Stock Spirits Group PLC

Results for the six months ended 30 June 2015

Stock Spirits Group PLC, a leading Central and Eastern European branded spirits producer, announces its results for the six months ended 30 June 2015.

FINANCIAL HIGHLIGHTS

- **Total revenue €108.0 million (2014: €137.7 million)**
- **Operating profit before exceptional costs €5.2 million (2014: €23.2 million)**
- **Profit after tax €0.2 million (2014: €16.8 million)**
- **Basic EPS €0.0012 per share (2014:€0.084 per share)**
- **Interim dividend €0.0125 per ordinary share**
- EBITDA before exceptionals €10.8 million (2014: €28.6 million)

OPERATIONAL HIGHLIGHTS

- Total volume 4.9 million 9 litre cases (2014: 6.8 million)
- Ongoing market disruption in Poland leading to very poor quarter 1 but much improved quarter 2
- Management focus on Poland turnaround and ongoing premiumisation of the portfolio, including core brand packaging upgrades and new product development (NPD)
- Other markets' performance in line with expectations
- New warehouse opened in Poland to provide flexibility and efficiency in supply chain operations
- Positive start with new distribution agreements with Beam Suntory in Croatia and Bosnia
- Further 6 international spirits awards won, reflecting the high quality nature of the Group's products

Chris Heath, CEO of Stock Spirits Group, commented:

"As reported at the time of our AGM in May, the disruption in the supply chain and aggressive competitor pricing in Poland following the excise tax increase in January 2014, resulted in a very poor first quarter for the Group. Trading in Poland improved significantly in the second quarter, but not enough to fully offset the poor first quarter. All other markets have traded in line with our expectations. Therefore as expected, the Group's overall results for the first half of the year 2015 have been disappointing. In line with our strategy we remain committed to managing for value and margin rather than chasing uneconomic volume market share and therefore continue to focus on new product development, premiumisation of the portfolio and effective customer and channel management. Whilst there are risks facing the business from continuing aggressive competitor pricing and erratic customer ordering patterns, we currently believe that our full year EBITDA will be within the range of €60m to €68m.

Having come through a very difficult period, we have put the building blocks in place to ensure that the Group is well placed to capitalise on the opportunities available in the Central and Eastern European region and the improved trading conditions we experienced in quarter 2 have continued into the start of quarter 3. We continue to view the future with confidence and the Board is therefore pleased to announce the payment of an interim dividend of €0.0125 per share to shareholders."

Management will be hosting a presentation for analysts at 9.00am on Thursday 20th August at:

Nomura
1 Angel Lane

London

EC4R 3AB

There will be a simultaneous web cast of the presentation via www.stockspirits.com with a recording made available shortly thereafter.

For further information:

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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

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 Group

Stock Spirits Group, 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 in 2014 totalled approximately 130 million litres .

Stock is the market leader in spirits in the Czech Republic and has a strong market position in Poland, 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 leading 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 Czysta 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

INTERIM MANAGEMENT REPORT

Overview

The first six months have been a very difficult trading period for the Group. We saw a continuation of the supply chain disruption experienced in 2014 in Poland after the excise duty increase in January that year, together with very aggressive competitor pricing resulting in loss of market share and a very poor financial result in the Polish market. Trading in quarter 2 showed a significant improvement, compared to quarter 1, with the re-emergence of more normal trading in Poland. However this was not enough to offset the poor performance in quarter 1, resulting in a significant reduction in the half year financial results for the Group versus last year.

Other markets have performed in line with expectations. In Czech and Slovakia new product launches and additional investment in core brand equity activity have proven successful in building value growth in key categories

In the first six months of this year, management has focused on the turnaround of Poland and the ongoing premiumisation of the portfolio, including core brand packaging upgrades and NPD.

In Poland a number of changes have been implemented including changes to the management team, a restructured sales force, the launch of a number of new products, the upgrading of packaging for several of our core brands and the careful rebuilding of customer relationships.

In April, the Group appointed Michael Kennedy, the former Chief Executive of Drambuie, as the Managing Director of Italy and International.

The Group is cautiously optimistic about the expected performance in the second half, given the results in Q2 and the actions that have been taken to turn around the Polish trading performance. Further exciting new product launches are planned in quarter 3 and quarter 4 which include innovative new product concepts for consumers. We are however mindful that aggressive competitor pricing and erratic customer ordering patterns could remain a challenge.

Market Performance:

Poland

Total vodka market volumes declined by 2.7% in the 6 months to the end of June 2015, showing an improvement in the trend compared to the same period last year, which declined 3.6%. The Discounter channel bucked the downward volume trend by achieving growth of 10.2% in H1. This growth has been achieved at the expense of the Traditional Trade channel, having been strongly supported by aggressive competitor activity.

Whilst both regular vodka and vodka based liqueurs were in volume decline during the period, the value of the vodka market increased by 0.8%.

After a period of consecutive monthly declines, Stock's value share returned to growth in May and June, ending at 31.4% (34.6% on 12 month MAT basis).

(Sources: Nielsen)

The actions, referred to in the overview above, are beginning to have a positive effect upon performance which is expected to continue into the second half.

In July 2015 we opened a new purpose built warehouse near to our factory in Lublin. This will provide greater flexibility and efficiency within our warehousing and logistics operations. In the transition from the old warehouse to the new one we increased our levels of inventory to ensure that we could meet customer service requirements during the said transition. This has resulted in higher levels of inventory over the half year which we expect will reduce during the second half.

As previously communicated, issues in the supply chain have continued into 2015 together with very aggressive competitor activity and significant destocking in quarter 1 by a number of customers. Quarter 2 showed a significant improvement in both trading and financial performance versus quarter 1, EBITDA for H1 was €9.2m against €25.3m for last year.

Czech Republic

Overall spirits market volumes continued to grow, up 7.9% in H1, driven by the improving economy and growing consumer confidence. The total value of the spirits market increased by 9.9% in the same period.

Our portfolio has grown faster than the market with particularly strong growth in herbal bitters and rum, supported by upweighted advertising spend and NPD. Our overall value share has grown in the 6 months to June from 31% last year to 33.4% this year.

During the first half we launched 2 new flavours of Fernet, pear and mint, both of which have performed well and secured growth of our value share in this important category from 41.6% to 42.3%. The launch of two new flavours of Bozkov have resulted in the growth of our value share in this very large domestic category from 45.4% to 53%. (Sources: Nielsen)

In financial terms our H1 results have reflected the higher advertising spend, with only part of the benefit accruing in the first half. Despite this, our H1 EBITDA increased from €6.6m in 2014 to €6.7m this year.

Italy

Despite the 10% excise duty increase posted on the 1st January 2015, overall market trends have shown a slight improvement versus last year. Volumes have continued to decline but the rate of decline has slowed and value is growing. In three of our four most important spirits categories value and volume trends have improved, however the brandy category has been adversely impacted by retail price increases resulting from the increase in raw material prices, and the accumulated impact of successive duty increases posted over the last 2 years. As brandy category market leader we have been impacted by this more than competitors.

Despite these headwinds, Stock Italy has recorded an EBITDA of €2.8m compared to €3.4m in the same period last year.

Other Markets

Overall performance was in line with our expectations for our other markets, which include Slovakia, Bosnia & Herzegovina and Croatia together with our export operations. The performance in Slovakia has been very positive following several new product launches in line with our growth strategy for this market. Succesful new product launches have included new flavours in the herbal bitters, fruit distillates and vodka categories, supported by increased advertising spend. The market is in growth and we have continued to increase our value share in this market.

The recently signed new distribution agreements with Beam Suntory for the distribution of their brands in Croatia and Bosnia are performing well.

EBITDA for the period was €0.9m, versus €1.1m in 2014.

Financial Performance

The Group H1 results are disappointing following a particularly poor quarter 1 in Poland.

Customer destocking, loss of market share, market decline and very aggressive competitor pricing contributed to a very difficult first quarter in Poland. This in turn impacted the overall Group results in that quarter. A restructuring of the sales force in Poland together with a slightly improved market position, renegotiated commercial terms with customers and the launch of new products resulted in a significant improvement in the second quarter's results for Poland. New product launches and further investment in brand building activities assisted strong performance in our other markets and a much better outturn for the Group financially in quarter 2. On a reported segment level, cost of goods have remained relatively flat. The change in market and product mix has caused an increase in the average cost per case. Selling expenses reflect the higher investment in advertising and promotion required to support the launch of new products in markets such as Czech and Slovakia, where regulations permit advertising and therefore costs are proportionally higher in these markets compared to dark markets such as Poland. As a consequence EBITDA for H1 was €10.8m, a decline of €17.8m versus €28.6m last year.

In line with expectations the Group has not recorded any exceptional costs in H1. Last year a small residue of exceptional costs were incurred relating to the Group restructuring as a consequence of the IPO and renegotiation of a number of terms with the Groups' external debt facility.

Finance costs have benefited from a reduction in the margin paid on our bank debt following the re-negotiation of our bank facilities during H1 last year. The decline in EBITDA together with increased inventory levels to support the transfer to the new warehouse in Poland contributed to a slightly higher level of net debt than last year. Net debt at the end of June 2015 was €92.0m with a leverage of 1.90x.

Foreign exchange did not have a material impact upon the translation of operating profits and arose primarily from movements in the Euro: Sterling exchange rate. There has been a material translation impact upon the balance sheet principally arising from the movement in the Swiss Franc exchange rate (following the change implemented by the Swiss central bank to delink the Swiss Franc from a capped Euro exchange rate), and the Czech Koruna, resulting in an increase in the carrying value of intangible assets.

The Group has recorded a reduced profit after tax of €0.23m versus a profit of €16.8m last year.

Basic earnings per share are reported as €0.0012 for the half year.

Whilst there are risks facing the business from continuing aggressive competitor behaviour and erratic customer ordering patterns , we currently believe that our full year EBITDA will be within the range of €60m to €68m.

The Group now publishes on its website the Vuma Consensus from a number of the independent analysts who provide coverage on the Group for further references, if required.

The Group remains focused upon cash generation and has generated an adjusted free cash flow of €2.0m in the first half.

The Board of Directors have agreed an interim dividend payment of €0.0125 per share. The dividend will be paid on 25th September 2015 to shareholders on the register at close of business on 28th August 2015. The Euro : Sterling exchange rate will be fixed on the record date. The shares will be quoted ex-dividend on 27th August 2015.

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 38 to 41 in the Stock Spirits Group Annual Report 2014, a copy of which is available on the Company's website at 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.

Responsibility statement of the directors in respect of the half-yearly financial report

We confirm to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU

- The interim management report includes a fair review of the information required by:

a) DTR 4.2 7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

b) DTR 4.2 8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Board of Directors

David Maloney was appointed Chairman of the Board following Jack Keenan's retirement in May. Recruitment of a new independent non-executive director has commenced and an announcement will be made once an appointment has been confirmed.

The Board of Directors as at 20th August 2015 is as follows: David Maloney (Chairman), Chris Heath (Chief Executive Officer), Lesley Jackson (Chief Financial Officer), Andrew Cripps (Independent Non-Executive Director) and John Nicolson (Independent Non-Executive Director).

For and on behalf of the Board of Directors:

Chris Heath	David Maloney
Chief Executive Officer	Chairman

20 August 2015

Stock Spirits Group PLC
Unaudited Interim Condensed Consolidated Financial Statements
Six-month period ended 30 June 2015

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 2015 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 explanatory notes. 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 the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rule (“the DTR”) of the UK’s Financial Conduct Authority (“the UK FCA”). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

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 2015 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.

For and on behalf of KPMG LLP
Chartered Accountants
Arlington Business Park,
Theale,
Reading,
RG7 4SD
20 August 2015

Interim condensed consolidated income statement

For the six months ended 30 June 2015

	Notes	*Six months ended 30 June 2015 Unaudited €000*	*Six months ended 30 June 2014 Unaudited €000*
Revenue	5	108,049	137,726
Cost of goods sold		(49,758)	(64,618)
Gross profit		58,291	73,108
Selling expenses		(33,399)	(31,932)
Other operating expenses		(19,680)	(17,964)
Operating profit before exceptional items		5,212	23,212
Exceptional items	7	-	(479)
Operating profit		5,212	22,733
Finance income	8	1,009	3,722
Finance costs	8	(4,257)	(6,949)
Profit before tax		1,964	19,506
Income tax expense	9	(1,733)	(2,673)
Profit for the period		231	16,833
Attributable to:			
Equity holders of the Parent		231	16,833
Earnings per share, (cents), attributable to equity holders of the Parent			
Basic and diluted	10	0.00	0.08

Interim condensed consolidated statement of comprehensive income

For the six months ended 30 June 2015

	Six months ended 30 June 2015 Unaudited €000	*Six months ended 30 June 2014 Unaudited €000*
Profit for the period	231	16,833
Other comprehensive income/(expense)		
Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods:		
Exchange differences arising on translation of foreign operations, net of income tax effect	12,434	(2,387)
	12,665	14,446
Other comprehensive income/(expense) not to be reclassified to profit or loss in subsequent periods		
Re-measurement losses on employee severance indemnity	(2)	-
Income tax effect	1	-
Total comprehensive income for the period, net of tax	12,664	14,446

Interim condensed consolidated statement of financial position

As at 30 June 2015

	Notes	*30 June 2015 Unaudited €000*	*31 December 2014 Audited €000*
Non-current assets			
Intangible assets - goodwill		60,366	60,366
Intangible assets - other	11	299,931	288,214
Property, plant and equipment	12	60,011	62,152
Deferred tax assets		21,850	21,543
Other assets		4,479	4,404
		446,637	436,679
Current assets			
Inventories		37,183	27,400
Trade and other receivables		108,736	176,298
Current tax assets		2,021	5,461
Assets classified as held for sale		-	120
Cash and cash equivalents	14	72,323	82,914
		220,263	292,193
Total assets		666,900	728,872
Non-current liabilities			
Financial liabilities	13	151,733	152,579
Other financial liabilities		348	357
Deferred tax liabilities		45,765	44,136
Trade and other payables		429	201
Provisions		1,169	1,167
		199,444	198,440
Current liabilities			
Trade and other payables		48,182	53,727
Financial liabilities	13	7,274	7,027
Other financial liabilities		241	227
Income tax payable		6,606	12,247
Indirect tax payable		51,304	111,936
Provisions		2,119	1,764
		115,726	186,928
Total liabilities		315,170	385,368
Net assets		351,730	343,504

Interim condensed consolidated statement of financial position

As at 30 June 2015

	Notes	*30 June 2015 Unaudited €000*	*31 December 2014 Audited €000*
Capital and reserves			
Issued capital	16	23,625	23,625
Share premium		183,541	183,541
Merger reserve		99,033	99,033
Consolidation reserve		5,130	5,130
Other reserve		8,654	8,160
Foreign currency translation reserve	16	18,847	6,413
Retained earnings		12,900	17,602
Equity attributable to equity holders of the Parent		351,730	343,504
Total equity and liabilities		666,900	728,872

Interim condensed consolidated statement of changes in equity

For the six months ended 30 June 2015

	Issued capital €000	*Share premium €000*	*Merger reserve €000*	*Consolidation reserve €000*	*Other reserve €000*	*Foreign Currency Translation Reserve €000*	*Retained Earnings €000*	*Total equity €000*
Balance at 1 January 2014	23,625	183,541	99,033	5,130	7,507	15,239	(15,769)	318,306
Profit for the period	-	-	-	-	-	-	16,833	16,833
Other comprehensive expense	-	-	-	-	-	(2,387)	-	(2,387)
Total comprehensive expense	-	-	-	-	-	(2,387)	16,833	14,446
Share based payment compensation	-	-	-	-	287	-	-	287
Balance at 30 June 2014 (unaudited)	**23,625**	**183,541**	**99,033**	**5,130**	**7,794**	**12,852**	**1,064**	**333,039**
Profit for the period	-	-	-	-	-	-	19,004	19,004
Other comprehensive income	-	-	-	-	-	(6,439)	(4)	(6,443)
Total comprehensive income	-	-	-	-	-	(6,439)	19,000	12,561
Share-based payment compensation	-	-	-	-	366	-	-	366
Dividends	-	-	-	-	-	-	(2,462)	(2,462)
Balance at 31 December 2014 (audited)	**23,625**	**183,541**	**99,033**	**5,130**	**8,160**	**6,413**	**17,602**	**343,504**
Profit for the period	-	-	-	-	-	-	231	231
Other comprehensive income/(expense)	-	-	-	-	-	12,434	(1)	12,433
Total comprehensive income/(expense)	-	-	-	-	-	12,434	230	12,664
Share based payment compensation	-	-	-	-	494	-	-	494
Dividends	-	-	-	-	-	-	(4,932)	(4,932)
Balance at 30 June 2015 (unaudited)	**23,625**	**183,541**	**99,033**	**5,130**	**8,654**	**18,847**	**12,900**	**351,730**

Interim condensed consolidated statement of cash flows

For the six months ended 30 June 2015

	Notes	*Six months ended 30 June 2015 Unaudited €000*	*Six months ended 30 June 2014 Unaudited €000*
Operating activities			
Profit for the period		231	16,833
Adjustments to reconcile profit for the period to net cash flows:			
Income tax expense recognised in income statement	9	1,733	2,673
Interest expense and bank commissions	8	4,257	6,949
Loss on disposal of tangible and intangible assets	11, 12	35	33
Other financial income	8	(155)	(477)
Fair value movement in derivatives	8	-	(328)
Depreciation of property, plant and equipment	12	4,763	4,461
Amortisation of intangible assets and goodwill	11	784	937
Net foreign exchange gain	8	(854)	(2,917)
Share based payment compensation		494	287
Movement in provisions		357	(597)
		11,645	27,854
Working capital adjustments			
Decrease in trade receivables and other assets		67,487	19,392
Increase in inventories		(9,783)	(1,048)
Decrease in trade payables and other liabilities		(65,949)	(81,845)
		(8,245)	(63,501)
Cash flows generated by operations			
Income tax paid	9	(3,856)	(6,562)
Net cash flows from operating activities		(456)	(42,209)
Investing activities			
Interest received	8	155	477
Payments to acquire intangible assets	11	(210)	(193)
Purchase of property, plant and equipment	12	(1,351)	(1,505)
Proceeds from asset previously classified as held for sale		120	
Net cash flow from investing activities		(1,286)	(1,221)
Financing activities			
Repayment of borrowings		(4,194)	(3,576)
Repayment of PECs and CECs		-	(215)
Interest paid		(3,821)	(6,426)
Dividend paid		(4,932)	-
Net cash flow from financing activities		(12,947)	(10,217)
Net decrease in cash and cash equivalents		(14,689)	(53,647)
Cash and cash equivalents at the start of the period		82,914	129,610
Effect of exchange rates on cash and cash equivalents		4,098	450
Cash and cash equivalents at the end of the financial period	14	72,323	76,413

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 2015 were authorised for issue in accordance with a resolution of the directors on 19 August 2015.

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.

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 2015 have been prepared on a going concern basis in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

The annual financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. As required by the Disclosure and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the company's published consolidated financial statements for the year ended 31 December 2014.

The financial information contained in this interim statement, which is unaudited, does not constitute statutory accounts as defined in section 434 if 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 2014. 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.

The financial information for the six months ended 30 June 2015 and the comparative financial information for the six months ended 30 June 2014 has not been audited, but has been reviewed. The comparative figures for the financial year ended 31 December 2014 are not the company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditor and delivered to the registrar of companies. The report was (i) unqualified (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) 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.

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

	Six months ended 30 June 2015	*Six months ended 30 June 2014*	*Year ended 31 December 2014*
Polish Zloty	4.19	4.16	4.29
Czech Koruna	27.26	27.46	27.74
Sterling	0.71	0.80	0.78

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 2014, except for the adoption of new standards and interpretations noted below.

Some new standards and amendments apply for the first time and are effective from 1 January 2015. 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 2015

The following amendments to existing standards and interpretations were effective in the period to 30 June 2015, but were either not applicable to, or did not have a material impact on, the Group:

Amendments to IAS 19: Defined Benefit Plans: Employee Contributions
Annual Improvements to IFRSs 2010-2012 Cycle
Annual Improvements to IFRSs 2011-2013 Cycle

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. These are discussed on page 94 of the Group's annual financial statements. 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. The aggregated operating segments are deemed to have similar economic characteristics due to the comparable nature of the products and services and regulatory environment within Europe.

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.

5. Segmental analysis (continued)

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

	For the six months ended 30 June 2015	*For the six months ended 30 June 2014*
	€000	*€000*
Profit before tax	1,964	19,506
Net finance cost	3,248	3,227
Operating profit	5,212	22,733
Depreciation and amortisation	5,547	5,398
Exceptional items (note 7)	-	479
EBITDA before exceptionals	10,759	28,610
Non-recurring expenses/(income) (note 6)	8	(5)
Adjusted EBITDA	10,767	28,605

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.

	Poland	*Czech Republic*	*Italy*	*Other Operational*	*Corporate*	*Total*
30 June 2015	*€000*	*€000*	*€000*	*€000*	*€000*	*€000*
External revenue	52,522	27,748	14,636	13,143	-	108,049
EBITDA before exceptionals	9,155	6,657	2,758	889	(8,700)	10,759
Non recurring (income)/expenses	(3)	-	10	1	-	8
Adjusted EBITDA	9,152	6,657	2,768	890	(8,700)	10,767

	Poland	*Czech Republic*	*Italy*	*Other Operational*	*Corporate*	*Total*
30 June 2014	*€000*	*€000*	*€000*	*€000*	*€000*	*€000*
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 expenses	(16)	-	(630)	641	-	(5)
Adjusted EBITDA	25,311	6,625	3,378	1,106	(7,815)	28,605

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.

	For the six months ended 30 June 2015 €000	*For the six months ended 30 June 2014 €000*
Operating profit	5,212	22,733
Exceptional items (note 7)	-	479
Non recurring expenses/(income)*	8	(5)
Adjusted EBIT	5,220	23,207
Depreciation and amortisation	5,547	5,398
Adjusted EBITDA	10,767	28,605
Adjusted EBITDA margin	10.0%	20.8%

*Non-recurring expenses/(income) constitutes losses relating to disposals of fixed assets. Non-recurring expenses represent the difference between EBITDA before exceptionals and adjusted EBITDA.

	For the six months ended 30 June 2015 €000	*For the six months ended 30 June 2014 €000*
Net cash generated from operating activities	(456)	(42,209)
Income tax paid	3,856	6,562
IPO costs included within cash flow from operating activities	-	93
Net cash pre investing and financing activities	3,400	(35,554)
Net cash generated from investing activities	(1,286)	(1,221)
Interest received	(155)	(477)
Cash flow pre financing activities	1,959	(37,252)
Cash impact of non-IPO exceptional items	-	325
Free cash flow	1,959	(36,927)
Free cash flow as a percentage of adjusted EBITDA	18.2%	(129.1%)
Polish VAT (due to timing of payment)	-	40,306
Adjusted free cash flow	1,959	3,379
Adjusted free cash flow as a percentage of adjusted EBITDA	18.2%	11.8%

7. Exceptional items

	For the six months ended 30 June 2015	*For the six months ended 30 June 2014*
	€000	*€000*
Costs associated with the IPO (1)	-	93
Refinancing costs (2)	-	203
Restructuring and merger of Slovakian businesses (3)	-	47
Corporate restructuring (4)	-	136
Total exceptional items	-	479

1. Advisory and legal costs including unrecoverable VAT in connection with the IPO.
2. 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 did not meet the criteria for capitalisation.
3. Reorganisation of the Slovakian businesses, including termination payments and legal costs incurred in relation to the merger of Stock Slovakia s.r.o. and Imperator s.r.o.
4. Restructuring costs in connection with the IPO. This included 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. Finance costs and income

	For the six months ended 30 June 2015	*For the six months ended 30 June 2014*
	€000	*€000*
Finance income:		
Foreign currency exchange gain	854	2,917
Interest rate swap instruments	-	328
Interest income	155	477
Total finance income	1,009	3,722
Finance costs:		
Interest payable on bank overdrafts and loans	2,855	4,968
Amortisation of bank commissions, guarantees and other payables	963	1,508
Other interest expense	439	473
Total finance costs	4,257	6,949
Net finance costs	3,248	3,227

9. Income taxes

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:

	For the six months ended 30 June 2015	*For the six months ended 30 June 2014*
	€000	*€000*
Current income tax		
Current income tax charge	1,130	5,654
Tax charge relating to prior periods	494	(88)
Other taxes	-	2
Deferred income tax		
Relating to the origination and reversal of temporary differences	109	(2,895)
Total tax expense	1,733	2,673

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 2014 and 30 June 2015 deliver the same figure to 2 decimal places.

Details of the earnings per share are set out below:

	For the six months ended 30 June 2015	*For the six months ended 30 June 2014*
	€000	*€000*
Profit attributable to the equity shareholders of the Company	231	16,833
Profit attributable to ordinary equity holders of the Parent adjusted for the effect of dilution	138	16,833
	No. '000	No. '000
Weighted average number of ordinary shares for basic EPS	200,000	200,000
Potentially dilutive share options	4,166	3,407
Weighted average number of diluted ordinary shares adjusted for the effect of dilution	204,166	203,407
	€	€

Basic and diluted earnings per share	0.00	0.08

10. Earnings per share (continued)

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

11. Intangible assets - other

	Brands	*Customer Relationships and Trademark*	*Software*	*Total*
	€000	*€000*	*€000*	*€000*
At 1 January 2015, cost, net of accumulated amortisation	283,696	1,278	3,240	288,214
Additions	-	-	210	210
Transfers	(345)	-	345	-
Amortisation expense	-	(59)	(725)	(784)
Foreign currency adjustment	12,222	-	69	12,291
At 30 June 2015, cost, net of accumulated amortisation	295,573	1,219	3,139	299,931

	Brands	*Customer Relationships and Trademark*	*Software*	*Total*
	€000	*€000*	*€000*	*€000*
At 1 January 2014, cost, net of accumulated amortisation	286,254	1,396	4,036	291,686
Additions	-	-	1,146	1,146
Asset reclassified as held for sale	-	-	(20)	(20)
Amortisation expense	-	(118)	(1,813)	(1,931)
Foreign currency adjustment	(2,558)	-	(109)	(2,667)
At 31 December 2014, cost, net of accumulated amortisation	283,696	1,278	3,240	288,214

12. Property, plant and equipment

The movement in property, plant and equipment for the six-month period ended 30 June 2015 was as follows:

	Land and buildings	*Technical equipment*	*Other equipment*	*Assets under construction*	*Total*
	€000	*€000*	*€000*	*€000*	*€000*
At 1 January 2015, cost, net of accumulated depreciation	21,736	21,854	10,804	7,758	62,152
Additions	27	85	134	1,105	1,351
Transfers	2,007	3,967	(609)	(5,365)	-
Disposals	-	(15)	(20)	-	(35)
Depreciation expense	(479)	(2,604)	(1,680)	-	(4,763)
Foreign currency adjustment	403	454	270	179	1,306
At 30 June 2015, cost, net of accumulated depreciation	23,694	23,741	8,899	3,677	60,011

	Land and buildings	*Technical equipment*	*Other equipment*	*Assets under construction*	*Total*
	€000	*€000*	*€000*	*€000*	*€000*
At 1 January 2014, cost, net of accumulated depreciation	23,620	23,517	12,764	6,538	66,439
Additions	-	202	414	6,524	7,140
Transfers	106	3,309	1,412	(4,827)	-
Assets reclassified as held for sale	(604)	(43)	-	-	(647)
Disposals	(70)	5	(22)	(306)	(393)
Depreciation expense	(944)	(4,648)	(3,463)	-	(9,055)
Foreign currency adjustment	(372)	(488)	(301)	(171)	(1,332)
At 31 December 2014, cost, net of accumulated depreciation	21,736	21,854	10,804	7,758	62,152

13. Financial liabilities

	Current	*Non-current*	*Current*	*Non-current*
	30 June 2015	*30 June 2015*	*31 December 2014*	*31 December 2014*
	€000	*€000*	*€000*	*€000*
Secured – at amortised cost				
ING loan	8,411	155,314	8,179	156,581
Cost of arranging bank loan	(1,163)	(3,581)	(1,152)	(4,002)
Interest payable	26	-	-	-
	7,274	151,733	7,027	152,579

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:

	30 June 2015	*31 December 2014*
	€000	*€000*
Cash and bank balances	72,323	82,914

Cash and cash equivalents are denominated in the following currencies:

	30 June 2015	*31 December 2014*
	€000	*€000*
Sterling	18,610	23,303
Euro	17,662	20,859
US dollar	59	356
Czech Koruna	7,772	20,458
Polish Zloty	25,054	14,944
Other currencies	3,166	2,994
Total	72,323	82,914

15. Financial assets and liabilities

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

As at 30 June 2015

	Cash and receivables	*Payables*	*Total book value*
	€000	*€000*	*€000*
Financial assets:			
Cash	72,323		72,323
Trade and other receivables	111,063		111,063
Financial liabilities:			
Interest-bearing loans and borrowings:			
(i) Finance lease obligations		(589)	(589)
(ii) Floating rate borrowings – banks		(159,007)	(159,007)
Trade and other payables		(47,473)	(47,473)

15. Financial assets and liabilities (continued)

As at 31 December 2014

	Cash and receivables	*Payables*	*Total book value*
	€000	*€000*	*€000*
Financial assets:			
Cash	82,914	-	82,914
Trade and other receivables	179,762	-	179,762
Financial liabilities:			
Interest-bearing loans and borrowings:			
(i) Finance lease obligations	-	(584)	(584)
(ii) Floating rate borrowings – banks	-	(159,606)	(159,606)
Trade and other payables	-	(50,658)	(50,658)

16. Authorised share capital and reserves

Share Capital

	30 June 2015	*31 December 2014*
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 2015	*31 December 2014*
	€000	*€000*
Foreign currency translation reserve	18,847	6,413

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 2015 and will be paid on 25 September 2015. The total dividend payable has not been recognised as a liability.

18. Related party transactions

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

There were no transactions with related parties in the period to 30 June 2015, or in the year ended 31 December 2014.

19. Commitments for capital expenditure

Commitments for the acquisition of property, plant and equipment as of 30 June 2015 are €135,000 (2014: €84,000).

20. Events after the balance sheet date

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