AB SNAIGĖ

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015
PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EUROPEAN UNION
PRESENTED TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

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Independent Auditor's Report

To the Shareholders of AB Snaigė

Report on the Separate and Consolidated Financial Statements

We have audited the accompanying separate financial statements of AB Snaigė ("the Company"), which comprise the separate statement of financial position as at 31 December 2015, the separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 4–51. We have also audited the accompanying consolidated financial statements of AB Snaigė and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 4–51.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these separate and consolidated financial statements (hereinafter "the financial statements) in accordance with International Financial Reporting Standards as adopted by the EU and for such internal control as management determines is necessary to enable the preparation of these financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether these financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of these financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's and Group's preparation and fair presentation of these financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and Group's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the Company's and Group's management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Company code: 111494971
VAT code: LT114949716

KPMG

Basis for Qualified Opinion

As disclosed in Note 14, the Company has loans granted to related parties amounting to EUR 9,786 thousand as at 31 December 2015. Due to limited information on the debtors, we were not able to obtain sufficient and appropriate audit evidence regarding the recoverability of the loans receivable. Accordingly, we were not able to determine whether any adjustments might be necessary to the amounts shown in the separate and consolidated financial statements for loans receivable, result for the year and equity.

Qualified Opinion

In our opinion, except for the possible effect of the matters referred to in the Basis for Qualified Opinion paragraph, the separate financial statements give a true and fair view of the unconsolidated financial position of AB Snaigė as at 31 December 2015, and of its unconsolidated financial performance and unconsolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

In our opinion, except for the possible effect of the matters referred to in the Basis for Qualified Opinion paragraph, the consolidated financial statements give a true and fair view of the consolidated financial position of AB Snaigė and its subsidiaries as at 31 December 2015, and of the consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on Other Legal and Regulatory Requirements

Furthermore, we have read the consolidated annual report of AB Snaigė for the year ended 31 December 2015, set out on pages 52–103 of the financial statements, and have not identified any material inconsistencies between the financial information included in the annual report and the financial statements of AB Snaigė for the year ended 31 December 2015.

On behalf of KPMG Baltics, UAB

Domantas Dabulis
Partner pp
Certified Auditor

Rūta Kupinienė
Certified Auditor

Vilnius, the Republic of Lithuania
20 April 2016

(all amounts are in EUR thousand unless otherwise stated)

Group's and Company's statement of profit or loss and other comprehensive income

		Group		Company	
	Notes	**2015**	**2014**	**2015**	**2014**
Sales	3	45,363	42,117	44,363	43,124
Cost of sales	4	(38,250)	(35,789)	(37,376)	(36,953)
Gross profit		**7,113**	**6,328**	**6,987**	**6,171**
Selling and distribution expenses	5	(3,354)	(3,411)	(3,399)	(3,440)
General and administrative expenses	6	(2,858)	(3,469)	(2,660)	(3,297)
Other income	7	224	164	300	253
Other expenses	8	(186)	(117)	(228)	(168)
Operating profit (loss)		**939**	**(505)**	**1 000**	**(481)**
Finance income	9	590	547	584	547
Finance costs	10	(830)	(693)	(827)	(695)
Profit (loss) before income tax		**699**	**(651)**	**757**	**(629)**
Income tax	11	(254)	(103)	(249)	(94)
Net profit (loss)		**445**	**(754)**	**508**	**(723)**
Other comprehensive income					
Items that will never be reclassified to profit or loss		-	-	-	-
Items that are or may be reclassified to profit or loss		**(11)**	**(22)**	-	-
Exchange differences on translation of foreign operations		(11)	(22)	-	-
Total comprehensive income, net of tax		**434**	**(776)**	**508**	**(723)**

(continued on the next page)

The notes on pages 12–51 are an integral part of these financial statements.

(all amounts are in EUR thousand unless otherwise stated)

Group's and Company's statement of profit or loss and other comprehensive income (continued)

	Notes	Group		Company	
		2015	2014	2015	2014
Net profit (loss) attributable to:					
The shareholders of the Company		434	(754)	508	(723)
Non-controlling interest		-	-	-	-
		434	**(754)**	**508**	**(723)**
Total comprehensive income, net of tax, attributable to:					
The shareholders of the Company		434	(776)	508	(723)
Non-controlling interest		-	-	-	-
		434	**(776)**	**508**	**(723)**
Profit (loss) per share					
Basic and diluted profit (loss) per share	27	0.01	(0.02)	0.01	(0.02)

The notes on pages 12–51 are an integral part of these financial statements.

General Director	Gediminas Čeika		20 April 2016
Financial Director	Mindaugas Sologubas		20 April 2016

(all amounts are in EUR thousand unless otherwise stated)

Group's and Company's statement of financial position

		Group		Company	
	Notes	As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
ASSETS					
Non-current assets					
Intangible assets	12	1,613	1,592	1,608	1,591
Property, plant and equipment	13	6,791	6,776	6,451	6,366
Investments into subsidiaries	1	-	-	424	424
Deferred income tax asset	11	3	171	-	162
Non-current borrowings to related companies	14	9,447	9,010	9,447	9,010
Total non-current assets		**17,854**	**17,549**	**17,930**	**17,553**
Current assets					
Inventories	15	4,380	5,214	4,282	5,074
Trade receivables	16	8,229	6,473	6,778	6,708
Current borrowings to related companies	14	339	182	339	182
Prepayments		51	213	49	205
Other amounts receivable	17	281	188	265	188
Cash and cash equivalents	18	3,764	1,222	3,385	1,179
Total current assets		**17,044**	**13,492**	**15,098**	**13,536**
Total assets		**34,898**	**31,041**	**33,028**	**31,089**

(continued on the next page)

The notes on pages 12–51 are an integral part of these financial statements.

(all amounts are in EUR thousand unless otherwise stated)

Group's and Company's statement of financial position (cont'd)

	Notes	Group		Company	
		As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
EQUITY AND LIABILITIES					
Equity					
Share capital	1, 19	11,490	11,475	11,490	11,475
Legal reserve	20	901	901	885	885
Foreign currency translation reserve	20	(47)	(36)	-	-
Retained earnings (loss)		(3,157)	(3,602)	(3,332)	(3,840)
Equity attributable to equity holders of the Company		**9,187**	**8,738**	**9,043**	**8,520**
Non-controlling interest		-	-	-	-
Total equity		**9,187**	**8,738**	**9,043**	**8,520**
Liabilities					
Non-current liabilities					
Grants	21	830	173	830	173
Warranty provision	22	220	228	220	228
Deferred income tax liability	11	-	-	-	-
Non-current borrowings	24	11,186	10,501	11,186	10,501
Non-current employee benefits	23	196	154	196	154
Non-current trade payables		-	-	-	-
Total non-current liabilities		**12,432**	**11,056**	**12,432**	**11,056**
Current liabilities					
Current borrowings, current portion of non-current borrowings	24	1,950	3,486	1,950	3,486
Trade payables		8,001	6,415	7,734	6,793
Prepayments received		1,568	172	196	160
Warranty provision	22	372	433	371	385
Other current liabilities	26	1,388	741	1,302	689
Total current liabilities		**13,279**	**11,247**	**11,553**	**11,513**
Total liabilities		**25,711**	**22,303**	**23,985**	**22,569**
Total equity and liabilities		**34,898**	**31,041**	**33,028**	**31,089**

The notes on pages 12–51 are an integral part of these financial statements.

General Director	Gediminas Čeika		20 April 2016
Financial Director	Mindaugas Sologubas		20 April 2016

(all amounts are in EUR thousand unless otherwise stated)

Group's statement of changes in equity

	Notes	Attributable to equity holders of the Company								
		Share capital	Share premium	Legal reserve	Other reserves	Foreign currency translation reserve	Retained earnings (loss)	Total	Non-controlling interest	Total equity
Balance as at 1 January 2014		**11,475**	**1,651**	**890**	**1,451**	**(14)**	**(5,939)**	**9,514**	**-**	**9,514**
Net (loss) for the year		-	-	-	-	-	(754)	(754)	-	(754)
Other comprehensive income		-	-	-	-	(22)	-	(22)	-	(22)
Total comprehensive income		**-**	**-**	**-**	**-**	**(22)**	**(754)**	**(776)**	**-**	**(776)**
Transfer to reserves		-	-	11	-	-	(11)	-	-	-
Cover of losses		-	(1,651)	-	(1,451)	-	3,102	-	-	-
Balance as at 31 December 2014		**11,475**	**-**	**901**	**-**	**(36)**	**(3,602)**	**8,738**	**-**	**8,738**
Net profit for the year		-	-	-	-	-	445	445	-	445
Other comprehensive income		-	-	-	-	-	-	-	-	-
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**445**	**445**	**-**	**445**
Adjustment related to euro adoption under Lithuanian legislation		15	-	-	-	(11)	-	4	-	4
Balance as at 31 December 2015		**11,490**	**-**	**901**	**-**	**(47)**	**(3,157)**	**9,187**	**-**	**9,187**

The notes on pages 12–51 are an integral part of these financial statements.

General Director	Gediminas Čeika		20 April 2016
Financial Director	Mindaugas Sologubas		20 April 2016

(all amounts are in EUR thousand unless otherwise stated)

Company's statement of changes in equity

	Notes	Share capital	Share premium	Legal reserve	Other reserves	Retained earnings (loss)	Total equity
Balance as at 1 January 2014		**11,475**	**1,651**	**885**	**1,451**	**(6,219)**	**9,243**
Net (loss) for the year		-	-	-	-	(723)	(723)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income		-	-	-	-	**(723)**	**(723)**
Transfer from reserves		-	-	-	-	-	-
Cover of losses		-	(1,651)	-	(1,451)	3,102	-
Balance as at 31 December 2014		**11,475**	-	**885**	-	**(3,840)**	**8,520**
Net profit for the year		-	-	-	-	508	508
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income		-	-	-	-	**508**	**508**
Adjustment related to euro adoption under Lithuanian legislation		15	-	-	-	-	15
Balance as at 31 December 2015		**11,490**	-	**885**	-	**(3,332)**	**9,043**

The notes on pages 12–51 are an integral part of these financial statements.

General Director	Gediminas Čeika		20 April 2016
Financial Director	Mindaugas Sologubas		20 April 2016

(all amounts are in EUR thousand unless otherwise stated)

Group's and Company's statement of cash flows

	Notes	Group 2015	Group 2014	Company 2015	Company 2014
Cash flows from (to) operating activities					
Net result for the year		445	(754)	508	(723)
Adjustments for non-cash items:					
Depreciation and amortisation	12, 13	1,784	1,735	1,695	1,630
(Amortisation) of grants	21	(48)	(25)	(48)	(25)
Result from disposal of non-current assets	7	-	6	-	6
Income tax expense (income)	11	254	103	249	94
Write-off of non-current assets		26	-	23	-
Write-down of inventories		-	-	-	-
Impairment allowance for trade receivables and inventories		51	853	63	873
Change in provisions	22	(69)	(66)	(22)	(25)
Interest (income)	9	(503)	(480)	(503)	(480)
Interest expenses	10	808	686	808	685
Elimination of other non-cash items		(40)	-	(43)	-
		2,708	2,058	2,730	2,035
Changes in working capital:					
(Increase) decrease in inventories		767	(226)	725	(246)
(Increase) decrease in trade and other receivables		(1,644)	81	40	39
Increase (decrease) in trade and other payables		3,507	547	1,452	841
Advance income tax returned (paid)		(5)	-	(5)	-
Net cash flows from operating activities		**5,333**	**2,460**	**4,942**	**2,669**
Cash flows from (to) investing activities					
(Acquisition) of property, plant and equipment		(1,272)	(832)	(1,224)	(858)
(Acquisition) of intangible assets	12	(408)	(353)	(401)	(322)
Proceeds from disposal of non-current assets		-	10	-	9
Interest received		-	9	-	9
Loans granted		(157)	(1,611)	(157)	(1,611)
Net cash flows from investing activities		**(1,837)**	**(2,777)**	**(1,782)**	**(2,773)**

(continued on the next page)

The notes on pages 12–51 are an integral part of these financial statements.

(all amounts are in EUR thousand unless otherwise stated)

Group's and Company's statement of cash flows (cont'd)

	Note	Group		Company	
		2015	**2014**	**2015**	**2014**
Cash flows from (to) financing activities					
Proceeds from non-current borrowings		-	1,500	-	1,500
Interest (paid)		(808)	(665)	(808)	(665)
(Repayment) of borrowings		(851)	-	(851)	-
Grants received		705	12	705	12
Net cash flows from (to) financing activities		**(954)**	**847**	**(954)**	**847**
Net increase (decrease) in cash and cash equivalents		**2,542**	**530**	**2,206**	**743**
Effect of currency exchange rate on the balance of cash		-	-	-	18
Cash and cash equivalents at the beginning of the year		**1,222**	**692**	**1,179**	**418**
Cash and cash equivalents at the end of the year	18	**3,764**	**1,222**	**3,385**	**1,179**

The notes on pages 12–51 are an integral part of these financial statements.

General Director	Gediminas Čeika		20 April 2016
Financial Director	Mindaugas Sologubas		20 April 2016

Notes to the financial statements

1 General information

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

Pramonės Str. 6,
Alytus,
Lithuania.

The Company is engaged in production of refrigerators and refrigerating equipment. The Company was registered on 1 April 1963. The Company's shares are traded on the Baltic Secondary List of the NASDAQ OMX Vilnius stock exchange. As at 31 December 2015 and 2014 the shareholders of the Company were:

	2015		2014	
	Number of shares held (in thousand units)	Ownership share	Number of shares held (in thousand units)	Ownership share
UAB Vaidana	36,096*	91.10%	36,096*	91.10%
Swedbank AS (Estonia) clients	-	-	-	-
Skandinaviska Enskilda Banken AB clients	-	-	-	-
Other shareholders	3,526	8.90%	3,526	8.90%
Total	**39,622**	**100%**	**39,622**	**100%**

*Out of this amount UAB Vaidana collateralized 4,584 thousand shares to the bank in accordance with collateral agreement to ensure its financial liabilities (2014: 4,584 thousand shares) (Note 29).

All the shares of the Company are ordinary shares with the par value of EUR 0.29 each and were fully paid as at 31 December 2015 and 2014. As at 31 December 2015 and 2014 the Company did not hold its own shares.

As at 31 December 2015, the Board of the Company consists of 5 members including 2 representatives of OAO Polair and 3 independent representatives (in 2014, it had to comprise 6 members; however, only 5 members represented the Board, including 2 representatives of OAO Polair and 3 independent representatives).

As at 31 December 2015 UAB Vaidana was ultimately owned by controlling shareholder Tetal Global Ltd. (intermediate shareholders are Furuchi Enterprises Ltd and Hymana Holdings Ltd.).

The Group consists of AB Snaigė and the following subsidiaries as at 31 December 2015 (hereinafter "the Group"):

Company	Country	Cost of investment (EUR thousand)	Percentage of the shares held by the Group	Profit (loss) for the reporting year (EUR thousand)	Sharehol-ders' equity (EUR thousand)
TOB Snaige Ukraina	Ukraine	26	99%	4	14
UAB Almecha	Lithuania	398	100%	(28)	334
Total		**424**			

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

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

1 General information (cont'd)

The Group consisted of AB Snaigė and the following subsidiaries as at 31 December 2014 (hereinafter "the Group"):

Company	Country	Cost of investment (EUR thousand)	Percentage of the shares held by the Group	Profit (loss) for the reporting year (EUR thousand)	Sharehol-ders' equity (EUR thousand)
TOB Snaige Ukraina	Ukraine	26	99%	10	18
UAB Almecha	Lithuania	398	100%	(5)	362
Total		**424**			

As at 31 December 2015 the number of employees of the Group was 743 and the number of employees at the Company was 675 (as at 31 December 2014 – 722 and 642 respectively).

The Group's and the Company's management authorised these financial statements on 20 April 2016. The shareholders of the Company have a statutory right to either approve these financial statements or not approve them and require the management to prepare a new set of financial statements.

2 Accounting principles

The principal accounting policies adopted in preparing the Group's and the Company's financial statements for 2015 are as follows:

2.1. Basis of preparation

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

These are separate Company's and consolidated AB Snaigė Group financial statements. These financial statements are prepared on the historical cost basis.

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

Changes in accounting policies

The Group and the Company have consistently applied the accounting policies set out in Note 2 to all periods presented in these consolidated and separate financial statements.

The Group and the Company have adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2015.

The following new standards and amendments with the effective date of 1 January 2015 did not have any impact on these separate and consolidated financial statements:

- Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions;
- IFRIC 21 guidance on a levy imposed by government;
- Annual improvements to IFRSs.

2 Accounting principles (cont'd)

2.1. Basis of preparation (cont'd)

Standards and interpretations to published standards that are not yet effective

A number of new standards, amendments and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. Those which may be relevant to the Group and the Company are set out below. The Group and the Company do not plan to adopt these amendments, standards and interpretations early.

(i) IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016)

These Amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value. The previously held interests in the joint operation will not be remeasured.

The Group and the Company are not parties to any joint arrangements.

(ii) IAS 1 – Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2016)

The Amendments to include the five, narrow-focus improvements to the disclosure requirements contained in the standard.

The Group and the Company expect that the amendments, when initially applied, will not have a material impact on the presentation of the financial statements of the Group and the Company.

(iii) IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets (effective for annual periods beginning on or after 1 January 2016)

The amendments explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. In addition, the amendments introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

It is expected that the Amendments, when initially applied, will not have material impact on the Group's and the Company's financial statements, as the Group and the Company do not apply revenue-based methods of amortisation/depreciation.

(iv) IAS 16 – Property, Plant and Equipment and IAS 41 – Agriculture (effective for annual periods beginning on or after 1 January 2016)

These amendments result in bearer plants being in the scope of IAS 16 *Property, Plant and Equipment*, instead of IAS 41 *Agriculture*, to reflect the fact that their operation is similar to that of manufacturing.

The Group and the Company do not expect that the amendments, when initially applied, will have material impact on the financial statements as the Group and the Company have no bearer plants.

(v) IAS 19 – Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 February 2015)

The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria. When these criteria are met, a company is permitted (but not required) to recognise them as a reduction of the service cost in the period in which the related service is rendered.

The Group and the Company do not expect the amendment to have any impact on the financial statements since they do not have any defined benefit plans that involve contributions from employees or third parties.

(all amounts are in EUR thousand unless otherwise stated)

2 Accounting principles (cont'd)

2.1. Basis of preparation (cont'd)

(vi) IAS 27 – Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016)

The amendments allow an entity to use the equity method in its separate financial statements to account for investments in subsidiaries, associates and joint ventures.

The Group and the Company do not expect that the amendments, when initially applied, will have a material impact on the financial statements as the Group and the Company intend to continue to carry their investments in subsidiaries at cost.

(vii) Annual improvements to IFRSs

The improvements introduce ten amendments to ten standards and consequential amendments to other standards and interpretations. These amendments are applicable to annual periods beginning on or after either 1 February 2015 or 1 January 2016, with earlier adoption permitted.

None of these amendments are expected to have a significant impact on the financial statements of the Group and the Company.

2.2. Going concern

These financial statements for the year 2015 have been prepared based on the assumption that the Group and the Company will be able to continue as a going concern for a period of not less than 1 year.

2.3. Presentation currency

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

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

The functional currency of a foreign entity TOB Snaige Ukraina is Ukrainian hryvnia (UAH). As at the reporting date, the assets and liabilities of this subsidiary are / 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. The performance results of the subsidiaries the control of which is lost are presented in the consolidated financial statements only for the period when control belonged to the Group.

The comparative information for the year 2014 was translated into euro at the rate of LTL 3.4528 for EUR 1.The applicable exchange rates in relation to euro as at the 31 December 2015 and 2014 were as follows:

	31 December 2015	31 December 2014
RUB	79.7540	68,711
UAH	26.2236	19.2410
USD	1.0926	1.2163

2 Accounting principles (cont'd)

2.3. Presentation currency (cont'd)

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

On 1 January 2015 the national currency of the Republic of Lithuania litas was replaced by the euro. The currency translation was done at the exchange rate approved by the Bank of Lithuania, i.e. 3.4528; therefore, it did not have any impact on the Company's operations. The comparative figures were translated into euro at the fixed rate of 3.4528.

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. Acquisitions and disposals of non-controlling interest by the Group are accounted as equity transaction: the difference between the carrying value of the net assets acquired from/disposed to the non-controlling interests in the Group's financial statements and the acquisition price/proceeds from disposal is accounted directly in equity.

If the Group loses control over a subsidiary, it:

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

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

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

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

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

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

2 Accounting principles (cont'd)

2.5. Investments in subsidiaries

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

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

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

2.6. Intangible assets, except for goodwill

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

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

Research and development

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

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

Licenses

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

Software

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

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

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

2 Accounting principles (cont'd)

2.7. Property, plant and equipment

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) cost could be reliably measured. Property, plant and equipment are 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.

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 profit or loss in the year the asset is derecognised.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in profit or loss, whenever estimated. Impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

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

Buildings and structures	15–63 years,
Machinery and equipment	5–15 years,
Vehicles	4–6 years,
Other property, plant and equipment	3–8 years.

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

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.

Borrowing costs that are directly attributable to the acquisition, construction or production of non-current assets are capitalised, otherwise – expensed as incurred. No borrowing costs were capitalised in 2015 and 2014.

2.8. 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 and the Company have classified an asset as held for sale, but the above mentioned criteria are no longer met, the Group and the Company cease 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 is recorded in profit or loss in the period in which the criteria are no longer met.

2.9. Inventories

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

2 Accounting principles (cont'd)

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. Financial assets

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

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

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

The Group and the Company did not have financial assets at fair value through profit or loss, held-to-maturity investments or available-for-sale financial assets as at 31 December 2015 and 2014.

<u>Loans and receivables</u>

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

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

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

2.12. Financial liabilities

<u>Financial liabilities</u>

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

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

2 Accounting principles (cont'd)

2.12. Financial liabilities (cont'd)

Other financial liabilities

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

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

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

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

2.13. Derecognition of financial assets and liabilities

Financial assets

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

- the rights to receive cash flows from the asset have expired;
- the Group and the Company retain the right to receive cash flows from the asset, but have assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement, and the Group and the Company have transferred their rights to receive cash flows from the asset and either (a) have transferred substantially all the risks and rewards of the asset, or (b) have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

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

Financial liabilities

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

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

2 Accounting principles (cont'd)

2.14. Finance lease and operating lease

Finance lease – the Group and the Company as lessee

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

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

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

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

Operating lease – the Group and the Company as lessee

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

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

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

2.15. 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 profit or loss, a relevant expense account is reduced by the amount of grant amortisation.

Grants received as a compensation for the expenses or unearned income of the current or previous reporting period, also, all the grants, which are not grants related to assets, are considered as grants related to income. The income-related grants are recognised as used in parts to the extent of the expenses incurred during the reporting period or unearned income to be compensated by that grant.

2 Accounting principles (cont'd)

2.16. Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The provisions are reviewed at each date of the statement of financial positions and adjusted in order to present the most reasonable current estimate. If the effect of the time value of money is material, the amount of provision is equal to the present value of the expenses, which are expected to be incurred to settle the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as interest expenses.

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

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

2.18. Income tax

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

In Lithuania in 2015 and 2014 income tax rate is 15%.

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

The standard income tax rate in Ukraine in 2015 and 2014 was 18%.

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

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

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

2 Accounting principles (cont'd)

2.19. Revenue recognition

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

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

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

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

2.20. Impairment of assets

<u>Financial assets</u>

Financial assets are reviewed for impairment at each reporting date.

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

<u>Other assets</u>

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

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

2.21. Use of estimates in the preparation of financial statements

The preparation of financial statements requires the Group's and the Company's management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies. The significant areas of estimation used in the preparation of these financial statements relate to the going concern assumptions, depreciation (Notes 2.7. and 13), amortisation (Notes 2.6. and 12), provisions, non-current employee benefits, evaluation of impairment for trade accounts receivable, loans granted, inventories and property, plant and equipment (Notes 2.16, 2.17, 2.20, 13, 15, 16, 22 and 24), evaluation of deferred income tax asset recognition (Note 11). Future events may occur which may cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

2 Accounting principles (cont'd)

2.22. Contingencies

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

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

2.23. Subsequent events

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

2.24. Offsetting and comparative figures

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

2.25. Segments

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

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

2.26. Earnings per share

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

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

2.27. Fair value measurement

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

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

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

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

(all amounts are in EUR thousand unless otherwise stated)

2 Accounting principles (cont'd)

2.27. Fair value measurement (cont'd)

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

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

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

3 Segment information

The Group

The Group's sole business segment identified for the management purposes is the production of refrigerators and specialised equipment. The Group's and the Company's management analyses the information of geographical segments; therefore, this note includes disclosures on operating segments based on country.

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

	Total segment sales revenue		Inter-segment sales		Sales revenue	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Russia	588	664	-	-	588	664
Ukraine	5,004	5,404	-	-	5,004	5,404
Western Europe	19,370	14,430	-	-	19,370	14,430
Central Europe	11,443	8,538	-	-	11,443	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
Total	**47,658**	**46,179**	**(2,295)**	**(4,062)**	**45,363**	**42,117**

Group	Segment assets		Segment liabilities		Depreciation of property, plant and equipment and amortisation of intangible assets		Acquisition of property, plant and equipment and intangible assets	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
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	-	-	-	-
Central Europe	3,138	1,219	1,882	1,543	-	-	-	-
Lithuania	17,739	16,015	7,016	5,012	1,782	1,732	1,848	1,186
Other CIS countries	936	1,787	90	1	-	-	-	-
Other Baltic states	84	27	249	26	-	-	-	-
Other countries	-	-	-	260	-	-	-	-
Total	**34,898**	**31,041**	**25,711**	**22,303**	**1,784**	**1,735**	**1,848**	**1,186**

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

(all amounts are in EUR thousand unless otherwise stated)

3 Segment information (cont'd)

The Company

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

	Sales	
	2015	**2014**
Russia	588	664
Ukraine	5,004	5,404
Western Europe	19,360	14,430
Central Europe	10,010	8,538
Lithuania	4,713	5,067
Other CIS countries	3,398	8,160
Other Baltic states	1,250	809
Other countries	40	52
	44,363	**43,124**

All assets of the Company as at 31 December 2015 and 2014 are located in Lithuania and all acquisitions and depreciation of non-current assets in 2015 and 2014 are connected with the assets in Lithuania.

4 Cost of sales

	Group		Company	
	2015	**2014**	**2015**	**2014**
Raw materials	27,637	26,602	27,000	26,783
Salaries and wages	3,946	2,699	3,554	3,337
Depreciation and amortisation	1,275	1,273	1,263	1,261
Other indirect costs	5,392	5,215	5,559	5,572
	38,250	**35,789**	**37,376**	**36,953**

5 Selling and distribution expenses

	Group		Company	
	2015	**2014**	**2015**	**2014**
Transportation	1,999	2,106	1,999	2,106
Salaries and social security	443	475	435	445
Market research, sales promotion and commissions to third parties	292	182	306	206
Warranty service expenses	222	143	222	180
Advertising, marketing	201	235	198	233
Certification expenses	72	156	72	155
Insurance	63	62	63	62
Business trips	30	30	30	30
Rent of warehouses and storage expenses	16	19	16	19
Other	16	3	58	4
	3,354	**3,411**	**3,399**	**3,440**

(all amounts are in EUR thousand unless otherwise stated)

6 General and administrative expenses

	Group		Company	
	2015	**2014**	**2015**	**2014**
Salaries and social security	1,444	1,261	1,343	1,171
Depreciation and amortisation	464	411	408	355
Rent of premises and maintenance	105	122	103	115
Insurance	89	112	88	111
Taxes, other than income tax	73	75	72	74
Change in impairment allowance for inventories (Note 15)	67	1	67	1
Bank services	64	93	62	92
Advisory	53	89	53	88
Non-current employee benefits (Note 23)	42	27	42	27
Security	34	32	33	31
Business trips	23	21	20	19
Change in impairment allowance for receivables (Note 16)	(16)	935	(4)	948
Other	416	290	373	265
	2,858	**3,469**	**2,660**	**3,297**

Change of impairment allowance for receivables in 2014 is mainly related to overdue receivables from clients in Russia and Ukraine (Note 16).

7 Other income

	Group		Company	
	2015	**2014**	**2015**	**2014**
Income from transportation services	147	104	146	104
Income from sale of other services	59	39	111	99
Income from rent of premises	13	12	40	40
Gain on disposal of property, plant and equipment	2	6	-	6
Other	3	3	3	4
	224	**164**	**300**	**253**

8 Other expenses

	Group		Company	
	2015	**2014**	**2015**	**2014**
Transportation expenses	140	98	139	98
Other services	46	16	80	59
Other	-	3	9	11
	186	**117**	**228**	**168**

9 Finance income

	Group		Company	
	2015	**2014**	**2015**	**2014**
Interest income from loans	503	480	503	480
Foreign currency exchange gain	78	59	77	55
Other income	9	8	4	12
	590	**547**	**584**	**547**

(all amounts are in EUR thousand unless otherwise stated)

10 Finance costs

	Group		Company	
	2015	**2014**	**2015**	**2014**
Interest expenses	808	687	808	685
Loss of foreign currency translation transactions	7	6	4	10
Other expenses	15	-	15	-
	830	**693**	**827**	**695**

11 Income tax

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
Components of the income tax (expense) income				
Current income tax for the reporting year	(86)	(21)	(87)	(18)
Deferred income tax income (expenses)	(168)	(82)	(162)	(76)
Income tax income (expenses) recorded in profit or loss from continuing operations	**(254)**	**(103)**	**(249)**	**(94)**

	As at 31 December 2015	**As at 31 December 2014**	**As at 31 December 2015**	**As at 31 December 2014**
Deferred income tax asset				
Tax loss carried forward	-	110	-	110
Impairment allowance for receivables and write-down of inventories	150	145	147	142
Warranty provisions	89	99	89	92
Accrued liabilities	57	43	57	43
Other	79	8	79	9
Deferred income tax asset before valuation allowance	**375**	**405**	**372**	**396**
Less: not recognised part	(138)	-	(138)	-
Deferred income tax asset, net	**237**	**405**	**234**	**396**
Deferred income tax liability				
Capitalised development and repair costs	(234)	(234)	(234)	(234)
Deferred income tax liability	**(234)**	**(234)**	**(234)**	**(234)**
Deferred income tax, net	**3**	**171**	**-**	**162**
Presented in the statement of financial position:				
Deferred income tax asset	**3**	**171**	**-**	**162**
Deferred income tax liability	**-**	**-**	**-**	**-**

Deferred income tax asset is recognised in the amount, which is expected to be realized in the foreseeable future. As at 31 December 2015, the Group's and the Company's management had doubts on whether the entire deferred income tax related to the impairment allowance for receivables will be realized in the foreseeable future; therefore, the only the more probable part was recognized.

(all amounts are in EUR thousand unless otherwise stated)

11 Income tax (cont'd)

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

Group	2015		2014	
Profit (loss) before tax		**699**		**(651)**
Income tax income (expenses) computed using the effective tax rate	15%	(105)	15%	98
Non-deductible expenses	21.5%	(151)	(39.8%)	(259)
Non-taxable income	(0.2%)	2	1.7%	11
Effect of not recognised tax losses	0%	-	7.2%	47
Income tax income (expenses) recorded in profit or loss	**36.3%**	**(254)**	**(15.9%)**	**(103)**

Company	2015		2014	
Profit (loss) before tax		**757**		**(629)**
Income tax income (expenses) computed using the effective tax rate	15%	(114)	15%	94
Non-deductible expenses	18.1%	(137)	(38.5%)	(242)
Non-taxable income	(0.2%)	2	1.7%	11
Effect of not recognised tax losses	0%	-	6.8%	43
Income tax income (expenses) recorded in profit or loss	**32.9%**	**(249)**	**(15%)**	**(94)**

(all amounts are in EUR thousand unless otherwise stated)

12 Intangible assets

Group

	Development cost	Software, licenses	Total
Cost:			
Balance as at 1 January 2015	5,013	609	5,622
Additions	340	68	408
Disposals and write-offs	(17)	-	(17)
Reclassifications	-	-	-
Balance as at 31 December 2015	5,336	677	6,013
Amortisation:			
Balance as at 1 January 2015	3,482	548	4,030
Charge for the year	333	37	370
Disposals and write-offs	-	-	-
Balance as at 31 December 2015	3,815	585	4,400
Carrying amount as at 31 December 2015	**1,521**	**92**	**1,613**
Carrying amount as at 1 January 2015	**1,531**	**61**	**1,592**

	Development cost	Software, licenses	Total
Cost:			
Balance as at 1 January 2014	4,709	561	5,270
Additions	304	49	353
Disposals and write-offs	-	(1)	(1)
Reclassifications	-	-	-
Balance as at 31 December 2014	5,013	609	5,622
Amortisation:			
Balance as at 1 January 2014	3,194	525	3,719
Charge for the year	288	24	312
Disposals and write-offs	-	(1)	(1)
Balance as at 31 December 2014	3,482	548	4,030
Carrying amount as at 31 December 2014	**1,531**	**61**	**1,592**
Carrying amount as at 1 January 2014	**1,515**	**36**	**1,551**

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

(all amounts are in EUR thousand unless otherwise stated)

12 Intangible assets (cont'd)

Company

	Development cost	Software, licenses	Total
Cost:			
Balance as at 1 January 2015	4,972	501	5,473
Additions	340	61	401
Disposals and write-offs	(17)	-	(17)
Reclassifications	-	-	-
Balance as at 31 December 2015	5,295	562	5,857
Amortisation:			
Balance as at 1 January 2015	3,441	441	3,882
Charge for the year	333	34	367
Disposals and write-offs	-	-	-
Balance as at 31 December 2015	3,774	475	4,249
Carrying amount as at 31 December 2015	**1,521**	**87**	**1,608**
Carrying amount as at 1 January 2015	**1,531**	**60**	**1,591**

	Development cost	Software, licenses	Total
Cost:			
Balance as at 1 January 2014	4,668	454	5,122
Additions	304	48	352
Disposals and write-offs	-	(1)	(1)
Reclassifications	-	-	-
Balance as at 31 December 2014	4,972	501	5,473
Amortisation:			
Balance as at 1 January 2014	3,153	420	3,573
Charge for the year	288	22	310
Disposals and write-offs	-	(1)	(1)
Balance as at 31 December 2014	3,441	441	3,882
Carrying amount as at 31 December 2014	**1,531**	**60**	**1,591**
Carrying amount as at 1 January 2014	**1,515**	**34**	**1,549**

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

(all amounts are in EUR thousand unless otherwise stated)

13 Property, plant and equipment

Group

	Land, buildings and structures	Machinery and equipment	Vehicles and other property, plant and equipment	Construction in progress and prepayments	Total
Cost:					
Balance as at 1 January 2015	4,149	33,400	5,001	207	42,757
Additions	10	1,282	148	-	1,440
Disposals and write-offs	-	(274)	(45)	(6)	(325)
Reclassifications	-	-	-	-	-
Effect of change in foreign currency exchange rate	-	(2)	(4)	-	(6)
Balance as at 31 December 2015	4,159	34,406	5,100	201	43,866
Accumulated depreciation:					
Balance as at 1 January 2015	1,738	29,964	4,279	-	35,981
Charge for the year	144	1,056	214	-	1,414
Disposals and write-offs	-	(274)	(42)	-	(316)
Reclassifications	-	-	-	-	-
Effect of change in foreign currency exchange rate	-	(1)	(3)	-	(4)
Balance as at 31 December 2015	1,882	30,745	4,448	-	37,075
Carrying amount as at 31 December 2015	**2,277**	**3,661**	**,652**	**201**	**6,791**
Carrying amount as at 1 January 2015	**2,411**	**3,436**	**722**	**207**	**6,776**

(all amounts are in EUR thousand unless otherwise stated)

13 Property, plant and equipment (cont'd)

	Land, buildings and structures	Machinery and equipment	Vehicles and other property, plant and equipment	Construction in progress and prepayments	Total
Cost:					
Balance as at 1 January 2014	4,149	32,518	4,985	557	42,209
Additions	-	282	286	265	833
Disposals and write-offs	-	(220)	(49)	-	(269)
Reclassifications	-	824	(209)	(615)	-
Effect of change in foreign currency exchange rate	-	(4)	(12)	-	(16)
Balance as at 31 December 2014	4,149	33,400	5,001	207	42,757
Accumulated depreciation:					
Balance as at 1 January 2014	1,594	28,950	4,285	-	34,829
Charge for the year	144	1,085	194	-	1,423
Disposals and write-offs	-	(211)	(47)	-	(258)
Reclassifications	-	144	(144)	-	-
Effect of change in foreign currency exchange rate	-	(4)	(9)	-	(13)
Balance as at 31 December 2014	1,738	29,964	4,279	-	35,981
Carrying amount as at 31 December 2014	**2,411**	**3,436**	**722**	**207**	**6,776**
Carrying amount as at 1 January 2014	**2,555**	**3,568**	**700**	**557**	**7,380**

(all amounts are in EUR thousand unless otherwise stated)

13 Property, plant and equipment (cont'd)

Company

	Land, buildings and structures	Machinery and equipment	Vehicles and other property, plant and equipment	Construction in progress and prepayments	Total
Cost:					
Balance as at 1 January 2015	4,242	31,109	4,738	207	40,296
Additions	10	1,280	129	-	1,419
Disposals and write-offs	-	(273)	(24)	(6)	(303)
Reclassifications	-	-	-	-	-
Balance as at 31 December 2015	4,252	32,116	4,843	201	41,412
Accumulated depreciation:					
Balance as at 1 January 2015	1,831	28,068	4,031	-	33,930
Charge for the year	144	980	204	-	1,328
Disposals and write-offs	-	(273)	(24)	-	(297)
Reclassifications	-	-	-	-	-
Balance as at 31 December 2015	1,975	28,775	4,211	-	34,961
Carrying amount as at 31 December 2015	**2,277**	**3,341**	**632**	**201**	**6,451**
Carrying amount as at 1 January 2015	**2,411**	**3,041**	**707**	**207**	**6,366**

	Land, buildings and structures	Machinery and equipment	Vehicles and other property, plant and equipment	Construction in progress and prepayments	Total
Cost:					
Balance as at 1 January 2014	4,242	30,219	4,707	557	39,725
Additions	-	281	280	265	826
Disposals and write-offs	-	(215)	(40)	-	(255)
Reclassifications	-	824	(209)	(615)	-
Balance as at 31 December 2014	4,242	31,109	4,738	207	40,296
Accumulated depreciation:					
Balance as at 1 January 2014	1,687	27,137	4,031	-	32,855
Charge for the year	144	995	181	-	1,320
Disposals and write-offs	-	(208)	(37)	-	(245)
Reclassifications	-	144	(144)	-	-
Balance as at 31 December 2014	1,831	28,068	4,031	-	33,930
Carrying amount as at 31 December 2014	**2,411**	**3,041**	**707**	**207**	**6,366**
Carrying amount as at 1 January 2014	**2,555**	**3,082**	**676**	**557**	**6,870**

The depreciation charge of the Group's property, plant and equipment for 2015 amounts to EUR 1,414 thousand (EUR 1,423 thousand for 2014). After the assessment of amortization of grants, the amount of EUR 1,272 thousand for 2015 (EUR 1,299 thousand for 2014) was included into production cost and the amount of EUR 94 thousand (EUR 99 thousand for 2014) was included into administrative expenses in the Group's profit or loss.

(all amounts are in EUR thousand unless otherwise stated)

13 Property, plant and equipment (cont'd)

The depreciation charge of the Company's property, plant and equipment for 2015 amounts to EUR 1,328 thousand (EUR 1,320 thousand for 2014). The amount of EUR 41 thousand for 2015 (EUR 45 thousand for 2014) was included into administrative expenses in the Company's profit or loss. The remaining amount of depreciation, after having assessed the amortization of grants amounting to EUR 48 thousand (EUR 25 thousand in 2014) was included in the production cost.

As at 31 December 2015 buildings of the Group and the Company with the carrying amount of EUR 2,077 thousand (as at 31 December 2014 – EUR 2,193 thousand respectively), the Group's and the Company's machinery and equipment with the carrying amount of EUR 1,834 thousand (as at 31 December 2014 – EUR 2,757 thousand respectively) were pledged to banks as a collateral for the loans (Note 24).

14 Loans granted

	Group		Company	
	31 December 2015	**31 December 2014**	**31 December 2015**	**31 December 2014**
Hymana Holdings Ltd.	9,447	-	9,447	-
Loan to UAB Vaidana	339	182	339	182
Loan to OOO Polair	-	7,480	-	7,480
Loan to ZAO Zavod Sovitalprodmash	-	1,530	-	1,530
Loans receivable	**9,786**	**9,192**	**9,786**	**9,192**
Including:				
Non-current borrowings	9,447	9,010	9,447	9,010
Current borrowings	339	182	339	182
Total	**9,786**	**9,192**	**9,786**	**9,192**

As at 31 December 2014 the Company and the Group had a loan of EUR 6,775 thousand issued to the related company OAO Polair and calculated interest of EUR 705 thousand with maturity set in 2017. The loan was subject to 6.5% fixed annual interest.

As at 31 December 2014, the Company and the Group had a loan granted to ZAO Zavod Sovitalprodmash of EUR 1,500 thousand and calculated interest of EUR 30 thousand with maturity set in 2016. The loan was subject to annual interest linked to EURIBOR + 5.25%.

On 24 November 2015, a rights transfer agreement was signed with the Group's and the Company's intermediate shareholder Hymana Holdings Ltd., which controls 91.1% of the Company's shares through intermediaries. Based on the agreement, the intermediate shareholder took over the loans granted and interest calculated to related companies:

- Loan of EUR 6,775 thousand and interest of EUR 1,022 thousand from OAO Polair;
- Loan of EUR 1,500 thousand and interest on EUR 97 thousand from ZAO Zavod Sovitalprodmash.

The loans taken over are subject to annual interest related to 1-month EURIBOR + 6.5%, and the latest loan maturity is set on 1 June 2018. Based on the Company's management, the loans taken over are not impaired and shall be repaid in compliance with contractual terms.

As at 31 December 2015 the Company and the Group have a loan granted to their shareholder UAB Vaidana of EUR 339 thousand (EUR 182 thousand in 2014). The loan is subject to 1-month EURIBOR + 6.5% annual interest, the loan matures on 31 December 2016.

(all amounts are in EUR thousand unless otherwise stated)

15 Inventories

	Group		Company	
	As at 31 December 2015	**As at 31 December 2014**	**As at 31 December 2015**	**As at 31 December 2014**
Raw materials and spare parts and production in progress	2,737	3,032	2,648	2,900
Finished goods	1,542	2,115	1,533	2,107
Goods for resale	101	67	101	67
Total inventories	**4,380**	**5,214**	**4,282**	**5,074**

Raw materials and materials consist of compressors, components, plastics, wires, metals and other materials used in the production. The Group's and the Company's cost of inventories accounted for at net realisable value amounted to EUR 180 thousand and EUR 180 thousand as at 31 December 2015 (EUR 113 thousand and EUR 113 thousand as at 31 December 2014 respectively).

Write-down to net realisable value was included in other administrative expenses in profit or loss and in the Group and the Company comprised EUR 67 thousand and EUR 67 thousand respectively (EUR 1 thousand and EUR 1 thousand in 2014) (Note 6).

As at 31 December 2015 the Group and the Company have no legal restrictions on inventories.

16 Trade receivables

	Group		Company	
	As at 31 December 2015	**As at 31 December 2014**	**As at 31 December 2015**	**As at 31 December 2014**
Receivables from not related customers	7,797	-	7,740	7,387
Accrued receivables under stage of completion method	1,433	-	-	-
Receivables from related customers	-	-	18	305
Gross receivables	**9,230**	**7,490**	**7,758**	**7,692**
Less: impairment allowance for doubtful receivables	(1,001)	(1,017)	(980)	(984)
Net receivables	**8,229**	**6,473**	**6,778**	**6,708**
Including:				
Non-current receivables	-	-	-	-
Current receivables	8,229	6,473	6,778	6,708
Total	**8,229**	**6,473**	**6,778**	**6,708**

As at 31 December 2015, costs incurred by the Group related to long-term contracts in progress, plus recognized profit and less recognized losses amounted to EUR 1,433 thousand (the Group had no long-term contracts in progress in 2014). As at 31 December 2015, the Group had not issued invoices related to long-term contracts in progress.

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

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

As at 31 December 2015 100% impairment was accounted for trade receivables of the Group and the Company in gross values of EUR 1,001 thousand and EUR 980 thousand respectively (as at 31 December 2014 – EUR 1,017 thousand and EUR 984 thousand respectively). Change in impairment allowance for receivables was accounted for within administrative expenses.

(all amounts are in EUR thousand unless otherwise stated)

16 Trade receivables (cont'd)

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
Balance at the beginning of the period	(1,017)	(82)	(984)	(36)
Charge for the year	(60)	(949)	(53)	(948)
Write-offs of trade receivables	-	-	-	-
Effect of the change in foreign currency exchange rate	19	13	-	-
Amounts paid	57	1	57	-
Balance at the end of the period	**(1,001)**	**(1,017)**	**(980)**	**(984)**

The receivables are written-off when it becomes obvious that they will not be recovered. The impairment allowance for receivables of the Group and the Company in 2015 and 2014 was stated under administrative expenses.

17 Other amounts receivable

	Group		Company	
	As at 31 December 2015	**As at 31 December 2014**	**As at 31 December 2015**	**As at 31 December 2014**
VAT receivable	151	172	151	172
Restricted cash	4	13	4	13
Other receivables	126	3	110	3
Less: impairment allowance for doubtful other receivables	-	-	-	-
	281	**188**	**265**	**188**
Including:				
Non-current receivables	-	-	-	-
Current receivables	281	188	265	188
Total	**281**	**188**	**265**	**188**

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
Balance at the beginning of the period	-	-	-	-
Charge for the year	-	-	-	-
Write-off of other receivables	-	-	-	-
Effect of the change in foreign currency exchange rate	-	-	-	-
Amounts paid	-	-	-	-
	-	**-**	**-**	**-**

(all amounts are in EUR thousand unless otherwise stated)

18 Cash and cash equivalents

	Group		Company	
	As at 31 December 2015	**As at 31 December 2014**	**As at 31 December 2015**	**As at 31 December 2014**
Cash at bank	3,762	1,222	3,384	1,179
Cash on hand	2	-	1	-
	3,764	**1,222**	**3,385**	**1,179**

As at 31 December 2015 and 2014 no restrictions were imposed on the Group's and the Company's cash.

19 Share capital and share premium

As at 31 December 2015 and 2014 the share capital comprised 39,622 thousand ordinary registered shares. The share capital was divided into 39,622 thousand ordinary registered shares with the par value of EUR 0.29 each.

On 1 January 2015 the Republic of Lithuania joined the euro zone and the Lithuanian national currency litas was replaced by the euro. As a result, the Company's share capital was recalculated.

All shares of the Company are fully paid. The Company does not have any other classes of shares than ordinary shares mentioned above, there are no restrictions of share rights or special control rights for the shareholders set in the Articles of Association of the Company. No shares of the Company are held by itself or its subsidiaries. No convertible securities, exchangeable securities or securities with warrants are outstanding; likewise, there are no outstanding acquisition rights or undertakings to increase share capital as at 31 December 2015 and 2014.

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 and 2014 the Company was in compliance with this requirement.

20 Reserves

Legal reserve

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

As at 31 December 2015 and 31 December 2014 the legal reserve of the Group and the Company has not been fully formed yet.

Other reserves

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

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.

(all amounts are in EUR thousand unless otherwise stated)

21 Grants

Group and Company

Balance as at 31 December 2013	3,100
Received during the period	12
Balance as at 31 December 2014	3,112
Received during the period	705
Balance as at 31 December 2015	3,817
Accumulated amortisation as at 31 December 2013	2,914
Amortisation during the period	25
Accumulated amortisation as at 31 December 2014	2,939
Amortisation during the period	48
Accumulated amortisation as at 31 December 2015	2,987
Net carrying amount as at 31 December 2015	**830**
Net carrying amount as at 31 December 2014	**173**

The grants were received for the renewal of production machinery and repairs of buildings in connection with the elimination of CFC 11 element from the production of polyurethane insulation and filling foam, and for elimination of greenhouse gases in the manufacturing of domestic refrigerators and freezers, also, for increase in efficiency by investing into the production of commercial refrigerators and infrastructure development via investments into a research centre of new products.

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

22 Warranty provision

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

Changes in warranty provisions were as follows:

	Group		**Company**	
	2015	**2014**	**2015**	**2014**
As at 1 January	661	728	613	637
Additions during the year	232	292	231	274
Utilised	(301)	(359)	(253)	(298)
Foreign currency exchange effect	-	-	-	-
As at 31 December	592	661	591	613
Including:				
Non-current	220	228	220	228
Current	372	433	371	385
Total	**592**	**661**	**591**	**613**

(all amounts are in EUR thousand unless otherwise stated)

23 Non-current employee benefits

As at 31 December 2015 the expenses of the one-time payments for leaving employees at a retirement age amounted to EUR 5 thousand (EUR 21 thousand as at 31 December 2014).

	Group	Company
31 December 2013	**127**	**127**
Used in 2014	(21)	(21)
Accumulated in 2014	48	48
31 December 2014	**154**	**154**
Used in 2015	(5)	(5)
Accumulated in 2015	47	47
31 December 2015	**196**	**196**

Actuarial gains and losses in 2015 and 2014 were insignificant; therefore, they were not separated and presented in other comprehensive income.

The main assumptions applied in evaluation of the Group's and the Company's non-current employee benefit liability are presented below:

	As at 31 December 2015	As at 31 December 2014
Discount rate	4.45%	4.45%
Rate of employee turnover	14.83%	10.21%
Annual salary increase	3%	3%

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

24 Borrowings

	Group		Company	
	As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
Non-current borrowings				
Non-current borrowings with variable interest rate	11,186	10,501	11,186	10,501
	11,186	10,501	11,186	10,501
Current borrowings				
Current borrowings with variable interest rate	1,950	3,486	1,950	3,486
	1,950	3,486	1,950	3,486
	13,136	**13,987**	**13,136**	**13,987**

The main information on individual borrowings is disclosed below:

			Group		Company	
	Type	Maturity	As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
Borrowing 1	Loan	22/04/2017	11,186	11,187	11,186	11,187
Borrowing 2	Credit line	22/12/2016	1,950	2,800	1,950	2,800
			13,136	**13,987**	**13,136**	**13,987**

(all amounts are in EUR thousand unless otherwise stated)

24 Borrowings (cont'd)

The loan bears 1-month EURIBOR + 6.25% annual interest rate and the credit line bears 1-month EURIBOR + 5.25% annual interest rate as at 31 December 2015 (as at 31 December 2014: 1-month EURIBOR + 5.25% annual interest rate for the loan and credit line).

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

Based on the terms of the loan agreements, the Company had 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 2015, the Company complied with the non-financial and financial covenants, except for EBITDA to financial liabilities ratio calculated on the basis of the consolidated results of Polair group, which, according to a separate agreement with the bank, was not calculated as at 31 December 2015. Starting from 5 February 2016, based on the amendments to loan agreements, the ratio is calculated on the basis of the consolidated results of Snaigė group instead of those of Polair Group (Note 31).

Based on the amendments to loan agreements made on 5 February 2016, the Company also committed to provide an additional collateral to the bank, no later than by 16 May 2016, in the form of assets owned by the Company amounting to EUR 1,500 thousand or, instead of additional collateral, to repay the bank not less than EUR 1,000 thousand of the loan and/or credit line before their respective maturity. As at the date of the additional agreement, the Company also committed to repay EUR 1,500 thousand of the loan or credit limit before their repayment term from the amounts scheduled to be repaid in 2016. The Company fulfilled this obligation.

Borrowings at the end of the year in national currency:

	Group		Company	
	As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
Borrowings denominated in:				
EUR	13,136	13,987	13,136	13,987
	13,136	**13,987**	**13,136**	**13,987**

Contractual repayment schedule for borrowings:

	Group		Company	
	Fixed interest rate	Variable interest rate	Fixed interest rate	Variable interest rate
2016	-	1,950	-	1,950
2017	-	11,186	-	11,186
	-	**13,136**	**-**	**13,136**

25 Operating lease

The Group and the Company have concluded several contracts of operating lease of land and premises. The terms of lease do not include restrictions of the activities of the Group and the Company in connection with the dividends, additional borrowings or additional lease agreements. In 2015 the lease expenses of the Group and the Company amounted to EUR 69 thousand and EUR 68 thousand respectively (in 2014, EUR 93 thousand and EUR 93 thousand respectively).

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

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

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

(all amounts are in EUR thousand unless otherwise stated)

26 Other current liabilities

	Group		Company	
	As at 31 December 2015	**As at 31 December 2014**	**As at 31 December 2015**	**As at 31 December 2014**
Salaries and related taxes	714	280	692	280
Vacation reserve	419	338	362	308
Other taxes payable	104	50	103	36
Other payables and accrued expenses	151	73	145	65
	1,388	**741**	**1,302**	**689**

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.

27 Basic and diluted profit (loss) per share

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
Weighted average number of ordinary shares	39,622	39,622	39,622	39,622
Net profit (loss) for the year, attributable to the shareholders of Company	445	(755)	508	(723)
Basic and diluted profit (loss) per share, in EUR	**0.01**	**(0.02)**	**0.01**	**(0.02)**

28 Financial instruments

Overview

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

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

Credit risk

As at 31 December 2015 and 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.

(all amounts are in EUR thousand unless otherwise stated)

28 Financial instruments (cont'd)

Credit risk (cont'd)

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

	Group		Company	
	As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
Loans receivable from related parties	9,786	9,192	9,786	9,192
Trade receivables	8,229	6,473	6,778	6,708
Cash and cash equivalents	3,764	1,222	3,385	1,179
	21,779	**16,887**	**19,949**	**17,079**

As at 31 December 2015 the main part of the loans granted consists of the loan granted to intermediate shareholder Hymana Holdings Ltd. (31 December 2014: to the related companies OAO Polair and ZAO Zavod Sovitalprodmash).

The activities of Hymana Holdings Ltd. are investment management with the aim of earning investment return through income generated by directly and indirectly controlled companies in Lithuania and Russia. The loan is expected to be repaid from the cash flows and dividends payable by subsidiaries. As at 31 December 2015, no impairment was established for long-term loans receivable.

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

	Group				Company			
	2015	%	2014	%	2015	%	2014	%
Client 1	1,140	14	1,494	20	1,140	16	1,494	20
Client 2	1,123	14	1,178	16	1,123	14	1,178	15
Client 3	964	12	761	10	964	12	761	10
Client 4	579	7	595	8	579	7	595	8
Client 5	560	7	560	7	560	7	560	7
Client 6	300	4	255	4	300	4	255	3
Client 7	299	4	230	3	299	4	230	3
Other clients	4,265	38	2,417	32	2,793	36	2,619	34
Impairment	(1,001)		(1,017)		(980)		(984)	
Total	**8,229**	**100**	**6,473**	**100**	**6,778**	**100**	**6,708**	**100**

Trade receivables according to geographic regions:

	Group		Company	
	2015	2014	2015	2014
Central Europe	3,138	1,219	1,705	1,219
Western Europe	2,803	2,225	2,803	2,225
Other CIS countries	936	1,787	936	1,787
Ukraine	610	560	610	560
Lithuania	529	473	511	715
Russia	129	182	129	180
Other Baltic States	84	27	84	22
	8,229	**6,473**	**6,778**	**6,708**

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

(all amounts are in EUR thousand unless otherwise stated)

28 Financial instruments (cont'd)

Credit risk (cont'd)

In 2013–2015 Russia's political and economic situation deteriorated due to the actions of the Russian Government in respect of the European Union and neighbouring countries. Political unrest together with the increasing regional tensions forced foreign investors to cease their activities. In addition, Russia's economy started contracting due to the reduction in oil prices. Further Russia's actions towards the European Union and neighbouring countries as well as movement in oil prices are difficult to predict but may imply further consequences not only for Russia's economy, but also for the economy of other CIS countries.

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. Unstable political and economical situation and military conflicts still continue in Ukraine, and at the date of these consolidated and separate financial statements part of the territory of the Donetsk and Luhansk regions remains in the control zone of the self-proclaimed republics. As a result, the Ukrainian authorities are currently not able to fully implement the laws in this territory and Crimea. 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.

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. As at 31 December 2015, impairment allowance for amounts receivable from Ukrainian customers amounted to EUR 890 thousand. These financial statements reflect the current management's estimate related to the effect of the Ukrainian business environment on the Group's and the Company's activities and financial position.

The Group's and the Company's management believes that the maximum risk equals to trade receivables, less recognised impairment losses at the reporting date. The Group and the Company do not provide guarantees for obligations of other parties, except for those disclosed in Note 29.

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 were not insured.

The delay analysis of trade receivables, less impairment losses, as at 31 December 2015 and 2014 is as follows:

Group

		Trade receivables past due but not impaired					
	Trade receivables neither past due nor impaired	**Less than 30 days**	**30–60 days**	**60–90 days**	**90–120 days**	**More than 120 days**	**Total**
2015	6,195	1,030	359	21	139	485	8,229
2014	3,923	1,161	493	388	331	177	6,473

Company

		Trade receivables past due but not impaired					
	Trade receivables neither past due nor impaired	**Less than 30 days**	**30–60 days**	**60–90 days**	**90–120 days**	**More than 120 days**	**Total**
2015	4,766	1,022	359	21	134	476	6,778
2014	4,200	1,149	489	381	331	158	6,708

(all amounts are in EUR thousand unless otherwise stated)

28 Financial instruments (cont'd)

Liquidity risk

The Group's and the Company's policy is to maintain sufficient cash and cash equivalents by using cash flows statements with liquidity forecasting for future periods. The statement comprises predictable operating cash flows and effective planning of cash utilisation. The Group's liquidity (total current assets / total current liabilities) and quick ((total current assets - inventory) / total current liabilities) ratios as at 31 December 2015 were 1.28 and 0.95 respectively (1.2 and 0.74 as at 31 December 2014 respectively). The Company's liquidity and quick ratios as at 31 December 2015 were 1.31 and 0.94 respectively (1.18 and 0.73 as at 31 December 2014, respectively).

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

The table below summarises the maturity profile of the financial liabilities as at 31 December 2015 and 2014 based on contractual undiscounted payments.

Group

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total	Carrying amount
Interest bearing loans and borrowings	-	411	1,233	12,511	-	14,155	13,136
Trade and other payables	3,221	4,780	-	-	-	8,001	8,001
Guarantees and sureties issued	11,367	-	-	-	-	11,367	-
Balance as at 31 December 2015	**14,588**	**5,191**	**1,233**	**12,511**	**-**	**33,523**	**21,137**
Interest bearing loans and borrowings	-	1,039	3,183	11,335	-	15,557	13,987
Trade and other payables	2,053	4,354	8	-	-	6,415	6,415
Guarantees and sureties issued	12,996	-	-	-	-	12,996	-
Balance as at 31 December 2014	**15,049**	**5,393**	**3,191**	**11,335**	**-**	**34,968**	**20,402**

Company

	On demand	Less than 3 months	4 to 12 months	1 to 5 years	More than 5 years	Total	Carrying amount
Interest bearing loans and borrowings	-	411	1,233	12,511	-	14,155	13,136
Trade and other payables	2,816	4,918	-	-	-	7,734	7,734
Guarantees and sureties issued	11,367	-	-	-	-	11,367	-
Balance as at 31 December 2015	**14,183**	**5,329**	**1,233**	**12,511**	**-**	**33,256**	**20,870**
Interest bearing loans and borrowings	-	1,039	3,183	11,335	-	15,557	13,987
Trade and other payables	1,984	4,801	8	-	-	6,793	6,793
Guarantees issued	12,996	-	-	-	-	12,996	-
Balance as at 31 December 2014	**14,980**	**5,840**	**3,191**	**11,335**	**-**	**35,346**	**20,780**

The interest payments on variable interest rate loans in the table above are calculated based on the average market interest rates at the period end, and these amounts may change as market interest rates change.

(all amounts are in EUR thousand unless otherwise stated)

28 Financial instruments (cont'd)

Liquidity risk (cont'd)

As disclosed in Note 31, in February 2016 the Group and the Company reached an agreement with the bank and agreed to repay part of the loan and/or credit line to the bank before their respective maturities. Based on this agreement, in 2016 the Group and the Company repaid EUR 1,500 thousand before maturity. Additional information on guaranties and sureties issued is disclosed in Note 30.

Interest rate risk

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

As at 31 December 2015 and 2014 the Group and the Company did not use any financial instruments to hedge against interest rate risk.

The following table demonstrates the sensitivity of the Group's and the Company's profit before tax to a reasonably possible change in interest rates, with all other variables held constant (through the impact on floating rate borrowings). There is no impact on the Group's and the Company's equity, other than impact on the net result.

	Increase/decrease in basis points	Group Effect on the profit before income tax	Company Effect on the profit before income tax
2015			
EUR	+ 100	(131)	(131)
EUR	- 100	131	131
2014			
EUR	+ 100	(140)	(140)
EUR	- 100	140	140

Foreign exchange risk

Following the adoption of the euro on 1 January 2015, foreign exchange risk decreased because most of income is earned in euro by the Group and the Company. There were no derivative foreign currency transactions made in 2015 and 2014.

Monetary assets and liabilities of the Group denominated in various currencies as at 31 December 2015 and 2014 were as follows:

	2015		2014	
	Assets	**Liabilities**	**Assets**	**Liabilities**
EUR	19,871	21,137	16,078	20,332
USD	473	-	797	61
Other	2	-	12	9
Total	**20,346**	**21,137**	**16,887**	**20,402**

Monetary assets and liabilities of the Company denominated in various currencies as at 31 December 2015 and 2014 were as follows:

	2015		2014	
	Assets	**Liabilities**	**Assets**	**Liabilities**
EUR	19,517	20,870	16,282	20,711
USD	432	-	797	61
Other	-	-	-	8
Total	**19,949**	**20,870**	**17,079**	**20,780**

28 Financial instruments (cont'd)

Capital management

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

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

The Company is obliged to keep its equity not lower than 50% of its share capital, as imposed by the Law on Companies of the Republic of Lithuania. As at 31 December 2015 and 2014 the Group and the Company complied with this requirement.

Fair value of financial instruments

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

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

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

29 Commitments and contingencies

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

By the surety 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 1,113 thousand with the repayment term postponed until 27 March 2017 (the initial repayment term was 27 March 2017).

The Company had entered into surety agreements with OAO Petrokomerc Bank; based on the agreements, the Company assumed 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).

The Company received a copy of a claim from PAO FK Otkritie stating that PAO FK Otkritie took over the claim rights of OAO Petrokomerc and requires the Moscow Arbitration Court to transfer the obligation to fulfil the liabilities under surety agreements of OAO Polair to the Company. Although the legal proceedings at the Moscow Arbitration Court are still ongoing, on 28 October 2015, the claim rights under the mentioned surety agreements were transferred to OOO Finansovo promyshlenaja Kompanija Altair Group. On 5 February 2016, based on the mutual agreement, these surety agreements were terminated with no further liabilities or consequences to the Company and the Group. On 12 February 2016 the Company and the Group submitted a statement to the Moscow Arbitration Court evidencing that the sureties had been terminated and asking the court to dismiss the claims. AB Snaigė expects the court to satisfy the request in the statement and to dismiss the claim.

In 2013 the Company had a heating power purchase agreement; based on the agreement, the Company is obliged, for the 10-year period, to purchase 6,000 Kwh of heating power each year. If the Company fails to purchase the agreed quantity of power or in case of agreement termination, the fine from EUR 579 thousand in the first year of the agreement to EUR 58 thousand in the tenth year of the agreement shall be imposed. As at 31 December 2015 and 2014, the Company complied with its contractual liabilities.

(all amounts are in EUR thousand unless otherwise stated)

29 Commitments and contingencies (cont'd)

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.

30 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 Nedvižimost (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 Sovitalprodmash (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. As at 31 December 2015 and 2014 the Group has not formed any impairment allowances for doubtful debts, related to receivables from related parties. Doubtful receivables are tested each year by inspecting the financial position of the related party and assessing the market in which the related party operates.

Financial and investment transactions with the related parties:

	2015				**2014**			
	Loans received	**Interest expenses**	**Loans granted**	**Interest income**	**Loans received**	**Interest expenses**	**Loans granted**	**Interest income**
ZAO Zavod Sovitalprodmash	-	-	-	71	-	-	1,500	30
OAO Polair	-	-	-	364	-	-	500	441
Hymana Holdings Ltd.	-	-	8,275	54	-	-	-	-
UAB Vaidana	-	-	157	14	-	-	111	9
	-	**-**	**8,432**	**503**	**-**	**-**	**2,111**	**480**

On 24 November 2015, a rights transfer agreement was signed with an intermediate shareholder of the Group and the Company Hymana Holdings Ltd. Based on this agreement, the intermediate shareholder took over the loans granted and interest calculated to related companies (Note 14).

(all amounts are in EUR thousand unless otherwise stated)

30 Related party transactions (cont'd)

The values of the loans granted to related parties in the statement of financial position as at 31 December:

	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Hymana Holdings Ltd.	9,447	-	9,447	-
Loan to UAB Vaidana	339	182	339	182
Loan to OAO Polair	-	7,480	-	7,480
Loan to ZAO Zavod Sovitalprodmash	-	1,530	-	1,530
Loans receivable	**9,786**	**9,192**	**9,786**	**9,192**

The Company's transactions with related parties from operating activities:

2015

	Purchases	Sales	Receivables	Payables
OAO Polair (refrigerators)	912	-	-	176
	912	**-**	**-**	**176**

2014

	Purchases	Sales	Receivables	Payables
OAO Polair (refrigerators)	702	-	-	127
	702	**-**	**-**	**127**

The Company has entered into a surety agreement with OAO Petrokomerc Bank; based on the agreement, 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). These surety agreements were terminated on 5 February 2016 (Note 29).

The Company's transactions carried out with subsidiaries:

	Purchases		Sales	
	2015	**2014**	**2015**	**2014**
UAB Almecha	1,272	2,228	1,092	1,931
TOB Snaige Ukraina	16	28	-	-
	1,288	**2,256**	**1,092**	**1,931**

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

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

	2015	2014
Non-current receivables		
Trade receivables from UAB Almecha	-	-
Total non-current receivables	**-**	**-**
Current receivables		
Trade receivables from UAB Almecha	18	305
Total current receivables	**18**	**305**

(all amounts are in EUR thousand unless otherwise stated)

30 Related party transactions (cont'd)

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

	Receivables from subsidiaries and granted loans neither past due nor impaired	Receivables from subsidiaries and granted loans past due but not impaired					
		Less than 30 days	30–60 days	60–90 days	90–120 days	More than 120 days	Total
2015	18	-	-	-	-	-	18
2014	305	-	-	-	-	-	305

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

	2015	2014
UAB Almecha	139	415
TOB Snaige Ukraina	2	2
	141	**417**

As at 31 December 2015, the Company, by all its present and future assets, guarantees for UAB Vaidana and its proper fulfilment of obligations to AB Šiaulių Bankas with regard to the loan of EUR 1.1 million granted to UAB Vaidana; the loan maturity was postponed until 27 March 2017.

Remuneration of the management and other payments

Remuneration 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 respectively in 2014). The management of the Company and subsidiaries did not receive any loans, guarantees; no other payments or property transfers were made or accrued.

31 Subsequent events

On 5 February 2016 the Company signed amendments to loan agreements changing the loan repayment terms. Based on the amendments, starting from the date of signing the amendments, EBITDA to financial liabilities ratio will be calculated on the basis of the consolidated results of the Group (before, the ratio was calculated based on the consolidated results of Polair group). Also, the amendments do not oblige the Company to comply with this ratio calculated on the basis of the consolidated results of Snaigė group as at 31 December 2015.

Based on the amendments to loan agreements made on 5 February 2016, the Company committed to provide an additional collateral to the bank, no later than by 16 May 2016, in the form of assets owned by the Company amounting to EUR 1,500 thousand or, instead of additional collateral, to repay the bank not less than EUR 1,000 thousand of the loan and/or credit line before their respective maturity. As at the date of the amendments, the Company also committed to repay EUR 1,500 thousand of the loan or credit limit before their repayment term from the amounts scheduled to be repaid in 2016. The Company fulfilled this obligation.

(all amounts are in EUR thousand unless otherwise stated)

31 Subsequent events (cont'd)

As mentioned in Note 29, on 5 February 2016 based on the mutual agreement, the surety agreements for OAO Polair loans amounting to EUR 10,209 thousand as at 31 December 2015 were terminated.

After the end of the financial year until the date of these financial statements there were no other events subsequent to the reporting date that would have a significant effect on the financial statements or require disclosure.

General Director	Gediminas Čeika		20 April 2016
Financial Director	Mindaugas Sologubas		20 April 2016

SNAIGĖ

Consolidated annual report 2015

Confirmation of Responsible persons

The members of the management bodies, employees, head of administration together with the Company's consultants who are responsible for the preparation of 2015 consolidated annual report and consolidated and the Company's financial statements confirm that, according to their knowledge, annual consolidated and the Company's financial statements prepared according to International Financial Reporting Standards, as adopted by the European Union, accurately represent the reality and correctly show the Company's and total consolidated group's assets, liabilities, financial position, profit or loss, and that business development and activities' overview, the Company's and consolidated groups' situation, together with the description of main risks and uncertainties faced are accurately presented in the consolidated annual report.

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

Report prepared:	20 April 2016
Place the report prepared:	AB Snaigė, Pramonės str. 6, Alytus

Managing Director Review

Dear All,

I reckon that not only SNAIGĖ, but many exporting Lithuanian companies faced a rather complex task of where to direct trade flows and what to replace the Eastern markets affected by war, embargo or devaluation of local currencies with in 2015.

In 2015, AB Snaigė demonstrated its ability to respond in a prompt manner and increase profits as well as sales in ever so changing business conditions, i.e. the Company managed to switch its focus within a short period of time, increase sales in the Western and Central Europe as well as position itself in new markets.

Based on the audited consolidated data for 2015, the EBITDA of AB Snaigė reached EUR 2.8 million and the Company made EUR 0.7 million of audited consolidated profits before tax.

The Company's audited consolidated turnover was in excess of EUR 45.4 million, which is 7.7% higher than compared to 2014.

This result is an excellent proof of how efficient and flexible the operations of the Company are. Not only did we manage to make up for the decreased sales in the significant markets of Ukraine, Russia and the Middle Asia as a result of geopolitical situation, but also to earn more.

France, Germany, Poland, Portugal, Ukraine, Czech Republic and Lithuania were the most import major markets of the Company in 2015. Nearly 78.7% of the overall Snaigė's produce was sold in these countries. Last year, the Company launched its sales and successfully positioned itself in Norway, Sweden, Israel, Georgia and Azerbaijan.

The Company's sales increased significantly in demanding countries in terms of quality such as Germany, France and the Scandinavian countries. This demonstrates that Lithuanian fridges are of high quality and comply with the European standards. I am delighted that not only Lithuanians, but also the French, Germans and Scandinavians, who are more spoilt in terms of choice, value the quality and advantages of our produce. I am proud of our, as a very small company's ability worldwide to compete with the giants of the industry.

Like every year, we launched a few new products and improved several existing products. Fridges with NO FROST cooling system, fridge-freezers with electronic controls and a new display cooler were introduced to the market.

In September, we attended an international trade show for home appliances IFA 2015 in Berlin where were presented our most recent products; Snaigė's stand attracted much interest from both the attendees of the trade fair as well as potential clients. A fridge upholstered in faux crocodile leather raised great interest from the journalists of the international newspaper and portal USA TODAY.

http://refrigerators.reviewed.com/features/snaige-leather-refrigerator-ifa-2015?utm_source=usat&utm_medium=referral&utm_campaign=collab

We will continue to please consumers with new products in 2016. We do have more ideas than the abilities and time to implement them all. We will consistently broaden the geographical scope of sales and strengthen our positions in the most profitable markets that generate the largest turnover. Hence, the year is promising to be no less intense and productive than 2015.

Managing Director of AB Snaigė,

Gediminas Čeika

Table of Contents

1 GENERAL INFORMATION ABOUT AB SNAIGĖ

1.1 Accounting period of the annual report-prospectus

The annual report-prospectus has been prepared for the year 2015.

1.2 The basic data about the Company

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

Authorised capital as of 31 December 2015 – EUR 11,490,494.55

Address – Pramonės str. 6, LT-62175 Alytus

Phone – (315) 56 206

Fax – (315) 56 207; (315) 56 269

E-mail – snaige@snaige.lt

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

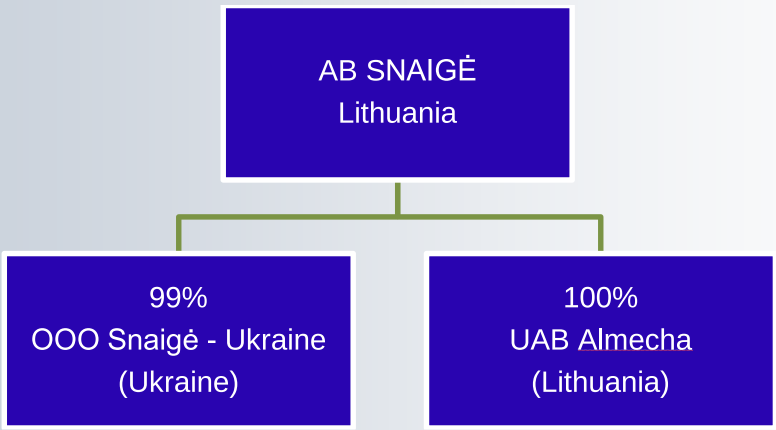
Legal organisation status – legal entity, public limited company

Registered as a Public Enterprise of the Republic of Lithuania on 1 December 1992 in the Municipality Administration of Alytus; registration number AB 92-119; enterprise register code 249664610. The latest Articles of Association of AB Snaigė were registered on 26 May 2015 in Alytus Department of the Register of Legal Entities of the Republic of Lithuania.

1.3 The type of the Company's main business activities

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

1.4 The Company's company group structure



1.4.1. The Company's subsidiaries

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

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

1.5. Information about the Company's offices and affiliates

The Company has no offices and affiliates.

1.6 Short history of the Company's activities

- 1963 –The Company produced the first domestic refrigerators in Lithuania. During the first year the first 25 refrigerators were made;
- 1968 – New plant started its operations;
- 1975 – Over 1 million refrigerators manufactured by this year;
- 1983 – The Company started export to foreign countries;
- 1990 – The Company came under the control of the Republic of Lithuania;
- 1992 – The Company was privatised and registered as a public limited liability company;
- 1995 – The Company was retooled. Use of Freon in the manufacture of refrigerators is discontinued. All the Company's products are manufactured only from ecologically clean materials;
- 1997 – The Company achieved ISO 9001 certification for implementing international quality management standards;
- 2000 –The Company's quality management system was successfully re-certified for ISO 9001;
- 2001 – The Company achieved ISO 14001 certification for implementing an environmental management system;
- 2002 – The Company started to produce refrigerators with R600a environmentally friendly refrigerant. Started A + energy efficiency refrigerator production. "Snaigė" became EU project "Energy +" participant;
- 2003 – A + Grade energy efficiency fridge "Snaigė RF310 LCI" won the contest "Product of the Year" Gold Medal;
- 2004 – The Company opened its new plant in Kaliningrad;
- 2006 – The Company acquired 100% of the capital of the Russian wholesale and retail company Liga-Servis;
- Snaigė has made its 10 millionth refrigerator;
- The Company exported its products to more than 40 countries around the world;
- 2007 – AB Snaigė Alytus plant started serial production of new line models "Snaigė ICE LOGIC";
- 2007 – Snaigė recognised as the most innovative Lithuanian Company;
- This new line won a national competition "Innovation Prize 2007" award. Refrigerators were assessed in "innovative product" category;
- The Company's environmental management system ISO 14001 successfully re-certificated;
- Refrigerator "Snaigė ICE LOGIC RF34SH" awarded "Product of the Year" gold medal;
- During the year AB Snaigė sold a record number – 653 thousand refrigerators;
- 2008 – "Snaigė ICE LOGICRF31SM" was assessed as the "Product of the Year" and awarded a Gold medal;
- Snaigė was recognized as an innovative Lithuanian company and won an "Innovation Prize 2008" award;
- 2009 – The loss of production caused by devaluation of the rouble conditioned to close the Company's factory in Kaliningrad.
- 2010 – The Company started serial production of A ++ highest energy efficiency refrigerators.
- The Company and Kazakhstan national business corporation SPK Saryarka has established a joint venture Snaigė-Saryarka.
- "Snaigė ICE LOGICRF34" A++ was assessed as the "Product of the Year 2010" and awarded a Gold medal;
- 2011 –"Snaigė ICE LOGIC Glassy RF34SM" was awarded with a Gold medal as "Lithuanian Product of the Year".
- 2011 – Russian company Polair, indirectly acting through UAB Vaidana acquired 59.86% of all the shares of the Company.
- 2012 – In 2012 through the implementation period of the tender offer, UAB Vaidana bought-up 12,379,525 ordinary registered shares of AB Snaigė with the nominal value of LTL 1 each and on 1June 2012 had 36,096,193 units (91.1%) of the Company's shares.
- For export achievements, AB Snaigė received the Lithuanian Exporter of 2012 Award and got the prize of Association of Lithuanian Chambers of Commerce, Industry and Crafts.
- 2013 – Snaigė won within the category "The Innovative Company" and was awarded with the "Innovation Prize 2013".
- 2013 – Snaigė ICE LOGIC Glassy "Side by side" refrigerator C 29SM – freezer F 22SM A++ is awarded by a gold medal in annual competition "Lithuanian product of the Year".
- 2013 – The top energy efficiency class A+++ refrigerator "Snaigė ICE LOG RF34SM" prepared for production.
- 2013 – AB Snaigė participated in the project organized by "Verslo žinios" for small and medium sized businesses "Gazelė 2013" and was recognized as one of the most successful and fastest growing Lithuanian companies.
- 2014 – AB Snaigė refrigerator with NO FROST cooling system developed, meeting the requirements of A++ energy class.
- 2014 – Refrigerator Snaigė NO FROST RF34 awarded by golden medal in annual competition "Lithuanian product of the Year".
- The Company was recognized as an innovative Lithuanian company and awarded a Lithuanian innovation prize.
- The Company attended an international trade show for home appliances IFA 2015 in Berlin.

- A new combination of C31+F27 fridge-freezer with glass surface doors was designed.
- Two projects, which lasted two years and were partially funded by the European Regional Development Fund, were finished in 2015:

  "Increase of productivity of AB Snaigė by investing into commercial refrigerators production shop", under a measure „Invest LT2";
  „Development of R&D infrastructure of AB Snaigė by investing into a new product research center", under a measure „Intelektas LT+".
  Implementing them, AB Snaigė renewed its New products Testing Center and other laboratory equipment, acquired new manufacturing equipment and installations for strengthening of production facilities.

1.7 Mission. Vision. Values.

Mission

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

Vision

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

Values

Open minded *Trustworthy* *Teamwork* *Flexibility*

1.8 List of the most important events in 2015

The following new products were designed and improvements of existing products were launched:

Electronic controls for freezer F27;

Display fridge CD40;

Fridges with freezer at the bottom RF31/36 A++ with partial NO FROST system;

Fridges with freezer at the bottom RF31/34/36 (A+ and A++ energy efficiency class) with partial NO FROST system and electronic controls;

Fridge-freezers SNAIGĖ Ice Logic with electronic controls;

Fridges Young and Premium (with manual and electronic controls) were designed for Polish manufacturer AMICA;

Twins (joined RF34+RF34 fridges with glass surface doors) were designed for Israeli client Fratelli;

A project for increasing the production volume of fridges with glass surface doors was launched;

A new combination of C31+F27 fridge-freezer with glass surface doors was designed;

A fridge upholstered in leather was designed.

The Company attended an international trade show for home appliances in Berlin where it presented most of the afore-mentioned products.

The Company's export geography widened to include two more countries, i.e. Norway and Israel.

2. AB SNAIGĖ GOVERNANCE AND MANAGEMENT

2.1 The Company's Management bodies

2.1.1 Management bodies

Management bodies:

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

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

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

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

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

2.1.2 Legal basis of the Company's operations

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

2.2 Corporate governance bodies

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

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

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

Participating in other companies activities and interests (31 December 2015):

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

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

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

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

NAME	Start date of the office term	End date of the office term
BOARD		
Aleksey Kovalchuk	14/12/2011	Until 2019 the General Meeting of Shareholders
Svetlana Ardentova	30/04/2013	Until 2019 the General Meeting of Shareholders
Oleg Tsarkov	30/04/2015	Until 2019 the General Meeting of Shareholders
Olga Kuznecova	30/04/2015	Until 2019 the General Meeting of Shareholders
Vladislav Sviblov	30/04/2013	Until 2019 the General Meeting of Shareholders
Mikhail Stukalo	14/12/2011	Until 30/04/2015
Robin Peter Walker	14/12/2011	Until 30/04/2015
ADMINISTRATION (Managing Director and Chief Accountant)		
Gediminas Čeika	03/01/2008	Term less agreement
Mindaugas Sologubas	23/09/2014	Term less agreement

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

There is no such information.

2.2.6 Information about benefits and loans granted to governing bodies

No benefits and loans granted to governing bodies in 2015.

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

During 2015 no salaries were paid to the board members.

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

No such payments were made during the accounting period.

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

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

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

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

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

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

2.3 The Company's group's management structure

Gediminas Čeika – managing director.

Mindaugas Sologubas – finance director.

Rūta Petrauskaitė – marketing director.

Kęstutis Urbonavičius – technical and production director.

Darius Belevičius – sales director.

2.4 Procedures of changing the Company's articles of association

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

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

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

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

3 AB SNAIGĖ AUTHORISED CAPITAL, SHAREHOLDERS, INFROMATION ABOUT SECURITIES

3.1 Issuer's authorized capital

3.1.1 The authorized capital registered in the enterprise register

Name of the securities	Amount of the securities	Nominal value, EUR	Total nominal value, EUR	Share of the authorized capital, in percentage
Ordinary registered shares, ISIN LT0000109274	39,622,395	0.29	11,490,494.55	100

3.1.2 Changes in authorized capital during the last 4 years

Registration of changed authorized capital	The size of the authorized capital before the change	Change	Reason for change	The size of the authorized capital after the change
12/05/2011	30,735,715	+8,886,680	Increase of authorized capital by converting shareholders' convertible bonds to 8,886,680 units ordinary registered shares.	39,622,395

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

There are no issued debts or secondary securities.

3.2 Shareholders

3.2.1 Largest shareholders

95.13 per cent of the authorized capital of the Company is owned by the companies registered in Lithuania and individuals, 4.87 per cent non-residents. As of 31 December 2015, the number of the Company's shareholders comprised 891 (as of 31 December 2014 – 895). The major shareholder of the Company – UAB Vaidana, which controls 91.10% of shares.

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

Names (company names, addresses, enterprise register codes) of the shareholders	Amount of the ordinary registered shares available, in pcs.		Share of the authorized capital and votes available, in percentage				
	Total	incl. the ones owned by the shareholder	Total		incl. the ordinary registered shares owned by the shareholder		Total incl. the share of the entities group operating jointly, in percentage
			share of the votes	share of the capital	share of the appointed votes	share of the capital	
UAB Vaidana – Konstitucijos ave.7, Vilnius, Lithuania, code 302473720	36,096,193	36,096,193	91.10	91.10	91.10	91.10	-

3.2.2 Shareholders with special control rights

There are no shareholders with special control rights.

3.2.3 Restrictions of shareholders voting rights

All the shareholders have equal voting rights.

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

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

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

3.3.1 Securities included in the trading lists of regulated markets

39,622,395 ordinary registered shares of AB Snaigė are included into the Secondary trading list of the NASDAQ OMX Vilnius Stock Exchange. The total nominal value of the shares is EUR 11,490,494.55. The VP CD (Securities Central Depositary) number is 10927. The nominal value of a share was EUR 0.29.

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

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

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

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

3.3.2.1 Trade on NASDAQ OMX Vilnius stock exchange

Trade in the Company's shares during 2011–2015 (EUR)

Year	Open price	High price	Low price	Last session price	Average price	Trade volume, pcs	Turnover
2011	0.268	0.530	0.256	0.525	0.380	16,137,891	6,134,870
2012	0.525	0.600	0.401	0.497	0.526	4,717,209	2,481,237
2013	0.510	0.520	0.407	0.460	0.471	258,117	121,596
2014	0.464	0.498	0.300	0.402	0.397	192,019	76,295
2015	0.402	0.450	0.251	0.301	0.319	91,117	29,069

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

http://www.nasdaqbaltic.com/market/?instrument=LT0000109274&list=3&pg=details&tab=historical&currency=0&downloadcsv=0&date=&lang=en&start=01.01.2011&end=31.12.2015

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

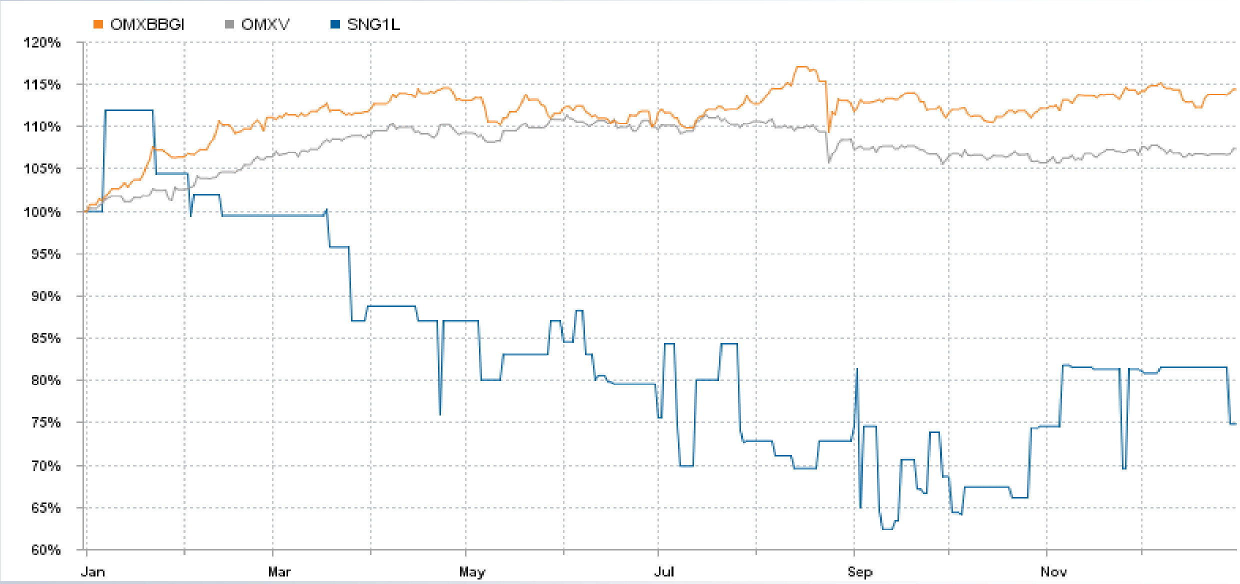
The price of share during the reporting year (information from AB NASDAQ OMX Vilnius webpage):

http://www.nasdaqbaltic.com/market/?instrument=LT0000109274&list=3&pg=details&tab=historical&currency=0&downloadcsv=0&date=&lang=en&start=01.01.2015&end=31.12.2015

The share prices graphs of OMX Baltic Benchmark, OMX Vilnius indexes and AB Snaigė for the period from 31 December 2014 until 31 December 2015 are presented below. The information is from AB NASDAQ OMX Vilnius webpage:

http://www.nasdaqbaltic.com/market/?pg=charts&lang=en&idx_main%5B%5D=OMXBBGI&idx_main%5B%5D=OMXV&add_index=OMXBBPI&add_equity=LT0000109274&idx_equity%5B%5D=LT0000109274&period=other&start=31.12.2014&end=31.12.2015

Market indexes



The data of graph:

Index/Equity	31/12/2014	31/12/2015	+/-%
OMX Baltic Benchmark GI	566.56	648.32	14.43
OMX Vilnius	452.42	485.99	7.42
SNG1L	0.402 EUR	0.301 EUR	-25.12

3.3.2.2 Trade on other regulated markets

The securities are not traded on other regulated markets.

3.3.3 Capitalization of securities

The capitalization of AB Snaigė shares and shares listed in AB NASDAQ OMX Vilnius on the last trade dates during the period 2011–2015.

Baltic equity list	30/12/2015	30/12/2014	30/12/2013	28/12/2012	30/12/2011
Capitalization, million	11.93 EUR	15.93 EUR	18.23 EUR	19.69 EUR	20.802 EUR

3.4 Information about the repurchase of own shares

During 2015 no repurchase of own shares was made. The Company had no own shares at the end of 2015.

3.5 Dividends

The Company does not have an established procedure for allocation of dividends. The General Shareholders' Meeting decides whether to pay dividends. The Company has not paid dividends in the last five years.

3.6 Contracts with public circulation of securities dealers

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

3.7 Restrictions on transfer of securities

There are no restrictions on the transfer of securities issued.

4 AB SNAIGĖ OPERATING REVIEW

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

In 2013 the Group sold its subsidiaries OOO Techprominvest, OOO Liga Servis and liquidated OOO Moroz Trade. The results of these companies were presented as discontinued operations in 2013. The consolidated data of 2012 was restated. The main operating indicators for the year 2013 and 2012 are presented considering the continuing operations (the results of discontinued operations are presented separately for comparison). Financial indicators for 2015–2014 are presented jointly.
(consolidated data):

	2015	2014	2013	2012	2011
Turnover (continuing operations), EUR thousand	45,363	42,117	50,003	41,056	32,186
Gross profit (continuing operations), EUR thousand	7,113	6,328	8,249	6,960	4,749
Net profit (loss) from continuing operations, EUR thousand	445	(754)	1,372	1,354	-
Net (loss) from discontinued operations, EUR thousand	-	-	(3,923)	(1,059)	-
Net profit (loss), EUR thousand	445	(754)	(2,552)	295	(1,460)
Average share price, EUR	0.319	0.397	0.471	0.526	0.380

Financial figures	2015	2014	2013	2012
Profit before tax indicator, % (current year profitability of continuing operations)	1.54%	-1.55%	2.92%	3.30%
General mark-up (continuing operations), %	15.68%	15.02%	16.50%	16.95%
EBITDA mark-up (continuing operations), %	6.15%	2.94%	7.23%	10.05%
Solvency ratio, % (general short-term solvency)	128.45%	120%	103.07%	117.13%
Debt to assets ratio, % (general debt ratio)	73.64%	71.84%	68.14%	64.01%
Return on average shareholders' equity (continuing operations), %	4.84%	-8.64%	14.42%	12.32%

Shares indicators	2015	2014	2013	2012
Net profit per share (continuing operations), EUR	0.01	-0.02	0.03	0.03
Net loss per share (discontinued operations), EUR	-	-	-0.10	-0.03
Net profit per share (total), EUR	0.01	-0.02	-0.06	0.01
Average annual share market price, EUR	0.319	0.397	0.471	0.526
EBITDA per share (continuing operations), EUR	0.07	0.03	0.09	0.10
EBITDA multiplier (EBITDA per share / Average annual share market price)	0.22	0.02	0.06	0.06
Total dividends, EUR thousand	-	-	-	-
Dividends per share, EUR	-	-	-	-
Average net book share value (continuing operations), EUR	0.23	0.22	0.24	0.28

4.2 Production

4.2.1 The Company's product portfolio

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

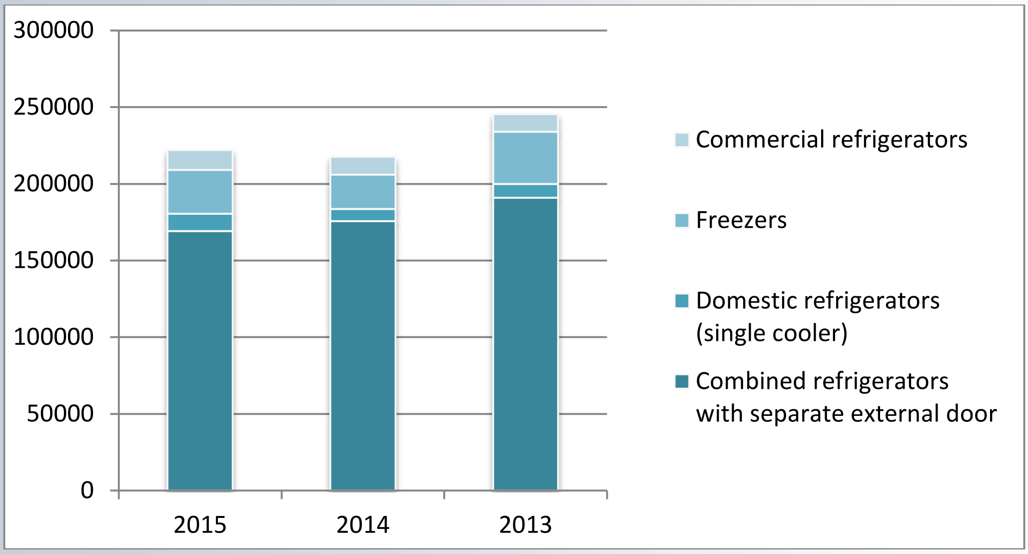
The Company produces various high quality models of household refrigerators, refrigerator-showcases, wine refrigerators, freezers and their spare parts.

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

In 2015, the Company mainly produced the combined refrigerators with separate external doors.

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

Type of activities	2015		2014		2013	
	units	%	units	%	units	%
Company's produced refrigerators sold, units	**222,143**	**100**	**217,654**	**100**	**245,495**	**100**
including:						
Combined refrigerators with separate external door	169,214	76.2	175,629	80.7	190,975	77.8
Domestic refrigerators (single cooler)	11,119	5.0	7,924	3.6	8,967	3.7
Freezers	28,572	12.9	22,335	10.3	33,983	13.8
Commercial refrigerators	13,238	5.9	11,766	5.4	11,570	4.7



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

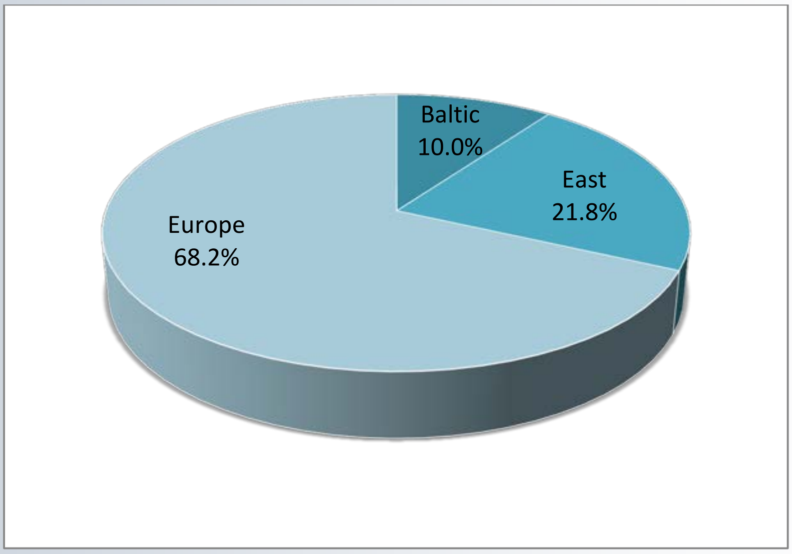
During the recent 3 economical years no termination or reduction of production volumes with a critical effect on the Company's performance occurred.

4.3 Sales

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

In 2015 AB Snaigė sold over 222.1 thousand refrigerators of its own production. Revenues from main production sales reached EUR 41 million, which is 5.4 per cent more as compared to the previous year sales. Sales on the European market accounted for the majority of sales revenue (68.2 per cent). Lower figures (21.8 per cent) were on the Eastern market. Lowest sales revenue (10 per cent) was on the Baltic market. Exports accounted for 92.9 per cent of total product sales, i.e. EUR 38.3 million.

Company's sales in 2015 (according to sales revenue):

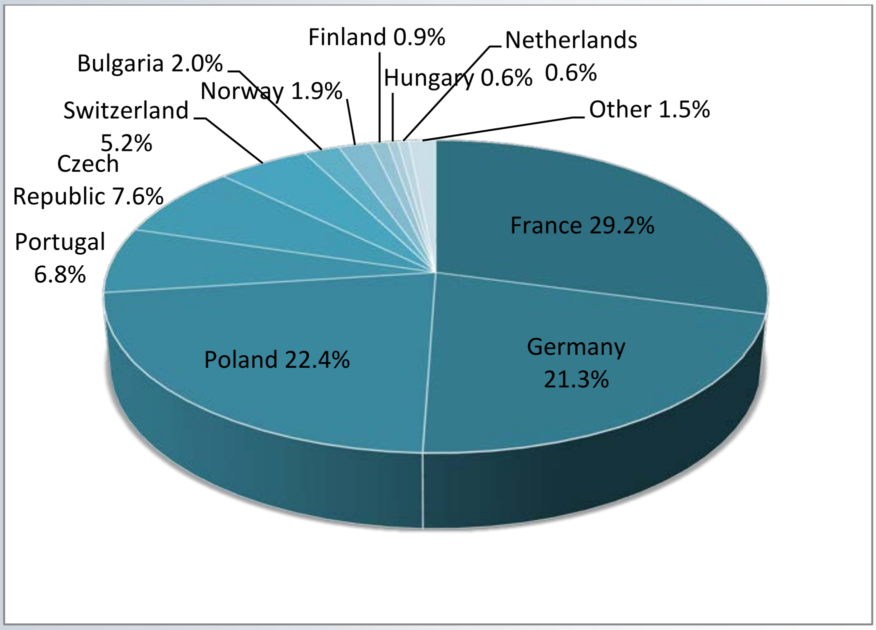


European market

On the European market AB Snaigė sales in 2015 were 152.3 thousand refrigerators and EUR 28 million in revenue. This is 30 per cent more in revenue as compared to the previous year. The majority of production was sold and revenue generated on the French market (44.4 thousand pcs; EUR 8.2 million), Poland market (34 thousand pcs; EUR 6.3 million), and German market (32.5 thousand pcs; EUR 6 million).

The long term partners Severin (Germany), Orima (Portugal), Conforama (France) are continuing successful relations with AB Snaigė. In 2014 negotiations started with Boulanger and Brandt (France), Expert (Norway) were successfully completed in 2015 and refrigerator supply to new customers was started.

Sales in the European market in 2015 (according to income):



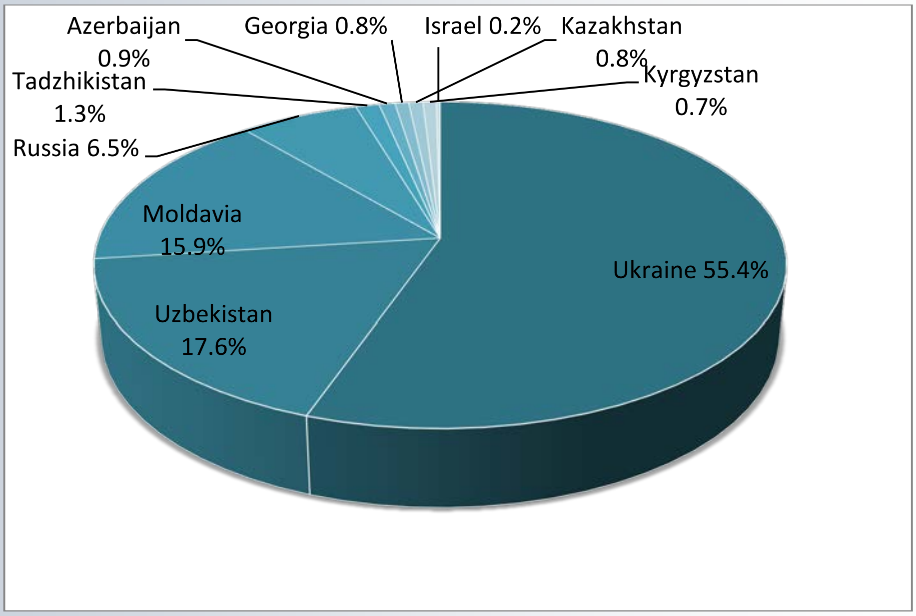
Eastern market

In 2015 the Company sold 50 thousand refrigerators on the Eastern market and earned EUR 9 million in sales revenue, i.e. 36.4 per cent less as compared to 2014. The main reason - the unstable geopolitical situation in Ukraine and the weakening of local currencies in the Central Asian countries and Russia.

In 2015 AB Snaigė continued the development of trade connections with Azerbaijan, Kyrgyzstan, Kazakhstan, Tajikistan and Uzbekistan. In 2015 the Company sold 10.5 thousand refrigerators and earned EUR 1.9 million in revenue.

In 2015 the Company established trade relations with Israel.

Sales in the Eastern market in 2015 (according to sales revenue):



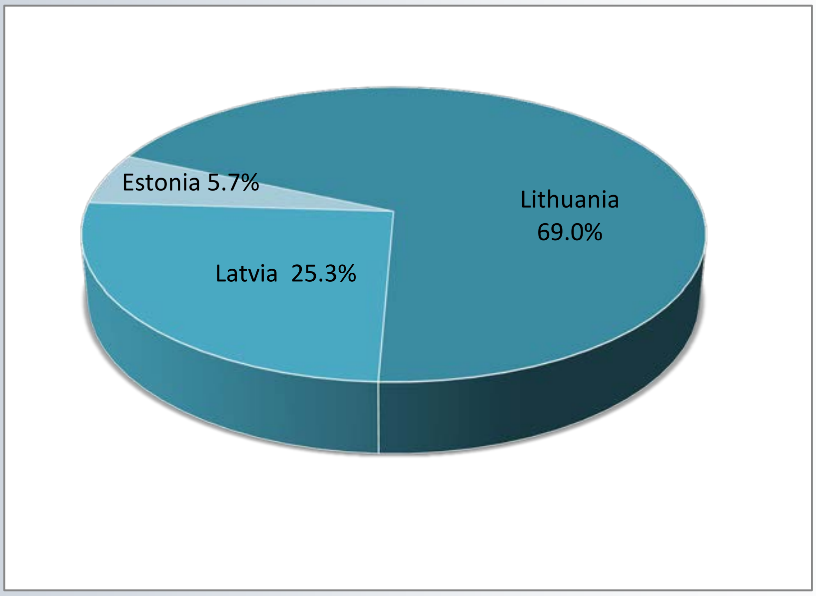
Baltic market

In 2015 AB Snaigė in the Baltic States market sold more than 19.9 thousand refrigerators and its income was EUR 4.1 million. This is 21.1 per cent more in revenue as compared to the previous year. At the same period in Lithuania AB Snaigė sold 13.7 thousand refrigerators and got more than EUR 2.9 million income. According to the analysis, AB Snaigė held about 15.5 percent of the domestic refrigerators market in Lithuania in 2015, this is 2.5 percent more than in 2014.

In 2015 in Latvia AB Snaigė sold about 5 thousand refrigerators and its income comprised EUR 1 million.

At the same period of time in Estonia, AB Snaigė sold more than 1.1 thousand refrigerators and got more than EUR 0.2 million.

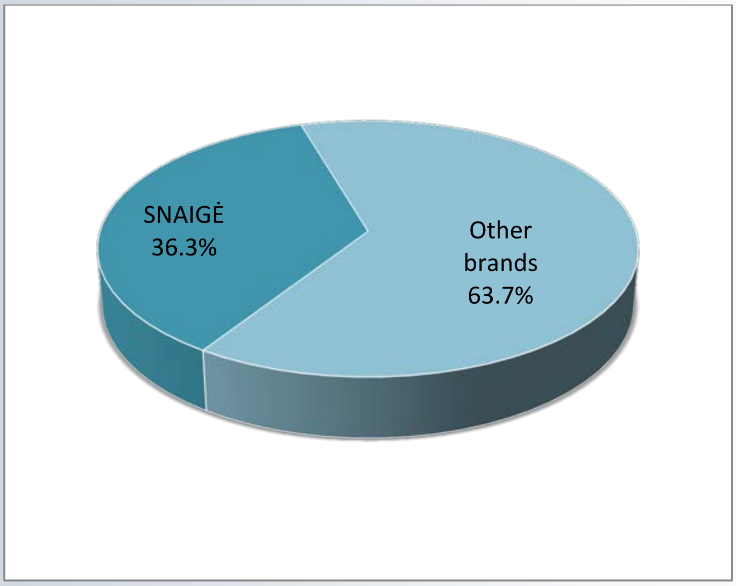
Sales in the Baltic market in 2015 (according to income):



SNAIGĖ brand portfolio

In 2015 the Company sold 36.3 percent of the products with its brand SNAIGĖ. Besides these, the Company produced refrigerators under other brands of trade partners and retail networks: FAR – SABA - CONFORAMA, the largest domestic appliance retail network in France, Amica, Bartscher, Bomman, Essentielt, COOL, KBS, Orima, Combisteel, EXQUISIT, Menumat, Point, ROMO, OK, Whirlpool.

The Company's brand portfolio in 2015 (according to income):



4.4 Supply

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

The strategic suppliers are the following: SECOP s.r.o., ITALIA Wanbao-ACC S.R.L., Jiaxipera compressor Co., Ltd., Donper group, HUAYi Compressor Co., Ltd., Covestro AG, Depsol Technologies SIA, ArcelorMittal Eisenhüttenstadt GmbH, Serwistal, Sintur Spolka z.o.o, Marcegaglia Poland Sp.z.o.o., Danfoss A/S, Lisiplast UAB, Hoda R. Gražio UAB, Profilita UAB, Baltijos polistirenas UAB, Liregus UAB.

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

4.5 Employees and human resource policy

4.5.1 The Company's human resource policy

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

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

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

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

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

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

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

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

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

4.5.2 The employees of the Company in 2013–2015 according to the personnel groups*:

Employees	2015			2014			2013		
	Amount	%	Average salary, EUR	Amount	%	Average salary, EUR	Amount	%	Average salary, EUR
Managers	5	0.8	5,972	5	0.7	5,828	5	0.7	5,941
Specialists	116	17.5	968	120	18.0	954	120	16.5	941
Workers	541	81.7	543	543	81.3	520	601	82.8	509
In total:	**662**	**100.0**	**660**	**668**	**100.0**	**640**	**726**	**100.0**	**622**

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

Education level of the employees	2015		2014		2013	
	Amount	%	Amount	%	Amount	%
University education	111	16.8	112	16.8	109	15.0
Professional high school education	431	65.1	433	64.8	448	61.7
Secondary education	114	17.2	116	17.4	161	22.2
Uncompleted secondary education	6	0.9	7	1.0	8	1.1
Total:	**662**	**100**	**668**	**100**	**726**	**100**

4.5.4 The employees of the Company and its subsidiaries in 2013–2015 according to personnel groups*

Employees	2015		2014		2013	
	Amount	%	Amount	%	Amount	%
Managers	7	1.0	7	1.0	7	0.9
Specialists	133	18.1	138	18.4	139	17.0
Workers	593	80.9	603	80.6	668	82.1
Total:	**733**	**100**	**748**	**100**	**814**	**100**

*Average yearly data

4.6 Investment policy

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

	SNAIGĖ – UKRAINE	ALMECHA
Registration date, head-office address	Registration date: November, 2002. Address: Gruševskio str. 28-2a/43, Kijev, Ukraine	Registration date: November, 2006. Address: Pramonės str. 6, Alytus, Lithuania
Type of activities	Sales and marketing services	Production of other equipment and machinery
Share of the authorized capital available to AB Snaigė, %	99	100
Authorized capital (EUR)	6,336	398,978
Share of the authorized capital unpaid by the Company	Fully paid	Fully paid
2015 profit (loss) (EUR thousand)	4	(28)

4.6.2 Major investment projects amounting to more than 10 percent of the issuer's authorized capital, which have been implemented during 2 recent financial (economical) years: types, volumes and financing sources of investments, and geographical allocation thereof

The total amount spent for implementation of investment programs in 2015 was EUR 1,820.32 thousand.

EUR 934.9 thousand was spent for the development of new products and for their production preparation. The following new products were developed and launched within the year (bought and mastered new production tools and equipment):

1. No frost system for freezer F27
2. Electronic control for freezer F27
3. Refrigerator CD40
4. RF31 A++ and RF36 A++ partial NF refrigerators
5. Version of cheap electronics for RF and F refrigerators
6. AMICA "IN" project
7. „Fratelli“ project – combined refrigerators RF34+RF34
8. C31+F27 with glass on doors

EUR 425.70 thousand was spent in 2015 for the development of technologies, mastering of specifically important and effective new technological projects, improvement of work places. The most significant projects completed:

1. White polymer powder spraying system “Optiflex”,
2. The vacuum panels glue application project,
3. Updating of laboratories under the “Intelektas LT+” project.

EUR 26.20 thousand was invested into the mastering of effective electricity and heat saving means: air heating equipment was installed in Plastics injection moulding and Powder painting shops, a heat transfer pipeline was mounted to the heating room ŠK-3, two flow rate measuring apparatus were bought for gas boiler room, and other energy saving means were realized.

For the technical support of production, purchase of new equipment, tools and instruments, and for replacement of worn out ones, within the year EUR 211.22 thousand was spent. 3 leak detectors (2 – for helium and 1 – for refrigerant), a heating tube production equipment, hardness tester, thermovisor, laboratory equipment for measuring of adhesiveness of the sticky tapes, the doubler-mould “D357.329” for injection moulding of the „Door tray D357.267“ and other necessary equipment were bought.

EUR 129.97 thousand was spent for increase of production capacities in 2015. 5 doubler-moulds for injection moulding of plastic parts, PU foaming plug for doors of RF34, 12 door transportation trolleys were purchased.

The Logistics and service department in 2015 used EUR 37.31 thousand. A Toyota gas-loader and two hydraulic trolleys were bought. For upgrading of the Company's computers, printers and software EUR 55.02 thousand was spent. The main investment here was a "RAND Software OU" PLM software, EUR 31,846.00.

Two projects, which lasted two years and were partially funded by the European Regional Development Fund, were finished in 2015:

1. "Increase of productivity of AB Snaigė by investing into commercial refrigerators production shop”, under a measure „Invest LT2“;
2. “Development of R&D infrastructure of AB Snaigė, by investing into a new product research center”, under a measure “Intelektas LT+”.

Implementing them, Snaigė renewed its New products Testing Center and other laboratory equipment, has acquired a number of new manufacturing equipment and installations for strengthening of production facilities. The EU Structural Funds in 2014-2015 allocated a support of EUR 752,209.57 for these projects.

4.7 Environment protection

4.7.1 Environmental policy

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

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

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

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

- Meet the legal and other requirements set by the Company related to environmental aspects;
- Carry out pollution prevention, paying attention to control of usage of gas increasing the greenhouse effect, and thus contributing of global warming mitigation;
- Continually improve environmental performance;
- Increase our staff approach to environmental protection;
- Design products considering the following aspects: saving materials and resources, hazardous materials use, waste reduction, reuse and recycling, satisfying consumer needs.

4.7.2 Environmental report

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

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

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

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

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

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

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

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

Products produced by AB Snaigė are in accordance with the requirements of EU Directives and regulations regarding banned harmful substances:

- RoHS2 EU Directive 2011/65/EC;
- REACH EU regulation 1907/2006/EC;
- PAH German regulation ZEK-01.4-08;
- contact with food :
  - EU regulation 1935/2004/EC (general),
  - EU regulation No.10/2011(for plastics).

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

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

The Company has old refrigerators utilization system. Starting with 2006 the Company started to utilize large electric household equipment – refrigerators and fridges – waste.

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

4.8 Risk factors related to the business of the Issuer

Macroeconomic Risk. With the growth of the Lithuanian economy, further growth of private consumption and domestic demand is expected in 2016, which will be mainly influenced by the decreasing political uncertainties, increasing trust in the state and growth of real disposable income. The shift of export markets to the West as a result of the crisis in Ukraine occurred already in 2014; therefore, the external demand will be driven by recovering Western economy. Upside risk is associated with global commodity prices: fluctuations are expected that would mostly affect the outside prices in Lithuania (food, fuel and administration prices). At present both Lithuanian and global markets feel the effects of the economic and consumption recuperation, which could affect the demand for the Company's products and the Company's business prospects. Foreign currency exchange risk is minimized by balancing purchases and sales in different currencies (mainly EUR and USD).

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

The Company's Financial Accounting Accuracy Risk. On 20 April 2016 the Company's auditor expressed a qualified audit opinion on the Company's separate and consolidated financial statements.

International Trade Restrictions Risk. The Company exports a portion of its production to third countries (outside the European Union). There is a risk that changes in foreign trade policies of third countries could aggravate export conditions to those countries. Any such change would negatively impact export opportunities for the Company and its financial situation. In 2015 the Company, to compensate for decreasing sales in Eastern markets, successfully increased sales in the West and the Baltic markets.

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

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

Business Continuity Risk. Business continuity presumptions are disclosed under Note 2.2 of the consolidated audited financial statements of 2015.

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

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

More detailed disclosures of the Company's risk management and interest rate, exchange rate, credit and liquidity risks can be found under Note 28 of the consolidated financial statements.

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

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

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

4.9 Related party transactions

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

5 OTHER INFORMATION ABOUT AB SNAIGĖ

5.1 Membership in associated organizations

AB Snaigė is a member of Lithuanian Confederation of Industrialists.

The Lithuanian Confederation of Industrialists (LCI) unites 49 branch and 8 regional associations comprising all the main branches of industry: nearly all goods manufactured in Lithuania are their products. LCI members unite all major Lithuanian production sectors, which contribute to the Lithuanian economy comprising 22 per cent of its GDP. LCI members production companies manufacture 83 per cent of the total Lithuanian exports production, and exports is the main stimulant of the Lithuanian economy, comprising 87 per cent of the GDP. So LCI members play an important role in strengthening the Lithuanian economy and increasing its competitiveness. The confederation includes not only most Lithuanian production enterprises, but also research institutes, educational establishments, and attorney firms.

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

AB Snaigė is a member of the EEPA association.

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

AB Snaigė is a member of LINPRA. The Engineering Industries Association of Lithuania LINPRA is an independent self-governing business association. Both nationally and internationally, it represents the interests of the Lithuanian mechanical, electrical, electronic and metalworking industrial sector and seeks to promote its business competitiveness.

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

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

5.2 Patents, licenses

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

5.3 Recent and the most important events of the Company

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

5.3.1 Recent publicly disclosed information

2016-02-29
AB Snaigė increased its profit and EBITDA in 2015
In 2015, AB Snaigė demonstrated an ability to act promptly and increase profit and sales even in the continuously changing business conditions. Following the decline of the economy in Ukraine, Russia and Central Asia caused by the crisis, the Company managed to rapidly change its focus, consolidate sales in the Western and Central Europe and establish itself in the new markets.

According to the unaudited consolidated financial results for the year 2015, AB Snaigė had reached an EUR 3.2 million EBITDA and received unaudited consolidated net profit amounting to EUR 0.7 million.

The Company’s unaudited consolidated turnover exceeded EUR 44 million, which is 4% higher than in 2014.

According to Gediminas Čeika, the Director General of AB Snaigė, this result is an excellent proof of how efficient and flexible the operations of the Company are. “Not only did we manage to make up for the decreased sales in the significant markets of Ukraine, Russia and the Central Asia caused by their current geopolitical situation, but also to earn more,” stated Mr Čeika.

In 2015, the Company’s largest markets were France, Germany, Poland, Portugal, Ukraine, the Czech Republic and Lithuania. The sales in these countries reached almost 78% of the total Company’s produce. Last year, AB Snaigė established trade and stabilised its positions in Norway, Israel, Georgia and Azerbaijan.

Gediminas Čeika, the Director General of AB Snaigė, stated that increased sales of the Company in such quality-demanding markets as Germany, France and Scandinavia demonstrate a high quality level of Lithuanian refrigerators and their conformity to the European standards.

“I am happy that the quality and advantages offered by our products are valued not only by Lithuanians, but also by French, German and Scandinavian consumers spoiled by a wide choice of products,” said Mr Čeika. “I am proud of our company, which on the global scale is just a small enterprise, but which is able to compete against this industry's giants.”

Like every year, AB Snaigė created several new products and improved the existing ones. The Company presented to the market its NO FROST system refrigerators with electronic control and the most recent display coolers.

2016-01-11
AB Snaigė will prepare and release its interim information
Following the requirement set in part 1 of Article 24 of the Securities Law of the Republic of Lithuania, we hereby inform that AB Snaigė will prepare an interim consolidated information and will release it according to the rules provided by legal acts.

5.3.2. Important events at the Company's business

2015-11-30
AB Snaigė EBITDA reached EUR 2.8 million in the first nine months of this year
AB Snaigė EBITDA reached EUR 2.8 million in the first nine months of this year (according to the unaudited consolidated data), which is 28% higher than compared to the same period last year. The Company made a profit of EUR 0.9 million (according to the unaudited consolidated data), which is 2.5 times more than last year. The Company's export accounted to around 94% of its sales.

According to Gediminas Čeika, the CEO of AB Snaigė, this result is an excellent proof of how efficient and flexible the operations of the Company are. The Company not only managed to recover for the decreased sales in the significant markets of Ukraine, Russia and the Middle Asia, but also to earn more.

The majority of production within 9 months of this year, AB Snaigė sold in France (21 percent), Germany (13 percent), Poland (13 percent). The Company managed to establish itself in new markets – Scandinavia, Israel, Azerbaijan and Georgia.

In September, the Company participated in the international fair for home appliances IFA 2015 in Berlin, where it presented its most recent products: NO FROST fridge-freezers with electronic control systems, luxurious double fridge-freezers with glass surface doors RF34TWINS, a single-door fridge-freezer C27 and the most recent commercial display cooler CD40. Snaigė's stand attracted much interest from both the attendees of the trade fair as well as potential clients. A fridge upholstered in faux crocodile leather raised great interest from the journalists of the international newspapers and portal USA TODAY.

2015-08-28
AB Snaigė EBITDA reached EUR 1.3 million in the first half of this year
AB Snaigė EBITDA reached EUR 1.3 million in the first half of this year (according to the unaudited consolidated data), which is 10% higher than compared to the same period the last year.

According to Gediminas Čeika, Director General of AB Snaigė, it is a highly satisfactory result considering the fact that the Company's sales in and the revenue from the markets of Ukraine, Russia and Middle Asia had significantly decreased as a result of the geopolitical situation.

“We sold a larger proportion of our products to the Western markets (France, Germany and Switzerland) and the relatively lucrative countries in Central Europe (the Czech Republic and Bulgaria). We have also started trading in new markets: Norway, Israel and Azerbaijan. All of the above helped us maintain the sales balance and earn profits”, - stated Mr Čeika.

During the first half of the year, the Company offered a few new and authentic products to the markets. These included luxurious double fridge-freezers with glass surface doors RF34TWINS, which raised the interest of Israel clients, and a single door fridge-freezer C27 welcome by the buyers in France and Scandinavian countries.

According to the unaudited consolidated data, the Company earned EUR 71.3 thousand in net profit, which is more than 10 times higher than compared to the same period the last year. The consolidated unaudited revenue of the Company amounted to EUR 20.5 million. The Company exported around 96% of its produce.

2015-05-29
Not audited financial results of AB Snaigė for the first three months of 2015
The turnover of AB Snaigė reached EUR 8.5 million in the first quarter of this year (according to the unaudited consolidated data), which is 12% lower than the turnover of the same period last year.

According to Gediminas Čeika, Director General of AB Snaigė, the lower sales of the Company were determined by the decreased exports to Ukraine and certain CIS countries. “The unstable geopolitical situation and the weakening of local currencies affected the buying behaviour of consumers not only in Ukraine, but also in the countries of Central Asia,” stated Mr Čeika. “These regions comprised an important part of the Company's sales,” he continued.

However, sales in other regions of the Company grew or remained stable. For example, in the first quarter of this year, as compared to the same period last year, the Company sold significantly more of its products to Switzerland (4 times more), Portugal (39%), Moldova (36%) and the Czech Republic (16%).

According to Gediminas Čeika, the coming months of this year, once the refrigerator season is in full swing, should be more successful.

2015-05-27
Registered the Articles of Association of AB Snaigė
On 26 May 2015 the Articles of Association of AB Snaigė were registered with the Register of Legal Entities (which were approved by shareholders on 30 April 2015 shareholders meeting).

2015-04-30
Resolutions of the General Meeting of Shareholders
The General Meeting of shareholders of AB Snaigė was held on 30 April 2015.
At the meeting, the following resolutions were made:
1. THE AGENDA QUESTION: Consolidated annual report of AB Snaigė on the Company's activity for 2014. In the meeting, the consolidated annual report of AB Snaigė on the Company's activity for 2014 was taken for information.
2. THE AGENDA QUESTION: Auditor's report on the Company's financial statements for 2014.
In the meeting, the auditor's report on the Company's financial statements for 2014 was taken for information.
3. THE AGENDA QUESTION: Approval of the set of annual financial statements of the Company for 2014.
THE DECISION: The set of annual financial statements of the Company for 2014 has been approved.
4. THE AGENDA QUESTION: Approval of distribution of profit (loss) of AB Snaigė for 2014.
THE DECISION: The distribution of profit (loss) of AB Snaigė for 2014 has been approved:
Non-distributed profit (loss) at the end of the previous financial year: LTL -10,766,848 (EUR -3,118,294.72)
Net result – profit (loss) – of the financial year: LTL -2,495,648 (EUR -722,789.62)
Distributable result – profit (loss) – at the end of the financial year: LTL -13,262,496 (EUR -3,841,084.34)
Transfers from reserves: LTL 0 (EUR 0)
- for social and cultural needs: LTL 0 (EUR 0)
- for investments: LTL 0 (EUR 0)
Transfers from legal reserve: LTL 0 (EUR 0)
Transfers from reserve of share premium for covering of loss: LTL 0 (EUR 0)
Contributions of shareholders to cover loss: LTL 0 (EUR 0)
Distributable profit (loss): LTL -13,262,496 (EUR -3,841,084.34)
Distribution of profit: LTL 0 (EUR 0):
Portion of profit allocated to legal reserves: LTL 0 (EUR 0)
Portion of profit allocated to other reserves: LTL 0 (EUR 0)
- for support and charity: LTL 0 (EUR 0)
- for social and cultural needs: LTL 30,000 (EUR 8,688.60)
Portion of profit allocated for payment of dividends: LTL 0 (EUR 0)
Portion of profit allocated for payment of premiums: LTL 0 (EUR 0)
Portion of profit allocated for payment of tantiemes: LTL 0 (EUR 0)
Other: LTL 0 (EUR 0)
- portion of profit allocated to reserve for acquisition of own shares: LTL 0 (EUR 0)
- portion of profit allocated to reserve for investments: LTL 0 (EUR 0)
Non-distributed result – profit (loss) – at the end of financial year: LTL -13,262,496 (EUR -3,841,084.34).

5. THE AGENDA QUESTION: Election of Board members for the new term.
THE DECISION:
Aleksey Kovalchuk,
Svetlana Ardentova
Oleg Tsarkov
Olga Kuznecova
Vladislav Sviblov
have been elected for the new Board.
The General Manager of the Company was authorized (including the power to delegate) to perform all necessary actions, sign and submit documents related with information about elected members of the Board to the Register of Legal Entities.

6. THE AGENDA QUESTION: Election of the audit firm for auditing purposes of financial statements and establishment of terms regarding the payment for audit services.
THE DECISION: KPMG Baltics, UAB has been elected for 2015 auditing purposes of annual financial statements. The General Director was authorized (with the right to delegate) by the Company to sign the agreement with the audit firm by establishing the terms of payment for the audit services and other terms.

7. THE AGENDA QUESTION: Election of members of Audit Committee.
THE DECISION: Until the end of term of the Company's Board to elect Anton Kudryashov, Virginijus Dumbliauskas, Rasa Balčiūnaitė Kaminskienė.

8. THE AGENDA QUESTION: The adjustment of AB Snaigė Articles of Association in connection with the change of the Company's authorized capital and par value of share expression from litas into euro and other changes.

THE DECISION: To approve that the authorised capital of the Company is converted into euro in accordance with the legislation of the Republic of Lithuania and after this change is EUR 11,490,494.55 (eleven million four hundred ninety thousand four hundred ninety four euro and 55 eurocents).
The nominal value per share is converted in euro in accordance with the legislation of the Republic of Lithuania and after this change is EUR 0.29 (twenty nine eurocents).
Other changes to the Articles of Association were approved:
Point 3.14. is eliminated.
Point 3.15. after change became point 3.14.
The new edition of point 4.1: "4.1. The authorised capital of the Company is EUR 11,490,494.55 (eleven million four hundred ninety thousand four hundred ninety four euro and 55 eurocents).
The new edition of point 5.1: "5.1. The authorized capital of the Company is divided into 39,622,395 (thirty nine million six hundred thirty twenty two thousand three hundred ninety five) shares. The nominal value of one share is EUR 0.29 (twenty nine eurocents)".
The new edition of point 5.4: "5.4. The Company has a right to purchase its own shares according to the regulations specified in the Law on Companies and according to other legal acts".
The new edition of point 5.5: "5.5. The Company has no right to employ property or non-property rights granted by purchased shares".
The new edition of point 5.6: "5.6. The decision on the acquisitions of the Company's own shares is made by the general meeting of shareholders".
Points from 5.7 to 5.10 are eliminated from the Articles of Association.
The number of Board members is decreased from 6 to 5. The new edition of point 6.1.2.:
"6.1.2. A board of directors comprising five members and elected for 4 years term".
The new edition of point 8.1.: "8.1. The general meeting must approve the set of annual financial statements of the Company".
The new edition of point 8.2.: "8.2. The set of the Company's annual financial statements, the Company's annual report, and the auditor's report must be submitted to the manager of the Register of Legal Entities no later than 30 days from the general meeting".
The new edition of point 8.3.: "8.3. Upon the approval of the set of the annual financial statements by the general meeting, the latter must appropriate the distributable profit (loss)".
The new edition of point 9.2.: "9.2. Notices (including periodic and current information and information about essential events as stated in the Law on Securities) are provided in the cases specified in the Law on Companies, in the Law on Securities and in other laws of Republic of Lithuania according to the procedures established by the Law on Companies and in these Articles of Association".
The new edition of point 9.3.: "9.3. Other public notices (other than listed in p. 9.1 and in p. 9.2) which according to the Law on Companies and to other laws of the Republic of Lithuania must be published publicly in the daily are published in the electronic publication published by the Register of Legal Entities for announcement of public announcements. In cases when such notices cannot be announced in such publication due to technical obstacles or other important reasons, notices are published in the daily "Kauno diena". Such notices are published according to terms and procedures set by the Civil Code, the Law on Companies and other laws of Republic of Lithuania".
The new edition of AB Snaigė Articles of Association was approved.
The head of the Company was authorized (with the right to subdelegate) to sign the new wording of the Articles of Association of the Company and to submit it for registration with the Register of Legal Entities.

2015-04-22
Convocation of the ordinary General Meeting of Shareholders
On 30 April 2015 the ordinary General Meeting of Shareholders (hereinafter, the "Meeting") of AB Snaigė, the address of head office Pramonės str. 6, Alytus, the company code 249664610 (hereinafter, the "Company") is convened.
The place of the meeting – at AB Snaigė office, at the address Kareiviu str. 6, Vilnius, Lithuania.
The Meeting commences – at 10 a.m. (registration starts at 9.45 a.m.).
The Meeting's accounting day – 23 April 2015 (the persons who are shareholders of the Company at the end of the accounting day of the General Meeting of Shareholders or authorized persons by them, or the persons with whom shareholders concluded the agreements on the disposal of voting right, shall have the right to attend and vote at the General Meeting of Shareholders).
The Board of directors of the Company initiates and convenes the meeting.
Agenda of the Meeting:
1. Consolidated annual report of AB Snaigė on the Company's activity for 2014.
2. Auditor's report on the Company's financial statements for 2014.
3. Approval of the set of financial statements of the Company for 2014.
4. Approval of distribution of profit (loss) of AB Snaigė for 2014.
5. Election of Board members for the new term;
6. Election of the audit firm for auditing purposes of financial statements and establishment of terms regarding the payment for audit services;
7. Election of members of Audit Committee;
8. The adjustment of AB Snaigė Articles of Association in connection with the change of the Company's authorized capital and par value of share expression from litas into euro and other changes.

2015-02-27
AB Snaigė EBITDA grew 11 times and the loss decreased by 4 times in 2014
Based upon unaudited consolidated data, AB Snaigė achieved an EBITDA of LTL 6.1 million (EUR 1.8 million) in 2014, which is 11 times more than in 2013.
The Company's unaudited consolidated turnover exceeded LTL 146 million (EUR 42.3 million), which is 17 per cent lower than last year.
This was mostly influenced by the developments in the Ukrainian market and general adverse situation in Russia and in its areas of influence.
Gediminas Čeika, the Managing Director of AB Snaigė, assesses the 2014 results and activities positively. "Irrespective of the loss of Ukraine as one of our largest and most profitable markets, we mostly managed to compensate for the loss with our achievements in other countries", said G. Čeika. "Except for the downfall in Ukraine, the sales of our Company grew by 18%.
I am proud of my team's ability to react promptly to the changing circumstances and to reorient our Company towards more beneficial directions."
The efforts of AB Snaigė to maintain stability in sales by selling more in other markets were fruitful. Compared to the previous year, the Company's sales in France grew by 39%, in Poland by 31% and in Germany by 14%.
The sales of AB Snaigė also increased considerably in Lithuania (up by 46% compared to the previous year). "I am glad that Snaigė refrigerators are marketable not only in France, Germany, Portugal and other European countries but also in the Lithuanian market", said Gediminas Čeika. "Today, Snaigė is the second best-selling refrigerator brand in Lithuania. Some of our products are real best-sellers, maintaining top positions in the list of best-selling refrigerators for months."
AB Snaigė introduced several new products last year: the most economical Class A+++ refrigerator with extremely low power consumption, a new and larger freezer, and a higher power-saving class of refrigerator with a frost-free refrigerating system "No Frost".
The latter product was awarded with a gold medal as a Lithuanian Product of the Year.
According to the unaudited consolidated data, AB Snaigė incurred a loss of LTL 2.2 million (EUR 0.7 million) (which is 4 times lower comparing to the last year). The loss was incurred as a result of provisions formed for potential write-offs of debts of some customers in Crimea and Eastern Ukraine. The situation in their country forced them to suspend their activities.

5.4 Strategies and plans

- Increasing sales in those markets where the Company sells products under SNAIGĖ trademark.
- Strengthening the image of the trademark in the Czech Republic, Bulgaria, Latvia, etc.
- Continuing the implementation of programmes for making savings on input.
- Increasing the Company's competitiveness in the process of introducing new products and new technological product specifications.
- Developing profitable niche products and projects.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[7] See Footnote 3.

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

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

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

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

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

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

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

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

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

4.14. Audit Committee. 4.14.1. Key functions of the audit committee should be the following: • Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group); • At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided; • Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually; • Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations; • Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee; • Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter. 4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centres and/or activities carried out through special purpose vehicles (organizations) and justification of such operations.	YES	The Company's Audit committee was elected in 2009 and re-elected in 2012 and in 2015. The Audit Committee's main operational functions are: 1) make recommendations for the Board of the Company related with the external audit firm selection, its imposing, reappointment and removal and conditions of the contract with the audit company; 2) monitor the external audit process; 3) monitor how the external auditor and audit firm are following the principles of independence and objectivity; 4) monitor the Company's financial reporting process; 5) pursue other acts of the Republic of Lithuania and Governance Code for the companies listed on NASDAQ OMX Vilnius These functions were provided by the Audit Committee regulations.

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

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

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

Principle VI: The equitable treatment of shareholders and shareholder rights. **The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.**		
6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.	YES	The capital of the Company is made up of shares conferring to the holders thereof equal voting and ownership rights, and the right to receive dividends.
6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	YES	The Company provides its investors information about the rights conferred by the newly issued shares by making a public announcement to this effect.
6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting.[13] All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	YES	The Shareholders of the Company approve transactions the approving of which is provided according to Law on Companies of the Republic of Lithuania and the Articles of Association. The Board of the Company passes other important decisions.
6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders.	YES	Information about shareholders' meetings is published in the way required by the Law. Shareholders' meetings convened at the Company's residence or at Company's office in Vilnius.
6.5. If possible, in order to ensure shareholders living abroad the right to access to the information, it is recommended that documents on the course of the general shareholders' meeting should be placed on the publicly accessible website of the company not only in Lithuanian language, but in English and /or other foreign languages in advance. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in Lithuanian, English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.	YES	All information about the Board meeting, the proposed drafts of decisions, and the taken decisions is hosted in the company's website in the Lithuanian and English languages.

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

6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	YES	The shareholders of the Company may exercise their rights individually in person, via their proxies or by voting in writing in advance. The Company confers to its shareholders the rights provided for by the Law on Companies of the Republic of Lithuania.
6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies by allowing the shareholders to participate and vote in general meetings via electronic means of communication. In such cases security of transmitted information and a possibility to identify the identity of the participating and voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially shareholders living abroad, with the opportunity to watch shareholder meetings by means of modern technologies.	NO	The Company does not have the technical potential.
Principle VII: The avoidance of conflicts of interest and their disclosure **The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.**		
7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.	YES	Members of the Company's management body are trying to follow the recommendations listed in this article.
7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.	YES	Members of the Company's management body are trying to follow the recommendations listed in this article.

7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.	YES	Members of the Company's management body are trying to follow the recommendations listed in this article.
7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.	YES	Members of the Company's management body are trying to follow the recommendations listed in this article.
Principle VIII: Company's remuneration policy **Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors**.		
8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement) which should be clear and easily understandable. This remuneration statement should be published as a part of the company's annual statement as well as posted on the company's website.	NO	There is no practice to publish the full report about the Company's remuneration policy on the Company's website. Questions about the Code recommended remuneration and benefits policy are planned to be discussed in the future. Brief information about the benefits for the Company's management bodies and senior management is available in the legislation.
8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.	NO	The reasons are shown in Clause 8.1.
8.3. Remuneration statement should leastwise include the following information: • Explanation of the relative importance of the variable and non-variable components of directors' remuneration; • Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; • An explanation how the choice of performance criteria contributes to the long-term interests of the company; • An explanation of the methods, applied in order to determine whether performance criteria have been fulfilled; • Sufficient information on deferment periods with regard to variable components of remuneration; • Sufficient information on the linkage between the remuneration and performance; • The main parameters and rationale for any annual bonus scheme and any other non-cash benefits;	NO	The reasons are shown in Clause 8.1.

• Sufficient information on the policy regarding termination payments; • Sufficient information with regard to vesting periods for share-based remuneration, as referred to in point 8.13 of this Code; • Sufficient information on the policy regarding retention of shares after vesting, as referred to in point 8.15 of this Code; • Sufficient information on the composition of peer groups of companies the remuneration policy of which has been examined in relation to the establishment of the remuneration policy of the company concerned; • A description of the main characteristics of supplementary pension or early retirement schemes for directors; • Remuneration statement should not include commercially sensitive information.		
8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.	NO	The reasons are shown in Clause 8.1. This information will be possible to publish, except part of the information considered to constitute a commercial secret of the Company.
8.5. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.5.1 to 8.5.4 for each person who has served as a director of the company at any time during the relevant financial year. 8.5.1. The following remuneration and/or emoluments-related information should be disclosed: • The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting; • The remuneration and advantages received from any undertaking belonging to the same group; • The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; • If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director; • Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year; • Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points. 8.5.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed: • The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application;	NO	The reasons are shown in Clause 8.1. This information will be possible to publish, except part of the information considered to constitute a commercial secret of the Company.

• The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year; • The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights; • All changes in the terms and conditions of existing share options occurring during the financial year. 8.5.3. The following supplementary pension schemes-related information should be disclosed: • When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year; • When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year. 8.5.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial report of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.		
8.6. Where the remuneration policy includes variable components of remuneration, companies should set limits on the variable component(s). The non-variable component of remuneration should be sufficient to allow the company to withhold variable components of remuneration when performance criteria are not met.	NO	The reasons are shown in Clause 8.1.
8.7. Award of variable components of remuneration should be subject to predetermined and measurable performance criteria.	NO	The reasons are shown in Clause 8.1.
8.8. Where a variable component of remuneration is awarded, a major part of the variable component should be deferred for a minimum period of time. The part of the variable component subject to deferment should be determined in relation to the relative weight of the variable component compared to the non-variable component of remuneration.	NO	The reasons are shown in Clause 8.1.
8.9. Contractual arrangements with executive or managing directors should include provisions that permit the company to reclaim variable components of remuneration that were awarded on the basis of data which subsequently proved to be manifestly misstated.	NO	The reasons are shown in Clause 8.1.
8.10. Termination payments should not exceed a fixed amount or fixed number of years of annual remuneration, which should, in general, not be higher than two years of the non-variable component of remuneration or the equivalent thereof.	NO	The reasons are shown in Clause 8.1.
8.11. Termination payments should not be paid if the termination is due to inadequate performance.	NO	The reasons are shown in Clause 8.1.

8.12. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.	NO	The reasons are shown in Clause 8.1.
8.13. Shares should not vest for at least three years after their award.	NO	The reasons are shown in Clause 8.1.
8.14. Share options or any other right to acquire shares or to be remunerated on the basis of share price movements should not be exercisable for at least three years after their award. Vesting of shares and the right to exercise share options or any other right to acquire shares or to be remunerated on the basis of share price movements, should be subject to predetermined and measurable performance criteria.	NO	The reasons are shown in Clause 8.1.
8.15. After vesting, directors should retain a number of shares, until the end of their mandate, subject to the need to finance any costs related to acquisition of the shares. The number of shares to be retained should be fixed, for example, twice the value of total annual remuneration (the non-variable plus the variable components).	NO	The reasons are shown in Clause 8.1.
8.16. Remuneration of non-executive or supervisory directors should not include share options.	NO	The reasons are shown in Clause 8.1.
8.17. Shareholders, in particular institutional shareholders, should be encouraged to attend general meetings where appropriate and make considered use of their votes regarding directors' remuneration.	NO	The reasons are shown in Clause 8.1.
8.18. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.	NO	The reasons are shown in Clause 8.1.
8.19. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.	NO	The Company does not practice the remuneration of directors in the form of shares or options.
8.20. The following issues should be subject to approval by the shareholders' annual general meeting: • Grant of share-based schemes, including share options, to directors; • Determination of maximum number of shares and main conditions of share granting; • The term within which options can be exercised; • The conditions for any subsequent change in the exercise of the options, if permissible by law; • All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors.	NO	No such practice is being enforced in the Company.

8.21. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.	NO	No such practice is being enforced in the Company.
8.22. Provisions of Articles 8.19 and 8.20 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.	NO	No such practice is being enforced in the Company.
8.23. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.19, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.	NO	No such practice is being enforced in the Company.
Principle IX: The role of stakeholders in corporate governance **The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.**		
9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.	YES	The management bodies of the Company respect and seek to ensure the rights of all interest holders and to an extent possible, take their opinion into account.
9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.	YES	Interest holders are authorised to participate in the management of the Company and in the process of taking the decisions relevant to the Company as this is provided according the Law of the Republic of Lithuania and when the participation of employees helps to make important Company's decisions.
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information	YES	These requirements are complied with to the extent required by the laws of the Republic of Lithuania.

Principle X: Information disclosure and transparency **The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.**		
10.1. The company should disclose information on: • The financial and operating results of the company; • Company objectives; • Persons holding by the right of ownership or in control of a block of shares in the company; • Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; • Material foreseeable risk factors; • Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; • Material issues regarding employees and other stakeholders; • Governance structures and strategy. This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.	YES	The Company discloses the relevant information as required by the legislation of the Republic of Lithuania, in the established manner, to Lietuvos bankas, Vilnius NASDAQ OMX Vilnius Stock Exchange, in the electronic publication published by register of legal entities for announcement the public announcements or the daily “Kauno diena“.
10.2. It is recommended to the company, which is the parent of other companies, that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.	YES	The Company follows this principle.
10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII.	YES	The Company discloses that information which is known to the Company and could be disclosed without infringement of confidentiality.
10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.	NO	The Company does not apply such practise.
10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.	YES	The Company ensures the accuracy and expedition of the given information.

10.6. Channels for disseminating information should provide for fair, timely and cost-efficient or in cases provided by the legal acts free of charge access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.	YES	The Company ensures compliance with these requirements, the information is announced in Lithuanian and English.
10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.	YES	The Company ensures compliance with these requirements.
Principle XI: The selection of the company's auditor **The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.**		
11.1. An annual audit of the company's financial reports and interim reports should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements	YES	The recommendation is being followed partly, because an independent audit firm does not review interim reports of the Company.
11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.	YES	The audit firm is proposed to the general meeting of shareholders by the Board of the Company.
11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.	YES	The information is usually disclosed to shareholders, it is available for the Company's board.

Sincerely,

Gediminas Čeika

Managing Director of AB Snaigė