AB Anykščių Vynas

Financial statements for the year 2007

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Company details

AB Anykščių Vynas

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Board of Directors

Vytautas Junevičius, Chairman
Vilmantas Pečiūra
Arvydas Jonas Stankevičius
Darius Vėželis

Management

Marius Gudauskas, Director

Auditor

KPMG Baltics, UAB

Banks

AB SEB Bankas
AB Bankas Hansabankas
AB Šiaulių Bankas

Statement on the accounts

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

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

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

Anykščiai, 9 April 2008

Management:

Marius Gudauskas
Director

Board of Directors:

Vytautas Junevičius
Chairman

Vilmantas Pečiūra

Arvydas Jonas Stankevičius

Darius Vėželis

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Independent auditor's report to the shareholders of AB Anykščių Vynas

We have audited the accompanying financial statements of AB Anykščių Vynas, which comprise the balance sheet as at 31 December 2007, the income statement, the statement of changes in equity and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5–37.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of AB Anykščių Vynas as at 31 December 2007 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.

Įmonės kodas 111494971
PVM kodas LT114949716
Juridinių asmenų registras

Report on legal and other regulatory requirements

Furthermore, we have read the annual report for the year ended 31 December 2007, set out on pages 38–87 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 2007.

Vilnius, 9 April 2008
KPMG Baltics, UAB

Leif Rene Hansen
Danish State Authorized
Public Accountant

Domantas Dabulis
Certified Auditor

Income statement

For the year ended 31 December

thousand Litas	Note	2007	2006
Revenue	6	**46,565**	**33,831**
Cost of sales	6	(34,851)	(24,493)
Gross profit		**11,714**	**9,338**
Other income	7	533	379
Sales expenses	8	(5,845)	(3,927)
General and administrative expenses	9	(5,279)	(4,468)
Other expenses	7	(249)	(127)
Operating result		**874**	**1,195**
Finance income	10	213	149
Finance expenses	10	(264)	(175)
Result before tax		**823**	**1,169**
Tax for the year	11-12	(96)	949
Result for the year		**727**	**2,118**
Earnings per share (in Litas)	14	0.01	0.04

The notes, set out on pages 10-37, are an integral part of these financial statements.

Director Marius Gudauskas

Balance sheet

as at 31 December

thousand Litas	Note	2007	2006
ASSETS			
Non-current assets			
Intangible non-current assets	15	22	53
Property, plant and equipment	16	26,145	28,376
Total non-current assets		**26,167**	**28,429**
Current assets			
Inventories	17	20,030	13,040
Trade receivables	18	11,594	6,211
Other receivables	19	2,999	83
Cash and cash equivalents	20	281	3,384
Total current assets		**34,904**	**22,718**
TOTAL ASSETS		**61,071**	**51,147**

The notes, set out on pages 10-37, are an integral part of these financial statements.

Balance sheet (cont'd)

as at 31 December

thousand Litas	Note	2007	2006
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	21	49,081	49,081
Accumulated losses		(9,892)	(10,619)
Total capital and reserves		**39,189**	**38,462**
Non-current liabilities			
Loans and lease liabilities	22	-	-
Deferred tax liability	12	616	520
Total non-current liabilities		**616**	**520**
Current liabilities			
Current portion of long-term loans and lease liabilities	22	5,110	3,142
Liabilities to suppliers		4,268	2,185
Other liabilities and accrued expenses	23	11,888	6,838
Total current liabilities		**21,266**	**12,165**
Total liabilities		**21,882**	**12,685**
TOTAL EQUITY AND LIABILITIES		**61,071**	**51,147**

The notes, set out on pages 10-37, are an integral part of these financial statements.

Director Marius Gudauskas

Statement of changes in shareholders' equity

thousand Litas	Share capital	Legal reserve	Accumulated losses	Total
Capital and reserves at 31 December 2005	49,081	-	(12,737)	36,366
Net result of 2006	-	-	2,118	2,118
Capital and reserves at 31 December 2006	49,081	-	(10,619)	38,462
Net result of 2007	-	-	727	727
Capital and reserves at 31 December 2007	**49,081**	**-**	**(9,892)**	**39,189**

The notes, set out on pages 10-37, are an integral part of these financial statements.

Director Marius Gudauskas

Statement of cash flows

For the year ended 31 December

thousand Litas	2007	2006
Cash flow from (to) operating activities:		
Result after tax	727	2,118
Adjustments for:		
Depreciation and amortization	2,947	3,421
Profit (loss) from disposal of non-current assets	(148)	(91)
Change in impairment of trade debtors	(845)	(13)
Write-off of property, plant and equipment	124	63
Write-off of inventories	20	14
Change in impairment of inventories	86	-
Profit tax expenses/(income)	96	-
Change in deferred tax liabilities	96	(949)
Interest expenses	256	169
Interest income	(132)	(28)
Net cash inflow from ordinary activities before any change in working capital	3,227	4,704
Change in current assets and short-term liabilities:		
Change in inventories	(7,096)	(4,943)
Change in receivables	(2,678)	(1,050)
Change in Alita Group receivables	(1,483)	(26)
Change in prepayments and future expenses	(37)	280
Change in other receivables	2	5
Change in trade payables and other liabilities accrued	6,660	1,110
Net cash flows from operating activities	(1,405)	80
Cash flow from (to) investing activities:		
Acquisition of property, plant and equipment	(807)	(398)
Acquisition of intangible non-current assets	(2)	-
Acquisition of investments held for sale	-	1
Sales of property, plant and equipment	148	91
Loans provided by the company	(5,801)	-
Portion of loans returned to the company	2,920	-
Net cash (used in) investing activities	(3,542)	(306)
Cash flow from (to) finance activities:		
Loans received	9,633	5,179
Loans (repaid)	(7,665)	(9,677)
(Paid) interest	(256)	(169)
Interest received	132	28
Net cash (used in) finance activities	1,844	(4,639)
Change in cash and cash equivalents	**(3,103)**	**(4,865)**
Cash and cash equivalents at January 1	**3,384**	**8,249**
Cash and cash equivalents at 31 December	**281**	**3,384**

The notes, set out on pages 10-37, are an integral part of these financial statements.

Director Marius Gudauskas

Notes

1 Reporting entity

AB Anykščių Vynas (the Company) is a publicly listed joint stock company the shares of which are listed in Vilnius Stock Exchange market. 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 main shareholder of the Company is AB Alita which as at 31 December 2007 owns 46,578 thousand ordinary registered shares or 94.9% of all shares of the Company.

2 Basis of preparation

Statement of compliance

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

The Board has authorized the financial statements and the annual report for issue on 9 April 2008 and signed them on behalf of the Company.

Basis of measurement

The financial statements are presented in thousand Litas; Litas is the national currency and the functional currency of the Company. The financial statements are prepared on the historical cost basis, as modified by the historic indexation of certain property, plant and equipment.

Use of estimates and judgements

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

Judgments made by the management in the application of IFRSs, as adopted by the European Union, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 4.

Notes

3 Significant accounting policies

The accounting policies of the Company as set out below have been consistently applied and coincide with those used in the previous year.

Foreign currency

Translation of amounts in foreign currencies into the national currency

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

Financial instruments

Non-derivative financial instruments

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

Cash and cash equivalents comprise cash balances and call deposits.

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

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

Notes

3 Significant accounting policies (cont'd)

Financial instruments (cont'd)

Non-derivative financial instruments (cont'd)

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

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

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

Derivative financial instruments

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

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment acquired on 1 January 1996 or later are stated at cost as deemed cost less accumulated depreciation and impairment losses. Items of property, plant and equipment acquired before 1 January 1996 are stated at cost less accumulated depreciation adjusted by revaluations made following rates specified by the Government of the Republic of Lithuania for separate assets groups. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

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

Notes

3 Significant accounting policies (cont'd)

Property, plant and equipment (cont'd)

Leased assets

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

Subsequent costs

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

Depreciation

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

- Buildings and constructions 8–80 years;
- Machinery and equipment 4–50 years;
- Transport vehicles 4–25 years;
- Other equipment and tools 3–11 years.

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

Intangible assets

Intangible assets, comprising computer software and software licenses that are acquired by the Company are stated at cost less accumulated amortization and impairment losses. The assets are amortized using the straight-line method over a 1-3 years' period. Depreciation methods and useful lives are reassessed annually.

Subsequent expenditure

Subsequent expenditure on capitalized intangible assets 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.

Notes

3 Significant accounting policies (cont'd)

Emission rights

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

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

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

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

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

Inventories

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

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

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

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

Notes

3 Significant accounting policies (cont'd)

Impairment

A financial asset is impaired if there is objective evidence that certain event or events could have an adverse impact on asset-related cash flows in the future. Significant financial assets must be tested for impairment on an individual basis. The remaining financial assets are grouped according to their credit risk and the impairment for those groups is measured on a portfolio basis. An asset the impairment of which is tested on an individual basis and its impairment loss is continually recognised cannot be included in any group of assets that are tested for impairment on a portfolio basis.

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

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

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in the income statement.

Calculation of recoverable amount

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

The recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Reversals of impairment

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

In case of certain changes in events or circumstances, on the basis of which the recoverable value of non-financial assets was calculated, indicating that carrying value on non-financial assets can be recoverable, impairment loss is reversed. 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.

Notes

3 Significant accounting policies (cont'd)

Dividends

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

Employee benefits

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

Provisions

Provisions are recognised in the balance sheet when it is probable that an outflow of economic benefits will be required to settle a present legal or constructive obligation arising from a past event.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales of services

Sales of services are recognised on performance of the services.

Interest income is recognized on an accrual basis, by reference to the principal outstanding and at the effective interest rate applicable.

Notes

3 Significant accounting policies (cont'd)

Expenses

Operating lease payments

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

Finance income and expenses

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

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

Income tax

Income tax consists of current and deferred tax. Income tax is recognised in the income statement except to the extent it relates to the items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of the assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not calculated for temporary differences recorded at the moment of initial recognition of assets or liabilities when such differences affect neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets is recognised only to the extent it is probable that the future taxable profits will be available against which the assets can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realised.

Notes

3 Significant accounting policies (cont'd)

Segment reporting

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

Earnings per share

The Company presents data of basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to the 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.

Contingencies

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

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

Related parties

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

Fair value of financial instruments

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

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

Notes

3 Significant accounting policies (cont'd)

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

New standards, amendments to standards and interpretations are not yet effective or not yet adopted by the EU for the year ended 31 December 2007, and have not been applied in preparing these financial statements:

- Revised IFRS 2 Share-based Payment (effective from 1 January 2009). The revised Standard will clarifies the definition of vesting conditions and non-vesting conditions. Based on the revised Standards failure to meet non-vesting conditions will generally result in treatment as a cancellation. The revised IFRS 2 is not relevant to the Company's operations as the Company does not have any share-based compensation plans.
- Revised IFRS 3 Business Combinations (effective for annual periods beginning on or after 1 July 2009). The scope of the revised Standard has been amended and the definition of a business has been expanded. Revised IFRS 3 is not relevant to the Company.
- IFRS 8 Operating Segments (effective from 1 January 2009). The Standard requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company has not yet completed its analysis of the impact of the revised Standard.
- The revised IAS 1 Presentation of Financial Statements (effective from 1 January 2009). The revised Standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. Items of income and expense and components of other comprehensive income may be presented either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The Company is currently evaluating whether to present a single statement of comprehensive income, or two separate statements.
- Revised IAS 23 Borrowing Costs (effective from 1 January 2009). The revised Standard will require the capitalization of borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The Company has not yet completed its analysis of the impact of the revised Standard.
- Revised IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009). In the revised Standard the term minority interest has been replaced by non-controlling interest, and is defined as "the equity in a subsidiary not attributable, directly or indirectly, to a parent". The revised Standard also amends the accounting for non-controlling interest, the loss of control of a subsidiary, and the allocation of profit or loss and other comprehensive income between the controlling and non-controlling interest. The revised IAS 27 is not relevant to the Company's operations.

Notes

3 Significant accounting policies (cont'd)

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

- IFRIC 11 IFRS 2 – Group and Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007). The Interpretation requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity-instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments needed are obtained. It also provides guidance on whether share-based payment arrangements, in which suppliers of goods or services of an entity are provided with equity instruments of the entity's parent, should be accounted for as cash-settled or equity-settled in the entity's financial statements. IFRIC 11 is not relevant to the Company's operations as the Company has not entered into any share-based payments arrangements.

- IFRIC 12 Service Concession Arrangements (effective from 1 January 2008). The Interpretation provides guidance to private sector entities on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. IFRIC 12 is not relevant to the Company's operations as the Company has not entered into any service concession arrangements.

- IFRIC 13 Customer Loyalty Programmes (effective for annual periods beginning on or after 1 July 2008). The Interpretation explains how entities that grant loyalty award credits to customers who buy other goods or services should account for their obligations to provide free or discounted goods or services ('awards') to customers who redeem those award credits. Such entities are required to allocate some of the proceeds of the initial sale to the award credits and recognise these proceeds as revenue only when they have fulfilled their obligations. The Company does not expect the Interpretation to have any impact on the financial statements.

- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements (hereinafter MFR) and their interactions (effective for annual periods beginning on or after 1 January 2008). The interpretation addresses:
  1) when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of IAS 19;
  2) how a MFR might affect the availability of reductions in future contributions; and
  3) when a MFR might give rise to a liability.
  No additional liability need be recognised by the employer under IFRIC 14 unless the contributions that are payable under the minimum funding requirement cannot be returned to the company. The Company has not yet completed its analysis of the impact of the new interpretation.

Notes

4 Significant accounting estimates and judgements

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

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

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 judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of receivables before the decrease can be identified with an individual receivable in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of debtors, national or local economic conditions that influence the group of the receivables.

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

5 Financial risk management

The Company has exposure to the following risks:

- credit risk,
- liquidity risk,
- 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 annual accounts.

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

Notes

5 Financial risk management (cont'd)

Credit risk

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

As at 31 December 2007, 68 per cent of all trade receivables of the Company are receivable from three purchasers. The Company controls credit risk by using credit conditions and procedures of market analysis.

Credit terms of purchasers are from 15 to 45 days. Not permanent clients are required to pay in advance.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. This allowance for impairment includes only specific loss, related to individually significant trade and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

in tLTL	Carrying amount	
	2007	2006
Trade receivables	11,594	6,211
Other receivables	2,999	83
Cash and cash equivalents	281	3,384
Total	**14,874**	**9,678**

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region could be specified as follows:

in tLTL	Carrying amount	
	2007	2006
	-	-
Domestic	11,501	6,211
Euro-zone countries	93	-
Total	**11,594**	**6,211**

The maximum exposure to credit risk for trade receivables at the reporting date by debtor could be specified as follows:

	2007		2006	
	Amount receivable (In tLTL)	Share, %	Amount receivable (In tLTL)	Share, %
Major debtors:				
1. Purchaser 1	3,685	31.8	1,247	20.1
2. Purchaser 2	2,359	20.3	962	15.5
3. Purchaser 3	1,886	16.3	345	5.6
Other	3,664	31.6	3,657	58.8
Total	**11,594**	**100%**	**6,211**	**100%**

Notes

5 Financial risk management (cont'd)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. 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.

Market risk

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

Interest rate risk

The Company's borrowings are subject to variable interest rates related to LIBOR. As at 31 December 2007, the Company did not use any financial instruments to hedge its exposure to the cash flow risk related to debt instruments with variable interest rates or price risk related to debt instruments with fixed interest rates.

A change in average annual interest rate for the Company's borrowings by 1 percentage point would have increased the interest expenses and the profit for the year ended 31 December 2007 would have decreased by approximately 51 thousand Litas.

Notes

5 Financial risk management (cont'd)

Currency risk

The functional currency of the Company is Litas (LTL). 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 and EUR. The risk related to transactions in EUR is considered to be insignificant as the Lithuanian Litas is pegged to EUR at a fixed rate. The Company does not have any material exposure to other foreign currencies as at 31 December 2006 and 31 December 2007.

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

	2007		2006	
	EUR	LTL	EUR	LTL
Receivables	93	14,500	-	6,294
Cash and cash equivalents	41	240	90	3,294
Finance liabilities	(5,110)	-	(3,142)	-
Payables	(948)	(15,208)	(735)	(8,288)
Total risk currency exchange rates of balance sheet	(5,924)	(468)	(3,787)	1,300

The currency exchange risk was not considered in respect of income and expenses because most items are related to the functional currency – LTL or EUR.

Capital management

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

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

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

Notes

6 Business and geographical segments

Business segments

	Hard drinks		Wines		Fruit-berries products		Not allocated		Total	
thousand Litas	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Sales	22,128	15,201	9,690	8,620	14,747	10,010	-	-	46,565	33,831
Cost of sales	(15,899)	(10,998)	(8,544)	(6,821)	(10,408)	(6,674)	-	-	(34,851)	(24,493)
Gross profit	6,229	4,203	1,146	1,799	4,339	3,336	-	-	11,714	9,338
Operating expenses	-	-	-	-	-	-	(11,124)	(8,395)	(11,124)	(8,395)
Other operating income	-	-	-	-	-	-	533	379	533	379
Other operating expenses	-	-	-	-	-	-	(249)	(127)	(249)	(127)
Finance income	-	-	-	-	-	-	213	149	213	149
Finance expenses	-	-	-	-	-	-	(264)	(175)	(264)	(175)
Result before taxation	6,229	4,203	1,146	1,799	4,339	3,336	(10,891)	(8,169)	823	1,169
Tax for the year	-	-	-	-	-	-	(96)	949	(96)	949
Net result	**6,229**	**4,203**	**1,146**	**1,799**	**4,339**	**3,336**	**(10,987)**	**(7,220)**	**727**	**2,118**
Segment assets	14,485	6,534	12,111	12,239	18,198	12,752	16,277	19,622	**61,071**	**51,147**
Total liabilities	1,205	996	896	572	-	751	19,165	9,846	**21,266**	**12,165**
Acquisition of property, plant and equipment	254	57	315	51	19	37	221	252	**809**	**397**
Depreciation and amortisation	1,042	690	706	849	614	637	585	1,245	**2,947**	**3,421**

Geographical segments

	Sales		Total assets		Acquisitions of property, plant and equipment	
thousand Litas	2007	2006	2007	2006	2007	2006
Lithuania	36,726	28,035	61,071	51,147	809	397
Germany	6,615	4,799	-	-	-	-
Austria	1,362	-	-	-	-	-
Latvia	766	429	-	-	-	-
Estonia	518	467	-	-	-	-
Great Britain	62	77	-	-	-	-
Other countries	516	24	-	-	-	-
	46,565	**33,831**	**61,071**	**51,147**	**809**	**397**

Notes

7 Other operating income and expenses

thousand Litas	2007	2006
Income from rent and provided services	117	105
Income from sale of current assets	207	119
Income from sale of property, plant and equipment	148	91
Other operating income	61	64
Total other operating income	**533**	**379**
Cost of rent and provided services	(79)	(31)
Cost of sale of current assets	(170)	(96)
Other operating expenses	-	(3)
Total other operating expenses	**(249)**	**(127)**

8 Sales expenses

thousand Litas	2007	2006
Advertising expenses	(3,672)	(2,058)
Personnel expenses	(884)	(772)
Transportation	(547)	(511)
Distribution	(423)	(307)
Other	(319)	(279)
	(5,845)	**(3,927)**

Advertising expenses increased due to the renewal of production appearance and its advertising expenses. In 2007, the Company has increased salaries to the employees twice, therefore salary expenses increased in all expenses items.

Notes

9 General and administrative expenses

thousand Litas	2007	2006
Taxes	(1,419)	(466)
Personnel expenses	(1,403)	(1,496)
Repair and maintenance	(724)	(711)
Depreciation and amortization	(339)	(445)
Security	(202)	(198)
Communications	(113)	(98)
Other payments to employees	(66)	(46)
Insurance expenses	(66)	(63)
Redundancy payments	(56)	(252)
Consulting expenses	(40)	(49)
Support	(31)	(156)
Payments to banks	(16)	(31)
Other	(804)	(457)
	(5,279)	**(4,468)**

10 Finance income and expenses

thousand Litas	2007	2006
Interest income	132	28
Delinquency charges	80	120
Other finance income	1	1
	213	**149**
Interest expenses for loans	(256)	(169)
Influence of foreign currency exchange	(3)	(1)
Other finance expenses	(5)	(5)
	(264)	**(175)**
	(51)	**(26)**

In 2007, the Company provided loans with the interest to AB Alita and UAB Alita Distribution. During 2007, interest income amounted to 121.3 thousand Litas. On August 2007, the Bank renewed a loan agreement re new credit line limit increase up to 2 500 thousand EUR, therefore, more interest was calculated and paid to the Bank.

Notes

11 Corporate income tax expenses

thousand Litas	2007	2006
Current tax	-	-
Change in deferred tax	(96)	949
Total income tax expenses	**(96)**	**949**

The reconciliation of the effective tax rate is as follows:

thousand Litas	2007		2006	
Result before tax		823		1,169
Income tax using the effective tax rate	18%	148	19%	222
Other tax-exempt income	(1.7%)	(14)	(2.0%)	(23)
Non-allowable expenses	5.5%	45	3.5%	41
Recognition of previously unrecognized tax losses			(89.6%)	(1,048)
Current year losses for which DTA is not recognised and write down of prior years tax losses	42.6%	351		
Recognition of previously unrecognised temporary differences	(57.7%)	(475)	(3.6%)	(42)
Impact of change of tax rate on temporary differences	4.9%	41	(8.5%)	(99)
TOTAL	**11.6%**	**96**	**(81.2%)**	**(949)**

12 Deferred tax

	2007		2006	
thousand Litas	Temporary differences	Deferred tax (15%)	Temporary differences	Deferred tax (15%)
Provision for property, plant and equipment	332	50	3,004	451
Provision for inventories	1,671	251	1,715	257
Provision for amounts receivable	876	131	1,721	258
Accrued expenses	298	45	256	38
Transferred taxable loss	2,405	361	2,869	430
Adjustment of realisable value of deferred tax	-	(351)	-	(726)
Total deferred tax assets	-	487	-	708
Carrying amount of property, plant and equipment for which investment relief was used	(7,350)	(1,103)	(8,188)	(1,228)
Total deferred tax liability	-	(1,103)	-	(1,228)
Deferred tax, net	**-**	**(616)**	**-**	**(520)**

Notes

12 Deferred tax (cont'd)

The current profit tax rate for the year ended 31 December 2007 is 15% (2006: 15%). According to the amended Lithuanian tax legislation, for the taxable periods starting from 1 January 2006 to 31 December 2007, companies' profits subject to corporate income tax will be levied by additional social tax at a rate of 4% during 2006 and at a rate of 3% during 2007. The social tax is imposed in addition to the corporate income tax of 15%. The deferred taxes as at 31 December 2006 do not take into account the additional social tax imposed on taxable profits because it was considered to be immaterial.

As at 31 December 2007, the Company has 1,468 thousand Litas of taxable losses which could be transferred.

The movement in deferred tax is as follows:

thousand Litas	2007	2006
Deferred tax asset (liability) at 1 January	(520)	(1,469)
Change in deferred tax	(96)	949
Deferred tax liability at 31 December	**(616)**	**(520)**

13 Current tax liabilities

thousand Litas	2007	2006
Income from tax assets (liability) as at January 1, net	(0)	(0)
Income tax for the period	(0)	(0)
Income tax paid		
Corporate income tax liability as at 31 December, net	**(0)**	**(0)**

14 Earnings per share

thousand Litas	2007	2006
Net profit for the year	727	2,118
Number of shares in the beginning of the year	49,081	49,081
Number of shares at the end of the year	49,081	49,081
Weighted average number of shares in issue	49,081	49,081
Basic earnings per share (Litas)	**0.01**	**0.04**

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

Notes

15 Non-current intangible assets

thousand Litas	Amount
Acquisition cost as at 1 January 2006	441
Additions during the year	-
Disposals during the year	23
Acquisition cost as at 31 December 2006	418
Additions during the year	2
Disposals during the year	-
Acquisition cost as at 31 December 2007	420
Amortisation as at 1 January 2006	285
Amortisation for the year	103
Amortisation of disposed assets	23
Amortisation as at 31 December 2006	365
Amortisation for the year	33
Amortisation of disposed assets	-
Amortisation as at 31 December 2007	398
Net book value as at 31 December 2007	**22**
Net book value as at 31 December 2006	**53**
Period of amortisation (in years)	1 - 4

Amortisation during the year:

thousand Litas	2007	2006
General and administrative expenses	33	103
Cost of sales	-	-
Total	**33**	**103**

Notes

16 Property, plant and equipment

thousand Litas	Buildings and plant	Transport vehicles, equipment and tools	Other property, plant and equipment	Construction in progress and prepayments	Total
Acquisition cost as at 1 January 2006	29,512	47,349	8,029	1,690	86,580
Additions	-	-	397	-	397
Disposals	(185)	(910)	(251)	(269)	(1,615)
Transfers	-	220	(185)	(35)	-
Acquisition cost as at 31 December 2006	29,327	46,659	7,990	1,386	85,362
Additions	-	-	788	19	807
Disposals	(200)	(1,003)	(994)	(1,355)	(3,552)
Transfers	-	772	(765)	(7)	-
31 December 2007	29,127	46,428	7,019	43	82,617
Depreciation and value adjustments as at 1 January 2006	10,073	37,272	6,223	1,652	55,220
During the year	568	2,239	511	-	3,318
From disposals	(144)	(732)	(216)	-	(1,092)
Change in impairment	(41)	(137)	(14)	(269)	(461)
Depreciation and value adjustments as at 31 December 2006	10,456	38,643	6,504	1,383	56,986
During the year	516	1,944	454	-	2,914
From disposals	(98)	(532)	(126)	-	(756)
Change in impairment	-	(454)	(865)	(1,353)	(2,672)
Depreciation and value adjustments as at 31 December 2007	10,874	39,601	5,967	30	56,472
Book value as at 31 December 2007	**18,253**	**6,826**	**1,053**	**13**	**26,145**
Book value as at 31 December 2006	**18,871**	**8,016**	**1,486**	**3**	**28,376**

Notes

16 Property, plant and equipment (cont'd)

The depreciation was distributed as follows:

thousand Litas	2007	2006
Cost of sales	2,557	2,893
Sales expenses	50	82
General and administrative expenses	307	342
Total	**2,914**	**3,317**

As at 31 December 2007, property, plant and equipment with a book value of 22,309 thousand Litas (22,385 thousand Litas as at 31 December 2006) is pledged to secure a bank loan. The book value of insured property, plant and equipment as at 31 December 2007 was 22,457 thousand Litas.

17 Inventories

thousand Litas	2007	2006
Raw materials	955	668
Packaging materials	2,121	2,196
Auxiliary materials	330	295
Production in progress	3,103	1,860
Saturated apple juice	13,725	7,696
Finished goods	1,419	1,999
Goods for resale	48	41
	21,701	14,755
Less write down	(1,671)	(1,715)
	20,030	13,040

Write down in the beginning of the year	(1,715)	(523)
During the year	(85)	(1,208)
Reversal of impairment	129	16
Write down in the end of the year	(1,671)	(1,715)

Increase in inventories was due to the remainder of saturated apple juice. In accordance with the production program, the main part of the juice will be used in 2008, until the season of new raw materials procurement, therefore the Company has concluded with the purchasers specific sales agreements re sales of saturated juice for 2008. The Company insured inventories for an amount of 13,000 thousand Litas against fire, natural forces and other damages. The Company has also pledged inventories to the Bank in the amount of 5,388 thousand Litas.

Notes

18 Trade receivables

thousand Litas	2007	2006
Trade receivables for production	9,622	6,944
Alita Group amounts	1,886	26
Receivable for heating (discussed below)	962	962
	12,470	7,932
Less impairment	(876)	(1,721)
	11,594	**6,211**
Impairment in the beginning of the year	(1,721)	(1,733)
Reversal of impairment due to write down of receivable	845	12
Impairment in the end of the year	(876)	(1,721)

During the year 2007, doubtful debts amounting to 845 thousand Litas were written-off, because the companies in debt were registered out of the Register Center and therefore there is no possibility to recover the debts.

During 2007, UAB Anykščių Šiluma paid delayed interest charges amounting to 80 thousand Litas; in 2006, 120 thousand Litas were paid. Due to slow payment there is a risk that UAB Anykščių Šiluma will not have sufficient working capital to pay to AB Anykščių Vynas. Therefore, an impairment loss of 744 thousand Litas was recorded for AB Anykščių Šiluma.

19 Other amounts receivable

thousand Litas	2007	2006
Alita Group loans	2,880	-
Prepayments and costs of the future periods	76	83
Other current assets	43	-
	2,999	**83**

The Company has issued loans of 2,880 thousand Litas to Alita group companies. The loans carry annual interest rate of 6%; the maturity term of the loans was 31 December 2008.

Notes

20 Cash and cash equivalents

thousand Litas	2007	2006
Cash at bank	268	3 369
Cash in hand	13	15
	281	**3 384**

As at 31 December 2007, cash balances, amounting to 82.7 thousand Litas, as well as inflows into the main accounts of the Bank were pledged to secure repayment of the loans provided by the Bank.

21 Capital and reserves

Share capital consists of 49,080,535 ordinary shares with a nominal value of 1 Litas each. Major part of the shares – 46,577,570 (94.90%) shares – is owned by the parent company AB Alita, the remaining part – 2,502,965 (5.10%) of the shares – is owned by minor shareholders.

The holders of the ordinary shares are entitled to one vote per share in the meeting of the Company and are entitled to receive dividends as declared from time to time and to capital repayment in case of decrease of the capital.

22 Loans and finance lease liabilities

thousand Litas	2007	2006
Short term credit line	5,110	1,485
Current portion of long-term loan	-	1,657
Total current liabilities	**5,110**	**3,142**

The terms and conditions of outstanding credit facilities were as follows:

				2007		2006	
thousand EUR	Currency	Nominal interest rate	Year of maturity	Limit	Used balance	Limit	Used balance
Credit line	EUR	LIBOR + 0.9%	2008	8,632	5,110	5,180	3,142
				8,632	5,110	5,180	3,142

AB Anykščių Vynas has a credit line up to 8,632 thousand Litas (2,500 thousand EUR) with the Bank. 5,110 thousand Litas has been used as at 31 December 2007. The average annual variable interest rate in 2007 was 4.82%. To secure the payment of this loan, the Company pledged non-current assets with a book value as at 31 December 2007 of 22,309 thousand Litas as well as inventories amounting to 5,388 thousand Litas and all current and future funds in the main accounts of the Bank. The Company insured its non-current assets with a book value of 22,457 thousand Litas as at 31 December 2007.

Notes

23 Other liabilities and accrued expenses

thousand Litas	2007	2006
Excise duty payable	6,957	3,867
Value added tax payable	2,882	1,302
Accrued vacation reserve	298	256
Salaries	197	142
Social insurance	124	105
Income tax from the salaries	37	34
Other liabilities and accrued charges	1,393	1,132
	11,888	**6,838**

24 Personnel expenses

thousand Litas	2007	2006
Cost of sales	3,387	2,955
Sales expenses	884	772
General and administrative expenses	1,403	1,496
Total	**5,674**	**5,223**

As at 31 December 2007, the Company had 258 employees (in 2006: 265 employees). Personnel expenses include salaries amounting to 203 thousand Litas paid to the management (in 2006: 179 thousand Litas).

Notes

25 Related party transactions

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

- AB Alita – the parent company,
- UAB Alita Distribution – the company controlled by AB Alita.

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

thousand Litas	2007	2006
Transactions with related parties		
Sales to related companies	1,711	318
Purchases from related companies	2,039	521
Amounts receivable from related parties		
Trade receivable from related partees	1,886	26
Loans receivable from related parties	2,880	-
Amounts payable to related parties		
Trade payable to related parties	377	-

Notes

26 Off-balance sheet items

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*.

As at 31 December 2007 The Company rents 1 land plot from the State. The annual rent fee in 2007 amounted to 27.7 thousand Litas. The environmental obligations (cleaning, restoration, etc.) are incumbent on the rented state land. No provision is included in the financial statements as at 31 December 2007 as the management was not able to estimate timing and amount of such works.

AB Anykščių Vynas issued a guarantee for AB Alita to the Bank for the credits amounting to 24,000 thousand EUR and 68,000 thousand Litas issued by the Bank to AB Alita.

27 Legal claims

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

28 Subsequent events

No significant events occurred after the balance sheet date, which would require adjustments to these financial statements.

Annual report for the year ended 31 December 2007

I. THE GENERAL PROVISIONS

1. The Annual Report was prepared for the financial year.

It was prepared for the year of 2007.

2. The main data about the issuer.

The name of the issuer: the Joint-Stock Company „Anykščių Vynas".

The address of the residence: Dariaus ir Girėno str. 8, Anykščiai, The Republic of Lithuania.

Tel.: (8-381) 50399, 50299, 50233:   Fax.: (8-381) 50350.

E-mail: info@anvynas.lt

Website: www.anvynas.lt

The legal-organizational form – legal person, the joint-stock company.

The Company authorized capital: 49 080 535 LTL.

The Register keeper: the State Company Registry Center.

The certificate was issued by Utena Branch of the State Company Registry Center, July 28, 1990.

The registration date: November 21, 1990 in the Company of the State Land Cadastre and Register (Vilnius).

The Company Code: 2541 11650.

3. The main activities of the issuer.

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

4. The information where and when you are able to have a look at the report and papers according to which the report had been prepared.

You are able to have a look at the report and papers, according to which the report had been prepared, in the residence of the JSC „Anykščių Vynas": Dariaus ir Girėno str. 8, Anykščiai, during the working hours (8 – 17 o'clock). The public information media is „Lietuvos Rytas".

II. THE INFORMATION ON THE AUTHORIZED CAPITAL AND ISSUED SECURITIES OF THE ISSUER.

5. The authorized capital of the emitent.

The authorized capital registered in the Register of Enterprises.

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

The capital is divided into 49 080 535 ordinary registered shares.

The nominal value of a share is 1 Litas.

All the Company shares are fully paid-up.

The information about the intended increase of the authorized capital by conversion or changing debt or secondary securities into the shares.

There is no information.

6. The shareholders.

On December 31, 2007 there were 394 shareholders in the JSC „Anykščių Vynas".

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 of ordinary registered shares, 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 JSC „Alita", Miškininkų 17, LT-62200 Alytus, 1495 19891	46 577 570	476 577 570	94.9	94.9	-

7. The main features of the shares launched into the public securities circulation.

49 080 535 ordinary registered shares are launched into the circulation.

The total nominal value of the issued shares is 49 080 535 LTL.

8. The data on the registered and distributed shares for the closed circulation.

There is no data.

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

There is no information.

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

There is no information.

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

There is no data.

12. The securities, that do not mark their presence 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.

III. THE DATA ON THE SECONDARY CIRCULATION OF THE ISSUER'S ISSUED SECURITIES.

13. The securities included in the list of the Stock Exchange.

The JSC „Anykščių Vynas" ordinary registered shares, issued on July 3, 1995, are included in the Vilnius Stock Exchange Current List. At present there are 49 080 535 ordinary registered shares of the JSC „Anykščių Vynas". The total nominal value of the shares is 49 080 535 of LTL. The ISIN Code of these shares is LT0000112773.

14. The sale of the issuer's securities in the Stock Exchange and markets of the other organizations:

The information about the self-acting fulfillment of the VSE prices and turnover of the sold transactions during 01 01 2006 – 31 12 2007 is given the table below:

The year and the quarter	The price		The turnover		The last trading days of the period			The total turnover	
	Max.	Min.	Max.	Min.	Price	Turnover	Date	Unit	LTL
2006 I	0.89	0.74	49914,72	0	0.75	0	2006.03.31	363373	305809.83
2006 II	0.78	0.61	6681,97	0	0.7	0	2006.06.30	51142	34826.41
2006 III	0.87	0.70	107459,27	0	0.81	4194.18	2006.09.29	383091	300858.82
2006 IV	1.27	0.81	158822,94	0	1.27	45824.24	2006.12.29	769515	783549.41
2007 I	1.65	0.98	180235.53	0	1.15	3812.25	2007.03.30	1679910	2282976.19
2007 II	1.19	0.99	20483.93	0	1.18	2401.71	2007.06.29	251578	275470.29
2007 III	1.27	1.06	24788.7	0	1.21	19960.1	2007.09.28	178986	206551.08
2007 IV	1.27	1.07	17074.94	0	1.07	1635.51	2007.12.28	119226	141425.95

14.2. The trade in the other Stock Exchanges.

14.3. The trade in the markets of the other organisations.

15. The capitalization of the securities.

Accountable period*	Capitalization, LTL
The 1st quarter of 2007	56 442 615.25
The 2nd quarter of 2007	57 915 031.30
The 3rd quarter of 2007	59 387 447.35
The 4th quarter of 2007	52 516 172.45

*There is the listing of the Stock Exchange the last day of the accounting period and at the end of each quarter of the accounting period.

16. The issuer's securities trade outside the Stock Exchange.

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

The year and the quarter	The price in LTL		The total turnover of the quarter, in units	
	Max.	Min.	Max.	Min.
2005 I	-	-	-	-
2005 II	-	-	-	-
2005 III	-	-	-	-
2005 IV	-	-	-	18 463
2006 I	-	-	-	-
2006 II	-	-	-	18 463
2006 III	-	-	-	-
2006 IV	-	-	-	-
2007 I	-	-	-	-
2007 II	-	-	-	-
2007 III	-	-	-	-
2007 IV	-	-	-	2961

17. The data about the issuer‘s covering of his own shares

There was no covering.

18. The notification of the official proposal.

During 2007 there were no announcements about the official proposals of the third parties to buy the ordinary registered shares of the JSC „Anykščių Vynas“.

19. The issuer‘s payment agents.

There are no payment agents.

20. The transactions with the brokers of the securities of the public turnover.

On July 29, 2004, the JSC „Anykščių Vynas“ and the JSC „Hansabankas“ made a contract No. 2004-06-30/001 to keep the Company issued securities accounting and personal securities accounts. The JSC „Hansabankas“ is located in Savanorių av. 19, 03502 Vilnius. Tel.: 8-5 268 4485. Fax.: 8-5 268 4170

IV. THE DATA ABOUT THE ISSUER‘S ACTIVITIES.

21. The legal basis of the issuer‘s activities.

- The Constitution of the Republic of Lithuania;
- The Law on Joint-Stock Companies; The Law on Securities Market;
- The other laws and standard acts of the Government of the Republic of Lithuania;
- The company regulations.

22. Belonging to the associated organizations.

1. The association „Lithuanian Food Industry“. It is a voluntary association of legal persons – companies of food industry, acting according to the fixed demands of the association members. It represents the interests of the members in different institutions and it is not a profit-making organization.

2. The Lithuanian Industrial Confederation. It is an apolitical, public organization, independent of the state, that represents and defends the interests of the LIC members in the governmental, social 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.

23. The 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 certificated agronomist Balys Karazija.

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

In 1940 the winery of B. Karazija was nationalized. In the postwar time there was a lack of raw material, new equipment, technology. Only in the 70-ties, approximately after ten years of reconstruction, the winery came to life again. In 1968 „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 Grobachev 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 morden machinery able to process up to 35 thousand tons of fruit and berries during the season, producing more than 70 names of a notable taste, aromatic, high quality drinks from the natural raw material – fruit-and-berry wine, sparkling wine, grape wine, kinds of brandy, vodka, liqueur, brandy, tequila.

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

In 1992 the efficient bottling line, completed from the Italian and German equipment, was installed. In 1998 a modern Italian sparkling wine bottling line was assembled and the sparkling wine production began. The constant renovation and modernization, the stainless steel tanks replacing the old enamelled tanks allowed to improve the production significantly.

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

In 1999 the Company was issued a Certificate confirming the Quality Management System fulfilling the requirements of Standard ISO 9002 and in 2002 the JSC „Anykščių Vynas" Quality Management System was certified according to the requirements of ISO 9001:2000 and anti-pollution standards of ISO 14001:2004. In July, 2004 the Company was privatized. The JSC „Alita" obtained the controlling interest from the state.

24. The production (service) characteristic.

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

The range of the production of the Company is more then 70 names, they are fruit-and-berry wine, vodka, a kind of brandy, liqueur, brandy, carbonated wine drinks, alcoholic drinks. The non-alcoholic production is apple and berry concentrated juice, apple aroma, dried apple pomace. In 2007 the range of the alcoholic production was renewed with 10 new drink names, and the production of 13 prospectless products was stopped.

The new dealer the PJSC „Daivalda", that 100% of shares were bought by the JSC „Alita" in 2007, also inreased the production and sale volumes of the JSC „Anykščių Vynas".

2005, 2006, 2007 production of the JSC „Anykščių Vynas"

	Production Group	Unit	2005	2006	2007	2007 in compare with 2006, %
1.	Total Alcoholic drinks	Thousand of L	6480.3	1101.0	13031.5	118.3
1.1.	Liqueurs and kinds of brandy	„	70.6	673.4	668.0	99.2
1.2.	Fruit and berry wine	„	1733.9	1894.7	2885.2	152.3
1.3.	Grape wine	„	0	14.2	-	-
1.4.	Brandy, whisky, tequila and the other alcoholic drinks	„	362.0	386.0	434.3	112.5
1.5.	The other fermented drinks and cider	„	1684.9	5204.5	5408.3	103.9
1.6.	Vodka	„	1998.8	2837.2	3635.7	128.1
2.	Apple concentrated juice	Ton	3557	3258	2373	72.8

The production of the alcoholic drinks increased 2018.5 thousand of litres or 18.3% in compare with the production of 2006.

In 2007 the events and projects in the press were organized presenting such products: the natural black currant wine „Voruta", vodka „Ledo", a kind of brandy „Bobelinė", brandy „Forum".

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

The production	2005	2006	2007
1. A kind of brandy	8.85	8.72	9.51
2. Liqueurs	7.03	6.97	6.89
3. Fruit and berry wine	3.46	2,76	2.47
4. Grape wine	8.00	5.15	-
5. Cognac, brandy	9.18	8.74	8.59
6. Sparkling wine	4.17	4.78	5.09
7. Cocktails	4.48	-	-
8. Vodka	2.47	2.42	3.51
9. Apple concentrated juice	4.57	4.16	5.19
10. Apple aroma	-	2.62	2.14
11. Apple dried pomace	0.76	0.75	0.75

The production	Unit	2005			2006			2007		
		Natural unit	Price Thou. of LTL	Comparative weight, %	Natural unit	Price Thou. of LTL	Comparative weight, %	Natural unit	Price Thou. of LTL	Comparative weight, %
1. A kind of brandy	Thou. of L	498,0	4375,0	12,18	463,3	4040,0	12,02	447,3	4253,8	9,31
2. Liqueurs	Thou. of L	202,6	1440,1	4,01	210,1	1464,4	4,36	220,7	1520,6	3,33
3. Fruit and berry wine	Thou. of L	1733,9	8610,5	23,97	1894,7	5229,4	15,56	2885,2	7126,4	15,59
4. Grape wine	Thou. of L	0	0		14,2	7,3	0,02	-	-	-
5. Cognac, brandy and other strong drinks	Thou. of L	362,0	3127,7	8,71	386,0	3373,6	10,03	434,3	3231,2	7,07
6. The other fermented drinks and cider	Thou. of L	1684,9	690,2	1,92	5207,5	7186,4	21,38	5408,3	7355,9	16,10
7.Vodka	Thou. of L	1998,8	5023,5	13,98	2837,2	6866,0	20,43	3635,7	12761,3	27,93
Total alcoholic drinks	Thou. of L	6480,3	23267	64,77	11013,0	28167,1	83,81	13031,5	36249,2	79,33
8.The sold apple concentrated juice	Ton	2584	11803,6	32,86	997,9	4159,7	12,38	1612	8370	18,32
9.The sold apple aroma	Ton	25	52	0,15	213,1	558,4	1,66	276	591,0	1,29
10.The sold apple dried pomace	Ton	1095,6	798,0	2,22	966,9	723,6	2,15	646	484	1,06
Total production for sale			35920,6	100,0		33608,8	100,0		45694,2	100,0

25. The main indices illustrating the Company activities (in 3 years)

The relative indices	2005	2006	2007
The net profitability	0,066	0,063	0,016
The average asset return	0.047	0.040	0,013
The debt ratio	0.315	0.248	0,358
The debt-ownership ratio	0.460	0.330	0,558
The gross liquidity ratio	1.659	1.867	1,641
The asset turnover	0.675	0.661	0,762
The bookkeeping value of a share	0.761	0.784	0,798
The net profit falling to one share	0.049	0.043	0,015

The description of the indices:

The net profitability	The net profitability shows which part of the sale Litas is a net profit. i.e. it shows the efficiency of the Company activity. The bigger value of the index shows the higher Company profitability.
The average asset return, ROA	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	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	The debt-ownership ratio shows how many loaned funds fall to one ownership Litas. This value of the index is different in various branches of industry. When analysing the Company activity, the high index can witness the bigger risk, because it can be complicated to the Company to cover the payment of its loans and paybacks and to get enough funds for the further finance. The accepted ratio of the debt-ownership depends on many factors, including the features of the branch of industry, the Company possibility to receive loans and the stability of getting incomes.
The asset turnover	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	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.
The main profit of one share	The main profit of one share is calculated by dividing the part of the net profit, that falls to the ordinary shares, from the number of the shares. This ratio shows the part of the net profit which is the property of the shareholder.

All the main financial data is shown in the annual financial accountability and in its explanatory letter.

26. The sale markets

	2007, Thou. of LTL	2006, Thou. of LTL	2005, Thou. of LTL	The comparative weight, %		
				2007	2006	2005
The total sale	46565	33831	36842,7	100,00	100.00	100.00
Thereof in Lithuania	36726	28035	23362,4	78,9	82,9	63,4
Abroad	9839	5796	13480,3	21,1	17,1	36,6
Thereof in Latvia	766	429	1176,8			
Germany	6615	4799	10 798,3			
Austria	1362					
The other countries	1096	568	1505,2			

The total sale:

	2006		2007	
	HL	Thou. of LTL	HL	Thou. of LTL
Carbonated flavoured wine drinks	3211	1534	2880	1467
Total sparkling wines:	**3211**	**1534**	**2880**	**1467**
Ciders	8914	1647	7606	1339
Wines	19681	5439	28154	6957
Vodka	27725	6815	37368	13099
The other strong drinks, total:	**10515**	**8487**	**11232**	**9150**
incl. Brandy, cognac	2741	2397	2936	2521
Whisky	2	3		
Kinds of brandy	4655	4058	4418	4201
Liqueurs	2110	1471	2196	1514
The other spirited drinks	1007	558	1682	914
Concentrated apple juice, ton	996	4160	1612	8370
Apple aroma, ton	213	558	276	591
Dried pomace, ton	967	724	646	484
Raw material and semimanufactures	39100	4012	44450	4653
The other sale and services		455		455
Total sale:		33831		46565

Including the sale to the foreign countries:

	2006		2007	
	HL	Thou. of LTL	HL	Thou. of LTL
Carbonated flavoured wine drinks	41	14	85	29
Total sparkling wines:	**41**	**14**	**85**	**29**
Ciders			115	23
Wines	170	79	230	70
Vodka	236	66	144	106
The other strong drinks, total:	**146**	**106**	**377**	**257**
incl. Brandy, cognac	8	6	31	17
Whisky	37	43	29	65
Kinds of brandy	42	32	119	91
Liqueurs	59	25	198	84
The other spirited drinks	876	3543	1549	7864
Concentrated apple juice, ton	210	554	275	589
Apple aroma, ton	960	719	639	479
Dried pomace, ton	6200	715	2800	422
Raw material and semimanufactures				
The other sale and services		5796		9839

During the reporting year the great attention was paid to the consolidation of the main trademarks, increasing notoriety and selling volumes.

In 2007 the JSC „Alita" and the JSC „Anykščių Vynas" changed the distribution scheme of the goods radically and this determined the immediate contacts with the retail companies and better service of a customer. If we distributed the production with the help of the wholesale companies earlier, now, when the JSC „Alita" acquired its own wholesale company, the JSC „Alita" takes care of the consignation and the quality of the customer service directly. Also, in order to achieve the effective results of the activity, the system of the item exposition on the shelves and underlying assortment were created and implemented, and the PJSC „Alita Distribution" takes care of this realization in the retail companies and the PJSC „Rinkodaros ir prekybos partneriai" takes care of it in the retail commercial networks. The JSC „Alita" managers are responsible for the control of the realization of this system.

The aim of the system of the underlying assortment and the item exposition on the shelves is not only to ensure the maximum product distribution and the suitable item exposition on the shelves, but also to get acquainted with the customer needs, to systematize them and ensure the improvement of service quality.

In order to achieve the right implementation of the system of the underlying assortment and the item exposition on the shelves, the sale department refused the functions of the direct cooperation with Horeca (hotels, restaurants and cafe) fully and transferred them to the PJSC „Alita Distribution", in order to achieve the more effective activity and to use the direct contacts in this goods distribution channel.

We can also mention that in 2007 we renewed the cooperation contracts with the VIP customers (MAXIMA, NORFA, RIMI, PALINK, AIBĖ) successfully. We retained the refrigerating cabinets in these enterprises, intended to the production of the JSC „Alita" and JSC „Anykščių Vynas", and we were able to keep the right temperature of the product with the help of them and to deliver it to a customer, to carry out the additional emphasizing expositions and price actions. We agreed on the new production sale at the customer and the means of the sale promotion (actions in publications, palette expositions) successfully. The production for the actions was selected according to a season and customer needs. The participation in the actions of the production promotion increased the production selling in comparing with the non-action period.

We renewed the cooperation agreement with the network of the petrol stations „Lukoil" successfully.

The JSC „Anykščių Vynas" organized the traditional Wine festival in Anykščiai during which we sold the tap carbonated cider and other drinks of the JSC „Alita" and JSC „Anykščių Vynas" supplying the traders with the tap cider equipment and cider promotion tents.

In 2007 according to the long-term contracts and agreements the production was produced according to the presented customers' orders: apple and pear taste ciders „YSA" 1.7 L, pear cider „Agaro" 1.5 L (to „ČYGO-KALKIO TŪB „Rinkuškiai"); vodka: „Gryna" 0.5 and 0.2 L of different taste to the PJSC „Palink". The wine „Vakaris" 0.7 L to the PSJC „Rivona", „Debesėlis" white and red 0.7 and 1.0 L to the PJSC „Aibės mažmena", etc.

The new contracts were made with the foreign buyers and the cooperation began with the buyers from Estonia (AS MEDIATO), Japan. We hope to extend the volumes of selling abroad with the help of the new buyers in 2008 and later.

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

The Production Goup	2006	2007
Fruit and berry wine	15,6	18,4
Cider	4,9	3,0
Carbonated wine drinks	3,4	3,1
Vodka	9,3	12,1
A kind of brandy	10,9	8,2
Liqueur	11	9,6
Brandy	6,2	4,7

27. The supply

The main raw material suppliers are the fruit and berry growers in Lithuania. The material, equipment, complement items, services are obtained from the Lithuanian and foreign firms: Austria, Estonia, Latvia, Germany, France, Slovakia, etc. The main Company suppliers are: spirit – „BGV" (Slovakia), „O-I Production Estonia AS"; sugar – „Danisco Sugar" Kėdainiai; flavours – PJSC „SMS-Eligita", PJSC „Balticum"; labels – PJSC „RIC" Vilnius; corrugated paper boxes – PJSC „Smurkit Kappa Baltic", „Sca

Packing PJSC"; bottles – JSC „Panevėžio Stiklas", „Kauno stiklas", „Jarvakandi KLAAS" (Estonia),"Dekorglass Dzialdowo" (Poland", enzymes – „Vortogama" PJSC (Vilnius); wine spirit – „Lucien Bernard&Co" (France), etc.We have made the long-term contracts with the above mentioned main suppliers. The Company has made up to 100 contracts with different suppliers.

79.2% of all the supplies belongs to the Lithuanian firms and 20.8% of them falls to the foreign countries.

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

A country	2007	2006	2005
Lithuania	79,2	76,8	70,9
Switzerland	0,3	0,2	-
Holland	0,4	0,7	0,1
Poland	0,2	0,4	1,4
Italy	-	-	0,1
Germany	0,3	0,1	0,03
Latvia	2,0	1,8	9,2
France	1,5	2,1	3,8
Estonia	8,0	12,7	9,8
Slovakia	7,4	4,5	2,8

28. The immovable property and the other main means.

The Company uses the land of 6.75 h. leased from the state according to the contract of the state land lease not for the agriculture No. 34/96-0454, 21 08 1996, in Anykščiai.

The Company constructions and buildings – their residual value is 17 727 thousand of LTL, December 31, 2007. In 2007 there was no unfinished building, the state of the buildings is good, except the premises of the laundry that are not used. In 2007 the repair was made in the shop premises.

29. The risk factors related to the issuer's activity.

There were no strikes in the Company.

Economical factors:

The Company works in two geographical segments – the local and foreign markets. The biggest part of all the production (78.9% in 2007, 82.9% in 2006, 63.4% in 2005) is sold in the local market. And almost all the apple production (Apple concentrated juice, aroma, dried pomace – 94.6% in 2007, 88.5% in 206, 96% in 2005) is sold abroad. Being a great competition in the local market, the Company fruit-berry wine sale is increasing slowly (because of the adverse excise policy to the fruit-berry wine and friendly excise policy to the strong beer), the sale of the other production is stable or increasing. 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 production and sale is increasing. The workers of high quality work in the Company.

On December 31, 2007 PJSC „Anykščių Šiluma" was indebted 962 thousand of LTL to the Company and there is a great risk that the PJSC „Anykščių Šiluma" will not have enough working capital to settle with the JSC „Anykščių Vynas". As it is not clear if the receivable sum would be repaid, it was evaluated as a delay. The JSC „Anykščių Vynas" uses the short term loan from the AB bank „Hansabankas" (the contract for the loan refinance was signed 10 08 2004 and it is valid to 30 08 2008). In order to get a loan from the AB bank „Hansabankas" the Company mortgaged its long-term asset the value of which was 22 309 thousand of LTL on December 31, 2007 and it mortgaged all the Company current and future funds in the bank accounts. The financial debt to the AB bank „Hansabankas“ was 5 110 thousand of LTL on December 31, 207. There are no essential problems with the payments to the suppliers and customers.

Political risk factors:

The Government decisions to increase the excise to the production may influence the Company production increase.

Social factors:

There is a collective agreement with the trade union that is in force till July, 2009.

Technical-technological factors:

The most of the technological machines is reconstructed or new, a lot of attention is given to the automation of the technological processes and improvement of the production quality. At present the production facilities are used about 70%. There are no risk factors to the technological processes.

Ecological factors:

The Company paid the nature pollution taxes: in 2005 – 5.6 thousand of LTL. In 2006 – 7.4 thousand of LTL, in 2007 – 6.0 thousand of LTL.

The Company paid to the recyclers and the state for the pollution with the wastes of taxable packing: in 2005 – 218.6 thousand of LTL, in 2006 – 314.4 thousand of LTL, in 2007 – already 1194.2 thousand of LTL, because of the significant increase of the tax for the glass packing. The glass, plastic packing and the other packing were released into the local market: in 2005 – 3279 tons, in 2006 – 3403 tons, in 2007 – 5128 tons.

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

The environment control means that were in 2007 activity plan were carried out and 75.8 thousand of LTL were spent for them. They were: the sound-absorbent screen was mounted on the roof; the filtration substances for the rain drainage were replaced; the ground reclamation work in the territory of the oil farm was utilized; The separate places in the territory were asphalted.

In 2007 the Company consumed 2290 mwh of the electric power, 81.8 thousand m^3 of water, 1652 thousand m^3 of natural gas, 32 thousand m^3 of it was used for the apple pomace drying.

30. The production stoppage or decrease, which influenced or has an essential influence on the issuer‘s activities during the last 2 financial years.

There was no production stoppage or decrease.

31. Licences, patents, contracts.

The main activities of the JSC „Anykščių Vynas“ are licenced. The available licences: the licence of the alcoholic products, including alcoholic drinks which the volumetric concentration of ethyl alcohol exceeds or does not exceed 22%, the licence to be in the trade of the unmethylated ethyl alcohol, raw material having ethyl alcohol, food alcoholic solutions with addition of flavour material. There is a permission to buy the unmethylated ethyl alcohol from the JSC „Alita“. In 2005: the trade marks „Forum“ 5 year (Registry No. 49080, 09 03 2005, the certificate was issued 05 08 205); „Forum“ (Registry No. 49081, 09 03 2005, the certificate was issued 05 08 2005); "Dvaro" (Registry No. 48534, 18 04 2004, the certificate was issued 01 03 2005); „Lituanica" (Registry No. 50153, 14 11 2005); „Lietuviška originali degtinė Gintarinė" (Registry No. 50483, 15 12 205) were registered. In 2006 the following trade marks were registered: „Ledo Premium", „Šilojų", „Alcopops", „Ambercollection", Amber Collection", „Borisoff Vodka", „Olympia", „Amber", „Pūkuotukas", „Anykšta", „Zig Zag", „Vakaris", „Legenda", „Svaja", „Gintaro Krantas", „Vyno Šventė", „TOPI", „Rojus". The trade mark „Forum" was awarded the International Registration according to the Madrid Protocol. In 2007 two trade marks were presented to register: SVAJONĖ and VĖJAS. The certificates for 5 trade marks were issued: The International Registry Certificate FORUM, and the National Registry Certificates TOP, ROJUS, KELELIS, SVETELIŲ. The validity of the National Registry trade mark GABIJA was prolonged and the validity and expansion terms of the International Registry the trade mark ANYKŠČIŲ VYNAS to additional countries Estonia, Latvia, Ireland, Austria was prolonged.

32. The lawsuits and arbitrations.

During the reporting year the Company did not receive any claims and it did not make a claim.

The PJSC „Švyturys-Utenos Alus" entered 2 protests to the Appeal Department of the State Patent Office:

because of the registration of the Company trade mark ATSUKTUVAS. The Company did not present any protest to the Appeal Department and the registry of this trade mark was cancelled; because of the registration of the trade mark GD GINTARINĖ. At present the examination in the Appeal Department of the State Patent Office is postponed by the mutual agreement because the negotiations to finish the protest peacefully are going on.

In 2007 the quarrel did not finish with the PJSC „Švyturys-Utenos Alus" because of the registration of the Company trade marks AMBER, AMBER COLLECTION and AMBERCOLLECTION. The investigation of the protest is stopped by the mutual agreement because the negotiations are going on to solve the protest peacefully.

The Company was a claimant in one case:

The Company made a report on the decision of the State Tobacco and Alcohol Control Service at the Government of the LR to the Appeal Court to cancel the fine because this Service fined the JSC „Anykščių Vynas" for the keeping alcoholic drinks in the exposition stand without a licence in the Food Product Exhibition „BAF" in the Lithuanian Exhibition Centre „Litexpo". When the Vilnius Appeal Court satisfied the suit and cancelled the fine of the STACS, the State Tobacco and Alcohol Control Service at the Government of the LR made a report to the Supreme Administrative Court of Lithuania. The Supreme Administrative Court of Lithuania declined the protest of the STACS. The Company made reports on the costs and the appeals were satisfied and the costs were adjudged.

Also the Company was an accountant in the process related to the working relations: the claimant, Felicija Vilnonienė made a report on the Company because of the violation of the working rights where she argued the dismissal from work and insisted on the returning to the work. The process in the first instance court ended in favour of the claimant. The Company appealed against the decision to the Panevėžys District Court and it rejected all the claimant demands.

33. The Staff

The data about the JSC „Anykščių Vynas" staff in 2006 and 2007 is given in the table below:

The workers group	The average listed number of the workers		Education								The average wage, Lt (without paid-out compensations)	
			Higher		Further		Secondary		Unfinished secondary			
	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007
Managers	2	2	2	2	-	-	-	-	-	-	5647	6457
Specialists and employees	94	87	50	48	43	38	1	1	-	-	1717	1900
Workers	172	180	2	2	37	38	124	125	9	15	1128	1285
Total:	268	269	54	52	80	76	125	126	9	15	1253	1416

Four workers are studying at the University and one in the secondary school. Thirty workers improved their knowledge and raised their qualifications in different courses and seminars. 11.1 thousand of LTL were spent for the qualification training. Last year 6 workers received the licence to drive electroloader and autoloader, one worker obtained the qualification of the slinger-clipper, 2 workers obtained the qualification of the operator of the equipment using technological gas. During the year 20 workers were certified for safety and health subjects according to their qualifications and certificates. Thirty subdivision managers and their assistants responsible for the safe work in the subdivision and 29 responsible for the fire safety were trained.

34. 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%).

The Company made no investments in 2007, making more than 10% of the authorized capital. In 2007 the actual investments were 797 thousand of LTL, 612.4 thousand of LTL of them were used for the production equipment and designing, 149.8 thousand of LTL were spent for the transportation and loading means, 27.4 thousand of LTL were spent for the computer technology and programs, 69 thousand of LTL were spent for the other main devices.

The planned investments for 2008 are 1100 thousand of LTL, 667,5 thousand of LTL are for the production machinery and designing, 309 thousand of LTL for the transportation and loading devices, 54.5 thousand of LTL for the computer technique and programs, and 69 thousand of LTL for the other main devices.

35. The competitors.

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

36. The paid out dividends.

The dividends were not paid out for 1995. 3 992 775 LTL of the dividends were paid out for 1996 (7 % of the nominal value of the share). 2 340 030 LTL of the dividends were paid out for 1997. (7 % of the nominal value of the share). 2 340 030 LTK of the dividends were paid out for 1998 (7 % of the nominal value of the share). 2 340 030 LTL of the dividends were paid out for 1999 (7 % of the nominal value of the share). The Company did not pay out the dividends for 2000. The Company did not pay out the dividends for 2001. The Company did not pay out the dividends for 2002. The Company did not pay out the dividends for 2003. The Company did not pay out the dividends for 2004. The Company did not pay out the dividends for 2005. The Company did not pay out the dividends for 2006. The Company will not pay out the dividends for 2007.

VI. THE INFORMATION ABOUT THE ISSUER'S MANAGEMENT BODIES.

37. The members of the management bodies

37.1. The position, names and surnames, data about the participation in the issuer's authorized capital (available part of the authorized capital and the part of the votes in %):

No.	Position (JSC "Anykščių vynas")	Name, surname	The number of shares	The part of the authorised capital in hand (%)
The BOARD since 08 07 2004				
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 10 02 2006				
1	Director	Marius Gudauskas	-	-
2	Accountant-general	Audronė Zemlevičienė	-	-
ADMINISTRATION 19 05 2005 – 10 02 2006				
1	Director	Marius Gudauskas	-	-
2	Deputy Director	Ričardas Armonavičius	-	-
3	Accountant-general	Audronė Zemlevičienė	-	-
ADMINISTRATION 04 04 2005 – 19 05 2005				
1	Director	Marius Gudauskas	-	-
2	Deputy Director	Ričardas Armonavičius	-	-
3	Accountant-general	Rita Gaigalienė	2250	0.00
ADMINISTRATION 02 11 2004 – 04 04 2005				
1	Director	Marius Gudauskas	-	-
2	Deputy Director	Ričardas Armonavičius	-	-
3	Accountant-general	Rita Gaigalienė	2250	0.00

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

Vytautas Junevičius, the Chairman of the Board of the JSC „Anykščių Vynas" since 08 07 204; General Director of the JSC „Alita", higher education, engineer-economist, a specialist of the international relations. Since 1994 he is the General Director of the JSC „Alita".

Marius Gudauskas, the Director of the JSC „Anykščių Vynas" since 04 04 2005. The workplaces during the last 10 years: 1996 – 1999 – the dealer-adviser of the PJSC „Omnitel"; 1999 – 2001 – the specialist of the marketing department of the autoglass of the JSC „Panevėžio Stiklas"; 2001 – 2005 – the trade agent, production manager of the JSC „Kappa Packing Baltic". He has a higher education, the degree of the master of the management science.

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

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

Vytautas Junevičius – the Chairman of the Board, has 41.89% of the JSC „Alita" ordinary nominal shares, and he is the Chairman of the Board and the General Director of the JSC „Alita". He has 5.6% of the shares of the PJSC „Šiaulių Banko Investicijų Valdymas", 50% of the shares of the PJSC „Aunuva".

Arvydas –Jonas Stankevičius, a Member of the Board, he is the Production Director and a Member of the Board of the JSC "Alita". He has 16.75% of the ordinary nominal shares of the JSC "Alita", he has 40% of the shares of the PJSC "Lieda" and 40% of the ordinary nominal shares of the PJSC "Alytaus vaistinė";

Vilmantas Pečiūra – a Member of the Board, the Finance and Administration Director, he has 12.57% of the ordinary nominal shares of the JSC "Alita". He is the Chairman of the Board of the JSC „Beogradska Industrija Piva".

Darius Vėželis – a Member of the Board, the Marketing and Sale Director, he has 12.57% of the ordinary nominal shares of the JSC "Alita". He is a Member of the Board of the JSC „Beogradska Industrija Piva".

Marius Gudauskas – the Director of the JSC "Anykščių Vynas", he does not take part in the activity and capital of the other companies.

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

37.4. The data about the non-extint conviction for the crime to the ownership, the order of the farming, finance of the members of the management bodies.

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37.5. The end of the cadence of the members of the Board is on July 8, 2008.

38. The information about the payoffs and loans to the members of management bodies (the members of the Supervisory Board, the Board of Directors, the Administration (the Administration Manager, his deputies, the Chief Financier):

38.1. The information about the 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:

2007	Salary Lt, Lt	Bonuses, Lt	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	43 457	-	-
Total to all the members of the Administration	304 198	-	-

The sum, connected with the work relations calculated for the Managers during 2007, is 304 198 LTL, 154 967 LTL of it to the members of the management bodies (Director and Accountant-general). The average payoff to one person during the year:

- Salary - 71 653 LTL;
- for the vacations - 5 832 LTL

From the profit:

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

38.2. 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 (to each category of the above mentioned persons) received form the companies where the issuer's part in the authorized capital is more than 20%:

There were no payoffs.

39. Transactions with the concerned persons:

39.1. The types of the transactions:

There are no transactions.

39.2. The terms of the transactions:

There are no terms.

40. The Board's activity.

The Board of the JSC „Anykščių Vynas" was made of the same members as the Board of the JSC „Alita". The specialists are of the high qualifications who led not only the management of the JSC „Alita" group of the companies, but they worked in economic life of the group of the companies directly or indirectly. In 2007 the Board performed a lot of work, it called the meetings where the important problems were solved – the increase of the work effectivenes and the sale increase, the calling of the General Meeting, credit raising , analysis of the results of the activities, the salary of the directors 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, because the sale incomes and the volumes of the sold production of the JSC „Anykščių Vynas" increased. The tall orders are done in the Company constantly that ensure the production and technical stability.

VII. THE NEW AND ESSENTIAL EVENTS IN THE ISSUER'S ACTIVITY, ITS PROSPECTS.

41. The new events in the issuer's activity.

March 21, 2007. The notice of the convocation of the General Meeting.

In April 25, 2007 the JSC "Anykščių Vynas" General Meeting is called on the Board's initiative ant it will take place in the Company residence (Dariaus ir Girėno 8, Anykščiai) at 12 o'clock. The registration starts at 11 o'clock. The shareholders must have an identification paper, the asignees must have an identification paper and a letter of authorization approved according to the law. The accounting day of the General Meeting is April 18, 2007. The shareholders can have a look at the Company papers related to the agenda of the General Meeting and meeting resolution drafts in the Company headquarters from April 13, 2007.

Agenda of the General Meeting

1. The report on the Company's activities in 2006.
2. The auditor's opinion.
3. The approval of the Company's financial statements in 2006.
4. The approval of profit (loss) appropriation for 2006.
5. The selection of the firm of auditors for 2007-2008 financial years and the establishment of the terms of the remuneration for audit services.

13 04 2007. The draft resolutions of the Annual General Meeting

The Board of the JSC „Anykščių Vynas" presents such draft resolutions for the Annual General Meeting on April 25, 2007:

1. The Annual Report of the of 2006 (The resolutions on this item is not accepted) . 2. The Auditor's report (it was heard).
3. To approve the Company financial statement in 2006.
4. To approve the distribution of the profit (loss) for the financial year of 2006.

- the profit (loss) brought forward of the previous financial year at the end of the year (12 737 thousand of LTL; 3 689 thousand of EUR);
- the net profit (loss) of the financial year - 2 118 thousand of LTL; 613 thousand of EUR; - the profit (loss) available for the distribution at the end of the financial year (10 619 thousand of LTL; 3 075 thousand of EUR;
- the profit brought forward at the end of the financial year 910 619 thousand of LTL; 3 075 thousand of EUR).

5. To elect the JSC „KPMG Baltics" a Company Auditor for 2007-2008 financial years.

16 04 2007. The Annual Report.

The JSC „Anykščių Vynas": The Annual Report and the Financial Accountability.

25 04 2007. The resolutions of the General Meeting

On April 25, 2007 the JSC "Anykščių Vynas" General Meeting took place and passed these resolutions:

1. The report of 2006 was heard.
2. The auditor's report was heard.
3. To approve the company financial statement of 2006.
4. To approve the profit (loss) appropriation for 2006:

- The profit (loss) brought forward of the previous financial year at the end of the year: (12 737 thousand of LTL; 3 689 thousand of EUR);
- The net profit (loss) of the year: 2 1187 thousand of LTL ; 613 thousand of EUR;
- The total distributable profit (loss) at the end of the financial year: (10 619 thousand of LTL.; 3 075 thousand of EUR);
- The profit (loss) brought forward at the end of the financial year: (10619 thousand of LTL.;3 075 thousand of EUR);

5. To select the PJSC „KPMG Baltics" as the Company auditor and to fix the payment of 30 thousand of LTL without the VAT for the audit of one year financial year.

20 04 2007. The interim results of the activity of the first quarter of 2007.

In the first quarter of 2007 the JSC „Anykščių Vynas" sale increased 59.1% in comparing with the first quarter of last year and amounted to 10 296 thousand of LTL (2 982 thousand of EUR). The Company worked profitably and got 42 thousand of LTL of the non-audited net profit. The Company sustained losses of 128 thousand of LTL. (37 thousand of EUR) at the same period of last year.

31 07 2007. The results of the first half-year of 2007.

In the first half-year of 2007 the JSC „Anykščių Vynas" sale increased 48.5% in comparing with the first half-year of last year and amounted to 21 880 thousand of LTL (6 337 thousand of EUR). The Company worked profitably and got 399 thousand of LTL (115.6 thousand of EUR) of the non-audited net profit. Last year at the same period of time the Company earned 448 thousand of LTL (129.7 thousand of EUR) of the profit.

31 10 2007. The interim results of nine months.

In nine months of 2007 the JSC „Anykščių Vynas" sale increased 47% in comparing with nine months of last year and amounted to 33 152 thousand of LTRL (9 601.5 thousand of EUR). The Company worked profitably and got 1 308 thousand of LTL (378,8 thousand of EUR) of the non-audited net profit. Last year at the same period of time the Company earned 611 thousand of LTL (177.0 thousand of EUR) of the profit.

15 02 2008. The non-audited results of the year of 2007.

In 2007 the JSC „Anykščių Vynas" sale incomes increased 38% in comparing with 2006 and amounted to 46 565 thousand of LTL (13 486 thousand of EUR). The Company worked profitably and got 727.4 thousand of LTL (210.7 thousand of EUR) of the non-audited net profit. In 2006 the Company earned 2 118 thousand of LTL (613.4 thousand of EUR) of the net profit.

The Company planned to reach 40 mln. of LTL 911.6 mln. of EUR) of the sale incomes and 1.0 mln of LTL (0.3 mln of EUR) of the profit.

During the reporting year all the wholesalers of the JSC „Anykščių Vynas“ bought more production. We did not reach the planned net profit because of the increased production cost, the increased prices of the raw material and the other materials; because of the less sold volume of the apple concentrated juice than we have planned; because of the investment in the renew and promotion of such trade marks as the vodka „Ledo“, brandy „Forum“, a kind of brandy „Bobelinė“; because of the significant increase of the tax of the glass packing launched into the local market; because of the deferred profit tax of 96 thousand of LTL (27.8 thousand of EUR) negative influence upon the net profit.

20 03 2008. The calling of the General Meeting.

Notice of the General Meeting

On the Board‘s own initiative and resolution the JSC „Anykščių Vynas“ General Meeting is called on April 25, 2008 at 12 o‘clock, that will be held in the Company hall (Dariaus and Girėno str. 8, Anykščiai. The data about the Company is kept and stored in the Register of Legal Persons, the VAT payer code: LT541116515). The registration begins at 11 a.m. The shareholders must have an identification document, the representatives must have an identification document and a letter of authorization approved according to the law. The accounting day of the General Meeting is April 18, 2008. The shareholders can have a look at the Company papers related to the agenda of the General Meeting and meeting resolution drafts in the Company headquarters from April 15, 2008.

Agenda of the General Meeting

1. The annual report of the year of 2007.
2. The auditor‘s report.
3. The approval of the Company‘s financial statement of 2007.
4. The approval of the distribution of profit (loss) for the financial year of 2007.
5. The election of the members of the Board.

It is possible to get all the regulated information for making oneself familiar with in the Company or in the Vilnius Stock Exchange website: www.omxgroup.com/vilnius

42. The strategy of the activities and its prospective changes during the nearest financial (economic) year.

The new strategy of the JSC „Anykščių Vynas“ approved at the end of 2004 gives better results. The main Company course in the strategic plan confirmed in the meeting of the Board - to produce qualitative natural products intended to customers whom it is important what the product is made from and its quality – answered the purpose.

In 2008 the Company is planning to develop the production and technological process further, to pay a lot of attention to the strengthening and promotion of the trade marks, to the creation of the new production, reflecting the Company‘s formation of the image of the natural, authentic drink producer, and to marketing. In the beginning of 2008 there were significant changes in the production of the Company: the ordered vodkas and a part of the vodkas produced in the JSC „Anykščių Vynas“ were moved to the JSC „Alita“. The fruit and berry wine production of the special technology were taken from the JSC „Alita“ and moved to the JSC „Anykščių Vynas“, and we began to produce a cider of seven tastes for the PJSC „Alita Distribution“ in the Company „Anykščių Vynas“. The new plan of the launch of the new products, the shaping of the existing products and the renew of the packing was confirmed. The circle of the foreign buyers is widened, the new contracts are made.

In 2008 the Company is planning to reach 50 mln of LTL of the sale incomes and the minimal 1.5 mln of LTL pretax profit.

Chairman of the Board Vytautas Junevičius

DISCLOSURE FORM CONCERNING THE COMPLIANCE WITH THE GOVERNANCE CODE FOR THE COMPANIES LISTED ON THE REGULATED MARKET

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

PRINCIPLES/RECOMMENDATIONS	YES/NO /NOT APPLICABLE/	COMMENTARY
Principle I: Basic Provisions **The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.**		
1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	Yes	The Company publishes the policy of the Company development and objectives in the Company website, press openly.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	Yes	The Company works according to the approved production selling and production plans, implementing its strategic objectives.
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	Yes	The JSC „Anykščių Vynas" is a subsidiary enterprise of the Company „Alita". The JSC „Alita" owns 94.9% shares of the JSC „Anykščių Vynas" There are four persons in the Company Board. 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 General Meeting, stated in the Law of the Joint Stock Companies. The workers are informed about the Company activities and hot working and rest problems are solved 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 and it organizes the Wine festival for several years already. 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 activities 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 doesn't 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' meting 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	
2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.[2]	Yes	The Company Board consists of four members.

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

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.		„Anykščių Vynas", approved in the Board sitting 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.	No	
3.4. In order to maintain a proper balance in terms of the current qualifications possessed by its members, the collegial body should determine its desired composition with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies.	Not applicable	There is no audit committee in the Board.
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.	Not applicable	

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 sufficient4 number of independent5 members.	No	The content of the concept „sufficiency"of the independent members was not discussed in the Company.
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	No	Because the Company is ruled by the JSC „Alita".

per pension plans (inclusive of deferred compensations); 4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1); 5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counseling and consulting services), major client or organization receiving significant payments from the company or its group; 6) He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company; 7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies; 8) He/she has not been in the position of a member of the collegial body for over than 12 years; 9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.		

3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.		
3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.	No	The Company does not apply the evaluation and disclosure practice of the independence of the Board members.
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 is made by directors of the JSC „Alita". The JSC „Alita" owns 94.9% of shares of the JSC „Anykščių Vynas".
3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds[6]. The general shareholders' meeting should approve the amount of such remuneration.	Not applicable	The Board members are not remunerated from the Company funds. This provision is not applicable in the Company.

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 their own or third party interests.

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[4] of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.	Yes	The Company follows this recommendation. The members of the Board perform their duties well.
4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.	Yes	The 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 a decision on the long-term assets that balance value is more than 1/20 of the Company's authorized capital, investment, transfer, rental, soak and mortgage, voucher and reassurance, and to acquire long-term assets for the price higher than 1/20 of the authorized capital.
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[5]. Members of the collegial body should act and pass decisions without an outside	Yes	The Board keeps all the information about the Company activities in order to make the right decisions.

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.		
4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this 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 because they are not applicable.
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	No	There are no such committees in the Company because they are not applicable.

conflicts of interest. Committees should present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.		
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, because they are not applicable.
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, because they are not applicable.
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	No	There are no such committees in the Company because they are not applicable.

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.		
4.12. Nomination Committee. 4.12.1. Key functions of the nomination committee should be the following: • Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company; • Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes; • Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; • Properly consider issues related to succession planning; • Review the policy of the management bodies for selection and appointment of senior management. 4.12.2. Nomination committee should consider proposals by other parties, including 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	There are no such committees in the Company because they are not applicable
4.13. Remuneration Committee. 4.13.1. Key functions of the remuneration committee should be the following: • Make proposals, for the approval of the	No	There are no such committees in the Company because they are not applicable.

collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body; • Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies; • Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies; • Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors); • Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies. 4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should: • Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body; • Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders		

meeting; • Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has. 4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies.		
4.14. Audit Committee. 4.14.1. Key functions of the audit committee should be the following: • Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group); • At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided; • Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually; • Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations;	No	There are no such committees in the Company because they are not applicable.

• Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee; • Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter. 4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations. 4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present. 4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this		

purpose the audit committee should act as the principal contact person for the internal and external auditors. 4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit. 4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action. 4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.		
4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.	Yes	In the activity report (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[6].	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	Yes	The members of the Board are informed about the future meeting beforehand, the material for the discussion is handed in the fixed time.

changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.		
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.[7] All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	No	It is not foreseen in the Company regulations. The criteria of the important transactions are not fixed in the Company regulations according to which the transactions would be selected, that require the shareholders' approval in the meeting.
6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of	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 shareholders' meeting should not hinder wide attendance of the shareholders. Prior to the shareholders' meeting, the company's supervisory and management bodies should enable the shareholders to lodge questions on issues on the agenda of the general shareholders' meeting and receive answers to them.		
6.5. It is recommended that documents on the course of the general shareholders' meeting, including draft resolutions of the meeting, should be placed on the publicly accessible website of the company in advance[8]. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.	Yes	Ten days before the beginning of the meeting the announcement on draft resolutions of the General Meeting is published in the paper "Lietuvos Rytas" and in the information system of the Vilnius Stock Exchange. After the meeting the report on the adopted resolutions of the General Meeting is sent to the information system of the Vilnius Stock Exchange and to the press. The Lithuanian language is used in the press and English is used in the information system of the Vilnius Stock Exchange.
6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	Yes	The Company makes it possible for the shareholders to vote by filling up a general voting bulletin in absentia, as it is foreseen by the Law of 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 in voting processes by allowing the shareholders to vote in general meetings via terminal equipment of telecommunications. In such cases security of telecommunication equipment, text protection and a possibility to identify the signature of the voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially foreigners, with the opportunity to watch shareholder meetings by means of modern technologies.	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.	Yes	
7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.	Yes	
7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.	Yes	

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). This statement should be part of the company's annual accounts. Remuneration statement should also be posted on the company's website.	No	The Company does not make a public statement of the Company's remuneration policy neither in the annual account, nor in the Company website because the Company Board did not make a decision to follow this Management Codex.
8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.	No	The Company Board did not make a decision to follow this Management Codex.
8.3. Remuneration statement should leastwise include the following information: • Explanation of the relative importance of the variable and non-variable components of directors' remuneration; • Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; • Sufficient information on the linkage between the remuneration and performance; • The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; • A description of the main characteristics of supplementary pension or early retirement schemes for directors.	No	The Company Board did not make a decision to follow this Management Codex.
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	No	The Company Board did not make a decision to follow this Management Codex.

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

were granted; • If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director; • Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year; • Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points. 8.7.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed: • The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; • The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year; • The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights; • All changes in the terms and conditions of existing share options occurring during the financial year. 8.7.3. The following supplementary pension schemes-related information should be disclosed: • When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year; • When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year. 8.7.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial statements of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.		

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

has been approved in the shareholders' annual general meeting.		
8.12. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.8, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.		
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		~~They have an access.~~

in governance in the context of the company's insolvency, etc.	Yes	
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.		

Principle X: Information disclosure and transparency

The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.

10.1. The company should disclose information on: 1.1. The financial and operating results of the company; •1.2. Company objectives; 1.3. Persons holding by the right of ownership or in control of a block of shares in the company; 1.4. Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; 1.5. Material foreseeable risk factors; 1.6. Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; 1.7. Material issues regarding employees and other stakeholders; 1.8. Governance structures and strategy. This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.	Yes	10.1.1. In the website of the Vilnius Stock Exchange; www.omxgroup.com/vilnius 10.1.2. In the website of the JSC "Anykščių Vynas" www.anvynas.lt and in the press. 10.1.3. In the annual account. 10.1.4. In the annual account. 10.1.5. In the annual account. 10.1.7. In the annual account. 10.1.8. In the annual account. 10.1.6. There were no such transactions.
10.2. It is recommended that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.	Yes	The consolidated results are only disclosed by the parent Company JSC "Alita".
10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in	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.

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. 10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.		The Company Board and Director take an active part in collaboration with the managers of Anykščiai Municipality, with the plants 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.
10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.	Yes	The vital information is published in the website of the Vilnius Stock Exchange in Lithuanian and English, in the Company website in Lithuanian, in the paper "Lietuvos Rytas" in Lithuanian.
10.6. Channels for disseminating information should provide for fair, timely and cost-efficient access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.	Yes	The vital information is published in the Company website 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	No	The Company did not posted the annual report, annual prospect-account, periodical accounts, changes in the price of the Company shares on the Stock Exchange in the Company website.

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