**AKCINĖ BENDROVĖ „ALITA“**
**JOINT STOCK COMPANY „ALITA“**

To: Lithuanian Securities Commission
Konstitucijos ave. 23
LT-08105 Vilnius, Lithuania

27-02-2009 No. 5-162

CONFIRMATION OF RESPONSIBLE PERSONS

Following the Article No. 22 of the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we hereby confirm that, to the best of our knowledge, the attached not audited JSC "Alita" Interim Consolidated Financial Statements for the twelve months of 2008, prepared in accordance with the International Financial Reporting Standards as adopted by European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of JSC "Alita" and Group consolidated companies.

Enclosure: JSC "Alita" Interim Consolidated Financial Statements for the twelve months of 2008.

General Director Vytautas Junevičius

Accountant-general Alina Miežiūnienė

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AB ALITA

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2008

# Contents

# Company details

## AB Alita

| | |
|---|---|
| Telephone : | +370 315 57243 |
| Telefax : | +370 315 79467 |
| Company code : | 149519891 |
| Registered office : | Miškininkų g.17, Alytus |

### Board of Directors

Vytautas Junevičius
Vilmantas Pečiūra
Arvydas Jonas Stankevičius
Darius Vėželis

### Management

Vytautas Junevičius (General Director)
Vilmantas Pečiūra (Finance and Administration Director)
Alina Miežiūnienė (Chief Accountant)

### Auditor

KPMG Baltics, UAB

### Banks

AB bankas Hansabankas
AB Šiaulių bankas
Danske bankas A/S Lietuvos filialas

AB ALITA
Company code 149519891, Alytus, Miškininkų 17

**Consolidated balance Sheet as of 31 December 2008**

(LTL '000)

| Note | | 31 December 2008 | 31 December 2007 |
|---|---|---|---|
| | **ASSETS** | | |
| | NON-CURRENT ASSETS | | |
| 3. | Intangible assets | 5.845 | 5.591 |
| | Investment property | 1.915 | 2.510 |
| 3. | Property, plant and equipment | 73.427 | 78.967 |
| 4. | Asociate investments | 71.684 | 66.515 |
| 4. | Available-for-sale investments | 5.747 | 21.318 |
| | Issued loans | 25.205 | - |
| | Deferred income tax assets | 2.053 | - |
| | Total non-current assets | 185.876 | 174.901 |
| | CURRENT ASSETS | | |
| 5. | Inventories | 42.065 | 53.521 |
| 6. | Prepayments and deferred cost | 3.333 | 1.348 |
| 7. | Trade accounts receivable | 33.484 | 51.212 |
| 8. | Other current assets | 3.263 | 4.358 |
| 9. | Cash and cash equivalents | 1.425 | 974 |
| | Total current assets | 83.570 | 111.413 |
| | **TOTAL ASSETS** | 269.446 | 286.314 |
| | **LIABILITIES AND SHAREHODERS' EQUITY** | | |
| | SHAREHOLDERS' EQUITY | | |
| | Share capital | 50.827 | 50.827 |
| | Compulsory reserve | 5.083 | 5.083 |
| 10. | Revaluation reserve | (3.157) | 9.881 |
| | Retained earnings | 9.732 | 24.695 |
| | Total equity attributable to the equity holders of the parent | 62.485 | 90.486 |
| | Minority interest | 1.678 | 1.999 |
| | Total shareholders' equity | 64.163 | 92.485 |
| | NON-CURRENT LIABILITIES | | |
| 13. | Long-term bank loans and leasing liabilities | 72.906 | 63.698 |
| | Deferred income tax liability | - | 2.094 |
| | Total non-current liabilities | 72.906 | 65.792 |
| | CURRENT LIABILITIES | | |
| 13. | Short-term bank loans and current portion of loans and leasing liabilities | 84.349 | 59.021 |
| | Trade accounts payable | 19.581 | 22.627 |
| | Income tax payable | - | 393 |
| 12. | Accrued liabilities | 28.447 | 45.996 |
| | Total current liabilities | 132.377 | 128.037 |
| | **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | 269.446 | 286.314 |

The notes set out on pages 7-16 are an integral part of these consolidated interim financial statements

General Director Vytautas Junevičius

**Consolidated statement of Income for the twelve month period ended 31 December 2008**

(LTL '000)

| Note | | For the twelve month period ended 31 December 2008 | 2007 |
|---|---|---|---|
| 17. | NET SALES | 204.022 | 197.995 |
| | Cost of sales | (141.155) | (128.556) |
| | GROSS PROFIT | 62.867 | 69.439 |
| | Other income | 1.948 | 4.633 |
| 14. | Selling and distribution expenses | (41.762) | (32.985) |
| 15. | General and administrative expenses | (31.302) | (19.867) |
| | Other expenses | (1.405) | (3.007) |
| | OPERATING PROFIT | (9.654) | 18.213 |
| 16. | Financial income | 2.893 | 2.111 |
| 16. | Financial expenses | (12.614) | (4.985) |
| | Share of profit (loss) of equity accounted investees | 5.169 | (3.922) |
| | PROFIT BEFORE INCOME TAX | (14.206) | 11.417 |
| | Income tax | 1.463 | (3.518) |
| | NET PROFIT FOR THE YEAR | (12.743) | 7.899 |
| | Attributable to: | | |
| | Equity holders of the parent | (12.422) | 7.862 |
| | Minority interrest | (321) | 37 |
| | | (12.743) | 7.899 |
| 11. | Basic earnings (loss) per share (LTL) | -0,25 | 0,16 |

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

General Director Vytautas Junevičius

AB ALITA
Company code 149519891, Alytus, Miškininkų 17

## Consolidated statement of Income for the October - December month period 2008

(LTL '000)

| Note | | October - December 2008 | 2007 |
|---|---|---|---|
| 17. | NET SALES | 60.145 | 69.906 |
| | Cost of sales | (40.938) | (44.243) |
| | GROSS PROFIT | 19.207 | 25.663 |
| | Other income | 628 | 1.743 |
| 14. | Selling and distribution expenses | (10.925) | (15.975) |
| 15. | General and administrative expenses | (17.017) | (2.056) |
| | Other expenses | (459) | (707) |
| | OPERATING PROFIT | (8.566) | 8.668 |
| 16. | Financial income | 184 | 1.087 |
| 16. | Financial expenses | (3.537) | (2.532) |
| | Share of profit (loss) of equity accounted investees | 3.603 | (3.922) |
| | PROFIT BEFORE INCOME TAX | (8.316) | 3.301 |
| | Income tax | 1.463 | (1.976) |
| | NET PROFIT FOR THE YEAR | (6.853) | 1.325 |
| | Attributable to: | | |
| | Equity holders of the parent | (6.623) | 1.355 |
| | Minority interrest | (230) | (30) |
| | | (6.853) | 1.325 |
| 11. | Basic earnings (loss) per share (LTL) | -0,13 | 0,03 |

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

General Director Vytautas Junevičius

**Consolidated statement of Changes in Equity for the twelve month period ended 31 December 2008**

(LTL '000)

| Note | | Share capital | Compulsory reserve | Revaluation reserve | Retained earnings (deficit) | Total equity | Minority interest | Total |
|---|---|---|---|---|---|---|---|---|
| | **Balance as of 31 December 2006** | 50 827 | 5 083 | 10 073 | 24 965 | 90 948 | 1 962 | 92 910 |
| | Decrease in value of investments for sale | | | (226) | | (226) | | (226) |
| | Accounted deferred income tax assets | | | 34 | | 34 | | 34 |
| | Dividends paid | | | | (8 132) | (8 132) | | (8 132) |
| 11 | Net profit for the year | - | - | - | 7 862 | 7 862 | 37 | 7 899 |
| | **Balance as of 31 December 2007** | 50 827 | 5 083 | 9 881 | 24 695 | 90 486 | 1 999 | 92 485 |
| | Dividends paid | | | | (2 541) | (2 541) | | (2 541) |
| | Decrease in value of investments for sale | | | (15 571) | | (15 571) | | (15 571) |
| | Accounted deferred income tax assets | | | 2 533 | | 2 533 | | 2 533 |
| 11 | Net profit (loss) for the year | - | - | - | (12 422) | (12 422) | (321) | (12 743) |
| | **Balance as of 31 December 2008** | 50 827 | 5 083 | (3 157) | 9 732 | 62 485 | 1 678 | 64 163 |

The notes set out on pages 7-16 are an integral part of these consolidated interim financial statements

General Director Vytautas Junevičius

**Consolidated statement of Cash Flows for the twelve month period ended 31 December 2008**

(LTL '000)

| | For the twelve month period ended 31 December | |
|---|---|---|
| | 2008 | 2007 |
| **Cash flow from (to) operating activities:** | | |
| Net profit (loss) | (12.743) | 7.899 |
| Adjustments to reconcile net profit to net cash provided by operating activities: | | |
| Depreciation and amortisation | 8.754 | 9.428 |
| Change of impairment of trade accounts receivable | 543 | (846) |
| Write-off of property, plant and equipment | 248 | 1.309 |
| Change of impairment of property, plant and equipment | 502 | (1.525) |
| (Gain) loss from fixed assets sale | (87) | (588) |
| Impairment of deferred cost | 803 | - |
| Impairment of inventories | 9.452 | 134 |
| Write-off of inventories | 183 | 414 |
| Interest expenses | 12.307 | 4.443 |
| Interest income | (2.768) | (172) |
| (Gain) / loss from investments disposal | - | (1.792) |
| Share of (profit) loss of equity accounted investees | (5.169) | 3.922 |
| Income tax expense (income) | 151 | 3.158 |
| Deferred income tax expense (income) | (1.614) | 386 |
| | 10.562 | 26.170 |
| Changes in current assets and current liabilities: | | |
| Decrease (increase) in inventories | 1.821 | (22.661) |
| Decrease (increase) in trade accounts receivable | 17.257 | (13.606) |
| (Increase)/decrease in prepayments and deferred cost | (481) | (288) |
| Decrease (increase) in other accounts receivable | 887 | (3.603) |
| Increase (decrease) in trade accounts payable and accrued liabilities | (20.988) | 27.787 |
| Income tax paid | (2.530) | (2.465) |
| Net cash provided by operating activities | 6.528 | 11.334 |
| **Cash flow from (to) investing activities:** | | |
| Acquisition of property, plant and equipment | (2.839) | (8.117) |
| Acquisition of intangible fixed assets | (784) | (395) |
| Acquisition of asociate's shares | - | (70.437) |
| Disposal (acquisition) of subsidiary's shares | - | (5.033) |
| Disposal (acquisition) of investments for sale | - | (1.522) |
| Sale of property, plant and equipment | 87 | 588 |
| Interest received | 2.768 | 172 |
| Net cash (used in) investing activities | (768) | (84.744) |
| **Cash flow from (to) financing activities:** | | |
| Issued loans | (25.205) | - |
| Repayment of issued loans | 208 | 4.694 |
| Loans received | 47.417 | 135.326 |
| (Repayment) of loans | (12.881) | (56.737) |
| Interest (paid) | (12.307) | (4.443) |
| Dividends (paid) | (2.541) | (8.132) |
| Net cash (used in) financing activities | (5.309) | 70.708 |
| **Increase (decrease) in cash and cash equivalents** | **451** | **(2.702)** |
| **Cash and cash equivalents in beginning of the period** | **974** | **3.676** |
| **Cash and cash equivalents at end of the period** | **1.425** | **974** |

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

General Director Vytautas Junevičius

**Notes to the consolidated interim financial statements**
**for the twelve month period ended 31 December 2008**
(LTL '000 unless otherwise stated)

## 1. Reporting entity

AB Alita was established in 1963 and was reregistered as a state enterprise in 1990. In 1995 AB Alita was re-organised to a joint stock company.

Registered address of AB Alita is Miškininkų 17, Alytus, Lithuania.

On 6 January 2004 an agreement on sale of the AB Alita shares was signed between the State Property Fund and UAB Invinus. AB Invinus acquired controlling 83.77 per cent shareholding of the Company.

On 10 November 2004 extraordinary shareholders' meeting of AB Invinus and on 11 November 2004 extraordinary shareholders' meeting of AB Alita took place during which a decision to merge AB Invinus to AB Alita and approve the reorganisation terms was made. AB Alita share capital decreased as a result of the reorganisation.

| | Nominal value (LTL) | Percent |
|---|---|---|
| Private share capital | 50 827 209 | 100,0 |

The nominal value of one share is LTL 1. All shares are authorised, issued and fully paid registered ordinary shares. Alitas's shares are listed in the current list of the Vilnius Stock Exchange.

On 8 July 2004 a sales agreement of controlling shareholding comprising 72.93 percent of AB Anykščių Vynas was signed between the State Property Fund and AB Alita. 35,793,407 ordinary registered shares of AB Anykščių Vynas were acquired for 25,610 thousand Litas. During the same year AB Alita additionally acquired 11,607,163 ordinary registered shares. At present AB Alita hold 46,577,570 ordinary registered shares, comprising 94,90 per cent, with a nominal value of 1 Litas each .

On 12 April 2007, according the final protocol, AB Alita obtained 100 ordinary registered shares of the wholesale company UAB Daivalda with a nominal value of 100 Litas each. UAB Daivalda holds 100 % shares of UAB Vilkmergės Alus.

On 27 April 2007, according the AB Alita Board protocol, the name of UAB Daivalda was changed to UAB Alita Distribution.

The financial statements of AB Alita and AB Anykščių Vynas (hereinafter „the Group") are consolidated from 1 July 2004. The financial statements of the Group consolidate AB Alita, AB Anykščių Vynas, UAB Alita Distribution and UAB Vilkmergės alus financial statements from 1 April 2007.

The Group produces and distributes alcohol beverages, including sparkling wines, alcohol mixes, cider, beer, wines, hard liqueurs, as well as concentrated fruit juice.

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 Group 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 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 to 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.

## 2. Summary of significant accounting policies

Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and loses of associates on an equity accounted basis, from the date that significant influence commences until the date that significantinfluence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued exept to the extent that the Group has incurred legal or constructive obligations or made payments on behalt of associate.

Foreign currency transactions

Transactions in foreign currencies are translated 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. Foreign exchange differences arising on translation are recognised in the income statement.

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.
Certain items of property, plant and equipment that have been indexed in accordance with Lithuanian legislation prior to 1 January 2004, the date of transition to IFRSs, are measured on the basis of deemed cost, being the indexed amount at the date of the indexation less indexed accumulated depreciation and impairment losses.
The cost of self-constructed assets includes the cost of materials, direct labor 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.

Subsequent costs

The Group 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 Group and the cost of the item can be measured reliably. All other costs are recognized in the income statement as an expense as incurred.

## 2. Significant accounting policies (cont'd)

Depreciation

| | Years |
|---|---|
| Buildings | 8-84 |
| Machinery and equipment | 2-50 |
| Motor vehicles, furniture and fixtures | 4-25 |
| IT equipment | 4-5 |

The useful lives are reviewed periodically to ensure that the period of depreciation is consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Intangible assets

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

Amortisation is charged to the income statement on a straight-line basis. The Group's intangible assets are amortized over 1-3 years.

Inventories

Inventories, including work in process, are valued at the lower of cost or net realisable value, after recognition of impairment loss for obsolete and slow moving items. Net realisable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost is determined in accordance FIFO principle.

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

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

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, pallets and etc. 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.

Impairment

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

Calculation of recoverable amount

The recoverable amount of the Company's receivables carried at amortized 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 a short duration are not discounted.

Divdends

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

## 2. Significant accounting policies (cont'd)

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

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.
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

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, foreign exchange gains and losses.

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to the items recognized directly in equity, in which case it is recognized in equity. Current 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.

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.

Subsequent events

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

**Notes to the consolidated interim financial statements for the twelve month period ended 31 December 2008**
(LTL '000 unless otherwise stated)

## 3. Non current assets

The acquisition of intangible assets amounts to LTL 784 thousand and the amortiziation charge - LTL 530 thousand for the twelve month period ended 31 December 2008.

The Group acquired property, plant and equipment amounts to LTL 2,839 thousand, disposed and wrote off of LTL 248 thousand, the depreciation charge amounts to LTL 8,131 thousand . In the end of the year, considering to the rised situation in the market of realty , by the decision of the management, there was recorded LTL 502 thousand impairment of investment property, the depreciation charge of this property amounts to LTL 93 thousand.

## 4. Non-current financial asset

**Asociate investments**

During the nine month period ended 31 December 2008 the associated entity earned 12,449 thousand Litas net profit . Part of the profit related to the Group amounted to LTL 5,169 thousand resulting in decrease of the consolidated loss of the Group.

**Available-for-sale investments**

Available-for-sale investments consist of the following:

| | 2008 | 2007 |
|---|---|---|
| AB Šiaulių Bankas shares | 9.693 | 9.693 |
| Other securities | - | - |
| Total | 9.693 | 9.693 |
| Impairment in the beginning of the year | - | (1) |
| Available-for-sale investments written-off | - | 1 |
| Impairment at the end of the year | - | - |
| Increase in value in the beginning of the year | 11.625 | 11.851 |
| Disposal of available-for-sale investments | - | (584) |
| Increase (desrease) in value during the year | (15.571) | 358 |
| Increase (decrease) in value at the end of the year | (3.946) | 11.625 |
| Total | 5.747 | 21.318 |

As at 31 December 2008 AB Alita held 6,179,000 ordinary registered shares of AB Šiaulių Bankas with a nominal value of 1 Litas each. Change in value (decrease) of AB Šiaulių Bankas shares comprising -15,571 thousand Litas was registered in the Company's accounting . The decision to decrease the value was made based on the market value of the share which comprised 0,93 Litas per share. The change in value of AB Šiaulių Bankas shares is booked in equity .

## 5. Inventories

Inventories consist of:

| | 2008 | 2007 |
|---|---|---|
| Raw materials | 4.288 | 3.861 |
| Packing materials | 3.898 | 6.281 |
| Auxiliary materials and supplies | 928 | 1.420 |
| Work-in-process | 8.537 | 6.607 |
| Finished goods: | | |
| - alcoholic beverages | 7.876 | 4.054 |
| - apple products | 20.918 | 24.462 |
| Goods for resale | 6.176 | 8.747 |
| | 52.621 | 55.432 |
| Impairment of inventories in the beginning of the year | (1.911) | (2.574) |
| Sold and used for own needs | 885 | 800 |
| Impairment during the year | (9.530) | (137) |
| Impairment of inventories at the end of the year | (10.556) | (1.911) |
| Total | 42.065 | 53.521 |

(LTL '000 unless otherwise stated)

## 6. Prepayments and deferred cost

Prepayments and deferred cost consist of:

| | 2008 | 2007 |
|---|---|---|
| Prepayments to local suppliers | 938 | 628 |
| Prepayments to foreign suppliers | 210 | 147 |
| Income tax prepaid | 2.004 | - |
| Other taxes prepaid | 8 | 72 |
| Deferred cost | 1.048 | 501 |
| Total | 4.208 | 1.348 |
| Impairment during the year | (875) | - |
| Total | 3.333 | 1.348 |

## 7. Trade accounts receivable

Trade accounts receivable consist of:

| | 2008 | 2007 |
|---|---|---|
| Trade accounts receivable | 35.073 | 52.330 |
| Impairment in the beginning of the year | (1.118) | (1.837) |
| Doubtful accounts receivable recovered | - | 2 |
| Doubtful accounts receivable write off | - | 843 |
| Additional impairment during the year | (471) | (126) |
| Impairment at the end of the year | (1.589) | (1.118) |
| Total | 33.484 | 51.212 |

## 8. Other current assets

Other current assets consist of:

| | 2008 | 2007 |
|---|---|---|
| Import VAT | - | 494 |
| Import excise | - | 2.528 |
| Issued short-term loans | 12 | 220 |
| Cumulative interest rate | 1.557 | 4 |
| Other accounts receivable | 1.824 | 1.242 |
| Impairment | (130) | (130) |
| Total | 3.263 | 4.358 |

## 9. Cash and cash equivalents

Cash and cash equivalents consist of:

| | 2008 | 2007 |
|---|---|---|
| Cash in banks | 1.335 | 898 |
| Cash on hand | 90 | 76 |
| Total | 1.425 | 974 |

## 10. Shareholders' equity

Revaluation reserve

| | 2008 | 2007 |
|---|---|---|
| Increase in value of AB Šiaulių Bankas shares | (3.946) | 11.625 |
| Deferred income tax asset (liability) to equity | 789 | (1.744) |
| Total | (3.157) | 9.881 |

## 11. Basic earnings (loss) per share

Basic earnings (loss) per share are calculated as follows:

| | For the twelve month period ended 31 December 2008 | 2007 |
|---|---|---|
| Net profit (loss), attributable to the shareholders | (12.422) | 7.862 |
| Number of shares (thousands) | 50.827 | 50.827 |
| Earnings (loss) per share (LTL) | -0.24 | 0.15 |

| | October -December 2008 | 2007 |
|---|---|---|
| Net profit (loss), attributable to the shareholders | (6.623) | 1.355 |
| Number of shares (thousands) | 50.827 | 50.827 |
| Earnings (loss) per share (LTL) | -0.13 | 0.03 |

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

## 12. Accrued liabilities

Accrued liabilities are listed below:

| | 2008 | 2007 |
|---|---|---|
| Excise duty | 12.523 | 20.620 |
| Import excise (Note 9) | - | 2.528 |
| Value added tax (VAT) | 5.770 | 10.580 |
| Import VAT (Note 9) | - | 494 |
| Packaging tax | 2.316 | 3.927 |
| Advances received | 3.322 | 960 |
| Salaries | 679 | 640 |
| Provision for redundancy compensations | 540 | - |
| Accrued social security tax | 547 | 523 |
| Withholding income tax | 95 | 169 |
| Vacation pay | 1.587 | 1.745 |
| Other accrued liabilities | 1.068 | 3.810 |
| Total | 28.447 | 45.996 |

## 13. Long-term and short-term bank loans and leasing liabilities

| | 2008 | 2007 |
|---|---|---|
| Long-term loans | 72.080 | 61.985 |
| Long-term leasing liabilities | 826 | 1.713 |
| Total long-term liabilities | 72.906 | 63.698 |
| Current portion of long-term loan | 16.905 | 11.848 |
| Credit line | 62.771 | 44.473 |
| Overdraft | 3.857 | 1.751 |
| Curent portion of long-term leasing liabilities | 816 | 949 |
| Total short-term liabilities | 84.349 | 59.021 |

As at December 31, 2008 The Group has a long-term loan balance amounting to EUR 17,952 thousand which must be repaid fully till 2012. In 2008 was taken a new long-term loan amounts to EUR 7,820 thousand and its repayment term is the year 2011, the average variable rate of the loan was from 7,254 to 7,676 % in 2008.

As at December 31, 2008, the limit of the credit lines of the Group amounts to LTL 62,830 thousand, the actually used part is LTL 62,771 thousand. The average variable rate of the loans was from 6.52 to 8,59% The Group has a limit of the overdraft amounting to LTL 4,500 thousand as well, the used part as at 31 December 2008 is LTL 3,857 thousand and the average variable rate was 6,51-8,60 %.

To secure long-term loans and credit lines, the Company has pledged tangible non-current assets with the residual value of LTL 47,462 thousand as at December 31, 2008, inventories of LTL 30,534 thousand, all the current and future Company funds in the banks, trademarks.

(LTL '000 unless otherwise stated)

## 14. Selling and distribution expenses

Selling and distribution expenses consist of:

| | For the twelve month period ended 31 December 2008 | 2007 |
|---|---|---|
| Advertising | 20.322 | 16.851 |
| Warehousing | 6.492 | 7.853 |
| Sales and marketing departments' expenses | 7.345 | 4.785 |
| Transportation and logistics | 6.933 | 2.442 |
| Other | 670 | 1.054 |
| Total | 41.762 | 32.985 |

| | October -December 2008 | 2007 |
|---|---|---|
| Advertising | 5.879 | 6.023 |
| Warehousing | 1.586 | 6.475 |
| Sales and marketing departments' expenses | 1.682 | 2.344 |
| Transportation and logistics | 1.633 | 802 |
| Other | 145 | 331 |
| Total | 10.925 | 15.975 |

## 15. General and administrative expenses

General and administrative expenses consist of:

| | For the twelve month period ended 31 December 2008 | 2007 |
|---|---|---|
| Salaries, wages and social security | 5.933 | 6.136 |
| Tax expenses (other than income tax) | 3.616 | 4.712 |
| Maintenance and repairs | 2.120 | 1.848 |
| Depreciation and amortisation | 1.746 | 1.879 |
| Corporate activity (work) warehouses and inside transpor | 901 | 1.192 |
| Energy expenses | 338 | 296 |
| Redundancy compensations | 759 | 56 |
| Other employee related cost | 143 | 139 |
| Impairment of trade accounts receivable | 551 | - |
| Impairment of inventories | 9.452 | 134 |
| Impairment of deferred cost | 803 | - |
| Impairment of property, plant and equipment | 502 | (1.525) |
| Write-off of inventories | 183 | 414 |
| Professional services | 486 | 356 |
| Insurance expenses | 413 | 315 |
| Bank fees | 93 | 71 |
| Charity | 514 | 638 |
| Other | 2.749 | 3.206 |
| Total | 31.302 | 19.867 |

**Notes to the consolidated interim financial statements**
**for the twelve month period ended 31 December 2008**
(LTL '000 unless otherwise stated)

| | October -December 2008 | 2007 |
|---|---|---|
| Salaries, wages and social security | 1.258 | 1.402 |
| Tax expenses (other than income tax) | 1.436 | 2.016 |
| Maintenance and repairs | 561 | 152 |
| Depreciation and amortisation | 437 | 730 |
| Corporate activity (work) warehouses and inside transpor | 133 | 350 |
| Energy expenses | 101 | 102 |
| Redundancy compensations | 710 | - |
| Other employee related cost | 6 | 16 |
| Impairment of trade accounts receivable | 535 | - |
| Impairment of inventories | 9.453 | 134 |
| Impairment of deferred cost | 803 | - |
| Impairment of property, plant and equipment | 502 | (1.525) |
| Write-off of inventories | 80 | 331 |
| Professional services | 145 | 232 |
| Insurance expenses | 113 | 94 |
| Bank fees | 20 | 20 |
| Charity | 11 | 91 |
| Other | 713 | (2.089) |
| Total | 17.017 | 2.056 |

## 16. Financial income (expenses)

Financial income (expenses) consist of:

| | For the twelve month period ended 31 December 2008 | 2007 |
|---|---|---|
| Interest income | 2.659 | 93 |
| Gain from available-for-sale investments disposal | - | 1.792 |
| Currency exchange gain , net | (14) | 8 |
| Other financial income | 248 | 218 |
| Total | 2.893 | 2.111 |
| Interest expenses on loans | 12.307 | 4.443 |
| Currency exchange loss, net | - | - |
| Other financial expenses | 307 | 542 |
| Total | 12.614 | 4.985 |

| | October -December 2008 | 2007 |
|---|---|---|
| Interest income | 101 | 3 |
| Gain from available-for-sale investments disposal | - | 1.170 |
| Other financial income | 83 | (86) |
| Total | 184 | 1.087 |
| Interest expenses on loans | 3.395 | 2.545 |
| Currency exchange loss (gain), net | (5) | (71) |
| Other financial expenses | 147 | 58 |
| Total | 3.537 | 2.532 |

**Notes to the consolidated interim financial statements**
**for the twelve month period ended 31 December 2008**
(LTL '000 unless otherwise stated)

## 17. Information according to business and geographic segments

| | For the twelve month period ended 31 December | |
|---|---|---|
| **Business segments** | 2008 | 2007 |
| Wholesale alkoholic drinks | 111.125 | 57.522 |
| Alkoholic products | 86.412 | 121.640 |
| Apple products | 4.849 | 17.919 |
| Unallocated | 1.636 | 914 |
| Total | 204.022 | 197.995 |
| **Geographic segments** | | |
| Revenue from domestic market customers | 193.057 | 173.206 |
| Revenue from foreign customers | 10.966 | 24.789 |
| Total | 204.022 | 197.995 |

| | October -December | |
|---|---|---|
| **Business segments** | 2008 | 2007 |
| Wholesale alkoholic drinks | 30.251 | 27.850 |
| Alkoholic products | 28.441 | 37.799 |
| Apple products | 1.006 | 4.206 |
| Unallocated | 447 | 51 |
| Total | 60.145 | 69.906 |
| **Geographic segments** | | |
| Revenue from domestic market customers | 56.898 | 63.953 |
| Revenue from foreign customers | 3.247 | 5.953 |
| Total | 60.145 | 69.906 |

All the Company's asset are located in Lithuania, except asociate's investments in Serbia.

## 18. Events after the balance sheet date

On 29 April 2008 the General Shareholders' Meeting allowed for the shareholders to pay 2,541 thousand Litas dividends.

## 19. Information about audit

Concolidated interim financial statements was not audited. An audit will be perform for the full financial year 2008.

The comparative information is taken from consolidated financial statements for the year 2007, which was prepared and audited in accordance with International Financial Reporting Standarts as adopted by European Union.