Stock Spirits Group PLC

Results for the six months ended 30 June 2017

An improved financial performance driven by operational initiatives

9 August 2017: Stock Spirits Group PLC ("Stock Spirits" or the "Company"), a leading owner and producer of premium branded spirits and liqueurs that are principally sold in Central and Eastern Europe, announces its results for the six months ended 30 June 2017.

FINANCIAL HIGHLIGHTS

- **Total revenue €119.8 million, an increase of 3.3% (2016: €116.0 million)**
- **Operating profit €16.5 million, an increase of 32% (2016: €12.5 million)**
- **Profit after tax €11.7 million, an increase of 40% (2016: €8.4 million)**
- **Basic EPS 6 € cents per share, an increase of 50% (2016: 4 € cents per share)**
- **Interim dividend 2.38 € cents per ordinary share, an increase of 4.8% (2016: 2.27 € cents)**
- **EBITDA[1] €22.0 million, an increase of 23.4% (2016: €17.9 million)**

OPERATIONAL HIGHLIGHTS

- Total sales volume increase of 7.3% to 5.7 million 9 litre cases (2016: 5.4 million)
- Poland top line and profit growth; increased market shares since December 2016
- Over €2.5 million of savings recorded in the period from initiatives implemented in 2016
- Restructuring of operations and legal teams expected to generate incremental savings of €1.5 million from the start of next year
- Investment in high growth, high margin, category of Irish whiskey through an equity investment – the Company's second bolt-on deal in nine months
- New distribution arrangements in place with Synergy in Bosnia and Croatia, Distell in the UK, and Beam in Slovakia

Mirek Stachowicz, CEO of Stock Spirits Group, commented:

"We are pleased to have delivered good financial and operational progress during the first half of the year. This performance is a clear sign that the business has stabilised and that the initiatives put in place in 2016 are beginning to deliver tangible results including in Poland. While our core markets remain competitive, we believe that our strategy of further developing our existing brand portfolio whilst continuing to invest in markets and categories with strong potential leaves us well placed to continue delivering long-term and sustainable growth. As always, I would like to thank all of Stock Spirits' employees for their hard work and commitment in helping us to deliver the plans and ambitions that we have for this business."

[1] We have referenced EBITDA, a non-GAAP measure in the financial highlights section. For details of the reconciliation of EBITDA to GAAP financial numbers please refer to notes 5 and 6 in the Unaudited Interim Condensed Consolidated Financial Statements

Management will be hosting a presentation for analysts at 9.00am on Wednesday 9th August 2017 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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A copy of this interim results announcement ("announcement") has been posted on www.stockspirits.com. Investors can also address any query to investorqueries@stockspirits.com.

Disclaimer

This announcement may contain statements which are not based on current or historical fact and which are forward looking in nature. These forward looking statements may 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.

This announcement contains inside information which is disclosed in accordance with the Market Abuse Regulation.

Basis of Preparation

The financial information contained in these interim results does not constitute statutory accounts of Stock Spirits Group PLC within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for Stock Spirits Group PLC for the year ended 31 December 2016 were delivered to the Registrar of Companies. The auditors have reported on the accounts, their 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 constitute a statement under Section 498(2) or (3) of the Companies Act 2006.

Notes to editors:

About Stock Spirits Group

Stock Spirits is one of Central and Eastern Europe's leading branded spirits and liqueurs businesses, and offers a portfolio of products that are 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 over 100 million litres per year.

Stock has state of the art production facilities in Poland and the Czech Republic, and its core brands include products made to long-established recipes such as Stock 84 brandy, Fernet Stock bitters and Limonce, as well as more recent creations like Stock Prestige and Zoladkowa de Luxe vodkas.

Stock is listed on the main market of the London Stock Exchange. For the year ended 31 December 2016 it delivered total revenue of €261.0m and operating profit of €40.1m.

For more information please visit www.stockspirits.com.

INTERIM MANAGEMENT REPORT

Overview

We are now over twelve months into the turnaround of the business performance. Last year we set out a number of actions that would deliver tangible results, and the half year results confirm the very strong progress that has been made to date.

We have grown our volumes, our sales revenue, our market shares, delivered hard cost savings, implemented further actions to deliver more savings, grown our profit and margin, further improved our cash generation and completed our second bolt on acquisition.

With a full team in place and a very strong balance sheet, we are well positioned to continue our journey.

Our key priority has been the turnaround of our performance in Poland. This entailed making our brands more competitive, strengthening and upskilling our sales team, improving our sales execution capability and growing market share. Our actions have led to an increase in net sales revenue, EBITDA and EBITDA margin. We have also gained volume and value market share since December 2016.

The root and branch review actions taken in Poland are now largely implemented and we are now embedding the changes and seeking to optimise the new ways of working.

The overall vodka market in Poland remains in positive growth, although at a lower rate than during 2016, and the traditional trade channel remains the largest and fastest growing channel, accounting for over 64% of all vodka purchases[2]. We have continued to monitor prices closely and have adjusted our price architecture on selected products to remain competitive on-shelf. The price differential between our core brands and their key competitors has narrowed and this, together with our work to improve in store execution, has led to a slight increase in our overall volume and value share YTD.

In the Czech Republic performance has been very robust with growth reported in market share, net sales revenue, EBITDA and EBITDA margin.

Other markets have performed in line with expectations.

We have enhanced our NPD process which remains focused upon strengthening our core brands. We have recently completed a packaging upgrade of the iconic Stock 84 brandy range, which will be rolled out to all markets during the coming months.

In line with our stated objectives we have continued to focus upon expanding our reach into the premium, super premium and ultra premium segments where we see strong growth and attractive profit pools. Following the agreement to distribute the ultra premium vodka brand Beluga in Poland last year, we have extended our relationship with Synergy and commenced distribution of the Beluga brand in both Croatia and Bosnia. In addition, we have begun distribution of the Beam portfolio in Slovakia alongside the Distell portfolio to extend our reach into the fast growing and profitable whiskey category.

To further extend our position in the whiskey category, we recently announced a €15m initial investment to acquire 25% of Quintessential Brands Irish Whiskey Ltd, a company owning “The Dubliner Irish Whiskey” and “The Dublin Liberties” Irish whiskey brands. This represents our second bolt-on deal in nine months and is commented on in more detail below.

[2] Nielsen, total vodka off trade; total Poland as at June 2017

During the period we have begun to crystallise hard savings from the cost cutting initiatives started last year. Over €2.5m of savings have been recorded in the first half results, arising primarily from the closure of the Swiss office, the retender of Group corporate services and the many actions taken to reduce cost. Earlier this year we announced a restructuring of the Group operations and legal teams to align them closer to the markets, which will generate incremental savings of €1.5m from the start of next year. In addition, we have restructured the commercial activities in Italy and the UK, which will also deliver modest savings from next year.

Today, we are announcing an interim dividend of 2.38 € cents per share, representing an increase of 4.8% versus last year.

As a Board, we do not perceive any significant issues for Stock Spirits Group with regard to the UK's exit from the EU. We will continue to monitor the risks and report on this position but in anticipation of an expected period of uncertainty (as negotiations around the UK's exit from the EU unfold), the Group has extended its finance facilities (see Financial performance section later),ensuring that the Group will continue to benefit from its existing facility and the associated very competitive borrowing costs for a further two years, through to at least November 2022.

Market Performance:

Poland

Total vodka market volumes have remained in growth and in the six months to the end of June 2017 volume growth was 1.4% versus 2.4% last year. Flavoured vodka is recording significantly higher levels of growth and volumes grew 7.7% to the end of June (2016: 4.7%).

The value of the vodka market has also grown versus last year and increased by 1.7% (2016: 2.9%)[3].

The actions from the root and branch review are now largely complete and delivering initial improvements in results. Our focus has been on embedding the changes and we are constantly seeking to further optimise the operations of the business.

Pricing of our brands has remained a high priority and we have been working with our customers to achieve our on-shelf price targets. We have also focused upon execution in trade to ensure that our promotional offers, point of sale, sales activation, trade marketing and sales force training and tools are developing in line with the standards we wish to attain. We have implemented our actions focusing upon the needs of each market segment and channel.

We have increased our volume and value market shares since December 2016 by 1.8% and 1.5% respectively to 26.2% and 26.9% as at June 2017 and in the traditional trade channel, we increased our share of this channel from 30.2% as at December 2016 to 30.9% as at June 2017.

In line with our strategy of focusing our NPD on core brands, we launched a limited edition "Carbon" version of the premium Stock Prestige brand, to build awareness and trial.

A clear objective for the Polish market is to target growth profit pools. Our growth in volume and value YTD in the total premium vodka category[4] has outgrown the market and now stands at a volume share 18.4% (2016: 16.1%) and value share 17.4% (2016: 15.8%). Within premium, super and ultra premium vodka segments we have the fastest growing brand portfolio with overall value growth of 15.1% YTD versus market growth of 4.3%. Our growth of the Beam distribution brands has also continued at very high levels, with value growth of 54.1% versus the

[3] All data references, Nielsen total vodka total off trade, total Poland YTD June 2017

[4] Total premium is the sum of premium, top premium and ultra premium categories as per Nielsen data

whisky market growth of 14.5%. The Beam brands have performed equally well in terms of growth across all trade channels.

Net sales revenue has grown, on a constant currency basis by 2.8% to €64m. Reported EBITDA in the first half was €16.9m versus €15.1m last year, and on a constant currency basis we grew by over 8%, with an improved margin (on a constant currency) of 26.4% against 25.0% last year.

Czech Republic

The Czech Republic spirits market has continued to grow in both value at 7.2% (2016: 2.3%) and volume at 5.5% (2016: 2.9%), on a YTD basis. Stock has delivered volume and value share growth, taking our YTD volume share to 35.3% (2016: 33.1%) and YTD value share to 33.2%[5] (2016: 31.3%) at the end of June.

The key drivers of our YTD gains have been the combination of strong performance from our Bozkov innovations, with Bozkov Tradicni and Bozkov Bily generating incremental share, plus continued strong performance from our Diageo distribution brands, notably Captain Morgan and Johnnie Walker.

The change of strategy on the Bozkov brand, offering a wider mix of variants which has increased choice and price range for the consumer, has delivered tangible results with double digit growth YTD. Market share in this important rum category is now at a YTD value share of 57.2% from 55.7% in 2016, and YTD volume share of 56.8% versus 54.5% in 2016[6].

In October 2016 we acquired the spirits business of Bohemia Sekt in the Czech Republic. We are delighted with the early results of this acquisition, which is now fully integrated and has helped to boost our market shares in the vodka category. YTD volume share has increased from 25.1% (end of June 2016) to 27.2%, and YTD value share from 25.8% (end June 2016) to 28.6%[7].

We are seeing increased competition in the Herbal Bitters category, where we lost a marginal share of the category on a YTD basis. We are addressing this issue and will provide an update on this at the year end.

Net sales revenue has grown on a reported basis and, on a constant currency basis, net sales revenue is €29.8m versus €27.9m last year, an increase of 7.1%. Reported EBITDA has grown versus last year. On a constant currency basis EBITDA grew by nearly 20% to €9.5m, with an uplift in EBITDA margin to 32%.

Italy

The modest growth in the Italian spirits market in 2016 has continued into 2017. Value growth of 1.2% still leads volume growth of 0.1% in the first six months[8]. Whilst we have maintained our value share[9], issues remain on the Keglevich brand, notably in flavoured vodka, where we are gaining share in a category that is in long term decline. As reported at the year end, the category has suffered from changing consumer habits and this remains the case. Our growth in this category is insufficient to offset the underlying decline and accordingly has impacted volume and financial performance.

In recent weeks we have relaunched our iconic brand, Stock 84 brandy, with refreshed consumer offering including new packaging across the range. We believe the refresh will help to stimulate further growth and will build brand equity. We have achieved volume and value share growth YTD not only in the important brandy category but also in the limoncello category with our category leader Limonce[10].

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[5] Nielsen total off trade, total Czech market June 2017
[6] Nielsen total off trade, rum category, total Czech market June 2017
[7] Nielsen total off trade, vodka category, total Czech market June 2017
[8] IRI total on and off trade, total Italian market June 2017
[9] IRI total off trade, total Italian market June 2017
[10] IRI total off trade, total the Italian market June 2017

Earlier in the year we reported that we had restructured the commercial team, with the benefits being crystallised from next year. The cost of the restructuring has been borne within other operating expenses.

Net sales revenue reflects a decline of €0.9m, driven by the issues reported on Keglevich. Excluding the restructuring cost, EBITDA was €2.6m, with an underlying margin of 20.6% versus 21.5% last year.

In line with Group policy we continue to review the carrying value of the intangible assets in respect of Italy. Given the ongoing market issues on flavoured vodka, we have considered the possible risk of diminuation in carrying value of the related intangible assets. At this point in time, our expectations are such that we do not see an indicator that there is an impairment of the carrying value however further market deterioration could change this assumption and result in an impairment. Any impact would not affect cash but would cause an adjustment to expected EPS. The position is being closely monitored and will be reported upon at the year end.

Other Markets

Our other markets include Slovakia, Bosnia & Herzegovina and Croatia together with our export operations and Baltic distillery.

In Slovakia performance was in line with our expectations. The performance of our business in Croatia has been impacted by the well publicised difficulties being experienced by the Agrokor Group, a major Croatian retail and food group. The impact recorded in the first half results is €0.2m. We continue to trade with the Agrokor companies in Croatia and are monitoring the situation very carefully. As reported earlier in the year we have changed our route to market in the UK and moved the distribution of our brands to Distell. This has necessitated incurring restructuring costs of €0.1m to implement the change.

In May we experienced an equipment failure at our Baltic distillery, which caused the facility to cease production of alcohol for a short period of time. Alcohol was sourced from third party suppliers whilst the facility was out of action, and therefore production at our sites in Poland and Czech Republic was not impacted. A charge of €0.4m is included in the interim results. We don't expect any additional costs from this event.

Net sales revenue declined by €0.7m with reported net sales revenue of €13.3m to the end of June 2017. EBITDA for the period was €0.7m, versus €1.5m in 2016. Excluding the charges noted above, the EBITDA for the six months to the end of June was €1.4m and an underlying EBITDA margin of 10.6%.

Investment in Irish Whiskey

On 17 July 2017 the Group announced an initial €15m equity investment for 25% of the Irish whiskey company, Quintessential Brands Irish Whiskey Ltd, creating a joint business with Quintessential Brands. A further deferred investment of up to €3.3m may be made over a period of five years, based on the performance of the brands. This investment provides the Group with access to two very exciting Irish Whiskey brands, The Dubliner Irish Whiskey; a range of standard through to premium Irish whiskies and The Dublin Liberties; a super premium to ultra premium Irish whiskey range. Both brands allow Stock to capitalise on the fast growing and highly profitable Irish whiskey category. Whiskey is the second largest category globally behind vodka and Irish whiskey has been the fastest growing segment since 2007[11]. In Poland and the Czech Republic Irish whiskey is the fastest growing category amongst all spirits categories.

[11] & 12 IWSR 2017

The brands are already sold in over 30 markets around the world with sales now exceeding 32,000 9 litre cases. The Dubliner Irish Whiskey was the fastest growing Irish Whiskey brand globally[12]. Currently whiskey is sourced from a third party, and our investment will help to accelerate A&P investment behind the brands, complete the build of a new distillery in the Liberties area of Dublin with a brand experience and visitor centre, and to source additional mature liquid for the development of the brands.

We expect the investment to be earnings accretive in year four; the distillery will take one year to complete and as maturation of Irish whiskey takes a minimum of three years, the benefits will flow in year four from own produced liquid and accelerated investment behind the brands in the early years.

The Group remains committed to the existing distribution contracts it is party to in our respective markets.

The acquisition has been financed from existing facilities and, after taking this into account, net debt leverage remains lower than the end of December 2016.

Financial Performance

The actions that have been implemented across the Group during the last twelve months, are now being reflected in the H1 2017 financial performance.

The impact of price reductions implemented in Poland in 2016 has led to an overall reduction in net selling price per case. The pricing adjustments have kept our Polish brands competively priced and helped the Group deliver a 7.3% growth in sales volumes. Overall Group net sales revenue has shown a 3.3% (+€3.8m) growth. Of this growth €1.8m relates to the impact of positive FX.

Cost of goods per case remains largely flat and reflects the impact of volume growth and brand mix. Gross margin has reduced to just under 50% reflecting the impact of pricing adjustments in Poland.

This impact has been more than offset by a reduction in selling expenses, largely attributable to the timing of activity and reduction in the number of new product launches, and hard savings being crystallised in other operating expenses.

Last year, the Group announced the closure of the Swiss office and a range of initiatives that had been actioned to deliver a reduction in the cost base. Savings in excess of €2.5m (on a constant currency basis) have been delivered in H1 2017 versus H1 2016. Further action has been taken in H1 2017, as announced earlier in the year, covering the restructuring of Group legal, Group operations, commercial restructuring in Italy and change of route to market in the UK. We expect these initiatives to deliver a further €1.5m of savings from the start of 2018.

Operating profit is €16.5m versus €12.5m last year, which is an improvement of 31.9%, and EBITDA was €22.0m versus €17.9m in 2016.

In line with expectations, the Group has not recorded any exceptional costs in H1. All costs of restructuring and one off type expenses have been charged to other operating expenses. Such expenses were €1.0m in 2016 and €2.0m in 2017.

Constant currency growth rates are based on prior year balances restated based on 2017 foreign exchange rates. The prior year constant currency amount is restated by retranslating prior year monthly results from foreign operations at their respective 2017 monthly foreign exchange rates. The Board has chosen to disclose these comparative growth rates as the impact of currency in the period has been material to disclosed revenue growth rates. The difference between the reported and constant currency amounts and growth rates is the impact of foreign exchange

Underlying finance costs before foreign exchange movements were €0.8m (2016: €1.3m). In 2016 a foreign currency gain of €1.5m was recognised (the gain was driven by exchange movements on inter company loans which were fully settled in 2016).

The current finance facility was put in place in November 2015 with an expiration date of November 2020. The Group has now agreed an extension of the current facility for a further two years, now expiring in November 2022. A number of conditions have been relaxed, allowing the Group greater flexibility whilst retaining the existing margins. The overall facility remains unchanged. Combined with the Group's strong track record on cash generation, this extension affords the Group a strong financial platform to develop the business.

Capital spend in the first half of last year included the completion of investment in flexible packaging capability in Poland. Accordingly capital spend is lower this year. We have no plans for major production investment in 2017 and therefore expect capital spend for the full year to be lower than prior years.

We have retained our focus upon working capital management and, as stated last year, we changed our production planning processes which resulted in a reduction in inventory at the year end. This benefit has been sustained and inventory at the end of June 2017 reflects a reduction of €4.9m versus June 2016. The changes in Group operations, whilst delivering cost savings, have also allowed the Group to negotiate changes to payment conditions with a number of suppliers to bring them in line with local market terms. This has improved underlying cash generation. Free cash flow was €36.5m and closing net debt was €40m, a reduction of €18.0m versus end of June last year, and €19.7m lower than the year end. Group leverage ratio at the end of June 2017 was 0.72, which is both lower than the same period last year and the year end.

Foreign exchange movements impacted net sales revenue by €1.8m and €1.4m at EBITDA. There has been an impact of €6.3m movement in balance sheet reserves due to the impact of foreign exchange differences on the translation from the functional currencies of the Group's foreign subsidiaries into Euros.

Given the strengthening of the Polish Zloty versus the Euro in recent months, the Group has reviewed its expected foreign currency cash flows for the balance of the year and has entered into contracts to hedge €10m of Euro based payments.

Basic earnings per share are reported as 6 € cents for H1 versus 4 € cents for 2016, a growth of 50%.

The Board of Directors have agreed an interim dividend payment of 2.38 € cents per share. The dividend will be paid on 22 September 2017, with record date 1 September 2017 (shareholders on the register at close of business on 31 August 2017). The Euro : Sterling exchange rate will be fixed on the record date.

Outlook

The Group has reviewed the full year outlook and is comfortable with the external consensus as published by Bloomberg, on a constant currency basis. The half year financial performance is enhanced (€1.4m benefit to reported EBITDA) by positive impacts of foreign currency translation. We have no control over these impacts and if they were to continue, the full year results could be further enhanced by the translation effect. In addition, we reconfirm our guidance on expected EBITDA margin in Poland for the full year as between 26% and 27%.

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 at least the next twelve months. 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 Board considers the key risks for the Group remain as:

- **Economic & Political risk – The Group's results are affected by overall economic conditions in its key geographic markets and the level of consumer confidence and spending in those markets. The Group's operations are primarily in Central and Eastern Europe markets where there is a risk of economic and regulatory uncertainty. Political, economic and legal systems and conditions in emerging economies are generally less predictable.**
- **Taxes – Increases in taxes, particularly increases to excise duty rates and VAT, could adversely affect the demand for the Group's products. Changes in tax laws and related interpretations and increased enforcement actions and penalties may alter the environment in which the Group does business.**
- **Strategic transactions – Key objectives of the Group are: (i) the development of new products and variants; and (ii) expansion in the Central and Eastern European region and certain other European countries, through the acquisition of additional businesses. Unsuccessful launches or failure by the Group to fulfil its expansion plans or integrate completed acquisitions could have a material adverse effect on the Group's growth potential and performance.**
- **Marketplace & Competition – The Group operates in a highly competitive environment and faces competitive pressures from both local and international spirits producers, which may result in pressure on prices and loss of market share.**

Further detail on the principal risks and uncertainties affecting the business activities of the Group are set out on pages 48 to 52 in the Stock Spirits Group Annual Report 2016, 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 Guidance 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 Guidance 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

The Board of Directors as at 9th August 2017 is as follows: David Maloney (Chairman), Mirek Stachowicz (Chief Executive Officer), Lesley Jackson (Chief Financial Officer), John Nicolson (Senior Independent Non-Executive Director), Mike Butterworth (Independent Non-Executive Director), Tomasz Blawat (Independent Non-Executive Director), Diego Bevilacqua (Independent Non-Executive Director) and Randy Pankevicz (Non-Independent Non-Executive Director).

For and on behalf of the Board of Directors:

Mirek Stachowicz	David Maloney
Chief Executive Officer	Chairman

9th August 2017

Independent Review Report to Stock Spirits Group PLC

Conclusion

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 2017 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 Statement of Cash Flows, and the related explanatory notes.

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 2017 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

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 UK. 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. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) 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.

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 DTR of the UK FCA.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

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.

The purpose of our review work and to whom we owe our responsibilities

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 DTR of 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.

Simon Haydn-Jones (Senior Statutory Auditor)

For and on behalf of KPMG LLP

Chartered Accountants
Reading
9 August 2017

Interim condensed consolidated income statement

For the six months ended 30 June 2017

	Notes	*Six months ended 30 June 2017 Unaudited €000*	*Six months ended 30 June 2016 Unaudited €000*
Revenue	5	119,811	115,989
Cost of goods sold		(60,130)	(54,077)
Gross profit		59,681	61,912
Selling expenses		(28,031)	(30,829)
Other operating expenses		(15,199)	(18,610)
Operating profit		16,451	12,473
Finance income	7	447	1,601
Finance costs	7	(1,247)	(1,349)
Profit before tax		15,651	12,725
Income tax expense	8	(3,957)	(4,346)
Profit for the period		11,694	8,379
Attributable to:			
Equity holders of the Parent		11,694	8,379
Earnings per share, (cents), attributable to equity holders of the Parent			
Basic and diluted	9	0.06	0.04

Interim condensed consolidated statement of comprehensive income

For the six months ended 30 June 2017

	Six months ended 30 June 2017 Unaudited €000	*Six months ended 30 June 2016 Unaudited €000*
Profit for the period	11,694	8,379
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	6,260	(8,095)
Income tax effect	-	-
	17,954	284
Other comprehensive 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	17,954	283

Interim condensed consolidated statement of financial position

As at 30 June 2017

	Notes	30 June 2017 Unaudited €000	31 December 2016 Audited €000
Non-current assets			
Intangible assets - goodwill		60,854	60,840
Intangible assets - other	10	309,472	302,753
Property, plant and equipment	11	52,810	55,705
Deferred tax assets		11,632	13,255
Other assets		4,666	4,533
		439,434	437,086
Current assets			
Inventories		25,181	21,658
Trade and other receivables		105,330	131,396
Other assets		-	1,500
Current tax assets		737	411
Cash and cash equivalents	12	49,933	74,956
		181,181	229,921
Total assets		620,615	667,007
Non-current liabilities			
Financial liabilities	13	89,590	134,168
Other financial liabilities		71	113
Deferred tax liabilities		47,050	45,933
Provisions		931	946
Trade and other payables		215	49
		137,857	181,209
Current liabilities			
Trade and other payables		60,415	53,352
Financial liabilities	13	1	33
Other financial liabilities		125	174
Income tax payable		7,419	8,926
Indirect tax payable		57,695	74,200
Provisions		475	534
		126,130	137,219
Total liabilities		263,987	318,428
Net assets		356,628	348,579

Interim condensed consolidated statement of financial position

As at 30 June 2017

	Notes	*30 June 2017 Unaudited €000*	*31 December 2016 Audited €000*
Capital and reserves			
Issued capital	15	23,625	23,625
Share premium		183,541	183,541
Merger reserve		99,033	99,033
Consolidation reserve		5,130	5,130
Own share reserve		(356)	(356)
Other reserve		10,322	9,335
Foreign currency translation reserve	15	13,779	7,519
Retained earnings		21,554	20,752
Total equity		356,628	348,579
Total equity and liabilities		620,615	667,007

Interim condensed consolidated statement of changes in equity

For the six months ended 30 June 2017

	Issued capital €000	*Share premium €000*	*Merger reserve €000*	*Consolidation reserve €000*	*Own share reserve €000*	*Other reserve €000*	*Foreign currency translation reserve €000*	*Retained earnings €000*	*Total equity €000*
Balance at 1 January 2016	23,625	183,541	99,033	5,130	(635)	9,254	15,284	29,630	364,862
Profit for the period	-	-	-	-	-	-	-	8,379	8,379
Other comprehensive income	-	-	-	-	-	-	(8,095)	(1)	(8,096)
Total comprehensive (expense) /income	-	-	-	-	-	-	(8,095)	8,378	283
Share based payment compensation	-	-	-	-	-	281	-	-	281
Dividends	-	-	-	-	-	-	-	(9,215)	(9,215)
Own shares utilised for incentive schemes	-	-	-	-	2	-	-	-	2
Balance at 30 June 2016 (unaudited)	**23,625**	183,541	**99,033**	**5,130**	**(633)**	**9,535**	**7,189**	**28,793**	**356,213**
Profit for the period	-	-	-	-	-	-	-	20,058	20,058
Other comprehensive income/(expense)	-	-	-	-	-	-	330	(2)	328
Total comprehensive income	-	-	-	-	-	-	330	20,056	20,386
Share based payment compensation	-	-	-	-	-	(200)	-	-	(200)
Dividends	-	-	-	-	-	-	-	(28,141)	(28,141)
Own shares utilised for incentive schemes	-	-	-	-	277	-	-	44	321
Balance at 31 December 2016 (audited)	**23,625**	183,541	**99,033**	**5,130**	**(356)**	**9,335**	**7,519**	**20,752**	**348,579**
Profit for the period	-	-	-	-	-	-	-	11,694	11,694
Other comprehensive income	-	-	-	-	-	-	6,260	-	6,260
Total comprehensive income	-	-	-	-	-	-	6,260	11,694	17,954
Share based payment compensation	-	-	-	-	-	987	-	-	987
Dividends	-	-	-	-	-	-	-	(10,892)	(10,892)
Balance at 30 June 2017 (unaudited)	**23,625**	183,541	**99,033**	**5,130**	**(356)**	**10,322**	**13,779**	**21,554**	**356,628**

Interim condensed consolidated statement of cash flows

For the six months ended 30 June 2017

	Notes	*Six months ended 30 June 2017 Unaudited €000*	*Six months ended 30 June 2016 Unaudited €000*
Operating activities			
Profit for the period		11,694	8,379
Adjustments to reconcile profit for the period to net cash flows:			
Income tax expense recognised in income statement	8	3,957	4,346
Interest expense and bank commissions	7	1,239	1,349
Loss/ (gain) on disposal of tangible and intangible assets		4	(9)
Other financial income	7	(447)	(127)
Depreciation of property, plant and equipment	11	4,940	4,578
Amortisation of intangible assets	10	653	819
Net foreign exchange (loss)/ gain	7	8	(1,474)
Share based compensation		987	281
Movement in provisions		179	(143)
		23,214	17,999
Working capital adjustments			
Decrease in trade receivables and other assets		27,431	31,041
Increase in inventories		(3,524)	(2,351)
Decrease in trade payables and other liabilities		(9.276)	(26,756)
		14,631	1,934
Cash flows generated by operations		37,845	19,933
Income tax paid		(3,567)	(2,456)
Net cash flows from operating activities		34,278	17,477
Investing activities			
Interest received	7	195	127
Payments to acquire intangible assets	10	(493)	(398)
Purchase of property, plant and equipment	11	(813)	(3,691)
Proceeds from sale of property, plant and equipment		-	27
Net cash flow from investing activities		(1,111)	(3,935)
Financing activities			
Repayment of borrowings		(44,603)	-
New borrowings raised		-	4,197
Interest paid		(1,245)	(1,337)
Dividends paid to equity holders of the parent		(10,892)	(9,215)
Net cash flow from financing activities		(56,740)	(6,355)
Net (decrease)/ increase in cash and cash equivalents		(23,573)	7,187
Cash and cash equivalents at the start of the period		74,956	75,806
Effect of exchange rates on cash and cash equivalents		(1,450)	(5,428)
Cash and cash equivalents at the end of the financial period	12	49,933	77,565

Notes to the interim condensed consolidated financial statements

for the six months ended 30 June 2017

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 2017 were authorised for issue in accordance with a resolution of the directors on 9 August 2017.

Stock Spirits Group PLC is domiciled in England. 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 2017 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 2016.

The financial information contained in this interim statement, which is unaudited, does not constitute statutory accounts as defined by 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 2016. 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 2017 and the comparative financial information for the six months ended 30 June 2016 has not been audited, but has been reviewed. The comparative figures for the financial year ended 31 December 2016 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 2017	*Six months ended 30 June 2016*	*Year ended 31 December 2016*
PLN	4.23	4.40	4.39
CZK	26.19	27.11	26.97
GBP	0.88	0.83	0.85
CHF	1.09	1.08	1.07

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 2016, except for the adoption of new standards and interpretations and revision of the existing standards as of 1 January 2017 noted below.

New/revised standards and interpretations adopted in 2017

The following amendments to existing standards and interpretations were effective in the period to 30 June 2017, but were either not applicable to or did not have a material impact on the Group:

Amendments to IAS 7: Amendments as a result of the Disclosure initiative
Amendments to IAS 12: Amendments regarding the recognition of deferred tax assets for unrealised assets
Amendments to IFRS 12: Amendments resulting from Annual Improvements 2014 -2016 Cycle (clarifying assets)

The entity is in the process of performing a detailed assessment of the application of the new standards, IFRS 15 and 16. The company expects to disclose additional quantitative information before the standards are applied.

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 122 of the Group's 2016 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.

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 EBITDA reported to the chief operating decision-maker to assess performance is based on operating profit and excludes intra-Group profits, depreciation and amortisation.

5. Segmental analysis (continued)

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

	For the six months ended 30 June 2017	*For the six months ended 30 June 2016*
	€000	*€000*
Profit before tax	15,651	12,725
Net finance cost/ (income)	800	(252)
Operating profit	16,451	12,473
Depreciation and amortisation (note 10,11)	5,593	5,397
EBITDA	22,044	17,870
EBITDA margin	18.4%	15.4%

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 2017	*€000*	*€000*	*€000*	*€000*	*€000*	*€000*
External revenue	63,985	29,831	12,714	13,281	-	119,811
EBITDA	16,863	9,545	2,339	742	(7,445)	22,044

Memo note:	*€000*
Head Office costs	(3,620)
PLC related costs including NEDs, internal audit and external communications	(544)
Group external audit	(151)
PSP and share-based payments	(411)
Local market support costs including operations and IT	(803)
Group NPD projects	(17)
Insurance	(307)
Sub total	(5,853)
Restructuring costs	(1,059)
Other including consolidation adjustments and FX	(533)
Total Corporate costs	(7,445)

Notes to the interim condensed consolidated financial statements

for the six months ended 30 June 2017

5. Segmental analysis (continued)

30 June 2016	*Poland*	*Czech Republic*	*Italy*	*Other Operational*	*Corporate*	*Total*
	€000	*€000*	*€000*	*€000*	*€000*	*€000*
External revenue	60,743	27,575	13,645	14,026	-	115,989
EBITDA	15,088	7,771	2,934	1,525	(9,448)	17,870

Memo note:	*€000*
Head Office costs	(4,489)
PLC related costs including NEDs, internal audit and external communications	(1,014)
Group external audit	(149)
PSP and share-based payments	(567)
Local market support costs including operations and IT	(2,155)
Group NPD projects	(327)
Insurance	(362)
Sub total	(9,063)
Senior team recruitment, incremental 2016 AGM & other one-off costs	(1,039)
Other including consolidation adjustments and FX	654
Total Corporate costs	(9,448)

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. Free cash flow

The Group defines free cash flow as net cash generated from operating activities (excluding income tax paid), 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).

Free cash flow is a supplemental measure of the Group's performance and liquidity that is not required to be presented in accordance with IFRS.

Notes to the interim condensed consolidated financial statements

for the six months ended 30 June 2017

6. Free cash flow (continued)

	For the six months ended 30 June 2017 €000	*For the six months ended 30 June 2016 €000*
Net cash generated from operating activities	34,278	17,477
Income tax paid	3,567	2,456
Net cash pre investing and financing activities	37,845	19,933
Net cash generated from investing activities	(1,111)	(3,935)
Interest received	(195)	(127)
Cash flow pre financing activities	36,539	15,871
Free cash flow	36,539	15,871
Free cash flow as a percentage of EBITDA	165.8%	88.8%

7. Finance costs and income

	For the six months ended 30 June 2017 €000	*For the six months ended 30 June 2016 €000*
Finance income:		
Foreign currency exchange gain	-	1,474
Interest income	447	127
Total finance income	447	1,601
Finance costs:		
Interest payable on bank overdrafts and loans	703	900
Bank commissions, guarantees and other payables	337	261
Other interest expense	199	188
Foreign currency exchange loss	8	-
Total finance costs	1,247	1,349
Net finance costs / (income)	800	(252)

8. 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 2017	*For the six months ended 30 June 2016*
	€000	*€000*
Current income tax		
Current income tax charge	1,901	3,381
Tax (credit)/charge relating to prior periods	(197)	(20)
Deferred income tax		
Relating to the origination and reversal of temporary differences	2,253	985
Total tax expense	3,957	4,346

Tax inspections

Group wide tax provisions total €7,110,000. The most significant relates to tax risks in respect of our Italian subsidiary, Stock S.r.l. The Italian tax authorities have open enquiries covering the years 2006 – 2010. No cash prepayments have been made in respect of the open enquiries in 2017.

The Group's Czech subsidiary, Stock Plzen Bozkov s.r.o. received a tax assessment relating to 2011 from the Czech tax authorities in February 2016. Management will be vigorously defending the Company's position, and have therefore not made a provision against this assessment, which totals €1,125,000.

In July 2016 the Group's Polish subsidiary, Stock Polska Sp. z.o.o. received notification from the Polish tax authorities of the commencement of a standard enquiry covering its 2013 corporate tax return. To date no tax assessment has been received in respect of this open enquiry.

9. Earnings per share

Basic earnings per share amounts are calculated by dividing the profit 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 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.

9. Earnings per share

Details of the earnings per share are set out below:

	For the six months ended 30 June 2017	*For the six months ended 30 June 2016*
Basic earnings per share		
Profit attributable to the equity shareholders of the Company (€'000)	11,694	8,379
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	199,937	199,786
Basic earnings per share (€)	0.06	0.04
Diluted earnings per share		
Diluted profit attributable to the equity shareholders of the Company (€'000)	11,694	8,379
Weighted average number of diluted ordinary shares adjusted for the effect of dilution ('000)	202,217	199,786
Diluted earnings per share (€)	0.06	0.04

Reconciliation of basic to diluted ordinary shares		
Weighted average number of Ordinary shares ('000)	200,000	200,000
Effect of purchase of own shares ('000)	(63)	(214)
Basic weighted average number of Ordinary shares ('000)	199,937	199,786
Effect of PSP options ('000)	1,280	-
Effect of Special Equity Scheme options ('000)	1,000	-
Diluted weighted average number of Ordinary shares ('000)	202,217	199,786

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

10. Intangible assets - other

	Brands	*Customer Relationships and Trademark*	*Software*	*Total*
	€000	*€000*	*€000*	*€000*
At 1 January 2017, cost, net of accumulated amortisation	298,660	1,042	3,051	302,753
Additions	204	-	289	493
Transfers	-	-	456	456
Amortisation expense	-	(59)	(594)	(653)
Foreign currency adjustment	6,415	-	8	6,423
At 30 June 2017, cost, net of accumulated amortisation	305,279	983	3,210	309,472

	Brands	*Customer Relationships and Trademark*	*Software*	*Total*
	€000	*€000*	*€000*	*€000*
At 1 January 2016, cost, net of accumulated amortisation	294,261	1,160	3,475	298,896
Additions	4,522	-	1,115	5,637
Transfers	224	-	(83)	141
Disposals	-	-	(3)	(3)
Amortisation expense	-	(118)	(1,367)	(1,485)
Foreign currency adjustment	(347)	-	(86)	(433)
At 31 December 2016, cost, net of accumulated amortisation	298,660	1,042	3,051	302,753

Notes to the interim condensed consolidated financial statements

for the six months ended 30 June 2017

11. Property, plant and equipment

The movement in property, plant and equipment for the six-month period ended 30 June 2017 was as follows:

	Land and buildings	*Technical equipment*	*Other equipment*	*Assets under construction*	*Total*
	€000	*€000*	*€000*	*€000*	*€000*
At 1 January 2017, cost, net of accumulated depreciation	23,640	25,197	5,031	1,837	55,705
Additions	4	341	120	348	813
Transfers	26	989	282	(1,753)	(456)
Disposals	-	(1)	(7)	-	(8)
Depreciation expense	(541)	(2,828)	(1,571)	-	(4,940)
Foreign currency adjustment	734	748	159	55	1,696
At 30 June 2017, cost, net of accumulated depreciation	23,863	24,446	4,014	487	52,810

	Land and buildings	*Technical equipment*	*Other equipment*	*Assets under construction*	*Total*
	€000	*€000*	*€000*	*€000*	*€000*
At 1 January 2016, cost, net of accumulated depreciation	23,629	25,359	7,318	3,297	59,603
Additions	414	320	895	5,544	7,173
Transfers	800	5,402	535	(6,878)	(141)
Disposals	11	(86)	(102)	-	(177)
Depreciation expense	(1,021)	(5,307)	(3,411)	-	(9,739)
Foreign currency adjustment	(193)	(491)	(204)	(126)	(1,014)
At 31 December 2016, cost, net of accumulated depreciation	23,640	25,197	5,031	1,837	55,705

Notes to the interim condensed consolidated financial statements

for the six months ended 30 June 2017

12. 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 2017	*31 December 2016*
	€000	*€000*
Cash and bank balances	49,933	74,956

Cash and cash equivalents are denominated in the following currencies:

	30 June 2017	*31 December 2016*
	€000	*€000*
Polish Zloty	16,250	16,578
Czech Koruna	11,890	21,918
Sterling	8,396	21,469
Euro	7,809	8,960
Other currencies	5,588	5,851
Total	49,933	74,956

13. Financial liabilities

	Current 30 June 2017	*Non-current 30 June 2017*	*Current 31 December 2016*	*Non-current 31 December 2016*
	€000	*€000*	*€000*	*€000*
Unsecured – at amortised cost				
HSBC loan	-	89,716	-	134,319
Cost of arranging bank loan	(53)	(126)	(52)	(151)
Interest payable	54	-	85	-
	1	89,590	33	134,168

Notes to the interim condensed consolidated financial statements

for the six months ended 30 June 2017

14. 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 2017

	Loans and receivables €000	*Amortised cost €000*	*Total book value €000*
Financial assets:			
Cash	49,933	-	49,933
Trade and other receivables	101,432	-	101,432
Customs deposits	4,666	-	4,666
Financial liabilities:			
Interest-bearing loans and borrowings:			
(i) Finance lease obligations	-	(196)	(196)
(ii) Floating rate borrowings – banks	-	(89,537)	(89,537)
Trade and other payables	-	(58,420)	(58,420)

As at 31 December 2016

	Loans and receivables €000	*Amortised cost €000*	*Total book value €000*
Financial assets:			
Cash	74,956	-	74,956
Trade and other receivables	128,393	-	128,393
Customs deposits	6,033	-	6,033
Financial liabilities:			
Interest-bearing loans and borrowings:			
(i) Finance lease obligations	-	(287)	(287)
(ii) Floating rate borrowings – banks	-	(134,116)	(134,116)
Trade and other payables	-	(51,259)	(51,259)

15. Authorised and issued share capital and reserves

Share Capital

	30 June 2017	*31 December 2016*
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

15. Authorised and issued share capital and reserves (continued)

Foreign currency translation reserve

	30 June 2017 €000	31 December 2016 €000
Foreign currency translation reserve	13,779	7,519

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.

16. Dividend

An interim dividend of 2.38 Euro cents per ordinary share has been recommended by the Board in respect of the half year ended 30 June 2017 and will be paid on 22 September 2017. The total dividend payable has not been recognised as a liability at 30 June 2017.

17. Related party transactions

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

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation. There were no other related party transactions during the six month period ended 30 June 2017 (30 June 2016: €nil), as defined by International Accounting Standard No 24 'Related Party Disclosures', except for key management compensation. The related party transactions for the year ended 31 December 2016 as defined by International Accounting Standard No 24 'Related Party Disclosures' are disclosed in note 31 of the Stock Spirits Group PLC Annual Report for the year ended 31 December 2016.

18. Commitments for capital expenditure

Commitments for the acquisition of property, plant and equipment as of 30 June 2017 are €35,000 (30 June 2016: €120,000).

19. Events after the balance sheet date

Subsequent to the period end, the following events have occurred -

- On 17 July 2017, Stock Spirits entered into agreements with Quintessential Brands Group for the acquisition of a 25% equity interest in Quintessential Brands Ireland Whiskey Limited for a cash consideration of up to €18.3m. Consideration comprised of an initial cash payment of €15m for 25% of the equity interest, and a deferred cash consideration of up to €3.3m which is payable over a five year period, subject to performance conditions; and

- On 21 July 2017, Stock Spirits Group extended its revolving credit facilities with its banking club by a further 2 years to November 2022. The key facility terms remain unchanged.