



**AKCINĖ BENDROVĖ**

**GUBERNIJA, AB**

**INTERIM REPORT FOR THE 6 MONTHS OF YEAR 2014**

AUGUST, 2014

## 1. GENERAL INFORMATION ABOUT THE ISSUER

### 1.1 Accounting Period for which the present Report has been Prepared.

The present Report has been prepared for the 6 months of the financial year 2014.

### 1.2. Key Data on the Issuer

Name	AB "Gubernija"
Legal status	Stock Company
Registration date	The Company was registered on May 5, 1993
Company code	144715765
VAT payer's code	LT 447157610
Authorized capital	16 129 614 LTL, comprising 16 129 614 ordinary shares at par value of 1 LTL each.
Address	Dvaro str. 179, LT-76176 Siauliai, Lithuania
Telephone	(+370 41) 591900
Fax	(+370 41) 591911
E-mail address	<a href="mailto:info@gubernija.lt">info@gubernija.lt</a>
Internet website	<a href="http://www.gubernija.lt">www.gubernija.lt</a>

### 1.3. Type of the Issuer's main activities

The Company's main activity is production of beer, kvass and kvass drinks.

### 1.4. Agreements with intermediaries of public trading in securities

The company has signed an agreement with the financial brokerage company AB Finasta (VPK license No.: A 087, address: Maironio 11, Vilnius, telephone (8-5) 278 68 33 fax (8-5) 278 68 38) concerning management of securities accounting.

### 1.5. Securities admitted to the trading lists of the stock exchanges

1.5.1. Ordinary shares of AB Gubernija were admitted to the additional trading list of NASDAQ OMX Vilnius Stock Exchange.

Type of shares – ordinary registered shares;

Number of shares – 14 160 946;

Total nominal value – 14 160 946 LTL;

VP ISIN code – LT0000114357.

1.5.2. At the 30 th June 2014 AB Gubernija had no one own shares.

## **2. THE INFORMATION PROVIDED FOR IN ARTICLE 25 OF THE LAW ON FINANCIAL STATEMENTS OF ENTITIES OF THE REPUBLIC OF LITHUANIA**

### **2.1. The objective review of the Company's state, activity performance and development; the description of the main risk types and uncertainties encountered by the enterprise**

#### ***Economical situation***

AB "Gubernija" sells its production in Lithuania and exports to the USA, Russia, Africa and countries of European Union. Traditional technologies are used in production of the high quality production: a natural method of fermentation is applied, the technology of high gravity is not applied, stabilizers and other synthetics are not used. Beer makes about 80 percent in the structure of the produced products of the Company.

Incomes from sales of the production increased to LTL 201 thousand or by 1.03 percent in comparison the same period of the last year. During the reporting period, net loss of LTL 604 thousand was incurred due to less profitable local sales instead of reduced export.

#### ***Technical- technological factors***

The Company produces beer of 60 commercial titles, 1 beer drink having the commercial title, 9 types of kvass with the commercial titles, and 7 types of soft drinks having the commercial titles. The production is produced according to the legal acts - requirements of technical regulations: the Technical Regulation for Beer characterization, production and sales approved by the Minister of Agriculture Ministry of The Republic of Lithuania on January 28, 2005, the law No 3D-45 (Žin., 2005, Nr. 16 – 507) and the Technical Regulation for Soft drinks and kvass characterization, production and sales approved by the Minister of Agriculture Ministry of The Republic of Lithuania on January 12, 2009, the law No 3D-13 (Žin., 2009, Nr. 7 – 252), and the standard of the enterprise Beer drinks IST 144715765 – 07:2004. The Company following the regulations of the law participates in preparation of the technical regulations, prepares and rectifies itself the standards for the enterprise with the accredited institution.

Food safety control is performed according to the installed plan for the food security system which consists of the system plan HACCP (Hazard Analysis and Critical Control Points) - (food safety is under control during the technology process) and the mandatory programme (Conditions for food production are under control). Such control of food security is set in the legal acts and mandatory.

The Company did not deployment any standards for environment protection, quality, and management control.

The Company is not able to reduce expenses due to the technical-technological development because the quality of the produced goods depends on that. It is necessary to follow quality standards for the production of food and drinks, and the requirements of the hygiene norms.

#### ***Description of main types of risk and indeterminac faced by the company and management thereof***

Company specializes in production and selling of beer, drinks of beer, production and selling of kvass. Main factors which give the risk of company business are possible price movements in the markets of products; also possible political, juridical, social and technological changes immediately or indirectly concerned with AB „Gubernija” continue proceeding, which might make a negative influence on company's money flows and results of activity.

## 2.2. Analysis of financial and non-financial activity results, information related to environment and personnel issues

Key figures, LTL thousand	30-06-2014	30-06-2013
Turnover	19 512	19 311
Profit before taxes, interests and depreciation (EBITDA)	1 040	931
Profit (loss) before taxes	(670)	(799)
Investment in property, plant and equipment	205	132
Number of employees	185	192

### Main quality management and environmental principles:

The production of AB "Gubernija" is performed following the licence No 82 TIPIK issued by Siauliai Regional Environmental Department by The ministry of Environment to the Republic of Lithuania. Main sources of industrial pollutants are the boiler-house of the steam production (contaminants- carbonic and nitrogen oxides) and the dust forming during the discharging of malt. The amounts of the pollutants are pro rata: carbonic and nitrogen oxides – 15.74 t/a year, dust (solid particles) – 0.50 t/ a year. While producing the production there is a by-product which is utilized or sold as the norage for the cattle. Due to the need to wash the containers and to disinfect them at the end of the production, there are overnorms of the effluent pollution. To perform its activities the Company has the programmes for collecting the tare, collects and uses it, and takes for salvage the one not suitable to use. Due to the mobile and stationery pollution sources a tax was paid. The activities of the Company due to damage for the nature mentioned above from the owned sources of pollution were not stopped in the six months of year 2013. The prevention of the laboratory findings related to the pollution of the product and the environment in the territory is performed every day which allows protecting nature, the local population, and customers. The possibility to restrain or stop the activities of the Company is minimal, unless the accident in the freezing compressor happens during which ammonia spills. The means for liquidation of the accident is ready.

The company's top management annually reviews and approves food safety, quality and environmental protection policies.

### 2.3. References and additional explanatory notes regarding the data presented in the annual financial statements

Information presented in the interim financial statements and notes to the financial statements are sufficient, detailed and requires no additional explanation.

### 2.4. The number of the shares acquired by the entity and the entity's own shares as well as nominal value thereof and a part of the authorized capital made up by these shares

At the 30 th June 2014 the Company has purchased no one own share.

### 2.5. The number of the own shares acquired and transferred during the reporting period, where they are acquired or transferred against payment

During the reporting period, the Company's own shares has nod acquired and has not transferred.

## **2.6. Information about branches and representative offices**

The Company has 8 its branded stores in major cities of Lithuania: Siauliai, Vilnius, Klaipeda and Kretinga. The Company has also got the representative office and the warehouse of the wholesale at Kalvariju str. 204 B, Vilnius.

## **2.7. Significant events occurred after the end of the financial year**

No significant events have occurred after the end of the financial year.

## **2.8. Plans of the Company's activity and forecasts**

AB Gubernija has set the following goals for 2014:

- Expected sales close to LTL 40 million;
- Expected EBITDA profitability around 7%;
- Expected net profit margin around 2.5%.

## **2.9. Information about research and development activity**

The Company continuously makes investments and searches for new ways how to ensure a constant and better efficiency growth of its activity.

## **2.10. The goals of financial risk management, hedging instruments used for expected transactions on which hedging accounting is applied, and the scope of price risk, credit risk, liquidity risk and cash flows risk**

The Company did not use any financial instruments which are important for valuation of the Company's assets, liabilities, financial position and performance results.

## **2.11. Description of investment**

During the reporting period the company made investments in:

- Reconstruction of industrial buildings (LTL 35 thousand);
- Machinery and equipment renewal (LTL 143 thousand);
- Commercial software update (LTL 26 thousand).

## **3. OTHER INFORMATION ABOUT THE ISSUER**

### **3.1. Structure of the Issuer's authorized capital**

The authorized capital registered with the Companies Register Center amounts to LTL 16 129 614. The authorized capital is divided into 16 129 614 ordinary shares (nominal value 1 LTL). All ordinary registered shares of AB Gubernija are fully paid in.

### **3.2. Restrictions applicable upon the transfer of securities**

There are no restrictions applicable on the transfer of securities. All published stocks give the same rights for all shareholders, which are provided by the joint-stock companies Law of the Republic of Lithuania and statute of company.

All the company's shares with voting rights are of equal nominal value and each share in general meeting of shareholders has one vote.

### 3.3. Shareholders

On the 17<sup>st</sup> of April 2014 total number of company's shareholders was 316.

Shareholders that got ownership to hold more than 5% of authorized capital and votes of stock company, „Gubernija” are as follows:

Shareholder	Number of shares, units	Share of the capital %	Share of votes with related persons %
VITAS TOMKUS	4.609.703	28.58	38.53
UAB „RESPUBLIKOS“ SPAUSTUVĖ, A. SMETONOS G. 2, VILNIUS, Į.K. 124250999	1.604.981	9.95	38.53
LARISA AFANASEVA	1.683.572	10.44	0.00
TAKHIR SHABAEV	851.604	5.28	0.00
ROMUALDAS DUNAUSKAS,	4.210.959	26.11	39.97
JAVELIN FINANCE, SIUTE 4, 41 LOWER BAGGOT STREET, DUBLIN, AIRIJA, Į.K. 221234	1.752.712	10.87	39.97
SIGITAS VILČIAUSKAS	0	0.00	15.72

### 3.4. Shareholders having special control rights, and description of such rights;

There are no shareholders having special control rights in the Company.

### 3.5. All restrictions imposed upon the voting rights

There are no shareholders in the company, who have restrictions imposed upon the voting rights.

### 3.6. All the agreements concluded among the shareholders of which the issuer was aware and due to which the securities transfer and (or) voting rights may be restricted

Following the Credit Agreement No. 0640-40-4060817-20 of 28 December 2004, 76.68 percent or 12 368 131 shares were put in pledge in favor of the creditor in a Mortgage institution.

### 3.7. Employees

	2014 06 30	2013 06 30
Average number of Employees	186	187
With University education	35	34
With College education	54	55
With secondary education	90	91
With not completed secondary education	7	7

Average Salary, LTL	30-06-2014	30-06-2013
Management	9 059	8 419
Specialists	2 573	2 467
Workers	1 996	1 911

### 3.8. Change of the issuer's Articles of Association

Articles of Association of AB Gubernija can be changed in accordance with the laws of the Republic of Lithuania.

### 3.9. Management bodies of the Issuer

The managing bodies of the company are as follows: General shareholders' meeting, the Management Board and the General director. The Supervisory Council is not formed in the Company.

The Company Board is the collegial management body, representing shareholders of the Company during the period between meetings and making decisions on the most important issues of the economic activity of the Company. The Work Order of the Board is defined by the Work Regulation, confirmed by the Board. The Board is composed from 5 (five) members. The Board members are elected by for the period not longer than four years. The Board activity is supervised by the Chairman, which is elected from the Board members by the Board.

The competence of and procedure of announcement of the shareholders' meeting as well the competence, election, recall and other issues related to the Board and the General director are regulated by the Companies Law of the Republic of Lithuania.

### 3.10. Members of the collegial bodies, the management of the Company

The Management Board

Name, Surname	Position Issuer	Number of owned shares	The part of the owned authorized capital, %	Start of the tenure	End of the tenure
	Chairman of the Board				
Romualdas Dunauskas	Chairman of the Board	4 210 959	26.11	2013-04-25	2017-04-24
Lina Dunauskaite	Member of the Board	0	0	2013-04-25	2017-04-24
Augustinas Radavicius	Member of the Board	0	0	2013-04-25	2017-04-24
Sigitas Vilciauskas	Member of the Board	0	0	2013-04-25	2017-04-24
Muradas Bakanas	Member of the Board	0	0	2013-04-25	2017-04-24

Board members are not paid bonuses or other remuneration.

## Administration

Name, Surname	Position	Number of owned shares	The part of the owned authorized capital, %	Salary (LTL)
Vijoleta Dunauskiene	General director	482 708	2.99	72 131
Vygintas Buivys	Chief accountant-finance director	0	0	48 062

## The Audit Committee

Name, Surname	Position	Number of owned shares	The part of the owned authorized capital, %	Start of the tenure	End of the tenure
Mantas Sindriunas	External auditor (UAB „Erpas“)	0	0	25-04-2014	25-04-2018
Rolandas Lideikis	The Economist Debt collection	0	0	25-04-2014	25-04-2018
Audronė Neimantaite	lawyer	0	0	25-04-2014	25-04-2018

Audit committee members for their work in the audit committee are paid no remuneration.

**3.11. All material agreements to which the issuer is a party and which would come into effect, be amended or terminated in case of change in the issuer's control, also their impact except the cases where the disclosure of the nature of the agreements would cause significant damage to the issuer**

There are no such agreements.

**3.12. All agreements of the issuer and the members of its management bodies, or the employee agreements providing for a compensation in case of the resignation or in case they are dismissed without a due reason or their employment is terminated in view of the change of the control of the issuer**

The Issuer has not entered into agreements with the members of its collegial management bodies and employees prescribing payment of allowances in case of resignation or dismissal without grounded reason or termination of work due to change in control over the Issuer.

**3.13. Harmful transactions made during the reporting period, on behalf of issuer**

During the reporting period, there were no harmful transactions made on behalf of the company (which do not meet the company's objectives, the existing ordinary market conditions, interest breach of the shareholders or other persons, groups etc.), which had or will likely have a negative impact on the company's operation and (or) its performance results.



### 3.14. Information on the major related parties' transactions

There were no transactions made under a conflict of interests between the company managers, controlling shareholders or other related parties' obligations towards the company and their private interests and (or) other duties.

### 4. DATA ON THE PUBLICLY DISCLOSED INFORMATION

All the publicly disclosed information is available at [www.gubernija.lt](http://www.gubernija.lt)

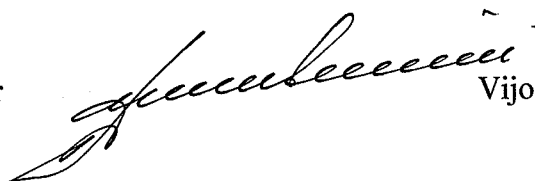
Summary of the Company's published information in six month period of 2014:

Date	A brief description of the report
27-02-2014	Gubernija, AB interim information for twelve months of 2013
28-02-2014	CORRECTION: Gubernija, AB interim information for twelve months of 2013
25-03-2014	Notice of the Ordinary General Shareholders Meeting of Gubernija AB
04-04-2014	Decisions of the Ordinary General Meeting of Shareholders of Gubernija AB
25-04-2014	Gubernija AB annual information for the year 2013
30-05-2014	Unaudited activity result for the first quarter of 2014

### 5. OTHER INFORMATION

There is no other information that should be disclosed in the annual financial statement under the legal acts governing the activities of companies or other legal acts or the Articles of Association of the Company.

General Manager



Vijoleta Dunauskienė