AKCINĖ BENDROVĖ SNAIGĖ

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR
ENDED
31 DECEMBER 2018
PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EUROPEAN UNION
PRESENTED TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

Confirmation of Responsible persons

18-04-2019
Alytus

Pursuant to Article 22 of the Law on Securities of the Republic of Lithuania and the Rules of Disclosure of the Bank of Lithuania, we, Gediminas Čeika, General Director of SNAIGĖ, and Mindaugas Sologubas, Financial Chief, confirm that our shares are accompanied by the joint-stock company SNAIGĖ in 2018. The audited consolidated and company financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union correspond to reality and present fairly the assets, liabilities, financial position, profit or loss and cash flows of the group and the group of companies, and the consolidated annual report includes a fair presentation of the business, overview of development and performance, status of company and group of companies, together with a description of the main risks and uncertainties we face.

AB „Snaigė“ generalinis direktorius **Gediminas Čeika**

AB „Snaigė“ finansų direktorius **Mindaugas Sologubas**

Contents

INDEPENDENT AUDITOR‘S REPORT

TO THE SHAREHOLDERS OF AB SNAIGĖ

Report on the Audit of the Consolidated Financial Statements of the Group and the company

Qualified Opinion

We have audited the accompanying separate financial statements of AB Snaigė (the Company) and the accompanying consolidated financial statements of the Company and its subsidiaries (the Group), which comprise the separate and consolidated statement of financial position as at December 31, 2018, and the separate and consolidated statement of comprehensive income, the separate and consolidated statement of changes in equity and the separate and consolidated statement of cash flows for the year then ended, and notes to the separate and consolidated financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, except for a possible effect of the 1st matter described in the paragraph “Basis for Qualified Opinion” and effect of the 2nd matter, separate and consolidated financial statements present fairly, in all material respects of the separate and consolidated financial position of the Company and the Group, respectively, as at December 31, 2018, and of their separate and consolidated financial performance and their separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Basis for Qualified Opinion

1) As it was disclosed in Note 13 of the explanatory letter, Corporation “Matininkai” UAB in 2018 performed a valuation of buildings and structures, machinery and plant, transport vehicles and other equipment of the Company and of the Group by applying the revenue method. The fair value of fixed tangible assets determined in the valuation amounted to EUR 16,394 thousand. In our opinion, calculation of the fair value of the Company and of the Group is based on assumptions due to which great uncertainty exists whether the Company and the Group will achieve the results associated with implementation of the premises foreseen in the valuation. The reduction in the fair value of the fixed tangible assets, if such would be necessary, would reduce the asset’s carrying value as at 31 December 2018 due to ungrounded assumptions.
2) In 2016, the Company and the Group reduced its revaluation reserve by EUR 3,168 thousand, by increasing the share capital and subsequently reduced the share capital for covering retained loss by EUR 3,168 thousand. The Company failed to comply with the requirements of IAS 16 “Property, Plant, and Equipment”, indicating that the revaluation surplus included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings only as the derecognition of the assets, because the accrued revaluation profit does not need to be held to cover the possible impairments of the same assets in the future. As long as the assets are not yet transferred the revaluation reserve is carried in the financial statements as an increase in the potential proceeds for the revalued assets in relation to the carrying amount of the same assets, but yet neither earned not received by the Company. Furthermore, the Company or the Group did not apply IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” that requires significant errors to be corrected retrospectively. Had the Company properly applied IAS 8, the retained earnings (loss) figure in the financial statements of the Company and the Group for 31 December 2016 would have decreased by EUR 3,168 thousand and the revaluation reserve would have increased respectively.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Separate and the Consolidated Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the requirements of the Law on Audit of Financial Statements of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of matter – significant uncertainty associated with business continuity

We would also like to draw your attention to the fact that the Company sustained net losses of EUR 965 thousand, the Group – EUR 410 thousand during the year ended on 31 December 2018. Current obligations of the Company and of the Group exceeded its current assets. These circumstances, also other matters described in Note 33 of the explanatory letter show that there are significant uncertainties capable to raising huge doubts about possibilities of the Company and of the Group to continue their business. Our opinion regarding this matter is unconditional.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue recognition

During 2018, the Company and the Group's net sales were reported at, respectively, EUR 37,572 thousand and EUR 39,202 thousand. See Note 3 financial disclosure "Sales income".

The largest share of the sales revenues is generated from the sales of refrigerators and freezers. The Company recognises the goods sales revenues on the basis of the quantity of the goods dispatched and the agreed prices. The revenues are recognised only after the material risk and the ownership rights with respect to the goods are transferred to the buyer, following the agreed INCOTERM terms. The revenues are recognised net of the granted rebates. Although in respect of the recognition of income the decisions are passed to a limited extent only, due to the value and the number of transactions revenue recognition is an important audit area that requires significant time and resources and, therefore, it is considered a principal matter.

We carried out the audit by combining the control test procedures with the principal test procedures.

We evaluated the system of key control procedures related to the income recognition and tested their effectiveness. We dedicated special attention to the control procedures related to the reconciling of the invoices with the respective goods transportation documents and the agreed prices indicated in the orders for the goods and the relevant contracts. We did not establish any irregularities that could possibly affect our audit methodology.

We reviewed the accounting policy for the recognition of revenue related to all material income flows and assessed their compliance with the requirements of the International Accounting Financial Reporting Standards adopted by the European Union.

Having performed the key test procedures, we did not establish any material irregularities:

- we sampled the transactions concluded in the course of the year with the customers and received confirmation regarding the transactions from the third parties; in the cases, such confirmation was not received, we reconciled the transactions with respective contracts or orders for the goods, goods transportation documents, invoices, and payments subsequently received from the customers;
- our work also included the tests of the selected income accounting entries designed to assess the appropriateness of the correspondence of the Great Ledger accounts;
- we analysed the information on the income disclosed in the financial statements of the Company and the Group.

Other information

The other information comprises the information included in the Group's annual report 2018 year, including Corporates Governance statement, and Corporate Social Responsibility Report, but does not include the separate and consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the separate and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In addition, our responsibility is to consider whether information included in the Group's annual report, including Corporate Governance statement, for the financial year for which the financial statements are prepared is consistent with the financial statements and whether annual report has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of separate and consolidated financial statements, in our opinion, in all material respects:

- The information given in the Group's annual report, including Corporate Governance statement, for the financial year for which the financial statements are prepared is consistent with the separate and consolidated financial statements; and

- The Group's annual report, including Corporates Governance statement, has been prepared in accordance with the requirements of the Law on Financial Reporting by Undertakings of the Republic of Lithuania.

We also need to check that the Corporate Social Responsibility Report has been provided. If we identify that Corporate Social Responsibility Report has not been provided, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the separate and consolidated financial statements

Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with the Law of the Republic of Lithuania on accounting and financial reporting, and International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of the separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's consolidated financial reporting process.

Auditor's responsibilities for the audit of the separate and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the decision made by shareholders on 15 February 2018 we have been chosen to carry out the audit of the Company's and the Group's separate and the consolidated financial statements. Our appointment to carry out the audit of Company's and the Group's separate and the consolidated financial statements in accordance with the decision made by shareholders has been renewed annually and the period of total uninterrupted engagement is 2 years.

We confirm that our opinion in the section 'Qualified Opinion' is consistent with the additional report which we have submitted to the Company and the Group and Audit Committee and the Central Bank of Lithuania.

We confirm that in light of our knowledge and belief, services provided to the Company and the Group are consistent with the requirements of the law and regulations and do not comprise non-audit services referred to in Article 5(1) of the Regulation (EU) No 537/2014 of the European Parliament and of the Council.

The engagement partner on the audit resulting in this independent auditor's report is Darius Gliaubicas.

Certified auditor
Darius Gliaubicas
Auditor's certificate No. 000594
19 April, 2019
Vilnius, the Republic of Lithuania

Grant Thornton Baltic UAB
Audit firm certificate No. 001445

(all amounts are in EUR thousand unless otherwise stated)

Consolidated and separate statement of comprehensive income

		Group		Company	
	Notes	**2018**	**2017**	**2018**	**2017**
Revenue from contracts with customers	2.18,3	2,155			
Sales	3	35,417	39,202	34,643	38,347
Cost of sales	4	(33,980)	(34,893)	(31,881)	(34,211)
Gross profit		**3,592**	**4,309**	**2,762**	**4,136**
Selling and distribution expenses	5	(2,453)	(2,709)	(2,386)	(2,771)
General and administrative expenses	6	(1,595)	(14,825)	(1,407)	(14,596)
Other income	7	329	321	434	422
Other expenses	8	(282)	(275)	(354)	(348)
Operating profit (loss)		**(409)**	**(13,179)**	**(951)**	**(13,157)**
Finance income	9	460	588	460	692
Finance costs	10	(559)	(850)	(555)	(861)
Profit (loss) before income tax		**(508)**	**(13,441)**	**(1,046)**	**(13,326)**
Income tax	11	98	204	81	190
Net profit (loss)		**(410)**	**(13,237)**	**(965)**	**(13,136)**
Other comprehensive income					
Items that will never be reclassified to profit or loss		**1,231**	**542**	**1,231**	**542**
Revaluation of property, plant and equipment		1,448	637	1,448	637
Related tax		(217)	(95)	(217)	(95)
Items that are or may be reclassified to profit or loss		1	**(4)**		
Exchange differences on translation of foreign operations		1	(4)		
Total other comprehensive income, net of tax		1,232	538	1,231	542
Total comprehensive income, net of tax		**822**	**(12,699)**	**266**	**(12,594)**

(continued on the next page)

The notes on pages 15-62 are an integral part of these financial statements.

(all amounts are in EUR thousand unless otherwise stated)

Consolidated and separate statement of comprehensive income (continued)

	Notes	Group		Company	
		2018	**2017**	**2018**	**2017**
Net profit (loss) attributable to:					
The shareholders of the Company		(410)	(13,237)	(965)	(13,136)
Non-controlling interest					
		(410)	**(13,237)**	**(965)**	**(13,136)**
Total comprehensive income, net of tax, attributable to:					
The shareholders of the Company		822	(12,699)	266	(12,594)
Non-controlling interest					
		822	**(12,699)**	**266**	**(12,594)**
Profit (loss) per share					
Basic and diluted profit (loss) per share	28	0.01	(0.32)	0.01	(0.32)

The notes on pages 15-62 are an integral part of these financial statements.

General Director	Gediminas Čeika		18 April 2019
Financial Director	Mindaugas Sologubas		18 April 2019

(all amounts are in EUR thousand unless otherwise stated)

Consolidated and separate statement of financial position

		Group		Company	
	Notes	**As at 31 December 2018**	**As at 31 December 2017**	**As at 31 December 2018**	**As at 31 December 2017**
ASSETS					
Non-current assets					
Intangible assets	12	1,604	1,627	1,601	1,618
Property, plant and equipment	13	16,618	16,322	16,394	16,065
Investments into subsidiaries	1			424	424
Deferred income tax asset	11				
Non-current loans to related companies					
Total non-current assets		**18,222**	**17,949**	**18,419**	**18,107**
Current assets					
Inventories	15	3,549	4,482	3,465	4,396
Trade receivables	16,29	5,748	5,721	5,628	5,606
Contracts assets	2.18, 16	2,155			
Current loans to related companies	14				
Prepayments		115	79	111	79
Other amounts receivable	17	505	598	458	560
Cash and cash equivalents	18	354	508	336	455
Total current assets		**12,426**	**11,388**	**9,998**	**11,096**
Total assets		**30,648**	**29,337**	**28,417**	**29,203**

(continued on the next page)

The notes on pages 15-62 are an integral part of these financial statements.

(all amounts are in EUR thousand unless otherwise stated)

Consolidated and separate statement of financial position (continued)

		Group		Company	
	Notes	**As at 31 December 2018**	**As at 31 December 2017**	**As at 31 December 2018**	**As at 31 December 2017**
EQUITY AND LIABILITIES					
Equity					
Share capital	19	11,887	11,887	11,887	11,887
Legal reserve	20	971	971	946	946
Revaluation reserve of property, plant and equipment	20	6,502	5,900	6,502	5,900
Foreign currency translation reserve		(53)	(54)		
Other reserves (own shares purchase)			30		30
Retained earnings (loss)		(12,374)	(12,623)	(12,912)	(12,606)
Equity attributable to equity holders of the Company		**6,933**	**6,111**	**6,423**	**6,157**
Non-controlling interest					
Total equity		**6,933**	**6,111**	**6,423**	**6,157**
Liabilities					
Non-current liabilities					
Grants	21	618	629	618	629
Provisions	22	146	257	136	241
Deferred income tax liability	11	1,893	1,694	1,922	1,708
Non-current borrowings	23	367	497	313	413
Non-current employee benefits	24	316	281	293	262
Total non-current liabilities		**3,340**	**3,358**	**3,282**	**3,253**
Current liabilities					
Current borrowings, current portion of non-current borrowings	23	9,772	10,152	9,743	10,124
Trade payables		7,508	7,772	7,519	7,834
Prepayments received		75	117	59	116
Provisions	22	460	361	428	356
Contracts liabilities	2.18, 16	1,514			
Profit tax liabilities					
Employees related liabilities	26	871	1,259	790	1,166
Other current liabilities	27	175	207	173	197
Total current liabilities		**20,375**	**19,868**	**18,712**	**19,793**
Total liabilities		**23,715**	**23,226**	**21,994**	**23,046**
Total equity and liabilities		**30,648**	**29,337**	**28,417**	**29,203**

The notes on pages 15-62 are an integral part of these financial statements.

General Director	Gediminas Čeika		18 April 2019
Financial Director	Mindaugas Sologubas		18 April 2019

(all amounts are in EUR thousand unless otherwise stated)

Consolidated statement of changes in equity

		Attributable to equity holders of the Company								
	Notes	**Share capital**	**Legal reserve**	**Other reserves**	**Revaluation reserve**	**Foreign currency translation reserve**	**Retained earnings (loss)**	**Total**	**Non-controlling interest**	**Total equity**
Balance as at 1 January 2017		**11,887**	**901**		**5,550**	**(50)**	**1,345**	**19,633**		**19,633**
Profit (loss), not recognized in comprehensive income										
Net profit (loss) for the year							(13,237)	(13,237)		(13,237)
Other comprehensive income (expenses)			70	30	350	(4)	(731)	(285)		**(285)**
Total comprehensive income (expenses)			**70**	**30**	**350**	**(4)**	**(13,237)**	**(13,522)**		**(13,522)**
Share capital increase										
Share capital decrease										
Balance as at 31 December 2017		**11,887**	**971**	**30**	**5,900**	**(54)**	**(12,623)**	**6,111**		**6,111**
Profit (loss), not recognized in comprehensive income					(629)		629			
Dividends										
Other changes				(30)			30			
Net profit (loss) for the year							(410)	(410)		(410)
Other comprehensive income (expenses)					1,231	1		1,232		**1,232**
Total comprehensive income (expenses)				**(30)**	**602**	**1**	**249**	**822**		**822**
Share capital increase										
Share capital decrease										
Balance as at 31 December 2018		**11,887**	**971**		**6,502**	**(53)**	**(12,374)**	**6,933**		**6,933**

The notes on pages 15-62 are an integral part of these financial statements.

General Director	Gediminas Čeika		18 April 2019
Financial Director	Mindaugas Sologubas		18 April 2019

(all amounts are in EUR thousand unless otherwise stated)

Separate statement of changes in equity

	Notes	Share capital	Other reserves	Legal reserve	Revaluation reserve	Retained earning (loss)	Total
Balance as at 1 January 2017		**11,887**		**885**	**5,746**	**1,051**	**19,569**
Profit (loss), not recognized in comprehensive income					(388)	388	
Dividends						(951)	(951)
Net profit (loss) for the year						(13,136)	(13,136)
Other comprehensive income (expenses)			30	61	542	42	**675**
Total comprehensive income (expenses)			**30**	61	**154**	**(13,657)**	**(13,412)**
Share capital increase							
Share capital decrease							
Balance as at 31 December 2017		**11,887**	**30**	**946**	**5,900**	**(12,606)**	**6,157**
Profit (loss), not recognized in comprehensive income					(629)	629	
Dividends							
Other changes			(30)			30	
Net profit (loss) for the year						(965)	(965)
Other comprehensive income (expenses)					1,231		1,231
Total comprehensive income (expenses)			**(30)**		**602**	**(306)**	**266**
Share capital increase							
Share capital decrease							
Balance as at 31 December 2018		**11,887**		**946**	**6,502**	**(12,912)**	**6,423**

The notes on pages 15-62 are an integral part of these financial statements.

General Director	Gediminas Čeika		18 April 2019
Financial Director	Mindaugas Sologubas		18 April 2019

(all amounts are in EUR thousand unless otherwise stated)

Consolidated and separate statement of cash flows

		Group		Company	
	Notes	**2018**	**2017**	**2018**	**2017**
Cash flows from (to) operating activities					
Net result for the year		(410)	(13,237)	(965)	(13,136)
Adjustments for non-cash items:					
Depreciation and amortisation		2,128	1,877	2,077	1,830
(Amortisation) of grants		(127)	(122)	(127)	(122)
Result from disposal of non-current assets			(2)		
Income tax expense (income)		(98)		(111)	
Write-off of non-current assets		1	243	1	243
Write-down of inventories				2	
Impairment allowance for trade receivables and inventories		(630)	12,024	(671)	11,985
Change in provisions		(12)	(88)	(33)	(14)
Interest (income)		(451)	(588)	(451)	(588)
Interest expenses		559	615	545	604
Elimination of other non-cash items		(8)	(169)		(155)
		952	553	267	647
Changes in working capital:					
(Increase) decrease in inventories		931	123	937	177
(Increase) decrease in trade and other receivables		(559)	(476)	57	(429)
Increase (decrease) in trade and other payables		(776)	2,136	(822)	2,013
Advance income tax returned (paid)		(103)	(604)	(81)	(538)
Net cash flows from operating activities		**445**	**1,732**	**358**	**1,870**
Cash flows from (to) investing activities					
(Acquisition) of property, plant and equipment		(182)	(632)	(177)	(554)
(Acquisition) of intangible assets		(341)	(248)	(256)	(248)
Proceeds from disposal of non-current assets			23		21
Interest received		196		196	
Loans granted			(901)		(901)
Loans returned		674		674	
Net cash flows from investing activities		**347**	**(1,758)**	**437**	**(1,682)**

(continued on the next page)

The notes on pages 15-62 are an integral part of these financial statements.

(all amounts are in EUR thousand unless otherwise stated)

Consolidated and separate statement of cash flows (continued)

		Group		Company	
		2018	**2017**	**2018**	**2016**
Cash flows from (to) financing activities					
Proceeds from non-current borrowings		-	881	-	833
Interest (paid)		(553)	(607)	(549)	(603)
(Repayment) of borrowings		(509)	(1,506)	(481)	(1,482)
Grants received		116	48	116	48
Dividends paid			(899)		(899)
Dividends received					90
Net cash flows from (to) financing activities		**(946)**	**(2,083)**	**(914)**	**(2,013)**
Net increase (decrease) in cash and cash equivalents		**(154)**	**(2,109)**	**(119)**	**(1,825)**
Effect of currency exchange rate on the balance of cash					
Cash and cash equivalents at the beginning of the year		**508**	**2,617**	**455**	**2,280**
Cash and cash equivalents at the end of the year	18	**354**	**508**	**336**	**455**

The notes on pages 15-62 are an integral part of these financial statements.

General Director	Gediminas Čeika		18 April 2019
Financial Director	Mindaugas Sologubas		18 April 2019

Notes to the financial statements

1 General information

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

Pramonės Str. 6,
Alytus,
Lithuania.

The Company is engaged in production of refrigerators and refrigerating equipment. The Company was registered on 1 April 1963. The Company's shares are traded on the Baltic Secondary List of the NASDAQ OMX Vilnius stock exchange. As at 31 December 2018 and 2017 the shareholders of the Company were:

	2018		2017	
	Number of shares held (in thousand units)	**Ownership share**	**Number of shares held (in thousand units)**	**Ownership share**
SEKENORA HOLDINGS LIMITED	36,096	91.10%	36,096	91.10%
Other shareholders	3,526	8.90%	3,526	8.90%
Total	**39,622**	**100%**	**39,622**	**100%**

All the shares of the Company are ordinary shares with the par value of EUR 0.30 each and were fully paid as at 31 December 2018 and 2017 (Note 19). As at 31 December 2018 and 2017 the Company did not hold its own shares.

As at 31 December 2018, the Board of the Company consists of 5 members (in 2017 it consisted of 5 members). The board does not have AB Snaigė representatives. Members of the Board are disclosed in Group's annual report.

As at 31 December 2018 SEKENORA HOLDINGS Limited is ultimately owned by controlling shareholder Hymana Holdings Ltd.

The Group consists of AB Snaigė and the following subsidiaries as at 31 December 2018 (hereinafter "the Group"):

Company	Country	Cost of investment (EUR thousand)	Percentage of the shares held by the Group	Profit (loss) for the reporting year (EUR thousand)	Shareholders' equity (EUR thousand)
TOB Snaige Ukraina	Ukraine	26	99%	(3)	21
UAB Almecha	Lithuania	398	100%	548	941
Total		**424**			

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

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

1 General information (continued)

The Group consisted of AB Snaigė and the following subsidiaries as at 31 December 2018 (hereinafter "the Group"):

Company	Country	Cost of investment (EUR thousand)	Percentage of the shares held by the Group	Profit (loss) for the reporting year (EUR thousand)	Shareholders' equity (EUR thousand)
TOB Snaige Ukraina	Ukraine	26	99%	1	12
UAB Almecha	Lithuania	398	100%	(27)	392
Total		**424**			

As at 31 December 2018 the number of employees of the Group was 653 and the number of employees at the Company was 595 (as at 31 December 2017 – 708 and 651 respectively).

The Group's and the Company's management formed these financial statements on 18 April 2019. The shareholders of the Company have a statutory right to either approve these financial statements or not approve them and require the management to prepare a new set of financial statements.

2 Accounting principles

The principal accounting policies adopted in preparing the Group's and the Company's financial statements for 2018 are as follows:

2.1. Basis of preparation

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

These are separate Company's and consolidated AB Snaigė Group financial statements. These financial statements are prepared on the historical cost basis, except of property, plant and equipment, which are accounted at revalued amounts from 30 September 2016.

Impact on the financial statements of New accounting standards, changes to existing standards and new clarifications
Applying new and / or amended IFRSs and interpretations of the International Financial Reporting Interpretations Committee (IFRIC)

IFRS 9: Financial Instruments
The final version of IFRS 9 Financial Instruments includes all aspects of a draft of financial instruments and supersedes IAS 39 "Financial Instruments: Recognition and Measurement" and all previous versions of IFRS 9. The standard sets out new requirements for classification and measurement, impairment, and hedge accounting. Management applied the standard and found that the adoption of the standard had no material impact on the financial statements of the Company and the Group.

IFRS 15: Revenue from Contracts with Customers
IFRS 15 establishes a five-step model that, with a few exceptions, applies to the recognition of a contract with a customer to generate revenue irrespective of the type of transaction or revenue earned. The requirements of the standard also apply to the recognition and measurement of revenue or loss from the sale of certain non-financial assets that are not attributable to the ordinary activities of the Company (for example, the sale of property, plant and equipment and intangible assets). According to the provisions of this standard, it is necessary to disclose detailed information, including the breakdown of the total amount of revenue into components; information on operational obligations; changes in the balance of contract assets and liabilities between periods, and key decisions and accounting estimates. The management applied the standard and found that the application of the standard had no material impact on the performance of the Company and the Group.

IFRS 15: Revenue from contracts with customers (interpretations)
The purpose of the interpretations is to clarify the intentions of the *International Accounting* Standards Board (IASB) in drafting IFRS 15 Revenue from Contracts with Customers, by changing more specifically the description of the principle of "separate identification" in the definition of operating liabilities, when considering and assessing whether an entity acts as a principal or an agent, as well as complementing the guidelines for accounting for intellectual property and royalties by applying control and licensing principles. The interpretations also provide additional practical examples for companies that apply IFRS 15 in full retrospectively or that decide to apply a modified retrospective approach. The management has applied the interpretation of the standard and has determined that the application of the interpretation did not have a material impact on the performance of the Company and the Group.

IFRS 2: Clarifications of Classification and Measurement of Share-Based Payment Transactions (amendments)
The amendments provide for a requirement to account for the effects of the transfer and non-transfer of ownership rights, for cash-settled share-based payment transactions, for hedging against tax liabilities and for the modification of terms and conditions for share-based payments to be replaced by cash-settled. The amendment to the standard did not have a material impact on the financial statements of the Company and the Group as it has determined that the Company and the Group do not have any share-based payment transactions.

IAS 40: Transfers to Investment Property (amendments)
Amendments clarify when an entity is required to transfer assets, including assets under construction or development, to or from an investment property. Amendments determine that use changes when the asset meets, or ceases to meet, the definition of investment property and there is evidence of a change in use. The mere change in management's intentions regarding the use of assets is not an evidence of a change in the use of assets. The management believes that the adoption of the amendments did not have a material impact on the financial statements of the Company and the Group as there was no change in the use of the Company's and the Group's investment property.

22nd IFRIC INTERPRETATION: Foreign Currency Transactions and Advance Consideration
The interpretation clarifies the accounting for transactions involving the receipt or payment of advance consideration in foreign currency. The interpretation governs transactions in foreign currency when an entity recognizes non-monetary assets or non-monetary liabilities arising from advance considerations made or received before the entity recognizes the related assets, expenses or income. The interpretation states that the date of the transaction to determine the exchange rate is the date of initial recognition of the non-monetary advance consideration or future income liability. If there is more than one advance consideration, the entity must determine the date of the transaction for each advance consideration made. The management carried out an impact assessment of the application of the interpretation and found that the interpretation had no material impact on the financial statements of the Company and the Group, as the Company and the Group did not have any non-monetary assets or non-monetary liabilities arising from the advance considerations made or received.

IASB released 2014-2016 annual IFRS improvements that include a set of amendments to IFRS. The management carried out an impact assessment of the application of the amendments and found that the amendments did not have a material impact on the financial statements of the Company and the Group as the company does not apply the International Financial Reporting Standards for the first time and did not have new investments in associates and joint ventures.

- ***IFRS 1 First-time Adoption of International Financial Reporting Standards:*** This amendment removes the exemption for financial instruments, employee benefits, and investment companies from short-term disclosures when applying the international financial reporting standards for the first time using.

- ***IAS 28 Investments in Associates and Joint Ventures:*** the amendment clarifies that, at initial recognition, the choice of measuring fair value through profit or loss for an associate or joint venture for a venture capital organization or other eligible entity may be used to measure each investment in an associate or joint venture company separately.

Standards approved but not yet in force

IFRS 16: Leases
The standard shall enter into force for financial years beginning on or after 1 January 2019. IFRS 16 specifies how to recognize, measure, present, and disclose a lease to both parties to a contract, i.e. customer (lessee) and supplier (lessor). The new standard requires lessees to recognize many lease transactions in the financial statements. Lessees will have the only lessee accounting model under all leases with certain exceptions. Accounting for lessors does not change substantially. The management has carried out an impact assessment of the application of the standard and found that the new standard will not have a material impact on the financial statements of the Company and the Group.

IFRS 10: Consolidated Financial Statements and IAS 28: Investments in Associates and Joint Ventures: Sales or Contributions of Assets between an Investor and Its Associate/Joint Venture (amendment)
The amendments address recognized non-compliance between IFRS 10 and IAS 28 with respect to the sale of assets or contributions between an investor and its associate or joint venture. The main consequence of the amendments is that all revenue or loss is recognized when the transaction involves the transfer of a business (whether or not it is developed in a subsidiary). Part of the income or loss is recognized when the transaction includes an asset that does not meet the definition of a business, even if that asset belongs to a subsidiary. In December 2015, the IASB postponed the effective date for an indefinite period, depending on the results of the equity accounting method research project. The EU has not yet adopted these amendments. Management has not yet assessed the impact of the application of these amendments.

IFRS 9: Prepayment Features with Negative Compensation (amendments)
Amendments come into effect from or after 1 January 2019, although the previous application is permitted. The amendment allows financial assets with a prepayment facility where the party to the agreement is allowed to require or requires that it pays or obtains reasonable compensation for the early termination of the contract (thus, from the point of view of the asset holder, there may also be 'negative compensation') measured at amortized cost or fair value through other comprehensive income. Management has not yet assessed the impact of the application of these amendments.

IAS 28: Long-term Interests in Associates and Joint Ventures (amendments)
Amendments come into effect from the financial year beginning on or after 1 January 2019, although the previous application is permitted. Amendments specify whether the measurement of long-term interests in associates and joint ventures, in particular, those relating to impairment, which, in principle, form part of the net investment in associates or joint ventures, should be governed by IFRS 9, IAS 28, or both. The amendment clarifies that, before applying IAS 28, an entity applies IFRS 9 to long-term interests that are not subject to the equity method. In applying IFRS 9, an entity does not consider changes in the carrying amount of long-term interests resulting from the application of IAS 28. The EU has not yet adopted these amendments. Management has not yet assessed the impact of the application of these amendments.

IAS 19: Plan Amendment, Curtailment or Settlement (amendments)
Amendments come into effect from the financial year beginning on or after 1 January 2019, although the previous application is permitted. The amendments provide that companies are required to use updated actuarial assumptions to estimate the cost of current services and the net interest associated with the amendment, curtailment or settlement after the rest of the reporting period. The amendment also explains how the accounting for the amendment, curtailment or settlement of a plan affects the requirements for the asset ceiling. The EU has not yet adopted these amendments. Management has not yet assessed the impact of the application of these amendments.

IFRIC 23 INTERPRETATION: Uncertainty over Income Tax Treatments
The interpretation comes into effect for financial years beginning on or after 1 January 2019, although the previous application is permitted. The interpretation is intended to account for income tax in the event of uncertainties in tax treatment affecting the application of IAS 12. It explains how to take account of uncertainties in tax treatment either separately or in combination with tax authorities' checks, provides an appropriate model to reflect uncertainties and to account for changes in facts and circumstances. The EU has not yet adopted this interpretation. Management has not yet assessed the impact of the application of this interpretation.

IFRS 3: Business Combinations (amendments)
The IASB has made amendments to the definition of 'Business' (amendments to IFRS 3) to address the difficulties that arise when an entity has to determine whether a business was acquired or a group of assets. Amendments are effective for the first reporting period beginning on 1 January 2020, and subsequent business combinations and subsequent acquisitions of the asset. The previous application is permitted. The EU has not yet adopted these amendments. Management has not yet assessed the impact of the application of these amendments.

IAS 1: Presentation of Financial Statements and IAS 8: Accounting Policies, Changes and Errors in Accounting Estimates: Definition of "Materiality" (amendments)
Amendments come into effect from the financial year beginning on or after 1 January 2020, the previous application is permitted. The amendments clarify the definition of materiality and how it should be applied. The new definition states that, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." In addition, clarifications to the definition have been improved. The amendments also ensure that the definition of materiality is the same in all IFRS standards. The EU has not yet adopted these amendments. The management has not yet evaluated the impact of the application of these amendments.

IASB has issued annual improvements to IFRS for the 2015-2017 cycle that include a set of amendments to IFRS. Amendments come into effect from the financial year beginning on or after 1 January 2019, although the previous application is permitted. The EU has not yet adopted these annual improvements. Management has not yet assessed the impact of the application of these amendments.

- ***IFRS 3 Business Combinations and IFRS 11 Joint Arrangements:*** Amendments to IFRS 3 clarify that when an entity acquires control of a business that has been a joint arrangement, it must reassess the interests of the previously acquired business. Amendments to IFRS 11 clarify that when an entity acquires joint control of a business that is a joint arrangement, the entity does not need to reassess the interests previously held in that business.
- ***IAS 12 Income Taxes:*** The amendments clarify that the amounts of income tax on financial instruments classified as equity instruments should be recognized on the basis of the recognition of the transactions or events to be distributed.

- ***IAS 23 Borrowing Costs:*** Amendments clarify paragraph 14 of the standard, i.e. when a qualifying asset is prepared for its intended use or sale and there are, for that moment, the residual outstanding loans related to the qualifying asset, such loans must be included in the entity's general loan fund.

Application of the Conceptual Framework to International Financial Reporting Standards (IFRS)
On 29 March 2018, the International Accounting Standards Board (IASB) conducted a review of the conceptual financial reporting framework. The conceptual framework provides a comprehensive set of concepts applicable to the preparation of financial statements and standards, and provides guidance for the preparation of accounting policies by developers, and helps others understand and interpret standards. The IASB has also issued a separate accompanying document, "Amendments to the IFRS Conceptual Framework," which introduces amendments to related standards to update references to the revised conceptual framework. Its purpose is to facilitate the transition to a revised conceptual framework for companies that develop accounting policies through a conceptual framework where a particular transaction is not covered by any IFRS. For organizers who develop accounting policies based on a conceptual framework, it is applicable to annual periods beginning on or after 1 January 2020.

The Group and the Company are planning to apply the standards, clarifications, and amendments described above at the effective date if they are adopted in the European Union.

2.2. Going concern

These financial statements for the year 2018 have been prepared based on the assumption that the Group and the Company will be able to continue as a going concern for a period of not less than 1 year.

2.3. Presentation currency

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

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

The functional currency of a foreign entity TOB Snaige Ukraina is Ukrainian hryvnia (UAH). As at the reporting date, the assets and liabilities of this subsidiary are translated into the presentation currency of AB Snaigė (EUR) at the rate of exchange at the statement of financial position date and their items of the statement of profit or loss and other comprehensive income are translated at the average monthly exchange rates for the reporting period. The exchange differences arising on the translation are stated in other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in the shareholders' equity caption relating to that particular foreign operation is transferred to profit or loss. The performance results of the subsidiaries the control of which is lost are presented in the consolidated financial statements only for the period when control belonged to the Group.

The applicable exchange rates in relation to euro as at the 31 December 2018 and 2017 were as follows:

	31 December 2018	**31 December 2017**
UAH	31,73488	33,60862
USD	1,1454	1,1993

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

2.4. Use of estimates in the preparation of financial statements

The preparation of the financial statements in accordance with IFRS, as adopted by the European Union, requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of the estimates and assumptions form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are reviewed if they affect only this period, or in the period in which the estimates are reviewed and any future periods if they affect both the review and future periods.

The significant areas of estimation used in the preparation of these financial statements relate to the fair value of property, plant and equipment, estimated useful life time of the property, plant and equipment, recoverability of loans provided to the shareholder and provisions related to guarantees and warrantees.

Fair value of the property, plant and equipment

Fair value of property, plant and equipment was determined by independent valuators, and management used this valuation as sufficient basis for asset revaluation. The significant unobservable inputs used in the fair value determination are disclosed in Note 13.

Useful life of property, plant and equipment

The main assumptions when evaluating useful life of property, plant and equipment are: the intensity of use and tear of property, plant and equipment. Technical staff evaluated property, plant and equipment and indicated expected time of further usage, and new, longer depreciation terms were applied together with assets revaluation.

Recoverability of loans from shareholders

The management developed estimation of recoverable amount of the loans receivable based on estimated future cash flows, and recognized impairment of the value.

Provisions

Recognition of provisions requires estimate of the probable outflow of economic benefits and defining the best estimate of the expenditure required to settle the present obligation at the end of reporting period. The Group and the Company estimate at the end of the reporting period if they have the present obligation from the past event, that should be registered as a liability as at the end of reporting period.

Warrantees

The provision for warrantees related mainly to production sold in 2018 and 2017warrantee for produced items is provided for 2 years. The provision has been estimated based on the historical warrantee data associated with products.

Future events may occur which may cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

2.5. Consolidation and Business Combinations

Business combinations are accounted for using the acquisition method. Acquisition cost is determined by adding the fair value of the consideration at the date of acquisition and the amount of the non-controlling interest in the acquiree if any. For each business acquisition, the acquirer shall measure the non-controlling interest in the acquiree either at fair value or in proportion to the identifiable net assets of the acquiree. Acquisition costs incurred are written off to administrative costs.

If the business combination is carried out in stages, the acquirer's previously held interest in the acquiree is measured at fair value at the acquisition date through the statement of comprehensive income. The contingent consideration that the acquirer will have to pay is recognized at fair value at the acquisition date. Subsequent valuations of the contingent consideration that is treated as an asset or liability will be recognized at fair value in accordance with IAS 39: either through profit/loss or as a change in other comprehensive income. If the contingent consideration is classified as equity, it is not reassessed and its subsequent payment is accounted for in equity.

Goodwill is recognized at cost and is equal to the amount by which the total consideration, including the amount of the non-controlling interest recognized, exceeds the net amount of the assets and liabilities acquired. If this consideration is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses, and the date of the financial statements is then assessed for impairment.

2.6. Investments in subsidiaries

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

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

2.7. Intangible assets, except for goodwill

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

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

Research and development

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

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

Licenses

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

Software

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

(all amounts are in EUR thousand unless otherwise stated)

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

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

2.8. Property, plant and equipment, investment property

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 valuators. 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 revaluated 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.

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.

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

Buildings and structures (incl. 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 (incl. 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.

Borrowing costs that are directly attributable to the acquisition, construction or production of non-current assets are capitalised, otherwise – expensed as incurred. No borrowing costs were capitalised in 2018 and 2017.

2.9. Inventories

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

2.10. Cash and cash equivalents

Cash and cash equivalents are carried at face value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and in a bank, demand deposits with banks and other highly liquid short-term investments with original maturities of up to 3 months.

2.11. Financial assets and financial liabilities

IFRS 9 Financial Instruments

IFRS 9, Financial Instruments, has replaced IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, combining all three aspects of accounting for financial instruments: classification and measurement, impairment, and hedge accounting.

The Company has adopted IFRS 9 prospectively from 1 January 2018. No exceptions have been used. The Company has not restated the comparative information but remained in accordance with IAS 39 requirements.

A financial instrument is any contract that gives rise to a financial asset to one entity and a financial liability or equity instrument to another.

<u>Initial recognition and evaluation:</u>

Financial assets are initially allocated at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss.

Assigning financial assets at initial recognition depends on the contractual cash flow characteristics of the financial asset and the Group/Company's business model that defines the management of the financial asset. Except for trade receivables and contract assets that do not have a significant funding component, the Group/Company recognizes financial assets at fair value through initial recognition plus, when financial assets are not measured at fair value through profit or loss, transaction costs. Trade receivables and contract assets that do not include a significant funding component are measured at the transaction price determined in IFRS 15.

For a financial asset to be designated and measured at amortized cost or fair value through other comprehensive income, the cash flows arising from the financial asset should be only principal and interest payments (SPPI) on the principal uncovered amount. This assessment is called the SPPI test and is performed for each financial instrument.

The Group/Company's financial asset management model specifies how the Group/Company manages its financial assets to generate cash flows. The business model determines whether cash flows will be generated by collecting contractual cash flows, by selling this financial asset or by using both options.

Ordinary purchases or sales of financial assets are recognized on the trade date, i.e. the date the Group/Company undertakes to purchase or sell the financial asset.

<u>Subsequent evaluation</u>

After initial recognition, the Company/Group assesses financial assets:
a) Amortized cost (debt financial instruments);
b) At fair value through other comprehensive income when the cumulative gain or loss after the derecognition is transferred to profit or (loss) (debt financial instruments). As of 31 December 2018 and 2017, the Group/Company did not have such instruments;
c) Fair value through other comprehensive income when the cumulative gain or loss on discontinuance is not transferred to profit or (loss) (equity). As of 31 December 2018 and 2017, the Group/Company did not have such instruments;
d) At fair value through profit or loss.

Financial assets at amortized cost (debt financial instruments)

The Group/Company assesses financial assets at amortized cost if both of the following conditions are met:
i) Financial assets are considered to be a business model designed to hold financial assets to collect contractual cash flows; and
ii) Due to contractual terms of financial assets, cash flows that occur only on the principal amount and on the principal outstanding amount may arise on specified dates.

Financial assets at amortized cost are subsequently measured using the effective interest rate method (EIR) less impairment losses. Gains and losses are recognized in the statement of comprehensive income when the asset is derecognised, the asset is replaced or impaired.

The Group/Company's financial assets at amortized cost include trade receivables, other current and non-current receivables, loans issued, and assets arising from customer contracts (if any).

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets classified as at fair value through profit or loss, or financial assets at fair value through initial recognition. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near future. Derivatives, including segregated embedded derivatives, are also classified as held for trading unless they are classified as effective hedging instruments (in accordance with IFRS 9). Financial assets related to cash flows that are not only principal and interest payments are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria described above, under which debt instruments are classified as amortized cost or fair value through other comprehensive income, debt instruments may be classified as at fair value through profit or loss at initial recognition if it eliminates or significantly reduces accounting inconsistencies. Financial assets are carried at fair value through profit or loss in the statement of financial position at fair value through profit or loss in the statement of comprehensive income.

Impairment of financial assets

In accordance with IFRS 9, the Group/Company generally recognizes expected credit loss (ECL) for all debt instruments that are not measured at fair value through profit or loss. The ECL is based on the difference between the contractual receivables and cash flows expected to be received by the Group/Company, discounted at an approximate initial effective interest rate. ECL is recognized in two stages. For credit exposures whose credit risk on initial recognition is not materially increased, ECL is calculated for credit losses arising from default events occurring within the next 12 months (12-month ECL). For those credit exposures that have significantly increased their credit risk from initial recognition, the impairment loss is formed for the amount of credit losses expected during the remaining life of the credit exposure, irrespective of the maturity (ECL).

(a) Evaluation of impairment of trade receivables

The Group/Company uses the simplified method for calculating ECL for trade receivables and assets arising from contracts with customers. Therefore, the Group/Company does not observe changes in credit risk but recognizes impairment for each financial statement date on the basis of the validity of the ECL. The Group/Company has created a matrix of expected loss rates based on historical credit loss analysis and adjusted to reflect future factors specific to debtors and the economic environment. The Group/Company considers that the debtor has failed to fulfil its obligations relating to financial assets if the contractual payments are overdue, or when there are indications that the debtor or group of debtors are experiencing severe financial difficulties, default (principal or interest), that they will initiate bankruptcy or reorganization procedures, and in cases where the observed data suggest a reduction in future cash flows, such as changes in the past due to arrears or changes in economic conditions that correlate with default. Financial assets are derecognised when there is no reasonable expectation of recovering contractual cash flows.

(a) Evaluation of impairment of trade receivables (continued)

The Company/Group also calculates impairment individually by assessing the debt position separately by the debtor. The Company has determined that the average level of historically unpaid bad debts is less than 0 % of its outstanding debt. For this reason, and having assessed future estimates, the Company has not changed the principles for calculating the current loss matrix.

b) Evaluation of impairment of loans granted
The Company grants loans to Group companies with a maturity term as disclosed in Note 14. In the case of a loan, in general, the expected credit loss for 12 months is assessed and accounted for. In subsequent reporting periods, in the absence of a significant increase in the credit risk associated with the debtor, the Company adjusts the balance of 12-month expected credit loss on the outstanding loan amount outstanding at the valuation date. Having determined that the debtor's financial situation has significantly deteriorated compared to the situation at the time of the loan, the Company accounts for all expected credit losses during the loan term.

i) Financial liabilities

Initial recognition and evaluation:

Financial liabilities at initial recognition are classified as financial liabilities at fair value through profit or loss, loan receivables and payables. All financial liabilities at initial recognition are recognized at fair value and, for loans and receivables, less directly attributable transaction costs. The Group/Company's financial liabilities include trade and other payables, loans received, including bank overdrafts and financial leasing liabilities, and financial derivatives.

Subsequent evaluation

The measurement of financial liabilities depends on their classification as described below.

Financial liabilities are carried at fair value through profit or loss

Financial liabilities carried at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated at fair value through profit or loss at initial recognition. Financial liabilities are classified as held for trading if they are held for repurchase purposes in the near future.

Loans received and other amounts due

After initial recognition, loans and other payables are carried at amortized cost using the effective interest rate method (EIR). Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognised or amortized. Amortized cost is calculated by reference to the discount or premium on the acquisition, as well as taxes or costs that are an integral part of the EIR. EIR amortization is included in financial expenses in the statement of comprehensive income.

Coverage of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is an enforceable right to settle the amounts recognized and is intended to be settled net, i.e. to realize the assets and fulfil their obligations at the same time.

Impact of IFRS 9 on 1 January 2018

The adoption of IFRS 9 classification and measurement requirements did not have a material impact on the Group/Company. Trade receivables and other current and non-current financial assets classified as loans and receivables as of 31 December 2017 are held for the purpose of obtaining contractual cash flows and entitling them to cash flow of principal and interest payments. They are classified as debt instruments and are carried at amortized cost as of 1 January 2018. The Group continued to measure at fair value financial assets and liabilities previously carried at fair value in accordance with IAS 39, unless those financial instruments have been designated as hedging instruments under hedge accounting as defined in IFRS 9, IAS 9 and IAS 39. There were no changes in the classification and measurement of the Group/Company's financial liabilities.

As noted above, the adoption of IFRS 9 has substantially changed the impairment loss for financial assets by replacing the loss method in IAS 39 with the expected credit loss (ECL) method. IFRS 9 requires the Group/Company to recognize expected credit losses for all debt instruments that are not measured at fair value through profit or loss and for assets arising from contracts with customers. After applying IFRS 9, the Group and the Company did not recognize an additional impairment loss on trade receivables and contractual assets and non-current receivables and loans granted, as management estimates, taking into account the creditworthiness and payouts of the Group's and the Company's customers, and the potential impact of future factors, potential credit losses are not significant.

At the time of initial application, all hedging ratios held by the Group/Company met the criteria to be treated as continuing hedging, so there was no change in the identification of risk components or subsequent reclassifications through profit or loss.

Derecognition of financial assets and financial liabilities

Financial asset

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised (i.e. it is derecognised from the financial statements of the Group/Company) when:

i) the contractual rights to the cash flows of the financial asset expire; or

ii) the Group/Company transfers the contractual rights to receive cash flows from financial assets; or assumes the obligation to pay all cash flows received to the third party without a significant delay in the transfer agreement; or (b) the Group/Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but disposes of control of that financial asset.

Financial liabilities

A financial liability is derecognised when it is settled, cancelled or expires. When one existing financial liability is replaced by another liability to the same lender but in other circumstances, or when the terms of an existing obligation are substantially changed, such a change is considered to be a termination of the original liability and a new liability occurs. The difference between the respective carrying amounts is recognized in the statement of comprehensive income.

Financial assets (until 1 January 2018)

Financial assets held by the Group and the Company comprise only trade and other receivables, loans granted and investments in subsidiaries.

All purchases and sales of financial assets are recognized on the trade date. At the time of recognition, financial assets are measured at fair value and investments that are not measured at fair value through profit or loss are directly attributable to transaction costs.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognized as current assets, except for those loans and receivables with a repayment period of more than 12 months after the balance sheet date. The latter are classified as non-current assets.

Loans and receivables are stated at amortized cost using the effective interest method. At each balance sheet date, the Company and the Group assess whether there is objective evidence of impairment of a financial asset or a group of financial assets. The impairment test for trade and other receivables is described in Note 14.

(b) Investments in subsidiaries

The Company's investments in subsidiaries are accounted for at cost less impairment. The amount by which the investment's carrying amount exceeds its recoverable amount is recognized as an impairment loss. The recoverable amount is the higher of an investment's fair value less costs to sell or value in use. In assessing impairment for investments in a subsidiary, an impairment test is recognized for the amounts receivable from the subsidiary.

Impairment of financial assets is assessed for each reporting date (until 1 January 2018)

When it emerges that the Group and the Company will not recover all loans and receivables from contractual maturities, impairment losses on financial assets carried at amortized cost are recognized in the statement of comprehensive income. A reversal of an impairment loss recognized in prior periods is recognized when the reduction in that loss may be objectively justified by events occurring after the write-down. Such reversal is accounted for in the statement of comprehensive income. However, the increased carrying amount is increased only to the extent that it would not exceed the amortized cost that would have existed if the impairment had not been recognized.
Impairment of trade and other receivables is recognized when there is accurate evidence (such as the possibility of insolvency or significant financial difficulties of the debtor) that the Group and the Company will not be able to recover all amounts due according to settlement terms. The carrying amount of the receivables is reduced by using an allowance account. Impaired debts are not recognized when they are measured as non-recoverable.
Impairment losses on investments in subsidiaries are recognized in the statement of comprehensive income as general and administrative expenses.

2.12. Authorized capital

(a) Ordinary shares

Ordinary shares are stated at their nominal value. The amount by which the consideration received for the shares sold exceeds their nominal value is recognized as share premium. Additional external costs directly related to the issue of new shares are accounted for by reducing the share premium.

(b) Own shares

When the Company or its subsidiaries acquire the Company's equity, the consideration paid, including any additional external costs attributable to it, is deducted from equity as own shares until they are sold, reissued or cancelled. No gain or loss on the sale, issue or cancellation of own shares is recognized. If such shares are subsequently sold or reissued, the consideration received is recorded in the consolidated financial statements as a change in equity.

(c) Mandatory reserve

The legal reserve is mandatory under the laws of the Republic of Lithuania. Annual transfers of 5 %. The net result is required until the reserve reaches 10 % of the authorized capital. The legal reserve cannot be used to pay dividends, and it is determined only to cover future losses.

(d) Revaluation reserve
The revaluation reserve is recognized in other comprehensive income and is included in the revaluation reserve in equity. In cases where the revalued amount of the revalued asset exceeds the carrying amount of that asset and previously recognized an impairment loss on that asset in the statement of comprehensive income as a loss, the revaluation increase in excess of previous depreciation is recognized in the statement of comprehensive income as profit. If, after the reversal, the revaluation surplus is still present, it is accounted for as other comprehensive income in the statement of comprehensive income (and in the statement of financial position in equity).

The revaluation of revalued assets equivalent to the depreciation of the revalued assets of the current year on the revalued amount is carried forward to retained earnings in the statement of changes in equity at the end of the financial year. When transferring or reversing revalued assets, the related revaluation surplus is transferred to retained earnings in the statement of changes in equity.

(e) Reserve for own shares

This reserve is created on the basis of the shareholders' decision to acquire their own shares.

(f) Foreign exchange translation reserve

Foreign currency translation reserve is formed by currency translation differences arising from the consolidation of financial statements of foreign subsidiaries. Currency translation differences in the consolidated financial statements are recognized in equity until the investment is sold. When the relevant asset is sold, the cumulative revaluation surplus is recognized as income or expense in the same period in which the gain or loss on sale is recognized.

2.13. Leasing (financial lease) and operating lease

Determining whether a contract is a lease is based on the date of signing the contract. It is assessed whether the contract is related to the use of a specific asset, and whether the contract gives the right to use the asset.

(a) Leasing – the Company and the Group is the lessee

Leases of property, plant and equipment are transferred to the Company or the Group when all risks and rewards of ownership are transferred. Leasing is capitalized at the inception of the lease at the lower of the fair value of the leased property, plant or equipment or the present value of the minimum lease payments. The lease is allocated between the liability and the financing cost in such a way as to establish a constant interest rate on the remaining balance of the leasing liability. Accordingly, lease, less financing costs, is accounted for as non-current payables, with the exception of payments that are to be settled in current 12-month current liabilities. Leased property, plant and equipment is depreciated over its useful life or lease period, whichever is the shorter.

b) Lease – the Company and the Group are the lessee or the lessor

Leases of property, plant and equipment when the lessor retains substantially all the risks and rewards of ownership are classified as operating leases.

Lease payments are recognized as an expense (less any discounts granted to the lessee) in proportion to the lease term. Payments received under a lease (less any discounts granted to the lessee) are recognized as income on a straight-line basis over the lease term.

2.14. Grants and subsidies

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

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

2.15. Provisions

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

2.16. Employee benefits

(a) Social security contributions

The Company and the Group pay social security contributions to the State Social Insurance Fund (hereinafter referred to as the Fund) for its employees in accordance with the defined contribution plan and in accordance with the requirements of national law. The defined contribution plan is a plan by which the Company and the Group pays a fixed contribution and will in the future have no legal or constructive obligation to continue to pay these contributions if the Fund does not have sufficient assets to pay all employees benefits related to the service in current or past periods. Social security contributions are recognized as an expense on an accrual basis, and attributed to employee costs.
(b) Bonus plans

The Company and the Group recognize a liability and an expense for bonuses when it has a contractual liability or a past practice that has created a constructive liability.

(c) Long-term employee benefits

According to the requirements of the Labour Code of the Republic of Lithuania, every employee leaving the Company at the age of retirement is entitled to a one-off payment, which amounts to 2-month period salary.

Commitments to employees for the current year are recognized as an expense immediately in the statement of comprehensive income. Expenses previously incurred are recognized as an expense in the average over the period until the payment becomes mandatory.

Any gain or loss arising from the amendment (reduction or increase) of the benefit conditions is recognized immediately in the statement of comprehensive income.

Employee benefits liability is calculated on the basis of actuarial estimates using the projected unit credit method. Reassessments consisting of actuarial gains and losses are recognized immediately in the statement of financial position with the corresponding debit or credit in retained earnings in other comprehensive income in the period in which they occur. Reassessments in subsequent periods are not carried forward to profit or loss.

The liability is recorded in the statement of financial position and reflects the present value of those benefits at the date of the statement of financial position. The present value of employee benefits obligations is determined by discounting the estimated future cash flows on the basis of the interest rate on government securities denominated in the same currency as the benefits and the payout period similar to the expected payout period.

2.17. Income tax

Group companies are taxed individually regardless of the Group's overall performance.

Income tax expense recognized in these financial statements is determined on the basis of management's estimates in accordance with the tax laws of the Republic of Lithuania and the Republic of Ukraine.

The profit of the Group companies operating in Lithuania for the year 2018 is subject to a 15 % corporate income tax rate (15 % in 2017). In Ukraine, corporate income tax is 18 % (18 % in 2017).

According to the tax laws of the Republic of Lithuania, as of 1 January 2008, tax losses other than losses related to the transfer of securities and/or financial instruments may be carried forward for an indefinite period. Tax losses carried forward from 1 January 2014 may not exceed 70 % of taxable profit for the current year.

Losses on the sale of securities and/or derivative financial instruments may be carried forward for 5 years and are used only to reduce taxable profits from similar transactions.

As of 1 January 2012, tax losses carried forward under the tax laws of the Republic of Ukraine may not exceed 25 % of the taxable profit for the current year.
b) Deferred income tax

Deferred income tax is accounted for using the liability method for temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts in the consolidated financial statements. However, deferred income tax is not recognized if it arises from the initial recognition of assets or liabilities other than those resulting from a business combination that at the time of the transaction had no effect on either accounting or taxable profit or loss. Deferred income tax is calculated using tax rates (and laws) approved or substantially enacted at the date of the financial statements that are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is recognized for temporary differences arising on investments in subsidiaries, except when the Group controls the timing of the elimination of the temporary difference and it is probable that the temporary difference will not disappear in the near future.

2.18. Revenue recognition

IFRS 15 has amended IAS 11 Construction Contracts, IAS 18 Revenue, and related interpretations and, except for limited exceptions, applies to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model that recognizes revenue from contracts with customers, and requires revenue to be recognized as an amount that reflects the consideration an entity expects to receive for the goods or services sold to the customer.

IFRS 15 requires entities to evaluate and make judgments based on all relevant facts and circumstances, adapting each model step to contracts with their customers. The standard also defines the accounting for additional costs related to the award of the contract and the costs directly related to the performance of the contract. In addition, the standard requires detailed additional information that is presented in these financial statements.

The Company has adopted IFRS 15 by using a retrospective method from 1 January 2018. For this reason, the comparative information has not been restated and presented in these financial statements in accordance with IAS 11, IAS 18, and related interpretations.

Under this method, the standard may be applied to all contracts as of the date of initial application, i.e. 1 January 2018, or only for unfinished contracts. The Company and the Group have decided to apply the standard for contracts that are still pending as of 1 January 2018. The Company and the Group did not apply any additional practical measures.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when the control of the goods or services passes to the customer, the amount the Company and the Group expect to receive in exchange for the goods or services. The Company and the Group have determined that they control goods or services before they are transferred to the customer, therefore the Company and the Group act as the principal party to the income transaction.

Contract assets is accrued income
Contract assets is the right to remuneration in exchange for goods or services that were performed for the benefit of the customer (including partial performance).
If the Company and the Group transfer goods or services to a customer before it is paid or before the due date, the asset is accounted for under the contract at the amount equal to the earned consideration.

Contractual liabilities is advances received
Contractual liabilities include prepayments received from customers for future services or goods sold. As of 31 December 2017, these amounts were accounted for as prepayments received.

Revenue recognition until 1 January 2018

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

Revenue from sales of goods is recognised when delivery has taken place and transfer of risks and rewards has been completed; usually the transfer occurs when the product is delivered to the customer's warehouse.

Revenue from services is recognized on accrual basis when services are rendered.

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

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

2.19. Contingencies

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

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

2.20. Subsequent events

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

2.21. 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.

2.22. Segments

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

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

2.23. Earnings per share

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

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

(all amounts are in EUR thousand unless otherwise stated)

2.24. Fair value measurement

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

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

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

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

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

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

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

NOTES TO THE EXPLNATORY STATEMENT

3 Revenue from customer contracts and sale revenue

The Group

The Group's sole business segment identified for the management purposes is the production of refrigerators and specialised equipment.

	Group		**Company**	
	2018	**2017**	**2018**	**2017**
Refrigerators and related equipment	35,417	38,339	34,643	38,347
Revenue from contracts in a subsidiary	2,155			
Construction of specialised equipment	-	863	-	-
	37,572	**39,202**	**34,643**	**38,347**

The Group's and the Company's management analyses only sales information per country.

	Total sales revenue		**Inter-group sales**		**Sales revenue**	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Western Europe	14,614	14,144	-	-	14,614	14,144
Ukraine	6,010	7,592	-	-	6,010	7,592
Central Europe	9,206	6,993	-	-	9,206	6,993
Lithuania	5,179	5,621	(194)	(230)	4,985	
Other CIS countries	1,264	3,000		-	1,264	3,000
Other Baltic states	970	1,308	-	-	970	1,308
Russia	297	698	-	-	297	698
Other countries	226	76	-	-	226	76
Total	**37,766**	**39,432**	**(194)**	**(230)**	**37,572**	**39,202**

(all amounts are in EUR thousand unless otherwise stated)

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

The Company

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

	Sales	
	2018	**2017**
Western Europe	14,519	14,099
Ukraine	6,010	7,592
Central Europe	7,051	6,993
Lithuania	4,306	4,580
Other CIS countries	1,264	2,999
Other Baltic states	970	1,308
Russia	297	698
Other countries	226	78
	34,643	**38,347**

4 Cost of sales

	Group		Company	
	2018	**2017**	**2018**	**2017**
Raw materials	23,573	25,108	22,014	24,584
Salaries and wages	3,687	2,885	3,443	2,825
Depreciation and amortisation	1,407	1,348	1,362	1,309
Other indirect costs	5,313	5,552	5,062	5,493
	33,980	**34,893**	**31,881**	**34,211**

5 Selling expenses

	Group		Company	
	2018	**2017**	**2018**	**2017**
Transportation	1,229	1,489	1,227	1,486
Salaries and social security	433	496	433	496
Market research, sales promotion and commissions to third parties	198	240	194	240
Warranty service expenses	177	178	189	183
Advertising, marketing	227	108	205	181
Certification expenses	43	53	43	53
Business trips	9	30	9	30
Insurance	41	23	41	23
Rent of warehouses and storage expenses	48	52	48	52
Other	48	40	(3)	27
	2,453	**2,709**	**2,386**	**2,771**

(all amounts are in EUR thousand unless otherwise stated)

6 General and administrative expenses

	Group		Company	
	2018	**2017**	**2018**	**2017**
Change in impairment allowance for receivables (Note 14)	(419)	12,170	(419)	12,170
Salaries and social security	1,223	1,300	1,114	1,183
Depreciation and amortisation	572	437	562	425
Impairment of property, plant and equipment	(425)	243	(425)	243
Taxes, other than income tax	70	73	69	73
Insurance	68	70	58	68
Rent and utilities	123	58	123	58
Bank services	28	24	27	23
Advisory	62	21	62	21
Security	5	19	5	19
Non-current employee benefits (Note 24)	50	(29)	45	(37)
Business trips	14	20	13	19
Other	224	419	173	331
	1,595	**14,825**	**1,407**	**14,596**

The reversal of impairment of property, plant and equipment is related to the revaluation of non-current assets made on 30 September 2016, on 30 September 2017 and on 30 September 2018 during which some items of property, plant and equipment were identified as increase.

7 Other income

	Group		Company	
	2018	**2017**	**2018**	**2017**
Income from transportation services	243	241	243	241
Income from sale of other services	71	64	147	141
Income from rent of premises	15	13	40	38
Gain on disposal of property, plant and equipment	-	3	-	2
Other	-	-	4	-
	329	**321**	**434**	**422**

8 Other expenses

	Group		Company	
	2018	**2017**	**2018**	**2017**
Transportation expenses	243	239	243	239
Other services	39	36	96	95
Other	-	-	15	14
	282	**275**	**354**	**348**

9 Finance income

	Group		Company	
	2018	**2017**	**2018**	**2017**
Interest income from loans	451	588	451	588
Foreign currency exchange gain	9	-	9	14
Dividends income from Almecha UAB	-	-	-	90
	460	**588**	**460**	**692**

(all amounts are in EUR thousand unless otherwise stated)

10 Finance costs

	Group		Company	
	2018	**2017**	**2018**	**2017**
Interest expenses	549	607	545	604
Provisions for Bank of Lithuania fines	-	207	-	207
Loss of foreign currency translation transactions	7	-	7	-
Other expenses	3	36	3	50
	559	**850**	**555**	**861**

11 Income tax

	Group		Company	
	2018	**2017**	**2018**	**2017**
Components of the income tax (expense) income				
Current income tax for the reporting year	-	-	-	-
Deferred income tax income (expenses)	98	204	81	190
Income tax income (expenses) recorded in profit or loss from continuing operations	**98**	**204**	**81**	**190**

	As at 31 December 2018	**As at 31 December 2017**	**As at 31 December 2018**	**As at 31 December 2018**
Deferred income tax asset				
Impairment allowance for receivables and write-down of inventories	(63)	1,823	(72)	1,817
Accrued liabilities	105	62	99	60
Warranty provisions	60	61	53	58
Other	33	42	26	39
Deferred income tax asset	**135**	**1,988**	**106**	**1,974**
Less: not recognised part		(1,825)		(1,825)
Deferred income tax asset, net	**135**	**163**	**106**	**149**
Deferred income tax liability				
Capitalised development costs	(1,814)	(1,631)	(1,814)	(1,631)
Revaluation of property, plant and equipment	(214)	(226)	(214)	(226)
Deferred income tax liability	**(2,028)**	**(1,857)**	**(2,028)**	**(1,857)**
Deferred income tax, net	**(1,893)**	**(1,694)**	**(1,922)**	**(1,708)**
Presented in the statement of financial position:				
Deferred income tax asset	**-**	**-**	**-**	**-**
Deferred income tax liability	**(1,893)**	**(1,694)**	**(1,922)**	**(1,708)**

Deferred income tax asset is recognised in the amount, which is expected to be realized in the foreseeable future.

(all amounts are in EUR thousand unless otherwise stated)

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

Group	**2018**	**2017**
Profit (loss) before tax	**(508)**	**(13,441)**
Income tax income (expenses) computed using the effective tax rate	0	0
Non-deductible expenses	4,542	13,934
Non-taxable income	(4,034)	(493)
Change in previously unrecognised deductible temporary differences	98	204
Effect of not recognised tax losses	-	-
Income tax income (expenses) recorded in profit or loss	**98**	**204**

Company	**2018**	**2017**
Profit (loss) before tax	**(1,046)**	**(13,326)**
Income tax income (expenses) computed using the effective tax rate	0	0
Non-deductible expenses	2,909	13,819
Non-taxable income	(1,863)	(493)
Change in previously unrecognised deductible temporary differences	81	190
Effect of not recognised tax losses	-	-
Income tax income (expenses) recorded in profit or loss	**81**	**190**

12 Intangible assets

Group

	Development cost	**Software, licenses**	**Total**
Cost:			
Balance as at 1 January 2018	5,920	749	6,669
Additions	234	95	329
Disposals and write-offs	-	-	-
Balance as at 31 December 2018	6,154	844	6,998
Amortisation:			
Balance as at 1 January 2018	4,349	693	5,042
Charge for the year	297	39	336
Disposals and write-offs	16	-	16
Balance as at 31 December 2018	4,662	732	5,394
Carrying amount as at 31 December 2018	**1,492**	**112**	**1,604**
Carrying amount as at 1 January 2018	**1,571**	**56**	**1,627**

(all amounts are in EUR thousand unless otherwise stated)

	Development cost	Software, licenses	Total
Cost:			
Balance as at 1 January 2017	5,597	737	6,334
Additions	323	12	335
Disposals and write-offs	-	-	-
Balance as at 31 December 2017	5,920	749	6,669
Amortisation:			
Balance as at 1 January 2017	4,056	641	4,697
Charge for the year	293	52	345
Disposals and write-offs	-	-	-
Balance as at 31 December 2017	4,349	693	5,042
Carrying amount as at 31 December 2017	**1,571**	**56**	**1,627**
Carrying amount as at 1 January 2017	**1,541**	**96**	**1,637**

Total amount of amortisation expenses is included into general and administrative expenses in the statemen of comprehensive income

Company

	Development cost	Software, licenses	Total
Cost:			
Balance as at 1 January 2018	5,859	618	6,477
Additions	307	22	329
Disposals and write-offs	(16)	-	(16)
Balance as at 31 December 2018	6,150	640	6,790
Amortisation:			
Balance as at 1 January 2018	4,289	570	4,859
Charge for the year	297	33	330
Disposals and write-offs	-	-	-
Balance as at 31 December 2018	4,586	603	5,189
Carrying amount as at 31 December 2018	**1,564**	**37**	**1,601**
Carrying amount as at 1 January 2018	**1,570**	**48**	**1,618**

(all amounts are in EUR thousand unless otherwise stated)

	Development cost	Software, licenses	Total
Cost:			
Balance as at 1 January 2017	5,556	606	6,162
Additions	324	12	336
Disposals and write-offs	(21)	-	(21)
Balance as at 31 December 2017	5,859	618	6,477
Amortisation:			
Balance as at 1 January 2017	4,016	526	4,542
Charge for the year	273	44	317
Disposals and write-offs	-	-	-
Balance as at 31 December 2017	4,289	570	4,859
Carrying amount as at 31 December 2017	**1,570**	**48**	**1,618**
Carrying amount as at 1 January 2017	**1,540**	**80**	**1,620**

Total amount of amortisation expenses is included into administrative expenses in the statemen of comprehensive income. Part of the intangible non-current assets of the Company, the acquisition cost of which is EUR 4,054 thousand, was full amortised as at 31 December 2018 (EUR 3,837 thousand as at 31 December 2017) but still in use.

(all amounts are in EUR thousand unless otherwise stated)

13 Property, plant and equipment and investment property

Group

	Land, buildings and structures	Machinery and equipment	Vehicles and other	Construction in progress and prepayments	Total
Cost:					
Balance as at 1 January 2018	4,252	35,684	5,263	24	45,223
Additions	-	34	90	-	124
Disposals and write-offs	-	(31)	(4)	-	(35)
Reclassifications	-	23	-	(23)	-
Elimination of accumulated depreciation	-	-	1	-	1
Balance as at 31 December 2018	4,252	35,710	5,350	1	45,313
Accumulated depreciation:					
Balance as at 1 January 2018	2,266	32,859	4,651	-	39,776
Charge for the year	141	689	224	-	1,054
Disposals and write-offs	-	(30)	(4)	-	(34)
Impairment loss	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Depreciation after revaluation	-	-	-	-	-
Balance as at 31 December 2018	2,407	33,518	4,871	-	40,796
Revalued value:					
Balance as at 1 January 2018	3,635	6,618	1,152	-	11,405
Additions	571	1,072	323	-	1,966
Disposals and write-offs	-	-	-	-	-
Reclassifications	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Balance as at 31 December 2018	4,206	7,690	1,475	-	13,371
Depreciation of revalued value:					
Balance as at 1 January 2018	63	363	104	-	530
Charge for the year	71	455	214	-	740
Disposals and write-offs	-	-	-	-	-
Impairment loss	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Depreciation after revaluation	-	-	-	-	-
Balance as at 31 December 2018	134	818	318	-	1,270
Carrying amount as at 31 December 2018	**5,917**	**9,064**	**1,636**	**1**	**16,618**
Carrying amount as at 1 January 2018	**5,558**	**9,080**	**1,660**	**24**	**16,322**

(all amounts are in EUR thousand unless otherwise stated)

13 Property, plant and equipment and investment property (continued)

Group	Land, buildings and structures	Machinery and equipment	Vehicles and other	Construction in progress and prepayments	Total
Cost and revalued value:					
Balance as at 1 January 2017	4,252	35,144	5,091	11	44,498
Additions	-	540	237	13	790
Disposals and write-offs	-	-	(65)	-	(65)
Reclassifications	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Balance as at 31 December 2017	4,252	35,684	5,263	24	45,223
Accumulated depreciation:					
Balance as at 1 January 2017	2,121	32,139	4,473	-	38,733
Charge for the year	145	720	224	-	1,089
Disposals and write-offs	-	-	(46)	-	(46)
Impairment loss	-	-	-	-	-
Reclassifications	-	-	-	-	-
Depreciation after revaluation	-	-	-	-	-
Balance as at 31 December 2017	2,266	32,859	4,651	-	39,776
Revalued value:					
Balance as at 1 January 2017	3,254	6,614	1,110	-	10,978
Additions	381	24	22	-	427
Disposals and write-offs	-	-	-	-	-
Reclassifications	-	(20)	20	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Balance as at 31 December 2017	3,635	6,618	1,152	-	11,405
Depreciation of revalued value:					
Balance as at 1 January 2017	12	44	17	-	73
Charge for the year	51	319	87	-	457
Disposals and write-offs	-	-	-	-	-
Impairment loss	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Depreciation after revaluation	-	-	-	-	-
Balance as at 31 December 2017	63	363	104	-	530
Correction of revalued amount at 1 January 2017	21	(298)	144	(2)	(135)
Carrying amount as at 31 December 2017	**5,558**	**9,080**	**1,660**	**24**	**16,322**
Carrying amount as at 1 January 2017	**5,394**	**9,277**	**1,855**	**9**	**16,535**

(all amounts are in EUR thousand unless otherwise stated)

13 Property, plant and equipment and investment property (continued)

Company

	Land, buildings and structures	Machinery and equipment	Vehicles and other	Construction in progress and prepayments	Total
Cost:					
Balance as at 1 January 2018	4,252	32,973	5,248	25	42,498
Additions	-	24	87	-	111
Disposals and write-offs	-	(31)	(4)	-	(35)
Reclassifications	-	23	-	(23)	-
Elimination of accumulated depreciation	-	-	-	-	-
Balance as at 31 December 2018	4,252	32,989	5,331	2	42,574
Accumulated depreciation:					
Balance as at 1 January 2018	2,266	30,391	4,651	-	37,308
Charge for the year	141	649	217	-	1,007
Disposals and write-offs	-	(30)	(4)	-	(34)
Impairment loss	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Depreciation after revaluation	-	-	-	-	-
Balance as at 31 December 2018	2,407	31,010	4,864	-	38,281
Revalued value:					
Balance as at 1 January 2018	3,635	6,618	1,152	-	11,405
Additions	571	1,072	323	-	1,966
Disposals and write-offs	-	-	-	-	-
Reclassifications	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Balance as at 31 December 2018	4,206	7,690	1,475	-	13,371
Depreciation of revalued value:					
Balance as at 1 January 2018	63	363	104	-	530
Charge for the year	71	455	214	-	740
Disposals and write-offs	-	-	-	-	-
Impairment loss	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Depreciation after revaluation	-	-	-	-	-
Balance as at 31 December 2018	134	818	318	-	1,270
Carrying amount as at 31 December 2018	**5,917**	**8,851**	**1,624**	**2**	**16,394**
Carrying amount as at 1 January 2018	**5,558**	**8,837**	**1,645**	**25**	**16,065**

(all amounts are in EUR thousand unless otherwise stated)

	Land, buildings and structures	Machinery and equipment	Vehicles and other	Construction in progress and prepayments	Total
Cost and revalued value:					
Balance as at 1 January 2017	4,252	32,644	5,091	11	41,998
Additions	-	329	222	14	565
Disposals and write-offs	-	-	(65)	-	(65)
Reclassifications	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Balance as at 31 December 2017	4,252	32,973	5,248	25	42,498
Accumulated depreciation:					
Balance as at 1 January 2017	2,121	29,704	4,473	-	36,298
Charge for the year	145	687	224	-	1,056
Disposals and write-offs	-	-	(46)	-	(46)
Impairment loss	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Depreciation after revaluation	-	-	-	-	-
Balance as at 31 December 2017	2,266	30,391	4,651	-	37,308
Revalued value:					
Balance as at 1 January 2017	3,254	6,614	1,110	-	10,978
Additions	381	24	22	-	427
Disposals and write-offs	-	(20)	20	-	-
Reclassifications	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Balance as at 31 December 2017	3,635	6,618	1,152	-	11,405
Depreciation of revalued value:					
Balance as at 1 January 2017	12	44	17	-	73
Charge for the year	51	319	87	-	457
Disposals and write-offs	-	-	-	-	-
Impairment loss	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Depreciation after revaluation	-	-	-	-	-
Balance as at 31 December 2017	63	363	104	-	530
Correction of revalued amount at 1 Januaru 2017	21	(426)	127	(2)	(280)
Carrying amount as at 31 December 2017	**5,558**	**8,837**	**1,645**	**25**	**16,065**
Carrying amount as at 1 January 2017	**5,394**	**9,084**	**1,838**	**9**	**16,325**

The depreciation charge of the Group's property, plant and equipment for 2018 amounts to EUR 1,794 thousand (EUR 1,546 thousand for 2017). After the assessment of amortisation of grants, the amount of EUR 1,505 thousand for 2018 (EUR 1,302 thousand for 2017) was included into production cost and the amount of EUR 162 thousand (EUR 122 thousand for 2017) was included into general and administrative expenses in the Group's statement of comprehensive income.

The depreciation charge of the Company's property, plant and equipment for 2018 amounts to EUR 1,747 thousand (EUR 1,513 thousand for 2017). The amount of EUR 159 thousand for 2018 (EUR 118 thousand for 2017) was included into general and administrative expenses in the Company's statement of comprehensive income. The remaining amount of depreciation, after having assessed the amortisation of grants amounting to EUR 1,461 thousand (EUR 1,273 thousand in 2017) was included in the production cost.

(all amounts are in EUR thousand unless otherwise stated)

As at 31 December 2018 buildings of the Group and the Company with the carrying amount of EUR 5,739 thousand (as at 31 December 2017 – EUR 5,373 thousand respectively), the Group's and the Company's machinery and equipment with the carrying amount of EUR 7,773 thousand (as at 31 December 2017 – EUR 8,294 thousand respectively) were pledged to banks as a collateral for the loans.

As at 31 December 2018, fully depreciated, but still usable Group and Company material assets purchase values was 1 184 thousand Eur and 889 thous. Eur (at 31 December 2017 – 558 thousand Eur and 271 thousand Eur).

Revaluation of property, plant and equipment

Starting from 30 September 2016 the Group and the Company decided to revaluate 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. The estimated fair value in 2018, 2017 and 2016 m. was valued by independent valuators - Korporacija „Matininkai“.

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 valuer.

Asset were valued under this scheme:

1. All Company long term assets were vallued using discounted cash flows model.
2. From this value, intangible asets 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 coeficients. Only assets, vauled by DRC and disposal methods, were corrected using coeficients.

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**

(all amounts are in EUR thousand unless otherwise stated)

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**

Furthermore, the estimated fair value of PPE was tested for impairment by comparing it to the recoverable amount of PPE determined based on the income method.

The revenue approach model was based on management's 2018-2022 forecasts, which assumed the following assumptions for cash flow projections based on the market situation:

- Maintaining current product turnover in a more or less constant level of recent years. The expected recovery of production/sales of continuing operations to 2017 levels in 2019-2020 reflects recovery of lost market positions due to the impact of raw material price changes and negative company information (described in Note 32) for 2017 – 2018. In the following years, a gradual slowdown in western markets is planned due to the increasing influence of Chinese manufacturers on the production of private brands in the home appliance sector. One of the most important reasons for the company's sales of own brand Snaigė is the continuous and consistent development of technologies, brand support, and development of new products, therefore no decrease in sales of this category is planned.
- Starting production of a new product – industrial refrigeration equipment – from the end of 2019, with a planned investment in a new production line. Investments in the new production area are planned to be financed exclusively from shareholders' funds (Note 14). This step has been chosen due to the fact that the existing domestic refrigerating appliance markets are shrinking and oligopolizing, thus reducing the niche of the Company's type manufacturers, while the industrial refrigeration equipment is less standardized, and very large manufacturers cannot gain a competitive advantage through economies of scale and in that way reduce potential niches. In addition, the Company has many years of experience in trading such products, and the technological process is very close to existing production.

The evaluators also performed an analysis of the dependence of variable and fixed costs on production volumes, and the average product price and its variation. The main components of working capital (stock requirements, receivables, and trade payables) are calculated on the basis of average values (parts of income and expenses) from actual data from 2012-2018 (non-typical current liabilities and receivables are excluded from working capital).

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Change in estimates

During 2016, after the revaluation of the property, plant and equipment the Group conducted an operational review of its non-current assets which resulted in changes in the expected useful life time of the non-current assets. As a result, the expected useful lifetime of the equipment was increased, taking into consideration the intensity of use and tear of property plant and equipment.

The useful lifetime of property, plant and equipment in years:

	Estimated useful lifetime before the change	**Estimated useful lifetime after the change**	**The remaining useful lifetime after revaluation**
Buildings and structures	49	55	26
Machinery and equipment	6	21	8
Vehicles	6	16	4
Other fixtures, fittings, tools and equipment	5	12	5
Other property, plant and equipment	5	12	8

Uuseful lifetimes for assessing depreciation have been applied since 1 October 2016. The major change in useful life time relates to the longer useful lifetime set for the machinery and equipment. During past few years volumes of production were lower and the production equipment was used less intensively than previously estimated. Consequently revision of the remaining useful lives resulted in the longer remaining useful lifetime for the machinery and equipment.

(all amounts are in EUR thousand unless otherwise stated)

14 Current loans to related companies

	Group		Company	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Loans granted	9,169	9,842	9,169	9,842
Interest calculated	2,582	2,328	2,582	2,328
Total receivables	**11,751**	**12,170**	**11,751**	**12,170**
Minus: Provisons for doubtfull loans	(9,169)	(9,842)	(9,169)	(9,842)
Provisons for doubtfull interest	(2,582)	(2,328)	(2,582)	(2,328)
Minus: total provisions	(11,751)	(12,170)	(11,751)	(12,170)
Net receivables	**0**	**0**	**0**	**0**

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.A. 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.

15 Inventories

	Group		Company	
	As at 31 December 2018	As at 31 December 2017	As at 31 December 2018	As at 31 December 2017
Raw materials and spare parts	2,154	2,759	2,073	2,686
Production in progress	241	220	227	198
Finished goods	1,289	1,641	1,247	1,604
Goods for resale	89	85	89	85
Minus: impairment	(224)	(223)	(171)	(177)
Total inventories	**3,549**	**4,482**	**3,465**	**4,396**

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

	Group		Company	
	As at 31 December 2018	As at 31 December 2017	As at 31 December 2018	As at 31 December 2017
At the beggining of the year	**(223)**	**(247)**	**(177)**	**(234)**
Impairment	(13)		(5)	
Recovery	12	24	11	57
At the end of the year	**(224)**	**(223)**	**(171)**	**(177)**

(all amounts are in EUR thousand unless otherwise stated)

As at 31 December 2018, the Group and the Company have no legal restrictions on inventories. Raw materials included to cost of sales by the Group and the Company amounted to EUR 23,573 thousand and EUR 22,014 thousand respectively (Note 4)

16 Trade receivables

	Group		Company	
	As at 31 December 2018	**As at 31 December 2017**	**As at 31 December 2018**	**As at 31 December 2017**
Receivables from not related customers	6,825	6,789	6,580	6,601
Receivables from related customers	-	-	28	27
Gross receivables	**6,825**	**6,789**	**6,608**	**6,628**
Less: impairment allowance for doubtful receivables	(1,077)	(1,068)	(980)	(1,022)
Net receivables	**5,748**	**5,721**	**5,628**	**5,606**
Including:				
Non-current receivables	-	-	-	-
Current receivables	5,748	5,721	5,628	5,606
Total	**5,748**	**5,721**	**5,628**	**5,606**

As at 31 December 2018 the Company's subsidiary had an unfinished produktion contract of EUR 2,155 thousand and the contractual obligation of EUR 1,514 , the completion of wich is June 2019. The Group had no long-term contracts in progress as at 31 December 2017

Impairment allowance for doubtful receivables is recognised due to receivables from not related customers. Trade receivables are non-interest bearing and are generally on 30–90 day settlement terms
.
Movements in the individually assessed impairment of trade receivables were as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
Balance at the beginning of the period	(1,068)	(1,060)	(1,022)	(1,024)
Charge for the year	(60)	(46)	-	(35)
Write-offs of trade receivables	-	-	-	1
Effect of the change in foreign currency exchange rate	(1)	2	-	-
Amounts paid	52	36	42	36
Balance at the end of the period	**(1,077)**	**(1,068)**	**(980)**	**(1,022)**

As at 31 December 2018 100% impairment was accounted for trade receivables of the Group and the Company in gross values of EUR 1,077 thousand and EUR 980 thousand respectively (as at 31 December 2017 – EUR 1,068 thousand and EUR 1,022 thousand respectively). Change in impairment allowance for receivables was accounted for within general and administrative expenses.

The receivables are written-off when it becomes obvious that they will not be recovered. The impairment allowance for receivables of the Group and the Company in 2018 and 2017 was stated under general and administrative expenses.

(all amounts are in EUR thousand unless otherwise stated)

17 Other amounts receivable

	Group		Company	
	As at 31 December 2018	**As at 31 December 2017**	**As at 31 December 2018**	**As at 31 December 2017**
VAT receivable	255	162	234	157
Advace holliday payments	-	157	-	157
Other receivables	246	275	220	242
Restricted cash	4	4	4	4
Including:	**505**	**598**	**458**	**560**

18 Cash and cash equivalents

	Group		Company	
	As at 31 December 2018	**As at 31 December 2017**	**As at 31 December 2018**	**As at 31 December 2017**
Cash at bank	349	503	334	454
Cash on hand	5	5	2	1
	354	**508**	**336**	**455**

As at 31 December 2018 and 2017 no restrictions were imposed on the Group's and the Company's cash, except of those in Note 23.

19 Share capital and share premium

On 31 December 2018 and 31 December 2017, share capital of the Company and the Group was 11,887 thousand EUR. The share capital was divided into 39,622 thousand ordinary registered shares with the par value of EUR 0.30 each as at 31 December 2018 and 2017.

All shares of the Company are fully paid. The Company does not have any other classes of shares than ordinary shares mentioned above, there are no restrictions of share rights or special control rights for the shareholders set in the Articles of Association of the Company. No shares of the Company are held by itself or its subsidiaries. No convertible securities, exchangeable securities or securities with warrants are outstanding; likewise, there are no outstanding acquisition rights or undertakings to increase share capital as at 31 December 2018 and 2017.

According to the Law on Companies of the Republic of Lithuania, the company's total equity cannot be less than 1/2 of its share capital specified in the company's by-laws. As at 31 December 2018 and 2017 the Company was in compliance with this requirement.

20 Reserves

<u>Legal reserve</u>

As at 31 December 2018, the legal reserve of the Group and the Company was 946 thousand EUR and 971 thousand EUR As at 31 December 2017, the legal reserve of the Group and the Company was 946 thousand EUR and 971 thousand EUR.

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

As at 31 December 2018 and 31 December 2017 the legal reserve of the Group and the Company has not been fully formed yet.

(all amounts are in EUR thousand unless otherwise stated)

Revaluation reserve

	Group	Company
Revaluation reserve carrying amount as at 31 December 2017	**5,900**	**5,900**
Positive Revaluation result	1,966	1,966
Deferred income tax liability	(295)	(295)
Decrease of revaluation reserve through statement of comprehensive income	(440)	(440)
Revaluation reserve net value at 31 December 2018	**7,131**	**7,131**
Profit (loss), not recognized in statement of comprehensive income, resulted from anual depreciation of revaluated assets	(629)	(629)
Revaluation reserve carrying amount as at 31 December 2018	**6,502**	**6,502**

	Grupė	Bendrovė
Revaluation reserve carrying amount as at 31 December 2016	**5,746**	**5,746**
Positive Revaluation result	427	427
Deferred income tax liability	(64)	(64)
Decrease ofrevaluation reserve through statement of comprehensive income	180	180
Revaluation reserve net value at 31 December 2017	**6,289**	**6,289**
Profit (loss), not recognized in statement of comprehensive income, resulted from anual depreciation of revaluated assets	(389)	(389)
Revaluation reserve carrying amount as at 31 December 2017	**5,900**	**5,900**

21 Grants

Group and Company

Balance as at 31 December 2016	3,817
Received during the period	48
Balance as at 31 December 2017	3,865
Received during the period	116
Balance as at 31 December 2018	3,981
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
Net carrying amount as at 31 December 2018	**618**
Net carrying amount as at 31 December 2017	**629**

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.

(all amounts are in EUR thousand unless otherwise stated)

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

22 Provisions

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

Company formed provision for fine from Bank of Lithuania ir 2017, amounting to 207 thous. EUR. As stated in Note 31, the Company has appealed against the decision of the LB on the imposition of a fine to the court in the manner prescribed by Lithuanian legislation.

Changes in warranty provisions were as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
As at 1 January	618	499	597	403
Additions during the year	161	388	140	388
Utilised	(173)	(196)	(173)	(194)
Written off	-	(73)	-	-
As at 31 December	606	618	564	597
Including:				
Non-current	146	257	136	241
Current	460	361	428	356
Total	**606**	**618**	**564**	**597**

23 Non-current and current borrowings

	Group		Company	
	As at 31 December 2018	**As at 31 December 2017**	**As at 31 December 2018**	**As at 31 December 2017**
Non-current borrowings				
Non-current borrowings with variable interest rate	313	413	313	413
Non-current liabilities to lease companies	54	84	-	-
	367	497	313	413
Current borrowings				
Current borrowings with variable interest rate	9,743	10,124	9,743	10,124
Current liabilities to lease companies	29	28	-	-
	9,772	10,152	9,743	10,124
	10,139	**10,649**	**10,056**	**10,537**

(all amounts are in EUR thousand unless otherwise stated)

The main information on individual borrowings is disclosed below:

			Group		Company	
	Type	**Maturity**	**As at 31 December 2018**	**As at 31 December 2017**	**As at 31 December 2018**	**As at 31 December 2017**
Borrowing 1	Loan	23/12/2020	9,623	9,884	9,623	9,884
Borrowing 2	Credit line	10/04/2020	433	653	433	653
Lease 1		26/03/2021	27	38	-	-
Lease 2		26/05/2021	11	16	-	-
Lease 3		26/08/2021	10	14	-	-
Lease 4		11/07/2022	35	44	-	-
			10,139	**10,649**	**10,056**	**10,537**

Loan:

The loan 1 bear 1-month EURIBOR + 5.75 annual interest rate as at 31 December 2018, (as at 31 December 2017 1-month EURIBOR + 5.75 annual interest rate).

As of 31 December 2018 the Company's buildings with the carrying amount of EUR 5,739 thousand (EUR 5,373 thousand as at 31 December 2017), the Group's and Company's machinery and equipment with the carrying amount of EUR 7,773 thousand (EUR 8,294 thousand as at December 2017) were pledged to the banks for the loans.The value of property, plant and equipment is stated after revaluation.

Under loan agreement 1, company has to comply with certain covenants, such as Debt/EBITDA ratio. At 31 December 2017 Company did not comply with this ratio, but on 16 April 2018 an agreement with bank was signed, where this covenant for year 2017 was cancelled. For this reason as at 31 December 2017, loan in the statement of financial position was reclassified as short term.

As at 31 December 2018, the loan 2 bear 5% fixed interest rate, with right to review conditions 6-month EURIBOR + 3,5% margin. The 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 (Note1, general information) .

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 controling parties debts under agreed schedules (Note 14), which failure will result in leaving old credits return terms for both Loans.

According to factoring agreement, maximum factoring limit is 500 thous. EUR. Factring can be used only for insured customers.

Borrowings at the end of the year in currencies:

	Group		Company	
	As at 31 December 2018	**As at 31 December 2017**	**As at 31 December 2018**	**As at 31 December 2017**
Borrowings denominated in:				
EUR	10,139	10,649	10,056	10,537
	10,139	**10,649**	**10,056**	**10,537**

(all amounts are in EUR thousand unless otherwise stated)

Contractual repayment schedule for borrowings:

	Group		**Company**	
	Fixed interest rate	**Variable interest rate**	**Fixed interest rate**	**Variable interest rate**
2019	-	2,002	-	1,973
2020	-	8,113	-	8,083
2021	-	18	-	-
2022	-	6	-	-
	-	**10,139**	**-**	**10,056**

The fixed interest rates of 3.5% and 3.9% were set to liabilities under lease (financial lease) of the Group.

Future lease payments under lease agreements as at 31 December 2018 and 31 December 2017 are as follows:

	As at 31 December 2018	**As at 31 December 2017**
2018	-	32
2019	32	32
2020-2021	56	56
Total liabilities under financial leases	**88**	**120**
Interest	(5)	(8)
Present value of liabilities under financial leases	**83**	**112**

Liabilities under financial leases are accounted for as:	83
Current liabilities	29
Non-current liabilities	54

The Group's assets leased under Financial lease agreements comprise machinery and equipment. The leasing period is 5 years.

The carrying amount of the assets acquired under finance lease:

	As at 31 December 2018	**As at 31 December 2017**
Machinery and equipment	175	200

24 Non-current employee benefits

As at 31 December 2018 of the Group's and the Company's, the expenses of the one-time payments for leaving employees at a retirement age amounted to EUR 15 thousand and EUR 14 thousand (EUR 15 thousand and EUR 14 thousand as at 31 December 2017).

	Group	**Company**
31 December 2014	**154**	**154**
Used in 2015	(5)	(5)
Accumulated in 2015	47	47
31 December 2015	**196**	**196**
Used in 2016	(5)	(5)
Accumulated in 2016	119	108
31 December 2016	**310**	**299**
Used in 2017	(15)	(14)
Accumulated in 2017	(14)	(23)
31 December 2017	**281**	**262**

(all amounts are in EUR thousand unless otherwise stated)

Used in 2018	(15)	(14)
Accumulated in 2018	50	45
31 December 2018	**316**	**293**

Actuarial gains and losses in 2018 and 2017 were insignificant; therefore, they were not separated and presented in other comprehensive income.

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

25 Operating lease

The Group and the Company have concluded several contracts of operating lease of land and premises. The terms of lease do not include restrictions of the activities of the Group and the Company in connection with the dividends, additional borrowings or additional lease agreements. In 2018 the lease expenses of the Group and the Company amounted to EUR 67 thousand and EUR 63 thousand respectively (in 2017, EUR 63 thousand and EUR 62 thousand respectively).

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

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

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

26 Employee related liabilities

	Group		**Company**	
	As at 31 December 2018	**As at 31 December 2017**	**As at 31 December 2018**	**As at 31 December 2017**
Provisions for holliday payment	473	469	425	435
Sallaries payable	-	282	-	253
Social tax payables	204	239	171	213
Personal Income tax paybales	-	55	-	51
Other	194	214	194	214
	871	**1,259**	**790**	**1,166**

27 Profit tax and other current liabilities

	Group		**Company**	
	As at 31 December 2018	**As at 31 December 2017**	**As at 31 December 2018**	**As at 31 December 2017**
Other taxes	15	23	15	18
Other payables and accrued expenses	160	184	158	179
	175	**207**	**173**	**197**

28 Basic and diluted profit (loss) per share

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

	Group		**Company**	
	2018	**2017**	**2018**	**2017**
Weighted average number of ordinary shares	39,622	39,622	39,622	39,622

(all amounts are in EUR thousand unless otherwise stated)

Net profit (loss) for the year, attributable to the shareholders of Company	822	(12,699)	266	(12, 594)
Basic profit (loss) per share, in EUR	**0.02**	**(0.32)**	**0.01**	**(0.32)**

29 Financial instruments

Overview

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

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

Credit risk

As at 31 December 2018 and 2017, the maximum exposure to credit risk is represented by the carrying amount of each financial asset, consequently, the Group's and the Company's management considers that its maximum exposure is reflected by the amount of loans receivable from related parties, trade and other receivables, net of impairment allowance, and the amount of cash and cash equivalents recognised at the date of the statement of financial position. Credit risk or risk that a counterparty will not fulfil its obligations, is controlled by credit terms and monitoring procedures, using services of external credit insurance and debt recovery agencies.

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

	Group		**Company**	
	As at 31 December 2018	**As at 31 December 2017**	**As at 31 December 2018**	**As at 31 December 2017**
Loans receivable from related parties	-	-	-	-
Trade receivables	5,748	5,721	5,628	5,606
Cash and cash equivalents	354	508	336	455
	6,102	**6,229**	**5,964**	**6,061**

As at 31 December 2018, as at 31 December 2017, the main part of the loans granted consists of the loan granted to intermediate shareholder. Recoverability of the loan is described in Note 14.

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

	Group				**Company**			
	2018	**%**	**20176**	**%**	**2018**	**%**	**2017**	**%**
Client 1	1,049	15	890	13	1,049	16	890	13
Client 2	507	8	627	9	507	8	627	10
Client 3	367	5	390	6	367	6	390	6
Client 4	273	4	371	5	273	4	371	6
Client 5	236	4	285	4	236	4	285	4
Client 6	228	3	230	3	228	3	230	3
Client 7	216	3	229	3	216	3	229	3
Other clients	3,949	58	3,767	57	3,732	56	3,606	55
Impairment	(1,077)		(1,068)		(980)		(1,022)	
Total	**5,748**	**100**	**5,721**	**100**	**5,628**	**100**	**5,606**	**100**

(all amounts are in EUR thousand unless otherwise stated)

Trade receivables according to geographic regions:

	Group		**Company**	
	2018	**2017**	**2018**	**2017**
Western Europe	2,345	2,246	2,306	2,246
Central Europe	1,028	1,197	1,028	1,197
Ukraine	962	1,092	962	1,092
Lithuania	989	589	908	474
Other CIS countries	264	326	264	326
Other Baltic States	91	121	91	121
Russia	69	137	69	137
Other	-	13	-	13
	5,748	**5,721**	**5,628**	**5,606**

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

In 2018, 38.9% and 41.9% of sales of the Group and the Company respectively were directed to Western Europe (in 2017, 35.9% and 36.8% of sales respectively) and 16% and 17.4% were directed to Ukraine (in 2017, 19.3% and 19.8% of sales respectively). As at 31 December 2018, the Group's and the Company's amounts receivable for items sold in Western Europe and Ukraine, less impairment losses were equal to EUR 2,345 thousand and EUR 2,306 thousand, and EUR 961 thousand and EUR 962 thousand in Ukraine respectively (as at 31 December 2017, EUR 2,246 thousand and EUR 2,246 thousand and Ukraine 1,092 ir 1,092 respectively).

Although management considers that it takes all necessary measures under current circumstances to maintain stable business of the Group and the Company, the persistent instability of business environment could unpredictably affect the performance of the Group and the Company and their financial position. As at 31 December 2018, having assessed the risks, the Group and the Company recognised impairment allowance of EUR 1,077 thousand and 980 thousand for receivables (as at 31 December 2017 EUR 1,068 thousand and 1,022 thousand). These financial statements reflect the current management's estimate related to the effect of the business environment on the Group's and the Company's activities and financial position. The future business environment might differ from the management's estimates.

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 30

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 2,900 thousand as at 31 December 2018 (EUR 2,926 thousand as at 31 December 2017) were insured with credit insurance by Atradius Sweden Kreditförsäkring Lithuanian branch. Trade receivables from Ukraine, Moldova, Russia and other CIS countries were not insured.

The delay analysis of trade receivables, less impairment losses, as at 31 December 2018 and 2017 is as follows:

Group

		Trade receivables past due but not impaired					
	Trade receivables neither past due nor impaired	**Less than 30 days**	**30–60 days**	**60–90 days**	**90–120 days**	**More than 120 days**	**Total**
2018	4,397	987	181	106	16	61	5,748
2017	4,216	1,283	131	19	9	63	5,721

(all amounts are in EUR thousand unless otherwise stated)

Company

		Trade receivables past due but not impaired					
	Trade receivables neither past due nor impaired	**Less than 30 days**	**30–60 days**	**60–90 days**	**90–120 days**	**More than 120 days**	**Total**
2018	4,378	938	151	104	14	43	5,628
2017	4,195	1,250	99	13	2	47	5,606

Liquidity risk

The Group's and the Company's policy is to maintain sufficient cash and cash equivalents by using cash flows statements with liquidity forecasting for future periods. The statement comprises predictable operating cash flows and effective planning of cash utilisation. The Group's liquidity (total current assets / total current liabilities) and quick ((total current assets - inventory) / total current liabilities) ratios as at 31 December 2018 were 0.58 and 0.39 respectively (0.57 and 0.35 as at 31 December 2017 respectively). The Company's liquidity and quick ratios as at 31 December 2018 were 0.53 and 0.35 respectively (0,56 and 0.34 as at 31 December 2017, respectively). Decrease of these rations is mainly related to bank loan reclassification (Note 23).

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

The table below summarises the maturity profile of the financial liabilities as at 31 December 2018 and 2017 based on contractual undiscounted payments.

Group

	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**More than 5 years**	**Total**	**Carrying amount**
Interest bearing loans and borrowings	9,623	37	112	367	-	10,139	10,139
Trade and other payables	2,474	4,969	65	-	-	7,508	7,508
Guarantees issued	-	-	-	-	-	-	-
Balance as at 31 December 2018	**12,097**	**5,006**	**177**	**367**	**-**	**17,647**	**17,647**
Interest bearing loans and borrowings	9,884	67	201	497	-	10,649	10,649
Trade and other payables	3,368	4,362	42	-	-	7,772	7,772
Guarantees issued (Note 30)	-	-	-	-	-	-	
Balance as at 31 December 2017	**13,252**	**4,429**	**243**	**497**	**-**	**18,421**	**18,421**

(all amounts are in EUR thousand unless otherwise stated)

Company

	On demand	Less than 3 months	4 to 12 months	1 to 5 years	More than 5 years	Total	Carrying amount
Interest bearing loans and borrowings	9,623	30	90	313	-	10,056	10,056
Trade and other payables	2,500	4,953	66	-	-	7,519	7,519
Guarantees issued	-	-	-	-	-	-	-
Balance as at 31 December 2018	**12,123**	**4,983**	**156**	**313**	**-**	**17,575**	**17,575**
Interest bearing loans and borrowings	9,884	60	180	413	-	10,537	10,537
Trade and other payables	3,348	4,444	42	-	-	7,834	7,834
Guarantees issued	-	-	-	-	-	-	-
Balance as at 31 December 2017	**13,232**	**4,504**	**222**	**413**	**-**	**18,371**	**18,371**

The presentation of interest bearing loans and borrowing were restated by the Group and the Company due to regulator requirements. The loans were presented as payable on demand.

The interest payments on variable interest rate loans in the table above are calculated based on the average market interest rates at the period end, and these amounts may change as market interest rates change. The guarantees granted as at 31 December 2018 are disclosed in more detailed in Note 30.

Interest rate risk

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

As at 31 December 2018 and 2017 the Group and the Company did not use any financial instruments to hedge against interest rate risk.

Sensitivity of Group and Company profit before taxes with respect to possible interest rate movements is not substantial. Other effect to Company and Group equity is not possible except via profit.

Foreign exchange risk

Following the adoption of the euro on 1 January 2015, foreign exchange risk decreased because most of income is earned in euro by the Group and the Company. There were no derivative foreign currency transactions made in 2018 and 2017.

Monetary assets and liabilities of the Group denominated in various currencies as at 31 December 2018 and 2017 were as follows:

	2018		2017	
	Assets	Liabilities	Assets	Liabilities
EUR	6,062	17,638	6,171	18,418
USD	40	9	55	2
Other	-	-	3	-
Total	**6,102**	**17,647**	**6,229**	**18,420**

Monetary assets and liabilities of the Company denominated in various currencies as at 31 December 2018 and 2017 were as follows:

	2018		2017	
	Assets	Liabilities	Assets	Liabilities
EUR	5,923	17,565	6,006	18,369
USD	40	9	55	2
Total	**5,963**	**17,574**	**6,061**	**18,371**

Capital management

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

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

The Company is obliged to keep its equity not lower than 50% of its share capital, as imposed by the Law on Companies of the Republic of Lithuania. As at 31 December 2018 and 2017 the Group and the Company complied with this requirement.

Fair value of financial instruments

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

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

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

30 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.
In 2013 the Company had a heating power purchase agreement; based on the agreement, the Company is obliged, for the 10-year period, to purchase 6,000 Kwh of heating power each year. If the Company fails to purchase the agreed quantity of power or in case of agreement termination, the fine from EUR 579 thousand in the first year of the agreement to EUR 58 thousand in the tenth year of the agreement shall be imposed. The Company complied with its contractual liabilities.

On December 19, 2017 the Company issued guarantee letter for daughter company Almecha liability of contract advance payment insurance. The contract covers production of manufacturing line, same as several ones before. Moreover, Almecha is fully capable to cover these losses if such occur, so probability of having to cover this guarantee is very low. Maximum liability amount – EUR 466 thousand, guarantee is valid until 1 January 2019. No claims under this guarantee were received until report issue.

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 (Note 32). Therefore, the Company has appealed against it to the Supreme Administrative Court of Lithuania, which confirmed this appeal for process on 20 November 2018.

31 Related party transactions

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

The controlling parties of the Group during 2018 and 2017 were as follows:

(all amounts are in EUR thousand unless otherwise stated)

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 2018 and 31 December 2017 the Group has not formed any impairment allowances for doubtful debts, related to receivables from related parties for sales and provided services. 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 over the year:

	2018				**20176**			
	Loans received	**Interest expenses**	**Loans granted**	**Interest income**	**Loans received**	**Interest expenses**	**Loans granted**	**Interest income**
Companies, controlled by ultimate shareholders	-	-	-	-	-	-	-	-
Controlling parties	-	-	-	451	-	-	901	588
	-	**-**	**-**	**451**	**-**	**-**	**901**	**588**

2018

	Purchases	**Sales**	**Receivables**	**Payables**
Companies, in 2017 controlled by ultimate shareholders	1,440	24	4	171
Controlling parties	-	-	-	-
Total	**1,440**	**24**	**4**	**171**

2017

	Purchases	**Sales**	**Receivables**	**Payables**
Companies, controlled by ultimate shareholders	1,087	-	6	277
Controlling parties	-	-	-	-
Total	**1,087**	**-**	**6**	**277**

Related party transactions

The Company's transactions carried out with subsidiaries:

	Purchases		**Sales**	
	2018	**2017**	**2018**	**2017**
Subsidiaries	188	224	113	111

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.

(all amounts are in EUR thousand unless otherwise stated)

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

	2018	**2017**
Non-current receivables		
Subsidiaries	-	-
Total non-current receivables	**-**	**-**
Current receivables		
Subsidiaries	28	27
Total current receivables	**28**	**27**

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

	Receivables from subsidiaries and granted loans neither past due nor impaired	**Receivables from subsidiaries and granted loans past due but not impaired**					
		Less than 30 days	**30–60 days**	**60–90 days**	**90–120 days**	**More than 120 days**	**Total**
2018	28	-	-	-	-	-	28
2017	27	-	-	-	-	-	27

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

	2018	**2017**
Subsidiaries	**168**	**105**

Remuneration of the management and other payments

Remuneration of the Group management amounted to EUR 946 thousand (23 employees) during the twelve months of 2018, in 2017 - EUR 1,087 thousand (23 employees). The management of the Group did not receive any other loans, guarantees; no other payments or property transfers were made or accrued.

32 Regulatory oversight actions regarding Company's and Group's compliance with IFRS

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 207,250.00 (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 30).

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" , 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 circumstancies, not depending on Company. Later in 2019, this term was prolonged till 30 June 2019.

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 ecxact available view of the situation in the market and business sector. Dividends were paid in 2017, ehich was in line with estimations before. But in second half of 2017, new circumstancies 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 meterials increase extermely high and unfavourable market position, which leaded 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 necessarry action to make this process clear and lawfull. No loss was directly covered from ravaluation 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 Supervisory Service of the Bank of Lithuania on compliance with IAS 16, 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 discussins with the Supervision Service of the Bank of Lithuania, Company once more addressed other notary to 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 Comapny interests. The Management of the Company believes all procedures vere done correcly vithout 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 sharehoder, 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 evaluaet them. There were no any claims against such actions, except regulator decision. Company truly believes, that all actions were in line with interests od 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.

(all amounts are in EUR thousand unless otherwise stated)

33 Going concern

According to the additional agreement with Bank of 5 October 2018 (clause 23), the schedule of credit return of the related parties (clause 14) is fulfilled partially. From 31 January 2019 till 18 April 2019 133 thous. Eur were returned instead of 844 thous Eur. Despite the facts, that the Company informs the bank about all actions and gives all required information, and the Bank has not issued any claims or demands till this report issue date, under this aditional agreement terms due to credit return schedule violation the Company can be forced to return to the bank 1853 thous. Eur instead of 315 thous. Eur in 2019. Even though violation of credit return schedule was resulted by better than planned investment financing terms negotiation with machinery suppliers, and the Company has positive cash flow from primary activities, possible unexpected demand of the bank to return 1853 thous. Eur in 2019 may be significant uncertainty for going concern, if the required amount of cash will be accumulated on time and in required amount.

34 Subsequent events

Up to this report issue date, there were no significant events after the reporting period end.

General Director	Gediminas Čeika		18 April 2019
Financial Director	Mindaugas Sologubas		18 April 2019

SNAIGĖ

Consolidated annual report 2018

Table of Contents

1 GENERAL INFORMATION ABOUT AB SNAIGĖ

1.1 Accounting period of the annual report-prospectus

The annual report-prospectus has been prepared for the year 2018.

1.2 The basic data about the Company

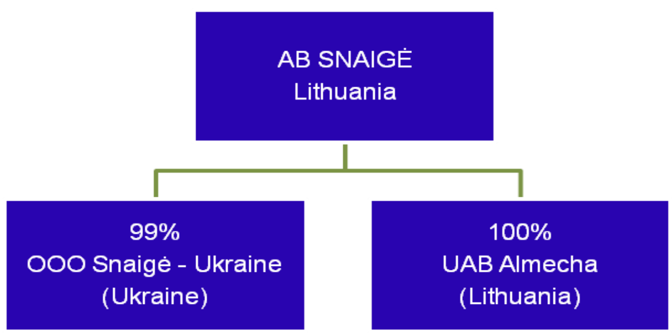
The name of the Company – AB SNAIGĖ (hereinafter referred to as the Company)
Authorised capital as of 31 December 2016 – EUR 11,886,718.50
Address – Pramonės str. 6, LT-62175 Alytus
Phone – (315) 56 206
Fax – (315) 56 207; (315) 56 269
E-mail – snaige@snaige.lt
Internet web-page – http://www.snaige.lt
Legal organisation status – legal entity, public limited company

Registered as a Public Enterprise of the Republic of Lithuania on 1 December 1992 in the Municipality Administration of Alytus; registration number AB 92-119; enterprise register code 249664610. The latest Articles of Association of AB Snaigė were registered on 20 December 2016 in Alytus Department of the Register of Legal Entities of the Republic of Lithuania.

1.3 The type of the Company's main business activities

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

1.4 The Company's company group structure



1.4.1. The Company's subsidiaries

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

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

1.5. Information about the Company's offices and affiliates

The Company has no offices and affiliates.

1.6 Short history of the Company's activities

- 1963 - The Company produced it's first 25 refrigerators.
- 1968 - New plant started its operations.
- 1975 – Over 1 million refrigerators manufactured by this year;
- 1983 – The Company started export to foreign countries.
- 1990 – The Company has come under the control of the Republic of Lithuania;
- 1992 – The Company has been privatised and registered as a public limited liability the Company;
- 1995 – The Company was retooled. Use of Freon in the manufacture of refrigerators is discontinued. All the Company's products are manufactured only from ecologically clean materials;
- 1997 – The Company has achieved ISO 9001 certification for implementing international quality management standards;
- 2000 –The Company's quality management system was successfully re-certified for ISO 9001;
- 2001 – The Company has achieved ISO 14001 certification for implementing an environmental management system; 2002 – The Company started to produce a refrigerator with R600a environmentally friendly refrigerant;
- 2002 – Started A + energy efficiency refrigerator production;
- 2002 – Snaigė become EU project "Energy +" participant;
- 2003 - A + Grade energy efficiency fridge Snaigė RF310 won the LCI contest "Product of the Year" Gold Medal;
- 2004 – The Company opened its new plant in Kaliningrad;
- 2006 – The Company acquired 100% of the capital of the Russian wholesale and retail Company Liga Service;
- 2006 - Snaigė has made its 10 millionth refrigerator. The Company exported its producs to more than 40 countries around the world;
- 2006 - Display-Cooler Snaigė CD480 awarded by golden medal in annual competition "Lithuanian product of the Year".
- 2007 – Snaigė Alytus plant started serial production of new line models "Snaigė ICE LOGIC" production;
  2007 - Snaigė recognised as the most innovative Lithuanian Company. New line Ice Logic has won a national competition "Innovation Prize 2007" award. Refrigerators assess "Innovative product" category;
- 2007 - The Company's environmental management system ISO 14001 successfully certificated;
- 2007 - Refrigerator Snaigė ICE LOGIC RF34SH A+ awarded "Product of the Year" gold medal;
- 2008 - Snaigė ICE LOGIC RF31SM A+ was assesed as the "Product of the Year" and awarded a gold medal;
  2008 - Snaigė awarded for "Innovation Award";
- 2009 - The loss of production and devaluation of the ruble conditioned to close the Company's factory in Kaliningrad;
- 2010 - Refrigerator Snaigė ICE LOGIC RF34SM A++ awarded by golden medal in annual competition "Lithuanian product of the Year".
- 2011 - Refrigerator Snaigė ICE LOGIC Glassy RF34SM A++ awarded by golden medal in annual competition "Lithuanian product of the Year".
- 2013 - Snaigė received the Lithuanian Exporter of the Year Award.
- 2013 - Snaigė won within category „The Innovative company" and was awarded with the „Innovation Prize 2013".
- 2013 - Snaigė ICE LOGIC Glassy "Side by side" refrigerator C 29SM - freezer F 22SM A++ is awarded by golden medal in annual competition "Lithuanian product of the Year".
- 2014 - Refrigerator Snaigė NO FROST RF34 awarded by golden medal in annual competition "Lithuanian product of the Year".
- In September 2015, the Company attended the international trade show for home appliances IFA 2015 in Berlin where it presented its latest products. SNAIGĖ's stand attracted much interest from both the attendees of the trade fair and the potential clients. What is more, a fridge upholstered in faux crocodile leather raised great interest from the journalists of the international newspaper and portal USA TODAY.
- In 2015, the Company launched a new commercial display fridge CD40.
- In 2015, AB Snaigė launched its trading operations and successfully positioned itself in Norway, Sweden, Israel, Georgia and Azerbaijan.
- In 2015, the Company introduced its customers to a few new and unique products: luxurious double fridge-freezers with glass surface doors RF34TWINS and a single-door fridge C31 welcomed by the buyers in France and across the Scandinavian countries, along with new products: cooler C 31 and freezer F 27 combination with glass surface doors.

- In 2015, existing fridges had enhancements: electronic controls in SNAIGĖ Ice Logic fridge-freezers, introduced.
- In 2015, the mass production of fridges with a freezer at the bottom RF31/RF36 A++ with partial NO FROST system was launched.
- In 2015, the design of the Young and the Premium refrigerators was implemented for Polish manufacturer AMICA.
- In 2016, AB Snaigė fridges climbed to the top of the Lithuanian market. The Company had an 18% share of the refrigerator market.
- In 2016, the Company launched its export operations to Jordan.
- In 2016, the Company launched its cooperation with one the major Czech home appliance retail chain FAST.
- In 2016, the Company’s products were presented in three trade shows in the Czech Republic held by the Company’s trade partners.
- In 2017, AB Snaigė developed two new refrigerator design lines SNAIGĖ Fresh Inn and SNAIGĖ Retro and prepared them for mass production.
- In 2017, AB Snaigė took part in a trade show for home appliances in the Czech Republic.
- In 2017, the Company began trading in Belarus.
- In 2018, the Company's business was repeatedly awarded the ISO 9001 certificate.
- In 2018, the mass production of the new design lines SNAIGĖ Fresh INN and SNAIGĖ Retro was launched.
- In 2018, Snaigė's own stand was opened in a store owned by the Bulgarian home appliance chain Technolopis.

1.7 Mission. Vision. Values.

Mission

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

Vision

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

Values

Open minded Trustworthy Teamwork Flexibility

1.8 List of the most important events in 2018

- SNAIGĖ RETRO design line supplemented by new models – FR275, the height of 172.5cm, and R 130, the height of 88.5cm.
- Production of vertical glass door refrigerators CD40 supplemented by a refrigerator of new modification with an electronic controlling.
- Glass door refrigerator CD480 was modernized by installing LED lighting.
- A new modification to the C31SG refrigerator with an electronic controlling and a dynamic cooling system.
- The company started exporting its products to the following new markets – Slovenia, Morocco, Egypt, and Turkey.

(all amounts are in EUR thousand unless otherwise stated)

2. AB SNAIGĖ GOVERNANCE AND MANAGEMENT

2.1 The Company's Management bodies

2.1.1 Management bodies

Management bodies:

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

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

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

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

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

2.1.2 Legal basis of the Company's operations

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

2.2 Corporate governance bodies

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

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

(all amounts are in EUR thousand unless otherwise stated)

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

Participating in other companies activities and interests (31 December 2018):

Name	Name of organisation, position	Share of the capital and votes available in other companies, in percentage
Aleksey Kovalchuk	Does not participate in other Lithuanian companies activities and interests	-
Oleg Tsarkov	Does not participate in other Lithuanian companies activities and interests	-
Mikhail Stukalo	Does not participate in other Lithuanian companies activities and interests	-
Anna Kovalchuk	Does not participate in other Lithuanian companies activities and interests	
Konstantin Kovalchuk	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 member of the board	
	UAB Verslo Architektūra Managing Director	100%

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

Name	Education, qualification	Workplaces and positions during the recent 10 years
Aleksey Kovalchuk	Finance Academy of the Government of the Russian Federation, Moscow	Federal Agency for Construction, Housing and Utilities. 2009 – 2013 OAO Polair, General Director. ZAO Polair-Nedvizhimost General Director.
Gediminas Čeika	Vilnius University, economy informatics and automated management systems, engineer-economist qualification	From January 2008 – AB Snaigė Managing Director. 2005 12 – 2008 01 – AB Snaigė Sales Director.
Mindaugas Sologubas	Stockholm School of Economics in Riga, Bachelor in Economics and Business Vytautas Magnus University, Master in Finance and Banking	From September 2014 – AB Snaigė Chief Financial Officer. From August 2013 – UAB Verslo Architektūra Managing Director. 2011 10 – 2013 07 – LIGIRS ZAO Managing Director, Nikolaev, Ukraine. 2008 06 – 2011 10 UAB GRANEX Chief Financial Officer.

(all amounts are in EUR thousand unless otherwise stated)

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

NAME	Start date of the office term	End date of the office term
BOARD		
Aleksey Kovalchuk	14/12/2011	Until 2019 the General Meeting of Shareholders
Oleg Tsarkov	30/04/2015	Until 2019 the General Meeting of Shareholders
Svetlana Ardentova	30/04/2013	Until 30/04/2018
Nataliia Sukhanova	25/04/2017	Until 26/04/2018
Natalia Tsvetkova	25/04/2017	Until 30/04/2018
Mikhail Stukalo	30/04/2018	Until 12/03/2019
Anna Kovalchuk	30/04/2018	Until 2019 the General Meeting of Shareholders
Konstantin Kovalchuk	30/04/2018	Until 2019 the General Meeting of Shareholders
ADMINISTRATION (Managing Director and Chief Accountant)		
Gediminas Čeika	03/01/2008	Term less agreement
Mindaugas Sologubas	23/09/2014	Term less agreement

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

There is no such information.

2.2.6 Information about benefits and loans granted to governing bodies

No benefits and loans granted to governing bodies in 2018.

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

During 2018 no salaries were paid to the board members.

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

No such payments were made during the accounting period.

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

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

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

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

(all amounts are in EUR thousand unless otherwise stated)

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

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

2.3 The Company's group's management structure

Gediminas Čeika – managing director.

Kęstutis Urbonavičius – technical and production director.

Mindaugas Sologubas – finance director.

Rūta Petrauskaitė – marketing director.

2.4 Procedures of changing the Company's articles of association

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

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

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

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

3 AB SNAIGĖ AUTHORISED CAPITAL, SHAREHOLDERS, INFROMATION ABOUT SECURITIES

3.1 Issuer's authorized capital

3.1.1 The authorized capital registered in the enterprise register

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

3.1.2 Changes in authorized capital during the last 5 years

Registration of changed authorized capital	The size of the authorized capital before the change	Change	Reason for change	The size of the authorized capital after the change
26/05/2015	39,622,395.00 LTL		Euro introduction	11,490,494.55 EUR
10/11/2016	11,490,494.55 EUR	+ 3,566,015.55	The increase of the authorised capital by increasing nominal value from revaluation reserve	15,056,510.10 EUR
20/12/2016	15,056,510.10 EUR	- 3,169,791.60	The reduction of the authorised capital by reducing nominal value for the purpose of eliminating the loss in the statement of financial position	11,886,718.50 EUR

(all amounts are in EUR thousand unless otherwise stated)

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

There are no issued debts or secondary securities.

3.2 Shareholders

3.2.1 Largest shareholders

4.22 per cent of the authorized capital of the Company is owned by the companies registered in Lithuania and individuals, 95.78 per cent non-residents. As of 31 December 2018, the number of the Company's shareholders comprised 864 (as of 31 December 2017 – 863). The major shareholder of the Company – Sekenora Holdings Limited which controls 91.10 % of shares.

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

<table>
<tr><th rowspan="3">Names (company names, addresses, enterprise register codes) of the shareholders</th><th colspan="2">Amount of the ordinary registered shares available, in pcs.</th><th colspan="5">Share of the authorized capital and votes available, in percentage</th></tr>
<tr><th rowspan="2">Total</th><th rowspan="2">incl. the ones owned by the sharehold er</th><th colspan="2">Total</th><th colspan="2">incl. the ordinary registered shares owned by the shareholder</th><th rowspan="2">Total incl. the share of the entities group operating jointly, in percentage</th></tr>
<tr><th>share of the votes</th><th>share of the capital</th><th>share of the appointed votes</th><th>share of the capital</th></tr>
<tr><td>Sekenora Holdings Limited, 32 Kritis str., Papachristoforou Building, Cyprus, HE371000</td><td>36,096,193</td><td>36,096,193</td><td>91.10</td><td>91.10</td><td>91.10</td><td>91.10</td><td>-</td></tr>
</table>

3.2.2 Shareholders with special control rights

There are no shareholders with special control rights.

3.2.3 Restrictions of shareholders voting rights

All the shareholders have equal voting rights.

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

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

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

3.3.1 Securities included in the trading lists of regulated markets

39,622,395 ordinary registered shares of AB Snaigė are included into the Secondary trading list of the NASDAQ OMX Vilnius Stock Exchange. The total nominal value of the shares is EUR 11,886,718.50. The VP CD (Securities Central Depositary) number is 10927. The nominal value of a share was EUR 0.30.

(all amounts are in EUR thousand unless otherwise stated)

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

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

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

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

3.3.2.1 Trade on NASDAQ OMX Vilnius stock exchange

Trade in the Company's shares during 2015–2018 (EUR)

Price	2015	2016	2017	2018
Open	0.402	0.301	0.255	0.24
High	0.45	0.328	0.36	0.28
Low	0.251	0.2	0.222	0.121
Last	0.301	0.255	0.287	0.13
Traded volume	91,117	98,471	350,886	196,152
Turnover, million	0.03 EUR	0.03 EUR	0.1 EUR	0.04 EUR
Capitalisation, million	11.93 EUR	10.1 EUR	11.37 EUR	5.15 EUR

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

http://www.nasdaqbaltic.com/market/?instrument=LT0000109274&list=3&pg=details&tab=historical&currency=0&downloadcsv=0&date=&lang=en&start=01.01.2014&end=31.12.2018

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

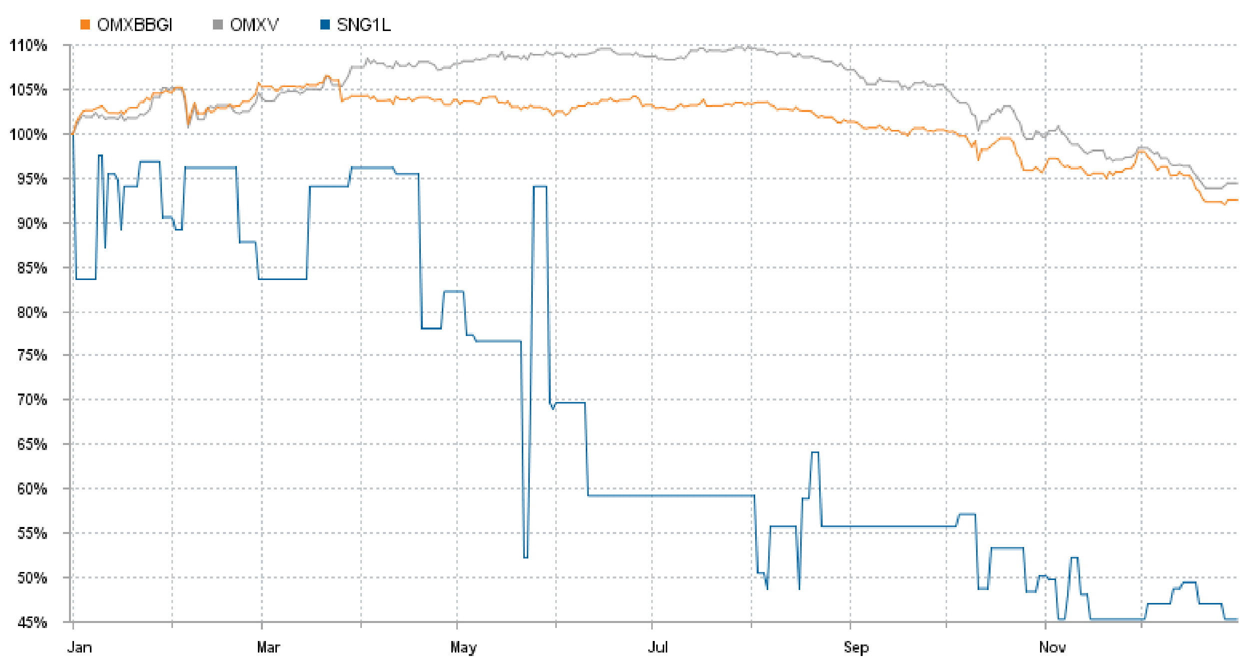
The price of share during the reporting year (information from AB NASDAQ OMX Vilnius webpage):

http://www.nasdaqbaltic.com/market/?instrument=LT0000109274&list=3&pg=details&tab=historical&currency=0&downloadcsv=0&date=&lang=en&start=01.01.2018&end=31.12.2018

The share prices graphs of OMX Baltic Benchmark, OMX Vilnius indexes and AB Snaigė for the period from 31 December 2017 until 31 December 2018 are presented below. The information is from AB NASDAQ OMX Vilnius webpage:

http://www.nasdaqbaltic.com/market/?pg=charts&lang=en&idx_main%5B%5D=OMXBBGI&idx_main%5B%5D=OMXV&add_index=OMXBBPI&add_equity=LT0000109274&idx_equity%5B%5D=LT0000109274&period=other&start=31.12.2017&end=31.12.2018

Baltic Market indexes



(all amounts are in EUR thousand unless otherwise stated)

Index/Equity	31/12/2017	31/12/2018	+/-%
OMX Baltic Benchmark GI	944.09	873.81	-7.44
OMX Vilnius	653.29	616.9	-5.57
SNG1L	0.287 EUR	0.13 EUR	-54.7

3.3.2.2 Trade on other regulated markets

The securities are not traded on other regulated markets.

3.3.3 Capitalization of securities

The capitalization of AB Snaigė shares and shares listed in AB NASDAQ OMX Vilnius on the last trade dates during the period 2015–2018.

Baltic equity list	2018	2017	2016	2015
Capitalization, million	5.15 EUR	11.37 EUR	10.10 EUR	11.93 EUR

3.4 Information about the repurchase of own shares

During 2018 no repurchase of own shares was made. The Company had no own shares at the end of 2018.

3.5 Dividends

The Company does not have an established procedure for allocation of dividends. The General Shareholders' Meeting decides whether to pay dividends.

3.6 Contracts with public circulation of securities dealers

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

3.7 Restrictions on transfer of securities

There are no restrictions on the transfer of securities issued.

4 AB SNAIGĖ OPERATING REVIEW

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

Financial indicators for 2018–2016 are presented jointly.

(consolidated data):

	2018	2017	2016
Turnover (continuing operations), EUR thousand	37,572	39,202	39,817
Gross profit (continuing operations), EUR thousand	3,592	4,309	7,356
Net profit (loss) from continuing operations, EUR thousand	(523)	(13,265)	1,207
Net (loss) from discontinued operations, EUR thousand		-	-
Net profit (loss), EUR thousand	(523)	(13,265)	1,207
Average share price, EUR	0.181	0.284	0.270

Financial figures	**2018**	**2017**	**2016**
Profit before tax indicator, % (current year profitability of continuing operations)	-1.35 %	-34.29 %	3.96%
General mark-up (continuing operations), %	9.56 %	10.99 %	18.47%
EBITDA mark-up (continuing operations), %	5.77%	-29.44 %	8.96%
Solvency ratio, % (general short-term solvency)	57.85 %	57.32 %	144.76%
Debt to assets ratio, % (general debt ratio)	76.20 %	79.13 %	53.23%
Return on average shareholders' equity (continuing operations), %	-7.54%	-216.57 %	6.15%

Shares indicators	**2018**	**2017**	**2016**
Net profit per share (continuing operations), EUR	- 0.1	-0.33	0.03
Net loss per share (discontinued operations), EUR	-	-	-
Net profit per share (total), EUR	-0.1	-0.33	0.03
Average annual share market price, EUR	0.181	0.284	0.270
EBITDA per share (continuing operations), EUR	0,05	-0,29	0.09
EBITDA multiplier (EBITDA per share / Average annual share market price)	0.28	-1.02	0.33
Total dividends, EUR thousand	-	-	-
Dividends per share, EUR	-	-	-
Average net book share value (continuing operations), EUR	0.17	0.15	0.5

(all amounts are in EUR thousand unless otherwise stated)

4.2 Production

4.2.1 The Company's product portfolio

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

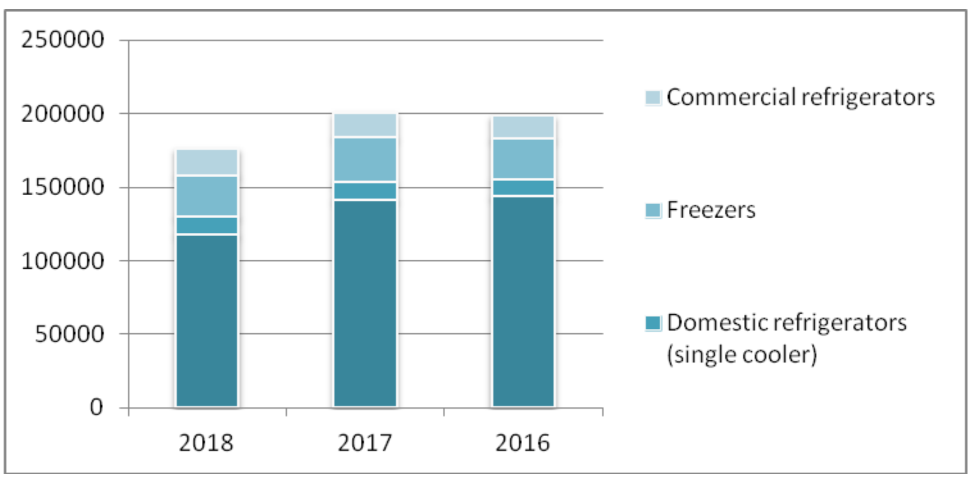
The Company produces various high quality models of household refrigerators, refrigerator-showcases, wine refrigerators, freezers and their spare parts.

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

In 2018, the Company mainly produced the combined refrigerators with separate external doors.

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

Type of activities	2018		2017		2016	
	units	%	units	%	units	%
Company's produced refrigerators sold, units	**176,165**	**100**	**200,633**	**100**	**198,496**	**100**
including:						
Combined refrigerators with separate external door	117,788	66.9	141,516	70.5	143,413	72.2
Domestic refrigerators (single cooler)	12,258	7.0	12,228	6.1	12,073	6.1
Freezers	28,100	15.9	30,029	15.0	27,482	13.8
Commercial refrigerators	18,019	10.2	16,860	8.4	15,528	7.8



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

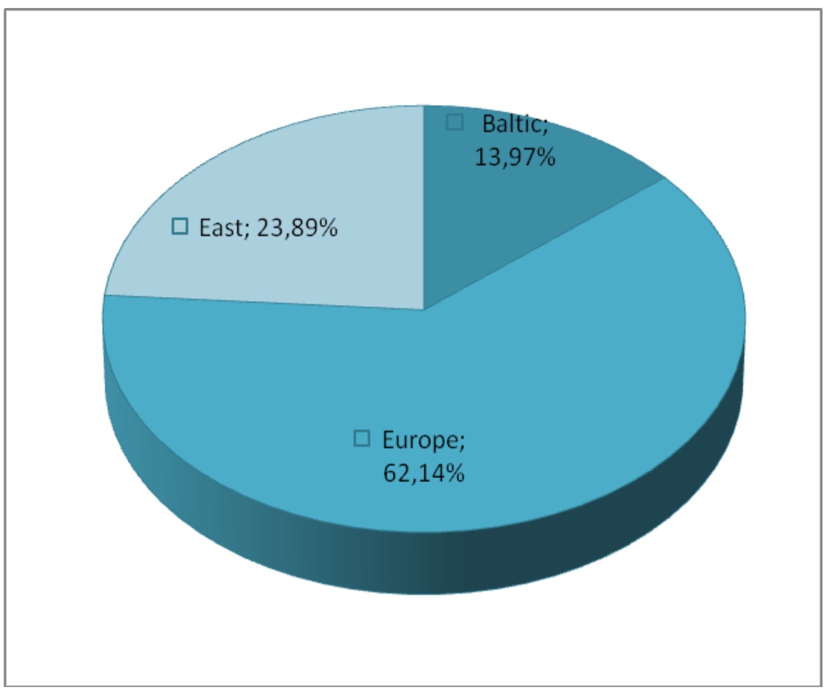
During the recent 3 economical years no termination or reduction of production volumes with a critical effect on the Company's performance occurred.

4.3 Sales

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

In 2018 AB Snaigė sold over 176 thousand refrigerators of its own production. Revenues from main production sales reached EUR 32.1 million, which is 10.5 per cent less as compared to the previous year sales. Sales on the European market accounted for the majority of sales revenue (62.14 per cent). Lower figures (23.89 per cent) were on the Eastern market. Lowest sales revenue (13.97 per cent) was on the Baltic market. Exports accounted for 88.7 per cent of total product sales, i.e. EUR 28.4 million.

Company's sales in 2018 (according to sales revenue):

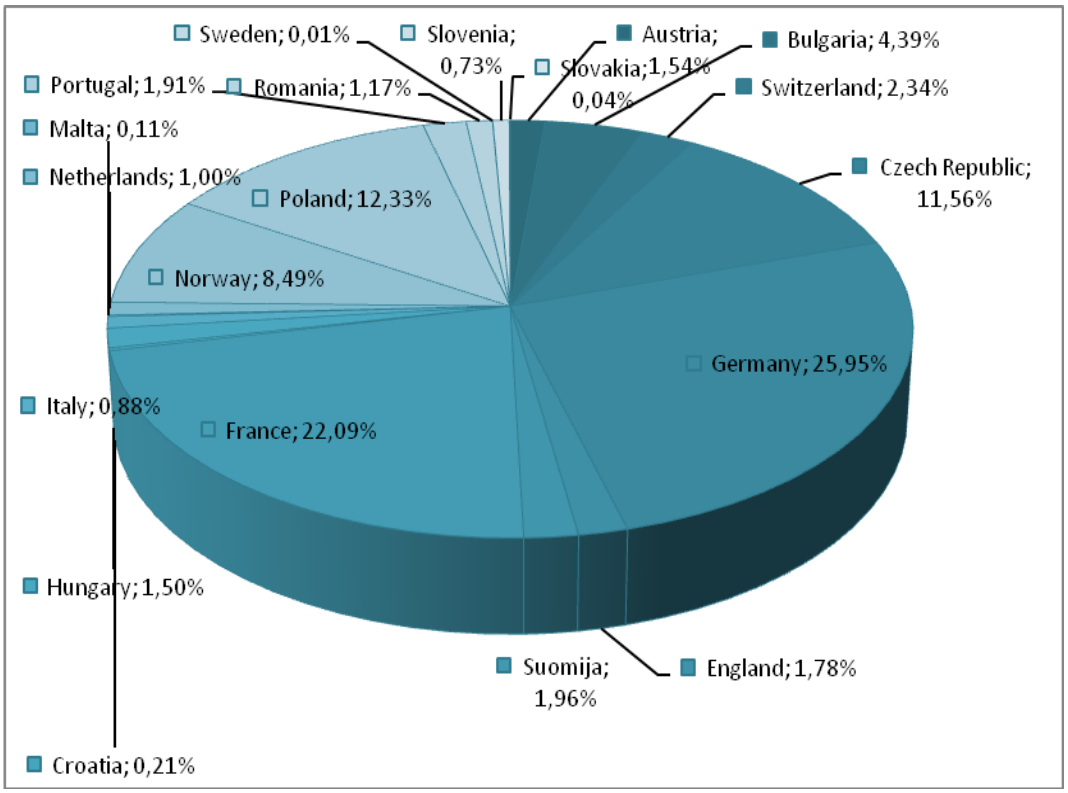


European market

On the European market AB Snaigė sales in 2018 were 107.1 thousand refrigerators and EUR 19.9 million in revenue. This is 1.4 per cent more than in revenue as compared to the previous year. The majority of production was sold and revenue generated on the German market (29 thousand pcs; EUR 5.2 million), French market (24 thousand pcs; EUR 4.4 million), Poland market (12.8 thousand pcs; EUR 2.5 million and Czech market (12.6 thousand pcs; EUR 2.3 million.
In Norway AB Snaigė sales in 2018 were 8.9 thousand refrigerators and EUR 1.7 million in revenue.

The long term partners Severin (Germany), Conforama (France), Orima (Portugal) are continuing successful relations with AB Snaigė.

Sales in the European market in 2018 (according to income):



Eastern market

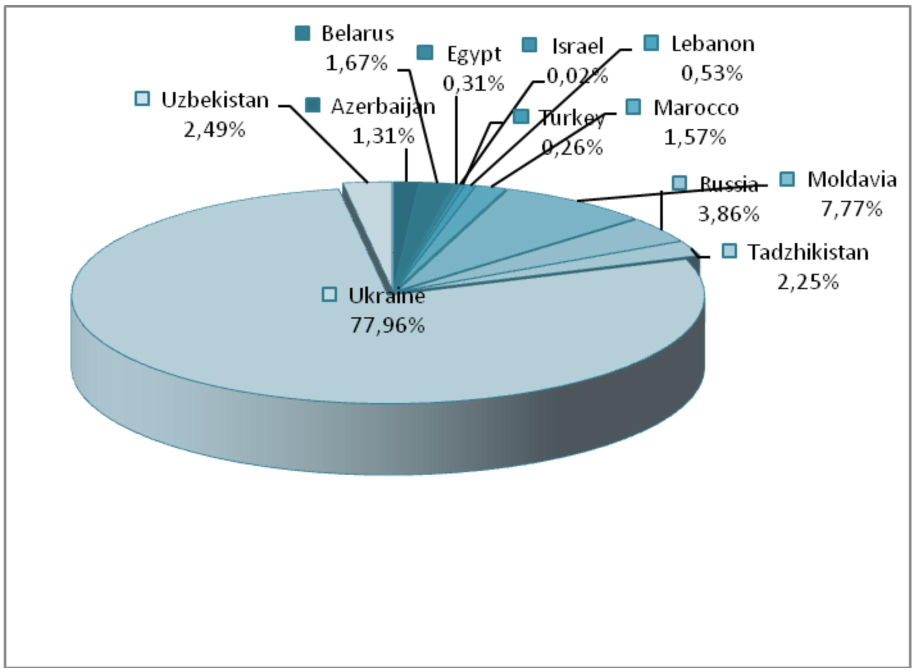
In 2018 the Company sold 45.4 thousand refrigerators on the Eastern market and earned EUR 7.7 million in sales revenue, i.e. 32 per cent less as compared to 2017.

The majority of production was sold and revenue generated to the Ukrainian customers (35.1 thousand pcs; EUR 5.97 million).

In 2018 AB Snaigė continued the development of trade connections with Azerbaijan, Belarus, Moldavia, Tajikistan and Uzbekistan. In 2018 the Company sold 7 thousand refrigerators and earned EUR 1.2 million in revenue.

In 2018 the Company established trade relations with Morocco, Egypt, Turkey, Israel.

Sales in the Eastern market in 2018 (according to sales revenue):



Baltic market

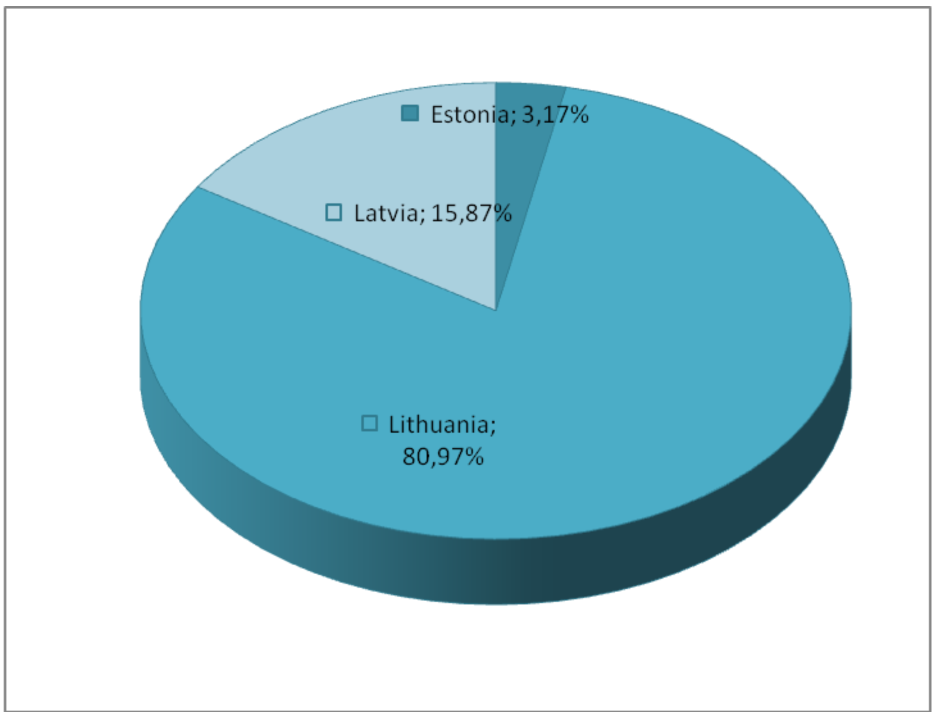
In 2018 AB Snaigė in the Baltic States market sold more than 23.7 thousand refrigerators and its income was EUR 4.5 million. This is 8.9 per cent less in revenue as compared to the previous year.
At the same period in Lithuania AB Snaigė sold 19.2 thousand refrigerators and got more than EUR 3.6 million income.

AB Snaigė coupled with a largest market share in 2018, at 18% of the entire market for refrigerators and freezers in Lithuania (based on the survey conducted by GFK).

In 2018 in Latvia AB Snaigė sold about 3.8 thousand refrigerators and its income comprised over EUR 0.7 million.

At the same period of time in Estonia, AB Snaigė sold 0.7 thousand refrigerators and got more than EUR 0.14 million.

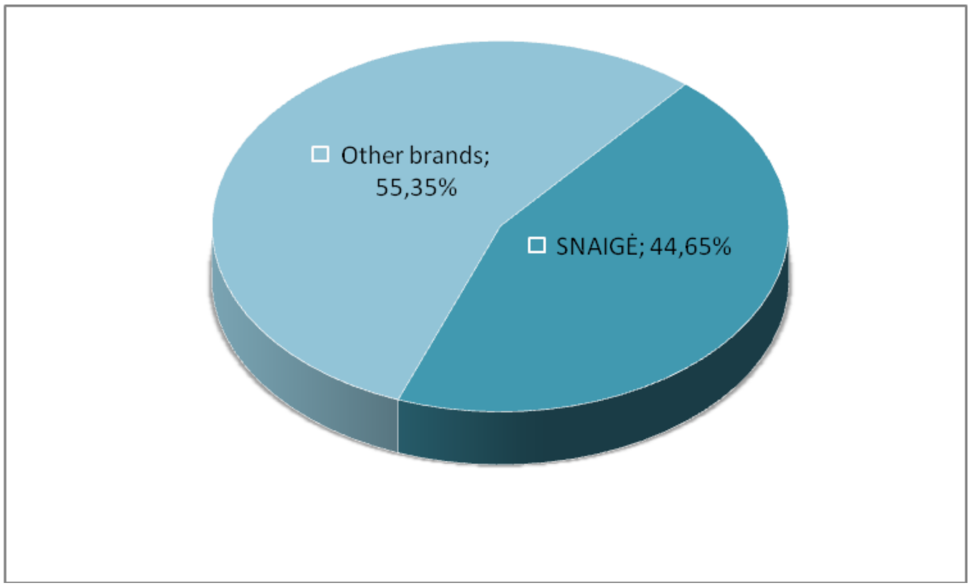
Sales in the Baltic market in 2018 (according to income):



SNAIGĖ brand portfolio

In 2018 the Company sold 44.65 percent of the products with its brand SNAIGĖ. Besides these, the Company produced refrigerators under other brands of trade partners and retail networks: FAR – SABA - CONFORAMA, the largest domestic appliance retail network in France, Amica, Bartscher, Bomman, Essentielt, COOL, KBS, Orima, Combisteel, EXQUISIT, Menumat, Point, ROMO, OK and Whirlpool.

The Company's brand portfolio in 2018 (according to income):



4.4 Supply

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

The strategic suppliers are the following: Nidec Global Appliance Germany GmbH, ITALIA Wanbao-ACC S.R.L., Jiaxipera compressor Co., Ltd., Donper group, Depsol Technologies SIA, ArcelorMittal Eisenhüttenstadt GmbH, Serwistal, Recubrimientos Plasticos S.A., Sintur Spolka z.o.o, Marcegaglia Poland Sp.z.o.o., Robertshaw s.r.o. Danfoss A/S, Lisiplast UAB, Hoda UAB, Profilita UAB, Baltijos polistirenas UAB, Liregus UAB., HSV Polska, Vilkritis UAB, KME Group, IMAT SpA, BVB Italia Srl, Elco E-Trade S.r.l., Cebi Luxembourg S.A, ebm-papst Landshut GmbH, Hydra a.s.

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

(all amounts are in EUR thousand unless otherwise stated)

4.5 Employees and human resource policy

4.5.1 The Company's human resource policy

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

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

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

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

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

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

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

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

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

4.5.2 The employees of the Company in 2016–2018 according to the personnel groups*:

Employees	2018			2017			2016		
	Amount	%	Average salary, EUR	Amount	%	Average salary, EUR	Amount	%	Average salary, EUR
Managers	22	3.6	2,577	23	3.5	2,530	22	3.3	2, 534
Specialists	94	15.4	967	99	15.1	941	98	14.7	892
Workers	494	81.0	590	535	81.4	573	546	82.0	523
In total:	**610**	**100**	**726**	**657**	**100**	**701**	**666**	**100**	**649**

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

Education level of the employees	2018		2017		2016	
	Amount	%	Amount	%	Amount	%
University education	109	17.9	114	17.4	111	16.7
Professional high school education	403	66.1	434	66.0	435	65.3
Secondary education	93	15.2	104	15.8	114	17.1
Uncompleted secondary education	5	0.8	5	0.8	6	0.9
Total:	**610**	**100**	**657**	**100**	**666**	**100**

4.5.4 The employees of the Company and its subsidiaries in 2016–2018 according to personnel groups*

Employees	2018		2017		2016	
	Amount	%	Amount	%	Amount	%
Managers	24	3.6	25	3.5	24	3.3
Specialists	107	16.0	112	15.7	114	15.6
Workers	538	80.4	578	80.8	594	81.1
Total:	**669**	**100**	**715**	**100**	**732**	**100**

*Average yearly data

4.6 Investment policy

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

	SNAIGĖ – UKRAINE	ALMECHA
Registration date, head-office address	Registration date: November, 2002. Address: Gruševskio str. 28-2a/43, Kiev, Ukraine	Registration date: November, 2006. Address: Pramonės str. 6, Alytus, Lithuania
Type of activities	Sales and marketing services	Production of other equipment and machinery
Share of the authorized capital available to AB Snaigė, %	99	100
Authorized capital (EUR)	5,235	398,978
Share of the authorized capital unpaid by the Company	Fully paid	Fully paid
2018 profit (loss) (EUR thousand)	-3	584

4.6.2 The most significant investment projects implemented in the last financial / economic year: types of investments, investment volumes, sources of investment financing, geographic distribution of investments

The total amount, spent for implementation of investment programs in 2018, was 451,11 thousand EUR.

Within the year 372,05 thousand EUR was spent on the development of new products and the preparation of their production. For 78,81 thousand EUR of this amount there was purchased and installed equipment and tools for a various applications in the production of new refrigerators. For the remaining 293,25 thousand EUR was developed a design and technological documentation for new projects.

The following new products were developed and launched within the year:

1. Series of refrigerators in „Retro“ style;
2. CD and C refrigerators with closing mechanism;
3. FR type refrigerators with glossy straps;
4. Wine refrigerator of „A“ energy class;
5. Freezer F100 with electronics.

It was allocated 2,57 thousand EUR in 2018 for the development of technologies, mastering of specifically important and effective new technological projects, improvement of work places. It was purchased and installed: a mobile booth for the work place of production quality control person, mechanically adjustable work desk "Ergos EM470", and some other tools.

14,20 thousand EUR was invested into the implementation of effective electricity and heat saving means: there was installed a heating system in Polyurethane foaming shop at the 1st cabinets foaming line.

18,88 thousand EUR were spent for the technical support of production, purchase of new equipment, tools and instruments, and for replacement of worn out ones, within the year. There were developed and manufactured 3 dies for production of metal parts, set of suspensions for painting of side panels of the freezer F27. There were bought some special devices for making laboratory tests, some other tools and instruments.

In addition, at the end of year, there was realized the I-st step of an important project – installation of the fire alarm system in production premises. It was invested for it 14,30 thousand EUR.

For improvement of the logistics and service area during the year 2018 was spent 1,95 thousand EUR, it was bought a new binding machine.

26,58 thousand EUR were used for upgrading the Company's computers, printers and software within the year. The most significant projects there were – the renewal of e-mail server and updating of the Office 2016 software.

A project „Investments into development of innovative refrigerators series“, which is implemented with support from the EU Structural Funds and which was started on April 2017, was also continued in 2018. The total planned cost of the project is 483.731,73 EUR, EU committed to finance up to 219.990,16 EUR. In the course of project, investing in research and experimental development activities, are created refrigerators, what will be characterized by high energy efficiency and other important features for consumers.

4.7 Environment protection

4.7.1 Environmental policy

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

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

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

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

- Comply with the effective legislative and other requirements applicable to the Company and related to the aspects of environmental protection;
- Include the consideration of environmental issues into the Company's operating strategy;

- Protect the environment focusing on the reduction of pollution, consumption of electric power in production and exploitation of refrigerators and coolers;
- Continually improve environmental performance;
- Increase our staff approach to environmental protection;
- Explain the importance of environmental protection policies to the employees and allow access to the policies to all stakeholders;
- Analyse the possibilities of impact on suppliers, clients and contractors, suggest them to implement environmental protection principles in their activities, protect the environment with regard to their aspects and life cycle of their operations.

4.7.2 Environmental report

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

The activities of the Company are regulated by environment protection management system, which complies with international ISO 14001 standard requirements. The system is working since 2001. The Company is currently recertified under international standard ISO 14001, version of 2015.

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

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

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

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

"Snaigė" refrigerators are manufactured from ecological materials which do not contain any harmful elements. For example, every plastic part of a refrigerator is marked (according to ISO 1043:1:1997), so that it can be reused one more time, recycled according to Directive 2002/96/EC describing electrical and electronic equipment waste requirements.

When designing and producing "Snaigė" refrigerators, the Company uses various means to reduce the harmful effect on the environment:

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

All the products manufactured by the Company meet the requirements of the following directives and regulation of the European Community regarding non-usage of harmful materials:

- RoHS2 Directive 2011/65/EU of the European Parliament and of the Council on the restriction of the use of certain hazardous substances in electrical and electronic equipment.
- Regulation (EC) No 1907/2006 of the European Parliament and of the Council concerning the registration, evaluation, authorisation and restriction of chemicals (REACH);
- PAH Decision ZEK-01.4-08 of the Government of Germany, which means that SNAIGĖ products meet the polycyclic aromatic hydrocarbons concentration limit for 18 carcinogenic materials;

regarding contact with food:

- Regulation (EC) No 1935/2004 of the European Parliament and of the Council on materials and articles intended to come into contact with food (general);
- Commission Regulation (EU) No 10/2011 on plastic materials and articles intended to come into contact with food (for plastics). These regulations mean that the materials applied during the manufacture of Snaigė refrigerators are allowed to contact food

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

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

The Company has old refrigerators utilization system. Starting with 2008 the Company started to utilize large electric household equipment – refrigerators and fridges – waste.

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

4.8 Risk factors related to the business of the Issuer

Macroeconomic Risk. With the growth of the Lithuanian economy, further growth of private consumption and domestic demand is expected in 2018, which will be mainly influenced by the decreasing political uncertainties, increasing trust in the state and growth of real disposable income. The shift of export markets to the West as a result of the crisis in Ukraine occurred already in 2014; therefore, the external demand will be driven by recovering Western economy. Upside risk is associated with global commodity prices which significantly increased in 2017: further increase is not likely, but fluctuations mostly affect the outside-related prices in Lithuania (food, fuel and administration prices). At present both Lithuanian and global markets feel the effects of the economic and consumption recovery, which could affect the demand for the Company's products and the Company's business prospects. Foreign currency exchange risk is minimized by balancing purchases and sales in different currencies (mainly EUR and USD).

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

The Company's Financial Accounting Accuracy Risk. On 19 April 2019 the Company's auditor expressed a qualified audit opinion on the Company's separate and consolidated financial statements.

International Trade Restrictions Risk. The Company exports a portion of its production to third countries (outside the European Union). There is a risk that changes in foreign trade policies of third countries could aggravate export conditions to those countries. Any such change would negatively impact export opportunities for the Company and its financial situation.

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

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

Business Continuity Risk. Business continuity presumptions are disclosed under Notes 2.2 and 33 of the consolidated audited financial statements of 2018.

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

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

More detailed disclosures of the Company's risk management and interest rate, exchange rate, credit and liquidity risks can be found under Note 29 of the consolidated financial statements.

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

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

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

4.9 Related party transactions

The information about related party transactions is disclosed under Note 310 of the consolidated financial statements.

5 OTHER INFORMATION ABOUT AB SNAIGĖ

5.1 Membership in associated organizations

AB Snaigė is a member of the EEPA association.

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

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

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

5.2 Patents, licenses

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

5.3 Recent and the most important events of the Company

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

5.3.1 Recent publicly disclosed information

28-02-2019

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.

07-03-2019

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.

14-03-2019

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.

02-04-2019

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.

5.3.2. Important events at the Company's business

09/01/2018

Convocation of the extraordinary General Meeting of Shareholders

On 31 January 2018 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 – 24 January 2018 (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:

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

31/01/2018

AB "Snaigė" Extraordinary General Meeting of Shareholders didn't take place. Repeated Extraordinary General Meeting of Shareholders will be held on February 15, 2018

The Extraordinary General Meeting of Shareholders of Snaigė AB did not take place on 31 of January 2018 because there was no quorum.

On 15 February 2018 the repeated 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 (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 February 2018 (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).

Agenda of the Meeting:

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

01/02/2018

Regarding the decision of the director of the Supervision Service of the Bank of Lithuania

AB Snaigė (hereinafter the Company) has received a decision No. 241-19 dated 29 January 2018 on imposition of certain measures with respect to AB Snaigė, adopted by the director of the Supervision Service of the Bank of Lithuania. In compliance with the decision, hereby the Company discloses and makes available information referred to in clause 3 of the resolution part of the above decision (see the addition of this announcement).

Regarding the decision of the director of the Supervision Service of the Bank of Lithuania clause 3.4: Year 2017 Annual financial reports will be prepared and published according to terms required by Lithuanian Laws.

02/02/2018

Company's management opinion concerning the decision of the director of the Supervision Service of the Bank of Lithuania

Gediminas Čeika, the Director General of AB Snaigė, appears to be surprised by the violations identified by the Director of the Supervision Service of the Bank of Lithuania and the decision to impose a fine against the company.

"In our opinion all resolutions of the company's management and the board, the receivables and other possible uncertainties have been adequately disclosed in the annual audited reports and reassessed in the course of implementation of the order of the Supervision Service of the Bank of Lithuania," stated Čeika. "It is possible that this decision is stemming only from the difference in evaluation of the information that has been disclosed. Thus, we intend to scrutinise the decision of the Bank of Lithuania, and as the last resort, we might consider the possibility of lodging a claim," added he.

According to Gediminas Čeika, the company's management acts in conformity with all legal acts in force and duly represents the interests of the company and its shareholders. "The dividends have been paid out to all our shareholders, not only to the large one," continued Čeika. "Therefore, there are no reasons to claim that the interests of the smaller shareholders have been infringed."

The company's financial position is stable and it conducts regular activities. The fine imposed by the Bank of Lithuania will not exert any significant influence on neither the company's financial situation nor its results. This year, the company is expected to introduce two new lines of refrigerators. The company's export comprised 90% in the first three quarters of 2017. The main export markets were Germany, France, Ukraine, Poland and Czech Republic. AB Snaigė market positions are particularly strong in Lithuania, where it is the top selling refrigerator brand and holds the largest share of the market (22%, according to data collected by GFK). According to the unaudited consolidated data, the company's proceeds reached an EBITDA of 1.6 million euro in the three quarters of the past year, amounting to 30 million euro in turnover. The cause of the unaudited unconsolidated loss (EUR 0.244 million) was the global increase in prices of the raw material relevant to the company.

15/02/2018

Resolutions of the repeat Extraordinary General Meeting of Shareholders

The following resolutions were made during the repeat Extraordinary General Meeting of Shareholders held on 15 February 2018:

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: To revoke decision to elect audit firm which was approved during extraordinary shareholder's meeting on 22 August 2017 and to elect the audit firm **Grant Thornton Baltic UAB** for auditing purposes of financial statements of 2017 and 2018 years.
To authorize (with the right to delegate) the General Director of the company to sign the agreement with the audit firm by establishing the terms of payment for the audit services and other terms.

27/02/2018

RESIGNATION FROM THE POSITION OF THE BOARD MEMBER OF AB „SNAIGĖ“

On 27 of February 2018, AB „Snaigė“ has got notification from board member Nataliia Sukhanova (notification signed on 26 of February 2018) about her resignation from the position of the board member of AB „Snaigė“ effective from 12 March 2018.

28/02/2018

Rising raw material prices have reduced the profit of SNAIGĖ AB

The consolidated unaudited sales revenue of SNAIGĖ AB exceeded 39 million EUR, which is slightly less if compared to the same period last year.
The company's EBITDA was 0,833 million EUR (according to consolidated unaudited data) and suffered 1 million. EUR consolidated unaudited loss.
According Gediminas Čeika, the Director General of SNAIGĖ AB, last year was neither good nor easy. „Prices of most raw materials increased, however the price of the products remained at the same level in almost all markets of the company. That influenced our results inevitably", stated Mr. G. Čeika. „I think that these price scissors cut the profits of many refrigerator manufacturers".
Last year SNAIGĖ exported its products to more than 30 European and Asian countries. The company's largest markets in terms of income were Germany, France, the Ukraine, Lithuania and Czech Republic. While the largest increase of income, if compared to the previous year, was in Norway, Portugal, Kazakhstan, Russia and the Ukraine.
The company implemented two new design lines of refrigerators. New refrigerators shall arrive to the shops and fascinate the customers this year already.

28/02/2018

AB Snaigė will appeal against the decision of the Bank of Lithuania

The management of AB "Snaigė" has examined the decision of the Supervision Service of the Bank of Lithuania to impose a fine on the company and has decided to appeal against it.
"In our opinion all resolutions of the company's management and the board, the receivables and other possible uncertainties have been adequately disclosed in the annual audited reports. The decision to impose a fine was stemmed most likely from the difference in evaluation of applicable legislation and disclosed information. We will continue our consultations with the Bank of Lithuania for the correct and equally treated disclosure and interpretation of information in the reports, therefore we decided to appeal against in our opinion an unjustified fine". – stated G. Čeika.
The company's financial position is stable and it conducts regular activities.This year, the company is expected to introduce two new lines of refrigerators. The company's export comprised 90% in 2017. The main export markets were Germany, France, Ukraine, Poland and Czech Republic. AB Snaigė market positions are particularly strong in Lithuania, where it is the top selling refrigerator brand and holds the largest share of the market (22%, according to data collected by GFK). According to the unaudited consolidated data, the company's proceeds reached an EBITDA of 0.833 million euro in the past year, amounting over 39 million euro in turnover. The cause of the unaudited consolidated loss (EUR 1 million) was the global increase in prices of the raw material relevant to the company.

12/03/2018

The annulment of the notification regarding the resignation from the position of the board member of AB „Snaigė“

On 11 of March 2018, AB „Snaigė“ has got notification from the board member Nataliia Sukhanova (notification signed on 9 of March 2018) about her annulment of the notification regarding the resignation from the position of the board member of AB „Snaigė“ effective from 12 March 2018. N. Sukhanova remains the board member of AB „Snaigė“.

06-04-2018

Convocation of the ordinary General Meeting of Shareholders

On 30 April 2018 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 2018 (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 2017 with information about the Company strategy and its implementation.
2. Auditor's conclusion on the company's financial statements for 2017.
3.Approval of the set of financial statements of the company for 2017.
4.Approval of distribution of profit (loss) of "Snaigė" AB for 2017.

13-04-2018
Resignation from the position of the board member of SNAIGĖ AB
On 13 of April 2018, Snaigė AB has got notification from board member Nataliia Sukhanova (notification signed on 12 of April 2018) about her resignation from the position of the board member of Snaigė AB effective from 26 April 2018.

19-04-2018
The supplemented agenda of the ordinary General Meeting of Shareholders Snaige AB
On 30 April 2018 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 2018 (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.
The Board of directors of the Company supplemented Agenda with these questions:

- The reduction of the authorized capital;
- The restoration of the revaluation reserve;
- The authorization;
- The Company's Board members revocation from Board member position new Board members appointment to opening positions until end of the cadency.

The whole Agenda of the Meeting:
1. Consolidated annual report of "Snaigė" AB on the company's activity for 2017 with information about the Company strategy and its implementation.
2. Auditor's conclusion on the company's financial statements for 2017.
3. Approval of the set of financial statements of the company for 2017.
4. Approval of distribution of profit (loss) of "Snaigė" AB for 2017.
5. The reduction of the authorized capital.
6. The restoration of the revaluation reserve.
7. The authorization.
8. The Company's Board members revocation from Board member position new Board members appointment to opening positions until end of the cadency.

20-04-2018
Correction of annual result of SNAIGĖ AB
In line with the accounting standards and fulfilling the obligatory decision of the Supervisory board director of the Bank of Lithuania No. 241-19, Snaigė AB adjusted its anual financial result of year 2017 by reclassifying loans and accrued interest to group companies, worth 12.2 million EUR, to the doubtful debts. The Company had mentioned about possibility of such decision in its interim annual reports.
According to Gediminas Čeika, General Director of the Company, such debt reclassification worsened the company's annual financial result, but this does not mean that the debt is written-off or will not be required to be repaid. Moreover, the group companies have not violated the terms of the contracts, and the deadlines for repaying loans have not yet come to an end.

(all amounts are in EUR thousand unless otherwise stated)

There were no more significant adjustments in Company results . The audited annual reports of the Company will be published next week.

30-04-2018

Resolutions of the General Meeting of Shareholders

The General Meeting of shareholders of Snaige AB was held on 30 April 2018.

At the meeting was made following resolutions:

THE AGENDA QUESTION: Consolidated Consolidated annual report of “Snaigė” AB on the company’s activity for 2017 with information about the Company strategy and its implementation.

In the meeting taken for information the the consolidated annual report of “Snaigė” AB on the company’s activity for 2017 with information about the Company strategy and its implementation.

2. THE AGENDA QUESTION: Auditor’s conclusion on the company’s financial statements for 2017.

In the meeting taken for information with the auditor’s conclusion on the company’s financial statements for 2017.

3. THE AGENDA QUESTION: Approval of the set of financial statements of the company for 2017.

THE DECISION: The set of financial statements of the company for 2017 has been approved

4. THE AGENDA QUESTION: Approval of distribution of profit (loss) of Snaigė, AB for 2017.

THE DECISION: The distribution of profit (loss) of Snaigė,AB for 2017 has been approved:

Non-distributed profit (loss) at the end of the last financial year	9,818 Eur
Net result - profit (loss) of financial year	(12,615,960) Eur
Distributable result- profit (loss) of financial year	(12,606,142) Eur
Transfers from reserves:	976,161 Eur
• For the acquisition of own shares	30,000 Eur
• Transfers from mandatory reserve	946,161 Eur
Distributable profit	(11,629,981) 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	(12,576,142) Eur

5. THE AGENDA QUESTION: The reduction of the authorized capital.

THE DECISION: To reduce the authorized capital of the Company from EUR 11,886,718.50 till EUR 8,320,702.95. The authorized capital will be reduced by EUR 3,566,015.55.

The authorized capital is reduced by reducing nominal value of existing shares by 0.09 euro per share. The nominal value of the share after reduction will be 0.21euro per share.

To approve changes of p. 4.1 and p. 5.1 of the articles of association, related to reduction of the authorized capital of AB „Snaigė“, as follows:

“4.1. The authorized capital of the Company is EUR 8,320,702.95 (eight million three hundred twenty thousand seven hundred two euro and 95 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 0.21 euro (twenty one eurocent).“

To approve changes of the article of association related with the reduction of the authorized capital and approve the new redaction of the changed articles of association (addition)

6. THE AGENDA QUESTION: The restoration of the revaluation reserve.

THE DECISION: The amount by which is reduced the authorized capital of the Company, i. e. EUR 3,566,015.55 to transfer to revaluation reserve.

7. THE AGENDA QUESTION: The authorization.

THE DECISION: 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.

8. THE AGENDA QUESTION: The restoration of the revaluation reserve.

THE DECISION: To revoke Natalia Tsvetkova and Svetlana Ardentova from AB “Snaigė” Board members and for the vacant positions for the term until the end of term of the Company’s Board to elect Mikhail Stukalo; Anna Kovalchuk; Konstantin Kovalchuk

Note:The Board of Snaigė AB proposed from the members of Board to revoke Nataliia Sukhanova, however on 13 of April 2018, Snaigė AB has got notification from board member Nataliia Sukhanova (notification signed on 12 of April 2018) about her resignation from the position of the board member of Snaigė AB effective from 26 April 2018. This N. Sukhanova notification came in force before the general Snaige AB shareholders meeting.
To authorize the General Manager of the Company (with the right re-authorize) to perform all necessary actions, sign and submit documents related with changed information to the Register of Juridical persons.

31-05-2018

Profit of SNAIGĖ AB was cut by rising prices of raw materials

According to unaudited consolidated data, the turnover of Snaigė AB amounted to EUR 7.7 million in the first quarter of 2018, i.e. 7% more than in the same period last year.
Despite the increase in sales, the company suffered unaudited consolidated loss of EUR 0.9 million. It was caused by the increased prices of raw materials and increased depreciation charges after the revaluation of the company's assets.
According to Gediminas Čeika, the Director General of Snaigė AB, the results of the first quarter were not unexpected. "The result of the company is the outcome of the scissors formed between raw material prices that have been rising over the past year as well as the production prices that did not rise", said Mr. Čeika. "I'm sure that this situation affected all the manufacturers of refrigerators, but it was less severe for those who also produce other household appliances."
According to Mr. Čeika, Snaigė AB was one of the first manufacturers of refrigerators to announce the increase of its production prices. "Of course, this message was not accepted well by all the customers, but after a certain adaptation period everything will get into their places", said Gediminas Čeika. "In addition, the company is serious about diversification of its portfolio of products."
Last year SNAIGĖ exported its products to more than 30 European and Asian countries. The company‘s largest markets in terms of income were Germany, France, the Ukraine, Lithuania and Czech Republic. While the largest increase of income, if compared to the previous year, was in Norway, Portugal, Kazakhstan, Russia and the Ukraine.
The company implemented two new design lines of refrigerators. New refrigerators shall arrive to the shops and fascinate the customers this year already.

31-08-2018

Snaigė AB’s profit cut back by increased prices of raw materials

According to the unaudited consolidated data, Snaigė AB reached consolidated unaudited turnover of EUR 16.7 million in the first half of 2018, which is 11% less than compared to the same period last year, and sustained a consolidated unaudited loss of EUR 1.3 million.
The reasons behind the falling sales and the incurred loss are the increased prices for the company’s products. This price increase by the company was inevitable as the costs of certain materials used in the refrigerator manufacture had surged.
According to Gediminas Čeika, the Director General of Snaigė AB, the company’s half-yearly results, although not pleasing, were expected. “A price increase is almost always expected to be followed by falling sales,” said Mr Čeika. “Snaigė AB was one of the first refrigerator manufacturers to announce a price increase for its products. Certainly, the news has not been welcomed by all customers. However, after a certain adaptation period all will fall into places. In addition, the company is seriously considering diversification of its product portfolio.”
During the first half of this year, Snaigė exported its products to over 30 countries in Europe and Asia. The majority of the sales revenue came from Germany, France, Ukraine, Lithuania and the Czech Republic, while the largest growth in the sales revenue, if compared to the previous year, was observed in Norway, Portugal, Kazakhstan, Russia and Ukraine.
The company has introduced two refrigerator lines with new designs. These are the retro style refrigerators Snaigė RETRO and modern refrigerators with larger spaces for fresh products to be kept in Snaigė FRESH INN. The new fridges have already reached the stores and their customers in some of the countries across Europe.

31-08-2018

Convocation of the extraordinary General Meeting of Shareholders

On 1 October 2018 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 – 24 September 2018 (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
The Company shall not provide the possibility to participate and vote in the Meeting through electronic communication channels.

01-10-2018
Resolutions of the Extraordinary General Meeting of Shareholders
The following resolutions were made during the Extraordinary General Meeting of Shareholders held on 1 October 2018:
THE AGENDA QUESTION: The correction of the Company situation and reduction of the authorized capital.
THE DECISION: 1.1. [Whereas the notary has passed the decision to refuse to perform a notarial act for the approval of the amended Company's Articles of Association, since the protocol of the General Meeting of Shareholders does not specify the purpose of the reduction of the authorized capital] to withdraw on the ordinary shareholders meeting which was held on 30 April 2018 approved shareholders decision to reduce the Company’s authorized capital.
1.2. To approve new decision to reduce the authorized capital of the Company from EUR 11,886,718.50 till EUR 8,320,702.95 according 52 article 2 part 4 point of Law on Companies of Lithuanian Republic. The authorized capital will be reduced by EUR 3,566,015.55.
The authorized capital is reduced by reducing nominal value of existing shares by 0.09 euro per share. The nominal value of the share after reduction will be 0.21euro per share. The authorized capital is reducing in order to correct mistakes made during the formation of the authorized capital or during the increasing authorized capital, related to the use of the Company's revaluation reserve and specified in the decision No. 241-19 dated 29 January 2018 on imposition of certain measures with respect to AB Snaigė, adopted by the director of the Supervision Service of the Bank of Lithuania.
1.3. To approve changes of the article of association related with the reduction of the authorized capital and approve the new redaction of the changed articles of association (addition):
“4.1. The authorized capital of the Company is EUR 8,320,702.95 (eight million three hundred twenty thousand seven hundred two euro and 95 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 0.21 euro (twenty one eurocent).“
1.4. The amount by which is reduced the authorized capital of the Company, i. e. EUR 3,566,015.55 to transfer to revaluation reserve.
1.5. 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 extraordinary shareholders meeting and to sign changed articles of association.

01-10- 2018
Company’s information on the Equity
On 31st May 2018 Company has published interim financial statements for the first three months period and later on 31st August 2018 has published interim financial statements for the six months period and has disclosed that the Company's equity on 31st March 2018 and on 30st June 2018 was less than 1/2 of its authorized capital and was dissatisfied with the article 38 point 3 of the Law on Companies of the Republic of Lithuania. On 30 April 2018 shareholders of the company decided to reduce the authorized capital, but due to formal discrepancies, it was not registered. On the date of this notice, the Company still does not meet with this equity requirement. Company's required minimum amount equity would be resolved after implementation of 1st October 2018 the extraordinary shareholders meeting decision on the reduction of Company’s authorized capital.

04-10-2018
The Company‘s information about the transaction with the related party
The Company concluded the transaction with the related party.
The transaction date - 25 September 2018
The related party - The Company’s Board member Konstantin Kovalchuk, the address for correspondence: Pramones str. 6, Alytus, Lithuania.
The transaction value - EUR 10683378,62 (ten million six hundred eighty three thousand three hundred seventy eight euro and 62 euro cents) (The Claim Right).

The agreement is concluded for the assignment claim right towards HYMANA HOLDINGS LIMITED, arising from the Agreement for the Assignment (Cession) dated 24 November 2015 concluded between the Company and HYMANA HOLDINGS LIMITED, assigned to 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 1st October 2020.
If these conditions are fulfilled, this transaction is considered as beneficial to the Company, because:
- it is expected that funds which have not been paid by Hymana Holdings Limited shall be returned to the Company and can be used by the Company invest into new products and projects.
- the Company does not experience any additional expenses;
- if this transfer of claim right is cancelled at any time or is not executed at all, the Company remains at least in the same position.

The Audit Committee of the Company has considered execution of the agreement with Konstantin Kovalchuk and the Management Board of the Company approved the agreement with Konstantin Kovalchuk on 24 September 2018.

09-10-2018
The Court decision received
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 is examining received Court decision and is assessing the possibilities of appeal.

09-11-2018
AB Snaigė appealed against the Court decision
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.

27-11-2018
SNAIGĖ, AB managed consequences of raw material prices rise
The unaudited consolidated results achieved by Snaigė, AB in the third quarter demonstrate that the company has managed to control the disruptions caused by an increase in raw material prices.
According to Gediminas Čeika, the CEO of Snaigė, AB, the unaudited consolidated profit before tax earned in the third quarter is considerably higher than compared to the same period last year. "Although the profit earned in the third quarter does not cover the loss suffered as a result of the rise in raw material prices in the first two quarters of this year, the positive dynamics show that the company's profitability is gradually recovering," said Mr Čeika.
The company's EBITDA, according to the unaudited non-consolidated data, reached EUR 1.2 million in the first three quarters of this year, which is 3% higher than compared to the same period last year when the unaudited consolidated EBITDA was EUR 1.16 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 expand" states Mr Čeika. "These agreements with the banks and the controlling parties provide sizeable acceleration in implementation of the above plans."
In the third quarter of this year, Snaigė, AB increased its turnover. According to the unaudited non-consolidated data, it exceeded EUR 10 million, which was 12% higher than compared to the second quarter of this year. 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 produce called Snaigė FRESH INN. The new fridges have already reached the stores and their customers in some of the countries across Europe.

5.4 Strategies and plans

The Company‘s strategy is based on the consistent upgrading of the production efficiency and renovation and improvement of the products manufactured seeking to satisfy the consistently changing and increasing needs of our customers. Due to this consistent renovation and upgrading, we are able to assure the strength of the trademark and enhancement of the Company‘s image in those markets where products with the SNAIGĖ trademark are sold and the consistence of orders in those markets to which the Company manufactures products under the orders of customers. The implementation of this strategy will enable the Company to achieve its core goal: to become the most reliable trademark in Central Europe and to be an acknowledged manufacturer in the countries of the Western Europe.

Seeking to implement the goal set, the Company is going to start in 2018 the serial manufacturing of two different new design production lines. The products of one of these production lines have been designed so that they would assure the healthy style of life of consumers as much as possible, would encourage the consumption of fresh products because the storage of these products will be particularly convenient even in several different temperature sections, while the duration of storage of these products will be extended due to the application of state-of-the-art refrigerating technologies.
Other production line is intended for consumers who follow fashion, have their individual style, and treat the design of a product as the most important element.
If our customers and consumers are satisfied with the quality and price of our products, the Company also will be successful.
Other strategic direction of the Company is the efficient consumption of available resources and increase of workforce productivity. The Company‘s products compete with the products of the global scale manufacturers both by their quality and price. To make consumers choose the products of our Company, we should offer to them the most optimal price. To make this objective come true, the Company implemented a cost reduction programme that is open for participation for every Company’s employee.

6 DISCLOSURE form concerning the compliance with the Governance Code for the companies listed on the regulated market

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
Principle I: Basic Provisions **The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.**		
1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	YES	Company's business strategy is listed in the annual report, partly in the annual account, as well as in some press reports. The Company's published material events and announcements to investors also reflect the Company's policy.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	YES	The operational strategy of the Company is considered and approved by the Board of the Company; the strategy targets the need to ensure profitable performance with an ultimate view to increase the shareholders' equity. The compliance with the provisions of the Company's operational strategy is supervised by the Manager of the Company.
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	NOT APPLICABLE	The Company has not formed the Supervisory Board.
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	YES	The Company's management bodies seeking to ensure that all persons who are participating in the Company's activity or persons related with the Company's activity rights and interest will be respected. The Board of the Company monitors and assesses the activity of Company and the Company's Manager by analysing the financial statement submitted by the Company's Manager, also the organization of the activities, data on the changes in equity.
Principle II: The corporate governance framework **The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.**		

(all amounts are in EUR thousand unless otherwise stated)

2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.	Yes	The collegial management body – the board is elected by shareholders. Upon the decision of the shareholders since May 2006 the Supervisory Board is not formed.
2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.	YES	The Board of the Company is responsible for the formation of the Company's operational strategy, organization of the enforcement thereof, the representation and the protection of the shareholder's interest.
2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.	NO	The Board is formed in the Company (upon the shareholders' decision of May 2006).
2.4. The collegial supervisory body to be elected by the general shareholders' meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does not contradict the essence and purpose of this body.[1]	YES	These principles apply to the Board to the extent they do not contradict the essence and the purpose of the Board.
2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.[2]	YES	In the Company's article of association fixed five Members of the Board and on the opinion of the shareholders this is sufficient.

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

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

2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.	NOT APPLICABLE	Upon the decision of the shareholders since May 2006 the Supervisory Board is not formed.
2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to departure from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.	YES	The Chairman of the Company's Board is not and never was the manager of the Company.
Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting **The order of the formation a collegial body to be elected by a general shareholders' meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the company's operation and its management bodies.[3]**		
3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.	YES	The collegial management body – the Board is elected in the general meeting of shareholders according the laws of the Republic of Lithuania. Besides the candidates to the Members of the Board introduce themselves to the shareholders, providing information of the positions they hold in other companies and their professional qualifications.
3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.	YES	The Shareholders at a General Shareholders' Meeting (when Board members are elected) are introduced with work experience, education, the other important information of the candidates for the Board which company gets about Board members.

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

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

[4] *The Code does not provide for a concrete number of independent members to comprise a collegial body. Many codes in foreign countries fix a concrete number of independent members (e.g. at least 1/3 or 1/2 of the members of the collegial body) to comprise the collegial body. However, having regard to the novelty of the institution of independent members in Lithuania and potential problems in finding and electing a concrete number of independent members, the Code provides for a more flexible wording and allows the companies themselves to decide what number of independent members is sufficient. Of course, a larger number of independent members in a collegial body is encouraged and will constitute an example of more suitable corporate governance.*
[5] *It is notable that in some companies all members of the collegial body may, due to a very small number of minority shareholders, be elected by the votes of the majority shareholder or a few major shareholders. But even a member of the collegial body elected by the majority shareholders may be considered independent if he/she meets the independence criteria set out in the Code.*

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

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

3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.	NO	Such practice does not exist.
3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds.[6]. The general shareholders' meeting should approve the amount of such remuneration.	NOT APPLICABLE	The remuneration to members of collegial body was approved by shareholders during ordinary meeting in 2012, but such practice has not been applied yet.
Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting **The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring[7] of the company's management bodies and protection of interests of all the company's shareholders.**		
4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.[8]	YES	These functions are performed by the Board elected by the general meeting of shareholders. The Board shall approve and submit to the general meeting of shareholders the annual report on the activities of the Company, financial statements, evaluate the results of the business activities of the Company and assess the performance of the Manager of the Company.

[6] It is notable that currently it is not yet completely clear, in what form members of the supervisory board or the board may be remunerated for their work in these bodies. The Law on Companies of the Republic of Lithuania (Official Gazette, 2003, No 123-5574) provides that members of the supervisory board or the board may be remunerated for their work in the supervisory board or the board by payment of annual bonuses (tantiems) in the manner prescribed by Article 59 of this Law, i.e. from the company's profit. The current wording, contrary to the wording effective before 1 January 2004, eliminates the exclusive requirement that annual bonuses (tantiems) should be the only form of the company's compensation to members of the supervisory board or the board. So it seems that the Law contains no prohibition to remunerate members of the supervisory board or the board for their work in other forms, besides bonuses, although this possibility is not expressly stated either.
[7] See Footnote 3.
[8] See Footnote 3. In the event the collegial body elected by the general shareholders' meeting is the board, it should provide recommendations to the company's single-person body of management, i.e. the company's chief executive officer.

4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).	YES	In performing their duties the members of the Board are guided by the interests of the Company and act for the benefit of Shareholders.
4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half[9] of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.	YES	Members of the Board act in accordance with the Rules of Procedure of the Board and allocate sufficient time for the performance of their duties.
4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.	YES	The Board seeks to act fairly. The Company has put in place the procedure of the provision of information to the shareholders in accordance with the Law on Companies, and this has been provided in the Articles of Association of the Company.
4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.	Yes	The Company's management bodies conclude and approve transactions according to the legislative requirements of the Republic of Lithuania and the Articles of Association of the Company.

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

(all amounts are in EUR thousand unless otherwise stated)

4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies[10].Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees. When using the services of a consultant with a view to obtaining information on market standards for remuneration systems, the remuneration committee should ensure that the consultant concerned does not at the same time advice the human resources department, executive directors or collegial management organs of the company concerned.	YES	Since the collegial management body – the Board is elected by the general meeting of shareholders, in its decision making function the Board is independent from the manager of the Company. The Company's management ensures that the collegial body and its committees will be provided with sufficient resources to carry out their duties.
4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees[11]. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.	YES	The Audit Committee has been elected since 2009. The Company's directors nomination and remuneration committees are not formed. The functions pointed in this item still are implemented by the Board within its jurisdiction. If the shareholders adopt the decision to establish such committees or it is required by the laws of the Republic of Lithuania, the committees would be established.

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

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

4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should exercise independent judgement and integrity when exercising its functions as well as present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.	YES	The Company's collegiate bodies are independent and make self-contained decisions not influenced by any conflicts of interest and remain fully responsible for decisions which are awarded in limits of their competence.

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

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

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

(all amounts are in EUR thousand unless otherwise stated)

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

be given to company's operations in offshore centres and/or activities carried out through special purpose vehicles (organizations) and justification of such operations. 4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present. 4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors. 4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit. 4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action. 4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.		

4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.	NO	The practice of committees is being formed.

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

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

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5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.	NOT APPLICABLE	The Supervisory Board is not formed.
Principle VI: The equitable treatment of shareholders and shareholder rights. **The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.**		
6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.	YES	The capital of the Company is made up of shares conferring to the holders thereof equal voting and ownership rights, and the right to receive dividends.
6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	YES	The Company provides its investors information about the rights conferred by the newly issued shares by making a public announcement to this effect.
6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting.[13]All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	YES	The Shareholders of the Company approve transactions the approving of which is provided according to Law on Companies of the Republic of Lithuania and the Articles of Association. The Board of the Company passes other important decisions.
6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders.	YES	Information about shareholders' meetings is published in the way required by the Law. Shareholders' meetings convened at the Company's residence or at Company's office in Vilnius.

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

6.5. If possible, in order to ensure shareholders living abroad the right to access to the information, it is recommended that documents on the course of the general shareholders' meeting should be placed on the publicly accessible website of the company not only in Lithuanian language, but in English and /or other foreign languages in advance. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in Lithuanian, English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.	YES	All information about the Board meeting, the proposed drafts of decisions, and the taken decisions is hosted in the company's website in the Lithuanian and English languages.
6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	YES	The shareholders of the Company may exercise their rights individually in person, via their proxies or by voting in writing in advance. The Company confers to its shareholders the rights provided for by the Law on Companies of the Republic of Lithuania.
6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies by allowing the shareholders to participate and vote in general meetings via electronic means of communication. In such cases security of transmitted information and a possibility to identify the identity of the participating and voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially shareholders living abroad, with the opportunity to watch shareholder meetings by means of modern technologies.	NO	The Company does not have the technical potential.
Principle VII: The avoidance of conflicts of interest and their disclosure **The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.**		
7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.	YES	Members of the Company's management body are trying to follow the recommendations listed in this article.

7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.	YES	Members of the Company's management body are trying to follow the recommendations listed in this article.
7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.	YES	Members of the Company's management body are trying to follow the recommendations listed in this article.
7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.	YES	Members of the Company's management body are trying to follow the recommendations listed in this article.
Principle VIII: Company's remuneration policy **Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors**.		
8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement) which should be clear and easily understandable. This remuneration statement should be published as a part of the company's annual statement as well as posted on the company's website.	NO	There is no practice to publish the full report about the Company's remuneration policy on the Company's website. Questions about the Code recommended remuneration and benefits policy are planned to be discussed in the future. Brief information about the benefits for the Company's management bodies and senior management is available in the legislation.
8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.	NO	The reasons are shown in Clause 8.1.

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8.3. Remuneration statement should leastwise include the following information: • Explanation of the relative importance of the variable and non-variable components of directors' remuneration; • Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; • An explanation how the choice of performance criteria contributes to the long-term interests of the company; • An explanation of the methods, applied in order to determine whether performance criteria have been fulfilled; • Sufficient information on deferment periods with regard to variable components of remuneration; • Sufficient information on the linkage between the remuneration and performance; • The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; • Sufficient information on the policy regarding termination payments; • Sufficient information with regard to vesting periods for share-based remuneration, as referred to in point 8.13 of this Code; • Sufficient information on the policy regarding retention of shares after vesting, as referred to in point 8.15 of this Code; • Sufficient information on the composition of peer groups of companies the remuneration policy of which has been examined in relation to the establishment of the remuneration policy of the company concerned; • A description of the main characteristics of supplementary pension or early retirement schemes for directors; • Remuneration statement should not include commercially sensitive information.	NO	The reasons are shown in Clause 8.1.
8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.	NO	The reasons are shown in Clause 8.1. This information will be possible to publish, except part of the information considered to constitute a commercial secret of the Company.
8.5. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.5.1 to 8.5.4 for each person who has served as a director of the company at any time during the relevant financial year. 8.5.1. The following remuneration and/or emoluments-related information should be disclosed: • The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting; • The remuneration and advantages received from any undertaking belonging to the same group;	NO	The reasons are shown in Clause 8.1. This information will be possible to publish, except part of the information considered to constitute a commercial secret of the Company.

• The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; • If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director; • Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year; • Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points. 8.5.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed: • The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; • The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year; • The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights; • All changes in the terms and conditions of existing share options occurring during the financial year. 8.5.3. The following supplementary pension schemes-related information should be disclosed: • When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year; • When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year. 8.5.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial report of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.		
8.6. Where the remuneration policy includes variable components of remuneration, companies should set limits on the variable component(s). The non-variable component of remuneration should be sufficient to allow the company to withhold variable components of remuneration when performance criteria are not met.	NO	The reasons are shown in Clause 8.1.
8.7. Award of variable components of remuneration should be subject to predetermined and measurable performance criteria.	NO	The reasons are shown in Clause 8.1.

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8.8. Where a variable component of remuneration is awarded, a major part of the variable component should be deferred for a minimum period of time. The part of the variable component subject to deferment should be determined in relation to the relative weight of the variable component compared to the non-variable component of remuneration.	NO	The reasons are shown in Clause 8.1.
8.9. Contractual arrangements with executive or managing directors should include provisions that permit the company to reclaim variable components of remuneration that were awarded on the basis of data which subsequently proved to be manifestly misstated.	NO	The reasons are shown in Clause 8.1.
8.10. Termination payments should not exceed a fixed amount or fixed number of years of annual remuneration, which should, in general, not be higher than two years of the non-variable component of remuneration or the equivalent thereof.	NO	The reasons are shown in Clause 8.1.
8.11. Termination payments should not be paid if the termination is due to inadequate performance.	NO	The reasons are shown in Clause 8.1.
8.12. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.	NO	The reasons are shown in Clause 8.1.
8.13. Shares should not vest for at least three years after their award.	NO	The reasons are shown in Clause 8.1.
8.14. Share options or any other right to acquire shares or to be remunerated on the basis of share price movements should not be exercisable for at least three years after their award. Vesting of shares and the right to exercise share options or any other right to acquire shares or to be remunerated on the basis of share price movements, should be subject to predetermined and measurable performance criteria.	NO	The reasons are shown in Clause 8.1.
8.15. After vesting, directors should retain a number of shares, until the end of their mandate, subject to the need to finance any costs related to acquisition of the shares. The number of shares to be retained should be fixed, for example, twice the value of total annual remuneration (the non-variable plus the variable components).	NO	The reasons are shown in Clause 8.1.
8.16. Remuneration of non-executive or supervisory directors should not include share options.	NO	The reasons are shown in Clause 8.1.
8.17. Shareholders, in particular institutional shareholders, should be encouraged to attend general meetings where appropriate and make considered use of their votes regarding directors' remuneration.	NO	The reasons are shown in Clause 8.1.
8.18. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.	NO	The reasons are shown in Clause 8.1.

8.19. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.	NO	The Company does not practice the remuneration of directors in the form of shares or options.
8.20. The following issues should be subject to approval by the shareholders' annual general meeting: • Grant of share-based schemes, including share options, to directors; • Determination of maximum number of shares and main conditions of share granting; • The term within which options can be exercised; • The conditions for any subsequent change in the exercise of the options, if permissible by law; • All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors.	NO	No such practice is being enforced in the Company.
8.21. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.	NO	No such practice is being enforced in the Company.
8.22. Provisions of Articles 8.19 and 8.20 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.	NO	No such practice is being enforced in the Company.
8.23. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.19, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall	NO	No such practice is being enforced in the Company.

remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.		

Principle IX: The role of stakeholders in corporate governance **The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.**		
9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.	YES	The management bodies of the Company respect and seek to ensure the rights of all interest holders and to an extent possible, take their opinion into account.
9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.	YES	Interest holders are authorised to participate in the management of the Company and in the process of taking the decisions relevant to the Company as this is provided according the Law of the Republic of Lithuania and when the participation of employees helps to make important Company's decisions.
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information	YES	These requirements are complied with to the extent required by the laws of the Republic of Lithuania.
Principle X: Information disclosure and transparency **The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company**.		
10.1. The company should disclose information on: • The financial and operating results of the company; • Company objectives; • Persons holding by the right of ownership or in control of a block of shares in the company; • Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; • Material foreseeable risk factors; • Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; • Material issues regarding employees and other stakeholders; • Governance structures and strategy.	YES	The Company discloses the relevant information as required by the legislation of the Republic of Lithuania, in the established manner, to Lietuvos bankas, Vilnius NASDAQ OMX Vilnius Stock Exchange, in the electronic publication published by register of legal entities for announcement the public announcements or the daily "Kauno diena".

This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.		
10.2. It is recommended to the company, which is the parent of other companies, that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.	YES	The Company follows this principle.
10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII.	YES	The Company discloses that information which is known to the Company and could be disclosed without infringement of confidentiality.
10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.	NO	The Company does not apply such practise.
10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.	YES	The Company ensures the accuracy and expedition of the given information.
10.6. Channels for disseminating information should provide for fair, timely and cost-efficient or in cases provided by the legal acts free of charge access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.	YES	The Company ensures compliance with these requirements, the information is announced in Lithuanian and English.

10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.	YES	The Company ensures compliance with these requirements.

Principle XI: The selection of the company's auditor **The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.**		
11.1. An annual audit of the company's financial reports and interim reports should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements	YES	The recommendation is being followed partly, because an independent audit firm does not review interim reports of the Company.
11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.	YES	The audit firm is proposed to the general meeting of shareholders by the Board of the Company.
11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.	YES	The information is usually disclosed to shareholders, it is available for the Company's board.

Sincerely,

Gediminas Čeika

Managing Director of AB Snaigė

AB SNAIGĖ
Social Responsibility Report' 2018

MESSAGE FROM THE MANAGING DIRECTOR OF AB SNAIGĖ

Dear all,

First, I would like to rejoice the positive dynamic of the results of SNAIGĖ, AB. We have ended the year 2018 significantly more successfully than 2017. Insignificant audited consolidated loss of EUR 0.5 million of the company 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. Since the third quarter of last year, we have managed to control the disruptions caused by an increase in raw material prices, to achieve a positive sales dynamic and get the company's profitability back to normal.

During the year 2018, the audited consolidated turnover of Snaigė, AB exceeded EUR 37.5 million. The company's export accounted for 81% and amounted to EUR 30.3 million in revenue. The company exported its products to over 30 countries in Europe, Asia, and Africa. The largest share of the sales revenue came from Germany, France, Ukraine, Lithuania and the Czech Republic. In 2018, the company's sales geography has expanded into new countries: Egypt, Morocco, and Turkey.

Audited consolidated EBITDA of the company reached EUR 2.1 million and was significantly higher in comparison to the year 2017 when the audited consolidated EBITDA stood at EUR (-11.5) million.

During the last year, we reached significant agreements both with a bank on the values of loans and the time limits to be amended, and with the controlling parties on the repayment of loans. Through these agreements, the company secures investments in the development of new products or even new categories.

We have long been nurturing plans for our product portfolio to evolve. These agreements with the bank and the parties controlling the company significantly accelerate the implementation of the above plans.

Last year, we have made our customers happy by introducing two refrigerator lines with new designs. These are colourful and playful retro style refrigerators Snaigė RETRO, and modern refrigerators with larger spaces for storing fresh products called Snaigė FRESH INN.

We do not intend to stop in 2019 as well. We plan to treat our customers with a variety of novelties.

AB Snaigė Managing Director

Gediminas Čeika

REPORT SCOPE

This report is representing the activity of AB Snaigė. The environmental and social activity report is prepared once per year and is published jointly with the results of annual activity. This report of the year of 2018 is the second environmental and social activities report of the Group and the Company. This report has been prepared in accordance with the Communication from the European Commission *Guidelines on Non-financial Reporting* (methodology for reporting non-financial information) (2017/C 215/01) and the *Guidelines of the Global Reporting Initiative* (GRI). The report has not been audited.
This report is setting forth non-financial information of a responsible business intended for stakeholders: customers, shareholders, investors, employees, suppliers, business and social partners, and the public.

PRINCIPLES OF THE COMPANY'S SOCIAL RESPONSIBILITY

Strategic Principles of the Company‘s Social Responsibility

The Company carries out its activities in accordance with stringent business ethics standards and social responsibility principles. By contributing to solving the current social problems of our community, the Company seeks to maintain the status of a reliable social partner not only in the city of Alytus but also on the national level.

The Company‘s social responsibility is divided into the following fields:
- taking care of health, welfare, motivation, upgrading of professional skills of employees (please see for more information in the Section *Employees* below);
- maintenance of good relationship with communities as well as openness to other stakeholders and the public;
- development of different social initiatives and projects for local communities;
- upbringing of the civil public (by means of educational campaigns) who is not indifferent to the future of Lithuania.

REPRESENTATION AND INDICATORS OF THE ACTIVITY OF THE COMPANY

Strategy and Goals of the Company

The Company‘s strategy is based on the consistent upgrading of the production efficiency and renovation and improvement of the products manufactured seeking to satisfy the consistently changing and increasing needs of our customers. Due to this consistent renovation and upgrading, we are able to assure the strength of the trademark and enhancement of the Company‘s image in those markets where products with the SNAIGĖ trademark are sold and the consistence of orders in those markets to which the Company manufactures products under the orders of customers. The implementation of this strategy will enable the Company to achieve its core goal: to become the most reliable trademark in Central Europe and to be an acknowledged manufacturer in the countries of the Western Europe.
Seeking to implement the goal set in 2018 the Company has launched two different of new design production lines. The products of one of these production lines have been designed so that they would assure the healthy style of life of consumers as much as possible, would encourage the consumption of fresh products because the storage of these products is particularly convenient even in several different temperature sections, while the duration of storage of these products is extended due to the application of state-of-the-art refrigerating technologies.
Other production line is intended for consumers who follow fashion, have their individual style, and treat the design of a product as the most important element.
If our customers and consumers are satisfied with the quality and price of our products, the Company also will be successful.
Other strategic direction of the Company is the efficient consumption of available resources and increase of workforce productivity. The Company‘s products compete with the products of the global scale manufacturers both by their quality and price. To make consumers choose the products of our Company, we should offer to them the most optimal price. To make this objective come true, the Company implemented a cost reduction programme that is open for participation for every Company’s employee.

Mission

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

Vision

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

Values

Open minded Trustworthy Teamwork Flexibility

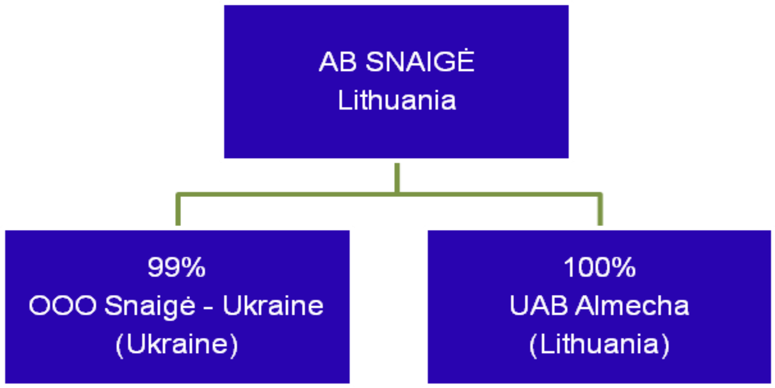
The basic data about the Company

The name of the Company – AB SNAIGĖ (hereinafter referred to as the Company)
Authorised capital as of 31 December 2018 – EUR 11,886,718.50
Address – Pramonės str. 6, LT-62175 Alytus
Phone – (315) 56 206
Fax – (315) 56 207; (315) 56 269
E-mail – snaige@snaige.lt
Internet web-page – http://www.snaige.lt
Legal organisation status – legal entity, public limited company
Registered as a Public Enterprise of the Republic of Lithuania on 1 December 1992 in the Municipality Administration of Alytus; registration number AB 92-119; enterprise register code 249664610. The latest Articles of Association of AB Snaigė were registered on 20 December 2016 in Alytus Department of the Register of Legal Entities of the Republic of Lithuania.

The type of the Company's main business activities

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

The Company's company group structure



The Company's subsidiaries

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

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

OPERATING REVIEW

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

Financial indicators for 2018–2016 are presented jointly.

(consolidated data):

	2018	2017	2016
Turnover (continuing operations), EUR thousand	37,572	39,202	39,817
Gross profit (continuing operations), EUR thousand	3,592	4,309	7,356
Net profit (loss) from continuing operations, EUR thousand	(523)	(13,265)	1,207
Net (loss) from discontinued operations, EUR thousand		-	-
Net profit (loss), EUR thousand	(523)	(13,265)	1,207
Average share price, EUR	0.181	0.284	0.270

Financial figures	2018	2017	2016
Profit before tax indicator, % (current year profitability of continuing operations)	-1.35 %	-34.29%	3.96%
General mark-up (continuing operations), %	9.56 %	10.99%	18.47%
EBITDA mark-up (continuing operations), %	5.77%	-29.44%	8.96%
Solvency ratio, % (general short-term solvency)	57.85 %	57.32%	144.76%
Debt to assets ratio, % (general debt ratio)	76.20 %	79.13%	53.23%
Return on average shareholders' equity (continuing operations), %	-7.54%	-216.57%	6.15%

Shares indicators	2018	2017	2016
Net profit per share (continuing operations), EUR	- 0.1	-0.33	0.03
Net loss per share (discontinued operations), EUR	-	-	-
Net profit per share (total), EUR	-0.1	-0.33	0.03
Average annual share market price, EUR	0.181	0.284	0.270
EBITDA per share (continuing operations), EUR	0,05	-0,29	0.09
EBITDA multiplier (EBITDA per share / Average annual share market price)	0.28	-1.02	0.33
Total dividends, EUR thousand	-	-	-
Dividends per share, EUR	-	-	-
Average net book share value (continuing operations), EUR	0.17	0.15	0.5

GOVERNANCE AND MANAGEMENT

The Company's Management bodies

Management bodies:

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

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

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

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

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

Legal basis of the Company's operations

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

Corporate governance bodies

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

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

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

(all amounts are in EUR thousand unless otherwise stated)

Participating in other companies activities and interests (31 December 2018):

Name	Name of organisation, position	Share of the capital and votes available in other companies, in percentage
Aleksey Kovalchuk	Does not participate in other Lithuanian companies activities and interests	-
Oleg Tsarkov	Does not participate in other Lithuanian companies activities and interests	-
Mikhail Stukalo	Does not participate in other Lithuanian companies activities and interests	-
Anna Kovalchuk	Does not participate in other Lithuanian companies activities and interests	
Konstantin Kovalchuk	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 member of the board	
	UAB Verslo Architektūra Managing Director	100%

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

NAME	Start date of the office term	End date of the office term
BOARD		
Aleksey Kovalchuk	14/12/2011	Until 2019 the General Meeting of Shareholders
Oleg Tsarkov	30/04/2015	Until 2019 the General Meeting of Shareholders
Svetlana Ardentova	30/04/2013	Until 30/04/2018
Nataliia Sukhanova	25/04/2017	Until 26/04/2018
Natalia Tsvetkova	25/04/2017	Until 30/04/2018
Mikhail Stukalo	30/04/2018	Until 12/03/2019
Anna Kovalchuk	30/04/2018	Until 2019 the General Meeting of Shareholders
Konstantin Kovalchuk	30/04/2018	Until 2019 the General Meeting of Shareholders
ADMINISTRATION (Managing Director and Chief Accountant)		
Gediminas Čeika	03/01/2008	Term less agreement
Mindaugas Sologubas	23/09/2014	Term less agreement

The Company's group's management structure

Gediminas Čeika – managing director.

Kęstutis Urbonavičius – technical and production director.

Mindaugas Sologubas – finance director.

Rūta Petrauskaitė – marketing director.

ADHERENCE TO HUMAN RIGHTS. EMPLOYEES AND OTHER SOCIAL ISSUES

Protection of Human Rights

The Company carries out its business activities in accordance with the principles of protection of human rights, the principles of equal opportunities and non-discrimination on other grounds, and the procedure for implementation of these principles. This means that any direct or indirect discrimination in relationship between an employer and employees, harassment, an instruction to discriminate on the basis of sex, race, ethnicity, and etc. due to circumstances that are not relative to professional competences of employees is intolerable. The Company assures that people who are searching for employment or current employees would not be subject special behaviour unless this is related to the quality of work performed or other business functions. The Company also assures the transparent wages policy, complies with the right of employees to have a rest, takes measures to help an employee to discharge his/her family obligations.

The Company regulates the principles of collection, usage, and storage of personal data of employees, sets the goals and means of management of personal data of employees, assigns persons who are authorized to review the personal data of employees, and the sets the purposes of this review.

Seeking to protect the rights of employees, in 2017, the Company adopted the policy of equal opportunities and the policy of storage of personal data of employees, the procedure for usage of information and telecommunication technologies, and other procedures.

In 2018, the Company committed no breaches of human rights of employees.

Principles of the Personnel Policy

Besides the size, image, and strategy of the Company, the Company‘s success, to a wide extent, also depends on the Company‘s behaviour with its employees. All challenges and changes that are faced by the Company affect its employees as well. Therefore the efficiency of the Company‘s business, first and utmost, is predetermined by the Company’s ability to manage human resources.

The Company‘s personnel policy and management of human resources is composed of: planning of human resources, personnel formation (personnel attraction, selection, employment, and maintenance), personnel upbringing, evaluation of a job, personnel motivation, the standard of behaviour, occupational safety, and assurance of social conditions.

In the event of changes and new challenges, it is important to be able to maintain qualified, skilled, and motivated personnel capable of performing the tasks set with as low costs as possible and to help the Company to achieve its strategic goals.

Strategic Management of Human Resources The objective of the personnel policy is to help employees to be adapted to to new environmental requirements and implement strategic goals, this means enhancement of administration efficiency, combination of the practice of human resources and the general strategy of the Company, and evaluation of human resources.

Planning of Human Resources. This planning includes: planning of the efficient number of job positions and structure, planning of a requirement for human resources, and evaluation of planning quality.

Analysis of the Activity. Seeking to assure a more efficient management of human resources, it necessary to evaluate new tasks of the activity, eliminate an inefficient activity, duplication of functions, and regroup and redistribute functions.

Evaluation of a Job and a Career. Evaluation of the activity of personnel is the integral part of career planning. The potential and the spheres of improvement of skills of an employee may be only achieved by an unbiased evaluation. The objective of evaluation of the activity is the maximal matching of the personnel activity and the goals of the Company. The procedure of management of the activity means the setting of definite and achievable objectives, monitoring of achievement of objectives, coordination of the activity (objectives) of employees, adjustment of the objectives set, and annual evaluation of the activity of personnel. When planning a career, it is important to take into consideration not only the past, which is the results of the job of an employee, but also the future – the skills of an employee, his/her capability for development and response to changes, and performance of more complex tasks – his/her potential.

Personnel Motivation. During an interview, most candidates indicate insufficient remuneration as a major factor predetermining low motivation. For the time being, still being under difficult economic conditions, it is necessary to pay more attention to strengthening social motivations: for encouragement of personal achievements, increase of responsibility, formation of group or team membership, creation of conditions for management, personal expression, and etc.

(all amounts are in EUR thousand unless otherwise stated)

Turnover of Employees

The employees of the Company in 2016–2018 according to the personnel groups*:

Employees	2018			2017			2016		
	Amount	%	Average salary, EUR	Amount	%	Average salary, EUR	Amount	%	Average salary, EUR
Managers	22	3.6	2, 577	23	3.5	2,530	22	3.3	2,534
Specialists	94	15.4	967	99	15.1	941	98	14.7	892
Workers	494	81.0	590	535	81.4	573	546	82.0	523
In total:	**610**	**100**	**726**	**657**	**100**	**701**	**666**	**100**	**649**

**Average yearly data*

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

Education level of the employees	2018		2017		2016	
	Amount	%	Amount	%	Amount	%
University education	109	17,9	114	17,4	111	16,7
Professional high school education	403	66,1	434	66,0	435	65,3
Secondary education	93	15,2	104	15,8	114	17,1
Uncompleted secondary education	5	0,8	5	0,8	6	0,9
Total:	**610**	**100**	**657**	**100**	**666**	**100**

The employees of the Company and its subsidiaries in 2016–2018 according to personnel groups*

Employees	2018		2017		2016	
	Amount	%	Amount	%	Amount	%
Managers	24	3.6	25	3.5	23	3.3
Specialists	107	16.0	112	15.7	114	15.6
Workers	538	80.4	578	80.8	594	81.1
Total:	**669**	**100**	**715**	**100**	**731**	**100**

**Average yearly data*

Wage System

The Company is seeking to form an effective and fair wages policy the purpose of which is to attract, maintain, and motivate employees whose qualification and results of a job help the Company to successfully perform its mission and achieve the tasks set. In 2017, the Company formed and adopted a wages system that regulates the procedure for payment for work, the accountancy of wages for works in a night shift, overtime work, work during days off and holidays, time limits for settlement of accounts with employees, sets the categories of employees according to employment positions, indicates the procedures for payment and amounts of wages according to employment positions and groups of positions, and supplements the procedure for allocation of supplemental payments (additions, premiums, and bonuses). The wages system is applied to all the Company's employees.
The Company seeks to pay fair wages meeting market conditions with due consideration of competences of each individual employee and the benefit generated by him/her for the Company. The wages system was adopted after

consultations with the representatives of the Company's trade union in accordance with the principles of equality and non-discrimination on other grounds.

Trade Unions

The trade union uniting 38 percent of the total number of employees of the Company is operating in the Company. The representatives of the trade union are invited to the meetings of the Company's management. Economic, social, and labour issues that are important to the Company also are discussed with the trade union.

Union Agreement

The Company has entered into the union agreement with the trade union representing the Company's employees. This agreement is fulfilled in accordance with the principles of mutual understanding and openness. If any disagreement arises, problems are settled amicably and in a spirit of mutual trust. The union agreement provides for the regulations for conclusion and amendment of employment contracts, the time limits of work and rest, payment of wages, terms and conditions of work, and qualification and social security issues. The objective of the agreement is the formation of conditions for the consistent development of business and assurance of the level of working conditions which is better than provided for in the legal acts of the Republic of Lithuania.
The union agreement foresees the following additional social guarantees for employees: in the event of death of the Company's employee the member of the employee's family will receive a death allowance; in the event of death of the member of the family of an employee, an employee receives an allowance; allowances also are paid to congratulate an employee with a jubilee (50 years, 60 years anniversary); during Christmas events children of employees are given Christmas gifts; during a calendar year the Company allocates funds for arrangement and prizes of some events organized by its employees.

Upbringing of Competences

The upbringing of personnel is an indispensable condition for the achievement of the strategic objectives of the Company because due to training personnel acquires qualification and capabilities. Changing challenges of the Company, the environment for the performance of tasks, application of new technologies, and a complex situation in the labour market witnesses that investments in personnel training (improvement of professional skills) are indispensible because training motivates, upgrades the quality of work, enhances loyalty, and assures more efficient adaptation to new challenges and conditions.

The Company systematically plans training sessions and carries training according to an adopted training programme. In 2018, 34 management employees participated in external trainings, which mean that they upgraded their professional qualification at consultation seminars, conferences, and target trainings; 16 employees were trained according to consistent professional training programmes; 10 workers acquired new adjacent specializations. In 2018, duration of professional training amounted to 1,200 hours.

In 2018, the Company adopted the procedure for internal training of employees of production divisions, which provides for the development of required programmes, training and periodical attestation of employees. Internal trainings and periodical attestation is arranged seeking to help to acquire or update professional knowledge, to acquire or to test skills required to assure due technological processes of the Company, to consistently maintain the high professional level of employees.

The Company's Occupational Safety Division instructs newly employed employees on the introduction themes concerning prevention of accidents and health protection, fire safety, and civil safety. The managers of divisions instruct their inferiors at the workplace once per year.

Employees operating and maintaining potentially hazardous machinery are trained in accordance with the *Procedure for Training of Employees and Assessment and Evaluation of Knowledge of Employees in the Field of Occupational Safety and Health Protection* adopted by the Managing Director. Employees operating energy plants are periodically attested in accordance with the procedures prescribed by the Order of the Minister of Energy of the Republic of Lithuania.

Integration of New Employees

A new company means new goals, other specificity of operation, career opportunities, traditions, and other internal code of conduct. For this purpose the Company has developed the *Standard for Demand for Employees, Recruiting, Selection of Employees, Determination of their Qualifications, and Introduction of New Employees* and the training procedure. A new employee becomes familiar with the Company‘s organizational culture, employees, and the activities of divisions according to the programme developed. A mentor is appointed to boost the integration of a new employee in the work collective, to help a new employee to understand the principles of work, to perceive the Company's values, and to understand the Company's mission and vision. Based on his/her experience and competence, the mentor trains a new employee at the workplace and helps to understand business, its processes, purposes, and responsibility so that a new employee could start creating a new value as soon as possible.

Practice Opportunities

The Company cooperates with educational institutions and provides the students of universities and colleges with an opportunity to apply their theoretic knowledge and acquire practical skills. In 2018, students from the Alytus College, the Vilnius Technological University named in honour of Gediminas, the Vilnius Cooperation College, and the Vilnius College of Technologies and Design had their professional training at the Company.

Occupational Safety and Health Protection

The Company boasts efficient long-standing occupational safety traditions. Employees form the most important wealth of the Company. Therefore investments in occupational safety and health protection are among the most important obligations of the Company‘s management. The Company seeks to avoid any possible accident or a professional disease and bring them to naught. The Company carries out the uninterrupted assessment of workplaces and the environment of workplaces.

Firstly, the health and safety of employees is evaluated during the implementation of new technologies. The Company spares no pains to assure that new equipment and machinery is as safe as possible, and new materials and raw materials are not harmful for the health of employees. The Company takes measures to eliminate a noise, vibration, and dust content – major factors that can cause professional diseases.

Seeking to protect employees against possible affect of harmful factors, both collective and individual protective equipment is applied. Employees are trained to work safely, are familiarized with the requirements of normative legal acts in the field of occupational safety and health protection.

The Company flexibly matches hours of work and relaxation. Working schedules provide for daily breaks for relaxation, there are recreation rooms in the premises of the Company.

The Company has implemented the occupational safety and health protection management system. The Company was given a certificate certifying that AB Snaigė has implemented the management system meeting the requirements of LST 1977:2008 (BS OHSAS 18001:2007) OHSAS 18001 standard. This certificate is an expression of the Company’s priorities and responsibility for creation of safe working conditions so that accidents and professional diseases would be avoided.

ENVIRONMENT PROTECTION

Environment Protection Policy

AB Snaigė is rated among the most advanced and innovative Lithuanian production companies in the field of environment protection. The Company's goal comprises ecological products, environmentally friendly technologies, and clean environment.
To achieve, the Company has implemented the certified environment protection management system meeting the requirements of international ISO 14001 standard.
The Company regularly upgrades the efficiency of the environment protection, makes efforts to reduce emissions, focuses on environmental friendliness, economic consumption of natural resources, and safe environment.

Products

During design of new products, the Company always gives a priority to production that saves raw materials and resources, ensures safe transportation, minimization of waste, and achievement of top quality of products. The Company makes efforts to use materials that later on could be recycled.

AB Snaigė carries out its activities in accordance with Directive 2009/125/EC of the European Parliament and of the Council establishing a framework for the setting of ecologic design requirements for energy-using products.

Snaigė refrigerators are made of environment friendly materials that are free of harmful components. For example, each plastic component part of a refrigerator is marked (in accordance with ISO) so that marking indicates that a component part may be used repeatedly and re-processed in accordance with the requirements of Directive 2002/96/EC on waste electrical and electronic equipment.

The technological process of coating the surface of products is ecologically clean: this is a dry coating that is dried by gas. Refrigeration system is filled with R600a gas which has natural origin and doesn't deplete ozone layer, while a hydrocarbon compound cyclopentane which is used for insulation of refrigerators is not harmful for the environment.

All the products manufactured by the Company meet the requirements of the following directives and regulation of the European Community regarding non-usage of harmful materials:
- RoHS2 Directive 2011/65/EU of the European Parliament and of the Council on the restriction of the use of certain hazardous substances in electrical and electronic equipment.
- Regulation (EC) No 1907/2006 of the European Parliament and of the Council concerning the registration, evaluation, authorisation and restriction of chemicals (REACH);
- PAH Decision ZEK-01.4-08 of the Government of Germany, which means that SNAIGĖ products meet the polycyclic aromatic hydrocarbons concentration limit for 18 carcinogenic materials;

regarding contact with food:
- Regulation (*EC*) No 1935/2004 of the European Parliament and of the Council on materials and articles intended to come into contact with food (general);
- Commission Regulation (*EU*) No 10/2011 on plastic materials and articles intended to come into contact with food (for plastics). These regulations mean that the materials applied during the manufacture of Snaigė refrigerators are allowed to contact food.

Compliance of requirements of AB Snaigė products is certified by the testing performed by the certified testing laboratory DEKRA (Germany) and the Division of Chemical Analyses of the National Public Health Supervision Laboratory (Lithuania) and the test certificates issued by these institutions.

The less energy the refrigerator consumes the less impact it has on the environment. Most Snaigė products have top and high A+, A++, and A+++ energy efficiency classes. The annual electricity consumption of such a refrigerator is reduced by 30 percent.
The purchasers of a refrigerator are also provided with information regarding ecology. They are advised how to install, use, and maintain their refrigerator so that its service life would be extended as much as possible and the effect on the environment would be reduced as much as possible. In addition to this, purchasers are advised how to return the refrigerator after the expiry of its service life.

Environment Protection

From 1 January 2015, AB Snaigė in accordance with Regulation *(EC)* No 1005/2009 of the European Parliament and of the Council of 16 September 2009 on substances that deplete the ozone layer assumed an obligation and does not buy and use virgin and non-virgin (which is recycled or recovered) hydrochlorofluorocarbons (HCFC) whenever alone or in a mixture.

The Company also pays a lot of attention to such pollutants as nitrogen or carbon oxides, particulate matter, styrene, and cyclopentane. Their emission is systematically monitored and controlled. In 2018, the total emission of the aforementioned pollutants amounted to 16.6 t, which is significantly less than permissible limit amounting to 34.73 t.

Protection of Surface Waters

The impact made by the Company's production and economic activity on the environment is regulated by the Pollution Permit issued by the Environmental Protection Agency under the Ministry of Environment of the Republic of Lithuania. The Company strictly follows the permissible pollution limits as indicated in this Pollution Permit. The function of supervision is carried out in accordance with the Company’s monitoring programme, which sets the quality parameters of discharged surface (rainfall) waters and sewage resulting from the economic activity and indicates the periodicity and scope of performance of prevention analyses of the pollutants discharged with sewage.

The Company systematically analyzes the results obtained and reviews any changes: increase and decrease of individual pollutants. In addition to this, the technical conditions of inner vehicles of the Company as well as vehicles entering the territory of the Company are examined on a permanent basis. The production process is carried out in accordance with the Regulation of Delivery of Chemical Materials from a Warehouse to Production Premises.

Protection of Subsoil, Soil, and Ground Waters

While seeking to protect the quality of underground waters and soil, the Company executes the programme of analysis of the Company’s underground waters for 2016 to 2020 period, which was adopted by Environmental Protection Agency under the Ministry of Environment of the Republic of Lithuania. There are five wells installed in the territory of the Company. Water specimens for the analysis of the quality of ground waters are taken out of these wells with the periodicity foreseen in the programme.

In 2018, the full scope of ground water analyses was made in accordance with the monitoring programme. Parameters that were analyzed include: the ground water level, physical and chemical parameters (water ion concentration (pH), the oxidation and reduction potential (Eh)), and other parameters. Beyond that, the general chemical water composition (concentration of core ions and permanganate value) was analyzed, the chemical oxygen consumption value and concentration of heavy metals was determined. Compared to the analyses made last year, the quality of subsoil waters was gradually becoming better, neither analyzed parameters achieved or exceeded the parameters set.

Waste Management

Though waste cannot be avoided during the production process of refrigerators, the Company does not spare pains to reduce waste as much as possible and to manage waste as efficiently as possible. Therefore the amounts and types of pollutants generated by the Company do not exceed the standard values set.

Waste free production has been implemented in some production areas of the Company, where generated waste is further used in production processes. For instance, the waste generated in workshops of vacuum formation and casting under high pressure is further ground in mills and reused in production.

In some workshops, the Company implemented advanced technologies that minimize production waste. For example, metal box-type parts are painted by means of advanced powder painting technology that boasts 98 percent efficiency of useful usage of paint. Waste amounts to 2 percent only. Traditional painting technology has 80 percent efficiency factor, which means that in this event waste amounts to 20 percent. The other example of efficient usage of raw materials is the production of metal box-type parts. These parts are made of sheet metal with accurate dimensions that is cut into workpieces during the production process. The efficiency factor of usage of metal in this production area amounts to 92 percent, whereas in the efficiency factor of usage of a metal in other areas only amounts to 78 percent.

The major share of the waste generated by the Company such as cardboard, metals, plastics, wood, and etc., is fit for use as recyclable materials. This waste is transferred to waste managers who specialize in recycling of specific types of waste and manage waste in accordance with the requirements of the legal acts of the European Union and the Republic of Lithuania.

The Company holds a licence for the management of the waste of electric and electronic equipment, namely, refrigerators and is a member of the Electronic Distributors Association (EDA) and the Packing Management Association (PMA). Due to active participation in the joint management of old refrigerators and packages resulting from the sale of refrigerators, the Company contributes to the execution of governmental tasks of management of aforesaid waste.

Application of Chemicals

Seeking to implement the provisions of REACH Regulation concerning the usage of environment and health friendly materials, the Company regularly carries out the inventory of the chemicals used in production and makes efforts to replace harmful materials by less harmful ones or absolutely non-harmful ones. For example, plastic parts are only painted with ecologic waterborne paints.

In accordance with the requirements of the Company's environment protection management system regarding operation with chemicals, the impact of chemicals on the environment is modelled and supervised and the information obtained is entered in the data safety sheets of most chemical materials. On the basis of this information, prevention measures for the management of chemicals emissions in the environmental air and sewage are prepared. This significantly contributes to the management of harmful waste of a chemical origin.

Seeking to assure that the information declared in material data safety sheets would be as accurate as possible, the Company closely cooperates with the suppliers of harmful materials. The Company also requests from suppliers to attach to material data safety sheets the annex *'Impact Scenario'*, which would in detail and thoroughly describe the impact made by a chemical on the environment and means and methods for the reduction of this impact and the protection against this impact.

Usage of Natural Resources

The workshops and administration premises of the Company are heated by the Company's boiler-house plant operating on biomass that replaces fossil fuels. Capacity of the boiler-house plant: 4 MW. Heat energy generated during 2018 amounted to 7,934 MWh, which is the equivalent of 824,241 cubic m of natural gas. The Company's heat energy savings amounted to EUR 34,877 compared to the generation of the same heat energy amount by means of natural gas.