



**JSC “ANYKŠČIŲ VYNAS“**

**INTERIM STATEMENTS**

**FOR THE ENDED 31 MARCH 2009**

**JSC „Anykščių vynos“**

Interim statements for the ended 31 March 2009

The interim statements for the ended 31 March 2009 have been prepared in accordance with International Financial Reporting Standard as adopted by the European Union. We consider that the accounting policies used are appropriate and that the interim statements thus give a true and fair view.

Director



Violeta Labutienė

Accountant-general



Audronė Zemlevičienė

**JSC „Anykščių vynas“**

Interim statements for the ended 31 March 2009

**BALANCE SHEET****ASSETS**

thousand Litas

2009.03.312008.12.31**NON-CURRENT ASSETS**

Intangible non-current assets

10

12

23,440

24,000

Property, plant and equipment

-

-

**TOTAL NON-CURRENT ASSETS**23,45024,012**CURRENT ASSETS**

Inventories

15,970

17,855

Trade receivables

1,360

3,658

Alita groups receivables

6,716

9,538

Prepayment and deferred cost

462

463

Other assets

75

41

Alita groups loans

-

797

Cash and cash equivalents

247

449

**TOTAL CURRENT ASSETS**24,79432,801**TOTAL ASSETS**48,24456,813

**JSC „Anykščių vynu“**

Interim statements for the ended 31 March 2009

**BALANCE SHEET (CONT'D)****EQUITY AND LIABILITIES**

thousand Litas	<u>2009.03.31</u>	<u>2008.12.31</u>
<b>CAPITAL AND RESERVES</b>		
Share capital	49,081	49,081
Accumulated losses	<u>(16,913)</u>	<u>(16,192)</u>
Total capital and reserves	<u>32,168</u>	<u>32,889</u>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liability	<u>509</u>	<u>509</u>
Total non-current liabilities	<u>509</u>	<u>509</u>
<b>CURRENT LIABILITIES</b>		
Current portion of long-term	8,632	8,632
Liabilities to suppliers	2,741	6,040
Liabilities to Alita groups	9	-
Other liabilities and accrued expenses	<u>4,185</u>	<u>8,743</u>
Total current liabilities	<u>15,567</u>	<u>23,415</u>
Total liabilities	<u>16,076</u>	<u>23,924</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>48,244</u></b>	<b><u>56,813</u></b>

JSC "Anykščių vynu" Director



Violeta Labutienė

**JSC „Anykščių vynu“**

Interim statements for the ended 31 March 2009

**INCOME STATEMENT**

thousand Lit

	2009 03 31	2008 03 31
<b>Revenue</b>	<b>4,674</b>	<b>7,761</b>
Cost of sales	(4,275)	(5,900)
<b>Gross profit</b>	<b>399</b>	<b>1,861</b>
Other income	286	69
Sales expenses	(354)	(1,485)
General and administrative expenses	(649)	(1,099)
Other expenses	(219)	(37)
<b>Operating result</b>	<b>(537)</b>	<b>(691)</b>
Finance income	13	27
Finance expenses	(197)	(119)
<b>Result before tax</b>	<b>(721)</b>	<b>(783)</b>
Tax for the year	-	-
<b>Result for the year</b>	<b>(721)</b>	<b>(783)</b>
Earnings per share (in Lit)	(0,01)	(0,02)

JSC "Anykščių vynu" Director



Violeta Labutienė

**JSC „Anykščių vynas“**

Interim statements for the ended 31 March 2009

**STATEMENT OF CHANGES IN SHAREHOLDERS'  
EQUITY**

thousand Lit

	Share capital	Legal reserve	Other reserve	Accumula ted losses	Total
<b>Capital and reserves at 31 December 2007</b>	<u>49,081</u>	<u>-</u>	<u>-</u>	<u>(9,892)</u>	<u>39,189</u>
Net profit for I quarter 2008				(783)	(783)
<b>Capital and reserves at 31 March 2008</b>	<u>49,081</u>	<u>-</u>	<u>-</u>	<u>(10,675)</u>	<u>38,406</u>
Net profit for 2008				(5,517)	(5,517)
<b>Capital and reserves at 31 December 2008</b>	<u>49,081</u>	<u>-</u>	<u>-</u>	<u>(16,192)</u>	<u>32,889</u>
Net profit for I quarter 2009				(721)	(721)
<b>Capital and reserves at 31 March 2009</b>	<u>49,081</u>	<u>-</u>	<u>-</u>	<u>(16,913)</u>	<u>32,168</u>

JSC "Anykščių vynas" Director



Violeta Labutienė

**JSC „Anykščių vynas“**

Interim statements for the ended 31 March 2009

**CASH FLOW STATEMENT**

thousand Litas

<b>Cash flow from (to) operating activities:</b>	<b>2009.03.31</b>	<b>2008.03.31</b>
Result after tax	(721)	(783)
Adjustments for:		
Depreciation and amortization	561	675
Write-off of property, plant and equipment	(32)	-
Profit (loss) from disposal of non-current assets	-	(6)
Write-off of inventories to net realizable value	-	114
Interest expenses	165	(22)
Interest income	(9)	-
Write-off of inventories	-	1
	<u>(36)</u>	<u>(21)</u>
Change in current assets and short-term liabilities:		
Change in inventories	1,885	(560)
Change in receivables	2,330	5,273
Change in parent company's receivables	2,831	(1,458)
Change in prepayments and deferred expenses	37	(48)
Change in other receivables	(34)	(11)
Change in trade receivables and accrued liabilities	(7,857)	(3,119)
Net cash inflow from ordinary activities	<u>(844)</u>	<u>56</u>
<b>Net cash flow from (to) investing activities:</b>		
Acquisition of property, plant and equipment	-	(93)
Acquisition of intangible non-current assets	1	-
Sales of property, plant and equipment	-	6
Loans provided by the company	-	(2,900)
Portion of loans returned to the company	797	1,984
Interest received	9	22
Net cash (used in) investing activities:	<u>807</u>	<u>(981)</u>
<b>Net cash flow from (to) financing activity:</b>		
Loans received	-	3,522
Interest (paid)	(165)	(114)
Net cash flow (used in) financing activity	<u>(165)</u>	<u>3,408</u>
<b>Change in cash and cash equivalents</b>	<b>(202)</b>	<b>2,483</b>
<b>Cash and cash equivalents at 1 January</b>	<b>449</b>	<b>281</b>
<b>Cash and cash equivalents at 31 March</b>	<b>247</b>	<b>2,764</b>

JSC "Anykščių vynas" Director



Violeta Labutienė

## **JSC "Anykščių vynas"**

Interim statements for the ended 31 March 2009

### **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 March 2009 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.

##### **Basis of measurement**

The financial statements are presented in thousand Litas; Litas 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.

## JSC „Anykščių vymas“

Interim statements for the ended 31 March 2009

### 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

### 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 Litass in 2009, and in 2013 it would reach 46.5 million Litass. 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.

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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.

## JSC „Anykščių vynas“

Interim statements for the ended 31 March 2009

### Notes

#### 6 Business and geographical segments

##### Business segments

	Alcohol drinks		Apple products		Not allocated		Total	
	2009 03 31	2008 03 31	2009 03 31	2008 03 31	2009 03 31	2008 03 31	2009 03 31	2008 03 31
thousand Litas								
Sales	3,350	6,460	1,168	1,167	156	134	4,674	7,761
Cost of sales	(3,006)	(4,894)	(1,177)	(939)	(92)	(67)	(4,275)	(5,900)
Gross profit	344	1,566	(9)	228	64	67	399	1,861
Operating expenses					(1,003)	(2,584)	(1,003)	(2,584)
Other operating income					286	69	286	69
Other operating expenses					(219)	(37)	(219)	(37)
Finance income					13	27	13	27
Finance expenses					(197)	(119)	(197)	(119)
<b>Net result</b>	<b>344</b>	<b>1,566</b>	<b>(9)</b>	<b>228</b>	<b>(1,056)</b>	<b>(2,577)</b>	<b>(721)</b>	<b>(783)</b>

##### Geographical segments

	Sales		Total assets		Acquisitions of property, plant and equipment	
	2009 03 31	2008 03 31	2009 03 31	2008 12 31	2009 03 31	2008 03 31
thousand Litas						
Lithuania	3,551	7,341	48,244	56,813	-	93
Latvia	110	167				
Estonia	70	197				
Poland	925	-				
Great Britain	17	28				
Other countries	1	28				
	<b>4,674</b>	<b>7,761</b>	<b>48,244</b>	<b>56,813</b>	<b>-</b>	<b>93</b>

## JSC „Anykščių vynu“

Interim statements for the ended 31 March 2009

### Notes

#### 7 Other operating income and expenses

thousand Lit	2009 03 31	2008 03 31
Income from sale of current assets	43	30
Income from rent and provided services	243	33
Income from sale of property, plant and equipment	-	6
Other operating income	-	-
<b>Total other operating income</b>	<b>286</b>	<b>69</b>
Cost of sale of current assets	(30)	(7)
Cost of rent and provided services	(189)	(30)
Other operating expenses	-	-
<b>Total other operating expenses</b>	<b>(219)</b>	<b>(37)</b>

#### 8 Sales expenses

thousand Lit	2009 03 31	2008 03 31
Advertising expenses	(37)	(745)
Personnel expenses	(177)	(238)
Distribution	(114)	(164)
Transportation	(23)	(82)
Other	(3)	(256)
	<b>(354)</b>	<b>(1,485)</b>

#### 9 General and administrative expenses

thousand Lit	2009 03 31	2008 03 31
Personnel expenses	(256)	(340)
Repair and maintenance	(174)	(137)
Taxes	(64)	(195)
Depreciation and amortization	(26)	(75)
Security	(60)	(50)
Communications	(9)	(18)
Insurance expenses	(20)	(18)
Other payments to employees	(2)	(3)
Payments to banks	(3)	(3)
Other	(35)	(260)
	<b>(649)</b>	<b>(1,099)</b>

## JSC „Anykščių vynas“

Interim statements for the ended 31 March 2009

### Notes

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

Because of the increased excises for the alcoholic drinks, the sale and production volumes decreased in the I quarter of 2009 considerably, therefore the Company reduced the number of the workers and the redundancy was paid them. The suspension of the redundancy was formed on December 31, 2008 and it amounted to 540 thousand of Litas.

#### 10 Finance income and expenses

thousand Litas	2009 03 31	2008 03 31
Interest income	9	22
Delinquency charges	-	5
Other finance income	4	-
	<b>13</b>	<b>27</b>
Interest expenses for loans	(165)	(114)
Influence of foreign currency exchange	(2)	-
Other finance expenses	(30)	(5)
	<b>(197)</b>	<b>(119)</b>
	<b>(184)</b>	<b>(92)</b>

In 2008, the Company provided loans with the interest to related companies. During 2009 I quarter, interest income amounted to 9 thousand Litas (during 2008: 22 thousand Litas). During 2009 I quarter the loans was returned. On August 2008, the bank renewed a loan agreement re extension of credit line limit of 2,500 thousand Litas with higher interest; therefore, more interest was calculated and paid to the bank: 141 thousand Litas (in 2008: 114 thousand Litas). Other interest expenses amounting 24 thousand Litas relate to factoring service.

## JSC „Anykščių vynu“

Interim statements for the ended 31 March 2009

### Notes

#### 17 Inventories

thousand Lit	2009 03 31	2008 12 31
Saturated apple juice	8,393	11,481
Production in progress	4,639	4,903
Finished goods	2,595	2,891
Packaging materials	1,284	1,415
Raw materials	471	632
Auxiliary materials	226	218
Goods for resale and other goods	44	55
	<u>17,652</u>	<u>21,595</u>
Less write-down to net realizable value	(1,682)	(3,740)
	<u><b>15,970</b></u>	<u><b>17,855</b></u>
Write-down in the beginning of the year	<u>(3,740)</u>	<u>(1,671)</u>
During the year	-	(2,767)
Reversal of impairment	<u>2,058</u>	<u>698</u>
Write-down in the end of the year	<u>(1,682)</u>	<u>(3,740)</u>

The decrease in inventories was influenced by the balance of saturated apple juice. 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 Lit against fire, natural forces and other damages. The Company has also pledged inventories to the bank of 6,559 thousand Lit.

## JSC „Anykščių vynas“

Interim statements for the ended 31 March 2009

### Notes

#### 18 Trade receivables

thousand Lit	2009 03 31	2008 12 31
Alita Group amounts	6,716	9,538
Trade receivables for production	1,460	3,680
Receivable for heating (discussed below)	712	854
	8,920	14,072
Less impairment	(844)	(876)
	<b>8,076</b>	<b>13,196</b>
Impairment in the beginning of the year	(876)	(876)
Reversal of impairment due to write-down of receivable	32	-
Impairment in the end of the year	(844)	(876)

The Company has receivable amount of 712 thousand Lit for heating from UAB Anykščių Šiluma. During 2009 I quarter, UAB Anykščių Šiluma paid 143 thousand Lit for produced heating. The impairment loss of 744 thousand Lit 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 Lit	2009 03 31	2008 12 31
Alita Group loans	-	797
Prepayments	426	463
Other current assets	75	41
	<b>501</b>	<b>1,301</b>

## JSC „Anykščių vynas“

Interim statements for the ended 31 March 2009

### Notes

#### 20 Cash and cash equivalents

thousand Litas	2009 03 31	2008 12 31
Cash at bank	236	437
Cash in hand	11	12
	<b>247</b>	<b>449</b>

As at 31 March 2009, cash balances, amounting to 215.0 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 Litas 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 2009 I quarter number and nominal value of shares has not changed.

#### 22 Loans and finance lease liabilities

thousand Litas	2009 03 31	2008 12 31
Short-term credit line	8,632	8,632
Current portion of long-term loan	-	-
<b>Total current liabilities</b>	<b>8,632</b>	<b>8,632</b>

AB Anykščių Vynas has a credit line up to 8,632 thousand Litas (2,500 thousand EUR) with the bank. 8,632 thousand Litas were used as at 31 March 2009. The average annual variable interest rate in 2009 I quarter was 5,517%. To secure the repayment of this loan, the Company pledged non-current assets with a book value of 20,408 thousand Litas as at 31 March 2009 as well as inventories amounting to 6,559 thousand Litas, 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 20,490 thousand Litas as at 31 March 200.



## JSC „Anykščių vynas“

Interim statements for the ended 31 March 2009

### Notes

#### 23 Other liabilities and accrued expenses

thousand Lit	2009 03 31	2008 12 31
Excise duty payable	1,637	4,093
Value added tax payable	419	1,334
Provisions for redundancy payments	161	540
Salaries	250	265
Accrued vacation reserve	262	262
Social insurance	92	167
Income tax from the salaries	14	17
Other liabilities	1,350	20,65
	<b>4,185</b>	<b>8,743</b>

Because of the increased excises for the alcoholic drinks, the sale and production volumes decreased in the I quarter of 2009 considerably, therefore the Company reduced the number of the workers and the redundancy was paid them. The suspension of the redundancy was formed on December 31, 2008 and it amounted to 540 thousand of Lit.

#### 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 Lit	2009 03 31	2008 03 31
<b>Transactions with related parties</b>		
Sales to related companies	3,436	3,189
Purchases from related companies	27	409
<b>Amounts receivable from related parties</b>		
Trade receivable from related parties	6,716	9,538
Loans receivable from related parties	-	797
<b>Amounts payable to related parties</b>		
Trade payable to related parties	9	-

## **JSC „Anykščių vynas“**

Interim statements for the ended 31 March 2009

### **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*.

AB Anykščių Vynas issued a guarantee for AB Alita to the bank for the credits amounting to 45,000 thousand Litass 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.