

THE INTERIM STATEMENT

The reporting cycle from 2007-01-01...2007-12-31

The joint-stock company "Gubernija" (hereinafter- the Company) was registered on May 5, 1993. The code of the Company is 144715765. The address of the seat is Dvaro g. 179, LT- 76176 Šiauliai. The e-mail is: info@gubernija.lt. The internet address is www.gubernija.lt

Short description of the history of the Company

GUBERNIJA is the oldest industrial brewery working in Lithuania which has developed from the manufactory manor house and the brewery. It is known that in 1682 its products reached not only different places in Lithuania, but also a part of western Belarus and Minsk. There is a document dated in the second half of the XVII th century in the historic archives of Radvilos in Warsaw where the brewery of Šiauliai manor is described in details. "GUBERNIJA" brewery is justly considered as the oldest brewery in Lithuania.

The first reconstruction of "GUBERNIJA" brewery which started in 1799 lasted more than ten years. Later reconstructions of "GUBERNIJA" brewery took place every hundred years. The second reconstruction took place in the last decade of the XIX th century and the beginning of the XX th century. Till the end of the XIX th century all works were manual. Beer was tipped off into casks and only since the end of the XIX th century bottles came into the use. During the Second World War "GUBERNIJA" brewery was destroyed badly and burnt but in August, 1944 it started working again. The brewery developed little by little. In 1982 a spacious room for bottling was opened, in 1985 a new administrative building was built. In 1996 after privatization of "GUBERNIJA" brewery, a new period of the brewery history started. In 1996 a material reconstruction of the brewery was begun. A modern brewery with forward technologies was built in the territory of the Old Gubernija.

The lawful base of the activities and the review

AB "GUBERNIJA" in its practice follows the Laws on Joint-stock companies of the Republic of Lithuania, Laws on Securities' market, other laws and regulatory acts of the Republic of Lithuania, statutes and the accounting policy of the Company.

AB "GUBERNIJA" belongs to the brewers' association of Lithuania, also to the industrialists' association of Šiauliai and participates in the activities of the associations.

The main direction of the activities of the Company is production and sales of beer, beer drinks, cider, and kvass. The Company constantly renews the assortment of production and pays a lot of attention to the quality.

Beer and beer drinks in the structure of the products of the Company make 84, 16 percent of all sales in the rating expression, the rest part is kvass, kvass drinks, cider, other goods and services.

There were many changes in the Company in the year 2007. General manager Romualdas Dunauskas resigned on April 02, 2007. On April 06, 2007 Mr Romas Bubnelis was appointed the general manager.

A board of the Company was reelected on April 06, 2007 during the general meeting of the shareholders. On April 26, 2007 the main creditor of AB "Gubernija" changed. UAB "Respublikos

investicija” took over the requirement rights occurring from the crediting contract of December 28, 2004 made with AB SEB Vilnius bank and AB Bank “Hansabankas”. Order and terms of the implementation of the Crediting contract obligations have not changed to AB “Gubernija.

The Company worked hard: due to the lack of stock, production of beer was suspended and restarted. The Company was overburdened with the requirements of suppliers and creditors, and lack of current assets.

The year 2007 was especially difficult looking from the point of view of the activities. The Company worked hard the whole year: there was a lack of the current assets due to the pay up of the debts to the suppliers which were left by the former managers to the new ones, that is why the suppliers raised the prices of the stock and materials, the negotiations for more favourable supplying conditions and terms of payment became impossible. Suppliers require the payment and supply the stock only for the paid sums. Production of beer was suspended and restarted. The Company was overburdened with the requirements of suppliers and creditors, judicial processes began, the assets of the Company was arrested. Due to the lack of the main stock and other material necessary for the production the Company reduced the range of the production. The Company only partially fulfills the orders of the buyers of the main goods.

During the period of governing (since April) a lot of actions were performed reconsidering the prices of the sold production, refusing from the loss-making export, an unexpedient rent of the premises and territories. Old employees from the sales department resigned, new ones have no sufficient experience. One of the main reasons that the Company is in a complicated situation is the reduce in sales and a significant increase in the prices of malt and energetic resources.

Sales of beer in the year 2007 decreased significantly (in 17, 89 %). Income from sales during the year 2007 in comparison with the same period of the year 2006 decreased in 3, 37% or 1, 91 million Lt. Sales of beer in comparison with the same period of the year 2006 decreased in 12, 14%. Only sales of kvass increased. 459, 03 thousand deciliters of kvass were sold during the year 2007. In comparison with the year 2006, sales increased in 30, 8 %. Sales decreased due to the disorders of the material supplies, it is impossible to gain malt and other necessary material and containers, there is a periodical underproducing of production and the Company pays fines as it can not deliver orders of the production.

Due to the decreased amount of the produced production permanent expenses for 1 dal of production increased. The increase of the cost price was influenced by the rise in prices of energetic resources, the stock, and the structural changes of the production.

Analysis of results from the financial activities

In the year 2007 AB “Gubernija” worked into a loss and experienced a loss of 6, 15 million Lt, though the profit before the interest, depreciation, and amortization (EBITDA) is positive-1, 8 million Lt. The significant part of the expenses make depreciation and amortization. A fall in sales and a huge shift of the personnel determined a such result.

In the year 2007 a lot of attention was paid to the control of the expenses and improvement of the activities, but no positive results were gained.

The unacknowledged profit of the reporting cycle in the profit/loss report of the year 2007 due to the depreciation of the reassessed part in the long-term assets is 463, 4 thousand Lt.

On December 31, 2007 the corporate property of the Company was 43, 79 million Lt.

On December 31, 2007 the short-term assets were 10, 03 million Lt. Short-term obligations were 19, 89 million Lt.

At the moment the situation in the Company is very complicated. At the end of the year The private capital of the Company became less than ½ of the authorized capital declared in the statutes. The board of the Company is informed about this situation and has to make a decision not later than in three months to rectify the situation.

Securities

The authorized (signed) capital of the Company is 21 786 000 Lt. The capital is divided into 21.786.000 ordinary nominal shares, the nominal value of every share is 1 Lt. All shares are completely paid-up. Ordinary nominal shares of AB “Gubernija” are on the list of the current market of AB “Vilniaus vertybinių popierių birža” (“Vilnius bourse”) (enlisted on September 13, 2004). Sales of the shares of the Company are in “Vilniaus vertybinių popierių birža” (“Vilnius bourse”). There no other bourses which sell shares of AB GUBERNIJA.

AB GUBERNIJA did not buy its own shares during the reporting cycle.

In the end of the year 2007 shareholders owning more than 5 % of the authorized capital / votes of the Company

Name, surname of the shareholder/ a company, the address of the seat, the code	Number of shares that the shareholder owns, in units	A possessed part of the authorized capital, in percent	A part of votes granted by the owned shares, in percent	A part of votes belonging to the shareholder and other contributors, in percent
VITAS TOMKUS	7 351 191	33,74	33,74	45,07
UAB“RESPUBLIKOS“ SPAUSTUVĖ(UAB “RESPUBLIKOS“ PRINTING-HOUSE), A.SMETONOS 2, VILNIUS, 124250999	2 469 200	11,33	11,33	
ROMUALDAS DUNAUSKAS	2 870 090	13,17	13,17	
JAVELIN FINANCE Siute 4, 41 Lower Baggot Street, Dublin, Ireland 221234	2 696 480	12,38	12,38	
UAB “LINOS NAMAI“ Vilniaus g. 166, Šiauliai 300038452	1 369 039	6,28	6,28	32,34
VIOLETA DUNAUSKIENĖ	98 940	0,45	0,45	

LARISA AFANASEVA	2 590 110	11,89	11,89	On March 21, 2007 a right to vote was alienated to UAB “Respublikos“ printing-house for two years, attached
TAKHIR SHABAEV	1 310 160	6,01	6,01	On March 21, 2007 a right to vote was alienated to UAB “Respublikos“ printing-house for two years, attached

AB Gubernija and AB FMI “Finasta“ (Konstitucijos prospektas 23, Vilnius) signed a contract about the keeping records of the shares issued by the Company, preparation of the periodical reports and rendering of other services.

Plans and forecasts of the activities

In the year 2007 the Company produced a new kind of beer “JUODAS LEDAS“ (“BLACK ICE“). The aim of the Company in the inner market is to return to a 10% part of the beer market in Lithuania and maintain the general growth of the market.

Events after the balance was completed

On January 22, 2007 the Commission of Securities of the Republic of Lithuania sent a report about the loss of the shares‘ packet and informed that Vitas Tomkus had sold 11, 34 percent of shares to UAB “Respublikos“ printing-house. On March 21, 2007 a contract about the alienation of the voting rights was made by which L. Afanasjeva and T. Shabaev alienated their votes to UAB “Respublikos“ printing-house for two years. Legal conflicts about that contract take place, alienated votes are being attached.

The case about the decisions of the general shareholders‘ meeting on April 06, 2007 acknowledging as invalid in the court of Šiauliai circuit. On January 14, 2008 new statutes were registered and the authorized capital was expanded to 24 814 720 Lt.

Information about the audit

On March 06, 2008 a contract with UAB “Auditoriai ir konsultantai“ was signed to audit the financial accountability of the year 2007.

The Deputy of
AB GUBERNIJA



Povilas Stumbrys