



**Company Group ALITA, AB**

Consolidated interim condensed financial  
statements for the period ended  
31 March 2015

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## **Company details**

### **Company Group ALITA, AB**

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Company code: 302444238  
Registered office: Alytus, Miškininkų str. 17

### **Supervisory Council**

Raimondas Kurlianskis (Chairman)  
Inga Žemkauskienė  
Dalius Balceris

### **Board of Directors**

Vidas Lazickas (Chairman)  
Romanas Raulynaitis  
Marijus Strončikas  
Justas Rameika

### **Banks**

AB SEB bankas  
AB DNB bankas  
Swedbank, AB  
Nordea Bank Finland Plc Lithuanian Branch

## Consolidated statement of financial position

	Notes	31 March 2015	31 December 2014
<b>Assets</b>			
Intangible assets		54	61
Investment property		188	420
Property, plant and equipment		13,578	13,828
Available-for-sale financial assets	4	2,426	2,116
Deferred tax assets		320	367
<b>Total non-current assets</b>		<b>16,566</b>	<b>16,792</b>
Inventories	5	6,929	5,645
Prepayments		216	287
Trade accounts receivable	6	2,679	7,203
Other accounts receivable		54	92
Cash and cash equivalents		47	342
<b>Total current assets</b>		<b>9,925</b>	<b>13,569</b>
<b>Total assets</b>		<b>26,491</b>	<b>30,361</b>
<b>Shareholders' equity</b>			
Share capital		5,800	5,792
Reserves		(153)	(416)
Accumulated losses/retained earnings	8	1,131	1,555
<b>Total equity attributable to the equity holders of the parent Company</b>		<b>6,778</b>	<b>6,931</b>
Non-controlling interest		203	202
<b>Total shareholders' equity</b>		<b>6,981</b>	<b>7,133</b>
<b>Liabilities</b>			
Long-term borrowings	9	8,283	8,271
Government grants		163	209
Long-term employee benefits		249	257
<b>Total non-current liabilities</b>		<b>8,695</b>	<b>8,737</b>
Short-term borrowings	9	6,636	6,473
Provisions		-	-
Trade accounts payable		2,786	3,832
Income tax liability		355	355
Other amounts payable	10	1,038	3,831
<b>Total current liabilities</b>		<b>10,815</b>	<b>14,491</b>
<b>Total liabilities and shareholders' equity</b>		<b>26,491</b>	<b>30,361</b>

General Director

Česlovas Matulevičius

Finance and IT Director

Voldemaras Kallo

## Consolidated statement of profit or loss and other comprehensive income

	Notes	Three month period ended 31 March	
		2015	2014
Gross sales revenue		6,023	8,366
Excise tax		(2,465)	(3,657)
<b>Revenue</b>	11	<b>3,558</b>	<b>4,709</b>
Cost of sales		(2,813)	(3,819)
<b>Gross profit</b>		<b>745</b>	<b>890</b>
Other income		28	30
Selling and distribution expenses		(628)	(791)
General and administrative expenses		(438)	(532)
Other expenses		(15)	(1)
<b>Operating profit</b>		<b>(308)</b>	<b>(404)</b>
Finance income		-	-
Finance expenses		(115)	(175)
<b>Net finance costs</b>		<b>(115)</b>	<b>(175)</b>
<b>Profit before income tax</b>		<b>(423)</b>	<b>(579)</b>
Income tax		-	-
<b>Net profit (loss)</b>		<b>(423)</b>	<b>(579)</b>
<b>Items that are or may be reclassified to profit or loss</b>			
Net change in fair value of available-for-sale financial assets	4	310	251
Effect of deferred tax		(47)	(38)
		<b>263</b>	<b>213</b>
<b>Total other comprehensive income</b>		<b>263</b>	<b>213</b>
<b>Total comprehensive income for the reporting period</b>		<b>(160)</b>	<b>(366)</b>
<b>Net profit (loss) attributable to:</b>			
Owners of the company		(424)	(575)
Non-controlling interest		1	(4)
<b>Total net profit (loss)</b>		<b>(423)</b>	<b>(579)</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the company		(161)	(362)
Non-controlling interest		1	(4)
<b>Total comprehensive income</b>		<b>(160)</b>	<b>(366)</b>
Basic and diluted earnings (loss) per share (in EUR)	7	(0.07)	(0.03)

General Director

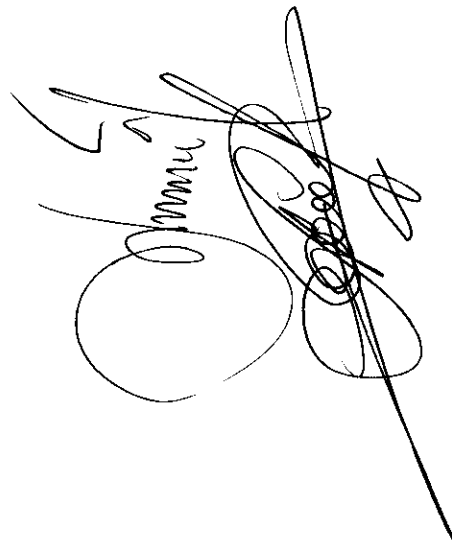
Finance and IT Director

Česlovas Matulevičius

Voldemaras Kallo

## Consolidated statement of changes in equity

Notes	Attributable to equity holders						Total equity
	Share capital	Share premium	Compulsory reserve	Fair value reserve	Revaluation reserve	Retained earnings (accumulated losses)	
<b>Balance as at 31 December 2013</b>	5,792	21,489	1,472	(720)	171	(22,770)	5,634
Net profit (loss) for the period	-	-	-	-	-	(575)	579
Total other comprehensive income	-	-	-	213	-	-	213
<b>Balance as at 31 March 2014</b>	5,792	21,489	1,472	(507)	171	(23,345)	5,268
Transfers to / from reserves	-	(21,489)	(1,472)	-	-	22,961	-
Net profit (loss) for the period	-	-	-	-	-	1,939	1,945
Total other comprehensive income	-	-	-	(80)	-	-	(80)
<b>Balance as at 31 December 2014</b>	5,792	-	-	(587)	171	1,555	6,931
The difference from the conversion of share capital into euros	8	-	-	-	-	-	8
Net profit (loss) for the period	-	-	-	-	-	(424)	(423)
Total other comprehensive income	-	-	-	263	-	-	263
<b>Balance as at 31 March 2015</b>	5,800	-	-	(324)	171	1,131	6,778
							203
							6,981



General Director

Česlovas Matulevičius

Finance and IT Director

Voldemaras Kallo

## Consolidated statement of cash flows

	Three month period ended	
	31 December	
Notes	2015	2014
<b>Cash flow from operating activities:</b>		
Net profit (loss)	(423)	(579)
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation and amortization	197	222
Write-offs of property, plant and equipment	2	-
(Profit) loss from sale of property, plant and equipment	1	-
Provisions	-	16
Write-down of inventories	9	1
Interest paid	102	140
	(112)	(200)
Changes in current assets and current liabilities:		
(Increase) decrease in inventories	(1,293)	(893)
(Increase) decrease in trade accounts receivable	4,524	4,237
Increase (decrease) in prepayments	71	(34)
(Increase) decrease in other accounts receivable	38	34
Increase (decrease) in trade account payables	(1,046)	309
Increase (decrease) in other account payables	(2,801)	(307)
<b>Net cash flows from operating activities</b>	<b>(619)</b>	<b>3,146</b>
<b>Cash flows from investing activities:</b>		
Acquisition of property, plant and equipment	(29)	(4)
Sale (write-off) of property, plant and equipment	272	-
Interest, dividend received	-	-
<b>Net cash used in investing activities</b>	<b>243</b>	<b>(4)</b>
<b>Cash flows from financing activities:</b>		
Loans received	680	-
Repayment of loans	(505)	(3,208)
Interest paid	(102)	(140)
<b>Net cash used in financing activities</b>	<b>73</b>	<b>(3,348)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(303)</b>	<b>(206)</b>
<b>Cash and cash equivalents in the beginning of the period</b>	<b>342</b>	<b>1,218</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>39</b>	<b>1,012</b>

General Director

Česlovas Matulevičius

Finance and IT Director

Voldemaras Kallo

## Notes

### 1. Reporting entity

On 29 September 2009 in an extraordinary general meeting of shareholders of AB Alita (subsequent name – AB ALT Investicijos) a decision to approve the conditions of spin-off of AB Alita was adopted and on 7 October 2009 Company Group ALITA, AB was spun off from AB Alita and registered.

The registered address of the Company Group ALITA, AB is Miškininkų str. 17, Alytus, Lithuania.

As at 31 March 2015 the authorised share capital of the Company Group ALITA, AB amounted to 5,800,000 EUR and was divided into 20,000,000 ordinary registered shares with the nominal value of 0.29 EUR each.

All shares are authorized, 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.

On 5 December 2014 the transaction under the Share Sale-Purchase Agreements concluded by FR&R Invest IGA S.A. and Vytautas Junevičius with UAB MINERALINIAI VANDENYS on 25 September 2014 has been completed. By this transaction UAB MINERALINIAI VANDENYS acquired 19,806,552 units of shares of the Company Group ALITA, AB.

The shareholders as at 15 April are listed below:

	<b>Number of shares</b>	<b>Percent</b>
UAB MINERALINIAI VANDENYS	19,867,112	99.34%
Other shareholders	132,888	0.66%
<b>Total</b>	<b>20,000,000</b>	<b>100.00%</b>

The main shareholder of the Company Group ALITA, AB, UAB MINERALINIAI VANDENYS is indirectly owned by UAB Konzernas MG BAL TIC, a company registered in Lithuanian.

The Company Group ALITA, AB (the Parent) holds 18,980,045, or 94.90%, of the total registered shares in AB Anykščių Vynas, each of 0.29 EUR in nominal value.

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

The Company Group ALITA, AB and its subsidiary AB Anykščių Vynas (hereinafter - the Group) produces and distributes alcohol beverages, including sparkling wines, alcohol mixes, cider, natural and fortified wines, hard liqueurs, and concentrated fruit juice.



## **2. Basis of preparation**

### **Statement of compliance**

These financial statements are consolidated financial statements of the Company Group ALITA, AB. They have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The Parent company also produces separate financial statements prepared in accordance with IFRSs as adopted by the EU.

The accounting records of the Group are maintained in accordance with the laws and regulations of the Republic of Lithuania.

### **Basis of measurement**

The financial statements are prepared on the historical cost basis, except for available for sale financial assets and investment property that are measured at fair value.

The consolidated financial statements are prepared on a going concern basis.

### **Basis for consolidation**

#### ***(i) Subsidiaries***

Subsidiary is entity controlled by the Group. Control exists when the controlling entity has the power to govern the financial and operating policies of an entity so as to gain benefit from its activities. 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.

#### ***(ii) Transactions eliminated on consolidation***

Intra-group balances and transactions, and any income and expenses arising from intra-group transactions, and unrealised gains and losses are eliminated when preparing the consolidated financial statements.

### **Functional and presentation currency**

These financial statements are presented in EUR, which is the Parent's functional currency from 1 January 2015 when the Republic of Lithuania joined the euro zone. All financial information presented in EUR has been rounded to the nearest thousand, unless indicated otherwise. The comparative information was translated from LTL to EUR at the rate of LTL 3.4528 for EUR 1.

### **Use of estimates and judgments**

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 accounting policies and the reported amounts of assets, 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 of accounting estimates are recognised 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.

Judgments made by the management in the application of IFRSs, as adopted by the European Union, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed later.

## 2. Basis of preparation (cont'd)

### Use of estimates and judgments (cont'd)

#### Determination of fair values

Information about assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment is included in the note 4 – Available-for-sale financial assets.

#### Impairment losses on property, plant and equipment

The carrying amounts of the Group's property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit).

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable value.

#### Impairment losses on receivables

The Group reviews its receivables to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgments as to whether there is any indication of a measurable decrease in the estimated future cash flows from a portfolio of receivables. This indication may include an adverse change in the payment status of debtors, national or local economic conditions that influence the group of the receivables.

The management evaluates probable cash flows from the debtors based on historical loss experience related to the debtors with a similar credit risk. Methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

#### Recognition of deferred tax asset

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### Useful lives of property, plant and equipment

Asset useful lives are assessed annually and changed when necessary to reflect current thinking on their remaining lives in light of technological change, prospective economic utilisation and physical condition of the assets concerned.

#### Production costs

The allocation of fixed production overheads to cost of production is based on the normal capacity of the production facilities. The amount of fixed overhead allocated to each production unit is not increased as a consequence of low production. Unallocated overheads are recognised as an expense in a period in which they are incurred. Variable production overheads are allocated to each unit of production on the basis of actual use of the production facilities.

#### Measurement of defined benefit obligations

The Group's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. Estimation of the future benefit involves actuarial assumptions, such as future salary increase and discount rate.

### **3. Significant accounting principles**

#### **Foreign currency**

Transactions in foreign currencies are translated into EUR at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at cost or at fair value are translated to the functional currency at the exchange rate at the date of the transaction or of measurement the fair value. Foreign exchange differences arising on translation are recognised in profit or loss.

#### **Financial instruments**

##### *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.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

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

Financial assets and liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are recognised on the trade date. Financial assets are derecognised if the contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. The Group also derecognises certain assets when it writes off balances pertaining to the assets deemed to be uncollectible. Financial liabilities are derecognised if the obligations of the Group specified in the contract expire or are discharged or cancelled.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

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 amortised 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 equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

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

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income and expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

### **3. Significant accounting principles (cont'd)**

#### Derivative financial instruments

Derivative financial instruments are recognised initially at fair value; directly attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for in profit or loss.

#### 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

Property, plant and equipment are stated at cost (or deemed cost, as described below), less accumulated depreciation and impairment losses.

The buildings were accounted as follows:

- The Group's buildings, acquired before 1 January 1996, were stated at indexed cost less indexed accumulated depreciation and estimated impairment losses.
- The Group's buildings, acquired after 1 January 1996, were stated at acquisition cost less accumulated depreciation and estimated impairment losses.

According to the deemed cost exemption under IFRS 1, which permits the carrying amount of an item of property, plant and equipment to be measured at the date of first-time adoption of IFRS based on a deemed cost, the buildings acquired before 1 January 1996 were measured at indexed cost less indexed accumulated depreciation and estimated impairment losses, and these values were treated as deemed cost at that date. All property, plant and equipment acquired after 31 December 1995, is stated at acquisition cost less accumulated depreciation and estimated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs of qualifying assets.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as items (major components) of property, plant and equipment.

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 profit or loss.

#### Subsequent costs

The Group recognises 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 recognised in profit or loss as an expense as incurred.

#### Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use. Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

### **3. Significant accounting principles (cont'd)**

#### **Property, plant and equipment (cont'd)**

The estimated useful lives are as follows:

- Buildings and constructions 8–80 years
- Plant and machinery 2–50 years
- Motor vehicles, furniture and fixtures 4–25 years
- IT equipment 4–5 years

Depreciation methods, residual values and useful lives are reassessed annually.

#### *Reclassification into investment property*

When the use of a property changes from owner-occupied to investment property, the owner-occupied property is remeasured to fair value and reclassified as investment property. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss.

#### **Intangible assets**

Intangible assets, comprising computer software, trademarks and other licenses that are acquired by the Group, are stated at cost less accumulated amortisation and impairment.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation is charged to profit or loss on a straight-line basis. The Group's intangible assets are amortised over 1–3 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### **Investment property**

Investment properties of the Group consist of buildings that are held to earn rentals or for capital appreciation, rather than for use in the production, or supply of goods, or services or for administration purposes, or sale in the ordinary course of business. Investment property is initially measured at cost and subsequently at fair value at the end of each reporting period with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labor, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs.

Investment property is derecognised when either it has been disposed or when an investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit and loss in the year of retirement or disposal. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of a long term (over 18 months) operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

### **3. Significant accounting principles (cont'd)**

#### **Leased assets**

Leases, in terms of which the Group assumes substantially all the risks and rewards of ownership, are classified as finance leases. Assets acquired by way of finance lease are stated at an amount equal to the lower of fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

#### **Emission allowances**

The EU Emission Allowance Trading Scheme was established by Directive 2003/87/EC and commenced on 1 January 2005. The first phase ran for the three-year period from 2005 to 2007; the second runs for five years from 2008 to 2012 to coincide with the first Kyoto Commitment Period. In the beginning of 2012 the Ministry of Environment of the Republic of Lithuania has decided to extend the validity of unused emission allowances, which were carried forward to the third period from 2013 to 2020.

The scheme works on a 'Cap and Trade' basis. EU Member States' governments are required to set an emission cap for each phase for all 'installations' covered by the Scheme. This cap is established in the National Allocation Plan (NAP), which is issued by the relevant authority in each Member State. The NAP describes the amount of yearly emissions (measured in tones of carbon dioxide equivalents) permitted per installation for each phase for which allowances will be allocated on an annual basis.

The Member States are required to allocate allowances to installations by 28 February each year according to the NAP (a certain number of allowances are kept in reserve for new installations).

The Member States must ensure that by 30 April of the following year at the latest the operator of each installation surrenders a number of allowances equal to the total emissions from that installation during the preceding calendar year.

The Group measures both emission allowances and government grant at a nominal amount, i.e. zero. As actual emissions are made, a liability is recognised for the obligation to deliver allowances. Liabilities to be settled using allowances on hand are measured at the carrying amount of those allowances. Any excess emissions to be purchased are measured at the market value of allowances at the end of the period.

When unused emission allowances are sold, sale proceeds are recognised as income in profit or loss.

#### **Inventories**

Inventories, including work in progress, are valued at the lower of acquisition cost or net realizable value. Net realizable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution.

The cost of inventories is determined based on FIFO (First-In, First-Out) principle, and includes expenditure incurred in acquiring the inventories, production and conversion costs, and other costs incurred in bringing them to their existing location and condition.

In case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Auxiliary materials and supplies are expensed at the time they are taken into use or booked to the cost of finished goods if used in production. The Group accounts for bottles as current assets in inventory, since they are not expected to be reused following initial delivery. Bottles are booked to the cost of finished goods when used in production.

#### **Assets held-for-sale**

Non-current assets and assets and liabilities of disposal groups held for sale, that are expected to be recovered primarily through sale within 12 months rather than through continuing use, are classified as held-for-sale. Immediately before classification as held for sale, the assets are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss is recognised in profit or loss.

### **3. Significant accounting principles (cont'd)**

#### **Impairment**

##### Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, significant or long-term impairment of equity securities when the value decreases to less than acquisition cost of financial assets, indicates that there is objective indication of impairment of the financial assets.

The Group considers evidence of impairment for receivables at a specific asset level.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Any interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on sale of available-for-sale financial assets are recognised by transferring the cumulative loss that has been recognised in other comprehensive income and presented in the fair value reserve in equity to profit or loss. The cumulative loss transferred from other comprehensive income and booked in profit or loss is the difference between acquisition cost and the current fair value, less impairment losses previously booked in profit or loss.

If in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase may be objectively related to an event occurring after the impairment was booked in profit or loss, impairment losses are reversed by the amount booked in profit or loss. However, any subsequent reversal of the fair value of the impaired available-for-sale equity security is recognised in other comprehensive income.

##### Non-financial assets

The carrying amounts of the Group's non-financial assets (except for inventories and deferred tax asset) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. Fair value is determined by referencing to its selling price. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU"). Impairment and reversals of impairment are stated in profit or loss under general and administrative expenses.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **3. Significant accounting principles (cont'd)**

#### **Dividends**

The ability of the Group to declare and pay dividends is subject to the rules and regulations of the Lithuanian legislation. Dividends in relation to ordinary shares are reflected as an appropriation of retained earnings recognised as a liability in the Group's financial statements in the period when they are approved by the shareholders of the Group.

#### **Government grants and subsidies**

Two types of grants are recognised:

- a) asset related grants are grants received as property, plant and equipment or intended for purchase, construction or other acquisition of property, plant and equipment;
- b) income related grants are grants received to compensate for expenses.

Asset related grants are recognised in profit or loss over the remaining period of useful life of the related property, plant and equipment, for which the grant was received.

Grants are recognised when there is a reasonable assurance or decision that they will be received. Income related grants are recognised in the periods when the related expenses are incurred.

#### **Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

#### **Employee benefits**

##### Short-term employee benefits

Short-term employee benefits are recognised as a current expense in the period when employees render the services. These include salaries and wages, social security contributions, bonuses, paid holidays and other benefits.

##### Social security contributions

The Group pays social security contributions to the State Social Security Fund (hereinafter "the Fund") on behalf of its employees in accordance with the set plan of contributions as provisioned by the laws. The set plan of contributions is a plan according to which the Group makes payments of the set size to the Fund and, if no legal or constructive obligations to continue payment of contributions shall be fulfilled if the Fund does not have sufficient assets to make payments to all employees for the work performed in the reporting and previous periods. The social security contributions are recognised as an expense on an accrual basis and are included within personnel expenses.

##### Termination benefits

Termination benefits are recognised in other comprehensive income when the Group is committed constructively or legally, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

##### Post employment employee benefits

According to the collective agreements effective in the Group, each employee upon termination of employment at the retirement age, is entitled to receive a certain compensation. The compensation depends on the duration of the employment. The post-employment benefits are accounted as a defined benefit plan.



### 3. Significant accounting principles (cont'd)

#### Post employment employee benefits (cont'd)

The Group's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The Group holds no plan assets. The calculation of defined benefit obligations is performed annually using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognized immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of the plan are changed or when the plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

#### **Revenue**

##### Revenue from goods and services sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Revenue from the services rendered is recognised in profit or loss as the services are rendered. The revenue recognised is net of discounts provided.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement; however, transfer usually occurs when the products are loaded for shipping from the Group's warehouse and the sales invoice is issued.

##### Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease.

#### **Lease payments**

Payments made under operating and other short term leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### **Finance income and expenses**

Finance income comprises interest income on funds invested (including available-for-sale financial assets), profit from sales of available-for-sale financial assets, changes in fair value of financial assets at fair value through profit or loss, currency exchange gain. Interest income is recognised in profit or loss when accrued, using the effective interest method.

Finance costs comprise interest expense on borrowings, costs for covering provision discount, impairment losses of financial assets, losses incurred due to financial liabilities assumed, currency exchange loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

### **3. Significant accounting principles (cont'd)**

#### **Income tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to the items recognised through other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the date of the statement of financial position, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of the assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of assets or liabilities that affect neither accounting nor taxable profit, nor differences relating to the investments in the subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

When calculating the income tax for 2014 and subsequent years, the amount of tax loss carried forward cannot exceed 70% of taxable profit of the tax period.

#### **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, who are chief operating decision makers, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group has two segments of operations, which are its reportable segments. These divisions offer different products and are managed separately because they require different technologies and marketing strategies.

The following summary describes the operations of each reportable segment.

<b>Reportable segment</b>	<b>Operations</b>
Alcoholic beverages	Production and sales of various alcoholic beverages
Fruit and berry products (former name - Apple products)	Production of fresh concentrated fruit or berry juice and other fruit or berry based non-alcohol products, sales of fruit or berry based products and other related activities (former name - Apple products)
Unallocated	Sales of raw materials and commodities, sales of products in specialized store and other

#### **Earnings per share**

The Group 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 Group 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 of the Group 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 Group.

### **3. Significant accounting principles (cont'd)**

#### **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 value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### *Investment property*

The fair values are based on market values, measured on the basis of the comparative prices, discounted cash flows or other methods depending on which method provides more reliable information. The market price may be established based on the property valuation reports prepared by the external valuers or on the estimates made by the Group's management. The market price is 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.

#### *Equity securities*

The fair value of equity securities is determined by reference to their quoted closing bid price at the reporting date, or if unquoted or no active market exists, determined using a valuation technique.

Valuation techniques employed include discounted cash flow analysis using expected future cash flows and a market-related discount rate.

#### *Trade and other receivables*

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. Fair value of trade and other receivables with outstanding maturities shorter than six months with no stated interest rate is deemed to approximate their face value on initial recognition and carrying value on any subsequent date as the effect of discounting is immaterial. This fair value is determined for disclosure purposes.

#### *Financial liabilities*

Fair value, 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 agreement. Fair value of shorter term financial liabilities with no stated interest rate is deemed to approximate their face value on initial recognition and carrying value on any subsequent date as the effect of discounting is immaterial.

**4. Available-for-sale financial assets**

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

	<b>31 March 2015</b>	<b>31 December 2014</b>
Acquisition cost of AB Šiaulių Bankas shares	2,807	2,807
<b>Total</b>	<b>2,807</b>	<b>2,807</b>
Increase (decrease) in fair value in the beginning of the period	(691)	(848)
Increase (decrease) in fair value during the period	310	157
<b>Increase (decrease) in fair value at the end of the period</b>	<b>(381)</b>	<b>(691)</b>
<b>Total</b>	<b>2,426</b>	<b>2,166</b>

As at 31 March 2015, the Company Group ALITA, AB owned 2.95% or 7,956,013 registered shares of AB Šiaulių Bankas with a nominal value of 0,29 EUR 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 310 thousand EUR for the shares in AB Šiaulių Bankas has been recognized in other comprehensive income.

According to contractual obligations assumed together with other shareholders of AB Šiaulių Bankas, the rights to dispose 7,956,013 registered shares of AB Šiaulių Bankas owned by the Company Group ALITA, AB are restricted. The restrictions are in force until the majority shareholder owns a certain amount of shares of AB Šiaulių Bankas.

**5. Inventories**

	<b>31 March 2015</b>	<b>31 December 2014</b>
Raw and auxiliary materials	3,031	2,199
Work-in-process and finished goods	3,870	3,420
Goods for resale	28	26
<b>Total cost of inventories at the end of the period</b>	<b>6,929</b>	<b>5,645</b>

The balance value of write-down of inventories to net realizable value amounts to 135 thousand EUR at 31 March 2015 (31 December 2014: 135 thousand EUR).

**6. Trade accounts receivable**

Trade accounts receivable consist of:

	<b>31 March 2015</b>	<b>31 December 2014</b>
Trade accounts receivable, gross	3,010	7,534
Impairment in the beginning of the period	(331)	(145)
Write-off of doubtful trade receivables	-	-
Additional impairment during the period	-	(186)
<b>Impairment at the end of the period</b>	<b>(331)</b>	<b>(331)</b>
<b>Total</b>	<b>2,679</b>	<b>7,203</b>

**7. Basic and diluted earnings (loss) per share**

Basic earnings (loss) per share are calculated as follows:

	<b>Three month period ended 31 March</b>	
	<b>2015</b>	<b>2014</b>
Net profit (loss), attributable to the shareholders	(424)	(575)
Number of shares at the end of the period (thousand)	20,000	20,000
<b>Basic and diluted earnings (loss) per share (EUR)</b>	<b>(0.02)</b>	<b>(0.03)</b>

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

**8. Shareholders' equity**

As of 31 March 2015 the Company Group ALITA, AB share capital comprised 20,000,000 ordinary registered shares with par value of EUR 0.29 each (31 December 2014 – 20,000,000 ordinary registered shares with par value of LTL 1 (EUR 0.28962) each. According to legislation of the Republic of Lithuania, on 1 January 2015, when was transitioned to accounting in euros, the nominal value of shares was rounded to two decimal digits, from EUR 0.28962 to EUR 0.29. This caused an increase in share capital by 8 thousand EUR, from 5,792 to 5,800 thousand EUR. The difference was accounted in finance expenses in profit or loss.

**9. Long-term and short-term loans and borrowings**

	<b>31 March 2015</b>	<b>31 December 2014</b>
Long-term loans and borrowings	8,283	8,252
Long-term portion of lease liabilities	-	19
<b>Total non-current financial liabilities</b>	<b>8,283</b>	<b>8,271</b>
Current portion of long-term loans and lease liabilities	3,889	3,226
Short-term loans and borrowings	2,747	3,247
<b>Total current financial liabilities</b>	<b>6,636</b>	<b>6,473</b>
<b>Total financial liabilities</b>	<b>14,919</b>	<b>14,744</b>

As at 31 March 2015, the Group has long-term loans amounting to 12,172 thousand EUR with the repayment term in 2016 and 2020. Current portion of these long-term loans amounts to 3,889 thousand EUR. The average variable interest rate of these loans was from 2.59 % to 5.9 % in 2015.

The Group has the credit limits amounting to 5,544 thousand EUR. As at 31 March 2015 the utilised amount was 2,747 thousand EUR. The average variable interest rate of these loans was from 1.5 % to 2.723 % in 2015.

To secure the long-term loans and borrowings under the respective credit agreements, the Group pledged property, 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 and rights to amounts receivable according to the list.

**10. Other amounts payable**

	<b>31 March 2015</b>	<b>31 December 2014</b>
Excise duty	275	728
Salaries and related taxes	216	1,089
Value added tax (VAT)	184	1,163
Package tax	-	229
Vacation reserve	173	215
Advances received	84	68
Other amounts payable	106	339
<b>Total</b>	<b>1,038</b>	<b>3,831</b>

## 11. Information according to business and geographic segments

### Business segments

	Three month period ended 31 March			
	2015		2014	
	Net sales	Gross profit	Net sales	Gross profit
Produced alcoholic products	3,487	745	4,422	866
Fruit and berry products	28	(19)	93	11
Unallocated	43	20	194	13
<b>Total</b>	<b>3,558</b>	<b>745</b>	<b>4,709</b>	<b>890</b>

### Geographic segments

	Three month period ended 31 March	
	2015	2014
	Revenue from domestic market customers	2,804
Revenue from foreign customers	754	1,066
<b>Total</b>	<b>3,558</b>	<b>4,709</b>

All the Group's assets are located in Lithuania.

## 12. Subsequent events

On 22 April, 2015 at the General Shareholders Meeting a decision was made to transfer from retained earnings (loss) of the previous year 67 thousand EUR to legal reserve and 133 thousand EUR to other reserves, as well as the decision to withdraw the shares of Company Group "ALITA", AB from AB NASDAQ OMX Vilnius stock exchange secondary listing and suspension of public offer of shares. UAB MINERALINIAI VANDENYS are obliged to submit the official tender offer to buy the rest 132,888 ordinary registered shares of Company Group "ALITA", AB.

## 13. Contingent liabilities

### Main court and arbitration proceedings

1. On 9 March 2015, after Plass Investments Limited have withdrawn the appeal request, the Supreme Administrative Court of Lithuania has ended the appeal process by final non appealable ruling. The administrative case was earlier initiated by Plass Investments Limited against the Bank of Lithuania, in which Plass Investments Limited requested the court inter alia to annul the resolution of the Bank of Lithuania, dated 6 August 2013, to reapprove the circular of the mandatory non-competitive official tender offer to buy-up the remaining voting shares of the Company Group ALITA AB, dated 2 November 2011 and provided by FR&R Invest IGA S.A. On 11 April 2014 the Vilnius Regional Administrative Court rendered the decision, according to which the court decided to reject the claim of Plass Investments Limited as ungrounded.

**13. Contingent liabilities (cont'd)**

**Main court and arbitration proceedings (cont'd)**

2. On 23 April 2015, after Plass Investments Limited ave withdrawn the appeal request, the Supreme Administrative Court of Lithuania has ended the appeal process by final non appealable ruling. The administrative case was initiated by Plass Investments Limited against the Competition Council of the Republic Lithuania, in which Plass Invesmtnes Limited requested to annul the resolution of No. 1S-128 dated 19 September 2013 of the Competition Council of the Republic Lithuania regarding the Dismissal of investigation of compliance of the actions of Swedbank AB to the Competition law of the Republic of Lithuania in the process of concentration.

3. After examination of the cassation appeal of Plass Investments Limited, on 9 January 2015 the Supreme Court of Lithuania adopted a ruling, according to which the Court upheld the decision of the Lithuanian Court of Appeals of 14 March 2014. The ruling of the Supreme Court of Lithuania is final, undisputable and became valid as from its adoption.

As was previously reported, after examination of appeals of the Company, FR&R Invest IGA S.A. and Vytautas Junevičius regarding abolishment of the decision of the Kaunas Regional Court of 27 March 2013, on 14 March 2014 Lithuanian Court of Appeals rendered the decision, according to which the court abolished the decision of the Kaunas Regional Court of 27 March 2013 and adopted a new decision – to dismiss a claim of minority shareholder Plass Investments Limited regarding invalidation of the decisions of the extraordinary general meeting of shareholders, dated 3 October 2011 on reduction and increase of the Company's authorised capital, Articles of Association of the Company and of Share Subscription Agreement of 6 October 2011, concluded by the Company and FR&R Invest IGA S.A. Following the indicated decision the Lithuanian Court of Appeals also abolished all below specified interim measures applied by the Kaunas Regional Court. The decision of the Lithuanian Court of Appeals of 14 March 2014 became valid as from its adoption. On 23 May 2014 the Supreme Court of Lithuania accepted to examine the cassation appeal of Plass Investments Limited regarding abolishment of the decision of the Lithuanian Court of Appeals, dated 14 March 2014.

4. 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 dated 24 July 2007, entered into between the Share Fund of the Republic of Serbia and the Privatization agency, 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 68,347,168 EUR from BAB ALT Investicijos, UNB and the Company Group ALITA, AB jointly for the alleged violations of the Privatization agreement. On 15 November 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.

### **13. Contingent liabilities (cont'd)**

#### **Main court and arbitration proceedings (cont'd)**

The 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 November 2011 in so far as the question of jurisdiction is concerned (the Commercial Court of Belgrade (Serbia) satisfied the request of the 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 the Company Group ALITA, AB in Serbia received the Privatisation agency's appeal; on 4 March 2014 the Company has received information that the Serbian Commercial Appellate Court annulled the decision of lower instance court – the Belgrade (Serbia) Commercial Court – and returned the case for re-examination to the Belgrade Commercial Court; On 7 April 2014 the Company Group ALITA, AB received the decision of the Belgrade Commercial Court, whereby the Belgrade Commercial Court without examining the case on the merits based on procedural issues dismissed the request of the Company Group ALITA, AB to set aside the Partial award concerning the jurisdiction of 15 November 2011. The Company Group ALITA, AB has appealed against the mentioned decision of the Belgrade Commercial Court to the higher - Serbian Commercial Appellate - court), and, by ruling of 30 of March 2015 partially upheld the appeal of Company Group ALITA, AB, by stating that Company Group ALITA, AB did not miss the deadlines for the submission of the claim regarding the partial award of jurisdiction of the Arbitration tribunal, therefore the Commercial Court of Belgrade will have to examine the case regarding the partial award of the Arbitration tribunal regarding the jurisdiction, furthermore,
- (ii) it has also started court proceedings for non-recognition in Lithuania of the Partial award of 15 November 2011 in so far as the question of jurisdiction is concerned at the Lithuanian Court of Appeal (the Lithuanian Court of Appeal examined this request on 25 February 2013 and ruled to stop the civil case until the respective Serbian court's decision in respect of the Partial award of 15 November 2011 rendered by the Arbitration tribunal comes into force).

The Arbitration tribunal adopted award on 17 September 2012, whereof the respondents are ordered to pay to the Privatisation agency fines in the amount of 16,848,655 EUR (instead of claimed 68,347,168 EUR) together with annual interest of 1.95%, but the liability of the Company Group ALITA, AB is limited to the maximum amount of 39,196,065 Litas (11,351,965 EUR). Also, Privatisation agency was awarded legal expenses of 204,832 EUR and the award stated that respondents were fully responsible for them.

The Company Group ALITA, AB does not recognize the jurisdiction of the Arbitration tribunal and holds that all the claims of the Privatization agency against the Company Group ALITA, AB are ungrounded and are expected to be dismissed. The Company Group ALITA, AB has started proceedings before the Serbian court of general jurisdiction – the Commercial Court of Belgrade – to set aside the award of 17 September 2012. Šis procesas teisme yra sustabdytas, kol Serbijos teismai išspręs Įmonių grupės „ALITA“, AB pateiktą skundą dėl arbitražo dalinio sprendimo dėl jurisdikcijos. The intention of the Company Group ALITA, AB is to use all other available legal remedies to fight the award of 17 September 2012 made by the Arbitration tribunal.

5. On 23 September 2013 the Group's subsidiary AB Anykščių vynas received the announcement from the Panevėžys Regional Court on the claim provided by Plass Investments Limited, the shareholder of the Group's subsidiary, regarding invalidation of the Agreement on purchase-sale of the boiler house and of the movable and immovable assets related thereto, concluded on 20 June 2013 by and between the Group's subsidiary (the seller) and the buyer, as well as on application of restitution, related to execution of this agreement (the Group's subsidiary and the buyer of the mentioned assets are included as the respondents in the case). Panevėžys Regional Court by its decision dated 2 December 2014 has dismissed as ungrounded the claim of Plass Investments Limited. Plass Investments Limited has appealed the decision of Panevėžys Regional Court, dated 2 December 2014, to the Lithuanian Court of Appeals. Group's subsidiary, Plass Investments Limited and the buyer of the assets concluded a peaceful settlement agreement, according to which Plass Investments Limited waived its appeal regarding the decision of the Panevėžys Regional Court of 2 December 2014 and all its claims lodged in a civil case. On 25 February 2015 the Lithuanian Court of Appeals has approved the peaceful settlement and dismissed the case. The resolution was not appealed.

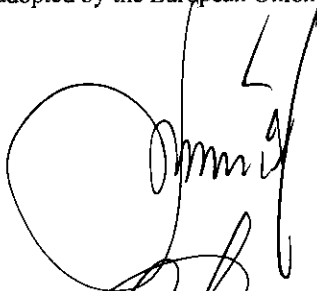


**14. Information about audit**

The consolidated interim condensed financial statements were not audited. The audit will be performed for the full financial year 2015.

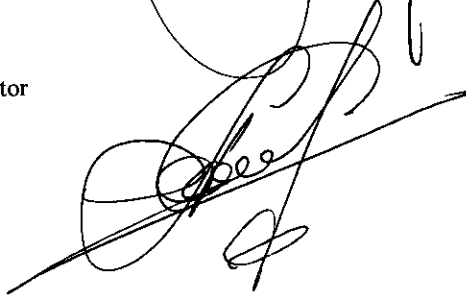
The comparative information was taken from interim consolidated financial statements and audited consolidated financial statements for the year 2014, which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

General Director



Česlovas Matulevičius

Finance and IT Director



Voldemaras Kallo