VILNIAUS DEGTINĖ

ANNO 1921

2010-02-24 Nr. 02-110

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CONFIRMATION BY THE PERSONS IN CHARGE

Following the provisions of Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Preparation and Presentation of Periodic and Supplementary Information of Securities Commission of the Republic of Lithuania, we, Director General of AB Vilniaus Degtinė Danas Kerbelis and Finance and Administration Director Audra Jauniškienė, hereby confirm that the Interim Financial Statements for twelve months of 2009 prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, to the best of our knowledge, give a fair and true view of assets, liabilities, financial status and the profit for the period of AB Vilniaus Degtinė.

Enclosure. Interim Financial Statements for twelve months of 2009.

LIETUVOS RESPUBLIKA Akcinė bendrovė "VILNIAUS DEGTINĖ"

Director General Danas Kerbelis

Finance and Administration Director Audra Jauniškienė

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PVM mokėtojo kodas LT200572811. Juridinių asmenų registras.

AB Vilniaus Degtinė

Interim Financial Statements for the twelve-month period ended on the 31st December 2009 (Unaudited)

Contents

Company information

AB Vilniaus Degtinė

Telephone:	+ 370 5 231 31 52
Fax:	+ 370 5 231 50 52
Company code:	120057287
Registered at:	Panerių str. 47/2, Vilnius, Lithuania

Management

Danas Kerbelis, Director General
Audra Jauniškienė, Finance and Administration Director

Board

Darius Žaromskis
Danas Kerbelis
Renaldas Barauskas
Audra Jauniškienė
Dalius Rutkauskas

Auditor

UAB Rimess

Banks

AB DnB NORD bankas

Lithuanian branch of AS UniCredit Bank
AB SEB Bankas
AB "Swedbank"

Statement of Financial Position

As of the 31st December

In LTL	Notes	31/12/2009	31/12/2008
ASSETS			
Non-current assets			
Property, plant and equipment	13	21,563,651	23,204,605
Intangible assets	14	13,922,486	14,900,842
Other non-current assets		0	0
Total non-current assets		**35,486,137**	**38,105,447**
Current assets			
Inventories	15	7,689,344	9,495,228
Prepayments and future expenses	16	1,280,152	498,436
Trade receivables	17	28,864,366	39,963,023
Other receivables	18	3,659,967	2,703,440
Other current assets		0	75,554
Cash and cash equivalents	19	82,098	52,389
Total current assets		**41,575,927**	**52,788,070**
TOTAL ASSETS		**77,062,064**	**90,893,517**

Notes on pages 9–43 are an integral part of these financial statements.

Statement of Financial Position (cont‘d)

As of the 31st December

In LTL	Notes	31/12/2009	31/12/2008
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	20	24,408,431	24,408,431
Legal reserve		2,440,843	2,440,843
Retained earnings (loss)		12,446,994	11,720,683
Total equity		**39,296,268**	**38,569,957**
Non-current liabilities			
Interest bearing loans and borrowings	22	7,100,873	25,047,556
Deferred income tax liability		851,598	1,034,500
Total non-current liabilities		**7,952,471**	**26,082,056**
Current liabilities			
Interest bearing loans and borrowings	22	13,160,058	2,417,257
Trade payables		4,191,269	6,717,108
Income tax payable		0	0
Other payables	23	12,461,998	17,107,139
Total current liabilities		**29,813,325**	**26,241,504**
Total liabilities		**37,765,796**	**52,323,560**
TOTAL EQUITY AND LIABILITIES		**77,062,064**	**90,836,517**

Notes on pages 9–43 are an integral part of these financial statements.

Statement of Comprehensive Income

As of the 31st December

In LTL	Notes	Jan-Dec 2009	Jan-Dec 2008
Sales revenue	4	**53,199,628**	**69,368,517**
Cost of sales		(25,507,834)	(36,306,268)
Gross profit	4	**27,691,794**	**33,062,249**
Other income	5	273,729	236,504
Sales and distribution expenses	6	(14,243,765)	(17,391,988)
Administrative expenses	7	(12,113,619)	(12,707,932)
Other expenses	5	(50,237)	(35,311)
Result from operating activities		**1,557,902**	**3,163,522**
Financial income	9	157,804	83,510
Financial expenses	9	(1,172,297)	(1,426,204)
Profit before tax		**543,409**	**1,820,828**
Corporate income tax	10,12	182,902	(498,299)
Profit for the period		**726,311**	**1,322,529**
Basic and diluted earnings per share	22	0.03	0.05
Other comprehensive income (expenditure)		0	0
Total comprehensive income (expenditure), less taxes		**726,311**	**1,322,529**

Notes on pages 9–43 are an integral part of these financial statements.

Statement of Comprehensive Income

As of the 31st December

In LTL	Notes	Oct-Dec 2009	Oct-Dec 2008
Sales revenue	4	**15,616,294**	**23,308,443**
Cost of sales		(7,433,182)	(11,912,319)
Gross profit	4	**8,183,112**	**11,396,124**
Other income	5	61,311	74,105
Sales and distribution expenses	6	(4,342,754)	(5,692,893)
Administrative expenses	7	(3,454,114)	(3,632,088)
Other expenses	5	(8,899)	(12,911)
Result from operating activities		**438,656**	**2,132,337**
Financial income	9	45,475	29,844
Financial expenses	9	(226,747)	(411,927)
Profit before tax		**257,384**	**1,750,254**
Corporate income tax	10	301,896	(436,668)
Profit for the period		**559,280**	**1,313,586**
Basic and diluted earnings per share	22	0.02	0.05
Other comprehensive income (expenditure)		0	0
Total comprehensive income (expenditure), less taxes		**559,280**	**1,313,586**

Notes on pages 9–43 are an integral part of these financial statements.

Statement of changes in shareholders' equity

In LTL	Notes	Share capital	Legal reserve	Other reserves	Retained earnings	Total shareholders' equity
Capital and reserves as of 1 January 2008		**24,408,431**	**2,440,843**		**10,398,154**	**37,247,428**
Profit for 2008					1,265,123	1,265,123
Revised income tax					57,406	57,406
Capital and reserves as of 31 December 2008		**24,408,431**	**2,440,843**		**11,720,683**	**38,569,957**
Profit for the reporting period					**726,311**	**726,311**
Capital and reserves as of 31 December 2009	21	**24,408,431**	**2,440,843**	**0**	**12,446,994**	**39,296,268**

Notes on pages 9–43 are an integral part of these financial statements.

Statement of cash flows

In LTL	Jan-Dec 2009	Jan-Dec 2008
Profit (loss) for the period	726,311	1,322,529
Depreciation and amortisation	3,989,672	3,622,745
Impairment on construction in progress	(115,958)	47,691
Impairment of trade receivables and other receivables	(465,211)	(353,054)
Impairment of inventories	0	0
Net financial expenses	899,403	1,328,557
Gain (loss) on disposal of non-current assets	(15,799)	(22,037)
Income tax expenses	(182,902	498,299
Net cash flows from ordinary activities before changes in working capital	4,835,516	6,444,730
Change in inventories	1,805,884	2,710,153
Change in prepayments	(511,443)	667,525
Change in trade receivables and other receivables	11,303,519	(1,986,285)
Change in trade payables and other payables	(7,140,563)	(6,439,878)
Net cash flows from operating activities	5,457,397	(5,048,485)
Income tax paid	(56,544)	(256,056)
Net cash flows from operating activities	**10,236,369**	**1,140,189**
Interest received	2,229	10,494
Proceeds from disposal of non-current assets	43,448	25,788
Acquisition of property, plant and equipment	(1,231,469)	(5,055,381)
Acquisition of intangible non-current assets	(21,000)	(25,481)
Repayment of loans	0	208,480
Loans granted	(680,201)	(1,539,949)
Net cash flows from investing activities	**(1,886,993)**	**(6,376,049)**
Repayment of loans	(6,874,963)	(22,157,708)
Loans received	99,712	28,876,002
Financial lease payments	(457,392)	(53,491)
Interest paid	(1,087,024)	(1,448,728)
Dividends paid	0	0
Net cash flows from financing activities	**(8,319,667)**	**5,216,075**
Net cash flows from operating, investing and financing activities	**29,709**	**(19,785)**
Cash and cash equivalents at the beginning of the period	**52,389**	**72,174**
Cash and cash equivalents at the end of the period	**82,098**	**52,389**

Notes on pages 9–43 are an integral part of these financial statements.

Notes

1 Reporting entity

AB Vilniaus Degtinė (hereinafter referred to as the Company) was registered on 8 May 1995 and it is domiciled in Vilnius, Lithuania. The Company has a subsidiary in Obeliai, Rokiškis district.

AB Vilniaus Degtinė is a Lithuanian public listed company with shares traded on Vilnius Stock Exchange. Its shares are held by the following shareholders:

Shareholder	Number of shares	Nominal value in LTL	Total value in LTL
Sobieski Sp.z.o.o.	16,668,632	1	16,668,632
Darius Žaromskis	2,440,843	1	2,440,843
Arūnas Tuma	2,440,843	1	2,440,843
Other minor shareholders	2,858,113	1	2,858,113
Total capital	**24,408,431**	**1**	**24,408,431**

The Company is primarily involved in the production of and trade in alcoholic beverages: vodkas, bitters, liqueurs and other alcoholic beverages. The facilities for alcoholic beverage production are located in Vilnius; however, the spirit production facilities are located with the subsidiary of the Company in Obeliai.

The Company has major sales in the local market. Although sales to the European Union and foreign markets are increasing, their weight in the total sales volume is not significant.

AB Vilniaus Degtinė employed 193 staff members as of 31 December 2009 (227 staff members as of 31 December 2008).

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 European Union.

The financial statements for the period from January to December 2009 presented below are preliminary and unaudited.

Notes

2 Summary of significant accounting principles (cont'd)

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 European Union 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 various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions 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 in the application of IFRS as adopted by the European Union that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 3.

The accounting policies 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 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 to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Notes

2 Summary of significant accounting principles (cont'd)

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.

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 December 2009 and did not have them as of the day of the statement.

Property, plant and equipment

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, expenses of disassembling, transportation and production site cleaning.

Notes

2 Summary of significant accounting principles (cont'd)

Property, plant and equipment (cont'd)

Recognition and measurement (cont'd)

When useful service time of non-current assets' units differ, they are accounted as separate fixed assets.

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 12–20 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 the statement.

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 of that is considered 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.

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.

Notes

2 Summary of significant accounting principles (cont'd)

Inventories (cont'd)

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 (plastic crates for placing the bottles of alcoholic beverages) to the operating expenses immediately after it is taken for use.

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 form 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.

Notes

2 Summary of significant accounting principles (cont'd)

Calculation of recoverable amount (cont'd)

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.

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 allowances

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.

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

Notes

2 Summary of significant accounting principles (cont'd)

Sales of goods (cont'd)

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.

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.

Notes

2 Summary of significant accounting principles (cont'd)

Net financing costs (cont'd)

Interest income is recognised in the 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.

Income tax

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.

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.

Notes

2 Summary of significant accounting principles (cont'd)

Earnings 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. Dilutes 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.

Notes

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. 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 uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. Then 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. Moreover, the Company has entered into Trade Credit Insurance Agreement covering the bedts of alcohol buyers.

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. The construction in progress is quarterly tested for impairment and based on management estimates the impairment loss is recognised for the unused equipment installed in the construction in progress. Depreciation of the construction in progress is calculated since 2009.

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.

Notes

4 Segment reporting

The Company is primarily involved in the production of and trade in alcoholic beverages. Besides, the Company produces and distributes rectified, methylated alcohol, has other income. Considering the share of the sales of these products in total income, only one segment can be distinguished in the Company – production of alcoholic drinks and related products.

Revenue and goss profit for January-December 2009 are presented below:

In LTL	Alcoholic beverages	Rectified alcohol	Denaturised alcohol	Not allocated	Total
Revenue	48,965,326	3,067,050	81,894	1,085,358	53,199,628
Gross profit	27,164,966	314,670	34,883	177,275	27,691,794

Revenue and goss profit for January-December 2008 are presented below:

In LTL	Alcoholic beverages	Rectified alcohol	Denaturised alcohol	Not allocated	Total
Revenue	64,545,384	2,163,256	117,305	2,542,572	69,368,517
Gross profit	31,998,884	285,609	54,331	723,425	33,062,249

Revenue and goss profit for October-December 2009 are presented below:

In LTL	Alcoholic beverages	Rectified alcohol	Denaturised alcohol	Not allocated	Total
Revenue	14,184,600	1,088,060	9,468	334,166	15,616,294
Gross profit	7,934,554	194,107	3,772	50,679	8,183,112

Notes

4 Segment reporting (cont'd)

Revenue and goss profit for October-December 2008 are presented below:

In LTL	Alcoholic beverages	Rectified alcohol	Denaturised alcohol	Not allocated	Total
Revenue	22,127,728	484,160	39,556	656,999	23,308,443
Gross profit	11,221,931	65,820	18,425	89,948	11,396,124

The Company's primary activities are carried out in the Lithuanian market, yet a small part of its production is exported to EU countries and abroad. In January-December 2009, sales to EU and foreign markets amounted to LTL 2,274,649 (in January-December 2008 they were LTL 2,296,589). Sales of October-December 2009 were LTL 378,883 (in October-December 2008 they were LTL 422,004). Considering the share of product sales in foreign markets in total revenue, no geographical segments are distinguished in the Company.

Notes

In LTL	Jan-Dec 2009	Jan-Dec 2008
5 Income and expenses of other activities		
Lease of premises	108,901	90,744
Income form sales of materials and spare parts	68,550	84,009
Result of the sales of non-current assets	15,951	22,142
Other income	80,327	39,609
Total other income	273,729	236,504
Other expenses	50,237	35,311
Loss on sales of materials and spare parts	0	0
Loss of sales of non-current assets	0	0
Total other expenses	50,237	35,311
Net income and expenses of other activities	**223,492**	**201,193**

In LTL	Oct-Dec 2009	Oct-Dec 2008
Income and expenses of other activities		
Lease of premises	26,976	24,597
Income form sales of materials and spare parts	11,711	24,417
Result of the sales of non-current assets	5,057	8,047
Other income	17,567	17,044
Total other income	**61,311**	**74,105**
Other expenses	8,899	12,911
Loss on sales of materials and spare parts	0	0
Loss of sales of non-current assets	0	0
Total other expenses	8,899	12,911
Net income and expenses of other activities	**52,412**	**61,194**

Notes

In LTL	Jan-Dec 2009	Jan-Dec 2008
6 Sales and distribution expenses		
Advertising expenses	6,284,198	9,214,558
Marketing expenses	5,521,124	5,845,621
Salaries and social security	1,276,093	1,223,926
Transportation expenses	560,202	754,537
Market research expenses	194,308	129,655
Packaging expenses	55,222	90,725
Other	352,618	132,966
Total sales and distribution expenses	**14,243,765**	**17,391,988**

In LTL	Oct-Dec 2009	Oct-Dec 2008
Sales and distribution expenses		
Advertising expenses	1,983,402	2,256,795
Marketing expenses	1,734,556	2,674,726
Salaries and social security	300,509	377,114
Transportation expenses	137,903	243,785
Market research expenses	70,025	57,758
Packaging expenses	9,371	27,479
Other	106,988	55,236
Total sales and distribution expenses	**4,342,754**	**5,692,893**

Advertising expenses include advertising through media, advertising in the supermarkets, restaurants, cafes and bars, and other advertising expenses.

Notes

In LTL	Jan-Dec 2009	Jan-Dec 2008
7 Administrative expenses		
Salaries and social security	4,433,001	4,794,752
Operating and other taxes	1,414,204	1,700,580
Repairs and maintenance	387,484	758,865
Amortisation	999,356	1,018,753
Depreciation	1,190,078	954,753
Consulting and training expenses	1,458,998	547,555
Maintenance of cargo vehicles	280,775	430,690
Security expenses	402,911	340,450
Representation expenses	38,739	204,635
Sponsorship and other	29,000	66,260
Communications and IT maintenance expenses	175,630	200,085
Utilities	271,220	158,317
Impairment of construction in progress	(115,958)	47,691
Impairment of inventories	0	0
Other	1,148,181	1,484,547
Total administrative expenses	**12,113,619**	**12,707,932**

In LTL	Oct-Dec 2009	Oct-Dec 2008
Administrative expenses		
Salaries and social security	852,696	1,339,323
Operating and other taxes	404,809	554,474
Repairs and maintenance	103,218	126,670
Amortisation	250,085	250,706
Depreciation	314,825	205,790
Consulting and training expenses	854,474	179,949
Maintenance of cargo vehicles	65,885	155,811
Security expenses	108,642	88,192
Representation expenses	5,388	85,503
Sponsorship and other	14,000	45,951
Communications and IT maintenance expenses	49,201	46,783
Utilities	66,330	69,876
Impairment of construction in progress	0	(54,651)
Impairment of inventories	0	0
Other	364,561	537,711
Total administrative expenses	**3,454,114**	**3,632,088**

Notes

In LTL	Jan-Dec 2009	Jan-Dec 2008
8 Personnel expenses		
Wages and salaries	6,064,728	6,826,306
Compulsory social security contributions	1,879,903	2,113,744
Total personnel expenses	**7,944,631**	**8,940,050**

In LTL	Oct-Dec 2009	Oct-Dec 2008
Personnel expenses		
Wages and salaries	1,257,036	1,947,589
Social security contributions	389,391	602,086
Total personnel expenses	**1,646,427**	**2,549,675**

Personnel expenses for January-December 2009 and January-December 2008 include change in accrued vacation compensations. Redundancy pays and holiday compensations for January-December 2009, inclusive of social security taxes, amounted to LTL 958,658.

Personnel expenses for January-December 2009 include wages and salaries for the management (including compulsory social security contributions) in the amount of LTL 721,105, and their redundancy pay – LTL 85,855 (wages and salaries for the management for January-December 2008 – LTL 633,227). Management salaries in October-December 2009 amounted to LTL 135,937 (in October-December 2008 they were LTL 191,898).

As of 31 December 2009, no interest-free loans were issued to the management (as of 31 December 2008 they were LTL 34,000).

As of 31 December 2009, 193 employees were working for the Company (as of 31 December 2008 – 227 employees).

In January-December 2009, 5 managers were working for the Company (in January-December 2008 there were 4 managers).

Notes

In LTL	Jan-Dec 2009	Jan-Dec 2008
9 Financial income and expenses		
Interest income	157,050	83,510
Other income	754	0
Total financial income	157,804	83,510
Interest on loans and lease liabilities	1,056,609	1,412,068
Foreign exchange loss	0	9,100
Other	115,688	5,036
Total financial expenses	1,172,297	1,426,204
Financial income and expenses, net	**(1,014,493)**	**(1,342,694)**

In LTL	Oct-Dec 2009	Oct-Dec 2008
Financial income and expenses		
Interest income	45,325	24,690
Other income	150	0
Total financial income	45,475	24,690
Interest on loans and lease liabilities	175,351	385,907
Foreign exchange loss	0	50
Other	51,396	204
Total financial expenses	226,747	386,161
Financial income and expenses, net	**(181,272)**	**(361,471)**

In LTL	Jan-Dec 2009	Jan-Dec 2008
10 Corporate income tax expenses		
Current tax	0	96,958
Change in deferred income tax	182,902	401,341
Total income tax expenses	**182,902**	**498,299**

Notes

11 Deferred tax

In LTL	Jan-Dec 2009 Temporary differences	Jan-Dec 2009 Deferred tax (15%)	Jan-Dec 2008 Temporary differences	Jan-Dec 2008 Deferred tax (20%)
Impairment of other receivables	832,923	124,938	885,209	177,042
Impairment of trade receivables	236,075	35,411	378,728	75,746
Impairment of construction in progress	573,066	85,960	593,513	118,702
Impairment of inventories	0	0	0	0
Accrued social security expenses for vacation reserve	116,191	17,429	171,356	34,271
Tax losses	488,495	73,274	0	0
Total deferred tax asset		**337,012**		**405,761**
Difference in depreciation of property, plant and equipment	(3,037,102)	(455,565)	(3,208,830)	(641,766)
Difference in amortisation of intangible assets	(4,364,694)	(654,704)	(3,273,520)	(654,704)
Carrying value of non-current assets that are subject to investment relief	(522,272)	(78,341)	(718,955)	(143,791)
Total deferred tax liability		**(1,188,610)**		**(1,440,261)**
Net deferred tax		**(851,598)**		**(1,034,500)**

In 2009, current income tax rate was 20%. (In 2008 it amounted to 15%). Starting from January 2010, current income tax rate is reduced to 15%.

Change in the deferred tax may be divided as follows:

Litais	Jan-Dec 2009	Jan-Dec 2008
Deferred tax liability as of January 1	(1,034,500)	(633,159)
Deferred tax change	182,902	(401,341)
Deferred tax liability as of December 31	**(851,598)**	**(1,034,500)**

Notes

12 Income tax

In LTL	Jan-Dec 2009	Jan-Dec 2008
Overpaid income tax (liability) as of 1 January	160,425	1,327
Income tax for the period	0	96,958
Income tax paid	56,544	256,056
Overpaid income tax (liability) as of 31 December	**216,969**	**160,425**

The Company has adjusted the income tax for 2008. It has been reduced by LTL 57,406, giving applied tax exemption. Therefore, net profit has been increased by the same amount.

Notes

13 Property, plant and equipment

In LTL	Land and buildings	Machinery and equipment	Vehicles and other assets	Other equipment	Construction in progress	Other tangible assets	Total
Cost as of 1 January 2008	16,359,819	15,758,949	1,631,089	2,421,980	2,911,846	530,520	39,614,203
Additions	367,588	1,678,967	44,025	153,908	148,608	3,510,030	5,903,126
Disposals	(37,801)	(87,379)	(98,407)	(195,193)	0	0	(418,780)
Transfer from inventories	1,164,662	30,520	0	0	(664,662)	(530,520)	0
Cost as of 31 December 2008	17,854,268	17,381,057	1,576,707	2,380,695	2,395,792	3,510,030	45,098,549
Accumulated depreciation as of 1 January 2008	6,508,290	10,014,405	790,517	1,798,256	545,822	0	19,657,290
Depreciation for the year	662,050	1,480,936	208,709	252,297	0	0	2,603,992
Impairment loss	0	0	0	0	47,691	0	47,691
Disposals	(37,800)	(87,315)	(98,403)	(191,511)		0	(415,029)
Accumulated depreciation as of 31 December 2008	7,132,540	11,408,026	900,823	1,859,042	593,513	0	21,893,944
Net book value as of 31 December 2008	**10,721,728**	**5,973,031**	**675,884**	**521,653**	**1,802,279**	**3,510,030**	**23,204,605**
Cost as of 1 January 2009	17,854,268	17,381,057	1,576,707	2,380,695	2,395,792	3,510,030	45,098,549
Additions	387,715	534,332	33,500	51,360	254,146		1,261,053
Disposals	0	(128,582)	(389,158)	(139,376)	0	0	(657,116)
Reclassificationns	4,155,622	6,447	0	0	(652,039)	(3,510,030)	0
Cost as of 31 December 2009	22,397,605	17,793,254	1,221,049	2,292,679	1,997,899	0	45,702,486
Accumulated depreciation as of 1 January 2009	7,132,540	11,408,026	900,823	1,859,042	593,513	0	21,893,944
Depreciation for the year	723,519	1,742,490	199,832	221,204	103,271	0	2,990,316
Impairment loss	0	0	0	0	(115,958)	0	(115,958)
Disposals	7,760	(128,566)	(364,023)	(136,878)	(7,760)	0	(629,467)
Accumulated depreciation as of 31 December 2009	7,863,819	13,021,950	736,632	1,943,368	573,066	0	24,138,835
Net book value as of 31 December 2009	**14,533,786**	**4,771,304**	**484,417**	**349,311**	**1,424,833**	**0**	**21,563,651**

Notes

13 Property, plant and equipment (cont'd)

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. Since 2009, as the requirements of accounting standards have changed, depreciation shall apply on the construction in progress. Before 2009, depreciation was applied on the construction in progress and, accordingly, on quarterly basis, based on assessments by the management, the amount of depreciation was recognised as a loss of impairment.

The depreciation was distributed as follows:

In LTL	31/12/2009	31/12/2008
Cost of sales	1,562,227	1,464,908
Inventories	187,926	152,260
Administrative and other expenses	1,240,163	986,824
Total	**2,990,316**	**2,603,992**

Notes

14 Non-current intangible assets

In LTL	Patents, licences	Software	Other	Total
Cost as of 1 January 2008	202,384	528,949	18,913,672	19,645,005
Additions during the year	0	25,481	0	25,481
Disposals	(21,178)	(25,059)	0	(46,237)
Cost as of 31 December 2008	181,206	529,371	18,913,672	19,624,249
Accumulated amortisation as of 1 January 2008	196,860	401,752	3,152,279	3,750,891
Amortisation for the year	5,524	67,546	945,683	1,018,753
Disposals	(21,178)	(25,059)	0	(46,237)
Accumulated amortisation as of 31 December 2008	181,206	444,239	4,097,962	4,723,407
Net book value as of 31 December 2008	**0**	**85,132**	**14,815,710**	**14,900,842**
Cost as of 1 January 2009	181,206	529,371	18,913,672	19,624,249
Additions during the year	0	21,000	0	21,000
Disposals	(8,110)	(1,236)	0	(9,346)
Cost as of 31 December 2009	173,096	549,135	18,913,672	19,635,903
Accumulated amortisation as of 1 January 2009	181,206	444,239	4,097,962	4,723,407
Amortisation for the year	0	53,672	945,684	999,356
Disposals	(8,110)	(1,236)	0	(9,346)
Accumulated amortisation as of 31 December 2009	173,096	496,675	5,043,646	5,713,417
Net book value as of 31 December 2009	**0**	**52,460**	**13,870,026**	**13,922,486**

All amortisation expenses are included under operating expenses.

Notes

In LTL	31/12/2009	31/12/2008
15 Inventories		
Raw materials	4,897,033	8,164,498
Finished goods	1,821,418	1,004,413
Goods for resale	919,393	305,355
Work in progress	51,500	20,962
Total inventories	**7,689,344**	**9,495,228**

In LTL	31/12/2009	31/12/2008
16 Prepayments and deferred expenses		
Prepayments to suppliers	1,076,617	93,280
Deferred advertising expenses	120,183	263,914
Deferred insurance and subscription	70,829	73,614
Other	12,523	67,628
Total prepayments and deferred expenses	**1,280,152**	**498,436**

In LTL	31/12/2009	31/12/2008
17 Trade receivables		
Trade receivables	29,100,442	40,341,751
Impairment allowance for bad debts	(236,076)	(378,728)
Net trade receivables	**28,864,366**	**39,963,023**

Notes

17 Trade receivables (cont'd)

Change in impairment of receivables for bad debts in January-December 2009 can be presented as follows:

In LTL	31/12/2009	31/12/2008
Impairment allowance for bad debts as of 1 January	(378,728)	(731,782)
Reverse of impairment allowance for bad debts	142,652	353,054
Impairment allowance for bad debts at the end of the period	**(236,076)**	**(378,728)**

18 Other receivables

In LTL	31/12/2009	31/12/2008
Loans granted	2,653,062	2,057,608
Prepayments to the Tax Inspectorate	297,480	247,480
Overpaid income tax	216,969	160,425
Amounts deposited for guarantee purposes	243,000	124,000
Other receivables	249,456	113,927
Doubtful receivables	832,923	885,209
Total other receivables before write-down allowance	**4,492,890**	**3,588,649**
Write-down allowance	(832,923)	(885,209)
Total other receivables, net	**3,659,967**	**2,703,440**

The prepayment to the Tax Inspectorate is a guarantee for payment of excise tax and exported production payments. Loans granted: loan of EUR 768,380 (LTL 2,653,062) to a related company (6.0-8.5 % fixed annual interest rate, maturity of the loans granted – December 2010). Having applied tax exemption on the income tax of 2008, overpaid income tax amount as of 31.12.2008 was adjusted by LTL 57,406

Change in impairment allowance of receivables was as follows:

In LTL	31/12/2009	31/12/2008
Impairment allowance for bad debts and other receivables as of 1 January	**(885,209)**	**(885,209)**
Reverse of impairment allowance for bad debts	52,286	0
Impairment allowance for bad debts and other receivables at the end of the period	**(832,923)**	**(885,209)**

Notes

In LTL	31/12/2009	31/12/2008
19 Cash and cash equivalents		
Cash at bank and in hand	82,089	52,389
Total cash and cash equivalents	**82,089**	**52,389**

20 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 declared from time to time and to capital repayment in case of and a share of residual assets. 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 5% of the retained earnings available for distribution are required until legal reserve and the share premium reach 10% of the authorised capital. This reserve cannot be distributed.

Notes

21 Earnings per share

Basic earnings 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 2009	Jan-Dec 2008
Number of shares	24,408,431	24,408,431
Net result for the period attributable to the equity holders, in LTL	726,311	1,322,529
Earnings per share, in LTL	**0.03**	**0.05**

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

22 Interest bearing loans and borrowings

In LTL	31/12/2009	31/12/2008
Non-current liabilities		
Bank loans	6,833,698	24,504,574
Financial lease (leasing) liabilities	267,175	542,982
Total non-current liabilities	**7,100,873**	**25,047,556**
Current liabilities		
Overdraft	0	0
Bank, other loans and financial lease	13,160,058	2,417,257
Total current liabilities	**13,160,058**	**2,417,257**
Total	**20,260,931**	**27,464,813**

Notes

22 Interest bearing loans and borrowings (cont'd)

Terms and repayment schedule:

In LTL	Total	Up to 1 year	1-2 years	2-5 years	Over 5 years
Overdraft of LTL 2,000,000 – 3-month fluctuating VILIBOR + 2.5%	2,000,000	2,000,000			
Loan of EUR 3,015,412 (LTL 10,411,615) – 3-month fluctuating LIBOR + 2.9%	8,700,437	1,866,739	6,833,698		0
Long-term overdraft of EUR 2,606,580 (LTL 9,000,000) – 3-month fluctuating EURIBOR + 2.5%	8,995,314	8,995,314			
Financial lease (leasing) – 6-month variable EURIBOR + 1%	560,180	293,005	267,175		
Short-ter,mloan (card)	5,000	5,000			
Total financial liabilities	**20,260,931**	**13,160,058**	**7,100,873**	**0**	**0**

Term of repayment of the long-term loan is 31 December 2015, of long-term overdraft (LTL 2,000,000 and EUR 2,606,580) – 31 August 2010.

In order to secure the bank loans, the Company has pledged tangible and intangible non-current assets, inventories, cash and cash inflows to the bank accounts and trade receivables. Fore further comments refer to Note 26.

In LTL	31/12/2009	31/12/2008
23 Other payables		
Payable excise tax	6,887,932	9,206,118
Payable VAT	3,646,916	5,187,727
Accrued vacation expense and social security	488,751	722,553
Taxes payable	60,324	1,351,413
Accrued expenses	1,002,883	147,930
Other payables	375,192	491,398
Total other payables	**12,461,998**	**17,107,139**

Notes

24 Financial instruments

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. Riska 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

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

Notes

25 Financial instruments (cont'd)

Liquidity risk (cont'd)

majeure (such as natural calamities). Moreover, the Company has concluded a contract for overdraft limited to EUR 2,606,580 and LTL 2,000,000.

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 VILIBOR. As of 31 December 2009, 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 faces 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. The Company did not have any material exposure in other foreign currencies as of 31 December 2009 and 31 December 2008.

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 Boards 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.

The Company's capital management policy did not change in January-December 2009.

Notes

25 Related party transactions

Related parties of the Company are:

- parties that control, is controlled by or is 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	Relationship
UAB Belvedere Prekyba	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
Gemaco	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
IOOO Galiart	Belvedere group company
Chais Beaucairois SAS	Belvedere group company
Domain Menada Sp. Z.o.o.	Belvedere group company
Darius Žaromskis	Shareholder
Arūnas Tuma	Shareholder

Notes

25 Related party transaction (cont'd)

Sales to and purchases from related parties during the reporting periods ended 31 December 2009 and 31 December 2008 are as follows:

Company	Type of transaction	Jan-Dec 2009	Jan-Dec 2008
Purchases from:			
Belvedere group companies	Purchase of services	2,561,411	5,066,388
Belvedere group companies	Purchase of raw materials and materials	793,837	1,151,968
Shareholder	Purchase of services	309,600	309,600
Belvedere group companies	Purchase of non-current assets	35,506	0
Ultimate parent company	Purchase of inventories	33,622	91,838
Total purchases		**3,733,976**	**6,619,794**
Sales to:			
Belvedere group companies	Sales of production including excise tax	50,915,438	92,083,216
Parent company	Sales of production including excise tax	326,832	305,271
Belvedere group companies	Other income	0	230,071
Ultimate parent company	Sales of production including excise tax	0	0
Ultimate parent company	Other income	154,975	0
Belvedere group companies	Sales of services, etc.	104,043	80,988
Total sales		**51,501,288**	**92,699,546**
Excise tax		36,455,443	61,626,960
Total sales net of excise tax		**15,045,845**	**31,072,586**

Notes

25 Related party transactions (cont'd)

Balances outstanding with identified related parties at the end of the reporting period:

Company	31/12/2009	31/12/2008
Trade receivables		
From Belvedere group companies	4,717,184	16,353,557
From ultimate parent company	3,759,312	12,451
From parent company	91,610	0
Total trade receivables	**8,568,106**	**16,366,008**
Trade payables		
To Belvedere group companies	193,395	242,131
Total trade payables	**193,395**	**242,131**

Remuneration to the Company's management is enclosed in Note 8 to the Financial Statements. Information on the loans granted to the associated company is provided in Note 18.

All outstanding related party transactions are priced on arm's length basis.

Notes

26 Off-balance and other liabilities

As a security for the loan and overdraft facilities, the following assets have been pledged by the Company:

In LTL	31/12/2009	31/12/2008
Carrying amount of pledged buildings and structures	11,720,502	9,198,192
Carrying amount of pledged trademarks	13,870,027	14,815,710
Carrying amount of pledged inventories	7,689,344	9,495,228

The Company has transferred to the Bank the existing and further monetary funds deposited on the accounts with AB DnB Nord bank and amounts receivable from its buyers, which were equal to LTL 28,864,366 as of 31 December 2009 (LTL 39,963,023 as of 31 December 2008), under the Claiming Right Transfer Agreement in order to secure fulfilment of its liabilities under the Crediting Agreement.

27 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 in an arm's length transaction, other than in forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

Carrying amount of assets and liabilities provided in the balance sheet as of 31 December 2009 does not significantly differ from their balance sheet value, except non-current real estate, the depreciated cost-price of which significantly differs from its fair value.

Financial assets as of 31 December 2009:

In LTL	Balance-sheet value	Fair value
Advance payments and expenditure of future periods	1,280,152	1,280,152
Trade debtors	28,864,366	28,864,366
Other amounts receivable	3,659,967	3,659,967
Cash and cash equivalents	82,098	82,098
Total	**33,886,583**	**33,886,583**

Notes

27 Fair value of financial instruments (cont'd)

Financial assets as of 31 December 2009:

In LTL	Balance-sheet value	Fair value
Loan and other amounts subjected to calculation of interest rate	20,260,931	20,260,931
Amounts payable to suppliers	4,191,269	4,191,269
Other amounts payable	12,461,998	12,461,998
Total	**36,914,198**	**36,914,198**

28 Post-balance events

EU structural fund financing has been granted to the project "Using distillery refuse (broga) for the production of electric power" developed by AB Vilniaus degtinė. Total value of the project that will be implemented in Obeliai distillery amounts to LTL 19,984,000 (net of taxes). The sum of EU structural fund financing amounts to LTL 9,992,000. The remaining amount will be financed by the Company using its own and borrowed funds. To secure fulfilment of the project, AB Vilniaus degtinė has signed a financing agreement with a bank.

This year already, Obeliai distillery expects to commence preparatory works for planning of construction of biogas production and cogeneration power unit system that uses the waste (broga) of grain processing into alcohol for the production of biogas.