



AKCINĖ BENDROVĖ

### CONFIRMATION OF RESPONSIBLE PERSONS

Following Article 24 of the the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Bank of Lithuania, we, the General Manager of the Gubernija, AB Vijoleta Dunauskiene and the Chief accountant of the Gubernija, AB Asta Mickuviene, hereby confirm that, to the best of our knowledge, the attached unaudited interim condensed financial statements for the 9 months of year 2017 prepared in accordance with Business Accounting Standards as adopted to be used in the Republic of Lithuania, give a true and fair view assets, liabilities, financial position and profit or loss and cash flow of Gubernija, AB.

General Manager

Vijoleta Dunauskiene

Chief accountant

Asta Mickuviene

Siauliai,  
29-11-2017


**GUBERNIJA, AB**  
**INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2017**  
**(UNAUDITED)**


29-11-2017

## TABLE OF CONTENT

COMPANY DETAILS	4
BALANCE SHEET	5
STATEMENT OF INCOME	7
CASH FLOW STATEMENT	9
STATEMENT OF CHANGES IN EQUITY	10
THE DECLARATORY LETTER	11

The interim condensed financial statements was signed on 29 November 2017.

  
\_\_\_\_\_  
General Manger  
Vijoleta Dunauskiene

  
\_\_\_\_\_  
Chief accountant  
Asta Mickuviene

## **COMPANY DETAILS**

### **Gubernija, AB**

Telephone: +370 41 591900  
Telefax: +370 41 591911  
Company code: 144715765  
Registered at: Dvaro str.179, LT-76176 Siauliai, Lithuania

### **Board**

Romualdas Dunauskas, Chairman of the Board  
Lina Dunauskaite  
Augustinas Radavicius  
Sigitas Vilciauskas  
Muradas Bakanas

### **Management**

Vijoleta Dunauskiene, General Manager

### **Auditor**

Grant Thornton Baltic, UAB

### **Banks**

SEB bankas, AB  
Swedbank, AB  
Siaulių bankas, AB

## BALANCE SHEET

ASSETS	30-09-2017	31-12-2016
<b>LONG TERM ASSETS</b>	<b>7 092</b>	<b>7 402</b>
INTANGIBLE ASSETS	8	11
Software	1	1
Other intangible assets	7	10
TANGIBLE ASSETS	7 052	7 359
Buildings	4 826	4 890
Machinery and equipment	2 161	2 346
Transport	37	61
Other devices, appliances and tools	28	62
FINANCIAL PROPERTY	4	4
Long-term investments	4	4
OTHER NON-CURRENT ASSETS	28	28
Deferred tax assets	28	28
<b>CURRENT ASSETS</b>	<b>1 858</b>	<b>1 877</b>
INVENTORIES	968	874
Raw materials and assembly details	594	483
Unfinished production and execution of works	108	87
Production	111	158
Goods purchased for resale	1	1
Assets held for sale	22	0
Payment advances	132	145
WITHIN ONE YEAR RECEIVABLES	848	983
Account receivables	841	983
Other receivables	7	0
CASH AT BANK AND ON HAND	42	20
<b>DEFERRED CHARGES AND ACCRUED INCOME</b>	<b>8</b>	<b>6</b>
<b>TOTAL ASSETS</b>	<b>8 958</b>	<b>9 285</b>
<b>EQUITY AND LIABILITIES</b>	<b>30-09-2017</b>	<b>31-12-2016</b>
<b>EQUITY</b>	<b>1 269</b>	<b>1 534</b>
SHARE CAPITAL	3 065	3 065
Authorized (subscribed) or core capital	3 065	3 065
REVALUATION RESERVE	2 883	2 934
RETAINED EARNINGS (LOSS)	(4 679)	(4 465)
Profit (loss)	(214)	(408)
Previous year profit (loss)	(4 465)	(4 057)
<b>PROVISIONS</b>	<b>486</b>	<b>495</b>
Tax provisions	486	495
<b>LIABILITIES</b>	<b>7 203</b>	<b>7 256</b>
AFTER ONE YEAR PAYABLE AND OTHER LONG-TERM LIABILITIES	4 246	4 241
Debt obligations	4 240	4 235
Amounts owed to credit institutions	6	6

**BALANCE SHEET (continued)**

<b>EQUITY AND LIABILITIES (continued)</b>	<b>30-09-2017</b>	<b>31-12-2016</b>
WITHIN ONE YEAR PAYABLE AND OTHER CURRENT LIABILITIES	2 957	3 015
Debt obligations	474	818
Amounts owed to credit institutions	1	2
Advances received	83	14
Debts to suppliers	1 459	1 216
Employment related liabilities	391	414
Other payables and current liabilities	549	551
<b>ACCRUED EXPENSES AND DEFERRED INCOME</b>	<b>0</b>	<b>0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>8 958</b>	<b>9 285</b>

*The accompanying notes are an integral part of these interim condensed financial statements.*

## STATEMENT OF INCOME

	01/01/2017- 30/09/2017	01/01/2016- 30/09/2016
<b>SALES REVENUE</b>	<b>5 990</b>	<b>6 506</b>
<b>COST OF SALES</b>	<b>(4 414)</b>	<b>(4 865)</b>
<b>GROSS PROFIT (LOSS)</b>	<b>1 576</b>	<b>1 641</b>
Sales expenses	(1 211)	(1 240)
General and administrative expenses	(473)	(438)
Other operating results	(1)	(2)
Revenue of investment in the parent, subsidiaries and associated company shares		
Other interest and similar income		
Financial assets and short-term investment impairment		
Interest and similar expenses	(164)	(162)
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>( 273)</b>	<b>( 201)</b>
Income tax	9	13
<b>NET PROFIT (LOSS)</b>	<b>( 264)</b>	<b>(188)</b>
<b>Profit (loss) for the one share (EUR)</b>	<b>(0.016)</b>	<b>-0.012</b>

*The accompanying notes are an integral part of these interim condensed financial statements.*

**STATEMENT OF INCOME**

	01/07/2017- 30/09/2017	01/07/2016- 30/09/2016
<b>SALES REVENUE</b>	<b>1 930</b>	<b>2 399</b>
<b>COST OF SALES</b>	<b>(1 413)</b>	<b>(1 766)</b>
<b>GROSS PROFIT (LOSS)</b>	<b>517</b>	<b>634</b>
Sales expenses	(385)	(441)
General and administrative expenses	(137)	(128)
Other operating results	(3)	(1)
Revenue of investment in the parent, subsidiaries and associated company shares		
Other interest and similar income		
Financial assets and short-term investment impairment		
Interest and similar expenses	(45)	(46)
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>(47)</b>	<b>20</b>
Income tax	3	3
<b>NET PROFIT (LOSS)</b>	<b>(44)</b>	<b>23</b>
<b>Profit (loss) for the one share (EUR)</b>	<b>(0,002)</b>	<b>0,001</b>

*The accompanying notes are an integral part of these interim condensed financial statements.*



## CASH FLOW STATEMENT

	01/01/2017- 30/09/2017	01/01/2016- 30/09/2016
<b>Operating activities:</b>		
<b>Profit(loss)</b>	<b>(264)</b>	<b>(188)</b>
<b>Corrections due to:</b>		
Depreciation, amortization and devaluation	310	354
Alienation of long-term tangible and intangible assets		
The value of investments Decrease (increase)		
Financing and investing activities Elimination	164	162
Other non-cash transactions Elimination		
Decrease (increase) of the deferred profit tax assets		
Decrease (increase) in inventory	(106)	33
Decrease (increase) in advances received	13	7
Decrease (increase) in trade receivables	141	(413)
Decrease (increase) in other amounts receivable	(7)	(42)
Deferred costs and accrued income Decrease (increase)	(2)	
	(9)	(13)
Increase (decrease) of the deferred profit tax liabilities		
Increase (decrease) in short-term debts to suppliers and prepayments	313	358
Increase (decrease) in liabilities related to labor relations	(24)	22
Increase (decrease) in other amounts payable and liabilities	(2)	(11)
<b>Net cash flows from the main activities</b>	<b>527</b>	<b>270</b>
<b>Cash flows from investing activities:</b>		
Acquisition of non-current assets (excluding investments)	(1)	(19)
Transfer of non-current assets (excluding investments)		
<b>Net cash flows from investing activities</b>	<b>(1)</b>	<b>(1)</b>
<b>Cash flows from financing activities:</b>		
Loans received		224
Loans repaid	(367)	(342)
Interest paid	(135)	(168)
Payments of lease (finance lease) liabilities	(2)	(11)
Decrease in other liabilities		
<b>Net cash flows from financing activities</b>	<b>(504)</b>	<b>(297)</b>
<b>The effects of changes in foreign exchange rates on cash and cash equivalents balance</b>		
<b>Net increase (decrease) in cash flows</b>	<b>22</b>	<b>(46)</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>20</b>	<b>95</b>
<b>Cash and cash equivalents at the end of period</b>	<b>42</b>	<b>49</b>

*The accompanying notes are an integral part of these interim condensed financial statements.*

## STATEMENT OF CHANGES IN EQUITY

	Share Capital	Revaluatio n Reserve	Retained Earnings (loss)	Total
<b>1. Balance at 31-12-2015</b>	<b>3 065</b>	<b>2 918</b>	<b>4 057</b>	<b>1 925</b>
2. Result of changes in accounting policies				
3. Correcting material errors result				
<b>4. Restated balance 31-12-2015</b>	<b>3 065</b>	<b>2 918</b>	<b>4 057</b>	<b>1 925</b>
5. Profit (loss) not recognized in the income (loss) statement		( 76)	76	
6. Profit (loss)			(188)	(188)
<b>7. Balance at 30-09-2016</b>	<b>3 065</b>	<b>2 842</b>	<b>( 4 169)</b>	<b>1 738</b>
8. Revaluation of the tangible fixed asset		118		<b>118</b>
9. Profit (loss) not recognized in the income (loss) statement		( 25)	25	
10. Profit (loss)			( 322)	( 322)
<b>11. Balance at 31-12-2016</b>	<b>3 065</b>	<b>2 934</b>	<b>( 4 465)</b>	<b>1 534</b>
12. Profit (loss) not recognized in the income (loss) statement		( 51)	51	
13. Profit (loss)			( 264)	( 264)
<b>14. Balance at 30-09-2017</b>	<b>3 065</b>	<b>2 884</b>	<b>( 4 679)</b>	<b>1 269</b>

*The accompanying notes are an integral part of these interim condensed financial statements.*

## THE DECLARATORY LETTER

### GENERAL INFORMATION

Gubernija AB (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 center".

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 4 branded stories in Lithuania.

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

Main shareholders at September 30, 2017:

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
Respublikos spaustuve UAB	9.95	9.95
Takhir Shabaev	5.28	0
Sigitas Vilciauskas	0	15.72

On 30<sup>th</sup> September of the last 2016 year there were 153 employees, and on 30<sup>th</sup> September of the reporting year 2017 there were 150 employees.

The financial statements are announced on the webpage of the Company [www.gubernija.lt](http://www.gubernija.lt).

### SIGNIFICANT ACCOUNTING POLICIES

#### Statement of compliance

The financial statements of Gubernija, AB have been prepared in accordance with the Business Accounting Standards. Since the year 2016, according to Ministry of the Accounting Law Article 3 Gubernija AB switched to financial reporting in accordance with the Business Accounting Standards. Until the year 2016 reporting, the company's financial statements have been prepared in accordance with IFRS. Due to the transition to the Business Accounting Standards where not substantial changes in the company's income and expenses recognition and accounting of assets and property.

Management does not prepare consolidated statements, as there are no subsidiaries.

### Basis of preparation

The financial statements are presented in Euro being the functional currency of the Company, and are prepared on the historical cost basis, except for land, buildings and tanks which are stated at revalued amount.

### Sales and key financial indicators

	01/01/2017- 30/09/2017	01/01/2016- 30/09/2016	Change
Sales	5 990	6 506	-8%
Excise	1 574	1 371	15%
Sales before excise	4 416	5 135	-14%
Export	910	956	-5%
Gross margin	1 576	1 641	-4%
Net profit (loss)	(264)	(188)	-40%
EBITDA	211	329	-36%

### The status of the long term assets

From 2017 January 1, the company has revised tangible asset's useful life assessment:

- Buildings - 90 years (unchanged)
- Cultural heritage buildings until 150 years (it was 140 years)
- Constructions 10-40 years (unchanged)
- Tanks 50 years (it was 10-50 years)
- Machinery and equipment 5-20 years (it was 7 - 25 years)
- Vehicles 6 years (it was 5-6 years)
- Other equipment 3-6 years (it was 3-10 years).

The company set a minimum purchase value of fixed assets - 400 EUR

### The own capital

The authorized capital of the Company on 30<sup>th</sup> September, 2017 is EUR 3 064 627. It is divided into 16 129 614 ordinary nominal shares, the value of every share is EUR 0.19. All shares are completely paid-up.

The equity of the Company on 30<sup>th</sup> September, 2017 was EUR 1 269 210 – 41.41 % of the authorized capital. Currently, the Company acts in export markets in order to compensate for decreasing sales of beer in Lithuania. In 2017 the company participated in exhibitions in Great Britain, the United Arab Emirates, China, Germany, Slovenia and India, where many new contacts and new deals were created.

Exports grew to 21% of all sales during the nine months of this year and is expected to continue to grow in the last 2017 months. The growth of sales of non-alcoholic beverages create opportunities to compensate for the low profitability of beer sales in the Lithuanian market - over the nine months of 2017, the value of non-alcoholic beverages was 5.2% higher compared to the corresponding period of 2016.

Company management believes that the situation when the company's equity is less than 50% of the company's share capital, will be corrected until 31<sup>th</sup> December 2017 .

### Loans and borrowings

	<u>30-09-2017</u>	<u>31-12-2016</u>
Financial leasing for Šiaulių bank leasing	8	9
Laumžirgiai, UAB loan	939	939
Respublikos investicija, UAB loan	3 369	3 476
Accumulated taxes arrears	246	492
Interest payable for the loans	69	55
Other loans	90	90
Total obligations	<b>4 721</b>	<b>5 061</b>
Minus: short-term part	(475)	(820)
Total long-term part	<b>4 246</b>	<b>4 241</b>

The company has pledged for the loan its long-term assets with balance value on 30-09-2017 being EUR 6 581 thousand (in 2016 EUR 6 876 thousand), all stocks, 19 trademarks, cash in banks SEB and SWEDBANKAS, land lease law.

### Subsequent events

No subsequent events have occurred after the end of the financial year which could have material influence on the financial statements as at 30 September 2017.

### Business continuity

The interim condensed financial statements for 30 September 2017 is prepared on the base of the business continuity.