Company Group ALITA AB

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2012

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Company details

Company Group ALITA AB

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Company code : 302444238

Registered office : Miškininkų str.17, Alytus, Lithuania

Supervisory Board

Leena Maria Saarinen
Vytautas Junevičius
Jan Åberg
Mats A Andersson

Board of Directors

Carl Andreas de Neergaard from 23/07/2012

Vaidas Mickus from 2012/05/24

Algirdas Ragelis 23/07/2012

Paulius Kibiša until 23/07/2012

Ramunė Petravičienė until 23/07/2012

Loreta Nagulevičienė until 24/05/2012

Management

Vaidas Mickus (General Director) from 23/07/2012
Paulius Kibiša (General Director) until 23/07/2012
Loreta Nagulevičienė (Finance and IT Director) until 24/05/2012
Vaidas Mickus (Finance and IT Director) from 24/05/2012 until 23/07/2012
Alina Mežiūnienė (Chief Accountant)

Auditor

KPMG Baltics, UAB

Banks

Swedbank, AB
AB Šiaulių bankas
Danske bankas A/S Lietuvos filialas

Company Group ALITA AB
Company code 302444238, Alytus, Miškininkų 17

Consolidated statement of financial position as of 30 September 2012

(LTL '000)

Note		30 September 2012	31 December 2011
	ASSETS		
	NON-CURRENT ASSETS		
	Intangible assets	402	620
	Investment property	1.392	1.425
	Property, plant and equipment	56.092	59.763
3.	Available-for-sale financial assets	5.783	5.854
	Deferred income tax assets	606	1.182
	Total non-current assets	64.275	68.844
	CURRENT ASSETS		
4.	Inventories	14.151	13.170
	Prepayments and deferred cost	302	498
5.	Trade accounts receivable	15.252	27.791
	Other current assets	854	522
	Cash and cash equivalents	1.853	950
	Total current assets	32.412	42.931
	TOTAL ASSETS	96.687	111.775
	LIABILITIES AND SHAREHODERS' EQUITY		
	SHAREHOLDERS' EQUITY		
6.	Share capital	20.000	20.000
	Share premium	74.198	74.198
	Compulsory reserve	5.083	5.083
6.	Revaluation reserve	(3.910)	(3.263)
7.	Retained earnings (loss)	(84.739)	(81.758)
	Total equity attributable to the equity holders of the parent Company	10.632	14.260
	Minority interest	686	799
	Total shareholders' equity	11.318	15.059
	NON-CURRENT LIABILITIES		
8.	Government grants	2.213	2.726
9.	Long-term bank loans and leasing liabilities	42.286	47.275
	Total non-current liabilities	44.499	50.001
	CURRENT LIABILITIES		
9.	Short-term bank loans and current portion of loans and leasing liabilities	24.866	17.045
	Trade accounts payable	5.653	10.142
10.	Other accounts payable	10.351	19.528
	Total current liabilities	40.870	46.715
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	96.687	111.775

General director Vaidas Mickus

Company Group ALITA AB
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Consolidated statement of comprehensive income for the nine month period ended 30 September 2012

(LTL '000)

Note		For the nine month period ended 30 September 2012	2011
11.	NET SALES	46.910	57.039
	Cost of sales	(31.992)	(39.048)
	GROSS PROFIT	14.918	17.991
	Other income	196	870
	The income from the transfer of the ownership rights of the subsidiary company	-	598
	Selling and distribution expenses	(6.245)	(7.059)
	General and administrative expenses	(9.576)	(12.210)
	Other expenses	(83)	(182)
	OPERATING PROFIT (LOSS)	(790)	8
	Financial income	1	33
	Financial expenses	(2.305)	(5.347)
	Finance costs -net	(2.304)	(5.314)
	PROFIT (LOSS) BEFORE INCOME TAX	(3.094)	(5.306)
	Income tax	-	-
	NET PROFIT (LOSS) FOR THE YEAR	(3.094)	(5.306)
	OTHER COMPREHENSIVE INCOME		
3.	Increase (decrease) in value of available-for-sale financial assets	(71)	(1.601)
	Effect of deferred tax	(576)	240
	TOTAL OTHER COMPREHENSIVE INCOME	(647)	(1.361)
	TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD	(3.741)	(6.667)
	Net profit (loss) attributable to:		
	Equity holders of the parent	(2.981)	(5.084)
	Minority interrest	(113)	(222)
	Total net profit (loss)	(3.094)	(5.306)
	Total comprehensive income attributable to:		
	Equity holders of the parent	(3.628)	(6.445)
	Minority interrest	(113)	(222)
	Total comprehensive income	(3.741)	(6.667)
7.	Basic and diluted earnings (loss) per share (in Litas)	-0,15	-0,20

General Director Vaidas Mickus

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Consolidated statement of comprehensive income for the July-September month period 2012

(LTL '000)

Note		July-September 2012	July-September 2011
11.	NET SALES	19.075	20.987
	Cost of sales	(12.298)	(13.864)
	GROSS PROFIT	6.777	7.123
	Other income	67	241
	The loss from the transfer of the ownership rights of the subsidiary company	-	-
	Selling and distribution expenses	(1.891)	(2.672)
	General and administrative expenses	(2.543)	(3.684)
	Other expenses	(68)	(77)
	OPERATING PROFIT (LOSS)	2.342	931
	Financial income	-	27
	Financial expenses	(797)	(1.909)
	Finance costs -net	(797)	(1.882)
	Extraordinary gain (loss), net	-	-
	PROFIT (LOSS) BEFORE INCOME TAX	1.545	(951)
	Income tax	-	-
	NET PROFIT (LOSS) FOR THE YEAR	1.545	(951)
	OTHER COMPREHENSIVE INCOME		
3.	Increase (decrease) in value of available-for-sale financial assets	(95)	(1.099)
	Effect of deferred tax	-	165
	TOTAL OTHER COMPREHENSIVE INCOME	(95)	(934)
	TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD	1.450	(1.885)
	Net profit (loss) attributable to:		
	Equity holders of the parent	1.559	(934)
	Minority interrest	(14)	(17)
	Total net profit (loss)	1.545	(951)
	Total comprehensive income attributable to:		
	Equity holders of the parent	1.464	(1.868)
	Minority interrest	(14)	(17)
	Total comprehensive income	1.450	(1.885)
7.	Basic and diluted eamings (loss) per share (in Litas)	0,08	-0,04

General director Vaidas Mickus

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Consolidated statement of Changes in Equity for the nine month period ended 30 September 2012

(LTL '000)

	Attributable to equity holders of the Company							
Note	Share capital	Share premium	Compulsory reserve	Revaluation reserve	Retained earnings (deficit)	Total equity	Minority interest	Total
2010 m. gruodžio 31 d. likutis	27.154	-	5.083	(1.394)	(107.576)	(76.733)	1.326	(75.407)
Disposal of the control of the ownership rights of the subsidiary company					(3)	(3)		(3)
Disposal of the control of the ownership rights of the subsidiary company					194	194	(194)	-
Comprehensive income								
Net profit (loss) for the year	-	-	-		(5.084)	(5.084)	(222)	(5.306)
Other comprehensive income								
Increase (decrease) in value of available-for-sale financial assets				(1.601)		(1.601)		(1.601)
Effect of deferred tax				240		240		240
Total other comprehensive income				(1.361)	-	(1.361)	-	(1.361)
Total comprehensive income				(1.361)	(5.084)	(6.445)	(222)	(6.667)
Balance as of 30 September 2011	27.154	-	5.083	(2.755)	(112.469)	(82.987)	910	(82.077)
Transfer of shares of subsidiary					(191)	(191)		(191)
Transactions between shareholders								
Reduction of the share capital, reducing the accumulated deficit	(24.028)				24.028	-		-
Coverage of the losses from additional contributions made by the shareholders					5.261	5.261		5.261
Issue of ordinary shares	16.874	74.198				91.072		91.072
Comprehensive income								
Net profit (loss) for the year					1.613	1.613	(111)	1.502
Other comprehensive income								
Increase (decrease) in value of available-for-sale financial assets				(598)		(598)		(598)
Effect of deferred tax				90		90		90
Total other comprehensive income				(508)	-	(508)	-	(508)
Total comprehensive income				(508)	1.613	1.105	(111)	994
Balance as of 31 December 2011	20.000	74.198	5.083	(3.263)	(81.758)	14.260	799	15.059
Comprehensive income								
Net profit (loss) for the year					(2.981)	(2.981)	(113)	(3.094)
Other comprehensive income								
Increase (decrease) in value of available-for-sale financial assets				(71)		(71)		(71)
Effect of deferred tax				(576)		(576)		(576)
Total other comprehensive income				(647)	-	(647)	-	(647)
Total comprehensive income				(647)	(2.981)	(3.628)	(113)	(3.741)
Balance as of 30 September 2012	20.000	74.198	5.083	(3.910)	(84.739)	10.632	686	11.318

General Director Vaidas Mickus

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Consolidated statement of Cash Flows for the nine month period ended 30 September 2012

(LTL '000)

	For the nine month period ended 30 September	
	2012	**2011**
Cash flow from (to) operating activities:		
Net profit (loss)	(3.094)	(5.306)
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation and amortisation	3.217	3.998
Change of impairment of trade and other accounts receivable	7	(5)
Change in impairment loss and depreciation of investment property	49	49
Write-off of property, plant and equipment	242	77
(Gain) loss from fixed assets sale	35	(200)
Write-off of inventories	8	36
Interest expenses	2.019	5.120
Interest income	-	(33)
The gain from the transfer of the ownership rights of the subsidiary company	-	(601)
	2.483	3.135
Changes in current assets and current liabilities:		
Decrease (increase) in inventories	(1.090)	(3.983)
Decrease (increase) in trade accounts receivable	12.539	5.879
(Increase)/decrease in prepayments and deferred cost	189	(35)
Decrease (increase) in other accounts receivable	(769)	5.153
Increase(decrease) in trade accounts payable	(4.013)	4.223
Increase (decrease) in other amounts payable	(9.182)	(4.704)
Net cash provided by operating activities	157	9.668
Cash flow from (to) investing activities:		
Acquisition of property, plant and equipment	(63)	(115)
Acquisition of intangible fixed assets	(9)	(25)
Sale of property, plant and equipment	-	200
Interest received	-	33
Net cash (used in) investing activities	(72)	93
Cash flow from (to) financing activities:		
Loans received	5.000	-
(Repayment) of loans	(2.168)	(4.635)
Interest (paid)	(2.014)	(5.120)
Net cash (used in) financing activities	818	(9.755)
Increase (decrease) in cash and cash equivalents	**903**	**6**
Cash and cash equivalents in beginning of the period	**950**	**6**
Cash and cash equivalents at end of the period	**1.853**	**12**

General director Vaidas Mickus

1. Reporting entity

On September 29, 2009 the resolution by AB Alita, to approve the Terms of the Spin-off of the Company Group ALITA AB was passed at the Extraordinary General Meeting and as of 7 October 2009 the Company Group ALITA AB was separated from AB Alita (later renamed to AB ALT Investicijos) and registered.

Registered address of the Company Group ALITA AB is Miškininkų 17, Alytus, Lithuania.

The authorized capital amounts to LTL 20 000 000 (EUR 5.8 million). It is made of 20,000,000 ordinary registered shares. Nominal value of the shares amounts to LTL 1 (EUR 0.29). Number of the shares with voting right is 20,000,000 units. All shares are authorised, issued and fully paid. Shares of the Company Group ALITA AB are listed in the Secondary Trade List of the NASDAQ OMX Vilnius Stock Exchange regulated trading.

As at 30 September 2012, the following shareholders of the Company Group ALITA AB held 5% or more of the Company's authorized capital:

	Shareholders votes, %
FR&R Invest, IGA S.A.	84,56%
Vytautas Junevičius	14,48%

After the reorganization of AB Alita, a producer of alcohol beverages, AB Anykščių Vynas, was transferred to the Company Group ALITA, AB. As at 30 September 2012 the Company Group ALITA, AB held 18,980,045, or 94.90% of the total registered shares in the AB Anykščių Vynas, each of 1 Litas in nominal value.

The consolidated financial statements include the parent the Company Group ALITA, AB and its subsidiary AB Anykščių Vynas (94.90%) .

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

Statement of compliance

These interim financial statements are consolidated financial statements of Company Group ALITA AB. They have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations, adopted by International Accounting Standards Board (IASB), as approved by the European Union.

Basis of preparation

The consolidated financial statements are presented in thousand Litas. Litas is the functional currency of the Group.

The consolidated financial statements are prepared on the historical cost basis, except for the following available for sale financial assets are measured at fair value.

Accounting is kept according to laws and regulations of the Republic of Lithuania.

2. Summary of significant accounting policies

Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the controlling entity may manage financial and activity policies of the subsidiary. When assessing existence of control, the right to vote and potential right to vote is considered (for potentially convertible instruments into shares). The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

2. Summary of significant accounting policies (cont'd)

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.

Non-derivative financial instruments

Non-derivative financial instruments comprise available for sale financial assets, trade and other receivables, cash and cash equivalents, loans and borrowings, trade payables and other liabilities.

Non-derivative financial instruments are recognized initially at fair value plus (except for instruments, at fair value through profit and loss account) any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Loans and receivables are non-derivative financial assets and are not quoted in an active market. They are included into current assets except for maturities greater than 12 months. Loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less impairment losses, if any. Short-term receivables are not discounted.

Available-for-sale financial assets are non-derivative financial assets that are not classified in any other groups of financial assets (loans and amounts receivable, financial assets held to maturity). Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognised in other comprehensive income and presented within consolidated equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in consolidated other comprehensive income is transferred to the statement of comprehensive income.

Loans and borrowings and other financial liabilities, including trade payables are subsequently stated at amortized cost using the effective interest rate method. Short-term liabilities are not discounted.

Derivative financial instruments

Derivatives are recognized initially at fair value; directly attributable transaction costs are recognized in the statement of comprehensive income when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for in the statement of comprehensive income.

Share capital – ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment acquired until 1 January 1996 are measured at cost less accumulated depreciation and impairment as adjusted by the amounts of revaluations according to the rates set for individual groups of assets by the Government of the Republic of Lithuania. Carrying value of such assets after revaluation became its cost. Items of property, plant and equipment acquired on 1 January 1996 or later are measured at cost less 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.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in the statement of comprehensive income.

2. Significant accounting policies (cont'd)

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.

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.

2. Significant accounting policies (cont'd)

Dividends

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

Government grants

Government grants are initially recognized as deferred income when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. The grants related to an expense item are recognized as a reduction of the expense over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Grants that compensate the Company for the cost of an asset are recognized in profit or loss on a systematic basis over the useful life of the asset.

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 amortization.

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.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including transactions with any of the Group's other components). All operating segments' operating results are reviewed regularly by the Group's management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2. Significant accounting policies (cont'd)

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.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The fair values of investment property are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

The fair value of equity securities is determined by reference to their quoted closing bid price at the reporting date, or if unquoted, determined using a valuation technique.

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Fair value of financial liabilites, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

(LTL '000 unless otherwise stated)

3. Available-for-sale financial assets

Available-for-sale financial assets consist of the following:

	30 September 2012	31 December 2011
AB Šiaulių Bankas shares	9.693	9.693
Increase (decrease)in value in the beginning of the period	(3.839)	(1.640)
Increase (decrease) in value during the period	(71)	(2.199)
Increase (decrease) in value at the end of the period	(3.910)	(3.839)
Total	5.783	5.854

As at 30 September 2012, the Company Group ALITA AB owned 3.38% or 6,920,480 registered shares of AB Šiaulių Bankas with a nominal value of 1 Litas each. The value of the shares as at the reporting date is based on the quoted price in the active market of AB Šiaulių Bankas. The change in fair value of -71 thousand Litas for the shares in AB Šiaulių Bankas has been recognized in other comprehensive income.

4. Inventories

Inventories consist of:

	30 September 2012	31 December 2011
Raw materials	5.856	5.014
Work-in-process and finished goods:	8.227	8.002
Goods for resale	68	154
	14.151	13.170

Impairment of inventories to net realizable value amounts to 489 thousand Litas at 30 September 2012 (at 31 December 2011: 551 thousand Litas).

5. Trade accounts receivable

Trade accounts receivable consist of:

	30 September 2012	31 December 2011
Trade accounts receivable	15.668	28.207
Impairment in the beginning of the year	(416)	(515)
Doubtful accounts receivable write off	-	99
Impairment at the end of the period	(416)	(416)
Total	15.252	27.791

6. Shareholders' equity

Share capital

The Company has outstanding 20,000,000 ordinary registered shares with the par value of LTL 1 (one) each:

- 3,126,000 ordinary registered shares, which are traded on the Vilnius stock exchange;
- 16,874,000 ordinary registered shares, which are not admitted to trading on a stock exchange.

The total share capital is fully paid.

The holders of the ordinary shares was 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.

6. Shareholders' equity (cont'd)

Revaluation reserve

	Impair-ment	Deferred income tax	Impairment net of deferred income tax
Revaluation reserve as of 1 January 2012	(3.839)	576	(3.263)
Change in fair value during the period	(71)	(576)	(647)
Revaluation reserve as of 30 September 2012	(3.910)	-	(3.910)

In 2012 the management decided to unrecognize deferred tax asset from decreased value of available-for-sale financial assets, as it is not expected that it will be realized. According to the Law on the Profit Tax the tax loss from the transfer of securities may be carried forward for a period of up to 5 years; it is available as a deduction only against taxable profit from the transfer of securities.

7. Basic earnings (loss) per share

Basic earnings (loss) per share are calculated as follows:	For the nine month period ended 30 September	
	2012	2011
Net profit (loss), attributable to the shareholders	(2.981)	(5.084)
Number of shares (thousands)	20.000	27.154
Basic and diluted earnings (loss) per share (Litas)	-0,15	-0,19

	July-September	
	2012	2011
Net profit (loss), attributable to the shareholders	1.559	(934)
Number of shares (thousands)	20.000	27.154
Basic and diluted earnings (loss) per share (Litas)	0,08	-0,03

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

8. Government grants

	30 September 2012	31 December 2011
Balance of the funds, received from EU structural funds	2.213	2.726

In 2009 the Group in order to increase competitiveness of production and to decrease environmental pollution started to realize reconstruction of boiler-house, modernization of heat network. The support of up to 3.473 thousand Litas from the European Structural Funds and the treasury of Lithuanian Republic for the implementation of this Project was granted by the Ministry of Economy of the Republic of Lithuania. The total value of the Project is about 7 million Litas. The project was finished in June 2010.

Ministry of Economy of the Republic of Lithuania has allocated funding (amount of 400 thousand Litas) according to the European Union Structural Assistance Use Strategy of Lithuania for the period 2007-2013 and according to the Implementing Measure "New Opportunities" of Second Priority of Action Program Increasing of Business Productivity and Improving Environment for the Business". The current project are targeted at the promotion of the export of alcoholic drinks. Project is financed (by 70 per cent of their total value) by the European Union Regional Development fund. Projects was finished in September 2012.

(LTL '000 unless otherwise stated)

9. Long-term and short-term loans and leasing liabilities

	30 September 2012	31 December 2011
Long-term loans and leasing liabilities	42.286	47.275
Total long-term liabilities	42.286	47.275
Current portion of long-term loan and leasing liabilities	4.687	175
Short-term loans	20.179	16.870
Total short-term liabilities	24.866	17.045

As at 30 September 2012, the Group has long-term loans amounts to 46,761 thousand Litas and its repayment terms are in 2016. Current portion of these long-term loans amounts to 4,506 thousand Litas. The average variable rate of this loans was 2,925 % in 2012.

The short-term loans of the Group amounts to LTL 15,179 thousand and its repayment terms are in September and December 2012. The average variable rate of the loans was from 5,9 % iki 7,6 %. The management expects that they will succeed to reach agreements for delaying the repaid terms of these loans.

In August 2012 the Company Group ALITA AB signed with Nordea Finance Lithuania UAB factoring agreements for one year period to finance the receivable amounts up to 5.000 thousand Litas. As at 30 September 2012 all this amount was used.

To secure the long-term loans and borrowings, the Group pledged buildings, equipment, inventories, all the current and future Group's funds at banks, trademarks, shares of the Group companies, all current and future land lease rights, rights to amounts receivable according to the list and bills of exchange for 5,000 and 1,100 thousand Litas.

10. Other amounts payable

Other amounts payable are listed below:

	30 September 2012	31 December 2011
Excise duty	4.751	11.306
Value added tax (VAT)	3.347	5.112
Salaries and related taxes	976	1.027
Vacation reserve	264	708
Redundancy payments	-	285
Advances received	87	102
Other amounts payable	926	988
Total	10.351	19.528

11. Information according to business and geographic segments

Segment information is presented below:

	For the nine month period ended 30 September	
Business segments	2012	2011
Alkoholic products	43.859	54.134
Apple products	2.048	2.346
Not allocated to any specified segment	1.003	559
Total	46.910	57.039
Geographic segments		
Revenue from domestic market customers	40.311	52.128
Revenue from foreign customers	6.599	4.911
Total	46.910	57.039

(LTL '000 unless otherwise stated)

11. Information according to business and geographic segments (cont'd)

	July-September	
Business segments	2012	2011
Alkoholic products	16.726	18.334
Apple products	1.959	2.308
Other	390	345
Total	19.075	20.987
Geographic segments		
Revenue from domestic market customers	16.793	19.132
Revenue from foreign customers	2.282	1.856
Total	19.075	20.987

All the Group's asset are located in Lithuania.

12. Legal events

The main court and arbitration proceedings

1. An appeal has been brought before the Supreme Administrative Court of Lithuania against the judgement of the Vilnius Regional Administrative Court passed on 2 April 2012, by which the Vilnius Regional Administrative Court rejected the complaint of Plass Investments Ltd. against the Competition Council of the Republic of Lithuania, in which Plass Investments Ltd. requested the court to cancel resolution No. 1S-194, dated 28 September 2011, and the decision, dated 29 September 2011, of the Competition Council and to return the question regarding permission to FR&R Invest IGA S.A. to implement the concentration by acquiring 100% of Company Group ALITA AB shares to the Competition Council to be solved anew. Company Group ALITA AB is involved in the case as a third person. The appeal of Plass Investments Ltd. was rejected by the judgement of the Supreme Administrative Court of Lithuania, dated27 July 2012.

2. The Vilnius Regional Administrative Court is examining the administrative case initiated by Plass Investments Ltd. against the Bank of Lithuania, in which Plass Investments Ltd. requests the court inter alia to cancel the resolution of the Bank of Lithuania, dated 18 January 2012, to approve the circular of the mandatory non-competitive tender offer to buy the remaining voting shares of Company Group ALITA AB. Company Group ALITA AB is involved in the case as a third person. In the opinion of Company Group ALITA AB, the claim of Plass Investments Ltd. is unfounded and has to be dismissed.

3. The Kaunas Regional Court is examining the dispute between Company Group ALITA AB and Plass Investments Ltd. according to the claims lodged by Plass Investments Ltd. against the company and joined to form one case, according to which Plass Investments Ltd. requests the court inter alia to invalidate the resolutions adopted by the extraordinary general meeting of shareholders of Company Group ALITA AB, dated 3 October 2011, on the reduction of the share capital of the company from LTL 27,153,193 to LTL 3,126,000 and on the increase of the share capital of the company from LTL 3,126,000 to LTL 20,000,000, the share subscription agreement between Company Group ALITA AB and FR&R Invest IGA S.A., the version of the Articles of Association of Company Group ALITA AB, dated 3 October 2011, where the share capital of Company Group ALITA AB is indicated to be LTL 3,126,000 and the version of the Articles of Association of Company Group ALITA AB, dated 3 October 2011, where the share capital of Company Group ALITA AB is indicated to be LTL 20,000,000.
In the opinion of Company Group ALITA AB, the claims of Plass Investments Ltd. are unfounded and have to be dismissed.
The Kaunas Regional Court by its ruling of 8 March 2012 satisfied the request of Plass Investments Ltd. for imposition of interim measures and decided: (i) to prohibit the shareholders of Company Group ALITA AB V. Junevičius and FR&R Invest IGA S.A. from addressing the Bank of Lithuania for approval of the price of the squeeze-out of Company Group ALITA AB shares; (ii) from providing Company Group ALITA AB with a notice on the squeeze-out of shares; (iii) to prohibit Company Group ALITA AB, each shareholder of Company Group ALITA AB, the supervisory authority and the operator of the regulated market from sending a notice on the squeeze-out of shares by registered mail; (iv) from public announcement of the squeeze-out of shares in the source specified in the Articles of Association of Company Group ALITA AB. Having examined a separate appeal against the said ruling, the Court of Appeal of Lithuania upheld the ruling.
The Kaunas Regional Court by its ruling of 16 May 2012 (and the ruling of 21 May 2012, amending the previous ruling) satisfied the request of Plass Investments Ltd. for imposition of interim measures and decided: (i) to seize all the shares of Company Group Alita, AB owned by FR&R Invest, IGA S.A., restricting the right of FR&R Invest, IGA S.A. to manage and dispose of the shares; (ii) to prohibit FR&R Invest, IGA S.A. and Vytautas Junevičius from making use of the voting rights carried by their shares in Company Group Alita, AB, when taking decisions on the increase or reduction of the authorised capital of Company Group Alita, AB, on amendments to its Articles of Association and appropriation of profit (loss); (iii) to prohibit Company Group Alita, AB from conduction of any transactions in connection with the transfer of real property and movable property – securities (shares) and trademarks (including, without limitation, AB Anykščių Vynas); (iv) to prohibit the company FR&R Invest, IGA S.A. from making use of any personal rights granted by shares in Company Group Alita, AB, the use of which makes it possible for the company FR&R Invest, IGA S.A. to acquire new shares in Company Group Alita, AB. A separate appeal was filed against the said ruling.The Lithuanian Court of Appeal by its ruling of 3 August 2012 revised the ruling of the Kaunas Regional Court, dated 16 May 2012, and upheld the seizure of all the shares of Company Group Alita, AB owned by the respondent FR&R Invest, IGA S.A., restricting the right of the respondent to manage and dispose of the sharesas items of civil circulation, imposed by the Kaunas Regional Courtin its ruling of 16 May 2012; all other interim measures imposed by the Kaunas Regional Court in its ruling of 16 May 2012 were cancelled.

12. Legal events (cont'd)

4. A case is pending before the Supreme Administrative Court of Lithuania against the judgement of the Vilnius Regional Administrative Court passed on 18 June 2012, by which the Vilnius Regional Administrative Court rejected the complaint of Plass Investments Ltd. against VĮ Registrų Centras, in which Plass Investments Ltd. requests the court to cancel the resolutions of VĮ Registrų Centras Alytus branch dated 5 October 2011 and 6 October 2011 according to which the Articles of Association of the company with the reduced share capital and with the increased share capital were registered respectively, as it is indicated in item 3 above. Company Group ALITA AB is involved in the case as a third person. In the opinion of Company Group ALITA AB, the appealof Plass Investments Ltd. is unfounded and has to be dismissed.

5. The Company Group ALITA AB received a letter from the Foreign Trade Court of Arbitration at the Chamber of Commerce and Industry of Serbia (hereinafter, the Arbitration tribunal) concerning request by the Privatization Agency of the Republic of Serbia (hereinafter, the Privatization agency) to include the Company Group ALITA AB as the third respondent in the arbitration case No. T-12/10-205, whereby the Privatization agency launched a claim against BAB „ALT Investicijos" and United Nordic Beverages AB (hereinafter , the UNB) in relation to the Purchase-Sale agreement of the Shares of the Joint-Stock Company Beogradska Industrija Piva, Slada si Bezalkoholnih Pica of 24-07-2007, entered into between the Share Fund of the Republic of Serbia and the Privatization Agency of the Republic of Serbia, on one hand, and AB „ALITA" (the new name - BAB „ALT Investicijos") and the UNB, acting as a consortium, on the other hand (hereinafter, the Privatization agreement). The Privatization agency claimed in total EUR 68,347,168 from BAB "ALT Investicijos", UNB and the Company Group ALITA AB jointly for the alleged violations of the Privatization agreement. On November 15 2011 the Arbitration tribunal rendered the partial award concerning jurisdiction on the Company Group ALITA, AB, whereof it decided to include the Company Group ALITA, AB as the third respondent in the arbitration case. Company Group ALITA AB has initiated: (i) proceedings before the Serbian court of general jurisdiction - the Commercial Court of Belgrade - to set-aside the partial award of 15-11-2011 in so far as the question of jurisdiction is concerned (the Commercial Court of Belgrade (Serbia) satisfied request of Company Group ALITA AB and by way of its judgment of 10 September 2012 set aside the partial Award of 15 November 2011, however on 20 November 2012 representatives of Company group ALITA AB in Serbia has received the Privatisation agency's appeal and now validity of partial award of 15 November 2011 rendered by the Arbitral tribunal will be decided upon by the Serbian court of general jurisdiction - the appellate instance), and, furthermore, (ii) it has also started court proceedings for non-recognition in Lithuania of the partial award in so far as the question of jurisdiction is concerned at the Lithuanian Court of Appeal (the Lithuanian Court of Appeal has summoned the court hearing to consider this request on 25-02-2013). In the meantime, the Arbitration tribunal adopted award on 17-09-2012, whereof the respondents are ordered to pay to the Privatisation agency fines in the amount of EUR 16,848,655 (instead of claimed EUR 68,347,168) together with yearly interest of 1.95%, but the Company Group ALITA AB's liability is limited to maximum LTL 39,196,065 (EUR 11,351,965) amount. Also Privatisation agency was awarded EUR 204,832 legal expenses and the award stated that respondents are fully responsible for them. The Company Group ALITA AB does not recognize the jurisdiction of the Arbitration tribunal and also the Company Group ALITA AB holds that all the claims of the Privatization agency against Company Group ALITA AB are unfounded and have to be dismissed. Company Group ALITA AB intention is to use all available legal remedies to fight the award of 17-09-2012 made by the Arbitration tribunal.
The Alytus District Local Court by way of its ruling of 25 November 2011 applied interim measures to the Company Group ALITA AB and BAB ALT Investicijos in the amount of LTL 236,291,079 to ensure the enforcement of a possible future award of the Arbitration tribunal. However, the Kaunas Regional Court by way of its ruling of 2 February 2012 cancelled all the interim measures applied by the Alytus District Local Court to the Company Group ALITA AB and BAB ALT Investicijos.

13. Subsequent events

In October 2012 upon the initiative of Board of the Company Group ALITA AB had been decided to convene the Extraordinary General Meeting of Shareholders of the Company, which will take place on 9 January 2013.

Subsequent to the end of reporting period the subsidiary of the Company Group ALITA AB filed a complaint to the State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania on received audit report dated 25 July 2012 with order for additonal VAT payment amounted to 413 thousand Litas and related to the financial year 2010. The management of the subsidiary does not agree with the received order. The Group did not accrue for the VAT claim received.

14. Information about audit

Concolidated interim financial statements was not audited. An audit will be perform for the full financial year 2012.

The comparative information is taken from consolidated interim financial statements for the nine month period ended 30 September 2011 and consolidated financial statements for the year 2011, which was prepared and audited in accordance with International Financial Reporting Standarts as adopted by European Union.