AB SNAIGĖ

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR
ENDED
31 DECEMBER 2017
PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EUROPEAN UNION
PRESENTED TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AB SNAIGĖ

Report on the Audit of the Consolidated Financial Statements of the Group and the company

Qualified Opinion

We have audited the accompanying separate financial statements of AB Snaigė (the Company) and the accompanying consolidated financial statements of the Company and its subsidiaries (the Group), which comprise the separate and consolidated statement of financial position as at December 31, 2017, and the separate and consolidated statement of comprehensive income, the separate and consolidated statement of changes in equity and the separate and consolidated statement of cash flows for the year then ended, and notes to the separate and consolidated financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, except for the effects of the 1-2 matters described in the Basis for Qualified Opinion section of our report, the accompanying separate and consolidated financial statements present fairly, in all material respects of the separate and consolidated financial position of the Company and the Group, respectively, as at December 31, 2017, and of their separate and consolidated financial performance and their separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Basis for Qualified Opinion

1) As disclosed in Note 14, the Company and the Group had granted loans to related parties that as of 31 December 2017, accounted for EUR 12,170 thousand (EUR 10,633 thousand on 31 December 2016 and EUR 9,786 thousand on 31 December 2015). As disclosed in Note 6, the Company and the Group recorded an impairment of EUR 12,170 thousand in the value of granted loans, in 2017. However, objective evidences under IAS 39 "Financial Instruments: Recognition and Measurement", for impairment of loans, existed in the financial statements for the year 2015 and 2016. The Company and the Group did not apply the provisions of International Accounting Standard IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" that requires significant errors to be corrected retrospectively. Had the Company properly applied the requirements of IAS 8, the loans granted to related parties and the retained earnings (loss) would have decreased by EUR 10,633 thousand, the net profit for 2016 would have decreased by EUR 847 thousand.

2) In 2016, the Company and the Group reduced its revaluation reserve by EUR 3,168,000, by increasing the share capital and subsequently reduced the share capital for covering retained loss by EUR 3,168,000. The Company failed to comply with the requirements *of* IAS 16 "Property, Plant, and Equipment", indicating that the revaluation surplus included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings only as the derecognition of the assets, because the accrued revaluation profit does not need to be held to cover the possible impairments of the same assets in the future. As long as the assets are not yet transferred the revaluation reserve is carried in the financial statements as an increase in the potential proceeds for the revalued assets in relation to the carrying amount of the same assets, but yet neither earned not received by the Company. Furthermore, the Company or the Group did not apply IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" that requires significant errors to be corrected retrospectively. Had the Company properly applied IAS 8, the retained earnings (loss) figure in the financial statements of the Company and the Group for 31 December 2016 would have decreased by EUR 3,168,000 and the revaluation reserve would have increased respectively.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate and the Consolidated Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the requirements of the Law on Audit of Financial Statements of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

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Revaluation of property plant and equipment (Consolidated and separate financial statements)

As of 31 December 2017, the carrying amount of the property, plant, and equipment in the consolidated and the separate financial statements was carried at, respectively EUR 16,322 thousand and 16,065 thousand. See Note 13, financial disclosure “Property, plant and equipment”.

Property, plant, and equipment (hereinafter – PPE) account for the major part of the Group and Company's assets. On 30 September 2016, the Group and the Company changed its accounting policy and measured the PPE at revalued amount. The fair value of the PPE was established on 30 September 2016, and on 30 September 2017 on the basis of the evaluation reports of independent asset valuer. Note 13 to the financial statements presents a scheme used to establish the value of the property.

On 30 September 2016, the auditor for the previous year distinguished the reasonableness of the revalued amount and audited as the main subject of audit. The auditor did not establish any material misstatements in the separate and consolidated financial statements due to fraud or error.

We identified the PPE revaluation as an important area of audit due to the materiality of the amounts, required material decisions, and verification of the reliability of assumptions for the measurement methods for the purpose of determining fair values of the assets.

Therefore, we decided to consider the area is the principal matter of audit.

Further to the above, we carried out the following procedures:

- we evaluated the compliance with the applicable accounting standards;
- we evaluated the qualification, competence and objectivity of the independent valuer;
- we assessed the reasonableness of the assumptions underlying the valuation methods used by the independent asset valuer;
- we verified the mathematical accuracy of the cash flow model;
- we analysed the information on the revaluation of the PPE disclosed in the financial statements of the Company and the Group.

Revenue recognition (Consolidated and separate financial statements)

During 2017, the Company and the Group's net sales were reported at, respectively, EUR 39,202 thousand and EUR 38,347 thousand. See Note 3 financial disclosure “Sales income”.

The largest share of the sales revenues is generated from the sales of refrigerators and freezers. The Company recognises the goods sales revenues on the basis of the quantity of the goods dispatched and the agreed prices. The revenues are recognised only after the material risk and the ownership rights with respect to the goods are transferred to the buyer, following the agreed INCOTERM terms. The revenues are recognised net of the granted rebates. Although in respect of the recognition of income the decisions are passed to a limited extent only, due to the value and the number of transactions revenue recognition is an important audit area that requires significant time and resources and, therefore, it is considered a principal matter.

We carried out the audit by combining the control test procedures with the principal test procedures.

We evaluated the system of key control procedures related to the income recognition and tested their effectiveness. We dedicated special attention to the control procedures related to the reconciling of the invoices with the respective goods transportation documents and the agreed prices indicated in the orders for the goods and the relevant contracts. We did not establish any irregularities that could possibly affect our audit methodology.

We reviewed the accounting policy for the recognition of revenue related to all material income flows and assessed their compliance with the requirements of the International Accounting Financial Reporting Standards adopted by the European Union.

Having performed the key test procedures, we did not establish any material irregularities:

- we sampled the transactions concluded in the course of the year with the customers and received confirmation regarding the transactions from the third parties; in the cases, such confirmation was not received, we reconciled the transactions with respective contracts or orders for the goods, goods transportation documents, invoices, and payments subsequently received from the customers;

- our work also included the tests of the selected income accounting entries designed to assess the appropriateness of the correspondence of the Great Ledger accounts;

- we analysed the information on the income disclosed in the financial statements of the Company and the Group.

First year audit

This year we were appointed to carry out an audit of the financial statements of the Company and the Group for the first time. The first-year audits, contrary to the audits of subsequent years, involve a number of additional considerations. The additional audit procedures and considerations are necessary in order to determine an appropriate audit strategy and make up an audit plan. Our planning procedures included, inter alia, the following considerations:

- understanding of the Group and the Company, and their business character, the environment of internal control within the company, and the environment of the information systems employed by the Company, with a view to carrying out an audit risk evaluation and designing an appropriate audit strategy and the plan;
- obtaining sufficient and appropriate audit evidence related with the opening balances, including the application of accounting principles, and
- communication with the previous auditors.

After we were appointed the auditors of the Group and the Company for 2017, we established an appropriate audit strategy and the plan for completing this audit assignment. Our procedures included:

- understanding the Group and the Company, their business peculiarity, strategy, business risks, information systems employed, internal control environment, the procedures for drawing up the financial statements, so that we could properly carry out the audit risk assessment procedures;
- obtaining and review of audit evidence related to the opening balances, the appropriateness, and the application of the selected audit policy;
- communication with the preceding auditors regarding the key audit and accounting questions, the audit procedures applied last year and related to the key areas of the financial statements;
- communication with the management of the Company and the Group, the responsible employees and the audit committee in the course of which we sought to understand their approach towards business, identified key risks, and other significant audit matters.

Other matters

The financial statements for the year ended 31 December 2016 of the Group and the Company were audited by another auditor who on 25 April 2017 with respect of the Group and the Company statements submitted a qualified opinion.

Other information

The other information comprises the information included in the Group's annual report, including Corporate Governance statement, and Corporate Social Responsibility Report, but does not include the separate and consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the separate and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In addition, our responsibility is to consider whether information included in the Group's annual report, including Corporate Governance statement, for the financial year for which the financial statements are prepared is consistent with the financial statements and whether annual report has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of separate and consolidated financial statements, in our opinion, in all material respects:

- The information given in the Group's annual report, including Corporate Governance statement, for the financial year for which the financial statements are prepared is consistent with the separate and consolidated financial statements; and

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- The Group's annual report, including Corporate Governance statement, has been prepared in accordance with the requirements of the Law on Financial Reporting by Undertakings of the Republic of Lithuania.

We also need to check that the Corporate Social Responsibility Report has been provided. If we identify that Corporate Social Responsibility Report has not been provided, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the separate and consolidated financial statements

Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with the Law of the Republic of Lithuania on accounting and financial reporting, and International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of the separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's consolidated financial reporting process.

Auditor's responsibilities for the audit of the separate and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the decision made by shareholders on 15 February 2018 we have been chosen to carry out the audit of the Company's and the Group's separate and the consolidated financial statements. Our appointment to carry out the audit of Company's and the Group's separate and the consolidated financial statements in accordance with the decision made by shareholders has been renewed annually and the period of total uninterrupted engagement is 2 years.

We confirm that our opinion in the section 'Qualified Opinion' is consistent with the additional report which we have submitted to the Company and the Group and Audit Committee and the Central Bank of Lithuania.

We confirm that in light of our knowledge and belief, services provided to the Company and the Group are consistent with the requirements of the law and regulations and do not comprise non-audit services referred to in Article 5(1) of the Regulation (EU) No 537/2014 of the European Parliament and of the Council.

In the course of audit, we have not provided any other services except for audit of financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Darius Gliaubicas.

Certified auditor
Darius Gliaubicas
Auditor's certificate No. 000594
25 April, 2018
Vilnius, the Republic of Lithuania

Grant Thornton Baltic UAB
Audit firm certificate No. 001445

(all amounts are in EUR thousand unless otherwise stated)

Consolidated and separate statement of comprehensive income

		Group		Company	
	Notes	**2017**	**2016**	**2017**	**2016**
Sales	3	39 202	39 817	38 347	38 437
Cost of sales	4	(34 893)	(32 461)	(34 211)	(31 720)
Gross profit		**4 309**	**7 356**	**4 136**	**6 717**
Selling and distribution expenses	5	(2 709)	(2 383)	(2 771)	(2 277)
General and administrative expenses	6	(14 825)	(3 287)	(14 596)	(2 953)
Other income	7	321	207	422	294
Other expenses	8	(275)	(185)	(348)	(239)
Operating profit (loss)		**(13 179)**	**1 708**	**(13 157)**	**1 542**
Finance income	9	588	546	692	546
Finance costs	10	(850)	(679)	(861)	(676)
Profit (loss) before income tax		**(13 441)**	**1 575**	**(13 326)**	**1 412**
Income tax	11	204	(368)	190	(324)
Net profit (loss)		**(13 237)**	**1 207**	**(13 136)**	**1 088**
Other comprehensive income					
Items that will never be reclassified to profit or loss		**363**	**9 242**	**363**	**9 438**
Revaluation of property, plant and equipment		427	10 885	427	11 081
Related tax		(64)	(1 643)	(64)	(1 643)
Items that are or may be reclassified to profit or loss		**(4)**	**(3)**	-	-
Exchange differences on translation of foreign operations		(4)	(3)	-	-
Total other comprehensive income, net of tax		359	9 239	363	9 438
Total comprehensive income, net of tax		**(12 878)**	**10 446**	**(12 773)**	**10 526**

(continued on the next page)

The notes on pages 16-57 are an integral part of these financial statements.

(all amounts are in EUR thousand unless otherwise stated)

Consolidated and separate statement of comprehensive income (continued)

	Notes	Group		Company	
		2017	**2016**	**2017**	**2016**
Net profit (loss) attributable to:					
The shareholders of the Company		(13 237)	1 207	(13 136)	1 088
Non-controlling interest					
		(13 237)	**1 207**	**(13 136)**	**1 088**
Total comprehensive income, net of tax, attributable to:					
The shareholders of the Company		(12 878)	10 446	(12 773)	10 526
Non-controlling interest					
		(12 878)	**10 446**	**(12 773)**	**10 526**
Profit (loss) per share					
Basic and diluted profit (loss) per share	28	(0,33)	0,03	(0,33)	0,03

The notes on pages 16-57 are an integral part of these financial statements.

General Director	Gediminas Čeika		11 April 2018
Financial Director	Mindaugas Sologubas		11 April 2018

(all amounts are in EUR thousand unless otherwise stated)

Consolidated and separate statement of financial position

		Group		Company	
	Notes	**As at 31 December 2017**	**As at 31 December 2016**	**As at 31 December 2017**	**As at 31 December 2016**
ASSETS					
Non-current assets					
Intangible assets	12	1 627	1 637	1 618	1 620
Property, plant and equipment	13	16 322	16 535	16 065	16 325
Investments into subsidiaries	1			424	424
Deferred income tax asset	11				
Non-current loans to related companies	14		9 966		9 966
Total non-current assets		**17 949**	**28 138**	**18 107**	**28 335**
Current assets					
Inventories	15	4 482	4 579	4 396	4 506
Trade receivables	16	5 721	5 356	5 606	5 252
Current loans to related companies	14		667		667
Prepayments		79	341	79	333
Other amounts receivable	14, 17	598	281	560	275
Cash and cash equivalents	18	508	2 617	455	2 280
Total current assets		**11 388**	**13 841**	**11 096**	**13 313**
Total assets		**29 337**	**41 979**	**29 203**	**41 648**

(continued on the next page)

The notes on pages 16-57 are an integral part of these financial statements.

(all amounts are in EUR thousand unless otherwise stated)

Consolidated and separate statement of financial position (cont'd)

	Notes	Group As at 31 December 2017	Group As at 31 December 2016	Company As at 31 December 2017	Company As at 31 December 2016
EQUITY AND LIABILITIES					
Equity					
Share capital	19	11 887	11 887	11 887	11 887
Legal reserve	20	971	901	946	885
Revaluation reserve of property, plant and equipment		5 900	5 550	5 900	5 746
Foreign currency translation reserve		(54)	(50)		
Other reserves (own shares purchase)		30		30	
Retained earnings (loss)		(12 623)	1 345	(12 606)	1 051
Equity attributable to equity holders of the Company		**6 111**	**19 633**	**6 157**	**19 569**
Non-controlling interest					
Total equity		**6 111**	**19 633**	**6 157**	**19 569**
Liabilities					
Non-current liabilities					
Grants	21	629	703	629	703
Provisions	22	257	181	241	154
Deferred income tax liability	11	1 694	1 640	1 708	1 643
Non-current borrowings	23	497	9 951	413	9 884
Non-current employee benefits	24	281	310	262	299
Total non-current liabilities		**3 358**	**12 785**	**3 253**	**12 683**
Current liabilities					
Current borrowings, current portion of non-current borrowings	23	10 152	1 323	10 124	1 302
Trade payables		7 772	6 045	7 834	6 148
Prepayments received		117	190	116	168
Provisions	22	361	318	356	249
Profit tax liabilities	27		368		324
Employees related liabilities	26	1 259	1 190	1 166	1 087
Other current liabilities	26	207	127	197	118
Total current liabilities		**19 868**	**9 561**	**19 793**	**9 396**
Total liabilities		**23 226**	**22 346**	**23 046**	**22 079**
Total equity and liabilities		**29 337**	**41 979**	**29 203**	**41 648**

The notes on pages 16-57 are an integral part of these financial statements.

General Director	Gediminas Čeika		11 April 2018
Financial Director	Mindaugas Sologubas		11 April 2018

(all amounts are in EUR thousand unless otherwise stated)

Consolidated statement of changes in equity

		Attributable to equity holders of the Company								
	Notes	Share capital	Legal reserve	Other reserves	Revaluation reserve	Foreign currency translation reserve	Retained earnings (loss)	Total	Non-controlling interest	Total equity
Balance as at 1 January 2016		**11 490**	**901**			**(47)**	**(3 157)**	**9 187**		**9 187**
Profit (loss), not recognized in comprehensive income										
Net profit (loss) for the year							1 207	1 207		1 207
Other comprehensive income (expenses)					9 115	(3)	127	9 239		**9 239**
Total comprehensive income (expenses)					**9 115**	**(3)**	**1 334**	**10 446**		**10 446**
Share capital increase		3 565			(3 565)					
Share capital decrease		(3 168)					3 168			
Balance as at 31 December 2016		**11 887**	**901**		**5 550**	**(50)**	**1 345**	**19 633**		**19 633**
Profit (loss), not recognized in comprehensive income					(388)		388			
Dividends							(951)	(951)		(951)
Other changes			70	30	375		(168)	307		307
Net profit (loss) for the year							(13 237)	(13 237)		(13 237)
Other comprehensive income (expenses)					363	(4)		359		**359**
Total comprehensive income (expenses)					**363**	**(4)**	**(13 237)**	**(12 878)**		**(12 878)**
Share capital increase										
Share capital decrease										
Balance as at 31 December 2017		**11 887**	**971**	**30**	**5 900**	**(54)**	**(12 623)**	**6 111**		**6 111**

The notes on pages 16-57 are an integral part of these financial statements.

General Director	Gediminas Čeika		11 April 2018
Financial Director	Mindaugas Sologubas		11 April 2018

(all amounts are in EUR thousand unless otherwise stated)

Separate statement of changes in equity

	Notes	Attributable to equity holders of the Company						
		Share capital	Legal reserve	Other reserves	Revaluation reserve	Foreign currency transla-tion reserve	Retained earnings (loss)	Total
Balance as at 1 January 2016		**11 490**	**885**				**(3 332)**	**9 043**
Profit (loss), not recognized in comprehensive income					(127)		127	
Net profit (loss) for the year							1 088	1 088
Other comprehensive income (expenses)					9 438			9 438
Total comprehensive income (expenses)					**9 311**		**1 215**	**10 526**
Share capital increase		3 565			(3 565)			
Share capital decrease		(3 168)					3 168	
Balance as at 31 December 2016		**11 887**	**885**		**5 746**		**1 051**	**19 569**
Profit (loss), not recognized in comprehensive income					(388)		388	
Dividends							(951)	(951)
Other changes			61	30	179		42	312
Net profit (loss) for the year							(13 136)	(13 136)
Other comprehensive income (expenses)					363			363
Total comprehensive income (expenses)					**363**		**(13 136)**	**(12 773)**
Share capital increase								
Share capital decrease								
Balance as at 31 December 2017		**11 887**	**946**	**30**	**5 900**		**(12 606)**	**6 157**

The notes on pages 16-57 are an integral part of these financial statements.

General Director	Gediminas Čeika		11 April 2018
Financial Director	Mindaugas Sologubas		11 April 2018

(all amounts are in EUR thousand unless otherwise stated)

Consolidated and separate statement of cash flows

		Group		Company	
	Notes	**2017**	**2016**	**2017**	**2016**
Cash flows from (to) operating activities					
Net result for the year		(13 237)	1 207	(13 136)	1 088
Adjustments for non-cash items:					
Depreciation and amortisation		1 877	1 863	1 830	1 759
(Amortisation) of grants		(122)	(127)	(122)	(127)
Result from disposal of non-current assets		(2)			
Income tax expense (income)			368		324
Write-off of non-current assets		243	355	243	355
Write-down of inventories					
Impairment allowance for trade receivables and inventories		12 024	114	11 985	98
Change in provisions		(88)	21	(14)	(72)
Interest (income)		(588)	(546)	(588)	(546)
Interest expenses		615	677	604	674
Elimination of other non-cash items		(169)	2	(155)	2
		553	3 934	647	3 555
Changes in working capital:					
(Increase) decrease in inventories		123	(266)	177	(278)
(Increase) decrease in trade and other receivables		(476)	2 505	(429)	1 213
Increase (decrease) in trade and other payables		2 136	(3 143)	2 013	(1 729)
Advance income tax returned (paid)		(604)	(40)	(538)	(40)
Net cash flows from operating activities		**1 732**	**2 990**	**1 870**	**2 721**
Cash flows from (to) investing activities					
(Acquisition) of property, plant and equipment		(632)	(917)	(554)	(537)
(Acquisition) of intangible assets		(248)	(350)	(248)	(334)
Proceeds from disposal of non-current assets		23		21	
Interest received					
Loans granted		(901)	(327)	(901)	(327)
Loans returned					
Net cash flows from investing activities		**(1 758)**	**(1 594)**	**(1 682)**	**(1 198)**

(continued on the next page)

The notes on pages 16-57 are an integral part of these financial statements.

(all amounts are in EUR thousand unless otherwise stated)

Consolidated and separate statement of cash flows (cont'd)

		Group		Company	
		2017	2016	2017	2016
Cash flows from (to) financing activities					
Proceeds from non-current borrowings		881	112	833	
Interest (paid)		(607)	(681)	(603)	(678)
(Repayment) of borrowings		(1 506)	(1 974)	(1 482)	(1 950)
Grants received		48		48	
Dividends paid		(899)		(899)	
Dividends received				90	
Net cash flows from (to) financing activities		**(2 083)**	**(2 543)**	**(2 013)**	**(2 628)**
Net increase (decrease) in cash and cash equivalents		**(2 109)**	**(1 147)**	**(1 825)**	**(1 105)**
Effect of currency exchange rate on the balance of cash					
Cash and cash equivalents at the beginning of the year		**2 617**	**3 764**	**2 280**	**3 385**
Cash and cash equivalents at the end of the year	18	**508**	**2 617**	**455**	**2 280**

The notes on pages 16-57 are an integral part of these financial statements.

General Director	Gediminas Čeika		11 April 2018
Financial Director	Mindaugas Sologubas		11 April 2018

Notes to the financial statements

1 General information

AB Snaigė (hereinafter "the Company") is a public company registered in the Republic of Lithuania. The address of its registered office is as follows:

Pramonės Str. 6,
Alytus,
Lithuania.

The Company is engaged in production of refrigerators and refrigerating equipment. The Company was registered on 1 April 1963. The Company's shares are traded on the Baltic Secondary List of the NASDAQ OMX Vilnius stock exchange. As at 31 December 2017 and 2016 the shareholders of the Company were:

	2017		2016	
	Number of shares held (in thousand units)	**Ownership share**	**Number of shares held (in thousand units)**	**Ownership share**
SEKENORA HOLDINGS LIMITED	36,096	91.10%	-	-
UAB Vaidana	-	-	36,096	91.10%
Other shareholders	3,526	8.90%	3,526	8.90%
Total	**39,622**	**100%**	**39,622**	**100%**

All the shares of the Company are ordinary shares with the par value of EUR 0.30 each and were fully paid as at 31 December 2017 and 2016 (Note 19). As at 31 December 2017 and 2016 the Company did not hold its own shares.

As at 31 December 2017, the Board of the Company consists of 5 members (in 2016 it consisted of 5 members). The board does not have AB Snaigė representatives. Members of the Board are disclosed in Group's annual report.

As at 31 December 2017 Sekenora Holdings Limited is ultimately owned by controlling shareholder Hymana Holdings Ltd.

The Group consists of AB Snaigė and the following subsidiaries as at 31 December 2017 (hereinafter "the Group"):

Company	Country	Cost of investment (EUR thousand)	Percentage of the shares held by the Group	Profit (loss) for the reporting year (EUR thousand)	Shareholders' equity (EUR thousand)
TOB Snaige Ukraina	Ukraine	26	99%	1	12
UAB Almecha	Lithuania	398	100%	(27)	392
Total		**424**			

TOB Snaige Ukraina (Kiev, Ukraine) was established in 2002. Since the acquisition in 2002, the Company holds 99% shares of this subsidiary. The subsidiary provides sales and marketing services in the Ukrainian market.

UAB Almecha (Alytus, Lithuania) was established on 9 November 2006. The main activities of the company are production of refrigerating components and equipment.

The Group consisted of AB Snaigė and the following subsidiaries as at 31 December 2016 (hereinafter "the Group"):

Company	Country	Cost of investment (EUR thousand)	Percentage of the shares held by the Group	Profit (loss) for the reporting year (EUR thousand)	Shareholders' equity (EUR thousand)
TOB Snaige Ukraina	Ukraine	26	99%	-	13
UAB Almecha	Lithuania	398	100%	178	512
Total		**424**			

As at 31 December 2017 the number of employees of the Group was 708 and the number of employees at the Company was 651 (as at 31 December 2016 – 719 and 654 respectively).

The Group's and the Company's management authorised these financial statements on 11 April 2018. The shareholders of the Company have a statutory right to either approve these financial statements or not approve them and require the management to prepare a new set of financial statements.

2 Accounting principles

The principal accounting policies adopted in preparing the Group's and the Company's financial statements for 2017 are as follows:

2.1. Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union (hereinafter "the EU").

These are separate Company's and consolidated AB Snaigė Group financial statements. These financial statements are prepared on the historical cost basis, except of property, plant and equipment, which are accounted at revalued amounts from 30 September 2016.

In the cash flow statement, the Group and the Company present the acquisitions of property, plant and equipment by adjusting them by liabilities for property, plant and equipment at the beginning and at the end of the period.

2.2. Change in accounting policy

The Group and the Company have consistently applied the accounting policies to all periods presented in these consolidated and separate financial statements, except of the changes listed below.

Starting from 1 October 2016 the Group and the Company changed the accounting policy for property, plant and equipment. Until that date the property, plant and equipment were stated at cost, less accumulated depreciation and accumulated impairment losses. Since 1 October 2016 the property, plant and equipment are accounted at revalued amounts. The impact from the change in accounting policy is presented in Note 13.

Adoption of new and/or changed IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations

In this reporting year, the Group and Company has adopted the following amendments to IFRS:

IAS 7 „Disclosure Initiative"

The amendments require an entity to provide disclosures that enable users to evaluate changes in liabilities arising from financing activities. Amendments do not affect the Groups's and the company's financial statements significantly because company's financial activity isn't significant.

IAS 12 „Recognition of Deffered Tax Assets for Unrealised Losses"
The focus of the amendments is to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost. The changes do not affect the Group's and the Company's financial statements.

Standards issued but not yet effective

The Company has not applied the following IFRS and IFRIC interpretations that have been issued as of the date of authorization of these financial statements for issue, but is not yet effective as at financial statements date:

Amendments to IFRS 4 „Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective for financial years beginning on or after 1st January, 2018).
The amendments are addressed to the temporary accounting consequences of the different effective dates of IFRS 9 'Financial Instruments' and the anticipated new insurance contracts Standard which will have the effective date not earlier than 2020. The amendments will only impact entities that issue insurance contracts, therefore amendments will not affect the company's financial statements.

IFRS 15 "Revenue from Contracts with Customers", including clarifications to IFRS (effective for financial years beginning on or after 1 January 2018)

IFRS 15 replaces IAS 18 'Revenue', IAS 11 'Construction Contracts' and some revenue-related Interpretations; establishes a new control-based revenue recognition model; changes the basis for deciding whether revenue is recognised at a point in time or over time; provides new and more detailed guidance on specific topics; expands and improves disclosures about revenue. IFRS 15. IFRS15 can influence company's politics of recognition of revenues but more detail effect is not evaluated yet.

IFRS 9 Financial Instruments (effective for financial years beginning on or after 1 January 2018).

IFRS 9 will eventually replace IAS 39. The IASB has issued the first three parts of the standard, establishing a new classification and measurement framework for financial assets, requirements on the accounting for financial liabilities and hedge accounting. The Company has not yet evaluated the impact of the implementation of this standard.

IFRS 16 „Leases" (effective for financial years beginning on or after 1st January, 2019).

The new Standard replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4, SIC 15, SIC27). IFRS 16 will require lessees to account for leases 'on-balance sheet' by recognising a 'right-of-use' asset and a lease liability. For many businesses, however, exemptions for short-term leases and leases of low value assets will greatly reduce the impact. Changes will not affect Group's and the companys' financial statements.

IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (effective for financial years beginning on or after 1st January, 2018, once endorsed by the EU)

It looks at what exchange rate to use for translation when payment are made or received in advance of the related asset, expense or income. This will not affect the company's financial statements.

IFRIC 23 "Uncertainty over Income Tax Treatments" (effective for financial years beginning on or after 1st January, 2019, once endorsed by the EU)

IAS 12 "Income Taxes" specifies how to account for current and deferred tax but not how to reflect the effects of uncertainty. IFRIC 23 addresses uncertainty over how tax treatments should affect the accounting for income taxes. IFRIC had observed the main issues that are addressed by the Interpretations. The changes will not significantly affect the Group's and company's financial statements.

Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions" (effective for financial years beginning on or after 1st January, 2018, once endorsed by the EU).

The amendments clarify impact of vesting and non-vesting conditions on measurements of the fair value of the liability incurred in a cash-settled share-based payment transactions. Amendments also give a classification of share-based payment transactions with a net settlement feature for withholding tax obligations. Amendments will not affect the Groups's and the company's financial statements, because company doesn't have share-based payment transactions.

Improvements to IFRSs

Effective for financial years beginning on or after 1 January 2017 (IRFS 12) and on of after 1 January 2018 (IFRS 1 and IAS 28) , once endorsed by the EU:

- IFRS 1 'First- time Adoption of International Financial Reporting Standards"
- IFRS 12 'Disclosures of Other Entities'
- IAS 28 'Investments in Associates and Joint Ventures'

These changes do not affect the Group's and the company's financial position and performance.
Amendments to IAS 40 "Transfers of Investments Property" (effective for financial years beginning on or after 1st January, 2018, once endorsed by the EU).

Amendments clarifies that transfers to, or from, investment property are required when, and only when, there is a change in use of property supported by evidence. The amendments also re-characterise the list of circumstances previously contained in IAS 40 'Investment Property'. This list was previously characterised as a definitive list of circumstances where it would be considered that there has been a change in use of a property. Amendments will not affect the Group's and the company's financial statements, because company doesn't have Investment Property.

Amendments to IFRS 9 "Prepayments Features with Negative Compensation" (effective for financial years beginning on or after 1st January, 2019, once endorsed by the EU).

The amendments allow companies to measure particular prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income – instead of measuring those assets at fair value through profit or loss. The Company and the Group has not yet evaluated the impact of the implementation of this standard.

Amendments to IAS 28 "Long – term Interests in Associates and Joint Ventures" (effective for financial years beginning on or after 1st January, 2019, once endorsed by the EU).

Amendments includes long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. IFRS 9 excludes interests in associates and joint ventures accounted for in accordance with IAS 28. However, some stakeholders expressed an opinion that it was not clear whether that exclusion applies only to interests in associates and joint ventures to which the equity method is applied or whether it applies to all interests in associates and joint ventures.
Amendments will not affect the Group's and the company's financial statements, because company doesn't have interest s in Associates and joint Ventures.

2.3. Going concern

These financial statements for the year 2017 have been prepared based on the assumption that the Group and the Company will be able to continue as a going concern for a period of not less than 1 year.

2.4. Presentation currency

The Group's financial statements are presented in the currency of the European Union, the euro (EUR), which is the Company's functional and the Group's and the Company's presentation currency. Transactions in foreign currencies are initially recorded at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are included in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign entity and translated at the rate of exchange ruling at the statement of financial position date.

The functional currency of a foreign entity TOB Snaige Ukraina is Ukrainian hryvnia (UAH). As at the reporting date, the assets and liabilities of this subsidiary are translated into the presentation currency of AB Snaigė (EUR) at the rate of exchange at the statement of financial position date and their items of the statement of profit or loss and other comprehensive income are translated at the average monthly exchange rates for the reporting period. The exchange differences arising on the translation are stated in other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in the shareholders' equity caption relating to that particular foreign operation is transferred to profit or loss. The performance results of the subsidiaries the control of which is lost are presented in the consolidated financial statements only for the period when control belonged to the Group.

The applicable exchange rates in relation to euro as at the 31 December 2017 and 2016 were as follows:

	31 December 2017	**31 December 2016**
RUB	69.392	63.2555
UAH	33.60862	28.4474
USD	1.1993	1.0453

All amounts in these financial statements are in EUR thousand unless otherwise stated.

2.5. Use of estimates in the preparation of financial statements

The preparation of the financial statements in accordance with IFRS, as adopted by the European Union, requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of the estimates and assumptions form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are reviewed if they affect only this period, or in the period in which the estimates are reviewed and any future periods if they affect both the review and future periods.

The significant areas of estimation used in the preparation of these financial statements relate to the fair value of property, plant and equipment, estimated useful life time of the property, plant and equipment, recoverability of loans provided to the shareholder and provisions related to guarantees and warrantees.

Fair value of the property, plant and equipment

Fair value of property, plant and equipment was determined by independent valuators, and management used this valuation as sufficient basis for asset revaluation. The significant unobservable inputs used in the fair value determination are disclosed in Note 13.

Useful life of property, plant and equipment

The main assumptions when evaluating useful life of property, plant and equipment are: the intensity of use and tear of property, plant and equipment. Technical staff evaluated property, plant and equipment and indicated expected time of further usage, and new, longer depreciation terms were applied together with assets revaluation.

Recoverability of loans from shareholders

The management developed estimation of recoverable amount of the loans receivable based on estimated future cash flows, and recognized impairment of the value.

Provisions

Recognition of provisions requires estimate of the probable outflow of economic benefits and defining the best estimate of the expenditure required to settle the present obligation at the end of reporting period. The Group and the Company estimate at the end of the reporting period if they have the present obligation from the past event, that should be registered as a liability as at the end of reporting period.

Warrantees

The provision for warrantees related mainly to production sold in 2017 and 2016, from 2017 warrantee for produced items is provided for 2 years, and for resale products – 3 years (2016 – 2 years). The provision has been estimated based on the historical warrantee data associated with products.

Future events may occur which may cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

2.6. Principles of consolidation

The consolidated financial statements of the Group include AB Snaigė and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year, using consistent accounting policies.

Subsidiaries are consolidated from the date from which effective control is transferred to the Company and cease to be consolidated from the date on which control is transferred out of the Group. All intercompany transactions, balances and unrealised gains and losses on transactions among the Group companies have been eliminated. The equity and net result attributable to non-controlling interest are shown separately in the statement of financial position and profit or loss. Acquisitions and disposals of non-controlling interest by the Group are accounted as equity transaction: the difference between the carrying value of the net assets acquired from/disposed to the non-controlling interests in the Group's financial statements and the acquisition price/proceeds from disposal is accounted directly in equity.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquire either at fair value or at the proportionate share of the acquiree's identifiable net assets. Incurred comprehensive expenses related to acquisition are expensed and included in administrative expenses.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed.

If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment at least once a year or more frequently if events or changes in circumstances indicate possible impairment of its carrying amount. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.7. Investments in subsidiaries in the Company's statement of financial position are accounted at cost less impairment.

Investment cost is equal to the fair value of the consideration given. The carrying value of the investment is tested for impairment when events or changes in circumstances indicate that the carrying value may exceed the recoverable amount of the investment. If such indications exist, the Company makes an estimate of the investment's recoverable amount. Where the carrying amount of an investment exceeds its estimated recoverable amount, the investment is written down to its recoverable amount (higher of the two: fair value less costs to sell and value in use). Impairment loss is recognised in profit or loss as finance costs for the period.

Profit (loss) from disposal of investments is accounted for in profit or loss under financing activities.

2.8. Intangible assets, except for goodwill

Intangible assets are measured initially at cost. Intangible assets are recognised if it is probable that future economic benefits that are attributable to the asset will flow to the Group and the Company and the cost of asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised on a straight-line basis over their estimated useful lives (1–8 years).

The useful lives and amortisation method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from items in intangible assets other than goodwill.

Research and development

Research costs are expensed as incurred. Development expenditure on individual projects is recognised as an intangible asset when the Group and the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, their intention to complete and their ability to use or sell the asset so that the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortization periods from 1 to 8 years are applied. During the period of development, the asset is tested for impairment annually.

Licenses

Amounts paid for licences are capitalised and amortised over their validity period.

Software

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

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

The Company and the Group have no intangible assets with indefinite useful lifetime.

2.9. Property, plant and equipment, investment property

Property, plant and equipment are shown at revalued amount, being the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which is determined using fair value at the date of statement of financial position. The fair value of the property, plant and equipment is determined by appraisals undertaken by certified independent valuators. Any accumulated depreciation and impairment losses at the date of revaluation were eliminated against the gross carrying amount of the asset, instead the historical acquisition cost was increased by the surplus of the revaluation.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to other comprehensive income and shown as revaluation reserve in shareholders' equity. The revaluation reserve for property, plant and equipment is being reduced each period by the difference between depreciation based on the revalued carrying amount of the asset and that based on its original cost, which is transferred directly to retained earnings.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Decreases that offset previous increases of the same asset are charged to other comprehensive income and debited against revaluation reserve in equity; all other decreases are charged to the profit or loss. Revaluation increases that offset previous decreases charged to the profit or loss are recognised in the profit or loss.

(all amounts are in EUR thousand unless otherwise stated)

Each year the difference between depreciation based on the revaluated carrying amount of the asset charged to the profit or loss, and depreciation based on the asset's original cost is transferred from revaluation reserve to retained earnings net of deferred income tax.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation is computed on a straight-line basis over the following estimated useful lives from 1 October 2016:

Buildings and structures (incl. investment property)	15–73 years,
Machinery and equipment	5–63 years,
Vehicles	4–20 years,
Other property, plant and equipment	3–30 years.

Weighted average useful lives from 1 October 2016 are as follows:

Buildings and structures (incl. investment property)	55 years,
Machinery and equipment	21 years,
Vehicles	16 years,
Other property, plant and equipment	12 years.

The asset's carrying amounts, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of property, plant and equipment and are recognised within other income or other expenses in the statement of comprehensive income. When revalued assets are sold, the amounts included in revaluation reserve are transferred to retained earnings.

Borrowing costs that are directly attributable to the acquisition, construction or production of non-current assets are capitalised, otherwise – expensed as incurred. No borrowing costs were capitalised in 2017 and 2016.

2.10. Inventories

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

2.11. Cash and cash equivalents

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

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

2.12. Financial assets

According to IAS 39 "*Financial Instruments: Recognition and Measurement*" the Group's and the Company's financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets, as appropriate. All purchases and sales of financial assets are recognised on the trade date. Financial assets are initially recognised at acquisition cost which is equal to the fair value of the consideration paid, including (except for financial assets at fair value through profit or loss) any transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition and, where allowed and appropriate, re-evaluate this designation at each financial year end.

All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that the Group and the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market.

The Group and the Company did not have financial assets at fair value through profit or loss, held-to-maturity investments or available-for-sale financial assets as at 31 December 2017 and 2016.

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recorded at the fair value of the consideration given. Loans and receivables are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Allowance for receivables and loans is evaluated when the indications that receivables will not be recovered exist and the carrying amount of the receivable is reduced through use of an allowance account. Impaired debts and receivables are derecognised (written-off) when they are assessed as uncollectible.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income and expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or, where appropriate, a shorter period.

2.13. Financial liabilities

<u>Financial liabilities</u>

Financial liabilities are classified as financial liabilities at fair value through profit or loss or other financial liabilities.

The Group has no financial liabilities at fair value through profit or loss.

<u>Other financial liabilities</u>

Other financial liabilities (including loans) are carried at amortised cost using the effective interest method in subsequent periods.

Convertible bonds are separated into liability and equity components based on the terms of the contract (if applicable).

On issuance of the convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

2.14. Derecognition of financial assets and liabilities

<u>Financial assets</u>

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group and the Company retain the right to receive cash flows from the asset, but have assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement, and the Group and the

Company have transferred their rights to receive cash flows from the asset and either (a) have transferred substantially all the risks and rewards of the asset, or (b) have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

Where the Group and the Company have transferred their rights to receive cash flows from an asset and have neither transferred substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's and the Company's continuing involvement in the asset.

Financial liabilities

A financial liability is derecognised when and only when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.15. Finance lease and operating lease

Finance lease – the Group and the Company as lessee

Leases in terms of which the Group and the Company assume substantially all the risks and rewards of ownership are classified as finance leases.

The Group and the Company recognise finance leases as assets and liabilities in the statement of financial position at amounts equal at the inception of the lease to the fair value of the leased property or, if lower, to the present value of the minimum lease payments. The rate of discount used when calculating the present value of minimum payments of finance lease is the nominal interest rate of finance lease payment, when it is possible to determine it; in other cases, the Group's and the Company's composite interest rate on borrowings is applied. Directly attributable initial costs are included into the asset value. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

The depreciation is accounted for finance lease assets and it also gives rise to financial costs for each accounting period. The depreciation policy for leased assets is consistent with that for depreciable assets that are owned. The leased assets cannot be depreciated over the period longer than the lease term, unless the Group and the Company according to the lease contract get transferred their ownership after the lease term is over.

If the result of sales and lease back transactions is finance lease, any profit from sales exceeding the book value is not recognised as income immediately. It is deferred and amortised over the finance lease term.

Operating lease – the Group and the Company as lessee

Leases where the lessor retains all the risk and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

The gains from discounts provided by the lessor are recognised as a decrease in lease expenses over the period of the lease using the straight-line method.

If the result of sales and lease back transactions is operating lease and it is obvious that the transaction has been carried out at fair value, any profit or loss is recognised immediately. If the sales price is lower than the fair value, any loss is recognised immediately, except for the cases when the loss is compensated by lower than market prices for lease payments in the future. The loss is then deferred and it is amortised in proportion to the lease payments over a period, during which the assets are expected to be operated. If the sales price exceeds the fair value, a deferral is made for the amount by which the fair value is exceeded and it is amortised over a period, during which the assets are expected to be operated.

2.16. Grants and subsidies

Grants and subsidies (hereinafter "grants") 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 (mainly received from the EU and other structural funds). Assets received free of charge are also allocated to this group of grants. The amount of the grants related to assets is recognised in the financial statements as used in parts according to the depreciation of the assets associated with this grant. In profit or loss, a relevant expense account is reduced by the amount of grant amortisation.

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 recognised as used in parts to the extent of the expenses incurred during the reporting period or unearned income to be compensated by that grant.

2.17. Provisions

Provisions are recognised when the Group and the Company have 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 date of the statement of financial positions and adjusted in order to present the most reasonable current estimate. If the effect of the time value of money is material, the amount of provision is equal to the present value of the expenses, which are expected to be incurred to settle the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as interest expenses.

2.18. Non-current employee benefits

According to the collective agreement, each employee leaving the Company at the retirement age is entitled to a one-time payment. Employee benefits are recognised in the statement of financial position and reflect the present value of future payments at the date of the statement of financial position. The above mentioned employee benefit obligation is calculated based on actuarial assumptions, using the projected unit credit method. Present value of the non-current obligation to employees is determined by discounting estimated future cash flows using the discount rate which reflects the interest rate of the Government bonds of the same currency and similar maturity as the employee benefits. Actuarial gains and losses are recognised in other comprehensive income.

The past service costs are recognised as an expense on a straight-line basis in profit or loss immediately after the assessment of such liability. Any gains or losses appearing as a result of curtailment and/or settlement are recognised as incurred.

2.19. Income tax

Income tax charge is based on profit for the year and considers deferred taxation. Income tax is calculated based on the respective country’s tax legislation.

In Lithuania in 2017 and 2016 income tax rate is 15%.

Tax losses can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments. Such carrying forward is disrupted if the Company changes its activities due to which these losses were incurred except when the Company does not continue its activities due to reasons which do not depend on the Company itself. The losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and only be used to reduce the taxable income earned from the transactions of the same nature. From 2014 tax losses utilised shall not exceed 70 percent of the taxable profit of a taxable period according to Lithuanian laws.

The standard income tax rate in Ukraine in 2017 and 2016 was 18%.

Tax losses in Ukraine can be carried forward for 10 consecutive years.

Deferred taxes are calculated using the liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse based on tax rates enacted or substantially enacted at the date of the statement of financial position.

Deferred tax assets have been recognised in the statement of financial position to the extent the Group’s and Company’s management believes they will be realised in the foreseeable future, based on taxable profit forecasts. If it is believed that part of the deferred tax asset is not going to be realised, this part of the deferred tax asset is not recognised in the financial statements.

2.20. Revenue recognition

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

Revenue from sales of goods is recognised when delivery has taken place and transfer of risks and rewards has been completed; usually the transfer occurs when the product is delivered to the customer’s warehouse.

Revenue from services is recognized on accrual basis when services are rendered.

Long-term contract revenue includes the initial amount agreed in the contract plus any variations in contract work and other payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a long-term contract can be estimated reliably, contract revenue and expenses are recognized in proportion to the stage of completion of the contract. The stage of completion is assessed by proportion of actual cost incurred and the budgeted cost of a long-term contract.

When the outcome of a long-term contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in profit or loss.

In Group’s consolidated financial statements intercompany sales are eliminated.

2.21. Impairment of assets

Financial assets

Financial assets are reviewed for impairment at each reporting date.

For financial assets carried at amortised cost, whenever it is probable that the Group and the Company will not collect all amounts due according to the contractual terms of loans or receivables, impairment or losses of bad debts are recognised in profit or loss. The reversal of impairment losses previously recognised is recorded when the decrease in impairment loss can be justified by an event occurring after the write-down. Such reversal is recorded in profit or loss. However, the increased carrying amount is only recognised to the extent it does not exceed the amortised cost that would have been had the impairment not been recognised.

Other assets

Other assets, except for goodwill, deferred tax and inventories, are reviewed for impairment whenever events or changes in circumstances indicate that carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in profit or loss. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is accounted for in the same caption in profit or loss as the impairment loss.

The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less inevitable costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group and the Company are not yet committed to or significant future investments that will enhance the asset’s performance of the cash generating unit being tested. The value in use is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

2.22. Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognised in the financial statements but disclosed when an inflow or economic benefits are probable.

2.23. Subsequent events

Subsequent events that provide additional information about the Group’s and the Company’s position at the date of the statement of financial position (adjusting events) are reflected in the financial statements. Subsequent events that are not adjusting events are disclosed in the notes when material.

2.24. Offsetting and comparative figures

When preparing the financial statements, assets and liabilities, as well as revenue and expenses are not set off, except the cases when a certain International Financial Reporting Standard specifically requires such set-off.

(all amounts are in EUR thousand unless otherwise stated)

2.25. Segments

An operating segment is a component of the Group and the Company that engages in business activities from which it may earn revenues and incur expenses. An operating segment's operating results are reviewed regularly by management of the Group and the Company to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

2.26. Earnings per share

The Group and the Company present basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group and the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, such as convertible notes and share options granted to employees.

The Group and the Company have no dilutive potential ordinary shares. The diluted earnings per share are the same as the basic earnings per share.

2.27. Fair value measurement

A number of the Group's and the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group and the Company have access at that date. The fair value of a liability reflects its non-performance risk.

When measuring the fair value of an asset or a liability, the Group and the Company use market observable data as far as possible. Fair values are categorised within different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised within different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group and the Company recognize transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Fair values have been determined for measurement and / or disclosure purposes based on the described methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability (Note 29 – Financial instruments).

3 Sales

The Group

The Group's sole business segment identified for the management purposes is the production of refrigerators and specialised equipment.

	Group		Company	
	2017	**2016**	**2017**	**2016**
Refrigerators and related equipment	38,339	39,100	38,347	38,437
Construction of specialised equipment	863	717	-	-
	39,202	**39,817**	**38,347**	**38,437**

(all amounts are in EUR thousand unless otherwise stated)

The Group's and the Company's management analyses only sales information per country.

Information with respect to the Group's sales is presented below:

	Total sales revenue		Inter-group sales		Sales revenue	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Russia	698	419	-	-	698	419
Ukraine	7,592	7,540	-	-	7,592	7,540
Western Europe	14,144	13,855	-	-	14,144	13,855
Central Europe	6,993	8,888	-	-	6,993	8,888
Lithuania	5,621	5,903	(230)	(278)	5,391	5,625
Other CIS countries	3,000	2,258	-	-	3,000	2,258
Other Baltic states	1,308	1,231	-	-	1,308	1,231
Other countries	76	1	-	-	76	1
Total	**39,432**	**40,095**	**(230)**	**(278)**	**39,202**	**39,817**

Transactions between the group companies are made on commercial terms and conditions. Inter-group sales are eliminated on consolidation.

The Company

Information with respect to the Company's sales is presented below:

	Sales	
	2017	**2016**
Russia	698	419
Ukraine	7,592	7,540
Western Europe	14,099	13,846
Central Europe	6,993	8,140
Lithuania	4,580	5,011
Other CIS countries	2,999	2,259
Other Baltic states	1,308	1,222
Other countries	78	-
	38,347	**38,437**

4 Cost of sales

	Group		Company	
	2017	**2016**	**2017**	**2016**
Raw materials	25,108	23,240	24,584	22,710
Salaries and wages	2,885	3,432	2,825	3,354
Depreciation and amortisation	1,348	1,321	1,309	1,266
Other indirect costs	5,552	4,468	5,493	4,390
	34,893	**32,461**	**34,211**	**31,720**

(all amounts are in EUR thousand unless otherwise stated)

5 Selling and distribution expenses

	Group		Company	
	2017	**2016**	**2017**	**2016**
Transportation	1,489	1,327	1,486	1,326
Salaries and social security	496	475	496	461
Market research, sales promotion and commissions to third parties	178	152	183	161
Warranty service expenses	108	84	181	(14)
Advertising, marketing	240	226	240	224
Certification expenses	53	69	53	69
Insurance	23	49	23	49
Business trips	30	27	30	27
Rent of warehouses and storage expenses	52	15	52	15
Other	40	(41)	27	(41)
	2,709	**2,383**	**2,771**	**2,277**

6 General and administrative expenses

	Group		Company	
	2017	**2016**	**2017**	**2016**
Change in impairment allowance for receivables (Note 14)	12 170	59	12 170	44
Salaries and social security	1 300	1 529	1 183	1 388
Depreciation and amortisation	437	415	425	366
Impairment of property, plant and equipment	243	325	243	325
Taxes, other than income tax	73	68	73	68
Insurance	70	69	68	67
Rent and utilities	58	82	58	79
Bank services	24	36	23	34
Advisory	21	26	21	26
Security	19	37	19	37
Non-current employee benefits (Note 23)	(29)	114	(37)	103
Business trips	20	24	19	18
Write down of inventories (Note 15)	(24)	67	(57)	54
Other	443	436	388	344
	14 825	**3 287**	**14 596**	**2 953**

Impairment of property, plant and equipment is related to the revaluation of non-current assets made on 30 September 2016 and on 30 September 2017 during which some items of property, plant and equipment were identified as impaired.

7 Other income

	Group		Company	
	2017	**2016**	**2017**	**2016**
Income from transportation services	241	153	241	153
Income from sale of other services	64	40	141	103
Income from rent of premises	13	13	38	37
Gain on disposal of property, plant and equipment	3	-	2	-
Other	-	1	-	1
	321	**207**	**422**	**294**

(all amounts are in EUR thousand unless otherwise stated)

8 Other expenses

	Group		Company	
	2017	**2016**	**2017**	**2016**
Transportation expenses	239	152	239	152
Other services	36	33	95	85
Other	-	-	14	2
	275	**185**	**348**	**239**

9 Finance income

	Group		Company	
	2017	**2016**	**2017**	**2016**
Interest income from loans	588	546	588	546
Foreign currency exchange gain	-	-	14	-
Dividends income	-	-	90	-
	588	**546**	**692**	**546**

10 Finance costs

	Group		Company	
	2017	**2016**	**2017**	**2016**
Interest expenses	607	677	604	674
Provisions for fines	207		207	
Loss of foreign currency translation transactions	-	2	-	2
Other expenses	36	-	50	-
	850	**679**	**861**	**676**

11 Income tax

Income tax expenses, income, asset and liabilities components consisted of the following:

	Group		Company	
	2017	**2016**	**2017**	**2016**
Components of the income tax (expense) income				
Current income tax for the reporting year	-	(368)	-	(324)
Deferred income tax income (expenses)	204	-	190	-
Income tax income (expenses) recorded in profit or loss from continuing operations	**204**	**(368)**	**190**	**(324)**

(all amounts are in EUR thousand unless otherwise stated)

	As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
Deferred income tax asset				
Impairment allowance for receivables and write-down of inventories	1 823	3	1 817	19
Accrued liabilities	62	79	60	76
Warranty provisions	61	75	58	61
Impairment of property, plant and equipment	-	49	-	49
Other	42	47	39	45
Deferred income tax asset	**1 988**	**253**	**1 974**	**250**
Less: not recognised part	(1 825)	-	(1 825)	-
Deferred income tax asset, net	**163**	**253**	**149**	**250**
Deferred income tax liability				
Capitalised development costs	(1 631)	(1 657)	(1 631)	(1 657)
Revaluation of property, plant and equipment	(226)	(236)	(226)	(236)
Deferred income tax liability	**(1 857)**	**(1 893)**	**(1 857)**	**(1 893)**
Deferred income tax, net	**(1 694)**	**(1 640)**	**(1 708)**	**(1 643)**
Presented in the statement of financial position:				
Deferred income tax asset	**-**	**-**	**-**	**-**
Deferred income tax liability	**(1 694)**	**(1 640)**	**(1 708)**	**(1 643)**

Deferred income tax asset is recognised in the amount, which is expected to be realized in the foreseeable future. The deferred tax is not recognised with respect to the deductible temporary differences, such as impairment of trade receivable, as the Group and the Company do not expect to collect the required documentation for the tax deduction.

The reported amount of income tax attributable to the theoretical amount that would arise from applying income tax rate of the Company and the Group is as follows:

Group	**2017**	**2016**
Profit (loss) before tax	**(13 441)**	**1 575**
Income tax income (expenses) computed using the effective tax rate	0	(236)
Non-deductible expenses	13 934	(115)
Non-taxable income	(493)	1
Change in previously unrecognised deductible temporary differences	204	(18)
Effect of not recognised tax losses	-	-
Income tax income (expenses) recorded in profit or loss	**204**	**(368)**

(all amounts are in EUR thousand unless otherwise stated)

Company	**2017**	**2016**
Profit (loss) before tax	**(13 326)**	**1 412**
Income tax income (expenses) computed using the effective tax rate	0	(212)
Non-deductible expenses	13 819	(116)
Non-taxable income	(493)	1
Change in previously unrecognised deductible temporary differences	190	3
Effect of not recognised tax losses	-	-
Income tax income (expenses) recorded in profit or loss	**190**	**(324)**

12 Intangible assets

Group

	Development cost	**Software, licenses**	**Total**
Cost:			
Balance as at 1 January 2017	5 597	737	6 334
Additions	323	12	335
Disposals and write-offs	-	-	-
Balance as at 31 December 2017	5 920	749	6 669
Amortisation:			
Balance as at 1 January 2017	4 056	641	4 697
Charge for the year	293	52	345
Disposals and write-offs	-	-	-
Balance as at 31 December 2017	4 349	693	5 042
Carrying amount as at 31 December 2017	**1 571**	**56**	**1 627**
Carrying amount as at 1 January 2017	**1 541**	**96**	**1 637**

	Development cost	**Software, licenses**	**Total**
Cost:			
Balance as at 1 January 2016	5 336	677	6 013
Additions	306	61	367
Disposals and write-offs	(45)	(1)	(46)
Balance as at 31 December 2016	5 597	737	6 334
Amortisation:			
Balance as at 1 January 2016	3 815	585	4 400
Charge for the year	263	57	320
Disposals and write-offs	(22)	(1)	(23)
Balance as at 31 December 2016	4 056	641	4 697
Carrying amount as at 31 December 2016	**1 541**	**96**	**1 637**
Carrying amount as at 1 January 2016	**1 521**	**92**	**1 613**

Total amount of amortisation expenses is included into administrative expenses in profit or loss.

(all amounts are in EUR thousand unless otherwise stated)

Company

	Development cost	Software, licenses	Total
Cost:			
Balance as at 1 January 2017	5 556	606	6 162
Additions	324	12	336
Disposals and write-offs	(21)	-	(21)
Balance as at 31 December 2017	5 859	618	6 477
Amortisation:			
Balance as at 1 January 2017	4 016	526	4 542
Charge for the year	273	44	317
Disposals and write-offs	-	-	-
Balance as at 31 December 2017	4 289	570	4 859
Carrying amount as at 31 December 2017	**1 570**	**48**	**1 618**
Carrying amount as at 1 January 2017	**1 540**	**80**	**1 620**

	Development cost	Software, licenses	Total
Cost:			
Balance as at 1 January 2016	5 295	562	5 857
Additions	306	45	351
Disposals and write-offs	(45)	(1)	(46)
Balance as at 31 December 2016	5 556	606	6 162
Amortisation:			
Balance as at 1 January 2016	3 774	475	4 249
Charge for the year	263	52	315
Disposals and write-offs	(21)	(1)	(22)
Balance as at 31 December 2016	4 016	526	4 542
Carrying amount as at 31 December 2016	**1 540**	**80**	**1 620**
Carrying amount as at 1 January 2016	**1 521**	**87**	**1 608**

Total amount of amortisation expenses is included into administrative expenses in profit or loss. Part of the intangible non-current assets of the Company, the acquisition cost of which is EUR 3,837 thousand, was full amortised as at 31 December 2017 (EUR 3,789 thousand as at 31 December 2016) but still in use.

(all amounts are in EUR thousand unless otherwise stated)

13 Property, plant and equipment and investment property

Group

	Land, buildings and structures	Machinery and equipment	Vehicles and other	Construction in progress and prepayments	Total
Cost:					
Balance as at 1 January 2017	4 252	35 158	5 025	11	44 446
Additions	-	540	237	13	790
Disposals and write-offs	-	-	(65)	-	(65)
Reclassifications	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Balance as at 31 December 2017	4 252	35 698	5 197	24	45 171
Accumulated depreciation:					
Balance as at 1 January 2017	2 121	32 133	4 427	-	36 681
Charge for the year	145	720	224	-	1 089
Disposals and write-offs	-	-	(46)	-	(46)
Impairment loss	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Depreciation after revaluation	-	-	-	-	-
Balance as at 31 December 2017	2 266	32 853	4 605	-	39 724
Revalued value:					
Balance as at 1 January 2017	3 254	6 594	1 130	-	10 978
Additions	381	24	22	-	427
Disposals and write-offs	-	-	-	-	-
Reclassifications	-	(20)	20	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Balance as at 31 December 2017	3 635	6 598	1 172	-	11 405
Depreciation of revalued value:					
Balance as at 1 January 2017	12	44	17	-	73
Charge for the year	51	319	87	-	457
Disposals and write-offs	-	-	-	-	-
Impairment loss	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Depreciation after revaluation	-	-	-	-	-
Balance as at 31 December 2017	63	363	104	-	530
Correction of revalued amount at 1 January 2017	21	(298)	144	(2)	(135)
Carrying amount as at 31 December 2017	**5 558**	**9 080**	**1 660**	**24**	**16 322**
Carrying amount as at 1 January 2017	**5 394**	**9 277**	**1 855**	**9**	**16 535**

(all amounts are in EUR thousand unless otherwise stated)

Group	Land, buildings and structures	Machinery and equipment	Vehicles and other	Construction in progress and prepayments	Total
Cost and revaluated value:					
Balance as at 1 January 2016	4,159	34,406	5,100	201	43,866
Additions	-	561	171	-	732
Disposals and write-offs	-	(23)	-	-	(23)
Reclassifications	-	214	(22)	(192)	-
Effect of change in foreign currency exchange rate	-	-	(1)	-	(1)
Elimination of accumulated depreciation	(1,979)	(32,133)	(4,584)	-	(38,696)
Revaluation	3,275	6,529	1,277	-	11,081
Balance as at 31 December 2016	5,455	9,554	1,941	9	16,959
Accumulated depreciation:					
Balance as at 1 January 2016	1,882	30,745	4,448	-	37,075
Charge for the year	97	867	155	-	1,119
Disposals and write-offs	-	(19)	-	--	(19)
Impairment loss		521			521
Reclassifications		19	(19)	-	-
Elimination of accumulated depreciation	(1,979)	(32,133)	(4,584)	-	(38,696)
Depreciation after revaluation	61	277	86	-	424
Effect of change in foreign currency exchange rate	-	-	--	-	-
Balance as at 31 December 2016	61	277	86	-	424
Carrying amount as at 31 December 2016	**5,394**	**9,277**	**1,855**	**9**	**16,535**
Carrying amount as at 1 January 2016	**2,277**	**3,661**	**652**	**201**	**6,791**

(all amounts are in EUR thousand unless otherwise stated)

Company

	Land, buildings and structures	Machinery and equipment	Vehicles and other	Construction in progress and prepayments	Total
Cost:					
Balance as at 1 January 2017	4 252	32 658	5 025	11	41 946
Additions	-	329	222	14	565
Disposals and write-offs	-	-	(65)	-	(65)
Reclassifications	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Balance as at 31 December 2017	4 252	32 987	5 182	25	42 446
Accumulated depreciation:					
Balance as at 1 January 2017	2 121	29 698	4 427	-	36 246
Charge for the year	145	687	224	-	1 056
Disposals and write-offs	-	-	(46)	-	(46)
Impairment loss	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Depreciation after revaluation	-	-	-	-	-
Balance as at 31 December 2017	2 266	30 385	4 605	-	37 256
Revalued value:					
Balance as at 1 January 2017	3 254	6 594	1 130	-	10 978
Additions	381	24	22	-	427
Disposals and write-offs	-	-	-	-	-
Reclassifications	-	(20)	20	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Balance as at 31 December 2017	3 635	6 598	1 172	-	11 405
Depreciation of revalued value:					
Balance as at 1 January 2017	12	44	17	-	73
Charge for the year	51	319	87	-	457
Disposals and write-offs	-	-	-	-	-
Impairment loss	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Depreciation after revaluation	-	-	-	-	-
Balance as at 31 December 2017	63	363	104	-	530
Correction of revalued amount at 1 January 2017	21	(426)	127	(2)	(280)
Carrying amount as at 31 December 2017	**5 558**	**8 837**	**1 645**	**25**	**16 065**
Carrying amount as at 1 January 2017	**5 394**	**9 084**	**1 838**	**9**	**16 325**

(all amounts are in EUR thousand unless otherwise stated)

	Land, buildings and structures	Machinery and equipment	Vehicles and other	Construction in progress and prepayments	Total
Cost and revaluated value:					
Balance as at 1 January 2016	4 252	32 116	4 843	201	41 412
Additions	-	400	166	-	566
Disposals and write-offs	-	192	-	(192)	-
Reclassifications	-	(23)	-	-	(23)
Elimination of accumulated depreciation	(2 072)	(29 853)	(4 362)	-	(36 287)
Revaluation	3 275	6 529	1 277	-	11 081
Balance as at 31 December 2016	5 455	9 361	1 924	9	16 749
Accumulated depreciation:					
Balance as at 1 January 2016	1 975	28 775	4 211	-	34 961
Charge for the year	97	772	151	-	1 020
Disposals and write-offs	-	(19)	-	-	(19)
Impairment loss	-	325	-	-	325
Elimination of accumulated depreciation	(2 072)	(29 853)	(4 362)	-	(36 287)
Depreciation after revaluation	61	277	86	-	424
Balance as at 31 December 2016	61	277	86	-	424
Carrying amount as at 31 December 2016	**5 394**	**9 084**	**1 838**	**9**	**16 325**
Carrying amount as at 1 January 2016	**2 277**	**3 341**	**632**	**201**	**6 451**

The depreciation charge of the Group's property, plant and equipment for 2017 amounts to EUR 1,556 thousand (EUR 1,5434 thousand for 2016). After the assessment of amortisation of grants, the amount of EUR 1,312 thousand for 2017 (EUR 1,311 thousand for 2016) was included into production cost and the amount of EUR 122 thousand (EUR 105 thousand for 2016) was included into administrative expenses in the Group's profit or loss.

The depreciation charge of the Company's property, plant and equipment for 2017 amounts to EUR 1,512 thousand (EUR 1,444 thousand for 2016). The amount of EUR 118 thousand for 2017 (EUR 51 thousand for 2016) was included into administrative expenses in the Company's profit or loss. The remaining amount of depreciation, after having assessed the amortisation of grants amounting to EUR 1,394 thousand (EUR 1,266 thousand in 2016) was included in the production cost.

As at 31 December 2017 buildings of the Group and the Company with the carrying amount of EUR 5,373 thousand (as at 31 December 2016 – EUR 5,171 thousand respectively), the Group's and the Company's machinery and equipment with the carrying amount of EUR 8,294 thousand (as at 31 December 2016 – EUR 10,538 thousand respectively) were pledged to banks as a collateral for the loans (Note 23).

Starting from 30 September 2016 the Group and the Company decided to revaluate the non-current assets, including buildings, structures, machinery and equipment as well as other production equipment. The valuation of non-current assets for financial reporting purposes has been carried out by external, independent valuator, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The valuation of real estate was based on the comparable method by comparing sales prices of similar real estate in Lithuania. The valuation of machinery and equipment and other non-current assets was based on comparable or depreciated replacement cost (DRC) methods.

Building and structures were attributed to Level 3 of fair value hierarchy. Under the Market method the sale transactions or offer examples in respect of the real estate and constructions were observed in the market. The comparable real estate objects were selected due to the similarity with the object being measured with respect to size, nature, location, intended use, condition and other parameters. The valuation of real estate required adjustments to reflect differences between the objects being measured and comparable objects.

Machinery and equipment, vehicles and other assets were also attributed to Level 3 of fair value hierarchy. Part of the machinery was valued based on at least two or three comparable inputs. Comparable inputs selected were similar to the assets subject to valuation. This method was used for the measurement of a part of equipment in respect of which sale or offer market data was available. The remaining part of machinery and equipment were valued by DRC method. The replacement values of these non-current assets were based on their acquisition costs and comparable price changes provided by the Statistics Department. When establishing physical obsolescence it is assumed that the value of property being measured is written off in proportion to the number of years. The assets subject to valuation were classified into categories in respect of which the useful life up to 20 years depending on the group of asset was established based on the expert opinion of the valuer.

(all amounts are in EUR thousand unless otherwise stated)

The estimated fair value of the buildings and structures amounted to EUR 5,380 thousand and the value of machinery and equipment, vehicles and other assets amounted to EUR 11,017, thousand as at 30 September 2016, based on the methods described above. As individually some items of machinery and equipment were assessed as impaired, the impairment loss of EUR 325 thousand was booked to general and administrative expenses for 2016 year and the revaluation amount of EUR 11,342 thousand was allocated to property, plant and equipment as at 30 September 2016

The estimated fair value of the buildings and structures amounted to EUR 5,610 thousand and the value of machinery and equipment, vehicles and other assets amounted to EUR 10,610 thousand as at 30 September 2017, based on the methods described above.

The estimated fair value in 2017 and 2016 m. was valued by independent valuators - Korporacija „Matininkai“.

Asset were valued under this scheme:

1. All Company long term assets were valued using discounted cash flows model.
2. From this value, intangible asets at balance value and buidings at market value were taken off.
3. Other movable assets were valuated using comparisson method, while special movable assets and other assets, not possible to value at comparison model, were valuated at DRC model. Some assets, not possible to value by methods described above, were valuated at disposal rate.
4. The remaining value was allocated to all valued items, by using correction coeficients. Only assets, valued by DRC and disposal methods, were corrected using coeficients.

The increase in value of non-current tangible assets was registered by increasing the acquisition cost of the asset and was accounted as follows as at 30 September 2017:

The Company	**Book value**	**Revalued amounts**	**Revaluation surplus**
Buildings and structures	5,229	5,610	381
Machinery and equipment	8,959	8,983	24
Vehicles and other assets	1,605	1,627	22
Total	15,793	16,220	427

The increase in value of non-current tangible assets was registered by increasing the acquisition cost of the asset and was accounted as follows as at 30 September 2016:

The Company	**Book value**	**Revalued amounts**	**Revaluation surplus**
Buildings and structures	2,180	5,455	3,275
Machinery and equipment	2,918	9,447	6,529
Vehicles and other assets	552	1,820	1,277
Total	5,650	16,722	11,081

Furthermore, the estimated fair value of PPE was tested for impairment by comparing it to the recoverable amount of PPE determined based on the income method.

The income method model was based on management forecasts for 2017–2021. For 2022–2025 the appraiser assumes an annual production (and sales) growth of 1% and applies cost composition based on its historical analysis. The valuation model includes 9 forecast years as current machinery is not expected to be usable for longer period

Based on the above described assumptions no impairment loss for the property, plant and equipment was determined.

Change in estimates

During 2016, after the revaluation of the property, plant and equipment the Group conducted an operational review of its non-current assets which resulted in changes in the expected useful life time of the non-current assets. As a result, the expected useful lifetime of the equipment was increased, taking into consideration the intensity of use and tear of property plant and equipment. The effect of these changes on actual depreciation expense, compared to depreciation charge as if the change have occurred from the beginning of the year, or if it have not occurred at all, is as follows:

(all amounts are in EUR thousand unless otherwise stated)

	Group	**Company**
Depreciation expense for 2016 year after change	1,543	1,444
Depreciation charge for 2016, if no revaluation and no change in useful life time have occurred	1,246	1,147

The useful lifetime of property, plant and equipment in years:

	Estimated useful lifetime before the change	**Estimated useful lifetime after the change**	**The remaining useful lifetime after revaluation**
Buildings and structures	49	55	26
Machinery and equipment	6	21	8
Vehicles	6	16	4
Other fixtures, fittings, tools and equipment	5	12	5
Other property, plant and equipment	5	12	8

The new useful lifetimes for assessing depreciation have been applied since 1 October 2016. The major change in useful life time relates to the longer useful lifetime set for the machinery and equipment. During past few years volumes of production were lower and the production equipment was used less intensively than previously estimated. Consequently revision of the remaining useful lives resulted in the longer remaining useful lifetime for the machinery and equipment.

14 Non-current and current loans to related companies

	Group		**Company**	
	31 December 2017	**31 December 2016**	**31 December 2017**	**31 December 2016**
Loans granted	9 842	8 941	9 842	8 941
Interest calculated (note 17)	2 328	1 740	2 328	1 740
Total receivables	**12 170**	**10 681**	**12 170**	**10 681**
Minus: Provisons for doubtfull loans	(9 842)	-	(9 842)	-
Provisons for doubtfull interest	(2 328)	-	(2 328)	-
Minus: total provisions	(12 170)		(12 170)	
Net receivables				
Out of them:				
Loans granted	-	8 941	-	8 941
Interest calculated (note 17)	-	1 740	-	1 740
Total	**-**	**10 681**	**-**	**10 681**

On 24 November 2015, a rights transfer agreement was signed with the Group's and the Company's controlling party, which controls 91.1% of the Company's shares through intermediaries. Based on the agreement, the controlling party took over the obligation to repay the loans granted and interest calculated to companies, previously controlled by ultimate shareholders. The loans are subject to annual interest related to 1-month EURIBOR + 6.5%, and the latest loan maturity is set on 1 June 2018. There are no assets pledged or other guarantees issued for the security of loans receivable.

As at 31 December 2017, the Company and the Group have a loan granted to their parent of EUR 1,568 thousand (EUR 667 thousand in 2016). The loan is subject to 1-month EURIBOR + 6.5% annual interest, the loan matures on 31 December 2018. The loan is not secured.

(all amounts are in EUR thousand unless otherwise stated)

The management assessed the impairment of the loans receivable and recognized impairment.

15 Inventories

	Group		**Company**	
	As at 31 December 2017	**As at 31 December 2016**	**As at 31 December 2017**	**As at 31 December 2016**
Raw materials and spare parts	2 759	3 307	2 686	3 264
Production in progress	220	245	198	227
Finished goods	1 641	1 171	1 604	1 146
Goods for resale	85	103	85	103
Minus: impairment	(223)	(247)	(177)	(234)
Total inventories	**4 482**	**4 579**	**4 396**	**4 506**

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

	Group		**Company**	
	As at 31 December 2017	**As at 31 December 2016**		**As at 31 December 2017**
At the beggining of the year	**(247)**	**(180)**	**(234)**	**(180)**
Impairment		(67)		(54)
Recovery	24		57	
Write-off				
At the end of the year	(223)	(247)	(177)	(234)

As at 31 December 2017, the Group and the Company have no legal restrictions on inventories. Raw materials included to cost of sales by the Group and the Company amounted to EUR 25,108 thousand and EUR 24,584 thousand respectively (Note 4)

16 Trade receivables

	Group		**Company**	
	As at 31 December 2017	**As at 31 December 2016**	**As at 31 December 2017**	**As at 31 December 2016**
Receivables from not related customers	6,789	6,416	6,601	6,247
Receivables from related customers	-	-	27	29
Gross receivables	**6,789**	**6,416**	**6,628**	**6,276**
Less: impairment allowance for doubtful receivables	(1,068)	(1,060)	(1,022)	(1,024)
Net receivables	**5,721**	**5,356**	**5,606**	**5,252**
Including:				
Non-current receivables	-	-	-	-
Current receivables	5,721	5,356	5,606	5252
Total	**5,721**	**5,356**	**5,606**	**5252**

The Group had no long-term contracts in progress as at 31 December 2017. The Group had no long-term contracts in progress as at 31 December 2016

Impairment allowance for doubtful receivables is recognised due to receivables from not related customers. Trade receivables are non-interest bearing and are generally on 30–90 day settlement terms.

(all amounts are in EUR thousand unless otherwise stated)

Movements in the individually assessed impairment of trade receivables were as follows:

	Group		Company	
	2017	**2016**	**2017**	**2017**
Balance at the beginning of the period	(1,060)	(1,001)	(1,024)	(980)
Charge for the year	(46)	(81)	(35)	(78)
Write-offs of trade receivables	-	-	1	-
Effect of the change in foreign currency exchange rate	2	(11)	-	-
Amounts paid	36	33	36	34
Balance at the end of the period	**(1,068)**	**(1,060)**	**(1,022)**	**(1,024)**

As at 31 December 2017 100% impairment was accounted for trade receivables of the Group and the Company in gross values of EUR 1,068 thousand and EUR 1,022 thousand respectively (as at 31 December 2016 – EUR 1,060 thousand and EUR 1,024 thousand respectively). Change in impairment allowance for receivables was accounted for within administrative expenses.

The receivables are written-off when it becomes obvious that they will not be recovered. The impairment allowance for receivables of the Group and the Company in 2017 and 2016 was stated under administrative expenses.

17 Other amounts receivable

	Group		Company	
	As at 31 December 2017	**As at 31 December 2016**	**As at 31 December 2017**	**As at 31 December 2016**
VAT receivable	162	132	157	127
Advace holliday payments	157	95	157	95
Accrued interest (Note 14)		48		48
Other receivables	275	2	242	1
Restricted cash	4	4	4	4
Less: impairment allowance for doubtful other receivables	-	-	-	-
Including:	**598**	**281**	**560**	**275**
Non-current receivables				
Current receivables	598	281	560	275
Total	598	281	560	275

18 Cash and cash equivalents

	Group		Company	
	As at 31 December 2017	**As at 31 December 2016**	**As at 31 December 2017**	**As at 31 December 2016**
Cash at bank	503	2,615	454	2,278
Cash on hand	5	2	1	2
	508	**2,617**	**455**	**2,280**

As at 31 December 2017 and 2016 no restrictions were imposed on the Group's and the Company's cash, except of those in Note 23.

19 Share capital and share premium

On 31 December 2017 and 31 December 2016, share capital of the Company and the Group was 11 887 thousand EUR. The share capital was divided into 39,622 thousand ordinary registered shares with the par value of EUR 0.30 each as at 31 December 2017 and 2016.

All shares of the Company are fully paid. The Company does not have any other classes of shares than ordinary shares mentioned above, there are no restrictions of share rights or special control rights for the shareholders set in the Articles of Association of the Company. No shares of the Company are held by itself or its subsidiaries. No convertible securities, exchangeable securities or securities with warrants are outstanding; likewise, there are no outstanding acquisition rights or undertakings to increase share capital as at 31 December 2017 and 2016.

During 2016 the share capital was increased by EUR 3,565 thousand by increasing the par value of the share up to EUR 0.38. The authorised capital was increased from revaluation reserve. On 20 December 2016, the capital reduction of EUR 3,168 thousand was registered by reducing the par value to EUR 0.30. The only purpose of the reduction was to cover accumulated losses in the statement of the financial position.

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 at 31 December 2017 and 2016 the Company was in compliance with this requirement.

20 Reserves

Legal reserve

As at 31 December 2017, the legal reserve of the Group and the Company was 971 thous. EUR and 946 thous. EUR. As at 31 December 2016, the legal reserve of the Group and the Company was 901 thous. EUR and 885 thous. EUR.

The Company's legal reserve is compulsory under Lithuanian legislation. Annual transfers of not less than 5% of net profit are compulsory until the reserve reaches 10% of the share capital. The Group's legal reserve is formed from the legal reserve of the Company and the subsidiaries.

As at 31 December 2017 and 31 December 2016 the legal reserve of the Group and the Company has not been fully formed yet.

Foreign currency translation reserve

The foreign currency translation reserve is used for translation differences arising upon consolidation of the financial statements of foreign subsidiaries.

Exchange differences are classified as equity in the consolidated financial statements until the disposal of the investment. Upon disposal of the corresponding investment, the cumulative translation reserve is transferred to retained result in the same period when the gain or loss on disposal is recognised.

Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment, net of deferred tax.

Other reserves

Other reserves are formed based on the decision of the General Shareholders' Meeting for special purposes. All distributable reserves before distributing the profit are transferred to retained earnings and redistributed annually under a decision of the shareholders.

(all amounts are in EUR thousand unless otherwise stated)

21 Grants

Group and Company

Balance as at 31 December 2015	3,817
Received during the period	-
Balance as at 31 December 2016	3,817
Received during the period	48
Balance as at 31 December 2017	3,865
Accumulated amortisation as at 31 December 2015	2,987
Amortisation during the period	127
Accumulated amortisation as at 31 December 2016	3,114
Amortisation during the period	122
Accumulated amortisation as at 31 December 2017	3,236
Net carrying amount as at 31 December 2017	**629**
Net carrying amount as at 31 December 2016	**703**

The grants were received for the renewal of production machinery and repairs of buildings in connection with the elimination of CFC 11 element from the production of polyurethane insulation and filling foam, and for elimination of greenhouse gases in the manufacturing of domestic refrigerators and freezers.

Grants are amortised over the same period as the machinery and other assets for which grants were designated when compensatory costs are incurred. The amortisation of grants is included in production cost against depreciation of machinery and reconstruction of buildings for which the grants were designated.

22 Provisions

The Group provides a warranty of up to 2 years for the sold production. The provision for warranty repairs was accounted for based on the expected cost of repairs and statistical warranty repair rates and divided respectively into non-current and current provisions. Difference between years depends on product and warranty period mix.

Company formed provision for fine from Bank of Lithuania ir 2017, amounting to 207 thous. EUR.

Changes in warranty provisions were as follows:

	Group		Company	
	2017	**2016**	**2017**	**2017**
As at 1 January	499	592	403	591
Additions during the year	388	548	388	273
Utilised	(196)	(641)	(194)	(461)
Written off	(73)	-	-	-
Foreign currency exchange effect	-	-	-	-
As at 31 December	618	499	597	403
Including:				
Non-current	257	181	241	154
Current	361	318	356	249
Total	**618**	**499**	**597**	**403**

(all amounts are in EUR thousand unless otherwise stated)

23 Non-current and current borrowings

	Group		Company	
	As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
Non-current borrowings				
Non-current borrowings with variable interest rate	413	9,884	413	9,884
Non-current liabilities to lease companies	84	67	-	-
	497	9,951	413	9,884
Current borrowings				
Current borrowings with variable interest rate	10,124	1,302	10,124	1,302
Current liabilities to lease companies	28	21	-	-
	10,152	1,323	10,124	1,302
	10,649	**11,274**	**10,537**	**11,186**

The main information on individual borrowings is disclosed below:

			Group		Company	
	Type	Maturity	As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
Borrowing 1	Loan	23/12/2019	9,884	11,186	9,884	11,186
Borrowing 2	Credit line	10/04/2020	653	-	653	-
Lease 1		26/03/2021	38	49	-	-
Lease 2		26/05/2021	16	20	-	-
Lease 3		26/08/2021	14	19	-	
Lease 4		11/07/2022	44	-	-	-
			10,649	**11,274**	**10,537**	**11,186**

Loan:

The loan bear 1-month EURIBOR + 5.75 annual interest rate as at 31 December 2017 and at 31 December 2016.

As at 31 December 2017 the Group's and the Company's buildings with the carrying amount of EUR 5,558 thousand (EUR 5,394 thousand as at 31 December 2016), the Group's and the Company's machinery and equipment with the carrying amount of EUR 9,085 thousand (EUR 9,277 thousand as at 31 December 2016) were pledged to the banks for the loan.

Under loan agreement, company has to comply with certain covenants, such as Debt/EBITDA ratio. At 31 December 2017 Company did not comply with this ratio, but on 16 April 2018 an agreement with bank was signed, where this covenant for yar 2017 was cancelled. For this reason, loan in financial account was reclassified as short term.

Credit line:

Credit line bear 5% fixed interest rate, with right to review conditions 6-month EURIBOR + 3,5% margin.

Under credit line agreement, Company pledged all current and incoming funds in Bank accounts. Maximum value of collatereal is agreed at 833 thous. EUR.

Sekenora Holding Limited also pledged 4 584 thousand shares of the Company as collateral, at nominal value 1 375 thous. EUR.

(all amounts are in EUR thousand unless otherwise stated)

Borrowings at the end of the year in currencies:

	Group		Company	
	As at 31 December 2017	**As at 31 December 2016**	**As at 31 December 2017**	**As at 31 December 2016**
Borrowings denominated in:				
EUR	10,649	11,274	10,537	11,186
	10,649	**11,274**	**10,537**	**11,186**

Contractual repayment schedule for borrowings:

	Group		Company	
	Fixed interest rate	**Variable interest rate**	**Fixed interest rate**	**Variable interest rate**
2018	-	1,666	-	1,638
2019	-	8,820	-	8,790
2020	-	139	-	109
2021	-	18	-	-
2022	-	6	-	-
	-	**10,649**	**-**	**10,537**

The fixed interest rates of 3.5% and 3.9% were set to liabilities under lease (financial lease) of the Group.

Future lease payments under lease agreements as at 31 December 2017 and 31 December 2016 are as follows:

	As at 31 December 2017	**As at 31 December 2016**
2017	-	23
2018	32	32
2019-2021	88	40
Total liabilities under financial leases	**120**	**95**
Interest	(8)	(7)
Present value of liabilities under financial leases	**112**	**88**

Liabilities under financial leases are accounted for as:

Current liabilities	28
Non-current liabilities	84

The Group's assets leased under Financial lease agreements comprise machinery and equipment. The leasing period is 5 years.

The carrying amount of the assets acquired under finance lease:

	As at 31 December 2017	**As at 31 December 2016**
Machinery and equipment	200	146

(all amounts are in EUR thousand unless otherwise stated)

24 Non-current employee benefits

As at 31 December 2017 of the Group's and the Company's, the expenses of the one-time payments for leaving employees at a retirement age amounted to EUR 15 thousand and EUR 14 thousand (EUR 5 thousand as at 31 December 2016).

	Group	Company
31 December 2013	**127**	**127**
Used in 2014	(21)	(21)
Accumulated in 2014	48	48
31 December 2014	**154**	**154**
Used in 2015	(5)	(5)
Accumulated in 2015	47	47
31 December 2015	**196**	**196**
Used in 2016	(5)	(5)
Accumulated in 2016	119	108
31 December 2016	**310**	**299**
Used in 2017	(15)	(14)
Accumulated in 2017	(14)	(23)
31 December 2017	**281**	**262**

Actuarial gains and losses in 2017 and 2016 were insignificant; therefore, they were not separated and presented in other comprehensive income.

The Group and the Company have no plan asset designated for settlement with employee benefit obligations.

25 Operating lease

The Group and the Company have concluded several contracts of operating lease of land and premises. The terms of lease do not include restrictions of the activities of the Group and the Company in connection with the dividends, additional borrowings or additional lease agreements. In 2017 the lease expenses of the Group and the Company amounted to EUR 63 thousand and EUR 62 thousand respectively (in 2016, EUR 67 thousand and EUR 67 thousand respectively).

Planned operating lease expenses of the Group and the Company in 2018 will be EUR 61 thousand.

The most significant operating lease agreement of the Group and the Company is the non-current agreement of AB Snaigė signed with the Municipality of Alytus for rent of the land. The payments of the lease are reviewed periodically; the lease end term is 2 July 2078.

Future lease payments of the Group and the Company according to the signed lease agreements are not defined as agreements might be cancelled upon the prior notice of 1 month, except of the land.

26 Employee related liabilities

	Group		Company	
	As at 31 December 2017	**As at 31 December 2016**	**As at 31 December 2017**	**As at 31 December 2016**
Provisions for holliday payment	469	375	435	338
Sallaries payable	282	225	253	196
Social tax payables	239	216	213	185
Personal Income tax paybales	55	45	51	40
Other	214	329	214	328
	1 259	**1 190**	**1 166**	**1 087**

(all amounts are in EUR thousand unless otherwise stated)

27 Profit tax and other current liabilities

	Group		Company	
	As at 31 December 2017	**As at 31 December 2016**	**As at 31 December 2017**	**As at 31 December 2016**
Profit tax		*368*		*324*
Other taxes	23	23	18	14
Other payables and accrued expenses	184	104	179	104
	207	**495**	**197**	**442**

28 Basic and diluted profit (loss) per share

Calculation of basic and diluted earnings per share is presented below:

	Group		Company	
	2017	**2016**	**2017**	**2016**
Weighted average number of ordinary shares	39 622	39 622	39 622	39 622
Net profit (loss) for the year, attributable to the shareholders of Company	(13 237)	1 207	(13 136)	1 088
Basic profit (loss) per share, in EUR	**(0,33)**	**0,03**	**(0,33)**	**0,03**

29 Financial instruments

Overview

The Group and the Company have exposure to the following risks: credit risk, liquidity risk and market risk. This note presents information about the Group's and the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board has overall responsibility for the establishment and oversight of the Group's and the Company's risk management framework. The Group's and Company's risk management policies are established to identify and analyse the risks faced by the Group and the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's and the Company's activities. The Group and the Company aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

As at 31 December 2017 and 2016, the maximum exposure to credit risk is represented by the carrying amount of each financial asset, consequently, the Group's and the Company's management considers that its maximum exposure is reflected by the amount of loans receivable from related parties, trade and other receivables, net of impairment allowance, and the amount of cash and cash equivalents recognised at the date of the statement of financial position. Credit risk or risk that a counterparty will not fulfil its obligations, is controlled by credit terms and monitoring procedures, using services of external credit insurance and debt recovery agencies.

As at 31 December, the credit risk was related to:

	Group		Company	
	As at 31 December 2017	**As at 31 December 2016**	**As at 31 December 2017**	**As at 31 December 2016**
Loans receivable from related parties	-	10,681	-	10,681
Trade receivables	5,721	5,356	5,606	5,252
Cash and cash equivalents	508	2,617	455	2,280
	6,229	**18,654**	**6,061**	**18,213**

(all amounts are in EUR thousand unless otherwise stated)

As at 31 December 2017, as at 31 December 2016, the main part of the loans granted consists of the loan granted to intermediate shareholder. Recoverability of the loan is described in Note 32.

The concentration of the Group's and the Company's trade partners and the largest credit risk related to trade receivables as at the reporting date are disclosed below:

	Group				Company			
	2017	**%**	**2016**	**%**	**2017**	**%**	**2016**	**%**
Client 1	890	13	719	11	890	13	719	12
Client 2	627	9	413	8	627	10	413	7
Client 3	390	6	396	6	390	6	396	6
Client 4	371	5	336	5	371	6	336	5
Client 5	285	4	287	4	285	4	287	5
Client 6	230	3	263	4	230	3	263	4
Client 7	229	3	205	3	229	3	205	3
Other clients	3,767	57	3,797	59	3,606	55	3,657	58
Impairment	(1,068)		(1,060)		(1,022)		(1,024)	
Total	**5,721**	**100**	**5,356**	**100**	**5,606**	**100**	**5,252**	**100**

Trade receivables according to geographic regions:

	Group		Company	
	2017	**2016**	**2017**	**2016**
Western Europe	2,246	1,788	2,246	1,787
Central Europe	1,197	1,190	1,197	1,185
Ukraine	1,092	1,121	1,092	1,121
Lithuania	589	972	474	874
Other CIS countries	326	122	326	122
Other Baltic States	121	32	121	32
Russia	137	131	137	131
Other	13	-	13	-
	5,721	**5,356**	**5,606**	**5,252**

Central Europe comprises Poland, the Czech Republic, Bulgaria; Western Europe comprises France, Germany, Norway, Portugal; other CIS countries include Uzbekistan, Moldova, and Azerbaijan.

In 2017, 35.9% and 36.8% of sales of the Group and the Company respectively were directed to Western Europe (in 2016, 34.6% and 36.02% of sales respectively) and 19.3% and 19.8% were directed to Ukraine (in 2016, 18.8% and 19.6% of sales respectively). As at 31 December 2017, the Group's and the Company's amounts receivable for items sold in Western Europe and Ukraine, less impairment losses were equal to EUR 2,246 thousand and EUR 2,246 thousand, and EUR 1,092 thousand and EUR 1,092 thousand in Ukraine respectively (as at 31 December 2016, EUR 1,788 thousand and EUR 1,787 thousand respectively).

Although management considers that it takes all necessary measures under current circumstances to maintain stable business of the Group and the Company, the persistent instability of business environment could unpredictably affect the performance of the Group and the Company and their financial position. As at 31 December 2017, having assessed the risks, the Group and the Company recognised impairment allowance of EUR 1,068 thousand for receivables (as at 31 December 2016 EUR 1,060 thousand). These financial statements reflect the current management's estimate related to the effect of the business environment on the Group's and the Company's activities and financial position. The future business environment might differ from the management's estimates.

The Group's and the Company's management believes that the maximum risk equals to trade receivables, less recognised impairment losses at the reporting date. The Group and the Company do not provide guarantees for obligations of other parties, except for those disclosed in Note 30.

The credit policy is implemented by the Group and the Company and credit risk is constantly controlled. Credit risk assessment is applied to all clients willing to get a payment deferral.

(all amounts are in EUR thousand unless otherwise stated)

Trade receivables from the Group in the amount of EUR 2,926 thousand as at 31 December 2017 (EUR 2,935 thousand as at 31 December 2016) were insured with credit insurance by Atradius Sweden Kreditförsäkring Lithuanian branch. Trade receivables from Ukraine, Moldova, Russia and other CIS countries were not insured.

Credit risk

The delay analysis of trade receivables, less impairment losses, as at 31 December 2017 and 2016 is as follows:

Group

		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**
2017	4,216	1,283	131	19	9	63	5,721
2016	4,510	731	88	12	8	7	5,356

Company

		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**
2017	4,195	1,250	99	13	2	47	5,606
2016	4,491	686	71	1	-	3	5,252

Liquidity risk

The Group's and the Company's policy is to maintain sufficient cash and cash equivalents by using cash flows statements with liquidity forecasting for future periods. The statement comprises predictable operating cash flows and effective planning of cash utilisation. The Group's liquidity (total current assets / total current liabilities) and quick ((total current assets - inventory) / total current liabilities) ratios as at 31 December 2017 were 0.57 and 0.35 respectively (1.45 and 0.97 as at 31 December 2016 respectively). The Company's liquidity and quick ratios as at 31 December 2017 were 0.56 and 0.34 respectively (1.42 and 0.94 as at 31 December 2016, respectively). Decrease of these rations is mainly related to bank loan reclassification.

The purpose of the Group's and the Company's liquidity risk management policy is to maintain the ratio between continuous financing and flexibility in using overdrafts, bank loans, bonds, and lease agreements.

The table below summarises the maturity profile of the financial liabilities as at 31 December 2017 and 2016 based on contractual undiscounted payments.

(all amounts are in EUR thousand unless otherwise stated)

Liquidity risk

Group

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total	Carrying amount
Interest bearing loans and borrowings	9,884	67	201	497	-	10,649	10,649
Trade and other payables	3,368	4,362	42	-	-	7,772	7,772
Guarantees issued (Note 30)	-	-	-	-	-	-	-
Balance as at 31 December 2017	**13,252**	**4,429**	**243**	**497**	**-**	**18,421**	**18,421**
Interest bearing loans and borrowings	-	308	1 618	11 253	-	13 179	11 274
Trade and other payables	2 556	3 489	-	-	-	6 045	6 045
Guarantees issued (Note 30)	874	-	-	-	-	874	
Balance as at 31 December 2016	**3 430**	**3 797**	**1 618**	**11 253**	**-**	**20 098**	**17 319**

Company

	On demand	Less than 3 months	4 to 12 months	1 to 5 years	More than 5 years	Total	Carrying amount
Interest bearing loans and borrowings	9,884	60	180	413	-	10,537	10,537
Trade and other payables	3,348	4,444	42	-	-	7,834	7,834
Guarantees issued (Note 30)	-	-	-	-	-	-	-
Balance as at 31 December 2017	**13,232**	**4,504**	**222**	**413**	**-**	**18,371**	**18,371**
Interest bearing loans and borrowings	`	300	1,604	11,088	-	12,992	11,186
Trade and other payables	2,552	3,596	-	-	-	6,148	6,148
Guarantees issued (Note 30)	1,158	-	-	-	-	1,158	-
Balance as at 31 December 2016	**3,710**	**3,896**	**1,604**	**11,088**	**-**	**20,298**	**17,334**

The presentation of interest bearing loans and borrowing were restated by the Group and the Company due to regulator requirements. The loans were presented as payable on demand.

The interest payments on variable interest rate loans in the table above are calculated based on the average market interest rates at the period end, and these amounts may change as market interest rates change. The guarantees granted as at 31 December 2017 are disclosed in more detailed in Note 30.

(all amounts are in EUR thousand unless otherwise stated)

Interest rate risk

The Group's and the Company's borrowings are subject to variable interest rates related to EURIBOR.

As at 31 December 2017 and 2016 the Group and the Company did not use any financial instruments to hedge against interest rate risk.

The sensitivity of the Group's and the Company's profit before tax to a reasonably possible change in interest rates, with all other variables held constant (through the impact on floating rate borrowings), is not mature. Other effect to Company and Group equity is not possible except via profit.

Foreign exchange risk

Following the adoption of the euro on 1 January 2015, foreign exchange risk decreased because most of income is earned in euro by the Group and the Company. There were no derivative foreign currency transactions made in 2017 and 2016.

Monetary assets and liabilities of the Group denominated in various currencies as at 31 December 2017 and 2016 were as follows:

	2017		2016	
	Assets	**Liabilities**	**Assets**	**Liabilities**
EUR	6,171	18,418	18,551	17,319
USD	55	2	55	-
Other	3	-	-	-
Total	**6,229**	**18,420**	**18,606**	**17,319**

Monetary assets and liabilities of the Company denominated in various currencies as at 31 December 2017 and 2016 were as follows:

	2017		2016	
	Assets	**Liabilities**	**Assets**	**Liabilities**
EUR	6,006	18,369	18,110	17,334
USD	55	2	55	-
Other	-	-	-	-
Total	**6,061**	**18,371**	**18,165**	**17,334**

Capital management

The Group and the Company manage share capital, legal reserves, reserves, foreign currency translation, revaluation reserves and retained earnings as capital. The primary objective of the Group's and the Company's capital management is to ensure that the Group and the Company comply with the externally imposed capital requirements and to maintain appropriate capital ratios in order to ensure their business and to maximise the shareholders' benefit.

The Group and the Company manage their capital structure and make adjustments to it in the light of changes in the economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company is obliged to keep its equity not lower than 50% of its share capital, as imposed by the Law on Companies of the Republic of Lithuania. As at 31 December 2017 and 2016 the Group and the Company complied with this requirement.

Fair value of financial instruments

The carrying amounts of the main Group's and the Company's financial assets and liabilities not stated at fair value, i.e. non-current and current receivable loans, trade and other receivables, trade and other payables, non-current and current borrowings, approximate their fair values.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

- The carrying amount of current borrowings, trade and other receivables, current borrowings and current trade payables approximates their fair value;
- The fair value of non-current receivables and non-current payables is based on the quoted market price for the same or similar issues or on the current rates available for borrowings with the same maturity profile.

30 Commitments and contingencies

By the surety agreement No 2012-02-12 the Company guaranteed proper fulfilment of UAB Vaidana financial obligations with all its present and future assets in favour of AB Šiaulių Bankas in relation to received loan. This amounted to 874 thous. EUR at 31 December 2016. UAB "Vaidana" fulfilled all credit agreement requirements. The guarantee is not valid any more because Company taken-over the remaining credit (Note 14).

In 2013 the Company had a heating power purchase agreement; based on the agreement, the Company is obliged, for the 10-year period, to purchase 6,000 Kwh of heating power each year. If the Company fails to purchase the agreed quantity of power or in case of agreement termination, the fine from EUR 579 thousand in the first year of the agreement to EUR 58 thousand in the tenth year of the agreement shall be imposed. As at 31 December 2017 and 2016, the Company complied with its contractual liabilities.

The tax authorities may at any time perform investigation of the Company's accounting registers and records for the period of five years preceding the accounting tax period, as well as calculate additional taxes and penalties. Management of the Company is not aware of any circumstances which would cause calculation of additional significant tax liabilities.

On December 19, 2017 the Company issued guarantee letter for daughter company Almecha liability of contract advance payment insurance. The contract covers production of manufacturing line, same as several ones before. Moreover, Almecha is fully capable to cover these losses if such occur, so probability of having to cover this guarantee is very low. Maximum liability amount – EUR 466 thousand, insurance valid until 1 January 2019.

31 Related party transactions

According to IAS 24 *Related Party Disclosures*, the parties are considered related when one party can unilaterally or jointly control other party or have significant influence over the other party in making financial or operating decisions or operation matters, or when parties are jointly controlled and if the members of management, their relatives or close persons who can unilaterally or jointly control the Company or the Group or have influence on it. To determine whether the parties are related the assessment is based on the nature of relation rather than the form.

The controlling parties of the Group during 2017 and 2016 were as follows:

UAB Vaidana (controlling party , 2016 the parent);
Hymana Holdings Ltd. (controlling party);
Sekenora holdings limited (the parent).

The Group has a policy to conduct related party transactions on commercial terms and conditions. Outstanding balances at the year-end are unsecured, interest-free, except the loan granted. As at 31 December 2017 and 31 December 2016 the Group has not formed any impairment allowances for doubtful debts, related to receivables from related parties for sales and provided services. Doubtful receivables are tested each year by inspecting the financial position of the related party and assessing the market in which the related party operates.

(all amounts are in EUR thousand unless otherwise stated)

Financial and investment transactions with the related parties over the year:

	2017				2016			
	Loans received	Interest expenses	Loans granted	Interest income	Loans received	Interest expenses	Loans granted	Interest income
Companies, controlled by ultimate shareholders	-	-	-	-	-	-	-	-
Controlling parties	-	-	901	588	-	-	327	600
	-	**-**	**901**	**588**	**-**	**-**	**327**	**600**

2017

	Purchases	Sales	Receivables	Payables
Companies, controlled by ultimate shareholders	1,087	-	6	277
Controlling parties	-	-	-	-
Total	**1,087**	**-**	**6**	**277**

2017

	Purchases	Sales	Receivables	Payables
Companies, controlled by ultimate shareholders	871	-	239	-
Controlling parties	-	-	10,633	-
Total	**871**	**-**	**10,872**	**-**

Related party transactions

The Company's transactions carried out with subsidiaries:

	Purchases		Sales	
	2017	**2016**	**2017**	**2016**
Subsidiaries	**224**	**265**	**111**	**102**

The Company has a policy to conduct transactions with subsidiaries on contractual terms. The Company's transactions with subsidiaries represent acquisitions and sales of raw materials and finished goods and acquisitions of marketing services, as well as acquisitions of property, plant and equipment. Outstanding balances at the year-end are unsecured, receivables are interest-free and settlement occurs at bank accounts. There were no pledged significant amounts of assets to ensure the repayment of receivables from subsidiaries.

The carrying amount of loans and receivables from subsidiaries as at 31 December in the statement of financial position:

	2017	2016
Non-current receivables		
Subsidiaries	-	-
Total non-current receivables	**-**	**-**
Current receivables		
Subsidiaries	27	29
Total current receivables	**27**	**29**

(all amounts are in EUR thousand unless otherwise stated)

The delay analysis of receivables from subsidiaries and granted loans during the period as at 31 December:

	Receivables from subsidiaries and granted loans neither past due nor impaired	Receivables from subsidiaries and granted loans past due but not impaired					
		Less than 30 days	30–60 days	60–90 days	90–120 days	More than 120 days	Total
2017	27	-	-	-	-	-	27
2016	29	-	-	-	-	-	29

Payables to subsidiaries as at 31 December (included under the trade payables caption in the Company's statement of financial position):

	2017	2016
Subsidiaries	**105**	**132**

Remuneration of the management and other payments

Remuneration of the Group management amounted to EUR 1,087 thousand (23 employees) during the twelve months of 2017, in 2016 - EUR 1,049 thousand (23 employees). The management of the Group did not receive any other loans, guarantees; no other payments or property transfers were made or accrued.

32 Regulatory oversight actions regarding Company's and Group's compliance with IFRS

Decision of the Director of the Supervision Service of the Bank of Lithuania

AB Snaigė in 2018 February 1 has received a decision No. 241-19 dated 29 January adopted by the director of the Supervision Service of the Bank of Lithuania (hereinafter – Decision), which states:

1. To oblige AB Snaigė to promptly, but not later than within 24 hours after receipt of this resolution, to make public a notice of material event, i.e. about this resolution of the Director of the Supervision Service of the Bank of Lithuania, indicating:
1.1 That pursuant to a resolution of the Director of the Supervision Service of the Bank of Lithuania, AB Snaigė was imposed a fine of EUR 207,250.00 (two hundred seven thousand two hundred fifty) for a violation of Article 22 of the Law on Securities of the Republic of Lithuania and for failure to comply with the mandatory instructions of the Bank of Lithuania;
1.2. That AB Snaigė financial statements of 2016 do not comply with IAS 1 'Presentation of Financial Statements', IAS 16 'Property, Plant and Equipment', and IAS 39 'Financial Instruments: Recognition and Measurement' requirements; 1.3. The impact of violations on the financial statements:
1.3.1. receivables from affiliated companies (at the end of 2015 – EUR 9.8 million, at the end of 2016 – EUR 10.64 million) showed signs of impairment that were not assessed and no present value of the receivables was calculated and therefore no precise impact on the Company's financial position and financial results can be established, but if the present value of receivables from related companies was lower than the carrying amount of that sum, AB Snaigė assets and unallotted result for 2015 and 2016 would be reduced;
1.3.2. in 2016, AB Snaigė, in breach of international accounting standards, used part of revaluation reserve to cover accumulated losses, therefore the revaluation reserve of AB Snaigė unlawfully decreased by EUR 3.17 million;
1.3.3 while preparing the financial statements for 2016, AB Snaigė did not assess significant uncertainties that might have raised doubts about the Company's business continuity and did not disclose this information in the financial statements;
1.4 The date when the financial statements will be corrected, evaluated and made public;
1.5. That the members of the management bodies of the Company did not comply with the principles established in the Management Code of companies listed in NASDAQ Vilnius, and therefore AB Snaigė did not publicly disclose information on compliance with the principles and standards of the Code in 2016. The directors of AB Snaigė did not act in the interests of all the shareholders and the Company because:
- Companies affiliated with the controlling shareholder received EUR 11.92 million worth of loans by 30 September 2017, by the decision of the Company's directors for which the Company does not pay accrued interest on loans (since mid-2012). The Company's money is not used to increase the value of the Company and to the benefit of all the shareholders, while the

controlling shareholder can use the money received for his or her own needs and benefit from it. In addition to that, by the decisions of the Company's directors, the Company has taken a loan from a bank for the benefit of companies affiliated with the controlling shareholder, for which interest is paid from the Company's funds.

- On the proposal of the Company's Board, in breach of legal requirements and in violation of the provisions of IAS 16, by decision of the General Meeting of Shareholders, the revaluation reserve was reduced by EUR 3.17 million and became such, that in the event of certain market developments or other factors that would result in impairment of property, plant and equipment, it may not be sufficient to cover the decrease in the value of the asset, and by recording it directly in the profit (loss) statement it would reduce the profit earned by the Company or increase the losses incurred.
- Company's accumulated losses were offset by non-compliance with legal requirements and in violation of the provisions of IAS 16, but by the decision of the Company's Board, it was proposed to the General Meeting of Shareholders to pay dividends. Heads of the Company failing to comply with the mandatory instructions of the Bank of Lithuania – not justifying the recapture of receivables from affiliated companies that had signs of impairment and unlawfully eliminating accumulated losses of the Company, i.e. not assessing the financial position and performance of the Company, if they were included in the accounting according to the requirements of international accounting standards, proposed to the Company's General Meeting of Shareholders to decide on the payment of dividends. Thus, the Heads of the Company offered to the shareholders of the Company to make a decision regarding the payment of dividends without having prepared financial statements that would present a true and fair view. The companies affiliated with the controlling party were allocated EUR 0.87 million dividends (91.1% of the total amount of allocated dividends), but although the Company stated that the receivables from affiliated companies may be recovered through paid dividends, the amounts paid were not returned to the Company.

The Bank of Lithuanis has concluded that the above-mentioned violations violate the essential requirements of the law, violations have been made for the benefit of the controlling shareholder and violate the interests of the Company itself and its minority shareholders.

According to this decision, mature event was announced on 1 February 2018, and formed provision for fine at 2017 207 thous. EUR.

Company's management opinion concerning the decision of the director of the Supervision Service of the Bank of Lithuania and taken actions

After assessing additionally possible effect of Bank of Lithuania decision for financial reports, management believes that reports for year 2015 and year 2016 were correct, information in these reports was true and in compliance with IAS and IFRS standards. All decisions were made having in mind information which was available at the moment of report preparation.

As for receivables, the management notes that related parties are direct and indirect holders of 91.1% shares in the Company. The management developed estimation of recoverable amount of the loans receivable based on estimated future cash flows. Estimation of the future cash flows from repayment of the loans is based on forecasted dividend flows from the Company. In forecasting future dividend available the Management made reliable assumptions regarding level of EBITDA to be achieved in forthcoming years, and these assumptions showed most ecxact available view of the situation in the market and business sector. Dividends were paid in 2017, which was in line with estimations before. But in second half of 2017, new circumstancies appeared, and these were not possible to assess properly earlier, when preparing reports (such as very minor level of dividends to be returned as loan repayment in 2017, world prices for raw meterials increase extermely high and unfavourable market position, which leaded to much worse result in 2017). In line with new information, impairment of loans was recognized in 2017.

According to Bank of Lithuania, Company increase authorised capital from revaluation reserve unlawfully. The management notes that such possibility is clearly stated in Law on Companies of Lithuania, and Company took all necessarry action to make this process clear and lawfull. No loss was directly covered from revaluation reserve. Furthermore, IAS 16 does not forbid such actions as well. However, taken into account the view of regulator (which was not known before actions and regulator decision), the Management of the Company will ask the shareholders to decrease share capital in favour of revaluation reserve by 3,17 mln EUR.

According to Bank of Lithuania,named violations were made in favour of main shareholder and in violation of Company interests. The Management of the Company believes all procedures were done correcly vithout any violations of the interests of any shareholder or stakeholder. Share nominal value was decreased proportionally to all shareholders, therefore any changes in asset value were not done to any sharehoder, none of them because of this action appeared to have more or less than before. Furthermore, all actions were announced publicly via NASDAQ other sources before had been taken, as it is described in laws, therefore all stakeholders knew these actions in advance and could evaluated them. There were no any claims against such actions, except regulator decision. Company truly believes, that all actions were in line with interests of the

(all amounts are in EUR thousand unless otherwise stated)

Company and all and every shareholder, principles established in the Management Code of companies listed in NASDAQ Vilnius were not violated, information on Code non-violation was presented correctly.

33 Subsequent events

On 31 January 2018, extraordinary shareholders' meeting was announced, with only one question on agenda – election of auditor. The meeting did not take place in nominated time. Repeated extraordinary shareholders meeting took place on 15 February 2018, in which shareholders decided to revoke decision to elect audit firm which was approved during extraordinary shareholder's meeting on 22 August 2017 and to elect the audit firm Grant Thornton Baltic UAB for auditing purposes of financial statements of 2017 and 2018 years.

General Director	Gediminas Čeika		11 April 2018
Financial Director	Mindaugas Sologubas		11 April 2018

SNAIGĖ

Consolidated annual report 2017

Confirmation of Responsible persons

The members of the management bodies, employees, head of administration together with the Company's consultants who are responsible for the preparation of 2017 consolidated annual report and consolidated and the Company's financial statements confirm that, according to their knowledge, annual consolidated and the Company's financial statements prepared according to International Financial Reporting Standards, as adopted by the European Union, accurately represent the reality and correctly show the Company's and total consolidated group's assets, liabilities, financial position, profit or loss, and that business development and activities' overview, the Company's and consolidated groups' situation, together with the description of main risks and uncertainties faced are accurately presented in the consolidated annual report.

AB Snaigė Managing Director	**Gediminas Čeika**
AB Snaigė Finance Director	**Mindaugas Sologubas**

Report prepared:	11 April 2018
Place the report prepared:	AB Snaigė, Pramonės str. 6, Alytus

Table of Contents

1 GENERAL INFORMATION ABOUT AB SNAIGĖ

1.1 Accounting period of the annual report-prospectus

The annual report-prospectus has been prepared for the year 2017.

1.2 The basic data about the Company

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

Authorised capital as of 31 December 2016 – EUR 11,886,718.50

Address – Pramonės str. 6, LT-62175 Alytus

Phone – (315) 56 206

Fax – (315) 56 207; (315) 56 269

E-mail – snaige@snaige.lt

Internet web-page – http://www.snaige.lt

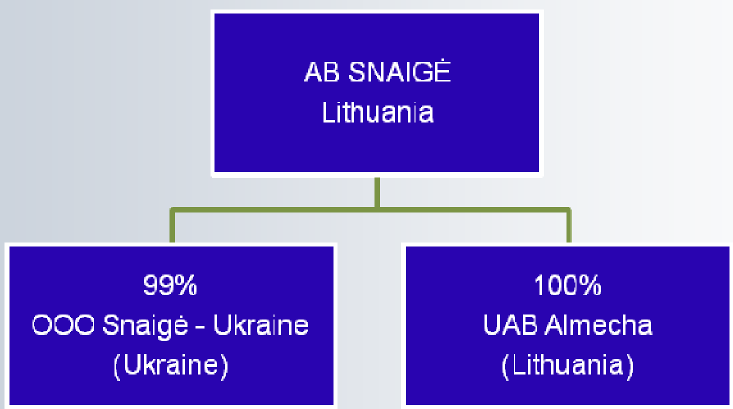
Legal organisation status – legal entity, public limited company

Registered as a Public Enterprise of the Republic of Lithuania on 1 December 1992 in the Municipality Administration of Alytus; registration number AB 92-119; enterprise register code 249664610. The latest Articles of Association of AB Snaigė were registered on 20 December 2016 in Alytus Department of the Register of Legal Entities of the Republic of Lithuania.

1.3 The type of the Company's main business activities

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

1.4 The Company's company group structure



1.4.1. The Company's subsidiaries

The Company's group consists of the refrigerator manufacturer AB Snaigė based in Alytus and the following subsidiaries:

- UAB Almecha activities: manufacturing of miscellaneous machinery and equipment. The enterprise was registered in November 2006. Address: Pramonės str.6 Alytus, Lithuania.
- OOO Snaigė – Ukraine activities: sales of refrigeration appliances, sales, consulting and services. The enterprise was registered in November 2002. Address: Grushevski str.28-2a/43 Kiev, Ukraine.

1.5. Information about the Company's offices and affiliates

The Company has no offices and affiliates.

1.6 Short history of the Company's activities

- 1963 –The Company produced the first domestic refrigerators in Lithuania. During the first year the first 25 refrigerators were made;
- 1968 – New plant started its operations;
- 1975 – Over 1 million refrigerators manufactured by this year;
- 1983 – The Company started export to foreign countries;
- 1990 – The Company came under the control of the Republic of Lithuania;
- 1992 – The Company was privatised and registered as a public limited liability company;
- 1995 – The Company was retooled. Use of Freon in the manufacture of refrigerators is discontinued. All the Company's products are manufactured only from ecologically clean materials;
- 1997 – The Company achieved ISO 9001 certification for implementing international quality management standards;
- 2000 –The Company's quality management system was successfully re-certified for ISO 9001;
- 2001 – The Company achieved ISO 14001 certification for implementing an environmental management system;
- 2002 – The Company started to produce refrigerators with R600a environmentally friendly refrigerant. Started A + energy efficiency refrigerator production. "Snaigė" became EU project "Energy +" participant;
- 2003 – A + Grade energy efficiency fridge "Snaigė RF310 LCI" won the contest "Product of the Year" Gold Medal;
- 2004 – The Company opened its new plant in Kaliningrad;
- 2006 – The Company acquired 100% of the capital of the Russian wholesale and retail company Liga-Servis;
- Snaigė has made its 10 millionth refrigerator;
- The Company exported its products to more than 40 countries around the world;
- 2007 – AB Snaigė Alytus plant started serial production of new line models "Snaigė ICE LOGIC";
- 2007 – Snaigė recognised as the most innovative Lithuanian Company;
- This new line won a national competition "Innovation Prize 2007" award. Refrigerators were assessed in "innovative product" category;
- The Company's environmental management system ISO 14001 successfully re-certificated;
- Refrigerator "Snaigė ICE LOGIC RF34SH" awarded "Product of the Year" gold medal;
- During the year AB Snaigė sold a record number – 653 thousand refrigerators;
- 2008 – "Snaigė ICE LOGICRF31SM" was assessed as the "Product of the Year" and awarded a Gold medal;
- Snaigė was recognized as an innovative Lithuanian company and won an "Innovation Prize 2008" award;
- 2009 – The loss of production caused by devaluation of the rouble conditioned to close the Company's factory in Kaliningrad.
- 2010 – The Company started serial production of A ++ highest energy efficiency refrigerators.
- The Company and Kazakhstan national business corporation SPK Saryarka has established a joint venture Snaigė-Saryarka.
- "Snaigė ICE LOGICRF34" A++ was assessed as the "Product of the Year 2010" and awarded a Gold medal;
- 2011 –"Snaigė ICE LOGIC Glassy RF34SM" was awarded with a Gold medal as "Lithuanian Product of the Year".
- 2011 – Russian company Polair, indirectly acting through UAB Vaidana acquired 59.86% of all the shares of the Company.
- 2012 – In 2012 through the implementation period of the tender offer, UAB Vaidana bought-up 12,379,525 ordinary registered shares of AB Snaigė with the nominal value of LTL 1 each and on 1June 2012 had 36,096,193 units (91.1%) of the Company's shares.
- For export achievements, AB Snaigė received the Lithuanian Exporter of 2012 Award and got the prize of Association of Lithuanian Chambers of Commerce, Industry and Crafts.
- 2013 – Snaigė won within the category "The Innovative Company" and was awarded with the "Innovation Prize 2013".
- 2013 – Snaigė ICE LOGIC Glassy "Side by side" refrigerator C 29SM – freezer F 22SM A++ is awarded by a gold medal in annual competition "Lithuanian product of the Year".
- 2013 – The top energy efficiency class A+++ refrigerator "Snaigė ICE LOG RF34SM" prepared for production.
- 2013 – AB Snaigė participated in the project organized by "Verslo žinios" for small and medium sized businesses "Gazelė 2013" and was recognized as one of the most successful and fastest growing Lithuanian companies.
- 2014 – AB Snaigė refrigerator with NO FROST cooling system developed, meeting the requirements of A++ energy class.
- 2014 – Refrigerator Snaigė NO FROST RF34 awarded by golden medal in annual competition "Lithuanian product of the Year".

- The Company was recognized as an innovative Lithuanian company and awarded a Lithuanian innovation prize.
- The Company attended an international trade show for home appliances IFA 2015 in Berlin.
- A new combination of C31+F27 fridge-freezer with glass surface doors was designed.
- Two projects, which lasted two years and were partially funded by the European Regional Development Fund, were finished in 2015:
  "Increase of productivity of AB Snaigė by investing into commercial refrigerators production shop", under a measure „Invest LT2";
  „Development of R&D infrastructure of AB Snaigė by investing into a new product research centre", under a measure „Intelektas LT+".
  Implementing them, AB Snaigė renewed its New products Testing Centre and other laboratory equipment, acquired new manufacturing equipment and installations for strengthening of production facilities.
- AB Snaigė coupled with a largest market share in 2016, at 18% of the entire market for refrigerators and freezers in Lithuania (based on the survey conducted by GFK).

1.7 Mission. Vision. Values.

Mission

Our Mission is to develop financially disciplined business that provides consumers with good value and quality products and our shareholders with top-tier returns on their investments.

Vision

To become the most reliable home appliances brand for consumers in the Eastern Europe and the preferred choice for OEM supplier in the Western Europe.

Values

Open minded *Trustworthy* *Teamwork* *Flexibility*

1.8 List of the most important events in 2017

Company created two new design lines: Snaige Fresh INN – modern design refrigerators for contemporary user, who cares about healthy living. This fridge allows to keep and store food fresh longer and more products. Other line SNAIGE Retro – refrigerators and freezers with nostalgic design of 50'ies, shall be noticed by fashionable clients.

Company increased its market share to record 24% high

Company took part in fair organized by Czech partners

German retailer introduced Company products with SEVERIN brand.

In 2017 the Company established trade relations with Lebanon, Slovenia, Belarus.

2. AB SNAIGĖ GOVERNANCE AND MANAGEMENT

2.1 The Company's Management bodies

2.1.1 Management bodies

Management bodies:

- General shareholders meeting;
- The management board is formed of five members and elected for the period of 4 years;
- Head of the Company – Managing Director.

The calling of general shareholder meeting, the competence of the meeting has no differences from the procedures and competences indicated in the Law on Companies of Republic of Lithuania.

The management board is elected and resigned by general shareholders meeting according to the procedures indicated by the Law on Companies. The management board has a right to take decision to issue bonds. The competence of the management board has no other differences from the competences indicated in the Law on Companies. The work procedures of the management board are set by the board's work rules of procedure.

The competence of the head of the Company, his nomination and resignation procedures are not different from those indicated in the Law on Companies.

The Company has the audit committee which is the operating collegial administrative body and which was elected by shareholders in 2009. The audit committee is operating by audit committee's labour regalement. On 14 December 2011 the Extraordinary General Meeting of Shareholders of the Company revoked the audit committee of the Company in corpora. The new audit committee was elected during the ordinary shareholders general meeting held on 30 April 2012 and re-elected on 30 April 2015.

2.1.2 Legal basis of the Company's operations

AB Snaigė uses the Company's articles of association, Law on Companies of the Republic of Lithuania, other legal acts issued by the Republic of Lithuania and European Union as legal guidelines for operations.

2.2 Corporate governance bodies

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

NAME	Position	Available number of shares, units	Share capital, per cent	Votes, per cent
BOARD				
Aleksey Kovalchuk	AB Snaigė chairman of the board	-	-	-
Svetlana Ardentova	AB Snaigė member of the board	-	-	-
Oleg Tsarkov	AB Snaigė member of the board	-	-	-
Natalia Tsvetkova	AB Snaigė member of the board			
Nataliia Sukhanova	AB Snaigė member of the board	-	-	-
ADMINISTRATION (Managing Director and Chief Financial Officer)				
Gediminas Čeika	AB Snaigė managing director	-	-	-
Mindaugas Sologubas	AB Snaigė finance director	-	-	-

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

Participating in other companies activities and interests (31 December 2017):

Name	Name of organisation, position	Share of the capital and votes available in other companies, in percentage
Aleksey Kovalchuk	Does not participate in other Lithuanian companies activities and interests	-
Svetlana Ardentova	Does not participate in other Lithuanian companies activities and interests	-
Oleg Tsarkov	Does not participate in other Lithuanian companies activities and interests	-
Natalia Tsvetkova	Does not participate in other Lithuanian companies activities and interests	
Nataliia Sukhanova	Does not participate in other Lithuanian companies activities and interests	-
Gediminas Čeika	UAB Almecha chairman of the board	-
Mindaugas Sologubas	UAB Almecha member of the board	-
	Association EPA member of the board	
	UAB Verslo Architektūra Managing Director	100%

2.2.3 Chairman of the board, head of administration and chief financial officer

Name	Education, qualification	Workplaces and positions during the recent 10 years
Aleksey Kovalchuk	Finance Academy of the Government of the Russian Federation, Moscow	Federal Agency for Construction, Housing and Utilities. 2009 – 2013 OAO Polair, General Director. ZAO Polair-Nedvizhimost General Director.
Gediminas Čeika	Vilnius University, economy informatics and automated management systems, engineer-economist qualification	From January 2008 – AB Snaigė Managing Director. 2005 12 – 2008 01 – AB Snaigė Sales Director. 2001 05 – 2005 12 – Kraft Foods Lietuva VIP business clients relationships director for the Baltic states. 2000 11 – 2001 05 – Internship at Kraft Foods company in the Czech Republic. 1997 – 2000 11 – Kraft Foods Lietuva Sales Director for Latvia and Estonia. 1994 – 1997 – Kraft Foods Lietuva Sales Manager for Vilnius region.
Mindaugas Sologubas	Stockholm School of Economics in Riga, Bachelor in Economics and Business Vytautas Magnus University, Master in Finance and Banking	From September 2014 – AB Snaigė Chief Financial Officer. From August 2013 – UAB Verslo Architektūra Managing Director. 2011 10 – 2013 07 – LIGIRS ZAO Managing Director, Nikolaev, Ukraine. 2008 06 – 2011 10 UAB GRANEX Chief Financial Officer. 2006 08 – 2008 06 UAB GLASMA LT Chief Financial Officer.

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

NAME	Start date of the office term	End date of the office term
BOARD		
Aleksey Kovalchuk	14/12/2011	Until 2019 the General Meeting of Shareholders
Svetlana Ardentova	30/04/2013	Until 2019 the General Meeting of Shareholders
Oleg Tsarkov	30/04/2015	Until 2019 the General Meeting of Shareholders
Vladislav Sviblov	30/04/2013	Until 04/04/2017
Natalia Tsvetkova	25/04/2017	Until 2019 the General Meeting of Shareholders
Nataliia Sukhanova	25/04/2017	Until 2019 the General Meeting of Shareholders
ADMINISTRATION (Managing Director and Chief Accountant)		
Gediminas Čeika	03/01/2008	Term less agreement
Mindaugas Sologubas	23/09/2014	Term less agreement

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

There is no such information.

2.2.6 Information about benefits and loans granted to governing bodies

No benefits and loans granted to governing bodies in 2017.

2.2.7 Information about the total amounts and average amounts of the salaries, tantiemes and other profit benefits paid by the Company during the reporting period per person

During 2017 no salaries were paid to the board members.

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

No such payments were made during the accounting period.

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

No loans, guarantees or securities were issued for the members of managements bodies during the accounting period.

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

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

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

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

2.3 The Company's group's management structure

Gediminas Čeika – managing director.

Kęstutis Urbonavičius – technical and production director.

Mindaugas Sologubas – finance director.

Rūta Petrauskaitė – marketing director.

2.4 Procedures of changing the Company's articles of association

The articles of association of the Company can be modified by the decision of general shareholders meeting, with the qualified majority of 2/3, except from the cases described in the Law on Companies.

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

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

In other cases, not described by the Company's articles of association the Company follows the Civil Code of the Republic of Lithuania, Law on Companies and other legal acts of the Republic of Lithuania.

3 AB SNAIGĖ AUTHORISED CAPITAL, SHAREHOLDERS, INFROMATION ABOUT SECURITIES

3.1 Issuer's authorized capital

3.1.1 The authorized capital registered in the enterprise register

Name of the securities	Amount of the securities	Nominal value, EUR	Total nominal value, EUR	Share of the authorized capital, in percentage
Ordinary registered shares, ISIN LT0000109274	39,622,395	0.30	11,886,718.50	100

3.1.2 Changes in authorized capital during the last 5 years

Registration of changed authorized capital	The size of the authorized capital before the change	Change	Reason for change	The size of the authorized capital after the change
26/05/2015	39,622,395.00 LTL		Euro introduction	11,490,494.55 EUR
10/11/2016	11,490,494.55 EUR	+ 3,566,015.55	The increase of the authorised capital by increasing nominal value from revaluation reserve	15,056,510.10 EUR
20/12/2016	15,056,510.10 EUR	- 3,169,791.60	The reduction of the authorised capital by reducing nominal value for the purpose of eliminating the loss in the statement of financial position	11,886,718.50 EUR

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

There are no issued debts or secondary securities.

3.2 Shareholders

3.2.1 Largest shareholders

4.08 per cent of the authorized capital of the Company is owned by the companies registered in Lithuania and individuals, 95.92 per cent non-residents. As of 31 December 2017, the number of the Company's shareholders comprised 863 (as of 31 December 2016 – 870). The major shareholder of the Company – Sekenora Holdings Limited which controls 91.10 % of shares.

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

Names (company names, addresses, enterprise register codes) of the shareholders	Amount of the ordinary registered shares available, in pcs.		Share of the authorized capital and votes available, in percentage				
	Total	incl. the ones owned by the shareholder	Total		incl. the ordinary registered shares owned by the shareholder		Total incl. the share of the entities group operating jointly, in percentage
			share of the votes	share of the capital	share of the appointed votes	share of the capital	
Sekenora Holdings Limited, 32 Kritis str., Papachristoforou Building, Cyprus, HE371000	36,096,193	36,096,193	91.10	91.10	91.10	91.10	-

3.2.2 Shareholders with special control rights

There are no shareholders with special control rights.

3.2.3 Restrictions of shareholders voting rights

All the shareholders have equal voting rights.

3.2.4 Shareholders agreements, about which the Issuer is informed and due to which the transfer of securities or voting rights can be restricted

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

3.3 Information about trading of issuer's securities in the regulated markets

3.3.1 Securities included in the trading lists of regulated markets

39,622,395 ordinary registered shares of AB Snaigė are included into the Secondary trading list of the NASDAQ OMX Vilnius Stock Exchange. The total nominal value of the shares is EUR 11,886,718.50. The VP CD (Securities Central Depositary) number is 10927. The nominal value of a share was EUR 0.30.

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

Trade of the Company's ordinary registered shares in the securities stock exchange was started on 11 August 1995.

The ordinary registered shares of AB Snaigė have been listed in the Official trading list of NASDAQ OMX Vilnius Stock Exchange since 9 April 1998.

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

3.3.2.1 Trade on NASDAQ OMX Vilnius stock exchange

Trade in the Company's shares during 2015–2017 (EUR)

Year	Open price	High price	Low price	Last session price	Average price	Trade volume, pcs	Turnover
2015	0.402	0.450	0.251	0.301	0.319	91,117	29,069
2016	0.301	0.328	0.200	0.255	0.270	98,471	26,559
2017	0.255	0.360	0.222	0.287	0.284	350,886	99,769

Below you can find the graphs of the Company's shares turnover and prices during last 5 years. The data from AB NASDAQ OMX Vilnius webpage:

http://www.nasdaqbaltic.com/market/?instrument=LT0000109274&list=3&pg=details&tab=historical&currency=0&downloadcsv=0&date=&lang=en&start=01.01.2013&end=31.12.2017

The price of share is in EUR because the trade of shares is in EUR from 22 November 2010.

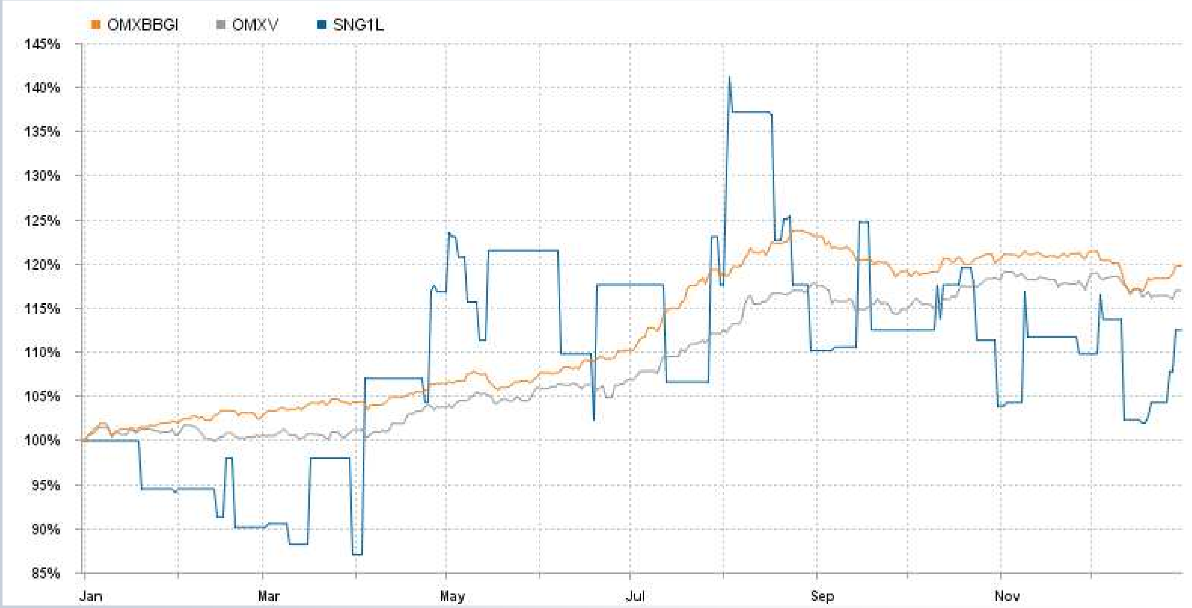
The price of share during the reporting year (information from AB NASDAQ OMX Vilnius webpage):

http://www.nasdaqbaltic.com/market/?instrument=LT0000109274&list=3&pg=details&tab=historical&currency=0&downloadcsv=0&date=&lang=en&start=01.01.2017&end=31.12.2017

The share prices graphs of OMX Baltic Benchmark, OMX Vilnius indexes and AB Snaigė for the period from 31 December 2016 until 31 December 2017 are presented below. The information is from AB NASDAQ OMX Vilnius webpage:

http://www.nasdaqbaltic.com/market/?pg=charts&lang=en&idx_main%5B%5D=OMXBBGI&idx_main%5B%5D=OMXV&add_index=OMXBBPI&add_equity=LT0000109274&idx_equity%5B%5D=LT0000109274&period=other&start=31.12.2016&end=31.12.2017

Baltic Market indexes



The data of graph:

Index/Equity	31/12/2016	31/12/2017	+/-%
OMX Baltic Benchmark GI	788.17	944.09	19.78
OMX Vilnius	558.5	653.29	16.97
SNG1L	0.255 EUR	0.,287 EUR	12.55

3.3.2.2 Trade on other regulated markets

The securities are not traded on other regulated markets.

3.3.3 Capitalization of securities

The capitalization of AB Snaigė shares and shares listed in AB NASDAQ OMX Vilnius on the last trade dates during the period 2015–2017.

Baltic equity list	2017	2016	2015
Capitalization, million	11.37 EUR	10.10 EUR	11.93 EUR

3.4 Information about the repurchase of own shares

During 2017 no repurchase of own shares was made. The Company had no own shares at the end of 2017.

3.5 Dividends

The Company does not have an established procedure for allocation of dividends. The General Shareholders' Meeting decides whether to pay dividends.
The April 25, 2017 General meeting of shareholders of Snaigė AB resolved to distribute the company's profit of 2016 and to allocate dividends to the company's shareholders amounting to EUR 0.024 (before taxes) per share.

3.6 Contracts with public circulation of securities dealers

On 20 May 2013 AB Snaigė entered into a contract with UAB FMĮ Orion securities (A. Tumėno str. 4, Vilnius) on the accounting of the financial instruments issued by the Company and management of private securities accounts.

3.7 Restrictions on transfer of securities

There are no restrictions on the transfer of securities issued.

4 AB SNAIGĖ OPERATING REVIEW

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

Financial indicators for 2017–2015 are presented jointly.

(consolidated data):

	2017	2016	2015
Turnover (continuing operations), EUR thousand	39,202	39,817	45,363
Gross profit (continuing operations), EUR thousand	4,309	7,356	7,113
Net profit (loss) from continuing operations, EUR thousand	(13,265)	1,207	445
Net (loss) from discontinued operations, EUR thousand	-	-	-
Net profit (loss), EUR thousand	(13,237)	1,207	445
Average share price, EUR	0.284	0.270	0.319

Financial figures	2017	2016	2015
Profit before tax indicator, % (current year profitability of continuing operations)	-34.29 %	3.96%	1.54%
General mark-up (continuing operations), %	10.99 %	18.47%	15.68%
EBITDA mark-up (continuing operations), %	-29.44 %	8.96%	6.15%
Solvency ratio, % (general short-term solvency)	57.32 %	144.76%	69.76%
Debt to assets ratio, % (general debt ratio)	79.13 %	53.23%	73.64%
Return on average shareholders' equity (continuing operations), %	-216.57 %	6.15%	4.84%

Shares indicators	2017	2016	2015
Net profit per share (continuing operations), EUR	-0.33	0.03	0.01
Net loss per share (discontinued operations), EUR	-	-	-
Net profit per share (total), EUR	-0.33	0.03	0.01
Average annual share market price, EUR	0.284	0.270	0.319
EBITDA per share (continuing operations), EUR	-0,29	0.09	0.07
EBITDA multiplier (EBITDA per share / Average annual share market price)	-1.02	0.33	0.22
Total dividends, EUR thousand	-	-	-
Dividends per share, EUR	-	-	-
Average net book share value (continuing operations), EUR	0.15	0.5	0.23

4.2 Production

4.2.1 The Company's product portfolio

The Company produces various models of high-quality household refrigerators and freezers. Also, the Company produces fridges for businesses, hotels and restaurants, spare parts for refrigerators, tools and equipment.

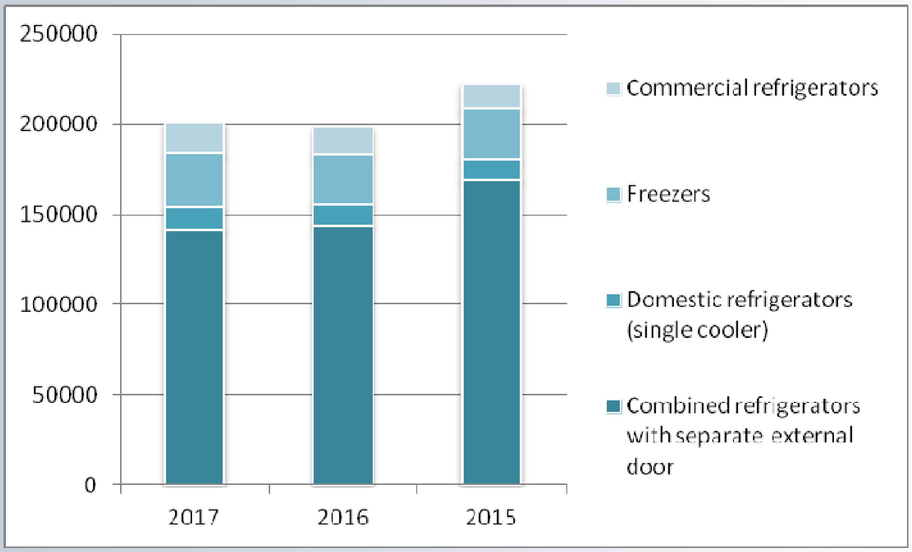
The Company produces various high quality models of household refrigerators, refrigerator-showcases, wine refrigerators, freezers and their spare parts.

The Company's main products – refrigerators. They are classified into four main categories:
• Combined refrigerators with separate external doors;
• Single cooler refrigerators;
• Freezers;
• Commercial refrigerators.

In 2017, the Company mainly produced the combined refrigerators with separate external doors.

The consolidated sales figures for the last three years are as follows:

Type of activities	2017		2016		2015	
	units	%	units	%	units	%
Company's produced refrigerators sold, units	**200,633**	**100**	**198,496**	**100**	**222,143**	**100**
including:						
Combined refrigerators with separate external door	141,516	70.5	143,413	72.2	169,214	76.2
Domestic refrigerators (single cooler)	12,228	6.1	12,073	6.1	11,119	5.0
Freezers	30,029	15.0	27,482	13.8	28,572	12.9
Commercial refrigerators	16,860	8.4	15,528	7.8	13,238	5.9



4.2.2 Termination or reduction of production volume with the critical effect on the Company's performance during the recent 3 economical years

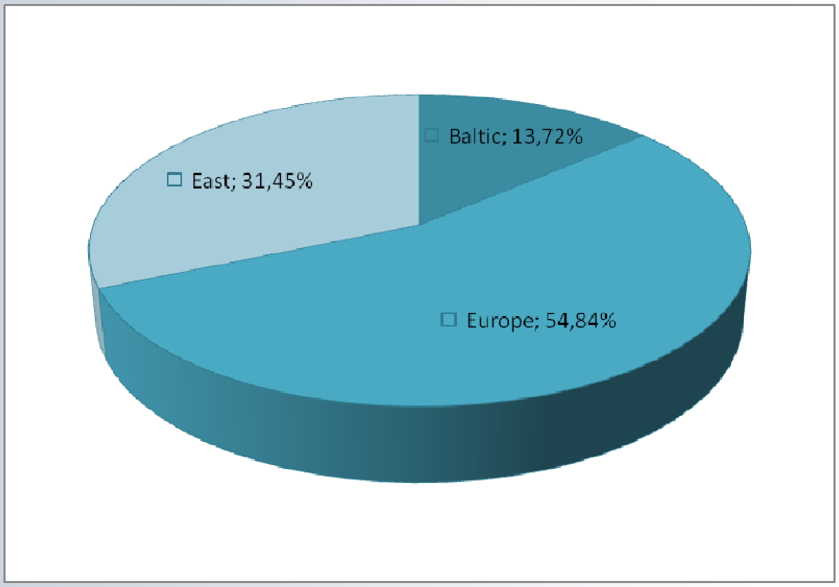
During the recent 3 economical years no termination or reduction of production volumes with a critical effect on the Company's performance occurred.

4.3 Sales

The company divides its sales markets into the following main groups by importance of sales markets and geographic distribution: **Baltic market** (Lithuania, Latvia and Estonia), **Eastern market** (Russia, Ukraine, Moldova, Kazakhstan, Uzbekistan, Tajikistan, Israel, other CIS countries), **European market** (Germany, France, Belgium, the Netherlands, Poland, Portugal, Czech Republic, Norway, other countries of Western and Central Europe).

In 2017 AB Snaigė sold over 200 thousand refrigerators of its own production. Revenues from main production sales reached EUR 35.8 million, which is 0.5 per cent less as compared to the previous year sales. Sales on the European market accounted for the majority of sales revenue (54.84 per cent). Lower figures (31.45 per cent) were on the Eastern market. Lowest sales revenue (13.72 per cent) was on the Baltic market. Exports accounted for 89.7 per cent of total product sales, i.e. EUR 32.1 million.

Company's sales in 2017 (according to sales revenue):

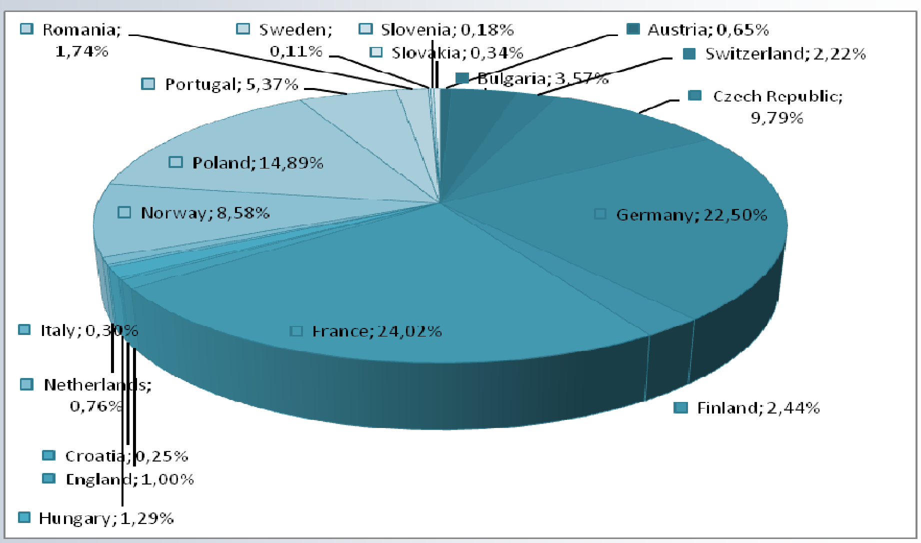


European market

On the European market AB Snaigė sales in 2017 were 107.4 thousand refrigerators and EUR 19.6 million in revenue. This is 5.2 per cent less in revenue as compared to the previous year. The majority of production was sold and revenue generated on the French market (26 thousand pcs; EUR 4.7 million), German market (24.8 thousand pcs; EUR 4.4 million), and Poland market (15.3 thousand pcs; EUR 2.9 million.
Significantly increased sales in Norway. AB Snaigė sales in 2017 were 9.9 thousand refrigerators and EUR 1.7 million in revenue, i.e. three times more than last year.
The company sold over 10.2 thousand refrigerators to the Boulanger (France), and earned EUR 2 mln. In sales revenues, i.e. 66 per cent more revenue than last year.
In 2017 AB Snaigė has renewed its trading relations with Bomann (Germany).

The long term partners Severin (Germany), Conforama (France), Orima (Portugal) are continuing successful relations with AB Snaigė.

Sales in the European market in 2017 (according to income):



Eastern market

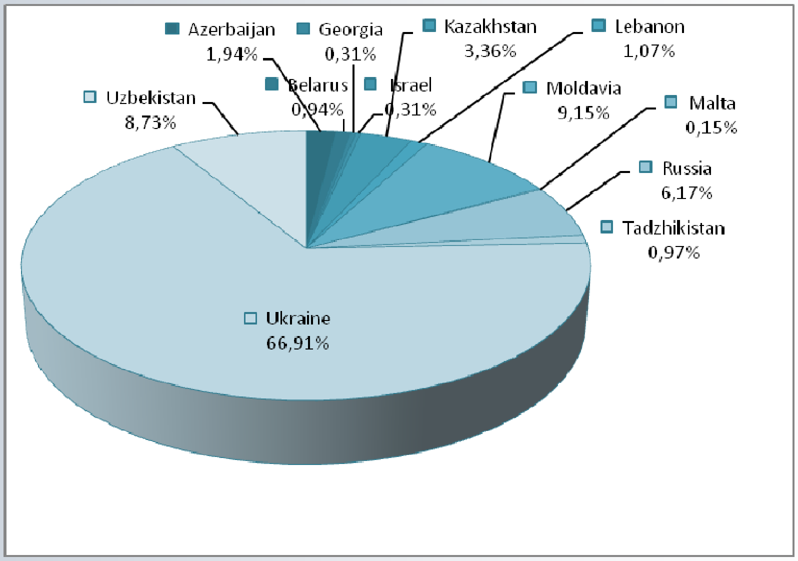
In 2017 the Company sold 66.2 thousand refrigerators on the Eastern market and earned EUR 11.3 million in sales revenue, i.e. 10.6 per cent more as compared to 2016.

The majority of production was sold and revenue generated to the Ukrainian customers (44.1 thousand pcs; EUR 7.5 million).

In 2017 AB Snaigė continued the development of trade connections with Azerbaijan, Kazakhstan, Tajikistan and Uzbekistan. In 2017 the Company sold 10.9 thousand refrigerators and earned EUR 1.7 million in revenue.

In 2017 the Company established trade relations with Lebanon, Malta, Belarus.

Sales in the Eastern market in 2017 (according to sales revenue):



Baltic market

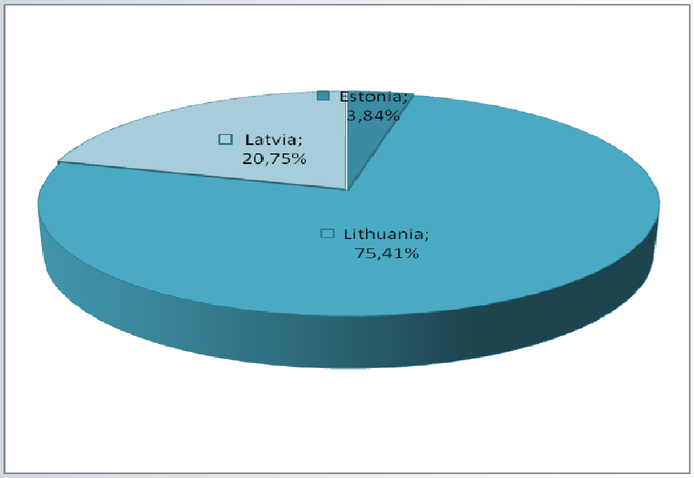
In 2017 AB Snaigė in the Baltic States market sold more than 27.1 thousand refrigerators and its income was EUR 4.9 million. This is 10.7 per cent less in revenue as compared to the previous year.
At the same period in Lithuania AB Snaigė sold 02.4 thousand refrigerators and got more than EUR 3.73 million income.

AB Snaigė coupled with a largest market share in 2017, at 22% of the entire market for refrigerators and freezers in Lithuania (based on the survey conducted by GFK).

In 2017 in Latvia AB Snaigė sold about 5.7 thousand refrigerators and its income comprised over EUR 1 million.

At the same period of time in Estonia, AB Snaigė sold 1 thousand refrigerators and got more than EUR 0.19 million.

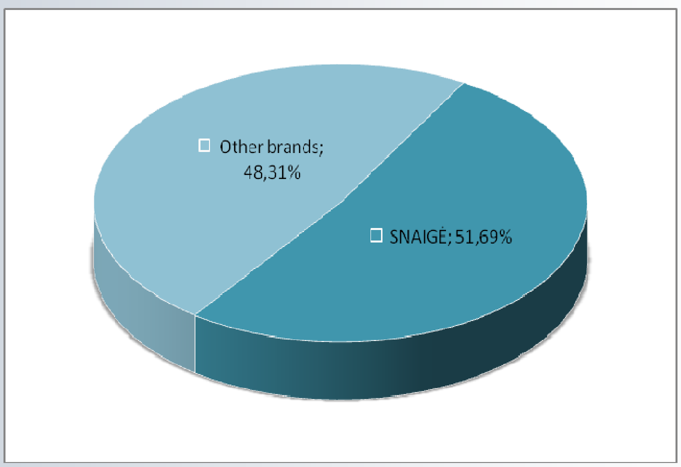
Sales in the Baltic market in 2017 (according to income):



SNAIGĖ brand portfolio

In 2017 the Company sold 51.69 percent of the products with its brand SNAIGĖ. Besides these, the Company produced refrigerators under other brands of trade partners and retail networks: FAR – SABA - CONFORAMA, the largest domestic appliance retail network in France, Amica, Bartscher, Bomman, Essentielt, COOL, KBS, Orima, Combisteel, EXQUISIT, Menumat, Point, ROMO, OK and Whirlpool.

The Company's brand portfolio in 2017 (according to income):



4.4 Supply

The materials and completing parts are supplied to the Company from more than 20 countries worldwide. European manufacturers and suppliers of materials constitute the major part of them.

The strategic suppliers are the following: Nidec Global Appliance Germany GmbH, ITALIA Wanbao-ACC S.R.L., Jiaxipera compressor Co., Ltd., Donper group, HUAYi Compressor Co., Ltd., Depsol Technologies SIA, ArcelorMittal Eisenhüttenstadt GmbH, Serwistal, Recubrimientos Plasticos S.A., Sintur Spolka z.o.o, Marcegaglia Poland Sp.z.o.o., Robertshaw s.r.o. Danfoss A/S, Lisiplast UAB, Hoda UAB, Profilita UAB, Baltijos polistirenas UAB, Liregus UAB., HSV Polska, Vilkritis UAB, KME Group, IMAT SpA, BVB Italia Srl, Elco E-Trade S.r.l., Cebi Luxembourg S.A, ebm-papst Landshut GmbH, Hydra a.s.

The priorities set in the purchase strategy of the Company are high quality assurance and effective logistics, competition between suppliers and continuous search for alternative raw materials. Competition between the suppliers and search for alternative raw materials stimulate continuous improvement of the purchased product. The technical servicing teams of AB Snaigė suppliers closely cooperate with the technicians and engineers of the Company in search for common technical solutions increasing quality and decreasing costs of the products.

4.5 Employees and human resource policy

4.5.1 The Company's human resource policy

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

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

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

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

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

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

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

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

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

4.5.2 The employees of the Company in 2016–2017 according to the personnel groups*:

Employees	2017			2016		
	Amount	%	Average salary, EUR	Amount	%	Average salary, EUR
Managers	23	3.5	2,530	22	3.3	2,534
Specialists	99	15.1	941	98	14.7	892
Workers	535	81.4	573	546	82.0	523
In total:	**657**	**100**	**701**	**666**	**100**	**649**

4.5.3 The structure of the Company's employees in according to education level*

Education level of the employees	2017		2016	
	Amount	%	Amount	%
University education	114	17.4	111	16.7
Professional high school education	434	66.0	435	65.3
Secondary education	104	15.8	114	17.1
Uncompleted secondary education	5	0.8	6	0.9
Total:	**657**	**100**	**666**	**100**

4.5.4 The employees of the Company and its subsidiaries in 2016–2017 according to personnel groups*

Employees	2017		2016	
	Amount	%	Amount	%
Managers	25	3.5	24	3.3
Specialists	112	15.7	114	15.6
Workers	578	80.8	594	81.1
Total:	**715**	**100**	**732**	**100**

*Average yearly data

4.6 Investment policy

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

	SNAIGĖ – UKRAINE	ALMECHA
Registration date, head-office address	Registration date: November, 2002. Address: Gruševskio str. 28-2a/43, Kiev, Ukraine	Registration date: November, 2006. Address: Pramonės str. 6, Alytus, Lithuania
Type of activities	Sales and marketing services	Production of other equipment and machinery
Share of the authorized capital available to AB Snaigė, %	99	100
Authorized capital (EUR)	5,840	398,978
Share of the authorized capital unpaid by the Company	Fully paid	Fully paid
2017 profit (loss) (EUR thousand)	1	(41)

4.6.2 The most significant investment projects implemented in the last financial / economic year: types of investments, investment volumes, sources of investment financing, geographic distribution of investments

The total amount spent for implementation of investment programs in 2017 was EUR 890,21 thousand.
Within the year EUR 673,86 thousand was spent on the development of new products and the preparation of their production. For EUR 349,21 thousand of this amount there was purchased and installed equipment and tools for a various applications in the production of new refrigerators. For the remaining EUR 324,65 thousand was developed a design and technological documentation for new projects.
The following new products were developed and launched within the year:

1. Refrigerator CD480 with LED light;
2. Refrigerators RF with lengthened door;

3. Refrigerator RF31 NG A+ with ventilator;
4. Refrigerator CD40DC with electronics.

Also there were developed and implemented projects: „new vertical handle“ and „large fruit tray“.

For the development of technologies, mastering of specifically important and effective new technological projects, improvement of work places was allocated an amount of 31,60 thousand EUR. The most significant realized project was “Implementation of the product scanning and recording system”, the cost of which was EUR 21,74 thousand.

EUR 11,40 thousand was invested into the mastering of effective electricity and heat saving means: there was installed a ventilation and heating system P-30 in powder painting workshop.

EUR 78,11 thousand EUR were spent for the technical support of production, purchase of new equipment, tools and instruments, and for replacement of worn out ones, within the year.

For this purpose a new injection mould for “Tray D357.287”, 3 dies to produce metal parts, set of suspensions for painting of metal parts were manufactured, 3 presses, various tools and instruments were bought.

For improvement of the logistics and service area during the year 2017 was spent EUR 19,40 thousand. There were bought mechanisms and installations for company’s warehouses: remote control system for a bridge crane 20/5t, electric platform loader “Record ET2” including accumulator battery and a charger unit, system of racks.

EUR 39,08 thousand were used for upgrading the Company’s computers, printers and software within the year. The biggest implemented project here was a purchase and installation of system of server HPE DL380 GEN9 8-SFF and data storage HP MSA 2040.

In April 2017, the EU Structural Funds support agreement was signed and started the implementation of project “Investments into a development of series of the innovative refrigerators”. The total sum of the project is EUR 483,73 thousand, the EU is committed to fund up to EUR 219,99 thousand. The scope of project is: by investing in scientific research and experimental development activities, to create series of new refrigerators, having a high energy efficiency and other very important properties for consumers.

4.7 Environment protection

4.7.1 Environmental policy

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

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

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

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

- Comply with the effective legislative and other requirements applicable to the Company and related to the aspects of environmental protection;
- Include the consideration of environmental issues into the Company’s operating strategy;
- Protect the environment focusing on the reduction of pollution, consumption of electric power in production and exploitation of refrigerators and coolers;
- Continually improve environmental performance;
- Increase our staff approach to environmental protection;
- Explain the importance of environmental protection policies to the employees and allow access to the policies to all stakeholders;
- Analyse the possibilities of impact on suppliers, clients and contractors, suggest them to implement environmental protection principles in their activities, protect the environment with regard to their aspects and life cycle of their operations.

4.7.2 Environmental report

AB Snaigė is one of the most advanced manufacturing companies of Lithuania in the field of environment protection. Our vision is organic products, clean technology and clean environment.

The activities of the Company are regulated by environment protection management system, which complies with international ISO 14001 standard requirements. The system is working since 2001. The Company is currently recertified under international standard ISO 14001, version of 2015.

In 2015 the Company’s pollutant emission was in line with the permitted levels; therefore, it received no comments or claims from controlling institutions or business partners

Since 1 January 2015 AB Snaigė, in accordance with Regulation (EC) No 1005/2009 of the European Parliament and of the Council of 16 September 2009 “On substances that deplete the ozone layer” has committed itself to the requirements and does not buy and does not use single or in a mixture with pure and impure (that is recycled and reclaimed), hydro chlorofluorocarbons (HCFC).

When developing a new product, the Company gives a priority for the manufacturing processes which save raw materials and resources, for safe transportation, waste elimination and quality of products. In manufacturing the Company tries to use materials which later can be recycled.

The Company complies with Directive 2009/125/EC of 21 October 2009 of the European Parliament and European Commission, which regulates design of the products.

“Snaigė” refrigerators are manufactured from ecological materials which do not contain any harmful elements. For example, every plastic part of a refrigerator is marked (according to ISO 1043:1:1997), so that it can be reused one more time, recycled according to Directive 2002/96/EC describing electrical and electronic equipment waste requirements.

When designing and producing “Snaigė” refrigerators, the Company uses various means to reduce the harmful effect on the environment:

- No materials are used causing greenhouse effect or deteriorating ozone;
- No materials are used which are harmful for human health;
- Analysis of materials usage is performed.

All the products manufactured by the Company meet the requirements of the following directives and regulation of the European Community regarding non-usage of harmful materials:

- RoHS2 Directive 2011/65/EU of the European Parliament and of the Council on the restriction of the use of certain hazardous substances in electrical and electronic equipment.
- Regulation (EC) No 1907/2006 of the European Parliament and of the Council concerning the registration, evaluation, authorisation and restriction of chemicals (REACH);
- PAH Decision ZEK-01.4-08 of the Government of Germany, which means that SNAIGĖ products meet the polycyclic aromatic hydrocarbons concentration limit for 18 carcinogenic materials;

regarding contact with food:

- Regulation (EC) No 1935/2004 of the European Parliament and of the Council on materials and articles intended to come into contact with food (general);
- Commission Regulation (EU) No 10/2011 on plastic materials and articles intended to come into contact with food (for plastics). These regulations mean that the materials applied during the manufacture of Snaigė refrigerators are allowed to contact food

AB Snaigė products comply with the above mentioned requirements and as evidence Test reports of the laboratory “DEKRA” (Germany) and Chemical Testing Division of National Public Health surveillance Laboratory (Lithuania) are issued.

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

The Company has old refrigerators utilization system. Starting with 2008 the Company started to utilize large electric household equipment – refrigerators and fridges – waste.

AB Snaigė fully complies with the requirements of Kyoto protocol on global warming and climate change. The Company saves electricity, water, heat: during the decade the usage of these energy sources decreased three times.

4.8 Risk factors related to the business of the Issuer

Macroeconomic Risk. With the growth of the Lithuanian economy, further growth of private consumption and domestic demand is expected in 2018, which will be mainly influenced by the decreasing political uncertainties, increasing trust in the state and growth of real disposable income. The shift of export markets to the West as a result of the crisis in Ukraine occurred already in 2014; therefore, the external demand will be driven by recovering Western economy. Upside risk is associated with global commodity prices which significantly increased in 2017: fluctuations are expected that would mostly affect the outside prices in Lithuania (food, fuel and administration prices). At present both Lithuanian and global markets feel the effects of the economic and consumption recuperation, which could affect the demand for the Company’s products and the Company’s business prospects. Foreign currency exchange risk is minimized by balancing purchases and sales in different currencies (mainly EUR and USD).

Credit Market Risk. Currently there is more activity and better credit availability on both Lithuanian and global markets. Internal financial resources of the Company are limited, operations rely on external credit financing, too. In light of the global credit market recovery, it can be presumed that this recovery will have a positive impact on the Company’s financial situation, the Company will have possibility to take short and long term credits for its operations.

The Company’s Financial Accounting Accuracy Risk. On 25 April 2018 the Company’s auditor expressed a qualified audit opinion on the Company’s separate and consolidated financial statements.

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

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

Policy Risk. The Company is engaged in manufacturing activities which generate chemical substances harmful to the environment. Environmental matters both at Lithuanian and European Union levels are policy-regulated. There is a risk that in the event of changes in existing environmental requirements and restrictions the Company might need additional investments to ensure compliance of production processes with new requirements. However, such investments should not negatively affect the financial situation of the Company.

Business Continuity Risk. Business continuity presumptions are disclosed under Note 2.3 of the consolidated audited financial statements of 2017.

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

Technical and Technological Factors. This includes physical and moral depreciation of a variety of technical means. Risk factors of this type could affect operations of the Company both directly and indirectly. Technological factors can affect the Company directly through physical and moral depreciation of technical base.

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

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

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

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

4.9 Related party transactions

The information about related party transactions is disclosed under Note 30 of the consolidated financial statements.

5 OTHER INFORMATION ABOUT AB SNAIGĖ

5.1 Membership in associated organizations

AB Snaigė is a member of Lithuanian Confederation of Industrialists of Alytus Regional Industrial Association.

The Lithuanian Confederation of Industrialists (LCI) unites 58 branch and 7 regional associations and 25 unincorporated members comprising all the main branches of industry: nearly all goods manufactured in Lithuania are their products. LCI members unite all major Lithuanian production sectors, which contribute to the Lithuanian economy comprising 22 per cent of its GDP. LCI members production companies manufacture 83 per cent of the total Lithuanian exports production, and exports is the main stimulant of the Lithuanian economy, comprising 87 per cent of the GDP. So LCI members play an important role in strengthening the Lithuanian economy and increasing its competitiveness. The confederation includes not only most Lithuanian production enterprises, but also research institutes, educational establishments, and attorney firms.

Lithuanian Confederation of Industrialists is a non-political public organization independent from the state. LCI carries out its policies independently. AB Snaigė does not participate in the authorized capital of Lithuanian Confederation of Industrialists.

AB Snaigė is a member of the EEPA association.

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

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

AB Snaigė is a member of Vilnius Chamber of Commerce, Industry and Crafts, Alytus branch. Vilnius CCIC is a voluntary amalgamation of natural and legal persons engaged in commercial and economic activities provided by the laws of the Republic of Lithuania and implementing the principles of business self-government.

5.2 Patents, licenses

The Company’s activities are independent of patents or licences.

5.3 Recent and the most important events of the Company

The most important post balance sheet events are presented in the consolidated financial statements.

5.3.1 Recent publicly disclosed information

12/03/2018

The annulment of the notification regarding the resignation from the position of the board member of AB „Snaigė“

On 11 of March 2018, AB „Snaigė“ has got notification from the board member Nataliia Sukhanova (notification signed on 9 of March 2018) about her annulment of the notification regarding the resignation from the position of the board member of AB „Snaigė“ effective from 12 March 2018. N. Sukhanova remains the board member of AB „Snaigė“.

***28*/02/2018**

AB Snaigė will appeal against the decision of the Bank of Lithuania

The management of AB "Snaigė" has examined the decision of the Supervision Service of the Bank of Lithuania to impose a fine on the company and has decided to appeal against it.

“In our opinion all resolutions of the company’s management and the board, the receivables and other possible uncertainties have been adequately disclosed in the annual audited reports. The decision to impose a fine was stemmed most likely from the difference in evaluation of applicable legislation and disclosed information. We will continue our consultations with the Bank of Lithuania for the correct and equally treated disclosure and interpretation of information in the reports, therefore we decided to appeal against in our opinion an unjustified fine“. – stated G. Čeika.

The company’s financial position is stable and it conducts regular activities.This year, the company is expected to introduce two new lines of refrigerators. The company's export comprised 90% in 2017. The main export markets were Germany, France, Ukraine, Poland and Czech Republic. AB Snaigė market positions are particularly strong in Lithuania, where it is the top selling refrigerator brand and holds the largest share of the market (22%, according to data collected by GFK). According to the unaudited consolidated data, the company’s proceeds reached an EBITDA of 0.833 million euro in the past year, amounting over 39 million euro in turnover. The cause of the unaudited consolidated loss (EUR 1 million) was the global increase in prices of the raw material relevant to the company.

28/02/2018

Rising raw material prices have reduced the profit of SNAIGĖ AB

The consolidated unaudited sales revenue of SNAIGĖ AB exceeded 39 million EUR, which is slightly less if compared to the same period last year.

The company’s EBITDA was 0,833 million EUR (according to consolidated unaudited data) and suffered 1 million. EUR consolidated unaudited loss.

According Gediminas Čeika, the Director General of SNAIGĖ AB, last year was neither good nor easy. „Prices of most raw materials increased, however the price of the products remained at the same level in almost all markets of the company. That influenced our results inevitably”, stated Mr. G. Čeika. „I think that these price scissors cut the profits of many refrigerator manufacturers”.

Last year SNAIGĖ exported its products to more than 30 European and Asian countries. The company‘s largest markets in terms of income were Germany, France, the Ukraine, Lithuania and Czech Republic. While the largest increase of income, if compared to the previous year, was in Norway, Portugal, Kazakhstan, Russia and the Ukraine.

The company implemented two new design lines of refrigerators. New refrigerators shall arrive to the shops and fascinate the customers this year already.

27/02/2018

RESIGNATION FROM THE POSITION OF THE BOARD MEMBER OF AB „SNAIGĖ“

On 27 of February 2018, AB „Snaigė“ has got notification from board member Nataliia Sukhanova (notification signed on 26 of February 2018) about her resignation from the position of the board member of AB „Snaigė“ effective from 12 March 2018.

15/02/2018

Resolutions of the repeat Extraordinary General Meeting of Shareholders

The following resolutions were made during the repeat Extraordinary General Meeting of Shareholders held on 15 February 2018:

THE AGENDA QUESTION: The Election of the audit firm for auditing purposes of financial statements and establishment of terms regarding the payment for audit services.

THE DECISION: To revoke decision to elect audit firm which was approved during extraordinary shareholder's meeting on 22 August 2017 and to elect the audit firm **Grant Thornton Baltic UAB** for auditing purposes of financial statements of 2017 and 2018 years.

To authorize (with the right to delegate) the General Director of the company to sign the agreement with the audit firm by establishing the terms of payment for the audit services and other terms.

02/02/2018

Company's management opinion concerning the decision of the director of the Supervision Service of the Bank of Lithuania

Gediminas Čeika, the Director General of AB Snaigė, appears to be surprised by the violations identified by the Director of the Supervision Service of the Bank of Lithuania and the decision to impose a fine against the company.

“In our opinion all resolutions of the company's management and the board, the receivables and other possible uncertainties have been adequately disclosed in the annual audited reports and reassessed in the course of implementation of the order of the Supervision Service of the Bank of Lithuania,” stated Čeika. “It is possible that this decision is stemming only from the difference in evaluation of the information that has been disclosed. Thus, we intend to scrutinise the decision of the Bank of Lithuania, and as the last resort, we might consider the possibility of lodging a claim,” added he.

According to Gediminas Čeika, the company's management acts in conformity with all legal acts in force and duly represents the interests of the company and its shareholders. “The dividends have been paid out to all our shareholders, not only to the large one,” continued Čeika. “Therefore, there are no reasons to claim that the interests of the smaller shareholders have been infringed.”

The company's financial position is stable and it conducts regular activities. The fine imposed by the Bank of Lithuania will not exert any significant influence on neither the company's financial situation nor its results. This year, the company is expected to introduce two new lines of refrigerators. The company's export comprised 90% in the first three quarters of 2017. The main export markets were Germany, France, Ukraine, Poland and Czech Republic. AB Snaigė market positions are particularly strong in Lithuania, where it is the top selling refrigerator brand and holds the largest share of the market (22%, according to data collected by GFK). According to the unaudited consolidated data, the company's proceeds reached an EBITDA of 1.6 million euro in the three quarters of the past year, amounting to 30 million euro in turnover. The cause of the unaudited unconsolidated loss (EUR 0.244 million) was the global increase in prices of the raw material relevant to the company.

01/02/2018

Regarding the decision of the director of the Supervision Service of the Bank of Lithuania

AB Snaigė (hereinafter the Company) has received a decision No. 241-19 dated 29 January 2018 on imposition of certain measures with respect to AB Snaigė, adopted by the director of the Supervision Service of the Bank of Lithuania. In compliance with the decision, hereby the Company discloses and makes available information referred to in clause 3 of the resolution part of the above decision (see the addition of this announcement).

Regarding the decision of the director of the Supervision Service of the Bank of Lithuania clause 3.4: Year 2017 Annual financial reports will be prepared and published according to terms required by Lithuanian Laws.

31/01/2018

AB “Snaigė” Extraordinary General Meeting of Shareholders didn't take place. Repeated Extraordinary General Meeting of Shareholders will be held on February 15, 2018

The Extraordinary General Meeting of Shareholders of Snaigė AB did not take place on 31 of January 2018 because there was no quorum.

On 15 February 2018 the repeated extraordinary General Meeting of Shareholders of Snaigė AB, the address of head office Pramonės str. 6, Alytus, the company code 249664610 (hereinafter, the “Company”), is convened (hereinafter, the “Meeting”).

The place of the meeting –at AB “Snaige” office, at the address Kareiviu str. 6, Vilnius, Lithuania.

The Meeting commences – at 10 a.m. (registration starts at 9.45 a.m.).

The Meeting's accounting day – 8 February 2018 (the persons who are shareholders of the Company at the end of accounting day of the General Meeting of Shareholders or authorized persons by them, or the persons with whom shareholders concluded the agreements on the disposal of voting right, shall have the right to attend and vote at the General Meeting of Shareholders).

Agenda of the Meeting:

Election of the audit firm for auditing purposes of financial statements and establishment of terms regarding the payment for audit services.

09/01/2018

Convocation of the extraordinary General Meeting of Shareholders

On 31 January 2018 the extraordinary General Meeting of Shareholders of Snaigė AB, the address of head office Pramonės str. 6, Alytus, the company code 249664610 (hereinafter, the "Company") is convened the ordinary General Meeting of Shareholders (hereinafter, the "Meeting").

The place of the meeting –at AB "Snaige" office, at the address Kareiviu str. 6, Vilnius, Lithuania.

The Meeting commences – at 10 a.m. (registration starts at 9.45 a.m.).

The Meeting's accounting day – 24 January 2018 (the persons who are shareholders of the Company at the end of accounting day of the General Meeting of Shareholders or authorized persons by them, or the persons with whom shareholders concluded the agreements on the disposal of voting right, shall have the right to attend and vote at the General Meeting of Shareholders).

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

Agenda of the Meeting:

Election of the audit firm for auditing purposes of financial statements and establishment of terms regarding the payment for audit services.

5.3.2. Important events at the Company's business

30/11/2017

Snaigė AB, consolidated interim financial information for the nine months of 2017

The consolidated unaudited sales revenue of Snaigė AB exceeded 30 million EUR within the first three quarters of this year, which is slightly less if compared to the same period last year.The company's EBITDA was 1.6 million EUR (according to consolidated unaudited data) i.e. 56% less than in the same period last year.

According Gediminas Čeika, the Director General of Snaigė AB, this year was comprised of many challenges. „Prices of most raw materials increased, however the price of the products remained at the same level in almost all markets of the company. That influenced our results inevitably", stated Mr. G. Čeika. „Many manufacturers of refrigerators, including Chinese manufacturers, have announced on the increase of products price by the end of a year. Thus we anticipate more balanced results of or sale income and EBITDA".

Snaigė exported its products to more than 30 European and Asian countries within 3 quarters of this year. The company's largest markets in terms of income were Germany, France, Ukraine, Lithuania and the Czech Republic. While the largest increase of income, if compared to the previous year, was in Norway, Portugal, Kazakhstan, Russia and Ukraine.

The company implemented two lines of refrigerators of new design. New refrigerators shall arrive to the shops and fascinate the customers in 2018 already.

10/11/2017

Notification about disposal/acquisition of voting rights

Snaige AB received a notification about disposal of voting rights in the company by Bevorano Holdings Limited and acquisition by Sekenora Holdings Limited (the date of disposal/acquisition of voting rights – 6 November 2017).

26/10/2017

Notification about disposal/acquisition of voting rights

Snaige AB received a notification about disposal of voting rights in the company by Bevorano Holdings Limited and acquisition by Sekenora Holdings Limited (the date of disposal/acquisition of voting rights – 23 October 2017).

13/09/2017

Notification about disposal/acquisition of voting rights

Snaige AB received a notification about disposal of voting rights in the company by Bevorano Holdings Limited and acquisition by Sekenora Holdings Limited (the date of disposal/acquisition of voting rights – 01 September 2017).

30/08/2017

Unaudited consolidated financial results of Snaigė, AB for the first six months of 2017

Snaigė AB reached EUR 18,9 million turnover (according to consolidated unaudited data) within the first six months of this year, which is 0.5% lower than during the same period last year.

Even though, due to rising prices of raw materials, first half results of the company were worse that the same period results last year, company sales revenue remained the same. Increasing sales volume in markets, where Snaigė sells products under its own brand, is a very positive trend – said Gediminas Čeika, General Director of Snaigė AB. "We are particularly happy about our recovering sales in Ukraine. Compared to the same period last year, sales in this country went up by 60% in the first half of 2017," Mr Čeika added.

France, Germany, Ukraine, Poland and the Czech Republic remain the company's largest markets.

According to consolidated unaudited data, the company reached 1 million EBITDA and suffered EUR 179 thousand pre-tax loss during the first half of this year.

23/08/2017

Resolutions of the Extraordinary Meeting of Shareholders

The Extraordinary Meeting of shareholders of Snaige AB was held on 22 August 2017.
At the meeting was made following resolutions:
THE AGENDA QUESTION: Regarding purchase of the Company's shares.
THE DECISION: To approve purchase of the Company's shares (1 addition – the purchase conditions)
THE AGENDA QUESTION: Regarding approval procedure for payment of remuneration by AB Snaigė to the Board Members and Board member agreement.
THE DECISION: To approve the procedure for payment of remuneration by AB Snaigė to the Board Members (2 addition) and Board member agreement (3 addition).
THE AGENDA QUESTION: The Election of the audit firm for auditing purposes of financial statements and establishment of terms regarding the payment for audit services
THE DECISION: To cancel decision to elect audit firm which was approved during ordinary shareholder's meeting and for 2017 and 2018 auditing purposes of financial statements to elect DELOITTE LIETUVA, UAB.
To authorize (with the right to delegate) the General Director of the company to sign the agreement with the audit firm by establishing the terms of payment for the audit services and other terms.
THE AGENDA QUESTION: The withdrawal of Anton Kudryashov from Snaigė AB Audit Committee members.
THE DECISION To withdraw Anton Kudryashov from Snaigė AB Audit Committee members.
THE AGENDA QUESTION: The election the new member to Audit Committee;
THE DECISION: To elect Tatiana Romashkina as new independent member to Audit Committee, until the end of term of Snaigė AB Audit Committee.

16/08/2017

CORRECTION: Notification about disposal/acquisition of voting rights

Supplemented notifications about disposal/acuisition of voting rights (in 8 parts)
Snaigė AB, legal entity code: 249664610, office address: Pramonės str. 6, Alytus.
Snaige AB received a notification about disposal of voting rights in the company by UAB "Vaidana" and acquisition by Bevorano Holdings Limited (the date of disposal/acquisition of voting rights – 23 June 2017).

01/08/2017

Convocation of the extraordinary General Meeting of Shareholders

On 22 August 2017 the extraordinary General Meeting of Shareholders of Snaigė AB, the address of head office Pramonės str. 6, Alytus, the company code 249664610 (hereinafter, the "Company") is convened the ordinary General Meeting of Shareholders (hereinafter, the "Meeting").
The place of the meeting –at AB "Snaige" office, at the address Kareiviu str. 6, Vilnius, Lithuania.
The Meeting commences – at 10 a.m. (registration starts at 9.45 a.m.).
The Meeting's accounting day – 14 August 2017 (the persons who are shareholders of the Company at the end of accounting day of the General Meeting of Shareholders or authorized persons by them, or the persons with whom shareholders concluded the agreements on the disposal of voting right, shall have the right to attend and vote at the General Meeting of Shareholders).
The Board of directors of the Company initiates and convenes the meeting.
Agenda of the Meeting:
Regarding purchase of the Company's shares
Regarding approval procedure for payment of renumeration by AB Snaigė to the Board Members and Board member agreement
Election of the audit firm for auditing purposes of financial statements and establishment of terms regarding the payment for audit services;

29/06/2017

Notification about disposal/acquisition of voting rights

Snaige AB received a notification about disposal of voting rights in the company by UAB "Vaidana" and acquisition by Bevorano Holdings Limited (the date of disposal/acquisition of voting rights – 23 June 2017).

14/06/2017

Notification about disposal/acquisition of voting rights

Snaige AB received a notification about disposal of voting rights in the company by UAB "Vaidana" and acquisition by Bevorano Holdings Limited (the date of disposal/acquisition of voting rights – 9 June 2017).
UAB "Vaidana" disposed of voting rights in the company upon the transfer of part of the shares of Snaige AB to its subsidiary company Bevorano Holdings Limited. The transfer of shares was done as part of the reorganization of internal structure of the group of companies, to which UAB "Vaidana" belongs. The ultimate owners of the Snaige AB shares remain the same therefore.

30/05/2017

Snaigė AB, consolidated interim financial information for the first three months of 2017

Snaigė AB reached an EBITDA of EUR 452 thousand (according to consolidated unaudited data) within the first quarter of this year, which is 3% higher than during the same period last year.

The unconsolidated unaudited sales of the company exceeded EUR 7 million and were slightly higher than during the same period last year. According to Gediminas Čeika, Director General of Snaigė AB, the first quarter of the year was traditionally inactive, these months in the business of consumer refrigeration equipment are considered “off season”.

In Čeika’s opinion, this year will be full of challenges. “Most of raw material suppliers as early as last year declared an increase of the prices of raw materials and materials. This will inevitably have influence on our business too. Competition will become fiercer since not all the producers are going to increase prices. Yet we are also ready to actively operate in all our markets and especially the ones where we sell our production with the trademark of “Snaigė”.

03/05/2017

Regarding payout of dividends related to 2016

The April 25, 2017 general meeting of shareholders of Snaigė AB (company code 249664610, address: Pramones str. 6, Alytus, Lithuania) resolved to distribute the company’s profit of 2016 and to allocate dividends to the company’s shareholders amounting to EUR 0.024 (before taxes) per share.

Dividends will be paid to the shareholders who are shareholders of Snaigė AB at the end of the tenth business day after approval of the resolution by general meeting of shareholders, i.e. May 10, 2017.

Dividends will be paid starting from May 11, 2017.

Dividends will be paid in the following procedure:

For those shareholders, whose securities accounting is handled by securities dealers or departments of credit institutions providing the securities accounting services, net of tax dividends (after deducting Personal Income Tax or Income Tax in accordance with the laws of the Republic of Lithuania) shall be transferred to the securities dealers or departments of credit institutions, and they shall accordingly transfer them to the account of those shareholders.

Dividends to other shareholders will be paid upon a written request by bank transfer to their personal account. The requests, containing personal bank account details, should be submitted in written form and sent to the company’s address (AB "Snaigė", Pramones str.6, Alytus, Lithuania or e-mail address akcininkams@snaige.lt).

The dividends are subject to taxes as follows:

Dividends paid to physical bodies resided in the Republic of Lithuania as well as to physical bodies residents of foreign countries are subject to 15 per cent of residential income tax and will be paid after deduction of taxes, which will be paid to the Republic of Lithuania budget.

Dividends paid to juridical bodies of the Republic of Lithuania as well as juridical bodies residents of foreign countries are subject to taxes as it is provided in Republic of Lithuania law.

26/04/2017

Snaigė, AB annual information for the year 2016

Presented are Snaigė, AB annual consolidated and Company‘s financial statements for the year 2016 (consolidated and Company’s financial statements together with independent auditor‘s report, consolidated annual report, confirmation of the responsible persons) approved by the Annual General Meeting shareholders on 25 April 2017.

26/04/2017

Resolutions of the General Meeting of Shareholders

The General Meeting of shareholders of Snaige AB was held on 25 April 2017.

At the meeting was made following resolutions:

THE AGENDA QUESTION: Consolidated annual report of Snaigė AB on the company’s activity for 2016.

In the meeting taken for information the consolidated annual report of Snaigė AB on the company’s activity for 2016.

THE AGENDA QUESTION: Auditor’s conclusion on the company’s financial statements for 2016.

In the meeting taken for information with the auditor’s conclusion on the company’s financial statements for 2016.

THE AGENDA QUESTION: Approval of the set of financial statements of the company for 2016.

THE DECISION: The set of financial statements of the company for 2016 has been approved

THE AGENDA QUESTION: Approval of distribution of profit (loss) of Snaigė, AB for 2016.

THE DECISION: The distribution of profit (loss) of Snaigė,AB for 2016 has been approved:

Non-distributed profit (loss) at the end of the last financial year	EUR (3,332,035)
Net result - profit (loss) of financial year	EUR 1,088,023
Non recognized profit (loss) in the profit (loss) statement	EUR 125,661
The reduction of the authorized capital	EUR 3,169,792
Transfers from reserves	EUR 885,477
for social and cultural needs	EUR 0
for investments	EUR 0
Transfers from reserve foreseen by law	EUR 885,477

Transfers from reserve of share premium for covering of loss	EUR 0
Contributions of shareholders to cover loss	EUR 0
Distributable profit (loss)	EUR 1,936,918
Portion of profit allocated to reserves foreseen by law	EUR 946,161
Portion of profit allocated to other reserves	EUR 0
for support and charity	EUR 0
for social and cultural needs	EUR 0
Portion of profit allocated for payment of dividends	EUR 950,937.48*
Portion of profit allocated for payment of premiums	EUR 0
Portion of profit allocated for payment of tantiemes	EUR 0
Other:	EUR 0
portion of profit allocated to reserve for acquisition of own shares	EUR 30,000
portion of profit allocated to reserve for investments	EUR 0
Non-distributed result - profit (loss) at the end of financial year	EUR 9,819.52

*Dividends for the year 2016 are allocated to 39,622,395 shares, i.e. 0.024 eur per share (before taxes).

5. THE AGENDA QUESTION: Board member(-s) election.

THE DECISION: For the term until the end of term of the Company's Board to elect the candidate(-s) Natalia Tsvetkova and Nataliia Sukhanova.

The General Manager of the Company was authorized (including the power to delegate) to perform all necessary actions, sign and submit documents related with changed information to the Register of Juridical persons.

6. THE AGENDA QUESTION: Election of the audit firm for auditing purposes of financial statements and establishment of terms regarding the payment for audit services.

THE DECISION: UAB KPMG Baltics has been elected for 2017 auditing purposes of annual financial statements.

The General Director was authorized (with the right to delegate) of the company to sign the agreement with the audit firm by establishing the terms of payment for the audit services and other terms.

04/04/2017

Convocation of the ordinary General Meeting of Shareholders

The Board of Snaige, AB decided to change the date of the ordinary General Meeting of Shareholders from 5 April 2017 to 25 April 2017 for the reason to give more time for shareholders to study the Company's information which is prepared to the ordinary shareholders meeting. The Agenda of the Meeting is not changed.

The address of head office Pramonės str. 6, Alytus, the company code 249664610 (hereinafter, the “Company”). The ordinary General Meeting of Shareholders (hereinafter, the “Meeting”) date - 25 April 2017.

The place of the meeting –at AB “Snaige” office, at the address Kareiviu str. 6, Vilnius, Lithuania.

The Meeting commences – at 10 a.m. (registration starts at 9.45 a.m.).

The Meeting's accounting day – 18 April 2017 (the persons who are shareholders of the Company at the end of accounting day of the General Meeting of Shareholders or authorized persons by them, or the persons with whom shareholders concluded the agreements on the disposal of voting right, shall have the right to attend and vote at the General Meeting of Shareholders).

The Right's accounting day – 10 May 2017.

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

Agenda of the Meeting:

1. Consolidated annual report of “Snaigė” AB on the company's activity for 2016
2. Auditor's conclusion on the company's financial statements for 2016.
3.Approval of the set of financial statements of the company for 2016.
4.Approval of distribution of profit (loss) of “Snaigė” AB for 2016.
5. The Board members election;
6.Election of the audit firm for auditing purposes of financial statements and establishment of terms regarding the payment for audit services;

22/03/2017

Resignation of the Member of the Management Board

The member of the Management Board Snaige, AB Vladislav Sviblov presented the request on the resignation from the members of the Board from 4th of April, 2017.

14/03/2017

Convocation of the ordinary General Meeting of Shareholders

On 5 April 2017 the ordinary General Meeting of Shareholders of Snaigė AB, the address of head office Pramonės str. 6, Alytus, the company code 249664610 (hereinafter, the “Company”) is convened the ordinary General Meeting of Shareholders (hereinafter, the “Meeting”).

The place of the meeting –at AB “Snaige” office, at the address Kareiviu str. 6, Vilnius, Lithuania.
The Meeting commences – at 10 a.m. (registration starts at 9.45 a.m.).
The Meeting’s accounting day – 29 March 2017 (the persons who are shareholders of the Company at the end of accounting day of the General Meeting of Shareholders or authorized persons by them, or the persons with whom shareholders concluded the agreements on the disposal of voting right, shall have the right to attend and vote at the General Meeting of Shareholders).
The Right’s accounting day – 20 April 2017.
The Board of directors of the Company initiates and convenes the meeting.
Agenda of the Meeting:
1. Consolidated annual report of “Snaigė” AB on the company’s activity for 2016
2. Auditor’s conclusion on the company’s financial statements for 2016.
3.Approval of the set of financial statements of the company for 2016.
4.Approval of distribution of profit (loss) of “Snaigė” AB for 2016.
5. The Board member(-s) election;
6.Election of the audit firm for auditing purposes of financial statements and establishment of terms regarding the payment for audit services.

28/02/2017
2016: profit of AB Snaigė on the rise, while sales dropped
According to consolidated unaudited data, in 2016 AB Snaigė reached EBITDA of EUR 4.1 million, or an improvement by 25% since 2015.
The consolidated unaudited turnover of the company exceeded EUR 40 million and dropped by 12% (compared to 2015).
According to Gediminas Čeika, the Director General of AB Snaigė, the reason why the sales dropped was aggressive strategy pursued by a number of Chinese and Turkish manufacturers on the Western markets. “Chinese and Turkish manufacturers in their efforts to take markets in the West have demonstrated a rather desperate behaviour, and offered their products at abnormally low rates. We cannot afford operating at loss, and this is why we lost some of our sales. I am certain though these losses are but temporary. No-one can afford operating at a loss, not even the Chinese”.
Despite a drop in turnover, AB Snaigė still generated unaudited consolidated net profit of EUR 1.2 million, i.e. more than doubled the profit since 2015.
Mr Čeika believes the company succeeded in improving profits by making a timely turn to other markets. Sales in Ukraine, important market for the company, have increased considerably. According to the surveys by GFK, Snaigė products in Ukraine are popular, so rank third or fourth on the list.
The Director General of AB Snaigė is also proud of the company’s performance in the Baltics, specifically in Lithuania. “What makes me happy is seeing us leading sales charts nationwide, coupled with a largest market share in 2016, at 18% of the entire market for refrigerators and freezers” (based on the survey conducted by GFK).
In 2016, AB Snaigė exported 88% of its products (to the total of 33 countries). Jordan market was the last we have entered. Numbers-wise, Ukraine (with 20%), Germany (with 14%), and France (with 12%) remain our key export partners.
According to Gediminas Čeika, our sales volumes in Germany, France, Nordic countries and other quality-sensitive markets demonstrate top quality of products offered by Snaigė and compliance with the EU standards.
To quote Mr Čeika, “I am happy that the quality and advantages offered by our products are valued not only by Lithuanians, but also by French and German consumers spoiled by a wide choice of products,” said Mr Čeika.
In 2017, AB Snaigė expects to offer the market a few new models of refrigerators and freezers, to advance sales in recovering markets of Russia and Ukraine. However, according to Mr Čeika, the company has both interesting ventures and challenges ahead. “A number of raw materials suppliers have announced rising prices for raw materials and other materials already. This will inevitably affect our business, and step-up the competition. However, we are not afraid of difficulties, we are an experienced, proven team, and certainly we will find an appropriate solution.”

09/02/2017
Regarding the decision of the Supervision Service of the Bank of Lithuania and the position of the Company
AB Snaigė received a decision No. 241-15 dated 30 January 2017 on imposition of certain measures with respect to AB Snaigė, adopted by the director of the Supervision Service of the Bank of Lithuania.

5.4 Strategies and plans

The Company‘s strategy is based on the consistent upgrading of the production efficiency and renovation and improvement of the products manufactured seeking to satisfy the consistently changing and increasing needs of our customers. Due to this consistent renovation and upgrading, we are able to assure the strength of the trademark and enhancement of the Company‘s image in those markets where products with the SNAIGĖ trademark are sold and the consistence of orders in those markets to which the Company manufactures products under the orders of customers.

The implementation of this strategy will enable the Company to achieve its core goal: to become the most reliable trademark in Central Europe and to be an acknowledged manufacturer in the countries of the Western Europe.

Seeking to implement the goal set, the Company is going to start in 2018 the serial manufacturing of two different new design production lines. The products of one of these production lines have been designed so that they would assure the healthy style of life of consumers as much as possible, would encourage the consumption of fresh products because the storage of these products will be particularly convenient even in several different temperature sections, while the duration of storage of these products will be extended due to the application of state-of-the-art refrigerating technologies.

Other production line is intended for consumers who follow fashion, have their individual style, and treat the design of a product as the most important element.

If our customers and consumers are satisfied with the quality and price of our products, the Company also will be successful.

Other strategic direction of the Company is the efficient consumption of available resources and increase of workforce productivity. The Company‘s products compete with the products of the global scale manufacturers both by their quality and price. To make consumers choose the products of our Company, we should offer to them the most optimal price. To make this objective come true, the Company implemented a cost reduction programme that is open for participation for every Company’s employee.

6 DISCLOSURE FORM CONCERNING THE COMPLIANCE WITH THE GOVERNANCE CODE FOR THE COMPANIES LISTED ON THE REGULATED MARKET

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
Principle I: Basic Provisions **The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.**		
1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	YES	Company's business strategy is listed in the annual report, partly in the annual account, as well as in some press reports. The Company's published material events and announcements to investors also reflect the Company's policy.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	YES	The operational strategy of the Company is considered and approved by the Board of the Company; the strategy targets the need to ensure profitable performance with an ultimate view to increase the shareholders' equity. The compliance with the provisions of the Company's operational strategy is supervised by the Manager of the Company.
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	NOT APPLICABLE	The Company has not formed the Supervisory Board.
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	YES	The Company's management bodies seeking to ensure that all persons who are participating in the Company's activity or persons related with the Company's activity rights and interest will be respected. The Board of the Company monitors and assesses the activity of Company and the Company's Manager by analysing the financial statement submitted by the Company's Manager, also the organization of the activities, data on the changes in equity.
Principle II: The corporate governance framework **The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.**		
2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.	Yes	The collegial management body – the board is elected by shareholders. Upon the decision of the shareholders since May 2006 the Supervisory Board is not formed.

2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.	YES	The Board of the Company is responsible for the formation of the Company's operational strategy, organization of the enforcement thereof, the representation and the protection of the shareholder's interest.
2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.	NO	The Board is formed in the Company (upon the shareholders' decision of May 2006).
2.4. The collegial supervisory body to be elected by the general shareholders' meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does not contradict the essence and purpose of this body.[1]	YES	These principles apply to the Board to the extent they do not contradict the essence and the purpose of the Board.
2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.[2]	YES	In the Company's article of association fixed five Members of the Board and on the opinion of the shareholders this is sufficient.
2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.	NOT APPLICABLE	Upon the decision of the shareholders since May 2006 the Supervisory Board is not formed.

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

[2] Definitions 'executive director' and 'non-executive director' are used in cases when a company has only one collegial body.

2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to departure from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.	YES	The Chairman of the Company's Board is not and never was the manager of the Company.
Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting **The order of the formation a collegial body to be elected by a general shareholders' meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the company's operation and its management bodies.**[3]		
3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.	YES	The collegial management body – the Board is elected in the general meeting of shareholders according the laws of the Republic of Lithuania. Besides the candidates to the Members of the Board introduce themselves to the shareholders, providing information of the positions they hold in other companies and their professional qualifications.
3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.	YES	The Shareholders at a General Shareholders' Meeting (when Board members are elected) are introduced with work experience, education, the other important information of the candidates for the Board which company gets about Board members.
3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.	YES	As candidates for the Board members introduce themselves for the shareholders, the shareholders while electing the board members have the opportunity to decide about the candidates competence and suitability to represent shareholders interests. In the Company's annual report the competency (education, work experience, work positions) of board chairman and the composition of the board is published.

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

3.4. In order to maintain a proper balance in terms of the current qualifications possessed by its members, the desired composition of the collegial body shall be determined with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies. At least one of the members of the remuneration committee should have knowledge of and experience in the field of remuneration policy.	YES	The Company's board and Audit Committee members have sufficiency of experience and skills, sufficiency of knowledge to perform their duties appropriately. Shareholders decision to elect them as the board of directors or audit committee members is made after their readiness and competence is evaluated.
3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.	YES	The Company makes opportunity for the Company's Board members to take a look to the Company's activity, thus newly elected members of the Board is provided a sufficiency of knowledge and information. Board members' skills and knowledge are constantly updated while they perform their functions, during Board meetings or individually.
3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient[4] number of independent[5] members.	NO	Until now the independence of the Members of the Board has not been assessed, and the contents of the concept of "adequacy" of the independent members of the Board have not been discussed.

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

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

3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependent are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following: 1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years; 2) He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees; 3) He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations); 4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1);	NO	Until now the independence of the Members of the Board has not been assessed, and the contents of the concept of "adequacy" of the independent members of the Board have not been discussed.

5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counselling and consulting services), major client or organization receiving significant payments from the company or its group; 6) He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company; 7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies; 8) He/she has not been in the position of a member of the collegial body for over than 12 years; 9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.		
3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.	NO	The Board has not defined the concept of independence.
3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.	NO	Such practice does not exist.

3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.	NO	Such practice does not exist.
3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds.[6]. The general shareholders' meeting should approve the amount of such remuneration.	NOT APPLICABLE	The remuneration to members of collegial body was approved by shareholders during ordinary meeting in 2012, but such practice has not been applied yet.
Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting **The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring[7] of the company's management bodies and protection of interests of all the company's shareholders.**		
4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.[8]	YES	These functions are performed by the Board elected by the general meeting of shareholders. The Board shall approve and submit to the general meeting of shareholders the annual report on the activities of the Company, financial statements, evaluate the results of the business activities of the Company and assess the performance of the Manager of the Company.
4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).	YES	In performing their duties the members of the Board are guided by the interests of the Company and act for the benefit of Shareholders.

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

[7] See Footnote 3.

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

4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half[9]of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.	YES	Members of the Board act in accordance with the Rules of Procedure of the Board and allocate sufficient time for the performance of their duties.
4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.	YES	The Board seeks to act fairly. The Company has put in place the procedure of the provision of information to the shareholders in accordance with the Law on Companies, and this has been provided in the Articles of Association of the Company.
4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.	Yes	The Company's management bodies conclude and approve transactions according to the legislative requirements of the Republic of Lithuania and the Articles of Association of the Company.
4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies[10].Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees. When using the services of a consultant with a view to obtaining information on market standards for remuneration systems, the remuneration committee should ensure that the consultant concerned does not at the same time advice the human resources department, executive directors or collegial management organs of the company concerned.	YES	Since the collegial management body – the Board is elected by the general meeting of shareholders, in its decision making function the Board is independent from the manager of the Company. The Company's management ensures that the collegial body and its committees will be provided with sufficient resources to carry out their duties.

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

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

4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees[11]. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.	YES	The Audit Committee has been elected since 2009. The Company's directors nomination and remuneration committees are not formed. The functions pointed in this item still are implemented by the Board within its jurisdiction. If the shareholders adopt the decision to establish such committees or it is required by the laws of the Republic of Lithuania, the committees would be established.
4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should exercise independent judgement and integrity when exercising its functions as well as present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.	YES	The Company's collegiate bodies are independent and make self-contained decisions not influenced by any conflicts of interest and remain fully responsible for decisions which are awarded in limits of their competence.

[11]The Law of the Republic of Lithuania on Audit (*Official Gazette*, 2008, No 82-53233) determines that an Audit Committee shall be formed in each public interest entity (including, but not limited to public companies whose securities are traded in the regulated market of the Republic of Lithuania and/or any other member state).

4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.	YES	The Company has no remuneration committee. The Audit Committee consists of three members.
4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.	NO	The practice of committees is being formed.
4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.	NO	The practice of committees is being formed.

4.12. Nomination Committee. 4.12.1. Key functions of the nomination committee should be the following: • Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company; • Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes; • Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; • Properly consider issues related to succession planning; • Review the policy of the management bodies for selection and appointment of senior management. 4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.	NOT APPLICABLE	Not formed (explanation in Clause 4.7.).
4.13. Remuneration Committee. 4.13.1. Key functions of the remuneration committee should be the following: • Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body; • Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies; • Ensure that remuneration of individual executive directors or members of management body is proportionate to the remuneration of other executive directors or members of management body and other staff members of the company;	NOT APPLICABLE	Not formed (explanation in Clause 4.7.).

• Periodically review the remuneration policy for executive directors or members of management body, including the policy regarding share-based remuneration, and its implementation; • Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies; • Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors); • Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies. 4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should: • Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body; • Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting; • Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has. 4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies. 4.13.4. The remuneration committee should report on the exercise of its functions to the shareholders and be present at the annual general meeting for this purpose.		

4.14. Audit Committee. 4.14.1. Key functions of the audit committee should be the following: • Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group); • At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided; • Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually; • Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations; • Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee; • Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter. 4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centres and/or activities carried out through special purpose vehicles (organizations) and justification of such operations.	YES	The Company's Audit committee was elected in 2009 and re-elected in 2012 and in 2015 but its practice is forming now.

4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present. 4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors. 4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit. 4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action. 4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.		
4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.	NO	The practice of committees is being formed.

Principle V: The working procedure of the company's collegial bodies **The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.**		
5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.	YES	The chairman of board ensures proper convocation and organization of the board meetings. The notice on the general meeting to be convened is sent to members of the board according to the regulations of the board.
5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month[12].	YES	Board meetings are called at appropriate intervals to ensure continuity of essential corporate governance issues. For urgent issues, extraordinary meetings are convened.
5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.	YES	Agenda and all materials required according to the agenda shall be sent to the Members of the Board by electronic mail in advance; normally the agenda is not changed during meetings unless it is a necessity to solve additional issues.

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

5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.	NOT APPLICABLE	The Supervisory Board is not formed.
Principle VI: The equitable treatment of shareholders and shareholder rights. **The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.**		
6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.	YES	The capital of the Company is made up of shares conferring to the holders thereof equal voting and ownership rights, and the right to receive dividends.
6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	YES	The Company provides its investors information about the rights conferred by the newly issued shares by making a public announcement to this effect.
6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting.[13]All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	YES	The Shareholders of the Company approve transactions the approving of which is provided according to Law on Companies of the Republic of Lithuania and the Articles of Association. The Board of the Company passes other important decisions.
6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders.	YES	Information about shareholders' meetings is published in the way required by the Law. Shareholders' meetings convened at the Company's residence or at Company's office in Vilnius.

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

6.5. If possible, in order to ensure shareholders living abroad the right to access to the information, it is recommended that documents on the course of the general shareholders' meeting should be placed on the publicly accessible website of the company not only in Lithuanian language, but in English and /or other foreign languages in advance. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in Lithuanian, English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.	YES	All information about the Board meeting, the proposed drafts of decisions, and the taken decisions is hosted in the company's website in the Lithuanian and English languages.
6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	YES	The shareholders of the Company may exercise their rights individually in person, via their proxies or by voting in writing in advance. The Company confers to its shareholders the rights provided for by the Law on Companies of the Republic of Lithuania.
6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies by allowing the shareholders to participate and vote in general meetings via electronic means of communication. In such cases security of transmitted information and a possibility to identify the identity of the participating and voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially shareholders living abroad, with the opportunity to watch shareholder meetings by means of modern technologies.	NO	The Company does not have the technical potential.
Principle VII: The avoidance of conflicts of interest and their disclosure **The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.**		
7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.	YES	Members of the Company's management body are trying to follow the recommendations listed in this article.

7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.	YES	Members of the Company's management body are trying to follow the recommendations listed in this article.
7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.	YES	Members of the Company's management body are trying to follow the recommendations listed in this article.
7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.	YES	Members of the Company's management body are trying to follow the recommendations listed in this article.
Principle VIII: Company's remuneration policy **Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors**.		
8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement) which should be clear and easily understandable. This remuneration statement should be published as a part of the company's annual statement as well as posted on the company's website.	NO	There is no practice to publish the full report about the Company's remuneration policy on the Company's website. Questions about the Code recommended remuneration and benefits policy are planned to be discussed in the future. Brief information about the benefits for the Company's management bodies and senior management is available in the legislation.
8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.	NO	The reasons are shown in Clause 8.1.

8.3. Remuneration statement should leastwise include the following information: • Explanation of the relative importance of the variable and non-variable components of directors' remuneration; • Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; • An explanation how the choice of performance criteria contributes to the long-term interests of the company; • An explanation of the methods, applied in order to determine whether performance criteria have been fulfilled; • Sufficient information on deferment periods with regard to variable components of remuneration; • Sufficient information on the linkage between the remuneration and performance; • The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; • Sufficient information on the policy regarding termination payments; • Sufficient information with regard to vesting periods for share-based remuneration, as referred to in point 8.13 of this Code; • Sufficient information on the policy regarding retention of shares after vesting, as referred to in point 8.15 of this Code; • Sufficient information on the composition of peer groups of companies the remuneration policy of which has been examined in relation to the establishment of the remuneration policy of the company concerned; • A description of the main characteristics of supplementary pension or early retirement schemes for directors; • Remuneration statement should not include commercially sensitive information.	NO	The reasons are shown in Clause 8.1.
8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.	NO	The reasons are shown in Clause 8.1. This information will be possible to publish, except part of the information considered to constitute a commercial secret of the Company.
8.5. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.5.1 to 8.5.4 for each person who has served as a director of the company at any time during the relevant financial year. 8.5.1. The following remuneration and/or emoluments-related information should be disclosed: • The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting; • The remuneration and advantages received from any undertaking belonging to the same group;	NO	The reasons are shown in Clause 8.1. This information will be possible to publish, except part of the information considered to constitute a commercial secret of the Company.

• The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; • If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director; • Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year; • Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points. 8.5.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed: • The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; • The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year; • The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights; • All changes in the terms and conditions of existing share options occurring during the financial year. 8.5.3. The following supplementary pension schemes-related information should be disclosed: • When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year; • When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year. 8.5.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial report of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.		
8.6. Where the remuneration policy includes variable components of remuneration, companies should set limits on the variable component(s). The non-variable component of remuneration should be sufficient to allow the company to withhold variable components of remuneration when performance criteria are not met.	NO	The reasons are shown in Clause 8.1.
8.7. Award of variable components of remuneration should be subject to predetermined and measurable performance criteria.	NO	The reasons are shown in Clause 8.1.

8.8. Where a variable component of remuneration is awarded, a major part of the variable component should be deferred for a minimum period of time. The part of the variable component subject to deferment should be determined in relation to the relative weight of the variable component compared to the non-variable component of remuneration.	NO	The reasons are shown in Clause 8.1.
8.9. Contractual arrangements with executive or managing directors should include provisions that permit the company to reclaim variable components of remuneration that were awarded on the basis of data which subsequently proved to be manifestly misstated.	NO	The reasons are shown in Clause 8.1.
8.10. Termination payments should not exceed a fixed amount or fixed number of years of annual remuneration, which should, in general, not be higher than two years of the non-variable component of remuneration or the equivalent thereof.	NO	The reasons are shown in Clause 8.1.
8.11. Termination payments should not be paid if the termination is due to inadequate performance.	NO	The reasons are shown in Clause 8.1.
8.12. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.	NO	The reasons are shown in Clause 8.1.
8.13. Shares should not vest for at least three years after their award.	NO	The reasons are shown in Clause 8.1.
8.14. Share options or any other right to acquire shares or to be remunerated on the basis of share price movements should not be exercisable for at least three years after their award. Vesting of shares and the right to exercise share options or any other right to acquire shares or to be remunerated on the basis of share price movements, should be subject to predetermined and measurable performance criteria.	NO	The reasons are shown in Clause 8.1.
8.15. After vesting, directors should retain a number of shares, until the end of their mandate, subject to the need to finance any costs related to acquisition of the shares. The number of shares to be retained should be fixed, for example, twice the value of total annual remuneration (the non-variable plus the variable components).	NO	The reasons are shown in Clause 8.1.
8.16. Remuneration of non-executive or supervisory directors should not include share options.	NO	The reasons are shown in Clause 8.1.
8.17. Shareholders, in particular institutional shareholders, should be encouraged to attend general meetings where appropriate and make considered use of their votes regarding directors' remuneration.	NO	The reasons are shown in Clause 8.1.
8.18. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.	NO	The reasons are shown in Clause 8.1.

8.19. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.	NO	The Company does not practice the remuneration of directors in the form of shares or options.
8.20. The following issues should be subject to approval by the shareholders' annual general meeting: • Grant of share-based schemes, including share options, to directors; • Determination of maximum number of shares and main conditions of share granting; • The term within which options can be exercised; • The conditions for any subsequent change in the exercise of the options, if permissible by law; • All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors.	NO	No such practice is being enforced in the Company.
8.21. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.	NO	No such practice is being enforced in the Company.
8.22. Provisions of Articles 8.19 and 8.20 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.	NO	No such practice is being enforced in the Company.
8.23. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.19, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.	NO	No such practice is being enforced in the Company.

Principle IX: The role of stakeholders in corporate governance **The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.**		
9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.	YES	The management bodies of the Company respect and seek to ensure the rights of all interest holders and to an extent possible, take their opinion into account.
9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.	YES	Interest holders are authorised to participate in the management of the Company and in the process of taking the decisions relevant to the Company as this is provided according the Law of the Republic of Lithuania and when the participation of employees helps to make important Company's decisions.
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information	YES	These requirements are complied with to the extent required by the laws of the Republic of Lithuania.
Principle X: Information disclosure and transparency **The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company**.		
10.1. The company should disclose information on: • The financial and operating results of the company; • Company objectives; • Persons holding by the right of ownership or in control of a block of shares in the company; • Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; • Material foreseeable risk factors; • Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; • Material issues regarding employees and other stakeholders; • Governance structures and strategy. This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.	YES	The Company discloses the relevant information as required by the legislation of the Republic of Lithuania, in the established manner, to Lietuvos bankas, Vilnius NASDAQ OMX Vilnius Stock Exchange, in the electronic publication published by register of legal entities for announcement the public announcements or the daily "Kauno diena".
10.2. It is recommended to the company, which is the parent of other companies, that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.	YES	The Company follows this principle.

10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII.	YES	The Company discloses that information which is known to the Company and could be disclosed without infringement of confidentiality.
10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.	NO	The Company does not apply such practise.
10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.	YES	The Company ensures the accuracy and expedition of the given information.
10.6. Channels for disseminating information should provide for fair, timely and cost-efficient or in cases provided by the legal acts free of charge access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.	YES	The Company ensures compliance with these requirements, the information is announced in Lithuanian and English.
10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.	YES	The Company ensures compliance with these requirements.

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

Sincerely,

Gediminas Čeika

Managing Director of AB Snaigė

AB SNAIGĖ
Social Responsibility Report’ 2017

CONTENTS

MESSAGE FROM THE MANAGING DIRECTORS OF AB SNAIGĖ

Dear colleagues,

We are a sole company-manufacturer of refrigerators both in Lithuania and the Baltic countries, one of the largest Lithuanian industrial companies and exporters, and the largest employer in the district of Alytus. We perfectly understand the effect made by our activity on the social, economic, and environmental life of the country. Therefore adherence to responsible business for us means not only definitely outlined values and a long-term strategy. This also is the integral part of our everyday work, which boasts long-standing traditions.

Manufacture of ecological economic high quality household appliances at an affordable price is our core mission, which we perceive as our economic responsibility to consumers and the public. Our economic responsibility also incorporates honest relationships in a market, fair marketing, anti-corruption activities, and transparency.

Environmental responsibility is especially important for us as we are an industrial company.

AB Snaigė is rated among the most advanced and innovative Lithuanian production companies in the field of environment protection. Our goal comprises ecological products, environmental friendly technologies, and the clean environment.

To make this goal come true, the Company has implemented the certified environment protection management system meeting the requirements of international ISO 14001 standard.

We regularly upgrade the efficiency of the environment protection, make efforts to reduce environmental emissions, focus on environmental friendliness, economic consumption of natural resources, and the secure environment.

The aspect of social responsibility is no less important. At long last, employees form the best share of wealth and driving force of any company. Therefore occupational safety, health protection, welfare, protection of human rights, development of competences of employees, employee practice and integration, and public relations form the most important priorities of our Company.

Development of a responsible business is a never ending improvement process. The success of this process depends not only on the Managing Director but also on each individual employee of our Company. Employees are an important component part of the identity and image of any company or business. Our current responsible attitude to business will inevitably contribute to the creation of a better advance community in the future.

AB Snaigė Managing Director

Gediminas Čeika

SNAIGĖ

REPORT SCOPE

This report is representing the activity of AB Snaigė. The environmental and social activity report is prepared once per year and is published jointly with the results of annual activity. This report of the year of 2017 is the first environmental and social activities report of the Group and the Company. This report has been prepared in accordance with the Communication from the European Commission *Guidelines on Non-financial Reporting* (methodology for reporting non-financial information) (2017/C 215/01) and the *Guidelines of the Global Reporting Initiative* (GRI). The report has not been audited.

This report is setting forth non-financial information of a responsible business intended for stakeholders: customers, shareholders, investors, employees, suppliers, business and social partners, and the public.

PRINCIPLES OF THE COMPANY'S SOCIAL RESPONSIBILITY

Strategic Principles of the Company‘s Social Responsibility

The Company carries out its activities in accordance with stringent business ethics standards and social responsibility principles. By contributing to solving the current social problems of our community, the Company seeks to maintain the status of a reliable social partner not only in the city of Alytus but also on the national level.

The Company‘s social responsibility is divided into the following fields:
- taking care of health, welfare, motivation, upgrading of professional skills of employees (please see for more information in the Section *Employees* below);
- maintenance of good relationship with communities as well as openness to other stakeholders and the public;
- development of different social initiatives and projects for local communities;
- upbringing of the civil public (by means of educational campaigns) who is not indifferent to the future of Lithuania.

SNAIGĖ

REPRESENTATION AND INDICATORS OF THE ACTIVITY OF THE COMPANY

Strategy and Goals of the Company

The Company‘s strategy is based on the consistent upgrading of the production efficiency and renovation and improvement of the products manufactured seeking to satisfy the consistently changing and increasing needs of our customers. Due to this consistent renovation and upgrading, we are able to assure the strength of the trademark and enhancement of the Company‘s image in those markets where products with the SNAIGĖ trademark are sold and the consistence of orders in those markets to which the Company manufactures products under the orders of customers. The implementation of this strategy will enable the Company to achieve its core goal: to become the most reliable trademark in Central Europe and to be an acknowledged manufacturer in the countries of the Western Europe.

Seeking to implement the goal set, the Company is going to start in 2018 the serial manufacturing of two different new design production lines. The products of one of these production lines have been designed so that they would assure the healthy style of life of consumers as much as possible, would encourage the consumption of fresh products because the storage of these products will be particularly convenient even in several different temperature sections, while the duration of storage of these products will be extended due to the application of state-of-the-art refrigerating technologies.

Other production line is intended for consumers who follow fashion, have their individual style, and treat the design of a product as the most important element.

If our customers and consumers are satisfied with the quality and price of our products, the Company also will be successful.

Other strategic direction of the Company is the efficient consumption of available resources and increase of workforce productivity. The Company‘s products compete with the products of the global scale manufacturers both by their quality and price. To make consumers choose the products of our Company, we should offer to them the most optimal price. To make this objective come true, the Company implemented a cost reduction programme that is open for participation for every Company’s employee.

Mission

Our Mission is to develop financially disciplined business that provides consumers with good value and quality products and our shareholders with top-tier returns on their investments.

Vision

To become the most reliable home appliances brand for consumers in the Eastern Europe and the preferred choice for OEM supplier in the Western Europe.

Values

Open minded　Trustworthy　Teamwork　Flexibility

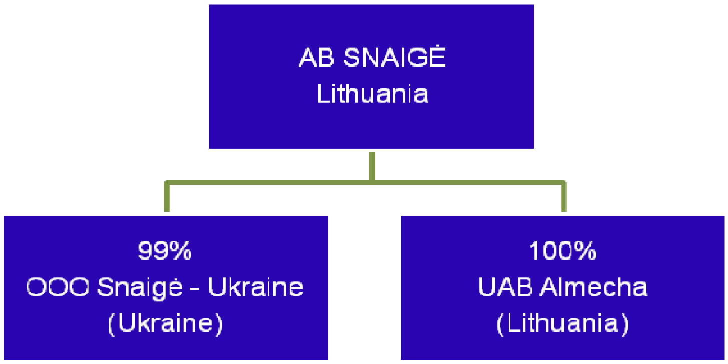
The basic data about the Company

The name of the Company – AB SNAIGĖ (hereinafter referred to as the Company)
Authorised capital as of 31 December 2016 – EUR 11,886,718.50
Address – Pramonės str. 6, LT-62175 Alytus
Phone – (315) 56 206
Fax – (315) 56 207; (315) 56 269
E-mail – snaige@snaige.lt
Internet web-page – http://www.snaige.lt
Legal organisation status – legal entity, public limited company
Registered as a Public Enterprise of the Republic of Lithuania on 1 December 1992 in the Municipality Administration of Alytus; registration number AB 92-119; enterprise register code 249664610. The latest Articles of Association of AB Snaigė were registered on 20 December 2016 in Alytus Department of the Register of Legal Entities of the Republic of Lithuania.

The type of the Company's main business activities

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

The Company's company group structure



The Company's subsidiaries

The Company's group consists of the refrigerator manufacturer AB Snaigė based in Alytus and the following subsidiaries:

- UAB Almecha activities: manufacturing of miscellaneous machinery and equipment. The enterprise was registered in November 2006. Address: Pramonės str.6 Alytus, Lithuania.
- OOO Snaigė – Ukraine activities: sales of refrigeration appliances, sales, consulting and services. The enterprise was registered in November 2002. Address: Grushevski str.28-2a/43 Kiev, Ukraine.

OPERATING REVIEW

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

Financial indicators for 2017–2015 are presented jointly.

(consolidated data):

	2017	**2016**	**2015**
Turnover (continuing operations), EUR thousand	39,202	39,817	45,363
Gross profit (continuing operations), EUR thousand	4,309	7,356	7,113
Net profit (loss) from continuing operations, EUR thousand	(13,237)	1,207	445
Net (loss) from discontinued operations, EUR thousand	-	-	-
Net profit (loss), EUR thousand	(13,237)	1,207	445
Average share price, EUR	0.284	0.270	0.319

Financial figures	**2017**	**2016**	**2015**
Profit before tax indicator, % (current year profitability of continuing operations)	-34.29%	3.96%	1.54%
General mark-up (continuing operations), %	10.99%	18.47%	15.68%
EBITDA mark-up (continuing operations), %	-29.44%	8.96%	6.15%
Solvency ratio, % (general short-term solvency)	57.32%	144.76%	69.76%
Debt to assets ratio, % (general debt ratio)	79.13%	53.23%	73.64%
Return on average shareholders' equity (continuing operations), %%	-216.57%	6.15%	4.84%

Shares indicators	**2017**	**2016**	**2015**
Net profit per share (continuing operations), EUR	-0.33	0.03	0.01
Net loss per share (discontinued operations), EUR	-	-	-
Net profit per share (total), EUR	-0.33	0.03	0.01
Average annual share market price, EUR	0.284	0.270	0.319
EBITDA per share (continuing operations), EUR	-0,29	0.09	0.07
EBITDA multiplier (EBITDA per share / Average annual share market price)	-1.02	0.33	0.22
Total dividends, EUR thousand	-	-	-
Dividends per share, EUR	-	-	-
Average net book share value (continuing operations), EUR	0.15	0.5	0.23

GOVERNANCE AND MANAGEMENT

The Company's Management bodies

Management bodies:

- General shareholders meeting;
- The management board is formed of five members and elected for the period of 4 years;
- Head of the Company – Managing Director.

The calling of general shareholder meeting, the competence of the meeting has no differences from the procedures and competences indicated in the Law on Companies of Republic of Lithuania.

The management board is elected and resigned by general shareholders meeting according to the procedures indicated by the Law on Companies. The management board has a right to take decision to issue bonds. The competence of the management board has no other differences from the competences indicated in the Law on Companies. The work procedures of the management board are set by the board's work rules of procedure.

The competence of the head of the Company, his nomination and resignation procedures are not different from those indicated in the Law on Companies.

The Company has the audit committee which is the operating collegial administrative body and which was elected by shareholders in 2009. The audit committee is operating by audit committee's labour regalement. On 14 December 2011 the Extraordinary General Meeting of Shareholders of the Company revoked the audit committee of the Company in corpora. The new audit committee was elected during the ordinary shareholders general meeting held on 30 April 2012 and re-elected on 30 April 2015.

Legal basis of the Company's operations

AB Snaigė uses the Company's articles of association, Law on Companies of the Republic of Lithuania, other legal acts issued by the Republic of Lithuania and European Union as legal guidelines for operations.

Corporate governance bodies

Information about the members of management bodies with regard to the share of the Company's authorized capital

NAME	Position	Available number of shares, units	Share capital, per cent	Votes, per cent
BOARD				
Aleksey Kovalchuk	AB Snaigė chairman of the board	-	-	-
Svetlana Ardentova	AB Snaigė member of the board	-	-	-
Oleg Tsarkov	AB Snaigė member of the board	-	-	-
Natalia Tsvetkova	AB Snaigė member of the board			
Nataliia Sukhanova	AB Snaigė member of the board	-	-	-
ADMINISTRATION (Managing Director and Chief Financial Officer)				
Gediminas Čeika	AB Snaigė managing director	-	-	-
Mindaugas Sologubas	AB Snaigė finance director	-	-	-

Information on the management bodies involvement in other companies, institutions and organizations

Participating in other companies activities and interests (31 December 2017):

Name	Name of organisation, position	Share of the capital and votes available in other companies, in percentage
Aleksey Kovalchuk	Does not participate in other Lithuanian companies' activities and interests	-
Svetlana Ardentova	Does not participate in other Lithuanian companies' activities and interests	-
Oleg Tsarkov	Does not participate in other Lithuanian companies' activities and interests	-
Natalia Tsvetkova	Does not participate in other Lithuanian companies' activities and interests	
Nataliia Sukhanova	Does not participate in other Lithuanian companies' activities and interests	-
Gediminas Čeika	UAB Almecha chairman of the board	-
Mindaugas Sologubas	UAB Almecha member of the board	-
	Association EPA member of the board	
	UAB Verslo Architektūra Managing Director	100%

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

NAME	Start date of the office term	End date of the office term
BOARD		
Aleksey Kovalchuk	14/12/2011	Until 2019 the General Meeting of Shareholders
Svetlana Ardentova	30/04/2013	Until 2019 the General Meeting of Shareholders
Oleg Tsarkov	30/04/2015	Until 2019 the General Meeting of Shareholders
Vladislav Sviblov	30/04/2013	Until 04/04/2017
Natalia Tsvetkova	25/04/2017	Until 2019 the General Meeting of Shareholders
Nataliia Sukhanova	25/04/2017	Until 2019 the General Meeting of Shareholders
ADMINISTRATION (Managing Director and Chief Accountant)		
Gediminas Čeika	03/01/2008	Term less agreement
Mindaugas Sologubas	23/09/2014	Term less agreement

The Company's group's management structure

Gediminas Čeika – managing director.

Kęstutis Urbonavičius – technical and production director.

Mindaugas Sologubas – finance director.

Rūta Petrauskaitė – marketing director.

ADHERENCE TO HUMAN RIGHTS. EMPLOYEES AND OTHER SOCIAL ISSUES

Protection of Human Rights

The Company carries out its business activities in accordance with the principles of protection of human rights, the principles of equal opportunities and non-discrimination on other grounds, and the procedure for implementation of these principles. This means that any direct or indirect discrimination in relationship between an employer and employees, harassment, an instruction to discriminate on the basis of sex, race, ethnicity, and etc. due to circumstances that are not relative to professional competences of employees is intolerable. The Company assures that people who are searching for employment or current employees would not be subject special behaviour unless this is related to the quality of work performed or other business functions. The Company also assures the transparent wages policy, complies with the right of employees to have a rest, takes measures to help an employee to discharge his/her family obligations.

The Company regulates the principles of collection, usage, and storage of personal data of employees, sets the goals and means of management of personal data of employees, assigns persons who are authorized to review the personal data of employees, and the sets the purposes of this review.

Seeking to protect the rights of employees, in 2017, the Company adopted the policy of equal opportunities and the policy of storage of personal data of employees, the procedure for usage of information and telecommunication technologies, and other procedures.

In 2017, the Company committed no breaches of human rights of employees.

Principles of the Personnel Policy

Besides the size, image, and strategy of the Company, the Company‘s success, to a wide extent, also depends on the Company‘s behaviour with its employees. All challenges and changes that are faced by the Company affect its employees as well. Therefore the efficiency of the Company‘s business, first and utmost, is predetermined by the Company’s ability to manage human resources.

The Company‘s personnel policy and management of human resources is composed of: planning of human resources, personnel formation (personnel attraction, selection, employment, and maintenance), personnel upbringing, evaluation of a job, personnel motivation, the standard of behaviour, occupational safety, and assurance of social conditions.

In the event of changes and new challenges, it is important to be able to maintain qualified, skilled, and motivated personnel capable of performing the tasks set with as low costs as possible and to help the Company to achieve its strategic goals.

Strategic Management of Human Resources The objective of the personnel policy is to help employees to be adapted to to new environmental requirements and implement strategic goals, this means enhancement of administration efficiency, combination of the practice of human resources and the general strategy of the Company, and evaluation of human resources.

Planning of Human Resources. This planning includes: planning of the efficient number of job positions and structure, planning of a requirement for human resources, and evaluation of planning quality.

Analysis of the Activity. Seeking to assure a more efficient management of human resources, it necessary to evaluate new tasks of the activity, eliminate an inefficient activity, duplication of functions, and regroup and redistribute functions.

Evaluation of a Job and a Career. Evaluation of the activity of personnel is the integral part of career planning. The potential and the spheres of improvement of skills of an employee may be only achieved by an unbiased evaluation. The objective of evaluation of the activity is the maximal matching of the personnel activity and the goals of the Company. The procedure of management of the activity means the setting of definite and achievable objectives, monitoring of achievement of objectives, coordination of the activity (objectives) of employees, adjustment of the objectives set, and annual evaluation of the activity of personnel. When planning a career, it is important to take into consideration not only the past, which is the results of the job of an employee, but also the future – the skills of an employee, his/her capability for development and response to changes, and performance of more complex tasks – his/her potential.

Personnel Motivation. During an interview, most candidates indicate insufficient remuneration as a major factor predetermining low motivation. For the time being, still being under difficult economic conditions, it is necessary to pay more attention to strengthening social motivations: for encouragement of personal achievements, increase of responsibility, formation of group or team membership, creation of conditions for management, personal expression, and etc.

Turnover of Employees

The employees of the Company in 2016–2017 according to the personnel groups*:

Employees	2017			2016		
	Amount	%	Average salary, EUR	Amount	%	Average salary, EUR
Managers	23	3.5	2,530	22	3.3	2,534
Specialists	99	15.1	941	98	14.7	892
Workers	535	81.4	573	546	82.0	523
In total:	**657**	**100**	**701**	**666**	**100**	**649**

The structure of the Company's employees in according to education level*

Education level of the employees	2017		2016	
	Amount	%	Amount	%
University education	114	17.4	111	16.7
Professional high school education	434	66.0	435	65.3
Secondary education	104	15.8	114	17.1
Uncompleted secondary education	5	0.8	6	0.9
Total:	**657**	**100**	**666**	**100**

The employees of the Company and its subsidiaries in 2016–2017 according to personnel groups*

Employees	2017		2016	
	Amount	%	Amount	%
Managers	25	3.5	24	3.3
Specialists	112	15.7	114	15.6
Workers	578	80.8	594	81.1
Total:	**715**	**100**	**732**	**100**

**Average yearly data*

Wage System

The Company is seeking to form an effective and fair wages policy the purpose of which is to attract, maintain, and motivate employees whose qualification and results of a job help the Company to successfully perform its mission and achieve the tasks set. In 2017, the Company formed and adopted a wages system that regulates the procedure for payment for work, the accountancy of wages for works in a night shift, overtime work, work during days off and holidays, time limits for settlement of accounts with employees, sets the categories of employees according to employment positions, indicates the procedures for payment and amounts of wages according to employment positions and groups of positions, and supplements the procedure for allocation of supplemental payments (additions, premiums, and bonuses). The wages system is applied to all the Company's employees.

The Company seeks to pay fair wages meeting market conditions with due consideration of competences of each individual employee and the benefit generated by him/her for the Company. The wages system was adopted after consultations with the representatives of the Company's trade union in accordance with the principles of equality and non-discrimination on other grounds.

Trade Unions

The trade union uniting 37 percent of the total number of employees of the Company is operating in the Company. The representatives of the trade union are invited to the meetings of the Company's management. Economic, social, and labour issues that are important to the Company also are discussed with the trade union.

Union Agreement

The Company has entered into the union agreement with the trade union representing the Company‘s employees. This agreement is fulfilled in accordance with the principles of mutual understanding and openness. If any disagreement arises, problems are settled amicably and in a spirit of mutual trust. The union agreement provides for the regulations for conclusion and amendment of employment contracts, the time limits of work and rest, payment of wages, terms and conditions of work, and qualification and social security issues. The objective of the agreement is the formation of conditions for the consistent development of business and assurance of the level of working conditions which is better than provided for in the legal acts of the Republic of Lithuania.

The union agreement foresees the following additional social guarantees for employees: in the event of death of the Company's employee the member of the employee's family will receive a death allowance; in the event of death of the member of the family of an employee, an employee receives an allowance; allowances also are paid to congratulate an employee with a jubilee (50 years, 60 years anniversary); during Christmas events children of employees are given Christmas gifts; during a calendar year the Company allocates funds for arrangement and prizes of some events organized by its employees.

Upbringing of Competences

The upbringing of personnel is an indispensable condition for the achievement of the strategic objectives of the Company because due to training personnel acquires qualification and capabilities. Changing challenges of the Company, the environment for the performance of tasks, application of new technologies, and a complex situation in the labour market witnesses that investments in personnel training (improvement of professional skills) are indispensible because training motivates, upgrades the quality of work, enhances loyalty, and assures more efficient adaptation to new challenges and conditions.

The Company systematically plans training sessions and carries training according to an adopted training programme. In 2017, 32 management employees participated in external trainings, which means that they upgraded their professional qualification at consultation seminars, conferences, and target trainings; 81 employee was trained according to consistent professional training programmes; 30 workers acquired new adjacent specializations. In 2017, duration of professional training amounted to 3,080 hours.

In 2017, the Company adopted the procedure for internal training of employees of production divisions, which provides for the development of required programmes, training and periodical attestation of employees. Internal trainings and periodical attestation is arranged seeking to help to acquire or update professional knowledge, to acquire or to test skills required to assure due technological processes of the Company, to consistently maintain the high professional level of employees. In 2017, internal trainings were attended by 136 employees.

The Company‘s Occupational Safety Division instructs newly employed employees on the introduction themes concerning prevention of accidents and health protection, fire safety, and civil safety. The managers of divisions instruct their inferiors at the workplace once per year.

Employees operating and maintaining potentially hazardous machinery are trained in accordance with the *Procedure for Training of Employees and Assessment and Evaluation of Knowledge of Employees in the Field of Occupational Safety and Health Protection* adopted by the Managing Director. Employees operating energy plants are periodically attested in accordance with the procedures prescribed by the Order of the Minister of Energy of the Republic of Lithuania.

Integration of New Employees

A new company means new goals, other specificity of operation, career opportunities, traditions, and other internal code of conduct. For this purpose the Company has developed the *Standard for Demand for Employees, Recruiting, Selection of Employees, Determination of their Qualifications, and Introduction of New Employees* and the training procedure. A new employee becomes familiar with the Company‘s organizational culture, employees, and the activities of divisions according to the programme developed. A mentor is appointed to boost the integration of a new employee in the work collective, to help a new employee to understand the principles of work, to perceive the Company's values, and to understand the Company's mission and vision. Based on his/her experience and competence, the mentor trains a new employee at the workplace and helps to understand business, its processes, purposes, and responsibility so that a new employee could start creating a new value as soon as possible.

Practice Opportunities

The Company cooperates with educational institutions and provides the students of universities and colleges with an opportunity to apply their theoretic knowledge and acquire practical skills. In 2017, 19 students from the Alytus College, the Vilnius Technological University named in honour of Gediminas, the Vilnius Cooperation College, and the Vilnius College of Technologies and Design had their professional training at the Company.

Occupational Safety and Health Protection

The Company boasts efficient long-standing occupational safety traditions. Employees form the most important wealth of the Company. Therefore investments in occupational safety and health protection are among the most important obligations of the Company‘s management. The Company seeks to avoid any possible accident or a professional disease and bring them to naught. The Company carries out the uninterrupted assessment of workplaces and the environment of workplaces.

Firstly, the health and safety of employees is evaluated during the implementation of new technologies. The Company spares no pains to assure that new equipment and machinery is as safe as possible, and new materials and raw materials are not harmful for the health of employees. The Company takes measures to eliminate a noise, vibration, and dust content – major factors that can cause professional diseases.

Seeking to protect employees against possible affect of harmful factors, both collective and individual protective equipment is applied. Employees are trained to work safely, are familiarized with the requirements of normative legal acts in the field of occupational safety and health protection.

The Company flexibly matches hours of work and relaxation. Working schedules provide for daily breaks for relaxation, there are recreation rooms in the premises of the Company.

The Company has implemented the occupational safety and health protection management system. The Company was given a certificate certifying that AB Snaigė has implemented the management system meeting the requirements of LST 1977:2008 (BS OHSAS 18001:2007) OHSAS 18001 standard. This certificate is an expression of the Company’s priorities and responsibility for creation of safe working conditions so that accidents and professional diseases would be avoided.

ENVIRONMENT PROTECTION

Environment Protection Policy

AB Snaigė is rated among the most advanced and innovative Lithuanian production companies in the field of environment protection. The Company's goal comprises ecological products, environmental friendly technologies, and the clean environment.
To make this goal come true, the Company has implemented the certified environment protection management system meeting the requirements of international ISO 14001 standard.
The Company regularly upgrades the efficiency of the environment protection, makes efforts to reduce environmental emissions, focus on environmental friendliness, economic consumption of natural resources, and the secure environment.

Products

During design of a new products, the Company always gives a priority to production that saves raw materials and resources, safe transport, minimization of waste, and achievement of top quality of products. The Company makes efforts to apply in production materials that later on could be recycled.

AB Snaigė carries out its activities in accordance with Directive 2009/125/EC of the European Parliament and of the Council establishing a framework for the setting of ecologic design requirements for energy-using products.

Snaigė refrigerators are made of environment friendly materials that are free of harmful components. For example, each plastic component part of a refrigerator is marked (in accordance with ISO) so that marking indicates that a component part may be used repeatedly and re-processed in accordance with the requirements of Directive 2002/96/EC on waste electrical and electronic equipment.

The technological process of coating the surface of products is ecologically clean: this is a dry coating that is dried by gas. Refrigeration system is filled with gas R600a of a natural origin which does not deplete the ozone layer, while a hydrocarbon compound cyclopentane which is used for insulation of refrigerators is not harmful for the environment.

All the products manufactured by the Company meet the requirements of the following directives and regulation of the European Community regarding non-usage of harmful materials:

- RoHS2 Directive 2011/65/EU of the European Parliament and of the Council on the restriction of the use of certain hazardous substances in electrical and electronic equipment.
- Regulation (EC) No 1907/2006 of the European Parliament and of the Council concerning the registration, evaluation, authorisation and restriction of chemicals (REACH);
- PAH Decision ZEK-01.4-08 of the Government of Germany, which means that SNAIGĖ products meet the polycyclic aromatic hydrocarbons concentration limit for 18 carcinogenic materials;

regarding contact with food:

- Regulation (*EC*) No 1935/2004 of the European Parliament and of the Council on materials and articles intended to come into contact with food (general);
- Commission Regulation (*EU*) No 10/2011 on plastic materials and articles intended to come into contact with food (for plastics). These regulations mean that the materials applied during the manufacture of Snaigė refrigerators are allowed to contact food.

Compliance of requirements of AB Snaigė products is certified by the testing performed by the certified testing laboratory DEKRA (Germany) and the Division of Chemical Analyses of the National Public Health Supervision Laboratory (Lithuania) and the test certificates issued by these institutions.

The less energy the refrigerator consumes the better it keeps the environment safe. Most Snaigė products have top and high A+, A++, and A+++ energy efficiency classes. The annual electricity consumption of such a refrigerator is reduced by 30 percent.

The purchasers of a refrigerator also are provided with information regarding ecology. They are advised how to install, use, and maintain their refrigerator so that its service life would be extended as much as possible and the affect on the environment would be reduced as much as possible. In addition to this, purchasers are advised how to return a refrigerator after the expiry of sits ervice life.

Environment Protection

From 1 January 2015, AB Snaigė in accordance with Regulation *(EC)* No 1005/2009 of the European Parliament and of the Council of 16 September 2009 on substances that deplete the ozone layer assumed an obligation and does not buy and use virgin and non-virgin (which is recycled or recovered) hydrochlorofluorocarbons (HCFC) whenever alone or in a mixture.

The Company also pays a lot of attention to such pollutants as ozone or carbon oxides, solid parts, styrene, and cyclopentane. Their emission is systematically monitored and controlled. In 2017, the total emission of the aforementioned pollutants amounted to 20.78 t, which is significantly less the permissible limit amounting to 34.73 t. Due to prevention measures, in 2017, the emission of 19 contaminants was reduced by several times or absolutely eliminated.

Protection of Surface Waters

The impact made by the Company's production and economic activity on the environment is regulated by the Pollution Permit issued by the Agency of Environment under the Ministry of Environment of the Republic of Lithuania. The Company accurately follows the permissible pollution limits as indicated in this Pollution Permit. The function of supervision is carried out in accordance with the Company's monitoring programme, which sets the quality parameters of discharged surface (rainfall) waters and (soil) sewage resulting from the economic activity and indicates the periodicity and scope of performance of prevention analyses of the pollutants discharged with sewage.

The Company systematically analyzes the results obtained and reviews any changes: increase and decrease of individual pollutants. In addition to this, the technical condition of inner vehicles of the Company as well as vehicles entering the territory of the Company is examined on a permanent basis. The production process is carried out in accordance with the Regulation of Delivery of Chemical Materials from a Warehouse to Production Premises.

Protection of Subsoil, Soil, and Ground Waters

Seeking to assure the due quality of subsoil waters and the protection of ground in the best possible manner, the Company executes the programme of analysis of the Company's subsoil waters for 2016 to 2020 period, which was adopted by the Agency of Environment under the Ministry of Environment of the Republic of Lithuania. There are five wells installed in the territory of the Company. Water specimens for the analysis of the quality of ground waters are taken out of these wells with the periodicity foreseen in the programme.

In 2017, the full scope of ground water analyses was made in accordance with the monitoring programme. Parameters that were analyzed include: the ground water level, physical and chemical parameters (water ion concentration (pH), the oxidation and reduction potential (Eh)), and other parameters. Beyond that, the general chemical water composition (concentration of core ions and permanganate value) was analyzed, the chemical oxygen consumption value and concentration of heavy metals was determined. Compared to the analyses made last year, the quality of subsoil waters was gradually becoming better, neither analyzed parameters achieved or exceeded the parameters set.

Waste Management

Though waste cannot be avoided during the production process of refrigerators, the Company does not spare pains to reduce waste as much as possible and to manage waste as efficiently as possible. Therefore the amounts and types of pollutants generated by the Company do not exceed the standard values set.

Waste free production has been implemented in some production areas of the Company, where generated waste is further used in production processes. For instance, the waste generated in workshops of vacuum formation and casting under high pressure is further ground in mills and newly used in production.

In some workshops, the Company implemented advanced technologies that minimize production waste. For example, metal box-type parts are painted by means of advanced powder painting technology that boasts 98 percent efficiency of useful usage of paint. Waste amounts to 2 percent only. Traditional painting technology has 80 percent efficiency factor, which means that in this event waste amounts to 20 percent. The other example of efficient usage of raw materials is the production of metal box-type parts. These parts are made of coil metal with accurate dimensions that is cut into workpieces during the production process. The efficiency factor of usage of metal in this production area amounts to 92 percent, whereas in the efficiency factor of usage of a metal in other areas only amounts to 78 percent.

The major share of the waste generated by the Company such as cardboard, metals, plastics, wood, and etc., is fit for use as recyclable materials. This waste is transferred to waste managers who are specialized in the management of specific types of waste and manage waste in accordance with the requirements of the legal acts of the European Union and the Republic of Lithuania.

The Company holds a licence for the management of the waste of electric and electronic equipment, namely, refrigerators and is the member of the Electronic Distributors Association (EDA) and the Packing Management Association (PMA). Due to active participation in the joint management of old refrigerators and packages resulting from the sale of refrigerators, the Company contributes to the execution of governmental tasks of management of aforesaid waste.

Application of Chemicals

Seeking t implement the provisions of REACH Regulation concerning the usage of environment and health friendly materials, the Company regularly carries out the inventory of the chemicals used in production and makes efforts to replace harmful materials by less harmful ones or absolutely non-harmful ones. For example, plastic parts are only painted with ecologic waterborne paints.

In accordance with the requirements of the Company‘s environment protection management system regarding operation with chemicals, the impact of chemicals on the environment is modelled and supervised and the information obtained is entered in the data safety sheets of most chemical materials. On the basis of this information, prevention measures for the management of chemicals emissions in the environmental air and sewage are prepared. This significantly contributes to the management of harmful waste of a chemical origin.

Seeking to assure that the information declared in material data safety sheets would be as accurate as possible, the Company closely cooperates with the suppliers of harmful materials. The Company also requests from suppliers to attach to material data safety sheets the annex *‘Impact Scenario’*, which would in detail and thoroughly describe the impact made by a chemical on the environment and means and methods for the reduction of this impact and the protection against this impact.

Usage of Natural Resources

The workshops and administration premises of the Company are heated by the Company‘s boiler-house plant operating on biological fuel that replaces fossil fuels. Capacity of the boiler-house plant: 4 MW. Heat energy generated during 2017 amounted to 7,729 MWh, which is the equivalent of 802,944 cubic m of natural gas. The Company’s heat energy savings amounted to EUR 33,976 compared to the generation of the same heat energy amount by means of natural gas.