



AKCINĖ BENDROVĖ

CONFIRMATION OF RESPONSIBLE PERSONS

Following 22 article of the the Law on Securities Market of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we, the General Manager of the Gubernija, AB Vijoleta Dunauskiene and the Finance director of the Gubernija, AB Vygintas Buivys, hereby confirm that, to the best of our knowledge, the attached Gubernija, AB the unaudited interim financial statements for 12 months of the year 2012, ended 31 December 2012, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted to be used in the European Union, give a true and fair view of the assets, liabilities, financial position, profit or loss and cash flow of Gubernija, AB.

General Manager

Vijoleta Dunauskiene

Finance director

Vygintas Buivys

Siauliai,
27-02-2013



AKCINĖ BENDROVĖ

**GUBERNIJA, AB
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS OF 2012**

February, 2013

TABLE OF CONTENT

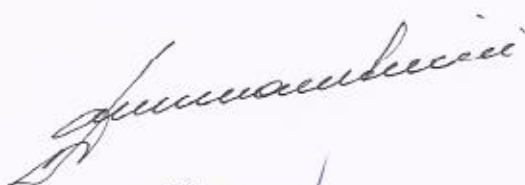
STATEMENT OF FINANCIAL POSITION (LTL thousand).....	3
STATEMENT OF COMPREHENSIVE INCOME (LTL thousand).....	4
CASH FLOW STATEMENT (LTL thousand)	6
STATEMENT OF CHANGES IN EQUITY (LTL thousand).....	7
THE DECLARATORY LETTER	
1. GENERAL INFORMATION.....	8
2. POLICY OF ACCOUNTING.....	8
3. BUSINESS CONTUINITY.....	9
4. PRINCIPLES OF ACCOUNTING.....	9
5. FINANCIAL RISK MANAGEMENT POLICY.....	13
6.THE POLICY AND PROGRAM OF THE COMPANY IN THE SPHERES OF THE ENVIRONMENT PROTECTION, RECLAMATION, AND THE REDUCE OF THE POLLUTION	13
7. PRICING POLICY.....	14
8. NOTES.....	14

STATEMENT OF FINANCIAL POSITION (LTL thousand)

ASSETS	2012.12.31	2011.12.31
LONG TERM ASSETS	30.729	30.395
INTANGIBLE ASSETS	17	9
TANGIBLE ASSETS	30.695	30.369
Land		
Buildings	16.975	18.102
Other tangible assets	13.719	12.267
INVESTMENTS PROPERTY	17	17
CURRENT ASSETS	7.094	9.965
Inventories and not completed works	3.936	4.590
Inventories	3.644	4.353
Prepayments	292	230
Not completed works		7
CURRENT RECEIVABLES	2.576	5.011
INVESTMENTS AND TERM DEPOSITS	288	288
CASH AND CASH EQUIVALENTS	294	76
TOTAL ASSETS	37.823	40.360

EQUITY AND LIABILITIES	2012.12.31	2011.12.31
EQUITY	8.424	9.273
SHARE CAPITAL	16.130	16.130
REVALUATION RESERVE	10.628	8.877
OTHER RESERVES	0	0
RETAINED EARNINGS (LOSS)	(18.334)	(15.734)
LIABILITIES	29.399	31.087
NON CURRENT LIABILITIES	4.756	4.543
Financial liabilities	2.959	3.054
Obligations of the deferred tax	1.797	1.489
CURRENT LIABILITIES	24.643	26.544
Financial liabilities	15.448	16.219
Trade payables	2.821	4.569
Received prepayments	678	64
Taxes, salaries and social security	1.263	1.338
Other current obligations	4.433	4.354
TOTAL EQUITY AND LIABILITIES	37.823	40.360

General Manager



Vijoleta Dunauskiene

Finance Manager



Vygintas Buivys

STATEMENT OF COMPREHENSIVE INCOME (LTL thousand)

Items	2012.12.31	2011.12.31
INCOMES FROM SALES	43 305	41 962
OTHER ACTIVITY INCOMES FROM SALES	11	62
EXPENSES	43 523	41 831
Increase of production and work in progress	37	20
Materials	18 561	18 755
Related to employees	6 531	6 215
Amortization and depreciation	2 661	2 180
Impairment of receivables	43	
Other	15 690	14 661
FINANCIAL AND INVESTING ACTIVITIES	(1181)	(894)
Income	31	48
Expenses	1 212	942
CURRENT YEAR PROFIT (LOSS) BEFORE TAXES	(1 383)	(701)
PROFIT TAX	(139)	(64)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	(1 244)	(637)
PROFIT (LOSS) FROM THE PROHIBITED ACTIVITIES		
NET PROFIT FROM CONTINUING OPERATIONS	(1 244)	(637)
OTHER COMPREHENSIVE INCOMES	787	361
Profit/loss from changes of Revaluation reserves	787	361
PROFIT TAX FROM OTHER COMPREHENSIVE INCOMES		
OTHER COMPREHENSIVE INCOMES LESS PROFIT TAX	787	361
NET PROFIT (LOSS)	(457)	(276)
Profit (loss) for the one share (LTL)	-0,28	-0,017

General Manager



Vijoleta Dunauskiene

Finance Manager



Vygintas Buivys

STATEMENT OF COMPREHENSIVE INCOME (LTL thousand)

Items	2012.10.01 2012.12.31	2011.10.01 2011.12.31
INCOMES FROM SALES	8 830	9 122
OTHER ACTIVITY INCOMES FROM SALES	6	15
EXPENSES	9 732	9 840
Materials	3 836	3 989
Related to employees	1 584	1 633
Amortization and depreciation	682	534
Impairment of receivables	43	
Other	3 587	3 684
FINANCIAL AND INVESTING ACTIVITIES	(249)	(240)
Income	20	7
Expenses	269	247
CURRENT YEAR PROFIT (LOSS) BEFORE TAXES	(1 146)	(944)
PROFIT TAX	(34)	(16)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	(1 112)	(927)
PROFIT (LOSS) FROM THE PROHIBITED ACTIVITIES		
NET PROFIT FROM CONTINUING OPERATIONS	(1 112)	(927)
OTHER COMPREHENSIVE INCOMES	197	90
Profit/loss from changes of Revaluation reserves	197	90
PROFIT TAX FROM OTHER COMPREHENSIVE INCOMES		
OTHER COMPREHENSIVE INCOMES LESS PROFIT TAX	197	90
NET PROFIT (LOSS)	(915)	(837)
Profit (loss) for the one share (LTL)	-0,057	-0,052

General Manager

Vijoleta Dunauskiene

Finance Manager

Vyngintas Buivys

CASH FLOW STATEMENT (LTL thousand)

	2012.12.31	2011.12.31
Operating activities:		
Profit(loss)	(1 244)	(637)
Corrections due to:		
Depreciation, amortization and devaluation	2 661	2 180
Alienation of long-term tangible and intangible assets	(3)	42
Elimination of financing and investing activity results:		
Expenditure of interests	819	828
Other		66
Decrease (increase) in inventory	709	(1 079)
Decrease (increase) in advances received	(62)	18
Decrease (increase) in contracts in progress	7	(7)
Decrease (increase) in trade receivables	2 368	316
Decrease (increase) in other amounts receivable	67	(43)
Increase (decrease) in long-term debts to suppliers and prepayments		3 054
Increase (decrease) in short-term debts to suppliers and prepayments	(1 238)	3 467
Increase (decrease) of the deferred profit tax	309	187
Increase (decrease) in liabilities related to labour relations	(75)	7
Increase (decrease) in other amounts payable and liabilities	79	930
Elimination of non-cash items	(953)	
Net cash flows from the main activities	3 442	3 082
Cash flows from investing activities:		
Acquisition of non-current assets (excluding investments)	(898)	(882)
Transfer of non-current assets (excluding investments)	7	48
Loans recovered		8
Net cash flows from investing activities	(891)	(825)
Cash flows from financing activities:		
Increase in financial debts:	(2 325)	(2 227)
Leasing financing received	105	146
Loans repaid	(1 297)	(1 670)
Interest paid	(1 030)	(689)
Payments of lease (finance lease) liabilities	(104)	(14)
Increase of other obligations of the Company		
Net cash flows from financing activities	(2 325)	(2 227)
The effects of changes in foreign exchange rates on cash and cash equivalents balance	(7)	(5)
Net increase (decrease) in cash flows	226	30
Cash and cash equivalents at the beginning of period	76	51
Cash and cash equivalents at the end of period	295	76

General Manager



Vijoleta Dunauskiene

Finance Manager

Vygintas Buivys

STATEMENT OF CHANGES IN EQUITY (LTL thousand)

	Share Capital	Revaluation Reserve	Retained Earnings (loss)	Total
1. Balance at 2010-12-31	16 130	7 816	(15 458)	8 488
2. Result of correcting essential errors			(1 956)	(1 956)
3. Recalculated balance at 2010-12-31	16 130	7 816	(17 414)	6 532
4. Decrease in revaluation reserve due to depreciation or write-off of revalued assets		(361)	361	
5. Profit (loss)		1 422	(824)	598
6. Balance at 2011-12-31	16 130	8 877	(17 876)	7 130
7. Decrease in revaluation reserve due to depreciation or write-off of revalued assets		(787)	787	
8. Profit (loss)		2 537	(1 244)	1 293
9. Balance at 2012-12-31	16 130	10 628	(18 334)	8 424

General Manager



Vijoleta Dunauskiene

Finance Manager



Vygintas Buivys

THE DECLARATORY LETTER

1. GENERAL INFORMATION

AB "Gubernija" (hereinafter - the Company) was registered on May 5, 1993 in the registry of the legal entities. The code of the Company is 144715765. The manager of the registry is the national enterprise "Registry centre".

The main activity of the Company is production and sales of beer, beer drinks and kvass in the local market, abroad, and specialty shops. The Company has 9 branded stories in Lithuania, Office and wholesale warehouse (Kalvarijų 204 B, Vilnius).

Traditional technologies are used in production of the beer and kvass in the company „Gubernija”, a natural method of fermentation is applied, non malt substances are not used.

Main shareholders at December 31, 2012:

Shareholder	The part of available authorized capital, %	Available part of votes, %
Vitas Tomkus	28.58	28.58
Romualdas Dunauskas,	26.11	26.11
Javelin Finance,	10.87	10.87
Larisa Afanaseva	10.44	0
UAB „Respublikos“ spaustuvė,	9.95	9.95
Takhir Shabaev	5.28	0
Sigitas Vilčiauskas	0	15.72

On 31th December of the last 2011 year there were 185 employees, and on 31th December of the reporting year 2012 there were 185 employees.

The interim financial statements are announced on the webpage of the Company www.gubernija.lt.

2. POLICY OF ACCOUNTING

Gubernija, AB in its practice follows the Laws on Joint-stock companies of the Republic of Lithuania, Laws on the Securities' market, other laws and regulatory acts of the Republic of Lithuania. The Company draws its financial reports in compliance with the Laws on Financial Reporting of the Republic of Lithuania, standards of International financial accountability, and the accounting policy of the Company.

Numbers in the financial accountability are given in a national currency, Litas (LTL). Operations made in a foreign currency are calculated in Litas according to the exchange rate of that day. The financial year of the Company starts on January 1 and is over on December 31.

The financial accountability for 31st December, 2012 is prepared on the base of business continuity.

3. BUSINESS CONTINUITY

During 12 months of the financial year 2012, the Company incurred losses LTL 457 337. On 31 December, 2012 the private capital of the Company was LTL 8 243 531, and the short-term obligations for 31 December, 2012 overcame the short-term assets by LTL 17 548 508.

On 24 April 2012 main shareholders of Gubernija, AB signed the minutes of intention regarding the agreement to finalize the disputes peacefully, in which *inter alia* they agreed that the parties acknowledge due execution of the claims originated from crediting agreement of 28 December 2004 in the order provided for in the payment schedule set forth in the letter of 4 December 2009 of Gubernija, AB. Gubernija, AB is to certify that the data from the mentioned payment schedule is duly reflected in the financial accounts of Gubernija, AB.

Due to this reason, the financial accountability for 31 December, 2012 is prepared on the base of the business continuity.

4. PRINCIPLES OF ACCOUNTING

4.1. Intangible assets

The assets, having no material form are referred to the intangible assets which the Company disposes and using which expects to get some financial profit in the future, are accounted by its cost price, the reduced sum of the accumulated amortization and the loss of depreciation. Intangible assets are accounted for in accordance with IAS 38.

Amortization is calculated applying the directly proportional(linear) method during the rated periods of gaining some economical profit which match with the 1st annex of the Income Tax Act No. IX-675, the Republic of Lithuania on December 20, 2001 and the reserve acquisition value of which is LTL 100. The computer software is amortized during the period of 3 years. The sum of amortization rated during the reporting cycle is declared in the report of the gross receipts in the article of the expenditures of the activities.

Expenditure for the maintenance of the intangible assets and other post expenses are referred to the expenditure of the reporting period when they were experienced. The loss of the decrease of the value for the intangible assets and experienced due to the write-off of the assets are referred to the expenditure of the activities of the Company. Referring the intangible assets in the report of the gross receipts, the result of the contract- profit or loss- is declared in the part of other activities.

4.2. Property, plant and equipment

Tangible assets are the assets, owned and monitored by the Company, which are expected to gain some economical profit in the future periods, which will be used longer than one year, the acquisition (production) cost price can be set credibly, and the value of which is bigger than the set

reserve value for the certain group of assets. Tangible assets are accounted for in accordance with IAS 16.

Tangible assets are accounted by the acquisition cost price, the sum of the accumulated depreciation and the rated decrease of the value. The depreciation is not calculated for the land.

The depreciation is calculated applying the directly proportional (linear) method, depreciating the value of the assets to the residual value during the prospective period when the assets are used usefully. Depreciation is begun being calculated since the date of the next month when the assets are begun to be used.

The assets are considered as the long- term if the period of their usage is longer than one year and the acquisition value is not less than LTL 100.

The profit or loss from the sale of the long- term tangible assets is defined as the difference between the incomes and the residual value for the ceded long-term tangible assets and is acknowledged in the report of the gross receipts as other incomes or expenses from the activities.

The acquisition cost price is increased by the value of the performed maintenance/ repair works and the period of the useful usage for these assets is specified, if the repair works of the long- term tangible assets extend the period of the useful usage for these assets and improve their utility. The value of the repair works is acknowledged as the expenses for the activities of the reporting cycle, if such repair works do not improve their utility and do not extend the period of the useful usage for these assets, but only maintain the suitable condition for exploitation.

4.3. The financial assets

The financial assets are registered only then when the Company gets or acquires the right to get money or other financial assets. Financial assets are accounted for in accordance with IAS 32, 39 and IFRS 7.

The financial assets are acknowledged in the acquisition value for the first time , and later every day of performing the financial accountability depending on the aim of the assets' acquisition:

- The financial assets for resale- by its real value;
- Long-term loans and receivable sums till the redemption- by the amortized cost price;
- Short- term loans and receivable sums till the redemption- by the cost price less depreciation;

The Company writes-off the financial assets or the part of them only when it loses the right to control the assets or the part of them. After ceding or writing- off the financial assets or the part of them, the result of ceding is declared in the statement of comprehensive income.

The profit or loss due to the changes of the true value for the financial assets is acknowledged in the report of the statement of comprehensive income. The sum of amortization for the financial assets, rated by the amortized cost price for the reporting cycle is acknowledged as the income from the financial and investment activities in the report of the gross receipts.

4.4. Financial obligations

Financial obligations are registered in the reports only then when the Company accepts the obligation to pay money or with other financial assets. The Company accepts the financial obligation for the first time by the acquisition cost price, and later every day of performing the financial accountability it rates anew depending on the relation to the prices in the market and the period of payment: the financial assets related with the prices in the market - by its real value; other

long-term financial obligation- by the amortized cost price; other short- term financial obligations- the cost price.

The Company writes-off the financial obligation or a part of it only then when the obligation is completed, canceled or does not validate. After ceding or withdrawing the financial obligation, the result of the contract is declared in the report of the gross receipts. The profit or loss due to the changes of the true value for the financial obligation is acknowledged in the report of the gross receipts. The sum of amortization for the financial obligation rated by the amortized cost price is acknowledged as the expenses from the financial and investment activities in the report of the gross receipts. The interest and the loss related to the financial obligations must be acknowledged as the expenses in the report of the gross receipts.

4.5. Inventories

Inventories are accounted for in accordance with IAS 38. The acquired inventories in the accounting are registered by their acquisition cost price. They are shown by the acquisition cost price or the net value of the prospective realization in the balance: by the smaller one of those two. The cost price of the sold goods is set following FIFO method of the write-off for the resources of prices. The cost price of the acquisition consists of the acquisition cost price, expenses for transportation and other related expenses.

4.6. Receivable amounts

The receivable amounts are accounted by the true value. Prospective decrease of the value for the receivable amounts is fixed in an account „Doubtful debts receivable“.

4.7. Cash

Money consists of odds of cash in the till, money on deposit, and odds of money at the trading stands (taken of the electronic cash registers). Money equivalents are made of short- term investment and the ones of the high liquidity which can be converted into cash quickly, the duration of these investments since the date of their acquisition do not overcome the period of three months and such investment is not sensitive for the significant changes of their value.

4.8. Foreign currency

Contracts in the foreign currency are accounted following the official currency exchange rate which is valid on that date. Incomes and the loss from making such contracts and the monetary assets, and the translation of obligations from the foreign currency to the national currency for the end of the period are accounted in the report of the gross receipts.

4.9. Acknowledgement of incomes and expenses

The typical activity of the Company is production and sales of beer and soft drinks.

Incomes are acknowledged when they are earned. Increase of the economical profit for the Company is considered as incomes. The accumulated sums by the third parties and the value added tax are not acknowledged as incomes.

Incomes from the sales of the products are acknowledged when: the Company passes risk related to the sold production to the customer; the Company does not own and control the sold production; it is likely the Company will get some economical profit related to the contract of selling the products and which will be rated credibly; and the expenses related to the contract of selling the products can be rated credibly.

Expenses are acknowledged following the principles of accumulation and comparison during the reporting cycle when incomes related to them are earned without considering the time of payment.

The result of ceding the used long-term tangible and intangible assets, realization of the secondary production, other incomes, or expenses not related to the typical activities, except the financial and investment activities are referred to *other activities*.

Dividends, interest, fines, the incomes or the loss from the investment accounted by the method of the property, the result of ceding the financial assets, the result of the change for the foreign currency exchange rate are referred to *the financial and investment activities*. The income from dividends is acknowledged when the dividends are announced. The fines and the interest are acknowledged as incomes (expenses) when there are such.

4.10. The rent of activities - The Company is the tenant

The rent of the long-term tangible assets when the renter has a significant part from the profit of risk and property is classified as the rent. The fee for renting the activities (less any discounts received from the tenant) are acknowledged as incomes in the report of the gross receipts proportionally during the whole period of the rent.

4.11. Description of business segments and the ways to spread incomes and expenses for the segments

The main business segments in the Company are selling beer and soft drinks and the service of marketing.

Expenses are spread among the main segments:

1. The cost price selling of the production is referred directly, according to the actually sold amount;
2. Expenses mentioned below are referred directly:
 - expenses of selling,
 - of the natural loss,
 - of transportation and rent,
 - of salaries,
 - other taxes of activities,
 - of deterioration of long-term tangible assets,
 - other expenses.

Other expenses including utilities and means of communication are spread proportionally to the actual expenses of each segment.

4.12. Profit tax

Profit of the financial year 2012 is the profit is taxable of 15 percent tax according to the Tax law of the Republic of Lithuania.

The deferred profit tax is accounted applying the obligation method to all temporary differences, occurring among the assets and the taxation base of obligations and their accounting value on the purpose to complete the financial accountability.

The valid tariffs of the profit tax are used for casting the deferred profit tax.

Payable sums of the profit tax in the future reporting cycles, which occur due to the taxable temporary differences, are considered as the obligation of the deferred profit tax. Retrieving sums of the profit tax in the future reporting cycles, which occur due to the ceding of scoring temporary differences and unimproved

taxing loss and only in the amount, which the Company credibly expects to earn enough of the taxable profit in the future sufficient to use temporary differences, are considered as the assets of the deferred profit tax. The assets of the deferred tax and the obligation are acknowledged as long-term. The assets of the deferred profit tax and the obligation are acknowledged when at the same time it is expected to retrieve the assets of the deferred profit tax and refund the obligation assets of the deferred profit tax.

5. FINANCIAL RISK MANAGEMENT POLICY

Sales of debts risk. The Company controls risk of sales with the deferred payment setting the limits for every customer or their group. This risk is being constantly supervised, performing regular reviews of the customers' indebtedness.

Currency risk. The Company performs payments with the main suppliers in Euros, besides that considering the fixed ratio of Euro and LTL, and the provided introduction of Euro in the Republic of Lithuania in the future. The Company does not observe any significant risk of the currencies for the further activities of the Company.

Interest rate risk. The Company has loans due to which the fluctuation of the interest rate standards do influence the results from the activities of the Company and do increase the risk related to the interest rate.

6. THE POLICY AND PROGRAM OF THE COMPANY IN THE SPHERES OF THE ENVIRONMENT PROTECTION, RECLAMATION, AND THE REDUCE OF THE POLLUTION

The policy of the Company is to satisfy all needs of the customers. Offer to match the demand.

To sell high quality products. To search the market constantly in order to fulfill chosen aims and goals. Big attention is paid to learning of the executives. They participate in seminars and courses. The Company fulfills the task of the Ministry of Environment on the packaging waste collection for the second reclamation in order to reduce pollution of the environment.

7. PRICING POLICY

Company's economists evaluate precisely the structure of the cost price for the sold production, its profitability, and factors, which increase and reduce the profit. They know the opinion of the customers about the sold production of the Company best. Moreover, he evaluates the pricing policy of the rivals, ductility of the market, economical conditions, and ways of selling. They perform market surveys how the pricing policy or the ways of selling alter for one or another good. The employees of the Company from the Sales department use a modern mobile business management system in everyday activities. Modern technologies enable the Company to shorten significantly the period from taking the order until its fulfillment, to prevent making mistakes in formation of the precise data base for buying and sales. Attention is paid to the advertising and promotional campaigns, and fulfillment of the public relations project.

Considering the actions in sales, the Company plans and sequences the advertising of goods in mass media.

The information system of the Company helps the employees from the Commerce department to monitor the development of sales and make right decisions on time observing the altered conditions in the market of the consumer goods or the economics of the country.

8. NOTES TO THE FINANCIAL STATEMENTS

The balance for 12 months of the year 2012

Note No 01 - The status of the intangible assets (LTL thousand)

Items	Patents, licenses and etc.	Software	Other intangible assets	Total
Residual value at 2011-12-31			9	9
a) Long term intangible assets in acquisition value				
at 2011-12-31	327	111	70	508
Acquisition of assets			14	14
Disposals			1	
at 2012-12-31	327	111	83	523
b) Depreciation				
at 2011-12-31	327	111	61	499
- current year depreciation			6	6
at 2012-12-31	327	111	66	504
c) Residual value at 2012-12-31			17	17

Note No 02 - The status of the tangible assets (LTL thousand)

Items	Buildings and constructi ons	Machi nery and equip ments	Tanks	Vehicle	Comes fixed assets	Other tangible assets	Constru tion i progres s	Total
Residual value at 2011-12-31	18 102	7 050	3 855	391		309	663	30 369
a) Acquisition costs								
at 2011-12-31	14 163	2 8036	7 140	2 880		7 206	663	60 087
- acquisition of assets	28	89		93	589	85		884
- cessions and disused assets (-)		(66)		(41)		(57)		(164)
- Transfers from one heading to another		206	13	115	(589)	208	46	
at 2012-12-31	14 191	28 265	7 153	3 046		7 442	710	60 807
b) Revaluation								
at 2011-12-31	13 299							13 299
- value increase (decrease) + / (-)			2 985					2 985
at 2012-12-31	13 299							16 284
c) Depreciation								
at 2011-12-31	9 360	20 985	3 285	2 489		6 897		43 017
- current year depreciation	229	1 212	892	134		149		2 616
- depreciation of revalued assets	926							926
- acquired by third parties and write off assets depreciation (-)		(66)		(41)		(56)		(162)
at 2012-12-31	10 515	25 158	4 177	2 582		6 990		46 397
e) Residual value at 2012-12-31	16 975	10 194	5 961	463		452	710	30 695
(a) + (b) - (c)								

On 27-12-2012 with participation of independent property appraiser, long-term material assets used in the company capacity group value revaluation was performed. To establish value the expenditure (costs) method was used. Revaluated property value is 5 961 thousand LTL. Balance value of the property without revaluation would be 3 455 thousand LTL. As a result of revaluation, revaluation reserve of 2 537 thousand LTL was formed as well as postponed profit tax of 448 thousand LTL.

In the company's accounting 2012 retrospectively long-term tangible assets tear and wear calculation was restored which had been stopped in 2008-2010 from August 2008. In the retrospective accounting tear and wear amount of 884.52 thousand LTL was recorded.

The Company does not owe any assets under the credit right.

In the Company activity are used 5 516 units of long term tangible assets depreciated to LTL 1.

The Company has pledged long term assets for LTL 26 233 thousand in balance value:

- equipment	-	LTL 11 489 thousand
- buildings	-	LTL 14 710 thousand
- constructions	-	LTL 34 thousand

Note No 03 - Financial assets (LTL thousand)

	<u>2012-12-31</u>	<u>2011-12-31</u>
Investment into daughter and associated enterprises	17	17

There were no changes of investment into daughter and associated enterprises during 12 months of the year 2012. On 31 December, 2012 investment make:

- to VŠĮ "Žaliasis taškas"	- LTL 15000.
- to VŠĮ Šiaulių universiteto mokslo ir technologijos parkas	- LTL 2000.
- to UAB "Krepšinis ir mes."	- LTL 100.

Note No 04 – Stocks and Prepayments (LTL thousand)

Stocks are gained by the acquisition cost price. The Company buys resources only for its own use. The stock is written of applying the FIFO method of price valuation.

	<u>2012-12-31</u>	<u>2011-12-31</u>
Raw materials	3 238	3 377
Production in progress	620	493
Produced goods	404	469
Goods for reselling	10	13
Prepayments	292	230
Contracts in progress		7
Total	<u>3 936</u>	<u>4 589</u>

In 2012 evaluation of stock net realization value was performed. In 2012 accounting recorded stock value reduction of 208.51 thousand LTL. Besides that, value reduction in 2009, 2010 and 2011 of currently held stock in the company was assessed and recorded in the accounting retrospectively for amount of 317.38 thousand LTL.

The Company has pledged stocks for 112 thousand LTL.

Note No 05 - Receivable sums in one year (LTL thousand)

	<u>2012-12-31</u>	<u>2011-12-31</u>
Customer receivables	2 576	4 945
Other amounts receivables	(1)	66
Total	<u>2 575</u>	<u>5 011</u>

After having assessed the probability of debts receivable by the company overdue for more than 9. days, the doubtful debts on 2012 were undervalued by 43.40 thousand LTL. Besides that, value of retrospectively doubtful debts receivable in 2010 is reduced by 130.32 thousand LTL, 2007 - by 213.03 thousand LTL.

Note No 06 – Other current assets (LTL thousand)

	<u>2012-12-31</u>	<u>2011-12-31</u>
Other current assets	288	288

Other current assets is the deposit account which is meant to validate paying the excise duty for the production which is taken from the warehouse.

Note No 07 – Cash (LTL thousand)

	<u>2012-12-31</u>	<u>2011-12-31</u>
Bank accounts	259	53
Cash on hand	28	23
Cash on the way	8	
Total	<u>295</u>	<u>76</u>

Note No 08 – The private capital

The authorized capital of the Company on 31th December, 2012 is LTL 16 129 614. It is divided into 16 129 614 ordinary nominal shares, the value of every share is LTL 1. All shares are completely paid-up.

The equity of the Company on 31th December, 2012 was LTL 8 423 531 – 52,22% of the authorized capital.

The reserve of revaluation consists of the difference in reassessed value of the buildings, constructions and tanks. Depreciating the part of the reassessed assets, the reassessment reserve is being reduced and the unacknowledged profit of the reporting year is registered, and the used deferred profit tax appears in the in the report of the gross receipts. The unacknowledged profit 12 month, 2012 of the reporting cycle due to the depreciation of the reassessed part of the assets is LTL 786 781.

The Company does not have a compulsory reserve formed following the law since 31th December, 2012.

The Company had LTL 15 733 707 as the retained loss at the end of the last financial year. After the retrospective correction of essential last period mistakes, retained loss was increased up to LTL 17 876 364 (Note No 17 - Accounting policy amendments and error correction).

During 12 months of the reporting financial year 2012 the Company incurred losses LTL 457 337.

Note No 09 – Long-term obligations (LTL thousand)

	<u>2012-12-31</u>	<u>2011-12-31</u>
Lease	65	85
Other financial obligations	2 894	2 968
Obligations of the deferred tax	1 798	1 489
Total	<u>4 757</u>	<u>4 542</u>

Note No 10 – Current liabilities (LTL thousand)

	<u>2012-12-31</u>	<u>2011-12-31</u>
The part of the long-term debts of the current year	14 950	16 173
Lease	69	46
Other financial obligations	429	
Trade loans	2 821	4 569
Prepayments received	678	64
Liabilities related with labour relations	1 263	1 338
Other current liabilities	4 433	4 354
Total	<u>26 456</u>	<u>26 544</u>

Statement of comprehensive income

Note No 11 - Business segment (LTL thousand)

Information about the main segments of the sales

	<u>2012-12-31</u>	<u>2011-12-31</u>
Lithuanian market	34 805	38 000
Export	8 500	3 963
Total	<u>43 305</u>	<u>41 963</u>

Note No 12 - Other activities (LTL thousand)

	<u>2012-12-31</u>	<u>2011-12-31</u>
Incomes	16	62

Note No 13 - Results from financial and investment activities (LTL thousand)

	2012-12-31	2011-12-31
a) Incomes from financial and investment activities	31	46
- other incomes	27	25
- the positive influence of the currency Exchange rate	4	21
b) Expenses of the financial and investment activities	1 212	940
- expenses on interest	819	828
- the negative influence of the currency exchange rate	11	26
- expenses on fines	382	86

Note No 14 - Contracts with associated parties

The shares of the Company belong to different shareholders, so one party has no possibilities to control another party or make significant influence on the other party making financial and activity decisions.

Note No 15 - The use of the deferred profit tax

The profit tax of LTL 139 thousand is used for the deferred profit tax due to the depreciation of revaluation for the long-term assets which had formed postponements of the profit tax in earlier periods.

Note No 16 - Other significant information

We received the 26th of January, 2012 decision of State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania for payment of arrears (accumulated taxes, arrears and with accrued interest) the sum of LTL 1 689 620.30. These arrears in contributions arranged to pay out until the 25th of July, 2013.

We received the 19th of June, 2012 decision of State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania decision for payment of arrears (accumulated taxes, arrears and with accrued interest) the sum of LTL 1 962 187,15. These arrears in contributions arranged to pay out until the 15th of June, 2015.

On 31th December 2012, the Company's current liabilities exceeded current assets by LTL 17 548 508. The current liabilities reflect the repayment of loans – LTL 14 950 398. On 24 April 2012 main shareholders of Gubernija, AB signed the minutes of intention regarding the agreement to finalize the disputes peacefully, in which *inter alia* they agreed that the parties acknowledge due execution of the claims originated from crediting agreement of 28 December 2004 in the order provided for in the payment schedule set forth in the letter of 4 December 2009 of Gubernija, AB. If the mentioned minutes of intention is realized, short-term liabilities would include only the part of the loan to be paid in 2013 amounting LTL 1 855 000.

On 9th May 2012, obtained decision from the Director of The Supervision Service of the Bank of Lithuania Np 241-12 "For Gubernija, AB infringement case", the company was obligated to disclose information publicly about the essential event - the Bank of Lithuania adopted a decision on 22th December 2012, inspection report, indicating that Gubernija, AB financial statements in

2010 do not comply with provisions IAS 1 "Presentation of Financial Statements" Article 27, IAS 2 "Inventories" Article 33, IAS 16 "Property, plant and equipment" Article 55, IAS 36 "Impairment of assets" Article 9 and IAS 39 "Financial Instruments: recognition and measurement" Article 14 and Article 63, as well as in the explanatory letter presented information and the Company accounting policy, which is followed to make financial reports of the Company, do not match the requirements of the international accounting standards.

Gubernija, AB executed the obligations of Lithuanian Bank Supervision Service Director resolution No 241-12.

In 2012 new company accounting policy wording was approved. In the accounting of 2012 application of new wording of retrospective accounting policy is assessed (Note 17 - Accounting policy amendments and error correction).

In the Vilnius District Court civil case no. 2-19-578/2010 deal the dispute concerning unfair competition practices and infringement the rights of the trademark owner between Gubernija AB and Kalnapilio - Taurus grupe AB, Ragutis AB, Kauno alus AB, the amount of claim – LTL 18 452 652.50 to Gubernija AB favor.

Note 17 - Accounting policy amendments and error correction

The following tables, following the 8th TAS, given corrections are made in the retrospective way due to accounting policy amendment and in the course of execution of the obligations of Lithuanian Bank Supervision Service Director resolution No 241-12 as well as changes in the balance articles (thousand LTL)

Description	2007	2008	2009	2010	2011	Total
Reducing the value of Doubtful debt	213			130		343
Reducing the value of stocks			115	71	131	317
Court awarded interest				16	83	99
Suspended depreciation recovery	18	155	363	349	2	887
UAB "Laumžirgiai" interests 2007.08.02-2010.12.31				495		495
Total	18	155	478	1274	216	2141

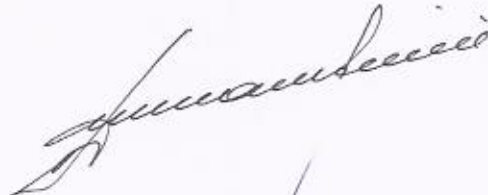
	2007		2008		2009		2010		2011	
	Before	After	Before	After	Before	After	Before	After	Before	After
Inventories					2.610	2.495	3.274	3.088	4.353	4.036
Long term assets	33.274	33.256	36.715	36.542	32.319	31.783	30.603	29.718	30.369	29.482
Current financial liabilities							20.586	20.091	16.219	15.724
Current receivables	5.792	5.579	3.788	3.575	3.091	2.878	5.283	4.940	5.011	4.668
Trade payable							3.632	3.648	4.569	4.668
Retained earnings (loss)	(16.484)	(16.715)	(21.697)	(22.083)	(24.825)	(25.689)	(15.458)	(17.383)	(15.734)	(17.876)

Note No 18 - Information about management

On 26 April, 2012 an ordinary shareholders' meeting took place where the financial accountability for the year 2011 was approved and the decision to give the profit of the year 2011 to cover the loss of the last year was made.

The financial accountability for 9 months of the year 2012 of Gubernija, AB is unaudited.

General Manager



Vijoleta Dunauskiene

Finance Manager



Vygintas Buivys