

AB VILNIAUS DEGTINĖ

Interim Financial Statements
for the twelve-month period ended on the
31th December 2013
(unaudited)

Contents

Company Information	3
Confirmation of the Responsible Persons	4
Statement on Financial Position	5
Comprehensive Income Statement	7
Statement of Changes in Equity	9
Cash Flows Statement	10
Notes	11

Company Information

AB Vilniaus degtinė

Telephone: + 370 5 233 08 19

Telefax: + 370 5 231 50 52

Company number: 120057287

Registered at: Panerių Str. 47, Vilnius, Lithuania

Management

Juozas Daunys, Director General

Dalius Rutkauskas, Buying and selling director

Genadij Jurgelevič, Production Manager

Board

Darius Žaromskis

Juozas Daunys

Dalius Rutkauskas

Genadij Jurgelevič

Auditor

UAB Grant Thornton Rimess

Banks

AB DNB bankas

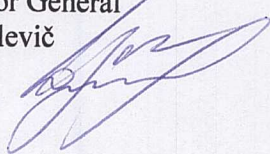
AB SEB bankas

AB Swedbank

Confirmation of the Responsible Persons

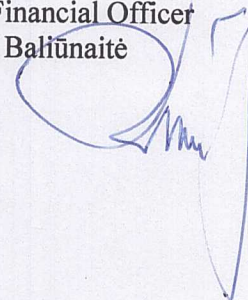
In accordance with the provisions Article 22 of Law on the Securities Market of the Republic of Lithuania and regulations for provision and preparation of periodical and additional information, confirmed by the Bank of Lithuania, we, the Acting Director General of Genadij Jurgelevič and Chief Financial Officer Renata Baliūnaitė of AB Vilniaus degtinė, confirm that as we know, the unaudited Interim Financial Statements of AB Vilniaus degtinė for the twelve-month period ended on the 31th December, 2013, have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, are realistic and properly show the assets, liabilities, financial condition, profit or loss, cash flows of AB Vilniaus degtinė.

Acting Director General
Genadij Jurgelevič



Vilnius,
28 February, 2014

Chief Financial Officer
Renata Baliūnaitė



Statement on Financial Position

As on the 31th of December

In LTL	Notes	<u>31.12.2013</u>	<u>31.12.2012</u>
ASSETS			
Non-current assets			
Tangible assets	14	30 307 703	33 009 853
Intangible assets	13	10 214 544	11 056 458
Financial assets	15	7 285 469	4 182 729
Total non-current assets		<u>47 807 716</u>	<u>48 249 040</u>
Current assets			
Inventories	16	6 823 312	9 537 895
Prepayments and future expenses	17	390 281	251 495
Trade receivables	18	29 584 770	28 351 868
Other receivables	12,19	507 911	126 567
Cash and cash equivalents	20	961	10 140
Total current assets		<u>37 307 235</u>	<u>38 277 965</u>
TOTAL ASSETS		<u>85 114 951</u>	<u>86 527 005</u>

Notes on pages 11-35 are an integral part of these financial statements.

Acting Director General
Genadij JurgelevičVilnius,
28 February, 2014Chief Financial Officer
Renata Baliūnaitė

Statement on Financial Position (cont'd)

As on the 31th of December

In LTL	Notes	31.12.2013	31.12.2012
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	21	24 408 431	24 408 431
Legal reserve	21	2 440 843	2 440 843
Retained earnings (loss)		9 520 263	9 473 464
Total equity		36 369 537	36 322 738
Non-current liabilities			
Interest bearing loans and borrowings			
	23	2 809 827	5 054 678
Governmental grants	24	8 856 446	9 657 138
Trade payables		89 631	137 573
Deferred tax liability	11	803 773	724 547
Total non-current liabilities		12 559 677	15 573 936
Current liabilities			
Interest bearing loans and borrowings			
	23	18 987 561	13 917 230
Trade payables		8 973 351	6 100 882
Other payables	25	8 224 825	14 612 219
Total current liabilities		36 185 737	34 630 331
Total liabilities		48 745 414	50 204 267
TOTAL EQUITY AND LIABILITIES		85 114 951	86 527 005

Notes on pages 11-35 are an integral part of these financial statements.

Acting Director General
Genadij Jurgelevič

Vilnius,
28 February, 2014

Chief Financial Officer
Renata Baliūnaite

Comprehensive Income Statement


As on the 31th of December

In LTL	Notes	Jan-Dec 2013	Jan-Dec 2012
Sales revenue	4	55 283 461	55 943 614
Cost of sales		(38 116 885)	(40 005 410)
Gross profit	4	17 166 576	15 938 204
Other income	5	893 581	804 753
Sales and distribution expenses	6	(6 011 300)	(6 212 620)
Administrative expenses	7	(11 440 030)	(9 569 712)
Other expenses	5	(26 654)	(38 673)
Result from operating activities		582 173	921 952
Financial income	9	268 947	291 692
Financial expenses	9	(725 095)	(718 332)
Profit (loss) before tax		126 025	495 312
Corporate income tax	10	(79 226)	(119 039)
Profit (loss) for the period		46 799	376 273
Basic and diluted earnings (loss) per share	22	0.00	0.02
Other general income (expenditure)		0	0
Total general income (expenditure), less taxes		46 799	376 273

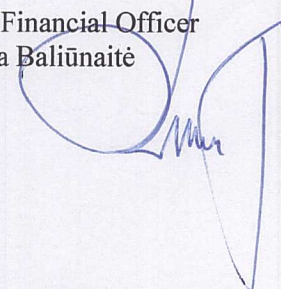
Notes on pages 11-35 are an integral part of these financial statements.

Acting Director General
Genadij Jurgelevič

Vilnius,
28 February, 2014



Chief Financial Officer
Renata Baliūnaitė



Comprehensive Income Statement

As on the 31th of December

In LTL	Notes	Oct-Dec 2013	Oct-Dec 2012
Sales revenue	4	17 643 605	15 973 114
Cost of sales		(12 282 502)	(11 193 135)
Gross profit	4	5 361 103	4 779 979
Other income	5	355 893	307 711
Sales and distribution expenses	6	(2 131 271)	(1 783 081)
Administrative expenses	7	(4 177 557)	(2 698 620)
Other expenses	5	(6 523)	(6 576)
Result from operating activities		(598 355)	599 413
Financial income	9	67 789	67 939
Financial expenses	9	(172 491)	(196 379)
Profit (loss) before tax		(703 057)	470 973
Corporate income tax	10	100 005	(83 270)
Profit (loss) for the period		(603 052)	387 703
Basic and diluted earnings (loss) per share	22	(0.02)	0.02
Other general income (expenditure)		0	0
Total general income (expenditure), less taxes		(603 052)	387 703

Notes on pages 11-35 are an integral part of these financial statements.

Acting Director General
Genadij Jurgelevič

Vilnius,
28 February, 2014

Chief Financial Officer
Renata Baliūnaitė

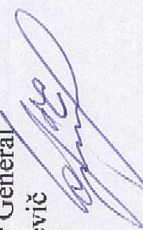
Statement of Changes in Equity

As on the 31th of December

In LTL	Notes	Share capital	Legal reserve	Other reserves	Retained earnings	Total shareholders' equity
Capital and reserves as on 1 January 2012		24 408 431	2 440 843	0	9 097 191	35 946 465
Profit (loss) for January-December of 2012					376 273	376 273
Capital and reserves as on 31 December 2012		24 408 431	2 440 843	0	9 473 464	36 322 738
Capital and reserves as on 1 January 2013		24 408 431	2 440 843	0	9 473 464	36 322 738
Profit (loss) for January-December of 2013					46 799	46 799
Capital and reserves as on 31 December 2013	21	24 408 431	2 440 843	0	9 520 263	36 369 537

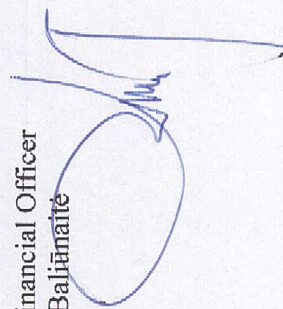
Notes on pages 11-35 are an integral part of these financial statements.

Acting Director General
 Genadij Jurgelevič



Vilnius,
 28 February, 2014

Chief Financial Officer
 Renata Baliūnaitė



Cash Flows Statement

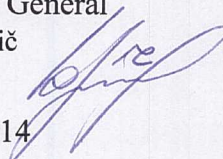
As on the 31th of December

In LTL	Jan-Dec 2013	Jan-Dec 2012
Profit (loss) for the period	46 799	376 273
Depreciation and amortisation	3 579 628	3 365 092
Impairment of trade receivables and other receivables	1 384 979	(45 076)
Net financial expenses	295 510	357 433
Gain (loss) on disposal of non-current assets	(14 969)	1 738
Corporate income tax expenses	79 226	119 039
Net cash flows from ordinary activities before changes in working capital	5 371 173	4 174 499
Change in inventories	2 714 583	(465 003)
Change in prepayments	(138 786)	34 151
Change in trade receivables and other receivables	(5 837 059)	(2 265 197)
Change in trade payables and other payables	(3 446 447)	1 697 910
Net cash flows from operating activities	(6 707 709)	(998 139)
Income tax paid	0	0
Net cash flows from operating activities	(1 336 536)	3 176 360
Interest	8 218	6 051
Proceeds from disposal of non-current assets	15 000	69 914
Acquisition of property, plant and equipment	(127 405)	(3 653 725)
Acquisition of intangible non-current assets	(120 378)	(9 940)
Acquisition of investments	(5 000)	0
Net cash flows from investing activities	(229 565)	(3 587 700)
Repayment of loans	(2 527 384)	(2 606 064)
Loans received	0	970 353
Increase (decrease) of other financial debt	5 138 328	1 272 327
Financial lease payments	(497 554)	(316 589)
Governmental grants received	0	1 815 551
Interest paid	(556 468)	(760 698)
Net cash flows from financing activities	1 556 922	374 880
Net cash flows from operating, investing and financing activities	(9 179)	(36 460)
Cash and cash equivalents at the beginning of the period	10 140	46 600
Cash and cash equivalents at the end of the period	961	10 140

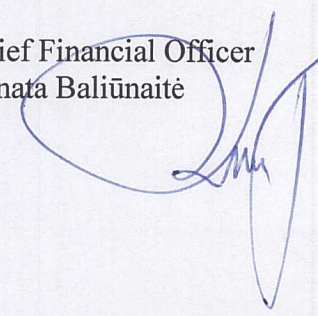
Notes on pages 11-35 are an integral part of these financial statements.

Acting Director General
Genadij Jurgelevič

Vilnius,
28 February, 2014



Chief Financial Officer
Renata Baliūnaitė



Notes

1 Reporting entity

AB Vilniaus Degtinė (hereinafter referred to as the Company) was registered on the 23rd of November 1990 and it is domiciled in Vilnius, Lithuania. The Company has a subsidiary in Rokiškis district. Fifty per cent of the ordinary nominal shares of UAB (Private Limited Company) Dunkeris LT, which was established in July 2013, are owned by the Company. UAB Dunkeris has only just begun to develop its operations in Lithuania.

AB Vilniaus Degtinė is a Lithuanian public listed company with shares traded on AB NASDAQ OMX Vilnius.

As on the 31th of December 2013, its shares are held by the following shareholders

Shareholder	Number of shares	Nominal value in LTL	Total value in LTL
Sobieski Sp.z.o.o.	16 668 632	1	16 668 632
Darius Žaromskis	3 602 498	1	3 602 498
SEB SA OMNIBUS (funds/inst clients)	2 233 476	1	2 233 476
Daiva Žaromskienė	1 220 422	1	1 220 422
Other shareholders	683 403	1	683 403
Total capital	24 408 431	1	24 408 431

The Company is primarily involved in the production of and trade in alcoholic beverages: vodkas, bitters, liqueurs and other alcoholic beverages. The facilities for alcoholic beverage production are located in Vilnius; however, the spirit production facilities are located with the subsidiary of the Company in Rokiškis district. Here produced electric and thermal energy. Part of electric energy is sold.

The Company has major sales in the local market. The sales to the European Union and foreign markets are continuously increasing. Their weight in the total sales volume are increasing.

The Company employed 151 staff members as on the 31th of December 2013 (139 staff members as on the 31th of December 2012).

2 Summary of significant accounting principles

Statement of compliance

Financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU. Interim Financial Statements are unaudited.

Basis of preparation

The financial statements are presented in the national currency Litas, which is the functional currency of the Company. They are prepared on the historical basis.

The preparation of the financial statements in conformity with IFRS as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and factors that correspond to the present circumstances. On the basis of the assumptions and estimates mentioned, the judgements about carrying values of assets and liabilities that are not readily apparent from other sources are made. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Notes

2 Summary of significant accounting principles (cont'd)

Basis of preparation (cont'd)

Revisions to 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.

Judgements made by Management on application of IFRS as adopted by the EU that have significant effect on the financial statements, and estimates of significant adjustments in the next year are discussed in separate Note.

The accounting principles of the Company as set forth below have been consistently applied and coincide with those applied last year.

Foreign currency

Translation of amounts in foreign currencies into the national currency

Transactions in foreign currencies are translated into litas at foreign exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into litas at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Non-derivative financial instruments

Non-derivative financial instruments include trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Cash and cash equivalents include cash balances and demand deposits.

Non-derivative financial instruments are initially recognised at fair value plus (except for the instruments recognised in the income statement at fair value) any direct attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Financial instruments are recognized on the day of transaction. The Company no longer recognises the financial assets when the contractual rights to the cash flows from this asset has expired or when the right to receive the agreed cash flows from this financial asset has been transferred during the transaction, i.e. all risk and benefits from the ownership of the financial assets has been transferred. Financial liability is no longer recognised when it has been covered, revoked or expired.

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 issued and receivables are initially recognised at fair value. Subsequently, loans and receivables are measured at amortised cost using the effective interest method, less impairment, if any. Current receivables are not discounted.

Notes

2 Summary of significant accounting principles (cont'd)

Non-derivative financial instruments (cont'd)

Loans, borrowings and other financial liabilities are stated at amortised cost on an effective interest method basis. Current liabilities are not discounted.

Financial derivatives

The Company did not use or have derivative financial instruments within the period ended on the 31th of December 2013.

Non-current tangible assets

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

The cost of Company's assets consists of the expenses directly related to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour costs and other expenses incurred to produce these assets before setting them into use and expenses of disassembling, transportation and production site cleaning.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing a part of such item or major overhaul when that cost is incurred if it is probable that future economic benefits embodied with the item will flow to the Company and the cost of an item can be measured reliably. All other costs are recognised in the income statement as incurred.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives are as follows:

- Buildings and structures 8–20 years
- Plant and machinery 5–20 years
- Vehicles 4–10 years
- Other assets 5–15 years

Depreciation methods, residual values and useful lives are reassessed on each day of presenting financial statements.

Notes

2 Summary of significant accounting principles (cont'd)

Non-current intangible assets

Intangible assets that have limited useful life and that include computer software and other licences and trademarks acquired by the Company are stated at cost less accumulated amortisation and impairment.

Amortisation is charged to the income statement on a straight-line basis over the entire service life. The amortisation rates of intangible assets can be specified as follows:

- Software and licences 3 years
- Sobieski trademark 20 years

Subsequent expenses of intangible assets are capitalised only when they increase the future economic benefits from this particular asset, which relates to the expenses. All other expenses are written off when incurred.

Leased assets

Leases, in terms of which the Company assumes substantially all the risks and rewards of ownership, are classified as financial leases. Assets acquired by way of financial 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. All other lease is treated as operational lease.

Inventories

Inventories, including work in progress, are valued at the lower of cost or net realisable value. Net realisable value is the selling price, less the estimated cost of completion, marketing and distribution.

The costs of inventories is determines based on FIFO principle.

In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity distributed according to norms calculated considering the use of production capacities.

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 Company accounts for bottles as current assets in inventory, since they are not expected to be reused following the initial delivery. Bottles are booked to the cost of finished goods when used in production.

The Company books multiple usage tare, which includes plastic crates for placing the bottles of alcoholic beverages, to the operating expenses immediately after it is taken for use.

Governmental grants

Grants are accounted following the principle of accumulation, i.e. received grants or parts thereof are recognised as used in the periods, within which grant-related costs are incurred.

Notes

2 Summary of significant accounting principles (cont'd)

Grants are related to assets

Grants that are related to assets encompass grants received in the form of non-current assets or allotted for acquisition of non-current assets. Grants are accounted at the fair value of the assets received. Grants amortization is later reducing asset depreciation costs within the respective useful service life of the assets.

Impairment

Financial asset is impaired if there are if there is objective evidence that certain event or events could have an adverse impact on asset-related cash flows in the future. Individually significant financial assets must be tested for impairment on an individual basis. The remaining financial assets are grouped according to their credit risk and the impairment for those groups is measured on a portfolio basis. An asset that is deemed impaired on an individual basis and its impairment loss is continually recognised cannot be included in any group of assets that is tested for impairment on a portfolio basis.

The carrying amounts of the Company's assets other than inventories and deferred income tax asset are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For the assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised wherever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Cash generating unit is the smallest cash generating asset group generating cash flows independent from other assets or asset groups. Impairment losses are recognised in the income statement.

Calculation of recoverable amount

The recoverable amount of the Company's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at the initial recognition of these financial assets). Receivables with short duration are not discounted.

The recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. 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.

Reversals of impairment

An impairment loss in respect of receivables carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

Notes

2 Summary of significant accounting principles (cont'd)

Reversals of impairment (cont'd)

In case of certain changes in events or circumstances, on the basis of which the recoverable value of non-financial assets was calculated, indicating that carrying value on non-financial assets can be recoverable, impairment loss is reversed. 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.

Dividends

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

Employee benefits

The company has no determined allowances and inducement plans or payment schemes concerning its shares. Liabilities against retired former employees of the company are fulfilled by the State.

Provisions

Provisions are recognised in the balance sheet when it is probable that an outflow of economic benefits will be required to settle the obligation arising from a past event or fulfilment of irrevocable undertakings.

Revenue

Sales of goods

Revenue from the sale of goods is recognised in the income statement when significant risk and ownership is transferred to the buyer, when it is probable that economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably. Sales are recognised net of VAT, excise tax and price discounts directly related to the sales.

Services rendered, assets disposed

Revenue from the services rendered is recognised in the income statement as the services are rendered, considering the extent of completion of the services. The revenue recognised is net of discounts provided.

Revenue from lease is recognised in the income statement on a straight-line basis over the term of lease.

Revenue from disposal of assets is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or associated costs, or return of assets disposed is possible or when the significant risks and rewards of ownership cannot be regarded as transferred to the buyer.

Notes

2 Summary of significant accounting principles (cont'd)

Expenses

Operating lease payments

Payments made under operating lease are recognised in the income statement on a straight-line basis over the term of lease.

Financial lease payments

Minimum lease payments are apportioned between the financial charge and the reduction of the outstanding liability applying the effective interest rate method. The financial costs are distributed over the whole period of financial lease, so as to produce a constant periodic interest rate on the remaining balance of the liability.

Net financing costs

Net financing costs consist of interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, foreign exchange gains and losses.

Interest income is recognised in the comprehensive income statement as accrued, using the effective interest method. The interest expense component of financial lease payments is recognised in the income statement, using the effective interest rate method.

Corporate income tax

Corporate income tax consists of current and deferred tax. Income tax is recognised in the income statement except to the extent it relates to the items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of the assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not calculated for temporary differences recorded at the moment of initial recognition of assets or liabilities when such differences affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax asset is recognised only to the extent it is likely that the future taxable profits will be available against which the assets can be utilised. Deferred tax asset is revised on each day of provision of financial statements and is reduced to the extent it is no longer probable that the related tax benefit will be realised.

Notes

2 Summary of significant accounting principles (cont'd)

Segment reporting

Segment is a distinguishable component of the Company that is engaged either in providing related products or services, or in providing products or services within a particular economic environment which is subject to risks and rewards that are different from those of other segments. The Company's primary format for segment reporting is based on business segments.

Basic and diluted earnings (loss) per share

The Company presents data of basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. During reporting periods there were no any dilutive potential ordinary shares issued by the Company.

3 Critical accounting estimates and judgements

Estimates and assumptions are continually reviewed and are based on historical experience and other factors, representing current situation and reasonable expected future events. Management of the Company, considering forecasts and budget, borrowing need, fulfilment of obligations, products and markets, financial risk management, having performed operation continuity assessment, considers that there are no obscurities in the assessment of continuity of the Company's activities or doubts concerning its further operation. The Company makes estimates and assumptions concerning future events. Resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed below.

Impairment losses on receivables

The Company reviews its receivables to assess impairment at least on a quarterly basis. Impairment losses on receivables are recognized to pay a delay of 1 year. In determining whether impairment loss should be recorded in the income statement, the Company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of receivables before the decrease can be identified with an individual receivable in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of debtors, or national or local economic conditions that correlate with the group of receivables.

Management estimates future cash flows from the debtors based on historical loss experience of debtors with similar credit risk. The 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.

Notes

3 Critical accounting estimates and judgements (cont'd)

Impairment losses on construction in progress

Construction in progress is related with the construction of soft drinks production facilities discontinued in 1994 due to the change in strategic plans of the Company. By the year 2009 the construction in progress is quarterly tested for impairment and based on management estimates. Depreciation of the construction in progress is calculated since 2009.

Impairment losses on building and land

In 2009 the building with land was purchased. In 2011 property valuations have been carried out and impairment losses on property were recognised.

Impairment losses on trademark

The Company uses trademark Sobieski, which is amortised on a straight line basis over a period of 20 years. The service life of this trademark can differ from currently used accounting estimates due to the possible changes of the life cycle of the products market by this trademark as a result of market conditions. According to the management, considering the current situation, the service life used in the accounting is justifiable.

4 Segment reporting

Taking into account the share of sales of the products being sold, the segments are excluded – Finished alcoholic beverages, nutritional ethyl alcohol (rectified and distilled) and its products, denatured ethyl alcohol are produced in the Company and goods for resale (alcoholic beverages, non-alcoholic beverages, etc.). Other income as well as the revenues and costs of financial activity are not classified to the segments; profit taxes are controlled. The revenues from electric energy sales are classified to other income.

Revenue and gross profit for January-December 2013

In LTL	Finished alcoholic beverages	Ethyl alcohol and its products	Denatured ethyl alcohol	Goods for resale	Total
Revenue	43 539 423	6 526 168	1 982 364	3 235 506	55 283 461
Gross profit	16 023 472	676 974	95 990	370 140	17 166 576

Revenue and gross profit for January-December 2012

In LTL	Finished alcoholic beverages	Ethyl alcohol and its products	Denatured ethyl alcohol	Goods for resale	Total
Revenue	38 004 357	14 230 036	116 144	3 593 077	55 943 614
Gross profit	14 929 503	624 71	51 835	332 155	15 938 204

Notes

4 Segment reporting (cont'd)

Revenue and gross profit for October-December 2013

In LTL	Finished alcoholic beverages	Ethyl alcohol and its products	Denatured ethyl alcohol	Goods for resale	Total
Revenue	13 084 055	1 864 966	1 525 791	1 168 793	17 643 605
Gross profit	4 966 629	190 689	107 281	96 504	5 361 103

Revenue and gross profit for October-December 2012

In LTL	Finished alcoholic beverages	Ethyl alcohol and its products	Denatured ethyl alcohol	Goods for resale	Total
Revenue	11 263 560	3 662 326	11 685	1 035 543	15 973 114
Gross profit	4 266 393	431 298	4 387	77 901	4 779 979

The Company's primary activities are carried out in the Lithuanian market, in the EU countries and other foreign markets. In January-December 2013, sales to EU and other foreign markets amounted to LTL 10 309 360 (in January-December 2012 – LTL 16 009 97), in October-December 2013, sales to EU and other foreign markets amounted to LTL 2 948 958 (in October-December 2012 – LTL 4 223 587). Revenue of finished alcoholic beverages per 2013 year in these markets increase by 69.7 percent, revenue of ethyl alcohol and its products decrease 59.4 percent. Considering the share of product sales in foreign markets in total revenue, no geographical segments are singled out.

In LTL	Jan-Dec 2013	Jan-Dec 2012
5 Income and expenses of other activities		
Lease of premises and utilities	118 552	110 020
Income from sales of intangible asstes	14 998	0
Income from sales of materials and spare parts	214 381	199 120
Electricity sales profit	329 988	78 067
Other income	215 662	417 546
Total other income	893 581	804 753
Other expenses	(26 654)	(37 000)
Loss from sales of intangible asstes	0	(1 673)
Loss from sales of electricity	0	0
Loss from sales of materials and spare parts	0	0
Total other expenses	(26 654)	(38 673)
Net income and expenses of other activities	866 927	766 080

Notes

In LTL	Oct-Dec 2013	Oct-Dec 2012
Income and expenses of other activities		
Lease of premises and utilities	35 504	27 235
Income from sales of intangible asstes	14 998	13 623
Income from sales of materials and spare parts	113 541	54 001
Electricity sales profit	108 641	91 416
Other income	83 209	121 436
Total other income	355 893	307 711
Other expenses	(6 523)	(6 576)
Loss from sales of materials and spare parts	0	0
Loss from sales of electricity	0	0
Total other expenses	(6 523)	(6 576)
Net income and expenses of other activities	349 370	301 135
In LTL	Jan-Dec 2013	Jan-Dec 2012
6 Sales and distribution expenses		
Advertising expenses	(3 812 995)	(3 675 425)
Personnel expenses	(914 822)	(860 817)
Transportation expenses	(658 597)	(1 080 045)
Market research expenses	(85 031)	(50 557)
Packaging expenses	(99 106)	(85 076)
Other expenses	(440 749)	(460 700)
Total sales and distribution expenses	(6 011 300)	(6 212 620)
In LTL	Oct-Dec 2013	Oct-Dec 2012
Sales and distribution expenses		
Advertising expenses	(1 448 535)	(1 146 502)
Personnel expenses	(311 731)	(211 626)
Transportation expenses	(189 161)	(257 377)
Market research expenses	(15 194)	(9 536)
Packaging expenses	(41 555)	(30 555)
Other expenses	(125 095)	(127 485)
Total sales and distribution expenses	(2 131 271)	(1 783 081)

Notes

In LTL	<u>Jan-Dec 2013</u>	<u>Jan-Dec 2012</u>
7 Administrative expenses		
Personnel expenses	(3 073 830)	(2 958 087)
Operating taxes	(1 542 276)	(1 351 725)
Repairs and maintenance	(336 174)	(346 764)
Amortisation and depreciation	(1 787 934)	(1 763 823)
Consulting and training expenses	(492 018)	(496 016)
Maintenance of cargo vehicles	(559 142)	(425 717)
Security expenses	(201 174)	(214 965)
Communications and IT maintenance expenses	(153 520)	(116 629)
Utilities	(458 526)	(501 410)
Impairment allowance of debts	(1 384 979)	45 076
Other expenses	(1 450 455)	(1 439 652)
Total administrative expenses	<u>(11 440 030)</u>	<u>(9 569 712)</u>
In LTL	<u>Oct-Dec 2013</u>	<u>Oct-Dec 2012</u>
Administrative expenses		
Personnel expenses	(836 698)	(832 943)
Operating taxes	(424 360)	(379 485)
Repairs and maintenance	(130 285)	(120 875)
Amortisation and depreciation	(419 711)	(426 042)
Consulting and training expenses	(191 992)	(132 370)
Maintenance of cargo vehicles	(147 669)	(151 812)
Security expenses	(50 700)	(45 591)
Communications and IT maintenance expenses	(39 209)	(31 515)
Utilities	(87 825)	(124 664)
Impairment allowance of debts	(1 387 730)	34 467
Other expenses	(461 378)	(487 790)
Total administrative expenses	<u>(4 177 557)</u>	<u>(2 698 620)</u>
In LTL	<u>Jan-Dec 2013</u>	<u>Jan-Dec 2012</u>
8 Personnel expenses		
Wages and salaries	(3 595 871)	(3 365 732)
Vacation reserve	(400 064)	(412 982)
Guarantee fund contributions	(7 816)	(7 501)
Social security contributions	(1 245 429)	(1 172 598)
Total personnel expenses	<u>(5 249 180)</u>	<u>(4 958 813)</u>

Notes

In LTL	<u>Oct-Dec 2013</u>	<u>Oct-Dec 2012</u>
Personnel expenses		
Wages and salaries	(1 072 211)	(961 667)
Vacation reserve	(128 670)	(87 639)
Guarantee fund contributions	(2 195)	(1 999)
Social security contributions	(373 964)	(327 380)
Total personnel expenses	<u>(1 577 040)</u>	<u>(1 378 685)</u>

Redundancy pays for January-December 2013, inclusive of social security contributions and guarantee fund contributions, amounted to LTL 16 781 (in January-December 2012 - LTL 109 367), for October-December 2013, inclusive of social security contributions and guarantee fund contributions, amounted to LTL 0 (in October-December 2012 - LTL 77 538).

Personnel expenses for the management (directors) in January-December 2013 amounted to LTL 542 080 (in January-December 2012 - LTL 472 473), of which were amounted to LTL 0 for redundancy pays. No loans and (or) indemnities were granted to the management (directors) and no other financial liabilities or non-financial obligations were undertaken. Other significant transactions for details to Note 27.

Average number of staff members on payroll for January-December 2013 was 139 (142 for January-December 2012).

Average number of managers (directors) for January-December 2013 was 3 (3 for January-December 2012).

In LTL	<u>Jan-Dec 2013</u>	<u>Jan-Dec 2012</u>
9 Financial income and expenses		
Interest income	268 947	269 683
Foreign exchange gain	0	21 847
Other income	0	162
Total financial income	<u>268 947</u>	<u>291 692</u>
Interest expenses	(564 457)	(627 116)
Foreign exchange loss	(10 577)	0
Other expenses	(150 061)	(91 216)
Total financial expenses	<u>(725 095)</u>	<u>(718 332)</u>
Financial income and expenses, net	<u>(456 148)</u>	<u>(426 640)</u>

Notes

In LTL			<u>Oct-Dec 2013</u>	<u>Oct-Dec 2012</u>
Financial income and expenses				
Interest income			67 789	67 789
Foreign exchange gain			0	150
Total financial income			<u>67 789</u>	<u>67 939</u>
Interest expenses			(145 574)	(160 249)
Other expenses			(23 684)	(30 328)
Foreign exchange loss			(3 233)	(5 802)
Total financial expenses			<u>(172 491)</u>	<u>(196 379)</u>
Financial income and expenses, net			<u>(104 702)</u>	<u>(128 440)</u>
In LTL			<u>Jan-Dec 2013</u>	<u>Jan-Dec 2012</u>
10 Corporate income tax expenses				
Change in deferred income tax			(79 226)	(119 039)
Total corporate income tax expenses			<u>(79 226)</u>	<u>(119 039)</u>
11 Deferred tax				
			<u>31.12.2013</u>	<u>31.12.2012</u>
In LTL			<u>Temporary differences</u>	<u>Deferred tax (15%)</u>
Deferred tax asset			6 376 458	956 468
Deferred tax liability			(11 734 938)	(1 760 241)
Net deferred tax liability			<u>(803 773)</u>	<u>(724 547)</u>
In LTL			<u>Jan-Dec 2013</u>	<u>Jan-Dec 2012</u>
Change in the deferred tax				
Deferred tax liability at the beginning of the period			(724 547)	(605 508)
Deferred tax expenses			(79 226)	(119 039)
Deferred tax liability at the end of the period			<u>(803 773)</u>	<u>(724 547)</u>

Notes

12 Corporate income tax

In LTL	Jan-Dec 2013	Jan-Dec 2012
Overpaid corpor. income tax (liability) at the beginning of the period	0	0
Current income tax for the period	0	0
Overpaid corpor. income tax (liability) at the end of the period	0	0

13 Intangible assets

In LTL	Patents, licences	Software	Other	Total
Cost as of 1 January 2012	45 820	547 300	18 913 672	19 506 792
Additions	0	9 940	0	9 940
Cost as of 31 December 2012	45 820	557 240	18 913 672	19 516 732
Accumulated amortisation as of 1 January 2012	42 195	524 874	6 935 013	7 502 082
Amortisation	1 500	11 008	945 684	958 192
Accumulated amortisation as of 31 December 2012	43 695	535 882	7 880 697	8 460 274
Net book value as of 31 December 2012	2 125	21 358	11 032 975	11 056 458
Cost as of 1 January 2013	45 820	557 240	18 913 672	19 516 732
Additions	0	120 378	0	120 378
Write-off	0	(680)	0	(680)
Cost as of 31 December 2013	45 820	676 938	18 913 672	19 636 430
Accumulated amortisation as of 1 January 2013	43 695	535 882	7 880 697	8 460 274
Amortisation	1 500	15 108	945 683	962 291
Write-off	0	(679)	0	(679)
Accumulated amortisat. as of 31 December 2013	45 195	550 311	8 826 380	9 421 886
Net book value as of 31 December 2013	625	126 627	10 087 292	10 214 544

All amortisation expenses are included under administrative expenses.

Notes

14 Property, plant and equipment

In LTL	Land and buildings	Machinery and equipment	Vehicles and other assets	Other equipment	Constructi on in progress	Other	Total
Cost as of 1 January 2012	23 914 695	30 696 310	1 202 862	2 179 839	4 035 809	542 029	62 571 544
Additions	1 501 588	1 685 300	0	38 965	561 454	0	3 787 307
Write-off and sale of	(105 727)	(624 161)	(2 400)	(52 060)	0	0	(784 348)
Reclassificationnns	10 785 850	(7 532 093)	0	(24 684)	(2 687 044)	(542 029)	0
Cost as of the 31 December 2012	36 096 406	24 225 356	1 200 462	2 142 060	1 910 219	0	65 574 503
Accumulated impairment of 1 January 2012	2 371 448	0	0	0	477 555	0	2 849 003
Loss of impairment	0	0	0	0	0	0	0
Accumulated impairment of 31 December 2012	2 371 448	0	0	0	477 555	0	2 849 003
Accumulated depreciation as of 1 January 2012	9 112 318	15 276 096	963 781	2 049 093	286 533	0	27 687 821
Write-off and sale of	(34 801)	(624 134)	(2 398)	(51 363)	0	0	(712 696)
Depreciation	890 412	1 244 846	112 698	63 433	95 511	0	2 406 900
Depreciation (grants)	140 574	193 048	0	0	0	0	333 622
Accumulated depreciation as of 31 December 2012	10 108 503	16 089 856	1 074 081	2 061 163	382 044	0	29 715 647
Net book value as of 31 December 2012	23 616 455	8 135 500	126 381	80 897	1 050 620	0	33 009 853
Cost as of 1 January 2013	36 096 406	24 225 356	1 200 462	2 142 060	1 910 219	0	65 574 503
Additions	0	445 769	199 504	41 636	5 000	24 000	715 909
Write-off and sale of	0	(257 886)	(10 924)	(32 527)	0	0	(301 337)
Reclassificationnns	0	0	0	0	0	0	0
Cost as of 31 December 2013	36 096 406	24 413 239	1 389 042	2 151 169	1 915 219	24 000	65 989 075
Accumulated impairment of 1 January 2013	2 371 448	0	0	0	477 555	0	2 849 003
Accumulated impairment of 31 December 2013	2 371 448	0	0	0	477 555	0	2 849 003
Accumulated depreciation as of 1 January 2013	10 108 503	16 089 856	1 074 081	2 061 163	382 044	0	29 715 647
Write-off and sale of	0	(257 875)	(10 922)	(32 510)	0	0	(301 307)
Depreciation	1 097 622	1 269 826	109 366	45 012	95 511	0	2 617 337
Depreciation (grants)	337 377	463 315	0	0	0	0	800 692
Accumulated depreciation as of 31 December 2013	11 543 502	17 565 122	1 172 525	2 073 665	477 555	0	32 832 369
Net book value as of 31 December 2013	22 181 456	6 848 117	216 517	77 504	960 109	24 000	30 307 703

Notes

In LTL	Jan-Dec 2013	Jan-Dec 2012
14 Property, plant and equipment (cont'd)		
Distribution of depreciation costs		
Cost of sales and write-off	1 677 922	1 464 284
Inventories	87 537	99 984
Administrative and other expenses	851 878	842 632
Total distribution of depreciation cost	2 617 337	2 406 900

In LTL	31.12.2013	31.12.2012
15 Financial assets		
Long-term loans granted	3 164 077	3 164 077
Interest receivable	774 346	1 018 652
Investments in associated companies	5 000	0
Trade receivables from comp. from the group	3 342 046	0
Total financial assets	7 285 469	4 182 729

Term of repayment of the loan and interest – March 2020. The loan was issued in Euros.

In LTL	31.12.2013	31.12.2012
16 Inventories		
Raw materials	3 725 902	6 518 216
Finished goods	2 222 888	1 846 446
Goods for resale	813 489	1 102 115
Work in progress	61 033	71 118
Total inventories	6 823 312	9 537 895

As of 31th of December 2013, the remainder of grain stored at the third parties warehouses is worth of LTL 2 040, of bottles worth of LTL 12 624.

In LTL	31.12.2013	31.12.2012
17 Prepayments and deferred expenses		
Prepayments to suppliers	169 287	76 767
Deferred advertising expenses	37 840	62 289
Other expenses	183 154	112 439
Total prepayments and deferred expenses	390 281	251 495

Notes

In LTL	31.12.2013	31.12.2012
18 Trade receivables		
Trade receivables from comp. not from the group	27 546 119	23 100 782
Impairment allowance from comp. not from the group	(712 049)	(149 249)
Trade receivables from comp. from the group	3 574 707	5 400 335
Impairment allowance from comp. from the group	(824 007)	0
Net trade receivables	29 584 770	28 351 868

In LTL	31.12.2013	31.12.2012
Change in impairment of receivables for bad debts		
Impairment allow. for bad debts at the beginning of the period	(149 249)	(188 082)
Impairment allowance	(1 409 144)	(1 614)
Reverse of impairment allowance	22 337	40 447
Impairment allowance for bad debts at the end of the period	(1 536 056)	(149 249)

Impairment losses are recognized to pay overdue for 1 year or more.

In LTL	31.12.2013	31.12.2012
19 Other receivables		
Interest receivable	505 036	0
Other receivables	2 875	126 567
Doubtful receivables	487 510	489 338
Total other receivables before write-down allowance	995 421	615 905
Impairment allowance	(487 510)	(489 338)
Total other receivables, net	507 911	126 567

In LTL	31.12.2013	31.12.2012
Change in impairment allowance of receivables		
Impairment allow. for receivables at the beginning of the period	(489 338)	(495 581)
Reverse of impairment allowance	1 828	6 243
Impairment allowance for receivables at the end of the period	(487 510)	(489 338)

Notes

In LTL	31.12.2013	31.12.2012
20 Cash and cash equivalents		
Cash at bank and in hand	961	84 035
Limited use of the cash with the bank account (decision of the Council of the EU to Belarus)	0	(73 895)
Total cash and cash equivalents	961	10 140

21 Capital and reserves

Share capital

The share capital is made of 24 408 431 ordinary shares with the nominal value of LTL 1 each, and the total share capital is LTL 24 408 431, fully paid. The holders of the ordinary shares are entitled to one vote per share in the shareholders' meeting and are entitled to dividends as they are declared and to capital repayment in case of reduction of capital. One ordinary share gives a right to one vote at the shareholders' meeting.

Legal reserve

Legal reserve is compulsory reserve under Lithuanian legislation. Annual contributions of at least 5 percent of the retained earnings available for distribution are required until legal reserve and the share premium reach 10 percent of the authorised capital. This reserve cannot be distributed.

22 Basic and diluted earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing the net profit attributable to shareholders by weighted average number of ordinary shares in issue during the year.

	Jan-Dec 2013	Jan-Dec 2012
Number of shares	24 408 431	24 408 431
Profit (loss) for the period attributable to the equity holders, in LTL	46 799	376 273
Basic and diluted earnings (loss) per share, in LTL	0.00	0.02

The Company has not issued other securities potentially convertible into shares. Therefore, the diluted earnings (loss) per share are the same as the basic earnings (loss) per share.

Notes

In LTL	31.12.2013	31.12.2012
23 Interest bearing loans and borrowings		
Non-current liabilities		
Bank loans	2 527 295	5 054 678
Financial lease (leasing) liabilities	282 532	0
Total non-current liabilities	2 809 827	5 054 678
Current liabilities		
Overdraft, factoring	16 282 799	11 144 472
Bank loans	2 527 383	2 527 383
Financial lease (leasing)	177 379	245 375
Total current liabilities	18 987 561	13 917 230
Total	21 797 388	18 971 908

In LTL	Total	Up to 1 year	1-5 years	Over 5 ears
Terms and repayment schedule				
Bank overdraft	11 612 027	11 612 027	0	0
Factoring	4 670 772	4 670 772	0	0
Bank loans	5 054 678	2 527 383	2 527 295	0
Financial lease	459 911	177 379	282 532	0
Total financial liabilities	21 797 388	18 987 561	2 809 827	0

Redemption date of long-term credits – December 2015, of credit lines – August 2014, of factoring – December 2014. In order to secure the bank loans, the Company has pledged its assets. For further comments refer to Note 28.

Under financial lease agreements, the Company's assets consist of vehicles. Financial lease terms are up to 3 years.

In LTL	31.12.2013	31.12.2012
24 Governmental grants		
Balance value at the beginning of the period	9 657 138	8 175 209
Grants received	0	1 815 551
Amortization	(800 692)	(333 622)
Balance value at the end of the period	8 856 446	9 657 138

The support was granted of the Project "Using distillery refuse (broga) for the production of electric power" for acquisition of non-current assets. The Project was finished in 2012. Part of the produced electric power is sold, and another part is used in the industrial activities of the Company. The amortization of the grant is accounted in the items of the „cost of sales" of the Comprehensive Income Statement. The amortization of the grant decreases the cost of depreciation of the related non-current tangible assets.

Notes

In LTL	31.12.2013	31.12.2012
25 Other payables		
Payable excise tax	4 340 275	8 896 667
Payable VAT	3 073 511	4 875 666
Wages, vacation reserve and social security	616 226	482 905
Other taxes payable	63 704	189 849
Accrued expenses	85 715	126 919
Other payables	45 394	40 213
Total other payables	8 224 825	14 612 219

26 Financial risk management

In the course of using financial instruments, the Company faces the following risks:

- Credit risk;
- Liquidity risk;
- Market risk.

The present note provides for information on each of the aforementioned risks the Company faces, the Company's risk evaluation goals, policy and risk valuation and management processes, as well as the Company's capital management. More detailed quantitative disclosures are presented in the present interim statement.

The Board is completely responsible for development and supervision of the company's risk management structure. The Company's risk management policy is devoted to identification and analysis of the risks the Company faces, determination of respective risk limits and controls, and monitoring of the observance of risks and limits. Risk management policy and risk management system are regularly revised to match the changes of market conditions and the Company's activities. With the help of trainings, procedures of management standards, the Company aims to develop a disciplined and constructive management environment, where every employee knows his/her functions and duties.

Credit risk

Credit risk is the risk that the Company will suffer financial losses in case if a customer or another party fails to fulfil their respective obligations, and in most cases such risk is related with amounts receivable from the Company's customers.

The Company controls credit risk or risk by using credit conditions and procedures of market analysis. The Company has no significant credit risk concentration because it is distributed among different buyers.

The Company accounts the impairment on the basis of evaluation of losses concerning trade and other amounts receivable. Such impairment consists only of specific loss related to individual significant tradings and other amounts receivable.

Notes

26 Financial risk management (cont;d)

Liquidity risk

Liquidity risk is the risk that, upon maturity, the Company will be unable to fulfil its financial liabilities. The Company's liquidity management objective is to maximally secure sufficient liquidity of the Company, which enables the Company to fulfil its obligations under both, normal and complicated circumstances, without suffering unacceptable losses and being exposed to the risk of losing its good reputation.

The Company's policy is to maintain sufficient cash to cover planned operating expenditure, including financial liabilities; such security does not cover the influence unforecastable force majeure (such as natural calamities). Moreover, the Company has concluded a contracts for bank overdrafts in LTL and EUR.

Market risk

Market risk is the risk that market price changes, e.g. foreign exchange rates or interests rates, will affect the Company's income or the value of available financial instruments. The objective of market risk management is to manage and control the market risk, considering certain limits, through optimisation of the return.

Interest rate risk

The Company's borrowings are subject to variable interest rates related to EURIBOR, LIBOR EUR and VILIBOR. As of 31th December 2013, the Company did not use any financial instruments to hedge its exposure to the cash flow risk related to debt instruments with variable interest rates or price risk related to debt instruments with fixed interest rates.

Foreign exchange risk

The functional currency of the Company is Litas (LTL). The Company does not face foreign currency risk on purchases and borrowings that are denominated in currencies other than Litas or Euro. The risk related to the transactions in EUR is considered to be insignificant as the Lithuanian Litas is pegged to Euro at a fixed rate 3.4528. The Company did not have any material exposure in other foreign currencies.

Capital management

The objective of the management policy is to maintain a significant level of owner's equity compared to borrowed funds to avoid discrediting investors, creditors and market trust, as well as maintain development of activities in the future. The Board observes the return on capital and presents offers on payment of dividends to owners of ordinary shares, considering the Company's financial results and strategic plans.

The Board also strives for maintaining the balance between higher return, which could be achieved through a higher level of borrowed funds, and safety, which is provided by a higher level of owner's equity. Equity makes at least 50 percent of authorised capital with share premium.

The Company's capital management policy did not change.

Notes

27 Related party transactions

Related parties of the Company are:

- parties that control, are controlled by or are under common control with the Company;
- parties that can have material impact on the activities of the Company;
- parties that are management members of the Company or its parent company;
- close members of the family of the aforesaid persons;
- companies that are under control or material impact of the aforesaid persons.

Parent and ultimate parent companies are as follows:

Company	Relationship
Sobieski Sp. Z.o.o.	Parent company
Belvedere S.A.	Ultimate parent company

Other main related parties are:

Company, person	Relationship
UAB Belvedere prekyba	Belvedere group company
Belvedere Scandinavia A/S	Belvedere group company
Sobieski Destylarnia S.A.	Belvedere group company
Vinimpex PLC	Belvedere group company
UAB Belvedere Baltic	Belvedere group company
Fabryka Wodek Polmos Landut	Belvedere group company
PHP Wieslaw Wawrzyniak	Belvedere group company
Moncigale S.A.S.	Belvedere group company
Gognac Gautier	Belvedere group company
Marie Brizard&Roger Inten.	Belvedere group company
Marie Brizard Espagne	Belvedere group company
IOOO Galiart	Belvedere group company
Chais Beaucairois SAS	Belvedere group company
Domain Menada Sp. Z.o.o.	Belvedere group company
Belvedere Distribution SIA	Belvedere group company
Natural persons	Shareholders
Natural persons	Board members
Natural persons	Management members (directors)

Notes

27 Related party transactions (cont'd)

Sales to and purchases from related parties

	Type of transaction	Jan-Dec 2013	Jan-Dec 2012
Purchases	Inventories	626 394	668 919
Purchases	Other expenses	0	12 555
Purchases	Services	493 043	533 485
Total purchases		1 119 437	1 214 959
Sales	Inventories incl.excise tax	45 051 693	51 494 563
Sales	Other income	268 936	269 683
Sales	Services	122 105	111 903
Total sales incl.excise tax		45 442 734	51 876 149
Excise tax		(29 812 928)	(28 206 843)
Total sales net of excise tax		15 629 806	23 669 306
Balances outstanding with related parties		31.12.2013	31.12.2012
Trade receivables		11 360 212	9 583 064
Impairment allowance from comp. from the group		(824 007)	0
Net trade receivables		10 536 205	9 583 064
Trade payables		367 492	275 724

Information on the loans granted to the associated company and amounts of interest payable (in this note provided as amounts receivable) is provided in Note 15 and in Note 19. Raw materials for alcoholic beverages production as well as alcoholic beverages are purchased from Belvedere group companies. Alcoholic beverages and rectified ethyl alcohol are sold to Belvedere group companies. Interest rates and all outstanding related party transactions are priced at market prices. Personnel expenses to the Company's management (directors) is enclosed in the Note 8.

28 Off-balance liabilities

As a security for the loan facilities, the following assets have been pledged

In LTL	31.12.2013	31.12.2012
Carrying amount of pledged buildings and structures	21 544 529	22 969 072
Carrying amount of pledged equipments	5 383 136	6 347 275
Carrying amount of pledged trademarks	10 087 292	11 032 975
Carrying amount of pledged inventories	6 823 312	9 537 895
Cash and cash equivalents in accounts of bank	704	9 202
Amounts receivable from buyers (the right of claim)	27 000 000	27 000 000
Rights of land lease	0	0

The Company controls and executes the financial liabilities, indices set by the bank and additional requirements.

Notes

29 Fair value of financial instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties at market prices but not in forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

Fair value of assets and liabilities provided in the balance sheet as on the 31st of December 2013 does not significantly differ from their carrying amount, except for non-current real estate, the depreciated cost-price of which significantly differs from its fair value.

Financial assets and financial liabilities as on the 31st of December 2013

In LTL	Carrying amount	Fair value
Granted long-term loans and other receivables, investments	7 285 469	7 285 469
Advance payments and deferred expenditure	390 281	390 281
Trade receivables	29 584 770	29 584 770
Other receivables	507 911	507 911
Cash and cash equivalents	961	961
Total financial assets	37 769 392	37 769 392
Loan and other interest-bearing amounts	21 797 388	21 797 388
Trade payables	9 062 982	9 062 982
Other payables	8 224 825	8 224 825
Total financial liabilities	39 085 195	39 085 195

30 Events after the reporting period

After the reporting period there were no events which influence the financial results of the Company.

Acting Director General
Genadij Jurgelevič

Vilnius,
28 February, 2014

Chief Financial Officer
Renata Baliūnaitė