AB SNAIGĖ

Semi-annual consolidated financial accounts for 2009

CONTENTS

I. GENERAL PROVISIONS

1. Accounting period of the report

The report has been issued for the first half-year, 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

Address - Pramonės str. 6, LT-62175 Alytus

Phone - (8-315) 56 206

Fax - (8-315) 56 207;

E-mail – snaige@snaige.lt

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

Legal organisation status – legal entity, public limited company

Registered as an enterprise on December 1, 1992 in the Municipality Administration of Alytus; registration number AB 92-119; enterprise register code 249664610. The latest Statute of AB "Snaigė" was registered on May 25, 2009 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" 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.

1. Accounting Balance Sheet (in LTL)

Ref. No.	ASSETS	2009 06 30	2008 12 31
A.	**Non-current assets**	**84,834,109**	**93,982,512**
I.	FORMATION COSTS		
II.	INTANGIBLE ASSETS	14,821,218	15,725,926
III.	TANGIBLE ASSETS	65,555,978	72,595,486
III.1.	Land		
III.2.	Buildings	27,750,087	29,507,972
III.3.	Other non-current tangible assets	35,928,069	41,203,287
III.4.	Construction in progress and advance payments	1,877,822	1,884,227
IV.	NON-CURRENT FINANCIAL ASSETS		
V.	DEFERRED TAXES ASSETS	4,456,913	5,661,100
VI.	ACCOUNTS RECEIVABLE AFTER ONE YEAR		
B.	**Current assets**	**63,662,918**	**104,294,573**
I.	INVENTORY AND CONTRACTS IN PROGRESS	29,449,187	56,605,977
I.1.	Inventory	29,449,187	56,605,977
I.2.	Advance payments		
I.3.	Contracts in progress		
II.	ACCOUNTS RECEIVABLE WITHIN ONE YEAR	31,286,325	45,604,642
III.	INVESTMENTS AND TERM DEPOSITS		
IV.	CASH AT BANK AND ON HAND	2,781,071	1,675,302
V.	Other current assets	146,335	408,652
C.	**Accrued income and prepaid expenses**		
	TOTAL ASSETS	**148,497,027**	**198,277,085**

Ref. No.	SHAREHOLDERS' EQUITY AND LIABILITIES	2009 06 30	2008 12 31
A.	**Capital and reserves**	**49,634,007**	**69,494,043**
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	(6 ,605,237)	(5,241,966)
IV.	RESERVES	4,688,472	7,340,772
V.	PROFIT (LOSS) BROUGHT FORWARD	4,996,137	20,840,602
B.	**Minority interest**	2,861	2,861
C.	**Financing (grants and subsidies)**	**1,774,887**	**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**	**97,085,272**	**126,779,470**
I.	ACCOUNTS PAYABLE AFTER ONE YEAR AND NON-CURRENT LIABILITIES	27,730,323	5,546,244
I.1.	Financial debts	24,331,217	1,906,200
I.2.	Trade creditors		
I.3.	Advances received on contracts in progress		
I.4.	Other accounts payable and non-current liabilities	3,399,106	3,640,044
II.	ACCOUNTS PAYABLE WITHIN ONE YEAR AND CURRENT LIABILITIES	69,354,949	121,233,226
II.1.	Current portion of non-current debts	25,970,449	58,804,422
II.2.	Financial debts		
II.3.	Trade creditors	33,055,935	50,450,833
II.4.	Advances received on contracts in progress	1,983,527	1,252,572
II.5.	Taxes, remuneration and social security payable	2,925,452	3,739,868
II.6.	Other accounts payable and current liabilities	5,419,586	6,985,531
II.7.	Fair value of derivative financial instruments		
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**148,497,027**	**198,277,085**

2. Profit (Loss) Report (in LTL)

Ref. No.	ITEMS	30.06.2009	01.04.2009 30.06.2009	30.06.2008	01.04.2008 30.06.2008
I.	**SALES AND SERVICES**	**63, 668,510**	**30,961, 994**	**168,377,347**	**90,390,824**
I.1	Income of goods and other products sold	2,188,663	1 292 558	6 358 270	3 776 516
I.2	Income of refrigerators sold	61,479,847	29,669,436	162,019,077	86,614,308
II.	**COST OF GOODS SOLD AND SERVICES RENDERED**	**60,751,170**	**27, 295,479**	**148,455,766**	**79,724,871**
II.1	Net cost of goods and other products sold	1,733,441	649,175	5,132,007	2,823,533
II.2	Net cost of refrigerators sold	59,017,729	26,646,304	143,323,759	76,901,338
III.	**GROSS PROFIT**	**2,917,340**	**3,666,515**	**19,921,581**	**10,665,953**
IV.	**OPERATING EXPENSES**	**13,871,298**	**7,003,632**	**24,358,164**	**11,029,907**
IV.1	Sales expenses	4,479,844	2,240,994	12,023,622	6,671,072
IV.2	General and administrative expenses	9,391,454	4,762,638	12,334,542	4,358,835
V.	**PROFIT (LOSS) FROM OPERATIONS**	**-10,953,958**	**-3,337,117**	**-4,436,583**	**-363,954**
VI.	**OTHER ACTIVITY**	**148,023**	**313,204**	**233,585**	**-382,265**
VI.1.	Income	601,390	476,885	938,677	-156,302
VI.2.	Expenses	453,367	163,681	705,092	225,963
VII.	**FINANCIAL AND INVESTING ACTIVITIES**	**-6,791,520**	**-431,008**	**-5,628,245**	**-1,213,587**
VII.1.	Income	6,044,847	1,670,865	4,859,107	2,935,681
VII.2.	Expenses	12,836,367	2,101,873	10,487,352	4,149,268
VIII.	**PROFIT (LOSS) FROM ORDINARY ACTIVITIES**	**-17,597,455**	**-3,454,921**	**-9,831,243**	**-1,959,806**
IX.	EXTRAORDINARY GAIN				
X.	EXTRAORDINARY LOSS				
XI.	**CURRENT ACCOUNTING PERIOD PROFIT (LOSS) BEFORE TAXES**	**-17,597,455**	**-3,454,921**	**-9,831,243**	**-1,959,806**
XII.	**TAXES**	**899,309**	**9,515**	**-1,231,432**	**-1,231,432**
XIII.	PROFIT TAX	9,515	9,515	39,244	39,244
XIV.	Adjustment of deferred profit tax	889,794		-1,270,676	-1,270,676
XV.	Social tax				
XVI.	MINORITY INTEREST				3,747
XVII.	**NET CURRENT ACCOUNTING PERIOD PROFIT (LOSS)**	**-18,496,764**	**-3,464,436**	**-8,599,811**	**-724,627**

3. Cash Flows Statement

Ref. No.		2009 06 30	2008 06 30
I.	**Cash flows from the key operations**		
I.1	Result before taxes	(17,597,456)	(9,831,243)
I.2	Depreciation and amortization expenses	5,616,025	11,343,206
I.3	Subsidies amortization	(225,824)	(558,574)
I.4	Result of sold non-current assets	2,867	(63,369)
I.5	Write-off of non-current assets	19,500	663
I.6	Write-off of inventories	438,904	0
I.7	Depreciation of receivables		
I.8	Non-realized loss on currency future deals	645,961	(354,683)
I.9	Change in provision for guarantee repair	(712,344)	62,219
I.10	Recovery of devaluation of trade receivables	(513,714)	
I.11	Influence of foreign currency exchange rate change	3,222,906	3,167,453
I.12	Financial income	(7,178)	(16,120)
I.13	Financial expenses	1,206,793	1,705,680
	Cash flows from the key operations until decrease (increase) in working capital	**(7,903,560)**	**5,455,232**
II.1	Decrease (increase) in receivables and other liabilities	12,974,638	(12,247,948)
II.2	Decrease (increase) in inventories	27,156,790	(23,262,717)
II.3	Decrease (increase) in trade and other debts to suppliers	(19,124,815)	(4,896,126)
	Cash flows from the main activities	**13,103,053**	**(34,951,559)**
III.1	Interest received		
III.2	Interest paid	(1,206,793)	(1,705,680)
III.3	Profit tax paid	(156,376)	(1,052,496)
	Net cash flows from the key operations	**11,739,884**	**(37,709,735)**

II.	**Cash flows from the investing activities**		
II.1	Acquisition of tangible non-current assets		(1,225,394)
II.2	Capitalization of intangible non-current assets	(286,794)	(823,999)
II.3	Sales of non-current assets	61,635	158,773
II.4	Loans granted		
II.5	Loans regained		
	Net cash flows from the investing activities	**(225,159)**	**(1,890,620)**

III.	**Cash flows from the financial activities**	(10,408,956)	38,543,070
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	7,024,257	
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		42,806,182
III.2.1.2	Loans repaid	(17,007,591)	(21,314,231)
III.2.2	Finance lease received		
III.2.2.1	Payments of leasing (finance lease) liabilities	(425,622)	(424,121)
III.3	Other decreases in the cash flows from financial activities		17,475,240
	Net cash flows from the financial activities	**(10,408,956)**	**38,543,070**

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**	**1,105,769**	**(1,057,285)**
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**	**2,781,071**	**2,927,275**

4. Statement of Changes in Equity

	Paid up authorised capital	Share premium	Own shares (-)	Legal reserves		Other reserves					Retained earnings (losses)	TOTAL	Minority shareholders	TOTAL
				Compulsory	For acquiring own shares	For charity, donation	For social needs	For investments	Other reserves	Currency exchange reserve				
Balance as of December 31, 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	**-7,873,61**	**-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	975	**190,608**	**10,053**	**200,661**
												0		**0**
Balance as of June 30, 2008	23,827,365	12,727,270	**0**	**2,397,596**	**10,000,000**	**90,000**	**350,000**	**23,647,600**	**0**	**-713,339**	**7,921,709**	**80,248,201**	**10,667**	**80,258,868**
Dividends for 2008												**0**		**0**
Total registered income and expenses as of 2008						0	0				-16,225,531	**-16,225,531**	**-7,806**	**-16,233,337**
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	20,840,602	69,494,043	2,861	69,496,904
Dividends for 2008												0		0
Total registered income and expenses as of 2009											-18,496,765	-18,496,765		-18,496,765
Formed reserves	,	,	,	,			60,000	1,800,000	0		-1,860,000	0	0	0
	,	,	,	,				-,4,512,300	0	,	4,512,300	0	0	0
	,	,	,	,	,	,	,	,	,	,	0	0	0	0
	,	,	,	,	,	,	,	,	,	,	,	0	,	0
														0
Other changes					,	,	,	,	,	-1,363,271	,	-1,363,271	,	-1,363,271
Current year profit not registered in the Profit (Loss) account	,	,	,	,	,	,	,	,	,	,		0		0
Balance as of June 30, 2009	27,827,365	18,727,270	0	2,828,472	0	0	60,000	1,800,000	0	-6,605,237	4,996,137	49,634,007	2,861	49,636,868

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 Secondary 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 June 30, 2009 and December 31, 2008 were:

	June 30, 2009		December 31, 2008	
	Number of shares owned	Share of total capital, %	Number of shares owned	Share of total capital, %
Survesta	6,821,551	24.51	7,034,891	25.28
Swedbank AS (Estonia) Clients	12,337,268	44.34	12,002,781	44.13
Skandinaviska Enskilda Banken Clients	3,044,579	10.94	3,852,141	13.84
Skandinaviska Enskilda Banken AB Finnish Clients	1,739,747	6.25	992,747	3.57
Other shareholders	3,884,220	13.96	3,944,805	13.18
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 June 30, 2009 and December 31, 2008. Authorized share capital as of June 30, 2009 is equal to 27,827,365 LTL. Subsidiaries did not have any shares of AB „Snaigė" as of June 30, 2009 and December 31, 2008. 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	(8,232,663)	Manufacturing and trade of refrigerators and freezers
TOB „Snaige Ukraina"	Gruševskio 28-2a/43, Kiev	99	88,875	1,278	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	40,477	Trade, marketing, logistics
UAB Almecha	Pramonės 6, Alytus	100	1,375,785	(577,108)	Manufacturing of machinery equipment

As of 30 June, 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 5,519,7921 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 30 June, 2009 was 900 (while on 31 December, 2008 – 2,237).

2 Accounting principles

The main accounting principles used in preparation of Group's financial accounts as of 30 June, 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:

	2009-06-30	2008-12-31
Russian rouble	0.078771	0.083337
Ukraine hryvnia	0.32088	0.32161
U.S. dollar	2.4643	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.

<u>Research and development</u>

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

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

<u>Licenses</u>

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

<u>Software</u>

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 30 June 2009 by geographical segments can be specified as follows (thous. LTL):

	Sales		Assets	
Group	**30.06.2009**	**30.06.2008**	**30.06.2009**	**30.06.2008**
Russia	12,896	54,852	46,500	97,301
Ukraine	4,458	36,810	148	400
Western Europe	34,016	43,733	-	-
Eastern Europe	4,702	18,251	-	-
Lithuania	4,223	6,861	101,849	172,812
Baltic Countries	734	2,167	-	-
Other countries from NVS	2,545	3, 990	-	-
Other countries	95	1,713	-	-
Total	**63,669**	**168,377**	**148,497**	**270,513**

4 Operational expenses

Over reporting period the operational expenses were:

	2009	2008
Sales expenses	4,479,844	12,023,622
Administration expenses	9,391,454	12,334,542
Total:	**13,871,298**	**24,358,164**

5 Other income (expenses) – net result

Over reporting period, June 30 other income (expenses) were:

	2009	**2008**
Other operating income		
Income from logistics	159,945	457,046
Rent of fixed asset	19,694	251,260
Profit from sale of fixed asset	31,355	35,159
Other	390,396	195,212
	601,390	938,677

	601,390	938,677
Other operating expenses		
Transportation expenses	169,068	338,419
Rent of fixed asset	21,530	181,380
Other	262,769	185,293
	453,367	705,092
Other operating income (expense) – net result	**148,023**	**233,585**

6 Net result from financial activities

	30.06.2009	**30.06.2008**
Financial income		
Profit from currency exchange	5,668,229	4,174,113
Profit from foreign currency derivatives	340,630	356,486
Other income from financial activities	35,988	328,508
	6,044,847	4,859,107
Financial expenses		
Loss from currency fluctuations	8,820,981	7,423,693
Realized loss from foreign currency derivatives	260,004	982
Loss from revaluation of foreign currency derivatives	726,587	1,803
Interest expenses	2,931,791	2,924,676
Other expenses from financial activities	97,004	136,198
	12,836,367	10,487,352
Net result from financial activities	**(6,791,520)**	**(5,628,245)**

7 Non-current intangible assets

The balance sheet value of non-current intangible assets on 30 June 2009 was 14,821 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 6 months of 2009, the Group has accumulated 588 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	
	30.06.2009	12.31.2008
Buildings and constructions	27,750,087	29,507,972
Other non-current assets	35,928,069	41,203,287
Construction in progress and prepayments	1,877,822	1,884 227
Total:	**65,555,978**	**72,595,486**

Group's non-current tangible assets depreciation on 30 June, 2009 is equal to 5,028 thous. LTL (in 2008 – 10,613 thous. LTL)

9 Inventories

	30.06.2009	**31.12.2008**
Raw materials, spare parts and production in progress	16,480,845	28,084,224
Finished goods	12,905,123	28,303,677
Other	63,219	218,076
	29,449,187	56,605,977
Less: net realizable value allowance		-
	29,449,187	**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:

	30.06.2009	**31.12.2008**
Trade receivables from the Group companies	38,259,827	52,609,977
Less: allowance for doubtful trade receivables	(9,858,973)	(10,372,687)
Other receivables	2,885,471	3,367,352
	31,286,325	**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:

	30.06.2009	**31.12.2008**
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	513,714	1,556,831
Other changes		43,058
	(9,858,973)	(10,372,687)

The ageing analysis of trade receivables as of 30 June 2009 and 31 December 2008 is as follows:

	Trade receivables neither past due nor impaired	Trade receivables past due but not impaired					
		Less than 30 days	30 – 60 days	60 – 90 days	90 – 120 days	More than 120 days	Total
2009	15,553,020	2,956,626	973,136	639,053	741,502	7,537,517	28,400,854
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 30 June 2009 were, finished goods – 7,000 thous. LTL.

11 Other current assets

	30.06.2009	31.12.2008
VAT receivable	727,406	757, 043
Prepayments and deferred charges	1,033,443	716,655
Compensations receivable from suppliers	29,206	150,293
Receivable for property, plant and equipment sold		
Fair value of currency futures	-	233,992
Other receivable	1,214,660	1 918,021
	3,031,806	**3,776,004**

Compensations from suppliers are received for bad quality goods.

12 Cash and cash equivalents

	30.06.2009	31.12.2008
Cash at bank	2,765,903	1,674,842
Cash on hand	15,168	460
	2,781,071	**1,675,302**

The accounts of the Company in foreign currency up to 12,375 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 30 June 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 30 June 2009 other allocatable reserves consisted of 1,800 thous. LTL (2008 – 4,512.3 thous. LTL) of reserve for investments and 60 thousands of LTL socio-cultural needs (in 2008 these reserves have not been concluded).

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 30 June 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	225,824
Accumulated amortization on 30 June 2009	8,928,993
Net residual value 30 June 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 30 June 2009 were equal to 2,222 thous. LTL (2008 – 2,463 thous. LTL), current provisions on 30 June 2009 are equal to 2,405 thous. LTL (2008 – 2,876 thous.LTL).

Changes over the reporting period were:

	2009
1 January	5,339,081
Changes over reporting period	383,941
Used	898,801
Currency exchange rate cahnge influence	(197,484)
31 March, 2009	**4,626,737**

17 Borrowings

	As of 30 June 2009	As of 31 December 2008
Non-current borrowings		
Bank borrowings secured by Company's assets	200,000	200,000
Other loans	22,425,017	-
Leasing	1,706,200	1,706,200
	24,331,217	1,906,200
Current borrowings		
Factoring liabilities	4,495,795	10,851,922
Short-term loans with variable interest rate	17,846,671	23,763,881
Short-term loans with fixed interest rate	1,553,503	6,713 379
Convertible bonds	2,074,480	17,475,240
	25,970,449	58,804,422
Total	**50,301,666**	**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 6,500 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 2,5% scale annual interest.

Loans with fixed interest rates are set at 14 – 18 % annual interest.

On April 03, 2009 provided the credit for 30,781 thous. Russian rubles (equivalent at 30 June, 2009 is 2,425 thous. LTL), which has to be repaid by September 29, 2009. There is paid 24% annual interest for the provision of the credit. Credit has been repaid on 20 August, 2009.

As of 30 June, buildings with a nominal value of 22,984 thous. LTL (31 December 2008 24,421 thous. LTL), equipment and machinery with a nominal value of 5,370 thous. LTL (31 December 2008 12,717 thous. LTL), inventories with a nominal value of 21,300 thous. LTL (31 December 2008 26,300 thous. LTL), financial incomes into the bank accounts up to 12,375 thous. LTL (31 December 2008 12,375 thous. LTL) and the most of the shares of "Techprominvest" are collateralized for the bank loans.

On 30 June, 2009 and 31 December, 2008 companies group have not implemented some financial indicators, provided on the contracts for the loans with a value of 17,846 thous. LTL, on 30 June, 2009 (31 December, 2008 – 16,163 thous. LTL). During this reporting period, the loans were repaid on time and the banks have not taken any decisions on the failure of these indicators.

According to the 15 May, 2009 and 08 June, 2009 signed credit agreement amendments, loan repayments were defered until 2009 appropriate August 15 and 31. Outstanding amounts were transferred to subsequent periods, without changing the final repayment date.

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:

	30.06.2009	**31.12.2008**
Machinery and equipment	2,085,555	2,461,796
Vehicles	23,539	72,920
	2,109,094	**2, 534,716**

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

	30.06.2009	**31.12.2008**
EUR	-	-
LTL	2,109,094	2,534,716
	2,109,094	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:

	30.06.2009	31.12.2008
Salaries and related taxes payable	1,811,939	1,758,925
Vacation reserve	1,113,513	1,089,906
Bonuses and payments to the Board accrued	-	-
Taxes payable	1,184,145	2,677,754
Provisions for guaranty repair	2,405,072	2,876,478
Other payables and accrued expenses	1,830,369	2,322,337
Total other creditors	**8,345,038**	**10,725,400**

22 Basic and diluted earnings (loss) per share

	30.06.2009	30.06.2008
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	(18,496,765)	(8,599,363)
Earnings (loss) per share	(0.66)	(0.36)

23 Risk and capital management

Credit risk

The Group has significant concentration of trading counterparties. The main ten customers of the Group on 30 June 2009 account for approximately 47.43% (30.1% as of 30 June 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 30 June 2009 was 0.49 (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.
On 30 June 2009 the company had fulfilled all the pre-concluded foreign exchange transactions. At this time, company does not trade in U.S. dollars and do not have entered into such transactions.

24 Related parties transactions

The parties are considered related when one party has the possibility to control the other one or have significant influence over the other party in making financial and operating decisions. The related parties of the Group and the transactions with related parties during the 6 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 (6 months)	Purchases	Sales	Accounts receivable	Accounts payables
UAB „Baltijos polistirenas" raw materials	1,347,969	-	-	457,404
UAB „Astmaris" raw materials	652,500	-	-	376,992
	2,000,469	-	-	834,396

2008 (6 months)	Purchases	Sales	Accounts receivable	Accounts payables
UAB „Baltijos polistirenas" raw materials	2,129,051	-	-	815,907
UAB „Astmaris" raw materials	3,994,299	-	-	1,647,276
	6,123,350	-	-	2,463,183

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 (6 months)			2008		
	Loans Received	Loans Paid	Interest Payments	Loans Received	Loans Paid	Interest payments
UAB „Hermis Capital"	5,713,379	5,159,876	-	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**	**5,159,876**	-	**48,150,000**	**41,436,621**	**310,905**

Over the 6 months of 2009 salary of senior management of the Company and its subsidiaries amounted to 748.7 thous. LTL and 356.4 thous. LTL in total (over 6 months of 2008 – 2,314.7 thous. LTL and 524.2 thous. LTL).

25. Post-balance sheet event

According to an agreement signed on July 9, 2009, with DnB NORD Bank, during the period from 2009-08-31 to 2009-12-31 daily factoring limit is reduced from 6,500 thous. to LTL 4,346 thous. LTL.

AB „Snaige“ received the European Union structural funds support to strengthen the competitiveness of the company, investing into the new product (refrigerator with multi-functional unit) creation.

The Enterprise submitted the European Union structural funds support application to increase productivity by investing into the development of the industrial base on the purpose to launch a new product.

AB „Snaige“ Board decided to close the refrigerator plant "Techprominvest" in Kaliningrad (the production activities, in the plant, have been suspended since March 2, 2009). Related to the closing the plant, company is going to assume the loss of about 70 mill. LTL.

There are proceeding the negotiations with the banks, obtaining a loan with guarantee of INVEGA.