

AB SNAIGĖ

Annual report – prospectus for year 2006

CONTENTS

I. GENERAL PROVISIONS..... 3

II. INFORMATION ABOUT THE ISSUER’S AUTHORIZED CAPITAL AND THE ISSUED SECURITIES..... 5

III. DATA ABOUT THE SECONDARY TURNOVER OF THE SECURITIES ISSUED BY THE ISSUER 8

IV. INFORMATION ABOUT THE ISSUER’S BUSINESS ACTIVITIES..... 11

V. FINANCIAL STATUS..... 30

VI. INFORMATION ABOUT THE ISSUER’S MANAGEMENT BODIES 38

VII. UPDATE AND ESSENTIAL EVENTS OF THE ISSUER’S ACTIVITIES, THE PERSPECTIVES THEREOF 45

ANNEXES..... 57

I. GENERAL PROVISIONS

1. Accounting period of the annual report-prospectus

The annual report-prospectus has been prepared for the year 2006.

2. The basic data about the issuer

The name of the company – *SNAIGĖ* PLC (hereinafter referred to as the Company)

Authorised capital on 31 December 2006 – 23,827,365 LTL, on 18 January 2007 authorized capital was increased to 23,827,365 LTL

Address - Pramonės str. 6, LT-4580 Alytus

Phone - (315) 56 206

Fax – (315) 56 207; (315) 56 269

E-mail - snaige@snaige.lt

Internet web-page - <http://www.snaige.lt>

Legal organisation status – legal entity, public limited company

Registered as an enterprise on December 1, 1992 in the Municipality Administration of Alytus; registration number AB 92-119; enterprise register code 249664610. The latest Statute of AB “Snaigė” was registered on January 18, 2007 in Alytus Department of Register of Legal Entities of the Republic of Lithuania.

3. The type of the issuer’s main business activities

The main business activity of the Company is manufacture of refrigerators and freezers and other activities, permitted by Lithuanian laws, as indicated in the registered Statute.

4. Information with regard to the location and time provided for introduction of the report and the accompanying documents; name of the mass media

The report and its accompanying documents are available in the Budget Department of AB “Snaigė” (room 411) at Pramonės str. 6, Alytus on work days from 8.00 to 16.30, as well as in UAB FMI “Orion Securities” at Tumėno str. 4, corp. B, floor 9, LT-01109, Vilnius on work days from 9.00 to 17.00.

The mass media unit – daily paper “Lietuvos Rytas” and the BNS news agency.

5. Persons responsible for the information provided in the report

5.1 The issuer’s employees, administrative manager and the members of the management bodies are responsible for the statement

Mindaugas Šeštokas, Managing Director, phone (315) 56 200, fax (315) 56 207

Loreta Nagulevičienė, Finance Manager, phone (315) 56 206.

5.2. The report was issued by the Financial Broker Firm “Orion Securities”. The address of the enterprise: Tumėno str. 4, corp. B, floor 9, LT-01109, Vilnius, phone (5) 2313833, fax (5) 2313840. Responsible person – financial analyst Mykantas Urba, phone (5) 2603969.

6. The issuer's employees, administrative manager and the members of the management bodies who are responsible for the composition of the report, as well as the issuer's consultants hereby confirm that the information provided herein is actual and that no facts have been concealed, which could have affected the investors' decision to buy or sell the issuer's securities and their market price or evaluation thereof.

The Managing Director of AB "Snaigė" **Mindaugas Šeštokas**

The Finance Manager of AB "Snaigė" **Loreta Nagulevičienė**

Financial Analyst of UAB FMĮ "Orion Securities" **Mykantas Urba**

Date of preparation of the report:

May 25, 2007

Place of preparation:

UAB FMĮ "Orion Securities" (Tumėno str. 4, Vilnius).

II. INFORMATION ABOUT THE ISSUER'S AUTHORIZED CAPITAL AND THE ISSUED SECURITIES

7. The issuer's authorized capital

7.1. The authorized capital registered in the enterprise register

Name of the securities	Amount of the securities	Nominal value, LTL	Total nominal value, LTL	Share of the authorized capital, in percentage
Ordinary registered shares	23 070 405	1	23 070 405	100

On 18 January 2007 the increased authorized capital was registered in the enterprise register. The value of increased authorized capital is 23,827,365 LTL. Nominal value of one share – 1 LTL.

7.2. Information with regard to prospective increase of the authorized capital by converting or trading the issued loan or secondary securities for the shares

7.2.1. name, amount and specification of the loan or secondary securities to be converted or traded for shares providing the right to sign the issuer's shares, as well as the term(s) and conditions of such trading for shares;

7.2.2. scope of conversion, trade or right realisation of the loan or secondary securities with regard to the prospective increase of the authorized capital by converting, trading or providing the right to sign the issuer's shares, as well as the preliminary date (dates) of such increase;

7.2.3. the prospective changes in the structure of the authorized capital (according to the type and class of the shares) due to conversion, trade or right realisation of the loan or secondary securities to be converted, traded for shares or providing the right to sign the issuer's shares;

7.2.4. procedure and terms of signing or trading of the issued shares due to increase of the authorized capital by trading the loan or secondary securities or by right realisation; the categories of the owners of the loan or secondary securities to be provided with the preferential right to sign the shares (provided that the preferential right with regard to the individual categories of the loan or secondary securities has been ensured in the terms of issuance thereof).

8. Major shareholders

The total number of the shareholders on April 19 (general shareholder meeting accounting day), 2007 was 972.

The major shareholders who own or control more than 5 percent of the issuer's authorized capital are listed below:

Names (company names, addresses, enterprise register codes) of the shareholders	Amount of the ordinary registered shares available, in pcs.		Share of the authorized capital and votes available, in percentage				
	Total	incl. the ones owned by the shareholder	Total		incl. the ordinary registered shares owned by the shareholder		Total incl. the share of the entities group operating jointly, in percentage
			share of the votes	share of the capital	share of the appointed votes	share of the capital	
Hansabank – Customer VP, Liivalaia 8, Tallinn 15040 Estonia, Enterprise reg. no. 10060701	12,353,586	12,353,586	51.85	51.85	51.85	51.85	-
UAB “Survesta” –K. Kalinausko str. 2B, Vilnius Enterprise reg. no. 126408152	4,944,400	4,944,400	20.75	20.75	20.75	20.75	21.05
Skandinaviska Enskilda – Customers VP, Sergels Torg 2, 10640 Stockholm, Sweden, Enterprise reg. no. 502032908101	2,018,668	2,018,668	8.47	8.47	8.47	8.47	-

9. Specification of the shares issued in the public circulation of the securities

On 31 December 2006 the Company had issued 23,070,405 ordinary registered shares with the nominal value of 1 (one) LTL, the total nominal value being 23,070,405 LTL. After the decision of the general meeting of the shareholders the authorized capital was increased to 23,827,365 LTL. Nominal value of one share remained unchanged – 1 (one) LTL.

10. Data about the shares registered and distributed in the non-public circulation

11. Information about the depository receipts issued on the basis of the shares

12. Specification of the loan securities issued in the public circulation of the securities

13. Data about the loan securities distributed in the non-public circulation

14. Securities without a share of the authorized capital, the circulation of which is regulated by the Law on the Securities Market, excluding the loan securities

III. DATA ABOUT THE SECONDARY TURNOVER OF THE SECURITIES ISSUED BY THE ISSUER

15. Securities included into the trading lists of stock exchange

As of 31 December 2006, 23,070,405 ordinary registered shares of AB “Snaigė” were included into the Official trading list of the Vilnius Stock Exchange. The total nominal value of the shares was 23,070,405 LTL. The VP CD (Securities Central Depository) number is 10927. The nominal value of a share was 1 (one) LTL. After increasing the authorized capital to 23,827,365 LTL on 18 January 2007, the number of the Company’s shares included into the Official trading list of the Vilnius Stock Exchange increased to 23,827,365. The total nominal value of the shares is 23,817,365 LTL. The VP CD number and nominal value of a share remained unchanged.

16. Trade of the issuer’s securities in stock exchanges and other organized markets

Trade of the company’s ordinary registered shares in the securities stock exchange was started on August 11, 1995.

The ordinary registered shares of AB “Snaigė” have been listed in the Official trading list of Vilnius Stock Exchange since April 9, 1998.

16.1. Trade in Vilnius Stock Exchange

16.1.1. Trade in the Company’s shares in 2005-2007.

Accounting period		Price (LTL)			Turnover (LTL)			Date	Total turnover	
from	to	max	min	last session	max	min	last session	last session	pcs.	LTL
2005-01-01	2005-03-31	18.60	16.25	16.30	7 280 252	1 068	381 121	2005-03-31	2 692 897	48 200 814
2005-04-01	2005-06-30	16.50	15.50	16.40	3 188 739	-	1 817 817	2006-06-30	953 982	15 248 778
2005-07-01	2005-09-30	17.90	16.35	17.45	12 516 023	-	4 468 518	2005-09-30	3 042 587	52 685 080
2005-10-01	2005-12-31	17.50	16.20	17.20	87 424 650	-	68 798	2005-12-30	6 081 389	98 781 272
2006-01-01	2006-03-31	17.20	14.91	15.50	2 591 001	-	3 873	2006-03-31	1 641 772	26 093 777
2006-04-01	2006-06-30	15.99	9.1	9.5	4 695 397	-	25 403	2006-06-30	1 255 583	17 324 697
2006-07-01	2006-09-30	9.3	7.34	8.64	2 098 492	-	2 098 492	2006-09-30	520 392	5 517 942
2006-10-01	2006-12-31	12.4	8.5	12.1	5 665 574	-	4 840	2006-12-31	1 347 555	12 740 316
2007-01-01	2007-03-31	12.07	9.79	11.3	1 409 258	-	101703	2007-03-31	1 126 376	13 139 416

16.2. Trade in other stock exchanges

16.3. Trade in other organised markets

17. Capitalisation of the securities

Accounting period	Capitalisation (LTL)
2005-03-31	376,047,603
2005-06-30	378,354,618
2005-09-30	402,578,542
2005-12-31	396,810,941
2006-03-31	357,591,279
2006-06-30	219,168,848
2006-09-30	199,328,299
2006-12-31	279,151,901
2007-03-30	269,249,225

18. Trade in the issuer's securities outside the stock exchange

Since the ordinary registered shares are included into the Official trading list of Vilnius Securities Stock Exchange, the purchase-sale transactions of the shares can be executed only in Vilnius Securities Stock Exchange. The transactions performed outside the stock exchange comprise exchange, endowment, inheritance and settlement of debts and repay transactions.

The transactions with regard to the ordinary registered shares of AB “Snaigė“ executed outside stock Exchange

Accounting period	Monetary settlement					Non-monetary settlement		Total amount (pcs.)
	Price (LTL)		Amount of securities (pcs.)	Total (LTL)	Amount of transactions	Amount of securities (pcs.)	Amount of transactions	
	max	min						
I quarter of 2004	170.00	81.31	55 077	5 831 145	24	-	-	55 077
II quarter of 2004	210.66	80.00	121 948	14 708 325	43	-	-	121 948
III quarter of 2004	156.42	9.72	202 460	2 841 063	24	528	3	202 988
IV quarter of 2004	14.40	5.66	3 611 220	25 724 920	45	-	-	3 611 220
I quarter of 2005	13.75	8.89	912 929	10 522 343	25	1,125	1	914 054
II quarter of 2005	13.11	9.30	1 528 248	17 309 367	20	-	-	1 528 248
III quarter of 2005	17.37	10.37	45 313	542 000	11	-	-	45 313
IV quarter of 2005	11.66	9.83	43 992	506 786	5	2,876	1	46 868
I quarter of 2006	12.88	0.75	426 425	2 648 829	9	-	-	426 425
II quarter of 2006	-	-	-	-	-	-	-	-
III quarter of 2006	11.16	4.15	606 150	3 561 276	8	410	1	606 560
IV quarter of 2006	8.02	4.32	427 980	2 817 006	18	43	2	428 023
I quarter of 2007	11.50	5.47	347 690	2 548 606	16	-	-	347 690

19. Data regarding purchase of the issuer's own shares

During the general meeting of shareholders held on August 4, 2003 it was decided to purchase up to 10 percent of the Company's shares in the National securities market in order to maintain and increase the price of the Company's shares. The Company decided to purchase own shares until May 5, 2004. The maximum

price of the own shares to be purchased was set to 300 LTL, whereas the minimum price was set to 175 LTL for one ordinary registered share. The Board of the Company was delegated to purchase own shares on behalf of the Company. The reserve composed for purchase of own shares amounted to 6,673,000 LTL.

The circulation of own shares as per 2003 can be described as follows:

On November 20, 2003 the Company purchased 1 thousand of shares for the price of 200 thous. LTL in the National securities stock exchange.

On April 19-30, 2004 the Company sold 1000 of shares for the price of 258,6 thous. LTL in the National securities stock exchange.

During the general meeting of shareholders held on March 29, 2004 it was decided to purchase up to 10 percent of the Company's shares in the National securities market for the price of 10 000 000 (ten million) Litas until June 1, 2005, i.e., such profit share appropriated to the reserve for acquisition of own shares. The maximum price of the own shares to be purchased was set to 350 LTL, whereas the minimum price was set to 175 LTL for one ordinary registered share. The minimum sales price of own shares is 175 LTL for one ordinary registered share. The valid nominal value of a share at that time was 15 LTL.

During the general meeting of shareholders held on April 27, 2005 it was decided to purchase the ordinary registered shares (with the nominal value of 1 LTL each / VP ISIN code LT 0000109274) of AB "Snaigė", by submitting the official tender in accordance to the procedure established in the legislative enactments regulating the securities market and implementing it in Vilnius stock exchange; the purpose of acquisition of shares was to maintain and increase the price of the Company's shares. It was decided to purchase up to 10 percent of the Company's shares in the Vilnius stock exchange for the price of 10 000 000 (ten million) Litas, i.e., such profit share appropriated to the reserve for acquisition of own shares; the Company will purchase the shares up to October 27, 2006; the maximum and minimum acquisition price of the shares: the minimum purchase price of the shares was set to 14 LTL, whereas the maximum price was set to 22 LTL; the minimum sales price of own shares is 14 LTL for one share.

During the general meeting of shareholders held on April 27, 2006 it was decided to purchase the ordinary registered shares (with the nominal value of 1 LTL each / VP ISIN code LT 0000109274) of AB "Snaigė", by submitting the official tender in accordance to the procedure established in the legislative enactments regulating the securities market and implementing it in Vilnius stock exchange; the purpose of acquisition of shares is to maintain and increase the price of the Company's shares. It was decided to purchase up to 10 percent of the Company's shares in the Vilnius stock exchange for the price of 10 000 000 (ten million) Litas, i.e., such profit share appropriated to the reserve for acquisition of own shares; the Company will purchase the shares up to October 27, 2007; the maximum and minimum acquisition price of the shares: the minimum purchase price of the shares was set to 12 LTL, whereas the maximum price was set to 20 LTL; the minimum sales price of own shares is 12 LTL for one share.

20. Announcement of the official tender

21. The payment agents of the issuer

22. Agreements with the stakeholders of public circulation of securities

On September 29, 2003 AB "Snaigė" entered into agreement with Financial Broker Firm "Orion Securities" Ltd. (Tumėno str. 4, corp. B, floor 9, LT-01109, Vilnius) for management of accounts of the Company's issued securities and management of accounts of personal securities.

IV. INFORMATION ABOUT THE ISSUER'S BUSINESS ACTIVITIES

23. Legal principles of the issuer's business activities

AB "Snaigė" acts in accordance with the Statute of the Company, Law on Companies of the Republic of Lithuania and other legal enactments and the normative acts of the Government of the Republic of Lithuania.

24. Membership in associated organisations

AB "Snaigė" is a member of Lithuanian Confederation of Industrialists.

Lithuanian Confederation of Industrialists (LPK) comprises 41 branch and 8 regional associations composed of more than 2,700 enterprises of various type. The Confederation includes not only the majority of industrial enterprises but also banks, sales enterprises, subsidiaries of foreign firms, scientific research institutions and scholastic institutions. The activities of the members of LPK encompass all the main industrial areas; the major part of the goods produced in Lithuania is manufactured by them.

The Lithuanian confederation of industrialists is a non-political and non-governmental organisation that acts independently of the State. The policy of LPK is executed autonomously. The Confederation has significant influence on the Parliament (Seimas) and Government of the Republic of Lithuania.

AB "Snaigė" does not participate in the authorized capital of the Lithuanian Confederation of Industrialists.

AB "Snaigė" is a member and the founder of the International Chamber of Commerce Lithuania (ICC Lithuania). ICC Lithuania is a national committee of the International Chamber of commerce (ICC) in Lithuania unifying more than 40 members. ICC Lithuania participates in commission work of different areas in order to reflect the problems and experience of Lithuanian business society in the international business standards and guidelines created by the ICC Global Board.

AB "Snaigė" is a member and the founder of the Association of Domestic Equipment Manufacturers "CE CED Lithuania". The goals of the association are as follows: to coordinate activities of the members of the association active in the area of manufacture of domestic equipment, represent and defend the interests of the members, settle the issues raised by the members, ensure proper protection of the manufacturers' interests, etc.

AB "Snaigė" is a member of "Infobalt EPA" association. This association unites the manufacturers of electrical and electronic equipment, both wholesalers and retailers, for performance of the tasks related to handling of old electrical and electronic equipment articles.

25. Short history of the issuer's activities

AB "Snaigė" was established in 1963 in Alytus. During the first years first 25 refrigerators were produced. Refrigerator models "Snaigė-1M" and "Snaigė-8" were launched for mass production. More than 100 000 refrigerators were produced up to 1968 when a new plant was built in the industrial area of the city. In 1975 the number of produced refrigerators amounted to more than 1 million. In 1977 the company was integrated into manufacturing association "Atlant" of "Minlegpiščemaš" union in Moscow. In 1983 AB "Snaigė" started export of the products to foreign countries.

In 1990 the control of the plant was transferred to the Republic of Lithuania. A new development stage was started marked by search for new markets and new partners. In 1992 privatisation of AB "Snaigė" was initiated according to the privatisation scheme established by the Government of the Republic of Lithuania; the company was registered as a Public Limited Company.

In 1995 the enterprise was retooled, and usage of chlorofluorocarbon was terminated. All the products of AB "Snaigė" were manufactured using environmental friendly materials.

In 1996 a new cover production line was established.

In 1997 English auditing firm “Bureau Veritas Quality International” approved the compliance of the Company’s quality management system with the requirements of ISO 9001 quality standard. The international standard ISO 9001 is a quality system providing the opportunity to ensure stable quality of the product. All refrigerators are granted international certificates.

In 1998 the technology of plastic processing was renewed.

In July 2000, three years since certificate was issued, “Bureau Veritas” re-certified the quality management system of AB “Snaigė”. The audit reports showed that the Company had been using, updating, maintaining and improving the quality management system and it complies with the requirements of ISO 9001 standard.

AB “Snaigė” was granted the quality management system certificates holding the accreditation marks of Germany, UK and the Netherlands.

The Company is continuously solving environmental issues. In 2001 these efforts were appraised by the environmental management system certificate ISO 14001.

In 2002 AB “Snaigė” purchased OOO „Snaigė – Ukraine“.

In March of 2004 a new plant was launched in Kaliningrad, which allowed increasing export volumes to Eastern Europe.

In October of 2004 the Company purchased OOO „Moroz – Trade“. The activities of this subsidiary company comprise sales and marketing services.

In January of 2006 the Company acquired OOO „Liga Servis“. The activities of this subsidiary company are sales and marketing services.

On 30 December 2006 a subsidiary company UAB “Almecha” was established. The main business activity of “Almecha” is design, manufacturing and installing of machinery and equipment

In December 2006 the Company acquired 100% of OOO “Techprominvest” shares. The main activity of the acquired company is production and sales of refrigerators.

26. Specification of the plant (services)

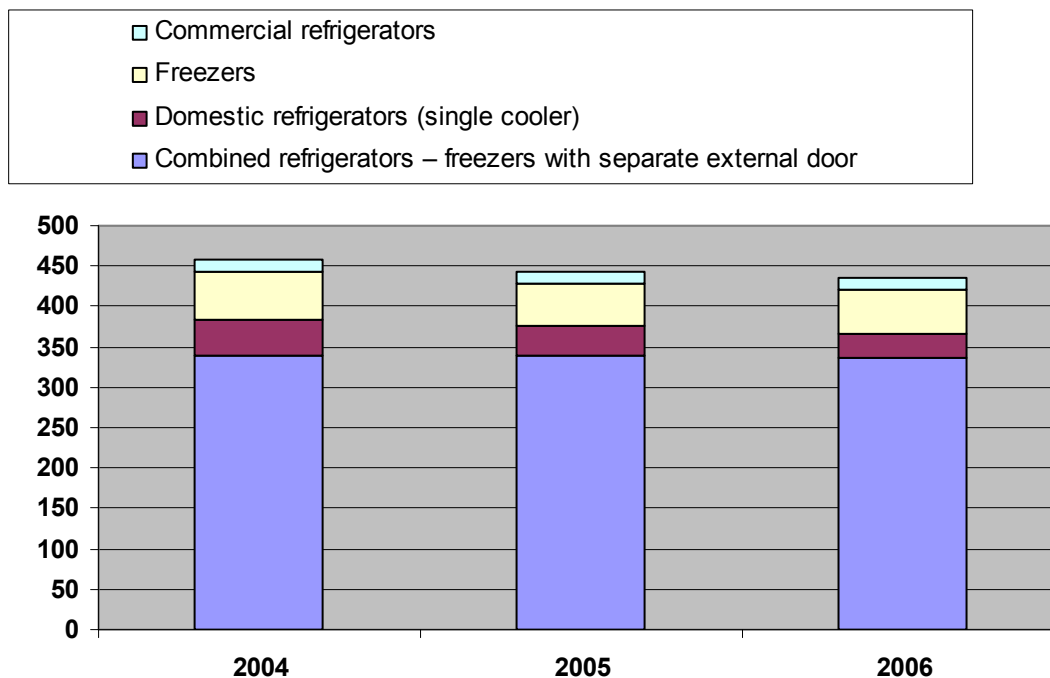
AB “Snaigė” specializes in manufacture of high quality domestic refrigerators and freezers. Beside the refrigerators for commercial purposes, also refrigerators for hotels and restaurants are produced, as well as spare parts of refrigerators, tools and equipment.

The sales figures of the Company’s activities for the last three years are as follows:

Type of activities	2006		2005		2004	
	mill. LTL	perc.	mill. LTL	perc.	mill. LTL	perc.
Total sales	277,2	100	286,9	100	297,9	100
including:						
refrigerators and freezers	246,0	88,7	252,2	87,9	258,6	82,5
other products	31,2	11,3	34,7	12,1	39,3	17,5
Refrigerators sold, pcs.	435 232	100	443 480		457 876	
Combined refrigerators – freezers with separate external door	336 639	77,4	340 290	76,7	338 253	73,8
Domestic refrigerators (single cooler)	29 988	6,9	36 170	8,2	45 662	10,0
Freezers	53 271	12,2	51 882	11,7	60 224	13,2
Commercial refrigerators	15 334	3,5	15 138	3,4	13 739	3,0

Company's Sales by different product groups:

Company's sales by product groups, thous. of refrigerators

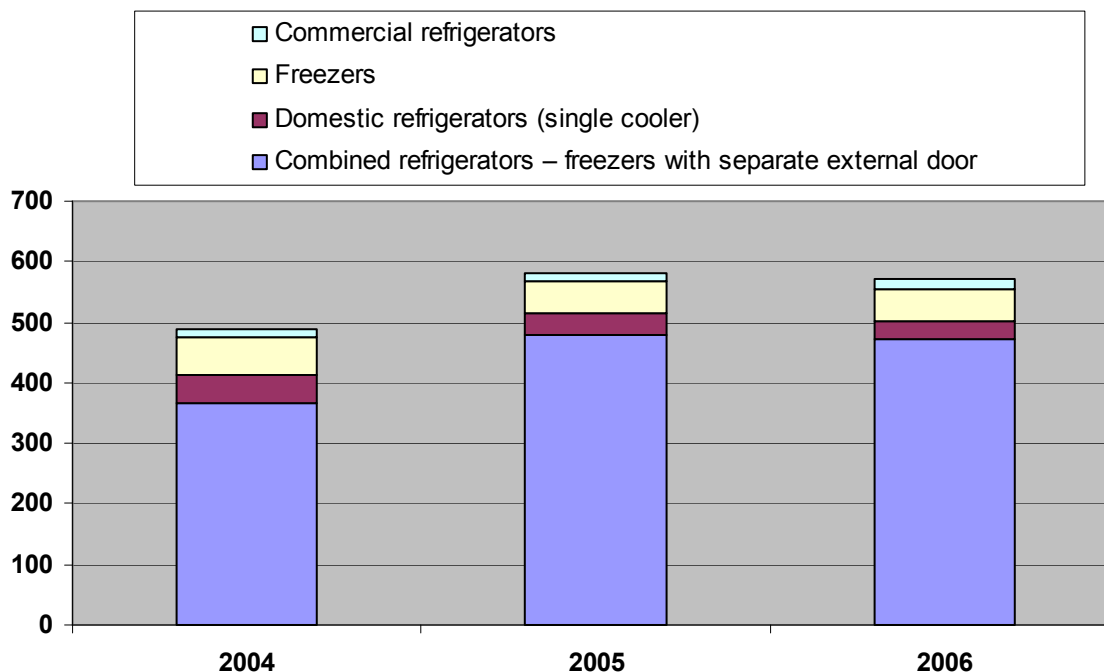


The consolidated sales figures of the Company's activities for the last three years are as follows:

Type of activities	2006		2005		2004	
	mill. LTL	perc.	mill. LTL	perc.	mill. LTL	perc.
Turnover and other operating income	356,4	100	372,1	100	297,1	100
including:						
Turnover from the key operations (refrigerators and freezers, spare parts and materials)	351,8	98,7	368,9	99,1	293,4	98,8
other activity	4,6	1,3	3,2	0,9	3,7	1,2
Refrigerators sold, pcs.	570 199		582 053	100	487 776	100
including:						
Combined refrigerators – freezers with separate external door	471 606	82,7	478 863	82,3	368 151	75,5
Domestic refrigerators (single cooler)	29 988	5,3	36 170	6,2	45 662	9,4
Freezers	53 271	9,3	51 882	8,9	60 224	12,3
Commercial refrigerators	15 334	2,7	15 138	2,6	13 739	2,8

Consolidated sales by product groups:

Consolidated sales by product groups, thous. of refrigerators



The refrigerators are sold for negotiated prices. They are sold to various countries according to individual contracts. The contract prices differ depending on the foreign country, therefore they are not fixed prices. The contract prices are confidential.

The main indicators of the Company's activities and dynamics thereof (consolidated data)

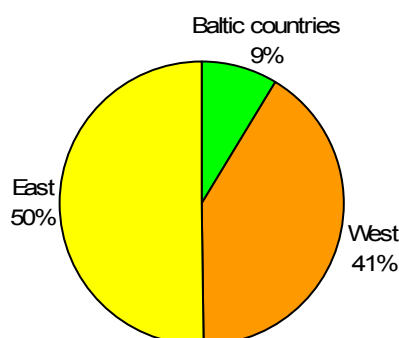
Financial Figures	2006	2005	2004
Profit before tax indicator, %	-2,9%	5,21	6,28
Return on investments indicator, %	-4,1%	7,80	7,86
General mark-up, %	14,3%	18,66	21,64
EBITDA mark-up, %	3,9%	11,23	12,03
Solvency ratio, %	126,0%	147,32	177,4
Shareholders' equity/liability indicator, %	61,8%	72,24	62,81
Return on shareholders' equity indicator, %	-11,4%	15,55	16,38

Shares indicators	2006	2005	2004
Earnings per share, LTL	-0,46	0,59	0,66
Average annual share market price, LTL	12,94	17,02	17,51
EBITDA per share, LTL	0,60	1,79	1,53
EBITDA multiplier (EBITDA per share / Average annual share market price)	0,05	0,11	0,09
Total dividends, in thous. LTL	-	-	1 384
Dividends per share, LTL	-	-	0,06
Average net book share value, LTL	4,03	4,48	3,91

27. Sales markets

AB „Snaigė” exports 50 % of its output to the Eastern countries, and 41% of the total output are exported to the Western market. Nearly 10% of all products are marketed in the Baltic region (of which half is accounted for by refrigerators sold in Lithuania).

Sales structure in 2006



The Baltic region

In 2006, the number of refrigerators sold by the Company was comparable to that in the previous year (according to the data of the market research company "GfK Marketing Services Baltic"). In 2006, Lithuania was the largest market for the production of AB „Snaigė” that was reported to hold nearly 20 % of the market. The most popular refrigerators were medium-sized, two-door refrigerators with the lower freezer compartment. In Lithuania products of AB „Snaigė” compete with the production of the Turkish "Beko", Korean "Samsung", Swedish "Electrolux", Italian "Ardo" and "Whirlpool". The trend of lowering in prices of the traditionally expensive brands was present in the market (Electrolux, Samsung). Buyers of refrigerators manufactured by AB „Snaigė” have duly assessed the quality of the product mainly achieved due to the high quality of materials supplied by reliable suppliers, its long service life and attractive warranty period.

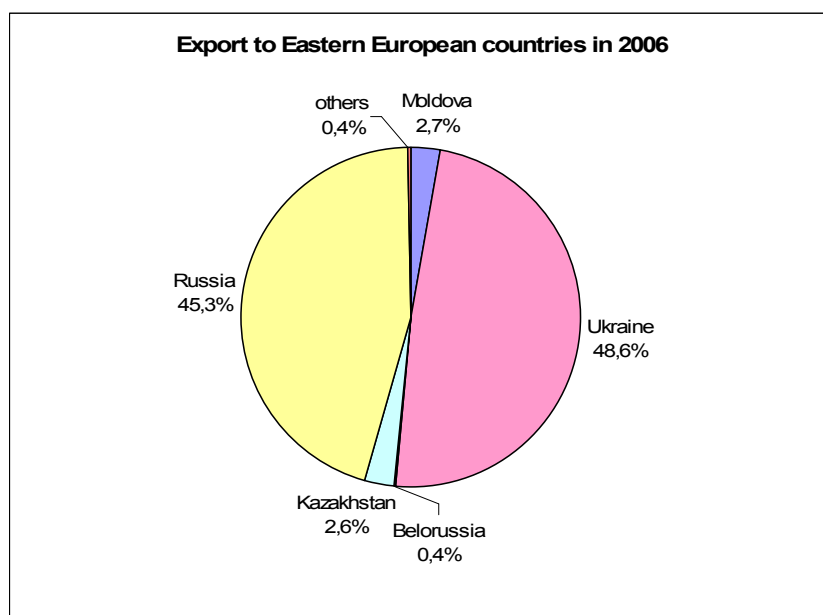
During last year in the Latvian market the sale volumes of „Snaigė” decreased, in the view of the overall significant reduction of the refrigerator market (by as much as 17 %). In this Baltic State our Company is an undeniable leader (the market share was reaching nearly 24 %). The Company faces vigorous competition from a number of well-known players in the refrigerator market, such as "Samsung", "Electrolux", "Beko", "Zanussi", "Whirlpool", "Ardo", "Daewoo", "LG" and others. Last year, in the context

of the Company's efforts to improve the performance of the Company in the market AB „Snaigė” launched in Latvia several marketing and sale promotion campaigns.

Similarly, the Estonian market has also decreased by more than 10 % percent. Lately, "Samsung" has been playing as a major competitor of AB „Snaigė” in this market. Due to the active marketing activity and the aggressive price reduction policy of the Korean competitor, the figures of sales of "Samsung" to certain extent exceeded the sales of AB „Snaigė” in the Estonian market, with the sale of other brands by far lagging behind the results of the two latter competitors.

Eastern Europe

As compared with the year 2005, the sales in 2006 in the Eastern Europe increased by 6 %.



Most of the output was marketed in Ukraine and Russia. In Ukraine the sale volumes increased by three percent. The outstandingly good trade results in Ukraine, one of the most important markets for AB „Snaigė”, were to large extent achieved due to the exclusively well organised advertising campaigns and promotions in major trade centres, loyalty of partners, prudent assessment of financial risk, mastering of the relevant legislation. In addition, useful turned the cooperation agreements concluded with the regional network "Technoliuks" and the major Ukrainian network "Foxtrot" incorporating as many as 180 stores. Further, the Company renewed its contracts with "Eldorado" and "Domotechnika", measures were taken to improve the current distribution system.

In Ukraine, AB „Snaigė” has been recognised as one of the five most popular trade marks – this is, no doubt, a remarkable achievement of intense efforts and consistent work of the Company. Furthermore, due to an extremely active marketing and public relations campaign in media the awareness of AB „Snaigė” trademark has been increased in the course of one year by as much five percent. According to the surveys conducted by the Company the Ukrainian consumer has assessed the refrigerator produced by AB „Snaigė” as a highly reliable and good quality product.

In an attempt to increase the sale volumes the Company makes every effort to enter the rapidly developing retail trade markets. The major competitors of the Company in this country are the South Korean manufacturers "Samsung" and "LG".

The Russian market has been attracting a number of major refrigerator manufacturers that lately have been expanding their logistics warehouses, distribution networks and commissioning new production facilities. Despite a rather smooth entry into the Russian market competition therein for AB „Snaigė” with the

major manufacturers proved quite challenging. Such major manufactures have much wider possibilities to employ ranges of marketing campaigns, price manoeuvres and offer wider products assortments. In addition, the trade marks of such major manufacturers as "Electrolux", "LG", "Beko", "Siemens", "Indesit" and other are by far better known to the consumer than that of „Snaigė”.

Nevertheless, due to the continuous efforts and creativity of the marketing campaign of the Company the sales increased already in the first six months of 2006, the distribution system was appropriately adjusted and supplemented by several active marketing and promotion campaigns. The reorganisation of the Company's marketing structure and the significant improvements in its operational strategy have apparently yielded positive results. The Company allocated significant financial resources to the formation of the Company's trade mark and the enhancement of its awareness. The several rather successful marketing campaigns facilitated a leap in the sales and, thus, the increase in the overall turnover.

Western Europe

In comparison with 2005, in 2006 the sales to the Western markets decreased by 2 %. Among the largest sale markets in this region were Germany, France, Poland and Bulgaria. In many of these countries the exports volumes increased by a notable extent.



The sales to one of the major export markets – France – increased by as much as 13 %, as the Company has been marketing refrigerators of a wide range of models and makes. The Company forecasts that exports to this market will continue to steadily increase.

Volumes of exports to Portugal, Spain and Sweden have augmented to a notable extent. Last year measures were implemented to improve the distribution system in these countries, in addition to a number of new trading partners. The RF390 refrigerator model was introduced to the Swedish market – the tallest until now refrigerator marketed in the Scandinavian countries.

The successful cooperation and joint efforts with the distributors ensured a consistent growth in the sales in Belgium.

Sales in Czech, Hungary, and Bulgaria remained quite stable and in these countries the Company had to a degree exceeded its sales forecasts. Exports to Poland have increased by an unprecedented 62 %, – due to the Company’s decision to enter the largest household appliance trading network AVANS.

It is worth separately noting the complicated conditions for trading in Serbia where sales had halved mainly due to the adverse import duty of 15 %, and in general, the unstable overall economic situation in the country.

28. Supply

The materials and completing parts are supplied to the Company from more than 20 countries worldwide. European and Lithuanian manufacturers and suppliers of materials constitute the major part of them. The purchase volumes from South-eastern Asia and the CIS have continued to grow. The company cooperates with the compressor manufacturers of Southern America and China.

The major suppliers are listed below: ACC, Danfos Compressors GmbH, Embraco Europe S.R.L., Kenmore UK, Geko-Kart, CFF, AO Severstallat, Arcelor-Mittal, KME Europa metal AG, KM Ibertubos S.A., Sintur s.z o.o., Ilpea, Basf, Dipol, Bay Systems Northern Europe, UAB Alytaus ARA, UAB Lisiplast, UAB “Hoda”.

The priorities set in the purchase strategy of the Company are high quality assurance and effective logistics. The increasing competition between the suppliers stimulates continuous improvement of the purchased product.

29. Real estate and other major means

The main industrial buildings of the Company are situated in the Industrial are of Alytus. The Company owns 17,59 ha territory in Alytus on the rent basis, and the rest house in Šventoji covering a territory of 0,42 ha.

The buildings of AB “Snaigė”:

Type of buildings	Area, m ²	Residual value as of 2006-12-31, in thous. LTL
Industrial buildings	86 759	11 485
Non-industrial and administrative buildings	1 408	105
Other buildings	2 909	200
Total	91 076	11 790

At the end of 2006 the net book value of the Company’s buildings amounted to 13 810 thous. LTL; machinery and equipment – 32 685 thous. LTL; vehicles and other equipment – 4 869 thous. LTL. The value of construction in progress – to 1 853 LTL.

The value of the Company’s buildings has decreased by 2 244 thous. LTL, the value of machinery and equipment has gone down by 3 971 thous. LTL, the value of vehicles and other equipment decreased by 722 thous. LTL. The value of the assets decreased due to the depreciation. The value of construction in progress has increased by 1 853 thous. LTL due to the start of new projects.

Main buildings of the Company and their condition:

Building	Code	Year when finished	Total area, sq. m.	Condition
Production facility	1P1/9	1970	42 862	Good
Administration premises	2B2b	1967	8 562	Good
Administration premises	3B8b	1985	3 279	Good
Production-administration	14P2b	1990	2 638	Good
Warehouse of chemicals	8F1b	1974	1 891	Good
Water cleaning station	9H3B	1987	2 308	Good, needed roof reconstruction
Warehouse K-10A	23F1g	1993	6 647	Good
Administration premises	25M3b	1986	2 056	Good
Non-typical products facility	24 P1g	1986	7 235	Good
"Snaigė-servisas"	19 P1g	1978	1 150	Good, needed roof reconstruction
Vehicles garage	21G1l	1983	1 172	Good
Transportation administration	22B2b	1983	363	Good
Warehouse for finished products	1F1p	1970	6 494	Good
Warehouse under gallery	28F1g	1991	1 005	Satisfactory
Warehouse	15F1/p	1988	470	Good
Specialized warehouse for clothing	7F11bp	1987	407	Good
Warehouse for metals	16F11g	1991	1 091	Good
Warehouse for plastics	20F1p	1990	849	Good

30. Risk factors related to the issuer's activities

The Company's products are competitive in various countries. There are no problems with regard to supply of materials and consumable for production line. The industrial area is sufficient. The qualification level of the employees is high; there exists no problem with regard to turnover of personnel. There are no monopolistic suppliers.

The wages are paid in time. In comparison to 2005, average wages have increased by 13.9%. There is a trade union of the employees' active in the Company.

New technologies are implemented in development of technical process, environmental requirements, and new products.

There is no risk of termination or suspension of the Company's activities due to damage to the environment.

The status of settlement with regard to suppliers and consumers is positive.

Loan terms and repay schedule:

In thous. LTL

Credit line	Total	Up to 1 year	1 – 2 years	2 – 5 years
4,449,527 EUR credit line – 6 months EURIBOR + 1,2%	15,363	13,086	2,277	
2,148,854 EUR loan – 6 months LIBOR + 1.1%	7,420	5,936	1,484	
1,630,829 EUR overdrafts – 1 month EURIBOR + 1.15%				
1,746,122 EUR loan Fixed rate of 4,85 %	6,029			6,029
2,564,957 USD loan Fixed rate of 6.07 %	6,747			6,747
2,777,938 LTL loan Fixed rate of 4.85 %	2,778			2,778
19,606,010 credit line – 6 month VILIBOR +1.1%	19,606		19,606	
2,848,000 EUR loan – 6 month EURIBOR + 1%	9,834	9,834		
64,500 EUR loan – fixed rate of 3,9%	223	223		
3 000 USD loan – no interest	8	8		
Total:	68,008	29,087	23,367	15,554

The Company with its subsidiaries has received 7 loans from Lithuanian banks, 1 loan from “Ammotrade LLC”, and 2 loans from “Texas Fertiliser Investment LLC”.

On December 31, 2006 the buildings with the residual value of 19,621 thous. LTL (in 2005: 34,467 thous. LTL), the machinery and equipment with the residual value of 43,763 thous. LTL (in 2005: 39,489 thous. LTL), the inventories with the residual value of 29,300 thous. LTL (in 2005: 19,300 thous. LTL), the monetary income to bank accounts up to 10,000 thous. LTL (in 2005: 10,000 thous. LTL), and the shares of “Techprominvest” with the value of 2,808 thous. LTL (in 2005: 2,808 thous. LTL) have been mortgaged as security for bank loans.

On February 15, 2006 the group agreed with the bank on increase of the credit line to 20 mill. LTL (On December 31, 2005 the used part of the credit amounted to 5.6 mill. LTL) and postponement of repay deadline to February 15, 2008.

31. Termination or reduction of production volume with the critical effect on the issuer's performance during recent 2 economical years.

Production was neither terminated nor reduced during the recent years.

32. Patents, licences and contracts

The Company's activities are independent of patents or licences.

33. Legal proceedings and third party (arbitration) trials

There were no legal proceedings in 2006 that could have affected the issuer's financial status.

34. Employees

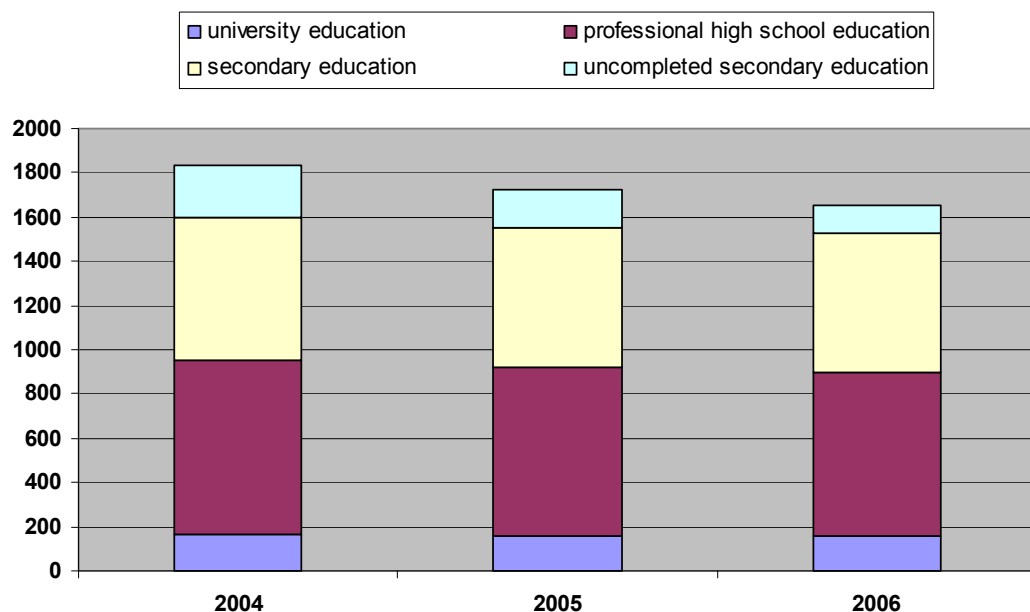
The employees of the Company in 2004-2006 according to the personnel groups:

Employees	2006			2005			2004		
	Amount	%	Average salary	Amount	%	Average salary	Amount	%	Average salary
managers	8	0.5	17,520	10	0.6	15,161	8	0.5	11,826
specialists	297	17.9	2,312	301	17.4	1,934	314	17.1	1,807
workers	1,352	81.6	1,273	1,415	82.0	1,135	1,510	82.4	1,144
Total:	1,657	100.0	1,544	1,726	100.0	1,356	1,832	100.0	1,301

The structure of the Company's employees in 2004-2006 according to education level:

Education level of the employees	2006		2005		2004	
	amount	%	amount	%	amount	%
university education	157	9.5	161	9.4	165	9
professional high school education	744	44.9	760	44	787	43
secondary education	628	37.9	634	36.7	649	35.4
uncompleted secondary education	128	7.7	171	9.9	231	12.6
Total:	1,657	100.0	1,726	100.0	1,832	100.0

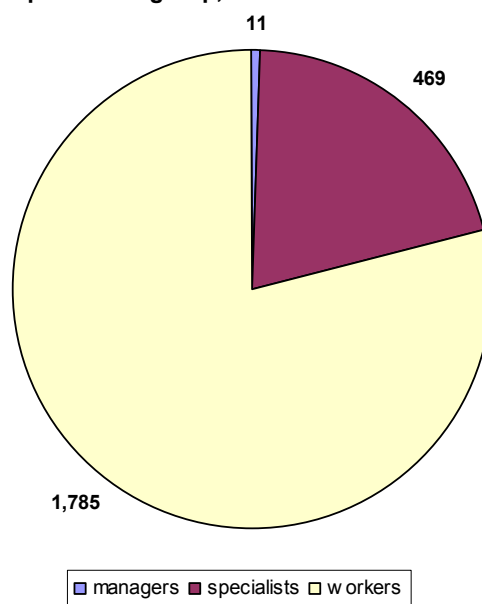
Company's employees by education level, number



The employees of the Company and its subsidiaries in 2004-2006 according to the personnel groups:

Employees	2006		2005		2004	
	Amount	%	Amount	%	Amount	%
managers	11	0.5 %	11	0.5 %	11	0.5 %
specialists	454	20.3 %	461	20.1 %	449	19.5 %
workers	1,766	79.2 %	1,820	79.4 %	1,844	80.0 %
Total:	2,231	100.0 %	2,292	100.0 %	2,304	100.0 %

Employees of the company and subsidiaries by personnel group, number in 2006



No special rights or duties of the employees are indicated in the employment contract or collective agreement.

35. Investment policy

35.1. Names, head office addresses, type of activities, the authorised capital, share of the authorized capital unpaid by the issuer, net profit (loss), ratio of short-term liabilities and current assets, ratio of total liabilities and total assets.

	TECHPROMI NVEST	MOROZ TRADE	LIGA SERVIS	SNAIGE – UKRAINE	ALCHEMA
Head-office address	Russia	Russia	Russia	Ukraine	Alytus, Lithuania
Type of activities	manufacture of refrigerators	sales and marketing services	sales and marketing services	sales and marketing services	production of other equipment and machinery
Share of the authorized capital available to AB “Snaigė”, %	85 %	100%	100 %	99 %	100 %
The authorized capital (LTL)	997	997	997	86,710	1,375,785
Share of the authorized capital unpaid by the issuer	Completely paid	Completely paid	Completely paid	Completely paid	Completely paid
Net profit (loss) (LTL)	(11,006,350)	(2,365,741)	95,962	26,979	(342)
Ratio of short-term liabilities and current assets	1.19	1.49	1	0,55	-
Ratio of total liabilities and total assets	1.08	1.80	0.99	0.48	0.01

35.2. The shares owned by the Issuer and their type, number of shares, nominal value, percentage of total amount of votes the Issuer has in shareholder meetings, and owned votes including the share of the entities group operating jointly, in percentage.

Name of the securities	Amount of the securities	Nominal value, LTL	Owned votes, in percentage	Total incl. the share of the entities group operating jointly, in percentage
TECHPROMINVEST	85 shares	9.97	100	-
MOROZ TRADE	100 shares	9.97	100	-
LIGA SERVIS	100 shares	9.97	100	-
SNAIGE – UKRAINE	100 shares	867.10	99	-
UAB ALMECHA	1,375,785 units	1	100	-

35.3. The dividends paid to the Issuer, the loans provided to the companies by the issuer and gained from the companies during the accounting period, specification of the loan securities purchased by the issuer and the total nominal value thereof.

During 2006 AB “Snaigė” has issued loan to “TECHPROMINVEST” for 24,514,880 LTL.

During 2006 AB „Snaigė“ has issued loans to UAB Hermis Capital for the total amount of 20,500,000 LTL.

During 2006 UAB Hermis Capital has paid back loans to AB „Snaigė“ for the total amount of 20,500,000 LTL.

During 2006 subsidiary company “TECHPROMINVEST” has paid back loans to AB “Snaigė” for the total amount of 16,042,427 LTL.

35.4. The major investment projects amounting to more than 10 percent of the issuer’s authorized capital, which have been implemented during 3 recent financial (economical) years: types, volumes and financing sources of investments, and geographical allocation thereof

In 2002 investment budget amounted to 17.9 mill. LTL.

New technologies were implemented, including rivetless connection, pyrolysis furnace and colour painting of plastic parts.

In order to increase production volumes and reduce production costs vacuum-formation line was implemented, as well as machine for bracket flexing and refrigerator fastening assembly.

Work places were streamlined: door production line was modernised, plastic crushing workshop was renovated, and the equipment of black varnish line and phosphate line renewed.

The main projects of 2003:

- “Elimination of greenhouse gas from refrigerators and freezers”, financed by the “Global Environmental Fund” (GEF). The GEF granted irrevocable loan of 1,0 mill. USD for the project;
- Automated line for connector production was implemented, which replaced production using separate pressings and release 12 persons from the line;
- The packing lines were joined to one technological flow by automating refrigerator fastening process and releasing people from the line, and thus increasing capacity of the flow to 18 sec. per product;
- Automated refrigerator fastening and packing, by joining the processes to one technological flow;
- New machine for casting of thermoplastic materials designed for casting of large parts;
- Production line of side panels allowing to increase the height and width of side panels;
- Contact welder designed for high quality welding of Al – Cu pipes, and hydraulic machine for preparation of Cu pipe end by forming a cone, and allowing increasing production capacity of cooling system components and thus satisfy the production need of Kaliningrad plant.
- 2 loaders were acquired for the finished products warehouse;
- Equipment required to satisfy energetic demands were implemented;
- The implementation of new accounting system for recording financial and marketing activities was launched, the continuation of which was planned for 2004.

26 technological projects were implemented, resulting in release of 29 people and increase in production capacities up to 540,000 pcs. per year. Production capacities of individual workshops have increased, thus allowing supply of Kaliningrad plant with the required components and parts for the capacity of 300 thous. of refrigerators per year.

In 2003 the Company terminated its investments to Slovakian enterprise GENERAL FROST due to unfavourable conditions for activities, i.e., manufacture of refrigerators, in this country. In 2003 AB “Snaigė” invested 2,808 thous. LTL to Kaliningrad enterprise TECHPROMINVEST, upon acquiring 85 percent of the authorized capital. The assets of GENERAL FROST suitable for manufacture of refrigerators were moved to Kaliningrad, whereas all the unsuitable assets were sold.

During the accounting period the Company also reduced its investments to Ukrainian enterprise SNAIGE-UKRAINE from 712 thous. LTL to 89 thous. LTL. On December 31, 2002 the Company owned 99% of the shares of SNAIGE-UKRAINE, with the authorized capital of 234.3 thous. EUR (809 thous. LTL).

In 2003 the budget for the program of new technologies and products “NT 2003” amounted to 14,048 thous. LTL, though the actual amount invested was 12,587 thous. LTL. Thus the economy of the objective investments amounted to 1,461 thous. LTL (10,4 percent). In the process of implementation of “NT 2003” the funds for new products acquisition amounted to 3,698 thous. LTL, the funds for technological development amounted to 4,007 thous. LTL, the funds for improvement amounted to 2,822 thous. LTL, and the funds for construction-energetic activities amounted to 2,060 thous. LTL. In addition thereto the funds for renovation in 2003 amounted to 2,078 thous. LTL out of budgeted 2,596 thous. LTL, whereas the funds for construction program amounted to 925 thous. LTL out of budgeted 992 thous. LTL. Thus the total investments to new technologies and activities development amounted to 15,581 thous. LTL during the accounting year, whereas in 2002 the funds used for the analogous investments amounted to 11,312 thous. LTL.

The main investment projects of 2004:

Each year AB “Snaigė” invests into development of technical progress and manufacture of new, ecological-friendly, cost-effective and modern products. Three new products were developed, and the current products improved. In the process of acquisition of new products the new technologies were assimilated, and the current ones improved.

In 2004 the funds invested for acquisition of new products and technologies, and for improvement of the current technology amounted to 10 mill. LTL.

In 2004 new projects were implemented to improve the production technologies, to increase performance level, and to advance product quality and work environment.

The most important projects are listed below:

- Two new filling modules of PPU resulted in increase of the production capacity by 16%, the opportunity to produce perspective models with the height of 2030 mm and depth of 610 mm, and reduction of material consumption.
- Electro-contact spot welder with the autonomous cooling system resulted in possibility to establish exact compression time, current increase time, welding current, time, and cooling time while welding the pipes of cooling system, high quality of component welding, and reduction in energy costs.
- New equipment for filling the R60 cupboards with thermal insulation, using cyclopentane as a foaming agent resulted in quality improvement, increase of production capacity and reduction of net cost of refrigerators.
- Packed printing of pictures using Teca-print equipment resulted in improved quality of pictures and component view, reduction of work and material consumption, and increase of production capacity.
- Pneumatic lifts implemented in casting equipment resulted in reduced consumption of compressed air for granule supply to the casting machines.
- Updated production line of side panels “OLMA” resulted in increased versatility of the line by applying wider range of side panels for production, reduced time used for line adjustments and launching, increased production capacity of side panels.
- Machine for cooling pipe flexing, capable to flex 7 pipes at a time, resulted in reduced work consumption and increased production capacity.
- Transportation complex of filled PPU cupboards, stage I: the filled PPU cupboards are joined to the single flow out of two different PPU filling lines for transferring them to the sort warehouse, and are supplied to assembly line in a centralized manner.

The main investment projects of 2005:

The total investments of the company in 2005 amounted to 11.6 mill. LTL, 7.86 mill. LTL of which were invested into manufacture of new products.

There were six projects implemented at AB “Snaigė” in 2005, according to the investment program. Three of them have been already finished and implemented (CD 480, RF 390-1703 and RF 390-4703, RF 390-5703). The activities of other projects are continued in 2006.

Commercial Refrigerator CD 480

CD 480 is a 203 cm high, 480 litres capacity professional commercial refrigerator with an advertising plate mounted (removable) on the glass door. The refrigerator places 553 (0.33 l) or 274 (0.5 l) bottles. Beside that, the design of the refrigerator provides for many user-friendly elements: self-closing door, vertical illumination within the whole height of the refrigerator, possibility to mount the shelves in horizontal or leaned position, etc.

This project served as a basis for manufacture of various commercial refrigerators.

RF 390-1703 in Alytus Plant

This project was meant for satisfying the demand of two-meter-height, two-freeze-chambers refrigerators in the EU market. The production line of the two-freeze-chambers refrigerators have been finalised in the company.

The production line of this refrigerator was prepared in Kaliningrad plant in 2004. Since export of the refrigerators from Russia is not cost-effective, it was decided to manufacture the products in Alytus. Thus, starting from 2005 manufacture of refrigerators RF 390 was launched in Lithuania.

RF 390 is a 2-meter high, 365 litres volume two-freeze-chambers refrigerator, maintaining all the best features of “Snaigė” refrigerators, as well as variety of modifications.

RF 390-4703 and RF 390-5703

In order to complement the line of the “TOP” class refrigerators and considering the increasing customers’ needs and technological progress, we developed a two-freeze-chambers fridge freezer with switch valve. The project was completed at the end of 2005.

RF 390-4703 and **RF 390-5703** are the variations of RF 390 with a valve-operated freezing system. Those freezing system is much more progressive than the products with two-compressors freezing system.

A one-compressor system is exceptional for the following reasons:

1. the temperature of the refrigerator and the freezer can be adjusted with the accuracy of one degree in each separate freeze chamber;
2. a one compressor freezing system with a switch valve consumes less electrical power than the refrigerators with two compressors system;
3. the refrigerator or the freezer chamber can be switched off and used independently from each other.

Both chambers of RF 390-5703 can be manually operated independently from each other. Added value is provided to the RF 390-4703 by electronic control system, low energy consumption and convenient details.

RF 390, RF 360, RF 315, RF 310, RF 300, RF 270 new design

Recently a trend of angular domestic appliances has been observed. Besides, technical and energetic requirements are rapidly increasing, which are not possible to satisfy by the current design of the “Snaigė” refrigerators. Therefore presently the new refrigerator design is being developed, complying with the mainstream trends and the existing and prospective requirements.

The idea of new design was created in 2004, which encompasses all three versions listed below:

- the door is mounted up to the top of the refrigerator, and control panel is mounted under the door, on the upper angle;

- the upper part of the door includes a window, where the control panel can be seen;
- the door is mounted with the additional finishing plate, where the control panel is mounted.

The construction basis of all the variations is the same: the side panels are mounted up to the top, thicker insulation, updated internal chamber design and construction. Internal illumination is ensured in the upper part, and the shelves are mounted in the special formed grooves. Various handles may be used with this design (vertical, horizontal, integrated), which further enhances the choice of the available variations.

Manufacture of the refrigerators of the first design variation was started in 2005.

Investments into new technologies of AB “Snaigė” amounted to 1.38 mill. LTL in 2005. New progressive technologies were implemented in the company, which enlarge production capacity, comply with the environmental requirements, improve quality of the products and work conditions. Within the process of development of new products new technologies were implemented and the existent ones improved.

Main investment projects in 2006:

According to investment programs in 2006 the further development of 6 models of new-design RF two-freeze-chambers refrigerators was continued. The development will not only provide with the renewed design, but will also create the base platform for the new generation refrigerators allowing reaching higher energy efficiency. In addition to that, in the future small additional investment will enable company to produce new exterior design features according to the future demand.

To allow production of the new design refrigerators, the connective components production line was modernized, two new moulding machines were purchased, 30 moulding forms, 27 stamps, 13 sets of vacuum-forms, 6 sets of punches PPU, 5 sets of forms PPU, were manufactured, helium regeneration system and aluminium tubes cutting line were modernized.

In 2006 total amount of 7,189 thous. LTL was invested into development of new products.

In addition to that, during 2006 existing technologies were modernized and new ones implemented – glue covering of Al vaporizer sheets instead of using double-side glue-type, isolation of filled-up PPU, modernization of case and door painting-repairing line, centralization of nitrogen supply using nitrogen production generator, and other improvements.

35.5. Information about prospective investments:

In 2007 the final implementation of the 6 models new-design refrigerators of type I and II RF two-freeze-chambers refrigerators and RF 34 fridge. 36 moulding forms will, 10 stamps, 3 PPU forms will be manufactured.

Special attention will be paid for metal sheets processing – side panels, doors, and top cover programmable automatic manufacturing lines will be implemented. New equipment will be of high efficiency, easily re-programmable, and highly technically-technologically flexible. These investments will enable to supply new products to the market faster and with smaller costs. In 2007 21,276 thous. LTL is planned to be invested into development of new products, 2,372 thous. LTL into development and maintenance of technological base.

36. Competitors

The Company is a competitive member of the market, selling its products in more than 40 countries. The company is selling its products to the following markets: Baltic region (Latvia, Estonia), Western region (Germany, Switzerland, Austria, France, Belgium, Holland, Cyprus, Lebanon, Libya, Spain, Norway, Sweden, Finland, Denmark, Iceland, Ireland, England, Portugal, Italy), Central Europe region (Czech Republic, Slovakia, Hungary, Serbia, Croatia, Slovenia, Bulgaria, Romania, Poland) and Eastern region (Russia, Ukraine, Moldova, Belarus, Kazakhstan, Georgia, Uzbekistan). According to received statistical

analysis, the refrigerators of the Company in the field of reliability are comparable with the Western Europe manufacturers production.

The goal of the company is to successfully compete in the markets, deliver to the customer energy effective, ecological, modern, well designed and functional domestic appliances. In order to achieve this goal market research is constantly performed in various countries, on the basis of which long-term priority development tendencies were created. The main competitors in internal and external markets are Italian “Ardo”, “Whirlpool”, “Indesit”, Korean “Samsung”, “LG”, Turkish “Beko”, German “Hansa”, Belorussian “Atlant”, Ukrainian “Nord”, Russian “Stinol”, Chinese “Haier”, and Swedish “Electrolux”.

37. Dividends paid

Table 10: Dividends paid

Year	Dividends reckoned, LTL	Amount of dividends per share, LTL	Percentage of the nominal value of a share
1997	634,014	0.50	3.33
1998	900,299	0.71	4.73
1999	553,690	0.36	2.40
2000	169,183	0.11	0.73
2001	2,676,166	1.74	11.60
2002	18,456,324	12.00	80.00
2003	3,074,054	2.00	11.33
2004	1,384,224	0.06	6.00
2005	0	0	0
2006	0	0	0

V. FINANCIAL STATUS

38. Financial statements composed in accordance with the International Financial Reporting Standards (IFRS)

AB “Snaigė” is a parent company situated in Lithuania with subsidiaries in Russia and Ukraine. The financial statements of the subsidiary companies are integrated into the consolidated financial statements.

38.1. Consolidated accounting balance sheet, in thous. LTL

ASSETS	2006 12 31	2005 12 31	2004 12 31
Non-current assets			
Property, plant and equipment	103 531	105 472	105 833
Intangible assets	17 356	7 369	6 514
Investments	0	0	0
Deferred tax asset	3 167	918	0
Other amounts receivables	0	0	0
Total non-current assets	124 055	113 759	112 347
Current assets			
Inventories	55 871	60 761	53 876
Trade receivable	63 458	61 733	50 104
Other receivables	8 936	4 847	11 918
Cash and cash equivalents	4 805	5 186	5 409
Total current assets	133 071	132 526	121 307
TOTAL ASSETS	257 127	246 284	233 654

EQUITY AND LIABILITIES	2006 12 31	2005 12 31	2004 12 31
Capital and reserves			
Share capital	23 070	23 070	23 070
Share premium	3 643	3 644	3 644
Own shares	0	0	0
Legal reserve	2 337	2 338	2 338
Other reserves, distributable	26 899	26 588	26 588
Retained earnings	38 043	48 923	35 291
Translation reserve	-986	-1 289	-786
Total equity attributable to the equity holders of the parent	93 007	103 274	90 145
Minority interest	7	23	0
Non-current liabilities			
Warranty provision	3 081	1 625	897
Deferred tax liability	0	0	320
Deferred grants	3 849	5 109	6 369
Interest bearing loans and borrowings	39 233	46 294	67 558
Total non-current liabilities	46 164	53 027	75 144
Current liabilities			
Interest bearing loans and borrowings	29 420	24 188	18 276
Trade creditors	67 346	45 983	37 751
Other current liabilities	21 180	19 788	12 338
Total current liabilities	117 947	89 959	68 365
Total liabilities	164 112	142 986	143 509
TOTAL EQUITY AND LIABILITIES	257 127	246 284	233 654

38.2. Consolidated profit (loss) report, in thous. LTL

	2006	2005	2004
Revenue	351 826	368 878	293 367
Cost of sale	-301 511	-300 043	-229 891
Gross profit	50 315	68 836	63 477
Distribution expenses	-27 623	-26 448	-13 119
Administrative expenses	-32 947	-22 704	-23 636
Other operating income and costs	2 283	819	371
Operating profit	-7 972	20 502	27 091
Financial income and expenses	-2 155	-1 294	-8 672
Profit before tax	-10 127	19 208	18 419
Corporate income tax	-457	4 168	4 492
Profit for the year	-10 585	15 040	13 927
Attributable to:			
Equity holders of the parent	-10 581	13 722	15 158
Minority interest	-4	1 318	-1 232
Profit for the year	-10 585	15 040	13 927
Earnings per share	-0.46	0.59	0.66

38.3. Consolidated Cash Flows Statement, in thous. LTL

	2006	2005	2004
Result before tax	-10 127	19 208	18 419
Depreciation and amortisation	20 144	19 300	14 333
Amortisation of grants	-1 303	-1 371	-1 389
Result of non current assets disposed	-2 098	-79	119
Write down of non-current assets	12	-	-
Write down of inventories	-	40	24
Impairment of trade receivables	9 836	2 000	219
Reversal of impairment of trade receivables	-	-61	0
Unrealised loss on revaluation of currency derivatives	-4 760	4 120	0
Change in warrantee provision	210	2 262	996
Currency exchange gains and losses	473	-502	895
Interest income	-33	-44	-217
Interest expense	3 716	2 931	2 552
Net cash inflow from ordinary activities before any change in working capital	16 069	47 803	34 159
Change in trade and other receivables	-5 803	-5 106	-21 959
Change in inventories	4 889	-6 924	-15 711
Change in trade creditors and other creditors	16 826	10 056	7 601
Net cash inflow from ordinary activities	31 982	45 829	4 090
Interest received	33	44	217
Interest paid	-3 716	-2 931	-2 552
Profit tax paid	-5 588	-6 825	-7 451
Net cash inflow from operating activities	22 711	36 117	-5 695
Acquisition of property, plant and equipment	-21 249	-18 128	-27 215
Capitalisation of intangible fixed assets	-2 050	-2 195	-2 539
Proceeds from disposed non current assets	-2 524	684	3 291
Net cash outflow from investing activities	-20,775	-19 638	-26 464
Proceeds from sales of own shares	0	0	279
Dividend paid	-	-1 384	-3 074
Subsidies received	43	111	130
Proceeds from loans	121 971	80 156	34 896
Payments of loans	-123 799	-95 202	-1 904
Leasing obtained	-	76	993
Payments of leasing liabilities	-531	-382	-393
Net cash inflow/(outflow) from financing	-2 315	-16 702	30 927
Net cash inflow/outflow from operating activities, investing activities and financing	-380	-223	-1 233
Cash and cash equivalents at 1 January	5 186	5 409	6 641
Cash and cash equivalents at 31 December	4 805	5 186	5 409

38.4. Appropriation account of profit (loss) (in LTL)*

Ref. No.	ITEMS	2006	2005	2004
I.	Profit (loss) brought forward			
	from previous years	55 772 622	48 537 666	24 393 045
II.	Net profit (loss) of the reporting period	10 659 081	7 545 957	26 728 844
III.	Profit (loss) to be appropriated	66 431 703	56 083 623	51 121 889
	at the end of the year			
IV.	Shareholders' contributions for covering losses	0	0	0
V.	Transfers from reserves	26 899 000	26 588 000	26 588 000
VI.	Profit to be appropriated	93 330 703	82 671 623	77 709 889
VII.	Appropriation of profit:	34 087 600	26 899 000	29 172 224
VII.1.	to legal reserves			
VII.2.	to other reserves(for social - cultural purposes and charity)	440 000	561 000	588 000
VII.3.	dividends	0	0	1 384 224
VII.4.	for acquisition of own shares	10 000 000	10 000 000	10 000 000
VII.5.	for investments	23 647 600	16 338 000	16 000 000
VII.6.	for bonus and tantieme		0	1 200 000
VIII.	Profit (loss) brought forward	59 243 103	55 722 623	48 537 665
	at the end of the year			

*The report was issued in accordance with the accounting standards of the Republic of Lithuania.

39. Notes to the financial statements

39.1. Explanatory note to the annual financial statement

Provided in Annex No. 1 “AB SNAIGĖ Independent Auditor’s Report, consolidated annual report and Consolidated Financial Statements for the year ended 31 December 2006”

39.2. Consolidated annual statements

Provided in Annex No. 1 “AB SNAIGĖ Independent Auditor’s Report, consolidated annual report and Consolidated Financial Statements for the year ended 31 December 2006”.

39.3. Major changes and the reasons thereof

Provided in Annex No. 1 “AB SNAIGĖ Independent Auditor’s Report, consolidated annual report and Consolidated Financial Statements for the year ended 31 December 2006”.

40. The report issued by the issuer's Board or other management body acting as the Board

Speech of the Chairman of the Board

Dear Shareholders, Partners, Customers,

In terms of the consolidated results in 2006 AB „Snaigė” reached the turnover together with other activity income of LTL 356 mio. and incurred a consolidated loss of LTL 10.1 mio. The negative total result of the Company's performance was to a large extent determined by difficulties in the Russian market that had originated since the very outset of the operations of the Company in Russia, – significant residual stock and the reprising thereof at the distributors' level. Furthermore, in the view of a higher risk of non-recovery of trade debts accrued in the course of 2004-2005 the Company resolved to form a provision of LTL 9.8 mio. for the debts concerned.

Despite the difficulties we currently encounter our plans for the next year provide for the turnover of LTL 468.8 mio. and LTL 10 mio. in consolidated pre-tax profit. These results are expected to be facilitated by changes in the currency rates and raw material prices in global markets.

We will proceed with our efforts to consolidate our positions in the Eastern, and in particular, Russian markets. In 2006, we reorganised the trade and finance activities in Russia, certain targeted strategies were accordingly adjusted in connection with the remake of the company management model. The changes enforced in Russia yielded positive results in the second half-year term of 2006 when the refrigerator sale figures exceeded the results of 1H by five times.

In 2007, the undertakings of AB „Snaigė” includes the introduction of a new refrigerator line to the Eastern, as well as to the Western markets, stimulation of marketing campaigns with stronger focus upon cost reduction and production efficiency programmes.

We are confident that the strategy we have opted for will facilitate the Company in reaching its objectives.

Sincerely,

Nerijus Dagilis

Chairman of the Board of AB „Snaigė”

Note: the complete report of the Board is provided in Annex No. 1 hereto.

41. Information about the audit

1. We have audited the accompanying consolidated financial statements (page [...] to [...]) of AB Snaigė and subsidiaries, which comprise the balance sheet as of 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.
2. The consolidated financial statements of AB Snaigė and subsidiaries for the year ended 31 December 2005, were audited by another auditor whose report dated 31 March 2006, expressed a qualified opinion due to (a) lack of observation of inventory in Pskov warehouse as of 31 December 2005 and (b) the matters described in the Basis of Qualified Opinion section below.

Management's Responsibility for the Financial Statements

3. Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

4. Our responsibility is to express an opinion on these financial statements based on our audit. Except for the matters described in paragraph 6 and 7 in the Basis for Qualified Opinion section below, we conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entities' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

7. We were not provided with sufficient evidence allowing us to assess a potential impairment, if any, of the recorded goodwill, with a carrying amount of LTL'000 12,313 as of 31 December 2006 (LTL'000 2,472 as of 31 December 2005) related to the subsidiary Techprominvest.
8. Until 1 January 2006 the Group capitalized newly installed spare parts and major overhauls under its property, plant and equipment without derecognizing the carrying amount of replaced parts and previous overhaul, as required by International Financial reporting Standards as adopted by EU. As of 31 December 2006 the carrying amount of such expenditure recognized in property plant and equipment amounts to LTL'000 11,089, of which LTL'000 7,687 is capitalized on buildings and LTL'000 3,402 is capitalized on equipment. We were not provided with sufficient evidence, which would allow us to identify the value of the replaced parts and prior overhaul that should be derecognized.
9. As of 31 December 2005 the Group had overdue receivables in the amount of LTL'000 18,410 from Russian customers. The Group made a provision of LTL'000 2,000 as of 31 December 2005 for the overdue receivables. In the opinion of the previous auditors, in which we agree, an additional provision estimated at LTL'000 9,400 should have been recognised in the financial statements for the year ended 31 December 2005. As of 31 December 2006 the Group has recognised additional provisions in the amount of LTL'000 9,631 for the mentioned receivables. If the Group would have recognised said provisions for the year ended 31 December 2005, net loss for the year ended 31

December 2006, net profit for the year ended 31 December 2005, equity as of 31 December 2005 and trade accounts receivables as of 31 December 2006 and 2005 would be decreased by LTL'000 9,631.

Qualified Opinion

10. In our opinion, except for the possible effects of the matters described in the paragraphs 7 and 8 above, and except for the effect of the matter described in paragraph 9 above, the consolidated financial statements present fairly, in all material respects, the financial position of AB Snaigė and subsidiaries as of 31 December 2006, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

11. Furthermore, we have read the accompanying Annual Report for the year ended 31 December 2006 (included on pages [...] through [...]) and have not noted any material inconsistencies between the historical financial information included in it and the financial statements for the year ended 31 December 2006.

Deloitte Lietuva UAB
General Director Juozas Kabašinskas



Certified auditor Lina Drakšienė
Auditor's Certificate No. 000062



Vilnius, Lithuania
31 March 2007

Note: the complete auditor's report is provided in Annex No. 1 hereto.

VI. INFORMATION ABOUT THE ISSUER'S MANAGEMENT BODIES**42. Members of the Management Bodies**

42.1. Data with regard to the share of the issuer's authorized capital

Name	Position	Amount of shares available, in pcs.	Share of the capital available, in percentage	Share of votes, percentage
BOARD				
Nerijus Dagilis	Chairman of the Board of AB "Snaigė"	-	-	-
Domininkas Kašys	Member of the Board of AB "Snaigė", Technical Manager	-	-	-
Martynas Česnavičius	Member of the Board of AB "Snaigė"	15	0,00	0,00
Marius Binkevičius	Member of the Board of AB "Snaigė"	-	-	-
Mindaugas Šeštokas	Member of the Board of AB "Snaigė", Managing Director	-	-	-
ADMINISTRATION (Administrative Manager, Chief Accountant)				
Mindaugas Šeštokas	Managing Director of AB "Snaigė"	-	-	-
Loreta Nagulevičienė	Finance Director of AB "Snaigė"	-	-	-

On the general meeting of the shareholders, which has taken place on 27 April 2006, it was decided to no longer have a supervisory board. All the duties of the supervisory board were taken by the board. On 2 May 2006 the work of newly elected management board has started: the chairman of the board is Nerijus Dagilis, members of the board are Domininkas Kašys, Martynas Česnavičius, Marius Binkevičius and Mindaugas Šeštokas.

On 2 January 2007 the work of newly assigned finance manager Loreta Nagulevičienė has started.

Till 31 August 2006 finance manager position was taken by Arūnas Lingė. During the period of 2006-09-01 – 2007-01-02 temporarily finance manager position was taken by the head of accounting and finance department Vytautas Adomaitis.

Information about the members of the management bodies, which worked till 2 May 2006:

Name	Position	Amount of shares available, in pcs.	Share of the capital available, in percentage	Share of votes, percentage
BOARD OF OBSERVERS:				
Domininkas Kašys	Chairman of the Board of Observers of AB “Snaigė”	-	-	-
Saulius Butkus	Member of the Board of Observers of AB “Snaigė”	-	-	-
Jamie Richard	Member of the Board of Observers of AB “Snaigė”	-	-	-
Algis Pakalnis	Member of the Board of Observers of AB “Snaigė”	-	-	-
Martynas Česnavičius	Member of the Board of Observers of AB “Snaigė”	15	-	-
BOARD				
Giedrius Barysas	Chairman of the Board of AB “Snaigė”, Managing Director	-	-	-
Albinas Valašinas	Member of the Board of AB “Snaigė”, Technical Manager	165 149	0,72	0,72
Titas Sereika	Member of the Board of AB “Snaigė”	-	-	-
Nerijus Dagilis	Member of the Board of AB “Snaigė”	-	-	-
Mindaugas Šeštokas	Member of the Board of AB “Snaigė”, Managing Director	-	-	-
ADMINISTRATION (Administrative Manager, Chief Accountant)				
Mindaugas Šeštokas	Managing Director of AB “Snaigė”	-	-	-
Arūnas Lingė	Finance Director of AB “Snaigė”	-	-	-

42.2. Chairman of the Board, Administrative Manager and Chief Accountant

Name	Education, qualification	Workplaces and positions during the recent 10 years
Nerijus Dagilis	Vytautas Magnus University, Bachelor in Business administration; Central Europe university, Master in Economics	<p>From July 1997 to June 1998 worked as an banks analyst in AB Hermis bank</p> <p>June 1998 – February 2000 – UAB IVKĮ Hermis Finansai, investments analyst, later clients’ asset manager.</p> <p>From February 2000 works as a chairman of the board of UAB “Hermis Capital”</p>
Mindaugas Šeštokas	University education (VDU), Master of Business and Management	<p>1995 - Product Manager of UAB Kraft Jacobs Lietuva</p> <p>From 1998 to 2000 Sales, Marketing and Distribution Manager of UAB “Utenos gėrimai”</p> <p>From 2000 to 2004 Marketing Manager (change of company’s names: from UAB “Utenos gėrimai” to UAB “Utenos alus” (1999), to UAB “Jungtinis alaus centras” (2000) and to UAB “Švyturys-Utenos alus” (2002)</p> <p>Since 2004 Managing Director of AB “Snaigė”</p>
Loreta Nagulevičienė	University education (Vilnius University) in the field of economics, mathematician qualification	<p>From April 1996 – a chief accountant of UAB “Verslo Sėkmė”</p> <p>From April 1998 – a chief accountant of UAB “NERLITA”</p> <p>From 21 April 1998 – a chief accountant of R.Valivonienė sole proprietorship</p> <p>From March 1999 – a chief accountant of UAB “ALMEIDA”</p> <p>2001 – a chief accountant of UAB “NERLITA”</p> <p>From July 2002 – a chief accountant of AB „Švyturys – Utenos alus“</p> <p>17 March 2003 – name changed to UAB „Švyturys – Utenos alus“</p>

42.3. Information with regard participation in the activities of other companies and organisations

Name	Name of organisation, position	Share of the capital and votes available in other companies, in percentage
Nerijus Dagilis	UAB „Hermis Capital” chairman of the board	17,72
	AB „Kelmės pieninė“ member of the board	-
	KITRON ASA member of the board	-
	AB „Vilniaus Vingis“ chairman of the board	-
	UAB „Ežerų pasaulis“	25,00
	UAB „Baltijos polistirenas“	40,00
	UAB „Survesta“ direktorius	-
	UAB „Hermis fondų valdymas“ director	-
	UAB „Gulbinų turizmas“	8,33
	UAB „Naftos tēkmė“ member of the board	-
	UAB „Holdita“	25,00
	UAB „Naftos gavyba“ member of the board	-
	AB „Geonafta“ member of the board	-
	UAB „Genčių nafta“ member of the board	-
	UAB „Minijos nafta“ member of the board	-
	UAB „Kelda“ member of the board	-
UAB „Kauno diena“ chairman of the board	-	
Domininkas Kašys	UAB „Vespera” director	90,00
	UAB „Hermis Capital” member of the board	4,97
	UAB „Gulbinų turizmas“ director	8,33
Martynas Česnavičius	UAB LNK (Laisvas nepriklausomas kanalas) member of the board	-
	UAB "Profinance" chairman of the board	45,00
	AB „Utenos Trikotažas” member of the board	-
	AB „Malsena” member of the board	-
	UAB „Litagros Chemija” member of the board	-
	UAB „Naftos tēkmė” member of the board	-
	AB „Sanitas” member of the board	-
	UAB „Sidabra” member of the board	-
	UAB „Atradimų studija” member of the board	15,00
AB „Kauno Pieno Centras“ member of the board	-	
Marius Binkevičius	UAB “Alta Capital Partners” director	-
Mindaugas Šeštokas	-	-
Loreta Nagulevičienė	UAB “Audilona”	50,00

42.4. Information regarding valid conviction of the members of the management bodies for the offences against property, farming procedure and finance

42.5. Information about start date and end date of the office term of each member of the management body

Name	Start date of the office term	End date of the office term
BOARD		
Nerijus Dagilis	2006 05 02	2010 05 02
Domininkas Kašys	2006 05 02	2010 05 02
Martynas Česnavičius	2006 05 02	2010 05 02
Marius Binkevičius	2006 05 02	2010 05 02
Mindaugas Šeštokas	2006 05 02	2010 05 02
ADMINISTRATION (Managing Director and Chief Accountant)		
Mindaugas Šeštokas	2005 01 04	Termless agreement
Loreta Nagulevičienė	2006 01 02	Termless agreement

43. Information about benefits and loans granted to the members of the management bodies

43.1. Information about the total amounts and average amounts of the salaries, tantiemes and other profit benefits paid by the issuer during the reporting period per person

The salaries paid to the members of the Board during 2006 amounted to 795,893 LTL (Social taxes excluded), i.e., 132,649 LTL per person.

43.2. Information about the salaries, tantiemes and other profit benefits paid to the members of the issuer's Board of observers, Board and Administration sourced from the enterprises where the share of the authorized capital owned by the issuer amounts to more than 20 percent

43.3. The loans, warranties and securities of the performance of liabilities granted to the members of the management body during the accounting period.

44. Transactions with the related parties

44.1. Types of transactions

Real estate agreements, unaccustomed sales and purchase agreements, and loans granted.

44.2. Terms of transactions

On December 22, 2001 AB “Snaigė” enabled sales of 76 thous. of shares to UAB “Snavesta” for the amount of 3,052 thous. LTL (40 Litas per share). The residual amount of 2,136 thous. LTL was not repaid until December 31, 2002. Residual amount was repaid in March of 2003 without interest. UAB “Snavesta” mortgaged 70 thous. of the shares of AB “Snaigė” to secure the residual value.

On March 17, 2002 the Board of AB “Snaigė” enabled sales of 44 thous. of shares to UAB “Snavesta” for the amount of 1,748 thous. LTL (40 Litas per share). The residual amount of 1,223 thous. LTL was not repaid until December 31, 2002. Residual amount was repaid in July of 2003 without interest.

On December 19, 2002 the Company purchased the capital share of 35 % of “General Frost” (Slovakia) from the former Managing Director of AB “Snaigė” for the price of 662 thous. of Litas.

In 2003 the amount of 3,359 thous. of Litas was obtained from UAB “Snavesta” for the shares sold in 2001-2002.

In January of 2004 upon the decision of the Board the Company granted loan of 9,000 Litas to "Snavesta". The loan was secured by the ownership right of UAB “Snavesta” with regard to 51 thous. of the ordinary registered shares of AB “Snaigė”, which had been limited until repay of the loan (the shares can neither be sold nor mortgaged). The repay term is April 30, 2004; the established interest rate is higher than the one paid by the Company for the loans granted.

In 2003 the Company leased representative premises in the centre of Vilnius from UAB "Hermis fondu valdymas". The lease charge paid during 2003 amounted to 60 thous. of Litas.

Transactions with the interested parties executed in 2004

Pursuant to the report of the Board No. 1-8 issued on 2004-05-11 the decision was made to change the contractual terms with regard to the loan agreement concluded between the company and UAB “Snavesta”. A partial amendment to the loan agreement (No. 04-1) was signed, which postponed the repay term to December 31, 2004. The loan recipient undertook to limit circulation of the shares belonging to the loan recipient and amounting to 20 000 of the ordinary registered shares of AB “Snaigė”.

Pursuant to the report of the Board No. 1-24 issued on 2004-10-04 the decision was made to acquire a vehicle from UAB “Hermis fondu valdymas”. In October of 2004 vehicle Audi A8 was bought from UAB “Hermis fondu valdymas” for the price of 228 000 LTL.

Pursuant to the report of the Board No. 1-27 issued on 2004-11-15 the decision was made to change the contractual terms of the loan agreement concluded between the Company and UAB “Hermis capital”. On 2004-11-15 a partial amendment to the loan agreement (No. 04-1) was signed, which postponed the repay term to December 31, 2005 by providing the opportunity to repay the loan or part thereof prior to the set term upon the two day notice to the loan granter. The loan was repaid.

Pursuant to the report of the Board No. 1-32 issued on 2004-12-23 the decision was made to renew the lease contract with UAB “Hermis fondu valdymas”. The lease charge paid during 2004 amounted to 60 480 Litas (VAT excluded). The same amount was paid during 2005.

In 2006 it was decided to acquire 100% of the share capital of Russian company OOO “Liga Servis” (registered in Moscow) from Estonian citizen Mr. S. Butenko for the price of 1000 (one thousand) Litas.

Pursuant to the decision of the Board of February 28, 2006 AB “Snaigė” granted the loan of 5 500 000 (five million five hundred thousand) Litas to UAB “Hermis Capital”. The loan was repaid.

Pursuant to the decision of the Board of March 23, 2006 AB “Snaigė” granted the loan of 15 000 000 (fifteen million) Litas to UAB “Hermis Capital”. The loan was repaid.

Purchases from related parties in 2006:

	Subject	Purchase value, LTL
<i>From companies controlled by AB “Snaigė” shareholders:</i>		
UAB „Hermis Fondu Valdymas”	Rent payments	52,752
<i>From companies controlled by management members, their relatives:</i>		
UAB „Lisiplastas”	Materials	7,072,470
UAB „Baltijos polistirenas”	Materials	2,481,889
UAB „Astmaris”	Materials	6,847,895
UAB „Aljana”	Materials	-
UAB „Lanksti Linija”	Materials	-

Reveivables/payables from/to the related parties, 31 December 2006:

	Subject	Receivable/Payable, LTL
<i>Payable:</i>		
UAB „Lanksti Linija”	Trade receivables	1,368,513
<i>Receivable:</i>		
UAB „Lisiplastas”	Trade payables	23,020
UAB „Aljana”	Trade payables	-
UAB „Lanksti Linija”	Trade payables	9,435

VII. UPDATE AND ESSENTIAL EVENTS OF THE ISSUER'S ACTIVITIES, THE PERSPECTIVES THEREOF

45. Recent events of the issuer's activities

January 5, 2007. Decisions of shareholders extraordinary general meeting:

Extraordinary general meeting on January 5, 2007 passed resolution to conclude the contract with UAB "Deloitte Lietuva" concerning the audit of AB "Snaigė" financial statement and consolidated financial statement. To conclude the contract for the duration of 1 year and set the contract price for one year of no more than LTL 130 000 (EUR 37651).

January 19, 2007. The amended Charter has been registered after the increase of the authorized capital:

On January 18, 2007 the Charter of Snaige AB with the increased authorized capital was registered in the Entities Register. The authorized capital of the company after the increase has reached LTL 23 827 365 (EUR 6 900 882). The nominal value of a share is 1 LTL.

February 15, 2007. Consolidated unaudited preliminary results for the year 2006 and forecast for the year 2007:

1. Results for the year 2006

Total turnover and other operating income LTL 357.0 million (EUR 103.4 million);

Pre-tax profit (loss) LTL -10.1 million (EUR -2.9 million);

EBITDA LTL 13.7 million (EUR 4.0 million)

2. Forecast for the year 2007

Revenue and other operating income: LTL 468.8 million (EUR 135.8 million);

Pre-tax profit LTL 10.2 million (EUR 3.0 million);

Net profit LTL 8.4 million (EUR 2.4 million);

EBITDA LTL 34.3 million (EUR 9.9 million)

Negative consolidated result was driven by difficulties in Russian market – high stocks of goods and price reduction at distributors. Also because of increased risk the company made bad debts accruals for sales in 2004-2005 for amount LTL 9,8 million (EUR 2.8 million).

March 21, 2007. Notice of the annual general meeting of shareholders:

On March 20 2007 the Management board of „Snaigė“ AB decided to convene the Annual General Meeting of shareholders „Snaigė“ AB (code 249664610, headquarters, Pramonės str. 6, Alytus) on April 26, 2007 at 2:00 pm in the hall of the company (Pramonės str. 6, Alytus). Registration starts 1:30 pm, ends- 1:50 pm.

On the agenda:

1. The annual report on the company's activities for the year 2006.
2. Auditor's report on company's financial statements of the year 2006.
3. Approval of company's annual financial statements of the year 2006. The board company's activity report of the year 2006.
4. Approval of the 2006 profit appropriation.
5. Regarding the buy-back of the company's own shares. Shareholders who at the end of the accounting day of the General Meeting of Shareholders, i.e. April 19 2007, will be on the shareholders list of the Company have a right to participate and vote at the General Meeting of Shareholders personally or by proxy, or represented by the person with whom an agreement on the transfer of voting rights is concluded.

The shareholders attending the meeting must provide person's identification document. The authorized representatives of the shareholders must additionally possess a proxy approved by the procedure prescribed by law.

April 13, 2007. Project of shareholders general meeting decisions:

There are suggested following projects for the meeting of shareholders on April 26th in 2007 by decision of the Company's Management Board of 02-04-2007.

1. The annual report on the company's activities for the year 2006. Suggestion: To approve the annual report on the company's activities for the year 2006.
2. Auditor's conclusion about company's financial statements report of the year 2006. Suggestion: To recommend for shareholders to consider auditor's conclusion while voting regarding approval of company's yearly financial statements.
3. Approval of company's annual financial statement of the year 2006. Suggestion: To approve company's financial statements for year 2006.
4. Approval of the 2006 profit appropriation. Suggestion: To approve distribution of company's profit for the year 2006.

Retained earnings at the beginning of the year	LTL 55 772 622 (EUR 16 152 868)
Net profit for year 2006 is	LTL 10 659 081 (EUR 3 087 083)
Transfers from reserves	LTL 26 899 000 (EUR 7 790 489)
Profit for distribution	LTL 93 330 703 LTL (EUR 27 030 440)
Profit for distribution to the reserve for acquisition of the company's own shares	LTL 10 000 000 (EUR 2 896 200)
Profit distribution to the investment reserves	LTL 23 647 600 (EUR 6 848 818).
Profit distribution, to other reserves	LTL 440 000 (EUR 127 433),
including: support, charity	LTL 90 000 (EUR 26 066),
social, cultural needs	LTL 350 000 (EUR 101 367).
Profit distribution , to dividends	LTL 0 (EUR 0).

Profit distribution, to bonuses of the board members LTL 0 (EUR 0).

Retained earnings at the end of financial year 2006 LTL 59 243 103 (EUR 17 157 989).

5. Regarding the buy-back of the company's own shares. Suggestion: To buy out ordinary registered shares of Snaigė AB worth LTL 1 by nominal value (ISIN code LT 0000109274) by means of a voluntary tender offer in accordance with the procedure prescribed by legal acts regulating securities market and execute the said tender offer on the Vilnius Stock Exchange; The purpose for the acquisition of the shares is to maintain and increase the price of the company's shares; To buy out up to 10 percent of the company's shares in the national securities market for LTL 10 000 000 (ten million), i.e. this is the share of profit allocated to the reserve for the acquisition of own shares; The Company will buy shares till October 26, 2008; The maximum and minimum acquisition price: the minimum buying price of the shares is LTL 5, the maximum buying price of the shares is LTL 16; The minimum selling price of own shares is LTL 16 per share. To ensure equal opportunities for all shareholders to buy the shares of the company. The company's own shares bought by the company will be traded only on the Vilnius Stock Exchange. To authorize the Board of the company to establish and decide on the specific conditions and terms of the voluntary tender offer, the volumes and prices of the shares to be acquired, and the selling prices and conditions of the shares.

All other issues, which are not provided for in this decision shall be delegated to the Board of the Company.

April 17, 2007. Audited Annual Financial Statement and Annual Report for the year 2006.

April 26, 2007. Decisions of annual general meeting:

The annual general meeting of shareholders held on April 26th in 2007 passed the following decision

1. To approve the annual report on the company's activities for the year 2006.
2. To take in to consideration for shareholders auditor's conclusion while voting regarding approval of company's yearly financial statements.
3. To approve company's financial statements for year 2006.
4. To approve distribution of company's profit for the year 2006.

Retained earnings at the beginning of the year -LTL 55 772 622 (EUR 16 152 868).

Net profit for year 2006 is LTL 10 659 081 Lt (EUR 3 087 083).

Transfers from reserves - LTL 26 899 000 (EUR 7 790 489).

Profit for distribution - LTL 93 330 703 LTL (EUR 27 030 440).

Profit for distribution to the reserve for acquisition of the company's own shares - LTL 10 000 000 (EUR 2 896 200).

Profit distribution to the investment reserves - LTL 23 647 600 (EUR 6 848 818).

Profit distribution, to other reserves - LTL 440 000 (EUR 127 433),

including: support, charity - LTL 90 000 (EUR 26 066),

social, cultural needs - LTL 350 000 (EUR 101 367).

Profit distribution , to dividends - LTL 0 (EUR 0).

Profit distribution, to bonuses of the board members LTL 0 (EUR 0).

Retained earnings at the end of financial year 2006 - LTL 59 243 103 (EUR 17 157 989).

5. To buy out ordinary registered shares of Snaigė AB worth LTL 1 by nominal value (ISIN code LT 0000109274) by means of a voluntary tender offer in accordance with the procedure prescribed by legal acts regulating securities market and execute the said tender offer on the Vilnius Stock Exchange; The purpose for the acquisition of the shares is to maintain and increase the price of the company's shares; To buy out up to 10 percent of the company's shares in the national securities market for LTL 10 000 000 (ten million), i.e. this is the share of profit allocated to the reserve for the acquisition of own shares; The Company will buy shares till October 26, 2008; The maximum and minimum acquisition price: the minimum buying price of the shares is LTL 5, the maximum buying price of the shares is LTL 16; The minimum selling price of own shares is LTL 16 per share. To ensure equal opportunities for all shareholders to buy the shares of the company. The company's own shares bought by the company will be traded only on the Vilnius Stock Exchange. To authorize the Board of the company to establish and decide on the specific conditions and terms of the voluntary tender offer, the volumes and prices of the shares to be acquired, and the selling prices and conditions of the shares.

All other issues, which are not provided for in this decision shall be delegated to the Board of the Company.

April 27, 2007. Consolidated unaudited results for first quarter of the year 2007:

Revenue and other operating income: LTL 73.34 million (EUR 21.24 million),

Loss before tax: LTL -2.57 mill. (EUR -0.74 million),

Net loss: LTL -3.80 mill. (EUR -1.1 million),

EBITDA: LTL 3.33 million (EUR 0.97 million)

Unaudited turnover of Snaigė AB increased by million LTL 20 in the first quarter of 2007 to compare with same period of last year. The company operates more successful than it was planned in the business plan and expects to achieve planned consolidated EBITDA of LTL 32 million.

46. Essential events of the issuer's activities

January 23, 2006. During the meeting of the Company's Board of 2006-01-20 it was decided to acquire 100% of the share capital of Russian company OOO "Liga Servis".

February 28, 2006. The preliminary, not audited, consolidated results of the activities of AB "Snaigė" are as follows: sales - 376,6 mill. of LTL (109,1 mill. of EUR); profit before taxes – 19,7 mil. of LTL (5.7 mill. EUR).

March 23, 2006. Regarding the general meeting of shareholders

The Board of AB "Snaigė" decided to call the general meeting of shareholders of AB "Snaigė" (enterprise reg. No. 249664610, legal address Pramonės str. 6, Alytus) on April 27, 2006, at 14.00, in Alytus, at Pramonės str. 6, in the Company's conference room. The registration of shareholders begins at 13.30 and ends at 13.50.

The agenda of the meeting:

1. The report of the Board of AB "Snaigė" with regard to the company's activities during 2005.
2. The auditor's report with regard to the Company's financial statements as of 2005.
3. Approval of the Company's financial statements as of 2005.
4. Distribution of the profit of 2005.
5. Regarding distribution of own shares.
6. Approval of new revision of the Company's Statute.
7. Election of the Company's Board.

Only the persons who were the shareholders of the Company at the end of the meeting date (April 20, 2006) have the right to participate and vote in the general meeting of shareholders, either personally or through the authorized persons, or the persons who entered into agreement regarding transition of the voting right. In the meeting the participants shall have the personal identity document. The authorized persons shall have the Power of Attorney issued in accordance with the valid legislation.

April 19, 2006. Draft decisions of the general meeting of shareholders.

Pursuant to the resolution of the Board of the Company dated on 2006-04-19 the following draft decisions of the ordinary general meeting of shareholders of April 27, 2006 have been proposed:

The report of the Board of AB "Snaigė" with regard to the company's activities during 2005. It was proposed: To approve the report of the Board of AB "Snaigė" with regard to the Company's activities during 2005.

The auditor's report with regard to the Company's financial statements as of 2005. It was proposed: To advise the shareholders to consider the auditor's report while voting regarding the financial statement of the Company.

Approval of the Company's financial statements as of 2005. It was proposed: To approve the financial statements of the Company of 2005.

Distribution of the profit of 2005. It was proposed: To approve distribution of profit.

Profit brought forward at the beginning of the reporting fiscal year amounted to 48 537 666 LTL (14 057 480 EUR).

The net financial profit of the year amounted to 7 545 957 LTL (2 185 460 EUR).

Transfers from reserves - 26 588 000 LTL (7 700 417 EUR).

Total profit to be appropriated amounted to - 82 671 623 LTL (23 943 357 EUR).

The profit share appropriated to the reserve for acquisition of own shares is - 10 000 000 LTL (2 896 200 EUR).

The profit share appropriated to the reserve for investments - 16 338 000 LTL (4 731 812 EUR).

The profit share appropriated to the other reserves - 561,000 LTL (162,477 EUR), including: for charity and donation - 151 000 LTL (43 733 EUR), for social and cultural needs - 410 000 LTL (118 744 EUR).

The profit share appropriated for payment of dividends - 0 LTL (0 EUR).

The profit share appropriated for payment of bonuses - 0 LTL (0 EUR).

Profit brought forward at the end of the reporting fiscal year amounted to 55 772 623Lt (16 152 868 EUR).

Regarding distribution of own shares.

It was proposed: To purchase the ordinary registered shares (with the nominal value of 1 LTL each / VP ISIN code LT 0000109274), by submitting the official tender in accordance to the procedure established in the legislative enactments regulating the securities market and implementing it in Vilnius securities stock Exchange;

The purpose of acquisition of shares is to maintain and increase the price of the Company's shares;

To purchase up to 10 percent of the Company's shares in the National securities market for the price of 10 000 000 (ten million) Litas, i.e., such profit share appropriated to the reserve for acquisition of own shares.

The Company will purchase the shares up to October 27, 2007;

The maximum and minimum acquisition price of the shares: the minimum acquisition price of the shares is 12 LTL, the maximum acquisition price of the shares is 20 LTL.

The minimum sales price of own shares is 12 LTL for one share. To ensure the equal opportunities for all the shareholders willing to purchase the Company's shares. The acquired own shares of the Company will be sold in Vilnius securities stock exchange only. The particular conditions and terms of the official tender and the amounts and prices of the shares to be purchased, the sales price of the shares and sales terms shall be determined by the Board of the Company. All other issues not mentioned in the above resolutions shall be solved by the Board of the Company.

Acceptance of the new revision of the company's Statute.

It was proposed: To approve the new revision of the Statute.

To withdraw the Board of Observers by cancelling clause 6.1.2 of the Statute of the Company.

To replace clause 6.1.3 by clause 6.1.2 and to add the following remark: "6.1.2. The Board shall be composed of four members and elected for the period of four years."

To replace clause 6.1.4 by clause 6.1.3.

To withdraw clause 6.3, and to replace clause 6.4 by clause 6.3 and the following remark: "6.3. The Board of the Company shall be elected and withdrawn by the general meeting of shareholders in accordance with the procedure established in the Law on Public Companies of the Republic of Lithuania. The Board of the Company shall have the right to draw the decision with regard to issue of bonds. The competence of the Board with regard to other issues shall not be different from the one determined in the Law on public Companies of the Republic of Lithuania. The operating procedure of the Board shall be determined in the operating regulation of the Board.

To replace clause 6.5 by clause 6.4.

Election of the Board of the Company. It was proposed: To elect the Board of the Company during the meeting of shareholders.

April 19, 2006. Audited consolidated results of activities as of 2005

Turnover and other operating income amount to 372,1 mill. of LTL (107.8 mill. EUR).

Profit before taxes – 19.2 mil. of LTL (5.6 mill. EUR).

EBITDA – 41,4 mill. of LTL (12.0 mill. EUR).

April 27, 2006. Resolutions of the general meeting of shareholders.

During the general meeting of shareholders held on April 27, 2006 it was decided:

1. To approve the report of the Board of AB “Snaigė” with regard to the Company’s activities during 2005.
2. To consider the auditor’s report while voting regarding the financial statement of the Company.
3. To approve the financial statements of the Company of 2005.
4. To approve distribution of profit:

Profit brought forward at the beginning of the reporting fiscal year amounted to 48 537 666 LTL (14 057 480 EUR).

The net financial profit of the year amounted to 7 545 957 LTL (2 185 460 EUR).

Transfers from reserves - 26 588 000 LTL (7 700 417 EUR).

Total profit to be appropriated amounted to - 82 671 623 LTL (23 943 357 EUR).

The profit share appropriated to the reserve for acquisition of own shares is - 10 000 000 LTL (2 896 200 EUR).

The profit share appropriated to the reserve for investments - 16 338 000 LTL (4 731 812 EUR).

The profit share appropriated to other reserves -561,000 LTL (162,477 EUR).

including: for charity and donation - 151 000 LTL (43 733 EUR), for social and cultural needs - 410 000 LTL (118 744 EUR).

The profit share appropriated for payment of dividends 0 LTL (0 EUR).

The profit share appropriated for payment of bonuses - 0 LTL (0 EUR).

Profit brought forward at the end of the reporting fiscal year amounted to 55 772 623Lt (16 152 868 EUR).

5. To purchase the ordinary registered shares (with the nominal value of 1 LTL each / VP ISIN code LT 0000109274), by submitting the official tender in accordance to the procedure established in the legislative enactments regulating the securities market and implementing it in Vilnius securities stock Exchange;

The purpose of acquisition of shares is to maintain and increase the price of the Company’s shares;

To purchase up to 10 percent of the Company’s shares in the National securities market for the price of 10 000 000 (ten million) Litas, i.e., such profit share appropriated to the reserve for acquisition of own shares.

The Company will purchase the shares up to October 27, 2007;

The maximum and minimum acquisition price of the shares: the minimum acquisition price of the shares is 12 LTL, the maximum acquisition price of the shares is 20 LTL.

The minimum sales price of own shares is 12 LTL for one share. To ensure the equal opportunities for all the shareholders willing to purchase the Company’s shares. The acquired own shares of the Company will be sold in Vilnius securities stock exchange only.

The particular conditions and terms of the official tender and the amounts and prices of the shares to be purchased, the sales price of the shares and sales terms shall be determined by the Board of the Company.

All other issues not mentioned in the above resolutions shall be solved by the Board of the Company.

6. To approve the new revision of the Statute.

To withdraw the Board of Observers by cancelling clause 6.1.2 of the Statute of the Company.

To replace clause 6.1.3 with clause 6.1.2 and to add the following remark:

“6.1.2. The Board shall be composed of four members and elected for the period of four years.”

To replace clause 6.1.4 with clause 6.1.3.

6.3. To withdraw clause 6.3, and to replace clause 6.4 by clause 6.3 and the following remark:

“6.3. The Board of the Company shall be elected and withdrawn by the general meeting of shareholders in accordance with the procedure established in the Law on Public Companies of the Republic of Lithuania. The Board of the Company shall have the right to draw the decision with regard to issue of bonds. The competence of the Board with regard to other issues shall not be different from the one determined in the Law on public Companies of the Republic of Lithuania. The operating procedure of the Board shall be determined in the operating regulation of the Board.

6.5. To replace clause 6.5 with clause 6.4.

7. To elect the following persons to the Board of the Company for the new term of office of the Board (amounting to four years):

Mr. Nerijus Dagilis, Mr. Domininkas Kašys, Mr. Martynas Česnavičius, and Mr. Mindaugas Šeštokas.

April 27, 2006. Not audited consolidated results of activities as of I half of 2005

Turnover and other operating income amount to 52,68 mill. LTL (15.26 mill. of EUR); profit before taxes – – 0.84 mill. LTL (0.24 mill. of EUR), EBITDA -6,73 mill. LTL (1.95 mill. of EUR).

May 2, 2006. Not audited consolidated results of activities as of I quarter of 2006

Turnover and other operating income amount to 52,68 mill. LTL (15.26 mill. of EUR); profit before taxes – – 0.84 mill. LTL (0.24 mill. of EUR), EBITDA -6,73 mill. LTL (1.95 mill. of EUR).

May 2, 2006. Election of the Chairman of the Board of the Company.

During the meeting of the Board held on May 2, 2006 Mr. Nerijus Dagilis was appointed the Chairman of the Board of AB “Snaigė”.

July 28, 2006. Consolidated unaudited results for first half of the year 2006:

Revenue and other operating income:	LTL 128.90 million (EUR 37.33 million)
Profit before tax:	LTL 1.16 million (EUR 0.34 million).
EBITDA (profit before interest, tax, depreciation and amortisation):	LTL 13.1 million (EUR 3.79 million)

August 9, 2006. On convening The extraordinary general meeting of shareholders. On August 8, 2006 the Management board of „Snaigė“ AB decided to convene the Extraordinary General Meeting of shareholders „Snaigė“ AB (code 249664610, headquarters, Pramonės str. 6, Alytus) on September 11, 2006 at 2:00 pm in the hall of the company (Pramonės str. 6, Alytus). Registration starts 1:30 pm, ends- 1:50 pm.

On the agenda:

1. Increase of the company's authorised capital by additional contributions.
2. Cancellation of right to buy company's shares of new emission for all shareholders.
3. Approval of a new wording of the Articles of Association.
4. Election of the management board member due to changes in the Articles of Association to increase number of board members till five members.

Shareholders who at the end of the accounting day of the General Meeting of Shareholders, i.e. September 4, 2006, will be on the shareholders list of the Company have a right to participate and vote at the General Meeting of Shareholders personally or by proxy, or represented by the person with whom an agreement on

the transfer of voting rights is concluded. The shareholders attending the meeting must provide person's identification document. The authorized representatives of the shareholders must additionally possess a proxy approved by the procedure prescribed by law.

August 29, 2006. Snaigė AB group consolidated unaudited results for first half of the year 2006:

Profit before tax: LTL 1.16 mill. (EUR 0.34 million).

Net loss: LTL 0.984 mill. (EUR 0.29 million)

September 1 2006. Project of shareholders extraordinary general meeting decisions:

It's offered by the company's Management board on August 31, 2006 as follows:

1. Concerning the increase of the Company's authorized capital by additional contributions.

1.1. to increase the Company's authorized capital by 756 960 Lt (seven hundred and fifty six thousand nine hundred and sixty), by issuing the new emission of 756 960 (seven hundred and fifty six thousand nine hundred and sixty) simple registered Company shares, with par value of each share being LTL 1 (one litas);

1.2. to determine that the acquisition value of one newly issued simple registered share is 13 (thirteen) litas;

1.3. to determine that the newly issued shares of the Company shall be paid for by money or non-pecuniary contribution – 15 percent of the commodity (authorized capital) share of the limited liability legal entity „TechPromInvest” of Russian Federation – no later than within 30 (thirty) days from the date of conclusion of the share acquisition contract;

1.4. to establish a 120 (one hundred and twenty) days term from the date of the extra-ordinary General meeting of shareholders for the conclusion of the share acquisition contract with the Company;

1.5. to establish that in the case if not all shares are signed within the set period of time, the authorized capital of the Company shall be increased by the total sum of par value of the undersigned shares. In such case the Director General of the Company shall be respectively authorized to change the size of the authorized capital and the number of shares in the Company's By-laws and submit the amended Company's By-laws to the manager of the Register of Legal entities;

1.6. to modify the By-laws of the Company in respect of the adopted resolutions and authorize Director General of the Company to sign the amended Company's By-laws and carry out all necessary activities for the registration of the By-laws.

2. Concerning the revocation of the pre-emption right of all Company's shareholders to acquire the new emission of shares:

2.1. the reasons for revocation of the pre-emption right of the shareholders to acquire the new emission of the Company's shares:

2.1.1. presently the emission of the Company's shares is the only possible way to acquire 15 percent of the commodity (authorized capital) share of the limited liability legal entity „TechPromInvest” of Russian Federation;

2.1.2. the additional investment is necessary for the development of the economic-commercial activities of the Company for the following reasons:

2.1.2.1. the acquisition of the commodity (authorized capital) share will simplify the management of the limited liability legal entity „TechPromInvest” in such case if the Company adopts the resolution to develop and expand its activities through the aforementioned Russian company;

2.1.2.2. the acquisition of the commodity (authorized capital) share will increase the value of the whole share of the limited liability legal entity „TechPromInvest” for the potential strategic investor;

2.1.2.3. according to the economic estimations, the acquisition of the commodity (authorized capital) share will allow the increase of consolidated income and profit of “Snaigė” AB in future.

- 2.1.3. the persons, acquiring the shares of the Company, are reliable;
- 2.2. The substantiation of the share price for the new emission of the Company's shares:
- 2.2.1. the acquisition price for the new emission of the Company's shares is 13 (thirteen) litas for one simple registered share with par value of 1 litas;
- 2.2.2. the price for the new emission of the Company's shares is equal to the preliminary market value of 15 percent of the commodity (authorized capital) share of the limited liability legal entity „TechPromInvest” of Russian Federation, intended to be acquired;
- 2.3. The persons, who shall be offered to acquire the new emission of the Company's shares and the number of shares:
- 2.3.1. The person, who shall acquire the shares of the Company – the citizen of the Republic of Lithuania Ždanas Rysevas, personal identification number 36603260025, residing at Mindaugo str. 10-51, Kėdainiai. The number of the acquired shares is 454176 (four hundred and fifty four thousand one hundred and seventy six), 13 (thirteen) litas for each simple registered share.
- 2.3.2. The person, who shall acquire the shares of the Company – the citizen of Russian Federation Rybnikov Valentin Valentinovič, personal identification number 390600967437, residing at Elovaja ave. 38-3, Kaliningrad, RF. The number of the acquired shares is 302784 (three hundred and two thousand seven hundred and eighty four), 13 (thirteen) litas for each simple registered share.
- 2.3.3. The total number of the issued shares is 756 960 (seven hundred and fifty six thousand nine hundred and sixty) newly issued Company's simple registered shares, with par value of one share being 1 (one) litas.
3. Concerning the adoption of the new edition of the Company's By-laws:
- 3.1. to form the Board of the Company, which shall be constituted of five members;
- 3.2. to modify the By-laws of the Company in respect of the adopted resolutions and authorize Director General of the Company to sign the amended Company's By-laws and carry out all necessary activities for the registration of the By-laws. To authorize the Head of the Company to carry out all actions in respect of the adopted resolutions.
4. Concerning the election of the member of the Board in respect to the amendment in the By-laws on increasing the number of the members of the Board to five members:
- 4.1. to elect Marius Binkevičius to the Board of the Company (on the proposal of the shareholder “Hansabank customers”);
- 4.2. to authorize the Director General to notify the Register of Legal entities of the newly elected member of the Board and carry out all activities related to this.

September 11 2006. Decisions of shareholders extraordinary general meeting:

Extraordinary general meeting on September 31, 2006 passed the following resolution:

1. Concerning the increase of the Company's authorized capital by additional contributions.
- 1.1. to increase the Company's authorized capital by 756 960 Lt (seven hundred and fifty six thousand nine hundred and sixty) or by EUR 219 231 (two hundred nineteen thousand and two hundred thirty one), by issuing the new emission of 756 960 (seven hundred and fifty six thousand nine hundred and sixty) simple registered Company shares, with par value of each share being LTL 1 (one litas);
- 1.2. to determine that the acquisition value of one newly issued simple registered share is 13 (thirteen) litas;
- 1.3. to determine that the newly issued shares of the Company shall be paid for by money or non-pecuniary contribution – 15 percent of the commodity (authorized capital) share of the limited liability legal entity „TechPromInvest” of Russian Federation – not later than within 30 (thirty) days from the date of conclusion of the share acquisition contract;

1.4. to establish a 120 (one hundred and twenty) days term from the date of the extra-ordinary General meeting of shareholders for the conclusion of the share acquisition contract with the Company;

1.5. to establish that in the case if not all shares are signed within the set period of time, the authorized capital of the Company shall be increased by the total sum of par value of the undersigned shares. In such case the Director General of the Company shall be respectively authorized to change the size of the authorized capital and the number of shares in the Company's By-laws and submit the amended Company's By-laws to the manager of the Register of Legal entities;

1.6. to modify the By-laws of the Company in respect of the adopted resolutions and authorize Director General of the Company to sign the amended Company's By-laws and carry out all necessary activities for the registration of the By-laws.“

2. Concerning the revocation of the pre-emption right of all Company's shareholders to acquire the new emission of shares:

2.1. to revoke the pre-emption right of the shareholders to acquire the new emission of the Company's shares;

2.2. to enable the right the persons to acquire the new emission of the Company's shares:

2.2.1. The citizen of the Republic of Lithuania Ždanas Rysevas, personal identification number 36603260025, residing at Mindaugo str. 10-51, Kėdainiai. The number of the acquired shares is 454176 (four hundred and fifty four thousand one hundred and seventy six), 13 (thirteen) litas for each simple registered share.

2.2.2. The citizen of Russian Federation Rybnikov Valentin Valentinovič, personal identification number 390600967437, residing at Elovaja ave. 38-3, Kaliningrad, RF. The number of the acquired shares is 302784(three hundred and two thousand seven hundred and eighty four), 13 (thirteen) litas for each simple registered share.

3. Concerning the adoption of the new edition of the Company's By-laws:

3.1. to form the Board of the Company, which shall be constituted of five members;

3.2. to modify the By-laws of the Company in accordance with the adopted resolutions on the modification of the number of members of the Board, to authorize the Director General to sign the amended By-laws of the Company and carry out all necessary activities for the registration of the By-laws.

3.3. in consideration of the fact that the authorization of the newly elected member of the Board shall be commenced on the registration of the amended By-laws of the Company in the Register of Legal entities, to authorize the Director General to first and foremost submit the By-laws on the modification of the number of members of the Board to the Register of Legal entities (without the change in the size of the authorized capital), and submit the By-laws on the change of the size of the authorized capital to the Register of Legal entities in accordance with the procedure set forth by the laws.

4. Concerning the election of Board member in respect to the amendment in the By-laws on increasing the number of the members of the Board to five members:

4.1. to elect Marius Binkevičius to the Board of the Company (on the proposal of the shareholder “Hansabank customers“);

4.2. to authorize the Director General to notify the Register of Legal entities of the newly elected member of the Board and carry out all activities related to this.

October 18, 2006. Regarding project of the daughter enterprise establishment:

Snaigė AB has started to prepare a project regarding establishment of the daughter enterprise, to which is planned to transfer the certain part of company business, not related to the main business of it.

When the Board of company will make the decision concerning realization of this project, the material event including the detailed information will be announced.

October 27, 2006. Snaigė AB results for the 9 months and expected results for the year 2006:

1. Consolidated unaudited results for the 9 months of the year 2006

Total turnover and other operating income LTL 251.6 million (EUR 72.9 million);

Pre-tax profit LTL 3.1 million (EUR 0.9 million);

Net profit LTL 0.8 million (EUR 0,24 million);

EBITDA LTL 21.0 million (EUR 6.1 million)

2. Consolidated expected results for the year 2006

Due to especially huge competition of well known local trademarks and specific conditions of the Russian market, the initial trade and marketing strategy was not justified, therefore the financial goal set for the year 2006 will not be reached.

In view of this fact, the forecast of the consolidated result is being corrected.

Revenue and other operating income: LTL 351 million (EUR 102 million)

Pre-tax profit LTL 4 million (EUR 1.2 million)

EBITDA LTL 28 million (EUR 8.1 million)

AB „Snaigė“ foresees deferral of the amounts receivable for the production sold in Russia, however at the moment the amount of the deferred payment can not be credibly evaluated. Consequently, these deferrals are recognized as unclassified liabilities, which are not indicated in the balance statement. The amount of the deferrals shall be established by the end of the financial year and shall be calculated in accordance with accounting standards.

October 30, 2006. The establishment of the subsidiary company:

During the meeting, which took place on 27th of October, 2006, the Board of the Company adopted the resolution to establish the subsidiary company UAB „ALMECHA“.

The authorized capital of the company shall be equal LTL 30 000 (thirty thousand) or EUR 8 689 (eight thousand and six hundred eighty nine) and shall be divided into 30 000 ordinary registered shares of par value of LTL 1 (EUR 0,29). AB „Snaigė“ shall be the sole shareholder of the established company.

The subsidiary company shall commence the production activities starting on the 1st of January, 2007 and shall take over the part of the business, uncharacteristic to the main activities of the company. The production and assembly complex “SIGA” for construction of the equipment and machinery shall be liquidated and the subsidiary company UAB “ALMECHA” shall be established on its basis, by taking over all long-term movable assets, necessary for the production, and employees by maintaining the continuity of their work and social guarantees.

November 27, 2006. On convening The extraordinary general meeting of shareholders:

On November 24, 2006 the Management board of „Snaigė“ AB decided to convene the Extraordinary General Meeting of shareholders „Snaigė“ AB (code 249664610, headquarters, Pramonės str. 6, Alytus) on January 5, 2007 at 2:00 pm in the hall of the company (Pramonės str. 6, Alytus). Registration starts 1:30 pm, ends- 1:50 pm.

On the agenda:

Selection of the Auditors company and definition of payment terms conditions for the audit services.

Shareholders who at the end of the accounting day of the General Meeting of Shareholders, i.e. December 28, 2006, will be on the shareholders list of the Company have a right to participate and vote at the General Meeting of Shareholders personally or by proxy, or represented by the person with whom an agreement on the transfer of voting rights is concluded. The shareholders attending the meeting must provide person's

identification document. The authorized representatives of the shareholders must additionally possess a proxy approved by the procedure prescribed by law.

December 11, 2006. Increase of the authorized capital of the subsidiary company:

At the meeting held on 8 December 2006, the Board of the Company adopted a resolution to acquire 1 345 785 (one million three hundred forty five thousand seven hundred and eighty five) ordinary registered shares with par value of 1 Litas (0.29 EUR) of its subsidiary company UAB „ALMECHA“ by making a payment for them by non-monetary contribution in the amount of 1 345 785 (one million three hundred forty five thousand seven hundred and eighty five) Lt or 389 766 (three hundred eighty nine thousand seven hundred and sixty six) EUR.

December 20, 2006. Project of shareholders extraordinary general meeting decisions:

We propose to give assent to the proposal of the Board at the General meeting of shareholders, which shall be convoked on January 5, 2007, to conclude the contract with UAB “Deloitte Lietuva“ concerning the audit of AB “Snaigė“ financial statement and consolidated financial statement. To conclude the contract for the duration of 1 year and set the contract price for one year of no more than LTL 130 000.

47. The strategy of the activities and the prospective changes thereof during next financial (economical) year

- Sales development in Russia. The main challenges are improvement of the general distribution level, introduction of own products to the major retail trade chain of domestic electric appliances, popularisation of the SNAIGĖ brand.
- Strengthening of market position in Ukraine and Baltic countries, by improving professional level of sales, and investing to trademark image and the incentive programs of retailers (so-called dealers) and product sales. In Ukraine it is also planned to introduce products into the major retail trade chains. In Latvia signing of direct retailing treaty with the largest retailer is planned.
- Optimization of product portfolio.
- Cost and activities optimisation.
- Improvement of accounting system.
- Investment into professional development of employees, and production modernization
- Investment into new products and design. In 2007 the launch of new design refrigerators group is planned.

ANNEXES

1. Annex No. 1 “AB SNAIGĖ Independent Auditor’s Report, consolidated annual report and Consolidated Financial Statements for the year ended 31 December 2006”.