forum, a kind of brandy Bobelinė; because of the significant increase of the tax on the glass packing launched into the local market – it amounted to 937 thousand of LTL (271.4 thousand of EURO) in comparison with the year 2006; because of the deferred profit tax of 96 thousand of LTL (27.8 thousand of EUR) negative influence on the net profit.

### **20 03 2008.** The General Meeting is held

On the Board's own initiative and resolution the JSC Anykščių Vynas General Meeting is called on April 25, 2008 at 12 o'clock that will be held in the Company hall (Dariaus ir Girėno str. 8, Anykščiai. The data about the Company is kept and stored in the Register of Legal Entities, the VAT payer's code: LT541116515). The registration begins at 11 a.m. The shareholders must have an identification document, the representatives must have an identification document and a letter of the authorization approved according to the law. The accounting day of the General Meeting is April 18, 2008. The shareholders can have a look at the Company papers related to the agenda of the General Meeting and meeting resolution drafts in the Company headquarters from April 15, 2008.

### Agenda of the General Meeting

1. The annual report of the year 2007.
2. The auditor's report.
3. The approval of the Company's financial statement of 2007.
4. The approval of the distribution of profit (loss) for the financial year 2007.
5. The election of the members of the Board.

**14 04 2008.** The Board of the JSC Anykščių Vynas presents at the General Meeting the following resolution drafts on April 25, 2008:

1. The annual report of the year 2007 (The resolution on this item is not accepted).
2. The auditor's report (It was heard).
3. To approve the Company's financial statement of 2007.
4. To approve the draft of the distribution of the profit (loss) for the financial year 2007:

	The amount in thousands of LTL
The profit (loss) brought forward in the beginning of the reporting financial year	(10,619)
The net profit (loss) for the reporting financial year	727
The profit (loss) available for the distribution	(9,892)
The profit (loss) brought forward at the end of the reporting financial year transferred to the other financial year.	(9,892)

5. To elect Vytautas Junevičius – the JSC Alita General Director, Vilmantas Pečiūra – the JSC Alita Finance and Administration Director, Arvydas Jonas Stankevičius – the JSC Alita Production Director, Darius Vėželis – the JSC Alita Marketing and Sale Director as the Company Board members for the new term.

**25 04 2008.** The resolutions of the General Meeting.

On April 25, 2008 the JSC Anykščių Vynas General Meeting took place and passed these resolutions:

1. The annual report of 2007. (The resolution on this item is not accepted).
2. The auditor's report. (It was heard.)
3. To approve the company's financial statement of 2007.
4. To approve the profit (loss) appropriation for 2007:

	Amount
The profit (loss) brought forward in the beginning of the reporting financial year	(10,619 thousand of LTL; 3,075.5 thousand of EURO)
The net profit (loss) of the reporting financial year	727 thousand of LTL; 210.6 thousand of EURO
The total distributable profit (loss)	(9,892 thousand of LTL; 2,864.9 thousand of EURO)
The profit (loss) brought forward at the end of the reporting financial year is transferred to the other financial year	(9,892 thousand of LTL; 2,864.9 thousand of EURO)

5. To elect Vytautas Junevičius – the JSC Alita General Director, Vilmantas Pečiūra – the JSC Alita Finance and Administration Director, Arvydas Jonas Stankevičius – the JSC Alita Production Director, Darius Vėželis – the JSC Alita Marketing and Sale Director as the Company Board members for the new term.

**06 05 2008.** On May 6, 2008 the meeting of the JSC Anykščių Vynas was held and Vytautas Junevičius was elected as the Board Chairman.

**22 05 2008.** On May 23, 2008 the JSC Anykščių Vynas Board dismisses Marius Gudauskas from the position of the Director of the JSC Anykščių Vynas and appoints Vidas Lagūnas as the Substituting Director.

**23 05 2008.** In the first quarter of 2008, the JSC Anykščių Vynas sustained the pre-tax loss of 783 thousand of LTL (227 thousand of EURO). The sale decreased by 24.6% or 2,536 thousand of LTL (734 thousand of EURO), in comparison with the first quarter of the last year, because of the decreased sale of the concentrated apple juice amounting to 1,850 thousand of LTL (536 thousand of EURO) and the decreased sale of cider and vodka. Last year in the same period the Company gained 42 thousand of LTL (12 thousand of EURO) of the pre-tax profit.

**09 06 2008.** By the decision of the JSC Anykščių Vynas Board, Violeta Labutienė, the Chief of the Economics Department, is appointed as the Director of the JSC Anykščių Vynas since June 16, 2008.

**27 08 2008.** The first half-year results of 2008

During the first half year of 2008, the JSC Anykščių Vynas sustained the pre-tax loss of 1,017 thousand of LTL (294.5 thousand of EURO). The sale decreased by 15.1% or 3,294 thousand of LTL (954 thousand of EURO), in comparison with the first half-year of the last year, because of the decreased sale of the concentrated apple juice amounting to 2,920 thousand of LTL (846 thousand of EURO) and the decreased sale of the carbonized wine drinks and vodka. Last year in the same period the Company gained 399 thousand of LTL (115.6 thousand of EURO) of the pre-tax profit.

**07 10 2008.** The results of nine months of 2008 and the revision of the year forecast

During nine months of 2008, the JSC Anykščių Vynas sustained the unaudited pre-tax loss of 1,787 thousand of LTL (517.6 thousand of EURO). It was determined by the general situation in country market and by the decreased Company sale because of 20% of the increased excise for alcoholic drinks. The Company sale of nine months of this year was 27,823 thousand of LTL (8,058 thousand of EURO). It is less by 16.1% or 5,329 thousand of LTL (1,543.4 thousand of EURO), in comparison with the same period of the last year.

In the same period of the last year, the Company gained 1,308 thousand of LTL (378.8 thousand of EURO) of the pre-tax profit.

Taking into consideration the decreased demand for the alcoholic drinks and the low prices of the concentrated apple juice because of the poor demand, we revise the forecasts of the results of 2008. We are planning that at the end of the year the sales will amount to 39 million of LTL (11.3 million of EURO), the loss will amount to 3 million of LTL (0.9 million of EURO).

**19 12 2008.** The revision of the activity results of 2008

The JSC Anykščių Vynas changes the forecast of the activity results of 2008. The reported loss of 3 million of LTL (0.9 million of EURO) is increasing and we are planning that at the end of the year we shall sustain the pre-tax loss of 6.2 million of LTL (1.8 million of EURO).

Such result is under the influence of:

- the general situation in the country market and the decrease in Company sale because of 20% of the increased excise for the alcoholic drinks;
- the decrease in demand and the low sale-price of the concentrated apple juice;
- as the excise for the alcoholic drinks grows in 2009 we foresee the decrease of the sale plans and as a result we are planning the redundancy payments for the cut number of the workers.

**06 01 2009.** The JSC Anykščių Vynas shortens the working time

When in 2009 the alcoholic drink excise tax was raised 10-20% once more, the JSC Anykščių Vynas shortened the working time to four working days a week because of the fast decrease in sale.

After the increase in excise tax, the JSC Anykščių Vynas is forced to increase the production prices once more and this, in its turn, rebound on the sale. There is no doubt that the people, who would not be able to buy legal qualitative drinks, will try to find them in the black market.

As the sale decreases, the working time of four days a week in the Company, with 240 working people, can last for a non-predictive period.

**19 01 2009.** The decision of the JSC Anykščių Vynas Board

On January 19, 2009 the JSC Anykščių Vynas Board analysed the situation in the Company, formed due to the increased alcoholic drink excise tax and quickly dropping sale. The main directions were foreseen to improve the Company activity.

The Board decided to optimize the production by reducing the production range, to revise the Company management structure and to cut the number of the Company workers by 20-25%.

**25 02 2009.** The activity results in 2008

All the sale income of the JSC Anykščių Vynas amounted to 37,453 thousand of LTL (10,847 thousand of EURO) and the interim activity result before taxes was the loss of 6,407 thousand of LTL (1,855.6 thousand of EURO). It was determined by the general situation in the country market and the decreased sale because of 20% of the increased excise for the alcoholic drinks in the beginning of 2008. In comparison with 2007, the sale income decreased by 19.6% or 9,112 thousand of LTL. In 2007, the activity result before taxes was the profit of 823.4 thousand of LTL (238.5 thousand of EURO).

You can get the reported regulated information for the introduction in the Company or in website of the Vilnius Stock Exchange: [www.nasdaqomx.com/vilnius](http://www.nasdaqomx.com/vilnius).

## **8. BELONGING TO THE ASSOCIATED ORGANIZATIONS**

1. The association Lithuanian Food Industry. It is a voluntary association of legal persons – companies of food industry, acting in accordance with the fixed demands of the association members. It represents the interests of the members in different institutions and it is not a profit-making organization.
2. The Lithuanian Industrial Confederation. It is an apolitical, public organization, independent of the state, that represents and defends the interests of the LIC members in the governmental, social and international organizations, strengthen the economy of Lithuania and so on.

The Company does not take part in the capital of the above mentioned structures but it is a member and pays the membership fees.

## **9. THE SHORT ISSUER'S PROFILE**

The Joint-Stock Company Anykščių Vynas was founded in 1926 – it is the oldest company in the East Baltic region which began to produce wine in the industrial way. The founder is a certificated agronomist Balys Karazija.

Constantly expanding shops, buying more modern equipment, soon B. Karazija became the first Lithuanian widely established winemaker. Already in 1938 he was also accepted internationally. In 1938 the wine Birutė won the main prize and two kinds of wine won the gold medals in the international exhibition in Paris.

In 1940 the winery of B. Karazija was nationalized. In the postwar time there was a lack of raw material, new equipment, technology. Only in the 70-ties, approximately after ten years of reconstruction, the winery came to life again. In 1968 the Anykščių Vynas was awarded a diploma and three medals at the All-union Exhibition of Economic achievements, successfully participated in the international exhibitions in the USA, Canada, Chile, Great Britain, Poland, etc. In 1969 and 1972 the natural Lithuanian wines Jubiliejinis and Šermukšnelė were given the grade of quality. When Gorbachev started his anti-alcoholic campaign, the country's leading winery was turned into a food-producing plant, producing cool drinks, sweets and the other non-alcoholic production.

Today Anykščių Vynas is a joint-stock Company, one of the largest wineries in the whole eastern Baltic region, equipped with the modern machinery able to process up to 35 thousand tons of fruit and berries

during the season, producing more than 70 names of a notable taste, aromatic, high quality drinks from the natural raw material – fruit-and-berry wine, cider, kinds of brandy, vodka, liqueur, brandy, fortified drinks.

Since 1988 it produces apple concentrated juice according to the technology of the Swiss company Unipektin. In 1995 the Company has been awarded the International Diamond Star and International Europe Award for the quality. The concentrated apple juice, the dried apple pomace and apple aroma are exported to Germany and the other countries of West Europe.

The constant renovation and modernization, the stainless steel tanks replacing the old enamelled tanks allowed to improve the production significantly.

A range of the JSC Anykščių Vynas products were awarded the main prizes of the international competitions, silver and gold medals and diplomas. In 2005 and 2006 the products of the Company won gold medals at the competitions Lithuanian Year Product. In 2007 the vodka Ledo was presented in six international testing competitions in Europe and Russia and it won the high evaluation in four of them: Moscow Wine & Spirit Competition in Moscow – the gold medal; International Wine & Spirit Competition in London – the silver medal; Drinkexpo 2007 in Sankt Petersburg – the gold medal; Prodexpo 2007 in Moscow – the bronze medal; in the Competition Lithuanian Year Product of 2007 – the natural black currant wine Voruta won the gold medal.

In July, 2004 the Company was privatized. The JSC Alita obtained the controlling interest from the state.

## 10. THE IMPORTANT EVENTS OF THE YEAR

The JSC Anykščių Vynas becomes the wine production enterprise again. Since the beginning of 2008 the production and sale of the wines of special technology and cider were transferred from the JSC Alita to the JSC Anykščių Vynas. During the reporting year the wine and cider sale increased by 44.9%, and their comparative weight in the total sale increased from 17.8% in 2007 to 36% in 2008.

In 2008 the vodka Ledo was awarded the bronze medal in the international competition International Spirits Challenge 2008 in London. The kind of brandy Bobelinė 20% was awarded the gold medal in the competition Lithuanian Year Product 2008 and the kind of brandy Bobelinė 35% was awarded the silver medal in the competition Lithuanian Year Product 2008.

In 1999 the Company was issued a Certificate confirming the Quality Management System fulfilling the requirements of Standard ISO 9002 and in 2008 the Company was issued TIC (TUV International Certification) certificates confirming the meeting of the requirements of the Quality and Anti-pollution Management System LST EN 9001:2001 (EN ISO 9001:2000) and LST EN ISO 14001:2005 (EN ISO 14001:2004).

## 11. THE STAFF

The average number and average salary in Litass (without the paid out compensations) of the JSC Anykščių Vynas staff according to the personnel groups:

The staff	2008			2007		
	Number	%	Average salary	Number	%	Average salary
Managers	2	0.8	5,504	2	0.7	6,457
Specialists and employees	86	32.7	2,006	87	32.4	1,900
Workers	175	66.5	1,345	180	66.9	1,285
<b>Total:</b>	<b>263</b>	<b>100</b>	<b>1,469</b>	<b>269</b>	<b>100</b>	<b>1,416</b>

In 2008, the average salary of the Management decreased by 14.8% because of the decreased wage, the average salary of the specialists and employees increased by 5.6% and the average salary of the workers increased by 4.7%.

The structure of the JSC Anykščių Vynas according to the education in December 31, 2008-2007:

The staff education	2008		2007	
	number	%	number	%
Higher	49	19.8	52	19.3
Further education	74	29.8	76	28.3
Secondary	117	47.2	126	46.8
Unfinished secondary	8	3.2	15	5.6
Total:	248	100	269	100

On December 31, 2008 there were 248 workers in the JSC Anykščių Vynas, 81 (33%) of them were specialists and employees and 167 (67%) of them were the workers.

92 people worked in the immediate production, 12 people worked in the subdivisions of the secondary production, 75 people worked in the auxiliary subdivisions, 10 people worked in the commercial subdivisions, 34 people worked in the marketing and production sale offices and 25 people belonged to the other administration workers.

57.3% of all the people are women and 42.7% of them are men. 19.8% of the workers have the higher education, 29.8% of them have the further education.

In 2008, the average number of the people listing was 263 people.

In 2008, 45 workers raised their qualifications in different courses and seminars. 3 people studied in the higher schools. 5 thousand of LTL were spent for the people training.

## **12. INFORMATIVE TECHNOLOGIES**

In 2008, the Company ran 67 computers, two servers: the post and file server. In order to work with the accounting program AXAPTA we use the distant server of the JSC Alita. The program STEKAS installed in the Anykščių Vynas file server is used for the wage and personnel accounting. We use the accounting program SAIKAS that uses the Anykščių Vynas Sybase data base, for the raw material procurement. All the computers have the installed e-mail. 2Mbit/s wireless internet is installed in the Company. The company Omnitel supplies the internet services. The antivirus, antispam and antibreak-in program FortiGate 60 is installed in the network. In 2008, 8 new computers with the VISTA operation system were purchased. In 2008, 55.4 thousand of LTL were spent for the computer installation. At present, 16 computers with the VISTA operation system work in the Company. During the reporting year, 10 newest program packages of Microsoft Office 2007 were installed. Office 2007 was bought as the development of the old Small Business 2000.

## **13. THE PRODUCTION**

The main activity of the JSC Anykščių Vynas is the production of alcoholic drinks and concentrated juice.

The range of the production of the Company is more than 70 names, they are fruit-and-berry wine, cider, vodka, a kind of brandy, liqueur, brandy, alcoholic drinks. The non-alcoholic production is apple and berry concentrated juice, apple aroma, dried apple pomace. In 2008, the range of the alcoholic production was renewed with 19 new drink names, and the production of 19 prospectless products was stopped. In 2008, the production and technological processes were developed. During the reporting cycle, 392 thousand of LTL were allocated to the investments. We purchased the PET bottling line, the labeller for the paper

labelling. The modular filter was obtained to filter vodka and it works without the expensive filter paper. The product coolers, pumps, filter were obtained and installed in the wine production shop. The new production technology of the juice fermentation was mastered. Therefore the agitators of the mash tanks were remade in the concentrated juice production shop, the heaters, the temperature controls, the level switches were installed in the agitators, the soft starting equipment was installed in the agitator gears, etc. The extra agitators were mounted in the wine production (fermentation) shop, the technological lines, the juice cooler, filter, etc were installed. We started to use the fructose-glucose syrup instead of sugar for the wine making. Therefore we prepared the syrup receiving tank, the lines of the syrup pumping out and pumping in. We began to bottle the wine of the special technology into the PET bottles, instead of the glass bottles. The packing and unpacking and processing equipment in the bottling shop was fitted to work with the PET bottles. We began to produce the PET bottles for the JSC Vilkmėgės Alus and for the Company use in the Company premises. Therefore the pipeline of the compressed air was installed, the premises were prepared and the PET bottle blowing machines and compressors of the PJSC Terekas were mounted. The water treatment plant, the crate washer, bottling line of the carbonated drinks were dismantled in the bottling shop. The PET bottling line, bought in Serbia, the water treatment plant from the JSC Alita were mounted instead of the above dismantled equipment. The partial floor repair was done in the production packing premises.

The wall repair was done in the wine production shop and we began the floor repair in the warehouse. 12.5 m<sup>3</sup> tanks were isolated, the technological lines were rearranged. Besides, the planned repair of the equipment of the wine production shop and the repair of the equipment of the concentrated juice production shop were executed. The equipment of the rainwater cleaning was reconstructed, the production and container warehouse was installed in the boiler premises, the lightning-conductor was erected on the main production building, and a lot of the other work was done by reconstructing, updating equipment, by improving the working conditions and saving energy resources. The maintenance of the bottle accounting system, the meter revise and maintenance are performed in time. The technical state of the Company is satisfactory, because the equipment is repaired every year.

**The production volumes of the JSC Anykščių Vynas in 2007-2008**

	Production group	Measure unit	2008	2007
1	Carbonated wine drinks	HLT	0	2,508
2	Cider	HLT	18,399	7,175
3	Wine	HLT	42,500	28,852
4	Vodka	HLT	15,680	36,357
5	Brandy	HLT	2,105	2,779
6	The other strong drinks, total	HLT	8,602	8,244
	<i>Incl. Kinds of brandy</i>		4,959	4,473
	<i>Liqueurs</i>		1,767	2,207
	<i>Other spirited drinks</i>		1,876	1,564
7	Cider (unbottled)	HLT	9,20	44,400
	The alcoholic drinks, total	HLT	96,486	130,315
8	Concentrated apple juice (70 Bx)	Ton	1,378	2,373
9	Apple aroma	Ton	114	183
10	Dried pomace	Ton	319	646

The production of the bottled alcoholic drinks increased by 137 thousand of litres or 1.6% in 2008, in comparison with the production of 2007. In 2007, the production of the carbonated wine drinks and a part of the production of the vodka in 2008 were transferred to the JSC Alita, and the production of the wines of the special technology and ciders were transferred from the JSC Alita to the JSC Anykščių Vynas. The increased excise rates by 20% since January 1, 2008, had a great influence on the decrease in the production and the production sale.



The average prices of the production are shown in LTL/L, kg:

Production	2006	2007	2008
1. A kind of brandy	8.72	9.51	10.87
2. Liqueurs	6.97	6.89	7.90
3. Fruit and berry wine	2.76	2.47	2.59
4. Grape wine	5.15	-	-
5. Cognac, brandy	8.74	8.59	10.21
6. Sparkling wine	4.78	5.09	5.71
7. Cider	1.85	1.76	1.84
8. Vodka	2.42	3.51	5.14
9. Concentrated apple juice	4.16	5.19	6.04
10. Apple aroma	2.62	2.14	2.81
11. Apple dried pomace	0.75	0.75	0.87

## 14. THE MARKETING AND SALE

### 14.1. The sale markets.

	2008, Thousand of LTL	2007, Thousand of LTL	2006, Thousand of LTL	The comparative weight, %		
				2008	2007	2006
The total sale	37,453	46,565	33,831	100.00	100.00	100.00
Thereof in Lithuania	34,574	36,726	28,035	92.3	78.9	82.9
Abroad	2,879	9,839	5,796	7.7	21.1	17.1
Thereof in Latvia	381	766	429			
Germany	1,272	6,615	4,799			
Austria	-	1,362				
Other countries	1,226	1,096	568			

The total sale of the JSC Anykščių Vynas in 2007-2008:

	The production group	2008		2007		Comparison of the sale in 2007 and 2007 in HLT, %
		Quantity, HLT	Amount, thousand of LTL	Quantity, HLT	Amount, thousand of LTL	
1	Carbonated wine drinks	147	84	2,880	1,467	5.0
2	Ciders	16,647	3,061	7,606	1,339	218.9
3	Wine	40,200	10,410	28,154	6,957	142.8
4	Vodka	15,084	7,751	37,368	13,099	40.4
5	Brandy	1,923	1,963	2,936	2,521	64.5
6	The other strong drinks	7,811	7,263	9,296	6,629	94.2
	<i>Incl. Kinds of brandy</i>	<i>4,525</i>	<i>4,920</i>	<i>4,418</i>	<i>4,201</i>	<i>102.4</i>
	<i>Liqueurs</i>	<i>1,801</i>	<i>1,423</i>	<i>2,196</i>	<i>1,514</i>	<i>82.0</i>
	<i>The other spirited drinks</i>	<i>1485</i>	<i>920</i>	<i>1,628</i>	<i>914</i>	<i>88.3</i>
7	Apple concentrated juice, t.	559	3,376	1,612	8,370	34.7
8	Apple aroma, t.	166	467	276	591	60.1
9	Dried pomace, t.	319	279	646	484	49.4
10	The raw material and semi-manufactures	9,942	2,082	44,450	4,653	22.4
11	Other sales and services		717		455	
	Total sale:		37,453		46,565	

In 2008, we renewed the cooperation contracts with the main customers of the JSC Anykščių Vynas: MAXIMA, NORFA, RIMI, PALINK, AIBÉ successfully, where we retained the shelf spaces in all the categories.

We agreed on the new production sale at the main customers successfully.

In order to achieve the closer cooperation between the customer and the production supplier and to secure the bigger turnover, the direct work with the gas-stations (LUKOIL, VENTUS, SURIDA) was passed to PJSC Alita Distribution that retained the goods supply, the formation of the substantial range and maintenance of the refrigerating cabinets.

In pursuance of the underlying range and the implementation of the system of the item exposition on the shelves the item supervision was reorganized and the enterprise responsible for the item supervision was changed. Directing towards the service quality we began to work with the PJSC BSMS and we refused the services of the JSC Rinkodaros Prekyba ir Partneriai. The aim of the system of the underlying assortment and the item exposition on the shelves are not only to ensure the maximum product distribution and the suitable item exposition on the shelves, but also to get acquainted with the customer needs, to systematize them and ensure the improvement of service quality. This action allowed us to rev up the direct costs of the item supervision.

In order to improve the assortment visibility in the retail network, we revised the diagrams of the plans in the MAXIMA network. The new system allowed us to improve the production sight in the MAXIMA, IKI and NORFA networks.

In 2008, 54% of the export growth of the alcoholic drinks in units was achieved in comparison with 2007, and the turnover increased by 83%. The biggest export growth was reached in the vodka category – 277% and kinds of brandy – 87%, i.e. they are the most promising categories of the drinks that receive the biggest attention and investments. In 2008, the biggest part of the export market of the alcoholic drinks was taken by Latvia – 42% (SIA LATALKO, GREIS LOGISTIKA, SIA MAXIMA) and by Estonia – 28% (AS MEDIATO), the rest countries made 29%, the USA, Japan, Ireland, Great Britain, Poland and Germany among them.

In 2008, we also sold the production to two companies that work in the territory of the airport (the PJSC Fragrances International Vilnius and the PJSC Travel Retail Vilnius).

We hope to expand the sale volumes abroad with the help of the new customers in 2009 and later on.

**The parts of the market occupied by the production of the JSC Anykščių Vynas, %**

The Production Group	2008	2007
Fruit and berry wine	26.5	18.4
Cider	8.6	3.0
Carbonated wine drinks	0.1	3.1
Vodka	4.5	12.1
A kind of brandy	9.1	8.2
Liqueur	8.2	9.6
Brandy	3.3	4.7

The fruit and berry wine

Practically, in 2008 the general wine market remained the same as in 2007. The JSC Anykščių Vynas sold 43% more fruit wine in the Lithuanian market than in 2007. The occupied market share of the fruit wine increased by 8.1%. The import market share increased by 0.9%, the market share of the other local producers increased by 4.1%. The occupied market share of the JSC Alita together with the JSC Anykščių Vynas amounted to 31.8%, i.e. 5% less than in 2007. It appears from this that the production transfer from Alita and later on the product shift from a glass bottle to PET one had a great influence on (AV+AL) the wine market. When a producer changes the packing, the customers reassess the range anew, barter for the new prices and so on. It necessarily leads to the assortment contraction or to the production lack in the trading places, and the competitors make use of it.

The cider

In 2008, the cider market decreased by 23%.

In 2008, the JSC Anykščių Vynas launched the production of the ciders Extrim. The Antano 8% and Cool Drink with a taste of pear ciders were launched. Unfortunately, because of the total market decrease, we

did not reach the planned sale. We stopped producing the cider Svaja with a taste of apple or pear because of the low sale. As the customers refused them we discontinued production of the ciders Agaro (pear), Zig Zag (pear and apple taste).

#### The vodka

In 2008, the total vodka market decreased by 51,729 HLT or 14% in comparison with 2007. During the comparative period, the import grew by 61%, and the occupied market share increased by 8%. The market share of the other local producers dropped by 5.5%, the Alita part increased by 1.2%. In 2008, we sold the vodka LEDO less by 37% than in 2007.

In 2008, packing of the vodka Stumbrinė was renewed and the Ledo and Stumbrinė were bottled in 0.7 litre bottles.

During the second and fourth quarters of 2008, there was a promotion campaign of the vodka Ledo trademark in order to strengthen the notoriety in TV, media, internet (only in the 2nd quarter) and the price action and display in the trading spaces.

In 2008, the export of the vodka Ledo increased 6.5 times. The export of the total vodka group increased 2.6 times.

#### The kinds of brandy

In 2008, the total market of the kinds of brandy decreased by 3,932 HLT or 7% in comparison with 2007. The JSC Anykščių Vynas sold 2% more of the kinds of brandy in the Lithuanian market, the occupied market share increased by 0.9%. The volumes of the other producers and import dropped, but due to the retreating import market, the occupied market share increased by 0.2%, and the market share of the other local producers (excl. Alita) increased by 0.5%. During the comparative period, we sold 31.6% more of the Bobelinė. In 2008, we exported the kinds of brandy by 74% more than in 2007. The export of the Bobelinė increased by 82.7%.

#### The liqueur

In 2008, the total liqueur market decreased by 1,372 KLT or 6% in comparison with 2007. During the comparative period, the Anykščių Vynas sold liqueur less by 19% in the Lithuanian market. The sale of the other producers decreased by 14%, the import increased by 1%. The general market shares changed as follows: the share of the Anykščių Vynas decreased by 1.3%, the share of other local producers decreased by 3%, the import increased by 4.3%.

In 2008, the Company did not perform active marketing operations with the liqueurs. During the comparative period the liqueur export increased by 9.9%.

#### Other spirited drinks

In 2008, the Anykščių Vynas sold 123 HLT or less by 8% of the spirited drinks in the Lithuanian market than in 2007.

The promotion of the spirited drinks was not executed. The export decreased by 21%.

#### *The information about the Company investigation and development activity.*

The Company does not implement any development and does not plan to execute, so there were no investigations about the Company and its development.

## **15. THE SUPPLY**

The main raw material suppliers are the fruit and berry growers in Lithuania. The material, equipment, complement items, services are obtained from the Lithuanian and foreign firms: Austria, Estonia, Latvia, Germany, France, Slovakia, etc. The main Company suppliers are: spirit – the BGV (Slovakia), the O-I Production Estonia AS; sugar – the Danisco Sugar Kėdainiai; flavours – the PJSC SMS-Eligita, the PJSC Balticum; labels – the PJSC RIC Vilnius; corrugated paper boxes – the PJSC Smurkit Kappa Baltic, the Sea Packing PJSC; bottles – the JSC Panevėžio Stiklas, the Kauno Stiklas, the Jarvakandi KLAAS (Estonia),

the Dekorglass Dzialdowo (Poland), enzymes – the Vortogama PJSC (Vilnius); wine spirit – the Lucien Bernard&Co (France), etc. We have made the long-term contracts with the above mentioned main suppliers. The Company has made up to 100 contracts with the different suppliers. As the energy recourses and raw material prices are constantly going up, the purchased main and aid materials got up strongly: ethanol, brandy spirit, sugar, glass bottles. The rates of the transport services increased.

72.1% of all the supplies belong to the Lithuanian firms and 27.9% of them fall to the foreign countries.

The volumes of the supply in % (according to the countries)

A country	2008	2007	2006
Lithuania	72.1	79.2	76.8
Switzerland	-	0.3	0.2
Holland	0.7	0.4	0.7
Poland	0.7	0.2	0.4
Italy		-	-
Germany	0.4	0.3	0.1
Latvia	0.2	2.0	1.8
France	1.5	1.5	2.1
Estonia	9.0	8.0	12.7
Slovakia	14.8	7.4	4.5

## 16. THE MAIN INDICES ILLUSTRATING THE COMPANY ACTIVITIES

The relative index	2006	2007	2008
EBITDA, thousand of LTL	4,759	4,026	(3,253)
The gross profitability	0.276	0.252	0.198
The profitability from operations	0.028	0.019	-0.162
The net profitability	0.063	0.016	-0.168
The owner's redemption (ROE)%	5.66	1.99	-17.48
The average asset return(ROA)%	4.05	1.30	-10.69
The debt ratio	0.248	0.358	0.421
The debt-ownership ratio	0.330	0.558	0.727
The gross liquidity ratio	1.867	1.641	1.401
The urgent backing ratio	0.796	0.699	0.638
The index of the covering by cash	0.278	0.0132	0.0192
The asset turnover	0.661	0.762	0.659
The bookkeeping value of a share	0.748	0.798	0.670
P/E	31.75	107.00	-1.85
The net profit falling to one share	0.043	0.015	-0.128

The description of the indices:

EBIDTA	= the profit/ before deduction of loans, taxes, wear and amortization
The gross profitability	= the gross profit/ from the sale
The profitability from operations	= the activity profit/ from the sale
The profitability from operations	= the net profit/ from the sale. The net profitability shows which part of the sale Litass is a net profit, i.e. it shows the efficiency of the Company activity. The bigger value of the index shows the higher Company profitability.
The owner's redemption (ROE)%	= the net profit/the average owner's property
The average asset return (ROA)%	= the net profit/the average assets x 100. The asset return shows how many Litass of the net profit fall to one Litass of the asset. This index reflects the effective use of the whole Company asset. The bigger value of the index shows the more effective use of the asset.

The debt ratio	= obligations/assets. The debt ratio reflects which part of the Company asset is acquired for the loaned funds. It is important to creditors because it shows how safe are their funds. The bigger index, the lower safety level.
The debt-ownership ratio	= obligations/owner's property. The debt-ownership ratio shows how many loaned funds fall to one ownership Litas. This value of the index is different in various branches of industry. When analysing the Company activity, the high index can witness the bigger risk, because it can be complicated to the Company to cover the payment of its loans and paybacks and to get enough funds for the further finance. The accepted ratio of the debt-ownership depends on many factors, including the features of the branch of industry, the Company possibility to receive loans and the stability of getting incomes.
The gross liquidity ratio	= the short-term assets/short-term obligations
The urgent backing ratio	=(the short-term assets-reserves)/short-term obligations
The index of the covering by cash	=the cash in the account and in the till /short-term obligations
The asset turnover	= sale/assets. The asset turnover shows how many one asset Litas makes incomes. The higher value of this index, the bigger degree of the effectiveness.
The bookkeeping value of a share	= net worth/number of the shares. The bookkeeping value of a share reflects the theoretical value of the ordinary registered share. While calculating the capital part that falls to the preferred shares, the reference is made to the nominal value of the preferred share.
P/E	=The market price of a share (on the last trading day of the period)/the main profit of the share.
The net profit falling to one share	= net profit/the number of the shares. The bookkeeping value of a share reflects the theoretical value of the ordinary registered share. While calculating the capital part that falls to the preferred shares, the reference is made to the nominal value of the preferred share.

All the financial data is given in the annual financial statements and the explanatory letter.

The information about aims of the risk management is given in the notes to the financial statements.

## 17. THE REAL ESTATE

The Company uses the land plot of 6.75 ha., leased from the state in accordance with the contract of the state land lease not for the agricultural use No. 34/96-0454, 21 08 1996, in Anykščiai.

The Company constructions and buildings – their residual value is 17,748 thousand of LTL, December 31, 2008. In 2008, there were no unfinished buildings, the state of the buildings is good, except the premises of the laundry that are not used. In 2008, the repair was made in the dining-room staircase, partial wall repair was done in the warehouse installed in the boiler premises, the lightning was installed and the roof repair was executed.

## 18. THE RISK FACTORS RELATED TO THE ISSUER'S ACTIVITY

There were no strikes in the Company.

### *Economical factors:*

The Company works in two geographical segments – the local and foreign markets. The biggest part of all the production (92.3% in 2008, 78.9% in 2007, 82.9% in 2006) is sold in the local market. And almost all the apple production (concentrated apple juice, aroma, dried pomace – 48.3% in 2008, 94.6% in 2007, 88.5% in 2006) is sold abroad. Due to a great competition in the local market, the Company fruit-berry wine, cider and the kinds of brandy sale is increasing slowly (because of the adverse excise policy to the fruit-berry wine and friendly excise policy to the strong beer), the sale of the other production is decreasing. The apple production depends on nature fully, and the sale volumes depend on the production volumes and prices in the European market. The Company provides raw material, spare parts which it purchases from

different suppliers, so there is no dependence on one supplier. The Company also has no monopoly customer. The Company has enough wine material for 2009. The workers of high quality, who deepen their knowledge and raise the qualification constantly, work in the Company. There are no essential problems with the payments to the suppliers and production customers.

On December 31, 2008 the PJSC Anykščių Šiluma was indebted 854.1 thousand of LTL to the Company. The debt is being returned according to the presented plan but there is a great risk that the PJSC Anykščių Šiluma will not have enough of the working capital to settle with the JSC Anykščių Vynas. As it is not clear if the receivable amount would be repaid, it was evaluated as a delay. The JSC Anykščių Vynas uses the short-term loan from the JS bank Hansabankas. In order to get a loan from the JS bank Hansabankas the Company mortgaged its long-term asset and it mortgaged all the Company current and future funds in the bank accounts. The financial debt to the JS bank Hansabankas was 8,632 thousand of LTL on December 31, 2008.

***Political risk factors:***

The Government decisions to increase the excise to the production have a negative influence on the Company production.

***Social factors:***

There is a collective agreement with the trade union that is in force until July, 2009. The wage is paid in time, the level of the salary increases.

***Technical-technological factors:***

The most of the technological machines are reconstructed or new, a lot of attention is given to the automation of the technological processes and improvement of the production quality. At present the production facilities are used about 60%. There is no risk factors to the technological processes.

***Ecological factors:***

The Company paid the nature pollution taxes: in 2006 – 7.4 thousand of LTL, in 2007 – 6.0 thousand of LTL and in 2008 – 4.8 thousand of LTL.

The Company paid to the recyclers and the state for the pollution with the waste of taxable packing: in 2006 – 314.4 thousand of LTL, in 2007 – 1,194.2 thousand of LTL in 2008 – 874.6 thousand of LTL. Because of the significant increase of the tax for the glass packing, glass, plastic packing and other packing were released into the local market: in 2006 – 3,403 tons, in 2007 – 5,128 tons, in 2008 – 3,876 tons.

The main source of the air pollution is the boiler, but the emission into the atmosphere quotas were not surpassed during the recent years. There were no fines for the nature pollution, restriction of the production activities or stoppage because of the environment damage. There were no ecological risk factors or accidents.

The environment control means that were in the activity plan for 2008, were carried out and the Company consumed 2,123 Mwh of power, 56.8 thousand m<sup>3</sup> of water, 1,174 thousand m<sup>3</sup> of natural gas, including 19.5 thousand m<sup>3</sup> of gas for the apple pomace drier.

**19. THE PRODUCTION STOPPAGE OR DECREASE WHICH INFLUENCED OR HAS AN ESSENTIAL INFLUENCE ON THE RESULTS OF THE ISSUER'S ACTIVITY DURING THE LAST 2 FINANCIAL (ECONOMIC) YEARS**

None.

## 20. LICENCES, PATENTS, CONTRACTS

The main activities of the JSC Anykščių Vynas are licensed. The available licences: the licence of the alcoholic products, including alcoholic drinks which the volumetric concentration of ethyl alcohol exceeds or does not exceed 22%, the licence to be in the trade of the unmethylated ethyl alcohol, raw material having ethyl alcohol, food alcoholic solutions with addition of flavour material. There is a permission to buy the unmethylated ethyl alcohol from the JSC Alita.

In 2006, the following trade marks were registered: Ledo Premium, Šiloju, Alcopops, Ambercollection, Amber Collection, Borisoff Vodka, Olympia, Amber, Pūkuotukas, Anykšta, Zig Zag, Vakaris, Legenda, Svaja, Gintaro Krantas, Vyno Šventė, TOPI, Rojus. The trade mark Forum was awarded the International Registration according to the Madrid Protocol.

In 2007, two trade marks were presented to register: SVAJONĖ and VĖJAS. The certificates for 5 trade marks were issued: The International Registry Certificate FORUM, and the National Registry Certificates TOP, ROJUS, KELELIS, SVETELIŲ. The validity of the National Registry trade mark GABLIJA was prolonged and the validity and expansion terms of the International Registry the trade mark ANYKŠČIŲ VYNAS to the additional countries of Estonia, Latvia, Ireland, Austria.

In 2008, the State Patent Office made a decision to register the trademarks of SVAJONĖ and VĖJAS. The certificates for 9 trademarks were issued: AMBERCOLLECTION, AMBER, JUODOJI VYŠNIA, GD GINTARINĖ, VILJOKĖ, ŽALIASIS EŽERAS, SVAJONĖ, VĖJAS, AMBER COLLECTION. The national register certificate of Latvia was issued to the trademark ŠNABIS LAUKU DEGINS. The licence was issued for the use of the trademark BOBELINĖ that belongs to J. Bobelis. The registration validity was prolonged to 5 trademarks.

## 21. THE LAWSUITS AND ARBITRATIONS

In 2008, the Company got 2 claims: from the PJSC Pūtokšnis because of the buyout of the remainder of the produced PET bottles and from the PJSC Apvija because of the marketing and maintenance service allotment in 2004. The Company presented one claim because of the slowdown of the debt coverage for the heat of the PJSC Anykščių Šiluma.

In 2008, the disputes with the PJSC Švyturys-Utenos Alus because of the registration of our Company trademarks AMBER, AMBER COLLECTION and AMBERCOLLECTION and GS GINTARINĖ ended. The PJSC Švyturys-Utenos Alus withdrew all the four protests against the Company from the Appeal Department of the State Patent Office concerning the registration of our Company trademarks because the disputes for the use of these trademarks ended in the peace agreement.

The Company was a claimant in one case. In the beginning of 2008 the Latvian Company SIA Park VM presented a claim to Ryga District Court for the illegal use of their owned trademark Forum and for the stopping of the use of the trademark Forum in the territory of Latvia and for the compensation of the loss. This judicial dispute ended in a peace agreement and the ownership of the verbal trademark Forum in the territory of Latvia was rendered to our Company, and the figural trademark Forum was checked out from the trademark register of Latvia by the claimant.

The Company had no judicial disputes as a claimant. There were no creditor claims.

In 2008, the amount of 225.9 thousand of LTL was recovered from the debtors of the past years.

## 22. THE INVESTMENT POLICY (the companies where the Issuer invested more than 30% of his own authorized capital, and also the companies where the part of the Issuer in the authorized capital is more than 30%)

The Company made no investments in 2008, making more than 10% of the authorized capital.

In 2008, the actual investments were 392 thousand of LTL, 283.0 thousand of LTL of them were used for the production equipment and designing, 2.2 thousand of LTL were spent for the loading means, 55.4 thousand of LTL were spent for the computer technology and programs, 51.4 thousand of LTL were spent for other main devices.

The planned investments for 2009 are 339.1 thousand of LTL: 150.5 thousand of LTL are for the production machinery and designing, 61.6 thousand of LTL for the transportation and loading devices, 41.0 thousand of LTL for the computer technique and programs, and 86.0 thousand of LTL for other main devices.

## 23. THE COMPETITORS

The main competitors are the JSC Stumbras, the JSC Vilniaus Degtinė, the PJSC Itaina, the PJSC Lietuviškas Midus, the PJSC Birštono Mineraliniai Vandenyys and Co, and the companies importing the alcoholic drinks. As things stand with the excise policy, we put the beer production companies to our competitors who produce not only beer but they also produce cider.

## 24. THE PAID OUT DIVIDENDS

The dividends were not paid out for 1995.

In 2006, the amount of 3,992,775 LTL of the dividends was paid out (7% of the nominal value of the share).

2,340,030 LTL of the dividends were paid out for 1997 (7% of the nominal value of the share).

2,340,030 LTL of the dividends were paid out for 1998 (7% of the nominal value of the share).

2,340,030 LTL of the dividends were paid out for 1999 (7 % of the nominal value of the share).

The Company did not pay out the dividends for 2000.

The Company did not pay out the dividends for 2001.

The Company did not pay out the dividends for 2002.

The Company did not pay out the dividends for 2003.

The Company did not pay out the dividends for 2004.

The Company did not pay out the dividends for 2005.

The Company did not pay out the dividends for 2006.

The Company did not pay out the dividends for 2007.

The Company will not pay out the dividends for 2008.

## 25. THE COMPANY AND SOCIETY

The JSC Anykščių Vynas company group brings a considerable contribution to the social and cultural life of the country and town. In 2008, different taxes to the budget of the Republic of Lithuania amounted to 58.3 million LTL. The taxes could be presented as follows:

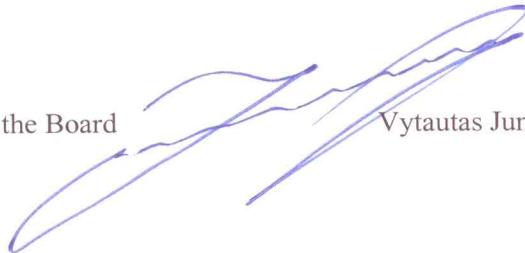
The name of the tax	2008 Thousand of LTL	2007 Thousand of LTL
Excise	44,841.8	64,353.0
VAT	10,336.6	13,587.8
Profit tax	0	0
Packing tax	472.3	1,179.1
Social insurance fee of 31%	1,452.2	1,337.7
Social insurance fee of 3% from the salary	142.3	129.5
Income tax from the salary	914.0	930.5
Other taxes	104.6	115.8
<b>Total:</b>	<b>58,263.8</b>	<b>81,633.4</b>



## **26. THE COMPANY PLANS AND FORECASTS.**

In 2009, the Company is planning to develop the production and technological process further, to pay a lot of attention to the strengthening and promotion of the trade marks, to the creation of the new production, reflecting the Company's formation of the image of the natural, authentic drink producer, and to the marketing. The new plan of the launch of new products, the shaping of the existing products and the renew of the packing was confirmed. But since January 1, 2008 and January 1, 2009 the increased excise tax for the alcoholic drinks decreased the sale volumes considerably. The world economic crisis that began at the end of the reporting year influenced the Lithuanian economy too. Now it is difficult to forecast how the sale will change during a year, that's why the Company is planning the smaller sale volumes and better activity results than they were in 2008.

Chairman of the Board



Vytautas Junevičius

## JSC ANYKŠČIŲ VYNAS

### DISCLOSURE FORM CONCERNING THE COMPLIANCE WITH THE GOVERNANCE CODE FOR THE COMPANIES LISTED ON THE REGULATED MARKET

The JSC Anykščių Vynas, following Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and item 20.5 of the NASDAQ OMX Vilnius (Trading Rules of the Vilnius Stock Exchange), discloses its compliance with the Governance Code, approved by VSE for the companies listed on the regulated market and its specific provisions.

PRINCIPLES/RECOMMENDATIONS	YES/NO /NOT APPLICABLE/	COMMENTARY
<b>Principle I: Basic Provisions</b>		
<b>The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.</b>		
1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	Yes	The Company publishes the policy of the Company development and objectives in the Company website, press openly.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	Yes	The Company works according to the approved production selling and production plans, implementing its strategic objectives.
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	Yes	The JSC Anykščių Vynas is a subsidiary enterprise of the Company Alita. The JSC Alita owns 94.9% shares of the JSC Anykščių Vynas. There are four persons in the Company Board. Every month and every quarter the Company Director makes a report about the Company results in the Board.
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	Yes	The Company Director and the Company Board make it possible for the shareholders to get acquainted with the Company papers, connected with the terms and order of the General Meeting, stated in the Law of the Joint Stock Companies. The workers are informed about the Company activities and hot working and rest problems are solved in the meetings or management sittings. Relevant information is put in the Company website, press. The Company takes an active part in the events of the local community and it organizes the Wine festival for several years already. It keeps friendly contacts with suppliers and creditors, respects customers, their remarks about the Company activities and production.

<b>Principle II: The corporate governance framework</b>		
<p>The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.</p>		
<p>2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.</p>	<p>No</p>	<p>There is no Supervisory Board in the Company. The Company Director makes a report about the Company activities in the Board every month and every quarter.</p>
<p>2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.</p>	<p>Yes</p>	<p>These functions in the Company are performed by the Collegial Management Body – the Board.</p>
<p>2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.</p>	<p>No</p>	<p>The Company doesn't follow these recommendations. There is only one collegial body and it is the Board.</p>
<p>2.4. The collegial supervisory body to be elected by the general shareholders' meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the Board as long as that does not contradict the essence and purpose of this body<sup>1</sup>.</p>	<p>Yes</p>	
<p>2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.<sup>2</sup></p>	<p>Yes</p>	<p>The Company Board consists of four members.</p>
<p>2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.</p>	<p>No</p>	<p>There is no Supervisory Board in the Company.</p>

<p>2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to depart from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.</p>	<p>Yes</p>	<p>The Director of the JSC Anykščių Vynas is not the chairman of the Company Board.</p>
<p><b>Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting</b></p> <p>The order of the formation a collegial body to be elected by a general shareholders' meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the company's operation and its management bodies<sup>3</sup></p>		
<p>3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.</p>	<p>Yes</p>	<p>During the General Meeting, before the election of the Board, the information is given about every candidate to the Board, about his education, work experience, objective and human properties, position. The members of the Board are not paid for the work in the collegial body.</p>
<p>3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.</p>	<p>Yes</p>	<p>The candidates are discussed in the Company Board and given to the General Meeting. The Board follows the working regulations of the JSC Anykščių Vynas, approved in the Board sitting on July 28, 2004.</p>
<p>3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.</p>	<p>No</p>	

<p>3.4. In order to maintain a proper balance in terms of the current qualifications possessed by its members, the collegial body should determine its desired composition with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies.</p>	<p>Not applicable</p>	<p>There is no audit committee in the Board.</p>
<p>3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.</p>	<p>Not applicable</p>	
<p>3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient<sup>4</sup> number of independent<sup>5</sup> members.</p>	<p>No</p>	<p>The content of the concept „sufficiency“ of the independent members was not discussed in the Company.</p>
<p>3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependant are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following:</p> <ol style="list-style-type: none"> <li>1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years;</li> <li>2) He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and</li> </ol>	<p>No</p>	<p>Because the Company is ruled by the JSC Alita.</p>

<p>was elected to the collegial body as a representative of the employees;</p> <p>3) He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations);</p> <p>4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1);</p> <p>5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counseling and consulting services), major client or organization receiving significant payments from the company or its group;</p> <p>6) He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company;</p> <p>7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies;</p> <p>8) He/she has not been in the position of a member of the collegial body for over than</p>		
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<p>12 years; 9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.</p> <p>3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.</p>		
<p>3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.</p>	No	The Company does not apply the evaluation and disclosure practice of the independence of the Board members.
<p>3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.</p>	No	The Company Board is made by directors of the JSC Alita. The JSC Alita owns 94.9% of shares of the JSC Anykščiai Vynas.
<p>3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds<sup>1</sup>. The general shareholders' meeting should approve the amount of such remuneration.</p>	Not applicable	The Board members are not remunerated from the Company funds. This provision is not applicable in the Company.

Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting		
<p>The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring<sup>2</sup> of the company's management bodies and protection of interests of all the company's shareholders.</p>		
<p>4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.<sup>3</sup></p>	<p>Yes</p>	<p>The Company Board presents the General Meeting reviews and proposals on the Company annual financial accountability, project of the profit-sharing, activity of the Company manager.</p>
<p>4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).</p>	<p>Yes</p>	<p>The Company Board acts in good faith, in the interest of the Company and not in their own or third party interests.</p>
<p>4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half<sup>4</sup> of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.</p>	<p>Yes</p>	<p>The Company follows this recommendation. The members of the Board perform their duties well.</p>



<p>4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.</p>	<p>Yes</p>	<p>The Company working regulations.</p>
<p>4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.</p>	<p>Yes</p>	<p>The Company Board makes a decision on the long-term assets that balance value is more than 1/20 of the Company's authorized capital, investment, transfer, rental, soak and mortgage, voucher and reinsurance, and to acquire long-term assets for the price higher than 1/20 of the authorized capital.</p>
<p>4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies<sup>5</sup>. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees.</p>	<p>Yes</p>	<p>The Board keeps all the information about the Company activities in order to make the right decisions.</p>

<p>4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.</p>	<p>No</p>	<p>There are no such committees in the Company because they are not applicable.</p>
<p>4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.</p>	<p>No</p>	<p>There are no such committees in the Company because they are not applicable.</p>
<p>4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members.</p>	<p>No</p>	<p>There are no such committees in the Company, because they are not applicable.</p>

<p>Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.</p>		
<p>4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.</p>	<p>No</p>	<p>There are no such committees in the Company, because they are not applicable.</p>
<p>4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.</p>	<p>No</p>	<p>There are no such committees in the Company because they are not applicable.</p>
<p>4.12. Nomination Committee. 4.12.1. Key functions of the nomination committee should be the following:</p> <ul style="list-style-type: none"> <li>• Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company;</li> <li>• Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make</li> </ul>	<p>No</p>	<p>There are no such committees in the Company because they are not applicable</p>

<p>recommendations to the collegial body regarding the means of achieving necessary changes;</p> <ul style="list-style-type: none"> <li>• Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body;</li> <li>• Properly consider issues related to succession planning;</li> <li>• Review the policy of the management bodies for selection and appointment of senior management.</li> </ul> <p>4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.</p>		
<p>4.13. Remuneration Committee.</p> <p>4.13.1. Key functions of the remuneration committee should be the following:</p> <ul style="list-style-type: none"> <li>• Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body;</li> <li>• Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies;</li> <li>• Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies;</li> <li>• Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors);</li> <li>• Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial</li> </ul>	<p>No</p>	<p>There are no such committees in the Company because they are not applicable.</p>

<p>body) with regard to the respective information provided by the executive directors and members of the management bodies.</p> <p>4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should:</p> <ul style="list-style-type: none"> <li>• Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body;</li> <li>• Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting;</li> <li>• Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has.</li> </ul> <p>4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies.</p>		
<p>4.14. Audit Committee.</p> <p>4.14.1. Key functions of the audit committee should be the following:</p> <ul style="list-style-type: none"> <li>• Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group);</li> <li>• At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided;</li> <li>• Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually;</li> <li>• Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and</li> </ul>	<p>No</p>	<p>There are no such committees in the Company because they are not applicable.</p>

<p>make recommendations on required actions in such situations;</p> <ul style="list-style-type: none"><li>• Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee;</li><li>• Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter.</li></ul> <p>4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations.</p> <p>4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present.</p> <p>4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors.</p> <p>4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic</p>		
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<p>summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit.</p> <p>4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action.</p> <p>4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.</p>		
<p>4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.</p>	<p>Yes</p>	<p>In the annual report during the General Meeting.</p>
<p><b>Principle V: The working procedure of the company's collegial bodies</b></p> <p><b>The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.</b></p>		
<p>5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the</p>	<p>Yes</p>	<p>The Board implements this recommendation.</p>

<p>body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.</p>		
<p>5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month<sup>6</sup>.</p>	<p>Yes</p>	<p>The Company Board organizes meetings not less than once a quarter.</p>
<p>5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.</p>	<p>Yes</p>	<p>The members of the Board are informed about the future meeting beforehand, the material for the discussion is handed in the fixed time.</p>
<p>5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-ordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.</p>	<p>No</p>	<p>There is no supervisory board in the Company.</p>
<p><b>Principle VI: The equitable treatment of shareholders and shareholder rights</b></p>		
<p><b>The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders</b></p>		
<p>6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.</p>	<p>Yes</p>	<p>The authorized capital of the Company consists of the ordinary registered shares that give the same voting rights to all the shareholders.</p>



<p>6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.</p>	<p>Yes</p>	
<p>6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting. All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.</p>	<p>No</p>	<p>It is not foreseen in the Company regulations. The criteria of the important transactions are not fixed in the Company regulations according to which the transactions would be selected, that require the shareholders' approval in the meeting.</p>
<p>6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders. Prior to the shareholders' meeting, the company's supervisory and management bodies should enable the shareholders to lodge questions on issues on the agenda of the general shareholders' meeting and receive answers to them.</p>	<p>Yes</p>	<p>The announcement about the venue and date of the General Meeting is published in the paper "Lietuvos Rytas" and posted in the Company website a month before the General Meeting.</p>
<p>6.5. It is recommended that documents on the course of the general shareholders' meeting, including draft resolutions of the meeting, should be placed on the publicly accessible website of the company in advance<sup>6</sup>. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.</p>	<p>Yes</p>	<p>Ten days before the beginning of the meeting the announcement on draft resolutions of the General Meeting is published in the paper "Lietuvos Rytas" and in the information system of the AB „NASDAQ OMX“ Vilnius . After the meeting the report on the adopted resolutions of the General Meeting is sent to the information system of the „NASDAQ OMX“ Vilnius and to the press. The Lithuanian language is used in the press and English is used in the information system, NASDAQ OMX“ Vilnius.</p>
<p>6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.</p>	<p>Yes</p>	<p>The Company makes it possible for the shareholders to vote by filling up a general voting bulletin in absentia, as it is foreseen by the Law of Joint Stock Companies.</p>

<p>6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies in voting processes by allowing the shareholders to vote in general meetings via terminal equipment of telecommunications. In such cases security of telecommunication equipment, text protection and a possibility to identify the signature of the voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially foreigners, with the opportunity to watch shareholder meetings by means of modern technologies.</p>	<p>No</p>	<p>There was no need and, besides, we have no such technical possibilities.</p>
<p><b>Principle VII: The avoidance of conflicts of interest and their disclosure</b></p> <p><b>The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.</b></p>		
<p>7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.</p>	<p>Yes</p>	
<p>7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.</p>	<p>Yes</p>	
<p>7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to</p>	<p>Yes</p>	

<p>other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.</p>		
<p>7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.</p>	<p>Yes</p>	
<p><b>Principle VIII: Company's remuneration policy</b></p> <p><b>Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors.</b></p>		
<p>8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement). This statement should be part of the company's annual accounts. Remuneration statement should also be posted on the company's website.</p>	<p>No</p>	<p>The Company does not make a public statement of the Company's remuneration policy neither in the annual account, nor in the Company website because the Company Board did not make a decision to follow this Management Codex.</p>
<p>8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.</p>	<p>No</p>	<p>The Company Board did not make a decision to follow this Management Codex.</p>
<p>8.3. Remuneration statement should leastwise include the following information:</p> <ul style="list-style-type: none"> <li>• Explanation of the relative importance of the variable and non-variable components of directors' remuneration;</li> <li>• Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration;</li> <li>• Sufficient information on the linkage between the remuneration and performance;</li> <li>• The main parameters and rationale for any annual bonus scheme and any other non-cash benefits;</li> <li>• A description of the main characteristics of supplementary pension or early retirement schemes for directors.</li> </ul>	<p>No</p>	<p>The Company Board did not make a decision to follow this Management Codex.</p>
<p>8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination</p>	<p>No</p>	<p>The Company Board did not make a decision to follow this Management Codex.</p>

<p>under contracts for executive directors and members of the management bodies.</p>		
<p>8.5. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.</p>	<p>No</p>	<p>The Company Board did not make a decision to follow this Management Codex.</p>
<p>8.6. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.</p>	<p>No</p>	<p>The Company Board did not make a decision to follow this Management Codex.</p>
<p>8.7. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.7.1 to 8.7.4 for each person who has served as a director of the company at any time during the relevant financial year.</p> <p>8.7.1. The following remuneration and/or emoluments-related information should be disclosed:</p> <ul style="list-style-type: none"> <li>• The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting;</li> <li>• The remuneration and advantages received from any undertaking belonging to the same group;</li> <li>• The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted;</li> <li>• If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director;</li> <li>• Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year;</li> <li>• Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points.</li> </ul> <p>8.7.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed:</p>	<p>No</p>	<p>But the Company discloses the information on the entire amount of remuneration, bonuses and total amounts and average values of the other payouts paid to one Board or Management member during the financial year.</p>

<ul style="list-style-type: none"> <li>• The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application;</li> <li>• The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year;</li> <li>• The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights;</li> <li>• All changes in the terms and conditions of existing share options occurring during the financial year.</li> </ul> <p>8.7.3. The following supplementary pension schemes-related information should be disclosed:</p> <ul style="list-style-type: none"> <li>• When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year;</li> <li>• When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year.</li> </ul> <p>8.7.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial statements of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.</p>		
<p>8.8. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.</p>	<p>No</p>	<p>The Company does not follow these provisions.</p>
<p>8.9. The following issues should be subject to approval by the shareholders' annual general meeting:</p> <ul style="list-style-type: none"> <li>• Grant of share-based schemes, including share options, to directors;</li> <li>• Determination of maximum number of shares and main conditions of share granting;</li> <li>• The term within which options can be exercised;</li> <li>• The conditions for any subsequent change in the</li> </ul>		

<p>exercise of the options, if permissible by law;          • All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors.</p>		
<p>8.10. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.</p>		
<p>8.11. Provisions of Articles 8.8 and 8.9 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.</p>		
<p>8.12. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.8, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.</p>		

<p><b>Principle IX: The role of stakeholders in corporate governance</b></p> <p>The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept “stakeholders” includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.</p>		
<p>9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.</p>	<p>Yes</p>	<p>The Company Board and Director collaborate with the trade unions of the Company in solving hot working and rest problems of the workers, work payment and other problems. A part of the workers are the Company shareholders, thus they are taking part in the Company share capital. The regular collaboration takes place between the Company and creditors and debtors.</p> <p>They have an access.</p>
<p>9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company’s share capital; creditor involvement in governance in the context of the company’s insolvency, etc.</p>		
<p>9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.</p>	<p>Yes</p>	
<p><b>Principle X: Information disclosure and transparency</b></p> <p>The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.</p>		
<p>10.1. The company should disclose information on:</p> <p>1.1. The financial and operating results of the company;</p> <p>•1.2. Company objectives;</p> <p>1.3. Persons holding by the right of ownership or in control of a block of shares in the company;</p> <p>1.4. Members of the company’s supervisory and management bodies, chief executive officer of the company and their remuneration;</p> <p>1.5. Material foreseeable risk factors;</p> <p>1.6. Transactions between the company and connected persons, as well as transactions concluded outside the course of the company’s regular operations;</p> <p>1.7. Material issues regarding employees and other stakeholders;</p> <p>1.8. Governance structures and strategy.</p> <p>This list should be deemed as a minimum</p>	<p>Yes</p>	<p>10.1.1. In the website of the „NASDAQ OMX“ Vilnius; <a href="http://www.nasdaqomx.com">www.nasdaqomx.com</a></p> <p>10.1.2. In the website of the JSC “Anykščių Vynas” <a href="http://www.anyvynas.lt">www.anyvynas.lt</a> and in the press.</p> <p>10.1.3. In the annual account.</p> <p>10.1.4. In the annual account.</p> <p>10.1.5. In the annual account.</p> <p>10.1.7. In the annual account.</p> <p>10.1.8. In the annual account.</p> <p>10.1.6. There were no such transactions.</p>

<p>recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.</p> <p>10.2. It is recommended that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.</p> <p>10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII.</p> <p>10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.</p>	<p>Yes</p> <p>Yes</p>	<p>The consolidated results are only disclosed by the parent Company JSC "Alita".</p> <p>The Company discloses the information on the entire amount of remuneration, bonuses and total amounts and average values of the other payouts paid to one Board or Management member during the financial year.</p> <p>The Company Board and Director take an active part in collaboration with the managers of Anykščiai Municipality, with the plants and organizations of the town and region, with the local community in organizing town festivals and in solving other problems; collaborate with the Company trade unions. A part of the workers are the Company shareholders, thus they are taking part in the Company share capital. The regular collaboration takes place between the Company and creditors and debtors.</p>
<p>10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.</p>	<p>Yes</p>	<p>The vital information is published in the website of the „NASDAQ OMX“ Vilnius in Lithuanian and English, in the Company website in Lithuanian, in the paper "Lietuvos Rytas" in Lithuanian.</p>
<p>10.6. Channels for disseminating information should provide for fair, timely and cost-efficient access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published</p>	<p>Yes</p>	<p>The vital information is published in the Company website in Lithuanian.</p>



and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.		
10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.	No	The Company did not posted the annual report, annual prospect-account, periodical accounts, changes in the price of the Company shares on the Stock Exchange in the Company website.
<b>Principle XI: The selection of the company's auditor</b>		
<b>The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.</b>		
11.1. An annual audit of the company's financial statements and report should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.	Yes	The Company follows this recommendation, when an independent auditor carries out the audit of the Company interim financial accountability, the Company annual financial accountability and the annual report.
11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.	Yes	The Company follows this recommendation when the company's supervisory board (board, where the supervisory board is not set up) proposes a candidate firm of auditors to the General Meeting.
11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.	Not applicable	The audit firm did not provide any non-audit services to the Company and so it did not receive any payment for it from the Company.