AKCINĖ BENDROVĖ „ALITA“
JOINT STOCK COMPANY „ALITA“

To: Lithuanian Securities Commission
Konstitucijos ave. 23
LT-08105 Vilnius, Lithuania

17-04-2009 No.S-290

CONFIRMATION OF RESPONSIBLE PERSONS

Abiding by Article 22 of the Law of the Republic of Lithuania on Securities as well as by the rules of the Securities Commission of the Republic of Lithuanian for preparation and submitting of periodic and supplementary information, we hereby confirm that the information provided in the JSC "Alita" and the Group Consolidated Financial Statements for the year 2008 is true and correctly reflects the issuer's and the total assets, liabilities, financial standing, profit or loss of the JSC "Alita" and the Group consolidated companies. Financial information provided in the reports has been prepared in accordance with the International Financial Reporting Standards. We, also, confirm that review of the business development and activities, the status of the JSC "Alita" and the Group, together with the description of the major risks and indeterminations incurred, are correctly revealed in the consolidated annual report.

General Director Vytautas Junevičius

Accountant-general Alina Miežiūnienė

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AB Alita

Annual consolidated financial statements for the year 2008

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Company details

AB Alita

Telephone:	+370 315 57243
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Registration No.:	AB 2002-37
Company code:	149519891
Registered office:	Alytus, Miškininkų 17

Board of Directors

Vytautas Junevičius
Vilmantas Pečiūra
Arvydas Jonas Stankevičius
Darius Vėželis

Management

Vytautas Junevičius (General Director)
Vilmantas Pečiūra (Finance Director)
Alina Miežiūnienė (Chief Accountant)

Auditor

KPMG Baltics, UAB

Banks

Swedbank AB
AB Danske Bank
AB Šiaulių Bankas
SEB Vilniaus Bankas

Statement on the accounts

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

The annual consolidated 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 annual consolidated financial statements thus give a true and fair view.

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

Vilnius, 27 April 2009

Board of Directors:

Vytautas Junevičius
(Chairman)

Vilmantas Pečiūra

Arvydas Jonas Stankevičius

Darius Vėželis

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Independent auditor's report to the shareholders of AB Alita

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

Management's responsibility for the annual consolidated financial statements

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

Auditor's responsibility

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

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

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

KPMG

Basis for qualified opinion

The Group booked the investment in the associated company Beogradska Industria Piva at the cost of LTL 70,437 thousand. The Group has not prepared the calculation of the recoverable value on the basis of which it would be possible to ascertain if the investment has not been impaired. Adjustments of the investments in the subsidiaries and the associated company and accordingly the result for the year, which would have occurred due to recognition of the impairment losses, were not determined.

Qualified opinion

In our opinion, except for the adjustments that might be necessary, if we had data about the return on the investments in the associated company which satisfied us, the annual consolidated financial statements give a true and fair view of the consolidated financial position of AB Alita as at 31 December 2008, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Matter of note

Without further qualification of our opinion, we call your attention to Note 26 of the explanatory notes of the annual consolidated financial statements, stating that the Group incurred a net loss of LTL 12,743 thousand Litas for the year ending 31 December 2008, and the Group's current liabilities exceed the current assets by LTL 48,807 thousand Litas. The going concern of the Group mainly depends on the outcome of the negotiations with the Group's creditors. As at the date, the Auditor's Report was signed, there were no formal agreements with the financial creditors reached.

Report on legal and other regulatory requirements

Furthermore, we have read the consolidated annual report for the year 2008 set out on pages 45-73 of the annual consolidated financial statements and have not identified any material inconsistencies between the financial information included in the consolidated annual report and the annual consolidated financial statements for the year 2008.

Vilnius, 17 April 2009
KPMG Baltics, UAB

Rokas Kasperavičius
Partner
Certified Auditor

Consolidated balance sheet

31 December

Thousand Litas	Notes	2008	2007
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	3	5.845	5.591
Investment property	5	1.915	2.510
Property, plant and equipment	4	73.427	78.967
Investments into associates	6	71.684	66.515
Available-for-sale investments	6	5.747	21.318
Loans	6	25.205	-
Deferred income tax assets	21	2.053	-
Total non-current assets		185.876	174.901
CURRENT ASSETS			
Inventories	7	42.065	53.521
Prepayments	8	1.729	1.348
Prepayed income tax		2.004	-
Trade accounts receivable	9	33.484	51.212
Other accounts receivable	10	3.263	4.358
Cash and cash equivalents	11	1.425	974
Total current assets		83.970	111.413
TOTAL ASSETS		269.846	286.314

The notes set out on pages 12–44 are an integral part of these annual consolidated financial statements.

Managing Director Vytautas Junevičius

Consolidated balance sheet (cont'd)

31 December

Thousand Litas	Notes	2008	2007
LIABILITIES AND SHAREHODERS' EQUITY			
SHAREHOLDERS' EQUITY	12		
Share capital		50.827	50.827
Compulsory reserve		5.083	5.083
Revaluation reserve		(3.157)	9.881
Retained earnings		9.732	24.695
Total equity attributable to the equity holders		62.485	90.486
Minority interest		1.678	1.999
Total shareholders' equity		64.163	92.485
LONG-TERM LIABILITIES			
Long-term bank loans and leasing liabilities	15	72.906	63.698
Deferred income tax liability	21	-	2.094
Total non-current liabilities		72.906	65.792
CURRENT LIABILITIES			
Current portion of LT loans and leasing liabilities	15	84.349	59.021
Trade accounts payable		19.981	22.627
Income tax payable		-	393
Accrued liabilities	14	28.447	45.996
Total current liabilities		132.777	128.037
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**269.846**	**286.314**

The notes set out on pages 12–44 are an integral part of these annual consolidated financial statements.

Managing Director Vytautas Junevičius

Consolidated income statement

For the year ended as at 31 December

Thousand Litas	Notes	2008	2007
NET SALES	20	204.022	197.995
Cost of sales	20	(141.155)	(128.556)
GROSS PROFIT		62.867	69.439
Other income	18	1.948	4.633
Selling and distribution expenses	16	(41.762)	(32.985)
General and administrative expenses	17	(31.302)	(19.867)
Other expenses	18	(1.405)	(3.007)
OPERATING PROFIT		(9.654)	18.213
Financial income	19	2.893	2.111
Financial expenses	19	(12.614)	(4.985)
Share of profit (loss) of equity accounted investees		5.169	(3.922)
PROFIT BEFORE INCOME TAX		(14.206)	11.417
Income tax	21	1.463	(3.518)
NET PROFIT (LOSS) FOR THE YEAR		(12.743)	7.899
Attributable to:			
Equity holders of the parent		(12.422)	7.862
Minority interest		(321)	37
		(12.743)	**7.899**
Basic earnings (loss) per share (LTL)		-0.25	0.16

The notes set out on pages 12–44 are an integral part of these annual consolidated financial statements.

Managing Director Vytautas Junevičius

Consolidated statement of changes in equity

	Share capital	Compul-sory reserve	Revalua-tion reserve	Retained earnings (losses)	Total equity	Minority interest	Total
Balance as at 31 December 2006	**50.827**	**5.083**	**10.073**	**24.965**	**90.948**	**1.962**	**92.910**
Decrease in value of investments for sale			(226)		(226)		(226)
Accounted deferred income tax liability			34		34		34
Dividends paid				(8.132)	(8.132)		(8.132)
Increase of minority							
Net profit for the year				7.862	7.862	37	7.899
Balance as at 31 December 2007	**50.827**	**5.083**	**9.881**	**24.695**	**90.486**	**1.999**	**92.485**
Decrease in value of investments for sale			(15.571)		(15.571)		(15.571)
Accounted deferred income tax liability			2.533		2.533		2.533
Dividends paid				(2.541)	(2.541)		(2.541)
Net profit (loss) for the year				(12.422)	(12.422)	(321)	(12.743)
Balance as at 31 December 2008	**50.827**	**5.083**	**(3.157)**	**9.732**	**62.485**	**1.678**	**64.163**

The notes set out on pages 12–44 are an integral part of these annual consolidated financial statements.

Managing Director Vytautas Junevičius

Consolidated cash flow statement

For the year ended as at 31 December

Thousand Litas	Notes	2008	2007
Cash flow from (to) operating activities:			
Net profit		(12.743)	7.899
Adjustments to reconcile net profit to net cash provided by operating activities:			
Depreciation and amortization		8.754	9.428
Change of impairment of trade accounts receivable		543	(846)
Change of impairment of property, plant and equipment		502	(1.525)
Write-off of property, plant and equipment		145	1.309
(Gain) / loss from fixed assets sale		(87)	(588)
Change of impairment of inventories		9.452	134
Impairment of deferred cost		803	-
Write-off of inventories		183	414
Interest expenses		12.307	4.443
Interest income		(2.768)	(172)
(Gain) / loss from investments disposal		-	(1.792)
Share of (profit) loss of equity accounted investees		(5.169)	3.922
Income tax expense / (income)		151	3.158
Deferred income tax liability		(1.614)	386
		10.459	26.170
Changes in current assets and current liabilities:			
Decrease (increase) in inventories		1.821	(22.661)
Decrease in trade accounts receivable (increase)		17.257	(13.606)
Decrease (increase) in liabilities of subsidiary		-	-
(Increase)/decrease in prepayments and deferred cost		(881)	(288)
Decrease (increase) in other accounts receivable		887	(3.603)
Increase (decrease) in trade accounts payable and accrued liabilities		(20.588)	27.787
Income tax paid		(2.530)	(2.465)
Net cash provided by operating activities		6.425	11.334

Consolidated cash flow statement (cont'd)

For the year ended as at 31 December

Thousand Litas	Notes	2008	2007
Cash flow from (to) investing activities:			
Acquisition of property, plant and equipment		(2.749)	(8.117)
Acquisition of intangible fixed assets		(771)	(395)
Acquisition of associate's shares		-	(70.437)
Disposal (acquisition) of subsidiary's shares		-	(5.033)
Acquisition (disposals) of investments for sale		-	(1.522)
Sale of property, plant and equipment		87	588
Interest received		2.768	172
Net cash (used in) investing activities		(665)	(84.744)
Cash flow from (to) financing activities:			
Loans issued		(25.205)	-
Repayment of issued loans		208	4.694
Loans received		47.417	135.326
(Repayment) of loans		(12.881)	(56.737)
Interest (paid)		(12.307)	(4.443)
Dividends (paid)		(2.541)	(8.132)
Net cash (used in) financing activities		(5.309)	70.708
Increase (decrease) in cash and cash equivalents		**451**	**(2.702)**
Cash and cash equivalents in beginning of the year		**974**	**3.676**
Cash and cash equivalents at end of the year		**1.425**	**974**

The notes set out on pages 12–44 are an integral part of these annual consolidated financial statements.

Managing Director Vytautas Junevičius

Notes

1 Reporting entity

AB Alita was established in 1963 and was re-registered as a state enterprise in 1990. In 1995 AB Alita was re-organised to a joint stock company.

Registered address of AB Alita is Miškininkų 17, Alytus, Lithuania.

On 6 January 2004, an agreement on sale of AB Alita shares was signed between the State Property Fund and UAB Invinus. UAB Invinus acquired controlling 83.77 percent shareholding of the Company.

On 10 November 2004, extraordinary shareholders' meeting of AB Invinus and on 11 November 2004 extraordinary shareholders' meeting of AB Alita took place during which a decision to merge AB Invinus to AB Alita and approve the reorganisation terms was made. AB Alita share capital decreased as a result of the reorganisation. Shareholders of AB Alita as at 31 December 2008 were as follows:

	Nominal value, Litas	Percentage
Private share capital	50.827.209	100

The nominal value of one share is 1 Litas. All shares are authorised, issued and fully paid registered ordinary shares. The shares of Group are listed in the current list of Vilnius Stock Exchange.

On 8 July 2004 a sales agreement of controlling shareholding comprising 72.93 percent of AB Anykščių Vynas was signed between the State Property Fund and AB Alita. 35,793,407 ordinary registered shares of AB Anykščių Vynas were acquired for 25,610 thousand Litas. During the same year the Group additionally acquired 11,607,163 ordinary registered shares. At present the Group holds 46,577,570 ordinary registered shares, comprising 94.90 per cent, with a nominal value of 1 Litas each.

On 12 April 2007, according the final protocol, AB Alita obtained 100 ordinary registered shares of the wholesale company UAB Daivalda with a nominal value of 100 Litas each. UAB Daivalda holds 100 % shares of UAB Vilkmergės Alus. On 27 April 2007, according the AB Alita Board protocol, the name of UAB Daivalda was changed to UAB Alita Distribution.

The annual financial statements of AB Alita and AB Anykščių Vynas (hereinafter „the Group") are consolidated from 1 July 2004. The annual financial statements of the Group consolidate AB Alita, AB Anykščių Vynas, UAB Alita Distribution and UAB Vilkmergės Alus financial statements from 1 April 2007.

The Group produces alcohol beverages, including sparkling wines, alcohol mixes, cider, wines, hard liqueurs, as well as concentrated fruit juice.

2.1 Significant accounting policies

Statement of compliance

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

The annual consolidated financial statements were authorised for issue by the Board of the Group. The shareholders of the Group have a right to amend the annual consolidated financial statements after issue.

Basis of preparation

The annual consolidated financial statements are presented in thousand Litas; Litas is the national currency and the functional currency of the Group. The annual consolidated financial statements are prepared on the historical cost basis, as modified by the historic indexation of certain property, plant and equipment. Available for sale financial assets are measured at fair value.

Notes

2.1 Significant accounting policies (cont'd)

Use of estimates and judgements

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

Judgments made by the management in the application of IFRSs, as adopted by the European Union, that have significant effect on the annual consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 2.2 The accounting policies of the Group as set out below have been consistently applied and coincide with those used in the previous year.

Foreign currency

Translation of amounts in foreign currencies into the national currency

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

Financial instruments

Non-derivative financial instruments

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

Cash and cash equivalents comprise cash balances and call deposits.

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

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

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

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

Notes

2.1 Significant accounting policies (cont'd)

Non-derivative financial instruments (con'd)

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

Derivative financial instruments

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

Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The annual financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The annual consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

(iii) Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the annual consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Certain items of property, plant and equipment that have been indexed in accordance with Lithuanian legislation prior to 1 January 2004, the date of transition to IFRSs, are measured on the basis of deemed cost, being the indexed amount at the date of the indexation less indexed accumulated depreciation and impairment losses.

The cost of self-constructed assets includes the cost of materials, direct labor and an appropriate proportion of production overheads.

Notes

2.1 Significant accounting policies (cont'd)

Recognition and measurement (cont'd)

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

Subsequent costs

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

Depreciation

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

The estimated useful lives are as follows:

- Buildings and plant 8-80 years
- Machinery and equipment 2-50 years
- Motor vehicles, furniture and fixtures 4-25 years
- IT equipment 4-5 years

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

Non-current intangible assets

Intangible assets, comprising computer software and other licenses that are acquired by the Group, are stated at cost less accumulated amortisation and impairment.

Amortisation is charged to the income statement on a straight-line basis. The Group's intangible assets are amortized over 1-3 years.

Investment property

Investment properties of the Group consist of investment buildings that are held to earn rentals or for capital appreciation, rather than for use in the production, or supply of goods, or services or for administration purposes, or sale in the ordinary course of business. In accordance with IFRS 40, Investment Property, which the Group adopted on 1 January 2001, investment properties are initially measured at acquisition cost, which is the fair value of the consideration given to acquire them, including transaction costs. Subsequently all investment properties are carried at cost less any accumulated depreciation and any accumulated impairment losses. Management believes that carrying values of investment properties approximate their fair values.

Leased assets

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

Notes

2.1 Significant accounting policies (cont'd)

Inventories

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

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

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

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

The Group accounts for bottles as current assets in inventory, since they are not expected to be reused following the initial delivery. Bottles are booked to the cost of finished goods when used in production.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Impairment

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

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

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

Calculation of recoverable amount

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

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

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

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 recognized.

Notes

2.1 Significant accounting policies (cont'd)

Dividends

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

Liabilities

Liabilities are initially recognized at fair value less direct costs related to occurrence of respective loan and other liabilities. Subsequent to initial recognition, liabilities are stated at amortized cost on an effective interest method basis. Short-term liabilities are not discounted.

Provisions

A provision is recognized in the balance sheet when the Group has a legal or constructive obligation as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Employee benefits

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

Revenue

Sales of goods

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Sales are recognised net of VAT, excise tax and price discounts directly related to the sales.

Revenue from sales of goods is recognised when delivery has taken place and transfer of risks and rewards has been completed.

Services rendered, assets disposed

Revenue from the services rendered is recognized in the income statement as the services are rendered. The revenue recognized is net of discounts provided.

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

Revenue from disposal of assets is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of assets disposed also continuing management involvement with the assets.

Notes

2.1 Significant accounting policies (cont'd)

Expenses

Operating expenses

Operating expenses comprise costs regarding sales personnel, advertising, administrative staff, management, office premises and office expenses etc., including depreciation and amortisation.

Operating lease payments

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

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Finance income and expenses

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

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

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to the items recognized directly in equity, in which case it is recognized in equity.

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

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of the assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to the investments in the subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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

2.1 Significant accounting policies (cont'd)

Segment reporting

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

Earnings per share

The Group presents data of basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group 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 reporting periods there were no any dilutive potential ordinary shares issued by the Group.

Contingencies

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

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

Related parties

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

Emission rights

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

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

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

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

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

Notes

2.1 Significant accounting policies (cont'd)

Standards, interpretations and amendments to published standards that are not yet effective

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

- *Revised IAS 1 "Presentation of Financial Statements"*

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

- *IFRS 8 "Operating Segments"*

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

- *Amended IFRS 2 "Share-Based Payments"*

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

- *Amended IFRS 3 "Business Combinations"*

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

- *Revised IAS 23 "Borrowing Cost"*

  IAS 23 Borrowing Cost removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised IAS 23 is applied to annual periods beginning on or after 1 January 2009. The Company will apply revised IAS 23 to qualifying assets from which capitalization of borrowing costs starting from 1 January 2009. Due to this reason, this amended is not relevant to the Group's annual consolidated financial statements for the year 2009 and earlier periods.

Notes

2.1 Significant accounting policies (cont'd)

Standards, interpretations and amendments to published standards that are not yet effective (cont'd)

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

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

Amended IAS 39 "Financial Instruments: Recognition and Measurement"

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

- *IFRIC 13 "Customer Loyalty Programmes"*

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

IFRIC 15 "Agreements for the Construction of Real Estate"

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

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

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

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

Notes

2.1 Significant accounting policies (cont'd)

Standards, interpretations and amendments to published standards that are not yet effective (cont'd)

- Further to those listed above, there were also amendments in IAS 27 "Consolidated and Separate Annual Financial Statements" (effective for annual periods beginning on or after 1 January 2009) and IFRIC 16 "Hedges of a Net Investment in a Foreign Operation" (effective for annual periods beginning on or after 1 October 2008), however, this standard and interpretation are not relevant to the Group's annual consolidated financial statements. The Group is of the opinion that this interpretation will not influence the annual consolidated financial statements.

2.2 Estimates and assumptions

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

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

Market uncertainties

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

Fair value of financial instruments

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

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

The Group principal financial instruments not carried at fair value are trade and other receivables, trade and other payables, long and short-term borrowings.

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

The settlement period with suppliers is from 10 to 30 days, and credit terms of purchasers are from 15 to 70 days.

Notes

2.2 Estimates and assumptions (cont'd)

Fair value of financial instruments (cont'd)

The fair values of financial assets and liabilities together with the carrying amounts shown in the balance sheet are summarized as follows:

	2008		2007	
	Book value	Fair value	Book value	Fair value
Investments available for sale	5.747	5.747	21.318	21.318
Prepayments	3.733	3.733	1.348	1.348
Trade debtors	33.484	33.484	51.212	51.212
Other amounts receivable	3.263	3.263	4.358	4.358
Cash	1.425	1.425	974	974
Total	**47 652**	**47 652**	**79.210**	**79.210**
Loans	157.255	157.255	122.719	122.719
Trade creditors	19.981	19.981	22.627	22.627
Other amounts payable	28.447	28.447	46.389	46.389
Total	**205.683**	**205.683**	**191.735**	**191.735**

Impairment loss on amounts receivable

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

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

2.3 Financial risk management

The Group has exposure to the following risks using financial instruments:

- credit risk,
- liquidity risk,
- market risk.

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

The Board of Directors has responsibility for the establishment and monitoring the Group's risk management framework. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, 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.

Notes

2.3 Financial risk management (cont'd)

Credit risk

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

Due to the specifics of its operations, the Group has significant concentration of credit risk (over 90% of total turnover) with few major counterparties MAXIMA LT, UAB, UAB Palink, UAB Rivona and UAB Aibės Logistika being its major wholesale buyers.

The Group's procedures are in force to ensure on a permanent basis that sales are made to customers with an appropriate credit history. The Group provides payment discounts to the clients that pay in advance.

The Group does not guarantee obligations of other parties. The maximum exposure to credit risk is represented by the carrying amount of each financial asset. Consequently, the Group considers that its maximum exposure is reflected by the amount of trade receivables (Note 9) and other current assets, net of impairment losses recognized at the balance sheet date.

The maximum exposure to credit risk at the reporting date was:

thousand Litas	Carrying amount	
	2008	2007
Trade receivables	33.484	51.212
Other receivables	3.263	4.358
Cash and cash equivalents	1.425	974
Total	**38.172**	**56.544**

Amounts receivable from the major clients:

	2008		2007	
	amount	%	amount	%
Client 1	9.803	29.3%	12.861	25.1%
Client 2	2.957	8.8%	6.921	13.5%
Client 3	2.037	6.1%	2.094	4.1%
Client 4	1.713	5.1%	1.129	2.2%
Client 5	1.371	4.1%	2.522	4.9%
Client 6	605	1.8%	7.560	14.8%
Other clients	14.998	44.8%	18.125	35.4%
Total	**33,484**	**100%**	**51.212**	**100%**

Trade amounts receivable according to geographic regions (in thousand Litas):

	2008	2007
Domestic market	32,238	50,425
Eurozone countries	1,118	650
United Kingdom	-	18
USA	128	119
Total	**33,484**	**51,212**

Notes

2.3 Financial risk management (cont'd)

Credit risk (cont'd)

Ageing of trade receivables as at the reporting day might be specified:

Thousand Litas	Total amount 2008	Impairment 2008	Total amount 2007	Impairment 2007
Not overdue	29.983	0	45.009	0
Overdue 0-30 days	3.132	0	5.478	0
Overdue 30-60 days	221	0	131	0
Overdue 61-90 days	118	0	189	0
More than 90 days	1.618	(1.588)	1.523	(1.118)
	35.072	**(1.588)**	**52.330**	**(1.118)**

As to the Group's evaluation, there is no need to make impairment of trade receivables, if the payment is delayed up to 90 days.

Liquidity risk

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

Typically, the Group 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 can not be reasonably predicted, such as natural disasters.

Payment terms of the financial liabilities, including calculated interest, as to the agreements, are presented below:

31 December 2008

Thousand Litas	Balance value	Contractual net cash flows	6 months o less	6-12 months	1-2 years	2-5 years	More than 5 years
Financial liabilities							
Loans and other financial borrowings	157.255	(175.793)	(17.938)	(67.911)	(40.977)	(48.967)	-
Short-term loans from subsidiaries							
Trade creditors	19.981	(19.981)	(19.981)				
Liabilities to subsidiaries							
Accrued liabilities	28.447	(28.447)	(28.447)				
	205.683	**(224.221)**	**(66.366)**	**(67.911)**	**(40.977)**	**(48.967)**	**0**

Notes

2.3 Financial risk management (cont'd)

Liquidity risk (cont'd)

31 December 2007

Thousand Litas	Balance value	Contractual net cash flows	6 months o less	6-12 months	1-2 years	2-5 years	More than 5 years
Financial liabilities							
Loans and other financial borrowings	122,719	(152,751)	(10,317)	(21,388)	(54,352)	(66,694)	0
Short-term loans from subsidiaries							
Trade creditors	22,627	(22,627)	(22,627)				
Liabilities to subsidiaries	393	(393)	(393)				
Accrued liabilities	45,996	(45,996)	(45,996)				
	191,735	**(221,767)**	**(79,333)**	**(21,388)**	**(54,352)**	**(66,694)**	**0**

Interest rates applied to discount the estimated net cash flows were the following:

	2008	**2007**
Loans and borrowings	6.51% - 8.6%	4.35% - 7.25%

Market risk

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

Interest rate risk

The Group's borrowings are subject to variable interest rates related to LIBOR. As at 31 December 2008, the Group 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.

Variable interest rate financial liabilities were as follows (in tLitas):

		2008	2007
Long-term loans	EUR	92,783	73,833
Credit lines	LTL	50,340	39,363
Credit lines	EUR	8,632	5,110
Overdraft	LTL	3,858	1,751
Leasing liabilities	LTL	1,642	2,662
Total		**157,255**	**122,719**

The interest rate as to the agreements is from 6.51% to 8.6%.

A change in average annual interest rate for the Group's borrowings by 0.5 percentage point would have increased the interest expenses and the loss for the year ended 31 December 2008 would have increased by approximately 786 thousand Litas.

Notes

2.3 Financial risk management (cont'd)

Currency risk

Major currency risks of AB Alita occur due to the fact that the Group borrows foreign currency denominated funds as well as being involved in imports and exports. The Group does not use any financial instruments to headge its exposure to foreign exchange risk.

	2008	2007
1 EUR =	3.4528	3.4528 LTL
1 USD =	2.4507	2.3572 LTL
1 LVL =	4.8872	4.9567 LTL
1 RUR =	0.0833	0.0961 LTL

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

	2008				2007			
	LTL	EUR	USD	LVL	LTL	EUR	USD	LVL
Cash and cash equivalents	1,182	178	39	26	749	223	2	-
Trade and other amounts receivable	32,463	4,283	3	-	54,767	744	59	-
Financial liabilities	(55,840)	(101,415)	-	-	(43,776)	(78,943)	-	-
Amounts payable	(13,924)	(5,983)		(74)	(16,528)	(5,816)	-	(283)
Total foreign currency risk exposure	(36,119)	(102,937)	42	(48)	(4,788)	(83,792)	61	(283)

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

Capital management

The Board's policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and proposes the level of dividends to ordinary shareholders based on the Group's financial results and strategic plans.

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 Group's approach to capital management during the year.

Notes

3 Intangible assets

	Acquired rights	Software	Other intangible assets	Total
COST				
Balance as of 1 January 2007		748	674	1.422
Acquired in business combinations	5.305	41	4	5.350
Additions		279	116	395
Disposals and write offs		(6)	(23)	(29)
Balance as of 31 December 2007	5.305	1.062	771	7.138
ACCUMULATED AMORTIZATION AND IMPAIRMENT:				
Balance as of 1 January 2007		556	507	1.063
Amortization for the year	200	222	91	513
Disposals and write offs		(6)	(23)	(29)
Impairment during the year				
Balance as of 31 December 2007	200	772	575	1.547
BOOK VALUE as of 31 December 2007	**5.105**	**290**	**196**	**5.591**
COST				
Balance as of 1 January 2008	5.305	1.062	771	7.138
Additions		411	360	771
Disposals and write offs		(3)		(3)
Transfers between captions			13	13
Balance as of 31 December 2008	5.305	1.470	1.144	7.919
ACCUMULATED AMORTIZATION AND IMPAIRMENT:				
Balance as of 1 January 2008	200	772	575	1.547
Amortization for the year	269	170	91	530
Disposals and write offs		(3)		(3)
Impairment during the year				
Balance as of 31 December 2008	469	939	666	2.074
BOOK VALUE as of 31 December 2008	**4.836**	**531**	**478**	**5.845**

Notes

4 Property, plant and equipment

	Land	Buildings	Vehicles and equipment	Other tangible fixed assets	Construction in progress and prepayments	Total
COST						
Balance as of 1 January 2007	28	71.650	104.308	15.914	1.590	193.490
Acquired in business combinations	1.608	1.919	2.846	629	-	7.002
Additions		-	4.074	1.444	2.457	7.975
Disposals and write offs		(1.208)	(2.732)	(1.452)	(1.355)	(6.747)
Transfers between captions		108	1.265	(798)	(507)	68
Balance as of 31 December 2007	1.636	72.469	109.761	15.737	2.185	201.788
ACCUMULATED DEPRECIATION AND IMPAIRMENT:						
Balance as of 1 January 2007		25.947	78.871	13.257	1.383	119.458
Depreciation for the year	-	1.580	6.096	1.200	-	8.876
Disposals and write offs	-	(542)	(1.675)	(568)	-	(2.785)
Transfers between captions		-	(24)	(32)	-	(56)
Impairment change for the year			(454)	(865)	(1.353)	(2.672)
Balance as of 31 December 2007	-	26.985	82.814	12.992	30	122.821
BOOK VALUE as of 31 December 2007	**1.636**	**45.484**	**26.947**	**2.745**	**2.155**	**78.967**
COST						
Balance as of 1 January 2008	1.636	72.469	109.761	15.737	2.185	201.788
Additions		292	981	1.144	332	2.749
Disposals and write offs		(28)	(842)	(1.240)	-	(2.110)
Transfers between captions			(1)	(9)		(10)
Balance as of 31 December 2008	1.636	72.733	108.716	16.714	2.459	202.258
ACCUMULATED DEPRECIATION AND IMPAIRMENT:						
Balance as of 1 January 2008	-	26.985	82.814	12.992	30	122.821
Depreciation for the year		1.546	5.378	1.206		8.130
Disposals and write offs		(28)	(842)	(1.240)		(2.110)
Transfers between captions			(1.093)	1.093		-
Impairment change for the year			(1)	(9)		(10)
Balance as of 31 December 2008	-	28.503	86.256	14.042	30	128.831
BOOK VALUE as of 31 December 2008	**1.636**	**44.230**	**22.460**	**2.672**	**2.429**	**73.427**

Notes

4 Property, plant and equipment (cont'd)

No borrowing costs were capitalised during 2008 and 2007 since no assets qualified for the borrowing costs capitalisation criteria.

Property, plant and equipment with the book value of LTL 47,462 thousand as at 31 December 2008 (LTL 54,195 thousand as at 31 December 2007) has been pledged for credit lines (Note 15).

The Group's property, plant and equipment with the net book value of LTL 64,733 thousand as at 31 December 2008 are insured against natural calamities, fire, and other damages.

Depreciation

Depreciation in the financial statements distributed as follows:

	2008	2007
To cost of sales and finished goods in the balance sheet	5.348	6.345
To selling and distribution expenses	1.376	946
To general and administrative expenses	1.406	1.585
Total	**8.130**	**8.876**

5 Investment property

	2008	2007
Balance at 1 January	2.510	1.024
Acquisitions	-	-
Amortization	-	-
Disposals	(93)	(39)
Change in fair value	(502)	1.525
Balance at 31 December	1.915	2.510
Acquisition costs	3.703	3.703
Adjustment to fair value	(1.788)	(1.193)
Balance at 31 December	**1.915**	**2.510**

The investment property comprises café and hotel in Palanga. The café is located in a 2 storey building with a cellar and the area of the café is 757,36 m2. The area of the hotel is 226,06 m2.

The rental income of the investment properties amounted to LTL 47 thousand in 2008 (LTL 53 thousand in 2007).

The depreciation charge of the investment property for the year ended 31 December 2008 amounts to LTL 93 thousand (LTL 39 thousand in 2007) and has been included into general and administrative expenses.

In the end of the year 2008, considering to the rised situation in the market of realty , by the decision of the management, there was recorded LTL 502 thousand impairment of investment property (20 percent of value in 31 December 2007). According to the understanding of the Group managers, the value of the investment property in the Balance Sheet as at 31 December 2008 corresponds to the fair value of this property.

Notes

5 Investment property (cont'd)

Public services are paid by leaseholder, there were no repairs in 2008.

There were no restrictions on disposal of investment properties or use of income of disposals as at 31 December 2008.

No material contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance or enhancement existed at the year-end.

6 Non-current financial assets

Acquisitions of subsidiaries

On 12 April 2007 AB Alita obtained 100 ordinary registered shares of the wholesale company UAB Alita Distribution wich holds 100 % shares of UAB Vilkmergės Alus. The annual consolidated financial statements of the Group consolidate UAB Alita Distribution and UAB Vilkmergės Alus annual financial statements from 1 April 2007.

The acquisition of subsidiary had the following effect on the Group's assets and liabilities.

	Preacquisition carrying amount	Value adjustments	Recognised Value after acquisition
Intangible assets	46	5.305	5.351
Property, plant and equipment	7.002		7.002
Inventories	2.826		2.826
Trade and other receivables	3.102		3.102
Cash and cash equivalents	748		748
Loans and borrowings	(4.792)		(4.792)
Trade and other payables	(8.457)		(8.457)
Total identified assets and liabilities, net	**475**	**5.305**	**5.780**
Goodwill on acquisition			-
Consideration paid, satisfied in cash			**5.780**
Cash acquired			(747)
Net cash outflow			**5.033**

The values of assets, liabilities recognesed on acquisition are their estimated fair value. Intangible assets recognised on acquisition represent trade marks acquired in a business combination.

Investments into associates

In September 2007 AB Alita acquired 41.52% block of shares of Belgrade brewery Beogradska Industrija Piva, which consists of 3,781,012 ordinary registered shares with a nominal value of 600 RSD each (equivalent value appr. 26.28 LTL), for 70,437 thousand Litas. This investment is booked in the annual consolidated financial statements following the equity method.

During the nine-month period ended 31 December 2008, the associated entity earned net profit of 12,449 thousand Litas (during the 2007 it suffered loss of LTL 9,447 thousand). Part of the profit related to the Group amounted to LTL 5,169 thousand (during the 2007 part of the loss - LTL 3,922 thousand) resulting in decrease of the consolidated loss of the Group.

Notes

6 Non-current financial assets (cont'd)

Investments into associates (cont'd)

Main items of balance sheet and profit and loss account could be specified as follows):

Fixed assets	11.111
Current assets	2.596
Total assets	**13.707**

Equity	6.371
Long-term liabilities	390
Short-term liabilities	6.946
Total equity and liabilities	**13.707**

The result for the year 2008	12.449

In 2008, loans amounting to 25,205 thousand Litas were granted to United Nordic Beverages AB on the agreement basis, with the annual interest rate from 7.5% to 9%, which shall be repaid during the next two years.

Available-for-sale investments

Available-for-sale investments consist of the following:

	2008	2007
AB Šiaulių Bankas shares	9.693	9.693
Other securities	-	
Total	**9.693**	**9.693**
Impairment in the beginning of the year	-	(1)
Available-for-sale investments written-off	-	1
Additional impairment	-	
Impairment at the end of the year	-	-
Increase in value in the beginning of the year	11.625	11.851
Increase (decrease) in value during the year	(15.571)	(226)
Increase in value at the end of the year	(3.946)	11.625
Total	**5.747**	**21.318**

Notes

6 Non-current financial assets (cont'd)

As at 31 December 2008 AB Alita held 6,179,000 ordinary registered shares of AB Šiaulių Bankas with a nominal value of 1 Litas each. Change in value (decrease) of AB Šiaulių Bankas shares comprising -15,571 thousand Litas was registered in the Group's accounting . The decision to decrease the value was made based on the market value of the share which comprised 0,93 Litas per share. The change in value of AB Šiaulių Bankas shares is booked in equity (see Note 12).

7 Inventories

Inventories consist of:

	2008	2007
Raw materials	4.288	3.861
Packing materials	3.898	6.281
Auxiliary materials and supplies	928	1.420
Work-in-process	8.537	6.607
Finished goods:		
- alcoholic beverages	7.876	4.054
- apple products	20.918	24.462
Goods for resale	6.176	8.747
	52.621	55.432
Write-off of inventories to the net realisable value in the beginning of the year	(1.911)	(2.574)
Sold and used for own needs	885	800
Impairment during the year	(9.530)	(137)
Write-off of inventories to the net realisable value at the end of the year	(10.556)	(1.911)
Total	**42.065**	**53.521**

Write off of inventories is booked for:

	2008	2007
For concentrate apple juice	9.235	-
Work-in-process	22	390
Plastic crates	759	1.192
Other auxiliary materials	540	329
Total	**10.556**	**1.911**

In December 2008 an agreement on concentrated apple juice sales in the season of 2007. Having estimated the agreed price under the agreement, the Group's reporting includes write-down of concentrated apple juice value to net realizable value, which is 9,235 tLitas.

Write-down to net relizable value is booked in general and administrative expenses (Note 17).

The Group has insured inventories amounting to LTL 40,500 thousand against natural calamities, fire, and other damages and inventories are pledged for the loan banks (see Note 15).

Notes

8 Prepayments

Prepayments consists of:

	2008	2007
Prepayments to local suppliers	1.338	628
Prepayments to foreign suppliers	210	147
Other prepaid taxes	8	72
Other prepayments and deferred costs	1.048	501
Total	2.604	1.348
Impairment	(875)	-
Total	**1.729**	**1.348**

The impairment was formed for the saturated juice work-shop costs, accrued in 2008, and other prepayments.

9 Trade accounts receivable

Trade accounts receivable consist of:

	2008	2007
Trade accounts receivable	35.073	52.330
Receivable for heating (discussed below)		
Impairment in the beginning of the year	(1.118)	(1.837)
Doubtful accounts receivable recovered	-	2
Write off	-	843
Impairment during the year	(471)	-
Impairment in business combinations	-	(126)
Impairment at the end of the year	1.589	(1.118)
Total	**33.484**	**51.212**

During 2008 UAB Anykščių Šiluma paid 225,1 tLitas out of which 117,5 tLitas were delayed interest payment charges, 107,6 tLitas were for the heat produced. In 2007 delayed payments amounted to 80 thousand. Even though an impairment of 744 tLitas was recognized for UAB Anykščių Šiluma due to forecasted slow repayment, in 2008 the Group submitted the payment schedule and obliged to repay the whole amount during 2009-2010.

10 Other amounts receivable

Other amounts receivable consist of:

	2008	2007
Import VAT	-	494
Import excise	-	2.528
Loans issued	12	220
Other accounts receivable	3.381	1.246
Total	3.393	4.488
Impairment in the beginning of the year	(130)	(130)
Additions during the year	-	-
Impairment at the end of the year	(130)	(130)
Total	**3.263**	**4.358**

Notes

10 Other amounts receivable (cont'd)

Import excise and import VAT receivable as at 31 December 2008 is recorded both as an asset and a liability (Note 14). In accordance with the effective legislation, import excise and import VAT incurred are recorded as a payable to the Customs Department. However, until the 16th day of the next month payment of import excise due to the Customs Department the amount paid is refundable or might be annulled by the State Tax Inspectorate, the central tax administrator in Lithuania. Due to this, the import excise and the import VAT amount recorded as a liability is also an asset to the Group.

11 Cash and cash equivalents

Cash and cash equivalents consist of:

	2008	2007
Cash at bank	1.335	898
Cash in hand	90	76
Total	**1.425**	**974**

12 Shareholders' equity

Share capital

The share capital comprises 50,827,209 ordinary shares with a nominal value of 1 Litas each and the total share capital of 50,827,209 Litas, fully paid. The holders of the ordinary shares are entitled to one vote per share in the shareholders' meeting and are entitled to receive dividends as declared from time to time and to capital repayment in case and to a share of residual assets. One ordinary share gives a right to one vote at the shareholders' meeting.

Legal reserve

The legal reserve is a compulsory reserve under Lithuanian legislation. Annual contributions of 5% of the retained earnings available for distribution are required until the legal reserve and the share premium reach 10% of the authorized capital.

Revaluation reserve

	2008	2007
Increase (decrease) in value of AB Šiaulių Bankas shares	(3.946)	11.625
Deferred income tax to equity	789	(1.744)
Total	**(3.157)**	**9.881**

Profit distribution

The Board of the Group will not propose paying out dividends to the shareholders (LTL 2,541 thousand dividends were paid for 2007). The proposal shall be approved by the General Shareholders' Meeting.

Notes

13 Basic earnings (loss) per share

Basic earnings (loss) per share are calculated as follows:

	2008	2007
Net profit (loss), attributable to the shareholders	(12.422)	7.862
Number of shares (thousands)	50.827	50.827
Earnings (loss) per share (LTL)	**-0.24**	**0.15**

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

14 Accrued liabilities

Accrued liabilities are the following:

	2008	2007
Excise duty	12.523	20.620
Value added tax (VAT)	5.770	10.580
Packaging tax	2.316	3.927
Import excise (Note 9)	-	2.528
Import VAT (Note 9)	-	494
Advances received	3.322	960
Salaries	679	640
Accrued social security tax	547	523
Withholding income tax	95	169
Vacation pay	1.587	1.745
Other accrued liabilities	1.608	3.810
Total	**28.447**	**45.996**

Lithuania has an excise tax imposed on alcohol production. Until 31 December 2007 the excise tax was calculated for denatured alcohol and alcoholic beverages at the rate of LTL 3,200 for a hectoliter (HLT) of pure ethanol. The excise tax for wines depends on the wine category, and it is calculated in LTL for a hectoliter. From 1 January 2008 the excise tax rate increased by 20 percent, for bear - in 10 percent and from 1 January 2009 increased by 15 percent.

Excise tax rates are provided in the table below:

Beverage	Alcohol content by volume	Excise tax rates until 31 December 2008 (LTL for hectolitre)	Excise tax rates from 1 January 2009 (LTL for hectolitre)
Sparkling wine	11%	180 LT/HTL	198 LT/HTL
Sparkling wine drink	7-8%	48 LT/HTL	58 LT/HTL
Sparkling drink	9,50%	150 LT/HTL	198 LT/HTL
Cocktails	5-6 %	3840 LT/100%/HTL	4416 LT/100%/HTL
Cider	6%	48 LT/HTL	58 LT/HTL
Hard liqueurs	37.5-50 %	3840 LT/100%/HTL	4416 LT/100%/HTL
Fortified wine	21%	276 LT/HTL	304 LT/HTL
Wine	10.50%	180 LT/HTL	216 LT/HTL
Fruit wine	18-19 %	276 LT/HTL	304 LT/HTL
Bear up to 1 million LTR	4.7-9.5%	3,85LT/HTL 1%	3,85LT/HTL 1%
Bear from 1 million LTR	4.7-9.5%	7,70LT/HTL 1%	7,70LT/HTL 1%

Note

15 Long-term and short-term bank loans and leasing liabilities

	2008	2007
Long-term loans	72.080	61.985
Long-term leasing liabilities	826	1.713
Total long-term liabilities	**72.906**	**63.698**
Current portion of long-term loan	16.905	11.848
Credit line	62.771	44.473
Overdraft	3.857	1.751
Current portion of long-term leasing liabilities	816	949
Total short-term liabilities	**84.349**	**59.021**

As at December 31, 2008 the Group has a long-term loan balance amounting to EUR 17,952 thousand which must be repaid fully till 2012. In 2008 was taken a new long-term loan amounts to EUR 7,820 thousand and its repayment term is the year 2011, the average variable rate of the loan was from 7.254 to 7.676 % in 2008.

As at December 31, 2008, the limit of the credit lines of the Group amounts to LTL 62,830 thousand, the actually used part is LTL 62,771 thousand. The average variable rate of the loans was from 6.52 to 8.59%.The Group has a limit of the overdraft amounting to LTL 4,500 thousand as well, the used part as at 31 December 2008 is LTL 3,857 thousand and the average variable rate was 6.51-8.60 %.

To secure long-term loans and credit lines, the Group has pledged tangible non-current assets with the residual value of LTL 47,462 thousand as at December 31, 2008, inventories of LTL 30,534 thousand, all the current and future Group funds in the banks, trademarks and future Group funds in the banks, trademarks.

Long-term leasing maturity terms are the following:

	Future payments	Interest	Present value of payment
Less than one year	894	78	816
Between one and five years	884	58	826
More than five years			-
Total	**1.778**	**136**	**1.642**

16 Selling and distribution expenses

Selling and distribution expenses consist of:

	2008	2007
Advertising	20.322	16.851
Warehousing	6.492	7.853
Sales and marketing departments' expenses	7.345	4.785
Transportation and logistics	6.933	2.442
Other	670	1.054
Total	**41.762**	**32.985**

Notes

17 General and administrative expenses

General and administrative expenses consist of:

	2008	2007
Salaries, wages and social security	5.933	6.310
Tax expenses (other than income tax)	3.616	4.712
Maintenance and repairs	2.458	1.848
Depreciation and amortisation	1.746	1.879
Redundancy compensations	759	56
Other employment related cost	143	139
Professional services	486	356
Insurance expenses	413	315
Bank fees	93	71
Other payments to employees	139	139
Charity	514	638
Impairment of property, plant and equipment	502	(1.525)
Write-off of inventories	183	414
Change in write down for obsolete and slow moving inventories	9.452	134
Impairment of accounts receivable	551	-
Impairment of deferred cost	803	-
Other	3.511	4.381
Total	**31.302**	**19.867**

The Group employed 776 employees as at 31 December 2008 (816 employees as at 31 December 2007).

Salaries, wages and bonuses including personal income tax and social insurance tax in the financial statements distributed as follows:

	2008	2007
To cost of sales	9.637	9.187
To selling and distribution expenses	11.508	7.429
To general and administrative expenses	6.430	6.505
Total	**27.575**	**23.121**

18 Other income (expenses)

Other income (expenses) consist of:

	2008	2007
Income from disposed asset	1.098	2.635
Services rendered	629	1.292
Income from disposed non current asset	126	624
Other income	95	82
Total	**1.948**	**4.633**
Cost of asset sold	829	2.159
Cost of services rendered	526	811
Other expenses	53	37
Total	**1.405**	**3.007**

Notes

19 Financial income (expenses)

Financial income (expenses) consists of:

	2008	2007
Interest income	2.659	93
Gain from disposal of available-for-sale investments	-	1.792
Currency exchange gain (loss), net	(14)	8
Other financial income	248	218
Total	**2.893**	**2.111**

	2008	2007
Interest expenses on loans	(12.307)	(4.443)
Other financial expenses	(307)	(542)
Total	**(12.614)**	**(4.985)**

20 Information according to business and geographic segments

Geographic segments

	2008	2007
Revenue from domestic market customers	179.233	173.206
Revenue from foreign customers	24.789	24.789
Total	**204.022**	**197.995**

Notes

20 Information according to business and geographic segments (cont'd)

All the Group's assets are located in Lithuania, except associate's investments in Serbia.

Segment information for the year ended 31 December 2008 is presented below:

	Wholesale in alcoholic drinks	Alcoholic products	Apple products	Unallocated	Total
Net sales by segment	111.125	86.412	5.061	1.424	204.022
Cost of sales	(95.897)	(39.964)	(4.839)	(455)	(141.155)
Gross profit	**15.228**	**46.448**	**222**	**969**	**62.867**
Other income				1.948	1.948
Operating expenses	(22.403)	(24.100)	(163)	(11.729)	(58.395)
Other expenses				(1.405)	(1.405)
Impairment	(503)	(48)	(10.167)	(590)	(11.308)
Depreciation and amortization	(891)	(808)	-	(1.662)	(3.361)
Operating result	**(8.569)**	**21.492**	**(10.108)**	**(12.469)**	**(9.654)**
Financial income				2.893	2.893
Financial expenses				(12.614)	(12.614)
Share of profit (loss) of associated companies				5.169	5.169
Income tax income (expenses)				1.463	1.463
Net result for the year before minority interest	**(8.569)**	**21.492**	**(10.108)**	**(15.558)**	**(12.743)**
Minority interest				321	321
Net result for the year related to shareholders	**(8.569)**	**21.492**	**(10.108)**	**(15.237)**	**(12.422)**
Segment assets					
Non-current assets	8.637	50.548	5.391	121.300	185.876
Inventories	6.975	18.946	11.854	4.290	42.065
Other current assets	15.035	20.063	516	6.291	41.905
Total segments assets	**30.647**	**89.557**	**17.761**	**131.881**	**269.846**
Segment liabilities					
Trade creditors	1.627	9.666	1.636	7.052	19.981
Other liabilities	811	19.333	1.335	6.968	28.447
Total segment liabilities	**2.438**	**28.999**	**2.971**	**14.020**	**48.428**
Acquisitions of non-current assets	796	1.202	88	1.434	3.520

Notes

20 Information according to business and geographic segments (cont'd)

Segment information for the year ended 31 December 2008 is presented below:

	Wholesale in alcoholic drinks	Alcoholic products	Apple products	Unallocated	Total
Net sales by segment	57.522	121.640	17.919	914	197.995
Cost of sales	(37.144)	(78.191)	(12.502)	(719)	(128.556)
Gross profit	**20.378**	**43.449**	**5.417**	**195**	**69.439**
Other income	676			3.957	4.633
Operating expenses	(12.196)	(32.534)	(4.794)	(1.770)	(51.294)
Other expenses	(914)			(2.093)	(3.007)
Reversal of impairment				1.525	1.525
Depreciation and amortization	(400)	(2.323)	(342)	(18)	(3.083)
Operating result	**7.544**	**8.592**	**281**	**1.796**	**18.213**
Financial income	33			2.078	2.111
Financial expenses	(163)			(4.822)	(4.985)
Share of profit (loss) of associated companies				(3.922)	(3.922)
Income tax income (expenses)				(3.518)	(3.518)
Net result for the year before minority interest	**7.414**	**8.592**	**281**	**(8.388)**	**7.899**
Minority interest				(37)	(37)
Net result for the year related to shareholders	**7.414**	**8.592**	**281**	**(8.425)**	**7.862**
Segment assets					
Non-current assets	8.266	53.705	5.919	107.011	174.901
Inventories	8.671	18.586	24.944	1.320	53.521
Other current assets	17.047	37.187	-	3.658	57.892
Total segment assets	**33.984**	**109.478**	**30.863**	**111.989**	**286.314**
Segment liabilities					
Trade creditors	2.503	4.300		15.824	22.627
Other liabilities	32.077	34.056		105.069	171.202
Total segment liabilities	**34.580**	**38.356**		**120.893**	**193.829**
Acquisition of non-current assets	2.149	1.814	50	76.458	80.471

Notes

21 Deferred and current income tax

	2008	2007
Current tax	151	3.134
Correction of previous year profit tax		(3)
Change in deferred tax	(1.614)	387
Total income tax expense	**(1.463)**	**3.518**

The reconciliation of effective tax rate is the following:

	2008		2007	
Profit before tax		(14.206)		11.417
Income tax using standard tax rate	15.0%	(2.131)	18.0%	2.055
Non-taxable income	6.1%	(863)	-0.4%	(42)
Non-deductible expenses	-13.5%	1.913	5.7%	652
Charity and sponsorship (deductible twice)	0.7%	(101)	-1.9%	(216)
Recognition of previously unrecognized tax losses	0.0%		0.0%	-
Recognition of previously unrecognized temporary differences	0.1%	(18)	-5.3%	(603)
Increase in value of investments available-for-sale	0%		0.6%	72
Not recognised taxable loss	-9.5%	1.315	6.9%	791
Not recognised temporary differences in equity	11.4%	(1.614)	7.1%	812
Previous year corrections	0.0%		0.0%	(3)
Total		**(1.463)**		**3.518**

Deferred tax asset could be presented as follows:

	2008		2007	
	Temporary differences	Deferred tax	Temporary differences	Deferred tax
Investments available for sale	3.947	789	-	-
Inventories	10.339	2.068	3.278	492
Deferred cost	803	161	-	-
Investments to associate	-	-	3.922	588
Non-current assets	1.149	230	657	99
Amounts receivable	1.089	218	876	131
Tax loss carried forward	7.735	1.547	5.335	800
Vacation accrual	1.485	297	1635	245
Other	540	108		
Adjustment of realizable value of deferred tax		(2.011)		(1.603)
Total deferred tax		3.407		752
Non-current asset	(6.769)	(1.354)	(7.350)	(1.103)
Investments available for resale			(11.625)	(1.743)
Total deferred tax liability		(1.354)		(2.846)
Net deferred tax		**2.053**		**(2.094)**

Notes

21 Deferred and current income tax (cont'd)

As at 31 December 2008 current income tax is 15% (19% in 2007). As at 31 December 2008 deferred tax was calculated applying the rate of 20%. Following the amendments to the tax legislation of Lithuania, as of 2009 the tax rate of the taxable corporate income tax is 20%.

The deferred tax assets of 789 tLitas as at 31 December 2008 is recorded in equity against the revaluation reserve formed for AB Šiaulių Bankas shares.

The change in deferred tax could be specified as follows:

	2008	2007
Deferred tax asset (liability) as at 1 January	(2.094)	(1.742)
Change in deferred tax booked in income statement	1.614	(386)
Change in deferred tax booked in equity	2.533	34
Deferred tax asset (liability) as at 31 December	2.053	(2.094)

22 Transactions with related parties

During 2008 the Group's management received salaries amounting to LTL 1,568 thousand (LTL 1,583 thousand in 2007) and dividends amounting to LTL 2,129 thousand (LTL 6,812 thousand in 2007).

23 Contingent liabilities

As at 31 December the Group issued guarantees for the amount of 3,600 thousand Euro for the Agency of Privatization of Republic of Serbia out of the held guarantee limit amount of 3,600 thousand Euro, and it also has the unused credit limit amounting to 4,000 thousand Litas.

The Group does not have other significant contingent liabilities except for pledged assets and other obligations to banks, mentioned in Note 15.

In connection with the credit liabilities to the bank, the Group has certain loan covenants in place. During the term of the loan contract, the ratio of shareholders' equity and assets recorded in the consolidated balance sheet must be at least 30 %. The Debt Service Coverage Ratio should be not less than 1.1 and Interest Service Coverage Ratio should be not less than 3. As at 31 December 2008, these ratios were 23.8%, 0.53 and 0.56 respectively. The Group's management is confident that non-compliance with Debt Service Coverage is temporary and it will be rectified in the immediate future.

Notes

23 Contingent liabilities (cont'd)

In accordance with the National Allocation Plan for 2008-2012, AB Anykščių Vynas has been provided with CO2 emission allowances of 14,934 thousand Litas (2,986 thousand Litas per year) for the system boiler house, oilcake dryer.
As at 31 December 2008 The Group rents land plots from the State. The annual rent fee in 2008 amounted to 110 thousand Litas. The environmental obligations (cleaning, restoration, etc.) are incumbent on the rented state land. No provision is included in the annual consolidated financial statements as at 31 December 2008 as the management was not able to estimate timing and amount of such works.

24 Contingencies and commitments

No full tax investigation of AB Alita for the period from 2004 to 2008 has been performed by the tax authorities. According to effective tax legislation, the tax authorities may at any time perform investigation of the Company's accounting registers and records for the period of five years preceding the accounting tax period, as well as calculate additional taxes and penalties. Management of AB Alita is not aware of any circumstances which would cause calculation of additional significant tax liabilities.

25 Post balance sheet events

On 15 April 2009, a notification was announced in connection with the essential event which will be a new item included in the agenda of the General Shareholders meeting to be held on 27 April 2009, i.e. approval for preparation of separation terms of the Company.

26 Information on the Company as a going concern

In 2008, the Group incurred a net loss of LTL 12.743 thousand, and the Group's current liabilities exceeded the current assets by LTL 48.807 thousand. Seeking to offset the cash flows, the management and shareholders are actively trying to ensure the financial stability of the Group. The main trends for stability of operations and actions are the following:

- Decrease of operating costs (including reduction of number of employees, introduction of flexible work schedule) when reorganizing the structure of the Group;
- Discussions with banks re postponement of loan repayment terms.

On the ground of the actions mentioned above, the management is of the opinion that there is no going concern risk.

JSC „ALITA“

THE ANNUAL REPORT OF 2008

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1. THE GENERAL INFORMATION ABOUT THE ISSUER.

The reporting cycle, for which the Annual Report is prepared.

The Annual Report is prepared for the year of 2008.

The Issuer and his contact data.

The name	„Alita“
The legal-organizational form	The Joint-Stock Company
The registration date and place	December 10, 1990, the Alytus Branch of the State Registry Center
The re-registration date and place	April 14, 1995, the Alytus Branch of the State Registry Center
The Register number	AB 95-1.
The Company Registry Code	149519891
The address of the residence	Miškininkų 17, Alytus, LT- 62200.
Telephone number	(8-315) 5 72 43
Fax. number	(8-315) 7 94 67
E-mail:	alita@alita.lt
Website:	www.alita.lt

The subsidiaries of the JSC „Alita“ and their contact data:

The name	„Anykščių Vynas“
The legal form	The Joint-Stock Company
The Registration date and place	November 21, 1990, the Utena Branch of the State Company Registry Center.
The re-registration date and place	July 28, 2004, the Utena Branch of the State Company Registry Center.
The Register number	BĮ 97-340
The Company Registry Code	254111650
The address of the residence:	Dariaus ir Girėno str. 8, Anykščiai, LT- 29131.
Telephone number	(8-381) 50233
Fax. number	(8-381) 50350.
E-mail:	info@anvynas.lt
Website:	www.alita.lt

The name	„Alita Distribution“
The legal form	The Private Joint-Stock Company
The Registration date and place	January 18,2002, Marijampolė Municipality.
The re-registration date and place	July 18, 2004, the Vilnius Municipality.
The Register number	AB 2002-751

The Company Registry Code	151461114
The address of the residence:	Goštauto str. 12, Vilnius, LT-01108.
Telephone number	(8-5) 268 36 30
Fax. number	(8-5) 268 36 36.
E-mail:	info@alitadistribution.lt
Website:	www.alitadistribution.lt

The PJSC „Vilkmergės Alus" belongs to the PJSC „Alita Distribution"

The name	„Vilkmergės Alus"
The legal form	The Private Joint-Stock Company
The Registration date and place	July 13, 1993, the Vilnius Municipality.
The Register number	AB 93-861
The Company Registry Code	122016951
The address of the residence:	Antakalnio III village, the Livonija Local Authorities, Ukmergė District, LT-20101.
Telephone number	(8-340) 63 770
Fax. number	(8-340) 63 788.
E-mail:	info@vilkmergesalus.lt
Website:	www.vilkmergesalus.lt

1.3. The main activities of the Issuer.

The principal activities of the JSC „Alita" and JSC „Anykščių Vynas" are: the production and sale of the alcoholic drinks and concentrated juice.
The activity of the PJSC „Vilkmergės Alus": the beer production.
The activity of the PJSC „Alita Distribution": the wholesale and retail of the alcoholic drinks.

1.4. The information on the transactions with the brokers of the securities of the public turnover.

In November 18, 2003 the Company signed a contract with the JSC bank „Hansabankas", represented by the Security Safekeeping Department on the transfer of the Issuer's securities accounting. Savanorių pr. 19, LT-03502, Vilnius, tel.: (8-5) 268 44 85, fax.: (8-5) 268 41 70.

On July 29, 2004, the JSC „Anykščių Vynas" and the JSC „Hansabankas" made a contract No. 2004-06-30/001 to keep the Company issued securities accounting and personal securities accounts. The JSC „Hansabankas is located in Savanorių pr. 19, LT-03502 Vilnius. Tel.: (8-5) 268 44 85. Fax.: (8-5) 268 41 70.

1.5. The data about the Issuer's securities trade.

The securities of the JSC „Alita" were entered in the list of the NASDAQ OMX Vilnius on May 25, 1998. On December 2007, there were 50 827 209 of the JSC „Alita" ordinary registered shares of the nominal value of one Litas in the the current trading list of the VSE, the total nominal value of which amounted to 50 821 209 of LTL. The ISIN Code of these securities is LT0000118655 (The abbr. is ALT1L).

The information about the self-acting fulfilment of the VSE prices and turnover of the sold transactions during 01 01 2007 – 31 12 2008 is given in the table below:

The year and the quarter	The price, LTL		The turnover		The last trading days of the period			The total turnover	
	Max.	Min.	Max.	Min.	Price, LTL	Turnover, LTL	Date	Unit	LTL
2007 I	4.89	3.60	287,135.35	0.00	4.18	17,653.60	30-03-2007	1,000,554	4,270,635.28
2007 II	4.47	3.75	259,635.00	0.00	4.45	0.00	29-06-2007	353,766	1,462,269.39
2007 III	4.55	4.06	234,376.50	0.00	4.22	4,220.00	28-09-2007	289,366	1,233,437.14
2007 IV	4.30	3.95	147,130.20	0.00	4.20	13,084.14	28-12-2007	293,788	1,235,278.55
2008 I	4.59	3.51	37,102.80	0.00	3.51	744.12	31-03-2008	50,417	206,760.19
2008 II	3.51	2.06	30,541.50	0.00	2.15	0.00	30-06-2008	44,625	124,505.46
2008 III	2.20	1.59	48,837.50	0.00	1.60	0.00	30-09-2008	143,036	275,284.94
2008 IV	1.60	0.50	26,786.00	0.00	0.63	0.00	30-12-2008	217,570	205,748.74

The capitalization of the JSC „Alita“ securities in 2008 is given in the table below:

The date	The capitalization, LTL	The price of a share, LTL
31.03.2008	178,403,503.59	3.51
30.06.2008	109,278,499.35	2.15
30.09.2008	81,323,534.40	1.60
30.12.2008	32,021,141.67	0.63

The Company did not sell the ordinary registered shares in the other Stock Exchanges except the VSE.

The data about the outside Stock Exchange transactions of the JSC „Alita“ ordinary registered shares are given in the table below:

The year and the quarter	The price, LTL		The total turnover of the quarter, Unit.	
	Maximum	Minimum	Cash payment	Indirect payment
2007 I	3.00	1.58	73,815	0
2007 II	2.94	2.23	41,482	0
2007 III	3.10	2.31	65,561	0
2007 IV	2.80	2.39	61,685	0
2008 I	3.98	2.46	304,070	4,500
2008 II	2.76	0.97	62,298	0
2008 III	2.79	0.00	110,940	2,060
2008 IV	1.41	0.00	40,659	11,422

On July 3, 1995, the JSC „Anykščių Vynas“ ordinary registered shares were included in the NASDAQ OMX Vilnius Current List. On December 31, 2007, there were 49 080 535 ordinary registered shares of the JSC „Anykščių Vynas“. The total nominal value of the shares is 49 080 535 of LTL. The ISIN Code of these shares is LT0000112773 (the abbr. is ANK1L).

The total number of the JSC „Anykščių Vynas“ shareholders was 404 on December 31, 2008.

The information about the self-acting fulfilment of the VSE prices and turnover of the sold transactions during 01 01 2007 – 31 12 2008 is given the table below:

The year and the quarter	The price, LTL		The turnover		The last trading days of the period			The total turnover	
	Max.	Min.	Max.	Min.		Max.	Min.	Max.	Min.
2007 I	1.65	0.98	180,235.53	0	1.15	3,812.25	30.03.2007	1,679,910	2,282,976.19
2007 II	1.19	0.99	20,483.93	0	1.18	2,401.71	29.06.2007	251,578	275,470.29
2007 III	1.27	1.06	24,788.70	0	1.21	19,960.10	28.09.2007	178,986	206,551.08
2007 IV	1.27	1.07	17, 074.94	0	1.07	1,635.51	28.12.2007	119,226	141,425.95
2008 I	1.17	0.91	15, 638.98	0	0.91	0	31.03.2008	58,464	60,401.80
2008 II	1.00	0.65	9, 606.60	0	0.69	0	30.06.2008	55,952	39,604.83
2008 III	0.71	0.51	4,349.95	0	0.69	3.45	30.09.2008	40,561	24,724.02
2008 IV	0.70	0.20	3,149.47	0	0.24	120.00	30.12.2008	72,440	28,194.22

The capitalization of the JSC „Alita“ securities in 2008 is given in the table below:

The date	The capitalization, LTL	The price of a share, LTL
31.03.2008	44,663,286.85	0.91
30.06.2008	33,865,569.15	0.69
30.09.2008	33,865,569.15	0.69
30.12.2008	11,779,328.84	0.24

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

The year and the quarter	The price, LTL		The total turnover of the quarter, Unit.	
	Maximum	Minimum	Cash payment	Indirect payment
2007 I	-	-	-	-
2007 II	-	-	-	-
2007 III	-	-	-	-
2007 IV	-	-	-	2,961
2008 I	-	-	-	-
2008 II	-	-	-	-
2008 III	-	-	-	32,427
2008 IV	-	-	-	-

The PJSC „Alita Distribution“ and the PJSC „Vilkmergės Alus“ do not trade the shares openly.

2. THE OTHER INFORMATION ABOUT THE ISSUER.

2.1. The structure of the Issuer‘s authorized capital.

The authorized capital of the JSC „Alita“, registered in the Register of Enterprises, is 50 827 209 of LTL.

The structure of the authorized capital of the JSC „Alita“ is according to the types of the shares:

The type of a share	The number of the shares	The nominal value (LTL)	The total nominal value (LTL)	The part in the authorized capital (%)
Ordinary registered shares	50,827,209	1	50,827,209	100.00
Total:	**50,827,209**	**-**	**50,827,209**	**100.00**

All the JSC „Alita“ shares are paid-up.

The Company did not issue securities that unmark the participation in the authorized capital.

In the reporting year the Company did not acquire its own shares.

In 2007 there were no announced proposals from the third parties to buy the ordinary registered shares of the JSC „Alita". The Joint-Stock Company „Alita" also did not announce proposals to buy the securities of the other Issuers.

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

The type of a share	The number of the shares	The nominal value (LTL)	The total nominal value (LTL)	The part in the authorized capital (%)
Ordinary registered shares	49,080,535	1	49,080,535	100.00
Total:	**49,080,535**	-	**49,080,535**	**100.00**

On January 1, 2008 the JSC „Alita" owned 46 577 570 u. or 94.90% of the ordinary registered shares of its subsidiary the JSC „Anykščių Vynas", the nominal value of which is 1 LTL. In 2008 the JSC „Alita" neither sold, nor acquired the JSC „Anykščių Vynas" shares. On December 31, 2008, 2 502 965 u. or 5,1% of the JSC „Anykščių Vynas" shares belonged to the other small shareholders. On December 31, 2008, 404 shareholders had the shares of the JSC „Anykščių Vynas". In the reporting year the nominal values of the JSC „Anykščių Vynas" share and the authorized capital did not change. In 2008 the JSC „Anykščių Vynas" made a loss of 6.4 mln. of LTL. In 2008 the JSC „Anykščių Vynas" had no subsidiaries. During the reporting financial year the JSC „Anykščių Vynas" did not acquire its own shares and in general it has no shares at all. The JSC „Anykščių Vynas" had no shares of the other companies and did not acquire them. The Company has no subsidiaries and agencies.

On April 12, 2007, the JSC „Alita" obtained 100% of the share block of the alcohol wholesale trading firm the PJSC „Daivalda". Since 2003 the Company has exceptional rights to the distribution of the production of the PJSC „Vilkmergės Alus". The PJSC „Daivalda" acquired 100% of the PJSC „Vilkmergės Alus" shares. The PJSC „Daivalda" changed the name of the Company into the PJSC „Alita Distribution" and it became the production distributor of the JSC „Alita" and JSC „Anykščių Vynas". In 2008 the PJSC „Alita Distribution" made a loss of 5.7 mln. of LTL.

On June 6, 2007, the consortium of the JSC „Alita and the Swedish finance-investment Company „United Nordic Beverages" won the privatization competition of the Serbian brewery „Beogradska Industrija Piva" belonging to the state and the right to acquire 51.9% of the company shares. 80% of the controlling block of shares in the consortium belongs to the JSC „Alita".

On January 1, 2008 the JSC „Alita" had 6 179 000 u. or 3.84 % of the ordinary registered shares of the JSC „Šiaulių Bankas", the nominal value of which is 1 LTL. In 2008 the JSC „Alita" neither sold, nor acquired the JSC „Šiaulių Bankas" shares.

The Company has its agency in Latvia. The Contact data of the agency is:

The name	„Alita"
The legal form	Agency
The registration date and place	December 1, 2006, Riga.
The Register number	P 000715
The Company Register code	40006011900
The address of the residence	Ūnijas iela 74-1d, LV-1084, Riga
The telephone number	(371) 7 283 153
Fax. number	(371) 7 240 425
E-mail	alita@alita.lv

2.2. The restrictions of the securities tranfer.

There are no restrictions of the securities transfer of the JSC „Alita" and the JSC „Anykščių Vynas".

2.3. The shareholders.

The total number of the JSC „Alita“ shareholders was 625 on December 31, 2008.

The shareholders, who had more then 5% of the Company authorized capital on December 31, 2008:

Shareholder‘s name, surname (company name, type, address of the residence, Company Register Code)	Number of the nominal shares owned by a shareholder (u.)	Available part of the authorised capital	The given part of votes on the ground of owned shares	The part of votes belonging to a shareholder together with acting persons (%)
Vytautas Junevičius	21,293,235	41.89	41.89	83.77
Arvydas Jonas Stankevičius	8,511,333	16.75	16.75	83.77
Darius Vėželis	6,386,693	12.57	12.57	83.77
Vilmantas Pečiūra	6,386 693	12.57	12.57	83.77

These persons are acting together.

2.4. The shareholders who has the special control rights and the description of these rights.

There are no such shareholders.

2.5. All the restrictions of the voting rigthts.

There are no restrictions.

2.6. The shareholders‘ inter-agreements about which the Issuer knows and for which the securities tranfer and (or) voting rights may be restricted.

There are no such inter-agreements.

2.7. The personnel.

The employess of the JSC „Alita“ personnel in 2007-2008 according to personnel groups:

Employees	*2008 m.*			*2007 m.*		
	Amount	%	Average salary	Amount	%	Average salary
Managers	5	1,6	15.489	5	1,5	17.083
Specialists and employees	116	35,9	2.483	115	34,6	2.284
Workers	202	62,5	1.686	212	63,9	1.615
Total:	***323***	***100,0***	***2.186***	***332***	***100,0***	***2.079***

The structure of the JSC „Alita“ employees in 2007-2008 m. according to education level

Education level of the employees	2008 m.		2007 m.	
	Amount	%	Amount	%
University education	80	25,1	79	23,5
Professional high school education	118	37,0	137	40,8
Secondary education	116	36,4	117	34,8
Uncompleted secondary education	5	1,5	3	0,9
Total:	***319***	***100,0***	***336***	***100,0***

The employess of the JSC „Anykščių Vynas" personnel in 2007-2008 according to personnel groups:

Employees	2008 m.			2007 m.		
	Amount	%	Average salary	Amount	%	Average salary
Managers	2	0,8	5.504	2	0,7	6.457
Specialists and employees	86	32,7	2.006	87	32,4	1.900
Workers	175	66,5	1.345	180	66,9	1.285
Total:	***263***	***100***	***1.469***	***269***	***100***	***1.416***

The structure of the JSC „Anykščių Vynas" employees in 2007-2008 m. according to education level

Education level of the employees	2008 m.		2007 m.	
	Amount	%	Amount	%
University education	49	19,8	52	19,3
Professional high school education	74	29,8	76	28,3
Secondary education	117	47,2	126	46,8
Uncompleted secondary education	8	3,2	15	5,6
Total:	***248***	***100,0***	***269***	***100,0***

The employess of the PJSC „Alita Distribution" personnel in 2007-2008 according to personnel groups:

Employees	2008 m.			II-IV quarters of 2007		
	Amount	%	Average salary	Amount	%	Average salary
Managers	6	2,8	5.822	6	3,4	5.326
Specialists and employees	112	52,3	2.917	72	40,2	3.054
Workers	96	44,9	2.143	101	56,4	1.613
Total:	***214***	***100,0***	***2.648***	***179***	***100,0***	***2.317***

The structure of the PJSC „Alita Distribution" employees in 2007-2008 m. according to education level

Education level of the employees	*2008 m.*		*2007 m.*	
	Amount	%	Amount	%
University education	51	26,0	46	21,5
Professional high school education	41	20,9	44	20,5
Secondary education	100	51,0	114	53,3
Uncompleted secondary education	4	2,1	10	4,7
Total:	***196***	***100,0***	***214***	***100,0***

The employess of the PJSC „Vilkmergės Alus" personnel in 2007-2008 according to personnel groups:

Employees	*2008 m.*			*2007 m.*		
	Amount	%	Average salary	Amount	%	Average salary
Managers	2	5,9	3895	2	5,0	3398
Specialists and employees	7	20,6	1530	9	22,5	1704
Workers	25	73,5	1878	29	72,5	1312
Total:	***34***	***100,0***	***1925***	***40***	***100,0***	***1530***

The structure of the PJSC „Vilkmergės Alus" employees in 2007-2008 m. according to education level

Education level of the employees	*2008 m.*		*2007 m.*	
	Amount	%	Amount	%
University education	6	17,6	6	15,0
Professional high school education	10	29,4	18	45,0
Secondary education	13	38,2	13	32,5
Uncompleted secondary education	5	14,8	3	7,5
Total:	***34***	***100,0***	***40***	***100,0***

2.8. The order of the amendment of the Issuer's Regulations.

The Issuer's Regulations can be amended in the General Meeting when 2/3 of the shares of the shareholders take part in the meeting and they won the majority of the votes and when the shareholders, who have the shares that give them more then ½ of all the votes, take part in the meeting.

2.9. The Issuer's bodies.

The structure of the JSC „Alita" management bodies consists of:

The General Meeting,
The Board (of 4 members elected for 4 years)
The Company Manager (elected and recalled by the Company Board).

To acknowledge the powers of all members of the Company's Board expired due to the expiration of the term of the Board and to re-elect the Board of the Company for the new term of four years:

Name, surname	Position	Available part of the authorised capital, %	The vote part according to the owned shares*
Vytautas Junevičius	Chairman	41.89	41.89
Vilmantas Pečiūra	Member	12.57	12.57
Arvydas Jonas Stankevičius	Member	16.75	16.75
Darius Vėželis	Member	12.57	12.57

*The Company Board as together acting persons had 83.77% of votes in 31 12 2008.

During the reporting year the Board held 16 meetings. During the Board meetings the questions of the day were discussed – the strategy of the Company was formed, the production activity, the activity results of the separate quarters, the data of the Financial Accountability were analized.

2.10. The members of the collegial bodies, the Company Manager, the Chief Financier

The administration

Name, surname	Position	Available part of the authorised capital, %	The vote part according to the owned shares*
Vytautas Junevičius	General Director, since 1994	41,89	41,89
Alina Miežiūnienė	Accountant-General, since 2005	-	-

The additional data about the Board Chairman, Administration Manager and the Finance Director (Chief Financier).

Name, surname	Position	Education (Profession)	The former working places during 10 years and occupation there	Data about the previous convictions for the economic crimes
Vytautas Junevičius	The Chaiman of the Board, the Administration Manager	Higher (engineer economist)	Since 1994 is the JSC „Alita“ General Director	No
Alina Miežiūnienė	Accountant-General	Higher (accounting and audit, economist)	Since 1997 was the bookkeeper of the JSC „Alita“, since 1998 administrator of the accounting system, since 2000 is the Deputy Accountant-General, since 2005 is the Accountant-General.	No

The data about the participation in the activities of the other companies and organizations

Name, surname	The company, office, organization name, position	The part of the company capital and vote, %
Vytautas Junevičius	PJSC „Šiaulių banko investicijų valdymas" PJSC „Aunuva" JSC „Anykščių vynas", Chairman of the Board JSC „Šiaulių bankas" Member of the Board	5,6 50
Vilmantas Pečiūra	JSC „Beogradska Industrija Piva", Chairman of the Board JSC „Anykščių vynas" Member of the Board	-
Arvydas Jonas Stankevičius	PJSC „Lieda" PJSC „Alytaus vaistinė" JSC „Anykščių vynas" Member of the Board	40 40
Darius Vėželis	JSC „Anykščių vynas" Member of the Board JSC „Beogradska Industrija Piva" Member of the Board	-
Alina Miežiūnienė	JSC „Beogradska Industrija Piva" Member of the Board	-

In 2007 the Board of the subsidiary company – the JSC „Anykščių Vynas" – consisted of the same members as of the JSC „Alita".In 2007 the Board held 8 meetings where the questions of the day were discussed – the credit raising, the analysis of the results of the activity and other problems.

The Board and the Supervisory Board are not formed in the PJSC „Alita Distributions" and PJSC „Vilkmergės Alus".

The information about the payoffs and loans to the members of the management bodies of the the JSC „Alita" Company group.

The indices	The payoffs in 2008 , thou. of LTL			
	JSC „Alita"	JSC „Anykščių vynas"	PJSC „Alita distribution"	PJSC „Vilkmergės alus"
The calculated sums related to the working terms to the Managers in a year.	929	132	414	93
The other significant sums calculated to the Managers in a year (bonuses).	2 129	-	-	-
The average number of the Managers in a year.	5	2	6	2
The calculated sums related to the working terms to the Managers, falling to one person	186	66	69	47
The received sums of the Managers (Members of the Board) from the companies where the Issuer's part in the authorized capital is more than 20 %.	-	-	-	-

During the reporting period the members of the management bodies did not receive any loans, guarantees or vouchers by which the execution of their obligations were ensured.

2.11.The significant transactions.

There were no significant transactions whose one party was the Issuer.

2.12. The transactions of the Issuer and the members or employees of his body.

There were no significant transactions of the Issuer or the members or employees of his body.

2.13. The transactions of the concerned parties.

There were no significant transactions of the concerned parties.

2.14. The information how the Codex of the Company Management is followed.

The information how the Codex of the Company Management is followed can be found in the supplement to the consolidated annual report.

2.15. The data about the information that was made public.

The Company, acting according to the law acts regulating the Stock Exchange during last 12 months, published this information in the OMX Company News Service system of the information disclosure and distribution of the NASDAQ OMX Vilnius and in the JSC „Alita" website www.alita.lt/investuotojams :

25.02.2008 Preliminary results for the for the year 2007
Preliminary consolidated net profit to the IFRS for the year of 2007 amounted to LTL 7.9 million (EUR 2.3 million), which is by LTL 9.8 million (EUR 2.8 million) less than in 2006.
Preliminary consolidated sales revenue for the year of 2007 amounted to LTL 198.0 million (EUR 57.3 million) and in comparison with 2006, increased by LTL 54.5 million ((EUR 15.8 million).
The prognosis consolidated net profit of 2007 reduced due to the part losses of new acquired loss-operating company Belgrade brewery „Beogradska Industrija Piva", which was by LTL 3.9 million (EUR 1.1 million) and high investment for the acquisition of new companies and theirs development. The growth of consolidated sales revenue was influenced by JSC „Alita" (7%), JSC „Anyksciu vynas" (38%) and partly by new acquired companies in Lithuania.

28.02.2008 Unaudited Interim Consolidated Financial Statements for the year 2007
JSC „Alita" unaudited Interim Consolidated Financial Statements for the year 2007.

28.03.2008 Notice of the General Meeting of "Alita" JSC
The General meeting of "Alita" JSC will take place on April 29, 2008 at 12 a.m. on the initiative and decision of the Board. It will be held at the company's premises (Miskininku St. 17 Alytus, the data about the Company is kept and stored in the Register of Legal Persons, the VAT payer code: LT541116515). The registration begins at 11 a.m. The shareholders must have an identification paper, the representatives must have an identification paper and a letter of authorization approved according to the law. The accounting day of the General meeting is April 22, 2008. The shareholders can have a look at the Company papers related
to the agenda of the General meeting and meeting resolution drafts in the Company headquarters from April 18, 2008.
Agenda of the Meeting:
1. Annual report of the Company's for the year 2007.
2. Auditor's opinion.
3. Approval of Financial Statements for 2007.
4. Approval of the profit (loss) appropriation for the year 2007.
5. Approval of Consolidated Financial Statements for the year 2007.
6. Election of the Management Board.

18.04.2008 Draft resolutions of the Annual General Meeting
Management Board will propose for the shareholders to accept these decision's projects:

1. To agree the annual report for the year 2007.
2. The conclusions of auditor listened.
3. To approve the financial statements for the year 2007.
4. To approve the profit distribution for the year 2007:
4.1.Retained earnings (loss) of the previous financial year at the end of the current year: LTL 13.698 thous. (EUR 3.967 thous.)
4.2.Net profit (loss) for the current year: LTL 15.652 thous. (EUR 4.533 thous.)
4.3.Total profit (loss) to be appropriated at the end of the financial year: LTL 29.350 thous.(EUR 8.500 thous.)
4.4.Distribution of profit:
- appropriation of profit for dividends LTL 2 541 thous. (EUR 736 thous.)
4.5.Retained earnings (loss) at the end of the current year to be carried forward to the following financial year: LTL 26.809 thous.(EUR 7.764 thous.)
4.6.To pay LTL 0,05 dividends per one share. The dividends would be paid one month from the official decision to distribute dividends.
5. To approve the consolidated financial statements for the year 2007.
6. Election of the Board:
6.1.To acknowledge the powers of all members of the Company's Board expired due to the expiration of the term of the Board.
6.2.To re-elect the Board of the Company for the new term of four years:
Vytautas Junevicius - „ALITA" JSC Director General;
Arvydas Jonas Stankevicius - „ALITA" JSC Production Director;
Darius Vezelis - „ALITA" JSC Sales and marketing Director;
Vilmantas Peciura - „ALITA" JSC Finance and administration Director.
6.3.To settle that the members of the Board start their activities after the end of the General Meeting.

23.04.2008 Audited financial accounts and annual report for the year 2007
Presenting consolidated annual report and audited consolidated and company's annual financial statements for the year 2007 of JSC "Alita".

24.04.2008 Corrected prognosis of consolidated results of 2008
In 2008 the Company is planning to reach consolidated turnover of LTL 220,2 million (EUR 63,8 million) and to invest on amount of LTL 18,1 million (EUR 5,2 million). According large investment in 2008 year, company does not plan to make a profit or loses.

29.04.2008 Resolutions of the Annual General Meeting
Alita JSC Annual General Meeting, held on April 29, 2008, took the following resolutions:
1. To agree the annual report for the year 2007.
2. The conclusions of auditor listened.
3. To approve the financial statements for the year 2007.
4. To approve the profit distribution for the year 2007:
4.1. Retained earnings (loss) of the previous financial year at the end of the current year: LTL 13.698 thous. (EUR 3.967 thous.)
4.2. Net profit (loss) for the current year: LTL 15.652 thous. (EUR 4.533 thous.)
4.3. Total profit (loss) to be appropriated at the end of the financial year: LTL 29.350 thous.(EUR 8.500 thous.)
4.4. Distribution of profit:
- appropriation of profit for dividends LTL 2 541 thous. (EUR 736 thous.)
4.5. Retained earnings (loss) at the end of the current year to be carried forward to the following financial year: LTL 26.809 thous. (EUR 7.764 thous.)
4.6. To pay LTL 0.05 dividends per one share. The dividends would be paid one month from the official decision to distribute dividends.
5. To approve the consolidated financial statements for the year 2007.
6. Election of the Board:
6.1. To acknowledge the powers of all members of the Company's Board expired due to the expiration of the term of the Board.
6.2. To re-elect the Board of the Company for the new term of four years:
Vytautas Junevicius - „ALITA" JSC Director General;
Arvydas Jonas Stankevicius - „ALITA" JSC Production Director;

Darius Vėželis - „ALITA“ JSC Sales and marketing Director;
Vilmantas Pečiūra - „ALITA“ JSC Finance and administration Director.
6.3. To settle that the members of the Board start their activities after the end of the General Meeting.

06.05.2008 Resolution of the Management Board
Management Board of Alita JSC of the 6 May 2008 resolved to elect Vytautas Junevicius the Chairman of the Board.

28.05.2008 Preliminary results of 2008 the first quarter
Preliminary results of 2008 the first quarter ended 31-03-2008 the JSC „Alita“ sustained preliminary consolidated losses of LTL 10.3 million (EUR 3 million).
The biggest loses was from the financial and investing activities - LTL 8.1million (EUR 2.3 million), which influenced investment to Belgrade brewery "Belgradska Industrija Piva". The loss from operation was LTL 2.2 million (EUR 0.6 million). During the same period of last year the result was LTL 1,6 million (EUR 0.5 million) net profit.
Consolidated sales revenue for the first quarter of 2008 amounted to LTL 40,9 million (EUR 11.8 million) and increased by 40 percent in relation to the same period of the previous year. The sales revenue growth was influenced by sales revenue new acquired companies.

30.05.2008 Interim statements
Presenting JSC „Alita“ consolidated Interim financial statements for the three months of 2007.
The interim information is also available at http://www.alita.lt

27.08.2008 Preliminary results for the first half of 2008
Preliminary results for the first half of 2008 the JSC "Alita" sustained preliminary consolidated losses of LTL 5.1 million (EUR 1.4 million). Over the second quarter of this year the company has earned 5.2 mln. Lt (1.5 mln. EUR) the consolidated profit. That fact improved the loss-making results of the first quarter. The loss of the first half of the year was suffered due to the development of PJSC "Alita Distribution" and financial investing activities, which influenced investment to Belgrade brewery "Belgradska Industrija Piva".
During the same period of last year the result was LTL 4.0 million (EUR 1.2 million) net profits.
Consolidated sales revenue for the first half of 2008 amounted to LTL 93.9 million (EUR 27.2 million) and increased by 21 percent in relation to the same period of the previous year. The income rise was influenced by the sales volume growth of PJSC "Alita Distribution", sales growth of sparkling wine, produced by JSC "Alita" and export's increase of the companies group produced alcohol drinks.

29.08.2008 JSC Alita Interim information for the first six months of 2008
JSC Alita publish consolidated unaudited interim financial statment and consolidated Interim report for the six month of the year 2008.

09.09.2008 Reconstruction boiler-house
JSC Alita is planning reconstruct boiler-house, modernize thermo-property and thermo-stations during 2008-2010. Throughout the reconstruction period is planned assemble high efficiency electrics generators. The produced power will be used for the company's needs. JSC Alita is going to apply for the support of European Commission Structural Fund.

09.09.2008 CORRECTION: JSC Alita Interim information for the first six months of 2008
The consolidated income statements of the first half of the year 2008 are adjusted and results of the second quarter of 2008 are publish separately.

23.10.2008 About information contradiction
Company contradicts information which was published in media about Alita AB sales at 22th October 2008. We inform, that consolidated sales revenue for the January - September of 2008 are calculating and will be published in the short run.
We remind, that consolidated sales revenue for the first half of 2008 amounted to LTL 93.9 million (EUR 27.2 million) and increased by 21 percent in relation to the same period of the previous year. Trends of activities did not change. Company forecast sales revenue growth for January - September of 2008.

07.11.2008 The interim results for the first nine months of 2008 and the correction prognosis

Preliminary results for the 9 months of 2008 the JSC "Alita" sustained consolidated loses of LTL 5.9 million (EUR 1.7 million). The loss of the 9 months of 2008 was suffered due to the development of PJSC "Alita distribution", financial investing activities which influenced to Belgrade brewery "Belgradska Industrija Piva" and increasing excise taxes since 1th January of 2008. During the same period of last year the result was LTL 6.5 million (EUR 1.9 million).

Consolidated sales revenue for the 9 months of 2008 amounted to LTL 143.9 million (EUR 41.7 million) and increased by 12 percent in relation to the same period of the previous year. The income rice was influenced by more than doubled PJSC "Alita distribution" sales volume. In this period increased export of sparkling wine, aerating wine, vodka and other drinks of the company group.

With respect to financial results reported for the 9 months of 2008, JSC "Alita" is giving a new forecast for the entire year 2008 as follows:

The consolidated sales by the year end 2008 are expected LTL 220.2 million (EUR 63.8 million) lower compared to initially budget LTL 195.0 (EUR 56.5 million). The forecast of profit do not changes, consolidated profit (loses) company do not expect.

27.11.2008 Interim consolidated financial statements for 9 months of 2008

Presenting JSC „Alita" consolidated Interim financial statements for the nine months of 2008.

The interim information is also available at http:// http://www.alita.lt

19.12.2008 Correction prognosis of 2008

Alita JSC due to the revised financial results and to the pricing changes in the market announces the changes in 2008 results forecast.

Declared expected consolidated zero profit is reduced to 14 mln LTL (Eur 4 million) losses before taxes.

The main reasons of such result is:

- reduced profitability of alcoholic beverages due to on the January 1st 2008 raised excise tax;
- reduction of concentrated apple juice prices and of the investments value;
- expected severance pays (standing off personal) reducing of staff due to the announced growth of alcoholic beverages excise tax forecasted less income in 2009.

06.01.2009 "Alita" JSC shorten working week

"Alita" JSC will operate four days per week the first quarter 2009 due to rapidly decreasing sales as the result of increase excise duty 10-20 percent from January 2009.

Due to the increased excise duty, "Alita" JSC will be forced to raise the prices of the products. This in turn will influence its sales. Undoubtedly, unable to buy legal quality drinks, people look for them on the black market.

Due to decrease sales, four days working week in the company, that employs 320 people may extend for an indefinite period of time.

13.01.2009 Resolutions of the „Alita" JSC Management Board

„Alita" JSC Management Board on 12th January 2009 have estimated the situation emerged due to the increased excise duty and fast declining sales. Have been Intended the main directions to improve the organizational activity and to sophisticate the functions handled by the companies group's logistic departments.

The Management Board have intended to reorganize the JSC „Alita" logistics department, revise the managerial structure of the company and to reduce 20-25 percent the number of employees.

26.02.2009 Preliminary results for the for the year 2008

Preliminary consolidated sales revenue for the year of 2008 amounted to LTL 204 million (EUR 59.1 million) and in comparison with 2007, increased by LTL 6 million (EUR 1.7 million). Preliminary consolidated result of the activity before taxes - the loss amounted to LTL 14.2 million (EUR 4.1 million). It was suffered due to reduced gross profit because of the increasing excise taxes for the alcoholic drinks since 1th January of 2008, impairment of inventories and investment property, trade accounts receivable, financial investing activities which were influenced by investments to Belgrade brewery "Belgradska Industrija Piva" and development of PJSC "Alita distribution". During the same period of last year the result was LTL 11.4 million (EUR 3.3 million).

27.02.2009 Interim consolidated financial statements for the twelve months of 2008
Presenting not audited JSC „Alita" consolidated Interim financial statements for the twelve months of 2008. The interim information is also available at http:// http://www.alita.lt

2.16. The risk factors related to the Issuer's activity.

It is possible to indicate these principal risk factors that had the influence on the Company economic-financial activity in 2008 or able to have an influence in future:

Economical factors:

The JSC „Alita" and its subsidiaries make the production which is competitive. The Company works in two geographical segments – the local and foreign markets. The biggest part of all the production is sold in the local market (In 2008 the JSC „Alita" and the JSC „Anykščių Vynas", and PSJC „Vilkmergės Alus" sold 92% of all the production). Almost all the apple production (apple concentrated juice, apple aroma, dried pomace) is sold abroad, the sale of which was very poor in 2008. During the reporting year a lot of efforts were devoted to the HoReCa channel which enables to be nearer the objective costumer. There is no economical risk concerning the supply of the raw material, complement parts, production space, workforce and financial resources. The season has a great influence only on the volumes of the apple production because the production depends on the natural conditions and the sale volumes depend on the production volumes and prices in the European market. The Company workers deepen their knowledge and raise their qualifications constantly. The qualification and competence of the management personnel is proper. The Company purchases the raw material and spare parts from the different suppliers, so there is no dependence on one supplier. The Company has no monopoly customer. In the reporting year, thanks to the wholesale company the PJSC „Alita Distribution", the delivery of the goods improved. There are no essential problems with the payments to the suppliers and customers, except that the PJSC „Anykščių Šiluma" was indebted to the JSC „Anykščių Vynas" 854.1 thousand of LTL. The debt is returned according to the presented plan but there is a great risk that the PJSC „Anykščių Šiluma" will not have enough of the working capital to settle with the JSC „Anykščių Vynas". As it is not clear if the receivable sum would be repaid, it was evaluated as a delay.

You can find out about the remainder of the consolidated long-term loan, the used credit line and the reimbursed sums of the loans, according to the reference (Note 15, annual consolidated financial statements).

The risk factors of the foreign Exchange, liquidity, credits are analized in the notes of the Financial Accountability.

The audit of the Company has been performed by the international audit company KPMG Baltics, UAB, which expressed a qualified audit opinion, stating that except for the adjustments that might be necessary, if we had data about the return of the investments in the associated company which satisfied us, the annual financial statements give a true and fair view of the financial position of AB Alita as at 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Political risk factors:

The Government decisions to increase the excise to the production and the introduction of the packing deposit for the plastic packing may have the negative influence on the Company activities.

Social factors:

The wage is paid to the workers in time throughout. There were no strikes. The level of the wage increases. In October, 2008 the JSC „Alita" and the committee of the trade-unions signed the collective agreement that will be in force till 2012. The JSC „Anykščių Vynas" collective agreement is in force till 2009. There are no collective agreements with the PJSC „Alita Distribution" and the PJSC „Vilkmergės Alus".

Technical-technological factors:

The most of the technological machines is reconstructed or new, a lot of attention is paid to the development of the technological processes, automation and improvement of the production quality. There are no risk factors to the technological processes.

Ecological factors:

The main sources of the environment pollution are the boilers. In 2008 the boilers in the JSC „Alita" and the JSC „Anykščių Vynas" used 2220 thousand nm^3 of natural gas, 20 thousand nm^3 of natural gas were used in the apple pomace driers of the JSC „Anykščių Vynas". The boiler of the PJSC „Vilkmergės Alus" used 129 thousand litres of fuel.

The quotas of the pollution emission from the stationary sources and surface outflows from the rain water water treatment plants were not surpassed in 2008. In 2008 the Company paid 25.5 thousand of LTL of taxes for the environment pollution from the stationary and mobile pollution sources. In 2008 the PJSC „Grota" performed the underwater monitoring of the JSC „Alita" gas-station and they fixed that in 2008 the concentrations of all the examined dangerous substances were lower than they were allowed. The received results of the monitoring show that the economic activity in the JSC „Alita" gas-station had no significant influence on the quality of the groundwater in 2008. In 2008 all the means from the environment improvement plan were carried out.

The other source of the pollution is the packing production that is produced by the company Group. In 2008 the sold packing production of the JSC „Alita" Company Group amounted to: 12754 tons of glass, 310 tons of the PET and 598 tons of the different other packing. The JSC „Alita" group counted up to 2788.2 thousand of LTL (for the glass packing) of the packing tax and 513.5 thousand of LTL (for the PET, plastic, paper, metal and the other packing) of the packing waste handling. In 2009 it is planned to bottle a part of the production into the PET bottles instead of the glass bottles and to implement the full handling of this packing in order to decrease the environment pollutions and activity inputs.

In 2008 there were no fines for the nature pollution, restriction of the production activities or stoppage because of the environment damage. There were no additional ecological risk factors and also no accidents in 2008.

Supposedly, the social, technical-technological and ecological factors would have no great influence on the Company economic-financial actitivity in 2009.

The production stoppage or decrease, which influenced or has an essential influence on the Issuer's activities during the last 2 financial (economic) years.

There was no production stoppage during the last 2 years.

3. THE IMPORTANT EVENTS OF THE YEAR.

The JSC „Alita" is a Company that is counting the fifth decade of its significant and energetic activity. The exclusive worth of the Company is the combination of the modernity and tradition in all the fields of the activity – management, production, distribution. The foundation of the traditions were laid in 1963 when the state wine factory was established in Alytus. During this period the Company developed, improved the production facilities, increased the production volumes. The golden fund of the Company is the acquired galaxy of the sparkling wine specialists and the rich drink assortment. At present the JSC „Alita" Company Group engages the JSC „Alita", the JSC „Anykščių Vynas", the PJSC „Alita Distribution" that has the PJSC „Vilkmergės Alus", and the Serbian brewery „Beogradska Industrija Piva" whose 51.9% of shares belong to the consortium of the JSC „Alita" and Swedish financial-investment company „United Nordic Beverages". 80% of the controlling block of shares in the consortium belongs to the JSC „Alita".

The JSC „Alita" and the JSC „Anykščių Vynas" are the two Lithuanian companies with the old wine producing traditions and the JSC „Alita" is the only company in Lithuania that has the „Samanė", the product produced according to the antecedent traditions and the cognac having the only Lithuanian name „Alita". The main attitude of the activities of these Companies is to produce a qualitative product, to reach the professional heights, to raise still greater objectives. The Lithuanian customer is the priority of the Companies. We are glad that our efforts to offer the drinks of the highest quality are appreciated by the Lithuanian population.

The Company produces the brandy „Alita" twelve years already. It is the most buyable brandy in Lithuania. In 2008 the newest Company brandy „Alita Boutique" was awarded the prize „The Year Product of 2008". Last year launched drink is the collective work of the specialists of „Alita" and masters of the Brandy House „Lucien Bernard" established in the region of Bordeaux in France. The brandy „Alita Boutique" distinguishes itself from the other brandies not only with the subtle vanilla and dried fruit aroma, mild almond, coffee and chocolate taste. A lot of attention is also paid to its packing. The bottle is decorated with the work „The terrace of the coffee-house in Arly“ by Vincent van Gogh, that was painted during his travel in the south of France.

In 2008 during the International Sparkling Wine Competition „Novyj Svet – 2008“ named after L.S. Golycin the „Alita“ sparkling wine „Klasikinis“ bruit was awarded the gold medal. This medal is one more international evaluation of our product quality. The JSC „Alita“ is the only producer in Lithuania producing the sparkling wine according to the traditional technology that is equal to the French one created in the Champaigne region. For the sake of the special production technology this sparkling wine, produced in Lithuania, was named „Klasikinis“.

Only eight years ago the JSC „Alita“ began to produce vodka but it stands out against the JSC „Stumbras“ and the JSC „Vilniaus Degtinė“ that have the old production traditions. In the reporting year the vodka „Premium Gera“ of the JSC „Alita“ was awarded the diploma of the prestigious competition of the Wine and Strong Drinks of Central Europe. This international award is very important to the Company. It shows that the Company efforts to create a qualitative product was evaluated in the international level. The vodka „Premium Gera“ was the pioneer in the category of Premium in Lithuania. According to the drink expert Algirdas Patackas the „Premium Gera“, produced according to „Octal“ technology, distinguishes itself with especially soft taste that is received by the cold treatment and the saturations with oxygen is the oneness of the technology.

he vodka „Ledo“ produced by the subsidiary Company JSC „Anykščių Vynas“ keeps abreast with the popularity of the vodka „Premium Gera“. Especially soft vodka „Ledo“ is produced by using the technology of the long-lasting cold. The thoroughly prepared water and the ethyl alcohol „Liuks“ of the highest quality ensure the exclusive quality of the product. Cooled in the low temperature below zero and aged for some days it is filtrated by the carbonic filters still cold slowly and it is cleaned specifically thoroughly. Breathing the cold of an iceberg the vodka becomes especially clear with the soft taste and aroma. In 2008 the vodka „Ledo“ was awarded the bronze medal in the competition „International Spirits Challenge 2008“ in London.

The other popular product of the JSC „Anykščių Vynas“ is the natural cranberry kind of brandy „Bobelinė. It is made of natural cranberry juice, picked late in autumn. It is of an intense colour and aroma, long-lasting taste.The popular traditional kind of brandy is the flower of naturality and authenticity, the real Lithuanian pride. The time checked recipe and recommendations ensure the unfading popularity of the kind of brandy. The kind of brandy is 20% and 35% vol. In 2008 in the competition „Lithuanian Year Product 2008“ the „Bobelinė 20% vol. was awarded the gold medal and the „Bobelinė“ 35% vol. was awarded the silver medal.

The JSC „Alita“ develops its Quality Management System according to the requirements of EN ISO 9001:2000 standards constantly. The quality management is the obligation never to be satisfied. „Very well“ is not enough well. It is always possible and necessary to develop the quality. The quality term is applied not only to the final product but also how the Company presents its production, how fast and in what way it responses to the customer complaints. Today‘s Quality System is based on eight management principles in order to satisfy and surpass the customer needs.

The work of each organization influences not only the quality of the production, but it also influences the environment, people and worker health. In order to control their work, the production influence on the environment better, the Companies work according to the requirements of the Environment Management System EN ISO 1400:2004 standards. It is proved apparently in all the small, average and big companies of the whole world that the increased environment protection helps to save. When a company takes care of the environment protection before the problems arise the costs decrease and competitive ability increases.

In July, 2008 the recertification audits of the Quality Management according to EN ISO 9001:2000 and Environment Management according to EN ISO 1400:2004 were performed in the JSC „Alita“. During the audit the discrepancies were not fixed and the Company was issued the certificates confirming the meeting of the requirements with the validity till August 25, 2011.

In 2008 380 contracts were made and signed with our customers and suppliers, supplying the Company with the main and aid materials, equipment and services of promotion, marketing, consultation and other different services including production export contracts to the European Union and the third countries. All the customer claims are registered in the Company and the decisions are made on every case. In 2008 the JSC „Alita" presented 26 claims to the suppliers of the aid materials and their transporters. The total sum of the presented and satisfied claims is 85.7 thousand of LTL. The managers of the departments and production subdivisions of the Company are informed constantly about new accepted laws and resolutions regulating their work directly.

4. INFORMATION TECHNOLOGIES

The information technologies, computers, the use of the internet have a special importance in today's commerce. The JSC „Alita" Company Group is one of the leaders of the most computerized Company among the producers of the alcoholic drinks in Lithuania. A lot of work was done in the above mentioned fields both in the current year and previous year.

Since January 1, 2008, the accounting software „MBS Axapta", installed in the JSC „Alita" and the JSC „Anykščių Vynas", was installed and began to be used in the company the PJSC „Vilkmergės Alus" owned by the wholesale company the PJSC „Alita Distribution" which is owned by the Company. It will be observed that a big part of the complicated installation was done by the JSC „Alita" economic workers together with the manager of the information system. We have used the services of the PJSC „Columbus IT Partner" minimum.

I n 2008 all the preparation work was done and this accounting program was installed in the PJSC „Alita Distribution" since January 1, 2009. For the development of the accounting program, also connecting the JSC „Alita Distribution", the MBS AXAPTA work was reformed, 4 new servers were bought and prepared to work, all the subdivisions of the PJSC „Alita Distribution" were connected to the joint network through internet.

In order to improve the computer network the JSC „Alita" extended the computer network in the server station, the server for the inner network renovation (WSUS) was prepared. In order to use the analytic program „Targit" the Microsoft SQL server was prepared for the accumulation of the information.

Updating the usable hardware the JSC „Alita" purchased 1 stationary and 4 mobile computers for the JSC „Alita", the JSC „Anykščių Vynas" purchased 8 computers, the PJSC „Alita Distribution" bought 3 stationary, 2 mobile and 15 hand computers, intended to the managers.

In 2008 total investment in the information technologies, including the tangible assets, amounted to 634.9 thousand of LTL, including 529.4 thousand of LTL to the JSC „Alita", 55.4 thousand of LTL to the JSC „Anykščių Vynas", 35.0 thousand of LTL to the PJSC „Alita Distribution" and 15.1 thousand of LTL to the PJSC „Vilkmergės Alus".

5. THE STAFF

On December 31, 2008 there were 786 workers, 308 (39%) of them were specialists and employees, 478 (61%) of them were workers in the JSC „Alita" and its subsidiaries the JSC „Anykščių Vynas", the PJSC „Alita Distribution" and the PJSC „Vilkmergės Alus".

The workers improve their knowledge and raise their qualification constantly. In 2008 117 specialists and employees participated in different trainings, 28 workers studied in the higher schools. Total 152.4 thousand of LTL were spent for the specialist and worker training.

In 2008 the average number of the workers in the JSC „Alita" was 323. At the end of the year there were 319 workers, 122 (38%) of them were specialists and employees and 197 (62%) of them were workers. 48% of all the workers are women, 52% are men. 25% of the workers have a higher education, 37% have a further education.

In 2008 66 specialists and employees were trained in different trainings, 4 people studied in higher schools. Total 137.9 thousand of LTL were spent for the specialist, employee and the other worker training.

In 2008 the average month wage of one worker amounted to 2186 LTL, it is 5.1% more than last year.

In 2008 the average worker number in the JSC „Anykščių Vynas" was 263 people. At the end of the year there were 248 workers, 81 (33%) of them were specialists and employees and 167 (67%) of them were workers. 57% of all the workers are women, 43% are men. 20% of the workers have a higher education, 30% have a further education.

In 2008 45 the workers improved their qualification knowledge in different courses and seminars. 3 people studied in higher schools. Total 5.0 thousand of LTL were spent for the worker training.

The average month wage of one worker amounted to 1469 LTL in 2008, it is 3.7% more than last year.

There were 214 workers in the PJSC „Alita Distribution" in 2008. At the end of the year there were 196 people, 107 (55%) of them were specialists and employees, 89 (45%) of them were workers. 21% of all the people are women, 79% are men. 26% of the workers have a higher education, 21% have a further education.

3 people raised their qualifications in different courses and seminars in 2008. 25 people studied in higher schools. Total 8.3 thousand of LTL were spent for the worker training.

The average month wage of one worker amounted to 2648 LTL in 2008, it is 14% more in comparing with the 2nd-4th quarter of 2007.

34 workers worked in the PJSC „Vilkmergės Alus" in 2008. At the end of the year there were 34 people, 9 (26%) of them were specialists and employees, and 25 (74%) of them were workers. 32% of all the people are women, 78% are men. 18% of the workers have a higher education, 29% have a further education.

3 people improved their qualification knowledge in the courses and seminars in 2008. Total 1.2 thousand of LTL were spent for the worker training.

The average month wage of one worker amounted to 1925 LTL in 2008, it is 14% more in comparing with the 2nd-4th quarter of 2007.

6. MARKETING AND SALES

The year of 2008 was the year of significant changes in the JSC „Alita" and the JSC „Anykščių Vynas". Implementing the new system of underlying assortment and the item exposition on the shelves the work of the item supervision was reorganized. Orienting on the service quality we began to work with the PJSC „Prekybos marketingo paslaugos " and rejected the services of the PJSC „Rinkodaros ir Prekybos Partneriai". The PJSC „Alita Distribution" was responsible for the item supervision in the companies of the retailers and the PJSC „Prekybos marketingo paslaugos" was responsible in the chains of the retailers.

In 2008 we signed new contracts with the companies who were taking care of the cooling cabinets of the JSC „Alita" and this allowed us to solve problems that appeared because of the failures of the cooling cabinets in the customer shops in any region.

The direct cooperation with Horeca (hotels, restaurants and cafe) is ensured by the PJSC „Alita Distribution". It allows us to achieve the more effective activity and to use the direct contacts in this distribution channel of the goods.

In order to achieve the more effective work of the PJSC „Alita Distribution" in 2008 the number of the stores was reduced. At the beginning of the year there were 8 warehouses (in Ukmergė, Tauragė, Šiauliai, Marijampolė, Kaunas, Panevėžys and Vilnius). In July we rented the premises and opened the main logistic warehouse in Vievis. This allowed us to reduce the number of the stores to 3 (in Panevėžys, Tauragė and Vievis) and to optimize the transport employment. The items are collected according to the bookings in Vievis. They are loaded on big cargo trucks and then they are carried to the former warehouses. The goods are loaded on the smaller cargo trucks there and so they reach the buyers. We are planning that on returning from the unloading points the big cargo trucks will take the goods from the JSC „Alita", the JSC „Anykščių Vynas" and the PJSC „Vilkmergės Alus". After the openning of the main logistic warehouse in Vievis, the above mentioned reformations allowed us to reduce the need of the resources and circulating asset and to decrease the transport costs.

The JSC „Alita" group paid a big attention to the quality of the production, to innovations in the market and strengthening of the accepted trademarks. The chosen strategy of marketing and selling, the introduction of the system of the item exposition on the shelves gave the positive results.

The consolidated sale volumes of the JSC „Alita" and the JSC „Anykščių Vynas" in 2008 and the comparison with 2007 are given in the table below. (**The sale of the PJSC „Alita Distribution" and the PJSC „Vilkmergės Alus" are not given because these companies were acquired in the reporting year of 2007).**

The JSC „Alita" and the JSC „Anykščių Vynas", the PJSC „Vilkmergės Alus" and the PJSC „Alita Distribution" Sales in 2007-2008 (in hectolitres)

	The production group	2008		2007	The comparison of sales of 2007 and 2006, HL, %
		Consolida-ted sale	JSC „Alita" and JSC „Anykščių Vynas" sale	JSC „Alita" and JSC „Anykščių Vynas" sale	
1	Sparkling wine	35 157	34 687	35 711	97.1
2	Carbonated flavoured wine drinks	24 440	23 856	28 955	82.4
	Total sparkling wine:	59 597	58 542	64 666	90.5
3	Alcoholic cocktails	29 229	28 956	36 844	78.6
4	Ciders	27 671	18 465	11 308	163.3
5	Wine	49 20	48 449	56 704	85.4
6	Vodka	48 837	46 805	67 739	69.1
7	Brandy, cognac	16 570	15 145	21 288	71.1
8	The other strong drinks, total	8 763	8 533	10 006	85.3
	incl. Whisky	*26*	*0*	*36*	-
	Kinds of brandy	*5 447*	*5 031*	*5 858*	*85.9*
	Liqueurs	*1 850*	*1 815*	*2 183*	*83.1*
	Strong grain drinks	*20*	*184*	*262*	*70.2*
	The other fortified drinks	*1 543*	*1 502*	*1 666*	*90.2*
9	Beer	72 907			-
10	Non-alcoholic drinks	7 807			-
11	Apple concentrated juice, ton.	629	629	3 117	20.2
12	Apple aroma, ton	266	266	439	60.6
13	Dried pomace, ton.	318	318	1 235	25.7

NOTE: When you analyse the sale you must compare the sale of the JSC „Alita" and the JSC „Anykščių Vynas in the years of 2008 and 2007 because the PJSC „Alita Distribution" was acquired in April, 2007.

The sparkling wine

In 2008 there were important changes in the distribution of the sparkling wine market- the occupied part of the market of the imported champaigne and the sparkling wine increased 8% and in the reporting year they made 36%. The champaigne and sparkling wine market in Lithuania increased almost the same percent. In 2008 the sale of the sparkling wine of the JSC „Alita" decreased 1024 HL or 2.9%. But almost 59% of all the market belonged to the JSC „Alita" and the other local producers occupied 5% of the market. It was possible to retain the market part of the sparkling wine by paying a lot of attention to the promotion that emphasized the advantages of the sparkling wine. All the possible means of the promotion were chosen and used – the press, TV, outdoor advertisements, internet, outdoor TV. It is nice that the sparkling wine sale abroad increased 6.1%. The foreigners like names of these products more and more. In 2008 the sparkling wines Alita",silver, „Alita", prosecco, „Karalius Mindaugas" and the sparkling wine „Klasikinis" made according to the classic method (fermentation in bottles) were exported.

Carbonated wine drinks

The selling of the carbonated drinks is stable for some years already, i.e. it does not increase that's why there is a supposition that customers choose more expensive and qualitative drinks. The JSC „Alita" and the JSC „Anykščių Vynas" sold 5099 HL less than in the previous year. But the export of the carbonated drinks in 2008 increased 16% in comparing with 2007. In 2008 we started to export three names of the production – they are „Romeo", „Romeo", muskat, and „Igristoje Prazdničnoje". Most of these drinks are exported to Latvia.

Alcoholic cocktails

In 2008 the sale of the alcoholic cocktails decreased to 7888 HL or 21% in comparing with 2007. The main reason of this decrease is the increased excises in Lithuania in the beginning of 2008. They influenced the selling volumes of the alcoholic coctails very much, because the consumers of this product are very sensitive to the price.The second factor that influenced the selling decrease was the general feeling of the economic recession in Lithuania at the end of the year. According to the market data the general market of the alcoholic cocktails in Lithuania decreased about 40% in 2008 in comparing with 2007. Nevertheless, the market part of the produced alcoholic cocktails of the JSC „Alita" in Lithuania did not decrease in 2008 but on the contrary it increased 1.8%.These results were achieved by the active promotion of the trademark „MIX" during „the summer campaign on TV and in the press, that was crowned by the biggest outdoor dancing music festival „PureFuture@MIX in Lithuania". In response to the changes in the market a cocktail of a new taste „Mix red grapefruit" was launched.

Ciders

In 2008 the cider sale of the JSC „Alita" and the JSC „Anykščių Vynas" increased 7157 HL or 63% in comparing with 2007. These results were determined by the fact that the production of the cider with the trademark „Extrim" owned by the company PJSC „Alita Distribution" was moved to the JSC „Anykščių Vynas" from Estonia in March, 2008. According to the data of the Statistics Department of Lithuania the general cider market part decreased 24% in Lithuania in 2008 in comparing with 2007. The cider market part occupied by the PJSC „Alita Distribution" remained the same – it was about 11%. As the competition is very strong in this category of drinks but the owned trademark „Extrim" and the intended means for the strengthening of this trademark in 2009 allow us to believe a stable sale of this product.

Fruit wine

In 2008 the fruit wine market remained the same in comparing with the year of 2007. The reporting year was not favourable for the wines produced in the JSC „Alita" and the JSC „Anykščių Vynas". Total volume of the sale decreased 8255 HL or 14.6%. The decrease of the production sale was determined partially by the poor apple season in 2007 and we had to pay a high price for the apples. That's why the occupied market part decreased 5%. Meeting the demands of the customers we started to bottle the fruit wine into the plastic 0.7, 1.0 and 1.5 bottles.

Vodka

After the quick growth of some years the vodka market decreased 14% in 2008. The increased excise of 20% and the general declining economic situation in Lithuania had a great influence upon this decrease. When the vodka prices grew up this product became too expensive for a part of the customers. The other reason is that the demand for the flavour vodka reduced. The sale of this vodka decreased in half-and-half. The JSC „Anykščių Vynas" and the JSC „Alita" occupied vodka market part decreased 4% in 2008 in comparing with the

year of 2007. The occupied market part of the other local producers decreased in the same persent. The policy of the trade system the fact that the price action became the main stimulus. The loyalty of the customer to the trademark declined. The distinct limits between the middle class and „Premium“ vodka disappeared. The vodka, that was positioned between the priced and „Premium“, approached the latter by its price and by its packing. The other reason that determined the lower sale in 2008 was the fact that the contracts of the unuseful ordered vodka, sold on especially low prices, were not prolonged. In 2008 the vodka „Karalius Mindaugas“ was launched into the market successfuly. The sale of it helped to compensate the decreasing sale of the vodka „Premium Gera“.
The vodka export volumes increased above 46 % in 2008 in comparing with 2007. The vodka „Premium Gera“ produced by the JSC „Alita“ and the vodka „Ledo“, produced by the JSC „Anykščių Vynas“ become more and more popular abroad. The biggest part of the vodka is sold in Latvia and Estonia. It is expected, that the commercial relations with the new buyers of these countries will develop successfuly and the export will increase still more in 2009.

Brandy, cognac

In 2008 the brandy market in Lithuania declined 6% in comparing with 2007. The occupied market part of the JSC „Alita“ and JSC „Anykščių Vynas“ decreased 9%. The occupied market part of the imported brandy
increased in the same percent. In order to retain the brandy sale in 2008 the JSC „Alita‘ renewed the packing of the most popular brandy „Alita“ in Lithuania. The new special bottle was designed and manufactured only for the brandy „Alita“. All the brandy containers were also renewed – 0.7 L, 0.5L and 0.2 L.The labels of all the types of the brandy were changed – „Alita“, „Alita Boutique“ and „Alita XO“. The new souvenir boxes were made. The launch of the brandy „Alita“ with a renewed packing lasted half a year, at the same time selling out the remains of the old design. All this had an influence on the decrease of the selling volumes. At the end of 2008 meeting the demands of the costumer and in order to raise the sale volumes a new product, the brandy „Colonel“ was launched into the market that is dedicated to those who likes a sweeter taste of the brandy. It is expected that the investments in this trademark in 2008 would allow to retain the stable brandy sale.
We are glad to hear that the trend of brandy export growth remains. In 2008 the volumes of the brandy export increased twice in comparing with the year of 2007. The brandy is exported to England, Ireland, Latvia, Estonia, Poland. More and more customers like brandy in these countries. All this allows us to believe that the brandy sale will increase abroad in 2009.

The other strong drinks

The sale of the strong drinks of the JSC „Alita“ and the JSC „Anykščių Vynas“ reduced in 2008 in comparing with 2007, i.e it decreased 1473 HL. The decrease was determined by the declining trend of the strong drink sale, by the increased excises of 20% and by the general declining economic situation in Lithuania. Although the sale of all strong drinks decreased but we sold more of the separate products. Carrying out the active promotion campaign in the press and TV we achieved the sale increase of the kind of brandy „Bobelinė“. In 2008 we sold 773 HL or 32% more in comparing with 2007. The export of the „Bobelinė“ increased even more – 83%. The sale of the liqueurs decrease because of the above metioned reasons, but the export of this product increased 10%. The sale of the strong grain drinks is not big. It is a niche product. But „Samanė“ is significant for its oneness. This product which is manufactured according to the antecedent tradition and produced in the JSC „Alita“ is the only in the world and it is used when we represent the traditions of our country. The important fact is that this drink is also sold abroad: in Japan, Ireland, Great Britain and Estonia.

In 2008 the total production export amounts to 8.3 mln. of LTL and it is 27% more then in the year of 2007. The Company exports its production to Ireland, Great Britain, Estonia, Spain, Japan, the USA, Latvia, Poland, the Netherlands, Finland, Germany.
The most successfull cooperation is with the Prebaltic countries – more than 80% of the alcoholic production is sold in these countries. We cooperate with the AS Mediato in Estonia. In 2008 the AS Mediato sale increased 5 times in comparing with 2007. In 2008 we began to work with one of the biggest sellers in Estonia – the „Rimi“ shopping net. In Latvia we are working with the buyers of the SIA Maxima Latvia, SIA Greis Logistika, SIA Latalko. Earlier the production was sold in these networks – Lukoil, Plus Punkts, Aibė, Antaris, BAF, Nelda, Baltstor, Prisma Latvia, since 2008 the „Rimi“ and „Iki“ entrench. In 2008 the sale of the alcoholic production increased 23% in the market of Latvia in comparing with 2007.

The other countries are also important. The promising markets are Poland, Ireland, Great Britain. In 2008 we sold 29% of the production more in Great Britain than in 2007. The other promising country is Poland. The sale in this country increased almost three times.

The export volumes of the apple production depends on the production capacity and prices in the European market. The year of 2008 were not favourable for the export of this production.The apple crop was very poor in 2007, so the buying prices and at the same time apple product costs were high. It was impossible to find customers for the expensive concentrated juice and only 285 tons of this product was sold. In 2008 according to the long-term contract the production was produced on the buyers' orders. They are: the carbonated flavour wine drink „Šventinis" and the vodka „SOS' „Lux", the cider „Cool Drink", the carbonated flavour wine drink „YSA", the cider „YSA" with pear and apple taste, the pear cider „Agaro", the vodka „Bratskaja Mogyla", the vodka „Gryna" (the wine „Debesėlis" red and white, the vodka „N", the wine „Vakaris", the cider „Svajonė" with pear and strawberry taste, the vodka „Švogerių", 38% and 40%, the cider „Zig Zag" with apple and pear taste), the vodka „Extrim" and the cider „Extrim" of seven tastes.

The PJSC „Alita Distribution" distributes all the production of the JSC „Vilkmergės Alus". Though the competition in the beer market is hard but having our own distributor and the foreseen investments in the production modernization allow us to hope to retain the same level of the sale in 2009, despite the increased excise and the general critical economic situation in Lithuania..

Being a hard competition, the perfect quality of the production is the constant without which the successful Company activity is impossible. The JSC „Alita", the JSC „Anykščių Vynas", the PJSC „Vilkmergės Alus" a lot of attention pay to the security of the production quality. The PJSC „Alita Distribution" makes strict contracts with the companies whose production it is selling, the severe sanctions are foreseen to the delivery of unqualitative goods: the goods can be returned, destructed without paying and charged with big fines for the lost sales. The delivered goods are under strict control in the warehouses of the Company.

7. THE PRODUCTION

In 2008 the development of the production and technological proccesses continued. Although the technology, equipment, work organization already meet the requirements of the EU today, the Companies understanding clearly that the technical progress is the prospect of the firm, paid a lot of attention to the investments – for the installation of the new technologies, modernization of the machines. The JSC „Alita" allocated 1356 thousand of LTL to the investment into the long-term assets, the JSC „Anykščių Vynas" allocated 419 thousand of LTL, the PJSC „Alita Distribution" allocated 797 thousand of LTL, the PJSC „Vilkmergės Alus" allocated 177 thousand of LTL.

We can mention the following as the most important work done by the JSC „Alita": the big investments were allocated for the overhaul of the technological equipment and system in the shop of the sparkling wine production.The rinsing and bottling monoblock was restored in the MIX line, the worn parts and units of the rinser and labeller were replaced in the sparkling wine line. During the repair the maintenance was done in the system of power, the walls of the store of the final production were repaired. The representative of the Company Centek performed the maintenence of the agitator in the fermentation shop, the measurement devices were calibrated, the software was updated and the display was replaced. The old and worn out processor in the fermentation shop was changed because it did not ensure the exact parameters of the wine temperature.The old heaters were dismantled in the wine material preparation shop, the platforms were fixed in order to ensure the safe work in the sparkling wine material preparation shop. The piping of the rain drains were changed in the technical passage. The new bottling heads were purchased and installed in the bottler to bottle the tanks of 15 L of a new size. A lot of work was done in order to use a new sparkling wine bottle. A lot of consultations were arranged in order to decide what equipment of the bottling and processing lines it is possible to use, what machines it is necessary to acquire, the offers were received from the manufacturers, the technical requirements were coordinated.

The automatic packing machine LSK 20T, manufactured by the Italian Company SMI Group, was purchased and installed in the wine production shop. This machine can pack in the film 121 different types of bottles and this allowed to refuse the recircled plastic crates. We began to prepare for the installation of the new equipment beforehand. The transporters of the packing machine were purchased, the overhaul of the power panel of 0.4 kV was made in the wine shop, the store of the final production was enlarged including the former store of sugar and flavours and a part of sugar feeding room. This reconstruction allowed us to extend the store of the final production to 144 m². The sugar feeding room was also repaired where the new floor was mounted, the ceiling and walls were repaired, the insulation of the piping was changed, the sugar feeding machines were modernized. . The equipment was overhauled along with the installation of the new film packing machine. The transporters, that transport bottles to the packing machine, were rearranged according to the plan that was prepared beforehand. The labeller and sticker of the second line were moved to the other place in order to make a place for the brandy XO cap rolling machine. The new layout of the transporters improved the access to the equipment, the premises of the bottling and perfection shop are used better. During the overhaul the reconstruction of the heating and water piping was done in the production shop, the worn out pipes were replaced, the insulation was renewed, the power cable of a low capacity was changed that connected the cooler in the coupage shop. Saving investment funds and mastering the new bottles of three sizes 0.35 L, 0.5 L and 0.7 L the old Robino&Galandrino machine was reconstructed adjusting it for the rolling caps of the new brandy, the required parts were manufactured in the Company. When the enonomic bottle washers were installed in the wine bottling and perfection shop the water consumption reduced. The exsisting water treatment plant became too efficient and the microbiological indices became worse. The water treatment plant of the lower capacity was mounted and this of the higher capacity was fitted in the JSC „Anykščių Vynas" successfuly. The other important project was implemented in the wine production shop – the robot-manipulator for packing the cartons and packets, put on a pallet into the film. We tried to use the available transporters and equipment. The means reduced the difficult handwork, disengaged the operators. The modul filters of a new type in the coupage shop, that are assigned for the carbon filtration of the vodka, the silver and platinum filters for the new vodka line in the production were tested and adusted. These filters allow us to lessen the loss of the product and aid material. The strong drink shop carried out an experimental production of a strong grain drink according to the ancient Russian technology. The production of methylated alcohol from the secondary product of the strong grain drink was mastered, and this gave additional incomes after selling this product.

The enlargement of the spirit store was done in the reporting year. The foundation of the spirit tank was made and the tank of 75 m² with a service platform was mounted there, the spirit catcher, safety-valve were equipped, the protective filling was buillt, the system of lightning-conductor and grounding contour were installed, the power and automation networks were reconstructed.

In 2008 a lot of work was done in updating the equipment, developing techologies, improving the working conditions of the workers and saving the power resources.
In order to lower the costs of the wine production we started to use the fructose-glucose syrup instead of sugar for the wine making. Therefore we prepared the syrup receiving tank, the lines of the syrup pumping out and pumping in. Besides, a big economic effect was achieved in reducing the wine costs by the use of PET bottles instead of glass ones. The packing and unpacking and processing equipment in the bottling shop was fitted to work with the PET bottles. The water treatment plant, the crate washer, the bottling line of the carbonated drinks were dismantled in the bottling shop. The PET bottling line, bought in Serbia, the water treatment plant from the JSC „Alita" were mounted instead of the above dismantled equipment. The partial floor repair was done in the production packing premises. The product coolers, pumps and a filter was purchased for the wine production shop. The new production technology of the juice fermentation was mastered. Therefore the agitators of the mash tanks were remade in the concentrated juice production shop, the heaters, the temperature controls, the level switches were installed in the agitators, the soft starting equipment was installed in the agitator gears. The extra agitators were mounted, 12.5 m² tanks were clothed in the wine production (fermentation) shop, the technological lines, the juice cooler, the filter were installed. The modular filter was obtained to filter vodka and that works without the expensive filter paper. The JSC „Anykščių Vynas" and the PJSC „Vilkmergės Alus" began to produce the PET bottles in the premises of the JSC „Anykščių Vynas". Therefore the pipeline of the compressed air was installed, the premises were prepared and the PET bottle blowing machines and compressors of the PJSC „Terekas" were mounted. The warehouse of the final production and packing was installed in the boiler. The equipment of the rainwater cleaning was reconstructed, the lightning-conductor was erected on the main production building.

In 2008 a lot of work was also done in the PJSC „Vilkmergės Alus" in developing the production process and trying to improve the beer quality. The barm reproduction room was installed and this allowed us to ensure the barm quality and to disengage one tank in the fermentation shop where the barm was reproducted. It enables to ferment a bigger volume of beer and to save the purchased barm. An extension to the production building was built and this enabled to enlarge the PET bottling premises and to install a more modern bottling line that was moved from the JSC „Anykščių Vynas". The PET bottling capacity rose twice – up to 3.5 bottles per hour. When the botling line was mounted the production was bottled in one shift. The air filter – ionizator was installed in the PET bottling room and it improved the health conditions of the air. The repair was done to the maturing tanks in the maturing cellar – the inner enamelled surface was reconstructed, the pressure maintenance equipment was renewed. The water tanks were renewed in the water preparation room. This ensured the qualitative production.

In July, 2008 the updated environment protection TIPK order was approved that allowed to water the production outflow on the fields. In November the evaluation of the watering-place resources and sanitary protective zone was carried out.

Since January 1, 2008 the installed accounting soft-ware MBS AXAPTA allowed to computerize all the accounting of the production process, to uniform the accounting principles of the Company Group.

In 2008 the production assortment was renewed with 19 new drinks, the production of 20 prospectless drinks was stopped. Total 200 names of various alcoholic drinks were proposed to the customer. They are sparkling wines, carbonated drinks, alcoholic cocktails, ciders, fruit-berry wines and grape wines, vodka, brandy, cognac, kinds of brandy, liqueurs, samanė and the other strong drinks, beer. The non-alcoholic production is apple and berry concentrated juice, apple aroma, dried apple pomace.

The production volumes of the JSC „Alita", the JSC „Anykščių Vynas" and the PJSC „Vilkmergės Alus" in 2006-2008.

	The production group	Unit	2006	2007	208
1.	Sparkling grape wine	HL	33 073	34 905	37 186
2.	Carbonated wine drinks	HL	36 322	29 815	22 715
	Total sparkling wines:	HL	69 395	64 720	59 901
3.	Alcoholic cocktails	HL	34 479	37 853	28 893
4.	Ciders	HL	15 217	11 308	19 075
5.	Wine	HL	41 262	57 937	50 654
6.	Vodka	HL	59 262	65 278	50 389
7.	Brandy, cognac	HL	19 054	20 864	16 113
8.	The other strong drinks	HL	10 261	9 769	9 272
	Total alcoholic production:	HL	248 930	267 729	234 297
9.	Ciders (unbottled)	HL	38 80	44 400	9 200
	Total alcoholic production:	HL	287 730	312 129	243 497
10.	Beer	HL	-*	36 135*	47 830
11.	Apple concentrated juice (70Bx)	Tons	6 103	4 196	1 387
12.	Apple aroma	Tons	454	290	114
13.	Dried pomace	Tons	1 952	1 236	318

* In 2006 – the first quarter of 2007 the nPJSC „Vilkmergės Alus" did not belong to the Company Group, so the beer production is given only for April – December, 2007 and 2008.

In 2008 the total volume of the alcoholic production in hectolitres (without beer products) decreased 12% in comparing with 2007 but the production of the sparkling wine is 7%, cider 69% is bigger than last year. The production of the apple concentrated juice is 67%, the apple aroma – 61%, the dried pomace – 74%

less than last year. The decrease of the apple production was determined especially by the fact that the buyers were not found who would like to purchase the concentrated juice.

The price of the purchased raw material and materials play a great role in the production cost. The Purchasing Department regulates the price of the purchased stock and quality problems knowingly. In order to supply the Companies with the qualitative raw material, the long-term supply contracts are signed with the regular and respectable suppliers in Lithuania and the other countries The long-term cooperation agreements with the suppliers and big quantities of the purchased stocks (making the contracts of the JSC „Alita" and the JSC „Anykščių Vynas", the PJSC „Vilkmergės Alus" and the PJSC „Alita Distribution" at the same time) allow to reduce the purchasing prices and to get the better supply terms, to save money. The contracts we signed with several suppliers for material that prices that often changed and this allowed to negotiate for the better buying terms. In total the Purchasing Department of the JSC „Alita" made 228 purchasing contracts in 2008, 158 of them were made with the Lithuanian suppliers, 61 of them were made with the foreign suppliers (9 of them with the raw material), and 9 of them were made for the transport services. The problems of the brandy raw material must be mentioned separately. Because of the reform of the brandy raw material taxing compensation in the European Union and poor grape crop, the price of the brandy raw material increased several times in 2008. In order to retain as low price of the brandy raw material as it was possible one supplier, who proposed the lowest price, was chosen. Having some alternative suppliers of the brandy raw material we saved some funds.

A special attention is paid to the production quality. In 2008 the production quality was controlled by the workers of the Production Technological Laboratory who work according to the methodical instructions of ISO 9001 and MS RVASVT quality management systems. The workers of the Production Technological Laboratory examine the new wine testing methods, they use the changes of the technological and control methods in their work. A very important evaluation of the perfect work of the laboratory workers was the fact that the State Veterinary Service after the estimation of the results of the analysis and risk data, the JSC „Alita" was enlisted in the list of the companies that belong to a group of low risk and gave the Company a permission to carry out self-control and present the results to the Food and Veterinary Service of the region.

8. THE FINANCE.

Read the Consolidated Balance Sheet and the Consolidated Profit (loss) Statement of the JSC „Alita" according to the reference (pages 6-8, annual consolidated financial statements).

In 2008 the Company Group sustained the loss of 12 743 thousand of LTL of the consolidated net profit. In comparing with 2007 the result is 20 642 thousand of LTL worse. The net profit reduced because of the increased excise at the beginning of 2008 and they influenced the selling volumes and simultaneously the decrease of the gross profit, resources and the value of the long-term asset, the write-off of the doubtful debts, the activity expansion of the JSC „Alita Distribution" and the financial investment activity, that was determined by the investments in the Belgrad brewery „Beogradska Industrija Piva"

The indices of the JSC „Alita" Company Group and the JSC „Alita":

	Company Group		Company	
	31 12 2007	31 12 2008	31 12 2007	31 12 2008
Financial dependance ratio	2.10	3.20	1.72	2.41
General debt ratio	0.68	0.76	0.63	0.71
Current liquidity ratio	0.87	0.63	0.78	0.57
Property turnover ratio	0.69	0.76	0.45	0.37
Gross profitability, %	35%	31%	43%	41%
Net profitability, %	4%	-6%	13%	-7%
EBITDA profitability, %	15%	1%	25%	9%
Profit, per share (LTL)	0.16	-0.25	0,31	-0.12

JSC „Alita" Balance Sheet and the profit (loss) statement according to the reference (pages 6-8, annual stand-alone financial statements).

On December 31, 2007 the property value amounted to 250.2 million of LTL. In comparing with the same period of the last year we can see that the property decreased 8.5 million of LTL (because of the reserves and debts of the subsidiarines) . The Company long-term assets amount to 76%, the short term assets amount to 24% of all the property.

The joint-stock did not change in the recent years. On December 31, 2008 the owners' property amounted to 73.4 million of LTL. i.e. 21.8 million of LTL less than last year. The owners' property amounted to 29% of the whole owners' property and obligations. The long-term obligations increased to 72.2 million and amounted to 29%. (On December 31, 2007 they were 25%). The short term obligations were equal to 104.7 million of LTL and amounted to 42%. The total long-term and short term obligations were equal to 176.9 million of LTL and amounted to 71%.

In 2008 the JSC „Alita" sustained a loss of 6 193 thousand of LTL of the net profit. In comparing with 2007, the result became worse in 21 845 thousand of LTL. Such results were determined by the reduce of sale because of the increased excise, and this influenced the decrease of the gross property, resources and the decrease of the long-term asset, and the financial investment activity, that was determined by the investments in the acquisition of Belgrad brewery „Beogradska Industrija Piva" in 2007, and the development of the PJSC „Alita Distribution".

In the reporting year the sale and distribution costs increased 2 768 thousand of LTL or 14%. The main reason of the decrease of the expenditures is the decreased sale volumes and the more effective work of the logistics subdivisions, the reduced promotion expenditures, rejecting the non-effective projects. The general and administration expenditures increased 9 377 thousand of LTL. The main reason of the increase of the expenditures were detemined by the decrease of the resources and value of the long-term asset, the accumulated expenditures because of the absence of the apple season and the write-off of the doubtful debts.

9. THE COMPANY AND THE SOCIETY.

The JSC „Alita" plays a big role in the social and cultural life of the country and town. In 2008 the budget received 173.1 million of LTL in the form of different taxes. The taxes divided in the following way:

The name of the tax	Thou. of LTL
Excise	121 990
Added value tax	35 931
Profit tax	210
Packing tax	2 788
National insurance contribution of 31%	6 535
National insurance contribution of 3% from wages	616
Income-tax from wages	42 952
Income-tax from dividends	376
Other taxes	383
Total:	**173 121**

The JSC „Alita" and the JSC „Anykščių Vynas" made the collective agreements where the means for the social care were foreseen giving the allowances to the Company workers. In 2008 the JSC „Alita" gave 81.6 thousand of LTL and the JSC „Anykščių Vynas" gave 5.1 thousand of LTL, the PJSC „Alita Distribution" gave 2.5 thousand of LTL, the PJSC „Vilkmergės Alus" gave 1.2 thousand of LTL to the different payouts. Every year the Company gives funds for the worker social and cultural program. The workers of the JSC „Alita" receive the first vaid, physiotherapy, odontology services in the medical post. There are canteens, food shops in the Companies, there are conditions for physical culture and sports. During the vacation the Company workers and their families can use the resort in Ryliškės.

The Company gives a part of the profit to support art, sports and the other collectives who have a right to get support and charity. The JSC „Alita“ dedicated 503.9 thousand of LTL, the JSC „Anykščių Vynas“ dedicated 5.4 thousand of LTL, the PJSC „Vilkmergės Alus“ gave 3.5 thousand of LTL. The Company also pays a lot of attention to the promotion during the cultural events and at the same time it propagates and strengthens the Lithuanian culture.

10.THE COMPANY PLANS AND FORECASTS

Current economic and social situation bring major influence on sales amount in 2009. To forecast company turnover and profit in this situation is difficult. Key goals for the year 2009 the Company's management will try to implement to be as follows:

- increasing effectiveness of operations and optimization of costs;
- optimization of logistic processes;
- revision the range of products according the needs of customers.

When addressing the issue of production improvement and enhancement, the Company plans to allocate LTL 2.0 million for investments in production process in 2009.

Chairman of the Mangement Board Vytautas Junevičius

THE SUPPLEMENT TO THE CONSOLIDATED ANNUAL REPORT

THE JSC „ALITA“ REPORT

ABOUT THE COMPLIANCE WITH THE GOVERNANCE CODE FOR THE COMPANIES LISTED ON THE REGULATED MARKET

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

PRINCIPLES/RECOMMENDATIONS	YES/NO /NOT APPLICABLE/	COMMENTARY
Principle I: Basic Provisions **The overriding objective of 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 the Company website press openly.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	Yes	The activity of the Board of the Company is concentrated on the implementing of the strategic objectives, the increase of the shareholders property
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	Every quarter the Board analyses and evaluates the information on the activity organization, financial state and economic activity presented by the Manager of the Company and makes the decisions that are useful for the Company and the shareholders.
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 hot information is published in the websites of the Vilnius Stock Exchange and the Company, in the Republic press. The Company takes an active part in the town events, cooperates with the suppliers and creditors, organizes actions for the buyers, makes inquiries and evaluates the remarks and responses of the customers 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	No	There is no Supervisory Board in the Company, but mainly its functions are carried out by the Board.

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.		
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	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	The collegial body elected by the General Meeting is the Board, and it presents recommendations to the Manager and which meets the Principles III and IV of the Company Management Codex as long as that does not contradict the Regulations of the Board work
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 as it is approved in the Regulations of the JSC "Alita".

[1] Provisions of Principe 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, 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 Gazete*, 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] Definitions *'executive director'* and *'non-executive director'* are used in cases when a company has only one collegial body.

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	The non-executive directors (of the Supervisory Board) were not elected 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 chairman of the Board and the Director of the Company is one and the same person.
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	The Board of the Company, elected in the General Meeting, allow the small shareholders to be interested in and comment on the activities and management of the Company.

[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.

3.2. 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 information about the candidates is put in the papers of the General Meeting and the shareholders are able to get acquainted with it beforehand according to the Law on Companies of the Republic of Lithuania. The data on the members of the Board is compiled, specified and presented in the Annual Company Report.
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	The Board candidate informs the General Meeting about his/her education, working experience and expertise. The Board composition, the education of the members, working activity is given in the Annual Report.
3.4. In order to maintain a proper balance in terms of the current qualifications possessed by its members, the collegial body should determine its desired composition with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies.	Yes	The members of the collegial body have the proper qualification, long-term expertise in the company management and versatile knowledge and experience to fulfill their tasks properly.

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	All the members of the Company Board are informed about the work, organization and changes in the Board meetings.
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 composition of 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.

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: 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	No	There are no independent members in the composition of the Board

material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counseling and consulting services), major client or organization receiving significant payments from the company or its group; 6)He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company; 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; 8) He/she has not been in the position of a member of the collegial body for over than 12 years; 9)He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents. 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.		

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 Company does not apply the evaluation and disclosure practice of the independence of the Board members yet.
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	There were no criteria of independence set out.
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.	No	There are no independent members of the collegial body in the Company.
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 monitoring[7] of the company's management bodies and protection of interests of all the company's shareholders.**		

[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 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 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.

[7] See Footnote 3.

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 collegial body is the Board which presents the General Meeting to confirm the recommendations and proposals on the Company annual report and financial accountability, the project of the profit-sharing
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	The Company Board acts in good faith, in the interest of the Company and not in their own or third party interests.

[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 well.
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 Board treated the Company shareholders fairly and impartially. The shareholders were informed according to the set Company regulations, there were no conflicts of interests.
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	The Company regulations state that the Board makes a decision on the long-term assets that balance value is more than 1/20 of the Company's authorized capital, investment, transfer, rental, soak and mortgage, voucher and reassurance, and to acquire long-term assets for the price higher than 1/20 of the authorized capital. The Board makes decisions to establish the Company subsidiaries and agencies or to stop their work, to appoint a manager of the Company, etc.

[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.

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.	No	The Chairman of the Board and General Director is the same person.
4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this	No	There are no Nomination, Remuneration, Audit committees in the Company.

[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.

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.		
4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.	No	There are no Nomination, Remuneration, Audit committees in the Company.
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 Nomination, Remuneration, Audit committees in the Company.
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	No	There are no Nomination, Remuneration, Audit committees in the Company.

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.		
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 Nomination, Remuneration, Audit committees in the Company.
4.12. Nomination Committee. 4.12.1. Key functions of the nomination committee should be the following: • 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; • 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; • Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; • Properly consider issues related to succession planning; • Review the policy of the management bodies for selection and appointment of senior management. 4.12.2. Nomination committee should consider proposals by other parties, including	No	There is no Nomination committee in the Company.

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.		
4.13. Remuneration Committee. 4.13.1. Key functions of the remuneration committee should be the following: • 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; • 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; • Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies; • 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); • 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	No	There is no Remuneration committee in the Company.

by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies. 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: • Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body; • Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting; • 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. 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.		
4.14. Audit Committee. 4.14.1. Key functions of the audit committee should be the following: • 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); • 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; • 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	No	There is no Audit committee in the Company.

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; • 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; • 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; • Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter. 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. 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. 4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors. 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. 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. 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.		

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.	No	There is no practice of the assessment of the Board work and information about it.
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 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	Yes	The Company Board organizes meetings not less than once a quarter.

should be convened at least once in a quarter, and the company's board should meet at least once a month[11].		
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 in advance, the material for the discussion is handed in the fixed time.
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-coordinating 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 only the Board in the Company.

[11] 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.

Principle VI: The equitable treatment of shareholders and shareholder rights **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**		
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 give the same voting 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	The Company gives the thorough information in the issuer's annual and half-year reports, that helps the investor to make the right conclusion concerning the acquisition of the shares. The information is published in the information system of the Vilnius Stock Exchange.
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.[12] 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	The Company regulations foresee the list of the Board decisions that can be made without the consent of the meeting. The possibility to get acquainted and to take part in making important decisions to the Company is not given to all the shareholders.
6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders. Prior to the shareholders' meeting, the company's supervisory and management bodies should enable the shareholders to lodge questions on issues on the agenda of the general shareholders' meeting and receive answers to them.	Yes	The announcement about the venue and date of the General Meeting is published in the information system of the NASDAQ OMX Vilnius, in the paper "Lietuvos Rytas" and posted in the Company website a month before the General Meeting. The Manager of the Company and the Board permit the shareholders to get acquainted with the Company papers related to the agenda of the General Meeting, the terms and order foreseen in the Law on Companies of the Republic of Lithuania and in the Company

[12] 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 authorized 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.

		Regulations.
6.5. It is recommended that documents on the course of the general shareholders' meeting, including draft resolutions of the meeting, should be placed on the publicly accessible website of the company in advance[13]. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.	Yes	Ten days before the beginning of the meeting the announcement on draft resolutions of the General Meeting is published in the paper "Lietuvos Rytas" and in the information system of the NASDAQ OMX Vilnius. After the meeting the report on the adopted resolutions of the General Meeting is sent to the information system of the NASDAQ OMX Vilnius and to the press. The Lithuanian language is used in the press and English is used in the information system of the NASDAQ OMX Vilnius.
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.	Yes	The Company makes it possible for the shareholders to vote by filling up a general voting bulletin in absentia, as it is foreseen by the Law on Companies of the Republic of Lithuania.
6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies in voting processes by allowing the shareholders to vote in general meetings via terminal equipment of telecommunications. In such cases security of telecommunication equipment, text protection and a possibility to identify the signature of the voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially foreigners, with the opportunity to watch shareholder meetings by means of modern technologies.	It is not relevant.	There was no need and request of the shareholders.

[13] The documents referred to above should be placed on the company's website in advance with due regard to a 10-day period before the general shareholders' meeting, determined in paragraph 7 of Article 26 of the Law on Companies of the Republic of Lithuania (Official Gazette, 2003, No 123-5574).

Principle VII: The avoidance of conflicts of interest and their disclosure 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.		
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.	Yes	There were no such cases. The order of making these agreements 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	There were no such cases. The order of making these agreements is not regulated in the company.
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	Yes	We follow these regulations only in these cases when the Board is discussing the problems of the payment of a member, Company

voted on.		Manager.

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). This statement should be part of the company's annual accounts. Remuneration statement should also be posted on the company's website.	No	The Company does not make a public statement of the Company's remuneration policy because it is the internal and confidential document of the Company. The general information on the average sizes of the payments of the separate groups of the workers and the total sum of the payoffs to the Company managers is stated in the Annual Report openly.
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 Board does not follow this regulation.
8.3. Remuneration statement should leastwise include the following information: • Explanation of the relative importance of the variable and non-variable components of directors' remuneration; • Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; • Sufficient information on the linkage between the remuneration and performance; • The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; • A description of the main characteristics of supplementary pension or early retirement schemes for directors.	No	The Company Board does not follow this regulation.
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	No	The Company Board does not follow this regulation.

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.		
8.5. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.	No	The Company Board does not follow this regulation.
8.6. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.	No	The Company Board does not follow this regulation.
8.7. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.7.1 to 8.7.4 for each person who has served as a director of the company at any time during the relevant financial year. 8.7.1. The following remuneration and/or emoluments-related information should be disclosed: • 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; • The remuneration and advantages received from any undertaking belonging to the same group; • The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing	No	The Company Board does not follow this regulation.

were granted; • 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; • 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; • Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points. 8.7.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed: • The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; • 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; • 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; • All changes in the terms and conditions of existing share options occurring during the financial year. 8.7.3. The following supplementary pension schemes-related information should be disclosed: • When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year; • When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year. 8.7.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial statements of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount		

outstanding and the interest rate.		
8.8. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.	No	The Company Board does not follow this regulation.
8.9. The following issues should be subject to approval by the shareholders' annual general meeting: • Grant of share-based schemes, including share options, to directors; • Determination of maximum number of shares and main conditions of share granting; • The term within which options can be exercised; • The conditions for any subsequent change in the exercise of the options, if permissible by law; • All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors.	No	There is no such practice in the Company.
8.10. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.	No	There were no such cases.
8.11. Provisions of Articles 8.8 and 8.9 should not be applicable to schemes allowing for		

participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.		
8.12. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.8, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.	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	The Company Board tries to assure the rights of all the interested that are protected by the law.
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	Yes	The interested can take part in the Company management as far as the laws of The Republic of Lithuania allow.

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.	Yes	The regulation is followed as far as it is allowed by the laws of the Republic of Lithuania.
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.**		
10.1. The company should disclose information on: 1.1. The financial and operating results of the company; •1.2. Company objectives; 1.3. Persons holding by the right of ownership or in control of a block of shares in the company; 1.4. Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; 1.5. Material foreseeable risk factors; 1.6. Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; 1.7. Material issues regarding employees and other stakeholders; 1.8. Governance structures and strategy. 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, except item 4.	The information, provided in these recommendations, except item 4, is disclosed in these sources: in the Annual Report, Consolidated Financial Accountability and in its Explanatory Note, in the Reports about the essential events. This information is posted: In the website of the NASDAQ OMX Vilnius www.nasdaqomx.com in the website of the JSC "Alita" www.alita.lt/investuotojams
10.2. It is recommended that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.	Yes	The consolidated results of the activities of the Company group are disclosed.

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.	Yes	The information on the qualification and the long-lived experience in the management of the members of the collegial body is disclosed in the Annual Report. The payment policy is not disclosed openly because it is the internal and confidential Company document. The general information on the average sizes of the payments and the total sum of the payoffs to the Company managers is stated in the Annual Report openly.
10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.	No	There is no such practice in the Company.
10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.	Yes	The vital information is published in the website of the NASDAQ OMX Vilnius in Lithuanian and English, in the Company website in Lithuanian, in the paper "Lietuvos Rytas" in Lithuanian.
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 in the Company website www.alita.lt in Lithuanian.

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.	All the essential events of 2007, the Annual Report and the Financial Account of 2006 were posted in the website of the Company
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 statements and report should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.	Yes	The independent auditor carries out the audit of the Company interim financial accountability, the Company annual financial accountability and the audit of 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 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 firm of the Company did not provide any non-audit services to the Company and so it did not receive any payment for it from the Company.