SNAIGĖ

Consolidated Annual Report 2011

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CONSOLIDATED ANNUAL REPORT 2010

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ERNST & YOUNG

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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 Financial Statements

We have audited the accompanying consolidated financial statements of AB Snaigė and its subsidiaries (hereinafter the Group), which comprise the consolidated statement of financial position as of 31 December 2011, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes (comprising a summary of significant accounting policies and other explanatory information).

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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as set forth by the International Federation of Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

ERNST & YOUNG

Report on Other Legal and Regulatory Requirements

Furthermore, we have read the Consolidated Annual Report for the year ended 31 December 2011 and have not noted any material inconsistencies between the financial information included in it and the consolidated financial statements for the year ended 31 December 2011.

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

Jonas Akelis
Auditor's licence
No. 000003

The audit was completed on 25 April 2012.

A member firm of Ernst & Young Global

Confirmation of Responsible Persons

The members of the management bodies, employers, head of administration together with the Company's consultants who are responsible for the preparation of 2011 consolidated annual report and audited financial accounts confirms that, according to their knowledge, annual consolidated financial accounts were formed according to International Financial Reporting Standards, as adopted by European Union, accurately represent the reality and correctly show Company's and total consolidated group's assets, liabilities, financial state, profit or loss, and that business development and activities' overview, Company's and consolidated groups' situation, together with description of main risks and uncertainties faced are accurately presented in the consolidated annual report.

AB „Snaigė" Managing Director Gediminas Čeika

AB „Snaigė" Finance Director Neringa Menčiūnienė

Report prepared: April 25, 2012
Place the report prepared: AB "Snaigė", Pramonės str. 6, Alytus

Managing Director Review

Dear all,

The year 2011 for Snaige AB was the year of significant achievements and opportunities. According to the audited consolidated data in 2011 the Company achieved 112.6 m LTL turnover and sold more than 171.4 thousand refrigerators. The biggest part (93,1%) of the turnover was from the export to more than 30 Europe and Asia countries. The biggest part of sold refrigerators was in Germany's, Ukraine's, France's, Portugal's markets.

The Company strengthen its position in Ukraine's market while started collaborating with one of the main home appliances networks in Ukraine – 'Eldorado'. After few years brake Snaige AB had renewed its export to Russia and Belorussia.

One of the main facts in 2011 was the advent of the strategical investor. Russian industrial refrigerating equipment manufacturer Polair indirectly acting through "VAIDANA" UAB has acquired 59.86% of all the shares of the Company (23 716 668 units of the shares) and got the adequate amount of votes in the General Shareholders' meeting.

The company made a lot while creating new products and improving the old ones in 2011. On June it was represented the new glass door refrigerator – "Snaige Glassy". Those refrigerators got much of attention both in Lithuania and Western Europe, and at the end of the year it got the golden medal for the Lithuania's Year Product. The company created the refrigerator RF35 with bigger freezing section and it became one of the best Snaige AB selling in a very short time.

The company attended one of the most important home appliances expositions in Europe – IFA 2011, where it had got very positive appreciations from its customers and business partners.

In the year of 2011 according to not consolidated and audited data Snaige AB ganed profit 0,908 m LTL. The Company's not consolidated and not audited EBITDA was almost the same as in 2010 – 9.4 m LTL, without any doubt it is a very positive result of the Company.

I am sure that the year 2012 will be full of good changes for Snaige AB. With a help of Polair we will keep struggling into Russia market, we will develop the segment of commercial refrigerators and keep developing the current products as well. I think that in front of us full of work, very creative and, no doubts, full of new achievements year.

Managing Director,
Gediminas Čeika

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1. GENERAL INFORMATION ABOUT „SNAIGĖ“

1.1 Accounting period of the annual report-prospectus

The annual report-prospectus has been prepared for the year 2011.

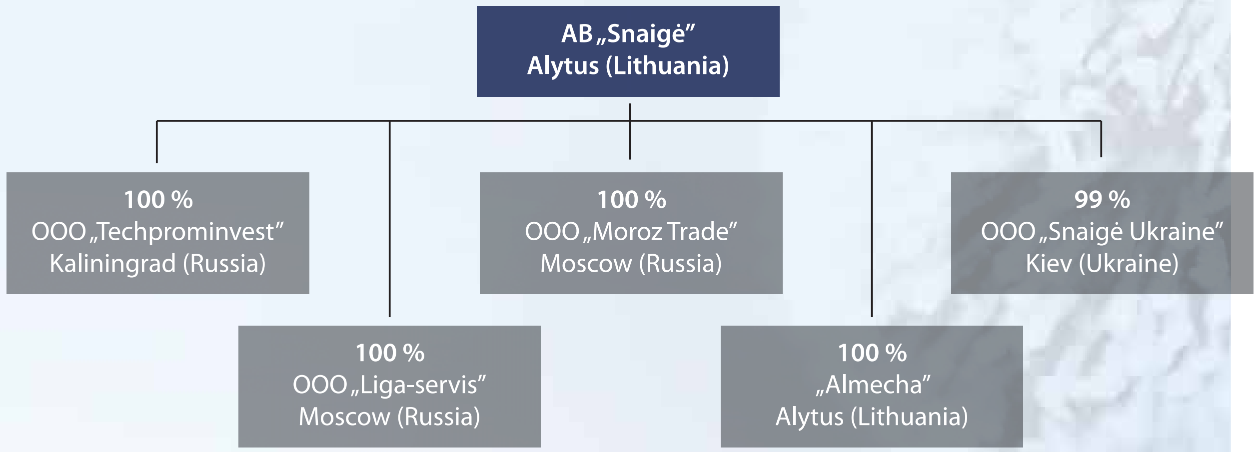
1.2 The basic data about the Company

The name of the Company – SNAIGĖ PLC (hereinafter referred to as the Company)
Authorised capital on 31 December 2011– 39 622 395 LTL
Address - Pramonės str. 6, LT-62175 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 Public Enterprise of RL on December 1, 1992 in the Municipality Administration of Alytus; registrationnumber AB 92-119; enterprise register code 249664610. The latest Statute of AB "Snaigė" was registered on12 May 2011 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 The Company's group structure



1.4.1 The Company's group subsidiaries

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

· 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 2002. Address: Bolshaja Okruzhnaja str.1-a, Kaliningrad, Russia. Since March 2009, the Company has stopped the production in the plant, since August 2009, the Company's Board has decided to close the plant.
· OOO "Snaigė Ukraine" activities: sales of refrigeration appliances, sales, consulting and services. The enterprise was registered in November 2002. Address: Grushevski str. 28-2a/43 Kiev, Ukraine.
· OOO "Moroz Trade" – trade and marketing services. The enterprise was registered in May 2004. Adress: Prospect Mira st. 52 Moscow, Russia. 2010 -2011 years the Company does not execute activity.
· OOO "Liga-servis" activities: sales of refrigeration appliances, consulting services, transportation services and other. The enterprise was registered in August 2005; Address: Prospect Mira 52 Moscow, Russia.
· UAB "Almecha" activities: manufacturing of miscellaneous machinery and equipment. The enterprise was registered in November 2006. Address: Pramones str. 6 Alytus, Lithuania.

1.5 Information about the Company's offices and affiliates

The Company has no offices and affiliates.

1.6 Short history of the Company's activities

1963 -The Company produced the first domestic refrigerators in Lithuania. During the first year was made the first 25 refrigerators;
1968- New plant started its operations;
1975 – Over 1 million refrigerators manufactured by this year;
1983 – The Company started export to foreign countries;
1990 – The Company has come under the control of the Republic of Lithuania;
1992 – The Company has been privatised and registered as a public limited liability the Company;
1995 – The Company was retooled. Use of Freon in the manufacture of refrigerators is discontinued. All the Company's products are manufactured only from ecologically clean materials;
1997 – The Company has achieved ISO 9001 certification for implementing international quality management standards;
2000 –The Company's quality management system was successfully re-certified for ISO 9001;
2001 – The Company has achieved ISO 14001 certification for implementing an environmental management system;
2002 – The Company started to produce a refrigerator with R600a environmentally friendly refrigerant and A + energy efficiency refrigerator production. Snaige become EU project "Energy +" participant;
2003 - A + Grade energy efficiency fridge Snaigė RF310 LCI won the contest "Product of the Year" Gold Medal;
2004 – The Company opened its new plant in Kaliningrad;
2006 – The Company acquired 100% of the capital of the Russian wholesale and retail Company Liga Service;
"Snaigė" has made its 10 millionth refrigerator;
The Company exported its products to more than 40 countries around the world;
2007 – The Company's Alytus plant started serial production of new line models "Snaigė ICE LOGIC";
2007 - The Company was recognised as the most innovative Lithuanian Company;
This new line has won a national competition "Innovation Prize 2007" award. Refrigerators assess "innovative product" category;
The Company's environmental management system ISO 14001 successfully certificated;
Refrigerator "Snaigė ICE LOGIC" RF34SH awarded "Product of the Year" Gold medal;
During the following years Snaige sold a record number - 653 thousands refrigerators;
2008 - "Snaigė ICE LOGIC" RF31SM was assessed as the "Product of the Year" and awarded a Gold medal;
Snaige was awarded for "Innovation Award" in "Innovative product" category;
2009 - The loss of production and devaluation of the rubble conditioned to close the Company's factory in Kaliningrad;
2010 - The Company started of A ++ highest energy efficiency refrigerators serial production;
The Company and Kazakhstan national business corporation „Saryarka" has established a joint venture.
"Snaigė ICE LOGIC" RF34 A++ was assessed as the "Product of the Year" and awarded a Gold medal.
2011- Snaigė ICE LOGIC Glassy RF34SM ++ was awarded with a Gold medal as " Lithuanian Product of the Year".
2011 - Russian company "Polair", indirectly acting through UAB "VAIDANA" has acquired 59.86% of all the shares of the Company

1.7 Mission. Vision. Values

Mission
Our Mission is to develop financially disciplined business that provides consumers with good value and quality products and our shareholders with top-tier returns on their investments.

Vision
To become the most reliable home appliances brand for consumers in Eastern Europe and the preferred choice for OEM supplier in Western Europe.

Values

Open minded *Trustworthy* *Teamwork* *Flexibility*

1.8 List of the most important events in 2011

The Company continuing of A ++ highest energy efficiency refrigerators serial production.

Based on "Intelektas LT", The Company's project "Strengthening AB "Snaige" Competitiveness by Investing in Development of Next-Generation "3D Frost" Refrigeration Serias" in 2010 received funding of 865 161 Lt from EU Structural Funds and it was started in 2011

There was developed sales of refrigerators to Tajikistan and Uzbekistan. The sales were renewed to Belarus.

The company made a lot while creating new products and improving the old ones in 2011. On June it was represented the new glass door refrigerator – "Snaige Glassy". Those refrigerators got much of attention both in Lithuania and Western Europe.

The company created the refrigerator RF35 with bigger freezing section and it became one of the best Snaige AB selling in a very short time.

2011- Snaigė ICE LOGIC Glassy RF34SM ++ was awarded with a Gold medal as " Lithuanian Product of the Year";

The company attended one of the most important home appliances expositions in Europe – IFA 2011, where it had got very positive appreciations from its customers and business partners.

2011 - Russian company "Polair", indirectly acting through UAB "VAIDANA" has acquired 59.86% of all the shares of the Company.

2. SNAIGE GOVERNANCE AND MANAGEMENT

2.1 The Company's Management bodies

2.1.1 Management bodies
Management bodies:
• General Shareholder Meeting;
• The Management Board is formed of six members and elected for the period of 4 years;
• Head of the Company – Manging Director.
The calling of General Shareholder Meeting, the competence of the meeting has no differences from procedures and competences indicated in the Public Company law of Republic of Lithuania.
The Management Board is elected and resigned by General Shareholder Meeting according to the procedures indicated by the Public Company law.
The Management Board has a right to take decision to issue bonds. The competence of the Management Board has no other differences from competences indicated in the Public Company law. The work procedures of the Management Board are set by boards work rules of procedure.
The competence of the Head of the Company, his nomination and resignation procedures are not different from ones indicated in the Public companies law.
The company has the audit committee which is the operating collegial administrative body and which was selected by shareholders in 2009. The audit committee is operating by audit committee's labor regalement. On the 14th of December, 2011 the Extraordinary General Meeting of Shareholders of the Company revoked the Board of the Company in corpore. The new audit committee will be elected during the ordinary shareholders general meeting which will be held on the 30th April, 2012.

2.1.2 Legal basis of the Company's operations

AB "Snaigė" uses the Company's articles of association, Public companies law of Republic of Lithuania, other legal acts issued by Republic of Lithuania and European Union as legal guidelines for operations.

2.2 Corporate governance bodies

2.2.1 Information about the members of management bodies with regard to the share of the Company authorized capital

NAME	*Position*	*The available number of shares, units*	*The share capital, per cent*	*Votes, per cent*
BOARD				
Aleksey Kovalchuk	AB „Snaigė" Chairman of the board from 2011 12 14	-	-	-
Martynas Česnavičius	AB „Snaigė" Chairman of the board till 2011 12 14, member of the board from 2011 12 15	15	0,00	0 , 0 0
Robertas Beržinskas	AB „Snaigė" member of the board	-	-	-
Andrei Dribny	AB „Snaigė" member of the board from 2011 12 14	-	-	-
Mikhail Stukalo	AB „Snaigė" member of the board from 2011 12 14	-	-	-

Robin Peter Walker	AB „Snaigė" member of the board from 2011 12 14	-	-	-
Nerijus Dagilis	AB „Snaigė" member of the board till 2011 04 26	-	-	-
Kęstutis Pilipuitis	AB "Snaigė" member of the Board till 2010 11 19			
Harvey Sawikin	AB „Snaigė" member of the board from 2011 04 26 till 2011 12 14	-	-	-
Jaakko Salmelin	AB „Snaigė" member of the board from 2011 04 26 till 2011 12 14	-	-	-
Kustaa Aima	AB „Snaigė" member of the board from 2011 04 26 till 2011 12 14	-	-	-
Mindaugas Gedvilas	AB „Snaigė" member of the board till 2011 11 14	-	-	-
ADMINISTRATION (Managing Director and Chief Financier)				
Gediminas Čeika	AB "Snaigė" Managing Director	1531	0,00	0,00
Neringa Menčiūnienė	AB "Snaigė" Finance Director	-	-	-

on the 10th of March, 2011 the Company informed the NASDAQ OMX Vilnius Stock Exchange information system that the member of the board Nerijus Dagilis presented a report on his resignation as a member of the board from the 26th of April, 2011.
29 April, 2011 at the ordinary general shareholders meeting, Kustaa Aima, Jaakko Salmelin ir Harvey Sawikin were elected to the board members until the end of the term ofoffice of the Board.
On December 14th, 2011 the Extraordinary General Meeting of Shareholders revoke the Board of the Company in corpore and elect Robin Peter Walker, Andrey Dribny, Aleksey Kovalchuk, Mikhail Stukalo, Martynas Česnavičius and Robertas Beržinskas as the members of the Board for its new term of office.
Aleksey Kovalchuk had been elected to the position of the Chairman of the Board of Snaige AB during the Board meeting which was held on the 14th of December, 2011.

2.2.2 Information on the management bodies involvement of other companies, institutions and organizations

Participating in other companies activities and interests (1 March, 2010):

Name	Name of organisation, position	Share of the capital and votes available in other companies, in percentage
Martynas Česnavičius	UAB "LNK" member of the Board	-
	UAB "Profinance"	50,00
	UAB "Malsena-Plius" Chairman of the Board	-
	UAB "Litagra" member of the Board	-
	AB "Sanitas" member of the Board	-
	UAB „Atradimų studija" member of the Board	31,00
	AB „Kauno Pieno Centras" member of the Board	-
Robertas Beržinskas	AB "Utenos Trikotažas"member of the Board	-
Gediminas Čeika	OOO "Techprominvest" member of the Board	
Neringa Menčiūnienė	OOO "Techprominvest" member of the Board	-
	UAB „Almecha", Chairman of the Board	-
	AB "Unikalios investicijos" Managing Director	-

2.2.3 Chairman of the Board, the Head of the administration and Chief Financial

Name	Education, qualification	Workplaces and positions during the recent 10 years
Aleksey Kovalchuk	Finance Academy under the Government of the Russian Federation, Moscow.	Polair, General Director, since 2009; Federal Agency for Construction, Housing and Utilities.
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" 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 – 2010 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" Chief Accountant 2001 01 – 2003 03 – AB "Vilniaus Vingis" Chief Accountant 1996 08- 2003 03 – AB "Vilniaus Vingis" Accountant 2001 01 – 2003 03 – AB "Vilniaus Vingis" Chief Accountant assistant 1996 08- 2003 03 – AB "Vilniaus Vingis" Accountant

2.2.4 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		
Aleksey Kovalchuk	2011 12 14	Till 2015 the General Meetinh of Shareholders
Robin Peter Walker	2011 12 14	Till 2015 the General Meetinh of Shareholders
Andre Dribny	2011 12 14	Till 2015 the General Meetinh of Shareholders
Mikhail Stukalo	2011 12 14	Till 2015 the General Meetinh of Shareholders
Martynas Česnavičius	2006 05 02	Till 2015 the General Meetinh of Shareholders
Robertas Beržinskas	2008 04 23	Till 2015 the General Meetinh of Shareholders
Mindaugas Gedvilas	2010 04 29	2011 12 14
Harvey Sawikin	2011 04 29	2011 12 14
Jaakko Salmelin	2011 04 29	2011 12 14
Kustaa Aima	2011 04 29	2011 12 14
ADMINISTRATION (Managing Director and Chief Accountant)		
Gediminas Čeika	2008 01 03	Term less agreement
Neringa Menčiūninė	2008 06 02	Term less agreement

On the 10th of March, 2011the Company informed the NASDAQ OMX Vilnius Stock Exchange information system that the member of the board Nerijus Dagilis presented a report on his resignation as a member of the board from 26 April, 2011.
On the 14th of November, 2011 the Company informed the NASDAQ OMX Vilnius Stock Exchange information system that on the 14th of December, 2011during the extraordinary general meeting of shareholders will be considered the questions of the company board revocation in corpore and the election of the new board. On 14 December, 2011 during the the extraordinary general meeting of shareholders the new board for the new term of office elected.

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

There is no such information.

2.2.6 Information about benefits and loans granted to governing bodies

During 2011 years period two board members got salaries under employment contracts (6038 LTL).

2.2.7 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 2011 no salaries were paid to the members of the management bodies.

2.2.8 Information 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 2011.

2.2.9 Information about 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.

2.2.10 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.

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2.2.11 The 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.

2.3 The Company's group's Management structure

Gediminas Čeika – managing director.
Neringa Menčiūnienė - financial director.
Rūta Petrauskaitė – marketing director.
Kęstutis Urbonavičius – technical and production director.

2.4 Procedures of changing the Company's articles of association

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.
In other cases, not described by the Company's articles of association the Company follows Public Company law and other legal acts of the Republic of Lithuania.

3. AB „SNAIGĖ" AUTHORISED CAPITAL, SHAREHOLDERS, INFROMATION ABOUT SECURITIES

3.1 The Company's authorized capital

3.1.1 The authorized capital registered in the enterprise register

Name of the securities capital,	Amount of the securities	Nominal value, LTL	Total nominal value, LTL	Share of the authorized in percentage
Ordinary registered shares	39 622 395	1	39 622 395	100

3.1.2 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
2010.04.20	27 827 365	+2 908 350 LTL	Increase of authorized capital by converting shareholders securities to 2 908 350 units oridinary shares.	30 735 715 LTL
2011 05 12	30 735 715	+8 886 680	Increase of authorized capital by converting shareholders securities to 8 886 680 units oridinary shares.	39 622 395

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

The company issued 2 emissions of convertible bonds:
ISIN LT0000402620, 2 years term 3 m LTL total nominal value bonds emission, the term of redemption April 12th, 2013.
ISIN LT0000402638 2 years term 4.3 m LTL total nominal value bonds emission, the term of redemption May 2nd, 2013.

On the 18th of April, 2012 signed and payed Snaige, AB convertible bonds emission:
- total number of convertible bonds: 30,000 units;
- nominal value of the convertible bond: LTL 100;
- issue price per convertible bond: LTL 100;
- total nominal value: LTL 3,000,000;
- total amount of the issue: LTL 3,000,000;
- the rights granted to holders of convertible bonds: according to the set order to receive interest from the Company; on the redemption day to receive a redemption amount or to request to change convertible bonds to the shares at the end of the redemption term; also, all other rights set to the creditors of the companies by the laws;
- subscription and payment day: April 11th, 2011;
- duration: 725 days;
- interest: 9% per annum;
- the method of interest calculation: act/365;
- redemption day: 12 April 2013;
- the redemption price per convertible bond: LTL 100;
- payment of interest: once per quarter on the last day of the quarter (if the last day of the quarter is not a business day – the next business day), also on the redemption day or the day of change to the shares;
- shares, for which the convertible bonds shall be changed: ordinary registered shares of LTL 1 nominal value, granting its holders property and non-property rights set by the laws and Articles of Association of the Company;
- the conditions of change of convertible bonds to shares: convertible bonds shall be changed to shares accordingly to the request of the holder submitted to the Company in written no later than 10 business days before the redemption day of convertible bonds;
- the term of exchange: convertible bonds shall be changed to shares on the redemption day;
- the ratio of change to shares: 1:100 (one convertible bond shall be changed to 100 shares);
- inclusion into trading in the regulated market: the issue will not be involved into trading in the regulated market.

On the 2nd of May, 2011 signed and payed Snaige, AB convertible bonds emission:
total number of convertible bonds: 43.000 units;
- nominal value of the convertible bond: LTL 100;
- issue price per convertible bond: LTL 100;
- total nominal value: LTL 4.300.000;
- total amount of the issue: LTL 4.300.000;
- the rights granted to holders of convertible bonds: according to the set order to receive interest from the Company; on redemption day to receive a redemption amount or to request to change convertible bonds to the shares at the end of redemption term; also, all other rights set to the creditors of the companies by the laws;
- subscription and payment day: 2 May 2011;
- duration: 732 days;
- interest: 9 % per annum;
- the method of interest calculation: act/365;
- redemption day: 2 May 2013;
- payment of interest: 2 May 2012 and 2 May 2013
- shares, for which the convertible bonds shall be changed: ordinary registered shares of LTL 1 nominal value, granting its holders property and non-property rights set by the laws and Articles of Association of the Company;
- the conditions of change of convertible bonds to shares: convertible bonds shall be changed to shares accordingly to the request of the holder submitted to the Company in written no later than 10 business days before the redemption day of convertible bonds;
- the term of exchange: convertible bonds shall be changed to shares on the redemption day;
- the ratio of change to shares: 1:100 (one convertible bond shall be changed to 100 shares;
- inclusion into trading in the regulated market: the issue will not be involved into trading in the regulated market.

The bond emission with 1 m EUR total nominal value ISIN code LT1000402313 was issued 2010 year. The redemption day 15 June, 2012.
According requests of owners of bonds at the redemption day bonds with ISIN code LT1000401315 were converted to the Company shares and was increased the authorized capital of the Company.

3.2 Shareholders

3.2.1 Largest shareholders

The total number of the Shareholders on 31 December 2011 was 1 216 .
The major shareholders who own or control more than 5 percent of the issuer's authorized capital are listed below:

Names (Company names, addresses, enterprise register codes) of the Shareholders	Amount of the ordinary registered shares available, in pcs.		Share of the authorized capital and votes available, in percentage				
	Total	incl. the ones owned by the Shareholder	Total		incl. the ordinary registered shares owned by the shareholder		Total incl. the share of the entities group operating jointly, in percentage
			share of the votes	share of the capital	share of the appointed votes	share of the capital	
Vaidana UAB – Konstitucijos ave.7, Vilnius, Lithuania, code 302473720	23 716 668	23 716 668	59,86	59,86	59,86	59,86	-
Swedbank – client securities, Liivalaia 8, Tallinn 15040 Estonia, comp. code 10060701	3 321 701	3 321 701	8,38	8,38	8,38	8,38	-
Skandinaviska Enskilda – client securities, Sergels Torg 2, 10640 Stockholm, Sweden, comp. code 502032908101	2 266 389	2 266 389	5,72	5,72	5,72	5,72	-

3.2.2 Shareholders with special control rights

There are no Shareholders with special control rights.

3.2.3 Restrictions of Shareholders voting rights

All the shareholders have equal voting rights. The Company has not information about shareholders voting rights restrictions.

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

The issuer has no information about any Shareholder agreements of such type.

3.3 Information about trading of issuers securities in the regulated securities markets

3.3.1 Securities included in the trading lists of regulated securities markets

39,622,395 ordinary registered shares of AB "Snaigė" are included into the Secondary trading list of the NASDAQ OMX Vilnius stock exchange. The total nominal value of the shares is 39,622,395 LTL. The VP CD (Securities Central Depositary) number is 10927. The nominal value of a share was 1 (one) LTL.

3.3.2 Trade of the issuer's securities in stock exchanges and other organized markets

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

The ordinary registered shares of AB "Snaigė" have been listed in the Official trading list of NASDAQ OMX Vilnius stock Exchange since April 9, 1998.

Since 08 May, 2009 the Company on its own initiative requested NASDAQ OMX to switch its shares from NASDAQ OMX Vilnius Official listing and add them to the NASDAQ OMX Vilnius Additional listing.

3.3.2.1 Trade on NASDAQ OMX Vilnius stock exchange

Trade in Company's shares during 2008-2011.

Accounting period	Last session price, EUR	Price, max, EUR	Price, min, EUR	Shares, pcs.	Turnover, mln. EUR
2008	0.159	1,912	0,145	1 690 146	1,72
2009	0,165	0,339	0,049	36 255 524	6,38
2010	0,268	0,324	0,156	38 297 848	9,48
2011	0,525	0,530	0,256	16 137 891	6,13

Below you can find the Company shares turnover and prices during last 5 years graphs. The data from AB NASDAQ OMX Vilnius internet page:
http://www.nasdaqomxbaltic.com/market/?instrument=LT0000109274&list=3&pg=details&tab=historical&lang=lt&currency=0&downloadcsv=0&date=&start_d=1&start_m=1&start_y=2007&end_d=31&end_m=12&end_y=2011

The price of share is in EUR because the trade of shares is in EUR from 22 November, 2010.
The price of share during reporting year (information from AB NASDAQ OMX Vilnius internet page):
http://www.nasdaqomxbaltic.com/market/?instrument=LT0000109274&list=3&pg=details&tab=historical&lang=lt&currency=0&downloadcsv=0&date=&start_d=1&start_m=1&start_y=2011&end_d=31&end_m=12&end_y=2011

Below the graphs are from OMX Baltic Benchmark, OMX Vilnius indexes and Snaige, AB shares prices graphs for period from 1 January, 2009 till 31 December, 2011. The information is from AB NASDAQ OMX Vilnius internet page:
http://www.nasdaqomxbaltic.com/market/?pg=charts&lang=lt&idx_main%5B%5D=OMXBBGI&idx_main%5B%5D=OMXV&add_index=OMXBBPI&add_equity=LT0000109274&idx_equity%5B%5D=LT0000109274&period=other&start_d=1&start_m=1&start_y=2009&end_d=31&end_m=12&end_y=2011

Baltic market indexes

Index/Equity	01.01.2009	31.12.2011	+/-%
OMX Baltic Benchmark GI	228,12	431,94	89,35
OMX Vilnius	179,25	298,78	66,68
SNG1L	0,16 EUR	0,53 EUR	229,59

3.3.2.2 Trade in other regulated markets

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

3.3.3 Capitalization of the Company's shares

Equity list	2009-12-31	2010-12-31	2011-12-31
Snaige	4 593 836,34 EUR	8 237 171,62 EUR	20 801 757,38 EUR
Vilnius market total	3 219 512 569,74 EUR	4 219 761 406,81 EUR	3 139 310 661,61 EUR

3.3.4 Trade of securities outside the stock exchange

Since the ordinary registered shares are included into the Additional trading list of NASDAQ OMX Vilnius stock exchange, the purchase-sale transactions of the shares can be executed only in NASDAQ OMX Vilnius 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 s	Price (EUR), max	Price (EUR), min	Monetary settlement, amount of securities (pcs.)	Amount of transactions	Non-monetary settlement, amount of securities (pcs.)	Amount of transactions
2011 m. I quarter	0,56	0,26	855 000	10	3 950	1
2011 m. II quarter	0,62	0,31	861 265	9	-	-
2011 m. III quarter	0,78	0,16	574 261	14	8 950	6
2011 m. IV quarter	1,86 (0,54)	0,40	24 639 324	18	12 930	3

There no information on Central Securities Depository of Lithuania system about executed outside stock exchange of the Company issued convertible bonds.

3.4 Information about the repurchase of own shares

During 2011 no repurchase of own shares was made.
The Company had not own shares at the end of the 2011 year.

3.5 Dividends

Year	Basic profit per share, Lt	Share price	Price to Earnings ratio
2011	0	0	0

3.6 Contracts with public circulation of securities dealers

On February 9th, 2011 the Company entered into a contract with AB "Šiaulių bankas" for the Company's securities accounts and securities accounts for private management.

3.7 Restrictions on transfer of securities

There is no restriction on the transfer of securities issued.

4. AB „SNAIGĖ" OPERATING REVIEW

4.1 General rates, describing the Company's business performance, their behaviour

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

	2011	2010	2009	2008	2007
Turnover	112.615.726	113.838.664	123.035.965	340.955.610	412.803.030
Gross profit	16.397.040	17.427.496	12.621.987	42.565.127	49.087.235
Net loss	-5.042.453	-2.612.907	-38.182.235	-24.100.344	-11.415.935
Average share price	1,288	0,86	0,61	3,52	9,4

Financial Figures	2011	2010	2009
Profit before tax indicator, %	-5,4 %	-2,7%	-31,51%
General mark-up, %	14,75 %	15,31%	8,87 %
EBITDA mark-up, %	5.54 %	8,06%	-16,96%
Solvency ratio, %	81,91%	63.9%	50,46%
Debt to assets ratio, %	59,99 %	67.57%	36,53%
Return on average shareholders' equity, %	-15,21 %	-8,55%	-128,50%

Shares indicators	2011	2010	2009
Earnings per share, LTL	-0,13	-0,09	-1,37
Average annual share market price, LTL	1.288	0,79	0,49
EBITDA per share, LTL	0.16	0,30	-0,74
EBITDA multiplier (EBITDA per share / Average annual share market price)	0.12	0,38	-1,50
Total dividends, in thous. LTL	-	-	-
Dividends per share, LTL	-	-	-
Average net book share value, LTL	0.9	0.99	1,07

4.2 Production

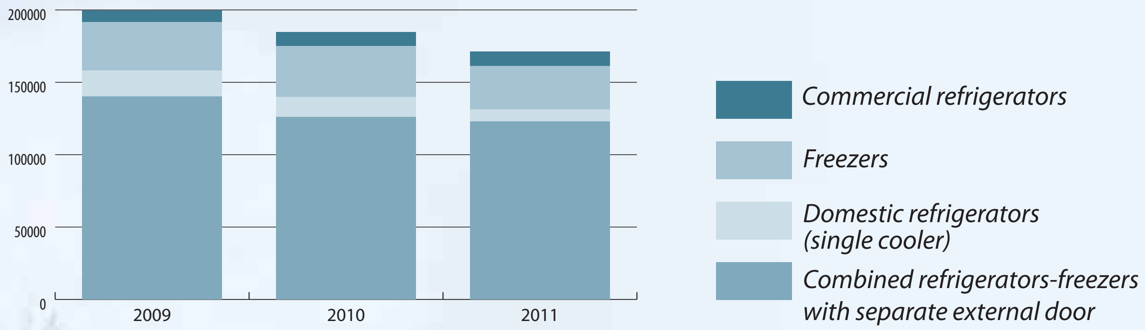
4.2.1 The Company's product portfolio

The Company produces various models of high-quality household refrigerators, fridges - showcases and wine coolers for businesses and hotels, freezers and their spare parts.
The Company produces high quality of various models of household refrigerators, refrigerator - and showcases, wine refrigerators, freezers and their spare parts.
The Company's main products - refrigerators. They are classified into four main categories:
• Combined refrigerators with separate external doors;
• Coolers;
• Freezers;
• Commercial refrigerators.

In 2011, mainly produced by the combined refrigerators with separate external doors.

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

Type of activities	2011		2010		2009	
	units	perc.	units	perc.	units	perc.
Refrigerators sold, units including:	171433	100	184635	100	199418	100
Combined refrigerators – freezers with separate external door	123 082	71,8	125938	68,2	140318	70,4
Domestic refrigerators (single cooler)	8 046	4,7	13992	7,6	17930	9,0
Freezers	30 322	17,7	34893	18,9	33185	16,6
Commercial refrigerators	9 983	5,8	9812	5,3	7985	4,0



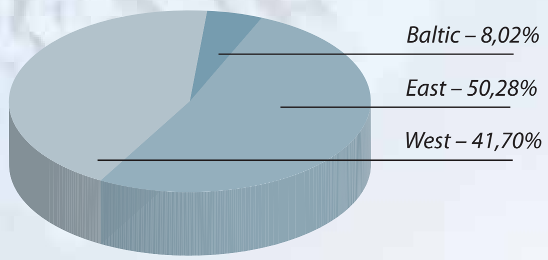
4.2.2 Termination or reduction of production volume with the critical effect on the Company's performance during recent 2 economical years

Kaliningrad factory stopped working on 2009 03 02

4.3 Sales

The company divides its sales markets into the following main groups by importance of sales markets and geographic distribution:
Baltic market (Lithuania, Latvia and Estonia), Eastern market (Russia, Ukraine, Kazakhstan, Uzbekistan, Tajikistan, other CIS countries), Western market (Germany, France, Belgium, the Netherlands, Poland, Portugal, Czech Republic, other countries of Western and Central Europe).
In 2011 Snaigė, AB sold over 171.4 thousand refrigerators. Revenues from main production sales reached 111,1m LTL, that is, 2.4 per cent lees as compared to the previous year. Decrease in turnover was due to the drop in sales on the Western and Baltic markets. Sales on the Eastern market accounted for the majority of sales revenue (50.28 per cent). Slightly lower figures (41.70 per cent) were on the Western market. Lowest sales revenue (8.02 per cent) was on the Baltic market.
Exports accounted for 93,1 per cent of total product sales, i.e. 103.5m LTL.

Company's sales in 2011 (according to sales revenue):

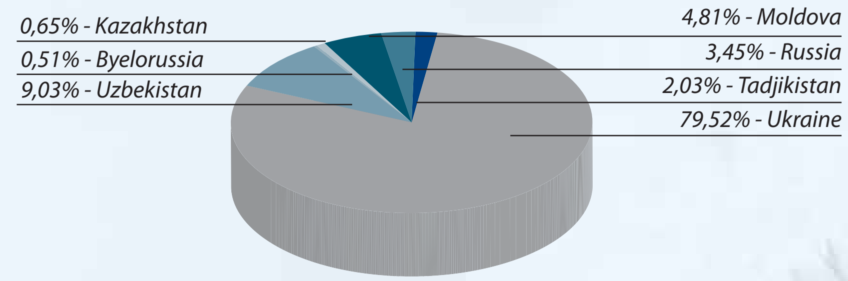


Eastern Market

In 2011 the company sold 89.5 thousand production pcs on the Eastern market and earned 55.9m LTL in sales revenue, i.e. 10.7per cent increase as compared to 2010.

This significant increase in sales revenue was for the most part due to the rising sales in Ukraine. Following the repeal of additional duties at the end of 2009, which were applied almost throughout entire 2009, the company managed, for the most part, to recover its market positions in 2010. In 2011 Snaigė, AB sold 70.6 thousand fridges on the Ukrainian market and sales revenue reached 44.4 m LTL, i.e. 7.2 per cent the revenue of the previous year. Expert data show that Snaigė, AB had a 7 per cent market share on the Ukrainian household refrigerator market.
In Moldova market the company sold 5.4 thousand production pcs and generated 2.7m LTL in revenue. Expert data show that Snaigė, AB had around 8 per cent market share on the Moldavian household refrigerator market.
2011 for Snaigė, AB also continued market of trade connections with Tajikistan and more active trading activities with Uzbekistan. These are exotic and far away countries yet very profitable markets where refrigerators by Snaigė are particularly valued. In 2011 the company sold 10 thousand production pcs and earned 6.2m LTL in revenue. Two time more than the last year.

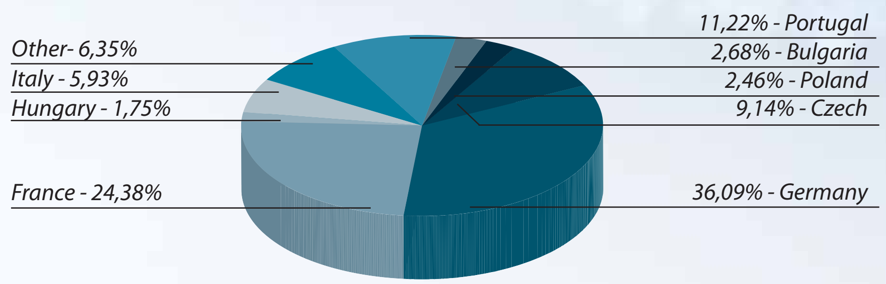
Sales in the Eastern market in 2011 (according to sales revenue):



Western Market

On the Western market Snaigė, AB sales in 2011 were 73.4 thousand production pcs and 46.3m LTL in revenue. This constitutes 14.2 per cent drop in revenue as compared to the previous year. The majority of production was sold and revenue generated on the German market (24.2 thousand pcs; 15.6m LTL), French market (20.2 thousand pcs; 11.3m LTL), and Portuguese market (9.2 thousand pcs; 5.2m LTL).
The market of domestic electric appliances had not demonstrated any clear evidence of the recovery. Othervise the recession was continuing in Central and West Europe countries.
During 2011 year the Company was started commercial relations and started to realize the Company's production for these clients:
• „DIA" (Slovakia), the realization started to market net NAY;
• „La Maison" (France), the trade by postu;
• „Baytronic" (Austria), wholesaler.
The long term partners Severin (Germany), Orima (Portugal), Conforama (France) are continuing successful relations with Snaige AB.
Snaigė, AB struggled to compete with Chinese and Turkish manufacturers which offered production at very low prices, a factor so relevant in the times of crisis. Nevertheless on the segment of highest energy efficiency class production the company did very well being, it was the one of the first ones in Europe introducing products in this class. Quality of these refrigerators was highly appreciated by German, French and Italian customers. Moreover, the company found a new trade niche in Western countries. It's the production of refrigerators in a variety of colours in small runs and refrigerators with glass doors.. To this end the company acquired specialized paint application equipment which completely met our expectations. The company plans to expand these niches in the following year also.

Sales in the Western market in 2011 (according to income):



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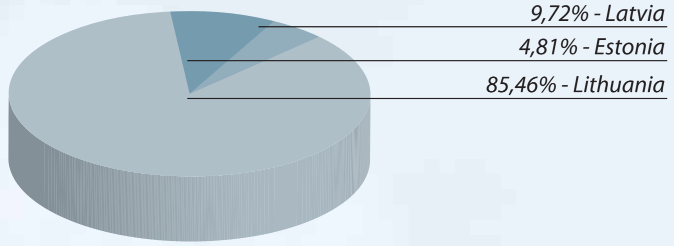
Baltic Market

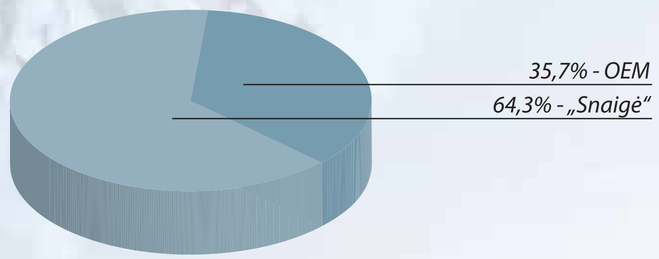
In 2011 Snaige AB in the Baltic States market had sold more than 8.4 thousand refrigerators and its income was about 8.9 million LTL.
At the same period in Lithuania Snaige AB had sold about 6.6 thousand refrigerators and had got more than 7.6 million LTL incomes. According to the analysis Snaige AB had hold about 10 percents of the domestic refrigerators' market in Lithuania in 2011.
In the meantime in Latvia Snaige AB had sold about 1.2 thousand refrigerators and its incomes was close to 0,87 million LTL. At the same period of time in Estonia Snaige AB had sold a little bit more than 0.6 thousan refrigerators and had got more than 0.4 million LTL.



AB SNAIGĖ brand portfolio

In 2011 The Company sold 64.3 percent of the products with their brand SNAIGE. Besides these, the plant is producing refrigerators under other brands of trade partners and retail networks:
General Frost - TESCO, the second largest domestic appliance retail network in Europe.
Far - CONFORAMA, the largest domestic appliance retail network in France.
Smeg (Italija);
Bartscher;
Brandy Best;
Coldis;
Continent;
Cool;
Exquisit;
Frigibel;
Helkina;
KBS;
Orima;
Raymond;
Tschibo.

The Company's brand portfolio in 2011 (according to income):



4.4 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 from Asia (mainly from China) were constantly increasing.
The strategic raw materials suppliers are listed below: „ACC", „Secop Compressors" Gmbh (compressors, Donper, ЛАХIPERA, Huayi „Geko-Kart", Marcegalia, „SRukki", „Arcelor-Mittal", „KME Europa Metal", „KM Ibertubos" S.A., „Sintur" s.z o.o., „BASF", „Total Petrochemical", Bay „Systems Nothern Europe", DOW, UAB „ARA", UAB „Lisiplast", UAB "Hoda", „Telko group".
The priorities set in the purchase strategy of the The Company are high quality assurance and effective logistics. 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 The Company in search for common technical solutions increasing quality and decreasing costs of the products.

4.5 Employees and human resource policy

4.5.1 The Company's human resource policy

The Company's success depends not only on its size, image, strategy, but to a large account on how it treats its employees. All the challenges and changes faced by the Company are related to the employees, so business effectiveness firstly depends on ability to manage human resources.

The Company's human resource policy and management is comprised of: human resource planning, employees' staffing (recruiting, selection, admission, and retention), employees development, evaluation, motivation, norms of actions, assurance of work safety and social conditions.

While facing changes and new challenges, it is most important for the Company to retain qualified, skilled, motivated personnel, who is able to implement set tasks and help the Company achieve its strategic goals, with as minimum costs as possible.

Strategic management of human resources. The aim of the personnel policy is to help the Company to adapt to new requirements of business environment and accomplish strategic goals while increasing administration effectiveness, connecting human resource practice with common the Company's business strategy, evaluating human resources.

Human resource planning. To ensure effective number of employment positions and structure planning, to ensure human resource demand planning, evaluation of planning quality.

Analysis of operations. In order to ensure more effective management of human resources it is necessary to evaluate new operation tasks, to spin off ineffective operations, doubling of functions, to regroup and reassign functions.

Development of the Company. Personnel development is a necessary condition for achieving the Company's strategic goals, as while learning personnel obtains qualification and skills. Changing the Company's challenges, environment where the tasks have to be completed, application of new technologies and difficult situation in the labour market indicates that it is necessary to invest into education of personnel, as it motivates, improves work conditions, increases loyalty and ensures more effective adaptation to new challenges and conditions.

Evaluation of activities and career. Evaluation of personnel activities – inseparable part of career planning. Potential of a person and areas of improvement can be assessed only by an objective evaluation. The goal of activities evaluation – to align personnel activities with the Company's goals to a maximum extent. The process of activities management is the setting of clear and achievable goals, monitoring of the progress, coordination of employee's goals, correction of set goals, annual evaluation of personnel activities. While planning the career it is important that it is not directed to the past i.e. results of person's work, but also to the future – his abilities, ability to change, implement more complex tasks – into his potential.

Personnel motivation. During the surveys majority indicate the insufficient remuneration as the most important factor hindering higher motivation. In current difficult conditions it is necessary to pay more attention to strengthening social motives: encourage personal goals, increase responsibility taken, increase association with a group or team, form conditions to realize management, self expression skills.

4.5.2 The employees of the Company in 2009-2011 according to the personnel groups:

Employees	2010			2009			2008		
	Amount	%	Average salary	Amounts	%	Average salary	Amounts	%	Average salary
managers	4	0,6	26476	4	0,6	20524	4	0,5	17202
specialists	123	19,7	3109	127	19,9	2995	146	20,0	2938
workers	498	79,7	1494	506	79,4	1394	582	79,5	1250
In total:	625	100,0	1966	637	100,0	1818	732	100	1653

In 2011 the number of staff in the company went down by 2 per cent as compared to 2010. This reduction was the result of cost-saving. Such reduction in the number of staff was determined by the implementation of this strategy.

4.5.3 The structure of the Company's employees in 2009-2011 according to education level

Education level of the employees	2011 Amount	2011 %	2010 Amount	2010 %	2009 Amount	2009 %
university education	103	16,5	100	15,7	131	17,9
professional high school education	377	60,3	383	60,1	431	58,9
secondary education	136	21,8	145	22,8	160	21,9
uncompleted secondary education	9	1,4	9	1,4	10	1,4
Total:	625	100	637	100	732	100

*4.5.4 The employees of the Company and its subsidiaries in 2009-2011 according to the personnel groups**

Employees	2011 Amount	2011 %	2010 Amount	2010 %	2009 Amount	2009 %
managers	8	1,1	8	1,04	8	0,6
specialists	153	20,5	171	22,2	294	20,6
workers	584	78,4	591	76,8	1123	78,8
Total:	745	100	770	100	1425	100

*Average yearly data

4.6 Investment policy

4.6.1 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
Registration date, head-office address	Registration date November, 2002. Address: Bolshja Okruznaja str. 1-a, Kaliningrad, Russia	Registration date May, 2004. Address: Prospekt Mira 52, Moscow, Russia	Registration date August, 2005, Address: Prospekt Mira 52, Moscow, Russia	Registration date November, 2002. Address: Grushevsky str. 28-2a/43, Kiev, Ukraine	Registration date November, 2006. Address: Pramones str. 6, 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)	88.852.896	833	833	55.230	1.375.785
Share of the authorized capital unpaid by the Company	Completely paid	Completely paid	Completely paid	Completely paid	Completely paid
2011 profit (loss) (LTL)	(9.023.453)	-	(134.754)	40.643	200.754

4.6.2 The major investment projects amounting to more than 10 percent of theCompany'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 the Company invests into development of technical progress and manufacture of new, ecological-friendly, cost-effective and modern products.
It was placed 2.557,3 thousand LTL into realization of investment programs within 2011.
Including the partial funding of structural funds of EU for the project „Strengthening of AB „Snaige" competitive ability by investing to the development of new generation „3D frost" refrigerator series", for what in 2011 was received 389,4 thousand LTL, within 2011 has been invested 2 million 167,9 thousand LTL of its own funds.

The following new products have been developed during 2011:
- Refrigerators FR275 and FR240 A++ energy efficiency class;
- Refrigerators RF31 and RF34 with glass on door;
- A++ energy efficiency class refrigerators RF36 and RF39;
- Refrigerator RF35 A+ and A++ energy efficiency classes;
- Single compartment refrigerator C29;
- Freezer F22.

There was spent 2 mln 307,5 thousand LTL on development and production preparation of these products.
For development of technologies, mastering of especially important and effective projects, improvement of work places was invested 67,7 thousand LTL.
It was placed 126,0 thousand LTL into implementation of effective means for saving of energy in 2011: it was made isolation of heating pipelines, replacement of ventilators in venting chambers, installed the new compressed air dryer.
Fro replacement of out-of-date and weared out production tools and instruments in 2011 was invested 19,9 thousand LTL, for improvement of logistics and warehouses equipment – 1,1 thousand LTL, for renovation of computers and other IT equipment - 35,2 thousand LTL.
Investments in subsidiary the Company „Techprominvest" (Kaliningrad, Russia):
In 2011 year the authorised capital of "Techprominvest" was increased 11 152 974 EUR by capitalizing the part of the payable debt to the Company.

4.7 Environment Protection

4.7.1 Environmental policy

The Company's environmental vision - organic products, clean technology and clean environment.
The Company's products, production technology and services cannot do the illegal exposure of atmospheric air, water, workers, consumers and environment.
Environment must not be contaminated by waste products of production and more than is inevitable and allowed.
The Company's management is trying to implement a vision and a clear understanding of environmental importance, assume the following responsibilities:
- Usable for legal and other companies to set conditions related to environmental aspects;
- Do pollution prevention, paying attention to gas, increasing the greenhouse effect, the use of control and thus contributing of global warming mitigation;
- Continually improve environmental performance;
- To increase our staff approach to environmental protection;
- Design products, according to materials and efficient resources, hazardous materials use, waste reduction and the reuse and recycling of consumer needs.

4.7.2 Environmental report

AB „Snaigė" is one of the most advanced manufacturing companies of Lithuania in the field of environment protection. 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 2001, and last year certificate Bureau Veritas Certification Lithuania 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.
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.
The Company has old refrigerators utilization system. Starting with 2006 the Company started to utilize large electric household equipment – refrigerators and fridges – waste.
AB „Snaigė" 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 add to global warming.
The Company saves electricity, water, heat: during decade the usage of these energy sources was decreased by three times.

4.8 Risk factors related to the business of the Company

Macroeconomic Risk. At present both Lithuanian and global markets feel the effects of the economic and consumption recuperation but this recuperation is not so fast as expected which could affect the demand for company's products and company's business prospects.

Credit Market Risk. Currently there is more activity and better credit availability on both Lithuanian and global markets. Internal financial resources of the company are limited, operations rely on external credit financing, too. In light of the global credit market recovery, it can be presumed that this recovery will have a positive impact on the company's financial situation, the Company will have possibility to take short and long term credits for its operations.

Company's Financial Accounting Accuracy Risk. On 25 April 2012 the Company's auditor expressed an unqualified audit opinion on the Company's stand alone and consolidated financial statements.

International Trade Restrictions Risk. The Company exports portion of its production to third parties (outside the European Union). There is a risk that changes in foreign trade policies of third countries could aggravate export conditions to those countries. Any such change would negatively impact export opportunities for the company and its financial situation.

Risk of Legal Proceedings. On the 12th February 2010 Kaunas District Court made a ruling in the case where Snaigė, AB was involved as the respondent and AS Compfitt Glass as the plaintiff. On 5 October 2010 Lithuanian Court of Appeals decided to change the above mentioned ruling, i.e. the Court of Appeals divided the amount adjudged, that is, 2,191,089.04 LTL, into two equal instalments of 1,095,544.52 LTL each, and ordered Snaigė, AB to pay the first instalment by 1 February 2011 and the remainder was to be payable in equal instalments by 12 February 2012. Today the prosecution of this decision is suspended by decision of the court. The part of the goods (valued at almost 500,000 LTL) Snaige AB had not been receiveduntill today. The issue between Snaige AB and Comfitt Glass AS is continuing in Lithuanian Appellate Cout (LAC). If LAC will meet with Snaige application for renewing the process and cancel the decision of Kaunas distric court, thanthe duty to pay all awarded sum to Compfitt Glass As will vanish for Snaige AB. Otherwise settlement of this obligation from the working capital of the company could negatively impact financial situation of the Company.

Market Risk. The Company is engaged in the manufacturing of a variety of commercial and household refrigerators and freezers and their sale. Investors assume the risk that the Company will suffer losses aggravating financial situation of the Company in the vent of negative changes on product markets and markets of raw materials needed in production processes.

Policy Risk. The Company is engaged in manufacturing activities which generate chemical substances harmful to the environment. Environmental matters both at Lithuanian and European Union levels are policy-regulated. There is a risk that in the event of changes in existing environmental requirements and restrictions the company might need additional investments to ensure compliance of production processes with new requirements. These investments could negatively affect financial situation of the Company.

Business Continuity Risk. Business continuity presumptions are disclosed in detail under Note 2.2 of consolidated audited financial statements of 2011.

Operational Risk. This is the risk that includes both direct and indirect losses resulting from improper or inoperative internal processes, systems or technologies, actions by staff and agents, and external factors. Constituent part of the operational risk is legal risk, i.e. risk of losses potentially occurring as a result of the Company's present or past obligations under various contracts and agreements, legal actions or laws, non-performance or improper performance.

Technical and Technological Factors. This includes physical and moral depreciation of a variety of technical means. Risk factors of this type could affect operations of the Company both directly and indirectly. Technological factors can affect the Company directly through physical and moral depreciation of technical base. Due to potential moral and technological depreciation of Company's manufactured products in comparison with competition products (indirect technological factors) there is a risk of loss in demand for products of the Company on the market. Such change in technological environment could have negative impact on the financial situation of the Company.

More detailed disclosures of Company's risk management and interest rate, exchange rate, credit and liquidity risks can be found under Note 29 of consolidated financial statements.

4.8.1 The main indications about internal control and risk management systems related to the preparation of consolidated financial statements.

The Audit Committee supervises preparation of the consolidated financial statements, systems of internal control and financial risk management and how the company follows legal acts that regulate preparation of consolidated financial statements.

Chief Financial Officer of the Company is responsible for the preparation supervision and the final revision of the consolidated financial statements. Moreover, he constantly reviews International Financial Reporting Standards (IFRS), as adopted by European Union in order to implement in time IFRS changes, analyses Company's and group's significant deals, ensures collecting information from the group's Companies and timely and fair preparation of this information for the financial statements. CFO of the Company periodically informs the Board about the financial statements preparation process

4.9 Related party transactions

The information about related party transactions is revealed in the 31th note of the consolidated financial statements.

4.10 Legal and arbitrary processes

The information about the legal and the arbitrary processes is revealed in the 30th note of the consolidated financial statements.

5. OTHER INFORMATION ABOUT AB „SNAIGĖ“

5.1 Membership in associated organisations

AB "Snaigė" is a member of Lithuanian Confederation of Industrialists.
Lithuanian Confederation of Industrialists comprises 39 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 LCI encompass all the main industrial areas; the major part of the goods produced in Lithuania is manufactured by them.
Snaigė, AB is a member of the EEPA association. The EEPA is an association established by manufacturers and importers of electrical equipment and batteries and accumulators. The main objective of the association is the implementation of waste management obligations by the association members stipulated in both EU and Lithuanian legislation. As of 2006 the association organizes waste from electrical and electronic equipment management and as of the end of 2009 – management of waste from batteries and accumulators. Activities of the association:

- Organizes waste management system for electrical and electronic equipment and batteries, and accumulators by the association members
- Represents member interests in public institutions, is involved in lawmaking
- Registers incorporators and members of the association as required by a governmental or other competent authority
- Reports to the Government or other competent authority on waste management
- Provides guarantees on behalf of incorporators and members of the association that their annual waste management goals in relation to electronic and electrical equipment, batteries and accumulators will be achieved
- Provides free consultations to incorporators and members of the association on waste management issues
- Informs and increases awareness among the general public on waste management matters in relation to electronic and electrical equipment, batteries and accumulators

EEPA has 67 members.
AB „Snaigė" is a member of LINPRA. The Engineering Industries Association of Lithuania LINPRA is an independent self-governing business association. Both nationally and internationally, it represents the interests of the Lithuanian mechanical, electrical, electronic and metalworking industrial sector and seeks to promote its business competitiveness.
Number of members: 80 (including almost all major companies of the sector).
Together with its partners, LINPRA responds to the needs of the companies operating in the sector and their potential counterparts by providing the following services:

- providing on-line information from the most comprehensive sectorial database in Lithuania;
- publishing yearly catalogue of the Lithuanian engineering industries;
- searching for Lithuanian partners and suppliers according to incoming investment, outsourcing and other business proposals;
- searching for foreign partners required by Lithuanian companies operating in the sector;
- organising incoming and outgoing missions, consultations, exhibitions and matchmaking events;
- coordinating the National Technology Platform ManuFuture-LT;
- training of managers and employees in technological and managerial competences
- initiating and implementing other types of projects aimed to strengthen competitiveness and business internationalisation of Lithuanian engineering industries sector.

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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.

5.2 Patents, licences and contracts

The Company's activities are independent of patents or licences

5.3 Recent and the most important events of the Company

Recent important events in the Company's business

5.3.1 Recent important events in the Company's business

05-03-2012

Notification on transactions concluded by managers of the companies

On 5 March, 2012 Snaige AB has received notifications on the transactions in issuer's securities concluded by the person closely associated with the manager of the issuer.

02-03-2012

Unconsolidated unaudited EBITDA of „Snaigė" for 2011 achieved LTL 9.3 million

For AB „Snaigė" 2011 became a year of significant achievement and great opportunities. Last year Company sold over 175k refrigerators. The largest proportion was exported to 30 countries in Europe and Asia. Key sales were in Germany, Ukraine, France and Portugal.

The Company significantly stepped up its sales positions in Ukraine started trading with one of the most important Ukrainian household appliances retailers – "Eldorado". Also after a few years break "Snaigė" refrigerators again were exported to Russia and Belarus.

According to CEO Gediminas Čeika in 2011 the Company also has several positive achievements which will have a positive effect on the future of the business. The most important one was introduction of strategic investor. "Polair" a Russian manufacturer of industrial refrigeration equipment acting indirectly through the "Vaidana" UAB, acquired 23,716,668 ordinary shares amounting 59,86% of all shares and votes given by the general meeting of shareholders of the Company.

According to CEO Gediminas Čeika, 2011 the company put a lot of effort into creating new products and improving existing ones. "In June, we manufactured a new premium class refrigerator with glass doors - Snaigė Glassy", said G. Čeika. "These refrigerators have received a lot of attention both from Lithuanian consumers and from consumers in Western Europe, and at the end of the year they were awarded by golden medal in the annual "Lithuanian product of the Year" Competition said G. Čeika. „We have created a new refrigerator RF35 with increased freezer section, which within a short time became one the best selling product of AB "Snaigė" in Baltic and Eastern markets.

The company participated in one of the most important household appliances exhibitions in Europe - the IFA 2011, where there was an extremely positive assessment by customers and partners."

Unconsolidated unaudited EBITDA of the Company for 2011 totaled LTL 9.3 million which is clearly a positive performance for the Company. AB "Snaigė" incurred a consolidated unaudited loss of LTL 0.53 million.

According to Gediminas Čeika, „Snaigė" AB CEO , due to foreign currency exchange fluctuations, „Snaigė" AB had revaluated debts from the closed factory in Kaliningrad. For these reasons the Company lost LTL 5,6 million. "However, this revaluation of the paper debt is unrelated to the activities of the Company and should be eliminated in assessing the annual results of the company."- said G. Čeika.

Due to damage and repair of the factory roof, the Company wasn't able to sell the Kaliningrad plant last year. Currently, the Company is actively negotiating with potential buyers of factory in Kaliningrad and in 2012 expects revenue from this sale.

AB "Snaigė" during the 2011 reached 111,1 million. Lt unaudited consolidated turnover and suffered a consolidated unaudited loss of 5 million.

29-02-2012

Concerning Snaigė AB interim report and result for the year 2011

Because of the Company's accounting program breakdown due to ongoing programming works, Company currently has no possibility to prepare and publish interim report for the twelve months of 2011. Company's interim report for the twelve months of 2011 will be announced not later than the 2nd of March, 2012.

5.3.2. Important events 2010

22-12-2011

Notification on transaction of manager of the company

Snaige AB has received notification on the transaction in issuer's securities concluded by the person closely associated with the manager of the issuer.

22-12-2011

Notification about disposal of voting rights

On 22 December 2011 Snaige AB received a notification about disposal of voting rights in the company by KJK Fund SICAV-SIF, Firebird Republics Fund, Ltd., Firebird Avrora Fund, Ltd. and Amber Trust S.C.A. SICAV-SIF (the date of the transaction is 11 November 2011, the date of disposal of voting rights – 21 December 2011).

21-12-2011

Notification about acquisition of voting rights

Snaigė AB, legal entity code: 249664610, office address: Pramonės str. 6, Alytus.

On 21 December 2011 Snaige AB received a notification about acquisition of voting rights in the company by UAB "VAIDANA" (the date of acquisition of voting rights – 21 December 2011).

21-12-2011

Implemented the agreement of 11 November, 2011 purchase-sale of shares of the Company

On 21 December 2011 the second transfer of the Company's shares pursuant to the Company's shares purchase–sale agreement, dated 11 November 2011 (hereinafter – the Agreement), was performed: Russian company "Polair", indirectly acting through UAB "VAIDANA" (hereinafter – the Buyer) has acquired from KJK Fund SICAV-SIF, Amber Trust SCA SICAF-SIF, Firebird Republics Fund, Ltd and Firebird Avrora Fund, Ltd remaining 6,114,453 units of shares of the Company (i. e. 15.43% of all the shares of the Company) pursuant to the Agreement paying EUR 0.53970482 for a single share.

At the moment the Purchaser holds 23,716,668 ordinary registered shares of the Company, constituting 59.86 percent of all shares and votes carried by them at the general meeting of shareholders of the Company.

16-12-2011

Notification about the intention to submit a non-competitive mandatory tender offer

On 15 December 2011 Snaigė AB received a notification that UAB „VAIDANA", registered address Konstitucijos pr. 7,Vilnius, Lithuania, legal entity code 302473720 (hereinafter referred to as the "Offeror"), on 12 December 2011 acquired more than 1/3 (one third) of shares of Snaigė AB (legal form: public limited liability company, legal entity code 249664610, registered at Pramonės St. 6, Alytus, the Republic of Lithuania, data about the company are collected and kept in the Register of Legal Persons of the Republic of Lithuania) (hereinafter referred to as the Company) and hold 17 602 215 (seventeen million six hundred two thousand two hundred fifteen) ordinary registered shares of the Company with the par value of LTL 1 (one litas) each, constituting 44,43%(forty four and forty three hundredths percent) of shares and votes carried by them at the general meeting of shareholders of the Company.

The Offeror intends to submit a non-competitive mandatory tender offer to buy up the remaining 22 020 180 (twenty two million twenty thousand one hundred eighty) ordinary registered shares of the Company with the par value of LTL 1 (one litas) each, constituting 55.57% (fifty five and fifty seven hundredths percent) of shares and votes carried by them at the general meeting of shareholders of the Company.

However, as it was announced in the notification on material event dated 12 December 2011, pursuant to the amendment of the purchase-sale of shares and convertible bonds of the Company, not later than by 26 December 2011, the same sellers shall transfer to the Offeror 6 114 453 (six million one hundred fourteen thousand four hundred fifty three) shares of the Company, i.e. 15.43% (fifteen and forty three hundredths percent) of all shares issued by the Company. Upon completion of such transfer the Offeror shall hold 23 716 668 (twenty three million seven hundred sixteen thousand six hundred sixty eight) ordinary registered shares of the Company, constituting 59.86% (fifty nine and eighty six hundredths percent) of shares and votes carried by them at the general meeting of shareholders of the Company. Therefore, the non-competitive mandatory tender offer shall be applicable to 15 905 727 (fifteen million nine hundred five thousand seven hundred twenty seven) ordinary registered shares of the Company with the par value of LTL 1 (one litas) each, constituting 40,14% (forty and fourteen hundredths percent) of shares and votes carried by them at the general meeting of shareholders of the Company.

Intended way of settlement for the securities to be bought up is in cash

15-12-2011

Notification about disposal of voting rights

On 15 December 2011 Snaige AB received a notification about disposal of voting rights in the company by ING LUXEMBURG S.A., Firebird Republics Fund, Ltd. and Firebird Avrora Fund, Ltd (the date of the transaction is 12 December 2011).

14-12-2011

The Chairman of the Board is elected

In the Board meeting on the 14th of December, 2011 Aleksey Kovalchuk had been elected to the position of the Chairman of the Board of Snaige AB.

14-12-2011

Resolutions of the Extraordinary General Meeting of Shareholders

On 14 December 2011 the Extraordinary General Meeting of Shareholders of the Company took place.
The following decisions were adopted during the meeting:
1. To revoke the Board of the Company in corpore.
2. To elect Robin Peter Walker, Andrey Dribny, Aleksey Kovalchuk, Mikhail Stukalo, Martynas Česnavičius and Robertas Beržinskas as the members of the Board for its new term of office.
3. To revoke the Audit Committee of the Company in corpore.

13-12-2011

Notifications on transactions of managers of the companies

Snaige AB has received notifications on the transactions in issuer's securities concluded by the persons closely associated with the managers of the issuer.

13-12-2011

Notification about acquisition of voting rights

On 12 December 2011 Snaige AB received a notification about acquisition of voting rights in the company by UAB "VAIDANA" (the date of acquisition of voting rights – 12 December 2011).

13-12-2011

Notification about disposal of voting rights

On 12 December 2011 Snaige AB received a notification about disposal of voting rights in the company by KJK Fund SICAV-SIF, Firebird Republics Fund, Ltd., Firebird Avrora Fund, Ltd. and Amber Trust S.C.A. SICAV-SIF (the date of the transaction is 11 November 2011, the date of disposal of voting rights – 12 December 2011).

12-12-2011

The agreement for purchase-sale of shares and convertible bonds of the company was amended, part of shares according to the agreement was transferred

On 12 December 2011, Russian company "Polair", indirectly acting through UAB "VAIDANA" (hereinafter, the "Buyer"), and KJK Fund SICAV-SIF, Amber Trust SCA SICAF-SIF, Firebird Republics Fund, Ltd and Firebird Avrora Fund, Ltd (hereinafter, the "Sellers") signed the amendment to the agreement for purchase-sale of shares and convertible bonds of the Company, dated 11 November 2011 (hereinafter, the "Agreement"), the signature of which was announced by the Company on 14 November 2011, by notifying the notification on material event. It was established by the amendment of the Agreement that shares of the Company held by the Sellers (i.e. 23,716,668 ordinary registered shares of the Company, constituting 59.86 percent of all shares and votes carried by them at general meeting of shareholders of the Company) will be transferred to the Buyer in two stages – on 12 December 2011 and not later than until 26 December 2011.

On 12 December 2011 the Buyer acquired the title to 17,602,215 shares of the Company (i. e. 44.43% of all the shares of the Company) from the Sellers. The Buyer paid to the Sellers in total EUR 9,500,000.28 for all the acquired shares of the Company (i. e. EUR 0.53970482 for a single ordinary registered share of the Company).

The remaining 6,114,453 units of shares of the Company, held by the Sellers (i. e. 15.43% of all the shares of the Company) shall be transferred to the Buyer paying EUR 0.53970482 for a single share not later than until 26 December 2011.

Following the acquisition of title to shares of the Company by the Buyer he is required, under the Lithuanian takeover regulations, to submit and implement a mandatory tender offer to buy up the remaining voting shares of the Company and its securities confirming the right to acquire voting securities, unless the Buyer would transfer the shares of the Company, which entitle to more than 1/3 of votes in its general meeting of shareholders under the terms of the applicable legal acts. According to the knowledge of the Company, after the acquisition of its shares by the Buyer, the Buyer will submit and implement the mandatory tender offer following the terms and conditions, set in the applicable laws.

30-11-2011

Additions to the agenda of the Extraordinary General Meeting of Shareholders Snaigė AB, convened on 14 December 2011

On 14 December 2011 the Extraordinary General Meeting of Shareholders of Snaigė AB, the address of head office Pramonės str. 6, Alytus, the company code 249664610 (hereinafter, the "Company") is convened (hereinafter, the "Meeting").

The place of the meeting – main meeting hall of the Company, at the address Pramonės str. 6, Alytus, Lithuania.
The Meeting commences – at 10 a.m. (registration starts at 9.30 a.m.).
The Meeting's accounting day – 7 December 2011 (the persons who are shareholders of the Company at the end of accounting day of the General Meeting of Shareholders or authorized persons by them, or the persons with whom shareholders concluded the agreements on the disposal of voting right, shall have the right to attend and vote at the General Meeting of Shareholders).
The Board of directors of the Company initiates and convenes the meeting.
Agenda of the Meeting:
1) Revocation of the Board of the Company in corpore;
2) Appointment of the new Board of the Company;
3) Revocation of the Audit Committee of the Company in corpore.
The Company shall not provide the possibility to participate and vote in the Meeting through electronic

25-11-2011

Snaige AB information regarding Bankas Snoras AB

Refering to the announcement of the Government of Lithuania on 16 November 2011 to take over 100 per cent shares of Bankas Snoras AB for the needs of the society, please be informed, that this will have no effect to the performance of results of Snaige AB.

14-11-2011

Regarding termination of public tender for sale of shares of OOO Techprominvest held by the company

On 14 November 2011 the Board of the Company decided to terminate the public tender for sale of 100% of shares of OOO Techprominvest (hereinafter, "TPI"), held by the Company (as it is indicated in the notification on material event of the Company, dated 3 October 2011), as during the tender no offer was received, in which the purchase price of shares of TPI would be not less than the minimal sale price of this asset, set by the Company.

14-11-2011

Convocation of the Extraordinary General Meeting of Shareholders

On 14 December 2011 the Extraordinary General Meeting of Shareholders of Snaigė AB, the address of head office Pramonės str. 6, Alytus, the company code 249664610 (hereinafter, the "Company") is convened (hereinafter, the "Meeting").
The place of the meeting – main meeting hall of the Company, at the address Pramonės str. 6, Alytus, Lithuania.
The Meeting commences – at 10 a.m. (registration starts at 9.30 a.m.).
The Meeting's accounting day – 7 December 2011 (the persons who are shareholders of the Company at the end of accounting day of the General Meeting of Shareholders or authorized persons by them, or the persons with whom shareholders concluded the agreements on the disposal of voting right, shall have the right to attend and vote at the General Meeting of Shareholders).
The Board of directors of the Company initiates and convenes the meeting.
Agenda of the Meeting:
1) Revocation of the Board of the Company in corpore
2) Appointment of the new Board of the Company.

14-11-2011

Agreement regarding sale-purchase of shares and convertible bonds of the company is signed

On 11 November 2011, Russian company "Polair", indirectly acting through UAB "VAIDANA" (hereinafter, the "Buyer"), entered into legally bounding agreement with the shareholders of the Company KJK Fund SICAV-SIF, Amber Trust SCA SICAF-SIF, Firebird Republics Fund, Ltd and Firebird Avrora Fund, Ltd (hereinafter, the "Sellers") on sale to the Buyer of all shares of the Company (i.e. 23,716,668 ordinary registered shares of the Company, constituting 59.86 percent of all shares and votes carried by them at general meeting of shareholders of the Company) and convertible bonds of the Company (i. e. 43,000 convertible bonds), held by the Sellers.

The transfer of title to Company's shares to the Buyer has to be executed on 12 December 2011 or on earlier date, agreed by the parties. The Buyer shall pay to the Sellers in total EUR 12,800,000 for all the shares of the Company being sold (i. e. EUR 0.5397 for a single ordinary registered share of the Company) according to terms and conditions of the indicated agreement.

Following the acquisition of title to shares of the Company, the Buyer will be required, under the Lithuanian takeover regulations, to submit and implement a mandatory tender offer to buy up the remaining voting shares of the Company and its securities confirming the right to acquire voting securities, unless the Buyer would transfer the shares of the Company, which entitle to more than 1/3 of votes in its general meeting of shareholders under the terms of the applicable legal acts. According to the knowledge of the Company, after the acquisition of its shares by the Buyer as it is indicated above, the Buyer will submit and implement the mandatory tender offer following the terms and conditions, set in the applicable laws.

Law firm TARK GRUNTE SUTKIENE acted as the legal counsel to the Sellers, law firm LAWIN Vilnius acted as legal counsel to the Buyer.

26-10-2011

„Snaigė"AB has earned 552 thousand LTL

According to the unaudited non-consolidated data, during the 9 months of 2011, „Snaigė" AB achieved turnover in the amount of LTL 93.4 million, i.e. by 5 per cent more than in the same period of the last year, when the unaudited non-consolidated turnover amounted to LTL 88.7 million. Within the 9 months the company achieved LTL 552 million of total unaudited non-consolidated profit , when last year during the same period the company had incurred LTL 905 thousand unaudited non-consolidated loss.

During the first three quarters of the year „Snaigė" AB successfully introduced a new range of refrigerators with glass doors and a new refrigerator model with increased freezer compartment to Ukraine, Germany, Italy and other markets. These products have been positively evaluated by the company's customers and consumers.

With the help of implementation of cost reduction programs, the Company managed to reduce the operate costs during the first three quarters of the year by 10 percent.

According to Gediminas Čeika, „Snaigė" AB Managing Director, despite the successful delivery of products on the market and implemented cost saving programs, results of the three-quarters could be better. "Due to foreign currency exchange fluctuations, „Snaigė" AB had revaluated debts of closed factory in Kaliningrad. - said G. Ceika - "For this reason, the unaudited consolidated loss of „Snaigė" AB amounted to LTL 4.3 million".

G. Čeika's sales and sluggish growth slowing prognosis were proved in consumption of both European and Baltic markets. "I think that not only „Snaigė" AB, but also the majority of enterprises will not be satisfied with the significantly recovered sales this year. Contrary to initial expectations: the growth of consumption is slowing, while in some markets it is even decreasing." - said G. Ceika.

Rising costs of raw material and material also had a negative impact on the company's results during the third quarter.

According to the unaudited non-consolidated data EBITDA of „Snaigė" AB of the 9 months of 2011 amounted to LTL 7.8 million.

Consolidated non-audited turnover of the company totaled LTL 90.7 million, while consolidated unaudited EBITDA was LTL 4 million.

03-10-2011

Snaigė AB decided to increase the capital of OOO Techprominvest and to sale its shares

The Board of Snaigė AB (hereinafter, the "Company") in its meeting of 30 September 2011 adopted the following decisions:

1. To sell 100% of shares of OOO Techprominvest (hereinafter, "TPI"), held by the Company. In order to receive the maximum possible price for the shares of TPI being sold, it was decided to sell the indicated asset by way of public tender. The winner of the tender, which rules need to be prepared by the Manager of the Company, shall be recognised the participant of the tender, having offered the highest price for the shares of TPI. It is planned that the transaction regarding sale-purchase of TPI shares shall be closed by the end of month of October 2011.

2. To increase the authorised capital of TPI by not more than EUR 12 mill., recalculating the final amount of increase into rubbles according to official currency exchange rate of euro and rubbles o be announced by the Central Bank of the Russian Federation as on the date of increase of the authorised capital. The authorized capital of TPI shall be increased by not more than the aforementioned amount by additional cash contributions of the Company, by capitalising the whole debt of TPI payable to the Company or part thereof according to all and any arrangements, currently executed by the Company and TPI or to be executed in the future. Increase of the authorised capital of TPI shall be executed until sale of TPI shares.

According to AB "Snaigė" General Director Gediminas Čeika, until now, the company tried to sell only the real estate of the Kaliningrad company. "We believe that selling the entire company will be easier and faster." – stated G. Čeika. „ A customer will purchase not only the property of the company, but also the ability to start business immediately without any additional permits and documents.

The company has long been trying to sell the factory in Kaliningrad, closed due to 2009 the ruble devaluation and economic downturn. Last year alone, for this factory "Snaigė" suffered losses of 2 mln LT.

In G. Čeika opinion, the public competition of potential buyers will help to get the highest price. It is also expected that according to capitalized debt of the company the number of the potential buyers will increase.

29-08-2011

Regarding the relations of the buyer of the Term Sheet and the company "Polair"

Hereby Snaigė AB provides additional information related to the notification on material event of 24 August 2011 regarding the buyer of the Term Sheet of 18 July 2011 regarding sale-purchase of shares of the company. On 29 August 2011 Snaigė AB has received the information from the buyer according to the indicated Term Sheet TETAL GLOBAL LTD (hereinafter, the "Buyer") on the relations of the Buyer and the Russian company "Polair", according to which the controlling shareholder of the Buyer is Aleksei Kovalchuk, who also holds the controlling block of shares in the company "Polair".

24-08-2011

Regarding the buyer of the Term Sheet regarding sale-purchase of shares of the company

As it was indicated in the notification on material eventof 22 July 2011, on 18 July 2011 the shareholders of the company KJK Fund SICAV-SIF, Amber Trust SCA SICAF-SIF, Firebird Republics Fund, Ltd. and Firebird Avrora Fund, Ltd. entered into the Term Sheet with TETAL GLOBAL LTD (hereinafter, the "Buyer") on sale of all shares owned by the sellers in Snaigė AB (i.e. 23,716,668 ordinary registered shares of the company, constituting 59.86 percent of all shares and votes carried by them at general meetings of shareholders of Snaigė AB) to the Buyer, which established the main stages of the negotiations for the transaction and terms of their implementation.

Hereby we confirm that the Buyer according to the indicated Term Sheet is TETAL GLOBAL LTD, and not Russian company "Polair" as it was not correctly indicated in the article "Lithuanian "Snaigė" shall be animated by Russians" of the daily "Lietuvos rytas" (No. 192) of 22 August 2011. Snaigė AB does not dispose official information on the question, whether the Buyer is associated with the indicated company „Polair", and on 22 August 2011 has provided the query to the Buyer, according to which it asks to provide the information on whether the Buyer is associated with the company „Polair"and, if so, of what character these relations are.

Upon receipt of the answer to the indicated query, Snaigė AB shall announce the clarifying announcement on material event.

25-07-2011

Unaudited activity result of Snaigė AB for the first half-year period of 2011

According to the unaudited non-consolidated data, during the I half-year 2011, Snaigė AB achieved turnover in the amount of LTL 56.2 million, i.e. by 19 per cent more than in the same period of the last year, when the unaudited non-consolidated turnover amounted to LTL 47.2 million. Within the first half-year the company incurred LTL 0.7 million of total unaudited non-consolidated loss, i.e. almost by 5 times lower than during the same period last year.

According to Gediminas Čeika, AB Snaigė CEO, during the first half-year this year the company succeeded to manage the impact of rising costs of raw material and material on the company's results. Decreasing sales in the West markets were compensated by increasing sales of Snaigė AB in the East.

"A consolidated result of the company is worsened by a non-operating factory in Kaliningrad", states G.Čeika. G.Čeika is concerned about the low consumption not only in the euro area, but also in Lithuania and Ukraine. "Within the I quarter this year sales of Snaigė AB grew by 30 per cent. During the II quarter – only by 10 per cent comparing with the same periods last year. These tendencies can remain till the end of the year", said G.Čeika. "I think that not only Snaigė AB, but also the majority of enterprises will not be satisfied with the significantly recovered sales this year. Contrary to initial expectations: the growth of consumption is slowing, while in some markets it is even decreasing."

According to the unaudited non-consolidated data EBITDA of Snaigė AB for I half-year of 2011 amounted to LTL 4.2 million, i.e. almost doubled the number carried out the previous year, when non-consolidated unaudited EBITDA comprised LTL 2.2 million.

A consolidated non-audited loss of Snaigė AB was LTL 2.2 million. Consolidated non-audited turnover of the company totaled LTL 54.4 million, while consolidated unaudited EBITDA was LTL 3.4 million.

The consolidated non-audited interim financial reports for 6 months of 2011, Semi-annual consolidated financial statements for 2011 and the confirmation of accountable persons (attached).

22-07-2011

Term Sheet regarding sale-purchase of shares of the company is signed

According to knowledge of Snaigė AB, on 18 July 2011 the shareholders of the company KJK Fund SICAV-SIF, Amber Trust SCA SICAF-SIF, Firebird Republics Fund, Ltd and Firebird Avrora Fund, Ltd. (hereinafter, the "Sellers") entered into the Term Sheet with TETAL GLOBAL LTD (hereinafter, the "Buyer") on sale of all shares owned by the Sellers in Snaigė AB (i.e. 23,716,668 ordinary registered shares of the company, constituting 59.86 percent of all shares and votes carried by them at general meetings of shareholders of Snaigė AB) to the Buyer, which established the main stages of the negotiations for the transaction and terms of their implementation.

The Buyer is entitled to perform a legal, financial, technical, environmental and business due diligence of Snaigė AB until 18 October 2011, and in case the Buyer is satisfied with the results of the due diligence, negotiations would be conducted for the major and legally binding agreement on sale and purchase of shares in Snaigė AB. In case the agreement on sale and purchase of shares in Snaigė AB is signed, it will be implemented only if the investment committees and/or other corporate bodies of the Sellers approve the transaction.

It is expected that the negotiations for the agreement on sale and purchase of shares in Snaigė AB will be completed approximately by 18 November 2011, and subject to positive decisions of the investment committees and/or other corporate bodies of the Sellers, it is expected that the transaction of sale and purchase of shares in Snaigė AB will be closed approximately by 18 November 2011.

It is noteworthy that the Term Sheet signed between the parties is not a document legally binding on the parties – its main purpose is to state the parties' intentions to negotiate for conclusion of legally binding agreements, therefore, at this stage there is no certainty whether the transaction will actually be conducted.

CONSOLIDATED ANNUAL REPORT 2010

13-05-2011
Amended Articles of Association with increased authorized capital has been registered
On 12 May 2011 the amended Articles of Association of Snaigė AB with the increased up to LTL 39,622,395 (EUR 11,475,439) authorized capital was registered in the Register of Legal Entities. The authorized capital of the company was increased upon the requirement of the part of bondholders having converted shares to 23,386 units of convertible bonds which must be redeemed on 11 April 2011. The issue of 8,886,680 ordinary registered shares of LTL 1 nominal value each was issued for the increase of the authorized capital.
12-05-2011
Notification on transactions concluded by managers of the companies
Snaige AB has received notifications on the transactions in issuer's securities concluded by the manager of the issuer or the person closely associated with the manager of the issuer.
02-05-2011
The issue of convertible bonds was subscribed and paid
On 2 May 2011 was signed and paid AB Snaige unadvertised convertible 43,000 bonds issue with nominal value of LTL 100 and 9 percent annual interest rate. Nominal value of the issue is LTL 4,300,000. Redemption of bonds is on 2 May 2013.
29-04-2011
Annual information for the year 2010
Annual information as of financial year 2010 approved by ordinary shareholders meeting of Snaige, AB which took place on April 29, 2011.
29-04-2011
Resolutions of the E General Meeting of Shareholders
The General Meeting of shareholders of Snaige AB was held on 29 April 2011. The meeting heard the consolidated annual report of the Company for the year 2010 and the Auditor's report for the year 2010.
At the meeting was made following resolutions:
1.To approve the set of financial statements of the company for 2010.
2. To approve the distribution of profit (loss) of "Snaigė" AB:
Non-distributed profit at the end of the last financial year: - LTL 13.028.614 (-EUR 3.773.347,43)
Share premium for covering of loss: LTL 13 028 614 (EUR 3 773 347,43)
Net result - profit (loss) of financial year: - LTL 671.517 (-EUR 194.484,77)
Transfers from reserves: LTL 1 860 000 (EUR 538 693,23)
Contributions of shareholders to cover loss: LTL 0 (EUR 0)
Share premium for covering of loss: 0
Distributable result- profit (loss) at the end of financial year: LTL 1.188.483 (EUR 344.208,46)
Distribution of profit:
Portion of profit allocated to reserves foreseen by law: LTL 0 (EUR 0)
Portion of profit allocated to other reserves: LTL 0 (EUR 0)
- for support and charity: LTL 0 (EUR 0)
For social and cultural needs: LTL 30 000 (8 688,6 EUR)
Portion of profit allocated for payment of dividends: LTL 0 (EUR 0)
Portion of profit allocated for payment of premiums: LTL 0 (EUR 0)
Portion of profit allocated for payment of tantiemes: LTL 0 (EUR 0)
Portion of profit allocated to reserve for acquisition of own shares: LTL 0 (EUR 0)
Portion of profit allocated to reserve for investments: LTL 1.158.483 (EUR 335.519,86)
Non-distributed result - profit (loss) at the end of financial year: LTL 0 (EUR 0)
3. To increase of members of the Board to 6 members.
4. To elect Kustaa Aima, Jaakko Salmelin and Harvey Sawikin for the members of the Board until the end of term of office of the Board.
5. To elect Antti Partanen and Steve Gorelik until the end of term of office of the Board.
6. To elect the audit firm "Ernst & Young Baltic" UAB for auditing purposes of financial statements for 2011by extending the agreement with this firm. To authorize (with the right to subdelegate) the Director General of the company to sign the extension of the agreement with the audit firm by establishing the terms of payment for the audit services and other terms.
7. To issue and distribute in private placements the issue of convertible bonds of the Company
- total number of convertible bonds: 43.000 units;
- nominal value of the convertible bond: LTL 100;
- issue price per convertible bond: LTL 100;
- total nominal value: LTL 4.300.000;
- total amount of the issue: LTL 4.300.000;
- the rights granted to holders of convertible bonds: according to the set order to receive interest from the Company; on redemption day to receive a redemption amount or to request to change convertible bonds to the shares at the end of redemption term; also, all other rights set to the creditors of the companies by the laws;
- subscription and payment day: 2 May 2011;
- duration: 732 days;
- interest: 9 % per annum;
- the method of interest calculation: act/365;
- redemption day: 2 May 2013;
- payment of interest: 2 May 2012 and 2 May 2013
- shares, for which the convertible bonds shall be changed: ordinary registered shares of LTL 1 nominal value, granting its holders property and non-property rights set by the laws and Articles of Association of the Company;
- the conditions of change of convertible bonds to shares: convertible bonds shall be changed to shares accordingly to the request of the holder submitted to the Company in written no later than 10 business days before the redemption day of convertible bonds;
- the term of exchange: convertible bonds shall be changed to shares on the redemption day;
- the ratio of change to shares: 1:100 (one convertible bond shall be changed to 100 shares of LTL 1 nominal value each (one Litas));
- inclusion into trading in the regulated market: the issue will not be involved into trading in the regulated market.
8. In order to fulfill Company's obligations related with the short-term financing of the Company by redeeming the previous issue of convertible bonds on 11 April 2011 and to distribute the new issue of convertible bonds within the shortest term possible, to withdraw for all the shareholders the pre-emption right to acquire convertible bonds of the new issue in proportion to the total par value of the shares, held by them. To grant the right to acquire all convertible bonds of the new issue to KJK Fund SICAF-SIF, Societe d'investissement a capital variable – fonds d'investissement specialise (head office is registered at the address 412F, route d'Esch L-1030, Luxemburg, registration No. B 86 728) – provided the right to acquire 22906 units bonds, Firebird Republic Fund, Ltd., the company established under the laws of Cayman Islands (head office is registered c/o Trident Trust Company (Cayman) Ltd., One Capital Place, P.O. Box 847 Grand Cayman, Cayman Islands) - provided the right to acquire 9110 units bonds, Firebird Avrora Fund, Ltd., the company established under the laws of Cayman Islands (head office is registered c/o Trident Trust Company (Cayman) Ltd., One Capital Place, P.O. Box 847 Grand Cayman, Cayman Islands) - provided the right to acquire 3847 units bonds, Amber Trust S.C.A., Societe d'Investissement a Capital Fixe Qualifying as fonds d'Investissement Specialise (head office is registered at the address 412F, route d'Esch L-1030, Luxemburg, registration No B 87 145) - provided the right to acquire 7137 units bonds.
9. In case holders of convertible bonds will require in a set order to change convertible bonds to shares 10 days before the redemption of convertible bonds (2 May 2013), to increase the authorized capital of the Company by the amount equal to total nominal value of shares, to which convertible bonds will be changed and to amend articles 4.1 and 5.1 of the Articles of Association accordingly;
- As the number of Board members is increase to six members, the article 6.1.2 of the Articles of Association correspondingly is changed accordingly, a new edition of which after the amendment will be as follows: "6.1.2. The Board consists of six members and is elected for the term of office of four years".
- To amend the article 12.1 of the Articles of Association of the company with the following new edition, which is in compliance with the requirements of the Law on Companies of the Republic of Lithuania: "The Articles of Association of the company can be amended under the order set by the Law on Companies of the Republic of Lithuania".
10. Issue of agenda: To authorize (with the right to subdelegate) the Director General of the Company Mr Gediminas Čeika:
to sign on behalf of the Company the convertible bonds subscription agreement and other documents, related to the convertible bonds issue;
- to sign the amended Articles of Association and to register it in the Register of Legal Entities (authorization is valid for the amendment of the Articles of Association concerning the articles 6.1.2 and 12.1 and for the change of convertible bonds to shares under the set order and due to this reason changing the articles 4.1 and 5.1 of the Articles of Association).
28-04-2011
Turnover of AB Snaigė rose by 30 per cent during the first quarter of this year
According to unaudited unconsolidated data, during the first quarter of 2011, AB Snaigė achieved the turnover of 22.9 million litas, i.e. over 30 per cent more than in the same period of the last year, when the turnover was 17.6 million litas. During the first quarter, the company had 1.5 million litas of unaudited unconsolidated total loss, i.e. 2 times lower than during the same period last year.
According to Gediminas Čeika, AB Snaige CEO, in the first quarter, the company's turnover has increased thanks to the recovery in the Ukrainian market and stronger sales in Lithuania and the new Uzbekistan and Tajikistan markets. "While sales and earnings were growing, profits from increased sales were not compensated the marked price increase of raw materials in the first quarter (especially metals and plastics)," G. Čeika says. "If the raw material price increases continue, the company's year may be less successful than we planned, despite growing sales."
In order to offset raw material price increases, the company intensified the programmes for reduction of production cost and expenditure, initiated comprehensive rearrangement of its procurement division continues to improve inventory management.

According to unaudited, unconsolidated data, AB Snaigė's EBITDA on the first quarter of 2011 amounted to 0.99 million litas, i.e. almost 10 times more than last year during the same period, when the unaudited non-consolidated EBITDA amounted to 0.101 million litas.
Consolidated unaudited results of the company of the first quarter of 2011 were negatively affected by maintenance costs of the closed Kaliningrad plant, and currency fluctuations. Accordingly, the unaudited consolidated AB Snaigė's gross loss was 2.176 million litas. The company's unaudited consolidated turnover amounted to 22.3 million litas, unaudited consolidated EBITDA amounted to 0.68 million litas.

19-04-2011

The issue of convertible bonds was subscribed and paid

On 18 April 2011 the issue of convertible bonds was subscribed and paid:
- total number of convertible bonds: 30,000 units;
- nominal value of the convertible bond: LTL 100;
- issue price per convertible bond: LTL 100;
- total nominal value: LTL 3,000,000;
- total amount of the issue: LTL 3,000,000;
- the rights granted to holders of convertible bonds: according to the set order to receive interest from the Company; on redemption day to receive a redemption amount or to request to change convertible bonds to the shares at the end of redemption term; also, all other rights set to the creditors of the companies by the laws;
- subscription and payment day: 18 April 2011;
- duration: 725 days;
- interest: 9 % per annum;
- the method of interest calculation: act/365;
- redemption day: 12 April 2013;
- the redemption price per convertible bond: LTL 100;
- payment of interest: once per quarter on the last day of the quarter (if the last day of the quarter is not a business day – the next business day), also on the redemption day or the day of change to the shares;
- shares, for which the convertible bonds shall be changed: ordinary registered shares of LTL 1 nominal value, granting its holders property and non-property rights set by the laws and Articles of Association of the Company;
- the conditions of change of convertible bonds to shares: convertible bonds shall be changed to shares accordingly to the request of the holder submitted to the Company in written no later than 10 business days before the redemption day of convertible bonds;
- the term of exchange: convertible bonds shall be changed to shares on the redemption day;
- the ratio of change to shares: 1:100 (one convertible bond shall be changed to 100 shares);
- inclusion into trading in the regulated market: the issue will not be involved into trading in the regulated market.

During private placement all convertible bonds of the issue were subscribed and paid by Šiaulių banko turto fondas, UAB.

18-04-2011

Resolutions of the Extraordinary General Meeting of Shareholders

The following resolutions were made during the repeat Extraordinary General Meeting of Shareholders held on 18 April 2011:

1. To issue and distribute in private placement the issue of convertible bonds of the Company:
- total number of convertible bonds: 30,000 units;
- nominal value of the convertible bond: LTL 100;
- issue price per convertible bond: LTL 100;
- total nominal value: LTL 3,000,000;
- total amount of the issue: LTL 3,000,000;
- the rights granted to holders of convertible bonds: according to the set order to receive interest from the Company; on redemption day to receive a redemption amount or to request to change convertible bonds to the shares at the end of redemption term; also, all other rights set to the creditors of the companies by the laws;
- subscription and payment day: 18 April 2011;
- duration: 725 days;
- interest: 9 % per annum;
- the method of interest calculation: act/365;
- redemption day: 12 April 2013;
- the redemption price per convertible bond: LTL 100;
- payment of interest: once per quarter on the last day of the quarter (if the last day of the quarter is not a business day – the next business day), also on the redemption day or the day of change to the shares;
- shares, for which the convertible bonds shall be changed: ordinary registered shares of LTL 1 nominal value, granting its holders property and non-property rights set by the laws and Articles of Association of the Company;
- the conditions of change of convertible bonds to shares: convertible bonds shall be changed to shares accordingly to the request of the holder submitted to the Company in written no later than 10 business days before the redemption day of convertible bonds;
- the term of exchange: convertible bonds shall be changed to shares on the redemption day;
- the ratio of change to shares: 1:100 (one convertible bond shall be changed to 100 shares);
- inclusion into trading in the regulated market: the issue will not be involved into trading in the regulated market.

2. In order to fulfill obligations related to Company's short term financing for redemption of the previous issue of convertible bonds on 11 April 2011 and to distribute the new issue of convertible bonds within the shortest term possible, to withdraw for all the shareholders the pre-emption right to acquire convertible bonds of the new issue in proportion to the total par value of the shares, held by them. To grant the right to acquire all convertible bonds of the new issue to "Šiaulių banko turto fondas"UAB, company code 145855439, the address of head office Vilniaus str. 167, Šiauliai, Lithuania.

3. In case holders of convertible bonds will require to change convertible bonds to shares, in a set order:
- to increase the authorized capital of the Company by the amount equal to total nominal value of shares, to which convertible bonds will be changed;
- to amend articles 4.1 and 5.1 of the Articles of Association accordingly.

4. To authorize (with the right to subdelegate) the Managing director of the Company Mr Gediminas Čeika:
- to sign on behalf of the Company the convertible bonds subscription agreement and other documents, related to the convertible bonds issue;
- by changing convertible bonds to shares, to sign the amended Article of Association and to register it in the Register of Legal Entities.

12-04-2011

On the implementation of mandatory non-competitive tender offer report

On 12 April 2011 Snaigė AB received a report from its shareholders KJK Fund SICAV-SIF, Firebird Republics Fund, Ltd. and Firebird Avrora Fund, Ltd. on the implementation of the mandatory non-competitive tender offer.
Through the implementation period of the tender offer, the aforementioned shareholders bought-up 4,352,213 ordinary registered shares of Snaigė AB, with nominal value of LTL 1 each (ISIN code LT0000109274), which represent 14,16 percent voting rights at the general meeting of shareholders of the company.

12-04-2011

Notification about acquisition of voting rights

On 11 April 2011 Snaigė AB received a notification about acquisition of voting rights in the company by KJK Fund SICAV-SIF, Firebird Republics Fund, Ltd., Firebird Avrora Fund Ltd. and Amber Trust S.C.A. (the date of the transaction is 5 April 2011).
It was informed by the notification inter alia that the notifications of the acquisition of voting rights of ING Luxembourg S.A. and Firebird Republics Fund Ltd. dated 7 April 2011, were provided on behalf of separate persons, the votes of which to be calculated collectively (the shares of Snaigė AB, held by KJK Fund SICAV-SIF and Amber Trust S.C.A. are accounted on the securities account of ING Luxembourg S.A.), and the attached notification is provided on behalf of all the group of the indicated persons. Thus, the information on the voting rights held by the group of the mentioned persons, presented in the attached notification shall be deemed final and correct.

11-04-2011

Snaigė AB has fully redeemed the bonds issued in 2010

On the 11th of April, 2011, Snaigė AB had fully redeemed the bonds LT1000401315 – 61 372 units, issued in 2010. The part of the bonds (23 086 units) was converted by Company's shareholders into Snaigė AB ordinary shares, the rest was redeemed by the Company Snaige AB.

08-04-2011

Convocation of the General Meeting of Shareholders

On 29 April 2011 the General Meeting of Shareholders of Snaigė AB, the address of head office Pramonės str. 6, Alytus, the company code 249664610 (further Company) is convened.
The place of the meeting - main meeting hall of the Company, at the address Pramonės str. 6, Alytus, Lithuania.
The Meeting starts - at 10 a.m. (registration starts at 9:45 a.m.).
The Meeting's accounting day – 21 April 2011 (the persons who are shareholders of the Company at the end of accounting day of the General Meeting of Shareholders or authorized persons by them, or the persons with whom shareholders concluded the agreements on the disposal of voting right, shall have the right to attend and vote at the General Meeting of Shareholders).
The rights accounting day – 13 May 2011 (the shareholders will use property rights arising from the resolutions accepted during the General Meeting of Shareholders on a ratio basis of number of shares at the end of the rights accounting day).

The Board of directors of the Company initiates and convenes the meeting.
Agenda of the Meeting:
1 issue of agenda: Annual report of "Snaigė" AB on the company's activity for 2010;
2 issue of agenda: Auditor's conclusion on the company's financial statements for 2010;
3 issue of agenda: Approval of the set of financial statements of the company for 2010;
4 issue of agenda: Approval of distribution of profit (loss) of "Snaigė" AB;
5 issue of agenda: Increase of members of the Board to 6 members.
6 issue of agenda: Election of Board members till the end of term of office of the Board.
7 issue of agenda: Election of members of Audit Committee till the end of term of office of the Board.
8 issue of agenda: Election of the audit firm for auditing purposes of financial statements and establishment of terms regarding the payment for audit services.
9 issue of agenda: Issuing of convertible bonds.
10 issue of agenda: Withdrawal of the shareholders' right of pre-emption to acquire convertible bonds.
11 issue of agenda: Increase of the authorized capital and amendment of the Articles of Association.
12 issue of agenda: Authorizations
The Company shall not provide the possibility to participate and vote in the Meeting through electronic communication channels.

08-04-2011
Resignation of the Member of the Audit committee
On the 8th of April, 2011, Kustaa Aima, the member of the Audit committee of "Snaige" AB, informed about the resignation from the members of the Audit committee from the 29th of April, 2011.

07-04-2011
Notification about acquisition of voting rights
Snaige, AB received a notification about acquisition of voting rights from ING LUXEMBOURG S.A. and FIREBIRD REPUBLICS FUND, LTD.

04-04-2011
Convocation of the repeat Extraordinary General Meeting of Shareholders
On 18 April 2011 the Extraordinary General Meeting of Shareholders of Snaigė AB, the address of head office Pramonės str. 6, Alytus, the company code 249664610 (further Company) is convened.
The place of the meeting - main meeting hall of the Company, at the address Pramonės str. 6, Alytus, Lithuania.
The Meeting starts - at 10 a.m. (registration starts at 9:00 a.m.).
The Meeting's accounting day – 11 April 2011 (the persons who are shareholders of the Company at the end of accounting day of the General Meeting of Shareholders or authorized persons by them, or the persons with whom shareholders concluded the agreements on the disposal of voting right, shall have the right to attend and vote at the General Meeting of Shareholders).
The rights accounting day – 3 May 2011 (the shareholders will use property rights arising from the resolutions accepted during the General Meeting of Shareholders on a ratio basis of number of shares at the end of the rights accounting day).
The Board of directors of the Company initiates and convenes the meeting.
Agenda of the Meeting:
1. Regarding the issue of the convertible bonds.
2. Regarding the withdrawal of the shareholders' right of pre-emption to acquire convertible bonds.
3. Regarding the increase of the authorized capital and amendment of the Articles of Association.
4. Regarding the authorization.
The Company shall not provide the possibility to participate and vote in the Meeting through electronic communication channels.

04-04-2011
The Extraordinary General Meeting of Shareholders did not take place
The Extraordinary General Meeting of Shareholders of Snaigė AB did not take place on 4 April 2011 due to the absence of quorum.

24-03-2011
Opinion of the Board of Snaigė AB about the submitted mandatory non-competitive tender
offer to buy shares of the company
The Board of Snaigė AB, having familiarised itself with the mandatory non-competitive tender offer material presented to it by the offerors KJK Fund SICAV-SIF, Firebird Republics Fund, Ltd. and Firebird Avrora Fund, Ltd., in its meeting held on 24 March 2011 made the following statement (attached).

14-03-2011
Regarding approval of the circular of the non-competitive mandatory tender offer
On 14 March 2011, Snaigė AB received an announcement from the shareholders KJK Fund SICAV-SIF, Firebird Republics Fund, Ltd. and Firebird Avrora Fund, Ltd. about the decision of the Securities Commission of the Republic of Lithuania of 14 March 2011 to approve the circular of a non-competitive mandatory tender offer to buy up the remaining ordinary registered voting shares of Snaigė AB.
The tender offer price is EUR 0.33 (thirty three euro cents) per 1 (one) ordinary registered share of Snaigė AB, LTL 1 (one litas) par value (ISIN code LT0000109274) each (equivalent in litas is equal to LTL 1.139424). Commencement of the implementation of the tender offer is on 18 March 2011, termination - on 31 March 2011.

14-03-2011
Resignation of the Member of the Management Board
On 10 March, 2011, member of the Management Board Snaige AB Nerijus Dagilis presented the request on the resignation from the members of Management Board from 26th of April, 2011.

10-03-2011
Convocation of the Extraordinary General Meeting of Shareholders
On 4 April 2011 the Extraordinary General Meeting of Shareholders of Snaigė AB, the address of head office Pramonės str. 6, Alytus, the company code 249664610 (further Company) is convened.
The place of the meeting - main meeting hall of the Company, at the address Pramonės str. 6, Alytus, Lithuania.
The Meeting starts - at 10 a.m. (registration starts at 9:00 a.m.).
The Meeting's accounting day – 28 March 2011 (the persons who are shareholders of the Company at the end of accounting day of the General Meeting of Shareholders or authorized persons by them, or the persons with whom shareholders concluded the agreements on the disposal of voting right, shall have the right to attend and vote at the General Meeting of Shareholders).
The rights accounting day - 18 April 2011 (the shareholders will use property rights arising from the resolutions accepted during the General Meeting of Shareholders on a ratio basis of number of shares at the end of the rights accounting day).
The Board of directors of the Company initiates and convenes the meeting.
Agenda of the Meeting:
1. Regarding the issue of the convertible bonds.
2. Regarding the withdrawal of the shareholders' right of pre-emption to acquire convertible bonds.
3. Regarding the increase of the authorized capital and amendment of the Articles of Association.
4. Regarding the authorization.
The Company shall not provide the possibility to participate and vote in the Meeting through electronic communication channels.

08-03-2011
Notification on the adjustment of the notification about the intention to submit a non-competitive mandatorytender offer
On 7 March 2011 Snaigė AB received a notification that the notification about the intention to submit a non-competitive mandatory tender offer to buy up the remaining shares of Snaigė AB (hereinafter referred to as the "Notification") on 8 February 2011 provided by KJK Fund SICAV-SIF, Luxembourg company Société d'investissement à capital variable – fonds d'investissement spécialisé, with its registered address at 412F, route d'Esch L-1030, Luxembourg, registration No. B 86 729, Firebird Republics Fund, Ltd., a company established according to laws of the Cayman Islands, with its registered address at c/o Trident Trust Company (Cayman) Ltd., One Capital Place, P.O. Box 847 Grand Cayman, Cayman Islands, and Firebird Avrora Fund, Ltd., a company established according to laws of the Cayman Islands, with its registered address at c/o Trident Trust Company (Cayman) Ltd., One Capital Place, P.O. Box 847 Grand Cayman, Cayman Islands (hereinafter jointly referred to as the "Offer Submitters") was prepared according to the incorrect data on the shares of Snaigė AB, held by the person, acting in concert with the Offer Submitters, Amber Trust S.C.A., Luxembourg Société d'Investissement à Capital Fixe Qualifying as fonds d'Investissement specialise, with its registered address at 412F, route d'Esch L-1030 Luxembourg, registration No. B 87 145, and voting rights, granted thereof, which were provided due to the technical mistake.
Due to the indicated reason in the Notification it was incorrectly indicated the number of shares of the company, collectively held by the group members as well as the number of shares intended to be bought up during the mandatory tender offer, i. e. in the Notification it was indicated that the number of shares, intended to be bought up during the mandatory tender offer is 19,218,720, constituting 62.53% of shares and votes carried by them at the general meeting of shareholders of Snaigė AB, as well as that the Offer Submitters and Amber Trust S.C.A. collectively hold 11,516,995 shares of Snaigė AB, constituting 37.47% of shares and votes carried by them at the general meeting of shareholders of the company.
The correct respective numbers are the following: 18,859,920, i. e. 61.36% (the number of the remaining shares of Snaigė AB and votes carried by them intended to be bought up during the mandatory tender offer) and 11,875,795, i.e. 38,64% (the number of shares of Snaigė AB and votes carried by them, collectively held by the Offer Submitters and Amber Trust S.C.A.).

08-03-2011
Announcement on the acquired revised notification about acquisition of voting rights
On 7 March 2011 Snaige AB received an announcement that due to a technical mistake in the notification about acquisition of voting rights in the company by KJK Fund SICAV-SIF, Firebird Republics Fund, Ltd., Firebird Avrora Fund and Amber Trust S.C.A. (the notification was announced on 8 February 2011) incorrect number of shares of the Snaigė AB, held by Amber Trust S.C.A. and voting rights granted thereof were indicated – 2,732,825. The correct number is 3,091,625 shares and voting rights granted thereof.
Hereby we attach the aforementioned announcement and a revised notification about acquisition of voting rights in the company by KJK Fund SICAV-SIF, Firebird Republics Fund, Ltd., Firebird Avrora Fund and Amber Trust S.C.A. (the date of the transaction is 7 February 2011).
21-02-2011
LTL 35. 56 million is the amount Snaigė AB reduced its loss over the year
According to unaudited consolidated data, the consolidated unaudited turnover of Snaigė AB comprised LTL 113.84 million over 2010 and consolidated unaudited net loss of Snaigė AB
totaled LTL 2.6 million. In the same period of the previous year the consolidated unaudited net loss of the company was LTL 38.2 million.
Alytus factory incurred a consolidated unaudited loss only of LTL0.48 million in 2010.
According to the Director General Gediminas Čeika of Snaigė AB this loss could be avoided. "This loss is the maintenance expenses of a closed Kaliningrad factory of Snaigė AB and office in Moscow", stated G. Čeika. "Costs exceeded LTL 2 million and this directly affected our profitability figures. I am glad that in the nearest time the premises of Kaliningrad factory will be rented, therefore, the company will not incur loss due of these premises. Besides, we are expecting that the active search of potential purchaser of the factory, which is currently carried out, will be successful."
In Gediminas Čeika view, the company succeeded to overcome the most difficult years of economic recession. "Optimization of production and management, mobilization of capacity allowed not only to survive but also to maintain a stable operation, to retain a large part of its markets and marketability of production."
In 2010 Snaigė AB exported its products to 30 European and Asian countries. The largest number of Lithuanian refrigerators was acquired by Germany, Ukraine, France and Portuguese.
We did not forget our consumers: in May we presented new energy-efficient refrigerators Snaigė Ice Logic A++ (using twice as little energy). These refrigerators became very marketable not only in Lithuania, but also in many European countries".
Consolidated unaudited EBITDA of the company for 2010 totaled LTL 9.5 million, i.e. by LTL 23.9 million more than in the same period of the previous year. Non-consolidated unaudited EBITDA of Alytus factory comprised LTL 10.12 million. According to the Gediminas Čeika it is undoubtedly positive index evaluating the company's activity.
In 2011 Snaigė AB is going to invest LTL 3,7 million to new technology and new product development.
14-02-2011
Snaige AB has received announcement about the executive officer's transactions on theissuer's securities which have been made by the Managing director.
08-02-2011
Notification about the intention to submit a non-competitive mandatory tender offer
On 8 February 2011 Snaigė AB received a notification that KJK Fund SICAV-SIF, Luxembourg company Société d'investissement à capital variable – fonds d'investissement spécialisé, with its registered address at 412F, route d'Esch L-1030, Luxembourg, registration No. B 86 728, Firebird Republics Fund, Ltd., a company established according to laws of the Cayman Islands, with its registered address at c/o Trident Trust Company (Cayman) Ltd., One Capital Place, P.O. Box 847 Grand Cayman, Cayman Islands, and Firebird Avrora Fund, Ltd., a company established according to laws of the Cayman Islands, with its registered address at c/o Trident Trust Company (Cayman) Ltd., One Capital Place, P.O. Box 847 Grand Cayman, Cayman Islands (hereinafter jointly referred to as the "Offer Submitters"), pursuant to their Board decisions intend to submit a non-competitive mandatorytender offer to buy up the remaining 19,218,720 (nineteen million two hundred eighteen thousand seven hundred twenty) ordinary registered shares of Snaigė AB (legal form: public limited liability company, legal entity code 249664610, registered at Pramonės St. 6, Alytus, the Republic of Lithuania, data about the company are collected and kept in the Register of Legal Persons of the Republic of Lithuania) with the par value of LTL 1 (one litas) each, constituting 62.53% (sixty two and fifty three hundredths percent) of shares and votes carried by them at the general meeting of shareholders of Snaigė AB.
The Offer Submitters and Amber Trust S.C.A. acquired more that 1/3 (one third) of shares of Snaigė AB on 7 February 2011. The aforementioned companies collectively hold 11,516,995 (eleven million five hundred sixteen thousand nine hundred ninety five) ordinary registered shares of Snaigė AB with the par value of LTL 1 (one litas) each, constituting 37.47% (thirty seven and forty seven hundredths percent) of shares and votes carried by them at the general meeting of shareholders of Snaigė AB.
Intended way of settlement for the securities to be bought up is in cash.

08-02-2011
Notification about acquisition of voting rights
On 8 February 2011 Snaige AB received a notification about acquisition of voting rights in the company by KJK Fund SICAV-SIF, Firebird Republics Fund, Ltd., Firebird Avrora Fund and Amber Trust S.C.A. (the date of the transaction is 7 February 2011).
08-02-2011
Notification about disposal of voting rights
Snaige AB received a notification about disposal of voting rights from Sampo Fund Management Ltd.
12-01-2011
Snaige AB notification on purchase-sale agreement of bonds in issue
On 11 January 2011 Hermis Capital UAB signed an agreement to sell convertible bonds issued by Snaige AB (ISIN – LT1000401315, nominal value - 100 EUR, redemption date – 11 April 2011) for the following Snaige AB shareholders:
KJK Fund SICAV-SIF 6 617 bonds
Firebird Republics Fund, Ltd 1 629 bonds
Firebird Avrora Fund, Ltd 1 630 bonds
The transaction and the transfer of ownership rights should be completed by 21 January 2011.
The agreement also gives buyers the rights to acquire the remaining 22 411 convertible bonds, which can be exercised until 10 April 2011.

5.4 Strategies and Plans

- To increasersales in Russian market.
- To increase commercial coolers sales in Russia, Ukraine
- Strengthen the brand in core markets
- Continue cost saving program
- Delivering cost synergies project together with Polair
- Developing commercial coolers segment together with Polair
- To increase competitive advantage of the Company by introducing new products and new technological features
- To sell or to rent Kalingrad factory.

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

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.	YES	The Company's business strategy is listed in the annual report, partly in the annual account, as well as in some press reports. The Company's published material events and announcements to investors also reflect the Company's policy.
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.	NOT APPLICABLE	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	Company management bodies seeking to ensure that all persons who are participating in Company's activity or persons related with Company's activity rights and interest will be respected. The Board of the Company monitors and assesses the performance of Company and the Company's Manager by analyzing the financial statement submitted by the Company's Manager, also the organization of the activities, data on the changes in equity

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.

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.	YES	The collegial management body – the Board is elected by shareholders. 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, organization of the enforcement thereof, the representation and the protection of the shareholder's 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.	YES	These principles apply to the Board to the extent they do not contradict the essence and the purpose of the Board.
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.[2]	YES	There are six 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	Upon the decision of the shareholders since May 2006 the Supervisory Board is not formed.

[1]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.

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

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. [3]

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 according the Law of Lithuanian republic. Besidesthe candidates to the Members of the Board introduce themselves to the shareholders, providing information of the positions they hold in other companies and their professional qualifications.
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.	YES	The Shareholders at a General Shareholders' Meeting (when Board members are elected) are introduced with work experience, education, the other important information of the candidates for the Board which Company gets about the Board members.
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.	YES	As candidates for the Board members introduce themselves for the shareholders, and the shareholders while electing the board members have the opportunity to decide about the candidates' competence and suitability to represent shareholders' interests. In the Company annual report is published the competency (education, work experience, work positioms) of board chairman and the composition of the board.
3.4 In order to maintain a proper balance in terms of the current qualifications possessed by its members, the desired composition of the collegial body shall be determined 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. At least one of the members of the remuneration committee should have knowledge of and experience in the field of remuneration policy.	YES	The Company's board and Audit Committee members have sufficiency of experience and skills, sufficiency of knowledge to perform their duties appropriately. Shareholders decision to elect them as the Board of directors or Audit Committee members is made after their readiness and competence is evaluated. The Company has not yet drawn the salaries committee. Shareholders of the Company on 14 December, 2011 during shareholders meeting revoked the audit committee in corpore. The new audit committee will be elected during next shareholders meeting.
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.	YES	The Company makes opportunity for the Company's Board members to take a look to the company's activity, thus newly elected members of the Board is provided a sufficiency of knowledge and information. Board members' skills and knowledge are constantly updated while they performance their functions, during board meetings or individually.
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 number of independent[5] 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 has not been discussed. The Company has not taken any decision concerning the implementation of these provisions in the future.

[3]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.

[4]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.

[5]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.

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 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, counseling 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.	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.
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.
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.[6] The general shareholders' meeting should approve the amount of such remuneration.	NOT APPLICABLE	No such practice exists yet.

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[7] of the company's management bodies and protection of interests of all the company's shareholders.

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.	YES	These functions are performed by the Board elected by the general meeting of shareholders. The Board shall approve and submit to the general meeting of shareholders the annual report on the activities of the Company, financial reports, 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 in behalf of Shareholders.
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 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.
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. 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 points into documents of association. The Company's management bodies transactions concluding and approving acting in behalf of Company according Lithuanian Law and articles of Company
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 . 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, in-	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. The Company's Management ensures that the collegial body and its committees are provided with sufficient resources to carry their duties.

[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.

[7] See Footnote 3.

[8] 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.

[9] 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.

cluding 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. When using the services of a consultant with a view to obtaining information on market standards for remuneration systems, the remuneration committee should ensure that the consultant concerned does not at the same time advice the human resources department, executive directors or collegial management organs of the company concerned.		
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.	YES	The Audit Committee was elected in 2009. Company on 14 December, 2011 during shareholders meeting revoked the audit committee in corpore. The new audit committee will be elected during next shareholders meeting. The Company's directors nomination and remuneration committees are not formed. The functions pointed at this item still are implemented by the Board within its jurisdiction. If the shareholders accept the decision to establish such committees or it is required by the law of the Republic of Lithuania, the committees would be established.
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 exercise independent judgement and integrity when exercising its functions as well as 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.	YES	The Company's collegiate bodies are independent and make self-contained decisions not influenced by any conflicts of interest and remain responsible for decisions which are awarded in limits of their ability.
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 membership is refreshed and that undue reliance is not placed on particular individuals. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.	YES	The company have not renumeration committee. The Audit Committee consists of three members, which chairman was elected in shareholders meeting after appreciation of his independence criterion. Shareholders of the Company on 14 December, 2011 during shareholders meeting revoked the audit committee in corpore. The new audit committee will be elected during next shareholders meeting.
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 practice of committees is still currently being formed.
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 audit committee will be elected during next shareholders meeting. The company will constitute proper conditions for the audit committee activity.

[10] 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.

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.	NOT APPLICABLE	Not formed (explanation in Clause 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 members of the management bodies from the affiliated companies; • Ensure that remuneration of individual executive directors or members of management body is proportionate to the remuneration of other executive directors or members of management body and other staff members of the company; • Periodically review the remuneration policy for executive directors or members of management body, including the policy regarding share-based remuneration, and its implementation; • 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.	NOT APPLICABLE	Not formed (explanation in Clause 4.7.).

4.13.4. The remuneration committee should report on the exercise of its functions to the shareholders and be present at the annual general meeting for this purpose.		
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 should be given to company's operations in offshore centers 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.	YES	The company's Audit committee was elected in 2009. The audit committee's main operational functions are: 1) make recommendations for the Board of the Company related with the external audit firm selection, its imposing, reappointment and removal and conditions of the contract with the audit company; 2) monitor the external audit process; 3) monitor the external auditor and audit firm are following the principles of independence and objectivity; 4) monitor the Company's financial reporting process; 5) pursue other acts of the Republic of Lithuania and Governance Code for the companies listed on NASDAQ OMX Vilnius These functions were provided by the audit committee regulations. Shareholders of the Company on 14 December, 2011 during shareholders meeting revoked the audit committee in corpore. The new audit committee will be elected during next shareholders meeting. The company will constitute proper conditions for the audit committee activity.

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.		
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	Thus far the Company have not such practice.

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	The chairman of board ensures proper convocation and organization the board meetings. The notice on the general meeting to be convened is sending to members of board 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	Board meetings are called at appropriate intervals to ensure continuity of essential corporate governance issues. Urgent issues convened during emergency meetings.
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	Agenda and all materials required according to the agenda shall be sent to the Members of the Board by electronic mail in advance ; normally the agenda is not changed during meetings unless it is necessity ao solve additional questions.
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.	NOT APPLICABLE	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.

[11]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.

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. All shareholders should 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.	NO	The Articles of Association of the Company do not provide for such right granted to the general meeting of shareholders. Shareholders of the Company approving transactions which approving is providing according the Lithuanian Compannie's Law and the articles of Association. The Board of the Company passes such decisions without the consent of the shareholders.
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.	YES	Information about shareholders' meetings is published in the same way as it is required by the Law. Shareholders' meetings convened at the Company's residence, which has not been changed since the establishment of the company.
6.5. If is possible, in order to ensure shareholders living abroad the right to access to the information, it is recommended that documents on the course of the general shareholders' meeting should be placed on the publicly accessible website of the company not only in Lithuanian language, but in English and /or other foreign languages in advance. 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 Lithuanian, 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	All information about the Board meeting, the proposed drafts of decisions, the taken decisions is hosted in the Company's website on the Lithuanian and English languages.
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.
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 by allowing the shareholders to participate and vote in general meetings via electronic means of communication. In such cases security of transmitted information and a possibility to identify the identity of the participating and voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially shareholders living abroad, with the opportunity to watch shareholder meetings by means of modern technologies.	NO	The Company does not have the technical potential.

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.	YES	Members of the Company's management are trying to follow the recommendations listed at this article, but there are no any regulations about such reports and information in the Company.
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.	YES	Members of the Company's management are trying to follow the recommendations listed at this article, but there are no any regulations about such reports and information in the Company.
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	YES	Members of the Company's management are trying to follow the recommendations listed at this article, but there are no any regulations about such reports and information in the Company.

[12]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 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.

[13]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).

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	Members of the Company's management are trying to follow the recommendations listed at this article.

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) which should be clear and easily understandable. This remuneration statement should be published as a part of the company's annual statement as well as posted on the company's website.	NO	The earnings of the company's employees is the confidential information, the company's business secret, in addition there is no practice to prepare report about the company's earnings policy. Questions about the Code of Recommended earnings and benefits policy is planned to discuss in the future due to the exchanges of conditions. Brief information about the benefits for the Company management bodies is available in the legislation.
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 reasons are shown in Clause 8.1.
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; • An explanation how the choice of performance criteria contributes to the long-term interests of the company; • An explanation of the methods, applied in order to determine whether performance criteria have been fulfilled; • Sufficient information on deferment periods with regard to 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; • Sufficient information on the policy regarding termination payments; • Sufficient information with regard to vesting periods for share-based remuneration, as referred to in point 8.13 of this Code; • Sufficient information on the policy regarding retention of shares after vesting, as referred to in point 8.15 of this Code; • Sufficient information on the composition of peer groups of companies the remuneration policy of which has been examined in relation to the establishment of the remuneration policy of the company concerned; • A description of the main characteristics of supplementary pension or early retirement schemes for directors; • Remuneration statement should not include commercially sensitive information.	NO	The reasons are shown in Clause 8.1.
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	The reasons are shown in Clause 8.1. This information will be possible to publish, except part of the information considered to constitute a commercial secret of the Company.
8.5. 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 8.5.1 to 8.5.4 for each person who has served as a director of the company at any time during the relevant financial year. 8.5.1. The following remuneration and/or emoluments-related information should be disclosed: • The total amount of remuneration paid or due to the director for services per-	NO	The reasons are shown in Clause 8.1. This information will be possible to publish, except part of the information considered to constitute a commercial secret of the Company.

formed 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.

8.5.2. 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 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.

8.5.3. 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.

8.5.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial report 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.

8.6. Where the remuneration policy includes variable components of remuneration, companies should set limits on the variable component(s). The non-variable component of remuneration should be sufficient to allow the company to withhold variable components of remuneration when performance criteria are not met.	NO	The reasons are shown in Clause 8.1.
8.7. Award of variable components of remuneration should be subject to predetermined and measurable performance criteria.	NO	The reasons are shown in Clause 8.1.
8.8. Where a variable component of remuneration is awarded, a major part of the variable component should be deferred for a minimum period of time. The part of the variable component subject to deferment should be determined in relation to the relative weight of the variable component compared to the non-variable component of remuneration.	NO	The reasons are shown in Clause 8.1.
8.9. Contractual arrangements with executive or managing directors should include provisions that permit the company to reclaim variable components of remuneration that were awarded on the basis of data which subsequently proved to be manifestly misstated.	NO	The reasons are shown in Clause 8.1.
8.10. Termination payments should not exceed a fixed amount or fixed number of years of annual remuneration, which should, in general, not be higher than two years of the non-variable component of remuneration or the equivalent thereof.	NO	The reasons are shown in Clause 8.1.
8.11. Termination payments should not be paid if the termination is due to inadequate performance.	NO	The reasons are shown in Clause 8.1.
8.12. 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	The reasons are shown in Clause 8.1.
8.13. Shares should not vest for at least three years after their award.	NO	The reasons are shown in Clause 8.1.
8.14. Share options or any other right to acquire shares or to be remunerated on the basis of share price movements should not be exercisable for at least three years after their award. Vesting of shares and the right to exercise share options or any other right to acquire shares or to be remunerated on the basis of share price movements, should be subject to predetermined and measurable performance criteria.	NO	The reasons are shown in Clause 8.1.
8.15. After vesting, directors should retain a number of shares, until the end of their mandate, subject to the need to finance any costs related to acquisition of the shares. The number of shares to be retained should be fixed, for example, twice the value of total annual remuneration (the non-variable plus the variable components).	NO	The reasons are shown in Clause 8.1.
8.16. Remuneration of non-executive or supervisory directors should not include share options.	NO	The reasons are shown in Clause 8.1.
8.17. Shareholders, in particular institutional shareholders, should be encouraged to attend general meetings where appropriate and make considered use of their votes regarding directors' remuneration.	NO	The reasons are shown in Clause 8.1.
8.18. 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	The reasons are shown in Clause 8.1.
8.19. 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.
8.20. 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
8.21. Should national law or company's Articles of 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

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8.22. Provisions of Articles 8.19 and 8.20 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
8.23. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.19, 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 other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.	YES	Interest holders are authorised to participate in the management of the Company and in the process of taking the decisions relevant to the as this is provided according the Law of Lithuanian Republic and when the participation of employees helps to make important Company's decisions..
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	YES	These requirements are complied with to the extent required 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.

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 Lietuvos bankas, Vilnius NASDAQ OMX Vilnius Stock Exchange and the daily "Kauno diena".
10.2. It is recommended to the company, which is the parent of other companies, 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 keeps this principle.
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	It is available that company's information that is not confidential.
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	This is a practice the company does not employ.
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 Company ensures the accuracy and expedition of the given information.
10.6. Channels for disseminating information should provide for fair, timely and cost-efficient or in cases provided by the legal acts free of charge 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	The Company ensures compliance with these requirement, the information is announced in Lithuanian and English.
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	The Company ensures compliance with these requirement.

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 reports and interim reports 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 partly, because an independent firm of auditors is not supervise interim reports of the Company.
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 is proposed to the general meeting of shareholders by the Board of the Company.
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.	YES	The information is usually disclosed to shareholders, it is available for the Company's board.

Sincerely,

Managing Director,
Gediminas Čeika

CONSOLIDATED ANNUAL REPORT 2010

AB SNAIGĖ

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011
PREPARED ACCORDING TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EUROPEAN UNION
PRESENTED TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

ERNST & YOUNG

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Juridinio asmens kodas 110878442
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 Financial Statements

We have audited the accompanying financial statements of AB Snaigė, a public limited liability company registered in the Republic of Lithuania (hereinafter the Company), which comprise the statement of financial position as of 31 December 2011, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes (comprising a summary of significant accounting policies and other explanatory information).

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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as set forth by the International Federation of Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

Furthermore, we have read the consolidated Annual Report for the year ended 31 December 2011 and have not noted any material inconsistencies between the financial information included in it and the financial statements for the year ended 31 December 2011.

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

Jonas Akelis
Auditor's licence
No. 000003

The audit was completed on 25 April 2012.

Statement of comprehensive income

	Notes	2011	2010
Sales	3	114,522,873	116,103,510
Cost of sales	4	(98,637,815)	(99,022,520)
Gross profit		**15,885,058**	**17,080,990**
Selling and distribution expenses	5	(6,293,297)	(6,516,613)
Administrative expenses	6	(7,043,576)	(7,442,938)
Other income	7	1,024,029	838,721
Other expenses	8	(736,803)	(638,371)
Operating profit (loss)		**2,835,411**	**3,321,789**
Financial income	9	826,246	373,081
Financial expenses	10	(3,790,531)	(4,453,610)
(Loss) before income tax		**(128,874)**	**(758,740)**
Income tax	11	1,037,000	87,223
Net profit (loss)		**908,126**	**(671,517)**
Other comprehensive income		-	-
Total comprehensive income, net of tax		**908,126**	**(671,517)**
Basic profit (loss) per share	27	0.02	(0.02)

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

Managing Director	Gediminas Čeika		25 April 2012
Financial Director	Neringa Menčiūnienė		25 April 2012

Statement of financial position

	Notes	As of 31 December 2011	As of 31 December 2010
ASSETS			
Non-current assets			
Intangible assets	12	4,966,217	4,912,956
Property, plant and equipment	13	28,429,651	29,029,158
Investments into subsidiaries	1	37,822,384	1,466,635
Receivables from subsidiaries	31, 1	-	35,757,375
Deferred income tax asset	11	1,155,330	118,330
Other non-current assets	23	1,000,000	1,000,000
Total non-current assets		**73,373,582**	**72,284,454**
Current assets			
Inventories	14	12,388,526	11,417,275
Trade receivables	15	12,485,199	14,223,412
Receivables from subsidiaries	31	1,334,272	1,458,451
Other current assets	16	2,315,578	1,943,085
Cash and cash equivalents	17	893,333	1,779,046
Total current assets		**29,416,908**	**30,821,269**
Total assets		**102,790,490**	**103,105,723**

(cont'd on the next page)

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

Statement of financial position (cont'd)

	Notes	As of 31 December 2011	As of 31 December 2010
EQUITY AND LIABILITIES			
Equity			
Share capital	1, 18	39,622,395	30,735,715
Share premium	18	5,698,656	5,698,656
Legal reserve	19	2,782,737	2,782,737
Reserves	19	1,188,483	1,860,000
Retained earnings (deficit)		908,126	(671,517)
Total equity		**50,200,397**	**40,405,591**
Liabilities			
Non-current liabilities			
Warranty provision	21	684,540	624,418
Subsidies	20	934,133	1,282,433
Non-current borrowings and financial lease obligations	23, 24	14,742,077	11,633,095
Non-current employee benefits	22	347,383	359,828
Total non-current liabilities		**16,708,133**	**13,899,774**
Current liabilities			
Current borrowings, current portion of non-current borrowings and financial lease obligations	23, 24	15,873,775	25,150,822
Trade payables		14,853,494	16,241,806
Advances received		167,161	627,492
Warranty provision	21	1,370,062	1,993,555
Other current liabilities	26	3,617,468	4,786,683
Total current liabilities		**35,881,960**	**48,800,358**
Total equity and liabilities		**102,790,490**	**103,105,723**

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

Managing Director	Gediminas Čeika		25 April 2012
Financial Director	Neringa Menčiūnienė		25 April 2012

Statement of changes in equity

	Notes	Share capital	Share premium	Legal reserve	Other distributable reserves	Retained earnings (deficit)	Total equity
Balance as of 1 January 2010		**27,827,365**	**18,727,270**	**2,782,737**	**1,860,000**	**(13,028,614)**	**38,168,758**
Net (loss) for the year		-	-	-	-	(671,517)	(671,517)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income		-	-	-	-	(671,517)	(671,517)
Increase of share capital	1	2,908,350	-	-	-	-	2,908,350
Transfer from share premium	19	-	(13,028,614)	-	-	13,028,614	-
Balance as of 31 December 2010		**30,735,715**	**5,698,656**	**2,782,737**	**1,860,000**	**(671,517)**	**40,405,591**
Net profit for the year		-	-	-	-	908,126	908,126
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income		-	-	-	-	908,126	908,126
Increase of share capital	1	8,886,680	-	-	-	-	8,886,680
Transfer from other distributable reserves	19	-	-	-	(671,517)	671,517	-
Balance as of 31 December 2011		**39,622,395**	**5,698,656**	**2,782,737**	**1,188,483**	**908,126**	**50,200,397**

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

Managing Director	Gediminas Čeika		25 April 2012
Financial Director	Neringa Menčiūnienė		25 April 2012

Cash flow statement

	Notes	2011	2010
Cash flows from (to) operating activities			
Net result for the year after tax		908,126	(671,517)
Adjustments for non-cash items:			
Depreciation and amortisation	12,13	6,542,658	6,734,501
(Amortisation) of subsidies	20	(348,300)	(318,304)
Result from disposal of non-current assets	7	(98,041)	(8,895)
Write-off of non-current assets	13	369	296,976
Write-off of inventories		571	19,430
Change in allowance for trade receivables, inventories and deferred tax asset		(1,047,352)	184,890
Change in provisions	21	(575,816)	(719,510)
Interest (income)	9	(5,294)	(13,216)
Interest expenses	10	2,986,701	4,078,171
		8,363,622	9,582,526
Changes in working capital:			
(Increase) decrease in inventories		(935,686)	2,578,606
Decrease in trade and other receivables		1,465,256	732,022
(Decrease) in trade payables and other payables		(3,418,493)	(7,837,074)
Advance income tax returned		-	135,120
Net cash flows from (to) operating activities		**5,474,699**	**5,191,200**
Cash flows from (to) investing activities			
(Acquisition) of non-current assets	12,13	(4,902,230)	(1,145,678)
Interest received		5,294	13,216
Disposal of non-current assets		168,036	8,901
Net cash flows (to) investing activities		**(4,728,900)**	**(1,123,561)**
Cash flows from (to) financing activities			
Issue of convertible bonds		3,000,000	4,784,527
Proceeds from borrowings		11,595,966	6,000,000
Interest (paid)		(2,088,763)	(1,158,636)
(Repayment) of borrowings		(13,305,503)	(12,433,537)
Financial lease (payments)		(833,212)	(801,982)
Net cash flows (to) financing activities		**(1,631,512)**	**(3,609,628)**
Net (decrease) increase in cash flows		**(885,713)**	**458,011**
Cash and cash equivalents at the beginning of the year		**1,779,046**	**1,321,035**
Cash and cash equivalents at the end of the year	17	**893,333**	**1,779,046**
Additional cash flows information:			
Non cash activity:			
Convertible bonds converted to shares (Note 1)		8,886,680	2,908,350
The receivables from OOO Techprominvest converted to share capital of this subsidiary (Note 1)		38,509,000	-

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

Managing Director	Gediminas Čeika		25 April 2012
Financial Director	Neringa Menčiūnienė		25 April 2012

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 Secondary List of the NASDAQ OMX Vilnius stock exchange.

As of 31 December 2011 and 2010 the shareholders of the Company were:

	2011		2010	
	Number of shares held	Percentage	Number of shares held	Percentage
UAB Vaidana	23,716,668	59.86%	-	-
Skandinaviska Enskilda Banken AB clients	2,266,389	5.72%	3,720,698	12.11%
Swedbank AS (Estonia) clients	3,321,701	8.38%	15,004,428	48.82%
Other shareholders	10,317,637	26.04%	12,010,589	39.07%
Total	39,622,395	100%	30,735,715	100%

All the shares of the Company are ordinary shares with the par value of LTL 1 each and were fully paid as of 31 December 2011 and 2010. As at 31 December 2011 and 2010 the subsidiaries and associated companies did not hold the Company's shares. The Company did not hold its own shares.

On 18 April 2011 pursuant to the decision of convertible bond owners 23,386 units of convertible bonds with the par value of EUR 100 (equivalent to LTL 345) each were converted into 8,886,680 ordinary registered shares of the Company with the par value of LTL 1 each (conversion ratio 380 shares for EUR 100 bond) and the share capital was increased accordingly. The increased share capital was registered on 12 May 2011.

On 12 December 2011 UAB Vaidana acquired 17,602,215 ordinary registered shares of the Company with the par value of LTL 1 each, which represents 44.42% of the total shares of the Company and voting rights in the general meeting.

On 21 December 2011 UAB Vaidana additionally acquired 6,114,453 ordinary registered shares of the Company (15.43% of total shares of the Company).

UAB Vaidana is ultimately owned by Tetal Global Ltd.

The non-competitive public offer for the remaining 15,905,727 ordinary shares of the Company with the par value of LTL 1 each (amounting to 40.14% of the total share capital) was announced on 21 March 2012 and is valid till 28 May 2012.

As at 31 December 2011 the Board of the Company comprised 2 representatives of AB Snaige and 4 representatives of UAB Vaidana (as at 31 December 2010 - 1 representative of UAB Hermis Capital and 3 representatives of Swedbank AS clients).

1 General information (cont'd))

As of 31 December of 2011 and 2010 the Company owned the following subsidiaries:

Company	Country	Percentage of the shares held by the Company	Investment value (cost)	Profit (loss) of 2011	Shareholders' equity as of 31 December 2011
OOO Techprominvest	Russia (Kaliningrad)	100%	106,355,749*	(9,023,453)	37,559,807
TOB Snaige Ukraina	Ukraine	99%	88,875	40,643	71,150
OOO Moroz Trade	Russia	100%	947	-	(13,702,805)
OOO Liga Servis	Russia	100%	1,028	(134,754)	(1,415,624)
UAB Almecha	Lithuania	100%	1,375,785	200,754	448,914
Total investments into subsidiaries			**107,822,384**		
Impairment of investments into subsidiaries (OOO Techprominvest)*			(70,000,000)		
Total investments into subsidiaries, net			**37,822,384**		

The subsidiary OOO Techprominvest (Kaliningrad, Russia) was acquired by AB Snaigė in 2002. AB Snaigė acquired 85% share capital of this company. The remaining 15% of share capital was acquired in 2006. The Company then became the sole shareholder of OOO Techprominvest.

* The Board of directors of the Company in its meeting held on 30 September 2011 decided to sell 100% share capital of OOO Techprominvest through a public tender. It was also decided to convert the receivables in the amount of LTL 38,509 thousand from OOO Techprominvest into its share capital by increasing it up to 88,852,896 LTL (estimated by the year end exchange rate). The share capital was increased in October 2011. Consequently investment cost was increased appropriately and additional impairment in amount of LTL 2.1 mln have been recorded (which previously have been assigned to the loans receivable from the subsidiary).

The above mentioned increase of share capital / decrease in the liabilities of OOO Techprominvest was executed in order to make the entity more attractive to potential investors, however in the absence of proposals the public tender to sell 100% share capital of OOO Techprominvest held by Company was canceled by the management decision as at 14 November, 2011.

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. In 2011 and 2010 OOO Moroz Trade did not operate.

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

UAB Almecha (Alytus, Lithuania) was established in 2006. The main activities of the subsidiary are production of refrigerating components and equipment to the Parent.

In 2011 the average number of employees of the Company was 625 (637 in 2010).

The Company's management approved these financial statements on 25 April 2012. 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 Company's financial statements for 2011 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).

These are the separate financial statements of the Company. These financial statements are prepared on the historical cost basis.

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

The Company has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2011:

- IFRIC 14 Prepayments of a Minimum Funding Requirement (Amended)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- IAS 24 Related Party Disclosures (Amended)
- IAS 32 Classification on Rights Issues (Amended)
- Improvements to IFRSs (May 2010).

The adoption of the above mentioned standards or interpretation had no impact on the financial statements or performance of the Company, except as described below:

Improvements to IFRSs
In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard.

The adoption of the following amendments resulted in changes to accounting policies, but no impact on the financial position or performance of the Company.

IFRS 3 Business Combinations**:**The measurement options available for non-controlling interest (NCI) were amended. Only components of NCI that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation should be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value.

This improvement clarifies that the amendments to IFRS 7 Financial Instruments: Disclosures, IAS 32 Financial Instruments: Presentation and IAS 39 Financial Instruments: Recognition and Measurement, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008).

Finally, it requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e. split between consideration and post combination expenses.

The effect of this amendment has no impact on the financial statements of the Company, since the Company did not have significant NCI or business acquisitions during 2011.

IFRS 7 Financial Instruments - Disclosures: The amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context. The effect of this amendment has no impact on the financial statements of the Company, as the Company does not have such financial instruments.

IAS 1 Presentation of Financial Statements: The amendment clarifies that an entity may present an analysis of each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Company reflects the revised disclosure requirements in the statement of changes in equity.

IAS 27 Consolidated and Separate Financial Statements: This improvement clarifies that the consequential amendments from IAS 27 made to IAS 21 The Effect of Changes in Foreign Exchange Rates, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures apply prospectively for annual periods beginning on or after 1 July 2009 or earlier when IAS 27 is applied earlier. The Company reflects the revised disclosure requirements in these financial statements.

2. Accounting principles (cont'd)

2.1. Basis of preparation (cont'd)

Other amendments resulting from Improvements to IFRSs to the following standards and interpretations did not have any impact on the accounting policies, financial position or performance of the Company:

- *IFRS 1 First-time adoption;*
- *IAS 34 Interim Financial Reporting;*
- *IFRIC 13 Customer Loyalty Programmes.*

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

IAS 1 Financial Statement Presentation (Amended) – Presentation of Items of Other Comprehensive Income
The amendment is effective for annual periods beginning on or after 1 July 2012. The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Company's financial position or performance. This amendment has not yet been endorsed by the EU. The Company has not yet evaluated the impact of the implementation of this standard.

IAS 12 Income Taxes (Amended) – Recovery of Underlying Assets
The amendment is effective for annual periods beginning on or after 1 January 2012.The amendment provides a practical solution to the problem of determining whether an entity that is measuring deferred tax related to investment property, measured using the fair value model, expects to recover the carrying amount of the investment property through use or sale by introducing a presumption that recovery of the carrying amount will normally be through sale. This amendment has not yet been endorsed by the EU. The implementation of this amendment will have no impact on the financial statements of the Company, as the Company does not have investment properties.

IAS 19 Employee Benefits (Amended)
The amendment is effective for annual periods beginning on or after 1 January 2013. The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. Early application is permitted. This amendment has not yet been endorsed by the EU. The Company has not yet evaluated the impact of the implementation of this standard.

IAS 27 Separate Financial Statements (Revised)
The Standard is effective for annual periods beginning on or after 1 January 2013. As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Earlier application is permitted. This amendment has not yet been endorsed by the EU. The Company has not yet evaluated the impact of the implementation of this standard.

IAS 28 Investments in Associates and Joint Ventures (Revised)
The Standard is effective for annual periods beginning on or after 1 January 2013. As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. Earlier application is permitted. This amendment has not yet been endorsed by the EU. The Company has not yet evaluated the impact of the implementation of this standard.

IAS 32 Financial Instruments: Presentation (Amended) - Offsetting Financial Assets and Financial Liabilities
The amendment is effective for annual periods beginning on or after 1 January 2014.This amendment clarifies the meaning of "currently has a legally enforceable right to set-off" and also clarifies the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments to IAS 32 are to be retrospectively applied. Earlier application is permitted. However, if an entity chooses to early adopt, it must disclose that fact and also make the disclosures required by the IFRS 7 Offsetting Financial Assets and Financial Liabilities amendments. This amendment has not yet been endorsed by the EU. The Company has not yet evaluated the impact of the implementation of this standard.

2 Accounting principles (cont'd)

2.1. Basis of preparation (cont'd)

IFRS 7 Financial Instruments: Disclosures (Amended) - Enhanced Derecognition Disclosure Requirements
The amendment is effective for annual periods beginning on or after 1 July 2011. The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment has only disclosure effects. The Company has not yet evaluated the impact of the implementation of this standard.

IFRS 7 Financial Instruments: Disclosures (Amended) - Offsetting Financial Assets and Financial Liabilities
The amendment is effective for annual periods beginning on or after 1 January 2013.The amendment introduces common disclosure requirements. These disclosures would provide users with information that is useful in evaluating the effect or potential effect of netting arrangements on an entity's financial position. The amendments to IFRS 7 are to be retrospectively applied. This amendment has not yet been endorsed by the EU. The Company has not yet evaluated the impact of the implementation of this standard.

IFRS 9 Financial Instruments - Classification and Measurement
The new standard is effective for annual periods beginning on or after 1 January 2015. IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. Phase 1 of IFRS 9 will have a significant impact on (i) the classification and measurement of financial assets and (ii) a change in reporting for those entities that have designated financial liabilities at fair value trough profit or loss. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The completion of this project is expected over the first half of 2012. Early application is permitted. This standard has not yet been endorsed by the EU. The Company has not yet evaluated the impact of the implementation of this standard.

IFRS 10 Consolidated Financial Statements
The new standard is effective for annual periods beginning on or after 1 January 2013. IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard has not yet been endorsed by the EU. The Company has not yet evaluated the impact of the implementation of this standard.

IFRS 11 Joint Arrangements
The new standard is effective for annual periods beginning on or after 1 January 2013. IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. This standard has not yet been endorsed by the EU. The Company has not yet evaluated the impact of the implementation of this standard.

IFRS 12 Disclosures of Involvement with Other Entities
The new standard is effective for annual periods beginning on or after 1 January 2013. IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard has not yet been endorsed by the EU. The Company has not yet evaluated the impact of the implementation of this standard.

IFRS 13 Fair Value Measurement
The new standard is effective for annual periods beginning on or after 1 January 2013. IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. This standard should be applied prospectively and early adoption is permitted. This standard has not yet been endorsed by the EU. The Company has not yet evaluated the impact of the implementation of this standard.

IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
The interpretation is effective for annual periods beginning on or after 1 January 2013.This interpretation only applies to stripping costs incurred in surface mining activity during the production phase of the mine ('production stripping costs'). Costs incurred in undertaking stripping activities are considered to create two possible benefits a) the production of inventory in the current period and/or b) improved access to ore to be mined in a future period (striping activity asset). Where cost cannot be specifically allocated between the inventory produced during the period and the stripping activity

2. Accounting principles (cont'd)

2.1. Basis of preparation (cont'd)

asset, IFRIC 20 requires an entity to use an allocation basis that is based on a relevant production measure. Early application is permitted. IFRIC 20 has not yet been endorsed by the EU. Interpretation will have no impact on the Company's financial statements, as the Company is not involved in mining activity.

All above mentioned IFRSs and IFRIC Interpretations will be adopted on the date they become approved effective and adopted by the EU.

2.2. Going concern

The Company's current liabilities exceeded current assets by LTL 6,465 thousand as of 31 December 2011 (LTL 17,979 thousand as of 31 December 2010), liquidity ratios: general coverage ratio (total current assets / total current liabilities) was 0.82 (0.63 in 2010), quick ratio ((total current assets – inventories) / total current liabilities) – 0.47 (0.40 in 2010). In 2011 the Company earned LTL 908 thousand profit (in 2010 incurred loss of LTL 672 thousand).
Despite this, these financial statements for the year ended 31 December 2011 are prepared under the assumption that the Company will continue as a going concern for at least 12 months from date of financial statements preparation date. The ability to continue as a going concern is based on the following assumptions and management plans:

- the majority shareholding in the Company has been acquired by a strategic investor, which is expected to positively influence the business development of the Company;
- in 2012 the Company expects ~22% increase in sales comparing to 2011 and additionally to optimize fixed costs of production and administration. In order to finance the working capital the Company is planning to perform successful sales of finished goods and the continuation of cooperation only with trustful partners. Trade payables are planned to be decreased using free operational cash flows;
- at the date of release of these financial statements all convertible bonds have the maturity term ending in 2013 and all current borrowings were refinanced in 2012 at more favorable interest rates, as well as additional loan agreements have been signed, as disclosed in Note 32.

Management has concluded that the above mentioned assumptions involve some degree of uncertainty related to the realization of the 2012 sales plans and cost optimization initiatives. However, management has evaluated the improved Company's financial situation and other factors stated above and concluded that the degree of uncertainties related to the financial position of the Company has further decreased and is less significant comparing to 2010. The management expects that the Company will have adequate resources to continue in operational existence for the foreseeable future. Therefore, the Company has continued to adopt the going concern basis of accounting in preparing these financial statements.

2.3. Presentation currency

The Company's financial statements are presented in local currency of the Republic of Lithuania, Litas (LTL), which is the Company's functional currency. 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.

Transactions in foreign currencies are initially recorded in the functional currency as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange as at the date of the statement of financial position.

2.4. Investments into subsidiaries

Investments in subsidiaries are measured at cost less impairment in the statement of financial position of the Company. Accordingly, the investment is initially recognised at cost, being the fair value of the consideration given subsequently adjusted for any impairment losses. The carrying value of the investment is tested for impairment when events or changes in circumstances indicate that the carrying value may exceed the recoverable amount of the investment. If such indications exist, the Company makes an estimate of the investment's recoverable amount. Where the carrying amount of an investment exceeds its estimated recoverable amount, the investment is written down to its recoverable amount (higher of the two: fair value less costs to sell and value in use). Impairment loss is recognised in the statement of comprehensive income as financial expense for the period. The recoverable value of investment into OOO Tehprominvest aso f 31 December 2011 was assessed on the basis of the fair value of the company's main asset - investment property – which was estimated by management using market price per square meter of similar premises in similar locations identified by independent property valuators.

2. Accounting principles (cont'd)

2.5. Intangible assets

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 (1-8 years).

The useful lives, residual values and amortisation method are reviewed annually.

Research and development costs

Research costs are expensed as incurred. Development expenditure on an individual projects is recognised as an intangible asset when the Company 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 by applying amortisation periods from 1 to 8 years. 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 3years.

Costs incurred in order to restore or maintain the future economic benefits that the Company 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.

The Company has no intangible assets with indefinite useful lifetime.

2.6. Property, plant and equipment

Property, plant and equipment are assets that are controlled by the Company, which are 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 are 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 carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised in the statement of comprehensive income, 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 statement of comprehensive income in the year the asset is derecognised.

2 Accounting principles (cont'd)

2.6 Property, plant and equipment (cont'd)

The Company estimates the value of property, plant and equipment whenever there is an indication that the property, plant and equipment may be impaired. An impairment loss is recognised in the statement of comprehensive income, whenever estimated.

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less inevitable costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The usage amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the cash generating units, are further explained in Note 13.

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. Inventories

Inventories, comprising raw materials, spare parts and finished goods, 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.

2.8. 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 and in current bank accounts as well as deposits in bank with original term equal to or less than 3 months.

2 Accounting principles (cont'd)

2.9. Financial assets and liabilities

According to IAS 39 "Financial Instruments: Recognition and Measurement" the Company's financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans granted 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 Company 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 Company 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.

As of 31 December 2011 and 2010 the Company had no financial assets at fair value through profit or loss, held-to-maturity investments, and available for sale financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recorded at the fair value of the consideration given less directly attributable transaction costs. Loans and receivables are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Allowance for doubtful receivables and loans is evaluated when the indications leading to the impairment of accounts receivables are noticed and the carrying amount of the receivable is reduced through use of an allowance account. Impaired debts and accounts receivable are derecognised (written-off) when they are assessed as uncollectible.

2.10. Borrowings

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised, otherwise – expensed as incurred. No borrowing costs were capitalised in 2011 and 2010.

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 (except for the capitalised portion as discussed above).

Borrowings are classified as non-current if the completion of a refinancing agreement before the statement of financial position date provides evidence that the substance of the liability at the statement of financial position date was non-current.

Convertible bonds are separated into liability and equity components based on the terms of the contract (if applicable).

On issuance of the convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non convertible bond. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not re-measured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

2.11. Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into. Subsequent to initial recognition and measurement, outstanding forwards are carried in the statement of financial position at the fair value. Fair value is determined using the discounted cash flow method applying the effective interest rate. The estimated fair values of these contracts are reported on a gross basis as financial assets for contracts having a positive fair value; and financial liabilities for contracts with a negative fair value. Contracts executed with the same counterparty under legally enforceable master netting agreements are presented on a net basis. The Company had no derivative contracts outstanding as of 31 December 2011 and 2010.

Gain or loss from changes in the fair value of outstanding derivative contracts is recognised in the statement of comprehensive income as they arise.

2 Accounting principles (cont'd)

2.12. De-recognition of financial assets and liabilities

Financial assets

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 Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
– the Company has transferred their rights to receive cash flows from the asset and either (a) has 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 has transferred control of the asset.

Where the Company 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 Company's continuing involvement in the asset.

Financial liabilities

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 de-recognition 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.

2.13. Finance lease and operating lease

Finance lease – the Company as a lessee

The Company recognises finance 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 finance lease is the nominal interest rate of finance lease payment, when it is possible to determine it, in other cases, Company'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 finance lease assets and it also gives rise to financial expenses in the statement of comprehensive income 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 Company 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 finance 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 Company as a 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 statement of comprehensive income 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, 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 loss 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 Accounting principles (cont'd)

2.14. Subsidies

Subsidies 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 subsidies (mainly received from EU and other structural funds). Assets received free of charge are also allocated to this group of subsidies. The amount of the subsidies related to assets is recognised in the financial statements as used in parts according to the depreciation of the assets associated with this subsidy. In the statement of comprehensive income, a relevant expense account is reduced by the amount of subsidy amortisation.

Subsidies received as a compensation for the expenses or unearned income of the current or previous reporting period, also, all the subsidies, which are not subsidies related to assets, are considered as subsidies related to income (mainly received from EU and other structural funds). The income-related subsidies 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 subsidy.

2.15. Provisions

Provisions are recognised when the Company has a present legal or constructive obligation 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. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest costs.

2.16. Non-current employee benefits

According to the collective agreement, each employee leaving the Company at the retirement age is entitled to a one-time payment. Employment benefits are recognised in the statement of financial position and reflect the present value of future payments at the date of the statement of financial position. The above mentioned employment benefit obligation is calculated based on actuarial assumptions, using the projected unit credit method. Present value of the non-current obligation to employees is determined by discounting estimated future cash flows using the discount rate which reflects the interest rate of the Government bonds of the same currency and similar maturity as the employment benefits. Actuarial gains and losses are recognised in the statement of comprehensive income as incurred.

The past service costs are recognised as an expense on a straight line basis over the average period until the benefits become vested. Any gains or losses appearing as a result of curtailment and/or settlement are recognised in the statement of comprehensive income as incurred.

2.17. Income tax

Income tax charge is based on profit for the year and considers deferred taxation. Income tax is calculated based on the Lithuanian tax legislation.

Since 1 January 2010 15% income tax rate has been established for indefinite period.

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 the 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.

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 Company'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 Accounting principles (cont'd)

2.18. Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company 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.

2.19. Impairment of assets

Financial assets

Financial assets are reviewed for impairment at each statement of financial position date.

For financial assets carried at amortised cost, whenever it is probable that the Company will not collect all amounts due according to the contractual terms of loans or receivables, impairment is recognised in the statement of comprehensive income. 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 statement of comprehensive income. 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 (except for the development costs during the period of product development, which are assessed annually). Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the statement of comprehensive income. 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 going concern assumption (Note 2.2), depreciation (Notes 2.6. and 13), amortisation (Notes 2.5 and 12), evaluation of provisions, non-current employee benefits and impairment of accounts receivable, inventories, investments and property, plant and equipment (Notes 1 and 2.4, 12, 13, 14, 15, 21 and 22), evaluation of deferred income tax valuation allowance and deferred tax recognition (Note 11). 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.

The detailed assumptions used to determine the recoverable amount of intangible assets and property, plant and equipment are further explained in Note 13.

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

Subsequent events that provide additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the financial statements. Subsequent 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 International Financial Reporting Standard specifically requires such set-off.

Presentation of comparatives figures was changed to reflect current presentation of items better.

3 Segment information (in LTL thousand)

The Company's sole business segment is the production and sales of refrigerators and specialised equipment, therefore this note does not include any disclosures on operating segments as they are the same as information provided by the Company in these financial statements.

Information with respect to geographical location of the Company sales is presented below (in LTL thousand):

	2011	2010
Western Europe	38,253	45,515
Ukraine	49,476	41,414
Lithuania	11,202	12,017
Eastern Europe	8,091	8,361
Other CIS countries	4,469	6,925
Other Baltic states	1,274	1,161
Russia	1,758	641
Other countries	-	70
	114,523	116,104

All assets of the Company as of 31 December 2011 and 2010 are located in Lithuania and all acquisitions of non-current assets in 2011 and 2010 are connected with it.

In 2011 the sales to the buyers: Gmbh Severi Elektrogerate (Germany) comprised 9.06% and S.A. Conforama (France) comprised 7.63 % of total sales (9.14% and 10.34%, respectively, in 2010).

4 Cost of sales

	2011	2010
Raw materials	72,937,064	75,197,120
Salaries and wages	8,576,302	9,266,519
Depreciation and amortization	4,077,703	4,761,963
Other	13,046,746	9,796,918
	98,637,815	99,022,520

5 Selling and distribution expenses

	2011	2010
Transportation	3,347,091	3,277,364
Warranty service costs	808,646	1,003,295
Salaries and social security	843,973	846,795
Market research, sales promotion and commissions to third parties	524,973	611,470
Insurance	160,166	333,277
Certification cost	103,149	179,012
Advertising	226,463	145,842
Rent of warehouses and storage cost	57,774	61,955
Business trips	53,601	53,577
Other	167,461	4,026
	6,293,297	6,516,613

6 Administrative expenses

	2011	2010
Wages, salaries and social security	4,533,371	3,859,444
Change of allowance for receivables	24,642	308,418
Depreciation and amortisation	841,843	829,012
Non-current employee benefits (Note 22)	(12,445)	(29,566)
Taxes other than income	236,418	281,767
Other	1,419,747	2,193,863
	7,043,576	7,442,938

7 Other income

	2011	2010
Income from transportation services	284,164	231,366
Income from rent of premises	146,782	147,000
Income from mobile communications services	15,452	50,593
Gain on disposal of non-current assets	98,041	8,895
Income from rent of equipment	5,648	7,615
Income from sale of raw and other material	473,942	393,252
	1,024,029	838,721

8 Other expenses

	2011	2010
Transportation expenses	308,914	234,523
Mobile communications expenses	14,759	46,592
Expenses from rent of equipment	120,299	118,083
Cost of raw and other material disposed	292,831	239,173
	736,803	638,371

9 Financial income

	2011	2010
Foreign currency exchange gain	812,205	357,158
Interest income on deposits	5,294	13,216
Gain of foreign currency translation transactions	8,747	2,707
	826,246	373,081

10 Financial expenses

	2011	2010
Interest expenses*	2,986,701	4,078,171
Foreign currency exchange loss	786,730	345,256
Loss of foreign currency translation transactions	17,100	8,520
Other	-	21,663
	3,790,531	4,453,610

* Interest expenses decrease appeared mainly due to decreased borrowing interest rates.

11 Income tax (all amounts are in LTL thousands)

	2011	2010
Components of the income tax income (expenses)		
Current income tax for the reporting year (expenses)	-	-
Deferred income tax income	1,037	87
Income tax income recorded in the statement of comprehensive income	1,037	87

	31 December 2011	31 December 2010
Deferred income tax asset		
Tax losses carried forward for indefinite period	2,369	2,368
Warranty provision	308	398
Allowance for receivables	295	648
Bonuses, vacation pay and other accruals	109	66
Other	54	68
Deferred income tax asset before valuation allowance	3,135	3,548
Less: valuation allowance	(1,214)	(2,652)
Deferred income tax asset, net	1,921	896

	31 December 2011	31 December 2010
Deferred income tax liability		
Development costs	(729)	(721)
Capitalised repair costs	(37)	(57)
Deferred income tax liability	(766)	(778)
Deferred income tax, net	1,155	118

Deferred income tax asset is recognised in the amount, which is expected to be realized in the foreseeable future. As of 31 December 2011 and 2010 the management of the Company doubted whether the entire deferred income tax asset related to the tax loss carry forward and accounts receivable allowances will be realized in the foreseeable future, therefore only a more certain part was recognized.

11 Income tax (all amounts are in LTL thousands) (cont'd)

The reported amount of income tax attributable to the theoretical amount that would arise from applying income tax rate of the Company (15%) is as follows:

	2011	2010
(Loss) before tax	(129)	(759)
Income tax income (expenses) computed using the effective tax rate	19	114
Change of deferred income tax asset valuation allowance	1,438	(135)
Non-deductible expenses	(420)	108
Income tax income (expenses) recorded in in the statement of comprehensive income	1,037	87

12 Intangible assets

	Development cost	Software, licenses	Total
Cost:			
Balance as of 31 December 2010	13,561,669	1,610,282	15,171,951
Additions	683,678	44,170	727,848
Disposals and write-offs	-	(1,420)	(1,420)
Balance as of 31 December 2011	14,245,347	1,653,032	15,898,379
Accumulated amortisation:			
Balance as of 31 December 2010	8,672,247	1,586,748	10,258,995
Charge for the year	662,938	11,649	674,587
Disposals and write-offs	-	(1,420)	(1,420)
Balance as of 31 December 2011	9,335,185	1,596,977	10,932,162
Net book value as of 31 December 2011	**4,910,162**	**56,055**	**4,966,217**
Net book value as of 31 December 2010	**4,889,422**	**23,534**	**4,912,956**

	Development costs	Software, licenses	Total
Cost:			
Balance as of 1 January 2010	12,881,948	1,597,213	14,479,161
Additions	679,721	26,814	706,535
Disposals and write-offs	-	(13,745)	(13,745)
Balance as of 31 December 2010	13,561,669	1,610,282	15,171,951
Accumulated amortisation:			
Balance as of 1 January 2010	8,063,840	1,563,895	9,627,735
Charge for the year	608,407	36,598	645,005
Disposals and write-offs	-	(13,745)	(13,745)
Balance as of 31 December 2010	8,672,247	1,586,748	10,258,995
Net book value as of 31 December 2010	**4,889,422**	**23,534**	**4,912,956**
Net book value as of 1 January 2010	**4,818,108**	**33,318**	**4,851,426**

12 Intangible assets (cont'd)

Total amount of amortisation expenses is included into administration expenses in the in the statement of comprehensive income. Part of non-current intangible assets of the Company with the acquisition value of LTL 8,258 thousand as of 31 December 2011 was fully amortised (LTL 8,250 thousand as of 31 December 2010) but was still in use.

13 Property, plant and equipment

	Land, buildings and structures	Machinery and equipment	Vehicles and other property, plant and equipment	Construction in progress and prepayments	Total
Cost:					
Balance as of 31 December 2010	14,466,694	100,123,572	14,540,711	-	129,130,977
Additions	-	2,967,585	315,460	2,055,514	5,338,559
Disposals and write-offs	-	(812,908)	(930,758)	-	(1,743,666)
Reclassifications	-	125,777	(125,777)	-	-
Balance as of 31 December 2011	14,466,694	102,404,026	13,799,636	2,055,514	132,725,870
Accumulated depreciation:					
Balance as of 31 December 2010	4,270,230	82,843,080	12,988,509	-	100,101,819
Charge for the year	571,619	4,700,223	596,229	-	5,868,071
Disposals and write-offs	-	(812,791)	(860,880)	-	(1,673,671)
Reclassifications	-	112,951	(112,951)	-	-
Balance as of 31 December 2011	4,841,849	86,843,463	12,610,907	-	104,296,219
Net book value as of 31 December 2011	**9,624,845**	**15,560,563**	**1,188,729**	**2,055,514**	**28,429,651**
Net book value as of 31 December 2010	**10,196,464**	**17,280,492**	**1,552,202**	**-**	**29,029,158**

	Land, buildings and structures	Machinery and equipment	Vehicles and other property, plant and equipment	Total
Cost:				
Balance as of 1 January 2010	14,869,592	101,199,670	14,305,880	130,375,142
Additions	-	381,314	57,829	439,143
Disposals and write-offs	(402,898)	(705,269)	(575,141)	(1,683,308)
Reclassifications	-	(752,143)	752,143	-
Balance as of 31 December 2010	14,466,694	100,123,572	14,540,711	129,130,977
Accumulated depreciation:				
Balance as of 1 January 2010	3,888,021	79,426,957	12,083,671	95,398,649
Charge for the year	488,770	4,692,336	908,390	6,089,496
Disposals and write-offs	(106,561)	(705,205)	(574,560)	(1,386,326)
Reclassifications	-	(571,008)	571,008	-
Balance as of 31 December 2010	4,270,230	82,843,080	12,988,509	100,101,819
Net book value as of 31 December 2010	**10,196,464**	**17,280,492**	**1,552,202**	**29,029,158**
Net book value as of 1 January 2010	**10,981,571**	**21,772,713**	**2,222,209**	**34,976,493**

13 Property, plant and equipment (cont'd)

The depreciation charge of the Company's property, plant and equipment for 2011 amounts to LTL 5,868 thousand (LTL 6,089 thousand in 2010). In 2011 LTL 169 thousand (LTL 184 thousand in 2010) was accounted for as administration expenses in the statement of comprehensive income of the Company. The remaining amount of depreciation was included in the production cost.

As of 31 December 2011 the part of the Company's property, plant and equipment, with the net book value of LTL 12,896 thousand (LTL 13,195 thousand as of 31 December 2010) was pledged to banks as a collateral for the loans and the part of the Company's machinery and equipment, with the net book value LTL 2,344 thousand were pledged to bondholders as a collateral for ordinary bonds (Note 23). In order to assure the proper fulfilment of Group's liabilities to suppliers according to legal proceedings, the rights to machinery and equipment with the net book value of LTL 1,047 thousand as of 31 December 2011 were limited by law.

Impairment assessment

On 31 December 2011 and 2010 the Company has performed the impairment test of intangible assets and property, plant and equipment evaluating their value in use.

The whole Company was defined as a cash generating unit (CGU). The recoverable value of CGU is established based on the calculation of value-in-use following post-tax cash flow forecasts according to financial budgets of five years, which have been approved by the top management. The cash flow forecast generally comprises fourteen years (expected period of use of non-current assets) in 2011 (twelve years in 2010). Having performed the impairment test, the management did not identify any CGU impairment.

Calculation of CGU value in use as of 31 December 2011 and 2010 is particularly dependent upon the following assumptions:

	As of 31 December 2011	As of 31 December 2010
Post tax discount rate / pre-tax discount rate[1)]	12.5% / 12.5%	13% / 13%
Average annual revenue growth rate for the forecasted five-year period[2)]	11%	8%
Average gross margin for the forecasted five-year period[3)]	26%	25%
Growth rate applied for the extrapolation of cash flows after the five-year period[4)]	1%	1%

1) For the cash flow discounting the Company applies weighted average cost of capital (post-tax), which includes the required return on equity and debt considering the level of risk of invested capital;

2) Sales growth rate (cash flow forecast reflects a growing demand for production since 2012 due to the following factors: the planned recovery of the overall economic environment; due to lower sales volume until 2012, production at wholesale and retail warehouses, as evaluated by the management, should already be sold out, therefore more new orders are expected; the suspended Eastern market credit insurance significantly affected the sales of the Company (as many orders are received from CIS countries, which may not be processed as the possibility to insure the creditworthiness of clients does not exist), and as far as known by the management of the Company the possibility to re-instate the credit insurance for the Eastern markets is being discussed, which would have a significant effect on the growth of sales of the Company. The promotional campaign in Ukraine during 2012 will have a positive effect for Company's sales growth. Also, in December 2011 the Company was acquired by Tetal Global Ltd, which also owns OAO POLAIR - producer of commercial fridges. The coming of this strategic investor is expected positively impact sales in these ranges: 1) sales in Russia of the Company's produced commercial CD refrigerators with EcoPolair brand; 2) sales in Russia of refrigerators with Snaige brand; 3) the part of Polair refrigeration production transfer to Alytus factory and sales of it in West markets. OAO POLAIR starting 2012 already placed additional orders to the Company (these orders do not require significant investment into new equipment or material redevelopment) and provided with some distribution channels, therefore the Company's management and new owners believe that planned figures are achievable;

3) At the evaluation of the management of the Company the gross profit margin in the cash flow forecast is assessed before depreciation expenses of non-current assets with reference to currently earned gross margin on main production sales. In the cash flow forecast the management of the Company assumes that variable functional costs should increase at the same rate as sales do, and the fixed costs are expected to be maintained at the optimal level by the Company;

4) The growth rate does not exceed the expected average increase rate of the industry.

In the opinion of the management of the Company, the most important and most change-like assumptions are the expected sales growth and gross margin. The following table represents the impairment charge of non-current assets expressed as a percentage of their net book values as of 31 December of the respective financial year in response to changes in the aforementioned assumptions:

13 Property, plant and equipment (cont'd)

Impairment assessment (cont'd)

	As of 31 December 2011	As of 31 December 2010
Given the half rate of the expected sales growth and all other assumptions being constant	-	-
Given the gross margin decreased to 20% during the forecast period and all other assumptions being constant	-	5 %

At the moment of preparing these financial statements the management of the Company did not expect any significant changes of the assumptions.

14 Inventories

	As of 31 December 2011	As of 31 December 2010
Raw materials, spare parts and production in progress	7,158,614	8,125,449
Finished goods	5,615,197	3,712,016
Total inventories, gross	12,773,811	11,837,465
Less: valuation allowance for finished goods	-	(95,342)
Less: valuation allowance for slow moving and obsolete inventories	(385,285)	(324,848)
Total inventories, net	12,388,526	11,417,275

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

Change in valuation allowance was included in other administrative expenses in the statement of comprehensive income.

As described in Note 23, in order to secure bank loans, the Company pledged inventories with the gross value of not less than LTL 10,500 thousand as of 31 December 2011 (as of 31 December 2010 – LTL 10,500 thousand).

15 Trade receivables

Trade receivables and their impairment as of 31 December was as follows:

	As of 31 December 2011	As of 31 December 2010
Trade receivables, gross	14,451,623	16,390,086
Less: allowance for doubtful trade receivables	(1,966,424)	(2,166,674)
	12,485,199	14,223,412

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

As of 31 December 2011 trade receivables with the carrying value of LTL 1,966 thousand (as of 31 December 2010 – LTL 2,167 thousand) were fully impaired. Changes in the allowance for doubtful trade receivables have been included into administrative expenses.

The Company's trade receivables from Western countries and former and current CIS countries amounting to LTL 4,157 thousand as of 31 December 2011 (LTL 7,661 thousand as of 31 December 2010) were insured by credit insurance Atradius Sweden Kreditförsäkring Lithaunia branch in 2011 and 2010.

15 Trade receivables (cont'd)

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

	As of 31 December 2011	As of 31 December 2010
Balance at the beginning of the period	(2,166,674)	(2,052,580)
Charge for the year	(34,381)	(284,073)
Write-off of trade receivables	224,893	194,324
Effect of the change in foreign currency exchange rate	(8,267)	(36,345)
Recovered amounts	18,005	12,000
Balance at the end of the period	(1,966,424)	(2,166,674)

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

The ageing analysis of trade receivables as of 31 December 2011 and 2010 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
2011	9,174,869	2,123,703	508,676	230,960	279,277	167,714	12,485,199
2010	12,593,498	1,309,251	215,246	3,379	2,057	99,981	14,223,412

Trade receivables past due more than 120 days were not insured against credit risk as of 31 December 2011.

As of 31 December 2011 the Company had no factoring with recourse agreements, therefore no limitations on disposable assets were present.

16 Other current assets

	As of 31 December 2011	As of 31 December 2010
Prepayments and deferred charges	1,682,365	1,324,636
Restricted cash	15,000	15,000
VAT receivable	532,379	459,064
Compensations receivable	60,072	97,041
Other receivables	25,762	47,344
	2,315,578	1,943,085

17 Cash and cash equivalents

	As of 31 December 2011	As of 31 December 2010
Cash at bank	889,115	1,776,497
Cash on hand	4,218	2,549
	893,333	1,779,046

The inflows into the bank accounts of the Company up to LTL 12,085 thousand (LTL 10,085 thousand in 2010) are pledged as a collateral for bank loans (Note 23).

18 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 of 31 December 2011 and 2010 Company was in compliance with this requirement.

19 Reserves

Legal reserve

A legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfers of not less than 5% of net profit are compulsory until the reserve reaches 10% of the share capital.

Non-restricted reserves

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

On 29 April 2011 the General Shareholders meeting took a decision to transfer an amount of LTL 672 thousand from other distributable reserves to retain earnings in order to cover accumulated losses as it is set forth by the Law on Companies of the Republic of Lithuania (On 29 April 2010 - LTL 13,029 thousand were transferred from share premium).

As at 31 December 2011 other distributable reserves consisted of a reserve for investments amounting to LTL 1,158 thousand (as at 31 December 2010 - LTL 1,830 thousand) and reserve for social and cultural needs amounting to LTL 30 thousand (as at 31 December 2010 – LTL 30 thousand).

20 Subsidies

Balance as of 1 January 2010	10,703,880
Received during the year	-
Balance as of 31 December 2010	10,703,880
Received during the year	-
Balance as of 31 December 2011	10,703,880
Accumulated amortisation as of 1 January 2010	9,103,143
Amortisation during the year	318,304
Accumulated amortisation as of 31 December 2010	9,421,447
Amortisation during the year	348,300
Accumulated amortisation as of 31 December 2011	9,769,747
Net book value as of 31 December 2011	**934,133**
Net book value as of 31 December 2010	**1,282,433**

The subsidies were received for the renewal of production machinery and repairs of buildings in connection with the elimination of CFC 11 element from the production of polyurethane insulation and filling foam, and for elimination of green house gases in the manufacturing of domestic refrigerators and freezers. Subsidies are amortised over the same period as the machinery and other assets for which subsidies were designated when compensatory costs are incurred. The amortisation of subsidies is included in production cost against depreciation of machinery and reconstruction of buildings for which the grants were designated.

21 Warranty provision

The Company provides warranty of up to 2 years for the production sold after 1 January 2009 (up to 3 years before 1 January 2009). The provision for warranty repairs was accounted for based on the expected cost of repairs and statistical warranty repair rates and divided respectively into non-current and current provisions. Difference between years depends on product and warranty period mix.

Change in warranty provision can be specified as follows:

	2011	2010
As of 1 January	2,617,973	3,337,483
Charge for the year	1,730,459	1,101,817
Utilised	(2,293,830)	(1,821,327)
As of 31 December	2,054,602	2,617,973

Warranty provision is accounted for as of 31 December as:	2011
- non-current	684,540
- current	1,370,062
	2010
- non-current	624,418
- current	1,993,555

22 Non-current employee benefits

As at 31 December 2011 the expenses of the one-time payments for leaving employees at a retirement age amounted to LTL 347 thousand (as at 31 December 2010 – LTL 360 thousand). This change decreased administrative expenses caption in the Company's statement of comprehensive income and non-current employee benefit caption in the statement of financial position.

The main assumptions applied in evaluation of Company's non-current employee benefit liability are presented below:

	As of 31 December 2011	As of 31 December 2010
Discount rate	5.66%	4.67%
Employee turnover	15%	17%
Long term salary growth rate	3%	5%

The Company has no plan asset designated for settlement with employee benefit obligations.

23 Borrowings

	As of 31 December 2011	As of 31 December 2010
Non-current borrowings		
Non-current borrowings with fixed interest rate	6,543,142	4,019,610
Non-current borrowings with variable interest rate	898,935	6,784,527
Convertible bonds**	7,300,000	-
Ordinary bonds	-	757,806
Total non-current borrowings	14,742,077	11,561,943
Current borrowings		
Current borrowings with variable interest rate	9,173,123	-
Ordinary bonds*	853,032	1,723,638
Convertible bonds	-	21,190,524
Current borrowings with fixed interest rate	5,776,468	1,403,448
Total current borrowings	15,802,623	24,317,610
	30,544,700	35,879,553

* The Company is obliged to redeem 416 units of bonds and pay accrued interest on the 20^{th} day of each month during the validity period (15 June 2012) and redeem 432 units of bonds at maturity date on 15 June 2012, annual yield of 10%. The liabilities to the owners of ordinary bonds are secured by the pledge of machinery and equipment with the net book value of LTL 2,344 thousand as of 31 December 2011.

** On 18 April 2011 the Company issued 30,000 units of convertible bonds with the par value of LTL 100 each with the annual yield of 9% and redemption date 12 April 2013. Interests are paid quarterly.

On 2 May 2011 the Company issued 43,000 units of convertible bonds with the par value of LTL 100 each, with the annual yield of 9%, redemption date 2 May 2013, interests are paid annually. The purpose is the refinancing of part of the convertible bonds emission issued in 2010 with the maturity date of 11 April 2011. The bonds are accounted for at amortised cost under the non-current liabilities caption and accrued interest amounting to LTL 281 thousand as of 31 December 2011 was accounted for under other current liabilities caption (Note 26).

On 18 April 2011 pursuant to the decision of convertible bonds owners 23,386 units of convertible bonds with the par value of EUR 100 (equivalent to LTL 345) each were converted into 8,886,680 ordinary registered shares of the Company with the par value of LTL 1 each and the share capital was increased accordingly (Note 1).

Borrowings with variable interest rate bear 6-month VILIBOR + 3.88%, but not less than 6.1% annual interest rate as of 31 December 2011 (6 month EUR LIBOR + 4.88% - 7.1% annual interest rate as of 31 December 2010). Borrowings with the fixed interest rate bear 9-14% annual interest rates.

At 31 December 2011 the part of the Company's property, plant and equipment with the carrying amount of LTL 12,896 thousand (2010 – LTL 13,195 thousand), inventories with the net book value of not less than LTL 10,500 thousand (2010 – LTL 10,500 thousand), cash inflows into the bank accounts up to LTL 12,085 thousand (2010 – LTL 10,085 thousand) were pledged to banks for the loans granted. Also pledged was the right of claim for inflows from OOO Techprominvest, according to the agreement signed between AB Snaige and OOO Techprominvest on 30 April 2010 (as further described in Note 1 this inflow right was reduced significantly in 2011 after the major part of the amount was capitalized in the process of OOO Techprominvest share capital increase). In addition LTL 1,000 thousand cash deposit accounted for in other non-current assets was restricted and pledged to banks until May 2015.

UAB Investicijų ir verslo garantijos (entity owned by the government of the Republic of Lithuania) guaranteed the repayment of the long term fixed rate borrowing in total of LTL 5,000 thousand until 24 May 2015.

During the years and as of the year end of 2011 and 2010 the Company was not in compliance with some non-financial covenants set in the loan agreements with the bank. In 2011 and 2010 the bank letters waiving loans covenants were received, therefore non-current borrowings were not reclassified to current in these financial statements.

23 Borrowings (cont'd)

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

	As of 31 December 2011	As of 31 December 2010
Borrowings denominated in:		
EUR	3,250,061	23,671,968
LTL	27,294,639	12,207,585
	30,544,700	35,879,553

Repayment schedule for non-current borrowings, except for convertible and ordinary bonds, is as follows:

	Fixed interest rate	Variable interest rate
2012	5,776,468	9,173,123
2013 – 2016	6,543,142	898,935
After 2016	-	-
	12,319,610	10,072,058

As of 31 December 2011 the Company had LTL 1,101 thousand of unused funds in credit lines bearing 6 month VILIBOR + 4.5% annual interest rate (2010 – LTL 2,397 thousands). In respect of these borrowing facilities all conditions precedent have been met.

Also see Note 32 for subsequent events.

24 Financial lease obligations

Principal amounts of financial lease payables as of 31 December 2011 are denominated in EUR.

The interest rate on the financial lease obligations in euros is 6-month EURIBOR + 1.1%.

Future lease payments under the above-mentioned financial lease contracts as of 31 December 2011 and 2010 are as follows:

	As of 31 December 2011	As of 31 December 2010
Within one year	71,321	850,846
From one to five years	-	72,589
Total financial lease obligations	71,321	923,435
Interest	(169)	(19,071)
Present value of financial lease obligations	71,152	904,364
Financial lease obligations are accounted for as:		
- current	71,152	833,212
- non-current	-	71,152

The assets leased by the Company under financial lease contracts consist of machinery and equipment. Apart from the lease payments, the most significant obligations under lease contracts are property maintenance and insurance. The term of financial lease is 2 years. The distribution of the net book value of the assets acquired under financial lease is as follows:

	As of 31 December 2011	As of 31 December 2010
Machinery and equipment	2,123,131	2,578,088
	2,123,131	2,578,088

25 Operating lease

The Company has several contracts of operating lease. The terms of the lease do not include restrictions of the activities of the Company in connection with the dividends, additional borrowings or additional lease agreements. In 2011 the operating lease expenses of the Company amounted to LTL 244 thousand (LTL 182 thousand in 2010). It is planned that operating lease expenses for 2012 will amount to LTL 260 thousand.

The most significant operating lease agreement of the Company is the non-current agreement signed with the Municipality of Alytus for rent of the land. The payments of the lease are reviewed periodically; the lease end term is 2 July 2078.

Future lease payments according to the signed lease contracts are not defined as contracts might be cancelled upon the notice.

26 Other current liabilities

	As of 31 December 2011	**As of 31 December 2010**
Accrued interest on convertible bonds (Note 23)	349,028	1,571,663
Vacation reserve	1,104,408	1,225,112
Taxes payable	810,284	739,136
Salaries and related taxes payable	1,084,207	778,026
Other accrued interest	128,723	260,951
Other payables and accrued expenses	140,818	211,795
	3,617,468	4,786,683

Other payables are non-interest bearing and have the settlement term up to six months.
Interest payable is normally settled monthly.

27 Basic and diluted profit (loss) per share

	2011	**2010**
Shares issued on 1 January	30,735,715	27,827,365
Weighted average number of shares*	36,424,167	29,867,194
Net profit (loss) for the year	908,126	(671,517)
Basic profit (loss) per share, in LTL	0.02	(0.02)

* Taking into account bonds converted to shares in May 2011.

Convertible bonds are not included into earnings per share calculation as they were antidilutive.

28 Financial instruments

Fair value of financial instruments

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

	2011		2010	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Receivables from subsidiaries	1,334,272	1,334,272	37,215,826	37,215,826
Other non-current assets	1,000,000	1,000,000	1,000,000	1,000,000
Other current receivables	100,834	100,834	159,385	159,385
Cash and cash equivalents	893,333	893,333	1,779,046	1,779,046
Trade current receivables	12,485,199	12,485,199	14,223,412	14,223,412
Financial liabilities				
Fixed rate borrowings	20,472,642	20,761,312	29,095,026	29,095,026
Floating rate borrowings	10,072,058	10,072,058	6,784,527	6,784,527
Financial lease obligations	71,152	71,152	904,364	904,364
Trade and other payables	15,696,276	15,696,276	18,286,215	18,286,215

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 payables and floating rate borrowings approximates fair value;
(b) The fair value of trade and other current receivable approximates their carrying amounts;
(c) The fair value of fixed rate borrowings was calculated by discounting the expected future cash flows at the estimated market interest rate.

The following table shows net gain (loss) of financial instruments included in the statement of financial positions:

	2011	2010
Loans and receivables (Note 6)	200,251	(272,073)

Net gain and loss of financial instruments impairment losses of receivables.

29 Capital and financial risk management

Credit risk

The maximum exposure of the credit as of 31 December 2011 and 2010 comprises the carrying values of receivables, cash and deposits in banks.

The concentration of the Company's receivables is average. As of 31 December 2011 receivables from top ten clients of the Company accounted for 58.64% (68.4% as of 31 December 2010) of the total receivables of the Company.

The credit policy implemented by the Company and credit risk is constantly controlled. Credit risk assessment is applied to all clients willing to get a payment deferral. The Company's trade receivables from Western countries and former and current CIS countries amounting to LTL 4,157 thousand as of 31 December 2011 (LTL 7.661 thousand as of 31 December 2010) were insured by credit insurance Atradius Sweden Kreditförsäkring Lithaunia branch in 2011 and Coface Austria Kreditversichering AG Lithuania branch in 2010.

29 Capital and financial risk management (cont'd)

The Company does not provide guarantees for the obligations of other parties. The Company's management believes that its maximum exposure is equal to the trade receivables netted with allowance losses recognized as at the balance sheet date. A significant part of trade receivables is insured. The Company does not guarantee for other parties' liabilities.

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 Company "Trade Credits Risk Management Procedure".

According to the policy of the Company, 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 and is not from subsidiaries;
- 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, legal restrictions of operations and the use of assets is observed;
- bankruptcy case;
- inconsistency and variation in payments;
- other criteria.

Interest rate risk

The part of the Company's borrowings is with variable rates, related to VILIBOR and EURIBOR, which creates an interest rate risk. As of 31 December 2011 and 2010 the Company did not use any financial instruments to hedge cash inflows and interest rate fluctuation risk related to debt instruments with variable interest rate.

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

	Increase/ decrease of basis points	Effect on the profit before tax (LTL thousand)
2011		
LTL	+ 100	(97)
LTL	- 200	195
2010		
LTL	+ 100	(68)
LTL	- 200	136

Liquidity risk

The Company'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 Company'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.

The table below summarizes the maturity profile of the Company's financial liabilities as of 31 December 2011 and 2010 based on contractual undiscounted payments:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	After 5 years	Total
Interest bearing loans, financial lease and other borrowings	-	4,633,717	12,971,891	15,314,729	-	32,920,337
Trade and other payables	1,759,634	10,264,380	263,370	2,634,998	-	14,922,382
Interest payable	296,145	196,778	-	280,973	-	773,896
Balance as of 31 December 2011	**2,055,779**	**15,094,875**	**13,235,261**	**18,230,700**	**-**	**48,616,615**
Interest bearing loans and borrowings	-	897,034	25,834,242	14,852,178	-	41,583,454
Trade and other payables	7,867,177	8,564,584	21,840	-	-	16,453,601
Interest payable	-	79,225	1,753,389	-	-	1,832,614
Balance as of 31 December 2010	**7,867,177**	**9,540,843**	**27,609,471**	**14,852,178**	**-**	**59,869,669**

29 Capital and risk management (cont'd)

The Company seeks to maintain sufficient financing to meet the financial liabilities on time. Additionally, in 2012 the restructuring of maturity terms of some financial obligations and the additional monetary funds to finance the operations of the Company have been implemented successfully (Notes 32).

Foreign exchange risk

Foreign exchange risk decreased because most of income is earned in euros, Litas is pegged to euro at the rate of 3.4528 litas for 1 euro. There were no derivative foreign currency transactions made in 2011 and 2010.

Monetary assets and liabilities of the Group denominated in various currencies as of 31 December 2011 and 2010 were as follows (LTL):

	2011	
	Assets	**Liabilities**
LTL	4,683,311	40,141,633
EUR	12,690,015	10,898,540
USD	128,021	435,213
RUB	-	13,412
Total	17,501,347	51,488,798

The following table demonstrates sensitivity to a reasonably possible change in the foreign exchange rates of the Company's profit before tax, including gain (loss) from derivative financial instruments:

	Increase (decrease)	**Effect on the profit before tax**
LTL/USD exchange rate increase (decrease)		
2011	+ 5%	(15,360)
	- 5%	15,360
2011	+ 10%	(31,719)
	- 10%	31,719
LTL/RUB exchange rate increase (decrease)		
2011	+ 5%	(671)
	- 5%	671
2011	+ 10%	(1,341)
	- 10%	1,341

Capital management

The Company manages share capital, share premium, legal reserves, other reserves and retained earnings as capital. The primary objectives of the Company's capital management are to ensure that the Company complies with the externally imposed capital requirements and to maintain appropriate capital ratios in order to ensure its business and to maximise the shareholders' benefit.

The Company manages its capital structure and makes adjustments to it in the light of changes in the economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. As described in Note 1, 8,886,680 ordinary shares with the nominal value of LTL 1 each were issued in 2011.

The 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 2011 and 2010 the Company complied with this requirement. There were no other significant externally imposed capital requirements on the Company.

30 Commitments and contingencies

On 25 June 2009 a claim for the debt of LTL 2,049 thousand was filed against the Company by A/S Comfitt Glass (hereinafter the Plaintiff) at Kaunas County Court. According to the Plaintiff, the debt was for delivered and not paid goods. The Company disagreed with the part of the claimed debt amounting to LTL 489 thousand, since a part of the goods was not actually delivered to the Company. On 12 February 2010 Kaunas County Court adopted a decision to satisfy the claim and adjudged the debt of LTL 2,049 thousand of the Company for the benefit of the Plaintiff along with LTL 126 thousand interest and 6% legal interest on the adjudged amount to be calculated from the day the proceedings started until the day the court decision is executed. In 2010 the Company appealed to the Appeal Court of Lithuania. On 5 October 2010 the Appeal Court of Lithuania announced that repayment of total adjudged amount shall be paid in two instalments: LTL 1,096 thousand shall be paid until 1 February 2011 and the remaining amount including 6% of legal interest shall payable in equal parts until 12 February 2012 on a monthly basis. The Company did not fulfill this Appeal court decision during 2011.

According to the bailiff's decision on February 2011, the amount of LTL 566 thousand was written – off from the Company's bank account and as at 31 December 2011 the amount was in the bailiff's bank account. The Company appealed against this bailiff's decision and claimed for the production, which was not received from the supplier. As at 31 December 2011 this claim is in progress and the resolution is unknown. The management of the Company expects to win this litigation.

The Company acknowledged a part of the adjudged amount in total of LTL 1,681 thousand as at 31 December 2011 (LTL 1,560 thousand for unpaid goods, LTL 121 thousand interest and court expenses) and additionally accounted for LTL 101 thousand of legal interest payable in administration expenses for 2011 (LTL 220 thousand for 2010 and 2009).

The Company did not acknowledge a part of the adjudged amount in total of LTL 489 thousand (and 6% legal interest charged on it) as the goods for the mentioned payable were not delivered by the supplier. The Company expects either the delivery of the goods for the adjudged amount and corresponding recognition of trade payable thereof or to win the ongoing legal process with respect to LTL 489 thousand (and 6% legal interest charged on it), and therefore did not recognise the provision for the above mentioned amount in the financial statements as of 31 December 2011 and 2010.

As at 31 December 2011 the litigation is ongoing with Format Sp.z.o.o., regarding their claim on proceeding breaches against the Company. The Company appealed against the court decision regarding the proceeding breaches (the claim was cleared by the court, however interest calculated did not agree to the agreement conditions). The Company expected to win this case, and therefore the interests are accounted according to the agreement terms. The accumulated interest amount is equal to LTL 73 thousand, during 2011 – LTL 17 thousand. The amount is included under the other payables and short term liabilities. On 4 April 2012 the court announced final judgment in the favor of the Company.

The Company as beneficiary has received LTL 1,713 thousand insurance payment for the equipment reconstruction after the subsidiary's OOO Techprominvest roof collapse. The most of this equipment was acquired by the Company itself and it will be used for the economic activity in future. The insurance payment is recorded in the statement of comprehensive income and decreased operating expenses for the period.

31 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 Company or have influence on it. To determine whether the parties are related the assessment is based on the nature of relation rather than the form.

UAB Vaidana (shareholder);
Tetal Global Ltd. (ultimate shareholder);
OAO Polair (related shareholders);
Amber Trust II S.C.A (former shareholder);
UAB Hermis Capital (companies controlled by members of management and their close relatives);
UAB Meditus (company controlled by members of management and/or their close relatives).

Subsidiaries:

OOO Techprominvest (100% of shares);
TOB Snaigė Ukraina (99% of shares);
OOO Moroz Trade (100% of shares);
OOO Liga Servis (100% of shares);
UAB Almecha (100% of shares).

32 Related party transactions (cont'd)

Transactions carried out with subsidiaries:

	Purchases		Sales	
	2011	2010	2011	2010
OOO Techprominvest	2,981,264	2,588,883	3,280	79,571
TOB Snaigė Ukraina	161,126	113,942	-	-
UAB Almecha	8,424,157	7,450,996	6,168,431	5,920,003
OOO Liga-Servis	-	-	-	-
	11,566,547	10,153,821	6,171,711	5,999,574

The Company has a policy to conduct subsidiary transactions on contractual terms. The Company‘s transactions with subsidiaries represents acquisitions and sales of production raw materials and finished goods and acquisitions of marketing services. Outstanding balances at the year-end are unsecured, receivables, except for loans granted, are interest-free and settlement occurs in cash. There were no pledged significant amounts of assets to ensure the repayment of receivables from related parties.

The carrying amount of loans and receivables from subsidiaries on 31 December:

	2011	2010
Non-current receivables		
Non-current receivable from OOO Techprominvest (Note 1)	-	37,910,615
Less: allowance	-	(2,153,239)
Total non-current receivables	-	35,757,376
Current receivables		
Trade receivables from OOO Techprominvest	353,525	132,853
Trade receivables from TOB Snaigė Ukraina	-	6,804
Trade receivables from UAB Almecha	980,747	1,318,794
Total current receivables	1,334,272	1,458,451
	1,334,272	37,215,827

The analysis of receivables from subsidiaries and granted loans during the period on 31 December:

	Receivables from subsidiaries and granted loans neither past due nor impaired	Receivables from subsidiaries and granted loans past due but not impaired					
		Less than 30 days	30 – 60 days	60 – 90 days	90 – 120 days	More than 120 days	Total
2011	1,017,077	-	262,732	54,463	-	-	1,334,272
2010	1,480,268	13,712	16,308	-	7,424	35,698,115	37,215,827

Payables to subsidiaries as of 31 December (included under the trade payables caption in the Company's statement of financial position):

	2011	2010
OOO Techprominvest	13,031	13,030
TOB Snaige Ukraina	13,064	8,287
OOO Liga-Servis	13,412	13,766
UAB Almecha	732,549	748,984
	772,056	784,067

32 Related party transactions (cont'd)

Financial and investment transactions with the related parties:

	2011			2010		
	Loans received	**Repayment of loans**	**Interest paid**	**Loans received**	**Repayment of loans**	**Interest paid**
Amber Trust II S.C.A,	-	423,058	141,859	-	576.942	423.068
	-	423,058	141,859	-	576,942	423,068

On 31 December 2009 a transfer of claim agreement was signed between Amber Trust II SCA and UAB Meditus according to which Amber Trust II SCA has undertaken the right to claim for outstanding LTL 1,000 thousand loan bearing 14% annual interest rate from AB Snaige and accrued interest in total LTL 423 thousand. During 2011 the Company repaid LTL 423 thousand of loan and LTL 142 interest and had no outstanding payable amounts for the loan and interest are left as at 31 December 2011.

As at 31 December 2011 the Company has no signed guarantee agreements, according to which it guaranteed payments to suppliers for liabilities of the subsidiaries.

<u>Remuneration of the management and other payments</u>

The management of the Company includes the chairman of the board, board members, the general manager and functional managers. Remuneration of the Company's and subsidiaries' management amounted to LTL 1,701 thousand in 2011 (LTL 1,264 thousand in 2010). In 2011 and 2010 the management of the Company did not receive any loans, guarantees, or other payment. No property transfers were made or accrued.

32 Subsequent events

On 26 January 2012 the Company signed the credit agreement amendment with Siauliu bankas AB for the credit repayments schedule. According to this agreement the payable loan amount during the period January – February of 2012 amounted to LTL 600 thousand and it was postponed up to July – August of 2012.

On 22 March 2012 the credit line amendment with „Swedbank„ AB was signed for the increase of credit in amount of EUR 405 thousand and to postpone the repayment term up to 31 March 2013.

On 28 March 2012 the Company signed the credit agreement with Siauliu bankas AB for additional LTL 5,000 thousand loan bearing 6-month VILIBOR plus 3.5% fixed margin interest rates with the repayment period starting on 5 June 2015 and maturing on 27 March 2017.

On 28 March 2012 the Company signed the following credit agreements amendments with Siauliu bankas AB:

- for the loan in the amount of LTL 8,300 thousand fixed annual interest rates were set equal to 6.5 % and the payments schedule has changed - LTL 300 thousand to be repaid on 5 September 2012 and the remaining amount gradually during the period January 2014 – December 2017.
- for the loan in the amount of LTL 6,785 thousand the repayments schedule was changed – the repayments will be made gradually during the period January 2014 – December 2016.

On 20 April 2012 according to the payment schedule the Company redeemed 416 units of bonds with the value of EUR 49,293 including interest.