AB VILNIAUS DEGTINĖ

Interim Financial Statements
for the nine-month period ended on the
31th December 2014
(unaudited)

Contents

Company Information

AB Vilniaus degtinė

Telephone:	+ 370 5 233 08 19
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Company number:	120057287
Registered at:	Panerių Str. 47, Vilnius, Lithuania

Management

Juozas Daunys, Director General

Dalius Rutkauskas, Buying and Selling Director

Genadij Jurgelevič, Production Director

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 Director General Juozas Daunys and Chief Financial Officer Česlava Ivickienė 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, 2014, 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.

Director General
Juozas Daunys

Vilnius,
26 February, 2015

Chief Financial Officer
Česlava Ivickienė

Statement on Financial Position

In LTL	Notes	31.12.2014	31.12.2013
ASSETS			
Non-current assets			
Tangible assets	14	27 580 920	30 307 703
Intangible assets	13	9 466 737	10 214 544
Financial assets	15	6 723 701	7 285 469
Total non-current assets		**43 771 358**	**47 807 716**
Current assets			
Inventories	16	7 233 321	6 823 312
Prepayments and future expenses	17	660 810	390 281
Trade receivables	18	35 018 959	29 584 770
Other receivables	12,19	1 262 783	507 911
Cash and cash equivalents	20	7 178	961
Total current assets		**44 183 051**	**37 307 235**
TOTAL ASSETS		**87 954 409**	**85 114 951**

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

Director General
Juozas Daunys

Chief Financial Officer
Česlava Ivickienė

Vilnius,
26 February, 2015

Statement on Financial Position (cont‘d)

In LTL	Notes	31.12.2014	31.12.2013
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)		13 222 784	9 520 263
Total equity		**40 072 058**	**36 369 537**
Non-current liabilities			
Interest bearing loans and borrowings	23	214 044	2 809 827
Governmental grants	24	8 055 753	8 856 446
Trade payables		43 773	89 631
Deferred tax liability	11	1 128 624	803 773
Total non-current liabilities		**9 442 194**	**12 559 677**
Current liabilities			
Interest bearing loans and borrowings	23	15 361 031	18 987 561
Trade payables		6 942 188	8 973 351
Income tax payables	25	233 498	0
Other payables	25	15 903 440	8 224 825
Total current liabilities		**38 440 157**	**36 185 737**
Total liabilities		**47 882 351**	**48 745 414**
TOTAL EQUITY AND LIABILITIES		**87 954 409**	**85 114 951**

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

Director General
Juozas Daunys

Chief Financial Officer
Česlava Ivickienė

Vilnius,
26 February, 2015

Comprehensive Income Statement

In LTL	Notes	Jan-Dec 2014	Jan-Dec 2013
Sales revenue	4	**66 177 855**	**55 283 461**
Cost of sales		(45 238 322)	(38 116 885)
Gross profit	4	**20 939 533**	**17 166 576**
Other income	5	1 882 440	893 581
Sales and distribution expenses	6	(7 618 542)	(6 011 300)
Administrative expenses	7	(10 758 999)	(11 440 030)
Other expenses	5	(27 925)	(26 654)
Result from operating activities		**4 416 507**	**582 173**
Financial income	9	389 926	268 947
Financial expenses	9	(545 563)	(725 095)
Profit (loss) before tax		**4 260 870**	**126 025**
Corporate income tax	10	(558 349)	(79 226)
Profit (loss) for the period		**3 702 521**	**46 799**
Basic and diluted earnings (loss) per share	22	0,15	0,00
Other general income (expenditure)		0	0
Total general income (expenditure), less taxes		**3 702 521**	**46 799**

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

Director General
Juozas Daunys

Chief Financial Officer
Česlava Ivickienė

Vilnius,
26 February, 2015

Comprehensive Income Statement

In LTL	Notes	Oct-Dec 2014	Oct-Dec 2013
Sales revenue	4	**20 819 282**	**17 643 605**
Cost of sales		(14 617 881)	(12 282 502)
Gross profit	4	**6 201 401**	**5 361 103**
Other income	5	467 235	355 893
Sales and distribution expenses	6	(2 371 382)	(2 131 271)
Administrative expenses	7	(2 830 208)	(4 177 557)
Other expenses	5	(6 605)	(6 523)
Result from operating activities		**1 460 440**	**(598 355)**
Financial income	9	82 660	67 789
Financial expenses	9	(120 158)	(172 491)
Profit (loss) before tax		**1 422 942**	**(703 057)**
Corporate income tax	10	(225 106)	100 005
Profit (loss) for the period		**1 197 836**	**(603 052)**
Basic and diluted earnings (loss) per share	22	0,05	(0,02)
Other general income (expenditure)		0	0
Total general income (expenditure), less taxes		**1 197 836**	**(603 052)**

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

Director General
Juozas Daunys

Chief Financial Officer
Česlava Ivickienė

Vilnius,
26 February, 2015

Statement of Changes in Equity

In LTL	Notes	Share capital	Legal reserve	Other reserves	Retained earnings	Total shareholders' equity
Capital and reserves as on 1 January 2013		**24 408 431**	**2 440 843**	**0**	**9 473 464**	**36 322 738**
Profit (loss) for the period					46 799	46 799
Capital and reserves as on 31 December 2013		**24 408 431**	**2 440 843**	**0**	**9 520 263**	**36 369 537**
Capital and reserves as on 1 January 2014		**24 408 431**	**2 440 843**	**0**	**9 520 263**	**36 369 537**
Profit (loss) for the period					3 702 521	3 702 521
Capital and reserves as on 31 December 2014	21	**24 408 431**	**2 440 843**	**0**	**13 222 784**	**40 072 058**

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

Director General
Juozas Daunys

Chief Financial Officer
Česlava Ivickienė

Vilnius,
26 February, 2015

Cash Flows Statement

In LTL	Jan-Dec 2014	Jan-Dec 2013
Profit (loss) for the period	3 702 521	46 799
Depreciation and amortisation	3 367 067	3 579 628
Impairment of trade receivables and other receivables	(990 582)	1 384 979
Net financial expenses	209 584	295 510
Gain (loss) on disposal of non-current assets	4 634	(14 969)
Corporate income tax expenses	558 349	79 226
Net cash flows from ordinary activities before changes in working capital	6 851 573	5 371 173
Change in inventories	(410 009)	2 714 583
Change in prepayments	(270 529)	(138 786)
Change in trade receivables and other receivables	(3 460 560)	(5 837 059)
Change in trade payables and other payables	5 615 859	(3 446 447)
Net cash flows from operating activities	1 473 761	(6 707 709)
Income tax paid	0	0
Net cash flows from operating activities	**8 326 334**	**(1 336 536)**
Interest	506 885	8 218
Proceeds from disposal of non-current assets	400	15 000
Acquisition of property, plant and equipment	(402 900)	(127 405)
Acquisition of intangible non-current assets	(215 036)	(120 378)
Acquisition of investments	0	(5 000)
Loans	(1 605 840)	0
Loans received	200 000	0
Net cash flows from investing activities	**(1 516 491)**	**(229 565)**
Repayment of loans	(2 527 384)	(2 527 384)
Loans received	0	0
Increase (decrease) of other financial debt	(3 593 058)	5 138 328
Financial lease payments	(203 050)	(497 554)
Governmental grants received	0	0
Interest paid	(480 134)	0
Net cash flows from financing activities	**(6 803 626)**	**1 556 922**
Net cash flows from operating, investing and financing activities	**6 217**	**(9 179)**
Cash and cash equivalents at the beginning of the period	**961**	**10 140**
Cash and cash equivalents at the end of the period	**7 178**	**961**

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

Director General
Juozas Daunys

Chief Financial Officer
Česlava Ivickienė

Vilnius, 26 February, 2015

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 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 2014, its shares are held by the following shareholders

Shareholder	Number of shares	Nominal value in LTL	Total value in LTL
Sobieski Dystribucja Sp.zo.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 number of shareholders total 253

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.

The Company employed 159 staff members as on the 31th of December 2014 (151 staff members as on the 31th of December 2013).

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 are 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 2014.

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 chares. Liabilities against retired former employees of the company are fulfilled by the State. In 2014 the Company began to pay contributions to the pension fund for the Company's management (directors).

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 off 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 loses 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 loses 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.

Sales revenue and gross profit for January-December 2014

In LTL	Finished alcoholic beverages	Ethyl alcohol and its products	Denatured ethyl alcohol	Goods for resale	Total
Sales revenue	52 808 446	8 123 076	1 835 687	3 410 646	66 177 855
Gross profit	19 944 597	572 723	43 277	378 936	20 939 533

Sales 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
Sales 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

Notes

4 Segment reporting (cont'd)

Sales revenue and gross profit for October-December 2014

In LTL	Finished alcoholic beverages	Ethyl alcohol and its products	Denatured ethyl alcohol	Goods for resale	Total
Sales revenue	15 238 042	3 219 290	959 861	1 402 089	20 819 282
Gross profit	5 679 701	443 950	(56 118)	133 868	6 201 401

Sales 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
Sales 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

The Company's primary activities are carried out in the Lithuanian market, in the EU countries and other foreign markets. In January-December 2014, sales to EU and other foreign markets amounted to LTL 13 383 869 (in January-December 2013 – LTL 10 309 360), in October-December 2014, sales to EU and other foreign markets amounted to LTL 5 001 546 (in October-December 2013 – LTL 2 948 958). Considering the share of product sales in foreign markets in total revenue, no geographical segments are singled out.

In LTL	Jan-Dec 2014	Jan-Dec 2013
5 Income and expenses of other activities		
Lease of premises and utilities	128 398	118 552
Income from sales of intangible asstes	20 391	14 998
Income from sales of materials and spare parts	186 374	214 381
Electricity sales profit	111 919	329 988
Transportation	105 313	
Indemnification	1 103 648	
Other income	226 397	215 662
Total other income	1 882 440	893 581
Other expenses	(27 925)	(26 654)
Loss from sales of intangible asstes	0	0
Loss from sales of electricity	0	0
Loss from sales of materials and spare parts	0	0
Total other expenses	(27 925)	(26 654)
Net income and expenses of other activities	**1 854 515**	**866 927**

Notes

In LTL	Oct-Dec 2014	Oct-Dec 2013
5 Income and expenses of other activities (cont'd)		
Lease of premises and utilities	33 731	35 504
Income from sales of intangible asstes	20 268	14 998
Income from sales of materials and spare parts	35 618	113 541
Electricity sales profit	122 641	108 641
Transportation	67 022	0
Indemnification	0	0
Other income	187 955	83 209
Total other income	467 235	355 893
Other expenses	(6 605)	(6 523)
Loss from sales of intangible asstes	0	0
Loss from sales of electricity	0	0
Loss from sales of materials and spare parts	0	0
Total other expenses	(6 605)	(6 523)
Net income and expenses of other activities	**460 630**	**349 370**

In LTL	Jan-Dec 2014	Jan-Dec 2013
6 Sales and distribution expenses		
Advertising expenses	(4 714 928)	(3 812 995)
Personnel expenses	(1 257 151)	(914 822)
Transportation expenses	(816 080)	(658 597)
Market research expenses	(55 249)	(85 031)
Packaging expenses	(162 993)	(99 106)
Other expenses	(612 141)	(440 749)
Total sales and distribution expenses	**(7 618 542)**	**(6 011 300)**

In LTL	Oct-Dec 2014	Oct-Dec 2013
Sales and distribution expenses		
Advertising expenses	(1 532 508)	(1 448 535)
Personnel expenses	(302 443)	(311 731)
Transportation expenses	(338 445)	(189 161)
Market research expenses	(17 883)	(15 194)
Packaging expenses	(41 322)	(41 555)
Other expenses	(138 781)	(126 095)
Total sales and distribution expenses	**(2 371 382)**	**(2 131 271)**

Notes

In LTL	Jan-Dec 2014	Jan-Dec 2013
7 Administrative expenses		
Personnel expenses	(3 260 763)	(3 073 830)
Operating taxes	(1 808 864)	(1 542 276)
Repairs and maintenance	(543 817)	(336 174)
Amortisation and depreciation	(1 764 432)	(1 787 934)
Consulting and training expenses	(971 360)	(492 018)
Maintenance of cargo vehicles	(509 871)	(559 142)
Security expenses	(252 391)	(201 174)
Communications and IT maintenance expenses	(144 196)	(153 520)
Utilities	(307 138)	(458 526)
Impairment allowance of debts	990 582	(1 384 979)
Other expenses	(2 186 749)	(1 450 455)
Total administrative expenses	**(10 758 999)**	**(11 440 030)**

In LTL	Oct-Dec 2014	Oct-Dec 2013
Administrative expenses		
Personnel expenses	(854 337)	(836 698)
Operating taxes	(527 717)	(424 360)
Repairs and maintenance	(197 939)	(130 285)
Amortisation and depreciation	(414 192)	(419 711)
Consulting and training expenses	(480 414)	(191 992)
Maintenance of cargo vehicles	(137 524)	(147 669)
Security expenses	(63 916)	(50 700)
Communications and IT maintenance expenses	(38 844)	(39 209)
Utilities	(89 440)	(87 825)
Impairment allowance of debts	982 338	(1 387 730)
Other expenses	(1 008 223)	(461 378)
Total administrative expenses	**(2 830 208)**	**(4 177 557)**

In LTL	Jan-Dec 2014	Jan-Dec 2013
8 Personnel expenses		
Wages and salaries	(4 146 736)	(3 595 871)
Vacation reserve	(428 798)	(400 064)
Guarantee fund contributions	(9 164)	(7 816)
Social security contributions	(1 438 629)	(1 245 429)
Total personnel expenses	**(6 023 327)**	**(5 249 180)**

Notes

In LTL	Oct-Dec 2014	Oct-Dec 2013
8 Personnel expenses (cont'd)		
Wages and salaries	(1 089 943)	(1 072 211)
Vacation reserve	(117 337)	(128 670)
Guarantee fund contributions	(2 385)	(2 195)
Social security contributions	(390 692)	(373 964)
Total personnel expenses	**(1 600 357)**	**(1 577 040)**

Redundancy pays in January-December 2014, inclusive of social security contributions and guarantee fund contributions, amounted to LTL 24 967 (in January-December 2013 - LTL 16 781), in October-December 2014 amounted, inclusive of social security contributions and guarantee fund contributions, to LTL 5 509 (in October-December 2013 - LTL 0) .

Personnel expenses for the management (directors) in January-December 2014 amounted to LTL 505 547 (in January- December 2013 - LTL 542 080), of which were amounted to LTL 0 for redundancy pays. Amounted to 19 490 LTL contributions to the pension fund. 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 2014 was 150 (139 for January- December 2013).

Average number of managers (directors) for January- December 2014 was 3 (3 for January-December 2013).

In LTL	Jan-Dec 2014	Jan-Dec 2013
9 Financial income and expenses		
Interest income	276 119	268 947
Other income	84 313	0
Foreign exchange gain	29 494	0
Total financial income	389 926	268 947
Interest expenses	(486 780)	(564 457)
Other expenses	(58 783)	(10 577)
Foreign exchange loss	0	(150 061)
Total financial expenses	(545 563)	(725 095)
Financial income and expenses, net	**(155 637)**	**(456 148)**

Notes

In LTL	Oct-Dec 2014	Oct-Dec 2013
9 Financial income and expenses (cont'd)		
Interest income	72 919	67 789
Other income	0	0
Foreign exchange gain	9 741	0
Total financial income	82 660	67 789
Interest expenses	(96 177)	(145 574)
Other expenses	(23 980)	(23 684)
Foreign exchange loss	0	(3 233)
Total financial expenses	(120 157)	(172 491)
Financial income and expenses, net	**(37 497)**	**(104 702)**

In LTL	Jan-Dec 2014	Jan-Dec 2013
10 Corporate income tax expenses		
Current income tax for the period	(233 498)	0
Change in deferred income tax	(324 851)	(79 226)
Total corporate income tax expenses	**(558 349)**	**(179 231)**

11 Deferred tax

	31.12.2014		31.12.2013	
In LTL	Temporary differences	Deferred tax (15%)	Temporary differences	Deferred tax (15%)
Deferred tax asset	4 563 971	684 596	6 376 458	956 468
Deferred tax liability	(12 088 130)	(1 813 220)	(11 734 938)	(1 760 241)
Net deferred tax liability		**(1 128 624)**		**(803 773)**

In LTL	Jan-Dec 2014	Jan-Dec 2013
Change in the deferred tax		
Deferred tax liability at the beginning of the period	(803 773)	(724 547)
Deferred tax expenses	(324 851)	(79 226)
Deferred tax liability at the end of the period	**(1 128 624)**	**(803 773)**

Notes

12 Corporate income tax

In LTL	Jan-Dec 2014	Jan-Dec 2013
Overpaid corpor. income tax (liability) at the beginning of the period	0	0
Current income tax for the period	(233 498)	0
Overpaid corpor. income tax (liability) at the end of the period	**(233 498)**	**0**

13 Intangible assets

In LTL	Patents, licences	Software	Other	Total
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 amortisation 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**
Cost as of 1 January 2014	45 820	676 938	18 913 672	19 636 430
Additions	0	177 392	37 644	215 036
Write-off	0	(10 080)	0	(10 080)
Reclassification	0	37 644	(37 644)	0
Cost as of 31 December 2014	45 820	881 894	18 913 672	19 841 386
Accumulated amortisation as of 1 January 2014	45 195	550 311	8 826 380	9 421 886
Amortisation	625	16 535	945 683	962 843
Write-off	0	(10 080)	0	(10 080)
Accumulated amortisat. as of 31 December 2014	45 820	556 766	9 772 063	10 374 649
Net book value as of 31 December 2014	**0**	**325 128**	**9 141 609**	**9 466 737**

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	Construction in progress	Other	Total
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)
Reclassifications	0	0	0	0	0	0	0
Cost as of the 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
Loss of impairment							
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**
Cost as of 1 January 2014	36 096 406	24 413 239	1 389 042	2 151 169	1 915 219	24 000	65 989 075
Additions	0	203 909	88 859	110 141	65 000	15 260	483 169
Write-off and sale of	0	(178 351)	0	(57 272)	(5 000)	0	(240 623)
Reclassificationns	0	24 000	0	0	0	(24 000)	0
Cost as of 31 December 2014	36 096 406	24 462 797	1 477 901	2 204 038	1 975 219	15 260	66 231 621
Accumulated impairment of 1 January 2014	2 371 448	0	0	0	477 555	0	2 849 003
Accumulated impairment of 31 December 2014	2 371 448	0	0	0	477 555	0	2 849 003
Accumulated depreciation as of 1 January 2014	11 543 502	17 565 122	1 172 525	2 073 665	477 555	0	32 832 369
Write-off and sale of	0	(178 336)	0	(57 253)	0	0	(235 589)
Depreciation	1 097 623	1 069 666	90 599	50 825	95 511	0	2 404 224
Depreciation (grants)	337 377	463 317	0	0	0	0	800 694
Accumulated depreciation as of 31 December 2014	12 978 502	18 919 769	1 263 124	2 067 237	573 066	0	35 801 698
Net book value as of 31 December 2014	**20 746 456**	**5 543 028**	**214 777**	**136 801**	**924 598**	**15 260**	**27 580 920**

Notes

In LTL	Jan-Dec 2014	Jan-Dec 2013
14 Property, plant and equipment (cont'd)		
Distribution of depreciation costs		
Cost of sales and write-off	(1 542 261)	1 677 922
Inventories	(36 447)	87 537
Administrative and other expenses	(825 516)	851 878
Total distribution of depreciation cost	**(2 404 224)**	**2 617 337**

In LTL	31.12.2014	31.12.2013
15 Financial assets		
Long-term loans granted	3 670 440	3 164 077
Interest receivable	735 097	774 346
Investments in associated companies	5 000	5 000
Trade receivables from comp. from the group	2 788 076	3 342 046
Amortisation amount for Group trade accounts receivable	(474 912)	
Total financial assets	**6 723 701**	**7 285 469**

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

In LTL	31.12.2014	31.12.2013
16 Inventories		
Raw materials	3 915 856	3 725 902
Finished goods	2 047 668	2 222 888
Goods for resale	1 184 410	813 489
Work in progress	85 387	61 033
Total inventories	**7 233 321**	**6 823 312**

As of 31th of December 2014, the remainder of inventories stored at the third parties warehouses is worth of LTL 820 573.

In LTL	31.12.2014	31.12.2013
17 Prepayments and deferred expenses		
Prepayments to suppliers	373 659	169 287
Deferred advertising expenses	31 291	37 840
Other expenses	255 860	183 154
Total prepayments and deferred expenses	**660 810**	**390 281**

Notes

In LTL	31.12.2014	31.12.2013
18 Trade receivables		
Trade receivables from comp. not from the group	30 322 079	27 546 119
Impairment allowance from comp. not from the group	(547 321)	(712 049)
Trade receivables from comp. from the group	5 244 201	3 574 707
Impairment allowance from comp. from the group	0	(824 007)
Net trade receivables	**35 018 959**	**29 584 770**

In LTL	31.12.2014	31.12.2013
Change in impairment of receivables for bad debts		
Impairment allow. for bad debts at the beginning of the period	(1 536 056)	(149 249)
Impairment allowance	(755 897)	(1 409 144)
Reverse of impairment allowance	1 744 632	22 337
Impairment allowance for bad debts at the end of the period	**(547 321)**	**(1 536 056)**

In LTL	31.12.2014	31.12.2013
19 Other receivables		
Interest receivable	314 595	505 036
Short-term loans granted	899 477	0
Tax paid in advance	42 409	0
Other receivables	5 700	2 875
Doubtful receivables	486 264	487 510
Total other receivables before write-down allowance	**1 748 445**	**995 421**
Impairment allowance	(485 662)	(487 510)
Total other receivables, net	**1 262 783**	**507 911**

In LTL	31.12.2014	31.12.2013
Change in impairment allowance of receivables		
Impairment allow.for receivables at the beginning of the period	**(487 510)**	**(489 338)**
Reverse of impairment allowance	1 848	1 828
Impairment allowance for receivables at the end of the period	**(485 662)**	**(487 510)**

Notes

In LTL	31.12.2014	31.12.2013
20 Cash and cash equivalents		
Cash at bank and in hand	7 178	961
Total cash and cash equivalents	**7 178**	**961**

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 2014	Jan-Dec 2013
Number of shares	24 408 431	24 408 431
Profit (loss) for the period attributable to the equity holders, in LTL	3 702 521	46 799
Basic and diluted earnings (loss) per share, in LTL	**0,15**	**0,00**

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	31.12.2014	31.12.2013
23 Interest bearing loans and borrowings		
Non-current liabilities		
Bank loans	0	2 527 295
Financial lease (leasing) liabilities	214 044	282 532
Total non-current liabilities	**214 044**	**2 809 827**
Current liabilities		
Overdraft, factoring	12 689 740	16 282 799
Bank loans	2 527 295	2 527 383
Financial lease (leasing)	143 996	177 379
Total current liabilities	**15 361 031**	**18 987 561**
Total	**15 575 075**	**21 797 388**

In LTL	Total	Up to 1 year	1-5 years	Over 5 ears
Schedule of repayment				
Bank overdraft	3 817 238	3 817 238	0	0
Factoring	8 872 502	8 872 502	0	0
Bank loans	2 527 295	2 527 295	0	0
Financial lease	358 040	143 996	214 044	0
Total financial liabilities	**15 575 075**	**15 361 032**	**214 044**	**0**

The due date of repayment of long-term bank credits is December 2015. Line of credit agreement of the bank was prolonged until September 2016 provided the right of the bank to terminate the agreement in 2015. Factoring limit agreement of the bank was also prolonged until October 2016 provided the right of the bank to terminate the agreement in 2015. 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 5 years.

In LTL	31.12.2014	31.12.2013
24 Governmental grants		
Balance value at the beginning of the period	8 856 446	9 657 138
Grants received	0	0
Amortization	(800 691)	(800 692)
Balance value at the end of the period	**8 055 753**	**8 856 446**

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	31.12.2014	31.12.2013
25	**Other payables**		
	Payable excise tax	10 530 673	4 340 275
	Payable VAT	4 283 967	3 073 511
	Payable profit tax	233 498	0
	Wages, vacation reserve and social security	680 407	616 226
	Other taxes payable	78 063	63 704
	Accrued expenses	130 537	85 715
	Other payables	199 793	45 394
	Total other payables	**16 136 938**	**8 224 825**

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 loosing 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 2014, 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 Lancut	Belvedere group company
PHP Wieslav 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
SIA Belvedere Distribution	Belvedere group company
UAB „Business decisions group"	Shareholders related
Natural persons	Shareholders, Members of board, Managers (directors)

Notes

27 Related party transactions (cont'd)

Sales to and purchases from related parties

	Type of transaction	Jan-Dec 2014	Jan-Dec 2013
Purchases	Inventories	324 590	626 394
Purchases	Services	1 029 816	493 043
Total purchases		**1 354 406**	**1 119 437**
Sales	Inventories incl.excise tax	51 895 411	45 051 693
Sales	Services	214 146	122 105
Sales	Interest	274 076	268 936
Sales	Loans	570 000	0
Total sales incl.excise tax		**52 953 633**	**45 442 734**
Excise tax		(36 335 903)	(29 812 928)
Total sales net of excise tax		**16 617 730**	**15 629 806**

Balances outstanding with related parties	31.12.2014	31.12.2013
Trade receivables	**13 651 886**	**11 360 212**
Impairment allowance from comp. from the group	0	(824 007)
Net trade receivables	**13 651 886**	**10 536 205**
Trade payables	**774 479**	**367 492**

Information on the loans granted to the associated companies and amounts of interest payeable (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	31.12.2014	31.12.2013
Carrying amount of pledged buildings and structures	20 114 641	21 544 529
Carrying amount of pledged equipments	4 418 996	5 383 136
Carrying amount of pledged trademarks	9 141 609	10 087 292
Carrying amount of pledged inventories	7 2333 21	6 823 312
Cash and cash equivalents in accounts of bank	6 956	704
Amounts receivable from buyers (the right of claim)	35 018 959	29 584 770
Rights of land lease	0	0

Value of pledged assets in this table is equal to the value of financial statements. 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 defines 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 31th of December 2014 does not significantly differ from their carrying amount, except for non-current real estate, the depreciated cost-price of whuch significantly differs from its fair value.

Financial assets and financial liabilities as on the 31th of December 2014

In LTL	Carrying amount	Fair value
Granted long-term loans and other receivables, investments	6 723 701	6 723 701
Advance payments and deferred expenditure	660 810	660 810
Trade receivables	35 018 959	35 018 959
Other receivables	1 262 783	1 262 783
Cash and cash equivalents	7 178	7 178
Total financial assets	**43 673 431**	**43 673 431**
Loan and other interest-bearing amounts	15 575 075	15 575 075
Trade payables	6 985 961	6 985 961
Other payables	16 136 938	16 136 938
Total financial liabilities	**38 697 974**	**38 697 974**

30 Events after the reporting period

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