SNAIGĖ

Snaige AB

CONFIRMATION OF RESPONSIBLE PERSONS

Following the Article No. 22 of the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Bank of Lithuania, we Gediminas Čeika, Managing Director of Snaige, AB and Neringa Menčiūnienė, Finance Director of Snaigė, AB hereby confirm that, to the best of our knowledge, the not audited Snaige AB interim Consolidated Financial Statements for the nine months period ended 30 September 2013, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, correctly reflects the reality and fairly shows issuer's assets, liabilities, financial position, profit or loss and cash flows of Snaige, AB.

Gediminas Čeika
Managing Director

Neringa Menčiūnienė
Finance Director

November 29, 2013

AB SNAIGĖ

CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2013 (UNAUDITED)

CONTENTS

I. GENERAL PROVISIONS

1. Accounting period of the report

The report has been issued for the nine months of 2013.

2. The basic data about the issuer

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

Authorised capital – LTL 39,622,395

Address - Pramonės str. 6, LT-62175 Alytus

Phone - (+370-315) 56 206

Fax - (+370-315) 56 207

E-mail – snaige@snaige.lt

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

Legal organisation status – legal entity, public limited company

Registered as an enterprise on December 1, 1992 in the Municipality Administration of Alytus; registration number AB 92-119; enterprise register code 249664610. The latest Statute of AB "Snaige" was registered on May 24, 2012 in Legal Entities of the Republic of Lithuania.

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

The report is available in the Budget and Accounting Department of AB "Snaige" at Pramonės str. 6, Alytus on the days of I-IV from 7.30 to 16.30, and V from 7.30 to 14.00.

The mass media – daily paper „Kauno diena".

Statement of comprehensive income

Ref. No.	ITEMS	30 09 2013	01 07 2013 30 09 2013	30 09 2012	01 07 2012 30 09 2012
I.	**SALES AND SERVICES**	**140,130,331**	**49,345,886**	**110,444,459**	**45,201,712**
I.1	Income of goods and other products sold	28,258,085	7,787,997	17,329,741	7,635,480
I.2	Income of refrigerators sold	111,872,246	41,557,889	93,114,718	37,566,232
II.	**COST OF GOODS SOLD AND SERVICES RENDERED**	**113,276,848**	**39,121,659**	**90,753,378**	**36,043,166**
II.1	Net cost of goods and other products sold	9,688,658	1,965,067	2,073,209	791,733
II.2	Net cost of refrigerators sold	103,588,190	37,156,592	88,680,169	35,251,433
III.	**GROSS PROFIT**	**26,853,483**	**10,224,227**	**19,691,081**	**9,158,546**
IV.	**OPERATING EXPENSES**	**20,691,485**	**6,546,568**	**17,082,991**	**6,633,463**
IV.1	Sales expenses	10,453,802	3,448,932	8,195,451	3,656,498
IV.2	General and administrative expenses	10,237,683	3,097,636	8,887,540	2,976,965
V.	**PROFIT (LOSS) FROM OPERATIONS**	**6,161,998**	**3,677,659**	**2,608,090**	**2,525,083**
VI.	**OTHER ACTIVITY**	**368,423**	**55,584**	**81,904**	**52,236**
VI.1.	Income	575,286	159,098	353,056	113,001
VI.2.	Expenses	206,863	103,514	271,152	60,765
VII.	**FINANCIAL AND INVESTING ACTIVITIES**	**(1,193,751)**	**(344,980)**	**(1,297,770)**	**(505,289)**
VII.1.	Income	543,826	163,368	81,243	38,918
VII.2.	Expenses	1,737,577	508,348	1,379,013	544,207
VIII.	**PROFIT (LOSS) FROM ORDINARY ACTIVITIES**	**5,336,670**	**3,388,263**	**1,392,224**	**2,072,030**
IX.	EXTRAORDINARY GAIN				
X.	EXTRAORDINARY LOSS				
XI.	**CURRENT ACCOUNTING PERIOD PROFIT (LOSS) BEFORE TAXES**	**5,336,670**	**3,388,263**	**1,392,224**	**2,072,030**
XII.	**TAXES**	**672**	**0**	**2,231**	**871**
XII.1	PROFIT TAX	672		2,231	871
XIII.	Adjustment of deferred profit tax				
XIV.	Social tax				
XV.	MINORITY INTEREST			133	109
XVI.	**NET CURRENT ACCOUNTING PERIOD PROFIT (LOSS)**	**5,335,998**	**3,388,263**	**1,390,126**	**2,071,268**

Managing Director Gediminas Čeika

Financial Director Neringa Menčiūnienė

Statement of financial position

Ref. No.	ASSETS	Notes	30 09 2013	31 12 2012
A.	**Non-current assets**		**48,950,884**	**53,901,900**
I.	**INTANGIBLE ASSETS**	10	**5,228,969**	**5,135,335**
II	**TANGIBLE ASSETS**	11	**25,243,485**	**27,326,449**
II.1.	Land			
II.2.	Buildings		8,764,074	9,132,976
II.3.	Other non-current tangible assets		15,414,527	18,073,385
II.4.	Construction in progress and advance payments		1,064,884	120,088
III.	INVESTMENT PROPERTY	**11**	**17,339,695**	**19,284,051**
IV.	NON-CURRENT FINANCIAL ASSETS			
IV.1	Deferred taxes assets		1,138,735	1,156,065
IV.2	Other non-current assets			1,000,000
V.	Amounts receivable after one year			
VI.	**Assets classified as held for sale**			
B.	**Current assets**		**71,577,694**	**51,505,849**
I.	INVENTORY AND CONTRACTS IN PROGRESS		23,991,827	15,482,684
I.1.	Inventory	12	23,991,827	15,482,684
I.2.	Advance payments			
I.3.	Contracts in progress			
II.	ACCOUNTS RECEIVABLE WITHIN ONE YEAR		34,704,784	25,103,689
III.	INVESTMENTS AND TERM DEPOSITS			
IV.	CASH AT BANK AND ON HAND		1,649,521	1,615,835
V.	Other current assets	15	11,231,562	9,303,641
	Planned to sell non-current assets			
C.	**Accrued income and prepaid expenses**			
	TOTAL ASSETS		**120,528,578**	**105,407,749**

(continued on the next page)

Ref. No.	SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	30 09 2013	31 12 2012
A.	**Capital and reserves**		**42,028,216**	**37,939,562**
I.	SHARE CAPITAL		**45,321,051**	**45,321,051**
I.1.	Authorized (subscribed) share capital		39,622,395	39,622,395
I.2.	Uncalled share capital (-)			
I.3.	Share premium (surplus of nominal value)		5,698,656	5,698,656
	Own shares (-)			
III.	REVALUATION RESERVE		(5,021,070)	(3,773,726)
IV.	RESERVES	17	8,082,210	5,125,835
V.	PROFIT (LOSS) BROUGHT FORWARD		(6,353,975)	(8,733,598)
	Current Profit (Loss)		5,335,998	1,018,928
	The previous year Profit (Loss)		(11,689,973)	(9,752,526)
B.	**Minority interest**		**1,850**	**1,850**
D.	**Provisions and deferred taxes**		**0**	**0**
I.	PROVISIONS FOR COVERING LIABILITIES AND DEMANDS			
II.	DEFERRED TAXES			
E.	**Accounts payable and liabilities**		**78,498,512**	**67,466,337**
I.	ACCOUNTS PAYABLE AFTER ONE YEAR AND NON-CURRENT LIABILITIES		40,647,465	23,492,458
C	**Financing (grants and subsidies)**		666,258	734,822
I.1.	Financial debts	20	38,671,360	21,435,846
I.2.	Warranty provisions		783,700	783,700
I.3.	Deferred income tax liability		139,562	147,015
I.4.	Advances received on contracts in progress			
I.5.	Non-current employee benefits		354,801	354,801
I.6.	Non-current liabilities to suppliers		31,784	36,274
II.	ACCOUNTS PAYABLE WITHIN ONE YEAR AND CURRENT LIABILITIES		37,851,047	43,973,879
II.1.	Current portion of non-current debts		112,845	13,096,699
II.2.	Financial debts			
II.3.	Trade creditors		26,677,219	21,158,920
II.4.	Advances received on contracts in progress		3,947,883	2,916,788
II.5.	Taxes, remuneration and social security payable	23	3,729,269	4,401,548
II.6.	Warranty provisions		2,097,384	1,523,305
II.7.	Other provisions			
II.8.	Other current liabilities		1,286,447	876,619
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**120,528,578**	**105,407,749**

Managing Director Gediminas Čeika

Financial Director Neringa Menčiūnienė

Statement of cash flow

Ref. No.		30 09 2013	30 09 2012
I.	**Cash flows from the key operations**		
I.1	Result before taxes	5,336,670	1,392,224
I.2	Depreciation and amortization expenses	5,253,702	5,864,027
I.3	Subsidies amortization	(68,564)	(176,089)
I.4	Result of sold non-current assets	(503)	(27,539)
I.5	Write-off of non-current assets	220,359	84,327
I.6	Write-off of inventories		96,363
I.7	Depreciation of receivables		
I.8	Non-realized loss on currency future deals		
I.9	Change in provision for guarantee repair	574,079	669,357
I.10	Recovery of devaluation of trade receivables		
I.11	Influence of foreign currency exchange rate change	56	23,608
I.12	Financial income (interest income)	(536,818)	(81,243)
I.13	Financial expenses (interest expenses)	1,730,513	1,355,405
	Cash flows from the key operations until decrease (increase) in working capital	**12,509,494**	**9,200,440**
II.1	Decrease (increase) in receivables and other liabilities	(8,682,189)	(12,705,146)
II.2	Decrease (increase) in inventories	(8,509,143)	(4,570,060)
II.3	Decrease (increase) in trade and other debts to suppliers	6,542,221	9,952,070
	Cash flows from the main activities	**1,860,383**	**1,877,304**
III.1	Other cash income		
III.2	Interest received		
III.3	Interest paid	(1,625,731)	(1,501,606)
III.4	Profit tax paid	(460)	
	Net cash flows from the key operations	**234,192**	**375,698**

II.	**Cash flows from the investing activities**		
II.1	Acquisition of tangible non-current assets	(1,600,685)	(1,186,602)
II.2	Capitalization of intangible non-current assets	(9,857)	(48,910)
II.3	Sales of non-current assets	5,203	96,624
II.4	Loans granted	(12,760,720)	(3,659,968)
II.5	Loans regained	9,913,893	
	Net cash flows from the investing activities	**(4,452,166)**	**(4,798,856)**

(continued on the next page)

III.	**Cash flows from the financial activities**	**4,251,660**	**3,347,275**
III.1	Cash flows related to the shareholders of the company		
III.1.1	Issue of shares		
III.1.2	Shareholders' contributions for covering losses		
III.1.3	Sale of own shares		
III.1.4	Payment of dividends		
III.2	Cash flows arising from other financing sources		
III.2.1	Subsidies received		
III.2.1.1	Inflows from non-current loans	48,036,268	6,399,745
III.2.1.2	Loans repaid	(36,484,608)	(2,128,286)
III.2.2	Finance lease received		
III.2.2.1	Payments of leasing (finance lease) liabilities		(71,152)
III.3	Other decreases in the cash flows from financial activities		
III.4.	Redemption of issued securities	(7,300,000)	(853,032)
	Net cash flows from the financial activities	**4,251,660**	**3,347,275**

IV.	**Cash flows from extraordinary items**		
IV.1.	Increase in cash flows from extraordinary items		
IV.2.	Decrease in cash flows from extraordinary items		
V.	**The influence of exchange rates adjustments on the balance of cash and cash equivalents**		
VI.	**Net increase (decrease) in cash flows**	**33,686**	**(1,075,883)**
VII.	**Cash and cash equivalents at the beginning of period**	**1,615,835**	**3,414,505**
VIII.	**Cash and cash equivalents at the end of period**	**1,649,521**	**2,338,622**

Managing Director Gediminas Čeika

Financial Director Neringa Menčiūnienė

Statement of changes in equity

	Paid up authorised capital	Share premium	Own shares (-)	Legal reserves		Other reserves			Retained earnings (losses)	TOTAL	Minority shareholders	TOTAL
				Compulsory	For acquiring own shares	For social needs	For investments	Currency exchange reserve				
Balance as of December 31, 2011	**39,622,395**	**5,698,656**	**0**	**2,828,472**		**30,000**	**1,158,483**	**(4,958,048)**	**(8,643,646)**	**35,736,312**	**1,945**	**35,738,257**
Total registered income and expenses as of 2012 Q I-III						0			1,390,126	**1,390,126**	**(133)**	**1,389,993**
Formed reserves				55,448		30,000	2,211,915		(2,297,363)	**0**	**0**	**0**
Transfers from reserves						(30,000)	(1,158,483)	0	1,188,483	**0**	**0**	**0**
Other changes								964,630		**964,630**		**964,630**
Balance as of September 30, 2012	**39,622,395**	**5,698,656**	**0**	**2,883,920**	**0**	**30,000**	**2,211,915**	**(3,993,418)**	**(8,362,400)**	**38,091,069**	**1,812**	**38,092,881**
Total registered income and expenses as of 2012 QIV									(371,198)	**(371,198)**	**38**	**(371,160)**
Formed reserves										**0**		**0**
Other changes								219,692		**219,692**		**219,692**
Balance as of December 31, 2012	**39,622,395**	**5,698,656**	**0**	**2,883,920**		**30,000**	**2,211,915**	**(3,773,726)**	**(8,733,598)**	**37,939,562**	**1,850**	**37,941,412**
Total registered income and expenses as of 2013 Q I-III									**5,335,998**	**5,335,998**		**5,335,998**
Formed reserves				189,290		30,000	4,979,000	0	(5,198,290)	**0**	**0**	**0**
Transfers from reserves						(30,000)	(2,211,915)	0	2,241,915	**0**	**0**	**0**
Other changes								(1,247,344)		**(1,247,344)**		**(1,247,344)**
										0		**0**
Balance as of September 30, 2013	**39,622,395**	**5,698,656**	**0**	**3,073,210**	**0**	**30,000**	**4,979,000**	**(5,021,070)**	**(6,353,975)**	**42,028,216**	**1,850**	**42,030,066**

Managing Director Gediminas Čeika

Financial Director Neringa Menčiūnienė

III. EXPLANATORY NOTES

1 Basic 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 producing 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.

Main shareholders of AB Snaigė as on September 30, 2013 and December 31, 2012 were:

	September 30, 2013		December 31, 2012	
	Number of shares owned	Share of total capital, %	Number of shares owned	Share of total capital, %
VAIDANA UAB	36,096,193*	91.10%	36,096,193*	91.10%
Other shareholders	3,526,202	8.90%	3,526,202	8.90%
Total	**39,622,395**	**100%**	**39,622,395**	**100%**

*Out of this amount 3,309,943 units of AB Snaigė shares UAB Vaidana mortgage to bank, under a pledge agreement, to ensure financial obligations.

All the shares of the Company are ordinary shares with the par value of LTL 1 each and were fully paid as of 30 September 2013 and 31 December 2012. The Company did not hold its own shares.

As at 30 September 2013 UAB Vaidana was owned by LLC FURUCHI ENTERPRISES LIMITED.

The Group consisted of AB Snaige and the followings subsidiaries as of 30 September 2013 (hereinafter – Group):

Company	Country	Percentage of the shares held by the Group	Profit (loss) for the reporting year	Shareholders' equity
OOO Techprominvest	Russia (Kaliningrad)	100%	(354,138)	18,205,994
TOB Snaige Ukraina	Ukraine	99%	(3,384)	60,210
UAB Almecha	Lithuania	100%	1,028,587	1,511,256

The board of the Company should consist of 6 representatives; since 2013 2nd of October after resignation of one member of the Board, the Board consists of five members, 3 representatives from OAO Polair and 2 independent (as at 31 December 2012 the board only consisted of 5 representatives). There are no the Company's employees between AB Snaige Board members.

In 2002 AB Snaige bought OOO Techprominvest (Kaliningrad, Russia) in 2002.

On 12 August 2009 due to global economic crisis and particularly unfavourable effect of it on the Group activities, the management of the Group made a decision to terminate the activities of AB Snaigė refrigerator factory OOO Techprominvest.

On 30 September 2013 OOO Techprominvest premises leased.

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 to the Company 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 Company acquired 100% of the Company's shares.

After the company started to cooperate with the Russian group of companies POLAIR it has become inappropriate to have subsidiaries that are engaged in trading and marketing activities in Russia.

AB Snaige the Board's decision, 2013 June 17 AB Snaige sold subsidiary company OOO Liga Servis. OOO Liga Servis (Moscow, Russia) was established on 7 February 2006. The subsidiary provides sales and marketing services in the Russian market. The Company owns 100 % of the company‘s shares.

The subsidiary OOO Moroz Trade was removed from the Russian Register of Legal Entities. (OOO Moroz Trade (Moscow, Russia) was established on 13 May 2004. The Company acquired 100% of shares of OOO Moroz Trade in October 2004. The subsidiary provides sales and marketing services in the Russian market. From 2009 OOO Moroz Trade did not operate).

As of 30 September 2013 the number of employees of the Group was 833 (as of 30 September 2012 – 776).

2 Accounting principles

The principal accounting policies adopted in preparing the Group's financial statements are follows:

2.1. Basis of preparation

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

These financial statements are prepared on the historical cost basis.

2.2. Going concern

The Group's current assets exceeded current liabilities by LTL 33,727 thousand of 30 September 2013 (whereas in the year 2012, December 31st LTL 7,532).

- liquidity ratios: general coverage ratio (total current assets / total current liabilities) was 1.89 (1.17 in 31 December 2012),
- quick ratio ((total current assets – inventories) / total current liabilities) – 1.26 (in 31 December 2012 0.82),
- the Group earned LTL 5,337 thousand profit before tax (in 2012 incurred LTL 1,392 thousand pre-tax loss),
- commitment ratios: the ratio of debt/asset was 0.65 (whereas in the year 2012, December 31st 0.64).

Despite this, these financial statements for the nine months of 2013 are prepared under the assumption that the Group will continue as a going concern at least 12 months from the balance sheet date. The going concern is based on the following assumptions:

- in 2013 the Group expects 15% increase in sales comparing to 2012;
- in order to finance the working capital the Group is planning to perform successful sales of finished goods and the continuation of cooperation only with trustful partners. Trade payables are planned to be decreased using free operational cash flows;
- at the date of release of these financial statements all convertible bonds redeemed.

2.3. Currency of financial statement

The Group's financial statements are presented in local currency of the Republic of Lithuania, Litas (LTL), which is the Company's functional and the Group's and Company's presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional 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 taken to 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 balance sheet date rate.

The functional currency of the foreign entities OOO Techprominvest and former subsidiaries OOO Moroz Trade and OOO Liga Servis is Russian rouble (RUB) and of TOB Snaige Ukraina - Ukrainian hryvnia (UAH). As of the reporting date, the assets and liabilities of these subsidiaries are translated into the presentation currency of AB Snaigė (LTL) at the rate of exchange on the balance sheet date and their statement of comprehensive incomes are translated at the average monthly exchange rates for the reporting period. The exchange differences arising on the translation are taken to other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognized in the shareholder/s equity caption relating to that particular foreign operation is transferred to the statement of comprehensive income.

Lithuanian litas is pegged to euro at the rate of 3.4528 litas for 1 euro, and the exchange rates in relation to other currencies are set daily by the Bank of Lithuania.

The applicable exchange rates of the functional currencies as follows:

	30-09-2013	**31-12-2012**
RUB	0.079109	0.085879
UAH	0.31224	0.32292
USD	2.5588	2.6060

2.4. 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 income attributable to non-controlling interests are shown separately in the statement of financial position and the statement of comprehensive income.

From 1 January 2010 losses of a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. Losses prior to 1 January 2010 were not reallocated between non-controlling interests and the parent shareholders.

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.

2.5. 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 enterprise 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).

Research and development

Research costs are expensed as incurred. Development expenditure on an individual projects is recognized as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how 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 amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

Licenses

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

.

Software

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

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

2.6. Tangible non-current assets

Property, plant and equipment are assets that are controlled by the Group and the Company, which are expected to generate economic benefits in the future periods with the useful life exceeding one year, and which acquisition (manufacturing) costs could be reliably measured. Property, plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of such assets when that cost is incurred if the asset recognition criteria are met. Replaced parts are written off.
The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised in the statement of comprehensive income, whenever estimated.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

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

Buildings and structures (including investment property)	15 - 63 years
Machinery and equipment	5 - 15 years
Vehicles	4 - 6 years
Other property, plant and equipment	3 - 8 years

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

2.7. Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Property, plant and equipment once classified as held for sale are not depreciated.

If the Group has classified an asset as held for sale, but the above mentioned criteria are no longer met, the Group ceases to classify the asset as held for sale and measure a non-current asset that ceases to be classified as held for sale at the lower of: its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale, and its recoverable amount at the date of the subsequent decision not to sell. The adjustment to the carrying amount of a non-current asset that ceases to be classified as held for sale and recorded in profit or loss in the period in which the criteria are no longer met.

2.8. Inventories

Inventories are valued at the lower of cost or net realisable value, after impairment evaluation for 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.

2.9. Receivables and loans granted

Receivables are initially recorded at the true value at the same moment as they were given. Later receivables and loans are accounted in justice to their depreciation.

2.10. 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.

2.11. Borrowings

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised, otherwise – expensed as incurred. No borrowing costs were capitalised as of 30 September 2013 and 31 December 2012.

Borrowings are initially recognised at fair value of proceeds received, net of expenses incurred. They are subsequently carried at amortised cost, the difference between net proceeds and redemption value being recognised in the net profit or loss over the period of the borrowings (except for the capitalised portion as discussed above).

Borrowings are classified as non-current if the completion of a refinancing agreement before the balance sheet date provides evidence that the substance of the liability at the balance sheet date was non-current.

2.12. Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into. Subsequent to initial recognition and measurement, outstanding derivatives are carried in the statement of financial position at the fair value. Fair value is determined using the discounted cash flow method applying the effective interest rate. The estimated fair values of these contracts are reported on a gross basis as financial assets for contracts having a positive fair value; and financial liabilities for contracts with a negative fair value. Contracts executed with the same counterparty under legally enforceable master netting agreements are presented on a net basis. The Group had no derivative contracts outstanding as of 30 September 2013 and 31 December 2012.

Gain or loss from changes in the fair value of outstanding derivative contracts is recognised in the comprehensive income statement as they arise.

2.13. Factoring

Factoring transaction is a funding transaction wherein the company transfers to factor claim rights for determined fee. The companies alienate rights to receivables due at a future date according to invoices.

2.14. Financial lease and operating lease

Finance lease – the Group as lessee

The Group recognises 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, Group'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.

Direct expenses incurred by the lessee during the lease period are included in the value of the leased asset.

The depreciation is accounted for finance lease assets and it also gives rise to financial expenses in the statement of comprehensive income 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 according to the lease contract, gets 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 as lesse

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 in the statement of comprehensive income on a straight-line basis over the lease term.

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.

2.15. 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 the statement of comprehensive income, 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 (mainly received from the EU and other structural funds). 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.

2.16. Provisions

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

2.17. 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. Employment 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 employment 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 employment benefits. Actuarial gains and losses are recognised in the statement of comprehensive income as incurred.

2.18. Revenue recognition

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

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

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

In these consolidated financial statements intercompany sales are eliminated.

2.19. Impairment of assets

Financial assets

Financial assets are reviewed for impairment at each balance sheet date.

For financial assets carried at amortised cost, whenever it is probable that the Group will not collect all amounts due according to the contractual terms of loans or receivables, impairment is recognised in the statement of comprehensive income. 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 the statement of comprehensive income. 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 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 the statement of comprehensive income. 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 of the statement of comprehensive income as the impairment loss.

2.20. Subsequent events

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

2.21. 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.

3 Segment information

The Group's sole business segment identified for the management purposes is the production of refrigerators and specialised equipment, therefore this note does not include any disclosures on operating segments as they are the same as information provided by the Group in these financial statements.

Information for the reporting period 30 September 2013 and 30 September 2012 with respect to geographical location of the Group's sales and assets (in LTL thousand) is presented below:

Group	Total segment sales revenue		Inter-segment sales		Sales revenue		Total assets by its location *	
	2013	2012	2013	2012	2013	2012	2013	2012
Russia	7,119	8,845	(669)	-	6,450	8,845	18,412	22,629
Ukraine	49,012	55,309	-	-	49,012	55,309	54	66
Western Europe	34,932	22,819	-	-	34,932	22,819	-	-
Eastern Europe	17,297	5,802	-	-	17,297	5,802	-	-
Lithuania	21,700	19,590	(13,685)	(14,185)	8,015	5,405	102,063	81,917
Other CIS countries	22,307	11,574	-	-	22,307	11,574	-	-
Other Baltic states	2,021	685	-	-	2,021	685	-	-
Other countries	96	6	-	-	96	6	-	-
Total	**154,484**	**124,630**	**(14,354)**	**(14,185)**	**140,130**	**110,445**	**120,529**	**104,612**

* Assets located not in Lithuania mainly comprise property, plant and equipment, inventories and accounts receivable.

Transactions between the geographical segments are generally made on commercial terms and conditions. Inter-segments sales are eliminated on consolidation.

In 2013 9 months the sales to the five largest buyers comprised 32.97% of total sales, including: SAV-DISTRIBUTION LLC 7.85 %, Conforama 7.75 %, OOO Favorit Comfort Trading 5.94 %, Amica Wronki 5.90 %, Severin 5.53 % (in 2012 nine months – 31.2 %, including: Peidž AP CP 7.18%, Severin 7.13%, Versija 6.51%, OOO SKS 5.66%, Bonzer Trading 4.72%).

4 Cost of refrigerators and freezers sales

	30 09 2013	30 09 2012
Raw materials	84,482,552	72,132,357
Salaries and wages	10,665,914	8,290,185
Depreciation and amortisation	2,730,416	3,132,574
Other	5,709,308	5,125,053
Total:	**103,588,190**	**88,680,169**

5 Other income

	30 09 2013	30 09 2012
Income from transportation services	264,929	242,324
Income from rent of premises	3,751	5,931
Gain on disposal of property, plant and equipment	503	27,539
Income from rent of equipment	893	1,542
Other	305,210	75,720
	575,286	**353,056**

6 Operating expenses

	30 09 2013	30 09 2012
Selling expenses	10,453,802	8,195,451
General and administrative expenses	10,237,683	8,887,540
	20,691,485	**17,082,991**

7 Other operating expenses

	30 09 2013	30 09 2012
Transportation expenses	186,252	214,697
Expenses from rent of equipment	649	650
Gain on disposal of property, plant and equipment	-	-
Other	19,962	55,805
	206,863	**271,152**

8 Financial income

	30 09 2013	30 09 2012
Profit from currency exchange	-	-
Interest income and other	543,826	81,243
	543,826	**81,243**

9 Financial expenses

	30 09 2013	30 09 2012
Interest expenses	1,730,513	1,355,405
Foreign currency exchange loss, net	687	11,828
Realized loss on foreign currency derivatives	-	-
Other	6,377	11,780
	1,737,577	**1,379,013**

10 Non-current intangible assets

	Balance sheet value	
	30 09 2013	**31 12 2012**
Development costs	4,373,508	5,022,823
Software, license	44,365	54,687
Other intangible assets	811,096	57,825
Total:	**5,228,969**	**5,135,335**

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

Over the 9 months of 2013, the Group has accumulated LTL 672 thousand (9 months of 2012 - LTL 583 thousand) of non-current intangible assets depreciation.

Part of non-current intangible assets of the Group with the acquisition value of LTL 8,370 thousand as at 30 September 2013 was fully amortised (LTL 8,341 thousand as at 31 December 2012) but was still in use.

.

11 Non-current tangible assets

	Balance sheet value	
	30 09 2013	**31 12 2012**
Land and buildings	8,764,074	9,132,976
Machinery and equipment	13,327,653	15,831,236
Vehicles and other	2,086,874	2,242,149
Construction in progress and advance payments	1,064,884	120,088
Total:	**25,243,485**	**27,326,449**
Investment asset	17,339,695	19,284,051
Total:	**42,583,180**	**46,610,500**

The depreciation charge of the Group's property, plant and equipment and investment property on 30 September, 2013 amounts to LTL 4,582 thousand (LTL 5,281 thousand for 2012). The amount of LTL 3,695 thousand for 2013 (LTL 4,195 thousand for 2012) was included into production costs. The remaining amount of LTL 887 thousand including depreciation of investment property (LTL 1,086 thousand for 2012) was included into administration expenses in the Group's statement of comprehensive income.

At 30 September 2013 buildings and investment properties with land lease right of the Group with the net book value of LTL 7,894 thousand, including Company's buildings with the net book value of LTL 7,894 thousand (as of 31 December 2012 – LTL 7,110 thousand and machinery and equipment of the Group with the net book value of LTL 9,048 thousand including Company's LTL 9,048 thousand (as of 31 December 2012 – LTL 7,574 thousand) were pledged to banks as a collateral for the loans (Note 20).

In order to assure the proper fulfilment of Company's liabilities to suppliers according to legal proceedings, the rights to machinery and equipment with the net book value of LTL 466 thousand as of 30 September 2013 (as of 31 December 2012 – LTL 690 thousand) were limited by law.

Although a peace agreement has been signed, the limitation of the rights to machinery and equipment was not yet withdrawn as at the financial statements date.

Assets reclassified as investment

Since the end of 2011 till 2013 September 30, most of the building of OOO Techprominvest is leased, so property (building) Reclassification to investment property continues.

12 Inventories

	30 09 2013	31 12 2012
Raw materials, spare parts and production in progress	19,494,960	11,803,045
Finished goods	4,639,121	3,838,504
Other	411,172	436,477
Total inventories, gross	24,545,253	16,078,026
Less: valuation allowance for finished goods	(13,179)	(13,179)
Less: valuation allowance for raw materials and production in progress	(540,247)	(582,163)
Total inventories, net	**23,991,827**	**15,482,684**

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

At 30 September 2013 the Grope and Company has no legal restrictions on inventories. After refinansation of loans was removed inventories pledge to banks in sum of LTL 10,500 thousand (at 31st of December 2012 pledged inventories for LTL 10,500 thousand).

13 Trade receivables

	30 09 2013	31 12 2012
Trade receivables	51,862,939	36,701,234
Less: valuation allowance for doubtful trade receivables	(17,158,155)	(11,597,545)
	34,704,784	**25,103,689**

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

As of 30 September 2013 trade receivables with the carrying value of LTL 17,158 thousand (as of 31 December 2012 – LTL 11,597 thousand) were impaired and fully provided for. Change in valuation allowance for doubtful trade receivables was included within administration expenses.

In Note 13 the Group's trade receivables amounting only LTL 10,132 thousand as of September 2013 (LTL 7,244 thousand as of 31 December 2012) were insured by credit insurance Atradius Sweden Kreditförsäkring Lithuanian branch.

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

	30 09 2013	31 12 2012
Balance at the beginning of the period	(11,597,545)	(13,115,429)
Charge for the year	(15,997,063)	(262,168)
Write-offs of trade receivables	8,428,042	1,996,497
Effect of the change in foreign currency exchange rate	2,004,091	(326,641)
Amounts paid	4,320	110,196
Balance in the end of the period	**(17,158,155)**	**(11,597,545)**

Receivables are written off when it becomes evident that they will not be recovered.

The ageing analysis of trade receivables as of 30 September 2013 and 31 December 2012 is as follows:

	Trade receivables neither past due nor impaired	Trade receivables past due but not impaired					Total
		Less than 30 days	30 – 60 days	60 – 90 days	90 – 120 days	More than 120 days	
2013	20,159,809	7,642,060	5,554,187	508,294	185,548	654,886	**34,704,784**
2012	19,754,042	3,509,623	656,817	538,748	524,120	120,339	**25,103,689**

As of 30 September 2013 the Group has signed factoring agreement with recourse, therefore no limitations on disposable assets been present.

14 Other current assets

	30 09 2013	31 12 2012
Prepayments and deferred expenses	448.374	803,502
VAT receivable	846.678	894,427
Compensations receivable from suppliers	4.077	3,328
Restricted cash	15.000	15,000
Granted loans	9,890,539	7,043,712
Other receivables	26,894	1,896,353
Less: valuation allowance for doubtful other receivables	-	(1,352,681)
	11,231,562	**9,303,641**

Change in valuation allowance for doubtful other receivables were included within administration expenses.

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

	30 09 2013	31 12 2012
Balance at the beginning of the period	(1,352,681)	(1,431,114)
Charge for the year	-	-
Effect of the change in foreign currency exchange rate	-	(40,087)
Amounts paid	-	-
Write off	1,352,681	118,520
Balance in the end of the period	0	(1,352,681)

15 Cash and cash equivalents

	30 09 2013	31 12 2012
Cash at bank	1,642,837	1,611,908
Cash on hand	6,684	3,927
	1,649,521	**1,615,835**

In 30th of September, 2013 Group and Company has no legal restrictions on accounts in foreign currency and litas, because after refinansation of loans was removed pledge from foreign currency and litas accounts (at 31st of December 2012 pledged foreign currency and litas accounts up to LTL 15,085 thousand) (note 20)

16 Share capital

According to the Law on Companies of the Republic of Lithuania the Company's total equity cannot be less than 1/2 of its share capital specified in the Company's by-laws. As on the 30th of September, 2013 the Company was in compliance with this requirement.

17 Reserves

Legal reserve

A legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfers of not less than 5% of net profit are compulsory until the reserve reaches 10% of the share capital. As at 30 September 2013 legal reserve was not fully formed yet.

As of 30 September 2013 the legal reserve amounted to LTL 3,073 thousand.

Non-restricted 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.

On 30 April 2013 the general shareholders' meeting approved the Company's non-restricted reserves:

LTL 4,979 thousand for investments and LTL 30 thousand for social needs.

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 revaluation of translation reserves is recognised as income or expenses in the same period when the gain or loss on disposal is recognised.

18 Subsidies

Subsidies on 1 January 2011	10,703,880
Increase during period	-
Subsidies on 31 December 2011	10,703,880
Increase during period	-
Subsidies on 31 December 2012	10,703,880
Increase during period	-
Subsidies on 31 March 2013	10,703,880
Increase during period	-
Subsidies on 30 June 2013	10,703,880
Increase during period	-
Subsidies on 30 September 2013	10,703,880
Accumulated amortization on 1 January 2011	9,421,447
Amortization during period	348,300
Accumulated amortization on 31 December 2011	9,769,747
Amortization during period	199,311
Accumulated amortization on 31 December 2012	9,969,059
Amortization during period	23,065
Accumulated amortization on 31 March 2013	9,992,123
Amortization during period	22,749
Accumulated amortization on 30 June 2013	10,014,872
Amortization during period	22,750
Accumulated amortization on 30 September 2013	10,037,622
Net residual value 30 September 2013	**666,258**
Net residual value 31 December 2012	**734,822**

The subsidies 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 green house gases in the manufacturing of domestic refrigerators and freezers. Subsidies are amortised over the same period as the machinery and other assets for which subsidies were designated when compensatory costs are incurred. The amortisation of subsidies is included in production cost against depreciation of machinery and reconstruction of buildings for which the subsidies were designated.

19 Provisions for guarantee related liabilities

The Group provides a warranty of up to 2 years for the production sold since 1 January 2009 (up to 3 years before 1 January 2009). 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.

Changes over the reporting period were:

	30 09 2013	**31 12 2012**
1 January,	2,307,005	2,057,612
Changes over reporting period (Note 6)	1,351,667	1,627,335
Used	(777,588)	(1,377,942)
Foreign currency exchange effect	-	-
	2,881,084	**2,307,005**

Warranty provisions are accounted for:	**30 09 2013**
- non- current	783,700
- current	2,097,384
	31 12 2012
- non- current	783,700
- current	1,523,305

20 Borrowings

	30 09 2013	**31 12 2012**
Non-current borrowings		
Non-current borrowings with fixed interest rate	-	9,666,674
Non-current borrowings with variable interest rate	38,671,360	11,769,172
Ordinary bonds	-	-
Interest on bonds	-	-
	38,671,360	21,435,846
Current borrowings		
Convertible bonds	-	-
Ordinary bonds	-	7,300,000
Current borrowings with fixed interest rate	112,845	1,298,970
Current borrowings with variable interest rate	-	4,497,729
	112,845	13,096,699
Total	**38,784,205**	**34,532,545**

At 2013 September 30 the Company redeemed 73 000 pcs convertible bonds issued in 2011 on April 18 and May 2, the nominal value LTL 100, interest 9 % per annum and duration 725 days (at 2013 18 of April – 30,000pcs. and at 2 of May 43,000pcs.) Along with the bonds redeemed and accumulated interest (LTL 465 thousand), as provided in bond contract.

Borrowings with variable interest rate bear 6-month EURILIBOR + 4.25 to 5 % and for factoring 1-month EURILIBOR + 1.75%, as of 30 September 2013 (6-month VILIBOR + 3.5 to 4.5%, but not less than 7% annual interest rate as at 31 December 2012). OOO Techprominvest borrowings with the fixed interest rate bear 8% annual interest rates.

As of 30 September 2013 the Group's buildings and investment property with the carrying amount of LTL 7,894 thousand, including Company's buildings, with the carrying amount LTL 7,894 thousand (as of 31 December 2012 – LTL 7,110 thousand), the Group's machinery and equipment with the net book value of LTL 9,048 thousand, including Company's machinery and equipment with the net book value of LTL 9,048 thousand (as of 31 December 2012 – LTL 7,574 thousand and 7,328 thousand), was pledged to the banks for loans.

In March 2013 after refinancing the Company loans, were removed pledges from stocks and cash incomes to the bank accounts, as well as LTL 1,000 thousand cash deposit accounted in other non-current assets (at 2012 December 31 was pledged stock for no less than LTL 10,500 thousand and cash incomes to the bank accounts up to LTL 15,085 thousand).

Borrowings in national and foreign currencies:

	30 09 2013	31 12 2012
Borrowings denominated in:		
EUR	38,671,360	3,797,395
USD	-	-
LTL	-	30,612,647
RUB	112,845	122,503
	38,784,205	**34,532,545**

Repayment schedule for non-current borrowings, except for convertible and ordinary bonds, is as follows:

	Fixed interest rate	Variable interest rate
2013	112,845	-
2014 - 2016	-	38,671,360
	112,845	**38,671,360**

21 Financial leasing

The Group has not financial lease payables on 30 September, 2013.

22 Operating lease

The most significant operating lease agreement of the Group is the non-current agreement of AB Snaige signed with the Municipality of Alytus for the rent of the land. The payments of the lease are reviewed periodically; the maturity term is on July 2, 2078.

Future lease payments according to the signed lease contracts are not defined as contracts might be cancelled upon the notice.

23 Other current liabilities

	30 09 2013	31 12 2012
Accrued interest on convertible bonds	-	282,033
Salaries and related taxes	2,284,497	2,447,762
Vacation reserve	1,444,772	1,874,842
Other accrued interest	55,909	134,492
Other taxes payable	265,357	259,633
Other payables and accrued expenses	965,181	279,405
	5,015,716	**5,278,167**

Terms and conditions of other payables:

- Other payables are non-interest bearing and have the settlement term up to six months.

- Interest payable is normally settled monthly throughout the financial year.

24 Basic and diluted earnings (loss) per share

	30 09 2013	30 09 2012
Shares issued 1 January	39,622,395	39,622,395
Weighted average number of shares	-	-
Net result for the year, attributable to the parent company	5,335,998	1,390,126
Basic (loss) per share, in LTL	**0.13**	**0.04**

25 Risk and capital management

<u>Credit risk</u>

The maximum exposures of the credit as of 30 September 2013 and as of 31 December 2012 comprise the carrying values of receivables.

Concentration of trading counterparties of the Group is average. As of 30 September 2013 amounts receivable from the main 10 customers of the Group accounted for approximately 48.43 % (47.68 % as of 31 December 2012) of the total Group's trade receivables.

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

At 2013 30th of September the Group's trade receivables, after elimination of reserves, was LTL 34,705 thousand , LTL 10,132 thousand was insured by credit insurance in "Atradius Sweden Kreditförsäkring" Lithuania Branch (at 2012 31st of December trade receivables was LTL 25,104 thousand insured LTL 7,244 thousand.

In accordance with the policy of receivables recognition as doubtful, the payments variations from agreement terms are monitored and preventive actions are taken in order to avoid overdue receivables in accordance with the standard of the Group entitled "Trade Credits Risk Management Procedure".

According to the policy of the Group, receivables are considered to be doubtful if they meet the following criteria:

- the client is late with settlement for 60 and more days, receivable amount is not covered by insurance and it does not come from subsidiaries;
- factorised clients late with settlement for 30 and more days;
- client is unable to fulfil the obligations assumed;
- reluctant to communicate with the seller;
- turnover of management is observed;
- reorganisation process is observed;
- information about tax penalties, judicial operation and restrictions of the use of assets is observed;
- bankruptcy case;
- inconsistency and variation in payments;
- other criteria.

The Group's management believes that its maximum exposure is equal to the trade receivables netted with allowance losses recognized as at the balance sheet date.

<u>Interest rate risk</u>

The most part of the Group's borrowings is with variable rates, related EURIBOR, which creates an interest rate risk. As of 30 September 2013 and 2012 the Group did not use any financial instruments to manage interest rate risk.

<u>Liquidity risk</u>

The Group'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 cash flows of monetary operations and effective planning of cash investment if it is necessary.

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

The Group seeks to maintain sufficient financing to meet the financial liabilities on time. Group's management reached an agreement with bank (Unicredit) due to refinancing of the loans and additional financing.

Foreign exchange risk

The Group significantly reduced income earned in USD.

Foreign exchange risk decreased because most of income is earned in Euros, Litas is pegged to euro at the rate of 3.4528 litas for 1 euro.

Capital management

The Group manages share capital, share premium, legal reserves, reserves, foreign currency translation reserve and retained earnings as capital. The primary objective of the Group's capital management is to ensure that the Group complies with the externally imposed capital requirements and to maintain appropriate capital ratios in order to ensure its business and to maximise the shareholders' benefit.

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

A company is obliged to keep its equity up to 50% of its share capital, as imposed by the Law on Companies of Republic of Lithuania. As of 30 September 2013 the Company complied with this requirement. There were no other significant externally imposed capital requirements on the Group.

26 Commitments and contingencies

The General Meeting of shareholders of Snaige AB was held on 30 April 2013. At the meeting following resolutions were made:

- Approved the Company's financial statements for the year 2012.
- Approved the distribution of profit (loss) (LTL 229 thousand – to reserves foreseen by law, LTL 30 thousand - for social and cultural needs and LTL 4,979 thousand – to reserve for investments).
- UAB KPMG Baltics for 2013 auditing purposes of annual financial statements.
- One member of the Board revoked and two elected to the seat on the board. Currently, the Board consists of six members.

At reporting date redeemed in 2011 disseminated bonds and their accumulated interest. Redemptions made netting method (AB Snaigė, UAB Vaidana ir OAO Polair), OAO POLAIR setting off a loan to the Company

UAB Vaidana its financial assurance obligations under the pledge agreement pledged bank 3,309,943 units. AB Snaigė shares.

By the surety ship agreement No 2012-02-12 the Company guarantees proper fulfilment of UAB Vaidana financial obligations with all its present and future assets in favour of UAB Šiaulių Bankas in relation to received loan of LTL 4 million.

The company registered as a taxpayer in Moscow and opened a current account in UniCredit Bank Moscow.

From Unicredit bank received loan LTL 43,160 thousand used for refinancing previously obtained loans from AB Swedbankas and AB Šiaulių bankas and to replenish working capital within the group.

In 2013 February 18 with OAO POLAIR signed the loan agreement, under which the Company undertakes to increase the loan from EUR 2.1 million up to EUR 7 million.

For additional loan provides a fixed 6.5% annual interest rate and the final maturity date of 2017 1st of March.

27 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 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 related parties of the Group and the transactions with related parties during 2013 and 2012 were as follows:

UAB Vaidana (shareholder)
LLC FURUCHI ENTERPRISES LIMITED UAB Vaidana shareholder)
OAO Polair (related shareholders)
Polair Europe Limited (related shareholders)
Polair Europe S.R.L (related shareholders)

The Group has a policy to conduct related party transactions on commercial terms and conditions. Outstanding balances date and at the year-end are unsecured, interest-free, except the loan granted.

As of 30 September 2013 and 31 December 2012 the Group has not recorded any impairment of receivables from related parties.

Financial and investment activities with related parties:

	30 September 2013						31 December 2012		
	Loans received	**Repayment of loans**	**Interest revenue**	**Loans granted**	**Repayment of loans**	**Interest expenses**	**Loans received**	**Repayment of loans**	**Interest expenses**
UAB „Vaidana“ (obligacijos)	-	7,300,000	464,573				7,300,000	-	658,800
UAB „Vaidana“ (paskola)	-	-		158,000		2,444	-	-	
OAO „Polair“	-	-		19,646,432	9,913,893	661,007	-	-	126,633
	-	**7,300,000**	**464,573**	**19,804,432**	**9,913,893**	**663,451**	**7,300,000**	**-**	**785,433**

30 09 2013	**Purchases**	**Sales**	**Receivables**	**Payables**
OAO „Polair“ (refrigerators)	1,162,316	853,461	872,627	675,014
Polair Europe S.R.L	15,585	-	-	-
Polair Europe Limited	218,617	-	-	24,706
	1,396,518	**853,461**	**872,627**	**699,720**

30 09 2012	**Purchases**	**Sales**	**Receivables**	**Payables**
OAO „Polair“ (refrigerators)	-	4,491,913	504,740	-
Polair Europe S.R.L	378,772	-		378,772
	378,772	**4,491,913**	**504,740**	**378,772**

The Company‘s transactions carried out with subsidiaries:

	Purchases		**Sales**	
	30 09 2013	**30 09 2012**	**30 09 2013**	**30 09 2012**
OOO Techprominvest	-	-	-	-
TOB Snaigė Ukraina	58,696	78,265	-	-
UAB Almecha	7,541,588	8,397,059	6,268,720	5,976,278
OOO Liga-Servis	308,097	163,181	-	-
	7,908,381	**8,638,505**	**6,268,720**	**5,976,278**

The Company has a policy to conduct transactions with subsidiaries on contractual terms. The Company‘s transactions with subsidiaries represents 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, except for loans granted, are interest-free and settlement occurs at bank accounts. There were no pledged significant amounts of assets to ensure the repayment of receivables from related parties.

The carrying amount of loans and receivables from subsidiaries on 30 September and 31 December:

	2013	**2012**
Non-current receivables		
Trade receivables from OOO Techprominvest	457,159	457,159
Total non-current receivables	**457,159**	**457,159**

Current receivables		
Trade receivables from OOO Techprominvest	-	-
Trade receivables from UAB Almecha	1,442,116	1,484,593
Total current receivables	**1,442,116**	**1,484,593**

The analysis of receivables from subsidiaries and granted loans during the period on 30 September and 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
2013	1,821,489	-	-	-	-	77,786	**1,899,275**
2012	1,863,966	4,163	-	24,280	-	49,343	**1,941,752**

Payables to subsidiaries as of 30 September (included under the trade payables caption in the Company's statement of financial position):

	2013	**2012**
OOO Techprominvest	13,030	13,030
TOB Snaige Ukraina	-	16,573
OOO Liga-Servis	-	172,690
UAB Almecha	1,513,014	710,211
Total	**1,526,044**	**912,504**

The Company signed agreement with SEB bank regarding issuing 200 thousand EUR bank guarantee for subsidiary company UAB Almecha.

Remuneration of the management and other payments

Remuneration of the Company's and subsidiaries' management amounted to LTL 1,621 thousand and LTL 330 thousand, respectively, in 2013 9 months (1,096 thousand and LTL 336 thousand in 9 months, respectively). The management of the Group did not receive any other loans, guarantees; no other payments or property transfers were made or accrued.

28 Subsequent events

Since 2013 2nd of October after resignation of one member of the Board, the Board consists of five members.

2013 October subsidiary company in Russia OOO Techprominvest sold his Real Estate.

On 2013 2nd of October the Company granted 1.3 million EUR loan to OAO POLAIR.

On 2013 20th of October was sold subsidiary company OOO Techprominvest shares.