

AB „SNAIGĖ“ CONVERTIBLE BONDS WITH MATURITY OF 368 DAYS PUBLIC OFFERING AND LISTING ON THE REGULATED SECURITIES MARKET PROSPECTUS SUMMARY

DISCLAIMER: This summary should be read as an introduction to this offering memorandum. The summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this offering memorandum, including our audited consolidated financial statements. Any consideration to invest in our Bonds should be based on consideration of this offering memorandum taken as a whole.

PERSONS, RESPONSIBLE FOR THE PRESENTED INFORMATION

AB Snaigė general director Gediminas Čeika, tel. (8 5) 2361970, fax. (8 5) 2357169;

The summary and the prospectus of this bond issue has been prepared by UAB “Orion Securities” (hereinafter Orion), A.Tumėno st.4, B corp. LT – 01109, Vilnius, Lithuania; phone: +370 5 2313833, fax: +370 5 2313840, according to the information provided by the Issuer.

Issuers year 2007 and year 2008 financial reports were prepared according to IFRS and were audited by UAB „ERNST & YOUNG BALTIC“. 2009 12 months financial report was not audited. UAB „ERNST & YOUNG BALTIC“ audit head quarter is registered in Subačiaus g. 7, LT 01127 Vilnius, tel. (8 5) 274 22 00, fax. (8 5) 274 23 33, 2007 audit was prepared by Jonas Akelis.

INFORMATION ABOUT THE ISSUER

AB „Snaigė“ was established in 1963 in Alytus. Company was registered as AB of Lithuania on December 1, 1992 in Alytus. Last time company was reregistered on May 25, 2009.

Issuer operations timeframe is unlimited.

Issuer legal name	AB “Snaigė”
Issuer commercial name	Snaigė
Head office	Pramonės g. 6, Alytus
Registry number	AB 92-119
Enterprise code	249664610
Legal form	Legal person, AB
Applicable law	Lithuanian Republic
Incorporation country	Lithuanian
Phone	8 (315) 56 206
Fax	8 (315) 56 207
E – mail	snaige@snaige.lt
Web page	http://www.snaige.lt

BUSINESS OVERVIEW

AB Snaigē specializes in high quality domestic and commercial refrigerator production. Moreover, refrigerators for hotels and restaurants are produced.

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

Type of activities	2009		2008		2007	
	Pcs.	Perc.	Pcs.	Perc.	Pcs.	Perc.
Refrigerators sold, pcs.	199 418	100	523 219	100	657 467	100
including						
Combined refrigerators – freezers with separate external door	14 0318	70,4	410 761	78,5	538 749	81,9
Domestic refrigerators (single cooler)	17 930	9,0	28 466	5,4	28 625	4,4
Freezers	33 185	16,6	66 766	12,8	70 775	10,8
Commercial refrigerators	7 985	4,0	17 226	3,3	19 318	2,9

SHARES AND SHAREHOLDERS

On December 31, 2009, the Issuer's subscribed capital was 27 827 365 ordinary shares with nominal value equal to 1,00 LTL. The largest Issuer's shareholders are Estonian Swedbank clients – holding 47,59% of subscribed capital, UAB "Hermis Capital" – 15,86% of subscribed capital and Skandinaviska Enskilda clients – 12,05% of subscribed capital. The total number of the shareholders on 31 December 2009 was 513.

MANAGEMENT BODIES

Name	Position	Amount of shares available, in pcs.	Share of the capital available, in percentage	Share of votes, percentage
BOARD				
Nerijus Dagilis	Chairman of the Board of AB "Snaigē"	-	-	-
Kęstutis Pilipuitis	Member of the Board of AB "Snaigē",	-	-	-
Martynas Česnavičius	Member of the Board of AB "Snaigē"	15	0,00	0,00

Marius Binkevičius	Member of the Board of AB "Snaigė"	-	-	-
Robertas Beržinskas	Member of the Board of AB "Snaigė"	-	-	-
ADMINISTRATION (Administrative Manager, Chief Accountant)				
Gediminas Čeika	Managing Director of AB "Snaigė"	-	-	-
Neringa Menčiūnienė	Finance Director of AB "Snaigė"	-	-	-

DECISIONS, BASED ON WHICH THE SECURITIES WILL BE ISSUED

The basis for issuing the Issuers Securities – the decision act of the Issuer's general shareholders meeting of 5 March 2010.

TERMS OF THE OFFERING

Offer	The offer is to acquire 80 500 units 100 EUR nominal value 368 days to maturity convertible bonds.
Purpose	The purpose of the Issue is to attract additional funds to re-finance bond issues issued during 2009 the day of redemption of which is 8 April 2010. During year 2009 AB „Snaigė“ has in total issued 4 bond issues, the ISIN codes of which are LT0000311334, LT0000350068, LT0000390015. The total amount to be redeemed on 8 April 2010 is 29 m. LTL.
Yield of the securities	The securities are issued with 10 (ten) percent annual interest rate yield from the bonds nominal price. Interest will be paid at the day of redemption, included into redemption price (Bonds redemption price – 110.2222 EUR which is composed of nominal price of one Bond and 10.2222 EUR accrued interest). Interest is calculated for the whole validity period of the Bonds (9 April 2010 – 11 April 2011).
Redemption price	On the redemption day (11 April 2011) the Issuer will redeem the Bonds from investors not willing to convert the securities at a price per one Bond equal to 110.2222 EUR (100 EUR nominal price of one Bond and 10,2222 EUR accrued interest).
Price of issue	During the whole subscription period investors will be able to acquire one issued Bond for the same price of 100.00 EUR.
Securities to be issued after conversion of the Bonds	Bonds can be converted into AB Snaigė ordinary shares. Conversion rate is 1:380 (one Convertible Bond is converted to 380 (three hundred eighty) shares).
Conversion ratio	1:380 (one Convertible Bond is converted to 380 (three hundred eighty) shares).
Procedure of the conversion	<p>At the day of Bonds redemption the bondholders have a right to demand to convert their Bonds into ordinary shares of the Issuer. Every convertible bond is converted into 380 ordinary shares. If the bondholder decides to convert bonds into ordinary shares, he loses the right on the redemption day to receive the nominal value of the bond and accrued interest.</p> <p>After the redemption date of the Bonds, if there will be any requests to convert the Bonds, the shareholders of the Issuer in an extraordinary shareholders meeting will change the articles of association of the Issuer and will confirm the new articles of the company to represent increased share capital and new number of shares.</p> <p>If all bondholders will express their wish to convert the Bonds, the number of ordinary shares of the Issuer will increase by 30 590 000. The total number of ordinary shares outstanding will amount to 58 417 365.</p> <p>The Issuer in 2009 has issued convertible bonds with total nominal value of 7.5 m.EUR. On April 8 2010, the owners of these bonds have the right to convert the bonds into the ordinary shares. If all bondholders will express their wish to convert the Bonds, the number of shares of the Issuer will increase by 25 875 000 ordinary shares. The total number of shares outstanding will amount to 53 702 365 ordinary shares.</p>

Conversion terms	Bonds can be converted into ordinary shares of the Issuer at the day of redemption. The bondholders must express the wish to convert the bonds into shares in a written form to the Coordinator or the Issuer no later than 5 working days to the redemption date. If the written form is not received, the Issuer and the Coordinator will assume that the bondholder is not willing to convert bonds into ordinary shares and will proceed with bond redemption.
Obligations to bondholders	No Issuer's assets will be put on pledge in order to guarantee obligations to Bond holders.
Subscription period	Subscription period starts on March 22, 2010 and continues till April 08, 2010 . Beginning of Bonds validity period day - April 09, 2010. Date of bonds redemption – April 11, 2011.
Preemptive right	On 5 March 2010 the non-ordinary general shareholder meeting has decided to cancel preemptive right of shareholders to acquire issued bonds.
Allocation plan	Bonds are subscribed on time priority basis according to the signing time of the Bonds subscription agreement and are registered at the headquarters of the Issue Coordinator. If the residual number of unsubscribed Bonds is smaller than it is desired by the investor to acquire, for this investor, if he agrees, the agreement for residual number of unsubscribed shares is signed. If the Issue is not fully subscribed, the actual subscribed number of Bonds will be registered.
Settlement	The bonds are subscribed by investors by signing the Bonds subscription agreement. Investors pay the entire price for the subscribed Bonds on the day of the signing of the agreement or provide a written document (e.g. extract from securities account, securities purchase agreement) proving that till the end of the Bonds subscription period the certain amount of money needed for bond purchase will be transferred to Coordinator account.
Listing of notes	After registering this Prospectus at Lithuanian Securities commission and after the end of subscription period the Issuer will apply for listing of bonds at NASDAQ OMX Vilnius Stock Exchange.
Coordinator	The coordinator of this Issue is UAB FMI „Orion Securities“ A.Tumėno str.4, Vilnius (hereinafter - Coordinator), tel. (8 5) 2313833, fax. (8 5) 2313840. Interested parties should sign the bond subscription agreement with the issue coordinator Orion Securities at its head office during week days from 8.30 to 17.30. Professional investors can send the Bonds subscription agreement by fax – (8 5) 2313840.

OBLIGATIONS TO BONDHOLDERS

No Issuer's assets will be put on pledge in order to guarantee obligations to Bond holders.

FINANCIAL INFORMATION SUMMARY

The table below presents certain summary consolidated financial information prepared in accordance with IFRS. This information has been derived from audited consolidated financial statements included elsewhere in the Offering memorandum. This information should be read in conjunction with, and is qualified in its entirety by reference to, such financial statements and related notes.

In the table below, financial data for the year 2007, 2008 and 2009 12 months is taken from 2008 audited financial report and 2009 12 months report of the Issuer that are prepared according to IFRS.

Consolidated financial data summary, thou. LTL	2007	2008	2009
Profit (loss) statement			
Revenue	410 131	338 867	121 143
EBITDA	12 149	3 087	-19 853
Operating profit	-4 591	-11 360	-25 354
EBIT	-8 259	-18 769	-29 925
Profit (loss) before taxation	-11 939	-25 685	-35 533
Net profit (loss)	-11 726	-24 099	-36 446
Financial ratios			
Equity to assets ratio, %	44	35	31
Current ratio	0,86	0,86	0,96
Quick ratio	0,43	0,39	0,69
ROA, %	-4,69	-10,94	-23,7
ROE, %	-12,96	-30,62	-70,18
Balance sheet statement			
Non-current assets	116 221	93 983	42 232
Current assets	126 254	104 295	67 311
Cash and cash equivalents	3 985	1 675	1 725
<u>Total assets</u>	242 476	198 277	109 543
Total shareholder equity	87 935	69 497	34 373
Financial liabilities (current and non current)	53 601	60 711	38 424
Invested capital (total financial liabilities and shareholder equity)	141 536	130 208	72 796
Total liabilities	154 541	128 780	75 170
Non current liabilities	7 767	7 545	5 058
Current liabilities	146 774	121 233	70 112
Cash flow statement			
Cash flow from operating activities	31 104	-14 269	22 668
Cash flow from investing activities	-12 615	-4 812	-331
Cash flow from financing activities	-19 309	16 771	-22 287

RISK FACTORS

Risk factors related to the purchase of the securities

Securities market risk – the risk that the price of Convertible Bonds and Issuer’s stocks, into which Bonds can be converted, may fluctuate due to the demand and supply in the market. This type of risk is not relevant for those bond holders, who keep the bonds until the date of redemption.

Inflation risk – as the nominal yield of the Bonds issued is fixed, the real yield decreases if inflation rises, and vice versa. Thus during the periods of high inflation, the market value of the Bonds can decrease.

Interest rate risk – investors must accept the risk that during the period of increasing interest rates, the price of the bond goes down. This type of risk is not relevant for those bond holders who keep the bonds until the date of redemption.

Liquidity risk – due to insufficient demand investors might suffer losses, if they decide to sell the Bonds before the date of maturity, and sell them at the lower market price. This type of risk is not relevant for those Bond holders, who keep the Bonds till the date of redemption.

Unsuccessful issue risk – the possibility exists that less than 80 500 Bonds will be subscribed. In case not all Bonds are subscribed the risk forms that the Issuer could not collect enough funds needed for redemption of bond issues issued in year 2009. It should be noted that the Issuer also plans to issue an additional non-public bonds issue. In case not enough funds are obtained from subscription of convertible bonds, the proceeds from non-public bonds issue would be used to redeem bonds issued in 2009.

Bond conversion risk – the risk exists that at the day of the conversion of the Bonds the price of the ordinary shares of the Issuer at NASDAQ OMX Vilnius stock exchange will be smaller than needed for the conversion of the Bonds to be profitable. In such a case, from the point of view of profitability, it would be rational for investors to choose to get the Bonds redeemed, as in such a case proceeds from the redemption will be larger than the value of converted shares.

Bonds holders’ interests’ defender and issue coordinator conflict of interest – since the Bonds holders' interests defender is also Bonds Issue subscription Coordinator, there is a possible risk of unforeseen conflicts of interests appearing.

Late bond issue redemption risk – on 6 April 2009 the Issuer failed to fully redeem convertible bonds issued in year 2008. The value of non-redeemed bonds was equal to 3 m. LTL. The Issuer fully covered obligations to the owners of non-redeemed bonds in November 2009. Late full redemption of the Bonds allows making assumption that a risk exists that in case the issuer faces financial difficulties the Issuer would not be able to fully redeem the issue bonds on time.

Risk factors related to the Issuer

Macroeconomic risk – currently Lithuanian and other world markets are in the economic slowdown phase. This might have an effect on Issuers production demand as well as its business perspectives. The investor takes a risk that due to these macroeconomic risks the Issuers financial situation might worsen and this might make it more difficult for the Issuer to redeem the bonds.

Currency devaluation – Issuer’s revenues are earned in different currencies. Some of the revenues are received in Russian Ruble and Ukrainian Hryvna. The risk exists that one of the currencies in which the Issuer receives part of the revenues might be devaluated or would depreciate significantly. Such an event can negatively affect Issuer’s financial situation and complicate its ability to redeem bonds on time.

Issuer’s credit risk – Investors accept the risk, that due to unfavorable changes in products markets, worsening financial situation, diminishing opportunities for refinancing the loans, and other factors, the Issuer might not be able to redeem the bonds at the date of maturity. At the moment Issuer’s activities are incurring loss. Over 2009 the Issuer incurred consolidated net loss of 36 476 thou. LTL. Credit risk related to the deposits in banks is limited, as the Issuer is cooperating only with the largest Lithuanian banks. On the 31st December 2009 the debt to assets ratio of the Issuer was 0.69. On the 31st December 2009 financial debts were equal to 38 424 thou. LTL. The largest part of financial debt consisted of short term liabilities (37.5 m. LTL), Real estate (for 22 678 000 LTL), machinery (for 5 204 000 LTL), inventories (for 14 110 000 LTL), part of cash receivable (up to 10 000 000 LTL) and major part of shares of OOO “Techprominvest” are put on pledge to cover loans. Loan repayment is going according to

the timetable. It should be noted that on 31 December 2009 and on 31 December 2008 the Issuer did not comply with debt covenants of loans the value of which was equal 9 142 thou. LTL (31 December 2008 – 16 163 thou. LTL). The Issuer did not comply with turnover requirement for operations with loan providing banks. During year 2008 and 2009 the loan installments were paid on time and banks did not take any actions due to above mentioned breach of the covenant. More detailed information about the financial liabilities of the Issuer can be found in the consolidated 12 months interim financial statement of 2009.

Issuer's liquidity risk – Issuer's consolidated current liabilities on 31 December 2009 have exceeded current assets and the liquidity ratio was equal to 0.96. As current liabilities exceed current assets, the risk exists that in case creditors request to cover current liabilities, the Issuer will not be able to meet this requirement using its current assets. Such situation would negatively affect the Issuer's financial situation and its business perspectives and worsen the ability to redeem the bonds on time.

Credit market risk – currently the stagnation has overtaken the credit market not only in Lithuania but on the global scale too. As the Issuers financial reserves are limited, its activity largely depends on the outside financing. In case of decreased supply of attainable credit, the risk exists that this might negatively affect the Issuer's financial situation and make it difficult for the Issuer to redeem bonds on time

Bad debts risk – in previous years the issuer has experienced loss from bad debts due to the insolvency of indebted clients. During year 2009, 2 557 498 LTL of clients' debts were classified as bad debts, during 2008 – 1 757 863 LTL. There is a risk that in future periods Issuer will also incur bad debts which would worsen Issuer's abilities to redeem the Bonds.

Issuer's financial accounting accuracy risk – in audit report for year 2007 the auditor of the Issuer has stated conditional opinion on the accuracy of the financial statements (the accurate statements by the auditors can be found in audit report for year 2007 which is included in the Prospectus).

In audit report for year 2008 the auditor of the Issuer refused to provide an opinion on the accuracy of Issuer's financial accounts (the exact refusal and arguments behind it are stated in audit report for year 2008 which is included in the Prospectus). Previous inaccuracies allow making assumptions that in future periods financial accounts can also be inaccurate and inaccurately represents real financial situation of the Issuer.

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

Legal process risk – on 12 February 2010 the court of Kaunas county has taken a decision in a lawsuit in which the Issuer is participating as a defendant and Compfitt Glas AS as a plaintiff. The court has decided to adjudge the plaintiff from defendant 2 m.LTL of debt and 140 thou. LTL of interest, stamp duty, legal and translation expenses. The plaintiff argues that adjudged debt formed due to defendant's refusal to pay for supplied goods. The issuer objects to such a court's decision since part of the goods for which the plaintiff requires to pay were even not delivered to the Issuer. The issuer plans to appeal the decision of the court in accordance with legal appeal procedure. In case court of appeal approved the decision of lower instance the Issuer would have to cover adjudged compensation. Covering the adjudged compensation from working capital of the Issuer could negatively effect Issuer's financial situation.

Market risk – Issuer's companies are involved in production and sale of domestic and commercial use refrigerators. Investors must accept the risk that due to unfavorable changes in realization and production markets the Issuer and its controlled companies might suffer losses, which will worsen the financial situation, and the possibility to redeem the bonds on time.

Currency risk – part of company's income is received in Russian Rubble and Ukrainian Hryvna which has a free float exchange rate with respect to Lithuanian Litas. In case the exchange rate dramatically changes due to some extraordinary events in foreign economies, Company's financial situation might change and company will not be able to redeem Convertible bonds on time.

Political risk – Issuer is involved in production during which hazardous chemical substances as byproduct are emitted. Environment protection is politically heavy regulated in Lithuania and European Union. As a result, a risk exists that due to introduction of new regulations Issuer will be forced to adjust

its manufacturing processes. Such adjustment could require large investments and could negatively affect Issuer’s financial situation and ability to redeem the Bonds on time.

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

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