AB „SNAIGĖ“

consolidated annual report for year 2008

GENERAL INFORMATION ABOUT THE COMPANY

1.1 Accounting period of the annual report-prospectus

The annual report-prospectus has been prepared for the year 2008.

1.2 The basic data about the Company

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

Authorised capital on 31 December 2008 – 27,827,365 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

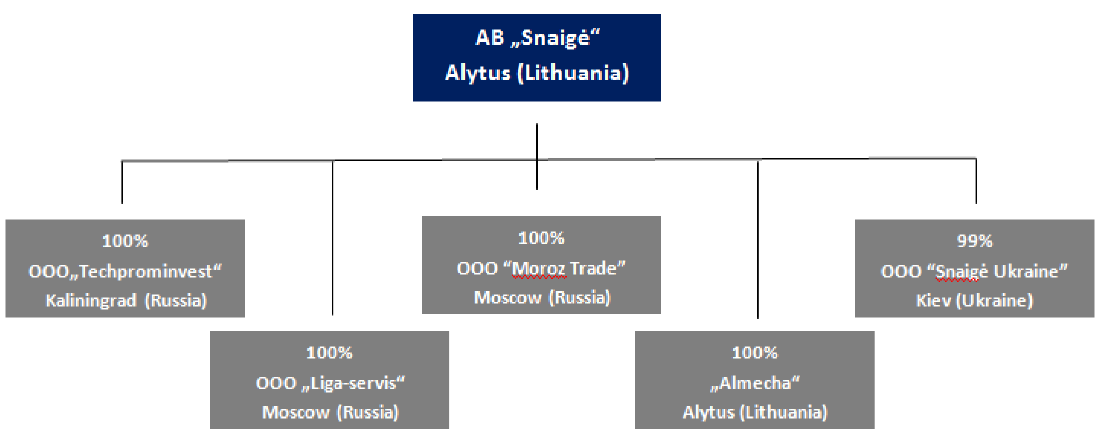
Legal organisation status – legal entity, public limited company

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 September 11, 2008 in Alytus Department of Register of Legal Entities of the Republic of Lithuania.

1.3 The type of the Company'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.

1.4 Company's company group structure



Company's group consist of parent refrigerator manufacturing company „Snaige" based in Alytus and the following subsidiaries:

- Main OOO “Techprominvest” activities: consumer goods and consuming devices manufacturing and realization, machinery maintenance and repair, consulting services, transportation services and other. The plant in Kaliningrad was registered in November 2009;
- OOO “Snaigė Ukraine” activities: sales of refrigeration appliances, sales, consulting and services;
- OOO “Moroz Trade” – trade and marketing services. The company was registered in May 2004;
- OOO “Liga-servis” activities: sales of refrigeration appliances, consulting services, transportation services and other. The company was registered in August 2005
- UAB “Almecha” activities: manufacturing of miscellaneous machinery and equipment. Registered in November 2006

1.5 Company’s group‘s management structure

Gediminas Čeika – director general
Loreta Nagulevičienė – financial director (till 2008-06-01).
Neringa Menčiūnienė – financial director (from 2008-06-02).
Rūta Petrauskaitė – marketing director.
Gediminas Čeika – sales director.
Vladas Gavėnas – purchasing and logistics director (till 2008-09-23).
Jurga Nacevičienė – purchasing and logistics director (from 2008-09-24).
Giedrius Mikulskas – human resource director.
Kęstutis Urbonavičius – technical director.

1.6 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.

On 30 January 2008, AB “Snaigė” has entered into market making services agreement with Financial Broker Firm “Orion Securities”.

1.7 Information about trading of Company’s securities in the regulated securities markets

1.7.1 Securities included in the trading lists of regulated securities markets

27,827,365 ordinary registered shares of AB “Snaigė” are included into the Official trading list of the Nasdaq OMX Vilnius Stock Exchange. The total nominal value of the shares is 27,827,365 LTL. The VP CD (Securities Central Depositary) number is 10927. The nominal value of a share was 1 (one) LTL.

On 7 April 2008 the company has pilled in an application to list 200 000 units of company‘s convertible bonds with maturity of 367 days on the debt securities list of Nasdaq OMX Vilnius stock exchange. Total nominal value of the issue: 20 000 000 LTL, securities ISIN code LT0000401515. The nominal value of one bond – 100 LTL. Bonds redemption date – 6 April 2009.

1.7.2 Trade of the Company’s securities in stock exchanges and other organized markets

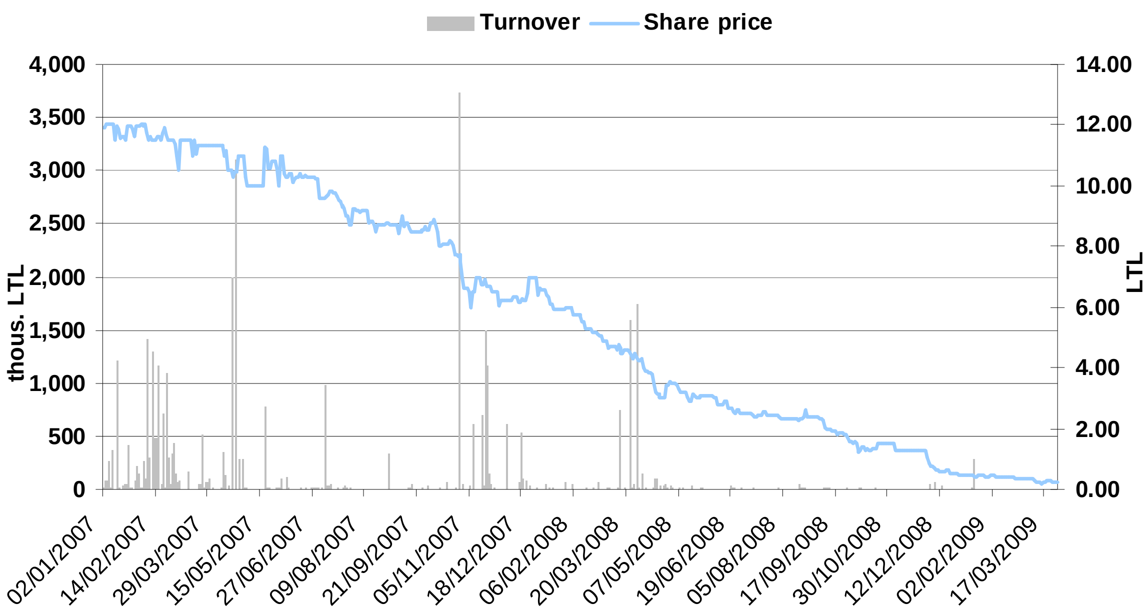
Trade of the company’s ordinary registered shares in the securities stock exchange was started on August 11, 1995.

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

1.7.2.1 Trade on Nasdaq OMX Vilnius stock exchange

Trade in Company‘s shares during 2007-2009 m.

Accounting period		Price (LTL)			Turnover (LTL)			Date	Total turnover	
from	to	max	min	last session	from	to	max	min	last session	from
2007-01-01	2007-03-31	12.07	9.79	11.3	1 409 258	-	101 703	2007-03-31	1 126 376	13 139 416
2007-04-01	2007-06-30	11.35	10.00	10.25	3 101 705	-*	13 639	2007-06-30	690 458	7 423 146
2007-07-01	2007-09-30	10.25	8.40	8.65	982 129	-	519	2007-09-30	186 228	1 746 440
2007-10-01	2007-12-31	8.88	6.00	6.99	3 734 366	-	35 541	2007-12-31	1 396 391	9 652 999
2008-01-01	2008-03-31	6.99	4.30	4.50	1 597 050	-	4 564	2008-03-31	600 671	2 812 040
2008-04-01	2008-06-30	4.35	2.52	2.58	1 744 380	-	5 103	2008-06-29	660 946	2 589 446
2008-07-01	2008-09-30	2.59	1.54	1.54	46 496	-	519	2008-09-28	136 889	309 287
2008-10-01	2008-12-31	1.59	0.5	0.55	65 496	-	35 541	2008-12-28	291 640	231 584
2009-01-01	2009-03-31	0.55	0.2	0.23	283 817	-	4 564	2009-03-31	952 153	388 481



Trade in Company‘s convertible bonds

On the time of the preparation of this report the AB „Snaigė“ convertible bonds were not yet included into Nasdaq OMX Vilnius stock exchange debt securities list.

1.7.2.2 Trade in other regulated markets

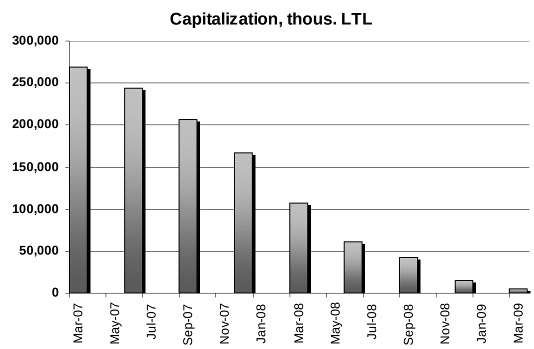
The securities are traded only on Nasdaq OMX Vilnius stock exchange.

1.7.3 Capitalization of Company’s shares

Accounting period	Capitalization (LTL)
2007-03-31	269 249 225
2007-06-30	244 230 491

2007-09-30	206 106 707
2007-12-31	166 553 281
2008-03-30	107 223 143
2008-06-30	61 474 602
2008-09-30	42 854 142
2008-12-31	15 305 051
2009-03-30	6 400 294

1.7.4 Trade of securities outside the stock exchange



Since the ordinary registered shares are included into the Official trading list of Nasdaq OMX Vilnius Securities Stock Exchange, the purchase-sale transactions of the shares can be executed only in Nasdaq OMX 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.)	Sum (LTL)	Number of deals	Amount of securities (pcs.)	Amount of transactions	
	max	max						
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
II quarter of 2007	11.21	4.48	212 610	1 197 021	9	55	1	212 665
III quarter of 2007	8.83	7.02	78 146	684 792	5	8 150	1	86 296
IV quarter of 2007	8.52	-	1 160 430	7 832 783	16	4 420	2	1 164 850
I quarter of 2008	8.69	3.22	1 390 247	6 366 309	13	-	-	1 390 247
II quarter of 2008	4.62	-	1 920 374	7 414 931	16	-	-	1 920 374
III quarter of 2008	4.66	1.27	889 999	1 976 210	21	-	-	889 999
IV quarter of 2008	2.73	0.34	2 427 029	2 896 711	19	-	-	2 427 029
I quarter of 2009	0.79	0.21	481 818	305 309	22	90	1	481 908

1.8 Information about the repurchase of 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 2006 no repurchase of own shares was made.

During 2007 no repurchase of own shares was made.

During 2008 no repurchase of own shares was made.

1.9 Dividends paid

Year	Dividends paid out, 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
2007	0	0	0
2008	0	0	0

1.10 Information about company‘s branch and representative offices

Company‘s central headquarters are situated in Pramonės str. 6, LT-62175, Alytus. Phone +370 315 56 506, fax. +370 315 56 207.

Company‘s Vilnius Office is situated in Kareivių str. 6, LT-09117, Vilnius. Phone +370 5 2361 970, fax. +370 5 2357 169.

2 OTHER INFORMATION ABOUT THE COMPANY

2.1 Company's authorized capital

2.1.1 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	27 827 365	1	27 827 365	100

2.1.2 Changes in authorized capital during the last 3 years

Registration of changed authorized capital	The size of the authorized capital before the change	Change	Reason for change	The size of the authorized capital after the changed
2007.01.18	23 070 405	+ 756 960 LTL	Acquisition of additional funds in order to acquire additional shares of OOO „Techprominvest“	23 827 365 LTL
2008.09.11	23 827 365	+ 4 000 000 LTL	Increase of authorized capital by issuing 4 000 000 units of ordinary shares	27 827 365 LTL

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

In April 2008 AB „Snaigė“ has issued 200 000 units of convertible ordinary bonds. On the redemption day one bond can be converted into 18 ordinary shares of AB „Snaigė“ with nominal value of 1 LTL. In case all the bondholders convert the bonds‘ the authorized capital will increase by 3 600 000 LTL.

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

The main information about issued convertible bonds	
Securities	367 days to maturity coupon convertible bonds (hereinafter – *Convertible Bonds*)
Number of notes	200 000 (two hundred thousand) units
Face value	100 (one hundred) LTL or 28.9620 EUR (hereinafter 1.0000 EUR = 3.4528 LTL)
Total face value	20 000 000 LTL or 5 792 400 EUR
Securities to be issued after conversion of the Bonds	Ordinary shares of AB „Snaigė“
Conversion ratio	1:18 (one Convertible Bond is converted to 18 (eighteen) shares)
Issue currency	LTL (Lithuanian litas)
Yield of the securities	14 (fourteen) percent annual yield of issue price.

Value date	April 5, 2008.
Date of redemption	April 6, 2009
Date of conversion	Bonds can be converted into ordinary shares of the Company at the day of redemption. The bondholders must express the wish to convert the bonds into shares to the Coordinator or the Company no later than 5 working days to the redemption date.
Procedure of the conversion	At the day of Bond conversion the bondholders have a right to demand to convert their Bonds into ordinary shares of the Company. Every convertible bond is converted into 18 ordinary shares. If the bondholders decide to convert their Bonds into ordinary shares of the Company, they lose the right to receive the nominal value of the bond together with the interest rate accumulated over the period on the redemption day. The bondholders must inform the Company or the Coordinator in a written form or by telephone to convert the bonds no later than 5 working days until redemption. After the redemption of the Bonds, if there will be any requests to convert the Bonds, the shareholders of the Company in a extraordinary shareholder meeting will change the articles of association of the Company and will confirm the new articles to represent increased share capital and number of shares. If all bondholders will express their wish to convert the Bonds, the number of shares of the Company will increase by 3 600 000 ordinary shares. The total number of shares outstanding will amount to 27 427 365 ordinary shares.
Additional obligation to the holders of the notes	The Company does not take any additional obligations to guarantee the duty to redeem the Issue.

2.1.3.2 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 Company's shares, as well as the preliminary date (dates) of such increase;

One issued convertible bond on the redemption day, 6 April 2009, can be converted into 18 ordinary shares of the Company. In case all the bondholders decide to convert owned bonds, 3 600 000 additional ordinary shares with nominal value of 1 LTL will be issued.

After the redemption of the Bonds, if there will be any requests to convert the Bonds, the shareholders of the Company in a extraordinary shareholder meeting will change the articles of association of the Company and will confirm the new articles to represent increased share capital and number of shares.

2.1.3.3 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 Company's shares;

In case all the bondholders decide to convert the bonds, the authorized capital would be increased by additional 3 600 000 ordinary shares of AB „Snaigė“. The size of increased capital then would be equal to 27 027 365 LTL. The structure of the authorized capital would not be affected by the conversion.

2.1.3.4 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).

At the day of Bond conversion the bondholders have a right to demand to convert their Bonds into ordinary shares of the Company. Every convertible bond is converted into 18 ordinary shares. There are no any preferential rights provided for any bondholders to subscribe converted shares.

The bondholders must inform the Company or the Coordinator in a written form or by telephone to convert the bonds no later than 5 working days until redemption.

2.2 Restrictions on the transfer of the securities

There are not set any restrictions for the transfer of Company's securities.

2.3 Shareholders

2.3.1 Largest shareholders

The total number of the shareholders on 31 December 2008 was 945.

The major shareholders who own or control more than 5 percent of the Company'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	12 002 781	12 002 781	43,17	43,17	43,17	43,17	-
UAB "Survesta" –K. Tumeno str. 4, Vilnius Enterprise reg. no. 126408152	7 034 891	7 034 891	25,30	25,30	25,30	25,30	25,70
Skandinaviska Enskilda – Customers VP, Sergels Torg 2, 10640 Stockholm, Sweden, Enterprise reg. no. 502032908101	4 844 888	4 844 888	17,42	17,42	17,42	17,42	-

2.3.2 Shareholders with special control rights

There are no shareholders with special control rights.

2.3.3 Restrictions of shareholders voting rights

All the shareholders have equal voting rights.

2.3.4 Shareholders agreement, about which the Company is informer and due to which the transfer of securities or voting rights can be restricted

The Company has no information about any shareholder agreements of such type.

2.4 Employees

2.4.1 The employees of the Company in 2006-2008 according to the personnel groups:

Employees	2008			2007			2006		
	Amount	%	Average salary	Amount	%	Average salary	Amount	%	Average salary
managers	6	0,4	18 921	8	0,5	19 248	8	0,5	17 520
specialists	230	16,4	3 046	259	17	2 620	297	17,9	2 312
workers	1 168	83,2	1 508	1 261	82,5	1 377	1 352	82	1 273
In total:	**1 404**	**100**	**1 845**	**1 528**	**100**	**1 680**	**1 657**	**100**	**1 544**

2.4.2 The structure of the Company's employees in 2006-2008 according to education level

Education level of the employees	2008		2007		2006	
	amount	%	amount	%	amount	%
university education	168	12	175	11,4	157	9,5
professional high school education	772	55	822	53,8	744	44,9
secondary education	449	31,9	484	31,7	628	37,9
uncompleted secondary education	16	1,1	47	3,1	128	7,7
Total:	**1 404**	**100**	**1 528**	**100**	**1 657**	**100,0**

2.4.3 *The employees of the Company and its subsidiaries in 2006-2008 according to the personnel groups*

Employees	2008		2007		2006	
	Amount	%	Amount	%	Amount	%
heads	11	0,5	12	0,5	11	0,5
experts	394	18	443	18	469	20,7
workers	1 832	81,5	2 006	81,5	1 785	78,82
Total:	**2 237**	**100**	**2 461**	**100**	**2 231**	**100,0**

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

2.5 Significant agreements

None of the significant agreements between the Company, shareholders, workers and etc. were changed.

2.6 Company's articles of the company modification procedure

The articles of the company can be modified by the decision of general shareholders meeting, with the qualified majority of 2/3, except from the cases described in the law of public companies.

After general meeting of the shareholders takes a decision to modify the articles, the list of all the modified text in the articles is made and signed by the attorney of the general meeting.

Modified articles and documents confirming the decisions to modify the articles have to be submitted to the register of the enterprises during the period specified by the law.

2.7 Information about the Company's management bodies

2.7.1 *Members of the management bodies*

2.7.1.1 Data with regard to the share of the Company'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	-	-	-
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 (till 2008.04.11)	Member of the Board of AB "Snaigė	-	-	-

ADMINISTRATION (head of administration, finance director)				
Mindaugas Šeštokas (till 2008.01.03)	Managing Director of AB "Snaigė"	-	-	-
Gediminas Čeika (from 2008.01.03)	Managing Director of AB "Snaigė"	-	-	-
Loreta Nagulevičienė (till 2008-06-01)	Finance Director of AB "Snaigė"	-	-	-
Neringa Menčiūnienė (from 2008-06-02)	Finance Director of AB "Snaigė"			

18th March, 2009 Domininkas Kašys announced his resignation as member of the management Board "Snaigė" from 1st of April, 2009.

2.7.1.2 Chairman of the board, the head of the administration and chief financial

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	From July 1997 to June 1998 worked as an banks analyst in AB Hermis bank June 1998 – February 2000 – UAB IVKĮ Hermis Finansai, investments analyst, later clients' asset manager. From February 2000 works as a chairman of the board of UAB "Hermis Capital"
Gediminas Čeika	Vilnius University, bachelor in economics.	From January 2008 – AB „Snaige" managing director 2005 12 – 2008 01 – AB „Snaigė" sales director 2001 05 – 2005 12 - „Kraft Foods Lietuva" VIP business clients relationships director for the Baltic states. 2000 11 – 2001 05 – Internship at „Kraft Foods" company in Czech Republic. 1997 – 2000 11 - „Kraft Foods Lietuva" sales director for Latvia and Estonia. 1994 – 1997 - „Kraft Foods Lietuva" sales manager for Vilnius region.
Neringa Menčiūnienė	Vilnius University, analysis of economic activities and accounting, accountant-economist qualification	From 2008 06 02 AB "Snaigė" finance director. From 2008 05 – AB "Vilniaus Vingis" liquidator. 2006 05 – 2008 05 – AB "Vilniaus Vingis" managing director. 2005 08 – 2006 04 - airline AB "Lietuvos avialinijos" finance and purchase director. 2003 03 – 2005 08 – AB "Vilniaus Vingis" a chief accountant. 2001 01 – 2003 03 – AB "Vilniaus Vingis" a chief accountant assistant. 1996 08- 2003 03 – AB "Vilniaus Vingis" accountant.
Loreta Nagulevičienė	University education (Vilnius University) in the field of economics, mathematician qualification	From April 1996 – a chief accountant of UAB "Verslo Sėkmė" From April 1998 – a chief accountant of UAB "NERLITA" From 21 April 1998 – a chief accountant of R.Valivonienė sole proprietorship From March 1999 – a chief accountant of UAB "ALMEIDA" 2001 – a chief accountant of UAB

		"NERLITA" From July 2002 – a chief accountant of AB „Švyturys – Utenos alus" 17 March 2003 – name changed to UAB „Švyturys – Utenos alus"

2.7.1.3 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	-
	KITRON ASA chairman of the board	
	AB "Vilniaus Vingis" chairman of the board	-
	UAB "Ežerų pasaulis"	25,00
	UAB „Baltijos polistirenas"	40,00
	UAB "Survesta" director	-
	UAB „Hermis fondų valdymas" director	-
	UAB "Gulbinų turizmas"	8,33
	UAB "Meditus" member of the board	-
	Kaunas sport club "Oktanas" director	-
	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 "Diena media print" chairman of the board	-
	AB "Kauno duona" member of the board	-
	UAB "Diena Media News", chairman of the board	-
	UAB "Deitona" director	100,00
	UAB "Diena Media", chairman of the board	-
Domininkas Kašys	UAB "Vespera" director	100,00
	UAB "Hermis Capital" member of the board	5,08
	UAB "Genčių nafta" member of the board	-
	UAB "Gulbinų turizmas" director	8,33
Martynas Česnavičius	UAB LNK (Laisvas nepriklausomas kanalas) member of the board	-
	UAB "Profinance" chairman of the board	50,00
	UAB "Malsena plius" chairman of the board	-
	UAB "Litagra" member of the board	-
	UAB "Meditus" member of the board	-
	AB "Sanitas" member of the board	-
	UAB "Sidabra" member of the board	-
	UAB "Atradimų studija" member of the board	31,00
	AB "Kauno Pieno Centras" member of the board	-
	AB "TEO" member of the board	-

Name	Name of organisation, position	Share of the capital and votes available in other companies, in percentage
Marius Binkevičius	UAB "Alta Capital Partners" director	-
	UAB "Vienybės Investicija" director	100,00
	UAB "FIS Investicija"	50,00
	Alta Capital Partners Management s.a.r.l.	16,80
Robertas Beržinskas	AB "Utenos trikotažas member of the board	-
	AB "Snaigė" member o the board	-
	UAB "Meditus" member of the board	-
Gediminas Čeika		
Neringa Menčiūnienė	AB "Vilniaus Vingis" liquidator	-
	AB "Kauno duona" member of the board	-

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

No records are present.

2.7.1.5 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	2009 04 01
Martynas Česnavičius	2006 05 02	2010 05 02
Marius Binkevičius	2006 05 02	2010 05 02
Mindaugas Šeštokas	2006 05 02	2008 04 11
ADMINISTRATION (Managing Director and Chief Accountant)		
Gediminas Čeika	2008 01 03	Term less agreement
Loreta Nagulevičienė	2006 01 02	2008 06 01
Neringa Menčiūnienė	2008 06 02	Term less agreement

18th March, 2009 Domininkas Kašys announced his resignation as member of the management Board "Snaigė" from 1st of April, 2009.

2.7.2 Information about benefits and loans granted to the members of the management body , managing director and finance director.

2.7.2.1 Information about the total amounts and average amounts of the salaries, tandems and other profit benefits paid by the Company during the reporting period per person. As well as salaries received by managing director and finance director

During 2007 no salaries were paid to the members of the management bodies.

2.7.2.2 about the salaries, tandems and other profit benefits paid to the members of the Company's Board of observers, Board and Administration sourced from the enterprises where the share of the authorized capital owned by the Company amounts to more than 20 percent

No such payments were made during 2008.

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

No loans, guarantees there issued for the members of managements bodies during the accounting period.

2.7.3 Important agreements, the party of which is the Company and which would take effect, change, or would stop being valid in case the control of the Company changes, also the effect of such agreements, except from the cases when the disclosure of such agreements would result in large damage to the Company

As far as it is known to the Company, there are no such agreements.

2.7.4 Company's and its management bodies members or employees agreements, describing compensation in case the members or employees resign, or are fired without grounded reason, or if their employment would end because of change of control of the Company;

As far as it is known to the Company, there are no such agreements.

2.8 Transactions with the related parties

2.8.1 Types of transactions

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

2.8.2 Transactions conditions

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
From companies controlled by AB "Snaigė" shareholders:		
UAB „Hermis Fondų Valdymas"	Rent payments	52,752
From companies controlled by management members, their relatives:		
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	-

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

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

Transactions with related parties in 2007:

Transactions with companies controlled by the shareholders of AB "Snaige"				
Company	Subject	Purchase amount, LTL	Sales amount, LTL	Payable, LTL
UAB Hermis Capital	Interest payment	42 011		
UAB Hermis Capital	Loan received	12 500 000		
UAB Hermis Capital	Loan paid back		12 500 000	
UAB Genčių nafta	Interest payment	37 178		
UAB Genčių nafta	Loan received	3 500 000		
UAB Genčių nafta	Loan paid back		3 500 000	

Transactions with the companies controlled by the members of management and their close relatives				
Company	Subject	Purchase amount, LTL	Sales amount, LTL	Payable, LTL
UAB Baltijos polistirenas	Raw materials, supplies	4 399 357		805 689
UAB Astmaris	Raw materials, supplies	7 377 466		961 847
UAB Aljana		0	0	

Transactions with related parties in 2008:

Company's related parties and transactions with them in 2008:

UAB „Hermis Capital„ (general controlling shareholder);
UAB „Genčių nafta„ (general controlling shareholder);
AB „Kauno duona„ (general controlling shareholder);
UAB „Meditus„ (general controlling shareholder);
UAB „Baltijos polistirenas„ (members of management and their close relatives controlled companies);
UAB „Astmaris„ (members of management and their close relatives controlled companies).

2008		Purchases	Sales	Payable
UAB "Baltijos polistirenas"	Raw materials, supplies	3 712 781	2 821	375 517
UAB "Astmaris"	Raw materials, supplies	8 462 171	-	1 272 617
		12 174 952	2 821	1 648 134

The company has several contracts of guarantee, according to which they have guaranteed payments to the suppliers for their subsidiaries:

For OOO „Techprominvest „ debts

Supplier	Subsidiaries payables to the suppliers, LTL
AB "Panevėžio stiklas"	-
UAB "Lisiplast"	1 191 776

Worwag Polska	-

For UAB „Almecha „ debts

Supplier	Subsidiaries payables to the suppliers, LTL
UAB „Mechel Nemunas„	122 734

On 25 April 2008 the company vouched to bank ZAO „IKB Evropejskij" for its subsidiary's OOO „Techprominvest" 94 mln. Russian rouble credit limit (somewhere around 7,8 mln. LTL for the date of 31 April 2008). On 31 December 2008 OOO „Techprominvest" had already used 81,269 thou. Russian rouble (somewhere around 6,773 thou. LTL.)

Financial and investment transactions with related parties in 2008, LTL.

Company	Loans received	Loans paid back	Interest paid
UAB "Hermis Capital"	29 300 000	23 586 621	87 109
UAB "Genčių nafta"	8 750 000	8 750 000	190 137
AB "Kauno duona"	1 100 000	1 100 000	33 659
UAB "Baltijos polistirenas"	3 000 000	3 000 000	-
UAB "Meditus"	6 000 000	5 000 000	-
Total	**48 150 000**	**41 436 621**	**310 905**

2.9 Information about the Company's business activities

2.9.1 Legal principles of the Company'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.

2.9.2 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.

2.9.3 Short history of the Company'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 October 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.

In April 2007 Company started production of new refrigerators line "Snaige Ice Logic"

In November 2007 new refrigerators line "Snaige Ice Logic" has been awarded in annual competition "Innovation 2007" in "Inovative Product" category.

In December 2007 Lithuanian confederation for industrialists has organized annual competitions „Lithuanian product of the year". Under the equipment, electronics and electro mechanics industry products category a domestic refrigerator RF 34SH S10001 received a golden medal award

2.9.4 Important events in Company's business during 2008

2.9.4.1 list of the most important events

April 2008 Mindaugas Šeštokas resigned as a board member of AB "Snaigė". Robertas Beržinskas was elected as a new board member.

September 2008 statutes with increased share capital were registered at register of legal entities. The increased share capital was 27 827 365 LTL. The nominal value of one share – 1 LTL.

September 2008 partially EU financed project "AB "Snaigė" employees' entrepreneurship education" was completed successfully. 271 employees have successfully completed this training.

2.9.4.2 Awards received during 2008

„Lithuania product of the year"

On December 2008 Lithuanian confederation for industrialists has organized annual competitions „Lithuanian product of the year". For the eight time AB

„Snaige“ received a product award. Under the equipment, electronics and electro mechanics industry products category a domestic refrigerator RF 31SH S10001 received a golden medal award. This product is part of new „Snaige Ice Logic“ product line. In a short period of time this product became one of the most popular and most bought refrigerators not only in Lithuania, but also in Estonia, Latvia and Ukraine. High recognition of the product is evidence that the company is able to flexibly react to the constant changes in the market and successfully compete with other refrigerators producers.

2.9.5 *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.

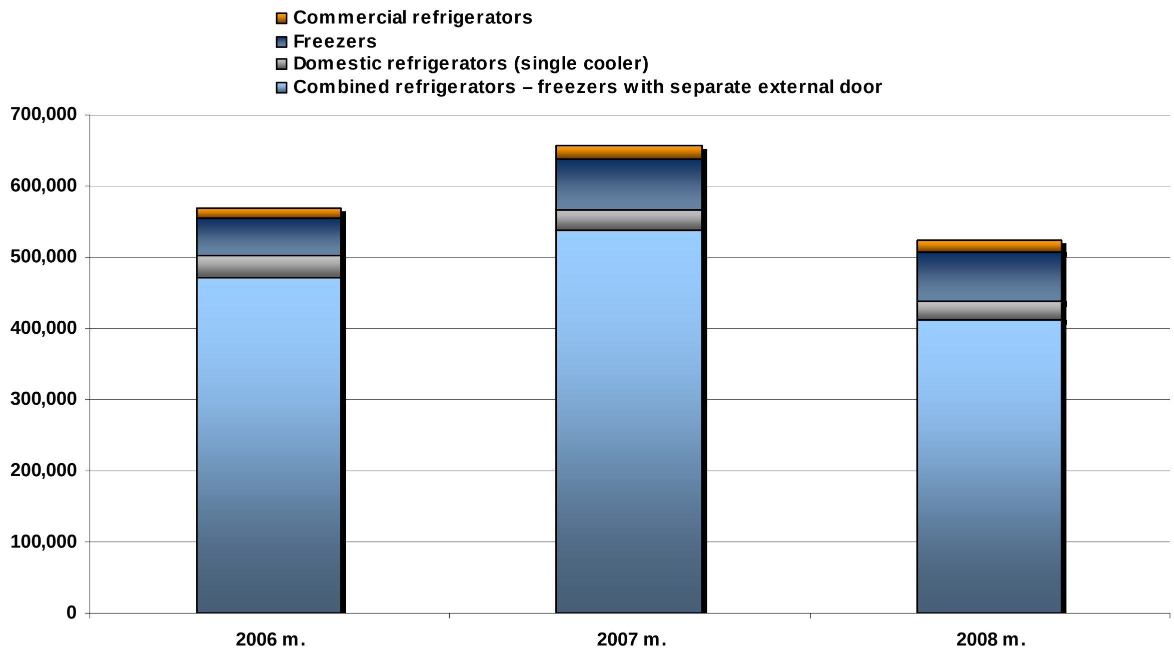
The sales figures of the Company's activities for the last three years are as follows (consolidated data):

Type of activities	2008		2007		2006	
	units	perc.	units	perc.	units	perc.
Refrigerators sold, units	523 219	100	653 453	100	566 734	100
including:						
Combined refrigerators – freezers with separate external door	410 761	78,5	535 178	81,9	464 722	82,7
Domestic refrigerators (single cooler)	28 466	5,4	28 625	4,4	29 988	5,3
Freezers	66 766	12,8	70 775	2,9	53 271	9,3
Commercial refrigerators	17 226	3,3	19 318	10,8	15 334	2,69

The sales figures of Alytus Factory for the last three years are as follows:

Type of activities	2008		2007		2006	
	units	perc.	units	perc.	units	perc.
Refrigerators sold, units	368 574	100	462 354	100	435 232	100
including:						
Combined refrigerators – freezers with separate external door	256 116	69,5	343 636	74,3	336 639	82,7
Domestic refrigerators (single cooler)	28 466	7,7	28 625	6,2	29 988	5,3
Freezers	66 766	18,1	70 775	15,3	53 271	9,3

Type of activities	2008		2007		2006	
	units	perc.	units	perc.	units	perc.
Commercial refrigerators	17 226	4,7	19 318	4,2	15 334	2,69



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 (consolidated data):

Financial Figures	2008	2007	2006
Profit before tax indicator, %	-7,6%	-2,9%	-2,9%
General mark-up, %	12,6%	12,0%	14,3%
EBITDA mark-up, %	0,9%	3,0%	3,9%
Solvency ratio, %	86%	86%	119,3%
Debt to assets ratio, %	64,95%	63,73%	63,92%
Return on average shareholders' equity, %[1]	-30,62%	-12,96%	-10,78%

Shares indicators	2008	2007	2006
Earnings per share, LTL	-0,87	-0,49	-0,46
Average annual share market price, LTL	3,02	9,57	12,94
EBITDA per share, LTL	0,11	0,51	0,60

[1] Calculated as group's net profit divided by average shareholder equity (average of shareholders' equity at the beginning and at the end of accounting period)

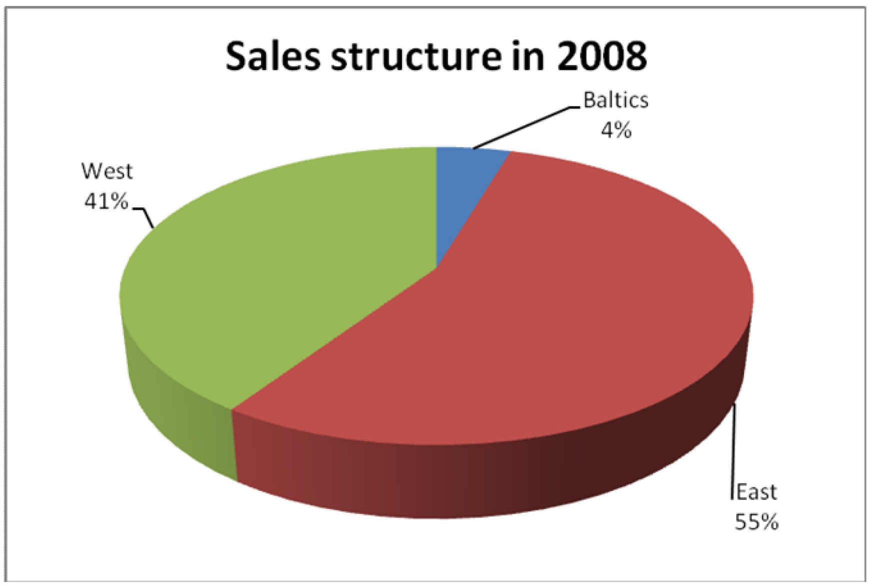
EBITDA multiplier (EBITDA per share / Average annual share market price)	0,04	0,05	0,05
Total dividends, in thous. LTL	-	-	-
Dividends per share, LTL	-	-	-
Average net book share value, LTL	2,5	3,69	4,03

2.9.6 Company's business overview for 2008

During year 2008 AB "Snaigė" has sold over 523 thous. refrigerators. Sales revenues have reached 339 m. LTL which is 17 percent less than in year 2007. Smaller sales revenues were result of decrease in overall consumption in almost all Company's sales markets and currency devaluation in Russia and Ukraine.

According to the importance of sales markets and geographical segmentation the company divides it sales markets into following groups: Baltic States market (Lithuania, Latvia, and Estonia), Eastern market (Russia, Ukraine, Kazakhstan, Uzbekhistan, over countries of CIS), Western market (Germany, France, Belgium, Holland, Poland, Portugal, Czech Republic, other Western and Central Europe countries).

During 2008 AB "Snaigė" has sold most of its production in Eastern markets – the sales share amounted to 55%, total revenue of 195 m.LTL were received from the region. Devaluation of local currencies at the end of 2008 resulted in dropping sales in Eastern market, thus, if compared with 2007, the comparative weight in total sales have decreased by 22%. 41% of Company's production was exported to Western markets, sales revenues from the region have reached 118 m.LTL. The share of sales in Western Europe relatively to total sales have increased by 6%, as economic downturn has affected Western Europe countries less dramatically then in Eastern Europe. The remaining revenues part of 4% was from sales in Baltic States markets, were sales revenues have reached 14.1 m.LTL.



The Baltics

In Baltic states during year 2008 AB "Snaigė" has in total sold 24 thous. refrigerators and has received sales revenues of 14.1 m.LTL. Due to high inflation in the beginning of the year and growing economic instability the purchases of household appliances, including refrigerators, were decreasing.

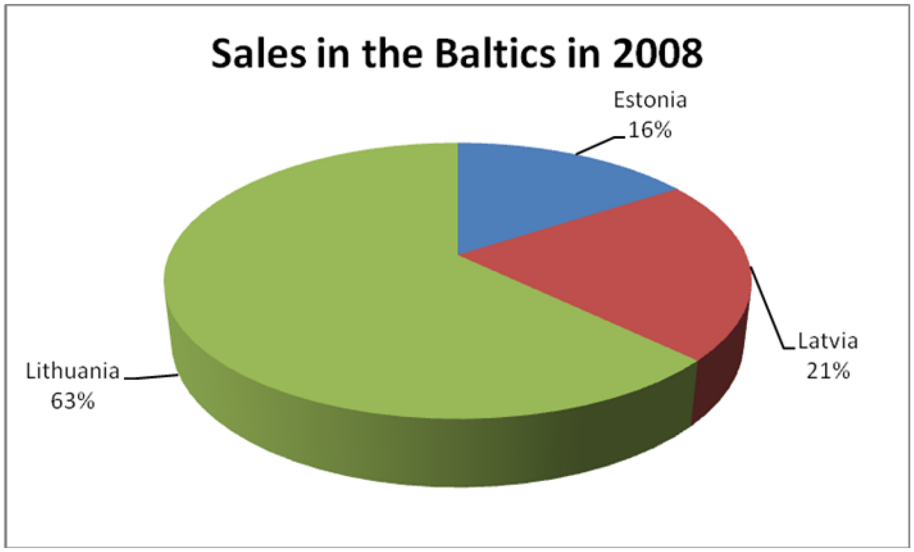
The sales of large household appliances have decreased significantly, when compared with year 2007. Sales of AB "Snaigė" in the region have halved.

In Lithuania during year 2008 AB "Snaigė" has sold almost 15 thous. refrigerators, sales revenues have reached more than 9.1 m.LTL. In Lithuania the company had market share of 12%.

In Latvia during year 2008 over 5 thous. Refrigerators were sold, sales revenues have reached almost 3 m.LTL.

In Estonia during year 2008 AB "Snaigė" has sold almost 4 thous. refrigerators, sales revenues reached 2 m.LTL.

The most popular AB “Snaigė“ refrigerators sold in the Baltic states are middle sized, two doors refrigerators with freezer in the bottom. The main competitors in the market are Turkish „Beko“, Korean „Samsung“ and „LG“, Swedish „Electrolux“, Italian „Whirlpool“. Buyers of the Baltic States value the quality (only high-quality materials from reliable suppliers are used), reliability , reliable servicing.



Eastern Europe

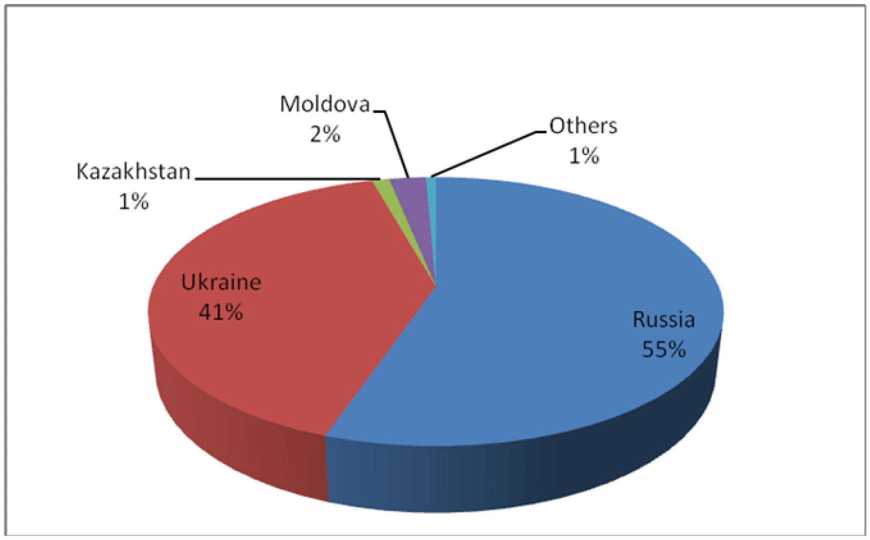
Compared with 2007, in Eastern markets AB “Snaigė“ has sold 26 % less refrigerators. In Eastern Europe and the CIS countries during year 2008 the Company has sold more than 286 thousand units of refrigerators and has received more than 195 m. LTL as revenues, which was 22 % less than in 2007.

Sales in Ukraine and Russia accounted to the largest part of exports to Eastern markets. In Ukraine sales fell by 30 %, more than 116 thousand refrigerators were sold, generating revenues of over 73 m. LTL.

The decline in sales resulted due to decrease in consumption, devaluation of local currency, which started in October 2008. The market for refrigerators has frozen completely after the devaluation. In Ukraine AB “Snaigė“ is the fifth most popular brand – it is achievement of company‘s consistent and hard work. Refrigerators of AB “Snaigė“ are valued by Ukrainians as reliable and of high quality products.

In Russia AB “Snaigė“ sales, when compared with 2007, have decreased by 18 %. Over 158 thousand refrigerators were sold in the market which resulted in sales revenues of 114 m.LTL Entering the Russian market was easy for AB “Snaigė“, however it is hard to compete with other major manufacturers. The competitors have much greater resources to implement various marketing actions, keep lower prices, and offer more products. In addition, the major producers - "Electrolux", "LG", "Beko", Siemens, Indesit, and other brands in Russia are better known than “Snaigė“.

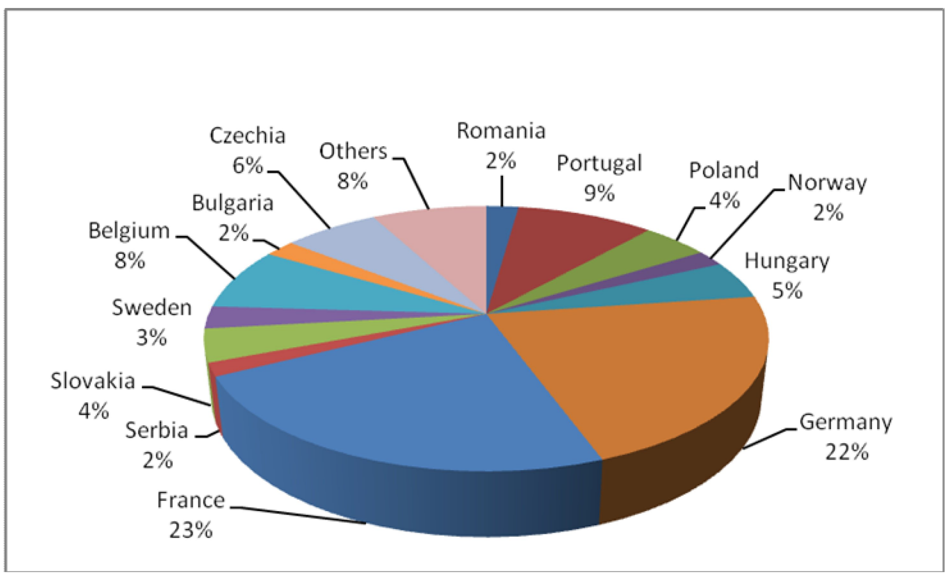
Export to Eastern Europe 2008



Western Europe

If compared with year 2007, the revenues from sales in Western Europe markets have decreased by 8%. In total 212.5 thousands refrigerators were sold and 118.5 m.LTL of revenues were generated. The largest part of production was sold in France, Germany, and Portugal.

Export to Western Europe 2008

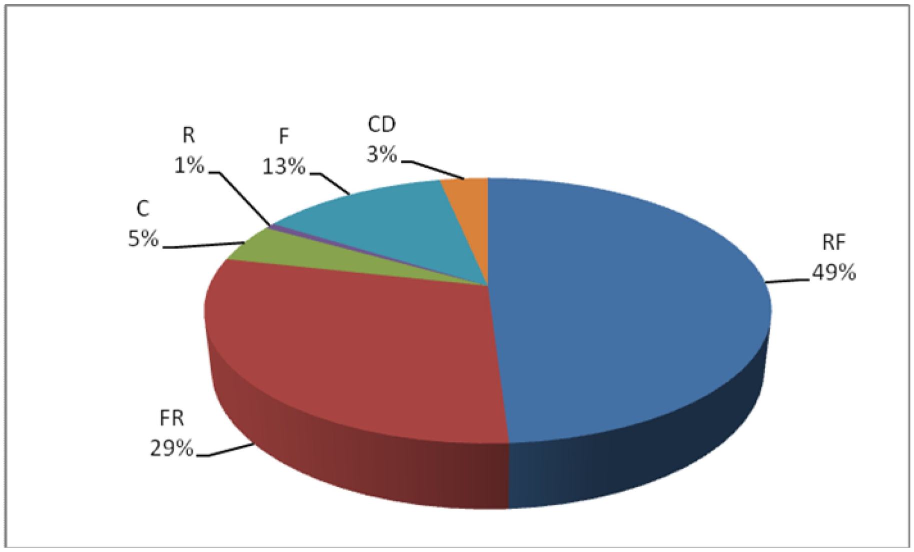


Snaige products portfolio

The company produces various models of high-quality household refrigerators, fridges - showcases, fridges-minibars, and wine coolers for businesses and hotels, freezers and their spare parts.

RF – refrigerators with freezers in the lower part;
FR – refrigerators with freezes in the upper part;
R – one door refrigerators with freezers, mini bars;
F – freezers;
C – refrigerators without freezers;
CD – refrigerators – show cases.

Product Portfolio 2008

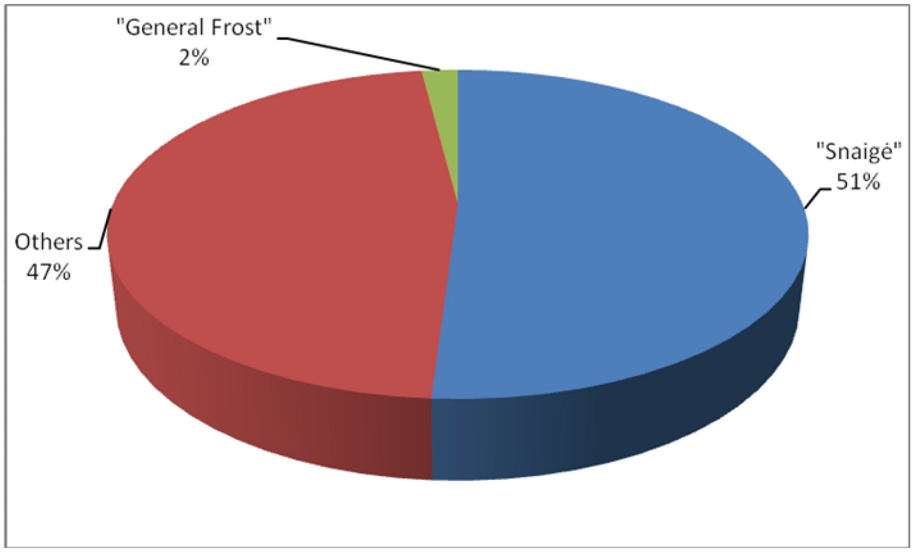


Snaige brand portfolio

AB „Snaigė“ has registered two trading marks : „Snaigė“, „General Frost“. Besides these, the plant is producing refrigerators under other brands of trade partners and retail networks:

- **Alaska -** METRO, the largest domestic appliance retail network in Europe.
- **General Frost -** TESCO, the second largest domestic appliance retail network in Europe.
- **Far -** CONFORAMA, the largest domestic appliance retail network in France.
- **Privileg** – QUELLE, one of the largest domestic appliance retailers in Germany.
- **Carad** – ELDI, one of the largest domestic appliance retail network in Belgium.
- **Smeg** (Italy)
- **Faure**
- **Whirlpool**
- **Zannusi**

Brand Portfolio 2008



2.9.7 Supply

The materials and completing parts are supplied to the Company from more than 20 countries worldwide. European manufacturers and suppliers of materials constitute the major part of them. Procurement volumes mainly from China were constantly increasing. The company is in cooperation with South America's and Korean compressor manufacturers.

The major suppliers are listed below: ACC, Danfos Compressors Gmbh, Bay systems, 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, and 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.

The technical servicing teams of AB "Snaigė" suppliers closely cooperates with the technicians and engineers of the Company in search for common technical solutions increasing quality and decreasing costs of the products.

2.9.8 Risk factors related to the business of the Company

Macroeconomic risk – currently Lithuanian and other world markets are in the economic downturn phase. This might have an effect on Company's production demand as well as its business perspectives. There is a risk that due to these macroeconomic risks the Company's financial situation might worsen.

Currency devaluation – Company's revenues are earned in different currencies. The main foreign currencies that the Company receives its revenues are in USD, Russian Rubble and Ukrainian Hryvna. The risk exists that one of the currencies in which the Company receives part of the revenues might be devaluated or would depreciate significantly. Such an event can negatively affect Company's financial situation.

Credit risk – there is a risk, that due to unfavourable changes in products markets, worsening financial situation, diminishing opportunities for refinancing the loans, and other factors, the Company might not be able to meet its financial obligations. At the moment Company's activities are incurring loss. Over 2008 the Company incurred consolidated net loss of 24 100 thou. LTL. Credit risk related to the deposits in banks is limited, as the Company is cooperating only with the largest Lithuanian banks. On the 31st December 2008 the debt to assets ratio was 0.65. On the 31st December 2008 financial debts were equal to 60 711 thou. LTL. Real estate (for 27 124 693 LTL), machinery (for 12 286 749 LTL), part of inventories (for 7 000 000 LTL), inventories (for 19 300 000 LTL), part of accounts receivable (for 12 374 835) and financial assets of the

Company (for 2 808 360) are put on pledge to cover loans. Loan repayment is going according to the timetable.

Liquidity risk – Company's consolidated current liabilities on December 31, 2008 have exceeded current assets. Current ratio was equal to 0.86. As current liabilities exceed current assets, the risk exists that in case creditors request to cover current liabilities, the Company will not be able to meet this requirement using its current assets. Such situation would negatively affect the Company financial situation and its business perspectives.

Credit market risk – currently the stagnation has overtaken the credit market not only in Lithuania but on the global scale too. As the Company's financial reserves are limited, its activity largely depends on the outside financing. In case of decreased possibility of attainable credit, the risk exists that this might negatively affect the Company's financial situation.

Bad debts risk – in previous years the Company has experienced loss from bad debts due to the insolvency of indebted clients. During year 2008 445 221 LTL of clients' debts were classified as bad debts, during 2007 – 470 287 LTL. There is a risk that in future periods the Company will also incur bad debts which would worsen Company's financial situation.

Financial accounting accuracy risk – in audit reports for year 2006 and 2007 the auditor of the Company has stated conditional opinion on the accuracy of the financial statements. Previous inaccuracies allow making assumptions that in future periods financial accounts can also be inaccurate and inaccurately represents real financial situation of the Company.

International trade restrictions risk – the large part of the Company's production is exported to the countries outside the European Union. The risk exists that changed trade policy might worsen the export conditions into these countries. Such changes would negatively affect the Company's export possibilities and financial situation.

Market risk – the Company and Company's subsidiary enterprises are involved in production and sale of domestic and commercial use refrigerators. There is the risk that due to unfavourable changes in realization and production markets the Company and its controlled enterprises might suffer losses, which will worsen the financial situation.

Currency risk – part of Company's income is received in US Dollars which has a free float exchange rate with respect to Lithuanian Litas. In case the exchange rate dramatically changes due to some extraordinary events in US Economy, Company's financial situation might change.

Political risk – Company is involved in production during which hazardous chemical substances as by-product are emitted. Environment protection is politically heavily regulated in Lithuania and European Union. As a result, a risk exists that due to introduction of new regulations Company will be forced to adjust its manufacturing processes. Such adjustment could require large investments and could negatively affect Company's financial situation.

Operational risk –a risk to incur direct/indirect losses due to inadequate or inoperative internal processes, systems, or technologies, actions of employees, representatives, other external actions. A part of operational risk is the legal risk, which occurs in case of inappropriate execution or implementation of various treaties, contracts, agreements, cases, and laws.

Technological risk – this risk comprises the physical and moral depreciation of technological equipment. The consequences of this type of risk are indirect.

2.9.9 Termination or reduction of production volume with the critical effect on the Company's performance during recent 2 economical years

Alytus plant work was stopped for the period of 9 March 2009 till 16 March 2009.

Kaliningrad's plant work was stopped from 2 March 2009.

2.9.10 Patents, licences and contracts

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

2.9.11 Legal and arbitrary processes

Currently the court procedure is in progress regarding the fire in France, damage value around 73 033, 01 EUR. It is suspected, that fire has started due to the overheating of refrigerator compressor, which was manufactured by AB „Snaige". However, it is not proved so far. Process is in progress.

Currently the dispute is being solved in Ukraine concerning the debt repayment for "Snaigė". The total amount is 572 616,11 UAH.

Currently the court procedure is in progress regarding the fire in Lithuania. It is not enough evidence that fire was caused of a poor quality refrigerator manufactured by AB "Snaigė". The court has received comments from AB "Snaigė" regarding the claim. The next trial period is not assigned yet.

2.9.12 Investment policy, research and development activities

2.9.12.1 Subsidiary companies' names, head office addresses, type of activities, the authorised capital, share of the authorized capital unpaid by the Company, net profit (loss), ratio of short-term liabilities and current assets, ratio of total liabilities and total assets.

	TECHPROMINVEST	MOROZ TRADE	LIGA SERVIS	SNAIGE – UKRAINE	ALMECHA
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", %	100	100	100	99	100
The authorized capital (LTL)	12 468 840	947	1 028	88 875	1 375 785
Share of the authorized capital unpaid by the Company	Completely paid	Completely paid	Completely paid	Completely paid	Completely paid

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

Each year Company invests into development of technical progress and manufacture of new, ecological-friendly, cost-effective and modern product s. 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 over 10 m.LTL were invested into development of new products.

In 2004 projects improving manufacturing technologies, increasing manufacturing efficiency, improving products quality and work condition were completed.

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 liters 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.

Refrigerator RF 390-1703

RF 390 is 2 meters high, 365 liter volume refrigerator with two chambers, retaining all the best characteristics of "Snaigė" refrigerators.

This model is published to satisfy two meters height refrigerators with two chambers demand

Refrigerators 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 refrigerators "Ice Logic"

In 2004 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.

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.

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. Investments of 3,299 thou. LTL where maid toward technology development and production support

2007 main investment projects

Company has successfully started new design refrigerator production. New refrigerators are: RF39, RF36, RF34, RF32, RF31, RF30, RF27 which are characterized by squared doors till the upper edge of the fridge, and integrated handle.

In addition, II type new design production line. Refrigerators are built with vertical or horizontal screwed door handles.

In 2007, Company has invested 20.101,2 thous. LTL for the upgrade of production lines and new design refrigerators production. Invested was mainly allocated of the creation of new products and new automatic freely programmable casing parts production line.

Company has successfully adopted new and currently most advanced used technologies available in the European Union. These technologies comply with all the environmental regulations, increase the quality and working conditions, lower production costs, allow for the flexible changes in output and assortment.

Important projects in 2007

- Refrigerators with side wall from black and stainless steel automatic production line. Project price: 4.764,22 thous. LTL;
- Refrigerator front doors from black and stainless steel automatic production line. Project price: 5.002,75 thous. LTL;
- Refrigerator upper cover from black and stainless steel automatic assembly line. Project price 3776,67 thous. LTL;
- Capillary hose manufacturing equipment. Project value 75,0 thous. LTL
- Cooling system production line upgrade. Project price 30,0 thous. LTL;
- Refrigerator plastic parts production line. Project price 2.898,30 thous. LTL;
- Refrigerator casing production line. Project price 256,60 thous. LTL;

The rest of investment consisted of new design for refrigerators creation and production lines upgrades that were 3.870,46 thous. LTL worth.

Moreover company's resources were also invested in:

- Production technical service and upgrading of worn out equipment, improvement of working conditions - 379,40 thous. LTL;
- Electric network upgrade and service, acquisition of a new high pressure compressor - 339,4 thous. LTL;
- Acquisition of 2 new forklift trucks and a truck to improve logistics effectiveness in the warehouse - 187,1 thous. LTL;
- Acquisition of tools needed for after sale technical service in Snaigė-services division - 41,7 thous. LTL;
- Acquisition of new IT equipment - 357,4 thous. LTL.

Total amount of investment into material non current assets in 2007 was 23 656,3 thous LTL.

2008 main investment projects

1.558,4 thou. LTL were invested into new product development

The most important projects are listed below:

Refrigerator RF39 partially No Frost

This is completely new type of refrigerator with combined refrigerating system. Fresh food storage section is with freezing system and cooling section – no frost refrigeration system with air circulation (don't need to dissolve the freezer).

Refrigerator RF34 SMEG

This is an original refrigerator without some components, manufactured according clients wish ready for further manufacturing at clients (SMEG) plant.

New RF design (ND) refrigerators with mechanical lighting management

First ND refrigerators were manufactured with magnetic switch. This year was assimilated the simpler and more reliable management ND refrigerators with mechanical switch.

New RF ND refrigerator range with transparent dish equipment

This is a new design refrigerator with transparent doors and new colours array, providing clients with capability to choose various options

389.7 thou. LTL were invested in technology development program. These investments were allocated here:

For installation of transparent containers these technological projects were accomplished:

designed, produced and absorbed in the production of two new mouldings – 285 thou. LTL;

absorption of the foundry shape with a hot touch – 7,5 thou. LTL;

new drawing on containers machine TSQ80/60 – 2,1 thou. LTL;

Refrigerator lighting mechanical control – 41,4 thou. LTL, mastered production of new connecting elements – 36,7 thou. LTL, bought and installed video cameras – 7,8 thou. LTL and some other technological projects – 9,3 thou. LTL.

In addition to the development of new technologies in manufacturing refrigerators was also invested in other company activities:

"Snaigė" energy economic renewal for 2008 – 458,6 thou. LTL. Modernisation of electrical substation TP-5 was carried out as well as acquisition and implementation or new air conditioning system.

624,6 thou. LTL were directed towards production technical support program. The company acquired: guillotine shears, electric forklifts, and stand-pressure measuring instruments for calibration, equipment, other equipment and tools.

Total 2008 investments were equal to 3,281 mln. LTL.

2009 main investment projects

The investments in 2009 should reach not more than 1,8 mln. LTL. These investments will be for the current technical base efficiency maintenance. The investments will be financed from company's working capital.

2.9.13 Environment report

AB „Snaige“ is one of the most advanced manufacturing companies of Lithuania in the field of environment protection. Our vision – ecological products, clean technology and clean environment.

The activities of the company are regulated by environment protection management system, which complies with international ISO 14001 standard requirements. The system is working since 1995, and last year certificate bureau Bureau Veritas Certification Lietuva has extended the validity of the system for additional three years.

When developing a new product, the company gives a priority for the manufacturing processes which save raw materials, for safe transportation, waste elimination and quality of products. In manufacturing the company tries to use materials which later can be recycled. The company complies with European Parliament and European Commission directive 2005/32/EB, which regulated design of the products.

"Snaigė" refrigerators are manufactured from ecological materials which do not have any harmful elements. For example, every plastic part of a refrigerator is marked (according to ISO), so that it can be reused one more time, recycle according to directive 2002/96/EB describing electrical and electronic equipment waste requirements.

Technological product surface coating process is ecologically clean: solid covering and drying with natural gas is used. Cooling system is filled with natural cooling gas R600a, which do not deteriorate ozone and for insulation of the refrigerator no harmful ciklopentane is used.

The major part of the AB „Snaige“ products are of highly power efficient class A and A+. Such refrigerator consumes up to 30% less electricity per year than other typical refrigerators.

When buying refrigerators, customers are provided with information related to environment protection. It is advised, how to install, maintain a product so that it is used as long as possible and the impact on environment would be diminished. In addition to that, it is indicated how to utilize the product after it is no longer usable.

Recycling companies are provided with information about dismantling of no longer usable products and their utilization.

The company has old refrigerators utilization system. Starting with 2006 the company started to utilize large electric household equipment – refrigerators and fridges – waste.

AB „Snaige“ fully complies with the requirement of Kyoto protocol about the global warming and climate change. Materials used in manufacturing do not deteriorate ozone and do not ad to global warming.

The company saves electricity, water, heat: during decage the usage of these energy sources was decreased by three times.

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

- To increase Company's profitability while concentrating trade export flows in the most profitable markets
- To decrease the costs of goods sold for the products manufactured:
  - while forming agreements with alternative materials, parts suppliers offering lower price for their production;
  - while improving manufacturing technology;
  - while optimizing number of assortment units;
  - while decreasing spoilage rate;
  - while more effectively using secondary materials;
  - while rejecting non-economic technological processes;
  - while unifying construction, design and realization of the products.
- To increase efficiency of manufacturing while establishing efficiency programs and motivational employee encouragement programs, improving manufacturing planning.
- To optimize operational costs.

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

- To restructure company's organizational and business structure adapting it to the economic downturn and reduced demand:
  - Optimize production by leaving one production shift;
  - To reduce unnecessary functions and positions;
  - To decrease administration size;
- Focus company's sales to secure and profitable markets.
- To ensure company\s stock (both finished products and raw materials) more rapid turnaround.
- To continue cost optimization policies.
  - In dealing with alternative and raw materials suppliers, offering more favourable prices for their production;
  - More efficiently using secondary raw materials

2.10 Disclosure form concerning the compliance with the Governance Code for the companies listed on the regulated market

The public company *„Snaige“*, following Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and item 20.5 of the Trading Rules of the Vilnius Stock Exchange, discloses its compliance with the Governance Code, approved by the VSE for the companies listed on the regulated market, and its specific provisions. In the event of non-compliance with the Code or with certain provisions thereof, it must be specified which provisions are not complied with and the reasons of non-compliance.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
Principle I: Basic Provisions		
The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.		
1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	**NO**	The operational strategy of the Company has only been to a partial extent reflected in the annual report and the annual statement, as well as selected press releases, the operations strategy is not published in the internet website of the Company since the website has not been designed for the publication of this kind of information.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	**YES**	**The operational strategy of the Company is considered and approved by the Board of the Company; the strategy targets the need to ensure profitable performance with an ultimate view to increase the shareholders' equity.** **The compliance with the provisions of the Company's operational strategy is supervised by the Manager of the Company.**
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	**NO**	**The Company has not formed the Supervisory Board as the shareholders have refused to form such.**
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	**YES**	**The Board of the Company monitors and assesses the performance of the Company's Manager by analysing the financial statement submitted by the Company's Manager, also the organisation of the activities, data on the changes in equity, and has an authority to point out to the Manager the inappropriate execution of the above provisions.**
Principle II: The corporate governance framework		
The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.		

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.	NO	**Upon the decision of the shareholders since May 2006 the Supervisory Board is not formed.**
2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.	YES	The Board of the Company is responsible for the formation of the Company's operational strategy, organisation of the enforcement thereof, the representation and the protection of the shareholders' interest.
2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.	NO	**Only the Board is formed in the Company (upon the shareholders' decision of May 2006).**
2.4. The collegial supervisory body to be elected by the general shareholders' meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does not contradict the essence and purpose of this body.[2]	YES	**These principles apply to the Board to the extent they do not contradict the essence and the purpose of the Board.**

[2] Provisions of Principles III and IV are more applicable to those instances when the general shareholders' meeting elects the supervisory board, i.e. a body that is essentially formed to ensure oversight of the company's board and the chief executive officer and to represent the company's shareholders. However, in case the company does not form the supervisory board but rather the board, most of the recommendations set out in Principles III and IV become important and applicable to the board as well. Furthermore, it should be noted that certain recommendations, which are in their essence and nature applicable exclusively to the supervisory board, should not be applied to the board, as the competence and functions of these bodies according to the Law on Companies of the Republic of Lithuania (*Official Gazette*, 2003, No 123-5574) are different. For instance, item 3.1 of the Code concerning oversight of the management bodies applies to the extent it concerns the oversight of the chief executive officer of the company, but not of the board itself; item 4.1 of the Code concerning recommendations to the management bodies applies to the extent it relates to the provision of recommendations to the company's chief executive officer; item 4.4 of the Code concerning independence of the collegial body elected by the general meeting from the company's management bodies is applied to the extent it concerns independence from the chief executive officer.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.[3]	**YES**	There are five Members of the Board and in the opinion of the shareholders this is sufficient.
2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.	**NO**	The Supervisory Board is not elected.
2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to departure from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.	**YES**	The Chairman of the Company is not and has not been the manager of the Company.

Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting

The order of the formation a collegial body to be elected by a general shareholders' meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the company's operation and its management bodies.[4]

[3] Definitions *'executive director'* and *'non-executive director'* are used in cases when a company has only one collegial body.

[4] Attention should be drawn to the fact that in the situation where the collegial body elected by the general shareholders' meeting is the board, it is natural that being a management body it should ensure oversight not of all management bodies of the company, but only of the single-person body of management, i.e. the company's chief executive officer. This note shall apply in respect of item 3.1 as well.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.	YES	**The collegial management body – the Board is elected in the general meeting of shareholders in which the candidates to the Members of the Board introduce themselves to the shareholders, provide information of the positions they hold in other companies and their professional qualifications. All present in the meeting are provided a possibility to propose other candidates to the Members of the Board.**
3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.	NO	The Rules of Procedure of the Company does not provide for this position.
3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.	NO	The annual report does not indicate the competence of the Members of the Board directly related to their work in the collegial management body.
3.4. In order to maintain a proper balance in terms of the current qualifications possessed by its members, the collegial body should determine its desired composition with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies.	YES	**The Members of the Board have sufficient experience, qualification and knowledge. For the purpose of deciding to elect them Members of the Board the general meeting of shareholders do assess the professional qualification of the candidates.**
3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.	NO	**No individual training programmes have been prepared based on the assumption that the newly elected Members of the Board have sufficient knowledge and experience.**

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient[5] number of independent[6] members.	**NO**	**Until now the independence of the Members of the Board has not been assessed, and the contents of the concept of "adequacy" of the independent Members of the Board have not been discussed.** **The Company has not taken any decision concerning the implementation of these provisions in the future.**

[5] The Code does not provide for a concrete number of independent members to comprise a collegial body. Many codes in foreign countries fix a concrete number of independent members (e.g. at least 1/3 or 1/2 of the members of the collegial body) to comprise the collegial body. However, having regard to the novelty of the institution of independent members in Lithuania and potential problems in finding and electing a concrete number of independent members, the Code provides for a more flexible wording and allows the companies themselves to decide what number of independent members is sufficient. Of course, a larger number of independent members in a collegial body is encouraged and will constitute an example of more suitable corporate governance.

[6] It is notable that in some companies all members of the collegial body may, due to a very small number of minority shareholders, be elected by the votes of the majority shareholder or a few major shareholders. But even a member of the collegial body elected by the majority shareholders may be considered independent if he/she meets the independence criteria set out in the Code.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependant are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following: **1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years;** **2) He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees;** **3) He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations);** **4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1);** **5) He/she does not have and did not have any**	NO	**Until now the independence of the Members of the Board has not been assessed, and the contents of the concept of "adequacy" of the independent Members of the Board have not been discussed.** **The Company has not taken any decision concerning the implementation of these provisions in the future.**

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counselling and consulting services), major client or organization receiving significant payments from the company or its group; **6) He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company;** **7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies;** **8) He/she has not been in the position of a member of the collegial body for over than 12 years;** **9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.**		
3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.	**NO**	The board has not defined the concept of independence.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.	**NO**	No such practice exists.
3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.	**NO**	No such practice or requirements existed.
3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds.[7]. The general shareholders' meeting should approve the amount of such remuneration.	**NOT APPLICABLE**	

Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting

The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring[8] of the company's management bodies and protection of interests of all the company's shareholders.

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[6] It is notable that currently it is not yet completely clear, in what form members of the supervisory board or the board may be remunerated for their work in these bodies. The Law on Companies of the Republic of Lithuania (*Official Gazette*, 2003, No 123-5574) provides that members of the supervisory board or the board may be remunerated for their work in the supervisory board or the board by payment of annual bonuses (tantiems) in the manner prescribed by Article 59 of this Law, i.e. from the company's profit. The current wording, contrary to the wording effective before 1 January 2004, eliminates the exclusive requirement that annual bonuses (tantiems) should be the *only* form of the company's compensation to members of the supervisory board or the board. So it seems that the Law contains no prohibition to remunerate members of the supervisory board or the board for their work in other forms, besides bonuses, although this possibility is not expressly stated either.

[8] See Footnote 3.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.[9]	**YES**	**These functions are performed by the Board elected by the general meeting of shareholders. The Board shall submit to the general meeting of shareholders the annual report on the activities of the Company, evaluate the results of the business activities of the Company and assess the performance of the Manager of the Company.**
4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).	**YES**	**In performing their duties the Members of the Board are guided by the interests of the Company and there have not been any cases allowing an assumption to the contrary.**
4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half[10] **of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.**	**YES**	**Members of the Board act in accordance with the Rules of Procedure of the Board and allocate sufficient time for the performance of their duties.**

[9] See Footnote 3. In the event the collegial body elected by the general shareholders' meeting is the board, it should provide recommendations to the company's single-person body of management, i.e. the company's chief executive officer.

[10] It is notable that companies can make this requirement more stringent and provide that shareholders should be informed about failure to participate at the meetings of the collegial body if, for instance, a member of the collegial body participated at less than 2/3 or 3/4 of the meetings. Such measures, which ensure active participation in the meetings of the collegial body, are encouraged and will constitute an example of more suitable corporate governance.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.	**YES**	**There haven't been any cases of the conflict of interests between the shareholders and the Board. Neither the Articles of Association nor the Rules of Procedure of the Board of the Company have defined a specific procedure for communication with the shareholders.** The Company has put in place the procedure of the provision of information to the shareholders in accordance with the Law on Companies, and this has been provided in the Articles of Association of the Company.
4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.	**NO**	There has been no suggestion to include such point into the articles of association.
4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies[11]. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees.	**YES**	Since the collegial management body – the Board is elected by the general meeting of shareholders, in its decision making function the Board is independent from the manager of the Company.

[11] In the event the collegial body elected by the general shareholders' meeting is the board, the recommendation concerning its independence from the company's management bodies applies to the extent it relates to the independence from the company's chief executive officer.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.	**NO**	**The committees of the appointment of the directors of the Company, the remuneration and audit committees have not been formed given a very small number of the Members of the Board, and absence of such practice and requirements in the past. The functions specified in this item are performed by the Board within the limits of its competence.** **In the event the shareholders pass a decision to increase the number of Members of the Board by new independent members, the Company will be able to set up the committees in question.**
4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.	**NO**	These provisions are not followed as the committees have not been set up. However, after audit committee set up in 2009, provisions will be followed.
4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee	**NO**	The committees have not been set up. Audit committee will be set up in year 2009 by general meeting of shareholders.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
membership is refreshed and that undue reliance is not placed on particular individuals.		
4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.	**NO**	The Committees have not been set up. Provisions will be approved in year 2009 by general meeting of shareholders.
4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.	**NO**	**The Committees have not been set up. Recommendation will be followed after audit committee will be set up.**

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
4.12. Nomination Committee. 4.12.1. Key functions of the nomination committee should be the following: • Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company; • Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes; • Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; • Properly consider issues related to succession planning; • Review the policy of the management bodies for selection and appointment of senior management. **4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.**	**NO**	Not formed (explanation in item 4.7.).
4.13. Remuneration Committee. 4.13.1. Key functions of the remuneration committee should be the following: • Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body; • Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and	**NO**	**Not formed (explanation in item 4.7.).**

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
members of the management bodies from the affiliated companies; • Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies; • Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors); • Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies. 4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should: • Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body; • Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting; • Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has. 4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies.		

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
4.14. Audit Committee. 4.14.1. Key functions of the audit committee should be the following: • Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group); • At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided; • Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually; • Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations; • Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee; • Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter. 4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration	**NO**	**Not formed. It is planned that recommendation will be followed after establishing an audit committee in 2009.**

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
should be given to company's operations in offshore centres and/or activities carried out through special purpose vehicles (organizations) and justification of such operations.		
4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present.		
4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors.		
4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit.		
4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action.		
4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.		

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.	**NO**	The Board does not perform the assessment of its activities and does not make any announcements in this relation.

Principle V: The working procedure of the company's collegial bodies

The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.

5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.	**YES**	**In accordance with the Law on Companies the right of convening the meeting is conferred to each Member of the Board.** **The notice on the general meeting to be convened shall be sent by the initiator of the meeting in advance, according to the regulations of the board.**
5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month[12].	**YES**	**The meetings of the Board shall be convened in accordance with the Schedule of the meetings approved in advance for the year (once in a quarter), in addition, extraordinary meetings may be convened.**

[12] The frequency of meetings of the collegial body provided for in the recommendation must be applied in those cases when both additional collegial bodies are formed at the company, the board and the supervisory board. In the event only one additional collegial body is formed in the company, the frequency of its meetings may be as established for the supervisory board, i.e. at least once in a quarter.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.	YES	All materials required according to the agenda shall be sent to the Members of the Board by electronic mail; normally the agenda is not changed since in accordance with the Regulations of the Company the decisions may be passed and voting may be organised by way of electronic means; Members of the Board do have a possibility in the same manner to supplement the agenda upon their common agreement.
5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.	NO	Not relevant, as the Supervisory Board is not formed.

Principle VI: The equitable treatment of shareholders and shareholder rights

The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.

6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.	YES	The capital of the Company is made up of shares conferring to the holders thereof equal voting and ownership rights, and the right to receive dividends.
6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	YES	The Company provides its investors information about the rights conferred by the newly issued shares by making a public announcement to this effect.
6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting.[13] All shareholders should	NO	The Articles of Association of the Company do not provide for such right granted to the general meeting of shareholders, and the Board of the Company passes such decisions without the consent of the shareholders.

[13] The Law on Companies of the Republic of Lithuania (*Official Gazette*, 2003, No 123-5574) no longer assigns resolutions concerning the investment, transfer, lease, mortgage or acquisition of the long-terms assets accounting for more than 1/20 of the company's authorised capital to the competence of the general shareholders' meeting. However, transactions that are important and material for the company's activity should be considered and approved by the general shareholders' meeting. The Law on Companies contains no prohibition to this effect either. Yet, in order not to encumber the company's activity and escape an unreasonably frequent

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.		
6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders. Prior to the shareholders' meeting, the company's supervisory and management bodies should enable the shareholders to lodge questions on issues on the agenda of the general shareholders' meeting and receive answers to them.	**YES**	**When convening the general meeting of shareholders, the venue, date and time of the meeting are established with a view to ensuring that the shareholders could participate in the meetings. The shareholders have a possibility to familiarise themselves with the draft resolutions in the Company, and the time and place are indicated in the notice of the meeting.**
6.5. It is recommended that documents on the course of the general shareholders' meeting, including draft resolutions of the meeting, should be placed on the publicly accessible website of the company in advance[14]. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.	**YES**	It is published in advance.
6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	**YES**	The shareholders of the Company may exercise their rights individually in person, via their proxies also by voting in writing in advance. The Company confers to its shareholders the rights provided for by the Law on Companies.

consideration of transactions at the meetings, companies are free to establish their own criteria of material transactions, which are subject to the approval of the meeting. While establishing these criteria of material transactions, companies may follow the criteria set out in items 3, 4, 5 and 6 of paragraph 4 of Article 34 of the Law on Companies or derogate from them in view of the specific nature of their operation and their attempt to ensure uninterrupted, efficient functioning of the company.

[14] The documents referred to above should be placed on the company's website in advance with due regard to a 10-day period before the general shareholders' meeting, determined in paragraph 7 of Article 26 of the Law on Companies of the Republic of Lithuania (Official Gazette, 2003, No 123-5574).

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies in voting processes by allowing the shareholders to vote in general meetings via terminal equipment of telecommunications. In such cases security of telecommunication equipment, text protection and a possibility to identify the signature of the voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially foreigners, with the opportunity to watch shareholder meetings by means of modern technologies.	**NO**	Until present the use of the modern technologies when voting in the general meeting of shareholders was not practiced as no such request has been expressed on the part of the shareholders.

Principle VII: The avoidance of conflicts of interest and their disclosure

The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.

7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.	**NO**	
7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.	**NO**	**No such cases have occurred; however, the procedure for concluding such transactions in the Company is not governed in any way.**
7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.	**NO**	**No such cases have occurred; however, the procedure for concluding such transactions in the Company is not governed in any way.**

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.	**YES**	This provision is being followed only in cases where the Board considers the issue of the remuneration of the Member of the Board – the Head of the Company.

Principle VIII: Company's remuneration policy

Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors.

8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement). This statement should be part of the company's annual accounts. Remuneration statement should also be posted on the company's website.	**NO**	The annual report of the Company does not contain the statement on remunerations since this kind of information is considered by the Company confidential.
8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.	**NO**	The annual report of the Company does not contain the statement on remunerations since this kind of information is considered by the Company confidential. Information on the changes in the Company's compensation policy may be published in case such decision is passed.
8.3. Remuneration statement should leastwise include the following information: • Explanation of the relative importance of the variable and non-variable components of directors' remuneration; • Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; • Sufficient information on the linkage between the remuneration and performance; • The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; • A description of the main characteristics of supplementary pension or early retirement schemes for directors.	**NO**	The annual report of the Company does not contain the statement on remunerations since this kind of information is considered by the Company confidential. **Information on the changes in the Company's compensation policy may be published in case such decision is passed.**
8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.	**NO**	**This information was not published, but it will be possible to publish it in the future, except part of the information considered to constitute a commercial secret of the Company.**

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
8.5. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.	**NO**	**Currently this information is not published, but in the future it may be decided to publish it.**
8.6. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.	**NO**	This information is confidential and the Company does not publish it.
8.7. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.7.1 to 8.7.4 for each person who has served as a director of the company at any time during the relevant financial year. 8.7.1. The following remuneration and/or emoluments-related information should be disclosed: • The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting; • The remuneration and advantages received from any undertaking belonging to the same group; • The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; • If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director; • Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year; • Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points. 8.7.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed: • The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; • The number of shares options exercised during the relevant financial year and, for each of them, the number of shares	**NO**	**This information is confidential and the Company does not publish it.**

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year; • The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights; • All changes in the terms and conditions of existing share options occurring during the financial year. 8.7.3. The following supplementary pension schemes-related information should be disclosed: • When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year; • When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year. 8.7.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial statements of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.		
8.8. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.	**NO**	**The Company does not practice the remuneration by director stocks or options.**
8.9. The following issues should be subject to approval by the shareholders' annual general meeting: • Grant of share-based schemes, including share options, to directors; • Determination of maximum number of shares and main conditions of share granting; • The term within which options can be exercised; • The conditions for any subsequent change in the exercise of the options, if permissible by law; • All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors.	**NO**	**No such practice is being enforced in the Company.**
8.10. Should national law or company's Articles of		

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.	**NO**	**No such practice is being enforced in the Company.**
8.11. Provisions of Articles 8.8 and 8.9 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.	**NO**	**No such practice is being enforced in the Company.**
8.12. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.8, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.	**NO**	**No such practice is being enforced in the Company.**

Principle IX: The role of stakeholders in corporate governance

The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.

9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.	**YES**	**The management bodies of the Company seek to ensure the rights of all interest holders and, to an extent possible, takes their opinion into account.**
9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and	**YES**	**Interest holders are authorised to participate in the management of the Company and in the process of taking the decisions relevant to the Company to the extent permitted by the laws of the Republic of Lithuania.**

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.		
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	**YES**	These provisions are being complied with to the extent governed by the Laws of the Republic of Lithuania.

Principle X: Information disclosure and transparency

The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
10.1. The company should disclose information on: • The financial and operating results of the company; • Company objectives; • Persons holding by the right of ownership or in control of a block of shares in the company; • Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; • Material foreseeable risk factors; • Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; • Material issues regarding employees and other stakeholders; • Governance structures and strategy. This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.	YES	**The Company discloses the relevant information, in the established manner, to the Securities Commission, Vilnius Stock Exchange, ELTA, BNS, and the daily "Lietuvos rytas".**
10.2. It is recommended that consolidated results of the whole group to which the company belongs, should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.	YES	**The Company discloses the information on the consolidated results of the entire enterprise group.**
10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII.	NO	**Until present this kind of information is not being disclosed, furthermore, part of the information (remuneration of the members of the Company's supervisory and management bodies, the compensation of the Manager paid from the Company and other income) is considered confidential by the Company and is not disclosed.**
10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.	NO	Until present this kind of information is not being provided.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.	**YES**	The information is disclosed only to a limited extent, only to the institutions specified in item 10.1., and for the time being not published in the website of the Company. The information is normally published prior to of after the trading session of the Vilnius Stock Exchange. Following the disclosure of material events the information is additionally disclosed in the media providing more extensive commentaries.
10.6. Channels for disseminating information should provide for fair, timely and cost-efficient access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.	**YES**	It is published.
10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.	**YES**	**It is published.**
Principle XI: The selection of the company's auditor		
The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.		
11.1. An annual audit of the company's financial statements and report should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.	**YES**	The recommendation is being followed.
11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.	**YES**	The audit company is proposed to the general meeting of shareholders by the Board of the Company.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.	NOT APPLICABLE	

2.11 Data about publicly declared information

Data about publicly declared information can be found on the Company's web page http://www.snaige.lt, as well as on Vilnius stock exchange web page http://www.baltic.omxnordicexchange.com/

2.12 Recent and the most important events of the Company

2.12.1 Recent important events in Company's business

17 April 2009. Correction: The Annual report and auditor's Review Report for the shareholders of Snaige AB are attached.

Management Board of Snaigė AB passed the following decision on 10 April, 2009 to approve the draft resolutions to the General Meeting to be convened on 22 April, 2009:

1. The annual report on the company's activities for the year 2008.

Suggestion: To approve the annual report on the company's activities for the year 2008.

2. Auditor's report on company's financial statements of the year 2008.

Suggestion: To listen the auditor's report of company's financial statement for the year 2008.

3. Approval of company's annual financial statements of the year 2008.

Suggestion: To approve annual financial statement for the year 2008

4. Approval of the 2008 profit appropriation.

Suggestion: To approve appropriation of profit (loss)) of the year 2008

Retained earnings of the previous financial year at the end of reporting year 52,517,654 LTL (15,210,164 EUR)

Net profit for the year 2008 is -15,128,201 LTL (-4,381,430 EUR)

Net profit (loss) for allocation at the end of financial year 37,389,453LTL (10,828,734 EUR)

Shareholders contributions 0 LTL (0 EUR)

Transfers from reserves 34,087,600 LTL (9,872,451 EUR)

Profit for distribution 71,477,053 LTL (20,701,185 EUR)

Allocation of profit:

Share of profit allocated to the statutory reserve 400,000 LTL (115,848 EUR)

Share of profit allocated to other reserves 1,860,000 LTL (538,693 EUR)

Of which:

To charity, support 0 LTL (0 EUR)

To social, cultural needs 60,000 LTL (17,377 EUR)

Share of profit allocated to dividends 0 LTL (0 EUR)

Share of profit allocated to bonuses for the Board members 0 LTL (0 EUR)

Share of profit allocated for buy-back of company's own shares 0 LTL (0 EUR)

Share of profit allocated to investment reserve 1,800,000 LTL (521,316 EUR)

Retained earnings at the end of reporting year 69,217,053 LTL (20,046,644 EUR).

5. Changes in the Company's Statute;

Suggestion: to approve changed company's statute parts:

“2.2. The Company performs manufacture of refrigerators and freezers (manufacture of electric domestic appliances and devices (27.51) and other activity not forbidden by laws of the Republic of Lithuania.”

“9.1.2 A notice of the General Meeting must be published in the daily Kauno diena or delivered against acknowledgement of receipt sent by registered post to each shareholder not later than 30 days before the General Meeting. If the General Meeting is not held, the shareholders must be notified of the repeat General Meeting in the manner specified herein at least 5 days before the day of this General Meeting. The repeat General Meeting shall be convened at least 5 days and within 30 days after the day of the General Meeting which was not held.”

“9.1.6 Every creditor of the Company must be notified against acknowledgement of receipt or by registered mail of the decision to reduce the authorized capital of the Company. Moreover, the mentioned decision must be published in the daily Kauno diena or every shareholder must be notified thereof against acknowledgement of receipt or by registered mail.”

“9.1.8 The Company shall publish the prepared terms of reorganization in the daily Kauno diena three times with at least 30-day intervals between publications or publish them once at least 30 days before the General Meeting on the reorganization of the company in the daily Kauno diena and notify all shareholders and creditors of the Company in writing.”

“9.1.9 A notice of the decision to transform the Company must be published in the daily Kauno diena three times with at least 30-day intervals between publications or publish them once at least 30 days before the General Meeting on the reorganization of the company in the daily Kauno diena and notify all shareholders and creditors of the Company in writing.”

“9.1.10. A notice of the decision to liquidate the Company shall be in the daily Kauno diena three times with at least 30-day intervals between publications or publish them once at least 30 days before the General Meeting on the reorganization of the company in the daily Kauno diena and notify all shareholders and creditors of the Company in writing.”

5. 1. To authorize (with the right of re-authorization) and obligate the Company‘s Managing Director to undersign the revision of the Company‘s Statute and present it to a manager of Juridical Persons Register, if not provided otherwise in this report, as well as carry out all other actions connected with the fulfilment of decisions agreed during this Meeting.

6. Election of Management Board member;

Suggested: To elect Kestutis Pilipuitis as member of Company’s Management Board for the rest of functional period of the Board.

7. Members of audit committee election and regulations of committee approval.

Suggested: To elect Kustaa Aima, Rasa Balčiūnaitė-Kaminskienė, and Virginijus Dumbliauskas as the members of Audit committee for the rest of functional period of the Board and to approve committee's rules.

15 April 2009. Notifications on transactions concluded by managers of the companies

Announcement about the executive officer's transaction of the Company’s securities.

15 April 2009. Draft resolutions of the General Meeting

Management Board of Snaigė AB passed the following decision on 10 April, 2009 to approve the draft resolutions to the General Meeting to be convened on 22 April, 2009:

1. The annual report on the company‘s activities for the year 2008.

Suggestion: To approve the annual report on the company's activities for the year 2008.

2. Auditor‘s report on company‘s financial statements of the year 2008.

Suggestion: To listen the auditor's report of company's financial statement for the year 2008.

3. Approval of company‘s annual financial statements of the year 2008.

Suggestion: To approve annual financial statement for the year 2008

4. Approval of the 2008 profit appropriation.

Suggestion: To approve appropriation of profit (loss)) of the year 2008

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Of which:

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Share of profit allocated for buy-back of company's own shares 0 LTL (0 EUR)

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Suggestion: to approve changed company's statute parts:

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“9.1.6 Every creditor of the Company must be notified against acknowledgement of receipt or by registered mail of the decision to reduce the authorized capital of the Company. Moreover, the mentioned decision must be published in the daily Kauno diena or every shareholder must be notified thereof against acknowledgement of receipt or by registered mail.”

“9.1.8 The Company shall publish the prepared terms of reorganization in the daily Kauno diena three times with at least 30-day intervals between publications or publish them once at least 30 days before the General Meeting on the reorganization of the company in the daily Kauno diena and notify all shareholders and creditors of the Company in writing.”

“9.1.9 A notice of the decision to transform the Company must be published in the daily Kauno diena three times with at least 30-day intervals between publications or publish them once at least 30 days before the General Meeting on the reorganization of the company in the daily Kauno diena and notify all shareholders and creditors of the Company in writing.”

“9.1.10. A notice of the decision to liquidate the Company shall be in the daily Kauno diena three times with at least 30-day intervals between publications or publish them once at least 30 days before the General

Meeting on the reorganization of the company in the daily Kauno diena and notify all shareholders and creditors of the Company in writing.”

5. 1. To authorize (with the right of re-authorization) and obligate the Company‘s Managing Director to undersign the revision of the Company‘s Statute and present it to a manager of Juridical Persons Register, if not provided otherwise in this report, as well as carry out all other actions connected with the fulfilment of decisions agreed during this Meeting.

6. Election of Management Board member;
Suggested: To elect Kestutis Pilipuitis as member of Company´s Management Board for the rest of functional period of the Board.

7. Members of audit committee election and regulations of committee approval.
Suggested: To elect Kustaa Aima, Rasa Balčiūnaitė-Kaminskienė, and Virginijus Dumbliauskas as the members of Audit committee for the rest of functional period of the Board and to approve committee's rules.

8 April 2009. Submission of application

On 8 April 2009 AB “Snaigė” has submitted to the management board of Nasdaq OMX Vilnius securities exchange application to list convertible bonds with maturity of 367 days on Nasdaq OMX Vilnius debt securities trading list.

8 April 2009. Notifications on transactions concluded by managers of the companies

Announcement about the executive officer's transaction of the Company’s securities.

6 April 2009. Subscription of new bond issue

On 6 April 2009 the subscription period of AB „Snaigė“ convertible bonds with maturity of 367 days and annual interest rate of 18% has ended. During the subscription period the whole issue with nominal value of 7 500 000 EUR was subscribed.

80% of bonds were subscribed by holders of year 2008 AB “Snaigė” bond issue who decided to refinance their securities. Instead of receiving cash on the redemption day these investors were granted newly issued bonds for the corresponding subscription value.

The remaining part of the issue was subscribed by major shareholders of AB “Snaigė“ who converted loans, earlier provided to the Company, into newly issued bonds.

The fact that majority of the newly issued bonds were subscribed by the holders of year 2008 bond issue shows that bond holders do understand current complicated financial situation of the Company and believe in Company‘s ability to redeem the newly issued bonds after one year.

6 April 2009. Regarding redemption of bonds issued in year 2008

On 6 April 2009 AB „Snaigė“ did not fully redeem the bond issue with maturity of 367 days, which was issued in year 2008.

Due to high losses incurred during 2008 the company didn‘t manage to generate enough cash needed for redemption of the bonds and due to unfavourable conditions in country‘s credit market required funds were not possible to borrow from banks.

Almost all of the owners of the bonds issued in 2008 agreed to refinance possessed securities by acquiring newly issued AB „Snaigė“ convertible bonds with maturity of 367 days and annual interest rate of 18%. For such investors instead of cash, payable on the redemption day, newly issued bonds with corresponding acquisition value were granted. Major shareholders of AB "Snaigė", who were also the holders of largest part of bond issue of year 2008, decided to refinance all securities. In total bond holders have refinanced 85% of year 2008 bonds issue.

The company will start negotiation with the owners of bonds which were not redeemed regarding settlement of new redemption term.

19 March 2009. Notice of the General Meeting

On March 19, 2009 Management board of AB „Snaigė" decided to convene the Annual General Meeting AB „Snaigė" (code 249664610) shareholders on April 22, 2009 at 10:00 in the main meeting hall of the company (Pramonės str. 6, Alytus). Registration starts 9:30 pm, ends- 9:50 pm. On the agenda:
1. The annual report on the company's activities for the year 2008;
2. Auditor's report on company's financial statements of the year 2008;
3. Approval of company's annual financial statements of the year 2008;
4. Approval of the 2008 profit appropriation;
5. Changes in the Company's Statute;
6. Election of Management Board member;
7. Members of audit committee election and regulations of committee approval.

Shareholders who at the end of the accounting day of the Annual General Meeting of Shareholders, i.e. April 15, 2009, will be on the shareholders list of the Company have a right to participate and vote at the General Meeting personally, by proxy, or represented by a person with whom an agreement on the transfer of voting rights is concluded.
The shareholders attending the meeting must provide personal identification document. The authorized representatives of the shareholders must additionally posses a proxy approved by the procedure prescribed by law.

19 March 2009. Resignation of the Member of the Management Board

On 18 March, 2009, member of the Management Board "Snaige" AB Domininkas Kašys presented the request on the resignation from the members of Management Board from 1st of April, 2009.

10 March 2009. AB „Snaigė"investments in year 2009

Investments of the only refrigerator manufacturer in the Baltic States AB „Snaigė"in year 2009 will amount up to 1.8 m.LTL. These investments will be intended to maintain effective functioning of current technological base.

9 March 2009. AB „Snaigė" will not work for 4 days

Alytus, 9 March 2009. Alytus factory of the only refrigerators producer in the Baltic states AB „Snaigė" from 9 March 2009 will not work for 4 days.

According to the director general Gediminas Čeika, the company meets its customers' demand both by manufacturing new products and selling already manufactured products form the warehouses. „After the decrease in demand in main company's markets we are seeking not to increase the number of ready-made products kept in warehouses and to manufacture only the amount for which we have outstanding orders" - said Gediminas Čeika.

According to Gediminas Čeika, effective management of manufacturing processes and minimization of costs are the main means to assure successful business activity during current adverse economic period.

AB „Snaigė" will restore manufacturing on 16 March 2009.

6 March 2009. Prospectus of AB "Snaige" convertible bonds announced.

5 March 2009. On convertible bonds issue prospectus of AB „Snaige"

The prospectus of AB „Snaige" convertible bonds issue with maturity of 367 days, nominal value of the whole issue of 7.5 m.EUR (25.9 m. LTL) was approved by Securities Commission on 5 March 2009.

The main facts about the issued convertible bonds:

- Maturity of the bonds: 367 days.
- Nominal value of one bond: 100.00 EUR.
- Number of issued bonds: 75 000 units.
- Annual interest rate: 18%
- Redemption price: 100.00 EUR.
- Shares, to which bonds can be converted: AB "Snaige" ordinary shares.
- Conversion rate: 1:345 (one bond is converted into 345 shares)
- Subscription period: 10 March 2009 - 6 April 2009
- Pre-emptive right period: 10 March 2009 - 23 March 2009
- Beginning of the bonds validity period: 7 April 2009
- Bonds redemption date: 8 April 2010

Bond holders will have a right to convert the bonds to ordinary shares of AB "Snaigė" at the date of the redemption (8 April 2010).

The shareholders of AB „Snaigė" will have a pre-emptive right to acquire the issued bonds during the first 14 subscription days (10 March 2009 - 23 March 2009), proportionally to the nominal value of shares owned at the end of 23 February 2009 general shareholder meeting rights accounting day (9 march 2009).
During the remaining subscription period (24 March 2009 - 6 March 2009) the remaining investors will have a right to acquire the bonds.

Investors are invited to sign the Bonds purchase agreements during the Bonds subscription period at UAB FMĮ „Orion Securities", A.Tumėno g.4B, LT - 01109, Vilnius, Lithuania during working days from 8.30 till 17.30.

3 March 2009. CORRECTION: Interim financial reports for 12 month of year 2008 and preliminary results for year 2008 of AB „Snaigė"

The consolidated non-audited interim financial reports for 12 months of 2008 and the confirmation of accountable persons .
Correction:
1.Balance Sheet of Y'2008
2.Profit (Loss) Report of Y '2007
3.Statement of Changes in Equity of Y'2007.

27 February 2009. Interim financial reports for 12 month of year 2008 and preliminary results for year 2008 of AB „Snaigė"

1. Preliminary consolidated non-audited results for 2008

Sales and other revenues: 341.69 m. LTL (98.96 m. EUR).
Loss before tax: -25.98 m. LTL (-7.52 m.EUR),
Net loss: -22.99 m. LTL (-6.66 m.EUR),

EBITDA: 2.94 m. LTL (0.85 m.EUR).

Despite AB „Snaigė“ in previous years had put lots of effort into optimization of company‘s management and manufacturing processes, minimization of costs and structuring of sales markets, it was not enough to counter the consequences of global economic recession in the main sales markets of the company. After stopping of the sales in Ukraine and partially in Russia the company has lost up to 35 m. LTL of planned revenues. Only due to devaluation of Russian rubble, which began at the end of 2008, the company has lost 8.4 m. LTL. As a result the year was ended with 22.986 m.LTL non-audited consolidated loss before taxes, instead of projected loss of 15 m. LTL.
In 2009 in response to decreasing consumption, AB „Snaigė“ continues optimization of manufacturing scope, minimization of costs, rejects small and less profitable clients and concentrates on serving the most perspective and profitable ones.
After implementation of these means the company plans to undergo the difficult period and does not eliminate the possibility, that at the peak refrigerator buying season the product demand and sales will increase.

2. The consolidated non-audited interim financial reports for 12 months of 2008 and the confirmation of accountable persons are provided to the public.

23 February 2009. Decisions of shareholders extraordinary general meeting

Extraordinary general meeting of shareholders held on February 23rd in 2009 passed the following decision:
1. Convertible bonds issue and increase of subscribed capital.
A. To issue Company‘s convertible bonds (hereinafter - Bonds) under the following conditions:
1.1. Number of issued Bonds - 75 000 (seventy five thousands) units;
1.2. Nominal value of one Bond - 100,- EUR (one hundred Euros);
1.3. Total nominal value of the issue - 7 500 000 EUR (seven millions five hundred thousand Euros);
1.4. The shareholders of the company have a pre-emptive right to acquire issued Bonds proportionally to nominal value of shares, which they owned on the rights accounting day of this general shareholder meeting, during the first 14 subscription days. After the end of this period all the other investors are also allowed to acquire issued bonds.
1.5. Rights provided by the Bonds: at redemption day to receive preset interest or convert Bonds to Company‘s ordinary shares according to the conversion ratio specified in this meeting decisions and Bonds subscription agreement;
1.6. Shares, to which one Bond is convertible:
1.6.1. Class - ordinary shares;
1.6.2. Number - 345 (three hundred forty five) units;
1.6.3. Nominal value - 1 LTL (one litas);
1.6.4. Rights provided:
1.6.4.1. To participate in the management of the Company;
1.6.4.2. To receive a dividend;
1.6.4.3. To receive a part of Company's assets after liquidation;
1.6.4.4. To receive free shares if the Company's share capital is increased from the Company's capital;
1.6.4.5. Pre-emptive right to subscribe to newly issued shares or bonds of the Company, with the exceptions described in the Company's articles of association and legal acts;
1.6.4.6. To give loans for the Company as described in legal acts;
1.6.4.7. To sell or in any other way transfer all of part of the shares, or to bequeath the shares in a will;
1.6.4.8. To participate and to vote in the shareholder meetings. This right can be prohibited or limited as described in the legal acts of Lithuanian Republic, and then the ownership rights are disputed;
1.6.4.9. According to the articles of association and other legal acts, to receive information about Company's activities;
1.6.4.10. Other material and immaterial rights specified in legal acts and in the articles of the Company.
1.7. Ratio, by which bonds are convertible into ordinary shares of the Company - 1:345 (one bond is convertible to 345 ordinary shares);

1.8. Bonds redemption date - 367th day after the end of Bonds subscription period. Bonds are convertible into shares on the redemption day;
1.9. Maximum annual interest rate - 18% (eighteen percent);
1.10. Method of interest payment: interest is paid in one payment when redeeming the Bonds;
1.11. Bonds are redeemed in Euros;
B. If after the bonds redemption date there are Bonds which were converted into shares, to increase the Company‘s subscribed capital by the nominal value of shares to which the Bonds were converted.
2. Grant of authorization
To authorize (with the right to reauthorize) and to oblige Company‘s director general:
To sign an agreement with the public turnover intermediary UAB FMĮ „Orion securities“, enterprise code 1220 33915, regarding to the processes needed to be taken to implement this meeting‘s decision of issuing convertible Bonds;
2.1. To sign Bonds subscription agreements, while setting other parts of the agreement at discretion;
2.2. To sign changed articles of the Company after the increase in subscribed capital and number of ordinary shares and to provide the articles to the enterprise register of Lithuania;
2.3. To execute any other actions, related to the implementation of the decisions of this meeting.

9 February 2009. Decisions project of the shareholder meeting of 23 February 2009

Decisions project of the shareholder meeting of 23 February 2009

1.Convertible bonds issue and increase of subscribed capital;
2.Change of articles of the Company;
3.Grant of authorization.

Proposed decisions project:
1. Convertible bonds issue and increase of subscribed capital.
A. To issue Company‘s convertible bonds (hereinafter - Bonds) under the following conditions:
1.1. Number of issued Bonds - 75 000 (seventy five thousands) units;
1.2. Nominal value of one Bond - 100,- EUR (one hundred Euros);
1.3. Total nominal value of the issue - 7 500 000 EUR (seven millions five hundred thousand Euros);
1.4. The shareholders of the company have a pre-emptive right to acquire issued Bonds proportionally to nominal value of shares, which they owned on the rights accounting day of this general shareholder meeting, during the first 14 subscription days. After the end of this period all the other investors are also allowed to acquire issued bonds.
1.5. Rights provided by the Bonds: at redemption day to receive preset interest or convert Bonds to Company‘s ordinary shares according to the conversion ratio specified in this meeting decisions and Bonds subscription agreement;
1.6. Shares, to which one Bond is convertible:
1.6.1. Class - ordinary shares;
1.6.2. Number - 345 (three hundred forty five) units;
1.6.3. Nominal value - 1 LTL (one litas);
1.6.4. Rights provided:
1.6.4.1. To participate in the management of the Company;
1.6.4.2. To receive a dividend;
1.6.4.3. To receive a part of Company's assets after liquidation;
1.6.4.4. To receive free shares if the Company's share capital is increased from the Company's capital;
1.6.4.5. Pre-emptive right to subscribe to newly issued shares or bonds of the Company, with the exceptions described in the Company's articles of association and legal acts;
1.6.4.6. To give loans for the Company as described in legal acts;
1.6.4.7. To sell or in any other way transfer all of part of the shares, or to bequeath the shares in a will;
1.6.4.8. To participate and to vote in the shareholder meetings. This right can be prohibited or limited as described in the legal acts of Lithuanian Republic, and then the ownership rights are disputed;

1.6.4.9. According to the articles of association and other legal acts, to receive information about Company's activities;
1.6.4.10. Other material and immaterial rights specified in legal acts and in the articles of the Company.
1.7. Ratio, by which bonds are convertible into ordinary shares of the Company - 1:345 (one bond is convertible to 345 ordinary shares);
1.8. Bonds redemption date - 367th day after the end of Bonds subscription period. Bonds are convertible into shares on the redemption day;
1.9. Maximum annual interest rate - 18% (eighteen percent);
1.10. Method of interest payment: interest is paid in one payment when redeeming the Bonds;
1.11. Bonds are redeemed in Euros;
B. If after the bonds redemption date there are Bonds which were converted into shares, to increase the Company‘s subscribed capital by the nominal value of shares to which the Bonds were converted.
2. Grant of authorization
To authorize (with the right to reauthorize) and to oblige Company‘s director general:
To sign an agreement with the public turnover intermediary UAB FMĮ „Orion securities“, enterprise code 1220 33915, regarding to the processes needed to be taken to implement this meeting‘s decision of issuing convertible Bonds;
2.1. To sign Bonds subscription agreements, while setting other parts of the agreement at discretion;
2.2. To sign changed articles of the Company after the increase in subscribed capital and number of ordinary shares and to provide the articles to the enterprise register of Lithuania;
2.3. To execute any other actions, related to the implementation of the decisions of this meeting.

6 February 2009. Concerning hold of the production line in Kaliningrad factory (Russia)

AB „Snaigė“ management board decided to put on hold the production line in Kaliningrad (Russia) factory. The decision is taken in order to avoid losses caused by devaluation of Russian national currency rouble and due to current overall market contraction. Due to decreasing sales volumes in Russia, in the short run Kaliningrad factory is able to satisfy current demand by selling accrued inventories from the warehouses.

26 January 2009. Notifications on transactions concluded by managers of the companies

Announcement about the executive officer's transaction of the Company’s securities.

22 January 2009. CORRECTION: Notice on Extraordinary General Meeting of Shareholders

On January 22, 2009 Management board of AB „Snaigė“ decided to convene the Extraordinary General Meeting AB „Snaigė“ (code 249664610) shareholders on February 23, 2009 at 10:00 in the main meeting hall of the company (Pramonės str. 6, Alytus). Registration starts 9:30 pm, ends- 9:50 pm.
On the agenda:
1. Issuing convertible debentures and increasing the authorized capital.
2. Deputation of authority.
Shareholders who at the end of the accounting day of the General Meeting of Shareholders, i.e. February 13, 2009, will be on the shareholders list of the Company have a right to participate and vote at the General Meeting personally, by proxy, or represented by a person with whom an agreement on the transfer of voting rights is concluded.
The shareholders attending the meeting must provide personal identification document. The authorized representatives of the shareholders must additionally posses a proxy approved by the procedure prescribed by law.

22 January 2009. Notice on Extraordinary General Meeting of Shareholders

On January 22, 2009 Management board of AB „Snaigė“ decided to convene the Extraordinary General Meeting AB „Snaigė“ (code 249664610) shareholders on February 23, 2009 at 10:00 in the main meeting hall of the company (Pramonės str. 6, Alytus). Registration starts 9:30 pm, ends- 9:50 pm.

On the agenda:
1. Issuing convertible debentures and increasing the authorized capital.
2. Deputation of authority.
Shareholders who at the end of the accounting day of the General Meeting of Shareholders, i.e. February 16, 2009, will be on the shareholders list of the Company have a right to participate and vote at the General Meeting personally, by proxy, or represented by a person with whom an agreement on the transfer of voting rights is concluded.
The shareholders attending the meeting must provide personal identification document. The authorized representatives of the shareholders must additionally posses a proxy approved by the procedure prescribed by law.

21 January 2009. AB „Snaigė“ is reducing operational costs

21st of January, 2009. The only domestic refrigerators manufacturer in the Baltic states AB „Snaigė“ continues to implement radical means in order to increase efficiency of the company operations and reduce manufacturing costs.

According to general director Mr. Čeika, operation expenses will be decreased not only by saving and more strict control of company‘s spending, but also by decreasing number of employees. In the first quarter of this year the number of employees in the Alytus factory will be decreased by approx 300. These changes are determined not only by declining consumption of products but also by the drastic devaluation of local currencies in the company's strategic markets.

“The devaluation of local currencies in Russia and especially in Ukraine has struck not only us but all the exporters of large domestic appliances”, - comments G. Čeika. “Sales in these very important for us markets have stopped and there is no evidence that these markets will revive in this quarter. As a result, we had to reduce manufacturing plans and decrease number of employees.

Mr. Čeika has stressed that AB „Snaigė“ will create all possible opportunities to alleviate social consequences of the workforce cut. According to him, the special work group is formed in the company responsible for the issue. „We will invite representatives of Lithuanian labour exchange and training centres which will consult our employees“, - said Mr. Čeika.

G. Čeika does not reject a possibility that the company will try to re-hire part of fired employees when situation becomes better.

14 January 2009. Concerning annual results

Snaige AB had not published any annual results. The information recently presented in media does not coincide with the facts.

2.12.2 Important events in Company’s business

December 31, 2008, Notifications on transactions concluded by managers of the companies 31.12.2008
Notification on transactions concluded by managers of the companies
Announcement about the executive officer's transaction of the Company’s securities.

December 19, 2008, Notifications on transactions concluded by managers of the companies 19.12.2008
Notification on transactions concluded by managers of the companies
Announcement about the executive officer's transaction of the Company’s securities.

November 28, 2008, Snaige AB financial statement of the first nine months Y'2008

October 31, 2008, Notifications on transactions concluded by managers of the companies 31.10.2008
Notification on transactions concluded by managers of the Company
Notification on transactions concluded by managers of the Company

October 27, 2008, AB Snaige the third quarter earned LTL 3.3 million 2008 23 October, Alytus. The only household refrigerators manufacturer in the Baltic countries AB Snaige according to unaudited consolidated data in 2008 third quarter, earned LTL 3.3 million profit before tax. This result is almost three times higher than in the same period during previous year, when the company earned LTL 968 thousand as unaudited consolidated profit. The company's unaudited consolidated EBITDA in third quarter amounted to LTL 9 million and was 29 percent higher than the same period of 2007, when the unaudited consolidated EBITDA amounted to LTL 7 million.
According to AB Snaige General Director Gediminas Ceika, 2008 third quarter profit is the result of measures implemented, optimizing of management and production, reducing costs and shaping the outlets. "It is a big achievement to receive a positive, albeit an interim result in economic downturn conditions. This encourages further work in the desired direction, "- says Gediminas Ceika.
After restructuring of production, reducing the number of employees and securing bank financing, the company is preparing to begin the next year with much greater performance.
During the nine months of this year, AB Snaige reached LTL 279 million unaudited consolidated turnover. Third quarter, the unaudited consolidated loss of AB Snaige decreased to LTL 5.3 million and increased the company's unaudited consolidated EBITDA to LTL 13.4 million.

October 20, 2008, Notifications on transactions concluded by managers of the companies 20.10.2008
Notification on transactions concluded by managers of the companies
Announcement about the executive officer's transaction of the Company’s securities.

October 6, 2008, AB „Snaigė“ will reorganize manufacturing and will reduce operational costs
The only domestic refrigerators manufacturer in the Baltic states AB „Snaigė“ will implement radical means in order to increase efficiency of management of the company and reduce manufacturing costs.
According to the director general of AB „Snaigė“ Gediminas Čeika, these changes are determined by the decreasing consumption of products in company‘s strategic markets.
„In the situation there the prices of raw materials, financial and energy resources are constantly rising and consumption is falling, we have to admit that profitability of company‘s operations can be achieved by radically decreasing operational costs and optimizing manufacturing processes. We will produce less, but more efficiently and more profitably“ - said Mr. Čeika.
According to Mr. Čeika, operation expenses will be decreased not only by saving and more strict control of company‘s spending, but also by decreasing number of employees. The company plans to eliminate functions with are unnecessary and not related to main operations of the company. The number of employees in the Alytus factory will be decreased by approx. 300 and in Kaliningrad factory by approx. 180.
Mr. Čeika has stressed that AB „Snaigė“ will create all possible opportunities to alleviate social consequences of the workforce cut. According to him, the special work group will be formed in the company responsible for the issue. „We will invite representatives of Lithuanian labor exchange and training centres which will consult our employees. Also AB „Snaigė“ will inform other companies of Alytus region about qualification and position of the fired employees and will mediate in the process of re-hiring“, - said Mr. Čeika.

September 23, 2008, CORRECTION: Snaige AB financial accounts and interim report for the period of first half of 2008
We provide AB “Snaige” consolidated financial reports for the 1st half of 2008 prepared in compliance with 34 article of IFRS (Profit (loss) account has been supplemented).

September 12, 2008, On September 11, 2008 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 27 827 365. The nominal value of a share is 1 LTL.

September 5, 2008, The consolidated sales revenues of "Snaigė" AB in 2008 are estimated to be LTL 359 million (EUR 104 million). Company expects to incur the net loss of LTL 15 million (EUR 4.3 million).
According to the CEO of "Snaigė" AB Gediminas Ceika, the main reason for the Company being unable to achieve earlier sales forecasts is the decrease in demand in several strategic markets, caused by the global economic slowdown. "During the first half of the year, we and our clients felt the change in consumer behaviour: in the time of rising inflation and economic instability consumers often postpone the purchase of large appliances to better times. Situation has not improved even in summer, the high selling season of refrigerators" - G. Ceika said.
Company estimates a loss not only due to decline in sales but also due to increase in raw material costs and expensive loans used to finance working capital. Company also experienced losses due to fluctuating dollar exchange rates. This loss was generated from Kaliningrad factory in Russia controlled by "Snaigė" AB, where there are no financial instruments to insure against the losses from currency fluctuations.

September 3, 2008, A corrected annual report for year of 2007 is provided by the Company. The corrected version of the report includes additional information about Company's governing and administration bodies and its'members, corrected information about the convertible bonds issued by the Company, and additional information about the goals of group's financial risk management. Also provided corrected confirmation of responsible persons.

August 29, 2008, Snaige AB financial accounts and interim report for the period of first half of 2008
AB „Snaigė" publishes financial accounts and interim report for the period of first half of 2008.

August 29, 2008, Successfully distributed the new issue of common nominal shares of AB"Snaige"
UAB FMĮ „Orion securities" on 27th of August,2008, has completed a new issue of 4 000 000 common nominal shares of AB"Snaige" The whole issue was distributed successfully through the public offering.
In accordance with the right of priority, shares of 2,5 litas were distributed only to AB „Snaige" shareholders during the period between August 8 and August 21; all other interested investors were able to purchase securities during the period between August 22 and August 27. AB"Snaige" raised 10 000 000 litas after distribution of the whole issue of shares.
„Successfully distributed shares show that investors believe in positive future of AB „Snaige",- told Karolis Rukas, the manager of Corporate Finance division at UAB FMĮ „Orion securities".
The objective of new issue of shares was to increase Company's authorized capital. The raised funds will be used to purchase new metal cutting machines, for the development of new technologies and for the working capital.

August 14, 2008, Snaigė" AB , by unaudited consolidated data, reached revenue of LTL 169 million (EUR 49 million) in the first half of 2008, that is 6% lower than last year, when unaudited consolidated revenue was LTL 180.4 million (EUR 52.25 million).

According to Gediminas Čeika, the Managing Director of AB "Snaigė", the decrease of first half of 2008 was influenced by economic slowdown in some of company's strategic trade markets. „We and our clients felt changing consumer behaviour through the entire first half of the year: due to growing inflation and economic instability, consumer mainly refuses and postpones the purchase of large home appliance for better times,"-says G. Čeika.
"Snaigė" AB escaped sales slowdown in some Western European countries and Russia. Revenues grew 6% in Russian market. Company had unaudited consolidated net loss of LTL 8.6 million (EUR 2.5 million) in the first half of 2008. According to G. Čeika, the General Manager, the loss in the first half of the year was influenced not only by declined sales but also by increased raw material costs and expensive loans for

operating capital. Company also had losses due to fluctuating dollar rates. This loss was acquired from Kaliningrad factory in Russia controlled by AB “Snaigė“, and where there are no financial instruments to insure oneself against the losses from currency fluctuations.
Company had a net loss of LTL 1.26 million (EUR 0.36 million) in the last year's first half.
By the consolidated unaudited statement, AB “Snaigė“ EBITDA was LTL 4.4 million (EUR 1.3 million) in the first half of 2008, compared to LTL 11 million (EUR 3.2 million) in the first half of 2007. ”During the second quarter this year we reached 1,6 times larger EBITDA than during the first quarter. That shows positive indicators of direct activities of the company”,- says Gediminas Čeika

August 8, 2008, Lithuanian Securities commission, on 7 August 2008 has approved the Prospectus of 4 000 000 ordinary shares issue of AB „Snaige“.

The main information about the issued shares:
- Name of the securities issued: Ordinary shares of AB „Snaigė“
- Number of issued shares: 4 000 000 units
- Subscription price of one share: 2.50 LTL
- Nominal value of the whole issue: 4 000 000 LTL
- Subscription period: 8 August 2008 - 27 August 2008
- Validity of pre-emptive right for the shareholders to subscribe shares: 8 august 2008 - 21 August 2008.

The shareholder so AB „Snaige“ have a pre-emptive right to acquire the issued shares during the first 14 days of the subscription period (8 august 2008 – 21 August 2008) proportionally to the number of AB „Snaige“ shares they owned on the rights record day (4 August 2008) of the general shareholder meeting of 21 July 2008. During the remaining subscription period (22 August 2008 - 28 August 2008) all the other interested investors will have a right to acquire the issued shares.
Investors can sign the shares subscription agreement during the subscription period at the headquarters of UAB FMĮ „Orion securities“, A.Tumėno str.4B (9 floor), LT - 01109, Vilnius during the weekdays from 8.30 am to 5.30 pm.

July 21, 2008, Extraordinary general meeting of shareholders held on July 21st in 2008 passed the following decision:

1) Cancellation of decisions from General Meeting of Shareholders to cancel all decisions regarding increase of an authorized capital, conducted during Extraordinary General Meeting of Shareholders on June 16, 2008.
2) Increase of an authorized capital

To increase the Company‘s authorized share capital by an additional contribution of LTL 4 000 000 (four million litas) from LTL 23 827 365 (twenty-three million, eight hundred and twenty-seven thousand, three hundred and sixty-five litas) to LTL 27 827 365 (twenty-seven million, eight hundred and twenty-seven thousand, three hundred and sixty-five litas), by issuing a new emission of 4 000 000 (four million) common registered shares with a nominal share value of LTL 1 (one litas). A price of newly issued shares is LTL 2.50 (two litas and fifty cents). Total sum of a new emission equals to LTL 10 000 000 (ten million litas).
Shares need to be subscribed and fully paid no later than within 21 (twenty-one) day after confirmation of the prospectus or when a manager of Juridical Persons Register officially publishes an offer to purchase new shares with a shareholder priority right, depending on which date is later.
Shareholders of the Company have a priority right to subscribe to the new shares in a proportion of a nominal value of shares they already own on the date of this Meeting within 14 (fourteen) days after confirmation of the prospectus or when a manager of Juridical Persons Register officially publishes an offer to purchase new shares with a shareholder priority right, depending on which date is later. After this period everyone interested can acquire the newly issued shares of the Company.
In the case when not all issued shares are subscribed during the period of a subscription, authorized capital will be increased by an amount equal to the sum of nominal values of subscribed shares. In this case the Company‘s

Management Board must change the size of authorized capital and number of shares in the Company‘s Statute and present the Statute to a manager of Juridical Persons Register.
If during the period of a subscription more shares are subscribed than the amount to be issued, first of all they will be distributed to the Company‘s shareholders in a proportion to a nominal value of shares, which they own on the date of the Meeting, during which a decision to increase authorized capital by an additional contribution was taken. If there is no shareholder to subscribe for newly issued shares or if all shareholders together subscribe for shares less than the intended amount of shares to be issued, the rest of shares are distributed to other subscribed persons in proportion to subscribed number of shares.
3) Changes in Company‘s Statute
To change the Company‘s Statute and confirm its revision. The Statute is changed due to the increase of an authorized capital.
4) Authorization
To authorize (with the right of re-authorization) and obligate the Company‘s Managing Director to undersign the revision of the Company‘s Statute and present it to a manager of Juridical Persons Register, if not provided otherwise in this report, as well as carry out all other actions connected with the fulfilment of decisions agreed during this Meeting.
5) The election of auditing company.
To elect "Ernst & Young Baltic" for auditing AB "Snaige" annual financial statement and consolidated financial statement for the year 2008-2009 and to determine the payment of LTL 263.000 (two hundred and sixty-three thousand,) VAT excluded, for the audit services.
To authorize Company´s Managing Director to undersign, ascertaining the right to transfer the trust, the audit service contract with the audit company, and to establish other contractual terms individually.

July 10, 2008, By the decision of Management Board of AB „Snaigė“ it was decided to supplement the agenda of Extraordinary Shareholders Meeting, scheduled on 21st of July, 2008, with the point of „The election of Auditing company“. The project of decision : Management Board suggests to approve the contract with UAB „ Ernst&Young Baltic“ for the audit of AB „ Snaigė“ annual financial statement and consolidated statement for the year of 2008-2009.

July 2, 2008, Management Board of “Snaigė” by agreement on July 1, 2008 decided:

1. In order to strengthen the shareholder equity base of subsidiary company OOO “Technprominvest (Kaliningrad, Russian Federation) it was decided to increase the authorized capital of OOO „Techprominvest“(Kaliningrad,„RF), by capitalizing 22 400 596,25 Litas debt for long term assets (machinery/equipment) sold by Joinstock Company „Snaige“ to OOO „Techprominvest“ and by capitalizing OOO „Techprominvest“ debt of total amount of 32 757 324,75 which was provided by Joinstock Company „Snaige“. The total amount of capitalization is 55 197 921 Litas (Fifty-five million, one hundred and ninety-seven thousand, nine hundred and twenty-one Litas).

2.It was decided to authorize, with the right of re-authorization, Company's Managing Director Gediminas Ceika to sign all documents regarding AB“ Snaige“- as the only stockholder- decision to increase the authorized capital of OOO „Techprominvest“.

June 20, 2008, Management Board of “Snaigė” by agreement on June 19, 2008 decided to convene the Extraordinary General Meeting of „Snaigė“ AB (code 249664610) shareholders on July 21, 2008 at 10:00 a.m. in the main meeting hall of the company premises at Pramonės str. 6, Alytus.

Registration starts at 9:30 a.m. and ends at 9:50 a.m.
Shareholders who at the end of the accounting day of the General Meeting of Shareholders, i.e. June 14, 2008, will be on the shareholders' list of the Company, have a right to participate and vote at the General Meeting personally or by proxy, or represented by a person who have an agreement on a transfer of voting rights.

Shareholders attending the meeting must provide a personal identification document. Authorized representatives of the shareholders must additionally possess a proxy approved by the procedure prescribed by law.

On the agenda:

1) Cancellation of decisions of General Meeting of Shareholders
2) Increase of an authorized capital;
3) Changes in the Company's Statute;
4) Authorization.

Proposed projects on the Meeting decisions

1) Cancellation of decisions from General Meeting of Shareholders To cancel all decisions regarding increase of an authorized capital, conducted during Extraordinary General Meeting of Shareholders on June 16, 2008.

2) Increase of an authorized capital

To increase the Company‘s authorized share capital by an additional contribution of LTL 4 000 000 (four million litas) from LTL 23 827 365 (twenty-three million, eight hundred and twenty-seven thousand, three hundred and sixty-five litas) to LTL 27 827 365 (twenty-seven million, eight hundred and twenty-seven thousand, three hundred and sixty-five litas), by issuing a new emission of 4 000 000 (four million) common registered shares with a nominal share value of LTL 1 (one litas). A price of newly issued shares is LTL 2.50 (two litas and fifty cents). Total sum of a new emission equals to LTL 10 000 000 (ten million litas).

Shares need to be subscribed and fully paid no later than within 21 (twenty-one) day after confirmation of the prospectus or when a manager of Juridical Persons Register officially publishes an offer to purchase new shares with a shareholder priority right, depending on which date is later.

Shareholders of the Company have a priority right to subscribe to the new shares in a proportion of a nominal value of shares they already own on the date of this Meeting within 14 (fourteen) days after confirmation of the prospectus or when a manager of Juridical Persons Register officially publishes an offer to purchase new shares with a shareholder priority right, depending on which date is later. After this period everyone interested can acquire the newly issued shares of the Company.

In the case when not all issued shares are subscribed during the period of a subscription, authorized capital will be increased by an amount equal to the sum of nominal values of subscribed shares. In this case the Company‘s

Management Board must change the size of authorized capital and number of shares in the Company‘s Statute and present the Statute to a manager of Juridical Persons Register.

If during the period of a subscription more shares are subscribed than the amount to be issued, first of all they will be distributed to the Company‘s shareholders in a proportion to a nominal value of shares, which they own on the date of the Meeting, during which a decision to increase authorized capital by an additional contribution was taken. If there is no shareholder to subscribe for newly issued shares or if all shareholders together subscribe for shares less than the intended amount of shares to be issued, the rest of shares are distributed to other subscribed persons in proportion to subscribed number of shares.

3) Changes in Company‘s Statute

To change the Company‘s Statute and confirm its revision. The Statute is changed due to the increase of an authorized capital.

4) Authorization

To authorize (with the right of re-authorization) and obligate the Company‘s Managing Director to undersign the revision of the Company‘s Statute and present it to a manager of Juridical Persons Register, if not provided otherwise in this report, as well as carry out all other actions connected with the fulfilment of decisions agreed during this Meeting.

June 16, 2008, Extraordinary general meeting of shareholders held on June 16th in 2008 passed the following decision:

1) Increase of an authorized capital

To increase the Company‘s authorized share capital by an additional contribution of LTL 4 000 000 (four million litas) from LTL 23 827 365 (twenty-three million, eight hundred and twenty-seven thousand, three hundred and sixty-five litas) to LTL 27 827 365 (twenty-seven million, eight hundred and twenty-seven

thousand, three hundred and sixty-five litas), by issuing a new emission of 4 000 000 (four million) common registered shares with a nominal share value of LTL 1 (one litas). A price of newly issued shares is LTL 2.50 (two litas and fifty cents). Total sum of a new emission equals to LTL 10 000 000 (ten million litas).
Shares need to be subscribed and fully paid no later than by the 4th of July, 2008.
Shareholders of the Company have a priority right to subscribe to the new shares in a proportion of a nominal value of shares they already own on the date of this Meeting within 14 (fourteen) days after a manager of Juridical Persons Register officially publishes an offer to purchase new shares with a shareholder priority right. After this period and until the 4th of July, 2008 everyone interested can acquire the newly issued shares of the Company.
In the case when all the issued shares are not subscribed during the period of a subscription, authorized capital will be increased by an amount equal to the sum of nominal values of subscribed shares. In this case the Company‘s Management Board must change the size of authorized capital and number of shares in the Company‘s Statute and present the Statute to a manager of Juridical Persons Register.
If during the period of a subscription more shares are subscribed than the amount to be issued, first of all they will be distributed to the Company‘s shareholders in a proportion to a nominal value of shares, which they own on the date of the Meeting, during which a decision to increase authorized capital by an additional contribution was taken. If there is no shareholder to subscribe for newly issued shares or if all shareholders together subscribe for shares less than the intended amount of shares to be issued, the rest of shares are distributed to other subscribed persons in proportion to subscribed number of shares.
2) Changes in Company‘s Statute
To change the Company‘s Statute and confirm its revision. The Statute is changed due to the increase of an authorized capital.
3) Authorization
To authorize (with the right of re-authorization) and obligate the Company‘s Managing Director to undersign the revision of the Company‘s Statute and present it to a manager of Juridical Persons Register, if not provided otherwise in this report, as well as carry out all other actions connected with the fulfilment of decisions agreed during this Meeting.

May 30, 2008, Financial consolidated unaudited accounts for the 1st quarter of 2008. AB “Snaigė” revenues increased by 7%

According to unaudited consolidated financial accounts AB „Snaige“ during the first quarter of 2008 has reached revenues of 78 million LTL which was 5.4 m. LTL larger than during the first quarter of 2007 (during the first quarter of 2007 group‘s revenues amounted up to 72.6 m. LTL).

According to the director general of AB „Snaige“ Gediminas Čeika, the main reason for growth during the 1st quarter of 2008 was increasing sales in Russia. „Sales in Russia are successfully increasing since the last quarter of 2006, and during the first three months of 2008 we have sold 40% more refrigerators in this market than during the same period last year“ – informed G. Čeika.

During the 1st quarter of 2008 the group has incurred 7.9 m. LTL unaudited consolidated loss. According to the director general of AB “Snaige” G. Čeika, the largest part of this loss was generated by group's Kaliningrad factory in Russia, where there are no active financial instruments available which can be used to insure against losses caused by exchange rate fluctuations, and due to increasing prices of the main raw materials.

Despite incurred loss the director general of the group sees positive changes in the activities of the company: compared to the last quarter of 2007 consolidated loss has decreased by 3,6 m LTL, consolidated EBITDA loss has decreased from -5.5 m LTL to -1.2 m LTL.

„Despite the situation of the company is publicly valued sceptically, improving results of the company allows us to expects that 2008 will be much better year than 2007“ - says G. Čeika.

May 20, 2008, In addition we present an audited financial statement of "Snaige" AB and newly revised audit conclusion concerning the annual report.

May 13, 2008, On May 12, 2008 the Management board of „Snaigė“ AB decided to convene the Extraordinary General Meeting of „Snaigė“ AB (code 249664610) shareholders on June 16, 2008 at 10:00 a.m. in the main meeting hall of the company premises at Pramonės str. 6, Alytus.

Registration starts at 9:30 a.m. and ends at 9:50 a.m.
Shareholders who at the end of the accounting day of the General Meeting of
Shareholders, i.e. June 9, 2008, will be on the shareholders' list of the Company, have a right to participate and vote at the General Meeting personally or by proxy, or represented by a person who have an agreement on a transfer of voting rights.
Shareholders attending the meeting must provide a personal identification document. Authorized representatives of the shareholders must additionally possess a proxy approved by the procedure prescribed by law.
On the agenda:
1) Increase of an authorized capital;
2) Changes in the Company's Statute;
3) Authorization.
Proposed projects on the Meeting decisions
1) Increase of an authorized capital
To increase the Company‘s authorized share capital by an additional contribution of LTL 4 000 000 (four million litas) from LTL 23 827 365 (twenty-three million, eight hundred and twenty-seven thousand, three hundred and sixty-five litas) to LTL 27 827 365 (twenty-seven million, eight hundred and twenty-seven thousand, three hundred and sixty-five litas), by issuing a new emission of 4 000 000 (four million) common registered shares with a nominal share value of LTL 1 (one litas). A price of newly issued shares is LTL 2.50 (two litas and fifty cents). Total sum of a new emission equals to LTL 10 000 000 (ten million litas).
Shares need to be subscribed and fully paid no later than by the 4th of July, 2008.
Shareholders of the Company have a priority right to subscribe to the new shares in a proportion of a nominal value of shares they already own on the date of this Meeting within 14 (fourteen) days after a manager of Juridical Persons Register officially publishes an offer to purchase new shares with a shareholder priority right. After this period and until the 4th of July, 2008 everyone interested can acquire the newly issued shares of the Company.
In the case when all the issued shares are not subscribed during the period of a subscription, authorized capital will be increased by an amount equal to the sum of nominal values of subscribed shares. In this case the Company‘s
Management Board must change the size of authorized capital and number of shares in the Company‘s Statute and present the Statute to a manager of Juridical Persons Register.
If during the period of a subscription more shares are subscribed than the amount to be issued, first of all they will be distributed to the Company‘s shareholders in a proportion to a nominal value of shares, which they own on the date of the Meeting, during which a decision to increase authorized capital by an additional contribution was taken. If there is no shareholder to subscribe for newly issued shares or if all shareholders together subscribe for shares less than the intended amount of shares to be issued, the rest of shares are distributed to other subscribed persons in proportion to subscribed number of shares.
2) Changes in Company‘s Statute
To change the Company‘s Statute and confirm its revision. The Statute is changed due to the increase of an authorized capital.
3) Authorization
To authorize (with the right of re-authorization) and obligate the Company‘s Managing Director to undersign the revision of the Company‘s Statute and present it to a manager of Juridical Persons Register, if not provided otherwise in this report, as well as carry out all other actions connected with the fulfilment of decisions agreed during this Meeting.

April 25, 2008, The annual general meeting of shareholders held on April 25th in 2008 passed the following decision

1. To approve the annual report on the company's activities for the year 2007
2. To take in to consideration for shareholders auditor's conclusion while voting regarding approval of company's financial statement for the year 2007.
3. To approve annual financial statement for the year 2007
4. To approve appropriation of profit (loss) for the year 2007
 Retained earnings of the previous financial year at the end of reporting year 59 198 280 LTL (17 145 007 EUR)
 Net profit for the year 2007 is - 3 093 738 LTL (-896 009 EUR)
 Net profit (loss) for allocation at the end of financial year 56 104 542 LTL (16 248 998 EUR)
 Shareholders contributions 0 LTL (0 EUR)
 Transfers from reserves 34 087 600 LTL (9 872 451 EUR)
 Profit for distribution 90 192 142 LTL (26 121 450 EUR
 Allocation of profit:
 Share of profit allocated to the statutory reserve 0 LTL (0 EUR)
 Share of profit allocated to other reserves 4 512 300 LTL (1 306 852EUR)
 Of which:
 To charity, support 0 LTL(0 EUR)
 To social, cultural needs 0 LTL (0 EUR)
 Share of profit allocated to dividends 0 LTL (0 EUR)
 Share of profit allocated to bonuses for the Board members 0 LTL (0 EUR)
 Share of profit allocated for buy-back of company's own shares 0 LTL(0EUR)
 Share of profit allocated to investment reserve 4 512 300 LTL (1 306 852 EUR)
 Retained earnings at the end of reporting year 85 679 842 LTL (24 814 597 EUR)
5. Not to purchase own shares
6. To elect Robertas Berzinskas as member of Company´s Management Board for the rest of functional period of the Board.

April 22, 2008, Presenting consolidated financial statements for the year 2007, auditors' report and confirmation of responsible persons and corrected consolidated annual report.

April 17, 2008, On the decision of the Company´s Management Board, it was decided to supplement on agenda of ordinary shareholders meeting to be held on 25th of April, 2008, and to propose projects for meeting decisions.

I.To supplements the agenda of Ordinary General Shareholder Meeting by clause:
"Election of Management Board member".
Supplemented and specified agenda:
1.The annual report on the company's activities for the year 2007
2.Audit conclusion regarding the financial statement for the year 2007
3.Approval of annual financial statement for the year 2007
4.Appropriation of Company´s profit (loss) of the year 2007
5.Buy-back of own shares
6.Election of Management Board member

II.Proposed projects for meeting decisions

1.The annual report on the company's activities for the year 2007 Suggestion: To approve the annual report on the company's activities for the year 2007

2.Audit conclusion regarding the financial statement for the year 2007 Suggestion: To recommend shareholders to consider audit conclusion while voting regarding approval of company's financial statement for the year 2007.
3.Approval of annual financial statement for the year 2007 Suggestion: to approve annual financial statement for the year 2007
4.Appropriation of Company´s profit(loss) of the year 2007
Suggestion: to approve appropriation of profit(loss)
Retained earnings of the previous financial year at the end of reporting year 59 080 280 LTL (17 110 832 EUR)
Net profit for the year 2007 is - 2 975 738 LTL (-861 833 EUR)
Net profit (loss) for allocation at the end of financial year 56 104 542 LTL (16 248 998 EUR)
Shareholders contributions 0 LTL (0 EUR)
Transfers from reserves 34 087 600 LTL (9 872 451 EUR)
Profit for distribution 90 192 142 LTL (26 121 450 EUR
Allocation of profit:
Share of profit allocated to the statutory reserve 0 LTL (0 EUR)
Share of profit allocated to other reserves 4 512 300 LTL (1 306 852 EUR)
Of which:
To charity, support 0 LTL(0 EUR)
To social, cultural needs 0 LTL (0 EUR)
Share of profit allocated to dividends 0 LTL (0 EUR)
Share of profit allocated to bonuses for the Board members 0 LTL (0 EUR)
Share of profit allocated for buy-back of company's own shares 0 LTL (0 EUR)
Share of profit allocated to investment reserve 4 512 300 LTL (1 306 52 EUR)
Retained earnings at the end of reporting year 85 679 842 LTL (24 814 597 EUR)
5.Regarding buy-back of company's own shares
Suggestions: not to purchase own shares
6.Election of Management Board member
Suggestion: To elect Robertas Beržinskas as member of Company´s Management Board for the rest of functional period of the Board.

10 April 2008. Notification about disposal of a block of shares.
1.Snaige AB code 249664610, Pramonės str. 6, LT-62001 Alytus
(Name, code, registered address, home office address, State of the Company)

2. The reason for crossing the threshold: disposal
(Specify the relevant reason)

Selling of shares
The trigger event (indicate the specific event)

3. Hansa Eastern European Fund, code of Management Company 10194399, address
Liivalaia 12, Tallinn, Estonia
(Name of the person/ company having acquired/ disposed voting rights)

4. ____
(Name of shareholder if different from indicated by point 3)

5. The date of transaction (specify) and 01-04-2008
Date of which the threshold was crossed (specify if different) 04-04-2008

6. Threshold that was crossed or reached (specify) 5 %

7. Data provided

Voting rights given by shares

Class of Shares, ISIN Code	Number of shares and votes held previous to the acquisition of disposal of the block of shares**		the number of shares and voting rights held at the date of crossing the threshold				
	Number of shares (units)	Number of votes (units)	Number of shares (units)	Number of voting rights (units)		Number of voting rights (%)	
			directlee	directlee	indirecttoy	directlyy	indirectlyy
PVA LT0000109274	1365999	5.73%	965999	965999	-	4.05%	
		Total (A)	965999	965999	-	4.05%	

Data on the securities that subject to a formal agreement upon a request of The owner thereof grants the right to acquire in the future the shares already issued by the Company

Name of securities	Date of expiry of the securities	The data of conversion and (or) the exercise of the rights granted by the securities	The number of voting rights held after the exercise of the votes granted by the securities (units)	The number of voting rights held after the exercise of the votes granted by the securities (%)
		Total (B)	-	-

Total number of voting rights (A+B)

	Number of voting rights (units)	Number of voting rights (%)
Total	965999	4.05%

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8.____________________________________________________________________________
   (The chain of controlled entities though which the voting rights and (or)
  securities that subject to a formal agreement and upon an initiative of the
 owner thereof grants the right to acquire the shares issued by the Company are
                           held (if applicable))

9. In case voted with proxy: The proxy ____________________________
                                                (name and last name of the proxy)
is granted the right to vote at his own discretion in respect of
________________
                                                       number of votes (units, %)
expires on  ________________________ (date)
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10.* In case owners of convertible bonds wish to convert bonds to ordinary registered shares on 06-04-2009, the total number of shares issued would change, therefore voting rights held might change in the future.

Jone Sceponaviciute
AB Bankas Hansabankas
Head of Securities Department

7 April 2008. The subscription of "Snaige" AB convertible bonds has ended. On 4 April 2008 the subscription of „Snaige“ AB convertible bonds with maturity of 367 days, annual interest rate of 14% has ended. During the subscription period the whole issue of nominal value of LTL 20 000 000 (EUR 5 792 400) was successfully subscribed.

28.03.2008

Resignation of the Member of the Management Board

Mindaugas Sestokas, managing director of „Kitron“ UAB, subsidiary of „ Hermis Capital“ , resigns as member of the Management Board "Snaige" AB with effect from 11th of April, 2008.

20 March 2008. Notice of the annual general meeting of shareholders. On March 20 2008 the Management board of „Snaige“ AB decided to convene the Annual General Meeting of shareholders „Snaigė“ AB (code 249664610, headquarters, Pramones str. 6, Alytus) on April 26, 2008 at 1:00 pm in the hall of the company (Pramonės str. 6, Alytus). Registration starts 0:30 pm, ends-0:50 pm.
On the agenda:
1. The annual report on the company‘s activities for the year 2007.
2.Auditor‘s report on company‘s financial statements of the year 2007.
3.Approval of company‘s annual financial statements of the year 2007.
4.Approval of the 2007 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 18 2008, 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 posses a proxy approved by the procedure prescribed by law.

17 March 2008. Supplemented consolidated interim financial report for 12months of 2007. Snaige AB presents a supplemented consolidated unaudited interim financial report for twelve months of 2007 prepared in accordance with the Rules on Periodic Disclosure of Information on Company's' Activities and Their Securities as approved by the Securities Commission of the republic of Lithuania. The profit and loss account has been supplemented with interim reporting period (last quarter) data.

14 March 2008. On convertible bonds issue prospectus of AB „Snaige". The prospectus of AB „Snaige" convertible bonds issue with maturity of 367 days, nominal value of the whole issue of 20 LTL million(EUR 5.79 million) was approved by Securities Commission on 14 March 2008.

The main facts about the issued convertible bonds:

- Maturity of the bonds: 367 days.
- Nominal value of one bond: 100,00 Lt.
- Number of issued bonds: 200 000 units.
- Annual interest rate: 14%
- Redemption price: 100,00 LTL.
- Shares, to which bonds can be converted: AB "Snaige" ordinary shares.
- Conversion rate: 1:18 (one bond is converted into 18 shares)
- Subscription period: 15 March 2008 - 4 April 2008
- Pre-emptive right period: 15 March 2008 - 28 March 2008
- Beginning of the bonds validity period: 5 April 2008
- Bonds redemption date: 6 April 2009

Bond holders will have a right to convert the bonds to ordinary shares of AB "Snaigė" at the date of the redemption (6 April 2009).
The shareholders of AB „Snaigė" will have a pre-emptive right to acquire the issued bonds during the first 14 subscription days (15 March 2008 - 28 March 2008). During the remaining subscription period (29 March 2008 - 4 April 2008) the remaining investors will have a right to acquire the bonds.
Investors are invited to sign the Bonds purchase agreements during the Bonds subscription period at UAB FMĮ „Orion Securities", A.Tumėno g.4B, LT - 01109, Vilnius, Lithuania during working hours from 8.30 till 17.30.

7 March 2008. Decisions of shareholders extraordinary general meeting. Extraordinary general meeting of shareholders held on March 7th in 2008 passed the following decision:

1. Issue of convertible bonds and increase of authorized capital
1. A.To issue convertible bonds (hereinafter CB) of the Company under the following conditions:
1.1. Amount of issued CB is 200 000 (two hundred thousand) units;
1.2. Nominal value of one CB is 100,- Lt (one hundred Litas);
1.3. Overall value of issued CB is 20 000 000Lt (twenty million Litas);
1.4. Term for distribution of CB is 21 (twenty one) day after the day of approval of the prospectus at the Securities Commission of the Republic of Lithuania (this day is not included)).
1.5. The shareholders of the Company has the right to acquire CB by the right of priority proportional to the nominal value of the shares they own at the day of this Meeting during the period of 14 (fourteen) days after the start of distribution of the CB. After the end of this period the right to acquire CB also have all other persons until the end of the term of distribution;
1.6. CB give the following rights: after termination of the term for buying out of the shares to get agreed interest or change CB to the Company's shares by the resolution of this Meeting and by the ratio set forth by the contract of subscription for the CB;
1.7. The CB is changed to the following shares:
1.7.1. Class - ordinary personal shares;
1.7.2. Number - 18 (eighteen) units;

1.7.3. Nominal value is - 1,- Lt (one Litas);
1.7.4. Rights are granted:
1.7.4.1. To participate in the management of the Company
1.7.4.2. To receive dividends;
1.7.4.3. To receive a part of the company‘ property after its liquidation;
1.7.4.4. To receive shares free of charge if the authorized capital of the Company is increased from the Company‘s means;
1.7.4.5. To acquire issued shares or bonds of the Company by the right of priority barring exceptions set forth by the articles of the Company and legal acts;
1.7.4.6. To lend to the Company according to the procedures set forth by the law;
1.7.4.7. To sell or pass round otherwise all or a part of own shares, to leave them by testament to other persons;
1.7.4.8. To participate and vote at the General Meeting of the Shareholders. The right to vote may be prohibited or limited in cases set forth by the legal acts of the Republic of Lithuania, also when the ownership right of the share is disputable;
1.7.4.9. To receive information about activities of the Company by the procedure set forth by the Articles of the Company or legal acts;
1.7.4.10. Other property and non-property rights set forth by the Articles of the Company or by the legal acts.
1.8. The ratio to change CB to the shares is 1:18 (one CB is changed to 18 shares);
1.9. The date for buying out of the CB is the 367th day after the termination of the term for distribution of the CB. The CB are changed to the shares at the day of the buying out of the CB.Bonds holders can express the desire to convert CB no later than 5 working days prior the date of term of buying out CB.
1.10. Maximum annual rate interest is 16 % (sixteen per cent);
1.11. The procedure for paying interest : the interest is paid once while buying out the CB;
1.12. The CB is bought out in Litas or Euros;
B. After termination of the term for buying out the CB and CB changed to the Company‘s shares being available the authorized capital of the Company is increased by the sum of nominal value of changed shares.
2. Change of the Articles of the Company
2.1. To change the article 9.1.11 of the Articles of the Company into the following wording:
“The information regulated by the Company is published and inserted into the Central Database of Regulated Information by the procedure set forth by the article 28 of the Securities Law of the Republic of Lithuania“
To approve the new wording of the Articles of the Company.
2.2. After termination of the term for buying out the CB and CB changed to the Company‘s shares being available to change the Articles of the Company and to approve their new wording having set the amount of increased authorized capital and number of shares.
3. Authorization.
To authorize (with the right to renew authorization) and to oblige the Director General of the Company:
3.1. To sign contract with the dealer of public turnover of securities UAB FMĮ
“Orion securities“, code 1220 33915, concerning actions related to implementation of resolution of this Meeting to issue CB;
3.2. To sign contracts for bonds leaving to define other provisions of the contracts to his own discretion;
3.3. Having changed the wording of the point 9.1.11 of the Articles of the Company to sign the changed Articles of the Company and submit to the registrar of the register of legal persons;
3.4. to sign the changed Articles of the Company with increased authorized capital and number of shares and submit to the registrar of the register of legal persons;
3.5. To carry all other actions related to implementation of the resolutions of this Meeting.

29 February 2008. Snaige, AB consolidated interim financial report for 12 months of 2007 and the preliminary consolidated unaudited results for the year 2007

1. The preliminary consolidated unaudited results for the year 2007

Revenue and other operating income: LTL 413,54million (EUR 119.77 million),
Loss before tax: LTL -10.61 million (EUR - 3.07million),
Net loss: LTL -9.74 million (EUR -2.82 million),
EBITDA: LTL 13.93 million (EUR 4.03 million).

In the previous year sales revenues of AB „Snaige“ have increased by 16%, however, the increase was not large enough to cover the incurred losses, which resulted due to the increasing prices of raw materials and falling dollar exchange rate. In the previous year due to increased raw material prices and fall of the dollar exchange rate the company has lost approximately almost 15 million Litas.

This year AB „Snaige“ started to use financial instruments in order to hedge against currency exchange risk.

The previous year profitability was affected by increasing prices of raw materials which, if compared to 2006, have increased by 11%. In order to avoid increase in raw material prices the company has started to look for alternative suppliers and materials, began implementation of various cost cutting and effectiveness enhancement programs. Such efforts helped at least partially reduce losses incurred due to the increase in the prices of raw materials.

2. Snaige AB presents consolidated unaudited interim financial report for twelve months of 2007 and confirmation of responsible persons (attached).

25 February 2008. CORRECTION: Project of shareholders extraordinary general meeting resolutions. Correction: Project of resolutions is supplemented by new sentence in paragraph 1.9 and previous phrase "Convertible shares" changed by phrase "Convertible bonds".

There are suggested following projects for the meeting of shareholders on 7
March 2008 by decision of the Company's Management Board.

1. Issue of convertible bonds and increase of authorized capital

1.A.To issue convertible bonds (hereinafter CB) of the Company under the following conditions:
1.1. Amount of issued CB is 200 000 (two hundred thousand) units;
1.2. Nominal value of one CB is 100,- Lt (one hundred Litas);
1.3. Overall value of issued CB is 20 000 000Lt (twenty million Litas);
1.4. Term for distribution of CB is 21 (twenty one) day after the day of
approval of the prospectus at the Securities Commission of the Republic of Lithuania (this day is not included)).
1.5. The shareholders of the Company has the right to acquire CB by the right of priority proportional to the nominal value of the shares they own at the day of this Meeting during the period of 14 (fourteen) days after the start of distribution of the CB. After the end of this period the right to acquire CB also have all other persons until the end of the term of distribution;
1.6. CB give the following rights: after termination of the term for buying out of the shares to get agreed interest or change CB to the Company‘s shares by the resolution of this Meeting and by the ratio set forth by the contract of subscription for the CB;
1.7. The CB is changed to the following shares:
1.7.1. Class - ordinary personal shares;
1.7.2. Number - 18 (eighteen) units;
1.7.3. Nominal value is - 1,- Lt (one Litas);
1.7.4. Rights are granted:
1.7.4.1. To participate in the management of the Company
1.7.4.2. To receive dividends;
1.7.4.3. To receive a part of the company‘ property after its liquidation;

1.7.4.4. To receive shares free of charge if the authorized capital of the Company is increased from the Company‘s means;
1.7.4.5. To acquire issued shares or bonds of the Company by the right of priority barring exceptions set forth by the articles of the Company and legal acts;
1.7.4.6. To lend to the Company according to the procedures set forth by the law;
1.7.4.7. To sell or pass round otherwise all or a part of own shares, to leave them by testament to other persons;
1.7.4.8. To participate and vote at the General Meeting of the Shareholders. The right to vote may be prohibited or limited in cases set forth by the legal acts of the Republic of Lithuania, also when the ownership right of the share is disputable;
1.7.4.9. To receive information about activities of the Company by the procedure set forth by the Articles of the Company or legal acts;
1.7.4.10. Other property and non-property rights set forth by the Articles of the Company or by the legal acts.
1.8. The ratio to change CB to the shares is 1:18 (one CB is changed to 18 shares);
1.9. The date for buying out of the CB is the 367th day after the termination of the term for distribution of the CB. The CB is changed to the shares at the day of the buying out of the CB. Bonds holders can express the desire to convert CB no later than 5 working days prior the date of term of buying out CB.
1.10. Maximum annual rate interest is 16 % (sixteen per cent);
1.11. The procedure for paying interest : the interest is paid once while buying out the CB;
1.12. The CB is bought out in Litas or Euros;
B. After termination of the term for buying out the CB and CB changed to the Company‘s shares being available the authorized capital of the Company is increased by the sum of nominal value of changed shares.
2. Change of the Articles of the Company
2.1. To change the article 9.1.11 of the Articles of the Company into the following wording:
“The information regulated by the Company is published and inserted into the Central Database of Regulated Information by the procedure set forth by the article 28 of the Securities Law of the Republic of Lithuania“
To approve the new wording of the Articles of the Company:

2.2. After termination of the term for buying out the CB and CB changed to the Company‘s shares being available to change the Articles of the Company and to approve their new wording having set the amount of increased authorized capital and number of shares.
3. Authorization.
To authorize (with the right to renew authorization) and to oblige the Director General of the Company:
3.1. To sign contract with the dealer of public turnover of securities UAB FMĮ “Orion securities“, code 1220 33915, concerning actions related to implementation of resolution of this Meeting to issue CB;
3.2. To sign contracts for bonds leaving to define other provisions of the contracts to his own discretion;
3.3. Having changed the wording of the point 9.1.11 of the Articles of the Company to sign the changed Articles of the Company and submit to the registrar of the register of legal persons;
3.4. To sign the changed Articles of the Company with increased authorized capital and number of shares and submit to the registrar of the register of legal persons;
3.5. To carry all other actions related to implementation of the resolutions of this Meeting.

15 February 2008. Project of shareholders extraordinary general meeting resolutions. There are suggested following projects for the meeting of shareholders on 7 March 2008 by decision of the Company's Management Board.
1. Issue of convertible shares and increase of authorized capital

1. A. To issue convertible shares (hereinafter CS) of the Company under the following conditions:
1.1. Amount of issued CSs is 200 000 (two hundred thousand) units;
1.2. Nominal value of one CS is 100,- Lt (one hundred Litas);

1.3. Overall value of issued CSs is 20 000 000Lt (twenty million Litas);
1.4. Term for distribution of CSs is 21 (twenty one) day after the day of approval of the prospectus at the Securities Commission of the Republic of Lithuania (this day is not included)).
1.5. The shareholders of the Company has the right to acquire CSs by the right of priority proportional to the nominal value of the shares they own at the day of this Meeting during the period of 14 (fourteen) days after the start of distribution of the CSs. After the end of this period the right to acquire CSs also have all other persons until the end of the term of distribution;
1.6. CSs give the following rights: after termination of the term for buying out of the shares to get agreed interest or change CSs to the Company's shares by the resolution of this Meeting and by the ratio set forth by the contract of subscription for the CSs;
1.7. The CSs are changed to the following shares:
1.7.1. Class - ordinary personal shares;
1.7.2. Number - 18 (eighteen) units;
1.7.3. Nominal value is - 1,- Lt (one Litas);
1.7.4. Rights are granted:
1.7.4.1. To participate in the management of the Company
1.7.4.2. To receive dividends;
1.7.4.3. To receive a part of the company' property after its liquidation;
1.7.4.4. To receive shares free of charge if the authorized capital of the Company is increased from the Company's means;
1.7.4.5. To acquire issued shares or bonds of the Company by the right of priority barring exceptions set forth by the articles of the Company and legal acts;
1.7.4.6. To lend to the Company according to the procedures set forth by the law;
1.7.4.7. To sell or pass round otherwise all or a part of own shares, to leave them by testament to other persons;
1.7.4.8. To participate and vote at the General Meeting of the Shareholders. The right to vote may be prohibited or limited in cases set forth by the legal acts of the Republic of Lithuania, also when the ownership right of the share is disputable;
1.7.4.9. To receive information about activities of the Company by the procedure set forth by the Articles of the Company or legal acts;
1.7.4.10. Other property and non-property rights set forth by the Articles of the Company or by the legal acts.
1.8. The ratio to change CSs to the shares is 1:18 (one CS is changed to 18 shares);
1.9. The date for buying out of the CSs is the 367th day after the termination of the term for distribution of the CSs. The CSs are changed to the shares at the day of the buying out of the CSs;
1.10. Maximum annual rate interest is 16 % (sixteen per cent);
1.11. The procedure for paying interest : the interest is paid once while buying out the CSs;
1.12. The CSs are bought out in Litas or Euros;
B. After termination of the term for buying out the CSs and CSs changed to the Company's shares being available the authorized capital of the Company is increased by the sum of nominal value of changed shares.

2. Change of the Articles of the Company
2.1. To change the article 9.1.11 of the Articles of the Company into the following wording:
"The information regulated by the Company is published and inserted into the Central Database of Regulated Information by the procedure set forth by the article 28 of the Securities Law of the Republic of Lithuania"
To approve the new wording of the Articles of the Company:

2.2. After termination of the term for buying out the CSs and CSs changed to the Company's shares being available to change the Articles of the Company and to approve their new wording having set the amount of increased authorized capital and number of shares.
3. Authorization.
To authorize (with the right to renew authorization) and to oblige the Director General of the Company:

3.1. To sign contract with the dealer of public turnover of securities UAB FMĮ "Orion securities", code 1220 33915, concerning actions related to implementation of resolution of this Meeting to issue CSs;
3.2. To sign contracts for bonds leaving to define other provisions of the contracts to his own discretion;
3.3. Having changed the wording of the point 9.1.11 of the Articles of the Company to sign the changed Articles of the Company and submit to the registrar of the register of legal persons;
3.4. to sign the changed Articles of the Company with increased authorized capital and number of shares and submit to the registrar of the register of legal persons;
3.5. To carry all other actions related to implementation of the resolutions of this Meeting.

4 February 2008. On convening the extraordinary general meeting of shareholders. On January 31, 2008 the Management board of „Snaige" AB decided to convene the Extraordinary General Meeting „Snaigė" AB (code 249664610, headquarters, Pramones str. 6, Alytus) shareholders on March 7, 2008 at 10:00 in the main meeting hall of the company (Pramonės str. 6, Alytus). Registration starts 9:30 pm, ends- 9:50 pm. On the agenda:
1. Issuing convertible debentures and increasing the authorized capital.
2. Amendments of the Articles of Association.
3. Deputation of authority.

Shareholders who at the end of the accounting day of the General Meeting of Shareholders, i.e. February 29 2008, will be on the shareholders list of the Company have a right to participate and vote at the General Meeting personally or by proxy, or represented by a person with whom an agreement on the transfer of voting rights is concluded.
The shareholders attending the meeting must provide personal identification document. The authorized representatives of the shareholders must additionally posses a proxy approved by the procedure prescribed by law.

30 January 2008. AB Snaige signed a liquidity provider agreement with Orion Securities. AB Snaige signed a liquidity provider agreement with Orion Securities.

28 December 2007. Appointment of a new Managing Director. The Board meeting resolved to recall Mindaugas Sestokas from office of the Managing Director since January 3, 2008 and to elect Gediminas Ceika Managing Director.

29 November 2007. Decisions of shareholders extraordinary general meeting. Extraordinary general meeting of shareholders on November 29, 2007, passed to conclude the contract with UAB "Ernst &Young Baltic" concerning the audit AB "Snaigė" financial statement and consolidated financial statement of the year 2007. The contract price LTL 228.000 (EUR 66 033).

29 November 2007. CORRECTION: Corrected interim information for the 1st half of the year of 2007. Snaige AB presents unaudited consolidated financial statements of the first half year 2007, which has been corrected according to the notes provided by Lithuanian Securities Commission.

29 November 2007. Financial accountability of nine months of 2007 and confirmation of responsible persons. Presenting the confirmation of responsible persons of „ Snaige" AB and interim consolidated and unaudited financials accountability of nine months of year 2007.

16 November 2007. Corrected interim information for the 1st half of the year of 2007. AB "Snaige" presenting corrected consolidated financial statements of the first half year 2007, interim report and responsible person's confirmation.

16 November 2007. 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 November 29, 2007, to conclude the contract with UAB "Ernst &Young Baltic" concerning the audit Snaige AB financial statement and consolidated financial statement of the year 2007. The contract price LTL 228.000 (EUR 66 033).

13 November 2007. Regarding investors. Updating information published on the 25th of May 2007 about interest of potential investors in the company, we would like to inform that no negotiations or meetings with potential investors take place at present.

31.10.2007

31 October 2007. Consolidated unaudited results for the 9 month period 2007.

Revenue and other operating income: LTL 305.8 million (EUR 88.57 million),
Operating profit : LTL 15 million (EUR - 4.3 million),
Profit before tax: LTL 0.11 million (EUR -0.03 million),
Net loss: LTL -0.19 million (EUR-0.05 million),
EBITDA: LTL 18.2 million (EUR 5.27 million).

During the 9-month period of 2007, AB Snaige got 22 percent sales revenue more than the same period of the last year. Operating profit was increased by 60 percent and reached LTL 15 million. Despite that, due to dollar exchange rate decrease and cost of raw material growth, Company earned only LTL 106 thousand of profit.
During 9-month period of 2007, due to dollar exchange rate decrease and cost of raw material growth, Company lost LTL 15 million.

24 October 2007. On convening the extraordinary general meeting of shareholders. On October 23, 2007 the Management board of Company decided to convene the Extraordinary General Meeting of shareholders „Snaigė" AB (code 249664610, headquarters, Pramones str. 6, Alytus) on November 29, 2007 at 3:00 pm in the hall of the company (Pramonės str. 6, Alytus). Registration starts 2:30 pm, ends- 2:50 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. November 22, 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 posses a proxy approved by the procedure prescribed by law.

2 October 2007. Revised interim information for the I quarter of the year 2007. Presenting revised unaudited consolidated financial statements for the I quarter of the year 2007 and confirmation of the responsible persons.

31 August 2007. Company publishes Consolidated Interim Report and financial statements for the first half 2007 AB "Snaige" publishes consolidated financial statements of the first half year 2007, interim report and responsible persons confirmation.

3 August 2007. Consolidated unaudited results for first half year 2007.

Consolidated unaudited results for first half year 2007:

Revenue and other operating income: LTL 180.4 million (EUR 52.25 million),
Loss before tax: LTL -0.88 mln. (EUR - 0.25 million),
Net loss: LTL -1.26 mln. (EUR -0.36 million),
EBITDA: LTL 11.0 million (EUR 3.2 million).

The decrease of the consolidated profit of AB "Snaigė" was mostly determined by the increase in prices of raw materials and energetic resources. The decrease of the exchange rate of USD had some impact as well. Considerable part - 25 % - of our production we export to Ukraine and payments are in USD. However, financial results of the II quarter and rising sales in the main markets let us think in optimistic way: sales in Ukraine increased by 33%, in other Eastern Europe countries - 34%. In Russia sales increased even four times. In the II quarter of 2007 company reached non-audited profit before taxes of LTL 1.7 million , thus increased by LTL 1.37 mill. in comparison with the same period last year then non-audited profit before taxes was LTL 320 000.

28 May 2007. Financial statements for the I quarter 2007. Presenting the intermediate consolidated unaudited financial statements for the I quarter of the year 2007.

25 May 2007. Due to interest of investors. Once potential investors express interest in the company, the audit of operational and financial activities is carried out and meetings between top management and investors are initiated.

25 May 2007. On prospectus for 2006. The company's prospectus for the year 2006 has been submitted to Securities Commission and Vilnius Stock Exchange.

27 April 2007. Consolidated unaudited results for first garter of the year 2007.

Revenue and other operating income: LTL 73.34 million (EUR 21.24 million),
Loss before tax: LTL -2.57 mln. (EUR -0.74 million),
Net loss: LTL -3.80 mln. (EUR -1.1 million),
EBITDA: LTL 3.33 million (EUR 0.97 million)

Unaudited turnover of the Company has increased by 20 million LTL 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.

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 Snaige 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 Snaige 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.

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

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 Snaige 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.

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

On March 20 2007 the Management board of Company decided to convene the Annual General Meeting of shareholders „Snaigė“ AB (code 249664610, headquarters, Pramones 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 posses a proxy approved by the procedure prescribed by law.

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).

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.

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).

The issuer's employees, administrative manager and the members of the management bodies who are responsible for the composition of the annual financial account of 2008 and the annual report of the year 2008, as well as the issuer's consultants hereby confirm that as far as it is known to them, annual consolidated financial reports, formed according to applied accounting standards, reflects reality and correctly shows issuers and whole consolidated companies' assets, liabilities, financial position, profit or loss, and that consolidated annual report correctly presents business development and activities overview, issuers and consolidated companies' state together with description of main risks and uncertainties faced.

The Managing Director of AB "Snaigė" **Gediminas Čeika**

The Finance Director of AB "Snaigė" **Neringa Menčiūnienė**

LIETUVOS RESPUBLIKA • ALYTUS • AKCINĖ BENDROVĖ „SNAIGĖ" SNAIGĖ

Date of preparation of the report: April 17, 2009
Place of preparation: UAB FMĮ "Orion Securities" (Tumėno str. 4, Vilnius).

AB SNAIGĖ

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008 PREPARED ACCORDING TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EUROPEAN UNION
PRESENTED TOGETHER WITH INDEPENDENT AUDITORS' REPORT

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PVM mokėtojo kodas LT108784411
Juridinių asmenų registras

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Code of legal entity 110878442
VAT payer code LT108784411
Register of Legal Entities

Independent auditor's report to the shareholders of AB Snaigė

Report on the Financial Statements

We were engaged to audit the accompanying 2008 consolidated financial statements of AB Snaigė and its subsidiaries (hereinafter the Group), which comprise the balance sheet as at 31 December 2008, the statements of income, changes in equity and cash flows for the year then ended, and notes (comprising a summary of significant accounting policies and other explanatory notes).

Management's Responsibility for the Financial Statements

The Company's 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. 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.

Basis for Disclaimer of Opinion

As further described in Note 31 of the accompanying financial statements, due to the worldwide economic crisis and its significantly unfavourable impact on the Group's operations, on 29 January 2009 the Group's Management made a decision to stop production activities of OOO "Techprominvest" for an undefined period of time and significantly reduce the volume of operations of the Company. As of the date of release of these financial statements it is unknown, when OOO "Techprominvest" will re-launch its activities. These circumstances give rise to significant uncertainty, due to which we were not able to obtain sufficient audit evidence in respect of the carrying amounts of goodwill, non-current tangible assets, inventories, accounts receivable and deferred income tax in the Group's balance sheet as of 31 December 2008 and the respective impact on the financial performance of the Group for the year then ended.

Disclaimer of Opinion

Because of the significance of the matters discussed in section "*Basis for Disclaimer of Opinion*" above, we do not express an opinion on the Group's financial statements for the year ended 31 December 2008.

Report on Other Legal and Regulatory Requirements

At the end of our audit the management was still drafting the Management Report, therefore in this report we could not present our assessment of the Management Report.

UAB ERNST & YOUNG BALTIC
Audit company's licence No. 001335

Jonas Akelis
Auditor's licence
No. 000003
President

The audit was completed on 2 April 2009.

Consolidated income statement

	Notes	2008	2007 (restated)
Sales	4	338,867,460	410,130,831
Cost of sales	5	(296,302,333)	(361,043,596)
Gross profit		**42,565,127**	**49,087,235**
Other income	6	2,088,150	2,672,199
Selling and distribution expenses	7	(28,324,564)	(26,942,139)
Administrative expenses	8	(25,600,434)	(26,735,585)
Other expenses	9	(1,667,754)	(2,112,583)
Operating (loss)		**(10,939,475)**	**(4,030,871)**
Finance income	10	21,218,714	11,970,517
Finance expenses	11	(35,964,101)	(19,878,683)
(Loss) before tax		**(25,684,862)**	**(11,939,037)**
Income tax	12	1,584,518	212,699
Net (loss)		**(24,100,344)**	**(11,726,340)**
Attributable to:			
The shareholders of the Company		(24,099,292)	(11,722,885)
Minority interest		(1,052)	(3,455)
Basic and diluted earnings (loss) per share	27	(0.87)	(0.49)

The accompanying notes are an integral part of these financial statements.

Managing Director	Gediminas Čeika		2 April 2009
Financial Director	Neringa Menčiūnienė		2 April 2009

Consolidated balance sheet

	Notes	As at 31 December 2008	As at 31 December 2007 (restated)
ASSETS			
Non-current assets			
Intangible assets	13	15,725,926	17,451,146
Property, plant and equipment	14	72,595,486	94,888,802
Deferred income tax asset	12	5,661,100	3,882,203
Total non-current assets		**93,982,512**	**116,221,151**
Current assets			
Inventories	15	56,605,977	63,184,898
Trade receivables	16	42,237,285	49,442,815
Prepaid income tax		1,614,526	4,088,043
Other current assets	17	2,161,483	5,553,840
Cash and cash equivalents	18	1,675,302	3,984,560
Total current assets		**104,294,573**	**126,254,156**
Total assets		**198,277,085**	**242,476,307**

(cont'd on the next page)

The accompanying notes are an integral part of these financial statements.

Consolidated balance sheet (cont'd)

	Notes	As at 31 December 2008	As at 31 December 2007 (restated)
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of the Company			
Share capital	19	27,827,365	23,827,365
Share premium		18,727,270	12,727,270
Legal reserve	20	2,828,472	2,398,571
Reserves	20	4,512,300	34,087,600
Foreign currency translation reserve	20	(5,241,966)	(903,947)
Retained earnings		20,840,602	15,794,495
		69,494,043	**87,931,354**
Minority interest		**2,861**	**3,913**
Total equity		**69,496,904**	**87,935,267**
Liabilities			
Non-current liabilities			
Grants and subsidies	21	2,000,711	3,014,916
Warranty provision	22	2,462,603	1,892,800
Deferred income tax liability	12	1,177,441	294,334
Non-current borrowings and financial lease obligations	23, 24	1,906,200	2,564,693
Total non-current liabilities		**7,546,955**	**7,766,743**
Current liabilities			
Current borrowings, current portion of non-current borrowings and financial lease obligations	23, 24	58,804,422	51,036,021
Trade payables		50,450,833	82,319,881
Advances received		1,252,572	442,023
Warranty provision	22	2,876,478	2,640,850
Other current liabilities	26	7,848,921	10,335,522
Total current liabilities		**121,233,226**	**146,774,297**
Total equity and liabilities		**198,277,085**	**242,476,307**

The accompanying notes are an integral part of these financial statements.

Managing Director	Gediminas Čeika		2 April 2009
Financial Director	Neringa Menčiūnienė		2 April 2009

Consolidated statement of changes in equity

	Notes	Attributable to the shareholders of the Company								
		Share capital	Share premium	Legal reserve	Reserves	Foreign currency translation reserve	Retained earnings	Total	Minority interests	Total equity
Balance as at 31 December 2006 (as previously reported)		**23,070,405**	**3,643,750**	**2,337,913**	**26,899,000**	**(986,705)**	**38,043,120**	**93,007,483**	**7,368**	**93,014,851**
Correction of errors	3	-	-	-	-	-	(3,276,482)	(3,276,482)	-	(3,276,482)
Balance as at 31 December 2006 (restated)		**23,070,405**	**3,643,750**	**2,337,913**	**26,899,000**	**(986,705)**	**34,766,638**	**89,731,001**	**7,368**	**89,738,369**
Net (loss) for the year		-	-	-	-	-	(11,722,885)	(11,722,885)	(3,455)	(11,726,340)
Income (expenses) for the year recognised directly in equity	20	-	-	-	-	82,758	-	82,758	-	82,758
Total recognised income and expenses in 2007		-	-	-	-	82,758	(11,722,885)	(11,640,127)	(3,455)	(11,643,582)
Transfer to reserves	20	-	-	60,658	7,188,600	-	(7,249,258)	-	-	-
Increase of share capital	1	756,960	9,083,520	-	-	-	-	9,840,480	-	9,840,480
Balance as at 31 December 2007 (restated)		**23,827,365**	**12,727,270**	**2,398,571**	**34,087,600**	**(903,947)**	**15,794,495**	**87,931,354**	**3,913**	**87,935,267**
Net (loss) for the year		-	-	-	-	-	(24,099,292)	(24,099,292)	(1,052)	(24,100,344)
Income (expenses) for the year recognised directly in equity	20	-	-	-	-	(4,338,019)	-	(4,338,019)	-	(4,338,019)
Total recognised income and expenses in 2007		-	-	-	-	(4,338,019)	(24,099,292)	(28,437,311)	(1,052)	(28,438,363)
Transfer to reserves	20	-	-	429,901	(29,575,300)	-	29,145,399	-	-	
Increase of share capital	1	4,000,000	6,000,000	-	[illegible]	-	-	10,000,000	-	10,000,000
Balance as at 31 December 2008		**27,827,365**	**18,727,270**	**2,828,472**	**4,512,300**	**(5,421,966)**	**20,840,602**	**69,494,043**	**2,861**	**69,496,904**

Managing Director	Gediminas Čeika		2 April 2009
Financial Director	Neringa Menčiūnienė		2 April 2009

Cash flow statement

	2008	2007 (restated)
Cash flows from (to) operating activities		
(Loss) before tax	(25,684,862)	(11,939,037)
Adjustments for non-cash items:		
Depreciation and amortisation	21,856,378	20,407,594
(Amortization) of grants and subsidies	(1,014,205)	(1,179,704)
Result from disposal of non-current assets	(27,913)	(259,449)
Write-off of non-current assets	172,265	312,495
Write-off (excess) of inventories	(176,646)	461,217
Change in allowance for trade receivables	(1,154,668)	(441,778)
(Gain) loss on change in fair value of derivative financial instruments	(738,510)	(591,126)
Change in warranty provision	805,431	200,731
Foreign currency exchange loss (gain), net	6,942,020	2,225,077
Interest income	(25,071)	-
Interest expenses	3,986,849	3,679,536
	4,941,068	12,875,556
Changes in working capital:		
Decrease (increase) in inventories	6,578,921	(7,774,832)
Decrease in trade and other receivables	13,357,587	15,509,151
(Decrease) increase in trade payables and other payables	(33,545,100)	15,501,851
Income tax (paid)	(1,614,526)	(1,328,243)
Interest (paid)	(3,986,849)	(3,679,536)
Net cash flows from operating activities	**(14,268,899)**	**31,103,947**
Cash flows from (to) investing activities		
(Acquisition) of non-current assets	(4,894,677)	(19,054,406)
Proceeds from disposal of non-current assets	105,863	6,439,322
Loans granted	(49,123)	-
Loans repossessed	26,381	-
Net cash flows (to) investing activities	**(4,811,556)**	**(12,615,084)**

(cont'd on the next page)

The accompanying notes are an integral part of these financial statements.

Cash flow statement (cont'd)

	2008	2007 (restated)
Cash flows from (to) financing activities		
Proceeds from the sale of own shares (emission)	10,000,000	-
Subsidies received	-	345,280
Proceeds from borrowings	20,159,063	11,394,945
(Repayment) of borrowings	(29,636,180)	(29,224,049)
Financial lease (payments)	(888,216)	(1,825,559)
Emission of convertible bonds	17,136,530	-
Net cash flows (to) financial activities	**16,771,197**	**(19,309,383)**
Net (decrease) in cash flows	**(2,309,258)**	**(820,520)**
Cash and cash equivalents at the beginning of the year	**3,984,560**	**4,805,080**
Cash and cash equivalents at the end of the year	**1,675,302**	**3,984,560**

Supplemental cash flow information:

Non-cash investing and financing activity:

Property, plant and equipment acquisitions financed by financial lease	-	4,601,892
Non-cash shares issue (set off against other current liabilities)	-	9,840,480

The accompanying notes are an integral part of these financial statements.

Managing Director	Gediminas Čeika		2 April 2009
Financial Director	Neringa Menčiūnienė		2 April 2009

Notes to the financial statements

1 General information

AB Snaigė (hereinafter the Company) is a public company registered in the Republic of Lithuania. The address of its registered office is as follows:

Pramonės Str. 6,
Alytus,
Lithuania.

The Company is engaged in producing refrigerators and refrigerating equipment. The Company was registered on 1 April 1963. The Company's shares are traded on the Baltic Main List of the NASDAQ OMX Vilnius stock exchange.

As at 31 December 2008 and 2007 the shareholders of the Company were:

	2008		2007	
	Number of shares held	Percentage	Number of shares held	Percentage
UAB Survesta	7,034,891	25,28%	4,935,810	20.71%
Other shareholders	20,792,474	74.72%	18,891,555	79.29%
Total	27,827,365	100%	23,827,365	100%

All the shares of the Company are ordinary shares with the par value of LTL 1 each and were fully paid as at 31 December 2008 and 2007.

In 2008 the share capital was increased by issuing 4,000,000 ordinary shares. The par value of shares is LTL 1 each, the price of shares is LTL 2.5. The increased share capital was registered on 11 September 2008.

Subsidiaries did not hold any shares of the Company as at 31 December 2008 and 2007. The Company did not hold its own shares.

The Group consists of AB Snaigė and the following subsidiaries (hereinafter the Group):

Company	Country of incorporation	Percentage of the shares held by the Group	Size of investment (cost)	Profit (loss) for the reporting year	Shareholders' equity
OOO Techprominvest	Russia (Kaliningrad)	100%	67.846.761	(7.803.477)	26.122.879
TOB Snaige Ukraina	Ukraine	99%	88.875	(25.546)	264.718
OOO Moroz Trade	Russia	100%	947	(948.755)	(5.683.945)
OOO Liga Servis	Russia	100%	1.028	34.008	244.922
UAB Almecha	Lithuania	100%	1.375.785	(1.057.801)	915.665

1 General information (cont'd)

As at 31 December 2008 the Board of the Company comprised one member from the management of the Company and three representatives of UAB Hermis Capital (same ultimate controlling shareholder) and UAB Survesta (subsidiary of UAB Hermis Capital). As at 31 December 2007 – two members from the management of the Company and three representatives of UAB Hermis Capital and UAB Survesta, respectively.

The subsidiary OOO Techprominvest (Kaliningrad, Russia) was acquired by AB Snaigė in 2002. Since the acquisition date, the Company held 85% of OOO Techprominvest share capital. In 2006 AB Snaigė acquired the remaining 15% of OOO Techprominvest share capital, the acquisition was settled by 756,960 ordinary shares of AB Snaigė, which were issued with this purpose in 2007. The subsidiary is involved in the production of refrigerators and freezers, the major part of which are sold in Russia.

On 12 August 2008 the share capital of OOO Techprominvest was increased by issuing ordinary shares amounting to LTL 55,198 thousand. AB Snaige acquired these shares by converting them into share capital and receivables of the subsidiary.

The part of share capital of OOO Techprominvest, controlled by the Group, is pledged to a bank as collateral for loans. Due to this pledge the Company is obligated to not dispose of a part of shares of the subsidiary OOO Techprominvest to third parties without a prior written permission of the bank and to not vote in the shareholders' meetings on disposal of non-current assets, rent and pledging to third parties.

TOB Snaige Ukraina (Kiev, Ukraine) was established in 2002. Since the acquisition in 2002, the Company holds 99% of this subsidiary's share capital. The subsidiary provides sales and marketing services to the Company in the Ukrainian market.

On 13 May 2004, OOO Moroz Trade (Moscow, Russia) was established. The Company acquired 100% of shares of OOO Moroz Trade in October 2004. The subsidiary provides sales and marketing services in the Russian market.

OOO Liga Servis (Moscow, Russia) was established on 7 February 2006. The subsidiary provides sales and marketing services in the Russian market.

UAB Almecha (Alytus, Lithuania) was established on 9 November 2006. The main activities of the company are production of refrigerating components and equipment.

As of 31 December 2008 the number of employees of the Group was 2,237 (as of 31 December 2007 – 2,479).

The Group's management authorised these financial statements on 2 April 2009. The shareholders of the Company have a statutory right to either approve these financial statements or not to approve them and request that the management prepares a new set of financial statements.

2 Accounting principles

The principal accounting policies adopted in preparing the Group's financial statements for 2007 are as follows:

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (hereinafter the EU).

<u>Adoption of new and/or changed IFRSs and IFRIC interpretations</u>

The Group has adopted the following new and amended IFRS and IFRIC interpretations during the year:

- Amendments to IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures* – Reclassification of Financial Assets;
- IFRIC 11 *IFRS 2 – Group and Treasury Share Transactions.*

2 Accounting principles (cont'd)

2.1. Basis of preparation (cont'd)

The principal effects of these changes are as follows:

Amendments to IAS 39 and IFRS 7 – Reclassification of Financial Assets. Through these amendments the IASB implemented additional options for reclassification of certain financial instruments categorised as held-for-trading or available-for-sale under specified circumstances. Related disclosures were added to IFRS 7. The Group did not have financial instruments caught by these amendments.

IFRIC 11 IFRS 2 – Group and Treasury Share Transactions. The interpretation provides guidance on classification of transactions as equity-settled or as cash-settled and also gives guidance on how to account for share-based payment arrangements that involve two or more entities within the same group in the individual financial statements of each group entity. The Group has not issued instruments caught by this interpretation.

Standards issued but not yet effective

The Group has not applied the following IFRSs and IFRIC Interpretations that have been issued but are not yet effective:

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements (effective for financial years beginning on or after 1 January 2009). The amendment to IFRS 1 allows an entity to determine the 'cost' of investments in subsidiaries, jointly controlled entities or associates in its opening IFRS financial statements in accordance with IAS 27 or using a deemed cost. The amendment to IAS 27 requires all dividends from a subsidiary, jointly controlled entity or associate to be recognised in the income statement in the separate financial statements. The new requirements affect only the parent's separate financial statements and do not have an impact on the consolidated financial statements.

Besides, a new version replacing the earlier one of IFRS 1 was issued in November 2008 (effective for financial years beginning on or after 1 July 2009 once adopted by the EU). It retains the substance of the previous version, but within a changed structure and replaces the previous version of IFRS 1.

Amendment to IFRS 2 Share-based Payment (effective for financial years beginning on or after 1 January 2009). The amendment clarifies the definition of a vesting condition and prescribes the treatment for an award that is effectively cancelled. The amendment will have no impact on the financial position or performance of the Group, as the Group does not have share-based payments.

Amendments to IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements (effective for financial years beginning on or after 1 July 2009 once adopted by the EU). Revised IFRS 3 (IFRS 3R) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. IAS 27R requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to IAS 7 *Statement of Cash Flows*, IAS 12 *Income Taxes*, IAS 21 *The Effects of Changes in Foreign Exchange Rates*, IAS 28 *Investment in Associates* and IAS 31 *Interests in Joint Ventures*. In accordance with the transitional requirements of these amendments, the Group will adopt them as a prospective change. Accordingly, assets and liabilities arising from business combinations prior to the date of application of the revised standards will not be restated.

Amendments to IFRS 7 Financial Instruments: Disclosures (effective for financial years beginning on or after 1 January 2009 once adopted by the EU). The amendments improve disclosure requirements about fair value measurement and enhance existing principles for disclosures about liquidity risk associated with financial instruments. The amendments will have no impact on the financial position or performance of the Group. The Group is still evaluating whether additional disclosures will be needed.

IFRS 8 Operating Segments (effective for financial years beginning on or after 1 January 2009). The standard sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. IFRS 8 replaces IAS 14 *Segment Reporting*. The Group expects that the operating segments determined in accordance with IFRS 8 will not materially differ from the business segments previously identified under IAS 14.

2 Accounting principles (cont'd)

2.1. Basis of preparation (cont'd)

Amendment to IAS 1 Presentation of Financial Statements (effective for financial years beginning on or after 1 January 2009). This amendment introduces a number of changes, including introduction of a new terminology, revised presentation of equity transactions and introduction of a new statement of comprehensive income as well as amended requirements related to the presentation of the financial statements when they are restated retrospectively. The Group is still evaluating whether it will present all items of recognised income and expense in one single statement or in two linked statements.

Amendment to IAS 23 Borrowing Costs (effective for annual periods beginning on or after 1 January 2009). The revised standard eliminates the option of expensing all borrowing costs and requires borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. In accordance with the transitional requirements of the Standard, the Group will adopt this as a prospective change. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date after 1 January 2009. No changes will be made for borrowing costs incurred to this date that have been expensed.

Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (effective for financial years beginning on or after 1 January 2009). The revisions provide a limited scope exception for puttable instruments to be classified as equity if they fulfil a number of specified features. The amendments to the standards will have no impact on the financial position or performance of the Group, as the Group has not issued such instruments.

Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective for financial years beginning on or after 1 July 2009). The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item. The amendment will have no impact on the financial position or performance of the Group, as the Group has not entered into any such hedges.

Improvements to IFRSs

In May 2008 IASB issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard; most of the changes are effective for financial years beginning on or after 1 January 2009. The Group anticipates that these amendments to standards will have no material effect on the financial statements.

- *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.* Clarification that all of a subsidiary's assets and liabilities are classified as held for sale, even when the entity will retain a non-controlling interest in the subsidiary after the sale.
- *IFRS 7 Financial Instruments: Disclosures.* Removal of the reference to 'total interest income' as a component of finance costs.
- *IAS 1 Presentation of Financial Statements.* Assets and liabilities classified as held for trading in accordance with IAS 39 are not automatically classified as current in the balance sheet.
- *IAS 8 Accounting Policies, Change in Accounting Estimates and Errors.* Clarification that only implementation guidance that is an integral part of an IFRS is mandatory when selecting accounting policies.
- *IAS 10 Events after the Reporting Period.* Clarification that dividends declared after the end of the reporting period are not obligations.
- *IAS 16 Property, Plant and Equipment.* Items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale. Also, replaced the term "net selling price" with "fair value less costs to sell".
- *IAS 18 Revenue.* Replacement of the term 'direct costs' with 'transaction costs' as defined in IAS 39.
- *IAS 19 Employee Benefits.* Revised the definition of 'past service costs', 'return on plan assets' and 'short term' and 'other long-term' employee benefits. Amendments to plans that result in a reduction in benefits related to future services are accounted for as curtailment.
- *IAS 20 Accounting for Government Grants and Disclosures of Government Assistance.* Loans granted in the future with no or low interest rates will not be exempt from the requirement to impute interest. The difference between the amount received and the discounted amount is accounted for as government grant. Also, revised various terms used to be consistent with other IFRS.

2 Accounting principles (cont'd)

2.1. Basis of preparation (cont'd)

- *IAS 23 Borrowing Costs.* The definition of borrowing costs is revised to consolidate the two types of items that are considered components of 'borrowing costs' into one – the interest expense calculated using the effective interest rate method calculated in accordance with IAS 39.
- *IAS 27 Consolidated and Separate Financial Statements.* When a parent entity accounts for a subsidiary at fair value in accordance with IAS 39 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.
- *IAS 28 Investment in Associates.* If an associate is accounted for at fair value in accordance with IAS 39, only the requirement of IAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans applies. In addition, an investment in an associate is a single asset for the purpose of conducting the impairment test. Therefore, any impairment is not separately allocated to the goodwill included in the investment balance.
- *IAS 29 Financial Reporting in Hyperinflationary Economies.* Revised the reference to the exception to measure assets and liabilities at historical cost, such that it notes property, plant and equipment as being an example, rather than implying that it is a definitive list. Also, revised various terms used to be consistent with other IFRS.
- *IAS 31 Interest in Joint ventures:* If a joint venture is accounted for at fair value, in accordance with IAS 39, only the requirements of IAS 31 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expense will apply.
- *IAS 34 Interim Financial Reporting.* Earnings per share is disclosed in interim financial reports if an entity is within the scope of IAS 33.
- *IAS 36 Impairment of Assets.* When discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'.
- IAS 38 *Intangible Assets.* Expenditure on advertising and promotional activities is recognised as an expense when the entity either has the right to access the goods or has received the service. The reference to there being rarely, if ever, persuasive evidence to support an amortisation method of intangible assets other than a straight-line method has been removed.
- *IAS 39 Financial Instruments: Recognition and Measurement.* Changes in circumstances relating to derivatives are not reclassifications and therefore may be either removed from, or included in, the 'fair value through profit or loss' classification after initial recognition. Removed the reference in IAS 39 to a 'segment' when determining whether an instrument qualifies as a hedge. Require the use of the revised effective interest rate when remeasuring a debt instrument on the cessation of fair value hedge accounting.
- *IAS 40 Investment Property.* Revision of the scope such that property under construction or development for future use as an investment property is classified as investment property. If fair value cannot be reliably determined, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete. Also, revised of the conditions for a voluntary change in accounting policy to be consistent with IAS 8 and clarified that the carrying amount of investment property held under lease is the valuation obtained increased by any recognised liability.
- *IAS 41 Agriculture.* Removed the reference to the use of a pre-tax discount rate to determine fair value. Removed the prohibition to take into account cash flows resulting from any additional transformations when estimating fair value. Also, replaced the term 'point-of-sale costs' with 'costs to sell'.

Amendments to IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement – Embedded derivatives (effective for financial years ending on or after 30 June 2009 once adopted by the EU). The amendments clarify the accounting treatment of embedded derivatives for entities that make use of the reclassification amendment to IAS 39 and IFRS 7 issued in October 2008. The Group did not have financial instruments caught by these amendments.

IFRIC 12 Service Concession Arrangements (effective for financial years beginning on or after 1 January 2010). This interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements. No member of the Group is an operator and, therefore, this interpretation has no impact on the Group.

IFRIC 13 Customer Loyalty Programmes (effective for financial years beginning on or after 1 July 2008). This interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credit and deferred over the period that the award credit is fulfilled. The Group does not maintain customer loyalty programmes, therefore, this interpretation will have no impact on the financial position or performance of the Group.

2 Accounting principles (cont'd)

2.1. Basis of preparation (cont'd)

IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for financial years beginning on or after 1 January 2009). This interpretation specifies the conditions for recognising a net asset for a defined benefit pension plan. The Group does not have defined benefit plans, therefore, the interpretation will have no impact on the financial position or performance of the Group.

IFRIC 15 Agreement for the Construction of Real Estate (effective for financial years beginning on or after 1 January 2009 once adopted by the EU). The interpretation clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the interpretation provides guidance on how to determine whether an agreement is within the scope of IAS 11 or IAS 18. The Group does not conduct such activity, therefore, this interpretation will not have an impact on the consolidated financial statements.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective for financial years beginning on or after 1 October 2008 once adopted by the EU). The interpretation provides guidance on the accounting for a hedge of a net investment in a foreign operation. IFRIC 16 will not have an impact on the consolidated financial statements because the Group does not have hedges of net investments.

IFRIC 17 Distributions of Non-cash Assets to Owners (effective for financial years beginning on or after 1 July 2009 once adopted by the EU). The interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders. IFRIC 17 will not have an impact on the consolidated financial statements because the Group does not distribute non-cash assets to owners.

IFRIC 18 Transfers of Assets from Customers (effective for transfers of assets received on or after 1 July 2009 once adopted by the EU). The Interpretation provides guidance on accounting for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). IFRIC 18 will not have an impact on the consolidated financial statements because the Group does not have such agreements

2.2 Going concern

The financial statements for the year ended 31 December 2008 are prepared under the assumption that the Group will continue as a going concern. The Group is planning to increase the profitability by concentrating trade export flows in the most profitable markets. The Group plans to continue costs optimisation policy, organisational and business structure of the Group will be further developed by adjusting to the economic slowdown and conditions of decreased consumption.

2.3 Presentation currency

The Group's financial statements are presented in local currency of the Republic of Lithuania, Litas (LTL), which is the Company's functional and the Group's and Company's presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the foreign currency exchange rate currency ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The functional currency of the foreign operations Techprominvest OOO, Moroz Trade OOO and Liga Servis OOO is Russian rouble (RUB) and of Snaige Ukraina TOB - Ukrainian hryvnia (UAH). As at the reporting date, the assets and liabilities of these subsidiaries are translated into the presentation currency of AB Snaige (LTL) at the rate of exchange on the balance sheet date and their income statements are translated at the average monthly exchange rates for the reporting period. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

Lithuanian litas is pegged to euro at the rate of 3.4528 litas for 1 euro, and the exchange rates in relation to other currencies are set daily by the Bank of Lithuania.

2 Accounting principles (cont'd)

2.3 Presentation currency (cont'd)

The applicable exchange rates of the functional currencies as of the 31 December were as follows:

	2008	2007
RUB	0.083337	0.096085
UAH	0.32161	0.46649

2.4 Principles of consolidation

The consolidated financial statements of the Group include AB Snaigė and its controlled entities. This control is normally evidenced when the Group owns, either directly or indirectly, more than 50 % of the voting rights of a company's share capital and/or is able to govern the financial and operating policies of an enterprise so as to benefit from its activities. The equity and net income attributable to minority shareholders' interests are shown separately in the consolidated balance sheet and consolidated income statement.

The purchase method of accounting is used for acquired businesses. The Company accounts for the acquired identifiable assets, liabilities and contingent liabilities of another company at their fair value at acquisition date. The difference of the fair value of the acquired net assets and acquisition costs is accounted for as goodwill.

Acquisitions of minority interests are accounted for using the parent entity extension method, whereby the difference between the consideration paid and the book value of the share of the net assets acquired is recognised as goodwill.

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

The excess of the acquired interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the investment remaining after the reassessment of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination is recognised in the income statement immediately.

Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Subsidiaries are consolidated from the date when the Group acquires the actual control rights and are stopped being consolidated from the date these rights are renounced.

All other investments are accounted for according to TAS 39 "Financial instruments: recognition and measurement", as discussed in section 2.7.

Intercompany balances and transactions, including unrealised profits and losses, are eliminated on consolidation.

Consolidated financial statements are prepared by applying the same accounting principles to similar transactions and other events under similar circumstances.

2 Accounting policies (cont'd)

2.5 Intangible assets, except for goodwill

Intangible assets are measured initially at cost. Intangible assets are recognised if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised on a straight-line basis over their estimated useful lives (3 years).

The useful lives, residual values and amortisation method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from items in intangible assets other than goodwill.

Research and development costs

Research costs are expensed as incurred. Development expenditure on an individual projects is recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortization periods from 1 to 8 years are applied by the Group. During the period of development, the asset is tested for impairment annually.

Licenses

Amounts paid for licences are capitalised and then amortised over their validity period.

Software

The costs of acquisition of new software are capitalised and treated as an intangible asset if these costs are not an integral part of the related hardware. Software is amortised over a period not exceeding 3 years.

Costs incurred in order to restore or maintain the future economic benefits that the Group expects from the originally assessed standard of performance of existing software systems are recognised as an expense when the restoration or maintenance work is carried out.

2.6 Property, plant and equipment

Property, plant and equipment are assets that are controlled by the Group, which is expected to generate economic benefits in the future periods with the useful life exceeding one year, and which acquisition (manufacturing) costs could be reliably measured. Property, plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of such property, plant and equipment when that cost is incurred if the asset recognition criteria are met. Replaced parts are written off.

The Group estimates the recoverable amount of an asset whenever there is an indication that the asset may be impaired. An impairment loss is recognised in the income statement, whenever estimated.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

2 Accounting principles (cont'd)

2.6. Property, plant and equipment (cont'd)

Depreciation is computed on a straight-line basis over the following estimated useful lives:

Buildings and structures	15 - 63 years
Machinery and equipment	5 - 15 years
Vehicles	4 - 6 years
Other non-current assets	3 - 8 years

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

Construction in progress is stated at cost less accumulated impairment. This includes the cost of construction, plant and equipment and other directly attributable costs. Construction in progress is not depreciated until the relevant assets are completed and put into operation.

2.7 Investments and other financial assets

According to IAS 39 "Financial Instruments: Recognition and Measurement" the Group's financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets, as appropriate. All purchases and sales of financial assets are recognised on the trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

The category financial assets at fair value through profit or loss' includes financial assets classified as held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investment held for trading are recognised in income statement.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group have the positive intention and ability to hold to maturity. Investments that are intended to be held-to-maturity are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in income statement when the investments are derecognised or impaired, as well as through the amortisation process.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition available-for-sale financial assets are measured at fair value with gains or losses (except impairment and gain or losses from foreign currencies exchange) being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

2 Accounting principles (cont'd)

2.8 Inventories

Inventories are valued at the lower of cost or net realisable value, after impairment evaluation for obsolete and slow moving items. Net realisable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost is determined by the first-in, first-out (FIFO) method. The cost of finished goods and work in progress includes the applicable allocation of fixed and variable overhead costs based on a normal operating capacity. Unrealisable inventory is fully written-off.

Inventories in transit are accounted for in accordance with INCOTERMS-2000.

2.9 Cash and cash equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits at current accounts, and other short-term highly liquid investments.

2.10 Borrowings

Borrowing costs are expensed as incurred.

Borrowings are initially recognised at fair value of proceeds received, net of expenses incurred. They are subsequently carried at amortised cost, the difference between net proceeds and redemption value being recognised in the net profit or loss over the period of the borrowings.

The borrowings are classified as non-current if the completion of a refinancing agreement before the balance sheet date provides evidence that the substance of the liability at the balance sheet date was non-current.

2.11 Derecognition of financial assets and liabilities

<u>Financial assets</u>

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retain the right to receive cash flows from the asset, but have assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Group have transferred their rights to receive cash flows from the asset and either (a) have transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

<u>Financial liabilities</u>

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2 Accounting principles (cont'd)

2.12 Factoring

Factoring transaction is a funding transaction wherein the group transfers to factor claim rights for determined fee. The companies alienate rights to receivables due at a future date according to invoices. Factoring transactions of the Group comprise factoring transactions with regress (recourse) right (the factor is entitled to returning the overdue claim back to the Group) and without regress (recourse) right (the factor is not entitled to returning the overdue claim back to the Group). Factored accounts receivable (with regress right) and related financing are recorded in accounts receivable caption and borrowings and financial lease obligations caption.

2.13 Financial lease and operating lease

Financial lease – the Group as lessee

The Group recognises financial leases as assets and liabilities in the balance sheet at amounts equal at the inception of the lease to the fair value of the leased property or, if lower, to the present value of the minimum lease payments. The rate of discount used when calculating the present value of minimum payments of financial lease is the interest rate of financial lease payment, when it is possible to determine it, in other cases, Group's composite interest rate on borrowings is applied. Directly attributable initial costs are included into the asset value. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Direct expenses incurred by the lessee during the lease period are included in the value of the leased asset.

The depreciation is accounted for financial lease assets and it also gives rise to financial expenses in the income statement for each accounting period. The depreciation policy for leased assets is consistent with that for depreciable assets that are owned. The leased assets cannot be depreciated over the period longer than the lease term, unless the Group according to the lease contract, gets transferred their ownership after the lease term is over.

If the result of sales and lease back transactions is financial lease, any profit from sales exceeding the book value is not recognised as income immediately. It is deferred and amortised over the lease term.

Operating lease – the Group as lessee

Leases where the lessor retains all the risk and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

The gains from discounts provided by the lessor are recognised as a decrease in lease expenses over the period of the lease using the straight-line method.

If the result of sales and lease back transactions is operating lease and it is obvious that the transaction has been carried out at fair value, any profit or loss is recognised immediately. If the sales price is lower than the fair value, any profit or loss is recognised immediately, except for the cases when the loss is compensated by lower than market prices for lease payments in the future. The profit is then deferred and it is amortised in proportion to the lease payments over a period, during which the assets are expected to be operated. If the sales price exceeds the fair value, a deferral is made for the amount by which the fair value is exceeded and it is amortised over a period, during which the assets are expected to be operated.

2.14 Grants and subsidies

Grants and subsidies (hereinafter Grants) received in the form of non-current assets or intended for the purchase, construction or other acquisition of non-current assets are considered as asset-related grants. Assets received free of charge are also allocated to this group of grants. The amount of the grants related to assets is recognised in the financial statements as used in parts according to the depreciation of the assets associated with this grant. In the income statement, a relevant expense account is reduced by the amount of grant amortisation.

Grants received as a compensation for the expenses or unearned income of the current or previous reporting period, also, all the grants, which are not grants related to assets, are considered as grants related to income. The income-related grants are recognised as used in parts to the extent of the expenses incurred during the reporting period or unearned income to be compensated by that grant.

2 Accounting principles (cont'd)

2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The provisions are reviewed at each balance sheet date and adjusted in order to present the most reasonable current estimate. If the effect of the time value of money is material, the amount of provision is equal to the present value of the expenses, which are expected to be incurred to settle the liability. Were discounting is used, the increase in the provision due to the passage of time is recognised as an interest costs.

2.16 Income tax

Income tax charge is based on profit for the year and considers deferred taxation. Income tax is calculated based on the respective country's tax legislation.

The standard income tax rate in Lithuania was 15% in 2008 (15% and 3% social tax in 2007). Starting from 1 January 2009 the income tax applied to the companies in the Republic of Lithuania is 20%.

Tax losses can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments. Such carrying forward is disrupted if the Company changes its activities due to which these losses incurred except when the Company does not continue its activities due to reasons which do not depend on Company itself. The losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and only be used to reduce the taxable income earned from the transactions of the same nature.

The standard income tax rate in Russian Federation till 1 January 2009 – 24%. After 1 January 2009 income tax rate in Russian Federation – 20%.

Tax losses in Russian Federation can be carried forward for 10 consecutive years.

Deferred taxes are calculated using the balance sheet liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse based on tax rates enacted or substantially enacted at the balance sheet date.

Deferred tax assets have been recognised in the balance sheet to the extent the Group's management believes it will be realised in the foreseeable future, based on taxable profit forecasts. If it is believed that part of the deferred tax asset is not going to be realised, this part of the deferred tax asset is not recognised in the financial statements.

2.17 Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably. Sales are recognised net of VAT and discounts.

Revenue from sales of goods is recognised when delivery has taken place and transfer of risks and rewards has been completed.

Revenue from services is recognized on accrual basis when services are rendered.

In these consolidated financial statements intercompany sales are eliminated.

2.18 Segment information

In these financial statements business segment is considered component of the Group participating in production of an individual product or provision of a service or a group of related products or services, the risk and returns whereof are different from other business segments.

Geographical segment is considered component of the Group participating in production of an individual product or provision of a service or a group of related products or services, in particular economic environment the risk and returns whereof are different from other economic environments.

Business activities of the Group are structured as a sole primary business segment – manufacture of refrigerators and freezers. Financial segment information is presented in these financial statements in Note 4.

2 Accounting principles (cont'd)

2.19 Impairment of assets

Financial assets

Financial assets as well as goodwill are reviewed for impairment at each balance sheet date.

For financial assets carried at amortised cost, whenever it is probable that the Group will not collect all amounts due according to the contractual terms of loans or receivables, impairment is recognised in the income statement. The reversal of impairment losses previously recognised is recorded when the decrease in impairment loss can be justified by an event occurring after the write-down. Such reversal is recorded in the income statement. However, the increased carrying amount is only recognised to the extent it does not exceed the amortised cost that would have been had the impairment not been recognised.

Other assets

Other assets are reviewed for impairment whenever events or changes in circumstances indicate that carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statement. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is accounted for in the same caption of the income statement as the impairment loss.

2.20 Use of estimates in the preparation of financial statements

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies. The significant areas of estimation used in the preparation of these financial statements relate to depreciation (Notes 2.6. and 14), amortisation (Notes 2.5. and 13), evaluation of impairment for provisions, accounts receivables, inventories and property, plant and equipment (Notes 2.6., 14, 15 and 16), evaluation of deferred income tax valuation allowance and deferred tax recognition (Note 12). Future events may occur which may cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

2.21 Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognised in the financial statements but disclosed when an inflow or economic benefits are probable.

2.22 Subsequent events

Post-balance sheet events that provide additional information about the Group's position at the balance sheet date (adjusting events) are reflected in the financial statements. Post-balance sheet events that are not adjusting events are disclosed in the notes when material.

2.23 Offsetting and comparative figures

When preparing the financial statements, assets and liabilities, as well as revenue and expenses are not set off, except the cases when a certain Standard specifically requires such set-off.

Where necessary, comparative figures have been adjusted to correspond to the presentation of the current year.

3 Correction of errors

Prior financial year errors in respect of insufficient application of component accounting for property, plant and equipment; correct classification of factoring and not accounted additional liabilities were corrected retrospectively as it is required by IAS 8. Due to practicability, all adjustments related to non-current assets were applied only for the assets owned as of 31 December 2008.

	As of 31 December 2007 (as previously reported)		Adjustments 1), 2), 3)	As of 31 December 2007 (restated)
Balance sheet				
Intangible assets	17,451,146		-	17,451,146
Property, plant and equipment	97,925,574	1)	(3,036,772)	94,888,802
Other non-current assets	3,882,203		-	3,882,203
Other current assets	126,254,156		-	126,254,156
Total assets	**245,513,079**		**(3,036,772)**	**242,476,307**
Equity before minority interest	91,518,241	1), 2), 3)	(3,586,887)	87,931,354
Minority interest	3,913		-	3,913
Non-current liabilities	26,043,941	2)	(18,277,198)	7,766,743
Current liabilities	127,946,984	2), 3)	18,827,313	146,774,297
Total equity and liabilities	**245,513,079**		**(3,036,772)**	**242,476,307**
Income statement				
Sales	410,130,831		-	410,130,831
Cost of sales	(361,043,596)		-	(361,043,596)
Operating (expenses)	(53,367,319)	1), 3)	(310,405)	(53,677,724)
Other operating income (expenses), net	559,616		-	559,616
Income (expenses) from activities, net	(7,908,166)		-	(7,908,166)
Income tax	212,699		-	212,699
Net profit	**(11,415,935)**		**(310,405)**	**(11,726,340)**

1) The result of write-offs of the net book values and recalculation of the depreciation for the changed parts of equipment and reconstructions of buildings performed till 1 January 2006. The decrease of non-current assets depreciation recalculation amounting to LTL 239,710 is accounted for in operating expenses of the year 2007, the shareholder's equity is also decreased by LTL 3,036,772 and LTL 3,276,482 as of 31 December 2007 and 2006, respectively.
2) The reclassification of factoring liabilities to the current liabilities.
3) The additional payroll related liability is accounted for in the year 2007 amounting to LTL 550,115 and the shareholder's equity as of 31 December 2007 is decreased, respectively.

The deferred income tax asset related to the above mentioned adjustments was not recognised, as the management of the Company does not expect to realise it.

4 Segment information

The Group's sole business segment (primary reporting format) is the production of refrigerators and specialised equipment. Segment information is presented in respect of the Group's geographical segments (secondary reporting format) (in LTL thousand):

Group	Total segment sales revenue		Inter-segment sales		Sales revenue		Total assets by its location		Acquisition of property, plant and equipment and intangible assets	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Russia	147,499	172,421	(31,559)	(36,344)	115,940	136,077	69,765	84,748	675	3,315
Ukraine	73,722	98,612	(920)	(1,541)	72,802	97,071	177	294	-	12
Western Europe	81,225	82,254	-	-	81,225	82,254	-	-	-	-
Eastern Europe	38,394	46,436	-	-	38,394	46,436	-	-	-	-
Lithuania	29,189	35,764	(12,920)	(16,903)	16,269	18,861	128,335	160,471	4,354	20,329
Other CIS countries	7,743	15,846	-	-	7,743	15,846	-	-	-	-
Other Baltic states	5,283	13,307	-	-	5,283	13,307	-	-	-	-
Other countries	1,211	279	-	-	1,211	279	-	-	-	-
Total	384,266	464,919	(45,399)	(54,788)	338,867	410,131	198,277	245,513	5,029	23,656

Transactions between the geographical segments are generally made on commercial terms and conditions. They are eliminated on consolidation.

5 Cost of sales

	2008	2007
Raw materials	228,834,292	278,833,969
Salaries and wages	28,267,243	32,168,984
Depreciation and amortisation	13,066,933	15,922,023
Other	26,133,865	34,118,620
	296,302,333	361,043,596

6 Other income

	2008	2007
Income from transportation	1,026,765	1,579,462
Gain on disposal of property, plant and equipment	27,913	259,449
Income from rent of premises	135,658	239,159
Income from rent of equipment	301,480	205,314
Other	596,334	388,815
	2,088,150	2,672,199

7 Selling and distribution expenses

	2008	2007
Transportation	12,654,341	10,711,892
Warranty service costs	4,960,742	3,897,548
Market research, sales promotion and commissions to third parties	2,982,891	3,520,616
Advertising	1,830,953	2,825,664
Salaries and social insurance	1,727,415	2,171,340
Rent of warehouses and storage cost	2,144,334	1,728,915
Insurance	531,135	587,789
Production dispatch cost	364,643	380,301
Certification cost	162,720	248,100
Business trips	108,160	138,011
Depreciation and amortization	87,801	125,969
Other	769,429	605,994
	28,324,564	26,942,139

8 Administrative expenses

	2008	2007 (restated)
Salaries and social insurance	13,216,996	13,023,173
Depreciation and amortization	2,479,516	2,430,371
Taxes, other than income tax	1,564,333	1,618,460
Communication expenses	475,210	650,236
Utilities	702,423	643,129
Business trips	444,856	640,501
Rent and maintenance of premises	500,343	627,251
Trainings	358,851	552,610
Low value inventory and stationery	193,850	480,244
Bank services	416,880	455,343
Security	528,696	438,045
Insurance	328,626	414,885
Car maintenance	414,518	386,571
Other consultation cost	160,377	326,003
Legal services	66,773	297,780
Utilisation of refrigerators	310,538	294,101
Bonuses, payments accrued for the reporting period	-	290,587
Maintenance of computers and software	308,718	194,129
Charity, Christmas presents, etc.	108,653	105,232
Personnel recruitment costs	51,420	76,699
Change of allowance for receivables	881,761	(441,778)
Audit expenses	314,812	310,601
Other	1,772,284	2,921,412
	25,600,434	26,735,585

Change of allowance for receivables in the years 2008 and 2007 are mainly related to overdue receivables from clients in Russia and Ukraine (Note 16).

9 Other expenses

	2008	2007
Transportation expenses	794,291	1,350,865
Expenses from rent of premises	94,360	201,254
Expenses from rent of equipment	246,561	163,963
Expenses of auxiliary departments	75,562	71,916
Other	456,980	324,585
	1,667,754	2,112,583

10 Financial income

	2008	2007
Foreign currency exchange gain	19,288,284	11,294,933
Gain on revaluation of foreign currency derivatives	1,557,874	591,126
Gain of foreign currency translation transactions	344,573	39,974
Other	27,983	44,484
	21,218,714	11,970,517

11 Financial expenses

	2008	2007
Foreign currency exchange loss	26,682,127	15,698,260
Interest expenses	6,915,754	3,679,536
Loss of foreign currency translation transactions	182,481	377,228
Realised loss on foreign currency derivatives	358,778	20,105
Loss on revaluation of foreign currency derivatives	1,743,248	-
Other	81,713	103,554
	35,964,101	19,878,683

12 Income tax (LTL thousand)

Income tax expenses, income, asset and liabilities consisted of the following:

	2008	2007
Components of the income tax expense (income)		
Current income tax for the reporting year	(104)	(302)
Correction of prior periods' income tax	793	-
Deferred income tax income	896	515
Income tax income recorded in income statement	1,585	213

12 Income tax (cont'd)

	2008	2007
Deferred income tax asset		
Tax losses carried forward	7,862	3,793
Allowance for receivables	426	2,820
Accruals	117	203
Warranty provision	1,134	867
Property, plant and equipment	106	-
Other	184	7
Deferred income tax asset before valuation allowance	9,829	7,690
Less: valuation allowance	(2,858)	(2,767)
Deferred income tax asset, net	6,971	4,923
Deferred income tax liability		
Capitalised development and repair costs	(1,177)	(858)
Difference of tax basis and carrying amount of inventories	(1,310)	(477)
Deferred income tax liability	(2,487)	(1,335)
Deferred income tax, net	4,484	3,588
Stated in balance sheet:		
Deferred income tax asset	5,661	3,882
Deferred income tax liability	(1,177)	(294)

Deferred income tax asset and liability were calculated at the rate of 20%. The changes of temporary differences in the Group were as follows:

	Balance as at 31 December 2007	Recognised in Income statement	Effect of changes in foreign currency rate	Balance as at 31 December 2008
Tax losses carried forward	3,793	4,260	(191)	7,862
Allowance for receivables	2,820	(2,390)	(4)	426
Accruals	203	(86)	-	117
Warranty provisions	867	270	(3)	1,134
Other	7	179	(2)	183
Property, plant and equipment	-	107	(1)	106
Difference of tax basis and carrying amount of inventories	(477)	(850)	17	(1,310)
Capitalised development and repair costs	(858)	(319)	-	(1,177)
Valuation allowance	(2,767)	(91)	-	(2,858)
Deferred income tax, net	3,588	1,080	(184)	4,484

12 Income tax (cont'd)

Deferred income tax assets are recognized in the amount, which is expected to be realised.

The reported amount of income tax attributable to the theoretical amount that would arise from applying income tax rate of the Group is as follows:

	2008	2007
Profit before tax	(26,685)	(11,629)
Income tax expenses computed using the statutory tax rate (15% and 18%)	(3,853)	(2,093)
Non-deductible expenses	752	1,246
Change of income tax valuation allowance	91	(482)
Effect of unrecognized tax losses	891	1,264
Difference in income taxes rates of subsidiaries	(892)	(145)
Effect of change of income tax rate	1,426	(3)
Income tax expenses (income) recorded in income statement	1,585	(213)

13 Intangible assets

	Goodwill	Development cost	Software, licenses	Total
Cost:				
Balance as at 31 December 2007	11,928,784	11,265,859	2,453,164	25,647,807
Additions	-	1,558,485	6,717	1,565,202
Disposals and write-offs	-	(197,654)	(240,000)	(437,654)
Effect of change in foreign currency exchange rate	(1,664,364)	(1,768)	(30)	(1,666,162)
Balance as at 31 December 2008	10,264,420	12,624,922	2,219,851	25,109,193
Accumulated amortisation:				
Balance as at 31 December 2007	-	6,152,241	2,044,420	8,196,661
Charge for the year	-	1,236,558	227,034	1,463,592
Disposals and write-offs	-	(37,058)	(239,928)	(276,987)
Balance as at 31 December 2008	-	7,351,741	2,031,526	9,383,267
Net book value as at 31 December 2008	**10,264,420**	**5,273,181**	**188,325**	**15,725,926**
Net book value as at 31 December 2007	**11,928,784**	**5,113,618**	**408,744**	**17,451,146**

13 Intangible assets (cont'd)

	Goodwill	Development cost	Software, licenses	Total
Cost:				
Balance as at 1 January 2007	12,312,707	9,874,025	2,287,811	24,474,543
Additions	-	1,933,013	177,000	2,110,013
Disposals and write-offs	-	(541,179)	(11,647)	(552,826)
Effect of change in foreign currency exchange rate	(383,923)	-	-	(383,923)
Balance as at 31 December 2007	11,928,784	11,265,859	2,453,164	25,647,807
Accumulated amortisation:				
Balance as at 1 January 2007	-	5,358,433	1,759,441	7,117,874
Charge for the year	-	1,152,591	295,591	1,448,182
Disposals and write-offs	-	(358,783)	(10,612)	(369,395)
Balance as at 31 December 2007	-	6,152,241	2,044,420	8,196,661
Net book value as at 31 December 2007	**11,928,784**	**5,113,618**	**408,744**	**17,451,146**
Net book value as at 1 January 2007	**12,312,707**	**4,515,592**	**528,370**	**17,356,669**

The amortisation charge in 2008 amounting to LTL 1.6 thousand was included into the refrigerator manufacturing costs. The remaining part amounting to LTL 1,462 thousand (LTL 1,426 thousand in 2007) was included into operating expenses in the income statement.

14 Property, plant and equipment

	Land, buildings and structures	Machinery and equipment	Vehicles	Total
Cost:				
Balance as at 31 December 2007 (restated)	41,581,186	131,871,051	17,446,143	190,898,380
Additions	150,538	2,573,346	740,399	3,464,283
Disposals and write-offs	-	(1,582,690)	(1,231,441)	(2,814,131)
Reclassifications	-	(1,002,441)	1,002,441	-
Effect of change in foreign currency exchange rate	(3,572,047)	(3,956,217)	(194,564)	(7,722,828)
Balance as at 31 December 2008	38,159,677	127,903,049	17,762,978	183,825,704
Accumulated depreciation:				
Balance as at 31 December 2007 (restated)	5,825,918	77,285,816	12,897,884	96,009,578
Charge for the year	1,572,408	16,843,625	1,976,753	20,392,786
Disposals and write-offs	-	(1,530,421)	(1,017,255)	(2,547,676)
Reclassifications	-	(252,815)	252,815	-
Effect of change in foreign currency exchange rate	(532,208)	(1,936,851)	(155,411)	(2,624,470)
Balance as at 31 December 2008	6,866,118	90,409,354	13,954,746	111,230,218
Net book value as at 31 December 2008	**31,293,559**	**37,493,695**	**3,808,232**	**72,595,486**
Net book value as at 31 December 2007 (restated)	**35,755,268**	**54,585,235**	**4,584,299**	**94,888,802**

14 Property, plant and equipment (cont'd)

	Land, buildings and structures	Machinery and equipment	Vehicles	Construction in progress	Total
Cost:					
Balance as at 1 January 2007 (restated)	41,699,001	116,943,400	19,430,677	6,416,586	184,489,664
Additions	-	15,172,327	6,373,958	-	21,546,285
Disposals and write-offs	-	(6,170,659)	(6,836,273)	-	(13,006,932)
Reclassifications	881,501	6,982,921	(1,468,151)	(6,396,271)	-
Effect of change in foreign currency exchange rate	(999,316)	(1,056,938)	(54,068)	(20,315)	(2,130,637)
Balance as at 31 December 2007 (restated)	41,581,186	131,871,051	17,446,143	-	190,898,380
Accumulated depreciation:					
Balance as at 1 January 2007(restated)	4,330,636	68,101,692	11,802,336	-	84,234,664
Charge for the year (restated)	1,599,525	15,163,224	2,196,663	-	18,959,412
Disposals and write-offs	-	(5,302,447)	(1,395,548)	-	(6,697,995)
Reclassifications	-	(322,864)	322,864	-	-
Effect of change in foreign currency exchange rate	(104,243)	(353,789)	(28,471)	-	(486,503)
Balance as at 31 December 2007 (restated)	5,825,918	77,285,816	12,897,844	-	96,009,578
Net book value as at 31 December 2007 (restated)	**35,755,268**	**54,585,235**	**4,548,299**	**-**	**94,888,802**
Net book value as at 31 December 2006 (restated)	**37,368,365**	**48,841,708**	**7,628,341**	**6,416,586**	**100,255,000**

The depreciation charge of the Group's property, plant and equipment for 2008 amounts to LTL 20,393 thousand (LTL 18,959 thousand for 2007). The amount of LTL 19,375 thousand for 2008 (LTL 17,955 thousand for 2007) was included into production costs. The remaining amount of LTL 1,018 thousand (LTL 1,004 thousand for 2007) was included into operating expenses in the Group's income statement.

At 31 December 2008, buildings of the Group with the carrying amount of LTL 24,421 thousand (2007 – LTL 32,460 thousand), machinery and equipment with the net book value of LTL 12,717 thousand (2007 – LTL 19,639 thousand) were pledged to banks as a collateral for the loans (Note 23).

15 Inventories

	2008	2007
Raw materials and spare parts and production in progress	28,084,224	43,163,462
Finished goods	28,303,677	19,735,912
Other	218,076	285,524
	56,605,977	63,184,898

Raw materials and spare parts consist of compressors, components, plastics, wires, metals and other materials used in the production.

As described in Note 23, in order to secure bank loans, the Group pledged inventories with the gross value of LTL 26,300 thousand as at 31 December 2008 (as at 31 December 2007 – LTL 19,300 thousand).

16 Trade receivables

	2008	2007
Trade receivables, gross	52,609,972	60,970,170
Less: allowance for doubtful trade receivables	(10,372,687)	(11,527,355)
	42,237,285	49,442,815

Trade receivables are non-interest bearing and are generally on 30–90 day terms.

As at 31 December 2008, trade receivables with the carrying value of LTL 10,373 thousand (as of 31 December 2007 – LTL 11,527 thousand) were impaired and fully provided for.

Movements in the individually assessed impairment of trade receivables were as follows:

	2008	2007
Balance at the beginning of the period	(11,527,355)	(11,969,133)
Charge for the year	(445,221)	(470,287)
Write-offs	-	35,208
Effect of the change in foreign currency exchange rate	1,556,831	411,918
Recovered amounts	43,058	464,939
Balance in the end of the period	(10,372,687)	(11,527,355)

Receivables are written off when it becomes evident that they will not be recovered.

The ageing analysis of trade receivables as at 31 December 2008 and 2007 is as follows:

		Trade receivables past due but not impaired					
	Trade receivables neither past due nor impaired	**Less than 30 days**	**30 – 60 days**	**60 – 90 days**	**90 – 120 days**	**More than 120 days**	**Total**
2008	22,078,988	7,795,645	7,608,610	2,578,491	1,660,176	515,375	42,237,285
2007	42,241,977	5,771,742	235,805	726,957	189,244	277,090	49,442,815

According to the factoring with recourse agreement, the Group's amounts receivable were pledged to the factors. As of 31 December 2008 and 2007 the carrying amount of receivables pledged to the factors amounted to LTL 12,058 thousand and LTL 18,842 thousand, respectively.

17 Other current assets

	2008	2007
VAT receivable	757,043	2,485,763
Prepayments and deferred charges	716,655	1,205,433
The foreign currency forwards at fair value (Note 28)	233,992	587,526
Compensations receivable from suppliers	150,293	216,728
Receivable for property, plant and equipment sold	16,081	-
Other receivables	287,419	1,058,390
	2,161,483	5,553,840

Compensations are receivables from suppliers for low-quality goods. For other receivables with the carrying value of LTL 1,313 as of 31 December 2008 100% allowance was accounted for.

18 Cash and cash equivalents

	2008	2007
Cash at bank	1,674,842	3,977,330
Cash on hand	460	7,230
	1,675,302	3,984,560

The accounts of the Group in foreign currency and Litas up to LTL 12,375 thousand (up to LTL 10,000 in 2007) are pledged as a collateral for bank loans (Note 23).

19 Share capital

According to the Law on Companies of the Republic of Lithuania, the Company's total equity cannot be less than 1/2 of its share capital specified in the Company's by-laws. As at 31 December 2008 and 2007 the Company was in compliance with this requirement.

20 Reserves

Legal reserve

A legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfers of not less than 5% of net profit, calculated in accordance with Lithuanian Business Accounting Standards, are compulsory until the reserve reaches 10% of the share capital. According to the Lithuanian legislation the Company transferred LTL 400 thousand to the legal reserve and as at 31 December 2008 and 2007 the legal reserve was fully formed. The shareholders of the Company will approve the transfer in the following General Shareholders' Meeting.

Non-restricted reserves

Other reserves are formed based on the decision of the General Shareholders' Meeting for special purposes. All non-restricted reserves before distributing the profit are transferred to retained earnings and redistributed annually under a decision of the shareholders.

As at 31 December 2008 other distributable reserves amounted to LTL 4,512 thousand (in 2007 – LTL 34,088 thousand) and comprised a reserve for investments (in 2007 - LTL 23,648 thousand designated for investments, LTL 90 thousand charity and support, LTL 350 thousand for social and cultural needs and LTL 10,000 thousand other distributable reserves).

Foreign currency translation reserve

The foreign currency translation reserve is used for translation differences arising upon consolidation of the financial statements of foreign subsidiaries.

Exchange differences are classified as equity in the consolidated financial statements until the disposal of the investment. Upon disposal of the corresponding investment, the cumulative revaluation of translation reserves is recognised as income or expenses in the same period when the gain or loss on disposal is recognised.

21 Grants and subsidies

Balance as at 31 December 2006	10,358,600
Received during the year	345,280
Balance as at 31 December 2007	10,703,880
Received during the year	-
Balance as at 31 December 2008	10,703,880
Accumulated amortisation as at 31 December 2006	6,509,260
Amortisation during the year	1,179,704
Accumulated amortisation as at 31 December 2007	7,688,964
Amortisation during the year	1,014,205
Accumulated amortisation as at 31 December 2008	8,703,169
Net book value as at 31 December 2008	**2,000,711**
Net book value as at 31 December 2007	**3,014,916**

The subsidies were received for the renewal of production machinery and improvements of buildings in connection with the elimination of CFC 11 element from the production of polyurethane insulation and filling foam, a subsidy for elimination of green house gases in the manufacturing of domestic refrigerators and freezers and a grant for export development programme. Subsidies are amortised over the same period as the machinery and improvements or recognized as income when compensatory costs are incurred. The amortisation of subsidy is included in production cost against depreciation of machinery and improvements.

22 Warranty provision

The Group provides a warranty of up to 10 years for the production sold. The provision for warranty repairs was formed based on the expected cost of repairs and statistical warranty repair rates and divided respectively into long-term and short-term provisions.

Change in warranty provisions during 2008 can be specified as follows:

	2008
As at 1 January	4,533,650
Charge for the year	6,097,826
Utilized	(5,159,236)
Foreign currency exchange effect	(133,159)
As at 31 December	5,339,081

Warranty provisions are accounted for as at 31 December as:

	2008
- non-current	2,462,603
- current	2,876,478

	2007
- non-current	1,892,800
- current	2,640,850

23 Borrowings

	31 December 2008	31 December 2007
Non-current borrowings		
Bank borrowings secured by the Group's assets	200,000	-
	200,000	-
Current borrowings		
Factoring liabilities	10,851,922	18,277,198
Current borrowings with variable interest rate	16,162,652	31,900,584
Convertible bonds	17,475,240	-
Current borrowings with fixed interest rate	6,713,379	-
Overdraft	6,772,713	-
	57,975,906	50,177,782
	58,175,906	50,177,782

Non-current borrowings bear 6-month VILIBOR + 1.9% annual interest rate. The maturity term of the loan is 18 August 2010.

Factoring with recourse is denominated in LTL, EUR or USD for the defined customers and can not exceed LTL 19,900 thousand. The maturity of the factoring agreement is 27 February 2010 with the respective currency (LTL, EUR or USD) 6-month LIBOR + 1.5% annual interest rate. Borrowings with variable interest rate bears 6-month EUR LIBOR + 1.3% - 2.9% annual interest rate. Borrowings with fixed interest rate bears 14 - 16% annual interest rate.

On 5 April 2008 the Company issued 200,000 convertible bonds with the par value of LTL 100 each. The yield of the convertible bonds is 14% from the convertible bonds emission price. As of 31 December 2008 accrued interest of convertible bonds amounts to LTL 1,805 thousand and are accounted for in other current payables caption. The interest is paid on the maturity of convertible bonds – on 6 April 2009. One convertible bond on its maturity date could be exchanged to 18 ordinary shares.

The credit limit is denominated in RUB and granted till 24 April 2009 and could not exceed RUB 94 million (equivalent to LTL 7,834 as of 31 December 2008). As of 31 December 2008 the Group utilised RUB 81,269 thousand (equivalent to LTL 6,773 thousand). The utilised credit limit bears 14% annual interest rate.

At 31 December 2008, buildings with the carrying amount of LTL 24,421 thousand (2007 – LTL 32,460 thousand), machinery and equipment with the net book value of LTL 12,717 thousand (2007 – LTL 19,639 thousand), inventories with the net book value of LTL 26,300 thousand (2007 – LTL 19,300 thousand), cash inflows into the bank accounts up to LTL 12,375 thousand (2007 – LTL 10,000 thousand) and the major part of OOO Techprominvest shares are pledged as a collateral for loans from banks.

As of 31 December 2008 and 2007 the Group was in default of certain loan covenants for loans amounting to LTL 16,163 thousand as at 31 December 2008 (as at 31 December 2007 – LTL 23,623 thousand). During 2008 these loans were repaid on time; the banks did not take any action regarding non-compliance with the loan covenants. Liabilities related to these agreements as at 31 December 2008 and 2007 are accounted for under the current liabilities caption. As of the date of release of these financial statements, the banks had not initiated any action due to non-compliance with the loan covenants.

Borrowings at the end of the year in national and foreign currencies:

	2008	2007
Borrowings denominated in:		
EUR	20,339,015	19,197,912
USD	4,135,108	7,914,180
LTL	26,929,070	23,065,690
RUB	6,772,713	-
	58,175,906	50,177,782

As at 31 December 2008 the Group had unused funds in credit lines and overdrafts amounting to LTL 1,061 thousand (LTL 466 thousand as at 31 December 2007).

24 Financial lease obligations

Principal amounts of financial lease payables at the 31 December 2008 and 2007 are denominated in Euros.

The interest rate on the financial lease obligations in Euros varies depending on the 6-month EURIBOR + 1.1%, 6-month LIBOR EUR + 1% and 1.2%.

Future minimal lease payments under the above-mentioned financial lease contracts as at 31 December 2008 are as follows:

	2008	2007
Within one year	925,627	994,064
From one to five years	1,791,054	2,747,158
Total financial lease obligations	2,716,681	3,741,222
Interest	(181,965)	(318,290)
Present value of financial lease obligations	2,534,716	3,422,932
Financial lease obligations are accounted for as:		
- current	828,516	858,239
- non-current	1,706,200	2,564,693

The assets leased by the Group under financial lease contracts consist of machinery, equipment and vehicles. Apart from the lease payments, the most significant liabilities under lease contracts are property maintenance and insurance. The terms of financial lease are from 3 to 5 years. The distribution of the net book value of the assets acquired under financial lease is as follows:

	As at 31 December 2008	As at 31 December 2007
Machinery and equipment	2,461,796	4,446,602
Vehicles	72,920	333,851
	2,534,716	4,780,453

25 Operating lease

The Group has concluded several contracts of operating lease of land, premises and equipment. The terms of lease do not include restrictions of the activities of the Group in connection with the dividends, additional borrowings or additional lease agreements. In 2008 the lease expenses of the Group amounted to LTL 605 thousand (LTL 329 thousand in 2007).

Minimal future lease payments according to the signed lease contracts are as follows:

	2008	2007
Within one year	604,855	115,938
From one to five years	559,057	473,684
After five years	18,006,858	3,843,400
	19,170,770	4,433,022
Denominated in:		
- LTL	15,791,287	114,084
- RUB	3,379,483	4,318,938

The most significant operating lease agreement of the Group is the long-term agreement of OOO Techprominvest signed with the Municipality of Kaliningrad for rent of the land. The payments of the lease are reviewed annually.

26 Other current liabilities

	2008	2007
Salaries and related taxes payable	1,758,925	4,664,559
Vacation reserve	1,089,906	2,611,863
Other taxes payable	2,677,754	2,598,300
Accrued bonuses	-	300,000
Other payables and accrued expenses	2,322,336	160,800
	7,848,921	10,335,522

Terms and conditions of the trade payables and other payables liabilities:

- Trade payables are non-interest bearing and are normally settled over a term of 60 days.
- Other payables are non-interest bearing and have the settlement term up to six months.
- Interest payable is normally settled monthly throughout the financial year.

27 Basic and diluted earnings (loss) per share

	2008		2007	
	Number of shares	In turnover / 366 (days)	Number of shares	In turnover / 365 (days)
Shares issued on 1 January	23,827,365	254	23,070,405	17
Increase of share capital (11 September 2008)	4,000,000	-	756,960	-
Shares issued on 31 December	27,827,365	112	23,827,365	348
Weighted average of shares in issue	25,120,043	366	23,792,109	365
Net result for the year, attributable to the shareholders of the parent company, LTL	(24,099,292)		(11,722,883)	
Basic and diluted earnings (loss) per share, LTL	(0.96)		(0.49)	

28 Financial instruments

Fair value of financial instruments

The carrying amounts and fair values of the Group's financial assets and financial liabilities as of 31 December were as follows:

	2008		2007	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	1,675,302	1,675,302	3,984,560	3,984,560
Receivables	42,403,659	42,403,659	54,805,976	54,805,976
Derivative financial instruments	233,992	233,992	587,526	587,526
Financial liabilities				
Fixed rate borrowings	30,961,332	30,961,332	18,277,198	18,258,844
Floating rate borrowings	27,214,574	27,214,574	31,900,585	31,900,585
Obligations under financial lease	2,534,716	2,534,716	3,422,932	3,422,932
Other financial liabilities	52,773,169	52,773,169	87,564,447	87,564,447

28 Financial instruments (cont'd)

Fair value of financial instruments (cont'd)

As of 31 December 2007 fixed rate borrowings comprise current liabilities related to agreements of recourse factoring. The fair value of borrowings was calculated by discounting the expected future cash flows at the prevailing interest rates. As of 31 December 2008 the market value of the current borrowings bearing fixed interest rates approximates to the fair value as fixed interest rates (14 – 16%) are close to market interest rates.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

a) The carrying amount of current trade and other accounts receivable, current accounts payable and short-term borrowings approximates fair value.
b) The fair value of non-current borrowings is based on the quoted market price for the same or similar issues or on the current rates available for borrowings with the same maturity profile. The fair value of non-current borrowings with variable and fixed interest rates approximates their carrying amounts.

The derivative financial instruments are carried at fair value, thus their fair value equals the carrying amount. The Group had no investments into unlisted entities as at 31 December 2008 and 2007.

The following table shows the net gains or losses of financial instruments included in the income statement:

	2008	2007
Financial assets available for sale	738,510	571,021
Loans and receivables	1,154,668	441,780

Net gains and losses of financial instruments include revaluation effect of foreign currency derivative financial instruments and impairment losses of receivables.

29 Capital and risk management

Credit risk

The Group has no significant concentration of trading counterparties. The two main customers of the Group – OOO Electrolux Home Products Corp.N.V. and Rikol TOV. – as at 31 December 2008 account for approximately 10.65% (13.56% as at 31 December 2007) of the total Group's trade receivables. The maximum exposure of the credit as at 31 December 2008 and 2007 comprise balance values of receivables including the derivative financial instruments' value.

The credit policy implemented by the Group and credit risk are constantly controlled. Credit risk assessment is applied to all clients willing to get a payment deferral.

In accordance with the policy of receivables recognition as doubtful, the payments variation from agreement terms are monitored and prevention actions are taken in order to prevent overdue receivables in accordance with the standard of the Group "Trade Credits Risk Management Procedure".

According to the policy of the Group, receivables are considered to be doubtful if they meet the following criteria:

- the client is late with settlement for 60 and more days and the receivable is not insured;
- factorised clients late with settlement for 30 and more days;
- client is unable to fulfil the obligations assumed;
- reluctant to communicate with the seller;
- the turnover of management is observed;
- reorganisation process is observed;
- information about tax penalties, judicial operation and restrictions of the use of assets is observed;
- bankruptcy case;
- inconsistency and variation in payments;
- other criteria.

A significant part of trade receivables is insured. The Group does not guarantee for other parties' liabilities.

29 Capital and risk management (cont'd)

Interest rate risk

The major part of the Group's borrowings is with variable rates, related to LIBOR and EURIBOR, which creates an interest rate risk. As at 31 December 2008 and 2007 the Group did not use any financial instruments to manage interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings). There is no impact on the Group's equity, other than current year profit impact.

	Increase/ decrease of basic points	Effect on the profit before tax
2008		
EUR	+ 10	(228,737)
LTL	+ 10	(27,405)
USD	+ 10	(41,351)
EUR	- 20	457,475
LTL	- 20	54,809
USD	- 20	82,702
2007		
EUR	+ 10	(153,235)
LTL	+ 10	(200,000)
EUR	- 20	306,470
LTL	- 20	400,000

Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents by using cash flows statements with liquidity forecasting for future periods. The statement comprises predictable cash flows of monetary operations and effective planning of cash investment if it is necessary.

The purpose of the Group's liquidity risk management policy is to maintain the ratio between continuous financing and flexibility in using overdrafts, bank loans, obligations, financial and operating lease agreements.

29 Capital and risk management (cont'd)

Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's financial liabilities as at 31 December 2008 and 2007 based on contractual undiscounted payments:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Interest bearing loans, financial lease and borrowings	16,809,366	17,131,232	24,863,824	1,906,200	-	60,710,622
Interest payable	-	249,517	136,991	94,910	-	481,418
Trade and other payables	30,530,228	22,242,943	-	-	-	52,773,171
Other financial liabilities	-	719,120	2,157,359	2,462,603	-	5,339,082
Balance as at 31 December 2008	**47,339,594**	**40,342,812**	**27,158,174**	**4,463,713**	-	**119,304,293**
Interest bearing loans, financial lease and borrowings	3,623,014	46,789,612	623,395	2,564,693	-	53,600,714
Interest payable	-	401,145	80,943	-	-	482,088
Trade and other payables	25,685,348	56,795,333	-	-	-	82,480,681
Other financial liabilities	-	660,213	1,980,638	1,892,800	-	4,533,651
Balance as at 31 December 2007	**29,308,362**	**86,369,105**	**2,684,976**	**22,734,691**	-	**141,097,134**

The Group seeks to maintain sufficient financing to meet the financial liabilities on time. In 2008 the Group secured the additional monetary funds to finance the operations of the Group (Note 31).

Foreign exchange risk

Major currency risks of the Group occur due to the fact that the Group's significant part of the revenue is in Russian roubles and US dollars and borrowings and purchases are denominated in other foreign currencies.

To reduce the effect of foreign currency exchange fluctuation, the Group uses derivative financial instruments which help to manage foreign currency exchange risk. In 2008 the Company arranged the foreign currency forwards and foreign currency exchange options contracts with a bank for USD 13,740 thousand translation at a fixed rate, amount of USD 8,823 thousand were executed in 2008, not executed contracts were transferred to the year 2009. As at 31 December 2008 derivative financial instruments were revalued at the fair value. Derivative financial instruments are designated to hedge cash inflows from sales in USD.

The table below summarises the maturity profile of the Group's derivative financial instruments as at 31 December 2008 based on contractual undiscounted payments:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Contractual amounts payable	-	(7,710,436)	(4,307,175)	-	-	(12,017,611)
Contractual amounts receivable	-	8,125,097	4,357,486	-	-	12,482,583
Total undiscounted financial asset (liabilities)	-	414,661	50,311	-	-	464,972

As of 31 December 2008 the Group had unexecuted derivative financial instruments in amount of USD 4,917 thousand.

29 Capital and risk management (cont'd)

Foreign exchange risk (cont'd)

Monetary assets and liabilities of the Group stated in various currencies as at 31 December 2008 and 2007 were as follows (LTL):

	2008		2007	
	Assets	**Liabilities**	**Assets**	**Liabilities**
LTL	6,414,163	54,698,235	9,949,209	55,292,716
EUR	17,414,448	51,866,954	21,336,892	75,710,558
USD	8,387,742	4,706,664	12,782,919	8,582,314
RUB	14,457,999	13,041,532	16,549,408	10,484,268
Other	62,598	36,072	45,871	108,913
Total	46,736,950	124,349,457	60,664,299	150,178,769

The following table demonstrates sensitivity to a reasonably possible change in the foreign exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of financial assets and liabilities).

	Increase (decrease)	Effect on the profit before tax, LTL thousand
LTL/USD exchange rate increase (decrease)		
2008	+ 5%	184
	- 5%	(184)
2007	+ 5%	(1,220)
	- 5%	1,151
2008	+ 10%	368
	- 10%	(368)
2007	+ 10%	(2,456)
	- 10%	2,194
LTL/RUB, EUR/RUB exchange rate increase (decrease)		
2008	+ 5%	(2,458)
	- 5%	2,458
2007	+ 5%	5,506
	- 5%	(5,506)
2008	+ 10%	(4,916)
	- 10%	4,916
2007	+ 10%	(11,013)
	- 10%	11,013)

29 Capital and risk management (cont'd)

Capital management

The Group manages share capital, share premium, legal reserves, reserves, foreign currency translation reserve and retained earnings as capital. The primary objectives of the Group's capital management are to ensure that the Group complies with the externally imposed capital requirements.

The Group manages its capital structure and makes adjustments to it in the light of changes in the economic conditions and the risk characteristics of its activities. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. As described in Note 1, 4,000,000 ordinary shares with the nominal value of LTL 1 each were issued in 2008 for LTL 2.5 each. Funds from the issue were used to finance working capital (756,960 ordinary shares with the nominal value of LTL 1 each were issued in 2007 for LTL 13 each, funds from the issue were used to finance the acquisition of minority interest in the subsidiary OOO Techprominvest.

A company is obliged to keep its equity up to 50% of its share capital, as imposed by the Law on Companies of Republic of Lithuania. As of 31 December 2008 and 2007 the Company complied with this requirement. There were no other significant externally imposed capital requirements on the Group.

30 Related party transactions

According to IAS 24 *Related Party Disclosures*, the parties are considered related when one party can unilaterally or jointly control other party or have significant influence over the other party in making financial or operating decisions or operation matters, or when parties are jointly controlled and if the members of management, their relatives or close persons who can unilaterally or jointly control the Group or have influence on it. To determine if the parties are related the relation point is assessed not the form.

The parties are considered related when one party has the possibility to control the other one or have significant influence over the other party in making financial and operating decisions. The related parties of the Group and the transactions with related parties during 2008 and 2007 were as follows:

UAB Hermis Capital (same ultimate controlling shareholder);
UAB Genčių Nafta (same ultimate controlling shareholder);
UAB Hermis Fondų Valdymas (same ultimate controlling shareholder);
UAB Baltijos Polistirenas (companies controlled by members of management and their relatives);
UAB Astmaris (companies controlled by members of management and their relatives);
AB Kauno Duona (same controlling shareholder);
UAB Meditus (same controlling shareholder).

2008	Transaction type	Purchases	Sales	Receivables	Payables
UAB Baltijos Polistirenas	Raw materials and consumables	3,712,781	2,821	-	375,517
UAB Astmaris	Materials	8,462,171	-	-	1,272,617
		12,174,952	2,821	-	1,648,134

30 Related party transactions (cont'd)

2007	Transaction type	Purchases	Sales	Receivables	Payables
UAB Baltijos Polistirenas	Raw materials and consumables	4,399,357	-	-	805,689
UAB Astmaris	Materials	7,377,466	-	-	961,847
		11,776,823	-	-	1,767,536

The Group has a policy to conduct related party transactions on commercial terms. Outstanding balances at the year-end are unsecured, interest-free and settlement occurs in cash. There were no guarantees provided or received for any related party receivables or payables. As at 31 December 2008 and 2007 the Group had not recorded any impairment of receivables from related parties.

Financial and investment transactions with the related parties:

	2008			2007		
	Loans received	Repayment of loans	Interest paid	Loans granted	Repayment of loans granted	Interests received
UAB Hermis Capital	29,300,000	23,586,621	87,109	12,500,000	12,500,000	42,011
UAB Genčių Nafta	8,750,000	8,750,000	190,137	3,500,000	3,500,000	37,178
UAB Kauno Duona	1,100,000	1,100,000	33,659	-	-	-
UAB Baltijos polistirenas	3,000,000	3,000,000	-	-	-	-
UAB Meditus	6,000,000	5,000,000	-	-	-	-
	48,150,000	41,436,621	310,905	16,000,000	16,000,000	79,189

Remuneration of the management and other payments

Remuneration of the Company's and subsidiaries' management amounted to LTL 2,906 thousand and LTL 1,146 thousand, respectively, in 2008 (LTL 2,256 thousand and LTL 827 thousand in 2007, respectively). In 2008 loan has been granted to one member of the management, as of 31 December 2008 it was not fully repaid. Except for the mentioned loan, in 2008 and 2007 the management of the Group did not receive any other loans, guarantees; no other payments were made or accrued or property transfers.

31 Subsequent events

As of 29 January 2009 due to the world economic crisis and especially unfavourable effect on the Group's activities, the management of the Group has made decision to terminate the production activities of the subsidiary OOO Techprominvest for the indefinite period and the Company has decreased the scope of its activities significantly. There is uncertainty regarding the renewal of OOO Techprominvest activities as of the date of these financial statements.

On 2 March 2009 the Group and AB SEB Bankas signed an agreement regarding the repayment of EUR 3,004 thousand (equivalent to LTL 10,372 thousand) credit limit by setting new repayment maturity. The credit limit will have to be repaid till 15 April 2009.

On 13 February 2009 the Group and Swedbank, AB signed an agreement regarding the repayment of credit amounting to EUR 1,699 thousand (equivalent to LTL 5,866 thousand) by setting new repayment maturity. Maturity of the loan is 15 August 2009.

As of 23 March 2009 AB DnB NORD Bankas has changed the factoring agreement No. 6 by decreasing the limit of the factoring to LTL 10,000 thousand.

As of 23 February 2009 the shareholders of the Company decided to issue 75,000 units convertible bonds with the par value of EUR 100 (equivalent to LTL 345) each. The annual interest rate is 18% which is paid by one payment on the maturity of the convertible bonds, the bonds expire in 367 days. Bonds can be converted to ordinary shares, the ratio of the conversion with ordinary shares is 1 : 345.