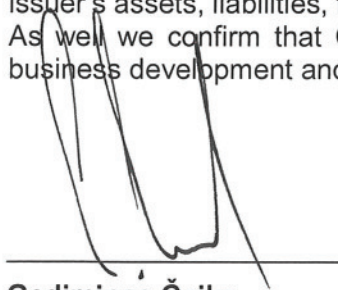


**SNAIGĖ, AB****CONFIRMATION OF RESPONSIBLE PERSONS**

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, CEO of Snaigė, AB and Neringa Menčiūnienė, Finance Director of Snaigė, AB hereby confirm that, to the best of our knowledge, the attached unaudited interim consolidated Snaigė, AB financial statements for the six months period ended 30 June 2014, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, reflects the reality correctly and fairly shows issuer's assets, liabilities, financial position, profit or loss and cash flow of Snaigė, AB.

As well we confirm that Consolidated Interim Report fairly presents the review of issuer's business development and business activities.

**Gediminas Čeika**

Managing Director

**Neringa Menčiūnienė**

Finance Director

August 29, 2014

***SNAIGE, AB***

***CONSOLIDATED FINANCIAL STATEMENTS***

***CONSOLIDATED INTERIM REPORT***

***FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014***

***(UNAUDITED)***

## TABLE OF CONTENT

<b>GENERAL PROVISIONS .....</b>	<b>3</b>
<b>FINANCIAL STATEMENTS</b>	
<b>Statement of comprehensive income .....</b>	<b>4</b>
<b>Statement of financial position .....</b>	<b>5</b>
<b>Statement of cash flow .....</b>	<b>7</b>
<b>Statement of changes in equity .....</b>	<b>9</b>
<b>EXPLANATORY NOTES .....</b>	<b>10</b>
<b>INFORMATION ABOUT THE ISSUER'S AUTHORIZED CAPITAL, THE ISSUED SECURITIES, SHAREHOLDERS AND MEMBERS OF THE MANAGEMENT BODIES .....</b>	<b>30</b>
<b>INFORMATION ABOUT THE ISSUER'S BUSINESS .....</b>	<b>34</b>
<b>UPDATE AND ESSENTIAL EVENTS OF THE ISSUER'S ACTIVITIES .....</b>	<b>35</b>

## GENERAL PROVISIONS

### Accounting period of the interim report

The interim report has been issued as of the six months of 2014.

### 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 - (8-315) 56 206

Fax - (8-315) 56 207

E-mail – snaige@snaige.lt

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

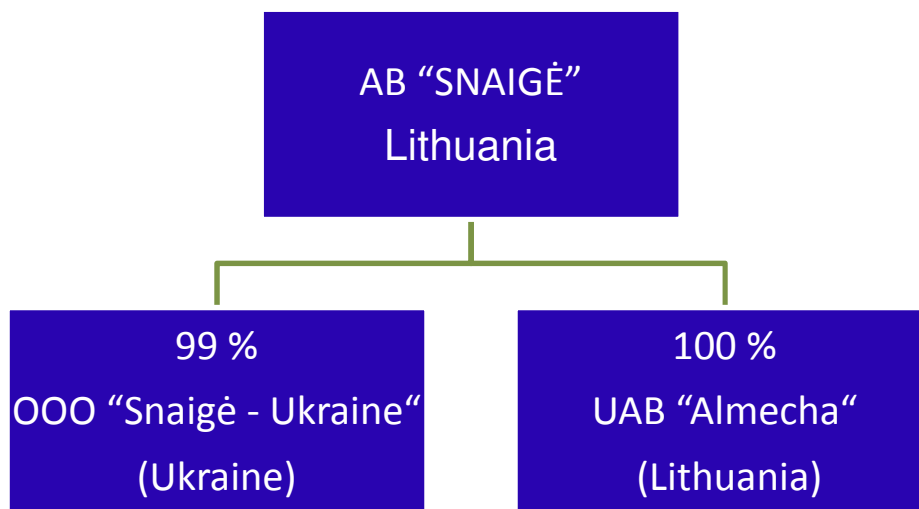
Legal organisation status – legal entity, public limited company

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

### The type of the issuer’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 registered Statute.

### The Company’s group structure



### 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” and NASDAQ OMX Vilnius internet page <http://nasdaqomxbaltic.com/>.

## Statement of comprehensive income

Ref. No.	ITEMS	30 06 2014	01 04 2013 30 06 2013	30 06 2013	01 04 2013 30 06 2013
<b>I.</b>	<b>SALES AND SERVICES</b>	<b>74,361,255</b>	<b>41,457,798</b>	<b>90,784,445</b>	<b>56,424,951</b>
I.1	Income of goods and other products sold	15,300,212	9,221,099	20,470,088	8,685,059
I.2	Income of refrigerators sold	59,061,043	32,236,699	70,314,357	47,739,892
<b>II.</b>	<b>COST OF GOODS SOLD AND SERVICES RENDERED</b>	<b>62,948,931</b>	<b>34,648,158</b>	<b>74,155,189</b>	<b>45,692,901</b>
II.1	Net cost of goods and other products sold	4,412,799	2,587,381	7,723,591	1,203,990
II.2	Net cost of refrigerators sold	58,536,132	32,060,777	66,431,598	44,488,911
<b>III.</b>	<b>GROSS PROFIT</b>	<b>11,412,324</b>	<b>6,809,640</b>	<b>16,629,256</b>	<b>10,732,050</b>
<b>IV.</b>	<b>OPERATING EXPENSES</b>	<b>11,138,587</b>	<b>6,143,862</b>	<b>14,144,917</b>	<b>7,360,657</b>
IV.1	Sales expenses	6,956,445	3,895,064	7,004,870	4,089,695
IV.2	General and administrative expenses	4,182,142	2,248,798	7,140,047	3,270,962
<b>V.</b>	<b>PROFIT (LOSS) FROM OPERATIONS</b>	<b>273,737</b>	<b>665,778</b>	<b>2,484,339</b>	<b>3,371,393</b>
<b>VI.</b>	<b>OTHER ACTIVITY</b>	<b>77,654</b>	<b>46,536</b>	<b>312,839</b>	<b>64,011</b>
VI.1.	Income	258,667	136,945	416,188	121,142
VI.2.	Expenses	181,013	90,409	103,349	57,131
<b>VII.</b>	<b>FINANCIAL AND INVESTING ACTIVITIES</b>	<b>(327,016)</b>	<b>(161,382)</b>	<b>(848,771)</b>	<b>(376,807)</b>
VII.1.	Income	790,699	393,851	380,458	213,451
VII.2.	Expenses	1,117,715	555,233	1,229,229	590,258
<b>VIII.</b>	<b>PROFIT (LOSS) FROM ORDINARY ACTIVITIES</b>	<b>24,375</b>	<b>550,932</b>	<b>1,948,407</b>	<b>3,058,597</b>
IX.	EXTRAORDINARY GAIN				
X.	EXTRAORDINARY LOSS				
<b>XI.</b>	<b>CURRENT ACCOUNTING PERIOD PROFIT (LOSS) BEFORE TAXES</b>	<b>24,375</b>	<b>550,932</b>	<b>1,948,407</b>	<b>3,058,597</b>
<b>XII.</b>	<b>TAXES</b>	<b>0</b>	<b>0</b>	<b>672</b>	<b>212</b>
XII.1	PROFIT TAX			672	212
XIII.	Adjustment of deferred profit tax				
XIV.	Social tax				
XV.	MINORITY INTEREST				
<b>XVI.</b>	<b>NET CURRENT ACCOUNTING PERIOD PROFIT (LOSS)</b>	<b>24,375</b>	<b>550,932</b>	<b>1,947,735</b>	<b>3,058,385</b>

Managing Director

Gediminas Čeika

Financial Director

Neringa Menčiūnienė



## Statement of financial position

Ref. No.	ASSETS	Notes	30 06 2014	31 12 2013
<b>A.</b>	<b>Non-current assets</b>		<b>54,964,791</b>	<b>56,014,391</b>
<b>I.</b>	<b>INTANGIBLE ASSETS</b>	10	<b>5,503,939</b>	<b>5,356,729</b>
<b>II</b>	<b>TANGIBLE ASSETS</b>	11	<b>23,530,143</b>	<b>25,480,756</b>
II.1.	Land			
II.2.	Buildings		8,572,438	8,821,107
II.3.	Other non-current tangible assets		13,190,823	14,737,068
II.4.	Construction in progress and advance payments		1,766,882	1,922,581
<b>III.</b>	<b>INVESTMENT PROPERTY</b>			
<b>IV.</b>	<b>NON-CURRENT FINANCIAL ASSETS</b>		<b>25,930,709</b>	<b>25,176,906</b>
IV.1	Deferred taxes assets		873,020	873,177
IV.2	Other non-current assets		25,057,689	24,303,729
V.	Amounts receivable after one year			
<b>VI.</b>	<b>Assets classified as held for sale</b>			
<b>B.</b>	<b>Current assets</b>		<b>55,197,784</b>	<b>47,096,807</b>
<b>I.</b>	<b>INVENTORY AND CONTRACTS IN PROGRESS</b>		<b>16,532,453</b>	<b>17,227,486</b>
I.1.	Inventory	12	16,532,453	17,227,486
I.2.	Advance payments			
I.3.	Contracts in progress			
<b>II.</b>	<b>ACCOUNTS RECEIVABLE WITHIN ONE YEAR</b>		<b>34,361,891</b>	<b>25,838,627</b>
<b>III.</b>	<b>INVESTMENTS AND TERM DEPOSITS</b>			
<b>IV.</b>	<b>CASH AT BANK AND ON HAND</b>	15	<b>2,517,572</b>	<b>2,388,185</b>
V.	Other current assets		1,785,868	1,642,509
	Planned to sell non-current assets			
<b>C.</b>	<b>Accrued income and prepaid expenses</b>			
	<b>TOTAL ASSETS</b>		<b>110,162,575</b>	<b>103,111,198</b>

*(continued on the next page)*

Ref. No.	SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	30 06 2014	31 12 2013
<b>A.</b>	<b>Capital and reserves</b>		<b>32,823,906</b>	<b>32,852,519</b>
I.	SHARE CAPITAL		<b>39,622,395</b>	<b>45,321,051</b>
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
	Own shares (-)			
III.	REVALUATION RESERVE		(103,269)	(50,281)
IV.	RESERVES	17	3,112,460	8,082,210
V.	PROFIT (LOSS) BROUGHT FORWARD		(9,807,680)	(20,500,461)
	Current Profit (Loss)		24,375	(8,810,488)
	The previous year Profit (Loss)		(9,832,055)	(11,689,973)
<b>B.</b>	<b>Minority interest</b>		<b>1,691</b>	<b>1,691</b>
<b>D.</b>	<b>Provisions and deferred taxes</b>			
I.	PROVISIONS FOR COVERING LIABILITIES AND DEMANDS			
II.	DEFERRED TAXES			
<b>E.</b>	<b>Accounts payable and liabilities</b>		<b>77,336,978</b>	<b>70,256,988</b>
I.	ACCOUNTS PAYABLE AFTER ONE YEAR AND NON-CURRENT LIABILITIES		24,533,451	24,565,280
<b>C</b>	<b>Financing (grants and subsidies)</b>		611,680	643,509
I.1.	Financial debts	20	22,558,292	22,558,292
I.2.	Warranty provisions		924,922	924,922
I.3.	Deferred income tax liability			
I.4.	Advances received on contracts in progress			
I.5.	Non-current employee benefits		438,557	438,557
I.6.	Non-current liabilities to suppliers			
II.	ACCOUNTS PAYABLE WITHIN ONE YEAR AND CURRENT		52,803,527	45,691,708
II.1.	Current portion of non-current debts		20,558,712	20,601,708
II.2.	Financial debts			
II.3.	Trade creditors		25,668,425	19,266,960
II.4.	Advances received on contracts in progress		289,417	550,234
II.5.	Taxes, remuneration and social security payable	23	3,675,047	3,549,247
II.6.	Warranty provisions		1,635,676	1,586,677
II.7.	Other provisions			
II.8.	Other current liabilities		976,250	136,882
	<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>110,162,575</b>	<b>103,111,198</b>

Managing Director

Gediminas Čeika

Financial Director

Neringa Menčiūnienė



## Statement of cash flow

Ref. No.		30 06 2014	30 06 2013
<b>I.</b>	<b>Cash flows from the key operations</b>		
I.1	Result before taxes	24,375	1,948,407
I.2	Depreciation and amortization expenses	2,975,430	3,527,854
I.3	Subsidies amortization	(46,093)	(45,814)
I.4	Result of sold non-current assets	(5,258)	(110)
I.5	Write-off of non-current assets	16	5
I.6	Write-off of inventories		
I.7	Depreciation of receivables		
I.8	Non-realized loss on currency future deals		
I.9	Change in provision for guarantee repair	48,999	466,293
I.10	Recovery of devaluation of trade receivables		
I.11	Influence of foreign currency exchange rate change	(14,740)	44,223
I.12	Financial income (interest income)	(769,010)	(380,458)
I.13	Financial expenses (interest expenses)	1,110,766	1,185,006
	<b>Cash flows from the key operations until decrease (increase) in working capital</b>	<b>3,324,485</b>	<b>6,745,406</b>
II.1	Decrease (increase) in receivables and other liabilities	(9,198,533)	(16,875,837)
II.2	Decrease (increase) in inventories	695,033	(6,619,794)
II.3	Decrease (increase) in trade and other debts to suppliers	7,050,789	12,109,824
	<b>Cash flows from the main activities</b>	<b>1,871,774</b>	<b>(4,640,401)</b>
III.1	Other cash income		
III.2	Interest received	5,420	
III.3	Interest paid	(735,326)	(1,548,785)
III.4	Profit tax paid	(55,027)	
	<b>Net cash flows from the key operations</b>	<b>1,086,841</b>	<b>(6,189,186)</b>

<b>IV.</b>	<b>Cash flows from the investing activities</b>		
IV.1	Acquisition of tangible non-current assets	(597,019)	(949,975)
IV.2	Capitalization of intangible non-current assets	(137,648)	(1,487)
IV.3	Sales of non-current assets	42,259	127
IV.4	Loans granted	(222,050)	(12,669,720)
IV.5	Loans regained		9,913,893
	<b>Net cash flows from the investing activities</b>	<b>(914,458)</b>	<b>(3,707,162)</b>

*(continued on the next page)*



<b>III.</b>	<b>Cash flows from the financial activities</b>		
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		44,158,627
III.2.1.2	Loans repaid	(42,996)	(27,110,042)
III.2.2	Finance lease received		
III.2.2.1	Payments of leasing (finance lease) liabilities		
III.3	Other decreases in the cash flows from financial activities		
III.4.	Redemption of issued securities		(7,300,000)
	<b>Net cash flows from the financial activities</b>	<b>(42,996)</b>	<b>9,748,585</b>

<b>IV.</b>	<b>Cash flows from extraordinary items</b>		
IV.1.	Increase in cash flows from extraordinary items		
IV.2.	Decrease in cash flows from extraordinary items		
<b>V.</b>	<b>The influence of exchange rates adjustments on the balance of cash and cash equivalents</b>		
<b>VI.</b>	<b>Net increase (decrease) in cash flows</b>	<b>129,387</b>	<b>(147,763)</b>
<b>VII.</b>	<b>Cash and cash equivalents at the beginning of period</b>	<b>2,388,185</b>	<b>1,615,835</b>
<b>VIII.</b>	<b>Cash and cash equivalents at the end of period</b>	<b>2,517,572</b>	<b>1,468,072</b>

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				
<b>Balance as of December 31, 2012</b>	<b>39,622,395</b>	<b>5,698,656</b>	<b>0</b>	<b>2,883,920</b>		<b>30,000</b>	<b>2,211,915</b>	<b>(3,773,726)</b>	<b>(8,733,598)</b>	<b>37,939,562</b>	<b>1,850</b>	<b>37,941,412</b>
Total registered income and expenses as of 2013 1st half									1,947,735	1,947,735		1,947,735
Formed reserves				189,290		30,000	4,979,000		(5,198,290)		0	0
Transfers from reserves						(30,000)	(2,211,915)	0	2,241,915		0	0
Other changes									0			0
<b>Balance as of June 30, 2013</b>	<b>39,622,395</b>	<b>5,698,656</b>	<b>0</b>	<b>3,073,210</b>	<b>0</b>	<b>30,000</b>	<b>4,979,000</b>	<b>(3,773,726)</b>	<b>(9,472,238)</b>	<b>39,887,298</b>	<b>1,850</b>	<b>39,889,148</b>
Total registered income and expenses as of 2013 2nd half									(10,758,223)	(10,758,223)	(159)	(10,758,382)
Formed reserves											0	0
Other changes								3,723,445		3,723,445		3,723,445
<b>Balance as of December 31, 2013</b>	<b>39,622,395</b>	<b>5,698,656</b>	<b>0</b>	<b>3,073,210</b>	<b>0</b>	<b>30,000</b>	<b>4,979,000</b>	<b>(50,281)</b>	<b>(20,500,461)</b>	<b>32,852,519</b>	<b>1,691</b>	<b>32,854,210</b>
Total registered income and expenses as of 2014 1st half									24,375	24,375		24,375
Formed reserves				39,250		0	0	0	(39,250)		0	0
Transfers from reserves						(30,000)	(4,979,000)	0	10,707,656		0	0
Other changes		(5,698,656)						(52,988)		(52,988)		(52,988)
<b>Balance as of June 30, 2014</b>	<b>39,622,395</b>	<b>0</b>	<b>0</b>	<b>3,112,460</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(103,269)</b>	<b>(9,807,680)</b>	<b>32,823,906</b>	<b>1,691</b>	<b>32,825,597</b>

Managing Director

Gediminas Čeika

Financial Director

Neringa Menciušienė

## 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 June 30, 2014 and December 31, 2013 were:

	June 30, 2014		December 31, 2013	
	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%
<b>Total</b>	<b>39,622,395</b>	<b>100%</b>	<b>39,622,395</b>	<b>100%</b>

\*Out of this amount 4,584,48 units 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 June 2014 and 31 December 2013. The Company did not hold its own shares.

As at 30 June 2014 UAB Vaidana was ultimately owned by Tetal Global Ltd. (intermediate shareholders are Furuchi Enterprises Ltd and Hymana Holdings Ltd.).

The Group consisted of AB Snaigė and the followings subsidiaries as of 30 June 2014 (hereinafter – “the Group”):

Company	Country	Percentage of the shares held by the Group	Profit (loss) for the reporting year	Shareholders' equity
TOB Snaigė Ukraina	Ukraine	99%	17,276	55,272
UAB Almecha	Lithuania	100%	(58,862)	1,207,492

The Board of the Company must consist of 6 members; however, only 5 members represented the Board as at 30 June 2014, including 2 representatives of OAO Polair and 3 independent representatives (as at 31 December 2013, the Board consisted of 5 members, 3 representatives of OAO Polair and 2 independent representatives).

TOB Snaigė 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.

As of 30 June 2014 the number of employees of the Group was 751 (as of 30 June 2013 – 899).

## **2 Accounting principles**

The principal accounting policies adopted in preparing the Group's and the Company's financial statements are as 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 2,394 thousand of 30 June 2014 (whereas in the year 2013, December 31<sup>st</sup> LTL 1,405 thousand).

- liquidity ratios: general coverage ratio (total current assets / total current liabilities) was 1.05 (1.03 in 31 December 2013),
- quick ratio ((total current assets – inventories) / total current liabilities) – 0.73 (in 31 December 2013 0.65),
- the Group earned LTL 24 thousand profit before tax (in 2013 incurred LTL 1,984 thousand profit before tax),
- commitment ratios: the ratio of debt/asset was 0.70 (whereas in the year 2013, December 31<sup>st</sup> 0.68).

Despite this, these financial statements for the six months of 2014 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 2014 the Group expects 14.8% increase in sales comparing to 2013;
- 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.

The Company's direction assures that the Company will have enough resources to continue operating in the near future. Therefore, the Group has to adopt the going concern basis of accounting in preparing these financial statements.

### **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 the 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 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 the foreign entities TOB Snaige Ukraina is Ukrainian hryvnia (UAH) and former subsidiaries: OOO Techprominvest, OOO Moroz Trade and OOO Liga Servis is Russian rouble (RUB). As at the reporting date, the assets and liabilities of these subsidiaries are / were translated into the presentation currency of AB Snaigė (LTL) at the rate of exchange at the statement of financial position date and their items of the statement of 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.

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 at the 30 June 2014 and 2013 were as follows:



	<b>30 06 2014</b>	<b>31 12 2013</b>
RUB	0.07532	0.076727
UAH	0.2131	0.30459
USD	2.5327	2.5098

#### **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 period, 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.

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 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).

##### 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.

##### 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.

#### **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 June 2014 and 31 December 2013.

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 June 2014 and 31 December 2013.

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 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 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 and are stated in the statement of comprehensive income.

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 June 2014 and 30 June 2013 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 *	
	2014	2013	2014	2013	2014	2013	2014	2013
Russia	939	4,999	-	(669)	939	4,330	1,316	22,580
Ukraine	7,564	31,084	-	-	7,564	31,084	8,651	16,249
Western Europe	26,232	26,726	-	-	26,232	26,726	9,651	9,544
Eastern Europe	12,860	8,705	-	-	12,860	8,705	2,984	3,815
Lithuania	13,625	12,846	(7,092)	(8,976)	6,533	3,870	77,856	69,773
Other CIS countries	19,060	14,796	-	-	19,060	14,796	9,449	-
Other Baltic states	1,173	1,176	-	-	1,173	1,176	256	215
Other countries	-	97	-	-	-	97	-	5,918
<b>Total</b>	<b>81,453</b>	<b>100,429</b>	<b>(7,092)</b>	<b>(9,645)</b>	<b>74,361</b>	<b>90,784</b>	<b>110,163</b>	<b>128,094</b>

\* 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 2014 for the first half of the year the sales to the five largest buyers comprised 55.69 % of total sales, including: Sayxun Baraka (Uzbekistan) 22.12%, Conforama 14.10 %, Amica Wronki 8.70 %, Severin 7.07 %, J. M. Trade internacional 3.70%, (in 2013 – 41.74 %, including: SAV-DISTRIBUTION LLC 13.65 %, Conforama 11.35 %, OOO Real Leather 6.89 %, Amica Wronki 4.94%, Severin 4.91%).

## 4 Cost of refrigerators and freezers sales

	30 06 2014	30 06 2013
Raw materials	45,477,561	52,333,611
Salaries and wages	4,594,824	5,186,721
Energy	1,273,969	1,564,853
Depreciation and amortisation	1,772,161	1,811,264
Other	5,417,617	5,535,149
<b>Total:</b>	<b>58,536,132</b>	<b>66,431,598</b>

**5 Other income**

	<b>30 06 2014</b>	<b>30 06 2013</b>
Income from transportation services	163,787	143,119
Income from rent of premises	23,951	2,776
Gain on disposal of property, plant and equipment	5,258	110
Income from rent of equipment	162	812
Other	65,509	269,3741
<b>Total:</b>	<b>258,667</b>	<b>416,188</b>

**6 Operating expenses**

	<b>30 06 2014</b>	<b>30 06 2013</b>
Selling expenses	6,956,445	7,004,870
General and administrative expenses	4,182,142	7,140,047
	<b>11,138,587</b>	<b>14,144,917</b>

**7 Other operating expenses**

	<b>30 06 2014</b>	<b>30 06 2013</b>
Transportation expenses	150,266	87,844
Expenses from rent of equipment	-	649
Gain on disposal of property, plant and equipment	-	-
Other	30,747	14,856
	<b>181,013</b>	<b>103,349</b>

**8 Financial income**

	<b>30 06 2014</b>	<b>30 06 2013</b>
Foreign currency exchange gain	8,525	-
Interest income and other	782,174	380,458
	<b>790,699</b>	<b>380,458</b>

**9 Financial expenses**

	<b>30 06 2014</b>	<b>30 06 2013</b>
Interest expenses	1,110,766	1,185,006
Foreign currency exchange loss, net	-	42,263
Realized loss on foreign currency derivatives	-	-
Loss of foreign currency translation transactions	6,949	-
Other	-	1,960
	<b>1,117,715</b>	<b>1,229,229</b>

## 10 Intangible assets

	Balance sheet value	
	30 06 2014	31 12 2013
Development costs	4,686,297	5,233,790
Software, license	229,222	72,463
Other intangible assets	588,420	50,476
<b>Total:</b>	<b>5,503,939</b>	<b>5,356,729</b>

Non-current intangible assets depreciation expenses are included under operating expenses in the profit (loss) account. Over 2014 first half of the year, the Group has accumulated LTL 528 thousand (2013 - LTL 449 thousand) of intangible assets depreciation.

Part of non-current intangible assets of the Group with the acquisition value of LTL 8,063 thousand as at 30 June 2014 was fully amortised (LTL 8,370 thousand as at 30 June 2013) but was still in use.

## 11 Non-current tangible assets

	Balance sheet value	
	30 06 2014	31 12 2013
Land and buildings	8,572,438	8,821,107
Machinery and equipment	11,180,835	12,318,999
Vehicles and other property	2,009,988	2,418,069
Construction in progress and prepayments	1,766,882	1,922,581
<b>Total:</b>	<b>23,530,143</b>	<b>25,480,756</b>

The depreciation charge of the Group's property, plant and equipment and investment property on 30 June, 2014 amounts to LTL 2,447 thousand (LTL 3,079 thousand for 2013). The amount of LTL 2,366 thousand for 2014 (LTL 2,478 thousand for 2013) was included into production costs. The remaining amount of LTL 81 thousand (LTL 601 thousand for 2013) was included into administration expenses in the Group's statement of comprehensive income.

At 30 June 2014 buildings and investment properties with land lease right of the Group with the net book value of LTL 7,774 thousand, including Company's buildings with the net book value of LTL 7,774 thousand (as of 31 December 2013 – LTL 7,975 thousand) and machinery and equipment of the Group with the net book value of LTL 6,837 thousand including Company's LTL 6,834 thousand (as of 31 December 2013 – LTL 8,273 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 249 thousand as of 30 June 2014 (as of 31 December 2013 – LTL 394 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.

## 12 Inventories

	30 06 2014	31 12 2013
Raw materials, spare parts and production in progress	12,533,990	11,615,581
Finished goods	4,258,962	5,583,014
Other	128,106	417,496
Total inventories, gross	16,921,058	17,616,091
Less: valuation allowance for raw materials and production in progress	(388,605)	(388,605)
Less: valuation allowance for finished goods	-	-
<b>Total inventories, net</b>	<b>16,532,453</b>	<b>17,227,486</b>

**AB SNAIGĖ, company code 249664610, Pramonės str. 6, Alytus Lithuania**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014**  
*(all amounts are in LTL unless otherwise stated)*

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

At 30 June 2014 and at 31<sup>st</sup> of December 2013 the Grope and Company has no legal restrictions on inventories.

**13 Trade receivables**

	<b>30 06 2014</b>	<b>31 12 2013</b>
Receivables	34,608,230	26,122,807
Less: impairment allowance for doubtful receivables	(246,339)	(284,180)
	<b>34,361,891</b>	<b>25,838,627</b>

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

As at 30 June 2014 100% impairment was accounted for trade receivables of the Group and the Company in gross values of LTL 246 thousand (as at 31 December 2013 – LTL 284 thousand). Change in impairment allowance for receivables was accounted for within administrative expenses.

Trade receivables from the Group in the amount of LTL 12,350 thousand as at 30 June 2014 (LTL 11,041 thousand as at 31 December 2013) were insured with credit insurance by Atradius Sweden Kreditförsäkring Lithuanian branch. Trade receivables from Ukraine, Moldova, Russia and other CIS countries are not insured.

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

	<b>30 06 2014</b>	<b>31 12 2013</b>
Balance at the beginning of the period	(284,180)	(11,597,545)
Charge for the year	-	(52,563)
Write-offs of trade receivables	-	11,359,205
Effect of the change in foreign currency exchange rate	33,556	6,723
Amounts paid	4,285	-
Balance in the end of the period	<b>(246,339)</b>	<b>(284,180)</b>

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

The ageing analysis of trade receivables as of 30 June 2014 and 31 December 2013 is as follows:

	<b>Trade receivables neither past due nor impaired</b>	<b>Trade receivables past due but not impaired</b>					<b>Total</b>
		<b>Less than 30 days</b>	<b>30 – 60 days</b>	<b>60 – 90 days</b>	<b>90 – 120 days</b>	<b>More than 120 days</b>	
<b>2014</b>	20,771,685	7,430,028	2,230,267	248,027	187,913	3,493,971	<b>34,361,891</b>
<b>2013</b>	15,051,939	5,710,230	1,558,112	872,200	1,413,081	1,233,065	<b>25,838,627</b>

As of 30 June 2014 the Group has signed factoring agreement with recourse, therefore no limitations on disposable assets been present.



**14 Other current assets**

	<b>30 06 2014</b>	<b>31 12 2013</b>
Prepayments and deferred expenses	356,140	439,177
VAT receivable	945,377	562,340
Compensations receivable from suppliers	1,640	1,297
Restricted cash	15,000	15,000
Granted loans	466,050	244,000
Other receivables	1,661	380,695
Less: valuation allowance for doubtful other receivables	-	-
	<b>1,785,868</b>	<b>1,642,509</b>

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:

	<b>30 06 2014</b>	<b>31 12 2013</b>
Balance at the beginning of the period	-	(1,352,681)
Charge for the year	-	-
Effect of the change in foreign currency exchange rate	-	-
Amounts paid	-	-
Write off	-	1,352,681
Balance in the end of the period	-	-

**15 Cash and cash equivalents**

	<b>30 06 2014</b>	<b>31 12 2013</b>
Cash at bank	2,504,165	2,381,718
Cash on hand	13,407	6,467
	<b>2,517,572</b>	<b>2,388,185</b>

As at 30 June 2014 the accounts of the Group and the Company up to LTL 690 thousand (LTL 690 thousand in 31 December 2013) are pledged to the bank for the bank guarantee (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 at 30 June 2014 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 June 2014 legal reserve was not fully formed yet.

As of 30 June 2014 the legal reserve amounted to LTL 3,112 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.

The general meeting of the shareholders which was held on 18 of April 2014 has approved the Company's management proposal non-distributed profit and reserve from share premium to allocate for covering of 2013 year loss (the remainder of not covered loss is LTL 10,767 thousand).

No funds were allocated for investments and for social and cultural 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 translation reserve is transferred to retained result in the same period when the gain or loss on disposal is recognised.

**18 Subsidies**

Balance as at 1 January 2012	<b>10,703,880</b>
Received during the period	-
Balance as at 31 December 2012	10,703,880
Received during the period	-
Balance as at 31 December 2013	10,703,880
Received during the period	-
Balance as at 31 March 2014	<b>10,703,880</b>
Received during the period	14,264
Balance as at 30 June 2014	<b>10,718,144</b>
Accumulated amortisation as at 1 January 2012	<b>9,769,747</b>
Amortisation during the period	199,311
Accumulated amortisation as at 31 December 2012	9,969,058
Amortisation during the period	91,313
Accumulated amortisation as at 31 December 2013	10,060,371
Amortisation during the period	22,750
Accumulated amortisation as at 31 March 2014	10,083,121
Amortisation during the period	23,343
Accumulated amortisation as at 30 June 2014	<b>10,106,464</b>
<b>Carrying amount as at 30 June 2014</b>	<b>611,680</b>
<b>Carrying amount as at 31 December 2013</b>	<b>643,509</b>

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. 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:

	<b>30 06 2014</b>	<b>31 12 2013</b>
1 January,	2,511,599	2,307,005
Changes over reporting period (Note 6)	363,800	1,594,963
Used	(314,801)	(1,390,369)
Foreign currency exchange effect	-	-
	<b>2,560,598</b>	<b>2,511,599</b>

Warranty provisions are accounted for:

	<b>30 06 2014</b>
- non- current	924,922
- current	1,635,676
	<b>31 12 2013</b>
- non- current	924,922
- current	1,586,677

## 20 Borrowings

	<b>30 06 2014</b>	<b>31 12 2013</b>
<b>Non-current borrowings</b>		
Non-current borrowings with fixed interest rate	-	-
Non-current borrowings with variable interest rate	22,558,292	22,558,292
Ordinary bonds	-	-
Interest on bonds	-	-
	<b>22,558,292</b>	<b>22,558,292</b>
<b>Current borrowings</b>		
Convertible bonds	-	-
Ordinary bonds	-	-
Current borrowings with fixed interest rate	-	-
Current borrowings with variable interest rate	20,558,712	20,601,708
	<b>20,558,712</b>	<b>20,601,708</b>
<b>Total</b>	<b>43,117,004</b>	<b>43,160,000</b>

Borrowings with variable interest rate bear 6-month EURIBOR + 4.25 to 5 % annual interest rate and for factoring 1-month EURIBOR + 1.75%, as of 30 June 2014 (6-month EURIBOR + 3.5 to 4.5%, annual interest rate and for factoring 1-month EURIBOR + 1.75% as at 31 December 2013).

As of 30 June 2014 the Group's buildings with the carrying amount of LTL 7,774 thousand, including Company's buildings, with the carrying amount LTL 7,774 thousand (as of 31 December 2013 – LTL 7,975 thousand), the Group's machinery and equipment with the net book value of LTL 6,837 thousand, including Company's machinery and equipment with the net book value of LTL 6,837 thousand (as of 31 December 2013 – LTL 8,273 thousand) and Company earnings up to LTL 690 thousand were pledged to the banks for the loans and guarantee provided.

**AB SNAIGĖ, company code 249664610, Pramonės str. 6, Alytus Lithuania**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014**  
*(all amounts are in LTL unless otherwise stated)*

Borrowings in national and foreign currencies:

	<b>30 06 2014</b>	<b>31 12 2013</b>
<b>Borrowings denominated in:</b>		
EUR	43,117,004	43,160,000
USD	-	-
LTL	-	-
RUB	-	-
	<b>43,117,004</b>	<b>43,160,000</b>

Repayment schedule for borrowings:

	<b>Fixed interest rate</b>	<b>Variable interest rate</b>
2014	-	20,558,712
2015 - 2016	-	22,558,292
	-	<b>43,117,004</b>

## 21 Financial leasing

The Group has not financial lease payables on 30 June, 2014.

## 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

	<b>30 06 2014</b>	<b>31 12 2013</b>
Salaries and related taxes	1,994,227	1,814,285
Vacation reserve	1,680,820	1,734,962
Accrued interest	443,517	59,667
Other taxes payable	52,041	112,385
Other payables and accrued expenses	480,692	(35,170)
	<b>4,651,297</b>	<b>3,686,129</b>

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

	<b>30 06 2014</b>	<b>30 06 2013</b>
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	24,375	1,948,407
Basic profit (loss) per share, in LTL	<b>(0.001)</b>	<b>(0.05)</b>

## **25 Risk and capital management**

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 analyze 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 30 June 2014 and 2013, 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 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 30 June 2014 and 31 December 2013, the credit risk was related to:

	<b>30 06 2014</b>	<b>30 06 2013</b>
Loans receivable from related parties	25,532	24,550
Trade and other receivables	34,354	25,837
Cash and cash equivalents	2,518	2,388
	<b>62,404</b>	<b>52,775</b>

As at 30 June 2014 and 31 December 2013 the main part of the loans granted consists of the loan granted to related company OOO Polair.

The concentration of the Group's trade partners is not large. The largest credit risk related to trade receivables according to clients as at the reporting date and 31 December 2013:

	<b>2014</b>	<b>%</b>	<b>2013</b>	<b>%</b>
Client 1	8,423	24.96	3,707	14
Client 2	4,630	13.72	2,120	8
Client 3	2,503	7.42	2,019	8
Client 4	2,291	6.79	1,783	7
Client 5	1,933	5.73	1,773	7
Client 6	1,667	4.94	-	-
Client 7	1,200	3.56	1,575	6
Other clients	11,961	32.88	13,146	50
Impairment	(246)		(284)	
	<b>34,362</b>	<b>100</b>	<b>25,839</b>	<b>100</b>

Trade receivables according to geographic regions:

	<b>2014</b>	<b>2013</b>
Western Europe	9,651	7,049
Ukraine	8,642	9,130
Lithuania	2,065	1,782
Eastern Europe	2,984	3,158
Other CIS countries	9,448	2,559
Other Baltic states	256	215
Russia	1,316	1,946
	<b>34,362</b>	<b>25,839</b>

In 2014 first half of the year 9.97 % and 22.24 % the Group's sales were to Ukraine and Uzbekistan (in 2013, 33.68% and 0.01% sales respectively).

The Group's receivables from goods sold in Ukraine and Uzbekistan as at 30 June 2014 amounted to LTL 8,642 thousand and LTL 8,423 thousand (in 2013, LTL 9,130 thousand and LTL 1,943 thousand respectively).

Political and social unrest combined with rising regional tensions has deepened the ongoing economic crisis and has resulted in a widening of the state budget deficit and a depletion of the National Bank of Ukraine's foreign currency reserves and, as a result, a further downgrading of the Ukrainian sovereign debt credit ratings. In February 2014, following the devaluation of the national currency, the National Bank of Ukraine introduced certain administrative restrictions on currency conversion transactions and also announced a transition to a floating foreign exchange rate regime. The final resolution and the effects of the political and economic crisis are difficult to predict but may have further severe effects on the Ukrainian economy.

Whilst management believes it is taking appropriate measures to support the sustainability of business in the current circumstances, a continuation of the current unstable business environment could negatively affect the Group's and the Company's results and financial position in a manner not currently determinable. These consolidated and the Company's financial statements reflect management's current assessment of the impact of the Ukrainian business environment on the operations and the financial position of the Group and the Company. As at 30 June 2014 and 31 December 2013, no impairment allowance for receivables from goods sold in Ukraine was stated in the Group's and the Company's financial statements.

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 13.

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.

Trade receivables from the Group in the amount of LTL 12,350 thousand as at 30 June 2014 (LTL 11,041 thousand as at 31 December 2013) were insured with credit insurance by Atradius Sweden Kreditförsäkring Lithuanian branch. Trade receivables from Ukraine, Moldova, Russia and other CIS countries are not insured.

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.



#### Interest rate risk

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

As at 30 June 2014 and 2013 the Group did not use any financial instruments to hedge against interest rate risk.

#### 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 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..

#### Foreign exchange risk

The Group significantly reduced income earned in USD. Revenue in dollars the Group is trying to balance with payments in same currency to avoid the loss on currency exchange.

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 June 2014 the Company complied with this requirement. There were no other significant externally imposed capital requirements on the Group.

## **26 Commitments and contingencies**

UAB Vaidana and AB Šiaulių Bankas are signed credit agreement. For fulfilment obligations according this credit agreement UAB Vaidana collateralized 4,584,408 thousand held shares of AB Snaigė.

By the suretyship 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 with repayment term on 27 April 2015.

The fair value of the surety ship as at 30 June 2014 and 31 December 2013 was immaterial.

Currently, the Company is in negotiation with the bank on the new loan repayment schedule, on setting new financial ratios and on taking the additional loan.

## **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 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 related parties of the Group during 2014 and 2013 were as follows:

UAB Vaidana (shareholder);

Furuchi Enterprises Ltd. (intermediary company between the shareholder and the ultimate shareholder);

Hymana Holdings Ltd. (intermediary company between the shareholder and the ultimate shareholder);

Tetal Global Ltd. (ultimate shareholder);

OAO Polair (company controlled by ultimate shareholders);

ZAO Polair Nedvižimost (company controlled by ultimate shareholders);

Area Polair (company controlled by ultimate shareholders);

**AB SNAIGĖ, company code 249664610, Pramonės str. 6, Alytus Lithuania**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014**  
*(all amounts are in LTL unless otherwise stated)*

Polair Europe S.R.L (company controlled by ultimate shareholders);  
 Polair Europe Limited (company controlled by ultimate shareholders);  
 ZAO Rada (company controlled by ultimate shareholders);  
 ZAO Zavod Sovitalprodmaš (company controlled by ultimate shareholders).

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.

In the period 2014 June 30 and 2013 December 31 the Group has not booked receivables value decreasing from any of the related parties.

Financial and investment transactions with the related parties:

	<b>30 June 2014</b>			<b>31 December 2013</b>		
	<b>Loans received</b>	<b>Repayment of loans</b>	<b>Interest revenue</b>	<b>Loans granted</b>	<b>Repayment of loans</b>	<b>Interest expenses</b>
UAB „Vaidana“ (loan)	-	-	5,420	222,050	-	11,734
OAO „Polair“	-	-	-	-	-	753,960
			<b>5,420</b>	<b>222,050</b>	-	<b>765,694</b>
						<b>16,591,314</b>
						<b>791,989</b>

<b>30 06 2014</b>	<b>Purchases</b>	<b>Sales</b>	<b>Receivables</b>	<b>Payables</b>
OAO „Polair“	875,618	-	-	151,062
Polair Europe S.R.L	-	-	-	-
Polair Europe Limited	-	-	-	-
	<b>875,618</b>	-	-	<b>151,062</b>

<b>31 12 2013</b>	<b>Purchases</b>	<b>Sales</b>	<b>Receivables</b>	<b>Payables</b>
OAO „Polair“	1,656,365	962,708	-	-
Polair Europe S R L	15,585	-	-	-
Polair Europe Limited	267,685	-	-	-
	<b>1,939,635</b>	<b>962,708</b>	-	-

The Company's transactions carried out with subsidiaries:

	<b>30 06 2014</b>		<b>31 12 2013</b>	
	<b>Purchases</b>	<b>Sales</b>	<b>Purchases</b>	<b>Sales</b>
UAB Almecha	3,823,027	3,392,012	4,993,128	4,076,104
TOB Snaigė Ukraina	29,832	-	42,123	-
OOO Techprominvest	-	-	795,744	-
	<b>3,852,859</b>	<b>3,392,012</b>	<b>5,830,995</b>	<b>4,076,104</b>

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

**AB SNAIGĖ, company code 249664610, Pramonės str. 6, Alytus Lithuania**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014**  
*(all amounts are in LTL unless otherwise stated)*

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 June 2014 and 31 December 2013:

	<b>2014</b>	<b>2013</b>
<b>Non-current receivables</b>		
Trade receivables from OOO Techprominvest	-	-
Total non-current receivables	-	-
<b>Current receivables</b>		
Trade receivables from OOO Techprominvest	-	-
Trade receivables from UAB Almecha	1,413,656	1,212,188
Total current receivables	<b>1,413,656</b>	<b>1,212,188</b>

The analysis of receivables from subsidiaries and granted loans during the period on 30 June 2014 and 2013:

	Receivables from subsidiaries and granted loans neither past due nor impaired	Receivables from subsidiaries and granted loans past due but not impaired					Total
		Less than 30 days	30 – 60 days	60 – 90 days	90 – 120 days	More than 120 days	
<b>2014</b>	1,413,656	-	-	-	-	-	<b>1,413,656</b>
<b>2013</b>	1,211,112	1,076	-	-	-	-	<b>1,212,188</b>

Payables to subsidiaries as of 30 June 2014 and 2013 (included under the trade payables caption in the Company's statement of financial position):

	<b>2014</b>	<b>2013</b>
TOB Snaigė Ukraina	8,287	16,573
UAB Almecha	1,625,067	656,107
<b>Total</b>	<b>1,633,354</b>	<b>672,680</b>

The Company signed agreement with SEB bank regarding issuing LTL 690 thousand bank guarantee for subsidiary company UAB Almecha which is valid until 2014 April 30.

On the actual date of the Company reporting Company has not any valid guaranty agreements for subsidiaries.

Remuneration of the management and other payments

Remuneration of the Company's and subsidiaries' management, consisting of 5 and 2 employees amounted to LTL 631 thousand and LTL 59 thousand, respectively, in 2014 (LTL 912 thousand and LTL 119 thousand in 2013, 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**

The General Meeting of shareholders of Snaigė AB was held on 18 April 2014. At the meeting following resolutions were made:

- Approved the Company's financial statements for the year 2013.
- Approved the distribution of profit (loss): Non-distributed profit (loss) at the end of the last financial year – LTL 1,398 thousand, reserve of share Premium – LTL 6,699 thousand and reserves – LTL 5,009 thousand allocated to cover

losses of 2013 year (the Company's remainder of not covered loss is LTL 10,767 thousand). No funds were allocated for investments and for social and cultural needs.

- UAB „KPMG Baltics” was elected for 2014 auditing purposes of annual financial statements.

In 2014 July 09 Company signed agreements with UniCredit Bank for the refinancing of existing loans (repayment of 1.3 million euro's and 2.8 million giving in Euro's), also a new repayment terms and loan extension until 2017.

In 2014 August 6 Company Snaigė signed a loan agreement with company controlled by shareholders. Regarding this agreement, the Company undertakes till 2014 September 09 to provide a 1.5 million euro's loan which for a repayment period is till 2016 December 22.

## INFORMATION ABOUT THE ISSUER'S AUTHORIZED CAPITAL, THE ISSUED SECURITIES, SHAREHOLDERS AND MEMBERS OF THE MANAGEMENT BODIES

### The issuer's authorized capital

The authorized capital registered in the enterprise register

Name of the securities	Amount of the securities	Nominal value, LTL	Total nominal value, LTL	Share of the authorized capital, in percentage
Ordinary registered shares ISIN LT0000109274	39,622,395	1	39,622,395	100

Changes in authorized capital during the last 6 years:

Registracion of changed authorized capital	The sizes of the authorized capital, LTL
11-09-2008	27,827,365
20-04-2010	30,735,715
12-05-2011	39,622,395

### Major shareholders

The total number of the shareholders on 30 June 2014 was 931.

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	
Vaidana UAB – Konstitucijos ave.7, Vilnius, Lithuania, 302473720	36,096,193	91.10	91.10	91.10	91.10	91.10	-

### The secondary turnover of the issuer's securities

The securities issued by the Company have been listed in the Official Trading List of NASDAQ OMX Vilnius since April 9, 1998. Trade of the Company's ordinary registered shares in the securities stock exchange was started on August 11, 1995. The VP ISIN number is LT0000109274.

Based on June 1, 2009 AB Snaige request the Company's shares from NASDAQ OMX Vilnius Baltic main list were moved to NASDAQ OMX Vilnius Baltic secondary list.

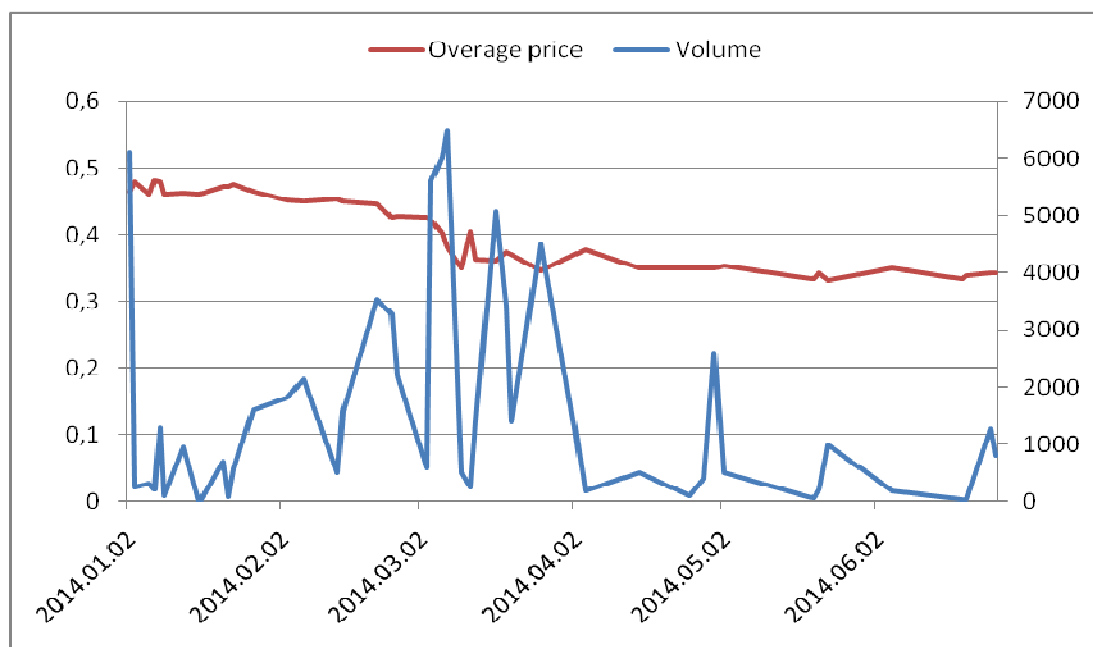
Name of the securities – the ordinary registered shares of AB Snaige.

Amount of the securities: 39,622,395 units. The nominal value of a share: 1 (one) LTL.

**Trade in securities**

Accounting period		Price, EUR			Turnover, EUR		Date of last session	Total turnover	
from	to	Max.	Min.	As of last session	Max	Min		pcs	EUR
2014-01-01	2014-03-31	0.498	0.330	0.345	2,833.67	1,552.50	2014-03-26	62,519	25,777.12
2014-04-01	2014-06-30	0.399	0.331	0.341	910.00	276.61	2014-06-26	9,275	3,240.92

Below you can find Company shares turnover and price (in EUR) during 2014 year. The information is from NASDAQOMX Vilnius internet page:



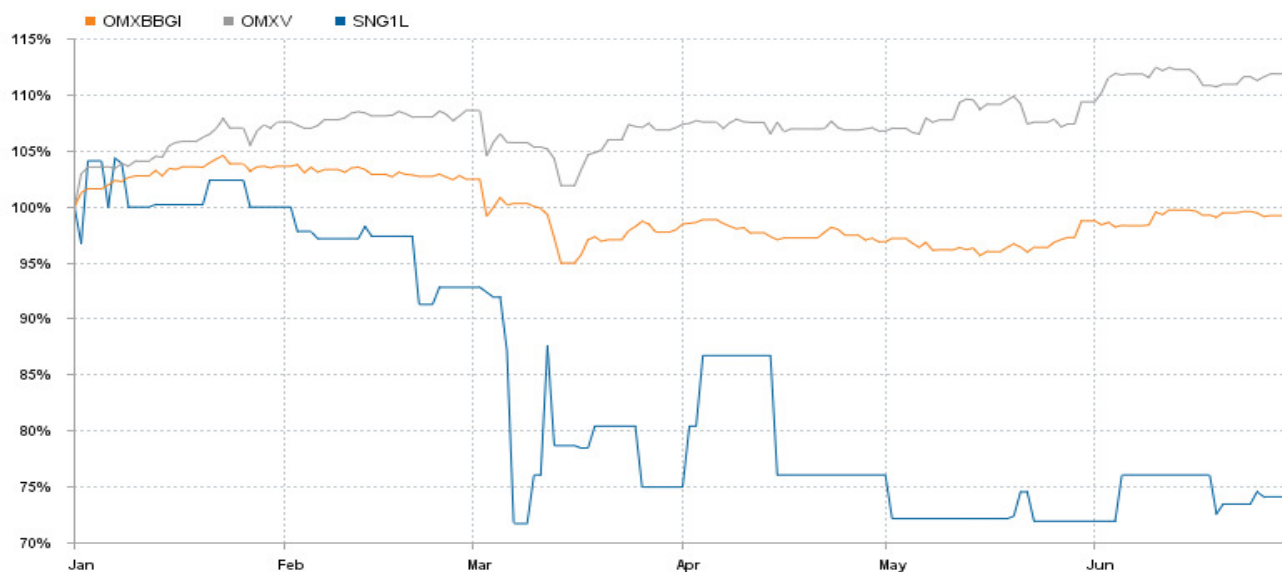
Capitalization of the Company's shares:

Name	2013-12-30	2014-06-30	Change
<a href="#">SNG1L</a>	18 226 301,70 EUR	13 511 236,70 EUR	-25,87%

**Baltic market indexes**

Below the graphs are from OMX Baltic Benchmark, OMX Vilnius indexes and AB Snaige shares prices graphs for period from 1 January 2014 till 30 June 2014. The information is from NASDAQOMX Vilnius internet page:





Index/Equity	01.01.2014	30.06.2014	+/-%
—OMX Baltic Benchmark GI	613.50	611.24	-0.37
—OMX Vilnius	421.60	471.95	11.94
—SNG1L	0.46 EUR	0.34 EUR	-25.87

#### Agreements with the stakeholders of public circulation of securities

On May 20, 2013 AB Snaige entered into agreement with UAB FMĮ Orion securities (A.Tumėno str. 4, Vilnius)) for management of accounts of the Company's issued securities and management of accounts of personal securities.

#### Members of the Management Bodies

Position, names and data with regard to the share of the issuer's authorized capital available

Name. surname	Position	Amount of shares available in units	Share of the capital available. In percentage	Share of votes In percentage
<b>BOARD</b>				
Aleksey Kovalchuk	Chairman of the Board of Snaige AB	-	-	-
Mikhail Stukalo	Member of the Board of Snaige AB	-	-	-
Robin Peter Walker	Member of the Board of Snaige AB	-	-	-
Svetlana Ardentova	Member of the Board of Snaige AB	-	-	-
Vladislav Sviblov	Member of the Board of Snaige AB	-	-	-
<b>ADMINISTRATION (Administrative Manager. Chief Accountant)</b>				
Gediminas Čeika	Managing Director of Snaige AB	-	-	-
Neringa Menčiūnienė	Finance Director of Snaige AB	-	-	-

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

Name	Start date of the Office term	End date of the Office term
<b>BOARD</b>		
Aleksey Kovalchuk	2011 12 14	till 2015 GMS
Mikhail Stukalo	2011 12 14	till 2015 GMS
Robin Peter Walker	2011 12 14	till 2015 GMS
Svetlana Ardentova	2013 04 30	till 2015 GMS
Vladislav Sviblov	2013 04 30	till 2015 GMS
<b>ADMINISTRACIJON (Managing Director and Chief / accountant)</b>		
Gediminas Čeika	2008 01 03	Term less agreement
Neringa Menčiūnienė	2008 06 02	Term less agreement

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

Participating in other companies activities and interests (30 June, 2014):

Name	Name of organisation, position	Share of the capital and votes available in other companies, in percentage
Aleksey Kovalchuk	ZAO Polair- Nedvizhimost director	-
Mikhail Stukalo	The partner of Svarog Capital Advisors	-
	AutoPlius Chairman og the Board	-
Robin Peter Walker	Mulsanne Consultants Ltd director	50%
	Berry Gardens Ltd director	-
	Berry Gardens Growers Ltd director	-
	Pizzarossa Ltd director	2.3%
Vladislav Sviblov	The investor	-
Svetlana Ardentova	AO Polair general director	-
Neringa Menčiūnienė	UAB Almecha member of the Board	-

**Information about benefits and loans granted to the members of the management bodies.**

No loans or benefits were granted to the members of the management bodies during this period.

## INFORMATION ABOUT THE ISSUER'S BUSINESS

### Overview of Company's business activities during the reporting period

AB Snaigė, achieved an EBITDA of LTL 3.3 million as in the first half of 2014 despite turnover was LTL 74.4 million (according to unaudited consolidated financial results) caused by the dramatic events in Ukraine. This is a reduction in sales of 18% compared to the previous year.

The result was driven by decreased sales in the Ukrainian market. Ukraine is one of the largest and most profitable markets for AB Snaigė. We were only partially able to compensate for the loss sales in Ukraine in our other markets.

The company's efforts to maintain stable sales via increases in other markets were very effective with sales increasing by 3 times in Portugal, sales up by 71% in Central Asia, in Poland by 52%, and in Germany by 6% compared to the previous year. Mr Ceika was particularly pleased by growth in the Lithuanian market. During the first half of the year AB Snaigė's sales grew by 74% compared with the previous year Lithuanians choose Lithuanian refrigerators more often.

In the first half of the year the Company also introduced its newest product, the A+++ energy class refrigerator that is the most economical class of refrigerator consuming very little electricity.

Despite the decline in sales in the strategic market, Snaigė, AB remained profitable, and in the 1st half of this year consolidated unaudited profit amounted to LTL 24 thousand.

### Information about Company's employees

The main information about the employees of AB „Snaigė“ and its subsidiaries' employees is presented in the table below:

Employees group	January – June of 2014	
	Average number of employees	Average monthly salary, LTL
Administrative employees (with executive officers)	147	3,790
Factory workers	609	1,762
<b>In total</b>	<b>756</b>	<b>2,157</b>

### Information about the subsidiary companies of the issuer

On 30 June 2014 the AB Snaigė group consisted of the following companies: the parent company of the group AB Snaigė. subsidiary companies TOB Snaigė - Ukraine, UAB Almecha. The main information about the Group's subsidiary companies is presented in the table below:

	TOB SNAIGE UKRAINE	UAB ALMECHA
Head-office address	Grushevskogo str. 28-2a/43, Kyiv, Ukraine	Pramonės str. 6, Alytus, Lithuania
Type of activities	Sales, consult and service	Manufacture of equipment
Share of the authorized capital available to AB Snaigė %	99 %	100 %
The authorized capital, LTL	35,404	1,375,785
Share of the authorized capital unpaid by the issuer	Completely paid	Completely paid

### Transactions with the related parties

The information about related party transactions is revealed in the 27<sup>th</sup> note of the consolidated financial statements.

## UPDATE AND ESSENTIAL EVENTS OF THE ISSUER'S ACTIVITIES

**2014-05-30**

### **AB Snaigė sales grew by 18 % in the first quarter with EBITDA's increased of nine times**

AB Snaigė's turnover reached 33.6 million litas in the first quarter of this year, according to unaudited consolidated data; which is 18% higher than the turnover of the same period last year.

According to Mr Čeika, the Managing director of Snaigė, AB, the company managed to maintain sales growth despite a significant decline in exports to Ukraine. "Ukraine is very important for us because it is one of our major markets, and a decrease in sales in this country could be damaging so I am very happy that we have been able not only to make up the loss suffered in the first quarter in Ukraine by developing sales in other markets but have also experienced steady growth," said Mr Čeika. "For many years, we have worked with more than 30 countries, and we are used to balancing the risky, profitable eastern markets and the stable but less profitable western markets. This strategy has worked very well so far, as can be perfectly demonstrated by the company's performance results for the first quarter".

As a result in Q1 the company sold substantially more of its products to France (136% more), Germany (40% more), and the Central Asian countries (51%), compared with the same period last year. A large part of Snaigė, AB's sales portfolio (13%) was devoted to Poland, where the company sells its products to Amica, a large manufacturer of home appliances. Significantly the company's sales also grew in Lithuania, by almost four times compared with the year before. Although it is a small market, the growth is very rewarding showing that the local manufacturer's products, which are sold worldwide, are also appreciated in its home country.

The unconsolidated unaudited EBITDA during the 1st quarter 1 million litas, which is nine times more than during the same period last year.

**2014-04-18**

### **Resolutions of the General Meeting of Shareholders**

The General Meeting of shareholders of Snaigė AB was held on 18 April 2014.

At the meeting was made following resolutions:

1. THE AGENDA QUESTION: Consolidated annual report of "Snaigė" AB on the company's activity for 2013.

In the meeting was taken for information the consolidated annual report of "Snaigė" AB on the company's activity for 2013.

2. THE AGENDA QUESTION: Auditor's conclusion on the company's financial statements for 2013.

In the meeting was taken for information with the auditor's conclusion on the company's financial statements for 2013.

3. THE AGENDA QUESTION: Approval of the set of financial statements of the company for 2013.

THE DECISION: The set of financial statements of the company for 2013 has been approved.

4. THE AGENDA QUESTION: Approval of distribution of profit (loss) of Snaigė AB for 2013.

THE DECISION: The distribution of profit (loss) of Snaigė, AB for 2013 has been approved:

Non-distributed profit (loss) at the end of the last financial year	1,397,544
Net result - profit (loss) of financial year	-22,872,048
Distributable result- profit (loss) of financial year	-21,474,504
Transfers from reserves	5,009,000
for social and cultural needs	30,000
for investments	4,979,000
Transfers from reserve foreseen by law	0
Transfers from reserve of share premium for covering of loss	5,698,656
Contributions of shareholders to cover loss	0
Distributable profit (loss)	-10,766,848
Distribution of profit (loss)	0
Portion of profit allocated to reserves foreseen by law	0
Portion of profit allocated to other reserves	0
for support and charity	0
for social and cultural needs	0
Portion of profit allocated for payment of dividends	0
Portion of profit allocated for payment of premiums	0
Portion of profit allocated for payment of tantiemes	0
Other:	0
portion of profit allocated to reserve for acquisition of own shares	0
portion of profit allocated to reserve for investments	0
Non-distributed result - profit (loss) at the end of financial year	-10,766,848

5. 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 2014 auditing purposes of annual financial statements.

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

#### **2014-02-28**

##### **Snaigė 2013 strong results are adjusted by sales of Russian subsidiary's Real Estate**

According to unaudited consolidated data, Snaigė, AB has achieved a turnover of 176 m LTL in 2013 (i.e. 18% more than over the same period of year 2012 ). Unaudited consolidated loss before tax of the company in 2013 has reached (8,6m) LTL. However, unaudited consolidated EBITDA for core activities reached 14m LTL which was 22% ahead of the year 2012.

This negative result is caused by losses related to sales of real estate belonging to the company's subsidiary, "Techprominvest". According to Snaigė, AB CEO Gediminas Čeika, These are losses unrelated to the core activities of the company. "Unaudited consolidated profits exceeded 5,5m LTL which is 5 times more than the same period of the previous year."- says G. Čeika. "- We are satisfied, that this loss was the last one associated with "Techprominvest". Having not operated the plant for several years meant unnecessary expenses for its maintenance and that now the company will use its resources in more effective way."

Substantial 18% turnover growth was achieved due to the company's successful exports. The most remarkable growth the company achieved in Poland (+12 times), Central Asia (+156 %), France (+104 %), Baltic countries (+99%), Bulgaria (+29%) vs. the same period of year 2012.

2013 Snaigė, AB exported its products to 33 European and Asian countries. The main markets for the company remained the same: Ukraine, Central Asia France and Germany. According to Gediminas Čeika, CEO of Snaigė AB those countries reflect the structure of the entire sales portfolio of the Snaigė Company, i.e., balancing between risky and profitable East, and less profitable, but stable West. Such portfolio diversification allowed the company to compensate sales if some difficulties occur in certain markets.

In Lithuania this year was particularly good for the company. Successful marketing and sales strategies have improved the company's turnover by 78%. Snaigė refrigerators are among the best selling refrigerators in the country.

According to CEO of the company Gediminas Čeika, one of the most important reasons for growth of sales is constant and diligent improvement of technologies and creation of new products. "In 2013 Snaigė, AB was recognized as the Innovative Enterprise of Lithuania and awarded the Prize for Innovation," – says G. Čeika. "This award is given to companies which have introduced new products, significantly improved the existing ones, or significantly improved their technological processes within the span of 3 years. Snaigė, AB has met all of the criteria: in the last three years the company has created and brought to the market 8 completely new products and 14 modifications of existing products."

In 2013 alone the company has introduced consumers to a refrigerator and freezer combination with glass surface doors, RF34NF refrigerator with frost free cooling system, highly energy efficient refrigerator of the A+++ class as well as new 163 cm high freezer.

According to Gediminas Čeika, Snaigė, AB faces a difficult year in 2014. Because of the events in Ukraine sales in this country, one of the most important markets for the company, are expected to decline. "We are not dramatizing the situation for now and hope to be able to balance our sales portfolio by increasing product sales in other countries," – says G. Čeika.

#### **2014-01-27**

##### **Resolutions of the repeat Extraordinary General Meeting of Shareholders**

The following resolutions were made during the repeat Extraordinary General Meeting of Shareholders held on 27 January 2014:

THE AGENDA QUESTION:

Providing AB Snaige loan to shareholder UAB „Vaidana“ (identification code 302473720);

THE DECISION:

After receiving credit from ZAO UniCredit Bank bank (119034, Prečistenskaja naberežnaja 9, Moscow, Russia) AB Snaige provides loan up to 12 000 000 euro (twelve million euro) to shareholder UAB Vaidana (identification code 302473720).

Interest – 1 month EURIBOR + 5,25 % annual.

Interest – interest will be calculated every month and will be paid at the loan repayment day.

The Loan operation term - 60 month from the date of signing the Loan agreement.

To authorise the managing director Gediminas Čeika (with the right to reauthorize) to administer all matters regarding signing of the loan agreement, to sign loan agreement and to sign other documents with UAB Vaidana related to provision of loan, indicated above.