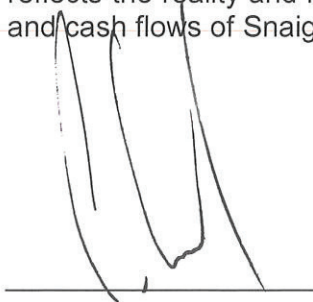


**Snaige AB****CONFIRMATION OF RESPONSIBLE PERSONS**

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 Mindaugas Sologubas, Finance Director of Snaige, AB hereby confirm that, to the best of our knowledge, the not audited Snaige AB interim Consolidated Financial Statements for the twelve months period ended 31 December 2015, 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



Mindaugas Sologubas  
Finance Director

February 29, 2015

***AB SNAIGĖ***

***CONSOLIDATED FINANCIAL STATEMENTS FOR THE TWELVE MONTHS  
PERIOD ENDED 31 DECEMBER 2015  
(UNAUDITED)***

**CONTENTS**

<b>I. GENERAL PROVISIONS</b>	<b>3</b>
<b>II. FINANCIAL STATUS</b>	<b>4</b>
<b>III. EXPLANATORY NOTES</b>	<b>10</b>

## **I. GENERAL PROVISIONS**

### **1. Accounting period of the report**

The report has been issued for the twelve months of 2015.

### **2. The basic data about the issuer**

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

Authorised capital – the Board of the Company proposed the Annual General Meeting of Shareholders, which was held on 30 April 2015, to change the expression of the par value of the Company's shares and the authorized capital in litas into expression in euro, i.e. to determine that the par value of one Company's share is equal to 0.29 euro and to establish that the Company's authorized capital is equal to 11,490,494.55 euro.

Address - Pramonės str. 6, LT-62175 Alytus

Phone - (+370-315) 56 206

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E-mail – [snaige@snaige.lt](mailto: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 26, 2015 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	31 12 2015	01 10 2015 31 12 2015	31 12 2014	01 10 2014 31 12 2014
<b>I.</b>	<b>SALES AND SERVICES</b>	<b>43,929,558</b>	<b>9,271,080</b>	<b>42,117,265</b>	<b>8,812,160</b>
I.1	Income of goods and other products sold	3,869,256	9,671	6,838,970	1,046,451
I.2	Income of refrigerators sold	40,060,302	9,261,409	35,278,295	7,765,709
<b>II.</b>	<b>COST OF GOODS SOLD AND SERVICES RENDERED</b>	<b>36,816,808</b>	<b>7,870,033</b>	<b>35,789,566</b>	<b>7,676,413</b>
II.1	Net cost of goods and other products sold	2,345,536	(73,674)	2,526,071	571,068
II.2	Net cost of refrigerators sold	34,471,272	7,943,707	33,263,495	7,105,345
<b>III.</b>	<b>GROSS PROFIT</b>	<b>7,112,750</b>	<b>1,401,047</b>	<b>6,327,699</b>	<b>1,135,747</b>
<b>IV.</b>	<b>OPERATING EXPENSES</b>	<b>6,211,574</b>	<b>1,509,267</b>	<b>6,879,662</b>	<b>2,136,447</b>
IV.1	Sales expenses	3,354,080	328,869	3,411,242	535,780
IV.2	General and administrative expenses	2,857,494	1,180,398	3,468,420	1,600,667
<b>V.</b>	<b>PROFIT (LOSS) FROM OPERATIONS</b>	<b>901,176</b>	<b>(108,220)</b>	<b>(551,963)</b>	<b>(1,000,700)</b>
<b>VI.</b>	<b>OTHER ACTIVITY</b>	<b>38,218</b>	<b>(4,329)</b>	<b>46,653</b>	<b>7,747</b>
VI.1.	Income	224,199	56,187	164,012	39,888
VI.2.	Expenses	185,981	60,516	117,359	32,141
<b>VII.</b>	<b>FINANCIAL AND INVESTING ACTIVITIES</b>	<b>(240,035)</b>	<b>(85,265)</b>	<b>(145,892)</b>	<b>(24,305)</b>
VII.1.	Income	590,029	120,902	546,848	161,893
VII.2.	Expenses	830,064	206,167	692,740	186,198
<b>VIII.</b>	<b>PROFIT (LOSS) FROM ORDINARY ACTIVITIES</b>	<b>699,359</b>	<b>(197,814)</b>	<b>(651,202)</b>	<b>(1,017,258)</b>
IX.	EXTRAORDINARY GAIN				
X.	EXTRAORDINARY LOSS				
<b>XI.</b>	<b>CURRENT ACCOUNTING PERIOD PROFIT (LOSS) BEFORE TAXES</b>	<b>699,359</b>	<b>(197,814)</b>	<b>(651,202)</b>	<b>(1,017,258)</b>
<b>XII.</b>	<b>TAXES</b>	<b>168,058</b>	<b>168,058</b>	<b>103,615</b>	<b>101,637</b>
XII.1	PROFIT TAX	6,352	6,352	21,682	19,764
XIII.	Adjustment of deferred profit tax	161,706	161,706	81,933	81,873
XIV.	Social tax				
XV.	MINORITY INTEREST	48		136	136
<b>XVI.</b>	<b>NET CURRENT ACCOUNTING PERIOD PROFIT (LOSS)</b>	<b>531,349</b>	<b>(365,872)</b>	<b>(754,681)</b>	<b>(1,118,759)</b>

Managing Director

Gediminas Čeika

Financial Director

Mindaugas Sologubas

## Statement of financial position

Ref. No.	ASSETS	Notes	31 12 2015	31 12 2014
<b>A.</b>	<b>Non-current assets</b>		<b>17,855,129</b>	<b>17,549,550</b>
I.	INTANGIBLE ASSETS	10	1,613,492	1,592,741
II	TANGIBLE ASSETS	11	6,790,886	6,775,737
II.1.	Land			
II.2.	Buildings		2,276,841	2,410,730
II.3.	Other non-current tangible assets		4,312,791	4,157,857
II.4.	Construction in progress and advance payments		201,254	207,150
III.	INVESTMENT PROPERTY			
IV.	NON-CURRENT FINANCIAL ASSETS			
IV.1	Deferred taxes assets		3,265	170,957
IV.2	Other non-current assets	12	9,447,486	9,010,115
V.	Amounts receivable after one year			
VI.	Assets classified as held for sale			
<b>B.</b>	<b>Current assets</b>		<b>17,043,550</b>	<b>13,491,684</b>
I.	INVENTORY AND CONTRACTS IN PROGRESS	13	5,812,640	5,214,350
I.1.	Inventory		5,812,640	5,214,350
I.2.	Advance payments			
I.3.	Contracts in progress			
II.	ACCOUNTS RECEIVABLE WITHIN ONE YEAR	14	6,796,108	6,472,733
III.	INVESTMENTS AND TERM DEPOSITS			
IV.	CASH AT BANK AND ON HAND	16	3,763,622	1,222,254
V.	Other current assets	15	671,180	582,347
	Planned to sell non-current assets			
<b>C.</b>	<b>Accrued income and prepaid expenses</b>			
	<b>TOTAL ASSETS</b>		<b>34,898,679</b>	<b>31,041,234</b>

*(continued on the next page)*

AB SNAIGĖ, company code 249664610, Pramonės str. 6, Alytus Lithuania  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2015**  
*(all amounts are in EUR unless otherwise stated)*

Ref. No.	SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31 12 2015	31 12 2014
<b>A.</b>	<b>Capital and reserves</b>		<b>9,273,170</b>	<b>8,738,134</b>
I.	SHARE CAPITAL		<b>11,491,018</b>	<b>11,475,439</b>
I.1.	Authorized (subscribed) share capital		11,491,018	11,475,439
I.2.	Uncalled share capital (-)			
I.3.	Share premium (surplus of nominal value)			
	Own shares (-)			
III.	REVALUATION RESERVE		(48,459)	(36,495)
IV.	RESERVES	18	901,431	901,431
V.	PROFIT (LOSS) BROUGHT FORWARD		(3,070,820)	(3,602,241)
	Current Profit (Loss)		531,349	(754,681)
	The previous year Profit (Loss)		(3,602,169)	(2,847,560)
<b>B.</b>	<b>Minority interest</b>		<b>306</b>	<b>354</b>
<b>D.</b>	<b>Provisions and deferred taxes</b>		<b>0</b>	<b>0</b>
I.	PROVISIONS FOR COVERING LIABILITIES AND DEMANDS			
II.	DEFERRED TAXES			
<b>E.</b>	<b>Accounts payable and liabilities</b>		<b>25,625,203</b>	<b>22,302,746</b>
I.	ACCOUNTS PAYABLE AFTER ONE YEAR AND NON-CURRENT LIABILITIES		12,431,308	11,056,135
<b>C</b>	<b>Financing (grants and subsidies)</b>		<b>829,926</b>	<b>173,210</b>
I.1.	Financial debts	21	11,185,656	10,501,000
I.2.	Warranty provisions		220,220	228,169
I.3.	Deferred income tax liability			
I.4.	Advances received on contracts in progress			
I.5.	Non-current employee benefits			
I.6.	Non-current liabilities to suppliers		195,506	153,756
II.	ACCOUNTS PAYABLE WITHIN ONE YEAR AND CURRENT		13,193,895	11,246,611
II.1.	Current portion of non-current debts		1,950,000	3,486,547
II.2.	Financial debts			
II.3.	Trade creditors		8,001,236	6,414,703
II.4.	Advances received on contracts in progress	24	1,568,096	171,827
II.5.	Taxes, remuneration and social security payable		1,133,372	617,581
II.6.	Warranty provisions		371,906	432,651
II.7.	Other provisions			
II.8.	Other current liabilities		169,285	123,302
	<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>34,898,679</b>	<b>31,041,234</b>

Managing Director

Gediminas Čeika

Financial Director

Mindaugas Sologubas

## Statement of cash flow

Ref. No.		31 12 2015	31 12 2014
<b>I.</b>	<b>Cash flows from the key operations</b>		
I.1	Result after taxes	531,349	(754,681)
I.2	Depreciation and amortization expenses	1,784,316	1,734,937
I.3	Subsidies amortization	(48,134)	(25,424)
I.4	Result of sold non-current assets	-	(5,845)
I.5	Write-off of non-current assets	7	25
I.6	Write-off of inventories	-	-
I.7	Depreciation of receivables	-	-
I.8	Other provisions	-	75,566
I.9	Change in provision for guarantee repair	(68,694)	(66,590)
I.10	Recovery of devaluation of trade receivables		
I.11	Influence of foreign currency exchange rate change	(65,307)	(60,574)
I.12	Financial income (interest income)	(502,952)	(479,873)
I.13	Financial expenses (interest expenses)	808,294	686,339
I.14	Income tax expense (income)	168,058	
	<b>Cash flows from the key operations until decrease (increase) in working capital</b>	<b>2,606,937</b>	<b>1,103,880</b>
II.1	Decrease (increase) in receivables and other liabilities	(254,628)	1,015,236
II.2	Decrease (increase) in inventories	(598,290)	(226,219)
II.3	Decrease (increase) in trade and other debts to suppliers	3,586,326	910,100
	<b>Cash flows from the main activities</b>	<b>5,340,345</b>	<b>2,802,997</b>
III.1	Interest received		
III.2	Interest paid	(807,117)	(683,466)
III.3	Profit tax paid	(4,818)	-
	<b>Net cash flows from the key operations</b>	<b>4,528,410</b>	<b>2,119,531</b>
<b>IV.</b>	<b>Cash flows from the investing activities</b>		
IV.1	Acquisition of tangible non-current assets	(1,273,978)	(1,181,883)
IV.2	Capitalization of intangible non-current assets	(408,443)	(313,778)
IV.3	Sales of non-current assets	-	16,569
IV.4	Loans granted	(157,580)	(2,111,229)
IV.5	Loans regained	-	500,000
IV.6	Interest received	-	1,570
	<b>Net cash flows from the investing activities</b>	<b>(1,840,001)</b>	<b>(3,088,751)</b>

*(continued on the next page)*



<b>III.</b>	<b>Cash flows from the financial activities</b>	<b>(147,041)</b>	<b>1,499,808</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	704,850	12,261
III.2.1.1	Inflows from non-current loans		2,800,000
III.2.1.2	Loans repaid	(851,891)	(1,312,453)
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		
	<b>Net cash flows from the financial activities</b>	<b>(147,041)</b>	<b>1,499,808</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>2,541,368</b>	<b>530,588</b>
<b>VII.</b>	<b>Cash and cash equivalents at the beginning of period</b>	<b>1,222,254</b>	<b>691,666</b>
<b>VIII.</b>	<b>Cash and cash equivalents at the end of period</b>	<b>3,763,622</b>	<b>1,222,254</b>

Managing Director

Gediminas Čeika

Financial Director

Mindaugas Sologubas

**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 at 31 December 2013</b>	11,475,439	1,650,445	0	890,063	0	8,689	1,442,018	(14,563)	(5,937,344)	490	9,514,746	9,515,236
Total registered income and expenses as of 2014									(754,681)	(136)	(754,681)	(754,817)
Formed reserves				11,368					(11,368)	0	0	0
Other changes								(21,932)			(21,932)	(21,932)
Cover of losses		(1,650,445)				(8,689)	(1,442,018)		3,101,152	0	0	0
<b>Balance as at 31 December 2014</b>	11,475,439	0		901,431	0	0	0	(36,495)	(3,602,241)	354	8,738,134	8,738,488
Total registered income and expenses as of 2015									531,349	(48)	531,349	531,301
Formed reserves												
Transfers from reserves												
Other changes	15,579							(11,964)	72		3,687	3,687
<b>Balance as at 31 December 2015</b>	11,491,018	0		901,431	0	0	0	(48,459)	(3,070,820)	306	9,272,170	9,273,476

Managing Director

Gediminas Čeika

Financial Director

Mindaugas Sologubas

## 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 December 31, 2015 and December 31, 2014 were:

	December 31, 2015		December 31, 2014	
	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 4,584,408 units shares UAB Vaidana mortgage to bank, under a pledge agreement, to ensure financial obligations (31 December 2014 - 4,584,408 units).

All the shares of the Company are ordinary registered intangible shares with the par value of 0.29 euro each and were fully paid as at 31 December 2015 and 31 December 2014.

The Company did not hold its own shares.

As at 31 December 2015 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 at 31 December 2015 (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%	3,621	13,560
UAB Almecha	Lithuania	100%	(28,425)	333,759

The Board of the Company consist of 5 members; however, 2 representatives of OAO Polair and 3 independent representatives (as at 31 December 2014, the Board consisted of 5 members, 2 representatives of OAO Polair and 3 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 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 at 31 December 2015 the number of employees of the Group was 743 (as at 31 December 2014 – 722).

### 2 Accounting principles

The principal accounting policies adopted in preparing the Group’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 EUR 3,850 thousand of 31 December 2015 (whereas in the year 2014, December 31<sup>st</sup> EUR 2,245 thousand).

- liquidity ratios: general coverage ratio (total current assets / total current liabilities) was 1.29 (1.20 in 31 December 2014),
- quick ratio ((total current assets – inventories) / total current liabilities) – 0.85 (in 31 December 2014 0.74),
- the Group earned EUR 699 thousand profit before tax (in 2014 over the same period EUR 651 thousand loss before tax),
- commitment ratios: the ratio of debt/asset was 0.73 (whereas in the year 2014, December 31<sup>st</sup> 0.72).

These financial statements for the year 2015 have been prepared based on the assumption that the Group will be able to continue as a going concern for at least 12 months. The going concern is based on the following assumptions:

- 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 direction of the Company agrees that all those assumptions above could be influenced of significant uncertainties, which could raise doubts about Company's ability to continue operating, because of the disability to realize its property and to implement its commitments by carrying out its normal activities. However despite all this the Company's direction expects that the Company will have enough resources to continue operating in the near future. Therefore, the Group has continued to adopt the going concern basis of accounting in preparing these financial statements.

## **2.3. Presentation currency**

The Group's financial statements are presented in EUR (the previous year comparison information are also presented in EUR), 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 a foreign entity TOB Snaige Ukraina is Ukrainian hryvnia (UAH). As at the reporting date, the assets and liabilities of this subsidiary are / were translated into the presentation currency of AB Snaigė (EUR) at the rate of exchange at the statement of financial position date and their items of the statement of profit or loss and other comprehensive income are translated at the average monthly exchange rates for the reporting period. The exchange differences arising on the translation are stated in other comprehensive income.

On disposal of a foreign entity, the deferred cumulative amount recognised in the shareholders' equity caption relating to that particular foreign operation is transferred to profit or loss.

Since 1 January 2015 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 were:

	<b>31 12 2015</b>	<b>31 12 2014</b>
RUB	79.7540	68.711
UAH	26.2236	19.2410
USD	1.0926	1.2163

#### **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 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.

##### Licences

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 at 31 December 2015 and 31 December 2014.

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 at 31 December 2015 and 31 December 2014.

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 with respect to the Group's sales and receivables from customers is presented below:

<b>Group</b>	<b>Total segment sales revenue</b>		<b>Inter-segment sales</b>		<b>Sales revenue</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Russia	588	664	-	-	588	664
Ukraine	5,004	5,404	-	-	5,004	5,404
Western Europe	19,370	14,430	-	-	19,370	14,430
Eastern Europe	10,010	8,538	-	-	10,010	8,538
Lithuania	6,561	8,088	(2,295)	(4,062)	4,266	4,026
Other CIS countries	3,398	8,160	-	-	3,398	8,160
Other Baltic states	1,255	843	-	-	1,255	843
Other countries	39	52	-	-	39	52
<b>Total</b>	<b>46,225</b>	<b>46,179</b>	<b>(2,295)</b>	<b>(4,062)</b>	<b>43,930</b>	<b>42,117</b>

**AB SNAIGĖ, company code 249664610, Pramonės str. 6, Alytus Lithuania**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2015**  
*(all amounts are in EUR unless otherwise stated)*

Grupė	Segment assets		Segment liabilities		Depreciation of property, plant and equipment and intangible assets		Acquisition of property, plant and equipment and intangible assets	
	2015 m.	2014 m.	2015 m.	2014 m.	2015 m.	2014 m.	2015 m.	2014 m.
Russia	9,576	9,192	13,313	14,138	-	-	-	-
Ukraine	622	576	20	19	2	3	-	-
Western Europe	2,803	2,225	3,141	1,304	-	-	-	-
Eastern Europe	1,705	1,219	1,882	1,543	-	-	-	-
Lithuania	19,334	16,015	6,930	5,012	1,738	1,732	1,836	1,496
Other CIS countries	936	1,787	90	1	-	-	-	-
Other Baltic states	84	27	249	26	-	-	-	-
Other countries	-	-	-	260	-	-	-	-
<b>Total</b>	<b>35,060</b>	<b>31,041</b>	<b>25,625</b>	<b>22,303</b>	<b>1,740</b>	<b>1,735</b>	<b>1,836</b>	<b>1,496</b>

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

In 2015 the sales to the five largest buyers comprised 43.81 % of total sales, including: the first buyer 13.07%, the second buyer 12.77 %, the third buyer 8.66 %, the fourth buyer 4.84 %, the fifth buyer 4.47%, (in 2014 – 50.6 %, including: the first buyer 15 %, the second buyer 13 %, the third buyer 10.9 %, the fourth buyer 8.1%, the fifth buyer 3.6%).

Subsidiary company UAB “Almecha” is signed EUR 2,103 thousand value contract. Company is obligated to manufacture and install the stone wool production line till 16 of March 2016.

#### 4 Cost of refrigerators and freezers sales (EUR thousand)

	31 12 2015	31 12 2014
Raw materials	26,546	26,602
Salaries and wages	3,749	2,699
Depreciation and amortisation	904	949
Other	5,618	5,540
<b>Total:</b>	<b>36,817</b>	<b>35,790</b>

#### 5 Other income

	31 12 2015	31 12 2014
Income from transportation services	146,898	103,797
Income from sale of other services	59,333	42,276
Income from rent of premises	13,287	12,283
Gain on disposal of property, plant and equipment	2,079	5,379
Income from rent of equipment	297	-
Other	2,305	277
<b>Total:</b>	<b>224,199</b>	<b>164,012</b>

**6 Operating expenses**

	<b>31 12 2015</b>	<b>31 12 2014</b>
Selling expenses	3,354,080	3,411,242
General and administrative expenses	2,857,494	3,468,420
	<b>6,211,574</b>	<b>6,879,662</b>

**7 Other operating expenses**

	<b>31 12 2015</b>	<b>31 12 2014</b>
Transportation expenses	139,988	97,660
Expenses from rent of equipment	-	-
Gain on disposal of property, plant and equipment	-	-
Other	45,993	19,699
	<b>185,981</b>	<b>117,359</b>

**8 Financial income**

	<b>31 12 2015</b>	<b>31 12 2014</b>
Foreign currency exchange gain	87,047	58,563
Interest income and other	502,982	488,285
	<b>590,029</b>	<b>546,848</b>

**9 Financial expenses**

	<b>31 12 2015</b>	<b>31 12 2014</b>
Interest expenses	808,294	686,339
Foreign currency exchange loss, net	-	-
Realized loss on foreign currency derivatives	-	-
Loss of foreign currency translation transactions	6,714	6,393
Other	15,056	8
	<b>830,064</b>	<b>692,740</b>

**10 Intangible assets**

	Balance sheet value	
	<b>31 12 2015</b>	<b>31 12 2014</b>
Development costs	1,484,650	1,478,420
Software, license	92,132	60,334
Other intangible assets	36,710	53,987
<b>Total:</b>	<b>1,613,492</b>	<b>1,592,741</b>

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

Over 2015 twelve months, the Group has accumulated EUR 370 thousand (2014 - EUR 312 thousand) of intangible assets depreciation.

Part of non-current intangible assets of the Group with the acquisition value of EUR 3,567 thousand as at 31 December 2015 was fully amortised (EUR 2,825 thousand as at 31 December 2014) but was still in use.

## 11 Non-current tangible assets

	Balance sheet value	
	<u>31 12 2015</u>	<u>31 12 2014</u>
Land and buildings	2,276,841	2,410,730
Machinery and equipment	3,444,727	3,438,545
Vehicles and other property	868,064	719,312
Construction in progress and prepayments	201,254	207,150
<b>Total:</b>	<b><u>6,790,886</u></b>	<b><u>6,775,737</u></b>

The depreciation charge of the Group's property, plant and equipment and investment property on 31 December, 2015 amounts to EUR 1,414 thousand (EUR 1,423 thousand for 2014). The amount of EUR 1,319 thousand for 2015 (EUR 1,324 thousand for 2014) was included into production costs. The remaining amount of EUR 95 thousand (EUR 99 thousand for 2014) was included into administration expenses in the Group's statement of comprehensive income.

At 31 December 2015 buildings and investment properties with land lease right of the Group with the net book value of EUR 2,077 thousand, (as of 31 December 2014 – EUR 2,193 thousand) and machinery and equipment of the Group with the net book value of EUR 1,834 thousand (as of 31 December 2014 – EUR 2,757 thousand) were pledged to banks as a collateral for the loans (Note 21).

## 12 Loans granted

	<u>31 12 2015</u>	<u>31 12 2014</u>
Loan to OAO Polair	-	7,479,724
Loan to ZAO Zavod Sovitalpodmaš	-	1,530,391
Loan to Hymana Holdings Limited	9,447,486	-
Loan to UAB Vaidana	339,476	181,896
<b>Loans receivable</b>	<b><u>9,786,962</u></b>	<b><u>9,192,011</u></b>
Including:		
Non-current borrowings	9,447,486	9,010,115
Current borrowings	339,476	181,896
<b>Total</b>	<b><u>9,786,962</u></b>	<b><u>9,192,011</u></b>

On 24 November 2015 was signed agreement of cession according which the intermediate shareholder HYMANA HOLDINGS LIMITED has obtained the right to claim to related companies according the Company's provided loans with interest:

- OAO Polair a loan EUR 6,775 thousand and calculated interest of EUR 1,022 thousand
- ZAO „Zavod Sovitlprodmaš a loan EUR 1,500 thousand and calculated interest of EUR 97 thousand.

The loans are subject to 1-month EURIBOR + 6.5% annual interest and maturity not later than 01-06-2018.

(As at 31 December 2014 the Company have a loan of EUR 6,775 thousand issued to the related company OAO Polair and calculated interest of EUR 705 thousand and to ZAO Zavod Sovitlprodmaš of EUR 1,500 thousand and calculated interest of EUR 30 thousand).

As at 31 December 2015 the Company and the Group have a loan granted to its shareholder UAB Vaidana of EUR 339 thousand. As from 1 February 2015, the loan is subject to annual interest of 1-month EURIBOR +5.5% (till 1 February 2015 with annual interest of 1-month EURIBOR +6.5%).

The loan maturity extended until 31 December 2016.

### 13 Inventories

	<b>31 12 2015</b>	<b>31 12 2014</b>
Raw materials, spare parts and production in progress	4,169,931	3,031,493
Finished goods	1,541,613	2,115,274
Other	101,096	67,583
<b>Total inventories, net</b>	<b>5,812,640</b>	<b>5,214,350</b>

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

As at 31 December 2015 the Grope and Company has no legal restrictions on inventories.

### 14 Trade receivables

	<b>31 12 2015</b>	<b>31 12 2014</b>
Receivables	7,796,852	7,489,477
Less: impairment allowance for doubtful receivables	(1,000,744)	(1,016,744)
	<b>6,796,108</b>	<b>6,472,733</b>

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

As at 31 December 2015 100% impairment was accounted trade receivables of the Group in gross values of EUR 1,001 thousand (as at 31 December 2014 – EUR 1,017 thousand). Change in impairment allowance for receivables was accounted for within administrative expenses.

Impairment allowance for doubtful receivables is recognised due to receivables from not related customers.

Trade receivables from the Group in the amount of EUR 4,517 thousand as at 31 December 2015 (EUR 3,295 thousand as at 31 December 2014) 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>31 12 2015</b>	<b>31 12 2014</b>
Balance at the beginning of the period	(1,016,744)	(82,304)
Charge for the year	(60,022)	(949,119)
Write-offs of trade receivables	-	-
Effect of the change in foreign currency exchange rate	18,669	13,293
Amounts paid	57,353	1,386
Balance in the end of the period	<b>(1,000,744)</b>	<b>(1,016,744)</b>

The receivables are written off when it becomes obvious that they will not be recovered.

**AB SNAIGĖ, company code 249664610, Pramonės str. 6, Alytus Lithuania**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2015**  
*(all amounts are in EUR unless otherwise stated)*

The ageing analysis of trade receivables as of 31 December 2015 and 31 December 2014 is as follows:

	Trade receivables past due but not impaired						Total
	Trade receivables neither past due nor impaired	Less than 30 days	30 – 60 days	60 – 90 days	90 – 120 days	More than 120 days	
<b>2015</b>	4,762,164	1,030,025	359,279	21,249	138,735	484,656	<b>6,796,108</b>
<b>2014</b>	3,922,616	1,160,859	493,151	387,747	331,273	177,087	<b>6,472,733</b>

As of 31 December 2015 the Group has signed factoring agreement with recourse, therefore no limitations on disposable assets been present.

**15 Other current assets**

	31 12 2015	31 12 2014
Prepayments and deferred expenses	51,256	38,016
VAT receivable	150,635	171,913
Compensations receivable from suppliers	-	-
Restricted cash	4,344	4,344
Granted loans	339,476	181,896
Other receivables	125,469	186,178
	<b>671,180</b>	<b>582,347</b>

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

	31 12 2015	31 12 2014
Balance at the beginning of the period	-	-
Charge for the year	-	-
Effect of the change in foreign currency exchange rate	-	-
Amounts paid	-	-
Write off	-	-
Balance in the end of the period	-	-

**16 Cash and cash equivalents**

	31 12 2015	31 12 2014
Cash at bank	3,762,073	1,222,254
Cash on hand	1,549	-
	<b>3,763,622</b>	<b>1,222,254</b>

**17 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 31 December 2015 the Company was in compliance with this requirement

## 18 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 31 December 2015 legal reserve was not fully formed yet.

As of 31 December 2015 the legal reserve amounted to EUR 901 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.

### 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.

## 19 Subsidies

Balance as at 31 December 2013	<b>3,100,058</b>
Received during the period	12,261
Balance as at 31 December 2014	3,112,319
Received during the period	704,850
<b>Balance as at 31 December 2015</b>	<b>3,817,169</b>
Accumulated amortisation as at 31 December 2013	<b>2,913,685</b>
Amortisation during the period	25,424
Accumulated amortisation as at 31 December 2014	2,939,109
Amortisation during the period	48,134
Accumulated amortisation as at 31 December 2015	<b>2,987,243</b>
<b>Carrying amount as at 31 December 2015</b>	<b>829,926</b>
<b>Carrying amount as at 31 December 2014</b>	<b>173,210</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. For improvement of productivity by investing into division for production of commercial refrigerators and for development of infrastructure, by investing into new production testing centre.

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.

## 20 Provisions for guarantee related liabilities

The Group provides a warranty of up to 2 years for the production sold. 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>31 12 2015</b>	<b>31 12 2014</b>
1 January,	660,820	727,409
Changes over reporting period (Note 6)	231,918	291,853
Used	(300,612)	(358,442)
Foreign currency exchange effect	-	-
	<b>592,126</b>	<b>660,820</b>

Warranty provisions are accounted for:

	<b>31 12 2015</b>
- non-current	220,220
- current	371,906
	<b>31 12 2014</b>
non-current	228,169
current	432,651

## 21 Borrowings

	<b>31 12 2015</b>	<b>31 12 2014</b>
<b>Non-current borrowings</b>		
Non-current borrowings with fixed interest rate	-	-
Non-current borrowings with variable interest rate	11,185,656	10,501,000
Ordinary bonds	-	-
Interest on bonds	-	-
	<b>11,185,656</b>	<b>10,501,000</b>
<b>Current borrowings</b>		
Convertible bonds	-	-
Ordinary bonds	-	-
Current borrowings with fixed interest rate	-	-
Long-term loans of the current year	1,950,000	3,486,547
	<b>1,950,000</b>	<b>3,486,547</b>
<b>Total</b>	<b>13,135,656</b>	<b>13,987,547</b>



**AB SNAIGĖ, company code 249664610, Pramonės str. 6, Alytus Lithuania**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2015**  
*(all amounts are in EUR unless otherwise stated)*

The main information on individual borrowings is disclosed below:

	Type	Maturity	As at December 2015	As at December 2014
Borrowing 1	Loan	22/04/2017	11,185,656	11,187,547
Borrowing 2	Credit line	22/12/2016	1,950,000	2,800,000
			<b>13,135,656</b>	<b>13,987,547</b>

The loan bear 1-month EURIBOR + 6.25 annual interest rate and credit line 1-month EURIBOR + 5.25 annual interest rate as at 31 December 2015 (1-month EURIBOR + 5.25, annual interest rate for both loans as at 31 December 2014).

As of 31 December 2015 the Group's and Company's buildings with the carrying amount of EUR 2,077 thousand (as of 31 December 2014 – EUR 2,193 thousand), the Group's and Company's machinery and equipment with the net book value of EUR 1,834 thousand (as of 31 December 2014 – EUR 2,757 thousand) were pledged to the banks for the loans and guarantee provided.

Based on the terms of the loan agreements, the Company has to comply with certain financial and non-financial covenants, such as: EBITDA to financial liabilities ratio, calculated on the basis of the consolidated results of Polair group, written permission from the Bank to perform purchase or disposal transactions when the assets acquired or disposed exceed 25% of all the Company's assets. As at 31 December 2014, the Company complied with the non-financial and the financial covenants (including EBITDA to financial liabilities ratio calculated on the basis of the consolidated results of Polair group).

On 30 January 2015 the Company signed amendments to loan and credit line agreements used on which the loan repayment schedule was amended and the final repayment term of the credit line was postponed until April 2017. Based on the received repayment schedules, the Company repay EUR 852 thousand during 2015. Also, the amendments do not oblige the Company to comply with EBITDA to financial liabilities ratio calculated on the basis of consolidated results of Polair group as at 31 December 2014. The Company shall calculate this ratio as from 31 December 2015.

Borrowings in national and foreign currencies:

	31 12 2015	31 12 2014
<b>Borrowings denominated in:</b>		
EUR	13,135,656	13,987,547
USD	-	-
LTL	-	-
RUB	-	-
	<b>13,135,656</b>	<b>13,987,547</b>

Repayment schedule for borrowings:

	Fixed interest rate	Variable interest rate
2016	-	1,950,000
2017 - 2018	-	11,185,656
	-	<b>13,135,656</b>

## 22 Financial leasing

The Group has not financial lease payables on 31 December, 2015.

### 23 Operating lease

The Group have concluded several contracts of operating lease of land and premises. The terms of lease do not include restrictions of the activities of the Group in connection with the dividends, additional borrowings or additional lease agreements. In 2015 the lease expenses of the Group amounted to EUR 69 thousand (in 2014 EUR 93 thousand).

Planned operating lease expenses of the Group in 2016 will be EUR 69 thousand.

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 within one month.

### 24 Other current liabilities

	<b>31 12 2015</b>	<b>31 12 2014</b>
Salaries and related taxes	714,418	280,199
Vacation reserve	418,955	337,383
Accrued interest	21,330	20,153
Other taxes payable	18,416	50,436
Other payables and accrued expenses	129,538	52,712
	<b>1,302,657</b>	<b>740,883</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.

### 25 Basic and diluted earnings (loss) per share

	<b>31 12 2015</b>	<b>31 12 2014</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	693,053	(754,681)
Basic profit (loss) per share, in EUR	<b>0.017</b>	<b>(0.019)</b>

### 26 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 31 December 2015 and 31 December 2014, the maximum exposure to credit risk is represented by the carrying amount of each financial asset, consequently, the Group's and the Company's management considers that its maximum exposure is reflected by the amount of loans receivable from related parties, trade and other receivables, net of

impairment allowance, and the amount of cash and cash equivalents recognised at the date of the statement of financial position. Credit risk or risk that a counterparty will not fulfil its obligations, is controlled by credit terms and monitoring procedures, using services of external credit insurance and debt recovery agencies.

As at 31 December 2015 and 31 December 2014, the credit risk (in EUR thousand) was related to:

	<b>31 12 2015</b>	<b>31 12 2014</b>
Loans receivable from related parties	9,787	9,192
Trade and other receivables	6,796	6,473
Cash and cash equivalents	3,764	1,222
	<b>20,347</b>	<b>16,887</b>

As at 31 December 2015 the main of the loans consist of the loan granted to the intermediary company between the shareholder and the ultimate shareholder HYMANA HOLDIGS (as at 31 December 2014 – to the related company OAO 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 2014 (in EUR thousand):

	<b>2015</b>	<b>%</b>	<b>2014</b>	<b>%</b>
Client 1	1,140	17	1,494	23
Client 2	1,122	17	1,179	18
Client 3	964	14	761	12
Client 4	579	9	595	9
Client 5	300	4	230	4
Client 6	299	4	216	3
Client 7	229	3	181	3
Other clients	3,164	47	2,834	44
Impairment	(1,001)	(15)	(1,017)	(16)
	<b>6,796</b>	<b>100</b>	<b>6,473</b>	<b>100</b>

Trade receivables according to geographic regions (in EUR thousand):

	<b>31 12 2015</b>	<b>31 12 2014</b>
Western Europe	2,803	2,225
Ukraine	610	560
Lithuania	529	473
Eastern Europe	1,705	1,219
Other CIS countries	936	1,787
Other Baltic states	84	27
Russia	129	182
	<b>6,796</b>	<b>6,473</b>

In 2015 44.09 % and 43.6 % the Group's and Company's sales were to Western Europe (in 2014, 31.25% and 33.46% sales respectively) to Ukraine 11.3%. The Group's and Company's receivables from goods sold in Western Europe and Ukraine as at 31 December 2015 amounted to EUR 2,803 thousand and EUR 610 thousand (in 2014, EUR 2,225 thousand and EUR 560 thousand respectively).

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.

A continuation of the current unstable business environment negatively affected the Group's and the Company's results and financial position. As at 31 December 2014, having assessed the risks, the Group and the Company recognized impairment allowance of EUR 846 thousand for receivables from goods sold in Ukraine.

The Group's and 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 27.

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 EUR 4,517 thousand as at 31 December 2015 (EUR 3,295 thousand as at 31 December 2014) 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 31 December 2015 and 2014 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. In January 2015 The Group management reached an agreement with the bank (UniCredit) on the loan repayment schedule. Based on the revised repayment schedule the Company shall repay EUR 850 thousand (under original schedules, EUR 3,487 thousand).

#### Foreign exchange risk

The Group significantly reduced income earned in USD.  
Most of income is earned in euro by the Group.

#### 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 31 December 2015 the Company complied with this requirement. There were no other significant externally imposed capital requirements on the Group.

## **27 Commitments and contingencies**

UAB Vaidana and AB Šiaulių Bankas has signed a financial guarantee agreement, in accordance to which UAB Vaidana collateralized 4,584 thousand held share of AB Snaigė thus transferring the non-pecuniary right of the shareholders retaining the right to dividends.

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 EUR 1,158 million with repayment term postponed until 27 March 2017 (the initial repayment term was 27 March 2015). The fair value of the suretyship as at 31 December 2015 and 31 December 2014 was immaterial.

The Company had entered into suretyship agreements with OAO Petrokomerc Bank; based on the agreements, the Company assumes joint and several liability for the loans of OAO Polair amounting to EUR 10,209 thousand as at 31 December 2015 (31 December 2014: EUR 11,838 thousand). Company received copy of claim from PAO "FK Otkritie", where it was stated that PAO "FK Otkritie" took over the OAO "Petrokomerc" right of claim and required the Moscow arbitrage court to address OAO "Polair" obligations fulfilment to the Company. These suretyship agreements were canceled before the reporting date..

In 2013 the Company had a heating power purchase agreement; based on the agreement, the Company is obliged, for the 10-year period, to purchase 6,000 Kwh of heating power each year. If the Company fails to purchase the agreed quantity of power or in case of agreement termination, the fine from EUR 579 thousand in the first year of the agreement to EUR 58 thousand in the tenth year of the agreement shall be imposed.

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

## **28 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 2015 and 2014 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 Nedvizimost (company controlled by ultimate shareholders);  
Area Polair (company controlled by ultimate shareholders);  
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).

**AB SNAIGĖ, company code 249664610, Pramonės str. 6, Alytus Lithuania**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2015**  
*(all amounts are in EUR unless otherwise stated)*

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 2015 December 31 and 2014 December 31 the Group has not booked receivables value decreasing from any of the related parties.

Financial and investment transactions with the related parties (in EUR thousand):

	31 December 2015			31 December 2014					
	Loans received	Repayment of loans	Interest revenue	Loans granted	Repayment of loans	Interest expenses	Loans received	Repayment of loans	Interest expenses
ZAO „Zavod Sovitalprodmaš	-	-	-	-	-	-	1,500	30	-
OAO Polair	-	-	-	-	-	-	500	441	-
HYMANA HOLDINGS	-	-	-	54	-	-	-	-	-
UAB Vaidana	-	-	158	14	-	-	111	9	-
	-	-	<b>158</b>	<b>68</b>	-	-	<b>2,111</b>	<b>480</b>	-

	Purchases	Sales	Receivables	Payables
<b>31 12 2015</b>				
OAO Polair (refrigerators)	912	-	-	176
	<b>912</b>	-	-	<b>176</b>
<b>31 12 2014</b>				
OAO Polair (refrigerators)	702	-	-	127
	<b>702</b>	-	-	<b>127</b>

The Company's transactions carried out with subsidiaries (in EUR thousand):

	31 12 2015		31 12 2014	
	Purchases	Sales	Purchases	Sales
UAB Almecha	1,272	2,228	1,092	1,931
TOB Snaigė Ukraina	16	28	-	-
	<b>1,288</b>	<b>2,256</b>	<b>1,092</b>	<b>1,931</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 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.

**AB SNAIGĖ, company code 249664610, Pramonės str. 6, Alytus Lithuania**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2015**  
*(all amounts are in EUR unless otherwise stated)*

The carrying amount of loans and receivables from subsidiaries (in EUR thousand):

	<b>31 12 2015</b>	<b>31 12 2014</b>
<b>Non-current receivables</b>		
Trade receivables from UAB Almecha	-	-
<b>Total non-current receivables</b>	<b>-</b>	<b>-</b>
<b>Current receivables</b>		
Trade receivables from UAB Almecha	18	305
<b>Total current receivables</b>	<b>18</b>	<b>305</b>

The analysis of receivables from subsidiaries and granted loans during the period on 31 December 2015 and 2014:

	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>2015</b>	18,164	-	-	-	-	-	<b>18,164</b>
<b>2014</b>	305,092	-	-	-	-	-	<b>305,092</b>

Payables to subsidiaries as of 31 December 2015 and 31 December 2014 (included under the trade payables caption in the Company's statement of financial position):

	<b>31 12 2015</b>	<b>31 12 2014</b>
TOB Snaigė Ukraina	-	2,400
UAB Almecha	199,759	415,178
<b>Total</b>	<b>199,759</b>	<b>417,578</b>

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 (without Social Insurance) of the Company's and subsidiaries' management amounted to EUR 367 thousand and EUR 30 thousand, respectively, in 2015 (EUR 396 thousand and EUR 31 thousand in 2014, respectively), including Company's administracion (managing director and finace director) EUR 205 thousand while in 2014 EUR 231 thousand.

The management of the Group did not receive any other loans, guarantees; no other payments or property transfers were made or accrued.