



Securities Commission of the Republic of Lithuania

10 September 2008

## CONFIRMATION OF RESPONSIBLE PERSONS

The confirmation of responsible persons regarding interim financial statement for 30 June 2008 ended period 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 2008, 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 Manager

Česlovas Matulevičius

The acting chief Financial Officer

Rūta Rutkauskaitė

**STUMBRAS AB**  
**CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE HALF-YEAR PERIOD ENDED 30 JUNE 2008**

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

**Condensed interim balance sheet**

	Note	30 June 2008	31 December 2007
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	34 816	35 166
Intangible assets	6	775	951
Available-for-sale financial assets		15	15
Non-current deferred charges and prepayments		961	58
		<u>36 567</u>	<u>36 190</u>
<b>Current assets</b>			
Inventories	7	17 314	15 164
Trade and other receivables and prepayments		49 525	83 699
Cash and cash equivalents	8	4 924	22 228
		<u>71 763</u>	<u>121 091</u>
Non-current assets classified as held for sale		-	-
		<u>71 763</u>	<u>121 091</u>
<b>Total assets</b>		<u>108 330</u>	<u>157 281</u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	9	40 000	40 000
Reserves	10	3 623	1 985
Retained earnings		15 386	34 464
<b>Total equity</b>		<u>59 009</u>	<u>76 449</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	11	10 384	12 691
Deferred income tax liabilities		78	78
		<u>10 462</u>	<u>12 769</u>
<b>Current liabilities</b>			
Trade and other payables		26 172	56 568
Borrowings	11	4 615	4 231
Current income tax liabilities		6 079	5 546
		<u>1 993</u>	<u>1 718</u>
<b>Total liabilities</b>		<u>38 859</u>	<u>68 063</u>
		<u>49 321</u>	<u>80 832</u>
<b>Total equity and liabilities</b>		<u>108 330</u>	<u>157 281</u>

The General Director and the Finance Director approved the condensed interim financial information on pages 3 to 16 on 28 July 2008.

Česlovas Matulevičius  
 General Director

Rūta Rutkauskaitė  
 The acting chief Financial Officer

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

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**Condensed interim income statement**

	Note	Half-year period ended 30 June		Three-month period ended 30 June	
		2008	2007	2008	2007
<b>Continuing operations:</b>					
Sales	4	69 451	66 992	41 634	37 835
Cost of sales		(33 476)	(35 507)	(19 734)	(19 725)
<b>Gross profit</b>		35 975	31 485	21 900	18 110
Other gains (losses) -net		(48)	15	(5)	4
Selling and marketing costs		(5 901)	(5 042)	(3 664)	(3 201)
Administrative expenses		(12 789)	(9 574)	(8 423)	(5 105)
Other income		209	644	206	258
Other expenses		(98)	(138)	(39)	(73)
<b>Operating profit</b>		17 348	17 390	9 975	9 993
Finance income		115	139	43	89
Finance costs		(464)	(508)	(224)	(254)
<b>Profit before income tax</b>		16 999	17 021	9 794	9 828
Income tax expense	13	(2 439)	(3 007)	(2 439)	(3 007)
Profit for the period from continuing operations		14 560	14 014	7 355	6 821
<b>Discontinued operations:</b>					
Profit for the period from discontinued operations		-	-	-	-
<b>Profit for the three-month period</b>		14 560	14 014	7 355	6 821
Basic and diluted earnings per share for profit from continuing operations attributable to the equity holders of the Company during the period (expressed in LTL per share)					
	14	0,36	0,35	0,18	0,17
Basic and diluted earnings per share for profit/losses from discontinued operations attributable to the equity holders of the Company during the period (expressed in LTL per share)					
	14	-	-	-	-

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**Condensed interim statement of changes in equity**

	Note	Share capital	Reserves	Retained earnings	Total equity
<b>Balance at 1 January 2007</b>		40 000	4 990	20 692	65 682
Profit for the three-month period		-	-	14 014	14 014
<b>Total recognised income for the three-month period ended 30 June 2007</b>		40 000	4 990	34 706	79 696
Increase in share capital		-	-	-	-
Transferred from reserves	10	-	(4 000)	4 000	-
Transferred to legal reserve		-	995	(995)	-
Dividend relating to 2006		-	-	(22 000)	(22 000)
<b>Balance at 30 June 2007</b>		40 000	1 985	15 711	57 696
<b>Balance at 1 January 2008</b>		40 000	1 985	34 464	76 449
Profit for the three-month period		-	-	14 560	14 560
<b>Total recognised income for the nine-month period ended 30 June 2008</b>		40 000	1 985	49 024	91 009
Transferred to legal reserve	10	-	1 638	(1 638)	-
Dividend relating to 2007	15	-	-	(32 000)	(32 000)
<b>Balance at 30 June 2008</b>		40 000	3 623	15 386	59 009

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

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**Condensed interim cash flow statement**

	Note	Half-year period ended 30 June	
		2008	2007
<b>Cash flows from operating activities</b>			
Cash generated from operations	16	20 524	20 639
Interest received		406	139
Interest paid		(464)	(508)
Income tax paid		(1 905)	(692)
Net cash generated from operating activities		18 561	19 578
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(1 955)	(4 407)
Proceeds from sale of property, plant and equipment	16	14	122
Purchases of intangible assets	6	(39)	(250)
Loans granted to related parties		-	(39 800)
Loan repayments received from related parties		-	30 000
Net cash used in investing activities		(1 980)	(14 335)
<b>Cash flows from financing activities</b>			
Issuance of ordinary shares		-	-
Borrowing received		3 000	-
Repayments of borrowings		(4 923)	(2 308)
Dividends paid to the Company's shareholders		(31 962)	(21 978)
Net cash used in financing activities		(33 885)	(24 286)
<b>Net (decrease)/increase in cash, cash equivalents</b>		(17 304)	(19 043)
Cash and cash equivalents at beginning of period		22 228	39 157
<b>Cash and cash equivalents at end of period</b>		4 924	20 114

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

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## **Selected notes to the condensed interim financial information**

### **1. General information**

Stumbras AB (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 shareholders of the Company are:

	<b>30 June 2008</b>	<b>31 December 2007</b>
Mineraliniai vandenys UAB	93.30 per cent	93.30 per cent
Other	6.70 per cent	6.70 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 2008 amounted to 305 (31 December 2007: 364).

### **2. Accounting policies**

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2007, as described in the annual financial statements for the year ended 31 December 2007.

### **3. Basis of preparation**

This condensed interim financial information for the half-year period ended 30 June 2008 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 2007.

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 2009.



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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, another reportable segment – production and sales of ethanol is related to the discontinued operations.

*(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	
	2008	2007	2008	2007
Lithuania	62 240	61 020	37 634	34 455
Estonia	2 342	1 873	1 494	969
Poland	1 991	1 421	994	977
Latvia	1 241	1 370	496	593
Israel	409	331	281	153
USA	245	200	184	112
Great Britain	172	51	134	22
Spain	152	59	74	59
Northern Ireland	151	77	70	44
Peru	131	41	90	41
Belgium	108	-	108	-
Denmark	105	77	41	77
India	75	56	-	56
Singapore	40	37	-	-
Ireland	33	24	33	16
El Salvador	-	90	-	90
France	-	54	-	6
Other countries	16	211	1	165
<b>Total</b>	<b>69 451</b>	<b>66 992</b>	<b>41 634</b>	<b>37 835</b>

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	
	2008	2007	2008	2007
Sales of goods	69 052	66 550	41 360	37 542
Revenue from resale of goods	121	228	70	168
Revenue from services	278	214	204	125
	<b>69 451</b>	<b>66 992</b>	<b>41 634</b>	<b>37 835</b>

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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
<b>At 31 December 2006</b>						
Cost	12 835	32 027	1 713	4 990	1 242	52 807
Accumulated depreciation	(4 140)	(19 327)	(1 322)	(2 869)	-	(27 658)
Net book amount	8 695	12 700	391	2 121	1 242	25 149
<b>Year ended 31 December 2007</b>						
Opening net book amount	8 695	12 700	391	2 121	1 242	25 149
Additions	7 000	436	-	759	7 692	15 887
Disposals	-	-	-	(400)	-	(400)
Reclassifications	1 648	7 159	6	26	(8 839)	-
Reclassifications to non-current assets classified as held for sale	-	(6)	-	-	-	(6)
Impairment charge	-	(641)	-	(40)	-	(681)
Depreciation charge	(213)	(3 161)	(129)	(1 280)	-	(4 783)
Closing net book amount	17 130	16 487	268	1 186	95	35 166
<b>At 1 January 2008</b>						
Cost	21 484	30 944	1 593	3 485	95	57 601
Accumulated depreciation and impairment	(4 354)	(14 457)	(1 325)	(2 299)	-	(22 435)
Net book amount	17 130	16 487	268	1 186	95	35 166
<b>At 30 June 2008</b>						
Opening net book amount	17 130	16 487	268	1 186	95	35 166
Additions	-	344	-	485	1 126	1 955
Disposals	-	-	-	(1)	-	(1)
Reclassifications	3	502	-	1	(506)	-
Reclassifications to non-current assets classified as held for sale	-	-	-	-	-	-
Impairment charge	-	-	-	-	-	-
Depreciation	(115)	(1 951)	(54)	(184)	-	(2 304)
Closing net book amount	17 018	15 382	214	1 487	715	34 816
<b>At 30 June 2008</b>						
Cost	21 487	30 926	1 593	3 880	715	57 866
Accumulated depreciation and impairment	(4 469)	(15 544)	(1 379)	(2 393)	-	(23 545)
Net book amount	17 018	15 382	214	1 487	715	34 816

As at 30 June 2008 property, plant and equipment for the net book value of LTL 15 332 thousand (LTL 16 079 thousand as at 31 December 2007) and land rent rights for the value of LTL 1 thousand (1 thousand as at 31 December 2007) were provided as collateral for bank borrowings (Note 11).

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**6. Intangible assets**

	<b>Patents, licences</b>	<b>Software</b>	<b>Total</b>
<b>At 31 December 2006</b>			
Cost	622	515	1 137
Accumulated amortisation	(372)	(202)	(574)
Net book amount	<u>250</u>	<u>313</u>	<u>563</u>
<b>Year ended 31 December 2007</b>			
Opening net book amount	250	313	563
Additions	393	259	652
Amortisation charge	(165)	(99)	(264)
Closing net book amount	<u>478</u>	<u>473</u>	<u>951</u>
<b>At 1 January 2008</b>			
Cost	1 001	773	1 774
Accumulated amortisation	(523)	(300)	(823)
Net book amount	<u>478</u>	<u>473</u>	<u>951</u>
<b>At 30 June 2008</b>			
Opening net book amount	478	473	951
Additions	37	2	39
Amortisation charge	(121)	(94)	(215)
Closing net book amount	<u>394</u>	<u>381</u>	<u>775</u>
<b>At 30 June 2008</b>			
Cost	1 037	775	1 812
Accumulated amortisation	(643)	(394)	(1 037)
Net book amount	<u>394</u>	<u>381</u>	<u>775</u>

The Company does not have internally generated intangible assets.

**7. Inventories**

	<b>30 June 2008</b>	<b>31 December 2007</b>
Raw materials	12 735	11 400
Work in progress	291	177
Finished goods	4 288	3 587
	<u>17 314</u>	<u>15 164</u>

As at 30 June 2008, inventories of LTL 20 000 thousand (the same amount as at 31 December 2007) are provided as collateral to secure the borrowings (Note 11).

The cost of inventories recognised as expense for the half-year period ended 30 June 2008 amounted to LTL 66 thousand (LTL 11 thousand for the half-year period ended 30 June 2007).

**8. Cash and cash equivalents**

As at 30 June 2008, cash at bank and future inflows to bank accounts amounting to LTL 20 000 thousand (LTL 20 000 thousand as at 31 December 2007) is provided as collateral for banks' borrowings (see Note 11).

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**9. Share capital**

As at 30 June 2008, 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 2007: 40 000 000 shares with a par value of LTL 1 per share). All issued shares are fully paid.

**10. 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 December 2007 the legal reserve amounted to LTL 1 985 thousand. The annual General Shareholders Meeting approved the decision to transfer LTL 1 638 thousand to the legal reserve in 2008.

According to the shareholders decision, the reserve of LTL 4 000 thousand for the acquisition of own shares was cancelled in 2007.

**11. Borrowings**

	<b>30 June 2008</b>	<b>31 December 2007</b>
<b>Non current</b>		
Bank borrowings	10 384	12 691
<b>Current</b>		
Bank borrowings	4 615	4 231
<b>Total borrowings</b>	<b>14 999</b>	<b>16 922</b>

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

Bank borrowings are secured by the property, plant and equipment (Note 5), inventories (Note 6) and cash at banks including future inflows into accounts (Note 8).

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:

	<b>30 June 2008</b>	<b>31 December 2007</b>
Between 1 and 2 years	9 230	9 230
Between 2 and 5 years	1 154	3 461
	<b>10 384</b>	<b>12 691</b>

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

	<b>30 June 2008</b>	<b>31 December 2007</b>
EUR	14 999	16 922
	<b>14 999</b>	<b>16 922</b>

As at 30 June 2008, the Company had a guarantee provided by SEB Vilnius Bankas AB for the amount of LTL 500 thousand maturing on 31 December 2008. The Company pays annual interest of 1.1 per cent on the guarantee amount. The maximum amount of guarantees that could be issued by the bank is LTL 500 thousand.

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**12. Provisions for other liabilities and charges**

The whole amount of provisions for other liabilities and charges as at 30 June 2008 is established for expected expenses related to legal claims, where the Company is involved.

Part of the provision is established for the tax claim (see note 17.(c))- expected settlement in 2008, remaining part for the probable claim related to the breach of the conditions stated in the agreement with one of the Company's service providers with the expected settlement during 2008-2009.

**13. Income tax expense**

	Half-year period ended 30 June		Three-month period ended 30 June	
	2008	2007	2008	2007
Income tax related with continuing operations	2 439	3 007	2 439	3 007
Income tax related with discontinued operations	-	-	-	-
	<u>2 439</u>	<u>3 007</u>	<u>2 439</u>	<u>3 007</u>

Profit is taxed at the income tax rate of 15 per cent (15 per cent in 2007) according to the tax laws of the Republic of Lithuania. According to the newly adopted Provisional Law on Social Tax of the Republic of Lithuania, social tax at the rate of 3 per cent for 2007 should be paid on taxable income earned during 2007 respectively.

**14. 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	
	2008	2007	2008	2007
Profit from continuing operations attributable to the equity holders	14 560	14 014	7 355	6 821
Profit /(loss) from discontinued operations attributable to the equity holders	-	-	-	-
Net profit attributable to equity holders of the Company	14 560	14 014	7 355	6 821
Weighted average number of ordinary shares in issue (thousands)	40 000	40 000	40 000	40 000
Basic earnings per share (LTL per share)				
From continuing operations	0,36	0,35	0,18	0,17
From discontinued operations	-	-	-	-
Basic earnings per share	<u>0,36</u>	<u>0,35</u>	<u>0,18</u>	<u>0,17</u>

*Diluted*

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

**15. Dividends per share**

At the annual General Shareholders' Meeting on 31 March 2008, a dividend in respect of 2007 of LTL 0.80 per share amounting to a total dividend of LTL 32 000 thousand was declared.

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**16. Cash generated from operations**

	<b>30 June 2008</b>	<b>30 June 2007</b>
Net profit for the period	14 560	14 014
Adjustments for:		
- income tax (Note 13)	2 439	3 007
- depreciation (Note 5)	2 304	1 873
- amortisation (Note 6)	215	79
- loss/ (profit) on disposal of property, plant and equipment	(13)	(9)
- interest income	(115)	(357)
- interest expense	464	508
Changes in working capital:		
- non-current receivables and deferred charges	(903)	19
- inventories and assets held for sale	(2 150)	(1 054)
- trade and other receivables and prepayments	33 883	8 055
- trade and other payables, deferred income and provisions	(30 160)	(5 496)
Cash generated from operations	20 524	20 639

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

	<b>30 June 2008</b>	<b>30 June 2007</b>
Net book amount (Note 5 and Note 6)	1	113
Profit/ (loss) on disposal of non-current assets	13	9
Proceeds from sale of non-current assets	14	122

*Non-cash transactions*

No major non-cash transactions took place during the nine-month period ended 31 March 2008 and 31 March 2007.

**17. 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:

	<b>30 June 2008</b>	<b>31 December 2007</b>
Property, plant and equipment	2 439	278

*(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:

	<b>30 June 2008</b>	<b>31 December 2007</b>
No later than 1 year	398	342
Later than 1 year and no later than 5 years	481	437
Later than 5 years	-	-
	879	779

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**17. Contingent and off-balance sheet liabilities (continued)**

*(c) Tax audits*

The tax authorities have carried out a full-scope tax audit at the Company until September 2003. The tax authorities may at any time inspect the books and records within 5 years subsequent to the reported tax year, and may impose additional tax assessments and penalties. The Company's management is not aware of any circumstances which may give rise to a potential material liability in this respect except for the probable claim amounting to LTL 493 thousand for which provision was established ( LTL 218 thousand as at 31 December 2007).

**18. Related-party transactions**

Mineraliniai vandenys AB is the majority shareholder of the Company owning 93.30 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*

	<b>30 June 2008</b>	<b>30 June 2007</b>
– UAB „Mineraliniai vandenys”	28 704	30 975
– AB „Biofuture“	2	3
– UAB „Mitnija“	-	1
– Stumbras Poland Sp.zo.o	-	824
	28 706	31 803

*(b) Cost of sales*

	<b>30 June 2008</b>	<b>30 June 2007</b>
– AB „Biofuture“	-	11
	-	11

*(c) Selling and marketing cost*

	<b>30 June 2008</b>	<b>30 June 2007</b>
– UAB „Mineraliniai vandenys”	403	555
– UAB „Tromina“	1	124
– UAB „Laisvas nepriklausomas kanalas“	202	334
– UAB „Neo press“	23	30
	629	1 043

*(d) Administrative expenses*

	<b>30 June 2008</b>	<b>30 June 2007</b>
– UAB Koncernas „MG Baltic”	414	240
– UAB „MG Baltic Trade”	10	43
– UAB „Mineraliniai vandenys”	5	23
– UAB „MG Valda”	2	69
– UAB „Verslo trikampis”	74	-
	505	375

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**19. Related-party transactions (continued)**

*(e) Other income*

	<b>30 June 2008</b>	<b>30 June 2007</b>
– UAB „Minvista”	-	178
– UAB „Mineraliniai vandenys”	23	40
	<u>23</u>	<u>218</u>

*(f) Finance costs*

	<b>30 June 2008</b>	<b>30 June 2007</b>
– UAB „MG Baltic Trade” ( interest paid )	5	-
	<u>5</u>	<u>-</u>

*(g) Purchases of property, plant and equipment*

	<b>30 June 2008</b>	<b>30 June 2007</b>
– UAB „Mitnija”	-	209
	<u>-</u>	<u>209</u>

*(h) Key management compensation*

	<b>30 June 2008</b>	<b>30 June 2007</b>
Salaries and other short-term employee benefits	851	570
Social security expenses	264	177
	<u>1 115</u>	<u>747</u>

Key management includes 7 (2007: 7) members of the management of the Company.

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

Receivables from related parties:

	<b>30 June 2008</b>	<b>31 December 2007</b>
– UAB „Mineraliniai vandenys” (trade receivable)	12 773	28 550
– UAB „Mineraliniai vandenys” (accrued interest)	-	291
– UAB „Mitnija”	41	-
– Stumbras Poland Sp.zo.o	-	10
	<u>12 814</u>	<u>28 851</u>

(k) Amounts due to related parties:

	<b>30 June 2008</b>	<b>31 December 2007</b>
Trade payables		
– UAB Koncernas „MG Baltic”	71	100
– UAB „Mineraliniai vandenys”	115	410
– UAB „Laisvas nepriklausomas kanalas”	15	156
– UAB „MG valda”	-	15
– UAB „Neo press”	7	1
– UAB „Verslo trikampis”	14	-
	<u>222</u>	<u>682</u>



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**19. Related-party transactions (continued)**

*(I) Loans to related parties (provided to Mineraliniai vandenys UAB)*

	<b>30 June 2008</b>	<b>31 December 2007</b>
<i>Loans to related parties</i>		
Beginning of year	-	-
Loan repayments received	-	(50 100)
Additional loans	-	50 100
End of the year	-	-

	<b>30 June 2008</b>	<b>31 December 2007</b>
<i>Accrued interest on the loans to related parties</i>		
Beginning of year	291	169
Interest charged	-	645
Interest payments received	(291)	(523)
End of the year	-	291

**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.