

**PROSPECTUS OF
STUMBRAS AB
FOR THE YEAR 2006**

**VILNIUS
2007**

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I. GENERAL INFORMATION

1. *The period for which the prospectus was drawn up.*

The year of 2006.

2. *General information about the issuer.*

Issuer name	“Stumbras” AB
Authorized capital	40 000 000 litas
Registered office	K. Būgos str. 7, Kaunas, Lithuania
Telephone number	+370 37 308 800
Fax number	+370 37 308 833
E-mail	stumbras@stumbras.lt
Web site	www.stumbras.lt
Legal and organizational form	public limited liability company
Date and place of registration	October 5, 1995, Board of Kaunas city
Date of re-registration	December 15, 2005
Register code	1320 82782

3. *The nature of the issuer’s principal activities.*

The nature of the principal activities is producing and selling ethyl alcohol and alcohol drinks, as well as other activities stated in the Company’s statute.

4. *Information about where and how one can get acquainted with the prospectus and the documents on the basis of which it was prepared.*

Documents on the basis of which the Prospectus was prepared and the copies of the Prospectus are available to investors in the Company, at 7 Būgos str., Klaipėda, on workdays from 8 a.m. till 12.00 a.m. and from 1 p.m. till 5 p.m. at the head accountant Rūta Rutkauskaitė (telephone number +370 37 308 811).

All major material events related to the Company’s activities or information about time and venue of the General Meeting of Shareholders and any other notices to the shareholders and other persons shall be announced in the daily “Respublika” and Vilnius stock exchange website.

5. *Persons responsible for the accuracy of information in the prospectus:*

5.1 *Members of the managing bodies of the issuer, employees and the head of the administration responsible for the prospectus on behalf of the Company:*

Česlovas Matulevičius, “Stumbras” AB Chief Executive Officer, Telephone Number +370 37 308 800, Fax Number +370 37 308 833;

Voldemaras Kallo, “Stumbras” AB Chief Financial Officer, Telephone Number +370 37 308800, Fax Number +370 37 308 833.

5.2 *Consultants helped with preparing the report:*

Trading and Capital Markets of SEB Vilniaus Bankas, Ltd, legal address Gedimino ave. 12, LT-01103 Vilnius, phone: (370) 5-268-2687, facsimile: (370) 5-268-2683, represented by Donata Šukaitytė, Capital Markets unit Project Manager.

6. *Declaration by the members of the issuer's managing bodies, employees, the head of the administration and the issuer's consultants or their representatives that the information contained in the report is in accordance with the facts and that the report makes no omission likely to affect its import.*

"Stumbras" AB represented by Česlovas Matulevičius, Chief Executive Officer, and Voldemaras Kallo, Chief Financial Officer, hereby represents that information included in the Report gives a true view and there are no undisclosed material facts the absence of which might influence the potential investors' decisions.

The Trading and Capital Markets of SEB Vilniaus Bankas, Ltd. represented by Donata Šukaitytė, Capital Markets unit Project Manager, hereby represents that complete information obtained from the Company's employees and its Management has been included into the report and it is the former's responsibility to duly prepare the documents submitted to it. It is the responsibility of "Stumbras" AB that said information gives a true and fair view.

"Stumbras" AB Chief Executive Officer

May 02, 2007

Česlovas Matulevičius

"Stumbras" AB Chief Financial Officer

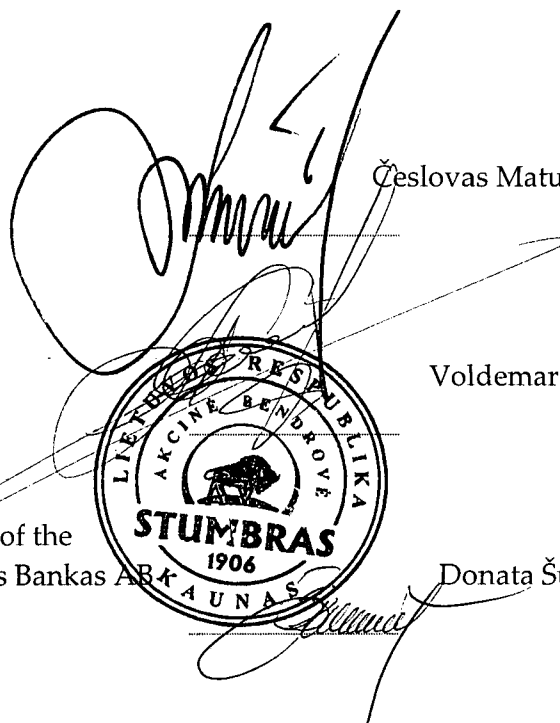
May 02, 2007

Voldemaras Kallo

Project Manager of the Capital Markets unit of the
Trading and Capital Markets of SEB Vilniaus Bankas AB

May 02, 2007

Donata Šukaitytė



The report was drawn up in Vilnius, May, 2007.

II. INFORMATION ABOUT THE ISSUER'S AUTHORIZED CAPITAL, ISSUED SHARES AND THE MEMBERS OF MANAGING BODIES

7. The issuer's authorised capital and structure:

7.1. authorised capital registered in the register of enterprises.

In December 31, 2006, the issuer's authorized capital was equal to 39 685 354 ordinary registered shares, the par value of each being 1 LTL, and 314 646 ordinary employee shares, the par value of each being 1 LTL (in 2005 - 39 685 354 ordinary shares, the par value of each being 1 LTL).

The structure of "Stumbras" AB authorized capital according to the share type:

Type and class of shares	The number of authorized shares	Nominal value (Lt)	Total nominal value	The part of the authorized capital (%)
Ordinary registered shares	39 685 354	1	39 685 354	99,21
Ordinary employee shares	314 646	1	314 646	0,79
Total:	40 000 000	-	40 000 000	100,00

All shares of the Company are paid up.

7.2. information about the projected increase of the authorized capital in connection with conversion or exchange of convertible debt securities, exchangeable debt securities or derivative securities issued

Not supposed.

8. Major shareholders.

Total number of "Stumbras" AB shareholders on the 23rd March, 2007 was 405.

Shareholders, who held more than 5% Company's authorized capital on the 23rd March, 2007:

Shareholder's names and surnames of natural persons, names of enterprises	Number of shares		The percentage of votes		
	Total	Held by the right of ownership	Total	Votes given by the shares held by the right of ownership	Votes given by the shares held together with persons acting in concert
„Mineraliniai vandenys“, Ltd. Code: 121702328, Address: J.Jasinskio str. 16, Vilnius, Lithuania	39 076 278	39 076 278	97,69	97,69	97,69

9. Main characteristics of shares, issued to the public trades of securities.

All shares of "Stumbras" AB are issued to the public trades of securities.

Changes in the authorized capital during the last 7 years:

Date	Event	Capital, LTL	Structure	Comments
2000 10 02	General shareholders' meeting			Authorized capital was increased by 12 711 471 LTL (additional shares were issued and distributed to the shareholders).
2000 11 30	Registration in the Lithuanian Securities Commission			Act Number. AB – 4824
2000 12 18	Registration in the Register of enterprises	88 980 297	100 % of shares are ordinary registered shares	
2002 10 30	General shareholders' meeting			Authorized capital was increased by 29 660 099 LTL using additional contributions
2002 11 14	Registration in the Lithuanian Securities Commission			Act Number. AB – 5122
2002 11 11	Registration in the Register of enterprises	118 640 396	100 % of shares are ordinary registered shares	
2004 02 18	General shareholders' meeting			Decision to increase the Company's authorized capital using additional contributions (share issue of LTL 12 120 000 nominal value was released).
2004 03 25	Registration in the Lithuanian Securities Commission			Act Number. AB – 5243
2004 08 11	Registration in the Register of enterprises	130 676 340	100 % of shares are ordinary registered shares (32 669 085 shares)	
2004 09 24	General shareholders' meeting			Decision to increase the Company's authorized capital using additional contributions (share issue of 28 144 464 LTL nominal value was released).
2004 10 21	Registration in the Lithuanian Securities Commission			Act Number. AB – 5265
2005 01 25	Registration in the Register of enterprises	158 741 416	100 % of shares are ordinary registered shares (39 685 354 shares)	
2005 09 23	General shareholders' meeting			Decision to reorganize the Company by separating Biofuture AB from it. "Stumbras" AB shares (nominal value of each being LTL 4) were changed into the same number of Biofuture AB shares (nominal value of each being LTL 3) and "Stumbras" AB shares (nominal value of each being LTL 1).
	Registration in the			-

	Lithuanian Securities Commission			
2005 12 15	Registration in the Register of enterprises	39 685 354	100 % of shares are ordinary registered shares (39 685 354 shares)	
2006 09 14	General shareholders' meeting			Decision to increase the Company's authorized capital using additional contributions (314 646 ordinary employee shares, par value of each being 1 LTL, were issued).
	Registration in the Lithuanian Securities Commission			

10. Main data about the shares issued not for public offering.

During the period of May 24, 2006 and May 25, 2006 "Stumbras" AB issued 314 646 ordinary employee shares (par value and striking price of each being 1 (one) litas). New "Stumbras" AB regulations were registered in the Register of Legal Entities in June 23, 2006.

11. Main data about the issued depository receipts certificates representing shares.

Were not issued.

12. Main data about debt securities registered and issued to the public offering.

Were not issued.

13. Main data about debt securities registered and issued for private offering.

Were not issued.

14. Securities not representing capital.

Were not issued.

III. INFORMATION ABOUT SHARES ISSUED IN SECONDARY MARKET

15. Securities listed on Stock Exchange.

At the moment 39 685 354 ordinary registered shares, the par value of each being LTL 1, are listed on the Main list of the Vilnius Stock Exchange. The total nominal value is 39 685 354 LTL. The ISIN code of the shares is LT0000119430.

16. Data about trades with company's securities.

Information about prices and turnovers of "Stumbras" AB ordinary registered shares within the period of January 1, 2005 and December 31, 2006:

Period		Price			Turnover (LTL)			Last Session's date	Total turnover	
From	Till	Max.	Min.	Last session	Max.	Min.	Last session		(units)	(LTL)
2005 01 01	2005 03 31	15,50	6,50	14,00	71 005	0,00	12 897	2005 03 31	52 341	603 373
2005 04 01	2005 06 30	14,00	11,50	12,10	67 500	0,00	0	2005 06 30	29 899	389 629
2005 07 01	2005 09 30	15,30	11,50	13,05	92 284	0,00	780	2005 09 30	23 374	322 301
2005 10 01	2005 12 31	13,90	10,25	10,25	49 696	0,00	22 693	2005 12 30	19 364	236 223
2006 01 01	2006 03 31	11,49	9,46	10,00	99 995	0,00	1 300	2006 03 31	35 852	320 940
2006 04 01	2006 06 30	10,00	7,23	8,00	10 944	0,00	0	2006 06 30	7 583	67 626
2006 07 01	2006 09 30	9,19	8,00	8,20	66 938	0,00	82	2006.06.29	26 196	214 453
2006 10 01	2006 12 31	8,20	8,01	8,10	147 275	0,00	138 369	2006.12.29	117 376	947 223

Trades with the Company's shares are not executed on any other stock exchange except for the Vilnius Stock Exchange

17. Capitalization.

The capitalization of „STUMBRAS“ AB ordinary registered shares (the ISIN code for these shares is LT0000119430) within the period of year 2005 and year 2006 is given in the table below:

Date	Capitalization, LTL	Share price, LTL
2005 03 31	441 359 338	13,51
2005 06 30	395 295 929	12,10
2005 09 30	426 331 559	13,05
2005 12 31	406 774 879	10,25
2006 03 31	396 853 540	10,00
2006 06 30	317 482 832	8,00
2006 09 30	325 419 903	8,20
2006 12 31	321 451 367	8,10

18. OTC trades.

Period		Settled in cash						Settled in kind		Total amount (units)
		Price (LTL)			Amount (units)	Amount (LTL)	Number of trades	Amount (units)	Number of trades	
from	till	Max	min	Av.						
2005.01.01	2005.03.31	3,92	3,92	3,92	6 877	26 985	1	-	-	6 877
2005.04.01	2005.06.30	7,50	7,50	7,50	6 000	45 000	1	-	-	6 000
2005.07.01	2005.09.30	-	-	-	-	-	-	-	-	-
2005.10.01	2005.12.31	-	-	-	-	-	-	-	-	-
2006.01.01	2006.03.31	-	-	-	-	-	-	-	-	-
2006.04.01	2006.06.30	-	-	-	-	-	-	-	-	-
2006.07.01	2006.09.30	-	-	-	-	-	-	-	-	-
2006.10.01	2006.12.31	-	-	-	-	-	-	-	-	-

19. Data about the issuer's buying up of its shares.

The Company has not bought out its own shares.

20. Submission of a tender offer.

There were no tender offers to buy issuer's shares in 2006.

21. The issuer's payment agents.

The company has no agreements with any payment agent.

22. Agreements with intermediaries of public trading in securities.

On the 24th of October, 2003 company signed the Issuer's Service Agreement with SEB Vilniaus bankas AB (Code: 112021238, Address: Gedimino av. 12, tel.: +370 5 268 2687, fax.: +370 5 262 6043), represented by Trading and Capital Markets.

IV. DATA ABOUT THE ISSUER'S ACTIVITIES

23. *Legal basis for the issuer's activities.*

Stumbras AB activities are based on:

- Law on Companies of Republic of Lithuania;
- Public Company Law;
- Law on Securities Market of Republic of Lithuania
- The Law on Markets of Financial Instruments;
- Stumbras AB statute;
- Other laws of Republic of Lithuania and regulatory enactments of the Government.

24. *Membership in associated structures.*

Stumbras AB is a member of these associations:

Lithuanian Confederation of Industrialists - it is a non-political organization, which has objectives to create most favourable conditions for the development of economic, technical and social progress of Lithuanian enterprises regardless their form of the ownership. To represent rights of the members of the Confederation and defend their interests in the governmental, social and international structures. To expand markets for products and raw materials, to improve conditions of exports as well as for imports in order to enable Lithuanian industry to contribute a proper contribution to the strengthening of the national economy. To represent entrepreneurs and defend their social and legal interests. To make contacts between Lithuanian manufacturers and their counterparts abroad through international exhibitions and available information systems.

Kaunas Chamber of CIC – represents interests of the Kaunas region companies.

Lithuania's food industry association – unifies major bread and confection, oil, mayonnaise, leaven, starch and syrup, alcohol and other beverage producers, provides wide range of business services, assists finding international partners for the members of the association, and contributes to creating better business conditions for foreign investors.

Association EAN Lithuania under the Association of Lithuanian Chambers of Commerce, Industry and Crafts – a member of EAN International organization, authorized to concede producers' numbers to Lithuanian entrepreneurs, register numbered commodities, control technical requirements to ensure the quality of bar codes' symbols as well as encourage further development of international numbering system.

"Vilnius stock exchange" AB - it is the only regulated securities market in Lithuania, offering trading, listing and information services.

The Union of Lithuanian Traders, Industrialists and Handicraftsmen – the main objectives are to improve the economic well-being of the nation by uniting all Lithuanian traders, industrialists and handicraftsmen, as well as caring for their legal, economic and cultural affairs, improving their professional skills, and supporting Lithuanian trade, industry and crafts.

Association of companies, selling alcoholic drinks - produces alcoholic and other drinks, works with entrepreneurs and employers organizations.

Stumbras AB engages in these organizations only as a member. The issuer does not participate in the capital of any of those organizations. Other members of those organizations do not participate in the issuer's authorized capital. All members of associations pay membership fees. Associations are non-profit organizations, they do not have securities issued, and they do not pay dividends.

25. Brief description of the issuer's historical background.

Stumbras factory of vodka has been established in 1906, and now takes a significant place in the list of working factories of alcoholic drinks in Lithuania. In 1954 the first automatic vodka filling line has been launched, and after five years a general reconstruction of production workshops has been made. According to the order of Ministry of Agriculture of the Republic of Lithuania in 1975, industrial confederacy of spirit and liqueur "Stumbras" has been established. Antanavas spirit factory (established in 1890), Balbieriškis spirit factory (established in 1913) and Šilutė spirit factory (established in 1950) were merged with "Stumbras". In 1990 confederacy has been reorganized into a public company "Stumbras", which in 1995 was once more reorganized into a Special assignment joint – stock company "Stumbras".

In pursuance of the Republic of Lithuania law (Number IX-999; released on the 27th of June, 2002) on the 24th of December, 2002, a new statute edition has been registered. According to this edition, a special assignment joint – stock company "Stumbras" has been renamed into "Stumbras" AB.

In pursuance of the special assignment joint – stock company "Stumbras" Extraordinary General meeting decision (the meeting was held on the 30th of October, 2002) to increase Company's authorized capital from unclassified reserves by changing nominal value of the shares (3LTL for each share into 4LTL for each share), Company's authorized capital has been increased from 88 980 297 LTL to 118 640 396 LTL. On the 11th of August, 2004, Company's authorized capital has been increased to the 130 676 340 LTL, and on the 25th of January, 2005 - to the 158 741 416 LTL.

On the 23rd of September, 2005 the General Meeting decided to reorganize Stumbras AB, by separating a part of Company's capital and establishing „Biofuture“ AB. Terms of the reorganization stated, that "Stumbras" AB shares (nominal value of each being 4LTL) will be changed into the same number of "Biofuture" AB shares (nominal value of each being 3LTL) and "Stumbras" AB shares (nominal value of each being 1LTL). After reorganization, on the 15th of December, 2005, "Stumbras" AB authorized capital was 39 685 354 LTL.

On the 10th of April, 2006, ordinary general meeting decided to increase Company's authorized capital by additional contributions of 314 646 LTL (314 646 ordinary shares, having a status of personnel (par value of each being 1LTL), were issued). According to "Stumbras" AB statute, which has been registered on the 23rd of June, 2006, Company's authorized capital is 40 000 000 LTL, which is divided into 39 685 354 ordinary shares (nominal value of each being 1LTL) and 314 646 ordinary shares, having a status of personnel (nominal value of each being 1 LTL).

26. Characteristics of production.

Core activity of "Stumbras" AB is producing and selling of ethyl alcohol, alcohol drinks, mineral water, carbon dioxide, plugs and plastic tare.

The table below shows the main production outputs during the last 3 years (data is given in decalitres (dal) and tons).

Title	Measurement Unit	2006	2005	2004
Alcohol products	thousands dal	2947	4476	3037
In that number – Alcohol drinks	thousands dal	1805	1437	1261
Other production	thousands t	7	76	99

The key factor, deciding "Stumbras" AB shifts in production and pricing is the excise tariffs, determined by the Republic of Lithuania legislation.

During the reported period a 3 200 litas excise for each hectolitre pure ethyl alcohol was valid for all alcoholic drinks and ethyl alcohol.

During the last 3 years "Stumbras" AB started producing:

- Year 2004 – a broad variety of vodkas „Extra“ and „Stumbro SALLUT“ ;
Vodkas „Stumbro vanilinė“, „Kristalinė“, „N“, „SOS“, „CCCP“, „Jana“, „Jana Premium“, „Iskra“, „Vodka“, „Herbal Vodka“, „Berza Degvins“;
Coctails „Ultra X“;
Brandy „Waterloo“, „Forum“, „Kolumbs“, „Victoria“;
Whisky „Black Jack“.
- Year 2005 – Vodkas „Carskyj Pakrov“, „Jonų“, „Ozone“, „Stalnaya“, „St. George“, „Vodka“
Bitter „Patentuota“;
Liqueur „Santa Lucia“ and „Poema“
Spirituos drink „Troya“
Brandy „Waterloo“ ir „Factum“
- Year 2006– Vodkas „SOJUZ“, „Švogerių degtinė“, „Šimtmečio degtinė“, „RUSSKY BOYAR“, „Hammer“, „Splodzielcza“, „ESTO VIIN“, „Stumbražolių degtinė“, „Nipernaadi“.
Bitter „Stumbro trauktinės“.
Brandy „Aramis“.
Spirituos drinks „Gloria“, „Waterloo“, „Aramis“, „Žalios devynerios“.

Titles of core production	Part of the main production sales (%) in the total volume of sales		
	2006	2005	2004
Alcohol products	98,0	96,4	90,3
In that number- alcohol drinks	87,7	79,4	81,3
Mineral water	0,0	0,0	0,3
Other production	1,5	2,4	6,3
Other	0,5	1,2	3,1

In order to observe changes alcohol prices Lithuanian Department of Statistics gets report about the situation of alcohol drinks, which have the biggest unit weight in common production, prices. For the investigation of the year 2006 these products: „Originali lietuviška“, trauktinė „Stumbro starka“ ir trauktinė Trejos devynerios“ were chosen.

The prices of the year 2006 are given in the table below :

Title	Measurement unit	Price (without excise and VAT) , LTL		
		2006 01 01	2005 01 01	2004 01 01
Vodka „Originali lietuviška“	0,5 l	3,68	3,61	3,03
„Stumbro“ blackcurrant vodka	0,5 l	-	3,49	3,49
Bitter „Stumbro starka“	0,5 l	4,14	4,28	3,76
Bitter „Trejos devynerios“	0,5 l	3,76	3,36	3,00

The prices of the products, that have the biggest unit weight in common production is fixed in the beginning of the year. It must be noticed that average price of the products has been growing during the reported period of time.

The factors, describing “Stumbras” AB core activities are given below in the table:

Indicator	2006	2005	2004
Net profitability	0,20	0,24	0,07
Return on average assets, ROA	0,16	0,12	0,03
Debt ratio	0,47	0,50	0,25
Liabilities – equity ratio	0,90	1,01	0,33
Liquidity ratio	1,68	2,42	0,85
Asset turnover	0,82	0,65	0,42
Share book value, Lt	1,64	1,60	4,95
Earnings per share, Lt	0,50	0,50	0,20

27. Sales market.

By signing longterm sale contracts Company ensures constant and methodical production sale.

During the year of 2004 Company sold 94,3 % of its production in Lithuania and became sales leader, covering 45,3 % of Lithuanian alcohol market .

During the year of 2005 Company sold 90,7 % of its production in Lithuania.

During the year of 2006 Company sold 89,6 % of its production in Lithuania.

Selling quantities of the period 2004 - 2006 are given in the table below (data is given in decalitres (dal) and tons):

Title	Measurement unit	2006			2005			2004		
		Local market	Export	Total	Local market	Export	Total	Local market	Export	Total
Alcohol products	Thousands dal	1844	505	2349	1546	912	2458	1495	119	1614
In that number-alcohol drinks	Thousands dal.	1558	182	1740	1304	133	1437	1168	71	1239
Other production	Thousands dal.	31	-	31	28	3	31	3	128	131
	Thousands t	7	-	7	76	-	76	101	2	103

Selling amounts of the period 2004 – 2006 are given in the table below (data is given in litas):

Title	Measurement unit	2006			2005			2004		
		Local market	Export	Total	Local market	Export	Total	Local market	Export	Total
Alcohol products	Thousands LTL	99026	13040	112066	79409	16776	96185	78434	2656	81090
In that number-alcohol drinks	Thousands LTL	93430	6903	100333	75240	3996	79236	71050	1921	72971
	Thousands LTL								-	
Other production	Thousands LTL	1740	-	1740	2386	41	2427	3288	2568	5856
Other sales revenues	Thousands LTL	318	290	608	834	408	1242	2832	-	2832
Total:	Thousands LTL	101084	13330	114414	82629	17225	99854	84554	5224	89778

Year 2006:

Sold in local market 88,34 %
Exported 11,65 %

Year 2005:

Sold in local market 82,75 %
Exported 17,25 %

Year 2004:

Sold in local market 94,18 %
Exported 5,82 %

During the year of 2006 Company exported its production to Ireland, Great Britain, Australia, Bangladesh, Denmark, Estonia, Greece, Spain, Italy, Israel, UAE, USA, Latvia, Poland, Norway, Portugal, El Salvador, Singapore, North Ireland, Sweden, Switzerland, Germany.

Realization format in a year 2006:

1. Short – term contracts.
2. One – time contracts.
3. Random contracts.
4. Realization through the agents.
5. Long – term contracts.

28. Procurement.

Longterm delivery contracts with constant and reliable suppliers from Lithuania and Western Europe are signed in order to provide factory with high quality raw materials. "Stumbras" AB also works with Lithuanian farmers, who cultivate ecologically clean grain, sweetgrass, leaves of pear and apple trees, etc. Furthermore, Company constantly is searching for new suppliers of raw materials in Western Europe.

Main suppliers are given in the table below:

Company	Supplied goods in 2006 (in litas)	Product
LITHUANIAN SUPPLIERS		
"Panevėžio stiklas" AB Pramonės str. 10, Panevėžys	9 656 194	Bottles
"Pak-Mark" UAB Savanorių prospect 176, Vilnius	4 536 143	Packing materials, labels
„Kauno grūdai“ AB Minkovskių str. 63, Kaunas	1 914 765	Wheat
"Daigai" UAB Birželios 23-iosios str. 10, Vilnius	982 567	Labels
„Agrokonzerno grūdai“ UAB Užnerio str. 15, Kaunas	549 006	Wheat
"ARVI cukrus" UAB P. Armino str. 65, Marijampolė	448 880	Sugar
"Vorto gama" UAB Gedimino avenue 50/2, Vilnius	447 419	Filter cardboard
FOREIGN SUPPLIERS		
Company „Lako“ Latvia	7 152 731	Rectified ethyl alcohol
"DGS Sp.z.o.o." Poland	4 778 767	Plugs
"Jarvakandi Klaas AS" Estonia	3 471 006	Bottles
"Pol-Mar Ltd" Poland	2 242 947	Juice concentrate, souvenir bottles
Spaustuvė "Cezar" Poland	1 367 265	Labels
"Distillerie Merlet and Fils" France	845 339	Brandy raw materials, wine
CAMUS SA France	753 460	Wine alcohol
JEAN GOYARD France	694 722	Wine alcohol

Main suppliers of energy resources:

Company	Services delivered during the year of 2006 (in litas)	Product
„Prienų energija“, UAB Statybininkų str. 6, Prienai	792 151	Steam
"Vakarų skirstomieji tinklai" AB J.Jasinskio str. 16 C, Vilnius	439 110	Electrical energy
"Kauno vandenys" UAB Aukštaičių str. 43, Kaunas	229 883	Water

Percentage of supplies by countries:

Country	Volumes of supplies (percentage)
Lithuania	43
Poland	20
Estonia	10
Latvia	15
France	5
Germany	3
Other countries	4

29. Immovable property and other main facilities.

"Stumbras" AB long – term tangible assets and residual value of the 31st of December, 2006 is given in the table below:

	Title	Residual value, thousands LTL 2006 12 31
I.	Land and buildings	8 695
II.	Machinery and equipments	12 700
III.	Cars	391
IV.	Other long – term tangible assets	2 121
V.	Under construction and forward payments	1 242
	Total:	25 149

To the end of the reported period "Stumbras" AB had the ownership of this real estate, located in K. Būgos str. 7, Kaunas, and registered in real estate register:

Number	Entity	Marking in a plan	Unique number	Total area (square metres)
1.	Building – Industrial building	1P4p	1990-6000-3018	6973,55
2.	Building – Mechanical workshops with administrative building	2P2p	1990-6000-3029	497,72
3.	Building – storehouse	3F1p	1990-6000-3036	234,33
4.	Building – storehouse	4F4b	1990-6000-3040	3105,51
5.	Building - canteen	8M1p	1990-6000-3072	221,75
6.	Building - storehouse	9F3p	1990-6000-3083	4615,24
7.	Building - storehouse	10F1p	1990-6000-3094	606,11
8.	Building - Mechanical workshops with domestic building	12F2p	1990-6000-3107	190,76
9.	Building - Mechanical workshops with administrative building	17B2p	1990-6000-3118	386,02
10.	Building - office	18B3p	1990-6000-3129	974,99
11.	Building - storehouse	19F3p	1990-6000-3138	2442,83
12.	Building -Transformer	11I1p	1990-6000-3140	74,00
13.	Other buildings- yard buildings (sheds 4 units, chimney, fence, backyard, cooler -22I1g, cooler-24I1g)		1990-6000-3172	

Buildings are located on the ground that is owned by the state (cadastre address: 1901/0183:6, address: Kaunas city council, Kaunas, K. Būgos str. 7). "Stumbras" AB administrates 1,6875 ha holding. Legal subject: 27th May, 1994 contract on Governmental holding rent. Term: 99 years, starting from the contract signing date.

There is 1 242 335 LTL accounted in the last row of "Stumbras" AB balance – sheet (31st of December, 2006) "Under construction and forward payments". In that number:

- Under construction– 1 206 365 LTL,
- Forward payments – 35 970 LTL.

30. Risk factors related to issuer's activities.

Major factors, which have influenced to Company's economic and financial activities during the year of 2006 or may influence Company's activities in the future:

Economic factors: Since the 1st of January, 2004, Lithuanian alcohol industry has been liberalized by abolishing exceptional producing rights to four following companies: "Stumbras" AB, "Alita" AB, "Vilniaus degtinė" AB, "Anykščių vinas" AB. New producers appeared in the market, so the competition in the market increased.

Political factors: A negative influence has instability of legislation and other standard legislation acts, which regulate Company's activities (especially excises of alcohol drinks).

Ecological factors: In a year 2006 Company has paid a fine of 1.007,4 thousands LTL for the environment pollution. A major part of these expenditures is for the trash clearing. Since the 1st of January, 2006 expenditures to cover the environment pollution fines increased and reached 1.001,5 thousand litas (in a year 2005- 637,1 thousand litas), due to the new amendment of legislation which says that companies must pay a fee for the whole amount of packages which had been released to the internal market and polluted the environment. In the future, increasing productions and sales, these expenditures may increase even more.

Technical and technological factors may influence Company's economic and financial activities, because rectified ethyl alcohol produced elsewhere is used for the Company's production. The dependence on raw materials suppliers is increasing significantly. It changes net cost and quality of the products.

Bank loans: On the 31st of December, 2006 "STUMBRAS" AB had these loans:

	2006
Long - term	
Bank loans	-
	-
Short - term	
Bank loans	21 923
Total	21 923

Total bank loan is related with a syndicated loan, received from two banks. The loan must be returned till the 1st of October, 2007.

31. Termination and reduction of production that have exercised or are exercising material impact upon the performance of the issuer during the last two financial years.

There was no termination or decrease in production which had significant impact upon the performance of the company.

32. Patents, licenses, contracts.

Licences required for alcohol production may be acquired in the government determined way.

"Stumbras" AB has these licences:

- **Licence Nr. 81:** this is a production licence for alcohol products (including alcohol drinks), which capacity concentration of ethyl alcohol does not exceed 22 percent. This licence allows producing spirituous drinks (code of combined commodity nomenclature: 2208.90) to 200 000 dal per year and other fermented drinks (code of combined commodity nomenclature: 22.6) to 100 000 dal per year. Expiry date 1999.06.06.- not terminated.
- **Licence Nr. 150:** this is a production licence for alcohol products which capacity concentration of ethyl alcohol does not exceed 22 percent, as well as alcohol drinks, methylated and not methylated ethyl alcohol. This licence allows producing spirituous drinks (code of combined commodity nomenclature: 22.08), alcohol cocktails (code of combined commodity nomenclature: 22.08), apple and pear cider (code of combined commodity nomenclature: 22.06), not methylated ethyl alcohol (code of combined commodity nomenclature: 22.070) and methylated ethyl alcohol (code of combined commodity nomenclature: 22.07). Expiry date 2000.12.31 - not terminated.
- **Licence Nr. 115:** this is a production licence for beer, which capacity concentration of alcohol does not exceed 9,5 percent. This licence allows producing beer (code of combined commodity nomenclature: 22.03). Expiry date 1999.06.06 – not terminated.
- **Licence Nr. 20L-38:** this licence allows being in the wholesale trade of not methylated ethyl alcohol. The licence is issued 2006 -02-14. Expiry date – not terminated.

33. Court proceedings.

In a year 2006 Company and complainant “Šiaulių tara” UAB, which has been submitted decision of the Court of Appeal for the executing, ended civil case in a transaction, which has been certified on the 25th August, 2006 in Kaunas court. “Stumbras” AB fulfilled all liabilities which were discussed in a 17th August, 2006 transaction. According to the Kaunas court decision to confirm transaction, there should not arise any other liabilities for “Stumbras” AB.

In a year 2006 Company took part as a respondent in a civil case of Kaunas court according to the “Palink” UAB claim on the contempt of competition normative acts and compensation of damage. On the 14th November, 2006 Kaunas court confirmed transaction and dismissed the case of “Palink” UAB.

In a year 2006 Company took part as a respondent in a case of Kaunas court. The case was about transaction between “Stumbras” AB and its former employee execution. Kaunas court decided to reject complainant’s claim and stopped the case.

During the year 2006 Company didn’t participate in any other courts or arbitral procedures.

34. Staff.

	2006 12 31	2005 12 31	2004 12 31
Employees who have higher education	70	83	85
Employees who have further education	76	81	107
Employees who have secondary education	146	171	211
Employees who do not have secondary education	7	6	6
Total	299	341	409

Employee group	2006		2005		2004	
	Number of employees in the end of a year	Average monthly pay in litas	Number of employees in the end of a year	Average monthly pay in litas	Number of employees in the end of a year	Average monthly pay in litas
Managers	7	12849	8	8206	8	8602
ITD	62	3797	74	3448	101	3025
Workers	230	2002	259	1619	300	1472
Total	299	2593	341	2151	409	1884

In order to use productive forces as effectively as possible and to reduce expenditures, "Stumbras" AB adjusted its priority activities and reorganized Company's structure. In a year 2005, Company separated its activities by continuing producing strong alcohol drinks in Kaunas as "Stumbras" AB and establishing a new company "Biofuture" AB in Šilutė, which took over the producing of methylated and not methylated ethyl alcohol. Because of these actions the number of employees in "Stumbras" AB decreased in a year 2005 and 2006.

35. Investment policy.

There are no companies where issuer's part comprised more than 30 percent of their authorised capital.

36. Competitors.

"Stumbras" AB competitors are other producers of alcohol products in Lithuania. It is "Vilniaus degtinė" AB, "Alita" AB, "Anykščių vynas" AB, "Sema" AB, "Lietuviškas Midus" UAB, alcohol drinks distributors – "Mineraliniai vandenys" UAB, "Bennet Distributors" UAB, „Sanitex“ BĮ, also companies like „VP Market“ UAB, „Palink“ UAB, „Norfos mažmena“ UAB. The influence to Company's results also makes the growth of the alcohol drinks import from Latvia and Estonia, as well as existing illegal production of strong alcohol drinks and smuggling of strong alcohol drinks and ethyl alcohol.

37. Dividends paid.

8 304 828 Lt were paid dividends from the profit of the year 2002 (it is 7% of the authorized capital). Dividends are 0,28 Lt for one stock (nominal value 4 Lt). Without taxes – 0,24 Lt per stock.

There were no dividends paid in a year 2003.

13 889 873.90 Lt were paid as dividends from the profit of the year 2004 (it is 8,75% of the authorized capital). Dividends are 0,35 Lt for one stock (nominal value 4 Lt). Without income tax (15%) – 0,2975 Lt per stock.

17 858 409,30 Lt were paid as dividends from the profit of the year 2005 (it is 45% of the authorized capital). Dividends are 0,45 Lt for one stock (nominal value 1 Lt). Without taxes – 0,3825 Lt per stock.

22 000 000,00 Lt were paid as dividends from the profit of the year 2006 (it is 55% of the authorized capital). Dividends are 0,55 Lt for one stock (nominal value 1 Lt). Without taxes – 0,4675 Lt per stock.

V. FINANCIAL STATUS

38. Financial statements.

Data presented in all financial statements are expressed in Lithuanian Litas (LTL).

The financial statements of 2004 and 2005 are the first ones to be prepared in accordance with International Financial Reporting Standards (IFRS). Financial year are the same as calendar year.

38.1. Balance sheets for the last three years and interim balance sheet

LTL'000	2006	2005	2004
ASSETS			
Long term assets			
Property, plant and equipment	25,149	23,508	48,378
Intangible assets	563	459	211
Deferred profit tax assets	-	73	-
Financial assets for sale	15	15	15
Long term receivables	42	1,485	121,500
Total assets:	25,769	25,540	170,104
Current assets			
Inventories	13,242	18,322	18,759
Receivables	46,553	63,978	17,844
Prepayments for profits tax	-	527	1530
Cash and cash equivalents	39,157	12,674	7,305
Fixed assets for sale	162	6,231	-
Total current assets:	99,114	101,732	45,438
TOTAL:	124,883	127,272	215,542

LTL'000	2006	2005	2004
EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves			
Authorized capital	40,000	39,685	130,676
Reserves	4,990	-	11,864
Profit (loss) brought forward	20,692	23,655	19,219
TOTAL equity	65,682	63,340	161,759
LIABILITIES			
Long term liabilities			
Loans	-	21,923	-
Deferred profit tax liabilities	56	-	-
Total long term liabilities	56	21,923	-
Short term liabilities			
Loans	21,923	4,231	-
Trade and other payables	33,749	35,626	53,150
Income tax liabilities	3,473	-	-
Future revenues	-	1,593	633
Deferment for other liabilities	-	559	-
Total short term liabilities	59,145	42,009	53,783
Total liabilities	59,201	63,932	53,783
TOTAL EQUITY AND LIABILITIES	124,883	127,272	215,542

38.2. *Income statements for the last three years and interim income statement*

LTL'000	2006	2005	2004
Revenue	101,943	82,770	76,243
Cost of sales	(52,123)	(39,834)	(40,335)
Gross profit	49,820	42,936	35,908
Other operating income, net	(35)	18	(3)
Sales and marketing expenses	(9,751)	(8,091)	(3,362)
Administrative expenses	(17,040)	(13,977)	(18,919)
Other revenues	1,839	4,121	6,061
Other expenses	(885)	(1,707)	(3,573)
Operating profit	23,948	23,300	16,112
Financial income	190	97	-
Financial costs	(984)	(942)	-
Profit before tax	23,154	22,455	16,112
Income tax expenses	(4,631)	(1,318)	(929)
Profit for the year from continuing activities	18,523	21,137	15,183
Stopped activity			
Profit (loss) for the year from stopped activities	1,363	(1,332)	(8796)
Profit for the year	19,886	19,805	6,387
Basic and diluted earnings per share from continuing activities (Lt for one share)	0,47	0,54	0,49
Basic and diluted earnings per share from stopped activities (Lt for one share)	0,03	(0,03)	(0,29)

38.3 Cash Flow statements for the last three years and interim Cash Flows

LTL'000	2006	2005	2004
Ordinary activity			
Cash flows from ordinary activity	19,374	16,125	1,033
Interest received	3,465	330	1,832
Interest paid	(984)	(942)	-
Profit tax paid	(822)	(1,169)	(1,596)
Net cash from operating activities	21,033	14,344	1,269
Investing activity			
Acquisition of tangible non-current assets	(6,436)	(13,038)	(6,354)
Proceeds from sale of tangible non-current assets	503	9,544	5,362
Acquisition of intangible non-current assets	(248)	(439)	(126)
Sold owned financial property acquisitions	-	-	(15)
Loans for the related parties	(15,000)	(38,000)	(55,200)
Repayment of borrowings from related parties	48,399	20,667	13,700
Repayment borrowing from employees	-	11	7
Net cash from investing activities	(27,218)	(21,255)	(42,626)
Financial activity			
Revenues from ordinary shares	315	5	40,096
Loans received	-	30,000	-
Loans repaid	(4,231)	(3,846)	-
Dividends paid for the holders of shares	(17,852)	(13,879)	(2)
Net cash from financing activities	(21,768)	12,280	40,094
Increase (decrease) of net cash and net cash equivalents	26,483	5,369	(1,263)
Cash and cash equivalents in the beginning of the period	12,674	7,305	8,568
Cash and cash equivalents in the end of the period	39,157	12,674	7,305

38.4. Consolidated Statements of Changes in Equity

LTL'000	Authorized capital	Legal reserve	Undistributed profit	Total equity
At 1st January 2004	118 640	11 864	12 832	143 336
Profit for the period	-	-	6 387	6 387
Total of recognized revenues for the year 2004	118 640	11 864	19 219	149 723
Shares issued	12 036	-	-	12 036
At 31st December 2004	130 676	11 864	19 219	161 759
At 1st January 2005	130 676	11 864	19 219	161 759
Profit for the period	-	-	19 805	19 805
Total of recognized revenues for the year 2005	130 676	11 864	39 024	181 564
Increase of authorized capital	28 065	-	-	28 065
Transferred to the legal reserve	-	1 204	(1 204)	-
Dividends for the year 2004	-	-	(13 890)	(13 890)
Transmitted net assets during reorganization	(119 056)	(13 068)	(275)	(132 399)
At 31st December 2005	39 685	-	23 655	63 340
A 1st January 2006	39 685	-	23 655	63 340
Profit for the period	-	-	19 886	19 886
Total of recognized revenues for the year 2006	39 685	-	43 541	83 226
Increase of authorized capital	315	-	-	315
Transferred to the legal reserve	-	4 990	(4 990)	-
Dividends for the year 2005	-	-	(17 859)	(17 859)
At 31st December 2006	40 000	4 990	20 692	65 685

39. Comments on the financial statements

Comments on the financial statements (notes to the financial statements) are submitted together with this prospectus.

40. Report prepared by the managing board of the issuer or any other managing body performing its functions.

STUMBRAS AB Annual Report for 2006

Vilnius,
26 March 2007

The Company's Annual Report has been prepared in compliance with the requirements set forth in Article 24 of the Lithuanian Law on Financial Statements of Entities, and in accordance with the procedure set forth in Article 21 of the Lithuanian Law on Securities and Article 34 of the Lithuanian Law on Companies. The Company's Articles of Association do not define any additional requirements to be disclosed in the Company's Annual Report (Performance Report). Based on Article 21.3 of the Lithuanian Law on Securities and paragraph 20.5 of the Trading Rules of the Vilnius Stock Exchange, the Company has disclosed its compliance with the Governance Code (hereinafter "the Governance Code") approved by the Vilnius Stock Exchange for the companies whose securities are traded on a regulated market, and its specific provisions (Annex 1).

The Company's Articles of Association do not provide for any additional requirements for the contents of its Annual Report (Performance Report) other than those prescribed under Article 24 of the Lithuanian Law on Financial Statements of Entities, therefore, the Company's Annual Report has been prepared in compliance with the requirements of currently effective regulatory legislation.

Annex 1 (Disclosure form concerning the compliance with the Governance Code of the companies whose securities are traded on a regulated market) constitutes an integral part of the Annual Report.

I. Objective overview of the Company's performance and development, description of its exposure to key risks and contingencies

The Company's principal activities represent production of and trade in strong alcoholic drinks. The Company's competitors in the market are other Lithuanian producers of strong alcoholic drinks and business entities importing and selling strong alcoholic drinks in the Republic of Lithuania. The Company's market share increased in 2006. According to ACNielsen data, the Company enjoys a market share of 38 per cent of strong alcoholic drinks. The Company's market shares by different category of alcoholic drinks (vodka, bitter) are higher than those enjoyed by other Lithuanian producers of strong alcoholic drinks.

One of potential operational risks that the Company is exposed to represents circumstances when with a growing level of living standards of local residents, a part of consumers may start choosing imported drinks. Another operational risk may be linked with a growing power of commercial retail chains and their ability to affect sales of goods.

In addition, the Company may lose a part of its profits due to the expected increase in exports of goods and sales in other European countries. The Company plans an aggressive development strategy and in 2010 it expects to achieve LTL 200 million (EUR 57.9 million) in sales or twice as much as in 2006. The Company expects to further strengthen its leader's position in the Lithuanian market during the next 4 years, where it plans to achieve at least LTL 119 million in turnover in 2007. The Company believes that its growth of sales will mainly be reached through development of export markets, where the Company expects to earn almost 40 per cent of its total sales revenue or LTL 81 million (EUR 23.46 million) in the year 2010. In 2010, sales in the EU countries are planned to account for the majority in the Company's export structure (approx. 76 per cent), the highest priority markets whereof are neighbouring countries: Poland, Latvia, and Estonia. Approx. 24 per cent of the Company's export revenue is expected to be earned from sales in USA, Central East and Asian countries. The Company has plans (which have not been approved yet) that its investments in further modernisation of production process (construction of a new plant), development of new products, development of trade marks in the Lithuanian and export markets may reach significant amounts of more than LTL 100 million.

II. Analysis of financial and non-financial performance, information on environmental and personnel-related issues

In 2006, the Company's principal activities were production of and trade in strong alcoholic drinks. In 2006, the Company's revenue from goods sold (net of excise duty) and services rendered amounted to LTL 114,414,245 (including discontinued operations). The Company's profit before tax was LTL 24,837,001 in 2006 (including discontinued operations). During 2006, the Company's taxes paid or payable to the budget in accordance with the terms prescribed under regulatory legislation totalled LTL 203,388,511 comprising excise duty of LTL 153,111,010, value-added tax of LTL 39,254,486, social security contributions of LTL 3,209,794, and personal income tax of individuals of LTL 2,471,473.

The Company's key financial and economic performance indicators for 2006 are as follows:

	2006	2005
Sales of goods and services (incl. discontinued operations)	mLTL 114.4	mLTL 99.9
Exports per total sales	11.7 %	17.2 %
Net profit	mLTL 19.9	mLTL 19.8
Profitability of sales of goods and services	17.4 %	19.9 %
Non-current assets at 31 December	mLTL 25.8	mLTL 25.5
Current assets at 31 December	mLTL 99.1	mLTL 101.7
Total assets:	mLTL 124.9	mLTL 127.3
Share capital	mLTL 40.0	mLTL 39.7
Capital and reserves	mLTL 65.7	mLTL 63.3

Exports and sales outside Lithuania represent LTL 13.3 million of the Company's finished products, LTL 7.2 million and LTL 6.1 million whereof from continued and discontinued operations, respectively. Details are described in Note 6 to the financial statements for the year ended 31 December 2006.

In 2006, the Company's costs related to waste management amounted to LTL 1.0 million, which is higher by 57.1 per cent as compared to 2005.

There were no significant changes in the number of staff during the reporting period. As at 31 December 2006, the Company had 299 employees.

III. References to and explanations of data reported in the financial statements.

No additional explanations are required.

IV. Number and nominal value of own shares owned or acquired by the Company during the reporting period and their percentage in the authorised share capital

The Company did not acquire its own shares, nor its shares were acquired by a subsidiary or any other third party acting in its own name, however, in the Company's interest and at the Company's account.

V. Number and nominal value of own shares acquired or disposed of by the Company during the reporting period, and their percentage in the authorised share capital

During the reporting period the Company neither acquired nor disposed of its own shares.

VI. Details of payment for own shares, where acquisition or disposal of such shares are subject to consideration

The Company did not acquire its own shares either by itself or through other entities, therefore, no shares of the Company were acquired or disposed of in exchange for any consideration.

VII. Grounds for acquisition of own shares by the Company during the reporting period

VIII. Information on the Company's branches and representative offices

In 2006, the Company neither established nor registered any branches and representative offices in Lithuania or other countries.

IX. Significant events subsequent to the end of the previous financial year.

11 April 2006. The Company reported that its turnover during the 1st quarter of 2006 increased by 26 per cent as compared to the same reporting period of the previous year and reached LTL 26.94 million (EUR 7.80 million).

26 April 2006. The Company reported that its preliminary unaudited profit before tax in the 1st quarter of 2006 amounted to LTL 3.47 million (EUR 1.01 million), which is higher by 21 per cent as compared to the previous year of LTL 2.87 million (EUR 0.83 million).

15 May 2006. The Company reported that its turnover in April 2006 increased by 26 per cent as compared to the same reporting period of the previous year and amounted to LTL 9.31 million (EUR 2.70 million).

25 May 2006. The Company reported that on 24 May 2006, the subscription for all 314,646 ordinary registered shares with a status of Company's employees was completed. Nominal (issue) price of subscribed ordinary registered shares with employees status amounted to LTL 314,646 (EUR 91,128).

15 June 2006. The Company reported that its five-month turnover in 2006 increased by 25 per cent as compared to the same reporting period of the previous year and reached LTL 44.95 million (EUR 13.02 million).

28 April 2006. The Company reported that amendments to its Articles of Association were registered with the Register of Legal Entities. According to the newly revised Articles of Association, the Company's authorised share capital amounted to LTL 40,000,000 (EUR 11,584,801) comprising 39,685,354 ordinary registered shares with par value of LTL 1 each, and 314,646 ordinary registered shares having employees status with par value of LTL 1 each.

19 July 2006. The Company reported that its preliminary unaudited profit before tax in the 1st half of 2006 amounted to LTL 9.76 million (EUR 2.83 million), which is higher by 48 per cent as compared to the previous year of LTL 6.55 million (EUR 1.90 million). Six-month turnover in 2006 increased by 19 per cent as compared to the same reporting period of the previous year and amounted to LTL 53.21 million (EUR 15.41 million).

19 September 2006. The Company reported that its eight-month turnover in 2006 increased by 14.4 per cent as compared to the same reporting period of the previous year and amounted to LTL 68.63 million (EUR 19.88 million).

25 October 2006. The Company reported that its nine-month preliminary unaudited profit before tax in 2006 amounted to LTL 16.2 million (EUR 4.7 million), which is higher by 30.2 per cent as compared to the previous year of LTL 12.4 million (EUR 3.6 million). Nine-month turnover in 2006 increased by 13.3 per cent as compared to the same reporting period of the previous year and amounted to LTL 77.6 million (EUR 22.5 million).

13 December 2006. The Company reported that its eleven-month turnover in 2006 increased by 17 per cent as compared to the same reporting period of the previous year and amounted to LTL 100.43 million (EUR 29.09 million).

17 January 2007. The Company reported that its preliminary unaudited profit before tax in 2006 amounted to LTL 24.8 million (EUR 7.9 million), and its turnover in 2006 reached LTL 114.43 million (EUR 36.41 million).

X. The Company's business perspectives and future plans

In 2007, the Company will seek to increase its sales in home market, including sales in the EU countries, as well as exports to the third countries.

In 2007 the Company plans to achieve LTL 115.7 million in sales of goods.

In 2007, the Company expects to earn taxable profit of approx. LTL 25.8 million.

XI. When the Company uses financial instruments and, if yes, they are significant for the assessment of the Company's assets, equity, liabilities, financial position and results of operations, the Company discloses the objectives of its financial risk management, hedging instruments in respect of its main categories of transactions qualifying for hedge accounting, and the Company's exposure to price risk, credit risk, liquidity risk and cash flow risk.

Chairman of the Board

Darius Juozas Mockus

41. Information about the audit.

„PricewaterhouseCoopers“ UAB auditor Ona Armalienė (certification Nr. 000008) has audited balance sheet of “Stumbras” AB as at 31 December 2006 and the related income statement, statement of changes in equity and statement of cash flows for the year ended. Register code of „PricewaterhouseCoopers“ UAB - 111473315, address - J.Jasinskio g. 16B, LT – 01112, Vilnius. Audit had been done and auditor’s opinion had been written on the 26th of March 2007. Auditor’s conclusion is added to this annual report.

VI. INFORMATION ABOUT THE ISSUER'S MANAGING BODIES

42. AB "Stumbras" members of the managing bodies.

- General meeting of shareholders;
- Board of observers (elected for 4 years and consists of 3 members);
- Company's board (elected for 4 years and consists of 6 members);
- Head of administration.

BOARD OF OBSERVERS (31st December 2006)

ROMANAS RAULYNAITIS – chairman of the board of observers.

Participation in other companies' management:

- „Laisvas ir nepriklausomas kanalas“ (register code 2302609, Šeškinės str. 20, Vilnius) member of the board since 30th December 2003.
- Lawyer of a law firm „Raulynaitis, Žemkauskienė and partners“ (address of registered residence: J. Jasinskio str.. 16, Vilnius) (since 1st June 2004).

Doesn't have „Stumbras“ AB shares, doesn't participate in other companies' capital.

INGA ŽEMKAUSKIENĖ – member of the board of observers.

Participation in other companies' management:

- Member of the board of „Marieberg Media“ UAB (register code 1161691) since 23rd December 2003.
- Lawyer of a law firm „Raulynaitis, Žemkauskienė and partners“ (address of registered residence: J. Jasinskio str.. 16, Vilnius) (since 1st June 2004).

Doesn't have „Stumbras“ AB shares, doesn't participate in other companies' capital.

DALIUS BALCERIS – member of the board of observers. Lawyer since the year 2005. Doesn't have „Stumbras“ AB shares, doesn't participate in other companies' capital.

All members of the board of observers started tenure on the 31st October 2003 and will end it in October 2007.

COMPANY'S BOARD (31st December 2006)

DARIUS JUOZAS MOCKUS – chairman of the board. Has got university education. Work experience: 1992-1996 chairman of the board of "Investment fund" IAB (working according to the labour contract); 1996 –2000 director of "Minvista" UAB; head of administration – director (president) of "MG Baltic" UAB since 2000.

Participation in other companies' management:

- „MG Baltic“ UAB concern (register code 2545933, address of registered residence: J.Jasinskio str.16, Vilnius) head of administration - president;
- „MG Baltic“ UAB concern (register code 2545933, address of registered residence: J.Jasinskio str.16, Vilnius) Chairman of the board;
- „MG Baltic Trade“ UAB (register code 2531319, address of registered residence: J.Jasinskio str.16, Vilnius) head of administration;

- „Apranga“ APB (register code 2193327, address of registered residence: Kirtimų str. 51, Vilnius) member of the board;
- „Neringos viešbutis“ UAB (register code 2275247, address of registered residence: Gedimino pr. 23, Vilnius) member of the board;
- „Laisvas ir nepriklausomas kanalas“ UAB (register code 2302609, address of registered residence : Šeškinės str. 20, Vilnius) member of the board .

Participation in other companies' capital:

- „MG Baltic“ UAB concern (register code 2545933, address of registered residence: J.Jasinskio str.16, Vilnius) - 100 percent of Company's authorized capital;
- „Minvista“ UAB (register code 1068569, address of registered residence J.Jasinskio g.16, Vilnius) 99,99 percent of Company's authorized capital.

ARTŪRAS LISTAVIČIUS – member of the board, director of ethyl alcohol production expansion of „STUMBRAS“ AB. Has got university education. Work experience: head of administration – director (General director) of „Mineraliniai vandenys“ since 1st January 1994 till 27th March 2002; head of administration (General director) of „MG Baltic Trade“ UAB till the year 2005; “Stumbras” AB General director from 1st November 2003 till 1st September 2004; director of ethyl alcohol production expansion of „STUMBRAS“ AB till December 2005.

Participation in other companies' management:

- „MG Baltic Trade“ UAB (register code 2531319, address of registered residence J.Jasinskio str.16, Vilnius) chairman of the board;
- „MG Baltic“ UAB concern (register code 2545933, address of registered residence: J.Jasinskio str.16, Vilnius) member of the board.

Participation in other companies' capital:

- „MG Baltic Trade“ UAB (register code 2531319, address of registered residence: J.Jasinskio str.16, Vilnius) 16 percent of Company's authorized capital;
- „Minvista“ UAB (register code 1068569, address of registered residence: J.Jasinskio g.16, Vilnius) 0,03 percent of Company's authorized capital.
- Chairman of the board of “Biofuture” AB since December 2005.

ROLANDAS VINGILIS – member of the board. Has got university degree. Work experience: 1992–1994 director of Vilnius branch “Inovacinė firma INIT” UAB; 1994–1998 administrator of „Trading M.J.D “ UAB; director of “Troja” UAB since 1996; 1997–1999 assistant manager of „Trojos prekyba“ UAB; 1998–1999 the acting manager of „Trojina“ UAB.

Participation in other companies' management:

- „Troja“ UAB (register code 2350162, address of registered residence: J.Jasinskio str.16, Vilnius) head of administration – director;
- „MG Valda“ UAB (register code 2301033, address of registered residence: J.Jasinskio str. 16, Vilnius) chairman of the board;
- „MG Baltic“ UAB concern (register code 2545933, address of registered residence: J.Jasinskio str.16, Vilnius) member of the board;
- „MG Baltic Trade“ UAB (register code 2531319, address of registered residence: J.Jasinskio str.16, Vilnius) member of the board;

- „Viršupis“ UAB (register code 2277307, address of registered residence: Gedimino pr.24, Vilnius) member of the board.

Participation in other companies' capital: „EXTERA Baltic“ UAB (register code 2582486, address of registered residence J.Jasinskio 16, Vilnius) – 99 proc. percent of Company's authorized capital.

VIDAS LAZICKAS – member of the board. Has got university education. Work experience: 1992 – 1998 project manager of „Investicijos fondas“ KIB; Chief Accountant of „Minvista“ UAB since 1996; director of economics and finance of „MG Baltic“ UAB concern since 2000.

Participation in other companies' management:

- „MG Baltic“ UAB concern (register code 2545933, address of registered residence J.Jasinskio str.16, Vilnius) member of the board;
- „MG Baltic Trade“ UAB (register code 2531319, address of registered residence J.Jasinskio str.16, Vilnius) member of the board;

Participation in other companies' capital:

- „Sėklos“ UAB (register code 2197963, address of registered residence Smėlio str. 8, Vilnius) 0,21 percent of Company's authorized capital.

AURELIJUS RACEVIČIUS – member of the board. Has got university education. Work experience: 1981 -1986 expert of Expert – criminality's department in a Ministry of the Interior, 1986 - 1990 head of Expert – criminality's subvision in Kaunas Interior department, 1990 - 1991 commissioner – inspector of Kaunas general police commission; 1991 - 1998 head commissioner of Interpol Lithuania national bureau; 1998 - 1999 special attaché of the Ministry of the Interior, head commissioner; 1999 - 2000 director of IT department in the Ministry of the Interior; on the 31st May, 2000 went to the store. Doesn't participate in other companies' management and capital.

DARIUS ŽAKAITIS – member of the board. Has got university education. Work experience: director of business expansion of “Stumbras” AB since 2006; 2004-2005 marketing director of “Mineraliniai vandenys” UAB, 1998- 2002 General director of “Trojina” UAB, 1997- 1998 trading director of “Dvarčionių Keramika” AB, 1991-1997 co – owner of several companies in Lithuania.

Member of the board of „MG Baltic Trade“ UAB (register code 2531319, address of registered residence J.Jasinskio str.16, Vilnius). Business expansion director of “Stumbras” AB since 2006. Doesn't participate in other companies' management or capital.

All members of the board (except Darius Žakaitis) started tenure on the 27th October 2003 and will end it in October 2007.

Darius Žakaitis started tenure on the 29th December 2005 and will end it in October 2007.

ADMINISTRATION (31st December 2006)

ČESLOVAS MATULEVIČIUS – „STUMBRAS“ AB general director. Has got university education. Work experience: 1991 - 1995 „Minta “ UAB, 1995-1997 owner of sole proprietorship of Č. Matulevičius, 1998 05-1998 10 manager's assistant of „Gudrūna“ UAB, 1998 11-1998 12 paymaster of „Industrijos bankas“ AB (in Klaipėda branch), 1998 12-1999 01 a dealer in „Anvija“ UAB, 1999 01-1999 09 Mažeikiai dairy assistant manager in „Pieno

žvaigždės“ AB, 1999 09-2002 07 director of Klaipėda subdivision in „Pieno žvaigždės“ AB, 2002 07-2003 05 marketing director of „Anykščių vynas“ AB, 2003 05-2004 08 the acting manager of „Anykščių vynas“ AB, general director of “Stumbras” AB since 1st September 2004. Doesn't have other companies' shares, doesn't participate in other companies' management.

VOLDEMARAS KALLO – chief accountant of „STUMBRAS“ AB. Has got university education. Working experience: 1992 – 1997 m. chief accountant of „Enifas“ AB , 1997 – 1998 m. director of economics and finance of „Vilkma“ AB, 1998 – 1999 m. acting manager of „Vilkma“ AB, 2000 – 2003 m. chief accountant of „Tromina“ UAB, „Stumbras“ AB chief accountant since 7th November 2003. Doesn't participate in other companies' management and capital.

“Stumbras” AB members of the managing bodies are not judged for the crimes against property, farming rules, and finances.

43. Information about payments and loans extended to the members of managing bodies.

Indicators	2006	2005
Remuneration to management	1 229 300	801 342
Average number of managers	9	10
Average remuneration to management	136 589	80 134
Other important remunerations to management (bonus)	-	-

44. Transactions with persons concerned.

„Mineraliniai vandenys“ AB is the main shareholder of Company's shares and it owns 97,69 percent Company's shares. The other part is owned by different shareholders.

Other parties concerned are daughter – enterprises of “MG Baltic” UAB concern

Negotiations are done according to “cost plus” principle. Goods are sold according to the list of the prices for the unrelated countries.

VII. UPDATED AND MATERIAL EVENTS IN ISSUER'S ACTIVITY AND PERSPECTIVE

45. Updated events in issuer's activities

On the 17th January, 2007 Company announced that tentative pre – audited profit before taxes of “Stumbras” AB is 24,8 million litas (7,9 million EUR). During the year 2006 “Stumbras” AB turnover reached 114,43 million litas (36,41 million EUR).

On the 17th January, 2007 Company announced that the increase of revenues of “Stumbras” AB was influenced by the increased selling volumes of alcohol drinks in Lithuania, European Union and other countries in the year 2006, as well as part of the revenues, which were got after the Company's reorganization.

On the 21st February, 2007 Company informed that its turnover during January 2007 reached 6,23 million litas (1,81 million EUR). Alcohol drinks sales increased by 50 percent (comparing with the same period of the previous year).

On the 27th February, 2007 Company informed that board of the Company decided to call ordinary shareholders' meeting on the 30th March, 2007. Its agenda should cover:

- 1) Affirmation of the Company's annual report for the year 2006.
- 2) Affirmation of the annual financial statement.
- 3) Allocation of profits (losses).
- 4) Statute changes.

On the 14th March, 2007 Company informed that its turnover during February 2007 reached 11,19 million litas (3,24 million EUR). Alcohol drinks sales increased by 87 percent (comparing with the same period of the previous year).

On the 30th March, 2007 “Stumbras” AB ordinary shareholders' meeting were held. It made these decisions:

1. To affirm Company's annual report for the year 2006.
2. To affirm Company's financial statement for the year 2006 and auditor's conclusion about Company's financial statement.
3. To affirm Company's profits (losses) for the year 2006 allocation:
 - 1) Undistributed profits (losses) for the previous financial year in the end of the reported period - 806 175,47 litas (233 484,55 EUR);
 - 2) Net profit (loss) of the reported period - 19 885 734,57 litas (5 759 306,81 EUR);
 - 3) Unrecognized profit (loss) in the profit (loss) report of the reported period - none
 - 4) Transfers from the reserves - 4 000 000,00 litas (1 158 480,07 EUR);
 - 5) Shareholders' contributions for damages compensation - none;
 - 6) Distributed profits (losses) - 24 691 910,04 litas (7 151 271,44 EUR);
 - 7) Part of the profit for the legal reserves - 994 500,00 litas (288 027,11 EUR);
 - 8) Part of the profit for buying personal shares - none;
 - 9) Part of the profit for the other reserves - none;

- 10) Part of the profit for dividend payments - 22 000 000,00 litas (6 371 640,41 EUR) (or 0,55 litas (0,16 EUR) for one ordinary share (nominal value for each – 1 litas));
 - 11) Part of the profit for bonus payments for the members of the board and observers, merit bonus for employees and other purposes – none;
 - 12) Undistributed profits (losses) in the end of the reported period, transferable to the next year - 1 697 410,04 litas (491 603,93 EUR);
4. To affirm a new Company's statute. Empower general director of the Company Česlovas Matulevičius to sign a new statute and to make all other actions, which are related with Company's statute registration, by empowering other person to make all actions that are necessary and to sign all documents which are stated in normative acts.

On the 18th April, 2007 Company announced that its turnover during the 1st quarter of the year 2007 reached 29,16 million litas (8,44 million EUR). Alcohol drinks sales increased by 66 percent (comparing with the same period of the previous year).

On the 23rd April, 2007 Company announced that tentative profit before taxes of "Stumbras" AB is 24,8 million litas (7,9 million EUR). During the year 2006 "Stumbras" AB turnover reached 114,43 million litas (36,41 million EUR).

Company informed that tentative pre – audited profit before taxes of "Stumbras" AB during the 1st quarter of the year 2007 reached 7,19 million litas (2,08 million EUR). Comparing with the previous year, "Stumbras" AB increased its profit by 107 %.

46. Material events in issuer's activity.

On the 12th January, 2006 Company announced that "Stumbras" AB turnover of the year 2005 increased by 13,8 percent and reached 102,133 million litas (29,580 million litas) (comparing with the previous year).

On the 25th January, 2006 Company announced that tentative pre – audited profit before taxes for the year 2005 is 21,60 million litas (6,25 million EUR). Comparing with the previous year, "Stumbras" AB increased its profit by 300 percent.

On the 13th February, 2006 Company informed that turnover during January 2006 increased by 23 percent and reached 6,60 million litas (1,91 million EUR) (comparing with the same period of the previous year).

On the 14th March, 2006 Company announced, that turnover during February 2006 increased by 41 percent and reached 10,09 mln. litas (2,92 million EUR) (comparing with the same period of the previous year).

On the 10th April, 2006 annual meeting of shareholders was held and these decisions were made:

1. To affirm Company's annual report for the year 2005 and auditor's conclusion about Company's annual report.
2. To affirm Company's financial statement for the year 2005 and auditor's conclusion about Company's financial statement.

3. To affirm Company's profits (losses) for the year 2005 allocation: 1) Undistributed profits (losses) for the previous financial year in the end of the reported period - 806 175,47 litas (233 484,55 EUR);
2) Net profit (loss) of the reported period - 19 885 734,57 litas (5 759 306,81 EUR);
3) Unrecognized profit (loss) in the profit (loss) report of the reported period - none
4) Transfers from the reserves - 4 000 000,00 litas (1 158 480,07 EUR);
5) Shareholders' contributions for damages compensation - none;
6) Distributed profits (losses) - 24 691 910,04 litas (7 151 271,44 EUR);
7) Part of the profit for the legal reserves - 994 500,00 litas (288 027,11 EUR);
8) Part of the profit for buying personal shares - none;
9) Part of the profit for the other reserves - none;
10) Part of the profit for dividend payments - 22 000 000,00 litas (6 371 640,41 EUR) (or 0,55 litas (0,16 EUR) for one ordinary share (nominal value for each – 1 litas));
11) Part of the profit for bonus payments for the members of the board and observers, merit bonus for employees and other purposes – none;
12) Undistributed profits (losses) in the end of the reported period, transferable to the next year - 1 697 410,04 litas (491 603,93 EUR);

1) Undistributed profits (losses) in the beginning of the year– 275 839,91 litas (79 889 EUR);
2) Net profit (loss) of the reported period – 19 805 001,86 litas (5 735 925 EUR);
3) Transfers from the reserves – 3 849 832,91 litas (1 114 989 EUR);
4) Shareholders' contributions for damages compensation - none;
5) Distributed profits (losses) – 23 654 834,77 litas (6 850 914 EUR);
6) Part of the profit for the legal reserves – 990 250,00 litas (286 796 EUR);
7) Part of the profit for buying personal shares - 4 000 000 litas (1 158 480 EUR);
8) Part of the profit for the other reserves - none;
9) Part of the profit for dividend payments 17 858 409,30 litas (5 172 153 EUR);
10) Undistributed profits (losses) in the end of the reported period, transferable to the next year – 806 175,47 litas (233 484 EUR).

4. (1) To increase Company's authorized capital by additional 314 646 (three hundred fourteen thousands and six hundred forty six) explicit fees, by issuing 314 646 ordinary shares, having a status of personnel (nominal value 1 litas).

(2) To assign board of the Company to determine distribution rules for the ordinary shares, which have a status of personnel. It should be determined that before the end of 12 (twelve) calendar months period from the signing a contract, the owner of the shares, having a status of personnel, can alienate shares only to another Company's employee. After the end of the twelve months period the owner can alienate shares to all persons.

(3) To give a right for the board of the Company to change a size of Company's authorized capital and the amount of shares, having a status of personnel, depending on the actually issued shares, having a status of personnel.

5. (1) To affirm a new Company's statute; (2) Empower general director of the Company Česlovas Matulevičius to sign a new statute and to make all other actions, which are related with Company's statute registration, by empowering other person to make all actions that are necessary and to sign all documents which are stated in normative acts.

On the 11th April, 2006 Company announced that turnover during the 1st quarter of the year 2006 increased by 26 percent and reached 26,94 million litas (7,80 million EUR) (comparing with the same period of the previous year).

On the 26th April, 2006 Company informed that tentative pre - audited profit before taxes during the 1st quarter of the year 2006 is 3,47 million litas (1,01 million EUR). Comparing with the previous year, "Stumbras" AB increased its profit by 21 percent.

On the 15th May, 2006 Company informed that turnover during April 2006 increased by 26 percent and reached 9,31 million litas (2,70 million EUR) (comparing with the same period of the previous year).

On the 25th May, 2006 Company informed that on the 24th May, 2006 had been cancelled signing of the 314 646 ordinary shares, having a status of personnel. Nominal value of the signed ordinary shares, having a status of personnel is 314 646 litas (91 128 EUR).

On the 15th June, 2006 Company informed that turnover during the first five months of the year 2006 increased by 25 percent and reached 44,95 million litas (13,02 million EUR) (comparing with the same period of the previous year).

On the 28th June, 2006 Company informed, that the Register of Legal Entities registered new "Stumbras" AB statute. According to a new statute Company's authorized capital is 40 000 000 litas (11 584. 801 EUR), which is separated into 39 685 354 ordinary shares (nominal value of each – 1 litas) and 314 646 ordinary shares, having a status of personnel (nominal value of each – 1 litas).

On the 19th July, 2006 Company informed that tentative pre – audited profit before taxes during the 1st half of the year 2006 is 9,76 million litas (2,83 million EUR). Comparing with the previous year, "Stumbras" AB increased its profit by 48 percent. Company's turnover during the first six months of the year 2006 increased by 19 percent and reached 63,21 million litas (15,41 million EUR) (comparing with the same period of the previous year).

On the 18th September, 2006 Company informed that its turnover during the first eight months of the year 2006 increased by 14,4 percent and reached 68,63 million litas (19,88 million EUR) (comparing with the same period of the previous year).

On the 25 October, 2006 Company informed that tentative pre – audited profit before taxes during the first nine months of the year 2006 is 16,2 million litas (4,7 million EUR). Comparing with the previous year, "Stumbras" AB increased its profit by 30,2 percent. Company's turnover during the first nine months of the year 2006 increased by 13,3 percent and reached 77,6 million litas (22,5 million EUR) (comparing with the same period of the previous year).

On the 27th October, 2006 Company informed that extraordinary shareholders' meeting, which was held on the 27th October, 2006 decided:

1. To affirm "PricewaterhouseCoopers" UAB to execute Company's audit for the year 2006;
2. To settle audit service price not higher than 70 000 litas (20 273 EUR);
3. To empower Company's general director to sign a contract with „PricewaterhouseCoopers" UAB.

On the 13th December, 2006 Company informed that its turnover during the first eleven months of the year 2006 increased by 17 percent and reached 100,43 million litas (29,09 million EUR) (comparing with the same period of the previous year).

47. Strategy of activity and its prospective changes during current and coming financial years

During the year 2007 Company will try to increase production sales in local market, including sales in European Union countries, as well as to increase export to the third countries.

It is expected to reach 115,7 million litas production sales volumes in the year 2007.

It is expected to get nearly 25,8 million litas till the profit taxation in the year 2007.