

**JSC “ANYKŠČIŲ VYNAS“**

**INTERIM STATEMENTS**

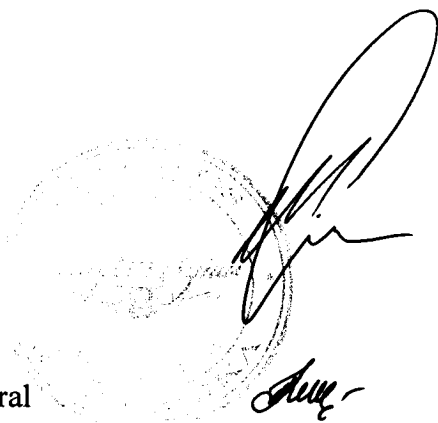
**FOR THE ENDED 30 SEPTEMBER 2007**

**JSC „Anykščių vynos“**

Interim statements for the ended 30 September 2007

The interim statements for the ended 30 September 2007 have been prepared in accordance with International Financial Reporting Standard as adopted by the European Union. We consider that the accounting policies used are appropriate and that the interim statements thus give a true and fair view.

Director

A circular stamp with a dotted border is partially obscured by a large, stylized handwritten signature in black ink. The signature is written over the stamp and extends to the right.

Marius Gudauskas

Accountant-general

A handwritten signature in black ink, appearing to be 'Audronė', written in a cursive style.

Audronė Zemlevičienė

**JSC „Anykščių vynas“**

Interim statements for the ended 30 September 2007

**BALANCE SHEET****ASSETS**

thousand Litas

2007.09.302006.12.31**NON-CURRENT ASSETS**

Intangible non-current assets

29

53

Property, plant and equipment

26.848

28.376

Other investments

-

-

**TOTAL NON-CURRENT ASSETS**26.87728.429**CURRENT ASSETS**

Inventories

18.646

13.040

Prepayments and deferred cost

354

39

Trade receivables

5.032

6.185

The JSC“Alita“ group receivables

1.684

26

Other assets

41

44

The JSC „Alita“ group loan

2.800

-

Other non-current assets

1

-

Cash and cash equivalents

2.044

3.384

**TOTAL CURRENT ASSETS**30.60222.718**TOTAL ASSETS**57.47951.147

**JSC „Anykščių vynas“**

Interim statements for the ended 30 September 2007

**BALANCE SHEET (CONT'D)****EQUITY AND LIABILITIES**

thousand Litas	<u>2007.09.30</u>	<u>2006.12.31</u>
<b>CAPITAL AND RESERVES</b>		
Share capital	49.081	49.081
Accumulated losses	<u>(9.311)</u>	<u>(10.619)</u>
Total capital and reserves	<u>39.770</u>	<u>38.462</u>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liability	<u>520</u>	<u>520</u>
Total non current liabilities	<u>520</u>	<u>520</u>
<b>CURRENT LIABILITIES</b>		
Current portion of long-term loan	-	1.657
Short-term loan	8.632	1.485
Trade creditors	3.484	2.185
Trade the JSC „Alita“ group	219	-
Other liabilities and accrued expenses	<u>4.854</u>	<u>6.838</u>
Total current liabilities	<u>17.189</u>	<u>12.165</u>
Total liabilities	<u>17.709</u>	<u>12.685</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>57.479</u>	<u>51.147</u>

JSC "Anykščių vynas" Director

Marius Gudauskas

**JSC „Anykščių vynu“**

Interim statements for the ended 30 September 2007

**INCOME STATEMENT**

thousand Lit	<u>2007.09.30</u>	<u>2006.09.30</u>
Revenue	33.152	22.546
Cost of sales	<u>(24.997)</u>	<u>(15.953)</u>
GROSS PROFIT	8.155	6.593
Selling expenses	(3.557)	(2.753)
General and administrative expenses	<u>(3.539)</u>	<u>(3.318)</u>
OPERATING RESULT	1.059	522
Financial expenses, net	<u>249</u>	<u>89</u>
RESULT BEFORE TAX	1.308	611
Tax for the year	<u>-</u>	<u>-</u>
RESULT FOR THE YEAR	<u>1.308</u>	<u>611</u>
Basic earnings per share (LTL)	0,03	0,01

JSC "Anykščių vynu" Director



Marius Gudauskas

**JSC „Anykščių vynas“**

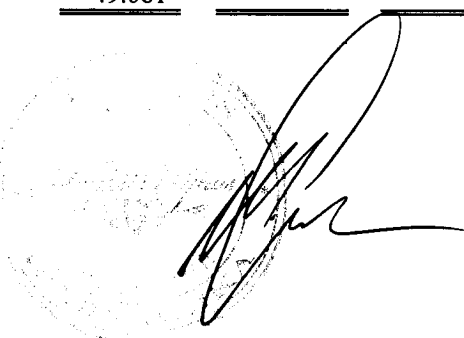
Interim statements for the ended 30 September 2007

**STATEMENT OF CHANGES IN SHAREHOLDERS'  
EQUITY**

thousand Lit

	<u>Share capital</u>	<u>Legal reserve</u>	<u>Other reserve</u>	<u>Accumul ated losses</u>	<u>Total</u>
<b>Capital and reserves at 31 December 2005</b>	<u>49.081</u>	<u>-</u>	<u>-</u>	<u>(12.737)</u>	<u>36.344</u>
Net profit for the ended 30 September 2006	<u>          </u>	<u>          </u>	<u>          </u>	<u>611</u>	<u>611</u>
<b>Capital and reserves at 30 September 2006</b>	<u>49.081</u>	<u>-</u>	<u>-</u>	<u>(12.126)</u>	<u>36.955</u>
Net profit for year 2006	<u>          </u>	<u>          </u>	<u>          </u>	<u>1.507</u>	<u>1.507</u>
<b>Capital and reserves at 31 December 2006</b>	<u>49.081</u>	<u>-</u>	<u>-</u>	<u>(10.619)</u>	<u>38.462</u>
Net profit for the ended 30 September 2007	<u>          </u>	<u>-</u>	<u>-</u>	<u>1.308</u>	<u>1.308</u>
<b>Capital and reserves at 30 September 2007</b>	<u>49.081</u>	<u>-</u>	<u>-</u>	<u>(9.311)</u>	<u>39.770</u>

JSC "Anykščių vynas" Director



Marius Gudauskas

**JSC „Anykščių vynos“**

Interim statements for the ended 30 September 2007

**CASH FLOW STATEMENT**

thousand Lit

<b>Cash flow from (to) operating activities:</b>	<b><u>2007.09.30</u></b>	<b><u>2006.09.30</u></b>
Result after tax	1.308	611
Adjustments for:		
Depreciation and amortization	2.249	2.603
Change in impairment of trade debtors	(2)	(8)
Write-off of property, plant and equipment	107	62
Profit (loss) from disposal of non-current assets	(143)	(70)
Interest expenses	136	99
Interest income	(95)	(6)
Write-off of inventories	5	2
	<u>3.565</u>	<u>3.293</u>
Change in current assets and short-term liabilities:		
Change in inventories	(5.611)	(2.634)
Change in receivables	1.155	620
Change in the JSC „Alita“ group receivables	(1.439)	-
Change in prepayments and deferred expenses	(315)	10
Change in other receivables	3	8
Change in trade receivables and accrued liabilities	(685)	(3.526)
	<u>(3.327)</u>	<u>(2.229)</u>
<b>Net cash inflow from ordinary activities</b>	<b><u>(3.327)</u></b>	<b><u>(2.229)</u></b>
<b>Net cash flow from (to) investing activities:</b>		
Acquisition of property, plant and equipment	(803)	(395)
Acquisition of intangible fixed assets	(1)	-
Acquisition of investments for sale	-	1
Sales of property, plant and equipment	143	70
Interest received	95	6
	<u>(566)</u>	<u>(318)</u>
<b>Net cash (used in) investing activities:</b>	<b><u>(566)</u></b>	<b><u>(318)</u></b>
<b>Net cash flow from (to) financing activity:</b>		
Loans issued from Company	(2.801)	-
Loans received	11.290	1.726
(Repayment) of loans	(5.800)	(5.362)
Interest (paid)	(136)	(99)
	<u>(136)</u>	<u>(99)</u>

Net cash flow (used in) financing activity	<u>(2.553)</u>	<u>(3.735)</u>
Change in cash and cash equivalents	<b>(1.340)</b>	<b>(6.282)</b>
Cash and cash equivalents at 1 January	<u>3.384</u>	<u>8.249</u>
Cash and cash equivalents at 30 June	<u><b>2.044</b></u>	<u><b>1.967</b></u>

JSC "Anykščių vynos" Director

Marius Gudauskas



## **JSC „Anykščių vynos“**

Interim statements for the ended 30 September 2007

### **NOTES TO THE INTERIM STATEMENTS**

#### **Background information**

JSC Anykščių Vynas (the Company) is a publicly listed joint stock company. 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, strong alcohol beverages, cider, sparkling wine and also other fruit and berry products.

#### **Statement of compliance**

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

#### **Basis of preparation**

The financial statements are presented in Litas, being the functional currency of the Company and prepared on the historical cost basis, except for the property, plant and equipment, which are presented at deemed cost.

The preparation of the financial statements in accordance with IFRS 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 estimates.

#### **Property, plant and equipment**

##### ***Recognition and measurement***

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

##### ***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.

#### **Intangible assets**

Intangible assets, comprising computer software and other licenses that are acquired by the Company, are stated at cost less accumulated amortisation and impairment.

Amortisation is charged to the income statement on a straight-line basis.

## **JSC „Anykščių vynas“**

Interim statements for the ended 30 September 2007

### **Inventories**

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

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.

The Company accounts for bottles as current assets in inventory, since they are not expected to be reused following the initial delivery. Bottles are booked to the cost of finished goods when used in production.

The Company books multiple usage tare, which comprise plastic boxes for placing the bottles of alcohol beverages, to the operating expenses immediately after it is taken for use.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits.

### **Liabilities**

Liabilities are initially recognized at fair value less direct costs related to occurrence of respective loan and other liabilities. Subsequent to initial recognition, liabilities are stated at amortized cost on an effective interest method basis. Short-term liabilities are not discounted.

### **Provisions**

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

### **Revenue**

#### ***Sales of goods***

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Sales are recognised net of VAT, excise tax and price discounts directly related to the sales.

Revenue from sales of goods is recognised when delivery has taken place and transfer of risks and rewards has been completed.

Revenue from the services rendered is recognized in the income statement as the services are rendered. The revenue recognized is net of discounts provided.

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

## **JSC „Anykščių vynos“**

Interim statements for the ended 30 September 2007

Revenue from disposal of assets is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of assets disposed also continuing management involvement with the assets.

### **Expenses**

#### ***Cost of sales***

Cost of sales comprises purchases made during the year as well as change for the year in inventories and costs incurred to obtain the turnover for the year.

#### ***Operating expenses***

Operating expenses comprise costs regarding sales personnel, advertising, administrative staff, management, office premises and office expenses etc., including depreciation and amortisation.

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

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, dividend income, foreign exchange gains and losses.

### **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 ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. During reporting periods there were no any dilutive potential ordinary shares issued by the Company.

### **Segment reporting**

A 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 and geographical segments.

The Company's business segments (basis for primary reporting format) include production and sales of wine, strong alcohol drinks and other fruit and berry products. Segment information is presented in respect of the Company's geographical segments (secondary reporting format). The majority of the Company's sales are in the domestic market. All the Company's assets are located in the country, where it is domiciled.

Revenues, total assets and capital investments of separate segments are as follows

**JSC „Anykščių vynas“**

Interim statements for the ended 30 September 2007

**Business segments**

	Strong alcohol drink		Wines		Fruit-berries products		Total	
	2007 09 30	2006 09 30	2007 09 30	2006 09 30	2007 09 30	2006 09 30	2007 09 30	2006 09 30
thousand Litas								
Sales	14.439	10.568	6.864	6.234	11.849	5.744	33.152	22.546
Cost	(10.619)	(7.545)	(6.130)	(4.952)	(8.248)	(3.456)	(24.997)	(15.953)
Gross profit	3.820	3.023	734	1.282	3.601	2.288	8.155	6.593

**Geographical segments**

	Sales		Total assets		Acquisitions of non-current assets	
	2007 09 30	2006 09 30	2007 09 30	2006 12 31	2007 09 30	2006 09 30
thousand Litas						
Lithuania	25.379	19.993	57.479	51.147	803	395
Germany	4.923	1.680				
Latvia	600	330				
Estonia	426	451				
Austria	1.362	-				
Great Britain	44	68				
Other countries	418	24				
<b>Total</b>	<b>33.152</b>	<b>22.546</b>	<b>57.479</b>	<b>51.147</b>	<b>803</b>	<b>395</b>

**JSC „Anykščių vynas“**

Interim statements for the ended 30 September 2007

**Selling expenses**

thousand Lit	2007 09 30	2006 09 30
Advertising	(2.089)	(1.391)
Staff cost	(648)	(584)
Transportation	(384)	(327)
Distribution	(264)	(288)
Other	(172)	(163)
<b>Total</b>	<b>(3.557)</b>	<b>(2.753)</b>

**General and administrative expenses**

thousand Lit	2007 09 30	2006 09 30
Staff costs	(1.059)	(1.170)
Taxes and fees	(824)	(291)
Depreciation and amortization	(254)	(345)
Security	(152)	(149)
Communications	(70)	(66)
Other	(1.180)	(1.297)
<b>Total</b>	<b>(3.539)</b>	<b>(3.318)</b>

**JSC „Anykščių vynas“**

Interim statements for the ended 30 September 2007

**Financial expenses, net**

thousand Litas	2007 09 30	2006 09 30
Interest expenses	(136)	(99)
Currency exchange loss	(2)	-
Other financial expenses	(182)	(106)
Currency exchange gain	95	6
Interest income	80	-
Other financial income	394	288
<b>Total</b>	<b>249</b>	<b>89</b>

**Inventories**

thousand Litas	2007 09 30	2006 12 31
Raw materials and consumables	2.005	1.444
Work in progress	14.810	9.556
Finished goods	1.798	1.999
Goods for resale and other goods	33	41
<b>Total</b>	<b>18.646</b>	<b>13.040</b>

**Trade receivables**

thousand Litas	2007 09 30	2006 12 31
Receivable from customers for production sold	5.032	6.185
Receivable from the JSC „Alita“ group	1.684	26
Other receivables sums	41	44
<b>Total</b>	<b>6.757</b>	<b>6.255</b>

**JSC „Anykščių vynos“**

Interim statements for the ended 30 September 2007

**Other assets**

thousand Lit	2007 09 30	2006 12 31
The JSC „Alita“ group loan	2.800	-
Other assets	1	-
<b>Total</b>	<b>2.801</b>	<b>-</b>

**Cash and cash equivalents**

thousand Lit	2007 09 30	2006 12 31
Cash at bank	2.031	3.369
Cash in hand	13	15
<b>Total</b>	<b>2.044</b>	<b>3.384</b>

**Loans and finance lease liabilities**

thousand Lit	2007 09 30	2006 12 31
Short-term loan	8.632	1.485
Current portion of long-term loan	-	1.657
<b>Total current liabilities</b>	<b>8.632</b>	<b>3.142</b>

**Other liabilities and accrued costs**

thousand Lit	2007 09 30	2006 12 31
Excise duty payable	3.497	3.867
Value added tax payable	-	1302
Salaries and social insurance payable	648	281
Other liabilities and accrued charges	709	1.388
<b>Total</b>	<b>4.854</b>	<b>6.838</b>

**JSC „Anykščių vynas“**

Interim statements for the ended 30 September 2007

In the item of inventories the increase of work in progress is conditioned by production of concentrate apple and soft fruit juice.

The Company is signed the loan treaty with JSC Bank Hansabankas for credit limit to 2.500 million EUR, which is scheduled to be fully repaid until 30 August 2007. Average annual variable interest rate in nine months 2007 was 4,82 %. The Company pledged non-current assets, inventories, cash at JSC Bankas Hansabankas and future inflows into bank accounts as a security for the loan.

**Information about audit**

Interim statements for the ended 30 September 2007 was not audited. An audit will be perform for the full financial year 2007.

The comparative information is taken from financial statements for the year 2006, wich was prepared and audited in accordance with International Reporting Standards as adopted by European Union.