

## Stock Spirits Group PLC

### Results for the six months ended 30 June 2014

Stock Spirits Group PLC, a leading Central and Eastern European branded spirits producer, announces its results for the six months ended 30 June 2014.

#### FINANCIAL HIGHLIGHTS

- **Total revenue down 10% to €137.7 million (2013: €153.1 million)** reflecting the impact of the Polish duty sales re-phasing and adverse foreign exchange movements in the Czech Republic
- **Operating profit before exceptional costs down 23% to €23.2 million (2013: €30.3 million)** which includes the impact of the Polish duty increase of €5m, foreign exchange movements, incremental costs of being a listed company and the presentation of new Long Term Incentive Plans for management
- **Profit after tax up to €16.8 million (2013: €10.7 million loss)** reflecting a reduction in exceptional and finance costs as a result of the capital restructuring at the time of the IPO
- **EPS €0.084 per share**
- **Maiden interim dividend €0.0125 per ordinary share**
- EBITDA before exceptionals €28.6 million (2013: €34.3 million)
- Results in line with expectations and on track to deliver full year targets

#### OPERATIONAL HIGHLIGHTS

- Total volume 6.8 million 9 litre cases (2013: 7.8 million) reflecting impact of Polish duty increase
- 'Project Polar' the roll out of 20,000 fridges in traditional off-trade stores completed in February 2014
- The impact of the 15% excise duty increase, which resulted in the pulling forward of €5 million of operating profit into 2013, has been mitigated by effective management action
- 14 new product launches including Sznaps and new flavours of Lubelska in Poland and a new range of flavoured vodkas in Slovakia
- New distribution agreement signed in Croatia with Beam Suntory
- Further international spirits awards won, reflecting the high quality nature of the Group's products

#### Chris Heath, CEO of Stock Spirits Group, commented:

"The Group's results for the first half of the year 2014 are in line with our internal targets and we are on track to meet our expectations for the full year. This solid performance has been delivered despite the challenge posed by the January 2014 excise duty increase in our largest market, Poland.

We have continued to grow our share of the key profit pools in Poland and have successfully launched a number of exciting new products in all of our core markets.

We are also pleased to have added a new distribution agreement with Beam Suntory in Croatia in line with our strategic aim of increasingly premiumising our portfolio in our core markets. Along with

our existing agreements with Beam Suntory in Poland and Diageo in the Czech Republic, we are now working in partnership with global spirits leaders in three of our six core markets.

As intended at the time of the IPO last year, the Board is pleased to announce the payment of a maiden interim dividend of €0.0125 per share to shareholders. The Group is well placed to capitalise on the opportunities available in the Central and Eastern European Region and we continue to view the future with confidence.”

Management will be hosting a presentation for analysts at 10.30am on Thursday 28th August at:

Nomura  
1 Angel Lane  
London  
EC4R 3AB

There will be a simultaneous web cast of the presentation via [www.stockspirits.com](http://www.stockspirits.com) with a recording made available shortly thereafter.

**For further information:**

**Stock Spirits Group:**

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Chris Heath, Chief Executive Officer

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Clinton Manning

A copy of this interim results announcement (“announcement”) has been posted on [www.stockspirits.com](http://www.stockspirits.com)

This announcement contains statements which are not based on current or historical fact and which are forward looking in nature. These forward looking statements reflect knowledge and information available at the date of preparation of this announcement and the Company undertakes no obligation to update these forward looking statements. Such forward looking statements are subject to known and unknown risks and uncertainties facing the Group including, without limitation, those risks described in this announcement, and other unknown future events and circumstances which can cause results and developments to differ materially from those anticipated. Nothing in this announcement should be construed as a profit forecast.

**Notes to editors:**

## **About Stock Spirits**

Stock Spirits, a leading branded spirits and liqueurs business in Central and Eastern Europe, offers a modern premium branded spirits portfolio, rooted in local and regional heritage. With core operations in Poland, the Czech Republic, Slovakia, Italy, Croatia and Bosnia & Herzegovina, Stock also exports to more than 40 other countries worldwide. Global sales volumes currently total approximately 150 million litres per year.

Stock holds clear market leadership positions in spirits in both Poland and the Czech Republic, where it has invested in what is believed to be state of the art production facilities, and is one of the world's leading vodka producers. This includes having the number one vodka brands in Poland, Italy and the Czech Republic. Core Stock Spirits brands include products made to long-established recipes such as Stock brandy, Fernet Stock bitters and Limonce, as well as more recent creations like Stock Prestige and Czysa de Luxe vodkas.

Stock Spirits was created through the integration of two long-established businesses, Eckes & Stock and Polmos Lublin, in 2008 and floated on the main market of the London Stock Exchange in October 2013.

Stock Spirits supports and is active in the promotion of responsible and moderate drinking. For further information please visit: [www.stockspirits.com](http://www.stockspirits.com)

## **INTERIM MANAGEMENT REPORT**

### **Overview**

During the six months ended 30 June 2014, we have seen continued growth in market share in Poland, our largest market, while in the Czech Republic and Italy market share has slightly reduced.

The business has performed well against the back drop of increases in duty in Poland and Italy and the growth in private label in Czech Republic and Italy.

The business has also performed to plan in the smaller markets of Slovakia, Croatia and Bosnia & Herzegovina. Total volume was 6.8 million 9 litre cases, a reduction of 1.0 million from 2013, reflecting the impact of the Polish excise duty increase.

The management's focus has continued to be on building sustainable profit growth and cash flow in line with the key strategic goals of the Group. These are:

- Further develop the Group's strong brand portfolio in current markets
- Continue to invest in attractive markets with strong growth potential
- Utilise purchasing and production capabilities to deliver quality products with a competitive cost advantage
- Continue to invest in people and develop management talent
- Pursue opportunities for acquisitions across Central and Eastern Europe

During the period, we have continued to build on our strong track record of developing innovative new products and new variants of existing products. In Poland, Sznaps, an exciting new low alcohol

content spirit, is an innovative new product category that we expect to attract strong support from consumers. We are also confident that the recently launched new flavours of our “millionaire” brands Lubelska and Zoladkowa Gorzka in Poland and Keglevich in Italy will successfully enhance these ranges of market-leading vodka-based liqueurs. Testament to the quality of our product development, we are proud to have recently won further awards from The International Spirits Challenge and from the juries of the International Taste & Quality Institute.

### **Market Performance:**

#### **Poland**

The total vodka market volume declined 3.6% which was slightly better than expected. Both regular vodka and vodka based liqueurs were in volume decline whilst value across the market in the half year increased by 2.7%. Stock Spirits value market share increased to 38.4%, compared with 38.2% in the same period last year.

In February, we completed the second phase of the branded fridges project, taking the total now installed to just over 20,000, further consolidating our leadership position in the key traditional trade distribution channel.

During the reported period, we were encouraged to see the momentum start to build in our distribution contract with Beam Suntory which gives us an exclusive right to distribute the complementary Beam Suntory portfolio of brands within Poland.

We have successfully managed the impact of the 15% increase in excise duty on strong alcohol which came into effect on the 1st January 2014, liaising closely with customers and increasing prices to adjust for the effect of the duty increase. As previously communicated, the benefit seen in 2013 from the buy-in, amounting to an estimated EBITDA increase of €5m, was reversed during the first half 2014. Despite this, reported EBITDA performance was broadly maintained at the level of the corresponding period in 2013. The effect of the drop in net sales was offset by continued growth in market share, improvement in product and customer mix and successful new product launches.

#### **Czech Republic**

Overall spirits market volume continued to grow, driven by the improving economy and growing consumer confidence.

Our portfolio has also continued to grow but at a slower rate than the market due to the loss of share to private label brands in the vodka and rum categories. In financial terms our results in the Czech Republic have been impacted by a negative translation effect of the devaluation (circa 8%) of the Czech Koruna against the Euro, and by the termination of the previously long established 3rd party brand distribution agreement, which ceased in H2 2013. The contribution from the new distribution agreement with Diageo only commenced in January 2014 and has not made a significant contribution to the first half results. Going forward the agreement is expected to contribute more meaningfully to the Czech Republic results.

#### **Italy**

The overall spirits market continued to decline slightly in volume terms during the first six months (-2.7%) but increased in value terms by 0.8%. The vodka category performed best, where we have a leading position in clear and vodka based liqueurs through the Keglevich brand. The Limocello category was impacted by growth in private label products and as a result, our category leading Limonce brand has lost market share in the period. In addition, the Italian government posted two duty increases in Italy during H1, in a continuing difficult macro-economic environment, which have impacted volumes in H1. Against this tough trading environment, Stock Italy broadly maintained EBITDA at €3.4m compared to €3.6m in the same period last year.

### **Other Markets**

Other Markets includes Slovakia, Bosnia & Herzegovina and Croatia along with our export operations and constitutes our smallest segment. Overall performance was in line with our expectations. The performance in Slovakia was impacted by the further rationalization of our product portfolio there following the integration of the Emperor business last year and the ending of a previous distribution agreement, which has not yet been replaced. The portfolio rationalization resulted in lower total sales as uneconomic SKUs were eliminated and lower net profitability as we increased advertising and promotion investment to support the expected growth of our core brands. Early results from the extra investment in advertising and promotion spend have been very encouraging and will continue to support the growth of our core brands.

We are delighted to have signed a new distribution agreement with Beam Suntory in Croatia to distribute their products from 1<sup>st</sup> September this year, further demonstrating the strength of our distribution capability in the region.

### **Financial Performance**

The Group results are in line with our internal targets with strong trading performance which were offset by a number of factors including the increase in excise duty in Poland (which resulted in sales and EBITDA being pulled forward in Q4 of 2013 and a consequent reversal in H1 2014), the impact of the devaluation of the Czech Koruna by approximately 8% and the loss of the previous 3<sup>rd</sup> party distribution contract in Czech and Slovakia. These have resulted in a reduction in both reported sales revenue and, to a lesser extent, EBITDA.

Following the IPO in October last year, the Group is now bearing additional costs to meet the requirements of being a listed company and these have impacted the half year results. These will have a lesser year on year impact in H2 as many of these costs were in place during H2 2013.

Additionally H1 last year benefitted from a material foreign exchange translation gain principally arising from the proceeds on the disposal of the US business in 2012 which were used to partially repay the former senior unsecured debt during H1 2013.

The devaluation of the Czech Koruna in Q4 2013 has led to a reduction of €2.8m in net sales revenue and a €0.8m reduction in operating profit as a result of year-on-year exchange rate changes.

As a consequence EBITDA was €28.6m, a decline of €5.7m versus last year.

The Group has recorded a significant decrease in exceptional costs which last year were driven by costs associated with the IPO, the Group restructuring as a consequence of the IPO and a partial refinancing of the Group.

During 2013 the capital structure of the Group underwent significant change and, as a consequence, the senior unsecured debt was either repaid or converted to a single class of equity, resulting in a significant fall in finance costs in H1 2014 to €6.9m from €32.4m in the corresponding period. Finance costs are now driven by the Group's external bank debt. Net debt at the end of June 2014 was €95.9m with a leverage of 1.29. The Group's low leverage provides an effective funding structure for both organic and inorganic growth of the Group.

During H1 2014 the Group has renegotiated certain clauses of its external bank debt which has further relaxed a number of conditions and resulted in a reduction in the margins the Group will now pay for its external borrowing. The margin reduction will benefit the H2 earnings and results going forward and now brings the Group borrowing facilities closer to those of a public company.

The underlying results, in addition to the significant fall in finance and exceptional costs, has moved the Group to record a profit of €16.8m after tax versus a loss of €10.7m during the same period in 2013.

Earnings per share are reported as €0.084 for the half year.

The Group remains confident on the delivery of its full year results in line with its targets.

The Group remains focused upon cash generation and has generated an adjusted free cash flow of €3.4m after adjusting for the timing impact of €40.3m of VAT recorded at the year end.

At the time of IPO the Group committed to commence the payment of a dividend following the 2014 interim results and the Board of Directors have recommended a dividend payment of €0.0125 per share. The dividend will be paid on 26 September 2014 to shareholders on the register at close of business on 5 September 2014. The shares will be quoted ex-dividend on 3 September 2014.

### **Going concern**

After making enquiries, the Directors have a reasonable expectation that the Company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the consolidated financial information of the Group.

### **Principal Risks and uncertainties**

The principal risks and uncertainties affecting the business activities of the Group remain those detailed on pages 36 to 41 in the Stock Spirits Group Annual Report 2013, a copy of which is available on the Company's website at [www.stockspirits.com](http://www.stockspirits.com). In the view of the Board there is no material change in these risks in respect of the remaining six months of the year.

These risks include: deterioration in the economic conditions of key markets; unexpected needs for liquidity; changes in demand, customer tastes and preferences, and adverse changes to distribution

channels; “black market” sales of alcoholic beverages; changes in the price or availability of supplies and raw materials; litigation directed at the alcoholic beverages industry and other litigation; increases in taxes, particularly in excise duty; exposure to liabilities under anti-bribery laws and any violation of such laws; exposure to tax liabilities resulting from tax audits; changes to regulations which limit advertising, promotions and access to products; retaining key personnel and attracting highly skilled individuals; inconsistent quality or contamination of products or similar products in the same categories as the Group’s products; economic and regulatory uncertainty; seasonal fluctuations in consumer demand; disruption to production and storage facilities or breakdown of information technology systems; maintenance of distribution agreements on favourable terms to all; protection of intellectual property rights; restrictive terms in financing arrangements, fluctuations in foreign currency.

**Statement of Directors’ responsibilities**

The Interim Results Announcement complies with the Disclosure and Transparency Rules (‘the DTR’) of the UK’s Financial Conduct Authority in respect of the requirement to produce a half yearly financial report. Each of the Directors of Stock Spirits Group PLC confirms that to the best of their knowledge:

This set of condensed financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union;

This Interim Management Report includes a fair review of the important events during the first half and their impact on the set of condensed financial statements, and a description of the principal risks and uncertainties for the remaining half of the year as required by DTR 4.2.7R; and

This Interim Management Report includes a fair review of the disclosure of related party transactions and changes therein that have materially affected the financial position or performance of the Group for the half year, as required by DTR 4.2.8R.

**Board of Directors**

The Board of Directors as at 27 August 2014 is as follows: Jack Keenan (Chairman), Chris Heath (Chief Executive Officer), Lesley Jackson (Chief Financial Officer), Andrew Cripps (Independent Non-Executive Director), David Maloney (Senior independent Non-Executive Director), John Nicolson (Independent Non-Executive Director).

For and on behalf of the Board of Directors:

Chris Heath  
Chief Executive Officer

Jack Keenan  
Chairman

27 August 2014

**Stock Spirits Group PLC**  
Unaudited Interim Condensed  
Consolidated Financial Statements  
*Six-month period ended 30 June 2014*



# Independent Review Report to Stock Spirits Group PLC

## Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half yearly financial report for the six months ended 30 June 2014 which comprises the Interim Condensed Consolidated Income Statement, Interim Condensed Consolidated Statement of Comprehensive Income, Interim Condensed Consolidated Statement of Financial Position, Interim Condensed Consolidated Statement of Changes in Equity, Interim Condensed Consolidated Cash Flow Statement, and the related notes 1 to 20. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

## Directors' Responsibilities

The half yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

## Our Responsibility

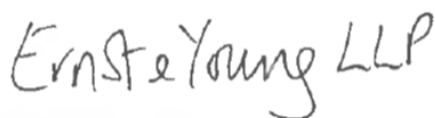
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half yearly financial report based on our review.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.



Ernst & Young LLP  
1 More London Place  
London SE1 2AF  
27 August 2014

# Interim condensed consolidated income statement

For the six months ended 30 June 2014

		<i>Six months ended</i> 30 June 2014	<i>Six months ended</i> 30 June 2013
		<i>Unaudited</i>	<i>Unaudited</i>
	<i>Notes</i>	€000	€000
<b>Revenue</b>	5	137,726	153,131
Cost of goods sold		(64,618)	(73,973)
		<hr/>	<hr/>
<b>Gross profit</b>		73,108	79,158
Selling expenses		(32,810)	(32,134)
Other operating expenses		(17,086)	(16,741)
		<hr/>	<hr/>
<b>Operating profit before exceptional items</b>		23,212	30,283
Exceptional items	7	(479)	(8,197)
		<hr/>	<hr/>
<b>Operating profit</b>		22,733	22,086
Finance revenue	8	3,722	993
Finance costs	8	(6,949)	(32,404)
		<hr/>	<hr/>
<b>Profit/(loss) before tax</b>		19,506	(9,325)
Income tax expense	9	(2,673)	(1,401)
		<hr/>	<hr/>
<b>Profit/(loss) for the period</b>		16,833	(10,726)
		<hr/>	<hr/>
<b>Attributable to:</b>			
Equity holders of the Parent		16,833	(10,726)
Non-controlling interests		-	-
		<hr/>	<hr/>
		16,833	(10,726)
		<hr/>	<hr/>
<b>Earnings/(losses) per share, (cents), attributable to equity holders of the Parent</b>			
Basic and diluted	10	0.08	(0.08)

# Interim condensed consolidated statement of comprehensive income

For the six months ended 30 June 2014

	<i>Six months ended 30 June 2014 Unaudited €000</i>	<i>Six months ended 30 June 2013 Unaudited €000</i>
<b><i>Profit/(loss) for the period</i></b>	16,833	(10,726)
<b><i>Other comprehensive expense</i></b>		
Other comprehensive expense to be reclassified to profit or loss in subsequent periods:		
Exchange differences arising on translation of foreign operations, net of income tax effect	(2,387)	(6,039)
<b><i>Total comprehensive income/(loss) for the period, net of tax</i></b>	<u>14,446</u>	<u>(16,765)</u>

# Interim condensed consolidated statement of financial position

As at 30 June 2014

		<i>Restated</i>	<i>Restated</i>
	<i>30 June</i>	<i>31 December</i>	<i>1 January</i>
	<i>2014</i>	<i>2013</i>	<i>2013</i>
	<i>Unaudited</i>	<i>Audited</i>	<i>Audited</i>
<i>Notes</i>	<i>€000</i>	<i>€000</i>	<i>€'000</i>
<b>Non-current assets</b>			
Intangible assets - goodwill	60,354	60,366	60,303
Intangible assets - other	11 291,216	291,686	310,819
Property, plant and equipment	12 63,342	66,439	57,515
Deferred tax assets	9 24,943	21,974	9,240
Other assets	4,448	4,467	9,826
	<hr/> 444,303	<hr/> 444,932	<hr/> 447,703
<b>Current assets</b>			
Inventories	27,992	26,944	30,826
Trade and other receivables	147,403	166,776	129,722
Other assets	1	1	250
Current tax assets	1,267	1,795	1,629
Assets classified as held for sale	-	-	4,200
Cash and cash equivalents	14 76,413	129,610	138,718
	<hr/> 253,076	<hr/> 325,126	<hr/> 305,345
	<hr/> <b>Total assets</b>	<hr/> <b>770,058</b>	<hr/> <b>753,048</b>
<b>Non-current liabilities</b>			
Financial liabilities	13 159,402	163,275	155,922
Other financial liabilities	248	229	1,448
Deferred tax liabilities	9 44,537	44,377	62,287
Trade and other payables	125	-	-
Provisions	1,141	1,086	5,295
	<hr/> 205,453	<hr/> 208,967	<hr/> 224,952
<b>Current liabilities</b>			
Trade and other payables	50,365	74,017	58,744
Financial liabilities	13 6,662	5,841	8,119
Loans from former shareholder	13 -	215	-
Other financial liabilities	351	712	242
Income tax payable	6,992	8,513	8,870
Indirect tax payable	91,592	149,910	74,986
Provisions	2,925	3,577	109
	<hr/> 158,887	<hr/> 242,785	<hr/> 151,070
<b>Total liabilities excluding former shareholder debt</b>			
	364,340	451,752	376,022
Former shareholder debt	-	-	264,640
<b>Total liabilities</b>	<hr/> 364,340	<hr/> 451,752	<hr/> 640,662
<b>Net assets</b>	<hr/> <hr/> 333,039	<hr/> <hr/> 318,306	<hr/> <hr/> 112,386

# Interim condensed consolidated statement of financial position

As at 30 June 2014

		<i>Restated</i>	<i>Restated</i>	
	<i>30 June</i>	<i>31 December</i>	<i>1 January</i>	
	<i>2014</i>	<i>2013</i>	<i>2013</i>	
	<i>Unaudited</i>	<i>Audited</i>	<i>Audited</i>	
<i>Notes</i>	<i>€000</i>	<i>€000</i>	<i>€'000</i>	
<b>Capital and reserves</b>				
Issued capital	16	23,625	23,625	15,246
Share premium		183,541	183,541	-
Merger reserve		99,033	99,033	-
Consolidation reserve		5,130	5,130	5,130
Other reserve		7,794	7,507	-
Foreign currency translation reserve	16	12,852	15,239	16,929
Retained earnings		1,064	(15,769)	19,303
		<hr/>	<hr/>	<hr/>
Equity attributable to equity holders of the Parent		333,039	318,306	56,608
Non-controlling interests		-	-	55,778
		<hr/>	<hr/>	<hr/>
Total equity		333,039	318,306	112,386
		<hr/>	<hr/>	<hr/>
<b>Total equity and liabilities</b>		<b>697,379</b>	<b>770,058</b>	<b>753,048</b>

# Interim condensed consolidated statement of changes in equity

For the six months ended 30 June 2014

	<i>Issued capital €000</i>	<i>Share premium €000</i>	<i>Merger reserve €000</i>	<i>Consolidation reserve €000</i>	<i>Other reserve €000</i>	<i>Foreign Currency Translation Reserve €000</i>	<i>Retained Earnings €000</i>	<i>Total €000</i>	<i>Non- controlling interests €000</i>	<i>Total equity €000</i>
<b>Balance at 1 January 2013, as reported</b>	15,246	-	-	5,130	-	16,929	21,069	58,374	55,778	114,152
Prior year adjustment	-	-	-	-	-	-	(1,766)	(1,766)	-	(1,766)
<b>Balance at 1 January 2013, as adjusted</b>	15,246	-	-	5,130	-	16,929	19,303	56,608	55,778	112,386
Loss for the period	-	-	-	-	-	-	(10,726)	(10,726)	-	(10,726)
Other comprehensive expense	-	-	-	-	-	(6,039)	-	(6,039)	-	(6,039)
Total comprehensive expense	-	-	-	-	-	(6,039)	(10,726)	(16,765)	-	(16,765)
Share based payment compensation	-	-	-	-	-	-	-	-	2,722	2,722
<b>Balance at 30 June 2013 (unaudited)</b>	<b>15,246</b>	<b>-</b>	<b>-</b>	<b>5,130</b>	<b>-</b>	<b>10,890</b>	<b>8,577</b>	<b>39,843</b>	<b>58,500</b>	<b>98,343</b>
Profit for the period	-	-	-	-	-	-	19,619	19,619	-	19,619
Other comprehensive income	-	-	-	-	-	4,349	57	4,406	-	4,406
Total comprehensive income	-	-	-	-	-	4,349	19,676	24,025	-	24,025
Issue of new shares in the course of the Group's reorganisation	59	-	-	-	-	-	-	59	-	59
Issue of new ordinary shares in Stock Spirits Group PLC	2,614	58,812	-	-	-	-	-	61,426	-	61,426
Share issue costs	-	(3,663)	-	-	-	-	-	(3,663)	-	(3,663)
Issue of new shares in exchange for convertible and preferred equity certificates	5,706	128,392	-	-	-	-	55,011	189,109	(55,011)	134,098
Reserve resulting from shares issued in exchange for shares in OCM Luxembourg Spirits S.à.r.l.	-	-	99,033	-	-	-	(99,033)	-	-	-
Transfer of share-based payments obligation	-	-	-	-	3,489	-	-	3,489	(3,489)	-
Share-based payment compensation	-	-	-	-	4,018	-	-	4,018	-	4,018
<b>Balance at 31 December 2013 (audited)</b>	<b>23,625</b>	<b>183,541</b>	<b>99,033</b>	<b>5,130</b>	<b>7,507</b>	<b>15,239</b>	<b>(15,769)</b>	<b>318,306</b>	<b>-</b>	<b>318,306</b>

## Interim condensed consolidated statement of changes in equity

For the six months ended 30 June 2014

	<i>Issued capital €000</i>	<i>Share premium €000</i>	<i>Merger reserve €000</i>	<i>Consolidation reserve €000</i>	<i>Other reserve €000</i>	<i>Foreign Currency Translation Reserve €000</i>	<i>Retained Earnings €000</i>	<i>Total €000</i>	<i>Non- controlling interests €000</i>	<i>Total equity €000</i>
<b><i>Balance at 1 January 2014</i></b>	23,625	183,541	99,033	5,130	7,507	15,239	(15,769)	318,306	-	318,306
Profit for the period	-	-	-	-	-	-	16,833	16,833	-	16,833
Other comprehensive expense	-	-	-	-	-	(2,387)	-	(2,387)	-	(2,387)
Total comprehensive income/(expense)	-	-	-	-	-	(2,387)	16,833	14,446	-	14,446
Share based payment compensation	-	-	-	-	287	-	-	287	-	287
<b><i>Balance at 30 June 2014 (unaudited)</i></b>	<b>23,625</b>	<b>183,541</b>	<b>99,033</b>	<b>5,130</b>	<b>7,794</b>	<b>12,852</b>	<b>1,064</b>	<b>333,039</b>	<b>-</b>	<b>333,039</b>

# Interim condensed consolidated statement of cash flows

For the six months ended 30 June 2014

		<i>Six months ended</i> 30 June 2014	<i>Six months ended</i> 30 June 2013
		<i>Unaudited</i>	<i>Unaudited</i>
	<i>Notes</i>	<i>€000</i>	<i>€000</i>
<b>Operating activities</b>			
Profit/(loss) for the period		16,833	(10,726)
Adjustments to reconcile profit/(loss) for the period to net cash flows:			
Income tax expense recognised in income statement	9	2,673	1,401
Interest expense and bank commissions	8	6,949	29,650
Loss on disposal of tangible and intangible assets	11, 12	33	74
Other financial income	8	(477)	(606)
Fair value movement in derivatives	8	(328)	(387)
Depreciation of property, plant and equipment	12	4,461	3,201
Amortisation of intangible assets and goodwill	11	937	835
Net foreign exchange (gain)/loss	8	(2,917)	2,754
Share based payment compensation		287	2,722
Movement in provisions		(597)	(140)
		<hr/> 27,854	<hr/> 28,778
<b>Working capital adjustments</b>			
Decrease in trade receivables and other assets		19,392	12,351
Increase in inventories		(1,048)	(1,043)
Decrease in trade payables and other liabilities		(81,845)	(11,928)
		<hr/> (63,501)	<hr/> (620)
<b>Cash flows generated by operations</b>			
Income tax paid		(6,562)	(7,739)
		<hr/> (42,209)	<hr/> 20,419
<b>Investing activities</b>			
Interest received	8	477	606
Payments to acquire intangible assets	11	(193)	(534)
Purchase of property, plant and equipment	12	(1,505)	(8,741)
		<hr/> (1,221)	<hr/> (8,669)
<b>Financing activities</b>			
Repayment of borrowings		(3,576)	(4,085)
Repayment of PECs and CECs	13	(215)	(80,000)
Interest paid		(6,426)	(4,470)
Other financial costs		-	(270)
		<hr/> (10,217)	<hr/> (88,825)
<b>Net cash flow from financing activities</b>			
		(53,647)	(77,075)
<b>Cash and cash equivalents at the start of the period</b>		129,610	138,718
<b>Effect of exchange rates on cash and cash equivalents</b>		450	(7,538)
		<hr/> 76,413	<hr/> 54,105
<b>Cash and cash equivalents at the end of the financial period</b>	14	<hr/> <hr/> 76,413	<hr/> <hr/> 54,105



# Notes to the interim condensed consolidated financial statements

for the six months ended 30 June 2014

## 1. Corporate information

The interim condensed consolidated financial statements of Stock Spirits Group PLC (the 'Company') and its subsidiaries (the 'Group') for the six months ended 30 June 2014 were authorised for issue in accordance with a resolution of the directors on 27 August 2014.

The Company was incorporated on 12 September 2013 under the laws of England and Wales with the registered number 08687223 as Stock Spirits (UK) Limited. The Company was re-named Stock Spirits Group Limited on 2 October 2013 and was re-registered as a public limited company on 7 October 2013 with the name Stock Spirits Group PLC. The Company's registered office is at Solar House, Mercury Park, Wooburn Green, Buckinghamshire, HP10 0HH, United Kingdom.

As a result of the reorganisation implemented by way of the share exchange offer made by the Company for the shares of OCM Luxembourg Spirits Holdings S.à.r.l. on 21 October 2013, the Company became a new parent entity of OCM Luxembourg Spirits Holdings S.à.r.l., a private limited company registered in Luxembourg in 2006. As the Group has been formed through a reorganisation in which Stock Spirits Group PLC became a new parent entity of the Group, these interim condensed consolidated financial statements have been prepared as a continuation of the existing Group using the pooling of interests method. The difference in share capital and reserves resulting from the use of the pooling of interests method of €5,130,000 was recorded as an adjustment to the consolidation reserve.

On 21 October 2013 129,064,871 shares were issued in exchange for shares in OCM Luxembourg Spirits Holdings S.à.r.l. The net book value of OCM Luxembourg Spirits Holdings S.à.r.l. at the time of exchange was €114,279,000, which resulted in €99,033,000 being credited to the merger reserve in line with merger relief provided by Section 612 of the Company Act 2006. The shares issued have a nominal value of £0.10 each. Following that date OCM Luxembourg Spirits Holdings S.à.r.l. became a wholly-owned subsidiary of Stock Spirits Group PLC.

The Company, together with its subsidiaries, is involved in the production and distribution of branded spirits in Central and Eastern Europe.

## 2. Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2014 have been prepared on a going concern basis in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

The financial information contained in this interim statement, which is unaudited, does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2013. The annual financial statements of the Group were prepared in accordance with IFRS as adopted by the European Union and can be found on the Group's website at [www.stockspirits.com](http://www.stockspirits.com).

The financial information for the six months ended 30 June 2014 and the comparative financial information for the six months ended 30 June 2013 has not been audited, but has been reviewed. The comparative financial information for the year ended 31 December 2013 has been extracted from the Group's Annual Report 2013 but does not constitute statutory accounts as defined in section 435 of the Companies Act 2006 and does not reflect all of the information contained in the Group's Annual Report 2013. The statutory accounts for the year ended 31 December 2013, which were approved by the Board of Directors on 27 March 2014 and have been filed with the Registrar of Companies, received an unqualified audit report which did not draw attention to any matters by way of emphasis and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Having made appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in existence for the foreseeable future. Accordingly it is appropriate to adopt the going concern basis in preparing the interim condensed consolidated financial statements.

# Notes to the interim condensed consolidated financial statements

for the six months ended 30 June 2014

## 2. Basis of preparation (continued)

The consolidated financial information is presented in Euros ('€'). The closing foreign exchange rates used to prepare these financial statements are as follows:

	<i>Six months ended 30 June 2014</i>	<i>Six months ended 30 June 2013</i>	<i>Year ended 31 December 2013</i>
Polish Zloty	4.16	4.33	4.15
Czech Koruna	27.46	25.96	27.40
Sterling	0.80	0.86	0.83

### Prior year adjustment

A prior year adjustment has been made to write off the value of certain agency contracts. These were previously capitalised and included within intangible assets when the Group was formed in 2007 and were deemed to have a useful life of four years. Therefore these assets should have been fully amortised by 31 December 2012. However, in 2014 it was discovered that no amortisation had been charged. An adjustment to correct this error has been made as at 1 January 2013 to reduce intangible assets as at 1 January 2013 by €2,183,000, and release the related deferred tax liability totalling €417,000. The net impact of this adjustment of €1,766,000 has been recognised within retained earnings at 1 January 2013.

On the IPO being completed in October 2013 the net book value of OCM Luxembourg Spirits Holdings S.à.r.l. was used to determine the amount which was credited to the merger reserve. This adjustment reduced the net book value of OCM Luxembourg Spirits Holdings S.à.r.l. by €1,766,000, and therefore the amount credited to the merger reserve has been reduced to €99,033,000.

## 3. Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statement are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013, except for the adoption of new standards and interpretations noted below.

Several new standards and amendments apply for the first time and are effective from 1 January 2014. However, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

### New/revised standards and interpretations adopted in 2014

The following amendments to existing standards and interpretations were effective in the period to 30 June 2014, but were either not applicable to, or did not have a material impact on, the Group:

IFRS 10 Consolidated Financial Statements

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interests in Other Entities

IAS 27 Separate Financial Statements

IAS 28 Investments in Associates and Joint Ventures

IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (Amendments)

IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets (Amendments)

IAS 39 Financial Instruments: Recognition and Measurement– Novation of Derivatives and Continuation of Hedge Accounting (Amendments)

# Notes to the interim condensed consolidated financial statements

for the six months ended 30 June 2014

## 4. Use of estimates and judgements

The preparation of the interim financial information requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of certain assets, liabilities, revenues and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods.

## 5. Segmental analysis

In identifying its operating segments, management follows the Group's geographic split, representing the main products traded by the Group. The Group is considered to have five reportable operating segments: Poland, Czech Republic, Italy, Other Operational and Corporate. The 'Other Operational' segment consists of the results of operations of the Slovakian, International and Baltic Distillery entities. The 'Corporate' segment consists of expenses and central costs incurred by non-trading Group entities.

Each of these operating segments is managed separately as each of these geographic areas require different marketing approaches. All inter-segment transfers are carried out at arm's length prices. The measure of revenue reported to the chief operating decision-maker to assess performance is based on external revenue for each operating segment and excludes intra-Group revenues. The measure of adjusted EBITDA reported to the chief operating decision-maker to assess performance is based on operating profit and excludes intra-Group profits, depreciation, amortisation, exceptional items and non-recurring expenses.

The Group has presented a reconciliation from profit/(loss) per the consolidated income statement to adjusted EBITDA below:

	<i>For the six months ended 30 June 2014</i>	<i>For the six months ended 30 June 2013</i>
	<i>€000</i>	<i>€000</i>
Profit/(loss) before tax	19,506	(9,325)
Net finance cost	3,227	31,411
Operating profit	22,733	22,086
Depreciation and amortisation	5,398	4,036
Exceptional items (note 7)	479	8,197
EBITDA before exceptionals	28,610	34,319
Non-recurring (income)/expenses (note 6)	(5)	3,536
Adjusted EBITDA	28,605	37,855

Total assets and liabilities are not disclosed as this information is not provided by segment to the chief operating decision-maker on a regular basis.

	<i>Poland</i>	<i>Czech Republic</i>	<i>Italy</i>	<i>Other Operational</i>	<i>Corporate</i>	<i>Total</i>
<i>30 June 2014</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>
External revenue	81,803	26,095	16,221	13,607	-	137,726
EBITDA before exceptionals	25,327	6,625	4,008	465	(7,815)	28,610
Non recurring (income)/expenses	(16)	-	(630)	641	-	(5)
Adjusted EBITDA	25,311	6,625	3,378	1,106	(7,815)	28,605

# Notes to the interim condensed consolidated financial statements

for the six months ended 30 June 2014

## 5. Segmental analysis (continued)

	<i>Poland</i>	<i>Czech Republic</i>	<i>Italy</i>	<i>Other Operational</i>	<i>Corporate</i>	<i>Total</i>
<i>30 June 2013</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>
External revenue	89,077	30,023	17,544	16,487	-	153,131
EBITDA before exceptionals	25,667	7,637	3,582	1,641	(4,208)	34,319
Non recurring expenses	1,290	9	107	64	2,066	3,536
Adjusted EBITDA	26,957	7,646	3,689	1,705	(2,142)	37,855

### Seasonality

Sales of spirits beverages are somewhat seasonal, with the fourth calendar quarters accounting for the highest sales volumes. The volume of sales may be affected by both weather conditions and public holidays.

## 6. Adjusted EBITDA, adjusted EBIT and free cash flow bridges

The Group defines adjusted EBIT as operating profit before exceptional items and non-recurring (income)/expenses, and adjusted EBITDA as operating profit before depreciation and amortisation, exceptional items and non-recurring expenses. The Group defines free cash flow as net cash generated from operating activities (excluding income tax paid, certain exceptional items and their related impact on working capital adjustments), plus net cash used in or generated from investing activities (excluding interest received, net cash paid for acquisitions and net proceeds from the sale of subsidiaries).

Adjusted EBIT, adjusted EBITDA and free cash flow are supplemental measures of the Group's performance and liquidity that are not required to be presented in accordance with IFRS.

	<i>For the six months ended 30 June 2014</i>	<i>For the six months ended 30 June 2013</i>
	<i>€000</i>	<i>€000</i>
Operating profit	22,733	22,086
Exceptional items (note 7)	479	8,197
Non recurring (income)/expenses*	(5)	3,536
Adjusted EBIT	23,207	33,819
Depreciation and amortisation	5,398	4,036
Adjusted EBITDA	28,605	37,855
Adjusted EBITDA margin	20.8%	24.7%

# Notes to the interim condensed consolidated financial statements

for the six months ended 30 June 2014

## 6. Adjusted EBITDA, adjusted EBIT and free cash flow bridges (continued)

\*Non-recurring (income)/expenses constitute OCM management fee, OCM Luxembourg Spirits Holdings S.à r.l related share-based compensation, charges relating to the long-term incentive plan and profits or losses relating to disposals of fixed assets. Following admission to the London Stock Exchange the Group no longer pays management fees to Oaktree. In addition shares of OCM Luxembourg Spirits Holdings S.à r.l issued under the share-based payments and commitments to grant options over share of OCM Luxembourg Spirits Holdings S.à r.l were exchanged for Ordinary Shares and options to acquire Ordinary Shares respectively, upon the corporate reorganisation. The long-term incentive plan which existed prior to admission was amended so that 50% - 70% of accrued awards crystallised upon admission, being paid out in cash, with the remaining balances payable in October 2014. Non-recurring expenses represent the difference between EBITDA before exceptionals and adjusted EBITDA.

	<i>For the six months ended 30 June 2014</i>	<i>For the six months ended 30 June 2013</i>
	<i>€000</i>	<i>€000</i>
Net cash generated from operating activities	(42,209)	20,419
Income tax paid	6,562	7,739
IPO costs included within cash flow from operating activities	93	2,414
Net cash pre investing and financing activities	(35,554)	30,572
Net cash generated from investing activities	(1,221)	(8,669)
Interest received	(477)	(606)
Cash flow pre financing activities	(37,252)	21,297
Cash impact of non-IPO exceptional items	325	361
Free cash flow	(36,927)	21,658
Free cash flow as a percentage of adjusted EBITDA	(129.1%)	57.2%
Polish VAT (due to timing of payment)	40,306	-
Adjusted free cash flow	3,379	21,658
Adjusted free cash flow as a percentage of adjusted EBITDA	11.8%	57.2%

## 7. Exceptional items

	<i>For the six months ended 30 June 2014</i>	<i>For the six months ended 30 June 2013</i>
	<i>€000</i>	<i>€000</i>
Restructuring of Italian business <sup>(1)</sup>	-	135
Costs associated with the IPO <sup>(2)</sup>	93	2,414
Costs associated with potential disposal of the Group by majority shareholder <sup>(3)</sup>	-	1,294
Refinancing costs <sup>(4)</sup>	203	3,342
Czech alcohol ban <sup>(5)</sup>	-	65
Restructuring and merger of Slovakian businesses <sup>(6)</sup>	47	337
Corporate restructuring <sup>(7)</sup>	136	214
Other <sup>(8)</sup>	-	358
Disposal of US operations and brands <sup>(9)</sup>	-	38
Total exceptional items	479	8,197

# Notes to the interim condensed consolidated financial statements

for the six months ended 30 June 2014

## 7. Exceptional items (continued)

1. Restructuring costs in respect of the Group's Italian production, sales, distribution and administrative operations, including a relocation of some functions from Trieste to Milan.
2. Advisory and legal costs including unrecoverable VAT in connection with the IPO.
3. Advisory and legal costs including unrecoverable VAT in connection with potential disposal of the Group by the majority shareholder.
4. Legal and advisory costs including unrecoverable VAT in connection with the refinancing of the Group completed in 2013 and revision to the facility agreement in 2014 which do not meet the criteria for capitalisation.
5. Costs associated with the relaunch of products following the lifting of the Czech alcohol ban in September and October 2012.
6. Reorganisation of the Slovakian businesses, including termination payments and legal costs incurred in relation to the merger of Stock Slovakia s.r.o. and Emperor s.r.o.
7. Restructuring costs in connection with the IPO. This includes restructuring of IP arrangements in Poland, representing the internal transfer of trademarks from Stock Wodka Polska S.A. to Stock Polska Sp. z.o.o.
8. Costs in 2013 included reorganisation of the Group's operations function, including termination payments, and costs relating to the acquisition and integration of Baltic Distillery GmbH.
9. The charge in 2013 relates to the write off of Gran Gala labels and legal costs associated with the disposal of US operations and brands in 2012.

## 8. Finance costs and revenue

	<i>For the six months ended 30 June 2014</i>	<i>For the six months ended 30 June 2013</i>
	<i>€000</i>	<i>€000</i>
<b>Finance revenue:</b>		
Foreign currency exchange gain	2,917	-
Interest rate swap instruments	328	387
Interest income	477	606
Total finance revenue	<u>3,722</u>	<u>993</u>
<b>Finance costs:</b>		
Interest payable on bank overdrafts and loans	4,968	4,477
Coupon interest on PECs	-	8,924
Interest payable on CECs	-	598
Interest payable on PECs	-	14,377
Foreign currency exchange loss	-	2,754
Amortisation of bank commissions, guarantees and other payables	1,508	1,152
Other interest expense	473	122
Total finance costs	<u>6,949</u>	<u>32,404</u>
Net finance costs	<u>3,227</u>	<u>31,411</u>

# Notes to the interim condensed consolidated financial statements

for the six months ended 30 June 2014

## 9. Income taxes

(a) The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed consolidated income statement are:

	<i>For the six months ended 30 June 2014</i>	<i>For the six months ended 30 June 2013</i>
	<i>€000</i>	<i>€000</i>
<b>Current income tax</b>		
Current income tax charge	5,654	2,755
Tax charge relating to prior periods	(88)	(429)
Other taxes	2	458
<b>Deferred income tax</b>		
Relating to the origination and reversal of temporary differences	(2,895)	(1,383)
Total tax expense	<u>2,673</u>	<u>1,401</u>

(b) Deferred tax balances:

Deferred tax assets and liabilities arise from the following:

	<i>1 January 2014</i>	<i>Credited to income</i>	<i>Translation difference</i>	<i>Transfer</i>	<i>30 June 2014</i>
	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>
<i>2014</i>					
Temporary differences:					
Brands	(25,414)	(878)	(98)	-	(26,390)
Other assets and liabilities	3,011	3,773	12	-	6,796
	<u>(22,403)</u>	<u>2,895</u>	<u>(86)</u>	<u>-</u>	<u>(19,594)</u>
Deferred tax asset	21,974	3,018	(49)	-	24,943
Deferred tax liability	(44,377)	(123)	(37)	-	(44,537)
	<u>(22,403)</u>	<u>2,895</u>	<u>(86)</u>	<u>-</u>	<u>(19,594)</u>

<i>Restated</i>	<i>Balance at 1 January 2013, as reported</i>		<i>Balance at 1 January 2013, as adjusted</i>		<i>Credited to income</i>	<i>Translation difference</i>	<i>Transfer</i>	<i>31 December 2013</i>
	<i>€000</i>	<i>Prior year adjustment €000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>
<i>2013</i>								
Temporary differences:								
Brands	(52,639)	-	(52,639)	23,800	3,425	-	-	(25,414)
Other assets and liabilities	(825)	417	(408)	3,241	178	-	-	3,011
	<u>(53,464)</u>	<u>417</u>	<u>(53,047)</u>	<u>27,041</u>	<u>3,603</u>	<u>-</u>	<u>-</u>	<u>(22,403)</u>
Deferred tax asset	9,240	-	9,240	19,101	1,152	(7,519)	-	21,974
Deferred tax liability	(62,704)	417	(62,287)	7,940	2,451	7,519	-	(44,377)
	<u>(53,464)</u>	<u>417</u>	<u>(53,047)</u>	<u>27,041</u>	<u>3,603</u>	<u>-</u>	<u>-</u>	<u>(22,403)</u>

# Notes to the interim condensed consolidated financial statements

for the six months ended 30 June 2014

## 10. Earnings per share

Basic earnings per share amounts are calculated by dividing the profit/(loss) for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the profit/(loss) attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The resulting calculations for basic and diluted EPS for both the six month period ended 30 June 2013 and 30 June 2014 deliver the same figure to 2 decimal places.

*Details of the earnings per share are set out below:*

	<i>For the six months ended 30 June 2014 €000</i>	<i>For the six months ended 30 June 2013 €000</i>
Profit/(loss) attributable to the equity shareholders of the Company	16,833	(10,726)
<b>Profit/(loss) attributable to ordinary equity holders of the Parent adjusted for the effect of dilution</b>	<b>16,833</b>	<b>(10,726)</b>
	No. ‘000	No. ‘000
Weighted average number of ordinary shares for basic EPS	200,000	129,351
Potentially dilutive share options	3,407	-
Weighted average number of diluted ordinary shares adjusted for the effect of dilution	203,407	129,351
	€	€
Basic and diluted earnings per share	0.08	(0.08)

There have been no other transactions involving ordinary shares between the reporting date and the date of authorisation of these financial statements.



# Notes to the interim condensed consolidated financial statements

for the six months ended 30 June 2014

## 11. Intangible assets - other

	<i>Brands</i>	<i>Customer Relationships, Trademark and Software</i>	<i>Total</i>
	<i>€000</i>	<i>€000</i>	<i>€000</i>
At 1 January 2014, cost, net of accumulated amortisation	286,254	5,432	291,686
Additions	-	193	193
Disposals	-	(17)	(17)
Amortisation expense	-	(937)	(937)
Foreign currency adjustment	304	(13)	291
At 30 June 2014, cost, net of accumulated amortisation	<u>286,558</u>	<u>4,658</u>	<u>291,216</u>

### *Restated*

	<i>Brands</i>	<i>Customer Relationships, Trademark and Software</i>	<i>Total</i>
	<i>€000</i>	<i>€000</i>	<i>€000</i>
At 1 January 2013, cost, net of accumulated amortisation, as reported	305,353	7,649	313,002
Prior year adjustment	-	(2,183)	(2,183)
At 1 January 2013, cost, net of accumulated amortisation, as adjusted	305,353	5,466	310,819
Additions	-	1,463	1,463
Transfers	(504)	504	-
Disposals	-	(57)	(57)
Amortisation expense	-	(1,697)	(1,697)
Foreign currency adjustment	(18,595)	(247)	(18,842)
At 31 December 2013, cost, net of accumulated amortisation	<u>286,254</u>	<u>5,432</u>	<u>291,686</u>

## 12. Property, plant and equipment

The movement in property, plant and equipment for the six-month period ended 30 June 2014 was as follows:

	<i>Land and buildings</i>	<i>Technical equipment</i>	<i>Other equipment</i>	<i>Assets under construction</i>	<i>Total</i>
	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>
At 1 January 2014, cost, net of accumulated depreciation	23,620	23,517	12,764	6,538	66,439
Additions	-	151	198	1,156	1,505
Transfers	18	1,712	1,069	(2,799)	-
Disposals	-	-	(16)	-	(16)
Depreciation expense	(474)	(2,327)	(1,660)	-	(4,461)
Foreign currency adjustment	(47)	(51)	(20)	(7)	(125)
At 30 June 2014, cost, net of accumulated depreciation	<u>23,117</u>	<u>23,002</u>	<u>12,335</u>	<u>4,888</u>	<u>63,342</u>

# Notes to the interim condensed consolidated financial statements

for the six months ended 30 June 2014

## 13. Financial liabilities and loans from former shareholder

	<i>Current</i>	<i>Non-current</i>	<i>Current</i>	<i>Non-current</i>
	<i>30 June</i>	<i>30 June</i>	<i>31 December</i>	<i>31 December</i>
	<i>2014</i>	<i>2014</i>	<i>2013</i>	<i>2013</i>
	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>
<i>Secured – at amortised cost</i>				
ING loan	7,858	164,015	6,893	168,556
Cost of arranging bank loan	(1,196)	(4,613)	(1,052)	(5,281)
	<u>6,662</u>	<u>159,402</u>	<u>5,841</u>	<u>163,275</u>
<i>Unsecured – at amortised cost</i>				
PECs	-	-	215	-
	<u>-</u>	<u>-</u>	<u>215</u>	<u>-</u>
Total	<u>6,662</u>	<u>159,402</u>	<u>6,056</u>	<u>163,275</u>

## 14. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial period/year as shown in the cash flow statement can be reconciled to the related items in statement of financial position as follows:

	<i>30 June</i>	<i>31 December</i>
	<i>2014</i>	<i>2013</i>
	<i>€000</i>	<i>€000</i>
Cash and bank balances	<u>76,413</u>	<u>129,610</u>

**Cash and cash equivalents are denominated in the following currencies:**

	<i>30 June</i>	<i>31 December</i>
	<i>2014</i>	<i>2013</i>
	<i>€000</i>	<i>€000</i>
Sterling	26,024	8,667
Euro	22,806	21,052
US dollar	424	346
Czech Koruna	2,789	11,136
Polish Zloty	21,963	84,158
Other currencies	2,407	4,251
Total	<u>76,413</u>	<u>129,610</u>

# Notes to the interim condensed consolidated financial statements

for the six months ended 30 June 2014

## 15. Financial assets and liabilities

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements.

### As at 30 June 2014

	<i>Cash and receivables</i>	<i>Derivatives</i>	<i>Liabilities at amortised cost</i>	<i>Total book value</i>	<i>Fair value</i>
	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>
Financial assets:					
Cash	76,413	-	-	76,413	76,413
Trade and other receivables	147,403	-	-	147,403	147,403
Financial liabilities:					
Interest-bearing loans and borrowings:					
(i) Finance lease obligations	-	-	(430)	(430)	(430)
(ii) Floating rate borrowings – banks	-	-	(166,064)	(166,064)	(166,064)
Derivative financial instruments					
– Interest rate swaps and cap (*)	-	(170)	-	(170)	(170)
Trade and other payables	-	-	(49,167)	(49,167)	(49,167)

### As at 31 December 2013

	<i>Cash and receivables</i>	<i>Derivatives</i>	<i>Liabilities at amortised cost</i>	<i>Total book value</i>	<i>Fair value</i>
	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>
Financial assets:					
Cash	129,610	-	-	129,610	129,610
Trade and other receivables	166,776	-	-	166,776	166,776
Financial liabilities:					
Interest-bearing loans and borrowings:					
(i) Finance lease obligations	-	-	(443)	(443)	(443)
(ii) Floating rate borrowings – banks	-	-	(169,116)	(169,116)	(169,116)
Derivative financial instruments					
– Interest rate swaps and cap (*)	-	(498)	-	(498)	(498)
Trade and other payables	-	-	(71,556)	(71,556)	(71,556)

(\*)The fair value of the interest rate swaps was determined with reference to the fixed rate to the date of maturity for all outstanding interest rate swaps at period end.

# Notes to the interim condensed consolidated financial statements

for the six months ended 30 June 2014

## 15. Financial assets and liabilities (continued)

### Fair values

Set out below is a comparison of the carrying amounts and fair values of financial liabilities as at 30 June 2014 and 31 December 2013:

	Level 1 €000	Level 2 €000	Level 3 €000	Carrying amount 30 June 2014 €000	Fair value 30 June 2014 €000
Liabilities measured at fair value					
Interest rate swaps and cap	-	169	-	169	169

	Level 1 €000	Level 2 €000	Level 3 €000	Carrying amount 31 December 2013 €000	Fair value 31 December 2013 €000
Liabilities measured at fair value					
Interest rate swaps and cap	-	498	-	498	498

## 16. Authorised share capital and reserves

### Share Capital

	30 June 2014	31 December 2013
Number of ordinary shares		
Ordinary shares of €0.10 each, issued and fully paid	200,000,000	200,000,000
Ordinary shares (€000)	23,625	23,625

### Foreign currency translation reserve

	30 June 2014 €000	31 December 2013 €000
Foreign currency translation reserve	12,852	15,239

Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into Euros are accounted for by entries made directly to the foreign currency translation reserve.

## 17. Dividend

An interim dividend of 1.25 Euro cents per ordinary share has been recommended by the Board in respect of the half year ended 30 June 2014 and will be paid on 26 September 2014. The total dividend payable has not been recognised as a liability.

# Notes to the interim condensed consolidated financial statements

for the six months ended 30 June 2014

## 18. Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial period.

In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Former majority shareholder, Oaktree Capital Management, L.P., disposed of their entire shareholding in the Company in April 2014. As such they are no longer considered to be a related party at 30 June 2014. There were no transactions with related parties in the period to 30 June 2014. The transactions with Oaktree Capital Management, L.P. for the year ended 31 December 2013 are shown below.

31 December 2013	<i>Purchases of</i>		<i>Amounts</i>	<i>Amounts</i>
	<i>Sales of goods/</i>	<i>goods/</i>	<i>owed by</i>	<i>owed to</i>
Parties	<i>services</i>	<i>services</i>	<i>related</i>	<i>related</i>
	<i>€000</i>	<i>€000</i>	<i>parties</i>	<i>parties</i>
			<i>€000</i>	<i>€000</i>
OCM Luxembourg EPOF S.à r.l.	-	-	-	23
OCM Luxembourg EPOF A S.à r.l.	-	-	-	35
OCM Luxembourg POF IV S.à r.l.	-	-	-	155
Other related parties	-	-	-	2
Total	-	-	-	215

As at 31 December 2013 amounts payable to Oaktree Capital Management L.P. were fully paid with the exception of €215,000, relating to PECs. This was subsequently settled in March 2014.

## 19. Commitments for capital expenditure

Commitments for the acquisition of property, plant and equipment as of 30 June 2014 are €84,000 (2013: €98,000).

## 20. Events after the balance sheet date

There are no events after the balance sheet date which require disclosure in these interim financial statements.