AB Anykščių Vynas

Financial statements for the
year ended 31 December 2009

Contents

Company details

AB Anykščių Vynas

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Registered address:	Dariaus ir Girėno 8, Anykščiai LT-29131, Lithuania

Board of Directors

Vytautas Junevičius, Chairman
Vilmantas Pečiūra
Arvydas Jonas Stankevičius
Darius Vėželis

Management

Violeta Labutienė, Director

Auditor

KPMG Baltics, UAB

Banks

AB SEB bankas
"Swedbank", AB
AB Šiaulių bankas

Statement on the accounts

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

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. We consider that the accounting policies used are appropriate and that the financial statements thus give a true and fair view.

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

Anykščiai, 2 April 2010

Management:

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Violeta Labutiene
Director

Board of Directors:

....

Vytautas Junevičius
Chairman

....

Vilmantas Pečiūra

....

Arvydas Jonas Stanievičius

....

Darius Vežel is

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Independent auditor's report

To the shareholders of AB Anykščių Vynas

Report on the financial statements

We have audited the accompanying financial statements of AB Anykščių Vynas (hereinafter 'the Company'), which comprise the statement of financial position as at 31 December 2009, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, set out on pages 9-37.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. Except as described in the Basis for Qualified Opinion paragraph, we conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

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

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

KPMG

Basis for qualified opinion

i. The Company has generated losses in each of the last two years which may indicate that the carrying value of its cash generating assets is impaired. Property, plant and equipment of 22,089 thousand Litas, used by the Company in its cash generating activities have not been assessed for impairment by the management as at the reporting date. We have been unable to apply alternative audit procedures and therefore are unable to determine whether impairment adjustments are required to property, plant and equipment as at 31 December 2009 and total comprehensive income for the year ended 31 December 2009.

ii. As at 31 December 2009, the Company had not recognized any impairment on intercompany receivables of 10,177 thousand Litas receivable as at 31 December 2009 and has not provided any evidence to support that these amounts are recoverable. We have been unable to apply alternative audit procedures and therefore are unable to determine whether impairment adjustments are required to intercompany receivables as at 31 December 2009 and total comprehensive income for the year ended 31 December 2009

Qualified opinion

In our opinion, except of the possible effects of the matters referred to in the Basis for Qualified Opinion paragraph above, the financial statements give a true and fair view of the financial position of AB Anykščių Vynas as at 31 December 2009 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 29 to the financial statements which describes that the Company has incurred a net loss of 7,147 thousand Litas for the year ended 31 December 2009 and, as at that date, the Company's accumulated losses amount to 23,339 thousand Litas. In addition, the bank borrowings of 8,632 thousand Litas must be paid by the end of April of 2010. These conditions, along with other matters described in Note 29, indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

Report on legal and other regulatory requirements

Furthermore, we have read the annual report for the year ended 31 December 2009, set out on pages 38–63 of the financial statements, and have not identified any material inconsistencies between the financial information included in the annual report and the financial statements for the year ended 31 December 2009.

Vilnius, 2 April 2010
KPMG Baltics, UAB

Rokas Kasperavičius
Partner
Certified Auditor

(all tabular amounts are in LTL '000 unless otherwise stated)

Statement of financial position

As at 31 December

	Notes	2009	2008
ASSETS			
Property, plant and equipment	15	22,070	24,000
Intangible assets		19	12
Other receivables	17	196	-
Total non-current assets		**22,285**	**24,012**
Inventories	16	6,803	17,855
Trade and other receivables	17	15,115	14,497
Cash and cash equivalents	18	6	449
Total current assets		**21,924**	**32,801**
Total assets		**44,209**	**56,813**
EQUITY			
Share capital	19	49,081	49,081
Accumulated losses		(23,339)	(16,192)
Total equity attributable to shareholders		**25,742**	**32,889**
LIABILITIES			
Deferred tax liability	14	953	509
Deferred income	21	196	-
Total non-current liabilities		**1,149**	**509**
Loans and borrowings	22	8,632	8,632
Trade and other payables	23	8,579	14,243
Employee benefits	24	107	540
Total current liabilities		**17,318**	**23,415**
Total liabilities		**18,467**	**23,924**
Total equity and liabilities		**44,209**	**56,813**

The notes on pages 9-37 are an integral part of these financial statements.

Director Violeta Labutienė

(all tabular amounts are in LTL '000 unless otherwise stated)

Statement of comprehensive income

For the year ended 31 December

	Notes	2009	2008
Revenue	7	26,116	37,453
Cost of sales	7	(24,926)	(30,055)
Gross profit		**1,190**	**7,398**
Other income	8	365	252
Selling expenses	9	(1,574)	(5,481)
Administrative expenses	10	(5,989)	(8,189)
Other expenses	8	(154)	(32)
Results from operating activities		**(6,162)**	**(6,052)**
Finance income	12	9	236
Finance costs	12	(550)	(591)
Net finance costs		**(541)**	**(355)**
Loss before income tax		**(6,703)**	**(6,407)**
Income tax expense	13	(444)	107
Loss for the period		**(7,147)**	**(6,300)**
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive income for the period		**(7,147)**	**(6,300)**
Earnings per share			
Basic earnings per share (in Litas)	20	(0.15)	(0.13)
Diluted earnings per share (in Litas)	20	(0.15)	(0.13)

The notes on pages 9-37 are an integral part of these financial statements.

Director Violeta Labutienė

(all tabular amounts are in LTL '000 unless otherwise stated)

Statement of changes in equity

	Share capital	Accumulated losses	Total equity
Balance at 1 January 2008	**49,081**	**(9,892)**	**39,189**
Loss for the period	-	(6,300)	**(6,300)**
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	**(6,300)**	**(6,300)**
Transactions with owners, recorded directly in equity	-	-	-
Balance at 31 December 2008	**49,081**	**(16,192)**	**32,889**
Balance at 1 January 2009	**49,081**	**(16,192)**	**32,889**
Loss for the period	-	(7,147)	**(7,147)**
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	**(7,147)**	**(7,147)**
Transactions with owners, recorded directly in equity	-	-	-
Balance at 31 December 2009	**49,081**	**(23,339)**	**25,742**

The notes on pages 9-37 are an integral part of these financial statements.

Director Violeta Labutienė

(all tabular amounts are in LTL '000 unless otherwise stated)

Statement of cash flows

For the year ended 31 December

	Notes	2009	2008
Cash flows from operating activities			
Profit (loss) for the period		(7,147)	(6,300)
Adjustments for:			
Depreciation and amortization of non-current assets		1,961	2,587
Interest expenses (income), net	12	460	448
Gain (loss) on sale of property, plant and equipment		(6)	(11)
Change in allowance for inventories	16	421	2,070
(Reversal of) impairment losses on trade and other receivables	17	(549)	-
Change in deferred tax	13	444	(107)
Change in inventories	16	10,631	105
Change in trade and other receivables	17	(1,062)	(1,988)
Change in deferred income	21	196	-
Change in trade and other payables	23	(5,664)	(1,913)
Change in employee benefits accrual	24	(433)	540
Net cash from (used in) operating activities		**(748)**	**(4,569)**
Cash flows from investing activities			
Interest received	12	9	119
Proceeds from sale of property, plant and equipment		6	11
Acquisition of property, plant and equipment	15	(25)	(419)
Acquisition of intangible assets		(13)	(13)
Loans provided by the Company		-	(3,650)
Loans paid back to the Company	17	797	5,734
Net cash from (used in) investing activities		**774**	**1,782**
Cash flows from financing activities			
Loans and borrowings received	22	-	3,522
Loans and borrowings repaid	22	-	-
Interest paid	12	(469)	(567)
Net cash from (used in) financing activities		**(469)**	**2,955**
Change in cash and cash equivalents		**(443)**	**168**
Cash and cash equivalents at 1 January	18	**449**	**281**
Effect of exchange rate fluctuations on cash held		-	-
Cash and cash equivalents at 31 December	18	**6**	**449**

The notes on pages 9-37 are an integral part of these financial statements.

Director Violeta Labutienė

Notes to the financial statements

1. Reporting entity

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

The Company was established in 1926. It was registered as a state enterprise in 1990 and re-registered as a joint stock company in 1995. The Company produces alcohol beverages: fruit-berry wine, hard alcohol beverages, cider, sparkling wine and also other fruit and berry products.

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

The controlling shareholder of the Company is Įmonių Grupė Alita, AB which as at 31 December 2009 owns 46,578 thousand ordinary registered shares or 94.9% of all shares of the Company.

2. Basis of preparation

2.1. Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) as adopted by the European Union (EU).

The Board of Directors has authorized these financial statements and the annual report for issue on 2 April 2010 and signed them on behalf of the Company. The shareholders may request the financial statements be amended and reissued.

2.2. Basis of measurement

The financial statements have been prepared on the historical cost basis based on accounting records maintained in accordance with Lithuanian laws and regulations.

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 otherwise indicated.

2.4. Use of estimates and judgements

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

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

Judgements made by the management in the application of IFRSs, as adopted by the European Union, that have significant effect on the financial statements and estimates with a significant risk of resulting in material adjustment within the next financial year are discussed in Note 3.20.

Notes to the financial statements

2. Basis of preparation (continued)

2.5. Changes in accounting policies

As a result of the application by the Company of new IFRS standards and interpretations applicable for financial reporting periods starting on or after 1 January 2009, the Company has changed its accounting policies in the following areas:

i) Determination and presentation of operating segments;

As of 1 January 2009 the Company determines and presents operating segments based on the information that internally is provided to the CEO, who is the Company's chief operating decision maker. This change in accounting policy is due to the adoption of IFRS 8 *Operating Segments*. Previously operating segments were determined and presented in accordance with IAS 14 *Segment Reporting*. The new accounting policy in respect of segment operating disclosures is presented as follows.

Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

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. An operating segment's operating results are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

ii) Presentation of financial statements;

The Company applies revised IAS 1 *Presentation of Financial Statements* (2007), which became effective as of 1 January 2009. As a result, the Company presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income.

The Company has elected to present a combined statement of comprehensive income, including all components of profit or loss and other comprehensive income.

Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

Notes to the financial statements

3. Significant accounting policies

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

3.1. Foreign currency

Transactions in foreign currencies are translated into Litas at exchange rates ruling 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 ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign exchange differences arising on retranslation are recognised in the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of the transaction.

3.2. Financial instruments

(a) Non-derivative financial assets

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

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

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

According to IAS 39 *Financial Instruments: Recognition and Measurement*, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables, and available-for-sale financial assets, as appropriate. All purchases and sales of financial assets are recognised on the trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Financial assets or financial liabilities at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Notes to the financial statements

3. Significant accounting policies (continued)

3.2. Financial instruments (continued)

(a) Non-derivative financial assets (continued)

Held-to-maturity investments

If the Company has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Company from classifying investment securities as held-to-maturity for the current and the following two financial years.

Loans and receivables

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

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

(b) Non-derivative financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

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

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

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

Notes to the financial statements

3. Significant accounting policies (continued)

3.2. Financial instruments (continued)

(c) Share capital

Ordinary shares

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

(d) Derivative financial instruments

Derivatives are recognized initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for in profit or loss.

The Company did not hold any investments in this category during the period.

3.3. Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment acquired on 1 January 1996 or later are measured at cost as deemed cost less accumulated depreciation and accumulated impairment losses. Items of property, plant and equipment acquired before 1 January 1996 are measured at cost less accumulated depreciation adjusted by revaluations made following rates specified by the Government of the Republic of Lithuania for separate asset groups.

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

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

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

Subsequent costs

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

Notes to the financial statements

3. Significant accounting policies (continued)

3.3. Property, plant and equipment (continued)

Depreciation

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

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

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

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

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

3.4. Intangible assets

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

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortization

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

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

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

3.5. Emission rights

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

Notes to the financial statements

3. Significant accounting policies (continued)

3.5. Emission rights (continued)

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

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

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

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

3.6. Government grants

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

3.7. Inventories

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

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

3.8. Impairment

(a) Financial assets

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

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Notes to the financial statements

3. Significant accounting policies (continued)

3.8. Impairment (continued)

(a) Financial assets (continued)

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

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

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(b) Non-financial assets

The carrying amounts of the Company's non-financial assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

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

Notes to the financial statements

3. Significant accounting policies (continued)

3.8. Impairment (continued)

(b) Non-financial assets (continued)

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.9. Dividends

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

3.10. Employee benefits

Short-term employee benefits

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

Social security contributions

The Company pays social security contributions to the State Social Security Fund (hereinafter "the Fund") on behalf of its employees based on the defined contribution plan in accordance with the local legal requirements. A defined contribution plan is a plan under which the Company pays fixed contributions into the Fund and will have no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employees benefits related to employee service in the current and prior period. The social security contributions are recognised as an expense on an accrual basis and are included within personnel expenses.

Termination benefits

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

3.11. Provisions

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

Notes to the financial statements

3. Significant accounting policies (continued)

3.12. Revenue recognition

Goods sold

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

Sales of services

Sales of services are recognised on performance of the services.

3.13. Lease payments

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

3.14. Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets, and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.15. Income tax

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

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

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

Notes to the financial statements

3. Significant accounting policies (continued)

3.15. Income tax (continued)

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

3.16. Segment reporting

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

3.17. Earnings per share

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

3.18. Related parties

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

3.19. Subsequent events

Post-balance sheet events that provide additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the financial statements. Post-balance sheet events that are not adjusting events are disclosed in the notes when material.

3.20. Critical accounting estimates and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

(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).

Notes to the financial statements

3. Significant accounting policies (continued)

3.20. Critical accounting estimates and assumptions (continued)

(a) Impairment losses on non-current assets (continued)

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

(b) Impairment losses on receivables

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

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

4. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair value is defined as the estimated amount for which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The management of the Company is of the opinion that carrying amounts of trade and other receivables, trade and other payables as well as borrowings approximate their fair value.

Notes to the financial statements

5. New IFRSs and interpretations not yet adopted

A number of new and revised International Financial Reporting Standards and their interpretations have been issued, which have not yet become mandatory for the Company's financial statements. The Company has decided not to early adopt the amendments and new standards and interpretations early. The assessment of the Company's management regarding the potential effect of the new and revised standards and interpretations upon their first-time application is as follows:

- *Amended IFRS 3 "Business Combinations"*

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

- *Amended IAS 27 "Consolidated and separate Financial Statements"*

  Amendment to IAS 27 is effective for annual periods beginning on or after 1 July 2009. In the revised Standard the term minority interest has been replaced by non-controlling interest, and is defined as "the equity in a subsidiary not attributable, directly or indirectly, to a parent". The revised Standard also amends the accounting for non-controlling interest, the loss of control of a subsidiary, and the allocation of profit or loss and other comprehensive income between the controlling and non-controlling interest. Revised IAS 27 is not relevant to the Company's financial statements as the Company does not have any interests in subsidiaries that will be affected by the revisions to the Standard.

- *Amended IAS 32 "Financial Instruments: Presentation – Classification of Rights issues"*

  Amendment to IAS 32 is effective for annual periods beginning on or after 1 February 2010. The amendment requires that rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency, are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. The amendments to IAS 32 are not relevant to the Company's financial statements as the Company has not issued such instruments at any time in the past.

- *Amended IAS 39 "Financial Instruments: Recognition and Measurement – Eligible Hedged Items"*

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

- *IFRIC 12 "Service concession arrangements"*

  The Interpretation provides guidance to private sector entities on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements.

  IFRIC 12 is effective for first annual periods beginning on or after 1 April 2009. As the Interpretation is applicable only from the date of application, it will not impact on the financial statements for periods prior to the date of adoption of the interpretation. Further, the Company has not entered into any service concession arrangements.

Notes to the financial statements

5. New IFRSs and interpretations not yet adopted (continued)

- *IFRIC 15 "Arrangements for the construction of Real Estate"*

  IFRIC 15 clarifies that revenue arising from agreements for the construction of real estate is recognised by reference to the stage of completion of the contract activity.

  IFRIC 15 is effective for annual periods beginning on or after 1 January 2010. IFRIC 15 is not relevant to the Company's financial statements as the Company does not provide real estate construction services or develop real estate for sale.

- *IFRIC 16 "Hedges of a Net Investment in Foreign Operation"*

  The Interpretation explains the type of exposure that may be hedged, where in the group the hedged item may be held, whether the method of consolidation affects hedge effectiveness, the form the hedged instrument may take and which amounts are reclassified from equity to profit or loss on disposal of the foreign operation.

  IFRIC 16 is effective for annual periods beginning on or after 1 July 2009. IFRIC 16 is not relevant to the Company's financial statements as the Company does not have any investments in a foreign operation.

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

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

  IFRIC 17 is effective for annual periods beginning on or after 1 November 2009. As the Interpretation is applicable only from the date of application, it will not impact on the financial statements for periods prior to the date of adoption of the interpretation. Further, since it relates to future dividends that will be at the discretion of the board of directors/shareholders it is not possible to determine the effects of application in advance.

- *IFRIC 18 "Transfers of Assets from Customers"*

  IFRIC 18 is effective prospectively for transfers of assets from customers received on or after 1 July 2009. The Interpretation applies to the accounting by entities that receive contributions of property, plant and equipment from their customers. The Interpretation requires an entity that receives a contribution in the scope of the Interpretation to recognize the item as an asset at its fair value if the contributed item meets the criteria for property, plant and equipment in IAS 16, Property, Plant and Equipment. The Interpretation also requires the entity to recognize the amount as revenue; the timing of the revenue recognition will depend on the facts and circumstances of the particular agreement. The Interpretation is not relevant to the Company's financial statements as the Company does not receive in scope asset contributions from its customers.

(all tabular amounts are in LTL '000 unless otherwise stated)

Notes to the financial statements

6. Financial risk management

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

- credit risk
- liquidity risk
- market risk
- capital management

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

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(a) Credit risk

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

The Company controls credit risk by using credit conditions and procedures of market analysis. Credit terms for sales are from 15 to 60 days. Irregular customers are required to pay in advance.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. This allowance for impairment includes only specific loss, related to individually significant trade and other receivables.

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

	2009	**2008**
Trade receivables	14,535	13,196
Other receivables	776	1,301
Cash and cash equivalents	6	449
	15,317	**14,946**

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	2009	**2008**
Lithuania	14,513	13,115
Euro-zone countries	22	81
	14,535	**13,196**

At 31 December 2009 98.8 percent (2008: 96.7 percent) of all trade receivables of the Company are receivable from three customers. All Company's customers are wholesalers.

(all tabular amounts are in LTL '000 unless otherwise stated)

Notes to the financial statements

6. Financial risk management (continued)

(a) Credit risk (continued)

Impairment losses

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

	2009		2008	
	Gross	Impairment	Gross	Impairment
Not past due	7,145	-	6,661	-
Past due 0-60 days	7,385	-	6,120	-
Past due 60-180 days	5	-	296	-
More than 180 days	327	327	995	876
	14,862	**327**	**14,072**	**876**

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash-flows	6 months or less	6-12 months	More than 1 year
At 31 December 2009					
Loans and borrowings	8,632	(9,031)	(8,870)	(161)	-
Trade payables to related parties	3,799	(3,799)	(3,799)	-	-
Other trade payables	621	(621)	(621)	-	-
Other payables and employee benefits	4,266	(4,266)	(4,266)	-	-
	17,318	**(17,717)**	**(17,556)**	**(161)**	**-**
At 31 December 2008					
Loans and borrowings	8,632	(9,164)	(8,861)	(303)	-
Trade payables to related parties	-	-	-	-	-
Other trade payables	6,040	(6,040)	(6,040)	-	-
Other payables and employee benefits	8,743	(8,743)	(8,743)	-	-
	23,415	**(23,947)**	**(23,644)**	**(303)**	**-**

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

(all tabular amounts are in LTL '000 unless otherwise stated)

Notes to the financial statements

6. Financial risk management (continued)

(c) Market risk

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

Currency risk

The functional currency of the Company is Litas. The Company faces foreign currency risk on purchases and borrowings as well as on sales and amounts receivable that are denominated in currencies other than Litas. The risk related to transactions in Euro is considered to be insignificant as the Lithuanian Litas is pegged to Euro at a fixed rate. Changes to this peg could occur if the government macroeconomic policy changes.

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

	2009		**2008**	
	EUR	LTL	EUR	LTL
Trade and other receivables	26	15,285	81	14,416
Cash and cash equivalents	-	6	57	392
Loans and borrowings	(8,632)	-	(8,632)	-
Trade and other payables	(1,040)	(7,646)	(1,626)	(13,157)
	(9,646)	**7,645**	**(10,120)**	**1,651**

Sensitivity analysis

A strengthening of the Litas by 10 percent against the Euro would have increased (decreased) shareholders' equity and profit or loss for the period by the amounts specified below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for year 2008.

	2009		**2008**	
	Equity	Profit or loss	Equity	Profit or loss
Euro	965	965	1,012	1,012

A weakening of the Litas by 10 percent against Euro would have had the equal but opposite effect on the amounts denominated in Euro, on the basis that all other variables remain constant.

Notes to the financial statements

6. Financial risk management (continued)

(c) Market risk (continued)

Interest rate risk

The Company‘s borrowings are subject to variable interest rates related to LIBOR. At 31 December 2009 the Company did not use any financial instruments to hedge its exposure to the cash flow risk related to debt instruments with variable interest rates or price risk related to debt instruments with fixed interest rates.

A change in average annual interest rate for the Company’s borrowings by 1 percentage point would have increased the interest expenses and decreased the result for the year ended 31 December 2009 by approximately LTL 86 thousand.

(d) Capital management

The Board’s policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board also seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the security afforded by a sound capital position.

There were no changes in the Company’s approach to capital management during the year.

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

(all tabular amounts are in LTL '000 unless otherwise stated)

Notes to the financial statements

7. Operating segments

Information about reportable segments

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

	Alcohol drinks		Apple products		Not allocated to any specified segment		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
External revenue	22,226	32,558	3,197	4,176	693	719	26,116	37,453
Cost of sales	(20,599)	(25,585)	(3,882)	(4,036)	(445)	(434)	(24,926)	(30,055)
Gross profit (loss)	**1,627**	**6,973**	**(685)**	**140**	**248**	**285**	**1,190**	**7,398**
Operating expenses	(2,363)	(6,383)	(1,633)	(2,766)	(3,567)	(4,521)	(7,563)	(13,670)
Other income	-	-	-	-	365	252	365	252
Other expenses	-	-	-	-	(154)	(32)	(154)	(32)
Finance income	-	-	-	-	9	236	9	236
Finance expenses	-	-	-	-	(550)	(591)	(550)	(591)
Profit (loss) before income tax	**(736)**	**590**	**(2,318)**	**(2,626)**	**(3,649)**	**(4,371)**	**(6,703)**	**(6,407)**
Income tax	-	-	-	-	(444)	107	(444)	107
Profit (loss) for the period	**(736)**	**590**	**(2,318)**	**(2,626)**	**(4,093)**	**(4,264)**	**(7,147)**	**(6,300)**
Segment assets	29,421	29,247	5,197	12,501	9,591	15,065	44,209	56,813
Capital expenditure	-	215	-	47	39	170	39	432
Depreciation & amortization of non-current assets	963	1,325	391	552	607	710	1,961	2,587
Segment liabilities	5,100	7,107	1,114	2,971	12,253	13,846	18,467	23,924

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 as well as all capital investments are made in Lithuania.

	Revenue		Intangible assets and PP&E		Capital expenditure	
	2009	2008	2009	2008	2009	2008
Lithuania	23,007	34,574	22,089	24,012	39	432
Poland	1,339	-	-	-	-	-
Germany	1,048	1,272	-	-	-	-
Estonia	301	939	-	-	-	-
Latvia	263	381	-	-	-	-
United Kingdom	83	79	-	-	-	-
Other countries	75	208	-	-	-	-
	26,116	**37,453**	**22,089**	**24,012**	**39**	**432**

(all tabular amounts are in LTL '000 unless otherwise stated)

Notes to the financial statements

8. Other income and expenses

	2009	2008
Gain on sale of current assets	166	98
Income from rent and provided services	191	140
Net gain on sale of property, plant and equipment	6	11
Other income	2	3
Total other income	**365**	**252**
Cost of rent and provided services	(153)	(31)
Other expenses	(1)	(1)
Total other expenses	**(154)**	**(32)**

9. Selling expenses

	2009	2008
Personnel expenses	(711)	(998)
Marketing expenses	(353)	(2,956)
Transportation	(85)	(471)
Depreciation	(38)	(49)
Other selling expenses	(387)	(1,007)
Total selling expenses	**(1,574)**	**(5,481)**

A significant decrease in marketing expenses in 2009, as compared to the previous financial year, is largely an outcome of an abandoned television advertising campaign and revised contractual arrangements with customers in terms of marketing approach.

Other selling expenses mostly comprise tare handling and other miscellaneous selling expenses.

10. Administrative expenses

	Notes	2009	2008
Write-down of inventories to net realizable value	16	(2,420)	(2,766)
Write-off of production overheads due to under-capacity	16	(1,123)	-
Reversal of impairment losses on trade and other receivables	17	549	-
Personnel expenses		(1,085)	(1,382)
Redundancy expenses	24	-	(678)
Repair and maintenance		(458)	(582)
Security expenses		(244)	(220)
Depreciation and amortization of intangible assets		(211)	(299)
Taxes		(200)	(670)
Insurance expenses		(78)	(76)
Communication expenses		(60)	(107)
Consulting expenses		(36)	(31)
Other administrative expenses		(623)	(1,378)
Total administrative expenses		**(5,989)**	**(8,189)**

(all tabular amounts are in LTL '000 unless otherwise stated)

Notes to the financial statements

10. Administrative expenses (continued)

In 2008 a number of employees of the Company were made redundant and compensation amounting to LTL 138 thousand was paid. Due to increased excise duty on alcoholic drinks, a decrease in sales and production volumes had been anticipated for 2009, and, therefore a termination benefits accrual of LTL 540 thousand for redundancy payments was recognized as at 31 December 2008. In 2009 redundancy payments of LTL 433 thousand were paid out.

Tax expenses in 2009 significantly decreased mainly due to change in packaging materials. Savings in package tax were achieved because of usage of recyclable tare.

11. Personnel expenses

	2009	2008
Production costs	(2,258)	(3,611)
Selling expenses	(711)	(998)
Administrative expenses	(1,085)	(1,382)
Total personnel expenses	**(4,054)**	**(5,991)**

The amounts above do not include redundancy expenses that are recognized in administrative expenses and are specified in *Note 10*.

As at 31 December 2009 the Company had 195 employees (2008: 248 employees). Personnel expenses include salaries amounting to LTL 93 thousand to the management (2008: LTL 132 thousand).

12. Finance income and expenses

	Notes	2009	2008
Interest income		9	119
Fines and penalties received		-	117
Finance income		**9**	**236**
Interest expenses	22	(469)	(567)
Fines and penalties paid		(75)	(9)
Other finance costs		(6)	(15)
Finance costs		**(550)**	**(591)**
Net finance costs		**(541)**	**(355)**

13. Income tax expense

	2009	2008
Current period tax expense	-	-
Deferred tax income (expense)	(444)	107
	(444)	**107**

(all tabular amounts are in LTL '000 unless otherwise stated)

Notes to the financial statements

13. Income tax expense (continued)

Reconciliation of effective tax rate

	2009		2008	
Profit (loss) before income tax		(6,703)		(6,407)
Income tax at statutory tax rate	20.0%	(1,341)	15.0%	(961)
Non-deductible expenses / (Tax exempt income)	-1.3%	84	0.3%	(17)
Current year losses for which no deferred tax asset was recognized	-19.2%	1,288	-7.9%	506
Change in unrecognized temporary differences	-10.8%	731		238
Effect of change in tax rate	4.7%	(318)	2.0%	127
Income tax expense (income)	**-6.6%**	**444**	**1.7%**	**(107)**

14. Deferred tax assets and liabilities

	2009		2008	
	Temporary differences	Deferred tax (15%)	Temporary differences	Deferred tax (20%)
Deferred tax asset				
Impairment of property, plant and equipment	316	47	322	64
Impairment of trade and other receivables	327	49	876	175
Inventories write-down allowance to NRV	3,039	456	3,741	748
Production overheads due to under-capacity	1,123	168	-	-
Accrued vacation reserve	249	37	262	52
Termination benefits accrual	107	16	540	108
Tax losses carried forward	12,056	1,809	5,777	1,155
Deferred tax asset before valuation allowance		**2,582**		**2,302**
Less valuation allowance		(2,582)		(1,457)
Deferred tax asset, net		**-**		**845**
Deferred tax liability				
Carrying amount of property, plant and equipment for which investment relief was used	(6,354)	(953)	(6,769)	(1,354)
Deferred tax liability		**(953)**		**(1,354)**
Net deferred tax asset (liability)		**(953)**		**(509)**

In 2009 deferred tax asset has not been recognized in respect of deductible temporary differences and tax losses carried forward because, in the opinion of the management, it is not probable that taxable profit will be available in the foreseeable future against which the Company could utilise the benefits.

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

(all tabular amounts are in LTL '000 unless otherwise stated)

Notes to the financial statements

14. Deferred tax assets and liabilities (continued)

Movements in temporary differences during the year

	Balance 31 Dec 2008	Recognized in profit or loss	Balance 31 Dec 2009
Impairment of property, plant and equipment	322	(6)	316
Impairment of trade and other receivables	876	(549)	327
Inventories write-down allowance to NRV	3,741	(702)	3,039
Production overheads due to under-capacity	-	1,123	1,123
Accrued vacation reserve	262	(13)	249
Termination benefits accrual	540	(433)	107
Tax losses carried forward	5,777	6,279	12,056
Carrying amount of property, plant and equipment for which investment relief was used	(6,769)	415	(6,354)
Total temporary differences	**4,749**	**6,114**	**10,863**
Allowance for deferred tax asset	(7,296)	(9,921)	(17,217)
Temporary differences for which deferred tax liability was recognized	**(2,547)**	**(3,807)**	**(6,354)**

(all tabular amounts are in LTL '000 unless otherwise stated)

Notes to the financial statements

15. Property, plant and equipment

	Buildings and plant	Vehicles, equipment and tools	Other PP&E	Construction in progress and prepayments	Total
Cost / deemed cost					
Balance at 1 January 2008	29,127	46,428	7,019	43	82,617
Additions	-	-	396	23	419
Disposals	(28)	(273)	(81)	-	(382)
Transfers	-	360	(337)	(23)	-
Balance at 31 December 2008	29,099	46,515	6,997	43	82,654
Balance at 1 January 2009	29,099	46,515	6,997	43	82,654
Additions	-	-	25	-	25
Disposals	-	(568)	(250)	-	(818)
Transfers	-	33	(33)	-	-
Balance at 31 December 2009	29,099	45,980	6,739	43	81,861
Depreciation and impairment losses					
Balance at 1 January 2008	10,874	39,601	5,967	30	56,472
Depreciation for the year	505	1,703	356	-	2,564
(Reversal of) impairment loss	-	(1)	(9)	-	(10)
Disposals	(28)	(272)	(72)	-	(372)
Balance at 31 December 2008	11,351	41,031	6,242	30	58,654
Balance at 1 January 2009	11,351	41,031	6,242	30	58,654
Depreciation for the year	505	1,212	238	-	1,955
(Reversal of) impairment loss	-	-	(6)	-	(6)
Disposals	-	(567)	(245)	-	(812)
Balance at 31 December 2009	11,856	41,676	6,229	30	59,791
Carrying amounts					
At 1 January 2008	18,253	6,827	1,052	13	26,145
At 31 December 2008	**17,748**	**5,484**	**755**	**13**	**24,000**
At 31 December 2009	**17,243**	**4,304**	**510**	**13**	**22,070**

Depreciation of property, plant and equipment is recognized in:

	2009	**2008**
Production costs	(1,580)	(2,227)
Selling expenses	(38)	(49)
Administrative expenses	(205)	(276)
Other expenses	(132)	(12)
Total depreciation	**(1,955)**	**(2,564)**

(all tabular amounts are in LTL '000 unless otherwise stated)

Notes to the financial statements

15. Property, plant and equipment (continued)

At 31 December 2009 property, plant and equipment with a carrying amount of LTL 19,575 thousand (2008: LTL 20,744 thousand) is pledged to secure a bank loan.

Carrying amount of insured property, plant and equipment at 31 December 2009 was LTL 19,647 thousand (2008: LTL 20,813 thousand). Assets are insured from all risks as follows: buildings for value of LTL 71,861 thousand, production equipment for value of LTL 45,249 thousand, and inventories for value of LTL 15,600 thousand.

16. Inventories

	2009	2008
Saturated apple juice	3,734	11,481
Finished production	2,417	2,891
Production in progress	2,318	4,903
Packaging materials	815	1,415
Raw materials	270	632
Auxiliary materials	210	218
Goods for resale and other	78	55
	9,842	**21,595**
Less write-down to net realizable value allowance	(3,039)	(3,740)
Inventories at 31 December, net	**6,803**	**17,855**
Write-down to NRV allowance at 1 January	(3,740)	(1,670)
Recognized during the year	(2,420)	(2,768)
Reversal of allowance	3,121	698
Write-down to NRV allowance at 31 December	(3,039)	(3,740)

Major amounts of write-down allowance at 31 December 2009 are attributed to saturated apple juice (LTL 1,633 thousand), fortified semi-manufactures (LTL 615 thousand), packaging and auxiliary materials (LTL 661 thousand), and finished production (LTL 130 thousand).

In 2009 the Company did not pursue processing and production of saturated apple juice, therefore, due to under-utilized capacity production overheads of LTL 1,123 thousand were recognized in administrative expenses of the current period.

The Company insured inventories with value LTL 15,600 thousand against fire, natural forces and other damages. The Company has also pledged inventories with amount of LTL 6,803 thousand to the bank.

(all tabular amounts are in LTL '000 unless otherwise stated)

Notes to the financial statements

17. Trade and other receivables

	Notes	2009	2008
Trade receivables due from related parties	25	10,177	9,538
Loans issued to related parties	25	-	797
Other trade receivables		4,358	2,221
Prepayments, deferred expenses and other receivables		580	1,941
Receivable government grants		196	-
Trade and other receivables, net of impairment losses		**15,311**	**14,497**
Non-current		196	-
Current		15,115	14,497

	2009	2008
Trade and other receivables, gross	**15,638**	**15,373**
Impairment of trade and other receivables at 31 December	(327)	(876)
Trade and other receivables, net of impairment losses	**15,311**	**14,497**

	2009	2008
Impairment of trade and other receivables at 1 January	(876)	(876)
Reversal of impairment losses for the period	549	-
Impairment of trade and other receivables at 31 December	(327)	(876)

At 31 December 2008 an impairment loss of LTL 744 thousand was recognized for receivable due from UAB „Anykščių Šiluma“. In 2009 most of the amount was paid by the debtor, therefore, the major part of impairment was reversed in 2009. The reversal in impairment of trade receivables was recognized in administrative expenses.

The loan issued to a related party was fully repaid in 2009. Fixed interest rate of 6% was set in loan agreement.

18. Cash and cash equivalents

	2009	2008
Cash at bank	5	437
Cash in hand	1	12
	6	**449**

At 31 December 2009 cash balances, amounting to LTL 5 thousand, as well as inflows into the main accounts of the bank were pledged to secure repayment of the loan provided by the bank.

19. Capital and reserves

At 31 December 2009 the authorized and issued share capital comprised 49,080,535 ordinary shares with a nominal value of 1 Litas each. All issued shares are fully paid.

The holders of ordinary shares are entitled to one vote per share in the General Shareholders' Meeting and are entitled to receive dividends as declared from time to time and to capital repayment in case of decrease of the capital. During 2009 number and nominal value of shares has not changed.

Notes to the financial statements

20. Earnings per share

	2009	2008
Loss for the period	(7,147)	(6,300)
Number of shares 1 January (thousand)	49,081	49,081
Number of shares 31 December (thousand)	49,081	49,081
Weighted average number of shares in issue (thousand)	49,081	49,081
Basic and diluted earnings per share	**(0.15)**	**(0.13)**

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

21. Deferred income

The Company has been awarded a grant from EU funds for the promotion of beverages' export. In accordance with the budget, the grant shall reimburse related costs incurred by the Company. The total amount of receivable grant is LTL 200 thousand and it will be paid out during the period of 3 years ending 31 August 2012. Grant of LTL 4 thousand was received in 2009.

22. Loans and borrowings

The Company has a credit line facility up to LTL 8,632 thousand (EUR 2,500 thousand) with the "Swedbank", AB. The credit line matures on 31 March 2010. At 31 December 2009 LTL 8,632 thousand had been drawn (2008: LTL 8,632 thousand). The effective interest rate in 2009 was 4.6% (2008: 6.2%).

To secure the repayment of this loan the Company pledged property, plant and equipment with a carrying amount of LTL 19,575 thousand at 31 December 2009, as well as inventories amounting to LTL 6,803 thousand, all current and future funds in the main accounts of the bank and current and future rent of 6.7521 ha land plot rights. The Company has insured its property, plant and equipment with a carrying amount of LTL 19,647 thousand at 31 December 2009.

23. Trade and other payables

	Notes	2009	2008
Trade payables to related parties	25	3,799	-
Other trade payables		621	6,040
Prepayments received and other payables		1,119	2,065
Valued Added Tax payable		1,568	1,334
Excise duty payable		999	4,093
Accrued vacation reserve		249	262
Employment related liabilities		224	449
Total trade and other payables		**8,579**	**14,243**

24. Termination benefit accrual

Due to increased excise duty on alcoholic drinks, decrease in sales and production volumes had been anticipated for 2009, and, therefore, because of further planned lay-offs a termination benefit accrual of LTL 540 thousand for redundancy payments was recognized as at 31 December 2008. In 2009 redundancy payments of LTL 433 thousand were paid out. At 31 December 2009 LTL 107 thousand of accrual is outstanding.

(all tabular amounts are in LTL '000 unless otherwise stated)

Notes to the financial statements

25. Related party transactions

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

- Įmonių Grupė Alita, AB – the parent company since 27 October 2009;
- AB Alita – former parent company until 27 October 2009;
- UAB Alita Distribution – a company controlled by Įmonių Grupė Alita, AB;
- UAB Vilkmergės Alus – a company controlled by UAB Alita Distribution.

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

	Notes	2009	2008
Transactions with related parties			
Sales to related parties		23,261	22,220
Purchases from related parties		6,645	425
Amounts receivable from related parties			
Trade receivables from related parties		10,177	9,538
Loans issued to related parties		-	797
Amounts payable to related parties			
Trade payables to related parties		3,799	-

26. Contingencies

In accordance with the National Allocation Plan for 2008-2012, AB "Anykščių Vynas" has been provided with 14,934 CO2 emission allowances (2,986 per year) for the system *boiler house, oilcake dryer*. Actual emissions during 2009 were significantly lower than allowed; therefore, no provision has been recognized at 31 December 2009. The Company has never sold excess emission allowances; therefore, allowances are accounted at zero nominal value.

AB "Anykščių Vynas" issued a guarantee for AB "Alita" and Įmonių Grupė Alita, AB to the bank for the credits amounting to LTL 45,000 thousand and EUR 25,772 thousand, as well as for a guarantee limit of EUR 2,600 thousand.

The Company rents 1 land plot from the State with contract maturity on 8 August 2046. The annual rent fee in 2009 amounted to LTL 27.4 thousand. The environmental obligations (cleaning, restoration, etc.) are incumbent on lessee of the rented state land. No provision is included in the financial statements as at 31 December 2009 as the management could not reliably estimate the present value of future obligation; however, it is considered that such amount would not be material.

27. Litigation and claims

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

28. Subsequent events

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

The Company has reached an agreement with the bank to extend maturity of the credit line up to 30 April 2010.

Notes to the financial statements

29. Going concern

In 2009 the Company incurred net losses of 7,147 tLTL, and the Company‘s current assets exceed its current liabilities by an amount of 4,606 tLTL.

In order to balance the cash flows, the Company‘s management and the shareholders take active measures to ensure financial stability of the Company. The main directions for stabilisation of the activity are as follows:

1. optimization of costs (including main raw materials)
2. increase of share in the market
3. reorganization of the logistics system
4. negotiations with banks regarding extension of loans maturity

Based on the above, the Company is planning to increase sales volumes both, in the Lithuanian and foreign markets, and, despite the decrease in sales prices in the local market, to maintain the revenue level of the year 2009 as well as to ensure better operating result by performing the mentioned actions.

In March 2010 the Company signed an interim agreement with the bank, stating that deadlines for repayment of loans are extended until 30 April 2010. It is expected that in April-May the Company will agree with the bank regarding new repayment schedules within a longer period than one year.

Based on the actions mentioned above, the management is of the opinion that the Company is not exposed to the going concern risk.

JSC ANYKŠČIŲ VYNAS

ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2009

1. THE GENERAL INFORMATION ABOUT THE ISSUER

1.1. The reporting cycle for which the Annual Report was prepared.

The annual report was prepared for the year 2009.

1.2. The main contact data of the JSC „Anykščių Vynas“.

The name of the issuer:	„Anykščių Vynas“.
The legal company form:	the Joint Stock Company, the legal person.
The Registration date and place:	November 21, 1990, the Company of the State Land Cadastre and Register (Vilnius).
The re-registration date and place:	July 28, 2004, the Utena Branch of the State Company Register Center
The Register number:	BĮ 97-340
The Company Code:	2541 11650.
The address of the residence:	Dariaus ir Girėno str. 8, Anykščiai, LT-29131.
Telephone number:	(8-381) 50233.
Fax. number:	(8-381) 50350.
E-mail address:	info@anvynas.lt
Website:	www.anvynas.lt

The Company „Anykščių Vynas“ has no branches, representative offices, and no subsidiaries.

1.3. The main activities of the Issuer.

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

1.4. The information about the contracts with the agents of the securities of the public circulation.

On July 29, 2004 the JSC „Anykščių Vynas“ and the JSC bank „Hansabankas“ (at present the Swedbank, AB) signed a contract on the accounting of the Company issued securities and accounting of the personal securities. The „Swedbank“, AB is in Konstitucijos pr. 20a, 03502 Vilnius, tel.: (8-5) 258 2485, fax.: (8-5) 258 2170.

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

The ordinary registered shares, issued on July 3, 1995 by the JSC „Anykščių Vynas“, were enlisted in the JSC NASDAQ OMX Vilnius Supplementary trade list. At present there are 49 080 535 ordinary registered shares of the JSC „Anykščių Vynas“. The total nominal value of the shares is 49 080 535 Litas. The ISIN Code of these securities is LT0000112773 (the clipping is ANK 1L).

The sale history of the securities in 2006-2009 and the price of the shares and the diagram of the turnover in the year of 2009:

Index	2006	2007	2008	2009
The opening price, LTL	0.88	1.16	1.12	0.24
The highest price, LTL	1.27	1.65	1.17	0.65
The lowest price, LTL	0.60	0.98	0.20	0.19
The closing price, LTL	1.27	1.07	0.24	0.38
The turnover in units	1,567,121	2,229,700	227,417	1,410,523
The turnover in LTL million	1.43	2.91	0.15	0.44
The capitalization in LTL million	62.33	52.52	11.78	18.65

The diagram of the comparable indices of the daily usage goods and services of the JSC „Anykščių Vynas“, the JSC NASDAQ OMX Vilnius and the OMX Baltic:

Index/Shares	01.01.2009	31.12.2009	+/-%
OMX Vilnius	179,25	261,77	46,04
OMX Baltic Consumer Staples GI	195,42	250,20	28,03
ANK1L	0,24 LTL	0,38 LTL	58,33

Note: The diagram data is from the website of the JSC NASDAQ OMX Vilnius.

1.6. The trade in the other markets.

1.7. The trade in the other organized markets.

1.8. The issuer‘s securities trade outside the Stock Exchange.

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

The year and the quarter	The price in LTL		The total turnover of the quarter, in units	
	Max.	Min.	When settling in cash	When settling not in cash
2008 I	-	-	-	-
2008 II	-	-	-	-
2008 III	-	-	-	32,427
2008 IV	-	-	-	-
2009 I	-	-	-	-
2009 II	-	-	-	-
2009 III	-	-	-	-
2009 IV	-	-	-	46,612,970

1.9. The capitalization of the securities.

The reporting period*	Capitalization, LTL	Share price, LTL
The 1st quarter of 2009	12,270,133.75	0.25
The 2nd quarter of 2009	14,233,355.15	0.29
The 3rd quarter of 2009	28,466,710.30	0.58
The 4th quarter of 2009	18,650,603.30	0.38

*the listing in the stock Exchange lists the last day of the reporting period and the end of each quarter of the reporting cycle.

1.10. The information about the procurement of the Issuer‘s own shares.

There were no such cases.

1.11. The notification of a Tender Offer

In 2009 there were no Tender Offers of the third parties to buy the ordinary registered shares of the JSC „Anykščių Vynas“. The JSC „Anykščių Vynas“ did not notify any Tender Offers to buy the securities of the other issuers.

1.12. The payment brokers of the Issuer.

There are no payment brokers.

2. OTHER INFORMATION ABOUT THE ISSUER.

2.1. The authorized capital of the Issuer

The authorized capital, registered in the Register of Legal persons, is 49,080,535 LTL.

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

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

All the Company’s shares are fully paid. Each fully paid share gives its owner one vote in the General Meeting.

The shareholders‘ rights are fixed by the Law on Companies of the Republic of Lithuania and by the other laws and standard acts.

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

None.

2.3. The information about the limitation of the securities transfers.

None.

2.4. The shareholders.

On December 31, 2009 there were 448 shareholders of the JSC „Anykščių Vynas“.

The shareholders, who own and administer more than 5% of the Issuer‘s authorized capital, are:

<table>
<tr><td rowspan="2">Shareholder‘s name, surname, (Company name, type, address of the residence, Company Register Code)</td><td colspan="2">Available number of ordinary registered shares, units</td><td colspan="3">Available part of the authorized capital and votes (%)</td></tr>
<tr><td>Total</td><td>Including the shares owned by a shareholder</td><td>Total</td><td>Including the ordinary registered shares owned by a shareholder and having votes</td><td>Together with a group of the acting persons (%)</td></tr>
<tr><td>Imoniu Grupe ALITA, AB Miškininkų 17, LT-62200 Alytus, 1495 19891</td><td>46 577 570</td><td>46 577 570</td><td>94.9</td><td>94.9</td><td>-</td></tr>
</table>

2.5. The information about the shareholders who have special control rights.

None.

2.6. The information about the limitation of the voting rights and shareholders‘ agreements.

None.

2.7. The main features of the securities launched into the public circulation

49 080 535 ordinary registered shares are launched into the public circulation. The general nominal value of the issued shares is 49 080 535 Lt.

2.8. The information about the registered and distributed shares for the closed circulation.

None.

2.9. The information about the depository notes issued on the ground of the shares.

None.

2.10. The main features of the debt securities launched into the public securities circulation.

None.

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

None.

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

There are no such securities.

3. THE LEGAL BASIS OF THE ISSUER‘S ACTIVITIES.

- The Constitution of the Republic of Lithuania;
- The Law on Companies of the Republic of Lithuania;
- The Law on Securities of the Republic of Lithuania;
- The other laws and decisions of the Government of the Republic of Lithuania;
- The Company‘s Articles of Association.

The amendment order of the Company‘s Articles of Association: The amendment of the Company‘s Articles of Association is carried out by accepting the resolution by 2/3 votes of the majority in the General Meeting, that is fixed in written form and the new wording of the Articles of Association is registered in the Register of the Legal persons. The person, authorized by the General Meeting, signs the Company‘s Articles of Association.

4. THE ISSUER‘S MANAGEMENT BODIES.

The Management Bodies are the General Meeting, Board and the Company Manager.

4.1. The members of the Management Bodies. The position, names and surnames, data about the participation in the Issuer‘s authorized capital (the available part of the authorized capital and the part of the votes in %):

No.	Position (JSC “Anykščių vynas”)	Name, surname	The number of shares	The part of the authorized capital in hand (%)
The BOARD since 25 04 2008				
1	Chairman – does not work in the Company	Vytautas Junevičius	-	-
2	Member – does not work in the Company	Vilmantas Pečiūra	-	-
3	Member – does not work in the Company	Arvydas-Jonas Stankevičius	-	-
4	Member – does not work in the Company	Darius Vėželis	-	-
ADMINISTRATION since 16 06 2008				
1	Director	Violeta Labutienė	-	-
2	Accountant-general	Audronė Zemlevičienė	-	-
ADMINISTRATION 23 05 2008 – 16 06 2008				
1	Production Manager, substituting the Director	Vidas Lagūnas	-	-
2	Accountant-general	Audronė Zemlevičienė	-	-
ADMINISTRATION 10 02 2006 – 23 05 2008				
1	Director	Marius Gudauskas	-	-
2	Accountant-general	Audronė Zemlevičienė		

4.2. The additional data about the Chairman of the Board and the Finance Director is: education, profession, the workplaces during the last 10 financial years and positions:

Vytautas Junevičius, the Chairman of the Board of the JSC „Anykščių Vynas“ since 08 07 2004; the Advisor of the General Director of the Company Group ALITA AB, higher education, engineer-economist, a specialist of the international relations. Since 1994 he was the General Director of the JSC „Alita“, since October 7, 2009 the General Director of the Company Group ALITA AB and since December 1, 2009 he is the Advisor of the General Director of the Company Group of ALITA AB.

Violeta Labutienė, the Director of the JSC „Anykščių Vynas“ since 16 06 2008. The workplaces during the last 10 years: 1997-2008 – the chief economist, the Manager of the Economic Department, Director of the JSC „Anykščių Vynas“. She has a higher education of the economist.

Audronė Zemlevičienė, the Accountant-general of the JSC „Anykščių Vynas“ since 19 05 2005, the last 10 years she works in the Company as the Accountant, the Deputy Accountant-general, the Accountant-general. She has a higher education of the economist.

4.3. The data about the participation in the activities of the other companies, institutions and organizations (the names of the companies, institutions, organizations and positions) and in the capital (the names of the companies, institutions or organizations, the available part of the capital, the part of the votes in %):

Vytautas Junevičius – the Chairman of the Board, has 41.89% of the JSC „Alita“ ordinary registered shares, and he is the Chairman of the Board of the JSC „Alita“ and the Advisor of the General Director of the Company Group ALITA AB. He is a member of the Board of the PJSC „Šiaulių Bankas“, he has 50% of the shares of the PJSC „Aunuva“.

Arvydas –Jonas Stankevičius - a Member of the Board, he is the Production Director and a Member of the Board of the Company Group ALITA AB, he has 16.75% of the ordinary registered shares of the JSC “Alita”, he has 40% of the shares of the PJSC “Lieda” and 40% of the ordinary registered shares of the PJSC “Alytaus vaistinė“;

Vilmantas Pečiūra – a Member of the Board, a member of the Board of the JSC „Alita“ , he has 12.57% of the ordinary registered shares of the JSC “Alita”. He is the Chairman of the Board of the JSC „Beogradska Industria Piva“ and the Advisor of the General Director of the Company Group ALITA AB.

Darius Vėželis – a Member of the Board, a member of the Board of the JSC „Alita“, he has 12.57% of the ordinary registered shares , he is the Director of the PJSC „Alita Distribution“ and the Advisor of the General Director of the Company Group ALITA AB.

Violeta Labutienė – the Director of the JSC “Anykščių Vynas”, she does not take part in the activity and capital of the other companies.

Audronė Zemlevičienė – the Accountant-general of the JSC “Anykščių Vynas”, she does not take part in the activity and capital of the other companies.

4.4. The data about the non-extint conviction for the crime to the ownership, the order of the farming, finance of the members of the Management Bodies.

None.

4.5. The end of the cadence of the members of the Board is April 25, 2012.

4.6. The information about all the important agreements among the Issuer, Issuer‘s Managers, employees and the other persons.

None.

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

5.1. The information about the average size of the Issuer‘s paidout salaries, bonuses and the other payoffs from the profit, falling to one person (according to the categories of the above mentioned persons) during the reporting period:

2009	Salary Lt, Lt	Bonuses, Lt	The other payoffs from the profit, Lt
The average to one member of the Board	-	-	-
Total to all the members	-	-	-

of the Board			
The average to one member of the Administration	46 308	-	-
Total to all the members of the Administration	92 616	-	-

The sum, calculated for the Managers (Director and Accountant-general), is 92 616 LTL. The average payoff to one person during the year:

- Salary - 41 094 LTL;
- for the vacations - 5 214 LTL

From the profit:

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

5.2. The Issuer‘s paid off salaries, bonuses and the other payoffs from the profit sums to the members of the Supervisory Board, the Board, administration (to each category of the above mentioned persons) received from the companies where the Issuer‘s part in the authorised capital is more than 20 percent..

None.

5.3. The granted loans, given guarrantees and sureties to the members of the Management Bodies by which the fulfilment of their obligations was secured during the reporting cycle.

None.

5.4. Transactions with the concerned persons:

None.

6. THE BOARD’S ACTIVITIES.

In 2009 the Board of the JSC „Anykščių Vynas“ was made of the same members as the Board of the JSC „Alita“. The specialists are of high qualifications who led not only the management of the Imoniu Grupe ALITA, AB, but they worked in the economic life of the group of the companies directly or indirectly. In 2009 the Board performed a lot of work, it called the meetings where the important problems were solved – the increase of the work effectiveness and the sale increase, the calling of the General Meeting, credit raising, analysis of the results of the activities, the salary of the director and the other problems. The Board, as a collegial body, qualifies its work positively and the work of each member of the Board was rated well. All the work in the Company is fulfiled constantly that ensure the production and technical stability.

7. THE DATA ABOUT THE OPENLY PUBLISHED INFORMATION.

During the last 12 months the Company, meeting the regulating law acts of the securities market, published the following information openly in the Vilnius Stock Exchange (at present the JSC NASADAQ OMX Vilnius) information disclosure and distribution system and in the the JSC „Anykščių Vynas“ website www.anvynas.lt :

January 6, 2009. The JSC „Anykščių Vynas“ shortens the working time.

When in 2009 the alcoholic drink excise tax was raised 10-20% once more, the JSC „Anykščių Vynas“ shortened the working time to four working days a week because of the fast decreasing sale.

Whereas the excise tax increased the JSC „Anykščių Vynas“ is forced to increase the production prices once more and this, in its turn, rebounds on the sale. No doubt the people, who would not be able to buy legal qualitative drinks, try to find them in the black market.
As the sale decreases, the working time of four days a week in the Company, with 240 working people, can last a non-predictive period.
January 19, 2009. The Resolution of the Board of the JSC „Anykščių Vynas“
On January19, 2009, the Board of the JSC „Anykščių Vynas“ has analysed the formed situation in the Company, that was caused by the increased alcoholic drink excise tax and rapid decreasing sales.
The principal ways to improve the Company activity were foreseen.
The Board decided to optimize the production by reducing the assortment of production, review the management structure of the Company and to reduce the number of the workers in 20-25% .

February 25, 2009. The activity results of the JSC „Anykščių Vynas“ in the year of 2008.
In 2008 the sale revenue amounted to 37 453 thousand of Litas (10 847 thousand of EURO) and the interim result of the activity before taxes is the loss that amounted to 6407 thousand of Litas (1855.6 thousand of EURO). It was determined by the general situation in the country market and the decreased Company sale because of the 20% increased excise for the alcoholic drinks in the beginning of 2008. In comparing with 2007 the sale incomes decreased in 19.4% or 9112 thousand of LTL. In 2007 the acitivity results before taxes was the profit of 823.4 thousand of LTL (238.5 thousand of EURO).

February 27, 2009. The JSC „Anykščių Vynas“ interim information

The JSC „Anykščių Vynas“ presents the unaudited interim financial statement of the year of 2008.

March 24, 2009. The calling of the General Meeting
On the Board‘s own initiative and resolution the JSC „Anykščių Vynas“ General Meeting is called on April 24, 2009 at 12 o‘clock, that will be held in the Company hall (Dariaus and Gireno str. 8, Anyksciai. The data about the Company is kept and stored in the Register of Legal Persons, the VAT payer code: LT541116515). The registration begins at 11.30 a.m. The shareholders must have an identification document, the representatives must have an identification document and a letter of authorization approved according to the law. The accounting day of the General Meeting is April 17, 2009. The shareholders can have a look at the Company papers related to the agenda of the General Meeting and resolution drafts in the Company headquarters from April 14, 2009.

Agenda of the General Meeting

1. The annual report of the year of 2008.
2. The auditor‘s report.
3. The approval of the Company‘s financial statement of 2008.
4. The approval of the distribution of profit (loss) for the financial year of 2008.
5. Election of the firm of auditors for 2009-2010 financial year and establishment of terms of remuneration for the audit services.

March 24, 2009. The JSC “Anykščių Vynas” shortens working time.
The JSC “AnykščiųVynas” will operate four days a week in the second quarter of 2009 due to rapidly decreasing sales as the result of the increased excise tax 10-20 percent in 2009.
Due to the decreased sales, the working time of four days a week in the company may extend for an indefinite period of time.

April 15, 2009 . The draft resolutions of the General Meeting
The Board of the JSC “Anykščių Vynas” presents the General Meeting the following resolution drafts on April 24, 2009:
1. The annual report of the year of 2008 (The resolution on this item is not accepted).
2. The auditor’s report (It was heard).

3. To approve the Company financial statement in 2008.
4. To approve the draft of the distribution of the profit (loss) for the financial year of 2008:
The profit (loss) brought forward in the beginning of the reporting financial year (9,892 thousand of LTL; 2,864.9 thousand of EURO);
The net profit (loss) for the reporting financial year (6,300 thousand of LTL; 1,824.6 thousand of EURO);
The profit (loss) available for the distribution (16,192 thousand of LTL; 4,689.5 thousand of EURO);
The profit (loss) brought forward at the end of the reporting financial year transferred to the other financial year (16,192 thousand of LTL; 4,689.5 thousand of EURO).
5. To elect the JSC „KPMG Baltics“ a Company Auditor for 2009-2010 financial years.

April 24, 2009. The resolutions of the General Meeting
The General Meeting of the JSC "Anykščių Vynas" carried the following resolutions on April 24, 2009:

1. The annual report of the year of 2008 (It was heard).
2. The auditor's report (It was heard).
3. Approved the Company financial statement in 2008.
4. Approved the distribution of the profit (loss) for the financial year of 2008:
The profit (loss) brought forward in the beginning of the reporting financial year (9,892 thousand of LTL; 2,864.9 thousand of EURO);
The net profit (loss) for the reporting financial year (6,300 thousand of LTL; 1,824.6 thousand of EURO);
The profit (loss) available for the distribution (16,192 thousand of LTL; 4,689.5 thousand of EURO);
The profit (loss) brought forward at the end of the reporting financial year transferred to the other financial year (16,192 thousand of LTL; 4,689.5 thousand of EURO).
5. Elected the JSC „KPMG Baltics“ a Company Auditor for 2009-2010 financial years.

April 24, 2009. The documents of the General Meeting
The General Meeting approved the Company financial statement, the annual report of the year of 2008 and the verification of the responsible persons is attached hereto.

May 27, 2009. The results of the first quarter of 2009 m.
In the first quarter of 2009 the JSC „Anykščių Vynas“ sustained unaudited pretax losses of 721 thousand of LTL (208.8 thousand of EUR). The loss was suffered due the decrement of the sale under the influence of increased excise for alcoholic drinks in the beginning of the year and general economical situation in the market of the country. The sale for the first quarter of 2009 amounted to 4 674 thousand of LTL (1 354 thousand of EUR) and decreased 39,8% or 3 086 thousand of LTL (893.8 thousand of EUR) in comparing with the same period of the previous year.
In the same period of the previous year the company sustained pretax losses of 783 thousand of LTL (226.8 thousand of EUR).

May 28, 2009. The JSC „Anykščių Vynas“ interim information
The JSC „Anykščių Vynas“ presents the unaudited interim financial statement for the three months of 2009.

June 30, 2009. The JSC "Anykščių Vynas" shortens the working time.
As the result of the decreased sales, the JSC „Anykščių Vynas‘‘ cuts the working time to four days a week in the third quater of 2009 too.

August 26, 2009. The results of the first half-year of 2009.

In the first half-year of 2009 the JSC „Anykščių Vynas“ sustained the pretax losses of 1963 thousand of LTL (568.5 thousand of EURO). The sale decreased 35.5% or 6594 thousand of LTL (1909.8 thousand of EURO) because of the decreased sales of the alcoholic drinks. Last year the Company sustained the pretax loss of 1017 thousand LTL (294.5 thousand of EURO) in comparing with the same period of the year.

September 3, 2009. The certificate is given to the JSC „Anykščių Vynas“
The JSC "Anykščių vynas" reports that the Ministry of the Economy of the Republic of Lithuania has allocated funding to the implementation of the project “Export Promotion of the JSC “Anykščių Vynas” Alcoholic Drinks” in the amount of LTL 200 thousand according to the European Union

Structural Assistance Use Strategy of Lithuania for the period 2007-2013 and according to the Implementing Measure „New Opportunities“ of the Second Priority of the Action Program „Increasing of Business Productivity and Improving Environment for the Business“. The project is funded (by 70 per cent of the total value) by the European Union Regional Development fund.

September 10, 2009. The JSC “Anykščių Vynas‘‘, signed the agreement
On the 9th of September, 2009the JSC „ Swedbank“ and the JSC„Anykščių Vynas‘‘signed the agreement of the changing of the credit terms concerning the contract. The term of the return of the credit in amount of 2.5 million of Euro is the 30th of October, 2009.

September 30, 2009. The JSC„Anykščių Vynas“shortens the working time.
As the result of the decreased sales, the JSC „Anykščių vynas“ cuts the working time to four days a week in the fourth quater of 2009 too.

October 30, 2009. The JSC „Anykščių Vynas‘‘, signed the agreement
On the 30th of October, 2009 the JSC „Swedbank“ and the JSC „Anykščių Vynas‘‘signed the agreement of the changing of the credit terms concerning the contract. The term of the return of the credit in amount of 2.5 million Euro is the 31th of December, 2009 .

November 27, 2009. The results for the nine months period of 2009.
During the nine months period of 2009 the JSC „Anykščių Vynas“ sustained the unaudited pretax loss of 2589 thousand of LTL (749.8 thousand of EURO). The sale decreased by 40.6% or 11309 thousand of LTL (3275 thousand of EURO).
In the same period of 2008 the Company sustained the pretax loss of 1787 thousand LTL (517.6 thousand of EURO).

December 31, 2009. The JSC „Anykščių Vynas“shortens the working time
The JSC „Anykščių Vynas“ Board evaluated the present situation due to the impact of the declining sales and decided to cut the working time to four days a week in the first quater of the year of 2010.
The published regulated information is available in the Company or in the JSC NASADAQ OMX Vilnius website: www.nasdaqomx.com/vilnius

8. BELONGING TO THE ASSOCIATED ORGANIZATIONS.

1. The association „Lithuanian Food Industry“. It is a voluntary association of legal persons – companies of food industry, acting according to the fixed demands of the association members. It represents the interests of the members in different institutions and it is not a profit-making organization.
2. The Lithuanian Industrial Confederation. It is an unpolitical, public organization, independent of the state, that represents and defends the interests of the LIC members in the governmental, ungovernmental and international organizations, strengthen the economy of Lithuania and so on.

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

9. THE SHORT ISSUER‘S PROFILE.

The Joint-Stock Company „Anykščių Vynas“ was founded in 1926 – it is the oldest company in the Baltic region which began to produce wine in the industrial way. The founder is a certificated agronomist Balys Karazija.

Constantly expanding shops, buying more modern equipment, soon B. Karazija became the first Lithuanian widely established winemaker. Already in 1938 he was also accepted internationally. In 1938 the wine „Birutė“ won the main prize and two kinds of wine won the gold medals in the international exhibition in Paris.

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 70-ties, approximately after ten years of reconstruction, the winery came to life again. In 1968 the „Anykščių Vynas“ 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 apple, cherry, rowan wines „Jubiliejinis“ and „Šermukšnėlė“ were given the prestigious national grade of quality. When Gorbachev started his anti-alcoholic campaign, the country‘s leading winery was turned into a food-producing plant, producing cool drinks, sweets and the other non-alcoholic production.

Today „Anykščių Vynas“ is a joint-stock Company, one of the largest wineries in the whole eastern Baltic region, equipped with the modern machinery able to process up to 35 thousand tons of fruit and berries during the season, producing more than 60 names of a notable taste, aromatic, high quality drinks from the natural raw material – fruit-and-berry wine, cider, kinds of brandy, vodka, liqueur, brandy, spirit drinks.

Since 1988 it produces apple concentrated juice according to the technology of the Swiss company „Unipektin“. In 1995 the Company has been awarded the International Diamond Star and International Europe Award for the quality. The concentrated apple juice, apple aroma, dried apple pomace are exported to Germany and the other countries of West Europe.

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

A range of the JSC „Anykščių Vynas“ products were awarded the main prizes of the international competitions, silver and gold medals and diplomas. In 2005 and 2006 the products of the Company won gold medals at the competitions „Lithuanian Year Product“. In 2007 the vodka „Ledo“ was presented in six international testing competitions in Europe and Russia and it won the high evaluation in four of them: „Moscow Wine & Spirit Competition“ in Moscow – the gold medal; „International Wine & Spirit Competition“ in London – the silver medal; „Drinkexpo 2007“ in Sankt Petersburg – the gold medal; „Prodexpo 2007“ in Moscow – the bronze medal; in the Competition „Lithuanian Year Product of 2007“ – the natural black currant wine „Voruta“ won the gold medal.

In 2008 the vodka „Ledo“ was awarded t he bronze medal in the international competition „International Spirits Challenge 2008“ in London. A kind of brandy „Bobelinė“ 20% was awarded the gold medal in the competition “Lithuanian Yea Product 2008” and a kind of brandy “Bobelinė” 35% was awarded the silver medal in the competition “Lithuanian Year Product 2008”.

In 2008 the Company was issued TIC (TUV International Certification) certificates confirming the meeting of the requirements of the Quality and Anti-pollution Management System LST EN 9001:2001 (EN ISO 9001:2000) and LST EN ISO 14001:2005 (EN ISO 14001:2004).

10. THE IMPORTANT EVENTS OF THE YEAR.

In 2009 the natural black currant wine „Voruta“ was awarded the gold medal in the alcoholic drink competition „Zolotoj Grifon“ in Jalta. In December, 2009 the Ministry of the Agriculture of the Republic of Lithuania gave this wine the name of the National Heritage.

The JSC „Anykščių Vynas“ presented a request to receive a financial support of the EU structural funds and 200 thousand of LTL were allocated to the implementation of the project “Export Promotion of the JSC “Anykščių Vynas” Alcoholic Drinks” according to t the European Union Structural Assistance Use Strategy of Lithuania for the period 2007-2013 and according to the Implementing Measure „New Opportunities“.

The JSC „Anykščių Vynas“ becomes the wine production enterprise. Since the beginning of 2008 the production and sale of the wines of special technology and cider were transfered from the JSC „Alita“ to the JSC „Anykščių Vynas“. During the reporting year the comparative weight of the wine and cider in the total sale increased from 36% in 2008 to 41.3% in 2009.

11. THE STAFF.

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

The staff	***2008***			***2009***		
	Number	%	Average salary	Number	%	Average salary
Managers	2	0.8	5,504	2	1.0	3,860
Specialists and employees	86	32.7	2,006	69	33.6	1,520
Workers	175	66.5	1,345	134	65.4	1,040
Total:	**263**	**100**	**1,469**	**205**	**100**	**1,229**

In the reporting year the number of the workers decreased significantly due to the decreased volumes of sale and production, and the average salary due to the shortened working week in one working day.

The structure of the JSC „Anykščių Vynas“ according to the education in 2008-December 31, 2009:

The staff education	**2008**		**2009**	
	number	%	number	%
Higher	49	19.8	45	23.1
Further education	74	29.8	58	29.7
Secondary	117	47.2	86	44.1
Unfinished secondary	8	3.2	6	3.1
Total:	248	100	195	100

On December 31, 2009 there were 195 workers in the JSC „Anykščių Vynas“, 68 (34.9%) of them were specialists and 127 (65.1%) of them were the workers.
74 people worked in the immediate production, 9 people worked in the subdivisions of the secondary production, 51 people worked in the auxiliary subdivisions, 6 people worked in the commercial subdivisions, 33 people worked in the marketing and production sale offices and 22 people belonged to the other administration workers.
55.9% of all the people are women and 44.1% of them are men. 23.1% of the workers have the higher education, 29.7% of them have the further education.
In 2009 the average number of the people listing was 205 people.
In 2009 12 workers raised their qualifications in different courses and seminars, 12 workers obtained secondary qualifications , 2 people studies in the higher schools, 1 person studies in the college and 2 persons study in the vocational secondary school. 2 thousand of LTL were spent for the people training.

12. INFORMATIVE TECHNOLOGIES.

In 2009 the Company ran 65 computers, three servers: the post, file and antivirus program NOD32 updating servers. In order to work with the program „AXAPTA“ we use the distant server of the JSC „Alita“. The program „STEKAS“ installed in the „Anykščių Vynas“ file server is used for the wage and personnel accounting. We use the accounting program „SAIKAS“, that use the „Anykščių Vynas“ Sybase data base for the procurement of the stock. In order to be in touch with the „Swedbank“ AB we use Telehansa program. At present we have contacts with the SEB bankas, AB and Šiaulių bankas, AB through the portals of the internet. At present the Company runs only Windows XP Professional, VISTA Business ir VISTA Ultimate operational systems. The most important workplaces run the office program packs MS Office Professional 2007. All the computers have the installed e-mail. 2Mbites internet is installed in the Company. The Company „Omnitel“ supplies the internet services. The antivirus, antispam and antibreak-in program FortiGate 60 is installed in the network.

13. THE PRODUCTION

The main activity of the JSC „Anykščių Vynas“ is the production of alcoholic drinks and concentrated juice.

The range of the production of the Company is more then 60 names, they are fruit-and-berry wine, cider, vodka, a kind of brandy, liqueur, brandy, spirit drinks. The non-alcoholic production is apple and berry concentrated juice, apple aroma, dried apple pomace. In 2009 the assortment of the alcoholic production was innovated on 6 denotations of the new beverages, 8 prospectless products was stopped. In 2009 the production and technological processes were developed. During the reporting cycle 55.0 thousand of LTL were allocated to the investments. We purchased tools for the production, software an other means. The repair of the technological tanks,lines was made. The equipment sets for 0.7 l PET bottle for the third line and 0.7 l vodka glas bottles for the fourth line were manufactured. The fitting of the measurement rulers of six tanks was changed, the automation of the cold air feeding to the cold cellar was installed, the agitators in the bottling shop were suited for the cider bottling, the drain was installed under the mash heating tanks in the juice production shop, the sediments separation tank was redone, the valves were mounted in order to pump the separation waste into the tanks, in order to control from a distance the level and temperature the panel with the limit switches was in the apple concentrated juice shop, the planned maintenance of the eqipment was in the production shop.

The overhaul was done to the cooling compressor, the partial repair was done to the cooling lines, the protective alarm in the storage of the boiler and the fire alarm in the bottling shop were installed. The revision of the heating units and washing of the heaters were performed, we changed the filtering elements of the filter system in the rain water outflow cleaning, we tested the heating lines, repaired the broken piping. The emergency roof repair and partial repair of the blacktop were done. Furthermore, a range of modernisation and automation work was done in order to improve the working conditions and save power resources.and teritory

The maintenance of bottle accounting system, revision and maintenance of the measurement means are done in time. The company technical state is satisfactory because the repair of the equipment is done every year. But a part of physicaly and morally old equipment is uneconomical, uses a lot of power. In future the gradual modification of the equipment must be forseen.

All the performed work improved the conditions of the machine and workers work . The amount of 711.2 thousand of LTL was spent for the repair and maintenance of the equipment, buildings, constructions and territory.

The production volumes of the JSC „Anykščių Vynas“ in 2008-2009

	The production group	Unit	**2008**	**2009**
1	Cider	HLT	18 399	9 406
2	Wine	HLT	42 500	39 938
3	Vodka	HLT	15 680	344
4	Brandy	HLT	2 105	424
5	The other strong drinks, total	HLT	8 602	3 830
	Incl.Kinds of brandy		*4 959*	*2290*
	Liqueurs		*1 767*	*1 014*
	The other spirit drinks		*1 876*	*526*
6	Cider (unbottled)	HLT	9 20	5 826
	The alcoholic drinks, total	HLT	96 486	59 768
7	Apple concentrated juice (70 Bx)	Ton	1 378	-
8	Apple aroma	Ton	114	-
9	Dried pomace	Ton	319	-

In 2009 the production of the bottled alcoholic drinks decreased 38.2% or 3334 thousand of litres. A great influence on the decrease had the increased excise taxes from January 1 two years in turn. In the previous year we stopped the production of vodka, brandy and other spirit drinks that was moved to the Company Group ALITA AB. Furthermore, we did not purchase apples in 2009, because we had a sufficient stock of the apple concentrated juice.
The average prices of the production are shown in LTL/L, kg:

The production	2007	2008	2009
1. Kinds of brandy	9,51	10,87	11,42
2. Liqueurs	6,89	7,90	7,47
3. Fruit and berry wine	2,47	2,59	2,16
4. Natural fruit and berry wine	-	7,62	7,58
5. Cognac, brandy*	8,59	10,21	13,45
6. Sparkling wine*	-	-	9,45
7. Carbonated wine drinks*	5,09	5,71	4,56
8. Bear cocktails*	-	-	5,12
9. Cocktails*	-	-	3,92
10. Cider	1,76	1,84	1,79
11. Vodka*	3,51	5,14	5,76
12. Strong rye drinks*	-	-	24,43
13. The other spirit drinks	6,17	6,19	6,22
14. Apple concentrated juice	5,19	6,04	2,34
15. Apple aroma	2,14	2,81	3,45
16. Apple dried pomace	0,75	0,87	-

* The marked drinks are together with the JSC „Alita“ ones or only the JSC „Alita“ drinks we sold in October-December, 2009, because of the reorganization of the JSC „Alita“.

14. THE MARKETING AND SALE

14.1.The sale markets.

	2009, Thou. of LTL	2008, Thou. of LTL	2007, Thou. of LTL	The comparative weight, %		
				2009	2008	2007
The total sale	26 116	37 453	46565	100.00	100.00	100.00
Thereof in Lithuania	23 007	34 574	36726	88.1	92.3	78.9
Abroad	3 109	2 879	9839	11.9	7.7	21.1
Thereof in Latvia	263	381	766			
Germany	1 048	1272	6615			
Poland	1 339	143	38			
The other countries	459	1083	2420			

The total sale of the JSC „Anykščių Vynas“ in 2008-2009:

	The production group	2008		2009		Comparison of the sale in 2009 and 2008 in HLT, %
		Quantity, HLT	Amount, thou. of LTL	Quantity, HLT	Amount, thou. of LTL	
1	Sparkling wine	-	-	1 220	1152	-
2	Carbonated wine drinks	147	84	967	440	6.6 times
3	Bear cocktails	-	-	143	73	-
4	Cocktails	-	-	576	226	-
5	Ciders	16 647	3 061	10 274	1 840	61.7
6	Wine	40 200	10 410	39 927	8 933	99.3
7	Vodka	15 084	7 751	4 082	2 351	27.1
8	Brandy	1 923	1 963	1 913	2 573	99.5
9	The other strong drinks	7 811	7 263	4 165	4 080	53.3
	Incl. Kinds of brandy	*4 525*	*4 920*	*2 399*	*2 740*	*53.0*
	Liqueurs	*1 801*	*1 423*	*960*	*717*	*53.3*
	The other spirit drinks	*1485*	*920*	*806*	*623*	*54.3*
10	Apple concentrated juice, t.	559	3376	1 363	3 197	243.8
11	Apple aroma, t.	166	467	1	3	-
12	Dried pomace, t.	319	279	-	-	-
13	The raw material and semimanufactures	9 942	2 082	5 848	556	58.8
14	The other sales and services		717		962	
	Total sale:		37 453		26 116	

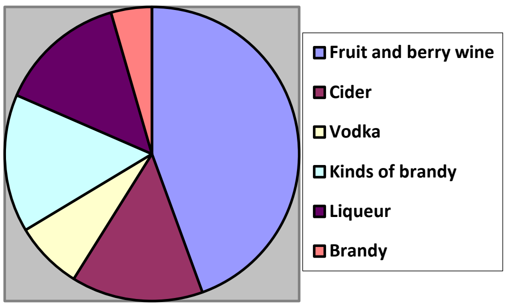
In 2009 we renewed the cooperation contracts with all the biggest retailers of the trading nets successfully. In order to make the transportation costs effective that we have when we deliver the production to our customers the PJSC „RIMI LIETUVA“, the PJSC „PALINK“, the PJSC „Aibės Logistika“ the direct delivery of the goods was transfered to the distributor the PJSC „Alita Distribution“ which ensured the goods delivery to the buyers successfully.
We agreed on the new production sale at the main customers successfully.

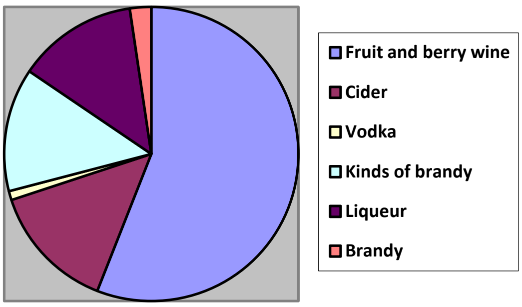
In 2009 there were 3 managers who worked in the Company in the regions of the country (There were 13 managers in 2005, 10 managers in 2006, 7 managers in 2007, 4 managers in 2008). The managers work only with the main customers (MAXIMA, NORFA, IKI, RIMI – 466 shops in 2007, 508 shops in 2008, 512 shops in 2009). The managers of the JSC „Anykščių Vynas“ keep the care of the consolidated range (beer, cider, energy drink) of the Company Group ALITA AB, the JSC „Anykščių Vynas“ and the PJSC „Alita Distribution“. After the reduction of the number of the sale managers of the Company Group ALITA AB the goods supervision is ensured successfully.

In 2009 the production was made and delivered according to the long-term contracts and agreements – the apple wine „Debesėlis“, white 0.7 l, fruit wine „Debesėlis“, red 0.7 l (for the PJSC „AibėsLogistika“), apple wine “Vakaris“ 0.7 l, carbonated cider “Svajonė” strawberry, and carbonated cider “Svajonė” pear 1.5 l (for the PJSC „Rivona“, Y*S*A* carbonated pear cider 1.5 l, Y*S*A* carbonated apple cider 1.5 l (for the PJSC „ČYGO-KALKIO TŪB „Rinkuškiai), 9 types of carbonated cider „Extrim” 1.5 l(apple, pear, pineapple, strawberry, wild berries, tropical fruit, chocolate and cherry, citrus fruit, cherry taste) (for the PJSC „Alita Distribution“).
In 2009 a new contract was signed with the PJSC „Belvedere Prekyba“ for the production of the carbonated cider „Flirt“ 1.5 l (strawberry, pear, exotic fruit).
In 2009 the production was sold to two companies, situated in the territory of the airport, (the PJSC „Fragrances International“, Vilnius, the PJSC “Travel Retail, Vilnius“,Vilnius). In 2009 we succeeded to make a contract with the PJSC „Airport Travel Shop “, situated in the territory of the Karmėlava airport.
We signed a new contract with the PJSC „Fatalitas“, Kybartai, Vilkaviškis district (a free-duty shop) in 2009.
The export sale increased 8% in 2009 in comparing with the year of 2008 (in 2009 the turnover was 3 109.5 thousand of LT, in 2008 the turnover was 2 879,3 thousand of LT).
The project „The export promotion of the alcoholic drinks of the JSC „Anykščių Vynas“, in order to use the Company output and expand the export sale.
We contacted with the Company Dinter GmbH in order to sell the rest of the apple concentrated juice of the 2008 harvest.
We are keeping the contacts and renewed the cooperation contracts with the main long-term partners - the SIA Maxima Latvia (Latvia), the SIA Greis Logistika (Latvia), the Lithuanian Beer Ltd. (UK), the Dadu Ice- cream Ltd. (UK), the Lituanica LTD (Ireland), the Litusco Inc (the USA) – that makes 80% of all the export sale volume.
We began to work with a new buyer – the Baltic&Balcan Food Ltd. (UK).
We hope to expand the sale voHumes abroad with the help of the new customers in 2010 and later on.

The parts of the market occupied by the production of the JSC „Anykščių Vynas“,%

In 2008 **in 2009**





The Production Group	2008	2009
Fruit and berry wine	26.5	18.4
Cider	8.6	3.0
Carbonated wine drinks	0.1	3.1
Vodka	4.5	12.1
Kinds of brandy	9.1	8.2
Liqueur	8.2	9.6
Brandy	3.3	4.7

The general market

The general market of the alcoholic drinks decreased in all the analysed drink groups in 2009. The liqueur
(-34%) and kind of brandy (-32%) markets decreased most. The fruit wine market decreased least. The cider and vodka markets decreased 25% and 24% respectively.

Whereas the production of vodka, brandy, spirit drinks was suspended in the JSC „Anykščių Vynas" and the year of 2009 was a year of sales, we do not analyse the market of these drink groups in this report.

The fruit an berry wine

The general fruit wine market reduced in 10870 HLT or 7% L in 2009 in comparing with the year of 2008.

The market part occupied by the JSC „Anykščių Vynas" increased 1.8% in the comparing period and it made 28.5% of the general fruit wine market. The market part together with the JSC „Alita" made 29.4%. The market part of the other local producers decreased 2% and made 54.2%, the import increased 4.5% and amounted to 16.3%

In 2009 the JSC „Anykščių Vynas" sold 1% less wine than last year. The other local producers sold 10% less wine and imported 28% more wine than last year.

In 2009 the Company sold 185.15 HL of the natural wine „Voruta" or 68.7% more than last year.

More attention was paid to the production promotion in the cognitive program „The Wine Road", in cooperation with the Aukštaitija narrow railway in presenting the wine in different events. In August the natural black currant wine „Voruta" was evaluated perf ectly by the commission in the competition „Jalta Zolotoj Grifon 2009" and it was awarded the gold medal.

The range of the wines of the special technology is corected litle, only the wine „Šaltupys" was launched in 1.0 l bottle. In 2009 the tranfer of the wine production from the JSC „Alita" and wine bottling in PET bottles were finished.

In 2009 the JSC „Anykščių Vynas" exported the wines of special technology 21.5% more than last year. These wines were exported to Latvia. The natural black currant wine „Voruta" was exported

64% more. In 2009 the wine „Voruta“ was exported to the USA mostly, some wine „Voruta“ was exported to Great Britain .

The predictable actions in 2010. The sale promotion and promotional actions of the natural wine „Voruta“. The assortment expansion. The production presentation in the exhibitions, tasting competitions, events.

The increase of the production and sale volumes is done by taking over the production of the wines of special technology from the rivals and the security of the competitive price.

The cider

In 2009 the general cider market decreased 175771 HL or 25% in comparing with 2008. The market part occupied by the JSC „Anykščių Vynas" decreased to 7.1% (-1.6%) during the compared period, the other local producers amounted to 68.9% (+3.3%), the import reached 23.8% (-1.0%). In 2009 we sold 4702 HL of the cider "Extrim" 1.6 times less than in 2008.

In 2009 the range of the cider "Extrim" was corrected: the production of the cider "Extrim"of cherry, wild berries and tropical fruit taste was stopped. The ciders of a new taste were launched: chocolate and strawberry, and citrus. The production of the three taste cider "Flirt" was started.

In 2009 the export of the cider increased 6.8 times in comparing with 2008. The cider was exported to Estonia and Spain.

The predictable actions in 2010. The correction of the range.

The kinds of brandy

In 2009 the total market of the kinds of brandy decreased in 15 537 HL or 32% in comparing with 2008. The JSC „Anykščių Vynas" occupied market reduced 2.2% and amounted to 6.9% of the total market. The occupied market part of the other local producers increased 1.4% and amounted to 87.4%. The part of the import market increased 0.9% and it made 5% of the total market.

In 2009 the JSC „Anykščių Vynas" exported 31.5% less of the kinds of brandy than in 2008.

The predictable actions in 2010. The correction of the range. The promotion of the trademark „Bobelinė“ in promotion, sale encouragement actions.

The liqueur

In 2009 total liqueur market decreased in 6 748 HL or 34%. The occupied liqueur market part of the JSC "Anykščių Vynas" decreased 1.7% and amounted to 6.7% of the total liqueur market. The market part of the other local producers decreased 0.3% and amounted to 32.4% of the total liqueur market.

In 2009 the labels and the design of the caps of the chocolate liqueurs were renewed. There were no changes in the range. They were exported to Latvia and Estonia.

The predictable actions in 2010. The revision of the range and the renewal of the design.

The information about the Company investigation and development activity.

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

15. THE SUPPLY.

The main raw material suppliers are the fruit and berry growers in Lithuania. The material, equipment, completment items, services are obtained from the Lithuanian and foreign firms: Austria, Estonia, Latvia, Poland,Germany, France, Slovakia, etc. The main Company suppliers are: spirit – the „BGV“ (Slovakia), and the JSC „Vilniaus Degtinė“; sugar – the PJSC „Arvi cukrus“; flavours – the PJSC „SMS-Eligita“, the PJSC „Balticum“; labels – the PJSC „RIC“ Vilnius; corrugated paper boxes – the PJSC „Smurfit Kappa Baltic“, the „Sca Packing PJSC“; bottles – the O-I Production Estonia AS, the JSC „Panevėžio Stiklas“, the PJSC „Plastiksė“, the “Dekorglass Dzialdowo“ (Poland); enzymes – the „Vorto GAMA“ PJSC (Vilnius); etc. We have made the long-term contracts with the above mentioned main suppliers. The Company has made up to 140 contracts with different suppliers. In the reporting year the suppliers reduced the prices of ethyl alcohol, sugar, PET bottles. As the price of the energy recourses and raw material rises, the price of the glass bottles and corrugated carton boxes rose too. While the fuel prices rise, the rates of the transport services increase.

94.8% of all the supplies belong to the Lithuanian firms and 5.2% of them fall to the foreign countries.

The volumes of the supply in % (according to the countries)

A country	2009	2008	2007
Lithuania	94,8	72,1	79,2
Switzerland	0,03	-	0,3
Hetherlands	0,2	0,7	0,4
Poland	0,8	0,7	0,2
Germany	0,1	0,4	0,3
Latvia	0,04	0,2	2,0
France	-	1,5	1,5
Estonia	2,0	9,0	8,0
Slovakia	1,7	14,8	7,4

16. THE MAIN INDICES ILLUSTRATING THE COMPANY ACTIVITIES.

The relative index	2007	2008	2009
EBITDA, thou. of LTL	4026	(3253)	(4343)
The gross profitability	0,252	0,198	0,046
The profitability from-the main activities	0,019	-0,162	-0,236
The net profitability	0,016	-0,168	-0,274
The owner‘s redemption (ROE)%	1,90	-17,48	-24,38
The average asset return (ROA) %	1,30	-10,69	-14,18
The debt ratio	0,358	0,421	0,418
The debt-ownership ratio	0,558	0,727	0,717
The gross liquidity ratio	1,641	1,401	1,266
The urgent backing ratio	0,699	0,638	0,873
The index of the covering by cash	0,0132	0,0192	0,0003
The asset turnover	0,762	0,659	0,591
The bookkeeping value of a share	0,798	0,670	0,524
P/E	107,00	-1,85	-2,60
The net profit falling to one share	0,015	-0,128	-0,146

The description of the indices:

EBIDTA	= the profit/ before deduction of loans, taxes, wear and amortization
The gross profitability	= the gross profit/ from the sale
The profitability from the main activities	= the activity profit/ from the sale
The net profitability	= the net profit/ from the sale. The net profitability shows which part of the sale Litas is a net profit. i.e. it shows the efficiency of the Company activity. The bigger value of the index shows the higher Company profitability.
The owner's redemption (ROE)%	= the net profit/the average owner's property
The average asset return (ROA)%	= the net profit/the average assets x 100. The asset return shows how many Litas of the net profit fall to one Litas of the asset. This index reflects the effective use of the whole Company asset. The bigger value of the index shows the more effective use of the asset.
The debt ratio	= obligations/assets. The debt ratio reflects which part of the Company asset is acquired for the loaned funds. It is important to creditors because it shows how safe are their funds. The bigger index, the lower safety level.
The debt-ownership ratio	= obligations/owner's property. The debt-ownership ratio shows how many loaned funds fall to one ownership Litas. This value of the index is different in various branches of industry. When analysing the Company activity, the high index can witness the bigger risk, because it can be complicated to the Company to cover the payment of its loans and paybacks and to get enough funds for the further finance. The accepted ratio of the debt-ownership depends on many factors, including the features of the branch of industry, the Company possibility to receive loans and the stability of getting incomes.
The gross liquidity ratio	= the short-term assets/short-term obligations
The urgent backing ratio	=(the short-term assets-reserves)/short-term obligations
The index of the covering by cash	=the cash in the account and in the till /short-term obligations
The asset turnover	= sale/assets. The asset turnover shows how many one asset Litas makes incomes.The higher value of this index, the bigger degree of the effectiveness.
The bookkeeping value of a share	=own capital/number of the shares. The bookkeeping value of a share reflects the theoretical value of the ordinary registered share. While calculating the capital part that falls to the preferred shares, the reference is made to the nominal value of the preferred share.
P/E	=The market price of a share (on the last trading day of the period)/the main profit of the share.
The net profit falling to one share	= net profit/the number of the shares. The net profit falling to one share calculable the net profit part that falls to the ordinary registered shares, divided into amount of shares. This proportion shows the part of net profit, that is the ownership of the shareholder's.

All the financial data is given in the annual financial accountability and its explanatory letter.
The information about aims of the risk management is given in the notes of the financial accountability.

17. THE REAL ESTATE.

The Company uses the land of 6.75 ha leased from the state according to the contract of the state land lease not for the agriculture No. 34/96-0454, 21 08 1996, in Anykščiai.
The Company constructions and buildings – their residual value is 17 244 thousand of LTL, December 31, 2009. In 2009 there were no unfinished buildings, the state of the buildings is good, except the premises of the laundry that is not used. In 2009 the repair of the ceiling and windows was made in the

dining-room, the production rooms and the hall, the partial repair was made to the administration building staircase walls, production room walls anf floor, partial nrepair of the roof, etc.

18. THE RISK FACTORS RELATED TO THE ISSUER‘S ACTIVITY.

There were no strikes in the Company.

Economical factors:

The Company works in two geographical segments – the local and foreign markets. The biggest part of all the production (88.1% in 2009, 92.3% in 2008, 78.9% in 2007) is sold in the local market. And almost all the apple production (Apple concentrated juice, aroma, dried pomace: 82.7% in 2009, 48.3%, 94.6% in 2007,) is sold abroad. Being a great competition in the local market, the Company production sale decreased (because of the adverse excise policy to the fruit-berry wine and friendly excise policy to the strong beer). The apple production depends on nature fully, and the sale volumes depend on the production volumes and prices in the European market. The Company provides raw material, spare parts which it purchases from different suppliers, so there is no dependence on one supplier. The Company also has no monopoly customer. The Company has enough wine material till the apple season of 2010. The workers of high quality, who deepen their knowledge and raise the qualification constantly, work in the Company. There are no essential problems with the payments to the suppliers and production customers.

On December 31, 2009 the PJSC „Anykščių Šiluma“ was indebted 139 thousand of LTL to the Company. The debt is returned according to the presented plan. The JSC „Anykščių Vynas“ uses the short term loan from the ,,Swedbank“ AB . In order to get a loan from the „Swedbank“ AB the Company mortgaged its long-term tangible asset and it mortgaged all the Company current and future funds in the bank accounts. The financial debt to the „Swedbank“ AB was 8 632 thousand of LTL on December 31, 2009.

Political risk factors:

The Goverment decisions to increase the excise to the production has a negative influence on the Company production.

Social factors:

There is a collective agreement with the trade union that is in force till Agust, 2013. The wage for employees is paid in time.

Technical-technological factors:

The most of the technological machines is reconstructed or new, a lot of attention is given to the automation of the technological processes and improvement of the production quality. At present the production facilities are used about 60%. There are no risk factors to the technological processes.

Ecological factors:

The Company paid the nature pollution taxes: in 2007 – 6.0 thousand of LTL and in 2008 – 4.8 thousand of LTL,in 2009 - 2.9 thousand of LTL.

The Company paid to the recyclers and the state for the pollution with the wastes of taxable packing: in 2007 – 1194.2 thousand of LTL in 2008 – 874.6 thousand of LTL, in 2009 - 201.9 thousand of LTL. The glass, plastic packing and the other packing were released into the local market: in 2007 – 5128 tons, in 2008 – 3876 tons, in 2009 – 964 tons.

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

The environment control means that were in 2009 activity plan were carried out and the Company consumed 1396 Mwh of power, 24.1 thousand m^3 of water, 615 thousand m^3 of natural gas.

19. THE PRODUCTION STOPPAGE OR DECREASE WHICH INFLUENCED OR HAS AN ESSENTIAL INFLUENCE ON THE RESULTS OF THE ISSUER‘S ACTIVITY DURING THE LAST 2 FINANCIAL (ECONOMIC) YEARS.

There was no stoppage or decrease.

20. LICENCES, PATENTS, CONTRACTS.

The main activities of the JSC „Anykščių Vynas“ are licenced. The available licences: the production licences of the alcoholic products, including alcoholic drinks which the volumetric concentration of ethyl alcohol exceeds or does not exceed 22%, the licence to be in the wholesale trade of the unmethylated ethyl alcohol, raw material having ethyl alcohol, food alcoholic solutions with addition of flavour material. There is a permission to buy the unmethylated ethyl alcohol from the JSC „Alita“. In October, 2009 the Company acquired a drinks.licence to manage on the wholesale and alcoholic drinks.

In 2007 two trade marks were presented to register: SVAJONĖ and VĖJAS. The certificates for 5 trade marks were issued: The International Registry Certificate FORUM, and the National Registry Certificates TOP, ROJUS, KELELIS, SVETELIŲ. The validity of the National Registry trade mark GABIJA was prolonged and the validity and expansion terms of the International Registry the trade mark ANYKŠČIŲ VYNAS to the additional countries of Estonia, Latvia, Ireland, Austria.

In 2008 the State Patent Office made a decision to register the trademarks of „SVAJONĖ“ and „VĖJAS“. The certificates for 9 trademarks were issued: „AMBERCOLLECTION“, „AMBER“, „JUODOJI VYŠNIA“, „GD GINTARINĖ“, “VILIOKĖ“, „ŽALIASIS EŽERAS“, „SVAJONĖ“, „VĖJAS“, „AMBER COLLECTION“. The national register certificate of Latvia was issued to the trademark „ŠNABIS LAUKU DEGINS“. The licence was issued for the use of the trademark „BOBELINĖ“ that belongs to J. Bobelis. The registeration validity was prolonged to 5 trademarks.

In 2009 we presented a request to register the trademark „VORUTA“. The State Patent Office made a decision to register the trademark „COLONEL“ presented by the Company earlier and the national register certificate was issued. The Company received the decision of the Irish Patent Agency about the international register of the Anykščių Vynas“ trademark in Ireland.

The registration validity was prolonged to 3 trademarks: DISCO, MAGIJA, ROMANTIKA.

There were no misunderstandings about the trademarks with the third parties.

21. THE LAWSUITS AND ARBITRATIONS.

In 2009 the Company set up 4 claims to:

The TVA Trading Sp.Z.o.o. – due to the fact that they did not pay for the production the total sum of 12384,00 EUR;

The PJSC “ALKOPAKAS“ - due to the fact that they did not deliver the screw caps;

The „MAXIMA LT“ PJSC – due to the delayed payment for the production;

The PJSC „TEREKAS“ – due to the compensation of the loss because of the defective PET bottles – total 1062.96 LTL.

The JSC „Anykščių Vynas” did not receive any claims.

In 2009 there was a criminal case where suspicions were put to three workers due to the criminal act. The Company claimed a civil action in this criminal act. The Company is the claimant in this case. The pretrial investigation is going on.

The Company isn’t defendant in any civil cases.

The Company brought a civil suit against Algirdas Bainoras to the Kaunas Parish Court concerning the debt of 1865.05 LTL for the premise lease. The civil action was satisfied.

The Company brought a creditor claim against the PJS “BALTIC EUROPE SERVICES TRANSPORT” in the bankruptcy case for the sum of 2579.43 LTL. This company is in debt for the premise lease. The bankruptcy procedure is going on.

In 2009 the total sum of 715 548.24 LTL was recovered from the debtors.

22. THE INVESTMENT POLICY (ttohe companies where the Issuer invested more than 30% of his own authorized capital, and also the where the part of the Issuer in the authorized capital is more than 30%).

The Company made no investments in 2009, making more than 10% of the authorized capital.
In 2009 the actual investments were 55 thousand of LTL, 27.0 thousand of LTL of them were used for the production equipment, 21.6 thousand of LTL were spent for the computer technology and programs, 6.4 thousand of LTL were spent for the other main devices.
The planned investments for 2010 are 217 thousand of LTL, 165.5 thousand of LTL are for the production machinery, 23.5 thousand of LTL for the computer technique and programs, and 28.0 thousand of LTL for the other main devices.

23. THE COMPETITORS.

The main competitors are the JSC „Stumbras“, the JSC „Vilniaus Degtinė“, the PJSC „Itaina“, the PJSC „Lietuviškas Midus“, the PJSC „Birštono Mineraliniai Vandenys“ and Co, and the companies importing the alcoholic drinks. As things stand with the excise policy we put the beer production companies to our competitors who produce not only beer but they also produce cider.

24. THE PAID OUT DIVIDENDS.

The dividends were not paid out for 1995.
In 1996 the amount of 3 992 775 LTL of the dividends was paid out (7 % of the nominal value of the share).
2 340 030 LTL of the dividends were paid out for 1997 (7 % of the nominal value of the share).
2 340 030 LTL of the dividends were paid out for 1998 (7 % of the nominal value of the share).
2 340 030 LTL of the dividends were paid out for 1999 (7 % of the nominal value of the share).
The Company did not pay out the dividends for 2000.
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The Company did not pay out the dividends for 2007.
The Company did not pay out the dividends for 2008.
The Company will not pay out the dividends for 2009.

25. THE COMPANY AND SOCIETY.

The JSC „Anykščių Vynas“ brings a considerable contribution to the social and cultural life of the country and town. In 2009 different taxes to the budget of the Republic of Lithuania amounted to 35.8 million LTL. The taxes divided up as follows:

The name of the tax	2008 Thousand of LTL	2009 Thousand of LTL
Excise	44,841.8	26,900.8
VAT	10,336.6	7,243.7
Profit tax	0	0
Packing tax	472.3	0
Social insurance fee of 31%	1,452.2	1,049.7
Social insurance fee of 3% from the salary	142.3	101.7
Income tax from the salary	914.0	412.2
The other taxes	104.6	99.9
Total:	**58,263.8**	**35,808.0**

26. THE COMPANY'S PLANS AND FORECASTS.

The JSC „Anykščių Vynas" does not publish the plans and forecasts for the year of 2010.

Chairman of the Board Vytautas Junevičius

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

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

PRINCIPLES/ REKOMENDATIONS	YES/NO/NOT APPLICABLE	COMMENTARY
Principle I: Basic Provisions **The overriding objective of provisions a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.**		
1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	Yes	The Company publishes the policy of the Company development and objectives in annual activity reports, in the Company website (www.anvynas.lt), press openly..
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	Yes	The Company works according to the approved production selling and production plans implementing its strategic objectives.
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	Yes	The JSC „Anykščių Vynas“ is a subsidiary enterprise of the Company Group ALITA AB. The Company Group ALITA AB owns 94.9% shares of the JSC „Anykščių Vynas“. There are four persons in the Company Board, i.e. the Advisors of the General Director and the Production Director of the Company Group ALITA AB. Every month and every quarter the Company Director makes a report about the Company results in the Board.
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	Yes	The Company Director and the Company Board make it possible for the shareholders to get acquainted with the Company papers, connected with the terms and order of the Meeting, stated in the Law of the Joint Stock Companies. The workers are informed about the Company activities and hot working and rest problems in the meetings or management sittings. Relevant information is put in the Company website, press. The Company takes an active part in the events of the local community. It keeps friendly contacts with suppliers and creditors, respects customers, their remarks about the Company activities and production

Principle II: The corporate governance framework **The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.**		
2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.	No.	There is no Supervisory Board in the Company. The Company Director makes a report about the Company activity results in the Board every month and every quarter.
2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies. .	Yes	These functions in the Company are performed by the Collegial Management Body - the Board.
2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.	No	The Company does not follow these recommendations. There is only one collegial body and it is the Board.
2.4. The collegial supervisory body to be elected by the general shareholders' meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does not contradict the essence and purpose of this body.[1]	Yes	

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

2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.[2]	Yes	The Company Board consists of four members.
2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.	No	There is no Supervisory Board in the Company.
2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to departure from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.	Yes	The Director of the JSC,,Anykščių Vynas" is not the chairman of the Company Board.

of recommendations to the company's chief executive officer; item 4.4 of the Code concerning independence of the collegial body elected by the general meeting from the company's management bodies is applied to the extent it concerns independence from the chief executive officer.

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

Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting **The order of the formation a collegial body to be elected by a general shareholders' meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the company's operation and its management bodies.[3]**		
3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.	Yes	During the General Meeting, before the election of the Board, the information is given about every candidate to the Board, about his education, work experience, objective and human properties, position. The members of the Board are not paid for the work in the collegial body.
3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.	Yes	The candidates are discussed in the Company Board and given to the General Meeting. The Board follows the working regulations of the JSC „Anykščių Vynas“, approved in the Board on July 28, 2004.
3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.	Yes	

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

3.4. In order to maintain a proper balance in terms of the current qualifications possessed by its members, the desired composition of the collegial body shall be determined with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies. At least one of the members of the remuneration committee should have knowledge of and experience in the field of remuneration policy.	Yes	There is an audit committee in the main company – the Company Group ALITA AB. There is no remuneration committee.
3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.	Yes	
3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient[4] number of independent[5] members.	No	There is no independent members in the Board.

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

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

3.7 A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependant are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following: 1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years; 2) He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees; 3) He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance-based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations); 4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1); 5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counseling and consulting services), major client or organization receiving significant payments from the	Yes	

company or its group; 6) j He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company; 7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies; 8) He/she has not been in the position of a member of the collegial body for over than 12 years; 9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents. 3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.		

3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.	No	The practice of evaluation and announcement of the independancy of the Board members is not applied in the Company.
3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.	No	The Company Board consisted of the directors of the JSC ,,Alita“. At present the Company Board consists of three Advisors of the General Director and the Production Director of the Company Group ALITA AB. The Company Group ALITA AB owns 94,9% of the shares of the JSC ,,Anykščių Vynas“.
3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds.[6] The general shareholders' meeting should approve the amount of such remuneration.	Not applicable	The Board members are not remunerated from the Company funds. This provision is not applicable in the Company.

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

Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting **The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring [7]of the company's management bodies and protection of interests of all the company's shareholders.**		
4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.[8]	Yes	The Company Board presents the General Meeting reviews and proposals on the Company annual financial accountability, project of the profit-sharing, activity of the Company manager.
4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions, (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).	Yes	The Company Board acts in good faith, in the interest of the Company and not in theur own or the rhird party interests.

[7] See Footnote 3.

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

4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half[9] of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.	Yes	The Company follows this recommendation. The members of the Boardperform their duties well.
4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.	Yes	The Company working regulations.
4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.	Yes	The Company Board makes decisions on the long-term assets that balance value is more than 1/20 of the Company's authorized capital, investment, transfer, rental, soak and mortgage, voucher and reassurance, and to acquire long-term assets for the price higher than 1/20 of the authorized capital. The Company Board makes decisions on the establishment of the Company branches or agencies and termination of their activity, acquisition of the securities of the other companies, appointment of the Company manager, etc. It foreseen in the Company regulations, the board working regulations.

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

4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies.[10] Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees. When using the services of a consultant with a view to obtaining information on market standards for remuneration systems, the remuneration committee should ensure that the consultant concerned does not at the same time advise the human resources department, executive directors or collegial management organs of the company concerned.	No	The Board keeps all the information about the Company activities in order to make rhe right decisions.

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

4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees[11]. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.	No	There are no such committees in the Company. The Audit Committee is in the main Company – the Company Group ALITA AB.
4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should exercise independent judgement and integrity when exercising its functions as well as present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.	Ne	There are no such committees in the Company. The Audit Committee is in the main Company – the Company Group ALITA AB.

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

4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.	No	There are no such committees in the Company. The Audit Committee is in the main Company – the Company Group ALITA AB.
4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.	No	There are no such committees in the Company. The Audit Committee is in the main Company – the Company Group ALITA AB.
4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.	No	There are no such committees in the Company. The Audit Committee is in the main Company – the Company Group ALITA AB.

4.12. Nomination Committee. 4.12.1. Key functions of the nomination committee should be the following: 1) Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company; 2) Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes; 3) Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; 4) Properly consider issues related to succession planning; 5) Review the policy of the management bodies for selection and appointment of senior management. 4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.	No	

4.13. Remuneration Committee. 4.13.1. Key functions of the remuneration committee should be the following: 1) Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body; 2) Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies; 3) Ensure that remuneration of individual executive directors or members of management body is proportionate to the remuneration of other executive directors or members of management body and other staff members of the company. 4) Periodically review the remuneration policy for executive directors or members of management body, including the policy regarding share-based remuneration, and its implementation. 5) Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies; 6) Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors);	No	

7) Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies. 4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should: 1) Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body; 2) Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting; 3) Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has. 4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies. 4.13.4. The remuneration committee should report on the exercise of its functions to the shareholders and be present at the annual general meeting for this purpose.		
4.14. Audit Committee. 4.14.1. Key functions of the audit committee should be the following: 1) Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group); 2) At least once a year review the systems of internal control and risk management to ensure that	No	. The Audit Committee is in the main Company – the Company Group ALITA AB.

the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided; 3) Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually; 4) Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations; 5) Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee; 6) Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter. 4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the		

accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations. 4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present. 4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors. 4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit. 4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action. 4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.		

4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.	Yes	In the annual report during the General Meeting.
Principle V: The working procedure of the company's collegial bodies **The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.**		
5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.	Yes	The Board implements this recommendation.

5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month.[12]	Yes	The Company Board organizes meetings not less than once a quarter.
5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.	Yes	The members of the Board are informed about the future meeting beforehand, the material for the discussion is handed in the fixed time.
5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.	No	There is no Supervisory Board in the Company.

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

Principle VI: The equitable treatment of shareholders and shareholder rights **The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.**		
6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.	Yes	The authorized capital of the Company consists of the ordinary registered shares that give the same voting rights to all the shareholders.
6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	Yes	
6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting.[13] All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	No	It is not foreseen in the Company regulations. The criteria of the important transactions are not fixed in the Company regulations according to which the transactions would be selected that require the shareholdres' approval in the meeting.
6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders.	Yes	The announcement about the venue and date of the General Meeting is published in the paper „Lietuvos Rytas" and posted in the Company website a month before the General Meeting The Company Director and the Company Board allow the

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

		shareholders to get acquainted with the Company papers connected with the agenda, terms and order of the General Meeting, that are set in the Law on Joint Stock Companies
6.5. If is possible, in order to ensure shareholders living abroad the right to access to the information, it is recommended that documents on the course of the general shareholders' meeting should be placed on the publicly accessible website of the company not only in Lithuanian language, but in English and /or other foreign languages in advance. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in Lithuanian, English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.	Yes	Ten days before the beginning of the meeting the announcement on the draft resolutions of the General Meeting is published in the JSC NASDAQ OMX Vilnius information system, in the paper „Lietuvos Rytas". After The meeting the report on the adopted resolutions of the General Meeting is sent to the information system of the JSC NASDAQ OMX Vilnius in English and to the press and the Company website in Lithuanian.
6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	Yes	The Company makes it possible for the shareholders to vote by filling up a general voting bulletin in absentia, as it is fixed in the Law on Joint Stock Companies.
6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies by allowing the shareholders to participate and vote in general meetings via electronic means of communication. In such cases security of transmitted information and a possibility to identify the identity of the participating and voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially shareholders living abroad, with the opportunity to watch shareholder meetings by means of modern technologies.	No	There was no need and, besides, we have no such technical possibilities.

<table>
<tr><td colspan="3">Principle VII: The avoidance of conflicts of interest and their disclosure

The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.</td></tr>
<tr><td>7.1. Any member of the company’s supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company’s interests. In case such a situation did occur, a member of the company’s supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company’s body that has elected him/her, or to the company’s shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.</td><td>Taip</td><td rowspan="3">The members of the Company Board follow these recommendations.

There were no such cases. The order of these transactions is not regulated in the Company.</td></tr>
<tr><td>7.2. Any member of the company’s supervisory and management body may not mix the company’s assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders’ meeting or any other corporate body authorized by the meeting.</td><td>No</td></tr>
<tr><td>7.3. Any member of the company’s supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company’s shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.</td><td>No</td></tr>
<tr><td>7.4. Any member of the company’s supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.</td><td>Yes</td><td></td></tr>
</table>

Principle VIII: Company's remuneration policy **Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors.**		
8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement) which should be clear and easily understandable. This remuneration statement should be published as a part of the company's annual statement as well as posted on the company's website.	Ne	The Company does not make a public statement of the Company remuneration policy neither in the annual report, nor in the Company website. The amount paid to the Company managers a year is made public in the annual report.
8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.	No	The Company does not make a public statement of the Company remuneration policy neither in the annual report, nor in the Company website.
8.3. Remuneration statement should leastwise include the following information: 1) Explanation of the relative importance of the variable and non-variable components of directors' remuneration; 2) Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; 3) An explanation how the choice of performance criteria contributes to the long-term interests of the company; 4) An explanation of the methods, applied in order to determine whether performance criteria have been fulfilled; 5) Sufficient information on deferment periods with regard to variable components of remuneration; 6) Sufficient information on the linkage between the remuneration and performance; 7) The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; 8) Sufficient information on the policy regarding	No	

termination payments; 9) Sufficient information with regard to vesting periods for share-based remuneration, as referred to in point 8.13 of this Code; 10) Sufficient information on the policy regarding retention of shares after vesting, as referred to in point 8.15 of this Code; 11) Sufficient information on the composition of peer groups of companies the remuneration policy of which has been examined in relation to the establishment of the remuneration policy of the company concerned; 12) A description of the main characteristics of supplementary pension or early retirement schemes for directors; 13) Remuneration statement should not include commercially sensitive information.		
8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.	No	The Company does not make a public statement of the Company remuneration policy neither in the annual report, nor in the Company website.
8.5. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.5.1 to 8.5.4 for each person who has served as a director of the company at any time during the relevant financial year. 8.5.1. The following remuneration and/or emoluments-related information should be disclosed: 1) The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting; 2) The remuneration and advantages received from any undertaking belonging to the same group; 3) The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; 4) If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director; 5) Compensation receivable or paid to each former	No	The Company does not make the Director‘s remuneration public neither in the annual report, nor in the Company website. The total amount of remuneration paid to the Director and Accountant-General, and also the average sums paid to the workers are publisbed in the annual report. There were no other payoffs.

executive director or member of the management body as a result of his resignation from the office during the previous financial year; 6) Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points. 8.5.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed: 1) The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; 2) The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year; 3) The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights; 4) All changes in the terms and conditions of existing share options occurring during the financial year. 8.5.3. The following supplementary pension schemes-related information should be disclosed: 1) When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year; 2) When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year. 8.5.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial report of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.		
8.6. Where the remuneration policy includes variable components of remuneration, companies should set limits on the variable component(s). The non-variable component of remuneration should be sufficient to allow the company to withhold variable components of remuneration when performance criteria are not met.	No	

8.7 Award of variable components of remuneration should be subject to predetermined and measurable performance criteria.	No	
8.8. Where a variable component of remuneration is awarded, a major part of the variable component should be deferred for a minimum period of time. The part of the variable component subject to deferment should be determined in relation to the relative weight of the variable component compared to the non-variable component of remuneration.	No	
8.9. Contractual arrangements with executive or managing directors should include provisions that permit the company to reclaim variable components of remuneration that were awarded on the basis of data which subsequently proved to be manifestly misstated.		
8.10. Termination payments should not exceed a fixed amount or fixed number of years of annual remuneration, which should, in general, not be higher than two years of the non-variable component of remuneration or the equivalent thereof.		
8.11. Termination payments should not be paid if the termination is due to inadequate performance.		
8.12. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.		
8.13. Shares should not vest for at least three years after their award.		
8.14. Share options or any other right to acquire shares or to be remunerated on the basis of share price movements should not be exercisable for at least three years after their award. Vesting of shares and the right to exercise share options or any other right to acquire shares or to be remunerated on the basis of share price movements, should be subject to predetermined and measurable performance criteria.	No	The Company does not follow these regualtions.

8.15. After vesting, directors should retain a number of shares, until the end of their mandate, subject to the need to finance any costs related to acquisition of the shares. The number of shares to be retained should be fixed, for example, twice the value of total annual remuneration (the non-variable plus the variable components).		
8.16. Remuneration of non-executive or supervisory directors should not include share options.		
8.17. Shareholders, in particular institutional shareholders, should be encouraged to attend general meetings where appropriate and make considered use of their votes regarding directors' remuneration.		
8.18. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.		
8.19. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.	No	The Company does not follow these regualtions.

8.20. The following issues should be subject to approval by the shareholders’ annual general meeting: 1) Grant of share-based schemes, including share options, to directors; 2) Determination of maximum number of shares and main conditions of share granting; 3) The term within which options can be exercised; 4) The conditions for any subsequent change in the exercise of the options, if permissible by law; 5) All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors.		
8.21. Should national law or company’s Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders’ approval.		
8.22. Provisions of Articles 8.19 and 8.20 should not be applicable to schemes allowing for participation under similar conditions to company’s employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders’ annual general meeting.		

8.23. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.19, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.		
Principle IX: The role of stakeholders in corporate governance **The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.**		
9.1 The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.	Yes	The Company Board and Director collaborate with the trade unions of the Company in solving hot working and rest problems of the workers, work payment and other problems. A part of the workers are the Company shareholders, thus they are taking part in the Company share capital. The regular collaboration takes place between the Company and creditors and debitors.
9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.		They have an access.

9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	Yes Yes	This provision is followed in so far as it is allowed by the Laws of the Republic of Lithuania.
Principle X: Information disclosure and transparency **The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.**		
10.1. The company should disclose information on: The financial and operating results of the company; Company objectives; Persons holding by the right of ownership or in control of a block of shares in the company; Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; Material foreseeable risk factors; Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; Material issues regarding employees and other stakeholders; Governance structures and strategy. • This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.	Yes	110.1.1. in the JSC NASDAQ OMX Vilnius Vilnius website: www.nasdaqomx.com ; 0.1.2. in the JSC „Anykščių Vynas" website: www.anvynas.lt and in the press. 10.1.3. In the annual report. 0.1.4. In the annual report. 10.1.5. In the annual report. 10.1.6. There were no such. 10.1.7. In the annual report. 10.1.8. In the annual report.
10.2. It is recommended to the company, which is the parent of other companies, that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.	No	The consolidated results are only disclosed by the parent Company the JSC „Alita".
10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when		

information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII.	Yes	The Company discloses the information on the entire amount of remuneration, bonuses and total amounts and average values of the other payouts paid to one Board or Management member during the financial year.
10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.	Yes	The Company Board and Director take an active part in collaboration with the managers of Anykščiai Municipality, with the enterprises and organizations of the town and region, with the local community in organizing town festivals and in solving other problems; collaborate with the Company trade unions. A part of the workers are the Company shareholders, thus they are taking part in the Company share capital. The regular collaboration takes place between the Company and creditors and debitors.
with10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on NASDAQ OMX Vilnius, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.	Yes	The vital information is published in the website of the JSC NASDAQ OMX Vilnius in Lithuanian and in English, in the Company website in Lithuanian, in the newspaper „Lietuvos Rytas“ in Lithuanian.

10.6. Channels for disseminating information should provide for fair, timely and cost-efficient access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.	Yes	The vital information is published in the website of the Company in Lithuanian.
10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.	Yes	We did not announce. We shall announce beginning from this year.
Principle XI: The selection of the company's auditor **The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.**		
11.1. An annual audit of the company's financial reports and interim reports should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.	Yes	The Company follows this recommendation, when an independent auditor carries out the audit of the Company interim financial accountability, the Company annual financial accountability anf the annual report.
11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.	Yes	The Company follows this recommendation, when the Company Board proposes a candidate firm of auditors to the General Meeting.
11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.	Not applicable	The audit company did not provide any non-audit services to the Company and so it did not receive any payment for this from the Company.