



VERIFICATION OF THE RESPONSIBLE PERSONS

04 04 2012

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, Audrius Zuzevičius, and Accountant-general, Audronė Zemlevičienė, certify that, according to our knowledge, the Audited Financial Statement of 2011 of the AB „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

Audrius Zuzevičius

Accountant-general

Audronė Zemlevičienė

AB Anykščių Vynas

Financial statements for the
year ended
31 December 2011

Contents

Company details	1
Statement on the accounts	2
Independent auditor's report	3
Statement of financial position	5
Statement of comprehensive income	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9
Annual report for the year 2011	36
Appendix to annual report	52

Company details

AB Anykščių Vynas

Telephone: + 370 381 50 233
Telefax: + 370 381 50 350
Registered address: Dariaus ir Girėno 8,
Anykščiai LT-29131, Lithuania

Board of Directors

Vytautas Junevičius, Chairman
Paulius Kibiša
Loreta Nagulevičienė

Management

Audrius Zuzevičius, Director

Auditor

KPMG Baltics, UAB

Banks

AB SEB Bankas
Swedbank, AB
AB Šiaulių Bankas

Statement on the accounts


The Board of Directors and the Management have discussed and authorized for issue the 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 of the financial position of the Company as at 31 December 2011, and financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.


We recommend that the Annual General Shareholders' Meeting approve the financial statements.

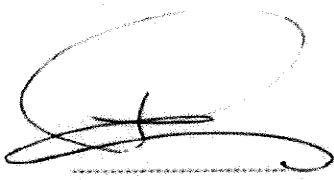
Anykščiai, 4 April 2012

Management:


Audrius Žilzevičius
Director

Board of Directors:


Vytautas Jurevičius
Chairman


Paulius Kibiša


Loreta Naglevičienė



KPMG Baltics, UAB
Upės St. 21
LT-08128, Vilnius
Lithuania

Phone: +370 5 2102600
Fax: +370 5 2102659
E-mail: vilnius@kpmg.lt
Website: www.kpmg.lt

Independent auditor's report

To the shareholders of AB Anykščių Vynas

Report on the Financial Statements

We have audited the accompanying financial statements of AB Anykščių Vynas ("the Company"), which comprise the statement of financial position as at 31 December 2011, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, set out on pages 5-35.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

The audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for qualified opinion

Operating losses have been incurred for a number of years and property, plant and equipment are currently under utilized, which may be indications of possible impairment of property, plant and equipment amounting to 19,470 thousand Litas as at 31 December 2011. Management of the company has been unable to provide to us evidence of their assessment of the recoverable amount of the property, plant and equipment and why no impairment allowance has been recognized. Accordingly, we were not able to determine if the carrying value of the property, plant and equipment was impaired. The adjustments to property, plant and equipment and the adjustments to the result and equity for the year ended 31 December 2011 if any, have not been determined.



Qualified Opinion

In our opinion, except for the possible effects of the matter referred to in the Basis for Qualified Opinion paragraph above, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2011, 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.

Emphasis of matter

Without further qualifying our opinion, we draw attention to Note 31 to the financial statements which describes that the Company has incurred a net loss of 6,222 thousand Litas for the year ended 31 December 2011 (2010: loss of 3,846 thousand Litas) and, as at that date, the Company's accumulated losses amount to 21,326 thousand Litas. In addition, shareholders' equity is less than 50% of the authorized share capital of the Company as at 31 December 2011 and accordingly does not meet the requirements of the Company Law of Republic of Lithuania. Following the agreement with the Bank during 2011, the Company is contractually required to repay a credit facility of 8,632 thousand Litas by 28 April 2012. Management of the Company are currently negotiating with the Bank to extend the terms of repayment. Although management remain confident of a successful outcome, and have therefore prepared these financial statements on the basis of the company being a going concern, as at the date of this report, no extension has been agreed. The Company's ability to continue as a going concern depends on the continued support by the Bank, the continuing extension of repayment term for the credit facility and on the ability of shareholders to secure adequate funding to recapitalize the Company so that it is in compliance with the legislative requirements of Lithuania. These financial statements do not reflect the adjustments that would be required if the Company is unable to continue as a going concern.

Report on legal and other regulatory requirements

Furthermore, we have read the annual report for the year ended 31 December 2011, set out on pages 36–51 of the financial statements, and have not identified any material inconsistencies between the financial information included in the annual report and the financial statements for the year ended 31 December 2011.

On behalf of KPMG Baltics, UAB

Rokas Kasperavičius
Partner pp
Certified Auditor

Vilnius, Republic of Lithuania
4 April 2012

Statement of financial position

In thousands of Litas

As at 31 December

	Note	2011	2010
ASSETS			
Property, plant and equipment	16	19,470	20,529
Intangible assets	17	1,097	1,760
Long-term loans	8	2,800	-
Other receivables		63	108
Total non-current assets		23,430	22,397
Inventories	18	3,984	4,225
Trade and other receivables	19	3,845	3,605
Financial assets held for sale	8	-	5,270
Other assets		216	79
Cash and cash equivalents	20	45	4
Total current assets		8,090	13,183
Total assets		31,520	35,580
EQUITY			
Share capital	21	37,000	49,081
Accumulated losses		(21,326)	(27,185)
Total equity attributable to shareholders		15,674	21,896
LIABILITIES			
Deferred tax liability	15	889	918
Deferred income		63	108
Total non-current liabilities		952	1,026
Loans and borrowings	23	8,632	8,632
Trade and other payables	24	1,980	1,540
Other liabilities	25	4,282	2,486
Total current liabilities		14,894	12,658
Total liabilities		15,846	13,684
Total equity and liabilities		31,520	35,580

The notes on pages 9-35 are an integral part of these financial statements.

Director



Audrius Zuzevičius

Statement of comprehensive income

In thousands of Litas

For the year ended 31 December

	Note	2011	2010
Revenue	7	20,031	18,583
Cost of sales	7	(17,291)	(15,776)
Gross profit		2,740	2,807
Other income	9	340	354
Selling expenses	10	(1,329)	(1,420)
Administrative expenses	11	(5,234)	(5,160)
Loss from disposal of a subsidiary	8	(2,370)	-
Other expenses	9	(44)	(111)
Results from operating activities		(5,897)	(3,530)
Finance income		64	-
Finance costs	13	(418)	(351)
Net finance costs		(354)	(351)
Loss before income tax		(6,251)	(3,881)
Income tax expense	14	29	35
Loss for the period		(6,222)	(3,846)
Loss per share			
Basic earnings per share (in Litas)	22	(0.14)	(0.08)
Diluted earnings per share (in Litas)	22	(0.14)	(0.08)

The notes on pages 9-35 are an integral part of these financial statements.

Director



Audrius Zuzevičius

Statement of changes in equity

In thousands of Litas

	Share capital	Accumulated losses	Total equity
Balance at 1 January 2010	49,081	(23,339)	25,742
Loss for the period	-	(3,846)	(3,846)
Total comprehensive income for the period	-	(3,846)	(3,846)
Balance at 31 December 2010	49,081	(27,185)	21,896
Balance at 1 January 2011	49,081	(27,185)	21,896
Reduction of the share capital	(12,081)	12,081	-
Loss for the period	-	(6,222)	(6,222)
Total comprehensive income for the period	(12,081)	5,859	(6,222)
Balance at 31 December 2011	37,000	(21,326)	15,674

The notes on pages 9-35 are an integral part of these financial statements.

Director



Audrius Zuzevičius

Statement of cash flows

In thousands of Litas

For the year ended 31 December

	Note	2011	2010
Cash flows from operating activities			
Profit (loss) for the period		(6,222)	(3,846)
Adjustments for:			
Depreciation and amortization of non-current assets		1,736	1,623
Interest expenses (income), net	13	309	307
Disposal of subsidiary		2,370	-
Gain on sale of property, plant and equipment	9	(42)	(6)
Impairment losses (reversal) on trade and other receivables	19	(1,116)	972
Change in deferred tax	14	(29)	(35)
Change in inventories	18	241	2,578
Change in trade and other receivables	19	784	10,547
Change in deferred income		(45)	(88)
Change in trade and other payables	24,25	1,951	(4,553)
Change in employee benefits accrual	26	285	(107)
Net cash from (used in) operating activities		222	7,392
Cash flows from investing activities			
Interest received	13	64	
Proceeds from sale of property, plant and equipment		42	177
Acquisition of property, plant and equipment	16	(14)	(25)
Acquisition of intangible assets	17	-	(1,969)
Disposal of subsidiary	8	2,900	(5,270)
Loans granted by the Company		(2,800)	-
Net cash from (used in) investing activities		192	(7,087)
Cash flows from financing activities			
Interest paid	13	(373)	(307)
Net cash from (used in) financing activities		(373)	(307)
Change in cash and cash equivalents		41	(2)
Cash and cash equivalents at 1 January	20	4	6
Effect of exchange rate fluctuations on cash held			-
Cash and cash equivalents at 31 December	20	45	4

The notes on pages 9-35 are an integral part of these financial statements.

Director



Audrius Zuzevičius

Notes to the financial statements

1. Reporting entity

AB Anykščių Vynas (hereinafter “the Company”) is incorporated and domiciled in Lithuania. The address of the Company’s registered office is Dariaus ir Girėno 8, Anykščiai LT-29131, Lithuania.

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 Company’s shares are listed on the Baltic Secondary List of the Stock Exchange NASDAQ OMX Vilnius.

The controlling shareholder of the Company is Įmonių Grupė Alita, AB which as at 31 December 2011 owns 35,113 thousand ordinary registered shares or 94.9% of all shares of the Company.

2. Basis of preparation

2.1. Statement of compliance

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

The Board of Directors has authorized these financial statements and the annual report for issue on 4 April 2012 and signed them on behalf of the Company. The shareholders may reject the financial statements and request the financial statements be amended and reissued.

In 2010 the Company acquired a 100% interest in UAB Vilkmergės Alus from a related party. The investment was recognized at cost. On 28 June 2011, UAB Vilkmergės Alus was sold to a third party and the loss from sale is included in the statement of comprehensive income for 2011.

2.2. Basis of measurement

The financial statements have been prepared on the historical cost basis. As explained in Note 31, management has been in a process of negotiation with a bank concerning the deadlines for repayment of credit line facility to be extended until the end of April 2012. It is expected that in April the Company will reach an agreement with the bank regarding new repayment schedules. On the basis of the new repayment schedules and the management’s forecasts, management believes that the risk of the Company’s inability to repay bad debts is low and, therefore, the Company will continue as a going concern in the foreseeable future.

2.3. Functional and presentation currency

These financial statements are presented in Litas, which is the Company’s functional currency. All financial information presented in Litas has been rounded to the nearest thousand, unless indicated otherwise.

2.4. Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS, as adopted by the European Union, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed below.

Notes to the financial statements

2. Basis of preparation (continued)

2.4. Use of estimates and judgements (continued)

(a) Impairment losses on property, plant and equipment

The carrying amounts of the Company's property, plant and equipment 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.

(b) Impairment losses on intangible assets

The carrying amounts of the Company's intangible 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. The recoverable amount of the intangible assets is estimated based on its value in use.

(c) Impairment losses on trade and other 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 judgments 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.

(d) Useful lives of property, plant and equipment and intangible assets

Asset useful lives are assessed annually and changed when necessary to reflect current thinking on their remaining lives in light of technological change, prospective economic utilisation and physical condition of the assets concerned.

(e) Production costs

The allocation of fixed production overheads to cost of production is based on the normal capacity of the production facilities. The amount of fixed overhead allocated to each production unit is not increased as a consequence of low production. Unallocated overheads are recognised as an expense in a period in which they are incurred. Variable production overheads are allocated to each unit of production on the basis of actual use of the production facilities.

(f) Deferred tax asset

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Notes to the financial statements

2. Basis of preparation (continued)

2.4. Use of estimates and judgements (continued)

(g) Assets held for sale

The carrying amounts of assets held for sale 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. The recoverable amount of the assets held for sale is the lower of its carrying amount and fair value less cost to sell. Fair value of the assets held for sale is estimated based on the discounted expected future cash flows to their present value using a pre-tax discount rate. If the recoverable amount of the assets held for sale is lower than their carrying amount, impairment is recognized in the statement of comprehensive income.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless stated otherwise.

3.1. Foreign currency

Transactions in foreign currencies are translated into Litas at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate 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.

3.2. Financial instruments

(a) Non-derivative financial instruments

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date on which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has loans and receivable financial assets. All purchases and sales of financial assets are recognised on the trade date. When financial assets are recognised initially, they are measured at fair value, plus, in a case of investments not at fair value through profit or loss, directly attributable transaction costs.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables. Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Notes to the financial statements

3. Significant accounting policies (continued)

3.2. Financial instruments (continued)

(b) Non-derivative financial liabilities

The Company initially recognises non derivative financial liabilities on the date that they are originated.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: loans and borrowings and trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

(c) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

3.3. Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment acquired until 1 January 1996 are measured at cost less accumulated depreciation and impairment as adjusted by the amounts of revaluations according to the rates set for individual groups of assets by the Government of the Republic of Lithuania. Carrying value of such assets after revaluation became its cost. Items of property, plant and equipment acquired on 1 January 1996 or later are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Notes to the financial statements

3. Significant accounting policies (continued)

3.3. Property, plant and equipment (continued)

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

- Buildings and plant 8–80 years;
- Machinery and equipment 4–50 years;
- Vehicles 4–25 years;
- Other equipment and tools 3–11 years.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.4. Intangible assets

Intangible assets comprising trademarks, computer software and software licenses that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure 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.

Amortization

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are 1-3 years.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.5. Emission rights

The EU Emission Allowance Trading Scheme was established by Directive 2003/87/EC and commenced on 1 January 2005. The first phase ran for the three-year period from 2005 to 2007; the second runs 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.

The 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).

Notes to the financial statements

3. Significant accounting policies (continued)

3.5. Emission rights (continued)

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

The Company measures both emission allowances and government grant at a nominal amount, i.e. zero. As actual emissions are made, a liability is recognised for the obligation to deliver allowances. Liabilities to be settled using allowances on hand are measured at the carrying amount of those allowances. Any excess emissions to be purchased are measured at the market value of allowances at the end of the period.

When unused emission allowances are sold, sale proceeds are recognised as income in the statement of comprehensive income.

3.6. Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant. Grants that compensate the Company for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Company for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

3.7. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out (FIFO) principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.8. Impairment

(a) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

Notes to the financial statements

3. Significant accounting policies (continued)

3.8. Impairment (continued)

(a) Financial assets (continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed in the statement of comprehensive income.

The effective interest method is a method of calculating the amortized 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.

(b) Non-financial assets

The carrying amounts of the Company's non-financial assets excluding inventories and deferred tax 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.

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 assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually 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, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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.

(c) Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

3.9. Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the shareholders of the Company.

Notes to the financial statements

3. Significant accounting policies (continued)

3.10. Employee benefits

Short-term employee benefits

Short-term employee benefits are recognised as a current expense in the period when employees render the services. These include salaries and wages, social security contributions, bonuses, paid holidays and other benefits. There are no long-term employee benefits.

Social security contributions

The Company pays social security contributions to the State Social Security Fund (hereinafter “the Fund”) on behalf of its employees in accordance with the local legal requirements. The social security contributions are recognised as an expense on an accrual basis and are included within personnel expenses.

Termination benefits

Termination benefits are recognised as an expense when the Company is committed constructively or legally, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

3.11. Provisions

A provision is recognised if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as financial costs.

3.12. Revenue recognition

Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement, however usually transfer occurs when the products are shipped from the company's warehouse and the sales invoice is issued.

Sales of services

Sales of services are recognised on performance of the services.

Rental income

Rental income is recognized in the statement of comprehensive income on a straight-line basis over the term of the lease.

3.13. Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Notes to the financial statements

3. Significant accounting policies (continued)

3.14. Finance income and finance costs

Finance income comprises interest income on funds invested and other financial income. Interest income is recognised in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and other financial expenses. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.15. Income tax

Income tax expense comprises current and deferred taxes. Current and deferred taxes are recognised in profit or loss except to the extent it relates to the items recognised on other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.16. Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the shareholders, who are the Company's chief operating decision makers, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information it is available.

3.17. Earnings per share

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

Notes to the financial statements

4. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair value is defined as the estimated amount for 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.

Intangible assets

The fair value of intangible assets was determined based on the third party valuation company. The valuation was performed based on a discounted cash flow model, using the estimated future cash flows of the products, to which the intangible assets are related.

Long term loans

The fair value of long term loans receivable is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Trade and other receivable

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

5. Influence of application of effective new standards, changes of effective standards and new interpretations on the financial statements

A number of new and revised International Financial Reporting Standards and their interpretations has been issued, which will become mandatory for the Company's financial statements in accounting periods beginning on 1 January 2011. 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 24 Related Party Disclosure is effective for annual periods beginning on or after 1 January 2011. The amendment exempts a government-related entity from the disclosure requirements in relation to related party transactions and outstanding balances, including commitments, with (a) a government that has control, joint control or significant influence over the reporting entity; and (b) another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity. The revised Standard requires specific disclosures to be provided if a reporting entity takes advantage of this exemption. The revised Standard also amends the definition of a related party which resulted in new relations being included in the definition, such as, associates of the controlling shareholder and entities controlled, or jointly controlled, by key management personnel. Revised IAS 24 is not relevant to the Company's financial statements as the Company is not government-related entity and the revised definition of a related party did not result in new relations requiring disclosure in the financial statements.

Notes to the financial statements

5. Influence of application of effective new standards, changes of effective standards and new interpretations on the financial statements (continued)

- Amendment to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction is effective for annual periods beginning on or after 1 January 2011. The amendment of IFRIC 14 addresses the accounting treatment for prepayments made when there are also minimum funding requirements (MFR). Under the amendments, an entity is required to recognize certain prepayments as an asset on the basis that the entity has a future economic benefit from the prepayment in the form of reduced cash outflows in future years in which MFR payments would otherwise be required. The amendments to IFRIC 14 are not relevant to the Company's financial statements as the Company does not have any defined benefit plans with minimum funding requirements.
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments is effective for annual periods beginning on or after 1 July 2010. The Interpretation clarifies that equity instruments issued to a creditor to extinguish all or part of a financial liability in a 'debt for equity swap' are consideration paid in accordance with IAS 39.41. The initial measurement of equity instruments issued to extinguish a financial liability is at the fair value of those equity instruments, unless that fair value cannot be reliably measured, in which case the equity instrument should be measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability (or part of the financial liability) extinguished and the initial measurement amount of equity instruments issued should be recognized in profit or loss. The Company did not issue equity to extinguish any financial liability during the current period. Therefore, the Interpretation has no impact on the corresponding amounts in the Company's financial statements for the year ended 31 December 2011. Further, since the Interpretation can relate only to transactions that will occur in the future, it is not possible to determine in advance the effects the application of the Interpretation will have.
- Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues is effective for annual periods beginning on or after 1 February 2010. The amendment requires that rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. The amendments to IAS 32 are not relevant to the Company's financial statements as the Company has not issued such instruments at any time in the past.

New IFRS standards and interpretations not yet adopted

A number of new and revised International Financial Reporting Standards and their interpretations has been issued, which will become mandatory for the Company's financial statements in accounting periods beginning after 1 January 2011. 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.

■ Amendments to IFRS 7 Disclosures - Transfers of Financial Assets

The Amendments require disclosure of information that enables users of financial statements:

- to understand the relationship between transferred financial assets that are not derecognised in their entirety and the associated liabilities; and
- to evaluate the nature of, and risks associated with, the entity's continuing involvement in derecognised financial assets.

The Amendments define "continuing involvement" for the purposes of applying the disclosure requirements.

The Company does not expect the amendments to IFRS 7 to have material impact on the financial statements, because of the nature of the Company's operations and the types of financial assets that it holds.

Notes to the financial statements

6. Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- (a) credit risk;
- (b) liquidity risk;
- (c) market risk.

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 financial statements.

The Board of Directors has overall 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 the 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.

(a) 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 it arises principally from the Company's receivables from customers.

Trade and other receivables

The Company controls credit risk by using credit conditions and procedures of the market analysis. Credit terms for sales are from 15 to 60 days. Irregular customers 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 loss estimated on a specific basis, related to individually significant trade and other receivables, as well as collectively assessed impairment loss.

The aging of trade receivables at the reporting date could be specified as follows:

In thousands of Litas

	2011		2010	
	Gross amount	Impairment	Gross amount	Impairment
Not past due	2,781		3,453	-
Past due 0-60 days	552		152	-
Past due 60-180 days	512		-	-
More than 180 days	183	183	1,299	1,299
	4,028	183	4,904	1,299

All the Company's customers are wholesalers. More than 90 percent of the Company's customers as at 31 December 2011 have transacted with the Company for several years, and no impairment loss has been recognised against these customers.

The Company has an unsecured long term loan receivable from the main shareholder of the Company amounting to 2,800 thousand Litas as at 31 December 2011.

Notes to the financial statements

6. Financial risk management (continued)

(a) Credit risk (continued)

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

In thousands of Litas	2011	2010
Long term loan receivable	2,800	0
Trade receivables	3,845	3,605
Cash and cash equivalents	45	4
	6,690	3,609

As at the date of the statement of financial position the maximum exposure to credit risk for loan and trade receivables by geographic region was:

In thousands of Litas	2011	2010
Lithuania	6,642	3,595
Euro-zone countries	3	10
	6,645	3,605

Guarantees

The Company's policy is to provide financial guarantees only to the Group companies. As at 31 December 2011 AB Anykščių Vynas issued a guarantee for the Įmonių Grupė Alita, AB to the Swedbank AB for the loans granted amounting to 13,647 thousand EUR (31 December 2010: for bankrupted Group company AB ALT Investicijos and AB Įmonių Grupė Alita - 28,353 thousand EUR and 45,604 thousand Litas).

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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. The Company is in a constant discussion with the bankers on financing the entity.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements, as well as guarantees issued to the Group companies:

In thousands of Litas	Carrying amount	Contractual cash-flows	6 months or less	6-12 months	More than 1 year
At 31 December 2011					
Loans and borrowings	8,632	(8,975)	(8,795)	(180)	
Trade payables to related parties	-	-	-	-	
Other trade payables	1,276	(1,276)	(1,276)		
Guarantee issued	47,120	-	-	-	(47,120)
Total	57,028	(10,251)	(10,071)	(180)	(47,120)

Notes to the financial statements

6. Financial risk management (continued)

In thousands of Litas	Carrying amount	Contractual cash-flows	6 months or less	6-12 months	More than 1 year
At 31 December 2010					
Loans and borrowings	8,632	(8,939)	(8,782)	(157)	-
Trade payables to related parties	37	(37)	(37)	-	-
Other trade payables	1,044	(1,044)	(1,044)	-	-
Guarantee issued	143,501				(143,501)
Total	153,214	(10,020)	(9,863)	(157)	(143,501)

Interest payments for loans and borrowings have been estimated for one year period only.

(c) Market risk

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

Currency risk

The functional currency of the Company is Litas. 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. The risk related to transactions in Euro is considered to be insignificant, as the Lithuanian Litas is pegged to Euro at a fixed rate of 1 EUR: 3.4528 Litas. Changes to this peg could occur if the Government's macroeconomic policy changes.

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

In thousands of Litas	2011		2010	
	EUR	LTL	EUR	LTL
Long term loan receivable	-	2,800	-	-
Trade and other receivables	3	4,021	10	3,782
Cash and cash equivalents	1	44	-	4
Loans and borrowings	(8,632)	-	(8,632)	-
Trade and other liabilities	(405)	(5,857)	(438)	(3,588)
Total	(9,033)	1,009	(9,060)	198

The Company does not prepare any sensitivity analysis based on the foreign currency exchange rate variances as the Company considered them to be unlikely at the end of reporting period.

Notes to the financial statements

6. Financial risk management (continued)

Interest rate risk

The Company's borrowings are subject to variable interest rates related to LIBOR. At 31 December 2011, 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.

An increase in the average annual interest rate (LIBOR) for the Company's borrowings by 100 basis points would have increased the interest expenses and decreased the result for the year ended 31 December 2011 by approximately 78 thousand Litas. A decrease in the average annual interest rate (LIBOR) for the Company's borrowings by 100 basis points would have had the equal but opposite effect.

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 the capital management during the reporting year.

The Company is obliged to keep its equity up to 50 percent of its share capital, as imposed by the Law on Companies of the Republic of Lithuania.

On 2 August 2011 the Shareholders' Meeting took place in the Company, during which the share capital was reduced in order to restore the required ratio between the share capital and equity.

As at 31 December 2011 the Company's equity accounted for less than 50% of its share capital. The Company's management has intentions to reverse the situation either by reducing the share capital or requesting the shareholders to replenish the share capital.

Notes to the financial statements

7. Operating segments

Information about reportable segments

For the management purpose, the Company is organized into two reportable operating segments that offer different products, and require different technology and marketing strategies. Information, as reviewed by the Chief Operating Decision Maker of the Company, regarding the results of each reportable segment that is used to measure performance of the Company is included below.

In thousands of Lit	Alcohol drinks		Apple products		Not allocated to any specified segment		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Sales	16,426	14,877	3,079	3,086	526	620	20,031	18,583
Cost of sales	(14,741)	(12,791)	(2,215)	(2,601)	(335)	(384)	(17,291)	(15,776)
Gross profit (loss)	1,685	2,086	864	485	191	236	2,740	2,807
Operating expenses	(2,011)	(3,127)	(428)	(1,097)	(4,124)	(2,356)	(6,563)	(6,580)
Other income	-	-	-	-	340	354	340	354
Other expenses	-	-	-	-	(44)	(111)	(44)	(111)
Disposal of the subsidiary	-	-	-	-	(2,370)	-	(2,370)	-
Finance income	-	-	-	-	64	-	64	-
Finance expenses	-	-	-	-	(418)	(351)	(418)	(351)
Profit (loss) before income tax	(326)	(1,041)	436	(612)	(6,361)	(2,228)	(6,251)	(3,881)
Income tax	-	-	-	-	29	35	29	35
Profit (loss) for the period	845	(1,041)	864	(612)	(7,931)	(2,263)	(6,222)	(3,846)
Segment assets	18,441	16,061	2,595	3,019	10,484	16,500	31,520	35,580
Capital expenditure	-	1,993	-	1	14	-	14	1,994
Depreciation & amortization of non-current assets	1,251	815	303	328	182	480	1,736	1,623
Segment liabilities	961	348	-	-	13,995	13,336	14,956	13,684

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. All of the Company's assets are located and all capital investments are made in Lithuania.

In thousands of Lit	Revenue		Intangible assets and PP&E		Capital expenditure	
	2011	2010	2011	2010	2011	2010
Lithuania	19,905	15,702	20,567	22,289	14	1,994
Poland	-	1,208	-	-	-	-
Germany	-	1,036	-	-	-	-
Estonia	9	425	-	-	-	-
Latvia	58	106	-	-	-	-
Other countries	59	106	-	-	-	-
Total	20,031	18,583	20,567	22,289	14	1,994

Notes to the financial statements

8. Long term loan

On 28 June 2011 the Company concluded an agreement on the sale of shares with a third party UAB Kalnapilis – Tauro Grupė, according to which shares were sold for 2,900 thousand Lit. The Loss incurred by the company on sale amounted to 2,370 thousand Lit. and was booked in the statement of comprehensive income.

After the consideration for the shares had been received, a long-term unsecured loan of 2,800 thousand Lit. was granted to Įmonių Grupė Alita, AB with the maturity term of 6 years and subject to the annual interest rate of 2.5% plus six months VILIBOR.

9. Other income and expenses

In thousands of Lit.

	2011	2010
Gain on sale of current assets	24	131
Income from rent and services provided	128	204
Net gain on sale of property, plant and equipment	42	6
Other income	146	13
Total other income	340	354
Cost of rent and provided services	(44)	(111)
Other expenses	-	-
Total other expenses	(44)	(111)

10. Selling expenses

In thousands of Lit.

	Note	2011	2010
Marketing expenses		(615)	(369)
Personnel expenses	12	(421)	(646)
Transportation		(102)	(99)
Depreciation	16	(19)	(22)
Other selling expenses		(172)	(284)
Total selling expenses		(1,329)	(1,420)

Notes to the financial statements

11. Administrative expenses

In thousands of Litas	Note	2011	2010
Repair and maintenance		(1,011)	(743)
Personnel expenses	12	(993)	(1,102)
Redundancy expenses	26	(851)	(302)
Depreciation and amortization of tangible and intangible assets	16,17	(1,041)	(412)
Advisory expenses		(382)	(51)
Security expenses		(235)	(238)
Taxes		(162)	(217)
Write-off of production overheads due to under-capacity	18	(108)	(437)
Insurance expenses		(46)	(67)
Communication expenses		(43)	(52)
Write-down of inventories to the net realizable value		-	(3)
Increase in impairment losses on trade and other receivables/reversal of allowance		-	(972)
Other administrative expenses		(362)	(564)
Total administrative expenses		(5,234)	(5,160)

In 2011 the Company implemented a plan regarding reduction of costs, increasing efficiency and profitability and, as a result, a number of employees were made redundant and redundancy compensation amounting to 566 thousand Litas was paid in 2011. As at 31 December 2011 a provision of 285 thousand Litas was allocated for additional redundancy payments to be paid to the employees to be made redundant in 2012.

In 2011 the Company operated under capacity; therefore, the attributable part of production overheads amounting to 108 thousand Litas was reclassified to operating expenses.

12. Personnel expenses

In thousands of Litas	Note	2011	2010
Production costs		(2,100)	(2,213)
Selling expenses	10	(421)	(646)
Administrative expenses	11	(993)	(1,102)
Total personnel expenses		(3,514)	(3,961)

The amounts above do not include redundancy expenses that are recognized in administrative expenses and specified in Note 11.

As at 31 December 2011, the Company had 100 employees (2010: 148 employees). Personnel expenses include salaries amounting to 116 thousand Litas to the management (2010: 96 thousand Litas).

Notes to the financial statements

13. Finance income and expenses

In thousands of Litas	Note	2011	2010
Interest income		64	-
Fines and penalties		-	-
Finance income		64	-
Interest expenses	23	(373)	(307)
Delinquency charges and fines		(45)	(44)
Other finance costs		-	-
Finance costs		(418)	(351)
Net finance costs		(354)	(351)

14. Income tax expense

In thousands of Litas	2011	2010
Current period tax expense	-	-
Deferred tax income (expense)	29	35
Total	29	35

Reconciliation of effective tax rate

In thousands of Litas		2011		2010
Profit (loss) before income tax		(6 251)		(3 881)
Income tax at statutory tax rate	15.0%	(938)	15.0%	(582)
Non-deductible expenses / (Tax-exempt income)	-3.1%	192	-1.9%	473
Current year losses for which no deferred tax asset was recognized	-13.7%	856	-19.9%	772
Unrecognized temporary differences arising in the current period	2.2%	(139)	7.7%	(297)
Income tax expenses (income)		(0.4%) (29)		0.9% (35)

Notes to the financial statements

15. Deferred tax assets and liabilities

In thousands of Litas

	2011		2010	
	Temporary differences	Deferred tax (15%)	Temporary differences	Deferred tax (15%)
Deferred tax asset				
Impairment of property, plant and equipment	316	47	316	47
Impairment of trade and other receivables	183	27	1,299	195
Inventories write-down allowance	131	20	194	29
Accrued vacation reserve	216	32	247	37
Termination benefits accrual	285	43	0	0
Tax losses carried forward	22,882	3,432	17,173	2,576
Available deferred tax asset		3,601		2,884
Asset not recognised		(3,601)		(2,884)
Deferred tax asset, recognised		0		0
Deferred tax liability				
Carrying amount of property, plant and equipment for which investment relief was used	(5,924)	(889)	(6,119)	(918)
Deferred tax liability		(889)		(918)
Net deferred tax asset (liability)		(889)		(918)

In 2011, no deferred tax asset has not been recognized in respect of deductible temporary differences and tax losses carried forward because, in the opinion of the management, it is not probable that taxable profit will be available in the foreseeable future against which the Company could utilise the benefits.

Under the current legislation, the Company's tax losses can be carried forward indefinitely, if economic activity from which the losses originated is continued.

Notes to the financial statements

16. Property, plant and equipment

In thousands of Litas	Buildings and plant	Vehicles, equipment and tools	Other assets	Construction in progress and prepayments	Total
Cost					
Balance at 1 January 2010	29,099	45,980	6,739	43	81,861
Additions	-	-	25	-	25
Disposals	-	(639)	(40)	-	(679)
Transfers	-	11	(11)	-	-
Balance at 31 December 2010	29,099	45,352	6,713	43	81,207
Balance at 1 January 2011	29,099	45,352	6,713	43	81,207
Additions	-	-	14	-	14
Disposals	-	(1,222)	(79)	-	(1,301)
Transfers	-	11	(11)	-	-
Balance at 31 December 2011	29,099	44,141	6,636	43	79,920
Depreciation and impairment losses					
Balance at 1 January 2010	11,856	41,676	6,229	30	59,791
Depreciation for the year	501	732	162	-	1,395
Disposals	-	(469)	(39)	-	(508)
Balance at 31 December 2010	12,357	41,939	6,352	30	60,678
Balance at 1 January 2011	12,357	41,939	6,352	30	60,678
Depreciation for the year	496	482	95	-	1,073
Disposals	-	(1,222)	(79)	-	(1,301)
Balance at 31 December 2011	12,853	41,199	6,368	30	60,450
Carrying amounts					
At 1 January 2010	17,243	4,304	510	13	22,070
At 31 December 2010	16,742	3,413	361	13	20,529
At 31 December 2011	16,247	2,942	268	13	19,470

Depreciation of property, plant and equipment is recognized in:

In thousands of Litas	Note	2011	2010
Production costs		(664)	(1,105)
Selling expenses	10	(19)	(22)
Administrative expenses	11	(378)	(184)
Cost of rental income of other activity		(12)	(84)
Total depreciation		(1,073)	(1,395)

Notes to the financial statements

16. Property, plant and equipment (continued)

As at 31 December 2011, property, plant and equipment with a carrying amount of 18,037 thousand Litass (2010: 18,747 thousand Litass) is pledged to secure credit line facility.

The carrying amount of insured property, plant and equipment as at 31 December 2011 was 18,043 thousand Litass (2010: 18,757 thousand Litass). Assets are insured against all risks as follows: buildings for value of 72,335 thousand Litass, production equipment for value of 44,405 thousand Litass, and inventories for value of 4,316 thousand Litass.

17. Intangible assets

In thousands of Litass	Trade marks	Other intangible assets	Total
Cost			
Balance at 1 January 2010		447	447
Additions	1,969		
Disposals		(2)	(2)
Balance at 31 December 2010	1,969	445	2,414
Balance at 1 January 2011	1,969	445	2,414
Additions	-	-	-
Disposals	-	-	-
Balance at 31 December 2011	1,969	445	2,414
Amortisation and impairment losses			
Balance at 1 January 2010		428	428
Amortisation for the year	219	9	228
Disposals		(2)	(2)
Balance at 31 December 2010	219	435	654
Balance at 1 January 2011	219	435	654
Amortisation for the year	656	6	663
Disposals	-	-	-
Balance at 31 December 2011	875	441	1,316
Carrying amounts			
At 1 January 2010	-	19	19
At 31 December 2010	1,750	10	1,760
At 31 December 2011	1,094	3	1,097

Trademarks were acquired from the related party UAB A.L.D on 9 of August 2010 as an offset with the trade receivable. The valuation, based on a discounted cash flow model, of net income from the products, for which the trademarks relate to, was performed by a third party valuation company. The estimated useful life for the trademarks is set to be 3 years.

The amortisation of trademarks and other intangible assets is recognised in administrative expenses in the statement of comprehensive income.

Notes to the financial statements

18. Inventories

In thousands of Litas	2011	2010
Saturated apple juice	129	251
Finished production	1,043	1,231
Production in progress	2,111	2,076
Raw materials and consumables	731	667
Carrying amount of inventories at 31 December	3,984	4,225

The Company operated under capacity in 2011; therefore, the attributable production overheads due to under-utilized capacity of 108 thousand Litas (2010: 437 thousand Litas) were recognized in administrative expenses of the current year.

The Company insured its inventories for 4,316 thousand Litas against fire, natural forces and other damages. The Company has pledged inventories with the amount of 3,984 thousand Litas to the bank.

19. Trade and other receivables

In thousands of Litas	Note	2011	2010
Trade receivables due from related parties	27	790	56
Other trade receivables		3,055	3,549
Trade and other receivables, net of impairment losses		3,845	3,605
Trade and other receivables, gross		4,028	4,904
Impairment of trade and other receivables at 31 December		(183)	(1,299)
Trade and other receivables, net of impairment losses		3,845	3,605
Impairment of trade and other receivables at 1 January	11	(1,299)	(327)
Write off of impairment loss	11	1,116	139
Impairment losses for the period		-	(1,111)
Impairment of trade and other at 31 December		(183)	(1,299)

During 2010 an impairment loss of 1,111 thousand Litas was recorded for the related party UAB A.L.D. During 2011 the amount receivable and the related impairment were written off, as the related company became bankrupt.

Notes to the financial statements

20. Cash and cash equivalents

In thousands of Litas

	2011	2010
Cash at bank	42	2
Cash in hand	3	2
Total	45	4

At 31 December 2011, cash balances, amounting to 42 thousand Litas, as well as inflows into the main accounts of the bank were pledged to secure repayment of the credit line facility provided by the bank.

21. Capital and reserves

As at 31 December 2011, the authorized and issued share capital comprised 37,000,000 ordinary shares with a nominal value of 1 Litas each. All issued shares are fully paid.

The holders of ordinary shares are entitled to one vote per share in the General Shareholders' Meeting and are entitled to receive dividends as declared from time to time and to capital repayment in case of decrease of the capital. During 2011, the number of shares was decreased following the shareholders decision dated 2 August 2011. The nominal value of shares has not changed.

22. Earnings per share

In thousands of Litas

	2011	2010
Loss for the period	(6,222)	(3,846)
Number of shares 1 January (thousand)	49,081	49,081
Number of shares 31 December (thousand)	37,000	49,081
Weighted average number of shares in issue (thousand)	44,047	49,081
Basic and diluted earnings (losses) per share	(0.14)	(0.08)

On 2 August 2011, Extraordinary General Shareholders' Meeting took place which decided to reduce the authorized capital from 49,080,535 to 37,000,000 Litas of registered shares with the nominal value of 1 Litas each. The authorized capital was reduced with a purpose to eliminate losses stated in the statement of financial position of the Company.

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

23. Loans and borrowings

The Company has a credit line facility amounting to 8,632 thousand Litas (2,500 thousand EUR) with Swedbank, AB. The credit line matures on 27 April 2012. As at 31 December 2011, 8,632 thousand Litas had been drawn (2010: 8,632 thousand Litas). The effective interest rate in 2011 was 4.0% (2010: 2.9%).

To secure the repayment of this credit line facility the Company pledged property, plant and equipment with a carrying amount of 18,037 thousand Litas as at 31 December 2011, as well as inventories amounting to 3,984 thousand Litas, all the 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 has insured its property, plant and equipment with a carrying amount of 18,043 thousand Litas as at 31 December 2011.

Notes to the financial statements

24. Trade and other payables

In thousands of Litas	Note	2011	2010
Trade payables to related parties	27	-	37
Other trade payables		1,276	1,044
Accrued vacation reserve		216	247
Employment related liabilities		203	212
Provisions for redundancy payments		285	-
Total trade and other payables		1,980	1,540

25. Other liabilities

In thousands of Litas	2011	2010
Excise duty payable	3,280	1,753
Valued added tax payable	935	581
Prepayments received and other payables	66	152
Total other liabilities	4,281	2,486

In 2011, the Company concluded a deferred settlement agreement with the State Tax Inspectorate for the amount of 2,210 thousand Litas subject to interest of 0.01%, for which deferral of payment of excise duty is distributed over the period of six months until 22 June 2012.

26. Termination benefit accrual

Termination benefit accrual amounting to 285 thousand Litas as at 31 December 2011 will be paid out in 2012. In 2011 the Company paid out 566 thousand Litas for redundancy payments, which were recognized in the administrative expenses.

27. Related party transactions

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

- Įmonių Grupė Alita, AB – the Parent Company since 27 October 2009;
- UAB Vilkmėrgės Alus – a wholly owned subsidiary from 25 August 2010 until 28 June 2011.

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

In thousands of Litas	Note	2011	2010
Transactions with related parties			
Sales to related parties		880	10,545
Acquisitions from related parties		1,669	8,116
Purchase of trade marks		-	1,969
Purchase of subsidiary shares		-	5,270
Interest received		64	-
Amounts receivable from related parties			
Long term loan receivable	8	2,800	-
Trade receivables from related parties, net of impairment	19	790	56
Amounts payable to related parties			
Trade payables to related parties	24	-	37

Notes to the financial statements

28. Contingent liabilities

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 actual emissions during 2011 were significantly lower than allowed; therefore, no provision has been recognized as at 31 December 2011. In 2011, the Company sold excess emission allowances the income from which is booked under other income.

AB Anykščių Vynas issued a guarantee for Įmonių Grupė Alita, AB for loans granted by the bank amounting to 13,647 thousand EUR.

The Company rents 1 land plot from the State with contract maturity on 8 August 2046. The annual rent fee in 2011 amounted to 27.4 thousand Lit. The environmental obligations (cleaning, restoration etc.) are incumbent on lessee of the rented state land. No provision is included in the financial statements as at 31 December 2011, as the management could not reliably estimate the present value of future obligations; however, it is considered that such amount would not be material.

The tax authorities have not performed a full scope tax review of the Company for the period from 01/01/2007 until 31/12/2011. According to prevailing tax legislation the tax authorities have the right to check accounting registers and records of the company for 5 years prior to the current accounting period and may charge additional taxes and penalties. Management of the Company is not aware of any circumstances due to which material additional tax liabilities could be imposed on the Company.

29. Litigation and claims

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

30. Subsequent events

According to the management, no significant events occurred after the date of the financial statements, which would require adjustments to these financial statements.

31. Going concern

During the year 2011 the Company incurred net losses amounting to 6,222 thousand Lit, including losses of 2,370 thousand Lit from sale of shares of UAB Vilmergės Alus. The Company's short-term liabilities exceeded its current assets by the amount of 6,804 thousand Lit (the Company's loan from Swedbank, AB amounts to 8,632 thousand Lit). In August 2011, the Company's authorized capital has been reduced.

In order to balance the cash flows, Management and shareholders are taking active measures to ensure financial stability of the Company. In 2011 and 2012, the Board and Management of AB Anykščių Vynas have continued implementing management costs optimization project which helps to achieve goals set for 2011-2012 and ensures that the Company will continue as a going concern:

- Following the agreement, all the administrative functions (legal control, sales, purchases, finance and accounting, IT, human resources) have been transferred to the parent company AB Įmonių Grupė Alita, AB in order to optimize management costs and avoid duplication of roles in both companies.
- Optimizing the number of employees in production and administration in line with volumes of production and sales. The project will have been completed by April 2012: a number of employees in the Company will go down from 144 to 74. It is also planned to optimize fixed production costs by decreasing a number of employees in the Company's technical services, and carrying out repair and other necessary work with the help of employees of the parent company. Once the project related to optimization of the number of employees is completed, operating costs are expected to decrease and profitability of production is expected to increase.

Notes to the financial statements

31. Going concern (continued)

- Unprofitable business lines, which were not ordinary and insignificant activity of the Company, have been already abandoned in 2011 i.e. the Company terminated food services which were transferred to third parties and the premises were rented. Cleaning of the Company was transferred to third parties as well. In 2012, it is planned to transfer the remaining functions which are not classified as ordinary activity of the Company to third parties. These decisions will allow decreasing fixed operating costs of the Company.
- Optimization of premises owned by the Company and its capacities is in process: some unoccupied administrative premises were rented to third parties. As a result of staff optimization, the need for administrative space was reduced and, at the same time, utility costs were cut down. In 2012 the Company is planning to increase production volumes and optimize production capacity with a two times smaller number of staff.
- After the Sales and Marketing functions have been transferred to the parent company, decisions have been made and agreements have been reached with clients: sales prices of the main product manufactured in the Company, i.e. fortified wine, were increased; search of materials and ancillary materials at lower prices is in progress; a negotiation regarding longer payment terms is in progress with clients. The Company has a strategy how to promote sales of the natural wine Voruta, as it is the main product and generates profit. The new team is able not only to maintain the Company's position in the main categories of production on the shrinking Lithuanian market but strengthen them as well. The Company is also actively working on the export development. The EU project related to promotion of production export is in process.
- The Company made an agreement and rendered a service of production of concentrated juice to UAB Vaiskona. In 2012 it is planned to expand this opportunity and render not only service of production of concentrated juice but also other related services (e.g. drying of oilcakes etc.)
- The Company's scheme of production distribution has been optimized. In the beginning of 2011 we started cooperation with new distributors and agreed on more flexible terms of settlement. As of April 2012 we plan to refuse own freight vehicles and deliver production by rented vehicles, which will allow reducing transportation costs.
- The project related to separation of boiler station buildings and land from the main buildings of the Company is in progress. Earlier, these assets were used for production and supply of heat to Anykščiai town.

In the view of the above mentioned actions and taking into consideration the Company's production capabilities and technical expertise of staff, Management is of the opinion that the Company will be able to continue as a going concern. The management believes that in April the Company will be able to reach the agreement with the bank regarding new repayment schedules.



ANYKŠČIŲ VYNAS AB

ANNUAL REPORT OF THE YEAR

2011

I. GENERAL PROVISIONS

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

The report is prepared for the year 2011.

1.2. The contact information of Anykščių Vynas AB.

The name of the Issuer:	Anykščių Vynas.
Legal-organizational form:	Joint-Stock Company, Legal entity.
The registration date and place:	November 21, 1990 in the State Enterprise Land and the other Real Estate Cadastre and Register (in Vilnius).
The place and date of re-registration:	May 25, 2010, Utena branch of the State Enterprise Centre of Registers.
The Register number:	BI 97-340.
The Company Code:	2541 11650.
The registered address:	Dariaus ir Girėno 8, Anykščiai, LT-29131.
Phone:	(8-381) 50 233.
Fax.:	(8-381) 50350.
E-mail:	info@anvynas.lt
Website:	www.anvynas.lt

The Company „Anykščių Vynas“ AB has no branches and representative offices. The Company had a subsidiary company „Vilkmergės Alus“ till June 28, 2011.

1.3. The main activities of the Issuer.

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

1.4. The information about the Contracts with the brokers of the securities of the public circulation.

On July 29, 2004 „Anykščių Vynas“ AB and „Swedbank“, AB signed the agreement on the accounting of the securities issued by the Company and accounting of the personal securities. „Swedbank“, AB is located in Konstitucijos pr. 20 a, 03502 Vilnius, phone (8-5) 258 2485, fax. (8-5) 258 2170.

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

The ordinary registered shares, issued on July 3, 1995 by „Anykščių Vynas“ AB, were enlisted in the AB NASDAQ OMX Vilnius Supplementary sale list. At present there are 37 000 000 ordinary registered shares of „Anykščių Vynas“ AB. The total nominal value of the shares is 37 000 000 LTL. The ISIN Code of these securities is LT0000112773 (the ticker is ANK 1L).

1.6. Trade in other markets.

There is no trade.

1.7. Trade in other organized markets.

There is no trade.

1.8. Information about the procurement of the Issuer's own shares.

There were no such cases.

1.9. Notification of the overture.

In 2011 there were no overtures of the third parties to buy the ordinary registered shares of „Anykščių Vynas“ AB. „Anykščių Vynas“ AB did not notify any overtures to buy the securities of other issuers.

1.10. The payment brokers of the Issuer.

There are no payment brokers.

2. OTHER INFORMATION ABOUT THE ISSUER

2.1. The Issuer's authorized capital.

Early in the year the authorized capital of „Anykščių Vynas“ AB was 49 080 535 LTL. The nominal value of a share is 1 LTL. On August 2, 2011 the Extraordinary General Meeting decided to reduce the Company's authorized capital from 49 080 535 LTL to 37 000 000 LTL. The aim of reduction is to eliminate the loss booked in the Company's balance sheet. The reduced authorized capital was registered with the Register of Legal Entities on September 9, 2011.

The structure of „Anykščių Vynas“ AB authorized capital according to types of shares:

The type of shares	The number of shares	The nominal value (LTL)	The general nominal value LTL	The share in the authorized capital (%)
Ordinary registered shares	37 000 000	1	37 000 000	100.00
Total:	37 000 000	-	37 000 000	100.00

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

The shareholders' rights and duties are set by the Company Law of the Republic of Lithuania and by other laws and regulations.

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

There is no information.

2.3. Information about limitation of the securities transfers.

There is no information.

2.4. Shareholders

The total number of shareholders was 473 on December 31, 2011.

The shareholders who have or control more than 5% of the Issuer's authorized capital.

Shareholder's name, surname (company name, type, registered address, Company Register Code)	Number of ordinary nominal shares, unit.		The owned part of the authorised capital and votes, %.		
	Total	Including shares owned by proprietary	Total	Including votes given by ordinary registered shares owned by shareholder	Together with acting persons, %
Company Group ALITA AB Miškininkų 17, LT-62200 Alytus, 302444238	35 113 087	35 113 087	94.90	94.90	-

2.5. Information about the shareholders who have special control rights.

There are no such shareholders.

2.6. Information about the limitation of the voting rights and shareholders' agreements

There is no information.

2.7. The main characteristics of shares issued for public securities trading

37 000 000 of ordinary registered shares have been issued for public trading. The total nominal value of the issued shares is 37 000 000 LTL.

2.8. Information about the registered and distributed shares for the closed circulation.

There is no information.

2.9. Information about the depository notes issued on the ground of the shares.

There is no information.

2.10. The main features of the debt securities laun issued for public securities trading.

There is no information.

2.11. Data on the registered and distributed debt securities for the closed circulation.

There is no data.

2.12. The securities that do not mark their presence in the authorized capital but their circulation is regulated by Law on the Security Market, except the debt securities.

There is no information.

3. THE LEGAL BASIS OF THE ISSUER'S ACTIVITIES

- The Constitution of the Republic of Lithuania;
- The Company Law;
- Law on Securities Market;
- Other laws and resolutions of the Government of the Republic of Lithuania;
- Articles of Association of the Company.

The procedure of amendments made to Articles of Association of the Company - Articles of Association of the Company are amended by accepting the resolution by majority of 2/3 of votes in the General Meeting, which is recorded in a written form and all the replaced regulation text is registered with the Register of Legal Entities. A person authorized by the Meeting signs the Articles of Association.

4. THE ISSUER'S MANAGEMENT BODIES

The Company's 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.	The position ("Anykščių vynas"AB)	Name, surname	The number of shares	The part of the authorised capital in hand (%)
The BOARD since 02 08 2011				
1	Chairman – does not work in the Company	Vytautas Junevičius	-	-
2	Member – does not work in the Company	Paulius Kibiša	-	-
3	Member – does not work in the Company	Loreta Nagulevičienė	-	-
4	Member – does not work in the Company	Martynas Grigalavičius (until 29.03.2012)	-	-
The BOARD since 01.07.2011 to 01.08.2011				
	Chairman – does not work in the Company	Vytautas Junevičius	-	-
The BOARD since 25/04/2008 to 30/06/2011				
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 worked in the Company	Darius Vėželis	-	-
ADMINISTRATION since 21/01/2012				
1	Director*	Audrius Zuzevičius	-	-
2	Chief Financier	Audronė Zemlevičienė	-	-
* Director was appointed from 23.01.2012				
ADMINISTRATION since 16/06/2008 to 20/01/2012				
1	Director	Violeta Labutienė	-	-
2	Chief Financier	Audronė Zemlevičienė	-	-
ADMINISTRATION 23/05/2008 – 16/06/2008				
1	Production Manager, Substituting Director	Vidas Lagūnas	-	-
2	Chief Financier	Audronė Zemlevičienė	-	-
ADMINISTRATION since 10/02/2006 to 23/05/2008				
1	Director	Marius Gudauskas	-	-
2	Chief Financier	Audronė Zemlevičienė	-	-

4.2. The additional data about the members of the Board and the Chief Financier (Finance Director) .

Vytautas Junevičius – Education: Kaunas Polytechnic Institute, engineer – economist; International Business School at Vilnius University, specialist in international business relations. Employment: Company Group ALITA, AB, senior advisor. Member of the Supervisory Council of Company Group “Alita”, AB, member of the Supervisory Council of “Šiaulių bankas”, AB, chairman of the Board of AB “Anykščių vynos”, deputy president of the Council of the International Business School at Vilnius University, member of the Council of the Faculty of Economy and management of Kaunas University of Technology, vice president of Vilnius Chamber of Commerce, Industry and Crafts. The shareholder of Company Group „ALITA“, AB, UAB „Aunuva“, AB „Šiaulių bankas“, AB „ALT investicijos“. Has no shares of AB „Anykščių vynos“.

Paulius Kibiša - Education: Kaunas Medical Academy, Doctor of Medicine, Baltic Management Institute, Executive Master of Business Administration. Employment: Company Group ALITA, AB, general director. Not participating in other companies activities. Has no shares of AB „Anykščių vynos“ and Company Group „ALITA“, AB.

Loreta Nagulevičienė – Education: Vilnius University, Faculty of Economics, diploma in Economics field: economy cybernetics (economy mathematics), Master's degree in Business finance. Employment: Company Group ALITA, AB, Finance & IT director. Not participating in other companies activities, except that she is a shareholder of UAB „Audilona“, UAB „Skanulis“, UAB „Verslo sėkmė“. Has no shares of AB „Anykščių vynos“ and Company Group „ALITA“, AB.

Martynas Grigalavičius – a member of the Board (until 2012 03 29) , Marketing and Sale Director of Company Group ALITA AB (until 2012 03 15), a shareholder of „Merkat“ UAB. Had no shares of AB „Anykščių vynos“ and Company Group „ALITA“, AB.

Violeta Labutienė - Director of „Anykščių Vynos“ AB from 16 06 2008 to 20 01 2012. She had a higher education of the economist. Had no shares of AB „Anykščių vynos“ and Company Group „ALITA“, AB. Not participating in other companies activities.

Audrius Zuzevičius- Director of „Anykščių Vynos“ AB since 23 01 2012 He has a higher education of the engineer-mechanic. Has no shares of AB „Anykščių vynos“ and Company Group „ALITA“, AB. Not participating in other companies activities.

Audronė Zemlevičienė - the Chief Financier of „Anykščių Vynos“ AB since 19 05 2005. She has a higher education of the economist. Has no shares of AB „Anykščių vynos“ and Company Group „ALITA“, AB. Not participating in other companies activities.

4.3. Data about non-extinct conviction of the members of Management Bodies for crime to ownership, order of farming, finance.

There is no such data.

4.4. The end of term of office of members of the Board.

April 25, 2012

4.5. Information about all important agreements among the Issuer, Issuer's Managers, employees and other persons.

There is no such information.

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

5.1. Information about the size of the Issuer's paid-out salaries, bonuses and other payoffs from the profit, falling to one person (according to the categories of the above)

2011	Salary, LTL	Tantiemes, LTL	Other pay- offs from the profit, LTL
The average to one member of the Board.	-	-	-
Total to all the members of the Board.	-	-	-
The average to one member of the Administration.	57 952	-	-
Total to all the members of the Administration.	115 904	-	-

The amount calculated to the members of the Management Bodies (Director and Chief Financier) is 115 904 LTL. The average pay-off to one person during the year:

- Salary - 53 488 LTL;
- Vacations - 4 464 LTL

From the profit:

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

5.2. The Issuer's paid off salaries, bonuses and other payoffs from the profit amounts to the members of the Supervisory Board, the Board of 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%:

There were no such payoffs.

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.

There were no such means.

5.4 Transactions with the related parties:

On June 27, 2011 „Kalnapilio-Tauro grupė“ UAB acquired 1 700 of ordinary registered shares of „Vilkmergės Alus“ UAB, the nominal value of which is 2 100 LTL and it is 100% of all the shares of „Vilkmergės Alus“ UAB owned by „Anykščių Vynas“ AB.

Other transactions with related parties are disclosed in the financial statements for 2011.

6. THE BOARD'S ACTIVITIES.

The Board consisted of the same members as in the Company Group ALITA AB (Vytautas Junevičius, Vilmantas Pečiūra, Arvydas Jonas Stankevičius, Darius Vėželis). On June 30, 2011 Vilmantas Pečiūra, Arvydas Jonas Stankevičius and Darius Vėželis resigned from the Board. On August 2, 2011 General Meeting elected the new members of the Board till the end of the term of office of the acting Company Board: Paulius Kibiša (General Director of the Company Group ALITA AB), Loreta Nagulevičienė (Finance and IT Director of the Company Group ALITA AB), Martynas of Grigalavičius (Marketing and Sale Director of the Company Group ALITA AB).

In 2011 the Board held 20 meetings where important matters were solved: the increase of the work effectiveness and the sale increase, the calling of the General Meeting, credit raising, analysis of the results of the activities and the other matters. The Board as a collegial body qualifies its work and the work of each member of the Board positively. Work is continuously performed in the Company in order to ensure the productional and technical stability.

7. DATA ABOUT THE PUBLISHED INFORMATION.

During the last 12 months the Company, complying with governing legislation regarding the securities market, published the following information in the Vilnius Stock Exchange (at present AB NASDAQ OMX Vilnius) information disclosure and distribution system and in the „Anykščių Vynas“ AB website www.anvynas.lt :

January 5, 2011. The working time of „Anykščių Vynas“ AB in the first quarter of 2011.

January 10, 2011. Regarding the decree of the Securities Commission of the Republic of Lithuania.

February 28, 2011. The unaudited results of the activities in 2011.

March 31, 2011. The working time in the second quarter of 2011.

April 6, 2011. The results of the first quarter of 2011.

April 6, 2011. The calling of the General Meeting.

April 28, 2011. The resolutions of the General Meeting of „Anykščių Vynas“ AB.

May 4, 2011. The supplement of the annual information of the year of 2011. The approval of the responsible persons.

May 31, 2011. The results of the first quarter of 2011.

June 28, 2011. „Anykščių Vynas“ AB sold the shares of „VILKMERGĖS ALUS“ UAB

June 30, 2011. Concerning the resignation of three members of „Anykščių Vynas“ AB Board.

July 8, 2011. The calling of the Extraordinary General Meeting.

August 2, 2011. The approved resolutions of the Extraordinary General Meeting of „Anykščių Vynas“ AB.

August 24, 2011. Concerning the reduction of the authorized capital of „Anykščių Vynas“ AB.

August 31, 2011. The first half-year results of 2011.

September 7, 2011. Concerning the signed contracts between the main shareholder the Company Group ALITA AB, who is the owner of „Anykščių Vynas“ AB shares, and FR&R Invest IGA S.A.) (the Investment Company of Swedbank).

September 9, 2011. The report on the accounting record arrangement of the Joint-Stock Company „Anykščių Vynas“.

September 22, 2011. „Anykščių Vynas“ AB cuts the number of the workers.

October 12, 2011. The report on acquisition of voting rights.

October 12, 2011. The report on intention to present the obligatory uncompetitive official proposal.

October 28, 2011. Regarding the decision of the Securities Commission of the Republic of Lithuania.

October 28, 2011. Concerning the published information in the media about the sale of the Company shares.

November 30, 2011. The results of nine months of 2011.

January 19, 2012. Concerning the approval of the circular of the obligatory uncompetitive official proposal.

January 20, 2012. Concerning the intent to delist the Company.

January 20, 2012. Concerning the end of employment relations with Director and the appointment of Director.

January 30, 2012. The opinion of the Board of „Anykščių Vynas“ AB on the published obligatory uncompetitive official proposal to buy the Company shares.

February 10, 2012. The report on acquisition of voting rights.

February 10, 2012. The report about the implementation of the obligatory uncompetitive official proposal is received.

February 29, 2012. The unaudited results of the activities of „Anykščių Vynas“ AB in 2011.

March 2, 2012. The major shareholder of „Anykščių Vynas“ AB is planning to begin the selling process of the Company.

The published regulated information is available in the Company „Anykščių Vynas“ AB website www.anvynas.lt or on the website of Vilnius Stock Exchange: www.nasdaqomx.com/vilnius.

8. MEMBERSHIP IN THE ASSOCIATED ORGANIZATIONS.

The Association „Lithuanian Food Industry“. It is a voluntary association of legal persons – companies of the food industry, acting according to 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.

The Lithuanian Industrial Confederation. It is a non-political, public organization, independent of the state, that represents and defends the interests of the LIC members in the governmental, social and international organizations, strengthens the economy of Lithuania etc.

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 certified agronomist Balys Karazija.

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 70s, approximately after ten years of reconstruction, the winery came to life again. In 1968 „Anykščių Vynas“ AB 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 „Šermukšnėlė“ 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.

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 apple concentrated juice, the dried apple pomace and apple aroma are exported to Germany and the other West European countries.

In July, 2004 the Company was privatized, „Alita“ AB acquired its controlling interest from the state.

A range of „Anykščių Vynas“ AB production was 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 in the competitions „Lithuanian Year Product“. In 2007 the vodka „Ledo“ was presented in six international tasting competitions in Europe and Russia and it won the high evaluation in four of them: „Moscow Wine 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; the natural black currant wine „Voruta“ won the gold medal in the Competition „Lithuanian Year Product 2007“.

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 2008 the Company was issued a TIC (TUV International Certification) Certificate confirming the meeting of the requirements of the Quality and Anti-pollution Management System LST EN ISO 14001:2005 (EN ISO 14001:2004) and in 2009 the Company was issued a Certificate confirming the Quality Management System LST EN 9001:2008 (EN ISO 9001:2008).

In 2009 the natural black currant wine „Voruta“ won the gold medal in the International Alcoholic Drink Competition „Zolotoj Grifon“ in Yalta. In 2009 the Ministry of Agriculture of the Republic of Lithuania honoured this wine a name of the National Heritage.

In 2010 the natural cherry wine „Voruta“ won the gold medal in the competition „Lithuanian Year Product 2010“.

10. THE IMPORTANT EVENTS OF THE YEAR.

On June 27, 2011 „Kalnapilio-Tauro grupė“ UAB acquired 1 700 of ordinary registered shares of „Vilkmergės Alus“ UAB, the nominal value of which is 2 100 LTL and it is 100% of all the shares of „Vilkmergės Alus“ UAB owned by „Anykščių Vynas“ AB.

On June 30, 2011 Vilmantas Pečiūra, Arvydas Jonas Stankevičius and Darius Vėželis resigned from the Board.

On August 2, 2011 the General Meeting decided to reduce the authorized capital from 49 080 535 (forty nine million eight thousand five hundred and thirty five) LTL to 37 000 000 (thirty seven million) LTL. The aim of reduction of the Company's authorized capital is to eliminate the Company's loss booked into the Balance Sheet. The way of the reduction of the Company's authorized capital is to cancel the Company shares.

On August 2, 2011 the General Meeting elected new members of the Board till the end of the term of office of the acting Company Board: Paulius Kibiša (General Director of the Company Group ALITA AB), Loreta Nagulevičienė (Finance and IT Director of the Company Group ALITA AB), Martynas Grigalavičius (Marketing and Sale Director of the Company Group ALITA AB).

11. STAFF.

The average number and average salary in LTL (without the paid out compensations) of „Anykščių Vynas“ AB staff according to the personnel groups:

Staff	2011			2010		
	Number	%	Average salary	Number	%	Average salary
Managers	2	1.4	4 829	2	1.1	4 002
Specialists and employees	49	34.3	1 827	63	33.3	1 625
Workers	92	64.3	1 318	124	65.6	1 086
Total:	143	100	1 541	189	100	1 296

In the reporting year the average number of the workers decreased by 46 persons or 24.3% because of the decreased volumes of sale and production, and the average salary of the workers increased by 245 LTL or 18.9%. The average increase of the salary was determined by the fact that more workers were dismissed with lower salary.

The structure of „Anykščių Vynas“ AB according to the education as at December 31, 2010-2011:

Education	2011		2010	
	number	%	number	%
Higher	29	29.0	35	23.5
Further education	36	36.0	46	30.9
Secondary	34	34.0	65	43.6
Not completed secondary	1	1.0	3	2.0
Total:	100	100	149	100

On December 31, 2011 there were 100 workers in „Anykščių Vynas“ AB, 43 (43%) of them were specialists and employees and 57 (57%) of them were workers. In the end of the year 40 persons worked in the immediate production, 7 persons worked in the subdivisions of the secondary production, 20 persons worked in the auxiliary subdivisions, 3 persons worked in the commercial subdivisions, 13 persons worked in the marketing and production sale offices and 17 persons are other administration workers.

60.0% of all the people are women, 40.0% of them are men.

In 2011 the average number of listed employees was 143.

12. MARKETING AND SALE.

12.1. The sale markets:

	2011, tLTL	2010, tLTL	The comparative weight, %	
			2011	2010
The total sale	20 031	18 583	100.00	100.0
Thereof in Lithuania	19 905	15 702	99.4	84.5
Abroad	126	2 881	0.6	15.5

In 2011 sales of cider decreased by 940 HLT or 14.3% in comparing with the year of 2010. The cider market is still shrinking. The cider was not promoted in the reporting year.

In the reporting year the sale of the fortified fruit wines increased in 10 999 HLT or 22.7%. In 2011 much work was done in order to receive the orders of the contracting production. It was signed several new contracts regarding production of privat label products.

In 2011, sales of the natural wine increased in 133 HLT or 8.2%. Encouraged by the increased sale of the wine of this group the Company's technologists made one more natural black rowan wine, that was added to the family of the black currant and cherry wine „Voruta“. The wine „Voruta“ is accepted as the product of the National Heritage. The other novelty of this drink group is the natural „Karazija“ apple wine, the name of which is dedicated to the „Anykščių Vynas“ AB founder Balys Karazija.

Information about the Company investigation and development activity.

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

13. THE MAIN INDICES ILLUSTRATING THE COMPANY'S ACTIVITIES

All the financial data is presented in the Annual Financial Statements and their Explanatory Notes.

The information about objectives of the risk management is provided in the Notes to the Financial Statements.

14. REAL ESTATE.

The Company uses the land of 6.75 h.leased from the state according to the contract of the State Land Lease not for the Agriculture No. 34/96-0454, 21 08 1996, in Anykščiai.

The Company's constructions and buildings – their residual value is 16 247 thousand of LTL on December 31, 2011. In 2011 there were no unfinished construction, the state of the buildings is good, except for the premises of the laundry that is not used.

15. 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 (99.3% in 2011, 84.5% in 2010, 88.1% in 2009) is sold in the local market. The Company provides with raw materials, consumables that are purchased from different suppliers, so, there is no dependence on one supplier. The Company also has no monopoly customer. Workers of high qualification, who deepen their knowledge and raise their qualification constantly, work in the Company. There are no essential problems with payments to the suppliers and production customers.

„Anykščių Vynas“ AB uses the short-term bank loan. The financial liability was 8 632 thousand LTL on December 31, 2011.

Economic and social risk exist in respect of going concern of the Company.

Political risk factors:

The Government tax policy has a negative influence on the Company's activities.

Social factors:

There is a collective agreement with the trade union that is in force till August, 2013. Wages are paid in time.

Technological factors:

There are no risk factories to the technological processes.

Ecological factors:

The Company paid the nature pollution taxes: 2.9 thousand of LTL in 2009, 4.3 thousand of LTL in 2010, 6.3 thousand of LTL in 2011.

The Company paid to the recyclers and the state for the pollution with the wastes of taxable packing: 201.9 thousand of LTL in 2009, 161.5 thousand of LTL in 2010, 140.4 thousand of LTL in 2011.

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

16. THE LAWSUITS AND ARBITRATIONS.

The Company is a claimant in a credit claim of 1 151 822 LTL to „A.L.D.“ UAB in the bankrupt case. The bankrupt procedures are going on.

The Company was not involved in any material court/arbitration cases at the end of 2011.

17. 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 2011 making more than 10% of the authorized capital.

18. THE COMPETITORS.

The main competitors are „Stumbras“ AB, „Vilniaus Degtinė“ AB, „Itaina“ UAB, „Boslita ir Ko“ UAB, „Lietuviškas Midus“ UAB, „Birštono Mineraliniai Vandenys“ UAB 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 cider as well.

19. THE PAID OUT DIVIDENDS.

The Company did not pay out the dividends for 2000-2010.

The Company will not pay out dividends for 2011.

20. THE COMPANY AND SOCIETY.

„Anykščių Vynas“ AB brings a considerable contribution to the social and cultural life of the country and town. In 2011 different taxes to the budget of the Republic of Lithuania amounted to 26.8 million LTL. The taxes distributed as follows:

Tax	2011 tLTL	2010 tLTL
Excise duty	19 562,8	19 626,8
VAT	5 487,4	4 992,2
Profit tax		0
Packing tax		0
Social insurance contributions, total:	1 250,3	1 331,3
Income tax on salaries	397,7	397,4
Other taxes	91,2	104,9
Total	26 789,4	26 452,6

21. THE COMPANY'S PLANS AND FORECASTS.

„Anykščių Vynas“ AB does not publish plans and forecasts for the year 2012.

Director



Audrius Zuzevičius

AB „ANYKŠČIŲ VYNAS“
DISCLOSURE FORM CONCERNING THE COMPLIANCE WITH THE GOVERNANCE
CODE FOR THE COMPANIES LISTED ON THE REGULATED MARKET OF THE
NASDAQ OMX VILNIUS

The AB „Anykščių Vynas“, following Article 21 paragraph 3 of the Law Securities of the Republic of Lithuania and item 24.5 of the Trading Rules of the NASDAQ OMX AB Vilnius discloses its compliance with Governance Code and particular Rules of the NASDAQ OMX Vilnius for the companies listed on the regulated market. If this Code and some of the Rules are not followed then it must be said which particular Rules are not obeyed and why:

PRINCIPLES/ RECOMMENDATIONS	YES/NO/NOT APPLICABLE	COMMENTARY
Principle I: Basic Provisions The overriding objective of provisions a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.		
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 annual activity reports, in the Company website (www.anvynas.lt).
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 AB „Anykščių Vynas“ is a subsidiary enterprise of the Company Group ALITA AB. The Company Group ALITA AB owns 94.9% shares of the AB „Anykščių Vynas“. The Board of the Company consists of four members. At present, only 3 persons are elected to the Board, i.e. the General director, the Senior adviser, the Finance and IT director of the Company Group ALITA AB. 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 Meeting, stated in the Law of the Joint Stock Companies. The workers are informed about the Company activities and hot working and rest problems 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. It keeps friendly contacts with suppliers and creditors, respects customers, their remarks about the Company activities and production

Principle II: The corporate governance framework

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.

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.	No.	There is no Supervisory Board in the Company. The Company Director makes a report about the Company activity results in the Board every month and every quarter.
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.	Yes	These functions in the Company are performed by the Collegial Management Body - the Board.
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.	No	The Company does not follow these recommendations. There is only one collegial body and it is the Board.
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. ¹	Yes	

¹ Provisions of Principles III and IV are more applicable to those instances when the general shareholders' meeting elects the supervisory board, i.e. a body that is essentially formed to ensure oversight of the company's board and the chief executive officer and to represent the company's shareholders. However, in case the company does not form the supervisory board but rather the board, most of the recommendations set out in Principles III and IV become important and applicable to the board as well. Furthermore, it should be noted that certain recommendations, which are in their essence and nature applicable exclusively to the supervisory board (e.g. formation of the committees), should not be applied to the board, as the competence and functions of these bodies according to the Law on Companies of the Republic of Lithuania (*Official Gazette*, 2003, No 123-5574) are different. For instance, item 3.1 of the Code concerning oversight of the management bodies applies to the extent it concerns the oversight of the chief executive officer of the company, but not of the board itself; item 4.1 of the Code concerning recommendations to the management bodies applies to the extent it relates to the provision of recommendations to the company's chief executive officer; item 4.4 of the Code concerning independence of the collegial body elected by the general meeting from the company's management bodies is applied to the extent it concerns independence from the chief executive officer.

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. ²	Yes	The Company Board consists of four members.
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.	No	There is no Supervisory Board in the Company.
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 departure from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.	Yes	The Director of the AB „Anykščių Vynas“ is not the chairman of the Company Board.

² Definitions 'executive director' and 'non-executive director' are used in cases when a company has only one collegial body.

Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting

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.³

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.	Yes	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.
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.	Yes	The candidates are discussed in the Company Board and given to the General Meeting. The Board follows the working regulations of the AB „Anykščių Vynas“, approved in the Board on July 28, 2004.
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.	Yes	

³ Attention should be drawn to the fact that in the situation where the collegial body elected by the general shareholders' meeting is the board, it is natural that being a management body it should ensure oversight not of all management bodies of the company, but only of the single-person body of management, i.e. the company's chief executive officer. This note shall apply in respect of item 3.1 as well.

3.4. In order to maintain a proper balance in terms of the current qualifications possessed by its members, the desired composition of the collegial body shall be determined 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. At least one of the members of the remuneration committee should have knowledge of and experience in the field of remuneration policy.	Yes/No	There is an audit committee in the main company – the Company Group ALITA AB. There is no remuneration committee.
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.	No	New members of the Board familiarise with their duties, the Company and its activity individually. No annual review is conducted subject to the condition that persons participating in the activity of the Company and other organisations have sufficient knowledge and skills.
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 ⁴ number of independent ⁵ members.	No	There are no independent members in the Board.

⁴ The Code does not provide for a concrete number of independent members to comprise a collegial body. Many codes in foreign countries fix a concrete number of independent members (e.g. at least 1/3 or 1/2 of the members of the collegial body) to comprise the collegial body. However, having regard to the novelty of the institution of independent members in Lithuania and potential problems in finding and electing a concrete number of independent members, the Code provides for a more flexible wording and allows the companies themselves to decide what number of independent members is sufficient. Of course, a larger number of independent members in a collegial body is encouraged and will constitute an example of more suitable corporate governance.

⁵ It is notable that in some companies all members of the collegial body may, due to a very small number of minority shareholders, be elected by the votes of the majority shareholder or a few major shareholders. But even a member of the collegial body elected by the majority shareholders may be considered independent if he/she meets the independence criteria set out in the Code.

<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"> 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; 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 was elected to the collegial body as a representative of the employees; 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); 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); 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 	No	<p>The documents governing the activity of the Board of the Company do not define the independency criteria for the Board; however, considering the provided criteria, it could be stated that the members of the Board of the Company are not independent.</p>
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

<p>receiving significant payments from the company or its group;</p> <p>6) j 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 12 years;</p> <p>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>No</p>	<p>The Company has not established additional criteria regarding the independency of the members of the Board.</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.	No	The practice of evaluation and announcement of the independency of the Board members is not applied in the Company.
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.	No	The Company Board consisted of the directors of the AB „Alita“. At present the Company Board consists of the General director, the Senior adviser, the Finance and IT director of the Company Group ALITA AB. The Company Group ALITA AB owns 94,9% of the shares of the AB „Anykščių Vynas“.
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. ⁶ The general shareholders' meeting should approve the amount of such remuneration.	Not applicable	The Board members are not remunerated from the Company funds. This provision is not applicable in the Company.

⁶ It is notable that currently it is not yet completely clear, in what form members of the supervisory board or the board may be remunerated for their work in these bodies. The Law on Companies of the Republic of Lithuania (*Official Gazette*, 2003, No 123-5574) provides that members of the supervisory board or the board may be remunerated for their work in the supervisory board or the board by payment of annual bonuses (tantiems) in the manner prescribed by Article 59 of this Law, i.e. from the company's profit. The current wording, contrary to the wording effective before 1 January 2004, eliminates the exclusive requirement that annual bonuses (tantiems) should be the *only* form of the company's compensation to members of the supervisory board or the board. So it seems that the Law contains no prohibition to remunerate members of the supervisory board or the board for their work in other forms, besides bonuses, although this possibility is not expressly stated either.

Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting

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 monitoring⁷ of the company's management bodies and protection of interests of all the company's shareholders.

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. ⁸	Yes	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.
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).	Yes/No	The Company Board acts in good faith with regard to the Company, in the interest of the Company and not in their own or the third party interests. The Company has no independent members of the Board.

⁷ See Footnote 3.

⁸ See Footnote 3. In the event the collegial body elected by the general shareholders' meeting is the board, it should provide recommendations to the company's single-person body of management, i.e. the company's chief executive officer.

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 ⁹ of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.	Yes	The Company follows this recommendation. The members of the Board perform their duties properly. No member of the Board has participated in less than half of the meetings of the Board yet.
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.	Yes	The Company working regulations.
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.	Yes/No	The Company Board makes decisions 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 reassurance, and to acquire long-term assets for the price higher than 1/20 of the authorized capital. The Company Board makes decisions on the establishment of the Company branches or agencies and termination of their activity, acquisition of the securities of the other companies, appointment of the Company manager, etc. It foreseen in the Company regulations, the board working regulations.

⁹ It is notable that companies can make this requirement more stringent and provide that shareholders should be informed about failure to participate at the meetings of the collegial body if, for instance, a member of the collegial body participated at less than 2/3 or 3/4 of the meetings. Such measures, which ensure active participation in the meetings of the collegial body, are encouraged and will constitute an example of more suitable corporate governance.

<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.¹⁰ 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. When using the services of a consultant with a view to obtaining information on market standards for remuneration systems, the remuneration committee should ensure that the consultant concerned does not at the same time advise the human resources department, executive directors or collegial management organs of the company concerned.</p>	No	The Board keeps all the information about the Company activities in order to make the right decisions.
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----	--------------------------------------------------------------------------------------------------------

¹⁰ In the event the collegial body elected by the general shareholders' meeting is the board, the recommendation concerning its independence from the company's management bodies applies to the extent it relates to the independence from the company's chief executive officer.

<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 committees¹¹. 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. The Audit Committee is in the main Company – the Company Group ALITA AB.</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 exercise independent judgement and integrity when exercising its functions as well as 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>Ne</p>	<p>There are no such committees in the Company. The Audit Committee is in the main Company – the Company Group ALITA AB.</p>

¹¹ The Law of the Republic of Lithuania on Audit (*Official Gazette*, 2008, No 82-53233) determines that an Audit Committee shall be formed in each public interest entity (including, but not limited to public companies whose securities are traded in the regulated market of the Republic of Lithuania and/or any other member state).

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. 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.	No	There are no such committees in the Company. The Audit Committee is in the main Company – the Company Group ALITA AB.
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.	No	There are no such committees in the Company. The Audit Committee is in the main Company – the Company Group ALITA AB.
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.	No	There are no such committees in the Company. The Audit Committee is in the main Company – the Company Group ALITA AB.

<p>4.12. Nomination Committee.</p> <p>4.12.1. Key functions of the nomination committee should be the following:</p> <ol style="list-style-type: none"> 1) 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; 2) Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes; 3) Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; 4) Properly consider issues related to succession planning; 5) Review the policy of the management bodies for selection and appointment of senior management. <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>	No	
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----	--

<p>4.13. Remuneration Committee.</p> <p>4.13.1. Key functions of the remuneration committee should be the following:</p> <p>1) 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;</p> <p>2) 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;</p> <p>3) Ensure that remuneration of individual executive directors or members of management body is proportionate to the remuneration of other executive directors or members of management body and other staff members of the company.</p> <p>4) Periodically review the remuneration policy for executive directors or members of management body, including the policy regarding share-based remuneration, and its implementation.</p> <p>5) Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies;</p> <p>6) 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);</p> <p>7) 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 body) with regard to the respective information provided by the executive directors and members of the management bodies.</p>	No	
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----	--

<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> <p>1) Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body;</p> <p>2) Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting;</p> <p>3) 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.</p> <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>4.13.4. The remuneration committee should report on the exercise of its functions to the shareholders and be present at the annual general meeting for this purpose.</p>		
<p>4.14. Audit Committee.</p> <p>4.14.1. Key functions of the audit committee should be the following:</p> <p>1) 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);</p> <p>2) 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;</p> <p>3) 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;</p>	No	The Audit Committee is in the main Company – the Company Group ALITA AB.

<p>4) 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 make recommendations on required actions in such situations;</p> <p>5) 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;</p> <p>6) Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter.</p> <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</p>		
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--

<p>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 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>No</p>	<p>Corporate documents of the Company do not provide for individual evaluation of the activity of a collegial body because the legal acts of the Republic of Lithuania do not require doing so.</p>

Principle V: The working procedure of the company's collegial bodies

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.

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 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.	Yes	The Board (its chairmen) implements this recommendation.
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. ¹²	Yes	The Company Board organizes meetings not less than once a quarter.
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.	Yes	The members of the Board are informed about the future meeting beforehand, the material for the discussion is handed in the fixed time.

¹² The frequency of meetings of the collegial body provided for in the recommendation must be applied in those cases when both additional collegial bodies are formed at the company, the board and the supervisory board. In the event only one additional collegial body is formed in the company, the frequency of its meetings may be as established for the supervisory board, i.e. at least once in a quarter.

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.	No	There is no Supervisory Board in the Company.
<p>Principle VI: The equitable treatment of shareholders and shareholder rights</p> <p>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.</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.	Yes	The authorized capital of the Company consists of the ordinary registered shares that grant equal rights to all the shareholders.
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.	Yes	In annual and half-yearly reports of the issuer, the Company discloses detailed information enabling an investor to draw valid conclusions on the acquisition of and the rights carried by the shares. The information is published in the information system of AB „NASDAQ OMX Vilnius and on the website of the Company.
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. ¹³ 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.	No	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.

¹³ The Law on Companies of the Republic of Lithuania (*Official Gazette*, 2003, No 123-5574) no longer assigns resolutions concerning the investment, transfer, lease, mortgage or acquisition of the long-terms assets accounting for more than 1/20 of the company's authorised capital to the competence of the general shareholders' meeting. However, transactions that are important and material for the company's activity should be considered and approved by the general shareholders' meeting. The Law on Companies contains no prohibition to this effect either. Yet, in order not to encumber the company's activity and escape an unreasonably frequent consideration of transactions at the meetings, companies are free to establish their own criteria of material transactions, which are subject to the approval of the meeting. While establishing these criteria of material transactions, companies may follow the criteria set out in items 3, 4, 5 and 6 of paragraph 4 of Article 34 of the Law on Companies or derogate from them in view of the specific nature of their operation and their attempt to ensure uninterrupted, efficient functioning of the company.

<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.</p>	<p>Yes</p>	<p>The convocation of the General Meeting is published in the information system of AB „NASDAQ OMX Vilnius and on the website of the Company under the established procedure.</p> <p>The Company Director and the Company Board allow the shareholders to get acquainted with the Company papers connected with the agenda, terms and order of the General Meeting, that are set in the Law on Joint Stock Companies</p>
<p>6.5. If is possible, in order to ensure shareholders living abroad the right to access to the information, it is recommended that documents on the course of the general shareholders' meeting should be placed on the publicly accessible website of the company not only in Lithuanian language, but in English and /or other foreign languages in advance. 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 Lithuanian, 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 Company publishes the documents prepared for the General Meeting, including draft resolutions and adopted decisions, in the information system of NASDAQ OMX AB Vilnius and on the website of the Company. The information related to the General Meeting convened and the decisions taken thereat is provided in the information system of the NASDAQ OMX AB Vilnius and on the website of the Company in the Lithuanian and English languages.</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 shareholders of the Company may exercise the right to participate in the General Meeting either in person or through a proxy provided the person has a properly executed power of attorney. The Company also makes it possible for the shareholders to vote by filling up a general voting bulletin in absentia, as it is fixed in the Law on Joint Stock Companies.</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 by allowing the shareholders to participate and vote in general meetings via electronic means of communication. In such cases security of transmitted information and a possibility to identify the identity of the participating and voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially shareholders living abroad, with the opportunity to watch shareholder meetings by means of modern technologies.	No	There was no need and, besides, we have no such technical possibilities.
<p>Principle VII: The avoidance of conflicts of interest and their disclosure</p> <p>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.</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.	Yes	The members of the Company Board follow these recommendations.
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.	No	There were no such cases. The procedure for conclusion of these transactions is not regulated in the Company.

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 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.	Yes/No	There were no such cases. The Company applies procedure referred, except recommendation 4.5.
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.	Yes	The members of the Board of the Company have familiarised with these provisions and comply with them.
Principle VIII: Company's remuneration policy 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.		
8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement) which should be clear and easily understandable. This remuneration statement should be published as a part of the company's annual statement as well as posted on the company's website.	Ne	The Company does not make a public statement of the Company remuneration policy neither in the annual report, nor in the Company website. The amount paid to the Company managers a year is made public in the annual report.
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.	No	The Company does not make a public statement of the Company remuneration policy neither in the annual report, nor in the Company website.

<p>8.3. Remuneration statement should leastwise include the following information:</p> <ol style="list-style-type: none"> 1) Explanation of the relative importance of the variable and non-variable components of directors' remuneration; 2) Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; 3) An explanation how the choice of performance criteria contributes to the long-term interests of the company; 4) An explanation of the methods, applied in order to determine whether performance criteria have been fulfilled; 5) Sufficient information on deferment periods with regard to variable components of remuneration; 6) Sufficient information on the linkage between the remuneration and performance; 7) The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; 8) Sufficient information on the policy regarding termination payments; 9) Sufficient information with regard to vesting periods for share-based remuneration, as referred to in point 8.13 of this Code; 10) Sufficient information on the policy regarding retention of shares after vesting, as referred to in point 8.15 of this Code; 11) Sufficient information on the composition of peer groups of companies the remuneration policy of which has been examined in relation to the establishment of the remuneration policy of the company concerned; 12) A description of the main characteristics of supplementary pension or early retirement schemes for directors; 13) Remuneration statement should not include commercially sensitive information. 	No	
<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 under contracts for executive directors and members of the management bodies.</p>	No	<p>The Company does not make a public statement of the Company remuneration policy neither in the annual report, nor in the Company website.</p>

<p>8.5. 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 8.5.1 to 8.5.4 for each person who has served as a director of the company at any time during the relevant financial year.</p> <p>8.5.1. The following remuneration and/or emoluments-related information should be disclosed:</p> <ol style="list-style-type: none"> 1) 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; 2) The remuneration and advantages received from any undertaking belonging to the same group; 3) 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; 4) 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; 5) 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; 6) Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points. <p>8.5.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed:</p> <ol style="list-style-type: none"> 1) The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; 2) 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; 3) 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; 4) All changes in the terms and conditions of existing share options occurring during the financial year. <p>8.5.3. The following supplementary pension schemes-related information should be disclosed:</p> <ol style="list-style-type: none"> 1) When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year; 2) When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that 	<p>No</p>	<p>The Company does not make the Director's remuneration public neither in the annual report, nor in the Company website. The total amount of remuneration paid to the Director and Accountant-General, and also the average sums paid to the workers are published in the annual report. There were no other payoffs.</p>
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

<p>director during the relevant financial year.</p> <p>8.5.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial report 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>8.6. Where the remuneration policy includes variable components of remuneration, companies should set limits on the variable component(s). The non-variable component of remuneration should be sufficient to allow the company to withhold variable components of remuneration when performance criteria are not met.</p>	No	
<p>8.7 Award of variable components of remuneration should be subject to predetermined and measurable performance criteria.</p>	No	
<p>8.8. Where a variable component of remuneration is awarded, a major part of the variable component should be deferred for a minimum period of time. The part of the variable component subject to deferment should be determined in relation to the relative weight of the variable component compared to the non-variable component of remuneration.</p>	No	
<p>8.9. Contractual arrangements with executive or managing directors should include provisions that permit the company to reclaim variable components of remuneration that were awarded on the basis of data which subsequently proved to be manifestly misstated.</p>	No	The Company does not apply these regulations in practice.
<p>8.10. Termination payments should not exceed a fixed amount or fixed number of years of annual remuneration, which should, in general, not be higher than two years of the non-variable component of remuneration or the equivalent thereof.</p>	No	There is no such practice in the Company.
<p>8.11. Termination payments should not be paid if the termination is due to inadequate performance.</p>	No	There is no such practice in the Company.

8.12. 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.	No	There is no such practice in the Company.
8.13. Shares should not vest for at least three years after their award.	No	There is no such practice in the Company.
8.14. Share options or any other right to acquire shares or to be remunerated on the basis of share price movements should not be exercisable for at least three years after their award. Vesting of shares and the right to exercise share options or any other right to acquire shares or to be remunerated on the basis of share price movements, should be subject to predetermined and measurable performance criteria.	No	The Company does not apply these regulations.
8.15. After vesting, directors should retain a number of shares, until the end of their mandate, subject to the need to finance any costs related to acquisition of the shares. The number of shares to be retained should be fixed, for example, twice the value of total annual remuneration (the non-variable plus the variable components).	Not applicable	There is no such practice in the Company.
8.16. Remuneration of non-executive or supervisory directors should not include share options.	Not applicable	There is no such practice in the Company.
8.17. Shareholders, in particular institutional shareholders, should be encouraged to attend general meetings where appropriate and make considered use of their votes regarding directors' remuneration.	Not applicable	There is no such practice in the Company.
8.18. 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.	No	There is no such practice in the Company.

<p>8.19. 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>	No	The Company does not apply these regulations.
<p>8.20. The following issues should be subject to approval by the shareholders' annual general meeting:</p> <ol style="list-style-type: none"> 1) Grant of share-based schemes, including share options, to directors; 2) Determination of maximum number of shares and main conditions of share granting; 3) The term within which options can be exercised; 4) The conditions for any subsequent change in the exercise of the options, if permissible by law; 5) 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. <p>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>	No	There is no such practice in the Company.
<p>8.21. 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>	No	There is no such practice in the Company.
<p>8.22. Provisions of Articles 8.19 and 8.20 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>	No	There is no such practice in the Company.

8.23. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.19, 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.	No	There is no such practice in the Company.
Principle IX: The role of stakeholders in corporate governance 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.		
9.1 The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.	Yes	<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>This provision is followed in so far as it is allowed by the Laws of the Republic of Lithuania.</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.		
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.		

Principle X: Information disclosure and transparency 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>10.1. The company should disclose information on:</p> <ol style="list-style-type: none"> 1) The financial and operating results of the company; 2) Company objectives; 3) Persons holding by the right of ownership or in control of a block of shares in the company; 4) Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; 5) Material foreseeable risk factors; 6) Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; 7) Material issues regarding employees and other stakeholders; 8) Governance structures and strategy. <ul style="list-style-type: none"> • This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list. 	Yes	<p>10.1.1. in the NASDAQ OMX AB Vilnius Vilnius website: www.nasdaqomx.com ;</p> <p>10.1.2. in the AB „Anykščių Vynas“ website: www.anyvynas.lt.</p> <p>10.1.3. In the annual report.</p> <p>10.1.4. In the annual report.</p> <p>10.1.5. In the annual report.</p> <p>10.1.6. In the annual report</p> <p>10.1.7. In the annual report.</p> <p>10.1.8. In the annual report.</p>
<p>10.2. It is recommended to the company, which is the parent of other companies, 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>	No	<p>The consolidated results are only disclosed by the parent Company - the Company Group ALITA AB.</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>	Yes	<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>10.4. It is recommended that information about the links between the company and its stakeholders,</p>	Yes	<p>The Company Board and Director take an active part in</p>

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.		collaboration with the managers of Anykščiai Municipality, with the enterprises 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.
with 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 NASDAQ OMX Vilnius, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.	Yes	The vital information is published on the website of the NASDAQ OMX AB Vilnius in Lithuanian and English, on the website of the Company in Lithuanian and English.
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 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.	Yes	The vital information is published on the website of the Company in Lithuanian and English.
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.	Yes	Is published.

Principle XI: The selection of the company's auditor

The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.

11.1. An annual audit of the company's financial reports and interim reports 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 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 Board 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 company did not provide any non-audit services to the Company and so it did not receive any payment for this from the Company.