AB SNAIGĖ

CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS OF 2010

CONTENTS

I. GENERAL PROVISIONS

1. Accounting period of the report

The report has been issued for the 1st quarter of 2010.

2. The basic data about the issuer

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

Authorised capital – LTL 27,827,365

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Internet address - http://www.snaige.lt

Legal organisation status – legal entity, public limited company

Registered as an enterprise on December 1, 1992 in the Municipality Administration of Alytus; registration number AB 92-119; enterprise register code 249664610. The latest Statute of AB "Snaige" was registered on April 20, 2010 in Legal Entities of the Republic of Lithuania.

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

The report is available in the Budget and Accounting Department of AB "Snaige" at Pramones str. 6, Alytus on the days of I-IV from 7.30 to 16.30, and V from 7.30 to 14.00, as well as in Financial Broker Firm UAB "Orion Securities" at Tumeno str. 4, corp. B, floor 9, LT-01109, Vilnius on the work days from 9.00 to 17.00. The mass media – daily paper „Kauno diena".

II. FINANCIAL STATUS

AB "Snaige" is the parent company situated in Lithuania with subsidiaries also in Lithuania, Russia and Ukraine. The financial statements of the subsidiary companies are integrated into the consolidated financial statements. These financial statements have been composed in accordance with the international financial reporting standards (IFRS), which are accepted in the European Union countries.

1. Accounting Balance Sheet (in LTL)

Ref. No.	ASSETS	Notes	31 03 2010	31 12 2009
A.	**Non-current assets**		**57,353,100**	**57,515,131**
I.	FORMATION COSTS			
II.	INTANGIBLE ASSETS	7	4,872,078	4,857,966
III.	TANGIBLE ASSETS	8	52,276,151	52,612,170
III.1.	Land			
III.2.	Buildings		28,616,765	27,252,392
III.3.	Other non-current tangible assets		21,787,942	23,489,940
III.4.	Construction in progress and advance payments		1,871,444	1,869,838
IV.	NON-CURRENT FINANCIAL ASSETS			
V.	DEFERRED TAXES ASSETS		204,871	44,995
VI.	ACCOUNTS RECEIVABLE AFTER ONE YEAR			
	Assets classified as held for sale		**10,482,674**	**9,577,200**
B.	**Current assets**		**35,435,906**	**38,081,311**
I.	INVENTORY AND CONTRACTS IN PROGRESS	9	17,986,528	18,919,843
I.1.	Inventory		17,986,528	18,919,843
I.2.	Advance payments			
I.3.	Contracts in progress			
II.	ACCOUNTS RECEIVABLE WITHIN ONE YEAR	10	16,080,021	17,436,381
III.	INVESTMENTS AND TERM DEPOSITS			
IV.	CASH AT BANK AND ON HAND	12	1,369,357	1,725,087
V.	Other current assets			
	Planned to sell non-current assets			
C.	**Accrued income and prepaid expenses**			
	TOTAL ASSETS		**103,271,680**	**105,173,642**

Ref. No.	SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31 03 2010	31 12 2009
A.	**Capital and reserves**		**28,578,350**	**29,713,013**
I.	SHARE CAPITAL		46,554,635	46,554,635
I.1.	Authorized (subscribed) share capital		27,827,365	27,827,365
I.2.	Uncalled share capital (-)			
I.3.	Share premium (surplus of nominal value)		18,727,270	18,727,270
	Own shares (-)			
III.	REVALUATION RESERVE		(7,251,592)	(6,841,946)
IV.	RESERVES		4,688,472	4,688,472
V.	PROFIT (LOSS) BROUGHT FORWARD		(15,413,165)	(14,688148)
B.	**Minority interest**		**1,676**	**1,676**
C.	**Financing (grants and subsidies)**	**15**	**1,513,662**	**1,600,737**
D.	**Provisions and deferred taxes**		**0**	**0**
I.	PROVISIONS FOR COVERING LIABILITIES AND DEMANDS			
II.	DEFERRED TAXES			
E.	**Accounts payable and liabilities**		**73,177,992**	**73,858,216**
I.	ACCOUNTS PAYABLE AFTER ONE YEAR AND NON-CURRENT LIABILITIES		3,248,354	2,948,214
I.1.	Financial debts		904,363	904,363
I.2.	Warranty provisions	16	1,390,538	1,139,120
I.3.	Deferred income tax liability		564,059	515,337
I.4.	Advances received on contracts in progress			
I.5.	Non-current employee benefits		389,394	389,394
II.	ACCOUNTS PAYABLE WITHIN ONE YEAR AND CURRENT LIABILITIES		69,929,638	70,910,002
II.1.	Current portion of non-current debts	17	36,634,282	37,519,361
II.2.	Financial debts			
II.3.	Trade creditors		22,183,884	22,510,528
II.4.	Advances received on contracts in progress		621,177	1,046,343
II.5.	Taxes, remuneration and social security payable	21	2,482,906	2,574,225
II.6.	Warranty provisions		2,204,890	2,620,737
II.7.	Other provisions		151,701	151,701
II.8.	Other current liabilities	21	5,650,798	4,487,107
II.9.	Fair value of derivative financial instruments			
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**103,271,680**	**105,173,642**

2. Profit (Loss) Report (in LTL)

Ref. No.	ITEMS	Notes	31 03 2010	31 12 2009
I.	**SALES AND SERVICES**	**3**	**16,830,981**	**32,706,516**
I.1	Income of goods and other products sold		661,328	896,105
I.2	Income of refrigerators sold		16,169,653	31,810,411
II.	**COST OF GOODS SOLD AND SERVICES RENDERED**		**16,113,833**	**33,455,691**
II.1	Net cost of goods and other products sold		509,138	1,084,266
II.2	Net cost of refrigerators sold		15,604,695	32,371,425
III.	**GROSS PROFIT**		**717,148**	**(749,175)**
IV.	**OPERATING EXPENSES**	**4**	**4,344,394**	**6,867,666**
IV.1	Sales expenses		1,276,125	2,238,850
IV.2	General and administrative expenses		3,068,269	4,628,816
V.	**PROFIT (LOSS) FROM OPERATIONS**		**(3,627,246)**	**(7,616,841)**
VI.	**OTHER ACTIVITY**	**5**	**691,097**	**(165,181)**
VI.1.	Income		776,536	124,505
VI.2.	Expenses		85,439	289,686
VII.	**FINANCIAL AND INVESTING ACTIVITIES**	**6**	**2,211,206**	**(6,360,512)**
VII.1.	Income		3,659,273	4,373,982
VII.2.	Expenses		1,448,067	10,734,494
VIII.	**PROFIT (LOSS) FROM ORDINARY ACTIVITIES**		**(724,943)**	**(14,142,534)**
IX.	EXTRAORDINARY GAIN			
X.	EXTRAORDINARY LOSS			
XI.	**CURRENT ACCOUNTING PERIOD PROFIT (LOSS) BEFORE TAXES**		**(724,943)**	**(14,142,534)**
XII.	**TAXES**		**74**	**889,794**
XII.1	PROFIT TAX		74	
XIII.	Adjustment of deferred profit tax			889,794
XIV.	Social tax			
XV.	MINORITY INTEREST			
XVI.	**NET CURRENT ACCOUNTING PERIOD PROFIT (LOSS)**		**(725,017)**	**(15,032,328)**

3. Cash Flows Statement

Ref. No.		31 03 2010	31 12 2009
I.	**Cash flows from the key operations**		
I.1	Result before taxes	(724,943)	(14,142,534)
I.2	Depreciation and amortization expenses	2,121,272	3,387,842
I.3	Subsidies amortization	(87,075)	(148,100)
I.4	Result of sold non-current assets	(10,252)	27,595
I.5	Write-off of non-current assets	41,629	214
I.6	Write-off of inventories	24,992	
I.7	Depreciation of receivables	564,782	(847,107)
I.8	Non-realized loss on currency future deals		659,827
I.9	Change in provision for guarantee repair	(164,429)	(386,296)
I.10	Recovery of devaluation of trade receivables		
I.11	Influence of foreign currency exchange rate change	(3,608,511)	2,835,182
I.12	Financial income	(251)	(3,170)
I.13	Financial expenses	118,378	706,133
	Cash flows from the key operations until decrease (increase) in working capital	**(1,724,408)**	**(7,910,414)**
II.1	Decrease (increase) in receivables and other liabilities	1,356,360	7,196,285
II.2	Decrease (increase) in inventories	933,315	18,123,375
II.3	Decrease (increase) in trade and other debts to suppliers	320,562	(6,026,307)
	Cash flows from the main activities	**885,829**	**11,382,939**
III.1	Interest received		
III.2	Interest paid	(118,378)	(706,133)
III.3	Profit tax paid		(91,434)
	Net cash flows from the key operations	**767,451**	**10,585,372**

IV.	**Cash flows from the investing activities**		
IV.1	Acquisition of tangible non-current assets	(163,880)	(775,739)
IV.2	Capitalization of intangible non-current assets		
IV.3	Sales of non-current assets	8.553	910,644
IV.4	Loans granted		(49,123)
IV.5	Loans regained		26,381
	Net cash flows from the investing activities	**(155,327)**	**112,163**

III.	**Cash flows from the financial activities**		
III.1	Cash flows related to the shareholders of the company		
III.1.1	Issue of shares		
III.1.2	Shareholders' contributions for covering losses		
III.1.3	Sale of own shares		
III.1.4	Payment of dividends		
III.2	Cash flows arising from other financing sources		
III.2.1	Subsidies received		
III.2.1.1	Inflows from non-current loans		414,621
III.2.1.2	Loans repaid	(767,906)	(10,416,751)
III.2.2	Finance lease received		
III.2.2.1	Payments of leasing (finance lease) liabilities	(199,948)	(213,006)
III.3	Other decreases in the cash flows from financial activities		
	Net cash flows from the financial activities	**(967,854)**	**(10,215,136)**

IV.	**Cash flows from extraordinary items**		
IV.1.	Increase in cash flows from extraordinary items		
IV.2.	Decrease in cash flows from extraordinary items		
V.	**The influence of exchange rates adjustments on the balance of cash and cash equivalents**		
VI.	**Net increase (decrease) in cash flows**	**(355,730)**	**(482,399)**
VII.	**Cash and cash equivalents at the beginning of period**	**1,725,087**	**1,675,302**
VIII.	**Cash and cash equivalents at the end of period**	**1,369,357**	**1,192,903**

4. Statement of Changes in Equity

	Paid up authorised capital	Share premium	Own shares (-)	Legal reserves		Other reserves					Retained earnings (losses)	**TOTAL**	**Minority shareholders**	**TOTAL**
				Compulsory	For acquiring own shares	For charity, donation	For social needs	For investments	Other reserves	Currency exchange reserve				
Balance as of December 31, 2008	**27,827,365**	**18,727,270**	**0**	**2,828,472**	**0**	**0**	**0**	**4,512,300**	**0**	**(5,241,966)**	**20,840,602**	**69,494,043**	**2,861**	**69,496,904**
Dividends for 2008												**0**		**0**
Total registered income and expenses as of 2009 IQ						0	0				(15,032,329)	**(15,032,329)**	**0**	**(15,032,329)**
Formed reserves												**0**		**0**
Repurchase of own shares during the financial years												**0**		**0**
Other changes										(2,132,802)		**(2,132,802)**		**(2,132,802)**
												0		**0**
Balance as of March 31, 2009	**27,827,365**	**18,727,270**	**0**	**2,828,472**	**0**	**0**	**0**	**4,512,300**	**0**	**(7,374,768)**	**5,808,273**	**52,328,912**	**2,861**	**52,331,773**
Dividends for 2008												**0**		**0**
Total registered income and expenses as of 2009						0					(23,148,721)	**(23,148,721)**	**(1,185)**	**(23,149,906)**
Formed reserves							60,000	**1,800,000**			(1,860,000)	**0**		**0**
Transfers from reserves								(4,512,300)			4,512,300	**0**		**0**
Repurchase of own shares during the financial years												**0**		**0**
Other changes										532,822		**532,822**		**532,822**
Year 2007 profit not registered in the Profit (Loss) account												**0**		**0**
Balance as of December 31, 2009	**27,827,365**	**18,727,270**	**0**	**2,828,472**	**0**	**0**	**60,000**	**1,800,000**	**0**	**(6,841,946)**	**14,688,148**	**29,713,013**	**1,676**	**29,714,689**
Dividends for 2009												**0**		**0**
Total registered income and expenses as of 2010											(725,017)	**(725,017)**	**0**	**(725,017)**
Formed reserves												**0**	**0**	**0**
Other changes										(409,646)		**(409,646)**		**(409,646)**
Current year profit not registered in the Profit (Loss) account												**0**		**0**
Balance as of Marchr 31, 2010	**27,827,365**	**18,727,270**	**0**	**2,828,472**	**0**	**0**	**60,000**	**1,800,000**	**0**	**(7,251,592)**	**(15,413,165)**	**28,578,350**	**1,676**	**28,580,026**

III. EXPLANATORY NOTES

1 Basic information

The Company is active manufacturer of refrigerators and freezers. The refrigerator manufacturing plant was established on April 1, 1963. After the privatization of the Company on the 1st of December, 1992, the joint-stock company "Snaige" was established and in December 1993 all state-owned shares were bought out. The Company's shares are listed on Vilnius Stock Exchange Secondary List.

Main shareholders of AB „Snaigė" as on March 31, 2010 and December 31, 2009 were:

	March 31, 2010		December 31, 2009	
	Number of shares owned	**Share of total capital, %**	**Number of shares owned**	**Share of total capital, %**
Swedbank AS (Estonia) Clients	13,966,061	50.19	13,229,667	47.54
Skandinaviska Enskilda Banken AB Finnish Clients	4,044,809	14.54	3,351,924	12.05
Hermis Capital UAB	2,022,913	7.27	4,412,032	15.86
Other shareholders	7,793,582	28.00	6,833,742	24.55
Total	**27,827,365**	**100.00**	**27,827,365**	**100,00**

All the shares (with nominal value LTL 1 per share), are ordinary and were fully paid as on March 31, 2010 and December 31, 2009. The authorized share capital is equal to LTL 27,827,365 on March 31, 2010. Subsidiaries did not have any shares of AB „Snaige" on March 31, 2010 and December 31, 2009. The Company did not have any of their own shares.

Group is consisted of AB "Snaige" and its subsidiaries and associated companies (hereinafter – Group):

Company	Company address	Share capital owned by Group, %	Investment value, LTL.	Current period profit (loss), LTL.	Equity
„Techprominvest" OOO	Bolšaja Okrūžnaja, 1-a, Kaliningrad	100	67,846,761	2,385,115	13,177,149
„Snaige Ukraina" TOB	Gruševskio 28-2a/43, Kiev	99	88,875	(15,259)	162,563
„Moroz Trade" OOO	Prospekt Mira 52, Moscow	100	947	0	(5,932,277)
„Liga Servis" OOO	Prospekt Mira 52, Moscow	100	1,028	(8,492)	350,081
UAB Almecha	Pramonės 6, Alytus	100	1,375,785	(102,385)	107,129

As 31 March 2010 The Board of the Company comprised 1 representative from the employees of the Company, 1 representative of UAB Hermis Capital and 3 representatives of Swedbank AS

clients as on the 31st of December, 2009, 1 representative from the employees of the Company, 1 representative of UAB Hermis Capital and 3 representatives of Swedbank AS clients.

In 2002 AB „Snaige" acquired 85% of share capital in „Techprominvest" (Kaliningrad, Russia) and in 2006 AB "Snaige" bought the remaining 15% of "Techprominvest" share capital and became the main proprietor of the subsidiary.

In September 2008, AB „Snaigė" has increased its subsidiary's „Techprominvest" authorized capital by LTL 55,197,921. An authorized capital was increased from the receivables of „Techprominvest" for sold and not paid equipment, as well as granted and not repaid loans.

On the 12th of August, 2009, due to the global economic crisis and particularly unfavourable effect of it on the Group activities, the Management of the Group made a decision to close the activities of AB Snaige refrigerator factory OOO Techprominvest. Goodwill that arose during the acquisition of minority of the subsidiary in 2006 and 2007 amounting to LTL 12,313 thousand was written off on August 31, 2009. The expense of the writing-off the carrying amount of goodwill, which is LTL 9,390 thousand, is included into administrative expenses caption. Foreign currency revaluation reserve related to goodwill that appeared due to foreign currency fluctuations amounting to LTL 2,923 thousand is accounted in equity.

„TOV Snaige Ukraina" (Kiev, Ukraine) was established in 2002. Since the acquisition in 2002, the Company holds 99% shares of this subsidiary. The subsidiary provides sales and marketing services for the Company in the Ukrainian market.

On the 13th of May, 2004, OOO Moroz Trade (Moscow, Russia) was established. The Company acquired 100% of OOO Moroz Trade shares in October 2004. The subsidiary provides sales and marketing services in the Russian market. In 2009 OOO Moroz Trade had not operated.

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

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

The number of employees in the whole Group on the 31st of March, 2010, was 828 (as of 31 March 2009 – 1,013).

2 Accounting principles

The principal accounting policies adopted in preparing the Group's financial statements for the 1st Quarter of 2010 are as follows:

2.1. Preparation basis of financial statement

These financial statements are prepared according to international financial reporting standards (IFRS), which are accepted in the European Union countries.

2.2. Going concern

The Group's current liabilities exceeded current assets by LTL 34,494 thousand on March 31, 2010, liquidity ratio was 0.48, recovery rate – 0.24. In 2010 the Group incurred LTL 725 thousand loss i.e. by LTL 14.307 less as compared with 2009. These financial statements for the 1st Quarter of 2010 are prepared under the assumption that the Group will continue as a going concern at least 12 months from the statement of financial position date. The going concern is based on the following assumptions:

- in 2010 the Group is planning to maintain its sales at the level of 2009 and additionally optimise costs;
- trade payables are planned to be decreased using free operational cash flows;
- the major part of bonds with the maturity term on April 8, 2010 is refinanced LTL 20,845 thousand by issuing new emission of the convertible bonds for LTL 345 thousand;
- the Group expects to reach an agreement with the owners of unredeemed bonds amounting to LTL 5.2 million regarding the refinancing of bonds under new conditions and terms;
- it is planned to receive the loans for LTL 5 million and LTL 7 million in 2010, LTL 6 million of them will be used for the refunding the loan, the rest will be used for the current asset;
- the floating loan amounting to LTL 1 million and accrued interest amounting to LTL 400 thousand has been prolonged to December 31, 2011;
- the unpaid part of the current loans from banks amounting to LTL 9.1 million will be restructured by setting new maturity terms;
- the factoring with recourse liability for LTL 1,2 million will be refunded using the Company's funds by the terms provided in the contracts.

2.3. Currency of financial statement

Accounting of the Group is done using the domestic currency of the Country, and all the sums of these financial accounts are expressed into the national currency of the Republic of Lithuania, Litas (LTL).

From February 2, 2002 Litas is pegged with Euro at a rate LTL 3.4528 for 1 Euro, and the exchange rate with other currencies is decided by the central bank of the Republic of Lithuania every day.

The valid currency exchange rates were:

	31-03-2010	**31-12-2009**
RUB	0.086978	0.079465
UAH	0.32224	0.29842
USD	2.5535	2.9842

2.4. Principles of consolidation

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

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

During consolidation all the transactions between the companies, balance and unrealized profit and loss are eliminated.

Consolidated financial statement is prepared applying same accounting principles to similar transactions and other events with similar situations.

2.5. Intangible assets, except for goodwill

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.

<u>Research and development</u>

The cost of research expensed during the objective for new technological improvements, are accounted in the profit (loss) account at the moment when they were expensed.

Expenses from the development activities of creation of new or enhanced products and operational processes are capitalized if the product or the process is technically and commercially proven and the Group has enough resources and intentions to finish the creation of this product or process. Capitalized expenses include raw material and direct work expenses as well as respective additional expenses. Capitalized development expenses are accounted at their cost subtracting the accumulated depreciation. Capitalized product creation expenses are being amortized as soon as product creation works are finished and their results can be used in commercial production. Capitalized product creation expenses will be amortized over the period when the economic benefit is received. The amortization period applied varies from 1 to 4 years.

Licenses

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

Software

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

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

2.6. Tangible non-current assets

Tangible non-current assets are assets that are controlled by the Group, which is expected to generate economic benefits in the future periods with the useful life exceeding one year, and which acquisition (manufacturing) costs could be reliably defined and is higher then LTL 500. Liquidity value is equal to LTL 1. Tangible fixed assets are accounted for at cost, which does not include the daily maintenance costs, less accumulated depreciation and estimated impairment losses. The acquisition value includes the tangible assets replacement cost, when incurred, if such costs meet the asset recognition criteria, and modified parts are written off. Tangible assets are retired when it is sold or no economical benefit is expected from its sale. Any gain or loss resulting from the write-down of assets (calculated as the net sales proceeds and the carrying value of the assets) are included in the income (loss) statement, which the property is retired.

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

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

Buildings and structures (excluding commercial buildings)	15 – 63 years
Machinery and equipment	5 – 15 years
Vehicles	4 – 6 years
Other assets	3 – 8 years

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 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.

In calculating cost of goods Group attributes part of received discounts towards the acquired goods from the distributors, which are not yet sold.

Inventories in transit are accounted for in accordance with INCOTERMS-2000 condition requirements, when risk and benefit, in accordance with inventories, goes to the Group.

2.8. Receivables and loans granted

Receivables are initially recorded at the true value at the same moment as they were given. Later receivables and loans are accounted in justice to their depreciation.

2.9. Cash and cash equivalents

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

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

2.10. Borrowings

Borrowing costs are expensed as incurred.

Borrowings are initially recognized at fair value of proceeds received. They are subsequently carried at amortized cost, the difference between net proceeds and redemption value being recognized in the net profit or loss over the period of the borrowings. The borrowings are classified as non-current if the completion of a refinancing agreement before authorization of the financial statements for issue provides evidence that the substance of the liability at the balance sheet date was non-current.

2.11. Factoring

Factoring transaction is a funding transaction wherein the company transfers to factor claim rights for determined fee. The companies alienate rights to receivables due at a future date according to invoices. Factoring transactions of the Group comprise factoring transactions with regress (recourse) right (the factor is entitled to returning the overdue claim back to the Group) and without regress (recourse) right (the factor is not entitled to returning the overdue claim back to the Group). The factoring expenses comprise a lump-sum contract fee charged on the conclusion of the contract, commission fees charged for processing the invoices, and interest expenses depending on the duration on the payment term set by the debtor. Factored accounts receivable (with regress right) and related financing are recorded in accounts receivable caption and liabilities to credit institutions caption in the financial statements.

2.12. Financial lease and operating lease

Operating lease – the Group as lessee

The Group recognizes the lease assets and obligations in the balance sheet on the day of the leasing period. Initial direct costs related to assets, are included in the asset value. Lease payments are apportioned between the finance cost and the remaining obligation. The financing costs are allocated over the lease period so as to meet the constant rate of interest payable from the rest of the commitment of the end of each reporting period.

Direct costs incurred by the tenant during the lease period, is included in the leased assets.

The depreciation is calculated for the assets purchased with financial lease; in addition, financial costs are incurred due to financial lease over the reporting period. Depreciation scheme for the calculation of lease payments for the purchased assets is similar as in the property. But such assets cannot be depreciated over a longer period than the lease period, if according to the contract at the end of the contract period; the property is not transferred to the Group.

Operating lease – the Group as lessor

Assets to which the property-related risks and benefits maintains the lessor, rent is classified as operating leases. Lease payments under operating leases are recognized straight-line method over the cost of the lease period and are included in operating costs.

2.13. Grants and subsidies

Grants and 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 grants. Assets received free of charge are also allocated to this group of grants. The amount of the grants related to assets is recognized in the financial statements as used in parts according to the depreciation of the assets associated with this grant. In the income statement, a relevant expense account is reduced by the amount of grant amortization.

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

2.14. Provisions

Provisions are recognized when the Group or the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The provisions are reviewed at each balance sheet date and adjusted in order to present the most reasonable current estimate.

2.15. Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably. Sales are recognized net of VAT and discounts.
Revenue from sales of goods is recognized when delivery has taken place and transfer of risks and rewards has been completed.

Service revenue is recognized using the accrual basis and recognized in profit (loss) statement when services are rendered and end user accepts it.
In the consolidated profit (loss) statement sales between the Group companies are eliminated.

2.16. Expense recognition

Expenses are recognized on the basis of accrual and revenue and expense matching principles in the reporting period when the income related to these expenses was earned, irrespective of the time the money was spent. In those cases when the costs incurred cannot be directly attributed to the specific income and they will not bring income during the future periods, they are expensed as incurred.

2.17. Foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies on the balance sheet date are recognized in the income statement. Such balances are translated at period-end exchange rates.

The accounting of subsidiaries is arranged in respective local currencies, which is their functional currency. Financial statements of foreign consolidated subsidiaries are translated to Litas at year-end exchange rates in respect to the balance sheet accounts, and at the average exchange rates for the year in respect to the accounts of the statement of income.

On the net investment in foreign Group companies resulting from the conversion into Litas occurring foreign currency exchange rate differences are recorded in shareholder‘s equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign subsidiary are treated as assets (or liabilities related to fair value adjustments) of the acquired company and are recorded at the exchange rate at the balance sheet date.

2.18. Segments

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

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

For the management purpose Group’s activities is organized as one main segment – manufacturing of refrigerators. Financial information about the business and geographical segments is represented in 3rd note of these financial statements.

2.19. Subsequent events

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

2.20. Offsetting and comparative figures

When preparing the financial statements, assets and liabilities, as well as revenue and expenses are not set off.

3 Segment information

The Group’s only business segment (basis for primary reporting format) is the manufacturing of refrigerators and specialized equipment.

Results for the reporting period 31 March 2010 by geographical segments can be specified as follows (in LTL thousand):

	Sales		Assets	
Group	**31 March 2010**	**31 March 2009**	**31 March 2010**	**31 March 2009**
Russia	615	10,260	34,748	56,242
Ukraine	2,449	2,056	36	269
Western Europe	10,772	14,431	-	-
Eastern Europe	1,662	2,087	-	-
Lithuania	1,074	2,136	68,487	107,826
Baltic Countries	38	210	-	-
Other countries from NVS	160	1 205	-	-
Other countries	61	322	-	-
Total:	**16,831**	**32,707**	**103,271**	**164,337**

4 Operational expenses

Over reporting period the operational expenses were:

	2010	**2009**
Sales expenses	1,276,125	2,238,850
Administration expenses	3,068,269	4,628,816
Total:	**4,344,394**	**6,867,666**

5 Other income (expenses) – net result

Over reporting period, March 31 other income (expenses) was:

	2010	**2009**
Other operating income		
Income from logistics	6,863	63,014
Rent of fixed asset	2,435	12,215
Profit from sale of fixed asset	10,252	-
Income from rent of equipment	78	233
Marketing	716,408	-
Other	40,500	49,043
	776,536	124,505

Other operating expenses		
Transportation expenses	31,613	55,420
Rent of fixed asset	-	-
Rent of equipment	29,211	21,452
Loss from sale of fixed asset	-	58,504
Other	24,615	154,310
	85,439	289,686
Other operating income (expense) – net result	**691,097**	**(165,181)**

6 Net result from financial activities

	31 March 2010	31 December 2009
Financial income		
Profit from currency exchange	3,658,937	4,061,834
Gain on revaluation of foreign currency derivatives	-	308,929
Gain of foreign currency translation transactions	85	-
Other	251	3,219
	3,659,273	4,373,982
Financial expenses		
Foreign currency exchange loss	42,746	8,173,577
Realised loss on foreign currency derivatives	-	308,737
Loss on revaluation of foreign currency derivatives	-	689,003
Interest expenses	1,397,556	1,561,125
Loss of foreign currency translation transactions	6,033	-
Other expenses from financial activities	1,732	2,052
	1,448,067	10,734,494
Net result from financial activities	**2,211,206**	**(6,360,512)**

7 Non-current intangible assets

The balance sheet value of non-current intangible assets on March 31, 2010 was LTL 4,872 thousand (on December 31, 2009 – LTL 4,858 thousand)

Non-current intangible assets depreciation expenses are included under operating expenses in the profit (loss) account.

Over the 1st Quarter of 2010, the Group has accumulated LTL 168.8 thousand of non-current intangible assets depreciation.

8 Non-current tangible assets

Non-current tangible assets consist of the following assets groups:

	Balance sheet value	
	31 March 2010	**31 December 2009**
Buildings and constructions	28,616,765	27,252,392
Other non-current assets	21,787,942	23,489,940
Construction in progress and prepayments	1,871,444	1,869,838
Total:	**52,276,151**	**52,612,170**

Group's non-current tangible assets depreciation on 31 March, 2010 is equal to LTL 1,952.4 thousand (in 2009(3 months) – LTL 3,088.7 thousand)

9 Inventories

	31 March 2010	**31 December 2009**
Raw materials, spare parts and production in progress	9,850,545	10,470,164
Finished goods	7,802,335	8,504,123
Other	333,648	40,898
	17,986,528	19,015,185
Less: net realizable value allowance	-	(95,342)
	17,986,528	**18,919,843**

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

10 Trade receivables

Trade receivables were composed as follows:

	31 March 2010	**31 December 2009**
Trade receivables from the Group companies	27,951,387	27,899,204
Less: allowance for doubtful trade receivables	(13,480,128)	(12,603,962)
Other receivables	1,608,762	2,141,139
	16,080,021	**17,436,381**

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

Movements in the provision for impairment of receivables were as follows:

	31 March 2010	31 December 2009
Balance at the beginning of the period	(12,603,962)	(10,372,687)
Charge for the year	-	(2,713,130)
Used	-	22,932
Recovered receivables	21,062	1,583
Currency exchange rate influence	(897,228)	457,340
Other changes	-	-
	(13,480,128)	**(12,603,962)**

The ageing analysis of trade receivables as of 31 March 2010 and 31 December 2009 is as follows:

	Trade receivables neither past due nor impaired	Trade receivables past due but not impaired					
		Less than 30 days	30 – 60 days	60 – 90 days	90 – 120 days	More than 120 days	Total
2010	9,798,696	1,434,553	381,475	161,218	397,725	2,297,592	14,471,259
2009	8,995,045	2,840,955	641,576	26,388	171,642	2,481,146	15,156,752

According to factoring with regress (recourse) right agreement the Group had pledged to the factoring agent amounts receivable and inventory, the balance sheet values of which on 31 March 2010 were, finished goods – LTL 7,000 thousand.

11 Other current assets

	31 March 2010	31 December 2009
VAT receivable	696,714	457,060
Prepayments and deferred expenses	564,868	1,299,316
Compensations receivable from suppliers	2,303	158,075
Other receivable	344,877	226,688
	1,608,762	**2,141,139**

Compensations from suppliers are received for bad quality goods.

12 Cash and cash equivalents

	31 March 2010	31 December 2009
Cash at bank	1,363,375	1,713,531
Cash on hand	5,982	11,556
	1,369,357	**1,725,087**

The accounts of the Company in foreign currency up to LTL 10,000 thousand are pledged to secure the bank loans.

13 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 on the 31st of March, 2010, the Company was in compliance with this requirement. At the date of the reporting the legal reserve was fully formed.

14 Reserves

Legal reserve

A legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfers of not less than 5% of net profit, calculated in accordance with Lithuanian Business Accounting Standards, are compulsory until the reserve reaches 10% of the share capital.
The legal reserve in March 31, 2010, as well as in December 31, 2009 was fully formed; LTL 2,828 thousand was accumulated in it.

Non-restricted reserves

Other reserves for special purposes are formed by shareholders decision. Before allocating profit all the distributable reserves are transferred into retained earnings and each year are re-allocated by shareholders decisions. On the 31st March, 2010, other distributable reserves consisted of LTL 1,800 thousand LTL (2009 – LTL 1,800 thousand) of reserve for investments and LTL 60 thousands socio-cultural needs (in 2009 - LTL 60 thousand).

The distributable reserves are confirmed at the general shareholders meeting. At the 2010 it is supposed to set apart LTL 1,830 thousand for investment and LTL 30 thousand for socio-cultural needs.

Foreign currency translation reserve

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

15 Subsidies

Subsidies on 31 December 2006	**10,358,600**
Increase during period	345,280
Subsidies on 31 December 2007	10,703,880
Increase during period	-
Subsidies on 31 December 2008	10,703,880
Increase during period	-
Subsidies on 31 December 2009	10,703,880
Increase during period	-
Subsidies on 31 March 2010	10,703,880
Accumulated amortization on 31 December 2006	**6,509,260**
Amortization during period	1,179,704
Accumulated amortization on 31 December 2007	7,688,964
Amortization during period	1,014,205
Accumulated amortization on 31 December 2008	8,703,169
Amortization during period	399,974
Accumulated amortization on 31 December 2009	9,103,143
Amortization during period	87,075
Accumulated amortization on 31 March 2010	9,190,218
Net residual value 31 March 2010	**1,523,662**
Net residual value 31 December 2009	**1,600,737**

Future periods' subsidies income consists of subsidies for renewal of manufacturing equipment and building repairs due to the CFC 11 ingredient abandonment in the manufacturing of polyurethane insulating material and filling foam manufacturing, elimination of greenhouse gas elimination in the refrigerators manufacturing processes, and subsidy for export development. Deferred subsidies amount is amortized during the same period as equipment and machinery, for which subsidies were received, and when compensated expenses are incurred. Subsidies amortization amount is included into costs of goods sold while decreasing equipment and buildings reconstruction, for which subsidies were received, depreciation.

The company has received LTL 565 thousands from the European Union structural funds support, strengthening the competitiveness of companies investing in the new refrigerator with multi-functional chapter creation.

16 Provisions for guarantee related liabilities

The Group provides a warranty up to 2 years for the production sold since 1 January 2009 (up to 3 years before 1 January 2009). The provision for warranty repairs was formed based on the expected cost of repairs and statistical warranty repair rates and divided respectively into non-current and current provisions. Non-current provisions on 31 March 2010 were equal to LTL

1,391 thousand (2009 – LTL 1,139 thousand), current provisions on 31 March 2010 are equal to LTL 2,205 thousand (2009 – LTL 2,621 thousand).

Changes over the reporting period were:

	2010
1 January	3,759,857
Changes over reporting period	152,618
Used	(352,723)
Foreign currency exchange effect	35,676
31 March, 2010	**3,595,428**

17 Borrowings

	31 March 2010	31 December 2009
Non-current borrowings		
Bank borrowings secured by Company's assets	-	-
Other loans	-	-
Leasing	904,363	904,363
	904,363	904,363
Current borrowings		
Factoring liabilities	1,224,350	1,737,256
Short-term loans with variable interest rate	9,087,080	9,342,081
Short-term loans with fixed interest rate	1,000,000	1,000,000
Convertible bonds	24,720,817	24,638,041
Leasing	602,035	801,983
	36,634,282	37,519,361
Total	**37,538,645**	**38,423,724**

Factoring with recourse is denominated in LTL, EUR or USD for the defined customers and can not exceed LTL 4,344 thousand. The maturity of the factoring agreement is 31 July 2010 with the respective currency (LTL, EUR or USD) 6-month VILIBOR, EURLIBOR, LIBOR + 2.5% annual interest rate of bank margin. Borrowings with variable interest rate bear 6-month EUR LIBOR + 2.9% - 3.5% annual interest rate. Borrowings with the fixed interest rate bear 14% annual interest rate.

In 2009 the Company issued 28,253 units of ordinary bonds with par value of LTL 100 each and the annual yield is 14%. Also in 2009 the Company issued 75,000 units of convertible bonds with the par value of EUR 100 each (equivalent to LTL 345) and the annual yield is 18%. On the date of maturity single convertible bond can be exchanged to 345 ordinary registered shares. The maturity of the mentioned bonds is on the 8th of April, 2010 (Note 0), the purpose – partial refinancing of convertible bonds issuance dated April 5, 2008, with the maturity date of April 6, 2009. The bonds are accounted for the amortised cost under current liabilities caption and accrued interest amounting to LTL 4,101 thousand on the 31st of March, 2010, were accounted for under other current accounts payable caption. The interest is paid at the maturity date.

The liabilities to the owners of ordinary bonds are secured by the pledge of machinery and equipment with the net book value of LTL 1,507 thousand on the 31st of March, 2010.

At the 31st of March, 2010, buildings with the carrying amount of LTL 23,979 thousand (2009 – LTL 22,678 thousand), machinery and equipment with the net book value of LTL 6,911 thousand (2009 – LTL 5,204 thousand), inventories with the net book value of LTL 17,987thousand (2009 – LTL 20,500 thousand), cash inflows into the bank accounts up to LTL 10,000 thousand (2009 – LTL 10,000 thousand) and the major part of OOO Techprominvest shares are pledged as a collateral for loans from banks.

At the 31st of March, 2010, the Group was in default of certain loan covenants for loans amounting to LTL 8,887 thousand as of December 31, 2009 (as of 31 December 2009 – LTL 9,142 thousand). During 2010 these loans were repaid on time. As of the date of release of these financial statements, the banks had not initiated any action due to non-compliance with the loan covenants.

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

	31 March 2010	31 December 2009
Borrowings denominated in:		
EUR	10,111,431	32,677,269
USD	-	3,690
LTL	25,920,817	4,036,419
RUB	-	-
	36,032,248	36,717,378

18 Financial leasing

Principal amounts of financial lease payables as of 31 March 2010 and 31 December 2009 are denominated in EUR.

The variable interest rates on the financial lease obligations in EUR vary depending on the 6-month EURIBOR + 1.1% margin, 6-month LIBOR EUR + 1% and 1.2% margin.

Future minimal lease payments under the above-mentioned financial lease contracts are as follows:

	31 March 2010	31 December 2009
Within one year	627,996	836,619
From one to five years	949,127	949,127
Total financial lease obligations	1,577,123	1,785,746

Interest	(70,725)	(79,400)
Present value of financial lease obligations	1,506,398	1,706,346
Financial lease obligations are accounted for as:		
- current	602,035	801,983
- non-current	904,363	904,363

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

	31 March 2010	**31 December 2009**
Machinery and equipment	3,033,044	3,493,759
Vehicles	19,958	160,343
	3,053,002	**3,654,102**

Principal amounts of financial lease payables at the year-end denominated in national and foreign currencies are as follows:

	31 March 2010	**31 December 2009**
EUR	-	-
LTL	1,506,398	1,706,346
	1,506,398	**1,706,346**

19 Operating lease

The Group has concluded several contracts of operating lease of land and premises. The terms of lease do not include restrictions of the activities of the Group in connection with the dividends, additional borrowings or additional lease agreements.

The most significant operating lease agreement of the Group is the non-current agreement of AB "Snaige" signed with the Municipality of Alytus for the rent of the land. The payments of the lease are reviewed periodically; the maturity term is on July 2, 2078.

20 Trade credits

The conditions of the above mentioned type of liabilities:

- Trade credits are non interest paying and approximate time for the payment is equal to 60 days.
- Other amounts payable are non interests paying and approximate time for the payment is equal to 60 days.
- Interests payable are usually set quarterly during the financial year.

21 Other current amounts payable

Other creditors were composed as follows:

	31 March 2010	**31 December 2009**
Salaries and related taxes payable	1,479,454	1,425,808
Vacation reserve	1,003,452	1,148,417
Bonuses and payments to the Board accrued	-	-
Taxes payable	569,148	640,497
Other payables and accrued expenses	5,081,650	3,846,610
Total other creditors	**8,133,704**	**7,061,332**

22 Basic and diluted earnings (loss) per share

	31 March 2010	**31 December 2009**
Shares issued 1 January	27,827,365	23,827,365
Weighted average number of shares	-	-
Net result for the year, attributable to the parent company	(725,014)	(15,032,328)
Earnings (loss) per share and diluted (loss) per share, in LTL	(0.03)	(0.54)

23 Risk and capital management

Credit risk

The Group has significant concentration of trading counterparties. The main ten customers of the Group on the 31st of March, 2010, accounted for approximately 58.35% (57.46% as of 31 December 2009) of the total Group's trade receivables. The maximum sum of credit risk in the reporting period and on the 31st of December, 2009, includes carrying amount of accounts receivables.

The credit policy and credit risk is constantly controlled. All the customers willing to receive a deferred payment are evaluated for credit risk. Majority of accounts receivables are insured.

The Group does not guarantee obligations of other parties. The Group considers that its maximum exposure is reflected by the amount of trade receivables, net of allowance for doubtful accounts recognized at the balance sheet date.

Interest rate risk

Majority of Groups loans consists of loans with floating interest rates; with the floating part being associated to LIBOR, therefore, creating an interest rate risk.

Group did not use any financial instruments to hedge the risks from interest rate fluctuations for debt obligations associated with floating interest rates.

Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet its commitments at a given date in accordance with its strategic plans.

The Group's current ratio on the 31st of March, 2010, was 0.24 (31 December 2009 it was 0.27).

Foreign exchange risk

The Group used financial instruments to manage its exposure to foreign exchange risk in 2009, making a predefined currency exchange transactions. Financial derivatives are used to hedge from negative currency fluctuations for cash flows from sales income with US Dollars.
On the 31st December, 2009, the company had fulfilled all the pre-concluded foreign exchange transactions.
At this time, company does not trade in USD and do not have entered into such transactions.

24 Related parties transactions

The parties are considered related when one party has the possibility to control the other one or have significant influence over the other party in making financial and operating decisions. The related parties of the Group and the transactions with related parties during the 1st quarter of 2010 and 2009 were as follows:

UAB „Hermis Capital“ (same final controlling shareholder);

UAB „Genčių nafta“ (same final controlling shareholder);

AB „Kauno duona“ (same final controlling shareholder);

UAB „Meditus“ (same final controlling shareholder);

UAB „Baltijos polistirenas“ (other companies controlled by board members or their family members);

UAB „Astmaris“ (other companies controlled by board members or their family members).

According to the provided management information, these companies are not involved parties in 2009.

2009		Purchases	Sales	Accounts receivable	Accounts payables
UAB „Baltijos polistirenas”	raw materials	2,457,333	-	-	225,732
UAB „Astmaris”	raw materials	776,475	-	-	-
		3,233,808	**-**	**-**	**225,732**

The Group has a policy to make transactions with related parties only for commercial purpose and under commercial conditions. No guarantees were received or given from any related party in order to assure the payments of accounts receivable or accounts payable.

Financial and investment activities with related parties:

	2010			2009		
	Loans received	**Repayment of loans**	**Interest paid**	**Loans received**	**Repayment of loans granted**	**Interest paid**
UAB Hermis Capital	-	-	-		5,713,379	1,087,241
UAB Genčių Nafta	-	-	-			
UAB Kauno Duona	-	-	-			
UAB Baltijos polistirenas	-	-	-			
UAB Meditus	1,000,000	-	-	1,000,000		
	1,000,000	**-**	**-**	**1,000,000**	**5,713,379**	**1,087,241**

Remuneration of the Company's and subsidiaries' management amounted to LTL 256 thousand and LTL 84 thousand, respectively, in 1st Quarter 20109 (LTL 403.2 thousand and LTL 177.7 thousand in 2009, respectively).

25. Commitments and contingencies

On the 25th of 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 did not admit the part of the debt of LTL 489 thousand, since the part of the goods was not delivered to the Company. On the 12th of February, 2010, Kaunas County Court adopted a decision to satisfy the claim and adjudged the debt of LTL 2,049 thousand of the Company to the Plaintiff along with LTL 126 thousand in interest and 6% legal interest on the adjudged amount to be calculated from the day the proceedings started until the day the court decision was executed. As of the date of issue of these financial statements, the outcome of this claim was known and the Company acknowledged a part of the debt amounting to LTL 1,560 thousand on the 31st of December, 2009, and has accounted for it as a trade payable; therefore, the provision of LTL 151 thousand related to various events above including the adjudged interest is reflected in these financial statements and included into administrative costs in the income statement. The Company has filed an appeal against the court decision regarding the adjudged debt of LTL 489 thousand for undelivered goods, which are not accounted in these financial statements, since the outcome of this case is uncertain and the management expects to win it.

On the 2nd of March, 2010, the Company and Kazakhstan social-entrepreneurship corporation national company Saryarka signed an establishment agreement of joint company TOO Snaigė-Saryarka. It is planned that TOO Snaigė-Saryarka will be engaged in the production and sale of refrigerators in Kazakhstan and neighbouring markets. Currently the project is in the early stage of the implementation. There is the consent received from the government of Kazakhstan and the tentative approval from a financing bank with the condition of additional private investor, which was currently analysing the offer and did not provide the final answer yet.

On the 30th of March, 2010, AB "Siauliu Bankas" made a decision to grant a loan to the Company amounting to LTL 5 million with INVEGA assurance. The loan matures in 2015, the annual interest rate is 9%.

26. Subsequent events

On 27th of April, 2010, AB "Siauliu Bankas" made a decision to grant a loan to the Company amounting to LTL 7 million, its mission is LTL 6 million for the refunding the loan of AB "SEB Bankas" and LTL 1 million for the current asset.

As of 5 March 2010 the shareholders of the Company decided to issue 80,500 units of convertible bonds with the par value of EUR 100 (equivalent to LTL 345) each. The annual interest rate is 10%, which is paid in one payment on the maturity of the convertible bonds; the bonds expire in 368 days. The bonds could be converted to shares on the ratio of 1 : 380. Till 8 April 2010 the Company successfully issued 61,327 units of convertible bonds emission with the par value of EUR 100 (equivalent to LTL 345) each and refinanced LTL 21,191 thousand of previously issued emission.

On the 8th of April, 2010, pursuant to the decision of convertible bonds owners 8,340 units of convertible bonds with the par value of EUR 100 (equivalent to LTL 345) each were converted into 2,908,350 ordinary registered shares of the Company with the par value of LTL 1 each and the share capital was increased accordingly.

The Company made an offer for owners of unredeemed convertible bonds regarding the fulfilment of underlying obligation amounting to LTL 5,247 thousand and expects a favourable answer to be obtained till the 1st of May, 2010.

The ordinary General Shareholder's meeting held on the 29th April, 2010, approved the annual financial statements of the year 2009.

During the General Shareholder's meeting it was made a decision the inappropriate loss of the parent Company which is LTL 13 028 thousand to cover with share premium.

Martynas Česnavičius (chairman of the Board), Nerijus Dagilis, Kęstutis Pilipuitis, Robertas Beržinskas ir Mindaugas Gedvilas were elected as the Members of Management Board for the new four years period.