

AB SNAIGĖ
Report for the Quarter I of 2007

CONTENTS

I. GENERAL PROVISIONS 3

II. FINANCIAL STATUS 4

I. GENERAL PROVISIONS

1. Accounting period of the report

The report has been issued as of the first quarter of 2006.

2. The basic data about the issuer

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

Authorised capital – 23,827,365 LTL

Address - Pramonės str. 6, LT-62001 Alytus

Phone - (8-315) 56 206

Fax - (8-315) 56 207; (8-315) 56 242

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 January 18, 2007 in Alytus Department of Register of 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 Department of AB “Snaigė” (room 411) at Pramonės str. 6, Alytus on work days from 8.00 to 16.30, 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.

The mass media unit – daily paper “Lietuvos Rytas”.

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. The financial statements have been composed in accordance with the Business Accounting Standards (BAS) of Lithuania and the International Accounting Standards (IAS).

The financial statement of AB "Snaigė" has been prepared according to the BAS since 2004, whereas the annual financial statement has been prepared according to the IAS since 2002. The accounting principles are the same in spite of the method used (BAS or IAS).

Previous statements have been prepared based on the general accounting principles. The major differences between the general accounting principles and the IAS are as follows:

Pursuant to the general accounting principles the costs of equity issue were registered as formation cost and charged off, whereas pursuant to the IAS the share premium was reduced by the said amount.

Another difference: pursuant to the IAS the obligation of deferred profit tax was calculated, whereas pursuant to the general accounting principles this was not done.

8. Accounting Balance Sheet (in LTL)

Ref. No.	ASSETS	2007 03 31	2006 12 31	2006 03 31
A.	Non-current assets	122,160,675	124,056,863	109,716,778
I.	INTANGIBLE ASSETS	17,351,668	17,356,669	5,037,862
II.	TANGIBLE ASSETS	101,643,318	103,532,482	104,677,916
II.1.	Land			
II.2.	Buildings	38,101,689	38,569,527	41,038,124
II.3.	Other non-current tangible assets	54,258,551	54,820,400	61,322,437
II.4.	Construction in progress and advance payments	9,283,078	10,142,555	2,317,355
III.	NON-CURRENT FINANCIAL ASSETS			1,000
IV.	DEFERRED TAXES ASSETS	3,165,689	3,167,712	
B.	Current assets	133,879,336	133,070,208	145,346,787
I.	INVENTORY AND CONTRACTS IN PROGRESS	71,766,258	55,871,283	81,738,605
I.1.	Inventory	71,766,258	55,871,283	81,727,203
I.2.	Advance payments			11,402
I.3.	Contracts in progress			
II.	ACCOUNTS RECEIVABLE WITHIN ONE YEAR	57,603,790	72,382,575	60,605,390
III.	OTHER CURRENT ASSETS	237,589	11,270	
IV.	CASH AT BANK AND ON HAND	4,271,699	4,805,080	3,002,792
C.	Accrued income and prepaid expenses			
	TOTAL ASSETS	256,040,011	257,127,071	255,063,565

Ref. No.	SHAREHOLDERS' EQUITY AND LIABILITIES	2007 03 31	2006 12 31	2006 03 31
A.	Capital and reserves	98,905,602	93,007,483	102,460,819
I.	SHARE CAPITAL	36,554,635	26,714,155	26,714,155
I.1.	Authorized (subscribed) share capital	23,827,365	23,070,405	23,070,405
I.2.	Uncalled share capital (-)			
I.3.	Share premium (surplus of nominal value)	12,727,270	3,643,750	3,643,750
	Own shares (-)			
III.	REVALUATION RESERVE	-1,197,155	-986,564	-1,276,889
IV.	RESERVES	29,236,913	29,236,913	28,945,118
V.	PROFIT (LOSS) BROUGHT FORWARD	34,311,209	38,042,979	48,078,435
B.	Minority interest	3,872	7,368	165,462
C.	Financing (grants and subsidies)	3,556,228	3,849,340	4,826,659
D.	Accounts payable and liabilities	153,574,309	160,262,880	147,610,625
I.	ACCOUNTS PAYABLE AFTER ONE YEAR AND NON-CURRENT LIABILITIES	46,974,707	42,315,421	75,519,795
I.1.	Financial debts	43,785,080	39,233,456	75,108,946
I.2.	Trade creditors			
I.3.	Advances received on contracts in progress			
I.4.	Provisions			
I.5.	Deferred taxes			
I.6.	Other accounts payable and non-current liabilities	3,189,627	3,081,965	410,849
II.	ACCOUNTS PAYABLE WITHIN ONE YEAR AND CURRENT LIABILITIES	106,599,602	117,947,459	72,090,830
II.1.	Current portion of non-current debts	19,389,651	29,420,029	14,643,376
II.2.	Financial debts			
II.3.	Trade creditors	75,202,181	67,346,955	39,659,282
II.4.	Advances received on contracts in progress	1,757,835	794,895	215,773
II.5.	Taxes, remuneration and social security payable	6,706,607	5,422,121	7,694,527
II.6.	Provisions			
II.7.	Other accounts payable and current liabilities	3,543,328	14,963,459	7,604,502
II.8.	Fair value of derivative financial instruments			2,273,370
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	256,040,011	257,127,071	255,063,565

9. Profit (Loss) Report (in LTL)

Ref. No.	ITEMS	2006 03 31	2005 03 31
I.	SALES AND SERVICES	72,600,904	52,177,711
II.	COST OF GOODS SOLD AND SERVICES RENDERED	63,328,582	43,464,724
III.	GROSS PROFIT	9,272,322	8,712,987
IV.	OPERATING EXPENSES	11,250,214	10,102,583
V.	PROFIT (LOSS) FROM OPERATIONS	-1,977,892	-1,389,596
VI.	OTHER ACTIVITY	235,257	27,097
VI.1.	Income	742,157	505,114
VI.2.	Expenses	506,900	478,017
VII.	FINANCIAL AND INVESTING ACTIVITIES	-824,028	2,206,904
VII.1.	Income	2,802,353	5,960,381
VII.2.	Expenses	3,626,381	3,753,477
VIII.	PROFIT (LOSS) FROM ORDINARY ACTIVITIES	-2,566,663	844,405
IX.	EXTRAORDINARY GAIN		
X.	EXTRAORDINARY LOSS		
XI.	CURRENT ACCOUNTING PERIOD PROFIT (LOSS) BEFORE TAXES	-2,566,663	844,405
XII.	PROFIT TAX	1,240,645	1,536,269
XIII.	MINORITY INTEREST	3,496	-152,463
XIII.	NET CURRENT ACCOUNTING PERIOD PROFIT (LOSS)	-3,803,812	-844,327

Cash Flows Statement

Ref. No.		Quarter I, 2007	Quarter I, 2006
I.	Cash flows from the key operations		
I.1	Result before taxes	(2,566,663)	844,405
I.2	Depreciation and amortization expenses	5,066,426	5,130,177
I.3	Subsidies amortization	(293,112)	(314,898)
I.4	Result of sold non-current assets	(33,076)	(119)
I.5	Write-off of non-current assets	626	1,078
I.6	Write-off of inventories		
I.7	Depreciation of receivables		
I.8	Non-realized loss on currency future deals	252,837	2,273,370
I.9	Change in provision for guarantee repair	176,478	(286,240)
I.10	Financial income	-	(33,767)
I.11	Financial expenses	1,373,178	693,510
	Cash flows from the key operations until decrease (increase) in working capital	3,976,694	8,307,516
II.1	Decrease (increase) in receivables and other liabilities	14,778,785	5,974,117
II.2	Decrease (increase) in inventories	(15,894,975)	(20,966,619)
II.3	Decrease (increase) in trade and other debts to suppliers	8,807,141	(6,323,749)
	Cash flows from the main activities	11,667,645	(13,008,735)
		-	
III.1	Interest received	(1,373,178)	48,355
III.2	Interest paid	(1,240,645)	(693,511)
III.3	Profit tax paid		(792,012)
	Net cash flows from the key operations	9,053,822	(14,445,903)

II.	Cash flows from the investing activities		
II.1	Acquisition of tangible non-current assets	(1,915,567)	(476,452)
II.2	Capitalization of intangible non-current assets	(34,837)	(286,556)
II.3	Sales of non-current assets	2,351,777	75,227
	Net cash flows from the investing activities	401,373	(687,781)

III.	Cash flows from the financial activities		
III.1	Cash flows related to the shareholders of the company		
III.1.1	Issue of shares		
III.1.2	Shareholders' contributions for covering losses		
III.1.3	Sale of own shares		
III.1.4	Payment of dividends		
III.2	Cash flows arising from other financing sources	(9,988,576)	17,316,674
III.2.1	Subsidies received		
III.2.1.1	Loans received	33,300,499	39,371,955
III.2.1.2	Loans repaid	(42,183,437)	(21,960,827)
III.2.2	Finance lease received		
III.2.2.1	Payments of leasing (finance lease) liabilities	(1,105,638)	(94,454)
	Net cash flows from the financial activities	(9,988,576)	17,316,674
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.	Net increase (decrease) in cash flows	(533,381)	(2,182,990)
VI.	Cash and cash equivalents at the beginning of period	4,805,080	5,185,782
VII.	Cash and cash equivalents at the end of period	4,271,699	3,002,792

Statement of Changes in Equity

	Paid up authorised capital	Share premium	Own shares (-)	Legal reserves		Revaluation reserve (results)	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, 2005	23,070,405	3,643,750	0	2,337,913	10,000,000		187,000	401,000	16,000,000		-786,371	35,291,013	90,144,710		90,144,710
Acquisition of own shares													0		0
Non recognized profit (loss) in the profit/loss statement												12,998	12,998	-12,998	0
Formed reserves							-36,000	9,000	338,000			-311,000	0		0
Dividends for 2004												0	0		0
Minority profits allocated to cover previous losses absorbed by parent													0		0
Balance as of December 31, 2006	23,070,405	3,643,750	0	2,337,913	10,000,000		151,000	410,000	16,338,000		-986,705	38,043,119	93,007,482	7,368	93,014,850
Dividends for 2006													0		0
Formed reserves					10,000,000		151,000	410,000	16,338,000			-26,899,000	0		0
Transfer from reserves					-10,000,000		-151,000	-410,000	-16,338,000			26,899,000	0		0
Acquisition of own shares during financial year													0		0
Sale of own shares during financial year													0		0
Minority profits allocated to cover previous losses absorbed by parent													0		0
Other changes		756,960											9,840,480		9,840,480
Non recognized profit (loss) in the profit/loss statement												71,901	71,901	-71,901	0
Balance as of March 31, 2007	23,827,365	12,727,270	0	2,337,913	10,000,000		151,000	410,000	16,338,000		-1,197,155	34,311,208	98,905,602	3,872	98,909,474

10. Explanatory Notes

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.

The Company has established 4 subsidiary enterprises abroad, as of 2006-03-31, including:

1. in Russian Federation:

- Refrigerators Production Company with 100 % of controlled portfolio amounting to 12648840 LTL, situated in Kaliningrad, at 4 Balshaja Okruzhnaja, 1-a "Techprominvest". The company was established for the activities comprising manufacture and sales of refrigerators in Russian Federation.

- Sales company with 100 % of controlled portfolio amounting to 947 LTL, situated in Moscow, at prospekt Mira 52, "Moroz Trade". The goal of this company is sales of refrigerators produced by OOO "Techprominvest" in Russian Federation.

- Sales company with 100 % of controlled portfolio amounting to 1028 LTL, situated in Moscow, at prospekt Mira 52, "Liga – Servis". The goal of this company is the expansion of sales network and to rsales of refrigerators produced by OOO "Techprominvest" in Russian Federation.

2. In Lithuania

- manufacturing company UAB „Almecha“ with 100% of controlled portfolio amounting to 30000 LTL, situated in Alytus, Pramonės str. 6. On 1 January 2007 the subscribed company's capital was increased by property contribution to 1375785 LTL.

3. In Ukraine

- Sales company with 99 % of controlled portfolio amounting to 88875 LTL, situated in Kiev, at Grushevski str. 28-2a / 43 "Snaigė-Ukraine". The company was acquired for increasing the sales amounts of the products of AB "Snaigė in Ukraine.

The financial data of the mentioned companies were completely integrated into the consolidated statement of AB "Snaigė" for first quarter of 2007.

During first quarter of 2007 2401 employees were working in the company: 478 managers and specialists, 1923 workers.

The main activity of AB "Snaigė": manufacturing of refrigerators, freezers, plastic products, equipment, transport services, trade of consumer goods, technical servicing of refrigerators and other activities allowed by the company's statute.

The Company's bookkeeping is done in compliance with the accounting principles effective in the Republic of Lithuania. These financial statements have been prepared in accordance with the Law on Bookkeeping, Law on Financial Statements of Companies, Law on Consolidated Financial Statements of the Republic of Lithuania, as well as Business Accounting Standards (BAS) of Lithuania and the International Accounting Standards (IAS). The inventory is written off in the statement using the FIFO method. Goods and services, and amounts payable and receivable in foreign currency are booked at the official exchange rate valid on the date of transaction. Provisions are accumulated with regard to future expenses related to warranty service of refrigerators, profit tax liabilities, amounts receivable and risk inventory in stock.

The balance of cash, amounts receivable and liabilities in foreign currency available at the end of the quarter are accounted in Litas, using the official exchange rate valid at the end of the fiscal period.

Income and expenses are accounted in accordance with the principle of accumulation of the income and expenses from continuous activities.

Subsidiary companies are fully controlled by the Company. The balance items, revenues and costs, profit and loss, from transaction between the group companies are fully eliminated while preparing consolidated financial accounts.

The accounting of the groups is done using Litas currency, except for subsidiaries „Techprominvest“, „Moroz Trade“ and „Liga-Servis“ for which Russian Ruble is used and subsidiary company „Snaige ukraina“, for which Ukrainian Hryvnia is used.

All the items of consolidated financial statements are expressed in Lithuanian Litas.

Currently company is not using derivative currency instruments due to extremely low USD exchange rate, as business plan is prepared using rate of 2.7 LTL for 1 USD.

Intangible assets include identifiable non-monetary assets without physical substance disposed by the enterprise expecting to obtain direct and indirect economic benefits from the use of such assets. At the moment of acquisition (production) intangible assets are recorded at the acquisition (production) cost. The balance sheet contains the residual value of intangible assets, which is calculated by deducting accumulated amortisation from the acquisition cost. Amortisation is calculated by applying the straight-line (linear) method. The liquidation value is not considered. The amortisation costs related to development are recorded as the operating expenses of the Company, whereas the costs related to the software are attributed to the expense centres. Balance sheet item Intangible assets also includes goodwill (12312707). Expenses are accepted as non-current tangible assets if they satisfy the following criteria: the value of the assets is not less than 500 LTL; the assets are numerously incorporated into the production and service process by retaining their exterior form; depreciation of the assets lasts longer than one year; the enterprise can reasonably expect to obtain economic benefits from the assets in the future; the acquisition (production) cost of the assets can be reliably measured; the whole risk related to the tangible assets has been passed over to the enterprise. The liquidation value of non-current assets is equal to 1 LTL. Depreciation of the non-current assets is calculated by applying the straight-line (linear) method in years:

- Buildings: 15-63 years
- Machinery and equipment: 5-10 years
- Transport equipment and other assets: 3-8 years

At the moment of acquisition tangible assets are recorded at the acquisition cost. The balance sheet includes the acquisition cost of the tangible assets, less the accumulated depreciation.

Non-current assets constitute 47.7% of total company's assets. The biggest part of non-current assets are tangible assets (83.2%).

Current assets are equal to 52.3% of total company's assets, it has increased by 0.7% during the first quarter of 2007.

The major portion of the current assets includes:

1. Inventory (53.6 percent), which increased by 11.6 percent in comparison with the previous quarter. The increase is a result of accumulation of finished production in the warehouses, to prepare for the increase in demand in summer.

2. Amounts receivable within one year (43.0 percent), which decreased by 11.4 percent in comparison with the previous quarter. After evaluating receivables payment and inventories' realization risks the following provisions were formed:

1. For illiquid inventories – 52318 LTL
2. For receivables – 11763408 LTL
3. Provisions for guarantee servicing of the refrigerators – 4156441 LTL

The share capital of the company amounts to 23827365 LTL (23827365 ordinary registered shares, the nominal value of a share being 1 LTL). The shares of the Company are listed on the Official list on Vilnius Stock Exchange.

The financial grants and subsidies amount to 3556228 LTL.

The amounts payable amount to 153574309 LTL, including the following:

- the amounts payable after one year - 46974707 LTL,
- amounts payable within one year – 106599602 LTL.

The amounts payable within one year include the following:

- trade debts - 75202181 LTL,
- current year portion of long-term debts – 19389651 LTL,
- advance payments received - 1757835 LTL,
- taxes, remuneration and social security - 6706607 LTL,
- other amounts payable and liabilities – 3543328 LTL.

As for the operating capital, Company uses loans from banks, which amount to 63174731 LTL. Due to repaid loans this amount has decreased by 5478754 LTL.

The company's gross consolidated income from sales and services rendered during the three months of the current year amounted to 9272322 LTL; which is 559335 LTL more than the profit received during the same period of the previous financial year. The sales income from the ordinary activities amounted to 72600904 LTL, whereas the expenses amounted to 63328582 LTL.

The consolidated operating expenses amount to 11250214 LTL, including:

- sales costs - 5260424 LTL;
- general and administrative expenses -5989790 LTL.

The profit from other Company's activities amounted to 235257 LTL. Other operating income amounted to 505114 LTL, whereas operating expenses amount to 478017 LTL.

The profit from the financial investment activities amounted to 2206904 LTL, 208160 LTL larger than at the same period of the previous year. The income from other activities amounted to 742157, expenses – 506900 LTL. The income from the financial investment activities amounted to 2802353 LTL. The expenses from the financial investment activities amounted to 3626381 LTL.

The Company has not gained any income or expenses from extraordinary activities, i.e., extraordinary profit or extraordinary loss during three months of the current year.

The Company's consolidated loss before taxes of the current year is 2566663 LTL.

During the reporting period the following events important for the company occurred:

January 19, 2007. The amended Charter has been registered after the increase of the authorized capital:

On January 18, 2007 the Charter of Snaigė AB with the increased authorized capital was registered in the Entities Register. The authorized capital of the company after the increase has reached LTL 23 827 365 (EUR 6 900 882). The nominal value of a share is 1 LTL.