

*Extract from clause 3 of the resolution part of the decision No. 241-15 of the Supervision Service of the Bank of Lithuania:*

“3. AB Snaigė shall be required to announce a material event, i.e. the above decision of the director of the Supervision Service of the Bank of Lithuania, including the following information:

3.1. That the decision adopted by the director of the Supervision Service of the Bank of Lithuania has warned AB Snaigė on a violation of Article 22 of the Law on Securities of the Republic of Lithuania;

3.2. That the financial statements of AB Snaigė for 2015 do not comply with Articles 25, 26, and 74 of IAS 1, Presentation of Financial Statements, and Article 63 of IAS 39, Financial Instruments: Recognition and Measurement;

3.3. Impact of violations on financial statements:

3.3.1. If the financial statements of AB Snaigė for 2015 included exact financial status, as is required by the international accounting standards, current liabilities of both the Company and the Group (as of 31 December 2015) would increase, while the value of the non-current liabilities would drop to EUR 11.2 million;

3.3.2. Since AB Snaigė did not evaluate the current value of future cash flows of receivables of EUR 9.8 million from related companies (as of 31 December 2015) which revealed certain features of depreciation (discounted based on the initial actual interest rate applicable to the financial asset in question), it is now impossible to precisely evaluate its impact on the financial status and financial performance of the Company; however, if the current value of the receivables from related companies were below the book value of the amount above, this would lead to a drop in the value of assets and result carried forward of AB Snaigė for 2015;

3.3.3. In late 2015, the Company met with the following uncertainties:

- The Company has failed to comply with the terms and conditions of the loan agreement with a certain bank, thus the bank was entitled to demand repayment of the loan (at EUR 11.2 million) any time;

- Receivables (at EUR 9.8 million) from related companies showed certain depreciation; these were not addressed, and the fair value of the receivables was not established;

- The surety agreement was not addressed, which has served as grounds for application back in November 2015 on the take-over of the liabilities of OAO Polair (at EUR 10.2 million) by the Company,

since these led to concerns on the ongoing activities of the company; however, the said liabilities were not addressed in the financial statements, and no information on potential risk for ongoing activities was revealed;

3.4. Date where the financial statements will be amended, reviewed, and published, both retrospectively and prospectively”.

*With a view to provide full information about the current situation, the Company would like to point out the following:*

- Regarding the decision of the Supervision Service of the Bank of Lithuania clauses 3.3.1 and 3.3.3.: The Company had written confirmation from Bank AO „UniCredit Bank“, that credit contracts were not breached on the 31.12.2015, thus no penalties could be effected.
- Related companies, addressed in the decision of the Supervision Service of the Bank of Lithuania clauses 3.3.2 and 3.3.3., own 91,1% of the Company shares.
- Surety agreements, addressed in the decision of the Supervision Service of the Bank of Lithuania clause 3.3.3., were cancelled till annual reports were prepared and published. Required information about these agreements was published in these reports.

Regarding the decision of the Supervision Service of the Bank of Lithuania clause 3.4: Year 2016 Annual reports will be prepared and published according to terms required by Lithuanian Laws.