AB SNAIGĖ
Quarter I, 2009 report

CONTENTS

I. GENERAL PROVISIONS

1. Accounting period of the report

The report has been issued for the first quarter of 2009.

2. The basic data about the issuer

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

Authorised capital – 27,827,365 LTL

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E-mail – snaige@snaige.lt

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

Legal organisation status – legal entity, public limited company

Registered as an enterprise on December 1, 1992 in the Municipality Administration of Alytus; registration number AB 92-119; enterprise register code 249664610. The latest Statute of AB "Snaigė" was registered on September 11, 2008 in Legal Entities of the Republic of Lithuania.

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

The report and its accompanying documents are available in the Budget and Accounting Department of AB "Snaigė" (room 411) at Pramonės str. 6, Alytus on the days of I-IV from 7.30 to 16.30, and V from 7.30 to 14.00, as well as in Financial Broker Firm UAB "Orion Securities" at Tumėno str. 4, corp. B, floor 9, LT-01109, Vilnius on work days from 9.00 to 17.00.

II. FINANCIAL STATUS

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

8. Accounting Balance Sheet (in LTL)

Ref. No.	ASSETS	2009 03 31	2008 12 31
A.	**Non-current assets**	**85,857,467**	**93,982,512**
I.	FORMATION COSTS		
II.	INTANGIBLE ASSETS	14,760,987	15,725,926
III.	TANGIBLE ASSETS	66,755,353	72,595,486
III.1.	Land		
III.2.	Buildings	27,594,958	29,507,972
III.3.	Other non-current tangible assets	37,283,222	41,203,287
III.4.	Construction in progress and advance payments	1,877,173	1,884,227
IV.	NON-CURRENT FINANCIAL ASSETS		
V.	DEFERRED TAXES ASSETS	4,341,127	5,661,100
VI.	ACCOUNTS RECEIVABLE AFTER ONE YEAR		
B.	**Current assets**	**78,479,140**	**104,294,573**
I.	INVENTORY AND CONTRACTS IN PROGRESS	38,482,602	56,605,977
I.1.	Inventory	38,482,602	56,605,977
I.2.	Advance payments		
I.3.	Contracts in progress		
II.	ACCOUNTS RECEIVABLE WITHIN ONE YEAR	38,682,980	45,604,642
III.	INVESTMENTS AND TERM DEPOSITS		
IV.	CASH AT BANK AND ON HAND	1,192,903	1,675,302
V.	Other current assets	120,655	408,652
C.	**Accrued income and prepaid expenses**		
	TOTAL ASSETS	**164,336,607**	**198,277,085**

Ref. No.	SHAREHOLDERS' EQUITY AND LIABILITIES	2009 03 31	2008 12 31
A.	**Capital and reserves**	**52,328,909**	**69,494,040**
I.	SHARE CAPITAL	46,554,635	46,554,635

I.1.	Authorized (subscribed) share capital	27,827,365	27,827,365
I.2.	Uncalled share capital (-)		
I.3.	Share premium (surplus of nominal value)	18,727,270	18,727,270
	Own shares (-)		
III.	REVALUATION RESERVE	-7,374,768	-5,241,966
IV.	RESERVES	7,340,772	7,340,772
V.	PROFIT (LOSS) BROUGHT FORWARD	5,808,270	20,840,599
B.	**Minority interest**	2,861	2,861
C.	**Financing (grants and subsidies)**	**1,852,612**	**2,000,711**
D.	**Provisions and deferred taxes**	**0**	**0**
I.	PROVISIONS FOR COVERING LIABILITIES AND DEMANDS		
II.	DEFERRED TAXES		
E.	**Accounts payable and liabilities**	**110,152,225**	**126,779,473**
I.	ACCOUNTS PAYABLE AFTER ONE YEAR AND NON-CURRENT LIABILITIES	5,413,370	5,546,245
I.1.	Financial debts	1,906,200	1,906,201
I.2.	Trade creditors		
I.3.	Advances received on contracts in progress		
I.4.	Other accounts payable and non-current liabilities	3,507,170	3,640,044
II.	ACCOUNTS PAYABLE WITHIN ONE YEAR AND CURRENT LIABILITIES	104,738,855	121,233,228
II.1.	Current portion of non-current debts	48,589,777	58,804,421
II.2.	Financial debts		
II.3.	Trade creditors	43,126,750	50,450,835
II.4.	Advances received on contracts in progress	1,628,512	1,252,572
II.5.	Taxes, remuneration and social security payable	3,117,362	3,739,868
II.6.	Other accounts payable and current liabilities	8,276,454	6,985,532
II.7.	Fair value of derivative financial instruments		
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**164,336,607**	**198,277,085**

9. Profit (Loss) Report (in LTL)

Ref. No.	ITEMS	2009 03 31	2008 03 31
I.	**SALES AND SERVICES**	**32,706,516**	**77,986,523**
I.1	Income of goods and other products sold	896,105	2,581,754
I.2	Income of refrigerators sold	31,810,411	75,404,769
II.	**COST OF GOODS SOLD AND SERVICES RENDERED**	**33,455,691**	**68,730,895**
II.1	Net cost of goods and other products sold	1,084,266	2,308,474
II.2	Net cost of refrigerators sold	32,371,425	66,422,421
III.	**GROSS PROFIT**	**-749,175**	**9,255,628**
IV.	**OPERATING EXPENSES**	**6,867,666**	**13,328,257**
IV.1	Sales expenses	2,238,850	5,352,550
IV.2	General and administrative expenses	4,628,816	7,975,707
V.	**PROFIT (LOSS) FROM OPERATIONS**	**-7,616,841**	**-4,072,629**
VI.	**OTHER ACTIVITY**	**-165,181**	**615,850**
VI.1.	Income	124,505	1,094,979
VI.2.	Expenses	289,686	479,129
VII.	**FINANCIAL AND INVESTING ACTIVITIES**	**-6,360,512**	**-4,414,658**
VII.1.	Income	4,373,982	1,923,426
VII.2.	Expenses	10,734,494	6,338,084
VIII.	**PROFIT (LOSS) FROM ORDINARY ACTIVITIES**	**-14,142,534**	**-7,871,437**
IX.	EXTRAORDINARY GAIN		
X.	EXTRAORDINARY LOSS		
XI.	**CURRENT ACCOUNTING PERIOD PROFIT (LOSS) BEFORE TAXES**	**-14,142,534**	**-7,871,437**
XII.	**TAXES**	**889,794**	**0**
XIII.	PROFIT TAX		
XIV.	Adjustment of deferred profit tax	889,794	
XV.	Social tax		
XVI.	MINORITY INTEREST		-3,299
XVII.	**NET CURRENT ACCOUNTING PERIOD PROFIT (LOSS)**	**-15,032,328**	**-7,874,736**

Cash Flows Statement

Ref. No.		**2009 03 31**	**2008 03 31**
I.	**Cash flows from the key operations**		
I.1	Result before taxes	(14,142,534)	(7,871,437)
I.2	Depreciation and amortization expenses	3,387,842	5,782,774
I.3	Subsidies amortization	(148,100)	(279,290)
I.4	Result of sold non-current assets	27,595	(30,955)
I.5	Write-off of non-current assets	214	296
I.6	Write-off of inventories		
I.7	Depreciation of receivables	(847,107)	
I.8	Non-realized loss on currency future deals	659,827	(326,791)
I.9	Change in provision for guarantee repair	(386,296)	1,074,807
I.10	Recovery of devaluation of trade receivables		
I.11	Influence of foreign currency exchange rate change	2,835,182	3,825,105
I.12	Financial income	(3,170)	(7,850)
I.13	Financial expenses	706,133	903,869
	Cash flows from the key operations until decrease (increase) in working capital	**(7,910,414)**	**3,070,528**
II.1	Decrease (increase) in receivables and other liabilities	7,196,285	(2,326,751)
II.2	Decrease (increase) in inventories	18,123,375	(12,493,765)
II.3	Decrease (increase) in trade and other debts to suppliers	(6,026,307)	2,854,505
	Cash flows from the main activities	**11,382,939**	**(8,895,483)**
		-	
III.1	Interest received		
III.2	Interest paid	(706,133)	(903,869)
III.3	Profit tax paid	(91,434)	(526,248)
	Net cash flows from the key operations	**10,585,372**	**(10,325,600)**

II.	**Cash flows from the investing activities**		
II.1	Acquisition of tangible non-current assets	(775,739)	(50,097)
II.2	Capitalization of intangible non-current assets		
II.3	Sales of non-current assets	910,644	46,197
II.4	Loans granted	(49,123)	
II.5	Loans regained	26,381	
	Net cash flows from the investing activities	**112,163**	**(3,900)**

III.	**Cash flows from the financial activities**	(10,215,136)	18,719,427
III.1	Cash flows related to the shareholders of the company		
III.1.1	Issue of shares		
III.1.2	Shareholders' contributions for covering losses		
III.1.3	Sale of own shares		
III.1.4	Payment of dividends		
III.2	Cash flows arising from other financing sources		
III.2.1	Subsidies received		
III.2.1.1	Inflows from non-current loans	414,621	19,952,728
III.2.1.2	Loans repaid	(10,416,751)	(11,500,000)
III.2.2	Finance lease received		
III.2.2.1	Payments of leasing (finance lease) liabilities	(213,006)	(210,797)
III.3	Other decreases in the cash flows from financial activities		10,477,496
	Net cash flows from the financial activities	**(10,215,136)**	**18,719,427**

IV.	**Cash flows from extraordinary items**		
IV.1.	Increase in cash flows from extraordinary items		
IV.2.	Decrease in cash flows from extraordinary items		
V.	**The influence of exchange rates adjustments on the balance of cash and cash equivalents**		
VI.	**Net increase (decrease) in cash flows**	**(482,399)**	**8,389,927**
VII.	**Cash and cash equivalents at the beginning of period**	**1,675,302**	**3,984,560**
VIII.	**Cash and cash equivalents at the end of period**	**1,192,903**	**12,374,487**

Statement of Changes in Equity

	Paid up authorised capital	Share premium	Own shares (-)	Legal reserves		Other reserves					Retained earnings (losses)	TOTAL	Minority shareholders	TOTAL
				Compulsory	For acquiring own shares	For charity, donation	For social needs	For investments	Other reserves	Currency exchange reserve				
Balance as of December 31, 2007	23,827,365	12,727,270		2,398,571	10,000,000	90,000	350,000	23,647,600		-903,947	15,794,495	87,931,354	3,913	87,935,267
Dividends for 2007												0		0
Total registered income and expenses as of 2008						0	0				-7,873,761	-7,873,761	-3,299	-7,877,060
Formed reserves					10,000,000	90,000	350,000	23,647,600			-34,087,600	0		0
Transfers from reserves					-10,000,000	-90,000	-350,000	-23,647,600	0		34,087,600	0	0	0
Repurchase of own shares during the financial years												0		0
Sale of own shares during the financial years												0		0
Net profit / loss of the reporting period (2007)												0		0
Appropriated profit of the minority shareholders for covering previous losses, which have been defrayed by the major shareholders												0		0
Other changes				-975						190,608		189,633	10,053	199,686
Non recognized profit (loss) in the profit/loss statement												0		0
Balance as of March 31, 2008	23,827,365	12,727,270	0	2,397,596	10,000,000	90,000	350,000	23,647,600	0	-713,339	7,920,734	80,247,226	10,667	80,257,893
Dividends for 2008												0		0
Total registered income and expenses as of 2008						0	0				-16,224,559	-16,224,559	-7,806	-16,232,365
Formed reserves				430,876				4,512,300			-4,943,176	0		0
Transfers from reserves					-10,000,000	-90,000	-350,000	-23,647,600			34,087,600	0		0
Repurchase of own shares during the financial years												0		0
Net profit / loss of the reporting period (2007												0		0
Appropriated profit of the minority shareholders for covering previous losses, which have been defrayed by the major shareholders												0		0

Other changes	4,000,000	6,000,000								-4,528,627		5,471,373		5,471,373
Year 2007 profit not registered in the Profit (Loss) account												0		0
Balance as of December 31, 2008	**27,827,365**	**18,727,270**	**0**	**2,828,472**	**0**	**0**	**0**	**4,512,300**	**0**	**-5,241,966**	**20,840,599**	**69,494,040**	**2,861**	**69,496,901**
Dividends for 2008												0		0
Total registered income and expenses as of 2009											-15,032,329	-15,032,329		-15,032,329
Formed reserves									0		0	0	0	0
Transfers from reserves									0		0	0	0	0
Repurchase of own shares during the financial year											0	0	0	0
Sale of own shares during financial year												0		0
Appropriated profit of the minority shareholders for covering previous losses, which have been defrayed by the major shareholders														0
Other changes										-2,132,802		-2,132,802		-2,132,802
Current year profit not registered in the Profit (Loss) account												0		0
Balance as of March 31, 2009	**27,827,365**	**18,727,270**	**0**	**2,828,472**	**0**	**0**	**0**	**4,512,300**	**0**	**-7,374,768**	**5,808,270**	**52,328,910**	**2,861**	**52,331,771**

III. EXPLANATORY NOTES

1 Basic information

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

The authorized capital was increased to 27827365 LTL with the registering of latest Statute of AB "Snaigė" on September 11, 2008 in Legal Entities of the Republic of Lithuania and with the issue of new shares in 2008.

Main shareholders of AB „Snaigė" as of March 31, 2009 and December 31, 2008 were:

	March 31, 2009		December 31, 2008	
	Number of shares owned	**Share of total capital, %**	**Number of shares owned**	**Share of total capital, %**
UAB Survesta	7 639 995	27,45	7 034 891	25,28
Hansabank Clients	11 691 564	42,01	12 002 781	44,13
Skandinaviska Enskilda Banken Clients	3 852 141	13,84	3 852 141	13,84
SSBT AS Custodian For Eterrity Limited	69 000	0,25	471 822	1,7
Skandinaviska Enskilda Banken AB Finnish Clients	964 747	3,47	992 747	3,57
Other shareholders	3 609 918	12,98	3 472 983	11,48
Total	27 827 365	100,00	27 827 365	100,00

All the shares (with nominal value 1 LTL. per share), are ordinary and were fully paid as for March 31, 2009 and December 31, 2008. Authorized share capital as of March 31, 2009 is equal to 27827365 LTL. Subsidiaries did not have any shares of AB „Snaigė" as of September 30, 2008 and December 31, 2007. Company did not have any of their own shares.

Group consists of AB "Snaigė" and its subsidiaries and associated companies (hereinafter – Group):

Company	Company address	Share capital owned by Group, %	Investment value, LTL.	Current period profit (loss), LTL.	Main activity
OOO „Techprominvest"	Bolšaja Okrūžnaja, 1-a, Kaliningrad	100	67 846 761	(8 010 589)	Manufacturing and trade of refrigerators and freezers
TOB „Snaige Ukraina"	Gruševskio 28-2a/43, Kiev	99	88 875	12 074	Trade, consulting, service
OOO „Moroz Trade"	Prospekt Mira 52, Moscow	100	947	0	Trade and marketing services
OOO „Liga Servis"	Prospekt Mira 52, Moscow	100	1 028	74 764	Trade, marketing, logistics
UAB Almecha	Pramonės 6, Alytus	100	1 375 785	(458 149)	Manufacturing of machinery equipment

As of 31 March, 2009 Company's board consisted of 5 members, one of whom is an employee of Company.

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

In September 2008, AB „Snaigė" has increased its subsidiary's „Techprominvest" authorized capital by 55197921 LTL. An authorized capital was increased from the receivables from „Techprominvest" for sold and not payed equipment, as well as granted and not repayed loans. This company is a manufacturer of refrigerators and freezers that are sold in Russian Federation.

„Snaige Ukraina" (Kiev, Ukraine) was established in 2002. since the purchase in 2002, AB „Snaigė" controls 99% of the subsidiary. The company renders trade and consulting services for AB „Snaigė" in Ukraine.

On 13 May, 2004 „Moroz Trade" (Moscow, Rusria) was established. In 2004 October the company bought 100% of „Moroz trade" shares. The company provides trade and marketing services for „Techprominvest" in Russian Federation.

„Liga Servis" (Moscow, Russia) – was established on 7 February, 2006. The company provides trading, marketing and logistics services for „Techprominvest" in Russian Federation.

UAB Almecha (Alytus, Pramonės str. 6, Lithuania) – was established on 9 November, 2006. The company's activity is manufacturing of machinery equipment.

The number of employees in the Group as of 31 March, 2009 was 1013 (while on 31 December, 2008 – 2237).

2 Accounting principles

The main accounting principles used in preparation of Group's financial accounts as of 31 March, 2009:

2.1. Preparation basis of financial statement

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

2.2. Currency of financial statement

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

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

The valid currency exchange rates were:

	2009-03-31	2008-12-31
Russian rouble	0,076722	0,083337
Ukraine hryvnia	0,32418	0,32161
U.S. dollar	2,6096	2,4507

2.3. Principles of consolidation

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

The purchase method of accounting is used for acquired businesses. The Company accounts for the acquired identifiable assets and liabilities of another company at their fair value at acquisition date. The difference of the acquired minority interest value in the Group's financial statements and costs of shares is accounted for as goodwill.

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

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

2.4. Intangible assets, except for goodwill

Intangible assets are recognized if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over their estimated useful lives.

Research and development

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

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

Licenses

Amounts paid for licenses are capitalized and then amortized over their validity period.

Software

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

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

2.5. Tangible non-current assets

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

The initial cost of property, plant and equipment comprises its purchase price, including non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment have been put into operation, such as repair and maintenance costs, are normally charged to the income statement in the period the costs are incurred.

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

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

Construction in progress is stated at cost less accumulated impairment. This includes the cost of construction, plant and equipment and other directly attributable costs. Construction in progress is not depreciated until the relevant assets are completed and put into operation.

2.6. Inventories

Inventories are valued at the lower of cost or net realizable value, after impairment evaluation for obsolete and slow moving items. Net realizable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost is determined by the first-in, first-out (FIFO) method. The cost of finished goods and work in progress includes the applicable allocation of fixed and variable overhead costs based on a normal operating capacity. Unrealizable inventory has is fully written-off.

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

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

2.7. Receivables and loans granted

Receivables are initially recorded at the fair value of the consideration given. Receivables and loans granted are subsequently carried at amortized cost, less impairment.

2.8. Cash and cash equivalents

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

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

2.9. Borrowings

Borrowing costs are expensed as incurred.

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

2.10. Factoring

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

2.11. Financial lease and operating lease

Operating lease – the Group as lessee

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

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

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

Operating lease – the Group as lessor

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

2.12. Grants and subsidies

Grants and subsidies received in the form of non-current assets or intended for the purchase, construction or other acquisition of non-current assets are considered as asset-related grants. Assets received free of charge are also allocated to this group of grants. The amount of the grants related to assets is recognized in the financial statements as used in parts according to the depreciation of the assets associated with this grant. In the income statement, a relevant expense account is reduced by the amount of grant amortization.

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

2.13. Provisions

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

2.14. Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably. Sales are recognized net of VAT and discounts.

Revenue from sales of goods is recognized when delivery has taken place and transfer of risks and rewards has been completed.

Service revenue is recognized using the accrual basis and recognized in profit (loss) statement when services are rendered and end user accepts it.

In the consolidated profit (loss) statement sales between the Group companies are eliminated.

2.15. Expense recognition

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

2.16. Foreign currencies

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

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

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

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

2.17. Segments

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

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

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

2.18. Subsequent events

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

2.19. Offseting and comparative figures

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

3 Segment information

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

Results for the reporting period 31 March 2009 by geographical segments can be specified as follows (thous. LTL):

	Sales		**Assets**	
Group	**2009-03-31**	**2008-03-31**	**2009-03-31**	**2008-03-31**
Russia	260	28 264	56 242	85 507
Ukraine	2 056	16 560	269	574
Western Europe	14 431	19 542	-	-
Eastern Europe	2 087	6 915	-	-
Lithuania	2 136	2 808	107 826	174 058
Baltic Countries	210	1 540	-	-
Other countries from NVS	1 205	1 976	-	-
Other countries	322	382	-	-
Total	32 707	77 987	164 337	260 139

4 Operational expenses

Over reporting period the operational expenses were:

	2009	2008
Sales expenses	2 238 850	5 352 550
Administration expenses	4 628 816	7 975 707
Total:	6 867 666	13 328 257

5 Other income (expenses) – net result

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

	2009	**2008**
Other operating income		
Income from logistics	63 014	231 789
Rent of fixed asset	12 448	213 349
Profit from sale of fixed asset	-	30 955
Other	49 043	618 886
	124 505	1 094 979
Other operating expenses		
Transportation expenses	55 420	171 515
Rent of fixed asset	21 452	88 442
Other	212 814	219 172
	289 686	479 129
Other operating income (expense) – net result	**(165 181)**	**615 850**

6 Net result from financial activities

	2009 03 31	**2008 03 31**
Financial income		
Profit from currency exchange	4 061 834	1 296 676
Profit from foreign currency derivatives	308 929	618 884
Other income from financial activities	3 219	7 866
	4 373 982	1 923 426
Financial expenses		
Loss from currency fluctuations	8 173 577	5 433 349
Realized loss from foreign currency derivatives	308 737	
Loss from revaluation of foreign currency derivatives	689 003	
Interest expenses	1 561 125	903 799
Other expenses from financial activities	2 052	936
	10 734 494	6 338 084
Net result from financial activities	**(6 360 512)**	**(4 414 658)**

7 Non-current intangible assets

The balance sheet value of non-current intangible assets on 31 March 2009 was 14,760.9 thous. LTL (on 31 December 2008 – 15,725.9 thous. LTL)

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

Over the 3 months of 2009, the Group has accumulated 299.2 thous. LTL of non-current intangible assets depreciation.

8 Non-current tangible assets

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

	Balance sheet value	
	2009-03-31	2008-12-31
Buildings and constructions	27 594 958	29 507 972
Other non-current assets	37 283 222	41 203 287
Construction in progress and prepayments	1 877 173	1 884 227
Total:	**66 755 353**	**72 595 486**

Group's non-current tangible assets depreciation on 31 March, 2009 is equal to 3088.7 thous. LTL (in 2008 – 5372.3 thous. LTL)

9 Inventories

	2009 03 31	**2008 12 31**
Raw materials, spare parts and production in progress	20 428 925	28 084 224
Finished goods	17 873 614	28 303 677
Other	180 063	218 076
	38 482 602	56 605 977
Less: net realizable value allowance		-
	38 482 602	**56 605 977**

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

10 Trade receivables

Trade receivables were composed as follows:

	2009 03 31	2008 12 31
Trade receivables from the Group companies	46 339 367	52 609 977
Less: allowance for doubtful trade receivables	(10 838 222)	(10 372 687)
Other receivables	3 181 835	3 367 352
	38 682 980	**45 604 642**

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

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

	2009 03 31	2008 12 31
Balance at the beginning of the period	(10 372 687)	(11 527 355)
Charge for the year		(445 221)
Used		
Recovered receivables		
Currency exchange rate influence	(465 535)	1 556 831
Other changes		43 058
	(10 838 222)	(10 372 687)

The ageing analysis of trade receivables as of 31 March 2009 and 31 December 2008 is as follows:

		Trade receivables past due but not impaired					
	Trade receivables neither past due nor impaired	**Less than 30 days**	**30 – 60 days**	**60 – 90 days**	**90 – 120 days**	**More than 120 days**	**Total**
2009	**21 246 685**	**4 030 728**	**1 189 192**	**1 564 663**	**653 283**	**6 816 594**	**35 501 145**
2008	**22 078 988**	**7 795 650**	**7 608 610**	**2 578 491**	**1 660 176**	**515 375**	**42 237 290**

According to factoring with regress (recourse) right agreement the Group had pledged to the factoring agent amounts receivable and inventory, the balance sheet values of which on 31 March 2009 were, receivables - 6044 thous. LTL, finished goods – 7000 thous. LTL and on 31 December 2008 – reveivables - 12058 thous. LTL, and finished goods – 7000 thous. LTL.

11 Other current assets

	2009 03 31	2008 12 31
VAT receivable	451 747	757 043
Prepayments and deferred charges	688 522	716 655
Compensations receivable from suppliers	29 448	150 293
Receivable for property, plant and equipment sold		
Fair value of currency futures	-	233 992
Other receivable	2 132 773	1 918 021
	3 302 490	**3 776 004**

Compensations from suppliers are received for bad quality goods.

12 Cash and cash equivalents

	2009 03 31	2008 12 31
Cash at bank	1 143 167	1 674 842
Cash on hand	49 736	460
	1 192 903	**1 675 302**

The accounts of the Company in foreign currency up to 12375 thous. LTL are pledged to secure the bank loans.

13 Share capital

According to the Law on Companies of the Republic of Lithuania the Company's total equity cannot be less than 1/2 of its share capital specified in the Company's by-laws. As of 31 March 2009 the Company was in compliance with this requirement.

At the date of the reporting the legal reserve was fully formed.

14 Reserves

Legal reserve

A legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfers of not less than 5% of net profit, calculated in accordance with Lithuanian Business Accounting Standards, are compulsory until the reserve reaches 10% of the share capital.

Non-restricted reserves

Other reserves for special purposes are formed by shareholders decision. Before allocating profit all the allocatable reserves are transferred to retained earnings and each year are re-allocated by shareholders decisions. On 31 March 2009 other allocatable reserves consisted of 4,512.3 thous. LTL (2008 – 4,512.3 thous. LTL) of reserve for investments.

Foreign currency translation reserve

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

15 Subsidies

Subsidies on 31 December 2006	**10 358 600**
Increase during period	345 280
Subsidies on 31 December 2007	10 703 880
Increase during period	-

Subsidies on 31 December 2008	10 703 880
Increase during period	-
Subsidies on 31 March 2009	10 703 880
Accumulated amortization on 31 December 2006	**6 509 260**
Amortization during period	1 179 704
Accumulated amortization on 31 December 2007	7 688 964
Amortization during period	1 014 205
Accumulated amortization on 31 December 2008	8 703 169
Amortization during period	148 099
Accumulated amortization on 31 March 2009	8 851 268
Net residual value 31 March 2009	**1 852 612**
Net residual value 31 December 2008	**2 000 711**

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

16 Provisions for guarantee related liabilities

Sold products are given up to 10 years guarantees. Provisions for guarantee related services were made according to planned service expenses and refrigerators breakdowns statistics, and appropriately were divided into non-current and current provisions. Non-current provisions on 31 March 2009 were equal to 2330 thous. LTL (2008 – 2463 thous. LTL), current provisions on 31 March 2009 are equal to 2623 thous. LTL (2008 – 2876 thous.LTL).

Changes over the reporting period were:

	2009
1 January	5 339 081
Changes over reporting period	204 113
Used	529 899
Currency exchange rate cahnge influence	(60 510)
31 March, 2009	**4 952 785**

17 Borrowings

	As of 31 March 2009	As of 31 December 2008
Non-current borrowings		

Bank borrowings secured by Company's assets	200 000	200 000
Other loans	-	-
Leasing	1 706 200	1 706 200
	1 906 200	1 906 200
Current borrowings		
Factoring liabilities	5 439 972	10 851 922
Short-term loans with variable interest rate	19 311 186	23 763 881
Short-term loans with fixed interest rate	6 363 379	6 713 379
Convertible bonds	17 475 240	17 475 240
	48 589 777	58 804 422
Total	**50 495 977**	**60 710 622**

Long-term loans are set for 6 months VILIBOR +1,9% of annual interest. The loan repayment term is set at 18 August 2010.

Factoring is applied in litas, euros or U.S. dollars for defined customers and cannot exceed 10,000 thous. LTL. Factoring contract is valid till 27 February 2010 and it sets out the relevant currency (litas, euros or U.S. dollar) for 6 months VILIVOT, EUR LIBOR and LIBOR plus 1,5% scale annual interest.

Loans with fixed interest rates are set at 14 – 16 % annual interest.

The credit limit is granted: in Russian rouble till 24 March 2009 and cannot exceed 94 mln. Russian rouble (31 March 2009 equivalent of 7211.9 thous. LTL.); in euros till 29 June 2009 and cannot exceed 230 thous. Euros (equivalent of 794.1 LTL). Till 31 March 2009 the Group has used 36,853.6 thous. Russian rouble credit limit (equivalent of 2827.5 thous. LTL) ad 103.3 thous. Euros (equivalent of 356.6 thous. LTL. 14% annual interest rate is paid for used credit limit.

As of 31 March, building with a nominal value of 22753 thous. LTL (31 December 2008 24421 thous. LTL), equipment and machinery with a nominal value of 5508 thous. LTL (31 December 2008 12717 thous. LTL), inventories with a nominal value of 26300 thous. LTL (31 December 2008 26300 thous. LTL) and financial income in the bank accounts up to 12375 thous. LTL (31 December 2008 12375 thous. LTL) and the shares of "Techprominvest" are collateralized for the bank loans.

Current debts received from concerned parties are not guaranteed with the assets of the Group.

18 Financial leasing

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

	2009 03 31	2008 12 31
Machinery and equipment	2 274 740	2 461 796
Vehicles	46 970	72 920
	2 321 710	**2 534 716**

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

	2009 03 31	2008 12 31
EUR	-	-
LTL	2 321 710	2 534 716
	2 321 710	2 534 716

Financial lease obligations are arranged at floating interest rates of 6 month EURIBOR +1.1% margin, 6 month LIBOREUR +1% margin, 6 month LIBOREUR +1.2% margin

19 Operating lease

The group has formed several operating lease agreement. In the agreement conditions there are no limitations set for the Group's activities related to dividends, additional borrowings or additional long-term rent.

20 Trade credits

The conditions of the above mentioned type of liabilities:

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

21 Other current amounts payable

Other creditors were composed as follows:

	2009 03 31	2008 12 31
Salaries and related taxes payable	2 160 575	1 758 925
Vacation reserve	1 063 186	1 089 906
Bonuses and payments to the Board accrued	-	-
Taxes payable	2 184 800	2 677 754
Provisions for guaranty repair	2 623 056	2 876 478
Other payables and accrued expenses	3 362 199	2 322 337
Total other creditors	**11 393 816**	**10 725 400**

22 Basic and diluted earnings (loss) per share

	2009 03 31	2008 12 31
Shares issued 1 January	27 827 365	23 827 365
Average weighted number of shares in issue	-	-
Net result for the year, attributable to the parent company	(15 032 328)	(7 874 736)
Earnings (loss) per share	(0,54)	(0.33)

23 Risk and capital management

Credit risk

The Group has significant concentration of trading counterparties. The main ten customers of the Group on 31 March 2009 account for approximately 39.42% (52% as of 31 December 2008) of the total Group's trade receivables. The maximum sum of credit risk in the reporting period and on 31 December 2008 includes accounts receivables and loans provided.

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

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

Interest rate risk

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

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

Liquidity risk

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

The Group's current ratio as of 31 March 2009 was 0.38 (31 December 2008 it was 0.39).

Foreign exchange risk

The Group used financial instruments to manage its exposure to foreign exchange risk in 2009, making a predefined currency exchange transactions. Financial derivatives are used to hedge from negative currency fluctuations for cash flows from sales income with US Dollars.

24 Related parties transactions

The parties are considered related when one party has the possibility to control the other one or have significant influence over the other party in making financial and operating decisions. The related parties of the Group and the transactions with related parties during the 3 months of 2009 and 2008 were as follows:

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

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

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

UAB „Meditus“ (same final controlling shareholder);

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

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

2009 (3 months)	**Purchases**	**Sales**	**Accounts receivable**	**Accounts payables**
UAB „Baltijos polistirenas" raw materials	217 926	-	-	176 331
UAB „Astmaris" raw materials	335 700	-	-	399 483
	553 626	-	-	575 814

2008 (3 months)	**Purchases**	**Sales**	**Accounts receivable**	**Accounts payables**
UAB „Baltijos polistirenas" raw materials	1 068 690	-	-	840 885
UAB „Astmaris" raw materials	1 823 295	-	-	1 383 255
	2 891 985	-	-	2 224 140

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

Financial and investment activities with related parties:

	2009 First quarter			2008		
	Loans Received	Loans Paid	Interest Payments	Loans Received	Loans Paid	Interest payments
UAB „Hermis Capital“	5 713 379	350 000	-	29 300 000	23 586 621	87 109
UAB „Genčių nafta“	-	-	-	8 750 000	8 750 000	190 137
AB „Kauno duona„	-	-	-	1 100 000	1 100 000	33 659
UAB „Baltijos polistirenas“	-	-	-	3 000 000	3 000 000	-
UAB „Meditus“	1 000 000	-	-	6 000 000	5 000 000	-
Total:	6 713 379	350 000	-	48 150 000	41 436 621	310 905

Over the 3 months of 2009 salary of senior management of the Company and its subsidiaries amounted to 403,2 thous. LTL and 177,7 thous. LTL in total (over 3 months of 2008 – 1414,8 thous. LTL and 259,9 thous. LTL).