AB Vilniaus Degtinė

Financial statements for the period ended 30 September 2008

Contents

Company information

AB Vilniaus Degtinė

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Company code:	120057287
Registered at:	Panerių str. 47/2, Vilnius, Lithuania

Management

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

Board

Darius Žaromskis
Raimundas Čičirka
Danas Kerbelis
Audra Jauniškienė
Andrejus Galuška

Auditor

UAB Rimess

Banks

AB DnB NORD bankas

AS UniCredit Bank, Lithuanian branch
AB SEB bankas
AB bank Hansabankas

Balance sheet

September 30

In LTL	Notes	30/09/2008	31/12/2007
ASSETS			
Non-current assets			
Property, plant and equipment	13	22,956,546	19,956,913
Intangible assets	14	15,136,342	15,894,114
Financial assets	15	1,280,989	1,000
Total non-current assets		**39,373,877**	**35,852,027**
Current assets			
Inventories	16	11,971,483	12,205,381
Prepayments and deferred expenses	17	675,335	1,165,961
Trade receivables	18	19,932,599	37,842,407
Other receivables	19	1,027,523	995,688
Cash and cash equivalents	20	216,079	72,174
Total current assets		**33,823,019**	**52,281,611**
TOTAL ASSETS		**73,196,896**	**88,133,638**

Notes on pages 9-44 are an integral part of these financial statements.

Balance sheet (cont‘d)

September 30

In LTL	Notes	30/09/2008	31/12/2007
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	21	24,408,431	24,408,431
Legal reserve		2,440,843	2,440,843
Retained earnings (loss)		10,407,097	10,398,154
Total equity		**37,256,371**	**37,247,428**
Non-current liabilities			
Interest bearing loans and borrowings	23	16,673,961	7,660,037
Deferred income tax liability		694,790	633,159
Total non-current liabilities		**17,368,751**	**8,293,196**
Current liabilities			
Interest bearing loans and borrowings	23	3,117,489	12,097,671
Trade payables		4,585,445	9,893,056
Corporate income tax payable		0	0
Other payables	24	10,868,840	20,602,287
Total current liabilities		**18,571,774**	**42,593,014**
Total liabilities		**35,940,525**	**50,886,210**
TOTAL EQUITY AND LIABILITIES		**73,196,896**	**88,133,638**

Notes on pages 9–44 are an integral part of these financial statements.

Income statement

September 30

In LTL	Notes	Jan-Sep 2008	Jan-Sep 2007
Sales revenue	4	**46,060,074**	**43,329,644**
Cost of sales		(24,393,949)	(22,225,004)
Gross profit	4	**21,666,125**	**21,104,640**
Other income	5	162,399	123,114
Sales and distribution expenses	6	(11,699,095)	(11,341,833)
Administrative expenses	7	(9,075,844)	(8,865,017)
Other expenses	5	(22,400)	(26,894)
Result from operating activities		**1,031,185**	**994,010**
Financial income	9	53,666	15,027
Financial expenses	9	(1,014,277)	(661,472)
Profit before tax		**70,574**	**347,565**
Corporate income tax	10	(61,631)	(87,675)
Profit for the period		**8,943**	**259,890**
Earnings per share	22	0.00	0.01

Notes on pages 9–44 are an integral part of these financial statements.

Income statement

September 30

In LTL	Notes	Jul-Sep 2008	Jul-Sep 2007
Sales revenue	4	**15,992,934**	**16,977,559**
Cost of sales		(8,294,519)	(8,468,325)
Gross profit	4	**7,698,415**	**8,509,234**
Other income	5	41,776	39,097
Sales and distribution expenses	6	(4,417,874)	(5,035,806)
Administrative expenses	7	(2,919,666)	(3,520,897)
Other expenses	5	(8,896)	(7,281)
Result from operating activities		**393,755**	**(15,653)**
Financial income	9	24,690	5,584
Financial expenses	9	(386,161)	(254,811)
Profit before tax		**32,284**	**(264,880)**
Corporate income tax	10	(24,049)	23,265
Profit for the period		**8,235**	**(241,615)**
Earnings per share	22	0.0	0.0

Notes on pages 9–44 are an integral part of these financial statements.

Statement of changes in shareholders' equity

In LTL	Notes	Share capital	Legal reserve	Other reserves	Retained earnings (loss)	Total shareholders' equity
Capital and reserves as of 1 January 2007		**24,408,431**	**2,440,843**		**8,716,239**	**35,565,513**
Profit of 9 months 2007					259,890	259,890
Capital and reserves as of 30 September 2007		**24,408,431**	**2,440,843**		**8,976,129**	**35,825,403**
Profit for the reporting period					**1,422,025**	**1,422,025**
Capital and reserves as of 31 December 2007		**24,408,431**	**2,440,843**	**0**	**10,398,154**	**37,247,428**
Profit for the 9 months of 2008					8,943	8,943
Capital and reserves as of 30 September 2008	21	**24,408,431**	**2,440,843**	**0**	**10,407,097**	**37,256,371**

Notes on pages 9–44 are an integral part of these financial statements.

Statement of cash flows

In LTL	Jan-Sep 2008	Jan-Sep 2007
Profit (loss) for the period	8,943	259,890
Depreciation and amortisation	2,691,490	2,497,752
Impairment on construction in progress	102,342	(31,352)
Impairment of trade receivables and other receivables	(942)	(483)
Impairment of inventories		(3)
Net financial expenses	956,599	645,469
Gain (loss) on disposal of non-current assets	(14,095)	(363)
Income tax expenses	61,631	87,675
Net cash flows from ordinary activities before changes in working capital	3,805,968	3,458,585
Change in inventories	233,898	(2,605,606)
Change in prepayments	491,626	278,877
Change in trade receivables and other receivables	17,925,355	2,782,057
Change in trade payables and other payables	(12,786,702)	(3,101,515)
Net cash flows from operating activities	5,864,177	(2,646,187)
Income tax paid	(211,221)	(101,666)
Net cash flows from operating activities	**9,458,924**	**710,732**
Interest received	9,967	6,855
Proceeds from disposal of non-current assets	14,100	1,186
Acquisition of property, plant and equipment	(5,025,423)	(2,452,857)
Acquisition of intangible non-current assets	(10,275)	(95,065)
Loans repaid	208,480	
Loans granted	(1,280,989)	(516,677)
Net cash flows from investing activities	**(6,084,140)**	**(3,056,558)**
Repayment of loans	(22,157,708)	(2,553,346)
Loans received	19,973,064	5,611,653
Financial lease payments	(3,367)	
Interest paid	(1,042,868)	(702,877)
Dividends paid		
Net cash flows from financing activities	**(3,230,879)**	**2,355,430)**
Net cash flows from operating, investing and financing activities	**143,905**	**9,604**
Cash and cash equivalents at the beginning of the period	**72,174**	**384,747**
Cash and cash equivalents at the end of the period	**216,079**	**394,351**

Notes on pages 9–44 are an integral part of these financial statements.

Notes

1 Reporting entity

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

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

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

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

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

AB Vilniaus Degtinė employed 220 staff members as of 30 September 2008 (228 staff members as of 30 September 2007).

2 Summary of significant accounting principles

Statement of compliance

Financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

The following Financial Statements for January-September 2008 are preliminary and non-audited.

Notes

2 Summary of significant accounting principles (cont'd)

Basis of preparation

The financial statements are presented in the national currency Litas, which is the functional currency of the Company. They are prepared on the historical basis.

The preparation of the financial statements in conformity with IFRS as adopted by the European Union requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by the management in the application of IFRS as adopted by the European Union that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 3.

The accounting policies of the Company as set forth below have been consistently applied and coincide with those applied last year.

Foreign currency

Translation of amounts in foreign currencies into the national currency

Transactions in foreign currencies are translated at foreign exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Notes

2 Summary of significant accounting principles (cont'd)

Non-derivative financial instruments

Non-derivative financial instruments include trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Cash and cash equivalents consist of remainder cash and deposits under request.

Non-derivative financial instruments are initially recognised at fair value plus (except for the instruments recognised in the income statement at fair value) any direct attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Financial instruments are recognised on the day of the transaction. The company stops recognising financial assets upon expiry of contractual rights over cash flows from such assets, or when rights to receive agreed cash flows from such financial assets are transferred at the time of the transaction, i.e. all risks and benefits from ownership of financial assets are transferred. Recognition of financial liability expires, when such liability is covered, recalled or expires.

Receivables are non-derivative financial assets and are not quoted in an active market. They are included into current assets except for maturities greater than 12 months. Receivables are initially recognised at fair value. Subsequently, loans and receivables are measured at amortised cost using the effective interest method, less impairment, if any. Current receivables are not discounted.

Loans, borrowings and other financial liabilities are initially recognised at depreciated cost-price, applying effective interest rate method. Current liabilities are not discounted.

Derivative financial instruments

Within the period ended 30 September 2008, the Company did not use any derivative financial isntruments and had none as of the balance sheet date.

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads incurred at the time of producing the assets up to the beginning of its use, disassembling, disposal of the assets, as well as production place clearing-up costs.

Notes

2 Summary of significant accounting principles (cont'd)

Property, plant and equipment (cont'd)

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs

After the initial recognition of the asset, costs of replacing a part of non-current assets or related to major overhaul of the asset are capitalised only if it is probable that future economic benefits embodied with the item will flow to the Company and the cost of an item can be measured reliably. All other costs are recognised in the income statement as incurred.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives are as follows:

- Buildings and structures 12–20 years
- Plant and machinery 5–20 years
- Vehicles 4–10 years
- Other assets 5–15 years

Depreciation methods, residual values and useful lives are reassessed as of each balance sheet date.

Notes

2 Summary of significant accounting principles (cont'd)

Non-current intangible assets

Intangible assets that have limited useful life and consist of computer software and other licences and trademarks acquired by the Company are stated at cost less accumulated amortisation and impairment.

Amortisation is charged to the income statement on a straight-line basis within the entire period of useful service. Amortisation rates of intangible assets can be specified as follows:

- Software and licences 3 years
- Sobieski licence 20 years

Subsequent costs of intangible assets are capitalised only when they result in increase of further economic benefit of specific assets the costs are related to. All other costs are expensed at the time they are incurred.

Leased assets

Leases, in terms of which the Company assumes substantially all the risks and rewards of ownership, are classified as financial leases. Assets acquired in the way of financial lease are stated at an amount equal to the lower of fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. All other leases are considered as operational leasing.

Inventories

Inventories, including work in progress, are valued at the lower of cost or net realisable value. Net realisable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution.

The costs of inventories is determines based on FIFO principle.

In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Auxiliary materials and supplies are expensed at the time they are taken into use or booked to the cost of finished goods if used in production.

Notes

2 Summary of significant accounting principles (cont'd)

Inventories (cont'd)

The Company accounts for bottles inventory, since they are not expected to be reused following the initial sale. Bottles are booked to the cost of finished goods when used in production.

Circulating tare (plastic boxes for alcohol bottles) is expensed as operating expense right after starting to use it.

Impairment

Value of financial assets is impaired when there is unprejudiced evidence that some event(s) may have a negative impact on asset-related cash flows in the future. Impairment of significant financial assets is valued individually. Remaining financial assets are grouped by similar credit risk, and impairment for those groups is determined commonly. Assets, the impairment of which are valued individually and impairment loss of which is further recognised, is not included into commonly determines impairment.

The carrying amounts of the Company's assets other than inventories and deferred income tax asset are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For the assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised wherever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Cash generating unit is the least group of cash generating assets that generates cash flows independently from other assets or asset groups. Impairment losses are recognised in the income statement.

Calculation of recoverable amount

The recoverable amount of the Company's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at the initial recognition of these financial assets). Receivables with short duration are not discounted.

Notes

2 Summary of significant accounting principles (cont'd)

Impairment (cont'd)

Calculation of recoverable amount (cont'd)

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Reversals of impairment

An impairment loss in respect of receivables carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In case of certain events or circumstances, on the basis of which the recoverable value of non-financial assets, changes witnessing that non-accounted value of non-financial assets can be recovered, impairment losses are reversed. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

Employee allowances

The Company has no determined allowances and promotion plans or payment schemes in shares of the Company. Obligations with regard to retired former employees of the Company are carried out by the State.

Provisions

Provisions are recognised in the balance sheet when it is probable that an outflow of economic benefits will be required to settle legal obligations or irrevocable undertakings arising from a past event.

Notes

2 Summary of significant accounting principles (cont'd)

Revenue

Sales of goods

Revenue from sales of good is recognised in the income statement when significant risk and ownership is transferred to the buyer, when it is probable that economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably. Sales are recognised net of VAT, excise tax and price discounts directly related to the sales.

Services rendered, assets disposed

Revenue from the services rendered is recognised in the income statement as the services are rendered, considering the level of rendering. The revenue recognised is net of discounts provided.

Revenue from lease is recognised in the income statement on a straight-line basis over the term of lease.

Revenue from disposal of assets is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or associated costs, or return of assets disposed is possible or when the significant risks and rewards of ownership cannot be regarded as transferred to the buyer.

Expenses

Operating lease payments

Payments made under operating lease are recognised in the income statement on a straight-line basis over the term of lease.

Financial lease payments

Minimum lease payments are apportioned between the financial charge and the reduction of the outstanding liability using the effective interest rate method. Financial costs are distributed over the whole period of financial lease, so as to produce a constant periodic interest rate on the remaining balance of the liability.

Notes

2 Summary of significant accounting principles (cont'd)

Net financing costs

Net financing costs consist of interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, foreign exchange gains and losses.

Interest income is recognised in the income statement as accrued, using the effective interest rate method. The interest expense component of financial lease payments is recognised in the income statement, using the effective interest rate method.

Income tax

Income tax consists of current and deferred tax. Income tax is recognised in the income statement except to the extent it relates to the items recognised directly in equity, in which case it is recognised in equity.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of the assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised only to the extent it is likely that the future taxable profits will be available against which the assets can be utilised. Deferred tax asset is revised on each balance sheet date and reduced to the extent it is no longer probable that the related tax benefit will be realised.

Segment reporting

Segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company's primary format for segment reporting is based on business segments.

Notes

2 Summary of significant accounting principles (cont'd)

Earnings per share

The Company presents data of basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by weighted average number of ordinary registered shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects off all dilutive potential ordinary registered shares. During reporting periods there were no any dilutive potential ordinary registered shares issued by the Company.

Notes

3 Critical accounting estimates and judgements

Estimates and assumptions are continually reviewed and are based on historical experience and other factors, representing current situation and reasonable expected future events.

The Company makes estimates and assumptions concerning future events. Resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed below.

Impairment losses on receivables

The Company reviews its receivables to assess impairment at least on a quarterly basis. In determining whether impairment loss should be recorded in the income statement, the Company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of receivables before the decrease can be identified with an individual receivable in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of debtors, or national or local economic conditions affecting the group of receivables.

Management schedules future cash flows from debtors based on historical loss experience for debtros with similar credit risk characteristics. Then methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Impairment losses for construction in progress

Construction in progress is related to the construction of premises for the production of soft drinks, which was suspended in 1994 because of the change of the Company's strategic plans. The related impairment loss is recognised on the basis of quarterly checks of the impairment and based on the management's estimates

Impairment losses for trademark

The Company uses 'Sobieski' trademark, amortisation of which is calculated under the straight-line method in 20-year period. Economic service life of the trademark may differ from the current estimates used in the accounting due to possible market-determined changes in the life cycle of products sold under the trademark. According to the management, considering the current situation, service life used in the accounting is justifiable.

Notes

4 Segment reporting

The Company is engaged in production and distribution of alcoholic beverages. Moreover, it produces rectified and denaturised alcohol, which generate other revenue. Considering the share of sales of the aforementioned products, the only segment – production of alcohol and related products – is accentuated in the Company.

Revenue and gross profit for January-September of 2008:

In LTL	Alcoholic beverages	Rectified alcohol	Denaturised alcohol	Not allocated	Total
Revenue	42,417,656	1,679,096	77,749	1,885,573	46,060,074
Gross profit	20,776,953	219,789	35,906	633,477	21,666,125

Revenue and gross profit for January-September of 2007

In LTL	Alcoholic beverages	Rectified alcohol	Denaturised alcohol	Not allocated	Total
Revenue	40,540,533	1,308,526	65,727	1,414,858	43,329,644
Gross profit	20,409,022	294,854	28,078	372,686	21,104,640

Revenue and gross profit for July-September of 2008:

In LTL	Alcoholic beverages	Rectified alcohol	Denaturised alcohol	Not allocated	Total
Revenue	14,828,989	520,798	27,248	615,899	15,992,934
Gross profit	7,433,580	72,262	12,767	179,806	7,698,415

Notes

4 Segment reporting (cont'd)

Revenue and gross profit for July-September of 2007:

In LTL	Alcoholic beverages	Rectified alcohol	Denaturised alcohol	Not allocated	Total
Revenue	15,428,574	326,347	26,419	1,196,219	16,977,559
Gross profit	8,077,495	57,552	11,254	362,933	8,509,234

The Company's key activities are carried out in the Lithuanian market, yet a small part of the production is exported to EU countries and abroad. January-September 2008 sales to EU and foreign markets amounted to LTL 1,874,585 (compared to LTL 870,192 in January-September 2007). July-September 2008 sales amounted to LTL 506,419 (compared to LTL 198,169 in July-September 2007). Considering the share of sales in foreign markets in total revenue, no geographical segments are marked in the Company.

Notes

LTL	Jan-Sep 2008	Jan-Sep 2007
5 Other revenue and expenditure		
Lease of premises	66,147	62,828
Gain from sales of materials and spare parts	59,592	33,681
Gain from sales of non-current assets	14,095	369
Other revenue	22,565	26,236
Total other revenue	162,399	123,114
Other expenditure	22,400	26,894
Loss from sales of materials and spare parts	0	0
Loss from sales of non-current assets	0	0
Total other expenditure	22,400	26,894
Other net operating revenue and expenditure	**139,999**	**96,220**

Litais	Jul-Sep 2008	Jul-Sep 2007
Other revenue and expenditure		
Lease of premises	22,935	19,087
Gain from sales of materials and spare parts	9,734	10,980
Gain from sales of non-current assets	0	0
Other revenue	9,107	9,030
Total other revenue	41,776	39,097
Other expenditure	8,896	7,281
Loss from sales of materials and spare parts	0	0
Loss from sales of non-current assets	0	0
Total other expenditure	8,896	7,281
Other net operating revenue and expenditure	**32,880**	**31,816**

Notes

In LTL	Jan-Sep 2008	Jan-Sep 2007
6 Sales and distribution expenses		
Advertising expenses	6,957,763	6,325,074
Marketing expenses	3,170,895	3,458,788
Salaries and social security	846,812	673,575
Transportation expenses	510,752	453,709
Market research expenses	71,897	288,965
Packaging expenses	63,246	75,585
Other	77,730	66,137
Total sales and distribution expenses	**11,699,095**	**11,341,833**

In LTL	Jul-Sep 2008	Jul-Sep 2007
Sales and distribution expenses		
Advertising expenses	2,661,461	3,244,033
Marketing expenses	1,243,032	1,166,778
Salaries and social security	279,970	253,253
Transportation expenses	175,929	168,214
Market research expenses	3,500	149,220
Packaging expenses	25,987	27,723
Other	27,995	26,585
Total sales and distribution expenses	**4,417,874**	**5,035,806**

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

Notes

In LTL	Jan-Sep 2008	Jan-Sep 2007
7 Administrative expenses		
Salaries and social security	3,455,429	3,428,271
Repairs and maintenance	1,146,106	1,075,042
Amortisation of intangible assets	632,195	1,014,089
Operating and other taxes	768,047	782,949
Depreciation of property, plant and equipment	748,963	582,071
Consulting and training expenses	367,606	282,105
Maintenance of cargo vehicles	274,879	273,446
Sponsorship and other	252,258	218,018
Security expenses	119,132	194,315
Impairment of construction in progress	20,309	152,659
Communications and IT maintenance expenses	153,302	115,667
Utilities	88,441	130,429
Representation expenses	102,342	(31,352)
Impairment of inventories	0	(3)
Other	946,835	647,311
Total administrative expenses	**9,075,844**	**8,865,017**

In LTL	Jul-Sep 2008	Jul-Sep 2007
Administrative expenses		
Salaries and social security	1,075,307	1,185,889
Repairs and maintenance	405,448	417,447
Amortisation of intangible assets	222,807	619,555
Operating and other taxes	252,487	262,017
Depreciation of property, plant and equipment	249,934	229,633
Consulting and training expenses	112,018	130,997
Maintenance of cargo vehicles	107,634	70,109
Sponsorship and other	87,758	71,850
Security expenses	3,211	177,507
Impairment of construction in progress	7,780	71,958
Communications and IT maintenance expenses	52,528	36,247
Utilities	12,584	17,072
Representation expenses	34,114	34,114
Impairment of inventories	0	0
Other	296,056	196,502
Total administrative expenses	**2,919,666**	**3,520,897**

Notes

In LTL	Jan-Sep 2008	Jan-Sep 2007
8 Personnel expenses		
Wages and salaries	4,878,717	4,538,561
Social security contributions	1,511,658	1,418,013
Total personnel expenses	**6,390,375**	**5,956,574**

In LTL	Jul-Sep 2008	Jul-Sep 2007
Personnel expenses		
Wages and salaries	1,605,036	1,561,406
Social security contributions	498,184	478,220
Total personnel expenses	**2,103,220**	**2,039,626**

Personnel expenses for January-September and July-September of 2008 and 2007 include change in accrued vacation compensations.

Personnel expenses for January-September of 2008 include wages and salaries for the management (including social security contributions) in the amount of LTL 441,329 (LTL 461,100 for January-September of 2007). Wages and salaries for the management for July-September of 2008 amounted to LTL 142,770 (LTL 219,770 for July-September of 2007).

As of 30 September 2008, 220 employees were working in the Company (as of 30 September 2007, 228 employees).

Average number of managers working for the Company in January-September 2008 was 4 (in January-September 2007 it was 4.8).

Notes

In LTL	Jan-Sep 2008	Jan-Sep 2007
9 Financial income and expenses		
Interest income	53,666	14,896
Other income	0	131
Total financial income	53,666	15,027
Interest on loans and lease liabilities	1,010,265	660,365
Foreign exchange loss	2,767	1,054
Other	1,245	53
Total financial expenses	1,014,277	661,472
Financial income and expenses, net	**(960,611)**	**(646,445)**

In LTL	Jul-Sep 2008	Jul-Sep 2007
Financial income and expenses		
Interest income	24,690	5,584
Other income	0	0
Total financial income	24,690	5,584
Interest on loans and lease liabilities	385,907	254,587
Foreign exchange loss	50	224
Other	204	0
Total financial expenses	386,161	254,811
Financial income and expenses, net	**(361,471)**	**(249,227)**

In LTL	Jan-Sep 2008	Jan-Sep 2007
10 Corporate income tax expenses		
Current tax	0	10,428
Change in deferred income tax	61,631	77,247
Total income tax expenses	**61,631**	**87,675**

Notes

10 Corporate income tax expenses (cont'd)

The reconciliation of the effective tax rate is as follows:

In LTL	January-September 2008		January-September 2007	
Profit before tax		70,574		347,565
Income tax using the effective tax rate	15.0%	10,586	18.0%	62,562
Twice accounted charity expenses	4.3%	3,046	2.6%	8,974
Non-deductible representation expenses	7.6%	5,385	2.5%	8,550
Non-deductible value added tax	4.8%	3,407	1.6%	5,735
Written-off circulating tare	0	0		
Other non-deductible expenses	55.6%	39,207	4.8%	16,887
Effect of change in tax rate	0.0%	0	(4.3)%	(15,033)
	87.3%	**61,631**	**25.2%**	**87,675**

Notes

11 Deferred tax

In LTL	January-September 2008 Temporary differences	January-September 2008 Deferred tax (15%)	January-September 2007 Temporary differences	January-September 2007 Deferred Tax (15%)
Reduction of other receivables	885,209	132,781	885,209	132,781
Reduction of trade debtors value	730,840	109,626	1,051,915	157,787
Reduction of construction in progress value	648,164	97,225	511,708	76,756
Reduction inventory value	0	0	9,972	1,496
Accrued expenses of holiday reserve social security	140,342	21,051	162,550	24,383
Total deferred tax assets		**360,683**		**393,203**
Difference in depreciation of property, plant and equipment	(3,251,761)	(487,764)	(3 423 489)	(513 523)
Difference in amortisation of intangible assets	(3,000,727)	(450,109)	(1 909 554)	(286 433)
Carrying value of non-current assets that are subject to investment relief	(783,997)	(117,600)	(1,070,411)	(160,562)
Total deferred tax liability		**(1,055,473)**		**(960,518)**
Net deferred tax		**(694,790)**		**(567,315)**

The current profit tax rate for the period ended 30 September 2008 is 15%. According to the amended Lithuanian tax legislation, for the taxable periods starting 1 January 2006 to 31 December 2007 companies' profits subject to corporate income tax will be levied by additional social tax at a rate of 4% during 2006 and at a rate of 3% during 2007. The social tax is imposed in addition to the corporate income tax of 15%. The deferred taxes for 2007 and 2006 do not take into account the additional social tax imposed on taxable profits because it was considered to be immaterial.

The movement of deferred income tax is as follows:

In LTL	Jan-Sep 2008	Jan-Sep 2007
Deferred income tax asset (liability) as of 1 January	(633,159)	(492,154)
Change in deferred income tax	(61,631)	(75,161)
Deferred income tax liability as of 30 September	**(694,790)**	**(567,315)**

Notes

In LTL	Jan-Sep 2008	Jan-Sep 2007
12 Current tax liabilities		
Net income tax asset (liability) as of 1January	1,327	(259,481)
Income tax for the period	0	(12,514)
Income tax paid	211,221	101,666
Net income tax liability as of 30 September	**212,548**	**(170,329)**

Notes

13 Property, plant and equipment

In LTL	Land and buildings	Machinery and equipment	Vehicles and other assets	Other equipment	Construction in progress	Other tangible assets	Total
Cost as of 1 January 2007	14,837,599	14,326,427	1,207,609	2,387,212	3,635,421	131,014	36,525,282
Additions	346,338	1,438,521	187,974	160,152	232,623	87,249	2,452,857
Disposals	0	(50,840)	(5,500)	(1,396)	0	0	(57,736)
Reclassifications	1,175,505	75,441	0	5,000	(1,124,932)	(131,014)	0
Cost as of 30 September 2007	16,359,442	15,789,549	1,390,083	2,550,968	2,743,112	87,249	38,920,403
Accumulated depreciation as of 1 January 2007	5,898,769	8,901,575	654,852	1,704,832	543,060	0	17,703,088
Depreciation for 9 months	454,534	968,425	101,938	189,906	0	0	1,714,803
Impairment loss	0	0	0	0	(31,352)	0	(31,352)
Disposals	0	(50,837)	(4,683)	(1,393)	0	0	(56,913)
Accumulated depreciation as of 30 September 2007	6,353,303	9,819,163	752,107	1,893,345	511,708	0	19,329,626
Net book value as of 30 September 2007	**10,006,139**	**5,970,386**	**637,976**	**657,623**	**2,231,404**	**87,249**	**19,590,777**
Cost as of 1 January 2008	16,359,819	15,758,949	1,631,089	2,421,980	2,911,846	530,520	39,614,203
Additions	367,587	646,899	44,025	133,630	52,621	3,780,661	5,025,423
Disposals	0	(35,666)	(81,510)	0	0	0	(117,176)
Reclassifications	500,000	30,520	0	0	0	(530,520)	0
Cost as of 30 September 2008	17,227,406	16,400,702	1,593,604	2,555,610	2,964,467	3,780,661	44,522,450
Accumulated depreciation as of 1 January 2008	6,508,290	10,014,405	790,517	1,798,256	545,822	0	19,657,290
Depreciation for 9 months	488,675	1,087,760	153,429	193,579	0	0	1,923,443
Impairment loss	0	0	0	0	102,342	0	102,342
Disposals	0	(35,662)	(81,509)	0	0	0	(117,171)
Accumulated depreciation as of 30 September 2008	6,996,965	11,066,503	862,437	1,991,835	648,164	0	21,565,904
Net book value as of 30 September 2008	**10,230,441**	**5,334,199**	**731,167**	**563,775**	**2,316,303**	**3,780,661**	**22,956,546**

Notes

13 Property, plant and equipment (cont'd)

Construction in progress is related to the construction of premises for the production of soft drinks, which was suspended in 1994 because of the change of the Company's strategic plans. The related impairment loss is recognised on the basis of quarterly checks of the impairment and based on the management's estimates.

Depreciation has been allocated as follows:

In LTL	30/09/2009	30/09/2007
Cost of sales	993,906	988,642
Inventories	180,574	125,622
Administrative and other expenses	748,963	600,539
Total	**1,923,443**	**1,714,803**

Notes

14 Non-current intangible assets

In LTL	Patents, licences	Software	Other	Total
Cost as of 1 January 2007	214,515	447,889	18,913,672	19,576,076
Additions during 9 months	0	95,065	0	95,065
Disposals	0	0	0	0
Cost as of 30 September 2007	214,515	542,954	18,913,672	19,671,141
Accumulated amortisation as of 1 January 2007	194,768	335,919	2,206,595	2,737,282
Amortisation for 9 months	11,625	62,061	709,263	782,949
Disposals	0	0	0	0
Accumu.amortisation as of 30 September 2007	206,393	397,980	2,915,858	3,520,231
Net book value as of 30 September 2007	**8,122**	**144,974**	**15,997,814**	**16,150,910**
Cost as of 1 January 2008	202,384	528,949	18,913,672	19,645,005
Additions during 9 months	0	10,275	0	10,275
Disposals	0	0	0	0
Cost as of 30 September 2008	202,384	539,224	18,913,672	19,655,280
Accumulated amortisation as of 1 January 2008	196,860	401,752	3,152,279	3,750,891
Amortisation for 9 months	5,523	53,262	709,262	768,047
Disposals	0	0	0	0
Accum.amortisation as of 30 September 2008	202,383	455,014	3,861,541	4,518,938
Net book value as of 30 September 2008	**1**	**84,210**	**15,052,131**	**15,136,342**

All amortisation expenses are included under operating expenses.

In LTL	30/09/2008	31/12/2007
15 Financial assets		
Granted long-term loans	1,280,989	0
Granted long-term guarantees	0	1,000
Total financial assets	**1,280,989**	**1,000**

Long-term loan of EUR 371,000 EUR (LTL 1,280,989) was granted to an associated company (with fixed interest rate of 6.0% and 6.5%); the loan shall be repaid in January 2009.

Notes

In LTL	30/09/2008	31/12/2007
16 Inventories		
Raw materials	9,444,240	10,827,494
Finished goods	1,845,588	869,364
Work in progress	663,933	467,415
Goods for resale	17,722	41,108
Total inventories	**11,971,483**	**12,205,381**

In LTL	30/09/2008	31/12/2007
17 Prepayments and deferred expenses		
Prepayments to suppliers	333,141	574,745
Deferred advertising expenses	294,714	457,623
Deferred insurance and subscription	24,069	105,797
Other	23,411	27,796
Total prepayments and deferred expenses	**675,335**	**1,165,961**

In LTL	30/09/2008	31/12/2007
18 Trade receivables		
Trade receivables	20,663,439	38,574,189
Impairment allowance for bad debts	(730,840)	(731,782)
Net trade receivables	**19,932,599**	**37,842,407**

Notes

18 Trade receivables (cont'd)

Change in impairment of receivables in January-September 2008 was reduced because a part of bad debts was paid. Change in impairment can be provided as follows:

In LTL	30/09/2008	31/12/2007
Impairment allowance for bad debts as of 1 January	(731,782)	(1,072,419)
Reverse of impairment allowance for bad debts	941	340,637
Impairment allowance for bad debts at the end of the period	**(730,841)**	**(731,782)**

In LTL	30/09/2008	31/12/2007

19 Other receivables

Granted loans	508,099	730,375
Prepayment to the Tax Inspectorate	248,807	248,807
Income tax overpayment	212,548	0
Other receivables	58,069	16,506
Doubtful receivables	885,209	885,209
Total other receivables before impairment	**1,912,732**	**1,880,897**
Impairment	(885,209)	(885,209)
Total other receivables, net	**1,027,523**	**995,688**

Prepayment to the Tax Inspectorate is a guarantee for payment of excise tax on exported products. Granted loans: loan of EUR 125,380 (LTL 432,912) to an associated company (with fixed interest rate of 5.5%; the loan shall be repaid in December 2008) and interest-free loans to the Company's employees amounting to LTL 75,187.

Change in impairment allowance of receivables was as follows:

In LTL	30/09/2008	31/12/2007
Impairment allowance for bad debts and other receivables as of 1 January	**(885,209)**	**(885,209)**
Reverse of impairment allowance for bad debts	0	0
Impairment allowance for bad debts and other receivables at the end of the period	**(885,209)**	**(885,209)**

Notes

In LTL		30/09/2008	31/12/2007
20	**Cash and cash equivalents**		
	Cash at bank and in hand	216,079	72,174
	Total cash and cash equivalents	**216,079**	**72,174**

21 Capital and reserves

Share capital

The share capital is made of 24,408,431 ordinary shares with the nominal value of LTL 1 each and the total share capital is LTL 24,408,431, fully paid. The holders of the ordinary shares are entitled to one vote per share in the shareholders' meeting and are entitled to dividends as declared from time to time and to capital repayment in case of reduction of the share capital. One ordinary share gives a right to one vote at the shareholders' meeting.

Legal reserve

Legal reserve is compulsory reserve under Lithuanian legislation. Annual contributions of 5% of the retained earnings available for distribution are required until legal reserve and the share premium reach 10% of the authorised capital. The reserve can not be distributed.

Notes

22 Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by weighted average number of ordinary shares in issue during the year.

	Jan-Sep 2008	Jan-Sep 2007
Number of shares	24,408,431	24,408,431
Net result for the period attributable to the equity holders, in LTL	8,943	259,890
Profit (loss) per share in LTL	**0.00**	**0.01**

The Company has no diluted potential shares or convertibles. The diluted earnings per share are the same as the basic earnings per share.

23 Interest bearing loans and borrowings

In LTL	30/09/2008	31/12/2007
Non-current liabilities		
Bank loans	16,576,636	7,660,037
Financial lease liabilities	97,325	0
Total non-current liabilities	**16,673,961**	**7,660,037**
Current liabilities		
Overdraft	0	8,693,210
Bank loans, other loans and financial lease liabilities	3,117,489	3,404,461
Total current liabilities	**3,117,489**	**12,097,671**
Grand total	**19,791,450**	**19,757,708**

Notes

23 Interest bearing loans and borrowings (cont'd)

Terms and repayment schedule:

In LTL	Total	Up to 1 year	1-2 years	2-5 years	Over 5 years
Overdraft of LTL 11,000,000 – at the fixed rate of 7.08%	8,997,164	0	8,997,164		
Loan of EUR 4,759,615 (LTL 16,434,000) – at the fixed rate of 6.21%	8,575,901	996,428	6,642,857	936,616	0
Short-term loan of LTL 2,040,000 – at the fixed rate of 7.5%	2,040,000	2,040,000			
Financial lease – 6 month variable EURIBOR +1%	178,385	81,060	97,325		
Total financial liabilities	**19,791,450**	**3,117,488**	**15,737,346**	**936,616**	**0**

Starting from 30 September 2008, the Company has refinanced the existing loans with another Lithuanian bank. According to the new crediting agreement, variable interest rate is set for the period starting on 1 December 2008: for the long-term loan – linked to 3-month EURIBOR, for overdraft – to 3-month VILIBOR. Term of repayment of the long-term loan is 31 December 2015, of the overdraft – 31 August 2010.

In order to secure the bank loans, the Company has pledged tangible and intangible non-current assets, inventories, and trade receivables. Fore further comments refer to Note 27.

In LTL	30/09/2008	31/12/2007
24 Other payables		
Payable excise tax	7,056,307	14,866,664
Payable VAT	1,764,242	4,143,887
Vacation reserve and social security	591,758	736,586
Taxes payable	965,771	34,377
Accrued expenses	32,600	95,022
Other payables	458,162	725,751
Total other payables	**10,868,840**	**20,602,287**

Notes

25 Financial risk management

In the course of using financial instruments, the Company faces the following risks:

- Credit risk;
- Liquidity risk;
- Market risk.

The present note provides for information on each of the aforementioned risks the Company faces, the Company's risk evaluation goals, policy and risk valuation and management processes, as well as the Company's capital management. More detailed quantitative disclosures are presented in the present interim statement.

The Board is completely responsible for development and supervision of the company's risk management structure. The Company's risk management policy is devoted to identification and analysis of the risks the Company faces, determination of respective risk limits and controls, and monitoring of the observance of risks and limits. Riska management policy and risk management system are regularly revised to match the changes of market conditions and the Company's activities. With the help of trainings, procedures of management standards, the Company aims to develop a disciplined and constructive management environment, where every employee knows his/her functions and duties.

Credit risk

Credit risk is the risk that the Company will suffer financial losses in case if a customer or another party fails to fulfil their respective obligations, and in most cases such risk is related with amounts receivable from the Company's customers.

The Company controls credit risk or risk by using credit conditions and procedures of market analysis. The Company has no significant credit risk concentration because it is distributed among different buyers.

The Company accounts the impairment on the basis of evaluation of losses concerning trade and other amounts receivable. Such impairment consists only of specific loss related to individual significant tradings and other amounts receivable

Liquidity risk

Liquidity risk is the risk that, upon maturity, the Company will be unable to fulfil its financial liabilities. The Company's liquidity management objective is to maximally secure sufficient liquidity of the Company, which enables the Company to fulfil its obligations under both, normal and complicated circumstances, without suffering unacceptable losses and being exposed to the risk of loosing its good reputation.

The Company's policy is to maintain sufficient cash to cover planned operating expenditure, including financial liabilities; such security does not cover the influence unforecastable force majeure (such as natural calamities). Moreover, the Company has concluded a contract for overdraft limited to LTL 11,000,000.

25 Financial risk management (cont'd)

Market risk

Market risk is the risk that market price changes, e.g. foreign exchange rates or interests rates, will affect the Company's income or the value of available financial instruments. The objective of market risk management is to manage and control the market risk, considering certain limits, through optimisation of the return.

Interest rate risk

The Company's borrowings are subject to variable interest rates related to EURIBOR and VILIBOR. As of 30 September 2008, the Company did not use any financial instruments to hedge its exposure to the cash flow risk related to debt instruments with variable interest rates or price risk related to debt instruments with fixed interest rates.

Foreign exchange risk

The functional currency of the Company is Litas (LTL). The Company faces foreign currency risk on purchases and borrowings that are denominated in currencies other than Litas or Euro. The risk related to the transactions in EUR is considered to be insignificant as the Lithuanian Litas is pegged to Euro at a fixed rate. The Company does not have any material exposure in other foreign currencies as of 30 September 2008 and 31 December 2007.

Capital management

The objective of the management policy is to maintain a significant level of owner's equity compared to borrowed funds to avoid discrediting investors, creditors and market trust, as well as maintain development of activities in the future. The Boards observes the return on capital and presents offers on payment of dividends to owners of ordinary shares, considering the Company's financial results and strategic plans.

The Board also strives for maintaining the balance between higher return, which could be achieved through a higher level of borrowed funds, and safety, which is provided by a higher level of owner's equity.

The Company's capital management policy did not change in January-September 2008.

Notes

26 Related party transactions

Related parties of the Company are:

- parties that control, is controlled by or is under common control with the Company;
- parties that can have material impact on the activities of the Company;
- parties that are management members of the company or its parent company;
- close members of the family of the aforesaid persons;
- companies that are under control or material impact of the aforesaid persons.

Parent company and ultimate parent company are as follows:

Company	Relationship
Sobieski Sp. Z.o.o.	Parent company
Belvedere S.A.	Ultimate parent company

Other major related parties are as follows:

Company	Relationship
UAB Belvedere Prekyba	Belvedere group company
Sobieski Destylarnia S.A.	Belvedere group company
Vinimpex PLC	Belvedere group company
UAB Belvedere Baltic	Belvedere group company
Fabryka Wodek Polmos Lancut	Belvedere group company
Gemaco	Belvedere group company
I CH PTUP Vuador	Belvedere group company
IOOO Galiart .	Belvedere group company
Chais Beaucairois SAS	Belvedere group company
Domain Menada Sp. Z.o.o.	Belvedere group company
Darius Žaromskis	Shareholder
Arūnas Tuma	Shareholder

Notes

26 Related party transactions (cont'd)

Sales to and purchases from related parties during the reporting periods ended 30 September 2008 and 30 September 2007 are as follows:

Company	Type of transaction	Jan-Sep 2008	Jan-Sep 2007
Purchases from:			
Belvedere group companies	Purchase of services	2,963,810	2,914,372
Belvedere group companies	Purchase of raw materials	1,112,195	601,931
Shareholder	Purchase of services	232,200	142,200
Belvedere group companies	Purchase of non-current assets	3 486	0
Ultimate parent company	Purchase of inventories	91,838	0
Total purchases		**4,403,529**	**3,658,503**

Company	Type of transaction	Jan-Sep 2008	Jan-Sep 2007
Sales:			
Belvedere group companies	Sales of production including excise tax	62,903,815	80,129,836
Parent company	Sales of production including excise tax	305,271	218,804
Parent company	Other income	0	0
Ultimate parent company	Sales of production including excise tax	0	0
Belvedere group companies	Sales of services, etc.	268,900	579,106
Total sales		**63,477,986**	**80,927,746**
Excise tax		42,214,864	53,905,508
Total sales net of excise tax		**21,263,122**	**27,022,238**

Notes

26 Related party transactions (cont'd)

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

Company	30/09/2008	31/12/2007
Trade receivables		
From Belvedere group companies	6,861,605	17,427,768
From ultimate parent company	12,451	73,676
From parent company	359,221	53,947
Total trade receivables	**7,233,277**	**17,555,391**
Trade payables		
To Belvedere group companies	703,127	976,503
Total trade payables	**703,127**	**976,503**

Remuneration to the Company's management is enclosed in Note 8 to the Financial Statements.

All outstanding balances with these related parties are priced on arm's length basis.

Notes

27 Off-balance and other liabilities

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

In thou. LTL	30/09/2008	31/12/2007
Carrying amount of pledged buildings and structures	9,160,762	8,585,436
Carrying amount of pledged trademarks	15,052,131	15,761,393
Carrying amount of pledged inventories	11,971,483	12,205,381
Cash pledged to the bank	0	1,148

The Company, under the agreement on transfer of claiming rights, to secure fulfilment of its obligations under the Crediting Agreement, has transferred to the Bank trade receivables that amounted to LT 19,932,599 as of 30 September 2008 (LTL 22,124,836 as of 31 December 2007).

In relation to credit liabilities towards the bank, the Company has been subjected to additional capital requirements, which are under control of the Company.

On 7 May 2008, the Company commited itself to the Tax Inspectorate to fulfil its tax-related obligations resulting from storage and transportation of articles that are subjected to the excise tax. The obligation amounts to LTL 10,900,000 and expires on 31 May 2009.

28 Fair value of financial instruments

Fair value is defines as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm’s length transaction, other than in forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

Notes

28 Fair value of financial instruments (cont'd)

Carrying amount of assets and liabilities provided in the balance sheet as of 30 September 2008 does not significantly differ from their balance sheet value, except non-current real estate, the depreciated cost-price of whuch significantly differs from its fair value.

Financial assets as of 30 September 2008:

In LTL	Balance-sheet value	Fair value
Granted non-current loans anf guarantees	1,280,989	1,280,989
Advance payments and expenditure of future periods	675,335	675,335
Trade debtors	19,932,599	19,932,599
Other amounts receivable	1,027,523	1,027,523
Cash and cash equivalents	216,079	216,079
Total	**23,132,525**	**23,132,525**

Financial liabilities as of 30 September 2008:

In LTL	Balance-sheet value	Fair value
Loan and other amounts exposed to calculation of interest rate	19,791,450	19,791,450
Amounts payable to suppliers	4,585,445	4,585,445
Other amounts payable	10,868,840	10,868,840
Total	**35,245,735**	**35,245,735**