STUMBRAS
1906

Securities Commission of the Republic of Lithuania 23 May 2011

CONFIRMATION OF RESPONSIBLE PERSONS

The confirmation of responsible persons regarding interim financial statements of AB Stumbras for the three-month period ended 31 March 2011 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 interim financial statements for the three-month period ended 31 March 2011 , 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.

General Director Česlovas Matulevičius

Chief Financial Officer Voldemaras Kallo

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AS "UniCredit Bank" Lietuvos skyrius, SWIFT UNCRLT22, IBAN LT96 2050 0000 1018 3201
Correspondent bank (USD): JPMorgan Chase Bank New York, SWIFT CHASUS33
Correspondent bank (EUR): Bank Austria Creditanstalt AG, Vienna, SWIFT BKAUATWW

STUMBRAS AB

CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2011

CONTENTS Pages

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

Condensed interim balance sheet

	Note	31 March 2011	31 December 2010
ASSETS			
Non-current assets			
Property, plant and equipment	5	24,410	25,861
Intangible assets	6	8	14
Investment property	7	2,589	2,589
Deferred tax assets		560	560
Available-for-sale financial assets		15	15
Prepayments for property, plant, equipment		316	242
		27,898	29,281
Current assets			
Inventories	8	12,217	14,261
Trade and other receivables		31,921	44,695
Prepaid income tax		1,274	524
Cash and cash equivalents	9	15,970	6,033
		61,382	65,513
Total assets		89,280	94,794
EQUITY			
Ordinary shares	10	40,000	40,000
Reserves	11	4,000	4,000
Retained earnings		27,706	34,330
Total equity		71,706	68,330
LIABILITIES			
Non-current liabilities			
Borrowings	12	7	11
		7	11
Current liabilities			
Trade and other payables		15,244	23,361
Borrowings	12	2,323	3,092
Provisions for other liabilities and charges	13	-	-
		17,567	26,453
Total liabilities		17,574	26,464
Total equity and liabilities		89,280	94,794

The General Director and the Finance Director approved the condensed interim financial information on pages 3 to 16 on 23 May 2011.

Česlovas Matulevičius
General Director

Voldemaras Kallo
Finance Director

The notes on pages 7 to 16 are an integral part of this condensed interim financial information.

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

Condensed interim statement of comprehensive income

	Note	Three-month period ended 31 March	
		2011	**2010**
Sales	4	21,327	19,705
Cost of sales		12,471	(10,499)
Gross profit		8,856	9,206
Selling and marketing expenses		(1,388)	(2,099)
Administrative expenses		(4,088)	(4,016)
Other income		28	146
Other expenses		(1)	(42)
Operating profit		3,407	3,195
Finance income		1	13
Finance costs		(32)	(98)
Profit before income tax		3,376	3,110
Income tax expense	14	-	-
Profit for the three-month		3,376	3,110
Other comprehensive ingome (expenses)		-	-
Total comprehensive income		3,376	3,110
Profit attributable to equity holders of the Company		3,376	3,110
Basic and diluted earnings per share (expressed in LTL per share)	15	0.08	0.08

The notes on pages 7 to 16 are an integral part of this condensed interim financial information.

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

Condensed interim statement of changes in equity

	Note	Share capital	Reserves	Retained earnings	Total equity
Balance at 1 January 2010		**40,000**	**4,000**	**27,594**	**71,594**
Total comprehensive income		-	-	3,110	3,110
Transferred to legal reserve		-	-	-	-
Dividends		-	-	-	-
Balance at 31 March 2010		**40,000**	**4,000**	**30,704**	**74,704**
Balance at 1 January 2011		**40,000**	**4,000**	**24,330**	**68,330**
Total comprehensive income		-	-	3,376	3,376
Transferred to legal reserve		-	-	-	-
Dividends		-	-	-	-
Balance at 31 Match 2011		**40,000**	**4,000**	**27,706**	**71,706**

The notes on pages 7 to 16 are an integral part of this condensed interim financial information.

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

Condensed interim statement of cash flow

	Note	Three-month period ended 31 March	
		2011	**2010**
Cash flows from operating activities			
Cash generated from operating activities	17	11,613	17,584
Interest received		1	74
Interest paid		(32)	(98)
Income tax paid		(750)	(750)
Net cash generated from operating activities		10,832	16,810
Cash flows from investing activities			
Purchases of property, plant and equipment		(122)	(237)
Proceeds from sale of property, plant and equipment	17	-	-
Purchases of intangible assets		-	-
Loans granted		-	(15,350)
Loan repayments received		-	-
Net cash used in investing activities		(122)	(15,587)
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayments of borrowings		(773)	(15,687)
Dividends paid to shareholders of the Company		-	(1)
Net cash used in financing activities		(773)	(15,688)
Net (decrease)/increase in cash, cash equivalents		9,937	(14,465)
Cash and cash equivalents at beginning of the period		6,033	19,301
Cash and cash equivalents at end of the period		15,970	4,836

The notes on pages 7 to 16 are an integral part of this condensed interim financial information.

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

Selected notes to the condensed interim financial information

1. General information

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

	At 31 March 2011	**At 31 December 2010**
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-44328 Kaunas
Republic of Lithuania

The Company is involved in production of and trade in strong alcoholic beverages.

The number of the Company's employees as at 31 March 2011 amounted to 237 (31 December 2010: 236).

2. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2010, as described in the annual financial statements for the year ended 31 December 2010.

3. Basis of preparation

This condensed interim financial information for the nine-month period ended 31 March 2011 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 2010.

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 2011.

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

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	**31 March 2011**	**31 March 2010**
Lithuania	18,726	17,336
Estonia	677	857
Poland	559	766
USA	345	82
Turkey	271	-
Israel	172	177
Other countries	577	487
Total	21,327	19,705

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

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

Analysis of sales by category	**31 March 2011**	**31 March 2010**
Revenue from sales of goods	21,120	19,517
Revenue from resale of goods	73	64
Revenue from services	134	124
	21,327	19,705

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

5. Property, plant and equipment

	Land and buildings	Plant and machinery	Vehicles	Other property, plant and equipment	Construction in progress	Total
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 value	9,843	17,375	372	1,745	201	29,536
Year ended 31 December 2010						
Opening net book value	9,843	17,375	372	1,745	201	29,536
Additions	-	864	-	1,249	222	2,335
Disposals/write-offs	-	(34)	-	(1)	-	(35)
Reclassifications	121	241	8	-	(370)	-
Depreciation charge	(237)	(5,050)	(118)	(570)	-	(5,975)
Closing net book value	9,727	13,396	262	2,423	53	25,861
At 1 January 2011						
Cost	14,779	38,687	1,703	5,612	53	60,834
Accumulated depreciation and impairment	(5,052)	(25,291)	(1,441)	(3,189)	-	(34,973)
Net book value	9,727	13,396	262	2,423	53	25,861
At 31 March 2011						
Opening net book value	9,727	13,396	262	2,423	53	25,861
Additions	-	-	-	37	11	48
Disposals/write-offs	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Depreciation charge	(61)	(1,242)	(24)	(172)	-	(1,499)
Closing net book value	9,666	12,154	238	2,288	64	24,410
At 31 March 2011						
Cost	1,4779	38,687	1,703	5,584	64	60,817
Accumulated depreciation and impairment	(5,113)	(26,533)	(1,465)	(3,296)	-	(36,407)
Net book value	9,666	12,154	238	2,288	64	24,410

As at 31 March 2011 property, plant and equipment for the net book value of LTL 12,304 thousand (LTL 12,536 thousand as at 31 December 2010) and land rent rights for the value of LTL 1 thousand (1 thousand as at 31 December 2010) were provided as collateral for bank borrowings (Note 12).

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

6. Intangible assets

	Patents, licences	Software	Total
At 1 January 2010			
Cost	881	675	1 556
Accumulated amortisation	(743)	(570)	(1 313)
Net book value	138	105	243
Year ended 31 December 2009			
Opening net book value	138	105	243
Additions	-	-	-
Amortisation charge	(125)	(104)	(229)
Closing net book value	13	1	14
At 1 January 2011			
Cost	881	675	1 556
Accumulated amortisation	(868)	(674)	(1 542)
Net book value	13	1	14
At 31 March 2011			
Opening net book value	13	1	14
Additions	-	-	-
Amortisation charge	(5)	(1)	(6)
Closing net book value	8	-	8
At 31 March 2011			
Cost	881	675	1 556
Accumulated amortisation	(873)	(675)	(1 548)
Net book value	8	-	8

The Company does not have internally generated intangible assets.

7. Investment property

	Land
Year ended 31 December 2010	
Opening net book value	2,589
Impairment charge	-
Closing net book value	2,589
At 1 January 2011	
Cost	7,000
Accumulated impairment	(4,411)
Net book value	2,589
At 31 March 2011	
Opening net book value	2,589
Additions	-
Impairment charge	-
Closing net book value	2,589

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

7. Investment property (continued)

	Land
At 31 March 2011	
Cost	7,000
Accumulated impairment	(4,411)
Net book value	2,589

Recoverable amount of investment property was established according to the preliminary market value of land as at 31 December 2008 provided by the independent property valuers, which had not changed significantly as at 31 December 2010 and 31 December 2009.

As at 31 March 2011, 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 2010).

8. Inventories

	31 March 2011	**31 December 2010**
Raw materials	7,664	9,583
Work in progress	291	213
Finished products	4,262	4,465
	12,217	14,261

As at 31 March 2011, inventories of LTL 20,000 thousand (the same amount as at 31 December 2010) are provided as collateral to secure the borrowings (Note 12).

The cost of inventories written-off during for the three-month period ended 31 March 2011 amounted to LTL 3 thousand (amounted didn't comprise for the three month period ended 31 March 2010).

9. Cash and cash equivalents

Cash at bank and future inflows to bank accounts amounting to LTL 42,000 thousand (as at 31 December 2010: LTL 42,000 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 31 March 2011, 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 2010: 40,000,000 shares with a par value of LTL 1 per share). All issued shares are fully paid.

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 31 March 2011 the legal reserve amounted to LTL 4,000 thousand (the same amount as at 31 December 2010).

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

12. Borrowings

	31 March 2011	31 December 2010
Non-current		
Finance lease liabilities	7	11
	7	11
Current		
Bank borrowings (current portion of a syndicated loan)	2,308	3,077
Utilised amount of the overdraft	-	-
Finance lease liabilities	15	15
	2,323	3,092
Total borrowings	2,330	3,103

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 2011.

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:

	31 March 2011	31 December 2010
1 to 2 years	7	11
2 to 5 years	-	-
Over 5 years	-	-
	7	11

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

	31 March 2011	31 December 2010
EUR	2,330	3,103
LTL	-	-
	2,330	3,103

13. Provisions for other liabilities and charges

Provisions for other liabilities and charges for the three-month period ended 31 March 2011 are not settled (didn't comprise for the three month period ended 31 March 2010).

14. Income tax expense

	31 March 2011	31 March 2010
Income tax related	-	-

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.

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

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.

	31 March 2010	31 March 2010
Profit attributable to equity holders of the Company	3,376	3,110
Weighted average number of ordinary shares in issue (thousands)	40,000	40,000
Basic earnings per share (LTL per share)	0.08	0.08

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 held on 23 April 2010, dividends relating to 2009 in the amount of LTL 0.50 per share totalling LTL 20 000 thousand were declared.

17. Cash generated from operations

	31 March 2011	31 March 2010
Net profit for the period	3,376	3,110
Adjustments for:		
– income tax (Note 14)	-	-
– depreciation (Note 5)	1,499	1,524
– amortisation (Note 6)	6	91
– loss/ (profit) on disposal of property, plant and equipment	-	-
– interest income	(1)	(91)
– interest expense	32	98
– change in provisions	-	(65)
Changes in working capital:		
– inventories	2,044	31
– trade and other receivables	12,774	20,390
– trade and other payables	(8,117)	(7,504)
Cash generated from operations	11,613	17,584

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

	31 March 2011	31 March 2010
Net book amount (Note 5 and Note 6)	-	-
Profit/ (loss) on disposal of non-current assets	-	-
Proceeds from sale of non-current assets	-	-

Non-cash transactions
No major non-cash transactions took place during the three-month period ended 31 March 2011 and 31 March 2010.

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

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:

	31 March 2011	31 December 2010
Property, plant and equipment	271	254

(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:

	31 March 2011	31 December 2010
Not later than 1 year	347	347
Later than 1 year and not later than 5 years	523	522
Later than 5 years	-	-
	870	869

(c) Guarantees
SEB Bankas AB provided a guarantee to the Company for the amount of LTL 500 thousand as at 31 March 2011, maturing on 15 May 2012. The maximum amount of guarantees that could be issued by the bank is LTL 500 thousand.

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

	31 March 2011	31 March 2010
– UAB „Mineraliniai vandenys”	4,742	9,233
– MV Poland Sp.z.o.o	559	766
– UAB „Mitnija“	-	3
– AB „Biofuture“	-	1
	5,301	10,003

(b) Cost of sales

	31 March 2011	31 March 2010
– UAB „Mineraliniai vandenys”	5	**-**
	5	**-**

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

19. Related-party transactions (continued)

(c) Selling and marketing cost

	31 March 2011	31 March 2010
– UAB „Tromina“	74	-
– UAB „Mineraliniai vandenys”	70	199
– UAB ,,Laisvas nepriklausomas kanalas“	53	47
– UAB „Alfa media“	1	5
– UAB „UPG Baltic“	-	7
	198	258

(d) Administrative expenses

	31 March 2011	31 March 2010
– UAB „Verslo trikampis”	160	161
– UAB Koncernas „MG Baltic”	157	138
– UAB „MG Baltic Trade”	118	105
– UAB „Mineraliniai vandenys”	2	6
	437	410

(e) Other income

	31 March 2011	31 March 2010
– MV Poland Sp.z.o.o“	5	7
– UAB „Mineraliniai vandenys”	4	1
	9	8

(f) Key management compensation and other contributions

	31 March 2011	31 March 2010
Salaries and other employee benefits	144	177
Social security contributions	45	55
Life insurance contributions	15	15
	204	247

Key management includes 8 (31 March 2010: 7) members of the management of the Company.

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

Receivables from related parties:

	31 March 2011	31 December 2010
– UAB „Mineraliniai vandenys” (trade receivables)	2,570	2,210
– MV Poland Sp.z.o.o	1,543	2,852
– UAB „Mitnija“	1	1
– MV Eesti OU	-	2
	4,114	5,065

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

19. Related-party transactions (continued)

(h)Amounts due to related parties:

	31 March 2011	31 December 2010
Trade payables		
– UAB Koncernas „MG Baltic"	74	59
– UAB „Tromina"	65	84
– UAB „Verslo trikampis"	65	68
– UAB „MG Baltic Trade"	48	55
– UAB „Mineraliniai vandenys"	24	250
– UAB „Laisvas nepriklausomas kanalas"	15	107
– UAB „UPG Baltic"	-	1
	291	624

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

	31 March 2011	31 December 2010
Loans to related parties		
Beginning of period	-	-
Additional loans	-	15,000
Loan repayments received	-	(15,000)
At end of period	-	-

	31 March 2011	31 December 2010
Accrued interest on the loans to related parties		
At beginning of period	-	21
Interest charged	-	129
Interest payments received	-	(150)
At end of period	-	-

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.

21. Post-balance sheet events

At the annual General Shareholders' Meeting on 30 April 2011, a dividend in respect of 2010 of LTL 0.575 per share amounting to a total dividend of LTL 23,000 thousand was declared.