AB Anykščių Vynas

Interim condensed financial statements for the six month period ended 30 June 2014

Confirmation of responsible persons

Following the Article No. 22 of Law on Securities of the Republic of Lithuania and Rules on Submission of Periodic and Additional Information approved by Securities of the Republic of Lithuanian we, Audrius Zuzevičius, director and Audronė Zemlevičienė, Chief Accountant, hereby confirm that, to the our knowledge, the interim statements for the ended 30 June 2014 have been prepared in accordance with international Financial Reporting Standard as adopted by the European union, give a true and fair view of the assets, liabilities, financial position and profit or loss and cash flows of AB "Anykščių vynas". We also confirm that AB "Anykščių vynas" Interim Report for the ended 30 June 2014 includes a fair review of the development and performance of the business.

Director	Audrius Zuzevičius
Chief Accountant	Audronė Zemlevičienė

(thousand Litas, unless otherwise indicated)

Statement of financial position

	30 June 2014	31 December 2013
ASSETS		
Property, plant and equipment	17,007	17,329
Long-term loans	2,900	2,900
Total non-current assets	**19,907**	**20,229**
Inventories	2,500	2,880
Trade and other receivables	829	2,179
Other assets	49	71
Cash and cash equivalents	70	35
Total current assets	**3,448**	**5,165**
Total assets	**23,355**	**25,394**
EQUITY		
Share capital	20,000	20,000
Accumulated losses	(7,604)	(7,240)
Total equity attributable to shareholders	**12,396**	**12,760**
LIABILITIES		
Employee benefits	171	171
Deferred tax liability	809	809
Total non-current liabilities	**980**	**980**
Loans and borrowings	8,373	8,768
Trade and other payables	1,258	1,020
Provisions	-	537
Other liabilities	348	1,329
Total current liabilities	**9,979**	**11,654**
Total liabilities	**10,959**	**12,634**
Total equity and liabilities	**23,355**	**25,394**

The notes on pages 8–17 are an integral part of these financial statements.

Director Audrius Zuzevičius

Chief Accountant Audronė Zemlevičienė

(thousand Litas, unless otherwise indicated)

Statement of comprehensive income

For the six month period ended 30 June

	2014	2013
Revenue	5,583	5,013
Cost of sales	(4,621)	(4,931)
Gross profit	**962**	**82**
Other income	70	945
Selling expenses	(509)	(373)
Administrative expenses	(704)	(1,463)
Other expenses	(12)	(10)
Results from operating activities	**(193)**	**(819)**
Finance income	43	50
Finance costs	(214)	(267)
Net finance costs	**(171)**	**(217)**
Loss before income tax	**(364)**	**(1,036)**
Profit tax	-	-
Loss for the period	**(364)**	**(1,036)**
Loss per share		
Basic earnings per share (in Litas)	(0,02)	(0,05)

The notes on pages 8–17 are an integral part of these financial statements.

Director Audrius Zuzevičius

Chief Accountant Audronė Zemlevičienė

(thousand Litas, unless otherwise indicated)

Statement of comprehensive income

For the three month period ended 30 June

	2014	2013
Revenue	1,821	2,723
Cost of sales	(1,257)	(2,477)
Gross profit	**564**	**246**
Other income	38	767
Selling expenses	(241)	(107)
Administrative expenses	(376)	(957)
Other expenses	(4)	(5)
Results from operating activities	**(19)**	**(56)**
Finance income	21	25
Finance costs	(73)	(193)
Net finance costs	**(52)**	**(168)**
Loss before income tax	**(71)**	**(224)**
Loss for the period	**(71)**	**(224)**
Loss per share		
Basic earnings per share (in Litas)	0,00	(0,01)

The notes on pages 8–17 are an integral part of these financial statements.

Director	Audrius Zuzevičius
Chief Accountant	Audronė Zemlevičienė

(thousand Litas, unless otherwise indicated)

Statement of changes in equity

	Share capital	Accumulated losses	**Total equity**
Balance at 1 January 2013	**20,000**	**(6,657)**	**13,343**
Profit or Loss for the period ended 30 June 2013		(1,036)	**(1,036)**
Total comprehensive income for the period		**(1,036)**	**(1,036)**
Profit or Loss for the period ended 31 December 2013		453	**453**
Balance at 31 December 2013	**20,000**	**(7,240)**	**12,760**
Balance at 1 January 2014	**20,000**	**(7,240)**	**12,760**
Profit or Loss for the period ended 30 June 2014		(364)	**(364)**
Total comprehensive income for the period		**(364)**	**(364)**
Balance at 30 June 2014	**20,000**	**(7,604)**	**12,396**

The notes on pages 8–17 are an integral part of these financial statements.

Director Audrius Zuzevičius

Chief Accountant Audronė Zemlevičienė

(thousand Litas, unless otherwise indicated)

Statement of cash flows

For the six month period ended 30 June

	2014	2013
Cash flows from operating activities		
Profit (loss) for the period	(364)	(1,036)
Adjustments for:		
Depreciation and amortisation of non-current assets	342	701
Gain on sale of property, plant and equipment	-	(701)
Provision for doubtful receivables	44	-
Interest expenses (income), net	100	94
Change in inventories	381	(1,361)
Change in trade and other receivables	1,985	654
Provisions	-	537
Change in trade and other payables	(2,332)	1,112
Net cash from (used in) operating activities	**156**	**-**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(21)	(80)
Proceeds from sale of property, plant and equipment	-	1,299
Interest received	43	50
Net cash from (used in) investing activities	**22**	**1,269**
Cash flows from financing activities		
Repayment of loans	-	(1,200)
Interest paid	(143)	(144)
Net cash from (used in) financing activities	**(143)**	**(1,344)**
Change in cash and cash equivalents	**35**	**(75)**
Cash and cash equivalents at 1 January	**35**	**150**
Cash and cash equivalents at 30 June	**70**	**75**

The notes on pages 8–17 are an integral part of these financial statements.

Director Audrius Zuzevičius

Chief Accountant Audronė Zemlevičienė

Notes to the financial statements

1. Reporting entity

AB Anykščių Vynas (hereinafter "the Company") is incorporated and domiciled in Lithuania. The address of the Company is Dariaus ir Girėno st. 8, LT-29131 Anykščiai, Lithuania.

The Company was established in 1926. It was registered as a state enterprise in 1990 and re-registered as a joint stock company in 1995. The Company produces and sells alcoholic beverages: natural and fortified fruit-berry wine, spirits, cider, and concentrated apple and berry juice.

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

The controlling shareholder of the Company is Įmonių grupė ALITA, AB, which as at 30 June 2014 holds 18,980 thousand ordinary registered shares, or 94.9% of all shares of the Company.

2. Basis of preparation

2.1. Statement of compliance

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

2.2. Basis of measurement and Going Concern

The financial statements have been prepared on the historical cost basis. The Management and the bank on 17 March 2014 the Company reached an agreement with the bank for extending the repayment maturity until 31 December 2014. On the basis of the new repayment maturities and the Management's forecasts, the Management believes that the Company will continue as a going concern in the foreseeable future. In the unlikely event of not reaching an agreement on extension of repayments, it is unlikely that the Company could continue as a going concern.

2.3. Functional and presentation currency

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

2.4. Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS, as adopted by the European Union, requires the Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

(a) Impairment losses on property, plant and equipment

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

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

Notes to the financial statements

2. Basis of preparation (continued)

2.4. Use of estimates and judgements (continued)

(b) Impairment losses on trade and other receivables

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

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

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

Useful lives of assets at least once a year and changed when necessary to reflect current thinking on their remaining lives in light of technological change, prospective economic utilisation and physical condition of the assets concerned.

(d) Production costs

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

(e) Measurement of defined benefit obligations

The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. Estimation of the future benefit involves actuarial assumptions, such as future salary increase and discount rate.

(f) Net realisable value of inventory

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

3. Significant accounting policies

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

3.1. Foreign currency

Transactions in foreign currencies are translated into Litas at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value or cost are retranslated to the functional currency at the exchange rate at the date that the fair value or cost was determined. Foreign exchange differences arising on translation are recognised in profit or loss.

3.2. Financial instruments

(a) 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 with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

Non-derivative financial instruments are recognised initially at fair value plus (except for financial instruments at fair value through profit or loss) any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Notes to the financial statements

3.2. Financial instruments (continued)

(a) Non-derivative financial instruments (continued)

Financial assets and liabilities are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial instruments are recognised on the trade date. Financial assets are derecognized if the contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. The Company also derecognizes certain assets when it writes off balances pertaining to the assets deemed to be uncollectible. Financial liabilities are derecognised if the obligations of the Company specified in the contract expire or are discharged or cancelled.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

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. Short-term liabilities are not discounted.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income and expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

(b) Share capital

Ordinary shares

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

3.3. Property, plant and equipment

Recognition and measurement

Property, plant and equipment are measured at cost (or deemed cost – see below) less accumulated depreciation and impairment losses. The buildings were accounted as follows:

- The Company's buildings, acquired before 1 January 1996, were stated at indexed cost less indexed accumulated depreciation and impairment losses.
- The Company's buildings, acquired after 1 January 1996, were stated at acquisition cost less accumulated depreciation and impairment losses.

According to the exception available under IFRS 1, which permits the carrying amount of an item of property, plant and equipment to be measured at the date of transition based on a deemed cost, buildings, acquired before 1 January 1996, were measured at indexed cost less indexed accumulated depreciation and impairment losses evaluated, and these values were used as deemed cost at that date. After 1 January 1996 all property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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

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

Notes to the financial statements

3.3. Property, plant and equipment (continued)

Recognition and measurement (continued)

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

Subsequent costs

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

Depreciation

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

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

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

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

- Buildings and constructions 8–80 years;
- Plant and machinery 2–50 years;
- Motor vehicles, furniture and fixtures 4–25 years;
- IT equipment 4–5 years.

3.4. Inventories

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

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

3.5. Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the shareholders of the Company. Dividends in relation to ordinary shares are reflected as an appropriation of retained earnings in the period when they are declared.

3.6. Employee benefits

Short-term employee benefits

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

Social security contributions

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

Notes to the financial statements

3.6. Employee benefits (continued)

Post employment employee benefits

Each employee, according to the collective agreement effective in the Company, upon termination of employment at the retirement age, is entitled to receive a certain compensation. The compensation depends on the duration of the employment. Actuarial calculations have been made to estimate the related liability. The liability is accounted at present value using the market discount rate.

The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The Company holds no plan assets. The calculation of defined benefit obligations is performed annually using the projected unit credit method.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, are recognized immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of the plan are changed or when the plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Termination benefits

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

3.7. Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Long-term provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as financial costs. Short-term provisions are not discounted.

3.8. Revenue recognition

Goods sold

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

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

Sales of services

Sales of services are recognised on performance of the services.

Rental income

Rental income is recognised in profit of loss on a straight-line basis over the term of the lease.

Notes to the financial statements

3.9. Lease payments

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

3.10. Finance income and finance costs

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

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

3.11. Segment reporting

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

The Company has two segments of operations, which are its reportable segments. These divisions offer different products and are managed separately because they require different technologies and marketing strategies.

The following summary describes the operations of each reportable segment.

Reportable segment	Operations
Alcoholic beverages	Production and sales of various alcoholic beverages
Apple products	Production of apple juice, concentrated apple juice and other apple based non-alcohol products
Unallocated	Sales of raw materials and commodities, sales of products in specialized store and other.

3.12. Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

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

3.13. Earnings per share

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

3.14. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

Long term loans

The fair value of long term loans receivable is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. Fair value of trade and other receivables with outstanding maturities shorter than six months with no stated interest rate is deemed to approximate their face value on initial recognition and carrying value on any subsequent date as the effect of discounting is immaterial. This fair value is determined for disclosure purposes.

(thousand Litas, unless otherwise indicated)

Notes to the financial statements

3.14. Determination of fair values (continued)

Trade and other receivable

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. Short term receivables are not discounted. This fair value is determined for disclosure purposes.

Financial liabilities, including loans and borrowings

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Short term liabilities are not discounted.

Carrying amount of all financial assets and liabilities of the Company is close to their fair value.

4. Operating segments

Information about reportable segments

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

For the six month period ended 30 June

	Alcoholic drinks		Apple products		Not allocated to any specified segment		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Sales	4,675	4,758	500	39	408	216	5,583	5,013
Gross profit (loss)	812	58	49	(67)	101	91	962	82

For the three month period ended 30 June

	Alcoholic drinks		Apple products		Not allocated to any specified segment		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Sales	1,413	2,572	181	24	227	127	1,821	2,723
Gross profit (loss)	476	221	12	(32)	76	57	564	246

Geographical segments

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

For the six month period ended 30 June

	2014	2013
Sales to Lithuanian customers	5,459	4,916
Sales to foreign customers	124	97
Total	**5,583**	**5,013**

(thousand Litas, unless otherwise indicated)

Notes to the financial statements

Geographical segments (continued)

For the three month period ended 30 June	2014	2013
Sales to Lithuanian customers	1,735	2,708
Sales to foreign customers	86	15
Total	**1,821**	**2,723**

5. Property, plant and equipment

As at 30 June 2014, property, plant and equipment with a carrying amount of 16,169 thousand Litas (2013: 16,741 thousand Litas) is pledged to secure the credit line facility.

The carrying amount of insured property, plant and equipment as at 30 June 2014 was 16,170 thousand Litas (2013: 16,742 thousand Litas). Assets are insured against all risks as follows: buildings for value of 69,970 thousand Litas, production equipment for value of 45,122 thousand Litas.

6. Inventories

	30 June 2014	31 December 2013
Finished production	997	513
Work in progress	852	1,895
Raw materials and consumables	651	472
Carrying amount of inventories at 30 June	**2,500**	**2,880**

The Company insured its inventories for 8,000 thousand Litas against fire, natural forces and other damages. The Company has pledged inventories with the amount of 2,500 thousand Litas to the bank.

7. Trade and other receivables

	30 June 2014	31 December 2013
Other trade receivables	829	2,179
Trade and other receivables, net of impairment losses	**829**	**2,179**
Trade and other receivables, gross	**1,056**	**2,362**
Impairment of trade and other receivables at 30 June	(227)	(183)
Trade and other receivables, net of impairment losses	**829**	**2,179**
Impairment of trade and other receivables at 1 January	(183)	(183)
Write off of impairment loss	(44)	-
Impairment of trade and other receivables at 30 June	(227)	(183)

In May 2014 a customer of the Company TREVORS LT, UAB filed for insolvency proceedings. The Company had made a provision for doubtful receivable of 44 thousand LTL. These costs had been accounted in the general administrative expenses.

Notes to the financial statements

8. Capital and reserves

As at 30 June 2014, the authorised and issued share capital comprised 20,000,000 ordinary shares with a nominal value of 1 Litas each. All issued shares are fully paid.

The holders of ordinary shares are entitled to one vote per share in the General Shareholders' Meeting and receive dividends, when declared, and are entitled to capital repayment in case of reduction of the capital and other rights granted by the law.

9. Earnings per share

For the six month period ended 30 June

	2014	2013
Loss for the period	(364)	(1,036)
Number of shares 1 January (thousand)	20,000	20,000
Number of shares 30 June (thousand)	20,000	20,000
Weighted average number of shares in issue (thousand)	20,000	20,000
Basic and diluted earnings (losses) per share	**(0,01)**	**(0,05)**

For the three month period ended 30 June

	2014	2013
Loss for the period	(71)	(224)
Number of shares 1 April (thousand)	20,000	20,000
Number of shares 30 June (thousand)	20,000	20,000
Weighted average number of shares in issue (thousand)	20,000	20,000
Basic and diluted earnings (losses) per share	**0,00**	**(0,01)**

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

10. Loans and borrowings

The Company has a credit line facility amounting to 7,432 thousand Litas (EUR 2,152 thousand) with Swedbank, AB. The loan was due on 31 December 2014. As at 30 June 2014 7,432 thousand Litas had been drawn (2013: 8,632 thousand Litas). The effective interest rate in the six month of 2014 was 2,82% (2013: 2,70%).

To secure the repayment of this credit line facility the Company pledged property, plant and equipment with a carrying amount of 16,169 thousand Litas as at 30 June 2014, as well as inventories amounting to 2,500 thousand Litas, all the current and future funds in the main accounts of the bank, and current and future lease rights to 5,6044 ha land plot.

As at 30 June 2014 the parent company Įmonių grupė ALITA issued a suretyship for the Company to Swedbank, AB for the credit line granted amounting to 2,152 thousand EUR (2013: 2,500 thousand EUR).

In June 2014 the Company and the State Tax Inspectorate signed the agreement for the 1,033 thousand Litas tax loan. The final loan maturity date was set to be 30 April 2016, and interest rate was 0.01% per day. As at 30 June 2014, the amount payable under this agreement was 941 thousand Litas. Due to ensure the return of the tax loan the Company Group Alita AB had pledged its real estate for Anykščių vynas AB tax obligations.

On January 2014 with the Group's main bank has been signed an agreement without recourse to factoring the receivables till November 30th, 2014. On the 30 June, 2014. 356 thousand LTL has been used from the Company's factoring limit which amounts to 500 thousand LTL. In 2014 the avarage variable interest rate was 3.2%.

(thousand Litas, unless otherwise indicated)

Notes to the financial statements

11. Trade and other payables

	30 June 2014	31 December 2013
Trade payables	369	758
Trade payables to related parties	889	262
Accrued vacation reserve	129	185
Employment related liabilities	84	115
Other liabilities and other payables	135	1,029
Total trade and other payables	**1,606**	**2,349**

12. Contingent assets and liabilities

Guarantees, warranties issued

The Company issued a suretyship to Įmonių grupė ALITA, AB, for loans granted by the bank, amounting to EUR 10,963 thousand. To secure this loan the Company has pledged its trademarks, immovable property, inventories and equipment.

The Company rents 1 land plot from the State with contract maturity on 8 August 2046. The environmental obligations (cleaning, restoration, etc.) are incumbent on the lessee of the rented state land.

13. Litigation and claims

On 23 September 2013 the Company received the announcement from the Panevėžys Regional Court on the claim provided by the shareholder of the Company Plass Investments Limited regarding invalidation of the Agreement on purchase-sale of the boiler house and of the movable and immovable assets related thereto, concluded on 20 June 2013 by and between the Company (the seller) and the buyer, as well as on application of restitution, related to execution of this agreement (the Company and the buyer of the mentioned assets are included as the respondents in the case).

In the opinion of the Company the claim of Plass Investments Limited is ungrounded and should be dismissed.

14. Information about audit

Interim Financial statements was not audited. An audit will be perform for the full financial year 2014.

The comparative information is taken from interim financial statements for the year 2013 and financial statements for the year 2013, which was prepared and audited in accordance with International Reporting Standards as adopted by European Union.

Director — Audrius Zuzevičius

Chief Accountant — Audronė Zemlevičienė

THE 1st HALF YEAR REPORT OF ANYKŠČIŲ VYNAS AB

2014

Prepared following the Rules on Preparation and Provision of Periodical and Additional Information approved by the Board of Bank of Lithuania

CONTENTS

The definitions used in this interim report of the 1st half of the year 2014 have the meaning defined in the list below, unless the context provides otherwise. This list contains the main concepts used throughout the Annual report. The text of the interim report may provide for explanations or definitions of other concepts as well.

'Company' or 'Issuer' – a public company ANYKŠČIŲ VYNAS AB established and acting pursuant to the laws of the Republic of Lithuania.

'Interim report' – this document meant for the public in which information about the Company is disclosed which is required to be disclosed under the legal acts.

1. MAIN DATA ABOUT THE ISSUER

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

The interim report of the 1st half of the year 2014 is prepared for the reporting period from 1 January 2014 till 30 June 2014.

1.2. The Issuer and its contact information

The name	ANYKŠČIŲ VYNAS
Legal form:	Joint-Stock Company, Legal entity
The registration date and place	21 November 1990, Utena branch of the State Enterprise Centre of Registers
The date and place of re-registration	24 July 2004, Utena branch of the State Enterprise Centre of Registers
The Register number	BĮ 97-340
The Company's registration code	254111650
The registered address	Dariaus ir Girėno st. 8, Anykščiai LT-29131
Phone	(8-381) 50 233
Fax.	(8-381) 50350
E-mail	info@anvynas.lt
Website	www.anvynas.lt

1.3. The main activities of the Issuer

The type of activities of ANYKŠČIŲ VYNAS AB: production and sale of alcoholic drinks and concentrated apple juice. The Company produces and distributes cider, natural and fortified fruit wines of special technology, bitters, liqueurs, spirits and concentrated apple juice.

1.4. Information about agreements with intermediaries of public trading in securities

On 29 June 2004 ANYKŠČIŲ VYNAS AB signed an agreement on management of Issuer's securities accounting with Swedbank AB, represented by the Department of Operations with Securities (company code 112029651, address: Konstitucijos Ave. 20A, Vilnius, LT-03502, phone: (+370 5) 258 24 85, fax.: (+370 5) 258 21 70).

1.5. Data on trading of the Issuer's securities in regulated markets

On 3 July 1995, ANYKŠČIŲ VYNAS ABissued ordinary shares were included into the NASDAQ OMX Vilnius Secondary List. On 30 June, 2014 there were 20,000,000 (twenty million) ordinary registered shares of ANYKŠČIŲ VYNAS ABwith LTL 1 (one) nominal value each. The total nominal value of shares amounted to LTL 20,000,000. The ISIN code of these shares is LT0000112773 (the ticker is ANK1L).

ANYKŠČIŲ VYNAS AB had not obtained its own shares at the 1st half of the year 2014.

2. OTHER INFORMATION ABOUT THE ISSUER

2.1. The structure of the Issuer's authorized capital

The structure of the authorized capital of ANYKŠČIŲ VYNAS AB by type of the shares on 30 June 2014:

Type of shares	Number of shares	Nominal value, LTL	Total nominal value, LTL	Portion in the authorized capital, %
Ordinary registered shares	20,000,000	1	20,000,000	100.00
Total:	**20,000,000**	-	**20,000,000**	**100.00**

All shares of ANYKŠČIŲ VYNAS AB are fully paid. Each fully paid share gives its owner one vote in the General Shareholders Meeting.

2.2. Restrictions of securities' transferability

There are no restrictions on transferability of the shares of ANYKŠČIŲ VYNAS AB.

2.3. Information about the descritpion of principal investments made during reporting period

In order to balance the cash flow the management takes active actions to ensure the financial stability of the Company. Over the past few years many funds have been provided for investments and solved many production improvement and efficieny issues. Due to this during the 1st half of 2014 the investment of ANYKŠČIŲ VYNAS AB amounted to 20.9 thousand LTL (investments were made in manufacturing equipment improvement).

2.4. Information about shareholders

On 30 June 201ė there were 389 shareholders on the shareholders' list of ANYKŠČIŲ VYNAS AB.

Shareholders of ANYKŠČIŲ VYNAS AB who owned 5% or more of the Company's authorized capital on 30 June 2014:

Name, surname/ company name, legal form, office address, registration code	Number of ordinary registered shares held by the right of ownership, units	Portion of the authorized capital held, %	Portion of the votes attaching to the shares held by the right of ownership, %
Company Group ALITA AB, Miškininkų st. 17, LT-62200 Alytus, register code: 302444238	18,980,045	94.90	94.90

On 30 June 2014 other shareholders owned (together) 1,019,955 shares of the Company. This amounted to 5.10% of all shares issued by the Company and votes attached to such shares.

There are no shareholders with the special rights of the control.

There are no shareholders with restricted voting rights.

2.5. Information about mutual agreements of the shareholders

There are no mutual agreements of the shareholders the Issuer is aware of that might result in the restriction of the share transferability and/or voting rights.

2.6. Information about the authorized capital of other companies owned by the Company

ANYKŠČIŲ VYNAS AB has no the authorized capital of other companies.

2.7. Information about employees

The dynamics of average number of employees and average monthly salary (without compensations) of ANYKŠČIŲ VYNAS AB during the 1st half of the year 2014 and the whole year 2013 by personnel groups:

Personnel	2013			The 1st half of 2014		
	Average number of employees	%	Average salary	Average number of employees	%	Average salary
Managers	2	2.7	4 652	2	3.0	1642
Specialists and officials	24	32.4	1 896	21	31.3	1837
Workers	48	64.9	1 492	44	65.7	1316
Total:	**74**	**100**	**1 720**	**67**	**100**	**1642**

The average number of employees decreased by 7 people (or 8.6%) due to optimising manufacturing and managing functions. The average salary rate decreased by 78 LTL, due to apple season of 2013, which started at the second half of the year; during the apple season the salaries were bigger because of overtime, night work and higher qualification job.

ANYKŠČIŲ VYNAS AB employees' structure comparison by education as at 30 June 2014 and 31 December 2013:

Employees education	**31/12/2013**		**30/06/2014**	
	Number of employees	%	Number of employees	%
University degree	18	27.3	17	25.8
College	21	31.8	21	31.8
Secondary	26	39.4	27	40.9
Unfinished secondary	1	1.5	1	1.5
Total:	**66**	**100**	**66**	**100**

The Company has the Collective Agreement; the Trade Union of Lithuanian Food Producers Committee and workers Union "Solidarumas" Committee are established.

There are no Issuer's employees or part of them with special rights or undertakings.

2.8. Powers of attorney of Issuer's bodies to issue and buy Issuer's shares

There were no powers of attorney of Issuer's bodies to issue or buy Issuer's shares in the 1st half of 2014.

2.9. Information about the Company's Board members, Manager and Chief Accountant

2.9.1. General information about the Company's managing bodies

Under the Articles of Association of ANYKŠČIŲ VYNAS AB the Company's management bodies are:

- The General Shareholders Meeting;
- The Board (elected of 4 members for 4 years);
- The Company's Manager (Director), who is elected or recalled by the Company's Board.

The General Shareholders Meeting works under the competence set up by the Company Law of the Republic of Lithuania and by ANYKŠČIŲ VYNAS AB Articles of Association.

The Company's Articles of Association may be amended by the decision of the General Shareholders Meeting, which would be adopted by a qualified majority of votes of at least 2/3 of all the votes carried by the shares of the shareholders attending the meeting, whose shares grant them more than ½ of all votes.

The Board is a collegial management body 4 members, elected for 4 year by the Supervisory Board. The Chairman of the Board is elected from the Board members. The Board members tenure is unlimited.

The Manager of the Company – Director is a sole Company's governing body, whose competence is forseen by the Company Law of the Republic of Lithuania and Articles of Association of the Company. The Manager of the Company approves the Rules of Administration Work, organizes daily activities of the Company and represents the Company in the relationships with the third parties.

2.9.2. Other information about the Company's managing bodies

The Board:

Name, surname	Position	Beginning of term	End of term
Vytautas Junevičius	Chairman	26 04 2012	25 04 2016
Vaidas Mickus	Member	26 07 2012	25 04 2016
Audrius Zuzevičius	Member	09 11 2012	25 04 2016
Artūras Tiurinas	Member	09 11 2012	22 11 2013

The addinional information about the Board members of ANYKŠČIŲ VYNAS AB:

Vytautas Junevičius
Education: University degree, engineer–economist; the specialist in international business relationships. From 1994 to 2009 the CEO of Alita AB (on 07/10/2009 the name was changed to ALT investicijos); from 07/10/2009 to 30/11/2009 the CEO of the Company Group ALITA, AB; from 01/12/2009 to 31/10/2011 worked as an advisor to the CEO of the Company Group ALITA, AB; since 01/11/2011 has worked as a senior advisor to the CEO of the Company Group ALITA.
Participation in other companies' activities: the Chairman of the Board of Anykščių vynas AB, the Board member of Šiaulių bankas AB.
He has 2,895,364 (or 14.48%) of the Company Group ALITA, AB shares, 346,205 or 0.13% of Šiaulių bankas AB shares. No shares of Anykščių vynas AB.

Vaidas Mickus

Education: University degree (Business Administration – Bachelor, Accounting and Audit – Masters degree).
Employment: Finance & IT director of the Company group ALITA, AB since 24 May 2012 to 23 July 2012; the CEO of the Company Group ALITA AB since 23 July 2012.
He has no shares either of the Company Group ALITA AB or ANYKŠČIŲ VYNAS AB.

Audrius Zuzevičius the Director of ANYKŠČIŲ VYNAS AB since 23 January 2012
Education: University degree (mechanical engineer).
2002–2011 – mechanical engineer at Bottling and Souvenir Production Department, mechanic in Engineering Workshop of Mechanical Department, Head of Bottling and Souvenir Production Department, Head of Production, Director of ANYKŠČIŲ VYNAS AB
He has no shares either of ANYKŠČIŲ VYNAS AB or the Company Group ALITA AB.

Artūras Tiurinas
Education: University degree (Bachelor and Master degree in Managing and Business Administration).
He had no shares either of ANYKŠČIŲ VYNAS AB or the Company Group ALITA AB.

Head of the Company (the director) and Chief Accountant of ANYKŠČIŲ VYNAS AB:

Name, surname	Position	Beginning of term	End of term
Audrius Zuzevičius	General Manager	20/01/2012	
Audronė Zemlevičienė	Chief Accountant	19/05/2005	

The addinional information about the managing bodies and Chief Accountant of ANYKŠČIŲ VYNAS AB:

Audrius Zuzevičius
The information about the General Director is near the information about the Board members.

Audronė Zemlevičienė
University degree, economist.
For the past 10 years worked in the Company as an accountant, deputy Chief Accountant, Chief Accountant.
Has no shares either of ANYKŠČIŲ VYNAS AB or the Company Group ALITA AB

No loans were granted, guaranties issued or sureties granted for covering the obligations of the Managing Bodies of ANYKŠČIŲ VYNAS AB.

There is no conflict of interests between the duties and responsibilities of the Members of the Board and administrative management to the Company and their private interests.

The information about estimated average amounts for Anykščių vynas AB one member of the Board and the Administration during the 1st half of 2013 and 2014:

	Average members number during the period		Benefits for carrying out the Supervisory Board or the Board member functions, thousand LTL		Salary and related benefits, thousand LTL		Other benefits, thousand LTL		Average benefits for one member, thousand LTL per month	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Board members	3	4	-	-	50.4	35.8	-	-	2.8	1.5
Administartion members	2	2	-	-	81.9	62.7	-	-	6.8	5.2

2.10. The Audit committee

No Audit Committee is formed in the Company. The role of the Audit Committee, according to the Law of Audit, was performed by the parent company's Company Group ALITA AB Audit Committee. From 19 April 2013, according to the decision of the Company's Group ALITA AB General Shareholders Meeting, the role of the Audit Committee was delegated to the Supervisory Board of the Company's Group ALITA AB.

2.11. Significant agreements and related party transactions

Parties related to the Company are considered to be shareholders, employees, members of the Board, their close relatives and entities that directly and indirectly control the companies constituting the Group or are controlled individually or together with another party that is also recognised to be a related (associated) party, under the condition that the relation enables one of the parties to control another party or have a significant influence upon the other party's financial and management decisions.

The Company and its employees are related by employment relations, on the basis where the employees of the Company are paid their salaries.

There are no significant transactions concluded with the shareholders, employees, members of the Board or their close relatives.

The Company has concluded agreements which are important for the Company's activity. These agreements include sureties, the purchasing and selling of the goods, service rendering transactions.

Sureties between the companies of the group

The subsidiary of the Company, ANYKŠČIŲ VYNAS AB, has undertaken to provide surety to Swedbank, AB, to the extent of its assets, and has pledged the immovable property, equipment, land lease rights, all circulating stocks of goods, all current and future funds in Swedbank, AB, and part of trademarks, securing the discharge of the obligations of the Company under the credit agreements with Swedbank, AB. Anykščių vynas AB has also pledged part of its brands securing the discharge of the obligations of the Company under the credit agreement with Šiaulių bankas AB.

Company Group ALITA AB has provided a surety for Swedbank AB in respect of the LTL 7.4 credit line opened for the benefit of ANYKŠČIŲ VYNAS AB.

2.12. Issuer's or its bodies', formed committees or employees agreements

There are no any agreements concluded with Issuer's or its bodies', formed commities or employees providing for compensations if they resigned or were dismissed without without a reasonable cause or if their work terminated due to the change of control of the Issuer.

2.13. Information about other significant agreements between related parties

The information about significant agreements and agreements between the related parties of the 1st half of 2014 and the previous periods is publicated in the not audited financial statements of the 1st half of the year 2014 of ANYKŠČIŲ VYNAS AB and the previous financial statements, which could be found at Central regulated information database www.nasdaqomxbaltic.com and at webpage www.anvynas.lt.

2.14. Data about the publicly disclosed information

The Company, complying with governing legislation regarding the securities market, via NASDAQ OMX Vilnius information disclosure and distribution system's OMX Company News Service website www.nasdaqomx.com/vilnius and via ANYKŠČIŲ VYNAS AB website www.anvynas.lt/investuotojams publicly published the following most important information:

Date	Name of the notification
28/02/2014	Unaudited activity result of AB "ANYKŠČIŲ VYNAS" for the year of 2013
07/03/2014	Supreme Administrative Court of Lithuania upheld the decision of Vilnius District Administrative Court
18/03/2014	Regarding amendment to the credit agreement
18/03/2014	Regarding the adopted decisions of the Board of public limited liability company ANYKŠČIŲ VYNAS, related to the Annual General Meeting of Shareholders, being convened
18/03/2014	Regarding convocation of Annual General Meeting of Shareholders of public limited liability company ANYKŠČIŲ VYNAS
09/04/2014	ANYKŠČIŲ VYNAS AB annual information for 2013
09/04/2014	Decisions of annual general meeting of shareholders of public limited liability company ANYKSCIŲ VYNAS
05/05/2014	Unaudited activity result of AB "ANYKŠČIŲ VYNAS" for the three months of 2014

2.15. The risk factors related with the Issuer's activity

The main risk factors which had impact for the Company's economic - financial perfomance in the 1st half of the year 2014 and may also have impact in the future:

Legal risk.

The Company's activities and sales both on the local and foreign markets may be affected by the state policy and future decisions concerning the increase of excise duty, customs, product marking, other requirements for the products or production processes, restrictions on advertising and retail trade, judicial or arbitral decisions.

Failure to timely adjust to the requirements of new legal acts or decisions, regulating production and trading of alcoholic beverages, e.g. for quality, marking, packaging, may temporarily reduce the production volumes, which, in its turn, may have an effect on the Company's business prospects and cause contingent expenses for the fulfilment of obligations or payment of penalties.

Consumption.

Most of the Company's trademarks are well known in the local market. The Company's ability to retain competitiveness of its trademarks depends on its success to offer the consumers the product which they find attractive. But the consumer's preferences toward certain product may change due to social or economic factors.

The general economical situation and a decrease on the income level per person as well as additional taxes influence the consumption habits. Part of consumers may choose cheaper products produced by the Company or its competitors. Increased competition in the market of alcoholic beverages encourages a decrease in a general price level.

Market risk. Currency rates.

The Company's functional currency is Litas. The Company is exposed to the currency risk in respect of procurement and borrowing from banks as well as due to sales and accounts receivable in other currencies than Litas or Euro. The risk associated with operations in Euro is considered insignificant as long as the Litas is pegged to the Euro at a fixed rate. In the event of the devaluation of the Litas in respect of the Euro, the Company's expenses may increase and will have to be covered from the Company's own resources.

Supply.

Global changes in the demand and supply, the uncertainty about the natural and weather conditions and (or) government policies may cause price fluctuations of the main raw materials used in the production of alcoholic drinks. Such unpredictable fluctuations in the price for raw materials and packaging may have an effect on the Company's results of performance.

Energy resources used by the Company are natural gas, electricity and water. Supply prices of some of the resources on the domestic market depend on the trends on the global energy markets.

Seasonality.

Pronounced seasonality affects only production of products made from apples, the supply of which directly depends on natural conditions and sales volumes depend on the prices in the European market.

Credit risk.

Due to the specificity of activity the Company is exposed to a large credit risk concentration: around 81% of turnover is related to a few major wholesale customers. The Company applies procedures, ensuring assessment and monitoring of the customers' credibility as well as encouragement of more favourable terms of settlement. The Company does not guarantee for the other parties trading obligations.

Financial risk.

As at 30 June 2014 the Company had LTL 8.4m of short term loans. The Company had no long term loans and leasing liabilities. The current level of the Company's financial debt may affect that the additional attraction of the loaned capital to carry out the future financial demands could be relatively complicated and/or relatively expensive.

More information about the Company's loans, interest rates is in not audited financial statements' of the 1st half of 2014 Note10.

Environmental protection.

In its activities the Company must comply with various rules of the environmental protection, regulating the marking, use and storage of various harmful substances used in the activities of the Company. These rules obligate to implement procedures and technologies that allow a proper management of any hazardous substances, provides for the liability when managing and eliminating any pollution of the environment. Besides the liability for the current activities, the Company may have to be liable for any its past activities if it turned out that any harm to the environment was made. Also, any changes in the regulations in the area of the environment protection, both on the national and international level, may oblige the Company to take measures to comply with the newly set standards. This may have a negative effect to the activities, financial status and results of the Company.

Quality of the Products.

Real or hypothetical risks related to the quality and safety of the products or their effects on health may result in the liability of the Company and adversely affect its activities and reputation. Despite mechanisms of control applied in the activities of the Company, there are no warranties or guarantees that any product offered by the Company may be recognised as failing to meet quality standards or not suitable for further processing and consumption. Therefore the Company may be forced to withdraw such products or destroy them and to take responsibility if any of such products would cause hazard to consumers' health. Withdrawal of large amount of products and any requests to compensate the damage caused by the use of such products may result in long-term restrictions on appearance of such products in the market and a loss of confidence in the Company's products. Even if it cleared out that that suspicions concerning the safety of the products are not grounded, the negative public opinion may have a strong adverse effect on the reputation, image and name of the Company.

Intellectual property.

The Company puts much effort for the protection of its intellectual property rights, including registration of trademarks, patents and website addresses. The Company also uses security measures and signs contracts in order to protect its confidential information. Yet, the Company may not be sure that the measures taken will be sufficient or that the third parties will not violate or unlawfully takeover the Company's intellectual property rights. Due to the popularity of the Company's products among consumers there may be attempts to falsify its products. In the event substandard or even health hazardous product imitations appeared on the market, the Company might suffer losses. The failure of the Company to protect its intellectual property rights against the abuse or unlawful takeover may also affect the Company's performance results and future business development.

Other social, technical-technological and ecological factors are deemed to have no major impact on the Company's business-financial activities in 2014.

2.16. Termination or reduction of production that has exercised or exercises material impact on the results of the Issuer during the last two financial (business) years

During the last two years there were no termiantion of production.

2.17. The main lawsuits and arbitrations

The information about the main lawsuit and arbitrations is presented in the explanatory note no. 13of the 1st half of the year 2014 not audited interim financial statements.

3. INFORMATION ABOUT THE ISSUER

3.1. The short history of the Issuer and the review of the main products

ANYKŠČIŲ VYNAS AB was founded in 1926 – it is the oldest company in the East Baltic region which began to produce wine in the industrial way. The founder is a certified agronomist Balys Karazija.

Balys Karazija was constantly expanding shops, buying more modern equipment and became the first widely recognized Lithuanian winemaker. Already in 1938 he was recognized internationaly. In 1938 in International Exibition in Paris wine "Birutė" won the top prize, and two other wines were awarded by gold medals.

In 1940 the winery of B. Karazija was nationalized. In the postwar time there was a lack of raw material, new equipment, technology. Only in the 1960s, approximately after ten years of reconstruction, the winery came to life again. In 1968 ANYKŠČIŲ VYNAS AB was awarded a diploma and three medals at the All-union Exhibition of Economic Achievements, successfully participated in the international exhibitions in the USA, Canada, Chile, Great Britain, Poland, etc. In 1969 and 1972 the natural Lithuanian wines "Jubiliejinis" and "Šermukšnėlė" were given the grade of quality. When M. Gorbačiovas started his anti-alcoholic campaign, the country's leading winery was turned into a food-producing plant, producing cool drinks, sweets and the other non-alcoholic production.

Since 1988 it produces apple concentrated juice according to the technology of the Swiss company "Unipektin". In 1995 the Company has been awarded the International Diamond Star and International Europe Award for the quality.

Today ANYKŠČIŲ VYNAS AB is the Company which can process about 35 thousand tonnes of fruits and berries, also makes notable taste and high quality drinks from natural materials – fruit wine, cider, bitters, liquers, spirit drinks.

The assortment of the Company's production was constantly changing according to the consumer's taste, but the natural black current wine is still one of the most popular. In 2007 the black currant wine, was granted a name Voruta a legendary king's Mindaugas castle that as explorers guess was near Anykščiai. Being popular several years ago the traditional Lithuanian drinks – natural wines – find their consumer and a team of admirers again. This was proved in December, 2009 when the black currant wine "Voruta" was awarded the name of the Nation Heritage by the Ministry of Agriculture of Lithuania. The natural black currant wine "Voruta" was awarded the gold medal in the competition "The Lithuanian Year Product 2010". It was already the second award of this product. In 2009 "Voruta" was also awarded the gold medal in the competition of the alcoholic drinks "Zolotoj Grifon" in Yalta. Natural chokeberry wine "Voruta" in the competition "Lithuanian Product of the Year 2011" was awarded by gold medal. In 2014 the new flavour of natural wines was added – garden berries. This product had been successfully integrated into "Voruta" natural wines family, which already contains such flavours as apple, chokeberry, cherry and black current.
In 2013 the new flavour of natural wines was added – apple wine. This product had been successfully integrated into "Voruta" natural wines family.

3.2. Quality and environment managing systems

ANYKŠČIŲ VYNAS AB maintain and continuously improves its quality managing system in accordance with LST EN ISO 9001:2008 (ISO 9001:2008) standard. The quality concept applies not only to the final product but also the way the Company presents its products to the market, how fast and in what manner responds to the consumer's comments.

The activity of each organization has an influence not only on the production quality but also on the environment, people and workers' health. In order to manage its activity's, products' influence upon the environment the Company operates in conformity with the requirements of the standards of the Environment Management System LST EN ISO 14001:2004 (ISO 14001:2004).

On 7 July 2014 the international certification company TUV UOLEKTIS UAB made the second integrated managing system audit of ANYKŠČIŲ VYNAS AB. During the audit the compliance with ISO 9001 and ISO 14001 standards' requirements was inspected. There was no incompliance found. On 26 August 2011 the Company was issued the TIC (TUV International Certification) certificate confirming the compliance of Quality Management System to ISO 9001:2008 (LST EN 9001:2008) and ISO 14001:2004 (LST EN ISO 14001:2005) standards' requirements, which is valid till August 2017.

On the 1st half of 2014 ANYKŠČIŲ VYNAS AB carried out the environmental objectives and targets. The main source of pollution is the boiler house and apple cake stove. On the 1st half of 2014 permitted pollution amount into atmosphere noted in pollution permission No TA (2)-12 had not been exceeded. The Company had not got any fines; there were no restrictions or halt of production for environmental pollution. There were no any other factors of risk or accidents.

The Company has the agreements with packaging waste recycler.

The special attention is paid for the quality of production and raw materials. The quality of production is constantly controlled by the employees of production control laboratory, who are working in accordance with the law of LR and EU. On the 1st half of 2014 there were no official complaints from consumers or regulatory authorities for the noncompliance of quality of production to the quality requirements. The manufacturing technology laboratory employees are continuously getting acquainted with the new requirements of legal acts of EU and national legal acts requirements that regulated manufacturing of alcoholic beverages, analyse new methods of alcoholic beverages' examination, apply in their work changes of the methods of technology and control.

3.3. Belonging to the associated organizations

On the 1st half of 2014 ANYKŠČIŲ VYNAS AB belonged to the association of Panevėžys Chamber of Commerce, industry and crafts.

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

3.4. Short review about activities

Despite of strong competition in the local market and unfavourable excise policy (unfavourable excise policy for fruit wines while this policy is favourable for the strong beer) the Company's sales increased by 11%.

The special attention was still paid to natural wine "Voruta". In 2014 the new flavour of natural wines was added – garden berries. This product had been successfully integrated into "Voruta" natural wines family, which already contains such flavours as apple, chokeberry, cherry and black current. The release of new products and successful marketing strategy gave positive results – 1.6 times more natural wine by quantity was sold compared with the same period last year. The revenues of natural wine had increased by 30% during the 1st half of the year 2014.

Company continued working with export customers in Latvia, Estonia, UK, and USA. The Company exports natural wines, special technology fruit wines and apple products.

More information about the Company's financial situation and general revenues data is presented in not audited financial statements for the 1st half of the year 2014.

4. FINANCE

ANYKŠČIŲ VYNAS AB consolidated activity results for the 1st half of the year 2014 according to the International Accounting Standards is LTL 0.4 million (EUR 0.1 m) loss before taxes. During the 1st half of the year 2013 the loss of the Company was LTL 1.0 million (EUR 0.3 m) before taxes.

The sales revenues for the 1st half of 2014 amounts to LTL 5.6 million (EUR 1.6 m) and compared with the same period of 2013 had increased 11 percentage.

Other Company's financial activity's information is presented in the 1st half of the year 2014 not audited interim financial statements.

ANYKŠČIŲ VYNAS AB not audited interim financial statements can be found at NASDAQ OMX Vilnius information disclosure and distribution system's OMX Company News Service website www.nasdaqomx.com/vilnius and in ANYKŠČIŲ VYNAS AB website www.anvynas.lt/investuotojams.

Director Audrius Zuzevičius