



## **AB Anykščių Vynas**

Interim condensed financial  
statements for the three month  
period ended 31 March 2015

## Confirmation of responsible persons

Following the Article No. 22 of Law on Securities of the Republic of Lithuania and Rules on Submission of Periodic and Additional Information approved by Securities of the Republic of Lithuania we, Audrius Zuzevičius, director and Audronė Zemlevičienė, Chief Accountant, hereby confirm that, to the our knowledge, the interim statements for the ended 31 March 2015 have been prepared in accordance with international Financial Reporting Standard as adopted by the European union, give a true and fair view of the assets, liabilities, financial position and profit or loss and cash flows of AB "Anykščių vynas".

Director



Audrius Zuzevičius

Chief Accountant



Audronė Zemlevičienė

## Statement of financial position

|  | <u>31 March</u><br><u>2015</u> | <u>31 December</u><br><u>2014</u> |
|--|--------------------------------|-----------------------------------|
| <b>ASSETS</b>                                    |                                |                                   |
| Property, plant and equipment                    | 4,924                          | 4,968                             |
| Long-term loans                                  | 290                            | 290                               |
| <b>Total non-current assets</b>                  | <u>5,214</u>                   | <u>5,258</u>                      |
| Inventories                                      | 907                            | 1,094                             |
| Trade and other receivables                      | 404                            | 595                               |
| Other assets                                     | 7                              | 16                                |
| Cash and cash equivalents                        | 30                             | 39                                |
| <b>Total current assets</b>                      | <u>1,348</u>                   | <u>1,744</u>                      |
| <b>Total assets</b>                              | <u>6,562</u>                   | <u>7,002</u>                      |
| <b>EQUITY</b>                                    |                                |                                   |
| Share capital                                    | 5,800                          | 5,792                             |
| Accumulated losses                               | (1,810)                        | (1,824)                           |
| <b>Total equity attributable to shareholders</b> | <u>3,990</u>                   | <u>3,968</u>                      |
| <b>LIABILITIES</b>                               |                                |                                   |
| Employee benefits                                | 56                             | 56                                |
| Long-term financial liabilities                  | 862                            | -                                 |
| <b>Total non-current liabilities</b>             | <u>918</u>                     | <u>56</u>                         |
| Loans and borrowings                             | 1,199                          | 2,158                             |
| Trade and other payables                         | 337                            | 605                               |
| Income tax payable                               | 7                              | 7                                 |
| Other liabilities                                | 111                            | 208                               |
| <b>Total current liabilities</b>                 | <u>1,654</u>                   | <u>2,978</u>                      |
| <b>Total liabilities</b>                         | <u>2,572</u>                   | <u>3,034</u>                      |
| <b>Total equity and liabilities</b>              | <u>6,562</u>                   | <u>7,002</u>                      |

The notes on pages 7-16 are an integral part of these financial statements.

Director



Audrius Zuzevičius

Chief Accountant



Audronė Zemlevičienė

## Statement of comprehensive income

For the three month period ended 31 March

|  | 2015        | 2014          |
|--|-------------|---------------|
| Revenue                                  | 936         | 1,089         |
| Cost of sales                            | (745)       | (974)         |
| <b>Gross profit</b>                      | <b>191</b>  | <b>115</b>    |
| Other income                             | 11          | 9             |
| Selling and distribution expenses        | (82)        | (77)          |
| Administrative expenses                  | (83)        | (95)          |
| Other expenses                           | (2)         | (2)           |
| <b>Results from operating activities</b> | <b>35</b>   | <b>(50)</b>   |
| Finance income                           | 2           | 6             |
| Finance costs                            | (23)        | (41)          |
| <b>Net finance costs</b>                 | <b>(21)</b> | <b>(35)</b>   |
| <b>Profit (loss) before income tax</b>   | <b>14</b>   | <b>(85)</b>   |
| Income tax (expense)                     | -           | -             |
| <b>Profit (loss) for the period</b>      | <b>14</b>   | <b>(85)</b>   |
| <b>Earnings per share</b>                | <b>-</b>    | <b>(0,01)</b> |

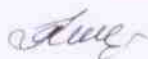
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Director



Audrius Zuzevičius

Chief Accountant



Audronė Zemlevičienė

## Statement of changes in equity

|  | Share capital | Accumulated losses | Total equity |
|--|---------------|--------------------|--------------|
| Balance at 1 January 2014  | 5,792         | (1,862)            | 3,930        |
| Net profit (loss) for the period                                   |               | (85)               | (85)         |
| Total profit or loss and other comprehensive income for the period |               | (85)               | (85)         |
| Net profit (loss) for the year                                     |               | 123                | 123          |
| Balance at 31 December 2014  | 5,792         | (1,824)            | 3,968        |
| Net profit (loss) for the period                                   | 8             | 14                 | 22           |
| Total profit or loss and other comprehensive income for the period | 8             | 14                 | 22           |
| Balance at 31 March 2015   | 5,800         | (1,810)            | 3,990        |

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Director



Audrius Zuzevičius

Chief Accountant



Audronė Zemlevičienė

## Statement of cash flows

For the three month period ended 31 March

|   | 2015         | 2014         |
|---|--------------|--------------|
| <b>Cash flows from operating activities</b>         |              |              |
| Profit (loss) for the period                        | 14           | (85)         |
| Adjustments for:                                    |              |              |
| Depreciation and amortisation of non-current assets | 39           | 50           |
| Interest expenses (income), net                     | 11           | 16           |
| Income tax expenses                                 | 7            | -            |
| Change in inventories                               | 187          | 171          |
| Change in trade and other receivables               | 200          | 52           |
| Change in trade and other payables                  | (372)        | 720          |
| <b>Net cash from (used in) operating activities</b> | <b>86</b>    | <b>820</b>   |
| <b>Cash flows from investing activities</b>         |              |              |
| Interest received                                   | 2            | 6            |
| Acquisition of property, plant and equipment        | 5            | (1)          |
| <b>Net cash from (used in) investing activities</b> | <b>7</b>     | <b>5</b>     |
| <b>Cash flows from financing activities</b>         |              |              |
| Repayment of loans                                  | (97)         | (307)        |
| Interest paid                                       | (13)         | (22)         |
| Other financial expense                             | 8            | -            |
| <b>Net cash from (used in) financing activities</b> | <b>(102)</b> | <b>(329)</b> |
| <b>Change in cash and cash equivalents</b>          | <b>(9)</b>   | <b>496</b>   |
| Cash and cash equivalents at 1 January              | 39           | 10           |
| <b>Cash and cash equivalents at 31 March</b>        | <b>30</b>    | <b>506</b>   |

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Director



Audrius Zuzevičius

Chief Accountant



Audronė Zemlevičienė

## Notes to the financial statements

### 1. Reporting entity

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

The Company was established in 1926. It was registered as a state enterprise in 1990 and re-registered as a joint stock company in 1995. The Company produces and sells alcoholic beverages: natural and fortified fruit-berry wine, spirits, cider, and concentrated apple and berry juice.

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

The controlling shareholder of the Company is Company Group ALITA, AB, which as at 31 March 2015 holds 18,980 thousand ordinary registered shares, or 94.9% of all shares of the Company.

The main shareholder of Company Group ALITA, AB is UAB Mineraliniai Vandenyys which is indirectly owned by UAB Konzernas MG Baltic.

### 2. Basis of preparation

#### 2.1. Statement of compliance

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

#### 2.2. Basis of measurement and Going Concern

The financial statements have been prepared on the historical cost basis and on a going concern basis.

#### 2.3. Functional and presentation currency

These financial statements are presented in EUR, which is the Company's functional currency from 01 January 2015. All financial information presented in EUR has been rounded to the nearest thousand, unless indicated otherwise.

#### 2.4. Use of estimates and judgements

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

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

##### (a) Impairment losses on property, plant and equipment

The carrying amounts of the Company's property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit). Property, plant and equipment is allocated to two cash-generating units, Alcohol drinks and Fruit and berry products; part of assets is not allocated. Value in use is estimated for both cash-generating units together since part of property, plant and equipment is not allocated to any cash-generating unit.

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

## 2. Basis of preparation (continued)

### 2.4. Use of estimates and judgements (continued)

#### (b) Impairment losses on trade and other 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 profit or loss, 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.

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

Useful lives of assets at least once a year and changed when necessary to reflect current thinking on their remaining lives in light of technological change, prospective economic utilisation and physical condition of the assets concerned.

#### (d) Production costs

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

#### (e) Measurement of defined benefit obligations

The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. Estimation of the future benefit involves actuarial assumptions, such as future salary increase and discount rate.

#### (f) Net realisable value of inventory

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

## 3. Significant accounting policies

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

### 3.1. Foreign currency

Transactions in foreign currencies are translated into EUR at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value or cost are retranslated to the functional currency at the exchange rate at the date that the fair value or cost was determined. Foreign exchange differences arising on translation are recognised in profit or loss.

### 3.2. Financial instruments

#### (a) 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 with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Financial assets and liabilities are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial instruments are recognised on the trade date. Financial assets are derecognized if the contractual rights to the cash flows from the financial assets expire or if the



### 3.2. Financial instruments (continued)

#### (a) Non-derivative financial instruments (continued)

Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. The Company also derecognizes certain assets when it writes off balances pertaining to the assets deemed to be uncollectible. Financial liabilities are derecognised if the obligations of the Company specified in the contract expire or are discharged or cancelled.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

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. Short-term liabilities are not discounted.

The effective interest method is a method of calculating the amortized 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 exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

#### (b) Share capital

##### *Ordinary shares*

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

### 3.3. Property, plant and equipment

#### *Recognition and measurement*

Property, plant and equipment are measured at cost (or deemed cost – see below) less accumulated depreciation and impairment losses. The buildings were accounted as follows:

- The Company's buildings, acquired before 1 January 1996, were stated at indexed cost less indexed accumulated depreciation and impairment losses.
- The Company's buildings, acquired after 1 January 1996, were stated at acquisition cost less accumulated depreciation and impairment losses.

According to the exception available under IFRS 1, which permits the carrying amount of an item of property, plant and equipment to be measured at the date of transition based on a deemed cost, buildings, acquired before 1 January 1996, were measured at indexed cost less indexed accumulated depreciation and impairment losses evaluated, and these values were used as deemed cost at that date. After 1 January 1996 all property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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

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

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

#### *Subsequent costs*

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

### ***Depreciation***

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

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

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

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

- Buildings and constructions 8–80 years;
- Plant and machinery 2–50 years;
- Motor vehicles, furniture and fixtures 4–25 years;
- IT equipment 4–5 years.

### **3.4. Intangible assets**

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

#### ***Subsequent expenditure***

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenses are recognised in profit or loss, when incurred.

#### ***Amortisation***

Amortisation is calculated over the cost of the asset, or other amount substituted for cost.

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

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

### **3.5. Inventories**

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

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

### **3.6. Dividends**

The ability of the Company to declare and pay dividends is subject to the rules and regulations of the Lithuanian legislation. Dividends in relation to ordinary shares are reflected as an appropriation of retained earnings and recognised as a liability in the Company's financial statements in the period when they are approved by the shareholders of the Company.

### **3.7. Employee benefits**

#### ***Short-term employee benefits***

Short-term employee benefits are recognised as a current expense in the period when employees render services. These include salaries and wages, social security contributions, bonuses, paid holidays and other benefits.

#### ***Social security contributions***

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

### 3.7. Employee benefits (continued)

#### *Post-employment employee benefits*

Each employee, according to the collective agreement effective in the Company, upon termination of employment at the retirement age, is entitled to receive a certain compensation. The compensation depends on the duration of the employment. Actuarial calculations have been made to estimate the related liability. The liability is accounted at present value using the market discount rate.

The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The Company holds no plan assets. The calculation of defined benefit obligations is performed annually using the projected unit credit method.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, are recognized immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of the plan are changed or when the plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

#### *Termination benefits*

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

### 3.8. Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Long-term provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as financial costs. Short-term provisions are not discounted.

### 3.9. Revenue and costs

#### *Goods sold*

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

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement, however usually transfer occurs (Note 28, Third party inventories held) when the products are shipped from the company's warehouse and the sales invoice is issued.

In the statement of profit or loss and other comprehensive income the Company additionally discloses gross sales revenue and excise tax, since in the Company's management opinion, such presentation allows for a more exact assessment of the Company's financial performance and financial position.

#### *Sales of services*

Sales of services are recognised on performance of the services. Revenue from sales is recognized only after services are rendered and income can be reliably estimated.

### 3.9. Revenue and costs (continued)

#### *Rental income*

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease.

#### *Costs*

Costs are recognised based on accrual principle in the accounting period in which the related income is generated not depending upon the time of settlement. Cost of services and goods sold are recognised in the accounting and presented in the financial statements in the same accounting period when the goods are sold and services rendered.

Cost of sales comprises cost of goods sold and services rendered.

Selling and distribution expenses comprise costs regarding sales, advertising, warehousing, transportation and similar costs.

Administrative expenses include salaries and social security, repair expenses, communications, asset insurance, taxes, office expenses, etc., including depreciation and amortisation.

### 3.10. Lease payments

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

### 3.11. Finance income and finance costs

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

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

### 3.12. Segment reporting

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

The Company has two segments of operations, which are its reportable segments. These divisions offer different products and are managed separately because they require different technologies and marketing strategies.

The following summary describes the operations of each segment.

| <b>Reportable segment</b> | <b>Operations</b>   |
|---------------------------|---|
| Alcoholic beverages       | Production and sales of various alcoholic beverages   |
| Fruit and berry products  | Production, sale, mediation in acquisition or sale of fruit and berry juice, concentrated fruit and berry juice and other apple and fruit and berry based non-alcohol products, and other activities (previous segment name – Apple products) |
| Unallocated               | Sales of raw materials and commodities, sales of products in specialized store and other.   |

### 3.13. Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

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

### 3.14. Earnings per share

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

### 3.18. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

#### *Long term loans*

The fair value of long term loans receivable is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. Fair value of trade and other receivables with outstanding maturities shorter than six months with no stated interest rate is deemed to approximate their face value on initial recognition and carrying amount on any subsequent date as the effect of discounting is immaterial. This fair value is determined for disclosure purposes.

#### *Trade and other receivable*

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. Short term receivables are not discounted. This fair value is determined for disclosure purposes.

#### *Financial liabilities, including loans and borrowings*

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Short term liabilities are not discounted.

Carrying amount of all financial assets and liabilities of the Company is close to their fair value.

## 4. Operating segments

### Information about reportable segments

For decision taking purposes, the Company is organised into two reportable operating segments that offer different products, and require different technology and marketing strategies. Information, as reviewed by the Chief Operating Decision Maker of the Company, regarding the results of each reportable segment that is used to measure performance of the Company is included below.

For the three month period ended 31 March

|                     | Alcoholic drinks |      | Fruit and berry products |      | Not allocated to any specified segment |      | Total |       |
|---------------------|------------------|------|--------------------------|------|--|------|-------|-------|
|                     | 2015             | 2014 | 2015                     | 2014 | 2015                                   | 2014 | 2015  | 2014  |
| Sales               | 891              | 945  | 21                       | 92   | 24                                     | 52   | 936   | 1,089 |
| Gross profit (loss) | 179              | 98   | 4                        | 10   | 8                                      | 7    | 191   | 115   |

### Geographical information

The geographical information below analyses the Company's revenue based on the geographical location of customers. All of the Company's assets are located in and all capital investments are made in Lithuania.

For the three month period ended 31 March

|                               | Revenue    |              |
|-------------------------------|------------|--------------|
|                               | 2015       | 2014         |
| Sales to Lithuanian customers | 786        | 1,078        |
| Sales to foreign customers    | 150        | 11           |
| <b>Total</b>                  | <b>936</b> | <b>1,089</b> |

## 5. Property, plant and equipment

As at 31 March 2015, property, plant and equipment with a carrying amount of 4,564 thousand EUR (2014: 4,724 thousand EUR) is pledged to secure the credit line facility.

The carrying amount of insured property, plant and equipment as at 31 March 2015 was 4,566 thousand EUR (2014: 4,724 thousand EUR). Assets are insured against all risks as follows: buildings for value of 20,265 thousand EUR, equipment and tools of 12,436 thousand EUR.

## 6. Long term loan

In 2011 a long-term unsecured loan of 840 thousand EUR was granted to Company Group ALITA, AB with the maturity term of 6 years and subject to the annual interest rate 6-month VILIBOR plus 2.5%. During 2014, 550 thousand EUR of the loan were repaid. The Company does not disclose the fair value of the financial asset as its book value is a close approximation of the fair value and the fair value cannot be measured reliably.

## 7. Inventories

|                               | 31 March<br>2015 | 31 December<br>2014 |
|-------------------------------|------------------|---------------------|
| Finished goods                | 278              | 352                 |
| Work in progress              | 387              | 515                 |
| Raw materials and consumables | 222              | 207                 |
| Goods for resale              | 20               | 20                  |
|                               | <u>907</u>       | <u>1,094</u>        |

The Company insured its inventories for 834 thousand EUR against fire, natural forces and other damages.

## 8. Trade and other receivables

|  | 31 March<br>2015 | 31 December<br>2014 |
|--|------------------|---------------------|
| Trade receivables due from related parties                   | 14               | 2                   |
| Other trade receivables                                      | 390              | 593                 |
| <b>Trade and other receivables, net of impairment losses</b> | <u>404</u>       | <u>595</u>          |
| <b>Trade and other receivables, gross</b>                    | <u>469</u>       | <u>660</u>          |
| Impairment of trade and other receivables as at 31 March     | (65)             | (65)                |
| <b>Trade and other receivables, net of impairment losses</b> | <u>404</u>       | <u>595</u>          |

## 9. Capital and reserves

As at 31 March 2015, the authorised and issued share capital comprised 20,000,000 ordinary shares with a nominal value of 0,29 EUR each. All issued shares are fully paid.

The holders of ordinary shares are entitled to one vote per share in the General Shareholders' Meeting and receive dividends, when declared, and are entitled to capital repayment in case of reduction of the capital and other rights granted by the law.

## 10. Earnings per share

For the three month period ended 31 March

|   | 2015     | 2014     |
|---|----------|----------|
| Profit (loss) for the period                          | 14       | (85)     |
| Number of shares 1 January (thousand)                 | 20,000   | 20,000   |
| Number of shares 31 March (thousand)                  | 20,000   | 20,000   |
| Weighted average number of shares in issue (thousand) | 20,000   | 20,000   |
| <b>Basic and diluted earnings (losses) per share</b>  | <u>-</u> | <u>-</u> |

**10. Earnings per share (continued)**

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

**11. Loans and borrowings**

|                             | <u>31 March<br/>2015</u> | <u>31 December<br/>2014</u> |
|-----------------------------|--------------------------|-----------------------------|
| Long-term financial loans   | 1,082                    | -                           |
| Financial loans (overdraft) | 979                      |                             |
| Loans from related persons  | -                        | 2,152                       |
| Accrued interest            | -                        | 6                           |
|                             | <u>2,061</u>             | <u>2,158</u>                |

On 2 March 2015 a credit agreement with bank was signed under which the Company received a long-term credit of 1,100 thousand EUR, with the final repayment term till 2020 and a credit line (overdraft) of 1,200 thousand EUR. As at 31 March 2015, average interest rate was 2,7 percent (2014: 2,8 percent).

In order to secure the repayment of the credits above, the Company has pledged property, plant and equipment with book value of 4,564 thousand EUR as of 31 March 2015, inventories with book value of 907 thousand EUR, all current and future funds in main bank accounts and current and future lease rights to the land plot of 5.6044 ha.

**12. Trade and other payables**

|   | <u>31 March<br/>2015</u> | <u>31 December<br/>2014</u> |
|---|--------------------------|-----------------------------|
| Trade payables to third parties         | 286                      | 507                         |
| Trade payables to related parties       | 53                       | 98                          |
| Accrued vacation reserve                | 55                       | 58                          |
| Employment related liabilities          | 32                       | 51                          |
| Income tax payable                      | 7                        | 7                           |
| Prepayments received and other payables | 23                       | 100                         |
|   | <u>456</u>               | <u>821</u>                  |

**13. Contingent assets and liabilities**

**Third party inventories held**

As of 31 March 2015 the Company stored 1,215 t of apple concentrate of third parties (estimated approximate value of 778 thousand EUR). The apple juice was produced and sold during the year 2014 and the buyer is entitled to storage services until the end of May 2015. The parent company has insured these inventories for the amount of 1,448 thousand EUR against natural calamities, fire and other damages.

**14. Litigation and claims**

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

**15. Subsequent events**

On 22 of April 2015 the annual general meeting of the shareholders has approved the appropriation of profit and decided to transfer 2 thousand EUR to compulsory reserve of the Company.

Decide to remove the Company's AB "Anykščių vynas" shares from AB NASDAQ OMX Vilnius stock exchange secondary list and to suspend public offer of Company's shares. Company group ALITA AB was approved as a person submitting the official tender offer to buy the rest 577 659 ordinary registered shares of AB "Anykščių vynas".

## 16. Information about audit

Interim Financial statements was not audited. An audit will be perform for the full financial year 2015.

The comparative information is taken from interim financial statements for the year 2014 and financial statements for the year 2014, which was prepared and audited in accordance with International Reporting Standards as adopted by European Union.

Director



Audrius Zuzevičius

Chief Accountant



Audronė Zemlevičienė