# AB ALITA

INTERIM FINANCIAL STATEMENTS
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2009

## Contents

## Company details

### AB Alita

| | |
|---|---|
| Telephone : | +370 315 57243 |
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| 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)
Inga Bandzinienė (Chief Accountant)

### Auditor

KPMG Baltics, UAB

### Banks

Swedbank, AB
Danske bankas A/S Lietuvos filialas

AB ALITA
Company code 149519891, Alytus, Miškininkų 17

**Balance Sheet as of 31 December 2009**

(LTL '000)

| Note | | 2009 | 2008 |
|---|---|---|---|
| | **ASSETS** | | |
| | NON-CURRENT ASSETS | | |
| 4. | Intangible assets | - | 926 |
| 4.1 | Investment property | - | 1.915 |
| 4.2 | Property, plant and equipment | - | 42.133 |
| 5. | Subsidiaries investments | - | 41.366 |
| 5. | Asociate investments | 61.649 | 71.684 |
| 5. | Available-for-sale investments | - | 5.747 |
| 5. | Loans | 28.629 | 25.205 |
| | Deferred income tax assets | - | 2.443 |
| | Total non-current assets | 90.278 | 191.419 |
| | CURRENT ASSETS | | |
| 6. | Inventories | - | 16.959 |
| 7. | Prepayments | - | 516 |
| | Prepayment income tax | - | 1.951 |
| 8. | Trade accounts receivable | 93 | 37.237 |
| 9. | Other accounts receivable | 1.989 | 3.207 |
| 10. | Cash and cash equivalents | 46 | 179 |
| | Total current assets | 2.128 | 60.049 |
| | **TOTAL ASSETS** | 92.406 | 251.468 |
| | **LIABILITIES AND SHAREHODERS' EQUITY** | | |
| | SHAREHOLDERS' EQUITY | | |
| 11. | Share capital | 23.673 | 50.827 |
| 11. | Compulsory reserve | - | 5.083 |
| 11. | Revaluation reserve | - | (3.157) |
| 12. | Retained earnings | 6.126 | 21.863 |
| | Total shareholders' equity | 29.799 | 74.616 |
| | NON-CURRENT LIABILITIES | | |
| 14. | Long-term bank loans and leasing liabilities | 28.118 | 72.201 |
| | Deferred income tax liability | - | - |
| | Total non-current liabilities | 28.118 | 72.201 |
| | CURRENT LIABILITIES | | |
| 14. | Current portion of LT and short-term bank and leasing liabilities | 33.810 | 73.333 |
| | Short-term loans from related parties | 598 | 797 |
| | Trade accounts payable | 57 | 11.795 |
| | Subsidiaries accounts payable | - | 99 |
| | Income tax payable | - | - |
| 13. | Accrued liabilities | 24 | 18.627 |
| | Total current liabilities | 34.489 | 104.651 |
| | **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | 92.406 | 251.468 |

General Director Vytautas Junevičius

AB ALITA
Company code 149519891, Alytus, Miškininkų 17

**Statement of Income for the twelve month period ended 31 December 2009**

(LTL '000)

| Note | | 2009 | 2008 |
|---|---|---|---|
| | CONTINUING ACTIVITIES | | |
| 18. | NET SALES | - | 92.633 |
| | Cost of sales | - | (54.457) |
| | GROSS PROFIT | - | 38.176 |
| | Other income | - | 2.013 |
| 16. | Selling and distribution expenses | - | (16.774) |
| 16. | General and administrative expenses | (86) | (20.417) |
| | Other expenses | - | (1.409) |
| | OPERATING PROFIT | (86) | 1.589 |
| 17. | Financial income | 2.377 | 2.774 |
| 17. | Financial expenses | (3.216) | (11.862) |
| | Share of profit (loss) of equity accounted investees | (10.035) | 5.169 |
| | PROFIT BEFORE INCOME TAX | (10.960) | (2.330) |
| | Income tax | - | 1.306 |
| | NET PROFIT FOR THE YEAR FROM CONTINUING ACTIVITIES | (10.960) | (1.024) |
| | DISCONTINUED ACTIVITIES | | |
| 3. | Gains (losses) from discontinued activities | (1.653) | - |
| | NET PROFIT FOR THE YEAR | (12.613) | (1.024) |
| | Basic earnings per share (LTL) | -0,53 | -0,02 |

General Director Vytautas Junevičius

AB ALITA
Company code 149519891, Alytus, Miškininkų 17

**Statement of Income for the October - December month period 2009**

(LTL '000)

| Note | | October - December 2009 | October - December 2008 |
|---|---|---|---|
| | CONTINUING ACTIVITIES | | |
| 18. | NET SALES | - | 32.616 |
| | Cost of sales | - | (18.425) |
| | GROSS PROFIT | - | 14.191 |
| | Other income | - | 355 |
| 16. | Selling and distribution expenses | - | (4.854) |
| 16. | General and administrative expenses | (86) | (11.434) |
| | Other expenses | - | (289) |
| | OPERATING PROFIT | (86) | (2.031) |
| 17. | Financial income | 548 | 67 |
| 17. | Financial expenses | (613) | (3.252) |
| | Share of profit (loss) of equity accounted investees | (1.796) | 3.603 |
| | PROFIT BEFORE INCOME TAX | (1.947) | (1.613) |
| | Income tax | - | 1.306 |
| | NET PROFIT FOR THE YEAR FROM CONTINUING ACTIVITIES | (1.947) | (307) |
| | DISCONTINUED ACTIVITIES | | |
| | Gains (losses) from discontinued activities | 1.242 | - |
| | NET PROFIT FOR THE YEAR | (705) | (307) |
| | Basic earnings per share (LTL) | -0,03 | -0,01 |

General Director Vytautas Junevičius

AB ALITA

**Statement of Changes in Equity for the twelve month period ended 31 December 2009**

(LTL '000)

| Note | | Share capital | Compulsory reserve | Revaluation reserve | Retained earnings (deficit) | Total equity |
|---|---|---|---|---|---|---|
| | **Balance as of 31 December 2007** | 50.827 | 5.083 | 9.881 | 29.350 | 95.141 |
| | Share of profit (loss) of equity accounted investees | | | | (3.922) | (3.922) |
| | **Balance as of 31 December 2007** | 50.827 | 5.083 | 9.881 | 25.428 | 91.219 |
| | Decrease in value of investments for sale | - | - | (15.571) | | (15.571) |
| | Deferred tax assets on unrealised gain | | | 2.533 | | 2.533 |
| | Dividends paid | | | | (2.541) | (2.541) |
| | Net profit for the year | - | - | - | (1.024) | (1.024) |
| | **Balance as of 31 December 2008** | 50.827 | 5.083 | (3.157) | 21.863 | 74.616 |
| | Increase (desrease) in value of investments for sale | | | 1.588 | | 1.588 |
| | Deferred tax assets (liabilities) on unrealised gain | | | (317) | | (317) |
| | Transfer of the discontinued production activities to the Company group ALITA AB | (27.154) | (5.083) | 1.886 | (3.124) | (33.475) |
| | Net profit (loss) for the year | - | - | - | (12.613) | (12.613) |
| | **Balance as of 31 December 2009** | 23.673 | - | - | 6.126 | 29.799 |

General Director Vytautas Junevičius

AB ALITA

**Statement of Cash Flows for the twelve month period ended 31 December 2009**

(LTL '000)

| | 2009 | 2008 |
|---|---|---|
| **Cash flow from (to) operating activities:** | | |
| Net profit | (12.613) | (1.024) |
| Adjustments to reconcile net profit to net cash provided by operating activities: | | |
| Depreciation and amortisation | 3.114 | 4.436 |
| Change of impairment of trade accounts receivable (+)- | - | 27 |
| Change of impairment of property, plant and equipment | 231 | 502 |
| Write-off of property, plant and equipment | 24 | 17 |
| (Gain) loss from fixed assets sale | (193) | (42) |
| Impairment of deferred cost | 180 | 803 |
| Change of impairment of inventories (+)- | 173 | 6.686 |
| Write-off of inventories | 107 | 160 |
| Interest expenses | 9.025 | 11.598 |
| Interest income | (2.378) | (2.754) |
| Share of (profit) loss of equity accounted investees | 10.035 | (5.169) |
| Income tax expenses / (income) | - | 151 |
| Deferred income tax | (265) | (1.457) |
| | 7.440 | 13.934 |
| Changes in current assets and current liabilities: | | |
| Decrease (increase) in inventories | 8.678 | 5 |
| Decrease (increase) in trade accounts receivable | 11.498 | 11.027 |
| Decrease (increase) in liabilities of subsidiary | 288 | 1.020 |
| (Increase) decrease in prepayments and deferred cost | 1.470 | (2.430) |
| Decrease (increase) in other accounts receivable | 1.045 | 403 |
| Increase (decrease) in trade accounts payable and accrued liabilities | (19.747) | (12.788) |
| Income tax paid | - | (2.530) |
| Net cash provided by operating activities | 10.672 | 8.641 |
| **Cash flow from (to) investing activities:** | | |
| Acquisition of property, plant and equipment | (3.774) | (1.356) |
| Acquisition of intangible fixed assets | (24) | (749) |
| Subsidy received | 1.501 | - |
| Transfer funds, related to the discontinued activities | (892) | - |
| Sale of property, plant and equipment | 193 | 42 |
| Interest received | 2.378 | 2.754 |
| Net cash (used in) investing activities | (618) | 691 |
| **Cash flow from (to) financing activities:** | | |
| Loans issued | (3.424) | (25.205) |
| Repayment of issued loans | 1 | 47 |
| Loans received | 7.043 | 47.277 |
| (Repayment) of loans | (4.782) | (17.266) |
| Interest (paid) | (9.025) | (11.598) |
| Dividends (paid) | - | (2.541) |
| Net cash (used in) financing activities | (10.187) | (9.286) |
| **Increase (decrease) in cash and cash equivalents** | **(133)** | **46** |
| **Cash and cash equivalents in the beginning of the year** | **179** | **133** |
| **Cash and cash equivalents at the end of the year** | **46** | **179** |

General Director Vytautas Junevičius

## 1. Reporting entity

AB Alita (the Company) was established in 1963 and was re-registered as a state enterprise in 1990. In 1995 the Company was re-organised to a joint stock company.

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

The Company produces alcohol beverages, including sparkling wines, alcohol mixes, cider, wines, hard liqueurs, as well as concentrated fruit juice.

On September 29, 2009 the resolution to approve the Terms of the Spin-off of the AB ALITA was passed in the Extraordinary General Meeting and on October 7, 2009 the Company group ALITA AB was separated from the AB ALITA and registered. Both companies continue their activities after the Spin-off. In the course of separation two new controlling companies were established. AB ALITA develops and controls only the Investment Activities (related to shares held in the foreign companies). The Spin-off procedures were performed according to the Company Law.

At the time of reorganization all the production activity and all the attributed assets, rights and obligations to this activity was seperated from the AB ALITA. The main purpose of the Spin-off of the AB ALITA is the reorganization of the activities of the AB ALITA, separating the investment activity of the AB ALITA from the production activity that is not related to the development of the investment activity.

After the spin-off the authorized capital of the ALITA AB amounts to 23 673 416 LTL. The nominal value of one share is LTL 1. The Company ALITA AB shares are enlisted in the Secondary Trade List of the NASDAQ OMX Vilnius Stock Exchange for the regulated trading.

A detailed description of the completed reorganisation of AB ALITA can be found in the website of NASDAQ OMX Vilnius at www.nasdaqomxbaltic.com or in the website www.alita.lt .

## 2. Significant accounting policies

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. Significant accounting policies (cont'd)

Comparative figures

The Company's financial year begins on 1 January and ends on 31 December. As it is mentioned above, at the time of reorganization all the production activity and all the attributed assets, rights and obligations to this activity was seperated from the AB ALITA. Figures related to the production activities for the year that ended on 31 December 2009 were disclosed as discontinued activity. The comparative figures for the year ended on 31 December 2008 are those from AB ALITA audited non-consolidated financial statements, where the associate investments is measured under the equity method. The effect of the equity method was restated by retrospectively adjusting the previous period's results.

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.

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.

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

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.

(LTL '000 unless otherwise stated)

## 3. The business spin-off

On September 29, 2009 the resolution to approve the Terms of the Spin-off of the AB ALITA was passed in the Extraordinary General Meeting and on October 7, 2009 the Company group ALITA AB was separated from the AB ALITA and registered. Both companies continue their activities after the Spin-off.Company Law.

In the course of separation, two new controlling companies were established - the AB "Alita" - one of which carries out and controls only the Investment Activities (related to shares held in the foreign companies), and the other –Company group ALITA AB - carries out and controls the main Production Activities (including activities related to the shares held in the Lithuanian companies).

The Company group ALITA AB was established and began its activity on the basis of the below given decisions, by the spin off of all the production activity and all the attributed assets, rights and obligations to this activity from the AB "Alita". The Company group ALITA AB pursues the production and economic-commercial activities by taking over the raw material, production material, the long-term assets and low-value assets, the rights to the trade-marks and designs, ISO standards and the new licences for the new production, wholesale and retail of the alcoholic drinks and retail of the tobacco production.

How the assets, equite and liabilities has been divided up after the reorganization of AB „Alita" are summarised in the the reports below:

**Discontinued activities**

**Results of discontinued activities :**

| | 2009 | 2008 |
|---|---|---|
| NET SALES | 50.439 | 92.633 |
| Cost of sales | (32.353) | (54.457) |
| GROSS PROFIT | 18.086 | 38.176 |
| Other income | 1.136 | 2.013 |
| Selling and distribution expenses | (4.710) | (16.774) |
| General and administrative expenses | (9.366) | (20.417) |
| Other expenses | (789) | (1.409) |
| OPERATING PROFIT | 4.357 | 1.589 |
| Financial income | 2 | 135 |
| Financial expenses | (6.278) | (6.658) |
| PROFIT BEFORE INCOME TAX | (1.919) | (4.934) |
| Income tax | 265 | 1.306 |
| NET PROFIT FOR THE YEAR | (1.654) | (3.628) |
| Basic earnings per share (LTL) | -0,06 | -0,13 |

The loss from discontinued operation of LTL 1,654 thousand (2008 : loss of LTL 3,628 thousand ) atributable entirely to the owners of the company AB Alita.

**Cash flows from discontinued activities :**

| | 2009 | 2008 |
|---|---|---|
| Net cash used in operating activitieds | 12.567 | 8.642 |
| Net cash from investing activitieds | (2.103) | (1.948) |
| Net cash from finansing activitieds | (9.691) | (6.648) |
| Net cash flows from (used in) discontinued activities : | 773 | 46 |

(LTL '000 unless otherwise stated)

**Discontinued activities (cont'd)**

| | Transfer of the discontinued activities to the Company Group ALITA AB | Continuing activities AB ALITA |
|---|---|---|
| ASSETS | | |
| NON-CURRENT ASSETS | | |
| Intangible assets | 584 | - |
| Investment property | 1.619 | - |
| Property, plant and equipment | 43.200 | - |
| Subsidiaries investments | 41.366 | - |
| Asociate investments | - | 70.437 |
| Available-for-sale investments | 7.336 | - |
| Loans | - | 28.629 |
| Deferred income tax assets | 2.391 | - |
| Total non-current assets | 96.496 | 99.066 |
| CURRENT ASSETS | | |
| Inventories | 8.001 | |
| Prepayments | 817 | |
| Prepayment income tax | - | |
| Trade accounts receivable | 4.835 | 93 |
| Subsidiaries accounts receivable | 20.523 | |
| Other accounts receivable | 172 | 1.602 |
| Cash and cash equivalents | 892 | 83 |
| Total current assets | 35.240 | 1.778 |
| TOTAL ASSETS | 131.736 | 100.844 |
| LIABILITIES AND SHAREHODERS' EQUITY | | |
| SHAREHOLDERS' EQUITY | | |
| Share capital | 27.154 | 23.673 |
| Compulsory reserve | 5.083 | - |
| Revaluation reserve | (1.886) | - |
| Retained earnings | 3.124 | 15.062 |
| Total shareholders' equity | 33.475 | 38.735 |
| Subsidy | 1.501 | - |
| Long-term bank loans and leasing liabilities | 29.247 | 45.023 |
| Deferred income tax liability | | |
| Total non-current liabilities | 30.748 | 45.023 |
| CURRENT LIABILITIES | | |
| Current portion of LT and short term bank and leasing liabilities | 56.819 | 16.905 |
| Short-term loans from subsidiaries | - | - |
| Trade accounts payable | 7.361 | - |
| Subsidiaries accounts payable | 5 | - |
| Income tax payable | - | - |
| Accrued liabilities | 3.328 | 181 |
| Total current liabilities | 67.513 | 17.086 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 131.736 | 100.844 |

(LTL '000 unless otherwise stated)

## 4. Intangible assets

| | Software | Other intangible assets | Total |
|---|---|---|---|
| COST | | | |
| Balance as of 1 January 2008 | 953 | 360 | 1.313 |
| Additions | 390 | 359 | 749 |
| Disposals and write offs | | | - |
| Balance as of 31 December 2008 | 1.343 | 719 | 2.062 |
| ACCUMULATED DEPRECIATION AND IMPAIRMENT: | | | |
| Balance as of 1 January 2008 | 755 | 187 | 942 |
| Amortization for the year | 128 | 66 | 194 |
| Disposals and write offs | | | - |
| Balance as of 31 December 2008 | 883 | 253 | 1.136 |
| **BOOK VALUE as of 31 December 2008** | **460** | **466** | **926** |
| COST | | | |
| Balance as of 1 January 2009 | 1.343 | 719 | 2.062 |
| Additions | 23 | - | 23 |
| Disposals and write offs | | | - |
| Transfers between captions | | | - |
| Transfer to the Company Group ALITA AB | (1.366) | (719) | (2.085) |
| Balance as of 31 December 2009 | - | - | - |
| ACCUMULATED DEPRECIATION AND IMPAIRMENT: | | | |
| Balance as of 1 January 2009 | 883 | 253 | 1.136 |
| Amortization for the year | 227 | 138 | 365 |
| Disposals and write offs | | | - |
| Transfer to the Company Group ALITA AB | (1.110) | (391) | (1.501) |
| Balance as of 31 December 2009 | - | - | - |
| **BOOK VALUE as of 31 December 2009** | **-** | **-** | **-** |

## 4.1 Investment property

| | Total |
|---|---|
| COST | |
| Balance as of 1 January 2008 | 3.703 |
| Additions | |
| Disposals and write offs | |
| Balance as of 31 December 2008 | 3.703 |
| ACCUMULATED DEPRECIATION AND IMPAIRMENT: | |
| Balance as of 1 January 2008 | 1.193 |
| Depreciation for the year | 93 |
| Disposals and write offs | |
| Impairment for the year | 502 |
| Balance as of 31 December 2008 | 1.788 |
| **BOOK VALUE as of 31 December 2008** | **1.915** |
| COST | |
| Balance as of 1 January 2009 | 3.703 |
| Additions | - |
| Disposals and write offs | - |
| Transfer to the Company Group ALITA AB | (3.703) |
| Balance as of 31 December 2009 | - |
| ACCUMULATED DEPRECIATION AND IMPAIRMENT: | |
| Balance as of 1 January 2009 | 1.788 |
| Depreciation for the year | 76 |
| Disposals and write offs | - |
| Impairment for the year | 282 |
| Transfer to the Company Group ALITA AB | (2.146) |
| Balance as of 31 December 2009 | - |
| **BOOK VALUE as of 31 December 2009** | **-** |

AB ALITA

**Notes to the financial statements**

(LTL '000 unless otherwise stated)

## 4.2 Property, plant and equipment

| | Land | Buildings | Vehicles and equipment | Other tangible fixed assets | Construction in progress and prepayments | Total |
|---|---|---|---|---|---|---|
| COST | | | | | | |
| January 2008 | 28 | 41.422 | 59.003 | 7.577 | 2.143 | 108.130 |
| Additions | | 143 | 839 | 65 | 309 | 1.356 |
| Disposals and write offs | | | (496) | (312) | | (808) |
| Transfers between captions | | | 117 | (82) | (35) | - |
| December 2008 | 28 | 41.565 | 59.463 | 7.248 | 2.417 | 110.721 |
| ACCUMULATED DEPRECIATION AND IMPAIRMENT: | | | | | | |
| January 2008 | - | 16.071 | 42.392 | 6.767 | - | 62.474 |
| Depreciation for the year | | 987 | 2.826 | 336 | | 4.149 |
| Disposals and write offs | | | (488) | (303) | | (791) |
| December 2008 | - | 17.058 | 44.730 | 6.800 | - | 68.588 |
| **BOOK VALUE as of 31 December 2008** | **28** | **24.507** | **14.733** | **448** | **2.417** | **42.133** |
| COST | | | | | | |
| January 2009 | 28 | 41.565 | 59.463 | 7.248 | 2.417 | 110.721 |
| Additions | | | 673 | 9 | 3.092 | 3.774 |
| Disposals and write offs | | | (1.068) | (78) | | (1.146) |
| Transfers between captions | | | | | | - |
| Transfer to the Company Group ALITA AB | (28) | (41.565) | (59.068) | (7.179) | (5.509) | (113.349) |
| December 2009 | - | - | - | - | - | - |
| ACCUMULATED DEPRECIATION AND IMPAIRMENT: | | | | | | |
| January 2009 | - | 17.058 | 44.730 | 6.800 | - | 68.588 |
| Depreciation for the year | | 820 | 1.706 | 157 | | 2.683 |
| Disposals and write offs | | | (1.044) | (77) | | (1.121) |
| Transfer to the Company Group ALITA AB | | (17.878) | (45.392) | (6.880) | | (70.150) |
| December 2009 | - | - | - | - | - | - |
| **BOOK VALUE as of 31 December 2009** | **-** | **-** | **-** | **-** | **-** | **-** |

(LTL '000 unless otherwise stated)

## 5. Long-term financial asset

### Subsidiary investments

Subsidiary investments consist of the following:

| | 2009 | 2008 |
|---|---|---|
| AB Anykščių Vynas | - | 33.365 |
| UAB Alita Distribution | - | 8.001 |
| Total | - | 41.366 |

### Asociate investments

In September 2007, on the basis of the Privatisation Agreement concluded between AB ALITA and the Serbian Privatisation Agency, AB ALITA acquired a 41.52 percent interest holding in the brewery Beogradska Industria Piva in Belgrade consisting of 3,781,012 ordinary registered shares, each of 600 RSD in nominal value (equivalent to approximately LTL 26.28) for LTL 70,437,000. This investment is presented in the consolidated financial statements under the equity method, thus at the end of each accounting period the profit earned or loss incurred by the associate that accordingly increases or decreases the value of the investment is measured in relation to the share of the interest held.

During the twelve month period enden 31 December of 2009 the associated entity suffered a loss amount of LTL 24,170 thousand . Part of the loss related to the Company amounted to LTL 10,035 thousand Litas resulting in increase of the consolidated loss of the Company.

Asociate investments consist of the following:

| | 2009 | 2008 |
|---|---|---|
| Shares of asociate | 70.437 | 70.437 |
| Accrued profit (loss) | (8.788) | 1.247 |
| Total | 61.649 | 71.684 |

### Available-for-sale investments

Available-for-sale investments consist of the following:

| | 2009 | 2008 |
|---|---|---|
| AB Šiaulių Bankas shares | - | 9.693 |
| Other securities | | |
| Total | - | 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 | (3.946) | 11.625 |
| Increase (decrease) in value during the year | 1.589 | (15.571) |
| Discontinued activities | 2.357 | |
| Increase in value at the end of the year | - | (3.946) |
| Total | - | 5.747 |

### Loans issued

In 2008 -2009, on the basis of the loan agreement the AB ALITA granted the loan to United Nordic Beverages amount of LTL 28,629 thousand under the annual interest of 7.5–9.0 percent and repayable within two years ( in June 2010 -EUR 7,791 thousand and in September 2011 - EUR 500 thousand).

(LTL '000 unless otherwise stated)

## 6. Inventories

Inventories consist of:

| | 2009 | 2008 |
|---|---|---|
| Raw materials | - | 3.078 |
| Packing materials | - | 2.219 |
| Auxiliary materials and supplies | - | 628 |
| Work-in-process | - | 3.405 |
| Finished goods: | | |
| - alcoholic beverages | - | 4.985 |
| - apple products | - | 9.437 |
| Goods for resale | - | 23 |
| | - | 23.775 |
| Write down of inventories to the net realisable value at the beginning of the year | (6.816) | (240) |
| Sold and used for own needs | 6.598 | 188 |
| Write down during the year | (173) | (6.764) |
| Discontinued activities | 391 | |
| Write down of inventories to the net realisable value at the end of the year | - | (6.816) |
| Total | - | 16.959 |

## 7. Prepayments

Prepayments consist of:

| | 2009 | 2008 |
|---|---|---|
| Prepayments to local suppliers | - | 158 |
| Prepayments to foreign suppliers | - | 210 |
| Deferred cost | - | 951 |
| Total | - | 1.319 |
| Impairment of prepayments and deferred cost in the beginning of the year | (803) | - |
| Additional impairment during the year | (180) | (803) |
| Discontinued activities | 983 | - |
| Impairment at the end of the year | - | (803) |
| Total | - | 516 |

## 8. Trade accounts receivable

Trade accounts receivable consist of:

| | 2009 | 2008 |
|---|---|---|
| Trade accounts receivable | 93 | 16.568 |
| Trade accounts receivable from subsidiaries | - | 20.811 |
| Impairment in the beginning of the year | (142) | (115) |
| Additional impairment during the year | - | (27) |
| Discontinued activities | 142 | |
| Impairment at the end of the year | - | (142) |
| Total | 93 | 37.237 |

(LTL '000 unless otherwise stated)

## 9. Other accounts receivable

Other accounts receivable consist of:

| | 2009 | 2008 |
|---|---|---|
| Loans issued | | 12 |
| Accrued interest | 1.592 | 2.644 |
| Other accounts receivable | 397 | 681 |
| Total | 1.989 | 3.337 |
| Impairment in the beginning of the year | (130) | (130) |
| Other accounts receivable written-off | 130 | |
| Additional impairment during the year | - | - |
| Impairment at the end of the year | - | (130) |
| Total | 1.989 | 3.207 |

The accrued interest includes the amounts of interest income accrued in relation to the loans granted to United Nordic Beverages. The balance of the other accounts receivable amount is represented by the payment by AB ALITA to the Serbian Privatisation Agency.

## 10. Cash and cash equivalents

| | 2009 | 2008 |
|---|---|---|
| Cash in banks | 46 | 95 |
| Cash on hand | - | 24 |
| Total | 46 | 119 |

## 11. Shareholders' equity

Share capital

Pursuing to the conditions of the spin-off, approved by the general shareholders meeting on September 29, 2009, the reduced share capital of AB ALITA of LTL 23 673 416, comprising 23,673,416 ordinary registered shares with a nominal value of 1 Litas each and the new company ALITA Group AB, with share capital of LTL 27 153 793, comprising 23,673,416 ordinary registered shares with a nominal value of 1 Litas each, were registered in the register oflegal entities on October 7, 2009. The detail information is given in the website : www.alita.lt .

The share capital is fully paid. The holders of the ordinary shares are entitled to one vote per share in the shareholders' meeting and are entitled to receive dividends as declared from time to time and to capital repayment in case and to a share of residual assets. One ordinary share gives a right to one vote at the shareholders' meeting.

Legal reserve

The legal reserve is a compulsory reserve under Lithuanian legislation. Annual contributions of 5% of the retained earnings available for distribution are required until the legal reserve and the share premium reach 10% of the authorized capital.

Revaluation reserve

| | 2009 | 2008 |
|---|---|---|
| Increase (decrease) in value of AB Šiaulių Bankas shares | - | (3.946) |
| Deferred income tax | - | 789 |
| Total | - | (3.157) |

Profit distribution

As at 2008 was not paid dividends.

## 12. Basic earnings per share

Basic earnings per share are calculated as follows:

| | 2009 | 2008 |
|---|---|---|
| Net profit, attributable to the shareholders | (12.613) | (1.024) |
| Number of shares (thousand) | 23.673 | 50.827 |
| Earnings (loss) per share (LTL) | -0,53 | -0,02 |

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

## 13. Accrued liabilities

Accrued liabilities are listed below:

| | 2009 | 2008 |
|---|---|---|
| Excise duty | - | 8.353 |
| Value added tax (VAT) | 12 | 4.202 |
| Packaging tax | - | 2.316 |
| Advances received | - | 1.782 |
| Salaries | 2 | 414 |
| Accrued social security tax | 1 | 239 |
| Withholding income tax | 1 | 78 |
| Vacation pay | - | 843 |
| Other accrued liabilities | 8 | 400 |
| Total | 24 | 18.627 |

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

| | 2009 | 2008 |
|---|---|---|
| Long-term loans | 28.118 | 72.080 |
| Long-term leasing liabilities | - | 121 |
| Total long-term liabilities | 28.118 | 72.201 |
| Current portion of long-term loan | 33.810 | 16.905 |
| Credit line payable | - | 52.794 |
| Overdraft | - | 3.483 |
| Curent portion of long-term leasing liabilities | - | 151 |
| Total short-term liabilities | 33.810 | 73.333 |

As at December 31, 2009 The Company has a long-term loan amounting to to EUR 17,626 thousand and its repayment terms is the year 2011. The average variable rate of this loan was from 7,676 to 4,301 % in 2009.

In June 2006, AB ALITA and AB Hansabankas (later renamed into AB Swedbank) concluded the Credit Line Agreement, according to which AB ALITA was opened a credit line and granted a credit and a bank guarantee. Following the spin-off transaction resulting in the separation of COMPANY GROUP ALITA AB from AB ALITA, on 30 October 2009, the two companies and Swedbank entered into a tripartite agreement. Pursuant to Article 6.5 of the Civil Code of the Republic of Lithuania, AB ALITA and COMPANY GROUP ALITA AB, acting as joint debtors, shall discharge the liabilities arising from the Credit Line Agreement in the following shares as specified in the Terms of the Spin-off of AB ALITA:

COMPANY GROUP ALITA AB shall be transferred: (i) the rights and obligations under the Credit Line Agreement where the amount of the credit granted and outstanding as of the date of the Terms of the Spin-off is EUR 7,819 thousand (equivalent in Litas – LTL 27,000 thousand), and (ii) the rights and obligations under the Credit Line Agreement where the amount of the credit granted and outstanding as of the date of the Terms of the Spin-off is LTL 45,000 thousand;

AB ALITA shall be allocated a share of the rights and obligations under the Credit Line Agreement as follows: (i) share of the credit referred to in the Credit Line Agreement where the amount of the credit granted and outstanding as of the date of the Spin-Off Terms is EUR 17,952 thousand (equivalent in litas – LTL 61,985 thousand), and (ii) the rights and the future liabilities to AB Swedbank under the guarantee issued thereby and in accordance with the Credit Line Agreement (i.e., the undertaking to repay to AB Swedbank the amount which the Bank, upon the receipt of the appropriate payment request from the Guarantee recipient would pay to the Guarantee recipient from the funds of the Bank).

The long-term debt was secured by pledging the property, plant, equipment, inventories, all current and future funds in banks, as well as trademarks owned by the Company Group ALITA AB that was established after the reorganization; also property, equipment, inventories and trademarks of AB Anykščių vynas.

(LTL '000 unless otherwise stated)

## 15. Selling and distribution expenses

Selling and distribution expenses consist of:

| | For the twelve month period ended 31 December 2009 | 2008 |
|---|---|---|
| Advertising | - | 13.615 |
| Warehousing | - | 1.017 |
| Sales and marketing departments' expenses | - | 1.370 |
| Transportation and logistics | - | 703 |
| Other | - | 69 |
| Total | - | 16.774 |

| | October-December 2009 | 2008 |
|---|---|---|
| Advertising | - | 4.078 |
| Warehousing | - | 251 |
| Sales and marketing departments' expenses | - | 321 |
| Transportation and logistics | - | 204 |
| Other | - | - |
| Total | - | 4.854 |

## 16. General and administrative expenses

General and administrative expenses consist of:

| | For the twelve month period ended 31 December 2009 | 2008 |
|---|---|---|
| Salaries, wages and social security | 9 | 4.009 |
| Redundancy compensations | - | 81 |
| Other employee related cost | - | 94 |
| Tax expenses (other than income tax) | 12 | 2.882 |
| Maintenance and repairs | - | 1.177 |
| Energy expenses | - | 219 |
| Depreciation and amortization | - | 1.082 |
| Professional services | 62 | 333 |
| Insurance expenses | - | 157 |
| Bank fees | - | 23 |
| Impairment of investment property | - | 502 |
| Change in impairment of trade and other accounts receivable, deferred cost and prepayments | - | 830 |
| Charity | - | 504 |
| Change in write down for obsolete and slow moving inventories | - | 6.689 |
| Other | 3 | 1.835 |
| Total | 86 | 20.417 |

| | October-December 2009 | 2008 |
|---|---|---|
| Salaries, wages and social security | 9 | 986 |
| Redundancy compensations | - | 33 |
| Other employee related cost | - | 6 |
| Tax expenses (other than income tax) | 12 | 1.077 |
| Maintenance and repairs | - | 319 |
| Energy expenses | - | 63 |
| Depreciation and amortization | - | 227 |
| Professional services | 62 | 89 |
| Insurance expenses | - | 52 |
| Bank fees | - | 4 |
| Impairment of investment property | - | 502 |
| Change in impairment of trade and other accounts receivable, deferred cost and prepayments | - | 830 |
| Charity | - | 11 |
| Change in write down for obsolete and slow moving inventories | - | 6.686 |
| Other | 3 | 549 |
| Total | 86 | 11.434 |

The Company employed 3 employees as at 31 December 2009 (319 employees as at 31 December 2008).

(LTL '000 unless otherwise stated)

## 17. Financial income (expenses)

Financial income (expenses) consist of:

| | For the twelve month period ended 31 December 2009 | 2008 |
|---|---|---|
| Interest income | 2.377 | 2.645 |
| Gain from available-for-sale investments disposal | - | - |
| Other financial income | - | 129 |
| Total | 2.377 | 2.774 |
| Interest expenses on loans | (2.953) | (11.598) |
| Currency exchange gain (loss), net | - | (13) |
| Other financial expenses | (263) | (251) |
| Total | (3.216) | (11.862) |

| | October-December 2009 | 2008 |
|---|---|---|
| Interest income | 548 | 99 |
| Gain from available-for-sale investments disposal | - | - |
| Other financial income | - | (32) |
| Total | (2.931) | 67 |
| Interest expenses on loans | (543) | (3.145) |
| Currency exchange gain (loss), net | - | 23 |
| Other financial expenses | (70) | (130) |
| Total | (613) | (3.252) |

## 18. Information according to business and geographic segments

| **Business segments** | For the twelve month period ended 31 December 2009 | 2008 |
|---|---|---|
| Wholesale alkoholic drinks | - | - |
| Alkoholic products | - | 90.241 |
| Apple products | - | 673 |
| Unallocated | - | 1.719 |
| Total | - | 92.633 |
| **Geographic segments** | | |
| Revenue from domestic market customers | - | 85.030 |
| Revenue from foreign customers | - | 7.604 |
| Total | - | 92.633 |

| **Business segments** | October-December 2009 | 2008 |
|---|---|---|
| Wholesale alkoholic drinks | - | - |
| Alkoholic products | - | 32.139 |
| Apple products | - | - |
| Unallocated | - | 477 |
| Total | - | 32.616 |
| **Geographic segments** | | |
| Revenue from domestic market customers | - | 30.453 |
| Revenue from foreign customers | - | 2.163 |
| Total | - | 32.616 |

## 19. Transactions with related parties

During the year the Company had transactions with the following related parties

AB Anykščių Vynas
UAB Alita Distribution
UAB Vilkmergės alus
Company Group ALITA, AB

Transactions during the year with the above mentioned companies are summarised below:

**Transactions with related parties**

| | 2009 | 2008 |
|---|---|---|
| Sales to related parties | 24.291 * | 28.621 |
| Purchases from related parties | 800 * | 3.519 |

* Transactions with the above mentioned companies from discontinued activities.

**The accounts receivable from related parties**

| | 2009 | 2008 |
|---|---|---|
| Subsidiaries | - | 20.811 |
| Company Group ALITA, AB | 93 | - |

**The amounts payable to related parties**

| | 2009 | 2008 |
|---|---|---|
| Subsidiaries | - | 99 |
| Short-term loans | 598 | 797 |

During 2009 the Company's management was paid LTL 631 thousand salaries (LTL 931 thousand in 2008). As at 2009 was not paid dividends(LTL 2,129 thousand in 2008).

**Guarantees,warantees issued**

The Company has issued guarantee on behalf of AB Anykščių Vynas to the bank for the credit line by AB Anykščių Vynas of LTL 8,632 thousand.

In 2009 the Company gave the guarrantee for the sum of 2,600 thousand of EUR to the Privatization Agency of the Republic of Serbia from the available limit of the guarrantee sum of 2,600 thousand of EUR .

The Company has issued guarantee on behalf of the Company Group ALITA, AB to the bank for the credit line issued to the Company Group ALITA, AB of EUR 1,100 thousand and for the finance leasing of EUR 35 thousand .

## 20. Subsequent events

On 19 February 2010 public company ALITA has received by fax two official notifications from the Share Fund of the Republic of Serbia and the Privatisation Agency of the Republic of Serbia. The aforementioned institutions informed public company ALITA that on 16 February 2010 the decision to terminate the 24 July 2007 share sale-purchase agreement of the 51,90242% shares (the Shares) of Akcionarsko društvo Beogradska industrija piva (the Company), concluded between the Share Fund ofthe Republic of Serbia and the Privatisation Agency of the Republic of Serbia, from one side, and public company ALITA and United Nordic Beverages AB, acting as a consortium of legal entities (the Buyer), from the other side (the Privatisation Agreement) was adopted. According to the Share Fund of the Republic of Serbia and the Privatisation Agency of the Republic of Serbia, the decision to terminate the Privatisation Agreement was adopted on the ground of Clauses (a), (c) and (f) of Article 8.7.1 of the Privatisation Agreement and Article 41a of the Law on Privatisation of the Republic of Serbia because the Buyer:

- failed to execute his obligation to make investments into the Company amounting to EUR 2 600 000 as indicated in Article 8.1.2 of the Privatisation Agreement;

- failed to secure that the Company would dispose its fixed assets in accordance with the provisions of the Privatisation Agreement and caused the Company to be put into the enforced settlement by way of sale of Company's fixed assets or any other similar proceeding and did not take any actions in order to prevent such proceedings (Articles 8.2.2, 8.2.4, 8.2.11 and 8.2.12 of the Privatisation Agreement).

The Share Fund of the Republic of Serbia and the Privatisation Agency of the Republic of Serbia also indicates that the Buyer did not perform his obligation to announce a tender offer to buy the remaining shares of the Company as stipulated in Article 8.1.5 of the Privatisation Agreement.

Considering the abovementioned, the Share Fund of the Republic of Serbia and the Privatisation Agency of the Republic of Serbia has informed public company ALITA that the Shares of the Company shall be transferred to the Share Fund of the Republic of Serbia.

In the abovementioned notifications the Share Fund of the Republic of Serbia and the Privatisation Agency of the Republic of Serbia have also indicated that according to breaches of the Privatisation Agreement and on the ground of Article 8.6 of the Privatisation Agreement, the decision to claim the following contractual penalties from the Buyer was adopted:

-to claim the fine amounting to 50 % of the purchase price of the Shares - for the breach of obligation to make investments into the Company, as stipulated in Article 8.1.2 of the Privatisation Agreement;

-to claim the fine amounting to double value of the transferred fixed assets of the Company - for the breach of the obligation, stipulated in Article 8.2.2 of the Privatisation Agreemen (i.e. for the failure to secure that the Company would dispose its fixed assets in accordance with the provisions of the Privatisation Agreement);

-to claim the fine amounting to 100% of the purchase price of the Shares - for the breach of the obligation, stipulated in Article 8.2.4 of the Privatisation Agreement (i.e. for causing the Company to be put into the enforced settlement by way of sale of Company's fixed assets or any other similar proceeding and failure to prevent such proceedings).

On 5 March 2010 public company „ALITA", has informed the Share Fund of the Republic of Serbia and the Privatisation Agency of the Republic of Serbia, that it does not agree with such alleged breaches of the Privatization Agreement and, accordingly, the request to pay the penalties, deems such request as not reasonable and does not agree to pay the requested penalties; and also deems that the Share Fund of the Republic of Serbia and the Privatisation Agency of the Republic of Serbia have violated the contractual rights and applicable laws. Currently the Buyer together with its lawyers is still analysing the situation and possible strategies to challenge the aforementioned requests of the institutions of the Republic of Serbia.

## 21. Information about audit

Concolidated interim financial statements was not audited. An audit will be perform for the full financial year 2009.

The comparative information is taken from financial statements for the year 2008, which was prepared and audited in accordance with International Financial Reporting Standarts as adopted by European Union, where the associate investments is measured under the equity method. The effect of the equity method was restated by retrospectively adjusting the previous period's results.