

SNAIGĖ, AB**CONFIRMATION OF RESPONSIBLE PERSONS**

Following the Article No. 22 of the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Bank of Lithuania, we Gediminas Čeika, CEO of Snaigė, AB and Mindaugas Sologubas, Finance Director of Snaigė, AB hereby confirm that, to the best of our knowledge, the attached unaudited interim consolidated Snaigė, AB financial statements for the six months period ended 30 June 2019, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, reflects the reality correctly and fairly shows issuer's assets, liabilities, financial position, profit or loss and cash flow of Snaigė, AB.

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



Gediminas Čeika
Managing Director

Mindaugas Sologubas
Finance Director

August *26*, 2019

AB SNAIGĖ
CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS
PERIOD ENDED 30 JUNE 2019
(UNAUDITED)

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I. GENERAL PROVISIONS

1. Accounting period of the report

The report has been issued for the six months of 2019.

2. The basic data about the issuer

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

Authorised capital –one Company's share is equal to 0.30 euro and to establish that the Company's authorized capital is equal to 11,886,718.50 euro.

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E-mail – snaige@snaige.lt

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

Legal organisation status – legal entity, public limited company

Registered as an enterprise on December 1, 1992 in the Municipality Administration of Alytus; registration number AB 92-119; enterprise register code 249664610. The latest Statute of AB “Snaige” was registered on July 30, 2019 in Legal Entities of the Republic of Lithuania.

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

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

The mass media – daily paper „Kauno diena”.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Ref. No.	ITEMS	Notes	01 01 2019 30 06 2019	01 04 2019 30 06 2019	01 01 2018 30 06 2018	01 04 2018 30 06 2018
1.	Sales	3	15,699	8,917	16,736	9,029
2.	Cost of sales	4	(14,346)	(8,041)	(15,638)	(8,289)
3.	Real value change of biological property					
4.	GROSS PROFIT (LOSS)		1,353	876	1,098	740
5.	Selling expenses		(1,124)	(578)	(1,180)	(612)
6.	General and administrative expenses		(789)	(191)	(1,357)	(616)
7.	Results of other activity	5,7	28	10	37	21
8.	Investments incomes into the shares of patronise, patronized and associated companies					
9.	Incomes of other long-term investments and loans	8			299	174
10.	Incomes of other interest or similar incomes	8	5	3	2	(21)
11.	Value decrease of financial property and short-term investments					
12.	Costs of interest and other similar costs	9	(274)	(141)	(279)	(140)
13.	PROFIT (LOSS) BEFORE INCOME TAX		(801)	(21)	(1,380)	(454)
14.	Income tax					
15.	PROFIT (LOSS) BEFORE NONCONTROLLING INTEREST		(801)	(21)	(1,380)	(454)
16.	Non-controlling interest					
17.	Other comprehensive income		455	231	285	148
18.	TOTAL COMPREHENSIVE INCOME		(346)	210	(1,095)	(306)

Managing Director

Gediminas Čeika

Financial Director

Mindaugas Sologubas

Consolidated Statement of Financial Position

Ref. No.	ASSETS	Notes	As at 30 June 2019	As at 31 December 2018
	ASSETS			
A.	Non-current assets		17,445	18,222
1.	Intangible assets	10	1,626	1,604
2.	Tangible assets	11	15,819	16,618
2.1.	Land			
2.2.	Buildings and structures		5,804	5,918
2.3.	Machinery and equipment		8,454	9,065
2.4.	Vehicles and other property		1,456	1,635
2.5.	Construction in progress and prepayments		105	0
3.	Financial assets	12	0	0
4.	Other non-current assets		0	0
B.	Current assets		11,946	12,426
1.	Inventories	13	3,923	3,549
2.	Accounts receivable within one year		7,621	8,523
2.1.	Customers' debts	14	7,089	5,748
2.2.	Contracts assets		0	2,155
2.3.	Prepayments		128	115
2.4.	Other amounts receivable	15	404	505
3.	Short-term investments			
4.	Cash and cash equivalents	16	402	354
C.	Accrued income and prepaid expenses		0	0
	Total assets		29,391	30,648

(continued on the next page)

Ref. No.		Notes	As at 30 June 2019	As at 31 December 2018
	EQUITY AND LIABILITIES			
D.	Equity		6,202	6,933
1.	Capital		11,887	11,887
1.1.	Authorized (subscribed) share capital		11,887	11,887
1.2.	Signed unpaid capital (-)			
1.3.	Own shares(-)			
2.	Shares premiums			
3.	Revaluation reserve		6,115	6,502
4.	Reserves	18	991	971
5.	Retained earnings (loss)		(12,740)	(12,374)
6.	Influence of currency exchange rate		(51)	(53)
7.	Non-controlling interest		0	0
E.	Grants, subsidies	19	590	618
F.	Provisions		2,280	2,355
1.	Pensions provisions and similar provisions		309	316
2.	Taxes provisions		1,825	1,893
3.	Other provisions	20	146	146
G.	Accounts payable and liabilities		20,319	20,742
1.	Accounts payable after one year and other non-current liabilities	21	367	367
2.	Account payable within one year and current liabilities		19,952	20,375
2.1.	Liabilities of debts		471	
2.2.	Debts for credit institutions	21	9,622	9,772
2.3.	Received prepayments		196	75
2.4.	Debts to suppliers		7,876	7,508
2.5.	Payable sums acc.to bills and cheque			
2.6.	Contracts liabilities			1,514
2.7.	Payable sums for associated companies			
2.8.	Profit tax payment obligations			
2.9.	Obligations related to work relations		1,073	871
2.10.	Other current liabilities		714	635
H.	Accrued charges and deferred income		0	0
	Total equity and liabilities		29,391	30,648

Managing Director

Gediminas Čeika

Financial Director

Mindaugas Sologubas

Consolidated Statement of Cash Flow

Ref. No.		30 06 2019	30 06 2018
I.	Cash flows from the key operations		
I.1	Net result before taxes	(801)	(1 380)
I.2	Depreciation and amortization expenses	1 112	997
I.3	(Amortisation) of grants	(65)	(64)
I.4	Result from disposal of non-current assets		
I.5	Write-off of non-current assets		
I.6	Write-off of inventories		
I.7	Depreciation of receivables		
I.8	Other provisions		
I.9	Change in provision for guarantee repair	3	(7)
I.10	Recovery of devaluation of trade receivables and other provisions	(814)	248
I.11	Influence of foreign currency exchange rate change	4	(2)
I.12	Financial income (interest income)		(299)
I.13	Financial expenses (interest expenses)	266	279
	Cash flows from the key operations until decrease (increase) in working capital	(295)	(228)
II.1	Decrease in receivables and other liabilities	1 274	(1 235)
II.2	Decrease in inventories	(379)	1 015
II.3	Increase in trade and other payables	(744)	1 008
	Cash flows from the main activities	(144)	560
III.1	Interest income		
III.2	Interest paid		(279)
III.3	Income tax paid		(92)
	Net cash flows from the key operations	(144)	189
IV.	Cash flows from (to) investing activities		
IV.1	Acquisition of tangible non-current assets	(43)	(100)
IV.2	Capitalization of intangible non-current assets	(18)	(1)
IV.3	Proceed from disposal of non-current assets		
IV.4	Loans granted		
IV.5	Loans regained	288	
IV.6	Advance payments	(207)	
IV.7	Interest received	84	
IV.8	Financial investment assets		
	Net cash flows from the investing activities	104	(101)

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III.	Cash flows from the financial activities	88	(158)
III.1	Cash flows related to the shareholders of the company		
III.1.1	Issue of shares		
III.1.2	Shareholders' contributions for covering losses		
III.1.3	Sale of own shares		
III.1.4	Payment of dividends		(2)
III.2	Cash flows arising from other financing sources		
III.2.1	Grants received	37	59
III.2.1.1	Proceeds from non-current borrowings		172
III.2.1.2	(Repayment) of borrowings	(135)	(373)
III.2.2	Finance lease received		
III.2.2.1	Payments of leasing (finance lease) liabilities	(15)	(14)
III.3	Other decreases in the cash flows from financial activities	471	
III.4.	Interest paid	(270)	
	Net cash flows from the financial activities	88	(158)

IV.	Cash flows from extraordinary items		
IV.1.	Increase in cash flows from extraordinary items		
IV.2.	Decrease in cash flows from extraordinary items		
V.	The influence of exchange rates adjustments on the balance of cash and cash equivalents		
VI.	Net increase (decrease) in cash flows	48	(70)
VII.	Cash and cash equivalents at the beginning of period	354	508
VIII.	Cash and cash equivalents at the end of period	402	438

Managing Director

Gediminas Čeika

Financial Director

Mindaugas Sologubas

Consolidated Statement of Changes in Equity

	Paid up authorised capital	Share premium	Own shares (-)	Legal reserves		Other reserves				Retained earnings (losses)	TOTAL	Minority shareholders	TOTAL
				Compulsory	For acquiring own shares	For social needs	Other	Currency exchange reserve	Revaluation reserve				
Balance as at 31 January 2017	11,887	0	0	971	30	0	0	(54)	5,900	(12,622)	6,112	0	6,112
Net profit for the 2018QI-II										(1,380)	(1,380)	0	(1,380)
Formed reserves					(30)					30	0	0	0
Other changes								2	(243)		(241)		(241)
Other comprehensive income										285	285		285
Balance as at 30 June 2018	11,887	0	0	971	0	0	0	(52)	5,657	(13,687)	4,776	0	4,776
Net profit for the 2018QIII-IV										858	858		858
Formed reserves											0		0
Other changes								(1)	845		844	0	844
Other comprehensive income										455	455		455
Balance as at 31 December 2018	11,887	0	0	971	0	0	0	(53)	6502	(12,374)	6,933	0	6,933
Net profit for the 2019QI-II										(801)	(801)	0	(801)
Formed reserves				20						(20)	0		0
Other changes								2	(387)		(385)		(385)
Other comprehensive income										455	455		455
Balance as at 30 June 2019	11,887	0	0	991	0	0	0	(51)	6,115	(12,740)	6,202	0	6,202

Managing Director

Gediminas Čeika

Financial Director

Mindaugas Sologubas

EXPLANATORY NOTES

1 Basic information

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

Pramonės str. 6,
Alytus,
Lithuania.

The Company is engaged in producing refrigerators and refrigerating equipment. The Company was registered on 1 April 1963. The Company’s shares are traded on the Baltic Secondary List of the NASDAQ OMX Vilnius stock exchange.

Main shareholders of AB Snaigė were:

	June 30, 2019		December 31, 2018	
	Number of shares owned	Share of total capital, %	Number of shares owned	Share of total capital, %
Sekenora Holdings Limited	36,096,193*	91.10%	36,096,193*	91.10%
Other shareholders	3,526,202	8.90%	3,526,202	8.90%
Total	39,622,395	100%	39,622,395	100%

* Out of this amount Sekenora Holdings Limited collateralized 4,584,408 shares to the bank in accordance with collateral agreement to ensure financial Snaige AB liabilities (31 December 2018 - 4,584,408).

All the shares of the Company are ordinary registered intangible shares with the par value of 0.30 euro each and were fully paid as at 30 June 2019 and 31 December 2018.

As at 30 June 2019 and 31 December 2018 the Company did not hold its own shares.

As at 30 June 2019 Sekenora Holdings Limited was ultimately owned by controlling shareholder Hymana Holdings Ltd.

The Group consisted of AB Snaige and the followings subsidiaries as at 30 June 2019 (hereinafter – “the Group”):

Company	Country	Percentage of the shares held by the Group	Profit (loss) for the reporting year	Shareholders’ equity
TOB Snaige Ukraina	Ukraine	99%	(2)	8
UAB Almecha	Lithuania	100%	(91)	450

As at 30 June 2019, the Board of the Company consist of 5 members. The board does not have AB Snaige representatives.

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 in 2006. The main activities of the company are production of refrigerating components and equipment. The Company acquired 100% of the Company’s shares.

As at 30 June 2019 the number of employees of the Group was 644 (as at 30 June 2018 – 664).

1. Accounting principles

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

2.1. Basis of preparation

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

These financial statements are prepared on the historical cost basis.

2.2. Going concern

The Group's current liabilities exceeded current assets by EUR 8,006 thousand of 30 June 2019 (in the year 2018, December 31st current liabilities exceeded current assets by EUR 7,949 thousand).

- liquidity ratios: general coverage ratio (total current assets / total current liabilities) was 0.60 (0.61 on 31st December 2018)
- quick ratio ((total current assets – inventories) / total current liabilities) – 0.40 (on 31st December 2018 - 0.44)
- the Group suffered EUR 801 thousand loss before tax (in 2018 over the same period - EUR 1,380 thousand loss before tax),
- Debt ratios: the ratio of debt/asset was 0.77 (whereas in the year 2018, December 31st - 0.75)

Liquidity ratios became worse due to the fact that current liabilities of the Group increased significantly after re-classification of bank loan from long to current liabilities. This was done according to IFRS requirements, even though agreed terms of credit were not changed (note 21). Adjusted ratios, calculated according to real credit return terms, would be as follows:

- Adjusted liquidity ratio: general coverage ratio (total current assets / total current liabilities – re-classified amount) was 0.98 (1.0 on 31st December 2018),
- Adjusted quick ratio ((total current assets – inventories) / total current liabilities – re-classified amount) – 0.66 (on 31st December 2018 - 0.67)

According to the additional agreement with Bank of 5 October 2018, the schedule of credit return of the related parties is fulfilled partially (From 1 January 2019 till 31 July 2019 372 thousand Eur were returned instead of 1,321 thousand Eur). However, the Company informs the bank about all actions and gives all required information, and violation of credit return schedule was resulted by better than planned investment financing terms negotiation with machinery suppliers. On 14 August 2019, additional agreement with bank was signed (note 30), eliminating additional credit repayments (worth 1,538 thousand Eur) in second half of 2019. Therefore, this uncertainty for going concern is eliminated.

These financial statements for the 30 June 2019 have been prepared based on the assumption that the Group will be able to continue as a going concern for at least 12 months. The going concern is based on the following assumptions:

- in order to finance the working capital the Group is planning to perform successful sales of finished goods and the continuation of cooperation only with trustful partners. Trade payables are planned to be decreased using free operational cash flows.

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

2.3. Presentation currency

The Group's financial statements are presented in 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. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are included in profit or loss.

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

on the acquisition are treated as assets and liabilities of the foreign entity and translated at the rate of exchange ruling at the statement of financial position date.

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

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

The applicable exchange rates in relation to euro as at the 30 June 2019 and 31 December 2018 were as follows:

	30 June 2019	31 December 2018
UAH	29.75831	31.73488
USD	1.138	1.1454

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.

2.5. Intangible assets, except for goodwill

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

Research and development

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

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use.

Licenses

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

Software

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

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

2.6. Tangible non-current assets

Property, plant and equipment are assets that are controlled by the Group and the Company, which are expected to generate economic benefits in the future periods with the useful life exceeding one year, and which acquisition

(manufacturing) costs could be reliably measured. Property, plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of such assets when that cost is incurred if the asset recognition criteria are met. Replaced parts are written off.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to other comprehensive income and shown as revaluation reserve in shareholders' equity. The revaluation reserve for property, plant and equipment is being reduced each period by the difference between depreciation based on the revalued carrying amount of the asset and that based on its original cost, which is transferred directly to retained earnings.

Property, plant and equipment are shown at revalued amount, being the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which is determined using fair value at the date of statement of financial position. The fair value of the property, plant and equipment is determined by appraisals undertaken by certified independent valuers. Any accumulated depreciation and impairment losses at the date of revaluation were eliminated against the gross carrying amount of the asset, instead the historical acquisition cost was increased by the surplus of the revaluation.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to other comprehensive income and shown as revaluation reserve in shareholders' equity. The revaluation reserve for property, plant and equipment is being reduced each period by the difference between depreciation based on the revalued carrying amount of the asset and that based on its original cost, which is transferred directly to retained earnings.

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. Decreases that offset previous increases of the same asset are charged to other comprehensive income and debited against revaluation reserve in equity; all other decreases are charged to the profit or loss. Revaluation increases that offset previous decreases charged to the profit or loss are recognised in the profit or loss.

Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the profit or loss, and depreciation based on the asset's original cost is transferred from revaluation reserve to retained earnings net of deferred income tax.

Depreciation is computed on a straight- Depreciation is computed on a straight-line basis over the following estimated useful lives from 1 October 2016:

Buildings and structures (including investment property)	15 - 73 years
Machinery and equipment	5 - 63 years
Vehicles	4 - 20 years
Other property, plant and equipment	3 - 30 years

Weighted average useful lives from 1 October 2016 are as follows:

Buildings and structures (including investment property)	55 years
Machinery and equipment	21 years
Vehicles	16 years
Other property, plant and equipment	12 years

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

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of property, plant and equipment and are recognised within other income or other expenses in the statement of comprehensive income. When revalued assets are sold, the amounts included in revaluation reserve are transferred to retained earnings.

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

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

2.7. Non-current assets held for sale

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

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

2.8. Inventories

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

2.9. Receivables and loans granted

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

2.10. Cash and cash equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits at current accounts, and other short-term highly liquid investments.

2.11. Borrowings

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised, otherwise – expensed as incurred. No borrowing costs were capitalised as at 30 June 2019 and 31 December 2018.

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

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

2.12. Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into. Subsequent to initial recognition and measurement, outstanding derivatives are carried in the statement of financial position at the fair value. Fair value is determined using the discounted cash flow method applying the effective interest rate. The estimated fair values of these contracts are reported on a gross basis as financial assets for contracts having a positive fair value; and financial liabilities for contracts with a negative fair value. Contracts executed with the same counterparty under legally enforceable master netting agreements are presented on a net basis. The Group had no derivative contracts outstanding as at 30 June 2019 and 31 December 2018.

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

2.13. Factoring

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

2.14. Financial lease and operating lease

Finance lease – the Group as lessee

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

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

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

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

Operating lease – the Group as lessee

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

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

2.15. Grants and subsidies

Grants and subsidies (hereinafter Grants) received in the form of non-current assets or intended for the purchase, construction or other acquisition of non-current assets are considered as asset-related grants (mainly received from the EU and other structural funds). Assets received free of charge are also allocated to this group of grants. The amount of the grants related to assets is recognised in the financial statements as used in parts according to the depreciation of the assets associated with this grant. In the statement of comprehensive income, a relevant expense account is reduced by the amount of grant amortisation.

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

2.16. Provisions

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

2.17. Non-current employee benefits

According to the collective agreement, each employee leaving the Company at the retirement age is entitled to a one-time payment. Employment benefits are recognised in the statement of financial position and reflect the present value of future payments at the date of the statement of financial position. The above mentioned employment benefit obligation is calculated based on actuarial assumptions, using the projected unit credit method. Present value of the non-current obligation to employees is determined by discounting estimated future cash flows using the discount rate which reflects the interest rate of the Government bonds of the same currency and similar maturity as the employment benefits. Actuarial gains and losses are recognised in the statement of comprehensive income as incurred.

2.18. Revenue recognition

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

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

Revenue from services is recognized on accrual basis when services are rendered and are stated in the statement of comprehensive income.

In these consolidated financial statements intercompany sales are eliminated.

2.19. Impairment of assets

Financial assets

Financial assets are reviewed for impairment at each reporting date.

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

Other assets

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

2.20. Subsequent events

Subsequent events that provide additional information about the Group's position at the 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.

2.21. Offsetting and comparative figures

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

3 Segment information

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

Information on Group's sales is presented below:

	Total sales revenue		Inter-group sales		Sales revenue	
	2019	2018	2019	2018	2019	2018
Russia	105	139	-	-	105	139
Ukraine	3,480	2,822	-	-	3,480	2,822
Western Europe	6,226	6,880	-	-	6,226	6,880
Central Europe	2,854	3,633	-	-	2,854	3,633
Lithuania	2,033	2,224	(102)	(88)	1,931	2,136
Other CIS countries	596	535	-	-	596	535
Other Baltic states	355	414	-	-	355	414
Other countries	152	177	-	-	152	177
Total	15,801	16,824	(102)	(88)	15,699	16,736

Transactions between the Group companies are made on commercial terms and conditions. Inter-group sales are eliminated in consolidation.

As at 30 June 2019 the sales to the five largest buyers comprised 34.33 % of total sales, including: the largest buyer 9.67% (as at 2018 – 35.23 %, including: the largest buyer 8.72%).

4 Cost of sales

	30 06 2019	30 06 2018
Raw materials	9,648	10,906
Salaries and wages	1,657	1,721
Depreciation and amortisation	833	714
Other	2,208	2,297
Total:	14,346	15,638

5 Other income

	30 06 2019	30 06 2018
Income from transportation services	112	111
Income from sale of other services	-	-
Income from rent of premises	8	8
Gain on disposal of property, plant and equipment	-	-
Income from rent of equipment	-	-
Other	38	35
Total:	158	154

6 Operating expenses

	30 06 2019	30 06 2018
Selling expenses	1,124	1,180
General and administrative expenses	789	1,357
Total:	1,913	2,537

7 Other operating expenses

	30 06 2019	30 06 2018
Transportation expenses	106	98
Expenses from rent of equipment	-	-
Gain on disposal of property, plant and equipment	-	-
Other	24	19
	130	117

8 Financial income

	30 06 2019	30 06 2018
Foreign currency exchange gain	5	2
Interest income and other	-	299
	5	301

9 Financial expenses

	30 06 2019	30 06 2018
Interest expenses	266	275
Loss of foreign currency exchange, net	5	4
Realized loss on foreign currency derivatives	-	-
Loss of foreign currency translation transactions	3	-
Other	-	-
	274	279

10 Intangible assets

	Balance sheet value	
	30 06 2019	31 12 2018
Development costs	1,211	1,366
Software, license	28	39
Other intangible assets	387	199
Total:	1,626	1,604

Over 2019 the Group has accumulated EUR 168 thousand (2018 first half - EUR 171 thousand) of intangible assets depreciation. The amount of EUR 0 thousand for 2019 (EUR 4 thousand for 2018) was included into production costs. The remaining amount of EUR 168 thousand (EUR 167 thousand for 2018) was included into administration expenses in the Group's profit or loss.

Part of non-current intangible assets of the Group with the acquisition value of EUR 4,122 thousand as at 30 June 2019 was fully amortised (EUR 3,908 thousand for 2018) but was still in use.

11 Non-current tangible assets

	Balance sheet value	
	30 06 2019	31 12 2018
Land and buildings	5 804	5,918
Machinery and equipment	8 454	9,065
Vehicles and other property	33	42
Other equipment, fittings and tools	1 423	1,593
Construction in progress and prepayments	105	-
Total:	15,819	16,618

Starting from 30 September 2016 the Group and the Company decided to revalue the non-current assets, including buildings, structures, machinery and equipment as well as other production equipment. The valuation of non-current assets for financial reporting purposes has been carried out by external, independent valuator, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The valuation of real estate was based on the comparable method by comparing sales prices of similar real estate in Lithuania. The valuation of machinery and equipment and other non-current assets was based on comparable or depreciated replacement cost (DRC) methods.

Building and structures were attributed to Level 3 of fair value hierarchy. Under the Market method the sale transactions or offer examples in respect of the real estate and constructions were observed in the market. The comparable real estate objects were selected due to the similarity with the object being measured with respect to size, nature, location, intended use, condition and other parameters. The valuation of real estate required adjustments to reflect differences between the objects being measured and comparable objects.

Machinery and equipment, vehicles and other assets were also attributed to Level 3 of fair value hierarchy. Part of the machinery was valued based on at least two or three comparable inputs. Comparable inputs selected were similar to the assets subject to valuation. This method was used for the measurement of a part of equipment in respect of which sale or offer market data was available. The remaining part of machinery and equipment were valued by DRC method. The replacement values of these non-current assets were based on their acquisition costs and comparable price changes provided by the Statistics Department. When establishing physical obsolescence it is assumed that the value of property being measured is written off in proportion to the number of years. The assets subject to valuation were classified into categories in respect of which the useful life up to 20 years depending on the group of asset was established based on the expert opinion of the valuator.

The estimated fair value of the buildings and structures amounted to EUR 5,975 thousand and the value of machinery and equipment, vehicles and other assets amounted to EUR 10,919 thousand as at 30 September 2018, based on the comparable, depreciated replacement cost (DRC) and income methods.

Asset were valued under this scheme:

1. All Company long term assets were valued using discounted cash flows model.
2. From this value, intangible assets at ballance value and buidings at market value were taken off.
3. Other movable assets were valuated usinf comparisson method, while special movable assets and other assets, not possible to value at comparison model, were valuated at DRC model. Some assets, not possible to value by methods described above, were valuated at disposal rate.
4. The remaining value was allocated to all velued items, by using correction coefficients. Only assets, vauled by DRC and disposal methods, were corrected using coefficients.

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The increase in value of non-current tangible assets was registered by increasing the acquisition cost of the asset and was accounted as follows as at 30 September 2018:

The Company	Book value	Revalued amounts	Revaluation surplus
Buildings and structures	5,404	5,975	571
Machinery and equipment	8,089	9,160	1,071
Vehicles and other assets	1,435	1,759	324
Total	14,928	16,894	1,966

The increase in value of non-current tangible assets was registered by increasing the acquisition cost of the asset and was accounted as follows as at 30 September 2017:

The Company	Book value	Revalued amounts	Revaluation surplus
Buildings and structures	5,229	5,610	381
Machinery and equipment	8,959	8,983	24
Vehicles and other assets	1,605	1,627	22
Total	15,793	16,220	427

The useful life terms of Non-current material assets, in years:

	Statistical	Remanining useful life terms at the revaluation date	Remanining useful life terms, stated after revaluation
Land and buildings	49	22	26
Machinery and equipment	6	1	8
Vehicles	6	1	4
Other plant, devices, tools and equipment	5	0,5	5
Other tangible assets	5	0,5	8

The new useful lifetimes for assessing depreciation have been applied since 1 October 2016.

The depreciation charge of the Group's property, plant and equipment and investment property for 2019 six months amounts to EUR 944 thousand (EUR 825 thousand for 2018). After the assessment of amortization of grants, the amount of EUR 885 thousand for 2019 (EUR 768 thousand for 2018) was included into production costs. The remaining amount of EUR 59 thousand (EUR 57 thousand for 2018) was included into administration expenses in the Group's profit or loss.

As at 30 June 2019 buildings of the Group and the Company with the carrying amount of EUR 5,637 thousand, (as at 31 December 2018 – EUR 5,739 thousand respectively), the Group's and the Company's machinery and equipment with the carrying amount of EUR 7,169 thousand (as at 31 December 2018 – EUR 7,773 thousand respectively) were pledged to bank as a collateral for the loans (Note 21).

12 Non-current and current loans to related companies

	Group		Company	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Loans granted	8,880	9,169	8,880	9,169
Interest calculated	2,499	2,583	2,499	2,583
Total receivables	11,379	11,752	11,379	11,752
Minus:				
Provisions for doubtful loans	(8,880)	(9,169)	(8,880)	(9,169)
Provisions for doubtful interest	(2,499)	(2,583)	(2,499)	(2,583)
Minus: total provisions	(11,379)	(11,752)	(11,379)	(11,752)
Net receivables				
Out of them:				
Loans granted	-	-	-	-
Interest calculated	-	-	-	-
Total	-	-	-	-

13 Inventories

	30 06 2019	31 12 2018
Raw materials, spare parts and production in progress	2,753	2,205
Finished goods	1,105	1,256
Other	65	88
Total inventories, net	3,923	3,549

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

As at 30 June 2019 and as at 31 December 2018 the Group and Company has no legal restrictions on inventories.

14 Trade receivables

	30 06 2019	31 12 2018
Receivables	8,167	6,825
Less: impairment allowance for doubtful receivables	(1,078)	(1,077)
	7,089	5,748

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

As at 30 June 2019 100% impairment was accounted trade receivables of the Group in gross values of EUR 1,078 thousand (as at 31 December 2018 – EUR 1,077 thousand). Change in impairment allowance for receivables was accounted for within administrative expenses.

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

Trade receivables from the Group in the amount of EUR 3,116 thousand as at 30 June 2019 (EUR 2,900 thousand as at 31 December 2018) were insured with credit insurance by Atradius Sweden Kreditförsäkring Lithuanian branch. Trade receivables from Ukraine, Moldova, Russia and other CIS countries are not insured.

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

	30 06 2019	31 12 2018
Balance at the beginning of the period	(1,077)	(1,068)
Charge for the year	0	(60)
Write-offs of trade receivables	-	-
Effect of the change in foreign currency exchange rate	(1)	(1)
Amounts paid	0	52
Balance in the end of the period	(1,078)	(1,077)

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

As at 30 June 2019 Group has factoring agreement, but there are no any restrictions on company assets according to this agreement.

15 Other current assets

	30 06 2019	31 12 2018
VAT receivable	114	255
Restricted cash	14	4
Other receivables	276	246
	404	505

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

	30 06 2019	31 12 2018
Balance at the beginning of the period	-	-
Charge for the year	-	-
Effect of the change in foreign currency exchange rate	-	-
Amounts paid	-	-
Write off	-	-
Balance in the end of the period	-	-

16 Cash and cash equivalents

	30 06 2019	31 12 2018
Cash at bank	396	349
Cash on hand	6	5
Cash in transit	-	-
	402	354

17 Share capital

According to the Law on Companies of the Republic of Lithuania the Company's total equity cannot be less than 1/2 of its share capital specified in the Company's by-laws. As at 30 June 2019 the Company was in compliance with this requirement.

18 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. As at 30 June 2019 the legal reserve has not been fully formed yet.

As of 30 June 2019 the legal reserve amounted to EUR 971 thousand.

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.

19 Grants

Balance as at 31 December 2014	3,111
Received during the period	705
Balance as at 31 December 2015	3,816
Received during the period	-
Balance as at 31 December 2016	3,816
Received during the period	48
Balance as at 31 December 2017	3,864
Received during the period	117
Balance as at 31 December 2018	3,981
Received during the period	7
Balance as at 31 March 2019	3,988
Received during the period	30
Balance as at 30 June 2019	4,018
Accumulated amortisation as at 31 December 2014	2,939
Amortisation during the period	48
Accumulated amortisation as at 31 December 2015	2,987
Amortisation during the period	127
Accumulated amortisation as at 31 December 2016	3,114
Amortisation during the period	122
Accumulated amortisation as at 31 December 2017	3,236
Amortisation during the period	127
Accumulated amortisation as at 31 December 2018	3,363
Amortisation during the period	32
Accumulated amortisation as at 31 March 2019	3,395
Amortisation during the period	33
Accumulated amortisation as at 30 June 2019	3,428
Carrying amount as at 30 June 2019	590
Carrying amount as at 31 December 2018	618

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 depreciated 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. Provisions for guarantee related liabilities.

20 Warranty provision

The Group provide a warranty of up to 2 years for the production sold and 3 years warranty for resale products. The provision for warranty repairs was accounted for based on the expected cost of repairs and statistical warranty repair rates and divided respectively into non-current and current provisions.

Changes in warranty provisions were as follows:

	30 06 2019	31 12 2018
As at 1 January	399	411
Additions during the year	100	161
Utilised	(97)	(173)
Foreign currency exchange effect	-	-
Written off	-	-
	402	399

Warranty provisions are accounted for:

	30 06 2019
- non- current	146
- current	256
	31 12 2018
- non- current	146
- current	253

21 Borrowings

	30 06 2019	31 12 2018
Non-current borrowings		
Non-current borrowings with fixed interest rate	-	-
Non-current borrowings with variable interest rate	313	313
Long-term liabilities of leasing companies	54	54
	367	367
Current borrowings		
Current borrowings with fixed interest rate	-	-
Long-term loans of the current year	9,607	9,743
Current liabilities of leasing companies	15	29
Other debt liabilities	471	-
	10,093	9,772
Total	10,460	10,139

The main information on individual borrowings is disclosed below:

	Type	Maturity	As at June 30 2019	As at December 31 2018
Borrowing 1	Loan	2020-12-23	9,578	9,623
Borrowing 2	Loan	2020-04-10	343	433
Debt liabilities (factoring)			471	-
Leasing 1		2021-03-26	21	27
Leasing 2		2021-05-26	9	11
Leasing 3		2021-08-26	8	10
Leasing 4		2022-07-11	30	35
			10,460	10,139

The loan 1 bear 1-month EURIBOR + 5.75 annual interest rate as at 30 June 2019, the loan 2 bear 5% fixed interest rate, with right to review conditions 6-month EURIBOR + 3,5% margin (as at 31 December 2018 the interest rates were the same as in 30 June 2019).

As of 30 June 2019 the Company's buildings with the carrying amount of EUR 5,637 thousand (EUR 5,739 thousand as at 31 December 2018), the Group's and Company's machinery and equipment with the carrying amount of EUR 7,196 thousand (EUR 7,773 thousand as at 31 December 2018) were pledged to the banks for the loans.

Under loan agreement 2, Company pledged all current and incoming funds in all existing and future Bank accounts. Maximum value of collateral is agreed at 833 thousand EUR. Sekenora Holding Limited also pledged 4,584 thousand shares of the Company as collateral, at nominal value 1,375 thousand EUR.

In order to secure financing of future investments in production capacities, on 5 October 2018 Company has signed additional agreement with Bank on revision of return terms of Loan 1. According to this agreement, credit returns are suspended till 30 April 2019, and substantially decreased during investment period. Final credit return term – 23 December 2020. Additionally, on 23 October 2018. Company has signed additional agreement with Bank on revision of return terms of Loan 2. According to this agreement, credit returns are decreased during investment period. Final credit return term – 10 April 2020. Both above mentioned agreements are conditional and connected to returns of controlling parties debts under agreed schedules (Note 29), which failure will result in leaving old credits return terms for both Loans.

According to factoring agreement, maximum factoring limit is 1,000 thousand EUR. Factring can be used only for insured customers.

Borrowings in national currencies:

Borrowings denominated in:	30 06 2019	31 12 2018
EUR	10,460	10,139
	10,460	10,139

Repayment schedule for borrowings:

	Fixed interest rate	Variable interest rate
2019	-	10,093
2020	-	343
2021	-	18
2022	-	6
	-	10,460

22 Financial leasing

Interest rates for financial leasing are fixed at 3,5 % and 3,9 %.

Financial lease payments in future are for dates June 30, 2019 and December 31, 2018 as follows:

	30 06 2019	31 12 2018
2019	16	32
2020 - 2022	55	55
Financial lease liabilities total	71	87
Interest	(3)	(4)
Financial lease liabilities current value	68	83

Financial lease obligations are accounted as:

- non- current	15	29
- current	53	54

Assets under financial lease are vehicles and machinery. Term of lease – 5 years.

Book value of leased assets:

	30 06 2019	31 12 2018
Machinery and equipment	162	175

23 Operating lease

The Group have concluded several contracts of operating lease of land and premises. The terms of lease do not include restrictions of the activities of the Group in connection with the dividends, additional borrowings or additional lease agreements. As at 30 June 2019 the lease expenses of the Group amounted to EUR 38 thousand (EUR 34 thousand as at 30 June 2018).

Planned operating lease expenses of the Group in 2019 will be EUR 67 thousand.

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

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

24 Other current liabilities

	30 06 2019	31 12 2018
Salaries and related taxes	727	398
Vacation reserve	346	473
Dividends payable	50	50
Accrued interest	10	13
Other taxes payable	7	7
Other payables and accrued expenses	647	565
	1,787	1,506

Terms and conditions of other payables:

- Other payables are non-interest bearing and have the settlement term up to six months.
- Interest payable is normally settled monthly throughout the financial year.

25 Basic and diluted profit (loss) per share in EUR

	30 06 2019	31 12 2018
Shares issued 1 January	39,622	39,622
Net profit (loss) for the year, attributable to the shareholders of company	(346)	(1,095)
Basic profit (loss) per share, in EUR	(0.01)	(0.03)

26 Risk and capital management

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

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

Credit risk

As at 30 June 2019 and 31 December 2018, 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 agencies

As at 30 June 2019 and 31 December 2018, the credit risk was related to:

	30 06 2019	31 12 2018
Loans with interest receivable from related parties	11,379	11,752
Trade and other receivables	7,089	5,748
Cash and cash equivalents	402	354
	18,870	17,854

The concentration of the Group's trade partners and the largest credit risk related to trade receivables according to clients as at 30 June 2019 and 31 December 2018:

	2019	%	2018	%
Client 1	736	10	1,049	18
Client 2	489	7	507	9
Client 3	398	6	367	6
Client 4	395	6	273	5
Client 5	391	5	236	4
Other clients	5,758	66	4,393	58
Impairment	(1,078)		(1,077)	
	7,089	100	5,748	100

Trade receivables according to geographic regions:

	30 06 2019	31 12 2018
Central Europe	1,301	1,028
Ukraine	1,968	961
Lithuania	1,105	990
Western Europe	2,092	2,345
Other CIS countries	400	264
Other Baltic States	101	91
Russia	69	69
Other	53	-
	7,089	5,748

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

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 14.

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 3,116 thousand as at 30 June 2019 (EUR 2,900 thousand as at 31 December 2018) were insured with credit insurance by Atradius Sweden Kreditförsäkring Lithuanian branch. Trade receivables from Ukraine, Moldova, Russia and other CIS countries were not insured.

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

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

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

Interest rate risk

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

As at 30 June 2019 and 31 December 2018 the Group did not use any financial instruments to hedge against interest rate risk.

Liquidity risk

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

Foreign exchange risk

The Group significantly reduced income earned in USD.

Most of income is earned in euro by the Group.

Capital management

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

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

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 30 June 2019 the Group and the Company do not fulfil this requirement (note 17). There were no other significant externally imposed capital requirements on the Group.

27 Commitments and contingencies

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.

Vilnius Regional Administrative Court has rejected AB Snaigė (hereinafter the Company) complaint concerning partial revocation of the director of the Supervision Service of the Bank of Lithuania adopted decision No. 241-19 dated 29 January 2018 on imposition of certain measures with respect to AB Snaigė. The management of the Company examined the Court decision to reject Company's complaint and found this decision unjustified. Therefore, the Company has appealed against it to the Supreme Administrative Court of Lithuania, which confirmed this appeal for process on 20 November 2018. At the moment of signing this report, process date was not appointed.

28 Regulatory body regulations and implementation

AB Snaigė in 2018 February 1 has received a decision No. 241-19 dated 29 January adopted by the director of the Supervision Service of the Bank of Lithuania (hereinafter – Decision), which states:

1. To oblige AB Snaigė to promptly, but not later than within 24 hours after receipt of this resolution, to make public a notice of material event, i.e. about this resolution of the Director of the Supervision Service of the Bank of Lithuania, indicating:

1.1 That pursuant to a resolution of the Director of the Supervision Service of the Bank of Lithuania, AB Snaigė was imposed a fine of EUR 207,250 (two hundred seven thousand two hundred fifty) for a violation of Article 22 of the Law on Securities of the Republic of Lithuania and for failure to comply with the mandatory instructions of the Bank of Lithuania;

1.2. That AB Snaigė financial statements of 2016 do not comply with IAS 1 'Presentation of Financial Statements', IAS 16 'Property, Plant and Equipment', and IAS 39 'Financial Instruments: Recognition and Measurement' requirements;

1.3. The impact of violations on the financial statements:

1.3.1. receivables from affiliated companies (at the end of 2015 – EUR 9.8 million, at the end of 2016 – EUR 10.64 million) showed signs of impairment that were not assessed and no present value of the receivables was calculated and therefore no precise impact on the Company's financial position and financial results can be established, but if the present value of receivables from related companies was lower than the carrying amount of that sum, AB Snaigė assets and unallotted result for 2015 and 2016 would be reduced;

1.3.2. in 2016, AB Snaigė, in breach of international accounting standards, used part of revaluation reserve to cover accumulated losses, therefore the revaluation reserve of AB Snaigė unlawfully decreased by EUR 3.17 million;

1.3.3 while preparing the financial statements for 2016, AB Snaigė did not assess significant uncertainties that might have raised doubts about the Company's business continuity and did not disclose this information in the financial statements;

1.4 The date when the financial statements will be corrected, evaluated and made public;

1.5. That the members of the management bodies of the Company did not comply with the principles established in the Management Code of companies listed in NASDAQ Vilnius, and therefore AB Snaigė did not publicly disclose

information on compliance with the principles and standards of the Code in 2016. The directors of AB Snaigė did not act in the interests of all the shareholders and the Company because:

- Companies affiliated with the controlling shareholder received EUR 11.92 million worth of loans by 30 September 2017, by the decision of the Company's directors for which the Company does not pay accrued interest on loans (since mid-2012). The Company's money is not used to increase the value of the Company and to the benefit of all the shareholders, while the controlling shareholder can use the money received for his or her own needs and benefit from it. In addition to that, by the decisions of the Company's directors, the Company has taken a loan from a bank for the benefit of companies affiliated with the controlling shareholder, for which interest is paid from the Company's funds.
- On the proposal of the Company's Board, in breach of legal requirements and in violation of the provisions of IAS 16, by decision of the General Meeting of Shareholders, the revaluation reserve was reduced by EUR 3.17 million and became such, that in the event of certain market developments or other factors that would result in impairment of property, plant and equipment, it may not be sufficient to cover the decrease in the value of the asset, and by recording it directly in the profit (loss) statement it would reduce the profit earned by the Company or increase the losses incurred.
- Company's accumulated losses were offset by non-compliance with legal requirements and in violation of the provisions of IAS 16, but by the decision of the Company's Board, it was proposed to the General Meeting of Shareholders to pay dividends. Heads of the Company failing to comply with the mandatory instructions of the Bank of Lithuania – not justifying the recapture of receivables from affiliated companies that had signs of impairment and unlawfully eliminating accumulated losses of the Company, i.e. not assessing the financial position and performance of the Company, if they were included in the accounting according to the requirements of international accounting standards, proposed to the Company's General Meeting of Shareholders to decide on the payment of dividends. Thus, the Heads of the Company offered to the shareholders of the Company to make a decision regarding the payment of dividends without having prepared financial statements that would present a true and fair view. The companies affiliated with the controlling party were allocated EUR 0.87 million dividends (91.1% of the total amount of allocated dividends), but although the Company stated that the receivables from affiliated companies may be recovered through paid dividends, the amounts paid were not returned to the Company. The Bank of Lithuania has concluded that the above-mentioned violations violate the essential requirements of the law, violations have been made for the benefit of the controlling shareholder and violate the interests of the Company itself and its minority shareholders.

According to this decision, mature event was announced on 1 February 2018, and formed provision for fine at 2017 207 thous. EUR. This decisions was also appealed to the court, but trial process is still in process (Note 27).

On 1 October 2018 Company has received a decision No. 241-217 „Concerning changes of the Decision of director of the Supervision Service of the Bank of Lithuania No. 241-19, issued 29 January 2018 on imposition of certain measures with respect to AB Snaigė“ (Note 27), adopted by the director of the Supervision Service of the Bank of Lithuania, which changes clause 2 of the resolution part of the decision No 241-19, in terms of stating new term, 15 December 2018, for compliance with IAS 16. Supervision Service of the Bank of Lithuania also states, that the Company has fulfilled all other mandatory requirements of Decision No. 241-19, and non-fulfillment of this requirement is affected by objective circumstances, not depending on Company. Later in 2019, this term was prolonged till court decision (note 27).

Company's management opinion and taken actions

After assessing additionally possible effect of Bank of Lithuania decision for financial reports, management believes that reports for year 2015 and year 2016 were correct, information in these reports was true and in compliance with IAS and IFRS standards. All decisions were made having in mind information which was available at the moment of report preparation.

As for receivables, the management notes that related parties are direct and indirect holders of 91.1% shares in the Company. The management developed estimation of recoverable amount of the loans receivable based on estimated future cash flows. Estimation of the future cash flows from repayment of the loans is based on forecasted dividend flows from the Company. In forecasting future dividend available the Management made reliable assumptions regarding level of EBITDA to be achieved in forthcoming years, and these assumptions showed most exact available view of the situation in the market and business sector. Dividends were paid in 2017, which was in line with estimations before. But in second half of 2017, new circumstances appeared, and these were not possible to assess properly earlier, when preparing reports (such as very minor level of dividends to be returned as loan repayment in 2017, world prices for raw materials increase extremely high and unfavourable market position, which led to much worse result in 2017). In line with new information, impairment of loans was recognized in 2017.

According to Bank of Lithuania, Company increase authorised capital from revaluation reserve unlawfully. The management notes that such possibility is clearly stated in Law on Companies of Lithuania, and Company took all necessary action to make this process clear and lawful. No loss was directly covered from revaluation reserve. Furthermore, IAS 16 does not forbid such actions as well. However, taken into account the view of regulator (which was

not know before actions and regulator decision), the Management of the Company asked the shareholders to decrease share capital in favour of revaluation reserve by 3,17 mln EUR. Such decision was adopted and will be implemented in line with and according to laws of Lithuania.

Implementing the decision of Bank of Lithuania (Note 27), Ordinary General Meeting of shareholders, held on 30 April 2018, and Non-ordinary General Meeting of shareholders, held on 1 October 2018, decided to reduce the company's authorized capital from EUR 11,886,718.50 to EUR 8,320,702.95 and to increase the revaluation reserve by EUR 3,566,015.55 by the amount of reduced authorized capital. On 6 December 2018, notary refused to approve changed articles of the Company. After discussing with the Supervision Service of the Bank of Lithuania, Company once more addressed other notary to approve changed articles of the Company. On 19 February 2019, Company received refusal of the notary to register documents, and applied to the Court. On 29 March 2019, District Court of Vilnius City decided to suspend examination of the civil case regarding Snaigė AB complaint on notarial acts until Snaigė AB complaint concerning partial revocation of the director of the Supervision Service of the Bank of Lithuania adopted decision No. 241-19 dated 29 January 2018 on imposition of certain measures with respect to Snaigė AB will be solved in administrative case.

According to Bank of Lithuania, named violations were made in favour of main shareholder and in violation of Company interests. The Management of the Company believes all procedures were done correctly without any violations of the interests of any shareholder or stakeholder. Share nominal value was decreased proportionally to all shareholders, therefore any changes in asset value were not done to any shareholder, none of them because of this action appeared to have more or less than before. Furthermore, all actions were announced publicly via Nasdaq other sources before had been taken, as it is described in laws, therefore all stakeholders knew these actions in advance and could evaluate them. There were no any claims against such actions, except regulator decision. Company truly believes, that all actions were in line with interests of the Company and all and every shareholder, principles established in the Management Code of companies listed in NASDAQ Vilnius were not violated, information on Code non-violation was presented correctly.

29 Related party transactions

According to IAS 24 Related Party Disclosures, the parties are considered related when one party can unilaterally or jointly control other party or have significant influence over the other party in making financial or operating decisions or operation matters, or when parties are jointly controlled and if the members of management, their relatives or close persons who can unilaterally or jointly control the Group or have influence on it. To determine whether the parties are related the assessment is based on the nature of relation rather than the form.

The related parties of the Group during 2019 and 2018 were as follows:

UAB Vaidana (controlling party, 2016 - the parent);

Hymana Holdings Ltd. (controlling party);

Sekenora holdings limited (the parent).

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 2019 and 31 December 2018 the Group has formed an impairment allowances for doubtful debts, related to receivables from loans and related interest 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:

	30 June 2019				31 December 2018			
	Loans received	Interest expenses	Loans granted	Interest income	Loans received	Interest expenses	Loans granted	Interest income
Controlling parties	-	-	-	-	-	-	-	379
The parent	-	-	-	-	-	-	-	72
	-	-	-	-	-	-	-	451

The agreement, amounting to 10,68 mln EUR, for the assignment claim right towards Hymana Holdings Ltd., arising from the Agreement for the Assignment (Cession) dated 24 November 2015 concluded between the Company and Hymana Holdings Ltd., was concluded with the Company's Board member K. Kovalchuk (Assignee). The Claim Right shall be assigned by installments and when the Assignee makes a payment and funds are credited to the Company's bank account, respective part of the Claim Right in amount corresponding to the amount of funds received shall be considered to be assigned to the Assignee by the Company. The Assignee shall not in any case be considered as

acquired the whole Claim Right if the amount paid by the Assignee and credited in the Company's bank account is lower than an amount of the Claim Right. The Company shall have a right to terminate the Agreement unilaterally if the Assignee fails to pay any installment. The last installment has to be made by the Assignee to the Company not later than on 1 October 2020.

Trade transactions with the related parties:

<u>30 06 2019</u>	Purchases	Sales	Receivables	Payables
Companies, controlled by ultimate shareholders	-	-	-	-
Controlling parties	-	-	-	-
	-	-	-	-

<u>2018</u>	Purchases	Sales	Receivables	Payables
Companies, controlled by ultimate shareholders	-	-	-	-
Controlling parties	-	-	-	-
	-	-	-	-

The Company's transactions carried out with subsidiaries:

	Purchases		Sales	
	2019	2018	2019	2018
Subsidiaries	98	188	60	113

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:

	30 06 2019	31 12 2018
Non-current receivables		
Subsidiaries	-	-
Total non-current receivables	-	-
Current receivables		
Subsidiaries	169	28
Total current receivables	169	28

The analysis of receivables from subsidiaries and granted loans during the period on 30 June 2019 and 31 December 2018:

	Receivables from subsidiaries and granted loans neither past due nor impaired	Receivables from subsidiaries and granted loans past due but not impaired					Total
		Less than 30 days	30 – 60 days	60 – 90 days	90 – 120 days	More than 120 days	
2019	19	-	150	-	-	-	169
2018	28	-	-	-	-	-	28

Payables to subsidiaries as of 30 June 2019 and 31 December 2018 (included under the trade payables caption in the Company's statement of financial position):

	30 06 2019	31 12 2018
Subsidiaries	136	168

At the moment of report preparation, Company does not have any guarantee agreements for its subsidiaries.

Remuneration of the management and other payments

Remuneration of the Group management, including taxes amounted to EUR 465 thousand (23 employees) during the six months of 2019, EUR 476 thousand (24 employees) during the six months of 2018. The management of the Group did not receive any other loans, guarantees; no other payments or property transfers were made or accrued.

30 Subsequent events

On 14 August 2019, extraordinary General Meeting of Shareholders took place. Resolutions of the Meeting:

- To reduce the authorized capital of the Company from EUR 11 886 718.50 till EUR 10 301 822.70, according 52 article 2 part 1 point of Law on Companies of Lithuanian Republic (only for elimination losses in the balance sheet of the Company and in that way the ratio of equity and of authorized capital will be restored (LR Law on Companies article 38 part 3)). The authorized capital will be reduced by EUR 1 584 895,80. The authorized capital is reduced by reducing EUR 0,30 nominal value of existing shares by EUR 0,04 per share. The nominal value of the share after reduction will be EUR 0,26 per share.
- Grant Thornton Baltic UAB was elected as audit company for auditing of financial statements for years 2019 and 2020.

Company has agreed with bank about credit repayment schedule changes (Notes 2.2, 21), eliminating additional credit returns in 2019, but leaving same final credit return date. Such additional agreement with bank was signed on 14 August 2019.

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

The issuer's authorized capital

The authorized capital registered in the enterprise register

Name of the securities	Amount of the securities	Nominal value, EUR	Total nominal value, EUR	Share of the authorized capital, in percentage
Ordinary registered shares ISIN LT0000109274	39,622,395	0.30	11,886,718.50	100

Changes in authorized capital:

Registracion of changed authorized capital	The sizes of the authorized capital
11-09-2008	LTL 27,827,365
20-04-2010	LTL 30,735,715
12-05-2011	LTL 39,622,395
01-01-2015	EUR 11,490,494.55
20-12-2016	EUR 11,886,718.50

Major shareholders

The total number of the shareholders on 30 June 2019 was 861.

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	
Sekenora Holdings Limited, 32 Kritis str., Papachristoforou Building, Kipras, HE371000	36,096,193	91.10	91.10	91.10	91.10	91.10	-

The secondary turnover of the issuer's securities

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

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

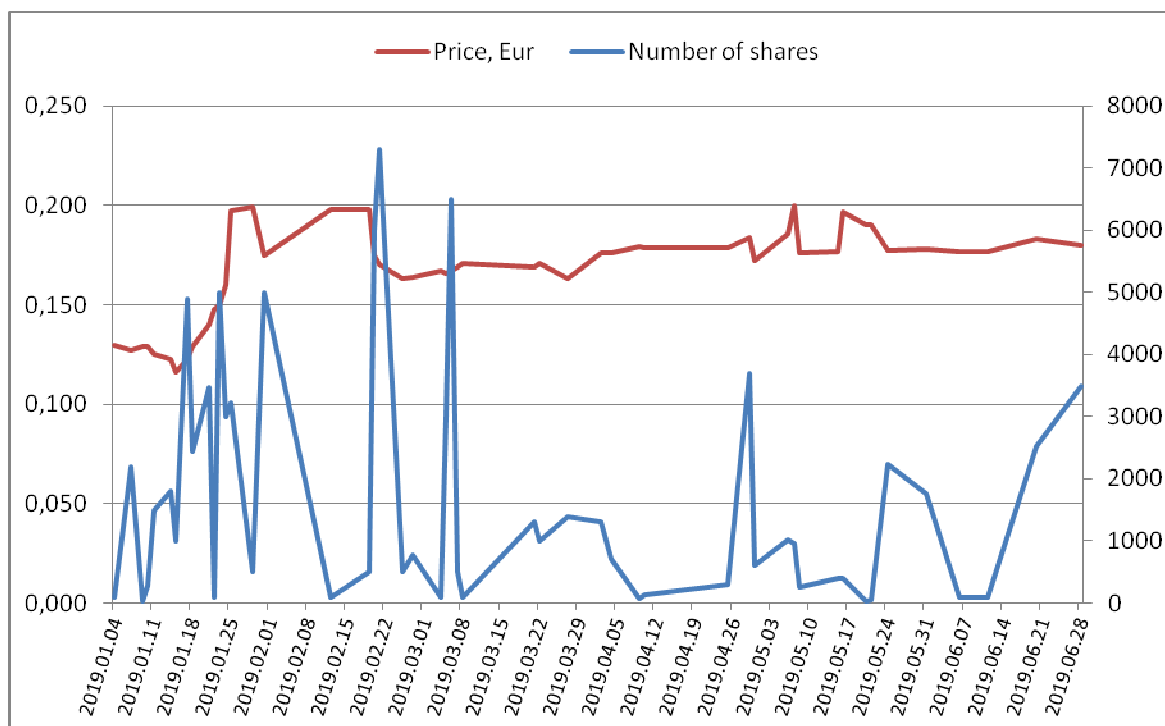
Name of the securities – the ordinary registered shares of Snaige, AB.

Amount of the securities: 39,622,395 units. The nominal value of a share: 0.30 Eur.

Trade in securities

Accounting period		Price, EUR				Total turnover	
from	to	As of last session.	Max price	Min price	Overage price	pcs	EUR
2019-01-01	2019-03-29	0.163	0.200	0.116	0.157	63,548	10,042.88
2019-04-01	2019-06-26	0.180	0.200	0.172	0.182	20,139	3,655.42

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



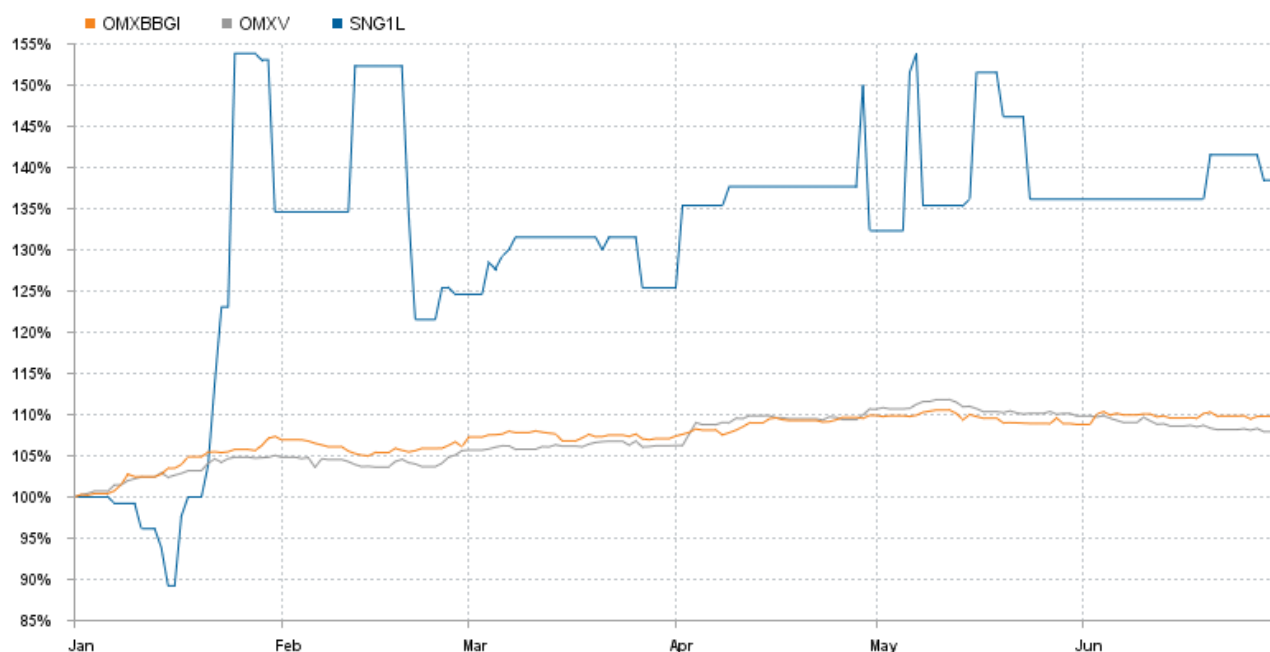
Capitalization of the Company's shares:

Name	2018-12-27	2019-06-28	Change
SNG1L	5,150,911.35 EUR	7,132,031.1 EUR	+38.46%

Below the graphs are from OMX Baltic Benchmark, OMX Vilnius indexes and AB Snaige shares prices graphs for period from 1 January 2019 till 30 June 2019. The information is from NASDAQOMX Vilnius internet page:

http://www.nasdaqomxbaltic.com/market/?pg=charts&idx_main%5B0%5D=OMXBBGI&idx_main%5B1%5D=OMXV&add_index=OMXBBPI&add_equity=LT0000109274&idx_equity%5B0%5D=LT0000109274&period=other&start=2019.01.01&end=2019.06.30&lang=en

Baltic market indexes



Index/Equity	01.01.2019	30.06.2019	+/-%
OMX Baltic Benchmark GI	873.81	959.52	9.81
OMX Vilnius	616.9	665.87	7.94
SNG1L	0.13 EUR	0.18 EUR	38.46

Agreements with the stakeholders of public circulation of securities

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

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 from 2009. During the ordinary shareholders general meeting which was held on 15 May 2019, Anna Korneeva, Igor Zentsov was elected to audit committee for the new 4 years cadence. On 20 June 2019 Anna Korneeva was elected as the chairman of the audit committee and the regulations of audit committee was approved.

Members of the Management Bodies

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

Name. surname	Position	Amount of shares available in units	Share of the capital available In percentage	Share of votes In percentage
BOARD				
Aleksey Kovalchuk	Chairman of the Board of Snaige AB	-	-	-
Oleg Tsarkov	Member of the Board of Snaige AB	-	-	-
Konstantin Kovalchuk	Member of the Board of Snaige AB	-	-	-
Anna Korneeva	Member of the Board of Snaige AB	-	-	-
Igor Zentsov	Member of the Board of Snaige AB	-	-	-
ADMINISTRATION (Administrative Manager, Chief Accountant)				
Gediminas Čeika	Managing Director of Snaige AB	-	-	-
Mindaugas Sologubas	Finance Director of Snaige AB	-	-	-

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

Name	Start date of the Office term	End date of the Office term
BOARD		
Aleksey Kovalchuk	2011-12-14	till 2023 GMS
Oleg Tsarkov	2015-04-30	till 2023 GMS
Konstantin Kovalchuk	2018-04-30	till 2023 GMS
Anna Korneeva	2019-05-15	till 2023 GMS
Igor Zentsov	2019-05-15	till 2023 GMS
Mikhail Stukalo	2018-04-30	2019-03-12
Anna Kovalchuk	2018-04-30	2019-05-15

ADMINISTRACIJON (Managing Director and Chief / accountant)		
Gediminas Čeika	2008 01 03	Term less agreement
Mindaugas Sologubas	2014 09 23	Term less agreement

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

Name	Name of organisation, position	Share of the capital and votes available in other companies, in %
Aleksey Kovalchuk	Does not participate in other Lithuanian companies activities and interests	-
Oleg Tsarkov	Does not participate in other Lithuanian companies activities and interests	-
Konstantin Kovalchuk	Does not participate in other Lithuanian companies activities and interests	-
Anna Korneeva	Does not participate in other Lithuanian companies activities and interests	-
Igor Zentsov	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	-
	Association EPA chairman of the board	-
	UAB Verslo Architektūra Managing director	100%

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

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

INFORMATION ABOUT THE ISSUER'S BUSINESS

Overview of Company's business activities during the reporting period

According to the unaudited consolidated data, in the first half of 2019 Snaigė, AB has reached EBITDA of EUR 0.6 million, which is significantly higher than compared to the same period last year, when consolidated audited EBITDA was EUR (-0.1) million.

The company's consolidated unaudited turnover in the first half of 2019 was 6% lower than compared to the same period last year. One of the main reasons for the reduction in sales was the financial difficulties of a large French customer and the consequent, likely temporary, loss of sales. The company compensates for lost sales in France with sales in other markets. Consequently, the company's turnover in the second quarter of this year was almost the same as the turnover in the same quarter of last year.

According to Gediminas Čeika, the CEO of Snaigė, AB, the company's results from the first half of the year show that the company's profitability and sales volume are slowly getting back on track.

"We are pleased with the growth of sales and EBITDA in the first half of the year, but there is still room for improvement," said G. Čeika. "This year, we will continue encouraging profitable sales, optimize production, and increase labour productivity. However, the company's most important project for 2019 is diversification of products portfolio and preparation of a new product line for serial production."

In the first half of 2019, the company has exported to 35 European, Asian, and African countries. The company's export amounted to 92%. In the first half of the year, the company's largest foreign sales markets were Ukraine (23%), Germany (15%), France (10%), Czech Republic (7%), and Norway (5%).

Information about Company's employees

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

Employees group	January – June of 2019		January – June of 2018	
	Average number of employees	Average monthly salary, EUR	Average number of employees	Average monthly salary, EUR*
Administrative employees (with executive officers)	128	1664	132	1613=1251*1.289
Factory workers	478	832	507	736=571*1.289
In total	606	1008	639	916=711*1.289

*2018 compared to 2019 tax reform.

Information about the subsidiary companies of the issuer

On 30 June 2019 the AB Snaige group consisted of the following companies: the parent company of the group AB Snaige subsidiary companies TOB Snaige - Ukraine, UAB Almecha. The main information about the Group's subsidiary companies is presented in the table below:

	TOB SNAIGE UKRAINE	UAB ALMECHA
Registration date, head-office address	Registration date: November, 2002. Address: Grushevskogo str. 28-2a/43, Kyiv, 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 Snaige, %	99 %	100 %
The authorized capital, EUR	5,583	398,978
Share of the authorized capital unpaid by the issuer	Fully paid	Fully paid

Transactions with the related parties

The information about related party transactions is revealed in the 29th note of the consolidated financial statements.

UPDATE AND ESSENTIAL EVENTS OF THE ISSUER'S ACTIVITIES

2019 02 28

AB SNAIGĖ consolidated interim financial statements for the twelve month period ended 31 December 2018 (unaudited)

SNAIGĖ, AB managed consequences of raw material prices rise

Snaigė, AB has managed to control the disruptions caused by an increase in raw material prices and to end the year significantly more successfully than in 2017, when the company experienced an audited consolidated loss of EUR 13 million, and last year managed to reduce the unaudited consolidated loss to EUR 0.5 million.

According to Gediminas Čeika, the CEO of Snaigė, AB, insignificant unaudited consolidated loss was experienced due to the appreciation of essential raw material used for the making of fridges, which continued for two years up to the mid-2017. 'We had to overcome the margin squeeze when the prices of materials appreciated, and the prices of our production did not increase in any of our markets,' said G. Čeika. 'Despite the circumstances, since the third quarter of last year, we have managed to achieve a positive sales dynamic and get the company's profitability back to normal.'

According to the unaudited consolidated data, the company's EBITDA reached EUR 2.1 million in this year, which is significantly higher in comparison to the year 2017, when the audited consolidated EBITDA stood at EUR 11.5 million.

Snaigė, AB reached significant agreements with financing banks in terms of changing credit return terms and amounts, as well as with controlling parties on the repayment of loans. With these agreements, the company secures investments in the development of new products or even new categories.

‘The company has long been nurturing plans for its product portfolio to evolve,’ maintains Mr Čeika. ‘These agreements with the bank and the parties controlling the company significantly accelerate the implementation of the above plans.’ During the year 2018, the unaudited consolidated turnover of Snaigė, AB exceeded EUR 37.5 million. The company’s export accounted for 87 per cent and amounted to EUR 32.6 million in revenue. The company exported its products to over 30 countries in Europe and Asia. The largest share of the sales revenue came from Germany, France, Ukraine, Lithuania and the Czech Republic.

The company introduced two refrigerator lines with new designs. These are the retro style refrigerators Snaigė RETRO and modern refrigerators with larger spaces for storing fresh products called Snaigė FRESH INN. The new fridges have already reached the stores and their customers in some of the countries across Europe.

2019 03 07

Information regarding resolutions of 1th of October 2018 the Extraordinary General Meeting of Shareholders

Company seeking to implement decisions of 1th of October 2018 the Extraordinary General Meeting of Shareholders on reduction the authorized capital of the Company and transferring to revaluation reserve the amount by which the authorized capital is reduced, applied to the notary with request to perform notarial acts and approve the changed incorporation documents (articles of association) of the Company regarding the reduction of the authorized capital of the Company. Upon the notary's refusal to perform notarial acts requested by the Company, the Company filed the complaint to District Court of Vilnius City by asking the court to oblige the notary to satisfy the Company's request for the performance of notarial acts and the approval of the amended Articles of Association.

2019 03 14

Resignation from the position of the board member of SNAIGĖ AB

On 14 of March 2019, Snaigė AB has got notification from board member Mikhail Stukalo about his resignation from the position of the board member of Snaigė AB. The resignation date indicated in this notification is 12 March 2019.

2019 04 02

Information regarding Snaigė AB complaint to District Court of Vilnius City for notary refusal to perform notarial acts On 29 March 2019, District Court of Vilnius City decided to suspend examination of the civil case regarding Snaigė AB complaint on notarial acts until Snaigė AB complaint concerning partial revocation of the director of the Supervision Service of the Bank of Lithuania adopted decision No. 241-19 dated 29 January 2018 on imposition of certain measures with respect to Snaigė AB will be solved in administrative case.

2019 04 08

Convocation of the ordinary General Meeting of Shareholders

On 30 April 2019 the ordinary General Meeting of Shareholders of Snaigė AB, the address of head office Pramonės str. 6, Alytus, the company code 249664610 (hereinafter, the “Company”) is convened the ordinary General Meeting of Shareholders (hereinafter, the “Meeting”).

The place of the meeting –at AB “Snaige” 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 2019 (the persons who are shareholders of the Company at the end of 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 “Snaigė” AB on the company’s activity for 2018 with information about the Company strategy and its implementation.
- 2.Auditor’s conclusion on the company’s financial statements for 2018.
- 3.Approval of the set of financial statements of the company for 2018.
- 4.Approval of distribution of profit (loss) of “Snaigė” AB for 2018.
5. The election of the Board for the new term.
6. The election of the audit committee for new term and solution related issues.
7. The change of the articles of association.

2019 04 30

Snaigė AB General meeting of Shareholders didn't take place on 30 April 2019 because there was no quorum. The repeated ordinary General Meeting of Shareholders Snaigė AB will be held on 15 May 2019

On 15 May 2019 the repeated ordinary General Meeting of Shareholders of Snaigė AB, the address of head office Pramonės str. 6, Alytus, the company code 249664610 (hereinafter, the "Company") is convened the ordinary General Meeting of Shareholders (hereinafter, the "Meeting").

The place of the meeting –at AB "Snaige" 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 – 8 May 2019 (the persons who are shareholders of the Company at the end of 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 "Snaigė" AB on the company's activity for 2018 with information about the Company strategy and its implementation.
2. Auditor's conclusion on the company's financial statements for 2018.
3. Approval of the set of financial statements of the company for 2018.
4. Approval of distribution of profit (loss) of "Snaigė" AB for 2018.
5. The election of the Board for the new term.
6. The election of the audit committee for new term and solution related issues.
7. The change of the articles of association.

2019 05 15

Resolutions of the Repeated General Meeting of Shareholders

The Repeated General Meeting of shareholders of Snaige AB was held on 15 May 2019.

At the meeting was made following resolutions:

THE AGENDA QUESTION: Consolidated annual report of "Snaigė" AB on the company's activity for 2018 with information about the Company strategy and its implementation.

In the meeting taken for information the consolidated annual report of "Snaigė" AB on the company's activity for 2018 with information about the Company strategy and its implementation.

2. THE AGENDA QUESTION: Auditor's conclusion on the company's financial statements for 2018.

In the meeting taken for information with the auditor's conclusion on the company's financial statements for 2018.

3. THE AGENDA QUESTION: Approval of the set of financial statements of the company for 2018.

THE DECISION: The set of financial statements of the company for 2018 has been approved

4. THE AGENDA QUESTION: Approval of distribution of profit (loss) of Snaigė, AB for 2018.

THE DECISION: The distribution of profit (loss) of Snaigė, AB for 2018 has been approved:

Non-distributed profit (loss) at the end of the last financial year	(12,576,142) Eur
Net result - profit (loss) of financial year	(336,216) Eur
Distributable result- profit (loss) of financial year	(12,912,358) Eur
Transfers from reserves:	946,161 Eur
• For the acquisition of own shares	0 Eur
• Transfers from mandatory reserve	946,161 Eur
Distributable profit	(11,966,197) Eur
Distribution of profit	946,161 Eur
• To reserve foreseen by law	946,161 Eur
Non-distributed result - profit (loss) at the end of financial year	(12,912,358) Eur

5. THE AGENDA QUESTION: The election of the Board for new term.

THE DECISION: For the new Board term to the Board elected:

Aleksey Kovalchuk

Konstantin Kovalchuk

Oleg Tsarkov

Anna Korneeva

Igor Zentsov

To authorize the General Manager of the Company Gediminas Čeika (with the right to reauthorize) to perform all necessary actions, sign and submit documents relating with changed date presentation to register of Juridical persons.

6. THE AGENDA QUESTION: The election of the audit committee for new term and solution related issues.

THE DECISION: Anna Korneeva, Igor Zentsov elected to audit committee for new 4 years cadence. To authorize the Board of Snaigė AB to approve regulations of audit committee elected in this meeting. After the Company's articles of associations will be changed as provided in this shareholder's decision according the Board right to establish committees, to establish committees and to appoint members to Audit committee.

7. THE AGENDA QUESTION: The change of the articles of association.

THE DECISION: Taking into consideration the amendments of the Republic of Lithuania Law on Companies that come into force after registration of the last wording of the articles of association, to change the articles of association in this way: to supplement p. 6.3 of the articles of association by authorizing the Board to establish committees and for supervision function and approve p. 6.3. of the Articles of association:

„6.3 The General Meeting of Shareholders shall elect and remove the Board of the Company in compliance with the procedure prescribed by the Law on Companies. The Board of the Company shall have the right to adopt a decision on issuing debentures, as well as, following the procedure approved by the General Meeting of Shareholders, to resolve the matters related to the establishment of remuneration to the Board members. The Board is authorized to establish committees provided in valid legal acts of Lithuanian Republic and other committees necessary for the activity of the Company, to appoint Board members or other persons to these committees and to approve regulations of such committees. The Board's powers with regard to other matters shall conform to the powers stipulated in the Law on Companies.

The Board carries supervision functions (indicated in article 34 p. 11 of Lithuanian Republic law on companies). The working procedure of the Board shall be laid down in the rules of procedure of the Board.“

To authorize the General Manager of the Company Gediminas Čeika (with the right to reauthorize) to perform all necessary actions relating to implementation of approved decisions by the ordinary shareholders meeting and to sign changed articles of association with new wording of p. 6.3.

2019 05 31

AB SNAIGĖ I quarter sales - more profitable

According to unaudited consolidated data, AB Snaigė reached a turnover of EUR 6.7 million in the I quarter of 2019, i.e. 12 percent lower than the same period last year. Despite lower unaudited consolidated I quarter turnover, the company's profitability increased 1.5 times. Increased profitability also had positive effect to EBITDA, which was negative (EUR -92 thousand), but significantly better than in the same period last year (loss of EUR 291 thousand).

According to Gediminas Čeika, General Manager of AB Snaigė, the results of the first quarter show that the company's profitability is gradually returning to the usual track. "We have experienced the price scissors that have arisen between 2017-2018 with rising commodity prices and unrivalled sales prices, so the relatively high profitability in the I quarter is optimistic," said Čeika. "This year we will continue to promote profitable sales, optimize production, and increase productivity. However, the most important project of the company in 2019 is diversification of the product portfolio and preparation of a new product line for serial production."

2019 06 06

Information on election of the Chairman of Board of AB Snaigė

The Board of AB Snaigė by decision dated on 27 May 2019 elected Aleksey Kovalchuk as the Chairman of the Board.

2019 07 23

Convocation of the extraordinary General Meeting of Shareholders

On 14 August 2019 the extraordinary General Meeting of Shareholders of Snaigė AB, the address of head office Pramonės str. 6, Alytus, the company code 249664610 (hereinafter, the "Company") is convened the ordinary General Meeting of Shareholders (hereinafter, the "Meeting").

The place of the meeting –at AB "Snaige" 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 – 7 August 2019 (the persons who are shareholders of the Company at the end of 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. The correction of the Company situation and reduction of the authorized capital

2. Election of the audit firm for auditing purposes of financial statements and establishment of terms regarding the payment for audit services;

The information related to 1 question of Agenda of the Meeting:

The purpose of reduction of authorized capital: according 52 article 2 part 1 point of Law on Companies of Lithuanian Republic (only for elimination losses in the balance of the Company and in that way the ratio of equity and of authorized capital will be restored (LR Law on Companies article 38 part 3)). According the Company's I quarter's 2019 year financial statements in the Company is related situation with the Company's equity and the authorized capital ratio as indicated in article 38 part 3 of Lithuanian Republic Law on Companies.

The method of reducing of authorized capital: by reducing nominal value of existing shares (see attached projects of decisions).

2019 08 02

The amended Articles of Association of AB "Snaigė" is registered in the Register of Legal Entities

On 30 July 2019 the amended Articles of Association of AB "Snaigė" was registered in the Register of Legal Entities. Amendments were approved on the repeated general meeting of shareholders which was held on 15 May 2019, taking into consideration the amendments of the Republic of Lithuania Law on Companies that come into force after registration of the last wording of the articles of association, supplemented p. 6.3 of the articles of association by authorizing the Board to establish committees and for supervision function execution.

2019 08 14

Resolutions of the Extraordinary General Meeting of Shareholders

The following resolutions were made during the Extraordinary General Meeting of Shareholders held on 14 August 2019:

1. THE AGENDA QUESTION:

The correction of the Company situation* and reduction of the authorized capital;

THE DECISION:

(if the decision was made according article 59 part 11 point 1 of LR Law on Companies)

5. To reduce the authorized capital of the Company from EUR 11 886 718.50 till EUR 10 301 822.70, according 52 article 2 part 1 point of Law on Companies of Lithuanian Republic (only for elimination losses in the balance of the Company and in that way the ratio of equity and of authorized capital will be restored (LR Law on Companies article 38 part 3)). The authorized capital will be reduced by EUR EUR 1 584 895,80 The authorized capital is reduced by reducing EUR 0,30 nominal value of existing shares by EUR 0,04 per share. The nominal value of the share after reduction will be EUR 0,26 per share.

Approved changes of p. 4.1 and p. 5.1 of the articles of association, related to reduction of the authorized capital of AB „Snaigė“ and the new redaction of the articles of association (attached), as follows:

“4.1. The authorized capital of the Company is EUR 10 301 822.70, (ten million three hundred one thousand eight hundred twenty two euro and 70 eurocents).“

and

„5.1. The authorized capital of the Company is divided into 39,622,395 (thirty nine million six hundred twenty two thousand three hundred ninety five) shares. The nominal value of one share is 0.26 euro (twenty six eurocent).“

Authorized the General Manager of the Company Gediminas Čeika (with the right to reauthorize) to perform all necessary actions relating to implementation of approved decisions by the extraordinary shareholders meeting and to sign changed articles of association.

2. THE AGENDA QUESTION:

The Election of the audit firm for auditing purposes of financial statements and establishment of terms regarding the payment for audit services

THE DECISION:

Grant Thornton Baltic UAB was elected for auditing purposes of financial statements of 2019 and 2020 years.

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

Please note that this reduction of the Company's authorized capital does not affect the Company's operations or solvency, but is merely a technical adjustment of the Company's equity structure to comply with the provisions of the Law on Companies of the Republic of Lithuania. As a result of this adjustment, neither the size of the equity of the Company nor the size of the assets of the Company is affected.