



AKCINĖ BENDROVĖ

CONFIRMATION OF RESPONSIBLE PERSONS

Following of article 24 of the the Law on Securities Market of the Republic of Lithuania and Rules on Prepatation and Submission of Periodic and Additional Information of the Lithuanian Securities Commision, 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 interim condensed financial statements for the 3 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 of the assets, liabilities, financial position and profit or loss and cash flow of Gubernija, AB.

General Manager

Vijoleta Dunauskiene

Chief accountant

Asta Mickuviene

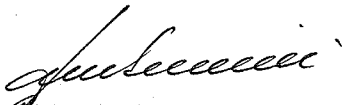
30-05-2017

GUBERNIJA, AB
INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017
(UNAUDITED)

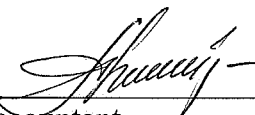
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The interim condensed financial statements was signed on 30 May 2017.



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	31-03-2017	31-12-2016
LONG TERM ASSETS	7 295	7 402
INTANGIBLE ASSETS	11	11
Software	1	1
Other intangible assets	9	10
TANGIBLE ASSETS	7 252	7 359
Buildings	4 872	4 890
Machinery and equipment	2 286	2 346
Transport	52	61
Other devices, appliances and tools	42	62
FINANCIAL PROPERTY	4	4
Long-term investments	4	4
OTHER NON-CURRENT ASSETS	28	28
Deferred tax assets	28	28
CURRENT ASSETS	1 866	1 877
INVENTORIES	829	874
Raw materials and assembly details	517	483
Unfinished production and execution of works	86	87
Production	109	158
Goods purchased for resale	0	1
Assets held for sale	22	0
Payment advances	94	145
WITHIN ONE YEAR RECEIVABLES	983	983
Account receivables	1025	983
Other receivables	6	0
CASH AT BANK AND ON HAND	7	20
DEFERRED CHARGES AND ACCRUED INCOME	4	6
TOTAL ASSETS	9 165	9 285
EQUITY AND LIABILITIES	31-03-2016	31-12-2016
EQUITY	1 534	1 534
SHARE CAPITAL	3 065	3 065
Authorized (subscribed) or core capital	3 065	3 065
REVALUATION RESERVE	2 909	2 934
RETAINED EARNINGS (LOSS)	(4 647)	(4 465)
Profit (loss)	(182)	(408)
Previous year profit (loss)	(4 465)	(4 057)
PROVISIONS	491	495
Tax provisions	491	495
LIABILITIES	7 348	7 256
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)

EQUITY AND LIABILITIES (continued)	31-03-2017	31-12-2016
WITHIN ONE YEAR PAYABLE AND OTHER CURRENT LIABILITIES	3 103	3 015
Debt obligations	789	818
Amounts owed to credit institutions	2	2
Advances received	88	14
Debts to suppliers	1 506	1 216
Employment related liabilities	415	414
Other payables and current liabilities	304	551
ACCRUED EXPENSES AND DEFERRED INCOME	0	0
TOTAL EQUITY AND LIABILITIES	9 165	9 285

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

STATEMENT OF INCOME

	2017 I q	2016 I q
SALES REVENUE	1 700	1 491
COST OF SALES	(1 328)	(1 232)
GROSS PROFIT (LOSS)	372	259
Sales expenses	(353)	(1 616)
General and administrative expenses	(168)	(148)
Other operating results	2	(5)
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	(64)	(50)
PROFIT (LOSS) BEFORE TAX	(212)	(298)
Income tax	5	4
NET PROFIT (LOSS)	(207)	(293)
Profit (loss) for the one share (EUR)	(0.013)	(0.018)

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

CASH FLOW STATEMENT

	2017 I q	2016 I q
Operating activities:		
Profit(loss)	(207)	(293)
Corrections due to:		
Depreciation, amortization and devaluation	106	121
Alienation of long-term tangible and intangible assets	1	
The value of investments Decrease (increase)		
Financing and investing activities Elimination	64	50
Other non-cash transactions Elimination		
Decrease (increase) of the deferred profit tax assets		
Decrease (increase) in inventory	(6)	105
Decrease (increase) in advances received	51	7
Decrease (increase) in trade receivables	(42)	(160)
Decrease (increase) in other amounts receivable	(6)	3
Deferred costs and accrued income Decrease (increase)	2	
Increase (decrease) of the deferred profit tax liabilities	(5)	(4)
Increase (decrease) in short-term debts to suppliers and prepayments	364	126
Increase (decrease) in liabilities related to labor relations	2	64
Increase (decrease) in other amounts payable and liabilities	(248)	205
Net cash flows from the main activities	77	140
Cash flows from investing activities:		
Acquisition of non-current assets (excluding investments)		
Transfer of non-current assets (excluding investments)		
Net cash flows from investing activities	-	-
Cash flows from financing activities:		
Loans received		
Loans repaid	(54)	(89)
Interest paid	(35)	(36)
Payments of lease (finance lease) liabilities	(1)	(9)
Decrease in other liabilities		
Net cash flows from financing activities	(90)	(133)
The effects of changes in foreign exchange rates on cash and cash equivalents balance		
Net increase (decrease) in cash flows	(13)	7
Cash and cash equivalents at the beginning of period	20	95
Cash and cash equivalents at the end of period	7	102

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

STATEMENT OF CHANGES IN EQUITY

	Share Capital	Revaluatio n Reserve	Retained Earnings (loss)	Total
1. Balance at 31-12-2015	3 065	2 918	(4 057)	1 926
2. Result of changes in accounting policies				
3. Correcting material errors result				
4. Restated balance 31-12-2015	3 065	2 918	(4 057)	1 926
5. Profit (loss) not recognized in the income (loss) statement		(25)	25	
6. Profit (loss)			(293)	(293)
7. Balance at 31-03-2016	3 065	2 893	(4 325)	1 632
8. Revaluation of the tangible fixed asset		118		118
9. Profit (loss) not recognized in the income (loss) statement		(76)	76	
10. Profit (loss)			(217)	(217)
11. Balance at 31-12-2016	3 065	2 934	(4 465)	1 534
12. Profit (loss) not recognized in the income (loss) statement		(25)	25	
13. Profit (loss)			(207)	(207)
14. Balance at 31-03-2017	3 065	2 909	(4 647)	1 326

The accompanying notes are an integral part of this 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 March 31, 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 31th March of the last 2016 year there were 156 employees, and on 31th March of the reporting year 2017 there were 151 employees.

The financial statements are announced on the webpage of the Company 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

	2017 I q.	2016 I q.	Change
Sales	1 700	1 491	14 %
Excise	430	309	40 %
Sales before excise	1 271	1 182	8 %
Export	190	229	-17 %
Gross margin	372	259	44 %
Net profit (loss)	(207)	(293)	29 %
EBITDA	(41)	(126)	67 %

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 31th March, 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 31th March, 2017 was EUR 1 326 397 – 43.28 % of the authorized capital. Company management expects that the situation when the company's equity is less than 50% of the company's share capital, will be corrected until 30th September 2017. During the summer season will be profit earned, which will cover the first quarter of the year suffered 207 thousand EUR loss.

Loans and borrowings

	<u>31-03-2017</u>	<u>31-03-2016</u>
Financial leasing for Siaulių bank leasing	8	9
Laumzirgiai, UAB loan	939	939
Respublikos investicija, UAB loan	3 437	3 476
Accumulated taxes arrears	481	492
Interest payable for the loans	76	55
Other loans	90	90
Total obligations	5 031	5 061
Minus: short-term part	(791)	(820)
Total long-term part	4 240	4 241

The company has pledged for the loan its long-term assets with balance value on 31-03-2017 being EUR 6 730 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 31 March 2017.

Business continuity

The financial accountability for 31 March 2017 is prepared on the base of the business continuity.