SNAIGĖ

Snaige AB

CONFIRMATION OF RESPONSIBLE PERSONS

Following the Article No. 22 of the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we Gediminas Čeika, Managing Director of Snaige, AB and Neringa Menčiūnienė, Finance Director of Snaige, AB hereby confirm that, to the best of our knowledge, the attached unaudited interim consolidated Snaige AB financial statements for the three month period of year 2011, prepared in accordance to the applied accounting standards, reflects the reality correctly and fairly shows issuer's assets, liabilities, financial position, profit or loss and cash flows of Snaige, AB.

Gediminas Čeika
Managing Director

Neringa Menčiūnienė
Finance Director

April 27, 2011

AB SNAIGĖ

CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS OF 2011

CONTENTS

I. GENERAL PROVISIONS

1. Accounting period of the report

The report has been issued for the three months of 2011.

2. The basic data about the issuer

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

Authorised capital – LTL 30,735,715

Address - Pramones str. 6, LT-62175 Alytus

Phone - (8-315) 56 206

Fax - (8-315) 56 207

E-mail – snaige@snaige.lt

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.

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 2011	31 12 2010
A.	**Non-current assets**		**61,097,962**	**62,733,102**
I.	FORMATION COSTS			
II.	INTANGIBLE ASSETS		4,777,461	4,914,786
III.	TANGIBLE ASSETS		55,198,395	56,696,210
III.1.	Land			
III.2.	Buildings		28,649,966	27,368,110
III.3.	Other non-current tangible assets		26,284,477	27,859,862
III.4.	Construction in progress and advance payments		263,952	1,468,238
IV.	NON-CURRENT FINANCIAL ASSETS			
V.	DEFERRED TAXES ASSETS		122,106	122,106
VI.	ACCOUNTS RECEIVABLE AFTER ONE YEAR			
VII.	Assets classified as held for sale			
VIII.	Other non-current assets		1,000,000	1,000,000
	Assets classified as held for sale		**36,714,591**	**31,559,188**
B.	**Current assets**		**36,714,591**	**31,559,188**
I.	INVENTORY AND CONTRACTS IN PROGRESS		15,973,919	12,489,892
I.1.	Inventory		15,973,919	12,489,892
I.2.	Advance payments			
I.3.	Contracts in progress			
II.	ACCOUNTS RECEIVABLE WITHIN ONE YEAR		18,803,733	17,083,457
III.	INVESTMENTS AND TERM DEPOSITS			
IV.	CASH AT BANK AND ON HAND		1,921,939	1,970,839
V.	Other current assets		15,000	15,000
C.	**Accrued income and prepaid expenses**			
	TOTAL ASSETS		**97,812,553**	**94,292,290**

Ref. No.	SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31 03 2011	31 12 2010
A.	**Capital and reserves**		**28,462,859**	**30,575,701**
I.	SHARE CAPITAL		36,434,371	36,434,371
I.1.	Authorized (subscribed) share capital		30,735,715	30,735,715
I.2.	Uncalled share capital (-)			
I.3.	Share premium (surplus of nominal value)		5,698,656	5,698,656
	Own shares (-)			
III.	REVALUATION RESERVE		(6,211,612)	(6,274,902)
IV.	RESERVES		4,688,472	4,688,472
V.	PROFIT (LOSS) BROUGHT FORWARD		(6,448,372)	(4,272,240)
	Current Profit (Loss)		(2,176,132)	(2,612,706)
	The previous year Profit (Loss)		(4,272,240)	(1,659,534)
B.	**Minority interest**		1,397	1,475
D.	**Provisions and deferred taxes**			
I.	PROVISIONS FOR COVERING LIABILITIES AND DEMANDS			
II.	DEFERRED TAXES			
E.	**Accounts payable and liabilities**		**69,348,297**	**63,715,114**
I.	ACCOUNTS PAYABLE AFTER ONE YEAR AND NON-CURRENT LIABILITIES		18,582,953	14,327,771
C.	*Financing (grants and subsidies)*		1,195,358	1,282,433
I.1.	Financial debts		16,104,209	11,765,095
I.2.	Warranty provisions		771,257	769,517
I.3.	Deferred income tax liability		152,301	150,898
I.4.	Advances received on contracts in progress			
I.5.	Non-current employee benefits		359,828	359,828
II.	ACCOUNTS PAYABLE WITHIN ONE YEAR AND CURRENT LIABILITIES		50,765,344	49,387,343
II.1.	Current portion of non-current debts		24,460,593	25,201,822
II.2.	Financial debts			
II.3.	Trade creditors		16,960,558	16,162,154
II.4.	Advances received on contracts in progress		751,317	627,570
II.5.	Taxes, remuneration and social security payable		2,962,150	3,081,086
II.6.	Warranty provisions		2,084,840	1993,555
II.7.	Other provisions			
II.8.	Other current liabilities		3,545,886	2,321,156
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**97,812,553**	**94,292,290**

2. Profit (Loss) Report (in LTL)

Ref. No.	ITEMS	31 03 2011	31 03 2010
I.	**SALES AND SERVICES**	**21,961,353**	**17,547,389**
I.1	Income of goods and other products sold	2,783,438	1,377,736
I.2	Income of refrigerators sold	19,177,915	16,169,653
II.	**COST OF GOODS SOLD AND SERVICES RENDERED**	**19,080,429**	**16,113,833**
II.1	Net cost of goods and other products sold	666,337	509,138
II.2	Net cost of refrigerators sold	18,414,092	15,604,695
III.	**GROSS PROFIT**	**2,880,924**	**1,433,556**
IV.	**OPERATING EXPENSES**	**4,685,282**	**4,344,394**
IV.1	Sales expenses	1,772,857	1,276,125
IV.2	General and administrative expenses	2,912,425	3,068,269
V.	**PROFIT (LOSS) FROM OPERATIONS**	**(1,804,358)**	**(2,910,838)**
VI.	**OTHER ACTIVITY**	**293,233**	**(25,311)**
VI.1.	Income	324,163	60,128
VI.2.	Expenses	30,930	85,439
VII.	**FINANCIAL AND INVESTING ACTIVITIES**	**(665,084)**	**2,211,206**
VII.1.	Income	263,900	3,659,273
VII.2.	Expenses	928,984	1,448,067
VIII.	**PROFIT (LOSS) FROM ORDINARY ACTIVITIES**	**(2,176,209)**	**(724,943)**
IX.	EXTRAORDINARY GAIN		
X.	EXTRAORDINARY LOSS		
XI.	**CURRENT ACCOUNTING PERIOD PROFIT (LOSS) BEFORE TAXES**	**(2,176,209)**	**(724,943)**
XII.	**TAXES**	**0**	**74**
XII.1	PROFIT TAX		74
XIII.	Adjustment of deferred profit tax		
XIV.	Social tax		
XV.	MINORITY INTEREST	77	
XVI.	**NET CURRENT ACCOUNTING PERIOD PROFIT (LOSS)**	**(2,176,132)**	**(725,017)**

3. Cash Flows Statement

Ref. No.		31 03 2011	31 03 2010
I.	**Cash flows from the key operations**		
I.1	Result before taxes	(2,176,209)	(724,943)
I.2	Depreciation and amortization expenses	2,015,577	2,121,272
I.3	Subsidies amortization	(87,075)	(87,075)
I.4	Result of sold non-current assets	(39,715)	(10,252)
I.5	Write-off of non-current assets	4	41,629
I.6	Write-off of inventories	17,060	24,992
I.7	Depreciation of receivables	103,371	564,782
I.8	Non-realized loss on currency future deals		
I.9	Change in provision for guarantee repair	93,025	(164,929)
I.10	Recovery of devaluation of trade receivables		
I.11	Influence of foreign currency exchange rate change	(264,239)	(3,608,511)
I.12	Financial income (interest income)	(1,540)	(251)
I.13	Financial expenses (interest expenses)	840,296	118,378
	Cash flows from the key operations until decrease (increase) in working capital	**500,555**	**(1,724,408)**
II.1	Decrease (increase) in receivables and other liabilities	(1,720,276)	1,356,360
II.2	Decrease (increase) in inventories	(3,484,027)	933,315
II.3	Decrease (increase) in trade and other debts to suppliers	1,736,618	320,562
	Cash flows from the main activities	**(2,967,130)**	**885,829**
III.1	Interest received		
III.2	Interest paid	(291,327)	(118,378)
III.3	Profit tax paid		
	Net cash flows from the key operations	**(3,258,457)**	**767,451**

IV.	**Cash flows from the investing activities**		
IV.1	Acquisition of tangible non-current assets	(428,033)	(163,880)
IV.2	Capitalization of intangible non-current assets		
IV.3	Sales of non-current assets	39,704	8,553
IV.4	Loans granted		
IV.5	Loans regained		
	Prepayments and constructions in progress		
	Net cash flows from the investing activities	**(388,329)**	**(155,327)**

III.	**Cash flows from the financial activities**	**3,597,886**	(967,854)
III.1	Cash flows related to the shareholders of the company		
III.1.1	Issue of shares		
III.1.2	Issue of bonds		
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	4,339,114	
III.2.1.2	Loans repaid	(105,539)	(767,906)
III.2.2	Finance lease received		
III.2.2.1	Payments of leasing (finance lease) liabilities	(204,780)	(199,948)
III.3	Other decreases in the cash flows from financial activities		
III.4.	Redemption of securities issued	(430,909)	
	Net cash flows from the financial activities	**3,597,886**	**(967,854)**

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**	**(48,900)**	**(355,730)**
VII.	**Cash and cash equivalents at the beginning of period**	**1,970,839**	**1,725,087**
VIII.	**Cash and cash equivalents at the end of period**	**1,921,939**	**1,369,357**

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, 2009	**27,827,365**	**18,727,270**	**0**	**2,828,472**	**0**	**0**	**60,000**	**1,800,000**	**0**	**(6,841,945)**	**(14,688,148)**	**29,713,014**	**1,676**	**29,714,690**
Dividents											0	**0**		**0**
Total registered income and expenses as of 2010 1st Q									0		(725,017)	**(725,017)**		**(725,017)**
Formed reserves												**0**		**0**
Transfers from reserves												**0**		**0**
Other changes										(409,646)		**(409,646)**		**(409,646)**
Profit not registered in the Profit (Loss) account												**0**		**0**
Balance as of March 31, 2010	**27,827,365**	**18,727,270**	**0**	**2,828,472**	**0**	**0**	**60,000**	**1,800,000**	**0**	**(7,251,591)**	**(15,413,165)**	**28,578,352**	**1,676**	**28,580,028**
Total registered income and expenses as of 2010											(1,887,689)	**(1,887,689)**	**(201)**	**(1,887,890)**
Dividends												**0**	**0**	**0**
Formed reserves							30,000	1,830,000			(1,860,000)	**0**	**0**	**0**
Transfers from reserves							(60,000)	(1,800,000)			1,860,000	**0**	**0**	**0**
Increase of authorized capital	2,908,350											**2,908,350**	**0**	**2,908,350**
Other changes										976,689		**976,689**		**976,689**
Loss coverage		(13,028,614)									13,028,614	**0**		**0**
Current year profit not registered in the Profit (Loss) account												**0**		**0**
Balance as of December 31, 2010	**30,735,715**	**5,698,656**	**0**	**2,828,472**	**0**	**0**	**30,000**	**1,830,000**	**0**	**(6,274,902)**	**(4,272,240)**	**30,575,701**	**1,475**	**30,577,176**
Total registered income and expenses as of 2011 1st Q											(2,176,132)	**(2,176,132)**	**(77)**	**(2,176,209)**
Dividends												**0**	**0**	**0**
Formed reserves												**0**	**0**	**0**
Transfers from reserves												**0**	**0**	**0**
Other changes										63,290		**63,290**		**63,290**
Current year profit not registered in												**0**		**0**
Balance as of March 31, 2010	**30,735,715**	**5,698,656**	**0**	**2,828,472**	**0**	**0**	**30,000**	**1,830,000**	**0**	**(6,211,612)**	**(6,448,372)**	**28,462,859**	**1,397**	**28,464,257**

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, 2011 and December 31, 2010 were:

	March 31, 2011		December 31, 2010	
	Number of shares owned	Share of total capital, %	Number of shares owned	Share of total capital, %
Swedbank AS (Estonia) Clients	14,851,878	48.32	15,004,428	48.82
Skandinaviska Enskilda Banken AB	3,384,198	11.01	3,720,698	12.11
Other shareholders	12, 499,639	40.67	12,010,589	39.07
Total	**30,735,715**	**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, 2011 and December 31, 2010. The authorized share capital is equal to LTL 30,735,715 on March 31, 2011. Subsidiaries did not have any shares of AB „Snaige" on March 31, 2011 and December 31, 2010. The Company did not have any of their own shares.

On the 8th of April, 2010, by the owners' of the convertible bonds decision 8340 units of convertible bonds which nominal value per unit is 100 EUR (equal to 345 LTL) had been converted into 2 908 350 units of ordinary shares with nominal value 1 LTL, and the authorized capital was increased respectively. The registration day of the increased authorized capital was the 20th of April, 2010.

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	(500,446)	6,429,290
Snaige Ukraina TOV	Gruševskio 28-2a/43, Kiev	99	88,875	2,231	26,236
Moroz Trade OOO	Prospekt Mira 52, Moscow	100	947	0	(14,195,444)
Liga Servis OOO	Prospekt Mira 52, Moscow	100	1,028	(40,089)	(1,341,047)
UAB Almecha	Pramonės 6, Alytus	100	1,375,785	18,552	266,712

As 31 March 2011 The Board of the Company comprised 1 representative of Hermis Capital UAB and 3 representatives Swedbank AS clients as on the 31st of December, 2010, 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.

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 31 of March, 2011, was 785 (as of 31 December 2010 – 828).

2 Accounting principles

The principal accounting policies adopted in preparing the Group's financial statements as of 31 March, 2011 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 14,051 thousand on Marchr 31th, 2011 (2010, December 31th, the current liabilities exceeded current assets by LTL 17,828 thousand).

- the liquidity ratios: gross replacement ratio was 0.72, quick recovery ratio – 0.41 (whereas on the year 2010 December 31th those ratios were respectively 0.64 and 0.39). The Group for this period of time incurred LTL 2,176 thousand loss.
- the commitment ratios: the ratio of debt/asset was 0.71 (whereas in the year 2010, December 31th 0.68)

The Group's financial report for the 3 months of 2011 is 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 2011 the Group expects increase sales comparing to 2010 and additionally to optimise costs;
- Trade payables are planned to be decreased using free operational cash flows;;
- all convertible bonds with the maturity term on 11 April 2011 were refinanced except for convertible bonds with the value of LTL 8.9 million, which are converted to the shares pursuant to the decision of convertible bonds owners dated 11 April 2011

  The direction of the Company agrees that all those assumptions above could be influenced of significant uncertainties, which could raise doubts about Company's ability to continue operating, because of the disability to realize its property and to implement its commitments by carrying out its normal activities. However despite all this the Company's direction expects that the Company will have enough resources to continue operating in the near future. That is why the Company preparing those financial statements applied the principle of its activity succession.

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:

	31-03-2011	31-12-2010
RUB	0.086330	0.085535
UAH	0.308618	0.32788
USD	2.4551	2.6099

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 8 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

<u>*Operating lease – the Group as lessee*</u>

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.

<u>*Operating lease – the Group as lessor*</u>

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 December 2010 by geographical segments can be specified as follows (in LTL thousand):

Group	Total segment sales revenue		Inter segments sales		Sales revenue		Acquisition of property, plant and equipment and intangible asset	
	2011-03-31	2010	2011-03-31	2010	2011-03-31	2010	2011-03-31	2010
Russia	361	2,518	(10)	(367)	351	2,151	28,153	28,632
Ukraine	7,547	41,508	(23)	(94)	7,524	41,414	22	28
Western Europe	10,947	45,517		-	10,497	45,517		
Eastern Europe	1,663	8,442		-	1,663	8,442		-
Lithuania	4,528	23,320	(3,087)	(15,230)	1,441	8,090	69,638	65,632
Baltic Countries	109	1,161			109	1,161		
Other countries from NVS	376	6,994		-	376	6,994		-
Other countries	0	71		-	0	71		-
Total:	**25,081**	**129,531**	**(3,120)**	**(15,691)**	**21,961**	**113,840**	**97,813**	**94,292**

4 Operational expenses

Over reporting period the operational expenses were:

	2011	2010
Sales expenses	1,772,857	1,276,125
Administration expenses	2,912,425	3,068,269
Total:	**4,685,282**	**4,344,394**

5 Other income (expenses) – net result

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

	31-03-2011	2010
Other operating income		
Income from logistics	56,145	6,863
Rent of fixed asset	195,647	2,435
Profit from sale of fixed asset	39,715	10,252
Income from rent of equipment	629	78
Other	32,027	40,500
	324,163	**60,128**
Other operating expenses		
Transportation expenses	21,243	31,613
Rent of fixed asset	-	-
Loss from sale of fixed asset	-	-
Rent of equipment	564	29,211
Other	9,123	24,615
	30,930	**85,439**
Other operating income (expense) – net result	**293,233**	**(25,311)**

6 Net result from financial activities

	2011	2010
Financial income		
Profit from currency exchange	262,360	3,658,937
Gain of foreign currency translation transactions	-	85
Other	1,540	251
	263,900	**3,659,273**

Financial expenses		
Foreign currency exchange loss	-	42,746
Interest expenses	840,296	1,397,556
Loss of foreign currency translation transactions	-	6,033
Other	88,688	1,732
	928,984	**1,448,067**
Net result from financial activities	**(665,084)**	**2,211,206**

7 Non-current intangible assets

Balance sheet value

	31-03-2011	31.12.2010
Development costs	4,621,870	4,889,422
Software, license	155,591	25,364
Total:	**4,777,461**	**4,914,786**

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

Over the 3 months of 2011, the Group has accumulated LTL 189 thousand (3 months of 2010 - LTL 169 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

	31-03-2011	31-12-2010
Land and buildings	28,649,966	28,733,038
Machinery and equipment	24,770,769	25,922,658
Vehicles	134,608	110,842
Other non-current tangible assets	1,643,052	1,929,672
Total:	**55,198,395**	**56,696,210**

.Group's non-current tangible assets depreciation on 31 March, 2011 is equal to LTL 1,827 thousand (in 2010 – LTL 1,952 thousand)

9 Inventories

	31-03-2011	31-12-2010
Raw materials, spare parts and production in progress	9,964,454	8,505,394
Finished goods	5,720,315	3,802,014
Other	384,492	277,826
	16,069,261	12,585,234
Less: net realizable value allowance	(95,342)	(95,342)
	15,973,919	**12,489,892**

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:

	31-03-2011	31-12,2010
Trade receivables from the Group companies	30,014,552	28,536,018
Less: allowance for doubtful trade receivables	(13,661,120)	(13,585,026)
	16,353,432	**14,950,992**

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:

	31-03-2011	31-12-2010
Balance at the beginning of the period	(13,585,026)	(12,603,962)
Charge for the year	-	(479,304)
Used	-	194,324
Recovered receivables	21,469	135,745
Currency exchange rate influence	(97,563)	(831,829)
Balance at the end of the period	**(13,661,120)**	**(13,585,026)**

The ageing analysis of trade receivables as of 31 March 2011 and 31 December 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
31-03-2011	13,360,547	2,067,465	583,902	128,619	17,885	195,014	**16,353,432**
31-12-2010	12,905,309	1,398,400	396,722	60,410	66,591	123,560	**14,950,992**

11 Other current assets

	2011	2010
VAT receivable	986,836	466,933
Prepayments and deferred expenses	1,353,760	1,156,778
Compensations receivable from suppliers	4,140	97,042
Other receivable	105,565	411,712
	2,450,301	**2,132,465**

Compensations from suppliers are received for bad quality goods.

12 Cash and cash equivalents

	31-03-2011	31-12-2010
Cash at bank	1,913,892	1,965,694
Cash on hand	8,047	5,145
	1,921,939	**1,970,839**

The accounts of the Company in foreign currency up to LTL 10,085 thousand (31 December, 2010 - 10,085 thousand) are pledged to the bank for the secure of the loans, and the fixed – term input for LTL 1 million is pledged for the loan with INVEGA assurance.

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 31 of March, 2011, 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, 2011, as well as in December 31, 2010 was fully formed; LTL 2,828 thousand was accumulated in it.

The Company did not get any profit on 2010, and this is the reason why on the 31st of the December, 2010, it will not transfer 245 thousands LTL, into the compulsory reserve and will not secure that this fond will accumulate the amount of money which is equal to 10 percent of Company's share capital.

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 31th March, 2011, other distributable reserves consisted of LTL 1,830 thousand LTL (2010 – LTL 1,830 thousand) of reserve for investments and LTL 30 thousands socio-cultural needs (in 2010 - LTL 30 thousand).

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 December 2010	10,703,880
Increase during period	-
Subsidies on 31 March 2011	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	318,304
Accumulated amortization on 31 December 2010	9,421,447
Amortization during period	87,075
Accumulated amortization on 31 March 2011	9,508,522
Net residual value 31 March 2011	**1,195,358**
Net residual value 31 December 2010	**1,282,433**

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.

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 2011 were equal to LTL 771 thousand (31 December 2010 – LTL 770 thousand), current provisions on 31 March 2011 are equal to LTL 2,085 thousand (31 December 2010 – LTL 1,994 thousand).

Changes over the reporting period were:

	2011-03-31
1 January	2,763,072
Changes over reporting period	539,973
Used	(448,295)
Foreign currency exchange effect	1,347
31 March, 2011	**2,856,097**

The postponements of warranty obligations accounted for the 31st of March:

	2011-03-31
- Long-term	771,257
- Shot-term	2,084,840
	2010 m.
- Long-term	769,517
- Shot-term	1,993,555

17 Borrowings

	31-03-2011	31-12-2010
Non-current borrowings		
Non-current borrowings with fixed interest rate	4,019,610	4,019,610
Non-current borrowings with variable interest rate	11,255,641	6,916,527
Ordinary bonds	757,806	757,806
	16,033,057	**11,693,943**
Current borrowings		
Convertible bonds	21,190,524	21,190,524
Ordinary bonds	1,292,728	1,723,638
Current borrowings with fixed interest rate	1,305,409	1,403,448
Current borrowings with variable interest rate	43,501	51,000
	23,832,162	**24,368,610**
Total	**39,865,219**	**36,062,553**

Borrowings with variable interest rate bear 6 – month EUR LIBOR + 3.5% and 6 – months VILIBOR + 4,88% annual interest rate. Borrowings with the fixed interest rate bear 9-14% annual interest rate.

Previously it was issued 10 000 ps. of registered bonds by coupons, which net value is 100 EUR (for one pc.), annual yield is 10% and the lasting time is extended to 731 days. The Company has committed during all those bonds lasting period (every 20th day of every month) to redeem over 416 units of bonds. The final redemption of those 432 unites has been intended on the 15th of June, 2012.

The bonds accounted for the discounted value in the short-term clause, and cumulated interest, which amount had achieved 2,101 thousand. LTL on the 31st of March, 2011, recorded in other current payables clause. The interest on the bonds are paid on the time of redemption.

At the 31t of March, 2011, buildings with the carrying amount of LTL 7,631 thousand (31 December 2010 – LTL 6,132 thousand), machinery and equipment with the net book value of LTL 6,951 thousand (31 December 2010 – LTL 7,358 thousand), inventories with the net book value of LTL 10,500 thousand (31 December 2010 – LTL 10,500 thousand), cash inflows into the bank accounts up to LTL 10,085 thousand (31 December 2010 – LTL 10,085 thousand) are pledged as a collateral for loans from banks.

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

	31-03-2011	31-12-2010
Borrowings denominated in:		
EUR	26,009,355	23,671,968
USD	-	-
LTL	13,855,864	12,390,585
RUB	-	-
	39,865,219	**36,062,553**

18 Financial leasing

Principal amounts of financial lease payables as of 31 March 2011 and 31 December 2010 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:	31-03-2011	31-12-2010
Within one year	637,717	850,846
From one to five years	71,929	72,589
Total financial lease obligations	709,646	923,435
Interest	(10,063)	(19,071)
Present value of financial lease obligations	699,583	904,364
Financial lease obligations are accounted for as:		
- current	628,431	833,212
- non-current	71,152	71,152

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:

	31-03-2011	31-12-2010
Machinery and equipment	2,464,348	2,578,088
Vehicles	-	-
	2,464,348	**2,578,088**

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

	31-03-2011	31-12-2010
EUR	-	-
LTL	699,583	904,364
	699,583	**904,364**

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 45 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:

	2011	2010
Accrued interest on convertible bonds	2,101,426	1,571,663
Salaries and related taxes	1,668,838	1,724,586
Vacation reserve	1,243,312	1,356,500
Other taxes payable	488,097	260,769
Other accrued interest	280,157	260,951
Other payables and accrued expenses	726,206	227,773
Total other creditors	**6,508,036**	**5,402,242**

22 Basic and diluted earnings (loss) per share

	2011	2010
Shares issued 1 January	30,735,715	27,827,365
Weighted average number of shares	-	29,867,194
Earnings (loss) per share and diluted (loss) per share, in LTL	(0.07)	(0.09)

23 Risk and capital management

Credit risk

The Group has significant concentration of trading counterparties. The main ten customers of the Group on the 31t of March, 2011, accounted for approximately 61.52% (68.4% as of 31 December 2010) of the total Group's trade receivables. The maximum sum of credit risk in the reporting period and on the 31st of December, 2010, 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.

Foreign exchange risk

The Company significantly reduced income earned in US dollars, in this way receivable incomes became very close to the commitments in USD. Consequently, foreign exchange risk decreased significantly because the main part of Company's revenue comes by Euros, which has the fixed rate with Lithuanian Litas.

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 3 months of 2011 and 2010 were as follows:

Amber Trust II S.C.A.

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:

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

The direction of the Company contains the chairman of the board, other board members, managing director and functional directors.

Remuneration of the Company's and subsidiaries management amounted to LTL 325 thousand and LTL 76 thousand, respectively, in 2011 LTL 256 thousand and LTL 84 thousand in 2010, 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 Regional Court made a decision, which satisfied the claim and adjudged to the Plaintiff behalf 2,049 thousand LTL debt with interest. The Company appealed the Court's decision about 489 thousand LTL for the undelivered goods.

On the 5th of October, 2010, the judgement of the Court of appeal of the Republic of Lithuania had changed the decision about the final court settlement of Kaunas Regional Court made on the 12th of February, 2010. This judgement had obligated the Company to pay to the plaintiff 1.095 thousand LTL till the 1st of February, 2010, and to continue paying every month from the 12th of February, 2011, till the 12th of February, 2012, for 91.3 thousand LTL.

The company announced the claim for undelivered goods. For the date of this report the result of this case is not known and the management expects to win it, though on the 31st of March a part of the debt amounting to LTL 1,681 thousand (LTL 1,560 thousand (for received goods) has accounted as a trade payable and the other part 120 thousand LTL is accounted as interest and 1.3 thousand LTL as the court expense); therefore, the amount 489 thousand for undelivered goods is not accounted in these financial statements.

On 11 January 2011 UAB Hermis Capital signed an agreement to sell convertible bonds issued by the Company (ISIN - LT1000401315, nominal value - 100 EUR, redemption date - 11 April 2011) to the following shareholders of the Company: KJK Fund SICAV-SIF – 6,617 bonds, Firebird Republics Fund, Ltd. – 1,629 bonds, Firebird Avrora Fund, Ltd – 1,630 bonds. The agreement also gives buyers the rights to acquire the remaining 22,411 convertible bonds held by UAB Hermis Capital, which can be converted to shares until 10 April 2011.

On 7 February 2011 the shareholders of the Company KJK Fund SICAV-SIF, Firebird Republics Fund, Ltd., Firebird Avrora Fund, Ltd. and Amber Trust S.C.A. (the Funds) signed the Shareholders Agreement and became legal persons acting in concert whose acquired shares in the Company jointly entitle to 38.64 % (represents 11,875,795 shares) votes in the general meeting of the shareholders of the Company. The shareholders KJK Fund SICAV-SIF, Firebird Republics Fund, Ltd., Firebird Avrora Fund, Ltd. on the behalf of the Funds as of 14 March 2011 announced the mandatory non-competitive offer to purchase the remaining 18,859,920 of shares of the Company for EUR 0.33 (equivalent to LTL 1.14) each.

On 31 March 2011 the credit line extension agreement has been signed with the bank. The credit line limit is set to EUR 694 thousand (LTL 2,396 thousand equivalent) and bears 6 month EURBIROR + 4.5% annual interest rate. The credit line matures on 31 March 2012.

On 11 April 2011 pursuant to the decision of convertible bonds owners 23,386 units of convertible bonds with the par value of EUR 100 each (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. The rest of the bonds were re-financed as it was planned, and the legal proceeds were made during the uncommon share holders meeting on the 18^{th} of April, 2010.