SPIRITUS VILNENSIS
VILNIAUS DEGTINĖ

AB VILNIAUS DEGTINĖ

Interim Financial Statements
for the three-month period ended on the
31th March 2015
(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 three-month period ended on the 31th March, 2015, 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

Chief Financial Officer
Česlava Ivickienė

Vilnius,
29 May, 2015

Statement on Financial Position

In EUR	Notes	31.03.2015	31.12.2014
ASSETS			
Non-current assets			
Tangible assets	14	7 784 409	7 987 987
Intangible assets	13	2 696 425	2 741 757
Financial assets	15	1 808 963	1 947 318
Total non-current assets		**12 289 797**	**12 677 062**
Current assets			
Inventories	16	1 896 731	2 094 915
Prepayments and future expenses	17	177 189	191 383
Trade receivables	18	9 319 905	10 142 192
Other receivables	12,19	259 361	365 727
Cash and cash equivalents	20	2 453	2 079
Total current assets		**11 655 639**	**12 796 296**
TOTAL ASSETS		**23 945 436**	**25 473 358**

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

Director General
Juozas Daunys

Chief Financial Officer
Česlava Ivickienė

Vilnius,
29 May, 2015

Statement on Financial Position (cont'd)

In EUR	Notes	31.03.2015	31.12.2014
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	21	7 078 445	7 069 170
Legal reserve	21	706 917	706 917
Retained earnings (loss)		4 014 380	3 857 883
Total equity		**11 799 742**	**11 633 970**
Non-current liabilities			
Interest bearing loans and borrowings	23	54 115	61 991
Governmental grants	24	2 275 133	2 333 107
Trade payables			12 678
Deferred tax liability	11	319 498	326 872
Total non-current liabilities		**2 648 746**	**2 734 648**
Current liabilities			
Interest bearing loans and borrowings	23	4 666 079	4 448 862
Trade payables		1 560 513	2 010 597
Income tax payables	25	66 459	39 326
Other payables	25	3 203 897	4 605 955
Total current liabilities		**9 496 948**	**11 104 740**
Total liabilities		**12 145 694**	**13 839 388**
TOTAL EQUITY AND LIABILITIES		**23 945 436**	**25 473 358**

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

Director General
Juozas Daunys

Chief Financial Officer
Česlava Ivickienė

Vilnius,
29 May, 2015

Comprehensive Income Statement

In EUR	Notes	Jan-Mar 2015	Jan-Mar 2014
Sales revenue	4	**13 601 124**	**12 934 449**
Cost of sales		(12 117 178)	(11 576 484)
Gross profit	4	**1 483 946**	**1 357 965**
Other income	5	51 332	43 162
Sales and distribution expenses	6	(486 738)	(528 706)
Administrative expenses	7	(875 496)	(714 785)
Other expenses	5	(1 881)	(32 939)
Result from operating activities		**171 163**	**124 697**
Financial income	9	44 698	19 206
Financial expenses	9	(39 605)	(40 375)
Profit (loss) before tax		**176 256**	**103 528**
Corporate income tax	10	(19 759)	(19 210)
Profit (loss) for the period		**156 497**	**84 318**
Basic and diluted earnings (loss) per share	22	0	0
Other general income (expenditure)		0	0
Total general income (expenditure), less taxes		**156 497**	**84 318**

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

Director General
Juozas Daunys

Chief Financial Officer
Česlava Ivickienė

Vilnius,
29 May, 2015

Statement of Changes in Equity

In EUR	Notes	Share capital	Legal reserve	Other reserves	Retained earnings	Total shareholders' equity
Capital and reserves as on 1 January 2014		**7 069 170**	**706 917**	**0**	**2 757 259**	**10 533 346**
Profit (loss) for the period					84 318	84 318
Capital and reserves as on 31 March 2014		**7 069 170**	**706 917**	**0**	**2 841 577**	**10 617 664**
Capital and reserves as on 1 January 2015		**7 069 170**	**706 917**	**0**	**3 857 883**	**11 633 970**
The difference arising from the conversion of share capital into euros		9 275				9 275
Profit (loss) for the period					156 497	156 497
Capital and reserves as on 31 March 2015	21	**7 078 445**	**706 917**	**0**	**4 014 380**	**11 799 742**

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

Director General
Juozas Daunys

Chief Financial Officer
Česlava Ivickienė

Vilnius,
29 May, 2015

Cash Flows Statement

In EUR	Jan-Mar 2015	Jan-Mar 2014
Profit (loss) for the period	156 497	84 318
Depreciation and amortisation	238 781	246 371
Impairment of trade receivables and other receivables	(23 858)	(81 125)
Net financial expenses	(19 488)	18 635
Gain (loss) on disposal of non-current assets	(3 500)	0
Corporate income tax expenses	34 509	19 210
Other	9 275	0
Net cash flows from ordinary activities before changes in working capital	392 216	287 409
Change in inventories	198 184	(122 444)
Change in prepayments	14 195	(35 163)
Change in trade receivables and other receivables	841 105	(370 220)
Change in trade payables and other payables	(1 864 819)	318 510
Net cash flows from operating activities	(811 335)	(209 317)
Income tax paid	(17 964)	0
Net cash flows from operating activities	**(437 083)**	**78 092**
Interest	101 547	146 269
Proceeds from disposal of non-current assets	3 500	0
Acquisition of property, plant and equipment	(19 838)	(32 206)
Acquisition of intangible non-current assets	(28 009)	0
Acquisition of investments	0	0
Loans	0	0
Loans received	185 507	0
Net cash flows from investing activities	**242 707**	**114 063**
Repayment of loans	(182 996)	(182 995)
Loans received	0	0
Increase (decrease) of other financial debt	402 661	56 350
Financial lease payments	(10 324)	(24 949)
Governmental grants received	0	0
Interest paid	(14 591)	(39 573)
Net cash flows from financing activities	**194 750**	**(191 167)**
Net cash flows from operating, investing and financing activities	**374**	**988**
Cash and cash equivalents at the beginning of the period	**2 079**	**278**
Cash and cash equivalents at the end of the period	**2 453**	**1 266**

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

Director General
Juozas Daunys

Vilnius, 26 February, 2015

Chief Financial Officer
Česlava Ivickienė

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 March 2015, its shares are held by the following shareholders

Shareholder	Number of shares	Nominal value in EUR	Total value in EUR
Sobieski Dystribucja Sp.zo.o.	16 668 632	0,29	4 833 903
DORA SOLUTIONS OU	3 602 498	0,29	1 044 724
SEB SA OMNIBUS (funds/inst clients)	2 233 476	0,29	647 708
Daiva Žaromskienė	1 220 422	0,29	353 922
Other shareholders	683 403	0,29	198 188
Total capital	**24 408 431**	**0,29**	**7 078 445**

The number of shareholders total 248

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 155 staff members as on the 31th of March 2015 (146 staff members as on the 31th of March 2014).

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 Euro, 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 euros at foreign exchange rate which is set by European Central Bank and by the Bank of Lithuania ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into euros 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 31^{th} of March 2015.

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.

From 2015, sales amounts are recognised by including excise duties and deducting value added tax and applied discounts that are directly related with sales, comparative information of 2014 is also represented accordingly.

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.

Sales revenue and cost of sales recogninision

Sales are recognised by including excise duties: Sales revenues in 2015 January-March including excise duty, amounted to EUR 13 601 124, excise duty to EUR 8 916 745. Sales revenues in 2014 January-March including excise duty, amounted to EUR 12 934 449, excise duty to EUR 8 787 712. Cost of sales in 2015 January-March, including excise duty, amounted to EUR 12 117 178, excise duty to EUR 8 916 745. Cost of sales in 2014 January-March, including excise duty, amounted to EUR 11 576 484, excise duty to EUR 8 787 712.

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-March 2015

In EUR	Finished alcoholic beverages	Ethyl alcohol and its products	Denatured ethyl alcohol	Goods for resale	Total
Sales revenue	12 270 196	617 309	363 670	349 949	13 601 124
Gross profit	1 309 997	87 554	64 113	22 282	1 483 946

Notes

4 Segment reporting (cont'd)

Sales revenue and gross profit for January- March 2014

In EUR	Finished alcoholic beverages	Ethyl alcohol and its products	Denatured ethyl alcohol	Goods for resale	Total
Sales revenue	12 316 148	173 013	159 851	285 437	12 934 449
Gross profit	1 304 856	12 959	21 264	18 886	1 357 965

The Company's primary activities are carried out in the Lithuanian market, in the EU countries and other foreign markets. In January-March 2015, sales to EU and other foreign markets amounted to EUR 1 058 187 (in January- March 2014 – EUR 591 528). Revenue of finished alcoholic beverages per 2015 year in these markets increase by 19.5 percent, revenue of ethyl alcohol and its products increase 5 times. Considering the share of product sales in foreign markets in total revenue, no geographical segments are singled out.

In EUR	Jan-Mar 2015	Jan-Mar 2014
5 Income and expenses of other activities		
Lease of premises and utilities	10 194	10 399
Income from sales of intangible asstes	3 500	0
Income from sales of materials and spare parts	24 176	10 166
Electricity sales profit	7 176	0
Transportation	3 000	0
Indemnification	0	0
Other income	3 286	22 597
Total other income	51 332	43 162
Other expenses	(1 881)	(1 889)
Loss from sales of intangible asstes	0	0
Loss from sales of electricity	0	(31 050)
Loss from sales of materials and spare parts	0	0
Total other expenses	(1 881)	(32 939)
Net income and expenses of other activities	**49 451**	**10 223**

In EUR	Jan-Mar 2015	Jan-Mar 2014
6 Sales and distribution expenses		
Advertising expenses	(291 322)	(346 570)
Personnel expenses	(80 507)	(90 436)
Transportation expenses	(72 096)	(35 542)
Market research expenses	(4 830)	(4 600)
Packaging expenses	(6 223)	(14 208)
Other expenses	(31 760)	(37 350)
Total sales and distribution expenses	**(486 738)**	**(528 706)**

Notes

In EUR	Jan-Mar 2015	Jan-Mar 2014
7 Administrative expenses		
Personnel expenses	(271 490)	(233 064)
Operating taxes	(115 787)	(122 750)
Repairs and maintenance	(59 398)	(28 135)
Amortisation and depreciation	(121 043)	(135 554)
Consulting and training expenses	(101 850)	(54 398)
Maintenance of cargo vehicles	(31 656)	(34 494)
Security expenses	(18 503)	(18 572)
Communications and IT maintenance expenses	(11 345)	(11 340)
Utilities	(30 152)	(44 586)
Impairment allowance of debts	23 857	81 125
Other expenses	(138 129)	(113 017)
Total administrative expenses	**(875 496)**	**(714 785)**

In EUR	Jan-Mar 2015	Jan-Mar 2014
8 Personnel expenses		
Wages and salaries	(336 561)	(292 891)
Vacation reserve	(35 255)	(27 439)
Guarantee fund contributions	(721)	(624)
Social security contributions	(115 478)	(99 384)
Total personnel expenses	**(488 015)**	**(420 338)**

Redundancy pays in January-March 2015, inclusive of social security contributions and guarantee fund contributions, amounted to EUR 13 619 (in January- March 2014 - EUR 1 263).

Personnel expenses for the management (directors) in January-March 2015 amounted to EUR 46 624 (in January-March 2014- EUR 39 479), of which were amounted to LTL 0 for redundancy pays. Amounted to 2 117 EUR 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-March 2015 was 156 (145 for January- March 2014).

Average number of managers (directors) for January-March 2015 was 4 (3 for January- March 2014).

Notes

In EUR	Jan-Mar 2015	Jan-Mar 2014
9 Financial income and expenses (cont'd)		
Interest income	34 010	19 206
Other income	0	0
Foreign exchange gain	10 688	0
Total financial income	44 698	19 206
Interest expenses	(23 866)	(37 841)
Other expenses	(6 449)	(2 501)
Foreign exchange loss	(9 290)	(33)
Total financial expenses	(39 605)	(40 375)
Financial income and expenses, net	**5 093**	**(21 169)**

In EUR	Jan-Mar 2015	Jan-Mar 2014
10 Corporate income tax expenses		
Current income tax for the period	(27 134)	0
Change in deferred income tax	7 375	(19 210)
Total corporate income tax expenses	**(19 759)**	**(19 210)**

11 Deferred tax	31.03.2015		31.03.2014	
In EUR	Temporary differences	Deferred tax (15%)	Temporary differences	Deferred tax (15%)
Deferred tax asset	1 298 333	194 750	1 793 411	269 012
Deferred tax liability	(3 428 314)	(514 248)	(3 473 401)	(521 011)
Net deferred tax liability		**(319 498)**		**(251 999)**

In EUR	Jan-Mar 2015	Jan-Mar 2014
Change in the deferred tax		
Deferred tax liability at the beginning of the period	(326 872)	(232 789)
Deferred tax expenses	7 375	(19 210)
Deferred tax liability at the end of the period	**(319 497)**	**(251 999)**

Notes

12 Corporate income tax

In EUR	Jan-Mar 2015	Jan-Mar 2014
Overpaid corpor. income tax (liability) at the beginning of the period	(39 325)	0
Current income tax for the period	(27 134)	0
Overpaid corpor. income tax (liability) at the end of the period	**(66 459)**	**0**

13 Intangible assets

In EUR	Patents, licences	Software	Other	Total
Cost as of 1 January 2014	13 270	196 055	5 477 778	5 687 103
Additions	0	0	0	0
Write-off	0	0	0	0
Reclassificationns	0	0	0	0
Cost as of 31 March 2014	13 270	196 055	5 477 778	5 687 103
Accumulated amortisation as of 1 January 2014	13 089	159 381	2 556 296	2 728 766
Amortisation	109	1 053	68 472	69 634
Write-off	0	0	0	0
Accumulated amortisation as of 31 March 2014	13 198	160 434	2 624 768	2 798 400
Net book value as of 31 March 2014	**72**	**35 621**	**2 853 010**	**2 888 703**
Cost as of 1 January 2015	13 270	255 414	5 477 778	5 746 462
Additions	0	28 008	0	28 008
Write-off	0	0	0	0
Reclassification	0	0	0	0
Cost as of 31 March 2015	13 270	283 422	5 477 778	5 774 470
Accumulated amortisation as of 1 January 2015	13 270	161 250	2 830 185	3 004 705
Amortisation	0	4 867	68 473	73 340
Write-off	0	0	0	0
Accumulated amortisat. as of 31 March 2015	13 270	166 117	2 898 658	3 078 045
Net book value as of 31 March 2015	**0**	**117 305**	**2 579 120**	**2 696 425**

All amortisation expenses are included under administrative expenses.

Notes

14 Property, plant and equipment

In EUR	Land and buildings	Machinery and equipment	Vehicles and other assets	Other equipment	Construction in progress	Other	Total
Cost as of 1 January 2014	10 454 242	7 070 563	402 294	623 022	554 686	6 951	19 111 758
Additions	0	17 278	0	7 032	3 475	4 420	32 205
Write-off and sale of	0	0	0	0	0	0	0
Reclassifications	0	6 951	0	0	0	(6 951)	0
Cost as of the 31 March 2014	10 454 242	7 094 792	402 294	630 054	558 161	4 420	19 143 963
Accumulated impairment of 1 January 2014	686 819	0	0	0	138 309	0	825 128
Loss of impairment							
Accumulated impairment of 31 March 2014	686 819	0	0	0	138 309	0	825 128
Accumulated depreciation as of 1 January 2014	3 343 229	5 087 211	339 587	600 575	138 309	0	9 508 911
Write-off and sale of	0	0	0	0	0	0	0
Depreciation	79 473	79 950	7 419	2 980	6 916	0	176 738
Depreciation (grants)	24 428	33 546	0	0	0	0	57 974
Accumulated depreciation as of 31 March 2014	3 447 130	5 200 707	347 006	603 555	145 225	0	9 743 623
Net book value as of 31 March 2014	**6 320 293**	**1 894 085**	**55 288**	**26 499**	**274 627**	**4 420**	**8 575 212**
Cost as of 1 January 2015	10 454 241	7 084 911	428 030	638 334	572 063	4 420	19 181 999
Additions	0	9 575	0	4 469	5 792	0	19 836
Write-off and sale of	0	(7 679)	0	0	0	0	(7 679)
Reclassificationns	0	0	0	0	0	0	0
Cost as of 31 March 2015	10 454 241	7 086 807	428 030	642 803	577 855	4 420	19 194 156
Accumulated impairment of 1 January 2015	686 818	0	0	0	138 309	0	825 127
Accumulated impairment of 31 March 2015	686 818	0	0	0	138 309	0	825 127
Accumulated depreciation as of 1 January 2014	3 758 834	5 479 539	365 826	598 714	165 971	0	10 368 884
Write-off and sale of	0	(7 679)	0	0	0	0	(7 679)
Depreciation	77 373	73 659	3 480	4 013	6 916	0	165 441
Depreciation (grants)	24 428	33 546	0	0	0	0	57 974
Accumulated depreciation as of 31 March 2015	3 860 635	5 579 065	369 306	602 727	172 887	0	10 584 620
Net book value as of 31 March 2015	**5 906 788**	**1 507 742**	**58 724**	**40 076**	**266 659**	**4 420**	**7 784 409**

Notes

In EUR	Jan-Mar 2015	Jan-Mar 2014
14 Property, plant and equipment (cont'd)		
Distribution of depreciation costs		
Cost of sales and write-off	(104 956)	(84 464)
Inventories	(10 972)	(24 464)
Administrative and other expenses	(49 513)	(67 810)
Total distribution of depreciation cost	**(165 441)**	**(176 738)**

In EUR	31.03.2015	31.12.2014
15 Financial assets		
Long-term loans granted	895 426	1 063 033
Interest receivable	232 105	212 899
Investments in associated companies	1 448	1 448
Trade receivables from comp. from the group	807 483	807 482
Amortisation amount for Group trade accounts receivable	(127 499)	(137 544)
Total financial assets	**1 808 963**	**1 947 318**

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

In EUR	31.03.2015	31.12.2014
16 Inventories		
Raw materials	919 194	1 134 110
Finished goods	606 274	593 046
Goods for resale	336 611	343 029
Work in progress	34 652	24 730
Total inventories	**1 896 731**	**2 094 915**

As of 31th of March 2015, the remainder of inventories stored at the third parties warehouses is worth of EUR 31 425.

In EUR	31.03.2015	31.12.2014
17 Prepayments and deferred expenses		
Prepayments to suppliers	84 202	108 219
Deferred advertising expenses	11 198	9 062
Other expenses	81 789	74 102
Total prepayments and deferred expenses	**177 189**	**191 383**

Notes

18 Trade receivables

In EUR	31.03.2015	31.12.2014
Trade receivables from comp. not from the group	7 814 954	8 781 881
Impairment allowance from comp. not from the group	(134 738)	(158 515)
Trade receivables from comp. from the group	1 639 689	1 518 826
Impairment allowance from comp. from the group	0	0
Net trade receivables	**9 319 905**	**10 142 192**

Change in impairment of receivables for bad debts

In EUR	31.03.2015	31.12.2014
Impairment allow. for bad debts at the beginning of the period	(158 515)	(444 873)
Impairment allowance	0	(218 922)
Reverse of impairment allowance	23 777	505 280
Impairment allowance for bad debts at the end of the period	**(134 738)**	**(158 515)**

19 Other receivables

In EUR	31.03.2015	31.12.2014
Interest receivable	4 438	91 113
Short-term loans granted	242 607	260 507
Tax paid in advance	12 259	12 282
Other receivables	57	1 652
Doubtful receivables	140 577	140 832
Total other receivables before write-down allowance	**399 938**	**506 385**
Impairment allowance	(140 577)	(140 658)
Total other receivables, net	**259 361**	**365 727**

Change in impairment allowance of receivables

In EUR	31.03.2015	31.12.2014
Impairment allow.for receivables at the beginning of the period	**(140 658)**	**(141 193)**
Reverse of impairment allowance	81	535
Impairment allowance for receivables at the end of the period	**(140 577)**	**(140 658)**

Notes

In EUR	31.03.2015	31.12.2014
20 Cash and cash equivalents		
Cash at bank and in hand	2 453	2 079
Total cash and cash equivalents	**2 453**	**2 079**

21 Capital and reserves

Share capital

The share capital is made of 24 408 431 ordinary shares with the nominal value of EUR 0,29 each, and the total share capital is EUR 7 078 445, 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-Mar 2015	Jan-Mar 2014
Number of shares	24 408 431	24 408 431
Profit (loss) for the period attributable to the equity holders, in EUR	156 497	84 318
Basic and diluted earnings (loss) per share, in EUR	**0,00**	**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 EUR	31.03.2015	31.12.2014
23 Interest bearing loans and borrowings		
Non-current liabilities		
Bank loans	0	0
Financial lease (leasing) liabilities	54 115	61 991
Total non-current liabilities	**54 115**	**61 991**
Current liabilities		
Overdraft, factoring	4 077 863	3 675 204
Bank loans	548 960	731 955
Financial lease (leasing)	39 256	41 703
Total current liabilities	**4 666 079**	**4 448 862**
Total	**4 720 194**	**4 510 853**

In EUR	Total	Up to 1 year	1-5 years	Over 5 ears
Schedule of repayment				
Bank overdraft	1 741 558	1 741 558	0	0
Factoring	2 336 305	2 336 305	0	0
Bank loans	548 960	548 960	0	0
Financial lease	93 371	39 256	54 115	0
Total financial liabilities	**4 720 194**	**4 666 079**	**54 115**	**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 EUR	31.03.2015	31.12.2014
24 Governmental grants		
Balance value at the beginning of the period	2 333 107	2 565 004
Grants received	0	0
Amortization	(57 974)	(231 897)
Balance value at the end of the period	**2 275 133**	**2 333 107**

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 EUR	31.03.2015	31.12.2014
25 Other payables		
Payable excise tax	1 992 231	3 049 894
Payable VAT	736 732	1 240 723
Payable profit tax	66 459	39 326
Wages, vacation reserve and social security	294 552	197 059
Other taxes payable	17 516	22 609
Accrued expenses	125 067	37 806
Other payables	37 799	57 864
Total other payables	**3 270 356**	**4 645 281**

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 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 and LIBOR EUR. As of 31th March 2015, 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

From 1 January 2015 the functional currency of the Company is Euro (EUR). The Company does not face foreign currency risk on purchases and borrowings that are denominated in currencies other Euro. The Company did not have any material exposure in other foreign currencies. The previous year comparison information recalculated using the official litas to euro conversion ratio: 1 euro = 3.4528 litas.

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

In EUR	Type of transaction	Jan-Mar 2015	Jan-Mar 2014
Purchases	Inventories	63 878	21 728
Purchases	Services	41 200	51 004
Total purchases		**105 078**	**72 732**
Sales	Inventories incl.excise tax	4 087 225	3 153 060
Sales	Services	19 848	6 896
Sales	Interest	321	19 206
Sales	Loans	0	0
Total sales incl.excise tax		**4 107 394**	**3 179 162**
Excise tax		(2 825 449)	(2 285 829)
Total sales net of excise tax		**1 281 945**	**893 334**

Balances outstanding with related parties	31.03.2015	31.12.2014
Trade receivables	**3 821 748**	**3 953 859**
Impairment allowance from comp. from the group	0	0
Net trade receivables	**3 821 748**	**3 953 859**
Trade payables	**135 486**	**224 305**

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 EUR	31.03.2015	31.12.2014
Carrying amount of pledged buildings and structures	5 723 536	5 825 603
Carrying amount of pledged equipments	1 210 021	1 279 830
Carrying amount of pledged trademarks	2 579 120	2 647 593
Carrying amount of pledged inventories	1 896 731	2 094 915
Cash and cash equivalents in accounts of bank	2 409	2 015
Amounts receivable from buyers (the right of claim)	9 319 905	10 142 192
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 March 2015 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 March 2015

In EUR	Carrying amount	Fair value
Granted long-term loans and other receivables, investments	1 808 963	1 808 963
Advance payments and deferred expenditure	177 189	177 189
Trade receivables	9 319 905	9 319 905
Other receivables	259 361	259 361
Cash and cash equivalents	2 453	2 453
Total financial assets	**11 567 871**	**11 567 871**
Loan and other interest-bearing amounts	4 720 194	4 720 194
Trade payables	1 560 513	1 560 513
Other payables	3 270 356	3 270 356
Total financial liabilities	**9 551 063**	**9 551 063**

30 Events after the reporting period

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