



Securities Commission of the Republic of Lithuania

16 August 2010

CONFIRMATION OF RESPONSIBLE PERSONS

The confirmation of responsible persons regarding interim financial statement for 30 June 2010 ended period and interim report of AB Stumbras for the period of six months of 2010 is provided following the Law of Republic of Lithuania on securities, dated 18 January 2007 and Lithuanian Securities Commission resolution No.1K-3 on the rules of disclosure and submission of periodic and additional information, dated 23 February 2007.

We, responsible persons, hereby confirm that to the best of our knowledge, provided condensed interim financial statements for the period of six months of 2010, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of Stumbras AB. We also confirm that Company's interim report includes a fair review of the development and performance of the business and position of the company in relation to the description of main risks and contingencies faced thereby.

General Manager

Česlovas Matulevičius

Chief Financial Officer

Voldemaras Kallo

STUMBRAS AB
CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF-YEAR PERIOD ENDED 30 JUNE 2010

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(all tabular amounts are in LTL'000 unless otherwise stated)

Condensed interim balance sheet

	Note	30 June 2010	31 December 2009
ASSETS			
Non-current assets			
Property, plant and equipment	5	26,780	29,536
Intangible assets	6	64	243
Investment property	7	2,589	2,589
Deferred tax assets		551	551
Available-for-sale financial assets		15	15
Prepayments for property, plant and equipment		542	28
		<u>30,541</u>	<u>32,962</u>
Current assets			
Inventories	8	12,818	13,413
Trade and other receivables		32,902	55,459
Prepaid income tax		262	890
Cash and cash equivalents	9	5,174	19,301
		<u>51,156</u>	<u>89,063</u>
Total assets		<u>81,697</u>	<u>122,025</u>
EQUITY			
Ordinary shares	10	40,000	40,000
Reserves	11	4,000	4,000
Retained earnings		14,851	27,594
Total equity		<u>58,851</u>	<u>71,594</u>
LIABILITIES			
Non-current liabilities			
Borrowings	12	1,172	3,487
		<u>1,172</u>	<u>3,487</u>
Current liabilities			
Trade and other payables		16,927	27,559
Borrowings	12	4,630	19,160
Deferred income		25	68
Income tax liabilities		-	-
Provisions for other liabilities and charges	13	92	157
		<u>21,674</u>	<u>46,944</u>
Total liabilities		<u>22,846</u>	<u>50,431</u>
Total equity and liabilities		<u>81,697</u>	<u>122,025</u>

The General Director and the Finance Director approved the condensed interim financial information on pages 3 to 17 on 16 August 2010.

Česlovas Matulevičius
 General Director

Voldemaras Kallo
 Finance Director

The notes on pages 7 to 17 are an integral part of this condensed interim financial information.

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Condensed interim statement of comprehensive income

	Note	Half-year period ended 30 June		Three-month period ended 30 June	
		2010	2009	2010	2009
Sales	4	44,624	53,463	24,919	32,018
Cost of sales		(23,602)	(26,821)	(13,103)	(15,814)
Gross profit		21,022	26,642	11,816	16,204
Selling and marketing expenses		(4 592)	(4,823)	(2,493)	(3,678)
Administrative expenses		(7,851)	(9,295)	(3,835)	(5,094)
Other income		295	446	149	325
Other expenses		(181)	(82)	(139)	(34)
Operating profit		8,693	12,888	5,498	7,723
Finance income		13	298	-	102
Finance costs		(171)	(262)	973)	(133)
Profit before income tax		8,535	12,924	5,425	7,692
Income tax expense	14	(1,278)	(2,584)	(1,278)	(2,584)
Profit for the period		7,257	10,340	4,147	5,108
Basic and diluted earnings per share (expressed in LTL per share)	15	0.18	0.26	0.10	0.13

The notes on pages 7 to 17 are an integral part of this condensed interim financial information.

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Condensed interim statement of changes in equity

	Note	Share capital	Reserves	Retained earnings	Total equity
Balance at 1 January 2009		40,000	3,623	29,805	73,428
Total comprehensive income		-	-	10,340	10,340
Transferred to legal reserve	11	-	377	(377)	-
Dividends relating to 2008		-	-	(25,000)	(25,000)
Balance at 30 June 2009		40,000	4,000	14,768	58,768
Balance at 1 January 2010		40,000	4,000	27,594	71,594
Total comprehensive income		-	-	7,257	7,257
Transferred to legal reserve	11	-	-	-	-
Dividends relating to 2009	16	-	-	(20,000)	(20,000)
Balance at 30 June 2010		40,000	4,000	14,851	58,851

The notes on pages 7 to 17 are an integral part of this condensed interim financial information.

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Condensed interim statement of cash flow

	Note	Half-year period ended 30 June	
		2010	2009
Cash flows from operating activities			
Cash generated from operating activities	17	24,014	17,049
Interest received		164	411
Interest paid		(171)	(262)
Income tax paid		(650)	(1,583)
Net cash generated from operating activities		23,357	15,615
Cash flows from investing activities			
Purchases of property, plant and equipment		(309)	(2,699)
Proceeds from sale of property, plant and equipment	17	4	-
Purchases of intangible assets		-	(43)
Loans granted		(15,350)	(10,000)
Loan repayments received		15,000	-
Net cash used in investing activities		(655)	(12,742)
Cash flows from financing activities			
Proceeds from borrowings		-	12,328
Repayments of borrowings		(16,845)	(1,923)
Dividends paid to shareholders of the Company		(19,984)	24,974
Net cash used in financing activities		(36,829)	(14,569)
Net (decrease)/increase in cash, cash equivalents		(14,127)	(11,696)
Cash and cash equivalents at beginning of the period		19,301	15,690
Cash and cash equivalents at end of the period		5,174	3,994

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Selected notes to the condensed interim financial information

1. General information

Stumbras AB (hereinafter "the Company") was registered as a Public Limited Liability Company under the laws of the Republic of Lithuania on 17 December 1990. Company code: 132082782. The shares of the Company are listed on the Secondary List of the Vilnius Stock Exchange. The shareholder structure of the Company are:

	30 June 2008	31 December 2009
Mineraliniai vandenys UAB	94.93 per cent	94.93 per cent
Other	5.07 per cent	5.07 per cent

The ultimate parent of the Company is Koncernas MG Baltic incorporated in Lithuania. Mr. Darius Juozas Mockus is the 100% owner of Koncernas MG Baltic.

The Company is incorporated and domiciled in Kaunas. The address of its registered office is as follows:

K. Būgos 7
LT-44355 Kaunas
Republic of Lithuania

The Company is involved in production and trade of strong alcohol drinks.

The number of the Company's employees as at 30 June 2010 amounted to 249 (31 December 2009: 262).

2. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in the annual financial statements for the year ended 31 December 2009.

3. Basis of preparation

This condensed interim financial information for the half-month period ended 30 June 2010 has been prepared in accordance with IAS 34, 'Interim financial reporting'. The interim condensed financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2009.

The Company has not early adopted any of the new or revised standards and interpretations that become effective for financial years beginning on or after 1 January 2010.

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4. Segment information

(a) Primary reporting format – business segments

The Company is operating in one business segment, i.e. production and sales of alcohol drinks.

(b) Secondary reporting format – geographical segments

The home-country of the Company is Lithuania.

Sales	Half-year period ended 30 June		Three-month period ended 30 June	
	2010	2009	2010	2009
Lithuania	39,730	47,199	22,394	28,172
Poland	1,828	2,139	1,062	1,569
Estonia	1,480	2,012	623	1,207
Latvia	321	703	211	365
Israel	303	440	126	157
Great Britain	164	80	61	47
Spain	160	249	160	147
Peru	135	93	45	93
USA	121	148	39	48
Other countries	382	400	198	213
Total	44,624	53,463	24,919	32,018

Sales are allocated based on the country in which the customers are located.

All Company's assets are located in Lithuania and all capital expenditure related to Lithuania.

Analysis of sales by category	Half-year period ended 30 June		Three-month period ended 30 June	
	2010	2009	2010	2009
Sales of goods	44,216	52,366	24,699	31,386
Revenue from resale of goods	169	435	105	305
Revenue from services	239	662	115	327
	44,624	53,463	24,919	32,018

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5. Property, plant and equipment

	Land and buildings	Plant and machinery	Vehicles	Other property, plant and equipment	Construction in progress	Total
At 1 January 2009						
Cost	14,524	31,182	1,493	3,893	2,081	53,173
Accumulated depreciation and impairment	4,584	(17,237)	(1,325)	(2,400)	-	(25,546)
Net book amount	9,940	13,945	168	1,493	2,081	27,627
Year ended 31 December 2009						
Opening net book amount	9,940	13,945	168	1,493	2,081	27,627
Additions	134	-	242	729	6,705	7,810
Disposals	-	(214)	-	-	(692)	(906)
Reclassifications	-	7,784	62	47	(7,893)	-
Depreciation charge	(231)	(4,140)	(100)	(524)	-	(4,995)
Closing net book amount	9,843	17,375	372	1,745	201	29,536
At 1 January 2010						
Cost	14,658	38,052	1,797	4,513	201	59,221
Accumulated depreciation and impairment	(4,815)	(20,677)	(1,425)	(2,768)	-	(29,685)
Net book amount	9,843	17,375	372	1,745	201	29,536
At 30 June 2010						
Opening net book amount	9,843	17,375	372	1,745	201	29,536
Additions	-	-	-	272	37	309
Disposals	-	(34)	-	-	-	(34)
Reclassifications	10	128	-	-	(138)	-
Depreciation charge	(117)	(2,593)	(58)	(263)	-	(3,031)
Closing net book amount	9,736	14,876	314	1,754	100	26,780
At 30 June 2010						
Cost	14,668	38,026	1,696	4,779	100	59,269
Accumulated depreciation and impairment	(4,932)	(23,150)	(1,382)	(3,025)	-	(32,489)
Net book amount	9,736	14,876	314	1,754	100	26,780

As at 30 June 2010 property, plant and equipment for the net book value of LTL 12,810 thousand (LTL 13,480 thousand as at 31 December 2009) and land rent rights for the value of LTL 1 thousand (1 thousand as at 31 December 2009) were provided as collateral for bank borrowings (Note 12).

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6. Intangible assets

	Patents, licences	Software	Total
At 1 January 2009			
Cost	875	675	1,550
Accumulated amortisation	(573)	(365)	(938)
Net book amount	<u>302</u>	<u>310</u>	<u>612</u>
Year ended 31 December 2009			
Opening net book amount	302	310	612
Additions	6	-	6
Amortisation charge	(170)	(205)	(375)
Closing net book amount	<u>138</u>	<u>105</u>	<u>243</u>
At 1 January 2010			
Cost	881	675	1 556
Accumulated amortisation	(743)	(570)	(1 313)
Net book amount	<u>138</u>	<u>105</u>	<u>243</u>
At 30 June 2010			
Opening net book amount	138	105	243
Additions	-	-	-
Amortisation charge	(76)	(103)	(179)
Closing net book amount	<u>62</u>	<u>2</u>	<u>64</u>
At 30 June 2010			
Cost	881	675	1 556
Accumulated amortisation	(819)	(673)	(1 492)
Net book amount	<u>62</u>	<u>2</u>	<u>64</u>

The Company does not have internally generated intangible assets.

7. Investment property

	Land
Year ended 31 December 2009	
Opening net book amount	-
Reclassifications from property, plant and equipment	7,000
Impairment charge	(4,411)
Closing net book amount	<u>2,589</u>
At 1 January 2010	
Cost	7,000
Accumulated depreciation and impairment	(4,411)
Net book amount	<u>2,589</u>
At 30 June 2010	
Opening net book amount	2,589
Additions	-
Impairment charge	-
Closing net book amount	<u>2,589</u>

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7. Investment property (continued)

	<u>Land</u>
At 30 June 2010	
Cost	7,000
Accumulated depreciation and impairment	(4,411)
Net book amount	<u>2,589</u>

Impairment was established according to a preliminary market value of land as at 31 December 2008 provided by the independent property valuers which did not change significantly as at 31 December 2009.

As at 30 June 2010, in order to secure the fulfilment of obligations to the Bank assumed under the overdraft agreement, the Company pledged investment property in the carrying amount of LTL 2,589 thousand (the same amount as at 31 December 2009).

8. Inventories

	30 June 2010	31 December 2009
Raw materials	8,761	8,757
Work in progress	235	246
Finished goods	3,822	4,410
	<u>12,818</u>	<u>13,413</u>

As at 30 June 2010, inventories of LTL 20,000 thousand (the same amount as at 31 December 2009) are provided as collateral to secure the borrowings (Note 12).

	Half-year period ended 30 June 2009	Three-month period ended 30 June 2009
Cost of inventories written-off during period	-	-

9. Cash and cash equivalents

	30 June 2010	31 December 2009
Cash at bank	5,174	301
Short-term bank deposits	-	19,000
	<u>5,174</u>	<u>19,301</u>

Cash at bank and future inflows to bank accounts amounting to LTL 42,000 thousand (as at 31 December 2009: LTL 20,000 thousand) is provided as a collateral for banks' borrowings and as a security of the fulfilment of obligations assumed under the overdraft agreement (see Note 12).

10. Share capital

As at 30 June 2010, the Company's authorised share capital comprised 40,000,000 ordinary registered shares with a par value of LTL 1 per share (as at 31 December 2009: 40,000,000 shares with a par value of LTL 1 per share). All issued shares are fully paid.

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11. Reserves

A legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfers of 5 per cent of net profit for the reporting period calculated in accordance with the regulatory legislation on accounting of the Republic of Lithuania are required until the reserve reaches 10 per cent of the Company's authorised capital. The legal reserve shall not be used for the payment of dividends and it may be used to cover future losses only. As at 30 June 2010 the legal reserve amounted to LTL 4,000 thousand (the same amount as at 31 December 2009).

12. Borrowings

	30 June 2010	31 December 2009
Non-current		
Bank borrowings (syndicated loan)	1,154	3,461
Finance lease liabilities	18	26
	<u>1,172</u>	<u>3,487</u>
Current		
Bank borrowings (current portion of a syndicated loan)	4,615	4,231
Utilised amount of the overdraft		14,914
Finance lease liabilities	15	15
	<u>4,630</u>	<u>19,160</u>
Total borrowings	<u>5,802</u>	<u>22,647</u>

The whole amount of bank borrowings relates to a syndicated loan from two banks subject to a floating interest rate. This loan is to be repaid by 1 September 2011.

The Company and the Bank have signed the overdraft agreement up to the limit of LTL 20,000 thousand (LTL 10,000 thousand and EUR 2,896.2 thousand), according to which the overdraft is to be repaid by 31 August 2010.

Bank borrowings are secured by pledges of property, plant and equipment (Note 5), investment property (Note 7), inventories (Note 8) and cash at banks including future inflows into bank accounts (Note 9).

Interest rate of borrowings is based on market interest rate with repricing term of 3 months, therefore carrying amount of borrowings approximates to its fair value as discounting effect is not material.

The maturity of non-current borrowings is as follows:

	30 June 2010	31 December 2009
1 to 2 years	1,172	3,487
2 to 5 years	-	-
Over 5 years	-	-
	<u>1,172</u>	<u>3,487</u>

The carrying amounts of the Company's borrowings are denominated in the following currencies:

	30 June 2010	31 December 2009
EUR	5,802	17,547
LTL	-	5,100
	<u>5,802</u>	<u>22,647</u>

The bank provided a guarantee to the Company for the amount of LTL 500 thousand as at 30 June 2010, maturing on 15 May 2011. The maximum amount of guarantees that could be issued by the bank is LTL 500 thousand.

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13. Provisions for other liabilities and charges

The whole amount of provisions for other liabilities and charges as at 30 June 2010 is established for expected expenses related to legal claim concerning work payment remuneration where the Company is involved as a defendant. All claims are expected to be settled during 2010.

14. Income tax expense

	Half-year period ended 30 June		Three-month period ended 30 June	
	2009		2009	
Income tax related	1,278	2,584	1,278	2,584

Profit is taxed at the income tax rate of 15 per cent (20 per cent in 2009) according to the tax laws of the Republic of Lithuania.

15. Earnings per share

Basic

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

	Half-year period ended 30 June		Three-month period ended 30 June	
	2009		2009	
Net profit attributable to equity holders of the Company	7,257	10,340	4,147	5,108
Weighted average number of ordinary shares in issue (thousands)	40,000	40,000	40,000	40,000
Basic earnings per share (LTL per share)	0.18	0.26	0.10	0.13

Diluted

Company has no dilutive potential ordinary shares, therefore, the diluted earnings per share are the same as basic earnings per share.

16. Dividends per share

At the annual General Shareholders' Meeting on 23 April 2010, a dividend in respect of 2009 of LTL 0.50 per share amounting to a total dividend of LTL 20 000 thousand was declared.

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17. Cash generated from operations

	30 June 2010	30 June 2009
Net profit for the period	7,257	10,340
Adjustments for:		
- income tax (Note 14)	1,278	2,584
- depreciation (Note 5)	3,031	2,432
- amortisation (Note 6)	179	188
- loss/ (profit) on disposal of property, plant and equipment	30	-
- interest income	(143)	(442)
- interest expense	171	262
- change in provisions		(65)
Changes in working capital:		
- inventories	595	467
- trade and other receivables	22,372	22,414
- trade and other payables	(10,691)	(21,196)
Cash generated from operations	24,014	17,049

In the cash flow statement, proceeds from sale of property, plant and equipment comprise:

	30 June 2010	30 June 2009
Net book amount (Note 5 and Note 6)	34	-
Profit/ (loss) on disposal of non-current assets	(30)	-
Proceeds from sale of non-current assets	4	-

Non-cash transactions

No major non-cash transactions took place during the six-month period ended 30 June 2010 and 30 June 2009.

18. Contingent and off-balance sheet liabilities

(a) Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	30 June 2010	31 December 2009
Property, plant and equipment	1,097	152

(b) Operating lease commitments – where the Company is the lessee

The Company leases various property, plant and equipment under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2010	31 December 2009
Not later than 1 year	293	299
Later than 1 year and not later than 5 years	309	240
Later than 5 years	-	-
	602	539

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19. Related-party transactions

Mineraliniai vandenys AB is the majority shareholder of the Company owning 94.93 per cent of the Company's shares. The remaining shares are widely held.

Other companies treated as related parties are subsidiaries of Koncernas MG Baltic UAB .

Services are usually negotiated with related parties on a cost-plus basis. Goods are sold on the basis of the price list in force with non-related parties.

The following transactions were carried out with related parties:

(a) Sales of goods and services, net of discounts

	Half-year period ended 30 June		Three-month period ended 30 June	
	2009		2009	
– UAB „Mineraliniai vandenys”	18,334	13,859	9,101	4,963
– MV Poland Sp.z.o.o	1,828	1,743	1,062	1,422
– UAB „Mitnija“	5	-	2	-
– AB „Biofuture“	1	-	-	-
	<u>20,168</u>	<u>15,602</u>	<u>10,165</u>	<u>6,385</u>

(b) Selling and marketing cost

	Half-year period ended 30 June		Three-month period ended 30 June	
	2010	2009	2010	2009
– MV Poland Sp.z.o.o.	696	863	696	863
– UAB „Mineraliniai vandenys”	426	212	227	49
– UAB „Laisvas nepriklausomas kanalas“	118	324	71	304
– UAB „Tromina”	102	98	102	98
– UAB „UPG Baltic”	17	-	10	-
– UAB „Alfa media”	10	-	5	-
– UAB „Neo press“	-	12	-	5
	<u>1 369</u>	<u>1,509</u>	<u>1 111</u>	<u>1,319</u>

(c) Administrative expenses

	Half-year period ended 30 June		Three-month period ended 30 June	
	2010	2009	2010	2009
– UAB „Verslo trikampis”	319	124	158	85
– UAB Koncernas „MG Baltic”	266	258	128	153
– UAB „MG Baltic Trade”	218	241	113	138
– UAB „Mineraliniai vandenys”	10	6	4	4
– UAB „Troja”	-	34	-	34
– UAB „UPG Baltic”	-	9	-	9
– AB „Biofuture”	-	1	-	-
	<u>813</u>	<u>673</u>	<u>403</u>	<u>423</u>

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19. Related-party transactions (continued)

(d) Other income

	Half-year period ended 30 June		Three-month period ended 30 June	
	2010	2009	2010	2009
– UAB „MG Baltic Trade” (interest)	129	145	51	99
– MV Poland Sp.z.o.o.	17	-	10	-
– UAB „Mineraliniai vandenys”	2	4	1	3
	<u>148</u>	<u>149</u>	<u>62</u>	<u>102</u>

(e) Purchases of property, plant and equipment

	Half-year period ended 30 June		Three-month period ended 30 June	
	2010	2009	2010	2009
– UAB „Biofuture”	-	1	-	-
	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>

(f) Key management compensation

	Half-year period ended 30 June		Three-month period ended 30 June	
	2010	2009	2010	2009
Salaries and other employee benefits	328	392	151	212
Social security contributions	102	122	47	66
Life insurance contributions	30	30	15	15
	<u>460</u>	<u>544</u>	<u>213</u>	<u>293</u>

Key management includes 7 (30 June 2009: 7) members of the management of the Company.

(g) Year-end balances arising from sales/purchases of goods/services

Receivables from related parties:

	30 June 2010	31 December 2009
– UAB „Mineraliniai vandenys” (trade receivables)	3,865	14,351
– MV Poland Sp.z.o.o	883	1,853
– UAB „Mitnija“	2	4
– UAB „MG Baltic Trade” (interest receivable)	-	21
– MV Eesti OU	-	78
	<u>4,750</u>	<u>16,307</u>

(h) Amounts due to related parties:

	30 June 2010	31 December 2009
Trade payables		
– UAB „Mineraliniai vandenys”	141	140
– UAB „Verslo trikampis”	63	51
– UAB Koncernas „MG Baltic”	57	53
– UAB „Laisvas nepriklausomas kanalas”	51	197
– UAB „MG Baltic Trade”	44	51
– UAB „Tromina”	31	54
– UAB „UPG Baltic”	7	8
– UAB „Teniso pasaulis“	1	1
– UAB „Troja”	-	14

STUMBRAS AB
CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF-YEAR PERIOD ENDED 30 JUNE 2010

(all tabular amounts are in LTL'000 unless otherwise stated)

396	569
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19. Related-party transactions (continued)

(k) Loans to related parties (provided to MG Baltic Trade UAB)

	30 June 2010	31 December 2009
<i>Loans to related parties</i>		
At beginning of period	-	-
Additional loans	15,000	10,000
Loan repayments received	(15,000)	(10,000)
End of the period	-	-

	Half-year period ended 30 June		Three-month period ended 30 June	
	2010	2009	2010	2009
<i>Accrued interest on the loans to related parties</i>				
At beginning of period	21	-	38	46
Interest	129	145	51	99
Interest payments received	(150)	(114)	(89)	(114)
End of the period	-	31	-	31

20. Seasonality

The Company's sales are subject to seasonal fluctuations with peak demand in the fourth quarter and the lowest sales in the first quarter of the year. This is due to the holiday periods.

STUMBRAS AB

INTERIM REPORT FOR THE PERIOD OF SIX MONTHS OF 2010

Kaunas, August 2010

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1. Reporting period covered by the Report

The interim report is prepared for the period of six-month ended 30 June 2010. All amounts in the interim report present situation as at 30 June 2010, unless otherwise stated. Further in this report Stumbras AB can be referred to as the Company or the Issuer.

2. Issuer and its contact data

Name of the Issuer	Stumbras AB
Legal organisational form	public company
Authorised share capital	LTL 40,000,000
Date and place of incorporation	4 October 1995, Kaunas City Council
Registration certificate No.	AB 95 – 70B
Company code	1320 82782
Company VAT code	LT3208278211
Company's register	Register of Legal Entities of the Republic of Lithuania
Official seat	K. Būgos g. 7, LT- 44355 Kaunas
Telephone	8 (37) 308800
Facsimile	8 (37) 308833
E-mail	stumbras@stumbras.lt
Website	www.stumbras.eu/lt

The Company has no branches and representative offices.

3. Types of activities

The Company's principal activities represent production of and wholesale trade in alcoholic beverages. The Company can pursue other activities stipulated in its Articles of Association.

4. Contracts with intermediaries of securities' public turnover

On 24 October 2003, the Company concluded a contract on the service of the Issuer with SEB Bankas AB (company code 112021238), Gedimino pr. 12, Vilnius, tel. (8 5) 268 2687, fax (8 5) 262 6043. In relationship with the Issuer the latter is represented by the Department of Financial Markets.

5. Data on trade in the Issuer's securities in the regulated markets

The Issuer's shares are listed on the Vilnius Stock Exchange. At the present moment, all 40,000,000 ordinary registered share with a par value of LTL 1 (one) comprising the Company's authorised share capital are listed on the Secondary List of the Vilnius Stock Exchange. ISIN code of securities: LT0000119430.

6. Objective overview of the Company's financial position, performance, development and research, description of its exposure to key risks and contingencies

Volumes of main production over the period of the last 3 years are as follows (data is provided in decaliters (dal) and tons):

Name	Unit of measurement	2010 I half	2009 I half	2008 I half
Alcohol products	thousand dal	551	732	918
Including alcoholic drinks	thousand dal	550	731	917

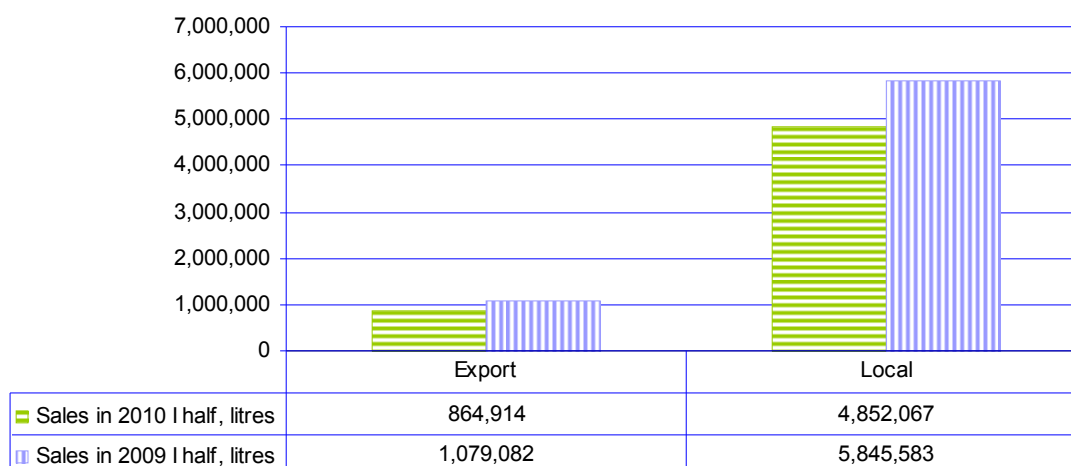
In 2010 I half , new products were launched: vodka "Aviator", special edition of "Lihuania vodka" Gold marking the anniversary of 600 years of battle Zalgiris, "Tėviškės spalvos", brandy "Imperial XII".

Rectified ethyl alcohol and alcoholic beverages are subject to excise duties established under legal acts of the Republic of Lithuania. The latter duties make a significant impact on changes in prices and volumes of sales of products produced by Stumbras AB.

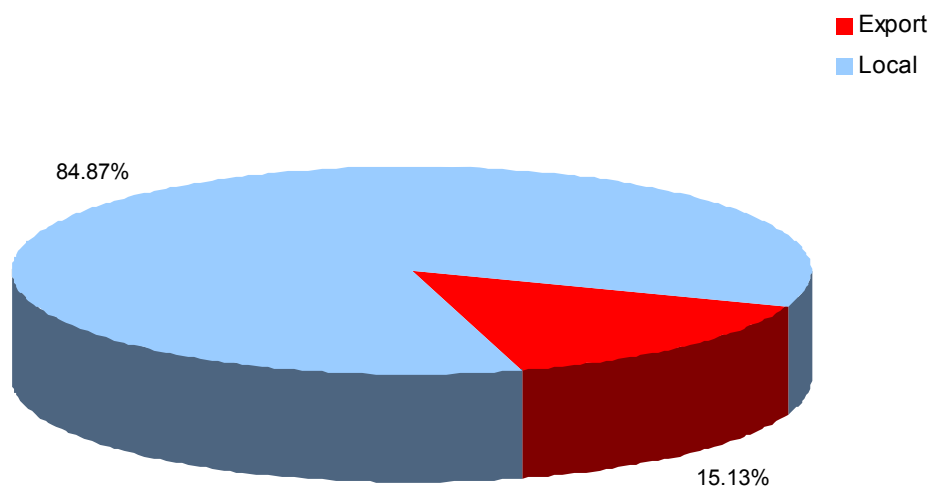
During a reporting period an excise duty of LTL 4,416 per hectoliter of pure ethyl alcohol was applicable to alcoholic beverages and ethyl alcohol (in accordance with Article 24 of the Law on Excise Duties of the Republic of Lithuania No. IX-569 of 30 October 2001 (effective wording: 19 December 2008). In 2008, an excise duty of LTL 3,840 per hectoliter of pure ethyl alcohol was applicable to alcoholic beverages and ethyl alcohol.

When implementing its obligations under earlier concluded long-term purchase-sale contracts and entering into new contracts, the Company seeks to ensure constant and scheduled sales of products.

Sales of Alcoholic Drinks by AB Stumbras According to Markets, litres

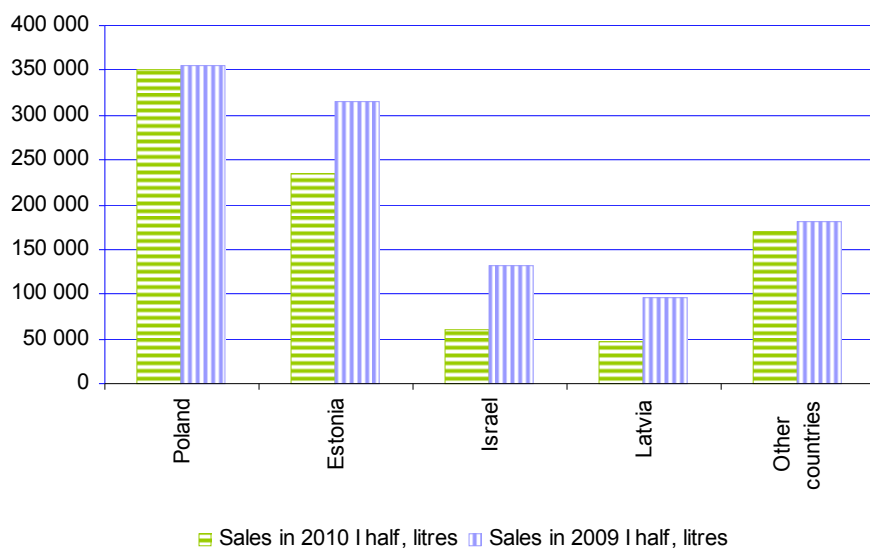


Sales of Alcoholic Drinks in 2010 I half, litres

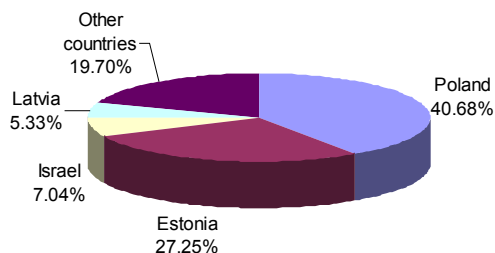


In 2009 I half, the Company's production was mainly exported to Poland, Estonia, Israel and Latvia which comprised 80.30 per cent of all exported products. Products were also traded in the Spain, Peru, Great Britain, Denmark, USA, Singapore, Northern Ireland, Australia, Greece, Canada, Ireland and France. Company's development in export market:

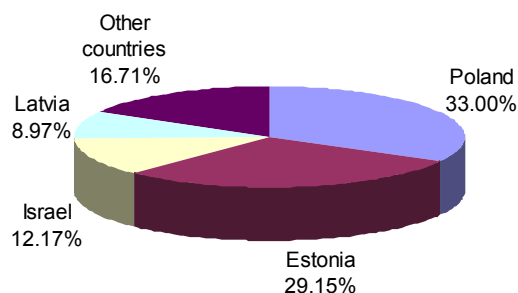
Export of Alcoholic Drinks According to Countries, litres



Export of alcoholic drinks in 2010 I half, litres, %



Export of Strong Drinks in 2009 I half, litres, %



To ensure proper performance the Company is engaged in research activities relating to promotion of brands and identification of local market share occupied by products (separate groups of products). The Company contracts such companies as AC Nielsien Lietuva, RAIT, Baltijos Tyrimai UAB to conduct market researches.

Risk factors related to the Issuer's operations:

Economic factors. 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. Performance of the Company is affected by the existing illegal production, sale of alcoholic drinks and contraband of alcoholic drinks products as well as in rectified ethyl alcohol. When assessing the Company's competitive features, it can be claimed that the potential of employees and technical-technological base serves as a ground for a successful operations of the Company in this market.

One of potential operational risks that the Company is exposed to represents circumstances, in case of aggressive importers penetration to Lithuanian alcoholic drinks market, bringing their own, separate trademarks, and with a decreasing level of living standards of local residents, a part of consumers may start choosing other imported and cheaper drinks. Another operational risk may be linked with a growing power of commercial retail chains and their ability to affect sales of goods.

Political factors. Instability of laws and other regulatory legislation governing the Company's activities has a negative impact. Potential risk factors capable of making an indirect impact on the performance of the Company – excise duty increase, alcoholic drinks trading locations, trading time and advertising of alcoholic drinks additional restrictions and prohibitions.

Ecological factors. Expenses for waste management incurred by the Company for the six-month period ended 30 June 2010 amounted to LTL 722 thousand (LTL 953 thousand for the six-month period ended 30 June 2009). Costs related to the management of packaging waste released to the domestic market constitute the major part of these expenses.

Technical-technological factors. Equipment used by the Company is sufficient for the Company to carry out its operations. Possible damages are related to regular depreciation charges of equipment.

Factors of financial risk. The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Information on financial risks, their management and the internal control system is presented in Note 3 of the financial statements for the year ended 31 December 2009 and there are not common changes of risks in the first half of 2010.

7. Analysis of financial and non-financial performance

For the six-month period ended 30 June 2010, the Company's revenue from sales of goods (net of excise duty) and provision of services amounted to LTL 44,624 thousand, i.e. 16.5 per cent less as compared to six-month period ended 30 June 2009 when revenue from sales amounted to LTL 53,463 thousand.

The Company's profit before tax was LTL 8,535 thousand, i.e. 34.0 per cent less as compared to six-month period ended 30 June 2009.

During a reporting period, the Company's taxes paid or payable to the budget in accordance with the terms prescribed under regulatory legislation totalled LTL 87,076 thousand comprising:

- excise duty – LTL 64,275 thousand;
- value-added tax – LTL 18,824 thousand;
- social security tax – LTL 1,557 thousand;
- income tax of individuals – LTL 654 thousand;
- corporate income tax – LTL 1,278 thousand;
- other taxes – LTL 488 thousand.

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

	Six-month period ended 30 June	
	2010	2009
Sales revenue, LTL thousand	44,624	53,463
Sales revenue in foreign markets, LTL thousand	4,894	6,264
Exports per total sales, per cent	11.0	11.7
Gross profit, LTL thousand	21,022	26,642
Gross profitability, per cent	47.1	49.8
Profit before tax, LTL thousand	8,535	12,924
Profitability before tax, per cent	19.1	24.2
Net profit, LTL thousand	7,257	10,340
Net profitability, per cent	16.3	19.3
EBITDA, LTL thousand	11,903	15,508
EBITDA profitability	26.7	29.0
Earnings per share, LTL	0.18	0.26
General liquidity ratio	2.4	1.7
Assets (at the end of the period), LTL thousand	81,697	109,953
including: non-current assets, LTL thousand	30,541	32,212
current assets, LTL thousand	51,156	77,741
Authorised share capital (at the end of the period), LTL thousand	40,000	40,000
Equity (at the end of the period), LTL thousand	58,851	58,768
Investments in modernisation of the Company, LTL thousand	309	2,742

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

All financial data presented in this Annual Report is calculated in accordance with the International Financial Reporting Standards and is approved by the assigned auditor under established procedure.

9. Information about own shares owned and acquired by the Company

The Company did not acquire own shares during the current and previous reporting periods.

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

During a general meeting of shareholders of Stumbras AB as of 23 April 2010 dividends for 2009 were announced amounting to LTL 0.50 (EUR 0.145) per one ordinary share with the nominal value of LTL 1 (one) and making a total amount of LTL 20 million.

Other reporting period Company events were announced through the Central regulated information database http://www.nasdaqomxbaltic.com/market/?issuer=STU&market=&start_d=1&start_m=1&start_y=2010&end_d=30&end_m=6&end_y=2010&keyword=&pg=news&lang=lt¤cy=0&downloadcsv=0 and Company's website <http://1906.stumbras.eu/investuotojams/>.

11. Company's business plans and perspectives

In assessing the overall current economic situation and long-term forecasts, the Company's management does not expect to achieve better results in 2010 than that in 2009. In view of publicly announced economic forecasts for 2010, rise in the consumption level is not projected. Existing and probable changes in prices of energy resources and the taxation system and their potential impact on the Company's production market cannot be reliably estimated, therefore the Company's management does not provide forecasts of performance indicators for 2010.

12. Structure of the Issuer's authorised share capital

As at 30 June 2010, the Company's authorised share capital was comprised of 40,000,000 ordinary registered shares with par value of LTL 1 each.

Presented below is the structure of the Company's authorised share capital by categories of shares:

Category of shares	Number of shares	Nominal value (LTL)	Total nominal value (LTL)	Ownership interest held in the authorised share capital (%)
Ordinary registered shares	40,000,000	1	40,000,000	100.00
Total	40,000,000		40,000,000	100.00

All shares of Stumbras AB are fully paid.

The Company's shareholders shall have the following property rights:

- 1) to receive a part of the Company's profit (dividend);
- 2) to receive a part of assets of the Company in liquidation;
- 3) to receive shares without payment if the authorised share capital is increased out of the Company's funds, except in cases specified in the Law on Companies of the Republic of Lithuania;
- 4) to have the pre-emption right in acquiring shares or convertible debentures issued by the Company, except in cases when the General Shareholder Meeting decides to withdraw this right for all the shareholders;
- 5) to leave all or a part of shares to one or several persons under a will;
- 6) to transfer all or a part of shares to the ownership of other persons, except in cases specified in the laws of the Republic of Lithuania;
- 7) other property rights established by laws and the Company's Articles of Association.

The Company's shareholders shall have the following non-property rights:

- 1) to attend the General Shareholder Meetings and vote;
- 2) to receive information on the Company specified in paragraph 1 of Article 18 of the Law on Companies of the Republic of Lithuania;
- 3) to file a claim with the court for reparation of damage resulting from nonfeasance or malfeasance by the Company Manager of his/her obligations prescribed by the Articles of Association of the Company and other laws as well as in other cases laid down by laws;
- 5) other non-property rights established by laws and the Company's Articles of Association.

13. Restrictions on disposal of securities

There are no restrictions.

14. Shareholders

As at 30 June 2010, the number of shareholders of Stumbras AB was 824.

Shareholders holding more than 5 per cent of the Company's authorised share capital as at 30 June 2010 are as follows:

Full name of the shareholder (company name, type, official seat, code of the legal entities' register)	Number of shares owned by the shareholder (units)	Ownership interest in the authorised capital (%)	Votes represented by shares owned (%)	Votes conferred to the shareholder together with persons acting jointly (%)
Mineraliniai Vandenys UAB J.Jasinskio g. 16, Vilnius, company code 121702328	37,970,139	94.93	94.93	95.06

15. Shareholders holding special control rights and descriptions of these rights

There are no such shareholders.

16. All restrictions regarding voting rights

There are no restrictions

17. All mutual agreements of shareholders of which the Issuer is aware and due to which restrictions on transfer of securities and/or voting rights may be imposed

There are no such agreements

18. Personnel

Number of employees

	30/06/2010	30/06/2009
Managers	7	7
Officials-specialists	64	68
Workers	178	200
	249	275

Average gross remuneration

	Six-month period ended 30 June	
	2010	2009
Managers	8,374	10,036
Officials-specialists	4,676	5,229
Workers	2,017	2,276
Average gross remuneration	2,879	3,204

Education of employees

	30/06/2010	30/06/2009
Employees who have acquired higher education	76	74
Employees who have acquired non-higher professional education	51	58
Employees who have acquired secondary education	117	132
Employees who have not acquired secondary education	5	11
Total	249	275

During a reporting period the number of the Company's employees declined 5.0 per cent due to a lower level of production volume. As at 30 June 2010, the Company had 249 (30 June 2009: 262) employees.

The effective collective agreement of the Company does not provide for any special rights of employees or a part of employees.

19. Amendment procedure of the Issuer's Articles of Association

The Law on Companies of the Republic of Lithuania establishes that the General Shareholder Meeting shall be vested with an exclusive right to amend the Articles of Association.

The Company's Articles of Association stipulate that decision to amend Articles of Association is adopted by a 2/3 majority of the votes conferred by the shares of the shareholders present at the General Shareholder Meeting. Following the decision by the General Shareholder Meeting to amend the Company's Articles of Association, the full text of the amended Articles of Association shall be drawn up and signed by the person authorised by the General Shareholder Meeting

20. Issuer's bodies

The Company's Articles of Association stipulate that the Company shall have the following bodies: the General Shareholder Meeting, the Supervisory Board, the Board and the Company Manager.

Articles of Association provide that restrictions on rights of the members of the Company's bodies shall be determined by the Law on Companies of the Republic of Lithuania.

Articles of Association provide that the competence of the General Shareholder Meeting shall be defined by the Law on Companies.

The Supervisory Board is a collegial supervisory body of the Company. The Supervisory Board composed of 3 (three) members is elected by the General Shareholder Meeting for the term of 4 (four) years. The General Shareholder Meeting may remove from office the entire Supervisory Board or its individual members before the expiry of the term of their office. In Company's article of association is indicated, that Supervisory Board competence is determined by Lithuanian Republic Law on Companies

The Board is a collegial management body of the Company. The Board composed of 5 (five) members is elected by the Supervisory Board for the term of 4 (four) years. The Supervisory Board may remove from office the entire Board or its individual members before the expiry of the term of their office.

The Articles of Association of the Company stipulate that the Board shall deal with major production, organisational, financial and economic issues, analyse and approve the operating strategy, the use of financial resources, approve the organisational and management structure of the Company, elect and remove the Company manager and shall fulfil other functions prescribed by the Law on Companies.

The Company Manager – the Chief Executive Office – is elected and removed under procedure prescribed by the Law on Companies. The competence of the Company Manager is defined by the Law on Companies. The Company Manager shall be responsible for the organisation of the Company's operations, implementation of it objectives, shall be entitled to enter into transactions at his own discretion, save in cases where the Law on Companies provides that there is a decision of the Board to enter into transactions. The Head of Administration shall follow decisions passed by the General Shareholder Meeting, the Supervisory Board and the Board.

In 2009, in Company established the audit committee that acts under the Regulations approved by the decision of the Board of Stumbras AB as of 10 December 2008. Main functions of the audit committee include observance of the process of preparation of the Company's financial statements; control of effectiveness of the Company's processes of internal control, risk management and internal audit, if any; observance of the process of auditing of the Company; observance of the compliance with the principles of independence and impartiality by the auditor and the audit firm; provision of written recommendations to the Board with regard to audit firms offered to be elected the Company's auditor by the General Shareholder Meeting; immediate notification of the Company Manager about the information provided to the audit committee by the audit firm concerning audit-related matters, in particular, when significant deficiencies of internal controls related to financial statements have been identified.

21. Members of the collegial bodies, the Company Manager, the Chief Financier

Position of the person	Name, surname	Number of the Issuer's shares held	Commencement date	Termination date
<u>Supervisory Board</u>				
Chairman of the Supervisory Board	Romanas Raulynaitis	15,959	01/12/2007	01/12/2011
Member of the Supervisory Board	Inga Žemkauskienė	-	01/12/2007	01/12/2011
Member of the Supervisory Board	Dalius Balceris	-	01/12/2007	01/12/2011

For the six-month period ended in 30 June 2010, dividends paid to the members of the Supervisory Board (one person) amounted to LTL 7,980. No other monetary benefits were calculated, nor any assets, guarantees were provided.

Board

Chairman of the Board	Darius Juozas Mockus	-	28/11/2007	28/11/2011
Member of the Board	Artūras Listavičius	-	28/11/2007	28/11/2011
Member of the Board	Rolandas Vingilis	-	28/11/2007	28/11/2011
Member of the Board	Raimondas Kurlianskis	-	28/11/2007	07/05/2010
Member of the Board	Julius Gendvilis	-	07/05/2010	28/11/2011
Member of the Board	Česlovas Matulevičius	39,326	28/11/2007	28/11/2011
Member of the Board	Aurelijus Racevičius	11,812	28/11/2007	21/04/2010

For the six-month period ended 30 in June 2010, dividends paid to the members of the Board (one person) amounted to LTL 19,663. No other monetary benefits were calculated, nor any assets, guarantees were provided.

Audit committee

Independent member	Birutė Minalgienė	-	15/01/2009	15/01/2013
Committee member	Romanas Raulynaitis	15,959	15/01/2009	15/01/2013

Head of Administration and the Financial Manager

Chief Executive Officer	Česlovas Matulevičius	39,326	01/09/2004	-
Financial Manager	Voldemaras Kallo	19,666	07/11/2003	-

For the six-month period ended in 30 June 2009, the aggregate remuneration of the Chief Executive Officer and the Financial Manager amounted to LTL 113,439 (an average pay to one person amounted to LTL 56,720). No other assets were disposed and no guarantees issued. Dividends paid amounted to LTL 29,496 (an average payment to one person amounted to LTL 14,748).

The Company has concluded no agreements with members of bodies or employees that would define their competence in case of their resignation or dismissal without a sound reason or in case of termination of their employment as a result of the change in the control of the Company.

Supervisory Board:

ROMANAS RAULYNAITIS – Chairman of the Supervisory Board.

Participation in the management of other companies:

- Laisvas ir Nepriklausomas Kanalas UAB (company code 123026090, Šeškinės g. 20, Vilnius) member of the Board from 30/12/2003.
- Lawyer at the law firm Raulynaitis, Žemkauskienė ir Partneriai (official seat J. Jasinskio g. 16, Vilnius) employed from 01/06/2004

INGA ŽEMKAUSKIENĖ – member of the Supervisory Board.

Participation in the management of other companies:

- Laisvas ir Nepriklausomas Kanalas UAB (company code 123026090, Šeškinės g. 20, Vilnius) member of the Board from 31/08/2006; Mitnija UAB (company code 134511472, Palemono g. 3, Kaunas), member of the Board from 23/03/2006, lawyer from 01/06/2004.

DALIUS BALCERIS – member of the Supervisory Board. Lawyer from 2005.

Board:

DARIUS JUOZAS MOCKUS – Chairman of the Board. Higher education acquired. Employment record: 1992–1996 Investicijos Fondas IAB, Chairman of the Board hired under the employment agreement; 1996– 2000 Minvista UAB, Director from 2000 to 2006; Koncernas MG Baltic UAB, President from 15/12/2000.

Participation in the management of other companies:

Koncernas MG Baltic UAB (company code 125459336, official seat J.Jasinskio g.16, Vilnius), Head of Administration/President;

Koncernas MG Baltic UAB (company code 125459336, official seat J.Jasinskio g.16, Vilnius), Chairman of the Board;

MG Baltic Trade UAB (company code 125313192, official seat J.Jasinskio g.16, Vilnius), General Manager;

Apranga APB (company code 121933274, official seat Kirtimų g.51, Vilnius), member of the Board;

Laisvas ir Nepriklausomas Kanalas UAB (company code 123026090, official seat Šeškinės g. 20, Vilnius), member of the Board.

ARTŪRAS LISTAVIČIUS – member of the Board, Director of Ethyl Alcohol Production Development at AB STUMBRAS AB. Higher education acquired. Employment record: from 01/01/1994 to 27/03/2002 UAB Mineraliniai Vandeny, Head of Administration/Director (General Manager); till 2005 MG Baltic Trade UAB, Head of Administration (General Manager); from 01/11/2003 to 01/09/2004 Stumbras AB, General Manager; till December 2005 Director of Ethyl Alcohol Production Development at Stumbras AB; from December 2005

Biofuture AB, Chairman of the Board.

Participation in the management of other companies:

MG Baltic Trade UAB (company code 125313192, official seat J.Jasinskio g.16, Vilnius), Chairman of the Board;

Koncernas MG Baltic UAB (company code 125459336, official seat J.Jasinskio g.16, Vilnius), member of the Board.

Board (continued):

ROLANDAS VINGILIS – member of the Board. Higher education acquired. Employment record: 1992–1994 Inovacinė Firma INIT UAB, Director of Vilnius Branch; 1994–1998 Trading M.J.D. UAB, Manager; From 1996 Troja UAB, Director; 1997–1999 Trojos Prekyba UAB, Deputy Director; 1998–1999 Trojina UAB, Acting Director.

Participation in the management of other companies:

Troja UAB (company code 2350162, official seat J.Jasinskio g.16, Vilnius), Head of Administration/Director;

MG Valda UAB (company code 2301033, official seat J.Jasinskio g 16, Vilnius), Chairman of the Board;

Koncernas MG Baltic UAB (company code 125459336, official seat J.Jasinskio g.16, Vilnius), member of the Board;

MG Baltic Trade UAB (company code 125313192, official seat J.Jasinskio g.16, Vilnius), member of the Board.

JULIUS GENDVILIS – member of the Board of Stumbras AB. University education.

Employment record: 08 2004-03 2005 Mineraliniai Vandeny UAB Head of central services, 03 2005 – 07 2005 Mineraliniai vandenys UAB Head of administration, 07 2006 – 04 2009 Tromina UAB General manager, 07 2005 – 04 2009 Mineraliniai vandenys UAB General manager. 04 2009 – 07 2010 MG Baltic Trade UAB Strategic development director, 03 2010 – 07 2010 MG Baltic Executive director, Mitnija UAB General manager from 01/07/2010.

ČESLOVAS MATULEVIČIUS – member of the Board and Chief Executive Officer of STUMBRAS AB. Higher education acquired. Employment record: 1991–1995 Minta UAB; 1995–1997 owner of the sole proprietorship; May 1998 – October 1998 Gudrūna UAB, Deputy Director; November 1998 – December 1998

Industrijos Bankas AB, Klaipėda Branch, Cashier; December 1998 – January 1999 Anvija UAB, trade agent; January 1999 – September 1999 Pieno Žvaigždės AB, Deputy Head of Mažeikiai Dairy; September 1999 – July 2002 Pieno Žvaigždės AB, Director of Klaipėda Division; July 2002 – May 2003 Anykščių Vynas AB, Marketing Director; May 2003 – August 2004 Anykščių Vynas AB, Acting General Manager; Chief Executive Officer of Stumbras AB from 01/09/2004.

Participation in the management of other companies:

Mineraliniai vandenys UAB (company code 121702328, official seat J.Jasinskio g. 16, Vilnius) Chairman of the Board.

Audit committee:

BIRUTĖ MINALGIENĖ – independent member of the audit committee. Higher education acquired.

Employment record: the field of accounting – chief bookkeeper at Saistas UAB from 06/1992 to 11/2000; chief bookkeeper at Helita UAB from 11/2000.

ROMANAS RAULYNAITIS – member of the audit committee and the Chairman of Company's Supervisory Board.

22. Information about significant agreements

The Company has concluded no significant agreements in which the Company is a party to and which would come into effect, change or terminate as a result of the change in the control of the Company.

23. Information about the compliance with the Governance Code

Stumbras AB confirms its substantial compliance with the principles of the Governance Code approved by the Vilnius Stock Exchange (VSE) for the companies listed on the regulated market. There were no essential changes during 30 June 2010 ended six months period.

24. Information about transactions with related parties

The major shareholder of the Company is Mineraliniai Vandeny AB which holds 94.93 per cent of the Company's shares. The remaining amount of the Company's shares is held by different small shareholders.. Other companies treated as related parties are Koncernas MG Baltic UAB and subsidiaries. UAB Negotiations with related parties regarding services are conducted on "a cost plus" basis. Products are sold based on a price list applicable to unrelated parties.

Results of transactions with related parties performed during the period of six months of 2010 are disclosed in the notes to the financial statements of Stumbras AB as at 30 June 2010.

25. Data on publicly announced information

In the period from 1 January 2010 to 30 June 2010, the Company publicly announced information on the website of OMX Client News Service and on the Company's website. In addition, the Company announced dates of General Shareholder Meetings in the daily *Respublika*. The Company's public communications are available on the website of VSE at <http://www.baltic.omxgroup.com/market/?pg=news> and on the Company's website at

<http://1906.stumbras.eu/investuotojams/>

<http://www.stumbras.eu/investuotojams/>.

Česlovas Matulevičius
General Director



16 August 2010