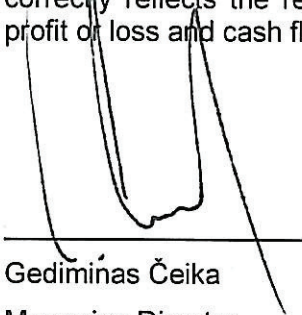


Snaige AB**CONFIRMATION OF RESPONSIBLE PERSONS**

Following the Article No. 22 of the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we Gediminas Čeika, Managing Director of Snaige, AB and Neringa Menčiūnienė, Finance Director of Snaige, AB hereby confirm that, to the best of our knowledge, the attached unaudited interim consolidated Snaige AB financial statements for the period of 2012 year prepared in accordance to the applied accounting standards, correctly reflects the reality and fairly shows issuer's assets, liabilities, financial position, profit or loss and cash flows of Snaige, AB.



Gediminas Čeika
Managing Director



Neringa Menčiūnienė
Finance Director

February 28, 2013

AB SNAIGĒ

***CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE
TWELVE MONTHS OF 2012***

CONTENTS

I. GENERAL PROVISIONS.....	3
II. FINANCIAL STATUS.....	4
III. EXPLANATORY NOTES.....	10

I. GENERAL PROVISIONS

1. Accounting period of the report

The report has been issued for the twelve months of 2012.

2. The basic data about the issuer

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

Authorised capital – LTL 39,622,395

Address - Pramones str. 6, LT-62175 Alytus

Phone - (8-315) 56 206

Fax - (8-315) 56 207

E-mail – snaige@snaige.lt

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

Legal organisation status – legal entity, public limited company

Registered as an enterprise on December 1, 1992 in the Municipality Administration of Alytus; registration number AB 92-119; enterprise register code 249664610. The latest Statute of AB “Snaige” was registered on May 24, 2012 in Legal Entities of the Republic of Lithuania.

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

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

The mass media – daily paper „Kauno diena”.

II. FINANCIAL STATUS

AB "Snaige" is the parent company situated in Lithuania with subsidiaries also in Lithuania, Russia and Ukraine. The financial statements of the subsidiary companies are integrated into the consolidated financial statements. These financial statements have been composed in accordance with the international financial reporting standards (IFRS), which are accepted in the European Union countries.

1. Profit (Loss) Report (in LTL)

Ref. No.	ITEMS	31 12 2012	01 10 2012 31 12 2012	31 12 2011	01 10 2011 31 12 2011
I.	SALES AND SERVICES	148,370,868	37,926,409	112,019,615	20,418,435
I.1	Income of goods and other products sold	22,169,861	4,840,120	17,146,407	2,928,327
I.2	Income of refrigerators sold	126,201,007	33,086,289	94,873,208	17,490,108
II.	COST OF GOODS SOLD AND SERVICES RENDERED	122,030,293	31,276,915	94,736,294	17,333,207
II.1	Net cost of goods and other products sold	2,407,729	334,520	2,819,792	252,078
II.2	Net cost of refrigerators sold	119,622,564	30,942,395	91,916,502	17,081,129
III.	GROSS PROFIT	26,340,575	6,649,494	17,283,321	3,085,228
IV.	OPERATING EXPENSES	23,520,551	6,437,560	17,763,792	4,895,423
IV.1	Sales expenses	9,977,437	1,781,986	6,281,210	1,153,530
IV.2	General and administrative expenses	13,543,114	4,655,574	11,482,582	3,741,893
V.	PROFIT (LOSS) FROM OPERATIONS	2,820,024	211,934	(480,471)	(1,810,195)
VI.	OTHER ACTIVITY	93,632	11,728	221,096	289,019
VI.1.	Income	512,364	159,308	596,111	473,496
VI.2.	Expenses	418,732	147,580	375,015	184,477
VII.	FINANCIAL AND INVESTING ACTIVITIES	(1,869,657)	(571,887)	(5,807,865)	(272,103)
VII.1.	Income	172,742	91,500	5,360	1,422
VII.2.	Expenses	2,042,399	663,387	5,813,225	273,525
VIII.	PROFIT (LOSS) FROM ORDINARY ACTIVITIES	1,043,999	(348,225)	(6,067,240)	(1,793,279)
IX.	EXTRAORDINARY GAIN				
X.	EXTRAORDINARY LOSS				
XI.	CURRENT ACCOUNTING PERIOD PROFIT (LOSS) BEFORE TAXES	1,043,999	(348,225)	(6,067,240)	(1,793,279)
XII.	TAXES	(723)	1,508	1,024,787	1,033,388
XII.1	PROFIT TAX	(723)	1,508	(12,821)	(4,220)
XIII.	Adjustment of deferred profit tax			1,037,608	1,037,608
XIV.	Social tax				
XV.	MINORITY INTEREST	96	(37)	(470)	(14)
XVI.	NET CURRENT ACCOUNTING PERIOD PROFIT (LOSS)	1,043,372	(346,754)	(5,042,923)	(759,905)

2. Accounting Balance Sheet (in LTL)

Ref. No.	ASSETS	Notes	31 12 2012	31 12 2011
A.	Non-current assets		53,907,237	57,091,539
I.	INTANGIBLE ASSETS	11	5,135,335	4,967,217
II	TANGIBLE ASSETS	12	27,328,137	30,701,361
II.1.	Land			
II.2.	Buildings		9,132,976	9,508,019
II.3.	Other non-current tangible assets		18,075,073	20,700,707
II.4.	Construction in progress and advance payments		120,088	492,635
III.	INVESTMENT PROPERTY	12	19,284,051	19,263,247
IV.	NON-CURRENT FINANCIAL ASSETS			
IV.1	Deferred taxes assets		1,159,714	1,159,714
IV.2	Other non-current assets		1,000,000	1,000,000
V.	Amounts receivable after one year			
VI.	Assets classified as held for sale			2,144,363
B.	Current assets		51,519,961	30,078,201
I.	INVENTORY AND CONTRACTS IN PROGRESS	13	15,482,684	13,231,841
I.1.	Inventory		15,482,684	13,231,841
I.2.	Advance payments			
I.3.	Contracts in progress			
II.	ACCOUNTS RECEIVABLE WITHIN ONE YEAR		34,406,442	15,870,874
III.	INVESTMENTS AND TERM DEPOSITS			
IV.	CASH AT BANK AND ON HAND	16	1,615,835	960,486
V.	Other current assets		15,000	15,000
	Planned to sell non-current assets			
C.	Accrued income and prepaid expenses			
	TOTAL ASSETS		105,427,198	89,314,103

Ref. No.	SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31 12 2012	31 12 2011
A.	Capital and reserves		37,965,235	35,736,312
I.	SHARE CAPITAL		45,321,051	45,321,051
I.1.	Authorized (subscribed) share capital		39,622,395	39,622,395
I.2.	Uncalled share capital (-)			
I.3.	Share premium (surplus of nominal value)		5,698,656	5,698,656
	Own shares (-)			
III.	REVALUATION RESERVE		(3,772,497)	(4,958,048)
IV.	RESERVES	18	5,125,835	4,016,955
V.	PROFIT (LOSS) BROUGHT FORWARD		(8,709,154)	(8,643,646)
	Current Profit (Loss)		1,043,372	(5,042,923)
	The previous year Profit (Loss)		(9,752,526)	(3,600,723)
B.	Minority interest		1,849	1,945
D.	Provisions and deferred taxes			0
I.	PROVISIONS FOR COVERING LIABILITIES AND DEMANDS			
II.	DEFERRED TAXES			
E.	Accounts payable and liabilities		67,460,114	53,575,846
I.	ACCOUNTS PAYABLE AFTER ONE YEAR AND NON-CURRENT LIABILITIES		23,492,458	16,855,148
C	Financing (grants and subsidies)		734,822	934,133
I.1.	Financial debts	22	21,435,846	14,742,077
I.2.	Warranty provisions		783,700	684,540
I.3.	Deferred income tax liability		151,505	147,015
I.4.	Advances received on contracts in progress			
I.5.	Non-current employee benefits		354,801	347,383
I.6.	Non-current liabilities to suppliers		31,784	
II.	ACCOUNTS PAYABLE WITHIN ONE YEAR AND CURRENT LIABILITIES		43,967,656	36,720,698
II.1.	Current portion of non-current debts		13,096,699	15,081,591
II.2.	Financial debts			924,184
II.3.	Trade creditors		21,157,902	14,966,916
II.4.	Advances received on contracts in progress		2,916,788	216,184
II.5.	Taxes, remuneration and social security payable	25	4,322,604	3,277,967
II.6.	Warranty provisions		1,518,405	1,373,072
II.7.	Other provisions			
II.8.	Other current liabilities		955,258	880,784
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		105,427,198	89,314,103

3. Cash Flows Statement

Ref. No.		31 12 2012	31 12 2011
I.	Cash flows from the key operations		
I.1	Result before taxes	1,043,372	(5,042,923)
I.2	Depreciation and amortization expenses	8,565,501	9,307,651
I.3	Subsidies amortization	(199,311)	(348,300)
I.4	Result of sold non-current assets	(42,169)	(152,285)
I.5	Write-off of non-current assets	109,186	368,343
I.6	Write-off of inventories		
I.7	Depreciation of receivables	102,357	
I.8	Other provisions	7,418	(12,445)
I.9	Change in provision for guarantee repair	244,493	(705,460)
I.10	Recovery of devaluation of trade receivables		
I.11	Influence of foreign currency exchange rate change		
I.12	Financial income (interest income)	(172,742)	(5,360)
I.13	Financial expenses (interest expenses)	1,940,042	2,998,035
I.14	Increase (decrease) of deferred income		(1,359,675)
	Cash flows from the key operations until decrease (increase) in working capital	11,598,147	5,047,581
II.1	Decrease (increase) in receivables and other liabilities	(11,491,856)	1,495,862
II.2	Decrease (increase) in inventories	(2,250,843)	(707,044)
II.3	Decrease (increase) in trade and other debts to suppliers	10,042,485	(258,457)
	Cash flows from the main activities	7,897,933	5,577,942
III.1	Other cash income		
III.2	Interest paid	(2,240,258)	
III.3	Income tax paid	(1,638)	
	Net cash flows from the key operations	5,656,037	5,577,942

IV.	Cash flows from the investing activities		
IV.1	Acquisition of tangible non-current assets	(1,027,301)	(4,448,186)
IV.2	Capitalization of intangible non-current assets	(1,001,980)	(727,848)
IV.3	Sales of non-current assets	114,870	213,891
IV.4	Loans granted	(7,043,712)	
IV.5	Loans regained		
IV.6	Interest received	172,742	5,360
IV.7			
	Net cash flows from the investing activities	(8,785,381)	(4,956,783)

III.	Cash flows from the financial activities	3,784,693	(1,631,512)
III.1	Cash flows related to the shareholders of the company		
III.1.1	Issue of shares		
III.1.2	Issue of bonds		3,000,000
III.1.3	Sale of own shares		
III.1.4	Payment of dividends		
III.2	Cash flows arising from other financing sources		
III.2.1	Subsidies received		
III.2.1.1	Proceeds from borrowings	6,515,947	11,595,966
III.2.1.2	Repayment of borrowings	(1,807,070)	(1,411,883)
III.2.2	Finance lease received		
III.2.2.1	Payments of leasing (finance lease) liabilities	(71,152)	(833,212)
III.3	Other decreases in the cash flows from financial activities		(2,088,763)
III.4.	Redemption of issued securities	(853,032)	(11,893,620)
	Net cash flows from the financial activities	3,784,693	(1,631,512)

IV.	Cash flows from extraordinary items		
IV.1.	Increase in cash flows from extraordinary items		
IV.2.	Decrease in cash flows from extraordinary items		
V.	The influence of exchange rates adjustments on the balance of cash and cash equivalents		
VI.	Net increase (decrease) in cash flows	655,349	(1,010,353)
VII.	Cash and cash equivalents at the beginning of period	960,486	1,970,839
VIII.	Cash and cash equivalents at the end of period	1,615,835	960,486

4. Statement of Changes in Equity

	Paid up authorised capital	Share premium	Own shares (-)	Legal reserves		Other reserves			Retained earnings (losses)	TOTAL	Minority shareholders	TOTAL
				Compulsory	For acquiring own shares	For social needs	For investments	Currency exchange reserve				
Balance as of December 31, 2010	30,735,715	5,698,656	0	2,828,472	0	30,000	1,830,000	(6,274,902)	(4,272,240)	1,475	30,577,176	
Total registered income and expenses as of 2011									(5,042,923)	470	(5,042,453)	
Formed reserves						30,000	1,158,483		(1,188,483)	0	0	
Transfers from reserves						(30,000)	(1,830,000)		1,860,000	0	0	
Increase of authorized capital	8,886,680										8,886,680	
Loss coverage												
Other changes								1,316,854			1,316,854	
Balance as of December 31, 2011	39,622,395	5,698,656	0	2,828,472	0	30,000	1,158,483	(4,958,048)	(8,643,646)	1,945	35,738,257	
Total registered income and expenses as of 2012									1,043,372	(96)	1,043,276	
Formed reserves				55,448		30,000	2,211,915	0	(2,297,363)	0	0	
Transfers from reserves						(30,000)	(1,158,483)	0	1,188,483	0	0	
Other changes								1,185,551			1,185,551	
Balance as of December 31, 2012	39,622,395	5,698,656	0	2,883,920	0	30,000	2,211,915	(3,772,497)	(8,709,154)	1,849	37,967,084	

III. EXPLANATORY NOTES

1 Basic information

Snaigė AB (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 active manufacturer of refrigerators and freezers. The refrigerator manufacturing plant was established on April 1, 1963. After the privatization of the Company on the 1st of December, 1992, the joint-stock company "Snaigė" was established and in December 1993 all state-owned shares were bought out. The Company's shares are listed on Vilnius Stock Exchange Secondary List.

Main shareholders of AB „Snaigė“ as on June 30, 2012 and December 31, 2010 were:

	December 31, 2012		December 31, 2011	
	Number of shares owned	Share of total capital, %	Number of shares owned	Share of total capital, %
VAIDANA UAB	36,069,193*	91.10%	23,716,668	59.86%
Finnish clients Skandinaviska Enskilda Banken	4,000	0.01%	2,266,389	5.72%
Swedbank AS (Estonia) clients	106,501	0.27%	3,321,701	8.38%
Other shareholders	3,415,701	8.62%	10,317,637	26.04%
Total	39,622,395	100%	39,622,395	100%

All the shares of the Company are ordinary shares with the par value of LTL 1 each and were fully paid as of 31 December 2012 and 31 December 2011. As of 31 December 2012 and 2011 the Company did not hold its own shares.

On 12 December 2011 VAIDANA UAB acquired 17,602,215 ordinary registered shares of the Company with the par value of LTL 1 each, which represents 44.42% of the total shares of the Company and voting rights in the general meeting.

On 21 December 2011 VAIDANA UAB additionally acquired 6,114,453 ordinary registered shares of the Company (15.43% of total shares of the Company).

The non-competitive offer for the remaining 15,905,727 ordinary shares of the Company with the par value of LTL 1 each (amounting to 40.14% of the total share capital) was announced on 21 March 2012 and is valid till 28 May 2012.

VAIDANA UAB is ultimately owned by Furuchi Enterprises Limited.

The Group consisted of AB "Snaige" and the followings subsidiaries as of 31 December 2012 (hereinafter – Group) (the structure of the Group remains unchanged comparing to 2011):

Company	Country	Percentage of the shares held by the Group	Profit (loss) for the reporting year	Shareholders' equity
OOO Techprominvest	Russia (Kaliningrad)	100%	(18,601,646)	20,371,048
TOB Snaige Ukraina	Ukraine	99%	(3,541)	65,772
OOO Moroz Trade	Russia	100%	-	(14,121,285)
OOO Liga Servis	Russia	100%	(96,713)	(1,408,968)
UAB Almecha	Lithuania	100%	43,181	492,095

The Company's board shall consist of six members but on 31 December 2012 the Board of the Company was only 5 members 1 representative of Vaidana UAB and 4 representatives of Polair OAO. As of 31 December 2011 the Board of the Company comprised 2 employees of the Company and 4 representatives of Vaidana UAB.

In 2002 „Snaige“ AB bought „Techprominvest“ (Kaliningrad, Russia) in 2002.

On 12 August 2009 due to global economic crisis and particularly unfavourable effect of it on the Group activities, the management of the Group made a decision to terminate the activities of Snaigė AB refrigerator factory OOO Techprominvest. Goodwill that arose during the acquisition of minority of the subsidiary in 2006 and 2007 amounting to LTL 12,313 thousand (at the moment of acquisition RUB 123,168 thousand) was written off as of 31 August 2009.

The Board of directors of the Company in its meeting on 30 September 2011 decided to sell 100% share capital of OOO Techprominvest held by Company through a public tender. It was also decided to convert the receivables in the amount of LTL 38,509 thousand from OOO Techprominvest into its share capital by increasing it up to 88,852,896 LTL.

The share capital was increased in October 2011.

At present moment OOO Techprominvest rent out real estate and searching for a potential buyer for it.

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 to the Company in the Ukrainian market.

On 13 May 2004, OOO Moroz Trade (Moscow, Russia) was established. The Company acquired 100% of shares of OOO Moroz Trade in October 2004. The subsidiary provides sales and marketing services in the Russian market. In 2011 and 2010 OOO Moroz Trade did not operate.

OOO Liga Servis (Moscow, Russia) was established on the 7th of February, 2006. The subsidiary provides sales and marketing services in the Russian market.

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

As of 31 December 2012 the number of employees of the Group was 766 (as of 31 December 2011 – 760).

2 Accounting principles

The principal accounting policies adopted in preparing the Group's financial statements as of 31 December, 2012 are as follows:

2.1. Basis of preparation

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

These financial statements are prepared on the historical cost basis.

2.2. Going concern

The Group's current assets exceeded current liabilities by LTL 7,552 thousand of 31 December 2012 (whereas in the year 2011, December 31st, the current liabilities exceeded current assets by LTL 6,642 thousand).

- liquidity ratios: general coverage ratio (total current assets / total current liabilities) was 1.17 (0.82 in 31 December 2011),
- quick ratio (total current assets – inventories) / total current liabilities) – 0.82 (0.46 in 2011).
- In 2012 the Group has earned LTL 1,044 thousand pre-tax profit (in 2011 incurred loss of LTL 6,067 thousand),
- commitment ratios: the ratio of debt/asset was 0.64 (whereas in the year 2011, December 31st 0.6).
- interest coverage ratio 1.45.

Despite this, these financial statements for the twelve months of 2012 are prepared under the assumption that the Group will continue as a going concern at least 12 months from the balance sheet date. The going concern is based on the following assumptions:

- in 2013 the Group expects 15% increase in sales comparing to 2012 (comparing 2012 with the same period of 2011 sales increased by 32.2 percent) and additionally to optimize fixed costs;
- in order to finance the working capital the Group is planning to perform successful sales of finished goods and the continuation of cooperation only with trustful partners. Trade payables are planned to be decreased using free operational cash flows trade payables are planned to be decreased using free operational cash flows;
- at the date of release of these financial statements all convertible bonds have the maturity term ending in 2013 and all current borrowings were refinanced in 2012 at more favourable interest rates, as well as additional loan agreements have been signed, as disclosed in Note 22.

All obligations of the Company before the convertible bonds holders have been fulfilled.

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

2.3. Currency of financial statement

The Group's financial statements are presented in local currency of the Republic of Lithuania, Litas (LTL), which is the Company's functional and the Group's and Company's presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are taken to 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 balance sheet date rate.

The functional currency of the foreign entities OOO Techprominvest, OOO Moroz Trade and OOO Liga Servis is Russian rouble (RUB) and of Snaige Ukraina TOB - Ukrainian hryvnia (UAH). As of the reporting date, the assets and liabilities of these subsidiaries are translated into the presentation currency of Snaigė AB (LTL) at the rate of exchange on the balance sheet date and their statement of comprehensive

incomes are translated at the average monthly exchange rates for the reporting period. The exchange differences arising on the translation are taken to other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognized in the shareholder/s equity caption relating to that particular foreign operation is transferred to the statement of comprehensive income.

Lithuanian litas is pegged to euro at the rate of 3.4528 litas for 1 euro, and the exchange rates in relation to other currencies are set daily by the Bank of Lithuania.

The applicable exchange rates of the functional currencies as follows:

	2012	2011
RUB	0.085879	0.083334
UAH	0.32292	0.33243
USD	2.6060	2.6694

2.4. Principles of consolidation

The consolidated financial statements of the Group include Snaigė AB and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year, using consistent accounting policies.

Subsidiaries are consolidated from the date from which effective control is transferred to the Company and cease to be consolidated from the date on which control is transferred out of the Group. All intercompany transactions, balances and unrealised gains and losses on transactions among the Group companies have been eliminated. The equity and net income attributable to non-controlling interests are shown separately in the statement of financial position and the statement of comprehensive income.

From 1 January 2010 losses of a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. Losses prior to 1 January 2010 were not reallocated between non-controlling interests and the parent shareholders.

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

2.5. Intangible assets, except for goodwill

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

Research and development

Research costs are expensed as incurred. Development expenditure on an individual projects is recognized as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how 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 amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization periods from 1 to 8 years are applied by the Group.

Licenses

Amounts paid for licenses are capitalized and amortized over their validity period.

Software

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

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

2.6. Tangible non-current assets

Property, plant and equipment, including investment property, are assets that are controlled by the Group, which are expected to generate economic benefits in the future periods with the useful life exceeding one year, and which acquisition (manufacturing) costs could be reliably measured. Property, plant and equipment and investment property is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of such assets when that cost is incurred if the asset recognition criteria are met. Replaced parts are written off.

The carrying values of property, plant and equipment property are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized in the statement of comprehensive income, whenever estimated.

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

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

Buildings and structures (excluding commercial buildings)	15 – 63 years
Machinery and equipment	5 – 15 years
Vehicles	4 – 6 years
Other assets	3 – 8 years

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

2.7. Non-current assets held for sale

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

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

classified as held for sale and recorded in profit or loss in the period in which the criteria are no longer met.

2.8. Inventories

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

2.9. Receivables and loans granted

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

2.10. Cash and cash equivalents

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

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

2.11. Borrowings

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised, otherwise – expensed as incurred. No borrowing costs were capitalised as of 31 December 2012 and 31 December 2011.

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

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

2.12. Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into. Subsequent to initial recognition and measurement, outstanding derivatives are carried in the statement of financial position at the fair value. Fair value is determined using the discounted cash flow method applying the effective interest rate. The estimated fair values of these contracts are reported on a gross basis as financial assets for contracts having a positive fair value; and financial liabilities for contracts with a negative fair value. Contracts executed with the same counterparty under legally enforceable master netting agreements are presented on a net basis. The Group had no derivative contracts outstanding as of 31 December 2012 and 31 December 2011.

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

2.13. Factoring

Factoring transaction is a funding transaction wherein the company transfers to factor claim rights for determined fee. The companies alienate rights to receivables due at a future date according to invoices. At the date of the making this statement the Group had not such transactions.

2.14. Financial lease and operating lease

Finance lease – the Group as lessee

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

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

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

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

Operating lease – the Group as lessee

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

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

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

2.15. Grants and subsidies

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

Grants received as a compensation for the expenses or unearned income of the current or previous reporting period, also, all the grants, which are not grants related to assets, are considered as grants

related to income (mainly received from the EU and other structural funds). The income-related grants are recognised as used in parts to the extent of the expenses incurred during the reporting period or unearned income to be compensated by that grant.

2.16. Provisions

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

2.17. Non-current employee benefits

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

2.18. Revenue recognition

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

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

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

In these consolidated financial statements intercompany sales are eliminated.

2.19. Impairment of assets

Financial assets

Financial assets are reviewed for impairment at each balance sheet date.

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

Other assets

Other assets are reviewed for impairment whenever events or changes in circumstances indicate that carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the statement of comprehensive income.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is accounted for in the same caption of the statement of comprehensive income as the impairment loss.

2.20. Subsequent events

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

2.21. Offsetting and comparative figures

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

3 Segment information

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

Information for the reporting period 31 December 2012 and 31 December 2011 with respect to geographical location of the Group's sales and assets (in LTL thousand) is presented below:

Group	Total segment sales revenue		Inter-segment sales		Sales revenue		Total assets by its location *	
	2012	2011	2012	2011	2012	2011	2012	2011
Russia	15,000	2,827	(3,092)	(10)	11,908	2,817	21,867	22,716
Ukraine	72,614	44,431	-	-	72,614	44,431	55	67
Western Europe	33,228	38,253	-	-	33,228	38,253	-	-
Eastern Europe	8,278	8,091	-	-	8,278	8,091	-	-
Lithuania	25,129	21,881	(18,263)	(14,263)	6,866	7,618	83,505	66,531
Other CIS countries	14,422	9,514	-	-	14,422	9,514	-	-
Other Baltic states	1,023	1,296	-	-	1,023	1,296	-	-
Other countries	32	-	-	-	32	-	-	-
Total	169,726	126,293	(21,355)	(14,273)	148,371	112,020	105,427	89,314

* Assets located not in Lithuania mainly comprise property, plant and equipment, inventories and accounts receivable.

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

In 2012 the sales to the five largest buyers comprised 29.94 % of total sales, including „Peidž AP CP 7.21 %, „Severin“ 6.4%, Versija 6.29 %, OOO SKS 5.52%, Conforama 4.52 %, (same period 2011– 31.09%, including „Severin“ 9.06%, Conforama 7.63 %, Versija 5.08%, Peidž AP CP 4.78%, Mario Miranda 4.54 %).

4 Cost sales

	2012	2011
Raw materials	89,123,638	69,806,006
Salaries and wages	10,578,116	8,208,134
Depreciation and amortisation	4,241,211	4,194,592
Other	18,087,328	12,527,562
Total:	122,030,293	94,736,294

5 Other income

	2012	2011
Income from transportation services	325,912	284,164
Income from rent of premises	7,841	8,167
Gain on disposal of property, plant and equipment	42,169	152,285
Income from rent of equipment	2,975	2,149
Other	133,467	149,346
	512,364	596,111

Space rental income losses caused by OOO Techprominvest economical activity change. After suspension of production activities, space rental have become a major activity. In 2012 from property rental received 1,823 thousand LTL income (in 2011 - 886 thousand LTL), which in the profit (loss) statement recorded in the goods sold and other production income.

6 Selling and distribution expenses

	2012	2011
Transportation	3,837,690	3,367,326
Warranty service expenses	1,050,841	812,044
Salaries and social security	1,397,941	909,796
Market research, sales promotion and commissions to third parties	1,126,876	402,701
Insurance	141,130	160,166
Advertising	1,663,947	229,066
Certification expenses	392,653	103,149
Rent of varenhouses and storage expenses	73,260	57,774
Production dispatch expenses	94,946	18,126
Business trips	142,462	53601
Other	55,691	167,461
	9,977,437	6,281,210

7 Administrative expenses

	2012	2011
Salaries and social security	5,204,053	5,716,857
Depreciation and amortisation	3,052,611	3,481,429
Taxes, other than income tax	1,042,682	878,362
Change in allowance for accounts receivable (Notes 14)	387,015	(283,279)
Goodwill write-off	-	-
Non-current employee benefits	7,418	(12,445)
Other	3,849,335	1,701,658
	13,543,114	11,482,582

8 Other operating expenses

	2012	2011
Transportation expenses	348,360	308,914
Rent of equipment	1,300	1,138
Sale of fixed assets	-	-
Other	69,072	64,963
	418,732	375,015

9 Financial income

	2012	2011
Foreign currency exchange gain, net	-	-
Interest income and other	172,742	5,360
	172,742	5,360

10 Financial expenses

	2012	2011
Interest expenses	1,940,042	2,998,035
Foreign currency exchange loss, net	30,722	2,775,561
Other	71,635	39,629
	2,042,399	5,813,225

11 Non-current intangible assets

	Balance sheet value	
	As of 31 December 2012	As of 31 December 2011
Development costs	5,022,823	4,910,162
Software, license	54,687	57,055
Other intangible assets	57,825	-
Total:	5,135,335	4,967,217

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

Over the 12 months of 2012, the Group has accumulated LTL 779 thousand (12 months of 2011 - LTL 675 thousand) of non-current intangible assets depreciation.

Part of non-current intangible assets of the Group with the acquisition value of LTL 8,514 thousand as of 31 December 2012 was fully amortised (LTL 8,258 thousand as of 31 December 2011) but was still in use.

12 Non-current tangible assets

	Balance sheet value	
	As of 31 December 2012	As of 31 December 2011
Land and buildings	9,132,976	9,508,019
Machinery and equipment	16,117,218	19,033,637
Vehicles and other	1,957,855	1,667,070
Construction in progress and advance payments	120,088	492,635
Total:	27,328,137	30,701,361
Investment asset	19,284,051	19,263,247
Assets held for sale	-	2,144,363
Total:	46,612,188	52,108,971

The depreciation charge of the Group's property, plant and equipment on 31 December, 2012 amounts to LTL 7,787 thousand (LTL 8,632 thousand for 2011). The amount of LTL 5,502 thousand for 2012 (LTL 5,825 thousand for 2011) was included into production costs. The remaining amount of LTL 2,285 thousand including depreciation of investment property (LTL 2,807 thousand for 2011) was included into administration expenses in the Group's statement of comprehensive income.

At 31 December 2012 buildings of the Group with the net book value of LTL 7,110 thousand (as of 31 December 2011 – LTL 7,359 thousand) and machinery and equipment with the net book value of LTL 7,574 thousand (as of 31 December 2011 – LTL 5,870 thousand) were pledged to banks as a collateral for the loans (Note 22).

In order to assure the proper fulfilment of Group's liabilities to suppliers according to legal proceedings, the rights to machinery and equipment with the net book value of LTL 690 thousand as of 31 December 2012 (as of 31 December 2011 – LTL 1,047 thousand) were limited by law.

Although the peace treaty was signed, but at the report release date pending abolition of collaterals.

Assets reclassified as investment

The Group's management has performed an internal analysis in order to assets whether subsidiary's owned industrial building, which is not actively used in operations, should be classified as investment property as of year end 2012.

Since the end of 2011 till 2012 December 31, most of the building is leased, so property (building) Reclassification to investment property continues. The Group's management estimates that in 2012 December 31 the fair value of investment property is about 38 million LTL. The fair value of investment property in 2012 December 31 was estimated by management based on 2011 independent evaluators found similar premises in similar locations per square meter market price, and the overall economic recovery in 2012.

Assets reclassified as held for sale

In 2011 due to changes in shareholders structure, it was decided to sell part of the assets, which not to be used for the Group's operations. In April 2012 an entity related to the new majority shareholder of the Company signed a letter of intent in respect of the acquisition of some of Group's owned machinery and equipment units, therefore management classified the respective assets as held for sale in the financial statements as of 31 December 2011.

By 2012 December 31, this transaction has not taken place and in the absence of further serious intent on it the Group's management believes that this transaction will not take place, therefore accounted for as an asset held for own use.

13 Inventories

	As of 31 December 2012	As of 31 December 2011
Raw materials, spare parts and production in progress	11,803,045	8,198,991
Finished goods	3,838,504	5,627,944
Other	436,477	-
Total inventories, gross	16,078,026	13,826,935
Less: valuation allowance for finished goods	(13,179)	-
Valuation allowance for raw materials and work in progress	(582,163)	(595,094)
Total inventories, net	15,482,684	13,231,841

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

As described in Note 20, in order to secure the repayment of bank loans, the Group pledged inventories with the value of not less than LTL 10,500 thousand as of 31 December 2012 (as of 31 December 2011 – LTL 10,500 thousand).

14 Trade receivables

Trade receivables were composed as follows:

	As of 31 December 2012	As of 31 December 2011
Trade receivables from the Group companies	36,728,840	26,306,167
Less: allowance for doubtful trade receivables	(11,615,412)	(13,115,430)
	25,113,428	13,190,737

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

As of 31 December 2012 trade receivables with the carrying value of LTL 11,615 thousand (as of 31 December 2011 – LTL 13,115 thousand) were impaired and fully provided for. Change in valuation allowance for doubtful trade receivables was included within administration expenses.

In Note 14 the Group's trade receivables amounting only LTL 7,244 thousand as of 31 December 2012 (LTL 4,157 thousand as of 31 December 2011) were insured by credit insurance Atradius Sweden Kreditförsäkring Lithuania branch.

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

	2011	2011
Balance at the beginning of the period	(13,115,430)	(13,585,026)
Charge for the year	(272,167)	(87,431)
Write-offs of trade receivables	1,990,318	224,893
Effect of the change in foreign currency exchange	(325,236)	279,495
Amounts paid	107,103	52,639
Balance in the end of the period	(11,615,412)	(13,115,430)

Receivables are written off when it becomes evident that they will not be recovered.

The ageing analysis of trade receivables as of 31 December 2012 and 31 December 2011 is as follows:

	Trade receivables neither past due nor impaired	Trade receivables past due but not impaired					Total
		Less than 30 days	30 – 60 days	60 – 90 days	90 – 120 days	More than 120 days	
2012	19,763,781	3,509,623	656,817	538,748	524,120	120,339	25,113,428
2011	9,748,804	2,218,263	526,531	233,792	286,157	177,190	13,190,737

At 31 of December Group signed factoring without recourse agreement, which hasn't been used. As of 31 December 2011 the Group had no factoring with recourse agreements, therefore no limitations on disposable assets were present.

15 Other current assets

	As of 31 December 2012	As of 31 December 2011
Prepayments and deferred expenses	803,496	1,704,548
VAT receivable	901,383	535,286
Compensations receivable from suppliers	3,328	60,072
Restricted cash	15,000	15,000
Granted loans	7,043,712	-
Other receivables	1,893,776	1,811,345
Less: valuation allowance for doubtful other receivables	(1,352,681)	(1,431,114)
	9,308,014	2,695,137

Change in valuation allowance for doubtful other receivables was included within administration expenses.

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

	2012	2011
Balance at the beginning of the period	(1,431,114)	(1,469,690)
Charge for the year	-	-
Effect of the change in foreign currency exchange rate	(40,087)	37,800
Amounts paid	-	776
Write off	118,520	
Balance in the end of the period	(1,352,681)	(1,431,114)

16 Cash and cash equivalents

	As of 31 December 2012	As of 31 December 2011
Cash at bank	1,611,908	952,623
Cash on hand	3,927	7,863
	1,615,835	960,486

As of 31 December 2012 the accounts of the Group in foreign currency and Litas up to LTL 15,085 thousand (up to LTL 12,085 thousand in 2011) are pledged as a collateral for bank loans (Note 22).

17 Share capital

According to the Law on Companies of the Republic of Lithuania the Company's total equity cannot be less than 1/2 of its share capital specified in the Company's by-laws. As on the 31 of December 2012 and of 31 December 2011, the Company was in compliance with this requirement.

18 ReservesLegal reserve

A legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfers of not less than 5% of net profit are compulsory until the reserve reaches 10% of the share capital. At 31 of December 2012 the statutory reserve was not fully formed.

As of 31 December 2012 the legal reserve amounted to LTL 2,884 thousand.

Non-restricted reserves

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

At 2012 April 30 meeting of shareholders approved the distributable reserves as follows:

As of 31 December 2012 other distributable reserves consisted of a reserve for investments amounting to LTL 2,212 thousand (as of 31 December 2011 - LTL 1,158 thousand) and reserve for social and cultural needs amounting to LTL 30 thousand (as of 31 December 2011 – LTL 30 thousand).

Foreign currency translation reserve

The foreign currency translation reserve is used for translation differences arising upon consolidation of the financial statements of foreign subsidiaries.

Exchange differences are classified as equity in the consolidated financial statements until the disposal of the investment. Upon disposal of the corresponding investment, the cumulative revaluation of translation reserves is recognized as income or expenses in the same period when the gain or loss on disposal is recognized.

19 Subsidies

Subsidies on 1 January 2011	10,703,880
Increase during period	-
Subsidies on 31 December 2011	10,703,880
Increase during period	-
Subsidies on 31 December 2012	10,703,880
Accumulated amortization on 1 January 2011	9,421,447
Amortization during period	348,300
Accumulated amortization on 31 December 2011	9,769,747
Amortization during period	199,311
Accumulated amortization on 30 September 2012	9,969,058
Net book value as of 31 December 2012	734,822
Net book value as of 31 December 2011	934,133

The subsidies were received for the renewal of production machinery and repairs of buildings in connection with the elimination of CFC 11 element from the production of polyurethane insulation and filling foam, and for elimination of green house gases in the manufacturing of domestic refrigerators and freezers. Subsidies are amortized over the same period as the machinery and other assets for which subsidies were designated when compensatory costs are incurred. The amortization of subsidies is included in production cost against depreciation of machinery and reconstruction of buildings for which the subsidies were designated.

20 Provisions for guarantee related liabilities

The Group provides a warranty of up to 2 years for the production sold since 1 January 2009 (up to 3 years before 1 January 2009). The provision for warranty repairs was accounted for based on the expected cost of repairs and statistical warranty repair rates and divided respectively into non-current and current provisions.

Changes over the reporting period were:

	2012	2011
1 January,	2,057,612	2,763,072
Changes over reporting period (Notes 6)	1,622,435	1,733,854
Used	(1,377,942)	(2,437,576)
Foreign currency exchange effect	-	(1,738)
31 December, 2012	2,302,105	2,057,612

The postponements of warranty obligations accounted for the 31st of December:

	2012
- Long-term	783,700
- Short-term	1,518,405
	2011
- Long-term	684,540
- Short-term	1,373,072

21 Non-current employee benefits

As at 31 December 2012 the expenses of the one-time payments for leaving employees at a retirement age amounted to LTL 57 thousand (as at 31 December 2011 – LTL 35 thousand). This change decreased administrative expenses caption in the Company's statement of comprehensive income and non-current employee benefit caption in the statement of financial position.

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

	As of 31 December 2012	As of 31 December 2011
Discount rate	4.45%	5.66%
Employee turnover	16.37%	15%
Long term salary growth rate	3%	3%

The Company has no plan asset designated for settlement with employee benefit obligations.

22 Borrowings

	As of 31 December 2012	As of 31 December 2011
Non-current borrowings		
Non-current borrowings with fixed interest rate	9,666,674	6,543,142
Non-current borrowings with variable interest rate	11,769,172	898,935
Ordinary bonds	-	7,300,000
Interest on bonds	-	-
	21,435,846	14,742,077
Current borrowings		
Convertible bonds	-	-
Ordinary bonds	7,300,000	853,032
Current borrowings with fixed interest rate	1,298,970	5,776,468
Current borrowings with variable interest rate	4,497,729	9,305,123
	13,096,699	15,934,623
Total	34,532,545	30,676,700

On 16 June 2010 the Company issued 10,000 units of ordinary bonds with the par value of EUR 100 each and yielding 10%. The Company is obliged to redeem 416 units of bonds and pay accrued interest on the 20th day of each month during the validity period and redeem 432 units of bonds at maturity date on 15 June 2012.

On 18 April 2011 the Company issued 30,000 units of convertible bonds with the par value of LTL 100 each with the annual yield of 9%, redemption date – 12 April 2013.

On 2 May 2011 the Company issued 43,000 units of convertible bonds with the par value of LTL 100 each, with the annual yield of 9%, redemption date 2 May 2013, interest is paid annually. The purpose is the refinancing of part of the convertible bonds emission issued in 2010 with the maturity date of 11 April 2011.

Bonds and accrued interest, which in 2012 December 31 amounted to LTL 282 thousand covered in the form of current liabilities "Other current liabilities".

Interest on the bonds is payable at the time of their maturity (2012 paid LTL 387 thousand), with the exception of 30,000 units bond holder to whom the interest shall be paid on the last day of the quarter time in the quarter.

Borrowings with variable interest rate bear 6-month VILIBOR + from 3.5 % till 4.5 %, but not less than 7 % annual interest rate as of 31 December 2012 (6 month VILIBOR + 3.88% - 6.1 % annual interest rate as of 31 December 2011). Borrowings with the fixed interest rate bear from 6.5% till 9 % annual interest rates.

As of 31 December 2012 buildings with the carrying amount of LTL 7,110 thousand (as of 31 December 2011 – LTL 7,359 thousand), machinery and equipment with the net book value of LTL 7,328 thousand (as of 31 December 2011 – LTL 5,870 thousand), inventories with the net book value of not less than LTL 10,500 thousand (as of 31 December 2011 – LTL 10,500 thousand), cash inflows into the bank accounts up to LTL 15,085 thousand (as of 31 December 2011 – LTL 12,085 thousand), was pledged to the banks for loans. In addition LTL 1,000 thousand cash deposit accounted for in other non-current assets was restricted and pledged to banks until May 2015.

Investicijų ir Verslo Garantijos,UAB (entity owned by the government of the Republic of Lithuania) guaranteed the long term fixed rate borrowing repayment in total of LTL 5,000 thousand until 24 May 2015.

On 28 March 2012 the credit line contract was signed with „AB Šiaulių bankas“ on additional granting credit of LTL 5 000 thousand. with a duration of 6 months VILIBOR and a fixed margin of 3,5% of annual interest and return by the term from 5 June 2015 till 27 March 2017.

On 28 March 2012 with AB „Šiaulių bankas“ agreements were signed on:

8,300 thousand LTL amendments of the schedule of credit repayment were made and annual interest rate of 6,5% was fixed. The loan will be repaid in accordance with this agreement, in the following terms:

300 thousand LTL on 5 September 2012 while the remaining amount evenly over the period 2014 January - 2017 December.

6,785 thousand LTL amendment of the schedule of credit repayment . Under this agreement the loan will be repaid gradually during the period of January 2014 - December 2016

On 22 March 2012 with „Swedbank“ AB Amendment of the Treaty was signed by the credit line on the credit line increase EUR 405 thousand and the loan withholding to 31 March 2013.

Borrowings at the end of the year in national and foreign currencies:

	As of 31 December 2012	As of 31 December 2011
Borrowings denominated in:		
EUR	3,797,395	3,250,061
USD	-	-
LTL	30,612,647	27,426,639
RUB	122,502	-
	34,532,545	30,676,700

Repayment schedule for non-current borrowings, except for convertible and ordinary bonds, is as follows:

	Fixed interest rate	Variable interest rate
2013	8,598,970	4,497,729
2014 – 2017	9,666,674	11,769,172
After 2017	-	-
	18,265,644	16,266,901

23 Financial leasing

The Group has not financial lease payables on 31 December 2012.

Principal amounts of financial lease payables as 31 December 2011 are denominated in EUR.

The variable interest rates on the financial lease obligations in EUR vary depending on the 6-month EURIBOR + 1.1% margin.

Future minimal lease payments under the above-mentioned financial lease contracts are as follows:

	As of 31 December 2012	As of 31 December 2011
Within one year	-	71,321
From one to five years	-	-
Total financial lease obligations	-	71,321
Interest	-	(169)
Present value of financial lease obligations	-	71,152

Financial lease obligations are accounted for as:

- current	-	71,152
- non-current	-	-

The assets leased by the Group under financial lease contracts consist of machinery, equipment and vehicles. Apart from the lease payments, the most significant liabilities under lease contracts are property maintenance and insurance. The terms of financial lease are from 3 to 5 years. The distribution of the net book value of the assets acquired under financial lease is as follows:

	As of 31 December 2012	As of 31 December 2011
Machinery and equipment	-	2,123,131
Vehicles	-	-
	-	2,123,131

24 Operating lease

The Group has concluded several contracts of operating lease of land and premises. The terms of lease do not include restrictions of the activities of the Group in connection with the dividends, additional borrowings or additional lease agreements. In 2012 twelve months the lease expenses of the Group amounted to LTL 381 thousand (LTL 269 thousand in 2011).

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

Future lease payments according to the signed lease contracts are not defined as contracts might be cancelled upon the notice.

25 Other current liabilities

	As of 31 December 2012	As of 31 December 2011
Accrued interest on convertible bonds	282,033	349,028
Salaries and related taxes	2,447,762	2,039,592
Vacation reserve	1,874,842	1,238,375
Other accrued interest	134,492	128,723
Other taxes payable	259,633	217,514
Other payables and accrued expenses	279,100	185,519
	5,277,862	4,158,751

Terms and conditions of other payables:

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

26 Basic and diluted earnings (loss) per share

	2012	2011
Shares issued 1 January	39,622,395	30,735,715
Weighted average number of shares	-	36,432,929
Net result for the year, attributable to the parent company	1,043,372	(5,042,923)
Basic (loss) per share, in LTL	0.026	(0.138)

27 Risk and capital management

Credit risk

The maximum exposures of the credit as of 31 December 2012 and as of 31 December 2011 comprise the carrying values of receivables.

Concentration of trading counterparties of the Group is average. As of 31 December 2012 amounts receivable from the main 10 customers of the Group accounted for approximately 47.68 % (58.64 % as of 31 December 2011) of the total Group's trade receivables.

The credit policy implemented by the Group and credit risk is constantly controlled. Credit risk assessment is applied to all clients willing to get a payment deferral.

At 2012 31th of December the Group's trade receivables, after elimination of reserves, was 25,113 thousand LTL, 7,244 thousand LTL was insured by credit insurance in "Atradius Sweden Kreditförsäkring" Lithuania Branch (at 2011 31st of December trade receivables was 13,191 thousand LTL insured 4,157 thousand LTL).

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

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

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

The Group's management believes that its maximum exposure is equal to the trade receivables netted with allowance losses recognized as at the balance sheet date.

Interest rate risk

The part of the Group's borrowings is with variable rates, related to VILIBOR and EURIBOR, which creates an interest rate risk. The Group did not use any financial instruments to manage interest rate risk.

Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents by using cash flows statements with liquidity forecasting for future periods. The statement comprises predictable cash flows of monetary operations and effective planning of cash investment if it is necessary.

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

The Group seeks to maintain sufficient financing to meet the financial liabilities on time. Group's management reached an agreement with the banks on some of the financial burden of the timing delay and also secured additional cash inflows needed to finance the Group's operations.

Foreign exchange risk

The Company significantly reduced income earned in US dollars, in this way receivable incomes became very close to the commitments in USD. Liabilities in US dollars, as of 31 December 2012 were only 21 thousand US dollars (as of 31 December 2011 were only 166 thousand US dollars). Consequently, foreign exchange risk decreased because most of income is earned in Euros, Litas is pegged to euro at the rate of 3.4528 litas for 1 euro.

Capital management

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

The Group manages its capital structure and makes adjustments to it in the light of changes in the economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. As described in Note 1, 8,886,680 ordinary shares with the nominal value of LTL 1 each were issued in 2011.

A company is obliged to keep its equity up to 50% of its share capital, as imposed by the Law on Companies of Republic of Lithuania. As of 31 December 2012 and as of 31 December 2011 the

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

28 Commitments and contingencies

At 13th of June Company signed peace treaty with supplier "Comfitt Glass", under peace treaty supplier abandoned interest (385 thousand LTL), penalties, and legal costs also reduced the overall size of requirement till 1,806 thousand LTL. Newly supplier undertakes to sell and buyer to buy the products in sum of 150 thousand LTL by applying 50% discount and deliver not delivered production, also signed product delivery and payment schedule. Signed product delivery and payment schedule.

Date of adoption of the report the whole production has already been retrieved.

VAIDANA UAB, the buyer of the Company's shares.

At the end of compulsory non-competitive formal proposal for the remaining 15,905,727 ordinary registered 1 LTL par value of shares constituting 40.14%, the buying UAB Vaidana control 36 096 193 ordinary registered shares, which is 91,10 percent of all shares and allocation of votes at the general meeting of shareholders of the Company.

UAB Vaidana with Šiaulių Bankas signed a financial collateral arrangement whereby a company "Vaidana" pledged 8,837,431 units managed AB Snaige shares, thus transferring the right to non shareholders with the right to receive dividends.

The company's shareholder „Vaidana“ UAB acquired all the company's issued bonds 2011 in 04-05 month (73 thousand units, each with a value of LTL 100). Procedure for the payment of interest and redemption of the bonds have not changed (read more in Note 18).

In accordance with the sponsorship-agreement No 2012-02-12, guarantees the Company with its complete existing and future asset toward the AB Šiaulių bankas for the appropriate fulfilment of obligations by the UAB "Vaidana" concerning of credit of 4 million LTL granted to it.

29 Related party transactions

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

The related parties of the Group and the transactions with related parties during 2012 and 2011 were as follows:

„Amber Trust II“ S.C.A. (shareholder);
OAO „ Polair“ (related shareholders);
Polair Europe Limited (related shareholders);
KJK Capital OY (related shareholders);
Firebird Avrora Fund LTD OY (related shareholders);
Firebird Republics Fund LTD OY (related shareholders);
UAB „Vaidana“ (shareholder).

The Group has a policy to conduct related party transactions on commercial terms and conditions.

Company signed surety contract for UAB Vaidana granted 4 million litas loan.

As of 31 December 2012 and 2011 the Group has no recorded any impairment of receivables from related parties.

2012	Purchases	Sales	Accounts receivable	Accounts payables
OAO „Polair“ (refrigerators)	514,011	4,525,577	504,740	3,909
Polair Europe S.R.L	329,695	-	-	15,585
Polair Europe Limited	25,505	-	-	25,505
KJK Capital OY	91,512	-	-	91,512
Amber Trusst Management S.A	31,553	-	-	25,505
	992,276	4,525,577	504,740	168,064

2011	Purchases	Sales	Accounts receivable	Accounts payables
OAO „Polair“	-	-	-	-
Amber Trust Management S.A	408,397	-	-	-
KJK Capital	183,033	-	-	-
Firebird Avrora Fund. LTD	29,832	-	-	-
Firebird Republics Fund LTD	69,298	-	-	-
	690,560	-	-	-

Financial and investment activities with related parties:

	31 December 2012			31 December 2011			
	Sold bonds	Loans granted	Repayment of loans	Interest paid	Loans received	Repayment of loans	Interest paid
„Amber Trust II“ S.C.A.	-	-	-	-	-	423,058	141,859
UAB„Vaidana“ bonds	7,300,000	-	-	-	-	-	-
OAO „Polair“	-	7,043,712	-	-	-	-	-
	7,300,000	7,043,712	-	-	-	423,058	141,859

2012-07-25 according to a signed loan agreement and its amendment signed by 2012-10.05 Company granted OAO “Polair” 7,044 thousand litas loan with a 6% annual interest, providing the loan repayment until 2013-05-03 date.

In 2012 December 31, the company has not been entered into indemnity agreements under which were guaranteed suppliers for subsidiary OOO „Techprominvest“, „Snaige Ukraina“; „Moroz Trade“; „Liga Servis“ debt. Since 10 September, 2012 till 31 January, 2013 the fulfilment of UAB Almecha obligations to the insurer UAB DK PZU Lietuva was guaranteed by AB Snaige in sum of 1,400, 000 Litass.

Remuneration of the management and other payments

Remuneration of the Company’s and subsidiaries’ management amounted to LTL 1,496 thousand and LTL 455 thousand, respectively, in 2012 twelve months (1,701 thousand and LTL 309 thousand in 2011 respectively). The management of the Group did not receive any other loans, guarantees; no other payments or property transfers were made or accrued.

30 Subsequent events

The company was registered as a taxpayer in Russian Federation in Moscow and opened current account in UniCredit Bank in Moscow.

There is an ongoing loan agreement consistency with UniCredi Bank for a loan receipt. The loan will be used for refinancing of previously obtained loans from Swedbank AB and Siauliai bank and new loans to replenish working capital within the group.

2013 February 18 with OAO Polair signed loan modification agreement under which the Company commits to increase granted a loan from 2.1 million to 7 million EUR.

For additionally provided loan agreed fixed 6.5% annual interest rate and the final maturity date of 2017 March 1.