AB Anykščių Vynas

Financial statements for the
year ended 31 December 2010

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 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 be approved at the Annual General Meeting.

Anykščiai, 4 April 2011

Management:

Violeta Labutienė
Director

Board of Directors:

Vytautas Junevičius
(Chairman)

Vilmantas Bečiūra

Arvydas Jonas Stankevičius

Darius Vėželis

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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 ("the Company"), which comprise the statement of financial position as at 31 December 2010, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, set out on pages 5-34.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for qualified opinion

Operating losses have been incurred for a number of years which may be an indication of possible impairment of property, plant and equipment associated with production and distribution, amounting to 20,529 thousand Litas. No calculation of the recoverable amount has been prepared by the Company. Accordingly, we were not able to determine if the property, plant and equipment was impaired. The adjustments to the property, plant and equipment and the adjustments to the result and equity for the respective year that would have occurred due to recognition of the possible impairment losses, have not been determined.

Company code: 111494971
VAT code: LT114949716

Qualified Opinion

In our opinion, except for the possible effects of the matter referred to in the Basis for Qualified Opinion paragraph above, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Emphasis of matter

Without further qualifying our opinion, we draw attention to Note 31 to the financial statements which describes that the Company has incurred a net loss of 3,846 thousand Litas for the year ended 31 December 2010 (2009: Loss of 7,147 thousand Litas) and, as at that date, the Company's accumulated losses amount to 27,185 thousand Litas. In addition, the Company is liable to repay Bank credit facility of 8,632 thousand Litas by 10 April 2011. As of the date of this report respective Bank is evaluating and extending the term for repayment of this credit facility each two weeks. In addition, shareholders' equity is less than 50% of the authorized share capital of the Company as at 31 December 2010 and does not meet the requirements of the Company Law of Republic of Lithuania. Note 31 includes information of the actions taken by management to address the financial situation of the Company to seek to ensure that the Company can continue as a going concern and the Company remains in discussions with this Bank to rectify the situation. These financial statements have been prepared on the assumption that the Company is a going concern. The Company's ability to continue as a going concern depends on the continued support by the Bank, the continuing extension of repayment term for the credit facility and on the ability of shareholders to secure adequate funding to recapitalize the Company so that it is in compliance with the legislative requirements of Lithuania. These financial statements do not reflect the adjustments that would be required if the Company is unable to continue as a going concern.

Report on legal and other regulatory requirements

Furthermore, we have read the annual report for the year ended 31 December 2010, set out on pages 35–65 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 2010.

On behalf of KPMG Baltics, UAB

Rokas Kasperavičius
Partner pp
Certified Auditor

Vilnius, 5 April 2011
KPMG Baltics, UAB

Statement of financial position

In thousands of Litas

As at 31 December

	Notes	2010	2009
ASSETS			
Property, plant and equipment	16	20,529	22,070
Intangible assets	17	1,760	19
Other receivables		108	196
Total non-current assets		**22,397**	**22,285**
Inventories	18	4,225	6,803
Trade and other receivables	19	3,605	14,535
Financial assets held for sale	8	5,270	0
Other assets		79	580
Cash and cash equivalents	20	4	6
Total current assets		**13,183**	**21,924**
Total assets		**35,580**	**44,209**
EQUITY			
Share capital	21	49,081	49,081
Accumulated losses		(27,185)	(23,339)
Total equity attributable to shareholders		**21,896**	**25,742**
LIABILITIES			
Deferred tax liability	15	918	953
Deferred income		108	196
Total non-current liabilities		**1,026**	**1,149**
Loans and borrowings	23	8,632	8,632
Trade and other payables	24	1,540	4,893
Other liabilities	25	2,486	3,686
Employee benefits	26	-	107
Total current liabilities		**12,658**	**17,318**
Total liabilities		**13,684**	**18,467**
Total equity and liabilities		**35,580**	**44,209**

The notes on pages 9-34 are an integral part of these financial statements.

Director Violeta Labutienė

Statement of comprehensive income

In thousands of Litas

For the year ended 31 December

	Notes	2010	2009
Revenue	7	18,583	26,116
Cost of sales	7	(15,776)	(24,926)
Gross profit		**2,807**	**1,190**
Other income	9	354	365
Selling expenses	10	(1,420)	(1,574)
Administrative expenses	11	(5,160)	(5,989)
Other expenses	9	(111)	(154)
Results from operating activities		**(3,530)**	**(6,162)**
Finance income		-	9
Finance costs	13	(351)	(550)
Net finance costs		**(351)**	**(541)**
Loss before income tax		**(3,881)**	**(6,703)**
Income tax expense	14	35	(444)
Loss for the period		**(3,846)**	**(7,147)**
Earnings per share			
Basic earnings per share (in Litas)	22	(0.08)	(0.15)
Diluted earnings per share (in Litas)	22	(0.08)	(0.15)

The notes on pages 9-34 are an integral part of these financial statements.

Director Violeta Labutienė

Statement of changes in equity

In thousands of Litas

	Share capital	Accumulated losses	Total equity
Balance at 1 January 2009	**49,081**	**(16,192)**	**32,889**
Loss for the period	-	(7,147)	(7,147)
Total comprehensive income for the period	**-**	**(7,147)**	**(7,147)**
Balance at 31 December 2009	**49,081**	**(23,339)**	**25,742**
Balance at 1 January 2010	**49,081**	**(23,339)**	**25,742**
Loss for the period	-	(3,846)	(3,846)
Total comprehensive income for the period	**-**	**(3,846)**	**(3,846)**
Balance at 31 December 2010	**49,081**	**(27,185)**	**21,896**

The notes on pages 9-34 are an integral part of these financial statements.

Director Violeta Labutienė

Statement of cash flows

In thousands of Litas

For the year ended 31 December

	Notes	2010	2009
Cash flows from operating activities			
Profit (loss) for the period		(3,846)	(7,147)
Adjustments for:			
Depreciation and amortization of non-current assets		1,623	1,961
Interest expenses (income), net	13	307	460
Gain on sale of property, plant and equipment	9	(6)	(6)
Impairment losses (reversal) on trade and other receivables	19	972	(549)
Change in deferred tax	14	(35)	444
Change in inventories	18	2,578	10,631
Change in trade and other receivables	19	10,547	(1,062)
Change in deferred income		(88)	196
Change in trade and other payables	24,25	(4,553)	(5,664)
Change in employee benefits accrual	26	(107)	(433)
Net cash from (used in) operating activities		**7,392**	**(748)**
Cash flows from investing activities			
Interest received	13		9
Proceeds from sale of property, plant and equipment		177	6
Acquisition of property, plant and equipment	16	(25)	(25)
Acquisition of intangible assets	17	(1,969)	(13)
Acquisition of subsidiary	8	(5,270)	-
Loans paid back to the Company			797
Net cash from (used in) investing activities		**(7,087)**	**774**
Cash flows from financing activities			
Interest paid	13	(307)	(469)
Net cash from (used in) financing activities		**(307)**	**(469)**
Change in cash and cash equivalents		(2)	(443)
Cash and cash equivalents at 1 January	20	6	449
Effect of exchange rate fluctuations on cash held		-	-
Cash and cash equivalents at 31 December	20	4	6

The notes on pages 9-34 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 2010 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 4 April 2010 and signed them on behalf of the Company. The shareholders may reject the financial statements and request the financial statements be amended and reissued.

The Company acquired a subsidiary UAB Vilkmerges Alus from the related party in 2010 and transaction was recorded at book value. The investment in wholly owned subsidiary UAB Vilkmergės Alus is stated at cost. The subsidiary is not consolidated in the financial statements as at 31 December 2010, as it is held for sale.

2.2. Basis of measurement

The financial statements have been prepared on the historical cost basis. As explained in Note 31, management has been in a process of negotiation with a bank concerning the deadlines for repayment of credit line facility to be extended until the end of April 2011. It is expected that in April the Company will reach an agreement with the bank regarding new repayment schedules. On the basis of the new repayment schedules and the management's forecasts, management believes that the risk of the Company's inability to repay bad debts is low and, therefore, the Company will continue as a going concern for the foreseeable future.

2.3. Functional and presentation currency

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

2.4. Use of estimates and judgements

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

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

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

Notes to the financial statements

2. Basis of preparation (continued)

(a) Impairment losses on property, plant and equipment

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

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

(b) Impairment losses on intangible assets

The carrying amounts of the Company's intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of the intangible assets is estimated based on its value in use.

(c) Impairment losses on receivables

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

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

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

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

(e) Production costs

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

3. Significant accounting policies

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

3.1. Foreign currency

Transactions in foreign currencies are translated into Litas at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Notes to the financial statements

3. Significant accounting policies (continued)

3.2. Financial instruments

(a) Non-derivative financial instruments

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

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

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

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

Loans and receivables

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

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

(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.

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 less accumulated depreciation and accumulated impairment losses.

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

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

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

Subsequent costs

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

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.

Notes to the financial statements

3. Significant accounting policies (continued)

3.4. Intangible assets

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

Subsequent expenditure

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

Amortization

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

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

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

3.5. Emission rights

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

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

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

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

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

3.6. Government grants

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

Notes to the financial statements

3. Significant accounting policies (continued)

3.7. Inventories

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

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

3.8. Impairment

(a) Financial assets

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

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

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

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.

(b) Non-financial assets

The carrying amounts of the Company's non-financial assets, 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").

Notes to the financial statements

3. Significant accounting policies (continued)

3.8. Impairment (continued)

(b) Non-financial assets (continued)

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

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

(c) Non-current assets held for sale

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

3.9. Dividends

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

3.10. Employee benefits

Short-term employee benefits

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

Social security contributions

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

Termination benefits

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

Notes to the financial statements

3. Significant accounting policies (continued)

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.

3.12. Revenue recognition

Goods sold

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

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

Sales of services

Sales of services are recognised on performance of the services.

Rental income

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

3.13. Lease payments

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

3.14. Finance income and finance costs

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

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

3.15. Income tax

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

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

Notes to the financial statements

3. Significant accounting policies (continued)

3.15. Income tax (continued)

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

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

3.16. Segment reporting

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

3.17. Earnings per share

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

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 intangible assets, financial asets held for sale, trade and other receivables, trade and other payables as well as borrowings approximate their fair value.

Notes to the financial statements

5. New IFRS and interpretations not yet adopted

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

- Revised IAS 24 *Related Party Disclosure*
- Amendment to IFRIC 14 IAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*
- Amendment to IAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*

The Company has decided not to apply the amendments and new standards and interpretations early.

Notes to the financial statements

6. Financial risk management

Overview

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

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

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

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

(a) Credit risk

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

Trade and other receivables

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

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. This allowance for impairment includes loss estimated on a specific basis, related to individually significant trade and other receivables, as well as collectively assessed impairment loss.

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

In thousands of Litas	2010		2009	
	Gross	Impairment	Gross	Impairment
Not past due	3,453	-	7,145	-
Past due 0-60 days	152	-	7,385	-
Past due 60-180 days	-	-	5	-
More than 180 days	1,299	1,299	327	327
	4,904	**1,299**	**14,862**	**327**

All the Company's customers are wholesalers. More than 90 percent of the Company's customers as at 31 December 2010 have been transacting with the Company for several years, and no impairment loss has been recognised against these customers.

Notes to the financial statements

6. Financial risk management (continued)

(a) Credit risk (continued)

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

In thousands of Litas	2010	2009
Trade receivables	3,605	14,535
Cash and cash equivalents	4	6
	3,609	**14,541**

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

In thousands of Litas	2010	2009
Lithuania	3,595	14,513
Euro-zone countries	10	22
	3,605	**14,535**

Guarantees

The Company's policy is to provide financial guarantees only to the Group companies. As at 31 December 2010 AB Anykščių Vynas issued a guarantee for AB Alita and Įmonių Grupė Alita, AB to the bank for the credits amounting to 45,604 thousand Litas and 25,753 thousand EUR, as well as for a guarantee limit of 2,600 thousand EUR.

(b) Liquidity risk

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

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Company is in a constant discussion with the bankers on financing the entity.

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

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

Notes to the financial statements

6. Financial risk management (continued)

In thousands of Litas	**Carrying amount**	Contractual cash-flows	6 months or less	6-12 months	More than 1 year
At 31 December 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)	-	-
Guarantees issued	142,963				(142,963)
Total	**156,015**	**(13,451)**	**(13,290)**	**(161)**	**(142,963)**

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

(c) Market risk

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

Currency risk

The functional currency of the Company is Litas. The Company faces foreign currency risk on purchases and borrowings as well as on sales and amounts receivable that are denominated in currencies other than Litas. The risk related to transactions in Euro is considered to be insignificant, as the Lithuanian Litas is pegged to Euro at a fixed rate of 1 EUR: 3.4528 Litas. Changes to this peg could occur if the Government's macroeconomic policy changes.

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

In thousands of Litas	**2010**		**2009**	
	EUR	LTL	EUR	LTL
Trade and other receivables	10	3,782	26	15,285
Cash and cash equivalents	-	4	-	6
Loans and borrowings	(8,632)	-	(8,632)	-
Trade and other payables	(438)	(3,588)	(1,040)	(7,646)
Total	**(9,060)**	**198**	**(9,646)**	**7,645**

A strengthening of the Litas by 10 percent against the Euro would have increased (decreased) the shareholders' equity and profit or loss for the period by the amounts specified below. This analysis is based on the 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 2009.

	2010		**2009**	
	Equity	Profit or loss	Equity	Profit or loss
Euro	-	906	-	965

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)

Interest rate risk

The Company's borrowings are subject to variable interest rates related to LIBOR. At 31 December 2010, the Company did not use any financial instruments to hedge its exposure to the cash flow risk related to debt instruments with variable interest rates or price risk related to debt instruments with fixed interest rates.

An increase in the average annual interest rate (LIBOR) for the Company's borrowings by 100 basis points would have increased the interest expenses and decreased the result for the year ended 31 December 2010 by approximately 78 thousand Litas. A decrease in the average annual interest rate (LIBOR) for the Company's borrowings by 100 basis points would have had the equal but opposite effect.

Capital management

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

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

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

The Management of the Company intends to rectify the situation either by decreasing of the share capital or by asking the Shareholders to pay in additional capital.

Notes to the financial statements

7. Operating segments

Information about reportable segments

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

In thousands of Litas	Alcohol drinks		Apple products		Not allocated to any specified segment		Total	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
External revenue	14,877	22,226	3,086	3,197	620	693	18,583	26,116
Cost of sales	(12,791)	(20,599)	(2,601)	(3,882)	(384)	(445)	(15,776)	(24,926)
Gross profit (loss)	**2,086**	**1,627**	**485**	**(685)**	**236**	**248**	**2,807**	**1,190**
Operating expenses	(3,127)	(2,363)	(1,097)	(1,633)	(2,356)	(3,567)	(6,580)	(7,563)
Other income	-	-	-	-	354	365	354	365
Other expenses	-	-	-	-	(111)	(154)	(111)	(154)
Finance income	-	-	-	-	-	9	-	9
Finance expenses	-	-	-	-	(351)	(550)	(351)	(550)
Profit (loss) before income tax	**(1,041)**	**(736)**	**(612)**	**(2,318)**	**(2,228)**	**(3,649)**	**(3,881)**	**(6,703)**
Income tax	-	-	-	-	35	(444)	35	(444)
Profit (loss) for the period	**(1,041)**	**(736)**	**(612)**	**(2,318)**	**(2,263)**	**(4,093)**	**(3,846)**	**(7,147)**
Segment assets	16,061	29,421	3,019	5,197	16,500	9,591	35,580	44,209
Capital expenditure	-	-	1	-	1,993	39	1,994	39
Depreciation & amortization of non-current assets	596	963	328	391	699	607	1,623	1,961
Segment liabilities	348	5,100	-	1,114	13,336	12,253	13,684	18,467

Geographical segments

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

In thousands of Litas	Revenue		Intangible assets and PP&E		Capital expenditure	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
Lithuania	15,702	23,007	22,289	22,089	1,994	39
Poland	1,208	1,339	-	-	-	-
Germany	1,036	1,048	-	-	-	-
Estonia	425	301				
Latvia	106	263	-	-	-	-
Other countries	106	158	-	-	-	-
Total	**18,583**	**26,116**	**22,289**	**22,089**	**1,994**	**39**

Notes to the financial statements

8. Acquisition of subsidiary

On 25 August 2010, the Company concluded a shares purchase agreement with related party UAB A.L.D, according to which 1,700 shares with a nominal value 2,100 Litas of UAB Vilkmergės Alus are acquired for 5,270 thousand Litas. The settlement for the shares was made with the trade receivable from UAB A.L.D. No gain or loss has been recognised in the financial statements of the Company in the current reporting period relating to the above acquisition.

The subsidiary was acquired from the related party and the transaction was recorded at book values.

The Company intends to sell the investment in 2011 year. Sales proceedings started at the end of 2010. The Management believes that the sales price of the assets held for sale will not be lower than the book value. The process was initiated as at the end of the year 2010.

9. Other income and expenses

In thousands of Litas	2010	2009
Gain on sale of current assets	131	166
Income from rent and services provided	204	191
Net gain on sale of property, plant and equipment	6	6
Other income	13	2
Total other income	**354**	**365**
Cost of rent and provided services	(111)	(153)
Other expenses	-	(1)
Total other expenses	**(111)**	**(154)**

10. Selling expenses

In thousands of Litas	Note	2010	2009
Personnel expenses	12	(646)	(711)
Marketing expenses		(369)	(353)
Transportation		(99)	(85)
Depreciation	16	(22)	(38)
Other selling expenses		(284)	(387)
Total selling expenses		**(1,420)**	**(1,574)**

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

Notes to the financial statements

11. Administrative expenses

In thousands of Litas	Notes	2010	2009
Personnel expenses	12	(1,102)	(1,085)
Increase in impairment losses on trade and other receivables/reversal of allowance	19	(972)	549
Repair and maintenance		(743)	(458)
Write-off of production overheads due to under-capacity	18	(437)	(1,123)
Depreciation and amortization of tangible and intangible assets	16,17	(412)	(212)
Redundancy expenses	26	(302)	-
Security expenses		(238)	(244)
Taxes		(217)	(200)
Insurance expenses		(67)	(78)
Communication expenses		(52)	(60)
Consulting expenses		(51)	(36)
Write-down of inventories to the net realizable value		(3)	(2,420)
Other administrative expenses		(564)	(622)
Total administrative expenses		**(5,160)**	**(5,989)**

Impairment losses in trade and other receivables as at 31 December 2010 include an impairment allowance of 1,111 thousand Litas made for UAB A.L.D debt, as the customer is under bankruptcy procedure and the repayment of the amount receivable is doubtful.

In 2010 and 2009, the Company operated under capacity; therefore, the attributable part of production overheads was reclassified to operating expenses.

In 2010, a number of employees of the Company were made redundant and a compensation amounting to 302 thousand Litas was paid. No further redundancies are planned.

A write-down of inventories to the net realisable value amounting to 2,420 thousand Litas was made as at 31 December 2009.

12. Personnel expenses

In thousands of Litas	Notes	2010	2009
Production costs		(2,213)	(2,258)
Selling expenses	10	(646)	(711)
Administrative expenses	11	(1,102)	(1,085)
Total personnel expenses		**(3,961)**	**(4,054)**

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

As at 31 December 2010, the Company had 148 employees (2009: 195 employees). Personnel expenses include salaries amounting to 96 thousand Litas to the management (2009: 93 thousand Litas).

Notes to the financial statements

13. Finance income and expenses

In thousands of Litas	Notes	2010	2009
Interest income		-	9
Fines and penalties received		-	-
Finance income		**-**	**9**
Interest expense	23	(307)	(469)
Fines and penalties paid		(44)	(75)
Other finance costs		-	(6)
Finance costs		**(351)**	**(550)**
Net finance costs		**(351)**	**(541)**

14. Income tax expense

In thousands of Litas	2010	2009
Current period tax expense	-	-
Deferred tax income (expense)	35	(444)
	35	**(444)**

Reconciliation of effective tax rate

In thousands of Litas	2010		2009	
Profit (loss) before income tax		(3,881)		(6,703)
Income tax at statutory tax rate	15.0%	(582)	20.0%	(1,341)
Non-deductible expenses / (Tax-exempt income)	-1.9%	73	-1.3%	84
Current year losses for which no deferred tax asset was recognized	-19.9%	772	-19.2%	1,288
Unrecognized temporary differences arising in the current period	7.7%	(297)	-10.8%	731
Effect of change in tax rate	0%	0	4.7%	(318)
Income tax expenses (income)	**0.9%**	**(35)**	**-6.6%**	**444**

Notes to the financial statements

15. Deferred tax assets and liabilities

In thousands of Litas	2010		2009	
	Temporary differences	Deferred tax (15%)	Temporary differences	Deferred tax (20%)
Deferred tax asset				
Impairment of property, plant and equipment	316	47	316	47
Impairment of trade and other receivables	1,299	195	327	49
Inventories write-down allowance	194	29	3,039	456
Accrued vacation reserve	247	37	249	37
Termination benefits accrual	0	0	107	16
Tax losses carried forward	17,173	2,576	12,029	1,804
Available deferred tax asset		**2,884**		**2,409**
Asset not recognised		(2,884)		(2,409)
Deferred tax asset, recognised		**0**		-
Deferred tax liability				
Carrying amount of property, plant and equipment for which investment relief was used	(6,119)	(918)	(6,354)	(953)
Deferred tax liability		**(918)**		**(953)**
Net deferred tax asset (liability)		**(918)**		**(953)**

In 2010, no deferred tax asset has not been recognized in respect of deductible temporary differences and tax losses carried forward because, in the opinion of the management, it is not probable that taxable profit will be available in the foreseeable future against which the Company could utilise the benefits.

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

Notes to the financial statements

16. Property, plant and equipment

In thousands of Litas	Buildings and plant	Vehicles, equipment and tools	Other assets	Construction in progress and prepayments	Total
Cost					
Balance at 1 January 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
Balance at 1 January 2010	29,099	45,980	6,739	43	81,861
Additions	-	-	25	-	25
Disposals	-	(639)	(40)	-	(679)
Transfers	-	11	(11)	-	-
Balance at 31 December 2010	29,099	45,352	6,713	43	81,207
Depreciation and impairment losses					
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
Balance at 1 January 2010	11,856	41,676	6,229	30	59,791
Depreciation for the year	501	732	162	-	1,395
(Reversal of) impairment loss	-	-	-	-	-
Disposals	-	(469)	(39)	-	(508)
Balance at 31 December 2010	12,357	41,939	6,352	30	60,678
Carrying amounts					
At 1 January 2009	17,748	5,484	755	13	24,000
At 31 December 2009	**17,243**	**4,304**	**510**	**13**	**22,070**
At 31 December 2010	**16,742**	**3,413**	**361**	**13**	**20,529**

Depreciation of property, plant and equipment is recognized in:

In thousands of Litas	Notes	2010	2009
Production costs		(1,105)	(1,580)
Selling expenses	10	(22)	(38)
Administrative expenses	11	(184)	(205)
Other expenses		(84)	(132)
Total depreciation		**(1,395)**	**(1,955)**

Notes to the financial statements

16. Property, plant and equipment (continued)

At 31 December 2010, property, plant and equipment with a carrying amount of 18,747 thousand Litas (2009: 19,575 thousand Litas) is pledged to secure credit line facility.

The carrying amount of insured property, plant and equipment as at 31 December 2010 was 18,757 thousand Litas (2009: 19,647 thousand Litas). Assets are insured against all risks as follows: buildings for value of 72,335 thousand Litas, production equipment for value of 45,249 thousand Litas, and inventories for value of 16,600 thousand Litas.

17. Intangible non-current assets

In thousands of Litas	Trade marks	Other intangible assets	Total
Cost			
Balance at 1 January 2009		433	433
Additions		14	14
Disposals			
Balance at 31 December 2009	0	447	447
Balance at 1 January 2010		447	447
Additions	1,969		1,969
Disposals		(2)	(2)
Balance at 31 December 2010	1,969	445	2,414
Amortisation and impairment losses			
Balance at 1 January 2009		421	421
Amortisation for the year		7	7
Disposals			
Balance at 31 December 2009	0	428	428
Balance at 1 January 2010		428	428
Amortisation for the year	219	9	228
Disposals		(2)	(2)
Balance at 31 December 2010	219	435	654
Carrying amounts			
At 1 January 2009	0	12	12
At 31 December 2009	**0**	**19**	**19**
At 31 December 2010	**1,750**	**10**	**1,760**

Trademarks were acquired from the related party UAB A.L.D on 9 of August 2010 and the settlement with the trade receivable was made. The valuation, based on a discounted cash flow model, of trademarks was performed by a third party valuation company. The estimated useful life time for the trademarks is set to be 3 years.

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

Notes to the financial statements

18. Inventories

In thousands of Litas	2010	2009
Saturated apple juice	251	2,101
Finished production	1,231	2,287
Production in progress	2,076	1,703
Raw materials and consumables	667	712
Carrying amount of inventories at 31 December	**4,225**	**6,803**

The Company operated under capacity in 2010 and 2009; therefore, the attributable production overheads due to under-utilized capacity of 437 thousand Litas (2009: 1,123 thousand Litas) were recognized in administrative expenses of the current year.

As to agreement with the Bank, the Company insured inventories with value of 16,600 thousand Litas against fire, natural forces and other damages. The Company has also pledged inventories with the amount of 4,225 thousand Litas to the bank.

19. Trade and other receivables

In thousands of Litas	Notes	2010	2009
Trade receivables due from related parties, net of impairment	27	56	10,177
Other trade receivables		3,549	4,358
Trade and other receivables, net of impairment losses		**3,605**	**14,535**
Trade and other receivables, gross		**4,904**	**14,862**
Impairment of trade and other receivables at 31 December		(1,299)	(327)
Trade and other receivables, net of impairment losses		**3,605**	**14,535**
Impairment of trade and other receivables at 1 January	11	(327)	(876)
Reversal of the impairment losses	11	139	549
Impairment losses for the period		(1,111)	
Impairment of trade and other receivables at 31 December		(1,299)	(327)

As at 31 December 2010, an impairment loss of 1,111 thousand Litas was recognized for receivable due from related party UAB A.L.D. The impairment of trade receivables and reversal of the impairment is recognized in the administrative expenses.

Notes to the financial statements

20. Cash and cash equivalents

In thousands of Litas	2010	2009
Cash at bank	2	5
Cash in hand	2	1
	4	**6**

At 31 December 2010 cash balances, amounting to 2 thousand Litas, as well as inflows into the main accounts of the bank were pledged to secure repayment of the credit line facility provided by the bank.

21. Capital and reserves

As at 31 December 2010, 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 2010, the number and nominal value of shares has not changed.

22. Earnings per share

In thousands of Litas	2010	2009
Loss for the period	(3,846)	(7,147)
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	**(0.08)**	**(0.15)**

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

23. Loans and borrowings

The Company has a credit line facility amounting to 8,632 thousand Litas (2,500 thousand EUR) with Swedbank, AB, Lithuania. The credit line matures on 10 April 2011. As at 31 December 2010, 8,632 thousand Litas had been drawn (2009: 8,632 thousand Litas). The effective interest rate in 2010 was 2.9% (2009: 4.0%).

To secure the repayment of this credit line facility the Company pledged property, plant and equipment with a carrying amount of 18,747 thousand Litas as at 31 December 2010, as well as inventories amounting to 4,225 thousand Litas, all the current and future funds in the main accounts of the bank and current and future rent of 6.7521 ha land plot rights. The Company has insured its property, plant and equipment with a carrying amount of 18,757 thousand Litas as at 31 December 2010.

Notes to the financial statements

24. Trade and other payables

In thousands of Litas	Notes	2010	2009
Trade payables to related parties	27	37	3,799
Other trade payables		1,044	621
Accrued vacation reserve		247	249
Employment related liabilities		212	224
Total trade and other payables		**1,540**	**4,893**

25. Other liabilities

In thousands of Litas	2010	2009
Excise duty payable	1,753	999
Valued added tax payable	581	1,568
Prepayments received and other payables	152	1,119
Total other liabilities	**2,486**	**3,686**

26. Termination benefit accrual

Termination benefit accrual amounting to 107 thousand Litas as at 31 December 2009 was paid out in 2010. The Company paid out a further 302 thousand Litas for redundancy payments in 2010, which were recognized in the administrative expenses. No further redundancies are planned.

27. Related party transactions

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

- Įmonių Grupė Alita, AB – the Parent Company since 27 October 2009;
- AB Alita – the former Parent Company until 27 October 2009;
- UAB Alita Distribution (UAB A.L.D from 12 August 2010)– a company controlled by Įmonių Grupė Alita, AB;
- UAB Vilkmergės Alus – a wholly owned subsidiary.

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

In thousands of Litas	Notes	2010	2009
Transactions with related parties			
Sales to related parties		10,545	23,261
Purchases from related parties		8,116	6,645
Purchase of trade marks		1,969	
Purchase of subsidiary shares		5,270	
Amounts receivable from related parties			
Trade receivables from related parties, net of impairment	19	56	10,177
Amounts payable to related parties			
Trade payables to related parties	24	37	3,799

Notes to the financial statements

28. Contingencies

In accordance with the National Allocation Plan for 2008-2012, AB Anykščių Vynas has been provided with 14,934 CO_2 emission allowances (2,986 per year) for the system *boiler house, oilcake dryer*. Actual emissions during 2010 were significantly lower than allowed; therefore, no provision has been recognized as at 31 December 2010. 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 45,604 thousand Litas and 25,753 thousand EUR, as well as for a guarantee limit of 2,600 thousand EUR.

The Company rents 1 land plot from the State with contract maturity on 8 August 2046. The annual rent fee in 2010 amounted to 27.4 thousand Litas. 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 2010, as the management could not reliably estimate the present value of future obligation; however, it is considered that such amount would not be material.

The tax authorities have not performed a full scope tax review of the Company for the period from 01/01/2006 until 31/12/2010. According to prevailing tax legislation the tax authorities have the right to check accounting registers and records of the company for 5 years prior to the current accounting period and may charge additional taxes and penalties. Management of the Company is not aware of any circumstances due to which material additional tax liabilities could be imposed on the Company.

29. Litigation and claims

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

30. Subsequent events

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

31. Going concern

During the year 2010 the Company incurred net losses amounting to 3,846 thousand Litas and its current assets exceeded short-term liabilities by 525 thousand Litas. The Company's net assets to share capital ratio is 2,645 thousand Litas below the threshold established by the Company Law of the Republic of Lithuania.

As at 31 December 2010, the Company owned 1,700 of ordinary registered shares of UAB Vilkmergės Alus with the nominal value of 2,100 Litas, which comprises 100% of shares of UAB Vilkmergės Alus. The total price of shares is 5,270 thousand Litas. This investment is held for sale. The sale of mentioned assets is expected to significantly improve cash flows.

In order to balance the cash flows, Management and shareholders of AB Anykščių Vynas are taking active measures to ensure financial stability of the Company. In 2010, the Board and Management implemented decisions, which helped to achieve goals set for 2010 and ensure that the Company would continue as a going concern:

- Optimizing the number of employees in production and administration in line with volumes of production and sales. The project will have been completed by the end of May 2011. The optimized number of employees will allow reducing operating costs and increasing profitability of production. Positive outcome of the project was recognized as early as in the first months of 2011.
- Unprofitable business line was abandoned, i.e. the Company terminated food services which were transferred to the third parties and the premises were rented. Cleaning of the Company was transferred to the third parties as well. These decisions will allow decreasing fixed operating costs of the Company.

Notes to the financial statements

31. Going concern (continued)

- Optimization of premises owned by the Company and its capacities is in process: unoccupied administrative premises were rented to the third parties. As a result of staff optimization, the need for administrative space was reduced and, at the same time, utility costs were cut down. In 2011, we are planning to increase production volumes and optimize production capacity with a smaller number of staff.
- Sales and Marketing team in the Parent Company which takes care of sales of AB Anykščių Vynas production has been strengthened. The new team is able not only to maintain the Company's position in the main categories of production on the shrinking Lithuanian market but strengthen them as well. We are also actively working on the export development. The EU project related to promotion of production export is in process.
- The Company's scheme of production distribution has been optimized. In the beginning of 2011 we started cooperation with new distributors and agreed on more flexible terms of settlement.
- Negotiations with the bank regarding extension of maturity terms of the loan are in process. In March 2011, the Company signed an interim agreement with the bank, stating that deadlines for repayment of loans are extended until 10 April 2011. It is expected that the Company will reach an agreement with the bank regarding new repayment schedules within a longer period.

In view of the above mentioned actions and taking into consideration the Company's production capabilities and technical expertise of staff, Management is of the opinion that the Company will be able to continue as a going concern, provided long-term agreements regarding extension of maturity terms are reached with the bank.

ANYKŠČIŲ VYNAS AB
ANNUAL REPORT FOR
THE YEAR 2010

#

I. THE GENERAL INFORMATION ABOUT THE ISSUER

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

The report is prepared for the year of 2010.

1.2. The principal contact data of Anykščių Vynas AB.

The name of the Issuer:	Anykščių Vynas.
Legal-organizational form:	The Joint-Stock Company, legal entity.
The registration date and place:	November 21, 1990 the Company of the State Land Cadastre and Register (Vilnius).
The place and date of re-registration:	May 25, 2010, Utena branch of the State Company Register Centre.
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) 50 233.
Fax. number:	(8-381) 50350.
E-mail address	info@anvynas.lt
Website:	www.anvynas.lt

The Company Anykščių Vynas AB has no branches and representative offices. UAB Vilkmergės alus is a wholly owned subsidiary.

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

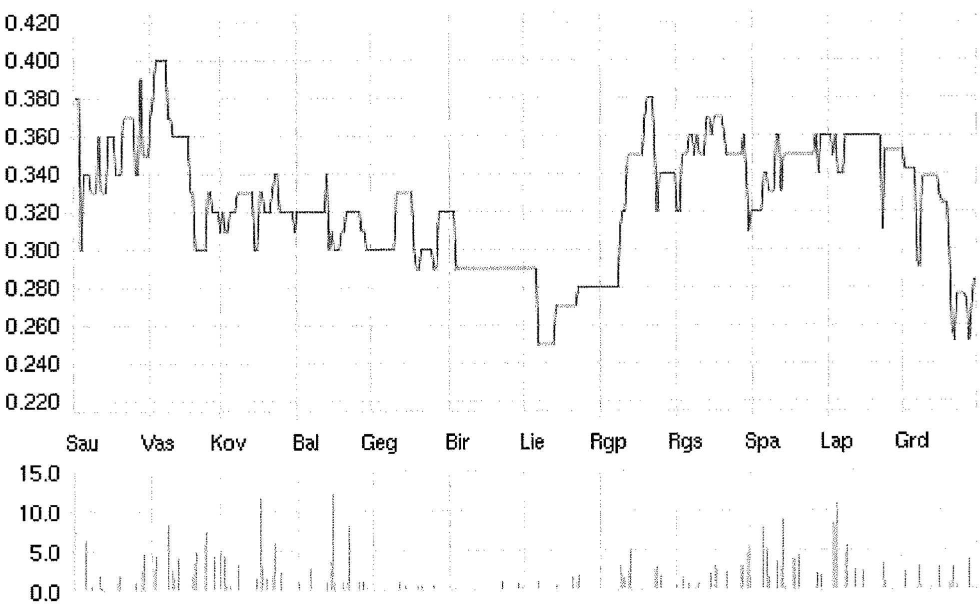
On July 29, 2004 Anykščių Vynas AB and Swedbank,#AB signed a contract on the accounting of the Company issued securities and accounting of the personal securities. The ,Swedbank, AB is in Konstitucijos av. 20a, 03502 Vilnius, tel.: (8-5) 258 2485, fax.: (8-5) 258 2170.

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

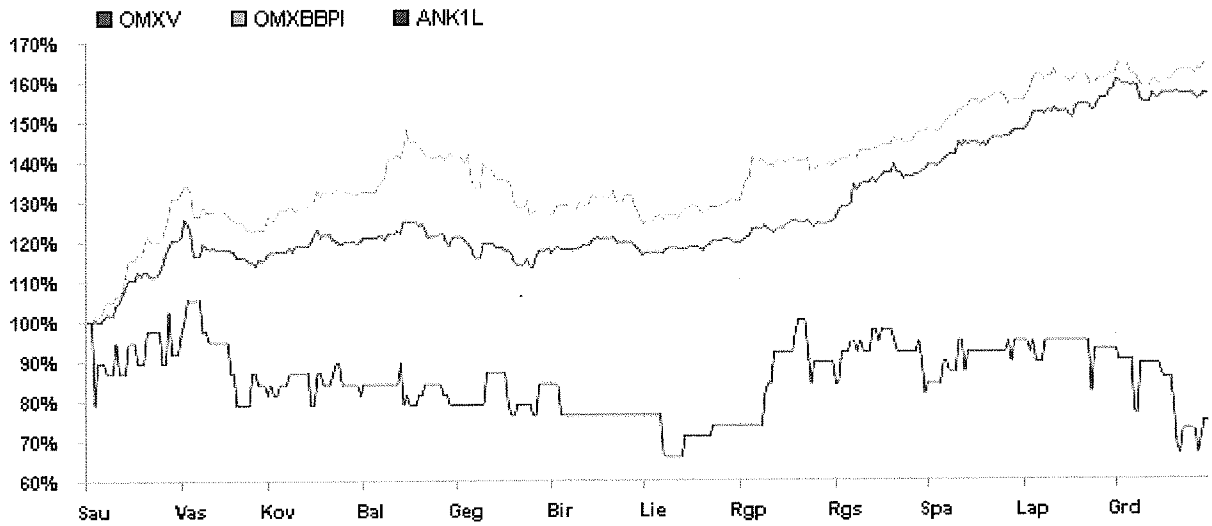
The ordinary registered shares, issued on July 29, 1995 by Anykščių Vynas AB, were enlisted in the NASDAQ OMX AB Vilnius Supplementary trade List. At present there are 49 080 535 ordinary registered shares of the Anykščių Vynas AB. The total nominal value of the shares is 49 080 535 Litas. The ISIN Code of these securities is LT0000112773 (the clipping is ANK 1L).

The sale history of the securities in 2007-2010 and the price of the shares and the diagram of the turnover in the year of 2010:

Index	2007	2008	2009	2010
The opening price, LTL	1.16	1.12	0.24	0.30
The biggest price, LTL	1.65	1.17	0.65	0.40
The lowest price, LTL	0.98	0.20	0.19	0.228
The final price, LTL	1.07	0.24	0.38	0.283
The turnover in units	2 229 700	227 417	1 410 523	962 308
The turnover in million of LTL.	2.91	0.15	0.44	0.32
The capitalization in million of LTL	52.52	11.78	18.65	13.90



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



Index/Shares	01.01.2010	31.12.2010	+/-%
OMX Vilnius	261.77	409.65	56.49
OMX Baltic Benchmark PI	223.65	366.96	64.08
ANK1L	0.11 EUR	0.08 EUR	-25.49

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

1.6. The trade in the other markets.

There is no trade.

1.7. The trade in the other organized markets.

There is no trade.

1.8. The Issuer's securities trade outside the Stock Exchange.

The data about the outside Stock Exchange transactions of the Anykščių Vynas AB 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	
	Maximum	Minimum	In cash	Not in cash
2009 I	-	-	-	-
2009 II	-	-	-	-
2009 III	-	-	-	-
2009 IV	-	-	-	46 612 970
2010 I	0.36	0.32	290963	-
2010 II	0.32	0.32	51202	56110

1.9. The capitalization of the securities.

The reporting period*	Capitalization, LTL	The share price, LTL
The 1st quarter of 2010	15 214 965,85	0.31
The 2nd quarter of 2010	14 233 355,15	0.29
The 3rd quarter of 2010	15 215 874,41	0,31
The 4th quarter of 2010	13 896 152,24	0,28

*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 date about the procurement of the Issuer‘s own shares.

There were no such cases.

1.11. The notification of a Tender Offer.

In 2010 there were no Tender Offers of the third parties to buy the ordinary registered shares of Anykščių Vynas AB. Anykščių Vynas AB did not notify any Tender Offers to buy the securities of the other issuers.

1.12. The payment brokers of the Issuer.

There were no payment brokers.

2. THE OTHER INFORMATION ABOUT THE ISSUER.

2.1. The authorized capital of the Issuer.

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

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

The types of shares	The number of shares	The nominal value (LTL)	The total nominal value LTL	The part 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 it owner one vote in the General Meeting.

The shareholders' rights are fixed by the Law on Companies of the Lithuanian Republic 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 limitaion of the securities transfers.

None.

2.4. The shareholders.

On December 31, 2010 there were 487 shareholders in Anykščių Vynas AB.

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

Shareholder's name, surname, (Company name, type, address of the residence, Company Register Code).	Available number or ordinary registeres shares, in units.		Available part of the authorized capital and votes (%).		
	Total	Including the shares owned by a shareholder	Total	Including the ordinary registered shares owned by a shareholder and having votes.	Together with a group of the acting persons (%).
The Company Group ALITA AB Miškininkų 17, LT-62200 Alytus, 302444238	46 577 570	46 577 570	94.9	94.9	-

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

None.

2.6. The information about the limitations of the voting rights and shareholders' agreements.

None.

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

9 080 535 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 data 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 pressence in the authorized capital but their circulation is regulated by the Law of the public circulation 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 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 (Anykščių Vynas AB)	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 since 23 05 2008 – 16 06 2008				
1	Production Manager, Substituting the Director	Vidas Lagūnas	-	-
2	Accountant-general	Audronė Zemlevičienė	-	-
ADMINISTRATION from 10 02 2006 to 23 05 2008				
1	Director	Marius Gudauskas	-	-
2	Accountant-general	Audronė Zemlevičienė	-	-

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

Vytautas Junevičius, the Chairman of the Board of Anykščių Vynas since 08 07 2004; the Chairman of the Board of the Company Group ALITA AB, the Chairman of the Board and General Director of „ALT Investicijos" AB, higher education, engineer-economist, a specialist of the international relations. Since 1994 he was the General Director of „Alita“ AB and since June 11, 2010 he is the General Director of „ALT Investicijos“ AB.

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

Audronė Zemlevičienė, the Accountant-general of Anykščių Vynas AB 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 ,ALT Investicijos AB and 41,9 % of the Company Group ALITA AB ordinary registered shares, he is the Chairman of the Board and General Director of ALT Investicijos AB, the Chairman of the Board of the Company Group ALITA AB, a member of the Board of Šiaulių Bankas AB, a shareholder of 50% of shares of ,Aunuva UAB.

Arvydas –Jonas Stankevičius – a member of the Board, the Production Director and a member of the Board of the Company Group ALITA AB, a member of the Board of ,ALT Investicijos AB, he has 16,74% of the Company Group ALITA AB and 16,75% of ALT Investicijos AB ordinary registered shares, he has 40% of Lieda UAB and 40% of Alytaus Vaistinė UAB ordinary registered shares.

Vilmantas Pečiūra – a member of the Board, a member of the Board of ALT Investicijos AB, a member of the Board of the Company Group ALITA AB, the Director of A.L.D. UAB. He has 12,57% of ALT investicijos AB and 12,56% Company Group ALITA AB ordinary registered shares.

Darius Vėželis – a member of the Board, a member of the Board of ALT Investicijos AB, a member of the Board of the Company Group ALITA AB, he has 12,57% of ALT Investicijos AB and 12,56% of the Company Group ALITA AB ordinary registered shares. PVA. He is the Export Director of Plungės Kooperatine prekyba UAB.

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

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

4.4. The data about the non-extinct 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 of Directors, 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:

2010	Salary, LTL	Bonuses, LTL	The other payoffs from the profit, LTL
The average to one member of the Board	-	-	-
Total to all the members of the Board	-	-	-
The average to one member of the Administration	48 020	-	-
Total to all the members of the Administration	96 040	-	-

The sum, calculated for the members of the Management Bodies (Director and Accountant-General), is 96 040 LTL. The average payoff to one person during the year:

- Salary - 46 253 LTL;
- for the vacation - 1767 LTL.

From the profit:
- Extra - 0 Lt;
- Premium - 0 Lt;
- Bonus - 0 Lt.

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 of the Directors and Administration during the reporting period (to each category of the above mentioned persons) received from the companies where the Issuer‘s part in the authorized capital is more than 20%.

None.

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

None.

5.4. Transactions with the concerned persons.

According to the resolution of the Anykščių Vynas AB Board in 09 08 2010 Anykščių Vynas AB and Alita Distribution UAB (at present A.L.D. UAB) signed a purchase contract for the acquisition of the trademarks MONIKUTĖ for 1093 thousand of LTL and EXTRIM for 876 thousand of LTL owned by Alita Distribution UAB. The total sum of the transaction is 1 969 thousand of LTL. The indebtedness of Alita Distribution UAB to the Joint-stock Company Anykščių Vynas was decreased in this sum.

According to the resolution of the Board of Anykščių Vynas AB in 25 08 2010 Anykščių Vynas AB and A.L.D. UAB signed a purchase contract for the acquisition of shares. Anykščių Vynas AB acquired 1700 ordinary registered shares of Vilkmergės Alus UAB with the nominal value of 2100 LTL that amounts to 100% of all the Vilkmergės Alus UAB shares, owned byA.L.D. UAB. The total sum of the shares is 5 270 thousand of LTL. The indebtedness of A.L.D. UAB to the Joint-stock Company Anykščių Vynas was reduced in this sum.

6. THE BOARD‘S ACTIVITIES

In 2010 the Board of Anykščių Vynas AB was made of the same members as the Board of the Company Group ALITA AB. The specialists are of high qualifications who led not only the management of the Company Group ALITA AB, but they worked in the economic life of the group of companies directly and indirectly. In 2010 the Board 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, anlysis of the results of the activities 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 NASDAQ OMX Vilnius AB) information disclosure and distribution system and in the website of Anykščių Vynas AB www.anvynas.lt :

February 26, 2010. The unaudited activity results of the Anykščių Vynas AB of the year of 2009

The Anykščių Vynas AB sale incomes of 2009 amount to 26 116 thousand of LTL (7 564 thousand of EURO) and it decreased 30,3% in comparing with 2008. The Company optimized its activity and it reduced its activity inputs about 6 107 thousand of LTL, i.e. 44,7% in 2009 in comparing with the year of 2008.

In 2009 the Company activity result is the loss of 6 703 thousand of LTL (1 941 thousand of EURO). In 2008 the activity result was the loss of 6 407 thousand of LTL (1 856 thousand of EURO).

March 24, 2010. Regarding the Annual General Meeting.

The Annual General Meeting of Anykščių Vynas AB, code 254111650, address Dariaus ir Gireno str.8, Anykščiai, is convened by the initiative and decision of the Board.

The Date of the Meeting is the 26th of April, 2010, Monday. Time – 12.00: a. m., place – Dariaus ir Gireno str. 8, (the 5th floor), Anykščiai. Registration starts at 11:30 a. m.

The Board confirmed the following agenda of the Annual General Meeting:

1. The announcement of the Annual report of the Company for the Year of 2009.
2. The announcement of the Auditor's report.
3. The approval of the Set of the Annual Financial Accounts of the Company for the year of 2009.
4. The approval of the distribution of the Company's profit/loss for 2009.
5. The amendment of Anykščių Vynas AB Articles of Association and the approval of the new wording of the Articles of Association.

The record date of the Meeting is the 19th of April, 2010. The right to participate and vote in the General Meeting is granted only to those persons who were shareholders at the end of the record date of the General Meeting.

Persons who participate in the General Meeting must submit an identity document. A person who is not a shareholder, to this document, must also submit a document confirming the right to vote at an Annual General Meeting.

Based on the procedure established by the laws, each shareholder shall have the right by written form or the electronic means to authorize the other person (either legal or natural) to participate and vote on behalf of him/her in the Meeting. In the Meeting, the authorized person shall be granted with the equal rights as the shareholder he/her/it represents unless the proxy or laws provide him/her/it with more constricted rights of authorization. The authorized person must present the proxy certified in accordance with the laws. The proxy issued in a foreign country shall be translated into the Lithuanian language and legalized in accordance with the procedure established by the laws. The proxy issued by the electronic means is undemanding for confirmation by notary. The proxy that is issued by the electronic means and the notice about the issue of this proxy must be sent the shareholder by the e-mail info@anvynas.lt not later than the 23rd of April, 2010 (till 4:00 p.m.).

The decisions, which are included into the Annual General Meeting agenda, can be voted in writing by completing the general ballot paper. If a person who had completed the general ballot paper is not a shareholder, the completed general ballot paper must be accompanied by a document confirming the right to vote. The general ballot paper is submitted in the Company's website: http://www.anvynas.lt. If the general ballot paper isn't accesibble in the Company's website for the technical reasons, the shareholders can get the printed form of the general ballot paper in the Company's registered office by address Dariaus ir Gireno str.8, Anyksciai.

Upon the request of the shareholder, the Company shall send the general ballot paper by the registered post free of charge at least 10 days before the General Meeting. The filled general ballot paper and document certifying the right to vote should be sent by the e-mail info@anvynas.lt or by the registered post to the Company's registered office address which is stated above and should be received not later than the 23rd of April, 2010 (till 4:00 p.m.).

The Company reserves the right not to include the shareholder's vote, if the general ballot paper does not meet the third and fourth parts of 30 Article of the Law on Companies requirements or the general ballot paper is written in a way that it is impossible to establish shareholder's will on a separate issue.

Since the 6th of April, 2010, the shareholders shall have the right to access the drafts of decisions on each agenda issue or if the decisions shall not be adopted, the explanations of the Board and shareholders, documents that must be submitted to the Meeting and other information, related to the execution of shareholder's rights, during working hours in the registered office of Anykščių Vynas AB, Dariaus ir Gireno str. 8, Anykščiai and in the Company's website http://www.anvynas.lt.

The terms and procedures of implementation of the Shareholder's right to submit the proposal to supplement the agenda of the Annual General Meeting, to propose new draft decisions related to the questions included or will be included into the agenda, to provide the Company in advance with the questions related to the agenda of the Meeting will be submitted in Company's website http://www.anvynas.lt since the 6th of April, 2010.

March 26, 2010. Anykščių Vynas AB shortens the working week

The Board of Anykščių Vynas AB has estimated the current situation due to impact of the declining sales and decided to reduce the working time to four days a week in the second quarter of the year of 2010.

April 6, 2010. The draft resolutions of the Annual General Meeting of Anykščių Vynas AB.

The Board of Anykščių Vynas AB, Company Code 254111650, address Dariaus ir Gireno str.8, Anykščiai, assented and will submit to the Annual General Meeting of Anykščių Vynas AB that will take place on the 26th of April, 2010, at 12:00 a.m. for the approval of the following draft resolutions on the agenda of the Meeting:

1. The Annual report of the Company for the Year of 2009.

The resolution on this issue is not accepted.

2. The Auditor's report.

The resolution on this issue is not accepted.

3. The approval of the Set of the Annual Financial Statements of the Company for the year of 2009.

To approve the Set of the Annual Financial Statements of the Company for the year 2009.

4. The approval of the distribution of the Company's profit/loss for 2009.

To approve the distribution of the Company's profit/loss for 2009:

- the undistributed profit (loss) brought forward from the previous financial year at the beginning of the reporting financial year - 16,192 thousand of LTL; 4,690 thousand of EURO;
- the Net profit (loss) for the reporting financial year - 7,147 thousand of LTL; 2,070 thousand of EURO;
- the profit (loss) available for the distribution - 23,339 thousand of LTL; 6,759 thousand of EURO;
- the undistributed profit (loss) at the end of the reporting financial year transferred to the next financial year - 23,339 thousand of LTL; 6,759 thousand of EURO.

5. The amendment of Anykščių Vynas AB Articles of Association and approval of the new wording of the Articles of Association.

5.1. Considering the modifications of the Law on Companies and the requirements of the 2nd wording of the classifier of the types of the economic activities (CTEA 2nd edition of Statistic Department), which has been valid since the 1st of January, 2008, to amend Anykščių Vynas AB Articles of Association and to approve the new wording of the Articles of Association of Anykščių Vynas AB.

5.2.To authorise Vytautas Junevičius, the Chairman of the Board of Anykščių Vynas AB, to sign the new wording of the Articles of Association of Anykščių Vynas AB.

5.3. To delegate Violeta Labutienė, the Director of Anykščių Vynas AB or any other authorised persons to register the amended Articles of Association as required by the provisions of the legislative acts and to perform any other pertaining.

April 8, 2010. The draft resolutions of the Annual General Meeting of Anykščių Vynas AB.

The Company Anykščių Vynas AB submits the annexes to the draft resolutions of the Annual General Meeting, which takes place on the 26th of April, 2010.

1. The Annual report for the Year of 2009, the Auditor's report, the Financial Statements for the year of 2009.
2. The new wording of the Articles of Association of Anykščių Vynas AB.

April 26, 2010. The resolutions of the Annual General Meeting of Anykščių Vynas AB.

The Annual General Meeting of Anykščių Vynas AB, that was held on the 26th of April, 2010, adopted the following resolutions:

1. The Annual report of the Company for the Year of 2009 was heard. The resolution on this issue was not accepted.
2. The Auditor's report was heard. The resolution on this issue was not accepted.
3. The Set of the Annual Financial Statements of the Company for the year of 2009 was approved.
4. The distribution of Company's profit/loss for 2009 was approved:

- the undistributed profit (loss) brought forward from the previous financial year at the beginning of the reporting financial year - 16,192 thousand of LTL; 4,690 thousand of EURO;
- the net profit (loss) for the reporting financial year - 7,147 thousand of LTL; 2,070 thousand of EURO;
- the profit (loss) available for the distribution - 23,339 thousand of LTL; 6,759 thousand of EURO;
- the undistributed profit (loss) at the end of the reporting financial year transferred to the next financial year - 23,339 thousand of LTL; 6,759 thousand of EURO.

5. Considering the modifications of the Law on Companies and the requirements of the 2nd wording of the classifier of the types of the economic activities (CTEA 2nd edition of Statistic Department), which has been valid since the1st of January, 2008), Anykščių Vynas AB Articles of Association were amended and the new wording of the Articles of Association of Anykščių Vynas AB was approved.

5.1. Vytautas Junevičius, the Chairman of the Board of Anykščių Vynas AB, was authorised to sign the new wording of the Articles of Association of Anykščių Vynas AB.

5.2. The head of Anykščių Vynas AB or any other authorised persons were mandated to register the amended Articles of Association as required by the provisions of the legislative acts and to perform any other pertaining.

April 26, 2010. The General Meeting

The Annual General Meeting of Anykščių Vynas AB, was held on the 26th of April, 2010, and adopted the Set of the Financial Statements of the Company for the year of 2009.

May 4, 2010. The results of the first quarter of the year of 2010

The result of the first quarter of the year of 2010 under the International Accounting Standard is the loss of 781 thousand of LTL (226 thousand of EURO). The income from the sales were 5 503 thousand of LTL (1 594 thousand of EURO) and decreased by 17,7 % or 829 thousand of LTL (240 thousand of EURO) in comparing with the same period of the previous year.
In the same period of the previous year the Company sustained pretax losses of 721 thousand of LTL (209 thousand of EURO).

The Company submits the Set of the Intermediate Unaudited Financial Statements of the Company for the first quarter of year of 2010.

June 30, 2010. Anykščių Vynas AB shortens the working week.

The Board of Anykščių Vynas AB has estimated the current situation due to the impact of the declining sales and decided to reduce the working time to four days a week in the third quarter of the year of 2010.

August 12, 2010. The results of the first half-year of 2010.

The activity results of Anykščių Vynas AB of the first half-year of 2010 are better almost 52% according to the International Accounting Standards, in comparing with the last year: the loss of the activity results of the first half-year of 2010 amounted to 949 thousand of LTL (275 thousand of EURO) before taxes and the loss of the activity results of the same period of 2009 were 1 963 thousand of LTL (569 thousand of EURO) before taxes.

The sales incomes of the first half-year of 2010 amounted to 9.73 million of LTL (2.82 million of EURO) and in comparing with the same period of 2009 they decreased in 18.8%.
We present the set of Intermediate Unaudited Financial Statements of the year of 2010.

August 24, 2010. The decision of the Board of Anykščių Vynas AB.

On the 24th of August, 2010 the Board of Anykščių Vynas AB made the resolution to allow to sign a purchase contract with A.L.D. UAB and acquire the shares under ownership of A.L.D. UAB owned by Vilkmergės Alus UAB, reducing the debt of A.L.D. UAB to Anykščių Vynas AB. The value of transaction is 5 270 000 LTL (1 526 297 EURO).

September 28, 2010. Concerning the information that appeared in media
On the 27th of September, 2010 the News Agency Elta announced that the Company Group ALITA AB intends to close one of the group company Anykščių Vynas AB.

The Joint-stock Company Anykščių Vynas AB notes that the Management and shareholders of the Company Group ALITA AB and the Management of Anykščių Vynas AB did not make any decisions related to the closure of Anykščių Vynas AB, however, they state that if the current state of the excise policy will not be changed, the Company may be forced to consider the decision to close the wastefully operating Anykščių Vynas AB in accordance to one of the methods provided in the Laws of the Republic of Lithuania. Anykščių Vynas AB will publish the information about the following decisions in accordance with the disclosure requirements.

September 29, 2010. Anykščių Vynas AB shortens the working week

The Board of Anykščių Vynas AB has estimated the current situation due to the impact of the declining sales and decided to reduce the working time to four days a week in the fourth quarter of the year of 2010.

November 15, 2010. Anykščių Vynas AB reduces the number of the workers.
Due to the current situation of the excise policy the financial state of Anykščių Vynas AB continually declined in the years of 2008-2010. The Company Board has estimated the current situation and, with the intention to cut down the labour expenditures, decided to do a structural reorganization and to reduce the number of the workers up to 30 percent.

November 29, 2010. The results of the nine months period of 2010

The Anykščių Vynas AB activity results of the nine months period of 2010 are better almost 33% according to the International Accounting Standards, in comparing with the last year: the loss of the activity results of the nine months period of 2010 amounted to 1 740 thousand of LTL (504 thousand of EURO) before taxes and the loss of the activity results of the same period of 2009 were 2 589 thousand of LTL (750 thousand of EURO) before taxes.

The sales incomes of the nine months period of 2010 amounted to 13.79 million of LTL (3.99 million of EURO) and in comparing with the same period of 2009 they decreased in 16.5%.
We present the set of the Intermediate Unaudited Financial Statements of the nine months period of 2010.

You can get the published regulated information for the introduction in the Company or in the website of the Vilnius Stock Exchange: 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 the food industry, acting according to the fixed demands of the association members. It represents the interests of the members in different institutions and it is not a profit-making organization.
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 East Baltic region which began to produce wine in the industrial way. The founder is a certified 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 Exhibitions 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 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 wines Jubiliejinis and Šermukšnėlė were given the grade of quality.When M. 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 a season, producing around 40 names of a notable taste, aromatic, high quality drinks from the natural raw material – fruit-and-berry wine, cider, kinds of brandy, liqueur, fortified 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 the International Europe Award for the quality. The apple concentrated juice, the dried apple pomace are exported to Germany and the other countries of West Europe.

In July, 2004 the Company was privatized. Alita AB obtained the controlling interest from the state.

A range of the Anykščių Vynas AB 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 in 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 the bronze medal in the international competition International Spirits Challenge 2008 in London. A kind of brandy Bobelinė 20% won the gold medal in the competition Lithuanian Year Product of 2008.

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

In 2009 the natural black currant wine Voruta won the gold medal in the competition of the alcohlic drinks Zolotoj Grifon in Yalta. In December, 2009, this wine was awarded the name of the National heritage by the Ministry of Agriculture of the Republic of Lithuania.

Anykščių Vynas AB put in request to receive financial support of the EU structural funds and got 200 thousand of LTL for the Project „The export promotion of the Anykščių Vynas alcoholic drinks" according to the usage strategy of the structural promotion of the European Union and the
action progam of the economical growth New possibilities of Lithuania in the years of 2007-2013.

The natural cherry wine Voruta won the gold medal in the competition "Lithuanian Year Product of 2010".

10. THE IMPORTANT EVENTS OF THE YEAR

According to the resolution of the Anykščių Vynas AB Board in 09 08 2010 Anykščių Vynas AB and Alita Distribution UAB (at present A.L.D. UAB) signed a purchase contract for the acquisition of the trademarks MONIKUTĖ for 1093 thousand of LTL and EXTRIM for 876 thousand of LTL owned by Alita Distribution UAB. The total sum of the transaction is 1 969 thousand of LTL. The indebtedness of Alita Distribution UAB to the Joint-stock Company Anykščių Vynas was decreased in this sum.

According to the resolution of the Board of Anykščių Vynas AB in 25 08 2010 Anykščių Vynas AB and A.L.D. UAB signed a purchase contract for the acquisition of shares. Anykščių Vynas AB acquired 1700 ordinary registered shares of Vilkmergės Alus UAB with the nominal value of 2100 LTL that amounts to 100% of all the Vilkmergės Alus UAB shares, owned by A.L.D. UAB. The total sum of the shares is 5 270 thousand of LTL. The indebtedness of A.L.D. UAB to the Joint-stock Company Anykščių Vynas was reduced in this sum.

11. THE STAFF

The average number and average salary in Litas (without the paid out compensations) of the Anykščių Vynas AB workers according to the personnel groups:

The staff	*2009*			*2010*		
	Number	%	Average salary	Number	%	Average salary
Managers	2	1,0	3860	2	1,1	4002
Specialists and employees	69	33,6	1520	63	33,3	1625
Workers	134	65,4	1040	124	65,6	1086
Total:	**205**	**100**	**1229**	**189**	**100**	**1296**

In the reporting year the average number of the workers reduced in 16 people or 7,8% because of the decreased volumes of the selling and production, and the average salary of the workers increased in 67 LTL or 5.5%. The increase of the average salary was determined by the fact that more workers, whose salary was lower, were given the walking-papers.

The structure of Anykščių Vynas AB workers according to the education in 2009 – December 31, 2010:

The workers' education	**2009**		**2010**	
	number	%	number	%
Higher	45	23,1	35	23,5
Further education	58	29,7	46	30,9
Secondary	86	44,1	65	43,6
Unfinished secondary	6	3,1	3	2
Total:	195	100	149	100

On the 31st of December, 2010 there were 149 workers in Anykščių Vynas, 50 (33.6 %) of them were specialists, 97 (65.1 %) of them were workers. At the end of the year 62 people worked in the immediate production, 9 people worked in the subdivisions of the secondary production, 34 people worked in the auxiliary subdivisions, 3 people worked in the commercial subdivisions, 23 people worked in the marketing and production sale offices and 18 people belonged to the other administration workers.

56,4 % of all the workers are women, 43.6 % of them are men

In 2010 the average number of the people listing was 189 workers.

In 2010 4 workers raised their qualifications in different courses and seminars, 4 workers acquired extra qualifications. 2 workers are studying in the higher schools. 2.3 thousand of LTL were spent for the people training.

12. INFORMATIVE TECHNOLOGIES

In 2010 the Company run 60 computers, 3 servers: the post, file server and updating server of the NOD32 AntiVirus program. In order to work with the accounting program AXAPTA we use the distant server of the Company Group ALITA AB. The program STEKAS installed in the Anykščių Vynas file server is used for the wage and personnel accounting.The accounting program SAIKAS is used for the raw material procurement. We operate the Telehansa program to keep in touch with Swedbank, AB. We keep contacts with SEB Bankas AB and Šiaulių Bankas AB through the portals of the internet. At present we run only the Windows XP Professional, VISTA ir Windows 7 Business operation systems. The most important work places are served with the office program packs MS Office Professional 2007. All the computers have the installed e-mail. 2MBbites internet is installed in the Company. The Company Omnitel supplies the internet services. Every year a part of hardware and software is renewed.

13. THE PRODUCTION

The main activity of Anykščių Vynas AB is the production of alcoholic drinks and concentrated juice.

The range of the production of the Company is more then 40 names, they are fruit-and-berry wine, cider, a kind of brandy, liqueur, spirit drinks. The non-alcoholic production is apple and berry concentrated juice, apple aroma, dried apple pomace.

In 2010 the assortment of the prospectless production (after the evaluation of the names and botling) was reduced: 17 wines, 5 ciders, 4 kinds of brandy, 1 liqueurs.
The production of 3 new wines, 1 kind of brandy was launched.

In 2010 we processed 3156 tons of apples, 18 tons of cranberries, 45 tons of black currants, 20 tons of black rowan. In the reporting period 1993 thousand of Litas were allocated for the investment, 1969 thousand of LTL were assigned to the acquisition of trademarks. We also purchased the computer and other equipment.

The repair of the bottling lines was done, we remade the PET bottling combiblock and increased the capacity of the bottling line into PET 0.7 bottles.

The equipment for the production of the kind of brandy Karaimų was prepared and the production of the kind of brandy began.

The recontruction of the cooling piping of the tanks for the production treatment with cold was performed. The inner coatings of the tanks were repaired.

The chain of the elevator was changed, the auto upturners were tested and the preparation of the equipment was done in the apple concentrated juice production shop. All the technological equipment is maintained constantly and the repair is done, when required.
The repair was done to the compressor VMY-7, the partial repair was done to the cooling lines. The broken line of the hot water was repaired, we changed the filtering elements (16 thousand of LTL) of the filter system in the rain water outflow cleaning. The technical revision of the pressure tanks was done. The gas pressure controller was repaired in the boiler-house. The maintenance and repair of the power accounting system and the preventive power measurements (24.6 thousand of LTL) were done. The automatic cutout of the power lead-in of the transformer substation and 10 KV incoming cable were repaired. The protective and fire alarming systems are constantly repaired and maintained. We also did a lot of the other work in order to maintain the operation of the equipment, to improve the working conditions, to look after the buildings and constructions. The road sign marking was made in the Company territory.The maintenance and repair of the computer lines and programs is done constantly. The maintenance and revision of the bottle accounting system,

measurement equipment are done in time. he technical state of the Company is satisfactory because the equipment is repaired every year. But a part of physicaly and morally old equipment is uneconomical, uses a lot of power.

All the performed work improved the operation of the machines and conditions of the working places. In 2010 the amount of 443.5 thousand of LTL was spent for the repair and maintenance of the equipment, buildings, constructions and territory.

The production volumes of Anykščių Vynas AB in 2009-2010

	The production group	Unit.	2009	2010
1	Cider	HLT	9 406	6 491
2	Wine	HLT	39 938	48 812
3	Vodka	HLT	344	0
4	Brandy	HLT	424	0
5	The other strong drinks, total	HLT	3 830	2 305
	Incl.Kinds of brandy		*2290*	*1 647*
	Liqueurs		*1 014*	*583*
	The other spirited drinks		*526*	*75*
6	Cider (unbottled)	HLT	5 826	1 502
	Alcoholic production, total:	HLT	59 768	59 110
7	Apple concentrated juice (70Bx)	Ton		269
8	Apple aroma	Ton		20
9	Dried pomace	Ton		0

The production of the bottled alcoholic drinks increased in 6.8 % or 3666 HLT in 2010 (1 hektolitre = 100 litres). This was determined by the production increase of the natural wines in 972 HLT or 2.5 times and the production increase of the wines of the special technology in 7902 HLT or 20.1%.

The average prices of the production are shown in LTL/L, kg::

The production	2008	2009	2010
1. Kinds of brandy *	10.87	11.42	12.55
2. Liqueurs	7.90	7.47	7.16
3. Fruit and berry wine	2.59	2.16	1.71
4. Natural fruit-and-berry wine	7.62	7.58	7.95
5. Cognac, brandy *	10.21	13.45	13.41
6. Sparkling wine *	-	9.45	-
7. Carbonated wine drinks *	5.71	4.56	8.23
8. Beer and beer cocktails *	-	5.12	1.91
9.Cocktails *	-	3.92	2.63
10. Cider	1.84	1.79	1.75
11. Vodka *	5.14	5.76	5.33
12. Strong grain drinks *	-	24.43	-
13. The other spirit drinks	6.19	6.22	5.71
14. Apple concentrated juice	6.04	2.34	3.23
15. Apple aroma	2.81	3.45	2.77
16. Non-alcoholic drinks	-	-	1.06

* the marked drinks are given together with the drinks of Alita AB or only the drinks of Alita AB, because of the reorganization of Alita AB, we sold the drinks of Alita AB from October, 2009, or only the drinks of Vilkmergės Alus, UAB we sold too.

14. THE MARKETING AND SALE

14.1. The sale markets.

	2010, Thousands of LTL	2009, Thousands of LTL	2008, Thousands of LTL	The comparative weight, %		
				2010	2009	2008
The total sale	18 583	26 116	37 453	100.00	100.00	100.00
Thereof in Lithuania	15 702	23 007	34 574	84.5	88.1	92.3
Abroad	2 881	3 109	2 879	15.5	11.9	7.7
Thereof in Latvia	106	263	381			
In Germany	1 036	1 048	1272			
In Poland	1 208	1 339	143			
In the other countries	531	459	1083			

The total sale of Anykščių Vynas AB in 2009-2010

	The production group	2009		2010		Comparison of the sale in 2010 and 2009 in HLT, %
		Quantity in HLT	Amount, thousands of LTL	Quantity in HLT	Amount, thousands of LTL	
1	Sparkling wines	1 220	1152	-	-	--
2	Carbonated wine drinks	967	440	106	87	11.0
3	Beer and beer cocktails	143	73	1 666	319	12 times
4	Cocktails	576	226	26	7	4.5
5	Ciders	10 274	1 840	6 592	1 151	64.2
6	Wine	39 927	8 933	50 118	9 590	125.5
7	Vodka	4 082	2 351	698	372	17.1
8	Brandy	1 913	2 573	140	187	7.3
9	The other strong drinks, total	4 165	4 080	2 642	2 854	634
	There of Kinds of brandy.	*2 399*	*2 740*	*1 818*	*2 282*	*75.8*
	Liqueurs	*960*	*717*	*705*	*504*	*73.4*
	The other spirit drinks	*806*	*623*	*119*	*68*	*14.8*

10	Non-alcoholic drinks	-	-	851	90	-
11	Apple concentrated juice, ton.	1 363	3 197	940	3 038	69.
12	Apple aroma, ton.	1	3	13	37	13 times
13	Dried pomace, ton.	-	-	-	-	-
14	Raw material and semimanufactures	5 848	556	1 609	220	27.5
15	The other sales and services		692		631	
	Total sale:		26 116		18 583	

The year of 2010 was the year of change to Anykščių Vynas AB. The Company changed the goods distribution scheme virtually. On June 1, 2010 Sanitex BĮ UAB took over the goods from A.L.D. UAB (Alita Distribution). With a view to achieve the activity results more efectively, the assortment and goods lay out on the shelves system was developed and introduced. The aim of the lay out of the underlying assortment and goods on the shelves system is to ensure not only the maximum depth of the production distribution and the proper goods positioning on the shelves, but also to get to know the customer demands, to systemize them and to ensure the improvement of the quality of the service. Sanitex BĮ UAB is taking care of the implementation of the system in the retail companies.

In order to get more effective results of the activity the Sale Department rejected all the direct connections of cooperation assigning them to Sanitex BĮ UAB, trying to explore the direct contacts in the work with the independent market.

In pursuance of these reforms the Company refused from the managers of the Sale Department.

The managers of the Company Group ALITA AB and BSMS UAB continue to supervise the consolidated assortment of the Company Group ALITA AB and Anykščių Vynas AB in the trading networks and in the independent trading.

In 2010 the EU project „The export promotion of Anykščių Vynas AB alcoholic drinks“ continued, the Company production is presented in the specialized exhibitions in Great Britain in order to make new long-term contacts and to expand the export volumes.

We took an active part in the work of the private trademark production in the categories of fortified wines, cider and liqueur. We took an active part in the competitions of the production of the chartered drinks for the Baltic countries. We negotiate in this case with the customers in Latvia: Maxima Latvija SIA, Greis Logistika SIA, Latalko SIA, Sanitex Baltic Distribution LLC.

We are keeping the contacts and renewed the cooperation contracts with the main long-term partners - Maxima Latvia SIA (Latvia), Greis Logistika SIA (Latvia), Mediato AS (Estonia), the Lithuanian Beer Ltd. (UK), Dadu Ice - cream Ltd. (UK), Lituanica LTD (Ireland), Litusco Inc (the USA) – that makes the main part of all the export sale volume.We began to work with a new buyer: Baltic&Balcan Food Ltd. (UK). We tried to find agents in the new markets and made contacts to export to Russia and China.

The parts of the market occupied by the production of Anykščių Vynas AB , %:

The production Group	2010	2009
Fruit and berry wine	35.6	28.5
Cider	5.7	7.1
Vodka	0	0.5
A kind of brandy	5.0	6.9
Liqueur	5.2	6.7
Brandy	0	1.2

The general market

In 2010 the decrease slowdown of the markets of alcoholic drinks is noticeable. The market of some of groups of alkoholical drinks stabilized, in others- marked some increase.
The general market of the cider is still reducing. In 2010 the cider produced in Anykščių Vynas AB was not promoted. The assortment was corrected: the production of the ciders Extrim of tastes of chocolate, cherry and citrus fruit and Antano of pear taste stopped.

In the comparable period Anykščių Vynas AB sold the cider 35.8 % less than in 2009. The occupied part of the market decreased in 1.4 % and it made 5.7% of the general cider market. The occupied part of the other local producers increased in 9.4% and it made 77% of the total cider market. The import made 17.6% of the market.

The general market of the fruit wine in 2010 increased in comparing with the same period of the last year. In 2010 Anykščių Vynas AB sold 25.5 % of the fruit wine more than in 2009. The occupied part of the Anykščių Vynas AB market increased in 7.1 % and in 2010 it made 35.6%.

In 2010 the production of the wines Jara, Svetelių white and red, Vėtra, Debesėlis white and red, Žvejų white and red, Žara, Ringas, Rifas bottling into bigger containers was stopped. The productions of the new order wines Raganiukės, Cento, Išdykėlės white an red began.

The general market of kinds of brandy decreases, despite the increase in separate periods.

In April-September, 2010 the market of kinds of brandy decreased in 14.3%, in comparing with the same period of the last year. The increased selling of the kinds of brandy in 6% in September-December allows to suppose that the market of the kinds of brandy is recovering.

The biggest part of the market of the kinds of brandy is occupied by the kinds of brandy produced by Stumbras AB. The kind of brandy Bobelinė produced by Anykščių Vynas AB occupied 5% of the total market of the kinds of brandy in August-September. It is 0.6% less than in the same period of the last year. In 1-9 months of 2010 the Bobelinė communication was not kept. At present the renew design of this kind of brandy is prepared, the promotion and increase of knowing of this trademark is forseen.

In 2010 the general liqueur market increased in 1% in comparing with the year of 2009. As in the preceeding periods the import part in the market is increasing further. In 2010 it increased in 8.3%, in comparing with the year of 2009, and it made 65.8% of the total liqueur market. Whereas the occupied part of the market by Anykščių Vynas AB decreased in 2.5%, and the market of the other local producers decreased in 5.7%.

The information about the Company investigation and development activities.

The Company does not implement any developments and does not plan to execute them, so the 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, completement 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 Vilniaus Degtinė AB; sugar – Sanitex UAB and Danisco Sugar Kėdainiai AB; flavours – SMS-Eligita UAB, Tauro malūnas UAB, Balticum UAB; labels – RIC UAB and Bigela Vilnius UAB; corrugated paper boxes – Smurfit Kappa Baltic UAB, the Sca Packing UAB; bottles – the O-I Production Estonia AS, Panevėžio Stiklas AB, Terekas UAB, Dekorglass Dzialdowo (Poland); enzymes – the Vorto GAMA UAB (Vilnius); etc. We have made the long-term contracts with the above mentioned main suppliers. The Company has made more than 130 contracts with the different suppliers. In the reporting year the suppliers increased the prices of ethyl alcohol, sugar, PET bottles. As the price of the energy recourses rises, the price of the glass bottles and corrugated carton boxes rose too. While the fuel prices rise, the rates of the transport services increased.

91,4 % of all the supplies belong to the Lithuanian firms and 8.6% of them fall to the foreign countries.

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

The country	2010	2009	2008
Lithuania	91.4	94.8	72.1
Great Britain	0.4	-	-
Netherlands	0.2	0.2	0.7
Poland	0.7	0.8	0.7
Germany	0.3	0.1	0.4
Latvia	0.3	0.04	0.2
France	-	-	1.5
Estonia	2.0	2.0	9.0
Slovakia	4.7	1.7	14.8

16. THE MAIN INDICES ILLUSTRATING THE COMPANY ACTIVITIES

The relative index	2008	2009	2010
EBITDA, thou. of LTL	(3253)	(4282)	(1951)
The gross profitability	0198	0.046	0,151
The profitability from-the main activities	-0.162	-0.236	-0,190
The net profitability	-0.168	-0.274	-0,207
The owner's redemption (ROE)%	-17.48	-24.38	-16,15
The average asset return (ROA) %	-10.69	-14.15	-9,64
The debt ratio	0.421	0.418	0,385
The debt-ownership ratio	0.727	0.717	0,625
The gross liquidity ratio	1.401	1.266	1,041
The urgent backing ratio	0.638	0.873	0,708
The index of the covering by cash	0.0192	0.0003	0,0003
The asset turnover	0.659	0.591	0,522
The bookkeeping value of a share	0.670	0.524	0,446
P/E	-1.85	-2.60	-3,54
The net profit falling to one share	-0.128	-0.146	-0,078

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. That is, 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 x100
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 property 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 the aims of the risk management is given in the notes of the financial accountability.

18. THE TEAL ESTATE

The Company uses the land of 6,75 ha leased from the state according to 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 16 743 thousand of LTL, December 31, 2010 – there are no unfinished buildings, the state of the buildings is good, except the premises of the laundry that is not used.

19. THE RISK FACTORIES RELATED TO THE ISSUER'S ACTIVITY

There were no strikes in the Company.

Econimical factors:

The Company works in two geographical segments – the local and foreign markets. The biggest part of all the production (84.5% - 2010, 8.1% in 2009, 92.3% in 2008,) is sold in the local market. And almost all the apple production (Apple concentrated juice, aroma, dried pomace) 94.1% in 2010: 82.7% in 2009, 48.3%, 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 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.

Anykščių Vynas AB uses the short term loan from Swedbank, AB. The financial debt to Swedbank, AB was 8 632 thousand of LTL on December 31, 2010.

Political risk factors:

The Government taxing policy has a negative influence on the Company activity.

Social factors:

There is a collective agreement with the trade union that is in force till August, 2013. The wage to the workers is paid in time.

Technical-technological factors:

The most of the technological machines is reconstructed and not new, a lot of atention is paid to the automation of the 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 2008 - 4.8 thousand of LTL, in 2009 – 2.9 thousand of LTL, in 2010 – 4.3 thousand of LTL

The Company paid to the recyclers and the state for the pollution with the wastes of taxable packing: in 2008 . – 874.6 thousand of LTL, in 2009 – 201.9 thousand of LTL, in 2010 – 161.5 thousand of LTL.

The glass, plastic packing and the other packing were released into the local market: in 2008 – 3876 tons, in 2009 - 964 tons, in 2010 – 758.4 tons.

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

The environment control means that were in 2010 activity plan were carried out and the Company consumed 1584 Mwh of power, 33.8 thousand. m^3 of water, 877.6 thousand $m^3$of natural gas.

20. 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.

21. LICENCES, PATENTS, CONTRACTS

The main activities of Anykščių Vynas AB are licenced. The available licences: the licence of the alcoholic products, including alcoholic drinks which volumetric concentration of ethyl alcohol exceeds or does not exceed 22%, the licence to be in the 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 „Alita" AB. In October, the Company acquired a drinks licence to manage on the wholesale the alcoholic drinks.

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 DEGVINS. 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.

In 2010 the State Patent Office made a decision to register the state trademark VORUTA and the register certificate was issued. The registration validity was prolonged to 4 trademarks: Žemaičių (Lowlanders'), JUODŲJŲ SERBENTŲ DESERTINIS VYNAS (Black currant sweet wine), Pikų dama (Queen of Spades) wine and SUVALKIEČIŲ. We obtained 4 trademarks: EXTRIM, MONIKUTĖS, exTRIM figūrinis, EXTRIM, CTM.

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

22. THE LAWSUITS AND ARBITRATIONS

In 2010 the Company was a claimant in one case: due to TEREKAS UAB compensation of the loss because of the deffective PET bottles - 1310 LTL.

Our Company did not receive any claims.

The pretrial investigation is over where the suspicions were put to three former Company workers due to the criminal act. The Company claimed a civil action in this criminal act. The Company is the claimant in this case. At present the case is in the Anykščiai District Court, the examination of the case is suspended, the procurator is obliged to expand the indictment.

The Company presented the bailif the receiving-order issued by the Kaunas District Court to surcharge the debt of 1865 LTL for the premise lease.

The Company is not a defendant in any civil cases.

The Company brought a creditor claim against BALTIC EUROPE SERVICES TRANSPORT UAB in the bankruptcy case for the sum of 2579 LTL. This company is in debt for the premise lease. The bankruptcy procedures are going on.

In 2010 the total sum of 592 LTL was recovered from the debtors.

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

In 2010 the Company made investments making more than 10% of the authorized ccapital.

In 2010 the actual investments were, 5270 thousand of LTL for the purchase of the shares of Vilkmergės Alus UAB.

24. THE COMPETITORS

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

25. THE PAID OUT DIVIDENDS.

The Company did not pay out dividends for the years of 2000-2009.

The Company will not pay out dividends for the year of 2010.

26. THE COMPANY AND SOCIETY.

Anykščių Vynas AB contributes to the social and cultural life of the country and town considerably. In 2010 differnt taxes to the budget of the Republic of Lithuania amounted to 26.4 million of LTL. The taxes divided up as follows:

The name of the tax	2009 Thousand of LTL	2010 Thousand of LTL
Excise	26,900.8	19,626.8
VAT	7,243.7	4,992.2
Profit tax	0	0
Packing tax	0	0
Social insurance fees, total:	1,151.4	1,331.3
Income tax from the salary	412.2	397.4
The other taxes	99.9	75.4
Total	**35,808.0**	**26,423.1**

27. THE COMPANY PLANS AND FORECASTS.

Anykščių VynasAB does not publish the plans and forecasts for the year of 2011.

Director | Violeta Labutienė

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

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

PRINCIPLES/ REKOMENDATIONS	YES/NO/NOT APPLICABLE	COMMENTS
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 AB „Anykščių Vynas“ is a subsidiary enterprise of the Company Group ALITA AB. The Company Group ALITA AB owns 94.9% shares of the AB „Anykščių Vynas“. 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 of recommendations to the company's chief executive officer; item 4.4 of the Code concerning independence of the collegial body elected by the general meeting from the company's management bodies is applied to the extent it concerns independence from the chief executive officer.

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

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

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

The order of the formation a collegial body to be elected by a general shareholders' meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the company's operation and its management bodies.[3]

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

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

3.4. In order to maintain a proper balance in terms of the current qualifications possessed by its members, the desired composition of the collegial body shall be determined with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies. At least one of the members of the remuneration committee should have knowledge of and experience in the field of remuneration policy.	Yes	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	No	

receiving significant payments from the 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 AB „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 AB „Anykščių Vynas“.
3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds.[6] The general shareholders' meeting should approve the amount of such remuneration.	Not applicable	The Board members are not remunerated from the Company funds. This provision is not applicable in the Company.

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

Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective 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); 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.	No	

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 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;	No	The Audit Committee is in the main Company – the Company Group ALITA AB.

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	Yes	The members of the Board are informed about the future meeting beforehand, the material for the discussion is handed in the fixed time.

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

resolution.		
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.
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-	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.

[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.

making process when significant corporate issues, including approval of transactions referred to above, are discussed.		
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 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 NASDAQ OMX AB 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 NASDAQ OMX AB 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.
Principle VII: The avoidance of conflicts of interest and their disclosure **The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.**		
7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.	Taip	The members of the Company Board follow these recommendations.
7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.	No	There were no such cases. The order of these transactions is not regulated in the Company.

7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.		There were no such cases
7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.	Yes	
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 termination payments; 9) Sufficient information with regard to vesting periods for share-based remuneration, as referred to in point 8.13 of this Code; 10) Sufficient information on the policy regarding retention of shares after vesting, as referred to in point 8.15 of this Code; 11) Sufficient information on the composition of peer groups of companies the remuneration policy of which has been examined in relation to the establishment of the remuneration policy of the company concerned; 12) A description of the main characteristics of supplementary pension or early retirement schemes for directors; 13) Remuneration statement should not include commercially sensitive information.	No	
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 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	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.

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.	Yes	They have an access.
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	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: 1) The financial and operating results of the company; 2) Company objectives; 3) Persons holding by the right of ownership or in control of a block of shares in the company; 4) Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; 5) Material foreseeable risk factors; 6) Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; 7) Material issues regarding employees and other stakeholders; 8) Governance structures and strategy. • 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	10.1.1. in the NASDAQ OMX AB Vilnius Vilnius website: www.nasdaqomx.com ; 10.1.2. in the AB „Anykščių Vynas“ website: www.anvynas.lt and in the press. 10.1.3. In the annual report. 10.1.4. In the annual report. 10.1.5. In the annual report. 10.1.6. In the annual report 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 Company Group ALITA AB.
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,	Yes	The Company Board and Director take an active part in

including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.		collaboration with the managers of Anykščiai Municipality, with the enterprises and organizations of the town and region, with the local community in organizing town festivals and in solving other problems; collaborate with the Company trade unions. A part of the workers are the Company shareholders, thus they are taking part in the Company share capital. The regular collaboration takes place between the Company and creditors and 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 NASDAQ OMX AB 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	Is published.

Principle XI: The selection of the company's auditor **The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.**		
11.1. An annual audit of the company's financial reports and interim reports should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.	Yes	The Company follows this recommendation, when an independent auditor carries out the audit of the Company annual financial accountability and the annual report.
11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.	Yes	The Company follows this recommendation, when the Company Board proposes a candidate firm of auditors to the General Meeting.
11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.	Not applicable	The audit company did not provide any non-audit services to the Company and so it did not receive any payment for this from the Company.