



**UAB KPMG Lietuva**  
**Auditas Apskaita Konsultacijos**

Vytauto g. 12  
2004 Vilnius  
Lietuva/Lithuania

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Juridinių asmenų registras  
Įmonės registravimo Nr. UJ 94-154

**AB Vilniaus Degtinė**

**Statutory financial statements  
for the year 2003**

**Vilniaus degtinė SA 03 e**

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## Company details

### AB Vilniaus degtinė

Telephone	+370 5 233 03 85
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Entity's code	2005728
Registered office:	Panerių 47/2, Vilnius LT-2006

### Board

R.Čičirka (Chairman of the Board)  
D.Kerbelis  
A.Galuška  
M.Šulčys  
P.Janulevičius

### Management

Darius Žaromskis (Managing Director)

### Auditor

KPMG Lietuva

### Bankers

Vilniaus bankas  
Hansabankas  
Nord LB Lietuva

## **Auditor's report to the shareholders of AB Vilniaus degtinė**

### **Scope**

We have audited the accompanying balance sheet of AB Vilniaus degtinė as at 31 December 2003 and the related statements of income, profit appropriation and cash flows for the year then ended.

### **Respective responsibilities of directors and auditors**

These financial statements are the responsibility of the directors. Our responsibility is to express an opinion on these financial statements based on our audit.

### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing as promulgated by the International Federation of Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

### **Qualifications**

In 1995 the company made a prepayment to the tax authorities of 3,630 tLitas. However, the tax authorities claimed that this payment was never received to their bank account. In May 2000 the Court of Appeals issued a decision in favour of the tax authorities. However, the company still expects to receive a favourable decision of the Supreme Court at the end of April 2004 and is still keeping the prepayment of 3,630 tLitas in the balance sheet without any provisions. Consequently, we have to qualify for this amount.

The company's non-current assets include, amongst others, an unfinished construction amounting to 6,848 tLitas and a building for juice production of 320 tLitas. At present the company is not using these assets or is using them only partly. In our opinion, these assets should be measured at the lower of their book and net realisable value. Based on the asset appraisal report dated 6 February 2004, the market value of unfinished construction amounts to 4,350 tLitas. Therefore, in our opinion, the book value of these non-current assets should be reduced by 2,818 tLitas.

During the audit we noticed that accounts receivable include bad and doubtful debtors outstanding from previous years. In our opinion, a provision of approximately 3,240 tLitas should be made to cover the risk of bad and doubtful accounts receivable.

During the audit we also noticed that inventories include obsolete and slow moving raw materials and consumables. In our opinion, a provision of approximately 1,580 tLitas should be made to cover the risk of obsolete and slow moving inventories.

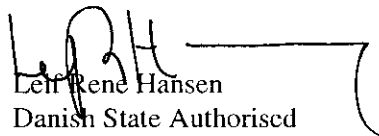
Furthermore, accrued expenses at 31 December 2003 are understated by 490 tLitas as well as part of the company's expenses for the year 2003 including payments to employees under the rules for social guarantees of 64 tLitas are recorded directly on the shareholders' equity.

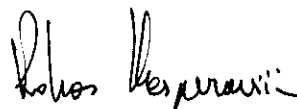
The above mentioned amounts mainly relate to the previous years and therefore should have been adjusted directly on the shareholder's equity. If the above amounts were recorded, the shareholder's equity would have been less by 11,758 tLitas and the result for the year 2003 would have been less by 166 tLitas.

## Opinion

In our opinion, except for the impact of the matters referred to in the preceding paragraphs, the financial statements give a true and fair view of the financial position of the company as at 31 December 2003, and of the results of its operations and its cash flows for the year then ended in accordance with the provisions of Lithuanian accounting legislation.

Vilnius, 19 April 2004  
KPMG Lietuva

  
Lene Rene Hansen  
Danish State Authorised  
Public Accountant

  
Rokas Kasperavičius  
Lithuanian State  
Certified Auditor

## Explanatory note

AB "Vilniaus degtinė" was registered on 8 May 1995 as an independent joint stock company. The Company is engaged in production and wholesale and retail trade of vodka - liqueur products and other alcohol beverages, as well as non-denatured and denatured ethyl alcohol. The main part of turnover (93.0%) consisted of sold vodka and liqueur products. At 31 December 2003 the Company had 11 shops, which were selling the Company's produced products at retail prices.

At 31 December 2003 the Company's share capital amounted to 24,408.4 tLitas. In October 2003 the State Assets Fund has concluded the share purchase - sell agreement for the shares owned by the state and in November 2003 the fund has signed the share transfer - acceptance statement. Consequently, the share capital of 20,081.1 tLitas (82.3%) owned by the state was sold to the Polish company "Sobieski Dystrybucja Sp.z.o.o.". The remaining part of the share capital of 4,327.3 tLitas (17.7%) was owned by physical and legal persons.

The acquisition cost of the Company's intangible non-current assets increased by 194.4 tLitas during the year. The accumulated depreciation increased by 64.7 tLitas. The acquisition cost of the tangible non-current assets increased by 233.0 tLitas during the year. The accumulated depreciation increased by 1,473.3 tLitas. The investments amounted to 781 tLitas and repairs amounted to 126 tLitas. The notes of non-current assets are presented in note I and J to the statutory financial statements.

Assets with the acquisition cost not less than 500 Litas and with the useful lifetime not less than 1 year are capitalised.

The Company's accounts receivable compared with the year 2002 increased by 4,644.8 tLitas due to the changed payment terms for customers. Having sold the part of share capital previously owned by the state, the requirement to customers for prepayments was annulled.

The Company's accounts payable compared with the year 2002 increased by 1,374.0 tLitas. The balance of trade creditors increased by 1,335.3 tLitas after the payment terms were set to be more favourable for the Company. The balance of payable taxes increased by 1,108.1 tLitas after the payment terms were changed and in relation to the increased turnover. Other payables decreased by 540.3 tLitas. The balance of leasing payables to UAB "VB lizingas" decreased by 132.1 tLitas. The balance of prepayments received decreased by 183.6 tLitas.

The balance of the Company's inventories during the year decreased by 74.8 tLitas. The balance of raw and non-denatured ethyl alcohol increased by 627.3 tLitas due to the decreased sales of non-denatured ethyl alcohol. The balance of produced alcohol beverages increased by 169.2 tLitas as the production of them during the year exceeded their sales. The balance of other inventories (tara of 400.1 tLitas, juice of 370.5 tLitas, aromatises of 40.9 tLitas, juice concentrates of 62.6 tLitas) decreased in relation to the increase of production and trade of alcohol beverages, i.e. these inventories were consumed by the Company in its production.

In 2003 the amount of sold alcohol beverages in quantities increased by 9.5% if to compare with the year 2002. However, the amount of sold non-denatured ethyl alcohol decreased by 51%. Consequently, the turnover for the year 2003 increased only by 1.2% and amounted to 26,286.6 tLitas.

Due to the decrease of purchase prices of raw materials and consumables the cost of sales increased only by 0.2% (29.9 tLitas) if to compare with the year 2002. That resulted in the increased gross profit by 275.6 tLitas or by 2.9%.

Operating expenses for 2003 increased by 1,144.8 tLitas. The increase was partly influenced by the change of accounting principles, i.e. taking into consideration the auditor's comments, tax expenses and bank charges of 691.3 tLitas were reclassified to operating expenses from other activity and financial expenses. The increase of tax expenses (by 76.5 tLitas) if to compare with the year 2002 was influenced by the adoption of the tax on packing.

In order to increase the market, the Company invested more funds for the advertising of its products and for marketing services. These expenses increased by 713.1 tLitas if to compare with the year 2002. Consequently, the Company ordinary profit for the year 2003 decreased by 148.2 tLitas and amounted to 156.1 tLitas.

The Company's extraordinary gain of 134.7 tLitas as to the income statement for the year 2003 can be specified as follows:

- Due to the application of VAT relief for disabled persons (124.1 tLitas);
- Due to the reverse of previously written-off inventories (10.6 tLitas).

Consequently, the profit before taxation for the year 2003 amounted to 290.8 tLitas and the net profit for the year 2003 amounted to 241.0 tLitas.

The average number of employees during the year 2003 decreased by 1 employee if to compare with the year 2002 and amounted to 253 employees. The labour costs increased by 205.9 tLitas due to leave compensations paid at the year-end to dis-missed employees and due to the increased production volumes.

Vilnius, 19 April 2004

Raimonda Palionienė  
Chief Accountant

## **Accounting policies**

The statutory financial statements of AB Vilniaus degtinė have been prepared in accordance with the provisions of Lithuanian accounting legislation. The accounting policies of the company as set out below are consistent with those of the preceding year.

## **Income statement**

### **Turnover**

Turnover from sales of goods and services is included in the income statement where delivery has been affected by the balance sheet date.

### **Cost of sales**

Cost of produced goods and rendered services includes raw materials and consumables, depreciation and labour costs and allocated portion of indirect production overheads incurred to obtain the turnover of the year.

### **Selling, general and administrative expenses**

Selling, general and administrative expenses comprise costs of sales personnel, advertising and exhibition expenses, as well as expenses regarding administrative staff, management, office premises and office expenses, etc. including depreciation and amortisation.

### **Other activity income and expenses**

Other activity items comprise secondary items in relation to the primary activities.

### **Financial income and expenses**

Financial income and expenses comprise interest receivable and payable, as well as realised and unrealised currency exchange gains and losses regarding debtors and creditors denominated in foreign currencies.

### **Extraordinary gain and loss**

Extraordinary items comprise items resulting from the activities other than ordinary ones.



**Tax on profit for the year**

The expected tax payable on the taxable income for the year is charged to the income statement. No provisions for deferred taxation are recorded.

**Balance sheet****Intangible non-current assets**

Intangible non-current assets are stated at purchase or cost price less accumulated amortisation. Amortisation is provided on a straight-line basis over the expected useful lives of the assets. The amortisation period for intangible non-current assets is 1 to 3 years.

**Tangible non-current assets**

Tangible non-current assets are stated at purchase price including indexations in accordance with the resolutions of the Government during 1991 to 1995 less accumulated depreciation or at utility value, where this is lower for reasons not being considered temporary. Depreciation is provided on a straight-line basis over the expected useful lives of the assets.

The expected useful lives are considered as follows:

Buildings	20 to 100 years
Plant and machinery	5 to 20 years
Other	4 to 15 years

Assets with the acquisition cost less than 500 Litass and with the useful lifetime less than 1 year are charged to the income statement in the year of acquisition.

**Inventories**

Raw materials and consumables and goods for resale are recorded at a purchase price including transport costs. Work in progress and finished goods are recorded at production costs consisting of raw materials and consumables, depreciation and labour costs with the addition of indirect production overheads directly or indirectly related to individual goods.

Write-down to the net realisable value is made for items, where the expected sales price less any completion costs and marketing-related costs (net realisable value) is lower than the purchase price or cost price.

Inventories are valued based on the FIFO method.

## Accounts receivable

Accounts receivable are valued at nominal value less provisions for anticipated losses.

## Impairment losses

The carrying amounts of the company's assets, other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indications exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. The impairment losses are recognised in the income statement.

## Calculation of recoverable amount

The recoverable amount is the greater of the net selling price and the value in use. In assessing the value in use, the estimated future cash flows are discounted to the 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.

## Cash flow statement

The cash flow statement shows the company's inflows and outflows of cash during the year as well as the financial position at the end of the year. The cash flow is related to three major areas: operating activities, investing activities and financing.

The cash flow statement is drawn up in such a manner that net cash inflow (outflow) from operating activities is presented indirectly based on operating income and charges in the income statement.

**Cash and cash equivalents** include cash at bank and in hand and short-term securities stated under current assets.

**Net cash inflow (outflow) from operating activities** is calculated as the net result adjusted for non-cash items with the addition of an increase in, or reduction of, the working capital.

**Working capital** comprises current assets, excluding items included in cash and cash equivalents and short-term creditors, excluding loans, taxation and dividends. Therefore, cash at bank and in hand and any securities stated under current assets are not included.

**Net cash inflow (outflow) from investing activities** comprise acquisitions and disposals of non-current assets. Acquisitions of non-current assets are stated at a cost price. Disposals of non-current assets are stated at a sales price less the related expenses.

**Net cash inflow (outflow) from financing** comprise payments to and from shareholders as well as receipts from and repayment of debt and other long-term and short-term creditors not included under the working capital.

## **Foreign currency translation**

Transactions denominated in foreign currencies are translated into Litas at the exchange rates ruling at the transaction date.

Debtors and creditors denominated in foreign currencies are translated into Litas at the official exchange rates ruling at the balance sheet date. Realised and unrealised profits and losses on foreign exchange are included in the income statement under financial income or expenses.

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(tLitas / LTL'000 = thousand Litas)

1 EUR = 3.4528 Litas

## **Statutory financial statements**

Name of the company: AB Vilniaus degtinė

Form A\*

Address: Panerių 47/2, Vilnius

Approval date:

**31 December 2003**  
**Balance sheet**  
**(Litas)**

Row No	Assets	Codes	Financial year	Previous financial year
<b>A.</b>	<b>Long-term assets</b>		<b>20 068 220</b>	<b>21 179 031</b>
I.	FORMATION COST			
I.1.	Capital change and company's formation			
I.2.	Issue of bonds			
I.3.	Other formation items			
I.4.	Reorganisation			
II.	INTANGIBLE ASSETS		181 629	52 002
II.1.	Research and development cost			
II.2.	Acquired rights		181 629	52 002
II.3.	Goodwill			
II.4.	Prepaid costs			
III.	TANGIBLE ASSETS		19 886 591	21 126 864
III.1.	Land			
III.2.	Buildings		5 340 630	5 452 392
III.3.	Plant and machinery		5 702 876	6 752 281
III.4.	Transport vehicles		142 116	238 155
III.5.	Other tools and equipment		499 521	556 956
III.6.	Leasing and similar rights		1 165 763	1 042 006
III.7.	Other tangible assets		187 847	237 236
III.8.	Construction in progress and prepayments		6 847 838	6 847 838
IV.	FINANCIAL LONG-TERM ASSETS		0	165
IV.1.	Participation in other companies			
IV.1.1.	Investments			
IV.1.2.	Amounts receivable			
IV.2.	Other financial long-term assets		0	165
IV.2.1.	Own shares			
IV.2.2.	Other investments			
IV.2.3.	Other amounts receivable		0	165
V.	AMOUNTS RECEIVABLE AFTER ONE YEAR			
V.1.	Trade debtors			
V.2.	Other amounts receivable			

Row No	Assets	Codes	Financial year	Previous financial year
<b>B.</b>	<b>Short-term assets</b>		<b>23 456 590</b>	<b>20 670 057</b>
I.	INVENTORIES AND CONTRACTS IN PROGRESS		8 822 899	8 897 651
I.1.	Inventories		8 822 899	8 897 651
I.1.1.	Raw materials and consumables		7 575 507	7 735 853
I.1.2.	Work in progress		41 238	26 014
I.1.3.	Completed goods		1 048 914	879 668
I.1.4.	Goods for resale		117 168	177 814
I.1.5.	Fixed assets for resale			
I.1.6.	Prepayments		40 072	78 302
I.2.	Contracts in progress			
II.	AMOUNTS RECEIVABLE WITHIN ONE YEAR		12 473 942	7 830 634
II.1.	Trade debtors		7 574 554	2 896 545
II.2.	Other amounts receivable		4 899 388	4 934 089
II.2.1.	Called but unpaid share capital			
II.2.2.	Other debts		4 899 388	4 934 089
III.	INVESTMENTS AND TERM DEPOSITS			
III.1.	Own shares			
III.2.	Other investments and term deposits			
IV.	CASH IN HAND AND AT BANK		2 159 749	3 941 772
<b>C.</b>	<b>Accrued (receivable) income and deferred expenses</b>		<b>189 236</b>	<b>282 207</b>
	TOTAL ASSETS		<b>43 714 046</b>	<b>42 131 295</b>

Row No	Shareholders' equity and liabilities	Codes	Financial year	Previous financial year
<b>A.</b>	<b>Capital and reserves</b>		<b>36 826 216</b>	<b>36 648 986</b>
I.	CAPITAL		24 408 431	24 408 431
I.1.	Share (subscribed) capital		24 408 431	24 408 431
I.2.	Uncalled capital (-)			
II.	SHARE PREMIUMS			
III.	REVALUATION RESERVE			
IV.	RESERVES		12 176 762	12 240 555
IV.1.	Compulsory reserves		2 440 843	2 440 843
IV.2.	Restricted reserves		2 674 841	2 674 841
IV.3.	Unrestricted reserves		7 061 078	7 124 871
V.	RETAINED EARNINGS (ACCUMULATED LOSSES)		241 023	0
V.1.	Current year		241 023	0
V.2.	Previous years (-)			
<b>B.</b>	<b>Financing (grants and subsidies)</b>			

Row No	Shareholders' equity and liabilities	Codes	Financial year	Previous financial year
<b>C.</b>	<b>Provisions and deferred taxes</b>			
I.	PROVISIONS TO COVER			
	OBLIGATIONS AND CLAIMS			
I.1.	Pensions and similar obligations			
I.2.	Taxes			
I.2.1.	Extraordinary			
I.2.2.	Other			
I.3.	Capital repairs and significant maintenance works			
I.4.	Other			
II.	DEFERRED TAXES			
II.1.	Capital subsidies			
II.2.	Other			
<b>D.</b>	<b>Amounts payable and liabilities</b>		<b>6 788 264</b>	<b>5 414 273</b>
I.	AMOUNTS PAYABLE AFTER ONE YEAR AND			
	LONG-TERM LIABILITIES		150 046	277 797
I.1.	Financial debts		150 046	277 797
I.1.1.	Secondary			
I.1.2.	Not secondary			
I.1.3.	Leasing and similar liabilities		150 046	277 797
I.1.4.	Credit institutions			
I.1.5.	Other			
I.2.	Trade creditors			
I.2.1.	Suppliers			
I.2.2.	Payable bills of exchange			
I.3.	Received prepayments			
I.4.	Other amounts payable and long-term liabilities			
II.	AMOUNTS PAYABLE WITHIN ONE YEAR AND			
	SHORT-TERM LIABILITIES		6 638 218	5 136 476
II.1.	Current year portion of long-term debts		262 230	266 603
II.2.	Financial debts			
II.2.1.	Credit institutions			
II.2.2.	Other			
II.3.	Trade creditors		2 667 194	1 331 931
II.3.1.	Suppliers		2 667 194	1 331 931
II.3.2.	Payable bills of exchange			
II.4.	Received prepayments		93 771	277 404
II.5.	Taxes, salaries and social insurance		3 607 023	2 712 264
II.5.1.	Taxes		3 556 944	2 448 767
II.5.2.	Salaries		0	164 350
II.5.3.	Social insurance		50 079	99 147
II.6.	Other amounts payable and short-term liabilities		8 000	548 274
<b>E.</b>	<b>Accrued expenses</b>			
	<b>and deferred income</b>		<b>99 566</b>	<b>68 036</b>
	<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>43 714 046</b>	<b>42 131 295</b>

Signature of Managing Director .....

Signature of Chief Financier

(Chief Accountant) .....

Name of the company: AB Vilniaus degtinė

Form B\*

Address: Panerių 47/2, Vilnius

Approval date:

**31 December 2003**  
**Profit and loss account**  
**(Litas)**

Row No	Lines	Codes	Financial year	Previous financial year
I	SALES AND SERVICES		26 286 621	25 981 124
I.1.	Income from sold goods		26 203 308	25 917 610
I.2.	Income from rendered services		83 313	63 514
II.	COST OF SOLD GOODS			
	AND RENDERED SERVICES		(16 446 690)	(16 416 783)
II.1.	Raw materials, consumables and goods for resale		(16 446 690)	(16 416 783)
II.2.	Services, works and researches			
III.	GROSS PROFIT		9 839 931	9 564 341
	(LOSS)			
IV.	OPERATING EXPENSES		(9 692 920)	(8 548 155)
IV.1.	Sales		(3 475 659)	(2 899 430)
IV.2.	General and administration		(6 217 261)	(5 648 725)
V.	OPERATING PROFIT		147 011	1 016 186
	(LOSS)			
VI.	OTHER ACTIVITIES		145	( 506 955)
VI.1.	Income		818	0
VI.2.	Expenses		( 673)	( 506 955)
VII.	FINANCIAL AND INVESTING ACTIVITIES		8 991	( 204 883)
VII.1.	Income		56 640	81 845
VII.2.	Expenses		( 47 649)	( 286 728)
VIII.	PROFIT ON ORDINARY ACTIVITIES		156 147	304 348
	(LOSS)			
IX.	EXTRAORDINARY GAIN		134 653	315 891
X.	EXTRAORDINARY LOSS		0	( 35 335)
XI.	PROFIT BEFORE TAXATION		290 800	584 904
	(LOSS)			
XII.	PROFIT TAX		( 49 777)	( 3 917)
XIII.	NET PROFIT FOR APPROPRIATION		241 023	580 987
	(LOSS)			

Signature of Managing Director .....

Signature of Chief Financier

(Chief Accountant) .....



Name of the company: AB Vilniaus degtinė

Form C\*

Address: Panerių 47/2, Vilnius

Approval date:

**31 December 2003**  
**Profit (loss) appropriation account**  
**(Litas)**

Row No	Lines	Codes	Financial year	Previous financial year
I.	Accumulated profit at the beginning of the period		0	393 239
	(loss)			
II.	Net profit for the period		241 023	580 987
	(loss)			
III.	Profit for appropriation at the end of the period		241 023	974 226
	(loss)			
IV.	Shareholders' contributions to cover the loss			
V.	Transfers from reserves			
VI.	Profit for appropriation		241 023	974 226
VII.	Profit appropriation:		0	( 974 226)
VII.1.	to compulsory reserves			
VII.2.	to other reserves		0	( 486 057)
VII.3.	dividends		0	( 488 169)
VII.4.	other			
VIII.	Accumulated profit at the end of the period		241 023	0
	(loss)			

Signature of Managing Director .....

Signature of Chief Financier

(Chief Accountant) .....

*[Handwritten signatures and initials]*

Name of the company: AB Vilniaus degtinė

Form D\*

Address: Panerių 47/2, Vilnius

Approval date:

**31 December 2003**  
**Cash flow statement**  
**(Litas)**

Row No	Lines	Financial year		Previous financial year	
<b>I</b>	<b>Cash flows from operating activities</b>				
I.1.	Net profit (loss)	241 023		580 987	
I.2.	Depreciation and amortisation (change in inventories)	1 751 208		3 489 208	
I.3.	Currency exchange loss (gain)	( 13 701)		( 889)	
I.4.	Extraordinary loss (gain) from disposal of fixed assets	69 853		83 156	
I.5.	Decrease (increase) of trade debtors	(4 643 824)		( 38 671)	
I.6.	Increase (decrease) of trade creditors	1 335 263		( 84 818)	
I.7.	Increase (decrease) of other accounts payable	( 479 334)		( 437 235)	
I.8.	Increase (decrease) of payable taxes	1 108 693		462 486	
I.9.	Decrease (increase) of prepayments	131 201		( 18 747)	
I.10.	Loss (gain) from financial and investing activities	4 710		205 772	
	<u>Total cash flows from operating activities + / (-)</u>		( 494 908)		4 241 249
<b>II.</b>	<b>Cash flows from investing activities</b>				
II.1.	Disposal (acquisition) of fixed assets	( 673 893)		( 969 412)	
II.2.	Disposal (acquisition) of investments				
	<u>Total cash flows from investing activities + / (-)</u>		( 673 893)		( 969 412)
<b>III.</b>	<b>Cash flows from financial activities</b>				
III.1.	Issue of common and preferred shares				
III.2.	Purchase of own shares (-)				
III.3.	Issue of bonds				
III.4.	Repaid leasing obligations (-)	( 350 779)		( 318 174)	
III.5.	Increase (decrease) of bank debts				
III.6.	Other companies				
III.6.1.	increase (decrease) of amounts payable	218 655		597 384	
III.6.2.	decrease (increase) of amounts receivable	165		0	
III.7.	Paid dividends	( 490 254)		( 273 906)	
III.8.	Other cash income (outflow)	8 991		( 360 706)	
	<u>Total cash flows from financial activities + / (-)</u>		( 613 222)		( 355 402)
<b>IV.</b>	<b>Cash flows from extraordinary activities</b>				
IV.1.	Increase (decrease) of cash flows from extraordinary activities	0		9 609	
	<u>Total cash flows from extraordinary activities + / (-)</u>		0		9 609
<b>V.</b>	<b>Increase</b>			<b>2 926 044</b>	
	<b>(decrease) of cash flows</b>	<b>(1 782 023)</b>			
<b>VI.</b>	<b>Cash at the beginning of the period</b>	3 941 772		1 015 728	
<b>VII.</b>	<b>Cash at the end of the period</b>	2 159 749		3 941 772	

Signature of Managing Director .....

Signature of Chief Financier

(Chief Accountant) .....

Name of the company: AB Vilniaus degtinė

Form H\*

Address: Panerių 47/2, Vilnius

Approval date:

**Formation cost (Litas)**

Lines	Codes	Amount (Litas)
<i>Net book value at the end of the previous financial year</i>		0
Current year's changes:		
. Current year's costs, which increase formation cost		
. Amortisation of formation cost (-)		
. Other changes + / (-)		
<i>Net book value at the end of the current year</i>		<div>0</div>

Name of the company: AB Vilniaus degtinė  
Address: Panerių 47/2, Vilnius  
Approval date:

Form I\*

### Intangible fixed assets (Litas)

Lines	Codes	Research and development	Patents, licences, etc.	Goodwill	Prepayments
<b>a) ACQUISITION COST OF INTANGIBLE FIXED ASSETS</b>					
At the end of the previous financial year			435 589		
Current year's changes					
· Acquisition*			197 215		
· Disposed and written-off assets (-)			( 2 865)		
· Transfers among the groups +/-(-)					
At the end of the current year			629 939		
<b>b) WRITTEN-OFF AMOUNTS AND AMORTISATION (-)</b>					
At the end of the previous financial year			383 587		
Current year's changes					
· Amortisation			67 588		
· Corrections (-)					
· Disposals (-)					
· Written-off (-)			( 2 865)		
· Transfers among the groups +/-(-)					
At the end of the current year			448 310		
<b>d) NET BOOK VALUE AT THE END OF THE CURRENT YEAR</b>			<b>181 629</b>		

\* Acquisition cost of intangible fixed assets can be included after the certain costs related to the acquisitions are suffered.  
Unfinished intangible fixed assets are disclosed under "Prepayments".

Name of the company: AB Vilniaus degtinė  
Address: Panerių 47/2, Vilnius  
Approval date:

Form J\*

**Tangible fixed assets (Litas)**

Lines	Codes	Land and buildings	Plant and machinery	Transport vehicles	Other tools and equipment	Leasing and similar rights	Other tangible assets	Construction in progress and prepayments
<b>a) ACQUISITION COST</b>								
At the end of the previous financial year		2 206 882	11 026 898	891 035	1 314 472	1 112 535	422 154	169 173
Current year's changes								
· Acquisitions		0	156 686	1 400	95 895	220 627	2 570	0
· Disposals and disused assets (-)		0	(157 318)	0	(43 581)	0	(126)	0
· Transfers among the groups +/-		0	0	0	8 106	0	(8 106)	0
At the end of the current year		2 206 882	11 026 266	892 435	1 374 892	1 333 162	416 492	169 173
<b>b) REVALUATION *</b>								
At the end of the previous financial year		6 210 467	3 914 722	138 120	44 701	0	35 027	6 678 665
Current year's changes								
· Value increase								
· Disposals (-)		0	(23 698)	(286)	(19 151)	0	0	0
· Written-off (-)								
· Transfers among the groups +/-								
At the end of the current year		6 210 467	3 891 024	137 834	25 550	0	35 027	6 678 665
<b>c) WRITTEN-OFF AMOUNTS AND DEPRECIATION (-) **</b>								
At the end of the previous financial year		2 964 957	8 189 339	791 000	802 217	70 529	219 945	
Current year's changes								
· Increase		111 762	1 137 239	97 438	155 866	96 870	47 923	
· Corrections (-)								
· Disposals (-)		0	(112 164)	(285)	(61 233)	0	(125)	
· Written-off (-)		0	0	0	4 071	0	(4 071)	
· Transfers among the groups +/-								
At the end of the current year		3 076 719	9 214 414	888 153	900 921	167 399	263 672	
<b>d) NET BOOK VALUE AT THE END OF THE CURRENT YEAR (a+b-c)</b>		<b>5 340 630</b>	<b>5 702 876</b>	<b>142 116</b>	<b>499 521</b>	<b>1 165 763</b>	<b>187 847</b>	<b>6 847 838</b>

\* difference between revaluation and acquisition cost is included in b) part.

\*\* depreciation of the difference between revaluation and acquisition cost is included in c) part.

Name of the company: AB Vilniaus degtinė

Form K\*

Address: Panerių 47/2, Vilnius

Approval date:

### Financial fixed assets (Litas)

Lines	Codes	Investments **	
		Main investments	Other investments
a) ACQUISITION COST *			
At the end of the previous financial year		0	0
Current year's changes			
. Acquisition			
. Disposals (-)			
. Transfers among the groups +/-)			
At the end of the current year		0	0
b) VALUE INCREASE			
At the end of the previous financial year			
Current year's changes			
. Value increase during the current year			
. Annuls (-)			
. Transfers among the groups +/-)			
At the end of the current year			
c) AMORTISATION (-)			
At the end of the previous financial year			
Current year's changes			
. Value decrease during the current year			
. Corrections (-)			
. Annuls (-)			
. Transfers among the groups +/-)			
At the end of the current year			
d) UNCALLED AMOUNTS (-)			
At the end of the previous financial year			
Current year's changes +/-)			
At the end of the current year			
NET BOOK VALUE AT THE END OF THE YEAR (a+b-c-d)		0	0

\* Value of financial fixed assets is presented including uncalled amounts.

\*\*Investments exceeding 20% are presented in the section "Main investments".

Name of the company: AB Vilniaus degtinė

Form L.\*

Address: Panerių 47/2, Vilnius

Approval date:

### Note for share capital

Lines	Codes	Amounts (Litas)	Number of shares
A. Registered share capital			
1. Subscribed capital			
-At the end of the previous year		24 408 431	24 408 431
-current year's changes			
.....			
.....			
.....			
.....			
-At the end of the current year		<b>24 408 431</b>	<b>24 408 431</b>
2. Structure			
2.1. Categories of shares			
2.10. Common shares		24 408 431	24 408 431
2.11. Preferred shares			
2.2. State owned capital			
B. Uncalled and called but unpaid amounts		Uncalled amounts	Called but unpaid amounts
Shareholders-debtors*		(Litas)	
.....			
.....			
.....			
.....			
TOTAL			
		Amount of held own capital	Corresponding number of shares
C. Own shares held by the company			

\* The main shareholders-debtors are listed.

Name of the company: AB Vilniaus degtinė

Form M\*

Address: Panerių 47/2, Vilnius

Approval date:

**Note for debts (Litas)**

Lines	Codes	Debts or part of debts, payable		
A. Split of payable debts		within one financial year	after one year but within five years	after five years
Financial debts:				
1. Secondary debts				
2. Not secondary debts				
3. Leasing and similar obligations		262 230	150 046	
4. Credit institutions				
5. Loans from foreign credit institutions				
6. Other debts				
Trade creditors:				
1. Suppliers		2 667 194		
2. Bills of exchange				
Received prepayments		93 771		
Payable taxes, salaries and social insurance:				
1. Taxes		3 556 944		
2. Salaries and social insurance		50 079		
Other debts		8 000		
<b>TOTAL</b>		<b>6 638 218</b>	<b>150 046</b>	

B. Guaranteed debts	Codes	Debts, guaranteed by	
		Government	the company's pledged assets
Financial debts:			
1. Secondary debts			
2. Not secondary debts			
3. Leasing and similar obligations			
4. Credit institutions			
5. Other debts			
Trade creditors:			
1. Suppliers			
2. Bills of exchange			
Received prepayments			
Other debts			
<b>TOTAL</b>			



Name of the company: AB Vilniaus degtinė

Form N\*

Address: Panerių 47/2, Vilnius

Approval date:

**Company's rights and commitments not disclosed in the balance sheet\* (Litas)**

Lines	Codes	Current financial year
Guarantees issued or irrevocably promised by the company		
Including bills of exchange in circulation endorsed by the company		

\* Comments concerning significant unresolved cases influencing the financial position are attached to this note.

The company is in court case concerning the paid taxes of 3,630 tLitas. This amount was transferred from the company's bank account. However, the amount was not received by the tax authorities due to the fact that the bank went bankrupt. The company expects favourable decision at the Supreme Administration Court. No provision is recorded for this amount in the statutory financial statements.

The company concluded overdraft agreement with Vilniaus bankas. The agreement matures on 17 December 2004. The overdraft limit is 4,000 tLitas. The overdrafted is secured by pledged inventories of 9,000 tLitas and cash at the bank's accounts of 5,000 tLitas.

The company operates two excise warehouses at Panerių 47/2 in Vilnius and Audronių km., Obelių sen. in Rokiškis region. The total amount of written guarantee for the related tax obligations amounts to 6,389 tLitas.

The company is leasing equipment from UAB VB Lizingas. The book value of leased equipment at 31 December 2003 amounts to 1,166 tLitas.

Cash at bank includes restricted guarantee account of 239 tLitas. The guarantee is for the customs obligations.

Name of the company: AB Vilniaus degtinė

Form T\*

Address: Panerių 47/2, Vilnius

Approval date:

**Accrued expenses (Litas)**

Items of accrued expenses	Codes	Accrued expenses payable		
		Within the next financial year	After the next year but within two years	After two years
Logistics and marketing costs		50 003		
Audit services		30 000		
Rent of premises		9 764		
Water and utilities		7 270		
Other		2 529		
Total accrued expenses		99 566		

**Deferred income (Litas)**

Items of deferred income	Codes	Deferred income will be earned		
		Within the next financial year	After the next year but within two years	After two years
Total deferred income				

Name of the company: AB Vilniaus degtinė

Form U\*

Address: Panerių 47/2, Vilnius

Approval date:

**Accrued income (Litas)**

Items of accrued income	Codes	Accrued income receivable		
		Within the next financial year	After the next year but within two years	After two years
Total accrued income				

**Deferred expenses (Litas)**

Items of deferred expenses	Codes	Deferred expenses with be incurred		
		Within the next financial year	After the next year but within two years	After two years
Deferred excise tax related to unsold goods		136 401		
Repairs		29 119		
Insurance		7 646		
Vacation money		4 951		
Tax of transport owners		4 451		
Newspapers and magazines		2 792		
Other		3 676	120	80
Total deferred expenses		189 036	120	80

Name of the company: AB Vilniaus degtinė

Form TA\*

Address: Panerių 47/2, Vilnius

Approval date:

**Financial transactions with the management\* (Litas)**

Lines	Codes	Current financial year	Previous financial year
A. Annual salaries to the management		319 559	323 044
B. Issued loans to the management			
C. Donated assets and gifts		0	1 250
D. Issued guarantees			
E. Other significant amounts		2 631	0
F. Significant liabilities of the management towards the company			
Average number of the management		5	7

Additional information concerning the amounts in lines A to F: .....

A. Salaries, additions, premiums, support. ....

C. Cash gifts related to jubilees and Christmas. ....

E. Dividends. ....

.....

.....

.....

.....

.....

.....

.....

\* The management include Managing Director, deputies, members of the Council and the Board, Chief Financier.

Name of the company: AB Vilniaus degtinė

Form TB\*

Address: Panerių 47/2, Vilnius

Approval date:

**Results of financial and investing activities (Litas)**

Lines	Codes	Current financial year	Previous financial year
a) TOTAL FINANCIAL AND INVESTING INCOME		56 640	81 845
Specification of significant amounts*			
.Factoring interest and commission fee		29 606	46 747
.Positive currency exchange difference		15 023	10 573
.Bank interest		6 631	4 029
.Delay interest received		5 216	19 961
.Interest on loan		134	320
.Written-off creditors		30	0
.Sale-purchase of currency		0	215
.....			
b) TOTAL FINANCIAL AND INVESTING EXPENSE			
(excluding capitalised costs)		47 649	286 728
Specification of significant amounts*			
.Bank interest		0	71 634
.Factoring interest		4 690	50 167
.Factoring commission and administration fees		0	37 935
.Leasing interest		32 138	34 100
.Bank commissions and other services		0	29 186
.Cash collection services		0	15 929
.Discount fee		0	13 773
.Penalties and charges		5 469	10 000
.Commitment fee (credit agreement)		1 837	9 907
.Negative currency exchange difference		1 322	9 684
.Sale-purchase of currency		0	4 379
.Delay interest paid		2 193	34
.....			
c) CAPITALISED FINANCIAL AND INVESTING COSTS			
d) RESULT OF FINANCIAL AND INVESTING ACTIVITIES		8 991	( 204 883)

\* While specifying significant amounts of income (expense), amounts exceeding 20% of total financial and investing income (expense) shall be disclosed. In case none of the amounts exceed 20%, 5 highest amounts shall be listed.

Name of the company: AB Vilniaus degtinė

Form TC\*

Address: Panerių 47/2, Vilnius

Approval date:

**Results of extraordinary activities (Litas)**

Lines	Codes	Current financial year	Previous financial year
a) TOTAL EXTRAORDINARY GAIN		134 653	315 891
Specification of significant amounts*			
.VAT relief for disabled persons		124 069	301 849
.Reversed written-off materials		10 365	0
.Reversed other written-off amounts		219	0
.Returned insurance		0	9 609
.Prepaid profit tax		0	4 433
.....			
b) TOTAL EXTRAORDINARY LOSS		0	35 335
Specification of significant amounts*			
.Reversed other written-off amounts		0	35 335
.....			
c) RESULT OF EXTRAORDINARY ACTIVITIES		<b>134 653</b>	<b>280 556</b>

\* While specifying significant amounts of extraordinary gain (extraordinary loss), amounts exceeding 20% of total extraordinary gain (extraordinary loss) shall be disclosed. In case none of the amounts exceed 20%, 3 highest amounts shall be listed.