

Consolidated  
Annual Report  
2010

**SNAIGĒ**



**SNAIGĖ**

**Consolidated Annual  
Report 2010**

## Independent auditor's report to the shareholders of AB Snaigė

### Report on Financial Statements

We have audited the accompanying financial statements of AB Snaigė and its subsidiaries (hereinafter the Group), which comprise the consolidated statement of financial position as of 31 December 2010, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes (comprising a summary of significant accounting policies and other explanatory information).

#### *Management's Responsibility for the Financial Statements*

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

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

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

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

#### *Basis for Qualified Opinion on the Financial Performance and Cash Flows - Comparative Figures*

We had issued a disclaimer of an audit opinion dated 5 April 2009 on the financial statements of AB Snaigė Group for the year ended 31 December 2008 due to significant uncertainties related to unfavourable impact on the Group's operations caused by the worldwide economic crisis. During 2009 the Group's management resolved the immediate issues that gave rise to significant uncertainties affecting the financial statements for the year ended 31 December 2008. Based on this, the Group has adjusted the figures according to the finally approved plan of operations, recording all changes in the consolidated statement of comprehensive income for the year 2009. Although a number of business reasons that gave rise to these adjustments have originated prior to the year 2009, it was not possible to determine the effects thereof on the consolidated statements of comprehensive income and cash flows between the year 2008 and the year 2009.

*Basis for Qualified Opinion on the Financial Position*

Significant uncertainty exists in respect of the recoverable amount of manufacturing and administrative premises - building of the subsidiary Techprominvest OOO (net book value amounting to LTL 18,622 thousand as of 31 December 2010), the recoverability of which is highly dependent upon the favourable disposal as further described in Note 2.2. We are not able to obtain sufficient and appropriate audit evidence in respect of this matter, therefore we are not able to conclude on whether the entire carrying value of these assets will be recovered.

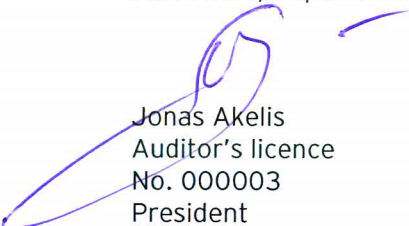
*Qualified Opinion*

In our opinion, except for the possible effects of the matters described in sections *Basis for Qualified Opinion on the Financial Performance and Cash Flows - Comparative Figures* and *Basis for Qualified Opinion on the Financial Position* above, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

Furthermore, we have read the Consolidated Annual Report for the year ended 31 December 2010 and have not noted any material inconsistencies between the financial information included in it and the financial statements for the year ended 31 December 2010.

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

A blue ink signature of Jonas Akelis, written in a cursive style, is positioned to the left of the text.

Jonas Akelis  
Auditor's licence  
No. 000003  
President

The audit was completed on 19 April 2011.

## Confirmation of Responsible Persons

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

*AB „Snaigė“ Managing Director Gediminas Čeika*

*AB „Snaigė“ Finance Director Neringa Menčiūniene*



Report prepared:

April 18, 2011

Place the report prepared:

AB "Snaigė", Pramonės str. 6, Alytus

## Managing Director Review



**Dear all,**

2010 marked a true turning-point for Snaigė, AB. Despite the effects of the economic downturn and the bottom line of over 38m LTL in audited consolidated loss in 2009, we did not give up. The company mobilized all resources and managed to reduce its audited consolidated loss to 2.6m LTL in 2010. Upkeep costs of a closed down plant in Kaliningrad and of a subsidiary in Moscow accounted for the most part of this loss. The plant in Alytus closed its financial year with a minimum audited unconsolidated loss of 0.672m LTL.

I would like to express my acknowledgement for the management and staff at Snaigė, AB who not only positively welcomed unpopular changes, but also selflessly worked together to achieve the best performance of the company. And it was performance we surely can be proud of. We have retained our market share on almost all major markets for the company.

The company has recovered a portion of the Ukrainian market we lost in 2009 due to the introduction of additional duties.

The company intensified trade efforts with profitable CIS markets (Moldova, Tajikistan, and Uzbekistan). To make our cost reduction programme reality the company has implemented over 50 different cost-saving measures in the production, acquisitions, design, and technology departments. These measures allowed us to save as much as 1.2m LTL within one year.

Production reorganization resulted in the increase of production efficiency by 30 per cent.

We managed to reduce administrative expenditure by twofold.

And we surely did not forget our consumer. In May the company introduced new refrigerators – significantly more efficient in terms of energy saving – under the name Snaigė Ice Logic A++. Over a short period of time these fridges won acceptance of both Lithuanian customer and customer in other European countries. In Lithuania our production was acknowledged by a gold medal in the Product of the Year category.

The company found a new trade niche on the Western market. We are one of few refrigerator manufacturers with the capacity to manufacture products in a variety of colours and in small runs tailored specifically to customer needs.

In 2011 the company will focus its efforts on new product development, improvement of the ones already on the market and the development of new technologies. To benefit our customers we are excited about upcoming new product launches which include new luxury yet affordable refrigerators with black and white glass surface, two-chamber fridges with four-compartment freezers, freezer in the highest energy efficiency class, and coolers. The company plans to invest around 3.7m LTL in new product and technology development.

Advertising and marketing tools will be focused to strengthen the brand on the Ukrainian and Lithuanian markets. This fall will mark new product launch at the world's largest consumer electronics fair IFA in Berlin.

It is a great pleasure that today the company does not struggle to survive but rather thinks about moving forward. We have lots of plans and ideas. I am sure that year 2011 will be very creative, with the company pursuing its ideas which will serve as the foundation for the company's future success.

**Managing Director,  
Gediminas Čeika**

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## 1. GENERAL INFORMATION ABOUT „SNAIGĖ“

### 1.1 Accounting period of the annual report-prospectus

The annual report-prospectus has been prepared for the year 2010.

### 1.2 The basic data about the Company

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

Authorised capital on 31 December 2010– 30 735 715 LTL

Address - Pramonės str. 6, LT-62175 Alytus

Phone - (315) 56 206

Fax – (315) 56 207; (315) 56 269

E-mail - snaige@snaige.lt

Internet web-page - <http://www.snaige.lt>

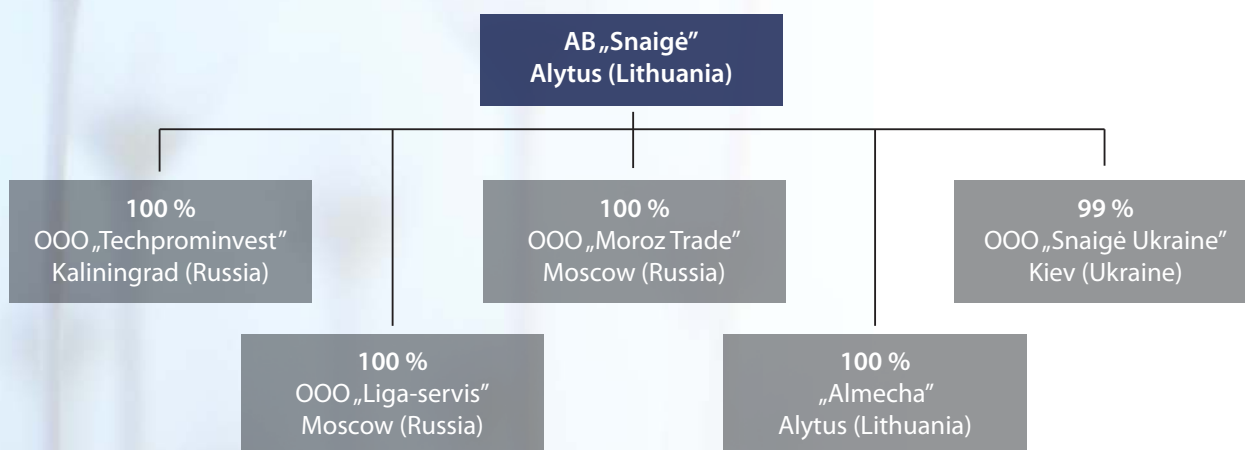
Legal organisation status – legal entity, public limited Company

Registered as an Public Enterprise of RL on December 1, 1992 in the Municipality Administration of Alytus; registration number AB 92-119; enterprise register code 249664610. The latest Statute of AB „Snaigė“ was registered on 20 April, 2010 in Alytus Department of Register of Legal Entities of the Republic of Lithuania.

### 1.3 The type of the Company's main business activities

The main business activity of the Company is manufacture of refrigerators and freezers and other activities, permitted by Lithuanian laws, as indicated in the registered Statute.

### 1.4 The Company's group structure





#### 1.4.1 The Company's group subsidiaries

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

- OOO “Techprominvest” activities: consumer goods and consuming devices manufacturing and realization, machinery maintenance and repair, consulting services, transportation services and other. The plant in Kaliningrad was registered in November 2002. Address: Bolshaja Okruzhnaja str.1-a, Kaliningrad, Russia. Since March 2009, the Company has stopped the production in the plant, since August 2009, the Company's Board has decided to close the plant.
- OOO “Snaigė Ukraine” activities: sales of refrigeration appliances, sales, consulting and services. The enterprise was registered in November 2002. Address: Grushevski str. 28-2a/43 Kiev, Ukraine.
- OOO “Moroz Trade” – trade and marketing services. The enterprise was registered in May 2004. Address: Prospect Mira 52 Moscow, Russia.
- OOO “Liga-servis” activities: sales of refrigeration appliances, consulting services, transportation services and other. The enterprise was registered in August 2005; Address: Prospect Mira 52 Moscow, Russia.
- UAB “Almecha” activities: manufacturing of miscellaneous machinery and equipment. The enterprise was registered in November 2006. Address: Pramones str. 6 Alytus, Lithuania.

#### 1.5 Information about the Company's offices and affiliates

The Company has no offices and affiliates.

#### 1.6 Short history of the Company's activities

1963 -The Company produced the first domestic refrigerators in Lithuania. During the first year was made the first 25 refrigerators;

1968- New plant started its operations;

1975 – Over 1 million refrigerators manufactured by this year;

1983 – The Company started export to foreign countries;

1990 – The Company has come under the control of the Republic of Lithuania;

1992 – The Company has been privatised and registered as a public limited liability the Company;

1995 – The Company was retooled. Use of Freon in the manufacture of refrigerators is discontinued. All the Company's products are manufactured only from ecologically clean materials;

1997 – The Company has achieved ISO 9001 certification for implementing international quality management standards;

2000 –The Company's quality management system was successfully re-certified for ISO 9001;

2001 – The Company has achieved ISO 14001 certification for implementing an environmental management system;

2002 – The Company started to produce a refrigerator with R600a environmentally friendly refrigerant and A + energy efficiency refrigerator production. Snaigė become EU project "Energy +" participant;

2003 - A + Grade energy efficiency fridge Snaigė RF310 LCI won the contest "Product of the Year" Gold Medal;

2004 – The Company opened its new plant in Kaliningrad;

2006 – The Company acquired 100% of the capital of the Russian wholesale and retail Company Liga Service; “Snaigė” has made its 10 millionth refrigerator;

The Company exported its products to more than 40 countries around the world;

2007 – The Company's Alytus plant started serial production of new line models “Snaigė ICE LOGIC”;

2007 - The Company was recognised as the most innovative Lithuanian Company;

This new line has won a national competition "Innovation Prize 2007" award. Refrigerators assess "innovative product" category;

The Company's environmental management system ISO 14001 successfully certificated;

Refrigerator “Snaigė ICE LOGIC” RF34SH awarded "Product of the Year" Gold medal;

During the following years Snaigė sold a record number - 653 thousands refrigerators;

2008 - “Snaigė ICE LOGIC” RF31SM was assessed as the "Product of the Year" and awarded a Gold medal;

Snaigė was awarded for "Innovation Award" in “Innovative product” category;

2009 - The loss of production and devaluation of the rubble conditioned to close the Company's factory in Kaliningrad;

2010 - The Company started of A ++ highest energy efficiency refrigerators serial production;

The Company and Kazakhstan national business corporation „Saryarka“ has established a joint venture.

“Snaigė ICE LOGIC” RF34 A++ was assessed as the "Product of the Year" and awarded a Gold medal.

#### 1.7 Mission. Vision. Values

##### Mission

To create value for the shareholders by implementing most up-to-date and advanced technologies, raising employees' qualification and conserving environment, to provide the consumer with high quality, functional and stylish refrigerating equipment for affordable price.

##### Vision

To become appreciated and recognized refrigerating equipment expert in Europe and Asia.

## Values

### Innovativeness

While living today we continuously think about tomorrow, because we know that success will belong to the one who was the best in projecting future needs of the consumers.

### Flexibility

To complete clients orders faster than others can, to complete order which cannot be completed by others.

### Partnership

While communicating with clients, partners, suppliers and colleagues it is important not only to listen, but also to hear.

### Ecology

Our products do not have any component that would endanger environment and people's health. Our modern manufacturing operations do not pollute the environment. We strive that thoughts and conscience of our employees would also be clean.

## 1.8 List of the most important events in 2010

The Company has finished designing the new refrigerator RF 36 with multifunctional compartment and No Frost system.

The Company and Kazakhstan national business corporation „Saryarka“ has established a joint venture.

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

Based on "Intelektas LT", The Company's project "Strengthening AB "Snaigė" Competitiveness by Investing in Development of Next-Generation "3D Frost" received funding of 865 161 Lt from EU Structural Funds.

Refrigerators were started to export to Tajikistan and Uzbekistan.

Refrigerator "Snaigė ICE LOGIC" RF34 A++ was assessed as the "Product of the Year" and awarded a Gold medal.

## 2. SNAIGE GOVERNANCE AND MANAGEMENT

### 2.1 The Company's Management bodies

#### 2.1.1 Management bodies

Management bodies:

- General Shareholder Meeting;
- The Management Board is formed of five members and elected for the period of 4 years;
- Head of the Company – Managing Director.

The calling of General Shareholder Meeting, the competence of the meeting has no differences from procedures and competences indicated in the Public Company law of Republic of Lithuania.

The Management Board is elected and resigned by General Shareholder Meeting according to the procedures indicated by the Public Company law.

The Management Board has a right to take decision to issue bonds. The competence of the Management Board has no other differences from competences indicated in the Public Company law. The work procedures of the Management Board are set by boards work rules of procedure.

The competence of the Head of the Company, his nomination and resignation procedures are not different from ones indicated in the Public companies law.

The company has the Audit Committee which is the operating collegial administrative body and which was selected by shareholders in 2009. The audit committee is operating by audit committee's labour regulation.

#### 2.1.2 Legal basis of the Company's operations

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

### 2.2 Corporate governance bodies

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

NAME	Position	The available number of shares, units	The share capital, per cent	Votes, per cent
<b>BOARD</b>				
Martynas Česnavičius	AB "Snaigė" Chairman of the Board since 2010 04 29	15	0,00	0,00
Nerijus Dagilis	AB "Snaigė" Chairman of the Board till 2010 04 29, member of the board	15		
Kęstutis Pilipuitis	AB "Snaigė" member of the Board till 2010 11 19			
Robertas Beržinskas	AB "Snaigė" member of the Board	-	-	-
Mindaugas Gedvilas	AB "Snaigė" member of the Board	-	-	-
<b>ADMINISTRATION (Managing Director and Chief Financier)</b>				
Gediminas Čeika	AB "Snaigė" Managing Director	1531	0,00	0,00
Neringa Menčiūnienė	AB "Snaigė" Finance Director	-	-	-

8 November, 2010 informed the NASDA OMX Vilnius Stock Exchange information system that the member of the Board Kęstutis Pilipuitis presented a report on his resignation as a member of the Board since 19 November, 2010. 10 April 2010 at the ordinary General Shareholders Meeting, Mindaugas Gedvilas was elected to the Board member for a four year term.

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

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

Name	Name of organisation, position	Share of the capital and votes available in other companies, in percentage
Martynas Česnavičius	UAB "Laisvas Nepriklausomas Kanalas" member of the Board	-
	UAB "Profinance"	50,00
	UAB "Malsena-Plius" Chairman of the Board	-
	UAB "Litagra" member of the Board	-
	UAB "Meditus" member of the Board	-
	AB "Sanitas" member of the Board	-
	UAB „Atradimų studija" member of the Board	31,00
	AB „Kauno Pieno Centras" member of the Board	-
Nerijus Dagilis	UAB „Hermis Capital" Chairman of the Board	-
	UAB „Ežerų pasaulis"	25,00
	UAB „Hermis fondų valdymas" General Manager	-
	UAB „Gulbinų turizmas"	16,67
	Kaunas' sports club „Oktanas" General Manager	-
	UAB "Neries investicijos"	100,00
	UAB „Deitona", General Manager	100,00
	UAB "Focus Investments" General Manager	50,00
	UAB "Mūsų rezervas"	-
Robertas Beržinskas	AB "Utenos Trikotažas" member of the Board	-
Mindaugas Gedvilas	AB "Amilina", Genetral Manager and member of the Board	-
	VŠĮ „Eksportuojanti Lietuva", member of th Board	-
Gediminas Čeika	OOO "Techprominvest" member of the Board	-
Neringa Menčiūnienė	OOO "Techprominvest" member of the Board	-
	UAB „Almecha", Chairman of the Board	-
	AB "Unikalios investicijos" Managing Director	-

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

Name	Education, qualification	Workplaces and positions during the recent 10 years
Martynas Česnavičius	Vilniaus University Bachelor in Banking and Finances	2003.05 – current, Advisor at Luxembourg domiciled Investment Fund "Amber Trust I & Amber Trust II"
		Related to above currently represented in following companies:
		UAB "Malsena- Plius", Chairman of the Board
		UAB "Laisvas Nepriklausomas Kanalas" Board member
		AB "Snaige" Chairman of the Board
		UAB "Litagra" Board member
		AB "Kauno Pieno Centras", Board member
		UAB "Meditus" Board member
		AB "Sanitas" Board member
		2002 – 2003.03 Vilnius Audi Centre General Manager
2001 – 2003.03 UAB "Moller Auto", UAB "Keturi Žiedai" Boards member		
Gediminas Čeika	Vilnius University, Bachelor in Economics.	From January 2008 – AB „Snaige" Managing Director
		2005 12 – 2008 01 – AB „Snaigė" Sales Director
		2001 05 – 2005 12 - „Kraft Foods Lietuva" Business Clients Relationships Director for the Baltic States
		2000 11 – 2001 05 – Internship at „Kraft Foods" Company in Czech Republic
		1997 – 2000 11 - „Kraft Foods Lietuva" Sales Director for Latvia and Estonia
1994 – 1997 - „Kraft Foods Lietuva" Sales Manager for Vilnius region		

Neringa	Vilnius University,	From 2008 06 02 AB "Snaigė" Finance Director
Menčiūnienė	Analysis of economic activities and accounting, Accountant - economist qualification	From 2010 05 AB "Unikalios investicijos" Managing Director From 2008 05 – 2010 05 AB "Vilniaus Vingis" Liquidator 2006 05 – 2008 05 – AB "Vilniaus Vingis" Managing Director 2005 08 – 2006 04 – airline AB "Lietuvos avialinijos" Finance and Purchase Director 2003 03 – 2005 08 – AB "Vilniaus Vingis" Chief Accountant 2001 01 – 2003 03 – AB "Vilniaus Vingis" Chief Accountant 1996 08- 2003 03 – AB "Vilniaus Vingis" Accountant 2001 01 – 2003 03 – AB "Vilniaus Vingis" Chief Accountant assistant 1996 08- 2003 03 – AB "Vilniaus Vingis" Accountant

#### 2.2.4 Information about start date and end date of the office term of each member of the management body

Name	Start date of the office term	End date of the office term
<b>BOARD</b>		
Nerijus Dagilis	2006 05 02	2011 04 26
Kęstutis Pilipuitis	2009 04 01	2010 11 19
Martynas Česnavičius	2006 05 02	till 2014 GMS
Marius Binkevičius	2006 05 02	2010 04 29
Mindaugas Gedvilas	2010 04 29	till 2014 GMS
Robertas Beržinskas	2008 04 23	till 2014 GMS
<b>ADMINISTRATION (Managing Director and Chief Accountant)</b>		
Gediminas Čeika	2008 01 03	Term less agreement
Neringa Menčiūninė	2008 06 02	Term less agreement

8 November, 2010 informed the NASDA OMX Vilnius Stock Exchange information system that the member of the Board Kęstutis Pilipuitis presented a report on his resignation as a member of the Board since 19 November, 2010. 10 March 2010 informed the NASDA OMX Vilnius Stock Exchange information system that the member of the Board Nerijus Dagilis presented a report on his resignation as a member of the Board since 26 April, 2010.

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

There is no such information.

#### 2.2.6 Information about benefits and loans granted to governing bodies

No benefits and loans were granted to governing bodies.

#### 2.2.7 Information about the total amounts and average amounts of the salaries, tandems and other profit benefits paid by the Company during the reporting period per person. As well as salaries received by Managing Director and Finance Director

During 2010 no salaries were paid to the members of the management bodies.

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

No such payments were made during 2010.

#### 2.2.9 Information about the loans, warranties and securities of the performance of liabilities granted to the members of the management body during the accounting period.

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

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

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

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

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

### 2.3 The Company's group's Management structure

**Gediminas Čeika** – Managing Director.

**Neringa Menčiūnienė** - Financial Director.

**Rūta Petrauskaitė** – Marketing Director.

**Kęstutis Urbonavičius** – Technical and Production Director.

### 2.4 Procedures of changing the Company's articles of association

The articles of the Company can be modified by the decision of General Shareholders Meeting, with the qualified majority of 2/3, except from the cases described in the law of public companies.

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

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

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

## 3. AB „SNAIGĖ“ AUTHORISED CAPITAL, SHAREHOLDERS, INFORMATION ABOUT SECURITIES

### 3.1 The Company's authorized capital

#### 3.1.1 The authorized capital registered in the enterprise register

Name of the securities capital,	Amount of the securities	Nominal value, LTL	Total nominal value, LTL	Share of the authorized in percentage
Ordinary registered shares	30 735 715	1	30 735 715	100

#### 3.1.2 Changes in authorized capital during the last 3 years

Registration of changed authorized capital	The size of the authorized capital before the change	Change	Reason for change	The size of the authorized capital after the changed
2007.01.18	23 070 405	+ 756 960 LTL	Acquisition of additional funds in order to acquire additional shares of OOO „Techprominvest“	23 827 365 LTL
2008.09.11	23 827 365	+4 000 000 LTL	Increase of authorized capital by issuing 4 000 000 units of ordinary shares	27 827 365 LTL
2010.04.20	27 827 365	+2 908 350 LTL	Increase of authorized capital by converting shareholders securities to 2 908 350 units ordinary shares.	30 735 715 LTL

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

On 7 April 2009 the Company has issued 75 000 units of convertible bonds. On the redemption day the owners of the convertible bonds can convert each bond into 345 ordinary shares of AB „Snaigė“, with nominal value of one share equal to 1 LTL. In case all the owners of the bonds converted the securities, the subscribed capital of the Company would increase by 25 875 000 LTL. Currently the bond issue is not fully redeemed, but till the set deadline for providing a request to convert the bonds owners of 8 430 units of bonds have indicated their will to convert the securities. These owners will be provided with 2 908 350 units 1 LTL nominal value ordinary shares of the Company by increasing the Company's subscribed capital with a corresponding number of shares.

In 9 April, 2010 the Company has issued 61 372 units of convertible ordinary bonds. On the redemption day one bond can be converted into 380 ordinary shares of AB „Snaigė“ with nominal value of 1 LTL. In case all the bondholders convert the bonds the authorized capital will increase by 23 321 360 LTL.

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

Currently the Company has two convertible bonds issues outstanding: the issue which took validity on 7 April, 2009, which was not redeemed on agreed term (8 April, 2010), and the issue which took validity on 9 April, 2010.

### The main information about convertible bonds issued in 2009

Securities	75 000 units of convertible bonds (hereinafter – Bonds, Convertible Bonds). Each bond has a nominal value of 100 EUR, maturity of the Bonds – 367 days.
Yield of the securities	The securities are issued with 18 (eighteen) percent annual interest rate calculated from the Bonds subscription price. Interest will be paid at the day of redemption and will be included into redemption price. Interest is paid for the period from the subscription till the redemption of the Bonds.
Start of bonds validity	7 April, 2009
Redemption date	8 April, 2010
Redemption price	100.00 EUR.
Nominal price of one bond	100 EUR
Total nominal value of the issue	7 500 000 EUR
Securities to be issued after conversion of the bonds	Bonds can be converted into AB „Snaigē” ordinary shares. Conversion rate is 1:345 (one Convertible Bond is convertible to 345 (three hundred forty five) shares).
Conversion ratio	1:345 (one Convertible Bond is convertible to 345 (three hundred forty five) shares).
Procedure of the conversion	<p>At the day of Bonds redemption the bondholders have a right to demand to convert their Bonds into ordinary shares of the Company. Every convertible Bond is converted into 345 ordinary shares. If the bondholder decides to convert Bonds into ordinary shares, he loses the right on the redemption day to receive the nominal value of the Bond, to which the interest is already included.</p> <p>After the redemption date of the Bonds, if there will be any requests to convert the Bonds, the shareholders of the Company in an extraordinary shareholders meeting will change the articles of association of the Company and will confirm the new articles of the Company to represent increased share capital and new number of shares. If all bondholders will express their wish to convert the Bonds, the number of ordinary shares of the Issuer will increase by 25 875 000. The total number of ordinary shares outstanding will amount to 53 702 365.</p>
Conversion terms	Bonds can be converted into ordinary shares of the Company at the day of redemption. The bondholders must express the wish to convert the Bonds into shares in a written form to the Coordinator or the Issuer no later than 5 working days to the redemption date. If the written form is not received, the Issuer and the Coordinator will assume that the bondholder is not willing to convert bonds into ordinary shares and will proceed with Bond redemption.

### The main information about Convertible Bonds issued in 2010

Securities	61 372 units 100 EUR nominal value 368 days to maturity convertible Bonds.
Yield of the securities	The securities are issued with 10 (ten) percent annual interest rate yields from the Bonds nominal price. Interest will be paid at the day of redemption, included into redemption price (Bonds redemption price – 110.2222 EUR which is composed of nominal price of one Bond and 10.2222 EUR accrued interest). Interest is calculated for the whole validity period of the Bonds (9 April, 2010 – 11 April, 2011).
Start of bonds validity	9 April, 2010
Redemption date	11 April, 2011
Redemption price	On the redemption day (11 April, 2011) the Company will redeem the bonds from investors not willing to convert the securities at a price per one Bond equal to 110.2222 EUR (100 EUR nominal price of one Bond and 10,2222 EUR accrued interest).
Nominal price of one bond	100.00 EUR.
Nominal value of the whole issue	6 137 200 EUR
Securities to be issued after conversion of the bonds	Bonds can be converted into AB "Snaigé" ordinary shares. Conversion rate is 1:380 (one Convertible Bond is converted to 380 (three hundred eighty) shares).
Conversion ratio	1:380 (one Convertible Bond is converted to 380 (three hundred eighty) shares).
Procedure of the conversion	At the day of Bonds redemption the bondholders have a right to demand to convert their Bonds into ordinary shares of the Company. Every convertible Bond is converted into 380 ordinary shares. If the bondholder decides to convert Bonds into ordinary shares, he loses the right on the redemption day to receive the nominal value of the Bond and accrued interest. After the redemption date of the Bonds, if there will be any requests to convert the bonds, the shareholders of the Company in an extraordinary shareholders meeting will change the articles of association of the Company and will confirm the new articles of the Company to represent increased share capital and new number of shares. If all bondholders will express their wish to convert the Bonds, the number of ordinary shares of the Company will increase by 23 321 360. The total number of ordinary shares outstanding will amount to 51 148 725.
Conversion terms	Bonds can be converted into ordinary shares of the Company at the day of redemption. The bondholders must express the wish to convert the Bonds into shares in a written form to the Coordinator or the Company no later than 5 working days to the redemption date. If the written form is not received, the Issuer and the Coordinator will assume that the bondholder is not willing to convert Bonds into ordinary shares and will proceed with Bond redemption.

#### *3.1.3.2 Scope of conversion, trade or right realisation of the loan or secondary securities with regard to the prospective increase of the authorized capital by converting, trading or providing the right to sign the Company's shares, as well as the preliminary date (dates) of such increase;*

One convertible bond issued in 2010 on the redemption day, 11 April 2011, if requested by investors, can be converted into 380 ordinary shares of the Company. In case all the investors request to converted possessed securities, 23 321 360 ordinary shares of the Company with nominal value of 1 LTL would be additionally issued. After the redemption of the Bonds, if there are any requests to convert the Bonds, the management board of the Company will change the articles of association of the Issuer and will confirm the new articles to represent increased share capital and number of shares.

The owners of the Convertible Bonds issued in 2009 have requested to convert 8 430 units of Convertible Bonds. In total 2 908 350 ordinary shares with nominal value of 1 LTL will be provided for these investors while increasing the Company's subscribed capital by the corresponding number of shares.

#### *3.1.3.3 The prospective changes in the structure of the authorized capital (according to the type and class of the shares) due to conversion, trade or right realisation of the loan or secondary securities to be converted, traded for shares or providing the right to sign the issuer's shares;*

Due to the conversion of 8 430 units of convertible bonds issued in 2009, the subscribed capital of the company has increased by 2 908 350 units of ordinary shares of AB "Snaigé". Due to conversion the structure of subscribed capital has not changed.

In case the owners of all the Convertible Bonds issued in 2010 decide to convert, the subscribed capital would increase by 23 321 360 units of ordinary shares of AB „Snaigē”. The subscribed capital of the Company then would be increased to 53 702 365 LTL. The structure of the subscribed capital would not be changed due to the conversion.

*3.1.3.4 Procedure and terms of signing or trading of the issued shares due to increase of the authorized capital by trading the loan or secondary securities or by right realisation; the categories of the owners of the loan or secondary securities to be provided with the preferential right to sign the shares (provided that the preferential right with regard to the individual categories of the loan or secondary securities has been ensured in the terms of issuance thereof).*

On the day of redemption, i.e. 11 April 2011, one Convertible Bond issued may be converted into 380 ordinary registered shares in the company upon demand of the Bond holder.

Should there be Bond holders wishing to convert Bonds, they will be directly given 380 ordinary registered shares in Snaigē, AB per one Convertible Bond. No pre-emptive rights will be granted to individual groups of investors. Bonds may be converted to ordinary registered shares in the Company on the redemption day. Holders of Convertible Bonds wishing to convert the Bonds held must notify the Company at least 5 business days prior to the redemption day of Convertible Bonds.

## 3.2 Shareholders

### 3.2.1 Largest shareholders

The total number of the Shareholders on 31 December 2010 was 1 767 .

The major shareholders who own or control more than 5 percent of the issuer's authorized capital are listed below:

Names (Company names, addresses, enterprise register codes) of the Shareholders	Amount of the ordinary registered shares available, in pcs.		Share of the authorized capital and votes available, in percentage				
	Total	incl. the ones owned by the Shareholder	Total		incl. the ordinary registered shares owned by the shareholder		Total incl. the share of the entities group operating jointly, in percentage
			share of the votes	share of the capital	share of the appointed votes	share of the capital	
Swedbank – client securities, Liivalaia 8, Tallinn 15040 Estonia, comp. code 10060701	15 004 428	15 004 428	48,82	48,82	48,82	48,82	-
Skandinaviska Enskilda – client securities, Sergels Torg 2, 10640 Stockholm, Sweden, comp. code 502032908101	3 720 698	3 720 698	12,11	12,11	12,11	12,11	-

### 3.2.2 Shareholders with special control rights

There are no Shareholders with special control rights.

### 3.2.3 Restrictions of Shareholders voting rights

All the Shareholders have equal voting rights.

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

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

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

### 3.3.1 Securities included in the trading lists of regulated securities markets

30,735,715 ordinary registered shares of AB “Snaigē” are included into the Secondary trading list of the NASDAQ OMX Vilnius stock exchange. The total nominal value of the shares is 30,735,715 LTL. The VP CD (Securities Central Depository) number is 10927. The nominal value of a share was 1 (one) LTL.

On 14 April 2009 the Company has submitted an application to list 61 372 units of the Company's Convertible Bonds with maturity of 368 days on the debt securities list of the NASDAQ OMX Vilnius. Total nominal value of the issue: 6 137 200 EUR, securities ISIN code LT1000401315. The nominal value of one Bond – 100 EUR. Bonds redemption date – 11 April 2011.



Since 8 May, 2009 the Company on its own initiative requested NASDAQ OMX Vilnius to switch its shares from the NASDAQ OMX Vilnius Official listing and add them to the OMX Vilnius Additional listing.

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

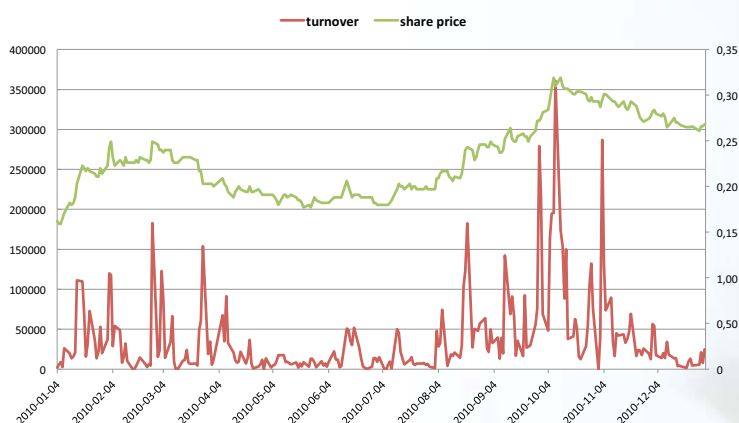
Trade of the Company's ordinary registered shares in the securities stock exchange was started on August 11, 1995. The ordinary registered shares of AB "Snaigė" have been listed in the Official trading list of NASDAQ OMX Vilnius stock Exchange since April 9, 1998.

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

**3.3.2.1 Trade on NASDAQ OMX Vilnius stock exchange**

Trade in Company's shares during 2008-2010 m.

Accounting period		Price (LTL)			Turnover (LTL)			Date	Total turnover	
from	to	max	min	last session	from	to	max	min	last session	from
2008-01-01	2008-03-31	6.99	4.30	4.50	1 597 050	-	4 564	2008-03-31	600 671	2 812 040
2008-04-01	2008-06-30	4.35	2.52	2.58	1 744 380	-	5 103	2008-06-30	660 946	2 589 446
2008-07-01	2008-09-30	2.59	1.54	1.54	46 496	-	-	2008-09-30	136 889	309 287
2008-10-01	2008-12-31	1.59	0.5	0.55	65 519	-	550	2008-12-30	291 640	231 584
2009-01-01	2009-03-31	0.55	0.2	0.2	283 817	-	3 311	2008-03-31	1 684 678	536 730.45
2009-04-01	2009-06-30	0.71	0.19	0.51	672 269	-	20 127	2009-06-30	6 759 213	3 302 407
2009-07-01	2009-09-30	1.02	0.39	0.74	961 510	-	136 229	2009-09-30	18 767 808	11 902 104
2009-10-01	2009-12-31	0.79	0.5	0.57	1 131 084	2 017	94 031	2009-12-30	9 043 825	6 274 783
2010-01-01	2010-03-31	0.86	0.55	0.7	648 185	-	18 933	2010-03-31	9 627 794	7 380 575



**Trade in the Company's Convertible Bonds**

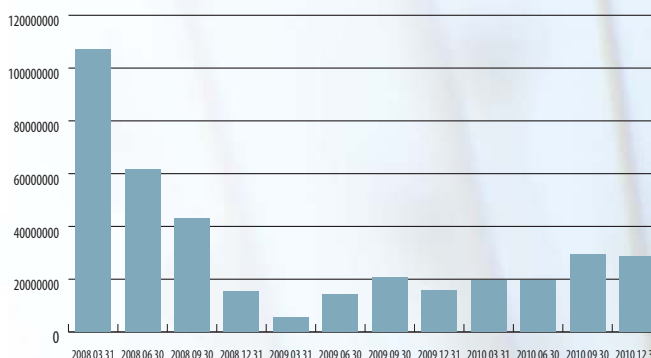
According to the data provided by NASDAQ OMX Vilnius in 2010 there were no the Company's Convertible Bonds sale-purchase agreements made.

**3.3.2.2 Trade in other regulated markets**

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

**3.3.3 Capitalization of the Company's shares**

Accounting period	Capitalization (LTL)
2008.03.31	107 223 143
2008.06.30	61 474 602
2008.09.30	42 854 142
2008.12.31	15 305 051
2009.03.31	5 565 473
2009.06.30	14 191 956
2009.09.30	20 592 250
2009.12.31	15 861 598
2010.03.31	19 479 156
2010.03.31	19 479 156
2010.06.30	19 363 500
2010.09.30	29 198 929
2010.12.31	28 441 306



### 3.3.4 Trade of securities outside the stock exchange

Since the ordinary registered shares are included into the Additional trading list of NASDAQ OMX Vilnius stock exchange, the purchase-sale transactions of the shares can be executed only in NASDAQ OMX Vilnius stock exchange. The transactions performed outside the stock exchange comprise exchange, endowment, inheritance and settlement of debts and repay transactions.

The transactions with regard to the ordinary registered shares of AB "Snaigė" executed outside stock Exchange

Accounting period	Monetary settlement					Non-monetary settlement		Total amount (pcs.)
	Price (LTL)		Amount of securities (pcs.)	Sum (LTL)	Number of deals	Amount of securities (pcs.)	Amount of transactions	
	max	min						
2007 I q.	11.50	5.47	347 690	2 548 606	16	-	-	347 690
2007 II q.	11.21	4.48	212 610	1 197 021	9	55	1	212 665
2007 III q.	8.83	7.02	78 146	684 792	5	8 150	1	86 296
2007 IV q.	8.52	-	1 160 430	7 832 783	16	4 420	2	1 164 850
2008 I q.	8.69	3.22	1 390 247	6 366 309	13	-	-	1 390 247
2008 II q.	4.62	-	1 920 374	7 414 931	16	-	-	1 920 374
2008 III q.	4.66	1.27	889 999	1 976 210	21	-	-	889 999
2008 IV q.	2.73	0.34	2 427 029	2 896 711	19	-	-	2 427 029
2009 I q.	0.79	0.21	557 536	322 181	29	90	1	557 626
2009 II q.	0.69	0.19	2 412 906	1 088 399	19	645	1	2 413 551
2009 III q.	0.78	0.40	4 166 132	2 165 669	18	1 042 000	1	5 208 132
2009 IV q.	0.68	0.28	474 000	313 858	4	-	-	474 000
2010 I quarter.	0.89	0.28	1 262 171	932 415	14	800	2	1 262 971
2010 II quarter.	-	-	-	-	-	-	-	-
2010 III quarter.	-	-	-	-	-	-	-	-
2010 IV quarter	1.07	0.99	2 110 000	2 172 759	3	-	-	2 110 000

### 3.4 Information about the repurchase of own shares

During 2009 no repurchase of own shares was made.

During 2010 no repurchase of own shares was made.

### 3.5 Dividends paid

Price to Earnings ratio

Year	Basic profit per share, Lt	Share price	Price to Earnings ratio
2005	0.65	17.2	26.46
2006	-0.44	12.1	negative
2007	-0.41	6.99	negative
2008	-0.82	0.55	negative
2009	-1.31	0.57	negative
2010	-0.09	0.93	negative

Dividends paid

Year	Dividends paid out, LTL	Amount of dividends per share, LTL	Percentage of the nominal value of a share
1997	634 014	0,50	3,33
1998	900 299	0,71	4,73
1999	553 690	0,36	2,40
2000	169 183	0,11	0,73
2001	2 676 166	1,74	11,60
2002	18 456 324	12,00	80,00
2003	3 074 054	2,00	11,33
2004	1 384 224	0,06	6,00
2005	0	0	0
2006	0	0	0
2007	0	0	0
2008	0	0	0
2009	0	0	0
2010	0	0	0

The Company currently has no officially approved dividend payment policy. Due to adverse financial situation, the Company has not paid dividends in recent years.

### 3.6 Contracts with public circulation of securities dealers

March 3, 2010 the Company entered into a contract with UAB FMĮ "Orion Securities" for the Company's securities accounts and securities accounts for private management.

March 3, 2010 the Company entered into a contract with AB "Šiaulių bankas" for the Company's securities accounts and securities accounts for private management.

30 January 2008 AB "Snaigė" signed a market making agreement with UAB FMĮ "Orion Securities". This agreement was terminated on 11 February 2011.

### 3.7 Restrictions on transfer of securities

There is no restriction on the transfer of securities issued.

## 4. AB „SNAIGĖ“ OPERATING REVIEW

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

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

	2010	2009	2008	2007	2006
Sales revenue	113.838.664	123.542.451	340.955.610	412.803.030	356.441.622
Gross profit	17.427.496	12.621.987	42.565.127	49.087.235	50.315.207
Net loss	-2.612.907	-38.182.235	-24.100.344	-11.415.935	-10.585.267
Average share price	0,86	0,61	3,52	9,4	12,94

Financial Figures	2010	2009	2008
Profit before tax indicator, %	-2,7	-31,51%	-7,60%
General mark-up, %	15,31	10,26 %	12,60%
EBITDA mark-up, %	8,06	-14,47	0,90%
Solvency ratio, %	63,9	53,7	86%
Debt to assets ratio, %	67,57	71,75%	64,95%
Return on average shareholders' equity, %	-8,55	-128,50%	-34,68

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

Shares indicators	2010	2009	2008
Earnings per share, LTL	-0,09	-1,37	-0,87
Average annual share market price, LTL	0,79	0,49	3,02
EBITDA per share, LTL	0,30	-0,74	0,11
EBITDA multiplier (EBITDA per share / Average annual share market price)	0,38	-1,50	0,04
Total dividends, in thous. LTL	-	-	-
Dividends per share, LTL	-	-	-
Average net book share value, LTL	1,10	1,07	2,5

### 4.2 Production

#### 4.2.1 The Company's product portfolio

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

The Company produces high quality of various models of household refrigerators, refrigerator - and showcases, wine refrigerators, freezers and their spare parts.

The Company's main products - refrigerators. They are classified into four main categories:

- Combined refrigerators with separate external doors;
- Coolers;
- Freezers;
- Commercial refrigerators.

In 2010, The Company mainly produced by the combined refrigerators with separate external doors.

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

Type of activities	2010		2009		2008	
	units	perc.	units	perc.	units	perc.
Refrigerators sold, units	184 635	100	199 418	100	523 219	100
including:						
Combined refrigerators – freezers with separate external door	125 938	68,2	14 0318	70,4	410 761	78,5
Domestic refrigerators (single cooler)	13 992	7,6	17 930	9,0	28 466	5,4
Freezers	34 893	18,9	33 185	16,6	66 766	12,8
Commercial refrigerators	9 812	5,3	7 985	4,0	17 226	3,3

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

Kaliningrad factory stopped working on 2009 03 02

### 4.3 Sales

The Company divides its sales markets into the following main groups by importance of sales markets and geographic distribution:

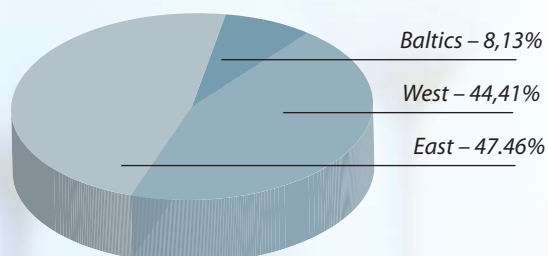
Baltic market (Lithuania, Latvia and Estonia), Eastern market (Russia, Ukraine, Kazakhstan, Uzbekistan, Tajikistan, other CIS countries), Western market (Germany, France, Belgium, the Netherlands, Poland, Portugal, Czech Republic, other countries of Western and Central Europe).

In 2010 Snaigė, AB sold over 184 thousand refrigerators. Revenues from main production sales reached 113.8m LTL, that is, 7.4 per cent less as compared to the previous year. Decrease in turnover was due to the drop in sales on the Western and Baltic markets. Even though rather significant, increase in sales on the Eastern market did not suffice to compensate for this decrease (around 36 per cent as compared to 2009).

Sales on the Western market accounted for the majority of sales revenue (47.5 per cent). Slightly lower figures (44.4 per cent) were on the Eastern market. Lowest sales revenue (8.1 per cent) was on the Baltic market.

Exports accounted for 94 per cent of total product sales, i.e. 105.7m LTL.

Company's sales in 2010 (according to sales revenue):



#### Eastern Market

In 2010 the Company sold 85.9 thousand production pieces on the Eastern market and earned 50.5m LTL in sales revenue, i.e. 36 per cent increase as compared to 2009.

This significant increase in sales revenue was for the most part due to the rising sales in Ukraine. Following the repeal of additional duties at the end of 2009, which were applied almost throughout entire 2009, the Company managed, for the most part, to recover its market positions in 2010. In 2010 Snaigė, AB sold 68.1 thousand fridges on the Ukrainian market and sales revenue reached 41.4 m LTL, i.e. three times the revenue of the previous year. Expert data show that Snaigė, AB had a 4 per cent market share on the Ukrainian household refrigerator market.

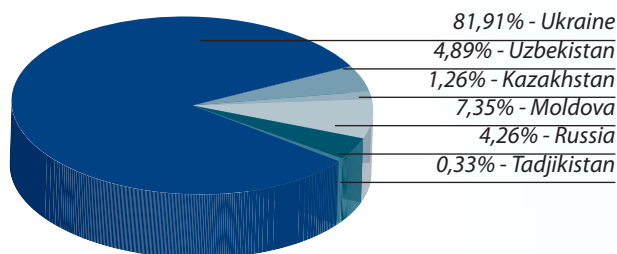
Sales in Moldova were noticeably higher. In 2010 the company sold 6.3 thousand production pieces and generated 3.7 m LTL in revenue, i.e. twice the revenue of the previous year. The reason behind this increase was sales to new customers.

Expert data show that Snaigė, AB had around 8 per cent market share on the Moldavian household refrigerator market.

2010 for Snaigė, AB also marked the start of trade connections with Tajikistan and more active trading activities with Uzbekistan. These are exotic and far away countries yet very profitable markets where refrigerators by Snaigė are particularly valued. In 2010 the company sold 4 thousand production pieces and earned 2.6 m LTL in revenue.

Sales on the Russian market dropped significantly due to the closure of the plant in Kaliningrad in 2009. In 2010 the Company sold only 6.3 thousand fridges and received 2.2m LTL in revenue, 9 times less as compared to the previous year. Introduction of additional duties resulted in drop in sales in Kazakhstan. In 2010 refrigerator sales on this market were only 1 thousand production pieces and a mere 0.6m LTL in revenue, more than three times less than the previous year.

Sales in the Eastern market in 2010 (according to sales revenue):

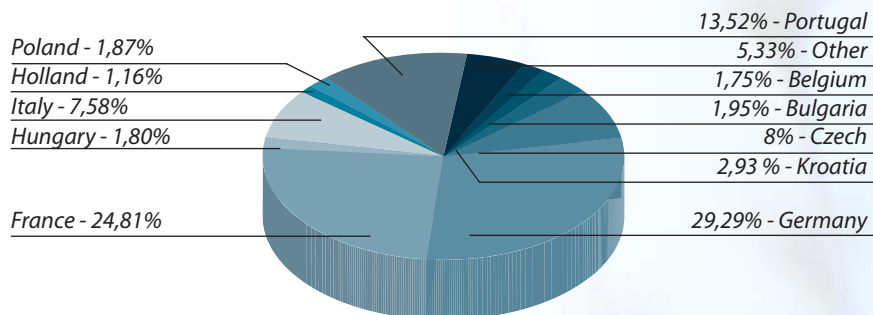


**Western Market**

On the Western market Snaigė, AB sales in 2010 were 87.5 thousand production pieces and 54m LTL in revenue. This constitutes 28 per cent drop in revenue as compared to the previous year. The majority of production was sold and revenue generated on the German market (24.7 thousand ps. 15.7m LTL), French market (24 thousand ps. 13.3m LTL), and Portuguese market (13.1 thousand ps. 7.3m LTL). Contrary to expectations, the domestic appliances' market did not show any clear signs of recovery in 2010. In fact it was the opposite – consumer electronics market (including refrigerators and freezers) in Central European countries shrunk by approximately 20 percent due to the ongoing economic downturn. Markets also shrunk in Western European countries, for example, in France and in Germany market shrunk by around 2 percent in 2010.

Snaigė, AB struggled to compete with Chinese and Turkish manufacturers which offered to the market production at very low prices, a factor so relevant in the times of crisis. Nevertheless on the segment of highest energy efficiency class production the company did very well being one of the first ones in Europe to introduce products in this class. Quality of these refrigerators was highly appreciated by German, French, and Italian customers. Moreover, the Company found a new trade niche in Western countries. It's the production of refrigerators in a variety of colours in small runs. To this end the Company acquired specialized paint application equipment which completely met our expectations. The Company plans to expand this niche in the following year also.

Sales in the Western market in 2010 (according to income):



**Baltic Market**

In 2010 Snaige AB in the Baltic States market had sold more than 11 thousand refrigerators and its income was about 9.3 million LTL, it is about 14 percents less compared with 2009. At the same period in Lithuania Snaige AB had sold about 9 thousand refrigerators and had got more than 8 million LTL incomes, it is 7,4 percents less than last year. According to the analysis Snaige AB had hold about 10 percents of the domestic refrigerators' market in Lithuania in 2010. In the meantime in Latvia Snaige AB had sold about 1.2 thousand refrigerators and its incomes was close to 1.1 million LTL. At the same period of time in Estonia Snaige AB had sold a little bit more than 700 hundred refrigerators and had got more than 0.4 million LTL. The biggest influence to the sales reduction in the Baltic States market had the bankrupt of the main sales partner in Latvia, also the shrunken consumption and the growing sales of the cheap Chinese production in Estonia.

## AB SNAIGÉ brand portfolio

In 2010 The Company sold 59.4 percent of the products with their brands SNAIGE and GENERAL FROST. Besides these, the plant is producing refrigerators under other brands of trade partners and retail networks:

General Frost - TESCO, the second largest domestic appliance retail network in Europe;

Far - CONFORAMA, the largest domestic appliance retail network in France;

Smeg (Italy);

Whirlpool;

Zannusi;

Bartscher;

Brandy Best;

Coldis;

Continent;

Cool;

Exquisit;

Frigibel;

Helkina;

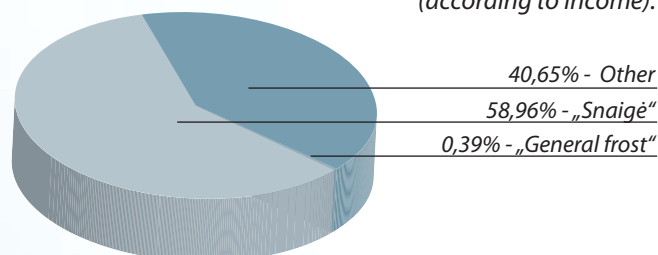
KBS;

Orima;

Raymond;

Tschibo.

The Company's brand portfolio in 2010  
(according to income):



## 4.4 Supply

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

The major suppliers are listed below: „ACC“, „Danfos Compressors“ GmbH (compressors), „Geko-Kart“, „CFF“, AO „Severstallat“, „Arcelor-Mittal“, „KME Europa Metal“, „KM Ibertubos“ S.A., „Sintur“ s.z o.o., „BASF“, „Total Petrochemical“, Bay „Systems Northern Europe“, UAB „ARA“, UAB „Lisiplast“, UAB „Hoda“, „Telko group“.

The priorities set in the purchase strategy of the Company are high quality assurance and effective logistics. Increasing competition between the suppliers stimulates continuous improvement of the purchased product.

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

## 4.5 Employees and human resource policy

### 4.5.1 The Company's human resource policy

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

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

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

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

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

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

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

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

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

#### 4.5.2 The employees of the Company in 2008-2010 according to the personnel groups:

Employees	2010			2009			2008		
	Amount	%	Average salary	Amounts	%	Average salary	Amounts	%	Average salary
managers	4	0,6	20 524	4	0,5	17 202	6	0,4	18 921
specialists	127	19,9	2 995	146	20,0	2 938	230	16,4	3 046
workers	506	79,4	1 394	582	79,5	1 250	1 168	83,2	1 508
In total:	637	100,0	1 818	732	100	1 653	1 404	100	1 845

#### 4.5.3 The structure of the Company's employees in 2008-2010 according to education level

Education level of the employees	2010		2009		2008	
	Amount	%	Amount	%	Amount	%
university education	100	15,7	131	17,9	168	12
professional high school education	383	60,1	431	58,9	772	55
secondary education	145	22,8	160	21,9	449	31,9
uncompleted secondary education	9	1,4	10	1,4	16	1,1
Total:	637	100	732	100	1 404	100

#### 4.5.4 The employees of the Company and its subsidiaries in 2008-2010 according to the personnel groups\*

Employees	2010		2009		2008	
	Amount	%	Amount	%	Amount	%
managers	8	1,04	8	0,6	11	0,5
specialists	171	22,2	294	20,6	394	18
workers	591	76,8	1 123	78,8	1 832	81,5
Total:	770	100	1 425	100	2 237	100

\*Average yearly data

## 4.6 Investment policy

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

	TECHPROMINVEST	MOROZ TRADE*	LIGA SERVIS	SNAIGE – UKRAINE	ALMECHA
Registration date, head-office address	Registration date: November, 2002. Address: Bolshja Okruznaja str. 1-a, Kaliningrad, Russia	Registration date: May, 2004. Address: Prospekt Mira 52, Moscow, Russia	Registration date: August, 2005. Address: Prospekt Mira 52, Moscow, Russia	Registration date: November, 2002. Address: Grushevsky str. 28-2a/43, Kiev, Ukraine	Registration date: November, 2006. Address: Pramonės str. 6, Alytus, Lithuania
Type of activities	manufacture of refrigerators	sales and marketing services	sales and marketing services	sales and marketing services	production of other equipment and machinery
Share of the authorized capital available to AB "Snaigė", %	100	100	100	99	100
The authorized capital (LTL)	50.294.873	855	855	54.474	1.375.785
Share of the authorized capital unpaid by the Company	Completely paid	Completely paid	Completely paid	Completely paid	Completely paid
2010 profit (loss) (LTL)	(917.630)	-	(292.587)	(35.258)	38.646

\* 000 Moroz Trade doesn't has liquid assets, that's why no financial data.

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

Each year the Company invests into development of technical progress and manufacture of new, ecological-friendly, cost-effective and modern products. Three new products were developed, and the current products improved. In the process of acquisition of new products the new technologies were assimilated, and the current ones improved.

Investments of AB "Snaigė" in Alytus:

**In 2008** in total **3,284 m LTL** was invested into development of new products, improving of manufacturing technologies.

- For development of new products – **1,561 m LTL**;
- For development of technologies - **0,390 m LTL**;
- For modernization of energy infrastructure - **0,459 m LTL**;
- For technical support of manufacturing, by updating depreciated equipment, for improvement of work places and work conditions – **0,625 m LTL**;
- For development of logistics and technical maintenance – **0,140 m LTL**;
- Technical development of „SNAIGĖ-SERVISAS“ center – **0,027 m LTL**;
- Development and updating of IT – **0,083 m LTL**.

**In 2009** there was invested **1,659 m LTL** for development of new products, improving of manufacturing technologies.

**0,516 m LTL** was dedicated for development of new products.

During the year 2009 research studies of increasing energy efficiency of refrigerator models RF27, RF31 and RF34 implemented allowed to start production of "A++" line of these refrigerator models.

After signing agreement with Finance ministry and ministry of Economy regarding partial financing through EU structural funds in August 2009, the development of refrigerator RF36 with multifunctional compartment, having "No frost" refrigerating technology was initiated.

Investment amount were allocated to:

- Development of technologies - **0,219 m LTL**;
- Technical support of manufacturing - **0,864 m LTL**;
- Development of logistics – **0,013 m LTL**;
- Development of „Snaigė - servisas“ center – **0,023 m LTL**;
- Development of IT – **0,023 m LTL**.

In 2008 – 2009 cost saving programme was being implemented in the Company, the measures of which allows saving 8.28 LTL per refrigerator produced. In total these measures allowed to save 1.264 m LTL.

In 2010 it was invested 1,433 m LTL for the development of the new products, the development of the technology, operating support, logistics processes development and for the renovation of IT equipment.

In 2010 it was invested 679 thousand LTL into the program of the development of new products. Into the preparation of this program were invested 152,5 thousand LTL. Due to the fact that one of the new products development projects (the one about the creation of the refrigerator RF36NF with multifunctional compartment) was partly funded by European Union structural funds, the amount of 384.275,23 LTL, Snaigė AB to this project had invested 669.6 thousand LTL by itself.

For the new products development, the preparation of their production and the development of the existing products there was invested 770.5 thousand LTL.

Those new products were produced:

A++ energy efficiency class refrigerators RF27, RF31, RF34;

A+ energy efficiency class freezer F245;

A+ energy efficiency class single cooler C290.

It was developed RF36NF refrigerator with multifunctional compartment,

Also it was updated present products:

Installed LED illuminators into ND RF refrigerators;

Installed LED illuminators into refrigerators CD290 and CD350

The refrigerator C290-1XXX2 A was updated and fitted to the new EU directives

Into the farther technological development, particularly necessary and efficient projects implementation it was invested 108.1 thousand LTL

Due to the program of the production technical support, to replace the raddled tools and equipment it was spent 2.3 thousand LTL and also it was purchased long term assets for the 168.3 thousand LTL

Into development of logistics operation it was invested 1.0 thousand LTL

Into development of IT equipment it was invested 31.8 thousand LTL



Investments in subsidiary the Company „Techprominvest“ (Kaliningrad, Russia):

In 2008 there was invested 1,955 m LTL . The allocation of investment:

- 3 equipment sets for filling of refrigerator cases and doors with thermal isolation were acquired – 259 000 LTL;
- Moulding form for manufacturing of door covers installed – 155 400 LTL;
- Door panel manufacturing line modernized– 138 100 LTL;
- Other technical equipment – 1.4 m LTL.

No investment into subsidiary the Company “Techprominvest” were made in 2009.

No investment into subsidiary the Company “Techprominvest” were made in 2010.

## 4.7 Environment Protection

### 4.7.1 Environmental policy

The Company's environmental vision - organic products, clean technology and clean environment.

The Company's products, production technology and services cannot do the illegal exposure of atmospheric air, water, workers, consumers and environment.

Environment must not be contaminated by waste products of production and more than is inevitable and allowed.

The Company's management is trying to implement a vision and a clear understanding of environmental importance, assume the following responsibilities:

- Usable for legal and other companies to set conditions related to environmental aspects;
- Do pollution prevention, paying attention to gas, increasing the greenhouse effect, the use of control and thus contributing of global warming mitigation;
- Continually improve environmental performance;
- To increase our staff approach to environmental protection;
- Design products, according to materials and efficient resources, hazardous materials use, waste reduction and the reuse and recycling of consumer needs.

### 4.7.2 Environmental report

AB „Snaigė“ is one of the most advanced manufacturing companies of Lithuania in the field of environment protection. The activities of the Company are regulated by environment protection management system, which complies with international ISO 14001 standard requirements. The system is working since 1995, and last year certificate Bureau Veritas Certification Lithuania has extended the validity of the system for additional three years.

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

“Snaigė” refrigerators are manufactured from ecological materials which do not have any harmful elements. For example, every plastic part of a refrigerator is marked (according to ISO), so that it can be reused one more time, recycle according to directive 2002/96/EB describing electrical and electronic equipment waste requirements. Technological product surface coating process is ecologically clean: solid covering and drying with natural gas is used. Cooling system is filled with natural cooling gas R600a, which do not deteriorate ozone and for insulation of the refrigerator no harmful ciklopentane is used.

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

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

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

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

## 4.8 Risk factors related to the business of the Company

**Macroeconomic Risk.** At present both Lithuanian and global markets feel the effects of the economic and consumption slowdown which could affect the demand for company's products and company's business prospects. Investor assumes the risk that these macroeconomic factors could negatively impact financial situation of the Company.

**Credit Market Risk.** Currently there is more activity and better credit availability on both Lithuanian and global markets. Even though internal financial resources of the company are limited, operations for the most part rely on external credit financing. In light of the global credit market recovery, it can be presumed that this recovery will have a positive impact on the Company's financial situation.

**Company's Financial Accounting Accuracy Risk.** In 2007, in their auditor's opinion of financial statements of the company, auditor of the Company expressed a conditional opinion regarding accuracy of financial statements (the exact opinion and justification thereof can be found in consolidated financial statements of 2007). In 2008, auditor of the Company refused to give an opinion regarding accuracy of financial statements in the auditor's opinion (exact refusal to give an opinion and justification thereof can be found in consolidated financial statements of 2008). Previous discrepancies in financial statements of the Company allow the presumption that there is a risk that in the future periods also financial statements might not completely accurately reflect financial situation of the company. In the opinion of 2009, auditor of financial statements gave a conditional opinion regarding financial situation of the company with a reservation that financial statements presented in all material aspects fairly represent financial situation of Snaigė, AB Group as of 31 December 2009 in accordance with International Financial Reporting Standards generally applied in the European Union.

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

**Risk of Legal Proceedings.** On 12 February 2010 Kaunas District Court made a ruling in the case where Snaigė, AB was involved as the respondent and AS Compfitt Glass as the plaintiff. On 5 October 2010 Lithuanian Court of Appeals decided to change the above mentioned ruling, i.e. the Court of Appeals divided the amount adjudged, that is, 2,191,089.04 LTL, into two equal instalments of 1,095,544.52 LTL each, and ordered Snaigė, AB to pay the first instalment by 1 February 2011 (currently the company seeks possibilities to pay this amount under a schedule more favourable to the plaintiff) and the remainder was to be payable in equal instalments by 12 February 2012. Since portion of the goods (valued at almost 500,000 LTL) the plaintiff seeks to receive payment for and Kaunas District Court ordered to pay for in its 12 February 2010 ruling were not even delivered to Snaigė, AB, the company will seek legal means to defend its interests and to have the amount adjudged in 12 February 2010 ruling reduced by the value of the goods that were not delivered. Settlement of this obligation from the working capital of the Company could negatively impact financial situation of the company.

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

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

**Business Continuity Risk.** There is a risk that due to negative changes on product markets, aggravated financial situation of the Company, loss of loan refinancing opportunities or other risk factors the Company will be unable to continue its operations. Business continuity presumptions are disclosed in detail under Note 2.2 of consolidated audited financial statements of 2009.

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

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

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

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

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

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

#### 4.9 Related party transactions

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

##### 4.10 Legal and arbitrary processes

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

### 5. OTHER INFORMATION ABOUT AB „SNAIGĖ“

#### 5.1 Membership in associated organisations

Snaigė, AB is a member of the EEPA association. The EEPA is an association established by manufacturers and importers of electrical equipment and batteries and accumulators. The main objective of the association is the implementation of waste management obligations by the association members stipulated in both EU and Lithuanian legislation. As of 2006 the association organizes waste from electrical and electronic equipment management and as of the end of 2009 – management of waste from batteries and accumulators. Activities of the association:

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

EEPA has 65 members.

AB „Snaigė“ is a member of LINPRA. The Engineering Industries Association of Lithuania LINPRA is an independent self-governing business association. Both nationally and internationally, it represents the interests of the Lithuanian mechanical, electrical, electronic and metalworking industrial sector and seeks to promote its business competitiveness.

Number of members: 80 (including almost all major companies of the sector).

Together with its partners, LINPRA responds to the needs of the companies operating in the sector and their potential counterparts by providing the following services:

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

AB „Snaigė“ is a member and the founder of the Association of Domestic Equipment Manufacturers “CE CED Lithuania”. The goals of the association are as follows: to coordinate activities of the members of the association active in the area of manufacture of domestic equipment, represent and defend the interests of the members, settle the issues raised by the members, ensure proper protection of the manufacturers' interests, etc.

#### 5.2 Patents, licences and contracts

The Company's activities are independent of patents or licences

#### 5.3 Recent and the most important events of the Company

Recent important events in the Company's business

### 5.3.1 Recent important events in the Company's business

**14.03.2011**

#### **Regarding approval of the circular of the non-competitive mandatory tender offer**

On 14 March 2011, Snaigė AB received an announcement from the shareholders KJK Fund SICAV-SIF, Firebird Republics Fund, Ltd. and Firebird Avrora Fund, Ltd. about the decision of the Securities Commission of the Republic of Lithuania of 14 March 2011 to approve the circular of a non-competitive mandatory tender offer to buy up the remaining ordinary registered voting shares of Snaigė AB.

The tender offer price is EUR 0.33 (thirty three euro cents) per 1 (one) ordinary registered share of Snaigė AB, LTL 1 (one litas) par value (ISIN code LT0000109274) each (equivalent in litas is equal to LTL 1.139424). Commencement of the implementation of the tender offer is on 18 March 2011, termination - on 31 March 2011.

**14.03.2011**

#### **Resignation of the Member of the Management Board**

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

**10.03.2011**

#### **Convocation of the Extraordinary General Meeting of Shareholders**

On 4 April 2011 the Extraordinary General Meeting of Shareholders of Snaigė AB, the address of head office Pramonės str. 6, Alytus, the company code 249664610 (further Company) is convened.

The place of the meeting - main meeting hall of the Company, at the address Pramonės str. 6, Alytus, Lithuania. The Meeting starts - at 10 a.m. (registration starts at 9:00 a.m.).

The Meeting's accounting day - 28 March 2011 (the persons who are shareholders of the Company at the end of accounting day of the General Meeting of Shareholders or authorized persons by them, or the persons with whom shareholders concluded the agreements on the disposal of voting right, shall have the right to attend and vote at the General Meeting of Shareholders).

The rights accounting day - 18 April 2011 (the shareholders will use property rights arising from the resolutions accepted during the General Meeting of Shareholders on a ratio basis of number of shares at the end of the rights accounting day).

The Board of directors of the Company initiates and convenes the meeting.

Agenda of the Meeting:

1. Regarding the issue of the convertible bonds.
2. Regarding the withdrawal of the shareholders' right of pre-emption to acquire convertible bonds.
3. Regarding the increase of the authorized capital and amendment of the Articles of Association.
4. Regarding the authorization.

The Company shall not provide the possibility to participate and vote in the Meeting through electronic communication channels.

Draft resolutions on agenda issues, documents be submitted to the General Meeting of Shareholders and other information related with the exercising of the shareholders' rights are available on the website of the Company [www.snaige.lt](http://www.snaige.lt) on menu item "For investors". This information will be also available for the shareholders at the head office of the Company (Pramonės street 6, Alytus) on business days from 9:00 am. till 16:00 pm. (on Fridays till 14:00), tel. +370 315 56206.

Shareholders that grant at least 1/20 of all votes shall have the right of proposing to supplement the agenda of the Meeting by providing the Meeting draft resolution on each additionally proposed issue or in case no resolution is required - the explanation. The proposals to supplement the agenda shall be submitted in writing or by e-mail. The proposals shall be presented in writing to the Company on business days or by sending it by registered mail at the address Snaigė AB, Pramonės street 6, LT-62175 Alytus, Lithuania. The proposals submitted via the e-mail shall be sent on [bozena.skorobogataja@snaige.lt](mailto:bozena.skorobogataja@snaige.lt). The proposals to supplement the agenda with the additional issues shall be submitted till the 21 March 2011, 16:00 pm. In case the agenda of the Meeting is supplemented the Company will report on it no later than 10 days before the Meeting in the same ways as on convening of the Meeting.

Shareholders holding shares that grant at least 1/20 of all votes shall have the right of proposing new draft resolutions on the issues already included or to be included in the agenda of the Meeting. The proposals shall be submitted in writing or by e-mail. The proposals shall be presented in writing to the Company on business days till 1 April 2011, 14:00 or by sending it by registered mail at the address Snaigė AB, Pramonės street 6, LT-62175 Alytus, Lithuania. During the Meeting the proposals shall be submitted to the Chairman of the Meeting after he announces the Meeting agenda and no later than the Meeting starts working on the issues of agenda. The proposals submitted via the electronic mail shall be sent on [bozena.skorobogataja@snaige.lt](mailto:bozena.skorobogataja@snaige.lt). The proposals submitted on this e-mail till the 1 April 2011, 14:00 will be discussed during the Meeting.

The shareholders shall have the right to present questions related to the General Meeting of Shareholders' agenda issues to the Company in advance in writing. The shareholders shall present the questions not later than 3 business days before the Meeting via the electronic mail on [bozena.skorobogataja@snaige.lt](mailto:bozena.skorobogataja@snaige.lt). The Company undertakes to respond to the submitted questions via the electronic mail till the Meeting day, except the questions related to the Company's commercial secret and confidential information.

During the registration to attend the Meeting the shareholders or the persons authorized by them shall submit a document which is a proof of his identity. The shareholders' authorized persons shall submit the power of attorney confirmed by the established order. The power of attorney issued by the natural person shall be notarized. A power of attorney issued in a foreign state must be translated into Lithuanian and legalized in the manner prescribed by law. Representative can be authorized by more than one shareholder and shall have a right to vote differently under the orders of each shareholder. The shareholder holding shares of the Bank, where the shares have been acquired on his own behalf, but for the benefit of other persons, must disclose before voting at the General Meeting of Shareholders to the Company the identity of the final customer, the number of shares that are put to the vote and the content of the voting instructions submitted to him or any other explanation regarding the participation agreed upon with the customer and voting at the General Meeting of Shareholders.

Shareholder shall also have the right to authorize through electronic communication channels another person (natural or legal) to participate and vote in the Meeting on shareholder's behalf. Such authorization shall not be confirmed by the notary officer. The power of attorney issued through electronic communication channels must be confirmed by the shareholder with a safe electronic signature developed by safe signature equipment and approved by a qualified certificate effective in the Republic of Lithuania. The shareholder shall inform the Company on the power of attorney issued through electronic communication channels by e-mail bozena.skorobogataja@snaige.lt no later than the last business day before the meeting at 14:00 p.m. The power of attorney and notification shall be issued in writing. The power of attorney and notification to the Company shall be signed with the Electronic Signature but not the letters sent via the e-mail. By submitting the notification to the Company the shareholder shall include the Internet address from which it would be possible to download free of charge software to verify an Electronic Signature of the shareholder.

Each shareholder or representative thereof shall have the right to cast his/her vote in advance in writing by filling in a general ballot paper. The general ballot paper form is on the Company's website www.snaige.lt on menu item "For Investors". Upon the written shareholder's request, the Company no later than 10 days before the Meeting shall send a general ballot paper by registered mail or hand it in person against signature. The general ballot paper filled shall be signed by the shareholder or his/her representative. In case the ballot paper is signed by the shareholder's authorized representative, such person along with the filled ballot paper shall submit the document to confirm the voting right. The ballot paper filled and the document confirming the voting right (if required) shall be submitted in a written form to the Company by registered mail at the address Snaigė AB, Pramonės street 6, LT-62175, Alytus, Lithuania or by submitting it to the Company. Validated will be fully filled-in ballot papers, received until the meeting.

**08.03.2011**

**Notification on the adjustment of the notification about the intention to submit a non-competitive mandatory tender offer**

On 7 March 2011 Snaigė AB received a notification that the notification about the intention to submit a non-competitive mandatory tender offer to buy up the remaining shares of Snaigė AB (hereinafter referred to as the "Notification") on 8 February 2011 provided by KJK Fund SICAV-SIF, Luxembourg company Société d'investissement à capital variable – fonds d'investissement spécialisé, with its registered address at 412F, route d'Esch L-1030, Luxembourg, registration No. B 86 729, Firebird Republics Fund, Ltd., a company established according to laws of the Cayman Islands, with its registered address at c/o Trident Trust Company (Cayman) Ltd., One Capital Place, P.O. Box 847 Grand Cayman, Cayman Islands, and Firebird Aurora Fund, Ltd., a company established according to laws of the Cayman Islands, with its registered address at c/o Trident Trust Company (Cayman) Ltd., One Capital Place, P.O. Box 847 Grand Cayman, Cayman Islands (hereinafter jointly referred to as the "Offer Submitters") was prepared according to the incorrect data on the shares of Snaigė AB, held by the person, acting in concert with the Offer Submitters, Amber Trust S.C.A., Luxembourg Société d'Investissement à Capital Fixe Qualifying as fonds d'Investissement specialise, with its registered address at 412F, route d'Esch L-1030 Luxembourg, registration No. B 87 145, and voting rights, granted thereof, which were provided due to the technical mistake.

Due to the indicated reason in the Notification it was incorrectly indicated the number of shares of the company, collectively held by the group members as well as the number of shares intended to be bought up during the mandatory tender offer, i. e. in the Notification it was indicated that the number of shares, intended to be bought up during the mandatory tender offer is 19,218,720, constituting 62.53% of shares and votes carried by them at the general meeting of shareholders of Snaigė AB, as well as that the Offer Submitters and Amber Trust S.C.A. collectively hold 11,516,995 shares of Snaigė AB, constituting 37.47% of shares and votes carried by them at the general meeting of shareholders of the company.

The correct respective numbers are the following: 18,859,920, i. e. 61.36% (the number of the remaining shares of Snaigė AB and votes carried by them intended to be bought up during the mandatory tender offer) and 11,875,795, i.e. 38,64% (the number of shares of Snaigė AB and votes carried by them, collectively held by the Offer Submitters and Amber Trust S.C.A.).

**08.03.2011**

**Announcement on the acquired revised notification about acquisition of voting rights**

On 7 March 2011 Snaigė AB received an announcement that due to a technical mistake in the notification about acquisition of voting rights in the company by KJK Fund SICAV-SIF, Firebird Republics Fund, Ltd., Firebird Aurora Fund and Amber Trust S.C.A. (the notification was announced on 8 February 2011) incorrect number of shares of the Snaigė AB, held by Amber Trust S.C.A. and voting rights granted thereof were indicated – 2,732,825. The correct number is 3,091,625 shares and voting rights granted thereof.

Hereby we attach the aforementioned announcement and a revised notification about acquisition of voting rights in the company by KJK Fund SICAV-SIF, Firebird Republics Fund, Ltd., Firebird Avrora Fund and Amber Trust S.C.A. (the date of the transaction is 7 February 2011).

**21.02.2011**

**LTL 35.56 million is the amount Snaigė AB reduced its loss over the year**

According to unaudited consolidated data, the consolidated unaudited turnover of Snaigė AB comprised LTL 113.84 million over 2010 and consolidated unaudited net loss of Snaigė AB totaled LTL 2.6 million. In the same period of the previous year the consolidated unaudited net loss of the company was LTL 38.2 million.

Alytus factory incurred a consolidated unaudited loss only of LTL 0.48 million in 2010.

According to the Director General Gediminas Čeika of Snaigė AB this loss could be avoided. "This loss is the maintenance expenses of a closed Kaliningrad factory of Snaigė AB and office in Moscow", stated G. Čeika. "Costs exceeded LTL 2 million and this directly affected our profitability figures. I am glad that in the nearest time the premises of Kaliningrad factory will be rented, therefore, the company will not incur loss due of these premises. Besides, we are expecting that the active search of potential purchaser of the factory, which is currently carried out, will be successful."

In Gediminas Čeika view, the company succeeded to overcome the most difficult years of economic recession. "Optimization of production and management, mobilization of capacity allowed not only to survive but also to maintain a stable operation, to retain a large part of its markets and marketability of production."

In 2010 Snaigė AB exported its products to 30 European and Asian countries. The largest number of Lithuanian refrigerators was acquired by Germany, Ukraine, France and Portuguese.

We did not forget our consumers: in May we presented new energy-efficient refrigerators Snaigė Ice Logic A++ (using twice as little energy). These refrigerators became very marketable not only in Lithuania, but also in many European countries".

Consolidated unaudited EBITDA of the company for 2010 totaled LTL 9.5 million, i.e. by LTL 23.9 million more than in the same period of the previous year. Non-consolidated unaudited EBITDA of Alytus factory comprised LTL 10.12 million. According to the Gediminas Čeika it is undoubtedly positive index evaluating the company's activity.

In 2011 Snaigė AB is going to invest LTL 3,7 million to new technology and new product development.

**14.02.2011**

**Snaige AB has received announcement about the executive officer's transactions on the issuer's securities which have been made by the Managing director.**

**08.02.2011**

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

On 8 February 2011 Snaigė AB received a notification that KJK Fund SICAV-SIF, Luxembourg company Société d'investissement à capital variable – fonds d'investissement spécialisé, with its registered address at 412F, route d'Esch L-1030, Luxembourg, registration No. B 86 728, Firebird Republics Fund, Ltd., a company established according to laws of the Cayman Islands, with its registered address at c/o Trident Trust Company (Cayman) Ltd., One Capital Place, P.O. Box 847 Grand Cayman, Cayman Islands, and Firebird Avrora Fund, Ltd., a company established according to laws of the Cayman Islands, with its registered address at c/o Trident Trust Company (Cayman) Ltd., One Capital Place, P.O. Box 847 Grand Cayman, Cayman Islands (hereinafter jointly referred to as the "Offer Submitters"), pursuant to their Board decisions intend to submit a non-competitive mandatory tender offer to buy up the remaining 19,218,720 (nineteen million two hundred eighteen thousand seven hundred twenty) ordinary registered shares of Snaigė AB (legal form: public limited liability company, legal entity code 249664610, registered at Pramonės St. 6, Alytus, the Republic of Lithuania, data about the company are collected and kept in the Register of Legal Persons of the Republic of Lithuania) with the par value of LTL 1 (one litas) each, constituting 62.53% (sixty two and fifty three hundredths percent) of shares and votes carried by them at the general meeting of shareholders of Snaigė AB.

The Offer Submitters and Amber Trust S.C.A. acquired more than 1/3 (one third) of shares of Snaigė AB on 7 February 2011. The aforementioned companies collectively hold 11,516,995 (eleven million five hundred sixteen thousand nine hundred ninety five) ordinary registered shares of Snaigė AB with the par value of LTL 1 (one litas) each, constituting 37.47% (thirty seven and forty seven hundredths percent) of shares and votes carried by them at the general meeting of shareholders of Snaigė AB.

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

**08.02.2011**

**Notification about acquisition of voting rights**

On 8 February 2011 Snaige AB received a notification about acquisition of voting rights in the company by KJK Fund SICAV-SIF, Firebird Republics Fund, Ltd., Firebird Avrora Fund and Amber Trust S.C.A. (the date of the transaction is 7 February 2011).

**08.02.2011**

**Notification about disposal of voting rights**

Snaige AB received a notification about disposal of voting rights from Sampo Fund Management Ltd.

12.01.2011

**Snaige AB notification on purchase-sale agreement of bonds in issue**

On 11 January 2011 Hermis Capital UAB signed an agreement to sell convertible bonds issued by Snaige AB (ISIN – LT1000401315, nominal value - 100 EUR, redemption date – 11 April 2011) for the following Snaige AB shareholders:

KJK Fund SICAV-SIF 6 617 bonds

Firebird Republics Fund, Ltd 1 629 bonds

Firebird Avrora Fund, Ltd 1 630 bonds

The transaction and the transfer of ownership rights should be completed by 21 January 2011.

The agreement also gives buyers the rights to acquire the remaining 22 411 convertible bonds, which can be exercised until 10 April 2011.

*5.3.2. Important events 2010*

16.11.2010

**Notification about acquisition of voting rights**

On November 12, 2010 Snaige AB received a notification about acquisition of voting rights from Sampo Fund Management Ltd (excess of the 5% on 1 October 2009).

09.11.2010

**Resignation of the Member of the Management Board**

On 8 November, 2010, member of the Management Board Snaige AB Kestutis Pilipuitis presented the request on the resignation from the members of Management Board from 19th of November, 2010.

05.11.2010

**Notification on transactions concluded by managers of the companies**

On November 4, 2010 Snaige AB has received announcement about the executive officer's transactions of the issuer's securities.

03.11.2010

**Notification about acquisition of voting rights**

Snaige AB received a notification about acquisition of voting rights from KJK Fund SICAV-SIF.

28.10.2010

**In the Third Quarter Snaige AB Alytus Factory Calculated Profit**

According to unaudited consolidated financial results of 9 months of 2010, Snaigė AB has received revenues of 87.8 m. LTL (25.43 m. EUR) and incurred net loss of 2.4 m. LTL (0.69 m EUR). The same period last year the Company has incurred unaudited consolidated net loss of 33.4 m. LTL (9.67 m EUR).

According to director general Gediminas Čeika, results of Snaigė AB factory in Alytus reflect the Company's activities more accurately than the consolidated results, because the factory in Kaliningrad was closed more than a year ago. Alytus factory during the third quarter, earned 2.5 m.LTL (0.724 m EUR) unaudited non-consolidated profit.

Company's director general said he was satisfied with both the third quarter and nine months results. "Snaige in this year is in a far better position than last year, said G.Čeika, last year nine-month unaudited non-consolidated EBITDA (after eliminating the closure of a factory in Kaliningrad loss) was -1.5 m Lt (-0.43 m EUR), but this year it was over than 7 m LTL. The third quarter of this year's non-consolidated unaudited EBITDA was 5 m LTL (1.45 m EUR) where last year over the same period non-consolidated unaudited EBITDA amounted to 1.5 m LTL (0.45 m EUR). This is perfectly illustrates significant Company's performance improvement.

These encouraging results, according to G. Čeika are the outcome of an excellent work and dedication of all Snaige employees. After the Company partial lost the Russian market, it didn't give up and looked for the other opportunities. Export of refrigerators under the brand Snaige was started to Uzbekistan and Tajikistan; it was also renewed trade with Kazakhstan and established commercial relations with several new clients in France, Germany and Spain. Also, the most economical refrigerators of A++ category with the minimum power consumption were successfully launched in Lithuania, Moldova, Czech Republic, Ukraine, Germany and other markets.

04.10.2010

**Notification on transactions concluded by managers of the companies**

Snaige AB has received announcement about the executive officer's transactions of the issuer's securities.

03.08.2010

**An encouraging Snaigė AB half-year results**

According to unaudited consolidated financial results of I half of 2010, Snaigė AB has received revenues of 47,2 m.LTL and incurred net loss of 1,1 m.LTL. According to managing director Gediminas Čeika, the company managed to survive the harshest years of economic downturn. „The manufacturing and managerial optimization, mobilization of company's capacities allowed not only to survive, but also to work stably, to maintain majority of market share and product demand. We haven't forgotten our consumers: on May the company presented the most economical refrigerators of A++ category with the minimum power consumption. These products become very popular in European market.

Although the forecasts for of large household compliance manufacturers and retailers for year 2010 are not very optimistic, we believe that the hardest period of Snaigė AB is already in the past."

Consolidated unaudited EBITDA of the company in the first half of 2010 totaled 5,4 m.LTL which is 14,4 m.LTL larger than in the same period previous year. According to Gediminas Čeika, this is certainly a positive indicator while evaluating company's operations.

**12.07.2010**

**AB „Snaigė“ has fully redeemed the bonds issued in 2009**

On 12 July 2010 AB „Snaigė“ has fully redeemed the bonds LT1000401174 and LT0000311334 issued in 2009. Part of the bonds were redeemed by investors subscribing newly issued AB „Snaigė“ bonds, remaining part was redeemed by AB „Snaigė“. After completing the bonds redemption all the liabilities related to the AB „Snaigė“ bonds issued in 2009 were covered.

**28.06.2010**

**Notification about disposal of voting rights**

On June 28, 2010 Snaigė AB received a notification about disposal of voting rights from Hermis Capital UAB.

**28.06.2010**

**Notification on transactions concluded by managers of the companies**

On June 19, 2010 Snaigė AB has received announcement about the executive officer's transactions of the issuer's securities.

**21.06.2010**

**Notification on transactions concluded by managers of the companies**

On June 19, 2010 Snaigė AB has received announcement about the executive officer's transactions of the issuer's securities.

**11.06.2010**

**AB Snaige news - A++ refrigerator, the best in energy efficiency class**

Alytus, the 11th of June, 2010. AB Snaige, the only domestic refrigerators producer in whole Baltic States region, represents the huge new in the domestic appliances market - the best in the energy efficiency class refrigerator SNAIGE Ice Logic A++.

“Those modern energy efficiency class refrigerators A++ consume to 60 percents electrical energy less than other refrigerators and are the most economical domestic refrigerating equipments in the world's market”, proposes AB Snaige the managing director Gediminas Ceika.

According to him, refrigerators and freezers consume about 25 percents of all household electrical energy, which price is getting higher and higher. He says, that it is natural that people are looking for the more economical refrigerators for saving electrical power and tax cost. Understanding this, AB Snaige had invoked the scientists of Kaunas Technology University into this project. They all together made the refrigerator which is the most efficiency and meets the highest standards in saving of the electrical energy. For the better efficiency of the freezing system was used the compressor of the new generation, and also it was made the condenser of the better design, which is maximizing the air circulation.

“The middle size lower energy class refrigerator consumes 0.91 kWh of electrical power per one day, whereas the A++ class refrigerator consumes almost twice less of it - only 0,56 kWh,” says AB Snaige managing director. According to him, the newest economical Ice Logic A++ refrigerator will save around 1 thousand Litas over the next few years, even if the price of the electricity stops to grow up. “We take a pleasure introducing this particularly economical and modern refrigerator Snaige. We forecast that this model will become very popular during our customers and will get much of attention of the refrigerators' market experts. By the way, we are one of the first's producers which are producing refrigerators of this highest class.”, tells G. Ceika.

SNAIGE Ice Logic A++ has exclusive design as well. One of the most famous engineering centres located in Italy “AE srl - Appliance Engineering” accredits this Lithuanian refrigerator as the future model. Ice Logic has earned both the prize of The Product of The Year and the prize of The Product of Innovation. The refrigerator is straight and neat, it reflects the newest fashion and efficiency tendencies of the domestic electrical appliances. It also does not have any components which could be harmful for people or environment. It has antibacterial system which protects from noxious bacterium, which simulates breakdowns and cause serious illness. The inside panes of the SNAIGE Ice Logical A++ are filled with special harmless compound mixed with silver ions, which all the time “fights” with harmful microorganisms inside the refrigerator and does not let them multiply.

**07.06.2010**

**AB „Snaigė“ resumes 5 days working week**

From June 10, 2010 AB “Snaigė” will resume 5-day working week from the current 4-day working week. According to Gediminas Čeika, managing director of AB „Snaigė”, the reason for longer working week is increased demand and summer season, which traditionally is the most active time for the sale of refrigerators. The company has enough orders for increased production for coming months, however, it is still too early to predict that the appliance market is recovering.

**28.05.2010**

**I quarter of AB „Snaigė“ - the first signs of recovery**

According to unaudited consolidated financial results of I quarter of 2010, AB „Snaigė“ has received revenues of 17.6 m.LTL and incurred net loss of 0.7 m.LTL. This is the best financial result since year 2008.

According to general director Gediminas Čeika, the company managed to survive the harshest years of economic downturn. „The manufacturing and managerial optimization, mobilization of company's capacities allowed not only to survive, but also to work stably, to maintain majority of market share and product demand. Although the forecasts for of large household compliance manufacturers and retailers for year 2010 are not very optimistic, we believe that the hardest period of AB „Snaigė“ is already in the past.”



Consolidated unaudited EBITDA profit of the company in the first quarter of 2010 totaled 2.8 m.LTL which is 12.9 m. LTL larger than in the same period previous year. According to Gediminas Čeika, this is certainly a positive indicator while evaluating company's operations.

**07.05.2010**

**The Election of the Chairman of the Board**

In the Board meeting on the 6th of May, 2010 Martynas Česnavicius had been elected to the position of the Chairman of the Board of Snaige AB.

**30.04.2010**

**The audited annual information for the year 2009**

Snaige AB hereby presents the audited consolidated annual information for the year 2009, which consists consolidated annual report and consolidated financial statements with independent auditors' report.

**30.04.2010**

**Notification on transactions concluded by managers of the companies**

On April 29, 2010 Snaige AB has received announcement about the executive officer's transactions of the issuer's securities

**29.04.2010**

**Decisions of the ordinary General Shareholder's meeting**

General meeting of shareholders held on April 29th in 2010 passed the following decision:

1. The annual report on the company's activities for the year 2009.

The annual report on the company's activities for the year 2009 was approved.

2. Auditor's report on company's financial statements of the year 2009.

It was taken in consideration the auditor's report approving the Company's financial statements for 2009.

3. Approval of company's annual financial statements of the year 2009.

The annual financial statements of the year 2009 were approved.

4. Approval of the 2009 profit appropriation.

The appropriation of profit (loss) of the year 2009 was approved:

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

Net profit for the year 2009 is -82,245,667 LTL (-23,819,991 EUR)

Net profit (loss) for allocation at the end of financial year -13,028,614 LTL (-3,773,347 EUR)

Shareholders contributions 0 LTL (0 EUR)

Share premium to cover losses 13,028,614 LTL ( 3,773,347 EUR)

Transfers from reserves 1,860,000 LTL (538,693.2 EUR)

Profit for distribution 1,860,000 LTL (538,693.2 EUR)

Allocation of profit:

Share of profit allocated to the statutory reserve 0 LTL (0 EUR)

Share of profit allocated to other reserves 0 LTL (0 EUR)

Of which:

to charity, support 0 LTL (0 EUR)

To social, cultural needs 30,000 LTL (8,688.6 EUR)

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

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

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

Share of profit allocated to investment reserve 1,830,000 LTL (530,004.6 EUR)

Retained earnings at the end of reporting year 0 LTL ( 0 EUR) .

5. Members of Management Board election for a new period.

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

6. Members of audit committee election for a new period.

Kustaa Aima, Rasa Balčiūnaitė-Kaminskienė, and Virginijus Dumbliauskas were elected as the members of Audit committee for the new period.

7. The collection of annual financial statements for the audit company and the establishment of the auditing service payment conditions.

The Ernst & Young Baltic as Audit Company was selected for the coming financial statements auditing, by extending contract with this audit company. The company's CEO was authorized, with the right to sub-delegate, to sign the extension contract with the audit company by setting the payment for auditing service and other conditions.

**29.04.2010**

**Notification about acquisition of voting rights**

On April 29, 2010 Snaigė AB received a notification about acquisition of voting rights from Hermis Capital UAB.

**28.04.2010**

**The project of the audited annual information for the year 2009**

Snaigė AB hereby presents the project of the audited annual information for the year 2009, which consists financial statements and independent auditors' report.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 Independent auditors' report to the shareholders of A

**21.04.2010**

**Snaigė AB will receive a loan with guarantee from INVEGA**

AB „Šiaulių bankas“ is planning to provide Snaigė AB with a 5 m.LTL loan which will be guaranteed by UAB „Investicijų ir verslo garantijos“ (INVEGA). The loan will be provided for the period of 5 years and will be exclusively used to finance working capital needs of the company. INVEGA guaranteed 80% of the loan face value.

According to the managing director of Snaigė Gediminas Čeika, this loan is very important for the operations of the company, especially now, when company is preparing for the high sales season. „This long-awaited financing will revitalize operations of our company, I hope we will be able to timely prepare for the high season and won't face production shortages, as was the case last year“, -- said G. Čeika. „We are also pleased with the guarantee from INVEGA, cause it demonstrates evident government's trust in the company“.

The loan agreement with „Šiaulių bankas“ should be signed in the upcoming days.

**21.04.2010**

**The authorized capital of Snaige AB increased nearly 3 million Lit**

Snaige increased the authorized capital from 27 827 365 Lit to 30 735 715 (thirty million seven hundred thirty five thousand and seven hundred fifteen) Lit.

Shareholders of company who owned 8 430 units of year 2009 convertible bonds LT1000401174 chose to convert securities into ordinary shares of Snaige AB. These shareholders in total will be provided with 2 908 350 ordinary shares of Snaigė with nominal value of one share equal to 1 LTL, by increasing company's subscribed capital with a corresponding value.

The change of article related with increased authorized capital is registered in Register of legal entities.

**14.04.2010**

**Submission of application**

On 14 April 2010 Snaigė AB has submitted to the management board of NASDAQ OMX Vilnius securities exchange application to list convertible bonds with maturity of 368 days on NASDAQ OMX Vilnius debt securities trading list.

**09.04.2010**

**Notification about disposal of voting rights**

On April 9, 2010 Snaigė AB received a notification about disposal of voting rights from Hermis Capital UAB

**09.04.2010**

**Notification on transactions concluded by managers of the companies**

On April 9, 2010 Snaige AB has received announcement about the executive officer's transactions of the issuer's securities.

**09.04.2010**

**Regarding redemption of the bonds and subscription of newly issued bonds**

On 6 April 2009 the subscription period of Snaigė AB convertible bonds with maturity of 368 days and annual interest rate of 10% has ended. During the subscription period 61 372 units of bonds with nominal value of 100 EUR per bond were subscribed by owners of Snaigė AB bonds issued in 2009 choosing to refinance their securities. In total bond holders have refinanced 73% of bonds issued in year 2009.

Investors who owned 8 430 units of year 2009 convertible bonds LT1000401174 chose to convert securities into ordinary shares of Snaigė AB. These investors in total will be provided with 2 908 350 ordinary shares of Snaigė AB with nominal value of one share equal to 1 LTL, by increasing company's subscribed capital with a corresponding value. In total bond holders have converted 11% of convertible bonds issued in year 2009.

Part of the bonds issues the owners of which didn't agree to refinance or convert owned securities were not redeemed. Due to financial loss incurred in year 2009 the company didn't generate sufficient amount of funds needed for redemption and due to the frozen credit markets of the region needed funds were not possible to be borrowed from outside sources.

The company will provide holders of non-redeemed bonds with proposals regarding liquidation of formed indebtedness as soon as possible.

**08.04.2010**

**The correct information**

Commenting information which appeared in the media today regarding failed redemption of Snaigė AB bonds issued in year 2009, Snaigė AB informs that information which appeared on the website of Central securities depository of Lithuania is not accurate. Official redemption term of the bonds is the end of working day of 8 April 2010. Currently the subscription of newly issued Snaigė AB convertible bonds LT1000401315 is taking place, the proceeds from which would be used for the redemption of bonds issued in 2009. The Issuer and it's representatives are still negotiating with the owners of bonds issued in 2009 regarding refinancing of the securities. As the subscription period hasn't finished yet, it is not clear if attracted funds will be enough for full redemption of the bonds. Official information regarding redemption of the bonds issued in 2009 and subscription results of newly issued convertible bonds issue will be released on 9 April 2010.

**07.04.2010**

**Snaigė AB General Meeting of shareholders and decisions projects**

On April 6, 2010 Management board of Snaigė AB decided to convene the General Meeting Snaigė AB (code 249664610) shareholders on April 29, 2010 at 10:00 in the main meeting hall of the company (Pramonės str. 6, Alytus).

Registration starts 9:30 pm, ends- 9:50 pm.

On the agenda:

1. The annual report on the company's activities for the year 2009;
2. Auditor's report on company's financial statements of the year 2009;
3. Approval of company's annual financial statements of the year 2009;
4. Approval of the 2009 profit appropriation;
5. Members of Management Board election for a new period;
6. Members of audit committee election for a new period;
7. The collection of annual financial statements for the audit company and the establishment of the auditing service payment conditions.

The account date of the ordinary General Meeting of Shareholders – the 22 of April, 2010. Shareholders that own Snaige AB shares on the end of the working day of 22 of April, 2010, shall have the right to participate in convened ordinary General Meeting.

The rights account day is 13th of May, 2010. Shareholders who have interests according 15 article 1 part 1, 2, 3 and 4 points of the Lithuanian Company's Law and who will be shareholders at tenth working day after the General Meeting of Shareholders which awarded decision related with shareholders interests.

Proposed decisions project:

1. To approve the annual report on the company's activities for the year 2009
2. To listen the auditor's report of company's financial statement for the year 2009
3. To approve annual financial statement for the year 2009
4. To approve appropriation of profit (loss) of the year 2009:

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

Net profit for the year 2009 is -82,245,667 LTL (-23,819,991 EUR)

Net profit (loss) for allocation at the end of financial year -13,028,614 LTL (-3,773,347 EUR)

Shareholders contributions 0 LTL (0 EUR)

Share premium to cover losses 13,028,614 LTL (3,773,347 EUR)

Transfers from reserves 1,860,000 LTL (538,693.2 EUR)

Profit for distribution 1,860,000 LTL (538,693.2 EUR)

Allocation of profit:

Share of profit allocated to the statutory reserve 0 LTL (0 EUR)

Share of profit allocated to other reserves 0 LTL (0 EUR)

Of which:

To charity, support 0 LTL (0 EUR)

To social, cultural needs 30,000 LTL (8,688.6 EUR)

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

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

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

Share of profit allocated to investment reserve 1,830,000 LTL (530,004.6 EUR)

Retained earnings at the end of reporting year 0 LTL (0 EUR).

5. To elect Nerijus Dagilis, Kęstutis Pilipuitis, Martynas Česnavičius, Robertas Beržinskas ir Mindaugas Gedvilas for the new four years period.

6. To elect Kustaa Aima, Rasa Balčiūnaitė-Kaminskienė, and Virginijus Dumbliauskas as the members of Audit committee for the new four years period.

7. To select the Ernst & Young Baltic as Audit Company for the coming financial statements auditing, by extending contract with this audit company. To authorize the company's CEO, with the right to sub-delegate, to sign the extension contract with the audit company by setting the payment for auditing service and other conditions.

#### **01.04.2010**

##### **Notification on transactions concluded by managers of the companies**

On April 1, 2010 Snaige AB has received announcement about the executive officer's transactions of the issuer's securities.

#### **31.03.2010**

##### **Notification on transactions concluded by managers of the companies**

On March 31, 2010 Snaige AB has received announcement about the executive officer's transactions of the issuer's securities.

#### **19.03.2010**

##### **On convertible bonds issue prospectus of Snaigė AB**

The prospectus of Snaigė AB convertible bonds issue with maturity of 368 days, nominal value of the whole issue of 8.05 m.EUR (27.79 m. LTL) was approved by Securities Commission of Lithuania on 18 March 2010.

The main facts about the issued convertible bonds:

- Maturity of the bonds: 368 days.
- Nominal value of one bond: 100.00 EUR.
- Number of issued bonds: 80 500 units.
- Annual interest rate: 10%

- Redemption price: 110.2222 EUR (sum of nominal value and accrued interest).
- Shares, to which bonds can be converted: Snaigė AB ordinary shares.
- Conversion rate: 1:380 (one bond is converted into 380 shares).
- Subscription period: 22 March 2010 – 8 April 2010.
- Beginning of the bonds validity period: 9 April 2010.
- Bonds redemption date: 11 April 2011.

Bond holders will have a right to convert one owned bond into 380 ordinary shares of Snaigė AB at the date of the bond redemption (11 April 2011).

On 5 March 2010 the general shareholder meeting of Snaigė AB has decided to cancel a pre-emptive right for the shareholders to subscribe the issued bonds. As a result, during the whole subscription period (22 March 2010 – 8 April 2010) the issued bonds can be subscribed by all interested investors.

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

**17.03.2010**

#### **Notification on transactions concluded by managers of the companies**

On March 17, 2010 Snaigė AB has received announcement about the executive officer's transactions of the issuer's securities.

**15.03.2010**

#### **Interim financial reports for 12 month of year 2009 and preliminary results for year 2009 of AB „Snaigė“**

1. Preliminary consolidated non-audited results for 2009

Revenues from sales and other activities: 23.518 m Lt (35.77 m EUR).

Loss before tax: -35.53 m Lt (- 10.29 m EUR),

Net loss: -36.45 m Lt (-10.56 m EUR),

EBITDA: -19.85 m Lt (-5.75 m EUR).

2. The 2009, as well as for most Lithuanian companies, was one of the hardest years in the Company history. Large household appliances industry has sensitively reacted to the economic downturn - the market has contracted by 40-50 percent, in some countries even by 70 percent.

AB Snaigė has timely and appropriately prepared for the downturn - the business was restructured, manufacturing was reorganized, number of employees was decreased. During 2009 the company has decreased operating costs by almost 11 m. LTL. Despite the downturn, in 2009 the company managed to work steadily, saved majority of markets and demand of manufactured products.

The most severe loss of AB Snaigė in 2009 - the close down of manufacturing plant in Kaliningrad. The decision to close the factory was taken in the beginning of the year when due to the devaluation of rubble manufacturing in Russia became unprofitable. The company incurred consolidated loss of 12 m.LTL due to the closure of the plant and lost position in Russian market.

Other factors which negatively affected company's results:

- Additional 13% import duty in place in Ukraine from March till September has significantly decreased sales in the country.
- Loss due to the bad debt totalled 2.1 m LTL.
- Lower capacity utilization resulted in higher labour costs and increase of indirect cost of goods sold the company lost 2 m LTL.
- Severance compensation totalled 4 m LTL.
- Due to unfavourable change in currency exchange rate the company lost 3.5 m LTL.
- Common effect of economic downturn factors totalled 21.5 m LTL

**08.03.2010**

#### **Notification on transactions concluded by managers of the companies**

On March 05, 2010 Snaigė AB has received announcement about the executive officer's transactions of the issuer's securities.

**08.03.2010**

#### **Notification about disposal of voting rights**

On March 08, 2010 Snaigė AB received a notification about disposal of voting rights from Hermis Capital UAB.

**05.03.2010**

#### **Decisions of shareholders extraordinary general meeting**

Extraordinary general meeting of shareholders held on March 5th in 2010 passed the following decision:

1. Convertible bonds issue.

1. To issue Company's convertible bonds (hereinafter – Bonds) under the following conditions:

1.1. Number of issued Bonds – up to 80 500 (eighty thousand fifty hundred) units;

1.2. Nominal value of one Bond – 100,- EUR (one hundred Euros);

1.3. Total nominal value of the issue – up to 8 050 000 EUR (eight million fifty thousand Euros);

1.4. Rights provided by the Bonds: at the redemption day to receive preset interest or convert Bonds to Company's ordinary shares according to the conversion ratio specified in this meeting decisions and Bonds subscription agreement;

- 1.5. Shares, to which one Bond is convertible:
- 1.5.1. Class – ordinary shares;
  - 1.5.2. Number – 380 (three hundred eighty) units;
  - 1.5.3. Nominal value – 1 LTL (one litas);
  - 1.5.4. Rights provided:
    - 1.5.4.1. To participate in the management of the Company;
    - 1.5.4.2. To receive a dividend;
    - 1.5.4.3. To receive a part of Company's assets after liquidation;
    - 1.5.4.4. To receive free shares if the Company's share capital is increased from the Company's capital;
    - 1.5.4.5. Pre-emptive right to subscribe to newly issued shares or bonds of the Company, with the exceptions described in the Company's articles of association and legal acts;
    - 1.5.4.6. To give loans for the Company as described in legal acts;
    - 1.5.4.7. To sell or in any other way transfer all or part of the shares, or to bequeath the shares in a will;
    - 1.5.4.8. To participate and to vote in the shareholder meetings. This right can be prohibited or limited as described in the legal acts of Lithuanian Republic, and then the ownership rights are disputed;
    - 1.5.4.9. According to the articles of association and other legal acts, to receive information about Company's activities;
    - 1.5.4.10. Other material and immaterial rights specified in legal acts and in the articles of the Company.
  - 1.6. Ratio, by which bonds are convertible into ordinary shares of the Company - 1:380 (one bond is convertible to 380 ordinary shares);
  - 1.7. Bonds redemption date – 368th day after the end of Bonds subscription period. Bonds are convertible into shares on the redemption day;
  - 1.8. Annual interest rate – 10% (ten percent);
  - 1.9. Method of interest payment: interest is paid in one payment when redeeming the Bonds;
  - 1.10. Bonds are redeemed in Euros;
2. Cancellation of a pre-emptive right.
- To cancel the pre-emptive right of the shareholders of the Company to acquire issued Bonds which is provided by the article 57 of the Lithuanian Republic public companies law.
- 2.1. Reason for cancellation: the pre-emptive right is cancelled in order to ensure favourable conditions for all interested investors to acquire issued Bonds.
  - 2.2. Persons allowed acquiring Bonds after cancellation of the pre-emptive right: after the pre-emptive right of the shareholders of the Company is cancelled, all interested institutional and private investors are allowed to acquire issued Bonds.
  - 2.3. Number of bonds available for acquisition after cancellation of the pre-emptive right: the cancellation of the pre-emptive right of the shareholders of the Company is valid for the whole Bonds issue.
3. Inclusion of convertible bonds issue into "NASDAQ OMX Vilnius" stock exchange debt securities list.
- After the end of bonds subscription period to submit an application to the management board of AB „NASDAQ OMX Vilnius“ with a request to include the issued bonds in the debt securities list of the „NASDAQ OMX Vilnius“ stock exchange.
4. Change of articles of the Company related with increase of the Company's subscribed capital.
- Change of articles of the Company if after the bonds redemption date there are Bonds which were converted into shares, to increase the Company's subscribed capital by the nominal value of shares to which the Bonds were converted.
5. Change of articles of the Company.
- Change of articles of the Company.
6. Grant of authorization.
- To authorize (with the right to reauthorize) and to oblige Company's director general:
- 6.1. To sign an agreement with the public turnover intermediary UAB FMĮ „Orion securities“, enterprise code 1220 33915, regarding to the processes needed to be taken to implement this meeting's decision of issuing convertible Bonds;
  - 6.2. To sign Bonds subscription agreements, while setting other parts of the agreement at discretion;
  - 6.3. To sign all other documents related to the subscription of Bonds, registration of Bonds in the Central Securities Depository of Lithuania, inclusion of bonds into the debt securities list of "NASDAQ OMX Vilnius" stock exchange.
  - 6.4. To sign changed articles of the Company after the increase in subscribed capital and number of ordinary shares and to provide the articles to the enterprise register of Lithuania;
  - 6.5. To sign changed and confirmed by shareholders in shareholders meeting the new edit articles of the Company and to provide the articles to the enterprise register of Lithuania;
  - 6.6. To execute any other actions, related to the implementation of the decisions of this meeting.

#### 02.03.2010

#### **AB "Snaigė" and Kazakhstan national business corporation „Saryarka“ has established a joint venture**

On 2 March 2010 in Astana, Kazakhstan, managing director of AB „Snaigė“ Gediminas Čeika and a representative of Kazakhstan national business corporation „Saryarka“ has signed documents regarding the establishment of

a new joint venture. The new venture was named „Snaigė“ Saryarka“ and will be registered in the register of the Kazakhstan Republic Ministry of Justice. The share capital owned by AB „Snaigė“ will be equal to 49%, by „Saryarka“ – 51% of total equity.

According to director general of AB „Snaigė“ the first and most important task of a newly established enterprise is securing the financing. „Negotiations with Kazakhstan banks and large investment funds have been started“ – said G. Čeika. „Our partners are optimistic, moreover, the project is supported by economy and trade ministry of Kazakhstan Republic. Minister of Kazakhstan Republic economy and trade ministry Asset Isekeshv has stressed the importance of the project to the Kazakhstan economy during the meeting with representatives of „Snaigė Saryarka“.

After securing financing „Snaigė Saryarka“ will build refrigerator manufacturing plant in Astana, later it will produce and sell refrigerators and freezers in Kazakhstan, Russia, Kyrgyzstan, and neighbouring markets.

According to the directors of AB „Snaigė“, the establishment of a new business venture and building of a new plant is highly advantageous for the Company. If the new business venture secures financing, the redeployment of manufacturing to Kazakhstan not only will allow AB „Snaigė“ to establish presence in Kazakh market, but also after the duty-free trading policy sets in will help AB „Snaigė“ to regain lost position in Russia as well as to enter other neighbouring markets. In addition to that, the new plant will be close to the suppliers of raw materials and component parts in Kazakhstan and China.

AB „Snaigė“ manufacturing plant in Alytus will further manufacture refrigerators for Baltic, Ukraine, Western and Central Europe markets.

About „SPK-Saryarka“

Public limited corporation „National company Social-business corporation „Saryarka“ was established in 2007 following order of the president of the Republic of Kazakhstan N. Nazarbaev. The mission of the corporation – to promote economic development in Kazakhstan capital Astana, districts of Akmolinsk and Karaganda. The goal of the corporation – creation of competitive manufacturing businesses able to export their products, establishment of effective systems for state assets management, launch of innovative projects, creation of business conditions favourable for development of small businesses.

The work of the corporation is developed by applying public-private-partnership model. „SPK-Saryarka“ invests half of earned profit into development of manufacturing industries not related extraction of raw materials, other part is devoted for implementation of social projects. „SPK-Saryarka“ owns 22 companies working in alternative fuel manufacturing area, manufacturing companies oriented to meeting resident needs, transport, logistics, building, waste recycling, agricultural, and medicine manufacturing companies.

**02.03.2010**

#### **Decisions project of the shareholder meeting of 5 March 2010**

On 26 of February, 2010, by decision No. 1-6 of Board proposed changes in decision project in points 1.5.2., 1.6., 1.8.

1. Convertible bonds issue;
2. Cancellation of a pre-emptive right.
3. Inclusion of convertible bonds issue into „NASDAQ OMX Vilnius“ stock exchange debt securities list;
4. Change of articles of the Company related with increase of the Company's subscribed capital;
5. Change of articles of the Company;
6. Grant of authorization.

The common voting - paper - download here

Proposed decisions project:

1. Convertible bonds issue;
  1. To issue Company's convertible bonds (hereinafter – Bonds) under the following conditions:
    - 1.1. Number of issued Bonds – up to 80 500 (eighty thousand fifty hundred) units;
    - 1.2. Nominal value of one Bond – 100,- EUR (one hundred Euros);
    - 1.3. Total nominal value of the issue – up to 8 050 000 EUR (eight million fifty thousand Euros);
    - 1.4. Rights provided by the Bonds: at the redemption day to receive preset interest or convert Bonds to Company's ordinary shares according to the conversion ratio specified in this meeting decisions and Bonds subscription agreement;
    - 1.5. Shares, to which one Bond is convertible:
      - 1.5.1. Class – ordinary shares;
      - 1.5.2. Number – 380 (three hundred eighty) units;
      - 1.5.3. Nominal value – 1 LTL (one litas);
      - 1.5.4. Rights provided:
        - 1.5.4.1. To participate in the management of the Company;
        - 1.5.4.2. To receive a dividend;
        - 1.5.4.3. To receive a part of Company's assets after liquidation;
        - 1.5.4.4. To receive free shares if the Company's share capital is increased from the Company's capital;
        - 1.5.4.5. Pre-emptive right to subscribe to newly issued shares or bonds of the Company, with the exceptions described in the Company's articles of association and legal acts;
        - 1.5.4.6. To give loans for the Company as described in legal acts;
        - 1.5.4.7. To sell or in any other way transfer all or part of the shares, or to bequeath the shares in a will;

1.5.4.8. To participate and to vote in the shareholder meetings. This right can be prohibited or limited as described in the legal acts of Lithuanian Republic, and then the ownership rights are disputed;

1.5.4.9. According to the articles of association and other legal acts, to receive information about Company's activities;

1.5.4.10. Other material and immaterial rights specified in legal acts and in the articles of the Company.

1.6. Ratio, by which bonds are convertible into ordinary shares of the Company - 1:380 (one bond is convertible to 380 ordinary shares);

1.7. Bonds redemption date – 368th day after the end of Bonds subscription period. Bonds are convertible into shares on the redemption day;

1.8. Annual interest rate – 10% (ten percent);

1.9. Method of interest payment: interest is paid in one payment when redeeming the Bonds;

1.10. Bonds are redeemed in Euros;

2. Cancellation of a pre-emptive right;

To cancel the pre-emptive right of the shareholders of the Company to acquire issued Bonds which is provided by the article 57 of the Lithuanian Republic public companies law.

2.1. Reason for cancellation: the pre-emptive right is cancelled in order to ensure favourable conditions for all interested investors to acquire issued Bonds.

2.2. Persons allowed acquiring Bonds after cancellation of the pre-emptive right: after the pre-emptive right of the shareholders of the Company is cancelled, all interested institutional and private investors are allowed to acquire issued Bonds.

2.3. Number of bonds available for acquisition after cancellation of the pre-emptive right: the cancellation of the pre-emptive right of the shareholders of the Company is valid for the whole Bonds issue.

3. Inclusion of convertible bonds issue into "NASDAQ OMX Vilnius" stock exchange debt securities list;

After the end of bonds subscription period to submit an application to the management board of AB „NASDAQ OMX Vilnius" with a request to include the issued bonds in the debt securities list of the „NASDAQ OMX Vilnius" stock exchange.

4. Change of articles of the Company related with increase of the Company's subscribed capital;

Change of articles of the Company if after the bonds redemption date there are Bonds which were converted into shares, to increase the Company's subscribed capital by the nominal value of shares to which the Bonds were converted.

5. Change of articles of the Company;

Change of articles of the Company (addition "The new edit of Snaigė, AB articles").

6. Grant of authorization

To authorize (with the right to reauthorize) and to oblige Company's director general:

6.1. To sign an agreement with the public turnover intermediary UAB FMJ „Orion securities", enterprise code 1220 33915, regarding to the processes needed to be taken to implement this meeting's decision of issuing convertible Bonds;

6.2. To sign Bonds subscription agreements, while setting other parts of the agreement at discretion;

6.3. To sign all other documents related to the subscription of Bonds, registration of Bonds in the Central Securities Depository of Lithuania, inclusion of bonds into the debt securities list of "NASDAQ OMX Vilnius" stock exchange.

6.4. To sign changed articles of the Company after the increase in subscribed capital and number of ordinary shares and to provide the articles to the enterprise register of Lithuania;

6.5. To sign changed and confirmed by shareholders in shareholders meeting the new edit articles of the Company and to provide the articles to the enterprise register of Lithuania;

6.6. To execute any other actions, related to the implementation of the decisions of this meeting.

**01.03.2010**

**The Snaigė AB interim financial report for 12 months of 2009 and preliminary consolidated non-audited results for year 2009**

1. Preliminary consolidated non-audited results for 2009

Revenues from sales and other activities: 123.518 m Lt (35.77 m EUR).

Loss before tax: -35.53 m Lt (- 10.29 m EUR),

Net loss: -36.45 m Lt (-10.56 m EUR),

EBITDA: -19.85 m Lt (-5.75 mLn EUR).

2. The 2009, as well as for most Lithuanian companies, was one of the hardest years in the Company history. Large household appliances industry has sensitively reacted to the economic downturn – the market has contracted by 40-50 percent, in some countries even by 70 percent.

Snaigė AB has timely and appropriately prepared for the downturn – the business was restructured, manufacturing was reorganized, number of employees was decreased. During 2009 the company has decreased operating costs by almost 11 m. LTL. Despite the downturn, in 2009 the company managed to work steadily, saved majority of markets and demand of manufactured products.

The most sever loss of Snaigė AB in 2009 – the close down of manufacturing plant in Kaliningrad. The decision to close the factory was taken in the beginning of the year when due to the devaluation of ruble manufacturing in Russia became unprofitable. The company incurred consolidated loss of 12 m.LTL due to the closure of the plant and lost position in Russian market.

Other factors which negatively affected company's results:

- Additional 13% import duty in place in Ukraine from March till September has significantly decreased sales in the country.
- Loss due to the bad debt totalled 2.1 m LTL.
- Lower capacity utilization resulted in higher labour costs and increase of indirect cost of goods sold the company lost 2 m LTL.
- Severance compensation totalled 4 m LTL.
- Due to unfavourable change in currency exchange rate the company lost 3.5 m LTL.
- Common effect of economic downturn factors totalled 21.5 m LTL.

3. The company presents consolidated non-audited interim financial report for 12 months of 2009 together with confirmation by responsible persons regarding accuracy of the report.

#### 26.02.2010

#### **Snaigė AB will establish a joint venture with Kazakh national business corporation "Saryarka"**

Information published in "Verslo ziniuos" February 26 related Snaigė future partners is not correct

On 26 February 2010 management board of Snaigė AB has decided to establish a joint venture with Kazakh national business corporation "Saryarka". The new company will build household refrigerating equipment manufacturing plant in Astana, later it will be responsible for manufacturing and refrigerators sales in Kazakh, Russian, Kyrgyzstan and other neighbouring markets.

The asset contribution of Snaigė AB into the new joint venture will comprise of manufacturing equipment transferred from closed Kaliningrad plant and manufacturing know-how. Snaigė AB will be responsible for launch of manufacturing operations in the new plant, assurance of effectiveness of manufacturing technologies, and organization and planning of sales and marketing processes. The Company's partner corporation "Saryarka" will be responsible of acquisition of land plot for the building of a plant, management of building processes, supply of labour force and financial resources.

According to the chairman of the management board of Snaigė AB Nerijus Dagilis, the establishment of a new business venture and building of a new plant is highly advantageous for the Company. „After the close down of Kaliningrad plant our sales have decreased significantly“ – said N. Dagilis. „If the new business venture secures financing, the redeployment of manufacturing to Kazakhstan not only will allow AB „Snaigė“ to establish presence in Kazakh market, but also after the duty-free trading policy sets in will help us to regain lost position in Russia as well as to enter other neighbouring markets.

The new joint venture will allow business consortium „Saryarka“ to contribute to the implementation of rapid industrialization strategy set by Kazakh government. According to the chairman of the management board of the consortium Berik Kamalijev, building of refrigerators manufacturing plant will be the first project of such level in Kazakhstan. „The establishment of the plant will significantly contribute to the formation of positive image of the Republic of Kazakhstan“ – said B. Kamalijev. „Moreover, the plant will create new workplaces, the network of supporting businesses will cluster around the plant.“

AB „Snaigė“ manufacturing plant in Alytus will further manufacture refrigerators for Baltic, Ukraine, Western and Central Europe markets.

About „SPK-Saryarka“

Public limited corporation „National company Social-business corporation „Saryarka“ was established in 2007 following order of the president of the Republic of Kazakhstan N. Nazarbaev. The mission of the corporation – to promote economic development in Kazakhstan capital Astana, districts of Akmolinsk and Karaganda. The goal of the corporation – creation of competitive manufacturing businesses able to export their products, establishment of effective systems for state assets management, launch of innovative projects, creation of business conditions favourable for development of small businesses.

The work of the corporation is developed by applying public-private-partnership model. "SPK-Saryarka" invests half of earned profit into development of manufacturing industries not related extraction of raw materials, other part is devoted for implementation of social projects. "SPK-Saryarka" owns 22 companies working in alternative fuel manufacturing area, manufacturing companies oriented to meeting resident needs, transport, logistics, building, waste recycling, agricultural, and medicine manufacturing companies.

#### 01.02.2010

#### **Notice of the Extraordinary General Meeting**

On February 1, 2010 Management board of AB „Snaigė“ decided to convene the Extraordinary General Meeting AB „Snaigė“ (code 249664610) shareholders on March 5, 2010 at 10:00 in the main meeting hall of the company (Pramonės str.6, Alytus).

Registration starts 9:30 pm, ends- 9:50 pm.

On the agenda:

1. Convertible bonds issue;
2. Cancellation of a preemptive right.
3. Inclusion of convertible bonds issue into "NASDAQ OMX Vilnius" stock exchange debt securities list;
4. Change of articles of the Company if after the bonds redemption date there are Bonds which were converted into shares, to increase the Company's subscribed capital by the nominal value of shares to which the Bonds were converted;
5. Change of articles of the Company;
6. Grant of authorization.



The account date of the Extraordinary General Meeting of Shareholders – the 26th of February, 2010. Shareholders that own Snaige AB shares on the end of the working day of 26th of February, 2010, shall have the right to participate in convened Extraordinary General Meeting.

The agenda of the Extraordinary General Meeting of Shareholders may be supplemented by initiative of shareholders who own shares no less than 1/20 of all the votes. Proposals to the agenda of the Extraordinary General Meeting of Shareholders may be submitted by e-mail [snaige@snaige.lt](mailto:snaige@snaige.lt) or delivered to the Company's representative office at Pramonės s. 6, Alytus (2nd floor) no later than the 19th of February, 2010. Please be informed that along with a proposal to supplement the agenda of the Extraordinary General Meeting of Shareholders must be submitted the drafts of proposed decisions, or if the decisions shall not be adopted, explanations on each of the proposed issue.

Please be informed that shareholders who own shares no less than 1/20 of all votes own the right at any time before the Extraordinary General Meeting of Shareholders or during the meeting in writing or by e-mail [snaige@snaige.lt](mailto:snaige@snaige.lt) propose new draft decisions related to the questions included into agenda, also nominate candidates to the company board or propose an audit company.

Shareholders own the right to ask the questions concerning the agenda of the Extraordinary General Meeting of Shareholders. Questions may be submitted by e-mail [snaige@snaige.lt](mailto:snaige@snaige.lt) or delivered directly to the Company's office at Pramonės str. 6, Alytus (2nd floor) not later than 4th of March, 2010.

Persons who participate in General Meeting of Shareholders must submit a document confirming the right to vote at an Extraordinary General Meeting of Shareholders. The authorized person at an Extraordinary General Meeting of Shareholders shall have the same rights as represented shareholder.

Shareholder's right to attend General Meeting of Shareholders also include the right to ask.

Please be informed that shareholders, who are entitled to participate at an Extraordinary General Meeting of Shareholders, own the right to authorize by electronic means physical or legal person to attend and vote on behalf of them at Extraordinary General Meeting of Shareholders. Power of attorney that is issued by the shareholder must be submitted by sending e-mail [snaige@snaige.lt](mailto:snaige@snaige.lt); [rasa.balciunaite@snaige.lt](mailto:rasa.balciunaite@snaige.lt), fax. 8-315-56-207 not later than the 4th of March, 2010.

Please be informed that on decisions which are included into Extraordinary General Meeting of Shareholders agenda can be voted in writing by completing the general ballot paper. If the person who had completed the general ballot paper is not a shareholder, the completed general ballot paper must be accompanied by a document confirming the right to vote. The duly completed general ballot paper (voting bulletin) should be sent by e-mail [snaige@snaige.lt](mailto:snaige@snaige.lt); [rasa.balciunaite@snaige.lt](mailto:rasa.balciunaite@snaige.lt), fax. 8-315-56-207 or delivered directly to the Company's Office at Pramonės str. 6, Alytus (2nd floor) not later than the 4th of March, 2010. The Company reserves the right not to include in the shareholder vote, if the general ballot paper does not meet the third and fourth parts of the 30 Article of Law on Companies requirements or the general ballot paper is written in a way that it is impossible to establish shareholder's will on a separate issue.

All information you could find in internet page <http://www.snaige.lt>

#### 5.4 Strategies and Plans

- Strengthening competitiveness by introducing to the market the new products, such as combined refrigerators RF 31 and RF 34 with glass surface, refrigerator RF 35 with four freeze compartments, the most energy efficient freezer F22 and one door cooler C 29.
- Further product portfolio development and technology improvement.
- Introduce the new opportunity of coloring refrigerators upon customer's request.
- Brand strengthening in Ukraine and Lithuania.
- Increase the profitability of the enterprise, the concentration of trade flows, profitable export markets.
- Continue cost-optimization policies:
  - Further cost reduction.
  - Continue its work in eliminating unnecessary functions.
  - To reduce production cost.
- Restructure of Purchasing department and further improving inventory management.
- Further production efficiency improvement.
- Selling or renting Kaliningrad factory facilities.

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

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
<b>Principle I: Basic Provisions</b>		
<b>The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.</b>		
1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	YES	The Company's business strategy is listed in the annual report, partly in the annual account, as well as in some press reports. The Company's published material events and announcements to investors also reflect the Company's policy.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	YES	The operational strategy of the Company is considered and approved by the Board of the Company; the strategy targets the need to ensure profitable performance with an ultimate view to increase the shareholders' equity. The compliance with the provisions of the Company's operational strategy is supervised by the Manager of the Company.
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	NO	The Company has not formed the Supervisory Board as the shareholders have refused to form such.
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	YES	The Board of the Company monitors and assesses the performance of the Company's Manager by analyzing the financial statement submitted by the Company's Manager, also the organization of the activities, data on the changes in equity, and has an authority to point out to the Manager the inappropriate execution of the above provisions.
<b>Principle II: The corporate governance framework</b>		
<b>The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.</b>		
2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.	YES	The collegial management body – the Board is elected by shareholders. Upon the decision of the Shareholders since May 2006 the Supervisory Board is not formed.
2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.	YES	The Board of the Company is responsible for the formation of the Company's operational strategy, organization of the enforcement thereof, the representation and the protection of the Shareholders' interest.
2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.	NO	Only the Board is formed in the Company (upon the shareholders' decision of May 2006).
2.4. The collegial supervisory body to be elected by the general shareholders' meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does not contradict the essence and purpose of this body.	YES	These principles apply to the Board to the extent they do not contradict the essence and the purpose of the Board.
2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies. <sup>2</sup>	YES	There are five Members of the Board and in the opinion of the shareholders this is sufficient.
2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.	NO	The Supervisory Board is not elected.

<sup>1</sup>Provisions of Principles III and IV are more applicable to those instances when the general shareholders' meeting elects the supervisory board, i.e. a body that is essentially formed to ensure oversight of the company's board and the chief executive officer and to represent the company's shareholders. However, in case the company does not form the supervisory board but rather the board, most of the recommendations set out in Principles III and IV become important and applicable to the board as well. Furthermore, it should be noted that certain recommendations, which are in their essence and nature applicable exclusively to the supervisory board, should not be applied to the board, as the competence and functions of these bodies according to the Law on Companies of the Republic of Lithuania (Official Gazette, 2003, No 123-5574) are different. For instance, item 3.1 of the Code concerning oversight of the management bodies applies to the extent it concerns the oversight of the chief executive officer of the company, but not of the board itself; item 4.1 of the Code concerning recommendations to the management bodies applies to the extent it relates to the provision of recommendations to the company's chief executive officer; item 4.4 of the Code concerning independence of the collegial body elected by the general meeting from the company's management bodies is applied to the extent it concerns independence from the chief executive officer.

<sup>2</sup> Definitions 'executive director' and 'non-executive director' are used in cases when a company has only one collegial body.

2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to depart from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.

YES

The Chairman of the Company is not and has not been the Manager of the Company.

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

**The order of the formation a collegial body to be elected by a General Shareholders' Meeting should ensure representation of minority shareholders, accountability of this body to the Shareholders and objective monitoring of the Company's operation and its management bodies.<sup>3</sup>**

3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.

YES

The collegial management body – the Board is elected in the General Meeting of Shareholders in which the candidates to the Members of the Board introduce themselves to the shareholders, provide information of the positions they hold in other companies and their professional qualifications. All present in the meeting are provided a possibility to propose other candidates to the members of the Board.

3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.

YES

The Shareholders at a General Shareholders' Meeting (when Board members are elected) are introduced with work experience, education, the other important information of the candidates for the Board which Company gets about the Board members.

3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.

YES

As candidates for the Board members introduce themselves for the Shareholders, and the Shareholders while electing the Board members have the opportunity to decide about the candidates' competence and suitability to represent Shareholders' interests. In the annual report is published the competency (education, work experience, work positions) of board chairman. The Board members competence relevant to their work at the collegiate body is not published in the annual report, but it is published in the composition of the Board.

3.4 In order to maintain a proper balance in terms of the current qualifications possessed by its members, the desired composition of the collegial body shall be determined with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies. At least one of the members of the remuneration committee should have knowledge of and experience in the field of remuneration policy.

YES

The Company's board and Audit Committee members have sufficiency of experience and skills, sufficiency of knowledge to perform their duties appropriately. Shareholders decision to elect them as the Board of directors or Audit Committee members is made after their readiness and competence is evaluated. The Company has not yet drawn the salaries committee.

3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.

YES

The Company makes opportunity for the Company's Board members to take a look to the Company's activity, thus newly elected members of the Board is provided a sufficiency of knowledge and information despite individual training programs were not developed. Board members' skills and knowledge are constantly updated while they performance their functions, during Board meetings or individually.

3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient number of independent<sup>5</sup> members.

NO

Until now the independence of the members of the Board has not been assessed, and the contents of the concept of "adequacy" of the independent members of the Board has not been discussed.

The Company has not taken any decision concerning the implementation of these provisions in the future.

<sup>3</sup>Attention should be drawn to the fact that in the situation where the collegial body elected by the general shareholders' meeting is the board, it is natural that being a management body it should ensure oversight not of all management bodies of the company, but only of the single-person body of management, i.e. the company's chief executive officer. This note shall apply in respect of item 3.1 as well.

<sup>4</sup>The Code does not provide for a concrete number of independent members to comprise a collegial body. Many codes in foreign countries fix a concrete number of independent members (e.g. at least 1/3 or 1/2 of the members of the collegial body) to comprise the collegial body. However, having regard to the novelty of the institution of independent members in Lithuania and potential problems in finding and electing a concrete number of independent members, the Code provides for a more flexible wording and allows the companies themselves to decide what number of independent members is sufficient. Of course, a larger number of independent members in a collegial body is encouraged and will constitute an example of more suitable corporate governance.

<sup>5</sup>It is notable that in some companies all members of the collegial body may, due to a very small number of minority shareholders, be elected by the votes of the majority shareholder or a few major shareholders. But even a member of the collegial body elected by the majority shareholders may be considered independent if he/she meets the independence criteria set out in the Code.

3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependant are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following:

- 1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years;
- 2) He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees;
- 3) He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations);
- 4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1);
- 5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counseling and consulting services), major client or organization receiving significant payments from the company or its group;
- 6) He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company;
- 7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies;
- 8) He/she has not been in the position of a member of the collegial body for over than 12 years;
- 9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.

3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.

3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.

NO Until now the independence of the members of the Board has not been assessed, and the contents of the concept of "adequacy" of the independent members of the Board have not been discussed.  
The Company has not taken any decision concerning the implementation of these provisions in the future.

NO The Board has not defined the concept of independence.

NO No such practice exists.

3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.

NO

No such practice or requirements existed.

3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds.<sup>6</sup> The general shareholders' meeting should approve the amount of such remuneration.

NOT APPLICABLE

No such practice exists yet.

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

**The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring<sup>7</sup> of the company's management bodies and protection of interests of all the company's shareholders.**

4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.	YES	These functions are performed by the Board elected by the General Meeting of Shareholders. The Board shall submit to the general meeting of shareholders the annual report on the activities of the Company, evaluate the results of the business activities of the Company and assess the performance of the Manager of the Company.
4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).	YES	In performing their duties the members of the Board are guided by the interests of the Company and in behalf of Shareholders.
4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.	YES	Members of the Board act in accordance with the Rules of Procedure of the Board and allocate sufficient time for the performance of their duties.
4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.	YES	There haven't been any cases of the conflict of interests between the shareholders and the Board. The Company has put in place the procedure of the provision of information to the shareholders in accordance with the Law on Companies, and this has been provided in the Articles of Association of the Company.
4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.	NO	There has been no suggestion to include such points into documents of association.
4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, in-	YES	Since the collegial management body – the Board is elected by the General Meeting of Shareholders, in its decision making function the Board is independent from the Manager of the Company. The Company's Management ensures that the collegial body and its committees are provided with sufficient resources to carry their duties.

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

<sup>7</sup>See Footnote 3.

<sup>8</sup>See Footnote 3. In the event the collegial body elected by the general shareholders' meeting is the board, it should provide recommendations to the company's single-person body of management, i.e. the company's chief executive officer.

<sup>9</sup>It is notable that companies can make this requirement more stringent and provide that shareholders should be informed about failure to participate at the meetings of the collegial body if, for instance, a member of the collegial body participated at less than 2/3 or 3/4 of the meetings. Such measures, which ensure active participation in the meetings of the collegial body, are encouraged and will constitute an example of more suitable corporate governance.

cluding the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees. When using the services of a consultant with a view to obtaining information on market standards for remuneration systems, the remuneration committee should ensure that the consultant concerned does not at the same time advise the human resources department, executive directors or collegial management organs of the company concerned.

<p>4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.</p>	YES	<p>The Audit Committee was elected in 2009. The Company's director's nomination and remuneration committees are not formed, whereas such practice and requirements had not existed in the past. The functions pointed at this item still are implemented by the Board within its jurisdiction. If the Shareholders accept the decision to establish such committees or it is required by the law of the Republic of Lithuania, the committees would be established.</p>
<p>4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should exercise independent judgement and integrity when exercising its functions as well as present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.</p>	YES	<p>The Company's collegiate bodies are independent and make self-contained decisions not influenced by any conflicts of interest and remain responsible for decisions which are awarded in limits of their ability.</p>
<p>4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.</p>	YES	<p>The Company have not remuneration committee. The Audit Committee consists of three members, which Chairman was elected in Shareholders Meeting after appreciation of his independence criterion. If Shareholders or collegial body will get information which will be the basis to reconsider the Chairmen or members membership in audit committee, the membership will be reconsidered.</p>
<p>4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.</p>	NOT APPLICABLE	<p>Whereas the audit committee was established only in 2009, this committee's practice is still currently being formed; the audit committee monitors the process of the Company's audit accomplishment.</p>
<p>4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.</p>	YES	<p>In the law of the Audit Committee is allowed the right to obtain the necessary information, the staff's comments, as well as the Regulation provides that the audit committee members have other rights provided in the existing legislation.</p>

<sup>10</sup> In the event the collegial body elected by the general shareholders' meeting is the board, the recommendation concerning its independence from the company's management bodies applies to the extent it relates to the independence from the company's chief executive officer.

## 4.12. Nomination Committee.

NOT APPLICABLE Not formed (explanation in Clause 4.7.).

4.12.1. Key functions of the nomination committee should be the following:

- Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company;
- Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes;
- Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body;
- Properly consider issues related to succession planning;
- Review the policy of the management bodies for selection and appointment of senior management.

4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.

## 4.13. Remuneration Committee.

NOT APPLICABLE Not formed (explanation in Clause 4.7.).

4.13.1. Key functions of the remuneration committee should be the following:

- Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body;
- Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies;
- Ensure that remuneration of individual executive directors or members of management body is proportionate to the remuneration of other executive directors or members of management body and other staff members of the company;
- Periodically review the remuneration policy for executive directors or members of management body, including the policy regarding share-based remuneration, and its implementation;
- Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies;
- Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors);
- Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies.

4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should:

- Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body;
- Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting;
- Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has.

4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies.

4.13.4. The remuneration committee should report on the exercise of its functions to the shareholders and be present at the annual general meeting for this purpose.

4.14. Audit Committee.

YES

The Company's Audit committee was elected only in 2009 so its practice is still currently emerging. However, the audit committee's main operational functions are:

4.14.1. Key functions of the audit committee should be the following:

- Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group);
- At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided;
- Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually;
- Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations;
- Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee;
- Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter.

- 1) make recommendations for the Board of the Company related with the external audit firm selection, its imposing, reappointment and removal and conditions of the contract with the audit company;
- 2) monitor the external audit process;
- 3) monitor the external auditor and audit firm are following the principles of independence and objectivity;
- 4) monitor the Company's financial reporting process;
- 5) pursue other acts of the Republic of Lithuania and Governance Code for the companies listed on NASDAQ OMX Vilnius.

These functions are provided by the audit committee regulations.

4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations.

4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present.

4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors.

4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit.

4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action.



4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.

4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.

NO

Thus far the Company have not such practice.

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

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

5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.

YES

Convening the Board meeting according Law on Companies of the Republic of Lithuania is conferred to each member of the Board.  
The notice on the General Meeting to be convened is sending to members of Board according to the regulations of the Board.

5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month<sup>12</sup>.

YES

Board meetings are called at appropriate intervals to ensure continuity of essential corporate governance issues. Urgent issues convened during emergency meetings.

5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.

YES

All materials required according to the agenda shall be sent to the members of the Board by electronic mail; normally the agenda is not changed since in accordance with the Regulations of the Company the decisions may be passed and voting may be organised by way of electronic means;  
Members of the Board do have a possibility in the same manner to supplement the agenda upon their common agreement.

5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.

NOT APPLICABLE

Not relevant, as the Supervisory Board is not formed.

#### **Principle VI: The equitable treatment of shareholders and shareholder rights**

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

6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.

YES

The capital of the Company is made up of shares conferring to the holders thereof equal voting and ownership rights, and the right to receive dividends.

6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.

YES

The Company provides its investors information about the rights conferred by the newly issued shares by making a public announcement to this effect.

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

6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting. All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	NO	The Articles of Association of the Company do not provide for such right granted to the general meeting of shareholders, and the Board of the Company passes such decisions without the consent of the Shareholders.
6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders.	YES	Information about Shareholders' meetings is published in the same way as it is required by the Ministry of Law. Shareholders' meetings convened at the Company's residence, which has not been changed since the establishment of the Company.
6.5. If it is possible, in order to ensure shareholders living abroad the right to access to the information, it is recommended that documents on the course of the general shareholders' meeting should be placed on the publicly accessible website of the company not only in Lithuanian language, but in English and /or other foreign languages in advance. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in Lithuanian, English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.	YES	All information about the Board meeting, the proposed drafts of decisions, the taken decisions is hosted in the Company's website on the Lithuanian and English languages.
6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	YES	The shareholders of the Company may exercise their rights individually in person, via their proxies also by voting in writing in advance. The Company confers to its shareholders the rights provided for by the Law on Companies.
6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies by allowing the shareholders to participate and vote in general meetings via electronic means of communication. In such cases security of transmitted information and a possibility to identify the identity of the participating and voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially shareholders living abroad, with the opportunity to watch shareholder meetings by means of modern technologies.	NO	The Company does not have the technical potential.

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

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

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

<sup>12</sup>The Law on Companies of the Republic of Lithuania (Official Gazette, 2003, No 123-5574) no longer assigns resolutions concerning the investment, transfer, lease, mortgage or acquisition of the long-terms assets accounting for more than 1/20 of the company's authorised capital to the competence of the general shareholders' meeting. However, transactions that are important and material for the company's activity should be considered and approved by the general shareholders' meeting. The Law on Companies contains no prohibition to this effect either. Yet, in order not to encumber the company's activity and escape an unreasonably frequent consideration of transactions at the meetings, companies are free to establish their own criteria of material transactions, which are subject to the approval of the meeting. While establishing these criteria of material transactions, companies may follow the criteria set out in items 3, 4, 5 and 6 of paragraph 4 of Article 34 of the Law on Companies or derogate from them in view of the specific nature of their operation and their attempt to ensure uninterrupted, efficient functioning of the company.

<sup>13</sup>The documents referred to above should be placed on the company's website in advance with due regard to a 10-day period before the general shareholders' meeting, determined in paragraph 7 of Article 26 of the Law on Companies of the Republic of Lithuania (Official Gazette, 2003, No 123-5574).

7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.

YES

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

### Principle VIII: Company's remuneration policy

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

8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement) which should be clear and easily understandable. This remuneration statement should be published as a part of the company's annual statement as well as posted on the company's website.

NO

The earnings of the company's employees is the confidential information, the company's business secret, in addition there is no practice to prepare report about the company's earnings policy. Questions about the Code of Recommended earnings and benefits policy is planned to discuss in the future due to the exchanges of the market conditions. Brief information about the benefits for the Company management bodies is available in the legislation.

8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.

NO

The reasons are shown in Clause 8.1.

8.3. Remuneration statement should leastwise include the following information:

NO

The reasons are shown in Clause 8.1.

- Explanation of the relative importance of the variable and non-variable components of directors' remuneration;
- Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration;
- An explanation how the choice of performance criteria contributes to the long-term interests of the company;
- An explanation of the methods, applied in order to determine whether performance criteria have been fulfilled;
- Sufficient information on deferment periods with regard to variable components of remuneration;
- Sufficient information on the linkage between the remuneration and performance;
- The main parameters and rationale for any annual bonus scheme and any other non-cash benefits;
- Sufficient information on the policy regarding termination payments;
- Sufficient information with regard to vesting periods for share-based remuneration, as referred to in point 8.13 of this Code;
- Sufficient information on the policy regarding retention of shares after vesting, as referred to in point 8.15 of this Code;
- Sufficient information on the composition of peer groups of companies the remuneration policy of which has been examined in relation to the establishment of the remuneration policy of the company concerned;
- A description of the main characteristics of supplementary pension or early retirement schemes for directors;
- Remuneration statement should not include commercially sensitive information.

8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.

NO

The reasons are shown in Clause 8.1. This information will be possible to publish, except part of the information considered to constitute a commercial secret of the Company.

8.5. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.5.1 to 8.5.4 for each person who has served as a director of the company at any time during the relevant financial year.

NO

The reasons are shown in Clause 8.1. This information will be possible to publish, except part of the information considered to constitute a commercial secret of the Company.

8.5.1. The following remuneration and/or emoluments-related information should be disclosed:

- The total amount of remuneration paid or due to the director for services per-

formed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting;

- The remuneration and advantages received from any undertaking belonging to the same group;
- The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted;
- If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director;
- Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year;
- Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points.

8.5.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed:

- The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application;
- The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year;
- The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights;
- All changes in the terms and conditions of existing share options occurring during the financial year.

8.5.3. The following supplementary pension schemes-related information should be disclosed:

- When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year;
- When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year.

8.5.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial report of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.

8.6. Where the remuneration policy includes variable components of remuneration, companies should set limits on the variable component(s). The non-variable component of remuneration should be sufficient to allow the company to withhold variable components of remuneration when performance criteria are not met.	NO	The reasons are shown in Clause 8.1.
8.7. Award of variable components of remuneration should be subject to pre-determined and measurable performance criteria.	NO	The reasons are shown in Clause 8.1.
8.8. Where a variable component of remuneration is awarded, a major part of the variable component should be deferred for a minimum period of time. The part of the variable component subject to deferment should be determined in relation to the relative weight of the variable component compared to the non-variable component of remuneration.	NO	The reasons are shown in Clause 8.1.
8.9. Contractual arrangements with executive or managing directors should include provisions that permit the company to reclaim variable components of remuneration that were awarded on the basis of data which subsequently proved to be manifestly misstated.	NO	The reasons are shown in Clause 8.1.
8.10. Termination payments should not exceed a fixed amount or fixed number of years of annual remuneration, which should, in general, not be higher than two years of the non-variable component of remuneration or the equivalent thereof.	NO	The reasons are shown in Clause 8.1.

8.11. Termination payments should not be paid if the termination is due to inadequate performance.	NO	The reasons are shown in Clause 8.1.
8.12. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.	NO	The reasons are shown in Clause 8.1.
8.13. Shares should not vest for at least three years after their award.	NO	The reasons are shown in Clause 8.1.
8.14. Share options or any other right to acquire shares or to be remunerated on the basis of share price movements should not be exercisable for at least three years after their award. Vesting of shares and the right to exercise share options or any other right to acquire shares or to be remunerated on the basis of share price movements, should be subject to predetermined and measurable performance criteria.	NO	The reasons are shown in Clause 8.1.
8.15. After vesting, directors should retain a number of shares, until the end of their mandate, subject to the need to finance any costs related to acquisition of the shares. The number of shares to be retained should be fixed, for example, twice the value of total annual remuneration (the non-variable plus the variable components).	NO	The reasons are shown in Clause 8.1.
8.16. Remuneration of non-executive or supervisory directors should not include share options.	NO	The reasons are shown in Clause 8.1.
8.17. Shareholders, in particular institutional shareholders, should be encouraged to attend general meetings where appropriate and make considered use of their votes regarding directors' remuneration.	NO	The reasons are shown in Clause 8.1.
8.18. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.	NO	The reasons are shown in Clause 8.1.
8.19. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.	NO	The Company does not practice the remuneration by director stocks or options.
8.20. The following issues should be subject to approval by the shareholders' annual general meeting: <ul style="list-style-type: none"> <li>• Grant of share-based schemes, including share options, to directors;</li> <li>• Determination of maximum number of shares and main conditions of share granting;</li> <li>• The term within which options can be exercised;</li> <li>• The conditions for any subsequent change in the exercise of the options, if permissible by law;</li> <li>• All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors.</li> </ul>	NO	No such practice is being enforced in the Company
8.21. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.	NO	No such practice is being enforced in the Company

8.22. Provisions of Articles 8.19 and 8.20 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.	NO	No such practice is being enforced in the Company
8.23. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.19, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.	NO	No such practice is being enforced in the Company
<b>Principle IX: The role of stakeholders in corporate governance</b> <b>The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.</b>		
9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.	YES	The management bodies of the Company seek to ensure the rights of all interest holders and, to an extent possible, takes their opinion into account.
9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.	YES	Interest holders are authorised to participate in the management of the Company and in the process of taking the decisions relevant to the Company to the extent permitted by the laws of the Republic of Lithuania.
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	YES	These requirements are complied with to the extent required by the laws of the Republic of Lithuania.
<b>Principle X: Information disclosure and transparency</b> <b>The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.</b>		
10.1. The company should disclose information on: <ul style="list-style-type: none"> <li>• The financial and operating results of the company;</li> <li>• Company objectives;</li> <li>• Persons holding by the right of ownership or in control of a block of shares in the company;</li> <li>• Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration;</li> <li>• Material foreseeable risk factors;</li> <li>• Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations;</li> <li>• Material issues regarding employees and other stakeholders;</li> <li>• Governance structures and strategy.</li> </ul> This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.	YES	The Company discloses the relevant information, in the established manner, to the Securities Commission, Vilnius NASDAQ OMX Vilnius Stock Exchange.
10.2. It is recommended to the company, which is the parent of other companies, that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.	YES	

10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII.	NO	It is available that company's information that is not confidential.
10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.	NO	This is a practice the company does not employ.
10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.	YES	The Company ensures the accuracy and expedition of the given information.
10.6. Channels for disseminating information should provide for fair, timely and cost-efficient or in cases provided by the legal acts free of charge access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.	YES	The Company ensures compliance with these requirement, the information is announced in Lithuanian and English.
10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.	YES	The Company ensures compliance with these requirement.

**Principle XI: The selection of the company's auditor**

**The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.**

11.1. An annual audit of the company's financial reports and interim reports should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements	YES	The recommendation is being followed partly, because an independent firm of auditors is not supervise interim reports of the Company.
11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.	YES	The audit is proposed to the general meeting of shareholders by the Board of the Company.
11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.	YES	The information is usually disclosed to shareholders, it is available and the Company's board.